



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IIPI Newsletter

January 23, 2023

Volume 08, Number 04

CONTENTS

News Update
News Roundup



CoC approved Vedanta Group's ₹1,440 Crore bid for Meenakshi Energy

Vedanta Group has emerged as Successful Resolution Applicant (SRA) for debt ridden Meenakshi Energy Ltd. which is undergoing CIRP under the IBC, 2016. The CoC has approved the Vedanta Group's Resolution Plan amounting ₹1,440 Crore on January 18, 2023, to take over the Corporate Debtor. According to reports, ₹312 Crore will be paid upfront while remaining ₹1,128 Crore is to be paid in five equal instalments over a period of five years.

Meenakshi Energy Ltd is a 1,000-MW coal-based power plant located at Nellore in Andhra Pradesh.

For More Details, Please Visit:

<https://www.freepressjournal.in/business/vedanta-to-acquire-debt-laden-meenakshi-energy-for-rs-1440-cr>

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

MCA Invites Comments on Changes being Considered to the Insolvency and Bankruptcy Code, 2016

Ministry of Corporate Affairs (MCA) has proposed a slew of changes in IBC, 2016 (Code) to expedite different processes under the Code and address concerns of various stakeholders. The proposed changes include amendments in Section 5 (28), Sec. 7, Sec. 9, Sec. 28, Sec. 29 A, Sec. 31, Sec. 33 (5), Sec. 52, Sec. 96, Sec. 97, Sec. 101, Sec. 106, Sec. 215, Sec. 219, Sec. 124, Sec. 235 A, Fast-Track CIRP etc.

“It is proposed that Section 7 may be amended to clarify that while considering an application for initiation of the CIRP by financial creditors, NCLTs are only required to be satisfied about the occurrence of a default and fulfilment of procedural requirements for this specific purpose (and nothing more),” said the Notice issued by MCA on January 18, 2023. Expanding the applicability of PPIRP, empowering NCLTs to impose penalties for violations of IBC, changes in resolution of real-estate companies, clarification on status (secured or unsecured creditor) of government agencies and enabling the RP to transfer the ownership and possession of a plot, apartment or building to the allottees with the consent of the CoC, are major changes proposed in the Code. The Ministry has also proposed to create an integrated e-platform to be used by IBBI, NCLTs, IUs and IPs.

The suggestions/comments along with the reasons should be provided on the weblink (https://ibbi.gov.in/webfront/discussion_paper/invitation_public/) till 5.30 PM on February 07, 2023.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/whatsnew/7f55e29ae9c0023184a3895f849cd2ef.pdf>

Hope you find this update helpful. Suggestions if any, may be mailed to iiipi.pub@icai.in

News Roundup

NCLAT denied reviving Section 9 Application on alleged breach of Settlement Agreement

Operational Creditors (OC) had filed Section 9 Application to initiate CIRP of the CD way back in 2017. However, the parties entered a settlement agreement. Accordingly, the petition was withdrawn, and the CD paid ~₹1.74 Crore against principal amount and ₹16 lakhs as interest. However, both the parties entered a dispute on calculation on the interest. OC again preferred a Section 9 Application against the CD claiming a debt of ~₹1.28 crore, which was rejected by NCLT. OC argued that liberty was granted in the settlement agreement that in event any breach is committed, the Application be revived. “We sincerely feel that the OC has been using the IBC proceeding for recovery of disputed amount and which is not object of IBC, 2016,” said NCLAT.

For More Details, Please Visit:

https://www.livelaw.in/pdf_upload/pernali-nclat-454761.pdf

NCLT Mumbai ordered CIRP of Rolta India

The CIRP application was filed by Union Bank of India (UBI) in February 2020 on an alleged default of ₹1,413 Crore to the lender. According to reports, the company had owed more than ₹5,523 Crore to its financial creditors. As per the Stock Exchange Filing, the company reported a loss of ₹606.14 Crore on revenue of ₹7.53 Crore in fiscal year 2022. Besides its dues to banks, the Rolta India has overseas borrowings amounting ₹3,382 Crore as on March 31, 2022. The Company is engaged in developing military focused software.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/news/company/corporate-trends/nclt-admits-union-banks-insolvency-plea-against-rolta/articleshow/97147776.cms>

USA's Genesis Global Holdco LLC filed for Bankruptcy

The Company, plus subsidiaries Genesis Global Capital LLC and Genesis Asia Pacific Pte, filed for Chapter 11 protection on January 20 in the Southern District of New York, reported media. Genesis Global Capital listed the same range, \$1 billion to \$10 billion, for both assets and liabilities as well as over 100,000 creditors -- the top 50 unsecured claims amount to about \$3.4 billion. This is the latest Company to collapse in the aftermath of the FTX exchange's swift downfall and last year's rout in digital assets. The company intends to use \$150 million of cash on hand to fund itself in bankruptcy.

For More Details, Please Visit: <https://www.bloomberg.com/news/articles/2023-01-20/crypto-lender-genesis-files-for-bankruptcy-as-crisis-spreads>.



CBIRC suggests keeping FSPs like Banks outside the ambit of Group Insolvency Framework

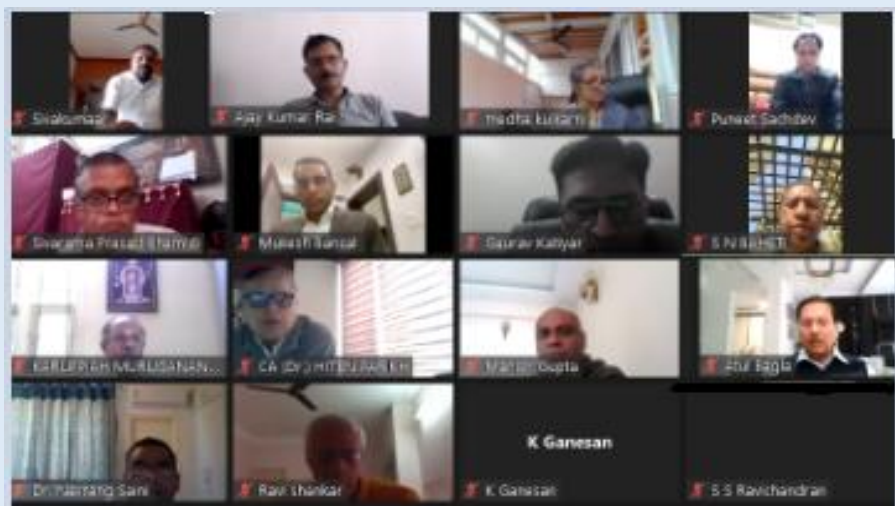
The Cross Border Insolvency Rules/Regulations Committee (CBIRC) has suggested that a Corporate Group Insolvency Framework under the IBC, 2016 should apply to only bankrupt entities that are already undergoing resolution or liquidation process, and not to the solvent firms of the group. However, Financial Service Providers (FSPs) like banks would be outside the ambit of the Group Insolvency Framework. This is the second part of CBIRC's Report on enterprise group insolvency which is based on UNCITRAL Model Law.

“A Group Insolvency Framework should be laid down under the Code that is voluntary, flexible and enabling in nature,” said the CBIRC headed by Mr. K. P. Krishnan. The Committee has also recommended that the Group Insolvency Framework be adopted in phases and that rules for initiating domestic group insolvency be enacted first. The Report was submitted to the Secretary, Ministry of Corporate Affairs (MCA), Government of India on December 10, 2021, but has now been made public.

For More Details, Please Visit:

<https://www.financialexpress.com/industry/panel-suggests-limiting-group-insolvency-to-bankrupt-entities/2954287/>.

Event Photograph



IIPI's 6th Batch of Executive Development Program (For IPs) Mastering "Avoidance/PUFE Forensics" Under IBC (Online) from 23rd to 25th January 2023.

IIPI's LIE Preparatory Classroom Program (Virtual) to start from February 06, 2023

IIPI jointly with ICAI's Committee on Insolvency & Bankruptcy Code (IBC) will be conducting Weekday Batch of 'Limited Insolvency Examination Preparatory Classroom (Virtual) Program' from 06th to 10th February 2023. The 40 hours program has been scheduled from 10 AM to 6 PM on each weekday.

The registered candidates will also be provided online study material. Besides, the ICAI members participating in the program will be eligible for 15 structured CPE hours.

The objective of the program is to provide good knowledge about the Code and its processes.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2023/01/Amended-flyer-LIE-2023.pdf>