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Insolvency Professional Agency of Institute of Cost Accountants of India



"Someday is not a day of the week"

Updates on Insolvency and Bankruptcy Code

NCLAT dismisses Hinduja Leyland Finance plea for insolvency proceedings against Fly Express

The NCLAT has dismissed the plea of Hinduja Leyland Finance Ltd to initiate insolvency proceedings against its creditor Fly Express Logistics.

A three-member bench of the appellate tribunal upheld the earlier orders of the Allahabad bench of the National Company Law Tribunal (NCLT), which had on April 5, 2022, rejected the plea of Hinduja Leyland Finance.

The NCLT had said the date of default was December 24, 2022 which falls within prohibition period mentioned in Section 10 A of the Insolvency & Bankruptcy Code (IBC) and no petition can ever be filed for initiation of Corporate Insolvency Resolution Process (CIRP) for a default occurring in such period.

This was challenged by the Hinduja Group firm before the National Company Law Appellate Tribunal (NCLAT) contending that December 24, 2022 was wrongly mentioned as the date of default in the petition before NCLT.

It wanted to file an amendment application but since the petition was dismissed by NCLT on the first day of the hearing, it could not do so, contended Hinduja Leyland Finance.

However, the appellate tribunal also rejected the petition of Hinduja Leyland Finance after observing that December 24, 2022 was clearly mentioned as the date of default.

"We have perused the Section 7 Application "date of default" is clearly mentioned in Part-IV as 24.12.2022 hence the Adjudicating Authority (NCLT) is not in error in rejecting the Application, thus we do not find any ground to entertain the Appeal," said the bench headed by Chairperson Justice Ashok Bhushan.

However, it also said Hinduja Leyland Finance was at liberty to initiate a fresh proceeding under Section 7 on appropriate materials in accordance with the law.

Under Section 7 of the IBC, a financial creditor can get insolvency proceedings initiated against the corporate debtor concerned.

Incorporated on November 12, 2008 Hinduja Leyland Finance provides loans for the purchase of commercial and personal vehicles in the primary as well as the secondary market of used vehicles.

Source: The Economic Times

Read Full news at:

<https://economictimes.indiatimes.com/news/company/corporate-trends/nclat-dismisses-hinduja-leyland-finance-plea-for-insolvency-proceedings-against-fly-express/articleshow/91721334.cms>

SBI keen to sell stressed power, other loans

State Bank Of India (SBI) is seeking buyers for its distressed loans, and about a third of these are to the power sector. Some of these accounts include the Ruia-promoted Essar Power Gujarat, Anil Ambani's Vidarbha Industries Power, KSK Mahanadi Power and Meenakshi Energy, three people aware of the development told ET. SBI NSE 1.64 % circulated a list of 168 accounts among asset reconstruction companies and distressed-loan buyers last week.

These accounts totalled unpaid liabilities of Rs 31,363 crore, sources said. SBI did not respond to ET's queries. Inordinate delays in debt resolution of the distressed companies in bankruptcy courts and a nudge from the government to provide additional loans to already distressed power companies have encouraged lenders to look at exit options.

The two major accounts in the SBI list, reviewed by ET, are VOVL Ltd, an oil exploration company linked to Videocon industries with an outstanding loan of Rs 5,090 crore, and KSK Mahanadi Power, with Rs 4,101 crore in unpaid liabilities. "This is a preliminary list of large corporate accounts to gauge investors' interest," said a senior bank official. "In some of the accounts, the bank is in advanced talks with buyers."

SBI has invited binding bids to sell its KSK Mahanadi Power loans on May 30, having postponed the deadline twice in the past. A dozen applicants, including Varde Capital-backed Aditya Birla ARC and Phoenix ARCs, submitted expressions of interest. The bank has set a reserve price of 29 paise for each rupee.

Other big-ticket power sector accounts are Essar Power Gujarat of Rs 1,240.5 crore, Vidarbha Industries Power of Rs 1,245 crore, Coastal Energen at Rs 1,531 crore and Meenakshi at Rs 1,312 crore.

Last month, state-run banks agreed to finance distressed power companies undergoing insolvency proceedings following a nudge from the Centre to help bridge power shortages.

Other power producers on the list include Wind World India (₹992.8 crore), IL&FS Tamilnadu Power Co (₹543 crore), and Bhadreshwar Vidyur Power (Rs 262 crore). It also includes several companies that lenders have identified for sale to the newlyformed National Asset Reconstruction Company Ltd (NARCL) — a government promoted ARC.

These include accounts such as Jaypee Infratech Mittal Corp and Consolidated Construction Consortium. The list also includes several road project companies.

SBI's gross non performing loans stood at Rs 112023 crore and restructured loan book stood at Rs 30,960 crore as on end March 2022.

Source: *The Economic Times*

Read Full news at:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-keen-to-sell-stressed-power-other-loans/articleshow/91729253.cms>



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