



## INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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

# IIPI Newsletter

### NCLT orders CIRP of RBNL, which runs Big FM

As per the CIRP application filed by IDBI Trusteeship Services on behalf of L&T Investment Management Limited, the Corporate Debtor has failed to clear financial debt of Rs 175 crore. L&T Investment Management Limited had subscribed to NCDs worth Rs 200 crore issued by the Anil Ambani group company in three tranches in 2015 and 2016.

NCLT said that the petitioner has been able to establish the necessary ingredient of there being a financial debt and default having been committed by the Corporate Debtor. This is the latest company from Anil Ambani group to undergo CIRP.

**For More Details, Please Visit:**

<https://www.newindianexpress.com/business/2023/feb/26/reliance-broadcast-to-face-insolvency-proceedings-2551006.html>



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### News Update

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

### It is equally important for the creditors to play a catalytic role in CIRP given the present regime of creditor-driven IBC: NCLAT

“Shifting the entire blame on the IRP on grounds of non-performance of duty and making him the scapegoat does not appear to be justified,” observed NCLAT, New Delhi. “The rigours of similar standards of discipline should also apply on the creditors,” said the Court and directed the Operational Creditor to reimburse a rational amount of fee to the IRP.

These observations were put on record by the NCLAT after it was discovered that CIRP process was hindered due to want of cooperation and participation from the creditors but only IRP was being blamed for all this. The Court further observed that M/s Shri Guru Containers, which as an Operational Creditor had filed CIRP application against the CD, did not seem interested in resolution process. The conduct of the Operational Creditor in the present case is deprecatory in that once the CIRP process had commenced, the Operational Creditor went into a sleeping mode.

It was further noticed by the Court that Operational Creditor has failed to substantiate any lapses or deficiency in the performance of duties by the IRP including the non-constitution of CoC. The Court further noticed that as a substantial portion of the period was hit by the lockdown arising out of the Covid outbreak, the IRP should get a rational amount of fee. Finally, the Court fixed a rational amount of fee and ordered the Operational Creditor to pay the same to IRP

**For More Details, Please Visit:** <https://ibbi.gov.in/uploads/order/769a7073386674318687baf27d57b940.pdf>

## News Roundup

### NCLAT allowed CoC to go for second round of e-auction of Reliance Capital

Allowing the second round of auction, NCLAT held that decision of the CoC taken on January 6, 2023, to undertake an extended challenge mechanism is not violative of Regulation 39(1A) of CIRP. It held that the CoC is fully empowered as per the clauses of RFRP to further negotiate with one or more resolution applicants, even after completion of challenge mechanism dated Dec. 2022. NCLAT also asked the CoC to fix a date after two weeks for holding the revised challenge mechanism. Initially, *Torrent* stood as the highest bidder, but CoC called for second round of auction after a late bid by *IIHL*.

**For More Details, Please Visit:** <https://indianexpress.com/article/cities/mumbai/nclat-clears-second-auction-for-rcap-8476411/>

### IBBI revised format for providing a copy of the application for initiating CIRP against CD

In exercise of the powers under clause (k) of sub-section (1) of Section 196 of the IBC, 2016, IBBI (Board) has revised the format of application to ensure filing of authentic information with the Board and further enable the Board to share information relating to the application for initiation of CIRP with the IU efficiently. The Board has also provided a step-by-step guide for submission of the application. On submission of the application online, the applicant shall get an acknowledgment. The applicants are encouraged to avail of this facility.

**For More Details, Please Visit:**

<https://ibbi.gov.in/uploads/legalframework/a64b05965497a2bfb8334195b4ebd35e.pdf>

### Reduced Consumptions responsible for rise in Swedish Bankruptcy

Sweden has witnessed an increase in the number of bankruptcies by 11% in the month of February this year compared to 2022. According to the credit reference agency UC, retailers and the motor vehicle trade were the hardest hit by defaults last month. "It is still hard to be too optimistic, as more rate increases are expected and inflation isn't slowing at the pace that we would like to see," said UC economist Johanna Blome. The largest Swedish company that filed for bankruptcy in February was air carrier Air Leap, with annual sales of 278 million kronor (\$27 million).

**For More Details, Please Visit:** <https://www.bnnbloomberg.ca/swedish-bankruptcies-rise-as-lower-consumption-hits-retailers-1.1889601>



### IBBI gets exemption from Income Tax

The Central Government has provided exemption to the Insolvency and Bankruptcy Board of India (IBBI) from income tax on all its earnings from FY2022-23 to FY 2026-27. Through a Gazette Notification dated March 01, 2023, the Government in exercise of the powers conferred by clause (46) of Section 10 of the Income-tax Act, 1961 (43 of 1961) has provided exemptions in respect of the following specified income arising to IBBI, namely:

- (a) Grants-in-aid received from Central Government;
- (b) Fees received under the Insolvency and Bankruptcy Code, 2016 (31 of 2016);
- (c) Fines collected under the Insolvency and Bankruptcy Code, 2016 (31 of 2016); and
- (d) Interest income accrued on (a), (b) and (c) above.

However, this exemption has been provided on the conditions that IBBI (a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

**For More Details, Please Visit:** <https://ibbi.gov.in/uploads/whatsnew/0627728c1f2f5264f87b6dbbf8fc53e8.pdf>

## Event Photograph



Webinar on "Evolving Jurisprudence under IBC-Recent Judgements"  
conducted by IIPI on March 03, 2023



## IIPI's upcoming Webinars in March 2023

IIPI has scheduled three more Webinars in the ensuing month of March 2023. The first among them titled "Value Maximization Strategies under IBC" will be conducted from 4.00 PM to 6.00 PM on Friday, March 10, 2023.

On March 17, 2023, Webinar titled "Common Issues under Monitoring/ Inspection & Peer Review" is scheduled to be conducted from 4.00 pm to 06.00 pm. There is no fee for this Webinar.

The third Webinar titled "Allied Legislations around IBC- Knowhow For IPs" will be conducted from 4.00 PM to 6.00 PM on Friday March 24, 2023. All the three Webinars will have CPE credit of 1 hour.

**For More Details, Please Visit:**

<https://www.iiipicai.in/wp-content/uploads/2023/02/March-webinars-1.pdf>