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: 1

## SBI may get ₹12,000 crore

The profitability of banks is set to get a major boost in the current quarter, with the Supreme Court's decision. Banks have an exposure of about ₹50,000 crore to Essar Steel. Some bankers said, according to the original resolution plan, Arcelor-Mittal will have five days to pay the creditors. State Bank of India will be one of the biggest beneficiaries and will get around ₹12,000 crore. ▶ PAGE 15

# Essar verdict: banks to see profitable Q3

Lenders expect payment to be in by December 31; recovery to directly go into profit and loss account

SPECIAL CORRESPONDENT  
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Profitability of banks is set to get a major boost in the current quarter, with the Supreme Court on Friday paving the way for the acquisition of Essar Steel by ArcelorMittal. Banks have an exposure of about ₹50,000 crore to Essar Steel.

Some of the bankers said, according to the original resolution plan, ArcelorMittal will have five days to pay the creditors. "In any case, the payment will definitely come by December 31. So, this will boost the profitability of the banks for the Oct.-Dec. period," said a senior official of a public sector bank. Banks have already provided 100% for the loans given to the steelmaker. As a result, the recovery from this account will directly go into the profit and loss account, which will improve the profit.

State Bank of India will be one of the biggest beneficiaries which will get around ₹12,000 crore. "This much-awaited judgment also settles to rest numerous points of law under the Insolvency and Bankruptcy Code which were tested in various courts. This should significantly reduce the scope for long drawn litigations under IBC and would eventually lead to faster resolutions of stressed assets," SBI Chair-

## Steely resolve

Banks have an exposure of about ₹50,000 crore to Essar Steel; lenders have already provided 100% for the loans given to the firm

State Bank of India will be one of the biggest beneficiaries and will get around ₹12,000 crore. Bankers felt their dues will be paid at least by December 31

Bank	Admitted claim (₹ cr.)	CoC approved distribution (₹ cr.)
SBI	13,226	12,161
Edelweiss ARC	8,266	7,636
Canara Bank	3,798	3,493
Standard Chartered	3,557	60.71
PNB	2,936	2,701
Deutsche Bank AG	2,829	2,603
IDBI Bank	2,481	2,282
ICICI Bank	2,294	2,110
Union Bank	2,122	1,952
Bank of India	1,985	1,826
Corporation Bank	1,566	1,441



In February 2017, the RBI directed banks to refer 12 large NPA cases to the National Company Law Tribunal. The resolution process for 7 accounts - indicated below - has been concluded

No.	Name	Admitted	Realised	%	Successful applicant
1	Bhushan Steel	56,022	35,751	63.50	Tata Steel
2	Bhushan Power & Steel	47,158	19,350	41.03	JSW Steel
3	Alok Industries	29,523	5,052	17.11	RIL, JM Financial ARC
4	Electrosteel	13,175	5,320	40.38	Vedanta Limited
5	Monnet Ispat	11,015	2,892	26.26	JSW & Aion Investments
6	Jyoti Structures	7,365	3,691	50.12	Group of HNIs
7	Essar Steel	49,473	42,000	84.89	ArcelorMittal

Figures in ₹ cr. | Compiled by Piyush Pandey, Manojit Saha

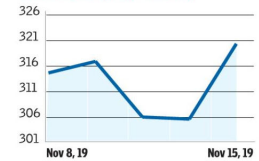
man Rajnish Kumar said.

"The Supreme Court has upheld that the ultimate discretion on distribution of funds is with the Committee of Creditors. It has held that

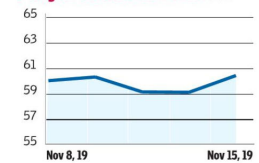
the secured and unsecured financial creditors are differentiated when it comes to amounts to be paid under a resolution plan, together with what dissenting secured

or unsecured financial creditors are to be paid. It has been held that the CoC can distribute among the secured financial creditors as per their commercial wis-

State Bank of India ₹322



Punjab National Bank ₹61.9



dom as CoC is not restricted from classifying creditors as financial, operational, secured or unsecured," he said.

Edelweiss ARC, which has the second-highest exposure to the steel company, said the CoC's power to decide the resolution cannot be taken away. "Everyone was very clear that this was required," R.K. Bansal, CEO, Edelweiss ARC, said. "Basically, CoC has the decision-making power - how the resolution plan and how the distribution will happen. CoC's power to decide the resolution cannot be taken away," he said. Bank stocks reacted positively, with SBI's share price rising 5.2%, PNB's 2.65%, IDBI Bank's 3.3%, while Canara Bank's share closed 2.5% higher.