



## INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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# IIPI Newsletter

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## RBI Imposes Penalty on Banks for Non-Compliance

The Reserve Bank of India (RBI) has imposed a penalty of ₹1 crore on Paytm Payments Banks Ltd (PPBL) for violating provisions of Payment and Settlement Systems Act 2007. Besides, a penalty of ₹ 27.8 lakhs has been imposed on Western Union Financial Services, a money transfer service for breaching the ceiling of 30 remittances per beneficiary during the calendar years of 2019 and 2020.

On examination of PPBL's application for issue of final Certificate of Authorisation, the RBI observed that PPBL had submitted information that did not reflect the factual position.

### For More Details, Please Visit:

<https://www.ndtv.com/business/rbi-imposes-rs-1-crore-penalty-on-paytm-payments-bank-fines-western-union-also-2582220>

## News Update

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

### Most of the Banks were Extremely Reluctant to support a Resolution Plan for Jet Airways: Shri Rajnish Kumar

Former Chairman of the State Bank of India (SBI) Shri Rajnish Kumar has revealed the difficulties in the resolution of financially strained Jet Airways in his book titled 'The Custodian Trust'. He has termed the case of Jet Airway as one of the most difficult assignments that he had faced during his eventful term as the head of the country's largest lender.

“For me too, this was one of the most challenging cases with even the SBI board being uncomfortable in backing me on this issue, not because I did not enjoy their support or goodwill but because they felt that it posed a huge risk to the reputation of the bank,” Kumar wrote in his book. He recalled that most of the banks were extremely reluctant to support a resolution plan for Jet Airways. Shri Kumar also mentioned that the SBI board wanted an explicit letter of support from two Ministries – Department of Financial Services (DFS), Ministry of Finance and Ministry of Civil Aviation (MoCA) to proceed further in the case. Finally, the resolution plan of the airline could not get through as promoters were not able to fulfil the required conditions in the stipulated time, he noted.

Jet Airways had dues of over ₹8,000 crore to a consortium of lenders led by SBI, besides liabilities of over ₹25,000 crore towards its vendors. Ultimately, in June 2019, the NCLT, Mumbai admitted CIRP application of the Company.

### For More Details, Please Visit:

<https://www.livemint.com/companies/news/sbi-board-wanted-govt-s-letter-of-support-for-jet-resolution-plan-rajnish-kumar-11634649546588.html>

## News Roundup

### RBI discovered ₹8,575.65 Cr of exposure towards related and connected parties in SREI Equipment Finance Ltd

An initial investigation by the Reserve Bank of India (RBI) has found that the SREI Equipment Finance Limited, which is undergoing through insolvency, has borrowers who were also part of 'investee' companies in the Group's alternative investment fund (AIF), with a total amount involved at Rs 4,156.66 crore. Furthermore, in a second set of borrowers of SREI Equipment where investment was also done by investee companies of AIF. The loan amount involved was to the tune of Rs 3,216.97 crore.

The total exposure towards such borrowers, which were categorised as related and connected parties by the RBI, was Rs 8,575.65 crore as of March 31, 2021.

**For More Details, Please Visit**

<https://www.businesstoday.in/latest/corporate/story/srei-group-insolvency-proceedings-srei-equipment-borrowers-aif-connection-309836-2021-10-19>

### LegalPay closed a Transaction of Interim Finance to Yashomati Hospitals during CIRP

Interim finance is a short-term, super-secured lending for six to 12 months granted to companies undergoing insolvency. The transaction was completed in a record time of less than three weeks. It is crucial for a debtor since the interim finance is used to meet the operational costs of immediate needs such as payments to professionals, workers, and security personnel among other things.

Presently, the interim finance is dominated by private equity and asset reconstruction companies or ARCs that typically focus on high-ticket transactions.

**For More Details, Please Visit:**

<https://www.businesstoday.in/latest/corporate/story/litigation-finance-start-up-funds-hospital-amid-insolvency-process-310075-2021-10-21>

### Germany's Frankfurt Hahn Airport, an international low cost flights hub, files for Insolvency

The airport, which is primarily used by low-cost airlines such as Ryanair and cargo airlines and served about 1.5 million passengers in 2019, is 82.5% owned by Chinese airport group HNA, while the German state of Hesse has a 17.5% stake.

In February, a Chinese court opened insolvency proceedings against HNA at creditors' request, though China's Liaoning Fangda Group and Hainan Development Holdings have since said they could settle the debt HNA owes to retail investors. It was not immediately clear how the insolvency would affect flight operations.

**For More Details, Please Visit:**

<https://www.reuters.com/business/german-cheap-flight-hub-frankfurt-hahn-files-insolvency-2021-10-19/>



### Johnson & Johnson has offered \$4 Billion to Settle Litigations with Talc Cancer Victims

Baby powder and other baby products maker Johnson & Johnson has offered \$4 Billion to settle over seven years of litigations with cancer patients in the USA. The US based company is facing about 40,000 suits over claims that its iconic baby powder caused different types of cancers. The group has put one of its units into bankruptcy.

The present offer is double of the amount J&J is now proposing to pay through a forced resolution under the US Bankruptcy Law, according to people familiar with the matter.

As per the proposal, the world's largest maker of health-care products wanted to split the \$4 billion between trusts established to settle current and future suits. The trusts would have been created as part of the 2019 bankruptcy case filed by Imerys Talc America Inc., J&J's talc miner.

However, the lawyers representing a substantial number of talc plaintiffs rejected the \$4 billion settlement offer as part of the Imerys case as too low. If this offer is approved, each plaintiff will receive about \$40,000.

**For More Details, Please Visit:**

<https://www.bloomberquint.com/onweb/j-j-offered-4-billion-to-settle-talc-months-before-bankruptcy>