



भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India



The Institute of Chartered Accountants of India presents International Convention on Insolvency Resolution



RESOLVE-2023

4 - 5 AUGUST, SINGAPORE

ENABLING RESOLUTION, MAXIMIZING VALUE

Organised by :
Committee on Insolvency &
Bankruptcy Code of ICAI

In Association with :
Insolvency and Bankruptcy Board of India (IBBI)
and Indian Institute of Insolvency
Professionals of ICAI

Hosted by :
The Institute of Chartered
Accountants of India
Singapore Chapter

About International Convention on Insolvency Resolution: RESOLVE 2023



The Insolvency and Bankruptcy Code, 2016 has built a strong ecosystem in the insolvency resolution sphere in India and the increasing complexities of markets have catapulted the need for augmenting and strengthening the Insolvency ecosphere to serve the public interest. Of late propagation of knowledge for Insolvency Professionals and other Stakeholders involved in the Resolution Process has gained momentum and they stand today as bedrock of sustaining and ensuring economic resilience not only under insolvency regime but the entire spectrum of economic value chain.

Looking at the growing importance and with a vision to promote and understand best practices globally. The Institute of Chartered Accountants of India (ICAI); a statutory body established by an Act of Parliament presents **RESOLVE-2023** which is an **International Convention on Insolvency Resolution on the theme "Enabling Resolution Maximizing Value"** on **4th- 5th August 2023** at **Grand Copthorne Waterfront Hotel, Singapore** especially designed for the professional fraternity.

The event, in its inaugural edition, would provide unique learning opportunity for the Professionals across the world to learn and share the best practices and developments in the space of insolvency resolution. It will also facilitate networking and indulge in deep insight and cross jurisdiction experience sharing with globally diverse practitioners through interactive discussion.

The Convention assumes enormous significance as we experience vast economic uncertainties across the globe coupled with dynamic inflation and interest rates worries. These developments compel us to confront the emerging challenges to strengthen the insolvency resolution framework across the globe by deep diving into the sectoral challenges and learning and adapting best practices prevalent in various countries. This Convention, with eminent speakers and thought leaders, aims to aid the professional fraternity to think out of the box and to gear up for the future challenges and to acquire a competitive edge.

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Note:

The views and opinions expressed or implied in Souvenir are those of the authors and do not necessarily reflect those of ICAI.

MESSAGE



Hon'ble Justice Ashok Bhushan
Former Judge, Supreme Court of India
Chairperson, National Company Law Appellate Tribunal

Justice Ashok Bhushan
Former Judge, Supreme Court of India
Chairperson
National Company Law Appellate Tribunal
New Delhi



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Message

As the guest of honour at the upcoming International Convention on Insolvency Resolution, "RESOLVE – 2023", I would like to take this opportunity to extend my heartfelt congratulations to the Institute of Chartered Accountants of India (ICAI), and particularly the Committee on Insolvency & Bankruptcy Code (CIBC), for orchestrating such a significant event.

In this rapidly evolving economic landscape, such an event that brings together intellectuals, experts, and stakeholders to deliberate on current trends, challenges, and opportunities in insolvency resolution is of immense value. The convention promises to be an insightful platform, facilitating the exchange of innovative ideas and fostering international cooperation.

The chosen theme - 'Enabling Resolution Maximising Value,' speaks volumes about the vision driving this convention. It resonates with the ongoing mission to enhance insolvency resolution procedures, thereby contributing positively to our national economy and the global economic landscape.

The topics lined up for discussions, including the emergence of trends in the Debt Resolution arena, the role of Regulators and Policy Makers for an Effective Ecosystem, the Standpoint of Creditors in Insolvency Process, among others, are indeed thought-provoking and highly relevant in today's context.

As we look forward to the insightful sessions on 4th & 5th August 2023, I am sure the outcomes of these discussions will not only add value to the individual participants but also shape the future of insolvency resolution practices on a broader scale. I anticipate the convention to inspire meaningful dialogues and sustainable solutions that will help navigate the complex waters of insolvency and bankruptcy.

Once again, I commend the efforts of the organising team of the Singapore chapter of ICAI, and I am excited about the positive outcomes that this convention promises. Let us leverage this opportunity to create, share, learn, and set a strong foundation for a robust insolvency resolution mechanism.

Best wishes for the successful conduct of the convention.

Kind Regards,

Ashok Bhushan
Justice Ashok Bhushan

MESSAGE



Shri Ravi Mital
Chairperson
Insolvency and Bankruptcy Board of India



भारतीय दिवाला और शोधन अक्षमता-बोर्ड
Insolvency and Bankruptcy Board of India



Message

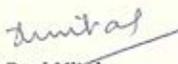
I am delighted that **The Institute of Chartered Accountants of India** through its Committee on Insolvency & Bankruptcy Code is organizing a two-day International Convention on Insolvency Resolution titled "**RESOLVE-2023**" on **4th-5th August 2023** in **Singapore** on the theme "**Enabling Resolution Maximising Value**" in association with **Insolvency and Bankruptcy Board of India and Indian Institute of Insolvency Professionals of ICAI**.

India has emerged as a leading global destination for manufacturing, investment and business and is one of the fastest-growing economies in the world. Despite the challenges brought on by the pandemic, India's economy has undergone transformation, thanks to reforms in various sectors that have led to growth and equity.

One of the prominent reforms in modern India positively impacting the business climate has been the introduction of the Insolvency and Bankruptcy Code, 2016 which includes time bound insolvency resolution process for maximisation of value of the stressed assets. Insolvency professionals have also played a crucial role in transforming the stressed corporate sector of the Indian economy, and I am pleased to note that ICAI has been at the forefront of contributing to the policymaking and implementing reforms with their expertise, alongside driving initiatives for building professional capacities of the insolvency professionals, thus driving resolutions in the stressed corporate sector.

As the thrust of the Insolvency regime now focusses on timely resolution of the stressed asset including enterprise group even beyond boundaries, this international convention with the theme "*Enabling Resolution Maximising Value*" comes at the most opportune time. I am confident that the convention will provide many opportunities for the attendees to interact and learn the best practices in the field from the varied experiences of distinguished international speakers and delegates.

I am sure while the conference will be a successful event, it will also accord an opportunity for introspection with a view to having well-conceived plans for the future with confidence that the progress so far made inspires.


Ravi Mital

New Delhi
July 2023

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MESSAGE



Shri Sudhaker Shukla
Whole Time Member
Insolvency and Bankruptcy Board of India



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Sudhaker Shukla
Whole Time Member

Message

I am delighted that the **Institute of Chartered Accountants of India** through its Committee on Insolvency & Bankruptcy Code is organizing a two-day International Convention on Insolvency Resolution titled "**RESOLVE-2023**" on **4th-5th August 2023** in **Singapore** on the theme "**Enabling Resolution Maximising Value**" in association with **Insolvency And Bankruptcy Board Of India (IBBI)** and **Indian Institute of Insolvency Professionals of ICAI (IIPI)**.

The Insolvency and Bankruptcy Code of 2016 stands as a testament to its resounding success in constructing an unwavering ecosystem for insolvency resolution of distressed assets. As markets grow increasingly intricate and global financial uncertainties persist, the Code has emerged as an indispensable tool in preserving economic stability and fostering unfaltering confidence across the business ecosystem.

Considering the escalating importance of insolvency resolution and the pressing need to recognize and adopt global best practices in the field, the International Convention assumes unprecedented significance. I am hopeful that the Convention theme "*Enabling Resolution Maximising Value*" will underline the imperative for robust frameworks, innovative strategies, and collaborative approaches to insolvency resolution, underscoring the significance of global best practices in attaining optimal outcomes and fostering economic resilience on a global scale.

I congratulate the organisers for their untiring efforts in getting this assembly of finest brains on the subject at one place; I am confident that deliberations during the Convention will be highly productive and will cultivate fresh thoughts and foster new collaborations and partnerships in the insolvency ecosphere. Let us all work together to create a robust and sustainable ecosystem that supports the public interest at large.

I convey my best wishes and wish the Convention a grand success.


Sudhaker Shukla

New Delhi
July, 2023



MESSAGE



CA. Aniket Sunil Talati
President

The Institute of Chartered Accountants of India

The Insolvency and Bankruptcy Code (IBC), 2016, has emerged as a comprehensive and coherent framework for insolvency resolution in India, laying a strong foundation for sustainable economic growth within the nation. Over the past six years, the IBC has proven to be a resilient and vital legislation, successfully navigating challenges and receiving accolades for effortlessly streamlining the existing legal framework, ensuring timely and efficient resolution while maximizing asset value, promoting entrepreneurship, facilitating credit availability, and safeguarding the interests of all stakeholders involved.

The adaptability and effectiveness of the IBC is evident from the fact that, so far, it has been amended 6 times by the Parliament, and many amendments have been brought in by IBBI to its 18 regulations, further enhancing the operational efficiency and effectiveness of the IBC.

Aided by the exemplary support of the Insolvency professionals and other stakeholders involved, who now firmly hold the mantle of economic resilience, extending their profound influence far beyond the realms of the insolvency regime itself, permeating every facet of the economic value chain, the code has emerged as an indispensable tool in preserving economic stability and fostering unwavering confidence throughout the business ecosystem.

The 1st edition of “RESOLVE-2023”, an International Convention on Insolvency Resolution, being organized by **The Committee on Insolvency & Bankruptcy Code of the Institute of Chartered Accountants of India (ICAI)** in association with **Insolvency and Bankruptcy Board of India (IBBI)** and the **Indian Institute of Insolvency Professionals of ICAI (IIPI)** and hosted by **Singapore Chapter of ICAI** with the theme “**Enabling Resolution Maximizing Value**” from August 4-5, 2023 in Singapore, a thriving global hub, exemplifying unparalleled business connectivity, is certainly expected to be a one of a kind gathering of luminaries, experts, professionals, and other stakeholders actively involved in the insolvency resolution sphere from across the globe. The vibrant and dynamic schedule of the topics for deliberations planned in the Convention shall offer delegates a unique opportunity to engage with global experts, gain insights into insolvency resolution nuances, and explore emerging challenges and best practices. I appreciate the selection of topics for various sessions which are of practical relevance.

I am sure that the presence of experienced speakers and eager participants, will make the various sessions very interactive and informative for all. I have full confidence that expertise of the eminent speakers will enrich you with a learning experience.

I wish that ‘RESOLVE 2023’ shall be a memorable experience for all.

With Best Regards

CA. Aniket Sunil Talati
President, ICAI

MESSAGE



CA. Ranjeet Kumar Agarwal
Vice President
The Institute of Chartered Accountants of India

Economic stability and prosperity have long been recognized as reliant upon the establishment of an effective insolvency resolution framework. With the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC) in 2016, India took a historic step towards establishing a strong, contemporary, and complex insolvency framework. The IBC is the country's first comprehensive statute addressing corporate and individual insolvency. The Code's goal is to promote the going concern status through revival and resolution, and it has been praised as a significant reform in the insolvency resolution system, providing much-needed stability to stakeholders.

The Institute of Chartered Accountants of India, in its steadfast pursuit of promoting and assimilating global best practices, has remained acutely attuned to the pressing need for fortifying the insolvency resolution framework. The need for strengthening the insolvency resolution framework has assumed great importance recently. It is against this backdrop that The Institute of Chartered Accountants of India in association with Insolvency and Bankruptcy Board of India (IBBI) and the Indian Institute of Insolvency Professionals of ICAI (IIPI), and hosted by the Singapore Chapter of ICAI, is organising an International Convention on Insolvency Resolution, aptly titled "RESOLVE-2023" with the theme "Enabling Resolution Maximizing Value," scheduled to transpire on the 4th and 5th of August, 2023, to be held at the prestigious locale of Singapore.

The conference has been designed to address the rising concerns faced by practitioners in the field, and the sessions have been carefully curated to satisfy the participants' learning needs while also touching on major thematic issues such as Emerging trends in Debt Resolution arena, Role of Regulators and Policy Makers for effective ecosystem, development of global insolvency profession, leveraging technology for integration of process etc. I firmly believe that this distinguished gathering will serve as an indispensable catalyst for the dissemination of knowledge, the forging of fruitful connections, and the charting of a collective path forward in further fortifying the insolvency resolution ecosystem, both locally and globally.

I compliment CA. Gyan Chandra Misra, Chairman and CA. Rajendra Kumar P, Vice Chairman, Committee on Insolvency and Bankruptcy Code, ICAI for taking this maiden initiative of organizing this conference at Singapore, outside India.

I am hopeful that this convention will pave the path forward towards enhancing the insolvency resolution ecosystem.

CA. Ranjeet Kumar Agarwal
Vice President, ICAI

MESSAGE



CA. Gyan Chandra Misra
Chairman
Committee on Insolvency & Bankruptcy Code, ICAI

A healthy credit flow and generation of new capital are essential for every economy and so does for India, notably when our Hon'ble Prime Minister envisions India to be emerged as a developed country by the next 25 years (2047). The inclusive and intelligible Insolvency Resolution Framework is a crucial pillar on which the edifice of economic growth of any nation rests. In affiliation with this, the Insolvency and Bankruptcy Code, 2016, was enacted in India. The outcomes of the IBC in the initial years of its enactment in India have been truly inspiring and noteworthy. Marked by six amendments to date, the Code has achieved institutional milestones and built a sense of hope and optimism among the stakeholders. The Code has continued to evolve with the changing dynamics of the market and emerging challenges, making it a rightful example of a 'living law'. India is poised to become one of the world's leading insolvency regimes, cementing its place on the global stage.

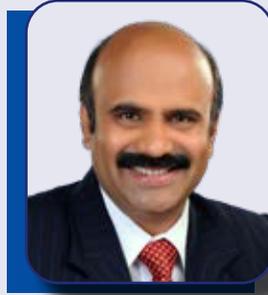
In light of the escalating importance of insolvency resolution and the imperative to comprehend and disseminate global best practices, The Institute of Chartered Accountants of India (ICAI), a distinguished statutory body established by an Act of Parliament, has planned RESOLVE-2023, an ambitious International Convention on Insolvency Resolution in association with Insolvency & Bankruptcy Board of India (IBBI) and Indian Institute of Insolvency professionals (IIPI), centered around the theme "Enabling Resolution Maximizing Value", scheduled to take place on 4th and 5th of August 2023 in Singapore, the confluence of global business trade.

The inaugural edition of the RESOLVE-2023 Convention has been carefully crafted to facilitate the sharing of unparalleled knowledge and insights regarding best practices and emerging global developments in the field. It offers extensive networking opportunities for professionals in this domain and serves as a platform for professional enrichment in contemporary and emerging areas on a global scale. The convention will focus on various significant thematic issues of global relevance to the profession, bringing together distinguished luminaries, regulators, financial institutions, and stakeholders in the field.

I am confident that the conference will provide many opportunities for the attendees to interact and learn the best practices in the field from the experiences of the distinguished speakers and delegates, provide networking opportunities and the convention will conclude with lasting learnings and memories.

CA Gyan Chandra Misra
Chairman, CIBC, ICAI

MESSAGE



CA. Rajendra Kumar P
Vice-Chairman

Committee on Insolvency & Bankruptcy Code, ICAI

The Insolvency and Bankruptcy Code of 2016 stands as a testament to its resounding success in constructing an unwavering ecosystem for insolvency resolution within India. As markets grow increasingly intricate and global financial uncertainties persist, the code has emerged as an indispensable tool in preserving economic stability and fostering unwavering confidence throughout the business ecosystem.

In recent times, the role of Insolvency Professionals and other key stakeholders engaged in the Resolution Process has been nothing short of remarkable and they now hold a central position in the successful implementation and execution of the insolvency regime in the country adding to the intricate economic value chain.

Considering the escalating importance of insolvency resolution and the pressing need to comprehend and propagate global best practices, the Institute of Chartered Accountants of India (ICAI), has planned the prestigious International Convention on Insolvency Resolution in association with Insolvency and Bankruptcy Board Of India (IBBI) and Indian Institute of Insolvency professionals of ICAI (IIPI), aptly titled “RESOLVE-2023” focussed on the theme of “Enabling Resolution Maximizing Value,” which is scheduled to be held on 4th–5th of August 2023 in Singapore.

RESOLVE-2023 assumes unprecedented significance against the backdrop of prevailing global economic uncertainties, accentuated by the constant flux of inflationary pressures and the ever-shifting landscape of interest rates. These formidable challenges make it imperative to proactively strengthen the global insolvency resolution framework. The convention represents a beacon of hope, offering an unparalleled platform to delve deep into sector-specific intricacies and absorb the invaluable lessons derived from diverse countries’ prevailing best practices. With experts of the highest order gracing the stage as speakers and thought leaders, RESOLVE-2023 strives to ignite a spark of ingenuity within the professional fraternity, compelling them to think beyond conventional boundaries and prepare themselves for the future’s relentless trials and tribulations.

It will be our sincere endeavour to live up to the expectations of all stakeholders and continue to be a partner in Nation Building.

CA. Rajendra Kumar P.
Vice-Chairman, CIBC, ICAI

Welcome Message from ICAI Singapore Chapter



CA. Somnath Adak
Chairman,
ICAI Singapore Chapter



CA. Nishant Kumar Surana
Vice-Chairman,
ICAI Singapore Chapter

As proud host of RESOLVE-2023, we are thrilled to welcome you to this first of its kind International Convention on Insolvency Resolution organised by CIBC of ICAI in association with IIIPI & IBBI. The theme of the convention is “Enabling Resolution, Maximising Value” which highlights the strategic mindset focussed on achieving the best possible outcome in today’s dynamic & challenging global business environment. This is a special occasion as ICAI has entered into its 75th year of existence starting

from 1 July 2023 and it is first time in 75 years that ICAI is organising a conference outside India. We are glad that you are part of this momentous and historic occasion.

Singapore has great reputation both as a City and as a Insolvency resolution hub in Asia-Pacific region and thus it is a fantastic opportunity to experience both in first hand at RESOLVE-2023. The speakers’ line-up is best in class from both India and Singapore. There is an exciting line-up of engaging talks, enlightening panel discussions and sharing of best practices and emerging global developments, where you will delve into the frontiers of knowledge and explore the possibilities that lie ahead. The convention also provides an extensive networking opportunity with diverse set of practitioners from across the world in this space. We are confident that this unique experience will be a transformative experience for you.

“The sky has turned brighter. There is a glorious rainbow that beckons those with the spirit of adventure. And there are rich findings at the end of that rainbow.”

- Lee Kuan Yew, Founding Father of Singapore

About ICAI Singapore Chapter

The Institute of Chartered Accountants of India, Singapore Chapter (ICAI Singapore Chapter) is a well-regarded professional body in Singapore. The Chapter was formed with the objective of creating a platform to aid in professional & personal development of its members based in Singapore. It operates under the auspices of the Overseas Chapter Network of ICAI India and is viewed as a key International Chapter. The chapter plays a pivotal role for Indian CAs in Singapore by curating & hosting Professional events, Webinars, Knowledge series events for benefit of members.

The Singapore Chapter is a fraternity of crème de la crème professionals with close to 500 active members with varied industry experiences, profiles and career accomplishments. Membership mix includes young as well as seasoned CAs coming from diverse backgrounds. Many of the members hold mid to senior level roles, such as CEOs, CFOs, CXOs, Partners across sectors and industries. The Chapter serve as a catalyst for member engagement and epicentre of connections.

ICAI *Presents*
INTERNATIONAL CONVENTION ON INSOLVENCY RESOLUTION

 **RESOLVE-2023**
4 - 5 AUGUST, SINGAPORE
ENABLING RESOLUTION, MAXIMIZING VALUE

OUR LEADERSHIP



CA. Aniket Sunil Talati
President, ICAI



CA. Ranjeet Kumar Agarwal
Vice President, ICAI



Mr. Vikram Nair
Member of Parliament for Sembawang GRC
Republic of Singapore

SPECIAL GUESTS



H.E. Dr. Shilpak Ambule
High Commissioner of India to Singapore



Hon'ble Justice Ashok Bhushan
Chairperson, National Company
Law Appellate Tribunal



Mr. Sudhaker Shukla
Whole Time Member,
Insolvency and Bankruptcy Board of India

AT THE HELM



CA. Gyan Chandra Misra
Chairman
CIBC, ICAI



CA. Rajendra Kumar P
Vice-Chairman
CIBC, ICAI



CA. Somnath Adak
Chairman,
ICAI Singapore Chapter



CA. Nishant Kumar Surana
Vice-Chairman,
ICAI Singapore Chapter

ICAI *Presents*

INTERNATIONAL CONVENTION ON INSOLVENCY RESOLUTION



RESOLVE-2023

4 - 5 AUGUST, SINGAPORE

ENABLING RESOLUTION, MAXIMIZING VALUE

EMINENT SPEAKERS



Hon'ble Mr. Justice (Retd.)
Arjan Kumar Sikri
Ex Judge, Supreme Court of India



Mr. Francis Ng SC
Official Assignee & Public Trustee
Ministry of Law (SG)



Dr. M.S. Sahoo
Former Chairperson
Insolvency and Bankruptcy Board of India



Mr. Scott Atkins
President, INSOL International



Shri L.N. Gupta
Hon'ble Member (T)
National Company Law Tribunal



Dr. Adish C Aggarwala
Senior Advocate
President, International Council of Jurists, London,
President, Supreme Court Bar Association



Mr. Sumant Batra
President,
Insolvency Law Academy



Mr. Ashok Kumar
Director, BlackOak LLC



CA. Ashish Chhawchharia
Partner & National Head - Restructuring Services
Grant Thornton Bharat



Mr. Andrew Chan
Partner,
Allen & Gledhill LLP



Mr. Joel Chng
Partner
Wong Partnership



Mr. Nish Shetty
Partner, Head, International Arbitration
& Dispute Resolution (Asia Pacific)
Clifford Chance Asia



Mr. Keith Han
Partner & Head of Restructuring & Insolvency
Oon & Bazul



Mr. P.H. Arvindh Pandian
Senior Advocate
Former Additional Advocate General
of Tamil Nadu



Mr. Anirudh Krishnan
Advocate
AK Law Chambers



Mr. Sumit Khanna
Subject Matter Expert
Deloitte India
Insolvency Professionals LLP



Mr. Edmund Lee
Group CEO
In.Corp Global



Shri Shiv Anant Shanker
Chief General Manager,
Insolvency and Bankruptcy Board of India



Mr. Patrick Ang
Managing Partner & Vice Chairman
Rajah & Tann Singapore LLP,
Rajah & Tann Asia



Mr. Jayesh Sanghrajka
Partner
Corporate Restructuring & Insolvency Laws



Mr. Nirav Pujara
Partner
Deloitte India
Insolvency Professionals LLP



Shri C. Ramachandra Rao
General Manager
IBBI



Mr. Varghese Thomas
Partner
JSA Advocates & Solicitors



CA. (Dr.) Durgesh Pandey



Mr. Bikash Prasad
President & CFO
Olam Agri



Shri Anoop Rawat
Partner
Shardul Amarchand Mangaldas & Co.



CA. Raghendra Goel



Mr. Abhay Kumar Sinha
Managing Director and Head of Special Situation,
Asia, Deutsche Bank

About ICAI



The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament for regulating and promoting the profession of Chartered Accountancy in India and is in existence for more than seven decades. ICAI is one of the largest professional body with over 1.15 million Members and Students, having a strong tradition of service to the Indian economy in the public interest.

ICAI has achieved recognition as a premier accounting body not only in the country but also globally. ICAI has benchmarked its qualifications and standards to the best in the world. ICAI has established new milestones in the realm of 'Leadership and Influence' by reaching out to all levels of the Government stratum. ICAI has always worked for all its stakeholders and has been a partner in Nation Building.

ICAI is continuously playing a key role in the implementation of IBC and its journey towards resolution and certainty. Towards this, The Institute of Chartered Accountants of India (ICAI) has constituted a dedicated Committee to give specific focus on Insolvency and Bankruptcy Laws and to bring in awareness among members at large about the new area of practice in the insolvency resolution sphere under the Insolvency and Bankruptcy Code, 2016 and to facilitate in educating the members on the practical aspects and procedures of the law.

ICAI has also the distinction to form the first Insolvency Professional Agency (IPA) in the country, which as on date has more than 62% of Insolvency Professionals (IPs) as its members.

THE 25TH COUNCIL OF ICAI



CA. Aniket Sunil Talati
President



CA. Ranjeet Kumar Agarwal
Vice-President



CA. Chandrashekhar Vasant Chitale



CA. Dheeraj Kumar Khandelwal



CA. Durgesh Kumar Kabra



CA. Mangesh Pandurang Kinare



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CA. Purushottamlal Hukamichand Khandelwal



CA. (Dr.) Rajkumar Satyanarayan Adukia



CA. Umesh Ramnarayan Sharma



CA. Vishal Doshi



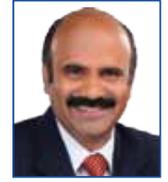
CA. Cotha S. Srinivas



CA. Dayaniwas Sharma



CA. Prasanna Kumar D



CA. Rajendra Kumar P



CA. Sridhar Muppala



CA. Sripriya Kumar



CA. (Dr.) Debashis Mitra
Past President



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CA. (Dr.) Anuj Goyal



CA. Gyan Chandra Misra



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CA. Sanjay Kumar Agarwal



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Shri Sanjay Kumar



Shri Ritvik Ranjanam Pandey



Shri Manoj Pandey



Shri Deepak Kapoor



Shri Rakesh Jain



Dr. P.C. Jain



Adv. Vijay Kumar Jhalani



Shri Chandra Wadhwa

Composition of the Committee on Insolvency & Bankruptcy Code of ICAI for the year 2023-2024

Members

CA. Gyan Chandra Misra, Chairman	CA. Sripriya Kumar
CA. Rajendra Kumar P, Vice- Chairman	CA. Sushil Kumar Goyal
CA. Aniket Sunil Talati, President (Ex-officio)	CA. (Dr.) Debashis Mitra
CA. Ranjeet Kumar Agarwal, Vice-President (Ex-officio)	CA. Rohit Ruwatia
CA. (Dr.) Rajkumar Satyanarayan Adukia	CA. Prakash Sharma
CA. Dheeraj Kumar Khandelwal	CA. (Dr.) Raj Chawla
CA. Vishal Doshi	CA. Hans Raj Chugh
CA. Durgesh Kumar Kabra	CA. Pramod Jain
CA. Purushottamlal Khandelwal	CA. Charanjot Singh Nanda
CA. Priti Savla	CA. (Dr.) Sanjeev Kumar Singhal
CA. Cotha S Srinivas	Shri Ritvik Ranjanam Pandey
	Shri Manoj Pandey

Co-opted Members

CA. Shikhar Chand Jain	CA. Urvish Bharatbhai Shah
CA. Kapilkumar Khatri	CA. Hardikkumar Jagdishbhai Patel
CA. Mehul Jasvantbhai Ranpura	CA. Samip Kiritkumar Shah
CA. Jitendra Vadilal Khandol	

Secretary to the Committee

Ms. S. Rita

ICAI Singapore Chapter Managing Committee

Office Bearers

CA. Somnath Adak, Chairman	CA. Anuradha Shroff, Secretary
CA. Nishant Kumar Surana, Vice-Chairman	CA. Sanjay Gattani, Treasurer

Committee Members

CA. Alagappan Perianan	CA. Rama Diwakar Prasad
CA. Kushal Jaju	CA. Ramky Subramanian
CA. Pawanpreet Singh	(Immediate Past Chairman)
CA. Rajeev Gupta	

About the Committee on Insolvency & Bankruptcy Code (CIBC), ICAI

With one of the most significant economic reforms brought by the Government of India as the Insolvency and Bankruptcy Code, 2016, the ICAI considering the importance of this legislation has constituted the Committee on Insolvency & Bankruptcy Code to give specific focus on Insolvency and Bankruptcy Laws.

The Committee aims to bring in awareness about this new area of practice in the Insolvency Resolution sphere and facilitates in educating the members and stakeholders at large on the practical aspects and procedures of the Law.

❖ CIBC, ICAI: Contribution in Nation Building

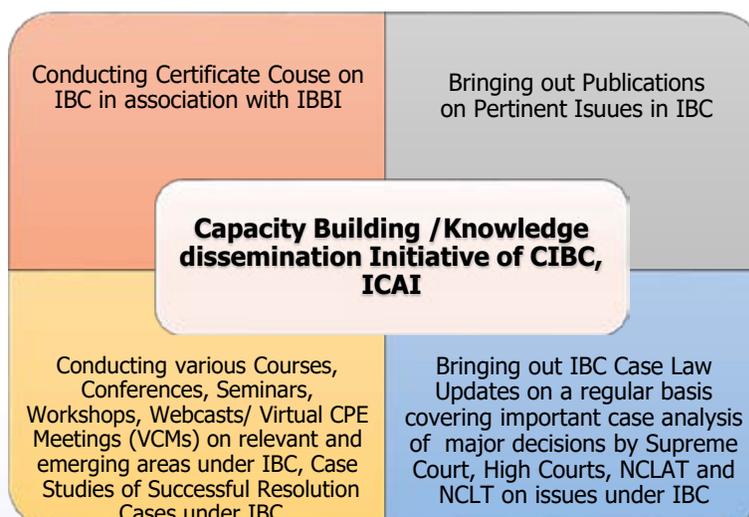
ICAI through CIBC Contributes Towards Partner in Nation Building

As a member of the Insolvency Law Committee constituted by the Government, ICAI supports the Government in reviewing the existing Law

Submitting suggestions on various aspects/Discussion Papers/Consultation Papers as sought by the Ministry and Regulator in relation to IBC

❖ CIBC, ICAI: Contribution to Capacity Building

ICAI through CIBC facilitates educating the members/stakeholders at large on the practical aspects and procedures of the Law through various initiatives as highlighted under:



About Indian Institute of Insolvency Professionals of ICAI



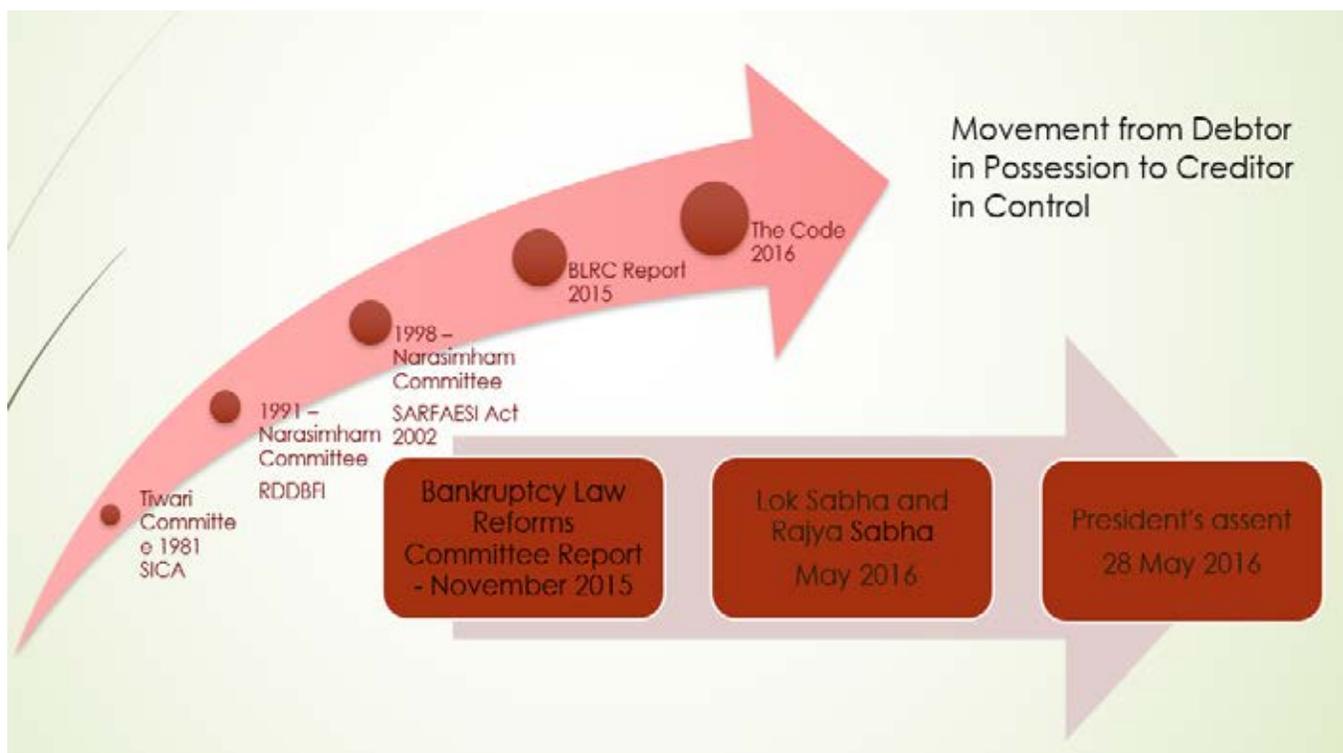
Indian Institute of Insolvency Professionals of ICAI (IIPI) is a Company formed by ICAI as per Section 8 of the Companies Act 2013, to enrol and regulate insolvency professionals as its members in accordance with Insolvency and Bankruptcy Code, 2016 (IBC). IIPI is the largest insolvency professional agency in India with around 2700 members under the aegis of Insolvency and Bankruptcy Board of India (IBBI).

Evolution of the Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 (IBC) was passed by both the Houses of Parliament in May 2016 and the same has been notified on 28th May 2016. This is one of the major Economic Reforms being brought by the Government of India.

The whole objective of IBC is to provide a market determined, time bound mechanism for the orderly resolution of insolvency wherever possible and orderly and easy exit wherever required.

A glimpse of the evolution of the Insolvency and Bankruptcy Code is as under:



Institutional Framework under IBC

The Insolvency and Bankruptcy Code is a comprehensive law that envisages and regulates the process of insolvency and bankruptcy of all persons including corporates, partnerships, LLP's and individuals.

The Code has withered away the multiple laws covering the recovery of debts and insolvency and liquidation process and presents a singular platform for insolvency resolution.

The IBC stands on an Institutional set-up that comprises of Five Pillars, which are as follows:

- **Insolvency Professionals-**

To conduct the insolvency resolution process and includes an Interim Resolution Professional. The role of the IP encompasses a wide range of functions, which include adhering to the procedure of the law, as well as accounting and finance-related functions.

- **Insolvency Professional Agencies-**

To enroll and regulate Insolvency Professionals as its members in accordance with the Insolvency and Bankruptcy Code, 2016 and read with Regulations.

- **Information Utilities -**

To collect, collate and disseminate financial information to facilitate insolvency resolution.

- **Insolvency and Bankruptcy Board of India-**

A Regulator to oversee these entities and to perform legislative, executive, and quasi-judicial functions with respect to the Insolvency Professionals, Insolvency Professional Agencies and Information Utilities.

- **Adjudicating Authority-**

The National Company Law Tribunal (NCLT), established under the Companies Act, 2013 would function as an adjudicator on insolvency matters related to corporates under the Code. The Debt Recovery Tribunal (DRT) will adjudicate insolvency resolution for individuals.



5 PILLARS OF IBC, 2016

IBC: The Journey So Far

The Insolvency and Bankruptcy Code, 2016 (IBC or the Code) which is one of the significant reforms being implemented in the economic landscape of the country has set up a decisive and strong regime in the insolvency resolution arena. IBC since its inception over the years has been much talked about and discussed subject by several experts, professionals, academicians, columnists etc. The wide deliberations and immense interest are understandable as the main purpose of the Code includes implementation of the insolvency resolution process in a time bound manner, maximization of value of assets of stakeholders, promote entrepreneurship, increase availability of credit and balance the interest of all stakeholders. The primary objective under IBC remains to revive the businesses through resolution of insolvency but under certain circumstances when it does not happen then orderly exit is available in the Code.

The country is witnessing today the results of the successful implementation of IBC which has been possible because of the establishment of effective institutional set-up and the various judgements pronounced by Supreme Court, High Courts, NCLAT and NCLT benches. The judicial pronouncements are an important repository to understand the aspects in operationalization and in providing clarification on important provisions and issues under IBC.

The Journey of this Code includes many developments, amendments and achievements and recently a number of amendments have also been brought out in the Regulations under the Code. Before discussing on the recent changes, it is pertinent to mention that the salient features of the Code have brought to the fore important phrases/words which are often and commonly used in various platforms like Corporate Debtor, Financial Creditor, Operational Creditor, Committee of Creditors, Personal Guarantor, Resolution Applicant, Resolution plan, Default, Moratorium, Interim Resolution Professional, Resolution Professional and so on.

Insolvency Professionals – Key to Resolution Process

The Insolvency Professionals (IPs) as we know play a key role under IBC on which rests the effective and timely mechanism of the insolvency resolution process. As on date as per IBBI data, 4309 Insolvency Professionals have been registered with IBBI. Out of which, 2674 Insolvency Professionals are enrolled with IPA of ICAI (Indian Institute of Insolvency Professionals of ICAI- IIIPI) – i.e., more than 62% of the registered Insolvency Professionals are members of IIIPI. Further if we look at the distribution of IP as per their eligibility as on 31st March 2023, over 55% of IPs are members of ICAI.

Amendments- Improving and extending the scope of the Code

The Code has been amended six times after its enactment and Highlights of Major Amendments are given below.

<p>➤ New Section 29A inserted to provide for Persons not eligible to be resolution applicant to submit a resolution plan.</p>	<p>➤ MSME Sector provided with a special dispensation under the Code. It does not disqualify the promoter here to bid for his enterprise undergoing Corporate Insolvency Resolution Process (CIRP) provided he is not a willful defaulter etc.</p>	<p>➤ Homebuyers recognised as financial creditors which would give them due representation in the Committee of Creditors (COC).</p>
<p>➤ New Section 12A inserted wherein withdrawal by an applicant after admission under IBC would be permissible only with the approval of the Committee of Creditors with 90 percent of the voting share.</p>	<p>➤ Voting threshold has been brought down to 66 percent from 75 percent for approval of resolution plan. The voting threshold for routine decisions has been reduced to 51%.</p>	<p>➤ Moratorium not applicable to guarantors of Corporate Debtor.</p>
<p>➤ Restricting the resolution process to 330 days, including time for litigation.</p>	<p>➤ The resolution plan approved by the Adjudicating Authority shall also be binding on the Central Government, any State Government, or any local authority to whom a debt in respect of payment of dues arising under any law.</p>	<p>Introduction of pre-packaged insolvency resolution process under IBC for MSME only. It shall be completed within 120 days from the pre-packaged insolvency commencement date.</p>

COVID-19 Pandemic – Relief Measures undertaken in insolvency sphere

To safeguard the people, business and all the stakeholders, various actions were undertaken in the country in the insolvency resolution process by Hon'ble Courts, Government and Regulators to combat the situation and provide relief to the concerned. The notable amongst those actions were:

- The Central Government by notification dated 24th March 2020, revised the minimum amount of default to trigger insolvency to Rs. 1 crore instead of Rs. 1 lakh to help the MSME sector to be prevented from being brought under insolvency proceedings as per IBC.
- The initiation of Corporate Insolvency Resolution Process under IBC was suspended for one year from 25th March 2020 to 24th March 2021.
- Further, The Insolvency and Bankruptcy Code (Amendment) Act, 2021 was enacted repealing the Ordinance, which provides for Pre-packaged Insolvency Resolution Process for corporate debtors classified as micro, small and medium enterprises.

Alternative resolution mechanism for MSMEs- Introduction of Pre-packaged Insolvency Resolution Process (PIRP)

Micro, small and medium enterprises are critical for India's economy as they contribute significantly to its gross domestic product and provide employment to a sizeable population. The purpose to introduce a pre-packaged insolvency resolution process for corporate persons classified as micro, small and medium enterprises is as follows:

- To mitigate the distress caused by the COVID-19 pandemic which has impacted the business operations of micro, small and medium enterprises and exposed many of them to financial distress.
- To provide an efficient alternative insolvency resolution process for corporate persons classified as micro, small and medium enterprises under the Insolvency and Bankruptcy Code, 2016, ensuring quicker, cost-effective and value maximising outcomes for all the stakeholders, in a manner which is least disruptive to the continuity of their businesses and which preserves jobs.

Further developments expected in IBC - to lead more opportunities for professionals

- ❖ Cross Border insolvency on the lines of UNCITRAL's Model Law, under active consideration for adoption through legislative amendment (UNCITRAL stands for United Nations Commission on International Trade Law)
- ❖ Full-fledged individual insolvency framework expected to be implemented soon
- ❖ In future, PPIRP framework likely to be extended for bigger Corporate
- ❖ Group insolvency framework may also be implemented in medium term
- ❖ Use of technology in the IBC ecosystem to handle several processes under the Code with minimum human interface under consideration by MCA/IBBI

Extracts from Economic Survey 2022-23

"Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance."

The IBC has imbibed some of the best international practices of an asset resolution mechanism. It provides an honourable exit mechanism for honest business failures and enables the release of credit locked into the stressed assets for better resource allocation. This market-driven, transparent resolution mechanism instils confidence in the financial system and attracts many new investors to invest in Indian businesses. A significant achievement of the IBC has been the change brought in the debtor-creditor relationship. Debtors are resolving stress early to avoid being pushed into insolvency."

Extracts from Economic Survey 2021-22

The Report of Economic Survey 2021-2022 has highlighted the birth of two professions due to enactment of IBC

"The Insolvency and Bankruptcy Code (IBC) has created a cohesive and comprehensive insolvency ecosystem. With the enactment of IBC, India has witnessed the birth of two professions, namely, the insolvency profession and the valuation profession that have professionalised insolvency services. The Code has opened possibilities of the resolution, including merger, amalgamation and restructuring of any kind, which often requires professional help. This has created markets for services of Insolvency Professionals, Registered Valuers, Insolvency Professional Entities and expanded the scope of services of Advocates, Accountants and other professionals."

To conclude

IBC has contributed towards building a strong ecosystem in the country. For the effective and smooth implementation of the Code, amendments have been brought out in the Code regularly and amendments in Regulations too were brought by the Regulator. The Code is evolving constantly and has built a robust insolvency regime which included various developments and achievements.

For taking forward the unitary codified legislation- The Insolvency and Bankruptcy Code, 2016 and being an important Partner in Nation Building, The Institute of Chartered Accountants of India (ICAI) has constituted a dedicated Committee to give specific focus on Insolvency and Bankruptcy Laws and to bring in awareness among members at large about the new area of practice in the insolvency resolution sphere under the Insolvency and Bankruptcy Code, 2016 and to facilitate in educating the members on the practical aspects and procedures of the law. ICAI has the distinction to form the first Insolvency Professional Agency (IPA) in the country, which as on date has more than 62% of Insolvency Professionals (IPs) as its members. ICAI is continuously playing a key role in the implementation of IBC and its journey towards resolution and certainty.

The implementation of the legal framework for resolving matters of insolvency towards the revival of business could be made at a fast pace because of the effective functioning of the institutional set up under the Code, thereby successfully laying down the formal process of insolvency resolution in the country.

SINGAPORE INSOLVENCY LAWS

1. Background of Singapore Insolvency Laws

Singapore embraces insolvency as a natural part of a vibrant entrepreneurial and risk-taking business culture. Its well-developed insolvency laws balance the interests of struggling corporate borrowers and debt-recovering lenders. Initially pro-creditor, the laws have evolved towards encouraging corporate rescue.

Singapore's insolvency laws include liquidation and rehabilitative debt restructuring procedures like judicial management and schemes of arrangement. The Companies Act serves as the primary statute governing insolvency and corporate rescue mechanisms in the country.

The insolvency ecosystem in Singapore offers both winding-up procedures and rehabilitative options like judicial management and schemes of arrangement. A financially distressed company can choose to either explore ways to survive by negotiating with its creditors or opt for dissolution.

The current legislative framework in Singapore in relation to insolvency procedures is adapted from England and Australia. These insolvency provisions are primarily encapsulated in the Companies Act as well as in subsidiary legislation such as the Companies Regulations and the Companies (Winding up) Rules. Singapore has developed its own autochthonous legal system, establishing legislation and case law that are unique to its social and economic circumstances. While English and Australian insolvency decisions are relevant, the guidance offered must be construed against the backdrop of commercial practices and policy considerations in Singapore.

2. Brief about Insolvency, Restructuring, and Dissolution Act (IRDA)

The Insolvency, Restructuring, and Dissolution Act (IRDA) is a comprehensive piece of legislation that came into effect in Singapore on 30 July 2020. It marked a significant development in Singapore's insolvency landscape, consolidating and amending the country's laws on corporate insolvency and bankruptcy into one overarching statute. The IRDA replaced the previous legislation, including the Companies Act provisions relating to insolvency, to create a more streamlined and modern legal framework.

Key Objectives of the IRDA:

- **Enhanced Efficiency:** The IRDA aims to enhance the efficiency of insolvency proceedings in Singapore, making the process more robust and effective in dealing with financially distressed companies.
- **Cross-Border Insolvency:** One essential feature of the IRDA is its adoption of the UNCITRAL Model Law on Cross-Border Insolvency. This allows foreign companies to commence or participate in proceedings under Singapore's insolvency laws and seek recognition of foreign insolvency proceedings in Singapore. The Model Law provides a framework for cooperation and coordination between jurisdictions, making Singapore an attractive destination for cross-border restructuring and insolvency matters.
- **Rehabilitation and Corporate Rescue:** The IRDA introduces rehabilitative procedures like schemes of arrangement and judicial management, allowing companies facing financial difficulties to explore avenues for revival and restructure their debts. These mechanisms are designed to support viable businesses and preserve economic value.
- **Winding-Up Procedures:** In cases where rehabilitation is not feasible, the IRDA provides for winding-up procedures, otherwise known as liquidation. This process involves the orderly

winding down of a company's affairs and the distribution of its assets to creditors.

- **Protection of Stakeholders:** The IRDA seeks to strike a balance between the interests of various stakeholders, including debtors, creditors, and shareholders. It ensures that the insolvency proceedings are conducted transparently and fairly, safeguarding the rights of all parties involved.
- **Specialized Commercial Lists:** To enhance expertise and efficiency, the Singapore High Court has established specialized commercial lists of judges, including one for company, insolvency, and trusts. These specialized lists aim to improve the handling of complex insolvency cases and commercial disputes.

The IRDA represents Singapore's commitment to enhancing its insolvency regime, making it more attractive for both domestic and international businesses. By adopting international best practices and facilitating cross-border cooperation, Singapore aims to strengthen its position as a leading hub for corporate restructuring and insolvency matters in the region.

3. The future of the Insolvency, Restructuring, and Dissolution Act (IRDA)

The future of Singapore's Insolvency, Restructuring, and Dissolution Act (IRDA) looks promising with these key points:

- **International Hub for Cross-Border Insolvency:** Singapore's adoption of the UNCITRAL Model Law on Cross-Border Insolvency enhances its appeal as an international hub for cross-border restructuring and insolvency cases. As more foreign companies seek recognition and cooperation in Singapore for their insolvency proceedings, the country's expertise and efficiency in handling such matters are likely to grow.
- **Emphasis on Corporate Rescue:** The IRDA's focus on rehabilitative procedures, such as schemes of arrangement and judicial management, demonstrates Singapore's commitment to supporting financially distressed companies in their revival efforts. This emphasis on corporate rescue aims to preserve economic value and promote a business-friendly environment.
- **Continuing Legal Developments:** The IRDA is a relatively new piece of legislation, and over time, courts and legal practitioners will gain more experience in its application. This experience may lead to further refinements and clarifications to better address complex insolvency cases.
- **Stakeholder Engagement:** The IRDA's objective of striking a balance between the interests of stakeholders will continue to be critical. Engaging with various stakeholders, including debtors, creditors, and shareholders, will be essential in shaping the future direction of insolvency proceedings in Singapore.

Overall, the future of the Insolvency, Restructuring, and Dissolution Act in Singapore appears promising, with ongoing developments and a commitment to adapt to changing economic and legal landscapes. The IRDA's provisions and Singapore's efforts to create an efficient, fair, and business-friendly insolvency environment will continue to position the country as a preferred destination for companies seeking insolvency and restructuring solutions.

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Article-Development of Stressed Asset Market – Revitalizing Opportunities Amidst Challenges

- CA IP Sunit Shah
- Sakshi Mehta

Introduction

The global financial landscape is constantly evolving and it has led to the emergence of new investment opportunities. One such investment opportunity that has gained significant attention and importance is the market for stressed assets in global markets as well as the Indian market. Especially with the introduction of the Insolvency and Bankruptcy Code in the year 2016, the market of non – performing assets (NPAs) has seen sustained interest from both domestic and international investors. The Code has also helped in increasing the level of confidence of investors in purchasing the stressed assets or stressed companies undergoing CIRP or liquidation process.

India's rank in ease of doing business according to the World Bank report has been from 142nd in the year 2014 to 63rd in the year 2019, while according to the report of Economic Intelligence Unit (EIU), India now stands at the 10th rank for the period of 2023-27 as compared to rank 14th for the period of 2018-22. One of the reasons for the improved ranking is the market opportunity offered by the large and growing Indian market.

What are the Stressed Assets?

Stressed Assets usually refer to the assets experiencing difficulties or are underperforming which lead to the loss or damage to the company. These assets can be loans, mortgages, terms of corporate guarantees or any other type of financial assets which are facing challenges in generating revenues to meet their financial obligations. There may be various reasons like economic recession, industry sector specific challenges, poor management, mal-intentions or misconduct, adverse market conditions and many more. In banking terminology, stressed assets are usually referred as the Non-performing Assets (NPAs). And these assets may also include the companies or business that are facing challenges in meeting their financial obligations. These assets are usually burdened by various factors including bankruptcy, default or insolvency.



Growth & Development of Stressed Asset Market

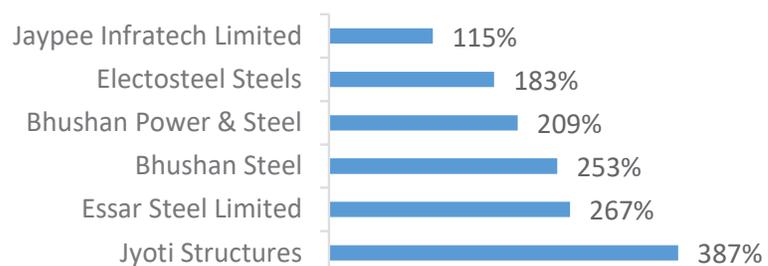
The development of stressed asset market has been beneficial to both the buyers and sellers. Stressed asset market provides opportunity to financial institutions or banks to offload the NPAs from their Balance sheet thus reducing the risk exposure and improving liquidity. While buyers that are potential domestic or international investors see these as opportunity for acquiring assets at the discounted price in the market. When stressed assets are acquired by investors with the expertise and resources to restructure or rehabilitate them, they have the potential to be revived and generate economic value. This process promotes the efficient reallocation of resources, fosters economic growth, and aids in the recovery of troubled industries and sectors. The development of a stressed asset market has gained momentum in our country and over the time the market has evolved and expanded, driven by several factors. The Government is implementing policies and constantly bringing amendments in the law for facilitating the resolution of stressed assets, encouraging market participants to invest in these opportunities.

One of the major reasons behind this momentum is the introduction and development in the Insolvency & Bankruptcy Code, 2016. The Code has provided the country with a time bound, legally structured process for the companies with financial stress to revive or liquidate themselves. The core purpose of the IB Code is to revive the company by selling of the company as a whole to new group of shareholders with new efficient management. Usually, for the stressed assets i.e., the company as a whole or the assets of the company like land & building, Plant & Machinery, the liquidation value and Fair Value are considered. There are many scenarios where stressed companies have been revived at much higher value than liquidation value. As per one of the reports by RBI, the realisation value through IBC was close to 201% of liquidation value. The companies like Jyoti Structure has been sold for more than 387% of the liquidation value, Essar Steel at 267%, Bhushan Steel at 253%, Jaypee Infratech Limited at 115% and many more.

Stressed assets represent the opportunity to purchase operational and good underlying assets, with a potential to turnaround, at attractive valuations. It enables strategic investors to expand capacity in a cost-effective manner. Also, there is advancement in technologies worldwide, it has lead to the increased availability of data which helps in identification and valuation of the stressed assets.

The development of stressed asset markets has also lead to increase in the number of Special type of companies registered under SARFAESI Act, 2002 regulated by RBI such as Asset Restructuring Companies (ARCs) and Alternative Investment Funds (AIFs) which are specialised Financial Institutions that facilitates securitisation and asset reconstruction of NPAs of banks, thereby facilitating early resolution and bringing liquidity into the system. The major benefit of the ARCs is that

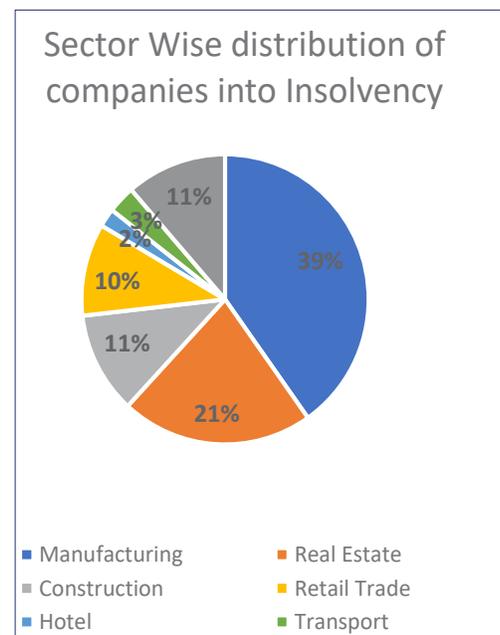
Recovery by Creditors of selected companies(as percentage of liquidation value)



they have large portfolio of companies which are acquired by them which can help mix up the good and bad assets and can make a quick sale. Thus the major challenge of liquidity in stressed assets are not faced by such ARCs and the Alternative Investment Funds. The business models for ARCs have also changed with change in regulatory changes. The proportion of cash share increased slightly as the RBI mandated ARCs move towards 15:85 model from 05:95. That means, prior to change, ARCs were allowed to invest 5% in any asset along with banks investing remaining 95% which has now changed to 15% by ARCs along with 85% of investment by banks. RBI has also via notification dated 11th October, 2022 allowed ARCs to be Resolution Applicants under the Insolvency & Bankruptcy Code, 2016, marking a significant change in existing policies which in turn boosts the takeover and resolution of the stressed assets.

SEBI has also further widened the Stressed asset market to a specifically dedicated class of AIFs called Special Situation Funds that exclusively invest in the stressed asset market. Private Equity and hedge fund investors have also been active for their investment in stressed assets market during the recent years.

Additionally, the increasing global interconnectedness of financial markets has expanded the scope for cross-border investments in stressed assets, further fuelling market growth. As investors seek to capitalize on these unique circumstances, the stressed asset market has grown rapidly, offering potential rewards for those with an appetite for risk. The existence of a liquid and efficient market for stressed assets allows for the prompt and efficient disposal of such assets, reducing the level of NPAs and facilitating the allocation of capital to more productive use. The pie diagram shows the sector wise percentage distribution of companies undergoing financial stress in our country as on 30.09.2022.



Challenges faced by the Stressed Assets Market

Despite the benefits and potential in the stressed assets market, the markets faces several challenges. It is a complex procedure of valuing the stressed assets due to their unique characteristics and uncertain future economic benefits and thus requiring the specialized knowledge and expertise. This often leads to the undervaluation of the assets by the investors and thus leads to heavy discounting prices of the stressed assets in the market. As the buyers are not willing to pay the fair value of the assets, the seller i.e., banks or financial institutions has to bear heavy losses for recovery of their dues. Another problem is of the liquidity constraints of the investors which also leads to the lower valuation of assets and also it may deter potential investors.

Stressed asset markets typically involve distressed sellers who may not be willing or able to disclose all relevant information about the assets. This information asymmetry can make it challenging for buyers to assess the risks and potential returns associated with the assets, leading to higher due diligence costs and increased uncertainty.

Further, different jurisdictions may have different rules and regulations governing the acquisition, restructuring, or disposal of distressed assets. Adhering to these regulations, it could be time-consuming and costly, and failure to comply can result in legal consequences.

Many stressed assets require significant operational improvements or turnaround efforts to become profitable again. However, executing successful turnarounds can be challenging and time-sensitive. Factors such as market conditions, management capabilities, labour relations, and external factors beyond the control of the investor can impact the success of the turnaround strategy.

Conclusion

The development of the distressed asset market has opened up new horizons for investors willing to navigate the intricacies of financial turmoil. By carefully assessing market dynamics, leveraging specialized knowledge, and engaging with experienced professionals, investors can unlock the potential of the stressed asset market while effectively managing the inherent risks. Embracing the potential of the distressed asset market can help drive economic revival and ensure that valuable resources are efficiently deployed, benefiting investors, institutions, and economies as a whole. As the market matures and evolves, innovative approaches and collaborations will further strengthen the distressed asset market's role in revitalizing economies worldwide.

Reforms and measures towards streamlining bankruptcy procedures, enhancing towards creditor rights, and improving the transparency and efficiency of the market will not only facilitate the resolution of distressed assets but also instil confidence in investors, attracting more capital into the market. By efficiently addressing stressed assets, will help to restore liquidity, reduce financial burdens, promote the efficient allocation of resources, promote entrepreneurship and innovation, and also fosters investors' confidence.

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Article - Role of IBC in Reviving the Infrastructure and Real Estate Sector

-CA. Jayesh Sanghrajka

1. Indian Economy:

India has made some remarkable transformations in the economic ecosystem. It is positioned as the fifth largest economy in the world. As per the IMF's World Economic Outlook, the size of the Indian economy will cross \$5 trillion in 2026-27.

Infrastructure and Real Estate sectors have been instrumental in the growth of Indian Economy. Infrastructure and Real Estate go hand-in-hand having a direct bearing on India's GDP. These sectors along with allied activities contribute largely to India's GDP.

2. Key drivers influencing the growth of Infrastructure & Real Estate space in India:

- Government initiatives in introducing scheme that boost Infra growth in India
- Public and Private Placements
- Foreign Direct Investments
- Improvement in connectivity and logistics
- Urbanisation and emergence of nuclear families
- Ease in finance arrangements for housing loans & rise in disposable income
- Rapid growth in service sectors: IT/BPM, BFSI and Telecom
- Increasing reliance on e-commerce services
- Shift of global manufacturing units in India

For every rupee spent on infrastructure, there is a 2.5 to 3.5 rupee gain in GDP. Infrastructure spending has a multiplying outcome by way of employment generation, improved lifestyle, FDI attraction and high consumption capabilities.

3. Reasons for stress in Infrastructure and Real Estate:

Like any other sector, Infrastructure and Real Estate industry faces a set of challenges. This industry requires significant upfront investments due to high project costs. One of the major challenges faced is high debt levels and tight liquidity conditions. High debt levels can become unsustainable, especially when projects face cost overruns, delays, or lower than expected revenues, making it difficult to service the debt.

Various policy measures are introduced by the Government to support financing to these sectors and mitigate the problem. However, the stress continues to persist in this sector due to poor project governance, lack of promoter experience and failure to meet timelines and budgets. Designing a strategic vision is crucial as such projects take years to complete.

The housing market in India has observed exponential growth in the past few years. Some of the major reasons contributing to stress in Real Estate sector is high inventory levels due to demand crunch more specifically after the impact of pandemic in 2020, negative consumer sentiments dampen the housing demand, bring forward affordability issues and delayed deliveries.

The sector required alternative course of actions to distressed buyers as existing recourses were limited, wherein the relief although effective, would take time to resolve due to legal complications. Provisions related to Real Estate Regulatory Authority was implemented in 2016 to put a semblance of order in the real estate sector for developers and real estate projects.

4. Role of IBC in reviving the Infrastructure and Real Estate:

Being one of the key sectors contributing to the Indian Economy, it became imperative to bring revolutionary changes to manage the stress and build new opportunities to up its game on the global platform.

The IBC has been instrumental in streamlining the resolution process in India. It brought significant changes in the way of dealing with distressed assets. Revival of stressed assets in Infrastructure through IBC has been a game changer for the economy. Since its inception in 2016, IBC has proven itself as an important, result oriented, and time bound legislation.

The method of dealing with stress in Infra space has evolved with time.

IBC has undergone developments to provide more efficiency and create value to insolvency cases. Some of its remarkable evolutions cater particularly to the real estate stress like giving financial creditor status to home buyers, allowing project wise insolvencies among other initiatives giving boost to primary objective of IBC - Maximization of Value.

In 2019, the Supreme Court judgement provided relief to power companies and other stressed sectors paving the way for alternative resolution mechanisms.

The IBC's resolution process has attracted interest from private investors, including infrastructure focused companies and financial institutions. This has led to increased participation in the resolution of infrastructure projects, with more private players showing interest in adopting a Public Private Partnership (PPP) model to revive or manage stressed projects.

According to the latest data by Insolvency & Bankruptcy Board of India, 6,571 companies from various sectors were under administration until the end of March 2023. About 1,380 (21%) of these cases were from the real estate sector. Remarkably, 854 of these companies, have successfully implemented a resolution plan since implementing the Insolvency & Bankruptcy Code (IBC) in 2016.

5. What is in it for Global investors?

Investment through IBC allows horizontal and vertical expansion for strategic, technical investors across the country and mark their geographical presence.

Government is taking initiatives to allow enabling provisions in the form of 'customised resolutions' for insolvent residential projects to promote prompt delivery of flats to homebuyers.

The Supreme Court's intervention in resolution of several insolvency matters has been crucial in providing clarity on legal, regulatory matters and resolving complex matters in Infrastructure space.

6. Our views on Infrastructure and Real Estate space in India:

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References:

<https://www.investindia.gov.in/team-india-blogs/infrastructure-development-in-india#:~:text=With%20increased%20demand%20for%20labour,3.5%20rupee%20gain%20in%20GDP.>

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Article -Not Readily Realisable Assets – An Untapped Value Proposition

– CA N Srikrishna
– CA S Badri Narayanan

Introduction and Background

The preamble to the Insolvency and Bankruptcy Code, 2016 (“**the Code**”) encapsulates the basic structure and essence of the Code. One of the core characteristics of the Code which drives its central theme is maximization of value of assets. The provisions of the Code are devised throughout to emphasise on timely revival of Corporate Debtor, ensuring going concern and to balancing interest of stakeholders. Liquidation is considered as a last resort and even in liquidation, the legal framework emphasises on a going concern sale to maximize value of assets. In fact, the Apex Court in its Judgement in **Swiss Ribbons Pvt. Ltd. & Another Vs. Uoi & Other (“Swiss Ribbons”)**¹, held that “....What is interesting to note is that the Preamble does not, in any manner, refer to liquidation, which is only availed of as a last resort if there is either no resolution plan or the resolution plans submitted are not up to the mark. **Even in liquidation, the liquidator can sell the business of the corporate debtor as a going concern.**”

As per Regulation 44 of the Insolvency Bankruptcy Board of India (Liquidation) Regulations, 2016 (“**Liquidation Regulation**”), the liquidation of the Corporate Debtor is to be completed within a period of one year from Liquidation Commencement Date. However, this process is often affected on account of subsisting litigations or non-saleable assets which result in non-closure of the process within stipulated timeline. As on March 2023, more than 55% of ongoing liquidation process have been running for more than 2 years now.² Regulation 38(1) Liquidation Regulations provides that the liquidator may, with the permission of the Adjudicating Authority, distribute amongst the stakeholders, an asset that cannot be readily or advantageously sold due to its peculiar nature or other special circumstances. However, there can be circumstances wherein the asset cannot be distributed as such amongst the stakeholders.

The above coupled with the significant focus on value maximization object of the Code, led to the introduction of the provision relating to assignment/transfer of Not Readily Realizable Assets (“**NRRA**”) in the Liquidation Regulation. NRRA generally includes assets falling in the category of sundry debts, including refunds from Government and its agencies, contingent receivables, disputed receivables, sub-judice receivables, disputed assets (wherein legal ownership is not clear), and assets underlying avoidance transactions etc. Section 36 of

1 Judgement dated 25.01.2019 in WP (Civil) No. 99/2018

2 Quarterly Newsletter of IBBI – January to March 2023

the Code defines the assets included in Liquidation Estate which inter alia comprises of tangible/intangible assets, contractual rights, assets underlying avoidance transaction etc. Hence, NRRRA predominantly gets covered under the definition of Liquidation Estate. This article attempts to provide a brief overview of the subject matter while highlighting the challenges, complexities and potential for establishing a niche market for such assets.

Provisions relating to NRRRA

The Insolvency and Bankruptcy Board of India (“**IBBI**”) in its discussion paper dated 26th August, 2020, dwelled into the concept of NRRRA while discussing its requirement and economic rationale. The key discussion pointers of the paper are¹ as follows:

1. Liquidation Estate identified by the liquidator may include certain assets for which the value may not be easily realisable and may require indefinite time for realisation on account of peculiar nature of such asset or special circumstances.
2. The time bound liquidation process may be affected on account of the nature of such assets.
3. The objectives of the Code are realised only if the liquidation process closes in a time bound manner, the liquidator moves on and the stakeholders recycle the assets stuck in the CD.
4. Dissolution of the Corporate Debtor, while there is a possibility to recover some value which is lying in NRRRA, is against the interest of stakeholders.
5. On the other hand, if the dissolution is kept pending for want for realisation of such assets, the liquidation process cost gets accumulated on continuous basis, while the value of the assets keeps on depreciating with time.
6. Presence of substantial NRRRA in liquidation estate creates a situation of stalemate as realisable amount remains, at best, a guesstimate.
7. A liquidator is required to take action to recover the amount receivable from the contingent assets (receivables) which may accrue to a Corporate Debtor based on an occurrence of uncertain future events. The Corporate Debtor or liquidator does not have any control over the occurrence of such future events.
8. The Code also casts duty on liquidator to examine avoidance transactions in which the Corporate Debtor was involved before the onset of insolvency process to ascertain whether any of the Corporate Debtor’s property/assets that should be available for distribution among all his or her creditors was diverted improperly. Such transactions may usually be contested with a view to reclaim these assets from the recipient or beneficiary for the benefit of the creditors
9. One of the greatest hurdles faced by a liquidator in taking up legal proceedings to maximize the wealth of the Corporate Debtor, is lack of funding for meeting the legal expenses involved in the process. Further, such litigation causes inordinate delay in completion of liquidation process.

³ Discussion Paper issued by IBBI dated 26.08.2020, < <https://ibbi.gov.in/uploads/whatsnew/2020-08-26-184542-x70yo-1bc5a2ba5d43fda2a51fa372bf5bc76c.pdf>>

10. The delays caused in pursuing such actions may result in loss to the stakeholders, depletion in value of resources and uncertainty in closure of the liquidation process. In such a scenario, there is no effective mechanism to pursue contentious receivables, once the liquidation process is completed.
11. If such assets are left unrealised and the CD is dissolved, the stakeholders are deprived of their due recovery, the assets remain locked and in an undistributed state.

Further, the existing available international experience and legal framework pertaining to assignment of cause of action was analyzed in detail by the Discussion Paper.

Based on the above, the Discussion Paper suggested “*considering assignment of NRRRA or whatever amount, the market is willing to pay, and distribute the same among stakeholders and close the liquidation process*”. Two options were deliberated, one being absolute assignment and other being assignment with recompense facility. The Discussion Paper while recommending certain principles to be followed by Liquidator also suggested certain checks and balances including prevention of Section 29A barred person from acquiring NRRRA and consultation by Liquidator with Stakeholder Consultation Committee (“**SCC**”) for the process of assignment/transfer of NRRRA.

This ultimately lead to insertion of Regulation 37A in Liquidation Regulation vide Notification dated 13th November 2020, which reads as under:

A liquidator may assign or transfer a not readily realisable asset through a transparent process, in consultation with the stakeholders’ consultation committee in accordance with regulation 31A, for a consideration to any person, who is eligible to submit a resolution plan for insolvency resolution of the corporate debtor.

Explanation. — *For the purposes of this sub-regulation, “not readily realisable asset” means any asset included in the liquidation estate which could not be sold through available options and includes contingent or disputed assets and assets underlying proceedings for preferential, undervalued, extortionate credit and fraudulent transactions referred to in sections 43 to 51 and section 66 of the Code.*

The above Regulation clearly defines NRRRA to include contingent or disputed assets and assets underlying avoidance transactions. Further, the Regulation allows the usage of a transparent process (in consultation with SCC), and hence innovative methodologies could be assessed and formulated for value maximization. Further, the Regulation specifies that the assignee has to be a person eligible to submit a resolution plan under the Code. It is to be noted that the provision of NRRRA is specifically inserted in Liquidation Regulation considering the complexities involved in closing of the liquidation process.

Practical Implementation and Challenges

The Assignment / Transfer of NRRRA is a recently introduced concept under the Code and the jurisprudence for the same is being slowly and steadily established through market dynamics, industry practice and judicial pronouncements. Much of the NRRRA being put up for assignment / transfer relate to value underlying avoidance transactions, or actionable claims including arbitration claims litigation claims etc.

To begin with, it is important for an NRRA to be identified as an asset to be included in the liquidation estate, which is to be realized and distributed to the stakeholders in the order of priority of payment given under Section 53 of the Code by the Liquidator. Consequently, the SCC along with the Liquidator are required to decide whether the sale of Corporate Debtor as going concern should include the NRRA as well or whether there should be a separate auction/sale of the same. In case the nature of assets permit, Regulation 38(1) provides option of distributing asset amongst the stakeholders with permission of Adjudicating Authority. If the same is not feasible, then, Regulation 37A allows the liquidator to assign/transfer NRRA through a transparent process in consultation with SCC. This process may be an auction process as guided by Schedule I to the Liquidation Regulation or any other transparent process which can establish arms-length basis.

The Liquidator may then issue an auction or sale notice along with detailed process memorandum describing the mode and methodology for participating in the process by potential bidders. Finally, upon successful conclusion of the process, necessary documentation including Assignment Deed is executed in the name of the successful bidder and suitable application, if required, is preferred before Adjudicating Authority.

Now, since it's a recently promulgated concept, there are initial challenges and implementation issues, which are briefly described hereunder:

1. For conducting a public auction of NRRA as per Schedule I, or even by any other transparent process, the establishing of a Reserve Price by the SCC is a tricky domain. Since the nature of NRRA is as such that its value is not readily identifiable, it is highly complicated to set a minimum reserve price for the bidding or to set the benchmark for negotiation with potential bidders. Further, it is to be seen whether there should be a reduction in reserve price consequent to a failed auction as per Schedule I.
2. There is need for guidance or any tool to evaluate the bids or proposals akin to an evaluation matrix available for assessment of resolution plans under CIRP.
3. The Regulations may also include suggestions as to what can be transparent process. This may result in issuance of standard process memorandum by Liquidator which might invite bids with diverse parameters from different bidders making it impossible to compare as to which bid is in best interest of SCC.
4. SCC and Liquidator have to conduct independent due diligence of the NRRA to identify its value prospects. Further, it is to be ensured that the potential bidders for NRRA are eligible u/s 29A of the Code.
5. Bids might solely consist of upfront payment or a hybrid of upfront plus % based upon realization of the subject NRRA. Since the value of NRRA and the time for realization is not known, it becomes a difficult decision to be manoeuvred by SCC.
6. Arbitration claims or litigation claims including actionable claims, require litigation funding which becomes a key challenge in creating value for the NRRA. The responsibility of bearing litigation and ancillary cost for realization of NRRA is to be negotiated between SCC and the potential bidders. Third Party Funding has been held to be legal by Indian Courts but the ecosystem for the same is still in nascent stage.

7. Taxation aspects considering assignment / transfer of NRRRA and stamp duty on such assignment/transfer may impact the viability of NRRRA sale.
8. Comprehensive guidance is required as to how the assigned NRRRA will be pursued and/or monitored post closure of liquidation process. For example, avoidance transactions identified during resolution process or liquidation process are filed in the name of the Corporate Debtor for ensuring recovery of proceeds. In event of assignment of NRRRA to a potential bidder, suitable measures should be put in place to enable the successful bidder to enforce his assigned cause of action by way of impleadment in the subsisting litigations or otherwise. Similarly, any arbitration claim or actionable claim may be to the account of the Corporate Debtor on account of contractual right. Hence, necessary measures will be required to ensure that post dissolution of Corporate Debtor, the assignee is able to exercise his right to pursue cause of action and attain recovery to the Assignee's account or an account designated by SCC.
9. In case of consideration from bidder based on realization of NRRRA, post dissolution distribution mechanism amongst bidder and relevant stakeholders has to be properly addressed.

Apart from the above challenges, there can issues concerning documentation and execution of the assignment, which might be further complicated in cases where the assignee of NRRRA is different that the successful bidder who has acquired the Corporate Debtor as going concern.

References and Judicial Precedents in NRRRA

NRRRA auction notices are being issued with respect to contingent assets of diverse nature. Following table is a brief illustrative list in respect of the NRRRA being assigned:

Name of Corporate Debtor	Particulars
Ind-Barath Power Gencom Limited Trend Flooring Private Limited, SRS Limited, FE(India) Limited, Vintage Food & Industries Limited, Appsdaily Solutions Private Limited, Shilpi Cable Technologies Limited	<ul style="list-style-type: none"> • Assignment of underlying value in appeals filed before Hon'ble NCLAT against dismissal of avoidance transaction application • Actionable claims • Insurance Claim • Foreign Debtors and Domestic Debtors • Related Party Loans and Advances • Intangible Assets being Trademarks • Accounts Receivable including advances and other receivables • Equity shares of Wholly Owned Subsidiary • Financial Assets including balance with Government Authorities • Assignment of all Rights and Interests for Application filed under Section 9 of the Code against a debtor of the Company

Name of Corporate Debtor	Particulars
	<ul style="list-style-type: none"> • Assignment of all Rights and Interests for Application for avoidance transaction • Assignment of all Rights and Interests for Application filed before Hon'ble CMM court for filing FIR for missing vehicles of the Corporate Debtor sale of the vehicles on recovery.

Although the existing legal framework does not stipulate obtaining of approval of Adjudicating Authority to conduct assignment/transfer of NRRAs, there are instances wherein an Application is filed by the Liquidator for seeking approval pre or post assignment/transfer of NRRAs.

Certain illustrative instances are referred hereinbelow:

S.No	Case Title	Particulars
1	M/s Sumukhi Sales Private Limited Vs M/s Y M Foodways Private Limited ⁴	Hon'ble NCLT took note of the NRRAs sale and allowed the Application filed by Liquidator to replace the name of assignee of NRRAs in the underlying avoidance transaction application.
2	S.R. Foils & Tissue Limited ⁵	Application filed by Liquidator seeking permission for assignment / transfer of NRRAs being all rights of litigation and interest regarding Plot of the Corporate Debtor, including buildings, plant & machineries etc was allowed. Further, post receipt of highest bid, the same was placed before Hon'ble NCLT and approved.
3	Vandana Enterprises Private Limited Vs Varun Snacks Private Limited ⁶	Hon'ble NCLT allowed dissolution of the Corporate Debtor while approving replacement of assignee in the NRRAs related avoidance application.
4	State Bank of India vs M/s Advance Sufactanta India Limited ⁷	Hon'ble NCLT allowed extension of liquidation timeline to conduct assignment / transfer of NRRAs under Regulation 37A.
5	Shree Khodiyar Packaging Vs Datsun Fashion Limited ⁸	Hon'ble NCLT took note of the NRRAs sale and allowed the Application filed by Liquidator to replace the name of assignee of NRRAs in the underlying avoidance transaction application.

4 Hon'ble NCLT Order dated 03.11.2022 in IA/2881(ND)2022 in (IB)/421(ND)2019

5 Hon'ble NCLT Order dated 08.07.2022 and 02.03.2023 in IA1581/2022 and IA-5373/2022

6 Hon'ble NCLT Order dated 09.06.2023 in CP (IB) -3994(MB)/2019

7 Hon'ble NCLT Order dated 23.09.2022 in New IA-4562/2022 in (IB)-922(PB)/2018

8 Hon'ble NCLT Order dated 03.07.2023 in IA No. 3227 of 2022 in CP No. 625 of 2018

Conclusion

The Code has undoubtedly proven to be a catalyst for resolution of stressed assets in India. The insertion of provision relating to assignment/transfer of NRRRA is a game changer for development of stressed asset market and if implemented effectively can truly result in creation of much needed ecosystem of litigation funding (Third Party Funding) in India. Further, it is an earnest and much needed attempt at maximizing value for the stakeholders out of contingent and disputed assets and to ensure closure of liquidation process within stipulated timeline. Further, such assets, if not realized at earliest, may suffer from value deterioration for the stakeholders. Introduction of Regulation 37A has opened new doors for resolving of liquidation estate using innovative structure and mechanism.

However, the true potential from sale of NRRRA may not be unlocked unless a supporting ecosystem including development of Third-Party Funding and Stressed Asset Platform in order to ensure that the recovery from sale of NRRRA becomes a mainstream recovery rather than being a residual recovery.

The law can provide alternatives, but ultimately it is upto the stakeholders commercial wisdom to choose the necessary course of action. The stakeholders, if confident on the realization of NRRRA, may pursue it through Liquidator while stretching the Liquidation Process or may assign / transfer to assignee based on market dynamics with sufficient safeguards. The future of NRRRA will be dependent on the optimization of ecosystem and sensitisation of the stakeholders.

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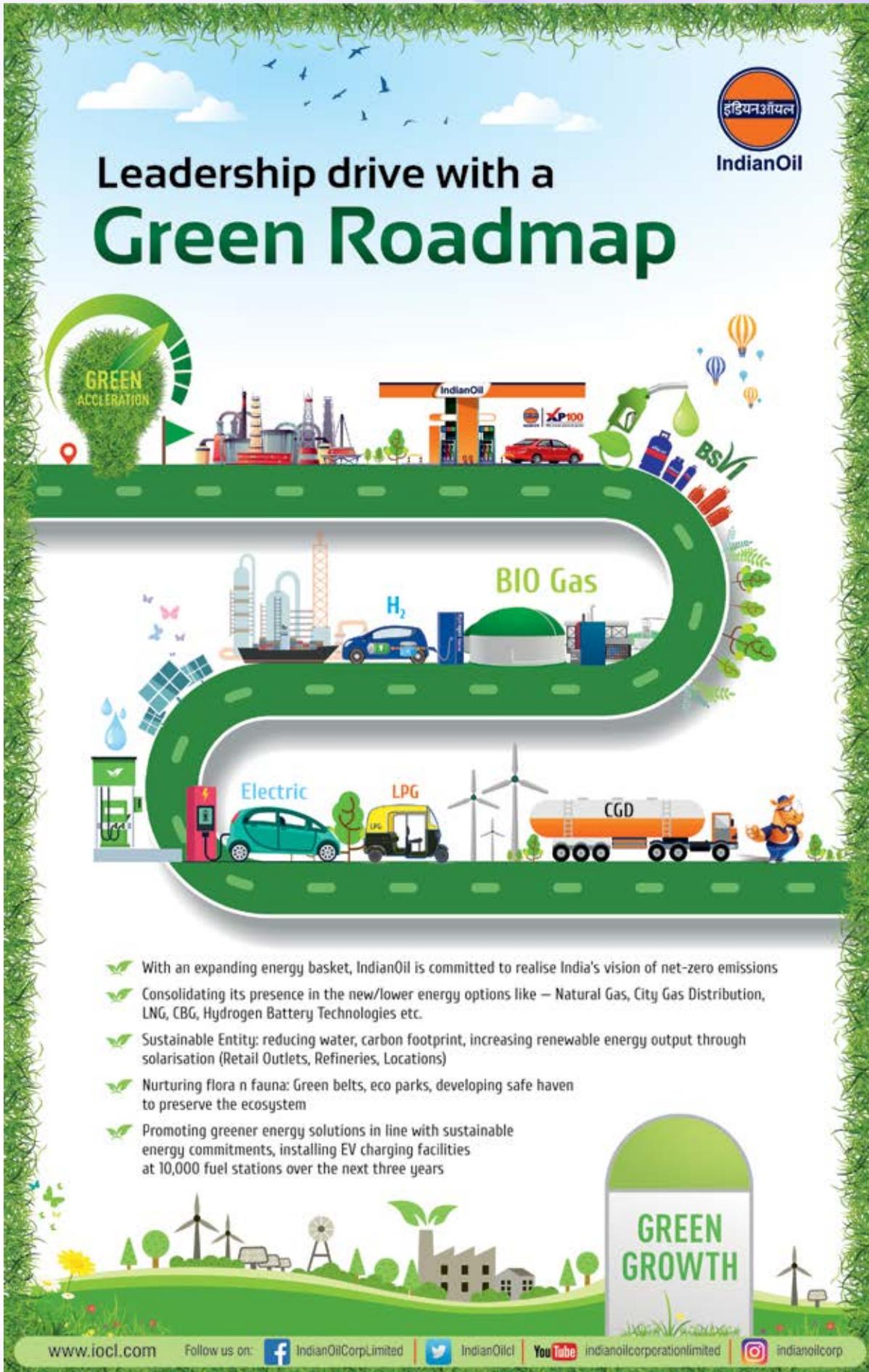
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