



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IIPI Newsletter

NCLT Approved Resolution Plan of Adani Group for Radius Estates

Radius Estates and Developers Pvt. Ltd. (Corporate Debtor) entered into a joint venture for the redevelopment of land situated near Bandra in East Mumbai. The CIRP of the CD was initiated on April 30, 2021.

As per the Plan, homebuyers who have not sought refund will get units in the project. However, secured financial creditors would be paid a total amount of ~₹31.5 crore against total claim of ₹1186 crore while unsecured financial creditors will get ₹~47.1 lakhs against total admitted claim of ₹471 crore. The Operational Creditors (workmen and employees) has been allocated ~₹1.52 crore.

For More Details, Please Visit: <https://www.livewlaw.in/news-updates/nclt-mumbai-approves-adani-goodhomes-resolution-plan-for-radius-estates-developers-218865>



January 16, 2023

Volume 08, Number 03

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**For Internal Circulation Only*

**Knowledge SBU Initiative*

NCLAT quashed approval of Resolution Plan after initiation of CIRP was found to be fraudulent and malicious

NCLAT, New Delhi has set aside CIRP initiation order of *Hindalco Industries Ltd.* (Corporate Debtor) and also imposed ₹50 lakhs as penalty on Financial Creditor (FC), which had filed the CIRP petition, and the CD, under Section 65 of the Insolvency and Bankruptcy Code, 2016 (IBC). The approval of the Resolution Plan was challenged by a financial creditor - *Hirakud Industrial Works Ltd.*, (Appellant) and others claiming fraudulent initiation of CIRP and illegal constitution of Committee of Creditors (CoC) in the matter.

The Appellate Tribunal observed that the FC and CD belonged to the same group of companies and the admission order was passed with inexplicable speed and alacrity when the Adjudicating Authority (AA) did not even conduct proper scrutiny and necessary examination of the CIRP petition. It was also observed that inter-connections between the CD, FC, members of the CoC and the holding companies of the Successful Resolution Applicant (SRA) through common directors sitting on the board of more than one company, different levels of shareholdings and common registered addresses and working-email IDs and they belonged to the same group. Furthermore, the conduct of the Resolution Professional (RP) was found to be suspicious. In addition, the Appellate Tribunal directed the CD to revert payment and creation of any rights under the Resolution Plan and recommended investigation by IBBI. However, the workers are at liberty to pursue their interests regarding payment of their dues by the CD, said the Court.

For More Details, Please Visit: <https://ibbi.gov.in/uploads/legalframework/2023-01-11-205337-hgc98-b6b034898f051905a94550f473e4c487.pdf>

News Roundup

Approval of Resolution Plan does not *ipso facto* absolve the surety/guarantor of his or her liability: Allahabad High Court

High Court relied upon Supreme Court judgment in the matter of *State Bank of India Vs. Ramakrishna and Anr.* wherein it was held that the object of the IBC is not to allow personal guarantors such as directors, who are in management of the companies, to escape from an independent and co-existent liability to pay off the entire outstanding debt. Uttar Pradesh Electricity Department (Paschimachal Vidyut Vitran Nigam Ltd.) had dues of ~₹9 crore on the Corporate Debtor. However, it was allocated only ₹6.62 lakh as per the Resolution Plan approved by the NCLT dated March 22, 2022. Thereafter, the Electricity Department approached the High Court. The Department submitted that Clause 4.3 (f)(v) of the Electricity Supply Code 2005 clearly provides that the directors of the company shall be liable for the electricity dues of the company.

For More Details, Please Visit:

<https://www.barandbench.com/news/litigation/allahabad-high-court-allows-up-electricity-department-recover-9-crore-electricity-dues-directors-insolvent-defaulter-company>

NCLT ordered CIRP of Unibera Developers Ltd.

The Company is engaged in the development of residential, commercial and government real estate projects in Noida, Greater Noida, Ghaziabad and Bihar. The CIRP petition was filed by a sub-contractor - Mahi Buildhome Pvt. Ltd. in his capacity as Operational Creditor on a default of ~₹6.14 crore. Though the Corporate Debtor had admitted the dues and sought time from the NCLT to clear the dues, the Court was of the opinion that the exit route was available even during the CIRP. "In the given circumstances and the fact that the Respondent has admitted its liability before this Tribunal, the petition is admitted in terms of Sec. 9 (5) of the IBC," said the Court.

For More Details, Please Visit:

<https://www.livelaw.in/news-updates/nclt-delhi-admits-unibera-developers-into-insolvency-219031>

Liberty Global backed helloFiber filed for bankruptcy protection

Liberty Global clearly had its eyes on the former when it announced its 50:50 joint venture with InfraVia Capital Partners to create Liberty Networks Germany in September 2021. The company, which broke ground just over four months ago, seems to have been unable to make the financials stack up, which must be a worrying sign for the plethora of fiber builders springing up across Europe.

For More Details, Please Visit: <https://telecoms.com/519279/liberty-global-plays-down-german-fibre-u-turn/>



Barclays joins forces with Insolvency specialist to chase Covid loan money

Barclays, the largest lender in the 'bounce-back loan scheme' of the UK has joined forces with an insolvency litigation financing company to recover loan amounts provided to various small companies. Under the scheme, about ~£46bn was given to small companies with only minimal eligibility checks as part of Covid-19 relief. Barclays has advanced £10.8bn loan under this scheme. The UK government had provided guarantees for the loans.

Barclays' pilot project to recover the money is under supervision from the British Business Bank. It covers more than 100 companies that have defaulted on bounce-back loans. The project is being closely watched by other high street banks. As per the plan, Barclays would issue a winding up petition against non-paying companies, which would then be put into compulsory liquidation administered by the official receiver.

The loan scheme has attracted controversy as official estimates suggest UK taxpayers now face losses of more than £1bn from fraudsters who exploited the program.

For More Details, Please Visit:

<https://www.ft.com/content/dd3d9a40-96d1-4b34-a6c7-b5e76b843103>

Event Photograph



As CIRP route blocked by litigations, SBI decided to sell ₹700 crore distressed loan

State Bank of India (SBI) has set a reserve price of ₹230 crore to sell its ₹700 crore stressed loan in Kolkata based Visa Steel through online bidding. The e-auction for the sale of loan is scheduled to be held on February 10, 2023.

This loan account was reportedly part of the second list of the Reserve Bank of India (RBI) released in 2017. However, the promoters pick up a long legal battle with the creditors against initiation of CIRP of the Corporate Debtor. The second time stay by Orissa High Court, which came just a day before banks were about to form a Committee of Creditors (CoC). This promoted the SBI to sell the distressed loan an Asset Reconstruction Company (ARC).

The company owes about ₹3,400 crore to lenders including SBI, PNB, Bank of Baroda etc.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/markets/stocks/news/sbi-to-sell-its-rs-700-cr-visa-steel-loan-account/articleshow/96924843.cms>



Webinar on “Liquidation Process – Grey Areas & Best Practices” organized by IIIPI on January 13, 2023.