

E-Newsletter February 2020



WICASA PIMPRI-CHINCHWAD BRANCH OF WIRC OF ICAI

WICASA MANAGING COMMITTEE MEMBERS 2020-21

CA. Shailesh Bore
WICASA Chairman
Mr. Omkar Dangale
Vice-Chairman
Ms. Ruchi Bansal
Secretary
Mr. Onkar Dafal
Treasurer

WICASA E -Newsletter FEB 2020

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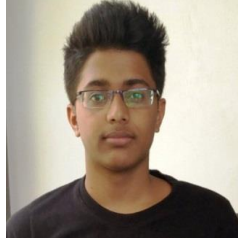
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WICASA MANAGING COMMITTEE MEMBERS

2020-21



CA. Shailesh Bore
WICASA Chairman



Mr. Omkar Dangale
Vice-Chairman



Ms. Ruchi Bansal
Secretary



Mr. Onkar Dafal
Treasurer



Ms. Riddhi Pande
Managing Committee
Member



Mr. Pratik Karande
Managing Committee
Member



Ms. Niddhi Katti
Managing Committee
Member

Events for the Month of February 2020

Date	Particulars	Speaker	Venue
01.02.2020	CPE PROGRAM ON UNION BUDGET 2020 1. Discussion on Union Budget 2020 2. Discussion on Union Budget 2020	1. CA. Kishor Gujar 2. CA. Harish Lalwani	ICAI Bhawan Pimpri Chinchwad Branch
05.02.2020	HOW TO FACE EXAMS"- Counseling Program	CA. Piysh Sancheti	ICAI Bhawan Pimpri Chinchwad Branch
08.02.2020	Seminar on Analysis of Union Budget 2020 1. Analysis of Union Budget-Direct Taxes Proposals. 2. Analysis of Union Budget-Indirect Taxes Proposals. 3. GST Notices & replies (Brief understanding of Assessments, when notices can be issued & how?)	1. Advocate K K Chythanya 2. CA. Madhukar Hiregange 3. CA. Madhukar Hiregange	ASM (CSIT) College of Commerce & Science
15.2.2020	Seminar on Clause by Clause Analysis on Direct Tax Proposals & Vivaad Se Vishwas 2020	1. CA Chetan Daga 2. CA Chetan Daga	ICAI Bhawan Pimpri Chinchwad Branch
22.2.2020	Seminar On Income Tax Assessment And Recent Changes In Assessment Procedures	1. CA. Rishi Lodha 2. CA. Rishi Lodha	ICAI Bhawan Pimpri Chinchwad Branch
17.2.2020	Ceremony of The Felicitation of Newly Qualified CA's	1. CA. Anand Jakhotiya, RCM Branch Nominee. 2. CA. Ashokkumar Pagariya Past Branch Nominee.	ICAI Bhawan Pimpri Chinchwad Branch
29.2.2020	Placement Programme for New Qualified CA's & CA Articles	NA	ICAI Bhawan Pimpri Chinchwad Branch

Date	Particulars	Speaker	Venue
29.2.2020.	Interactive Meet with CA Directors Meet Cosmos Bank Hq-CA Suresh Prabhu, Minister of Civil Aviation, Minister of Commerce and Industry and former minister of Railways.	Hq-CA Suresh Prabhu, Minister of Civil Aviation, Minister of Commerce and Industry and former minister of Railways.	

Forthcoming Events for the Month of March 2020

Date	Particulars	Speaker	Venue
05.03.2020	Interactive Session on Recent issues in Income Tax & Vivaad se Vishwas Scheme.	1. Smt. Anuradha Bhatia, CCIT 2. CA. Vipin Gujrathi	ICAI Bhawan Pimpri Chinchwad Branch
07.03.2020	Seminar on Work Life Balance For CA Women 1. Networking/Corporate Form of Practice 2. Managing Stress Before it ruins you 3. Being Impact Full in your Profession 4. Role of IT on Internal Audit	1. Mrs. Shraddha Subramanaim 2. Mrs.Archna Agarwal 3. Ms. Debarati Roy 4. CA. Vandana Dodhia	ICAI Bhawan Pimpri Chinchwad Branch

A **RTICLES**

Ease of Exit - Insolvency & Bankruptcy Code, 2016 (A Knife as well as Cocoon for Distress Companies)

Abstract

The Intend of this article is to share some pragmatical insights & savvy regarding Insolvency & Bankruptcy Code, 2016 rather than covering the provisions of the Code along with Study of Performance Analysis of Electrosteel Steels Limited.

Objective of The Code

Friends, The Prima Facia Objective of the Code is that if there is a default of some threshold amount then it entitles a stakeholder to trigger CIRP(Corporate Insolvency Resolution Process) of the Firm and firm moves away from 'debtor-in-possession' to 'creditor-in-control', management of firm and its assets vests into an Insolvency Professional and Committee of Creditors to evaluate options of the Firm.

Discussion and Analysis

Friends, At the time of Introduction of GST Regime around July,2017 Government Of India Introduces so many economic policies and subsidiaries regarding Start-up India, Ease of doing Business to promote entrepreneurship which is of extremely beneficial for the economy but as a Professional Student In my personal Opinion, I Think Ease Of Exit as a critical element should also be easy for the Financially Distressed Corporates which will be eventually of paramount importance for the economy. 'Insolvency is about financial death and... financial rebirth'

Elizabeth Warren

Was Suicide of V. G. Siddharta Justifiable?



Absolutely No, Personal Life & Professional Life is Different. In the context of Professional Life, he must have gone to Voluntary Liquidation of the group or some Strategic Resolution Plans for CCD

Group but there are so many entrepreneurs who carry emotional stigma behind the business and at that time the code was in its nascent stage.

The code facilitates creative destruction – If some firms gets stuck into ‘chakravyuha’ of the unsustainable business or with idle assets and no business. The code provides a mechanism whereby a failing, unviable firm exits with least disruption and cost and release idle resources in a manner for fresh allocation to efficient uses.

Hence, it is a Cocoon for Distress companies and Directors of the same companies who are in the Twilight Zone.

Was Destruction of Bhushan Steel a better decision?



Friends, voluntary declaring bankrupt or liquidating the business is also a good strategy because whichever is the Block Capital under the entity i.e. ‘receivable’ from the corporate debtor get pumps into the economy as this code helps Secondary Markets to be grown further with entry of global stressed Funds. Apart from the Analytical part of Bhushan steels due to CIRP process gain so many synergies and Tata Steel acquire Bhushan Steel Via IBC route which help the entity to prevent interest of all its stakeholders.

Tax Titbits

Many of the corporates who are cash rich or Asset Reconstruction Companies who are specialised financial institution buys NPA's or bad assets from Bank and Financial Institutions so that they can clean up their balance sheets.

Strict Action Against Wilful Defaulter

The code enables verdict to be passed in the court of law within 14 days but there are so many administrative problems faced by the ‘National Company Law Tribunal’ So Supreme Court issued a clarification that it is ‘directory’ and not ‘mandatory’ to passed order in 14 days but ultimately it's a Fast Track Process whereby start-up companies get wound up in 90 days & even Corporates in 180 days. So, it's a Knife for the wilful defaulter

Friends, if you will see the Statistics there are around 1.8 trillion Indian rupees consisting of NPA of Private Indian Banks, According to the Reserve Bank of India, the gross non-performing assets in Indian Banks are at around 4,00,000/- crore If Public Sector Banks, Co-operative Banks starts a stringent action against wilful defaulter then it will help bank vis-a-vis contribute towards Economic Growth. Comparatively, Indian Laws are not stringent as compare to Foreign Laws regarding Insolvency prior to this code.

Performance Analysis of Eletrosteel Steels Limited

(Pre, During, Post CIRP)



- The CIRP of ESL was commenced on 21st July, 2017
- India's dedicated bankruptcy resolution programme, which seeks to intangible billions of dollars stuck in bad loans, recorded its second-biggest successful recovery to date after Vedanta acquired management control of Electrosteel Steels Ltd and named a new board to run the distressed steelmaker.

Key performance indicators reflecting the operational and financial position of the company during (2017 to 2019) are as under

Performance Indicators	2017	2018	2019
Current Ratio	1.27	1.57	1.72
Interest Coverage Ratio	0.35	0.82	0.93
Inventory Days	178.66	164.71	131.23
Return on Assets (%)	1.33	1.83	3.03
Return on capital employed (%)	6.86	7.79	9.66
Assets Turnover	0.32	0.36	0.55
Sales/working capital	3.99	8.63	9.44
EBITDA Margin%	14.37	15.06	17.18
Profit after tax margin %	3.5	4	6
Average Collection Period	116	97	78
Altman Z Score	1.05	1.47	2.43

Performance Indicators	2017	2018	2019
Du Pont Ratio			
Du Pont Ratio=	4.21	2.32	6.44
(Net Profit/Sales) x	0.32	0.36	0.48
(Sales/Assets) x	2.01	1.94	2.09
(Asset/Equity)	2.70	3.62	6.48
NP/Sales			
Sale/Asset			
Asset/Equity			
Du Pont			

- The Lenders had invoked Strategic Debt Restructuring and proposed to change the management of the company
- As reported last year, since accumulated losses resulted in erosion of over 50% of peak net worth during the immediately preceding four financial years company continues as a 'Sick Company'
- As per the decision of the lenders of the Company, State Bank of India/Financial Creditor, filed an application before the National Company Law Tribunal, under IBC, 2016.
- Wide Fluctuations in raw material prices, especially imported coking coal, also had a negative impact. Effective steps towards implementing better guidelines for operational procedure and precautionary measure and continuous efforts were initiated to improve performance of the company
- Despite operational and Funding challenges of working capital, the Company was able to improve turnover vis-à-vis previous years
- In June 2018, Vedanta Limited acquired a 90% stake in Company, a primary producer of steel and downstream value-added products
- The Company was acquired under IBC,2016 Subsequent to its acquisition Vedanta Star Limited, took over control and management of Electrosteel Steels Limited
- Company Achieved hot metal production run rate of c 1.5mtpa, production ramped up substantially and other operational efficiencies has resulted in record EBITDA margin
- Under Vedanta's management, the Business has seen significant operational improvements leading to healthy financial position

Analytical Review

- India's dedicated bankruptcy resolution programme, which seeks to intangible billions of dollars stuck in bad loans, recorded its second-biggest successful recovery
- Vedanta has deposited Rs 5,320 crore in an escrow account of ESL for 90% equity in the bankrupt alloy maker

- Vedanta's move followed the NCLT to acquire ESL by depositing the upfront payment to the Committee of Creditors (CoC) amounting to Rs.14,177.30 crore
- Vedanta will subscribe to share capital of Electrosteel for Rs 1,805 crore and provide additional funds about Rs 3,515 crore by way of debt.
- Vedanta will hold about 90% of the paid-up share capital of Electrosteel while the remaining 10% will be held by Electrosteel's existing shareholders and the Financial Creditors
- The company owes lenders more than 13,000crore. Of the 13,000 crore the banks would have provisioned 6500cr already, due to RBI rules stating that if an account goes to bankruptcy, banks have to take a 50% provision
- This acquisition marks Vedanta's entry in the ferrous space and gives it a foothold in the ductile iron pipes used for water transmission and distribution
- Vedanta has some iron ore leases in eastern India and the steel plant acquisition would strengthen the company's bid for captive mines



By Alok Pawar
WRO0575808
Pune, Maharashtra

Events Snapshot

Live Telecast on Union Budget 2020 on 1.2.2020



Group Discussion on Union Budget on 1.2.2020



Panelist CA. Kishor Gujar, CA. Harish Lalwani, CA. N C Lahoti along with Chairman CA. Santosh Sancheti

Seminar on Analysis of Union Budget 2020 on 8.2.2020



CA.(Adv) K K Chytanya receiving memento from Chairman CA. Santosh Sancheti alongwith CA. Pankaj Patni Secretary.

Seminar on Analysis of Union Budget 2020 on 8.2.2020



CA. Madhukar Hiregange receiving memento from Secretary CA. Pankaj Patni & Chairman CA. Santosh Sancheti.



Our Achievement's

Awarded of Second Prize in the category of Best Branch of Students Association (Micro category) for the year 2019 on 7.2.2020.



Awarded Second Prize in the category of Best Branch of Students Association (Micro category) for the year 2019 from the auspicious Hands of Hon. President of ICAI CA. Prafulla Chajjed, Chief Guest Sri Om Birla Hon Speaker of Lok Sabha, Guest of Honour Shri. Anurag Singh Thakur Minister of State for Finance and Corporate Affairs.

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1st Prize of the Best Branch under Medium Branch Category for the year 2019 on 8.2.2020.



Awarded Best Branch under Medium Branch Category for the year 2019 from the Auspicious Hands of Hon. President of ICAI CA. Prafulla Chajjed, CA. Priti Savla Chairperson WIRC, CA. Rakesh Alshi Secretary of WIRC, CA. Umesh Sharma Vice Chairman WIRC, CA. Yashwant Kasar Treasurer, CA. Anand Jakhotiya Regional Council Member & Branch Nominee

1st Prize of the Best Branch of WICASA under Micro WICASA Branch Category on 8.2.2020.



Awarded 1st Prize of the Best Branch of WICASA under Micro WICASA Branch Category from the Auspicious Hands of Hon President of ICAI CA. Prafulla Chhajed, CA. Jayesh Kala WICASA Chairman WIRC, CA. Priti Savala Chairperson WIRC, CA. Umesh Sharma Regional Council Member, CA. Yashwant Kasar Treasurer WIRC, CA. Anand Jakhotiya Regional Council Member & Branch Nominee.

Ceremony of The Felicitation of Newly Qualified CA's on 17.2.2020



Ceremony of The Felicitation of Newly Qualified CA's with the auspicious hands of CA. Anand Jakhotiya Branch Nominee & Regional Council Member of ICAI CA. (Dr.) Ashokkumar Pagariya Past Branch Nominee.

From L to R:- CA. Prasadh Saraaf Past Chairman, CA. (Dr.) Ashokkumar Pagariya Past Branch Nominee, CA. Anand Jakhotiya Branch Nominee & Regional Council Member, CA. Pankaj Patni Secretary, CA. Santosh Sancheti Chairman, CA. Chandrakant Kale Managing Committee Member, CA. Vijaykumar Bamne WICASA Chairman, CA. Shailesh Bore Managing Committee Member, CA. Simran Lilwani Vice-Chairperson, CA. C K Chhabra Past Chairman.

“Placement Programme for New Qualified CA’s & CA Articles” on 29.2.2020



Interactive Meet with CA Directors Meet Cosmos Bank Hq-CA Suresh Prabhu, Minister of Civil Aviation, Minister of Commerce and Industry and former minister of Railways on 29.2.2020.



Hq-CA Suresh Prabhu, Minister of Civil Aviation, Minister of Commerce and Industry and former minister of Railways receiving Floral bouquet from CA. Simran Lilwani Chairperson in the presence of CA. (Dr.) S B Zaware Chair (AOSSG), CA. Suhas Gardi Past Chairman, CA. Vijaykumar Bamne Secretary, CA. Chandrakant Kale Vice- Chairman, CA. Shailesh Bore Treasurer & WICASA Chairman, CA Milind Kale Director of Cosmos Bank.

Interactive Meet with CA Directors Meet Cosmos Bank Hq-CA Suresh Prabhu, Minister of Civil Aviation, Minister of Commerce and Industry and former minister of Railways on 29.2.2020.



CA. Chandrashekhar Chitale Central Council Member receiving floral bouquet from Chairperson CA. Simran Lilwani along with CA. Suhas Gardi Past Chairman, CA. Shailesh Bore Treasurer & WICASA Chairman, CA.(Dr.) S B Zaware Chair (AOSSG), CA. Chandrakant Kale Vice-Chairman, CA. Vijaykumar Bamne Secretary, CA. Anand Jakhotiya Treasurer WIRC

Interactive Meet with CA Directors Meet Cosmos Bank Hq-CA Suresh Prabhu, Minister of Civil Aviation, Minister of Commerce and Industry and former minister of Railways on 29.2.2020.



CA.(Dr.)S B Zaware Chair (AOSSG) receiving floral bouquet from Chairperson CA. Simran Lilwani along with CA. Shailesh Bore Treasurer & WICASA Chairman, CA. Anand Jakhotiya Treasurer WIRC, CA. Chandrashekhar Chitale Central Council Member of ICAI, CA. Chandrakant Kale Vice-Chairman, CA. Vijaykumar Bamne Secretary,

**Seminar On Income Tax Assessment And Recent Changes In Assessment Procedures On
22.02.2020**



CA. Rishi Lodha

WICASA PIMPRI CHINCHWAD BRANCH OF WIRC OF ICAI
ICAI Bhawan Plot No. 17/8 A,
at Nigdi, Dattanagar,
Near Bhakti Shakti chowk,
Dehuroad Cantonment Board,
Behind Indian Oil Petrol Pump, Pune 411044.

Contact No:
8237119966/77

Email:
pimpri.chinchwad@icai.org
pimpriicai@gmail.com

Website:
<http://pimprichinchwad-icai.org/>

Instructions

- Update Contact Number and e -mail ID with the branch.
- Please contribute to Students Newsletter in the forms of Articles, Compilations or any other useful information.

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