



भारतीय दिवालता और नोडन अकामता बोर्ड
Insolvency and Bankruptcy Board of India

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Insolvency and Bankruptcy News

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INTERIM FINANCE

— A SAVIOUR —



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“India has been witnessing a paradigm shift in the regulatory architecture concerning the resolution of stressed assets over the past few years. The Insolvency and Bankruptcy Code has had a profound impact on the creditor debtor relationships in India.”

Mr. M. Rajeshwar Rao, Dy. Governor, RBI during the first International Research Conference at IIM Ahmedabad on April 30, 2022.

“The Code is hailed as one of the most important economic reforms of recent times which has been guided by Government's vision of making doing business easy in the country.”

Mr. Rajesh Verma, Secretary, Ministry of Corporate Affairs during the first International Research Conference at IIM Ahmedabad on April 30, 2022.

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“The Start-up ecosystem got a major boost from the IBC as the Code has improved the business climate in the country by making it easier for enterprises to exit in case of difficulties.”

Mr. Rao Inderjit Singh, Minister of State for Corporate Affairs during the first International Research Conference at IIM Ahmedabad on April 30, 2022.

“India's fundamentals are once again sound on the back of steps taken by the government since 2014, including reducing the corporate tax, ensuring the digitisation of the economy, and bringing in the GST and IBC.”

Mrs. Nirmala Sitharaman, Minister of Finance and Corporate Affairs during the launch of the Iconic Day celebrations of the Department of Economic Affairs with the Securities and Exchange Board of India under the Azadi Ka Amrit Mahotsav in Delhi on June 8, 2022.

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From Chairperson's Desk

Interim Finance – A Saviour

“The design of rules on interim financing requires a balancing act. The possible benefits of a successful reorganisation need to be weighed against the potential risks. The possible benefits are to be found in a potential successful reorganisation in which the going concern value is captured and liquidation is warded off. This potential upside needs to be balanced against the risks associated with interim financing”.

Role de Weijis and Meren Baltjes

When a firm enters insolvency, the Insolvency and Bankruptcy Code, 2016 (IBC / Code) and Rules and Regulations made thereunder enable the best effort to revive the firm in a time bound manner and protect its enterprise capital, thus maximising the value for the benefit of all the stakeholders. The going concern status of a firm improves prospects of its resolution and preserves the enterprise value of the firm. This principle was also recognised by the Bankruptcy Law Reforms Committee (BLRC), which stated that the objective of the Code with respect to value maximisation and resolution can be met by ensuring a business as a going concern under the insolvency process.

The Code aims to provide a fresh life to the failed businesses and the moratorium provisions accord a breathing space to the corporate debtor (CD) to focus on its operations and assess prospects of its reorganisation. To reiterate the going concern facilitations provided under the Code, an amendment was brought in December 2019 to clarify that a license, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law, shall not be suspended or terminated on the grounds of insolvency, subject to the payment of related dues during the moratorium period. A firm needs supply of inputs and capital to function. The Code reckons the supply inputs as the essential or critical goods/services and accordingly provides that these cannot be terminated or interrupted during the moratorium period. These provisions reemphasize that the CD needs to have a reasonable level of liquidity in hand to preserve its licenses and to ensure supply of critical inputs. The Code empowers the Insolvency Professional (IP) to raise interim finance as an endeavour to ensure the regular availability of funds during the resolution process.

The interim report of the BLRC suggested that if a financially distressed company is to successfully pull itself out of insolvency proceedings, continued operations during such proceedings is to be facilitated, for which the company would need access to external finance. However, once a company enters the insolvency proceedings, it would find it difficult to obtain credit as only a few lenders would be willing to lend to a troubled company. Therefore, the insolvency framework needs to encourage lenders to come forward to lend through various incentives such as giving super-priority to such interim finance, increased governance rights, safeguards for protection of creditor interests etc.¹

In line with the recommendations of the Committee, the Code provides for raising of interim finance during the insolvency resolution process with the approval of committee of creditors (CoC). Interim finance has been included in the ‘insolvency resolution process costs’ which is given priority in payment, over other debts of the CD, both in resolution plan and during settlement of debts in liquidation. The Code safeguards the interests of the creditors by providing that while raising interim finance, no security interest shall be created over any encumbered property of the CD, without the prior

consent of the creditors, whose debt is secured over such encumbered property.

Additionally, to encourage interim finance, on the recommendations of the Insolvency Law Committee (ILC)², the IBBI (Liquidation Process) Regulations, 2016 (Liquidation Regulations) were amended to include ‘interest on interim finance for a period of twelve months or for the period from the liquidation commencement date till repayment of interim finance, whichever is lower’ in the liquidation costs. The Insolvency and Bankruptcy Board of India (IBBI/Board) released a discussion paper (June 14, 2022) that reviewed the provisions of interim finance and suggested that the liquidation cost may include the interest on interim finance till the same is actually repaid. This move is aimed at facilitating and encouraging the CoC members to make adequate funding arrangements for running the CD as a going concern.

The Reserve Bank of India (RBI) also acknowledged the need of interim finance facilitated under the Code and provided for relaxation of provisioning norms for treatment of interim finance provided by the banking institutions. The Prudential Framework for Resolution of Stressed Assets issued in June 2019 provides that any interim finance extended by the lenders to debtors undergoing insolvency proceedings under the Code, may be treated as ‘standard asset’ during the corporate insolvency resolution process (CIRP).

For a distressed company, interim finance is not only a requisite to meet the insolvency resolution process costs, but to provide for regular payments made for availing critical input supplies. This assumes greater importance where the company hardly has any cash flows or deposits available but has operational capacity to generate revenue and stand on its feet. While in some cases, the CoC is opposed to lend finance to the distressed entity, in other cases, interim finance is given only to meet the process costs, which may not be adequate to sail the company through its reorganisation. Considering the level of uncertainty and risk, the lenders remain apprehensive of lending amounts to a company already under stress. A recent research study³ indicates that in around 85% of the cases, amounts less than ₹ 5 crore were raised as interim finance, which may suggest that the said funds were likely utilised to cover the process costs only.

However, as the Code matures, it is expected that there will be an increased awareness among the lenders about the benefits of raising interim finance during CIRP as a measure to attempt the resolution of the CD and saving it from going into liquidation. It is natural to expect that the existing lenders would be leading to provide the interim finance, as- (a) they are the beneficiaries to the higher chances of resolution and higher resolution amount being high in waterfall priority, so their interest in the outcome runs much deeper than an independent financier; and (b) they have much better access to the information about the business of the CD. Time and again, the judiciary has upheld the commercial wisdom of the CoC in deciding the fate of the insolvent CD. The Code looks upon CoC to set the highest level of standards in its conduct and performance to best assess the viability and feasibility of CD's business and facilitate revival of the CD.

(Ravi Mital)

¹Interim Report of the Bankruptcy Law Reforms Committee, February, 2015.

²Report of the Insolvency Law Committee, March, 2018.

³Iyer V. V. et al. (2022), “An analysis of interim finance ecosystem as a supporting tool for the IBC regime”, Anusandhan: Exploring New Perspectives on Insolvency, p. 276.

IBBI Updates

Annual Strategy Meet

The IBBI has been organising its annual strategy meets to develop a strategic action plan that sets its priorities, focuses energy and resources on priority areas, and outlines specific actions and sub-actions to achieve desired outcomes, for the coming year. The strategy meet for the year 2022-23 took place on April 6, 2022 virtually and April 7, 2022 physically at India Habitat Centre, New Delhi.



Annual Strategy Meet at New Delhi, April 7, 2022

First International Research Conference on Insolvency and Bankruptcy

The IBBI organised the first International Research Conference on Insolvency and Bankruptcy jointly with the Indian Institute of Management, Ahmedabad (IIMA), at the IIMA campus at Vastrapur, Ahmedabad, Gujarat on April 30-May 1, 2022. The conference was inaugurated by Mr. Rao Inderjit Singh, the Hon'ble Minister of State for Statistics and Programme Implementation (Independent Charge); Planning (Independent Charge) and Corporate Affairs. Mr. Rajesh Verma, Secretary, Ministry of Corporate Affairs (MCA),



First International Research Conference at IIM Ahmedabad, April 30-May 1, 2022.

Government of India; Mr. M. Rajeshwar Rao, Dy. Governor, RBI and Mr. Ravi Mital, Chairperson, IBBI delivered the special addresses during the inaugural session of the Conference.

The two-day conference was attended by over 200 participants through physical presence and over 2000 participants joined online. During the Conference, knowledge products in the insolvency domain were presented by 39 scholars of economics, law, finance, banking and management. International experience in insolvency was shared and discussed by international scholars from countries like UK, US, Mauritius, and Argentina. The conference also included three panel discussions by India's thought leaders and policy makers and a workshop on data driven insolvency research.



Mr. Rao Inderjit Singh, Hon'ble Minister of State for Corporate Affairs, April 30, 2022

In his address, Mr. Rao Inderjit Singh highlighted the successful journey of the Code by establishing a framework and effective ecosystem for insolvency resolution in the economy. He cited that the Code has assumed larger significance post COVID-19 pandemic and has been instrumental in saving both lives and livelihoods. He also lauded the scintillating contributions of judiciary, government agencies, regulators and stakeholders of the IBC ecosystem in swift and effective implementation of the Code.



Mr. Rajesh Verma, Secretary, Ministry of Corporate Affairs, April 30, 2022

In his address, Mr. Rajesh Verma, Secretary, MCA emphasised upon the need to promote culture of research in regulatory framework. Noting the achievements of the Code, he also highlighted that IBC-21, a comprehensive IT platform for processes under the Code is under progress.

Mr. M. Rajeshwar Rao, Dy. Governor, RBI highlighted the importance of timely resolution of stressed assets for banking sector. Lauding the paradigm shift brought by the Code, he noted the need of a comprehensive framework to resolve Group Insolvency.

Mr. Ravi Mital, Chairperson, IBBI noted the importance of evidence-based research in policy making. He emphasised that time is the essence of the



Mr. M. Rajeshwar Rao, Dy. Governor, RBI, April 30, 2022



Prof. Errol D'souza, Director, IIM Ahmedabad, April 30, 2022



Mr. Ravi Mital, Chairperson, IBBI, April 30, 2022



Mr. Sudhaker Shukla, WTM, IBBI, April 30, 2022

Code and research efforts should be made by all stakeholders to cut down the delays at all stages of insolvency resolution beginning with recognition of stress to final resolution.

In his address, Prof. Errol D'Souza noted that IBC has been undoubtedly a landmark legislation in the Indian setup. He highlighted the findings in the report of Parliamentary Standing Committee on Finance on implementation of IBC and emphasised the need to relook at the aspects stressed upon therein.

While delivering the vote of thanks, Mr. Sudhaker Shukla expressed a sense of deep gratitude and appreciation to guests of honour, organisers, sponsors, participants and all stakeholders. He stressed on the need for developing a framework for measuring outcomes of IBC and highlighted the efforts of the IBBI in this direction.

3rd National Online Quiz on IBC

The IBBI, in collaboration with MyGov and BSE Investors' Protection Fund, conducted the '3rd National Online Quiz on Insolvency and Bankruptcy Code, 2016', to increase awareness and understanding about the Code among various stakeholders, across the country. The Quiz was open from April 16, 2022 to May 15, 2022. It received an overwhelming response with over 71,000 participants from across the country. The Quiz received interest from a wide range of stakeholders, including students, professionals and employees. Ms. Deepali Mamodiya emerged as the best performer and was awarded a Gold Medal and a cash prize of ₹ 1 lakh on June 7, 2022, at Vigyan Bhawan, New Delhi at an event organised by the MCA under the Azadi Ka Amrit Mahotsav (AKAM).

Release of Book - 'Insolvency: Now and Beyond'

The IBBI and the Foreign Commonwealth Development Office, UK jointly prepared a publication on the theme 'Insolvency - Now and Beyond', for the benefit of stakeholders of the IBC ecosystem in India. The publication is a



Awards to the winner of 3rd National Online Quiz at New Delhi, June 7, 2022.



Release of Book 'Insolvency – Now and Beyond' at New Delhi, June 7, 2022.

compilation of papers authored by prominent experts from India and abroad covering overseas experiences and best practices on the emerging areas/issues under the insolvency ecosystem in India. The book was released at the hands of Hon'ble Corporate Affairs Minister Mrs. Nirmala Sitharaman on June 7, 2022 at Vigyan Bhawan, New Delhi at an event organised by MCA. Hon'ble Minister of State for Corporate Affairs Mr. Rao Inderjit Singh and Secretary Corporate Affairs Mr. Rajesh Verma were also present.

Celebration of 'Azadi ka Amrit Mahotsav'

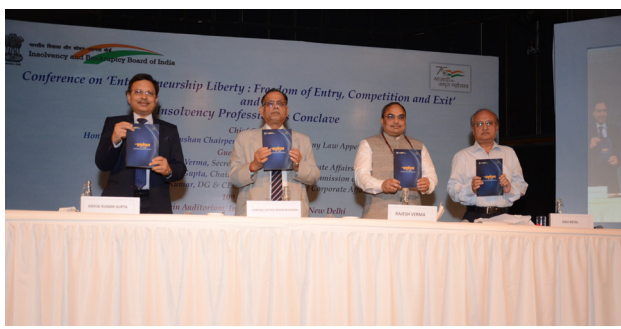
AKAM is an initiative of the Government of India to celebrate and commemorate 75 years of progressive India and the glorious history of its people, culture, and achievements. Since the beginning of AKAM celebrations which started on March 12, 2021 by the Hon'ble Prime Minister Mr. Narendra Modi, the IBBI has organized a large number of activities and events as part of the Mahotsav. To mark a befitting conclusion of the celebrations organised across 75 locations spread throughout the country, the IBBI organised a one day Conference on 'Entrepreneurship Liberty: Freedom of Entry, Competition and Exit' on June 10, 2022 at the India Habitat Centre, New Delhi to trace the journey of reforms in the three stages of a business – to start a business (free entry), to continue the business (free competition) and to discontinue the business (free exit). The Conference was followed by a half day Insolvency Professionals' Conclave.



AKAM celebrations at New Delhi, June 10, 2022

Release of Book 'Anusandhan: Exploring New Perspectives on Insolvency'

A publication titled 'Anusandhan: Exploring New Perspectives on Insolvency' containing 26 research papers that emerged out of the first International Research Conference organised by IBBI and IIMA was released during the inaugural session of the iconic event held on June 10, 2022 organised as part of AKAM celebrations. This publication is a succinct compendium of thought-provoking research papers in the fledgling insolvency and bankruptcy space. It presents insights, bringing clarity and reason to what is known and offers ideas on how to explore further into what yet remains the unknown.



Release of Book 'Anusandhan: Exploring New Perspectives on Insolvency' at New Delhi, June 10, 2022

MoU with Hidayatullah National Law University, Chhattisgarh

The IBBI signed a Memorandum of Understanding (MoU) with the Hidayatullah National Law University (HNLU), New Raipur on June 17, 2022 for developing a credible partnership with the University to sensitise the stakeholders, in the emerging field of insolvency and bankruptcy. This collaboration aims to enhance cooperation in the areas of conduct of Certificate Courses, Diploma, Postgraduate Programmes, Case Studies, Trainings, Conferences, Seminars, Moot Competitions, Continuing Professional Education (CPE), etc.



Signing of MoU with HNLU, Raipur at New Delhi, June 17, 2022

International Yoga Day

The IBBI observed the International Yoga Day on June 21, 2022. A virtual workshop was conducted on Yoga, Meditation and Mental wellness for all officers of IBBI, by Mr. Ajay Kumar Jain, IP and Yoga trainer. Mr. Jain explained the need of Yoga in daily life and taught different Yoga exercises suitable to improve specific abilities.



Yoga Day celebration, June 21, 2022

INSOL Conference

Mr. Sudhaker Shukla, Whole-time Member, IBBI and Mr. Sandip Garg, Executive Director, IBBI attended the 4th INSOL International Legislative & Regulatory Colloquium and INSOL International Alternative Dispute



Participation at INSOL Conference in London, June 26-30, 2022

Resolution Colloquium from June 26 to 30, 2022 in London, UK. The colloquium included panel discussions and discussion groups on varied insolvency related topics.

Human Resources

Completion of tenure of Dr. (Ms.) Mukulita Vijayawargiya

Dr. (Ms.) Mukulita Vijayawargiya completed her tenure of five years as Whole-time Member (WTM), IBBI on April 12, 2022. The IBBI family bid farewell to Dr. Vijayawargiya and expressed a deep appreciation of her significant contributions towards building the IBBI and implementation of IBC. Dr. Vijayawargiya expressed her gratitude to the IBBI family for extraordinary support in discharge of her duties.



Farewell to Dr. Mukulita Vijayawargiya, WTM at New Delhi, April 12, 2022

Employee Trainings and Workshop

The members and officers of the IBBI attended the following workshops and training programmes:

Date	Organised by	Nature of the programme / Subject	No. of Officers
18-05-22	ASSOCHAM	National Seminar on TDS	2
18-05-22 to 19-05-22	NPC	Two day online advance course on preventive vigilance	3
01-06-22 (For three months)	IICA	Three months online course on Regulatory Governance	2
26-06-2022	INSOL	INSOL Legislative and Regulatory Colloquium	2

Legal and Regulatory Framework

Central Government

Report of the Insolvency Law Committee

The ILC submitted its 5th Report on May 20, 2022 recommending the Government on issues arising in implementation of the IBC, as well as on the recommendations received from various stakeholders. The report seeks to improve the efficiency of the processes under the Code keeping in mind the objective of 'time bound reorganisation and insolvency resolution' and 'maximisation of value of assets'. Some of the key recommendations are: - (a) mandating reliance on information utilities (IUs) for establishing default; (b) continuation of proceedings for avoidable transactions and improper trading after CIRP; (c) change in threshold date for look-back period; (d) curbing submission of unsolicited resolution plans and revisions of resolution plans; (e) prescribing timeline for approval or rejection of resolution plan; (f) standard of conduct for the CoC; (g) consultation with the Stakeholders Consultation Committee (SCC); (h) secured creditor's contribution; (i) termination of a voluntary liquidation process; (j) operationalising the Insolvency and Bankruptcy Fund; and (k) appellate mechanism for orders issued by the IBBI and its Disciplinary Committee (DC).

Standard Operating Procedure established by CBIC for receiving information and filing claims

The Central Board of Indirect Taxes and Customs (CBIC) under Ministry of Finance (MoF) vide order dated May 23, 2022, has nominated Additional Director General, DGPM as the nodal officer for receiving information from IBBI regarding initiation of CIRP and dissemination of the same to field formations. The nodal officer shall ensure filing of claims with the IP in a timely manner for safeguarding the interest of the Government. It also mandates the submission of a monthly report by the nodal officer for the purpose of review of progress/action taken by the field formations.

IBBI

Amendment to Voluntary Liquidation Process Regulations

The IBBI notified the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Amendment) Regulations, 2022 on April 5, 2022. In order to curb the delay in completion of voluntary liquidation process and to ensure faster exit for firms, the amended regulations modify the timelines for preparation of list of stakeholders, distribution of proceeds from realisation and completion of the liquidation process. The amendment also specifies a compliance certificate which would be required to be submitted by the Liquidator in order to facilitate the adjudication of dissolution applications expeditiously.

Amendment to Liquidation Process Regulations

The IBBI notified the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2022 on April 28, 2022. The amended regulations provide that regulation 2A (contributions to liquidation costs), 21A (presumption of security interest) and 31A (stakeholders' consultation committee), and amendment of regulation 44 (specifying reduced time for completion of liquidation process) as inserted/amended by the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2019 (Amendment Regulations) shall apply only to the liquidation processes commencing on or after the date of the commencement of the Amendment Regulations.

Amendment to Grievance and Complaint Handling Procedure

The IBBI notified the Insolvency and Bankruptcy Board of India (Grievance and Complaint Handling Procedure) (Amendment) Regulations, 2022 on June 14, 2022. It amended the mechanism of complaint/grievance redressal and subsequent enforcement action in order to have expeditious redressal and to avoid placing undue burden on the service providers. The amended regulations provide for the revised timelines for the enforcement process and effective participation of Insolvency Professional Agencies (IPAs) in regulating the IPs.

Amendment to Inspection and Investigation Regulations

The IBBI notified the Insolvency and Bankruptcy Board of India (Inspection and Investigation) (Amendment) Regulations, 2022 on June 14, 2022. The amended regulations provide for the revised timelines for disposal of the show cause notice. It also provides for intimation of the outcome of IBBI's DC order to the CoC/Adjudicating Authority (AA).

Amendment to IU Regulations

The IBBI notified the Insolvency and Bankruptcy Board of India (Information Utilities) (Amendment) Regulations, 2022 on June 14, 2022. The amendment provides for the format of record of default (RoD) and filing of information of default in simplified format by the creditors with the IU. It also provides for communicating the information of default by IU to the creditors of the CD. It makes it mandatory for the creditors to obtain RoD from IU before filing application.

Amendment to CIRP Regulations

The IBBI notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2022 on June 14, 2022. The amendment provides for the operational creditors

(OCs) to furnish extracts of Form GSTR-I, Form GSTR-3B, and e-way bills, wherever applicable along with the application filed under section 9 of the IBC. In order to improve information availability, the amendment places a duty on CD, its promoters or any other person associated with the management of the CD, and its creditors to share information regarding the assets and liabilities of the CD, the financial statements and other relevant financial information from their records to help the IP in preparation of various documents and filings mandated under the Code. It also provides that the resolution plan shall provide for the manner in which the avoidance applications will be pursued after the approval of the resolution plan and the manner of distribution of proceeds arising from such applications. The amendment further includes a definition of significant difference in valuations during CIRP.

Circulars

Clarifications with respect to Temporary Surrender of Professional Membership

The IBBI, vide its notification dated April 11, 2022, clarified that process of 'Temporary Surrender of Professional Membership,' ceases to exist with immediate effect. This is in view of substitution of provisions relating to 'Temporary Surrender of Professional Membership' contained in clause 26 of the Schedule to the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016, vide Notification No. IBBI/2019-20/GN/REG043, dated July 23, 2019 and in pursuant to the introduction of provision of 'Authorisation for Assignment' (AFA).

Withdrawal of Circular dated August 26, 2019 regarding applicability of the IBBI (Liquidation Process) (Amendment) Regulations, 2019

In view of notification of the IBBI (Liquidation Process) (Amendment) Regulations, 2022, which clarifies that the provisions of regulations 2A, 21A, 31A and 44 as amended/inserted by the IBBI (Liquidation Process) (Amendment) Regulations, 2019 apply only to the liquidation processes commencing on or after July 25, 2019, the IBBI has withdrawn the Circular dated August 26, 2019 regarding applicability of the IBBI (Liquidation Process) (Amendment) Regulations, 2019, on May 06, 2022 with immediate effect.

Review of Circulars

The IBBI conducted an exercise of review of circulars issued by it in exercise of powers under section 196 of the Code. Pursuant to the same, the IBBI, vide its circular dated May 23, 2022 rescinded seven earlier issued circulars as these were no longer required on account of being already provided in the Regulations.

Improvement to the scheme of examinations

The IBBI issued a circular on June 06, 2022 to provide that the frequency of attempts in Limited Insolvency Examination or Valuation Examinations, as the case may be, for every candidate, shall be determined after taking into account a cooling off period of two months between two consecutive attempts of such candidate, thereby making a total of six attempts in a period of 12 months.

Application under Rule 4, 6 or 7 of Insolvency and Bankruptcy (Application to Adjudication Authority) Rules, 2016

The IBBI issued a circular on June 15, 2022 to provide that henceforth, the Board will forward the applications for initiating insolvency received by it in terms of rule 4, 6 or 7 of the Insolvency and Bankruptcy (Application to Adjudication Authority) Rules, 2016, to the IU which on receipt of the said application, shall (a) inform other creditors of the CD by sharing the application; (b) issue notice to the applicant, requiring it to file 'information of default' in the specified format under the IBBI (Information Utility) Regulations, 2017 (IU Regulations); and (c) process the 'information of default' for the purpose of issuing 'RoD' as per the IU Regulations.

Guidelines for Panel of IPs

On June 8, 2022, the IBBI issued the 'Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2022' (Panel Guidelines). These Guidelines will enable the Board to prepare a common panel of IPs and share the same with the AA for appointment of Interim Resolution Professionals (IRPs), Liquidators, Resolution Professional (RPs) and Bankruptcy Trustees from July 1, 2022 to December 31, 2022. These Guidelines shall come into effect from July 1, 2022.

Invitation of public comments

Enhancing effectiveness of IU

The IBBI, vide its discussion paper dated April 8, 2022, invited comments from the stakeholders on suggestions to enhance the effectiveness of IU. The paper proposes to (a) expand the list of documents evidencing the debt or default information in Form C to include 'Records of acknowledgment of debt by the debtor'; (b) remove the category of RoD issued by IU with 'deemed to be authenticated status' with 'yellow flag' in case of financial creditors (FCs) which are Banks included in the second schedule of the Reserve Bank of India Act, 1934; (c) specify the format containing minimum information which is to be provided in the RoD; and (d) address information asymmetry among the creditors about filing of application by one of the several creditors of the CD.

Issues related to reducing delays in the CIRP

The IBBI, vide its discussion paper dated April 13, 2022, invited comments from the stakeholders on suggestions to address the issues related to delays in the CIRP. The paper proposes (a) filing copies of GSTR-I and GSTR-3B returns filed by the OCs along with e-way bill as additional documentary evidence; (b) obligating the CD, its promoters, employees and the creditors to share the information available with them with the IRP/RP in a timely manner; (c) manner of dealing with avoidance applications after closure of a CIRP' and (d) providing a threshold of 25% difference for appointing a third valuer in case of difference in two valuations during the CIRP.

Regulations notified under the IBC

The IBBI, vide its discussion paper dated May 6, 2022, invited comments from the stakeholders on regulations already notified under the Code. This is issued with a view to ensure that the regulations are informed by the legitimate needs of those stakeholders which are affected by the regulations.

Remuneration of an IP

The IBBI, vide its discussion paper dated June 9, 2022, invited comments from the stakeholders on issues related to remuneration of an IP. The paper proposes a fixed fee structure which specifies a minimum fee per month based on the quantum of claims admitted, and performance linked fee structure related to timely completion of CIRP and value maximisation which specifies fee as a percentage of actual realisable value and as a percentage of the positive difference between the actual realisable value and fair value, respectively, subject to maximum amount not exceeding ₹ 5 crore. It also proposes an escrow account mechanism for payment of fees to the IP.

Effective and expeditious resolution of Real Estate Projects

The IBBI, vide its discussion paper dated June 14, 2022, invited suggestions/inputs from the stakeholders on need for a separate regulatory framework or modifications in existing regulations for effective and expeditious resolution of real estate projects. The suggestions are invited by July 5, 2022.

Enabling entities to become IP

The IBBI, vide its discussion paper dated June 14, 2022, invited comments from the stakeholders on enabling entities to become IP. The paper proposes that a similar regulatory architecture, as applicable to registered valuer entities, may be considered for IPs to enable entities (viz. a company, limited liability partnership and registered partnership firm) to get enrolled, registered and act as an IP. To start with, it may be considered to allow the existing Insolvency Professional Entities (IPes) to become IPs, since they

have the infrastructure and requisite exposure in providing support services to IPs while they may continue to provide support services to IPs after seeking registration as IP.

Streamlining the Liquidation Process

The IBBI, vide its discussion paper dated June 14, 2022, invited comments from the stakeholders on issues related to delay in completion of liquidation process. The paper discusses the constitution and advice of SCC, relinquishment of security interest by secured FCs, replacement of Liquidator and his fees, compromise and arrangement, valuation, submission of progress reports and SCC minutes, auction framework, etc.

Financial Self-Sufficiency of the IBBI

The IBBI, vide its discussion paper dated June 24, 2022, invited comments from the stakeholders on financial self-sufficiency of the IBBI. The paper proposes revision in the existing fee structure of the IBBI and also suggests introducing the fee and charges on professionals appointed by IP, and on the processes under the Code. This is aimed at ensuring adequacy of IBBI's internal receipts to meet its fund requirements in the forthcoming years and gradually reduce its reliance on the government aid.

Proposed changes in the CIRP to reduce delays and improve the resolution value

The IBBI, vide its discussion paper dated June 27, 2022, invited comments from the stakeholders on changes proposed in CIRP to reduce delays and improve the resolution value. The paper suggests/discusses (a) change in timelines for activities under the CIRP; (b) marketing of assets by the RP; (c) efforts for resolution of functional/operating parts of the CD; (d) guiding factors for CoC to decide on early liquidation; (e) exploring compromise or arrangement after CoC approves liquidation; (f) additional contents in information memorandum (IM); (g) dealing with assets provided through a personal guarantor as part of the CIRP of the CD; (h) geo-tagging of immovable assets; (i) discussion of valuation report with CoC; (j) need for repeating the valuation exercise; (k) status of the CoC after approval of the resolution plan by the CoC; (l) minimum entitlement for dissenting FCs; (m) process specific email id; and (n) need for IRP/RP to communicate to call creditors to submit claims.

Orders

Supreme Court

State Bank of India Vs. Krishidhan Seeds Private Limited [Civil Appeal No. 910 of 2021]

The Supreme Court (SC) observed that the provisions of section 18 of the Limitation Act, 1963 are not alien to and are applicable to proceedings under the Code. It held that an acknowledgement of liability in a balance sheet without a qualification can furnish a legitimate basis for determining as to whether the period of limitation would stand extended, so long as the acknowledgement was within a period of three years from the original date of default.

Sunil Kumar Jain and Ors. Vs. Sundaresh Bhatt and Ors. [Civil Appeal No. 5910 of 2019]

The SC held that when the CD is being managed as a going concern during the CIRP period, the wages/salaries of such workmen/employees who actually worked during that period shall be included in the CIRP costs. In case of liquidation of the CD, dues towards the wages and salaries of such workmen/employees who actually worked when the CD was a going concern, are entitled to have the first priority and must be paid in full as per section 53(1)(a) of the Code. The wages and salaries of all other workmen/employees of the CD during the CIRP and wages and salaries of pre-CIRP period are not included in the CIRP cost and shall have to be governed by section 53(1)(b) and section 53(1)(c) of the Code. The provident fund, the pension fund and the gratuity fund are out of ambit of 'liquidation estate assets' and thus section 53(1) of the Code shall not be applicable to such dues.

M/s. Invent Asset Securitisation and Reconstruction Pvt. Ltd. Vs. M/s Girnar Fibres Ltd. [Civil Appeal No. 3033 of 2022]

The FC filed section 7 application with regard to a right to sue that accrued when the default occurred way back on February 28, 2002. The SC observed that: *'Time and again, it has been expressed and explained by this Court that the provisions of the Code are essentially intended to bring the corporate debtor to its feet and are not of money recovery proceedings as such. The intent of the appellant had only been to invoke the provisions of the Code so as to enforce recovery against the corporate debtor'.*

New Delhi Municipal Council Vs. Minosha India Limited [Civil Appeal No. 3470 of 2022]

Under section 60(6) of the Code, the entire period during which a moratorium was in operation has to be excluded while computing limitation in respect of a proceeding by or against a CD. The SC observed that an application under section 11(6) of the Arbitration and Conciliation Act, 1996 by the CD against another party would not be stopped by virtue of moratorium under section 14 of the Code.

Anand Murti Vs. Soni Infratech Private Limited & Anr. [Civil Appeal No.7534 of 2021]

The SC observed that there is every possibility that if the CIRP is permitted, the cost that the homebuyers will have to pay, would be much higher, as much as the offer made by the resolution applicants could be after taking into consideration the price of escalation, etc., against which, the promoter has filed a specific undertaking specifying therein that the cost of the flat would not be escalated. Taking into consideration the undertaking given by the appellant and the fact that only seven out of the 452 homebuyers had opposed the settlement, the SC allowed the appellant to complete the project and observed that it will rather be in the interest of the homebuyers that the appellant is permitted to complete the project.

Safire Technologies Pvt. Ltd. Vs. Regional Provident Fund Commissioner & Anr. [Civil Appeal No.2212 of 2021]

The SC reiterated that the limitation period of 30 days for filing of appeal against the order of AA under section 61 of the Code must be interpreted strictly and rejected the plea that the limitation period would start running from the date of knowledge of the order of the AA.

New Okhla Industrial Development Authority Vs. Anand Sonbhadra [Civil Appeal No. 2222, 2367-2369 of 2021]

While holding New Okhla Industrial Development Authority (NOIDA), the appellant i.e. lessor who has leased land for the purposes of setting a residential township, as an OC under the Code, the SC observed that what is relevant to attract definition of 'financial debt' under section 5(8) of the Code, is disbursement. While it may be true that the word 'transaction' includes transfer of assets, funds or goods and services from or to the CD, in the context of the provisions of section 5(8), to import the definition of 'transaction' in section 3(33), involving the need to expand the word 'disbursement', to include a promise to pay money by a debtor to the creditor, will be uncalled for straining of the provisions. In the lease in question, there has been no disbursement of any debt (loan) or any sums by NOIDA to the lessee.

The subject matter of section 5(8)(d) is a lease or a hire-purchase contract. It is not any lease or a hire purchase contract, which would entitle the lessor to be treated as the FC. There must be a lease or hire-purchase contract, which is deemed as a 'finance or capital lease'. The law giver has not left the courts free to place its interpretation on the words 'finance or capital lease'. The legislature has contemplated the 'finance or a capital lease', which is deemed as such a lease under the Indian Accounting Standards.

PTC India Financial Services Limited Vs. Venkateswarlu Kari and Anr. [Civil Appeal No. 5443 OF 2019]

In this case the primary issue for consideration of the SC was whether the Depositories Act, 1996 read with regulation 58 of the SEBI (Depositories

and Participants) Regulations, 1996 has the legal effect of overwriting the provisions relating to the contracts of pledge under the Indian Contract Act, 1872 (Contract Act) and the common law as applicable in India. The SC held that mere registration by a pawnee as a 'beneficial owner' of dematerialized shares in depository's record does not have the effect of discharge of debt. The SC, while setting aside the orders of AA and NCLAT, observed that:

- 'Law of pledge is dynamic and must adapt itself in the context of the current commercial environment, albeit we would avoid palpable conflict that would arise in view of the enactment of the Depositories Act and the 1996 Regulations, or else the operation of law in practice would lead to compliance difficulties and complications'. While interpreting the law relating to commercial matters, the court must consider the real-world impact and consequences.
- The Depositories Act, 1996 is in addition to other laws relating to the holding and transfer of securities, and its provisions are not in derogation of sections 176 and 177 of the Contract Act. It provides for the concepts of a 'registered owner' and 'beneficial owner' (the *de facto* owner) of securities and does not contradict with sections 176 and 177 of the Contract Act. Regulation 58(8) entitles the pawnee to record himself as a 'beneficial owner' in place of the pawnor. It does not expressly nullify any provision of the Contract Act.
- The provision that on invocation of pledge, the pawnee is to be recorded in depository's records as the 'beneficial owner' of the pledged securities is mandatory. Unless the pawnee is registered as a 'beneficial owner', he cannot sell the pledged dematerialized securities and realise the proceeds to recover his debt by taking recourse to section 176 of the Contract Act. The right of redemption would cease on the 'actual sale', that is, when the 'beneficial owner' sells the dematerialised securities to a third person. Once the 'actual sale' has been effected by the pawnee, the pawnor forfeits his right for redemption of the pledged securities under section 177 of the Contract Act.

Indian Overseas Bank Vs. M/s. RCM Infrastructure Ltd. and Anr. [Civil Appeal No. 4750 of 2021]

The SC held that the appellant bank cannot continue the proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) once the CIRP was initiated and the moratorium was ordered under section 14 of the Code, which has an overriding effect over any other law.

Kotak Mahindra Bank Limited Vs. A. Balakrishnan & Anr. [Civil Appeal No.689 of 2021]

The SC held that a person, who holds a recovery certificate would be a FC within the meaning of section 5(7) of the Code and would be entitled to initiate CIRP within a period of three years from the date of issuance of the recovery certificate and made following important observations:

- The prohibition, under section 14, to institution of suit or continuation of pending suits or proceedings including execution of decree would not mean that a decree-holder is also prohibited from initiating CIRP, if he is otherwise entitled to in law.
- When by virtue of section 19(22) of the Recovery of Debts and Bankruptcy Act, 1993 any recovery certificate issued under section 19 of the said Act is deemed to be a decree or order of the Court for initiation of winding up proceedings which are much severe in nature, it will be difficult to accept that the Legislature intended that such a recovery certificate could not be used for initiation of CIRP which would enable the CD to continue as a going concern and, at the same time, pay the dues of the creditors to the maximum.

Vallal RCK Vs. M/s. Siva Industries and Holdings Limited and Ors. [Civil Appeal Nos. 1811-1812 of 2022]

The SC permitted withdrawal of CIRP and observed that by the Amendment Act of 2018 the provisions under section 12A have been made more stringent as compared to section 30(4) when the voting share of 75% of CoC for approval of the resolution plan was brought down to 66%. Section 12A which was brought by the same amendment, requires the voting share of 90% of CoC for approval of withdrawal of CIRP. When 90% or more of

the creditors, in their wisdom after due deliberations, find that it will be in the interest of all the stakeholders to permit settlement and withdraw CIRP, the AA or the NCLAT cannot sit in an appeal over the commercial wisdom of CoC. The interference would be warranted only when the AA or the NCLAT finds the decision of the CoC to be wholly capricious, arbitrary, irrational and *de hors* the provisions of the statute.

High Court

Sri. Babu A. Dhammanagi & Anr. Vs. Union of India & Ors. [WP No. 21626/2021]

The Karnataka HC while upholding the validity of the provisions of sections 95(1), 99 and 100 of the Code, observed that the role of RP is limited to making the appropriate recommendation to the AA and the final decision of the admission or rejection of the application solely lies with the AA. The HC held that subsequent appointment of the same RP under personal guarantor insolvency is not arbitrary, and it cannot be termed to be violative of Article 14 of the Constitution.

G. Rathinavelu Vs. Indian Overseas Bank [C.R.P.(PD).No.1480 of 2022 and C.M.P.No.7596 of 2022]

The Madras HC held that when an appeal remedy is provided under the Code against the order of AA, the aggrieved party should exhaust the said remedy by filing an appeal before the NCLAT and the Writ Petition/Civil Revision Petition filed by them under Articles 226/227 of the Constitution is not maintainable.

Jasani Realty Pvt.Ltd. Vs. Vijay Corporation [Commercial Arbitration Application (L) No. 1242 of 2022]

The HC held that mere filing of the proceedings under section 7 of the Code cannot be treated as an embargo on the Court exercising jurisdiction under section 11 of the Arbitration and Conciliation Act, 1996 for the reason that only after an order under section 7(5) is passed by the AA, the CIRP would gain a character of the proceedings *in rem*, which would trigger the embargo precluding the Court to exercise jurisdiction under the Arbitration and Conciliation Act, 1996, and more particularly in view of the *non obstante* provisions of section 238 of the Code.

Palika Towns LLP Vs. State of U P and Ors. [Civil Misc. Writ (C) Petition No. 10123 of 2021]

The Allahabad HC dismissed the writ petition and held that the Code grants limited protection to the auction purchaser while allowing it to step into the shoes of the CD but in order to be the lessee of the principal lessor the petitioner has to honour the commitments and discharge its contractual obligation as embodied in the lease deeds, transfer memorandum and sale certificate. It observed that merely because the petitioner is a *bona fide* auction purchaser who had purchased assets of CD through auction/bidding so conducted by orders of NCLT, will not absolve it from paying arrears of lease rental and interest thereon.

M/s. Dishnet Wireless Limited Vs. Assistant Commissioner of Income Tax (OSD) [W.P.No.34668 of 2018]

The issue for consideration was whether the proceedings under section 148 of the Income Tax Act, 1961 (IT Act) were without jurisdiction since the petitioners had voluntarily filed CIRP under the provisions of the Code before the AA which was admitted. The Madras HC dismissed the petitions and held that Income Tax Department was not precluded from reopening the assessment completed under the IT Act. The HC observed that the approved plan cannot impinge on the rights of the Income Tax Department to pass any fresh assessment order under the IT Act.

National Company Law Appellate Tribunal

Aditya Kumar Tibrewal Vs. Om Prakash Pandey & Ors. [Company Appeal (AT) Insolvency No. 583 of 2021]

The NCLAT held that the expression 'shall' in regulation 35A(1), 35A(2)

and 35A(3) is not mandatory and requirement of 'forming an opinion' under section 35A(1), 'make a determination' under section 35A(2) and 'shall apply to the Adjudicating Authority for appropriate relief on or before 135th day of the Insolvency Commencement Date' are only directory. It observed that in event the actions taken by the RP after the timeline prescribed in regulation 35A of the CIRP Regulations are to be annulled, the undervalued and fraudulent transactions will go out of the reach of resolution process and shall cause great inconvenience and injustice to the CD. Action taken by the RP beyond the time prescribed under said regulation cannot be held to be *non-est* or void only on the ground that it is beyond the period prescribed. It also observed that for transactions defrauding creditors and fraudulent trading or wrongful trading the timeline prescribed under section 46 is not applicable.

M/s. Genius Security and Allied Services Vs. Mr. Shivadutt Bannanje & Anr. [Company Appeal (AT) (CH) (Insolvency) No. 110 & 225 of 2021]

The NCLAT held that even in the case of liquidation, the waterfall mechanism is to be followed in priority. It observed that there is no discrimination amongst the OCs, because no amounts are earmarked for any of the OCs. The question of discrimination would arise when dues of some of the OCs are paid by excluding other OCs.

Rajesh Kedia Vs. Phoenix ARC Private Limited and Anr. [CA (AT) (Insolvency) No. 996 of 2021]

The NCLAT on the contention of the appellant *qua* the quantum of payment of debt observed that it does not fall for consideration before the AA at the stage of admission of the application under section 7. The only requirement is that the minimum outstanding debt should be more than the threshold amount provided for under the Code. The actual amount of claim is to be ascertained by the RP after collating the claims and their verification which comes at a later stage. It is not within the domain of the AA to decide the amount of debt at the stage of admission of application. It also observed that on mere dispute of the quantum of the amount, the application cannot be rejected.

M/s. Rana Saria Poly Pack Pvt. Ltd. Vs. Uniworld Sugars Pvt. Ltd. & Anr. [Company Appeal (AT) (Ins.) No. 422 of 2021]

The NCLAT discarded the third valuation report holding that it is not in accordance with the provisions of the CIRP Regulations considering the wide variance of the liquidation value in the third valuation report from that in the first two valuation reports. The NCLAT directed that the average liquidation value of first two valuations should be the liquidation value. It observed that a third valuation has to be undertaken in the event two estimates of valuations are significantly different, whereupon the RP may appoint a third registered valuer (RV). Under the CIRP Regulations no power has been given to CoC to call for any valuation of fair and liquidation value but there is no bar under the Code for the CoC to call for a fresh valuation report. If the CoC were to call for a valuation report to assist itself in the decision making, the procedure and process as outlined in regulations 27 and 35 of CIRP Regulations ought to be followed. The quantum of liquidation value is relevant and material in allocating payments to be given to the workmen, employees and the OCs.

Khushvinder Singhal, Erstwhile Resolution Professional of Bestways Transport (India) Pvt. Ltd. Vs. Reena Tiwari [Company Appeal (AT) (Insolvency) No. 469 of 2022]

The NCLAT observed that the CoC is fully competent to revise the fee even if it was earlier approved by any earlier CoC decision. The entitlement of fee depends on several factors including the change of circumstances and the length of CIRP proceeding. Proviso of regulation 12(3) of the CIRP Regulations does not fetter the CoC to consider the fee and expenses.

Mr. Nitin Bharal & Ors. Vs. Stockflow Express Pvt. Ltd. [Company Appeal (AT) (Insolvency) No. 454 of 2022]

The AA while allowing a section 66 application directed the suspended directors/promoters of CD to contribute a certain sum of money in the CD's account and also directed the IRP to institute a prosecution against them under section 69 of the Code. The promoters filed an appeal before the NCLAT contending that the AA has erroneously allowed the application in the absence of any Transaction Audit Report. The NCLAT noted that after

the resignation of the four directors only one director was appointed three days prior to their resignation. It further noted that there were no substantial reasons for the share sales transactions, whereby four Promoters sold their 100% shareholding to a related concern during their tenure and after the resignation, the same concern sold a part of its shareholding in the CD to the same four directors/ promoters. It also took note of the bank transactions done by the ex-directors/promoters after resigning as directors which amounted to ₹ 19,98,602/-. Also, an amount of ₹ 42,33,304/- was settled for a payment of ₹ 3 lakh during their tenure. Keeping in view, the copy of the bank statements, amounts written off as bad debts during the financial year when the promoters were the directors, the circuitous sale of shares, the NCLAT observed that the contention of the suspended directors/promoters is unsustainable and dismissed the appeal.

Kishore K. Lonkar Vs. Hindustan Antibiotics Ltd. [Company Appeal (AT) (Insolvency) No. 934 of 2021]

The NCLAT observed that section 5(21) includes any claim in respect of the provision of goods and services including employment. Though service benefits like leave travel concession (LTC) accrued on account of the service rendered during the period of employment, the scope and objective of the Code is simply not just for recovery of dues but resolution of the CD. Employees and workmen do constitute a major part of the stakeholders. The claims of the workmen/employees may be classified as service claims which arise during the terms of employment, in lieu of service rendered by the employee, like salary, wages, bonus, dues, etc., and welfare claims which arise after cessation of employment, like gratuity, leave encashment, superannuation dues, workmen compensation for closure of the entity which all depend on the tenure of the employment. Subsequent to the company going into insolvency, all such claims may be submitted in Form D under regulation 9 of the CIRP Regulations. But seeking to initiate CIRP on the ground that LTC and leave encashment have not been paid, which fall within the ambit of service benefits/welfare benefits cannot be said to be the intent and objective of the Code.

Potens Transmissions & Power Pvt. Ltd. Vs. Gian Chand Narang [Company Appeal (AT) (Insolvency) No. 532 of 2022]

The NCLAT observed that as per the Liquidation Regulations, 90 days' period provided for making the deposit is the maximum period within which the auction purchaser has to make the deposit. Second proviso of clause 12 of Schedule I provides that sale shall be cancelled if the payment is not received within 90 days. When the consequence of non-compliance of the provision is provided in the statute itself, the provision is necessary to be held to be mandatory.

Amitabh Roy Vs. Master Development Management (India) Pvt. Ltd. & Anr. [Company Appeal (AT) (Insolvency) No. 274 of 2022]

In this case, the application filed by the OCs was disposed of by the AA pursuant to settlement between the parties. The OC filed an application for revival of section 9 application against the CD on the grounds that the settlement agreement also included payment of tax deduction at source (TDS); and since TDS has not been paid by the CD, default has occurred. The AA admitted this application. On appeal, the NCLAT noted that the consequences of non-payment of TDS are provided under the IT Act, and income tax authorities have ample powers to take appropriate action. Holding the order as unsustainable, it set aside the order of the AA. It further imposed a cost of ₹ 1 lakh on the OC and observed that the OC has misused the process of the Code in filing revival application for non-payment of TDS.

Vipul Himatlal Shah & Anr. Vs. Teco Industries & Anr. [Company Appeal (AT) (Insolvency) No. 470 of 2022]

The NCLAT noted that when the notice was sent via email by IU to the directors of the CD regarding the information of default, they did not reply to the said e-mail nor forwarded it to the appropriate addressee. Therefore, in view of regulation 21(3) of the IU Regulations, the information of default was deemed to be authenticated. It further noted that CD did not take any action under Grievance Redressal Policy under IU Regulations to set the record straight in case it found it to be incorrect. The NCLAT observed that if the record of IU shows that there is a debt which is in default, the AA or the appellate authority are not required to further examine the record of IU,

more so when the information in record of the IU is deemed authenticated and no dispute or refutation of said record has been done by the CD. The admission order of AA was upheld.

Damodar Valley Corporation Vs. Dimension Steel and Alloys & Ors. [Company Appeal (AT) (Insolvency) No. 62 of 2022]

The order of the AA approving resolution plan was challenged *inter-alia* on the grounds that the plan does not comply with the provisions of section 30(2) and the distribution to the OC is not fair and equitable. The NCLAT while dealing with the appeal noted that denying OCs claim or receiving ineligible amount in the resolution plan causes hardship and misery to the OCs. Even the statutory dues, which by virtue of law as it exists today, are dealt in the same manner resulting in no payment or negligible payment and sometime even less than 1% of the claim. The NCLAT observed that, it is consistently receiving plans, where OCs are either not paid any amount towards their claim or paid negligible amount, sometime even less than 1%. The NCLAT suggested that it should be examined by the Government and the Board to find out as to whether there are any grounds for considering change in the legislative scheme towards the payment to the OCs, which also consist of Government dues and other statutory dues. The appeal was dismissed.

Jain International Trade Organization Vs. Mr. Udupi Vasudev Ganesh Naik, Liquidator of M/s. P&S Jewellery Limited [Company Appeal (AT) Insolvency No. 1059 of 2021]

The NCLAT while dealing with the interpretation of Schedule I, clause 12 of the Liquidation Regulations, as amended on July 25, 2019 and the IBBI circular dated August 26, 2019, observed that Amendment Regulations dated July 25, 2019 amending Schedule I, clause 12 is only prospective and shall not have effect on auctions which were held prior to the amendment. Applicability of Schedule I, Clause 12 is attracted 'on the close of auction'. Time period of 90 days which was introduced in the Amendment Regulations dated July 25, 2019, can be availed by the auction purchasers when auction took place subsequent to the amendment dated July 25, 2019.

Eastern Power Distribution Company of Andhra Pradesh Limited Vs. Maithan Alloys Limited & Ors. [Company Appeal (AT) (Insolvency) No. 961 of 2021]

The question for consideration was, whether the successful auction purchaser in the liquidation proceeding is liable to pay electricity dues pending on the CD both pre-CIRP and during the CIRP? The NCLAT observed that if the entire pre-CIRP and post-CIRP dues are to be recovered from the successful auction purchaser satisfying the entire dues of the appellant, and if the electricity supply provider files a claim in the liquidation proceeding which is partly paid in the liquidation proceeding then the said payment shall be in excess to the entire dues realized by the appellant from the successful auction purchaser, which is not the intent of the proceeding. The claim of the appellant to realize the pre-CIRP dues from successful auction purchaser is in conflict of the statutory scheme as laid down in the Code. It was held that the appellant is entitled to receive its electricity dues both pre-CIRP and post-CIRP in accordance with section 53 of the Code.

Employees Provident Fund Organisation Through Regional Provident Fund Commissioner-II Vs. Mr. Subodh Kumar Agarwal & Ors. [Company Appeal (AT) (Insolvency) No. 116 of 2022]

Proceedings under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (EPF Act) were initiated against the CD by issuing show cause notice to RP as well as the ex-director of the CD/ successful resolution applicant (SRA), vide an order of Employees Provident Fund Organisation (EPFO) computing the liability of the CD as ₹ 12,17,854. The resolution plan was approved by the AA, wherein no allocation was made towards dues of EPFO. Subsequently, EPFO filed an appeal contending that it was obligatory on the part of ex-director of the CD/SRA to provide for payment of the provident fund dues of the employees as he was aware of the proceedings under the EPF Act. The NCLAT observed that the provisions of the Code and Regulations do not contemplate any cognizance of any ongoing proceeding under which CD may be saddled with any liability financial or otherwise. It was further observed that, although regulation

36(2)(l) of the CIRP Regulations provides for other information which the RP deems relevant to the committee but the said information being under subjective satisfaction of RP does not cast any obligation for bringing in the notice of the committee any ongoing proceeding, where statutory liabilities were likely to accrue on the CD. When the IRP/RP comes to know of orders against the CD or notice against the CD of ongoing proceeding he should be under obligation to include it in the IM and bring the same into the notice of the CoC to enable the CoC to take a wholesome view of entire sequence of facts and circumstances. The NCLAT suggested the IBBI to consider as to whether the Regulations need any amendment, clarification so as to include in the IM any ongoing statutory proceeding which is likely to saddle the CD with financial or other liability. The NCLAT upholding the order of the AA concluded that the claim crystallized under the EPF Act was not there at the time of currency.

Puneet Kaur, through her Attorney Amrit Pal Singh Vs. K V Developers Pvt. Ltd. & Ors. [Company Appeal (AT) (Insolvency) No. 390 of 2022]

The issues for consideration before the NCLAT were- (i) whether the RP was obliged to include the details of homebuyers as reflected in the records of the CD in the IM, even though they have not filed their claim before the RP within time?; (ii) whether after approval of resolution plan by CoC, the claim of such homebuyers stands extinguished? ; and (iii) whether resolution applicant ought to have also dealt with the resolution plan having regard to homebuyers whose names and claims are reflected in the record of CD although they have not filed any claim?

The NCLAT observed that the liability towards those homebuyers, who have not filed their claim exists and is required to be included in the IM. Under regulation 36(2)(l) of the CIRP Regulations, there is provision for other information, which the RP deems relevant to the committee to be included in the IM. Such claims could not be wished away by the RP, on the convenient ground that claims have not been filed by such homebuyers. It was held that the claim of those homebuyers, who could not file their claims, but whose claims were reflected in the record of the CD, ought to have been included in the IM and resolution applicant ought to have been taken note of the said liabilities and should have appropriately dealt with them in the resolution plan. Non-consideration of such claims, which are reflected in the records of the CD, leads to inequitable and unfair resolution. To mitigate the hardship of the homebuyers, the NCLAT directed the RP to submit the details of homebuyers, whose details are reflected in the records of the CD including their claims, to the resolution applicant, on the basis of which resolution applicant shall prepare an addendum to the resolution plan, which may be placed before the CoC for consideration.

Alok Sharma & Ors. Vs. M/s. I P construction Pvt. Ltd Through Resolution Professional, Anju Agarwal [Company Appeal (AT) (Insolvency) No. 350 of 2020]

The issue, whether registration of the houses in a real estate business would violate section 14 of the Code, was decided by the NCLAT. In this case, the allottees had invested in the CD's project in the year 2013 and got possession in 2015 but no sale deed was executed in their favour. When the CD went into CIRP in 2019, they approached the IRP for the issue of registration of the units. The CoC decided that decision on execution of sale deed be decided by the SRA. Aggrieved with this, the allottees approached the AA who dismissed the application.

On appeal, the NCLAT observed that moratorium applicable under section 14(1)(b) of the Code is on transferring of any assets of the CD. House registration will not violate moratorium under section 14 as the registration of all these houses is the procedural requirement, in case of real estate company where the allottees are already in possession prior to initiation of CIRP. The NCLAT while directing the RP to execute the sale deed, observed that the houses so constructed is the business of the real estate company and the value of sale of those houses will always appear on the credit side of the profit and loss account as 'Revenue from operations' under Schedule -III, Part-II of the Companies Act, 2013. Hence, this is not an asset, in case of real estate company as it is recurrent business activity for the company, and it is

its business for continuation of its operation as a going concern even during CIRP. The NCLAT held that the rights of home buyers cannot be affected adversely in the CIRP and their interest is to be appropriately preserved and protected within the parameters of the Code. The NCLAT directed the RP to execute the sale deed.

National Company Law Tribunal

Deepak Gupta (HUF) & Indu Mittal Vs. Anuj Kumar Tiwari RP of Sparkspell Homes Private Ltd., [IA (IB) No.357/ALD/2020 in CP (IB) No.76/ALD/2019]

The AA while disposing of an IA filed by the CoC for frequently replacing of RP, observed that if there is any misconduct on the part of the RP, then it is the duty of the CoC members to bring the same to the notice of the Board for initiating necessary action against the IP. The regular churning of the RP may not be the answer. It further observed that the frequent replacement of RPs by members of CoC indicate that such member wants an RP who should function to take care of his interest at the cost of other stakeholders. The office of the RP is an independent institution who is tasked with the responsibility to work in a neutral and a fair manner. The approach of the CoC in the present case seems to be to keep the sword of Damocles hanging over the head of the RP in case the RP failed to do its bidding. The AA dismissed the application, and the matter was referred to the IBBI for necessary action, if any.

Beni Gopal Sanghi Vs. EMC Limited [IA (IB) No. 63-KB-2020 in CP (IB) No. 1237-KB-2018]

The AA held that if SRA fails to implement the plan within the stipulated timeline, the chairman of the monitoring committee has a duty to ensure that interests of stakeholders are protected by filing an application. The AA observed that SRA has intentionally delayed the whole process on frivolous grounds. It observed that 'SRA has not exhibited any intention by taking some concrete steps that can instill some degree of confidence in the earnestness of the SRA. The SRA has taken the entire process for a ride and nothing can really excuse this audacity. The attitude of the SRA really will tick every parameter that can be applied to satisfy the knowing and wilful contravention test laid down in section 74(3) of the Code on a reasonable construction... A strong message needs to go to the SRA that majesty of law needs to be respected at all costs and that Indian judicial processes cannot be taken for a ride...'. The AA has referred the matter to the IBBI and the MCA to initiate appropriate complaint before the Special Court as envisaged under section 236(1) of the Code.

Mr. Rakesh Taneja & Others Vs. Wave Megacity Centre Private Limited [IA. 2026/2021 and IA. 2378/2021 in Company Petition No. (IB)-197(PB)/2021]

The issues concerning homebuyers in a real estate project and filing section 10 application in the case arose while appreciating certain factual position. An application was filed under section 65 of the Code by the allottees seeking dismissal of a section 10 application filed by CD, seeking initiation of its CIRP. Allottees filed interim applications (IAs) under section 65 of the Code, contending that the section 10 application has been filed with malicious and fraudulent intent.

The AA while allowing the IAs and dismissing the section 10 application, noted that about 285 litigations are pending against the CD, which is huge in number, and the possibility of initiating CIRP, by itself, to escape the liability which may arise out of such huge pending litigations, cannot be overlooked.

SR Shriram Shekher (RP) M/s. Saalim Shoes Pvt. Ltd. [IA/814(CHE)/2021 in IBA/1104/2019]

The AA while disposing of petition for withdrawal post CoC's approval of resolution plan submitted by CD being an MSME during the pendency of an application for non-cooperation under section 19(2) of the Code against the erstwhile board of directors of CD, observed that 'Such kind of Application raises a question whether the regulation is needed when under Section 19(2)

an Application is pending against the Corporate Debtor, is he permitted to participate as the resolution Applicant and ahead with the resolution plan as the Resolution Applicant even though he is a MSME company? When the Corporate Debtor has not respected the provisions of the Code and failed to obey the law of the land, how the Corporate Debtor is permitted to participate in the CIRP and accept the plan? Does it not defeat the very purpose of the act?' The AA suggested the Board for academic discussion on the regulation in this regard.

IBBI

During the quarter, the DC/Authorised Officer of the IBBI disposed of 25 show cause notices issued to the IPs/RVs/RVEs for contravention of the provisions of law by passing suitable orders.

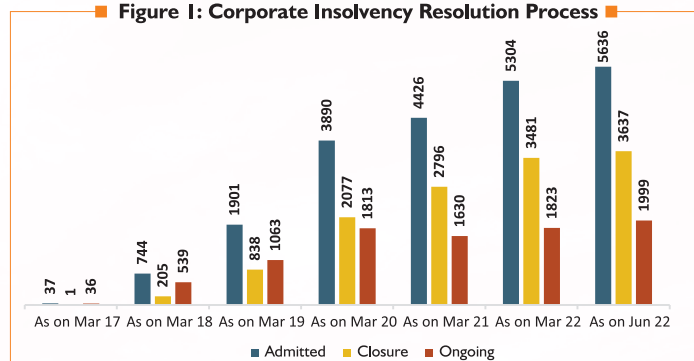
Corporate Processes

The data provided in this section regarding corporate processes is provisional, as it is getting revised on a continuous basis depending on the flow of updated information as received from the IPs or the information in respect of process changes. For example, a process may ultimately yield an order for liquidation even after approval of resolution plan or may ultimately yield resolution plan even after an order for liquidation.

Insolvency Resolution

The provisions relating to CIRP came into force on December 1, 2016. A total of 5636 CIRPs have commenced by the end of June, 2022 as presented in Figure 1. Of these, 3637 have been closed. Of the CIRPs closed, the CD was rescued in 1934 cases, of which 774 cases have been closed on appeal or review or settled; 643 cases have been withdrawn; and 517 cases have ended in approval of resolution plans; while 1703 have ended in orders for liquidation (Figure 2). Sectoral distribution of CDs under CIRP is presented in Figures 3-6.

■ Figure 1: Corporate Insolvency Resolution Process



Note: These CIRPs are in respect of 5481 CDs.

This excludes 1 CD which has moved directly from BIFR to resolution.

Source: Compilation from website of the NCLT and filings by IPs.

■ Figure 2: Mode of Closure of CIRPs

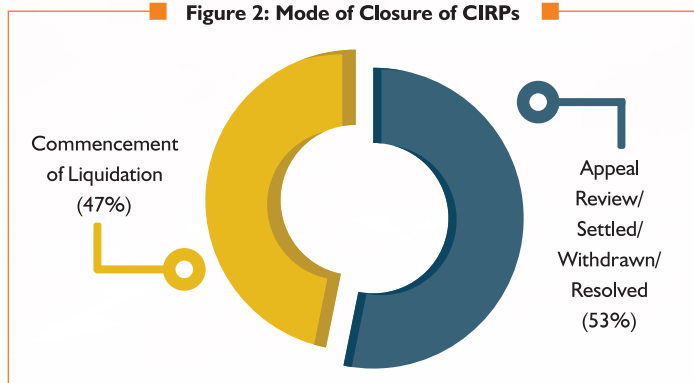


Figure 3: Sectoral Distribution of CIRPs: Admission

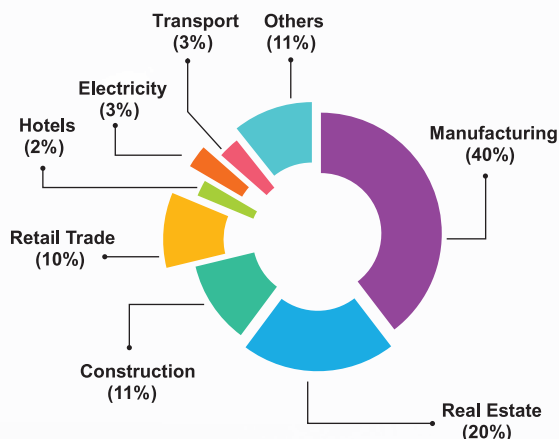


Figure 4: Sectoral Distribution of CIRPs: Appeal/Review/Settled/Withdrawn

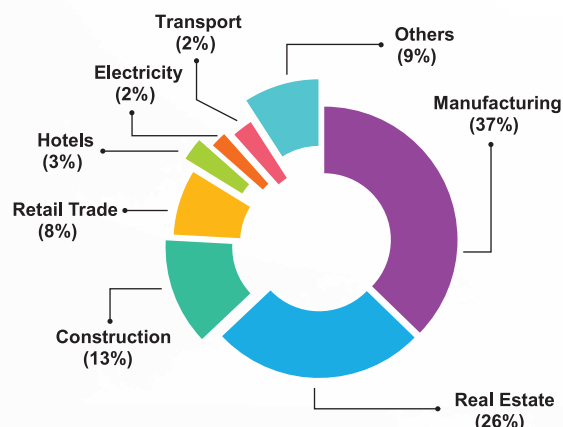


Figure 5: Sectoral Distribution of CIRPs: Resolution Plans

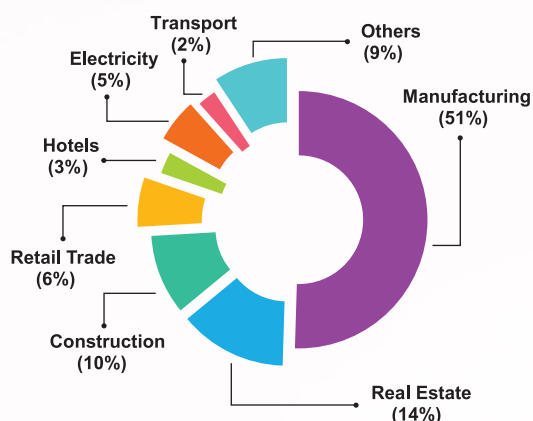
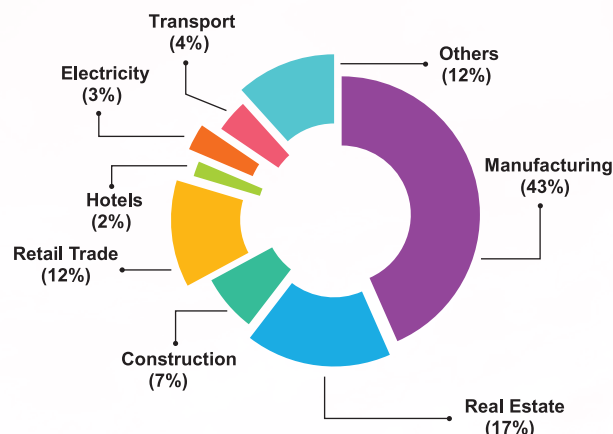
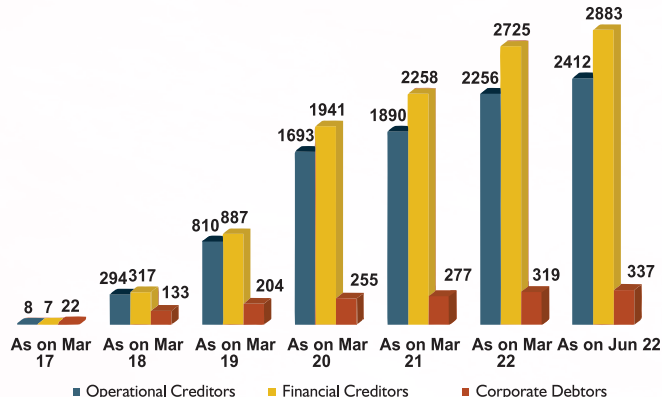


Figure 6: Sectoral Distribution of CIRPs: Commencement of Liquidation



The distribution of stakeholder-wise initiation of CIRPs is presented in Figure 7. OCs triggered 51.15% of the CIRPs, followed by about 42.80% by FCs and remaining by the CDs. It is observed that about 80% of CIRPs having an underlying default of less than ₹ 1 crore were initiated on applications by OCs while about 80% of CIRPs having an underlying default of more than ₹ 10 crore were initiated on applications by FCs. The share of CIRPs initiated by CD is declining over time. They usually initiated CIRPs with very high underlying defaults.

Figure 7: Stakeholder-wise Distribution and Trends of Initiation of CIRPs



Note: This excludes four cases wherein applications filed by RBI were admitted u/s 227 of the Code.

The outcome of CIRPs, initiated stakeholder-wise, as on June 30, 2022 is presented in Table I. Of the OC initiated CIRPs that were closed, about 50% were closed on appeal, review, or withdrawal. Such closures accounted for more than 72% of all closures by appeal, review, or withdrawal.

Table I: Outcome of CIRPs, initiated Stakeholder-wise, as on June 30, 2022

Outcome	Description	No. of CIRPs Initiated by			
		FCs	OCs	CDs	Total
Status of CIRPs	Closure by Appeal/Review/Settled	208	560	6	774
	Closure by Withdrawal u/s 12A	173	463	7	643
	Closure by Approval of Resolution Plan	293	175	48	516
	Closure by Commencement of Liquidation	757	761	185	1703
	Ongoing	980	924	91	1995
	Total	2412	2883	337	5632
CIRPs yielding Resolution Plans	Realisation by creditors as % of Liquidation Value	201.7	125.0	147.2	178.8
	Realisation by creditors as % of their Claims	32.7	15.7	18.2	30.6
	Average time taken for Closure of CIRP	552	555	518	550
CIRPs yielding Liquidations	Liquidation Value as % of Claims	6.4	9.2	9.1	7.1
	Average time taken for Closure of CIRP	447	418	390	428

Note: This excludes four cases wherein applications filed by RBI were admitted u/s 227 of the Code.

Resolution Plans

Till March, 2022, 480 CIRPs had yielded resolution plans as presented in the last newsletter. 21 more CIRPs were later reported as yielding resolution plans during that period, as presented in Part A of Table 2. During April-June, 2022, 23 CIRPs yielded resolution plans with different degrees of realisation as compared to the liquidation value as presented in Part B of Table 2. Six CDs which had earlier yielded resolution have since moved into liquidation. In one CD, resolution plan has been set aside by the AA and the CIRP has been restarted.

Till June 30, 2022, the creditors have realised ₹ 2.35 lakh crore under the

resolution plans. The fair value of the assets available with these CDs, when they entered the CIRP was estimated at ₹ 2.06 lakh crore and liquidation value of ₹ 1.31 lakh crore against the total claims of the creditors worth ₹ 7.67 lakh crore. The creditors have realised 178.82% of the liquidation value, 83.22% of the fair value (based on 421 cases where fair value have been estimated). The haircut for creditors relative to the fair value of assets was 17%, while relative to their admitted claim is of 69%. It may be noted that the realisable value does not include the CIRP cost, and many probable future realisations such as equity, realisation from corporate and personal guarantees, funds infused into the CD including capital expenditure by the resolution applicants, and recovery from avoidance applications.

Table 2: CIRPs Yielding Resolution Plans

Sl.	Name of CD	De-funct (Yes / No)	Date of Commencement of CIRP	Date of Approval of Resolution Plan	CIRP initiated by	Amount (in ₹ crore)			Realisable Value as % of	
						Total Admitted Claims	Liquidation Value	Total Realisable value	Admitted Claims	Liquidation Value
Part A: For Prior Period (Till March 31, 2022)										
1	Rana Global Limited	Yes	23-03-18	06-11-19	FC	94.98	8.89	9.25	9.74	104.05
2	Dome-Bell Electronics Private Limited	No	21-08-18	09-12-19	FC	1696.36	28.18	416.09	24.53	1476.54
3	Supraja Textiles Private Limited	No	23-08-18	29-04-20	CD	18.91	9.34	9.03	47.73	96.66
4	Amintha Infrastructure Private Limited	Yes	30-08-19	22-03-21	FC	16.11	5.66	6.89	42.77	121.73
5	Sejal Glass Limited	No	13-02-19	26-03-21	FC	150.71	27.62	31.41	20.84	113.72
6	KK Gifts Private Limited	No	06-09-19	28-06-21	FC	7.16	0.30	0.86	12.00	288.55
7	Vista Mining Private Limited	Yes	25-02-20	13-07-21	FC	39.97	7.10	3.61	9.03	50.85
8	Therdose Pharma Private Limited	No	09-01-20	01-10-21	OC	41.26	33.50	34.64	83.96	103.41
9	Dimension Steel & Alloys Private Limited	Yes	18-10-19	08-10-21	OC	330.38	15.89	19.23	5.82	121.02
10	Amrit Jal Ventures Private Limited	No	07-05-19	14-10-21	FC	663.93	4.84	12.37	1.86	255.58
11	Rohtas Projects Limited	No	30-09-19	13-12-21	FC	387.81	54.94	340.48	87.80	619.78
12	Favourite Fabtech Private Limited	No	17-03-20	14-12-21	OC	3.03	2.71	2.49	82.18	91.88
13	Zicom Saas Private Limited	No	18-03-20	16-12-21	FC	185.54	14.98	14.81	7.98	98.87
14	Banyantree Developers Private Limited	No	01-03-21	17-12-21	FC	3.80	0.99	0.85	22.37	85.86
15	Kei-Rsos Maritime Limited	No	28-08-19	03-01-22	OC	78.40	11.85	17.05	21.75	143.88
16	COS Board Industries Limited	Yes	16-12-19	03-02-22	OC	101.84	16.77	23.60	23.17	140.73
17	Mass Metals Private Limited	Yes	07-11-19	21-02-22	OC	52.16	0.49	3.88	7.44	791.84
18	Proactive Plast Private Limited	Yes	14-10-19	04-03-22	OC	30.48	12.53	12.99	42.62	103.68
19	Ahinsa Buildtech Private Limited	No	04-11-19	24-03-22	OC	439.01	16.48	222.19	50.61	1348.24
20	Cleanopolis Energy Systems India Private Limited	Yes	07-04-21	24-03-22	FC	16.24	5.35	8.71	53.63	162.80
21	Farmech Foods Private Limited	No	04-02-20	30-03-22	OC	24.70	9.77	4.72	19.11	48.31
Part B: For April - June, 2022										
1	Rohit Ferro-Tech Limited	No	07-02-20	07-04-22	FC	4221.36	416.30	496.17	11.75	119.19
2	Serampore Belting Works Private Limited	NA	09-08-19	19-04-22	OC	NA	NA	NA	NA	NA
3	Bhattacharyya Bottling Plant Private Limited	Yes	20-12-19	20-04-22	OC	10.50	1.87	2.08	19.81	111.23
4	Vinayak Rathi Steels Rolling Mills Pvt Ltd	Yes	16-06-20	21-04-22	FC	63.75	16.87	19.00	29.80	112.63
5	Indolsolar Limited	No	12-04-19	21-04-22	FC	2184.57	89.00	94.19	4.31	105.83
6	R P Basmati Rice Limited	Yes	16-11-18	22-04-22	OC	348.85	5.57	5.59	1.60	100.36
7	SIP Industries Limited	No	30-08-19	25-04-22	FC	0.32	NC	0.32	100.00	NA
8	Value Infracon India Private Limited	Yes	04-05-18	28-04-22	FC	79.84	41.68	78.87	98.79	189.24
9	Super Shiv Shakti Chemicals Private Limited	No	10-01-20	29-04-22	FC	64.43	11.03	25.88	40.16	234.63
10	Heavy Metal and Tubes Limited	No	01-01-21	29-04-22	FC	286.91	38.00	45.66	15.91	120.16
11	Mangal Iron Private Limited	Yes	19-06-18	06-05-22	FC	113.53	2.98	4.09	3.60	137.25
12	Bansal Alumex Private Limited	No	25-02-20	18-05-22	FC	57.46	3.24	6.40	11.14	197.30
13	Krishna Alex Private Limited	No	14-09-21	18-05-22	FC	73.19	10.54	11.98	16.37	113.63
14	Wall Rock Infrahome Private Limited	Yes	17-12-19	18-05-22	FC	25.48	13.69	14.03	55.06	102.48
15	Yashomati Hospitals Private Limited#	No	16-03-21	30-05-22	FC	82.14	57.15	34.44	41.93	60.26
16	B V V Paper Industries Limited	Yes	31-05-21	30-05-22	FC	1042.22	17.31	18.85	1.81	108.92
17	Gopalsons Steels Private Limited	No	20-01-20	06-06-22	FC	50.90	10.30	10.80	21.22	104.85
18	Sankhya Infotech Limited	Yes	28-07-21	15-06-22	FC	44.68	0.10	4.71	10.54	4769.55
19	Basu & Co Road Contractors Private Limited	Yes	19-02-20	16-06-22	OC	28.15	2.61	6.82	24.23	261.30
20	Anand Teknow Aids Engineering India Limited	No	04-10-18	17-06-22	OC	316.99	31.54	55.25	17.43	175.17
21	Bhatia Coke and Energy Limited	No	22-05-19	20-06-22	FC	1509.20	NC	190.25	12.61	NA
22	Topkmit Processing Mill Private Limited	No	21-11-19	20-06-22	OC	16.39	9.78	9.81	59.85	100.31
23	Castal Extrusion Private Limited	No	18-03-20	29-06-22	FC	76.46	8.93	10.00	13.08	111.98
Total (April - June, 2022)						10697.33	788.49	1145.19	10.71	145.24
Total (Till June, 2022)						767384.89	131468.62	235093.55	30.64	178.82

Note:

- In 517 resolved CDs, 124 applications in respect of avoidance transactions to the tune of ₹ 33,076 crore have been pending before AA.
- The CIRPs in 18 matters which yielded resolution plans and were reported earlier in this table have later been reversed. The CIRPs have restarted in 8 cases and CIRPs in 2 matters, where liquidation orders were passed earlier, have yielded resolution plans.
- There are 6 CIRPs where the realisable value was less than the liquidation value of the CD. While realisable value is significantly influenced by the value of the asset of the CD while entering the resolution process and time taken for resolution, it is also the outcome of a market determined price discovery process and commercial wisdom of the committee of creditors.

NA: Not Available

NC: Not calculated

About 34% of the CIRPs (175 out of 514 for which data are available), which yielded resolution plans, were earlier with Board for Industrial and Financial Reconstruction (BIFR) and/or defunct (Figure 8). In these CDs, the claimants have realised 21.32% of their admitted claims and 171.19% of Liquidation value.

Figure 8: CIRPs Yielded Resolutions: State of CD at the commencement of CIRP



Note: Data awaited in 3 cases

Withdrawals under Section 12A

Till June, 2022, a total of 643 CIRPs have been withdrawn under section 12A of the Code. The reasons for withdrawal and distribution of claims in these CIRPs are presented in Figure 9 and 10. Almost three fourth of these CIRPs had claims of less than ₹ 10 crore.

Liquidation

Till March, 2022, a total of 1609 CIRPs had yielded orders for liquidation, as presented in the previous Newsletter. 16 more CIRPs were later reported as yielding orders for liquidation during that period. During the quarter April-June, 2022, 83 CIRPs ended in orders for liquidation, taking the total CIRPs ending in liquidation to 1703, excluding 5 cases where liquidation orders have been set aside by NCLT/NCLAT/HC/SC. Of these, final reports have been submitted in 374 cases. There are 1329 ongoing liquidation processes, whose status as on June 30, 2022 is presented in Figure 11.

Till March, 2022, 208 liquidation processes were closed by dissolution/going concern sale/ compromise or arrangement as presented in the last newsletter. Dissolution of 19 more CDs, which happened during the earlier period were reported later, as presented in Part A of Table 3. During April-June, 2022, 20 more liquidation processes were closed, taking total number of closures by dissolution/sale as going concern/compromise or arrangement to 247. The details of the same are presented in Table 3. At the end of June, 2022, 221 liquidations were closed by dissolution, 18 by going concern sale and 8 by compromise /arrangement.

About 76% of the CIRPs ending in liquidation (1283 out of 1697 for which data are available) were earlier with BIFR and / or defunct (Figure 12). The economic value in most of these CDs had almost completely eroded even before they were admitted into CIRP. These CDs had assets, on average, valued at less than 8% of the outstanding debt amount.

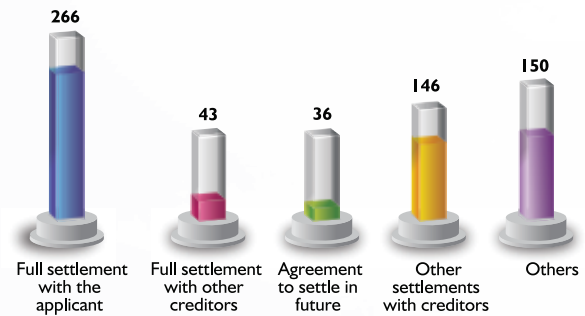
Sale as Going Concern

Till June 30, 2022, eighteen CDs were closed by sale as a going concern under liquidation process. These eighteen CDs had claims amounting to ₹ 16422.06 crore, as against the liquidation value of ₹ 527.69 crore. The liquidators in these cases realised ₹ 600.84 crore and companies were rescued.

The AA passes an order for liquidation under four circumstances. As on June 30, 2022, 1703 orders for commencement of liquidation have been passed. The details of liquidation in these circumstances are presented in Figure 13.

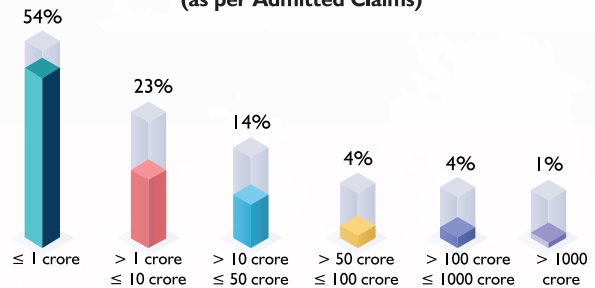
Regulation 12 of the Liquidation Regulations requires the liquidator to make a public announcement calling upon stakeholders to submit their claims as on the liquidation commencement date (LCD), within 30 days from the LCD. The details of the claims admitted by the liquidators in 1445 liquidations, for which data are available, are presented in Table 4.

Figure 9: Reasons for Withdrawal of CIRPs



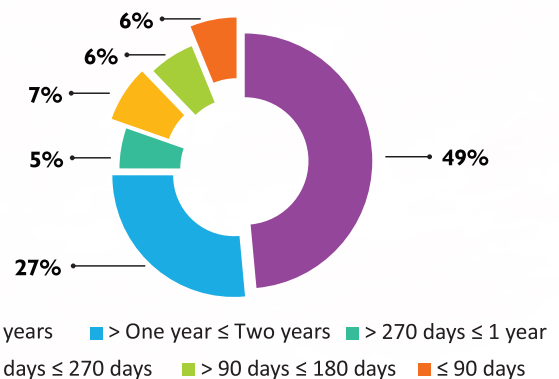
Note: Data awaited in 2 CIRPs

Figure 10: Distribution of CIRPs Withdrawn (as per Admitted Claims)



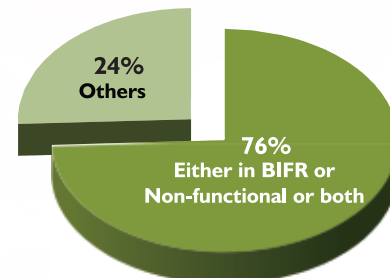
Note: Data awaited in 2 CIRPs

Figure 11: Timeline: Ongoing Liquidations



Note: This excludes 17 cases where liquidation order has been set aside by NCLAT/SC.

Figure 12: CIRPs ending with Order of Liquidation: State of CD at the Commencement of CIRP



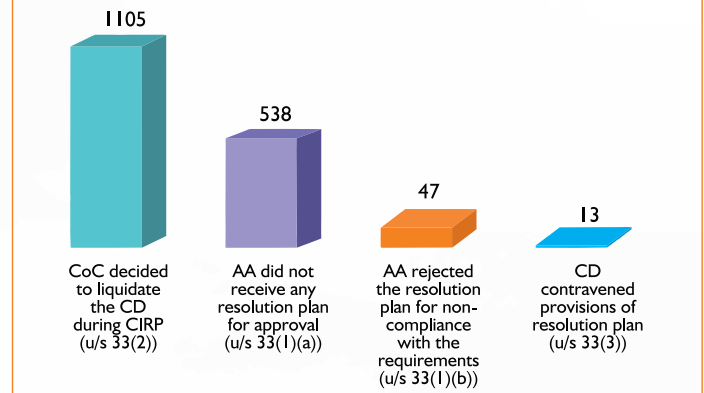
Notes:

1. There were 94 CIRPs, where CDs were in BIFR or non-functional but had resolution value higher than liquidation value.
2. Includes cases where no resolution plans were received and cases where liquidation value is zero or not estimated.
3. Data of 6 CIRPs is awaited.

Table 3: Details of Closed Liquidations

Sl.	Name of CD	Date of Order of Liquidation	Amount (in ₹ crore)				Date of Order of Dissolution/ Closure
			Admitted Claims	Liquidation Value	Sale Proceeds	Distributed to Stakeholders	
Part A: For Prior Period (Till March 31, 2022)							
1	Ayurwin Pharma Private Limited*	04-01-21	NA	NA	NA	NA	04-01-21
2	Interlink Petroleum Limited	01-04-19	72.40	0.25	0.17	NA	25-05-21
3	Atharva Advisory Services Private Limited	04-12-19	232.63	1.17	0.60	0.20	07-06-21
4	Italian Exposition Private Limited	15-07-19	4.66	0.04	0.04	NA	27-09-21
5	Arion Cement Manufacturing Private Limited	24-06-19	0.91	0.80	0.46	0.41	09-11-21
6	Laxminayak Rice Mill Private Limited	22-03-18	17.26	4.45	2.29	1.98	15-11-21
7	Bansal Shipping Private Limited	21-06-21	0.05	NA	NA	NA	08-12-21
8	Venkatesh Logistics Private Limited	30-09-19	141.66	0.06	0.06	0.01	14-12-21
9	Hitech Engineering Corporation India Private Limited	10-10-18	133.47	10.24	10.48	10.04	23-12-21
10	Saicon Steels Private Limited	11-02-19	73.15	4.66	9.40	8.12	24-12-21
11	Mystic Monk Designs Private Limited*	25-02-22	0.04	NA	NA	NA	25-02-22
12	Jinprabhu Infrastructure Developments Limited	08-10-18	11.00	0	0.18	0.10	01-03-22
13	Flower Dealcom Private Limited	14-11-18	NA	NA	NA	NA	01-03-22
14	Ekavira Ventures Limited	23-04-19	2.00	0.01	0.01	NA	04-03-22
15	Fibertech Infracon Private Limited	05-12-19	6.51	1.45	1.19	0.66	09-03-22
16	SBJ Exports & Mfg Private Limited	16-11-18	60.58	8.07	1.93	0.97	23-03-22
17	Veer Resources & Projects Private Limited	27-06-19	2.30	0.02	0.02	NA	24-03-22
18	Maa Tara Ferrotech Private Limited	18-01-21	22.76	1.29	1.45	1.30	24-03-22
19	Sri Vinayaka Paper and Boards Limited**	26-11-18	413.63	60.43	46.47	43.10	28-03-22
Part B: For April - June, 2022							
1	Farmers Pulse Private Limited	14-11-18	28.75	4.94	4.94	4.93	04-04-22
2	Global Interactive Malls Private Limited	15-03-21	0.85	0.01	0.01	NA	08-04-22
3	DC Industrial Plant Services Private Limited**	19-06-19	368.35	30.73	41.05	38.13	19-04-22
4	Saurabh (India) Private Limited	19-11-19	78.06	0.31	0.89	0.05	19-04-22
5	Kamla Landmarc Motors Private Limited	10-01-19	17.23	NA	NA	NA	24-04-22
6	Jay Polychem India Limited	25-03-19	3498.05	NA	NA	NA	26-04-22
7	Stewarts & Lloyds of India Ltd	26-10-17	63.78	27.18	37.46	26.05	28-04-22
8	Bengal India Global Infrastructure Limited	17-05-19	1689.07	0.01	2.50***	2.24	06-05-22
9	Su-Kam Power Systems Limited**	03-04-19	1067.19	51.36	50.25	44.37	11-05-22
10	Girna Infraprojects Private Limited	24-07-19	37.30	0.02	0.02	NA	11-05-22
11	Air Odisha Aviation Private Limited	13-09-21	0.50	NA	NA	NA	11-05-22
12	Nekka Oil & Fats Private Limited	09-11-21	NA	NA	NA	NA	12-05-22
13	Nadia Health Care Private Limited	30-07-19	5.67	0.07	0.26	0.00	13-05-22
14	Shri Shyamji Agrico Exports Private Limited	05-11-19	28.59	5.39	8.05	7.58	23-05-22
15	Shri Narsing Dev Sugar Private Limited**	23-01-20	46.39	7.83	7.21	6.84	23-05-22
16	Basukinath Agro Private Limited*	25-05-22	0.52	NA	NA	NA	25-05-22
17	Ashok Transformers Private Limited	05-07-19	5.15	0.09	1.94	1.65	07-06-22
18	D N Sircar S K Das Pvt Ltd	05-07-19	NA	NA	NA	NA	08-06-22
19	TurboMachinery Engineering Industries Limited**	06-11-19	722.98	5.08	7.58	5.79	17-06-22
20	Steps Dumask Waste Processing Service Pvt. Ltd.	11-01-21	3.12	0.10	0.16	0.07	21-06-22
Total (April - June, 22)			7661.54	133.12	162.31	137.70	NA
Total (Till June, 22)			58018.54	2161.82	2113.14	2006.30	NA

Note: * Direct Dissolution; Claims pertain to CIRP period; ** Sale as a going concern; *** Assignment of NRRA comprising book debts in which Upfront Payment of ₹ 2.50 Crores. Balance on Recoveries over and above ₹ 2.50 crore in the ratio of 70:30 (70 % to Bankers and 30% to Assignee) after deduction of actual expenses or 5% of realized amount whichever is lower; NA means Not realisable/ saleable or No asset left for liquidation or Not applicable; '0' means an amount below two decimals.

Figure 13: Reasons for Liquidations**Table 4: Claims in Liquidation Process**

Stakeholders under Section	Number of Claimants	Amount (in ₹ crore)			
		Admitted Claims	Liquidation Value	Sale Proceeds#	Distributed to Stakeholders
374 Liquidations where Final Report Submitted					
52	36	1486.12	212.69	226.81	224.02
53 (I) (a)	NA	NA	2,833.48	2709.49#	148.49
53 (I) (b)	2026	59580.98			2402.01
53 (I) (c)	2349	77.79			8.90
53 (I) (d)	407	3152.70			44.77
53 (I) (e)	318	3587.17			19.91
53 (I) (f)	3822	3841.33			80.39
53 (I) (g)	0	0			0
53 (I) (h)	137	39.94			2.83
Total (A)	9095	71766.03	3046.17	2936.30#	2931.32
Ongoing 1071 Liquidations*					
53 (I) (a)	NA	NA	39300.01**	Not Applicable	Not Applicable
53 (I) (b)	41849	5,96,855.97			
53 (I) (c)	32073	1316.35			
53 (I) (d)	12876	135031.17			
53 (I) (e)	1284	36146.47			
53 (I) (f)	1979533	42525.44			
53 (I) (g)	19	357.58			
53 (I) (h)	106074	3487.62			
Total (B)	2173708	815720.60			
Grand Total (A+B)	2182803	887486.63	42346.18		

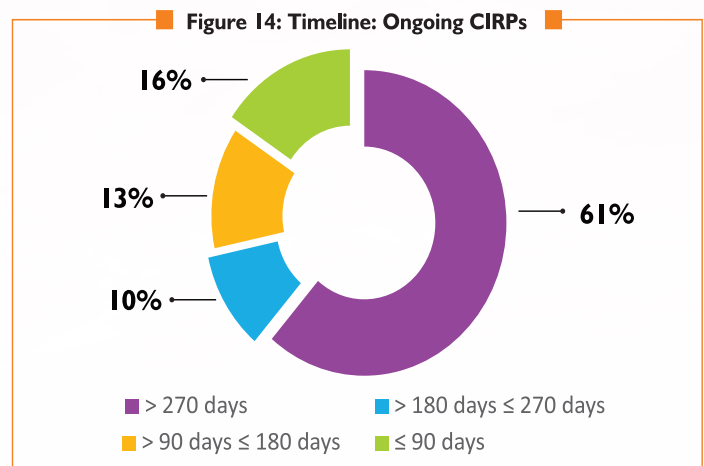
Inclusive of unclaimed proceeds of ₹ 4.98 crore under liquidation.

*Data for other liquidations are not available.

**Out of 1329 ongoing cases, liquidation values of only 1276 CDs are available. The aggregate liquidation value of 805 CDs estimated during liquidation process is ₹ 39300.01 crore and that of 471 CDs for which estimates made during CIRP is ₹ 9638.52 crore.

Timeline of Ongoing CIRPs

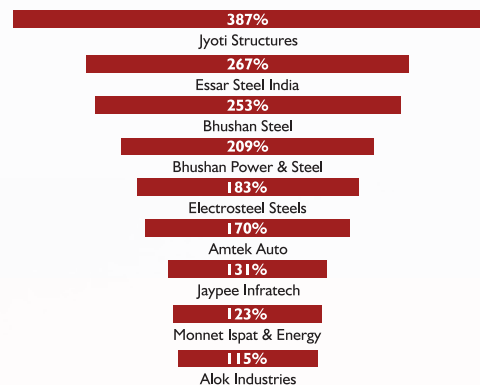
The status of ongoing CIRPs as on June, 2022 in terms of time taken is presented in Figure 14.



Twelve Large Accounts

Resolution of 12 large accounts were initiated by banks, as directed by RBI. They had an aggregate outstanding claim of ₹ 3.45 lakh crore as against liquidation value of ₹ 73,220 crore. Of these, resolution plan in respect of eight CDs were approved and orders for liquidations were issued in respect of two CDs. Thus, CIRPs in respect of two CDs and liquidation in respect of two CDs are ongoing and are at different stages of the process. The status of the 12 large accounts is presented in Figure 15.

Figure 15: Realisation by the claimants as a % of the Liquidation Value



Large Cases (Admitted Claims > ₹ 1000 crore)

Of the 517 CDs rescued under the Code, 91 had admitted claims of more than ₹ 1000 crore. Till March, 2022, 87 such CDs have yielded resolution plans with realisable value of ₹ 2.17 lakh crore i.e., 184.95% of the liquidation value. During April - June, 2022, 4 such CDs have yielded resolution plans. The realisable value of the assets available with these 91 CDs, when they entered the CIRP, was only ₹ 1.18 lakh crore, though they owed ₹ 6.97 lakh crore to the creditors. Till June 30, 2022, realisation by the claimants under resolution plans in comparison to liquidation value is 184.81%, while the realisation by them in comparison to their claims is 31.18%. These realisations are exclusive of realisations that would arise from value of equity holdings post-resolution, resolution of PGs to CDs, and from disposal of applications for avoidance transactions.

Of 1703 CDs, ending up with orders for liquidation, 157 had admitted claims of more than ₹ 1,000 crore. Till March, 2022, 152 such CDs have ended with orders of liquidation. During April - June, 2022, five more CDs has ended with order for liquidation. These CDs had an aggregate claim of ₹ 6.69 lakh crore. However, they had assets, on the ground, valued only at ₹ 0.39 lakh crore.

Avoidance Transactions

The Code read with Regulations require the RPs and Liquidators to file applications for avoidance of transactions, with the AA seeking appropriate directions. 786 applications seeking avoidance of transactions have been filed with the AA till June 30, 2022, as presented in Table 5.

Resolution of FiSPs

On an application filed by the RBI to initiate CIRP against Dewan Housing Finance Corporation Ltd. (DHFL), the AA admitted the application on December 3, 2019 under the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, which were notified on November 15, 2019. Mr. R. Subramaniakumar was appointed as the Administrator. The AA, vide order dated June 7, 2021, approved the resolution plan submitted by Piramal Capital and Housing Finance Ltd. Subsequently CIRPs have been initiated for three FiSPs namely Srei Equipment Finance Limited, Srei Infrastructure Finance Limited and Reliance Capital Limited and are underway.

Table 5: Details of avoidance applications and disposal

(Amount in ₹ crore)

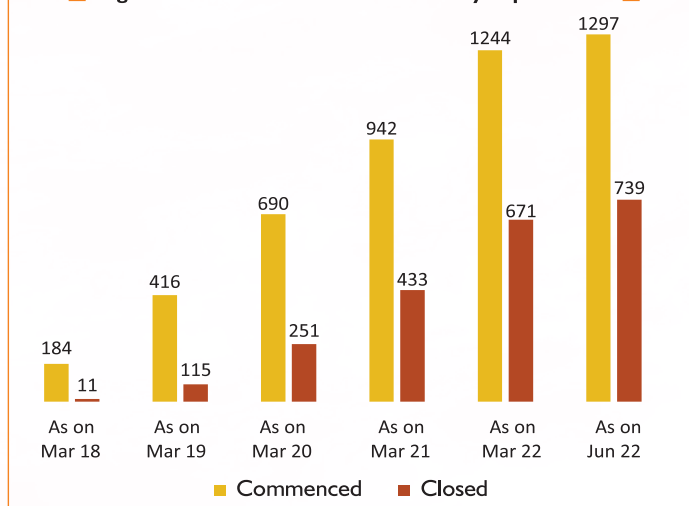
Sl.	Nature of transactions	Applications Filed		Applications Disposed		
		No. of transactions	Amount involved	No. of transactions	Amount involved	Amount clawed back
1	Preferential	123	14435.42	22	519.08	29.17
2	Undervalued	15	884.31	1	351.64	0
3	Fraudulent	137	21889.00	13	467.44	3.69
4	Extortionate	3	70.68	-	-	-
5	Combination	508	183824.95	50	16507.89	26.78*
Total		786	221104.36	86	17846.05	59.64

*In addition, in the matter of Jaypee Infra, possession of 758 acres out of total 858 acres of land was given back to the CD. The 858 acres of land was earlier valued at ₹ 5500 Cr.

Voluntary Liquidation

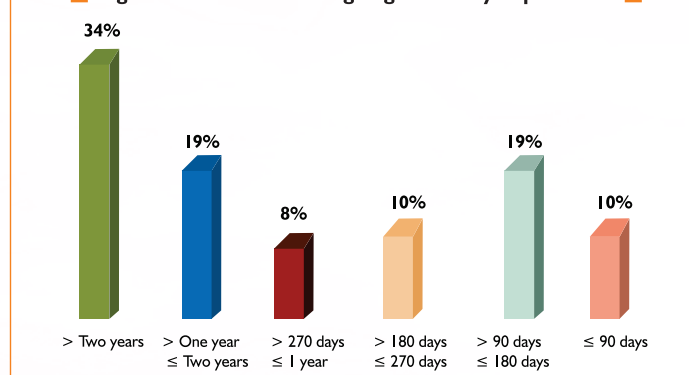
A corporate person may initiate voluntary liquidation proceeding if majority of the directors or designated partners of the corporate person make a declaration to the effect that (i) the corporate person has no debt or it will be able to pay its debts in full, from the proceeds of the assets to be sold under the proposed liquidation, and (ii) the corporate person is not being liquidated to defraud any person. At the end of June 30, 2022, 1297 corporate persons initiated voluntary liquidation (Figure 16). Final reports in respect of 727 voluntary liquidations have been submitted and twelve processes have been withdrawn by June 30, 2022. The status of 558 ongoing voluntary liquidations is presented in Figure 17.

Figure 16: Commencement of Voluntary Liquidations



*Vide order dated February 02, 2021, the Hon'ble NCLT has recalled its order dated September 28, 2018 which suspended the voluntary liquidation process of M/s Central Inland Water Transport Corporation Limited.

Figure 17: Timeline of Ongoing Voluntary Liquidations



Of the 1297 corporate persons that initiated voluntary liquidations till June 30, 2022, the reasons for these initiations are available for 1046 cases, which are presented in Figure 18. Most of these corporate persons are small entities. 648 of them have paid-up equity capital of less than ₹ 1 crore. Only 137 of them have paid-up capital exceeding ₹ 5 crore. The corporate persons, for which details are available, have an aggregate paid-up capital of ₹ 7180 crore (Table 6).

Figure 18: Reason for Voluntary Liquidation

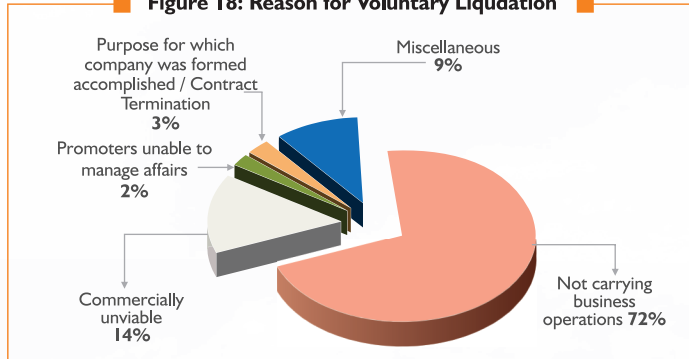


Table 6: Details of 1285 Voluntary Liquidations (Excluding Nine Withdrawals)

Details of	No. of Liquidations	Amount (in ₹ crore)				
		Paid-up capital	Assets	Outstanding debt	Amount paid to creditors	Surplus
Liquidations for which Final Reports submitted	727	3956*	4660	38##	38##	4251##
Ongoing Liquidations	558	3224#	1778#	**		
Total	1285	7180	6438	**		

Note:

* Paid up capital is not available in case of one company as it is a company limited by guarantee.

**For ongoing liquidations, outstanding debt amount is not available.

Paid up capital and assets of 342 and 335 cases, respectively, are available.

Details regarding seven cases not available

It was reported in the last newsletter that dissolution orders were passed in respect of 324 voluntary liquidations. Dissolution orders in respect of 7 more voluntary liquidations, which were issued during the earlier period, were reported later, as indicated in Part A of Table 7. During the quarter April - June, 2022, dissolutions orders in respect of 34 voluntary liquidations were issued taking the total dissolutions to 365. These 365 corporate persons owed ₹ 23.82 crore to creditors and through voluntary liquidation process, they were paid full amount.

Table 7: Realisations under Voluntary Liquidations

Sl.	Name of Corporate Person	Date of Commencement	Date of Dissolution	Amount (In ₹ crore)				
				Realisation of Assets	Due to Creditors	Paid to Creditors	Liquidation Expenses	Surplus
Part A: Prior Period (Till March 31, 2022)								
1	Providian Technology Services Private Limited	15-01-18	25-11-21	0.12	0.08	0.08	0.04	-
2	GEW Asia Pvt Ltd	11-03-20	14-12-21	0.91	-	-	0.10	0.82
3	Jai Maa Vaishno Loha Private Limited	09-03-20	31-01-22	4.13	0.25	0.25	0.09	3.78
4	Prognosys E Consulting Private Limited	30-09-19	08-02-22	0.19	-	-	0.05	0.14
5	Broadhop India Private Limited	20-01-20	23-03-22	0.00	-	-	0.00	0.00
6	Rushil Constructions (India) Private Limited	02-12-20	25-03-22	17.87	-	-	0.01	17.86
7	MMD India Private Limited	11-09-20	29-03-22	0.15	-	-	0.03	0.12
Part B: April - June, 2022								
1	JMA India Private Limited	30-11-19	06-04-22	2.50	-	-	0.94	1.56

Sl.	Name of Corporate Person	Date of Commencement	Date of Dissolution	Amount (in ₹ crore)				
				Realisation of Assets	Due to Creditors	Paid to Creditors	Liquidation Expenses	Surplus
2	Mount Everest Realtors Private Limited	31-08-21	08-04-22	2.15	0.01	0.01	0.02	2.12
3	Bayards India Private Limited	04-01-20	11-04-22	0.99	0.06	0.06	0.09	0.85
4	Kalyan Extraction Private Limited	08-02-21	12-04-22	1.58	-	-	0.06	1.52
5	Plantec GB Engineering Private Limited	26-03-19	19-04-22	1.26	-	-	0.10	1.17
6	Rusi & Zarin Gimi Family Holdings Private Limited	25-08-20	21-04-22	11.17	-	-	0.04	11.13
7	H B Enterprises Private Limited	01-04-19	25-04-22	1.50	-	-	0.22	1.28
8	Sohangiri Metals And Alloys Private Limited	15-12-20	27-04-22	0.14	-	-	0.01	0.13
9	Aspinwall Technologies Limited	23-07-21	28-04-22	0.39	-	-	0.04	0.35
10	DJ Freight Private Limited	11-03-21	28-04-22	0.17	-	-	0.04	0.13
11	Princeton Information Offshore Private Limited	09-03-19	28-04-22	2.41	0.07	0.07	1.13	1.20
12	W2 Software (India) Private Limited	18-11-19	28-04-22	0.02	-	-	0.02	-
13	Andrew Industries (India) Private Limited	25-02-21	02-05-22	3.69	-	-	0.04	3.65
14	Raajeevan Hospitals Private Limited	19-03-21	04-05-22	0.14	-	-	0.05	0.09
15	Alexandria Equities Management (India) Private Limited	22-01-18	05-05-22	10.28	0.04	0.04	0.12	10.12
16	KMLM Financial Services Limited	25-01-22	05-05-22	2.64	-	-	0.01	2.63
17	Memoir Systems India Private Limited	10-02-20	05-05-22	0.52	-	-	0.12	0.40
18	TSIL Energy Limited	25-09-21	09-05-22	1.32	-	-	0.06	1.26
19	Viber Media India Private Limited	15-01-18	11-05-22	0.93	-	-	0.47	0.47
20	Meda Hospitals Private Limited	01-03-21	13-05-22	0.44	-	-	0.02	0.43
21	GDF Suez Sales India Private Limited	09-05-19	26-05-22	0.10	-	-	0.01	0.08
22	N P Earthmovers Private Limited	27-07-17	26-05-22	0.22	-	-	0.22	-
23	Emi Trading & Engineering (India) Private Limited	02-02-21	01-06-22	1.01	-	-	0.09	0.92
24	Essenar Investment Private Limited	28-11-19	02-06-22	1.70	-	-	0.30	1.40
25	Panchamsur Enterprise Private Limited	12-10-20	06-06-22	0.29	-	-	0.01	0.28
26	Skills For India	18-09-20	06-06-22	0.02	-	-	0.02	-
27	Chelsa Medical Care Private Limited	02-09-19	07-06-22	7.79	1.67	1.67	0.47	5.65
28	Himalaya Containers and Cartons Private Limited	22-03-21	08-06-22	0.65	-	-	0.04	0.61
29	KHF Components Private Limited	15-03-21	08-06-22	0.47	-	-	0.25	0.22
30	CCS - Elux Lighting Engineering Private Limited	15-03-21	10-06-22	0.23	-	-	0.04	0.19
31	Ubhay Financiers Pvt. Ltd.	29-08-20	15-06-22	1.00	-	-	0.03	0.97
32	SnP Billing Services India Private Limited	27-01-21	20-06-22	0.45	-	-	0.06	0.39
33	Cockram Projects India Pvt Ltd	29-04-21	24-06-22	0.45	-	-	0.04	0.41
34	SAIF Advisors Private Limited	06-08-20	27-06-22	1.41	-	-	0.16	1.25
Total (April - June, 2022)				60.04	1.84	1.84	5.35	52.84
Total (Till June, 2022)				3376.91	23.82	23.82	76.27	3276.78

Time For Conclusion of Process

The average time taken for completion of various processes is presented in Table 8.

Table 8: Average Time for Approval of Resolution Plans/Orders for Liquidation

Sl.	Average time	As on March, 2021			As on March, 2022			April, 2022 to June, 2022		
		No. of Processes covered	Time (In days)		No. of Processes covered	Time (In days)		No. of Processes covered	Time (In days)	
			Including excluded time	Excluding excluded time		Including excluded time	Excluding excluded time		Including excluded time	Excluding excluded time
CIRPs										
1	From ICD to approval of resolution plans by AA	354	464	406	494	534	449	23	863	709
2	From ICD to order for Liquidation by AA	1287	352	NA	1619	413	NA	83	719	NA
Liquidations										
3	From LCD to submission of final report under Liquidation	265	423	NA	357	475	NA	17	729	NA
4	From LCD to submission of final report under Voluntary Liquidation	424	383	NA	659	425	NA	68	390	NA
5	From LCD to order for dissolution under Liquidation	146	398	NA	227	511	NA	20	880	NA
6	From LCD to order for dissolution under Voluntary Liquidation	233	515	NA	331	586	NA	34	709	NA

Corporate Liquidation Accounts

The Regulations require a Liquidator to deposit the amount of unclaimed dividends, if any, and undistributed proceeds, if any, in a liquidation process along with any income earned thereon into the corporate liquidation account before he submits an application for dissolution of the corporate person. It also provides a process for a stakeholder to seek withdrawal from the said account. Similar provisions exist for voluntary liquidation processes. The details of these accounts at the end of June, 2022 are presented in Table 9.

Table 9: Corporate Liquidation Accounts as on June 30, 2022

(Amount in ₹ lakh)

Period	Opening Balance	Deposit during the period	Withdrawn during the period	Balance at the end of the period
Corporate Liquidation Account				
2019 - 20	0.00	476.26	0.21	476.05
2020 - 21	476.05	116.18	0.00	592.23
2021 - 22	592.23	25.93	4.84	613.32
Apr - June 2022	613.32	8.36	0.00	621.68
Corporate Voluntary Liquidation Account				
2019 - 20	0.00	109.70	0.00	109.70
2020 - 21	109.70	112.06	0.00	221.76
2021 - 22	221.76	127.94	0.03	349.67
Apr - June 2022	349.67	2.02	10.42	341.27

Pre-Packaged Insolvency Resolution Process

The Central Government enacted the Insolvency and Bankruptcy Code (Amendment) Act, 2021 on August 11, 2021 which was deemed to have come into force on April 4, 2021 introducing the Pre-packaged Insolvency Resolution Process (PPIRP) for corporate MSMEs. On April 9, 2021, the Central Government notified the Insolvency and Bankruptcy (Pre-packaged Insolvency Resolution Process) Rules, 2021 prescribing the manner and form of making application to initiate PPIRP and the IBBI notified the IBBI (Pre-packaged Insolvency Resolution Process) Regulations, 2021. The Regulations provide for manner of carrying out certain processes and tasks under PPIRP. As per the information available with the Board, two applications have been admitted as on June 30, 2022. The details are in Table 10.

Table 10: List of cases admitted for PPIRP as on June 30, 2022

Sl.	Name of the CD	Date of admission	Name of the NCLT Bench
1	GCCL Infrastructure & Projects Ltd.	14-09-21	Ahmedabad
2	Loonland Developers Pvt. Ltd.	29-11-21	Principal Bench, New Delhi

Summary of Outcomes

(a) The primary objective of the Code is rescuing lives of CDs in distress. The Code has rescued 1934 CDs (517 through resolution plans, 774 through appeal or review or settlement and 643 through withdrawal) till June, 2022. It has referred 1703 CDs for liquidation. The resolved CDs had assets valued at ₹ 1.31 lakh crore, while the CDs referred for liquidation had assets valued at ₹ 0.59 lakh crore when they were admitted to CIRP. Thus, in value terms, around 69% of distressed assets were resolved. Of the CDs sent for liquidation, three-fourth were either sick or defunct and of the firms resolved, one-third were either sick or defunct.

(b) The realisable value of the assets available with the 517 CDs rescued, when they entered the CIRP, was only ₹ 1.31 lakh crore, though they owed ₹ 7.67 lakh crore to creditors. The resolution plans realised ₹ 2.35 lakh crore, which is more than 178% of the liquidation value of these CDs. Any other option of recovery or liquidation would have recovered at best ₹ 100 minus the cost of recovery/liquidation, while the creditors recovered ₹ 178 under the Code. The excess recovery of ₹ 78 is a bonus from the Code. Though recovery is incidental under the Code, the FCs recovered 32.76% of their claims, which only reflects the extent of value erosion by the time the CDs entered CIRP, yet it is the highest among all options available to creditors for recovery. Resolution plans on average are yielding 83.22% of fair value of the CDs. These realisations are exclusive of realisations that would arise from value of equity holdings post-resolution, resolution of PGs to CDs, and from disposal of applications for avoidance transactions.

(c) The 1703 CDs ended up with orders for liquidation had an aggregate claim of ₹ 8.19 lakh crore. However, they had assets, on the ground, valued only at ₹ 0.59 lakh crore. Till June, 2022, 374 CDs have been completely liquidated. Many of these CDs did not have any job or asset when they entered the IBC process. These included the likes of Ghotaringa Minerals Limited and Orchid Healthcare Private Limited, which owed ₹ 8,163 crore, while they had absolutely no assets and employment. These 374 CDs together had outstanding claims of ₹ 71,766.03 crore, but the assets valued at ₹ 3,046.17 crore. ₹ 2,936.30 crore were realised through liquidation of these companies.

(d) A distressed asset has a life cycle. Its value gradually declines with time if distress is not addressed. The credible threat of the Code, that a CD may change hands, has changed the behaviour of debtors. Thousands of debtors are resolving distress in early stages of distress. They are resolving when default is imminent, on receipt of a notice for repayment but before filing an application, after filing application but before its admission, and even after admission of the application, and making best effort to avoid consequences of resolution process. Most companies are rescued at these stages. Till June, 2022, 22,411 applications for initiation of CIRPs of CDs having underlying

default of ₹ 7,10,665.02 crore were resolved before their admission. Only a few companies, who fail to address the distress in any of earlier stages, pass through the entire resolution process. At this stage, the value of the company is substantially eroded, and hence some of them are rescued, and others liquidated. The recovery may be low at this stage, but recovery in early stages of distress is much higher, and it is primarily because of the Code.

(e) The Code endeavours to close the various processes at the earliest. It prescribes timelines for some of them. The 517 CIRPs, which have yielded resolution plans by the end of June, 2022 took on average 460 days (after excluding the time excluded by the AA) for conclusion of process. Similarly, the 1703 CIRPs, which ended up in orders for liquidation, took on average 428 days for conclusion. Further, 374 liquidation processes, which have closed by submission of final reports took on average 487 days for closure. Similarly, 727 voluntary liquidation processes, which have closed by submission of final reports, took on average 422 days for closure.

(f) Till June, 2022, a total of 517 CIRPs have yielded resolution plans. The cost details are available in respect of 498 CIRPs. The cost works out on average 1.19% of liquidation value and 0.63% of resolution value.

Individual Process

The provisions relating to insolvency resolution and bankruptcy relating to PGs to CDs came into force on December 1, 2019. As per the information received from the applicants, IPs, and data collected from various benches of NCLT and Debt Recovery Tribunal (DRT), 1235 applications have been filed as of June 30, 2022. Out of them, 114 applications have been filed by the debtors and 1121 applications by the creditors under sections 94 and 95 of the Code, respectively. Among them 18 have been filed before different benches of DRT and 1217 have been filed before different benches of NCLT (Table 11).

Table 11: Insolvency Resolution of Personal Guarantors

(Amount in ₹ crore)

Period	Applications filed by				Total		Adjudicating Authority	
	Debtors (u/s 94)		Creditors (u/s 95)					
	No.	Debt Amount	Number	Debt Amount	No.	Debt Amount	NCLT	DRT
2019 - 20	3	49.66	19	3256.87	22	3306.53	21	1
2020 - 21	19	2485.94	218	36760.35	237	39246.29	231	6
2021 - 22	80	3039.20	773	59691.12	853	62730.32	842	11
Apr - Jun, 2022	12	661.61	111	5006.16	123	5667.77	123	0
Total	114	6236.41	1121	104714.5	1235	110950.91	1217	18

Note: The data are provisional. These are getting revised on continuous basis as further information is received.

Debt data not available in 229 cases

Of the 1235 applications, 48 applications have been withdrawn / rejected / dismissed before the appointment of RP and RPs have been appointed in 488 cases. After the appointment of RP, 14 cases have been withdrawn / rejected / dismissed and 90 cases have been admitted. The details are given in Table 12.

Service Providers

Insolvency Professionals

An individual, who is enrolled with an IPA as a professional member and has the required qualification and experience and passed the Limited Insolvency Examination, is registered as an IP. An IP needs an AFA to take up an assignment under the Code with effect from January 1, 2020. The IBBI made available an online facility from November 16, 2019 to enable an IP to make an application for issuance / renewal of AFA to the concerned

IPA. Thereafter, an IPA processes such applications electronically. The details of IPs registered as on June 30, 2022 and AFAs held by them, IPA-wise, is presented in Table 13.

Table 12: Status of filed applications for initiation of Insolvency Resolution Process of PGs to CDs (Number)

Period	No. of applications filed	Before appointment of RP		No. of cases where RPs have been appointed	After appointment of RP		No. of cases Admitted
		No. of Applications withdrawn	No. of Applications dismissed/rejected		No. of Applications withdrawn	No. of Applications dismissed/rejected	
2019 - 20	22	0	0	2	0	0	0
2020 - 21	237	6	1	34	2	1	9
2021 - 22	853	14	10	321	0	6	24
Apr - Jun, 2022	123	3	14	131	1	4	57
Total	1235	23	25	488	3	11	90

Table 13: Registered IPs and AFAs as on June 30, 2022 (Number)

City / Region	Registered IPs				IPs having AFAs			
	IIIP	ICSI IIP	IPA ICAI	Total	IIIP	ICSI IIP	IPA ICAI	Total
New Delhi	461	274	91	826	278	181	57	516
Rest of Northern Region	488	208	71	767	275	126	41	442
Mumbai	412	150	40	602	244	88	27	359
Rest of Western Region	343	125	48	516	224	84	25	333
Chennai	148	87	19	254	92	54	13	159
Rest of Southern Region	418	224	85	727	246	140	59	445
Kolkata	222	40	24	286	154	22	13	189
Rest of Eastern Region	79	28	11	118	45	16	8	69
Total Registered	2571	1136	389	4096	1558	711	243	2512

Of the 4096 IPs registered till date, registrations of seven IPs have been cancelled through disciplinary action, and registrations of two IPs cancelled on failing to fulfil the requirement of fit and proper person status. As per information available, 20 IPs have passed away. The registrations and cancellations of registrations IPs, quarter wise, till June 30, 2022 are presented in Table 14.

Table 14: Registration and Cancellation of Registration of IPs

Year / Quarter	Registered at the beginning of the period	Registered during the period	Cancelled during the period on account of			Registered at the end of the period
			Disciplinary Process	Failing to fulfil the continuing requirement of 'fit and proper person' status	Death	
2016 - 17 (Nov - Dec) #	0	977	0	0	0	977
2016 - 17 (Jan - Mar)	0	96	0	0	0	96
2017 - 18	96	1716	0	0	0	1812
2018 - 19	1812	648	4	0	0	2456
2019 - 20	2456	554	0	1	5	3004
2020 - 21	3004	506	0	1	5	3504
2021 - 22	3504	549	1	0	8	4044
Apr-Jun, 2022	4044	56	2	0	2	4096
Total	NA	4125	7	2	20	4096

Registration with validity of six months. These registrations expired by June 30, 2017.

An individual with 10 years of experience as a member of the ICAI, ICSI, ICMAI or a Bar Council or 10 years of experience in the field of law, after receiving a Bachelor's degree in law or 10 years of experience in management, after receiving a Master's degree in Management or two year full time Post Graduate Diploma in Management or 15 years of experience in management, after receiving a Bachelor's degree is eligible for registration as an IP on passing the Limited Insolvency Examination.

The Graduate Insolvency Programme (GIP) is the first of its kind programme for those aspiring to take up the profession of IP as a career without having to wait for acquiring the specified 10/15 years of experience. At Indian Institute of Corporate Affairs, the first batch (2019-21) and the second batch (2020-22) have successfully completed the course. The third batch (2021-23) has proceeded with internships while the fourth batch (2022-24) commenced classes from July 1, 2022. In respect of National Law Institute University, Bhopal (NLIU, Bhopal), classes for the first batch of students commenced on July 25, 2022. The IBBI has granted 16 registrations based on this qualification, until June 30, 2022.

Table 15 presents distribution of IPs as per their eligibility (an IP may be a member of more than one Institute) as on June 30, 2022. Of the 4096 IPs as on June 30, 2022, 396 IPs (constituting about nine per cent of the total registered IPs) are female.

Table 15: Distribution of IPs as per their Eligibility as on June 30, 2022

Eligibility	No. of IPs		
	Male	Female	Total
Member of ICAI	2070	197	2267
Member of ICSI	577	124	701
Member of ICMAI	184	19	203
Member of Bar Council	221	30	251
Managerial Experience	633	25	658
GIP Qualified	15	1	16
Total	3700	396	4096

The Regulations provide that an IP shall be eligible to obtain an AFA if he has not attained the age of 70 years. Table 16 presents the age profile of the IPs registered as on June 30, 2022.

Table 16: Age Profile of IPs as on June 30, 2022

Age Group (in years)	Registered IPs				IPs having AFAs#			
	IIIP	ICSI IIP	IPA ICAI	Total	IIIP	ICSI IIP	IPA ICAI	Total
≤ 30	7	7	0	14	5	2	0	7
≤ 40	259	70	19	348	162	48	13	223
> 40 ≤ 50	926	387	54	1367	591	257	32	880
> 50 ≤ 60	767	316	96	1179	471	210	62	743
> 60 ≤ 70	565	313	200	1078	329	194	136	659
> 70 ≤ 80	44	37	17	98	NA	NA	NA	NA
> 80 ≤ 90	2	6	3	11	NA	NA	NA	NA
> 90	1	0	0	1	NA	NA	NA	NA
Total	2571	1136	389	4096	1558	711	243	2512

Excluding 572 AFAs which are expired / not renewed.

NA: Not Applicable.

Panel for IPs

In accordance with the Panel Guidelines issued on June 08, 2022, the IBBI invited Expression of Interest from IPs for preparation of a panel of IPs for appointments during July 01, 2022 to December 31, 2022. In accordance with the same, it prepared and shared with the AA (NCLT and DRT), on June 30, 2022, a panel of 507 IPs (who hold AFAs) valid for appointments for the period July 1, 2022 to December 31, 2022 (Table 17).

Table 17: Zone-wise IPs in the Panel

Zone	Areas Covered	No. of IPs
New Delhi	Union Territory of Delhi	93
Ahmedabad	State of Gujarat	42
	Union Territory of Dadra and Nagar Haveli	
	Union Territory of Daman and Diu	
Allahabad	State of Uttar Pradesh	34
	State of Uttarakhand	
Amravati	State of Andhra Pradesh	5
Bengaluru	State of Karnataka	17
Chandigarh	State of Himachal Pradesh	56
	State of Punjab	
	State of Haryana	
	Union Territory of Chandigarh	
	Union Territory of Jammu and Kashmir	
	Union Territory of Ladakh	
Cuttack	State of Chhattisgarh	15
	State of Odisha	
Chennai	State of Tamil Nadu	43
	Union Territory of Puducherry	
Guwahati	State of Arunachal Pradesh	1
	State of Assam	
	State of Manipur	
	State of Mizoram	
	State of Meghalaya	
	State of Nagaland	
	State of Sikkim	
Hyderabad	State of Telangana	31
	State of Madhya Pradesh	
Indore	State of Madhya Pradesh	6
Jaipur	State of Rajasthan	16
Kochi	State of Kerala	18
	Union Territory of Lakshadweep	
Kolkata	State of Bihar	53
	State of Jharkhand	
	State of West Bengal	
	Union Territory of Andaman and Nicobar Islands	
Mumbai	State of Goa	77
	State of Maharashtra	
Total		507

Replacement of IRP with RP

Section 22(2) of the Code provides that the CoC may, in its first meeting, by a majority vote of not less than 66% of the voting share of the FCs, either resolve to appoint the IRP as the RP or to replace the IRP by another IP to function as the RP. Under section 22(4) of the Code, the AA shall forward the name of the RP, proposed by the CoC, under section 22(3)(b) of the Code, to IBBI for its confirmation and shall make such appointment after such confirmation. However, to save time in such reference, a database of all the IPs registered with the IBBI has been shared with the AA, disclosing whether any disciplinary proceeding is pending against any of them and the status of their AFAs. While the database is currently being used by various benches of the AA, in a few cases, the IBBI receives references from the AA and promptly responds to it. Till June 30, 2022, as per updates available, a total of 1197 IRPs have been replaced with RPs, as shown in Figure 19. It is observed that IRPs in 41% of CIRPs initiated by CD are replaced by RPs, in 32% of CIRPs initiated by OCs and in 21% of CIRPs initiated by FCs.

Insolvency Professional Entities

During the quarter under review, four IPEs were recognised. As on June 30, 2022, there were 95 IPEs (Table 18).

Figure 19: Replacement of IRP with RP

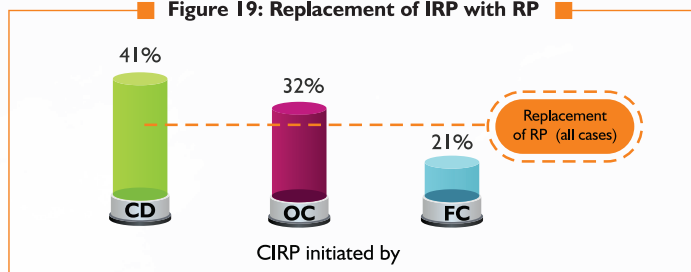


Table 18: IPEs as on June 30, 2022

Quarter	No. of IPEs		
	Recognised	Derecognised	At the end of the Period
2016 - 17 (Jan - Mar)	3	0	3
2017 - 18	73	1	75
2018 - 19	13	40	48
2019 - 20	23	2	69
2020 - 21	14	0	83
2021 - 22	10	2	91
Apr - Jun, 2022	4	0	95
Total	140	45	95

Insolvency Professional Agencies

IPAs are front-line regulators and responsible for developing and regulating the insolvency profession. They discharge three kinds of functions, namely, quasi-legislative, executive, and quasi-judicial. The quasi-legislative functions cover laying down standards and code of conduct through byelaws, which are binding on all members. The executive functions include monitoring, inspection, and investigation of professional members on a regular basis, addressing grievances of aggrieved parties, gathering information about their performance, etc., with the overarching objective of promoting best practices and conduct by IPs. The quasi-judicial functions include dealing with complaints against members and taking suitable disciplinary actions.

As on June 30, 2022, there are three IPAs registered in accordance with the Code and Regulations. The IBBI interacts with the MDs of the IPAs and the IU every month, to obtain feedback on areas of concern for the profession and discuss the ways and means to deal with them. Table 19 presents the details of activities by the IPAs. Table 20 gives details of number of CPE hours earned by IPs.

Table 19: Activities by IPAs

Period	Number of					
	Pre-reg- istration Courses conducted	CPE Pro- grammes conducted	Training Work- shops for IPs	Other Workshops/ Webinars/ Round- tables/ Seminars	Disci- plinary Orders Issued	Com- plaints (For- warded by IBBI) Disposed
2018 - 19	16	-	7	100	4	11
2019 - 20	11	30	9	157	9	127
2020 - 21	14	193	66	102	42	102
2021 - 22	13	133	56	81	23	12
Apr - Jun, 2022	02	44	30	60	80	-
Total	56	400	168	500	158	252

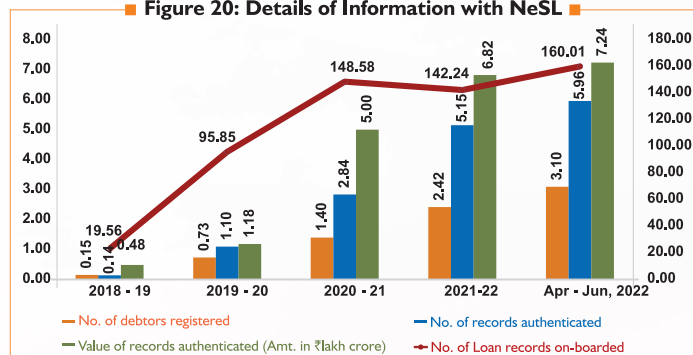
Table 20: CPE Hours earned by the IPs

Period	Number of CPE Hours earned by members of			
	IIIPi	ICSI IIP	IPA ICAI	Total
2019 - 20	1160	695	320	2175
2020 - 21	18465	8746	4647	31858
2021 - 22	14123	7890	3872	25885
Apr - Jun, 2022	1651	2205	820	4676
Total	35399	19536	9659	64594
Average CPE hours				
per registered IP	13.77	17.20	24.83	15.77

Information Utility

There is one IU, namely, the National E-Governance Services Limited (NeSL) that provides authenticated financial information to the users. The IBBI interacts with the MD & CEO of the IU along with the MDs of IPAs every month to discuss the issues relating to receipt and authentication of financial information. During interaction in this quarter, IPAs were requested to encourage their members to make use of the information stored with the IU for verification of claims during CIRP. Figure 20 provides details of the registered users and information with NeSL, as submitted by it.

Figure 20: Details of Information with NeSL



Registered Valuer Organisations

The Companies (Registered Valuers and Valuation) Rules, 2017 (Valuation Rules) made under section 247 of the Companies Act, 2013 provide a unified institutional framework for development and regulation of valuation profession. Its remit is limited to valuations required under the Companies Act, 2013 and the Code. The IBBI performs the functions of the Authority under the Valuation Rules. It recognises Registered Valuer Organisations (RVOs) and registers RVs and exercises regulatory oversight over them, while RVOs serve as front-line regulators for the valuation profession.

An individual having specified qualification and experience needs to enrol with an RVO, complete the educational course conducted by the RVO, clear the examination conducted by the IBBI, before seeking registration with the IBBI as an RV. There are currently 16 RVOs, Assessors and Registered Valuers Foundation being the latest RVO recognised, as on June 30, 2022. The IBBI meets MDs / CEOs of RVOs every month to discuss the issues arising from the valuation profession, to resolve queries of the RVOs and to guide them in discharge of their responsibilities. The details of individual RVs, RVO-wise, as on June 30, 2022, are given in Table 21. A total of 4670 individuals have registrations, three of them are registered for all three asset classes, 67 are registered for two asset classes and the balance 4600 are registered for one asset class. Till date, the registration of two RVs have been cancelled.

RVs are permitted to form an entity (Partnership / Company) for rendering valuation services. There are 67 such entities registered as RVs as on June 30, 2022, as presented in Table 22. 29 of them are registered for three asset classes, 11 are registered for two asset classes and 27 are registered for one asset class. The registration of RVs till June 30, 2022 is given in Table 23.

As on June 30, 2022, 1243 RVs (constituting 26% of the total RVs registered) are from metros, while 3500 RVs (constituting 74% of the total RVs registered) are from non-metro locations. The region wise detail of RVs is given in Table 24.

The average age of RVs as on June 30, 2022 stood at 48 years across asset classes. It was 49 years for Land & Building, 54 years for Plant & Machinery and 43 years for Securities or Financial Assets (Table 25). Of the 4743 RVs as on June 30, 2022, 463 RVs (constituting about 10% of the total RVs) are females.

Table 21: Registered Valuers as on June 30, 2022 (Number)

Sl.	Registered Valuer Organisation	No. of registration granted in each Asset Class			
		Land & Building	Plant & Machinery	Securities or Financial Assets	Total
1	RVO Estate Managers and Appraisers Foundation	73	14	14	101
2	IOV Registered Valuers Foundation	1400	221	164	1785
3	ICSI Registered Valuers Organisation	-	-	218	218
4	IIV India registered Valuers Foundation	161	45	53	259
5	ICMAI Registered Valuers Organisation	37	27	286	350
6	ICAI Registered Valuers Organisation	NA	NA	923	923
7	PVAI Valuation Professional Organisation	307	53	124	484
8	CVSRTA Registered Valuers Association	204	60	NA	264
9	Association of Certified Valuators and Analysts	NA	NA	2	2
10	CEV Integral Appraisers Foundation	115	35	3	153
11	Divya Jyoti Foundation	61	18	46	125
12	Nandadeep Valuers Foundation	1	-	1	2
13	All India Institute of Valuers Foundation	7	3	17	27
14	International Business Valuers Association	3	1	13	17
15	All India Valuers Association	2	-	-	2
16	Assessors and Registered Valuers foundation	15	3	13	31
Total		2386	480	1877	4743

Note: NA signifies that the RVO is not recognised for that asset class.

Table 22: Registered Valuers (Entities) as on June 30, 2022

Registered Valuer Organisation	Number of Entities	Asset Class		
		Land & Building	Plant & Machinery	Securities or Financial Assets
RVO Estate Managers and Appraisers Foundation	4	3	2	3
IOV Registered Valuers Foundation	22	19	16	20
ICSI Registered Valuers Organisation	3	0	0	3
IIV India Registered Valuers Foundation	2	2	2	1
ICMAI Registered Valuers Organisation	13	7	7	13
ICAI Registered Valuers Organisation	11	0	0	11
PVAI Valuation Professional Organisation	2	2	2	2
CVSRTA Registered Valuers Association	1	1	1	0
CEV Integral Appraisers Foundation	1	1	1	0
Divya Jyoti Foundation	2	1	1	2
All India Institute of Valuers Foundation	1	1	1	1
International Business Valuers Association	5	4	4	4
Total	67	41	37	60

Table 23: Registration of RVs till June 30, 2022 (Number)

Year / Quarter	Land & Building	Plant & Machinery	Securities or Financial Assets	Total
2017 - 2018	0	0	0	0
2018 - 2019	781	121	284	1186
2019 - 2020	848	204	792	1844
2020 - 2021	409	82	446	937
2021 - 2022	302	67	303	672
Apr - Jun, 2022	48	6	52	106
Total	2388	480	1877	4745

Note: The registration of 2 RVs has since been cancelled.

Table 24: Region wise RVs as on June 30, 2022 (Number)

City / Region	Land & Building	Plant & Machinery	Securities or Financial Assets	Total
New Delhi	81	34	222	337
Rest of Northern Region	378	75	326	779
Mumbai	115	51	289	455
Rest of Western Region	662	128	308	1098
Chennai	116	43	140	299
Rest of Southern Region	964	125	452	1541
Kolkata	29	17	106	152
Rest of Eastern Region	41	7	34	82
Total	2386	480	1877	4743

Table 25: Age profile of RVs as on June 30, 2022

Age Group (in years)	Land & Building	Plant & Machinery	Securities or Financial Assets	Total
≤ 30	122	2	98	222
> 30 ≤ 40	419	70	726	1215
> 40 ≤ 50	520	96	578	1194
> 50 ≤ 60	952	148	303	1403
> 60 ≤ 70	327	110	162	599
> 70 ≤ 80	41	52	9	102
> 80	5	2	1	8
Total	2386	480	1877	4743

Complaints and Grievances

The IBBI (Grievance and Complaint Handling Procedure) Regulations, 2017 enable a stakeholder to file a grievance or a complaint against a service provider. Beside this, grievance and complaints are received from the Centralised Public Grievance Redress and Monitoring System (CPGRAMS), Prime Minister's Office (PMO), MCA, and other authorities. The receipt and disposal of grievances and complaints till June 30, 2022 is presented in Table 26.

Table 26: Receipt and Disposal of Grievances and Complaints till June 30, 2022 (Number)

Year / Quarter	Complaints and Grievances Received						Total		
	Under the Regulations		Through CPGRAM/PMO/MCA/Other Authorities)		Through Other Modes		Re-ceived	Dis-posed	Under Examination
	Re-ceived	Dis-posed	Re-ceived	Dis-posed	Re-ceived	Dis-posed			
2017 - 2018	18	0	6	0	22	2	46	2	44
2018 - 2019	111	51	333	290	713	380	1157	721	480
2019 - 2020	153	177	239	227	1268	989	1660	1393	747
2020 - 2021	268	260	358	378	990	1364	1616	2002	361
2021 - 2022	276	279	574	570	611	784	1461	1633	189
Apr - Jun, 2022	61	74	89	110	59	131	209	315	83
Total	887	841	1599	1575	3663	3650	6149	6066	83

EXAMINATIONS

Limited Insolvency Examination

The IBBI publishes the syllabus, format, etc. of the Examination under regulation 3(3) of the IP Regulations. It reviews the Examination continuously to keep it relevant with respect to dynamics of the market. It has successfully completed six phases of the Limited Insolvency Examination. Sixth phase of the Examination concluded on February 28, 2022 and seventh phase commenced on March 1, 2022. It is a computer based online examination available on daily basis from various locations across India. NSEIT Limited is the current test administrator. The details of the Examination are given in the Table 27.

Table 27: Limited Insolvency Examination

Phase	Period	Number of Attempts (some candidates made more than one attempt)	Successful Attempts
First	Jan - Jun 2017	5329	1201
Second	Jul - Dec 2017	6237	1112
Third	Jan - Oct 2018	6344	1013
Fourth	Nov 2018 - Jun 2019	3025	505
Fifth	Jul 2019 - Dec 2020	5860	1016
Sixth	Jan 2021 - Feb 2022	2741	474
Seventh	Mar 2022	127	8
	Apr - Jun 2022	421	47
Total		30084	5376

Valuation Examinations

The IBBI, being the authority, under the Companies (Registered Valuers and Valuation) Rules, 2017, commenced the Valuation Examinations for asset classes of: (a) Land and Building, (b) Plant and Machinery and (c) Securities or Financial Assets, on March 31, 2018. It reviews the Examinations continuously to keep it relevant with the changing times. The third phase has concluded on June 30, 2022 and the fourth phase commences from July 1, 2022. It is a computer based online examination available from several locations across India. National Institute of Securities Markets is the current test administrator. The details of the Examinations are given in Table 28.

Table 28: Valuation Examinations

Phase	Period	Number of Attempts (some candidates made more than one attempt) in Asset Class			Number of Successful Attempts in Asset Class		
		Land & Building	Plant & Machinery	Securities or Financial Assets	Land & Building	Plant & Machinery	Securities or Financial Assets
First	Mar 2018 - Mar 2019	9469	1665	4496	1748	324	707
Second	Apr 2019 - May 2020	3780	757	4795	380	95	656
Third	Jun 2020 - Mar 2022	7155	1747	7299	534	127	692
	Apr 2022 - Jun 2022	1215	268	1078	86	12	89
Total		21619	4437	17668	2748	558	2144

Building Ecosystem

75 events organised under 'Azadi Ka Amrit Mahotsav' across the nation

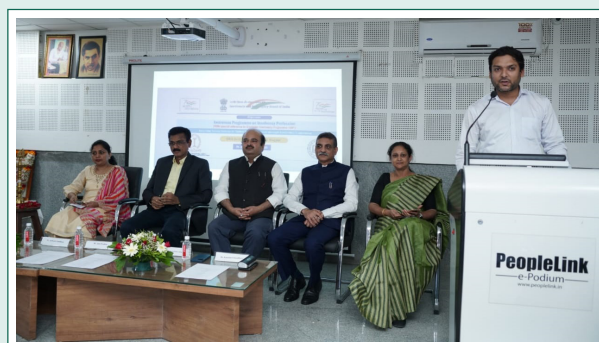
The IBBI, in association with three IPAs organised 'Awareness Programme about Insolvency Profession with special reference to Graduate Insolvency Programme' to stimulate the youth of India to contribute to nation building process and be cognizant of key reforms being unleashed by the Government of India including the one about managing the insolvency space with speed and agility. The opening event was hosted by the NLIU, Bhopal at Bhopal on June 1, 2022. The events were organised in 75 districts across the country between June 1 - 10, 2022. This was concluded with an iconic event organised in New Delhi on June 10, 2022. All these events received overwhelming participation.

Committees

Advisory Committee on Service Providers

The 8th meeting of the Advisory Committee on Service Providers was held on April 18, 2022 through e-mode. Mr. T. V. Mohandas Pai chaired the meeting. The Committee discussed and made its recommendations on issue of review of redressal and enforcement mechanism and enhancing effectiveness of IU to address the issue of delay in admission of applications before AA.

Awareness Programme about Insolvency Profession with special reference to GIP

*Bhopal, June 1, 2022**Chandigarh, June 3, 2022**Mumbai, June 3, 2022**Bangalore, June 4, 2022*

Advisory Committee on Corporate Insolvency and Liquidation

The 9th meeting of the Advisory Committee on Corporate Insolvency and Liquidation was held on April 27, 2022 through e-mode. Mr. Uday Kotak chaired the meeting. The Committee deliberated on four issues namely: (a) Substantiating default in admitting applications by OCs; (b) Facilitating information availability for the preparation of IM and preparation of avoidance applications; (c) Dealing with avoidance applications after closure of a CIRP; and (d) Significant difference in valuations during a CIRP and appointment of a third valuer.

Roundtables

Roundtable to discuss issues pertaining to homebuyers in the real estate projects undergoing CIRP

A virtual roundtable was organised on May 25, 2022 to discuss issues pertaining to homebuyers in the real estate projects undergoing CIRP. Various stakeholders in the CIRP of real estate projects including homebuyers and IPs were invited to participate in the roundtable. The stakeholders discussed the difficulties associated with CIRP of real estate projects. Further various suggestions for improvement were received from homebuyers, IPs as well as FCs during the roundtable.

Roundtable on the topics 'Enabling Entities to become IP' and 'Remuneration of an IP'

A roundtable was conducted with IPs on May 18, 2022 to discuss the issues related to feasibility of allowing IPEs to act as IPs under the Code, issue of fixed (minimum) fees payable to IPs and the issue of incentivising IPs for facilitating timely resolution/ value maximisation.

Roundtable on the feasibility of an integrated case management system

A roundtable discussion was held on May 26, 2022 with IPs to explore the feasibility of a unified case management system for end-to-end tracking of CIRP/ liquidation processes and its integration with the proposed IBC-21 ecosystem. The concerns raised and suggestions given by IPs were taken on record.

Roundtable on issues related to disclosure of valuation and other related issues in CIRP

The roundtable discussions were held on June 11, 2022 and June 16, 2022 with stakeholders to deliberate on the issues namely: (a) Geo tagging of immovable assets and disclosure of the same in IM; (b) Need for revaluation during CIRP; (c) Timing for submission of report by valuers; (d) Disclosure of valuation report; (e) Discussion of draft valuation report with CoC; and (f) Timelines for the activities under CIRP.

IP Workshops

The IBBI has been organising Basic and Advanced workshops, Webinars and other trainings for registered IPs with the aim to deliver specialised and deep level learning. The details of such capacity building activities conducted till June 30, 2022 are given in Table 29.

Table 29: Capacity Building Programmes for IPs till June 30, 2022

Year / Period	Basic Workshops	Advanced Workshops	Other Workshops	Webinars	Roundtables	Trainings	Total
2016 - 17	1	-	-	-	8	-	9
2017 - 18	6	-	-	-	44	-	50
2018 - 19	7	-	-	-	22	-	29
2019 - 20	4	6	5	1	22	-	38
2020 - 21	1	2	6	29	18	2	58
2021 - 22	7	7	-	21	12	3	50
Apr - Jun, 2022	-	-	-	1	4	-	5
Total	26	15	11	52	130	5	239

Advocacy and Awareness

5th International Insolvency Moot Court Competition at NLU, Delhi

The Centre for Transnational Commercial Law at the National Law University, Delhi (NLUD), jointly with the IBBI, the UNCITRAL: Regional Centre for Asia and the Pacific, INSOL India, and Society of Insolvency Professionals of India (SIPI), has been hosting International Insolvency and Bankruptcy Moot since 2017. The 5th Arun Jaitley International Insolvency and Bankruptcy Moot was held during April 8 - 10, 2022 at NLUD campus at Sector - 14 Dwarka, New Delhi.

The Moot was dedicated to the memory of Padma Vibhushan Shri Arun Jaitley, who spearheaded insolvency reforms in the country as the cabinet minister of MoF and MCA. Mrs. Sangeeta Jaitley; Hon'ble Justice M.M. Kumar; Vice-Chancellor Prof. Srikrishna Deva Rao; Prof. Dr. Harpreet Kaur; Ms. Athita Komindr, Head of UNCITRAL: Regional Centre for Asia and the Pacific; Prof. Dr. M. S. Sahoo; and Mr. Rajesh Kumar Gupta, CGM, IBBI joined the inaugural session of the Moot Competition.

The finals bench was chaired by Hon'ble Justice Ashok Bhushan, Chairperson, NCLAT; Dr. Mukulita Vijayawargiya, WTM, IBBI; Mr. Amarjit Singh Chandhiok, Sr. Advocate & President INSOL India; Mr. Sumant Batra, Chairman SIPI; Mr. Dinkar Venkatasubramanian, Head of Restructuring EY India; and Mr. Rocky Ravinder Gupta United Juris & INSOL International fellow.

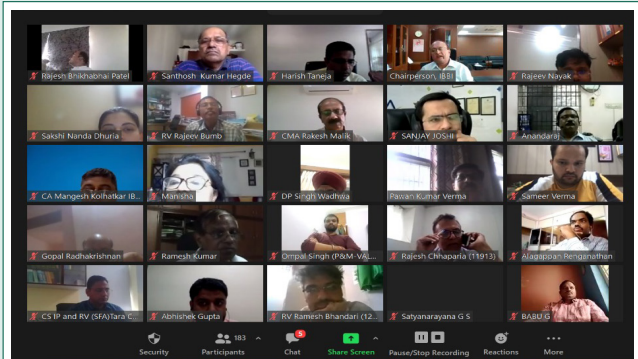
The Moot proposition was based upon issues of corporate insolvency, avoidance transactions, cross-border insolvency, and the UNCITRAL Model Law on Cross-Border Insolvency. The NLUD team, comprising of Nandini Goel, Diya Agrawal, Anisha Sharma was adjudged as winners; the NLU Cuttack team comprising of Vipasha V., Sakshi Mittal, Ruchika Mohanty and Varuni Agarwal was adjudged as runners-up.



5th International Insolvency Moot Court Competition at NLUD, April 8, 2022

Other Programmes

During the quarter the IBBI in association with various stakeholders organised advocacy and awareness programmes as presented in Table 30.



National Conclave on Valuation, April 21, 2022

Table 30: Advocacy and Awareness Programme April - June 30, 2022

Sl.	Date	Particulars	Topic	In Association With
1	13-04-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Manishkumar M. Chaudhari, CGM, IBBI	Organizations (IPA, IU and RVO) under the IBC ecosystem	IGNOU
2	13-04-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Madhusudan Sharma, IP	Management of affairs by IRP/RP as going concern; Concept of Essential Goods and Services	IGNOU
3	21-04-22	National Conclave on Valuation	Valuation Profession	ICMAI RVO
4	23-04-22	Seminar at ICMAI, Coimbatore	The Insolvency & Bankruptcy Code, 2016 & its emerging scenario	IPA of ICMAI
5	24-04-22	Awareness Programme on IBC	IBC, 2016	KIIT, Bhubaneswar, Odisha
6	27-04-22	Session on Doordarshan Gyandarshan TV Channel by Dr. Shashank Saksena Senior Economic Adviser, Department of Economic Affairs, MoF, Government of India	The Economic and Behavioural Impact of the Code.	IGNOU
7	27-04-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Sunil Kumar Chugh, General Manager Punjab National Bank	Committee of Creditors - Role, Meetings and Voting	IGNOU
8	10-05-22	Judicial Roundtable Webinar	Avoidance Transactions	International Insolvency Institute
9	11-05-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Ashish Makhija, IP	Avoidance Transactions under IBC - Preferential and Undervalued Transactions	IGNOU
10	11-05-22	Session on Doordarshan Gyandarshan TV Channel by Ms. Aparna Gupta, Director, Deloitte	Avoidance Transactions under IBC - Extortionate and Fraudulent Transactions	IGNOU
11	12-05-22 to 13-05-22	Two-day training programme for the senior officers of GST Department	IBC, 2016	National Academy of Customs, Indirect Taxes & Narcotics, Faridabad
12	13-05-22	Workshop for officers of Ministry of Communications	IBC, 2016	National Institute of Communication Finance, Department of Telecommunications
13	14-05-22 to 19-05-22	One week Certificate Programme	Insolvency and Bankruptcy Laws	MNLU, Mumbai
14	25-05-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Sunil Mehta, Chief Executive, IBA	Committee of Creditors, its Commercial Wisdom and Judicial pronouncements relating to CoC	IGNOU
15	25-05-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Manoj Kulshrestha, IP	Insolvency Resolution Process Costs	IGNOU
16	07-06-22	Iconic Day Celebrations by MCA under AKAM.	Five years of Insolvency and Bankruptcy Code, 2016; Achievements and Way Forward	MCA
17	08-06-22	Session on Doordarshan Gyandarshan TV Channel by Mrs. Pooja Bahry, IP	Information Memorandum; Expression of Interest, Request for Resolution Plans	IGNOU
18	08-06-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Rajan Jain, Deputy Secretary, MCA	Persons not eligible to be Resolution Applicant [Sec. 29A of IBC]	IGNOU
19	08-06-22 to 15-06-22	Online Certificate Course	IBC, 2016	ICAI
20	22-06-22	Session on Doordarshan Gyandarshan TV Channel by Mr. Anil Kohli, IP	Contents of the Resolution Plan; Approval of the Resolution Plan	IGNOU
21	22-06-22	Session on Doordarshan Gyandarshan TV Channel by Dr. S. K. Gupta MD, ICMAI RVO	Overview and Importance of Valuation under IBC	IGNOU

*Judicial Roundtable Webinar on Avoidance Transaction, May 10, 2022*

Senior officers of the IBBI participated as guests and faculty in several programmes during the quarter, the details of which are presented in Table 31.

Table 31: Participation of Senior Officers in Programmes

Sl.	Date	Organiser	Subject	Participation
1	15-04-22	IIPI	Avoidance Transactions under IBC - Best Practices	Mr. Shukla, WTM
2	30-04-22	NIRC of ICAI	Seminar on IBC	Mr. Gupta, CGM
3	02-05-22	ICMAI RVO	5 th Foundation Day of ICMAI RVO	Mr. Shukla, WTM
4	14-05-22	Maharashtra National Law University Mumbai	One-week Certificate Programme on Insolvency and Bankruptcy Laws	Mr. Kavdia, ED
5	08-06-22	Department of Economic Affairs and SEBI	AKAM celebrations	Mr. Shukla, ED
6	10-06-22	The Indian Chambers of Commerce	The Indian IBC Story: Robust Policies for an Augmenting Economy	Mr. Kavdia, ED
7	19-06-22	ICSI	23 rd National Conference of Practising Company Secretaries	Mr. Pradhan, ED

*Programme on Indian IBC Story at Mumbai, June 10, 2022**23rd National Conference of ICSI at Lonavala, June 19, 2022*

List of Abbreviations

AA	Adjudicating Authority
AFA	Authorisation for Assignment
AKAM	Azadi Ka Amrit Mahotsav
ARC	Asset Reconstruction Company
BIFR	Board for Industrial and Financial Reconstruction
BLRC	Bankruptcy Law Reforms Committee
BSE	Bombay Stock Exchange
CBIC	Central Board of Indirect Taxes and Customs
CD	Corporate Debtor
CEO	Chief Executive Officer
CIRP	Corporate Insolvency Resolution Process
CIRP Regulations	IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016
CoC	Committee of Creditors
Contract Act	The Indian Contract Act, 1872
CPE	Continuing Professional Education
CPGRAMS	Centralised Public Grievance Redress and Monitoring System
DC	Disciplinary Committee
DHFL	Dewan Housing Finance Corporation Ltd.
DRT	Debt Recovery Tribunal
ED	Executive Director
EPF Act	Employees Provident Fund and Miscellaneous Provisions Act, 1952
EPFO	Employees Provident Fund Organisation
FC/FCs	Financial Creditor / Creditors
FISP/FISPs	Financial Service Provider/ Financial Service Providers
GIP	Graduate Insolvency Programme
GST	Goods and Services Tax
HC	High Court
HNLU	Hidayatullah National Law University
IA/IAs	Interim Application / Interim Applications
IBA	Indian Banks' Association
IBBI / Board	Insolvency and Bankruptcy Board of India
IBC / Code	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
ICD	Insolvency Commencement Date
ICMAI	Institute of Cost and Management Accountants of India
ICSI	Institute of Company Secretaries of India
ICSI IIP	ICSI Institute of Insolvency Professionals
IGNOU	Indira Gandhi National Open University
IICA	Indian Institute of Corporate Affairs
IIMA	Indian Institute of Management, Ahmedabad
IIIP ICAI	Indian Institute of Insolvency Professionals of ICAI
ILC	Insolvency Law Committee
IM	Information Memorandum
IOV RVF	IOV Registered Valuers Foundation
IP/IPs	Insolvency Professional/ Professionals

IPA/IPAs	Insolvency Professional Agency/ Agencies
IPA ICAI	Insolvency Professional Agency of Institute of Cost Accountants of India
IPE/IPEs	Insolvency Professional Entity/Entities
IRP	Interim Resolution Professional
IT Act	The Income Tax Act, 1961
IU/IUs	Information Utility/Utilities
IU Regulations	IBBI (Information Utility) Regulations, 2017
LCD	Liquidation Commencement Date
Liquidation Regulations	IBBI (Liquidation Process) Regulations, 2016
LTC	Leave Travel Concession
MCA	Ministry of Corporate Affairs
MD	Managing Director
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprise
NCLAT	National Company Law Appellate Tribunal
NCLT	National Company Law Tribunal
NeSL	National e- Governance Services Limited
NLIU, Bhopal	National Law Institute University, Bhopal
NLUD	National Law University, Delhi
NOIDA	New Okhla Industrial Development Authority
NPC	National Productivity Council
OC/OCs	Operational Creditor/ Creditors
Panel Guidelines	Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2022
PG/PGs	Personal Guarantor/Guarantors
PMO	Prime Minister's Office
PPIRP	Pre-Packaged Insolvency Resolution Process
RA	Resolution Applicant
RBI	Reserve Bank of India
RoD	Record of Default
RP	Resolution Professional
RV	Registered Valuer
RVE	Registered Valuer Entity
RVO	Registered Valuer Organisation
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SC	Supreme Court of India
SCC	Stakeholders Consultation Committee
SEBI	Securities and Exchange Board of India
SIPI	Society of Insolvency Professionals of India
SRA	Successful Resolution Applicant
TDS	Tax Deducted at Source
Valuation Rules	The Companies (Registered Valuers and Valuation) Rules, 2017
WTM	Whole-time Member

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Insolvency and Bankruptcy Board of India

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