



**INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI**

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# IIPI Newsletter

**April 11, 2022**

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### **Tata Steel Mining gets NCLT's go ahead to acquire Rohit Ferro-Tech through resolution plan**

In a regulatory filing, Tata Steel has submitted that NCLT's Kolkata Bench has approved the resolution plan submitted by its wholly owned subsidiary Tata Steel Mining Limited, for the acquisition of debt-laden Rohit Ferro-Tech Limited. The judgement was pronounced by the NCLT, Kolkata orally on April 07, 2022.

Last year on June 06, the resolution plan of Tata Steel Mining Ltd. for acquisition of Rohit Ferro-Tech Ltd. through insolvency process was approved by the CoC. Tata Steel is also in the process to acquire Odisha-based Stork Ferro and Mineral Industries for Rs 155 crore in an all-cash deal.

**For More Details, Please Visit:**

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/nclt-approves-tata-steel-minings-resolution-plan-for-rohit-ferro-tech/articleshow/90705202.cms>

## **News Update**

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

### **IBBI seeks public comments to amend rules related to Information Utilities (IUs)**

Insolvency and Bankruptcy Board of India (IBBI) on April 08 released a 'Discussion Paper on Enhancing effectiveness of Information Utility' inviting suggestions and comments from various stakeholders on rules and regulations related to the functioning of Information Utilities (IUs) by 29 April 2022. The discussion paper seeks to address delays in admission of CIRP applications to the NCLT Benches throughout the country which act as Adjudicating Authority (AA) under the IBC.

"As per the IBC, the admission process should ordinarily be completed within 14 days from the date of filing the application. However, there are large delays in admission of applications and Information Utility can assist by providing credible information," said the IBBI. The effort is aimed at ensuring timely completion of filing process so that insolvency processes are completed as per the timeline under the IBC. This will help in lowering erosion of assets of the Corporate Debtor resulting in balancing the interests of all the stakeholders, added the IBBI.

Timeliness is one of the primary objectives of the IBC. This is because the delays in the admission of application cause asset erosion, which can lower the perceived value of the business, as it lowers the book value of the assets associated with the Corporate Debtor. Furthermore, delays also open the possibility of shareholders stripping the company of its assets and individual lenders filing applications with multiple agencies to recover their investment, delaying the admission further. This also minimizes the chances of resolution of the Corporate Debtor.

**For More Details, Please Visit:**

<https://www.livemint.com/news/india/ibbi-seeks-views-on-speeding-up-bankruptcy-resolution-11649493779071.html>

Hope you find this update helpful. Suggestions if any, may be mailed to [iiipi.pub@icai.in](mailto:iiipi.pub@icai.in)

## News Roundup

### CoC not the Resolution Professional can decide Eligibility of a Resolution Applicant under Section 29A of the IBC: NCLAT

The NCLAT has held that a Resolution Professional (RP) is not supposed to take a decision regarding the ineligibility of the Resolution Applicant under Section 29A of the IBC. It directed the RP to place all the Resolution Plans before the CoC.

Challenging the rejection of her plan by the RP on the ground of being illegible, the Resolution Applicant contended that the question as to whether the plan submitted is to be rejected or approved is a question which needs to be decided by the CoC. Citing the Supreme Court judgement in the matter of *ArcelorMittal India Private Limited Vs. Satish Kumar Gupta*, (2019), the NCLAT held that the resolution plan can be placed before the CoC.

**For More Details, Please Visit:**

<https://www.livelaw.in/ibc-cases/national-company-law-appellate-tribunal-nclat-section-29a-of-the-insolvency-bankruptcy-code-resolution-professional-resolution-applicant-196003>

### Real Estate Major ATS group's arm Anand Divine Developers Pvt Ltd goes into insolvency

NCLT Delhi has admitted insolvency proceedings of Anand Divine Developers Pvt Ltd, a sister concern of the ATS Group on an application filed by the ICICI Prudential Venture Capital Fund Real Estate Scheme 1 due to non-payment of dues amounting to over ₹ 25 crore.

The company has built around 400 apartments in the ATS Triumph project Gurgaon's Sector 104. In the order, the NCLT has mentioned that Anand Divine took the loan by mortgaging the complete 14 acres of land earmarked for the project. However, the management of the ATS Infrastructure, the parent company, said that this insolvency order will not impact other projects of the group. Besides, the company is in the process of reaching out a settlement with the creditor in this case as well

**For More Details, Please Visit:**

<https://www.livelaw.in/ibc-cases/national-company-law-appellate-tribunal-nclat-section-29a-of-the-insolvency-bankruptcy-code-resolution-professional-resolution-applicant-196003>

### Lebanon declared bankruptcy of the State and the Central Bank, seeks help of IMF

The financial crisis of Lebanon reportedly began in October 2019 which has thrown more than 75 percent of the country's population into poverty. After declaring the Central Bank of the country and the State as bankrupt, the Deputy Prime Minister Saadeh al-Shami has said that his government has made great progress in the negotiations with the IMF.

**For More Details, Please Visit:**

<https://egyptindependent.com/lebanon-declares-bankruptcy-government-appeals-to-stop-losses/>



### Application under Section 95 (1) of IBC is not maintainable against legal heirs of the Personal Guarantor: NCLT Kolkata

In a landmark judgement, the NCLT Kolkata Bench has ruled that legal heirs of a Personal Guarantor (PG) to Corporate Debtor (CD) are not liable for the dues. The court dismissed the petition filed by the Financial Creditor against the PG under Section 95 (1) of the IBC.

In this case, the Financial Creditor had provided a credit of about ₹103.90 crore to the CD (Kilburn Chemicals Ltd.) to which Sandip Kumar Jalan was PG. As the due was not paid, the Financial Creditor filed application for initiation of CIRP of the CD which was admitted by the NCLT. During pendency of the CIRP the PG passed away. The Financial Creditor issued a demand notice to the legal heir of PG.

The court ruled that under Section 5 (22), PG refers to an individual who gives surety in a contract of grantee on behalf of the CD. Also, as per regulation 3 (1) (a) (e) of Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtor Regulation, 2019 does not include legal heirs.

**For More Details, Please Visit:**

<https://www.livelaw.in/ibc-cases/nclt-section-7-of-the-ibc-insolvency-resolution-process-196275>

## Event Photograph



*Webinar on Successful CIRP Case Study- Bhushan Steel Limited  
Organized on 8<sup>th</sup> April 2022*

## **IIP jointly with ICAI is organizing LIE Preparatory Classroom (Virtual) Program from 22<sup>nd</sup> April, 2022**

IIP jointly with the Committee of Insolvency and Bankruptcy Code, ICAI is organizing 40 hours “Limited Insolvency Examination (LIE) Preparatory Classroom (Virtual) Program” from April 22, 2022. This program will have ‘Weekday Batch’ as well as ‘Weekend Batch’. The five weeks ‘Weekend Batch’ will start from April 22, 2022, with classes from Fridays and Saturdays. However, the classes of the ‘Weekday Batch’ will be organized from May 17 to 21, 2022 from Monday to Thursday. The applicant may register one day prior to the start of the respective batch.

The training program will briefly outline IBC and its regulations wherein the focus will be laid on the introduction, CIRP, regulation mechanism for financial service provider (FSP), important court and IBBI orders, etc.

***For More Details, Please Visit:***

<https://www.iipicai.in/wp-content/uploads/2022/04/Flyer-for-LIE-April-and-May-2022-1-1.pdf>