



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

Go First's petition for bankruptcy admitted by NCLT

The principal bench of the National Company Law Tribunal (NCLT) admitted Go First's plea for initiating insolvency. The airline had filed for insolvency on 02nd May 2023, citing ₹10,800 crore losses in revenues and additional expenses due to faulty engines supplied by Pratt & Whitney.

The board and the management of the airline have been suspended, and are directed to extend all necessary support and cooperation to the RP and his team.

Go First had borrowed more than ₹6,500 crore from several banks including Central Bank of India, Bank of Baroda and IDBI Bank.

For More Details, Please Visit: <https://www.livemint.com/companies/news/nclt-admits-go-first-bankruptcy-petition-11683743223056.html>



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**For Internal Circulation Only*

**Knowledge SBU Initiative*

In the interest of home buyers, Supreme Court turned down creditors' plea to bring entire Supertech group under CIRP

The Supreme Court, while observing that it will cause "immense hardship" and "uncertainty" to the home buyers if all the projects of real estate giant Supertech are brought within the insolvency proceedings, allowed Corporate Insolvency Resolution Process (CIRP) of its only one project - Ecovillage 2 in Greater Noida West, in its interim order.

Providing relief to the thousands of home buyers who bought flats in other projects of the Supertech, the Supreme Court rejected the plea of financial creditors to constitute CoC for the entire group, as ordered by NCLAT. The bench observed that the other projects are being continued by the Interim Resolution Professional (IRP) and efforts are being made for infusion of funds with the active assistance of the ex-management but without creating any additional right in the ex-management.

Th creditors--Union Bank of India and Indiabulls Asset and Reconstruction Company Ltd---contended that the Appellate Tribunal did not have powers under IBC to allow project-wise CIRP, and to accept a resolution plan presented by the promoter without giving opportunity to the CoC. The Apex Court held that Appellate Tribunal order would continue to operate subject to the final orders to be passed by the court and also directed that with regard to Eco Village -II project any process beyond voting on the resolution plan should not be undertaken without specific orders from it.

For More Details, Please Visit: <https://timesofindia.indiatimes.com/india/sc-turns-down-plea-to-bring-entire-supertech-group-under-insolvency-proceedings/articleshow/100168111.cms?from=mdr>

News Roundup

No modified resolution plan, carrying however minor modification/revision, can be placed directly before AA: SC

The Supreme Court has held that if the modified resolution plan, carrying however minor modification/revision, is not finally approved by CoC, then presentation of such modified plan before the Adjudicating Authority for approval is an incurable material irregularity. “There can be no assumption that the CoC would have approved the plan in all possibilities and it’s uncertain that no other aspect would have arisen for consideration by the CoC,” said the Court while adjudicating an appeal filed in *M.K. Rajagopalan Vs Dr. Periasamy Palani Gounder & Anr.* The Court also ruled out concept of post facto approval by the CoC.

For More Details, Please Visit: <https://www.livelaw.in/supreme-court/supreme-court-resolution-plan-approval-ibc-coc-approval-process-228663>

Government likely to consider a new legal framework to put IBC cases on Fast Track

The government is reportedly considering a creditor-led insolvency resolution mechanism under the bankruptcy law to fast-track settlement and eases the burden on the NCLT. Under this mechanism, creditors and debtors can reach an informal agreement to resolve a bankruptcy case and then approach the NCLT to quickly admit cases. IBBI has reportedly set up a panel comprising its whole-time member, senior bankers, and former central bank official and insolvency expert to firm up a ‘regulatory approach’.

For More Details, Please Visit: <https://vervetimes.com/ibc-government-mulls-new-framework-to-put-ibc-cases-on-fast-track/>

Financial Challenges forces Romanian Companies to restructure their Business

A total of 1,644 companies in Romania went insolvent in the first quarter of 2023 (Q1), a number similar to the one in Q1 2022, when 1,610 insolvent companies were registered. Of the companies that went into insolvency, 23 are impactful companies, totaling over 1,950 employees, fixed assets worth over RON 589 million (EUR 120 mln) and a total turnover of RON 805 million (EUR 163 mln), according to an analysis by CITR, the insolvency and restructuring market leader in Romania. Globally, companies received various forms of support from governments, such as tax facilities, but these have mainly led to the accrual of additional debt, therefore, the companies' issues were not solved but merely postponed.

For More Details, Please Visit: <https://www.romania-insider.com/citr-romanian-companies-restructuring-financial-challenges>



McLeod, India's largest tea producer, may avoid insolvency proceedings with out-of-court Settlement

Bulk tea producer, McLeod Russel India Ltd and financial services firm IL&FS group, are engaged in negotiations for an out-of-court settlement.

IL&FS Infrastructure Debt Fund (IIDF), part of the IL&FS group and a financial creditor of McLeod, had applied for initiating insolvency proceedings against the McLeod after its default in payment of ₹347.4 crore.

According to media reports, the parties may agree on repayment of about 60 per cent of the outstanding amount in a combination of cash and assets.

McLeod Russel is already exploring options with the city-based Carbon Resources for a one-time settlement of its debt to lenders estimated to be around ₹1,600 crore.

For More Details, Please Visit: <https://economictimes.indiatimes.com/industry/banking/finance/mcleod-russel-ilfs-out-of-court-settlement-may-lead-to-60pc-recovery/articleshow/100138929.cms?from=mdr>

Event Photographs



Webinar on “Case Studies on Successful CIRPs” conducted by IIIPI on May 12, 2023.



FCs’ recovery from defaulters surged to 36% of admitted claims in FY 23

According to the latest data released by IBBI, Financial Creditors' recovery from defaulters has surged to 36% of admitted claims in FY23 from 23% in the previous fiscal and 17% in FY21, as National Company Law Tribunals (NCLTs) increased sittings with the easing of the Covid-19 pandemic and bidders raised offers amid improving economic prospects.

The data further showed that out of the total admitted claims of ₹1.42 lakh crore, creditors realised ₹51,425 crore in FY23, compared to ₹49,208 crore realised from admitted claims of ₹2.14 lakh crore a year ago.

For More Details, Please Visit: -
<https://economictimes.indiatimes.com/industry/banking/finance/creditors-recovery-via-ibc-surges-to-36-of-admitted-claims-in-fy23/articleshow/100234383.cms>