

NSEL NEWS



Dear Esteemed Stakeholders and Readers,

Welcome to the issue of our April 2024 newsletter – NSEL NEWS. We believe that it is our prime duty to keep you updated on the progress of recovery and ongoing litigation against the defaulters and relentless efforts by the new management team of NSEL in this regard. We continue with our journey with full commitment and dedication towards making recovery from defaulters by following the course of law.

With your cooperation and assistance, NSEL has been able to devise an effective strategy for speedy recovery from the defaulters and therefore we urge all of you to join the sustained battle against the defaulters.

NSEL NEWS is a platform for all of us to stay connected with regular updates and for joint action against defaulters for recovery. We would be eager to have your feedback and suggestion about the newsletter.

Best Regards,

Neeraj Sharma
MD & CEO

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UPDATE ON DISTRIBUTION OF MONEY TO INDIVIDUAL CLIENTS IN THE RS 10 LAKHS TO RS 20 LAKHS CATEGORY BY THE COMPETENT AUTHORITY

Until now, approximately 56.34% of NSEL trading clients (6832 trading clients) with dues upto Rs. 10 lakhs have already been settled. If any trading client in this category has not received the payment then you may reach out via email to the office of the Competent Authority on competent.authority.nsel@gmail.com.

Following the MPID Court's order on October 13, 2022, the Competent Authority is actively engaged in the graded distribution of funds to individual clients with outstanding amounts ranging from Rs. 10 lakhs to Rs. 20 lakhs. Competent Authority is in the process of completing a 30% payout to 2138 individuals with outstanding amounts between Rs. 10 lakhs to Rs. 20 lakhs, and has distributed an amount of about Rs. 53.45 crores to about 1390 individuals. In the event of death of a trading client with outstanding amount ranging from Rs. 10 lakhs to Rs. 20 lakhs, the legal heir may please email the succession and legal heir certificates to the office of the Competent Authority on competent.authority.nsel@gmail.com in order to claim the amount being disbursed by the Competent Authority.

HON'BLE BOMBAY HIGH COURT AWARDS NSEL DECREE AGAINST DEFAULTER METKORE ALLOYS AND INDUSTRIES LTD.

The High Court Committee appointed in 2014 filed Report No. 46 crystallizing the liability of Third Party Noticee Metkore Alloys for Rs. 83,46,62,840 as of March 2014. Despite Metkore undergoing Corporate Insolvency Resolution Proceedings (CIRP), NSEL filed a claim for Rs.83,46,62,840 and interest which was accepted by the Interim Resolution Professional (IRP). However, the CIRP was unsuccessful, leading to Metkore's liquidation in December 2020. As no one represented Metkore, the Hon'ble Bombay High Court accepted the HCC's report and vide order dated 17th April 2024 awarded NSEL Rs. 83,46,62,840 with 12% interest per annum from March 2014 until the amount is realized. NSEL will now take appropriate steps before the Supreme Court Committee to recover the decreed amount against the erstwhile management of Metkore Alloys.

HON'BLE BOMBAY HIGH COURT AWARDS NSEL DECREE AGAINST DEFAULTER VIMLADEVI AGROTECH LTD.

Report No. 47 is filed by the High Court Committee crystallizing the liability of Third Party Noticee Vimladevi Agrotech Ltd. in the sum of Rs.13,72,51,730/-. Vimladevi argued that the Court cannot pass a decree against a Third Party Noticee until a decree is passed against the main Defendant in the Suit and contended that the mere formation of the HCC does not confer jurisdiction on the Court as per the Original Side Rules. Vimladevi also objected to the lack of opportunity for cross-examination provided to it by the HCC. However, it failed to demonstrate any specific application seeking cross-examination before the HCC. Vimladevi did not criticize the HCC on the merits of the liability determined by it against the Third Party Noticee and instead raised procedural objections regarding jurisdiction and enforcement.

Hon'ble BHC after detailed hearing set aside all the above objections and accepted Report No.47 and passed Order in favour of NSEL and against Vimladevi in the sum of Rs.13,72,51,730/- along with interest at the rate of 12% per annum with effect from 30 September 2013 till realization of the amount. The decree would now be placed for execution in the Supreme Court Committee by NSEL.

The total value of decrees secured by NSEL against the defaulters amounts to Rs. 4294.77 crs.

MPID COURT PARTIALLY ALLOWS MISC APPLICATION NO. 87 OF 2024 FILED BY NSEL

NSEL filed an application seeking directions from the Competent Authority to provide valuation reports and encumbrance certificates for properties attached under the MPID Act. The application highlighted the need for clarity regarding charges/encumbrances on properties to facilitate their auctioning and ensure efficient asset liquidation.

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The Court heard arguments and considered the objectives and provisions of the MPID Act, and emphasized the importance of encumbrance certificates for potential buyers to secure ownership without legal issues. It noted instances where properties remained unsold due to lack of clarity on charges, including cases such as Shree Radhey Trading Co., which preferred objections against property attachment, and Namdhari Food International, where Bank challenged auction notices.

Referencing Supreme Court Committee observations supporting the necessity of valuation reports and encumbrance certificates for settling sale proclamations, the Court concluded that providing these documents would facilitate auction processes and asset liquidation. It acknowledged the buyer's perspective, stating that no prudent buyer would be interested in purchasing properties with unclear charges.

Moreover, the Court addressed the issue of reimbursement, highlighting that the Competent Authority would bear the initial cost of valuation and encumbrance certificates, which would be reimbursed from the sale proceeds of the attached properties. It also discussed the practical difficulties the Competent Authority may face in obtaining such reports within the 30-day time limit but suggested that these reports could be acquired during the pendency of the application proceedings under the MPID Act. Ultimately, the court partially allowed NSEL's application, directing the Competent Authority to furnish valuation reports and encumbrance certificates for attached properties during application proceedings under the MPID Act.

UPDATE ON HIGH-POWERED SUPREME COURT COMMITTEE PROCEEDINGS AGAINST DEFAULTERS/JUDGEMENT DEBTORS/ GARNISHEES

Supreme Court Committee vide order dated 15.01.2024 had allowed an application preferred by NSEL seeking lifting of the corporate veil qua NCS Sugar Ltd for holding the Respondents i.e. Nageshwar Rao, Narayanam Nikhil, Narayanam Murli and Narayanam Srinivas (Directors, shareholders of NCS Sugar) liable for the entire decretal amount of INR 58,85,09,205.34 and further, vide order dated 17.02.2024, the properties of the Respondents i.e. Nageshwar Rao, Narayanam Nikhil, Narayanam Murli and Narayanam Srinivas are attached by the Hon'ble Committee.

Further, Supreme Court Committee vide order dated 01.03.2024 has allowed an application preferred by NSEL seeking lifting of the corporate veil qua White Water Foods Pvt Ltd for holding the Respondents i.e. Kamal Kant Dewan, Mohit Dewan and Amit Dewan (Directors, shareholders of NCS Sugar) liable holding that the Respondents shall be jointly and severally liable for the decretal amount of INR 84,81,93,196.83 with interest @ 9% p.a. w.e.f. 01.08.2013 till date of payment to be recovered from the moveable and immoveable property of the Respondents as well as from the moveable and immoveable property of the corporate and other juristic entities, which include the Garnishees, which are owned and controlled, directly or indirectly by such Respondents. NSEL has to provide the details of assets of all the Respondents and other juristic entities owned and controlled by the Respondents to the Hon'ble Committee for attachment and sale.

If you have any information about DEFAULTERS (Their whereabouts, New Business Ventures, Financial Dealings etc.) pls mail to contact@nationalspotexchange.com

You are requested to send your updated email IDs, address, contact number along with your Client code, Member ID for receiving regular updates on Recovery at email: contact@nationalspotexchange.com

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