



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

Whether exemption to airlines is retrospective: NCLT asks MCA

The National Company Law Tribunal (NCLT) has reportedly asked the Ministry of Corporate Affairs (MCA) for its views on whether the exemption from the moratorium granted to all transactions related to aircraft and their engines under the Insolvency and Bankruptcy Code (IBC) is retrospective in nature. The NCLT has sought MCA's perspective regarding a plea filed by a lessor in the Go First airlines' insolvency case to reclaim its assets, citing the MCA notification of October 3, 2023.

For More Details, Please Visit: https://www.business-standard.com/industry/news/nclt-seeks-mca-s-views-on-moratorium-exemption-to-aircraft-lessors-in-ibc-124042300804_1.html



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**For Internal Circulation Only*

**Knowledge SBU Initiative*

RP must Give Notice to Suspended Members of the Board of Directors for every CoC meeting: High Court

The Karnataka High Court has quashed the Resolution Plan for Associate Décor Limited and remitted back it to the Committee of Creditors (CoC) on a petition filed by the promoter alleging procedural irregularities, including inadequate notice for meetings and unfair rejection of their settlement proposals.

“It is important that the Resolution Professional has to give notice of each and every meeting of the Committee of Creditors to the suspended members of the Board of Directors also,” said the High Court. It further observed, “The notice that is given in the case at hand is only for the sake of giving notice. It is not in compliance with law. Therefore, the Resolution Professional has been in mortal hurry to conclude the proceedings without adhering to the rigour of the Code and the Regulations,” said the High Court. Associate Décor Limited, the Corporate Debtor (CD) was admitted for Corporate Insolvency Resolution Process (CIRP) due to the financial crisis leading to default in debts of Punjab National Bank and other banks. However, the promoter was in talks with creditors for loan restructuring. Meanwhile, CoC moved ahead for resolution and approved a Resolution Plan for the CD. The promoter challenged the approval of the Resolution Plan and sought to nullify the minutes of the CoC meeting held on December 12, 2022. However, the RP, CoC, and Successful Resolution Applicant (SRA) contented that the due process was followed and judicial intervention in the approval process was unwarranted.

For More Details, Please Visit: <https://www.verdictum.in/court-updates/high-courts/farooq-ali-khan-vs-punjab-national-bank-ors-insolvency-and-bankruptcy-1532788?infinitescroll=1>

News Roundup

A person who sleeps over his rights ought not to be given any indulgence: NCLAT

Rejecting the appeal of a homebuyer, who submitted his claim 552 days after CoC's approval to the Resolution Plan, the NCLAT said, "The appellant was sleeping over his rights". The court asserted that IBC proceedings are designed to be time-bound, and allowing belated claims would undermine the process. It observed that while creditors have some leeway to file claims after the initial deadline, there are limits to these extensions. Thus, the ruling underscores the need to protect the integrity of approved resolution plans. In this case, *Pooja Mehra vs. Nilesh Sharma & Ors.*, involved a homebuyer who had invested ₹50 lakh in a Noida housing project but could not submit his claim on time.

For More Details, Please Visit:

<https://www.cnbcv18.com/india/nclat-upholds-time-bound-nature-of-ibc-proceedings-rejects-belated-claim-19403107.htm>

Two companies of Essel Group admitted under CIRP on Indiabulls' Petition

National Company Law Tribunal (NCLT) has ordered commencement of the CIRP against two Essel Group Companies namely, Essel Homes Pvt. Ltd and Primcomm Media Distribution Ventures Ltd; into insolvency for failing to repay ₹260 crore each. The CIRP petition was moved by Indiabulls Housing Finance Ltd., which is financial creditor to both the companies. As per the petition, the Financial Creditor in June 2020 agreed to sanction a loan of ₹190 crore to Gnex Realtech Pvt. Ltd (as borrower) and Essel Homes and Primcomm (as co-borrowers. However, these borrowers failed to pay the interest or the principal amount on the due dates, resulting in a default. Subsequently, the accounts were classified as non-performing assets, or bad loans in September 2021.

For More Details, Please Visit:

<https://www.livemint.com/companies/news/essel-group-insolvency-nclt-indiabulls-essel-homes-primcomm-media-11714051512020.html>

USA's conservative news site 'Gateway Pundit' files for Bankruptcy

Gateway Pundit founder Jim Hoft said in a statement that the bankruptcy filing was the result of "progressive liberal lawfare attacks" meant to "silence" his company. He further added that the Gateway Pundit would continue to publish during its bankruptcy. The bankruptcy petition was reportedly filed following litigation by election workers and others who apparently faced harassment after the site made false claims that the 2020 US election was stolen. As per the petition, the company has between \$500,000 and \$1 million in assets.

For More Details, Please Visit: <https://www.reuters.com/business/media-telecom/conservative-news-site-gateway-pundit-files-bankruptcy-2024-04-25/>



Changes in the IBC and bolstering NCLT among MCA's plan for first 100 days of New Government: Media Report

According to a media report, the MCA's (Ministry of Corporate Affairs) plan for the first 100 days of the new Government, after the elections, include enhancing capacity of NCLTs and amendments in the IBC, 2016 and Companies Act, 2013.

"The MCA will engage in increasing the number of members at NCLT beyond the current sanctioned strength. Besides, the proposal by the industry to create separate benches for IBC, and company law-related matters within the NCLT will also be taken up," said the media report. The ministry is reportedly planning insolvency framework large unlisted firms, especially in the backdrop of alleged irregularities at firms like Byju's. As per the action plan, the MCA will fast-track the process of amendments to IBC under the new government. Besides, the plan is also to increase the strength of NCLAT, said the Report.

For More Details, Please Visit:

<https://www.financialexpress.com/business/industry-companies-act-tweak-ibc-among-mcas-100-day-plan-3469855/>

EVENT PHOTOGRAPH



The 19th Batch of Executive Development Program (For IPs) on 'Managing Corporate Debtors as going concern under CIRP' conducted by IIIPI from 23rd to 27th April 2024.

IIIPI announces 4-day residential Management Development Program at ICAI's CoE Hyderabad

Indian Institute of Insolvency Professionals of ICAI (IIIPI) announces 4 days residential "Management Development Program" from 15th to 18th June 2024 at the Center of Excellence (CoE), The Institute of Chartered Accountants of India (ICAI), Hyderabad.

This program is only for the Insolvency Professional (IP) Members of IIIPI and will have CPE: 16 hours. As the seats are limited, the members are advised to register early to avoid last minute hurdles.

For More Details, Please Visit:

https://www.iiipicai.in/wp-content/uploads/2024/04/CoE-IIIPI_MDP_Brochure-1.pdf