

Most names on RBI's second list to land in NCLT: SBI chief Rajnish Kumar

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Rajnish Kumar, SBI chairman

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Most companies in the Reserve Bank of India's (RBI's) second list of stressed accounts will land up in the National Company Law Tribunal (NCLT) for resolution, according to [State Bank of India](#) (SBI) Chairman [Rajnish Kumar](#).

After recommending 12 large non-performing assets (NPA) in June for resolution under the Insolvency and Bankruptcy Code (IBC), the [RBI](#) gave [banks](#) time till December 13 to attempt restructuring the 29 companies that figure on the second list. If [banks](#) and companies fail to finalise the loan recast, the case will have to be referred to the [NCLT](#) under the IBC.

"Almost the entire list will go to the [NCLT](#). By March, the directions will be determined for cases in the first list," Kumar said.

Of the 29 cases on the RBI's second list, SBI has an exposure to 27 companies with loans amounting to Rs 26,636 crore. It has more than 50 per cent provision coverage for the bankruptcy cases.

Some of the names from second list that are making the rounds are Visa Steel, Ruchi Soya, SEL Manufacturing, Monnet Power, Orchid Chemicals, Shakti Bhog and Jai Balaji Industries.

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The 12 accounts in the RBI's first list that have been referred to the [NCLT](#) are Essar Steel, Bhushan Steel, Electrosteel Steels, Amtek Auto, Bhushan Power and Steel, Alok Industries, Monnet Ispat, Lanco Infra, Era Infra, Jaypee Infratech, ABG Shipyard and Jyoti Structures.

In most of these 12 cases, expressions of interest and bids from prospective suitors have been called.

Bankers expect decisions on resolution or liquidation from the fourth quarter of the current financial year.

The banking sector faces a rise in provisioning for loan losses after a central bank order to cover at least 50 per cent of the loans to companies being sent to the bankruptcy court.

According to rating agency ICRA, the financial results of 12 public sector [banks](#) (of a total 21) for the second quarter of 2017-18 reflect a 60 per cent increase in credit provisions over the same quarter of the previous year. The rise was 32 per cent on a sequential basis.

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The credit provisions for these 12 [banks](#) stood at Rs 22,800 crore during September quarter against Rs 17,200 crore during the June quarter and Rs 14,200 crore during July-September 2016.

A surge in credit provisions resulted in higher pre-tax losses of Rs 4,740 crore during September quarter against losses of Rs 2,150 crore in the same period a year ago.

The rise in credit provisioning continues to be driven by higher requirements for accounts referred by the [RBI](#) for initiating proceedings under the IBC. This is in addition to provisions for fresh slippages and the ageing of the existing NPAs.

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