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Knowledge SBU Initiative

Bad loan recoveries at ₹45,593 crore surpass write-offs in 2018-19: Sitharaman

Recovery of bad loans at ₹45,593 crore in PSBs was much faster than the total write-offs during 2018-19, Finance Minister Nirmala Sitharaman said in Parliament Monday.

The write-offs stood at ₹36,377 crore during the year, the minister said.

The year-on-year rise in recoveries and recapitalisation in public sector banks (PSBs) during financial year 2018-19 was much faster than the rise in write-off figures on bank loans, Sitharaman said in a written reply in the Lok Sabha.

NCLAT dismisses customs department plea to auction goods of a firm under moratorium period

The National Company Law Appellate Tribunal (NCLAT) has dismissed a petition of customs authority seeking auction of confined goods of a company, which is under the corporate insolvency proceedings, saying the assets cannot be alienated during a moratorium period.

Upholding the orders of the Kolkata bench of the National Company Law Tribunal (NCLT), the appellate tribunal said that after order of 'moratorium' is passed by the NCLT, the customs department cannot issue auction notice despite the fact that the goods in question are lying in their possession for years.

A two-member bench headed by Chairman Justice S J Mukhopadhyaya said that Insolvency & Bankruptcy Code mandates "during the period of moratorium, the assets of the 'corporate debtor' cannot be alienated, transferred or sold to a third party".

Insolvency resolution process against 17 firms

Banks have just about a couple of weeks to decide the fate of more than 150 borrowers, which include sugarmaker Bajaj Hindusthan, energy companies Rattan India Power and Suzlon and other infrastructure and road builders as the 30-day review period for these loans ends on July 7.

The new framework for resolution of stressed assets issued on June 7 requires banks, financial institutions, non-banking finance companies (NBFCs) and asset reconstruction companies (ARCs) to decide on a resolution plan and sign an inter creditor agreement (ICA) after a 30-day review period.

POINT TO PONDER

"The way to procure insults is to submit to them. A man meets with no more respect than he exacts."

— William Hazlitt

Promoters can take part in liquidation process if lenders okay IBC exit

Section 29A of the IBC does not allow non-performing asset (NPA) holders, including promoters, to take part in the resolution process. However, taking creditors on board, even defaulting promoters can enter into settlement of dues under Section 230 of Companies Act. Section 230 of the Companies Act gives promoters' power to make arrangements with creditors and other members. Such a provision would, however, apply only after the company's insolvency resolution application has been withdrawn by the support of 90 per cent of the lenders under Section 12A of IBC, which allows debtors another chance to retain control over a firm even after a case is admitted to the National Company Law Tribunal.

IL&FS board to consider release of payments to creditors

The Infrastructure Leasing & Financial Services board will take up a proposal to release stuck payments of creditors in 13 group entities, according to a senior government official. An appellate tribunal had set July 12 as deadline for the IL&FS group to reach an agreement with creditors of these 13 companies to begin releasing payments.

IL&FS had earlier agreed in principle to begin servicing the debt of one of the 13 companies—Moradabad Bareilly Expressway—after some creditors agreed to reduce interest rates on outstanding loans and release payments to operational creditors and creditors within the IL&FS group.

NCLT approves Dhanuka Lab's Rs 1,116 crore plan to buy debt-hit Orchid Pharma

The National Company Law Tribunal (NCLT) approved Gurgaon-based Dhanuka Laboratories' Rs 1,116 crore resolution plan to take over the debt ridden Orchid Pharma in what could be termed as yet another case resolved under the Insolvency and Bankruptcy Code (IBC).

The Chennai bench of NCLT held the view that a majority of the financial creditors had approved the bid by Dhanuka overruling an objection filed by Accord Life Spec.

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