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IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



PRESS

"Just when the caterpillar thought the world was ending, he turned into a butterfly."

Updates on Insolvency and Bankruptcy Code

Fraud Fallout: SBI, two more lenders red-flag DHFL accounts

Three lenders — State Bank of India, Union Bank and IndusInd Bank — have red-flagged troubled mortgage lender Dewan Housing Finance Corp (DHFL) as fraud account. A draft forensic report by KPMG found that the lender had disbursed loans and advances to inter-connected entities which were likely linked to the promoters. Moreover, loans and advances totalling Rs 24,594 crore had been disbursed with inadequate loan documentation to 65 entities that had minimal operations. The report suggests funds may have been diverted by DHFL and the Serious Fraud Investigation Office (SFIO) is carrying on a parallel investigation.

Private lender IndusInd Bank is understood to have provisioned 25% of its exposure to DHFL. On January 14, it said it had provided Rs 240 crore towards fraud detected in two accounts during the quarter.

Source: Financial Express

Please find the full news at:

<https://www.financialexpress.com/economy/fraud-fallout-sbi-two-more-lenders-red-flag-dhfl-accounts/1831049/>

Bankruptcy board set to tackle group insolvency

India's bankruptcy regulator is seeking to amend rules to make the Insolvency and Bankruptcy Code (IBC) suitable for handling group insolvency, with accounts such as Videocon, Sachet Infra and Lavasa underscoring the problem of indebtedness at the group level. A panel on group insolvency has submitted its report to the Insolvency and Bankruptcy Board of India (IBBI), proposing reforms in the legal framework to address group insolvency.

In case of Videocon, the National Company Law Tribunal (NCLT) had ordered consolidation of assets and liabilities of 13 group entities. The Videocon Group operated as a single economic unit with inter-dependence and also had common lenders, where all 13 companies were co-obligators. In the case of Adel group of companies, the court suggested procedural coordination to ensure simultaneous proceedings with a common resolution professional. “It is important that a detailed assessment be made with respect to entities that would be brought into group insolvency,” said Satish Kumar Gupta, a resolution professional. “Group insolvency should lead to resolution that is value accretive for that particular group, realising value more than on the sum-of-the-parts basis, with assessment.

Source: Economic Times

Please find the full news at:

<https://economictimes.indiatimes.com/industry/banking/finance/bankruptcy-board-set-to-tackle-group-insolvency/articleshow/73507472.cms>

NCLT orders liquidation of Nathella Sampath Jewellery

The National Company Law Tribunal (NCLT) has ordered liquidation of Nathella Sampath Jewellery, which downed its shutters in 2017. The insolvency was admitted in May 2018 following a voluntary petition filed by the company. The jeweller owes Rs 461.4 crore to 58 financial creditors and 62 operational creditors and an additional Rs 63.7 crore as advance received from customers for future purchases, which have to be returned. The NCLT appointed resolution professional Ram Ratan Kanoongo said it has been difficult to find a resolution for the revival of the jewellery chain and the committee of lenders had recommended liquidation with 97.9% voting in favour.

“The deadline of 330 days expired in November 2019, but there are multiple proceedings pending. We were hence constrained to call for liquidation,” he further said, according to the statement.

Source: IBC Guide

Please find the full news at:

<http://www.ibcguide.com/nclt-orders-liquidation-of-nathella-sampath-jewellery/>



Insolvency Professional Agency of Institute of Cost Accountants of India
(A Section 8 Company incorporated under Companies Act 2013)
CMA Bhawan, 3 Institutional Area, Lodi Road,
New Delhi-110003