



**INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI**

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# IIPI Newsletter

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## SBI Sets Up Marketing Team to Showcase its Stressed Assets Undergoing Resolution

Under its Stressed Assets Resolution Group (SARG) vertical, SBI has set up a marketing team to reach out to a broader investor base and to showcase its stressed assets undergoing resolution under the IBC, 2016.

According to the Bank's annual report, SARG is also monitoring the transfer of eligible assets to NARCL (National Asset Reconstruction Company Ltd) to ensure smooth migration of identified assets. The report also stated that resolution under IBC is a market-oriented mechanism where a higher number of bidders for a stressed Corporate Debtor result in better valuation and maximisation of recovery for lenders.

**For More Details, Please**

**Visit:** <https://www.thehindubusinessline.com/money-and-banking/sbi-sets-up-marketing-team-to-showcase-stressed-asset-to-investors/article65485097.ece>

## News Update

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

## Recovery Certificate Holder comes under category of Financial Creditor, ruled Supreme Court

The Supreme Court has held that liability with respect to a claim arising out of a Recovery Certificate under the Recovery of Debts and Bankruptcy Act, 1993, would be a "financial debt" within Section 5(8) of the IBC, 2016. Furthermore, the holder of this Recovery Certificate would be a "Financial Creditor" under Section 5(7) of the IBC, 2016. The court also allowed the holder of such a Recovery Certificate to initiate Corporate Insolvency Resolution Process (CIRP) as a Financial Creditor (FC) within a period of three years from the date the recovery certificate is issued.

The concerned view was taken by a two-judge Bench of the Supreme Court in *Dena Bank v. C. Shivakumar Reddy and Anr.*, which was further affirmed by a three-judge Bench. Assailing the order of the NCLAT, which had set aside the order of the NCLT Chennai, the Bench allowed the appeal filed by Kotak Mahindra Bank Ltd. admitting the application which was filed under Section 7 of the IBC and initiated CIRP. The application was filed within a period of three years from the date on which the Recovery Certificate was issued; therefore, it was considered within limitation. According to various provisions of the IBC, when a Corporate Debtor ends up committing a default, a Financial Creditor or an Operational Creditor or the Corporate Debtor itself may initiate CIRP. In the case of Dena Bank, it was affirmed by the Court that all the relevant provisions of the IBC and earlier judgments were relied upon; and it was not in consistent with the earlier judgments of the Apex Court. The submission as per Section 19(22A) of the Debt Recovery Act, also did not find favour with the Court.

**For More Details, Please Visit:** <https://www.livelaw.in/top-stories/supreme-court-ibc-recovery-certificate-claim-financial-debt-cirp-200465>

## News Roundup

### NCLT Chennai Allows Tangedco to File Two Pleas in an Insolvency Case

NCLT, Chennai, has allowed two appeals of Tamil Nadu Generation and Distribution Corporation (Tangedco) to submit additional documents in an insolvency case filed against it by South India Corporation Pvt. Ltd., an Operational Creditor.

The plea clarify that Tangedco seeks to file the additional documents as per the order of the Madras High Court of November 8, 2011. The court had held that it is within the domain of NCLT to adjudicate upon any dispute raised by a debtor in any insolvency proceedings brought by a creditor. However, Tangedco's request to file additional documents was opposed by South India Corporation Pvt. Ltd. Meanwhile, it also alleged that the act is a mere dilatory tactic to derail the proceedings. The NCLT stated that there were serious allegations levelled against the Operational Creditor, and Tangedco had raised a dispute in relation to the payment of money.

**For More Details, Please Visit:** <https://www.thehindu.com/news/national/tamil-nadu/nclt-allows-tangedco-to-file-additional-documents-in-insolvency-case/article65484124.ece>

### Religare Finvest offered ₹ 2,300 crore to creditors to avert CIRP

Religare Finvest Ltd. (RFL) has offered ₹2,300 crore to its lenders to restructure the debt and avert insolvency proceedings. RFL has an overdue of Rs 5,344 crore as on March 31, 2022. Earlier, the creditors had rejected proposals repeatedly to restructure the debt of the distressed finance company and requested the RBI to consider insolvency proceedings of the CD. According to IBC framework, a finance company can only be referred by the RBI for insolvency proceedings.

**For More Details, Please Visit:**

<https://economictimes.indiatimes.com/industry/banking/finance/religare-fininvest-offers-to-pay-2300-cr-to-lenders-in-bid-to-avert-bankruptcy/articleshow/91878140.cms>

### Texas Petrochemical Group (TCP) Files for Bankruptcy Protection

Houston-based firm, TCP, has filed for bankruptcy protection to hand over the control to its lenders as it struggled under costs and legal claims from a 2019 fire. The fire was "a critical event leading to" the bankruptcy, according to a court filing. The pandemic later cut into its business, cutting 2020 revenue nearly in half compared to 2019, and a winter storm in 2021 also hit its sales.

**For More Details, Please Visit:**

<https://www.investing.com/news/stock-market-news/chemical-maker-tcp-group-files-prearranged-bankruptcy-2832648>



### NCLT Delhi dismissed CRIP Petition against NBCC

The Adjudicating Authority (AA) observed that there is a pre-existing dispute, and the Applicant is indulged in forum shopping. Dismissing the Application, the court said, "a serious dispute existed in relation to the due payment, which cannot be decided in a summary manner".

NBCC India Pvt. Ltd., in 2014, had awarded a work contract to Era Infra Engineering Ltd. ("Era Infra") for the construction and upgradation of National Centre for Disease Control (NCDC), for an amount of ₹ 199.02 crore. On the other hand, the latter appointed Biosafe Lab India Pvt. Ltd., the Applicant, as a sub-contractor, and issued several purchase orders to the Applicant amounting to ₹ 49.08 crore. The Applicant, therein, raised invoices in favour of Era Infra which in turn failed to pay within time. The work was, thus, stalled.

Consequently, under Section 8 of the IBC, the Applicant served a Demand Notice to the Respondent claiming an amount to ₹ 10.86 crore, which led to filing of CIRP application.

**For More Details, Please Visit:**

<https://www.livelaw.in/ibc-cases/national-company-law-tribunal-nbcc-india-ltd-insolvency-and-bankruptcy-code-corporate-insolvency-resolution-process-cirp-nbcc-india-pvt-ltd-200372>

## Event Photographs



*Shri RP Nagrath, Former Judicial Member, NCLT, Chandigarh Bench addressing the “Awareness Programme about Insolvency Profession with special reference to Graduate Insolvency Programme” organised by IIIPI in association with the IBBI as part of ‘Azadi Ka Amrit Mahotsav (AKAM) in Chandigarh on June 02, 2022.*



*A snapshot of the “Awareness Programme about Insolvency Profession with special reference to Graduate Insolvency Programme” organised by IIIPI in association with the IBBI as part of ‘Azadi Ka Amrit Mahotsav (AKAM) on June 01, 2022, in Rohtak. IIIPI is conducting 44 events in 41 districts (out of 75 districts planned by IBBI) of the country from 01 June to 09 June 2022.*

### **IIIPI to Organize 8<sup>th</sup> Batch of EDP on “Managing Corporate Debtors as Going Concern under CIRP (for IPs)” from 14<sup>th</sup>-18<sup>th</sup> June 2022**

The 8<sup>th</sup> Batch of Executive Development Program (EDP) on “Managing Corporate Debtors as Going Concern under CIRP (for IPs)” is scheduled to be organized online from 14<sup>th</sup>-18<sup>th</sup> June 2022.

The EDP will comprised of 30 hours across five days. The highlights of the program will be managerial knowhow, regulatory framework, inter-disciplinary approach, developing soft skills, and practical exposure via case studies. The participants will be awarded CPE: 20 hours credit.

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

<https://www.iiipicai.in/wp-content/uploads/2022/06/Flyer-8th-Batch-of-EDP-14-18-june-2022-1.pdf>