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Knowledge SBU Initiative

RBI issues Fair Practice Code guidelines for ARC

In the backdrop of likely rise in Non Performing Assets (NPA) due to the pandemic, the Reserve

Bank of India (RBI) has announced guidelines for "Fair Practices Code" (FPC) for Asset Reconstruction Companies (ARCs) to ensure highest standards of transparency and fairness while dealing with their stakeholders.

All ARCs registered with banks have been asked to put in place FPC duly approved by their Board.

SBI sends BPSL promoters notice to call them wilful defaulters

State Bank of India has initiated proceedings to declare Bhushan Power & Steel (BPSL) promoters as wilful defaulters. In a show cause notice to Sanjay Singal and his wife Aarti Singal the bank asked them to be personally present in front of its wilful defaulter identification committee to put forth their point of view. Singal and his wife have challenged the notice in the Delhi High Court on the grounds that not enough information was provided by the bank with the notice. "Our contention is that the allegation against us does not have any basis. SBI has also failed to give any details of its complaint in its notice while labelling us as wilful defaulters," said Rishi Agrawala, who represented the Singals in the case.

NCLAT upholds NCLT order to initiate Insolvency Proceedings against HDIL

The NCLAT has upheld the NCLT order to initiate insolvency proceedings against HDIL, and rejected the plea of its promoter Rakesh Wadhwan. A three-member bench of the appellate tribunal observed that the NCLT had given ample opportunity to Housing Development & Infrastructure Ltd (HDIL) to settle the matter amicably with its lenders, but it has failed to make the payment or arrive at a settlement. Earlier on August 20, 2019, the Mumbai bench of National Company Law Tribunal (NCLT) had directed to initiate insolvency proceedings against HDIL, after allowing the insolvency plea filed by Bank of India, claiming default of a loan of Rs 522 crore by the realty firm.

POINT TO PONDER

*"The secret of getting ahead is getting started."
– Mark Twain*

Relief amid Covid: FM Sitharaman takes stock of the implementation of key announcements

Finance minister Nirmala Sitharaman takes stock of the implementation of key announcements by the ministries of finance and corporate affairs as part of the Rs 20 lakh crore Covid19 relief package.

National Company Law Appellate Tribunal orders Airtel to pay Rs 112 crore to Aircel

An appellate court has ordered asked Bharti Airtel NSE -0.15 % to pay Rs 112 crore to Aircel, overturning an earlier tribunal order, giving a financial boost to the bankrupt telco which is about to exit insolvency proceedings.

"...we allow the present appeal and set aside the order dated 01.05.2019 passed by NCLT, Mumbai Bench and direct the Respondent No.1 & 2 to pay the amount whatever has been set off by them to the Aircel Entities. The Appeal is allowed with the above direction..

Insolvency regulator IBBI expands role of insolvency professional entities

In these trying times, insolvency regulator IBBI has given an opportunity for Insolvency Professional Entities (IPEs) to grow into the likes of the Big 4 in coming days. It has now broadbased the role of IPEs, which are usually created by 3-4 insolvency professionals — by allowing them to provide support services to any insolvency professional (IP) and not just the IPs who are its partners or directors of such entities. Prior to the latest change, the Insolvency and Bankruptcy Board of India (IBBI) regulations stipulated that an IPE, which can take the form of an LLP, company or partnership, can provide support services only to the IPs who are its partners or directors. Its role earlier was to be a support organisation for its partners/directors. Now, this role has been expanded and the amended regulation reads that "the sole objective (of an IPE) is to provide support services to insolvency professionals".

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