



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



# IBC AU-COURANT

*Latest updates On Insolvency & Bankruptcy*

**24<sup>th</sup> August 2022**

**"You never fail until you stop trying"**

## ➤ **Sintex Industries resolution delay makes lenders wait longer for recovery**

The ₹3,567-crore resolution of textile company Sintex Industries is awaiting NCLT approval five months after the committee of creditors approved its sale to a Reliance Industries-Acre ARC consortium, highlighting judicial delays plaguing the six-year-old Insolvency and Bankruptcy Code (IBC). The hearing in the case has been postponed five times by the Ahmedabad bench of NCLT, frustrating banks that are awaiting recovery from the account after approving the resolution plan of the RIL-Acre ARC consortium in March. "An application for approval of resolution plan was first filed on March 23 and was listed on two days later. But since then, we have only seen adjournments in the case four times already," said a person familiar with the case. "Two petitions for urgent hearing, the most recent in the first week of this month, have been rejected, causing the financial system a daily loss of ₹1 crore in terms of net present value (NPV) of the resolution plan."

Lenders have the option to file an appeal in the NCLAT but delays even in the higher court has made bankers reluctant to take that step. "The resolution professional had filed an application for early hearing to protect and preserve the assets. However, the NCLT Ahmedabad bench of judicial member Deepti Mukesh and technical member Ajai Das Mehrota declined, citing an objection from a shareholder which required more hearings and has adjourned the matter to September 5," said a second person aware of the issue.

The said shareholder had opposed the decision, citing suspension of the company's stock from trading before the case was admitted in NCLT which had caused him a financial loss. "But the irony is that the court has already heard the shareholder in July and even in that case no order has been passed. So, we are moving in circles," said a second person cited above.

**Source: Economic times**

**Read Full news at:** <https://economictimes.indiatimes.com/markets/stocks/news/sintex-industries-resolution-delay-makes-lenders-wait-longer-for-recovery/articleshow/93740906.cms>

## ➤ **Future Retail creditors file claims worth Rs 21,324 crore before insolvency resolution process**

Operational creditors of the Future group firm have filed claims worth Rs 265.16 crore, according to the documents uploaded on the official website of Future Retail Ltd (FRL).

Creditors of Future Retail Ltd have submitted claims worth Rs 21,324.18 crore against the debt-ridden company presently facing an insolvency resolution process.

The financial creditors of the companies, which mainly include banks and financial institutions, have filed claims of Rs 21,057.89 crore before the interim resolution professional of the company.

Of this, Rs 17,511.69 crore worth of claims are verified and the rest of Rs 3,546.20 crore are unverified.

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Besides, 462 workmen have also filed claims of Rs 9.83 crore.

As per the Insolvency & Bankruptcy Code, the IRP collates the claims and a Committee of Creditors is constituted with voting shares of the lenders in the proportion of their loan exposure.

The Mumbai bench of the National Company Law Tribunal had on July 20 directed to initiate the Corporate Insolvency Resolution Process (CIRP) against FRL admitting the plea filed by Bank of India. As per the documents, Bank of New York Mellon has the highest claim of Rs 4,669.84 crore and would have a 23.47 per cent voting share in the CoC. This is followed by the Bank of Baroda with Rs 2,285.75 crore and Union Bank of India with Rs 2,002.42 crore.

A total of 33 banks and financial institutions have filed their claims.

As per the IBC, after verifying all claims, the Resolution Professional would invite the bids, which would be cleared by the CoC.

FRL was part of the 19 group companies operating in 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 the billionaire Mukesh Ambani-led Reliance Industries Ltd in April.

**Source: Zee Business**

**Read Full news at:** <https://www.zeebiz.com/companies/news-future-retail-creditors-file-claims-worth-rs-21324-crore-before-insolvency-resolution-process-195400>

## ➤ Union Bank to sell KSK Mahanadi loan

Union Bank of India (UBI), the second largest creditor to KSK Mahanadi Power, has put its ₹2,077 crore outstanding loan to the company on the block, according to an auction notice seen by ET. Other lenders including State Bank of India, have already sold their debt in the company that owns a 3,600- mw power plant and has been under a prolonged insolvency process. UBI has set a reserve price of ₹919 crore in cash for its exposure. At this price, it will recover 44% of the outstanding amount (a 56% haircut). The last date for expression of interest from buyers is August 31, which will be followed by an electronic auction on September 1. The company has admitted claims of ₹29,501 crore from lenders.

"The bank has put up the loan for sale because there has been no progress in the recovery through the National Company Law Tribunal (NCLT) for many months. So, it is better to take the cash on offer than wait for recovery," a person familiar with the process said. Last week, NSE announced that Aditya Birla ARC bought its ₹3,815 crore loan to KSK Mahanadi Power for ₹1,622 crore, accepting a haircut of almost 58% against its total outstanding.

Aditya Birla ARC currently owns 34% of the debt of the company, after buying loans from Axis Bank, BoB and NSE 1.36 % in the last two years. With UBI's almost 10% debt, the ARC can claim control of 44% of the company's debt, giving it a veto over any debt resolution. It is expected that the ARC will place a bid for UBI's debt. Mumbai-based ASREC ARC and Prudent ARC of Delhi also have bought the company's debt from banks, but own less than 5% each. Banks are selling their debt in KSK Mahanadi after failed attempts in the past nearly three years to execute an insolvency process for the company. KSK Mahanadi is part of the debt-laden, Hyderabad-based KSK Energy Ventures. The company was admitted to the bankruptcy court in October 2019 after a case filed by Power Finance Corp to which the company owed ₹3,300 crore, according to its website. Lenders have been trying to find a resolution for the distressed plant even before taking it to the NCLT. A deal to sell the plant to the Adani Group fell through in 2019.

**Source: Economic Times**

**Read Full news at:** <https://economictimes.indiatimes.com/markets/stocks/news/union-bank-to-sell-ksk-mahanadi-loan/articleshow/93741010.cms>

