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Restructuring & Insolvency

Monthly Newsletter

September 2020

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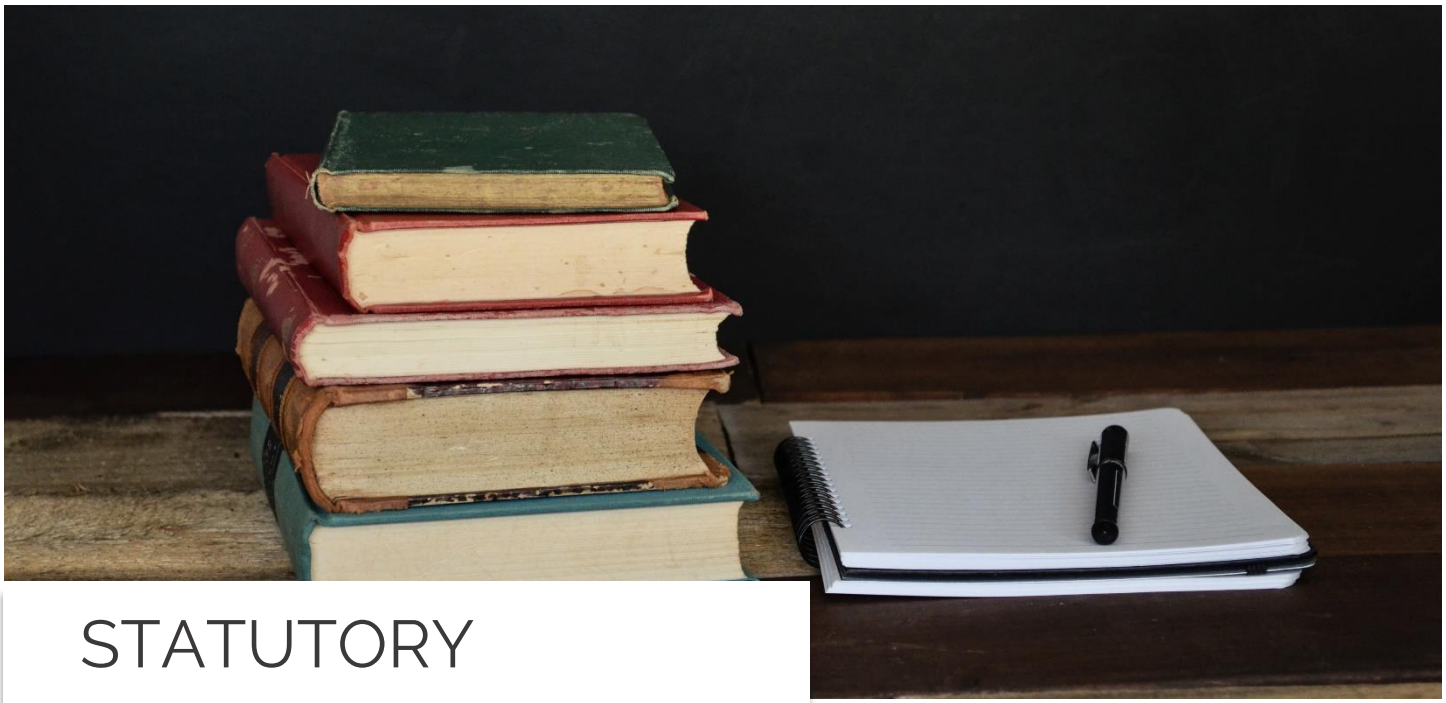


STATUTORY UPDATES

Amendment in the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

- On August 07, 2020, Insolvency and Bankruptcy Board of India (**IBBI**) notified the IBBI (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2020 and consequently, amended the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- The salient features of this amendment are as under:
  - As per the regulations, Interim Resolution Professional has to offer a choice of three Insolvency Professionals in the public announcement out of which the creditors in a class have to choose one of them to act as their Authorized Representative. The amendment requires that all three Insolvency Professionals must be from the State or Union Territory, which has highest number of creditors in the class.
  - Prior to this amendment, the Authorized Representative of creditors in a class was required to take voting instructions from such creditors at two stages i.e. before the meeting and after circulation of the minutes of the meeting. The amendment now provides that Authorized Representative has to seek the instructions only after circulation of minutes of meeting. However, it has been clarified that Authorized Representative will have circulate the agenda, and may seek preliminary views of creditors in the class before the meeting, to enable him to effectively participate in the meeting.
  - After the evaluation of all complaint resolution plans as per the evaluation matrix by the committee of creditors, committee has to now vote on all such resolution plans simultaneously.
- The changes brought about by way of the Amendment would help in filling the procedural lacunae which exist in Corporate Insolvency Resolution Process (**CIRP**) and would make it more efficient. However, one amendment which needs to be highlighted is the requirement of all compliant resolution plans being voted upon simultaneously by the committee of creditors. This, in our opinion, may end up blurring the concept of an H1 or H2 bidder. Further, it rarely happens that a plan is finalized without multiple rounds of negotiations between Resolution Applicant and Committee of Creditors. The simultaneous consideration of plans would make this process extremely difficult. This may also not result in value maximization. However, its true effect can only be seen with time.

Notification No. RBI/2020-21/17 DOR. No. BP.BC/4/21.04.048/2020-21 dated August 06, 2020 issued by Reserve Bank of India

- Vide Notification No. RBI/2018-19/100 dated January 01, 2019, it was decided to permit a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification subject to the conditions mentioned therein. Subsequently, this was extended on February 11, 2020 by way of Notification No. RBI/2019-20/160.
- Now, in view of the Covid-19 pandemic and the continued need to support the viable MSME entities, vide the said Notification dated August 06, 2020, RBI has decided to further extend the scheme.
- The salient features of the Notification dated August 06, 2020 are as under:
  - MSME loan accounts classified as 'standard' can be restructured without downgrading the asset classification, provided that:
    - The aggregate exposure does not exceed INR 25 Crore as on March 01, 2020
    - The MSME's account was 'standard' as on March 01, 2020
    - Restructuring is implemented by March 31, 2021
    - The borrowing entity is GST registered on the date of implementation of the restructuring (not applicable to MSMEs exempted from GST registration)
  - Further, accounts that have slipped into NPA category between March 02, 2020 and date of implementation may be upgraded as 'standard asset' on date of implementation of restructuring plan.
  - It is also pertinent to note that RBI has directed banks to maintain an additional provision of 5%, over and above provision already held by them for accounts restructured under these guidelines.
- This notification comes at a time when the economy is fighting the adverse effects of the Covid-19 pandemic and by providing some much needed comfort to the MSMEs, this move by the RBI would be widely appreciated by all stakeholders involved.

Amendment in the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016

- On August 05, 2020, IBBI notified the IBBI (Liquidation Process) (Third Amendment) Regulations, 2020 and consequently amended the IBBI (Liquidation Process) Regulations, 2016.
- By way of this amendment, a clarification has been inserted in Regulation 4, which provides that the liquidator is entitled to a fee corresponding to the amount realized by him, when he realizes an amount but does not distribute it. Similarly, liquidator is entitled to a fee corresponding to the amount distributed by him when liquidator distributes an amount which has not been realized by him.
- This amendment is important as there have been instances wherein an amount realized by one liquidator is distributed by another to the stakeholders. Such situations have led to confusion regarding the fee payable to such liquidators. This clarification ensures that such confusion is avoided.

Amendment in IBBI (Voluntary Liquidation Process) Regulations, 2016

- On August 05, 2020, IBBI notified IBBI (Voluntary Liquidation Process) (Second Amendment) Regulations, 2020 and consequently amended IBBI (Voluntary Liquidation Process) Regulations, 2017.
- By way of this amendment, a corporate person is allowed to replace the Insolvency Professional appointed by them as liquidator by appointing another Insolvency Professional as liquidator subject to a resolution passed by members, partners or contributories, as the case may be. The Insolvency Professional is required to intimate the Board within three days of his appointment as liquidator.

RECENT JUDGMENTS

Sunil S. Kakkad v. Atrium Infocom Pvt Ltd

Judgment dated August 10, 2020 in Company Appeal (AT) (Insolvency) No. 194 of 2020

Background facts

- This Appeal in NCLAT arose from the order of NCLT, Ahmedabad Bench dated December 05, 2019 wherein NCLT passed an order for liquidation for Atrium Infocom Pvt. Ltd. (**Corporate Debtor**). The said Application was filed by Interim Resolution Professional on the basis of resolution passed by Committee of Creditors to liquidate the Corporate Debtor.
- In this matter, Committee of Creditors passed the Resolution that Corporate Debtor is not working for last five years and there is no possibility/hope of a Resolution Plan. Therefore, Committee of Creditors decided to liquidate the Corporate Debtor. It is relevant to note that this decision was taken even without inviting Expression of Interest for the Corporate Debtor.

Issue at hand?

- Whether Resolution Professional, with the approval of Committee of Creditors with 66% vote share, can directly proceed for liquidation of Corporate Debtor without taking any steps for Resolution of Corporate Debtor?

Decision of the Tribunal

- NCLAT observed that according to the Explanation to Section 33(2) of IBC, Committee of Creditors is fully empowered to order for liquidation at any stage of the CIRP, but before confirmation of Resolution Plan.
- NCLAT also discussed the ratio in case of *K. Sashidar v. Indian Overseas Bank*, wherein Supreme Court was of the opinion that neither NCLT nor NCLAT has been endowed with the jurisdiction to reverse the commercial wisdom of Committee of Creditors.
- In view of the above, NCLAT held that the decision of the Committee of Creditors to liquidate the Corporate Debtor without taking any steps for resolution of the Corporate Debtor is covered under the aforementioned section and the same being a decision based on commercial wisdom, is non-justiciable. Therefore, there is no illegality in the decision of the Committee of Creditors.
- Thus, NCLAT declined to interfere with the order of the NCLT and Appeal was dismissed.

Our viewpoint

This is an important decision as it reiterates that the decision of the Committee of Creditors, if in line with the legal provisions of the IBC, is sacrosanct and the commercial wisdom of the Committee of Creditors cannot be questioned by the NCLT and the NCLAT.

Rajendra Kumar Tekriwal v. Bank of Baroda

Judgment dated August 13, 2020 in Company Appeal (AT) (Insolvency) No. 225 of 2020

Background facts

- This Appeal in NCLAT arose from order of NCLT, Indore bench dated January 03, 2020 wherein, CIRP against Pithampur Poly Products (**Corporate Debtor**) was initiated by Bank of Baroda (**Financial Creditor**).
- In the present matter, Appellant contended that the date of default of financial debt is May 01, 2000 which is the date on which account was declared as NPA. For purpose of IBC, this debt could be claimed as a default only within a period of three years from such date, failing which, case stands to be barred by limitation.
- It was contended by Financial Creditor that the debt did not get out of limitation since there was no break in continuation of limitation period. Corporate Debtor regularly kept acknowledging its debt by executing Letters of Acknowledgement. Further, Financial Creditor initiated recovery before Debt Recovery Tribunal, Jabalpur on June 30, 2004 which was decreed on July 27, 2011. Subsequently, Corporate Debtor filed a Writ Petition before High Court of Madhya Pradesh, which was disposed of in 2018. Thereafter, Financial Creditor filed an Application under Section 7 of IBC before NCLT, Indore.

Issue at hand?

- Whether filing of recovery proceeding before Debt Recovery Tribunal and claim being subsequently decreed would shift the date of default?

Decision of the Tribunal

- NCLAT observed that it is settled law that provisions of Limitation Act, 1963 are applicable to applications relating to triggering of CIRP under IBC. Thus, Article 137 of Limitation Act prescribing a period of three years applies to such applications.
- NCLAT placed reliance on case of *B.K Educational Services Pvt Ltd. v. Parag Gupta and Associates* and observed that right to sue accrues when a default occurs and if such default has occurred over three years prior to date of filing of application, then the Application would be barred unless facts of the case condone such delay.
- Regarding computation of a fresh period of limitation from date of acknowledgement of liability under Section 18 of Limitation Act, NCLAT observed that if any acknowledgement is made after period for enforcement of such right, recovery of such debt would not fall within purview of this Section.
- In view of the above, NCLAT held that subsequent developments in form of recovery proceedings before Debt Recovery Tribunal culminating in passing of recovery order/decree would not shift the date of default leading to classification of Corporate Debtor's account as NPA. Further, it was held that on date of triggering of CIRP against Corporate Debtor claim was clearly barred by limitation.
- Therefore, NCLAT allowed the Appeal and set aside the impugned order of NCLT.

Our viewpoint

By way of this judgment, NCLAT has re-emphasized that the date of default would be the date of classification of account as NPA and same cannot be shifted on account of passing of recovery orders or decrees. Further, it has been re-emphasized that for the purpose of Section 18 of Limitation Act, acknowledgement must be made within the period for enforcement of said right. Subsequent to this judgment, on August 14, 2020, Supreme Court (**SC**) passed a judgment titled *Babulal v. Veer Gurjar Aluminium* where balance sheet acknowledgements were sought to be relied upon for the first time before SC. It held that entries in the Balance Sheets cannot be relied upon since they were never placed before NCLT. This judgment was further interpreted by NCLAT on August 28, 2020 in a judgment titled *Jagdish Prasad Sarada v. Allahabad Bank* which held that date of default is sacrosanct (being the date of NPA) and it cannot be shifted by relying upon Section 19 of Limitation Act, even if there was a payment made by Corporate Debtor to Financial Creditor. We strongly feel that the jurisprudence regarding various nuances of applicability of limitation act to proceedings under IBC is still developing and is anything but settled or clarified.

Univalue Projects Pvt Ltd & Ors v. Union of India & Ors

Judgment dated August 18, 2020 in W.P. No. 5595 (W) of 2020, C.A.N. 3347 of 2020, W.P. No. 5861 (W) of 2020 and C.A.N. 3937 of 2020

Background facts

- These Writ Petitions were filed as a challenge to an order dated May 12, 2020 passed by NCLT, New Delhi, which imposed a mandatory prescription on all financial creditors to submit certain financial information as a record of default before Information Utility (**IU**) as a condition precedent for filing any new application under Section 7 of IBC. This order also imposed prescription retrospectively on all those applicants who have pre-existing applications pending under the said Section before NCLTs.
- In the present matter, it was contended by the Petitioner that this order has been issued de hors the Companies Act, 2013 which establishes the NCLT, the provisions of the IBC as well as prevailing Regulations issued by the IBBI. It was further contended that a procedural statute should not be applied retrospectively where the result would be creation of new disabilities or obligations, or imposition of new obligations in respect of accomplished transactions.
- The Petitioner contended that on a conjoint reading of Section 7(3)(a) of IBC and Regulation 8 of CIRP Regulations, NCLT can consider either of the options, a record of default recorded by IU or such documents as have been specified by IBBI vide its regulations.
- The Respondent's stand was that based on Section 424 of Companies Act, 2013 (**CA 2013**), both NCLT and NCLAT were vested with powers to regulate their own procedures. The impugned order was implementation of mandatory and necessary requirement and compliance of various provisions of IBC. Therefore, it was argued that NCLT was within its rights to issue the said order dated May 12, 2020.

Issues at hand?

- What is the scope of powers of NCLT and whether the exercise of the same in the impugned order is *de hors* IBC and the rules and regulations framed thereunder?
- Whether NCLT could enforce such order retrospectively?

Decision of the Tribunal

- At the outset, NCLAT observed that while both NCLT and NCLAT have been conferred with powers to regulate their own procedure, their powers are limited both by principles of natural justice as well as statutory provisions and regulations framed under such legislations.
- NCLAT inter alia made conclusions as under:
  - NCLT has acted without jurisdiction and exceeded its jurisdiction which is limited within the four corners of Section 424 of CA 2013 by passing the impugned order dated May 12, 2020 in violation of Section 7(3)(a) of IBC. Furthermore, impugned order is in confrontation with Rule 4 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 and Regulation 8 of CIRP Regulations and thereby defeats the very purpose for which IBC has been enacted.
  - The financial creditors can rely on either of the modes of evidences at hand to showcase a financial debt, that is, either a record of default from the IU or any other document as specified which showcases the existence of a financial debt. Such other documents may belong to any of the four classes of documents stated in sub-regulation 2(b) of Regulation 8 of the CIRP Regulations or all the eight classes of documents stated in Part-V to Form-1 appended with the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.
  - Any delegatee under IBC and CA 2013 that is, Central Government, IBBI and NCLT cannot make regulations which have a retrospective effect.
- Therefore, NCLAT held that the impugned order dated May 12, 2020 is ultra vires the IBC.

Our viewpoint

This decision does away with the mandatory requirement of filing of record of default obtained from Information Utilities. While on one hand, it makes the process of filing easier, however on the other hand, it does away with the filing of a document which would have helped the financial creditors in proving their case. Irrespective of the same, acting in furtherance of this order, the NCLT has done away with this mandatory requirement and has made it discretionary to submit the record of default.

Andal Bonumalla v. Tomato Trading LLP & Ors.

Judgment dated August 20, 2020 in Company Appeal (AT) (Insolvency) No. 752 of 2019

Background facts

- This Appeal in NCLAT arose from order of NCLT, Hyderabad Bench dated June 03, 2019 wherein NCLT admitted the application filed by Tomato Trading LLP (**Operational Creditor**) under Section 9 of IBC for initiation of CIRP against the Corporate Debtor.
- The brief facts are that Operational Creditor entered into a purchase agreement with Corporate Debtor for supply of sugar. Pursuant to the agreement, Operational Creditor paid an advance amount to Corporate Debtor. However, Corporate Debtor failed to supply the sugar and refund the entire amount. Thus, Operational Creditor filed the said application before NCLT.
- In the present case, Corporate Debtor argued before NCLAT that the advance amount for supply of goods does not come within the definition of Operational Debt. Therefore, since Corporate Debtor does not owe an 'Operational debt', an Application under Section 5(20) of IBC cannot be filed.

Issue at hand?

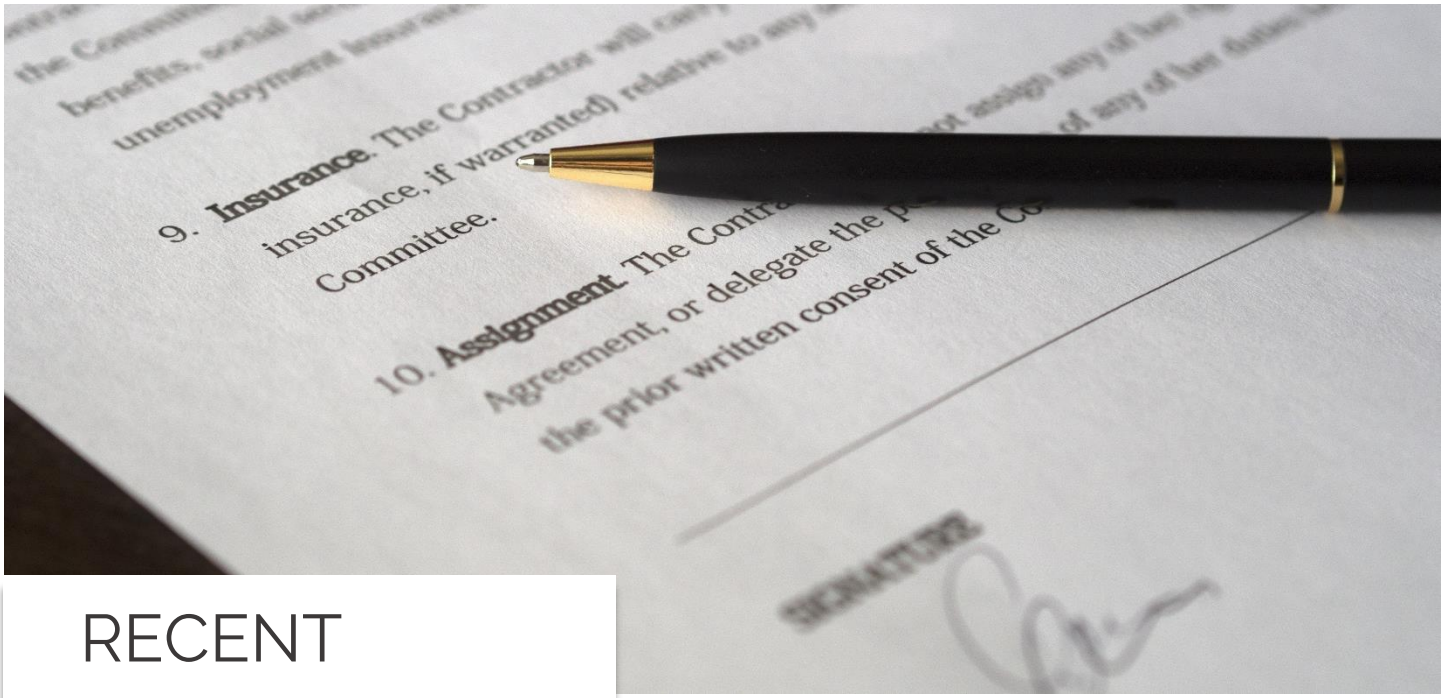
- Whether an advance amount for supply of goods can be considered as an 'Operational Debt' under Section 5(20) of IBC?

Decision of the Tribunal

- NCLAT observed that Tomato Trading LLP has not supplied any goods or provided any services to the Corporate Debtor but paid an advance amount for supplying sugar. This advance amount in the hands of Corporate Debtor cannot be termed as 'Operational Debt' and consequently, Tomato Trading LLP does not come within the definition under Section 5(20) of IBC and is not an Operational Creditor.
- In view of the above, Appeal was allowed, and Impugned Order of NCLT was set aside.

Our viewpoint

This decision brings clarity regarding classification of advance amount as an Operational Debt and ensures that proceedings under the IBC are not misused as a debt recovery mechanism.



RECENT **DEALS**

Resolution of Aircel by UV Asset Reconstruction Co. Ltd – Hurdles and Obstacles

- It is relevant to note that vide Order dated June 09, 2020, NCLT, Mumbai Bench approved the Resolution Plans submitted by UV Asset Reconstruction Co Ltd (**UVARC**) for Aircel Ltd, Dishnet Wireless Ltd and Aircel Cellular Ltd.[1]
- The Resolution Plan so approved envisaged a comprehensive strategy spanning all three entities. This Resolution Plan was approved by the Committee of Creditors with voting share of 73.88%
- However, Department of Telecommunications (**DoT**) challenged the same before NCLAT alleging that the Resolution Plan sought to transfer the spectrum which was in violation of License Agreement and Notice Inviting Applications conditions, in addition to such transfer lacking government and DoT approval. The DoT had claimed dues from Aircel as an Operational Creditor and Adjusted Gross Revenue (**AGR**) along with unpaid instalments for the right to use spectrum. However, this Appeal was dismissed citing delay in filing.
- Subsequently, DoT filed an Appeal in SC which questioned its ability to procure AGR dues of bankrupt telecom companies if their spectrum were transferred during the insolvency resolution process, and if the AGR dues of Videocon and Aircel could be fixed on Bharti Airtel which had traded spectrum with both. In the final judgment, Supreme Court allowed 10 years for staggered payment of AGR dues. The Court also observed that the non-payment of annual instalments would invite contempt proceedings. While on the issue of whether spectrum could be subject to insolvency proceedings or not, SC declined to decide and has asked NCLT to decide the same.
- Incidentally, if the spectrum is not allowed to be sold, several Corporate Debtors such as Aircel Group, R-Com might be inevitably headed towards liquidation.
- Interestingly, recently Reserve Bank of India has objected to the Resolution Plan proposed by UVARC on the ground that submitting a resolution plan does not fall within the contours of SARFAESI Act. This has thrown a further spanner in the works. It has been learnt that State Bank of India, one of the largest lenders to the Aircel Group has sought an urgent meeting with RBI to sort out RBI's objection regarding UVARC's participation as a Resolution Applicant. It'll be interesting to see how this eventually pans out.

[1] We covered this deal in July, 2020 edition of our Restructuring & Insolvency Monthly Newsletter. To read about it please click here.

Resolution of Gopala Polyplast Ltd by Plastene India Ltd

- CIRP of Gopala Polyplast Ltd came to a successful end vide order dated August 07, 2020 passed by NCLT, Ahmedabad Bench wherein it approved the Resolution Plan submitted by Plastene India Ltd.
- CIRP commenced on May 02, 2019 when NCLT, Ahmedabad Bench passed an order for admission of Application filed against the Corporate Debtor under Section 9 of IBC. Mr. Vikash G Jain was appointed as Interim Resolution Professional and subsequently as the Resolution Professional.
- Resolution Professional conducted the CIRP and thereafter, Resolution Plan submitted by Plastene India Ltd (which was the lone Resolution Applicant) was approved by 91.28% voting share of Committee of Creditors.
- This Plan was placed before NCLT, which accorded its approval vide an order dated August 07, 2020.
- The approval of these resolution plans in present times only propels the belief that the IBC is the only efficacious remedy for resolution of loss-making companies. In the present economic crisis, resolution and restructuring of the admitted concerns will be a way forward and would provide stability to the work force during such uncertain times.

Resolution of Payne Realtors Pvt. Ltd. by City Gold Entertainment Ltd

- Resolution Process of Payne Realtors Pvt Ltd came to an end vide an order dated August 24, 2020 passed by NCLT, Principal Bench, New Delhi wherein it approved the Resolution Plan submitted by City Gold Entertainment Limited in the CIRP of the Payne Realtors Pvt Ltd.
- The said CIRP commenced on July 25, 2019, following an order passed by NCLT, Principal Bench for admitting Section 7 Application filed against the Corporate Debtor by Axis Bank. Thereafter, after following the due process, Resolution Plan of City Gold Entertainment Ltd was approved in a meeting of Committee of Creditors held on July 11, 2020.
- The said resolution plan was approved with 100% votes post certain minor changes as suggested by Committee of Creditors.
- This is a positive outcome especially under the current economic contraction.

SECTOR FOCUS

IRON & STEEL

- Given its relevance for core infrastructure and industrial development, iron and steel sector is regarded as critical for sustained economic development. However, this sector, being capital-intensive, is reeling under debt pressure due to the economic downturn and lack of large-scale infrastructure projects.
- Domestic steel consumption growth slowed to 4.2% in financial year 2019-20 against an initial growth projection of 7.5% in the beginning of the year. The domestic steel sector registered a stark easing of growth to 1.8% in 2019 compared to 7.7% growth in the previous year.
- Given the above factors, the IBC has had a major role to play in this sector.

Admitted[2]	Closed[3]	Ongoing
89	44	45

- Some of the iron and steel companies that have undergone insolvency proceedings are as follows:

  - **Essar Steel India Ltd**

    On December 16, 2019, ArcelorMittal completed the acquisition process of Essar Steel India Ltd, one of the biggest defaulters on RBI's 'dirty dozen' list of bad loans. Under the Resolution Plan, creditors of Essar Steel India Ltd were to be paid approximately INR 42,000 crore. Further, Essar Steel India Ltd would be jointly owned by ArcelorMittal and Nippon Steel Corporation, with ArcelorMitttal holding 60% share in the venture.

    It is relevant to note that later in March 2020, joint venture between Nippon Steel Corporation and ArcelorMittal (AMNS Luxembourg Holding S.A.) entered into a USD 5.14 billion term loan agreement to refinance a loan taken for acquiring the erstwhile Essar Steel, now known as ArcelorMittal Nippon Steel India Ltd. This 10-year term loan agreement was negotiated with Japan Bank for International Cooperation, MUFG Bank Ltd, Sumitomo Mitsui Banking Corporation, Mizuho Bank Europe N.V. and Sumitomo Mitsui Trust Bank Ltd. Simultaneously, a separate litigation filed by ArcelorMittal USA against Essar Group promoters was dismissed by the Court of Appeal.

[2] As per IBBI Quarterly Newsletter, April-June 2020

[3] Out of Total Closed – 07 have been Appeal/Reviewed, 08 have been withdrew under Section 12A, Resolution was approved for 04 and Liquidation has commenced for 25

The Appeal was against the judgment of London High Court refusing a worldwide freezing order against the parent company which allegedly owed ArcelorMittal USD 1.5 billion in an earlier arbitration award and had moved assets around to keep them out of the reach of creditors.

- ### Bhushan Power and Steel Ltd

  Resolution Plan proposed by JSW Steel was approved by NCLAT in February 2020 wherein JSW Steel was to acquire Bhushan Power and Steel (**BPSL**) for INR 19,700 crore. The order for approval also provided protection from attachment by Directorate of Enforcement (**ED**) under Section 32(A) of IBC. Soon, this order of NCLAT was challenged before SC by an erstwhile managing director of BPSL who alleged that JSW Steel was erroneously allowed to retain Corporate Debtor's earnings before interest, tax, depreciation and amortization (**EBITDA**) generated during CIRP. ED also alleged that NCLAT had no jurisdiction to approve sale of an asset attached by investigating agency. It had earlier attached assets in connection with its money laundering probe for an alleged bank loan fraud by BPSL's owners.

  SC did not stay the implementation of Resolution Plan but admitted the case. It was also stated that if JSW Steel makes any payment towards purchase of BPSL and loses the said case, lenders would be obliged to return the money. Further, JSW Steel submitted that it was not possible for them to pay the lenders while the case was pending after already missing the deadline to pay in March as per originally approved Resolution Plan. The final judgment on the case was scheduled to be announced on September 8 but now has been delayed, giving two weeks' time to all the parties for their final arguments.

- ### M/s Nova Steels (India) Ltd

  Vide order dated February 20, 2020, NCLT Cuttack Bench admitted the Application filed under Section 9 of IBC against M/s Nova Steels (India) Ltd by M/s Pohoja Print Solutions Pvt Ltd for an operational debt to the tune of INR 8,86,368/- on account of printing annual reports of Corporate Debtor. Corporate Debtor admitted that they were unable to meet their financial liabilities and that the possession of assets of company charged to financial institutions had already been taken over by IDBI on January 20, 2006 and by Punjab National Bank on January 24, 2006. In view of the same, NCLT Cuttack Bench directed for commencement of CIRP against M/s Nova Steels (India) Ltd.

- ### Rathi Super Steel Ltd

  Vide Order dated June 12, 2019, NCLT, Principal Bench, New Delhi admitted an Application filed against the Corporate Debtor under Section 7 of IBC by Dena Bank (at present Bank of Baroda), the lead bank in the consortium of 11 banks. Mr. Harish Chander Arora was appointed as IRP, who thereafter constituted the Committee of Creditors and was subsequently appointed as RP. The RP conducted CIRP of Corporate Debtor. However, no viable Resolution Plan was submitted for the Corporate Debtor. Consequently, an Application was filed under section 33(2) of IBC praying for liquidation of Corporate Debtor on the ground that value which may be fetched by Corporate Debtor in liquidation is much more than the value being offered by Resolution Applicants. The said Application was allowed by Principal Bench vide order dated June 19, 2020 and accordingly, liquidation proceedings against Corporate Debtor were commenced.

- ### Vinayak Rathi Steels Rolling Mills Private Ltd

  Vide order dated June 16, 2020, NCLT, New Delhi Bench admitted an Application preferred under Section 7 of IBC by Jammu & Kashmir Bank Ltd against the Corporate Debtor for dues worth INR 50,49,57,539/-. One of the stands taken by the Corporate Debtor was that due to unfavorable business conditions, Corporate Debtor was not being able to pay the instalments on time and hence, the default. However, NCLT did not accept any of the grounds and since the Application was complete, therefore, NCLT admitted Section 7 Application and directed for commencement of insolvency proceedings against Vinayak Rathi Steels Rolling Mills Private Ltd.

- Steel consumption is one of the major indicators of economic progress. At present, demand for steel has taken a huge hit, which has led to significant concerns around debt servicing and business continuity. The sector needs special impetus from the government in terms of aid for servicing of debt and measures for increasing the demand by undertaking different infrastructural projects. It is imperative that a focused package is introduced for providing relief to this sector.

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