



IIPI Newsletter

January 3, 2020

Volume 5, Number 01

For Internal Circulation Only

Knowledge SBU Initiative

25,000 MSMEs stuck in companies under CIRP, says FISME

The apex association of small scale industries, i.e. the Federation of Indian Micro and Small & Medium Enterprises (FISME) is of the view that the small scale vendors affected by the insolvency resolution process could be at least 25,000 contrary to the Insolvency and Bankruptcy Board of India (IBBI) which has admitted around 3,200 cases so far.

The dues of 25,000 MSMEs could be stuck in companies that are under the CIRP and another 75,000 could be affected soon, FISME indicated.

IBC finds lost treasure for banks; other bad loan recovery tools fail to recreate same success

While Indian Scheduled commercial banks recovered a whopping Rs 70,819 crore of stressed assets in FY 2018-19 under IBC, other recovery methods failed to recreate IBC success, according to a report by RBI. The amount recovered in the financial year 2018-19 under IBC also rose and is significantly more than that recovered by banks in FY 2017-18.

While the number of cases reported before Lok Adalat increased, only Rs 2,816 crore of the total disputed amount of Rs 53,506 crore was recovered in FY19. On the other hand, recovery through DRT, out of Rs 3.06 lakh crore disputed amount reported, banks could only recover Rs 10,574 crore. Recoveries via SARFESI act also slipped to 14.5% in FY19 from the recovery of 32.2% of disputed amount in FY18. However, more than double the number of cases were admitted under the SARFESI act as compared to last year.

Adani, NTPC in fray to acquire Avantha's stressed power plant

Adani Power and NTPC Ltd are in the race to acquire a 1,260 megawatt thermal power plant of Gautam Thapar's Avantha Group, a stressed project undergoing resolution as per IBC.

This is the first time NTPC, has bid for any stressed project, while Gautam Adani-led Adani Power is on a buying spree, having recently acquired GMR Infrastructure's 1,370 mw coal based power plant in Chhattisgarh for a debt component of Rs 3,530 crore and equity outgo of Rs 1.

POINT TO PONDER

"A new year is a time for inspirational dreams but more importantly a time to set your goals to see the dreams turn into a reality. "

-Samuel Fixon

Debt of Rattan India Power acquired by Goldman Sachs, Varde Partners

In one of the biggest debt resolution deals outside the Insolvency and Bankruptcy Code, Rattan India Power Ltd has done an agreement with its consortium of lenders led by PFC and SBI under which the existing principal debt of ₹6,574 crore will be taken over by new investors, including Goldman Sachs and Varde Partners, for ₹4,050 crore.

This is the first successful scheme to have been closed under the RBI's Prudential Framework for resolution of stressed assets issued in June this year and the largest in terms of size outside the NCLT framework without any change in the existing management.

DHFL: Resolution professional discusses plan with lenders

The Reserve Bank-appointed administrator met committee of creditors (CoC) of Dewan Housing Finance and discussed about the resolution plan for the crippled lender and the Rs 87,905.6 crore worth of claims received from banks, employees and bond holders, sources said.

The administrator, R Subramaniakumar, met the committee of creditors for the first meeting after the stressed financier was admitted for insolvency proceedings on December 2.

As per the latest available data, the company received Rs 86,892.30 crore from financial creditors including lenders, bondholders and Nabard among others.

NCLT initiates insolvency proceedings against Efferent Real Estates

NCLT has initiated CIRP against Delhi-based Efferent Real Estates under Section 7 of the Insolvency and Bankruptcy Code 2016.

The court has appointed Gaurav Katiyar as the IRP for the case.

The buyer through his advocate Piyush Singh of PSP Legal pleaded that he booked a commercial food court worth Rs 31 lakh in Project Centre Point ID, Gurugram in 2016. The project was to be completed by December 2017. "In case the construction does not complete in six months, the builder will refund the complete amount paid plus 175% of the total value of the unit," the buyer said in its plea.

***Feedback requested at ipa@icai.in**