

Banks Want a New Debt Recast Scheme to Deal with Bad Loans

With current schemes not delivering, they will submit a plan seeking big changes to the process

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Mumbai: A mountain of sticky loans stare at them. Past lending decisions have put a few of their colleagues behind bars. And, none of the fancy schemes — which once appeared promising — have taken off in a meaningful way to recover bad loans and revive distressed borrowers.

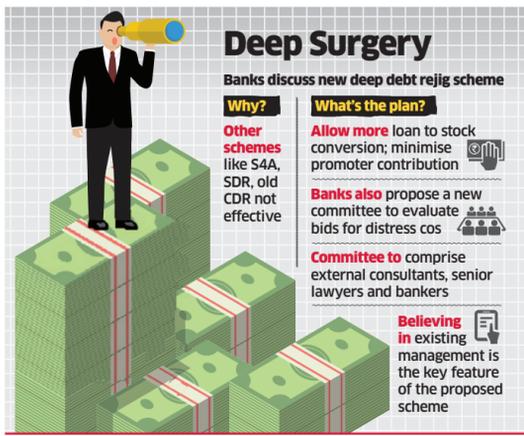
Grappling with these stark realities, the country's top bankers met a week ago to discuss the possibility of a deep — and perhaps a more realistic — loan rejig programme that would retain the existing management of a defaulting company, convert a substantial part of irregular debt into stocks, and minimise promoter contribution.

"Banks are in the process of submitting their proposal to the Reserve Bank of India... it will need regulatory sanction as the rules of the old corporate debt restructuring (CDR) mechanism as laid down by RBI will have to be changed for this," a senior official of a large bank told ET.

NEW PLAN

In case of companies which undergo a change of promoter and management, some banks have further suggested that a committee comprising external consultants, senior lawyers, and bankers should be constituted to evaluate the bids from business groups that are interested to acquire the stake and run a troubled company.

Under the present CDR scheme — which reschedules loans to give defaulting companies a longer and eas-



Deep Surgery

Banks discuss new deep debt rejig scheme

- Why?** Other schemes like S4A, SDR, old CDR not effective
- What's the plan?** Allow more loan to stock conversion; minimise promoter contribution
- Banks also propose a new committee to evaluate bids for distress cos**
- Committee to comprise external consultants, senior lawyers and bankers**
- Believing in existing management is the key feature of the proposed scheme**

sier repayment chance — not more than 10% of the outstanding debt can be converted into equity.

Under the present CDR scheme, not more than 10% of outstanding debt can be converted into equity

scheme, according to another banker, calls for relaxation of these two conditions to allow conversion of up

to 50% of debt and lowering promoters' contribution to a lower level (or even doing away with it).

PRESENT SCHEMES INEFFECTIVE

Many bankers believe that a revised and more flexible CDR scheme could be a more practical approach towards resolving the problem of non-performing assets than other mechanisms like the 'Scheme for Sustainable Structuring of Stressed Assets' and 'Strategic Debt Restructuring' — commonly called S4A and SDR — which were introduced by former RBI governor Raghuram Rajan.

Both schemes, bankers have realised over the past one year, have restrictive conditions that turn out to be deal-breakers.

For instance, in S4A, at least 50% of the debt has to be 'sustainable' — in other words, which can be serviced with the borrower's existing level of EBITA (earnings before interest, tax and amortisation). Once this condition is fulfilled then the balance 'unsustainable' debt is converted into equity or quasi-equity instruments. "But, in half the stress asset cases, EBITA is just not adequate," said a dealer of junk loans.

The SDR plan, which entails a change of management, poses a different challenge: lenders have to spot a buyer — preferably upfront — and sell the company to the new promoter within 18 months. "Bidders take advantage of the situation, which understandably they would, to demand absurdly low prices and unacceptable haircuts from banks. The credibility of the bidder, how kosher their money are other factors that slow down possible deals," said a merchant banker.

A revised CDR, if approved by the regulator, will have two key differences: first and most importantly, it has to believe in the existing promoter; and second, debt restructuring would take into account future earning potential (instead of the current EBITA).

In the present milieu where lenders find themselves under the glare of government's anti-money laundering and vigilance agencies, RBI may have to soon take a stand on the new debt rejig scheme.

More so, with a few banks, including SBI, preferring to let future restructuring plans be decided in the course of proceedings under Bankruptcy Code.

Asks officials to submit names of firms who owed ₹ 100cr or more to banks; also wants details of demonetised notes returned to RBI

PAC Seeks List of Top Loan Defaulters from the Finmin

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New Delhi: The Public Accounts Committee (PAC) of Parliament on Friday asked finance ministry officials to submit a list of top loan defaulters, especially those who owed ₹100 crore or more to banks. It also sought, within 15 days, details of the currency notes returned to the central bank after the November 8 demonetisation announcement.

The secretary at the Department of Revenue has committed to soon provide a list of defaulters who have been served with prosecution notices, sources said. Secretaries at the departments of economic affairs, financial services and revenue appeared before the PAC on Friday.

The PAC direction to finance ministry officials, incidentally, comes a day after finance minister Arun Jaitley told the Lok Sabha that the previous Congress-led government's "over management of banks" was responsible for the ballooning of non-performing assets at public sector banks.

With members expressing impatience over the delay in authorities giving it an estimate of the demonetised ₹1,000 and ₹500 notes returned to the Reserve Bank of India, the committee headed by Congress MP KV Thomas asked the officials to submit this data within 15 days.

This demand came after officials again skirted queries of the Joint Parliamentary Committee by saying the process of estimating the returned notes was still ongoing. The only specific data they mentioned was that of the notes returned, ₹500 crore were found to be counter-

Keeping a Check

PAC expressed concerns to finmin about the impact of the rising NPAs on economic growth

Chairman Thomas says the gross NPAs to the total advances ratio at SCBs had gone up to 9.1% from 7.8% between March-Sept 2016

The committee has called out the finmin over delay in giving an estimate of the demonetised notes returned to the RBI

However, authorities say that saying that the process of estimating the returned notes was still ongoing

Some committee members also question the rationale of demonetisation



Chief Replies to Notice by BJP

New Delhi: PAC chairman KV Thomas is learnt to have replied to the notice for a motion of privilege against him filed by a BJP member, for having reportedly said that the panel has the powers to summon ministers, including the Prime Minister.

In his reply to the speaker, the Congress MP maintained that as per the rule, with a consensus decision within the PAC and with the permission of the speaker, the panel can call ministers before it, a source said. According to this source, the response also said the Prime Minister was only the first among the ministers. — **Our Political Bureau**

mediately lift all restrictions on cash withdrawal.

The issue of NPA came up when PAC expressed concerns about the performance of banks, especially the state-run ones, and the impact of the "bulging NPAs" on economic growth.

PAC chairman Thomas is learnt to have told the finance ministry officials that the gross NPAs to the total advances ratio at scheduled commercial banks had increased to 9.1% from 7.8% between March and September of 2016.

BJP member Nishikant Dubey claimed that his raising the issue of NPAs in the Lok Sabha, in the past, was particularly instrumental in the Supreme Court setting up a special team to probe the issue, a source said. Therefore, Dubey said he was all the more entitled to be informed about the list of firms served with prosecution notices.

Some members of the PAC continued to question the rationale of demonetisation and demanded again to know whether it was the government or RBI which first made the decision on the note-recall.

feit, an information they had disclosed to the committee earlier as well. The PAC also asked officials to im-

'IT Spends by Banks, Securities Firms to Increase 9.7% in 2017'

Mumbai: Global analyst firm Gartner on Friday said IT spends by domestic banks and securities firms will grow nearly 10% to \$8.9 billion in 2017.

"IT spending by banking and securities firms in India will reach \$8.9 billion in 2017, an increase of 9.7% from 2016," it said in a note. This includes total enterprise IT spending for internal spending and spending data on data center systems, devices, software, IT services and telecom services, it said. The spends on IT services will grow at a faster clip of 13.8%, as the companies invest more in business processes, with a specific focus on business process outsourcing, it said. The focus is on outsourcing will be driven aimed at achieving operational efficiency—PTI.

TENUGHAT VIDYUT NIGAM LIMITED
तेनुघाट विद्युत निगम लिमिटेड
(A GOVT. OF JHARKHAND UNDERTAKING)
CIN U40101JH1987SGC013153

HINOO, DORANDA, RANCHI-834002, JHARKHAND (Fax 0651-2253841)

Ref.No:1658/16-17 Date : 10.02.2017

TENDER NOTICE

Sealed tender in three parts (Part - A Cost of Tender Documents & EMD, Part - B Technical & Commercial Bid and Part - C Financial Bid) are invited on behalf of TENUGHAT VIDYUT NIGAM LIMITED, Ranchi from reputed, experienced and financially sound Consultant for under mentioned work for Rajbar E & D Coal Block, District Latehar, Jharkhand, allotted to TVNL.

S. No.	NIT No.	Description	Last date of Bid Submission	Due Date & Time of opening of Part - A & B
1	051/Coal Block/TVNL/RAN/ 16-17	Selection of Consultant for preparation of Detailed Project Report (DPR) for Rajbar E & D Coal Block.	6th March, 2017 upto 14:00 Hrs	6th March, 2017 at 16:00 Hrs

Bid documents may be submitted by post / courier or by hand up to last date and time of bid submission. The tender documents can be downloaded from our website www.tvnlonline.com

Sd/-
(R. Ranjan)
ESE (P & S)

PR 156478(Tenughat Vidyt Nigam Ltd.)16-17

GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT & HIGHWAYS
Regional office, Guwahati, Rajgarh Road, Guwahati-781003
Ph no. 0361-2522532; 2525943, fax: 2464169
E mail : roghy2015@gmail.com

RW/GHT/AS/DAVP/2012-13 Dated-03.02.2017

The Ministry of Road Transport & Highways (MoRT&H), Govt. of India invites Bids for the National Highway work to be implemented through PWD (NH works), Assam as mentioned below:

Sl No	Name of Work	Package No	Approx. value of work (Rs. In lakhs)
1	Strengthening with paved shoulder in Km 13 to Km 15, Km 20 to Km 23, Km 35, Km 36 and Km 57 to Km 63 of NH-15 (Total length -16.870 Km) under Annual Plan 2016-17 under Rangia NH Division in the state of Assam. (Job No.015/AS/2016-17/169)	PWD-NH(R)/RAN/2016-17/06	7477.67

Notes:- 1. The Bidders must be registered in the e-tendering portal of MoRT&H "https://morth.eproc.in" for participating in the bidding process. It is the responsibility of the Bidder to ensure that their ETS registration is valid (i.e. not expired) through the life cycle of the tender.
2. Joint Ventures is permitted for the work.
3. Value of work is approximate and may differ in the Detail Bid Document for which no claim will be entertained.
4. For any other details and clarifications, bidders may see the official website of PWD (NH Works), Assam "https://morth.eproc.in" and may also contact the authority mentioned below during office hours.
Chief Engineer, PWD, (NH Works), Assam, Chandmari, Guwahati -3, Phone/ Fax-0361 2664928 Email - cepwdnhassam@gmail.com

Sachin Kr Gautam
Asstt. Executive Engineer
For Regional Officer
MoRT&H

davp 37109/11/0096/1617

STQC Directorate,
Ministry of Electronics & Information Technology,
Government of India
Electronics Niketan, 6 CGO Complex, Lodhi Road
New Delhi 110 003.
Phone: 24301361, Mob.09911270041, Fax: 2436 3083,
Email: amittiyagi@meity.gov.in, abanati@stqc.gov.in

NOTICE

Expression of Interest for Empanelment of Test lab under Indian Common Criteria Certification Scheme (IC3S)

The Indian Common Criteria Certification Scheme (IC3S) is an Indian independent third party evaluation and certification service for evaluating the security functions or mechanisms of the IT products. Applications are invited for empanelment of Common Criteria Test Laboratories under IC3S. Forms and relevant documents are available in documentation section of the website <http://www.commoncriteria-india.gov.in/documentation.php>

Deputy Director (General)
for STQC Directorate

जाहीर लिलाव सूचना क्र . 1

कार्यकारी अभियंता, अहमदनगर पाटबंधारे विभाग, अहमदनगर या विभागांतर्गत असणारे उपविभागाकडील खालील तपशीलामधील जुने निर्लेखित वाहने जाहीर लिलावाद्वारे विक्री करावयाचे आहेत.

अ. क्र.	वाहनांचा प्रकार व क्रमांक	वाहन उत्पादन वर्ष	जाहीर लिलावाचे स्थळ	लिलावाचा दिनांक व वेळ	प्रवेश शुल्क स्थिकृती दिनांक व वेळ	प्रवेश शुल्क/ अनामत रक्कम रोख	वाहन टेंवण्यासाठी आलेले ठिकाणाचे नाव व पत्ता
1	महिंद्रा जीप- एम एच 16 एन 13	माहे 9/1998	पाटबंधारे वसाहत सिंचन भवन परिसर औरंगाबाद रोड, अहमदनगर	दि. 21/02/2017 दुपारी 3.00 वा.	दि. 21/02/2017 सकाळी 10.00 ते 12.00 पर्यंत	रु. 5000/-	पाटबंधारे वसाहतीच्या आवारात चुलेवाडी, संगमनेर ता. संगमनेर जि.अ.नगर
2	महिंद्रा जीप- एम एच 16 सी 1205	माहे 11/1995	पाटबंधारे वसाहत सिंचन भवन परिसर औरंगाबाद रोड, अहमदनगर	दि. 21/02/2017 दुपारी 3.00 वा.	दि. 21/02/2017 सकाळी 10.00 ते 12.00 पर्यंत	रु. 5000/-	पाटबंधारे वसाहतीच्या आवारात लोणी, ता. राहाता जि.अ.नगर

जाहीर लिलावाच्या सर्वसाधारण अटी व शर्ती कार्यालयातील नोटीस बोर्डावर पहावयास मिळतील अथवा समक्ष कार्यालयामध्ये संबंधित शाखेमध्ये विनाशुल्क उपलब्ध होईल. सदर जाहीरता महाराष्ट्र शासनाच्या www.maharashtra.gov.in या वेबसाईटवर उपलब्ध आहे.

स्वाक्षरी/-
कार्यकारी अभियंता
अहमदनगर पाटबंधारे विभाग,
अहमदनगर

डीजीआयपीआर/२०१६-२०१७/४९५०

MUMBAI URBAN TRANSPORT PROJECT (RAIL COMPONENT)
CORRIGENDUM NO. 1

DETAILED ENGINEERING AND DETAILED DESIGN ENGINEERING INCLUDING PMC OF DESIGNS FOR PROPOSED 3RD & 4TH LINE IN BETWEEN PUNE - LONAVALA STATIONS OF CENTRAL RAILWAY.

Request for proposal No. MRVC/W/2017/3rd Line/Pune-LNL1 dated 18.01.2017 due for opening on 11.00 hrs. of 07.03.2017 for above subject work is hereby cancelled. Fresh notification will be issued in due course.

SOUTHERN RAILWAY
MATERIAL MANAGEMENT DEPARTMENT
E-Tender Notice for the supply of stores No.03/2017 dt.08.02.2017

Southern Railway has implemented an e-system. All advertised tenders will be dealt through e-procurement system only. No manual offer / postal offer will be entertained. These tenders can be accessed under the link www.irepos.gov.in →SR→COS

Sl. No.	E-Tender No.	Description	Tender Closing date & time
1	82/16/5273/EOT	25 KV SINGLE POLE OUT DOOR VACUUM CIRCUIT BREAKER AS PER RDSO SPEC NO. T1/SPC/PSH/LVGBIN/0120 MOTOR OPERATED SPRING CHARGING TYPE	16.03.2017 @ 14.00 hours

Railway reserves the right to issue any corrigendum to the tenders.
Important Notice to Vendors: e-procurement is in the link www.irepos.gov.in
CHIEF MATERIALS MANAGER / CONSTRUCTION / EGMORE, CHENNAI - 600 008

STEEL AUTHORITY OF INDIA LIMITED
DURGAPUR STEEL PLANT
Durgapur-713203, (W.B.)

TENDER NOTICE

Sealed tenders are invited from eligible contractors for the following job:

Sl. Tender Notice No.	Job Title	To be submitted by
1. CD/4215000100	Outside Machining of BG Coach (Set Order) Axle.	2.00 pm on 07/03/2017
2. CD/4215000121	Outside Machining of Railway Axle	2.00 pm on 10/03/2017

For more details and downloading, please visit our website: www.saitenders.co.in. All Corrections, corrigendum, amendments, time extension and clarifications etc. to the tender notice will be hosted on our website www.saitenders.co.in only. Bidder should regularly visit our website to keep them updated.

Registered Office: Ispat Bhawan, Lodi Road, New Delhi 110 003
Corporate Identity Number : U27109DL1973G01006454, Website: www.sail.co.in
There's a little bit of SAIL in everybody's life

GOVERNMENT OF MAHARASHTRA
Public Works Department
Executive Engineer,
Public Works Division, Dhule.
Web- www.mahapwd.com/
http://pwd.maharashtra.etenders.in

E-TENDER NOTICE NO. 30/2016-2017

Online Tenders (e-tender) in " B-I " form for Construction of Main Building at Shri. Bhausaheb Hire Govt. Medical College, Dhule Tal.Dist. Dhule work is invited by the Executive Engineer, P.W. Division, Dhule, (Phone no. 02562-288755) on Government of Maharashtra Electronic Tender Management System, <http://maharashtra.etenders.in> from the registered in appropriate class of Public Works Department of Maharashtra State.

The details can be viewed and downloaded online directly from the Government of Maharashtra e-tendering Portal by <http://maharashtra.etenders.in> on sub portal <http://pwd.maharashtra.etenders.in> and WWW.mahapwd.com.

Note : Downloading period of the above tender from 13/2/2017

Sd/-
Executive Engineer,
Public Works Division, Dhule

4945

Global Summit on Management Cases
GSMC 2017
on
February 10-11, 2017, IIM Raipur India

DECODE CASE CODE

EXPLORE ENGAGE ENRICH
with

	M G Parameswaran (Ambi) Brand Strategist & Founder, Brand-Building.com		B S Sahay Director, IIM Raipur
	Ritesh CMO, Cromá		Rohit Suri Chief HR & Talent Officer - South Asia at GroupM
	Rajeev Karwal Founder Director, Milagrow		

Venue: Hotel VW Canyon, VIP Road II, Raipur
Contact: +91 98276 59102 | gsmc@iimraipur.ac.in | visit: www.iimraipur.ac.in/gsmc

On the Spot Registration is also Available

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