



# IBC AU-COURANT

*Latest updates On Insolvency & Bankruptcy*

**Wednesday, 22<sup>nd</sup> June, 2022**

***"Light tomorrow with today."***

## ➤ **Future Retail asks NCLT for a new RP**

Future Retail (FRL), against which Bank of India has filed insolvency proceedings, on Tuesday told the National Company Law Tribunal (NCLT) that the proposed resolution professional (RP) should be changed due to a conflict of interest.

The proposed RP – Deloitte – is also an auditor for certain other Future Group companies, hence a new RP should be appointed, FRL counsel Shyam Kapadia said in the course of a hearing to admit the company for insolvency.

Earlier, in April, FRL's lenders selected Vijaykumar Iyer, backed by Deloitte India, as the RP for bankruptcy proceedings.

Senior Advocate Zal Andhyarujina, who made submissions on behalf of Amazon, said that the lenders should be directed to ask FRL to bring back the retail assets it has already sold.

The tribunal's Mumbai bench will continue to hear the petition filed by Amazon opposing Bank of India's (BoI's) insolvency petition against Future Retail on Wednesday.

Separately, Future Enterprises (FEL), another Future Group company, on Tuesday said it has defaulted on an interest payment of Rs 6.07 crore due on non-convertible debentures (NCDs).

The company is unable to service its obligations in respect of the interest on NCDs due on June 20, 2022. The interest payment was due for 182 days between December 20, 2021, and June 19, 2022, for a principal amount of `120 crore, it said in a regulatory update on Tuesday.

FEL has been defaulting on NCD payments in the recent past. Earlier, on June 8, FEL said it defaulted on an interest payment of Rs 1.42 crore due on NCDs for a principal amount of Rs 29 crore. Prior to which, on May 18, FEL said it defaulted on an interest payment of `1.06 crore and previously on May 14, FEL said it failed to make an interest payment of Rs 8.94 lakh due on NCDs.

Similarly in May, Future Consumer, another group company, also said it defaulted on payment of principal and interest amount of Rs 6.4 crore due on unlisted debt securities.

*Source: Financial Express*

*Full news at: <https://www.financialexpress.com/industry/future-enterprises-defaults-on-interest-payments-on-n cds/2568401/>*

### ➤ **NCLT admits insolvency plea against Nirmal Lifestyle Kalyan**

A bankruptcy court in Mumbai has admitted property developer Nirmal Lifestyle Kalyan Pvt Ltd under the Corporate Insolvency Resolution Process (CIRP) following a plea filed by Srei Equipment Finance Ltd.

Kolkata-based Srei Equipment Finance Ltd had approached the Mumbai bench of the National Company Law Tribunal (NCLT) after Nirmal Lifestyle Kalyan, an affiliate of Mumbai-based Nirmal Lifestyle Ltd, defaulted on its dues worth around Rs 84 crore.

Last year in October, the Reserve Bank of India (RBI) had superseded the board of Srei Equipment Finance Ltd and its affiliate Srei Infrastructure Finance NSE 0.00 % due to governance concerns and default; and had initiated bankruptcy proceedings against these companies.

Srei Equipment Finance had disbursed over Rs 84.23 crore loan to Nirmal Lifestyle Kalyan in August 2019. The developer had defaulted on this loan in February 2020 and the total dues claimed by the financial creditor stand at Rs 99.74 crore as on September 2020 including the principal, overdue charges and interest thereon.

On Thursday, the division bench of judicial member Kishore Vemulapalli and a technical member Rajesh Sharma passed the order after hearing arguments from each side.

“We have challenged the said order and are looking to settle the dues later this week,” said a spokesperson of the Mumbai-based developer.

Advocate Rohan Agrawal and Darshit Dave of AVP Partners appeared for Srei Equipment Finance, while Nirmal Lifestyle Kalyan was represented by senior advocate Gaurav Joshi and Ashok Paranjpe, managing partner of law firm MDP & Partners.

Earlier, in February, the tribunal had allowed the withdrawal of insolvency proceedings against real estate development firm Nirmal Lifestyle and had also lifted a moratorium on the company. The developer’s financial creditor SREI Equipment Finance and a homebuyer had separately opposed the withdrawal of insolvency proceedings against the company.

The Mumbai bench of the NCLT had admitted the company under the CIRP last year based on a petition filed by IDBI NSE -1.40 % Trusteeship Services, on behalf of Altico Capital, after the company defaulted on its dues worth Rs 286 crore.

*Source: Economic Times*

*Full news at: <https://economictimes.indiatimes.com/industry/services/property/-construction/nclt-admits-insolvency-plea-against-nirmal-lifestyle-kalyan/articleshow/92351208.cms>*

### ➤ **IVRCL resolved under IBC, lenders set to recover dues**

Hyderabad-based construction company IVRCL’s lenders are set to finally recover a part of their dues, almost five years after the Reserve Bank of India (RBI) prodded banks to refer the debt laden company to the insolvency tribunal. The dues will be settled in six tranches.

IVRCL was among 28 large borrowers on RBI’s list of bad loan accounts that was sent to lenders in August 2017, as part of an initiative to clean up the banks’ balance sheets.

In an order on 15 June NCLT said IVRCL, which was under liquidation, will be taken over by a consortium led by Ponguleti Prasad Reddy for ₹1,200 crore. The company had debts of over ₹14,492 crore. “The IVRCL case is first of its kind where the tribunal has permitted the consideration to be paid in instalments. This is an example of a pragmatic approach both by the tribunal as well as stakeholders so that the objective of the code is achieved,” Ashish Pyasi, associate partner, Dhir and Dhir Associates, said.

In February 2018, IVRCL was admitted under the Insolvency and Bankruptcy Code (IBC) and Sutanu Sinha was appointed as the resolution professional. After the company failed to receive an acceptable resolution plan by end of 2018, Sinha moved the insolvency tribunal seeking liquidation of IVRCL.

On 26 July 2019, the tribunal ordered liquidation of the company and appointed Sinha as the liquidator. The consortium led by Reddy was the sole bidder and the proposal to acquire IVRCL as a going concern was approved by lenders in December last year. Reddy initially offered to pay ₹1,200 crore over two years, but later agreed to settle the dues in 18 months. Regulations say a bidder needs to pay the entire amount within 90 days of a demand notice issued by a liquidator.

Others pointed out that if prospective bidders are permitted to purchase the company during liquidation by staggered payments, it may lead to a situation where the commercial wisdom of the lenders under IBC may shift to the judicial wisdom of NCLT. "It also promotes a scenario for the acquirer to bypass the process of negotiation with member of committee of creditors during the period of corporate insolvency resolution and wait to purchase as a going concern for a much lower consideration during liquidation," said Sandeep Bajaj, managing partner, PSL Advocates and Solicitors.

**Source: Mint**

**Full news at: <https://www.livemint.com/companies/news/ivrcl-resolved-under-ibc-lenders-set-to-recover-dues-11655830635162.html>**



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