



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

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Supreme Court's big COVID-19 relief to stressed Companies, Section 10 A moratorium retrospective

In a significant judgement the Supreme Court has ruled that the financially stressed companies will get the benefits of moratorium under Section 12 A of the IBC from 25th March, 2020 even if the application for CIRP was filed before 05th June, 2020 (the date the amendment providing relief to the stressed companies from CIRP proceedings came into effect).

For More Details, Please Visit:

<https://www.livelaw.in/to-p-stories/section-10a-ibc-cirp-retrospective-from-25-march-2020-169617>



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**Knowledge SBU Initiative*

News Update

IIPI organized Webinar on Successful CIRPs

IIPI on February 09, 2021 organized first ever Webinar on Successful CIRPs. In the Webinar Mr. Shailendra Ajmera, Resolution Professional (RP) of Ruchi Soya (RSIL) and Mr. Satish Kumar Gupta, Resolution Professional (RP) of Essar Steel India Ltd. (ESIL) made presentations and also replied the various queries of the Insolvency professionals (IPs) who participated in the Webinar.

Speaking in the Webinar Dr. Ashok Haldia, Chairman, IIPI appreciated the contribution of both the resolution professionals in the field of CIRP. He said that the RSIL and ESIL have been very crucial assignments and their case studies should be used as best practices. He also stated that the knowledge of those 'Successful CIRPs' should also be disseminated through Webinars and publications to enrich the pool of 'Best Practices of CIRPs'.

News Roundup

NCLT New Delhi orders Liquidation of Three C Homes Pvt. Ltd.

Considering that the Resolution Applicant was offering only 19.77% of the liquidation value of the Corporate Debtor, the NCLT opined that Resolution Plan did not have “any potential to fulfil the dream of the homebuyers”. The NCLT opined that the Resolution Plan was not in compliance with the provisions of IBC, specifically the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 on the procedure to be followed at the time of approval.

There was no effective participation of the Authorised Representative of the home buyers in the voting process conducted for approval of the Resolution Plan, the NCLT said.

For More Details, Please Visit:

<https://www.barandbench.com/news/litigation/initiate-liquidation-proceedings-against-three-c-homes-under-ibc-nclt>

Not only in nascent IBC, COVID-19 initiated several reforms in mature UK insolvency regime

The impact of COVID-19 has been felt worldwide. Though we have witnessed several changes in India's IBC regime, the established insolvency ecosystems such as those in the United Kingdom have also faced changes due to unprecedented situations caused by the COVID-19 pandemic. These reforms in the UK caused some important temporary and permanent changes in the UK insolvency laws. Besides, brining some new insolvency rules.

For More Details, Please Visit:

<https://www.natlawreview.com/article/changes-uk-restructuring-and-insolvency-market-predictions-2021>

Pledge holders are not financial creditors

The Supreme Court has held that the pledge holders in a corporate debtor shall not be considered as financial creditors for the purpose of CIRP. Thus the pledge holders will not qualify to be part of Committee of Creditors (CoC) which is the final decision maker of Corporate Debtor during CIRP.

For More Details, Please Visit:

<https://www.bloomberquint.com/law-and-policy/insolvency-law-pledge-holders-are-not-financial-creditors-supreme-court-says>



Liquidation or rescue is an outcome of the market forces: Dr. M. S. Sahoo

In a recent article in The Indian Express, IBBI Chairman Dr. M. S. Sahoo said that the liquidation or rescue is an outcome of the market forces; the law is only an enabler giving choices and nudging a company towards value maximising outcomes. The stakeholders decide whether to seek resolution and, if so, the mode of resolution.

Comparing a financially stressed company with a patient, Dr. Sahoo highlighted that as different patients recover at different stages of treatment i.e., OPD, IPD, ICU etc. stressed companies are also recovered in various stages of the resolution depending on their financial health and other factors affecting the operations of the corporate debtor. Some companies reach settlements, some face resolutions while only a few of them go through the process of liquidation.

The liquidation is, however, the last option under the IBC, 2016. So far, only 5% of companies seeking resolution through IBC end up in liquidation i.e., could not be saved.

For More Details, Please Visit:

<https://indianexpress.com/article/opinion/columns/insolvency-and-bankruptcy-code-corporate-debt-resolution-process-7178980/>

Upcoming Events

Training Program on IBC for Bank Officials

IIPI is organizing a 'Training Program on IBC for Bank Officials' on February 20, 2021 (One Day Session). The program is aimed at providing knowledge to the bank officials on IBC, CIRP, CoC, and Liquidation particularly on the issues falling at the interface of the banks as Financial Creditors and IBC Ecosystem.

For More Details, please visit:

<https://www.iiipicai.in/wp-content/uploads/2021/02/Blue-and-Red-Geometric-Webinar-Event-Flyer-2.pdf>

Photos of the 'Webinar conducted by IIPI on Successful CIRPs'



Mr. Shailendra Ajmera, RP, Ruchi Soya (RSIL) speaking in Webinar on Successful CIRPs on February 9, 2021



Mr. Satish Kumar Gupta, RP, Essar Steel India Ltd. (ESIL) speaking in Webinar on Successful CIRPs on February 9, 2021.