



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

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Law on NBFCs /FSPs insolvency challenged in Delhi HC

The petitioner, a claimed public depositor to DHFL, has challenged the constitutional validity of the IBC (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 and subsequent notification by the MCA. It alleged that due to these laws about 77,000 depositors lost substantial amount of their deposits to DHFL.

For More Details, Please

Visit: https://www.business-standard.com/article/companies/without-reliance-deal-future-uncertain-for-kishore-biyani-s-firms-121020501995_1.html



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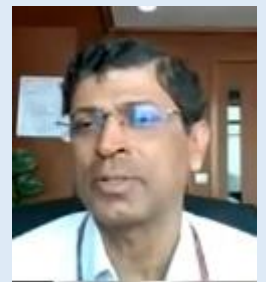
**Knowledge SBU Initiative*

News Update

IPs should better utilize PDA of IU: Dr. M. S. Sahoo

IIBBI Chairman Dr. M. S. Sahoo on Friday said that IPs should use the services of the PDA (Platform for Distressed Assets) developed by Information Utilities (IUs) to ensure timely management of CIRPs. He was addressing a Webinar organized by IIPI on 'Information Utility Services for IPs' from 11 AM to 1 PM on February 5, 2021 jointly with ICSI-IIP, IPA-ICAI, and NeSL.

Dr. Sahoo also highlighted the role of technology in timely management of CIRP cases and appreciated the role of IU – NeSL in that direction. Speaking on this occasion CA. Rahul Madan, MD, IIPI said, "In the backdrop of the COVID-19 pandemic the technology has proved to be saviour of IPs by providing solutions in an effective manner and also helped in improving efficiency of the IBC ecosystem,". He further added that PDA covers solutions like e-voting, e-auction, and Virtual Data Room (VDR) etc. In this seminar, officials of NeSL made presentations on various topics.



News Roundup

IBC to trump PMLA in case of corporate debtors, not wrongdoers: SC

The Supreme Court in its ruling on February 01, 2021, which will have a bearing on several high-profile insolvency cases, has clarified that proceedings against a corporate debtor over money-laundering charges would end once a resolution plan is approved, but continue against wrongdoers in the erstwhile management. A three-judge bench led by Justice RF Nariman recently clarified this while upholding Section 32A of the IBC.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/news/politics-and-nation/ibc-to-trump-pmla-in-case-of-corporate-debtors-not-wrongdoers-sc/articleshow/80620448.cms>

Whether Non-payment of Rent Would Qualify as an Operational Debt under IBC?

The Supreme Court issued notice in an appeal filed against an order passed by NCLAT. In this case, the landlord filed the application under Section 9 of IBC, 2016 which was dismissed by the Adjudicating Authority on ground that dues in the nature of rent of immovable property do not fall under the head of Operational Debt as defined under Section 5 (21) of IBC. In appeal, the appellant contended that there are two conflicting decisions of NCLAT on the issue and that, in the present case, the demand was both in respect of the arrears of rent as well as on account of damages for breach of the lock-in period. Taking note of this, the bench comprising Justices DY Chandrachud, Indira Banerjee and Sanjiv Khanna issued notice.

For More Details, Please Visit: <https://www.livelaw.in/top-stories/non-payment-rent-operational-debt-ibc-supreme-court-169108>

Collusive Commercial Transactions with Corporate Debtor will not constitute 'Financial Debt' under IBC

The Supreme Court has held that collusive or sham transactions with a corporate debtor will not amount to "financial debt" within the meaning of the IBC 2016. The bench of three judges also adjudicated on several legal issues related to the IBC, 2016.

For More Details, Please Visit: <https://www.livelaw.in/top-stories/collusive-commercial-transactions-with-corporate-debtor-will-not-constitute-financial-debt-under-ibc-supreme-court-169251>



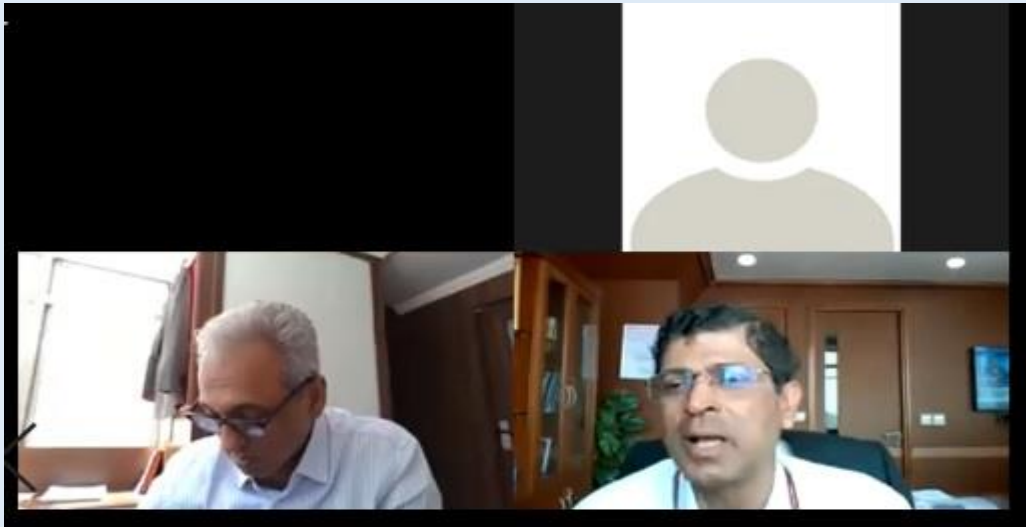
What would it take for Pre-Packs to work?

After four years and five major amendments, the IBC is set for yet another change. With the proposed introduction of pre-pack insolvency, India joins the ranks of countries like the U.K., U.S., Singapore, and France to have an informal, hybrid and debtor-driven pre-insolvency process that will operate under the Code. International experience shows pre-packs have generally been successful in preserving enterprise value. For instance, a report by an insolvency panel points out that majority of pre-packs in the U.K. have been successful in preserving jobs. Research in the U.S. credits pre-packs for reducing the time taken by courts, in confirming a reorganization plan, to half.

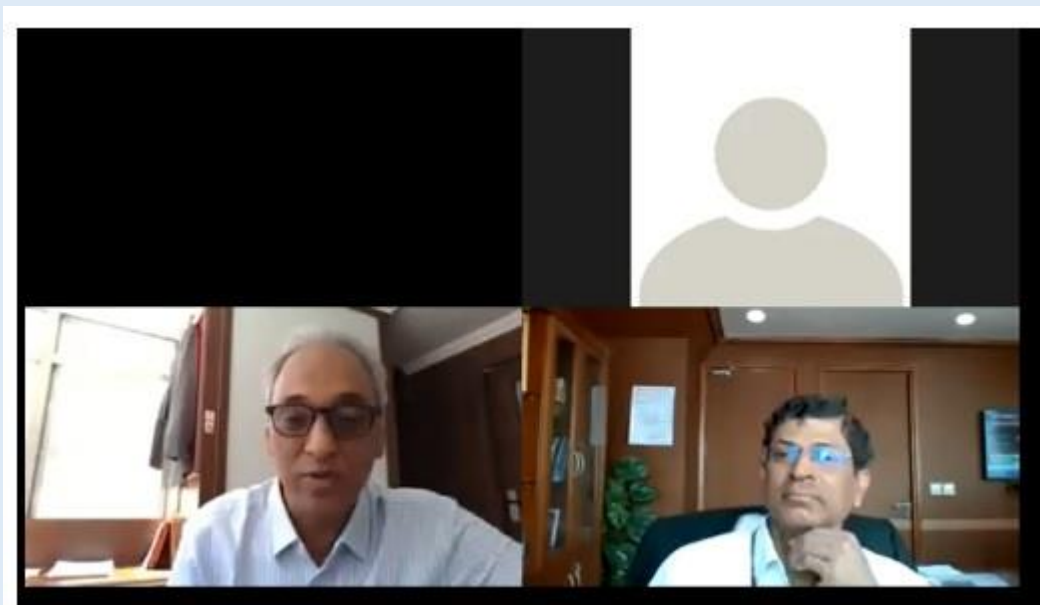
For More Details, Please Visit:

<https://www.bloomberquint.com/law-and-policy/ibc-what-would-it-take-for-pre-packs-to-work>

Event Photos



Dr. M. S. Sahoo, Chairman, IBBI addressing the Webinar on 'Information Utility Services for IPs' on February 5, 2021



Mr. S. Ramann, MD & CEO, NeSL addressing the Webinar on 'Information Utility Services for IPs' on February 5, 2021