



## IIPI Newsletter

April 5, 2019

Volume 2, Number 11

\*For Internal Circulation Only\*

Knowledge SBU Initiative

### **IBC proceedings of RCom to be delayed further as apex court adjourns hearing**

The Insolvency and Bankruptcy (IBC) proceedings of telecom operator Reliance Communications (RCom) are expected to be delayed further as the Supreme Court has adjourned hearing its application by two weeks.

### **Supreme Court order on stressed assets may delay debt resolution process: ICRA**

The Supreme Court's decision to scrap the Reserve Bank of India's February 12 circular will delay the ongoing debt resolution process, according to ICRA. The February 12 circular removed discretion with banks on resolution on stressed accounts by requiring them to compulsorily implement a resolution plan in a time-bound manner or refer the borrowers under Insolvency and Bankruptcy Code (IBC) 2016 for resolution.

### **Insolvency law's objective is reorganisation of defaulting firms, not recovery of dues: Sahoo**

Asserting that the insolvency law's objectives are reorganisation and resolution of a defaulting company, IBBI Chairperson MS Sahoo said that if creditors recover their dues one after another or simultaneously, the company would bleed to death.

### **Supreme Court holds ultra vires RBI's Feb 12 circular on stressed assets**

The judgment is a relief for stressed industries, including those in the power and sugar sectors. The Supreme Court on Tuesday declared the Reserve Bank of India circular of February 12, 2018, which mandates insolvency proceedings for a debt servicing default beyond 180 days, to be ultra vires.

## POINT TO PONDER

**"Financial crises are like fireworks: they illuminate the sky even as they go pop."  
– James Buchan**

### **Raghuram Rajan on Jet bailout: Not necessary for every company to go through IBC**

Former RBI Governor Raghuram Rajan says that Bankruptcy code should act as a shadow and should be the last resort for resolution of stressed assets. He says there is a need to shorten the time in the bankruptcy code by ending an endless sequence of appeal and counter-appeal.

### **Essar Steel debt: SBI moves apex court against NCLAT order**

Standard Chartered had informed NCLAT that it will get only 1.7 per cent of its dues or Rs. 60 crore if the approved ArcelorMittal plan is executed. The resolution to the stressed Essar Steel debt took an interesting turn with State Bank of India on Monday moving the Supreme Court against the National Company Law and Appellate Tribunal (NCLAT) recent order directing the committee of creditors to consider more payment to Standard Chartered Bank from the 42,000-crore winning bid of ArcelorMittal.

### **'IBC changed India Inc's view on default'**

CEA Subramanian says firms now want to settle fearing loss of control over their business. "Before the Bankruptcy Code, lot of businesses were playing coin toss with the banks, and that imposed a significant cost on the economy," said Krishnamurthy Subramanian, Chief Economic Adviser (CEA), Government of India, here on Friday.

### **NCLT clears Sharad Sanghi's revised resolution proposal for Jyoti Structures**

Dedicated bankruptcy court National Company Law Tribunal (NCLT) approved a resolution plan for debt-laden Jyoti Structures for Rs 3,965 crore with about 45% haircut. A group of investors led by Sharad Sanghi, who heads the software firm Netmagic, is the sole bidder to acquire the company.

Mumbai-based Jyoti Structures was part of the first list of the Reserve Bank of India (RBI) when the central bank directed lenders approached NCLT for mandatory resolution of 12 companies after the original promoters failed to repay their dues.

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