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Latest updates On Insolvency & Bankruptcy

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"Never share good thoughts with negative people, they will only try to miss use you"

➤ **Future Lifestyle faces 3 insolvency petitions, NCLT reserves order in one**

Debt-ridden Future Lifestyle Fashions Ltd (FLFL) is facing three petitions before the NCLT from its creditors to initiate insolvency proceedings and one of them has been reserved for orders, the Future Group firm said on Tuesday. Three creditors - two financial and one operational - have filed claims totalling around Rs 1,100 crore before the National Company Law Tribunal (NCLT), said an update on other matters under the Insolvency and Bankruptcy Code by FLFL.

All the claims "are being defended by the company before the NCLT, " said FLFL adding "none of them has been admitted till date by NCLT".

Public sector lender Bank of India has filed a petition claiming default of Rs 495.91 crore under section 7 of IBC. Another financial creditor Catalyst Trusteeship Ltd has approached NCLT for claims of Rs 451.98 crore.

While an operational creditor of FLFL - Lotus Lifespaces LLP - has also approached under section 9, claiming a default of Rs 150.37 crore.

"Matter is yet to be heard and the next date of hearing on September 26, 2022, " informed FLFL. Bank of India petition was listed on September 12, 2022, and the next date of hearing is on October 11, 2022.

However, NCLT has reserved its order over the petition filed by Catalyst Trusteeship, it added. Under section 7 of the IBC, a financial creditor of the company, which includes banks and financial institutions, can file a plea before the NCLT to initiate a corporate insolvency resolution process (CIRP) claiming a default.

While section 9 of the IBC empowers an operational creditor to file an insolvency plea in case of a default. Operational creditors are those whose debt is owed on account of dues arising out of business transactions.

FLFL has in-house retail chains Central and Brand Factory, exclusive brand outlets (EBOs) and other multibrand outlets (MBOs) of nearly a dozen apparel labels, including Lee Copper, Champion, aLL, Indigo Nation, Giovani, John Miller, Scullers, Converse and Urbana in its portfolio.

FLFL is now seeking the consent of its members for the sale of its in-store retail infra-assets, which will be used for repayment of debt and other operational liabilities. The Future group firm is conducting an e-voting, which commences on September 14, 2022, and ends on October 13, 2022, said the postal ballot notice submitted by FLFL before the stock exchanges.

It has sought authorisation for its board to "sale, lease, rent, transfer or otherwise alienate / dispose of fixed assets (in-store retail infra assets) which are lying at non-operational stores of the Company" or in any other manner as the Board may deem fit. Last week, FLFL said it received a three-month extension from the Registrar of Companies for holding its Annual General Meeting.

On August 27, while declaring its result for the first quarter of FY23, FLFL had said under the One Time insolvency-petitions-nclt-reserves-order-in-one/94189885 5/12 Restructuring (OTR) plan with the lenders, it has debt servicing obligations aggregating to Rs 422.11 crore within the next 12 months.

FLFL further said its "current liabilities exceeded its current assets (including assets held for sale) by Rs 1,180.66 crore as on March 31, 2022. Also, it has already defaulted on repayment of Rs 335.08 crore of principal amount on loans from banks as on June 30, 2022.

FLFL was part of 19 group companies operating in the retail, wholesale, logistics and warehousing segments, which were supposed to be transferred to Reliance Retail as part of a Rs 24,713-crore deal announced in August 2020.

The deal was called off by Reliance Industries in April after it failed to get lenders' support. Following this, the Kishore Biyani-led retail empire is in deep financial trouble.

Source: *The Economic Times*

Read Full news at:

<https://cfo.economictimes.indiatimes.com/news/future-lifestyle-faces-3-insolvency-petitions-nclt-reserves-order-in-one/94189885>

➤ **OPPO May Face Insolvency Proceedings As NCLT Issues Notice Over Rs 17 Crore Unpaid Dues**

Acting on an application that accused smartphone brand OPPO of non-payment of dues, the Chandigarh bench of the National Company Law Tribunal (NCLT) recently issued a notice to the Chinese smartphone maker, hinting that it could face the company insolvency resolution proceedings (CIRP) under the Insolvency and Bankruptcy Code, 2016. The petition was filed by Hipad Technology India Private

Limited, a Chinese phone manufacturing company and also one of OPPO's suppliers. It has accused OPPO of not paying its outstanding debt of Rs 17 crore.

As per the NCLT's September 9 notice, if OPPO fails to give confidence to the tribunal that it is capable of paying back its debt to Hipad, the NCLT, in all probability, will appoint an insolvency resolution professional to replace the present promoters of the company.

Hipad, which manufactured mobile phones in India until 2019, itself faced insolvency proceedings in December 2020 when one of its financial creditors, the Industrial and Commercial Bank of China (ICBC), approached the NCLT over non-payment of loans. A close source at Hipad informs Outlook that the NCLT has appointed a liquidator who is currently taking stock of the financial strength of the company.

"While doing so, the liquidator realised that OPPO has to pay Rs 17 crore dues to the company against the services and supplies that it made," he says, requesting anonymity. In June 2022, Hipad decided to file an application under Section 9 of the IBC, which deals with the initiation of CIRP by the operational creditor, Hipad in this case,

Outlook contacted the office of Ajit Kumar, Hipad's liquidator, but he was not available for a comment. Outlook also reached out to Rishabh Maheshwari, OPPO India's in-house legal counsel, but did not get a response till the time of the story's publication. Established in 2004, Oppo claims to be the world's leading smart device manufacturer and innovator with a footprint in over 50 countries and regions.

Source: Outlook

Read Full news at: <https://www.outlookindia.com/business/oppo-may-face-insolvency-proceedings-as-nclt-issues-notice-over-rs-17-crore-unpaid-dues-news-223017>



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