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Latest updates On Insolvency & Bankruptcy

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"If there is no struggle, there is no progress."

➤ **Former SBI official appointed member of advisory committee of SIFL & SEFL**

The Reserve Bank on Thursday appointed Venkat Nageswar Chalasani, former Deputy Managing Director of SBI, as a member of the Advisory Committee of Srei Infrastructure Finance Limited (SIFL) and Srei Equipment Finance Limited (SEFL).

After superseding the boards of SIFL and SEFL in October last year, the RBI had appointed a three-member advisory committee to assist Rajneesh Sharma, the administrator of the two crisis-ridden firms.

"Consequent upon resignation of R Subramaniakumar from the Advisory Committee with effect from June 22, 2022, it has been decided to appoint Shri Venkat Nageswar Chalasani as a member of the Advisory Committee with immediate effect," the central bank said in a statement.

The Advisory Committee shall advise the Administrator in the operations of the SIFL and SEFL during the corporate insolvency resolution process, it added.

The other two members of the committee are: T T Srinivasaraghavan (former Managing Director, Sundaram Finance Limited) and Farokh N Subedar (former Chief Operating Officer and Company Secretary, Tata Sons Limited).

In October 2021, the RBI had filed applications for initiation of corporate insolvency resolution process against SIFL and SEFL at the Kolkata Bench of the National Company Law Tribunal.

Following admission of the petitions by the NCLT, the RBI had decided that the three-member committee "shall continue as the advisory committee" constituted under the Insolvency and Bankruptcy (Insolvency and

Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019.

Srei Group, which mainly caters to the MSME and infrastructure sectors, owes around Rs 18,000 crore to around 15 lenders, including Axis Bank, UCO Bank and State Bank of India, and another nearly Rs 10,000 crore of external commercial borrowings and bonds.

In a regulatory filing earlier this month, Srei Equipment Finance had said its administrator has received a report from the transaction auditor about certain fraud transactions in 2019-20 and 2020-21, bearing a monetary impact of over Rs 3,025 crore on the Srei group.

Source: Business Standard

Full news at: https://www.business-standard.com/article/finance/former-sbi-official-appointed-member-of-advisory-committee-of-sifl-sefl-122062300938_1.html

➤ **Amazon faces uphill battle with Future Retail insolvency, say legal experts**

Amazon's efforts to oppose Bank of India's move to initiate corporate insolvency resolution proceedings against debt-laden Future Retail Ltd will be an uphill task, experts said.

The National Company Law Tribunal (NCLT) has heard the intervention application by Amazon opposing the insolvency proceedings against the company, which owes around ₹15,000 crore to creditors led by Bank of India.

In its application, the American e-commerce major has argued that the 26 banks led by BoI have colluded with FRL to deny Amazon its rights, and has urged NCLT to not let the banks dispose of the remaining assets of FRL to recoup their investments.

Amazon's attempts to intervene will delay the entire resolution process, and if the insolvency case gets admitted there will be a moratorium that will halt the arbitration proceedings currently underway in the Singapore International Arbitration Centre, said experts.

"Amazon, as a shareholder will not have a say in the insolvency process. Only financial creditors can attend the committee of creditors' meetings and if the operational creditor has a claim of more than 10% debt then he will be allowed to attend the meetings. Amazon is neither a financial creditor nor operational creditor, but just a shareholder having a big stake in the company. This does not entitle it to become a member of the committee of creditors," Ashish Pyasi, associate partner, Dhir and Dhir Associates, said.

“As the corporate debtor is run by a different management, Amazon does not have a say or authority to deal with the assets and it will not be able to do anything unless it takes control over the management. However, after the initiation of the insolvency proceedings, taking over the management will also not help,” he added.

In its plea before the NCLT, Amazon said the Future Group did not honour the Singapore Emergency Arbitrator’s award of 25 October, 2020. Amazon had moved Emergency Arbitrator in Singapore for alleged breach of contract by Future Retail. The counsel for Amazon said the Delhi High court had also upheld the tribunal’s order. “Unless a competent authority sets aside the EA order, Future group is bound by the order,” Amazon said during the NCLT hearing.

In August 2021, the apex court, too, had upheld the EA’s award as valid and enforceable under the Indian law. However, Future did not enforce the award, which led to a protracted legal battle.

“The moment the corporate insolvency process is admitted before the NCLT, all proceedings in every court will have to be stayed,” said Ramesh Vaidyanathan, managing partner, Advaya Legal.

Source: Mint

Full news at: <https://www.livemint.com/companies/news/amazon-faces-uphill-battle-with-future-retail-insolvency-say-legal-experts-11656009931185.html>



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