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IIPI Newsletter

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Restructuring Pool of Bank's Surpasses ₹ 1.5 lakh crore

Indian Banks under the two rounds of resolution schemes announced by RBI restructured loans which crossed ₹1.5 lakh crores mark at the end of September 2021.

The scheme was announced in the wake of pandemic in August 2020, whereby RBI had allowed lenders to open a window to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans. The same was again allowed in May 2021, considering the deadly impact of the second wave of Covid-19. Overall, private banks restructured over ₹60,000 crore of advances with the bulk of the restructuring coming from the second framework.

For More Details, Please Visit:

<https://www.moneycontrol.com/news/business/companies/covid-fight-banks-total-restructuring-pool-surpasses-rs-1-5-lakh-crore-7709161.html>

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

Ministry of Power says Insolvency Process can be initiated against State Owned Discoms

This clarification came in reference to case filed by Tamil Nadu Generation and Distribution Company (TANGEDCO) in High Court of Madras regarding CIRP proceedings initiated by South India Corporation Pvt Ltd against TANGEDCO.

“As far as state-owned (power) distribution and generation company like TANGEDCO is concerned, it is clear that it a government company as defined under section 2 (45) of the Companies Act and would fall under Insolvency Code (IBC),” said the Ministry of Power, in a letter written to Secretary, Department of Legal Affairs. It further stated that TANGEDCO cannot be categorised as a government body formed by way of a statute for performing sovereign government function. It is a government company formed under Companies Act 2013 and under the ambit of IBC as per Section 3(7) of the Insolvency and Bankruptcy Code (IBC), 2016.

The outstanding dues of power distribution firms are to the tune of ₹ 1,21,830 lakh crore in November 2021 which includes overdues of ₹ 99,385 crore, read the PRAAPTI portal. The outstanding dues of discoms have been a perennial issue plaguing the power sector for decades. Generally, power generating companies charge penal rate of interest on overdues from discoms.

For More Details, Please Visit:

<https://energy.economicstimes.indiatimes.com/news/power/insolvency-proceedings-can-be-initiated-against-state-owned-discoms-power-min/87667894>

News Roundup

G N Bajpai Panel Recommends National Dashboard for Reliable and Real-Time Insolvency Data

To assess the performance of the insolvency process under IBC a national dashboard for insolvency data is need for the time as suggested by an expert panel chaired by former SEBI Chairperson Shri G N Bajpai. The working group tracked outcomes under the Code, suggested a framework based on 'Effectiveness, Efficiency and Efficacy' with respect to CIRP. The group further stated that cross-validation of data sourced from multiple data banks is a challenge in making credible assessments of the IBC. Against above, there can be a national dashboard of reliable and real-time insolvency data by using the existing data sources to the extent possible along with specific insolvency indicators, which the IBBI reports on a quarterly basis.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/news/economy/policy/expert-panel-pitches-for-national-dashboard-for-insolvency-data/articleshow/87696731.cms>

Strategic investors are bringing more value to the table than financial investors in CIRP under IBC

According to a report, as in 12 large insolvency resolutions where strategic investors were involved, lenders could recover nearly 50% on average, while recovery was far less at around 12% when financial investors bought distressed companies. In comparison to the Essar Steel in which lenders recovered 87% of their admitted claims through CIRP, creditors of the Videocon get only 5%. The size of loan recovery is also a function of the quality of underlying assets as well as the long-term perspective of the investors.

For more details, please visit:

<https://economictimes.indiatimes.com/news/company/corporate-trends/strategic-investors-offer-higher-value-for-distress-companies/articleshow/87631239.cms>

Puerto Rico debt plan submitted for approval

Under the proposed plan, Puerto Rico would reduce \$33 billion in bonds and other debt to \$7.4 billion. Pensions, which have been a controversial topic during the case, will not be cut, according to the board.

The federally appointed board tasked with overseeing Puerto Rico's bankruptcy-like process in its hearing on proposed plan to restructure the island's debt and revamp its economy. The financial oversight board is seeking a ruling from U.S. District Judge Laura Taylor Swain, approving the plan at the conclusion of the hearing. A favorable ruling will allow the board to wrap up the island's process after more than four years of litigation and negotiations with the commonwealth's government and various groups of creditors.

For more details, please visit:

<https://www.reuters.com/legal/transactional/puerto-rico-bankruptcy-nears-end-debt-plan-goes-up-approval-2021-11-08/>



IPs must work on time as valuation falls everyday, Says Dr. Navrang Saini, IBBI Chairperson

IBBI Chairperson Dr. Navrang Sainin said, “the value of a stressed asset declines every passing day. It has also been observed in some cases that the resolution value was almost close to the liquidation value,”. He was addressing a webinar in Kolkata on 13th November 2021.

He further said that IPs should be transparent, and they should also ensure that the resolution plans are worked out in a time-bound manner as in some cases, it had crossed more than 400 days and there are some hitches still left in the resolution process which will go away with time.

He said there are around 3900 IPs in the country but many of them are not getting any assignment as some are monopolising them and that IBBI is aiming at giving equal opportunity to all of them in the interests of the stakeholders. IBBI has also provided a code of conduct for the IPs, but perfection will come with time, he added.

For More Details, Please Visit:

<https://www.newindianexpress.com/business/2021/nov/13/valuation-falls-everyday-professionals-must-work-on-time-insolvency-and-bankruptcy-board-of-india-2383203.html>

Event Photograph



IIIPI organized Webinar on Interaction with CFOs of CDs and Successful Applicants on 11th November 2021.

IIIPI is organizing Seminar on 'Individual Insolvency: Preparing For Future' on 18th November 2021

IIIPI is organizing Seminar on 'Individual Insolvency: Preparing for Future' in hybrid mode (online platform as well as physical mode) from 03:30 P.M. to 05:30 P.M. on Thursday, November 18, 2021.

The panelist will consist of Dr. Navrang Saini (Chairperson-IBBI), Mr. Sanjeev Pandey (DGM (NCLT), SBI), Adv. Ashish Makhija (IP), CA Anil Goel (IP), Mr. Sajeve Bhushan Deora (IP), Mr. David Kerr (IP, UK) and Dr. Ashok Haldia (Chairman- IIIPI). The participant IPs will get CEP 01 hour.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2021/11/Flyer-Seminar-18th-Nov21.pdf>