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IIPI Newsletter

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NCLAT directed CoC to Review Assigning ₹1 to DHFL's Bad Loans

The NCLAT on January 28, 2022, directed the CoC to reconsider Piramal Capital and Housing Finance (PCHF) assigning a token value of only ₹1 to the bad loans of Dewan Housing Finance Corp. Ltd (DHFL). PCHF has acquired DHFL in 2021 through a Resolution Plan under the IBC.

The petitioner, 63 Moons Technologies Ltd led by Jignesh Shah, questioned the “commercial wisdom” of the CoC in approving the resolution plan. It also pointed out that assigning a value of ₹1 would mean that the amount will be written off by the lenders, and recovery, as and when it happens, will be credited to the resolution applicant.

For More Details, Please Visit:

CoC must reassess assigning ₹1 to DHFL bad loans: NCLAT (livemint.com)

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

After approval of Resolution Plan, IT department can not issue notices for dues prior to CIRP Commencement Date: High Court

Nagpur Bench of the Bombay High Court has ruled that the Income Tax (IT) department cannot issue notices for raising fresh claims to a Corporate Debtor, after its resolution plan is approved under IBC, on the ground that its assessing officer believes the income chargeable has escaped assessment. The court quashed the notices issued by the IT Assessment Officer issued to the CD on March 25, 2021, seeking to reopen 2014-15 while the Resolution Plan was approved by NCLT on June 03, 2019. The same was subsequently approved by the NCLAT on January 24, 2020.

“The IT authorities ought to have been diligent to verify previous years assessment of a debtor as per the law and to raise claim within time before RP. In this case the authorities failed to do so, and therefore, the claim stood extinguished,” said a division bench comprising Justice Sunil Shukre and Justice Anil Pansare. The bench noted that there could be a contingency where statutory claim is raised after the approval of the Resolution Plan, owing to receipt of information of Corporate Debtor having suppressed certain facts while filing returns of previous years. The HC quashed IT notices issued to the Corporate Debtor, Murli Industries Limited, and made crystal-clear that the IT department cannot issue a notice to a corporate debtor asking it to submit a return for assessment year prior to resolution plan’s approval date under the IBC. Earlier, the Corporate Debtor, had filed return for the assessment Year 2014-15 on September 09, 2014, declaring a loss of over ₹ 28 crore.

For More Details, Please Visit:

No I-T notices after IBC nod to resolution plan: HC | Nagpur News - Times of India (indiatimes.com)

News Roundup

NCLAT rejects SREI's Resolution Plan for Deccan Chronicle on the ground 'Discrimination' in the allocation of funds among the Creditors

In its order, the NCLAT termed the Resolution Plan of SRIE Group for acquisition of the Deccan Chronical Holdings Ltd. (DCHL) 'non-sustainable' and directed the CoC to distribute the resolution amount in conformity to the provisions of IBBI (CIRP), 2016. DCHL, which has a payable dues of ₹ 8,180 crore from 37 Financial Creditors, is undergoing through insolvency process on a petition filed by Canara Bank. In its Resolution Plan, approved by the CoC, the SREI Group had offered an upfront cash of ₹350 crore to the financial creditors. However, IDBI, a financial creditor, challenged the Resolution Plan on the ground that the amount offered was less than its pro-rata basis entitlement and opposed classifying of financial creditors and it should be treated at par with others.

For More Details, Please Visit: *NCLAT sets aside NCLT order approving Srei's resolution plan for Deccan Chronicle Holdings - The Economic Times (indiatimes.com)*

Future Group cites ongoing dispute with Amazon to avoid Insolvency Process

In a petition filed in the Supreme Court, the Future Group has sought extension to repay ₹3,500 crore debt installment to its members that was due by the January 2022. The company further submitted that it was unable to service the debt as its ₹25,000-crore deal with Reliance Retail was stuck in legal disputes due to opposition from Amazon. Future Group faces the risk of its loan being classified as non-performing assets (NPAs) by its lenders including State Bank of India, Bank of Baroda, Bank of India, and HDFC Bank amongst others if it fails to pay up ₹3,500 crore by January 29, 2022.

For More Details, Please Visit: *Future challenges its lenders in SC to stop being declared a defaulter - The Economic Times (indiatimes.com)*

Aeromexico Prepares for Feasible Bankruptcy Exit Whilst Junior Creditors Decry Reorganization Plan

Grupo Aeromexico SAB de CV (AEROMEX.MX) aims to reduce debt by more than \$1 billion as it nears to finish the restructuring of a proposed plan to end bankruptcy. However, it must overcome opposition from its junior creditors who state that the existing shareholder, Delta Air Lines (DAL.N), among others, will stand benefitted from the deal at their expense. The Mexican Airline will supposedly make its case for the plan in a New York bankruptcy court on January 27, 2022.

For More Details, Please Visit: *As Aeromexico aims for bankruptcy exit, junior creditors decry reorg plan | Reuters*



A claimant cannot be denied perusal of the approved Resolution Plan: NCLAT

In the matter of *Association of Aggrieved Workmen of Jet Airways (India) Limited v. Jet Airways (India) Ltd*, the NCLAT has held that after approval by the Adjudicating Authority (AA), the Resolution Plan is no more a confidential document. Therefore, an aggrieved claimant cannot be denied its perusal. This judgement has been delivered by a bench comprising of Justice Ashok Bhushan (Chairperson) and Dr Ashok Kumar Mishra (Technical Member).

The question for consideration before the bench was whether the appellant, herein the Operational Creditors – an association of aggrieved workmen of Jet Airways (India) Ltd., who has filed an appeal against the order of the Adjudicating Authority is entitled to behold a copy of the Resolution Plan or any of its part in the proceedings? However, since the appellant was not entitled to participate in the meeting of the CoC, thus, during CIRP they were not entitled for the copy of the Resolution Plan. Section 24 of the IBC read with Regulation 21(3) (iii) of the Process Regulations 2016 explicates that the copy of the documents is for those who participate in the process.

For More Details, Please Visit:

After Approval By The Adjudicating Authority, The Resolution Plan Is No More A Confidential Document: NCLAT (livelaw.in)

Event Photograph



Shri Sudhaker Shukla, WTM, IBBI, addressing IIIPI Webinar on “Office Infrastructure an Usage of Technology by IPs” on 28th January 2022.

IIIPI is Organizing the First Batch of Executive Development Programme for IPs from 8th to 10th February, 2022

The first batch of Executive Development Programme for IPs is being organized by IIIPI on *Mastering “Avoidance /PUFE Forensic” under IBC* from 8th to 10th February, 2022.

The three days’ virtual programme is organized over a duration of 18 hours in which the participating Insolvency Professionals (IPs) will get CPE: 12 hours credit. Further details related to registration and fees may be obtained from the IIIPI website.

For More Details, Please Visit:
[FLYER-PUFE-EDP-8th-FEB.pdf \(iiipicai.in\)](https://www.iiipicai.in/FLYER-PUFE-EDP-8th-FEB.pdf)