

IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



HIGHLIGHTS

- **RBI Refuses to Dilute Feb. 12 Circular on Stressed Assets**
- **Banks weigh options to end Essar Steel insolvency proceedings**
- **NCLT dismisses Sterling Biotech's settlement plan approved by financial creditors and proposed by Sandesara brothers**
- **Whether 'Interest' on Delayed Payment Constitutes 'Debt' for IBC?**

Updates on Insolvency and Bankruptcy Code, 2016

➤ No dilution on Feb 12 circular over stressed assets: RBI

The Reserve Bank of India has maintained that there is no dilution in its stand with regard to February 12 circular on stressed assets recognition and resolution. As the circular directed lenders to refer any loan account over Rs 2,000 crore under the Insolvency and Bankruptcy Code if it is not resolved within 180 days of default and also imposed a one-day default rule i.e if banks have to treat a company as a defaulter even if it misses repayment schedule by a day. However, this harsh norm has been criticised in various quarters, including by a parliamentary committee.

Source: Timesofindia

Please find the full news at:

<https://timesofindia.indiatimes.com/business/india-business/no-dilution-on-feb-12-circular-over-stressed-assets-rbi/articleshow/68441888.cms>

➤ Banks weigh options to end Essar Steel insolvency proceedings

Creditors to Essar Steel are weighing three options, one of which might be put before an appellate bankruptcy court, as they seek to draw to close the insolvency proceedings that have dragged on for about two years. Lenders are therefore, under pressure to accept a solution before the fiscal year ends.

Source: Moneyguruindia

Please find the full news at:

<http://www.moneyguruindia.com/latest-news/2019/03/18/banks-weigh-options-to-end-essar-steel-insolvency-proceedings/>

➤ NCLT dismisses Sterling Biotech's settlement plan approved by financial creditors and proposed by Sandesara brothers

Sterling Biotech's lenders had previously agreed to a one-time settlement plan made under Section 12A of the Insolvency and Bankruptcy Code. The National Company Law Tribunal has dismissed the Sterling Biotech's settlement plan approved by financial creditors and proposed by Sandesara brothers the plan creates suspicion even as the company's promoters have been absconding.

Source: Financial Express

Please find the full news at:

<https://www.financialexpress.com/industry/nclt-dismisses-the-settlement-plan-approved-by-financial-creditors-of-sandesara-groups-flagship-company-sterling-biotech/1518098/>

➤ Whether 'Interest' on Delayed Payment Constitutes 'Debt' for IBC?

There is some ambiguity on whether interest, which does not flow from a written contract, would form part of a debt. As the IBC provides an expedited mechanism for resolution of corporate delinquency, the NCLT has not been envisaged as a body to enter into a detailed examination of evidence. In terms of this architecture, the jurisdiction to initiate CIRP under the IBC has been limited to payment of undisputed/admitted amounts. At the same time, the utter inequity in not considering a claim for interest as part of the admitted debt, would clearly puts the supplier/provider of the goods/services into great difficulty.

Source: Barandbench

Please find the full news at:

<https://barandbench.com/whether-interest-on-delayed-payment-constitutes-debt-for-ibc/>

