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NCLT disposed of insolvency cases amounting ₹10.5 lakh crore

NCLT President Chief Justice (Retd) Ramalingam Sudhakar while delivering the sixth annual day lecture of IBBI stated that for the period between November 01, 2017 to August 01, 2022, NCLT has disposed 25,225 cases under Sections 7, 9 and 10 of IBC, involving ₹ 10,49,264 crores.

Out of the total, 23,608 cases involving an amount of ₹7,21,282 crore have been settled before admission.

Resolution plans have been approved in 565 cases, involving an amount of ₹3,03,381 crore, he added.

For More Details, Please Visit:

https://economictimes.indiatimes.com/news/economy/policy/nclt-disposed-of-insolvency-cases-involving-nearly-rs-10-5-lakh-crore-justice-ramalingam-sudhakar/articleshow/94588810.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

Finance Minister urges RPs and IBBI to step up to fresh challenges from global turmoil

Finance Minister Smt. Nirmala Sitharaman while addressing the sixth annual day of the Insolvency and Bankruptcy Board of India (IBBI) has called for greater efforts from Resolution Professionals (RPs) to avoid fingers being pointed at deals wherein banks should take a hefty haircut on loans sanctioned.

The Minister also sought steps from the IBBI for early identification of rising stress in some companies due to the global disruptions underway and asked for an assessment on why Pre-Packaged Insolvency Resolution Process (PPIRP) for MSMEs was yet to find traction. "I cannot afford to say sorry, 95% haircut for the bank is the best resolution I can give you," said the Minister. She also called for more attention on systemically important companies which are very critical to the economy. Though some cases may be 'so pathetic' that only 'junk value' can be derived, this could not be a feature of the IBC or RPs' abilities, she opined. She also highlighted the need for early resolution and early highlighting of the distress. She urged the IBBI to keep their 'ears to the ground' as many companies were linked to their global peers or group companies and even small enterprises were dependent on foreign players for some technology or some equity.

The Minister concluded with the remark that the IBBI should be 'on its toes' so that they were conscious about the necessary interventions as the Indian Economy can't afford to ignore the liquidation suffer or early stress warnings which are coming up.

For More Details, Please Visit: <https://www.thehindu.com/business/impossible-to-accept-95-haircuts-for-banks-under-ibc-sitharaman/article65959934.ece>

News Roundup

Ex-promoters can't hold stake in insolvent firm, says Supreme Court

While hearing the Bhushan Steel case, where the promoters were holding onto a 2.35 % stake even after Tata Steel acquired a 72.65 % stake in the company, the Supreme court ruled that ex-promoters cannot hold a stake in the insolvent firm. The two-judge bench observed that there is no ground for review order passed by the National Company Law Appellate Tribunal (NCLAT) which dismissed the appeal. The Court stated that calling the resolution plan shall not be workable at all. It further added that the appellants are the erstwhile promoters and therefore they cannot be continued to be in the company in any capacity may be as shareholders. The resolution plan is a key document that determines the future liability as well as rights of the outgoing promoters on their shareholding in the company.

For More Details, Please Visit: https://www.business-standard.com/article/current-affairs/ex-promoters-can-t-hold-stake-in-insolvent-firm-says-supreme-court-122100300091_1.html

SBI approaches NCLT to initiate CIRP of Jaiprakash Associates Ltd. (JAL)

In its CIRP petition, the State Bank of India (SBI) has claimed “persistent defaults” by JAL which remained “irregular, despite the restructuring” throughout in making the payments. As per the petition, the total default on the JAL is about ₹6,893.15 crore. Several Jaypee Group companies namely Jaypee Infratech and Andhra Cement are already facing insolvency proceedings. JAL was part of the RBI's list of 26 big loan defaulters to commercial banks for initiating bankruptcy proceedings in August 2017. Earlier, ICICI Bank had also filed the insolvency petition in September 2018 which is pending before the NCLT. In a media statement, JAL said the company has divested cement plants to repay loan and it will take further steps to address concerns of its lenders.

More Details, Please Visit: <https://zeenews.india.com/real-estate/sbi-drags-jaiprakash-associates-to-nclt-files-insolvency-plea-claiming-default-of-rs-6893-15-crore-2516158.html>

Celsius CEO allegedly withdrew \$10 million just weeks before it froze customer funds & filed for bankruptcy protection

Celsius Network had filed for Chapter 11 Bankruptcy in USA in July on the grounds of extreme market conditions and about \$1.19 billion deficit. During the process, it has been revealed that Alex Mashinsky, the founder and former CEO of the company, allegedly withdrew \$10 million from the crypto lending platform just weeks before it froze withdrawals and transfers for its 1.7 million customers. After this expose, he has decided to step down.

For More Details, Please Visit: <https://www.financialexpress.com/blockchain/celsius-founder-withdrew-10m-before-bankruptcy-filing-ft/2698892/>



IBBI allows IPE to be registered as Juristic IP

Insolvency and Bankruptcy Board of India with a view to institutionalize the profession of IP have notified the IBBI (Insolvency Professionals) (Fourth Amendment) Regulations, 2022 on September 28, 2022, which allows Insolvency Professional Entity (LLP/Company) to be enrolled / registered as juristic IP with IBBI/IPA.

Such existing IPEs may now become ‘Juristic IP (IPE)’, after getting themselves enrolled with an Insolvency Professional Agency (IPA).

An IPE, recognized by the IBBI, can seek registration as an IP with it, by making an application in the specified form along with a non-refundable application fee of two lakh rupees.

Further, an IPE which is registered as an IP shall allow only its partner or director, as the case may be, who is an IP and holds a valid Authorization For Assignment (AFA), to sign and act on behalf of it.

For More Details, Please Visit: <https://ibbi.gov.in/uploads/legalframework/0aade43c842d51184839bd7cbca06f35.pdf>

Event Photograph



A snapshot of the Webinar on “Evolving Jurisprudence Under IBC (Important Case Laws)” organized by IIPI on September 30, 2022.

IIPI organizing Webinar on Recent Regulatory Amendments Under IBC

The Webinar titled “Recent Regulatory Amendments Under IBC” is scheduled to be organized from 4.00 PM to 6.00 PM on October 07, 2022. CA Gopal Krishna Raju, IP and CA M Suresh Kumar, IP will address the Webinar.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2022/10/Webinar-07th-oct.2022.pdf>