



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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

IIPI Newsletter

CoC approved NARCL's Resolution Plan for Srei Group

NARCL has reportedly offered a Net Present Value (NPV) bid of Rs.5,555 crore which was approved by 89.2% verified creditors in the meeting of CoC.

NARCL's total value of the plan stood at Rs 14,301 crore which includes a cash component of Rs 3,001 crore, debentures, and security receipts worth Rs 3,300 crore, and an uncommitted payment of Rs 8,000 crore. Srei group's stressed twin NBFCs- Srei Infrastructure finance Ltd and Srei Equipment Finance Ltd were admitted for insolvency by NCLT Kolkata in October 2021.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/industry/banking/finance/srei-insolvency-narcl-wins-bid-for-stressed-twin-nbfc/articleshow/97953695.cms>



February 20, 2023

Volume 08, Number 08

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News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

An application under Section 9 of IBC is not akin to a suit within the meaning of Section 69(2) of Indian Partnership Act: NCLAT

NCLAT Principal Bench has held that the bar provided under Section 69(2) of Indian Partnership Act, 1932, which prohibits a suit instituted by an unregistered partnership cannot be invoked against an application filed under Section 9 of IBC, 2016. This judgement has come in the matter of *Rourkela Steel Syndicate Vs. Metistech Fabricators Pvt. Ltd* wherein the CIRP application of the Operational Creditor was rejected for violating provisions under Section 69 (2) of the Indian Partnership Act, 1932.

Placing reliance on judgement given by Supreme court in *B.K. Educational Services (P) Ltd Vs. Parag Gupta and Associates*, (2019 11 SCC 633), wherein it was held that Section 5 of Limitation Act, 1963 is fully applicable to applications under Section 7 & 9 of IBC. Appellate Tribunal said that since Section 5 of Limitation Act is not applicable to a suit; this indicates that applications under Section 7 & 9 are not a suit. The Appellate Tribunal also observed that the precedence relied by the AA regarding bar of Section 69 (2) is not attracted in the present case since the application under Section 9 cannot be treated as a suit. Accordingly, NCLAT set aside the June 09, 2022, order of the AA and revived the CIRP application filed by the *Rourkela Steel Syndicate*. Furthermore, NCLAT directed the AA to reconsider the application as per the law.

For More Details, Please Visit: <https://www.livelaw.in/news-updates/section-9-ibc-application-not-a-suit-hence-bar-us-692-of-partnership-act-not-attracted-nclat-delhi-221535>

News Roundup

Only AA can Reject or Modify already Admitted Claims: NCLAT

The NCLAT, New Delhi has held that a Liquidator has no power to reject or modify the admitted claims. If required, he can file the application of modification to AA in the event of finding any additional information because Section 38 to 42 of IBC provides for consolidation, verification, rejection of claims and the appeal against the decision of Liquidator. In this matter, Canara bank claimed Rs. 55,90,10,316 which was admitted by AA but at the time of transaction audit process the bank revised its claim to Rs. 12,14,00,229. Accordingly, Liquidator filed an application for reduction in the claim which was rejected by the AA.

For More Details, Please Visit: <https://www.livelaw.in/news-updates/liquidator-has-no-jurisdiction-to-rejectmodify-already-admitted-claims-can-approach-aa-for-modification-nclat-delhi-221714?infinitescroll=1>.

IBC prevails over all Acts Including Income Tax Act, rules Income Tax Appellate Tribunal (ITAT)

The Delhi bench of ITAT, in the case of *ACIT Vs. ABW Infrastructure* has held that IBC has an overriding effect on all other acts including Income tax act as per amended Section 178(6) of the Income tax Act effective from November 01, 2016. The Tribunal observed that in the view of the moratorium period declared by NCLT, all proceedings against Corporate Debtor in any court of law, or tribunal, etc. can't continue. The ITAT granted the assessee and Revenue the right to seek remedial measures in accordance with the law when the moratorium period expires.

For More Details, Please Visit:

<https://www.livelaw.in/news-updates/ibc-overriding-effect-income-tax-act-itat-221940#:~:text=The%20Delhi%20Bench%20of%20the,effective%20from%20November%201%2C%202016.>

Company insolvencies in England and Wales hit 1,671 over the first month of 2023

Compared to the same month last year, more businesses declared bankruptcy in January, according to government statistics. The Insolvency Service reported that 1,671 businesses in England and Wales went bankrupt in the first month of 2023. It was 11% higher than pre-pandemic levels from 2020 and marked an increase of 7% from January 2022. According to experts, the rise indicated that increasing borrowing costs and ongoing high levels of inflation were having a negative impact on firms.

For More Details, Please Visit: <https://www.independent.co.uk/business/company-insolvencies-jump-7-year-on-year-in-january-b2281910.html>.



Companies admitted under Liquidation had values less than 8% of their Outstanding Debt

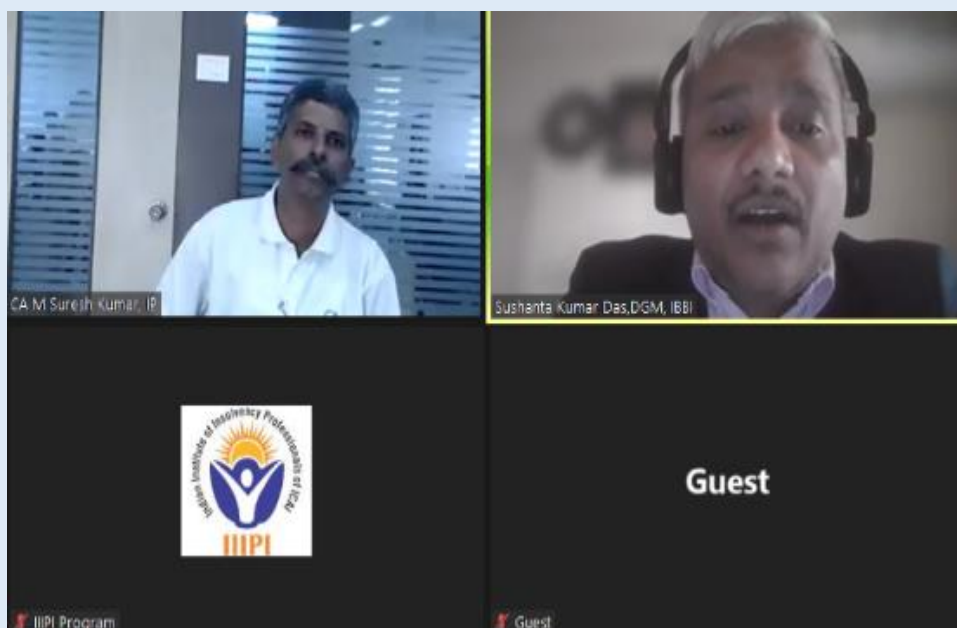
The recent data released by the Insolvency and Bankruptcy Board of India (IBBI) has revealed that till December 2022, liquidation orders were issued against 1901 Corporate Debtors (CDs), out of which 76% were either BIFR (Board of Industrial and Financial Reconstruction) and/ or defunct. These cases had assets which had been valued at less than 8 per cent of the outstanding debt. The erosion of values was one of the main reasons behind haircuts.

According to the data, after slowing in the pandemic period of FY21 and FY22, the number of CIRP cases increased by 25% year-over-years in Q3FY23. However, despite the increase, the number of cases admitted under CIRP continued to be lower compared to earlier quarters in FY19/20. The overall recovery rate in insolvency cases till Q3FY23 was 30.4 per cent implying a haircut of approximately 70 per cent. The distribution of cases across sectors continues to remain broadly similar, compared to earlier periods given the extended resolution timelines.

For More Details, Please Visit:

<https://www.moneylife.in/article/creditors-face-70-percentage-haircut-in-insolvency-cases-report/69901.html>

Event Photograph



Webinar on “Guidance on Individual Insolvency-Best Practices” organized by IIPI on February 17, 2023.

60th Batch of Pre-Registration Educational Course (Online) to start from March 09, 2023

IIPI is scheduled to conduct 60th batch of Pre-Registration Educational Course (PREC) from 9th March to 15th March 2023 using online mode. The last date for fee receipt for this program is 07th March 2023.

As the availability of the seats is limited to 50, the registration for the Course is on a First Come First Serve basis as per priority of receipt of the Course Fee in the designated account.

Interested individuals are requested to register themselves as soon as possible. This Course will be conducted by expert faculties who would share their varied advice and experiences.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2023/02/Mailer-for-60th-Batch-PREC.pdf>