



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

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IBBI Revised fees for LIE and Valuation Exams

IBBI has revised the fees for Limited Insolvency Examination (LIE) and Valuation Examinations to ₹ 5000 + applicable GST.

A fee of ₹ 1770 (including GST) per enrolment is currently being charged for each of these examinations. The revised charges ₹5,900 inclusive of GST for each enrolment will be applicable w.e.f. October 01, 2022. IBBI conducts LIE and Valuation Examinations in exercise of the powers conferred under Section 196(1)(a) of the IBC, 2016 and under Rule 5 of Companies (Registered Valuers and Valuation) Rules, 2017.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/whatsnew/d75b6b53d2608deb3f78969210f034f6.pdf>

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

All actions Taken Contrary to the Declaration of Law Prior to the Date of Declaration are validated: NCLAT

When status of a debtor attains finality, the same cannot be altered on the basis of a subsequent judgment in different proceedings, this was observed by NCLAT, Principal Bench, New Delhi, in the case of *Raghavendra G. Kundangar & Ors. Vs. Shashi Agarwal & Anr.* The Court further observed that if issues are reopened on the basis of subsequent overruling, there will not be any end for legal proceedings.

“The prospective declaration of law is a device innovated by the Supreme Court to avoid reopening of settled issues and to prevent multiplicity of proceedings. It is also a device adopted to avoid uncertainty and avoidable litigation,” said the Court. The appeal was filed against an order passed by NCLT, Kolkata, wherein the Adjudicating Authority (AA) had admitted the Corporate Debtor in insolvency for defaulting in payments in respect of supply of materials under Section 7 of the IBC, 2016. Subsequently, the Apex Court, in the case of *Anuj Jain Vs. Axis Bank Limited*, came up with a decision that debt arising out of supply of materials is an Operational Debt but not a Financial Debt and would not fall under Section 7 of the IBC, 2016. On the basis of this judgment, the appellant contended the order of AA. Invoking the principle of prospective overruling, NCLAT observed, “Subordinate forums which are legally bound to apply the declaration of law made by the Hon'ble Supreme Court are also duty-bound to apply such dictum to the cases which would arise in future only.”

For More Details, Please Visit: <https://www.livelaw.in/news-updates/nclat-delhi-section-7-of-insolvency-and-bankruptcy-code-corporate-debtor-financial-creditor-207834>

News Roundup

Central Bank of India files Bankruptcy petition against Personal Guarantors of Future Group in NCLT Mumbai

The bank has reportedly filed a case against promoter Kishore Biyani, his elder brother Vijay Biyani and cousin Sunil Biyani with total claims of ₹1,047 crore. All three said to have given personal guarantees for loans applied by subsidiaries Iskrupa Mall Management, Syntex Trading and Agency and Unique Malls. The Bank is the lead lender to Future Enterprises (FEL) which owes lenders and bondholders a total of ₹6,778 crore. The total outstanding debt against the group is over ₹28,000 crores. Last week, the Bank of India filed a petition before the NCLT, to initiate insolvency proceedings against debt-ridden Future Lifestyle Fashions Ltd (FLFL).

For More Details, Please Visit: <https://www.moneycontrol.com/news/business/companies/central-bank-files-personal-insolvency-case-against-promoters-of-future-group-9130631.html>

NCLT rejects Resolution Plan for violating Waterfall Mechanism and selectively favouring certain creditors

The National Company Law Tribunal, Ahmedabad, in the case of *M/s. Sansar Texturisers Pvt. Ltd. v. M/s Polycoat India Pvt. Ltd.* has rejected the Resolution Plan of a Successful Resolution Applicant that breached the waterfall mechanism of payments and favoured only certain creditors without providing any reason for the same. The Bench held that since the plan does not effectively deal with the interests of all stakeholders of the company, the resolution plan is non-compliant of Section 30(2)(e) and Section 30(2)(f) of IBC and hence was rejected.

For More Details, Please Visit: <https://www.livelaw.in/amp/news-updates/nclt-ahmedabad-successful-resolution-applicant-resolution-plan-section-7-of-the-insolvency-and-bankruptcy-code-207837>

‘NewAge’, seller of health and wellness products files for bankruptcy protection in USA

NewAge- along with its subsidiaries has filed for bankruptcy protection under Chapter 11 of the U.S Bankruptcy Code in Delaware (USA), after disclosing material weaknesses in its financial reporting. Reportedly, the company secured a “debtor in possession” financing facility of \$16 million and plans to use this capital, together with revenue generated from ongoing operations, to provide liquidity to support the company through the sale process. The management team will continue to operate the business as “debtors in possession”.

For More Details, Please Visit: <https://www.directsellingnews.com/newage-files-chapter-11-with-reorganization-planned/>



Overall recovery rate till Q1 of FY 2022-23 was 30.6 per cent, better than the earlier rate of around 26 per cent: Analysis

Realisable value of financial creditors (FCs) rose from ₹2,25,293.8 crore to ₹2,35,093.6 crore which is 32.9 per cent and 30.6 per cent respectively, according to an analysis by Care Ratings. The total admitted claims of financial creditors rose from ₹6,84,901.3 crore in March 2022 to ₹7,67,384.9 crore in June 2022, while the liquidation value of these cases remained more or less the same at ₹1,31,447.9 crore and ₹1,31,468.6 crore respectively.

However, according to the report, the cumulative recovery rate has been on a downtrend, decreasing from 43 per cent in Q1FY20 and 32.9 per cent in Q4FY22 because larger resolutions have already been executed and a significant number of liquidated cases were either BIFR cases and/or defunct.

For More Details, Please Visit: <https://www.zeebiz.com/india/news-nclt-recoveries-improve-to-306-in-q1fy23-from-26-in-q1fy22-197151>

Event Photograph



Dr. M. S. Sahoo, former Chairperson-IBBI addressing the Inaugural Session of 04th Executive Development Program (for IPs) "Mastering 'Avoidance/ PUEF Forensics' Under IBC" organized by IIPI from 05th to -07th Sept. 2022.

IIPI organizing Webinar on Liquidation Process on Sept. 09

The Webinar titled “Case Study on Liquidation Process: Moser Baer India Ltd.” will be addressed by Mr. Anil Kohli, who had handled the case of Moser Baer as Liquidator, and Legal Counsel Mr. Abhishek Anand. The participant IPs will be provided CPE 1 hour.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2022/09/9th-sept-flyer.pdf>