



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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

IIPI Newsletter

IIPI to organize two Webinars in April 2024

The first Webinar of the April month titled “Best Practices: Liquidation and Voluntary Liquidation” will be conducted from 4 to 6 PM on Friday, April 05, 2024. This webinar will be of CPE 1 hour credit.

However, the second Webinar of the April month titled “Case Study: CIRP and Liquidation” is scheduled to be organized from 3 PM to 6 PM on April 19, 2024, Friday. This Webinar will be of CPE 2 hours credit for insolvency professionals (IPs). The first Webinar will be free while the second will be on paid basis.

For More Details, Please Visit: <https://www.iipicai.in/wp-content/uploads/2024/04/Apr-2024-Webinars-flyer.pdf>



April 01, 2024

Volume 09, Number 14

CONTENTS

News Update
News Roundup
Upcoming Event

News Update

**For Internal Circulation Only*
**Knowledge SBU Initiative*

Reducing duration of CIRP admission and increasing recovery to be focus for next set of reforms in the IBC: Media Report

According to a media report, the Ministry of Corporate Affairs (MCA) has focused on reducing the time of admission for CIRP cases by NCLTs to three months from existing average of 400 to 600 days. Besides, it is also aiming to improve the realization against claims to at least 50 percent from the current average of 35 percent. The MCA is reportedly working on new set of amendments to achieve these targets.

“Though the Insolvency and Bankruptcy Code, 2016 (IBC) says that admission has to be done in 14 days, the timeline is not being implemented. Admission of cases takes 400-600 days; it can be reduced to three months. Some changes proposed are with a view to reduce the time,” said the media report citing a senior official of the MCA. “If the timeline of the admission process is reduced, the IBC will become more friendly for resolution. The amendments will be brought as a change in the law,” added the report. To speed up the process under the IBC, public sector banks have reportedly asked the MCA to use the NeSL repository to establish the validity of loans. Though, the MCA has recognized improvement in recovery, which is about 29 percent to 36 percent in different quarters, the target is to increase it up to 50 percent for which various amendments are discussed, claimed the report. Besides, discussions are on advance level regarding Fast Track Insolvency, Project Wise Resolution and Cross Border Insolvency.

For More Details, Please Visit: <https://www.moneycontrol.com/elections/lok-sabha-election/govt-aims-to-reduce-admission-time-under-insolvency-code-to-3-months-from-current-600-days-official-article-12559581.html>

News Roundup

Interveners do not have the Right to Seek Relief for themselves before the Adjudicating Authority: NCLAT

The Appellate Tribunal observed that the individuals who submit their claims to the Resolution Professional and whose claims are documented have the complete right to approach the Successful Resolution Applicant (SRA) or the Monitoring and Implementation Committee. “They are entitled to pursue their entitlements according to the provisions outlined in the Resolution Plan,” said NCLAT while dismissing petitions filed by Jaiprakash Associates Limited (JAL) and Manoj Gaur (Appellants), erstwhile MD and personal guarantor of Corporate Debtor's loan. The appeal was filed against NCLAT's order approving the Resolution Plan in the CIRP of the Corporate Debtor. NCLAT observed that interveners are expected to either support the challenged order or the appellant.

For More Details, Please Visit:

<https://www.livewlaw.in/ibc-cases/nclat-delhi-interveners-relief-adjudicating-authority-253948>

NCLT rejected Resolution Plan for Wadhwa Buildcon submitted by its promoters

The court has cited two reasons for rejecting the Resolution Plan - conduct issues by the Resolution Professional (RP) and promoters (Wadhwa Buildcon LLP), who submitted Resolution Plan, were already declared willful defaulters. Bank of India, the Financial Creditor, had raised concerns about various irregularities in the approval process. It was observed that the voting percentage of the Financial Creditor decreased from 100 percent to 31.08% over the course of several meetings, while the voting rights of homebuyers increased substantially to 66.42 percent. “It is not the commercial wisdom of financial creditor which has prevailed upon the decision making but the most vulnerable section of CoC i.e homebuyers who were the most gullible constituents of CoC,” said NCLT.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/nclt-rejects-promoters-resolution-plan-in-wadhwa-buildcon-insolvency-matter/articleshow/108769050.cms?from=mdr>

USA's Rite Aid received court's permission for voting on Bankruptcy Restructuring Plan

Rite Aid, one of the largest pharmacy chains in the USA, has received permission from court to begin voting on a bankruptcy restructuring plan that would turn over most of the company's equity to its bondholders, while still leaving open the possibility of a sale. The company had filed for bankruptcy in October 2023, seeking to address its high debt, shut down underperforming retail locations, and sell off non-core business units. Rite Aid's bankruptcy plan would cut \$2 billion in debt and provide \$47.5 million to junior creditors.

For More Details, Please Visit: <https://www.reuters.com/business/healthcare-pharmaceuticals/rite-aid-moves-ahead-restructuring-sale-efforts-continue-2024-03-28/>



IBBI Governing Board gets Two Part-Time Members

The Ministry of Corporate Affairs (MCA) has appointed M. P. Ram Mohan, a Professor at the Indian Institute of Management (IIM) Ahmedabad, and Dinabandhu Mohapatra, a Non-Executive Independent Director at Indiabulls Housing Ltd., as part time members in the Governing Board of the Insolvency and Bankruptcy Board of India (IBBI). With these appointments, IBBI Governing Board is now in full strength as per the IBC requirement.

These appointments are effective from February 19 for a period of five years or until they attain the age of sixty-five or until further orders, whichever is earlier. Mohapatra, who has over three and half decades of experience in the banking and insurance sector, was former Managing Director & CEO at Bank of India. Presently, the IBBI Governing Board has 10 members including the Chairperson of IBBI.

For More Details, Please Visit:

<https://www.thehindubusinessline.com/economy/policy/mca-appoints-two-part-time-members-to-ibbi-governing-board/article68018676.ece>