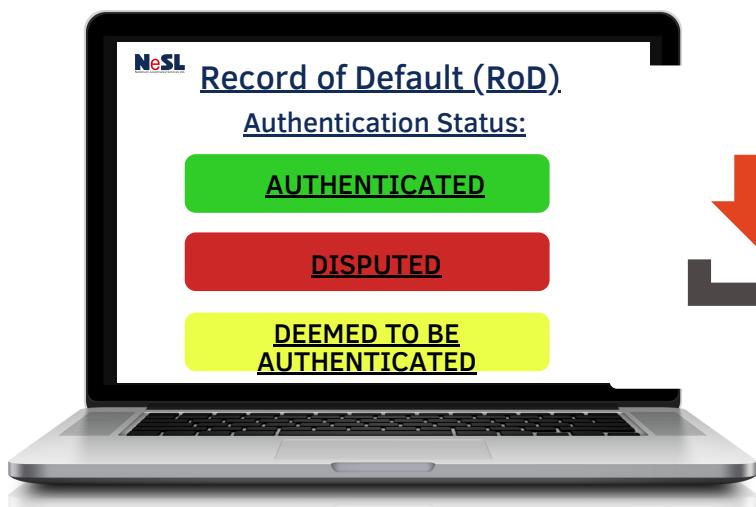
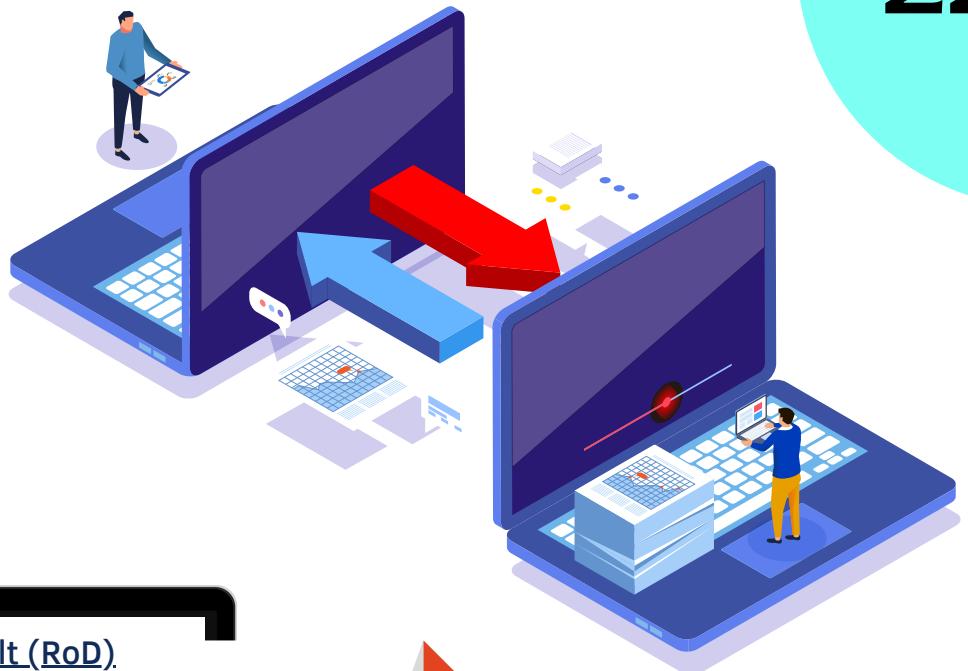


# The NeSL Chronicle

The Quarterly E-Newsletter of NeSL

Oct-Dec 2021 | Vol. 01

Jan  
22



## Newsletter Highlights

**MANAGING DIRECTOR'S MESSAGE**

**PLATFORM FOR DISTRESSED ASSETS**

**DDE AT A GLANCE**

**SECURITY AWARENESS**

# Table of Contents

<u>From MD &amp; CEO's Desk</u> .....	2
<u>Statistical Information &amp; Broad Conclusions</u> .....	3 - 4
<u>Updates on Regulatory Affairs &amp; Compliance</u> .....	4
<u>Details of Information with NeSL</u> .....	5
<u>Credit Facility Report</u> .....	6
<u>IP Services</u> .....	7
<u>DDE at a Glance</u> .....	8-10
• <u>Recent Upgrades in DDE</u>	
• <u>DDE Report Card</u>	
<u>Security Awareness</u> .....	11
<u>Townhall &amp; Events</u> .....	12-13
• <u>Excerpts from MD's Address</u>	
• <u>Events</u>	
<u>Employee Corner</u> .....	14
<u>Recent Communiques</u> .....	15
<u>Brain Teasers</u> .....	16

# From MD & CEO's Desk



*Debajyoti Ray Chaudhuri,  
Managing Director & CEO*

The Bankruptcy Law Reforms Committee (BLRC) which conceptualized the Insolvency and Bankruptcy Code (Code) envisaged that the Information Utility (IU) shall hold “an array of information” of all firms at all times. While many parts of the Code trace their origins to established insolvency jurisdictions, the IU has no parallel anywhere in the world. The BLRC recognized that in India, there is information asymmetry between creditors and debtors, and this could be a critical barrier towards swiftness of the resolution process. It therefore envisaged that the IU would make available all relevant information to all stakeholders, thus removing information asymmetry and facilitate in resolving insolvency and bankruptcy.

NeSL was registered as an IU by Insolvency and Bankruptcy Board Of India (IBBI) and has completed 5 years of existence. It has implemented a **seamless process of bulk submission** of information which requires no manual intervention. While the Code provides for authentication of information by debtors, IBBI amended the Regulations in 2019 to provide for the process of authentication and verification of information of default. Subsequently, the Record of Default (RoD) issued by the IU is being increasingly used for initiation of the insolvency process. It is desirable that updated information is available to the Insolvency Professional (IP) on commencement of insolvency resolution process, the regulations therefore provide that a submitter of financial information to the IU shall update it at monthly intervals. If there is default by a debtor the same shall be reported by the creditor within 7 days. The ultimate objective is to generate the **Information Memorandum required as part of the insolvency resolution process, through the IU**. The Regulations also provide for the IU to publish statistics relating to debt related information in its possession, at the close of every quarter.

The Code provides for submission of documents, however, this was difficult to implement because the documents related to debt were not integrated with the accounting systems of banks. The **DDE platform of NeSL** facilitates execution of documents and also its storage. This ensures that the authenticated data is stored with the IU at the time of origination of the contract. It also eliminates all risks associated with physical storage of documents, like their loss, mutilation, fraud or destruction due to fire. In addition to the above, the execution is completely paperless and reduces human interaction, which makes it convenient.

The COVID-19 pandemic caused a huge strain on the health infrastructure of the country, and a tragic loss of lives. However, the manner in which the country faced this unprecedented challenge and launched one of the largest vaccination programmes of the world, should make all of us proud. The pandemic also gave a fillip to digitalization in all economic activities and ushered in a new paradigm of doing business through the virtual mode.

Even before the pandemic, IBBI had this vision of **an online market place** for facilitating invitation of resolution plans and auction during liquidation. The Platform for Distressed Assets (PDA) service providers were empaneled by IBBI to support adoption of technology in the various activities of insolvency resolution. The VDR services of NeSL, which is part of the PDA, brings down the cost of such services besides providing the highest standards of security and safety.

# Statistical Information

As on 31.12.2021

As provided in Regulation 36A of IBBI (IU) Regulations

Table 1:

Type of Debt Analysis (Funded Type)



Please read along with statistical information published on NeSL website.

[Click Here for Statistical Information](#)

Table 3: Default Amount as %age of Total Outstanding Amount

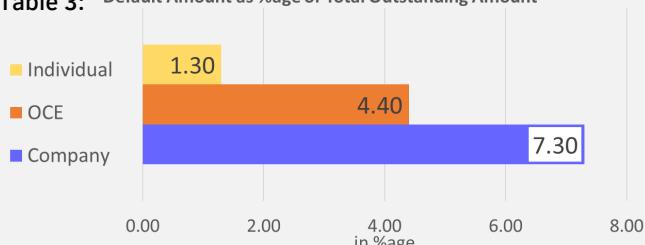
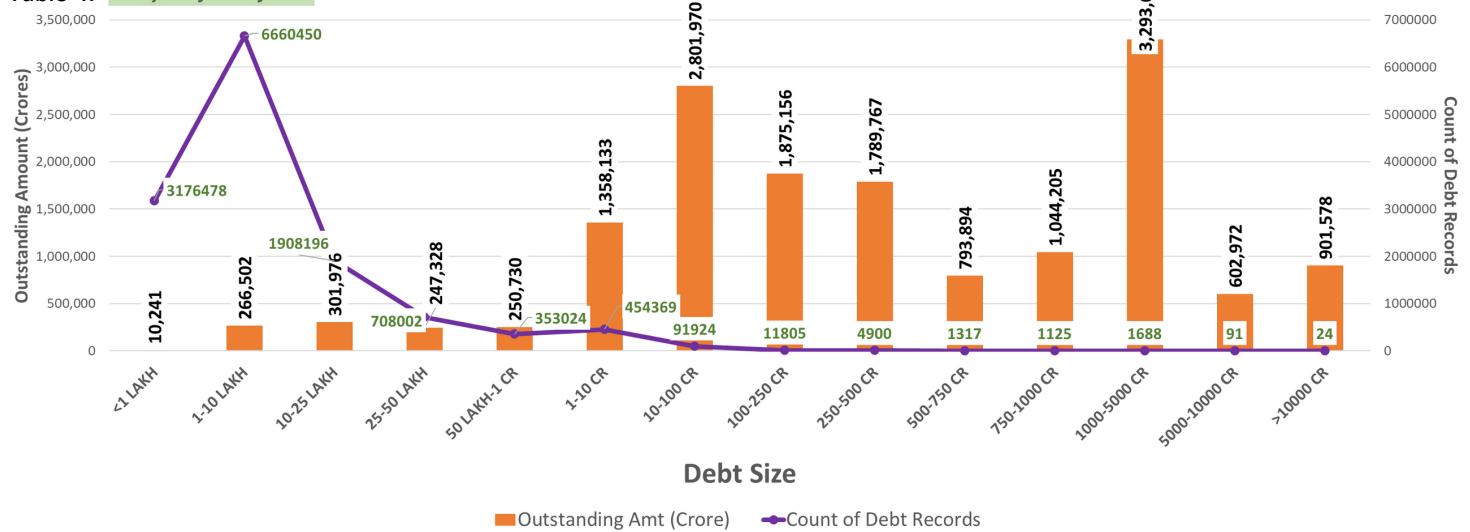


Table 2: Type of Debt Analysis (Secure v/s Other than Secured)



Table 4: Analysis of size of debt



## Statistical Information - Broad Conclusions

- Fund based debt facilities account for 96.5% of the records and 93.9% of the value of debts.
- 99.3% of the NeSL IU records amounting to 99.7% of the value of debts are in respect of financial debts.
- Debts less than Rs. 1 cr account for 95.7% of the records but only 7% of the value of debts. Debts greater than Rs. 1,000 cr account for 0.01% of the records but 31% of the value of debts.
- 58.4% of the records amounting to 55.6% of the value of debts contain information about security.
- On an overall basis, the value of defaults reported is 6.8% of the total value of debts reported. It is useful to note that in computing this default rate only that part of the value of the debts which has been marked as being in default are included.  
**For example**, for a debt record whose total value is Rs.100, if a default of Rs.3 is reported, only Rs.3 is reflected in the value of default, not the entire Rs.100.

## Update on Regulatory Affairs & Compliance

- NeSL, with the approval of IBBI published its Annual Compliance Certificate for FY 20-21 on 28th June, 2021.
- NeSL has submitted its comments and suggestions on the RBI Working Group Report on Digital Lending released in November, 2021.
- NeSL has submitted its comments and suggestions on the proposed amendments to the IBC, 2016 put forward by the MCA in December, 2021.

# Details of Information with NeSL

Table 5:

Standard Loans Data

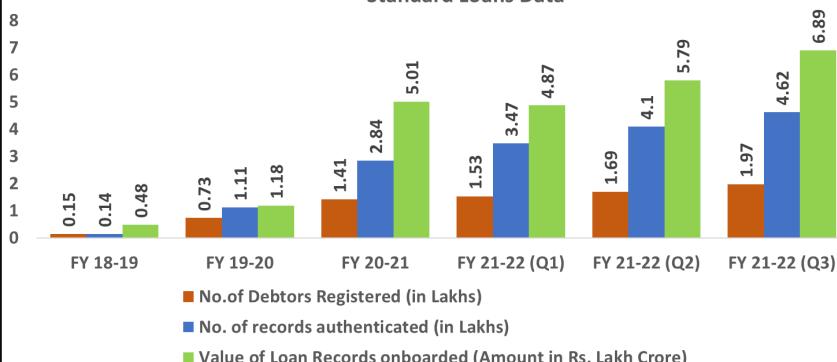
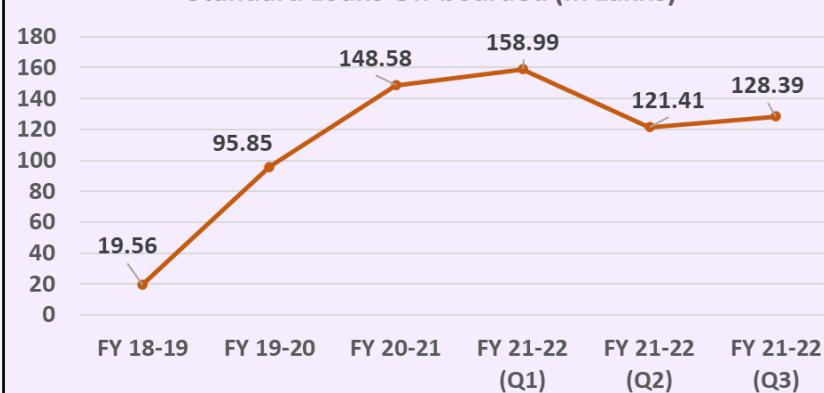


Table 6:

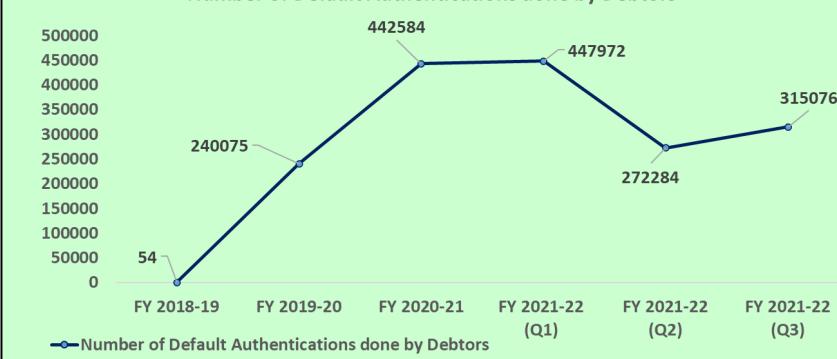
Standard Loans On-boarded (in Lakhs)



**Table 6:** The reduction in number of Loans on-boarded during Sep 2021 Quarter is due to reporting of closure of loans and rectification of erroneous records uploaded earlier. The data in the Table/Graph represents the net position as at the end of the period concerned.

Table 7:

Number of Default Authentications done by Debtors



**Table 7:** The reduction in number of Authentications during Sep 2021 Quarter is due to removal of the default flag by some banks as these accounts may have come out of Default Reported Category. The data in the Table/Graph represents the net position as at the end of the period concerned.

As per [Insolvency & Bankruptcy Code, 2016 \(IBC\)](#), “Financial Information” means information on records of the debt of a person, records of liabilities when a person is a solvent, records of assets of a person over which security interest is created, records of instances of default and records of balance sheet & cash flow statements.

The IBC provides that “Core Services” rendered by an Information Utility include-accepting electronic submission of financial information, safe and accurate recording/storage of financial information, obtaining verification and authentication of information from the counterparty to the debt, and providing access to information to persons permitted in the Code.

All Financial Creditors are mandated to submit financial information on all loans/advances, to an Information Utility.

Further, the authenticated information held by an Information Utility serves as legal evidence in Insolvency Resolution Process and helps in meeting the timelines, for insolvency resolution, stipulated in the Code.

The data furnished in Table No.5 provides the details of Value of Loan Records on-boarded, Number of Debtors registered with IU, and the number of loan records authenticated by the Debtors.

Data in Table No.6 provides the details of the number of records of standard loans onboarded by the Creditors into IU.

Data in Table No.7 provides the details of the number of default authentications done by Debtors.

# Credit Facility Report

A downloadable PDF digitally signed by NeSL provides a complete **360-degree view** of the debt obligations with default details, if any, of a party across all creditors i.e. Financial Creditors (Banks, NBFC, ARCs, Debenture Trustees, HNIs) and Operational creditors, etc.

CFR is a useful tool in credit appraisal and credit monitoring.

[\[Click here for RBI Circular \(Page 3 FAQ no. 2\) - dated 14.12.2020\]](#)

For Financial Creditors!  
Step by Step CFR Guide

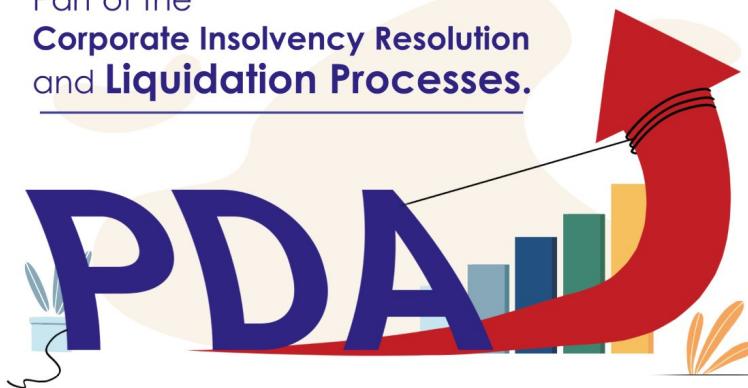


**360 degree view of a corporate debtor Credit Facility Report (CFR) at no extra cost**



# IP Services

Part of the  
Corporate Insolvency Resolution  
and Liquidation Processes.



## Nbid

Auction Platform of NeSL

Liquidators can also utilize the platform for sale of assets including that of sale as a going concern via E-Auction. The [E-Auction platform](#) is user-friendly and easy to operate for hosting E-Auctions.

## Open E-Auctions:

1. Shree Hanuman Texfab Private Limited
2. Shri Sahyadri Agro Industries and Foods Pvt. Ltd.
3. Lanco Vidarbha Thermal Power Limited

The [Platform for Distressed Assets \(PDA\)](#) is an effort to further the objectives of the Code by providing for an electronic market place which would reduce cost, improve efficiencies and provide improved access to all market participants. The [empanelment of PDA Service Providers has been done by IBBI](#) to ensure that stakeholders have access to an online market place that is secure and is in compliance with law.

NeSL has been empanelled as India's First Platform for Distressed Assets.

The NeSL's PDA services are designed to provide four critical services which are part of the corporate insolvency resolution and liquidation processes. These are:

- Market place for interim finance;
- VDR for inviting EOI for resolution plans/Liquidation;
- Invitation and Evaluation of resolution plans; and
- Auction during liquidation



The [Virtual Data Room](#) enables upload and access to authorised personnel confidential and critical documents. NeSL's VDR platform provides several benefits such as [Two-Stage verification process](#) for granting access to Resolution Applicants(RAs) to ensure access to only those who have been given the right to access. Time stamped Audit Trail is provided wherein all the activities such as downloads, viewing and editing can be separately monitored with date and time of the activity. [Resolution Applicants from overseas can also participate](#) in the process. It also has other security features like file download restriction, watermarking, access control at File and Folder level and encryption of data in transmission and at rest to maintain confidentiality/security. All the above features gives the user the comfort of conducting the process in a transparent and confidential manner. All processes happen within the application preventing sensitive data/information being sent through mails exposing to security threat.

"I, CS Hari Babu Thota (Regn. No. IBBI/IPA-002/ IP-N00084/2017-18/10225) am using the PDA services provided by National E-Governance Services Limited in the area of Virtual Data Room and have found the services satisfactory. The system is user friendly, easy to navigate, and provides a systematic platform for data storage and organisation. The pricing for the services is very reasonable, and I have got good support from the NeSL team. Overall, I am quite satisfied with the PDA services provided by NeSL. I would strongly recommend other IPs to also start using the PDA services provided by NeSL. Thank You."

CS HARI BABU THOTA

INSOLVENCY  
PROFESSIONAL

# DDE at a Glance

Digital Document Execution

## DDE States/UTs

DDE is a paperless mode of execution of digital documents.

This will result in superior enforcement of contracts, thereby enhancing the 'Ease of Doing Business' especially in times when quick financing is the need of the hour.

**20 states** and union territories have facilitated Digital e-stamping by NeSL.

[Click here for DDE States/UTs](#)

### PAPERLESS E-STAMPING STATES/UTs

S.No.	State/Union Territories	S.No.	State/Union Territories
1	Andaman & Nicobar	11	Madhya Pradesh
2	Assam	12	Maharashtra
3	Chhattisgarh	13	Meghalaya
4	Delhi	14	Odisha
5	Himachal Pradesh	15	Puducherry
6	Gujarat	16	Rajasthan
7	Jammu & Kashmir	17	Tamil Nadu
8	Jharkhand	18	Tripura
9	Karnataka	19	Uttar Pradesh
10	Kerala	20	West Bengal

DDE paperless e-stamp\*

- Holidays (Sat & Sun) – 3.71%
- During non-working hours (6 pm-8 am) – 16.23%



**DDE-**  
*The Future of Contracting!!*

Are you onboard?

## Top 3 States (stamp duty amount)

1. Karnataka
2. Rajasthan
3. Uttar Pradesh

## Top 3 Digital Article Codes in Use

1. Loan Agreement
2. Hypothecation
3. Indemnity Bond

\*NeSL Data

# Recent Upgrades in DDE

## New mode of Digital Signing

In the DDE platform, below modes of [affixing the digital signature](#) on the contract agreement are currently available:

- Aadhar OTP based
- Aadhar biometric based

As a new feature, dongle DSC based digital signature is made available in the DDE platform. Any signatory who possesses a CCA approved dongle DSC (USB token) can use it to sign the contract.



**Aadhar based  
OTP e-Sign**



**Biometric  
based e-Sign**



**Dongle  
based e-Sign**

## 65B Certificate

Under the [Indian Evidence Act, 1872, Section 65B](#) prescribes a distinct framework that governs the admissibility of electronic evidence. Since documents are electronically submitted to NeSL and stored, we provide 65B certificate which can be used during legal process.

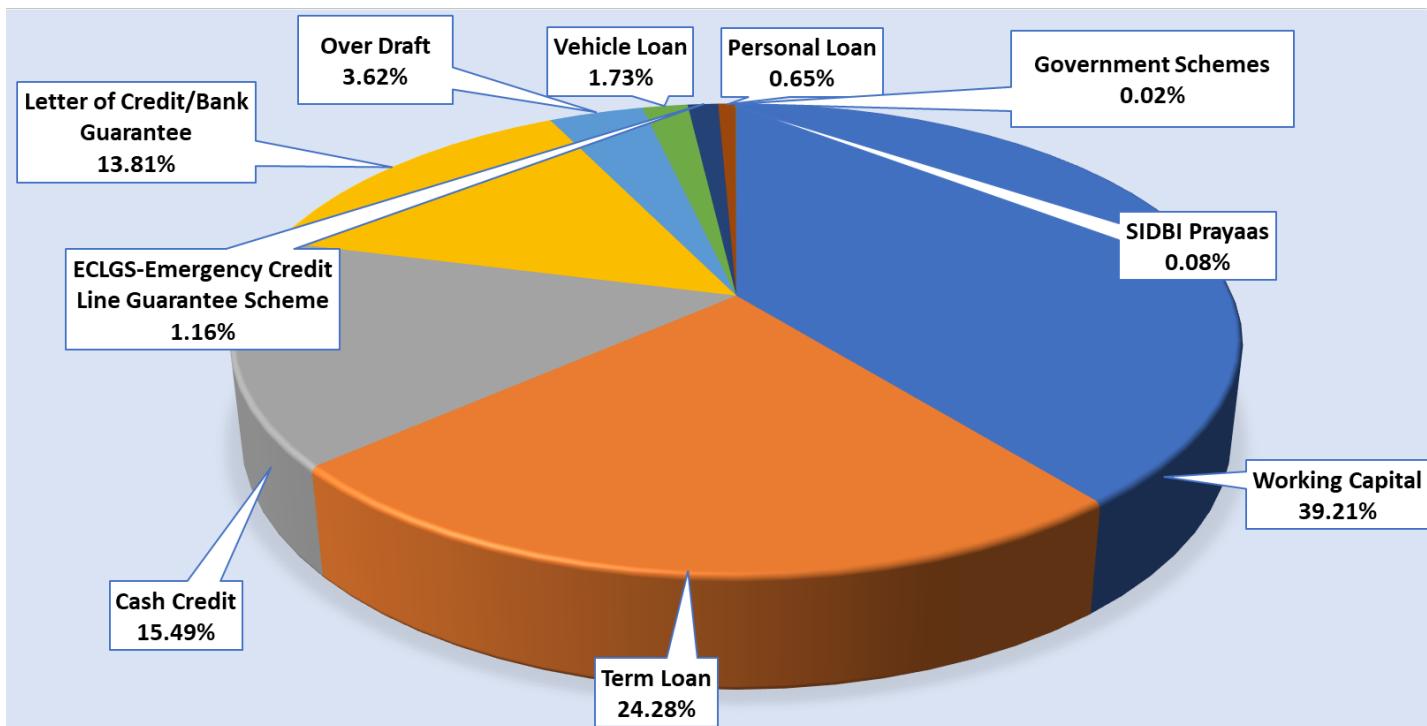
For all the documents authenticated on the NeSL's DDE platform, 65B certificate can be generated by the signatory.

The submitter can provide one of the following parameters as an input and download the certificate:

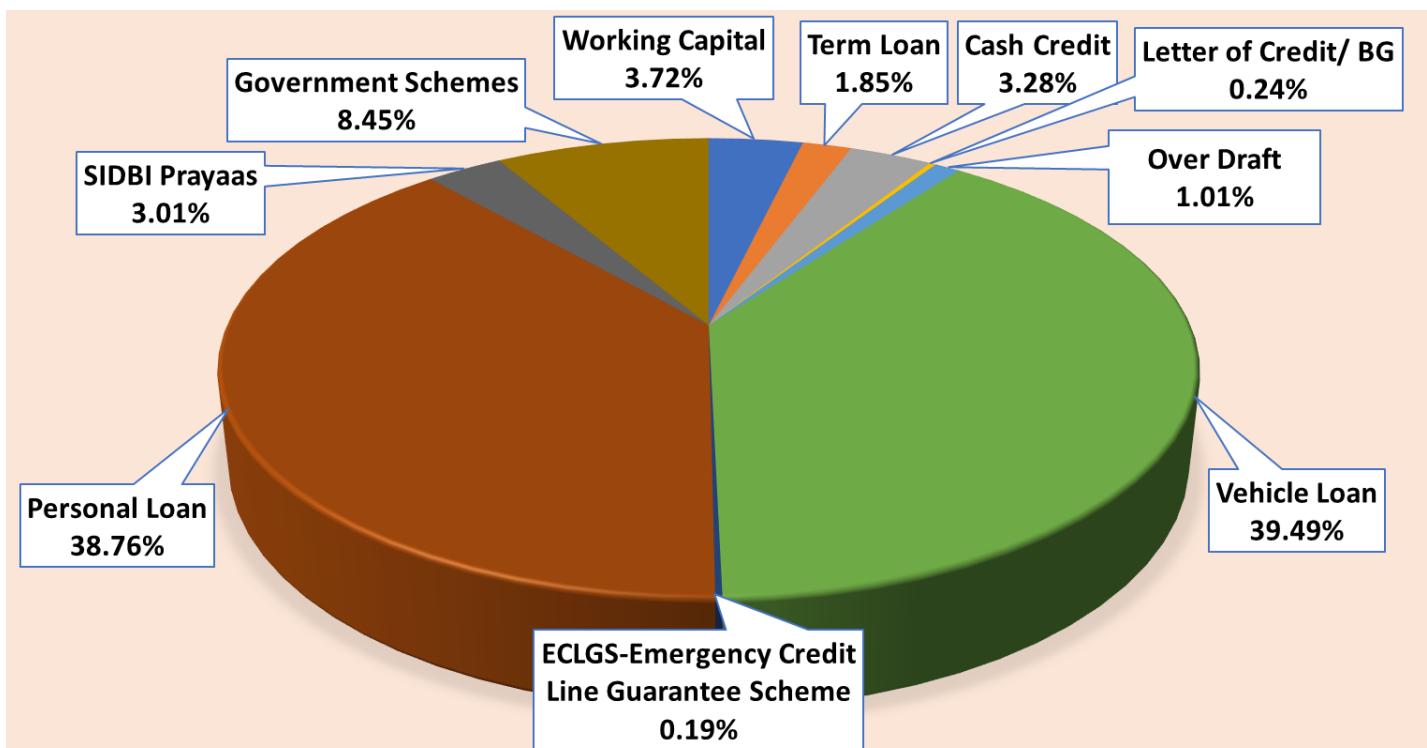
- Loan Application Number
- Sanction Number
- Submitter Transaction ID (as submitted at the time of DDE API request)

The 65B certificate will have the details of the parties to the contract, contract executed date/time and the type of the document. It will be digitally signed by the competent authority.

# DDE REPORT CARD



### E-stamp based on loan sanction (amount)\*



### E-stamp based on loan sanction (numbers)\*

\*NeSL Data

# Security Awareness



## CyberSecurity First

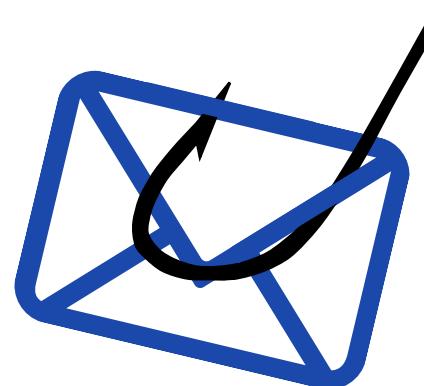
Cybersecurity is the [protection of internet-connected systems](#) such as hardware, software, and data from cyber threats. This awareness is also instrumental in preventing attacks that aim to disable or disrupt a system's or device's operations.

## Fight the Phish

We focus on the [importance of being wary of emails, text messages, or chat boxes](#) that come from a stranger or someone you were not expecting. The pandemic has certainly led to an incredible increase in phishing scams, including spear phishing, over most of the last two years.

We need to always be alert when checking our emails and [pay attention](#) to the following:

- While it is easier to dismiss emails from strangers, think of the emails you get from someone you know -
  - Does the message seem out of context for what they would normally send?
  - Are they asking you to do something that seems out of the ordinary?
- Recognize the common red flags with phishing
- Always think before you click on any suspicious emails, links, or attachments, and make sure you report any suspicious emails.
- Do not reply to an email when you are unsure of its legitimacy.



Avoid sharing your personal information identifiers in social media or to an unknown person/caller which may be misused.

# Townhall & Events

## Excerpts from MD's Address

-Townhall with staff held on 22.10.2021-

"Ours is a young company, we could do small things in **developing our corporate identity** like using our company logo in our emails and as background when we are doing VCs.

We need **to be knowledgeable but candid enough to admit when we do not know something**. We cannot argue with a customer, as it is well said that the customer is always right. We need to be gentle but persuasive, persistent but not intrusive.

The other element which is the hallmark of great companies is the **quality of team building**. When a team bonds together, the team can deliver much more than just the aggregate sum of what each individual can do on his own. When team members support each other, complement each other, share positive vibes, 2 plus 2 becomes not 4 but 5, 6, or even more."



# Events

[Click Here for Gujarat Order](#)



Government of Gujarat went live with NeSL DDE



Webinar on Digitalisation of Insolvency Processes

- 20.11.2021

[Click Here to Watch the Webinar](#)



Webinar on Platform for Distressed Assets - An Integrated Technology Solution for IPs  
- 21.12.2021

Webinar on Platform for Distressed Assets and Record of Default in association with IPA ICAI  
- 07.11.2021



Webinar on PDA Services and Record of Default

- 13.11.2021

# Employee Corner

## Longest Serving Employee



**SHAJITHA NEVES LOBO**

**Sr. VP & HOD DDE Business**

Shajitha leads the business development, client relationships and revenue growth. She oversees the national initiative of paperless e-stamping from State Governments to Banks and NBFCs.

She [joined on 24.06.2016](#) and has total of 24 years work experience in insurance and financial sector domain. She is a graduate and Fellowship from Insurance Institute of India.

This is what Shajitha has to say about NeSL -

"I am privileged to be part of NESL journey from day one. Onboarding of shareholders, banks, NBFCs into NESL to around 500 plus is a satisfying experience.

I enjoy being part of NESL's growth where every employee's ideas are encouraged to build an institution that is serving a national purpose with several transformational initiatives.

With a passion for serving the customers, NESL is a best platform to work with. I believe NESL enables people to excel, help to discover their own wisdom and accept responsibility for making the change."

## Senior Most Employee



**P. SANKAR**

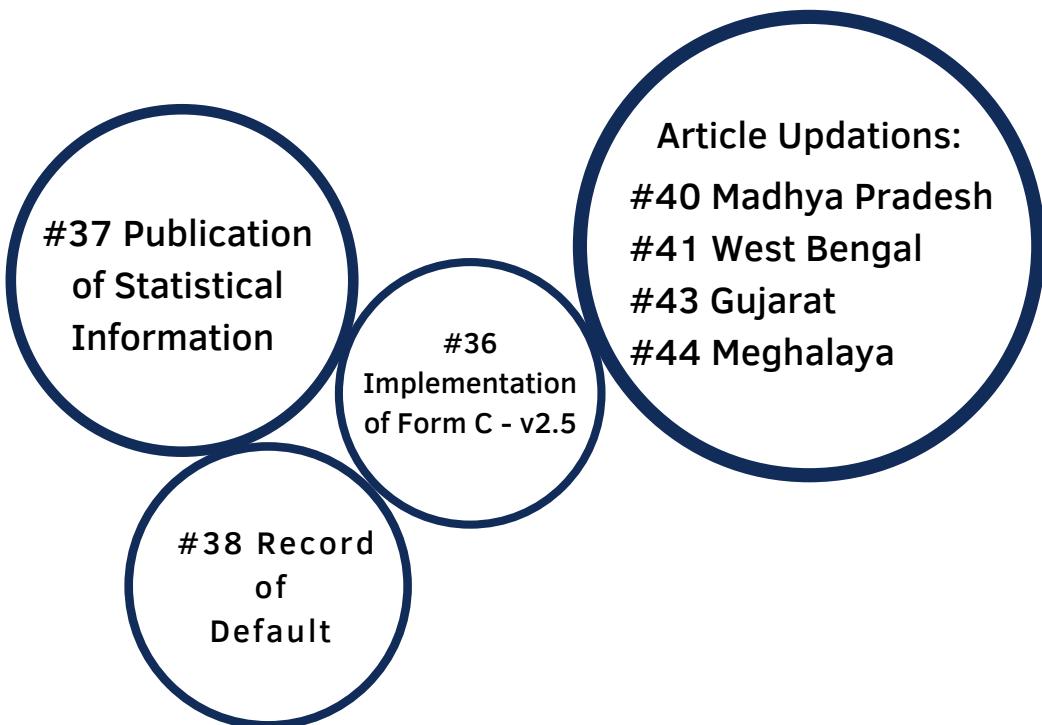
**HOD-Business & IP Services**

Sankar has been with NeSL from [01.02.2017](#) and is enjoying every single day in the company where he has learned new things and has developed new relationships. He has 34 years of banking experience, and has worked with SBI, ICICI Bank, and ING Vysya Bank. He did his B.Com from Madurai University and has qualified as CAIIB(Certified Associate of Indian Institute of Bankers) & CIA(Certified Internal Auditor from Institute of Internal Auditors, USA). His hobbies are watching sports events except for cricket and reading books and Whatsapp posts.

This is what Sankar has to say about NeSL -

"It has been an exhilarating experience to see the company growing to this level. Identifying the right persons in each bank, contact them and explain what is IBC, what is IU why they should submit information etc and seeing the results. We remember celebrating the first agreement signing at our Mumbai office. SBI MD who is the present Chairman of the Bank came to our office to sign the agreement. From there to more than 325 FCs is a journey full of excitement and frequent flying. Ably supported by the relationship team we could create good impressions among the customers."

# Recent Communiques



[Click here for all Communiques](#)



**DISCLAIMER:** This Newsletter is meant for the sole purpose of generating awareness, and must not be used as a guide for taking or recommending any action or decision, commercial or otherwise. The reader must do his own research or seek professional advice if he or she intends to take any action or decision in any matter covered in this Newsletter.

# Brain Teasers!

#1

What is unusual about the following words: revive, banana, grammar, voodoo, assess, potato, dresser, uneven?

revive      voodoo  
banana      assess  
grammar      potato  
dresser      uneven

#3

What makes this number unique:  
8,549,176,320?

#2

A sundial has the fewest moving parts of any timepiece. Which has the most?

8,549,176,320

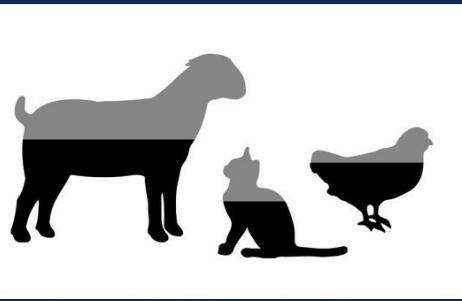
#4

There is a word in the English language in which the first two letters signify a male, the first three letters signify a female, the first four signify a great man, and the whole word, a great woman. What is the word?

#5

What is 3/7 chicken,  
2/3 cat, and 2/4 goat?

man  
woman  
great man  
great woman



Answers: 1. Take the first letter of each word and place it at the end. It will spell the same word backward. 2. An Hourglass- It has sand 3. It has all numbers from 0 to 1 in alphabetical order 4. Heroine. 5. Chicago