

Global Investors may Make a Beeline for Bad Loans

Saikat Das & Indulal PM

NEW LEASE OF LIFE

Mumbai: The Supreme Court judgment on steel maker Arcelor Mittal's bid to control of debt-ridden Essar Steel is expected to provide a new lease of life to India's distressed asset market with an estimated annual fund flow of \$4 billion, bankers and analysts said.

International investors were watching this case which now sets a benchmark for New Delhi's fight against bad loans and the judgement clearly lifted global investment in Indian debt. They are lined up, the sellers should now come up," said Jayesh Mehta, country treasurer, Bank of America.

With the Essar Steel judgment out, it has now become easier for distressed corporations to hop banks open up to sell their sticky assets," he said.

The verdict from the top court will also provide much-awaited relief to the largest cases of bad debt in the world in India. The court has lifted investment sentiment for global investors seeking opportunities in India, said Rashi Shah, CEO, Edelweiss group.

In the past five years, international funds have flowed into domestic stressed assets.

Latest SC verdict is said to have struck a chord among creditors and is expected to accelerate resolutions.

India is facing one of the worst bad loan messes in the world as more than 2% of total loans in India's banking system may be under stress.

belief in and robustness to the law and buyers of distressed paper will now have more courage to bid.

in the year. Deutsche Bank's got this basic in India to buy distressed paper can be implemented quickly. Their market transactions will increase," said Chawla. A task force appointed by the Reserve Bank of India proposed a self-regulatory body to develop

both markets. It is leading the second-ary market. And also of would give opportunities for

dealing with soured debt. "The business of non-performing assets needs both capital and structure to resolve bad loans."

India is facing one of the worst bad loan messes in the world as India's banking system may be under stress on top of the 2% bad debt ratio as of June, the Reserve Bank of India said. It is estimated that 2% of total loans in India's banking system may be under stress on top of the 2% bad debt ratio as of June, the Reserve Bank of India said. It is estimated that 2% of total loans in India's banking system may be under stress on top of the 2% bad debt ratio as of June, the Reserve Bank of India said.

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RASHI SHAH, CEO, Edelweiss group

expecting \$2.3 billion global inflows to own local stressed assets annually from now," he said. In 2015, international money has flowed into domestic stressed assets.

Essar judgment clearly de-risked the line of judicial decisions into more certainty and clarity. It has also set a precedent for excessive judicial interference in corporate governance. The court's decision is a landmark in the history of Indian law. It is a landmark in the history of Indian law. It is a landmark in the history of Indian law.



The bankruptcy of Essar Steel was admitted to the National Company Law Tribunal. Announced in August 2017, it was widely expected to herald a specific deadline of 300 days. The SC judgment has upheld the ability of central bank. The IBC (Insolvency and Bankruptcy Code) law and its provisions have been confirmed. Both these will give

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