



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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

IIPI Newsletter

April 02, 2021

Volume 06, Number 13

CONTENTS

News Update

News Roundup

Event Photos



Indian shares rise over 1% on March 30 as banks jump after JSW Steel completed resolution of Bhushan Steel and Power

JSW Steel on March 26 announced completion of resolution plan for Bhushan Steel and Power, including a payment of 193.50 billion rupees (\$2.66 billion) to financial creditors. This news saw a boost in the market on next working day, March 30.

The blue-chip NSE Nifty 50 index rose 1.7% to 14,757.50 and the benchmark S&P BSE Sensex gained 1.6% at 49,792.04, by 0503 GMT.

Major lenders to Bhushan, including State Bank of India Punjab National Bank, Canara Bank were up over 1% each and ICICI Bank gained 2.1%.

For More Details, Please Visit:

<https://www.reuters.com/article/india-stocks/indian-shares-rise-over-1-as-banks-jump-after-an-insolvency-resolution-idUSL4N2LS18G>

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

India's quick response to limit the impact of the pandemic and to undertake massive vaccination drives are resulting in a 'V shape recovery': FM

Union Minister of Finance & Corporate Affairs and India's Governor in New Development Bank (NDB) Smt. Nirmala Sitharaman has said that India's quick response to limit the impact of the COVID-19 pandemic and to undertake massive vaccination drives are resulting in a 'V shape recovery'.

She was speaking in 6th Annual Meeting of Board of Governors of the NDB on March 30, 2021 which was also attended by Governors/Alternate Governors of Brazil, China, Russia and South Africa.

The Finance Minister stressed the need for NDB to maintain and improve upon the ratings assigned by international rating agencies through adequate capitalisation, high quality governance and prudent management. She also encouraged the NDB to facilitate private sector participation, explore more innovative financing structures, discover co-financing opportunities with other MDBs, develop a pipeline of bankable projects, and promote environmental and social safeguards to enhance the sustainability of infrastructure, etc. Highlighting the role of Development Financial Institutions (DFIs) in infrastructure financing, she mentioned that India is going to set up a new DFI with initial paid-up capital of around \$3 billion with a lending target of \$69 billion in next three years.

For More Details, Please Visit: <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1708547>

News Roundup

Insolvency proceedings can be initiated against 'Corporate Guarantor' even if principal borrower is not a corporate person: Supreme Court

CIRP under Section 7 of the IBC, 2016 can be initiated by a financial creditor against a corporate person in respect of guarantee to the loan amount secured by person not being a corporate person, in case of default in payment of such a debt held the Supreme Court in the matter of *Laxmi Pat Surana vs. Union Bank Of India* (CA 2734 OF 2020). Referring to Section 5(5A) of the Code, which defines the expression "corporate guarantor" to mean a corporate person, who is the surety in a contract of guarantee to a Corporate debtor, the bench observed that the same cannot be interpreted to extricate the corporate person from the liability (of being a corporate debtor) arising on account of the guarantee given by it in respect of loan given to a person other than corporate person.

For More Details, Please Visit:

<https://www.liveweb.in/top-stories/insolvency-process-maintainable-against-guarantor-even-if-principal-borrower-is-not-a-corporate-person-supreme-court-171805>

NCLT admits Noida City Center's developer 'Wave Group's' petition for CIRP

Wave Group, the real company that was engaged in developing flagship project – Wave Noida City Center in sector 25 A and sector 32 will now undergo through CIRP after NCLT admitted the application filed by the company under section 10 of IBC. In the petition, the company submitted that it failed to pay Rs 1,222.64 crore dues to Noida Authority. Earlier this month, the Noida Authority had taken over possession of 1.08 lakh sq metres commercial land due to unpaid dues.

For More Details, Please Visit:

<https://realty.economictimes.indiatimes.com/news/regulatory/nclt-admits-insolvency-application-by-wave-group/81709353>

USA's Entrust Energy 3rd electricity major to file for Bankruptcy after Texas 'winter storm' disaster sent electricity prices soaring

The company listed assets of \$100 million to \$500 million and liabilities of \$50 million to \$100 million, according to a Chapter 11 petition filed in the Southern District of Texas on Tuesday. Entrust says it has a \$270 million disputed claim with the Electric Reliability Council of Texas, the operator of the state's power grid, related to supply obligations.

Earlier, Brazos Electric Power Cooperative Inc. and Griddy Energy LLC had filed for bankruptcy as wholesale electricity prices to \$9,000 a megawatt-hour due to disaster caused by a Winter Storm in Texas in February.

For More Details, Please Visit:

<https://www.bloomberquint.com/onweb/entrust-energy-files-for-bankruptcy-in-texas-amid-power-fallout>



Has the worst passed away? Only two companies filed for bankruptcy in the USA in last week of March

Only two companies with at least \$50 million of liabilities sought protection from creditors in the U.S. last week, according to data compiled by Bloomberg. That's the slowest seven-day stretch in five weeks.

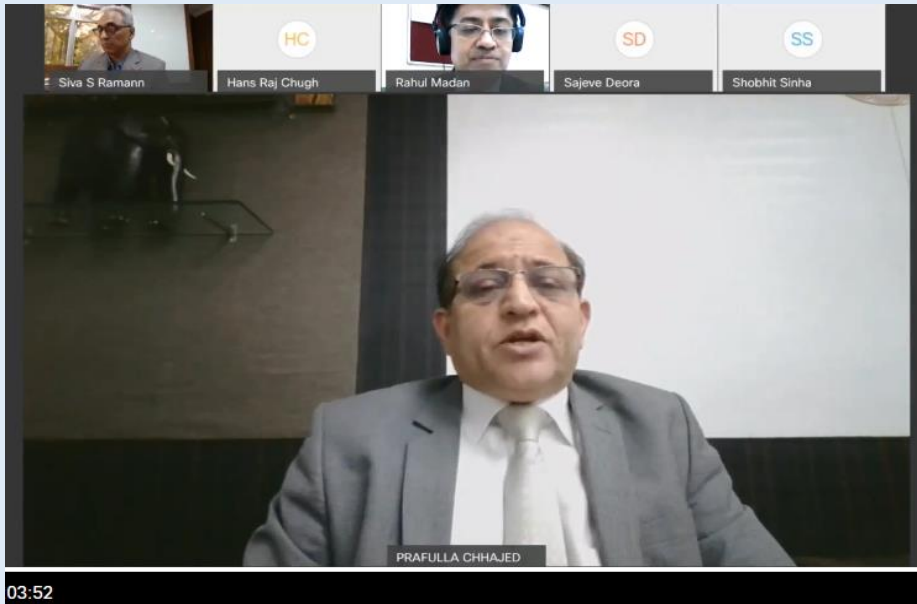
Last week was all about financial services, with a U.S. unit of embattled supply chain finance firm Greensill Capital entering court protection, listing liabilities of just over \$50 million. In addition, defunct broker dealer First Standard Financial LLC filed a Chapter 7, two years after the state of New Jersey revoked its registration. Chapter 11 filings this week from aircraft leasing company AeroCentury Corp. and power retailer Entrust Energy Inc. boosted March filings to 18, exceeding the 16 during the third month of 2020. That's the most March bankruptcies since 2018.

There were 44 filings through March 29, less than the 50 seen by the same point of 2020, but still higher than the average of 33 for the corresponding period over the last 10 years, according to data compiled by Bloomberg. Last year's wave of large bankruptcies -- the biggest since 2009 -- began building in April and peaked in July, when 32 big firms sought court protection in that month alone.

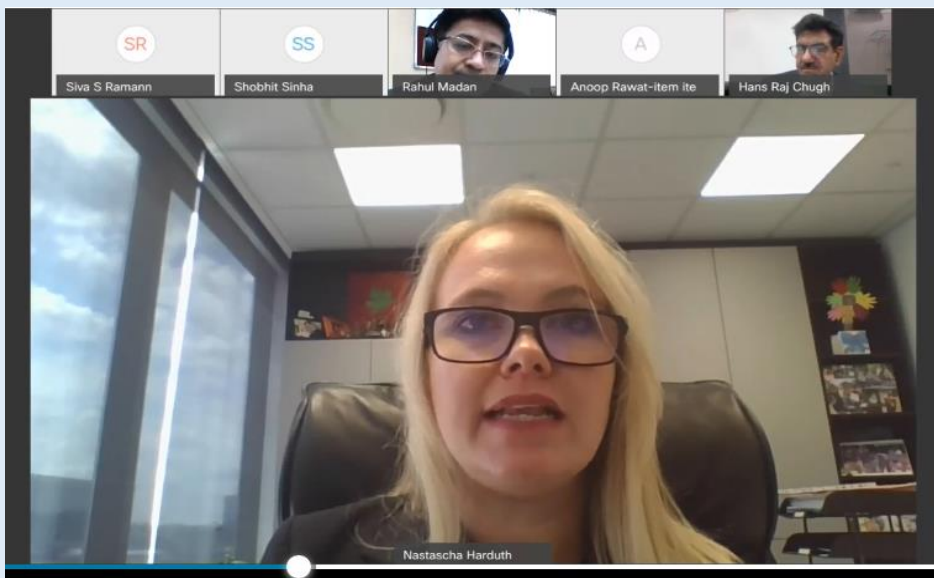
For More Details, Please Visit:

<https://www.bloomberquint.com/onweb/u-s-bankruptcy-tracker-filings-cool-off-after-hot-march-start>

Event Photos



CA. Prafulla P. Chhajed, Director, IIIPI-Board, Past President and Council Member - ICAI presenting 'Introductory Remark' in the 4th Session of the 'Insolvency and Bankruptcy Code Series of 4 Sessions' titled "Digitization and Use of Technology in the IBC process" on March 31, 2021 organized by CII in collaboration with NFCG, Shardul Amarchand Mangaldas and IIIPI.



Ms. Nastascha Harduth, Business Rescue Practitioner, South Africa, addressing the 4th Session of the 'Insolvency and Bankruptcy Code Series of 4 Sessions' titled "Digitization and Use of Technology in the IBC process" on March 31, 2021 organized by CII in collaboration with NFCG, Shardul Amarchand Mangaldas and IIIPI.



UK further extends COVID-19 related Insolvency Protection provisions w.e.f. March 26

The changes introduced by the Corporate Insolvency and Governance Act 2020 and other insolvency protection laws due to COVID-19 pandemic has been further extended in the United Kingdom w.e.f. March 26, 2021. The previous extension was set to expire on March 25, 2021.

The temporary changes to the criteria for obtaining a **corporate moratorium** that allow a company that has been subject to a winding up petition, CVA, moratorium or administration in the past 12 months are extended until September 30, 2021 while other provisions are extended until June 30, 2021.

The exemption from the **ipso facto regime** (preventing a small supplier from terminating a contract for insolvency related reasons) has been extended until 30 June 2021.

Similarly, the temporary suspension of the wrongful trading provisions is also extended until 30 June 2021 and the prohibition on forfeiture proceedings has also been extended until 30 June 2021.

For More Details, Please Visit:
<https://www.natlawreview.com/article/uk-insolvency-protection-laws-extended-where-are-we-now>