



**INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI**

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# IIPI Newsletter

## NCLT approved Shri Dutt Group's Resolution Plan for Indian Sugar Mfg. Company

NCLT has provided its approval to the Resolution Plan of a consortium comprising Shri Dutt India and Shri Dutt Biofuels to acquire Indian Sugar Manufacturing Company through the IBC.

“The resolution plan annexed to the application is hereby approved,” said NCLT. According to the Resolution Plan, the company's total admitted liabilities were about ₹523 crore and the successful bidder is paying ₹175 crore. Before the tribunal's approval, the resolution plan was approved by the company's lenders with 100% of voting share in favour of the consortium.

**For More Details, Please Visit:**

<https://economictimes.indiatimes.com/news/india/nclt-okays-shri-dutts-acquisition-of-indian-sugar-manufacturing-co/articleshow/107606973.cms?from=mdr>



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## News Update

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

### Parliamentary Committee calls to revisit the IBC for Quicker Insolvency Resolution Process

The Standing Committee of Parliament on Finance headed by Member of Parliament Jayant Sinha has proposed the revisit of the Insolvency and Bankruptcy Code, 2016 (IBC) due to inordinate delays and poor infrastructural capacity of NCLTs, among other reasons. It has reportedly suggested a relook at the design of the IBC so that the very purpose behind its enactment is not defeated.

According to the Committee, the authorized strength of NCLTs needs to be increased in order to deal with the huge backlog of more than 20,000 cases at the end of each year. It observed that its recommendations regarding the analysis of capacity requirements vis-à-vis projected cases in the NCLTs have not been heeded, said the Committee. It further added that NCLTs have been functioning with poor infrastructural set-up and the Ministry should prioritize addressing the requirements of the tribunals urgently by filling the infrastructural and human capacity gaps without further delay. “Actual recoveries on the ground are roughly between 25% and 30% of the admitted claims, and some cases take as long as two years for resolution, which is far beyond the time limit envisaged in the IBC,” said the Committee. Regarding undue delays, the Committee noted that it is disconcerting that even admission of cases in NCLT has been taking an unduly long time, which thus defeats the very purpose of the Code. There have also been instances of frivolous appeals, which further drag on the resolution and recovery process, leading to severe erosion of asset value.

**For More Details, Please Visit:** <https://www.ndtvprofit.com/law-and-policy/ibc-revisit-proposed-for-quicker-insolvency-resolution-process>

## News Roundup

### NCLT Mumbai ordered CIRP of Vadraj Cement, a subsidiary of ABG Shipyard

The CIRP against Vadraj Cement, a group company of the bankrupt ABG Shipyard, has been admitted at NCLT Mumbai after it defaulted on dues of more than ₹87 crore to the Punjab National Bank (PNB). However, company's total debt reportedly stands around ₹7,000 crore and the lenders include, PNB, Union Bank of India, Central Bank of India, Indian Overseas Bank, Bank of India, Bank of Baroda etc. According to the PNB, despite repeated requests, the company failed to repay its dues. Following the default, the bank filed an insolvency application in September 2018, almost a year after its loan to the company was classified as a non-performing asset (NPA) in December 2017. ABG Shipyard was one of the 12 largest non-performing accounts that RBI had, in 2017, asked banks to initiate insolvency proceedings against.

**For More Details, Please Visit:**

<https://www.livemint.com/news/india/nclt-orders-insolvency-proceedings-against-vadraj-cement-11707040904781.html>

### FTX targets \$500,000 worth insolvency sale of Digital Custody

John J Ray III, CEO, FTX debtors' estate, has put in order Digital Custody's (DC) sale to CoinList for a \$500,000 worth markdown. The financing will be supplied by Terence Culver, seller and CEO, DC, as FTX originally paid an amount worth \$10 million to acquire DC, as stated by Cointelegraph. According to Cointelegraph, FTX's legal filing stated that DC was purchased to provide custodial facilities for LedgerX and FTX US. From what it's understood, the complete DC integration into FTX didn't happen prior to Sam Bankman-Fried, previous CEO, filed for bankruptcy in November 2022, three months post DC acquisition. Seemingly, the purchasing of DC by FTX occurred over two five-million-dollar settlements, namely in December 2021 and August 2022.

**For More Details, Please Visit:**

<https://www.financialexpress.com/business/digital-transformation-ftx-targets-500000-worth-insolvency-sale-of-digital-custody-3391395/>

### Employees sacked over allegations of UK insolvency agency improperly shared information with private firms

Staff at accounting firm RSM and corporate advisory group Quantuma allegedly received tip-offs about potential future work from employees of the UK government's Insolvency Service in a scandal. According to the Agency, three employees have been sacked over improper sharing of information with people in the private sector. The people alleged to have received the information worked for RSM, one of the largest mid-tier accounting firms behind the Big Four, and mid-market corporate advisory group Quantuma.

**For More Details, Please Visit:** <https://www.ft.com/content/7bbe63e6-8a12-4652-ae7-26f8fe71d948>



### IBBI removed restriction preventing the same IP from participating in both the CIRP of CD and for its Individual Guarantor

With objectives to reduce the risk of misrepresentation and concealment of information, as the same RP would be involved in both processes, the Insolvency and Bankruptcy Board of India (IBBI) has reportedly removed the restriction preventing the same IP from participating in both the insolvency process of a company and for its individual guarantor.

According to experts, this move will expedite the resolution process as the RP, who has been working on the corporate, which is undergoing CIRP, would already be aware of the affairs of the personal guarantor. Besides, it will be helpful for the RPs in obtaining information from promoters. According to media reports, this comes after a crucial development last November, when the Supreme Court confirmed the legality of crucial parts of the IBC, including the initiation of insolvency proceedings against personal guarantors.

**For More Details, Please Visit:**

<https://www.ndtvprofit.com/law-and-policy/ibbi-removes-restriction-on-insolvency-professionals>

## EVENT PHOTOGRAPHS



*Shri Santosh Kumar Shukla, Executive Director-IBBI, addressing the Webinar on "Role of Forensic Auditors under IBC" organized by IIIPI on February 09, 2024.*



*Snapshot of 18th Batch of 'Executive Development Program on Managing Corporate Debtor as Going Concern Under CIRP' organized by IIIPI from 06th to 10th February 2024.*

### **63rd Batch of PREC scheduled from 19th February to 25th February 2024**

The 63<sup>rd</sup> Pre-Registration Educational Course (PREC) will be conducted by expert faculties who would share their varied advice and experience. The Course is aimed at enhancing the knowledge base; sharpen the management skills with efficiency in advocacy, code of conduct and handling insolvency effectively.

As per the IBBI Circular dated September 30, 2022, which states that the mandatory 50 Hour training of PREC will be to continue online delivery of education till further orders, the 63<sup>rd</sup> PREC will be conducted online from 19th February 2024 to 25th February 2024. The applicants can submit their fees by February 18, 2024.

**For More Details, Please Visit:**

<https://www.iiipicai.in/wp-content/uploads/2024/01/Mailer-for-63rd-Batch-PREC.pdf>