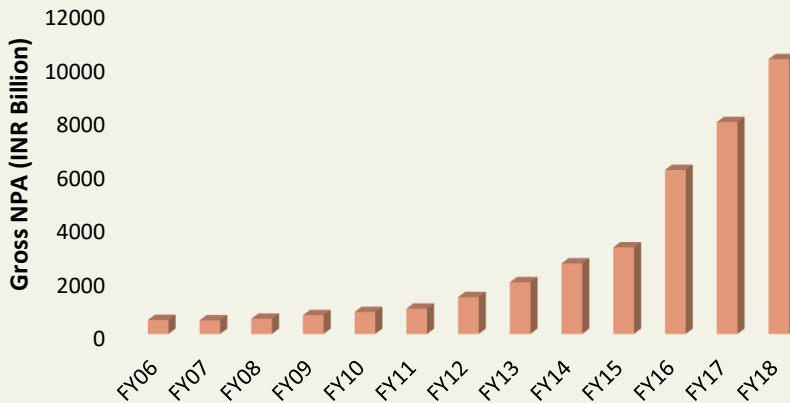


Synopsis of Restructuring & Insolvency Situation in India, 2018

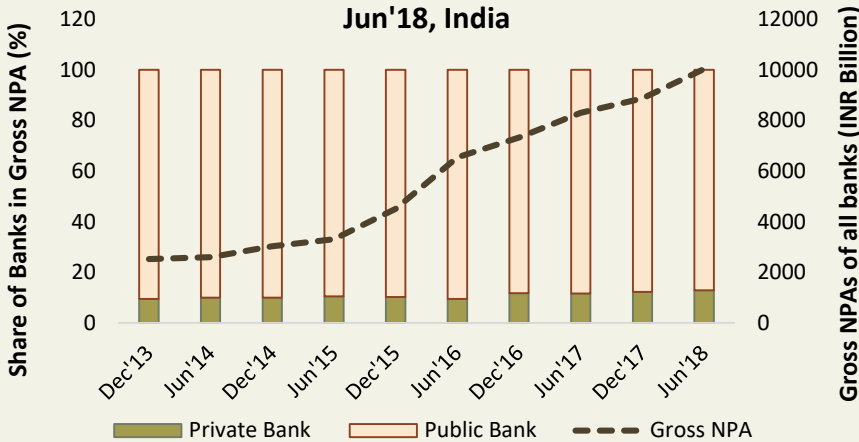
- The Insolvency and Bankruptcy Code (IBC) is the bankruptcy law of India which is designed to consolidate all the laws which are related to insolvency by creating a single law.
- IBC was passed by Lok Sabha on 5 May 2016 and the Code received the approval of the President of India on 28 May 2016.

Gross NPA of all scheduled commercial banks, India, FY06 - FY18



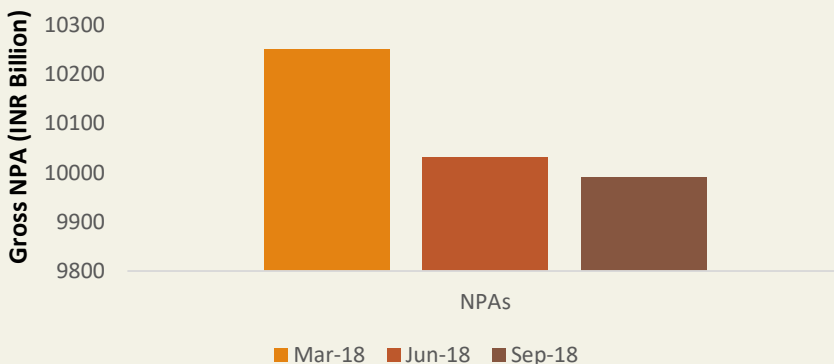
- NPA or Non Performing Assets are true reflector of a lender's or debtor's stressed condition.
- Between FY06 to FY18, the gross NPAs of all the Indian scheduled commercial banks has increased at a CAGR of **28.25%**.
- In FY06, the gross NPAs as percentage of Gross Advances was **3.3%** which rose to **11.2%** in FY18.

Gross NPAs of Public and Private Banks, Dec'13 - Jun'18, India



- For the Public sector banks, the growth of NPA is the highest.
- Between FY06 to FY18, NPAs in the public sector banks have risen at a CAGR of **28.9%**
- For the private sector banks and foreign banks, the CAGR was **25.4%** between that said period.

Gross NPAs, India, FY19 (Till Sept -18)



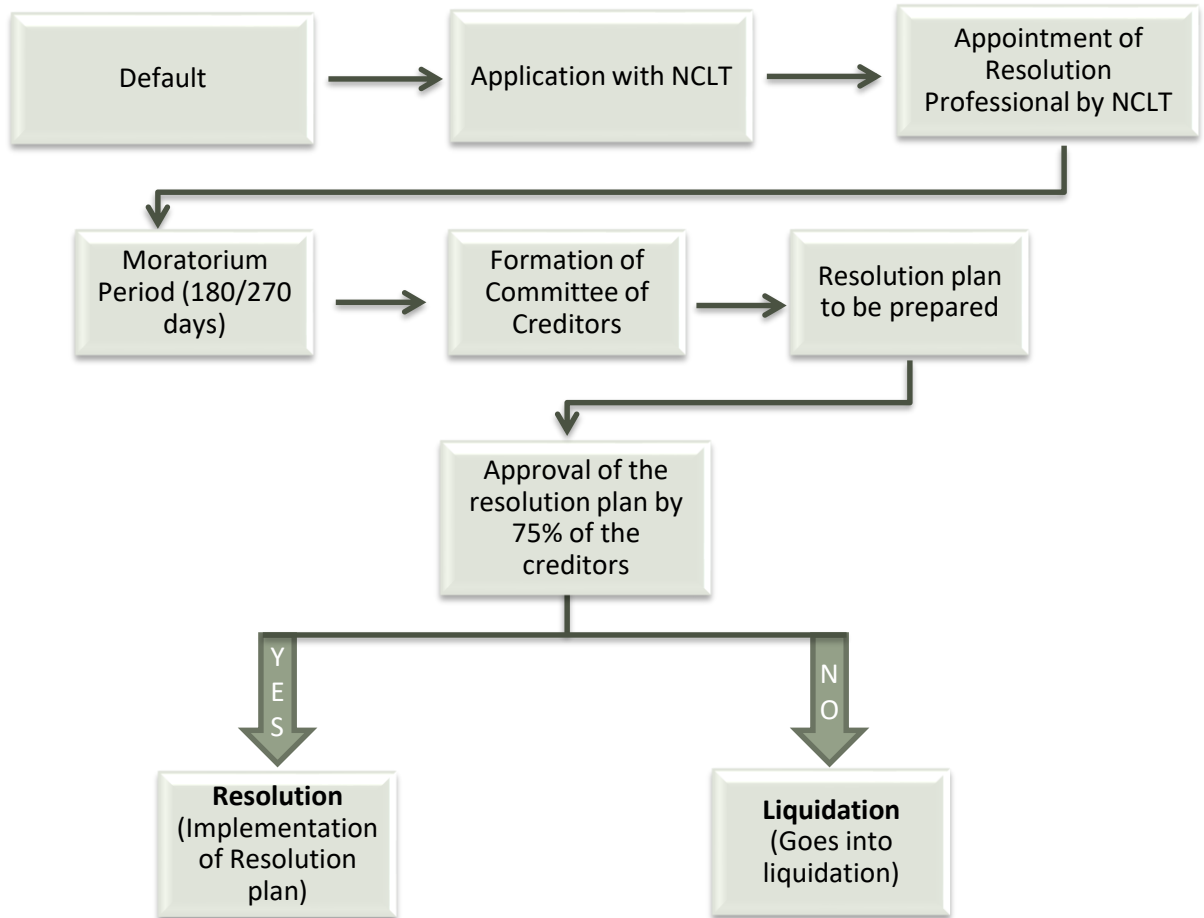
- However, after the implementation of IBC, the amount of NPAs are getting lowered since the beginning of FY19.
- According to the RBI's last financial report, under the base line ratio, gross non performing assets are expected to fall to **10.3%** in March'19 from **10.8%** in Sept'18.



Implementation and Outcome of IBC 2016

- Proper implementation of IBC actually helps to reduce the amount of NPA across the country.
- The IBC allows the creditors, like, lenders, employees, debtors, to initiate insolvency proceedings. The proceedings official start only when NCLT or DRT verifies the initiators' claim.
- The insolvency resolution process of a corporate debtor is known as the **Corporate Insolvency Resolution Process (CIRP)**. Insolvency of corporate persons deals with the insolvency of a corporate bodies like a private limited company or limited company.

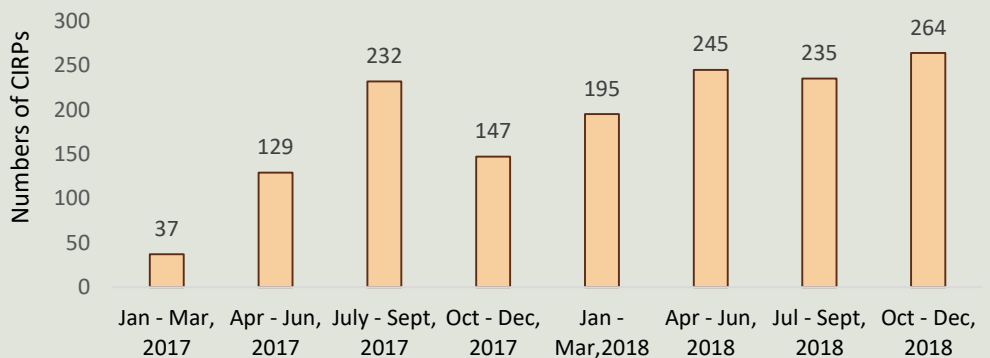
What happens when a creditor files a case against the debtor or the debtor registers about his/her bankrupted business in NCLT? What are the stages which take place during this time?



Total numbers of admitted Corporate Resolution Insolvency Process (CIRP) in NCLT till 31st December, 2018

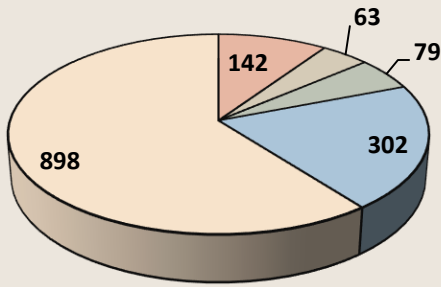
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Quarterly Admitted CIRPs, Jan- Mar'17 to Oct - Dec'18



Status of Corporate Insolvency Resolution Process (CIRP)

Status of All the Admitted CIRPs as on December, 2018



- Closed on Appeal / Review / Settled
- Closed by Withdrawal under section 12A
- Closed by Resolution
- Closed by Liquidation
- Ongoing CIRP

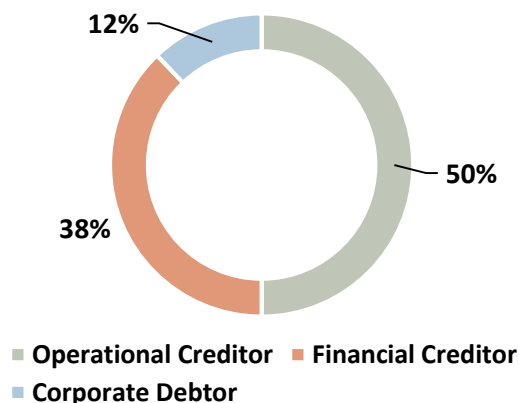
Details About the Resolved Cases (Till Dec'18):

| | |
|--|---------------|
| Total No. of Cases Resolved | 79 |
| Total Claim of Financial Creditors (Rs. Crores) | 1,36,128.42 |
| Amount Recovered by Financial Creditors (Rs. Crores) | 65,792.11 |
| % of Recovery to Financial Creditors | 48.33% |

Dynamics of Resolved Cases as per Claim Size (Till Dec'18)

| Range of Admitted Claims of Financial Creditors | No. of Cases | Claim of Financial Creditor (Rs. In Cr.) | Recovery to Financial Creditor (Rs. In Cr.) | % of Recovery |
|---|--------------|--|---|---------------|
| Less than Rs. 100 Cr. | 43 | 1565.64 | 840.46 | 53.68% |
| Between Rs. 101 Cr to Rs. 500 Cr | 16 | 3152.63 | 1253 | 39.76% |
| Between Rs. 501 Cr to Rs. 1,000 Cr | 6 | 4523.48 | 1152.99 | 25.49% |
| Between Rs. 1,001 Cr to Rs. 5,000 Cr | 6 | 11473.41 | 7226.61 | 62.99% |
| Between Rs. 5,001 Cr to Rs. 10,000 Cr. | 4 | 22596.15 | 7204.05 | 31.88% |
| More than Rs. 10,000 Cr. | 4 | 92817.11 | 48114.65 | 51.84% |
| Total | 79 | 136128.42 | 65792.11 | 48.33% |

Details of admitted CIRPs in NCLT by the initiators, Till Dec'18

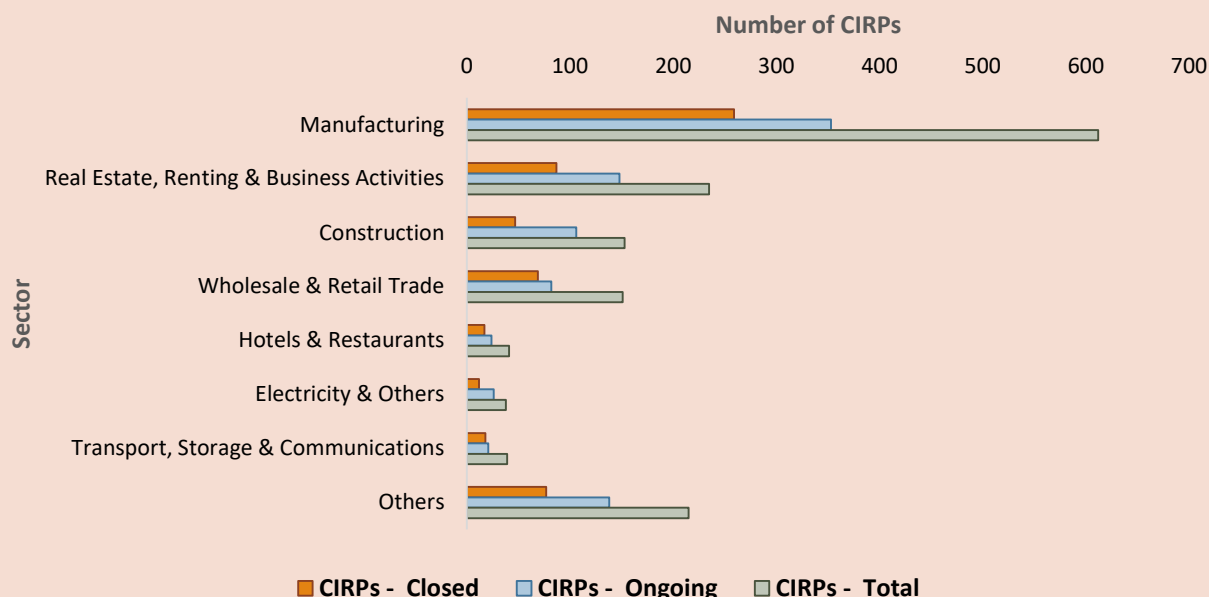


Initiator of Resolved Cases Till December 2018

| Initiated by | Number of Cases | Claims of FC (INR Crore) | Recovered Amount (INR Crore) | % of Recovery |
|----------------------|-----------------|--------------------------|------------------------------|---------------|
| Financial Creditor | 40 | 125297.8 | 61871.6 | 49.38% |
| Operational Creditor | 22 | 5791.65 | 2418.6 | 41.76% |
| Corporate Debtor | 17 | 5038.99 | 1501.9 | 29.81% |
| Total | 79 | 136128.42 | 65792.1 | 48.33% |

Status of Resolved Cases (Till Dec'18)

Sector wise distribution of CIRPs as on December, 2018



Top 5 Highest Admitted Financial Claims by the Financial Creditors (Till Dec'18)

| Sl. No. | Name of CD | Date of Commencement of CIRP | Date of Approval of Resolution Plan | Total Admitted Claims of FCs (INR Crore) | Amount Recovered (INR Crore) | % of Recovery |
|---------|----------------------------|------------------------------|-------------------------------------|--|------------------------------|---------------|
| 1 | Bhushan Steel Ltd. | 26-07-2017 | 15-05-2018 | 56,022.06 | 35568.41 | 63.49% |
| 2 | Electrosteel Steels Ltd. | 21-07-2017 | 17-04-2018 | 13,175.14 | 5320.12 | 40.38% |
| 3 | Amtek Auto Ltd. | 24-07-2017 | 25-07-2018 | 12,605 | 4333.6 | 34.38% |
| 4 | Monnet Ispat & Energy Ltd. | 18-07-2017 | 24-07-2018 | 11,014.91 | 2892.52 | 26.26% |
| 5 | Binani Cements Ltd. | 25-07-2017 | 14-11-2018 | 6,469.36 | 6469.36 | 100% |

Key Takeaway

- The NPA of the Indian economy has seen to be reduced after the successful implementation of IBC. The gross NPA which touched the value of **INR 10,250 Billion** in March'18 reduced to **INR 9,990 Billion** in Sept'18.
- The maximum numbers of admitted cases in the NCLT belong to the **Manufacturing** sector.
- Though the percentage of liquidation is more as an outcome of IBC, still the procedure of resolution has made remarkable progress. The numbers of resolved cases which were **34** at the end of March'18 increased to **79** at the end of Dec'18.
- Till Dec'18, the average recovery rate of all the resolved cases has been **48.33%**.
- The highest level of recovery rate, which is **62.99%** has been recorded in the financial claims ranging between **INR 1001 to 5000 Crores**.

Source: Reserve Bank of India, IBBI, LSI Research

