



IIPI Newsletter

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Knowledge SBU Initiative

Reliance Communications heads to bankruptcy court

An appellate tribunal has vacated a stay on insolvency proceedings against Reliance Communications and its two units, which will make telco the second operator after Aircel in the sector to enter bankruptcy proceedings. The SC recently disposed of a writ and a special leave petition (SLP) filed by RCom which wanted insolvency proceedings in the dedicated bankruptcy court quashed.

Registered Trade Union Can File Insolvency Petition As Operational Creditor On Behalf Of Its Members

The Supreme Court, in the case of Alloysmin Industries. vs. Raman Casting Pvt. Ltd., has held that a registered trade union can maintain a petition as an operational creditor on behalf of its members. The appeal was allowed against the National Company Law Appellate Tribunal order which held that a trade union would not be an operational creditor as no services are rendered by the trade union to the corporate debtor.

Service of Demand Notice on the Corporate Debtor in its Registered Office or Corporate Office is a valid service under section 8 of the Code

The essential requirement of service of demand notice upon the Corporate Debtor essentially means that the Corporate Debtor should be made aware of the Demand notice by duly serving it upon them. It was held that as long as the demand notice is served upon the Corporate Debtor, either in its Registered office or Corporate Office, or both, it shall be considered as a valid proof of service under Section 8 of the Code for acceptance of an application under Section 9 of the Code for initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor.

POINT TO PONDER

“Empty pockets never held anyone back. Only empty heads and empty hearts can do that.”

- Norman Vincent Peale

Madison Pacific opposes withdrawal of Sterling Biotech bankruptcy case

Lenders of Sterling Biotech were caught off guard when bondholders' trustee Madison Pacific Trust Ltd challenged the withdrawal of bankruptcy proceedings initiated by banks saying it held over 10% voting rights in the Committee of Creditors and their consent was not sought by the resolution professional at the time of voting. The lenders have approached the tribunal after accepting a one-time settlement from the promoters of the company.

SBI steps up hiring to handle insolvency cases

In a bid to step up its efforts to control non-performing assets, the State Bank of India is hiring more bankruptcy and legal firms to strengthen its stressed assets team to handle cases of above ₹100 crore under the Insolvency and Bankruptcy Code. Also, the bank is seeking to empanel advocates/law firms for handling cases of above ₹100 crore.

IBBI report: 359 cases admitted for insolvency resolution in Q4

The Insolvency and Bankruptcy Board of India has said in its report that 359 cases had been admitted for corporate insolvency, while only 14 got resolution plan approvals and 73 went into liquidation in the January-March quarter. Further, financial creditors took lead in initiating insolvency proceedings in the fourth quarter.

Lenders to take 52% haircut as Patanjali's resolution plan for Ruchi Soya gets the go-ahead

With the committee of creditors having approved Patanjali Ayurved's Rs.4,350 crore resolution plan for Ruchi Soya, another resolution of a troubled business appears to be in sight. In this instance, lenders have agreed to a 52% haircut on the admitted claims. The Committee of Creditors is expected to place the resolution plan before the National Company Law Tribunal for its approval before May 7.

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