INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI
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IIIPI Newsletter

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News Update

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

Supreme Court upheld the insolvency proceedings against ex-promoters of Dewan Housing Finance Corporation

The promoters of Dewan Housing Finance Corporation Ltd. (DHFL), Dheeraj Wadhawan and Kapil Wadhawan, stood as personal guarantors for loan facilities provided to the Corporate Debtor (CD). Now, insolvency proceedings will be conducted against them as Personal Guarantor to Corporate Debtor (PG to CD).

On April 2, 2024, the Mumbai bench of the NCLT had accepted Union Bank's application to initiate insolvency proceedings against Kapil Wadhawan. Earlier, on March 20, 2024, the NCLT had admitted a similar application against his brother and co-promoter Dheeraj Wadhawan. Union Bank's plea was for a reported default of ₹3,958 crore. The brothers told the Supreme Court that the NCLT had wrongfully applied Section 95 of the Insolvency and Bankruptcy Code, 2016 (IBC). However, the court did not entertain the argument. Section 95 of the IBC allows a creditor to initiate the insolvency resolution process against a debtor, including a personal guarantor, by filing an application with the Adjudicating Authority. The Appellants submitted that as per Article 1 of the Security Trustee Agreement the "said banks" means any of the bank individually and the term "Banks" in clauses 10 and 43 of the Joint Deed of Guarantee have to be read to mean all the banks collectively, an any other reading would render the Security Trustee Agreement redundant. Therefore, a creditor itself would qualify as all the banks forming part of the consortium collectively and not one Bank in isolation.

For More Details, Please Visit: *https://economictimes.indiatimes.com/news/india/sc-upholds-nclt-order-to-initiate-insolvency-against-dhfls-wadhawan-promoters/articleshow/120316160.cms?from=mdr*

CoC's Abstention from Voting on Resolution Plan, no error: NCLAT

RBL Bank was the sole CoC member in the case of Sintex Plastics Technologies Ltd. As the CoC abstained from voting on the Resolution Plan, the CD became liquidated. The Appellate Tribunal observed that the CoC had the right to abstain from voting on the resolution plan, which it did.

"This was seen as an exercise of its commercial wisdom and couldn't be questioned," said the Court. It also noted that the appellant did not participate in the e-auction. The sale was completed in ₹20.63 crore.

For More Details, Please Visit: *https://www.taxscan.in/coc-abstention-from-voting-on-resolution-plan-leads-to-liquidation-nclat-upholds-ncFlts-decision-read-order/509526/*

News Roundup

Appellate Tribunal grants CoC the final say on ₹158 crore settlement of Byju's with BCCI

Dismissing the appeal of Riju Raveendran, suspended director of edtech firm Byju's which is undergoing CIRP, the NCLAT granted the creditors all the powers to decide the fate of the ₹158 crore settlement, keeping the promoters out from decision-making on the issue. NCLT Bengaluru on February 10 had directed the Board of Control for Cricket in India (BCCI) to place the settlement proposal before the CoC for approval, which was moved as part of efforts to facilitate Byju's exit from insolvency proceedings. However, the order was challenged before NCLAT. "Since the CoC had already been constituted at the time the settlement offer was made, it is now within the CoC's jurisdiction to accept or reject it," said the Court.

For More Details, Please Visit:
https://www.livemint.com/companies/start-ups/byjus-insolvency-edtech-platform-byjus-creditors-glas-trust-aditya-birla-finance-bcci-riju-raveedran-byju-raveendran-11744921070401.html

Another China shadow bank facing financial crisis

China's state-owned AVIC Trust Co. is reportedly seeking assistance from two of its peers after delaying payments on some of its investment products, a sign of worsening problems in the country's $3.7 trillion trust industry. The closely held trust company said in a statement that it has entered into a service agreement with CCB Trust Co. and SDIC Taikang Trust Co. The two state-owned financial institutions will handle AVIC Trust's daily operations and management, and its outstanding claims and debts will remain unchanged, it said. Rival Zhongrong International Trust Co., formerly one of China's largest shadow banks which faced financial crisis in 2023 is now facing liquidation. According to media reports, AVIC Trust is the first state-owned trust company to be placed in custody since China's Trust Law took effect in 2001.

For More Details, Please Visit:
https://www.ndtvprofit.com/markets/another-china-shadow-bank-seeks-state-help-as-trust-sector-reels

Austria saw a sharp 8 % rise in bankruptcies in Q1 2025

A total of 2,004 companies in Austria filed for bankruptcy in the first quarter of 2025, marking an 8 per cent increase compared to the same period in 2024. According to updated figures, the financial liabilities of bankrupt companies during the first three months of the year reached approximately EUR 19 billion. Around 25,000 jobs have been affected, highlighting growing concerns over Austria's economic outlook. The latest statistics confirm a continued wave of corporate insolvencies, with data from the creditor protection association showing a 22 per cent year-on-year increase, recording 6,700 cases in Q1 2025.

For More Details, Please Visit: *https://www.tribuneindia.com/news/world/corporate-bankruptcies-rise-sharply-in-austria-in-q1-2025/*

IBBI should club regulations pertaining to administrative matters: Media Report

In response to a Discussion Paper floated by the IBBI last week seeking comments from stakeholders and experts on all regulations notified under the IBC with an aim to "simplify, ease and reduce cost of compliance,'' the experts have suggested clubbing of similar regulations, simpler supervision of insolvency professionals, and a more streamlined liquidation process, said a media report. In the Discussion Paper, the IBBI has sought views on 13 regulations including "IBBI (Insolvency Professional Agencies) Regulations, 2016", "IBBI (Insolvency Professionals) Regulations, 2016", "IBBI (Liquidation Process) Regulations, 2016", and "IBBI (Information Utilities) Regulations, 2017" among others.

For More Details, Please Visit:
https://www.moneycontrol.com/news/business/revamped-ibc-regulations-can-further-streamline-liquidation-and-ease-supervision-say-experts-12995912.html

EVENT PHOTOGRAPH

Webinar on "Mediation under IBC- The Way Forward" organized by IIIPI on April 17, 2025.

One-Day Virtual Workshop on Group and Cross-Border Insolvency

Indian Institute of Insolvency Professionals of ICAI (IIIPI) will conduct a one-day virtual (online) workshop on "Group and Cross-Border Insolvency" for Insolvency Professionals (IPs) & Registered Valuers (RVs) from 10.30 AM to 4.30 PM on 26th April 2025. The participants will be eligible for CPE: 4 Hours. Please click to register https://app.iiipicai.in/regpayments/

For More Details, Please Visit: *https://www.iiipicai.in/wp-content/uploads/2025/04/WORKSHOP-FLYER-26th-April-25.pdf*