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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"Capital isn't scarce. Vision is."

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➤ Rare ARC seeks to aggregate Coffee Day Global loans

Rare Asset Reconstruction Company (ARC) is preparing to aggregate loans of Coffee Day Global with the aim to emerge as majority lender, said people aware of the development. It is the unlisted company that operates Cafe Coffee Day (CCD) chain.

The ARC has offered to make upfront payments of 60-65% of the outstanding dues, the people cited above said. Last week, Rare ARC concluded a loan purchase transaction with RBL Bank whereby it acquired ₹110.4 crore loan of Coffee Day Global for ₹68 crore at an uncontested Swiss challenge auction. It is likely to close one more transaction this quarter, said one of the persons cited above. Rare ARC declined to comment on the development.

The CCD operator has ₹960 crore debt as on March 2022. This includes bank loans and inter-corporate deposits of ₹119 crore Tanglin Development Ltd, a group entity. The other lenders include Rabobank International, Deutsche Bank, Yes Bank, Kotak Mahindra Bank, IndusInd Bank and Karnataka Bank, according to the company's annual report for FY22.

Coffee Day Global is a subsidiary of listed Coffee Day Enterprises Ltd, promoted by the late V G Siddhartha, who committed suicide in 2019. The move to acquire loans by the ARC comes at a time when the company is undergoing corporate insolvency.

Source: The Economic Times.

Read Full news at: <https://economictimes.indiatimes.com/news/company/corporate-trends/rare-arc-seeks-to-aggregate-coffee-day-global-loans/articleshow/102752907.cms?from=mdr>

➤ **NCLAT Delhi Upholds Reduction Of Resolution Professional's Fee By NCLT**

The National Company Law Appellate Tribunal ("NCLAT"), New Delhi Bench, comprising of Justice Ashok Bhushan (Chairperson) and Shri Barun Mitra (Technical Member), while adjudicating an appeal filed in Rohit J. Vora v Religare Finvest Ltd. & Ors., has upheld the NCLT order whereby the fee of the Resolution Professional was reduced from Rs. 3.75 Lakhs + GST to Rs. 1 Lakh + GST.

The Bench observed that there was deficiency in the Resolution Professional's performance, such as failure to publish Form G, invite Expression of Interest and to obtain any successful resolution plan for the Corporate Debtor within 180 days from the initiation of CIRP.

The issue before the Bench was whether the reduction of the Resolution Professional's fees by the NCLT was justified or not. The Bench observed that there was deficiency in the Resolution Professional's performance, such as failure to publish Form G, invite Expression of Interest and to obtain any successful resolution plan for the Corporate Debtor within 180 days from the initiation of CIRP. Further, there was tussle between the Resolution Professional and the CoC which hampered the CIRP.

Source: Live Law.

Read Full news at: <https://www.livelaw.in/ibc-cases/nclat-delhi-resolution-professional-nclt-fee-235231>

➤ **Should Homebuyers Who Secure Decree For Refund From RERA Be Treated As Financial Creditors? Supreme Court To Decide**

The Supreme has agreed to decide the question of law whether homebuyers, who secure a decree from the Real Estate Regulatory Authority for a refund of their investment, should be treated as financial creditors under the Insolvency and Bankruptcy Code 2016.

The bench comprising Justices S Ravindra Bhat and Justice Prashant Kumar Mishra on Monday (Aug 14) was hearing an appeal against a judgment delivered by the National Company Law Appellate Tribunal which had held that once a homebuyer is held to be entitled to refund, he'll be considered as a financial creditor and that their claim cannot be admitted as of homebuyers.

The appellant contended before the Supreme Court that his status would remain the same as homebuyer and would not change even if there is a decree passed in their favour by the RERA. He submitted that NCLT in various judgments had held that- "once a homebuyer, always a homebuyer".

Source: Live Law.

Read Full news at: <https://www.livelaw.in/top-stories/supreme-court-rera-decree-investment-refund-homebuyers-financial-creditor-235192?infinitescroll=1>

➤ **Today, NCLT will hear ICICI Bank's insolvency petition against Supertech Township Project**

The National Company Law Tribunal (NCLT) is scheduled to address ICICI Bank's insolvency petition against Supertech Township Project Limited on August 16. This decision follows the deferral of the hearing that had been set for August 9.

Supertech, previously in the spotlight due to a Supreme Court order mandating the demolition of twin towers in Noida, is facing ongoing legal challenges. The apex court's ruling in August 2022 cited apparent collusion between Noida officials and the company, leading to the demolition. This action prompted further legal ramifications, including the sanctioning of officials for violating relevant development and apartments acts.

Source: Mint.

Read Full news at: <https://www.livemint.com/companies/news/today-nclt-will-hear-icici-banks-insolvency-petition-against-supertech-township-project-11692154279351.html>

➤ **Sec. 10A Inapplicable To Defaults Committed Prior To 25.03.2020; NCLAT Chennai Says Explanation To Sec. 10A Removes All Doubts**

The National Company Law Appellate Tribunal ("NCLAT"), Chennai Bench, comprising of Justice M. Venugopal (Judicial Member) and Ms. Shreesha Merla (Technical Member), while adjudicating an appeal filed in Carissa Investments LLC v Indu Techzone Pvt. Ltd. & Ors., has held that the Explanation to Section 10A of IBC removes any doubt by clarifying that the prohibition to initiate CIRP would be inapplicable to defaults committed prior to 25.03.2020.

"The object of the legislation was to suspend the operation of Sections 7, 9 and 10 in respect of defaults arising on or after March 25th 2020 when the lockdown was disrupting normal business operation. This Tribunal is of the considered view that the 'Explanation' removes any doubt by clarifying that the provisions of the Section shall not apply in respect of any default committed prior to 25.03.2020."

Source: Live Law.

Read Full news at: <https://www.livelaw.in/ibc-cases/nclat-chennai-sec-10a-inapplicable-to-defaults-committed-says-explanation-235198>

