



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IIPI Newsletter

NCLT Mumbai ordered CIRP of Marvel Realtors

The CIRP application against Pune (Maharashtra) based Marvel Realtors & Developers, was filed by IDFC First Bank. The Bank had reportedly sanctioned a term loan of ₹48 crore at an interest rate of 17.5% per annum in July 2017.

By the end of Dec. 2017, the Company's account turned irregular. The Bank addressed a demand notice to the developer to pay an amount of ₹2.04 crore including penal interest. Thereafter a commercial suit was filed in Bombay High Court, but the Company failed to pay the amount. Subsequently, CIRP petition was filed in Dec. 2019 on which NCLT ordered initiation of CIRP and appointed IRP for it.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/industry/services/property/-construction/nclt-admits-idfc-firsts-plea-against-marvel-realtors/articleshow/96630782.cms>



January 02, 2023

Volume 08, Number 01

CONTENTS

News Update
News Roundup
Event Photos
Upcoming Events

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

Corporate Debtors Undergoing IBC proceedings are Liable to Pay Only Reduced GST

The Central Board of Indirect Taxes and Customs (CBIC) has said that if any government dues including Central GST demand has been reduced following IBC proceedings, then the Commissioner concerned will issue an intimation to the taxpayer and also the authority with whom the recovery is pending, intimating the reduction in demand. This clarification has come as a great relief to corporate debtors as they can't be forced to cough more than the 'reduced amount'.

The Circular was issued after the 48th meeting of the GST Council, held on December 20, 2022, recommended that a Circular should be issued for clarifying the treatment of statutory dues under GST law for taxpayers for whom the proceedings have been finalized under the IBC. According to the Circular, under the CGST Act, the commissioners are empowered to reduce the number of dues to be recovered in case of an appeal or "other proceedings". As "other proceedings" is not defined in the Act, the CBIC said, "Adjudicating authorities and appellate authorities under the IBC, 2016 are quasi-judicial authorities constituted to deal with civil disputes pertaining to IBC... As the proceedings conducted under IBC also adjudicate the government dues pending under the CGST Act or under existing laws against the corporate debtor, the same appear to be covered under the term 'other proceedings' in Section 84 of CGST Act."

For More Details, Please Visit:

<https://timesofindia.indiatimes.com/business/india-business/cbic-to-taxmen-reduce-gst-demand-for-insolvency-cases/articleshow/96582415.cms>

News Roundup

IIPI organizing Webinar on January 09, 2023

The Webinar titled “Common Issues on Monitoring/ Inspection and Peer Review & Mentorship Frameworks” is scheduled to be held from 4.00 PM to 6.00 PM on January 09, 2023. Insolvency Professionals attending the Webinar will be eligible to claim CPE 1 hour. There is no fee for this program.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2022/12/5th-Jan-2023.pdf>

Reliance Jio deposited ₹3,720 crore to acquire RITL through Resolution Plan

Mukesh Ambani led Reliance Jio Infocomm Ltd. (RJio) has deposited ₹3,720 crore in an ‘escrow account’ of the State Bank of India (SBI) to acquire his younger brother Anil Ambani’s Reliance Infratel (RITL) through a Resolution Plan. RITL owns fiber assets of about 1,78,000 km route and nearly 43,540 mobile towers in the country. After approving the Resolution Plan of RJio in November 2022, the NCLT had directed it to deposit the resolution amount. Anil Ambani controlled Reliance Com. and its subsidiaries are undergoing CIRP due to ~₹46,000 crore dues to creditors. Though a case regarding distribution of proceeds among creditors is pending before the Supreme Court, it is unlikely to have any impact on the insolvency process.

For More Details, Please Visit: <https://www.financialexpress.com/industry/rjio-closes-reliance-infratel-deal/2923623/>

USA agencies started probe on how \$370 million vanished after Crypto company FTX filed for bankruptcy

USA’s Federal prosecutors are investigating an alleged cybercrime that drained more than \$370 million from crypto exchange FTX, hours after it filed for bankruptcy, said media reports. FTX filed for U.S.’s Chapter 11 bankruptcy last month and Bankman-Fried stepped down as Chief Executive, after traders pulled billions from the platform in three days and rival exchange Binance abandoned a rescue deal. Bankman-Fried founded FTX in 2019 and rode a boom in the values of bitcoin and other digital assets to become a billionaire several times over as well as an influential donor to U.S. political campaigns. The collapse of FTX has fanned fears about the future of the crypto industry after it outlined a “severe liquidity crisis”.

For More Details, Please Visit: <https://www.reuters.com/legal/us-probes-how-370-million-vanished-hack-after-ftx-bankruptcy-bloomberg-news-2022-12-27/>



CIRPs initiated by Financial Creditors yielded 201% of Liquidation Value: RBI

The Reserve Bank of India (RBI) in its Trend and Progress Report for 2021-22 has said that the corporate debtors which Corporate Insolvency Resolution Process (CIRP) was initiated by Financial Creditors (FCs) have yielded about 201% of their liquidation value until September 2022.

The Report also stressed that the comparison of realized value with admitted claims may not be a reasonable indicator of the effectiveness of the CIRP because stressed entities may have undergone significant value destruction before being referred to or admitted into CIRP. Defending the CIRP, the RBI said the extent of haircut represents the discount the market demands for acquiring a stressed entity as a going concern. As of the latest data for 2021-22, the recovery rate under the IBC stood at 23.8 per cent, while the rates under SARFAESI Act and DRTs stood at 25.7 per cent and 22.5 per cent, respectively.

As fresh CIRP cases were permitted to be admitted after the one-year suspension during Covid-19, admissions under the IBC increased 65 per cent during 2021-22, said the Report.

For More Details, Please Visit:

https://www.business-standard.com/article/companies/realisation-through-ibc-close-to-201-of-liquidation-value-as-of-sept-rbi-122122700833_1.html