

## Essar Steel Bid: Supreme Court allows ArcelorMittal & NuMetal to participate, exercises power under Article 142

October 4, 2018:

**On Thursday, Supreme Court has granted one more opportunity to major Mining Firms ArcelorMittal and Russia's VTB Capital-backed NuMetal to bid for Essar Steel if they clear their Non-Performing Asset (NPA) dues by two weeks.**

Bench comprising of Justice R F Nariman and Justice Indu Malhotra held that both the Firms were ineligible under amended '**Insolvency and Bankruptcy Code**' to bid for the Firm but granted them a fresh opportunity after taking note of the petition of **Committee of Creditors** that it does not want *Liquidation of Essar Steel*.

Apex Court exercised its extraordinary power under **Article 142 of the Constitution** in allowing ArcelorMittal and NuMetal to make fresh bid for Essar Steel.

Top Court asked the **Committee of Creditors** to take a decision within 8 Weeks on Rival Bids of NuMetal & ArcelorMittal for Essar Steel.

It also said that time lost in National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT) and Apex Court in dealing with Cases under '**Insolvency Code**' shall be excluded from mandatory 270 days Resolution Period.

Top Court held that if nothing materialises within 8 weeks then Essar Steel shall go into Liquidation.

ArcelorMittal had alleged NuMetal was not eligible to bid for Essar Steel on several grounds, including that it was a "shell company" created by a firm in which Essar group promoters had majority shares, and if they had to become eligible they would have to clear their earlier debts.

NCLAT had ruled that NuMetal's 2nd bid for Essar Steel was eligible, but the same by ArcelorMittal would qualify only if it cleared the **Rs. 7,000 Crore** dues of 2 firms it was previously associated with.

While ArcelorMittal had challenged the order asking it to pay **Rs 7,000 crore** to become eligible for the bidding, NuMetal had alleged that NCLAT had "wrongly" applied Legal Provisions to enable its Rival Bidder to pay the dues of 2 Debt-ridden firms even after it had bid for Essar Steel.

NCLAT had ruled that NuMetal's 2nd bid for Essar Steel was eligible but the same by ArcelorMittal will qualify only if it cleared the **Rs. 7,000 Crore** dues of the 2 firms, Uttam Galva and KSS Petron,

it was previously associated with.

Source: [PTI](#)