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IIPI Newsletter

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Over 86% of Insolvency Cases breached 270 days deadline: MCA

Ministry of Corporate Affairs (MCA) has reportedly expressed concerns on lengthy litigations which have delayed about 86% of 1,717 CIRP cases beyond 270 days.

According to media reports, the Government is now more focused on recently introduced Pre-Packaged Insolvency Resolution Process (PIRP) for MSMEs. The lengthy litigation process during CIRP derails operations of the Corporate Debtor, poses hurdles in running the CD as a going Concern, causes degradation in value and results in job loss.

For More Details, Please Visit:

<https://www.livemint.com/news/india/bulk-of-bankruptcy-cases-breached-deadline-mca-11621674854801.html>

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News Update

RBI Chief asked private banks to ‘quickly and swiftly’ implement Resolution Framework 2.0 announced on May 05

In a virtual meeting with the MD and CEOs of select private banks on May 25, Shri Shaktikanta Das, Governor, Reserve Bank of India (RBI) recognized the crucial role of private banks and emphasized on the need to quickly and swiftly implement the measures announced by RBI on May 5, 2021. He also advised the banks to ensure continuity in provision of various financial services including credit facilities to individuals and businesses in the face of challenges brought on by the pandemic.

The RBI Governor further urged them to continue focus on strengthening their balance sheets and ensure credit flows to different segments of the economy, particularly to small borrowers, MSMEs, etc. He reviewed the status of Resolution Framework 01 introduced by the RBI and discussed about the initiative of Central Bank for assessment of current economic scenario and the state of the banking sector.

In the wake of 2nd COVID wave, the RBI had announced a couple of measures on May 05 which includes board approved debt restructuring process, favorable norms for pandemic hit borrowers, and moratorium for individual debtors and MSMEs.

For More Details, Please Visit:

<https://indianexpress.com/article/business/banking-and-finance/rbi-asks-banks-to-quickly-implement-covid-package-step-up-credit-flow-7330420/>

News Roundup

Residents of India's tallest residential complex in Mumbai file insolvency suit for over ₹ 7.2 Cr. dues

World Crest Towers Society, the association of residents, has alleged that the developer Macrotech (erstwhile Lodha Group) has failed to clear its dues of ₹7.2 crore about a sinking fund and other heads since 2019. The society has demanded payback with interest. The filing further says that Macrotech had agreed to pay the amount in April 2019 and confirmed the same via an email in September 2020. However, the developer has denied any outstanding saying it was adjusted in property tax and members of the society owe us ₹9 crore towards maintenance of the common facilities outside the building.

For More Details, Please Visit:

<https://www.thehindubusinessline.com/news/national/residents-of-mumbais-world-crest-towers-drag-developer-lodha-group-to-bankruptcy-court/article34636051.ece>

Real Estate body demands suspension of Section 7, 8 and 10 of IBC for a year due to 2nd wave of COVID

In the letters written to the Central and UP-RERA, Real estate developers has demanded complete suspension of these three Sections of IBC which are related to initiating insolvency proceedings against the Corporate Debtor for at least a year as the sector had been severely hit financially due to the pandemic. They also requested the government for increasing time for repayment of the loan.. Last year the Central government has suspended these Sections altogether which expired on March 25, 2021.

For More Details, Please Visit:

<https://www.hindustantimes.com/cities/noida-news/developers-seek-protection-from-insolvency-for-a-year-101621967770888.html>

IIPI and CRISIL to jointly organize 'Executive Training Program' on June 09

The program is aimed at developing an in-depth understanding of current and emerging nuances across construction sub-sectors and providing them understanding of the inherent and emerging risks so that they can devise appropriate mitigation tools and tactics.

The program will be conducted on Wednesday, June 09 from 9.30 AM to 3.45 PM. It is divided into Session 1 (Construction), Session 2 (Real Estate), Practical Knowledge Sharing by IP and Self-Assessment Mock Test. Interested candidates can register by June 07, 2021.

For More Details, Please Visit:

<https://www.iiipcai.in/wp-content/uploads/2021/05/CRISIL-IIPI Sector-training Brochure.pdf>



Reverse Vesting Orders poised to become valuable tools in insolvency regime of Canada

After getting stamps from Quebec Superior Court and British Columbia Supreme Court, the Reverse Vesting Orders is set to become extremely valuable tools under insolvency and restructuring proceedings in Canada, particularly for the energy sector.

As per the new provisions, these orders RVOs effect the sale of an insolvent entity's shares in a transaction where assets and liabilities unwanted by the purchasers are excluded. The unwanted elements are transferred to a newly incorporated company, where the insolvency process continues.

"The act of eliminating or 'vesting out' the liabilities and restoring solvency imbues the shares with value again," said David Bish, to media. "Without that cleansing, no one wants to own the shares of a company whose liabilities exceed its assets." According to media reports these Orders have been features of two insolvency proceedings in 2019 and nine in 2020.

For More Details, Please Visit:

<https://financialpost.com/commodities/energy/new-insolvency-rules-to-have-major-impact-on-energy-companies-with-environmentally-compromised-assets>