



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI
(Company formed by ICAI under Section 8 of the Companies Act 2013)

IIPI Newsletter

March 12, 2021

Volume 06, Number 10

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Time is a crucial facet of the scheme under the IBC, Says SC

The Resolution Plan submitted by Kridhan Infrastructure Pvt Ltd. in the CIRP of the Corporate Debtor Tecpro Systems Limited was approved by the AA on 15th May 2020.

Subsequently, the applicant deposited Rs 5 crore in Escrow Account of the Corporate Debtor but could not fulfill further obligations apparently due to paucity of funds.

Despite the grant of sufficient time, the appellant has not been able to comply with the terms of the Resolution Plan. After giving several opportunities, the CoC voted for liquidation of the Corporate Debtor which was approved by the AA.

This order was challenged by the applicant on the ground that as per IBC liquidation should be the last option.

For More Details, Please Visit:

<https://www.livelaw.in/top-stories/ibc-scheme-time-resolution-applicant-supreme-court-170853>

News Update

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**Knowledge SBU Initiative*

IBBI invites applications to prepare 1st panel of IPs for appointment as Administrators by SEBI

IBBI has invited applications from IPs who hold a valid Authorization For Assignment (AFA) to prepare the first Panel of IPs for appointment as Administrator by Security and Exchange Board of India (SEBI). The panel will be prepared zone wise and will be valid for six months. Thereafter, a new panel will replace the existing panel. Accordingly, the tenure of the first panel will be from April 2021 to September 2021.

The interested IPs who fulfil the criteria can submit their applications in the provided proforma by 17th March 2021. Besides other details, the "Guidelines for Appointment of Insolvency Professionals as Administrators under the Securities and Exchange Board of India (Appointment of Administrator and Procedure for Refunding to the Investors) Regulations, 2018" also provide method to compute total score for applicants. IBBI, after completing the process, will submit the first Panel of IPs to the SEBI on 27th March 2021. The appointment of an IP as Administrator will depend on requirements and under complete jurisdiction of SEBI. After final selection into the panel, an IP will not be allowed to (a) withdraw his interest to act as an Administrator; or (b) decline to act as Administrator, if appointed by SEBI; or (c) surrender his registration to the IBBI or membership or AFA to his IPA; during the validity of the Panel.

The IBBI and the SEBI have mutually agreed upon to use a Panel of IPs for appointment as Administrators for effective implementation of the Regulations.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/9642e8fe2457fb437fc7b754ed60b8b2.pdf>

News Roundup



NCLT/NCLAT can exercise jurisdiction under Section 60(6)(c) of the Code to stay termination of PPA only on account of CIRP

The Supreme Court in the matter *Gujarat Urja Vikas Nigam Ltd. Vs. Mr. Amit Gupta & Ors.* has upheld the jurisdiction of NCLT/NCLAT under Section 60(6)(c) of the Code to stay termination of Power Purchase Agreement (PPA) only on account of CIRP being initiated against the CD. However, the court observed that jurisdiction of the AA under Section 60(5)(c) of the IBC cannot be invoked in matters where a termination may take place on grounds unrelated to the insolvency of the CD. Besides, it cannot even be invoked in the event of a legitimate termination of a contract based on an *ipso facto* clause, if such termination will not have the effect of making certain the death of the CD (Gujarat Urja Vikas Nigam Limited).

For More Details, Please Visit: <https://www.livelaw.in/top-stories/insolvency-corporate-debtor-ibc-nclt-jurisdiction-supreme-court-170872>

Jet Airways can't claim historical right over slots: Aviation ministry

“As per the slot allocation guidelines issued in May 2013 the ‘use it or lose it’ rules define the historical precedence which is only granted for a series of slots. Jet Airways has not applied for slots for the last three consecutive seasons and hence does not qualify for claiming the benefits of historical precedence,” the ministry and DGCA said in a joint affidavit.

Jet Airways shut down in April 2019 following a cash crunch and is under insolvency since June of that year. The airline’s slots and traffic rights were then allocated to other airlines enabling them to fill up capacity vacuum and launch new services.

For More Details, Please Visit: https://www.business-standard.com/article/companies/jet-airways-can-t-claim-historical-right-over-slots-aviation-ministry-121030801351_1.html

Greesill Capital files for insolvency, administrator appointed

Greensill began to unravel last Monday, when its main insurer stopped providing credit insurance of \$4.1 billion of debt in portfolios it had created for clients including Swiss Bank Credit Suisse.

For More Details, Please Visit: <https://economictimes.indiatimes.com/tech/tech-bytes/greesill-capital-files-for-insolvency-administrators-appointed/articleshow/81412977.cms>

IBC is an option; stakeholders may not use it even if freeze not extended, says Dr. M. S. Sahoo

Amid apprehensions on increase in CIRP cases after the COVID-19 related ban on IBC is revoked post March 25, in a media interview IBBI Chairperson Dr. M. S. Sahoo has suggested that the stakeholders (Operational Creditors and Financial Creditors) may not use it even if freeze not extended.

“Any further extension needs to be evaluated very carefully, as in a market economy, every measure has potential to affect someone’s interest, positively or negatively. In any case, the Code is an option; the stakeholders may not use it even if freeze is not extended,” said Dr. Sahoo. Dr. Sahoo agreed that the number of CIRP will increase but not significantly because companies continuing to resolve stress through several options available and are also making innovations for stress resolution. According to media report, the govt may not extend freeze on IBC beyond March 25, 2021.

For More Details, Please Visit: https://www.business-standard.com/article/economy-policy/m-s-sahoo-explains-achievements-evolution-and-challenges-of-the-ibc-121030700922_1.html

Event Photos



Govt. is preparing a special relief framework to rescue MSMEs from pandemic crisis

The Centre is planning to introduce in the IBC special provisions that could be part of the relief framework for micro, small, and medium enterprises (MSMEs), said media reports.

The provisions under consideration include allowing MSMEs to opt for pre-package deals by which promoter and creditor can reach out-of-court settlements on debt resolution. At present, there is no legal framework for this. Those will give powers to firms and even creditors to reach debt resolutions without any public bidding for assets. Second, even if a company files for insolvency, the management shouldn't be superseded and a resolution professional will be appointed to supervise activities. Currently, the board is superseded soon after a company files for bankruptcy.

Besides, the government is deliberating on lowering the default threshold for these firms if the applicant belongs to the MSME category. During the pandemic, the government raised the threshold to Rs.1 crore from Rs.1 lakh for initiating proceedings under the IBC.

For More Details, Please Visit:

https://www.business-standard.com/article/companies/special-insolvency-relief-framework-for-covid-hit-msmes-in-the-works-121031000069_1.html



Dr. Ms. Mukulita Vijayawargiya, WTM (ALW), IBBI, addressing the 1st Session of the 'Insolvency and Bankruptcy Code Series of 4 Sessions' titled 'Impact of Covid 19 on Proceedings under IBC; Cross border insolvency; Group insolvency' on March 10, 2021 organized by CII in collaboration with NFCG, Shardul Amarchand Mangaldas and IIIPI.



Dr. Ashok Haldia, Chairman, IIIPI-Board, addressing the 1st Session of the 'Insolvency and Bankruptcy Code Series of 4 Sessions' titled 'Impact of Covid 19 on Proceedings under IBC; Cross border insolvency; Group insolvency' on March 10, 2021 organized by CII in collaboration with NFCG, Shardul Amarchand Mangaldas and IIIPI.