



## INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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

# IIPI Newsletter

### NCLT allows Go First to resume operations, rejects plea to restrain aircraft use

In a favorable ruling for Go First, The NCLT refused to restrain the airline from operating or flying aircraft. The NCLT stated that as long as the aircraft and engines are registered and within safety norms prescribed by the regulator, they can be used for operations.

The NCLT rejected the plea of lessors who sought to prevent Go First from using the aircraft they owned for commercial purposes and emphasized that in order to keep Go First as a going concern, the aircraft leased to it must be flown.

#### **For More Details, Please Visit:**

<https://www.businesstoday.in/industry/aviation/story/big-relief-for-go-first-nclt-refuses-to-restrain-airline-from-using-aircrafts-leased-to-it-391431-2023-07-27>



### News Update

#### **There should be no differentiation in payment among Operational Creditors of the same class- NCLAT**

The NCLAT heard an appeal filed by Akashganga Processors Pvt. Ltd. against the rejection of their resolution plan by the Adjudicating Authority under the IBC: The Resolution Professional's plan was rejected, citing violations of Section 30(2)(e) and (f) of the I&B Code. Akashganga Processors argued that the Operational Creditor, who received no allocation in the plan, did not object and thus, could not be considered aggrieved. They also defended payments made to Gujarat Industrial Development Corporation (GIDC) and Surat Municipal Corporation, which were vital for the Corporate Debtor's continuity. Supporting the appellant's stance, the Resolution Professional's counsel asserted that the resolution plan adhered to the regulations, and the payments made were in line with the Section 53 waterfall mechanism, prioritizing creditor payments. However, a dissenting Financial Creditor opposed the appellant's arguments, advocating for no discrimination in payment among Operational Creditors.

After careful consideration of all submissions, the NCLAT acknowledged differential payment between Financial and Operational Creditors, but it emphasized that there should be no discrimination among Operational Creditors themselves. In this case, while the claims of two Operational Creditors, State Tax, Government of Gujarat, and Central Excise, Government of India, were admitted, the Resolution Plan allocated no amount to one Operational Creditor but made payments to the other two. The NCLAT held that there couldn't be discrimination in payment among Operational Creditors within the same class.

**For More Details, Please Visit:** <https://ibbi.gov.in/uploads/order/2f72d4f861acbe397871823af096ff4c.pdf>

**July 31, 2023**

**Volume 08, Number 31**

### CONTENTS

**News Update**  
**News Roundup**  
**Upcoming Event**  
**Event Photograph**

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

## News Roundup

### ARCIL to collaborate with strategic investor for empowering India's stressed Companies

The Asset Reconstruction Company (India) Ltd (ARCIL) plans to team up with strategic investors specializing in steel, roads, and power sectors to jointly submit resolution plans for stressed companies under the IBC. ARCIL will become a RA under IBC only if there is a potential for revival and a strategic investor interested in acquisition. The collaboration aims to bring financial resources and expertise to efficiently manage stressed companies. This partnership becomes crucial due to increased capital requirements for ARCs in cash deals. As of March-end 2023, assets under management of ARCs are estimated to be Rs.1.19 lakh crore.

**For More Details, Please Visit:** <https://www.thehindubusinessline.com/money-and-banking/arcil-to-empanel-strategic-investors-to-bid-for-stressed-assets-under-ibc/article67126792.ece>

### NCLAT allows reverse CIRP for the Belvedere Project with Conditions

The NCLAT has approved a reverse CIRP for The Belvedere Housing project in Sector 79, Noida under Sequel Buildcon Pvt Ltd. The project faced delays, leading buyers to seek resolution through NCLT in 2021. On July 25, 2023, the NCLAT reversed the insolvency proceedings with conditions: Phase I to be completed by Jan 2025, Phase II by Jan 2026, and interim finance of Rs 75 crore arranged. The developer must deposit Rs 20 crore in the RERA-approved account and comply with the agreement under IRP supervision. The Belvedere Welfare Association hopes this will set a precedent for resolving similar disputes

**For More Details, Please Visit:** <https://timesofindia.indiatimes.com/city/noida/builder-agrees-to-finish-housing-project-insolvency-relief-for-now/articleshow/102259719.cms?from=mdr>

### Switzerland faces surge in Company Insolvencies

In Switzerland, company insolvencies have surged by 22% in the first half of the year compared to the same period in 2021. Research conducted by Dunn & Bradstreet reveals that 581 construction firms went bankrupt out of a total of 2,822 companies across all sectors. The financial and service sectors witnessed a significant rise in bankruptcies, with a 31% increase in businesses going bust. Additionally, there was a 30% increase in hotel and restaurant closures. The rise in bankruptcies cut across major sectors, signaling challenging economic conditions. Due to uncertainties and higher interest rates making bank loans more expensive, resulting new start-up rates have declined compared to the previous year.

**For More Details, Please Visit:** <https://www.swissinfo.ch/eng/business/swiss-company-bankruptcies-skyrocket/48690062>



### SBI files insolvency plea against PC Jeweller as financial troubles mount

State Bank of India has filed an insolvency plea against PC Jeweller Limited at the NCLT Delhi. The plea was scheduled for hearing on July 26 but has been adjourned to the first week of August for further proceedings. PC Jeweller encountered financial troubles in February 2023 when banks decided to recall loans amounting to Rs 3,466 crore due to loan defaults. The company had borrowed money from 14 banks, including SBI, Indian Bank, Union Bank, and Punjab National Bank, with the largest outstanding amounts owed to SBI, Union Bank of India, Punjab National Bank, and Indian Bank.

In addition to the insolvency plea, PC Jeweller has faced scrutiny from the Securities Exchange Board of India (SEBI) over insider trading allegations. SEBI sought clarification from the company on its price movement in the market after its shares experienced a significant drop during a trading session. **For More Details, Please Visit:** <https://www.moneycontrol.com/news/trends/legal/sbi-moves-insolvency-plea-against-pc-jeweller-11034931.html>

## Event Photograph



*Webinar on 'Evolving Jurisprudence under IBC- Recent Case Laws' organized by IIPI on July 28, 2023.*

### IIPI has planned four Webinars in August 2023

IIPI has scheduled four Webinars in the month of August. Each Webinar will be conducted from 3.00 pm to 6.00 pm on the scheduled date and will have CPE 2 hours of credit. The first Webinar titled "Usage of Technology by IPs" has been scheduled on 04th August while the 2nd Webinar titled "Case Studies-CIRP and Liquidation" will be conducted on 11th August 2023. The 3rd Webinar on "Development of Distressed Asset Market" will be conducted on 18th August and the 4th Webinar on "Common Issues under Monitoring & Inspection" will be held on 25<sup>th</sup> of August.

**For More Details, Please Visit:**

<https://www.iiipicai.in/wp-content/uploads/2023/07/August-webinars-1.pdf>