Insolvency and Bankruptcy Code: Journey till 31 March 2019
Details on cases admitted till 31 March 2019
94 resolutions in the first two years is a metric that needs improvement; large number of ongoing cases are awaiting closure due to litigations at various forums.

Source: www.ibbi.gov.in; EY Analysis
350+ cases admitted in Jan-Mar quarter

- **359 cases admitted** last quarter (highest in a quarter)
- Last quarter admission represents **20% of total admission**
- Highest number of financial creditors (FC) cases in a quarter (**172 cases**)
- Cumulatively still **50% cases** filed by operational creditors
- **40% cases** filed by FC

National Company Law Tribunals (NCLTs) have cleared some backlog of cases pending for admission in last quarter. It is taking four to six months on an average to get a case admitted\(^1\), however, no formal analysis is available to support this.

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\(^1\) Basis general feedback and interactions
Source: www.ibbi.gov.in; EY Analysis
As the ecosystem matures and jurisprudence establishes, the timelines in completing the process should improve.

Source: www.ibbi.gov.in; EY Analysis
Details on cases approved by NCLTs till 31 March 2019
In 89 cases approved by NCLTs, INR 1,46,674 crore (US$21 billion) of FC claims have been resolved at a recovery of 47% against liquidation value of 22% OC recovered 43%.

Reference date for a case resolved is NCLT approval date. However, there are cases which are pending implementation due to various reasons even after a plan is approved by the NCLT.

Note: Total 94 cases are resolved till 31 March 2019, however, only 89 are considered for the analysis above. Essar Steel is excluded as apportionment between FCs and OCs is under consideration. Further, Amtek auto is excluded as the CIRP has restarted. Also, Orchid Pharma, Zion Steel and Adhunik Metaliks are excluded due to certain issues arising post approval of the resolution plan.

Source: www.ibbi.gov.in; EY Analysis
Top 6 approved cases had average FC recovery of 48% as compared to 41% recovery for balance 83 cases.

- **Top six approved cases include** - Electrosteel, Bhushan Steel, Monnet Ishpat, Binani Cements, Alok Industries, Jyoti Structures
- Approved cases might not necessarily mean money transfer to creditors. Delay is mainly due to delay in implementation of approved plan.
- Top six cases contribute 84% to total FC claim resolved, i.e., INR 123,570 crore.
- **LV of top six cases** was 22% as compared to 21% in case of other 83 cases.

While the recovery is lower in other cases (86 cases) as compared to top seven cases, the recovery is still higher than the LV. Recovery rate is 30% vs. LV of 18% for these 86 cases.

Source: www.ibbi.gov.in; EY Analysis
Steel sector cases yielded recovery of 54% as compared to average of 37% for all others.

Steel sector recovery was positively impacted by strong long term outlook for the sector and hence significant strategic investor interest.

Source: www.ibbi.gov.in; EY Analysis
Other stats related to 93 cases resolved

### Number of resolution plans approved by various NCLTs

<table>
<thead>
<tr>
<th>City</th>
<th>Number of Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Delhi</td>
<td>8</td>
</tr>
<tr>
<td>Mumbai</td>
<td>19</td>
</tr>
<tr>
<td>Kolkata</td>
<td>22</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>5</td>
</tr>
<tr>
<td>Guwahati</td>
<td>1</td>
</tr>
<tr>
<td>Chennai</td>
<td>15</td>
</tr>
<tr>
<td>Chandigarh</td>
<td>8</td>
</tr>
<tr>
<td>Bengaluru</td>
<td>5</td>
</tr>
<tr>
<td>Allahabad</td>
<td>2</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>4</td>
</tr>
</tbody>
</table>

### Time taken to complete CIRP - 320 days is the average for 89 cases for completion

<table>
<thead>
<tr>
<th>Range</th>
<th>Number of Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;450</td>
<td>10</td>
</tr>
<tr>
<td>361-450</td>
<td>14</td>
</tr>
<tr>
<td>271-360</td>
<td>38</td>
</tr>
<tr>
<td>181-270</td>
<td>24</td>
</tr>
<tr>
<td>&lt;181</td>
<td>3</td>
</tr>
</tbody>
</table>

### Number of resolution plan approved per quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number of Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qtr1 - 2019</td>
<td>13</td>
</tr>
<tr>
<td>Qtr4 - 2018</td>
<td>14</td>
</tr>
<tr>
<td>Qtr3 - 2018</td>
<td>28</td>
</tr>
<tr>
<td>Qtr2 - 2018</td>
<td>14</td>
</tr>
<tr>
<td>Qtr1 - 2018</td>
<td>11</td>
</tr>
<tr>
<td>Qtr4 - 2017</td>
<td>7</td>
</tr>
<tr>
<td>Qtr3 - 2017</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: www.ibbi.gov.in; EY Analysis
Admitted cases for resolution ending into liquidation
Total claims (FC+OC) processed in 89 approved and 378 liquidation cases = \text{INR} 412,053 \text{ crore}

- 378 liquidation cases had claims (FC+OC) worth **\text{INR} 257,634 \text{ crore}** against the liquidation value of \text{INR} 18,234 \text{ crore}

- Claims (FC+OC) in 89 resolved cases were **\text{INR} 154,419 \text{ crore}** (47\% recovery) against liquidation value of \text{INR} 32,582 \text{ crore}

- \text{\~75\% of liquidation cases} (278 out of 378) were earlier with Board for Industrial and Financial Reconstruction and/or defunct

As large number of cases were stuck in erstwhile system, it was expected to get cases under liquidation in first few years where recovery would be very low.

Source: www.ibbi.gov.in; EY Analysis
Currently there is no provision in the IBC to directly file for insolvent liquidation, CD has to compulsorily go through CIRP before getting to liquidation

273 cases out of 378 did not get a plan during CIRP period

Days from CIRP start till liquidation order – Average 280 days for 378 cases

One key success factor for a liquidation case would be a timely closure, as significant value would have been already eroded. Going through CIRP for cases were no resolution is possible, does not help in achieving the objective of timely closure

Source: www.ibbi.gov.in; EY Analysis
Other statistics related to the 378 liquidation cases

**Number of liquidation orders by the various NCLTs**

- New Delhi: 50
- Mumbai: 90
- Kolkata: 54
- J aipur: 1
- Hyderabad: 17
- Guwahati: 1
- Chennai: 81
- Chandigarh: 29
- Bengaluru: 15
- Allahabad: 9
- Ahmedabad: 31

**Average of 25 liquidation orders passed per month in the last nine months**

- Jan-Mar19: 73
- Oct-Dec18: 77
- Jul-Sep18: 86
- Apr-Jun18: 51
- Jan-Mar18: 59
- Oct-Dec17: 24
- Jul-Sep17: 8

**Time elapsed since liquidation order was passed. 94 cases have crossed 360 days**

- <90 days: 73
- 90-179 days: 75
- 180-269 days: 77
- 270-360 days: 59
- >360 days: 94

Source: www.ibbi.gov.in; EY Analysis
Withdrawal under Sec 12A with 90% approval
Since introduction of Sec-12A, ~11% of cases admitted are subsequently withdrawn u/s 12A

Quarter wise break of cases withdrawn u/s-12A

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number of cases withdrawn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Mar, 2019</td>
<td>27</td>
</tr>
<tr>
<td>Oct-Dec, 2018</td>
<td>36</td>
</tr>
<tr>
<td>Jul-Sep, 2018</td>
<td>28</td>
</tr>
</tbody>
</table>

Range of claims admitted for cases withdrawn

- <= 01: 34
- > 01 <= 10: 21
- > 10 <= 50: 11
- > 50 <= 100: 5
- > 100 <= 1,000: 3
- > 1,000: 2
- Data n/a: 15

Source: www.ibbi.gov.in; EY Analysis
Sec 12A, allows withdrawal of CIRP application admitted with 90% committee of creditors approval

Reg 30 A, required submission of an application for withdrawal, before EOI are issued to PRAs

Supreme Court in case of Brilliant Alloys Pvt. Ltd.
application for withdrawal may be allowed in exceptional cases even after issue of invitation for EOI under regulation 36A

Supreme Court in case of Swiss Ribbons Pvt. Ltd
a party can approach the NCLT directly and the NCLT, may allow or disallow an application for withdrawal or settlement

IBBI on 8 May, via a discussion paper for public comments (to be submitted by 30 May) has proposed an amendment to Reg 30 A, to allow withdrawal even after invitation of EOI in exceptional cases.

Withdrawal option till the last day of the process might discourage investors to participate. Withdrawal after receipt of plan should be avoided.

Source: www.ibbi.gov.in; EY Analysis
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