



# Pre-Packaged Insolvency

## *Overview*

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11.11.2021



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Overview of Pre-Packaged Insolvency Resolution Process

Stage I - Preparatory & Pre-NCLT stage

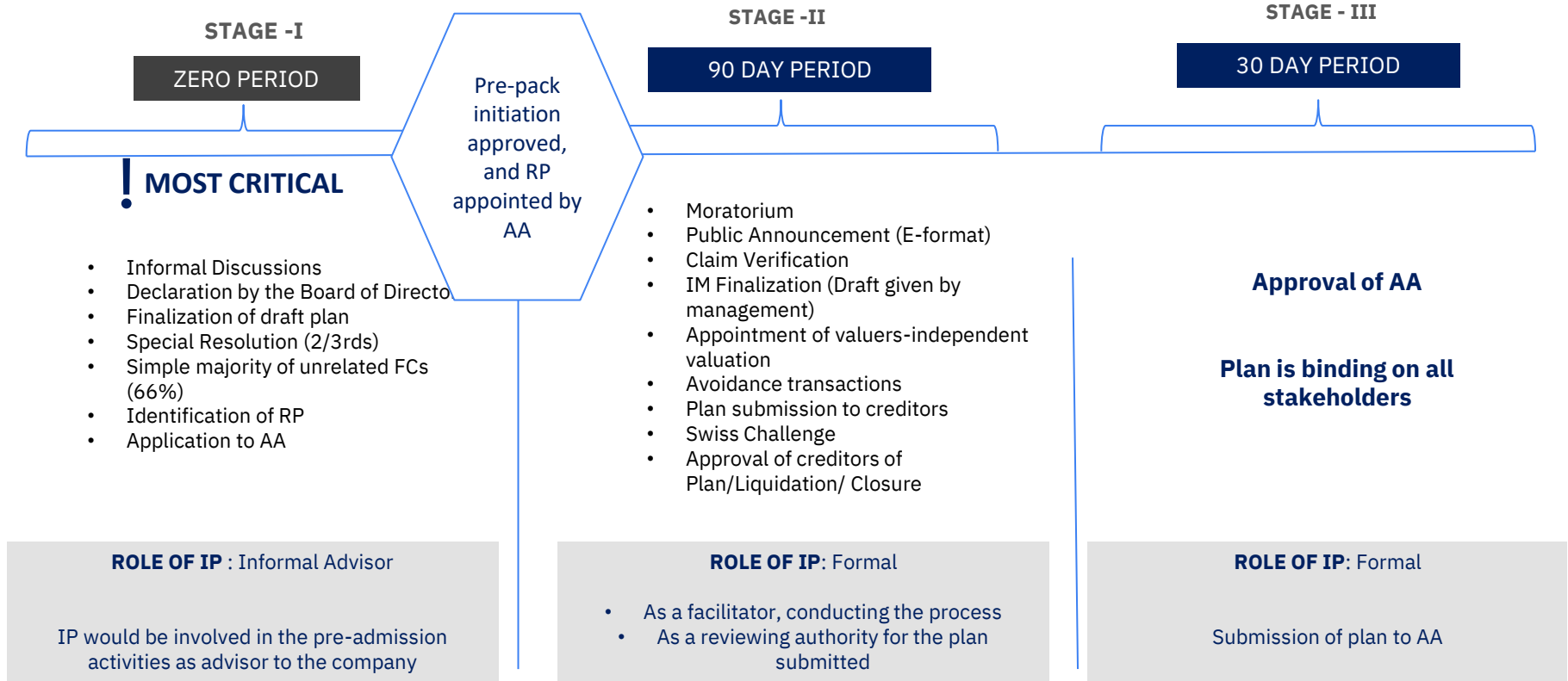
Stage II & III - Pre-pack process & plan approvals



# PRE-PACK INSOLVENCY RESOLUTION OVERVIEW

# PRE-PACK – PROCESS OVERVIEW

TOTAL TIMELINE: 120 DAYS





# STAGE I

## PREPARATORY & PRE-NCLT STAGE



# PREPARATORY GROUND WORK

## OBJECTIVE

*To understand the company's business, outlook , SWOT and develop a financial model to determine:*



## PREPARATORY GROUNDWORK



To prepare a financial model, build assumptions basis trends and reasonable estimates, key drivers of business and to arrive at sustainable working capital

To convert the non-sustainable portion to long term loan with a repayment structure matching the cash flows.

Understand current position of the cash flow

Understand existing Assets & Liabilities.

To build projected cash flows and identify working capital gaps

Understand the current order book, pipelines and projects under execution, including project wise P/L and cash flows

To understand updated debtor recoverability.


Listing of tangible assets and monetization of non-core assets





# PLAN FINALIZATION & SUBMISSION

## OBJECTIVE

*To ensure:*

All necessary ingredients as regards compliance requirements for initiation of Pre-Pack are available with the company as on date of invocation 

A fully compliant, sustainable plan is submitted to lenders for their approval by 66% majority 

Application is filed with NCLT for approval upon lender approvals **within 90 days** of declaration by the Board of Directors 

### PREPARATION OF RESOLUTION PLAN & INFORMATION MEMORANDUM

- Basis the information gathered via groundwork and extensive discussions with the company, arrive at a sustainable resolution plan
- Prepare an information memorandum ss per the provisions of the law, encompassing all relevant details

### COMPLIANCES & APPROVALS

- To ensure that mandatory declaration by the Board of Directors is in place
- To assist in the conduct of meetings and negotiations with the unrelated secured creditors and present the resolution plan
- To clarify and assist the lenders in evaluating the resolution plan

### FILING OF APPLICATION

- To assist the company along with their legal counsel in filing for the Pre-pack insolvency resolution process



## STAGE II & III PRE-PACK PROCESS & PLAN APPROVALS

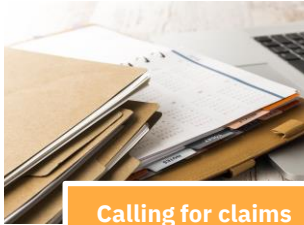




# CONDUCT OF PRE-PACK PROCESS

*NCLT is required to decide on the application within 14 days of filing. Upon which, the RP would be appointed*

## Activities under Pre-Pack:



Calling for claims



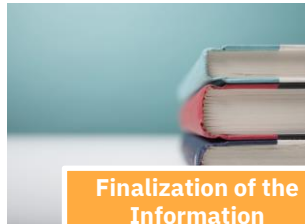
Constitution of meeting of creditors



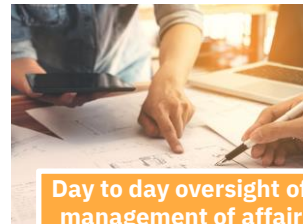
Valuation



Determination of existence avoidance transactions (and filing, if found)



Finalization of the Information Memorandum



Day to day oversight of the management of affairs of the company

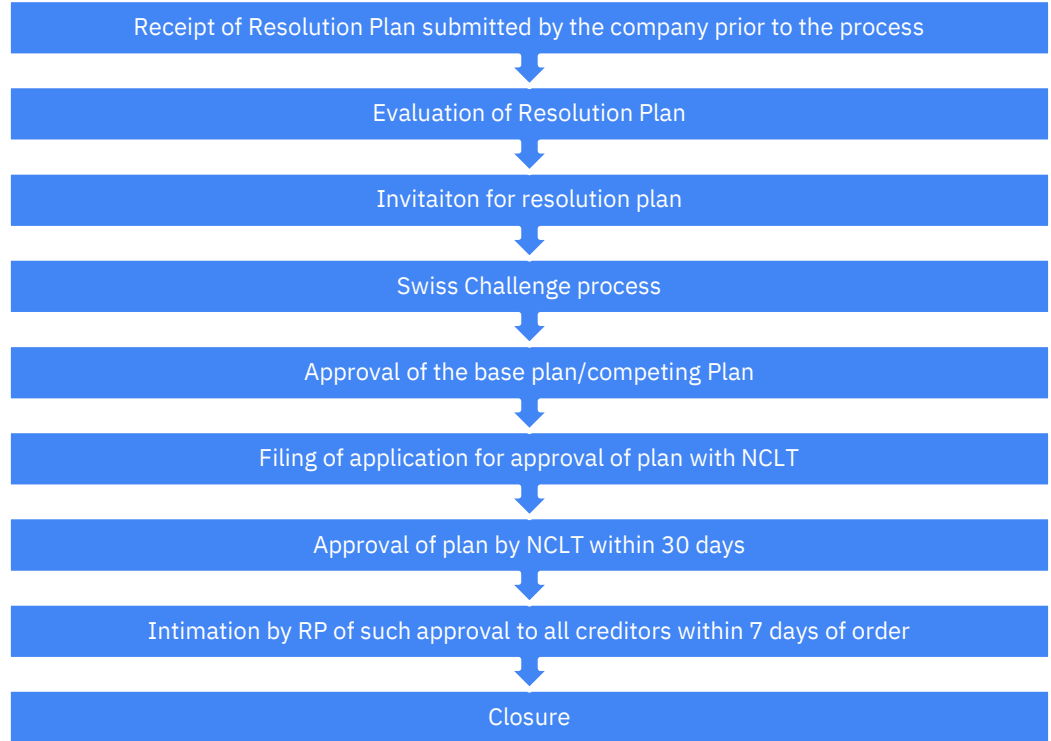
# RESOLUTION PLAN APPROVAL & CLOSURE

## BASE RESOLUTION PLAN:

Is the Resolution Plan submitted by the company prior to pre-pack and thereafter after initiation of pre-pack to the Resolution Professional

The CoC may either approve the Base Resolution Plan or call for bids. If the CoC receives a significantly better resolution plan upon calling for bids, the Base Resolution Plan and the new plan are pitched against each other in a 48 hour window where each can improve their offer.

If the base plan provides for impairment of OC debt, swiss challenge is resorted to.





## ISSUES TO CONSIDER



### HAIRCUT TO OPERATIONAL CREDITORS (OCS)

- Ocs would necessarily mean that the lenders would have to call for competing bids via a Swiss Challenge. The company is hence required to weigh the risks of a loss of control vis-à-vis 100% payment to Ocs



### SPECIAL RESOLUTION

- It is necessary that the members of the corporate debtor should have passed a special resolution approving the initiation of the Pre-Pack Insolvency Resolution Process. In the present case, the company would either need at least one institutional investor to back the process along with the individuals.

Thank You



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