



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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Out of 2,653 closed cases in FY 21, 16% CDs were handed over to Promoters

By the end of FY 2020-21, the banks closed about 2,653 cases of Corporate Insolvency Resolution Process (CIRP) out of which 16% companies were handed over back to the promoters after the dues were settled under Section 12A of the IBC, 2016. Further, 23 % of the closed cases are either pending review or appeal, said a media report. This indicates towards scope of settlement between lenders and borrowers.

The report also revealed that about half of the cases closed by the banks under IBC ended in liquidation while only 13% were resolved i.e., acquired by new promoters.

For More Details, Please Visit:

https://www.business-standard.com/article/companies/half-the-cases-closed-under-ibc-end-in-liquidation-only-13-resolved-121053101129_1.html

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

Finance Minister hints at Amendments in IBC, 2016 to prevent 'Sudden Spike in the Wheel'

In a media interview, the Union Finance Minister Ms. Nirmala Sitharaman has expressed strong reservations on last minute hurdles caused by the promoters in the resolution of the Corporate Debtor (CD).

“For companies this is the biggest burden, you go bid genuinely for a company and committee of creditors is willing to take an offer and then suddenly somebody puts a spoke in the wheel. So those kinds of things are the ones on which we have to apply our minds and seek some kind of an intervention, if necessary, by bringing in amendments,” said Ms. Sitharaman on the allegation that ‘the insolvency process has been bogged down by some promoters gaming the system’. The statement is being seen as government’s concern on last minute litigations in the insolvency processes of DHFL and Siva Industries and Holdings Ltd.

Responding to a question regarding a large stimulus to revive economy facing slow down by second wave of the COVID-19, the Finance Minister said that the Budget for FY 2021-22 has been designed keeping in mind the necessities of a ‘COVID affected economy’ which needs to be implemented. She also described several schemes such as Atmanirbhar Bharat, Emergency Credit Line Guarantee Scheme (ECLGS), Swamih Fund and MGNREGA etc. She, however, informed that the government is yet to make a final call on impact of second wave of the economy.

For More Details, Please Visit:

<https://timesofindia.indiatimes.com/business/india-business/covid-19-let-budget-schemes-kick-in-before-asking-about-stimulus-says-finance-minister-nirmala-sitharaman/articleshow/83096518.cms>

News Roundup

A revision in claims cannot be permitted as that would mean changing the structure of the approved Resolution Plan: NCLAT

The NCLAT, Chennai Bench has observed that any revision in claims after approval of the Resolution Plan by NCLT amounts to revision of the Plan itself.

“Once a Resolution Plan is duly approved by the AA, claims as provided in the Plan shall stand frozen and will be binding on the corporate debtor and its employees, members, creditors, including the central government, any state government or any local authority, guarantors and other stakeholders,” the Bench in the matter of GVR Infra Projects Limited. The CD had not paid its EPFO dues since April 2014.

For More Details, Please Visit:

<https://indianexpress.com/article/business/banking-and-finance/epfo-govt-bodies-cant-revise-claims-once-resolution-plan-approved-nclat-7337215/>

IBC will have an overriding effect on State Act: Karnataka High Court

Karnataka High Court has quashed a parallel proceeding initiated against the promoters of M/s Dreamz Infra India, a real estate company, under the Section 7(1) of the Karnataka Protection of Interest of Depositors in Financial Establishment Act, 2004. Citing Supreme Court judgements in the matters of Innoventive Industries Limited, Anand Rao Korada and Alchemist Asset Reconstruction Company Limited, the High Court observed that Section 14 and Section 238 of the IBC have overriding effect and prevail over the State laws.

For More Details, Please Visit:

<https://www.taxscan.in/relief-to-dreamz-infra-india-karnataka-high-court-quashes-parallel-proceedings-by-state-govt-as-ibc-to-override-state-act/116631/>

IBBI invites applications to make zone wise panel of IPs for July – December 2021

These new guidelines shall come into effect for appointments as IRP, Liquidator, RP, and BT with effect from July 1, 2021. The Board will prepare a common Panel of IPs for appointment as IRP, Liquidator, RP and BT and share the same with the AA (Hon'ble NCLT and Hon'ble DRT) in accordance with these Guidelines. The Panel will have validity of six months and a new Panel will replace the earlier Panel every six months.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/57df52b9084e184d7dd15a6f4c3e314b.pdf>



Consolidation and consequent achievement in a short span of 5 years is pointer towards the challenges ahead: Shri Rajesh Verma, Secretary, MCA

Shri Rajesh Verma, Secretary, Ministry of Corporate Affairs (MCA) has said that consolidation and consequent achievement in a short span of 5 years is pointer towards the challenges ahead, which the IBBI as regulator along with MCA have to deal with as the regime matures with time.

He was speaking as Chief Guest in a virtual event on May 28, 2021 organized by Insolvency and Bankruptcy Board of India (IBBI) to mark the 5th Anniversary of enactment of Insolvency and Bankruptcy (IBC), 2016. He also highlighted the need for greater consultation and engagement with stakeholders to ensure the best use of the provisions of the Code so that that it can meet the aspirations of all the stakeholders,” said Shri Verma.

On this occasion, Dr. M. S. Sahoo, Chairperson, IBBI, thanked all stakeholders who joined the journey of IBC's ecosystem and ensured that it was operationalized in shortest time, unprecedented in the history of any economic legislation in the country and that of that of any insolvency regime around the world.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/press/87c39fb8e98bf1fc0f28>

Event Photos



44th Batch-PREC Online from June 10 to 16

IIPI will conduct the course from June 10 to 16 via online mode due to the ensuring COVID pandemic. In Lieu of the current situation of COVID-19, and as per the IBBI Circular dated 11th March 2021, which states that the mandatory 50 Hour training of Pre-registration Educational Course will be to continue online delivery of education till 30th September 2021. These online classes will be conducted online. The seats of the program are 44th Batch PREC are full.

For More Details, Please Visit:

[https://www.iiipicai.in/wp-content/uploads/2021/05/Mailer for 44th Batch PREC.pdf](https://www.iiipicai.in/wp-content/uploads/2021/05/Mailer%20for%2044th%20Batch%20PREC.pdf)



NCLT Member Shri V. Nallasenapathy, addressing the IIPI Roundtable titled 'Impact of Covid Resurgence on Insolvency Regime: Challenges and Responses' on June 01, 2021.



CA. G. Ramaswamy, Past-President, ICAI, addressing the IIPI Roundtable titled 'Impact of Covid Resurgence on Insolvency Regime: Challenges and Responses' on June 01, 2021.