



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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COVID Takeaways: 'Virtual Board Meetings' to Stay Forever

Indian corporates can now organize 'Virtual Board Meetings' even after the COVID-19 restrictions are over and consider resolutions via video conference or audio-visual mediums. This has been made possible by the Ministry of Corporate Affairs (MCA) which through a Gazette Notification dated June 15, 2021 amended the Companies (Meetings of Board and its Powers) Rules, 2014.

As per the amendment, the resolutions related to the approval for mergers and acquisition, approval for restructuring, approval of financial statements, and conducting AGMs could be considered in the Virtual Board Meetings.

For More Details, Please Visit:

<https://www.moneycontrol.com/news/business/corporate-ministry-amends-board-meeting-rules-to-allow-virtual-resolutions-on-issues-report-7046271.html>

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News Update

Main objective of the IBC is to save the company, said IBBI Chief

Dr. M. S. Sahoo was responding to media on ~96% haircut of creditors in the Resolution Plan of Videocon Group

IBBI Chairperson Dr. M. S. Sahoo has reiterated that the main objective of the Insolvency and Bankruptcy Code (IBC), 2016 is to rescue the financially strained company i.e., the Corporate Debtor (CD). He was responding to media on the issue related to Vedanta Group's Resolution Plan of ₹ 3,000 crore to acquire Videocon Group that have a payable debt of about ₹ 46,000 crore to the creditors.

"You have to let go of the rights that existed before the case came under IBC," said Dr. Sahoo. He further added, "Two things are on the ground – one, is the available assets in the books of the corporate debtor, and the amount due in the books of creditors". In the light of the insolvency data of the Q1 for FY 22 recently released by the IBBI, Dr Sahoo emphasized that under the IBC regime the creditors are getting 180% of the liquidation value. On the issue of the misuse by one-time-settlement provision under IBC, he clarified, that such settlement only allows withdrawal of the case. He also highlighted that several companies which were rescued under IBC regime existed only on paper and there was not even a 'paisa' with them.

For More Details, Please Visit:

<https://www.newindianexpress.com/business/2021/jun/12/large-haircuts-under-insolvency-law-are-not-uncommon-ibbi-chief-ms-sahoo-2315132.html>

News Roundup

Dissenting secured creditor can't challenge Resolution Plan claiming more money commensurate to the security in possession: Supreme Court

In the matter of *India Resurgence ARC Pvt Ltd Vs. Amit Metaliks Ltd & Anr.*, the Supreme Court has held that dissenting secured creditor/s cannot demand a higher amount with reference to the value of the security interest.

The appellant had challenged the Resolution Plan of the *VSP Udyog Pvt Ltd.* after approval by NCLT arguing that it was offered only ₹2.026 cores despite possessing a security to the tune of ~₹12 crore which was about 87% of the Resolution Plan. However, the court rejected the appeal on the ground that the payment to the appellant is at par with the percentage of payment proposed for other secured financial creditors.

For More Details, Please Visit:

<https://www.livelaw.in/top-stories/ibc-creditor-resolution-plan-higher-amount-based-on-security-interest-supreme-court-175665>

No flood of cases after IBC suspension ends

There have been only 200 fresh CIRP cases after the suspension of IBC, 2016 for imitation of fresh insolvency proceedings ended on March 24. During the suspension of IBC from 25.03.2020 to 24.03.2021, the new filings were not allowed with a view to provide protection to the lenders during the COVID-19 pandemic.

"This is on expected lines and has been the experience internationally. The higher threshold of default of Rs 1 crore coupled with support and forbearances limit the flow of applications," said Dr. M. S. Sahoo, Chairperson, IBBI.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/news/economy/policy/200-insolvency-applications-filed-since-suspension-of-fresh-proceedings-ended-in-march/articleshow/83572921.cms>

Committee on IBC of ICAI and IIIPI jointly organizing Panel Discussion on Pre-Pack of MSMEs on June 20

The Committee on Insolvency and Bankruptcy Code (IBC) of The Institute of Chartered Accountants of India (ICAI) and the Indian Institute of Insolvency Professionals of ICAI (IIIPI) are jointly organizing "Virtual CPE Meeting (VCM): Panel Discussion on Pre-packaged Insolvency Resolution Process for MSMEs under IBC" on 20th June 2021. There is no fee for registration.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2021/06/VCM-on-Panel-Discussion-on-Pre-packaged-Insolvency-Resolution-Process-under-IBC-20th-June-2021-copy.jpg>



IIIPI Research Report sets the stage for 'Best Practice Code' for CoC

According to a news published in *The Economic Times* on June 18, the Research Report of the Indian Institute of Insolvency Professionals of ICAI (IIIPI) submitted to the IBBI on April 21, 2021 is being discussed with various stakeholders to frame a best practice code for Committee of Creditors (CoC).

The Research Report titled "*COC's Role in CIRP Under IBC: Recommendations on Best Practices*" which was released on April 21, 2021 is reportedly being discussed with the RBI, IBA, and Central Government for framing 'Best Practice Code'. This report is also available on IIIPI website (<https://www.iiipicai.in/publications/>).

The Report highlights the need to regulate functioning of the CoC which may be achieved through self-regulation or a Charter or a code of conduct to which all CoC members subscribe, which may be put in place by IBBI/ IPA or in consultation with each other as may be appropriate. The recommendations include various measures for Timely Approvals to RP, Interim Finance, and availing Data Pertaining to Corporate Debtor and Replacement & Remuneration of IRP/RP, among others.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2021/04/COCs-ROLE-IN-CIRP-UNDER-IBC-RECOMMENDATIONS-ON-BEST-PRACTICES.pdf>