



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



IBC AU-COURANT

Latest updates On Insolvency & Bankruptcy

22nd February 2023

"Keep your eyes on the stars, and your feet on the ground".

➤ **Debenture holders reach deal, withdraw insolvency plea against Peninsula Land**

Debenture holders have withdrawn an insolvency lawsuit filed against Ashok Piramal group company Peninsula Land after a settlement agreement was reached between the two sides, according to people in the know.

ET had reported on September 29 that debenture holders of a step down subsidiary of Peninsula Land had claimed that the company had defaulted on ₹118 crore of dues. They claimed that Peninsula Land, the holding company, had guaranteed the debentures issued by the step down subsidiary.

ICICI Prudential Real Estate AIF is the debenture holder. There are no debenture holders from the general public. The settlement terms are unknown but Peninsula Land will have to meet certain payment milestones as the withdrawal of the insolvency petition is conditional.

Peninsula Land and ICICI Prudential did not respond to queries until press time. Peninsula Land is known for building office parks in Mumbai's upscale Lower Parel. The company also has a joint venture with Canada's Brookfield for real estate development. The Piramal Family and Jayadev Mody are co-promoters of Peninsula Land. Mody is the spouse of Zia Mody, one of the founders of law firm AZB & Partners. As per a stock exchange disclosure on February 13, the holding company has also settled a loan of ₹ 85 crore with one of its lenders on January 31. The disclosure also stated that the group has debt service obligations of ₹393 crore over the next 12 months. The company also said that overall external debt has been reduced from ₹1,761 crore as on March 31, 2020 to ₹590 crore as on December 31, 2022.

Source: The Economic Times

Read Full news at:

<https://economictimes.indiatimes.com/industry/banking/finance/debenture-holders-reach-deal-withdraw-insolvency-plea-against-peninsula-land/articleshow/98131340.cms>

➤ **NCLT admits HDIL firm Privilege Power and Infrastructure under insolvency process**

The bankruptcy court has admitted Privilege Power and Infrastructure, an affiliate of Housing Development and Infrastructure (HDIL), under the Corporate Insolvency Resolution Process (CIRP).

The Mumbai Bench of NCLT has appointed Anurag Kumar Sinha the insolvency resolution professional. This came on a petition filed by Unity Small Finance Bank, which had approached the court after the company allegedly failed to repay over Rs 138 crore in dues.

The loans were originally provided by Punjab and Maharashtra Cooperative (PMC) Bank. On August 23, 2019, the management of PMC Bank was taken over by an administrator appointed by RBI. Subsequently, the bank was merged with Unity Small Finance Bank. "The two essential qualifications, i.e., the existence of 'debt' and 'default', for admission of a petition under Section 7 of the I&B Code, have been met in this case," the division bench led by judicial member Kuldip Kumar Kareer and technical member Anuradha Sanjay Bhatia said in its order of February 15. "Accordingly, the Petition is admitted."

The fraud at PMC Bank came to light after the RBI found that the lender had allegedly created fictitious accounts to hide loans given to debt-laden HDIL.

Source: The Economic Times

Read Full news at:

<https://economictimes.indiatimes.com/industry/services/property/-/construction/nclt-admits-hdil-co-under-insolvency-process/articleshow/98131711.cms>

➤ **Creditors face haircut of 70% in insolvency cases**

The overall recovery rate in insolvency cases till Q3FY23 was 30.4 per cent implying a haircut of approximately 70 per cent. The cumulative recovery rate has been on a downtrend, decreasing from 43 per cent in Q1FY20 and 32.9 per cent in Q4FY22 as larger resolutions have already been executed and a significant number of liquidated cases were either BIFR cases and/or defunct with high resolution time, coupled with lower recoverable values, Care Edge said in a report.

Post the implementation of the IBC, the overall recovery rate till Q4FY22 in India reached 32.9 per cent which has been on a continuous declining trend. The recovery rate for Q3FY23 stood at 23.45 per cent, while the overall recovery rate reached 30.4 per cent till Q3FY23. Consequently, for the cases which have been resolved, the creditors have continued to face a haircut of approximately 70 per cent on admitted claims. Of the 2,000 ongoing CIRPs, there has been a delay of more than 270 days for the completion of the process of 64 per cent of ongoing CIRPs in December 2022

which is a decline of 9 per cent as compared to 73 per cent in December 2021, the report said. Further, the 'more than 180 days but less than 270 days' segment is the second largest indicating that quite a few cases which had commenced in the earlier quarters have piled up, while the other two categories continue to have quite a few cases in them highlighting the significant delays in the process.

After slowing in the pandemic period of FY21 and FY22, the number of insolvency cases increased by 25 per cent y-o-y in Q3FY23. However, despite the increase, the number of cases admitted to the insolvency process continued to be lower compared to earlier quarters in FY19/20.

The distribution of cases across sectors continues to remain broadly similar, compared to earlier periods given the extended resolution timelines. The share of the various sectors has largely remained constant compared with the previous period. The manufacturing sector accounts for the highest share at 39 per cent of the overall cases, followed by the real estate (21 per cent), construction (11 per cent) and trading sectors (10 per cent). Of the total 6,199 cases admitted into CIRP at the end of December 2022 only 10 per cent have ended in approval of resolution plans, while 32 per cent remain in the resolution process vs. 35 per cent as of the end of March 2022, the report said, 1,901 have ended in liquidation (31 per cent of the total cases admitted).

Meanwhile, 76 per cent of such cases were either BIFR cases and/or defunct. These cases had assets which had been valued at less than 8 per cent of the outstanding debt. Around 14 per cent (894 CIRPs) have been closed on appeal /review /settled while 13 per cent have been withdrawn under Section 12A. A significant number of withdrawn cases (around 54 per cent) were less than Rs 1 crore, while the primary reason for withdrawal has been either the full settlement with the applicant (306 cases) or other settlement with creditors (210 cases).

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/news/company/corporate-trends/creditors-face-haircut-of-70-in-insolvency-cases/articleshow/98088820.cms>

