



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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

IIPI Newsletter

August 20, 2021

Volume 06, Number 33

CONTENTS

News Update
News Roundup
Event Photos



McLeod, India's largest bulk tea producer faces CIRP

NCLT New Delhi has admitted CIRP application filed by Techno Electric & Engineering Co Ltd, which had provided an inter-corporate deposit of ₹100 crore to McLeod Russel in 2018. It is pertinent to mention that CIRP applications filed by some banks are pending before NCLT Kolkata Bench.

McLeod Russel, a Williamson Magor group company, is considered to be the largest bulk tea producer in the country. It currently operates 33 tea estates in Assam and West Bengal and produces close to 73 million kg of tea each year. It also has estates in Africa and Vietnam.

According to McLeod's last annual report (2019-20), the total indebtedness of the company stood at around ₹2,245 crore as on March 31, 2020.

For More Details, Please Visit:

[https://www.thehindubusinessline.com/companies/nclt-delhi-admits-plea-against-mcleod-russel-under-](https://www.thehindubusinessline.com/companies/nclt-delhi-admits-plea-against-mcleod-russel-under-https://www.financialexpress.com/economy/insolvency-and-bankruptcy-code-peer-economies-should-be-our-benchmark-says-jayant-sinha/2311386/)

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

Recovery for secured Financial Creditors in peer economies should be actual benchmark of IBC's evaluation: Jayant Sinha

Lok Sabha MP Shri Jayant Singh has expressed serious concerns on low recovery of debts from financially stressed corporates under the IBC Regime.

Speaking to media persons, Shri Sinha said "If you take out some of the high-profile cases, recovery tends to be quite low, and in some cases, people are thinking of liquidation as the benchmark,". He suggested that the liquidation should not be seen as the benchmark; instead, we should be looking at insolvency resolution around the world, especially in our peer economies. The recovery for secured financial creditors (in peer economies) should be the actual benchmark, he opined. Shri Sinha also suggested that the Insolvency Professionals (IPs) should be allowed to dispose of the assets of Corporate Debtors in parts for value maximization. Shri Sinha is heading the Parliamentary Standing Committee on Finance that has recently submitted report to the Palilament on operation of the Insolvency and Bankruptcy Code (IBC, 2016) in the country.

The House panel, led by Shri Sinha, also advocated for a Pre-Pack resolution mechanism for major businesses (which is presently confined to just MSMEs) and a common regulator for both IPs and IPAs. Currently, the IPs are governed by the Insolvency and Bankruptcy Board of India (IBBI), whilst the IPAs are supported by organizations like as the ICAI and ICSI, which are governed by separate laws.

For More Details, Please Visit:

<https://www.financialexpress.com/economy/insolvency-and-bankruptcy-code-peer-economies-should-be-our-benchmark-says-jayant-sinha/2311386/>

News Roundup

Supreme Court fixed deadline for NCLAT to decide lawsuit on Videocon's Resolution Plan

In a rare move the Supreme Court has directed the NCLAT to decide the lawsuit on the Resolution Plan of Videocon Industries Ltd. on the next date of hearing scheduled on 07th September.

Hearing a plea by Twin Star Technologies Ltd against the NCLAT stay order on its Rs 2,962 crore resolution plan for Videocon, the SC referred the matter back to the appellate tribunal in order to avoid further delays in the insolvency resolution, which has been lingering for over three years. The Resolution Plan approved by NCLAT had offered 95% haircut. While the majority creditors have approved the Plan, the dissenting creditors such as Bank of Maharashtra, IFCI, Morgan Securities, SIDBI and ABG Shipyard challenged it in the NCLAT on the ground that the offer is close to the liquidation value of the Corporate Debtor (CD).

For More Details, Please Visit:

<https://www.businesstoday.in/latest/corporate/story/sc-directs-nclat-to-decide-videocon-resolution-matter-on-sept-7-304112-2021-08-13>

ROLTA to undergo CIRP despite settlement with employees who had filed the case

The CIRP of Rolta was initiated by NCLT Mumbai in May 2020 on an application filed by former employees of the company. During the insolvency process, the promoters struck a settlement deal with 32 ex-employees, one of which filed for withdrawal of the case.

However, the Court noted that 567 employees of the company also have a claim of Rs 86 crore. Besides, the lawyer representing the lenders opposed the withdrawal of the application saying that the company has an outstanding of about Rs 5,400 crore. The Court observed that the substantial claim of the Financial Creditors cannot be disregarded or ignored in view of the purported settlement of certain employees of the CD.

For More Details, Please Visit:

<https://www.moneycontrol.com/news/business/companies/nclt-rejects-siva-industries-settlement-offer-orders-liquidation-7324931.html>

Nirav Modi's flagship firm now undergoing liquidation

A special Prevention of Money Laundering Act (PMLA) Court has ordered release of properties worth ₹440 crore which were mortgaged by Nirav Modi's companies with the Punjab National Bank for liquidation.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/news/india/nclt-passes-liquidation-order-against-nirav-modis-flagship-firm-firestar-international/articleshow/85408323.cms>



London based Greensill Capital files for Bankruptcy Protection under US laws to escape Lawsuit

Greensill Capital, a financial services company, has filed for bankruptcy protection in the USA to escape a lawsuit filed by coal supplier Bluestone Resources and its owners, West Virginia Governor Jim Justice, and his family. The company administrators hope to have a bankruptcy judge hear the petition for bankruptcy protection before 13th September, the deadline to respond to the legal suit.

Typically, US bankruptcy courts must agree to take up a foreign insolvency before companies can receive the benefits of bankruptcy, such as halting litigation.

Greensill Capital made supply chain loans to companies such as Bluestone in the USA then packaged them up into notes that were sold to investors. The company is reportedly facing financial stress for a past couple of months. Bluestone and the Jim Justice family has filed legal suite seeking unspecified damages from Greensill alleging “a continuous and profitable fraud” carried out “under the guise of establishing a long-term financing arrangement with Bluestone.”

For More Details, Please Visit:

<https://www.wsj.com/articles/greensill-capital-files-for-bankruptcy-in-u-s-seeking-halt-to-lawsuit-11629326992>

Event Photograph

IIPI organized a Roundtable Discussion on “Monetary Penalties to be imposed by an Insolvency Professional Agency” on 16th August, 2021.



IIPIProgram

Mr. Rahul Madan

Mr. Santosh Shukla

Rishabh Chand Lodha

Ms. Leena Aggarwal

Ms. Leena Aggarwal

IIPIProgram

Subject: Monetary Penalties to be imposed by an Insolvency Professional Agency.

The Disciplinary Committee of an Insolvency Professional Agency (IPA) may impose monetary penalty on its professional members under Clause 24(2)(d) of the Schedule to the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016.

2. The Bankruptcy Law Reforms Committee, which conceptualised the Code, had envisaged: "IP agencies will have the flexibility to impose a graduated system of penalties, where minor non-compliances will result in monetary fines, and major violations will result in expulsion from the agency."

3. In the interest of objectivity and uniformity, it has been decided that an IPA shall amend its Bye-laws to provide for the maximum and minimum monetary penalty, where the Disciplinary Committee decides to impose such penalty on its professional members, under Clause 24(2)(d) of the Schedule to the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016, as under:

Sl.	Contamination	Monetary Penalty
1.		

IBC should be used by stakeholders at the right time, in the right case, in the right manner: Dr. M. S. Sahoo

In an article published in *The Indian Express*, on 20th August 2021, IBBI Chairperson Dr. M. S. Sahoo has suggested that stakeholders should use the IBC at the right time, in the right case and in the right manner to get the desired results.

“The Insolvency and Bankruptcy Code, 2016 (IBC) is a noble law because it relieves stress, be it of a company, a limited liability partnership, a proprietorship or partnership firm or an individual,” contended Dr. Sahoo. His opinion has come at a time when IBC is facing criticism for ‘massive haircuts’ under CIRP. “Elementary economics tells us that when a company has inadequate assets, the claim of an individual creditor may be consistent with its assets while claims of all creditors put together may not,” added Sahoo.

For More Details, Please Visit:

<https://indianexpress.com/article/opinion/columns/getting-the-perfect-haircut-from-the-ibc-7460418/>