



Essar vs. RBI: Start to finish in 10 working days!

On June 13, 2017, the Reserve Bank of India ('**RBI**') issued a press release stating that the Internal Advisory Committee ('**IAC**') had identified 12 accounts that would qualify for immediate reference under the Insolvency and Bankruptcy Code, 2016 ('**IBC**') and thereafter, the RBI issued directions to the relevant lead banks directing them to commence IBC proceedings against these 12 companies.

The State Bank of India ('**SBI**') commenced IBC proceedings against Essar Steel India Limited ('**Essar Steel**') on June 22, 2017 (shortly before this Standard Chartered Bank ('**SCB**') had also commenced IBC proceedings against Essar Steel).

Essar Steel challenged both SBI's and SCB's IBC proceedings in the Gujarat High Court on July 4, 2017 and RBI's identification of Essar Steel as one of the 12 companies directed for immediate IBC proceedings. AZB & Partners was instructed to represent the RBI.

After fully hearing all parties (Essar Steel, RBI, SBI, SCB and the National Company Law Tribunal ('**NCLT**')), on July 17, 2017 the Gujarat High Court dismissed Essar Steel's petition and declined to grant any of the reliefs requested by Essar Steel. The Gujarat High Court moved in an efficient and speedy fashion and the order was passed within 10 working days of commencement of proceedings by Essar Steel.

This decision is crucial as it will ensure Essar Steel and the other identified debt-laden companies will be referred to the NCLT without further delays. As of this morning, Essar Steel has not filed an appeal against the decision of the Gujarat High Court.

NCLT Ahmedabad has ordered that the Essar Steel IBC proceedings be heard on July 24, 2017 and has given time to Essar Steel to file its reply until July 22, 2017.