



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

Companies admitted under IBC realized 178% of their Liquidation Value

Replying to a written question in the Parliament, the Central Government has said that Corporate Debtors admitted under IBC, 2016 have realized 178% of their liquidation value which was about 32.95% of their admitted claims.

The government also informed the house that the National Asset Reconstruction Company Limited (NARCL), set up by banks to aggregate and consolidate stressed assets for their subsequent resolution, has acquired one loan of Rs. 3,570 crores. According to the latest Economic Survey, 46% of CIRPs have ended in orders for liquidation since the inception of the IBC, 2016.

For More Details, Please Visit: <https://rb.gy/zjsmyj>.



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**For Internal Circulation Only*

**Knowledge SBU Initiative*

Workmen and Employees are entitled to payment of full amount of PF and Gratuity till the date of commencement of CIRP: NCLAT

The Appellate Tribunal (NCLAT) has held that nonpayment of Provident Fund (PF) and Gratuity dues or allotment of partial amount for the same by any Successful Resolution Applicant (SRA) will be considered as violation of the norms laid down under IBC, 2016 as well as the breach of provisions under Employees Provident Fund and Miscellaneous Provisions Act, 1952 (EPF Act) and the Payment of Gratuity Act, 1972 (PF Act).

This judgement came in the matter of Hindustan Newsprint Limited (HNL) wherein the workers and employees have argued that the approved Resolution Plan was in contravention of the IBC as it ignored the EPF and Gratuity Acts. However, the SRA contended that the IBC clearly stated that stakeholders could not raise subsequent claims if those were not a part of the originally approved Resolution Plan. However, the NCLAT relied upon a recent judgement of the Supreme Court in the matter of Jet Airways wherein the Apex Court had directed the Airline to pay the PF and Gratuity dues in full to its employees. NCLAT observed that the Adjudicating Authority (NCLT) has the power to intervene if the Resolution Plan breached any provisions of the IBC. The amount was to be paid by the SRA consequent to the approval of the Resolution Plan.

For More Details, Please Visit:

<https://www.legaleraonline.com/news/nclat-non-payment-of-full-pf-and-gratuity-dues-to-employees-violative-of-ibc-852552>

News Roundup

NCLT Ahmedabad approved Resolution Plan for textile maker Sintex Industries

The Resolution Plan amounting ~ Rs. 3,650 crore was submitted jointly by Reliance Industries and Assets Care & Reconstruction Enterprise (ACRE) for debt-ridden textiles maker. According to media reports the approved Reliance-ACRE plan contains the reduction of share capital and delisting of equity shares with nil value. CIRP was initiated against Sintex Industries in April 2022. Subsequently, the RP had admitted claims of about Rs. 7,500 crores. Sintex Industries had also received bids from Welspun Group firm Easygo Textiles, GHCL and Himatsingka Ventures along with Shrikant Himatsingka and Dinesh Kumar Himatsingka.

For More Details, Please Visit: <https://www.thehindu.com/business/sintex-industries-resolution-nclt-approves-joint-bid-of-reliance-industries-acre/article66497639.ece>

NCLT Kolkata admitted CIRP petition against McLeod Russel India, India's largest tea producer

The CIRP application was filed by IL&FS Infrastructure Debt Fund (IIDF), a Financial Creditor of McLeod under Section 7 of the IBC, 2016 against the company for a default in payment of Rs 347.47 crore as on November 12, 2019. However, the promoters have said that they will try to withdraw the CIRP process. This is the second instance when the tea maker being admitted for insolvency proceedings. In August 2021, NCLT, New Delhi, had admitted an insolvency application filed by Techno Electric & Engineering under IBC for a default on repayments of term loans of around Rs 100 crore.

For More Details, Please Visit:

<https://www.financialexpress.com/industry/khaitans-mull-to-thwart-tea-majors-insolvency-process/2979520/>

Canada's major Real Estate Firm Vancouver files for Insolvency

The Company which primarily pursues condominium projects informs the media that they will work on their financial reconstruction and advances its operations if the court permits their request of protection. Since being active with acquiring properties a decade ago, the developer has amassed a significant portfolio, with 16 active real estate projects — all located within Vancouver — are now in possible risk. Many of these projects are located within the Cambie Street Corridor, including near Oakridge.

For More Details, Please Visit:

<https://dailyhive.com/vancouver/coromandel-properties-insolvency-protection-vancouver>



NCLT Hyderabad permitted Financial Creditor to file Rejoinder Post Closure of Opportunity

The Bench observed that Rule 153 of the NCLT Rules 2016 empowers the NCLT to extend the period in its discretion in cases where the period fixed under Rules or granted by NCLT for an act or filing any document/representation may have expired. However, it clarified that this discretion is not applicable on timelines prescribed under the Limitation Act.

"We are not dealing with a case where time for doing an act has been prescribed under the provisions of the Limitation Act, which cannot be extended either under Rule 11 or Rule 153 of NCLT Rules. We are dealing with a case where the time is fixed or granted by this tribunal for performance of an act, namely, filing of Rejoinder by the Applicant, under IBC and the NCLT Rules," said the Court. In this case the State Bank of India, the Financial Creditor failed to file rejoinder within the given time. The Corporate Debtor demanded the NCLT not to entertain the rejoinder as condonation was not sought along with the rejoinder.

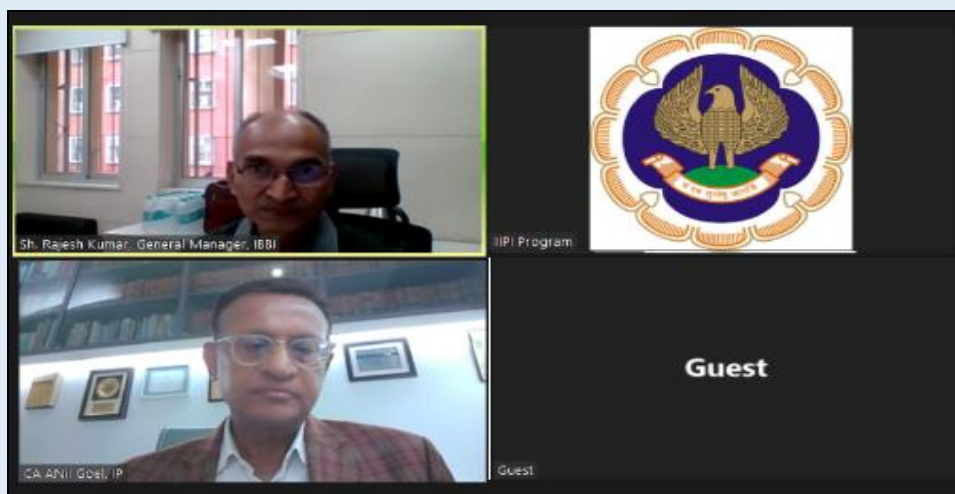
For More Details, Please Visit

<https://www.livelaw.in/news-updates/nclt-hyderabad-invokes-rule-153-permits-filing-of-rejoinder-post-closure-of-opportunity-221250>

Event Photographs



Meeting with Regional Head Asia, INSOL held on February 03, 2023, at ICAI Headquarters, Delhi



Webinar on “Proposed Amendments in IBC” organized by IIIPI on February 10, 2023.



Zee Learn, a subsidiary of Essel Group, admitted into CIRP

The CIRP petition has been filed by Yes Bank for alleged defaults of Rs 468.9 crore. According to media reports out of the total defaults, Rs 410.7 crore was the principal amount, and the remaining was the interest.

“The application made by the financial creditor is complete in all respects as required by the law. It clearly shows that the corporate debtor is in default of a debt due and payable, and the default is in excess of the minimum amount stipulated under the IBC. Therefore, the debt and default stands established and there is no reason to deny the admission of the petition,” said NCLT. The Yes Bank had provided loans to four entities of the company, and the accounts of principal borrowers were declared as NPA on March 31, 2021.

For More Details, Please Visit:

<https://www.financialexpress.com/industry/nclt-admits-plea-against-zee-learn/2979559/>.