

Insolvency and Bankruptcy Board of India

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Press Release

Roadshow on ‘Insolvency and Bankruptcy Code - A New Paradigm for Stressed Assets’ in Singapore on 6th – 7th June, 2019.

FICCI, in association with the Insolvency and Bankruptcy Board of India and the High Commission of India in Singapore, organised a Roadshow in Singapore on 6th - 7th June, 2019 on ‘Insolvency and Bankruptcy Code - A New Paradigm for Stressed Assets’.

2. The Roadshow included a half-day Conference, which shared progress in implementation of the Code and emerging investment opportunities in stressed assets in India, on 6th June, 2019. It included meetings with focused groups of potential investors and professional firms on 6th and 7th June, 2019. These meetings provided an opportunity to understand the details of the insolvency reforms and investment options and opportunities in stressed assets in India with the policy makers, regulators, bankers, leading law firms, insolvency practitioners, and consulting firms.

3. The team, which addressed the Conference and interacted with potential investors and professional firms in meetings with focused groups included: Dr. M. S. Sahoo, Chairperson, Insolvency and Bankruptcy Board of India; His Excellency Mr. Jawed Ashraf, High Commissioner of India in Singapore; Mr. Gyaneshwar K. Singh, Joint Secretary, Ministry of Corporate Affairs; Mr. Sunil Mehta, Chairman, Indian Banks Association and MD & CEO, Punjab National Bank; Ms. Anshula Kant, Managing Director, State Bank of India; Mr. Shardul Shroff, Executive Chairman, Shardul Amarchand Mangaldas & Co, Advocates and Solicitors; Mr. Bahram N. Vakil, Founding Partner, AZB and Partners, Advocates & Solicitors; Mr. Mohit Saraf, Senior Partner, L & L Partners, Law Offices; Mr. A. S. Chandhiok, Senior Advocate; Mr. Sumit Khanna, Partner and National Head, Corporate Finance and Restructuring Services, Deloitte India; Mr. Sanjeev Agarwal, Partner-Deals, Corporate Finance and Investment Banking, PricewaterhouseCoopers Private Limited; Mr. Nikhil Shah, Managing Director, Alvarez & Marsal; Mr. Sunil Sanghai, Founder & CEO, NovaDhruva Capital Pvt. Ltd.; Mr. R. K. Bansal, MD & CEO, Edelweiss ARC; Mr. Henry Wu, Director, Deutsche Bank AG; and Ms. Jyoti Vij, Dy. Secretary General, FICCI.

4. While inaugurating the conference, Dr. Sahoo stated that potential investors - foreign or domestic - in Indian market may consider investing in (a) corporate bonds in view of considerable strengthening of rights of creditors, and (b) distressed assets at competitive prices available under the Code or account of the Code. There are several entry points for investment in the life cycle of a distressed asset. These are when: (a) a debtor is facing an impending default and is trying to avoid default which may push it into corporate insolvency resolution process (CIRP) and its attendant consequences; (b) a debtor has received a notice from an operational creditor demanding payment before initiating its CIRP and is trying to preempt filing of an application for initiation of CIRP; (c) an application has been filed for initiation of CIRP, but it is yet to be admitted and the debtor is trying to preempt admission of the application; (d) the CIRP has commenced, but expression of interest is yet to be invited and the applicant may be willing to withdraw the application subject to the approval of 90% of voting power of the Committee of Creditors; (e) the Resolution Professional is operating the corporate debtor as a going concern and is requiring interim finance for this purpose; (f) the

Resolution Professional has invited resolution plans and the investor alone or in partnership may submit a resolution plan; (g) an order of liquidation of the debtor has been passed, but there is a proposal for compromise or arrangement; (h) the liquidator proposes to sell the debtor or the business(s) of the debtor as a going concern; and (i) a creditor is willing to sell the stressed asset at any stage before or after commencement of CIRP.

5. Dr. M. S. Sahoo stated that the success of the Code includes not only what happens under the Code but also what happens on account of the Code. He mentioned that the market for distressed assets in India is vast and may continue to have distressed assets in the days to come, given the size of the Indian economy, and its growth potential of 7+% for over next two decades or so, coupled with increase in intensity of innovation and competition, expansion of credit market and credit growth following insolvency reforms. He stated: *“It is the right time for any serious investor in stressed assets and India is the right place to be in.”*.

6. Highlighting the strong investment-linked relationship between India and Singapore, His Excellency Mr. Jawed Ashraf, High Commissioner of India in Singapore stated that Singapore, being an Asian economic hub, could potentially become a leading investor in distressed assets in India and this will take investment relations between the two countries to a new level. He spoke about the genesis, speedy implementation and broader economic benefits of the Code and assured that the Code would continue to evolve to meet the emerging challenges which will witness investment cycle peaking up.

7. Speaking on the occasion, Mr. Sunil Mehta, Chairman, Indian Banks Association and MD & CEO, Punjab National Bank stated that the bankers are proactively trying to resolve default or sell the debt as soon as they notice signs of stress and the debtors are reaching out to bankers to resolve their stressed assets in early stages on account of the Code. These provides a new opportunity for investors in distressed assets.