



INSOLVENCY PROFESSIONAL AGENCY
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Latest updates On Insolvency & Bankruptcy

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"Worry is a misuse of imagination".

➤ **After dodging bankruptcy thrice in five years, Rolta India has been dragged to insolvency court again**

Mumbai-headquartered Rolta India is at the insolvency court for the fourth time in less than five years. On January 19, 2023, the Mumbai bench of the NCLT admitted Union Bank of India's plea, the fourth such against Rolta India, for a default of INR1,413 crore.

The IT solutions company, primarily focused on making geographic information system (GIS), deployed mainly in the defence sector has managed to escape insolvency thrice, leaving its lenders high and dry.

Besides Union Bank of India, Central Bank of India, Bank of India, Bank of Baroda and Canara Bank are among the other creditors that are waiting to recover their dues that are in excess of INR10,000 crore.

Rolta India has been able to resist the insolvency proceedings against it, either on petty technical grounds or by settling the creditors who have filed the insolvency application against them.

The delay tactic has deteriorated the value of assets already and the claims have been accumulating further to over INR10,000 crore. Will the lenders be able to recover their dues this time?

Who runs Rolta India? Founded by Kamal K Singh, Rolta India was incorporated in 1989 and got listed on the main bourses, a year later. The company mainly deals with GIS and geospatial services for the defence sector. Rolta India was bullish on the defence sector growth, and thus, it invested heavily in its expansion. The company also formed a consortium with state-owned Bharat Electronics Ltd (BEL) and was selected as a development agency for over INR50,000 crore worth Battlefield Management System project by the defence ministry in the year 2015. Banking on the Battlefield Management System project, Rolta India started investing heavily through borrowing.

Rolta India tapped the overseas bond market through its international subsidiaries and also borrowed heavily from banks and financial institutions back home. However, the Battlefield Management System project was scrapped by the government in 2018 and that's where the trouble started for Rolta India. The company started failing to service its debt with no future revenue prospects.

Rolta India recorded a total revenue of INR38 crore during 2021-22 as compared to a total revenue of INR1,278 crore during 2020-21. The company posted a net loss worth INR713 crore during 2021-22 as compared to a net loss of INR3,264 crore, a year before.

Bankruptcy attempts against Rolta India Rolta India was first dragged into insolvency court in September 2018, Union Bank of India had filed a petition before the NCLT Mumbai as per the Reserve Bank of India circular dated February 12, 2018 which directed banks to admit defaulters for corporate resolution.

According to the RBI circular, any company could be labelled as a non-performing asset (NPA) if the default is over INR2,000 crore and it has missed repayment even for a day, and the banks were directed to find a resolution within six months or else it should be sent to bankruptcy.

However, the said circular was challenged before the Supreme Court and was later struck down by the apex court in April 2019 and all insolvency proceedings initiated against the debtors under the said circular were declared null and void. And thus, Rolta India managed to escape the insolvency proceedings.

Source: The Economic Times

Read Full news at:

<https://economictimes.indiatimes.com/prime/corporate-governance/after-dodging-bankruptcy-thrice-in-five-years-rolta-india-has-been-dragged-to-insolvency-court-again/primearticleshow/98103322.cms>

➤ **Farmers move NCLT over Bajaj Sugar insolvency process**

A farmers' body comprising sugarcane growers from Uttar Pradesh has approached the National Company Law Tribunal (NCLT) demanding a voice in the ongoing litigation between State Bank of India and Bajaj Hindusthan Sugar, according to sources in the know.

The country's largest sugar manufacturer helmed by Kushagra Bajaj is facing an insolvency lawsuit from the state-owned bank. The farmers want to be treated as financial creditors of the sugar manufacturer because they claim that they have supplied sugarcane to the company and have outstanding dues which have not been paid. Their petition does not specify the exact quantum of dues owed to them, according to sources. Aragami Kissan Samiti UP, the farmers group that has filed the petition, could not be reached for a comment. NCLT will hear the farmers' plea in

March. It has not admitted State Bank of India's petition for insolvency proceedings against Bajaj Hindusthan Sugar. Vendors and suppliers to a company are treated as operational creditors as per India's insolvency laws. While operational creditors are eligible for a share of the proceeds that the creditors receive once an insolvency is resolved, they rank lower in priority to financial creditors such as banks, financial institutions and bond holders.

The sugarcane growers are demanding that they should be treated as financial creditors because the raw material they provide is critical for the production of sugar. They have claimed that agriculturists should be treated as a unique class of creditors in the same way that home buyers are treated.

Home buyers have been granted the status of financial creditors under India's insolvency laws. SBI had approached NCLT in August claiming Bajaj Hindusthan Sugar was in non-compliance with a Rs 5,000 crore loan restructuring agreement.

In a December 2 stock exchange filing, Bajaj Hindusthan Sugar informed that it had paid entire overdues towards term loan instalments till September 2022, term loan interests till November 2022 and payment of coupon on optionally convertible debentures for financial year 2021-22 to all lenders. It said that its account was "fully regular" with all the lenders after those payments.

Source: *The Economic Times*

Read Full news at:

<https://economictimes.indiatimes.com/news/economy/agriculture/farmers-move-nclt-over-bajaj-sugar-insolvency-process/articleshow/98104031.cms>

➤ **Insolvency cases rises 25% in Q3; recovery lowest: Care Ratings**

The insolvency cases have increased by nearly 25 per cent in the December 2022 quarter, while recovery of debt through the process remained the lowest at 23.45 per cent in the period, according to a Care Ratings analysis.

In the December 2022 period, insolvency petitions increased by 25 per cent, while the overall recovery rate till the December quarter was just 30.4 per cent, implying a haircut of 69.6 per cent, according to an analysis of the latest numbers of insolvency board IBBI carried out by Care Ratings. The recovery was at the lowest at 23.45 per cent December 2022 quarter, the analysis showed. The cumulative recovery rate has been on a downtrend, decreasing from 43 per cent in Q1FY20 and 32.9 per cent in Q4FY22.

This steep fall has been due to the fact that most of the larger resolutions have already been executed and a significant number of liquidated cases are either BIFR (Board for Industrial and Financial Reconstruction) cases and/or defunct with high resolution time, coupled with lower recoverable values, said Sanjay Agarwal, a senior director with the agency.

The number of cases admitted for insolvency process has increased each quarter since the launch of the Insolvency and Bankruptcy Code in 2016. The admission of cases has increased by around 25 per cent in Q3FY23 after reducing in the last few quarters of FY21-22.

Despite the increase, the number of cases admitted to the insolvency process continues to be lower than the pre-pandemic quarters. Nearly 6,200 cases have been admitted till December 2022. Of them 2,692 have been filed by financial creditors and 3,133 by operational creditors, while the share of corporate debtors has continued to remain the smallest over the same period.

The value of the claims that the financial creditors made rose to ₹8,30,842.9 crore from ₹6,84,901.3 crore on-year and the liquidation value inched to ₹1,43,701.6 crore from ₹1,31,447.9 crore.

Of the total claims, financial creditors could recover only 30.4 per cent at ₹2,52,602.5 crore, up from ₹2,25,293.8 crore in the year ago. From sectoral angle, the manufacturing sector accounts for the highest share at 39 per cent, followed by real estate (21 per cent), construction (11 per cent) and trading sectors (10 per cent).

On the other hand, the status of cases has largely remained constant compared to the previous periods. Of the total 6,199 cases admitted as of December 2022, only 10 per cent have ended in resolution, while 32 per cent are ongoing, which is down from 35 per cent in March 2022.

Of the total, as many as 1,901 cases or 31 per cent of the total have been liquidated. But as much as 76 per cent of liquidations are either BIFR cases and/or defunct and the recovery from them has been under 8 per cent of the outstanding debt.

Around 14 per cent or 894 cases have been closed on appeal/review/settled, while 13 per cent have been withdrawn under Section 12A. And as much as 54 per cent of the withdrawn cases are under ₹1 crore. Of the 2,000 ongoing cases, there has been a delay of more than 270 days for 64 per cent cases in December 2022, an improvement of 9 percentage points from 73 per cent in December 2021.

Source: Mint

Read Full news at: <https://www.livemint.com/news/india/insolvency-cases-rises-25-in-q3-recovery-lowest-care-ratings-11676940656067.html>

