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45 % MSMEs in India reported a decrease in jobs: Facebook Survey

Global State of Small Business Report prepared by Facebook suggests the closure rate of MSMEs in India has increased from 24% in October 2020 to 32% in February, 2021. As per the report the closure rate for MSMEs in India was maximum at 46% in May 2020 during COVID-19 pandemic.

The report also highlights that about 45% of MSMEs in India has reported decrease in employment. According to Facebook about 35,000 small business leaders across 27 countries participated in the survey.

For More Details, Please Visit:

<https://yourstory.com/smbstory/msmes-india-covid-19-impact-global-state-of-small-business-report>

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News Update

Pre-Packaged Insolvency introduced for MSMEs under IBC to rescue distressed units and save jobs

The ordinance - IBC (Amendment) Ordinance, 2021 dated 4th April 2021 is aimed at providing an efficient alternative insolvency resolution framework for corporate persons classified as micro, small and medium enterprises (MSMEs) under the Code, for ensuring quicker, cost-effective and value maximising outcomes for all the stakeholders, in a manner which is least disruptive to the continuity of MSMEs businesses and which preserves jobs.

The initiative is based on a trust model and the amendments honour the honest MSME owners by trying to ensure that the resolution happens and the company remains with them. It is expected that the incorporation of Pre-Packaged insolvency resolution process for MSMEs in the Code will alleviate the distress faced by MSMEs due to the impact of the pandemic & the unique nature of their business, duly recognizing their importance in the economy. It provides an efficient alternative insolvency resolution framework for corporate persons classified as MSMEs for timely, efficient & cost-effective resolution of distress thereby ensuring positive signal to debt market, employment preservation, ease of doing business and preservation of enterprise capital. Furthermore, a corrigendum was issued on April 05 to clarify some issues on pages 3, 22 and 27.

For More Details, Please Visit:

http://www.mca.gov.in/Ministry/pdf/IBCAmendOrdinanceBill_06042021.pdf

News Roundup

NCLAT stops constitution of COC in Subsidiary of OYO Hotels after it cleared dues of Rs 16 lakh

“The NCLAT provided a stay for the formation of COC in IBC proceedings against OHHPL, subsidiary of OYO. OHHPL appealed the order in front of NCLAT and explained that a demand draft of INR 16L was issued to the claimant under protest and the claimant has willingly banked the DD,” OYO Hotels and Homes Private Limited (OHHPL) said in a statement. The relief to the Corporate Debtor (CD) came from NCLAT where the company had challenged the order of the Adjudicating Authority (AA). In its appeal the CD has submitted that that the said dispute was not even with this subsidiary and the same was already paid to the claimant by the entity with whom the dispute was raised other than OHHPL. The NCLAT order had asked OHHPL’s creditors to submit their claims with proof by April 15, 2021, to the interim resolution professional.

For More Details, Please Visit

<https://www.financialexpress.com/industry/sme/relief-for-oyo-subsiary-in-bankruptcy-case-as-nclat-stays-insolvency-proceeding/2229384/>

NBCC and Suraksha group have submitted their resolution plans in 4th round of bidding for Jaypee Infratech Ltd

Both NBCC and Suraksha have made some changes in their plans in view of the apex court direction to return Rs 750 crore with accrued interest to Jaiprakash Associates Ltd (JAL), the promoter group of Jaypee Infratech, after reconciliation of accounts between JAL and JIL, said media reports. In March last year, the NBCC got approval from the National Company Law Tribunal (NCLT) to acquire Jaypee Infratech and complete around 20,000 pending flats over the next three and half years. The order was, however, challenged in the appellate tribunal NCLAT and later in the Supreme Court. This is the fourth round of bidding process.

For More Details, Please Visit:

<http://www.businessworld.in/article/NBCC-Suraksha-Group-Submit-Revised-Bids-To-Acquire-Jaypee-Infratech-Through-Insolvency/08-04-2021-385980/>

‘We do not conduct any financing with Credit Suisse’ said Sanjay Gupta’s GFG Alliance Ltd. on Citibank’s petition for liquidation against its two companies in Australia

Citibank N.A.’s London branch has filed the application on behalf of Credit Suisse in the New South Wales Supreme Court on April 06 seeking to wind up two entities - Onesteel Manufacturing Pty Ltd., which operates the Whyalla steel operation in South Australia, and Tahmoor Coal Pty Ltd. A first directions hearing on the action is scheduled for May 6. GFG Alliance’s Australian Mining and Primary Steel (MPS) business, which includes Onesteel Manufacturing and Tahmoor Coal, does not conduct any financing with Credit Suisse and has not sold receivables to Credit Suisse, said the company in a media statement.

For More Details, Please Visit:

<https://www.livemint.com/companies/news/sanjeev-gupta-businesses-in-australia-face-credit-suisse-insolvency-push-11617841220410.html>



Timely completion of CIRP still a big challenge, over 86% of cases crossed upper limit of 270 days

As per the latest data released by the Insolvency and Bankruptcy Board of India (IBBI), 1717 CIRP cases were pending by the end of December 2020 out of which 1481 had crossed the time limit of 270 days. The IBC mandates to complete the process of CIRP within 180 with a possible extension of 90 days provided by the Adjudicating Authority. However, the cases linger primarily due to litigations in different courts.

The data further suggest that till December 2020, a total of 378 CIRPs have been withdrawn under section 12A of the Code.

IBBI chairman M S Sahoo had recently said that 16,000 of the applications had been resolved even before the admission. Besides, out of the one dozen high profile cases nine have yielded results under IBC. Of these, resolution plan in respect of nine CDs were approved and orders for liquidation were issued in respect of two CDs. Thus, CIRP in respect of two CDs and liquidation in respect of another two CDs are ongoing, at different stages of the process.

For More Details, Please Visit:

<https://timesofindia.indiatimes.com/business/india-business/86-insolvency-cases-pending-over-270-days/articleshow/81922510.cms>