



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

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Piramal Group completes DHFL's Resolution

Piramal Group (PG) on September 30 announced completion of the acquisition of DHFL through CIRP. The resultant entity will be known as 'Piramal Capital and Housing Finances Limited (PCHLF).

Thus, DHFL has become the first FSP to be resolved under the IBC regime and also one of the largest Corporate Debtors (CDs) with a total consideration of ₹34,250 crore. "The merged entity combines Piramal's financial strength, core values and institutional credibility with DHFL's geographic footprint and distribution network across 24 states," said a media statement by PG.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/industry/banking/finance/piramal-completes-acquisition-of-dhfl-for-rs-34250-crore-biggest-resolution-in-value-terms/articleshow/86606213.cms>



CONTENTS

News Update
News Roundup
Event Photos
Upcoming Events

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

CoC shall not consider any Resolution Plan received from a person who does not appear in the final list of prospective resolution applicants: IBBI

Insolvency and Bankruptcy Board of India (IBBI) has notified IBBI (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2016 w.e.f. September 30, 2021. The amendment is aimed at minimizing period of CIRP and value maximization by streamlining the procedure of receiving and finalizing resolution plans.

Sub-regulation 4 (A) has been inserted after Sub-regulation (4) of Regulation 36 A which reads "Any modification in the invitation for expression of interest may be made in the manner as the initial invitation for expression of interest was made: Provided that such modification shall not be made more than once." Similar provision has been inserted in Regulation 36 B (5).

Sub-regulation 1 (A) of Regulation 39 has been substituted with Sub-regulation 1 (A) and 1(B) which make provisions to allow one modification of resolution plan, use of a challenge mechanism to enable resolution applicants to improve their plans, and restricting CoC from considering any resolution plan after the time as specified by the CoC under regulation 36B, received from a person who does not appear in the final list of prospective resolution applicants or does not comply with the provisions of sub-section (2) of section 30 and sub-regulation (1).

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/57c7722e3ebb1364eac924f213111814.pdf>

News Roundup

IBBI Exempts Fee and Caps Earnest Money in Liquidation Process to ensure large number of buyers

The amended Schedule I, in paragraph 1, (i) in clause (3) of IBBI (Liquidation Process) 2016 prohibits requirement of any non-refundable deposit or fee for participation in an auction under the liquidation process and a cap pf maximum 10% to the Earnest Money Deposit. Further, the amended regulation provides for the Liquidator to intimate the reasons for rejection of the highest bid to the highest bidder and report the same in the next progress report.

Besides, IBBI has provided an electronic platform on its website for hosting public notices of auctions of liquidation assets and directed Liquidators to upload the public notice of every auction of any liquidation asset, w.e.f. October 01, 2021, at IBBI website on the day of its publication in newspapers, through their designated login page.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/dd230e9f5c38a981e646a3eba1354713.pdf>,

<https://ibbi.gov.in/uploads/legalframework/2021-09-30-233009-xotyz-7c4b58c1affd6a9e028a8348cc2f91be.pdf>

SC asks NCLT to dispose of Delhi Gymkhana Club case within four months

The Supreme Court on September 30 asked the NCLT to dispose of Delhi Gymkhana Club case within four months. In this case the management of British Era Delhi Gymkhana Club has been accused of mismanagement and destruction of evidence.

The Ministry of Corporate Affairs (MCA) had moved the NCLT under sections 241 and 242 of the Companies Act, 2013 in April 2020 seeking to supersede the club's General Committee (GC) and also allow it to nominate 15 persons as directors to run the club's affairs. These provisions empower NCLT to pass orders for removal of management and recover undue gains.

For More Details, Please Visit

https://www.business-standard.com/article/current-affairs/delhi-gymkhana-club-nclt-may-endeavour-to-dispose-of-matter-within-4-mnths-121093001148_1.html

Failing Firms in US paid \$165 Million as Bonus

The Government Accountability Office has urged the US Congress to consider amending the U.S. Bankruptcy Code to include oversight of retention bonuses paid in the weeks preceding a Chapter 11 filing. The agency reviewed 7,300 bankruptcies that occurred during fiscal 2020 and found that 42 troubled companies awarded about \$165 million of retention pay shortly before seeking court protection.

For More Details, Please Visit:

<https://www.bloomberq.com/news/articles/2021-09-30/failing-firms-paid-165-million-in-bonuses-ahead-of-bankruptcy>

[of-bankruptcy](#)



IBC and IBBI have made it easy for entrepreneurs to exit: Dr. Bibek Debroy

Dr. Bibek Debroy, Chairman, Economic Advisory Council to Hon'ble Prime Minister delivered the Fifth Annual Day Lecture on "From No Exit to Easy Exit - A Case Study of IBC" as Chief Guest in Fifth Annual Day of the Insolvency and Bankruptcy Board of India (IBBI) on October 01, 2021.

In his address, Dr. Debroy noted the potential role of IBC in promoting entrepreneurship. He highlighted evolution of insolvency laws over the centuries and appreciated the modern framework of IBC. Dr. Debroy referring to the ancient Indian wisdom from Chanakya Niti noted the successful nurturing of IBBI in first five years and suggested that stage is now set right for it to further take plunge towards maturity.

On this occasion, Shri Rajesh Verma, Secretary, Ministry of Corporate Affairs and Dr. Krishnamurthy Subramanian, Chief Economic Adviser, Ministry of Finance were Guests of Honor. Dr. M. S. Sahoo, Former Chairperson, IBBI and other dignitaries also expressed their views.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/press/0157fc040e0e6bf2deb024217d9f6e73.pdf>

IIPI in News



IIPI Panel Lays Out Norms for RPs in MSME Pre-pack

Personal guarantees likely to be made top priority for RPs under the resolution scheme

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Mumbai: Personal guarantees will likely get a disproportionate share of attention as experts craft the broad role definitions for professionals handling pre-packaged debt resolutions at MSMEs.

Personal guarantees seem to be a top priority in defining the role of an insolvency resolution professional (RP), said a source.

The RP needs to get it confirmed with lenders as to whether the resolution plan is a composite one covering personal guarantees, said an interim report on the subject. ET has seen a copy of the report.

"Group Company cross guarantees / cross personal guarantees also needs to be addressed before getting into the resolution process under this scheme," said the panel of the Indian Institute of Insolv-

cy Professionals of ICAI or IIPI.

"It cannot be initiated on an apprehension of insolvency," says the special panel in the report.

RPs are advised to collect claims and finalise the list of creditors within 21 days.

An MSME should not have gone through any insolvency resolution process three years before applying for the pre-pack scheme.

The RP should invite resolution plans within 21 days from the date of commencement.

"If no plan is received by the last date of submission, the RP may seek the permission of the CoC to extend the timeline, provided that the total time period of 90 days to submit a plan ... is not compromised," said the report. The RP will file termination applications in case no plan is approved.

The study group is chaired by G Ramaswamy, IP & past president of ICAI and has nearly two dozen members. It is also coming out with an FAQ on the scheme.

The government has introduced the package for MSMEs with a minimum default sum of ₹10 lakh.



The Economic Times, October 01, 2021

IIPI organizing Webinar on 'Successful CIRP Case Study of Monnet Ispat & Energy Ltd. (MIEL) and Industry Know-how' on October 06

The webinar will be addressed by MIEL's Resolution Professional CA. Sumit Binani, IP and Mr. Nagarajan J., CFO - JSW Ispat Special Products from 3.30 PM to 5.30 PM. It will of CPE one hour.

Monnet Ispat and Energy Ltd. (MIEL) is one of the 'Twelve Large Accounts', the CIRPs of which were initiated by banks on directions of the Reserve Bank of India (RBI). The Resolution Plan of MIEL yielded 123% of its value of assets at the time of CIRP commencement date i.e., liquidation value.

There were 39 members in the CoC, total admitted claims were ₹ 11,014.92 Crore. The CoC after considering the feasibility and viability of the Resolution Plan approved the same with 98.97% vote share but subject to certain conditions.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2021/09/flyer-of-Webinar-6th-Oct.pdf>