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Knowledge SBU Initiative

Axis Bank files

Insolvency plea against

Rpower arm

Reliance Power on Tuesday said one of its lenders Axis Bank has initiated insolvency process against its subsidiary Vidarbha Industries Power Ltd for a claim of Rs 553.28 crore.

Application for initiation of [CIRP](#) (Corporate Insolvency Resolution Process) for Vidarbha Industries Power Ltd, a subsidiary of the company, has been filed by only one of its lender Axis Bank Ltd for a claim of Rs 553.28 crore," Reliance Power said in a regulatory filing.

It added that the company is engaged with all its lenders to arrive at a suitable resolution outside CIRP.

Bankruptcy board set to tackle group insolvency

India's bankruptcy regulator is seeking to amend rules to make the IBC suitable for handling group insolvency, with accounts such as Videocon, Sachet Infra and Lavasa underscoring the problem of indebtedness at the group level. A panel on group insolvency has submitted its report to the IBBI, proposing reforms in the legal framework to address group insolvency.

In case of Videocon, the NCLT had ordered consolidation of assets and liabilities of 13 group entities. The Videocon Group operated as a single economic unit with inter- dependence and also had common lenders, where all 13 companies were co-obligators. In the case of Adel group of companies, the court suggested procedural coordination to ensure simultaneous proceedings with a common resolution professional.

DHFL lenders ease bidding criteria for prospective buyers

Lenders to DHFL have eased the eligibility criteria for those seeking to purchase the assets of the insolvent home financier, fearing the strict norms proposed by the administrator would deter potential buyers. While the minimum net worth requirement of bidders was slashed to Rs. 3,500 crore from the Rs. 5,000 crore proposed by the RBI- appointed administrator, the criteria for assets under management (AUM) and committed funds were lowered to Rs. 10,000 crore and Rs. 3,500 crore, respectively, from Rs. 12,000 crore and Rs. 5,000 crore, the person cited above said on condition of anonymity.

POINT TO PONDER

"No matter how brilliant your mind or strategy, if you're playing a solo game, you'll always lose out to a team." – Reid Hoffman

Supreme Court stays recovery suit against Tata Steel BSL

The Supreme Court has stayed a recovery suit filed by an operational creditor against erstwhile Bhushan Steel, which was taken over by Tata Steel in May 2018. Bhushan Steel was led to insolvency resolution by State Bank of India in July 2017 for owing Rs 44,000 crore to lenders and was acquired by Tata Steel in May 2018. BSL had an outstanding debt of around Rs 57,000 crore. The stay order was passed by an SC Bench led by Justice Navin Sinha on an appeal filed by Tata Steel BSL (formerly Known as Bhushan Steel) challenging the HC's last year's order that dismissed its plea and allowed the recovery suit filed by Parijat Enterprises through its proprietor Varsha to continue before a Nagpur court.

Bondholders drag Reliance Home Finance to NCLT

A trustee to Reliance Home Finance's bondholders has approached the NCLT, seeking to recover Rs 3,500 crore of investment after the Reliance Capital unit missed repayments. IDBI Trusteeship Services filed the application under the Companies Act, since this doesn't require it to first seek the Reserve Bank of India's permission, a requirement to move under the IBC against a financial services company. The application also requested the NCLT that the company not be allowed to sign any debt resolution plan with other lenders or other resolutions that may go against the interests of the investors in its non-convertible debentures.

Fraud Fallout: SBI, two more lenders red-flag DHFL accounts

State Bank of India, Union Bank and IndusInd Bank have red flagged troubled mortgage lender Dewan Housing Finance Corp (DHFL) as fraud account. A draft forensic report by KPMG found that the lender had disbursed loans and advances to inter-connected entities which were likely linked to the promoters. Moreover, loans and advances totalling Rs 24,594 crore had been disbursed with inadequate loan documentation to 65 entities that had minimal operations. The report suggests funds may have been diverted by DHFL and the Serious Fraud Investigation Office (SFIO) is carrying on a parallel investigation. Private lender IndusInd Bank is understood to have provisioned 25% of its exposure to DHFL.

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