



IIPI Newsletter

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Knowledge SBU Initiative

CIRP Regulation Amendments

The IBBI vide its notification No. IBBI/2019-20/GN/REG040 introduced the IBBI (CIRP) (Amendment) Regulations, 2019 which came into effect from 24.01.2019.

The changes proposed vide these amendments are:

- Sub regulation (4A) has been inserted after the sub regulation 4 in regulation 36B.
- Sub-regulation (1B) has been inserted after sub-regulation (1A).
- Sub-regulation (9) has been inserted after the sub-regulation (8) in regulation.
 - The table in paragraph 7 in Form H (Compliance Certificate) is now substituted with new table.

All Roads Lead To Resolution – RBI Opens Up The ECB Route For IBC Bidders

The Reserve Bank of India (RBI) has further relaxed the regime on external commercial borrowings (ECBs) in India by way of a circular dated 7 February 2019 (New ECB Circular). The New ECB Circular comes in shortly after the RBI revamped the regime for ECBs on 16 January 2019 (Revised ECB Framework) under which it had substantially relaxed the provisions for eligible borrowers and recognised lenders.

Under the Revised ECB Framework issued by the RBI on 16 January 2019, proceeds of external commercial borrowings could be utilised towards repayment of domestic rupee loans, only in the event such ECBs were availed from a foreign equity holder.

India: IBC: Rejection Of Claims Need Evaluation

There have been several instances wherein IRP had rejected the claim(s) of creditor(s) due to various reasons, which have been later allowed by NCLT / higher courts. However, there must be some criteria or guidelines as may be followed by IRP / RP while accepting or rejecting the claims. In the absence of same, issues may crop up resulting into litigation(s) and delay in CIRP or liquidation process.

POINT TO PONDER

"GENEROSITY IS A VERTUE, BUT UNLIMITED GENEROSITY IS A FAST ROUTE TO BANKRUPTCY."

-BRET STEPHENS

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RCom attempted out of court settlement, but Ericsson rejected

RCom owes Ericsson Rs 570.016 crore and tried negotiating with Ericsson to withdraw the legal battle that is simultaneously being fought in the National Company Law Appellate Tribunal. The hearing in that has been pushed to March 6. RCom however made the attempt to settle out of court but Ericsson rejected as the company has sought protection under the Insolvency and Bankruptcy Code and question of paying anything to Ericsson does not arise and is totally ruled out.

Bankruptcy Expert Edward Altman Says It's Too Easy To Get A High Credit Rating In India

Going by the Altman-Z score, India's 10 largest stressed companies would not have qualified for more credit at least two to three years before they went in for resolution under the Insolvency and Bankruptcy Code. He further said that there is an issue in India where it is too easy to get a AAA and AA rating as the financial community, investors, maybe even banks, are being misled by those high ratings.

Fresh NPA additions at lenders slow down, recoveries on the rise

Banks after the circular issued by RBI last year has forced recognition and resolution, two things that are key in tackling the bad loan problem from the bank's side. Also, the credit culture has improved, recovery rates have increased and fresh NPAs are on the way down.

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