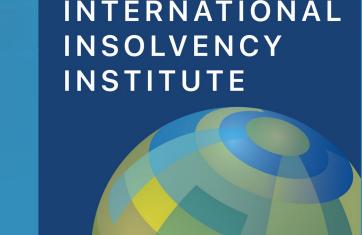
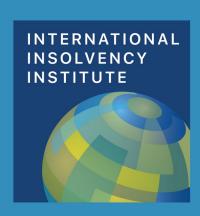
Rapid Fire Debate-Around the world: Update on Amendments to Insolvency Regulations and Their Significance









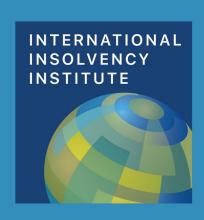
- Threshold of default increased Section 4 INR 10,00,000 (Ten Million only) from 1,00,000 (0.10 Million only)
- Relief to the MSME's





- Relief to the traders, companies
- Clogging of the courts with the insolvency matters post COVID-19





PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

- Introduced vide Insolvency and Bankruptcy Code (Amendment) Ordinance 2021 dated April 4, 2021
- Only available to MSME's- Debtor in possession and creditor in control model





PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

- Pre-out of court settlement protecting the interests of all parties
- Promotors, directors allowed to participate with a base resolution plan which would be approved by 66% of the unrelated creditors to start the PPIRP





PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

- 120 days timeline
- 90 day resolution or liquidation
- Swiss challenge

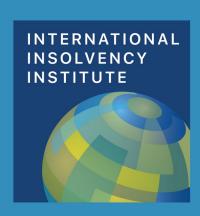




PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS <u>Significance</u>

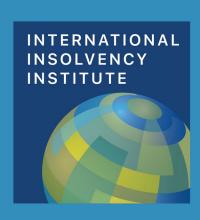
- Preliminary work already done by approval of 66% creditors before filing application
- Informal understanding between the creditors and debtor
- Fast approval and rejection of burden on Court





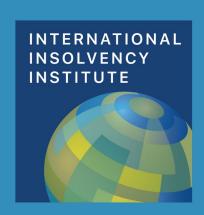
- Section 32 A- Liability for prior offences
- Immunity to the new management (resolution applicant) from any investigations conducted by regulatory authorities for offences committed by erstwhile promotors prior to the commencement of CIRP





- Whitewashing for the domestic and foreign bidders
- NCLAT JSW Steel Ltd vs Mahendra Kumar Khandelwal & Ors – Once the resolution plan is approved, the criminal investigation against the debtor stands abated

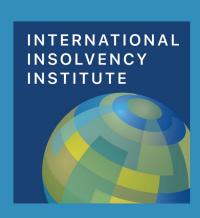




<u>Significance</u>

- Confidence to the bidders
- Protection against the misdeeds of the past
- Extending to the assets of the debtor
- Wider range





- Personal Guarantors Insolvency Regime-Notified
- Prior to 2019 Rules —Part III was inapplicable
- Notification dated November 11, 2019-Challenged – Supreme Court
- Lalit Kumar Jain vs Union of India





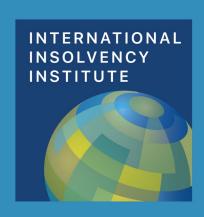
- Creditors can recover their dues from the assets of the guarantor and before same forum
- Section 95 applications maintainable in the absence of pending CIRP or liquidation of the debtor





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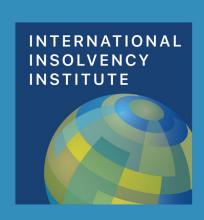
- Group Insolvency
- Videocon case State Bank of India & Anr vs
 Videocon Industries
- Common Control, common assets, common liabilities, pooling of resources, common financial creditors and corporate debtors





- Procedural coordination mechanism —rules coordinate the different the different insolvency processes without disturbing the assets and claim
- Joint application, single court, cooperation and communication between Ips, NCLT and CoC, single IP





- Substantial consolidation
- Seeks to consolidate the assets and liabilities of group companies for consideration of a single economic unit for insolvency unit





Thank you