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Knowledge SBU Initiative

R-Com's undersea cable unit files for bankruptcy in US

Global Cloud Xchange (GCX), an arm of debt-laden Reliance Communications Ltd, has voluntarily filed for bankruptcy in the US to get through a pre-packaged debt-for-equity swap restructuring plan.

GCX approached the insolvency court after it missed payments on \$350 million of 7% bonds that matured in the beginning of August.

The restructuring plan involves GCX's senior secured bondholders becoming company owners and providing new loans to support and grow the business. GCX has also envisaged using the protections and framework of Chapter 11 to undertake a sale process, RCom informed in a filing to the stock exchanges.

McLeod Russel urges NCLT to quash 'status quo' order

Debt-laden McLeod Russel on Wednesday urged the Kolkata-bench of the National Company Law Tribunal (NCLT) not to continue the interim order of "status quo" against its assets as it has very "serious repercussion" and negative "ramifications" for the operations of the bulk tea producer. Earlier, Techno Electric filed a petition for Corporate Insolvency Resolution Process (CIRP) before the tribunal under Section 7 of the IBC against the tea maker after it had defaulted on repayments of Rs 100-crore loan.

Dissenting financial creditor should not be discriminated: NCLAT

Dissenting financial creditor should not be discriminated: NCLAT Allowing the appeal of Hero Fincorp Ltd, the appellate tribunal said that the amended regulations of the Insolvency & Bankruptcy Code (IBC) does not discriminate between similarly situated 'secured financial creditors' on the ground of dissenting vote. A three-member NCLAT bench headed by Chairperson Justice S J Mukhopadhya has directed the successful bidder of Rave Scans to modify the resolution plan, providing Hero Fincorp 45 of its claims like other secured financial creditors of the city-based printing services firm. The National Company Law Appellate Tribunal (NCLAT) rejected the submissions of that Section 30 (2) (b) (ii) of IBC, which allows to treat dissenting financial creditors separately.

POINT TO PONDER

**“Position your value not your price”
~Mac Duke, The Strategist**

Fashion company Provogue set to be liquidated

A two-judge division bench of the NCLT headed by justices BP Mohan and V Nallasenapathy in Mumbai has ordered the liquidation of readymade garment maker Provogue after lenders did not agree on the offers on the table for the company. The current fund allocated, if fully utilized, will aid in completing approximately 1.6 lakh units, of which approximately 55% are sold or absorbed. This translates to approximately 91,000 units that have been bought by consumers getting the government relief.

JSW Steel says can't implement BPSL resolution plan

JSW Steel, the highest bidder for Bhushan Power and Steel (BPSL), has informed the NCLAT that it would be impossible for it to implement the resolution plan for BPSL if it has to share profits earned by the insolvent firm during the resolution period with creditors. The Sajjan Jindal-led company has also expressed concerns over the chances of BPSL's assets being undermined given it doesn't have tribunal' protection against possible attachment of assets for offence committed by the erstwhile promoters. "In the present matter, the issue of entitlement of CIRP EBITDA (earnings before interest, tax, depreciation and amortisation) was discussed between the appellant and the CoC and agreed that the CoC would not have a claim on it and CIRP EBITDA would continue to remain with the corporate debtor," JSW Steel said.

Liquidation proceedings ordered against Frontier Lifeline

The Chennai Bench of the NCLT has ordered liquidation of Frontier Lifeline Pvt. Ltd., as no resolution plan has been submitted for revival of the company. Promoted by Dr. K.M. Cherian, the company runs the 100-bed Frontier Lifeline Hospital. The company was dragged into bankruptcy proceedings by State Bank of India and Bank of Baroda, which was admitted by NCLT in August last year. The petition claimed that the firm defaulted payment of about Rs. 79.93 crore to SBI and Rs. 78.30 crore to Bank of Baroda as on November 17, 2017. The company had borrowed the money for development of the medical research park. Under the process, the liquidation value was fixed at about Rs. 134.07 crore.

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