



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

Government Unveils Plan for Integrated Debt Resolution IT System

The government is set to unveil a common IT backbone linking stakeholders like NCLT, IBBI, lenders, and distressed businesses for more effective debt resolution. National E-Governance Services Ltd (NeSL) will also be part of this initiative.

The project, likely announced in Union Budget 2024, aims to reduce information gaps among agencies, enhance case monitoring under the Insolvency and Bankruptcy Code (IBC), and simplify business processes for insolvency practitioners. Pending approvals, the next step involves inviting bids for the construction of the integrated IT platform.

For More Details, Please Visit:

<https://www.magzter.com/stories/newspaper/Mint-Mumbai/TECH-BACKBONE-SOON-TO-CONNECT-IBC-ENTITIES-QUICKEN-RESOLUTION>



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**For Internal Circulation Only*

**Knowledge SBU Initiative*

Supreme Court: Insolvency Set-Off Inapplicable in CIRP, Emphasizes Smooth Resolution Process under IBC

The Supreme Court has unequivocally declared that statutory set-off or insolvency set-off does not find application in the CIRP under the Insolvency and Bankruptcy Code. In a landmark ruling, the court, presided over by Justices Sanjiv Khanna and SVN Bhatti, underscored the imperative to disallow or restrict set-off obligations arising after the initiation of CIRP. The decision was prompted by an appeal from Airtel entities, which the court dismissed. Emphasizing the holistic nature of the Insolvency and Bankruptcy Code (IBC), the court rejected arguments anchored in Sections 30(2)(b)(ii) and 53, clarifying that insolvency set-off is neither automatic nor self-executing under the IBC. The court drew upon the UNCITRAL Legislative Guide to differentiate between set-off obligations maturing pre and post the commencement of insolvency proceedings.

The ruling also addressed critical aspects concerning the corporate debtor's assets and the relevance of Section 14 of the IBC. In providing comprehensive guidance on the interpretation and application of insolvency laws, the Supreme Court's decision solidifies the framework for insolvency resolution, emphasizing the need for a streamlined and efficient process. This verdict assumes significance in shaping the landscape of corporate insolvency proceedings, offering clarity on the treatment of set-off obligations and reinforcing the IBC as an exhaustive legal code governing insolvency matters.

For More Details, Please Visit: <https://lawbeat.in/supreme-court-judgments/ibc-cirp-not-recognize-insolvency-set-off-supreme-court>

News Roundup

NCLAT Rejects NCLT's Rushed Liquidation Call for SARE Realty Projects

NCLAT overturned an NCLT order, criticizing its "error in approach" for recommending SARE Realty Projects' liquidation without exploring buyers. The NCLT's show cause notice, citing "malicious intent," prompted a challenge by four lenders. NCLAT rejected the order, highlighting the CoC's undisputed 88.48% vote for liquidation after five meetings.

It reiterated a previous ruling that with 66% CoC approval, direct liquidation can proceed without additional resolution steps, a position upheld by the Supreme Court. Section 65 of the IBC deals with fraudulent initiation, imposing fines up to ₹1 crore.

For More Details, Please Visit: https://www.business-standard.com/companies/news/nclat-sets-aside-notice-against-lenders-over-liquidation-without-bids-124011700879_1.html

Indian Bank Joins Legal Action Against Mumbai Metro One for Loan Defaults

Indian Bank has initiated legal proceedings against Mumbai Metro One Private Limited (MMOPL) under section 7 of the Insolvency and Bankruptcy Code (IBC) for loan defaults. The joint venture of Reliance Infrastructure Ltd and Mumbai Metropolitan Regional Development Authority (MMRDA) faces similar actions from IDBI Bank and State Bank of India. The total principal debt of the consortium in MMOPL is ₹ 1,711 crore. SBI filed a case under CIRP in August 2022, seeking recovery of about ₹416.08 crore. Indian Bank, as part of a 6-lender consortium, has now joined the legal action against MMOPL.

For More Details, Please Visit: <https://www.moneycontrol.com/news/business/indian-bank-files-case-against-mumbai-metro-in-bankruptcy-court-12065961.html>

Elbtower Insolvency Adds to Signa's Property Empire Woes

Signa's Elbtower project in Hamburg is in jeopardy as the developer files for insolvency, contributing to challenges in restructuring René Benko's property empire. The broader issues include disruptions in major units, with the Elbtower project reflecting financial struggles and higher construction costs. Hamburg plans to take over the project, while other locations, such as Munich's Alte Akademie and Düsseldorf's Carsh Haus, also face insolvency. Signa's holding companies, Signa Prime and Signa Development, require creditor approval for a restructuring plan by March, offering a 30% payout within two years.

For More Details, Please Visit: <https://www.bnnbloomberg.ca/signa-s-elbtower-project-filed-for-insolvency-hamburg-says-1.2024035>.

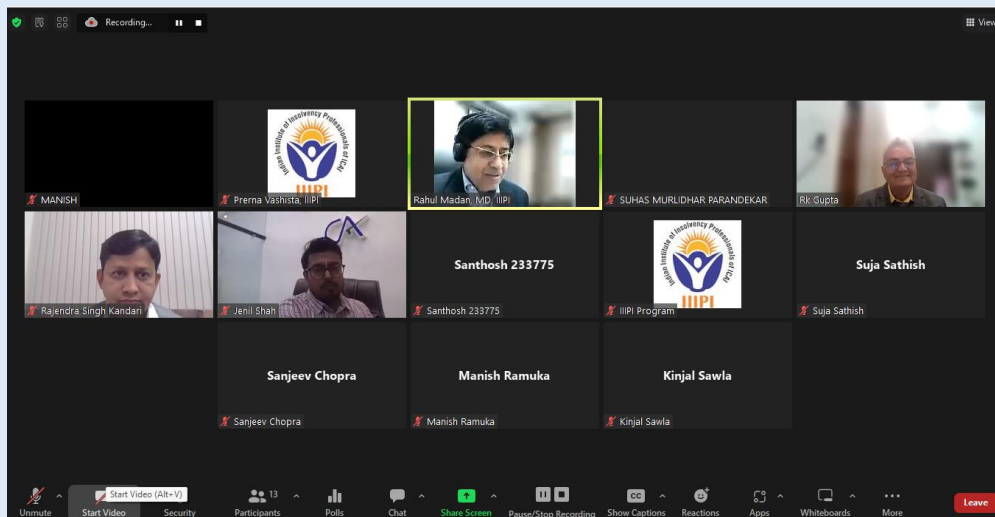


Government Eyes Two-Month Moratorium on Aircraft Repossession in Bankrupt Airlines

Government Mulls Two-Month Moratorium to Prevent Aircraft Repossession in Bankrupt Airlines. In October, the Ministry of Corporate Affairs exempted aircraft from the insolvency law's moratorium, citing the Cape Town convention. Pending the Cape Town Convention Bill, a proposed two-month moratorium aims to address concerns over immediate lessor repossession in insolvent airlines.

The issue gained attention post Go First's May bankruptcy, currently under Delhi High Court review. Experts, including ex-insolvency regulator MS Sahoo, highlight the lack of an effective moratorium post-October, pending Cape Town provision implementation. The exemption aims to facilitate Cape Town Convention adoption, preventing immediate repossession and addressing civil aviation ministry concerns about increased leasing costs during IBC moratoriums. **For More Details, Please Visit:** https://www.business-standard.com/industry/news/government-may-implement-2-month-asset-freeze-of-airlines-under-insolvency-123122000361_1.html

EVENT PHOTOGRAPH



IIPAI conducted 18th Batch of Limited Insolvency Prep. Training Program.

IIPAI's 18th Executive Development Program starts from 6th February

The 18th Executive Development Program, "Managing Corporate Debtor as Going Concern under CIRP (For IPs)," is scheduled from 6th to 10th February 2024. The program, spanning 30 hours over 5 days, requires a registration fee of 7500/- plus GST. The last date for registration is 5th February. Candidates can earn 20 CPE hours. Interested candidates can register one day before the program starts.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2024/01/18th-EDP-CD-6th-Feb-2024.pdf>