



**INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI**

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# IIPI Newsletter

**April 18, 2022**

**Volume 07, Number 16**

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### Bank of India Files Insolvency Plea for Future Retail

Bank of India has filed a CIRP petition under Section 7 of the IBC to initiate insolvency proceedings for Future Retail Ltd. (FRL) due to non-payment of dues amounting ₹ 5,322.32 crore.

FRL is part of ₹ 24,713 crore deal announced by the Future Group in August 2020, under which it is to sell 19 companies operating in retail, wholesale, logistics, and warehouse segments to Reliance Retail Ventures Ltd. If Future Retail gets admitted by NCLT, it will allow other potential buyers, such as Amazon, to bid for the company. The Future-Reliance deal is yet to be sorted due to legal challenges posed by Amazon.

**For More Details, Please**

**Visit:** <https://retail.economictimes.indiatimes.com/news/industry/bank-of-india-moves-nclt-against-future-retail-files-insolvency-plea/90848360>

## News Update

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

### Ministry of MSME makes policy proposal to keep MSMEs above Unsecured Financial Creditors in IBC processes

Millions of India's small businesses may be ranked above unsecured financial creditors in the bankruptcy resolution process if a policy proposal by the Union ministry for Micro, Small and Medium Enterprises (MSME) is approved.

As per the new MSME policy draft, when company enters insolvency, priority will be given to the payment of dues over other unsecured payments after settlement of the employees' dues. The draft policy has been prepared to promote competitiveness, cluster development, dedicated credit, technology upgradation, infrastructure, procurement of products and financial assistance to MSMEs.

Presently, little is left for the operational creditors including MSMEs if the corporate debtor undergoes huge haircut. The dues of the financial creditors are settled on priority as they are prioritized under the IBC processes. However, putting MSMEs above unsecured financial creditors and paying their dues after dues to secured financial creditors are settled, gives the small businesses the charge on settlement money. The new MSME policy may also include certain measures and regulations to amend the MSME Development Act. The change aims to bring major relief to MSMEs as the sector waits for dues totaling up to hundreds of crores of rupees in the companies undergoing bankruptcy resolution.

**For More Details, Please Visit:** <https://www.livemint.com/politics/policy/msmes-dues-may-get-priority-in-bankruptcy-resolution-cases-11650222790779.html>

## News Roundup

### Quantum of Debt Not to be Considered at the Stage of Admission of a Petition under Section 7 of the IBC

NCLAT while adjudicating an appeal filed in the matter of *Rajesh Kedia v Phoenix ARC Pvt. Ltd.* has held that the mere requirement for admitting a petition under Section 7 of the IBC is that the minimum outstanding debt must be more than the threshold amount provided for under the IBC for the purpose. The primary issue that the Bench observed was if the Adjudicating Authority was justified in admitting the Section 7 Application of Appellant or not. The Bench opined that it is not within the domain of the Adjudicating Authority to decide the 'amount of debt' at the stage of admission of an application under Section 7 of IBC.

**For More Details, Please Visit:** <https://www.livelaw.in/ibc-cases/nclat-justice-ashok-bhushan-section-7-of-the-insolvency-and-bankruptcy-code-196779>

### Alleging ₹296 crore default, HDFC files petition to initiate CIRP of SITI Networks

HDFC has filed a petition under Section 7 of the IBC, for CIRP of SITI Networks Ltd, country's leading multi-system operator, for an alleged default of approximately ₹296 crore. The Mumbai bench of the NCLT over the petition issued the notice to the SITI Networks, the Essel group firm said in a regulatory filing. On March 30, 2022, SITI Networks informed that it had been made vigilant about the petition made by the HDFC. Formerly known as SITI Cable Network, the company provides cable services at around 600 locations reaching to over 11.3 million digital customers.

**For More Details, Please Visit:**

<https://telecom.economictimes.indiatimes.com/news/hdfc-moved-nclt-against-siti-networks-claiming-default-of-rs-296-crore/90871711>

### As Sri Lanka ForEx Crisis deepens, Colombo Stock Exchange closed for over a Week

With dwindling foreign reserves, \$25 billion in foreign debt, and on the brink of bankruptcy, the Colombo Stock Exchange will remain closed for a week starting from April 18, 2022, to provide investors with an opportunity to develop more clarity and understanding related to the contemporary conditions in Sri Lanka. This would help them to make informed investment decisions in future. The Securities and Exchange Commission of Sri Lanka (SEC) said in a press release that the stock market will remain shut for five business days temporarily.

**For More Details, Please Visit:**

<https://www.indiatoday.in/world/story/colombo-stock-exchange-week-sri-lanka-forex-crisis-1938301-2022-04-16>



### Hyderabad to get new NCLAT Bench for Telangana and Andhra Pradesh

The National Judicial Data Centre is set to come up to Hyderabad which will be the headquarters for all the judicial data in the country. Besides, the city will also get Appellate Tribunal for NCLTs in Telangana and Andhra Pradesh.

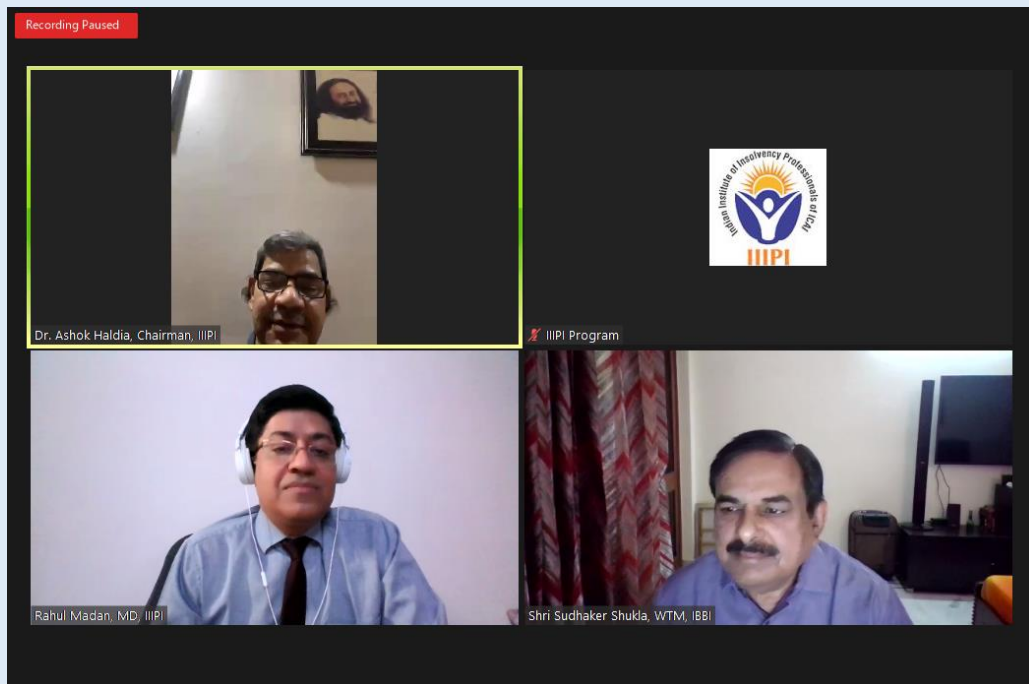
The Chief Justice of India, N V Ramana, provided his approval for setting up the National Judicial Data Centre in Hyderabad on Friday. He also expressed his desire to do something for young advocates in his tenure by setting up a training academy to support them in the initial days. He said, "If the state and other institutions extend their support, I would give the final shape to it during my tenure."

The CJI also suggested to promote alternate dispute redressal methods such as arbitration, mediation, and conciliation for which he also called upon advocates, bar council and bar associations to help reduce the burden of cases on judiciary and called upon senior judges to keep in perspective the diversity of communities and religions while recommending names of judges for the HC.

**For More Details, Please Visit:**

<https://timesofindia.indiatimes.com/city/hyderabad/hyderabad-to-be-headquarter-for-all-judicial-data-in-country-may-get-nclt-tribunal/articleshow/90870624.cms>

## Event Photograph



*Webinar on “Avoidance Transaction under IBC - Best Practices” organized by IIIPI on 15th April 15, 2022.*

### **IIIPI to organize 7<sup>th</sup> Batch of EDP on “Managing Corporate Debtor as Going Concern under CIRP (for IPs) from 26<sup>th</sup> to 30<sup>th</sup> April 2022**

IIIPI is going to organize 5-days long the 7<sup>th</sup> Batch of Executive Development Program (EDP) for IPs on Managing Corporate Debtor as Going Concern under CIRP from 26<sup>th</sup> to 30<sup>th</sup> April 2022.

The duration of the program is 30 hours. It will be conducted online for which CPE of 20 hours will be provided to participants. The program will revolve around the managerial knowhow, regulatory framework, inter-disciplinary approach, developing soft skills, and practical exposure via case studies. Information related to registration and fees may be found on the IIIPI website.

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

<https://www.iiipicai.in/wp-content/uploads/2022/04/07th-EDP-corporate-debtors..pdf>