

Lenders can sell assets of personal guarantors under IBC: Apex court

INDU BHAN
New Delhi, August 14

THE SUPREME COURT on Tuesday ruled that banks can sell off assets of personal guarantors even when corporate resolution proceedings are on against the corporate debtor under the Insolvency and Bankruptcy Code.

Setting aside the order of the NCLAT that held that the personal guarantors, who are generally promoters, are also entitled for protection like corporate guarantors under the moratorium declared against the 'corporate debtor' under IBC Section 14, a bench led by Justice RF Nariman said Parliament specifically didn't provide for any moratorium along the lines of Section 22 of the Sick Industrial Companies (Special Provisions) Act, 1985 while enacting the Code's Section 14.

Under SICA, now repealed, creditors couldn't proceed against guarantors after the company had been declared sick without permission from the BIFR.

While clearing the confusion, the SC referred to the March 26 report of the Insolvency Law Committee, appointed by the ministry of corporate affairs, that recommended that "all assets of such guarantors to the corporate debtor shall be outside scope of moratorium imposed under the Code," as a broad interpretation of the moratorium may curtail significant rights of the creditor which are intrinsic to a contract of guarantee.

The judgment came on a few appeals led by SBI seeking the SC's



view on whether the liability of a personal guarantor of a company under insolvency resolution process can be enforced.

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Adv. No.: DMRC/755/2018

SpiceJet Limited

Regd Office : Indira Gandhi International Airport, Terminal 1D, New Delhi 110 037
CIN: L51909DL1984PLC288239

E-mail: investors@spicejet.com | Website: www.spicejet.com. Telephone: +91 124 391 3939 | Facsimile: +91 124 391 3888

Extract of Unaudited Standalone Financial Results for the quarter ended June 30, 2018 (Rupees in millions)

S. No.	Particulars	Quarter ended			Year ended
		Unaudited	Audited	Unaudited	Audited
		30-Jun-18	31-Mar-18	30-Jun-17	31-Mar-18
1	Total income from operations	22,358.2	20,293.1	18,695.3	77,950.9
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	254.1	461.5	1,752.3	5,666.6
3	Net Profit / (Loss) for the period before tax (after Exceptional items)	(380.6)	461.5	1,752.3	5,666.6
4	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	(380.6)	461.5	1,752.3	5,666.6
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	(379.1)	476.2	1,748.7	5,668.9
6	Equity share capital	5,994.5	5,994.5	5,994.5	5,994.5
7	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the year ended March 31, 2018.				(6,424.2)
8	Earnings Per Share (of Rs. 10/- each) (not annualized)				
	a) Basic (Rs)	(0.63)	0.77	2.92	9.45
	b) Diluted (Rs)	(0.63)	0.77	2.92	9.45

Notes:

- The above is an extract of the detailed format of Unaudited Standalone Financial Results for the quarter ended June 30, 2018, filed with Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The full format of the Unaudited Standalone Financial Results for the quarter ended June 30, 2018 are available on the Company's website www.spicejet.com and on the website of the Stock Exchange www.bseindia.com.

For SpiceJet Limited

Sd/-

Ajay Singh

Chairman and Managing Director

Place: Gurgaon, Haryana
Date: August 14, 2018