



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

Insolvency Bill likely to be tabled in Monsoon Session

The proposed Amendments to the IBC are reportedly related to expedite the resolution process and prevent erosion of stressed asset value, extending PPIRP for certain category of corporate debtors, and a special insolvency regime for real estate sector etc.

According to media reports, the Monsoon session of Parliament is scheduled from July 17 to August 11, 2023.

Besides, National Financial Information Registry (NFIR) Bill, which aims to create a comprehensive information system for lending institutions, facilitating faster credit processes, and reducing costs, may also be in agenda.

For More Details, Please Visit:

<https://www.financialexpress.com/india-news/insolvency-and-data-protection-bills-on-monsoon-session-agenda/3140266/>



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**For Internal Circulation Only*

**Knowledge SBU Initiative*

Compounding of interest is the factor pulling down the recovery ratio rather than the recovery of principal: Report

Based on the analysis of some resolved cases and response of banking experts, *The Economic Times* has reported that the addition of penal interest and other charges in stressed accounts have brought down recovery ratios even though recovery of the principal amount has been high.

In the case of Bhushan Power and Steel, which was part of 12 Big Accounts sent by the RBI for CIRP under IBC, 2016, the interest was more than double of the principal amount that was due. It is estimated that out of the dues of ₹47,158 crore, less than half or about ₹20,000 crore were the principal dues. The total claims by financial creditors in any account also include penal interest and other dues which inflate the outstanding, said the report. Quoting a banking expert, it says, the recovery calculation is very different in the case of one-time settlement where the settlement is done on the basis of outstanding principal dues and interest is not taken into account. Another expert opines, banks take into account all dues so with penal interest, bank guarantee dues are also added. In infrastructure cases it also includes interest during construction which are exempted from payment but taken as due in case of a default. In the recently concluded resolution of JBF Petrochemicals, the banks recovered about 50% of their principal amount but in comparison to the total dues they suffered a haircut of 64%.

For More Details, Please Visit: <https://economictimes.indiatimes.com/markets/stocks/news/interest-compounding-pulling-down-recovery-in-ibc-cases/articleshow/101119215.cms?from=mdr>

News Roundup

IBBI reiterates to attach record of default by IU along with CIRP Application under Section 7 or Section 9 of IBC

As per the Circular issued by IBBI dated June 16, 2023, creditors filing applications u/s 7 or 9 of the IBC must attach the record of default issued by the IU's. Earlier, IBBI vide Notification No. IBBI/2022-23/GN/REG085, dated June 14, 2022 inserted sub-regulation (1A) of the Regulation 20 in IBBI (Information Utilities) Regulations, 2017 to mandate the Information Utility to process the financial information and issue the record of default to the creditor(s) so as to facilitate the creditors to attach the same with their insolvency applications under section 7 or 9 of IBC. The present Circular has been issued in pursuance to a recent order of the Hon'ble NCLT dated April 03, 2023, wherein all the applicants filing applications u/s Sections 7 or 9 of the IBC have been advised to comply with the above regulation and to produce the record of default issued by Information Utility for effecting hearing of their cases.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/869ab3ace9faf80feea5b7bf468142cd.pdf>

CIRP initiated for Anil Ambani led Reliance Innoventures

NCLT has admitted CIRP application against Reliance Innoventures filed by JC Flowers, a financing company based in New York. In fact, JC Flowers ARC had bought Yes Bank's ₹48,000 crore bad loan portfolio in December 2022 and according to court documents, these loans also include about ₹100 crore loans given by the bank to Reliance Innoventures in 2015 and 2017. However, Reliance Innoventures argues that the value of shares held as collateral in four other group companies is sufficient to repay the loan, but the Court relied on existing default.

For More Details, Please Visit: <https://www.money9.com/news/corporate/another-anil-ambani-co-goes-into-insolvency-111035.html>

Germany's major automotive supplier enters into Insolvency

German automotive supplier Allgaier, known for its clientele including Porsche, has reportedly filed for insolvency. The company, which was acquired by Chinese investor Westron Group in July 2022, specializes in supplying sheet metal parts to major car manufacturers and also operates in toolmaking and process engineering. In July 2022, China's Westron Group acquired Allgaier, bringing with it fresh equity capital, after a restructuring starting in 2020 had put it back in the black operationally. However, by the end of 2022, it had missed sales expectations.

For More Details, Please Visit: <https://www.reuters.com/business/autos-transportation/german-automotive-supplier-allgaier-files-insolvency-2023-06-21/>

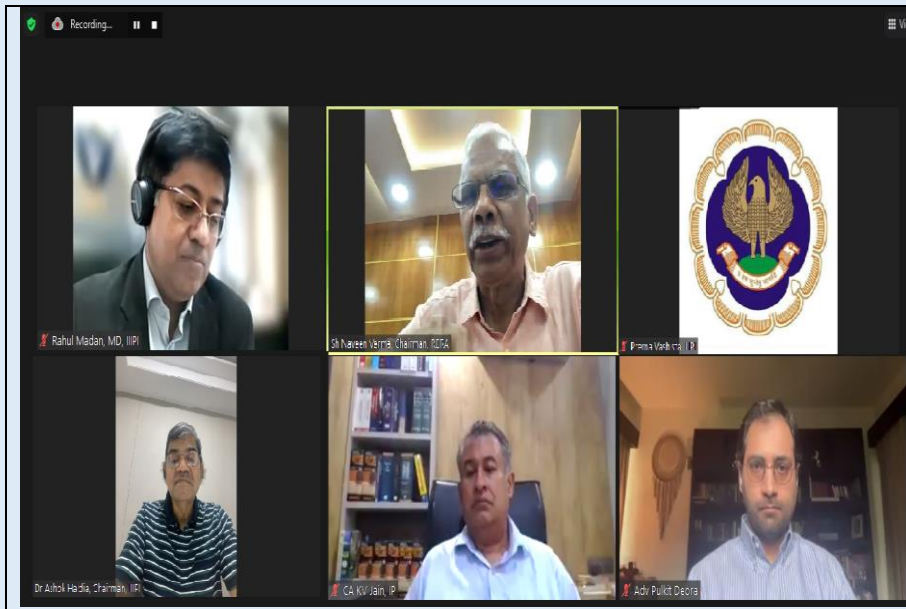


Chairman, RERA-Bihar emphasized the urgent need for coordination among IBC and RERA Mechanisms

Shri Naveen Verma, Chairman, RERA (State of Bihar) has emphasized that the need for legal frameworks across IBC and RERA to work together amidst challenges faced by ecosystem to resolve stress in real-estate sector. Shri Verma was addressing the Virtual conference on 'Real Estate CIRPs – Challenges & Solutions' as the Guest of Honour organized by Indian Institute of Insolvency Professionals of ICAI (IIPI) in New Delhi on June 23, 2023.

“The law has been settled to allow co-existence of IBC and RERA, both being specific laws. As IBC has been enacted late in time and shall prevail in case of any conflict between the two laws”, he said. Dr. Ashok Haldia, Chairman, IIPI's Board said, “In any real-estate stress, house owners suffer the most and they should be made aware of their rights under IBC and RERA”. The Inaugural Session was followed by a technical deliberation by expert panellists, CA K V Jain, Insolvency Professional and Adv. Pulkit Deora.

Event Photograph



IIIPI conducted Webinar on “Real Estate CIRP’s – Challenges & Solution” on June 23, 2023.

IIIPI to conduct 8th EDP on Mastering Legal Skills, Pleadings and Court Processes under IBC for IP’s from July 26

The “8th Executive Development Program (For IPs) Mastering Legal Skills, Pleadings and Court Processes under IBC” will be conducted for four days from 26th to 29th July 2023 and will comprise 24 hours. The participants will be eligible for 14 hours of CPE credit. The highlights of the program include – Knowhow of Legal Drafting & Pleadings, Filing Petitions & Applications under IBC, Deciphering Landmark Judgements, Appearing Before the Adjudicating Authorities, Moot Courts Before Hon’ble NCLT/NCLATs. Candidates can register till 4 pm on 25th July 2023.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2023/06/8th-EDP-Legal-26-29-July-2023-1.pdf>