



**INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI**

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# IIPI Newsletter



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### No Conflict between the Two Special Acts owing to Attachment of Property: NCLT

Concerning the attachment of property, the NCLT Chennai held that there stands no conflict between the Prohibition of Benami Property Transaction Act, 1988, and the Insolvency and Bankruptcy Code, 2016, as the two are special acts as well.

The RP was handed over the immovable property along with the equipment and machinery as per the order admitting the Section 7 application by which CIRP was initiated. NCLT also observed that since liquidation has commenced, moratorium has ended. NCLT also observed that since liquidation commenced, moratorium has ended.

**For More Details, Please**

**Visit:** <https://www.livewlaw.in/ibc-cases/insolvency-and-bankruptcy-code-nclt-chennai-prohibition-of-benami-property-transaction-act-cirp-corporate-debtor-attachment-of-property-198384>

## News Update

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

### Insolvency Professionals have so far flagged over ₹2.2 trillion of Avoidance Transactions by the suspended managements: IBBI

As per the recent data released by the Insolvency and Bankruptcy Board of India (IBBI), 777 applications for Avoidance Transactions have been filed by the Insolvency Professionals (IPs) in their capacities as Resolution Professionals (RPs) and Liquidators under the Insolvency and Bankruptcy Code (IBC), 2016. The Code mandates the RPs and Liquidators to investigate the past transactions of the Corporate Debtors (CDs) and see if their pre-CIRP transactions were in order or not. If established as Avoidance Transaction, the NCLT may order to annul the transaction and refund of the money to the CD's account. In a particular case about 758 acres of land out of 858 acres valued at ₹5500 crore has been given back to a company which is undergoing resolution.

IBBI data further show 312 cases were admitted in tribunals for bankruptcy resolution in the March quarter of 2022, close to twice the number of cases admitted in the June quarter of 2021. In the June quarter, 165 cases were admitted, followed by 167 in September and 238 in December. A sector wise analysis shows that about two fifth of all the cases admitted to tribunals belong to the manufacturing sector, 20% belong to real estate, 11% to construction industry and 10% belong to retail trade, indicating that these are pain points in the economy. Under the IBC regime, 480 distressed companies were rescued till March 2022 of which a third were in deep distress, IBBI said. The rescued companies had assets worth ₹1.31 trillion.

**For More Details, Please Visit:** <https://www.livemint.com/companies/news/bankruptcy-administrators-flag-rs2-2-trillion-worth-dubious-deals-ibbi-11651590390514.html>

## News Roundup

### Karnataka High Court Dismissed a Writ Petition Challenging Constitutional Validity of Some Sections of IBC, 2016

Karnataka High Court in a judgment on April 5, 2022, has dismissed a petition challenging the constitutional validity of Section 95, 99, and 100 of the IBC, 2016. The application was filed by the Financial Creditor, Piramal Capital & Housing Finance Limited, before the NCLT, Bangalore, through the Resolution Professional under Section 95 of the Code for initiation of insolvency process against the Personal Guarantor. The Court considered that the IBC provides a particular eligibility criterion which an RP must possess, and a Code of Conduct must be followed which governs their actions.

**For More Details, Please Visit:** <https://www.livelaw.in/law-firms/deals/insolvency-and-bankruptcy-code-2016-karnataka-high-court-nclt-dua-associates-198333>

### Primary objective of the IBC process is resolution of a distressed firm, but the recovery percentage also needs to be kept in mind: SBI, MD

SBI's Managing Director, Swaminathan J., has drawn attention of stakeholders on recovery percentage along with resolution, which is the primary objective of the IBC. The sight of recovery is not supposed to be lost as well, he stated, for if the narrative shifts towards haircuts, then it is possible that the lenders may not take any action, which would lead to a halt, leading stressed units towards liquidation. He also focused on the need to look for other players who would provide distressed asset or private debt funding to give interim finance to borrowers.

**For More Details, Please Visit:**

<https://economictimes.indiatimes.com/industry/banking/finance/banking/resolution-primary-objective-of-ibc-but-need-to-be-mindful-of-recovery-too-sbi-md-swaminathan-j/articleshow/91233611.cms>

### Dutch Court directs Microsoft Corporation to cooperate in bankruptcy process or face fines

Microsoft risks daily fines of approximately \$10.5 million, with a penalty of 100 million euros if it does not comply with the court ruling, said Job Van Hooff, the court-appointed trustee. He further clarified that the trustees and Microsoft are currently holding talks on the issue, and that they are evaluating potential solutions that would enable them to comply with both the court's decision and the sanctions imposed by the US, EU, and the UK.

**For More Details, Please Visit:**

<https://english.alarabiya.net/business/2022/05/04/Microsoft-faces-fines-from-Dutch-court-over-bankruptcy-of-Russia-linked-bank>



### NCLT Kolkata ordered CIRP of Birla Tyres for ₹15 crore outstanding dues

The application was filed by SRF Limited, under Section 9 of the IBC, 2016, for initiating the Corporate Insolvency Resolution Process (CIRP) against Birla Tyres, the Corporate Debtor, is admitted, said the NCLT Kolkata bench in its order dated May 5.

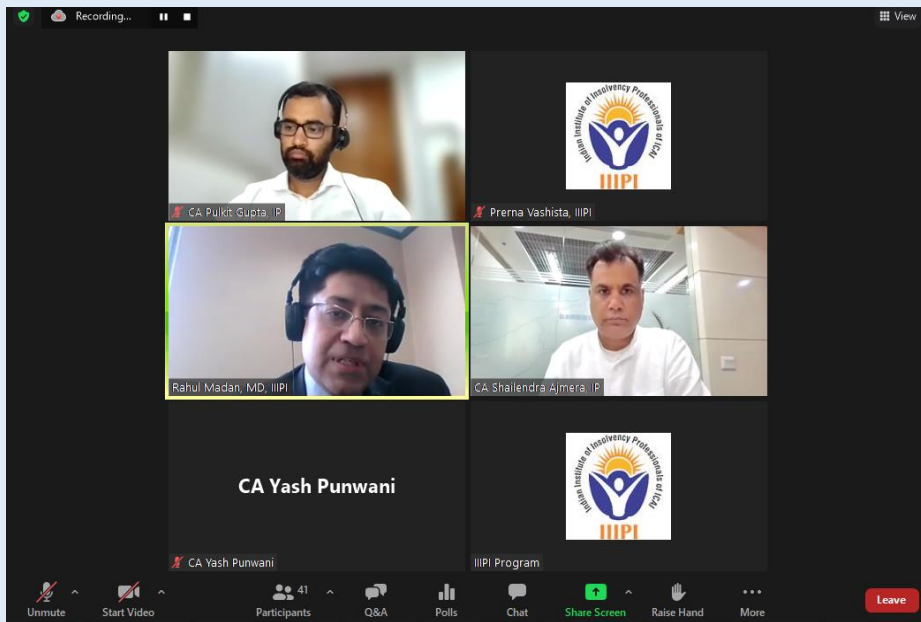
“SRF has outstanding dues of over ₹15 crore from Birla Tyres as the company supplied nylon tyre cords. The company filed the insolvency petition for CIRP of Birla Tyres for default of making the payment,” said SRF’s lawyer. The tribunal has also appointed as Interim Resolution Professional (IRP) of the company to carry out the CIRP process, the management of the company will vest in the IRP.

Birla Tyres has a plan to demerge its passenger car radial business into a separate company, Birla Tyre Radials. The company itself was demerged from group flagship Kesoram Industries in 2018 as part of debt restructuring. In FY21, Birla Tyres made a loss of ₹ 287.63 crore, while total revenue stood at ₹153.11 crore.

**For More Details, Please Visit:**

<https://www.thehindubusinessline.com/money-and-banking/though-number-of-insolvency-cases-has-come-down-creditors-face-sharp-haircut-report/article65380895.ece>

## Event Photograph



*A snapshot of Webinar on “Case Study on Ruchi Soya Industries Ltd.” organized by IIIPI on 5th May 2022.*

## **IIIPI is Organizing a Webinar on “Office Infrastructure and Usage of Technology on IPs” (Online) on 13<sup>th</sup> May 2022**

IIIPI is going to organize a webinar on “Office Infrastructure and Usage of Technology via IPs” (online) from 4 p.m. to 6 p.m. on 13<sup>th</sup> May 2022. The participants will be provided CPE of 1 hour. CA. K.V. Jain, Insolvency Professional and Shri Debajyoti Ray Chaudhuri, MD, NeSL, will address the Webinar which will be followed by a Technical Presentation by (NeSL). Further details related to registration and fees are available on IIIPI website.

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

<https://www.iiipicai.in/wp-content/uploads/2022/05/FLYER-13TH-MAY.pdf>