



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

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CoC gives nod to GAIL's Resolution Plan for JBF Petrochemicals

GAIL (India), a PSU of the Central Government has won the bid to acquire JBF Petrochemicals through resolution plan under CIRP. According to media reports the CoC has approved the ₹2,100 crore Resolution Plan of GAIL for the CD.

CIRP of the CD was initiated in February 2022 for a total outstanding debt of ₹5,000 crore against which the Resolution Professional had admitted ₹4,701 crores. The highest dues on the company were from IDBI Bank while other lenders include Indian Overseas Bank, BOB, UBI, etc.

For More Details, Please Visit: <https://www.financialexpress.com/industry/gail-india-emerges-as-successful-bidder-for-jbf->

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

IBC does not prohibit the related party to the Financial Creditor to submit the resolution plan: NCLT Cuttack

NCLT Cuttack has held that Section 29 A of the IBC does not prohibit any related party of the Financial Creditor or member in the Committee of Creditors (CoC) to submit a resolution application for the Corporate Debtor (CD). Furthermore, giving an opportunity to the CoC to consider the Resolution Plan submitted by the PRA would neither violate Section 30 (2) nor in any manner detract from the integrity of the IBC. This case was transferred to NCLT Cuttack by the President NCLT after the NCLT Hyderabad delivered a fractured judgement.

The Applicant (Operational Creditor) had opposed the resolution plan submitted by M/s Jindal Shaw Ltd. (Prospective Resolution Applicant or PRA) on the ground that the PRA is a related party to the CoC. It was alleged that the CoC, PRA, M/s. Siddeshwari and M/s. Hexa are all group companies, which have colluded with each other. The Applicant submitted that the PRA is holding a key position in the latter two companies, and the said two companies funded the purchase by the CoC of the entire Financial Debts of the Corporate Debtor from its original Financial Creditors. Thus, the PRA taking advantageous position held by the CoC as the sole successor of Financial Creditor and the member in the CoC of the Corporate Debtor, has submitted the Resolution Plan.

The Bench observed that the application was merely based on presumptions and apprehensions that CoC will approve the Resolution Plan submitted by the PRA and allowed the CoC to consider the resolution plan of PRA.

For More Details, Please Visit: <https://www.livelaw.in/news-updates/nclt-cuttack-financial-creditor-resolution-plan-ibc-corporate-insolvency-resolution-process-cirp-212207>

News Roundup

NCLAT ordered Jalan-Kalrock Consortium to pay PF & Gratuity dues of Jet Airways employees

Holding that non-payment of full PF & Gratuity is violative of Section 30(2)(e) of IBC, NCLAT has ordered the Successful Resolution Applicant (SRA) of Jet Airways to pay ₹247.8 crore to its employees. The Court has directed the chairperson of the Monitoring Committee, to calculate the payments to be made to workmen and employees within one month from October 21, and then communicate the same to the SRA to facilitate them. NCLAT has also issued directions to SRA to pay ₹113 crore to workmen under the Resolution Plan against 24 months' wages they were entitled to receive under Section 30 and Section 53 of IBC. Furthermore, the SRA has been directed to deposit ₹24.4 crore towards damages under Section 14B of EPF&MP Act, 1952.

For More Details, Please Visit: <https://www.businesstoday.in/latest/corporate/story/best-diwali-gift-in-more-than-3-yrs-former-jet-airways-staff-hail-nclat-order-on-unpaid-gratuity-350601-2022-10-22>

CIRPs against big builders in NCR have increased troubles for home buyers

Long pendency of the CIRP cases in NCLT has only increased the sufferings of homebuyers as neither they can redeem their refund nor getting the flats. There are more than 70 builders in the western Uttar Pradesh—affecting over 50,000 flat buyers, are at NCLT, in which the tribunal has also appointed the IRP. Out of these 70 builders, over a dozen are from Greater Noida West. Another big trouble for the buyers is that once the case of a builder is taken up at the NCLT the Uttar Pradesh Real Estate Regulatory Authority (UP RERA) puts the hearing of buyers' grievances on hold (until NCLT gives its judgement). There are about 5,000 cases in which UP RERA has ordered refunds and even issued recovery certificates (RC) after the completion of the hearing, but the action against builders comes to halt once they file a lawsuit in NCLT.

For More Details, Please Visit: <https://www.moneylife.in/article/surge-in-insolvency-cases-at-nclt-mounts-home-buyers-troubles/68664.html>

Credito Real is attempting to bypass Mexican and US insolvency laws

Facing financial difficulties arising from allegations of financial reporting shortcomings and deteriorating market conditions, and in the wake of crumbling discussions with its creditor group, Credito Real has allegedly bypassed a judicially supervised restructuring under either US or Mexican law. The company is reportedly planning to deploy a corporate liquidation statute with almost no protections for creditors. The Mexican Corporate Law lacks the judicial oversight necessary to ensure fair treatment of creditors, including permitting the preferential payment of unsecured, local creditors.

For More Details, Please Visit:

<https://www.mondaq.com/unitedstates/insolvencybankruptcy/1241922/credito-real-body-checks-mexican-and-us-insolvency-laws-will-us-court-strike-back>



Germany's 156-year-old car supplier which survived Covid-19 crisis filed for insolvency due to Ukraine War

According to the latest available data from 2020, the company, which supplied customers including Volkswagen, turned over 660 million euros (\$649.44 million) but made a loss of 68 million that year. It sold its mechanical engineering division, responsible for around a fifth of revenue, to U.S. firm Matthews International Corp and was looking to sell its automotive division but negotiations became tough after Russia's invasion of Ukraine. The company has already pledged its significant assets to lenders after the coronavirus pandemic.

Suppliers to Germany's car industry, mostly small- to medium-sized businesses, are increasingly struggling to make ends meet under the weight of rising raw material and energy costs and ongoing supply chain bottlenecks keeping orders low.

For More Details, Please Visit:

<https://auto.economicstimes.indiatimes.com/news/auto-components/crushed-by-coronavirus-and-war-156-year-old-german-cars-supplier-files-for-insolvency/94954253>



IIPI organizing free of cost Webinar on ‘Common Issues in Monitoring/Inspection and Peer Review Framework’

The Webinar will be conducted from 4 pm to 6 pm on October 28, 2022. It is aimed at addressing common issues regarding monitoring/ inspection and Peer Review Framework initiatives of IIPI. There will no fee for the Webinar. The participants will get CPE1 hour.

For More Details, Please Visit:

<https://www.iipicai.in/wp-content/uploads/2022/10/28th-oct-2022.pdf>

IIPI’s LIE Preparatory Classroom Program (Virtual) Program to start from Oct 29

The new ‘Weekday Batch’ of Limited Insolvency Examination Preparatory Classroom Program (Virtual) is being organized by IIPI jointly with Committee on IBC (CIBC), ICAI from October 28 to November 01, 2022. The program will comprise Special Address by CA. Durgesh Kumar Kabra, Chairman, CIBC and CA. Sripriya Kumar, VC on CIBC. The ICAI members will get 15 structured CPE hours. Besides, online study material is also available.

For More Details, Please Visit:

<https://www.iipicai.in/wp-content/uploads/2022/10/9th-batch-of-LIE-28th-Oct-to-1st-Nov-2022...pdf>



IIPI jointly with British High Commission organized a Workshop (online) on “Cross Border Insolvency” on October 21, 2022.