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IIPI Newsletter



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NCLT grants 60 days extension to Go First's insolvency

This extension of 60 days to Go First has been granted as per the Supreme Court judgment in the Essar Steel case, wherein extensions were allowed under exceptional circumstances.

As per the IBC, insolvency proceedings should be completed within 180 days, extendable to 270 days. However, it must be concluded within 330 days, including all extensions and legal proceedings. Earlier, on November 06, 2023, the NCLT had approved a 90-day extension with a deadline of February 04. Presently three potential bidders namely Safrik, Sky One, and SpiceJet Ltd., have expressed interest in resolution of the Go First.

For More Details, Please Visit:
<https://www.ndtvprofit.com/law-and-policy/go-first-gets-another-60-days-to-complete-insolvency-process>

News Update

**For Internal Circulation Only*
**Knowledge SBU Initiative*

Resolution Plan submitted by IIHL for Reliance Capital is not in line with insurance regulations: IRDAI

Insurance Regulatory and Development Authority of India (IRDAI) in a recent communication to the administrator of Reliance Capital, the Corporate Debtor (CD), has reportedly said that the Resolution Plan submitted by IndusInd International Holdings' (IIHL) is not in line with insurance regulations. Hinduja Group's IIHL, which is the SRA for Reliance Capital, is in the insurance business, including non-life.

According to media reports, the regulator has sought clarification regarding equity capital that IIHL is willing to put in. Furthermore, IRDAI has expressed reservations about debt that IIHL plans to raise the fund for Reliance Capital takeover, said the media report. The IRDAI is of the opinion that promoters should invest their own capital as insurance companies deal with the money of policyholders and, as a regulator protection of policyholders is the top priority. It has also sought clarifications on the structure of the IIHL's borrowing plans, including the rate of interest, the instruments to be issued and the proposed subscribers etc. Besides, the IRDAI has sought proposed structure for the acquisition of Reliance Capital's insurance subsidiaries and IIHL's ability to meet future capital requirements of insurance ventures. "In other words, Reliance Capital Ltd will have 100% FDI. Please confirm if the same is permissible as per extant FDI law," reads the communication. The NCLT on February 27, 2024, approved Hinduja Group firm IIHL's ₹9,650-crore Resolution Plan for Reliance Capital.

For More Details, Please Visit: <https://economictimes.indiatimes.com/industry/banking/finance/irdai-raises-concern-over-hinduja-group-led-iihl-bid-for-reliance-capital/articleshow/109106122.cms?from=mdr>

Hope you find this update helpful. Suggestions if any, may be mailed to iiipi.pub@icai.in

News Roundup

NCLAT rejects Homebuyers' plea for CIRP of Ansal Hi-tech Township as they belong to different projects

The homebuyers argued that the agreement with the developer terms 'Sushant Megapolis' as one complete 'Project' in Greater Noida and was signed much before the RERA came into force. It was further submitted that 1,500-acre project 'Sushant Megapolis' comprises plots, built-up plots, raw houses/flats/floors, high-rise apartments, under various allocated sites within the project. The Appellate Tribunal observed that under the IBC, flat allottees, which are financial creditors, seeking insolvency against a real estate project; need to file a plea jointly with not less than one hundred of such allottees under the same project or with not less than ten per cent of the total number of such allottees, whichever is less. If a real estate project is to be developed into phases every such phase shall be considered a standalone real estate project, and the promoter shall register each phase under RERA as a separate project.

For More Details, Please Visit:

https://www.business-standard.com/companies/news/nclat-scraps-homebuyer's-plea-for-insolvency-against-ansal-hi-tech-township-124040101140_1.html

NCLT orders insolvency of BGR Energy Systems Ltd.

NCLT Amaravti Bench has admitted the CIRP petition filed against BGR Energy Systems Ltd. (BGR) by company's Operational Creditor - RDC Concrete India Private Ltd., on an alleged default of ₹7.20 crore. Earlier this year, Tamil Nadu Transmission Corporation Limited terminated a ₹224.29 crore contract awarded to BGR for establishment of 400/230-110 kv Air Insulated Substation in Coimbatore, citing poor progress of work as the reason. Last year, BGR in a stock exchange announcement revealed that it had received communication from three of its bankers that the company's accounts have been downgraded as NPAs.

For More Details, Please Visit:

<https://www.thehindu.com/news/national/tamil-nadu/nclt-admits-insolvency-petition-against-bgr-energy-systems/article68035931.ece>

Insolvencies of retailers in UK has increased by 19%

According to a report by Mazars, an international audit, tax and advisory firm, the number of insolvencies of retailers has increased 19% in the past year to 2,195 in 2023/24 (year-end January 31), up from 1,843 in 2022/23. The high-profile retail insolvencies include The Body Shop in February, as well as fashion brand Ted Baker and online luxury fashion retailers MatchesFashion and Farfetch. According to the report, many retailers have been hit by a combination of increased costs and cautious household spending among consumers.

For More Details, Please Visit: <https://www.accountancyage.com/2024/04/08/number-of-retailers-going-insolvent-19-to-breach-2000/>



NCLAT asks NHAI not to terminate the concession agreement of an IL&FS group entity during the Resolution Process

The Appellate Tribunal observed that the resolution of Baleshwar Kharagpur Expressway Ltd (BKEL), an SPV set up by IL&FS Transportation Networks Limited (ITNL), "is in final stages" and any termination at this stage would "further complicate" the process. It also observed that the CIRP of BKEL, which is for the development of a road project in Baleshwar-Kharagpur Section of NH-60, is as per the framework approved by Appellate Tribunal for recovery of debts of crisis-hit IL&FS Group and its entities.

NCLAT said that when an entity is to be resolved as per the resolution framework, payments to all creditors/ claimants including the lenders have to be as per the resolution process. "We further direct that the applicant as well as respondents to take appropriate measures for final resolution of the entity," said NCLAT.

For More Details, Please Visit:

<https://www.moneycontrol.com/news/business/companies/nclat-directs-nhai-not-to-terminate-concession-agreement-of-ifs-group-entity-12576791.html>

EVENT PHOTOGRAPH



Webinar on "Best practices - Liquidation & Voluntary Liquidation" organized by IIIPI on April 05, 2024.

Former SC judge to be the Chief Guest in IIIPI's International Conference on April 13

Justice Shri S. J. Mukhopadhaya, Former Judge, the Supreme Court of India & Former Chairperson NCLAT will be the Chief Guest in the International Conference on "Cross-Border and Group Insolvency in India: Challenges and Opportunities" organized by IIIPI jointly with the FCDO-UK, IBBI, and ICAI from 10 AM to 5 PM on 13th April in New Delhi.

Shri A. K. Bhardwaj, Hon'ble Member (Judicial)-NCLT; Shri Sudhaker Shukla, WTM-IBBI; Shri Anand Kumar, Chairman- Delhi RERA, Mr. Simon Whiting, The Insolvency Service, UK; CA. G. C. Misra Chairman, I & VSB of ICAI; will be among the dignitaries.

For More Details, Please Visit:

<https://www.iitpicai.in/wp-content/uploads/2024/04/13th-april-2024-conf-flyer-1.pdf>