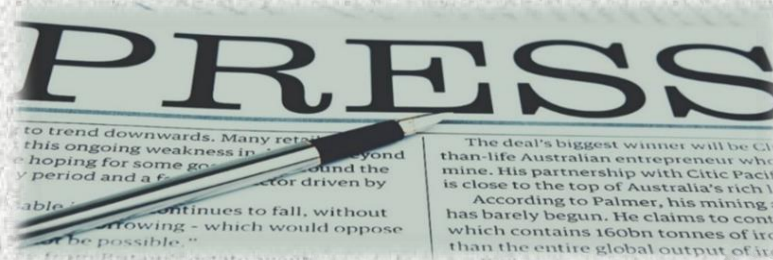


Date: January 21, 2020

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Insolvency Professional Agency of Institute of Cost Accountants of India



"Believe you can and you're halfway there."

Updates on Insolvency and Bankruptcy Code

DHFL may resume lending operations from next week

Beleaguered mortgage lender Dewan Housing Finance Corp (DHFL) is planning to commence lending operations from next week. To begin with, the lender will look at disbursing Rs 500 crore every month from internal accruals. The administrator, R Subramaniakumar, told the meeting of the committee of creditors (CoC) on January 16 that DHFL is preparing to start lending operations.

On January 16, the CoC approved proposals on cost that would be incurred by the company during the resolution process. This includes Rs 75 lakh per month for advisor to administrator – EY India. The CoC also approved fees to legal advisor AZB Partners, which amounted to Rs 11,500 per hour on a blended basis. The administrator informed the CoC that DHFL's assets under management stood at Rs 1,19,952 crore.

Source: Financial Express

Please find the full news at:

<https://www.financialexpress.com/industry/banking-finance/dhfl-may-resume-lending-operations-from-next-week/1829756/>

New payments formula for creditors in the works

The government is considering a new formula for payments to creditors of distressed companies resolved through the insolvency and bankruptcy law, which would give a better deal to unsecured lenders and operational creditors. Under one of the plans, the resolution amount would be split into two parts – liquidation amount set by the valuers before the resolution is started, and anything in excess of this amount.

Liquidation amount would be distributed to company's creditors in accordance with the "waterfall" mechanism set out in Section 53 of Insolvency and Bankruptcy Code, as per the plan. Under this mechanism, all claims of secured financial creditors must be fully paid before payments are made to unsecured financial creditors, who must in turn be fully paid before operational creditors. Any amount in excess of the liquidation value would be split on a pro-rata basis among all creditors – secured, unsecured and operational.

Source: Economic Times

Please find the full news at:

<https://economictimes.indiatimes.com/news/economy/policy/new-payments-formula-for-creditors-in-the-works/articleshow/73450534.cms>

DHFL lenders ease bidding criteria for prospective buyers

Lenders to Dewan Housing Finance Corp. Ltd have eased the eligibility criteria for those seeking to purchase the assets of the insolvent home financier, fearing the strict norms proposed by the administrator would deter potential buyers.

While the minimum net worth requirement of bidders was slashed to Rs. 3,500 crore from the Rs. 5,000 crore proposed by the Reserve Bank of India (RBI)-appointed administrator, the criteria for assets under management (AUM) and committed funds were lowered to Rs. 10,000 crore and Rs. 3,500 crore, respectively, from Rs. 12,000 crore and Rs. 5,000 crore, the person cited above said on condition of anonymity. Banks' fear that potential investors may stay away from the bidding process could have been influenced by their experience in the case of bankrupt Jet Airways (India) Ltd, which drew a tepid response from bidders despite multiple attempts to revive the airline.

Source: Livemint News

Please find the full news at:

<https://www.livemint.com/companies/news/dhfl-lenders-ease-bidding-criteria-for-prospective-buyers-11579545516840.html>



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