



भारतीय विधाला और ढोषण अडमता ढोर्ड  
Insolvency and Bankruptcy Board of India

[www.ibbi.gov.in](http://www.ibbi.gov.in)

# Insolvency and Bankruptcy News

The Quarterly Newsletter of the Insolvency and Bankruptcy Board of India

April - June, 2020 | Vol. 15



## Insolvency Law in Times of COVID-19

# CONTENTS

<b>From Chairperson's Desk</b> .....	2
<b>IBBI Updates</b> .....	4
<b>Legal and Regulatory Framework</b> .....	5
• Central Government	
• Insolvency and Bankruptcy Board of India	
• Other Authorities	
<b>Orders</b> .....	9
• Supreme Court	
• High Courts	
• National Company Law Appellate Tribunal	
• National Company Law Tribunal	
• Other Authorities	
• Insolvency and Bankruptcy Board of India	
<b>Corporate Processes</b> .....	16
• Insolvency Resolution	
• Liquidation	
• Voluntary Liquidation	
<b>Individual Processes</b> .....	21
<b>Service Providers</b> .....	21
• Insolvency Professionals	
• Information Utility	
• Registered Valuers	
• Complaints and Grievances	
<b>Examinations</b> .....	24
• Limited Insolvency Examination	
• Valuation Examinations	
<b>Building Ecosystem</b> .....	24
<b>Advocacy and Awareness</b> .....	25

## Insolvency Law in Times of COVID-19

*Rescuing a viable firm is far more important than failing to liquidate an unviable one. In sync with its primary mandate, the Code must complement every endeavour to rescue lives of firms during times of the COVID-19 pandemic.*

An economic law is essentially empiric and it evolves continuously through experimentation. The Insolvency and Bankruptcy Code, 2016 (Code) is no exception; it has been a road under construction for good reasons. It envisaged standard, plain vanilla processes to start with, but anticipated prompt course corrections to continue to remain in the service of the business and economy. Such corrections arose from difficulties encountered while implementing the provisions of the Code and from the changes in the economic environment. The Code has witnessed five legislative interventions since its enactment to strengthen the processes and further its objectives, in sync with the emerging market realities.

The Code recognises that insolvency is an outcome of market forces. It incentivises, facilitates, and empowers market forces to resolve insolvency in normal times. The first order objective of the Code is resolution. The second order objective is maximisation of value of assets of the firm and the third order objectives are promoting entrepreneurship, availability of credit and balancing the interests of stakeholders. This order of objectives is sacrosanct. In pursuance of these objectives, the Code enables market forces to pursue twin complementary remedies in respect of failing firms: (i) rescue a viable firm, and (ii) liquidate an unviable one. It searches for a white knight, who rescues a failing firm. It is unlikely to find a white knight if the firm is unviable. In such cases, the Code facilitates liquidation of the firm.

### COVID-19 Pandemic

These are not normal times. The world is in the grip of the COVID-19, with no quick solution in sight. It is fast snowballing to an economic crisis. Some believe that it may hurt deeper than the deepest health pandemonium (1918 Spanish flu), the worst economic disaster (1930 Great Depression), or the most-devastating financial crash (2008 financial crisis), or may be, all of them put together. According to the IMF's World Economic Outlook of June, 2020, the global economy is projected to contract sharply by 4.9% in 2020 in the wake of the pandemic.

As around the world, in India as well, the impact of COVID-19 on the economy has been severe. In view of demand contraction and supply chain disruptions arising from primarily two external factors, namely, COVID-19 and consequential imposition of nationwide lockdown, many companies may have receding top line and bottom line and some of them may default in servicing debt obligations.

In its June 2020 report, the ADB estimates that India is expected to contract by 4.0% in fiscal 2020. According to IMF's World Economic Outlook, June 2020, India's economy is projected to contract by 4.5% following a longer period of lockdown and slower recovery than anticipated in April. RBI's Financial Stability Report released in July 2020 highlights that nominal sales and net profits of 1,640 listed private non-financial companies declined (y-o-y) by 3.4% [10.2% in Q4:2019-20] and 19.3% [65.4% in Q4:2019-20], respectively.

While the impact of the external variables on the economy is very deep, similar shocks of a comparatively lower intensity in the past have witnessed a sharp increase in corporate and personal insolvencies all over the world. In our recent memory, the 2008 global financial crisis had resulted in a similar situation of declining demand, decreasing availability of external finance, declining investments, causing firms around the world to face insolvencies and bankruptcies.

### International Response

Such a rare black swan event required a matching response from humanity to save 'lives', that required saving 'livelihood', which in turn required saving lives of firms. Governments around the world have adopted an accommodative stance and acted swiftly to prevent corporates and individuals from being forced into insolvency and bankruptcy. Measures such as moratorium on loan repayments, sector specific forbearance, infusion of liquidity into the banking system to provide credit to financially distressed firms, relief in asset classification banking norms, flexibility in director's obligations to initiate insolvency proceeding, relief from compliance with specific legal obligations etc., have been taken to deal with the situation.

Both World Bank and IMF have listed out the challenges and key responses required to meet those challenges to prevent the economies from facing a fate like the Great Depression. They suggest the implementation of those responses in a three-phased approach to help the economy transition smoothly towards the positive side of the graph. In the first phase, copious interim measures need to be taken to halt insolvency and debt enforcement activities. In the second phase, when a huge wave of insolvencies is anticipated, it may be addressed by transitional measures, such as special out-of-court workouts, to 'flatten the curve' of insolvencies. The third phase calls for regular debt resolution tools to address the remaining debt overhang and support economic growth in the medium term. The key challenges and responses in three phases in the wake of COVID-19 outbreak are summarised in the table overleaf.

### Response in India

The Government of India has taken several measures to ameliorate the pains emanating from COVID-19. This piece discusses measures in the space of insolvency only. When every firm, every industry and every economy is reeling under stress, the likelihood of finding a white knight to rescue a failing firm is remote. If all failing firms were to undergo insolvency proceeding, most of them may end up with liquidation for want of saviours to rescue them. Upon such liquidation, the firms would have a premature death, while the assets would have distress sale, realising abysmally little. Rescuing lives of firms being the prime objective of the Code, it must not be used to take away their lives prematurely at these unusual times.

This unprecedented situation called for another experimentation requiring a choice between two competing policy options, namely, suspend the operations of the Code or continue its operations as usual. If the first option is exercised, the market would fail to liquidate an unviable firm. This is not good for an economy, but this can be rectified in the following quarter or the following year. If the second option is exercised, the market would liquidate a viable firm forever, which can never be undone. Rescuing a viable firm is, therefore, far more important than failing to liquidate an unviable one. Further, firms, which are failing solely on account of COVID-19, may bounce back on their own as soon as normalcy restores. Alternatively, they would at least recalibrate their operations and businesses to an 'all-new normal'. The choice, therefore, fell on the first option, which provides breathing time for firms and furthers the objectives of the Code.

<sup>1</sup>World Bank Policy Research Working Paper 5448, "The Challenges of Bankruptcy Reform", October, 2010

<sup>2</sup>World Bank Group, Financial Series, COVID-19 Notes, "COVID-19 Outbreak: Implications on Corporate and Individual Insolvency", April, 2020 and IMF Special Series on COVID-19, "Private Debt Resolution Measures in the Wake of the Pandemic, May, 2020.

<b>Phases</b>	<b>Key Challenges</b>	<b>Critical Responses</b>
<b>Phase 1: “Freeze”</b> phase to deal with immediate impact of the health emergency by taking interim measures	Preventing viable firms from prematurely being pushed into insolvency	<b>Implementing one or more extraordinary measures for a limited period of time:</b> <ul style="list-style-type: none"> <li>● Increasing barriers to creditor-initiated insolvency filings;</li> <li>● Suspending director’s duty to file and associated liability;</li> <li>● Ensuring complementarities with debt repayment emergency measures.</li> </ul>
<b>Phase 2: “Transition”</b> phase for response after the pandemic subsides and economic activity resumes	Responding to the increased number of firms that will not survive this crisis without going through insolvency	<b>Ensuring smooth functioning of workouts and debt restructuring mechanisms such as:</b> <ul style="list-style-type: none"> <li>● Establishing informal out-of-court or hybrid workout frameworks;</li> <li>● Facilitating business rescue through bridge financing;</li> <li>● Extending procedural deadlines for a limited period of time;</li> <li>● Suspending the requirement to proceed to liquidation if the business activity of the debtor has stopped while undergoing reorganisation;</li> <li>● Encouraging e-filings, virtual court hearings and out-of-court solutions in insolvency cases.</li> </ul>
<b>Phase 3: “Fighting debt overhang”</b> during the phase when situation stabilises and there are aftereffects to deal with	Addressing individual financial distress resulting from the crisis	<ul style="list-style-type: none"> <li>● Implementing modern consumer bankruptcy frameworks;</li> <li>● Ensuring there are flexible options for debt rescheduling and repayment plans;</li> <li>● Enabling a debt forgiveness mechanism or discharge is important for facilitating a fresh start.</li> </ul>

The first option has two sub-options, namely, suspend the Code in its entirety or suspend some elements, as may be warranted. The first sub-option would not allow liquidation of a failing firm, whether it was unviable before COVID-19 or became unviable on account of the it. It would also not allow rescue of a failing firm even if it were viable before the COVID-19 or remains viable despite it. A delay in rescue of a viable firm may make its rescue impossible. The policy should, therefore, protect those firms which are victims of pandemic, and not protect the undeserving. The choice, therefore, fell on the second sub-option which suspends only such provisions of the Code, for such purposes and for such period, as are necessary under the circumstances, avoiding any unintended consequences.

### **The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020**

Contrary to general belief that the Code has been suspended for a year, the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 is a keyhole surgery that suspends a tiny part of the Code. It suspends filing of applications for initiation of insolvency proceeding against a company for any default arising during COVID-19 period, which is six months commencing on March 25, 2020 to start with, but can be extended up to a year, if warranted. It insulates a company, which did not have a default as on March 25, 2020, but commits a default during the COVID-19 period, from being pushed into an insolvency proceeding.

The Ordinance does not absolve the company of COVID-19 default. It does not even exclude such default from the ambit of default under the Code. Such default remains a default for all purposes under the Code, except for the purpose of initiating insolvency proceeding against the

company. For example, such default can be the basis for submission of claim in an insolvency proceeding or initiation of insolvency proceeding against a personal guarantor.

The Ordinance clarifies that an application can be filed for initiating insolvency proceeding against a company for defaults committed before March 25, 2020. It does not suspend the applications already filed before the Adjudicating Authority (AA) for initiation of insolvency proceeding and pending for admission, and ongoing corporate insolvency proceedings - resolution and liquidation, including voluntary liquidation. Not does it suspend provisions relating to and ongoing insolvency proceedings against personal guarantors and financial service providers.

Though the broad rationale of the Ordinance is well understood, the rationale for some of its finer aspects are not obvious. The simplest of them relates to the period of suspension: why not for three months or for three years? What characterises COVID-19, as compared to any other rare event, is the degree of uncertainty surrounding it, making it difficult to figure out the appropriate period of suspension. The initial period is six months, which includes all three lockdowns. It can be extended up to one year based on assessment of the situation on the ground so that it matches the requirement.

Since the objective is to insulate companies which are victims of the pandemic, why should a company, which defaults during COVID-19 period, but not on account of COVID-19, have protection? There is hardly any company which is not impacted by COVID-19. There may be a handful of companies which did not default earlier but defaults during COVID-19 period for reasons other than COVID-19. Identification of such handful of companies would require determination in each case

whether the default during the COVID-19 period is on account of COVID-19, or for any other reason, or for a mix of COVID-19 and other reasons. From practical considerations, it makes sense to allow such rare cases have the protection rather than be theoretically correct and waste years in legal battles.

If the objective of the Ordinance is not to push certain companies into insolvency proceedings, why should such a company not have option to commence insolvency proceedings on its own volition? A key design feature of the Code is that it balances the rights and interests of all stakeholders, particularly of the equity and debt suppliers. It creates imbalance if only debtor has the right to initiate insolvency proceeding, while a creditor does not have, and vice versa. Further, irrespective of whether the debtor initiates or a creditor initiates the proceeding, the outcome is the same, which is not acceptable. In any case, the data indicate that only 2% of the insolvency proceedings that commenced during 2019-20 were self-initiated.

The non-availability of resolution applicants is the basis for suspension. Should it not apply to all companies whether they defaulted before or during COVID-19 period? The Ordinance distinguishes failures on account of the COVID-19 and for market pressures (competition and innovation). It is only fair that they are treated differently. The Ordinance prohibits resort to insolvency proceeding where a company, which withstands market pressures, but defaults on account of COVID-19. It enables resort to insolvency proceeding where a company defaults on account of market pressures, should the stakeholders wish, as in such cases, the stress is unlikely to disappear on the other side of COVID-19.

There is a recognition that MSMEs, who defaulted before March 25, 2020, have additional difficulties of resolution during COVID-19 times. The market for resolution plans for them is local, while the entire globe is the market for bigger firms. The value of an MSME often lies in informal arrangements, which a third party may not be able to harness through a resolution plan. Most of them have loans from informal sources and have no access to frameworks for resolution as available for banks. In view of these, the threshold of default for filing of an insolvency application was increased from ₹ 1 lakh to ₹ 1 crore to prevent MSMEs from being pushed into insolvency proceedings. The Government is working to make available a special insolvency resolution framework for them under the Code.

Why should COVID-19 default be kept out of insolvency proceedings forever? A company, which was viable before the onset of COVID-19, may earn normal profits from current operations and become viable again, after the impact of pandemic subsidies. It would, however, take years to wipe off the deep stress that arose during COVID-19 period. Depending on the nature of the industry and specific strength of a company, one may recoup the loss in one year while another may take many years, or even decades. If the company is pushed into insolvency when it is recouping the loss, the objective of the Ordinance would be frustrated.

A fear has been expressed that a company may deliberately default taking undue advantage of the Ordinance. It is very unlikely because the Ordinance has not suspended the liabilities in respect of COVID-19 default under various other laws. It has not even suspended COVID-19 default for all purposes under the Code. There are several checks and balances to discourage wilful default, including liability under section 29A. Further, it may not be fair to assume that a company would default even when it can repay. A slim possibility of misuse should not deter a policy, which benefits everyone.

With the Ordinance in place, have the stakeholders lost an effective avenue for resolution of stress? It is important to note that the Code is available for resolution for all defaults, except default arising during COVID-19 period. Further, there are several credible options for resolutions outside the Code. The stakeholders may use statutory, court supervised compromise or an arrangement under the Companies Act, 2013. They may use the RBI's prudential framework for resolution of stressed assets. They may sit across a table and work out a resolution without the involvement of court or outside any formal framework. The

concern that the Ordinance has taken away an effective avenue for recovery of dues has no basis as recovery of dues is not an objective of the Code. The menu available for creditors for recovery of dues is quite long.

There is an apprehension that there will be a surge of insolvency proceedings on the other side of the pandemic. This is very unlikely given that the stakeholders have many options during the COVID-19 period for recovery of loan as well as for resolution of stress. They may even explore innovative options for resolution in this challenging times. The number could be less as the companies have normal business operations after the pandemic subsidies, higher threshold of default for initiation insolvency proceedings keeps MSMEs out of the reach as they resolve under the special insolvency resolution framework, and COVID-19 period defaults remain outside insolvency proceedings.

Some have misconstrued insertion of sub-section (3) to section 66 that it provides undue protection to the directors of a company for any fraudulent transaction during the COVID-19 period. It provides protection to directors in respect of liability under sub-section (2), which deals with exercise of due diligence to minimise the potential loss to creditors. It is necessary to limit the liability before the insolvency commencement date, as insolvency process cannot commence in respect of COVID-19 defaults. It has not touched sub-section (1), which deals with fraud. Further, section 166 of the Companies Act, 2013, which requires a director to discharge his duties with due and reasonable care, skill, and diligence, remains intact. Thus, there is no protection from fraud.

There is a misgiving in some circles that the suspension of the Code is a setback to insolvency reforms. As mentioned earlier, only a tiny part of the Code has been suspended, that too, for a short period. This suspension not only reinforces the prime objective of the Code, that is, to rescue the lives of companies from market pressures, but also endeavours to rescue companies having stress from force majeure circumstances. A study of our 30-year history of economic reforms indicate that some reforms have, at times, changed gears, moved one step back and two steps ahead, moved sideways, and even stood still, yet ultimately reached the destination. We need to stir insolvency reforms with extreme care in these trying times.

There have been concerns about work opportunities for professionals. There are thousands of applications for corporate insolvency proceedings at the admission stage, thousands of ongoing corporate insolvency proceedings, and thousands of ongoing corporate liquidations and voluntary liquidations. Fresh applications in respect of defaults that have occurred before March 25, 2020 would continue to be filed. Applications for insolvency proceedings against personal guarantors and financial service providers can be filed. Special insolvency resolution framework for MSMEs is on the way. Work has begun on development of a prepack insolvency framework. This is besides the professional opportunities available outside the Code. What professionals have on table is much more than what they can take.

## Conclusion

The COVID-19 crisis is not the first crisis that has hit the world. The world has fought and overcome many battles in the past. This too shall pass, preparing mankind for still bigger challenges in the future. This war has many warriors in the insolvency space -the Government, the regulator, the service providers (insolvency professional agencies, insolvency professionals, information utility, registered valuers) and the AA. As the Government prepares the insolvency landscape of the country for the post COVID-19 phase in the longer term, one is hopeful that the measures taken in the short and medium term will be successful in preserving the life of companies and livelihood of persons in distress. It must, however, be appreciated that insolvency law is not the panacea to deal with stress of all firms impacted by the COVID-19. It, however, provides a valuable breathing space while the companies as well as the authorities can put in place a comprehensive strategy to wade the economy through the pandemic.

(Dr. M. S. Sahoo)

# IBBI Updates

## Office During Lockdown

In the view of health hazard posed by the ensuing COVID-19 pandemic, both offices of the IBBI (Mayur Bhawan and Jeevan Vihar), were closed for a period of 21 days with effect from March 25, 2020, in pursuance of the Government directive, and all officers of the IBBI worked from home during this period. Thereafter, the offices have been functional in accordance with Government directives, which permitted certain officers to work from home as per roster. Standard Operating Procedures have been laid down for working in office to ensure safety of all officers, following the guidelines in this regard issued by the Ministry of Health and Family Welfare.

IT initiatives taken long before announcement of lockdown and during the lockdown ensured smooth work from home and meetings and interactions with stakeholders continued as usual. All officers were provided with Virtual Private Network linkage that ensured unhindered access to e-office and disposal of e-files online. Further, the 'Microsoft Teams' platform facilitated video meetings, including meetings of the Governing Board and Advisory Committees, and roundtables with and webinars for stakeholders.

## Contribution to PM-CARES Fund

The employees of IBBI had contributed ₹ 5 lakh in the month of March, 2020 towards Prime Minister's Citizen Assistance and Relief in Emergency Situations (CARES) Fund set up for providing relief to those affected by the outbreak of COVID-19 pandemic. An additional contribution of ₹ 2,83,683 was made by the employees to this Fund in April, 2020.

## Advisory Committee on Service Providers

IBBI reconstituted its Advisory Committee on Service Providers on May 26, 2020 in accordance with the IBBI (Advisory Committee) Regulations, 2017. Upon reconstitution, the Advisory Committee has the following composition:

Sl. No.	Name and Position	Position in the Committee
1	Mr. T. V. Mohandas Pai, Chairman, Manipal Global Education Services	Chairperson
2	A representative of the Ministry of Corporate Affairs	Member
3	Mr. Akhil Gupta, Chairman, Bharti Infratel Ltd.	Member
4	Dr. Bimal N. Patel, Director General, Raksha Shakti University	Member
5	Dr. Binoy J. Kattadiyil, Managing Director, ICSI Institute of Insolvency Professionals	Member
6	Mr. Chinna Veerappan Rajendran, MD & CEO, CSB Bank	Member
7	Mr. J. Ranganayakulu, Former ED, SEBI	Member
8	Mr. P. R. Ramesh, Former Chairman, Deloitte India	Member
9	Dr. Punam Sahgal, Former Dean & Professor, Indian Institute of Management, Lucknow	Member
10	Dr. Sameer Sharma, DG & CEO, Indian Institute of Corporate Affairs	Member
11	Mr. Shrikrishna Kulkarni, Chairman, Board of Governors, Indian Institute of Management, Calcutta	Member
12	Mr. Velayan Subbiah Murugappa, Managing Director, Tube Investments of India Ltd.	Member

## Advisory Committee on Corporate Insolvency and Liquidation

IBBI reconstituted its Advisory Committee on Corporate Insolvency and Liquidation on June 12, 2020 in accordance with the IBBI (Advisory Committee) Regulations, 2017. Upon reconstitution, the Advisory Committee has the following composition:

Sl. No.	Name and Position	Position in the Committee
1	Mr. Uday Kotak, Executive Vice Chairman and Managing Director, Kotak Mahindra Bank	Chairperson
2	Representative of the Ministry of Corporate Affairs	Member
3	Mr. Ajay Piramal, Chairman of Piramal Group & Shriram Group	Member
4	Mr. Ashish Kumar Chauhan, Managing Director and CEO, BSE Limited	Member
5	Ms. Ashu Suyash, Managing Director & Chief Executive Officer, CRISIL	Member
6	Mr. M. V. Nair, Chairman, Credit Information Bureau (India) Limited	Member
7	Mr. Nirmal Mohanty, Formerly Chief Economist, National Stock Exchange of India Limited	Member
8	Prof. (Dr.) Ranbir Singh, Vice Chancellor, NLU, Delhi	Member
9	Mr. R. K. Nair, Ex-Member, IRDAI	Member
10	Mr. R. Shankar Raman, Whole-time Director & Chief Financial Officer, Larsen & Toubro Limited	Member
11	Mr. Rashesh Shah, Chairman & CEO, Edelweiss Group	Member
12	Mr. Somasekhar Sundaresan, Legal Counsel	Member
13	Chairman, Indian Banks' Association	Member
14	MD, Insolvency Professional Agency of Institute of Cost Accountants of India	Member

## Strategic Action Plan

IBBI has been organizing its annual strategy meets to chart its path for the coming year to set its priorities, focus energy and resources on priority areas, and outline specific actions and sub-actions to achieve desired outcomes. The fourth such strategy meet was scheduled for 27<sup>th</sup> -28<sup>th</sup> March, 2020. However, the same could not take place due to COVID-19 outbreak. Notwithstanding, IBBI has drawn up its Strategic Action Plan for 2020-21 outlining its key objectives and strategies along with specific actions and tasks ahead for the organisation.

## MoU with Invest India

IBBI signed a Memorandum of Understanding (MoU) with Invest India, on June 25, 2020, for cooperation in promotion of investment opportunities in stressed assets in India. Under the same, IBBI will provide information about corporate debtors (CDs) under corporate insolvency resolution process under the IBC for dissemination through Invest India's Stressed Assets Portal (SAP). Invest India shall, under the MoU, promote investment opportunities in stressed assets through the SAP on India Investment Grid and through other investor outreach activities.

# Legal and Regulatory Framework

## Central Government

### Aatmanirbhar Bharat Abhiyan

Union Minister of Finance and Corporate Affairs, while detailing 'Aatmanirbhar Bharat, Part V: Government Reforms and Enablers' on May 17, 2020, proposed the following IBC related measures to further enhance ease of doing business:

- (a) Minimum threshold to initiate insolvency proceedings raised to ₹ 1 crore from ₹ 1 lakh, which largely insulates MSMEs;
- (b) Special insolvency resolution framework for MSMEs to be notified under section 240A of the Code;
- (c) Suspension of fresh initiation of insolvency proceedings up to one year depending upon the pandemic situation; and
- (d) Empowering Central Government to exclude COVID-19 related debt from the definition of "default" under the Code for the purpose of triggering insolvency.

## Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020

The President of India promulgated the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 on June 5, 2020 to further amend the Code to prohibit filing of applications for initiation of CIRP for any default arising on or after March 25, 2020 for a period of six months or such further period, not exceeding one year from such date, as may be notified. This would prevent companies which are experiencing distress on account of unprecedented situation, from being pushed into insolvency proceedings, when it is difficult to find adequate number of resolution applicants to rescue them. The Ordinance clarifies that applications for initiation of CIRPs may be filed for defaults committed before March 25, 2020. It further provides that no application shall be filed by an RP in respect of liability for contribution to the assets of the CD, in respect of default against which initiation of CIRP is suspended. This provides protection to directors of the CD against the liability under section 66(2) of the Code dealing with exercise of due diligence to minimise the potential loss to creditors.

### Definition of MSMEs

The Central Government has, vide notification dated June 1, 2020, under the Micro, Small and Medium Enterprises Development Act, 2006 modified definition of MSMEs as under:

- (a) a micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed ₹ 1 crore and turnover does not exceed ₹ 5 crore;
- (b) a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ₹ 10 crore and turnover does not exceed ₹ 50 crore; and
- (c) a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed ₹ 50 crore and turnover does not exceed ₹ 250 crore.

### Committee of Experts on Valuation Professionals

The Committee of Experts (COE), which was constituted by Government to examine the need for an institutional framework for regulation and development of valuation professionals, submitted its report to the Government on April 2, 2020 along with a draft of 'Valuers Bill, 2020'. The report of the Committee is available on the website of IBBI.

The CoE had extensive consultation with the stakeholders - registered valuers organisations, registered valuers, other valuers and other professionals, professional institutes, trade and industry representatives, and academicians. It studied the valuation landscape in India, both in terms of institutional arrangements for development and regulation of valuation professionals, and legal and regulatory requirements surrounding valuation services. It considered the institutional framework for valuation professionals in advanced jurisdictions, the attempts made in the past in India to provide such a framework, and experience of institutional / regulatory frameworks in respect of other professions in India. It explored the contemporary thought on the role of regulatory state and design of regulatory architecture in respect of markets and professions. It has recommended the least disruptive, yet modern and robust, institutional framework that learns from the experience of valuation profession in India and abroad, and of other professions in India, while addressing the concerns of today and tomorrow, and ensuring respectability for valuation professionals and accountability for valuation services.

The CoE has, inter-alia, recommended enactment of an exclusive statute to provide for the establishment of the National Institute of Valuers (Institute / NIV) to protect the interests of users of valuation services in India and to promote the development of, and to regulate the profession of Valuers and market for valuation services. This should also ensure that Valuers enjoy an enviable reputation of the stakeholders, while being accountable for their services, and which could be a model for other professions. The stakeholders should use valuation services because they find value, and not because of a legal mandate.

### Committee on Cross Border Insolvency Rules

The Committee on Cross Border Insolvency Rules and Regulations, which was constituted by Government under chairpersonship of Dr. K. P. Krishnan to propose the rules and regulatory framework that would enable the implementation of provisions relating to cross border insolvency, submitted its report to the Government on June 15, 2020. The committee is working on the extended scope to study and analyze UNCITRAL Model Law for Enterprise Group Insolvency and recommendation in the context of Code.

### Payment of CGST

The Central Government, vide notification dated March 21, 2020, provided that an IRP/IP shall, with effect from the date of appointment of IRP / RP, be treated as a distinct person of the CD, and shall be liable to take a new registration under the Central Goods and Services Tax Act, 2017 in each of the States or Union territories where the CD was registered earlier, within 30 days of the appointment. He can thereafter pay current levies of GST without the mandatory payment of past dues.

The Central Government, vide notification dated May 5, 2020, amended the earlier notification to provide that such IRP/RP of a CD shall not include those CDs who have furnished the statements under section 37 and the returns under section 39 of the said Act for all the tax periods prior to the appointment of IRP/RP. Further, the IPR/RP shall be liable to take a new registration within 30 days of the appointment or by June 30, 2020, whichever is later.

### Cancellation of Summer Vacation

The NCLT, through an order dated May 5, 2020, cancelled its summer vacations falling in the months of May, June and July, 2020. The NCLAT also, vide an order dated May 13, 2020, cancelled its notified annual vacation from June 1, 2020 to June 30, 2020 to make good the shortfall in working days occasioned due to imposition of lockdown on account of outbreak of COVID-19 pandemic.

### Default information from IU

The NCLT, vide order dated May 12, 2020, directed that applications under section 7 of the Code for initiation of CIRP shall be filed along with default record from an information utility (IU). It also directed the Authorised Representatives / parties to file default record from an IU before the next date of hearing where an application under section 7 is pending for admission.

### IBBI

#### Amendments to Liquidation Regulations

IBBI amended the Liquidation Process Regulations, 2016, vide notification effective from April 17, 2020, to provide that the period of lockdown imposed by the Central Government in the wake of COVID-19 outbreak shall not be counted for the purpose of compliance with the time-lines for any task that could not be completed due to the lockdown, in relation to any liquidation process.

### Amendment to CIRP Regulations

IBBI amended the CIRP Regulations, vide notification dated April 20, 2020, extending the date for filling of Forms after due date of submission, whether by correction, updation or otherwise, till October 1, 2020. Such submission after October 1, 2020, will require a fee of ₹ 500 per form for each calendar month of delay.

### Governance of RVOs

IBBI, vide a circular dated April 23, 2020, clarified that a member of the promoter organisation, which has promoted an RVO, shall not be eligible to be an independent director of the RVO. A promoter organisation may have its members - share holder member in case the promoter is a company, a trustee in case the promoter is an association of persons/trust, or a professional member in case the promoter is a professional body - as directors on the Governing Board of the RVO. However, such directors shall not be appointed as independent directors. The circular allowed three months for RVOs to reconstitute their Governing Boards to comply with the requirement of the circular.

### Guidelines for Panel of IPs

IBBI issued the Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustee (Recommendations) Guidelines, 2020 on June 2, 2020. These Guidelines enable the Board to prepare a common Panel of IPs and share the same with the Adjudicating Authority (AA) for appointment as IRPs, Liquidators, RPs, and Bankruptcy Trustees from July 1, 2020 to November 25, 2020.

### Amendment to IP Regulations

IBBI amended the IP Regulations, vide notification dated June 30, 2020 to allow the Insolvency Professional Entities (IPEs) to provide support services to any IP. Prior to this amendment, an IPE could provide support services only to an IP who was its partner or director. This will further professionalise insolvency services and enable IPs access to regulated support services.

## RBI

### Review of Resolution Timelines

Among other measures taken, RBI vide a notification dated April 17, 2020 reviewed the resolution timelines under the prudential framework on resolution of stressed assets. In terms of the prudential framework, lenders are required to implement a resolution plan in respect of entities in default within 180 days from the end of review period of 30 days. On a review, RBI excluded the period from March 1, 2020 to May 31, 2020 from the calculation of the 30-day review period, in respect of accounts which were within the review period as on March 1, 2020. In respect of all such accounts, the residual review period shall resume from June 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. Further, in respect of accounts where the review period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 90 days from the date on which the 180-day period was originally set to expire. Consequently, the requirement of making additional provisions of 20% required under the prudential framework shall be triggered as and when the extended resolution period expires.

On a further review, vide another notification dated May 23, 2020, RBI excluded the period from March 1, 2020 to August 31, 2020 from the calculation of the 30-day review period, in respect of accounts which were within the review period as on March 1, 2020. In respect of all such accounts, the residual review period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. Further, in respect of accounts where the review period was

over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire. Consequently, the requirement of making additional provisions of 20% required under the prudential framework shall be triggered as and when the extended resolution period expires.

### Measures to Ease Financial Stress

To further ease the financial stress caused by COVID-19, RBI in its Statement on Developmental and Regulatory Policies dated May 22, 2020 announced the following measures:

- (a) RBI had earlier permitted lending institutions to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. In view of the extension of the lockdown and continuing disruptions on account of COVID-19, RBI permitted them to extend the moratorium on term loan instalments by another three months, i.e., from June 1, 2020 to August 31, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans have been shifted across the board by another three months.
- (b) RBI permitted the lending institutions to allow a deferment of interest in respect of working capital facilities sanctioned in the form of cash credit/overdraft for another three months, from June 1, 2020 to August 31, 2020, in addition to the three months allowed on March 27, 2020 on payment of interest in respect of all such facilities outstanding as on March 1, 2020.
- (c) RBI permitted the lending institutions to convert the accumulated interest on working capital facilities over the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (March 31, 2021). This will ameliorate the difficulties faced by borrowers in repaying the accumulated interest in one shot.
- (d) As the moratorium/deferment is being provided specifically to enable borrowers to manage the disruptions caused by COVID-19, this will not be treated as change in loan agreements between borrowers and lenders and, consequently, will not result in asset classification downgrade. This moratorium will also not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies by the lending institutions.

## SEBI

### Relaxations for Listed Companies

SEBI, vide notifications dated June 22, 2020, inserted regulation 164A to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 to relax the pricing norms for preferential issues by listed companies. Regulation 164A provides that price of shares shall not be less than the average of the weekly high and low of the volume weighted average prices of the related equity shares during the two weeks preceding the relevant date. This relaxation is available for issue of equity shares made by a company which meets any two of the following criteria:

- (a) the issuer has disclosed all defaults on payment of interest/ repayment of principal amount on loans and such default is continuing for a period of at least 90 calendar days after occurrence of such default;
- (b) there is an Inter-creditor agreement in terms of RBI (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 7, 2019; and
- (c) the credit rating of the financial instruments (listed or unlisted), credit instruments / borrowings (listed or unlisted) of the listed company has been downgraded to "D".





















Table 3: Initiation of Corporate Insolvency Resolution Process

Year / Quarter	No. of CIRPs Initiated by			Total
	Operational Creditors	Financial Creditors	Corporate Debtors	
2016 - 17	7	8	22	37
2017 - 18	310	286	109	705
2018 - 19	567	513	71	1151
Apr - Jun, 2019	154	130	17	301
Jul - Sep, 2019	296	279	9	584
Oct - Dec, 2019	334	270	18	622
Jan - Mar, 2020	246	180	9	435
Apr - Jun, 2020	47	24	5	76
<b>Total</b>	<b>1961</b>	<b>1690</b>	<b>260</b>	<b>3911</b>

The status of CIRPs as on June 30, 2020 is presented in Table 4.

Table 4: Status of CIRPs as on June 30, 2020

Status of CIRPs	No. of CIRPs
Admitted	3911
Closed on Appeal / Review / Settled	380
Closed by Withdrawal under section 12A	218
Closed by Resolution	250
Closed by Liquidation	955
<b>Ongoing CIRP</b>	<b>2108</b>
> 270 days	1094
> 180 days ≤ 270 days	539
> 90 days ≤ 180 days	402
≤ 90 days	73

## Withdrawals under Section 12A

Till June, 2020, a total of 218 CIRPs have been withdrawn under section 12A of the Code. The distribution of claims and reasons for withdrawal in these CIRPs are presented in Table 5.

Table 5: Closure of CIRP by Withdrawal till June 30, 2020

Amount of Claims Admitted* (₹ crore)	No. of CIRPs
≤ 01	99
> 01 ≤ 10	53
> 10 ≤ 50	34
> 50 ≤ 100	10
> 100 ≤ 1000	8
> 1000	3
<b>Reason for Withdrawal*</b>	
Full settlement with the applicant	68
Full settlement with other creditors	12
Agreement to settle in future	15
Other settlements with creditors	63
Corporate debtors not traceable	2
Corporate debtor struck off the Register	1
Applicant not pursuing CIRP due to high cost	4
Others	42

\*Data awaited in 11 CIRPs

Table 7: CIRPs Yielding Resolution

Sl. No.	Name of CD	Defunct (Yes/No)	Date of Commencement of CIRP	Date of Approval of Resolution Plan	CIRP initiated by	Total Admitted Claims of FCs	Liquidation Value	Realisable by FCs	Realisable by FCs as % of their Claims Admitted	Realisable by FCs as % of Liquidation Value
<b>Part A: Prior Period (Till March 31, 2020)</b>										
1	Shantha Projects Limited	No	10-10-18	26-09-19	FC	68.57	18.81	14.20	20.71	75.49
2	Sai Wardha Power Generation Limited*		09-11-18	17-10-19	FC					
3	New Phaltna Sugar Works Ltd*		20-02-19	11-11-19	FC					
4	Alex Green Energy Private Limited	Yes	18-02-19	25-11-19	OC	1154.00	9.16	10.12	0.88	110.48
5	Shree Raghav Ispat (India) Private Limited	Yes	10-05-18	06-12-19	OC	19.78	5.61	5.50	27.81	98.04
6	Xenia Abode Services Private Limited	No	09-01-19	08-01-20	OC	8.38	0.29	8.38	100.00	2889.66
7	Maple Realcon Private Limited	No	18-07-18	20-02-20	OC	94.69	40.60	94.69	100.00	236.48
8	Tantia Constructions Ltd	No	13-03-19	24-02-20	FC	1526.14	51.30	67.00	4.39	137.43
9	Krishna Godavari Power Utilities Limited*		04-12-18	27-02-20	FC					
10	Satyamitra Stock Consultants Private Limited	Yes	09-08-19	04-03-20	FC	5.78	0.04	0.11	1.90	281.25
11	Madhya Bharat Phosphate Private Limited	Yes	11-09-18	05-03-20	OC	39.74	11.62	18.15	45.67	156.20
12	A P Enterprises Private Limited	No	13-11-18	18-03-20	OC	23.24	14.45	19.93	85.75	137.92
13	Jaihind Projects Limited	No	02-11-18	19-03-20	OC	1002.06	33.47	53.50	5.34	162.09
<b>Part B: April - June, 2020</b>										
1	Anush Finlease and Construction Private Limited	Yes	30-05-19	01-04-20	FC	172.89	69.94	69.69	40.31	99.64
2	Trimax IT Infrastructure & Services Limited	No	21-02-19	04-05-20	FC	1701.23	103.82	166.01	9.76	159.90
3	Ganeshom Cereals Private Limited	Yes	13-12-18	18-05-20	FC	511.88	6.27	8.00	1.56	127.59
4	India Pencillins Limited	No	05-11-19	29-05-20	OC	0.00	0.15	0.00	NA	0.00
5	The Dhar Textile Mills Limited	Yes	15-02-19	04-06-20	FC	668.02	15.99	23.27	3.48	145.52
6	Evan Multispeciality Hospital & Research Centre Private Limited	No	03-12-18	08-06-20	OC	46.32	17.74	22.55	48.68	127.15
7	Aircel Limited	No	12-03-18	09-06-20	CD		1606.27			
8	Dishnet Wireless Limited	No	19-03-18	09-06-20	CD	19831.79	970.25	6630.00**	33.43	250.26
9	Aircel Cellular Limited	No	19-03-18	09-06-20	CD		72.71			
10	Pannalal Cold Storage Private Limited	No	21-10-19	15-06-20	FC	16.27	6.17	7.30	44.87	118.31
11	RNB Cements (P) Ltd	Yes	13-06-19	19-06-20	FC	142.41	33.82	34.00	23.87	100.53
12	Sarbat Corfab Private Limited	No	15-02-18	08-06-20	FC	84.94	1.94	1.61	1.90	82.99
13	Uttam Value Steel Private Limited	No	26-06-18	30-04-20	FC	2479.49	696.35	775.00	31.26	111.29
14	Uttam Galva Metalics Limited	No	11-07-18	30-04-20	FC	3634.08	865.87	1056.00	29.06	121.96
15	Monet Exports Private Limited	Yes	20-12-18	26-06-20	FC	5.88	2.52	2.70	45.92	107.14
16	Digjam Limited	No	26-04-19	27-05-20	OC	70.86	93.79	70.86	100.00	75.55
<b>Total (April - June, 2020)</b>						<b>29366.07</b>	<b>4563.60</b>	<b>8866.99</b>	<b>30.19</b>	<b>194.30</b>
<b>Total (Till June, 2020)</b>						<b>422608.69</b>	<b>102890.84</b>	<b>188893.49</b>	<b>44.70</b>	<b>183.59</b>

\*Data awaited.

\*\* Zero Coupon Optionally Convertible Debentures of ₹ 6,630 crore to be issued to FCs in addition to 24% equity in respective companies

Defunct: Not Going Concern/ Erstwhile BIFR

## Resolution Plans

It is seen that about 52.96% of the CIRPs, which were closed, yielded orders for liquidation, as compared to 13.86% ending up with a resolution plan. However, it is important to note that 72.48% of the CIRPs ending in liquidation (690 out of 952 of which data is available) were earlier with BIFR and/ or defunct (Table 6). The economic value in most of these CDs had already eroded before they were admitted into CIRP. These CDs had assets, on average, valued at less than 5% of the outstanding debt amount.

Table 6: CIRPs Ending with Orders for Liquidation till June 30, 2020

State of Corporate Debtor at the Commencement of CIRP	No. of CIRPs initiated by			Total
	FC	OC	CD	
Either in BIFR or Non-functional or both	277	310	103	690
Resolution Value > Liquidation Value	62	34	24	120
Resolution Value ≤ Liquidation Value*	347	374	111	832

Note: 1. There were 51 CIRPs, where CDs were in BIFR or non-functional but had resolution value higher than liquidation value.

2. Data of 3 CIRPs is awaited.

\* Includes cases where no resolution plans were received and cases where Liquidation value is zero or not estimated.

Till March, 2020, 221 CIRPs had yielded resolution plans as presented in the last newsletter. 13 CIRPs were later reported as yielding resolution plans during that period, as presented in Part A of Table 7. During April - June, 2020, 16 CIRPs yielded resolution plans with different degrees of realisation as compared to the liquidation value as presented in Part B of Table 7. During the quarter, realisation by FCs under resolution plans in comparison to liquidation value is 194.30%. However, the realisation by them in comparison to their claims is 30.19%. Till June, 2020, realisation by FCs under resolution plans in comparison to liquidation value is 183.59%, while the realisation by them in comparison to their claims is 44.70%. It is important to note that out of the 250 CDs rescued under the processes under the Code, 81 were in BIFR or defunct.

## Liquidation

Till March, 2020, a total of 914 CIRPs had yielded orders for liquidation, as presented in the previous Newsletter. 17 CIRPs were later reported as yielding orders for liquidation during that period, as indicated in Part A of Table 8. During the quarter April - June, 2020, 24 CIRPs ended in liquidation, taking the total CIRPs yielding liquidation to 955 (excluding 6 cases where liquidation orders have been set aside by NCLAT / Supreme Court). The details of the CIRPs ending in orders of liquidation during the quarter is reported in Part B of Table 8.

Table 8: CIRPs Yielding Orders for Liquidation

Sl. No.	Name of CD	Defunct (Yes / No)	CIRP Initiated by	Date of Commencement of CIRP	Date of Liquidation Order
<b>Part A: Prior Period (Till March 31, 2020)</b>					
1	Sathya Sayee Cold Storage Private Limited*	Yes	OC	08-01-19	24-07-19
2	Ex-Servicemens Multipurpose Services (India) Private Limited	Yes	OC	04-06-18	17-09-19
3	Apna Scientific Supplies Private Limited	Yes	OC	10-08-18	24-09-19
4	St. John Freight Systems Limited	No	FC	10-12-18	26-11-19
5	Benaka Sponge Iron Private Limited	Yes	OC	07-03-19	26-11-19
6	Acaricide India Private Limited	No	OC	09-07-19	21-01-20
7	Royal Pressing and Components Private Limited	No	OC	15-03-19	13-02-20
8	OM Pizzas and Eats India Private Limited	Yes	OC	16-03-18	14-02-20
9	Dhanlaxmi Solvex Private Limited	Yes	FC	02-04-19	27-02-20
10	Tulsi Extrusions Limited	Yes	FC	28-12-18	02-03-20
11	S.B.O. Export Private Limited	Yes	OC	30-07-18	04-03-20
12	Ganga Advisory Private Limited	No	FC	24-01-19	04-03-20
13	Adya Oils & Chemicals Limited	Yes	FC	16-09-19	04-03-20
14	Honeycomb Technologies Private Limited	Yes	OC	24-05-19	12-03-20
15	Tasgaonkar Blossom Private Limited	Yes	FC	19-08-19	12-03-20
16	Fizzy Foodlabs Private Limited	No	OC	18-09-19	12-03-20
17	Rang Super Shopping Private Limited	No	FC	27-08-19	18-03-20
<b>Part B: April - June, 2020</b>					
1	Bhaskar Shrachi Alloys Ltd	Yes	OC	27-09-19	29-04-20
2	M.N. Horological Industries Private Limited	Yes	FC	23-07-19	05-05-20
3	Everwin Textile Mills Private Limited	No	FC	29-10-18	08-05-20
4	Prinkit Retailers Limited	Yes	FC	11-09-19	18-05-20
5	Mrunmaha Agro Foods Private Limited	Yes	OC	20-11-18	26-05-20
6	Bhatia Global Trading Limited	No	FC	23-05-17	29-05-20
7	The Jeypore Sugar Company Limited	NA	FC	25-02-19	29-05-20
8	Tirupur Sri Senthil Cotton Mills Limited	Yes	FC	25-09-19	29-05-20
9	Lotus Auto Engineering Limited	No	FC	07-08-18	01-06-20
10	Vintron Communication Private Limited	No	FC	15-10-19	08-06-20
11	Toworth Pipes & Tubes Private Limited	Yes	FC	11-12-18	12-06-20
12	GCL Private Limited	Yes	OC	01-05-19	15-06-20
13	Vintage Foods and Industries Limited	Yes	CD	23-07-19	15-06-20
14	Tirupati Balaji Polymers Private Limited	Yes	FC	12-07-19	16-06-20
15	Rathi Super Steel Limited	Yes	FC	12-06-19	19-06-20
16	Accord Industries Limited	Yes	FC	26-07-19	19-06-20
17	Nu Tek India Limited	Yes	FC	23-08-19	22-06-20
18	Siddharth Tubes Limited	Yes	FC	24-01-19	24-06-20
19	Asha Multipack Private Limited	Yes	FC	06-02-19	24-06-20
20	Air Pegasus Private Limited*	Yes	OC	23-08-19	24-06-20
21	Jeppiaar Power Corporation Private Limited	Yes	FC	04-03-19	25-06-20
22	Him Steel Private Limited	Yes	FC	15-07-19	25-06-20
23	R.S. Ajit Singh and Co. (Automotives) Private Limited	Yes	FC	31-07-19	26-06-20
24	Orient Spa Limited	Yes	CD	12-04-19	29-06-20

Defunct: Not Going Concern/ Erstwhile BIFR  
NA: Not Available

\* Direct Dissolution of CD ordered by AA.

The status of liquidation process as on June 30, 2020 is presented in Table 9.

Table 9: Status of Liquidation Processes as on June 30, 2020

Status of Liquidation	Number
<b>Initiated</b>	<b>955*</b>
Final Report submitted	88
Closed by Dissolution	66
Closed by Going Concern Sale	3
<b>Ongoing</b>	<b>867</b>
> Two years	104
> One year ≤ Two years	324
> 270 days ≤ 1 year	145
> 180 days ≤ 270 days	138
> 90 days ≤ 180 days	133
≤ 90 days	23

\*This excludes 6 cases where liquidation order has been set aside by NCLAT / Supreme Court.

Till March 2020, 56 liquidation processes were closed by dissolution / going concern sale as presented in the last newsletter. Dissolution of five more CDs, which happened during the earlier period were reported later, as presented in Part A of Table 10. During April - June, 2020, 8 more liquidation processes were closed, taking total number of dissolutions / sold as going concern to 69. The details of the same are presented in Table 10.

Table 10: Details of Closed Liquidations

(Amount in ₹ crore)

Sl. No.	Name of CD	Date of Order of Liquidation	Amount of Admitted Claims	Liquidation Value	Sale Proceeds	Amount Distributed to Stakeholders	Date of Order of Dissolution
<b>Part A: Prior Period (Till March 31, 2020)</b>							
1	Sathya Sayee Cold Storage Private Limited*	24-07-19	3.27	NA	NA	NA	24-07-19
2	Benaka Sponge Iron Private Limited*	26-11-19	3.41	NA	NA	NA	26-11-19
3	Apna Scientific Supplies Private Limited*	24-09-19	Not Available	NA	NA	NA	24-09-19
4	DCS International Private Limited	17-11-17	3.80	0.85	0.90	0.74	08-11-19
5	Resurgent Infratel Private Limited	30-05-18	80.75	NA	NA	NA	03-01-20
<b>Part B: April - June, 2020</b>							
1	K. T. C. Foods Private Limited#	31-05-19	151.78	18.46	18.46	16.86	18-05-20
2	Pink Rose Lingerie Private Limited	04-12-19	40.62	0.09	0.10	NA	28-05-20
3	Apex Engineering Solution and Services Private Limited	25-07-18	19.34	0.58	0.5	0.38	29-05-20
4	Quetzal Furniture Systems Private Limited	16-10-18	9.28	0.59	0.12	NA	29-05-20
5	Linkson Ispat & Energies Private Limited	20-07-18	269.34	NA	NA	NA	17-06-20
6	Southern Online Bio Technologies Limited#	16-07-19	513.05	34.23	51.70	49.07	22-06-20
7	Air Pegasus Private Limited*	24-06-20	48.16	NA	NA	NA	24-06-20
8	Oasis Textiles Limited	22-11-17	1.62	0.07	0.62@	0.55@	30-06-20
<b>Total (April - June, 2020)</b>				<b>1053.19</b>	<b>54.02</b>	<b>71.50</b>	<b>66.86</b>
<b>Total (Till June, 2020)</b>				<b>11401.11</b>	<b>130.51</b>	<b>149.62</b>	<b>141.74</b>

\* means an amount below two decimals.

NA means Not realisable/Saleable or no asset left for liquidation.

#Direct Dissolution; Claims pertain to CIRP period

@Sale as a Going concern.

@ The CD received ₹ 55 lakhs by way of income tax refund and the same was distributed to the stakeholders

## Sale as a Going Concern under Liquidation

Till June 30, 2020, three Corporate Debtors, namely, Emmanuel Engineering Private Limited, K.T.C. Foods Private Limited, and Southern Online Bio Technologies Limited, have been sold as a going concern under liquidation process. The total admitted claims during the liquidation process, in these cases, were ₹ 672.63 crore against the liquidation value of ₹ 57.31 crore. The liquidators in these cases were able to realise ₹ 76.09 crore.

The AA passes an order for liquidation under four circumstances. The details of liquidation as in terms of these circumstances are presented in Table 11.

Table 11: Reasons for Liquidations

Circumstance	Number of Liquidations	
	Where Final Reports Submitted	Ongoing
AA did not receive resolution plan for approval	45	437
AA rejected the resolution plan for non-compliance with the requirements	0	44
CoC decided to liquidate the CD during CIRP	43	382
CD contravened provisions of resolution plan	0	4
<b>Total</b>	<b>88</b>	<b>867</b>

Regulation 12 of the IBBI (Liquidation Process) Regulations, 2016 requires the liquidator to make a public announcement calling upon stakeholders to submit their claims as on the liquidation commencement date, within 30 days from the liquidation commencement date. The details of the claims admitted by the liquidators in 895 liquidations, for which data are available, are presented in Table 12.

The average time taken for completion of 250 CIRPs yielding resolution is 423 days, including the time excluded by the AA. However, if the time excluded by the AA is excluded, the average time for completion of CIRPs is 380 days (Table 13). The average time taken for completion of 955 CIRPs, which have yielded orders for liquidations, is 312 days.

**Table 12: Claims in Liquidation Process** (Amount in ₹ crore)

Stakeholders under Section	Number of Claimants	Amount of claims Admitted	Liquidation Value	Amount Realised#	Amount Distributed
<b>84 Liquidations where Final Report Submitted</b>					
52 ^	6	31.23	1.94	1.78	1.78
53 (l) (a)	NA	NA			13.91
53 (l) (b)	716	10856.56			148.48
53 (l) (c)	133	1.95			0.87
53 (l) (d)	109	174.77			6.03
53 (l) (e)	49	299.52	178.64	190.57	6.49
53 (l) (f)	331	145.49			8.52
53 (l) (g)	0	0			0
53 (l) (h)	70	2.87			1.51
<b>Total (A)</b>	<b>1414</b>	<b>11512.39</b>	<b>180.58</b>	<b>192.35#</b>	<b>187.59</b>
<b>Ongoing 807 Liquidations*</b>					
53 (l) (a)					
53 (l) (b)	31640	409683.97			
53 (l) (c)	24367	1225.43			
53 (l) (d)	8522	98362.68	27413.05**	Not Applicable	Not Applicable
53 (l) (e)	845	17424.90			
53 (l) (f)	1955425	28527.17			
53 (l) (g)	0	0			
53 (l) (h)	696	2640.14			
<b>Total (B)</b>	<b>2021495</b>	<b>557864.30</b>			
<b>Grand Total (A+B)</b>	<b>2022909</b>	<b>569376.69</b>	<b>27593.63</b>		

\* Data for other liquidations are not available.  
 # Inclusive of unclaimed proceeds of ₹ 4.76 crore under liquidation.  
 Out of 867 ongoing cases, liquidation value of only 749 CDs is available. Liquidation value of 563 CDs taken during liquidation process is ₹ 27413.05 crore and liquidation value of rest of the 186 CDs captured during CIR process is ₹ 9745.21 crore.  
 ^ For 5 CDs, details on relinquishment or otherwise by secured creditors are not available. Accordingly, their details have been captured in section 53.

**Table 13: Average time for approval of Resolution Plans/Orders for Liquidation**

Sl. No.	Average time	No. of Processes covered	Time (In days)	
			Including excluded time	Excluding excluded time
<b>CIRPs</b>				
1	From ICD to Approval of resolution plans by AA	250	423	380
2	From ICD to order for Liquidation by AA	955	312	NA
<b>Liquidations</b>				
3	From LCD to submission of final report for Liquidations	88	296	NA
4	For submission of final report under Voluntary Liquidation	250	336	NA

**Twelve large accounts**

Resolution of 12 large accounts were initiated by banks, as directed by RBI. Together they had an outstanding claim of ₹ 3.45 lakh crore as against liquidation value of ₹ 73,220 crore. Of these, resolution plan in respect of eight CDs have been approved and orders for liquidation have been passed in respect of two CDs. Due to failure of implementation of approved resolution plan in respect of one CD (Amtek Auto Ltd.), the process has restarted. Thus, CIRPs in respect of two CDs and liquidation in respect of two CDs are ongoing and are at different stages of the process. The status of the 12 large accounts is presented in Table 14.

**Table 14: Twelve Large Accounts** (Amount in ₹ crore)

Name of CD	Claims of FCs Dealt Under Resolution			Realisation by all Claimants as a percentage of Liquidation Value	Successful Resolution Applicant
	Amount Admitted	Amount Realised	Realisation as % of Claims		
<b>Completed</b>					
Electrosteels Limited	13175	5320	40.38	183.45	Vedanta Ltd.
Bhushan Steel Limited	56022	35571	63.50	252.88	Bannipal Steel Ltd.
Monnet Ispat & Energy Limited Investments Pvt. Ltd.	11015	2892	26.26	123.35	Consortium of JSW and AION
Essar Steel India Limited	49473	41018	82.91	266.65	Arcelor Mittal India Pvt. Ltd.
Alok Industries Limited	29523	5052	17.11	115.39	Reliance Industries Limited, JM Financial Asset Reconstruction Company Ltd., JMFARC - March 2018 Trust
Jyoti Structures Limited Sharad Sanghi	7365	3691	50.12	387.44	Group of HNIs led by Mr.
Bhushan Power & Steel Limited	47158	19350	41.03	209.12	JSW Limited
Jaypee Infratech Limited	23176	23223	100.20	130.82	NBCC (India) Limited
<b>Under Process</b>					
Amtek Auto Limited	CIRP Restarted				
Era Infra Engineering Limited	Under CIRP				
Lanco Infratech Limited	Under Liquidation				
ABG Shipyard Limited	Under Liquidation				

Notes:  
 1. Due to failure of implementation of approved resolution plan in Amtek Auto Ltd., which was earlier included in the completed list, the process has restarted.  
 2. The Resolution Plan approved in Jaypee Infratech Limited is under challenge before the Hon'ble NCLAT.

**Resolution of FSPs**

On an application filed by the RBI to initiate CIRP against Dewan Housing Finance Corporation Ltd (DHFL), the AA admitted the application on December 3, 2019. Mr. R. Subramaniakumar was appointed as the Administrator. This is the first FSP admitted for resolution under the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, which were notified on November 15, 2019. The Administrator has the same duties, functions, obligations, responsibilities, rights, and powers of an IP undertaking a process under the Code. The CIRP is ongoing.

**Voluntary Liquidation**

A corporate person may initiate voluntary liquidation proceeding if majority of the directors or designated partners of the corporate person make a declaration to the effect that (i) the corporate person has no debt or it will be able to pay its debts in full from the proceeds of the assets to be sold under the proposed liquidation, (ii) the corporate person is not being liquidated to defraud any person. At the end of June 30, 2020, 692 corporate persons initiated voluntary liquidation (Table 15). Final reports in respect of 250 voluntary liquidations have been submitted by June 30, 2020.

**Table 15: Commencement of Voluntary Liquidations till June 30, 2020** (Number)

Period	Liquidations at the beginning	Liquidations Commenced	Liquidation closed by		Liquidations at the end
			Withdrawal	Final Reports Submitted	
2017 – 18	0	184	0	11	173
2018 – 19	173	229	7	97	298
Apr - Jun, 2019	298	53	0	24	327
Jul - Sep, 2019	327	61	0	37	351
Oct - Dec, 2019	351	66	0	22	395
Jan - Mar, 2020	395	89	1	36	447
Apr - Jun, 2020	447	10	0	23	434
<b>Total</b>	<b>NA</b>	<b>692</b>	<b>8</b>	<b>250</b>	<b>434</b>

The status of 692 liquidations is presented in Table 16.

**Table 16: Status of Voluntary Liquidations as on June 30, 2020**

Status	No. of Liquidations
Initiated	692
Closed by withdrawal	08
Final Report Submitted	250
Closed by Dissolution	137
<b>Ongoing</b>	<b>434</b>
> Two years	77
> One year ≤ Two years	151
> 270 days ≤ 1 year	51
> 180 days ≤ 270 days	58
> 90 days ≤ 180 days	87
≤ 90 days	10

Of the 692 corporate persons that initiated voluntary liquidations till June 30, 2020, the reasons for these initiations are available for 678 cases, which are presented in Table 17.

**Table 17: Reasons for Voluntary Liquidations**

Sl. No.	Reason	No. of Corporate Persons
1	Not carrying business operations	451
2	Commercially unviable	81
3	Running into losses	15
4	No revenue	24
5	Promoters unable to manage affairs	15
6	Purpose for which company was formed accomplished	14
7	Contract termination	5
8	Miscellaneous	73
<b>Total</b>		<b>678</b>

Most of these corporate persons are small entities. 429 of them have paid-up equity capital of less than ₹ 1 crore. Only 84 of them have paid-up capital exceeding ₹ 5 crore. The corporate persons, for which details are available, have an aggregate paid-up capital of ₹ 4643 crore (Table 18).



voluntary liquidation processes, which have closed by submission of final reports, took on average 336 days for closure.

(f) Till June, 2020, a total of 250 CIRPs have yielded resolution plans. The cost details are available in respect of 178 CIRPs. The cost works out on average 0.75% of liquidation value and 0.38% of resolution value.

## Individual Processes

The provisions relating to insolvency resolution and bankruptcy relating to personal guarantors (PGs) to CDs came into force on December 1, 2019. It was reported in the last newsletter that three applications were filed under these provisions. As per the information received from IPs, four more applications have been filed by the creditor under section 95 of the Code. Out of them two have been filed in NCLT, New Delhi and one each in NCLT, Bengaluru and NCLT, Mumbai.

## Service Providers

### Insolvency Professionals

An individual, who is enrolled with an IPA as a professional member and has the required qualification and experience and passed the Limited Insolvency Examination, is registered as an IP. An IP needs an Authorization for Assignment (AFA) to take up an assignment under the Code with effect from January 1, 2020. IBBI made available an online facility from November 16, 2019 to enable an IP to make an application for AFA to the IPA, and an IPA to process such applications electronically. The details of IPs registered as on June 30, 2020 and AFAs held by them, IPA-wise, is presented in Table 20.

Table 20: Registered IPs and AFAs as on June 30, 2020 (Number)

City / Region	Registered IPs				IPs having Authorisation for Assignment			
	IIP of ICAI	ICSI IIP	IPA of ICAI	Total	IIP of ICAI	ICSI IIP	IPA of ICAI	Total
New Delhi	376	236	66	678	264	163	51	478
Rest of Northern Region	324	171	47	542	229	127	31	387
Mumbai	356	124	32	512	236	81	26	343
Rest of Western Region	228	97	32	357	154	70	23	247
Chennai	119	78	12	209	66	55	8	129
Rest of Southern Region	305	169	48	522	202	118	39	359
Kolkata	174	35	17	226	126	21	12	159
Rest of Eastern Region	51	20	5	76	31	14	4	49
Total Registered	1933	930	259	3122	1308	649	194	2151

Of the 3134 IPs registered till date, registrations of four IPs have been cancelled through disciplinary process, and registrations of two IP cancelled on failing to fulfil the requirement of fit and proper person status. As per information available, six IPs have passed away. The registrations and cancellations of registrations IPs, quarter wise, till June 30, 2020 are presented in Table 21.

Table 21: Registration and Cancellation of Registrations of IPs

Year / Quarter	No. of IPs		
	Registered	Cancelled	Registered at the End of the Quarter
Oct - Dec, 2016#	977	0	977
2016 - 17 (Jan - Mar)	96	0	96
2017 - 18	1716	0	1812
2018 - 19	647	4	2455
Apr - Jun, 2019	203	0	2663
Jul - Sep, 2019	127	0	2790
Oct - Dec, 2019	122	0	2913
Jan - Mar, 2020	98	1	3008
Apr - Jun, 2020	119	1	3127
Total	3128	6	3122

# Registrations with validity of six months. These registrations expired by June 30, 2017.

An individual with 10 years of experience as a member of the ICAI, ICSI, ICAI or a Bar Council or an individual with 15 years of experience in management is eligible for registration as an IP on passing the Limited

Insolvency Examination. Table 22 presents distribution of IPs as per their eligibility (an IP may be a member of more than one Institute) as on June 30, 2020. Of the 3122 IPs as on June 30, 2020, 285 IPs (constituting about nine per cent of the total registered IPs) are female.

Table 22: Distribution of IPs as per their Eligibility as on June 30, 2020

Eligibility	No. of IPs		
	Male	Female	Total
Member of ICAI	1563	140	1703
Member of ICSI	475	94	569
Member of ICAI	154	12	166
Member of Bar Council	179	21	200
Managerial Experience	466	18	484
Total	2837	285	3122

The Regulations provide that an IP shall be eligible to obtain an AFA if he has not attained the age of 70 years. Table 23 presents the age profile of the IPs registered as on June 30, 2020.

Table 23: Age Profile of IPs as on June 30, 2020 (Number)

Age Group (in Years)	IIP ICAI	ICSI IIP	IPA of ICAI	Total
≤ 40	224	70	4	298
> 40 ≤ 50	688	332	46	1066
> 50 ≤ 60	615	243	62	920
> 60 ≤ 70	378	256	139	773
> 70 ≤ 80	24	26	8	58
> 80 ≤ 90	3	3	0	6
> 90	1	0	0	1
Total	1933	930	259	3122

### Panel of IPs

In accordance with the IPs to act as IRPs, Liquidators, RPs and Bankruptcy Trustees (Recommendation) Guidelines, 2020, the IBBI prepared a panel of IPs having AFAs for the period July 1, 2020 to November 25, 2020 and shared the same with the AAs (NCLT and DRT). Table 24 presents zone-wise number of IPs (holding valid AFA) empaneled for the said period. The IPs having registered office in the areas listed in column (2) of the table shall be eligible for appointment by benches of NCLT and DRT located in the zone listed in column (1).

Table 24: Zone-wise IPs in the Panel

Zone (1)	Areas Covered (2)	No. of Ips (3)
New Delhi	Union Territory of Delhi	209
	Ahmedabad	
Ahmedabad	State of Gujarat	63
	Union Territory of Dadra and Nagar Haveli	
	Union Territory of Daman and Diu	
	State of Uttar Pradesh	
Allahabad	State of Uttar Pradesh	44
	State of Uttarakhand	
Amravati	State of Andhra Pradesh	9
Bengaluru	State of Karnataka	31
Chandigarh	State of Himachal Pradesh	103
	State of Punjab	
	State of Haryana	
	Union Territory of Chandigarh	
	Union Territory of Jammu and Kashmir	
Cuttack	State of Chhattisgarh	28
	State of Odisha	
Chennai	State of Tamil Nadu	98
Guwahati	Union Territory of Puducherry	3
	State of Arunachal Pradesh	
	State of Assam	
	State of Manipur	
	State of Mizoram	
	State of Meghalaya	
	State of Nagaland	
	State of Sikkim	
	State of Tripura	
	State of Telangana	
Hyderabad	State of Madhya Pradesh	92
	State of Rajasthan	
Jaipur	State of Rajasthan	30
	State of Kerala	
Kochi	State of Kerala	19
	Union Territory of Lakshadweep	
Kolkata	State of Bihar	92
	State of Jharkhand	
	State of West Bengal	
	Union Territory of Andaman and Nicobar Islands	
Mumbai	State of Goa	147
	State of Maharashtra	
Total		978

## Replacement of IRP with RP

Section 22(2) of the Code provides that the CoC may, in its first meeting, by a majority vote of not less than 66% of the voting share of the FCs, either resolve to appoint the IRP as the RP or to replace the IRP by another IP to function as the RP. Under section 22(4) of the Code, the AA shall forward the name of the RP, proposed by the CoC, under section 22(3)(b) of the Code, to IBBI for its confirmation and shall make such appointment after such confirmation. However, to save time in such reference, a database of all the IPs registered with the IBBI has been shared with the AA, disclosing whether any disciplinary proceeding is pending against any of them and the status of their AFAs. While the database is currently being used by various benches of AA, in a few cases, IBBI receives references from the AA and promptly responds to the AA. Till June 30, 2020, as per updates available, a total of 867 IRPs has been replaced with RPs, as shown in Table 25.

Table 25: Replacement of IRP with RP as on June 30, 2020

CIRP initiated by	No. of CIRPs	
	Where RPs have been appointed	Where RP is different from the IRP
Corporate Applicant	239	106
Operational Creditor	1434	487
Financial Creditor	1452	274
<b>Total</b>	<b>3125</b>	<b>867</b>

## Insolvency Professional Entities

During the quarter under review, four IPEs were recognised. As on June 30, 2020, there were 73 IPEs (Table 26).

Table 26: IPEs as on June 30, 2020

Quarter	No. of IPEs		
	Recognised	Derecognised	At the end of the Quarter
2016 - 17 (Jan - Mar)	3	0	3
2017 - 18	73	1	75
2018 - 19	13	40	48
Apr - Jun, 2019	6	0	54
Jul - Sep, 2019	7	0	61
Oct - Dec, 2019	6	0	67
Jan - Mar, 2020	4	2	69
Apr - Jun, 2020	4	0	73
<b>Total</b>	<b>116</b>	<b>43</b>	<b>73</b>

Table 27: Details of information with NeSL

(Number, except as stated)

At the end of Year/Month	Creditors having agreement with NeSL		Creditors who have submitted information		Debtors whose information submitted by		Loan records on-boarded by		User registrations (debtors)	Loan records authenticated by debtors		Amount of underlying debt (₹ crore)	
	FCs	OCs	FCs	OCs	FCs	OCs	FCs	OCs	FC & OC	FCs	OCs	FCs	OCs
2018 - 19	173	NA	114	169	1266445	230	1955230	316	15148	13762	37	4114988	16224
Jun, 2019	209	NA	160	231	2531930	570	3911146	52766	23565	22323	40	4910552	20455
Sep, 2019	226	NA	218	297	2737049	1764	4421280	86766	32177	35560	61	5625318	28016
Dec, 2019	246	NA	321	408	2926030	2121	4803931	125526	48551	68646	120	6919463	32038
Mar, 2020	267	NA	381	543	6551739	6191	9417317	167719	73332	109505	221	7873689	31910
Jun, 2020	269	NA	456	574	7464854	8336	10721829	204568	106840	149268	265	9855538	33151

NA: Not Available

## Registered Valuer Organisations

The Registered Valuer Organisations (RVOs) are frontline regulators. They provide the institutional arrangement for oversight, including the development and regulation of the registered valuers (RV). They grant membership to valuers, who comply with the eligibility requirements as provided in the Rules, conduct the educational courses in valuation and provide the training for the individual members. During the quarter, two RVOs, All India Institute of Valuers Foundation and International Business Valuers Association were granted recognition, taking the total to 14 RVOs. The IBBI meets MDs / CEOs of RVOs on the 7<sup>th</sup> of every month to discuss the issues arising from the valuation profession, to resolve queries of the RVOs and to guide them in discharge of their responsibilities.

Only RVs are authorised to undertake valuations required under the Companies Act, 2013 and the Code. The details of individual RVs, RVO-wise, as on June 30, 2020, is given in Table 28A. A total of 3083 individuals have registrations, two of them are registered for all three asset classes, 43 are registered for two asset classes and the balance 3038 are registered for one asset class.

## Insolvency Professional Agencies

IPAs are front-line regulators and responsible for developing and regulating the insolvency profession. They discharge three kinds of functions, namely, quasi-legislative, executive, and quasi-judicial. The quasi-legislative functions cover laying down standards and code of conduct through byelaws, which are binding on all members. The executive functions include monitoring, inspection, and investigation of professional members on a regular basis, addressing grievances of aggrieved parties, gathering information about their performance, etc., with the overarching objective of preventing malicious behaviour and malfeasance by IPs. The quasi-judicial functions include dealing with complaints against members and taking suitable disciplinary actions.

There are three IPAs registered in accordance with the Code and Regulations. IBBI has monthly meetings with the MDs of the IPAs and the IU on the 7<sup>th</sup> of every month, to obtain feedback on areas of concern for the profession and discuss the ways and means to deal with them. During these meetings, issues like disposal of grievances, use of technology in processes, conduct of IPs, addressing concerns emanating from COVID-19 are discussed.

## Information Utility

There is one IU, namely, the National E-Governance Service Limited (NeSL). IBBI meets the MD & CEO of the IU along with the MDs of IPAs on 7<sup>th</sup> of every month to discuss the issues related to receipt and authentication of financial information. It has requested IPAs to encourage their members to make use of the information stored with the IU for verification of claims during CIRP. Table 27 provides details of the registered users and information with NeSL, as informed by them.

Table 28A: Registered Valuers as on June 30, 2020

(Number)

Registered Valuer Organisation	Asset Class			Total
	Land & Building	Plant & Machinery	Securities or Financial Assets	
RVO Estate Managers and Appraisers Foundation	45	8	5	58
IOV Registered Valuers Foundation	1023	168	117	1308
ICSI Registered Valuers Organisation	0	0	126	126
IIV India registered Valuers Foundation	106	33	32	171
ICMAI Registered Valuers Organisation	14	12	198	224
ICAI Registered Valuers Organisation	N.A.	N.A.	614	614
PVAI Valuation Professional Organisation	247	45	34	326
CVSRTA Registered Valuers Association	173	51	N.A.	224
Association of Certified Valuers and Analysts	N.A.	N.A.	2	2
CEV Integral Appraisers Foundation	38	13	0	51
Divya Jyoti Foundation	3	3	20	26
Nandadeep Valuers Foundation	0	0	0	0
All India Institute of Valuers Foundation	0	0	0	0
International Business Valuers Association	0	0	0	0
<b>Total</b>	<b>1649</b>	<b>333</b>	<b>1148</b>	<b>3130</b>

Note: N.A. signifies the RVO is not recognised for that asset class

RVs are permitted to form an entity (Partnership / Company) for rendering valuation services. There are 22 such entities registered as RVs as on June 30, 2020, as presented in table 28B. Ten of them are registered for three asset classes and one is registered for two asset classes.

**Table 28B: Registered Valuers (Entities) as on June 30, 2020** (Number)

Registered Valuer Organisation	Asset Class	Number of Entities	Land & Building Plant & Machinery	Securities or Financial Assets
Institution of Estate Managers and Appraisers	2	2	2	2
IOV Registered Valuers Foundation	7	6	8	10
The Indian Institution of Valuers	1	1	1	1
ICMAI Registered Valuers Organisation	1	1	3	3
ICAI Registered Valuers Organisation	0	0	5	5
PVAI Valuation Professional Organisation	1	1	1	1
<b>Total</b>	<b>12</b>	<b>11</b>	<b>20</b>	<b>22</b>

The registration of RVs till June 30, 2020 is given in Table 29.

**Table 29: Registration of RVs till June 30, 2020** (Number)

Year / Quarter	Land & Building	Plant & Machinery	Securities or Financial Assets	Total
2017 - 18	0	0	0	0
2018 - 19	784	124	288	1196
Jun, 2019	346	81	300	727
Sep, 2019	212	58	191	461
Dec, 2019	161	34	146	341
Mar, 2020	129	31	155	315
Jun, 2020	17	5	68	90
<b>Total</b>	<b>1649</b>	<b>333</b>	<b>1148</b>	<b>3130</b>

Of the RVs registered as on June 30, 2020, 913 RVs (constituting 29% of the total RVs registered) are from metros while 2217 RVs (constituting 71% of the total RVs registered) are from non-metro locations (Table 30).

**Table 32: Receipt and Disposal of Grievances and Complaints till June 30, 2020**

Year / Quarter	Complaints and Grievances Received						Total		
	Under the Regulations		Through CPGRAMS/PMO/MCA/Other Authorities		Through Other Modes		Received	Disposed	Under Examination
	Received	Disposed	Received	Disposed	Received	Disposed			
2017 - 18	18	0	6	0	22	2	46	2	44
2018 - 19	111	51	333	290	693	380	1137	721	460
Apr - Jun, 2019	36	21	60	74	149	207	245	302	403
Jul - Sep, 2019	42	41	46	35	67	36	155	112	446
Oct - Dec, 2019	40	46	68	54	71	86	179	186	439
Jan - Mar, 2020	35	69	65	64	74	59	174	192	421
Apr - Jun, 2020	20	52	62	88	74	272	156	412	165
<b>Total</b>	<b>302</b>	<b>280</b>	<b>640</b>	<b>605</b>	<b>1150</b>	<b>1042</b>	<b>2092</b>	<b>1927</b>	<b>165</b>

## Examinations

### Limited Insolvency Examination

The IBBI publishes the syllabus, format etc. of the Examination under regulation 3(3) of the IBBI (Insolvency Professionals) Regulations, 2016. It reviews the Examination continuously to keep it relevant with respect to dynamics of the market. It has successfully completed four phases of the Examination. Fourth phase of the Examination concluded on June 30, 2019 and fifth phase commenced on July 1, 2019. It is a computer based online examination available on daily basis from several locations across India. NSEIT Limited is the test administrator. The details of the Examination are given in the Table 33.

**Table 33: Limited Insolvency Examination**

Phase	No. of Attempts (some candidates made more than one attempt)	No. of Successful Attempts
First Phase (Jan - Jun, 2017)	5329	1202
Second Phase (Jul - Dec, 2017)	6237	1112
Third Phase (Jan - Oct, 2018)	6344	1011
Fourth Phase (Nov, 2018 - Jun, 2019)	3025	506
Fifth Phase (Jul - Sep, 2019)	710	95
Fifth Phase (Oct - Dec, 2019)	889	119
Fifth Phase (Jan - Mar, 2020)	1007	164
Fifth Phase (Apr - Jun, 2020)	34	6
<b>Total</b>	<b>23575</b>	<b>4215</b>

**Table 30: Region wise Registered Valuers as on June 30, 2020** (Number)

City / Region	Land & Building	Plant & Machinery	Securities or Financial Assets	Total
New Delhi	63	28	145	236
Rest of Northern Region	215	40	188	443
Mumbai	97	46	192	335
Rest of Western Region	458	89	166	713
Chennai	103	30	105	238
Rest of Southern Region	668	84	265	1017
Kolkata	18	13	73	104
Rest of Eastern Region	27	3	14	44
<b>Total</b>	<b>1649</b>	<b>333</b>	<b>1148</b>	<b>3130</b>

The average age of RVs as on June 30, 2020 stood at 48 years across asset classes. It was 50 years for Land & Building, 53 years for Plant & Machinery and 43 years for Securities or Financial Assets (Table 31). Of the 3130 RVs as on June 30, 2020, 281 RVs (constituting about nine per cent of the total registered valuers) are females.

**Table 31: Age profile of RVs as on June 30, 2020** (Number)

Age Group (in years)	Land & Building	Plant & Machinery	Securities or Financial Assets	Total
≤ 30	64	4	75	143
> 30 ≤ 40	207	49	451	707
> 40 ≤ 50	454	76	341	871
> 50 ≤ 60	723	99	195	1017
> 60 ≤ 70	172	73	84	329
> 70 ≤ 80	28	31	2	61
> 80	1	1	0	2
<b>Total</b>	<b>1649</b>	<b>333</b>	<b>1148</b>	<b>3130</b>

## Complaints and Grievances

IBBI (Grievance and Complaint Handling Procedure) Regulations, 2017 enable a stakeholder to file a grievance or a complaint against a service provider. Beside this, grievance and complaints are received from the Centralised Public Grievance Redress and Monitoring System (CPGRAMS), Prime Minister's Office, MCA and other authorities. The receipt and disposal of grievances and complaints till June 30, 2020 is presented in Table 32.

## Valuation Examinations

The IBBI, being the authority, under the Companies (Registered Valuers and Valuation) Rules, 2017, commenced the Valuation Examinations for asset classes of: (a) Land and Building, (b) Plant and Machinery and (c) Securities or Financial Assets on March 31, 2018. It reviews the Examination continuously to keep it relevant with the changing times. The second phase concluded on May 31, 2020 and third phase commenced on June 1, 2020, with the revised syllabus. It is a computer based online examination available on daily basis from several locations across India. National Institute of Securities Market is the test administrator. The details of the Examinations are given in Table 34.

**Table 34: Valuation Examinations**

Phase/Quarter	No. of Attempts (some candidates made more than one attempt) in Asset Class			No. of Successful Attempts in Asset Class		
	Land & Building	Plant & Machinery	Securities or Financial Assets	Land & Building	Plant & Machinery	Securities or Financial Assets
First Phase (Mar, 2018 - Mar, 2019)	9469	1665	4496	1748	324	707
Second Phase (Apr, 2019 - May, 2020)	3780	757	4795	380	95	656
Third Phase (Jun, 2020)	64	7	99	1	0	6
<b>Total</b>	<b>13313</b>	<b>2429</b>	<b>9390</b>	<b>2129</b>	<b>419</b>	<b>1369</b>

## Suspension and Resumption of Examinations

In view of the advisory on social distancing in the wake of COVID-19 and lock-down announced by the Central Government, all enrolments for the Limited Insolvency Examination and the Valuation Examinations were initially suspended from March 23, 2020 to April 14, 2020. The suspension continued in view of continued health pandemic.

The IBBI resumed the Limited Insolvency Examination from May 27, 2020 and the Valuation Examinations, with revised syllabus, from June 16, 2020 in areas/locations where such activities were permitted under State and local guidelines. However, the number of slots available has been limited due to the social distancing requirements. As the situation improves more centers are being made operational. The candidates whose enrolments were cancelled have been permitted to reschedule their examination.

## Building Ecosystem

### Graduate Insolvency Programme

The first batch of GIP with 37 students had commenced on July 1, 2019 at the Indian Institute of Corporate Affairs (IICA). After completing coursework at campus, the students proceeded for one year of internship with an average stipend of ₹ 6.42 lakh per annum, with the highest stipend of ₹ 12 lakh per annum. The next batch of 41 students commenced their classes on July 1, 2020. In this batch, 59% are lawyers by profession, 24% are chartered accountants, 10% are engineers and the rest are company secretaries and MBAs.

### Meetings of various Committees

#### Advisory Committee on Service Providers

The 5<sup>th</sup> meeting of the Advisory Committee on Service Providers took place on April 24, 2020 through video conferencing. Mr. T. V. Mohandas Pai, Chairperson of the Committee, chaired the meeting. The Committee discussed and made its recommendations on various matters such as engagement of IPE for support services, fee of IP and for support services of an IPE, limit on number of assignments to be handled by IPs, role of IBBI vis-à-vis IPAs, etc.

#### Committee on Cross Border Insolvency

The Committee on Cross Border Insolvency Rules constituted by MCA under the chairpersonship of Dr. K. P. Krishnan, met on April 21, 2020, May 12, 2020, May 27, 2020 and June 15, 2020 and deliberated on various aspects of its mandate.

#### Advisory Committee on Corporate Insolvency and Liquidation

The sixth meeting of the Advisory Committee on Corporate Insolvency Resolution and Liquidation was held on June 21, 2020 through Video Conferencing under the Chairmanship of Mr. Uday Kotak, Chairperson of the Committee. The Committee discussed and provided its suggestions on certain salient features of the proposed Special Insolvency Resolution Process (SIRP) for MSMEs, such as coverage, processes, balancing interests of stakeholders and timelines.

## Roundtables

During this quarter, IBBI, in associations with the IPAs, conducted four roundtables on special resolution framework for MSMEs, through online modes, to seek feedback of the stakeholders for further refinements and improvements. The details of these roundtables are presented in Table 35.

Table 35: Roundtables on SIRP for MSMEs

Sl. No.	Date(s)	Venue	In partnership with
1	18-06-20	Online	ICSI IIP
2	20-06-20	Online	IIPI
3	22-06-20	Online	IIP ICAI
4	30-06-20	Online	NA

## Crowdsourcing of Ideas

The stakeholders in the insolvency and bankruptcy ecosystem are diverse. They include all existing and potential creditors and debtors; professionals and institutions that are integral parts of the process of insolvency and bankruptcy resolution; foreign creditors and foreign firms that have business relations with domestic debtors; the judges and courts, as well as the departments of the Government through which the law is implemented. Each of these stakeholders have specific requirements and it is IBBI's endeavour to effectively engage them in the regulation making process. The process generally starts with a Working Group suggesting draft regulations. IBBI puts these draft regulations out in public domain seeking comments thereon. It holds a few round tables to discuss draft regulations with the stakeholders. It takes the advice of its Advisory Committee. The process culminates with the Governing Board of IBBI finalising regulations and IBBI notifies them. This process endeavours to factor in ground reality, secures ownership of regulations and makes regulations robust and precise, relevant to the time and for the purpose.

Despite the best of efforts and intentions, a regulator may not always have the understanding of the ground realities, as much and as early as the stakeholders and the regulated may have, particularly in a dynamic environment. The stakeholders could, therefore, play a more active role in making regulations. They may contemplate, at leisure, the important issues in the extant regulatory framework that hinder transactions and offer alternate solutions to address them, in addition to responding urgently to draft regulations proposed by the regulator. This is akin to crowdsourcing of ideas. This would enable every idea to reach the regulator. Consequently, the universe of ideas available with the regulator would be much larger and the possibility of a more conducive regulatory framework much higher. Keeping this in view, IBBI invited comments on May 4, 2020 from public, including the stakeholders and the regulated, on the regulations already notified under the Code. The comments received between April 13, 2020 and December 31, 2020 shall be processed together and following the due process, regulations will be modified to the extent considered necessary.

## Role of IPs in Avoidance Transactions

The Code mandates the RP and the Liquidator to file applications in respect of avoidance transactions (preferential transactions, undervalued transactions, extortionate transactions, and fraudulent trading) with the AA seeking appropriate reliefs and directions permissible under the Code. The AA has disposed of a few such applications. Some matters have travelled up to the Supreme Court. For the sole purpose of educating IPs about this important aspect of the Code, the Board issued a facilitation letter apprising them of their role in respect of avoidance transaction, as delineated by the apex court.

## Research Initiative

IBBI promotes research - legal, economic, and interdisciplinary - and discourse in areas relevant for the evolving insolvency and bankruptcy regime in general, and that in India, in accordance with the Insolvency and Bankruptcy Board of India Research Initiative, 2019.



Two research scholars, namely, Mr. M. P. Ram Mohan and Ms. Vishakha Raj completed a research paper on the topic “Merger control for IRPs: Do acquisitions of distressed firms warrant competition scrutiny?” during the quarter. The paper finds that while green channelling to give automatic approval to resolution plans will make the insolvency resolution process easier for the stakeholders involved in the insolvency process, the effects of combinations under resolution plans may be felt beyond the insolvency regime and extend to stakeholders such as consumers, and upstream and downstream businesses, etc., It suggests that the existing mechanisms of coordination between the two regimes as an alternative to green channeling. The paper is available on the website of IBBI.

### Webinars

IBBI organised several webinars during the quarter in association with IPAs on various subjects as listed in Table 36.

**Table 36: Webinars during April-June, 2020**

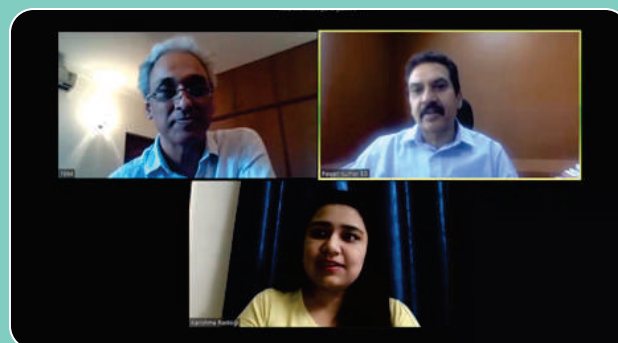
Sl. No.	Date	In association with	Topic
1	01-04-20	IPA ICAI	“Do’s and Don’ts - Inspections” and Impact of IBC on Ease of Doing Business
2	02-04-20	ICSI IIP	Relaxation of IBC threshold and Impact of IBC on Ease of Doing Business
3	03-04-20	IIIP ICAI	Online CIRP Forms and Relationship Disclosures; and Impact of IBC on Ease of Doing Business
4	07-04-20	ICSI IIP	Impact and practical issues during and post lockdown on IBC process and Impact of IBC on Ease of Doing Business
5	08-04-20	IPA ICAI	Insolvency Resolution and Bankruptcy of Personal Guarantors to CD and Impact of IBC on Ease of Doing Business
6	11-04-20	ICSI IIP	Code of Conduct for IPs; Disciplinary Proceedings & Impact of IBC on Ease of Doing Business
7	14-04-20	ICSI IIP	Insolvency and Bankruptcy of Personal Guarantors to Corporate Debtors & Impact of IBC on Ease of Doing Business
8	17-04-20	ICSI IIP	Scope of Mediation in Insolvency Proceedings & Impact of IBC on Ease of Doing Business
9	06-05-20	IIIP ICAI	Interactive Session with IRP/RPs - Issues faced by them in CIRPs w.r.t. COVID-19 pandemic
10	09-05-20	IIIP ICAI	Interactive Session with Liquidators - Issues faced by them in liquidations w.r.t. COVID-19 pandemic
11	12-05-20	IPA ICAI	Information Utility: A Key Pillar of IBC Ecosystem
12	13-05-20	IIIP ICAI	Experience Sharing: Resolution of Financial Service Provider
13	15-05-20	IPA ICAI	Valuations under IBC - Impact on account of COVID-19 pandemic
14	22-05-20	ICSI IIP	Management of Corporate Debtor as Going Concern during CIRP; Operations Management
15	28-05-20	ICSI IIP	Reviewing and Challenging Avoidable Transactions under IBC: How to maximise the assets
16	07-06-20	ICSI IIP	The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020



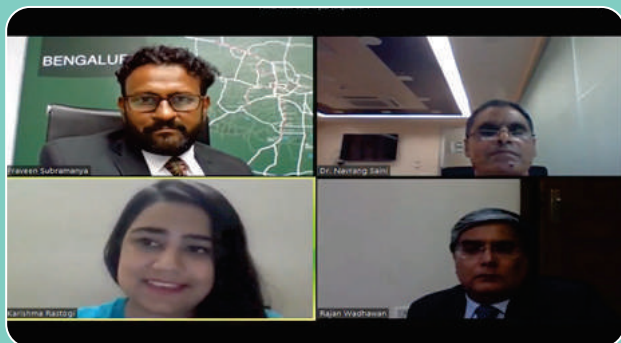
*Interaction on Issues faced by IPs in CIRPs w.r.t. COVID-19 pandemic, May 6, 2020*



*Webinar on Online CIRP Forms and Relationship Disclosures, April 3, 2020*



*Webinar on Information Utility: A Key Pillar of IBC Ecosystem, May 12, 2020*



*Webinar on Valuations under IBC - Impact on account of COVID-19 pandemic, May 15, 2020*



*Webinar on Management of Corporate Debtor as Going Concern during CIRP, May 22, 2020*



*Webinar on Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020, June 7, 2020*



*Webinar on Reviewing and Challenging Avoidable Transactions under IBC: How to maximise the assets, May 28, 2020*

## Advocacy And Awareness

### National Online Quiz on IBC

With a view to promote awareness and understanding of the Code among stakeholders, the IBBI has launched a National Online Quiz on the Code, in collaboration with the Government of India's citizen engagement portal, quiz.mygov.in. The Quiz was open for a period of one month from July 1 - 31, 2020. The best performers will be awarded medals and cash prizes, while top 10% of the participants will be issued Certificates of Merit.

### E-Moot Court Competition

IBBI, as a knowledge partner of LNCT University, Bhopal, conducted the 1<sup>st</sup> INNOVIS-LNCT IBC E-Moot Court Competition from May 28 - 31, 2020. This provided the law students of the country a unique experience

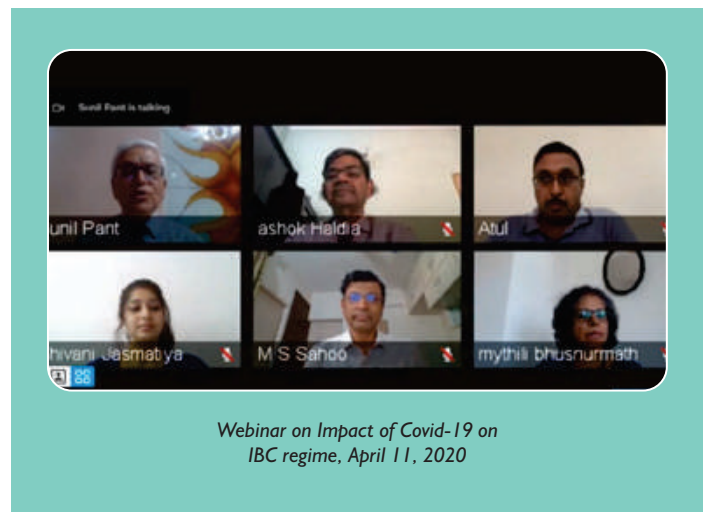
in terms of dealing with technical and legal aspects of Corporate Law, especially the IBC, and to practice their moot skills in a virtual online environment. A total of 34 teams participated in the four days long event. The team from the Rajiv Gandhi National University of Law, Patiala, comprising of Mr. Priyank Pandey, Mr. Vaibhav Mukhraya and Mr. Ashish Paliwal was the winner. The team of ICFAI Law School, Hyderabad comprising of Mr. Apoorv Gupta, Mr. Akash Krishnan and Ms. Pooja Gandhi was runner-up. Mr. K. R. Saji Kumar, Executive Director, IBBI addressed the participants and adjudged the final round of the Competition.

### Other programmes

Senior officers of IBBI participated as guests and faculty in several programmes (in e-mode) during the quarter, the details of which are presented in Table 37.

**Table 37: Participation of Senior Officers in Programmes**

Sl.	Date	Organiser	Subject	Participation
1	11-04-20	IICA	GIP Prospectus	Chairperson
2	11-04-20	IICA	Interface of IBC and Competition Act	Chairperson
3	11-04-20	IIPI	Impact of Covid-19 on IBC regime	Chairperson
4	13-04-20	IPAs	Inspection of IPs	Chairperson
5	13-04-20	ICSI IIP	Pre-Registration Educational Course	Mr. Saji Kumar, ED
6	20-04-20	ICSI IIP	IP: Crisis Manager and Manager in Crisis	Mr. Saji Kumar, ED
7	20-04-20	IIPI ICAI	Pre-Registration Educational Course	Mr. Saji Kumar, ED
8	21-04-20	FICCI	IBC Reforms	Chairperson
9	21-04-20	ASSOCHAM	COVID-19: Relief on IBC	Dr. Vijayawargiya, WTM
10	24-04-20	IPA ICAI	Appearance before NCLT/NCLAT - Court Craft	Mr. Saji Kumar, ED
11	28-04-20	ICAI RVO	Draft Valuers Bill, 2020	Chairperson
12	29-04-20	PVAI RVO	Draft Valuers Bill, 2020	Dr. Saini, WTM
13	01-05-20	PVAI RVO	Start-up Valuation and ABCDRI	Chairperson
14	08-05-20	PHDCI	Impact of Covid-19 on Insolvency	Mr. Pawan Kumar, ED
15	09-05-20	IOV RVF	Valuation Standards	Mr. Pawan Kumar, ED
16	12-05-20	RICS	New Valuers Bill-A Game Changer	Chairperson
17	16-05-20	IOV RVO	Draft Valuers Bill, 2020	Chairperson
18	23-05-20	ASSOCHAM	Corporate Restructuring, M&A and Joint Venture	Mr. Pawan Kumar, ED
19	26-05-20	IIPI ICAI	Address to Governing Board	Chairperson
20	26-05-20	IOV RVF	Development in Valuation Profession Global perspective	Mr. Shukla, WTM
21	27-05-20	ICAI RVO	Draft Valuers Bill, 2020	Dr. Saini, WTM
22	28-05-20	DTRTI, Chandigarh	Quality assessment	Mr. Pawan Kumar, ED
23	31-05-20	IBBI and LNCT University, Bhopal	Moot Court Competition	Mr. Saji Kumar, ED
24	06-06-20	NITI Aayog	Online Dispute Resolution	Chairperson
25	09-06-20	INSOL India	How IPs should tackle New Normal?	Chairperson
26	12-06-20	IIPI ICAI	Insolvency Resolution: Public Interest & Ethics	Mr. Saji Kumar, ED
27	20-06-20	ENCUBE	Impact of COVI-19 on Insolvency and the Way Forward	Chairperson
28	24-06-20	IICA	Regulatory Policy and Ensuring Quality of Regulations	Dr. Vijayawargiya, WTM
29	24-06-20	IIPI ICAI and IFC, World Bank	Impact of COVID-19 on the insolvency and bankruptcy regime- Global and Indian responses	Dr. Guru, ED
30	24-06-20	DTRTI, Chandigarh	Quality Assessment	Mr. Pawan Kumar, ED
31	25-06-20	City of London	Hitting a pause in a Pandemic - Insolvency & Bankruptcy Policy 2020 and beyond	Dr. Vijayawargiya, WTM
32	27-06-20	EIRC of ICAI	Are we ready for the change?	Dr. Saini, WTM





Webinar on COVID-19: Relief on IBC,  
April 21, 2020



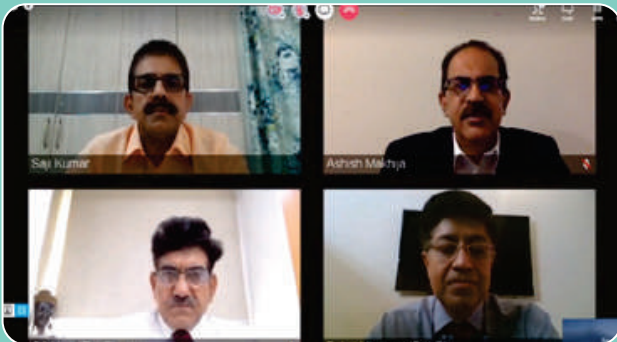
Interaction on New Valuers  
Bill-A Game Changer, May 12, 2020



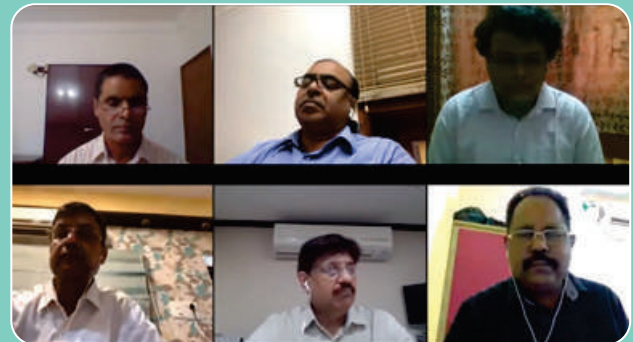
Interaction on Development in Valuation  
Profession Global perspective, May 26, 2020



Consultations on Draft Valuers Bill, 2020,  
May 16, 2020



Webinar on Insolvency Resolution:  
Public Interest & Ethics, June 12, 2020



Webinar on 'Are we ready for the  
change?', June 27, 2020

Disclaimer: This Newsletter is meant for the sole purpose of creating awareness and must not be used as a guide for taking or recommending any action or decision, commercial or otherwise. The reader must do his own research or seek professional advice if he intends to take any action or decision in any matter covered in this Newsletter.