

# 2 years on, debt resolution of first dozen firms drags on

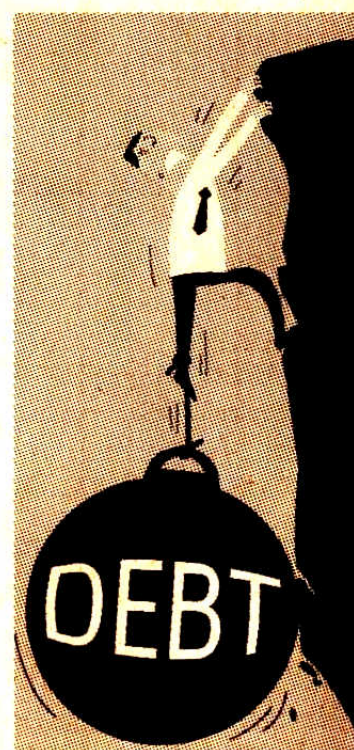
**SUBRATA PANDA**

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Of the 12 large accounts which were referred to the National Company Law Tribunal (NCLT) for resolution by the Reserve Bank of India (RBI) in 2017, resolution of seven corporate debtors has been approved and orders for liquidation has been passed in respect of two corporate debtors even as the resolution process for three of the remaining has not concluded.

The combined debt of these 12 large accounts was ₹3.45 trillion; the amount realised so far is ₹1.01 trillion. The liquidation value of these 12 large accounts was ₹73,220 crore.

Electrosteel Steels, Bhushan Steel, Monnet Ispat & Energy, Essar Steel India, Alok Industries, Jyoti Structures and Bhushan Power & Steel are the companies where a resolution plan has been approved. Lanco Infratech and ABG Shipyard are under liquidation. Bhushan Steel has the highest realisation as a percentage of claims, at 63.5 per cent. Followed by Essar Steel India at 60.7 per cent. Alok Industries is



## TAKING STOCK

**COMPLETED:** Status of the large accounts referred to IBC by RBI in first list

### CLAIMS OF FINANCIAL CREDITORS DEALT UNDER RESOLUTION

Name of corporate debtor	Amount admitted (₹)	Amount realised (₹)	Realisation as % of claims	Realisation by all claimants as % of liquidation value	Successful resolution applicant
Electrosteel Steels	13,175	5,320	40.38	183.45	Vedanta
Bhushan Steel	56,022	35,571	63.50	252.88	Bamnipal Steel
Monnet Ispat & Energy	11,015	2,892	26.26	123.35	Consortium of JSW & AION Investments
Essar Steel India	49,473	30,030	60.70	265.18	Arcelor Mittal India
Alok Industries	29,523	5,052	17.11	113.96	RIL, JM ARC
Jyoti Structures	7,365	3,691	50.12	387.44	Sharad Sanghi
Bhushan Power & Steel	47,158	19,350	41.03	203.39	JSW

## UNDER PROCESS

**Amtek Auto:** CIRP recommended; **Era Infra Engineering:** Under CIRP; **Jaypee Infratech:** Under CIRP; **Lanco Infratech:** Under liquidation; **ABG Shipyard:** Under liquidation

CIRP: Corporate Insolvency Resolution Process

17.11 per cent is the lowest.

Although the resolution plan for Essar Steel and Bhushan Steel and Power has been approved by the NCLT, these were subsequently challenged before the Supreme Court and National Company Law Appellate Tribunal (NCLAT), respectively. In the case of Essar,

the apex court reversed the judgment of NCLAT, where the latter had ruled that operational creditors have to be treated at par with financial creditors at the time of settling claims.

In the Bhushan Power & Steel case, NCLAT has asked the enforcement directorate and the

Union ministry of corporate affairs to reach a consensus regarding the attachment of assets. Differences between the two official bodies has stalled the resolution process — JSW Steel was set to take over the company, being the successful resolution applicant.

On the three unresolved cases,

the insolvency resolution process at Amtek Auto has re-commenced. It was headed for liquidation after UK-based Liberty House, the successful resolution applicant, did not fulfil its earlier commitment. The committee of creditors then approached the apex court against liquidation, saying this step would benefit none and hit the nearly 2,500 employees.

In the case of Era Infra Engineering, the lenders got a breather from the bankruptcy court, as 215 days were excluded from the insolvency process calculation, since this had been marred by investigations of income tax authorities, making it difficult for prospective bidders to examine the books of accounts, which were in the custody of the authorities.

On Jaypee Infratech, the apex court has reserved its order on Jaypee Group's plea against the appellate tribunal order that the parent company of a corporate debtor cannot participate in the debt resolution process. Earlier, state-owned NBCC had given a revised resolution plan but this was returned.