

MARKET WATCH

| | 15-11-2019 | % CHANGE |
|-----------|------------|----------|
| Sensex | 40,357 | 0.17 |
| US Dollar | 71.78 | 0.25 |
| Gold | 38,875 | -0.38 |
| Brent oil | 62.74 | -0.44 |

NIFTY 50

| | PRICE | CHANGE |
|---------------------|----------|---------|
| Adani Ports | 366.30 | -2.80 |
| Asian Paints | 1760.70 | -11.15 |
| Axis Bank | 716.90 | 1.00 |
| Bajaj Auto | 3215.35 | -17.95 |
| Bajaj Finserv | 9057.85 | -4.00 |
| Bajaj Finance | 4187.60 | -22.95 |
| Bharti Airtel | 393.05 | 30.55 |
| BPLCL | 506.55 | -8.10 |
| Britannia Ind | 3195.55 | -35.25 |
| Cipla | 463.25 | 11.85 |
| Coal India | 201.15 | -1.20 |
| Dr Reddys Lab | 2730.80 | -3.25 |
| Eicher Motors | 21324.05 | -234.10 |
| GAIL (India) | 124.30 | 2.50 |
| Grasim Ind | 755.15 | 21.20 |
| HCL Tech | 1142.30 | -5.50 |
| HDFC | 2224.05 | -2.75 |
| HDFC Bank | 1277.90 | 4.00 |
| Hero MotoCorp | 2543.20 | -48.45 |
| Hindalco | 187.75 | -0.75 |
| Hind Unilever | 2057.70 | -11.35 |
| ICICI Bank | 499.55 | 1.20 |
| IndusInd Bank | 1359.00 | -16.10 |
| Bharti Infratel | 227.15 | 18.50 |
| Infosys | 703.90 | -1.40 |
| Indian Oil Corp | 131.70 | -5.15 |
| ITC | 250.65 | -3.25 |
| JSW Steel | 244.75 | -1.00 |
| Kotak Bank | 1622.75 | 25.15 |
| L&T | 1377.65 | -2.80 |
| M&M | 583.05 | 4.60 |
| Maruti Suzuki | 7147.20 | -99.95 |
| Nestle India Ltd. | 14295.55 | 64.20 |
| NTPC | 117.35 | -1.20 |
| ONGC | 135.55 | -0.65 |
| PowerGrid Corp | 187.65 | -0.35 |
| Reliance Ind | 1470.85 | 8.10 |
| State Bank of India | 321.90 | 15.90 |
| Sun Pharma | 415.05 | 4.85 |
| Tata Motors | 168.55 | 1.50 |
| Tata Steel | 394.50 | 2.55 |
| TCS | 2174.45 | -22.35 |
| Tech Mahindra | 751.95 | -6.40 |
| Titan | 1158.45 | -10.65 |
| UltraTech Cement | 4077.40 | 74.00 |
| VEDL | 530.30 | -5.25 |
| Upenta | 142.10 | -1.90 |
| Wipro | 252.55 | -0.20 |
| YES Bank | 68.70 | -0.05 |
| Zee Entertainment | 287.90 | 5.90 |

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on November 15

| CURRENCY | TT BUY | TT SELL |
|--------------------|--------|---------|
| US Dollar | 71.58 | 71.90 |
| Euro | 78.96 | 79.32 |
| British Pound | 92.20 | 92.62 |
| Japanese Yen (100) | 65.88 | 66.18 |
| Chinese Yuan | 10.21 | 10.25 |
| Swiss Franc | 72.34 | 72.66 |
| Singapore Dollar | 52.57 | 52.81 |
| Canadian Dollar | 54.04 | 54.29 |
| Malaysian Ringgit | 17.24 | 17.32 |

Source: Indian Bank

BULLION RATES CHENNAI

November 15 rates in rupees with previous rates in parentheses

| | | |
|--------------------|------|--------|
| Retail Silver (1g) | 47.7 | (48.4) |
| 22 ct gold (1 g) | 3638 | (3663) |

Exports decline 1.1% in October

PRESS TRUST OF INDIA
NEW DELHI

The country's exports dipped by 1.1% to \$26.38 billion in October on account of contraction in sectors such as petroleum and leather.

In September also, exports had contracted by 6.57% to \$26 billion.

Imports too declined by 16.31% to \$37.39 billion, narrowing trade deficit to \$11 billion in October, according to official data released on Friday. Trade deficit in October last year stood at \$18 billion.

Oil imports, in October 2019, fell 31.74% to \$9.63 billion as compared to the same month last year.

Exports during April-October this fiscal dipped by 2.21% to \$185.95 billion. Imports were down by 8.37% to \$280.67 billion.

'Regulation on cooperative banks soon'

SPECIAL CORRESPONDENT
NEW DELHI

The government will, in the upcoming Winter Session of Parliament, seek to make amendments in certain laws so as to bring the banking activities carried out by cooperative societies under the purview of the Banking Regulation Act, Finance Minister Nirmala Sitharaman said on Friday.

The Minister added that the government might also look into increasing the amount of deposits in banks that are insured, from the current ₹1 lakh.

Regarding the Punjab and Maharashtra Cooperative Bank issue, Ms. Sitharaman said that the government was considering attaching the assets of the promoters to pay back depositors.

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
MUMBAI

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-

Approval ups investor confidence in IBC process

IBC's aim is time-bound resolution: RP

SPECIAL CORRESPONDENT
MUMBAI

The Supreme Court's decision in the Essar Steel case sets a precedent for other cases under the Insolvency and Bankruptcy Code (IBC).

While striking down the NCLAT order, the court approved ArcelorMittal's resolution plan submitted on October 23, 2018, and upheld the overriding status of financial creditors vis-à-vis the operational creditors.

"Challenges faced during the resolution process included managing various stakeholder, improving operations and litigations in different forums," Satish Ku-

mar Gupta, the resolution professional for Essar Steel, told *The Hindu*. "Essar Steel achieved its highest ever production and EBITDA during the CIRP. Approval of plan enhances confidence of stakeholders and investors in the IBC process."

Mrutyunjay Mahapatra, MD & CEO of Syndicate Bank, said "The decision will help in time-bound resolution of other NCLT cases, which is the aim of the IBC. Financial creditors were awaiting the judgment; now, the rules are clear. Operational creditors can claim rights in case of liquidation."

Top court extends 330-day limit for insolvency resolution

Current limit restricts 'right to carry on business,' says SC

KRISHNADAS RAJAGOPAL
NEW DELHI

In a judgment significant for India's fledgling corporate resolution process under the Insolvency and Bankruptcy Code, the Supreme Court on Friday increased the time limit for corporate resolution to extend beyond the mandated 330 days.

As of now, the time limit for resolution process is mandatorily 330 days in all cases. If debts are not resolved and the bankrupt firm cannot be brought back to its feet within this timeframe, the only option left is

liquidation of its assets to pay creditors. A Bench led by Justice Nariman, in the ArcelorMittal judgment, observed that many litigants suffer the prospect of liquidation for no fault of theirs. Delay in legal proceedings leads to the resolution process being dragged beyond the 330-day mark.

The court said the 330-day time limit was no longer mandatory. Justice Nariman said it would be arbitrary to let litigants suffer liquidation unnecessarily. The court held the mandatory nature of the 330-day mark as a vio-

lation of Article 14 (right to equal treatment) of the Constitution and an "excessive and unreasonable restriction on the litigant's right to carry on business under Article 19(1)(g) of the Constitution".

The court mellowed the provision saying the 330-day mark should be followed in the 'ordinary course'. Extension of time should be granted by the NCLT if parties are able to prove there is very little time left in the resolution process and the delay has been caused by 'tardy' legal proceedings.

After 2 years' battle, ArcelorMittal enters India

Debt recovery in Essar Steel touches 85%, versus average of 53% in other cases

PIYUSH PANDEY
MUMBAI

Steel baron Lakshmi Niwas Mittal led ArcelorMittal is set to enter India this month or early next month, after a prolonged legal tussle in various courts for over two years in the Essar Steel case under the IBC.

An ArcelorMittal spokesperson said, "We are very pleased with the judgement that our resolution plan has been approved. We look forward to the closing of the acquisition soon."

Essar Steel's promoters - who made an unsuccessful, last-minute offer of a one-shot settlement with a ₹54,389 crore cash deal to settle dues of all creditors - welcomed ArcelorMittal to



After completion of the deal, ArcelorMittal will jointly own and operate ESIL in partnership with Nippon Steel. ■ AFP

India. "We wish ArcelorMittal and Nippon Steel the very best on their entry into the Indian market. They are acquiring a world-class facility in a market that has a long runway for growth," said an Essar spokesperson.

For lenders, Essar Steel

will bring the largest recovery among the dozen firms, flagged by RBI for the resolution process, as banks will recover ₹42,000 crore against admitted debts of ₹49,473 crore - a recovery of about 85% compared to the average recovery of 53% in other

resolution cases. Mehul Bheda, partner, Dhruva Advisors said, "The ruling will give a fillip to other resolutions as the primacy of financial creditors [is] established."

"Banks have made an unprecedented recovery of almost 90% in the resolution of Essar Steel. This is more than double the recovery made by them in other IBC cases. The Essar Steel resolution marks the highest point in the realisation of assets admitted in the first list under the Insolvency and Bankruptcy Code," a resolution professional told *The Hindu*.

After completion of the deal, ArcelorMittal will jointly own and operate ESIL in partnership with Nippon Steel.

Rules notified to bring financial firms under IBC

RBI will decide which companies will be taken up under these rules, says FM

SPECIAL CORRESPONDENT
NEW DELHI

The Centre on Friday issued rules that provide a framework for bringing 'systemically important financial service providers' under the purview of the Insolvency and Bankruptcy Code (IBC).

"Section 227 of the [Insolvency and Bankruptcy] Code enables the Central government to notify, in consultation with the financial sector regulators, financial service providers (FSPs) or categories of FSPs for the purpose of insolvency and liquidation proceedings, in

such manner as may be prescribed," it said in a release.

"Accordingly, the Ministry of Corporate Affairs has notified the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 today to provide a generic framework for insolvency and liquidation proceedings of systemically important FSPs other than banks."

Finance Minister Nirmala Sitharaman said the notification was necessitated because there was no system

like the IBC that was designed exclusively for financial institutions. "This notification was brought out in an environment where it might be necessary to invoke an IBC-like proceeding on a financial institution, but where there is no exclusive arrangement for financial institutions," she told reporters on Friday.

The Minister added that it was up to the Reserve Bank of India to now decide which financial companies would be taken up under these rules. However, she did add that the government was

looking to bring out a set of rules exclusively for financial companies as well. "We want to bring in an IBC equivalent for financial companies."

"The introduction of an interim framework for resolution of financial service providers under the IBC is a timely and important step for resolution of financial service providers permitting an interplay between regulators, creditors and the NCLT (National Company Law Tribunal) for appropriate actions," L. Viswanathan, partner, Cyril Amarchand Mangaldas said.



Prior to the ruling, creditors' faith in resolution via IBC was on the verge of being lost, says Mehul Bheda. ■ S. SUBRAMANIAM

CoC getting final say, a big plus, opine lawyers

'Less challenge to NCLT orders likely'

LALATENDU MISHRA
MUMBAI

The Supreme Court's ruling on the Essar Steel insolvency case will have far-fetched implications on the Insolvency and Bankruptcy Code (IBC) process and will quicken resolution, lawyers said.

"The judgment is significant in many ways. It will make the process more expedient and efficient," Ajay Bhargava, Partner, Khaitan & Co, said.

He said, now that the Committee of Creditors (CoC) has the final say, it will lead to more certainty when a plan is accepted and there will be less challenge to the orders of NCLTs.

Mehul Bheda, partner, Dhruva Advisors said, "Prior to the SC ruling, banks and financial creditors' faith in the resolution through IBC mechanism was on the verge of being lost because of fear that the adjudicating authority may alter the distribution of resolution proceeds at its own discretion."

"[With] this judgment, the SC has restored the overarching object of IBC by upholding that it is the commercial wisdom of CoC which will determine the distribution of resolution proceeds. This will also facilitate speedier resolution of other IBC cases, since any litigation around treatment of operational creditors in the resolution plan should now be put to rest," he said.

Vaibhav Bhure, advocate, Bombay High Court, said, "The recognition of superior right of the financial creditors in proportion to their security interest in an insolvency resolution process would show a positive

attitude of such class of financial creditors in taking the insolvency resolution process to its logical end."

He said the 'equality for all' approach would prompt secured financial creditors to vote for liquidation rather than for the resolution process, which would defeat the very object of the insolvency Code.

Makarand Joshi, partner, MMJC and Associates, said operational creditors will now have to find ways and means to secure their payments against supplies made to companies, as post this judgment; they will not be considered on par with financial creditors like banks.

Paradigm shift

"This landmark judgment, which in a way has given its approval to amendment made to IBC, will bring a paradigm shift in the way operational creditors now deal with companies for their supplies in the eventuality of default to secure their interest," he said.

Since the SC has struck down the 'mandatory' time-limit of 330 days for completion of the resolution process, the decision will facilitate resolution, especially in cases where delays are caused due to capacity constraints of NCLT.

Anupam Dighe, partner at India Law Alliance said, "The rigidity of timelines which was faced in the closing process is also now interpreted to be more flexible so that the objectives of the code are achieved in true spirit."

In all, the decision will help achieve the object of the code in true spirit, he added.