



‘Realisation for financial creditors from resolution of stressed units may be lower’

Realisation for financial creditors from resolution of stressed projects facing insolvency proceedings is likely to be lower by 30-40 per cent in the current fiscal, ICRA said in a report



REASONS FOR LOWER RESOLUTION

- Impact of COVID-19

- Suspension of fresh IBC proceedings by government for one year
- Fewer corporate insolvency resolution proceedings (CIRPs) yielding a resolution plan
- Increase in haircuts that lenders would have to take

₹1.74 lakh crore

Amount realised by financial creditors till March 2020, i.e. 45 per cent of claims, from CIRPs that had yielded a

resolution plan

08: Number of large companies, out of the RBI's first list of 12 large non-performing assets, whose resolution primarily led to realisation of Rs 1.74 lakh crore

₹1.36 lakh crore:

Realisation from aforementioned eight companies alone

DHFL RESOLUTION TO BE KEY:

In this financial year, a successful resolution of housing finance company Dewan Housing Finance Corp Ltd (DHFL) is going to be the key determinant of the extent of the amount the financial creditors would realise during the year

₹60,000 cr-₹70,000 cr: Amount that financial creditors could realise in 2020-21 through successful resolution plans from the IBC

Source:
ICRA/PTI