



## IIPI Newsletter

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Knowledge SBU Initiative

### **PNB chief hopeful of RBI allowing one-off loan restructuring by October**

Punjab National Bank Managing Director S S Mallikarjuna Rao expressed hope that the Reserve Bank will unveil by October its loan restructuring mechanism for some sectors severely hit by the COVID-19 pandemic. He also said that the normalcy is still too far away which is making it difficult to assess the situation of companies in terms of cash-flows

### **Foreign entity can file plea for initiation of corporate insolvency resolution process: NCLT**

NCLT, Mumbai Bench has held in *Forever Glory Trading Limited vs Global Powersource (India) Limited* that in view of **Section 3(23)** of IBC, 2016, even a foreign entity can file a petition for initiation of corporate insolvency resolution process under Section 9 IBC. Further, "the objection that the Petitioner is a foreign entity and cannot file the present petition is not tenable in view of Sec 3(23(g) and 25) of IBC, wherein, the definition of person includes person resident outside India".

With respect to dispute regarding warranty of goods supplied, the court of the view that "Sale of Goods Act, defines the term warranty as a stipulation collateral to the main contract. The communication regarding warranty claims cannot be set up as a dispute of notice as raised by the Corporate Debtor, the claims of warranty shall separately be considered by LCB (holding company)."

### **Renewing the debate on Pre-Packaged Insolvency in India: A case for 'Atmanirbhar' financially distressed companies**

Whether the government introduces pre-packs or not, only time will tell. But it can be certainly said that during such unprecedented times, the introduction of pre-packs becomes more imperative in order to strike a balance between objectives of government and the corporates.

Pre-pack is one of the steps that will reduce the dependency of the financially distressed companies on the adjudicating authorities and help them in becoming financially self-reliant by following a self-regulated method rather than conventional court bound proceedings.

## POINT TO PONDER

*Research is an organized method for keeping you reasonably dissatisfied with what you have." - Charles F. Kettering*

### **IBC's section 32A needs elucidation to protect buyers: Experts**

Experts feel clarity is required in the IBC's Section 32A, introduced in December 2019, which provides protection and immunity to buyers from criminal proceedings against the bankrupt firm's previous promoters.

In a recent order against Monnet Ispat & Energy, the SEBI imposed penalty for violation of disclosure norms 5 years ago. The company was acquired by a consortium, comprising JSW Steel and AION Investments Private II, in 2018 through the insolvency route.

Industry insiders and experts say the penalty should have been imposed on the company's earlier management

### **Insolvency plea against IL&FS Transportation' Spanish arm**

IL&FS Transportation Networks said one of the lenders of its Spain-based subsidiary, Elsamex has filed a plea for declaration of insolvency of the company. "*The Management of Elsamex SAU, Spain, a wholly-owned subsidiary of the company has informed that an application has been filed by one of their lenders in the Madrid Mercantile Court, Spain for declaration of its insolvency*" IL&FS Transportation said in a filing to the BSE.

### **Trillions in moratorium, billions could be in NPAS**

India's financial institutions are going through yet another crisis, this time in the shape of a moratorium on repayments, and the best way to avert the crisis, in the absence of a sharp recovery in economic growth, is more moratorium, leading bankers say. The original moratorium was for the period of March to May, and the next extension would end in August.

### **MCA extends term of Justice Bansi Lal Bhat as acting chairperson NCLAT by three months**

The ministry of corporate affairs extended the term of Justice Bansi Lal Bhat as acting chairperson of the NCLAT by three months, in a notification on Monday. The extension was applicable from June 15, the order said, or until a regular chairperson was appointed.

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