INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI
(Company formed by ICAI under Section 8 of the Companies Act 2013)

IIIPI Newsletter

January 20, 2025
IIIPI Newsletter No. 302

CONTENTS

NCLT approved Resolution Plan for Varutha Developers

The ₹310 crore Resolution Plan of Mangalam Multiplex Pvt. Ltd. (Successful Resolution Applicant) was already approved by the Committee of Creditors (CoC) of the Corporate Debtor by 100% voting share. The insolvency process of Varutha Developers Pvt. Ltd. (Corporate Debtor) was initiated by SREI Equipment Finance Ltd. (Financial Creditor) under Section 7 of the IBC. The Liquidation Value and Fair Value were respectively ~₹175 and ~₹234.55 crore. As the RP had admitted claims amounting ₹493 crores, the financial creditor has faced 37% of haircut.

For More Details, Please Visit:
https://www.ibbi.gov.in/uploads/order/7361dee6abd42790f4c968e73deeed3f.pdf

News Update

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

Issue of maintainability of application under Section 7 of the IBC can either be decided separately or with other substantive issues: NCLAT

The Principal Bench of NCLAT, New Delhi has held that although the Adjudicating Authority (AA) is not obligated to decide the question of maintainability in a Section 7 application separately, it may choose to decide such objections separately.

"Justice would be served if both parties are allowed to present their arguments on merits therefore it was held that although the issue of maintainability stands resolved in favor of the applicant, other issues with respect to debt and default can be decided by the Adjudicating Authority on merits by providing opportunity to both the parties to lead their evidence," observed the NCLAT in the matter of *Pioneer Urban Land & Infrastructure Ltd. v. Presidia Araya Residents Welfare Association* (2025). In this case, the respondent filed an application under Section 7 of the IBC before NCLT seeking initiation of the insolvency process against the Appellant (Corporate Debtor). The Appellant raised objections with respect to maintainability of the application which were agreed to be heard by the AA. After completing the hearing, the AA held the application to be maintainable. Before the NCLAT, the Appellant submitted that while deciding the issue of maintainability, the AA unnecessarily went on to decide other issues on merits thereby precluding the Appellant from raising them in further proceedings. However, the respondent argued that no error was committed by the AA as sufficient opportunity of being heard was provided to both the parties.

For More Details, Please Visit: *https://www.livelaw.in/ibc-cases/issue-of-maintainability-application-us-7-of-ibc-can-be-decided-separately-by-adjudicating-authority-nclat-281545*

News Roundup

Appeal under Section 61 of the IBC cannot be entertained after the dissolution of the CD under Section 54: NCLAT

The New Delhi bench of NCLAT has held that if the Corporate Debtor has already been dissolved by an order passed by the Adjudicating Authority under Section 54 of the IBC, the appeal becomes infructuous. It was held that the Appellant may have recourse to address its grievance before any forum in accordance with law, but it does not mean that any liberty has been given by the court. Dismissing the appeal, the NCLAT rejected the argument of the Appellant that even though the Corporate Debtor was dissolved under Section 54 of the Code, they might still apply to the Tribunal under Section 66 of the IBC or Section 231 of the Companies Act, 2013.

For More Details, Please Visit: *https://www.taxscan.in/no-appeal-u-s-61-of-ibc-maintainable-after-dissolution-of-corporate-debtor-nclat/481311/*

NCLT ordered liquidation of Go First Airways

The liquidation order reportedly was passed by the NCLT on a liquidation petition filed by the airline's Committee of Creditors (CoC). The Corporate Insolvency Resolution Process (CIRP) of Go First airlines commenced on May 10, 2023, on a Section 10 application filed by the corporate applicant. However, the lessors challenged the NCLT's CIRP order before the NCLAT and Delhi High Court arguing that their assets had been unjustly retained under the moratorium despite leases being terminated before the insolvency process. Finally, on April 26, 2024, the Delhi High Court directed the DGCA to deregister Go First's fleet, which was completed by early May 2024. Further, according to Rule 32A of the Aircraft Rules, the lessors were assigned the responsibility for maintenance and export of the deregistered aircraft.

For More Details, Please Visit: *https://www.business-standard.com/companies/news/go-first-airways-liquidation-nclt-insolvency-bankruptcy-crisis-125012000326_1.html*

'Planetary Insolvency': Global GDP could face 50 per cent loss between 2070 and 2090 due to climate shocks, Report

The global economy could face 50% loss in gross domestic product (GDP) between 2070 and 2090 from the catastrophic shocks of climate change unless immediate action by political leaders is taken to decarbonize and restore nature, according to a new report. This report has hugely increased the estimate of risk to global economic wellbeing from climate change impacts such as fires, flooding, droughts, temperature rises and nature breakdowns. The report was published after data from the EU's Copernicus Climate Change Service (C3S) showed climate breakdown drove the annual global temperature above the internationally agreed 1.5 degree Celsius target for the first time in 2024, supercharging extreme weather.

For More Details, Please Visit: *https://www.businessgreen.com/news/4396351/planetary-insolvency-gdp-cent-hit-unless-world-acts-curb-emissions-report-warns*

Commercial Wisdom of the CoC in rejecting a resolution plan and opting for liquidation is "non-justiciable": NCLAT

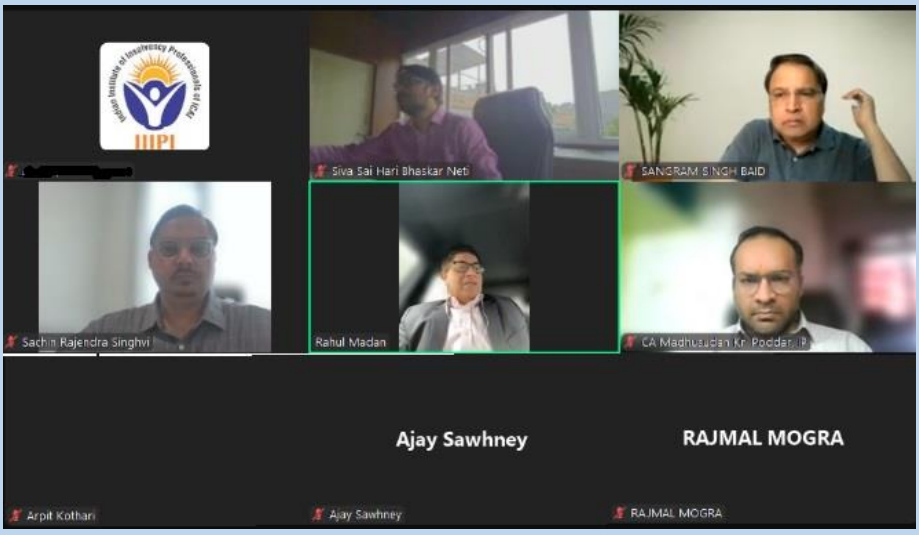
The Resolution Professional (RP) of Aarya Industrial Products Pvt. Ltd., the Corporate Debtor (CD) received only one resolution plan which was submitted by the suspended director of the CD. Subsequently, the suspended director was informed that he was ineligible to submit the resolution plan under Sections 29A(e) and 29A(j) of the Insolvency & Bankruptcy Code, 2016 (IBC).

The suspended director (Appellant) filed an application with the NCLT in Kolkata on October 1, 2021, asking for guidance on whether the RP should accept the applicant's resolution plan, which was not allowed. He challenged the matter in NCLAT on the ground that liquidation was the last option under the IBC. NCLAT ruled that it was not possible to overrule the CoC's decision.

For More Details, Please Visit: *https://www.taxscan.in/coc-s-commercial-wisdom-in-rejecting-resolution-plans-and-opting-for-liquidation-is-non-justiciable-nclat/481300/*

EVENT PHOTOGRAPHS

Webinar on "Investment Banking and Soft Skills for IPs" organized by IIIPI on January 17, 2025.



13th Batch of EDP (For IPs) on Mastering "Avoidance/PUFE Forensics" Under IBC (Online) from 15th to 17th January 2025.

NCLT Approves Resolution Plan for RITE Builtec

Aspect Global Ventures Pvt. Ltd., the Successful Resolution Applicant (SRA) has reportedly received NCLT's approval to take over RITE Builtec Pvt. Ltd. through Resolution Plan under the IBC. The admitted claims against RITE Builtec Pvt. Ltd. were ₹170 crore. The secured financial creditor will receive the full outlay as per the Resolution Plan within 15 days of NCLT approval. The resolution has paved the way for 750 slum dwellers to receive their rightful homes and rent dues. This insolvency process was completed in 365 days excluding the time taken in court proceedings.

For More Details, Please Visit:

https://www.business-standard.com/content/press-releases-ani/nclt-approves-resolution-plan-for-rite-builtec-private-limited-125011601349_1.html