

Benchmarks &gt;

Nifty **CLOSED**  
11,754.65 112.85

NSE Gainer-Large Cap &gt;

Tata Steel  
545.25 34.50

Precious Metal &gt;

Gold (MCX) (Rs/10g.)  
31,940.00 29.00Stock Analysis, IPO, Mutual  
Funds, Bonds & More

Market Watch

# How bankruptcy regulator hard sells stressed assets to global funds

BY SAIKAT DAS &amp; INDULAL PM, ET BUREAU | APR 28, 2019, 11.30 PM IST

Post a Comment

The Indian insolvency watchdog has stepped on the gas to resolve the bankruptcy crisis by seeking to rope in more global investors.

**Big Change:**  
The end of Five-Year Plans: All you need to know

Insolvency and Bankruptcy Board of India (IBBI) chairman MS Sahoo earlier this week led a 10-member team to Hong Kong to individually meet over a dozen investors with dedicated focus on stressed assets. The delegation met with funds like Goldman Sachs, Bank of America ML, SSG Capital, Pepper, [Bain Capital](#), [Deutsche Bank](#), Nexus Capital Management and Davidson Kempner, three people with direct knowledge of the matter told ET.

This is the first such occasion where IBBI went abroad to meet investors individually.

Queries mailed to IBBI and most investors remained unanswered till press time Friday.

“The team highlighted five-seven entry points, which the investors can avail at the time of liquidation, resolution or even pre-NCLT ([National Company Law Tribunal](#)) resolutions,” said a person who attended the meetings.

The funds are also being encouraged to invest in corporate bonds of companies including the ones whose recovery mechanism is supported by the Insolvency and Bankruptcy Code (IBC), the person said.

“The next round of stake sale in troubled companies would be an opportunity for PE funds,” said a participant investor. Most of the assets available now are from the steel or power sector. “The next round could be interesting,” he said.

The investors are said to have raised a few points, citing lingering court cases and the status of operational creditors in insolvency proceedings. The fund managers want a clean and clear process, instead of a transaction with prolonged legal tussle and government intervention, the sources said.

Out of the 1,484 cases registered with NCLT, 275 have surpassed the stipulated time of 270 days. The Essar Steel case has been going on for more than 600 days now.

The discussions also revolved around how to enter a process even before it rolls into the court.

“The bankers need to get maximum value for the assets, rather than spending years in a court battle,” said a global investor. “We also look at some sort of early solution, in which we can enter into a company at a reasonable rate and at the same time, the company’s health is also reasonable. Once the company is dead, irrespective of the value of the assets, it would be tough for any asset manager to turn it around. At the end, we also need to turn around the firm and make returns to our investors.”

The IBBI chief-led delegation included senior bankers, lawyers and consultants, including State Bank of India managing director Anshula Kant, Luthra & Luthra senior partner Mohit Saraf, AZB & Partners’ Bahram Vakil, Shardul Shroff from Amarchand Mangaldas, an ICICI Bank senior general manager, and executives from consulting firms [KPMG](#) and PwC.

The members could not be contacted immediately for comment.

Stay on top of business news with The Economic Times App. [Download it Now!](#)