



IIPI Newsletter

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Knowledge SBU Initiative

IBC saved 160 cos from premature death

The Insolvency and Bankruptcy Code (IBC) has saved 160 companies from premature death, and its implementation will also help in pushing economic growth higher by a few percentage points, according to a senior official. M S Sahoo, Chairperson of the Insolvency and Bankruptcy Board of India (IBBI), said the companies resolved under the code fetched "210 per cent of their liquidation value and if the companies were liquidated, they would have got at the best 100 per cent and the additional 110 per cent is a bonus".

Essar lenders get ₹38,896 cr from Arcelor

The ArcelorMittal-Nippon Steel combine has transferred ₹38,896 crore to lenders for the acquisition of the once-Ruias-owned Essar Steel in an insolvency-driven process. For the lenders, recovery comes over two years after they initiated a corporate insolvency resolution process (CIRP) against the steel-maker. It marks the single biggest recovery made by lenders under a CIRP.

The operational and other creditors will get the remaining ₹3,104 crore of the ₹42,000-crore bid placed by ArcelorMittal to settle Essar Steel's loan default of ₹49,000 crore.

Among the financial creditors, SBI had the highest amount admitted, at ₹13,226 crore. The recovery is good news for the banks in the third quarter as they may use the proceeds to make provision for their exposure to DHFL and IL&FS, and mark-to-market provisioning towards investment depreciation.

IBC amendment: Companies shouldn't be allowed to go scot free

Before the introduction of the amendment, the IBC resolution process had been lobbying for clearing the decks for smooth takeover, with no baggage of past cases and recovery proceedings to dog them in future. The Bill also says all licenses, permits, quotas, clearances, registration, concessions etc conferred on the company will continue despite the changing of hands of the controlling interest. In other words, the Bill grants almost everything the takeover lobby has been pleading for.

POINT TO PONDER

"We choose what attitudes we have right now. And it's a continuing choice."
— John C. Maxwell

Lenders, homebuyers approve NBCC's bid to acquire Jaypee Infratech

The agony of thousands of homebuyers of various projects of the bankrupt Jaypee Infratech Limited may end soon after a week-long voting process threw up NBCC Limited as an overwhelming favourite to complete the under-construction assets. Pitted against a consortium of Suraksha Realty Limited and Lakshdeep Investments and Finance Private Limited, the state-owned company secured 97.36% of the votes that had 13 lenders and over 12,000 homebuyers participating in the exercise.

The projects, many of them lying along the 167-km-long Yamuna Expressway, are based in Noida, Tappal, Jaganpur, Agra and Mirzapur in Uttar Pradesh.

Dugar to face insolvency process

The Division Bench-I of National Company Law Tribunal (NCLT) in Chennai has refused permission to withdraw the insolvency process pending against Dugar Housing Limited at Ambattur. Originally, the corporate insolvency and resolution process was initiated against Dugar Housing, the corporate debtor, at the instance of Prism Johnson, operational creditor.

Prism Johnson, who had filed the insolvency application against the company, later entered into a settlement with the latter under Sec. 9 of Insolvency and Bankruptcy Code (IBC). However, it was pointed out to the tribunal members that withdrawal proceedings cannot be confined to two parties alone. It should be open to all those who have claim with Dugar and the same cannot be withdrawn on account of any compromise.

Depositors of DHFL move SC to get dues

The Supreme Court sought response from the Reserve Bank of India (RBI), Dewan Housing Finance Corporation (DHFL) and its lenders as to why the embattled firm should not be asked to pay its more than one lakh fixed deposit holders, who are at the risk losing their savings after the company stopped making payments to them.

A Bench led by Justice L Nageshwar Rao while seeking response from the RBI, DHFL and a consortium of lenders posted the petition, filed by 97 DHFL deposit holders led by Vinay Kumar Mittal, for further hearing in the first week of January.

***Feedback requested at ipa@icai.in**