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Latest updates On Insolvency & Bankruptcy

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"The bad news is time flies. The good news is you're the pilot "

➤ **NCLT admits insolvency petition against Sahara Hospitality**

The National Company Law Tribunal's (NCLT) Mumbai bench has admitted an insolvency petition against Sahara Hospitality, following an alleged default of Rs 51.78 crore.

The petition is admitted and initiation of Corporate Insolvency Resolution Process (CIRP) is ordered against Sahara Hospitality, and appointed Mamta Binani as Interim Resolution Professional, NCLT said in its order pronounced on Friday.

The order was passed by NCLT member P.N. Deshmukh and technical member Shyam Babu Gautam on a petition filed by Delta Electro Mechanical. Sahara Hospitality had given a work order to Delta Electro Mechanical for supply, installation, testing and commission of heating, ventilation and air conditioning (HVAC) and electrical system at Hotel Sahara Star, Mumbai.

The principal amount was about Rs 32 crore, which Sahara defaulted, according to petition filed by Delta Electro Mechanical.

Delta Electro Mechanical had first approached the NCLT in 2018, which was disposed of in 2021, after Sahara agreed to settle the claim for Rs 20 crore to be paid in 14 monthly instalments. However, the company moved NCLT again later after Sahara Hospitality failed to pay the amount.

In 2002, Sahara India had bought the property of earlier privatised Airport Centaur Hotel, Mumbai, for an undisclosed amount. It was the first time the Sahara Group ventured in to buying a running hotel, even though it had presence in hospitality and airline business for quite some time.

Source: Financial Express

Read Full news at: <https://www.financialexpress.com/industry/nclt-admits-insolvency-petition-against-sahara-hospitality/2596651/>

➤ **NCLT Hyderabad Initiates Insolvency Process Against Trident Sugars LTD.**

The National Company Law Tribunal ("NCLT"), Hyderabad Bench, comprising of Dr. Venkata Ramakrishna Badarinath Nandula (Judicial Member) and Shri Veera Brahma Rao Arekapudi (Technical Member), while adjudicating an application filed in NSL Krishnaveni Sugars Ltd v Trident Sugars Limited, has initiated Corporate Insolvency Resolution Process ("CIRP") against Trident Sugars Ltd. and has appointed Mr. Medi Yadaiah as the Interim Resolution Professional (IRP).

NSL Krishnaveni Sugars Ltd. ("Operational Creditor") is a renowned manufacturer and supplier of sugar in South India. It is part of NSL Group of Companies and its plant is situated at Ramakrishnapur Village, Wanaprathi District.

The Operational Creditor had entered into an agreement dated 14.11.2019 with Trident Sugars Ltd. ("Corporate Debtor") for Molasses Purchase, whereby the latter was to supply Molasses to the tune of 10,000 MT by the end of March 2020 . The Operational Creditor was obligated to pay entire sale consideration price in advance by virtue of the terms of Agreement.

Thereafter, the Operational Creditor had paid Rs. 5,20,00,000/-, alongwith GST amounting to Rs. 58,24,000/-, to the Corporate Debtor. Subsequently, both parties by modifying few terms of the original Agreement underwent an Addendum Agreement dated 20.11.2019.

The Operational Creditor had performed its part of obligation in paying the entire amount where as Corporate Debtor had short supplied Molasses of 5051.715 MT against 10,000 MT. The last supply was made by the Corporate Debtor on 14.03.2020 and despite several reminders the Corporate Debtor failed to supply the balance quantity of Molasses.

Due to short supply of 5051.715 MT, the Operational Creditor procured 3500 MT from the open market and contended that it had the right to claim further Additional Cost from the Corporate Debtor for the remaining quantity.

The Operational Creditor issued a demand notice under Section 8 of the Insolvency and Bankruptcy Code, 2016 ("IBC") to the Corporate Debtor on 01.08.2020 for a default of Rs.3,22,17,993/-, to which neither any response was received nor any dispute was raised. Subsequently, the Operational Creditor filed a petition under Section 9 of the IBC, seeking initiation of CIRP against the Corporate Debtor.

The Corporate Debtor contended that it was obligated to supply the agreed quantity by the end of the March 2020 and was therefore not liable to pay any additional amount to the Operational Creditor who had purchased from the open market before March 2020. Further, even after issuance of demand notice, the Corporate Debtor had supplied 862.975 MT of material. The entire quantity produced from the Corporate Debtor was supplied to the Operational Creditor but due to Covid-19 pandemic and resultant lock down from 22.03.2020, the operations at the factory were completely closed.

It was argued that the petition has been filed with intent to drag the Corporate Debtor into insolvency, which will be detrimental to the company and its employees. Maintainability of the petition was challenged over being hit by Section 10A of IBC which prohibits initiation of CIRP over a default that occurred between 25.03.2020 to 24.03.2021.

The Operational Creditor argued that the petition was not hit by Section 10A of the IBC as the Corporate Debtor was supposed to supply 5000 MT of Molasses in December 2019 to January 2020; and another 5000 MT in February 2020 to March 2020. However, Corporate Debtor had only supplied a quantity of 3486.17 MT by January 2020. Since the default occurred prior to 25.03.2020, the Corporate Debtor cannot take shelter behind Section 10A.

Source: Live Law

Read Full news at: <https://www.livelaw.in/news-updates/nclt-hyderabad-nsl-krishnaveni-sugars-ltd-trident-sugars-limited-corporate-insolvency-resolution-process-cirp-interim-resolution-professional-irp-204010>

➤ **Govt likely to introduce bills to amend competition, insolvency laws**

The government is likely to propose amendments to the competition and insolvency laws as it seeks to further strengthen the regulatory regime as well as address the needs of new age markets.

The bills to amend these laws have been listed for introduction, consideration and passing in the monsoon session of Parliament that starts on Monday`.

The Competition Act, 2002, and the Insolvency and Bankruptcy Code, 2016 are being implemented by the corporate affairs ministry.

The Competition (Amendment) Bill, 2022 seeks to carry out certain essential structural changes in the governing structure of the CCI and changes to substantive provisions to address the needs for new age markets, according to a Lok Sabha bulletin. In recent times, the Competition Commission of India (CCI) has ordered probes as well as passed various orders with respect to alleged unfair business practices in the growing digital markets. CCI, set up under the Competition Act, has the mandate to promote competition and curb unfair business ways across sectors. Besides, The Insolvency and Bankruptcy Code (Amendment) Bill, 2022 is set to be introduced during the monsoon session of Parliament.

The bill seeks to strengthen the Code by introducing provisions on cross border insolvency. Also, certain other amendments are proposed to be effected to the corporate insolvency resolution process and liquidation process to further its objectives of time-bound resolution of stressed assets while maximising their value, as per the bulletin.

These two are among the bills mentioned in the bulletin for the monsoon session that will begin on July 18 and end on August 12.

Source: The Times Of India

Read Full news at: <https://timesofindia.indiatimes.com/india/govt-likely-to-introduce-bills-to-amend-competition-insolvency-laws/articleshow/92935322.cms>



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