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**SUPPORT SERVICES TO INSOLVENCY PROFESSIONALS | FORENSIC ANALYSIS & ADVISORY
| LEGAL SERVICES | SPECIAL SITUATION ASSETS RESOLUTION SERVICES**





THE PROLOGUE

Do you know how many companies have registered in India in the First half of 2023?

93,000

Any guesses on no. of MSME Registered in India in every single day?

20,000!

Do You think each of these entities will be successful?
Maybe in an Utopian World!
Sadly many of them will fail.





THE EASE OF EXIT

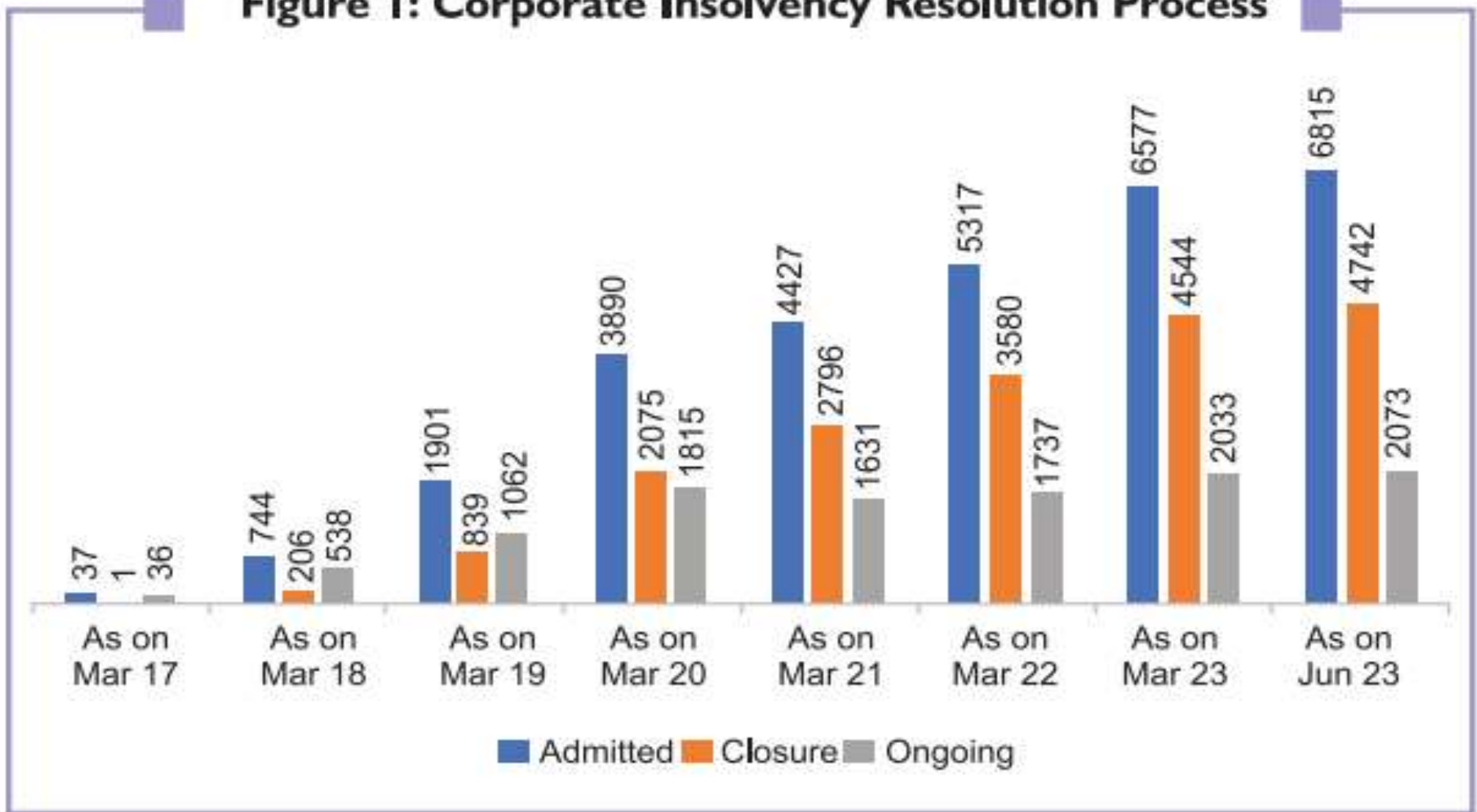
THE Insolvency and Bankruptcy Code, 2016 was enacted to normalize genuine Business Failure through Corporate Insolvency Resolution Process.

Post the implementation of IBC



As per IBBI Quarterly Newsletter of June 2023 and Care Edge Ratings

Figure 1: Corporate Insolvency Resolution Process



Source- IBBI





ORIGIN OF PREPACKS

The Basic Concept of Prepack is informal negotiation of a reorganization/restructuring deal between the Debtor and the Borrower



The practice of pre-packs was first introduced in the US (formally), following the enactment of the Bankruptcy Reform Act of 1978 which expressly allowed for pre-packs.



ORIGIN OF PREPACKS

- **Equity receivership practice in the US formed the precursor to the modern day concept of prepackage.**
- **This was intended to protect the Bondholders. Bondholders would deposit their Bonds with the Protective Committee pursuant to a “Deposit Agreement”.**
- **This Committee would then propose a reorganization plan and seek its confirmation.**
- **The US Congress decided to regulate this practice after it came to fore that senior creditors would control the process.**



ORIGIN OF PREPACKS

- **The US Congress separated the practice into two.**
 - 1. Plan confirmation was not allowed in the Equity Receivership practice before the initiation of formal Reorganization procedure.**
 - 2. While, pre confirmation of Plan was allowed for small non-public companies before the filing of Bankruptcy Case. (Chapter 11).**

In 1978 both the regime was consolidated into one i.e., Chapter 11 and the restrictions were lifted.

INTERNATIONAL PROVISIONS OF PRE-PACK INSOLVENCY

INTERNATIONAL PROVISIONS OF PRE-PACK INSOLVENCY



UNITED STATES

- Section 363 of the United States bankruptcy code permits prearranged bankruptcy. The US has a separate bankruptcy court who has restructuring powers of a debtor whereas the original jurisdiction lies with the district courts but they can refer matters or go for appeals to the bankruptcy court, as well. The US laws have a provision wherein there is a trustee who assists the bankruptcy judges in performing their functions effectively. They help in the smooth functioning of the process and do not interfere with the insolvency process by overtaking the business and the assets of the corporate debtor.
- The trustee helps in bringing transparency to the process to protect the interest of the creditors so that the corporate debtor does not dispose of the business assets to somewhere to their advantage and at the loss of the creditors and also ensures that no laws are violated by the debtors during carrying out the insolvency process. The trustee makes sure that the debtor informs all the creditors of his plan and looks if any creditor has objections against the structure. He then has to take approval from the bankruptcy court. It provides to all the creditors a disclosure statement and a plan structure. After the plan is approved by all the creditors then the corporate debtor files a petition before the court.
- .

INTERNATIONAL PROVISIONS OF PRE-PACK INSOLVENCY



UNITED KINGDOM

- The Insolvency Act, 1986 of the United Kingdom did not have provisions disallowing or allowing pre-pack insolvency resolution. When businesses and corporations started to resolve insolvency on their own without appointing and without the interference of resolution professionals, thereon it started to become a traditional practice in the UK. However, a drawback to this practice was that the corporate debtors dissolved their assets without any notice to the affected creditors because of which losses were suffered and interest of the creditors was losing in the UK.
- Statement of Insolvency practice called SIP '16 was released in 2009 to resolve the related party transactions and bring more transparency in the insolvency resolution process. The SIP refers to pre-packaged sales. In this arrangement, the assets and the businesses of the corporations are negotiated for sale before the appointment of the administrator. The administrator here acts as the insolvency practitioner when the process is authorised by the administration then the sale is executed.

INTERNATIONAL PROVISIONS OF PRE-PACK INSOLVENCY



UNCITRAL (UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW)

- The UNCITRAL has provisions for expedited reorganization proceedings in which restructuring negotiations are held on a voluntary basis, and a plan is confirmed only after a majority of affected creditors agree to it. This provision is similar to pre-packaged insolvency proceedings.

CANADA

- In Canada when a business is in a distressed situation then they do not enter into liquidation usually they find a buyer for their company i.e., in Canada Pre-packaged selling is done, as well. The business of the corporate debtor is sold and the revenues therein are used to structure a plan for the creditors. The companies apply under the company's creditor arrangement act under which they look for a buyer for the company. The selling of the business then has to be approved by the court and provides the title to the buyer.

SINGAPORE

- Singapore has come up with Insolvency, Restructuring, and Dissolution (Amendment) Act, 2020. This Act was amended in wake of the COVID-19 situation for micro and small companies. To bring a pre-pack scheme for them. This is very much similar to the Indian process in which a moratorium period is imposed when a company enters into the resolution process. In order to process and get the restructured plan's approval by the court, the company needs to show that the majority of the creditors approves the plan.

FORMULATION OF PPIRP



PREPARATIONS BEFORE THE PREPACK

29 A Due Diligence

Feasibility and
Viability

Health Check

Business Plan

Repayment Plan

An IP in a CIRP wears the hat of an Administrator, while as Liquidator he should have marketing skills... But in Prepacks along with Administrative and marketing skills, an IP must also be adept at Financial Restructuring.



Section 29A- Ineligibility to be a Resolution Applicant

Section	Provision
29A(a)	Undischarged Insolvent.
29A(b)	Willful Defaulter as per the guidelines of the RBI.
29A(c)	Account of the RA/Control of RA is declared NPA in period preceding one year of Insolvency Commencement Date.
29A(d)	Convicted of any offence punishable with imprisonment. (2 Years or more under Acts mentioned in Sch XII. 7 Years or more under any other Law).
29A(e)	Disqualified to Act as Director under the Companies Act, 2013.
29A(f)	Prohibited by the SEBI from trading in securities or accessing Securities Market.
29A(g)	Been Director in a company where PUFEE Transaction has taken place and order is made by the Adjudicating Authority.
29A(h)	Guarantor of a CD under Insolvency.
29A(i)	Disability corresponding to 29A(a)-29A(i) in jurisdiction outside India.
29A(j)	Any connected person ineligible under 29A(a)-29A(i).



PRE-PACKAGED INSOLVENCY RESOLUTION SERVICES (PPIRP)

A pre-pack framework typically comprises a plan established between a debtor and creditors prior to the initiation of a formal corporate insolvency process, which is granted approval on an expedited basis once the formal process starts.

This Act introduces the PPIRP to allow for a:

- Quicker
- More cost-effective
- Value-maximizing insolvency resolution of MSMEs

This Process has potential to become the most popular process in the coming times due to its flexibility and revised process.



FORMULATION OF PPIRP REGIME



- The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 -Promulgated by President of India on 4/4/2021 and later Amendment Act, 2021 on 12/08/2021
- Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021 notified by IBBI on 09th April 2021
- The Insolvency and Bankruptcy (Pre-packaged Insolvency Resolution Process) Rules, 2021 notified by Ministry of Corporate Affairs on 9th April 2021.
- Proviso to sec 4: Govt has notified a default amount of Rs, 10 Lakhs vide Notification No S.O. 1543(E) dated 9th April 2021 This limit can be raised to maximum of Rs. 1 Cr. By notification
- A new Chapter III-A has been introduced in the Code for PPIRP for corporate persons classified as MSME.
- New sections 54A to 54P, 67A & 77A has been inserted for PPIRP in Code.

• CIRP SINCE 2017

• PPIRP SINCE 2021

NEED AND RATIONALE FOR INTRODUCING PPIRP



Presently, there are two court supervised statutory options for resolving financial stress, namely:

- (a) CIRP under the Code, and
- (b) scheme of compromise or arrangement (SOCA) under section 230 of the Companies Act, 2013

There are two out-of-court options, namely:

- (a) the RBI's prudential framework for resolution of stressed assets; and
- (b) informal understanding between a debtor and creditor, with /without help of a mediator

LIMITATION IN OTHER PROCESS



LIMITATIONS IN CIRP

- Creditor-in-control draws resistance from Promoters of CD
- Multiple Litigations.
- Anticipating that Creditors will control - no liquid funds are left in the company by promoters. Therefore, it is an expensive process
- In most companies - appropriate resolution plan may not come from market - as most businesses are known to promoters and are run on individual capabilities - mostly in MSME.
- When the CIRP is not completed in a time-bound fashion, it causes diminution in value of the Corporate Debtor, leads to closure, cause unemployment.
- It CIRP fails - CD is liquidated - economically least preferred option WHERE economic assets of nation gets buried if not bought over by someone to use in same or some other forms.

LIMITATIONS IN SCHEME OF COMPROMISE OR ARRANGEMENT (SOCA) U/S 230 OF THE COMPANIES ACT, 2013



- The absence of any moratorium period, often leads to fast tracking of suits, proceedings, and enforcement actions by stakeholders against the company during the process;
- An SoCA requires approval of 75% of creditors or members, as compared to 66% of creditors/members for CIRP or PPIRP.
- An SoCA is binding on the company, all the creditors or class of creditors, members or class of members, as the case may be, unlike everyone in case of CIRP or PPIRP.
- There is no time limit for the process; has the potential of misuse, being a debtor-in-possession model.
- Getting approval from 75% of all classes of creditors is challenge, therefore offers made may not be feasible and viable later.
- Any small class also can file objections and apply for treatment as a separate class – 5% of total debt or 10% of total shareholding.
- This process is also used for Mergers, Acquisitions, de-mergers, amalgamations.

LIMITATIONS IN RBI'S PRUDENTIAL FRAMEWORK – RBI CIRCULAR DATED 7TH JUNE 2019



- The framework is only available to CD which has RBI regulated creditors i.e. banks, FIs & NBFCs. Can not be initiated by other creditors.
- ***MSME borrowers whose aggregate exposure to lending institutions collectively, is 25 crore or less as on March 1, 2020 cannot go under this process.***
- Difficult to obtain consent, particularly from creditors like insurance companies, mutual funds, debenture holders, off shore creditors, etc., who are outside RBI's domain. Such creditors may invoke the formal insolvency resolution process under the Code that jeopardizes resolution under the prudential framework;
- Being out-of-court mechanism, the framework does not provide for breathing space in the form of a moratorium on suits, proceedings, and recovery actions against the CD during the restructuring;
- The plan binds only those FCs who are signatories to the ICA. It does not also bind OCs. This limits the scope of the plan to only financial restructuring, which may not be adequate to resolve stress.

WHY PPIRP CAN BE THE ANSWER!



HOW PPIRP COMES TO THE RESCUE

- PPIRP has the features, which make a CIRP sacrosanct, and has the rigour and discipline of the CIRP.
- It is informal up to a point and formal thereafter.
- It blends debtor-in-possession with creditor-in-control.
- It is neither a fully private nor a fully public process - it allows the company, if eligible under section 29A, to submit the base resolution plan (BRP) which is exposed to challenge for value maximization.
- It safeguards the rights of stakeholders as much as in CIRP and has adequate checks and balances to prevent any potential misuse. It entails a limited role of the courts and IPs.
- Unlike CIRP, it does not yield if there is no resolution plan

THE PROCESS OF PPIRP



ELIGIBILITY FOR PPIRP

A CD, which is an MSME under sub-section (1) of the section 7 of the Micro, Small and Medium Enterprises Development Act, 2006, is eligible to apply for initiation of PPIRP, if it-

- (i) has committed a default of at least ₹10 lakh;
- (ii) is eligible to submit a resolution plan under section 29A of the Code;
- (iii) has not undergone a PPIRP during the three years preceding the initiation date;
- (iv) has not completed a CIRP during the three years preceding the initiation date;
- (v) is not undergoing a CIRP; and (vi) is not required to be liquidated by an order under section 33 of the Code.



CATEROGIZATION OF MSME

Description of Limits	Micro Enterprise	Small Enterprise	Medium Enterprise
Investment in Plant and Machinery and equipment (does not exceed INR)	1 Crore	10 Crores	50 Crores
AND			
Turnover (does not exceed INR)	5 Crores	50 Crores	250 Crores



OVERVIEW OF PPIRP

INFORMAL PROCESS- PRE INITIATION

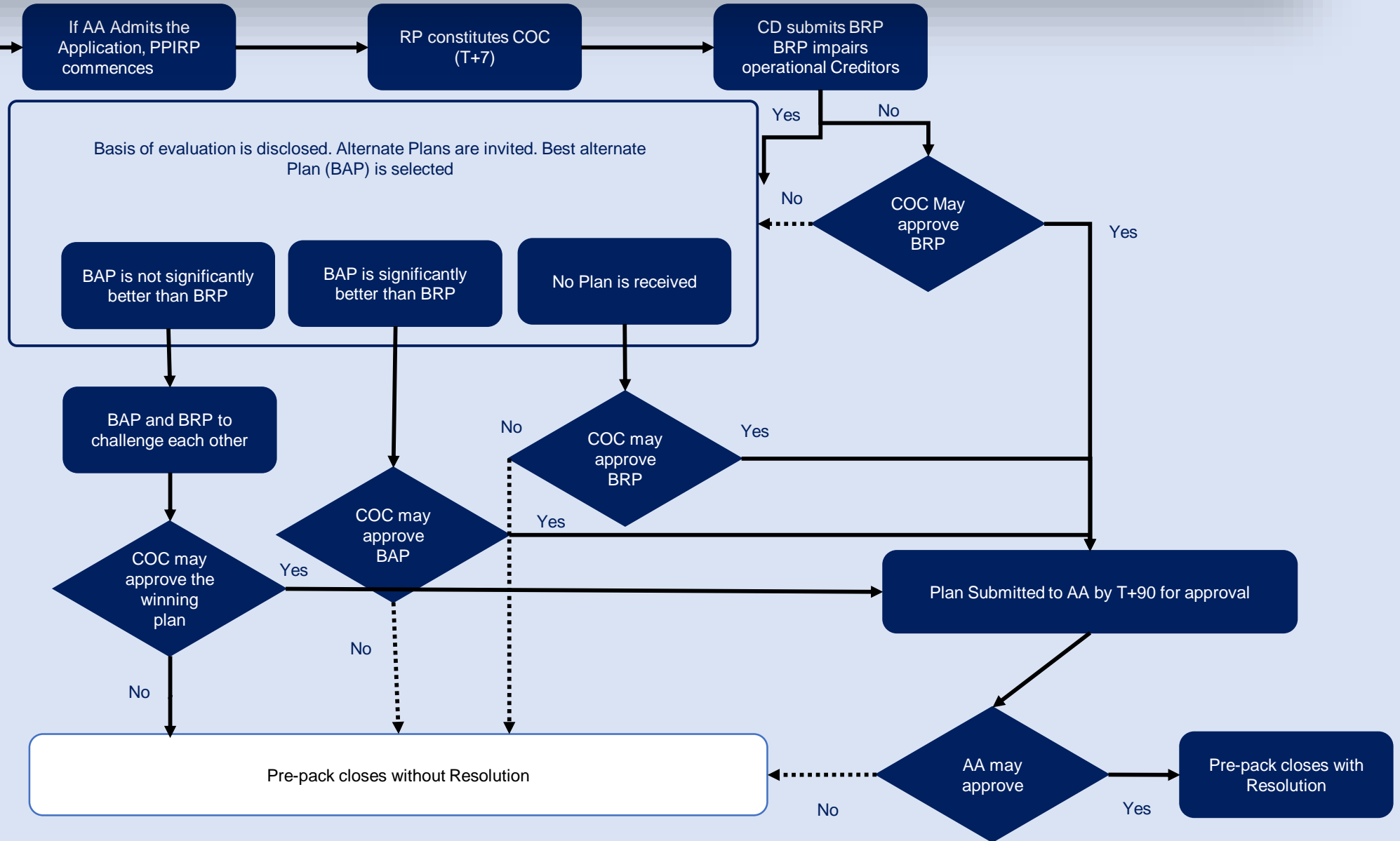
- Pre-initiation phase is largely informal. The informality at pre-initiation stage offers flexibility for the CD and its creditors to swiftly explore and negotiate the best way to resolve stress in the business.

FORMAL PROCESS- POST INITIATION

- Post-initiation stage is largely formal. The post-initiation stage drives value maximization and bestows the resolution plan with the statutory protection.

A TYPICAL PROCESS FLOW OF PPIRP

- Mutual understanding
- List of Creditors
- Identification of an IP to act as RP
- Declaration by majority directors/partners
- Shareholder Resolution
- Consent of Majority unrelated FCs
- Report of RP
- Application to AA for Admission
- Updated List of Claims
- Preliminary Information Memorandum
- Base Resolution Plan





STEP-BY-STEP PROCESS- PRE ADMISSION

S.NO.	SECTION	REG.	FORM	TIMELINE	PARTICULARS
1.	54A(2)(f)	16(1)	P6	Pre- approval of initiation of PPIRP	<u>DECLARATION BY BOARD</u> Notice for board meeting - <ul style="list-style-type: none">•to make declaration in terms of P6•to resolve to issue notice to convene meeting of financial creditors for approval of filing of application to initiate PIRP•to authorize a director to sign and file application, declarations etc. in relation to PIRP
2.	54C(3)(c)	16(2)	P7	Pre- approval of initiation of PPIRP	Declaration of the managing director/chairperson [director, if there is no managing director and chairperson] regarding existence of avoidance transactions
3.	54C (3)(b)	7	P1	Pre- approval of initiation of PPIRP	<u>CONSENT OF RESOLUTION PROFESSIONAL</u> Written consent of Resolution Professional to be furnished along with Application for PIRP



STEP-BY-STEP PROCESS- PRE ADMISSION

S.NO.	SECTION	REGULATION	REG.	TIMELINE	PARTICULARS
4.	54A(2)(e)	14(4) 14(5)	P3	Pre- approval of initiation of PPIRP	<u>APPOINTMENT OF RESOLUTION PROFESSIONAL</u> <ul style="list-style-type: none">•Letter from Financial Creditor approving the terms of appointment of the Resolution Professional•To be circulated to the financial creditors
5.	54B(1)(a)	17	P8	Pre- approval of initiation of PPIRP	<u>DUTIES OF RESOLUTION PROFESSIONAL PRE-ADMISSION</u> <ol style="list-style-type: none">1.Seek information, relevant documents and base resolution plan to ascertain the contents-<ul style="list-style-type: none">•CD is MSME•CD is eligible for PIRP•Declaration under P6•Special resolution of members•P3- Approval of terms of appointment of RP•P4- approval of filing of PIRP by the FCs•Base resolution plan is in conformity with 54K, 30(1) and (2) and the Regulations2.File it with the board



STEP-BY-STEP PROCESS- FILING APPLICATION

S.NO.	SECTION	REG.	FORM	TIMELINE	PARTICULARS
6.	54A(3)	14(7)	P4	Approval of initiation of PIRP	<u>APPROVAL BY FINANCIAL CREDITORS</u> <ul style="list-style-type: none">•Notice of 5 days to convene the meeting•Approve the filing of application to initiate PIRP in terms of Form P4
7.	54C (3)		1 of the rules	within 90 days of after declaration from directors/ Partners in P6	<u>DOCUMENTS FOR FILING APPLICATION</u> <p>Documents required-</p> <ol style="list-style-type: none">1.P6 – declaration by board of directors2.Special Resolution under Section 54A(2)(g)3.P3 – Proposal and approval of the name of RP4.P4 – Approval of filing of application to initiate PIRP5.P1 – Written consent of RP6.P7 – Declaration regarding existence of avoidance transactions7.P8 – Report under Section 54B(1)(a) and Regulation 17 by RP8.Audited financial statement for the past two years along with provisional financial statement for the current year under



STEP-BY-STEP PROCESS- POST ADMISSION

S.N O.	SECTION	REG.	FORM	TIMELINE	PARTICULARS
8.	54E (1)(c)	19	P9	T+2	<u>PUBLIC ANNOUNCEMENT</u> <ul style="list-style-type: none">•Resolution Professional to make public announcement within 2 days of the commencement•To be sent to every creditor in Form P2•sent to information utilities; and•published on the website of the CD and the Board.•No invitation of Claims, only invitation of objections.



STEP-BY-STEP PROCESS- POST ADMISSION

S.NO	SECTION	REG.	FORM	TIMELINE	PARTICULARS
9.	54G(1)	20	P10	T+2	<u>LIST OF CLAIMS</u> <ul style="list-style-type: none">•CD to submit list of claims within 2 days of commencement.•RP to confirm list of claims in P10•RP to inform every creditor and invite objections•Creditor to submit objections within 7 days of receipt of communication from RP•RP to modify claims basis objection, information and evidence•P10 to be on the website of CD and electronically filed with the Board
10.		26			Any change in committee of creditors to be informed within 2 days to the Committee



STEP-BY-STEP PROCESS- POST ADMISSION

S.NO	SECTION	REG.	FORM	TIMELINE	PARTICULARS
11.	54G(1)(b)	40(1) and 40(2)		T+2	CD to submit preliminary information memorandum within 2 days of commencement
12.	54K(1)			T+2	CD to submit base resolution plan to RP within 2 days of commencement
13.		38		T+3	RP to appoint two registered valuers to determine the fair value and the liquidation value of the CD within 3 days of commencement
14.	54(l)(1)			T+7	RP to constitute COC within 7 days of commencement
15.	54(l)(2)			T+7	RP to convene the 1 st meeting of COC within 7 days of constitution



STEP-BY-STEP PROCESS- POST ADMISSION

S.N O.	SECTION	REG.	FORM	TIMELINE	PARTICULARS
16.	54F(2)(g))	40(3)		T+14	RP to finalise the IM within 14 days and submit to COC and also take an undertaking of confidentiality from the COC
17.		41		T+30 T+45 T+60	<ul style="list-style-type: none">•On or before the 30th day, RP to form an opinion on PUFET transactions•On or before 45th day, RP to make determination•On or before 60th day, RP to file application before NCLT
18.	54K (5)	43 (1)	P11	T+21	Invitation to public at large for submission of resolution plans; publishing of brief particulars in Form P11 not later than 21 days with permission of COC

STEP-BY-STEP PROCESS- POST ADMISSION

S.NO.	SECTION	REG.	FORM	TIMELINE	PARTICULARS
19.		Regulation 43(3)(b)		T+36	Last date for submission of resolution plans by public at large within 15 days from the date of public notice
20.	54D				RP to submit the resolution plan approved by COC within 90 days of commencement of PIRP
21.	54L(1) 54N(1)			T+120	Approval of Resolution Plan by AA within 30 days of receipt of such Resolution Plan from CD. Or Rejection of Resolution Plan by AA and termination of PPIRP



STEP-BY-STEP PROCESS- POST ADMISSION

S.NO	SECTION	REG.	FORM	TIMELINE	PARTICULARS
16.	54J			Between T+14 and T+ 120	COC can decide to vest the management of CD with RP
17.	54O			Between T+14 and T+ 90	COC can resolve to initiate CIRP of CD, if eligible; AA will pass the order within 30 days and CIRP period will start from the date of order of AA

PROTECTION TO OPERATIONAL CREDITORS – Sec 54K(4)



In case, COC does not approve Base Resolution Plan OR Base Resolution Plan impairs any claim of operational creditors

RP shall invite Prospective Resolution Applicants to submit resolution plans to compete with the Base Resolution Plan – manner of invitation would be provided in regulations

Eligibility criteria to be laid down with the approval of COC having regard to the complexity and scale of operations of the business of the corporate debtor and such other conditions as may be specified

Evaluation matrix will also be provided to Prospective Resolution Applicants as approved by COCv

RP will provide all information as provided in Information Memorandum as per section 29 of the Code – regulations awaited

All resolution plans confirming to section 30(2) to be presented before COC for evaluation

COC will evaluate all the resolution plans and will select only one resolution plan for approval



**COC
OPTION ONE –
Sec 54K(10)
for
RESOLUTION
PLAN**

COC decides that the resolution plan selected as per subsection (9) is significantly better than Base Resolution Plan`

Criteria laid down for comparison with Base Resolution Plan and other resolution plans shall be as approved by COC

COC may select the resolution plan so selected for approval u/s 54K(12)



OPTION TWO – Sec 54K(11)

In case, based on the criteria laid down the resolution plan selected is not considered for approval or does not fulfill the requirements of sub-section (10) i.e. the criteria laid down by COC

Then the resolution plan selected would compete with the Base Resolution Plan – may be swiss challenged method

One of the resolution plans would be selected for final approval of COC u/s 54K(12)

PPIRP FORMS



LIST OF FORMS

FORM NO.	UNDER REGULATION/ ACT/RULES	PURPOSE	TIMELINE	RESPONSIBLE
Form 1	Under Rule 4 (1)	Application for initiating PPIRP under sub-section (1) of section 54C	within 90 days of after declaration from directors/ Partners in P6	Corporate Debtor
Form P1	Under Reg. 7(1)	Written Consent by the IP for proposal for appointment as RP for the CD	Pre- approval of initiation of PPIRP	Insolvency Professional
Form P2	Under Reg. 14	List of Creditors of the CD comprising of- FC, OCs and other Creditors (related and unrelated)	Pre- approval of initiation of PPIRP	Corporate Debtor
Form P3	Under Reg. 14(5)	Approval of Terms of Appointment of RP by FCs	Pre- approval of initiation of PPIRP	Financial Creditors
Form P4	Under Reg. 14(7)	Approval for Initiating PPIRP of the CD by FCs	For approval of initiation of PPIRP	Financial Creditors



LIST OF FORMS

FORM NO.	UNDER REGULATION/ACT/RULES	PURPOSE	TIMELINE	RESPONSIBLE
Form P5	Under Reg. 15(iii)	Written Consent to act as AR	Pre- approval of initiation of PPIRP	Insolvency Professional
Form P6	Under Reg. 16(1)	Declaration by Director/Partners for initiating PPIRP in respect of the CD	Pre- approval of initiation of PPIRP	Corporate Debtor
Form P7	Under Reg. 16(2)	Declaration regarding existence of Avoidance Transaction(s)	Pre- approval of initiation of PPIRP	Corporate Debtor
Form P8	Under Reg. 17	Report of the Insolvency Professional	Pre- approval of initiation of PPIRP	Resolution Professional
Form P9	Under Reg. 19(2)	Public Announcement regarding commencement of PPIRP	T+2	Resolution Professional

LIST OF FORMS



FORM NO.	UNDER REGULATION/ACT/RULES	PURPOSE	TIMELINE	RESPONSIBLE
Form P10	Under Reg. 20	List of Claims	before T+7	Resolution Professional
Form P11	Under Reg. 43	Invitation for Resolution Plans	T+21	Resolution Professional
Form P12	Under Reg. 49 (1)	Compliance Certificate by RP	T+90	Resolution Professional
Form P13	Under Reg. 49(4)	Application for Termination of PPIRP (if no Resolution Plan approved)	T+90	Resolution Professional
Form P14	Under Reg. 51	Application for Vesting Management with Resolution Professional	with 66% approval of COC	Resolution Professional

PPIRP CASES IN INDIA



UPDATE ON PPIRP CASES ADMITTED TILL DATE

Name of Corporate Debtor	PPIRP Commencement date	NCLT Bench	Stakeholders	No. of days taken for Resolution	Status of case	Total Claims Admitted (in Cr.)	Resolution Amount (in Cr.)
SHREE RAJASTHAN SYNTEX LIMITED	19.04.2023	Jaipur	State Bank of India IDBI Bank Bank of Baroda	125 days	Resolution Plan Approved	111.67	41.94
SUDAL INDUSTRIES LIMITED	20.04.2023	Mumbai	Canara Bank + Various other FCs	113 days	Resolution Plan Approved	156.47	=32.24+5.73 (OC payment)
AMRIT INDIA LTD	28.11.2022	New Delhi	Not available	157 days	Resolution Plan Approved	0.383	0.072
Enn Tee International Limited	10.10.2022	New Delhi	Not available	348 days ongoing	The matter is pending	NA	NA
LOON LAND DEVELOPMENT LIMITED	29.11.2021	New Delhi	Not available	N.A.	The matter is Withdrawn and disposed off	NA	NA
GCCL Infrastructure and Projects Limited	05.09.2023	AHMEDABAD	Guardian Finance Private Limited	722 days	Resolution Plan Approved	1.14	1.14

BRIEF ON SUDAL INDUSTRIES LIMITED- OVERVIEW



- The Pre-packaged Insolvency Resolution Process (PPIRP) was initiated for Sudal Industries Limited, a BSE-listed company, with the approval of majority creditors, including Canara Bank.
- The NCLT admitted the PPIRP application and appointed Prashant Jain, Founder Partner of SSARVI Resolution Services LLP, as the Resolution Professional
- The entire PPIRP process was completed, which included inviting Resolution Plans within the 90-day timeframe.
- This marks the first instance of a PPIRP being both- admitted and approved by Hon'ble NCLT Mumbai.



BRIEF ON SUDAL INDUSTRIES LIMITED- PPIRP PROCESS

Sl. No.	Particulars	Ideal timeline	Description
I	II	III	IV
1	Name of the corporate debtor		Sudal Industries Limited
2	Date of commencement of PPIRP		20.04.2023
3	Date of appointment of resolution professional	T	20.04.2023 (Order received on 22.04.2023)
4	Date of publication of the public announcement	T+2	24.04.2023
5	Date of constitution of the committee	T+7	29.04.2023
6	Date of the first meeting of the committee	T+14	04.05.2023
7	Date of appointment of registered valuers	T+3	25.04.2023
8	Date of submission of base resolution plan	T+2	24.04.2023
9	Date of invitation of resolution plans from third party resolution applicant, if applicable	T+21	13.05.2023
10	Date of inviting corporate debtor to improve its resolution plan, if applicable		04.05.2023
11	Date of issue of invitation for resolution plan (if applicable)	T+14	13.05.2023
12	Last date of submission of resolution plan	T+36	29.05.2023
13	Date of approval of resolution plan by committee	Before 90 th day	05.07.2023
14	Date of filing of resolution plan with Adjudicating Authority	T+90	11.07.2023
15	Date of expiry of one hundred and twenty days of PPIRP	120	18.08.2023
16	Number of meetings of committee held		4 COC Meetings
17	Approval of the Resolution Plan	T+120	10.08.2023

**WHY PPIRP HAS NOT PICKED UP
TRACTION IN INDIA ?**

REASONS OF LACK OF TRACTION OF IN PPIRP IN INDIA

- Because it applies only to MSMEs and within MSME also the Micro Industries (Investment in P&M of 1cr and turnover of 5 cr.) constitutes more than 90%. These are very small units and unlikely to have awareness of Prepacks.
- Introduction of Prepacks coincided with one time restructuring option to MSME (after Covid). Thus most companies sought the restructuring option.

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THANKS