



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IIPI Newsletter

February 19, 2021

Volume 06, Number 07

Union Govt. contemplating lifting blanket suspension of IBC

According to the media reports, the government is working on two options - one, removing the suspension and allowing the resolution process in view of the rise in the number of fresh cases of default this fiscal year; second, bringing in some provisions to the IBC to exclusively deal with distressed sectors.

In the wake of COVID-19 pandemic, IBC was suspended w.e.f. March 24, 2020. Thereafter, it was provided many extensions which is set to expire in March.

For More Details,

Please Visit:

https://www.business-standard.com/article/companies/ibc-set-to-resume-relief-for-key-worst-affected-sectors-on-the-cards-121021400962_1.html



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News Update

Centre mulling initiatives to expedite insolvency process to control rising NPAs

Concerned with the low rate of resolution under IBC, the Union government is planning some crucial initiatives to expedite the insolvency process in the country. Though COVID-19 pandemic is considered a primary reason for low rate of resolution under IBC, the Union government is also concerned with a recent Financial Stability Report (FSR) of the Reserve Bank of India (RBI) which says that the gross NPA ratio of all scheduled commercial banks may increase from 7.5% in September 2020 to 13.5% by September 2021 in a baseline scenario and may escalate to 14.8% under a severe stress scenario.

According to the report, only 8% of 2,278 cases filed under IBC with the National Company Law Tribunal (NCLT) since April 2020 have been disposed of so far. The number of pending cases in the NCLT has, meanwhile, mounted to over 21,250, a substantial jump from the backlog of 19,844 cases as of July 31, 2020; out of these cases, 12,438 cases were related to the bankruptcy. Delays in disposal of IBC cases are reportedly having an adverse impact on efforts by banks and financial institution to recover non-performing assets (NPAs).

For More Details, Please Visit: <https://www.hindustantimes.com/business/govt-plans-steps-to-speed-up-disposal-of-cases-under-ibc-101613669470253.html>

News Roundup

IIPI organized Workshop (virtual) on 'IT/Infrastructure Issues Faced by IPs' on February 18

The workshop was aimed at capacity building of IPs including Office Infrastructure, IT solutions, platform for distressed assets (PDA) and Document Retention among others. IIPI Chairman Dr. Ashok Haldia and Mr. Sudhaker Shukla, WTM/ED, IBBI inaugurated the workshop. It was also addressed by CA. Sajeve Deora, CA. K. V. Jain, CA. Atul Kansal and NeSL officials. CA. Rahul Madan, MD, IIPI moderated the virtual workshop.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2021/02/WORKSHOP-on-18-Feb-2021.pdf>

Section 21 (2) is aimed at excluding 'ex-related party' from COC from 'sabotaging CIRP': Supreme Court

The Supreme Court in the case of *Phoenix Arc Private Limited vs. Spade Financial Services Ltd* has provided 'purpose interpretation' to exclude ex-related parties from the Committee of Creditors (CoC). As per the judgement, in case the related party financial creditor divests itself of its shareholding or ceases to become a related party in a business capacity with the sole intention of participating in the CoC and sabotaging the CIRP, the first proviso to Section 21(2) will be applicable.

For More Details, Please Visit:

<https://www.barandbench.com/columns/section-21-ibc-supreme-court-purposive-interpretation-ex-related-parties-coc>

Non-Availability and quality of information are the biggest challenges in timely resolution

As per a recent research, availability and quality of information were the biggest challenges in attaining quick resolution in 25% of the companies (305 companies) that completed CIRP before March 2020. About 83% of insolvency professionals opined that companies lacked 'proper documentation model' for both statutory register and non-statutory register. Though 79% of the Resolution Professionals reported non-cooperation among corporate debtors in sharing information, only 3% of them filed case under Section 19 (2).

For More Details, Please Visit:

<https://www.financialexpress.com/opinion/corporate-insolvency-making-the-resolution-process-better/2197479/>



IIPI Chairman addressed officials of Indian Economic Service (IES)

IIPI Chairman Dr. Ashok Haldia on February 17, 2021 addressed the IES officers in the 'IBBI Training Program for IES Officers' through virtual mode.

In his address titled 'Insolvency Professional Agencies (IPAs) under IBC', Dr. Haldia made a detailed presentation on the role of IPAs in the insolvency ecosystem of India.

McNally Sayaji Engineering to undergo CIRP

NCLT Calcutta on February 15 approved the CIRP of McNally Sayaji Engineering, an unlisted subsidiary of the Khaitain family-run McNally Bharat Engineering.

McNally Sayaji owes ~ Rs 75 crore to ICICI Bank, including principal and interest. The company cumulatively owes ~ Rs 213.18 crore loans, excluding outstanding interest and default in paying interest, as on March 31, 2020.

For More Details, Please Visit:

<https://www.thehindubusinessline.com/companies/nclt-admits-insolvency-proceedings-against-mcnally-sayaji-engineering/article33857847.ece>

Event Photos



Mr. Sudhaker Shukla, WTM/ED, IBBI addressing the IIIPI Workshop on 'IT/Infrastructure Issues Faced by IPs' on February 18



CA. K. V. Jain addressing the IIIPI Workshop on 'IT/Infrastructure Issues Faced by IPs'



Upcoming Event

IIIPI organizing 'Training Program on IBC for Bank Officials on Feb. 20

The program is for registrants nominated by the banks. It is aimed at creating awareness among banking officials. The banks officials are important stakeholders in the IBC ecosystem as they act as members in the Committee of Creditors (CoC).

The one day session will be focused on Introduction to IBC and CIRP, Liquidation Process of Corporates, Role of CoC which primarily consists of bankers and creditors, Introduction to Proposed Pre-Packaged Insolvency Regime, Insolvency of Personal Guarantors to Corporate Debtors, and Some Important judgements concerning banks as CoC members.

For More Details, Please Visit:

<https://www.iipicai.in/wp-content/uploads/2021/02/Blue-and-Red-Geometric-Webinar-Event-Flyer-2-1.pdf>