

**RECOVERY RATES OF FINANCIAL DISTRESSED FIRMS:
EMPIRICAL EVIDENCE OF LISTED COMPANIES
IN THE STOCK EXCHANGE OF THAILAND**



**NAPADOL KHUNANUGUL
VISA TOPOTHAI**

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August 27, 2014



.....
Mr.Napadol Khunanugul
Candidate

.....
Miss. Visa Topothai
Candidate

.....
Prof. Piyapas Tharavanij,
Ph.D. (Economics)
Advisor

.....
Assoc. Prof. Tatre Jantarakolica,
Ph.D. (Quantitative Economics)
Chairperson

.....
Assoc. Prof. Annop Tanlamai,
Ph.D. (Engineering Management)
Dean
College of Management
Mahidol University

.....
Prof. Kaipichit Ruengsrichaiya
Ph.D. (Finance)
Committee Member

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Dean
College of Management
Mahidol University

.....
Prof. Kaipichit Ruengsrichaiya
Ph.D. (Finance)
Committee Member

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Napadol Khunanugul

Visa Topothai

Recovery Rates of Financial Distressed Firms: Empirical Evidence of Listed Companies in the Stock Market of Thailand

NAPADOL KHUNANUGUL 5250333

VISA TOPOTHAI 5250343

M.M.

THEMATIC PAPER ADVISORY COMMITTEE: Piyapas Tharavanij, Ph.D.,
Tatre Jantarakolica, Ph.D.

ABSTRACT

Financial distress is recognized as a situation where a firm has difficulty setting financial obligations to its creditors and may eventually lead to the probability of bankruptcy. In case of distressed public limited companies, the economic consequences would occur widely. The concept of “going concern” has therefore been implemented legitimately in Thailand to prevent such situation and the alternative way of “reorganization” has been introduced for a decade. In essence, the recovery rates of Thai businesses under the reorganization should be investigated together with the analysis on influencing factors upon the recovery rates for the purpose of being a guideline for businesses considering to enter into reorganization scheme.

This empirical study applies the available data of the listed companies in the SET entering into the reorganization since the first stage of implementing reorganization law in B.E. 2541. Also, the relevant factors influencing the recovery rate shall be investigated either the firm specific factors or the macroeconomic factors.

KEY WORDS: Recovery Rates / Reorganization

68 pages

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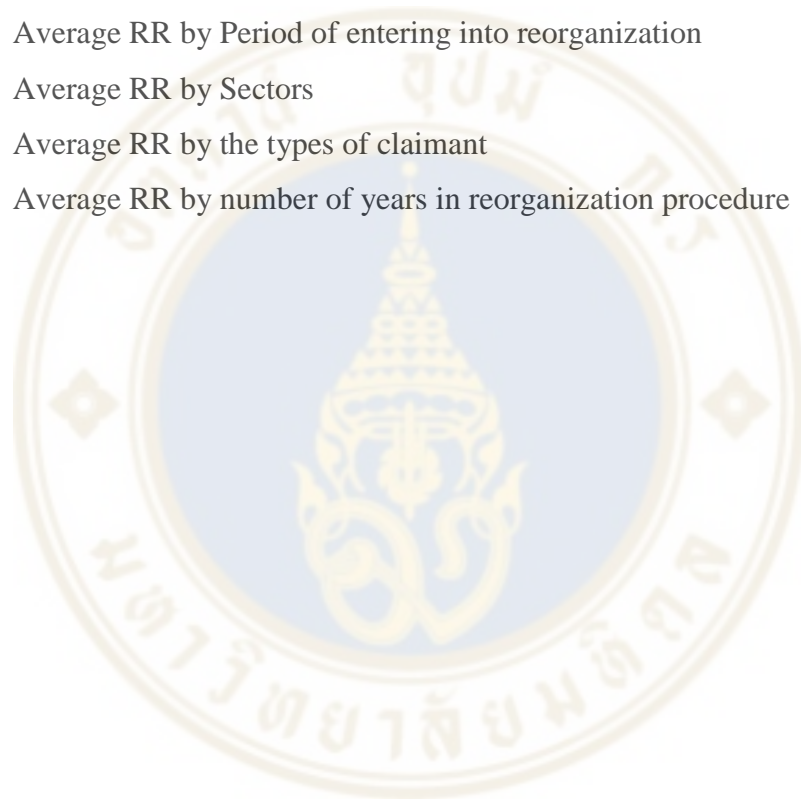
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CHAPTER I

INTRODUCTION

Financial distress is recognized as a situation where a firm has difficulty setting financial obligations to its creditors and may eventually lead to the probability of bankruptcy. Indeed, such financial distress conditions can affect a firm's financial health either ex-ante or ex-post cost of bankruptcy's filing and either direct or indirect costs of being bankrupt.

Looking back to the time of financial crisis in B.E. 2540, many corporate, either private or public limited companies, faced with tremendous liquidity problem which resulted in financial distress and bankruptcy filing. A number of financial institutions were critical players by that time. Finance Companies and Securities companies were officially closed up to 56 businesses. Other financial institutions were also under restructuring and recapitalizing order. By that incident, costs of financial loss had impacted to Thailand economy in downturns. Given that those public limited companies in the Stock Exchange Market of Thailand had faced with the financial distress problem and turned to default with the disability to perform their financial obligations, the consequences would be existed widely; unemployment, financial loss for creditors and shareholders, etc. Accordingly, such rapid economic slowdown was a trigger point for renovating all relevant Thai legal system.

Not only reforming legal infrastructures on banking and financial institutions business has been done, but also the amendment to bankruptcy laws to allow for debt restructuring which has been promulgated and developed continuously since B.E. 2541 honoring Chapter 11 under the U.S. Bankruptcy Code as the guideline. Nowadays, the chapter on business reorganization has become a part of the Thai Bankruptcy Act B.E. 2483.¹ Beyond doubt, the concept of "going concern" against "liquidation" has been implemented legitimately under the Thai legal system.

¹ As amended by the Bankruptcy Act (No.4) B.E. 2542

Business reorganization has been gradually proven to provide better recovery rates to creditors and even the shareholders of a default firm in some circumstance if conditions prevail.

Notwithstanding an effort to reform the bankruptcy laws on business reorganization, empirical evidence regarding the success of reorganization plans in Thailand is quite scarce. Most literatures on bankruptcy in Thailand have paid more attention on bankruptcy and its consequences than the alternative way to avoid being bankrupt or the so-called “reorganization”. Currently, only a few studies has been complete in finding to what extent the business reorganization plan can successfully take those default firms away from ending as firms in bankruptcy and almost none to be conducted on . The purpose of this research is to find out such missing piece or, in another words, to study the recovery rates of Thai firms under the business reorganization plan by using listed companies in the Stock Market of Thailand (SET) as a case study. To complete the overall picture of the recovery, the factors influencing such recovery rates, in particular, the firm specific factors and the macroeconomic conditions, will be examined to analyze the causes and effects of recovery rate in Thailand with respect to those relevant factors.

1.1 Objectives

(1) To study the recovery rates of Thai businesses under the reorganization plan by using listed companies in the Stock Exchange of Thailand (SET) as a case study.

(2) To examine the factors influencing such recovery rates and success of reorganization with the purpose to be a guideline for businesses considering to enter into reorganization scheme.

1.2 Scope and Limitation

1.2.1 Scope

1.2.1.1 **Type of data:** Due to the sensitivity of information and limitation of data, we scope down the sample data only to the cases of public limited companies listed in the Stock Exchange of Thailand (SET) which are legally obliged to disclose information to the relevant regulators i.e. the Securities and Exchange Commission (SEC), the Legal Execution Department of the Ministry of Justice (LED) (in the case where the business under bankruptcy scheme shall be subject to public disclosure obligation at certain level).

1.2.1.2 **Period of data:** For greater certainty, we has started with the year in which the law on reorganization became effective in Thailand (B.E. 2542) to present to reflect the real scenario in which the law on reorganization had been promulgated.

1.2.1.3 **Use of data:** To analyze the recovery rate in this study, we apply a simple model by calculating the remaining debt value once the reorganization is terminated in comparison with the original debt amount. Therefore, in order to utilize the collected data, we have prepared the figures into two main categories; the original debt and the remaining debt which are collected mainly from the two sources, the SEC's database and the LED's database;

1. Data of the original debt amount which refers to the preliminary amount of debt at a given point in time when (i) the debtors submit a reorganization petition to the court or (ii) when the creditors make a claim in the reorganization plan once the plan has been approved by the court.

2. Data of the remaining debt amount which refers to the debt value after incurred in the process of the assets and debts restructuring at a given point in time when (i) the creditors make their final claim in the last creditors meeting before the reorganization plan shall be dissolved by the court's order or (ii) the debtors record the incurred debt as the implementation of reorganization plan in their financial statement at the year of reorganization dissolvent.

1.2.2 Limitation

1.2.2.1 **Availability of data:** Based on the type of the data as aforementioned, the key constraint for this study is the availability of those data required as the input for calculating recovery rate.

1. The original debt aspect

Given this data category has been defined through two sources of information (i) from the debtor and (ii) from the creditors, only the first one can be accessed and collected for all sample cases based on the LED's database which shall be illustrated later in Chapter 3. The latter is of limitation, the question is to what extent it is differentiated from the first source. As a matter of fact, once the reorganization plan has been approved by the court, the details of implementing such plan shall be disclosed to the relevant parties; the debtor, the creditors, the regulators (especially the LED) but not, in general, to the public. Consequently, only some cases that we can access and obtain the data for the latter source.

2. The remaining debt aspect

Likewise, the remaining debt data should be accessed through two perspectives; debtors' and creditors'. What to be constraint? For the creditors' final claimant, it should be recorded in the reports of the last creditors meeting which mostly are not available in public domain. Only some cases that we could gain data to this aspect. In contrary, for the debtors' financial statement, it is legitimately published via the official sources i.e. the SEC's database. But, not every firm does reflect the remaining debt amount at the given point of time as expected. Therefore, for the purposed of analyzing data, we have presumed the most actual figures either from the creditors' or the debtors' sources.

1.2.2.2 **Number of observations:** due to the aforesaid limitation of available data, we have scoped down the sample cases as to the data of the listed companies. From the first epoch of implementing reorganization scheme in Thailand in B.E. 2542, there are 153 cases of listed companies recorded as a part of such scheme which shall be used as the observations in this study.

CHAPTER II

LITERATURE REVIEW

2.1 Background and Theory of laws on Bankruptcy and Reorganization

Currently, the bankruptcy system is governed by the Bankruptcy Act B.E. 2483 (1940) as amended, the Act for Establishment and Procedure for Bankruptcy Court B.E. 2542 (1999) as amended, the Rules on Bankruptcy Cases and the Civil and Procedure Code.

Pertaining to the laws, the legal concept of Bankruptcy and Reorganization in this research could be divided into 2 stages (i) the Bankruptcy Procedural stage (ii) the Bankruptcy Termination stage.

2.1.1 Bankruptcy Procedural stage and Reorganization

Initially, the law provides that once a debtor has more obligations than assets or is unable to perform the obligations may be judged to be default and become insolvent. A creditor who is the plaintiff can only make a claim against the insolvent debtor in order to hand in the management of the debtor's property to official receivership. The Court determines insolvency by measuring assets against liabilities.

When the court accepts the bankruptcy petition, there are two types of judgment; (i) to dismiss the case, if it appears to the court that the debtor is not insolvent or (ii) to order absolute control over the debtor's property and to order the official receiver to take charge in the management of the property. The business reorganization proceeding could be occurred in the latter case. (See Appendix C. for the summary of reorganization procedure)

i. Objectives of Reorganization

Once business faces with financial distress, there are two choices; going bankrupt and liquidating assets or trying to recover and waiting for

long-term revenues. Those resolutions will be selected based on the relative costs and benefits. Lack of liquidity does not always imply non-payment or default. That leads to the optional way of dealing with financial distress through reorganization, either by asset or debt restructuring. In case the restructuring could be undertaken via efficient mechanism, it should generate overall benefits better than liquidation (force auctions and assets sales) once the debtors can return to their normal business.

ii. Why we need reorganization

- Asymmetric Information

As E.S. Hotchkiss et al. (2008) has pointed out, in practice, outsiders of any firm such as creditors, investors could not verify the true value of the company due to insufficient information. Consequently, if the firm goes bankrupt and be liquidated, the ultimate value from asset sales may not meet the satisfaction of those related parties because generally the proceeds from such mechanism shall be distributed on priority of claimant; secured creditors shall have better rights than junior creditors. With regard to reorganization, all creditors will summon as the creditors' meeting which preserve the right to approve the debtor's reorganization plan step by step. For that reason, all relevant entities will receive symmetric information and be able to take an appropriate step to protect their rights.

- Agency problem

Managers may choose to divert a firm from operating to being liquidated for their personal benefits. Given liquidation of a firm's assets can divert cash for creditors, managers may decide to accelerate such default and get some cash flows back instead of going for debt reorganization.

- Common pool (creditors) problem

As a matter of fact, bankruptcy claims comprise of multiple creditors with various claims on their interests. Therefore, what is of difficulty is to get mutual agreement among creditors. Indeed, the priority of claims on debts shall dilute the going-concern rationale because each creditor has incentives to be the first claimant and needs to force liquidation for cash. The reorganization mechanism is based on the concept of encouraging fair and equitable bargaining among claimholders with limited court intervention.

iii. Eligible claimants for reorganization

According to the law on Bankruptcy, only the following entities shall be eligible to request for reorganization;

1. Debtors (“Debtor” in this aspect shall refer to juristic entity as limited company, public limited company and further juristic entities under other laws)
2. Creditors; individually or as a group of creditors
3. State agencies i.e. Bank of Thailand, Securities Exchange Commission Office, Office of Insurance Commission.

iv. Criteria and Grounds for reorganization petition

The reorganization petition shall be determined if,

1. the debtor is in debt; has not sufficient asset against liabilities either to one or more creditors not less than 10 million Baht whether such obligation is subject to be due or not,
2. it is reasonable and possible for the debtor’s business to be recovered,
3. the petition was filed in good faith.

v. Reorganization Procedure

In case the above criteria are satisfied, the court shall decide to issue an order for the business reorganization of the debtor (the Reorganization Order). If not, the court will also issue an order, but, to dismiss the petition from the court system. For the latter case, a certain number of debtor then eventually turn to be under the receivership and be bankrupt.

Upon a reorganization order, the court will also declare an “automatic stay” status to protect debtors from being claimed by any creditors i.e. foreclosing their collateral, calling for payment of interest or principles apart from the reorganization plan implementation. A “Plan Preparer” will then be appointed to manage the debtor until the reorganization plan is approved (or the reorganization proceedings dismissed), of which creditors’ approval is needed. When the Court approves the Reorganization Plan and appoints the "Plan Administrator", the

management powers of the Plan Preparer will pass to the authorized Plan Administrator. Such authorized person will conduct the management function of debtor's business until the reorganization plan is dismissed.

In order to declare successful reorganization, the debtor must demonstrate to the court that it has capability to restore its former business. And, after emerging from reorganization, the debtor will unlikely to confront with the second bankruptcy claim in the very near future. Otherwise, in case of failure on reorganization, the court may declare dismissing the reorganization order and place the debtor under the absolute receivership of which lead to the bankruptcy of such firm later on.

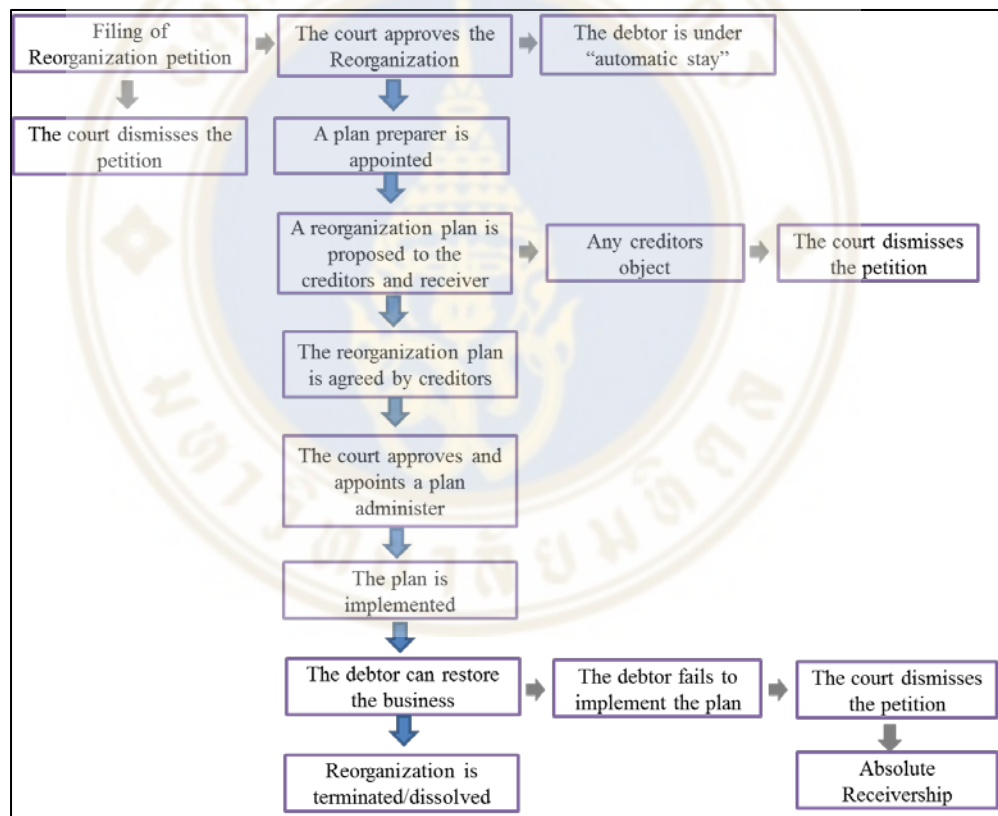


Figure 2.1: Reorganization Process

2.1.2 Bankruptcy Termination stage

In this research, we scope the bankruptcy termination stage as to the termination of legal procedure for a fresh start which could be considered in two ways;

(1) In the case where the business reorganization has been approved by the court and implemented to be successful within a five-year timeframe after the court's approval.

In this regard, the debtor shall prove to be able to restore the former state of business. The court will order the termination or dissolution of the reorganization. All rights and liabilities of the former shareholders and directors shall be resumed.

(2) In the case where the firm has been adjudicated of bankruptcy and then;

- the debts of the bankrupt have been fully repaid,
 - when the official receiver has made a final distribution,
 - no more property to be distributed amongst creditors and
- within the following 10 years the official receiver is unable to collect any more property and no creditors required the repayment of a debt.

2.2 Theory on Recovery Rate

In order to comprehend the conceptual picture of recovery rate, several studies have been used as the foundation. However, there are two key concepts referred as the applicable background for this study.

2.2.1 Post bankruptcy Performance and Management Turnover (Hotchkiss, 1995)

With respect to legal theorem, recovery rate may not be assessed directly from financial ratio. But, the success of postbankruptcy performance shall demonstrate the possible recovery of debtors. To this aspect, this research will specify the postbankruptcy to the extent that it was a result of reorganization procedure.

Based on empirical evidence from 197 public companies filing for Chapter 11 (Reorganization) in the United States, “Success” of postbankruptcy could be measured by three types of indicator

(1) Accounting measures of profitability

Kaplan (1989), Smith (1990), Muscarella and Vetsuypens (1990) have used accounting measurement to assess the postbankruptcy performance of firms. Hotchkiss (1995) has also applied such concept by using available data from COMPUSTAT and 10-K statement to analyze the improvement on firm’s operating incomes after restructuring occurred. To this extent, “Operating income” could be measured either by a return on sales (operating margin) or a return on assets. Hotchkiss has conducted his hypothesis through the following illustration;

The key variables have been determined to represent the pre- and post- period of reorganization; F for the fiscal year of reorganization petition filing, C for the fiscal year which the reorganization plan has been approved.

-5	-4	-3	-2	-1	F	...	C	+1	+2	+3	+4	+5
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Upon 197 sample firms, it was found that at Year -5, the accounting performance are significantly positive and get along with industry. However, once the reorganization request has been filed, such performance will turn to be negative, approximately, around 67.5 percent of firms decreased in operating incomes within that period. Indeed, results have also shown that it is quite difficult for firms to bounce back their operating income. For one same firm, the average annual operating income/sales in Year +5 is 0.029 a minor change from the average in Year -2 at 0.012. To be precise, five-year period may be too rigid to conclude the accounting performance of firms after reorganization. Many firms may increase their size but could not deliver profitability all at once.

(2) Ability to meet cash flow projection

Once a reorganization petition is submitted to the court, a cash flow projection will also be conferred to demonstrate the possible recovery of such reorganization. The second measurement of reorganization performance is then the ability to meet the projected cash flow. Based on the samples of 72 firms whose

information available from court documents, Hotchkiss (1995) has found the percentage of negative difference of actual for year C, in the another word, that firms could not meet their forecasts. For instance, the operating income in Year C of all firms had median difference at -58.2% and in Year+1 such difference turned to -80.6%.

(3) Chance for the second reorganization

Given the reorganization is based on “going-concerned” principle, a simple measurement whether any debt restructuring is successful or not shall be the firm’s ability to operate business after reorganization was dissolved. Hotchkiss had collected available 63 firms and found out that 23% of samples turned to further restructuring after move out of bankruptcy proceeding; 23 firms went for a private workout, 35 firms faced with second reorganization and 5 firms was identified as being liquidated. The median time from the first reorganization to the second is 3.8 years. Indeed, firm size does not a trigger point; 12 of 36 large public companies emerged from Chapter 11 had been found reenter into reorganization.

2.2.2 Recovery Rates of Bank Loans: Empirical Evidence for Germany (Grunert, 2006)

To understand the concept of recovery rate, it is necessary mentioning the linkage of credit risk model. In banking practice for granting loan, three main variables affecting the credit risk of borrower will be taken into account in calculation process (i) the probability of default (PD), (ii) the “loss given default”, which is equal to “1- Recovery Rate” in the event of default (RR), and (iii) the exposure of default (EAD) (Altman, 2003). In another word, recovery rate is a parameter in credit risk model.

Simply defined as the payback quota of the borrower, however, the “recovery rate” of bank loans could hardly grasp concentration in comparable with other credit risk factors in the past.

A few reasons should be referred. First, recovery rate itself is somehow regarded as a dependent variable based on certain individual characteristic such as collateral which cannot reflect the systematic risk value to the credit risk model. Second, loan itself is not normally tradable in comparison with bonds, only the so-

called work-out-process value could be estimated. Whereas bondholder, as a creditor of bond, can predict market-recovery rates at some certain point, creditor of bank loan may be able to calculate a kind of work-out-recovery rate. It may be considered as impractical factor for bank which requires a consistent default definition for calculating credit process. Lastly, the limitation on data confidentiality of bank loans is a key constraint for studying the recovery rates of those loans. Therefore, only a few studies could be claimed as the finding of recovery rates of a defaulted debtor. However, a remarkable literature on defining recovery rates of bank loans upon empirical evidence for Germany (Grunert, 2006) has been done and used as a guideline for this paper.

According to Grunert, the prediction of recovery rate has become increasingly important either because of the international regulatory reform like Basel II (and II) or the impact of credit risk model. With regard to the credit risk model, both probability of default and recovery rate have a great influence in calculating the standard-risk costs.

To be more specified, although recovery rate seems to be regarded as a calculation factor for the loss given default, the recovery rate itself is an essential input for estimating the unexpected credit loss, not only for bank loans but also for underlying loans such as credit derivatives and asset backed securities. Indeed, the recovery rate can also reflect the risk-adjusted measurement of credit business's profit.

In order to explore recovery rates of loans, based on the data of 120 companies that defaulted in the years 1992 to 2003, Grunert has divided subject of study into two parts (i) the influencing factors on the recovery rates and (ii) the linkage between factors and the recovery rates.

(1) Influencing factors of recovery rates

Based on empirical evidences, there are four main factors considered as the positive and negative influencing factors on the recovery rate;

- Features of the borrowers (e.g. creditworthiness, size of the company, industry classification, legal form of the company)
- Business Connection (e.g. intensity of bank-borrower relationship)

- Macroeconomic factors (e.g. growth of GDP, inflation rate, depreciation quota, interbank interest rate)

- Terms of credit (e.g. value of collateral, exposure at default, costs of work-out process)

Nevertheless, the common perception regarding the above factors has yet to be concluded. Obviously, some systematic factor like good economic condition can prove to increase the probability of a company to proceed to operate its business after work-out-process which consequently brings about higher recovery rate (Altman, 2003). Meanwhile, most proposed factors are still controversial among academic such as the scenario of companies in the different the industry classifications which can diversely reflect the dissimilar level of recovery rates. And, some has not yet been discussed in literature, for stance, the argument whether the loans to limited-liability corporations provide a lower recovery rate than the loans to non-limited-liability corporations or not.

(2) The linkage between influencing factors and the recovery rates

To investigate the precise relationship between the influencing factors and the recovery rates, the linkage of the potential influencing factors have been assessed through the regression analysis upon considering each independent variable as the univariate analysis and correlative variables as the multivariate analysis, for example, the assumption on the growth of the GDP of the default year or the assumption on the industry classification whether it does play significant role on the recovery rates of debtors.

From the analysis on the influencing factors, only some factors could claim the influence on recovery rate. The company size has proven its impact; the recovery rate will be less once the size is bigger. A high quota of collateral is also the key factor for testing how much to be recovered. Conversely, some hypothesis has appeared insignificant for recovery rate i.e. the macroeconomic conditions which seems to be too varied aspect for applying as the major hypothesis on recovery rate or industry classification which having no significant impact on debtors' retrieval.

This study shall be conducted in the similar manner with Grunert's, however, the hypothesis will be differentiated as to the unlike economic and financial conditions of Thailand.



CHAPTER III

METHODOLOGY

3.1 Recovery Rates

3.1.1 Data Collecting

Based on data from businesses entering into reorganization procedure during B.E. 2541 (1998) – present (since the law on reorganization had been promulgated in Thailand);

(1) To begin with gathering the total number of cases enter into reorganization cycle during the specified period from the official source; the website of the Legal Execution Department (the LED), Ministry of Justice, in which all statistic regarding the cases in and out of reorganization procedure will be recorded.

Afterward, we have cross-checked the existence of cases through the website of the Securities Exchange of Thailand through the symbol of each company;

(2) To cut off the actual samples by classifying the usable cases which the reorganization claim accepted by court.

At the beginning, the data collected through the first channel in (1) was around 153 sample cases. However, after classifying the usable sample by excluding the claims dismissed by the court (or, per se, keeping only the reorganization petition approved by the court), we have 118 cases as the usable samples for this study.

(3) To retrieve the financial data of each case for analyzing the Recovery Rates

Once the actual samples were specified, we have retrieved the financial data by classifying it into two categories.

a. The original debt as of entering into reorganization procedure, which shall be classified into two amounts;

- i. The amount of debt declared by the debtor to the court upon reorganization claim
- ii. The total amount of debt claimed by all creditors under the reorganization plan (the court had accepted the reorganization petition and ordered the reorganization plan)

b. The remaining debt once the reorganization had been dissolved

- i. The total debt declared in the last meeting of creditors summoned before a request for dissolving the reorganization be submitted to the court; or
- ii. The liabilities occurred as to the implementation of reorganization plan and recorded in the financial statement at the time of dissolving such plan.

To this aspect, we have accessed to the main sources of information as follows;

1. The Legal Execution Department (LED) database

As the focal point of implementing every reorganization plan, the progress of reorganization process, in particular the performing of obligations, shall be reported to the LED. In this regard, the LED database is considered as the primary source of information to be collected.

Given the LED database is the primary source of information, a certain level of data limitation is the key constraint for accessing financial information. As a matter of fact, it is quite rarely for the LED to record the actual change in financial condition as the progress of any reorganization process. Therefore, the publication document from the SEC database is used in parallel.

2. The Securities Exchange Commission (SEC) database

Through the SEC database, we access the financial documents of sample companies; mainly the financial statements and annual reports. The financial data will be sorted as to the year either the companies enter into the reorganization procedure or turn away from reorganization regime or +/- 1 year. (Some samples has shown that the

significant change as a result of reorganization process will be reflected in the financial documents prior to the actual year of dissolving from reorganization.)

3. The Securities Exchange of Thailand (SET) database; in which any progress of reorganization process will be reported periodically.

3.1.2 Use of data

To analyze the Recovery Rates in this study, we apply a simple model by calculating the remaining debt once the reorganization is terminated in comparison with the original debt. Therefore, in order to utilize the collected data, we have prepared the figures into two main categories; the original debt and the remaining debt. Nonetheless, due to the limitation of data, some observations cannot represent the complete dataset and may be recorded as N/A for unavailable data.

a. **The original debt** as of entering into reorganization procedure. There are two types of information we have used in this study.

i. **The amount of debt declared by the debtor to the court upon reorganization claim**

At the beginning of every reorganization petition, the debtor shall declare to the court the amount owed to a creditor or creditors. In every sample case, we then start with such amount as the original debt for further calculation, named “Factor A_{prelim}” which is the preliminary data accessed from the LED’s database.

ii. **The total amount of debt claimed by all creditors under the reorganization plan**

Notwithstanding a kick start for a reorganization plan will mostly be announced by the debtor, the accurate indicator would be the finalized amount of debt agreed by eligible creditors. To this aspect, we then recognize such total amount of debt as the ideal original debt for calculation in this study, named “Factor A_{actual}”. However, due to limited availability of information, not every case we could access such data.

Table 3.1: Sample of the original debt

Company	Industry	The amount of debt declared by the debtor (THB)	The total amount of debt claimed by all creditors (THB)
		Factor A_{prelim}	Factor A_{actual}
Company A	Steel	6,364,729,015.05	6,019,787,842.33
Company B	Consumption	6,477,893,940.00	7,319,462,535.82
Company C	Construction	8,336,638,340.33	17,751,552,870.30
Company D	Steel	21,548,941,886.29	22,001,000,000.00
Company E	Construction	289,166,243.12	1,580,000,000.00
Company F	Paper	2,591,054,786.64	2,363,580,000.00
Company G	Real Estate	6,805,875,808.52	7,726,000,000.00
Company H	Steel	35,634,200,000.00	N/A

b. **The remaining debt** once the reorganization had been dissolved.

i. **The total debt declared in the last meeting of creditors summoned** before a request for dissolving the reorganization be submitted to the court which could be accessed from the LED's database. We then recognize such total debt as "Factor B_{prelim}". It should be noted that the amount is the preliminary figures base on the last meeting which later may be reduced at the time of actual termination from reorganization.

ii. **The liabilities settled as to the implementation of reorganization plan** and recorded in the financial statement at the time of dissolving such plan which could be accessed from the SEC's database. This is regarded as "Factor B_{actual}" which refer the actual amount of the settled obligations from the reorganization reflected through the financial statements of the debtors in the year of termination from reorganization. It is the most desirable number in this study but due to the limitation of data, not every case recorded in the financial statement and has available data to be used.

Table 3.2: Sample of the remaining debt

Company	Industry	The total debt declared in the last meeting of creditors (THB)	The liabilities recorded in the financial statement (THB)
		Factor B_{prelim}	Factor B_{actual}
Company A	Steel	N/A	N/A
Company B	Consumption	N/A	N/A
Company C	Construction	13,285,490,000.00	13,285,490,000.00
Company D	Steel	7,798,000,000.00	7,798,000,000.00
Company E	Construction	508,364,300.00	508,364,300.00
Company F	Paper	784,995,485.56	N/A
Company G	Real Estate	N/A	0
Company H	Steel	64,114,395,183.73	6,755,000,000.00

3.1.3 Data Analysis for Recovery Rates

The definition of Recovery Rates in this analysis is simply scoped to the payback quota of debt that creditors could receive from the debtor's reorganization. To that extent, the Recovery Rates has been indicated as the deduction of the original debt amount in comparison with the beginning of the reorganization.

According to the existing data,

(1) We determine Factor A* as the original amount of debt

Due to the limitation of accessing data from the official source either the Legal Execution Department's database or the SEC's database, Factor A_{prelim} and Factor A_{actual} could be usable only in some cases. Therefore, for the purpose of calculating the Recovery Rates, the most accurate figures will be chosen and regarded as "Factor A*", and shall be used as the baseline in analysis.

In the case where Factor A_{actual} is available, the data will determined as Factor A*. If not, the data from Factor A_{prelim} will be used in its place.

(2) We determine Factor B* as the remaining debt after reorganization

In parallel with the application of Factor A*, due to the limitation of available data, some cases have no information on the remaining amount of debt.

Therefore, we have cut off this factor by using the most accurate and available figures for each case.

In the case where Factor B_{actual} is available, the data will be determined as Factor B*. If not, the data from Factor B_{prelim} will be used in its place.

(3) Later, we presume Factor C (depended on the factor plugged in) as the deduction of the debt amount and imply to Recovery Rates,

In another words, the recovery of debt from Factor A* and Factor B* shall then be converted into percentage for calculating Recovery Rates.

$$(A^* - B^*)/A^* \times 100\% = C$$

Table 3.3: Sample of the recovery rates

Company	Industry	Factor A*	Factor B*	Factor C
Company A	Steel	6,019,787,842.33	N/A	N/A
Company B	Consumption	7,319,462,535.82	N/A	N/A
Company C	Construction	17,751,552,870.30	13,285,490,000.00	25.16%
Company D	Steel	22,001,000,000.00	7,798,000,000.00	64.56%
Company E	Construction	1,580,000,000.00	508,364,300.00	67.83%
Company F	Paper	2,363,580,000.00	784,995,485.56	66.79%
Company G	Real Estate	7,726,000,000.00	0	100.00%
Company H	Steel	35,634,200,000.00	6,755,000,000.00	81.04%

(4) Afterward, the recovery rates will be further analyzed through the Analysis of Variance (ANOVA)

For the recovery rates, the ratio itself will be applied directly as the Recovery Rates variable. The Analysis of Variance (ANOVA) will be applied in parallel for preliminary assessing the Recovery Rates and success of reorganization before further analysis more deeply on the influencing factors on Recovery Rates

3.2 Influencing Factors on Recovery Rates and Success of Reorganization

3.2.1 Specifying Dependent Variables

For the purpose of analyzing what factors have essential effects on the recovery rates and success of reorganization, two factors shall be demonstrated as dependent variables regarded as “Variable Y” which shall be referred to (1) the variable “Recovery Rates (y_rr)” and (2) the variable “Success of Reorganization (y_success)”.

Table 3.4: Descriptive statistic of dependent variables

Variable	Unit	Symbol	Observation	Median	Mean	Std. Dev.	Min	Max
Recovery Rates	percent	y_rr	65	64.56	50.03	45.96	-74.83	100.00
Success of Reorganization	binary (0, 1)	y_success	118	1.00	0.69	0.47	0.00	1.00

(1) For the variable “y_rr”, there are only 65 cases from the total number 118 accepted as the actual cases entering into reorganization which have available data on recovery rates. Indeed, among 65 observations, some negative recovery rates appeared. In essence, for implementing regression analysis model, we filter out the negative outlier as to recovery rates $< -100\%$.

(2) For the variable “y_success”, the overall 153 cases could be used as the observations due to the fact that termination of each reorganization must be approved by the court’s order weather to terminate successfully or not. In case of success, the variable will be valued as to 1. For other ends, the variable will be valued as to 0.

Then, the further analysis shall be conducted by specifying the two aspects of examination named (1) Effect on Recovery Rates and (2) Effect on the Success of Reorganization.

1. Effect on Recovery Rates: the Cross-sectional Linear Regression Analysis (OLS) is the chosen tools to assess the relationship of this dependent variable and the independent variables (“Explanatory variables”) which shall be referred hereinafter.

2. Effect on the Success of Reorganization: the Cross-sectional Logistic Regression Analysis (Logit) is more appropriate to assess the relationship of the same variables than the regression analysis.

3.2.2 Specifying Independent Variables (“Explanatory variables”)

We have determined the “Explanatory variables” through two groups of factors;

1. Firm Specific Factors: referring to the information regarding the debtors entering into the reorganization which could be divided into two sub-groups;

- Financial Variables or the financial information of the debtors’ businesses reflecting the financial conditions of the debtors before deciding to enter into reorganization scheme i.e. the total asset and gross profit margin of the debtors in the previous year before the reorganization requests will be existed. The data regarding this type of variables shall be collected from the financial statements of the debtors in the previous year before entering into the reorganization.

- Litigation Variables refer to the information related to reorganization proceeding which mostly are derived from the LED’s database.

Table 3.5: Description of firm specific factors

Variables	Definition
Sector	A number of dummy variables representing firm’s industry/sector
ln (Total Assets)	Logarithmized total assets (Total Asset unit: Thousand Baht)
Gross Profit Margin	“(Sales – COGS)/Sales” reflecting the actual performance of businesses
ln (EAD)	Logarithmized exposure at default which is the original debt amount at the time entering into reorganization (EAD unit: Baht)
Total Asset / EAD	Quota of total assets against the overall debt at the time entering into reorganization

2. Macroeconomic Factors: refers to the overall economic conditions in Thailand during the period of reorganization consisting of;

Table 3.6: Description of macroeconomic factors

Variables	Definition
GDP Growth	Growth of GDP at the time entering into reorganization
Inflation Rate	Yearly headline inflation at the time entering into reorganization
Quota of NPLs	NPLs against the overall debt in banking system
Interest Rate (Average MLR)	Interest rate at the time entering into reorganization assuming the debtors shall be financed at MLR rate
FX Rate Change	Change of foreign exchange rate (USD/THB) at the time entering into reorganization,

In this connection, those explanatory variables will be regarded as “Variable X” for further implementing model with the following descriptions;

Table 3.7: Descriptive statistic of explanatory variables

Variable	Unit	Symbol	Observation	Median	Mean	Std. Dev.	Min	Max
Agro & Food Industry	binary (0, 1)	sec_agro	118	0.00	0.08	0.27	0.00	1.00
Consumer Products	binary (0, 1)	sec_consump	118	0.00	0.04	0.20	0.00	1.00
Financials	binary (0, 1)	sec_fincial	118	0.00	0.06	0.24	0.00	1.00
Industrials	binary (0, 1)	sec_indus	118	0.00	0.31	0.47	0.00	1.00
Property & Construction	binary (0, 1)	sec_propcon	118	0.00	0.28	0.45	0.00	1.00
Resources	binary (0, 1)	sec_resourc	118	0.00	0.03	0.18	0.00	1.00
Services	binary (0, 1)	sec_service	118	0.00	0.13	0.33	0.00	1.00
Technology	binary (0, 1)	sec_tech	118	0.00	0.07	0.25	0.00	1.00
ln (Total Assets)	ln(Thousand Baht)	ln_tot_asset	76	14.87	14.99	1.45	12.14	18.19
Gross Profit Margin	ratio	gross_pf_mg	71	0.08	0.07	0.23	-0.58	0.92
ln (EAD)	ratio	asset_to_ead	76	0.00	0.00	0.01	0.00	0.04
Total Asset / EAD	percent	mf_gdp_chg	118	5.80	6.26	2.64	-0.70	11.80
ln (# Creditor)	percent	mf_inf_gen	118	1.60	2.02	1.54	-0.90	8.07
GDP growth	percent	mf_ir_mlr	118	7.25	7.30	1.04	5.63	11.75
Inflation rate	percent	mf_fx_chg	118	0.06	0.02	0.07	-0.09	0.32
Interest Rate	ratio	mf_npl_qouta	63	10.46	9.96	3.20	2.72	15.67

It should be noted that not every firm specific factor carries the complete dataset, a few reasons could be pointed out;

(1) Some list companies have changed in name and trading symbol. There may be some cases unintentionally missed during the data collection step.

(2) Some listed companies have long been delisted and may be disappeared in the datasources i.e. the SEC's database. A level of information may be still available but could not reflect the overall conditions of the companies at the time when they entered into reorganization. For instance, the consolidation of companies which the financial statement of each company will be merged. If so, the financial information regardless the reorganization shall be blended and quite impossible to track out.

3.2.3 Examining the Correlations of variables

After determining the influencing factors in this empirical analysis, the correlations among those factors shall be primary investigated. From the preliminary analysis, the correlations between some variables have been indicated. For instance, some positive correlations are found out i.e. the inflation and GDP. To this extent, some factors considered as dummy variables will be excluded from determining the correlations i.e. industry classification or sector of debtors' businesses.

Table 3.8: The correlations between the influencing factors

		1	2	3	4	5	6	7	8
Firm Specific Data	1 ln (Total Asset)	1.00							
	2 Gross Profit Margin	-0.18	1.00						
	3 Total Asset / EAD	-0.16	-0.15	1.00					
Macroeconomic Factors	4 GDP Change	0.09	0.00	0.25	1.00				
	5 Inflation (General)	-0.21	0.17	0.47	<i>0.61</i>	1.00			
	6 NPL / Debt-In-BankingSystem	-0.10	-0.09	0.22	-0.47	0.10	1.00		
	7 Interest Rate (Average MLR)	-0.03	0.06	-0.22	<i>-0.68</i>	-0.42	<i>0.52</i>	1.00	
	8 FX Rate Change	0.37	-0.23	-0.22	0.33	-0.43	-0.33	0.05	1.00

As per the results of the corrections, we consider it is acceptable to utilize all influencing factors in analysis.

3.2.4 Assessing the influencing factors

At the beginning, all influencing factors are applied in the models to analyze in general. Then, some variables shall be excluded step by step to determine the best model for demonstrating the recovery rates.

On this detail, there are six models applied to describe the influence of factors on both recovery rates and success of reorganization;

Table 3.9: Model Description

No	Model	Description
1	Full Model	All influencing factors are included fully in the model to analysis in general whether their effects are significant or not.
2	Firm Specific Model	Only firm specific factors are used as the variables.
3	Sector Model	The industry classification is one of the firm specific factors but previously considered as dummy variable (0,1). In this model, this variable is assessed in particular.
4	Firm Specific (No Sector) Model	All firm specific variables will be used, except for the industry classification regarded as dummy variable.
5	Macro Model	Only macroeconomic factors are used as the variables.
6	Macro Model (No NPLs)	All macroeconomic variables will be used, except for the quota of NPLs which has no sufficient data to apply due to the incomplete of the datasource. This variable therefore is excluded to allow more observations for analyzing.

1. Recovery Rates Models Specification

Regression analysis method has been employed and specified as follows. The β_0 is the constant term, β_1 - β_{16} are the coefficient parameters, ε is the error term. The y_{rr} denotes the recovery rates variable while the remaining ones refer to explanatory variables.

Model 1: Full Model

$$\begin{aligned}
y_{rr} = & \beta_0 + \beta_1 * sec_agro + \beta_2 * sec_consump + \beta_3 * sec_fincial + \beta_4 * sec_indus + \\
& \beta_5 * sec_propcon + \beta_6 * sec_resourc + \beta_7 * sec_service + \beta_8 * sec_tech + \\
& \beta_9 * ln_tot_asset + \beta_{10} * gross_pf_mg + \beta_{11} * asset_to_ead + \\
& \beta_{12} * mf_gdp_chg + \beta_{13} * mf_inf_gen + \beta_{14} * mf_ir_mlr + \beta_{15} * mf_fx_chg \\
& + \beta_{16} * mf_npl_qouta + \varepsilon
\end{aligned}$$

Model 2: Firm Specific Model

$$\begin{aligned}
y_{rr} = & \beta_0 + \beta_1 * sec_agro + \beta_2 * sec_consump + \beta_3 * sec_fincial + \beta_4 * sec_indus + \\
& \beta_5 * sec_propcon + \beta_6 * sec_resourc + \beta_7 * sec_service + \beta_8 * sec_tech + \\
& \beta_9 * ln_tot_asset + \beta_{10} * gross_pf_mg + \beta_{11} * asset_to_ead + \varepsilon
\end{aligned}$$

Model 3: Sector Model

$$\begin{aligned}
y_{rr} = & \beta_0 + \beta_1 * sec_agro + \beta_2 * sec_consump + \beta_3 * sec_fincial + \beta_4 * sec_indus + \\
& \beta_5 * sec_propcon + \beta_6 * sec_resourc + \beta_7 * sec_service + \beta_8 * sec_tech + \varepsilon
\end{aligned}$$

Model 4: Firm Specific (No Sector) Model

$$y_{rr} = \beta_0 + \beta_9 * ln_tot_asset + \beta_{10} * gross_pf_mg + \beta_{11} * asset_to_ead + \varepsilon$$

Model 5: Macro Model

$$\begin{aligned}
y_{rr} = & \beta_0 + \beta_{12} * mf_gdp_chg + \beta_{13} * mf_inf_gen + \beta_{14} * mf_ir_mlr + \\
& \beta_{15} * mf_fx_chg + \beta_{16} * mf_npl_qouta + \varepsilon
\end{aligned}$$

Model 6: Macro Model (No NPLs)

$$\begin{aligned}
y_{rr} = & \beta_0 + \beta_{12} * mf_gdp_chg + \beta_{13} * mf_inf_gen + \beta_{14} * mf_ir_mlr + \\
& \beta_{15} * mf_fx_chg + \varepsilon
\end{aligned}$$

2. Success of Reorganization Models Specification

Logistic regression analysis method has been employed. The probability function,

$$P = \text{Prob}(y_{\text{success}} = 1|X) = \frac{1}{1 + e^{-y^*(X)}} = \Lambda(y^*(X))$$

, is commonly used for all logit models. The index function, $y^*(X)$, has been defined separately for each model as follows.

Model 1: Full Model

$$y^* = \beta_0 + \beta_1 \text{sec_agro} + \beta_2 \text{sec_consump} + \beta_3 \text{sec_fincial} + \beta_4 \text{sec_indus} + \beta_5 \text{sec_propcon} + \beta_6 \text{sec_resourc} + \beta_7 \text{sec_service} + \beta_8 \text{sec_tech} + \beta_9 \ln_{\text{tot_asset}} + \beta_{10} \text{gross_pf_mg} + \beta_{11} \text{asset_to_ead} + \beta_{12} \text{mf_gdp_chg} + \beta_{13} \text{mf_inf_gen} + \beta_{14} \text{mf_ir_mlr} + \beta_{15} \text{mf_fx_chg} + \beta_{16} \text{mf_npl_qouta} + \varepsilon$$

Model 2: Firm Specific Model

$$y^* = \beta_0 + \beta_1 \text{sec_agro} + \beta_2 \text{sec_consump} + \beta_3 \text{sec_fincial} + \beta_4 \text{sec_indus} + \beta_5 \text{sec_propcon} + \beta_6 \text{sec_resourc} + \beta_7 \text{sec_service} + \beta_8 \text{sec_tech} + \beta_9 \ln_{\text{tot_asset}} + \beta_{10} \text{gross_pf_mg} + \beta_{11} \text{asset_to_ead} + \varepsilon$$

Model 3: Sector Model

$$y^* = \beta_0 + \beta_1 \text{sec_agro} + \beta_2 \text{sec_consump} + \beta_3 \text{sec_fincial} + \beta_4 \text{sec_indus} + \beta_5 \text{sec_propcon} + \beta_6 \text{sec_resourc} + \beta_7 \text{sec_service} + \beta_8 \text{sec_tech} + \varepsilon$$

Model 4: Firm Specific (No Sector) Model

$$y^* = \beta_0 + \beta_9 \ln_{\text{tot_asset}} + \beta_{10} \text{gross_pf_mg} + \beta_{11} \text{asset_to_ead} + \varepsilon$$

Model 5: Macro Model

$$y^* = \beta_0 + \beta_{12} \text{mf_gdp_chg} + \beta_{13} \text{mf_inf_gen} + \beta_{14} \text{mf_ir_mlr} + \beta_{15} \text{mf_fx_chg} + \beta_{16} \text{mf_npl_qouta} + \varepsilon$$

Model 6: Macro Model (No NPLs)

$$y^* = \beta_0 + \beta_{12} \text{mf_gdp_chg} + \beta_{13} \text{mf_inf_gen} + \beta_{14} \text{mf_ir_mlr} + \beta_{15} \text{mf_fx_chg} + \varepsilon$$

Whereas, the β_0 is the constant term, β_1 - β_{16} are the coefficient parameters, ε is the error term. The remaining ones refer to explanatory variables.



CHAPTER IV

RESULTS

4.1 Findings on Recovery Rates (RR)

4.1.1 Number of Observations

According to the dataset, the overall number of listed companies enter into the reorganization during B.E. 2541 – present is 153 cases. Then, the data shall be sorted out step by step to get the most practicable observations for further analysis.

Step 1 Cut off by the court decision: In case of lack of sufficient evidence to prove the possibility of going-concern business or, in other words, not meet the legal requirement for reorganization, the reorganization request shall be dismissed by the court. The dismissed events as of 35 cases will be excluded from our observations. From this step, the data remains as to 118 cases.

Step 2 Classify the success on reorganization:

(i) For the cases approved by the court to implement the reorganization plan and, later, ordered to dissolve the reorganization by the court and allowed all rights and liabilities of the former shareholders and directors to be resumed will be regarded as “success” on reorganization.

(ii) However, other cases approved by the court for reorganization but, afterward, be ordered to terminate the reorganization due to the disability to undertake further business or the incapability to perform obligations, will be regarded as “fail” on reorganization.

To this extent, we can classify the observations into 81 cases of success and 37 cases of failure.

Step 3 Conclude the actual number of the available data: Due to the limitation of data as aforementioned, the above number of the success and failure cases on reorganization is not totally usable. In actual fact, the available data on the success scenario is only 56 from 81 cases and the failure event is only 9 from 37 cases.

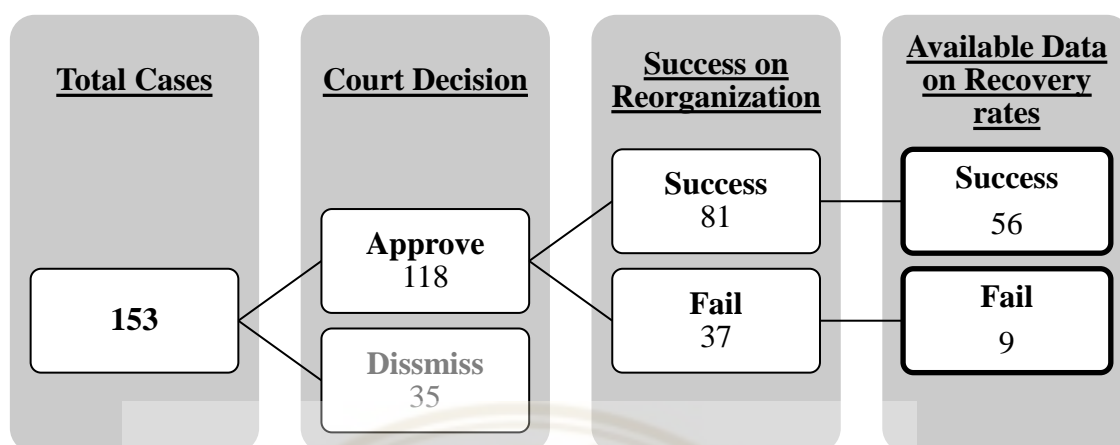


Figure 4.1: Description of Observations

4.1.2 Recovery rates in general

Upon the available data (56 cases of success and 9 cases of fail), the average recovery rates could be calculated in general and concluded as follows;

(1) For the success cases, some negative RR has been found² and could be referred to the situation which the debtors confront with higher debt amount than the time stepping into reorganization but, eventually, can be dissolved from the reorganization³, therefore, the average RR is 59.21%.

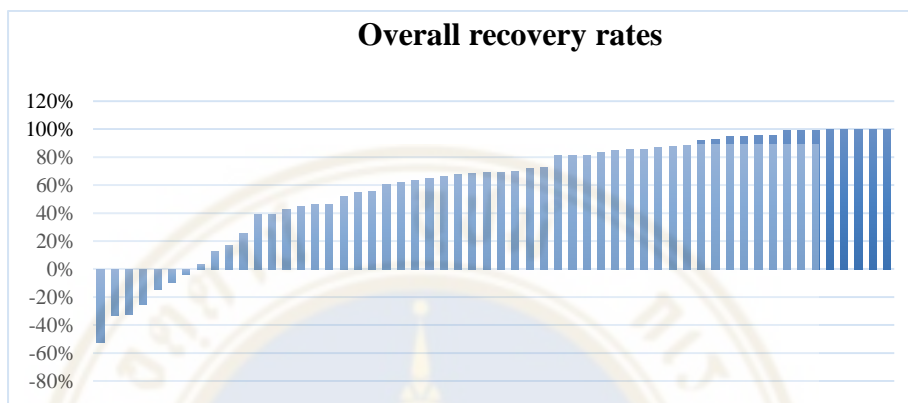
(2) For the failure cases, although they are those events of incomplete termination of the reorganization, at some certain level, the creditors could claim back from the debtors. Unfortunately, such return ratio in general turns to be negative and the average RR then is at -7.07%.

² There are two observations considered as the outlier sample and be filtered out before calculation due to the abnormal value of recovery rates as to -209.93%, -5027.95% which may be caused by the various sources of data which are aligned to each other.

³ This situation is aligned with the observations found in the study of Grunert (2006)

Table 4.1: Recovery rates in general

	Number of Cases	Average RR
Success	56	59.21%
Fail	9	-7.07%
Total	65	50.03%

**Figure 4.2: Distribution of the recovery rates**

4.1.3 Recovery rates on each feature of the data set

Upon the available data, there are four main characteristics used for demonstrating the overall analysis on recovery rates. In this regard, the analysis on the recovery rates in each feature will focus mainly on the successful cases in reorganization to demonstrate in particular the cause and effect of reorganization characteristic on recovery rates.

(1) Period of entering into reorganization: the data will be counted once a reorganization petition was submitted to the court. This feature could reflect the possibility of success through the timing factor.

From the overall data, it could be recorded that the majority of reorganization cases in the past had loaded much during a first couple years after the financial crisis in B.E. 2540. Besides, once the recovery rates have been investigated, the high level of recovery rates seem to clutch on the observations during this time period as well proven by the average RR in B.E. 2542 and 2543 as to 76.17% and 73.30% respectively.

This could be affirmed by the ANOVA-analysis which the statistic evidence has been proven significant at 5% level. (See Appendix B. for the results of ANOVA-analysis)

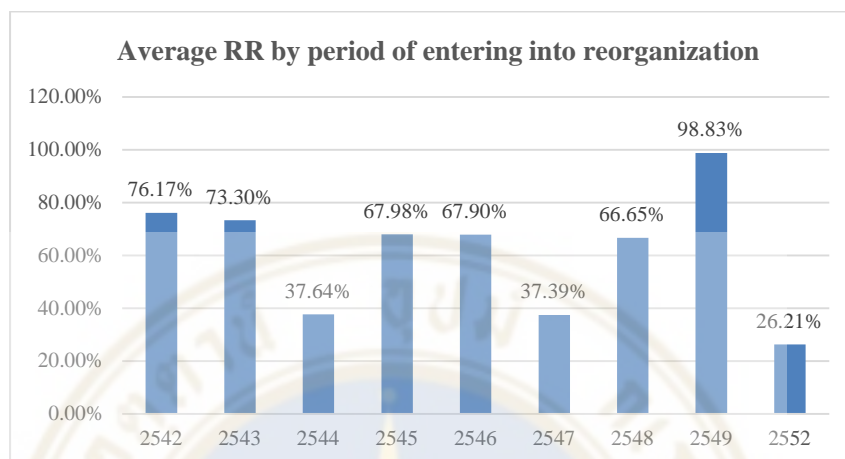


Figure 4.3: Average RR by period of entering into reorganization

(2) Industry classification: Due to the status as the listed companies in the SET, the data set has also been classified by the Industry Classification as indicated by the SET.

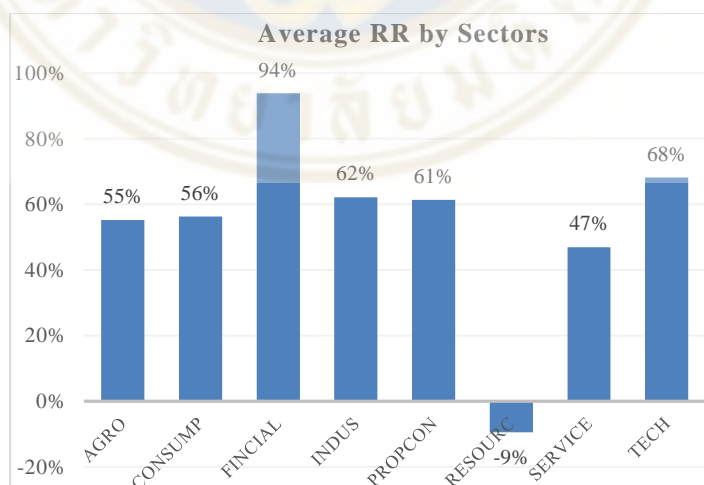


Figure 4.4: Average RR by Sectors

From the available data, the Financial sector seems to have potential capacity to recover. Though the data set is little in amount but the results have proven significance as to 93.32%. The characteristic of the sector itself could be the key rationale. However, given the number of data should be emphasized, the sectors which could prove the potential recovery ability are those Industry and Property & Construction sector as to 62.13% and 61.30% respectively.

Yet, the ANOVA-analysis could not visibly prove this assumption though it recognizes the explicit variance of the recovery rates based on sector. The P-Value is recorded as to 0.373. The limited number of observations should be the key constraint.

(3) Claimant for reorganization: According to the LED datasource, we can categorize the pattern of the claimant for reorganization into three types; the debtor, the creditor, the debtor together with the creditor.

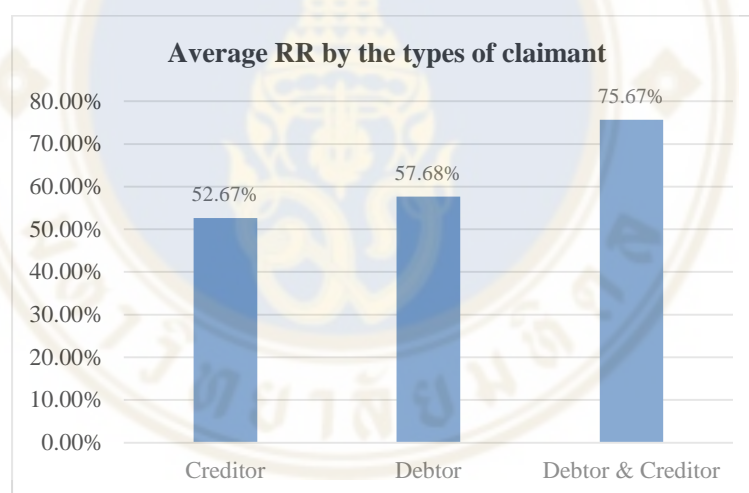


Figure 4.5: Average RR by the types of claimant

From the available data, although the most common type of claimant is the case of the debtor, the utmost successful scenario seems to be the case of reorganization started together by the debtor and the creditor. The percentage chance of success is 100% based on the available observations and the average RR from such observations is 75.67%. It is sensible enough to interpret in the way that the success of reorganization shall be depended on the mutual agreement between the debtor and a group of creditors. For that reason, in the case where the debtor and creditor have

agreed to enter into the reorganization procedure at the beginning, the consequent implementation should be agreeable and settled progressively.

As well as the scenario in the second feature, this assumption has been rejected through the ANOVA-analysis. Although the ANOVA-analysis does represent the significant high recovery rates in case of the mutual claimants (debtor and creditor), the P-Value is only at 0.299. The small number of observations should also be claimed as the key limitation.

(4) Number of years being in reorganization procedure: In general, the average timeframe of reorganization should be legitimately five years, however, the case-by-case extension may be allowed upon necessity.

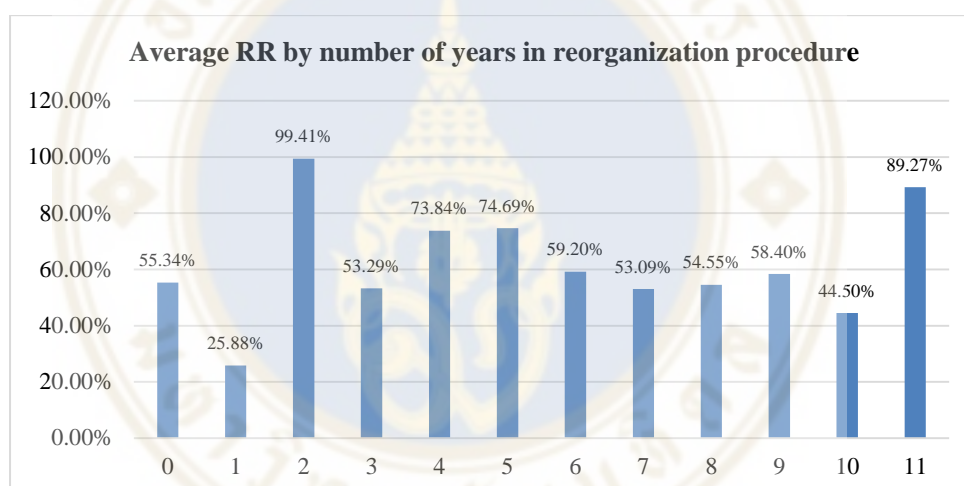


Figure 4.6: Average RR by number of years in reorganization procedure

From the available data, the success of reorganization seems to be subject to the shorten period of being in reorganization procedure. Though the observations is quite various in term of lengthen of time but the overall data has proven that the recovery rates tend to be higher within the first timeframe by virtue of law (approximately not exceeding 5 years). The two-year period could be the most desirable one given the opportunity for the debtor to resume the original business condition with the average RR as to 99.41%. However, the number of observations is too limited to conclude so. To this extent, the conceivable remark should be the case

of four and five-year timeframe which could delivered the high recovery rate as to 73.84% and 74.69%.

This assumption could be reaffirmed by the ANOVA-analysis which resulted as to 5% level.

4.2 Findings on Influencing Factors for Recovery Rates

4.2.1 Regression Analysis Model

As previously mentioned in Chapter 3, there are six models examined in this study. Primarily, we test the variables with regression analysis through two scenarios (1) in case of all available data from the success and fail cases and (2) in case of the success cases in particular.

At the beginning, we filter out only the cases accepted by the court to enter into the reorganization procedure which are in total 118 observations from the overall 153 cases. However, due to the limitation of data, there are only 65 cases from 118 which have sufficient data as the observations for analysis on recovery rates. Indeed, a few observations with the abnormal data is also sorted out i.e. the observations with the recovery rates exceeding -100%. (See Appendix C. for the details of those data) The regression analysis is then started as **Scenario (1)**. Nevertheless, the significance of the assumed factors seems to be rejected by almost all model. Only Model 6 (Macroeconomic factors excluding the Quota of NPLs variable) that could represent the overall significance at 10% level and the Interest rate variable's significance at 1% level.

Consequently, we try to seek for other possible approach for analysis. From the 65 observations preliminarily used, they are comprising either 56 success cases or 9 fail cases. That blend may affect the accuracy of analysis. Accordingly, the observations have been further scoped down only to the 56 success cases and applied as **Scenario (2)**. For another 9 cases of failure, it should be noted that the number of observations is too small to be analyzed and shall be dropped.

Table 4.2: Regression analysis result - influencing on recovery rates, Scenario (1) observations from both success and fail cases

Explanatory Variables		1. Full Model	2. Firm Specific Model	3. Sector Model	4. Firm Specific (No Sector) Model	5. Macro Model	6. Macro (No NPLs) Model
Sector	Agro & Food Industry	-44.942 (84.484)	-57.755 (43.168)	-39.214 (39.578)	-	-	-
	Consumer Products	(omitted)	-42.053 (45.525)	-21.663 (41.718)	-	-	-
	Financials	39.500 (75.599)	(omitted)	25.647 (45.700)	-	-	-
	Industrials	-15.080 (64.371)	-33.351 (38.396)	-8.561 (33.634)	-	-	-
	Property & Construction	-34.445 (64.973)	-34.134 (39.373)	-17.961 (33.973)	-	-	-
	Resources	(omitted)	(omitted)	-77.649 (55.971)	-	-	-
	Services	-24.636 (65.670)	-60.076 (40.338)	-38.403 (35.399)	-	-	-
	Technology	(omitted)	-6.285 (60.443)	(omitted)	-	-	-
Firm Specific Data	ln (Total Assets)	13.364 (15.478)	5.822 (6.091)	-	5.165 (5.325)	-	-
	Gross Profit Margin	33.178 (109.552)	18.706 (39.255)	-	22.488 (35.256)	-	-
	Total Asset / EAD	-13,873.310 (50,120.300)	-7,309.450 (11,592.940)	-	-3,887.261 (8,232.876)	-	-
Macroeconomic Factors	GDP growth	-22.976 (52.430)	-	-	-	-0.937 (20.563)	5.613 (3.865)
	Inflation rate	39.067 (93.990)	-	-	-	2.190 (34.300)	-8.196 (6.599)
	Interest Rate	-27.081 (72.466)	-	-	-	9.587 (29.305)	24.579 *** (8.630)
	FX Rate Change	-264.659 (429.813)	-	-	-	-141.168 (204.151)	-117.006 (104.402)
	Quota of NPLs	12.283 (33.083)	-	-	-	3.102 (13.116)	-
	Constant	8.219 (379.814)	8.288 (92.001)	68.169 ** (32.315)	-22.328 (77.474)	-51.083 (151.759)	-140.564 * (73.376)
Model							
Number of Observation		25	45	65	45	45	65
F stat		0.27	0.57	1.11	0.39	0.31	2.21 *
R-squared		0.240	0.128	0.120	0.028	0.038	0.129

Note: *, **, *** show significant at 10%, 5% and 1% levels respectively, standard errors reported in brackets, “(omitted)” means the variable has been removed from the model.

Table 4.3: Regression analysis result - influencing on recovery rates, Scenario (2) observations from only success cases

Explanatory Variables		1. Full Model	2. Firm Specific Model	3. Sector Model	4. Firm Specific (No Sector) Model	5. Macro Model	6. Macro (No NPLs) Model
Sector	Agro & Food Industry	(omitted)	-11.557 (44.320)	-1.082 (37.196)	-	-	-
	Consumer Products	-32,666.970 *** (8,033.842)	-10.922 (45.544)	(omitted)	-	-	-
	Financials	-32,494.100 *** (8,028.407)	31.164 (50.000)	37.508 (40.746)	-	-	-
	Industrials	-32,686.040 *** (8,035.261)	-10.974 (42.591)	5.823 (30.093)	-	-	-
	Property & Construction	-32,557.000 *** (8,026.980)	-1.643 (42.480)	4.989 (30.559)	-	-	-
	Resources	(omitted)	(omitted)	-65.789 (49.903)	-	-	-
	Services	-32,558.820 *** (8,032.675)	-16.738 (43.161)	-9.401 (32.212)	-	-	-
	Technology	(omitted)	(omitted)	11.860 (40.746)	-	-	-
Firm Specific Data	ln (Total Assets)	-20.920 ** (6.079)	4.432 (5.412)	-	3.531 (4.449)	-	-
	Gross Profit Margin	-288.714 *** (47.690)	-17.612 (38.217)	-	-2.942 (32.887)	-	-
	Total Asset / EAD	55,496.090 ** (21,345.000)	578.010 (9,944.834)	-	-19,522 (6,757.321)	-	-
Macroeconomic Factors	GDP growth	18,922.240 *** (4,654.072)	-	-	-	-6.731 (20.517)	4.496 (3.918)
	Inflation rate	-35,776.040 *** (8,797.518)	-	-	-	13.763 (34.490)	-2.834 (7.401)
	Interest Rate	18,451.870 *** (4,547.007)	-	-	-	8.610 (27.578)	19.882 ** (7.781)
	FX Rate Change	119,446.100 *** (29,430.420)	-	-	-	-307.163 (229.456)	-165.962 * (98.001)
	Quota of NPLs	-10,264.800 *** (2,523.424)	-	-	-	5.494 (12.773)	-
	Constant	-51,264.710 *** (12,736.460)	4.929 (73.500)	56.309 * (28.812)	11.621 (65.187)	-35.291 (140.825)	-100.544 (66.633)
Model							
Number of Observation		19	39	56	39	36	56
F stat		9.10 **	0.35	0.76	0.24	0.77	2.05
R-squared		0.960	0.097	0.100	0.021	0.114	0.139

Note: *, **, *** show significant at 10%, 5% and 1% levels respectively, standard errors reported in brackets, “(omitted)” means the variable has been removed from the model.

Afterward, the newly approach has shown the diverse results. There is one model that represents significance in almost every variable. But, that findings could not be observed due the extreme coefficient values and the limited number of observations as to 19 which is inadequate to be recorded. Conversely, the Model 6 (Macroeconomic factors excluding the Quota of NPLs variable) could also be noted as the merely significant model upon the Interest rate and FX Rate change variable.

With regard to the empirical evidence, it could be concluded that only the Interest Rate variable has significant influence on recovery rates either in scenario (1) or (2). The positive (+) sign represents the influence of such factor on the recovery rates. This finding is aligned with the study of Grunert (2006). For another variable with the negative (-) sign, the FX Rate change, it could be implied in the way that once the THB becomes depreciation, the recovery rates will turn to be slow down, *vice versa*. It should be understood in the situation where the debtors have external obligations in foreign currency. As soon as the THB appreciates against other currencies. The external liabilities will decrease and that impacts the capacity of the debtors to perform obligations.

Still, the essential constraint of this analysis should be emphasized, the limitation of data. Due to the degree of unavailable data of the specific observations, two restrictions have been pointed out;

1. The available data is too minor for being analyzed and representing the significant results.
2. The available data is derived from various datasources which having different archive standards. Subsequently, the recovery rates calculated from such datasources may carry some error and reflect the regression analysis in this aspect.

4.2.2 Logistic Regression Analysis Model

Due to the results of the aforementioned regression analysis in 4.2.1, the Logit Model has been additionally applied in analyzing the influencing factors on the Success of Reorganization identically through the six models used in the above analysis.

Table 4.4: Logistic regression analysis result - influencing on success of reorganization

Explanatory Variable		1. Full Model	2. Firm Specific Model	3. Sector Model	4. Firm Specific (No Sector) Model	5. Macro Model	6. Macro (No NPLs) Model
Sector	Agro & Food Industry	1.880 (2.907)	0.498 (1.301)	0.693 (1.000)	-	-	-
	Consumer Products	-3.317 (3.056)	-0.232 (1.407)	-0.405 (1.155)	-	-	-
	Financials	(omitted)	0.367 (1.563)	-0.288 (1.041)	-	-	-
	Industrials	3.139 (3.180)	2.064 (1.258)	1.856 ** (0.855)	-	-	-
	Property & Construction	-1.859 (2.496)	0.468 (1.160)	0.693 (0.798)	-	-	-
	Resources	(omitted)	(omitted)	0.000 (1.225)	-	-	-
	Services	(omitted)	0.200 (1.215)	0.693 (0.894)	-	-	-
	Technology	(omitted)	(omitted)	(omitted)	-	-	-
Firm Specific Data	ln (Total Assets)	0.980 (0.832)	0.229 (0.224)	-	0.293 (0.197)	-	-
	Gross Profit Margin	0.300 (3.639)	0.878 (1.437)	-	0.226 (1.283)	-	-
	Total Asset / EAD	-2,795.925 (2,482.942)	-104.372 (111.304)	-	-105.409 (89.788)	-	-
Macroeconomic Factors	GDP growth	-0.865 (1.993)	-	-	-	-0.120 (0.243)	0.036 (0.129)
	Inflation rate	1.796 (3.589)	-	-	-	0.120 (0.359)	-0.192 (0.150)
	Interest Rate	-0.002 (2.683)	-	-	-	-0.313 (0.540)	-0.208 (0.327)
	FX Rate Change	19.353 (18.392)	-	-	-	4.608 (6.581)	4.774 (3.126)
	Quota of NPLs	1.072 (1.277)	-	-	-	0.192 (0.174)	-
	Constant	-20.147 (14.897)	-3.136 (3.321)	0.000 (0.707)	-3.322 (2.907)	1.629 (3.786)	2.378 (2.908)
Model							
Number of Observations		27	70	118	71	63	118
LR Chi-squared		12.85	11.97	11.98	5.75	5.10	4.03
Pseudo R-squared		0.392	0.140	0.082	0.067	0.066	0.027

Note: *, **, *** show significant at 10%, 5% and 1% levels respectively, standard errors reported in brackets, “(omitted)” means the variable has been removed from the model.

Unlike the regression analysis above, the logistic regression analysis will be carried out upon the status of “success” and “failure” of reorganization. Therefore, the observations in this aspect will consist of the all 118 cases accepted by the court to enter into the reorganization procedure (81 success cases and 37 fail cases).

From the analysis, there is no model representing the statistical significance. But then, the Model 3 (Sector model) has a dummy variable “Industrial sector” variable indicating significance at 5% level. The positive impact on the success of reorganization should be pointed out. This may be a result of the characteristic of the industrial business itself. Most of the debtors in industrial business possess potential tangible and intangible assets which could be used as collateral or convert to cash i.e. plant, machine, etc.

Nevertheless, what should be emphasized is the natural complexity of reorganization plan which comprising not only the financial factors but also non-financial factors like the coordination between the relevant parties i.e. the plan administrator, the debtors, the creditors or even the regulators. The key factor of the success of reorganization could eventually be based on the mutual conciliation between the debtors and the creditors. Therefore, if the debtors could negotiate with the creditors and agree to terminate the reorganization plan, it could be ended up with the success of reorganization regardless the full repayment of debts. This is quite contrary to the scenario of recovery rates which the key factor shall be based on the actual monetary change in amount of debt to be repaid.

The essential constraint in this respect is the confidentiality of the mutual agreement between the debtors and the relevant parties in the reorganization procedure. Only a certain level of information in the reorganization procedure that will be disclosed to the public and the relevant parties have merely authority to access the information. That is outreach for this study. We scope the area of information as to those available in the public domain.

CHAPTER V

SUMMARY

At the beginning of this study, we have collected and analyzed the information of the listed companies in the Stock Market of Thailand (SET) which entering into the reorganization during B.E. 2541 – present. Given the limitation on availability of datasources is notable, the total number of cases is defined as to 153. Among these, 35 cases have been dismissed by the court due to the lack of sufficient evidence to prove the possibility of going-concern business. Only 118 cases could be counted as the sample data. Then, 81 of 118 cases could be referred as to the cases of which are successfully recovered under the reorganization plan and the rest are considered as fail. To this extent, due to the limitation of data, the above number of the success and failure cases on reorganization is not totally usable. As a matter of fact, the available data on the success scenario is only 56 from 81 cases and the failure event is only 9 from 37 cases.

For the success cases, some negative recovery rates has however been found and lastly resulted in the overall average RR at 59.21%.

Accordingly, the four features of dataset have been analyzed to assess the recovery rates in particular aspects which are (1) Period of entering into reorganization (2) Industry classification (3) Claimant for reorganization and (4) Number of years being in reorganization procedure. In this regard, the ANOVA-analysis has been applied to reaffirm the assumption on recovery rates through the four features.

Afterward, we further analyze the influencing factors on recovery rates (and also the success of reorganization). Primarily, two dependent variables are specified (i) Effect on Recovery Rates and (ii) Effect on the Success of Reorganization. At that juncture, the independent variables (“Explanatory variables”) are also determined under two main categories (i) Firm Specific Factors (i.e. total asset, gross profit margin, industry classification) and (ii) Macroeconomic Factors (i.e. GDP growth, inflation, exchange rate).

All specified variables have been plugged in and out a number of models to find out the most appropriate one to describe the recovery rate. As a result, we found out that the significance of the assumed factors seems to be rejected by almost all models either from the regression analysis or the logistic regression analysis. The key constraint should be emphasized that the available data may be insufficient for being analyzed and representing the significant results.

Recommendation for Future Work

The recovery rates could be considered as an essential incentive for business considering to enter into the reorganization procedure. In Thailand, there seems to be no explicit study in this matter. And, that is the origination of this study.

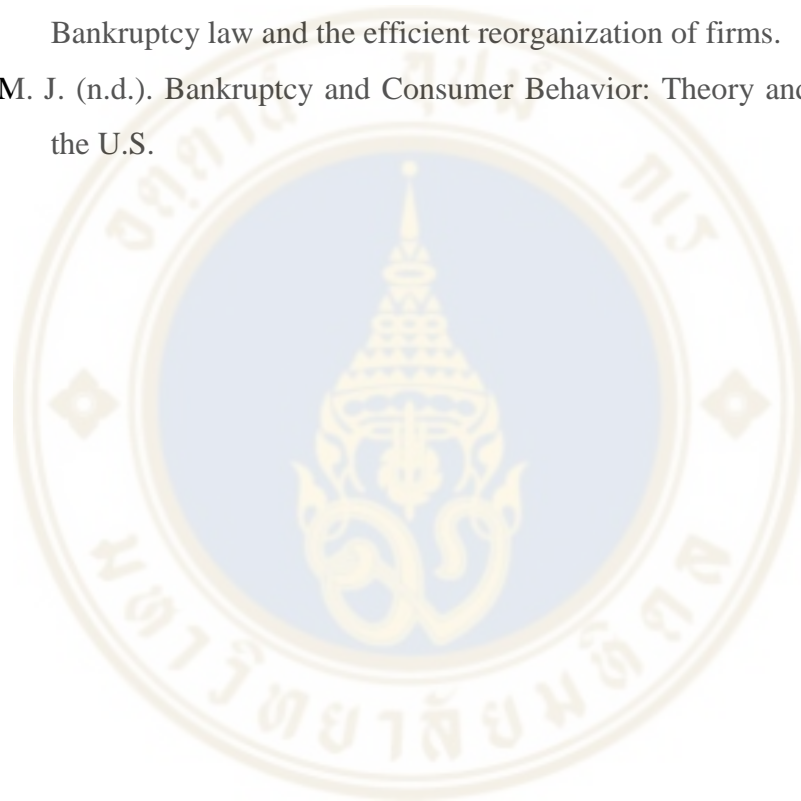
At the beginning, we have set the main objective to discover the recovery rates based on the payback quota of borrowing from the reorganization. However, the key obstacle has later been remarked, the availability of data. As aforementioned, only a certain level of information in the reorganization procedure that will be disclosed to the public and the relevant parties have merely authority to access the information. That is outreach for this study to scope down as to those available data in the public domain. To this end, there is a room for further study in depth by whom the data is accessible to crystalize the concrete recovery rates and, also, the influencing factors in relevant for the purpose of creating a guideline for each stepping in the reorganization.

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APPENDIX A

Related Websites

Legal Execution Department (LED) website

Use of source: to access the cases of listed companies entering into the reorganization and being dissolved from the procedure already.

- Home Page: <http://www.led.go.th>
- The cases released from reorganization procedure:
<http://www.led.go.th/ff/caseout/caseout.asp>



SET Securities Exchange of Thailand (SET) website

Use of source: to access the news and announcement regarding the listed companies.

- Home Page: <http://www.set.or.th>
- Company News:
[http://www.set.or.th/set/companynews.do?symbol=\[SYMBOL\]](http://www.set.or.th/set/companynews.do?symbol=[SYMBOL])

www.set.or.th/set/companynews.do?symbol=PATKL¤tpage=1&language=en&country=US

Securities Info.

News

Equities

- Companies/Securities in Focus
- Stock Calendar
- IPOs
- New Listed Companies/Securities
- List of Companies/Securities
- ISIN

Bonds

Opportunity Day & Company Highlights

Companies/Securities in Focus

PATKL : PATKOL PUBLIC COMPANY LIMITED

Company/Securities Search

Profile F/S & Highlights Major Shareholder Rights & Benefits News Daily Quote Historical Trading

News Today 08 Aug 2014

Time	Headline	File Type
17:46:28	Financial Statement Quarter 2/2014	ZIP

08 Aug 2014

Time	Headline	File Type
18:19:27	Management Discussion and Analysis Quarter 2 Ending 30-Jun-2014	Detail
17:47:53	Reviewed Quarter 2 and Consolidated F/S (F45-3)	Detail

News Archive (2 years) Total 45 headlines.

Date/Time	Headline	File Type
14 Nov 2013 12:49	Financial Statement Quarter 3/2013	ZIP
21 Aug 2013 13:06	Progress of business reorganizing process of Patkol Plc.	Detail
08 Aug 2013 18:33	Reviewed Half Year and Consolidated F/S (F45-3)	Detail
08 Aug 2013 18:33	Operation Results for the half year ended 30 June 2013	Detail
08 Aug 2013 18:32	Financial Statement Half Year 2013	ZIP
30 Jul 2013 17:09	Progress of business reorganizing process of Patkol Plc.	Detail
25 Jul 2013 22:10	To inform the progress of lawsuit against TPK Ethanol(Revised wording)	Detail

The Securities Exchange Commission (SEC) database

Use of source: to access financial statements and other relevant documents of the listed companies.

- Home Page: <http://www.sec.or.th>
- Financial Statements: <http://market.sec.or.th/public/idisc/FinancialStatement.aspx?lang=th&reportcode=PP06>

market.sec.or.th/public/idisc/FinancialStatement.aspx?lang=en&reportcode=PP06

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Financial Statements (114 record(s) found)

Name	Year	Status	Type	Period	As Of	Details
PATKOL PUBLIC COMPANY LIMITED	2014	Reviewed	Consolidated	Q1	31/03/2014	

APPENDIX B

The Recovery Rates (RR) in Summary

The Recovery Rates (RR) of the determined cases have been examined in overall and in particular features which are (i) Period entering into reorganization (ii) Industry classification (iii) Type of claimant (iv) Number of years in reorganization.

The data on number of cases and the average RR will be demonstrated in tabular chart based on each scenario (i) the total cases that accepted by the court and (ii) the actual cases that have available data on recovery rates for further analysis. Then, the One-way ANOVA has been employed to test effects of the features.

The available data will be plotted in acceding graph and matched with each relevant feature for visualizing the contribution of data. In this regard, the tabular on the status “success” and fail” shall be illustrated in parallel to conceptually demonstrate the overall picture of the recovery rates under the reorganization.

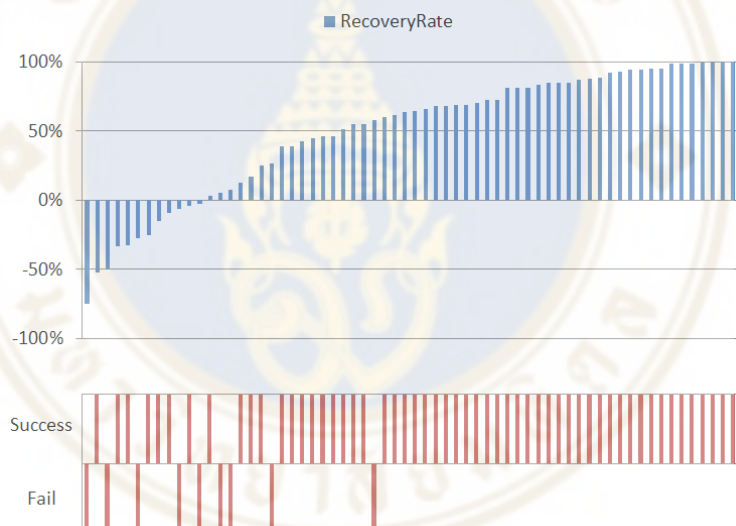
1. Recovery Rates in overall

Summary of Recovery Rates

Result	Total cases	Number of available cases	Average RR	SD RR
Success	81	56	59.21%	40.11%
Fail	37	9	-7.07%	39.74%
Total	118	65	50.03%	45.96%

Analysis of Variance (on effect of result)

Source	SS	df	MS	F	Prob > F
Between groups	34,067.06	1	34,067.06	21.22	0.000
Within groups	101,134.27	63	1,605.31		
Total	135,201.33	64	2,112.52		



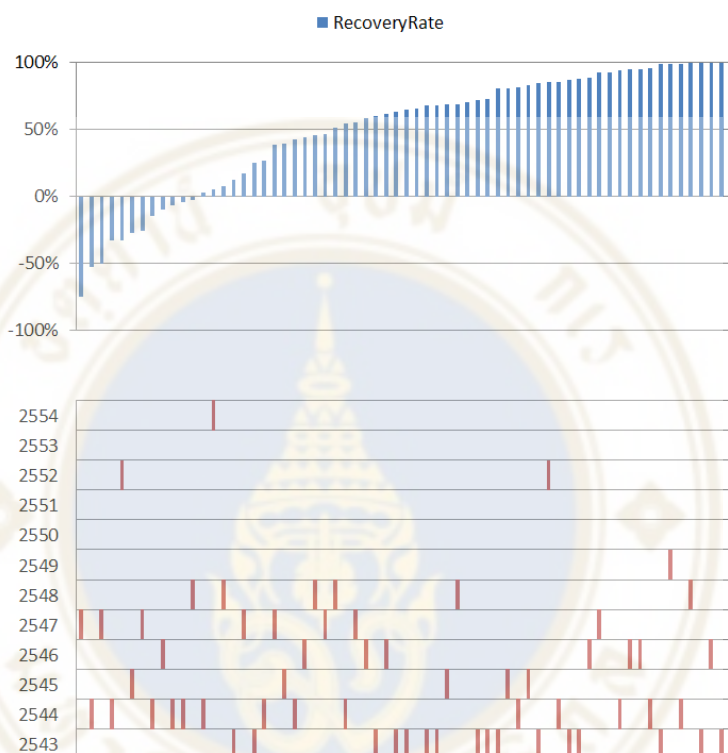
2. Period entering into reorganization

Summary of Recovery Rates

Result	Total cases	Number of available cases	Average RR	SD RR
2554	1	1	5.56%	#N/A
Fail	1	1	5.56%	#N/A
2553	1	0	#N/A	#N/A
Fail	1	0	#N/A	#N/A
2552	3	2	26.21%	83.26%
Success	2	2	26.21%	83.26%
Fail	1	0	#N/A	#N/A
2551	5	0	#N/A	#N/A
Success	3	0	#N/A	#N/A
Fail	2	0	#N/A	#N/A
2550	3	0	#N/A	#N/A
Success	2	0	#N/A	#N/A
Fail	1	0	#N/A	#N/A
2549	2	1	98.83%	#N/A
Success	1	1	98.83%	#N/A
Fail	1	0	#N/A	#N/A
2548	7	6	45.20%	38.30%
Success	4	4	66.65%	24.26%
Fail	3	2	2.31%	7.18%
2547	9	8	12.45%	57.33%
Success	6	6	37.39%	39.44%
Fail	3	2	-62.35%	17.66%
2546	8	8	66.68%	36.97%
Success	7	7	67.90%	39.76%
Fail	1	1	58.13%	#N/A
2545	7	5	48.86%	46.23%
Success	5	4	67.98%	20.29%
Fail	2	1	-27.62%	#N/A
2544	17	14	33.71%	52.23%
Success	14	12	37.64%	55.28%
Fail	3	2	10.17%	23.67%
2543	43	17	73.30%	24.73%
Success	30	17	73.30%	24.73%
Fail	13	0	#N/A	#N/A
2542	10	3	76.17%	14.43%
Success	6	3	76.17%	14.43%
Fail	4	0	#N/A	#N/A
2541	2	0	#N/A	#N/A
Success	1	0	#N/A	#N/A
Fail	1	0	#N/A	#N/A
Total	118	65	50.03%	45.96%

Analysis of Variance (on effect of period entering)

Source	SS	df	MS	F	Prob > F
Between groups	34,140.06	9	3,793.34	2.06	0.049
Within groups	101,061.27	55	1,837.48		
Total	135,201.33	64	2,112.52		



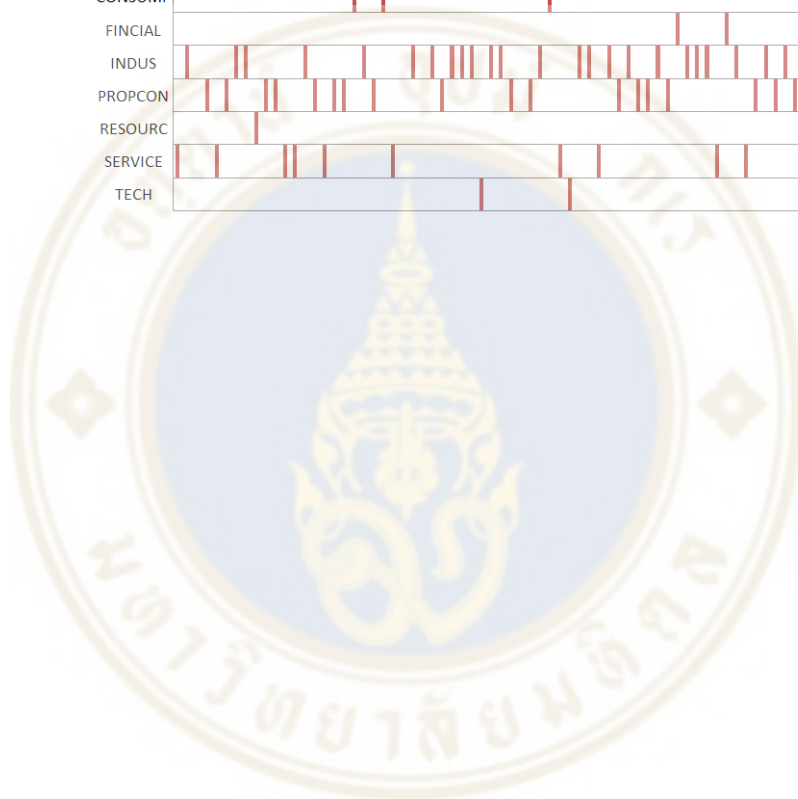
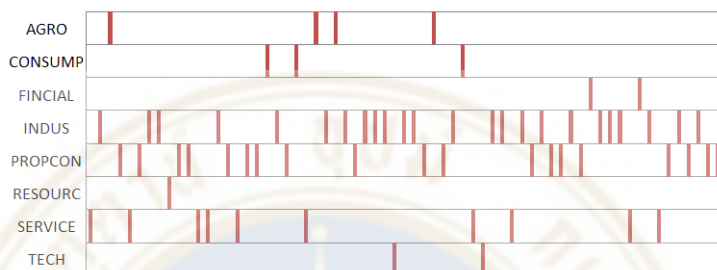
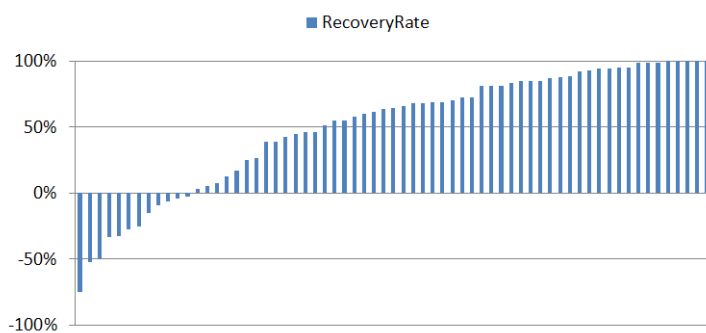
3. Industry classification

Summary of Recovery Rates

Result	Total cases	Number of available cases	Average RR	SD RR
AGRO	9	4	28.96%	53.36%
Success	6	3	55.23%	11.37%
Fail	3	1	-49.86%	#N/A
CONSUMP	5	3	46.51%	21.81%
Success	2	2	56.31%	19.36%
Fail	3	1	26.90%	#N/A
FINCIAL	7	2	93.82%	2.27%
Success	3	2	93.82%	2.27%
Fail	4	0	#N/A	#N/A
INDUS	37	24	59.61%	41.85%
Success	32	22	62.13%	42.10%
Fail	5	2	31.84%	37.17%
PROPCON	33	19	50.21%	46.31%
Success	22	16	61.30%	41.24%
Fail	11	3	-8.93%	17.62%
RESOURC	4	1	-9.48%	#N/A
Success	2	1	-9.48%	#N/A
Fail	2	0	#N/A	#N/A
SERVICE	15	10	29.77%	58.33%
Success	10	8	46.91%	48.22%
Fail	5	2	-38.80%	50.96%
TECH	8	2	68.17%	6.56%
Success	4	2	68.17%	6.56%
Fail	4	0	#N/A	#N/A
Total	118	65	50.03%	45.96%

Analysis of Variance (on effect of industry classification)

Source	SS	df	MS	F	Prob > F
Between groups	16,156.42	7	2,308.06	1.11	0.373
Within groups	119,044.91	57	2,088.51		
Total	135,201.33	64	2,112.52		



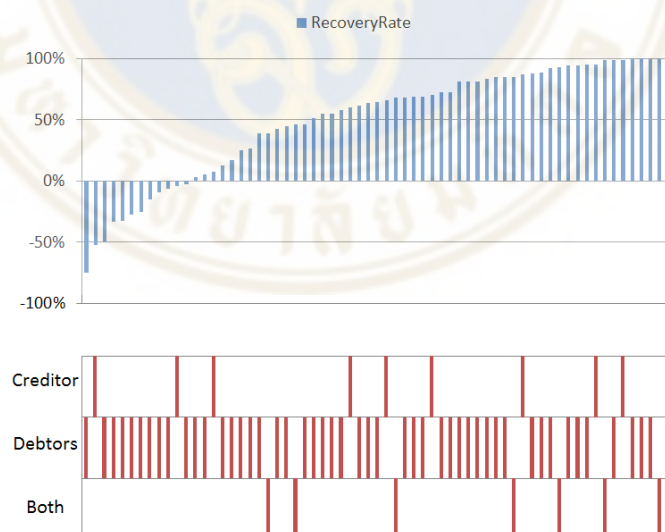
4. Types of Claimant

Summary of Recovery Rates

Result	Total cases	Number of available cases	Average RR	SD RR
Creditor	17	9	47.63%	52.17%
Success	12	8	52.67%	53.39%
Fail	5	1	7.39%	#N/A
Debtor	93	49	46.81%	46.66%
Success	61	41	57.68%	39.51%
Fail	32	8	-8.88%	42.09%
Debtor & Creditor	8	7	75.67%	25.09%
Success	8	7	75.67%	25.09%
Grand Total	118	65	50.03%	45.96%

Analysis of Variance (on effect of types of claimant)

Source	SS	df	MS	F	Prob > F
Between groups	5,159.94	2	2,579.97	1.23	0.299
Within groups	130,041.39	62	2,097.44		
Total	135,201.33	64	2,112.52		



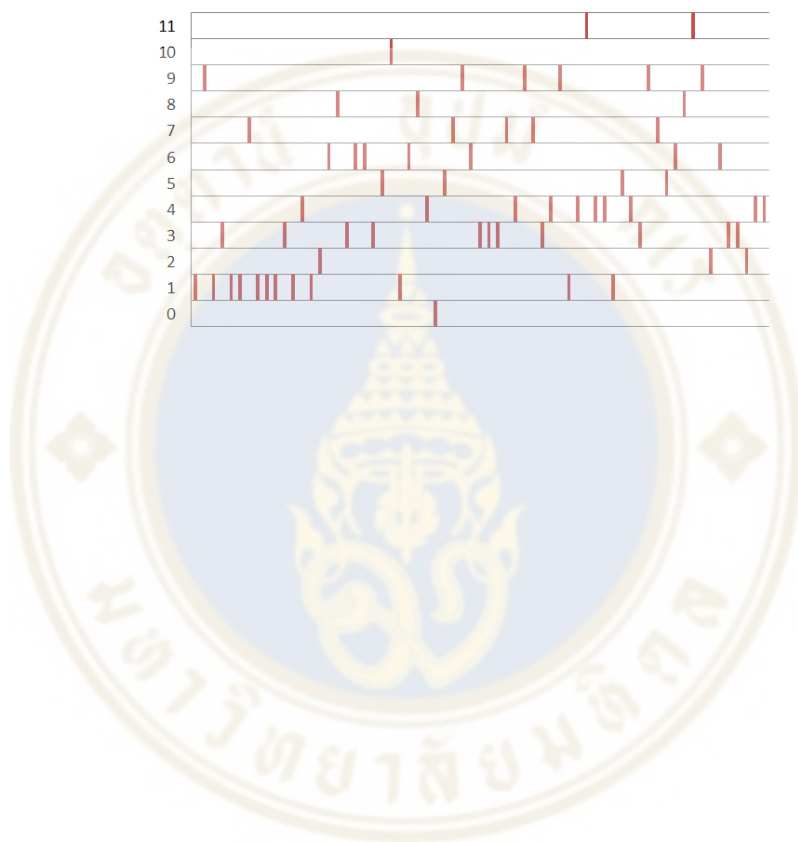
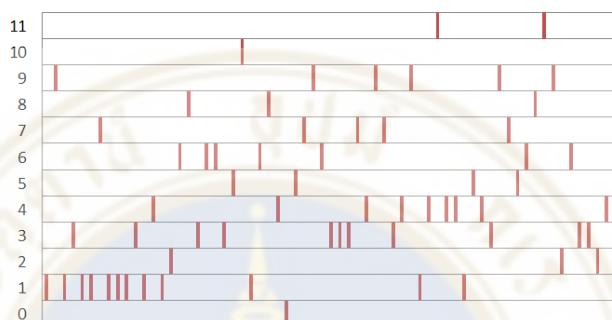
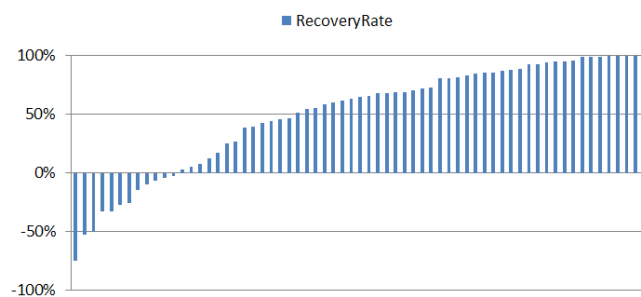
5. Number of years in reorganization

Summary of Recovery Rates

Result	Total cases	Number of available cases	Average RR	SD RR
11	3	2	89.27%	8.70%
Success	3	2	89.27%	8.70%
10	1	1	44.50%	#N/A
Success	1	1	44.50%	#N/A
9	7	6	58.40%	56.04%
Success	7	6	58.40%	56.04%
8	5	3	54.55%	39.24%
Success	3	3	54.55%	39.24%
Fail	2	0	#N/A	#N/A
7	8	5	53.09%	45.52%
Success	7	5	53.09%	45.52%
Fail	1	0	#N/A	#N/A
6	15	7	54.58%	32.96%
Success	12	6	59.20%	33.54%
Fail	3	1	26.90%	#N/A
5	9	4	70.55%	24.33%
Success	7	3	74.69%	28.02%
Fail	2	1	58.13%	#N/A
4	14	10	73.84%	28.36%
Success	13	10	73.84%	28.36%
Fail	1	0	#N/A	#N/A
3	15	11	53.29%	42.64%
Success	14	11	53.29%	42.64%
Fail	1	0	#N/A	#N/A
2	6	3	68.74%	53.13%
Success	4	2	99.41%	0.83%
Fail	2	1	7.39%	#N/A
1	27	12	-0.07%	48.85%
Success	8	6	25.88%	51.58%
Fail	19	6	-26.01%	31.21%
0	8	1	55.34%	#N/A
Success	2	1	55.34%	#N/A
Fail	6	0	#N/A	#N/A
Grand Total	118	65	50.03%	45.96%

Analysis of Variance (on effect of number of years)

Source	SS	df	MS	F	Prob > F
Between groups	42,449.32	11	3,859.03	2.21	0.028
Within groups	92,752.01	53	1,750.04		
Total	135,201.33	64	2,112.52		



APPENDIX C

Raw Data

Reorganization Data

No	Industry	Year Enter	Year Exit	Number Of Year	Claimant	Reorgan-ization Result	Original Amount of Debt (A*)	Remaining Debt (B*)	Recovery Rate (C)	Recovery Rate (filtered)
1	PROPCON	2541	2542	1	Debtor	Failure	3,314,000,000	.	.	.
2	INDUS	2542	2542	0	Creditor	Failure	1,596,089,325	.	.	.
3	INDUS	2542	2543	1	Debtor	Success	6,019,787,842	.	.	.
4	RESOURC	2543	2543	0	Creditor	Failure	260,575,000,000	.	.	.
5	FINCIAL	2543	2543	0	Debtor	Failure	8,388,108,857	.	.	.
6	TECH	2542	2543	1	Debtor	Failure	7,785,733,712	.	.	.
7	PROPCON	2543	2543	0	Debtor	Failure	2,588,528,000	.	.	.
8	TECH	2542	2543	1	Debtor	Failure	4,142,239,394	.	.	.
9	PROPCON	2543	2543	0	Debtor	Success	6,381,026,259	.	.	.
10	SERVICE	2543	2544	1	Debtor	Failure	3,432,512,051	.	.	.
11	SERVICE	2543	2544	1	Debtor	Failure	2,088,142,154	.	.	.
12	FINCIAL	2543	2544	1	Debtor	Failure	9,215,027,493	.	.	.
13	PROPCON	2543	2544	1	Debtor	Failure	2,492,892,924	.	.	.
14	FINCIAL	2544	2544	0	Debtor	Failure	18,231,096,000	.	.	.
15	FINCIAL	2543	2544	1	Debtor	Failure	12,790,653,717	.	.	.
16	TECH	2543	2544	1	Debtor	Success	44,357,561,770	.	.	.
17	INDUS	2544	2545	1	Debtor	Success	683,096,389	784,995,486	-14.92%	-14.92%
18	INDUS	2542	2545	3	Creditor	Success	7,319,462,536	2,499,200,000	65.86%	65.86%
19	PROPCON	2544	2545	1	Debtor	Failure	2,588,528,153	2,758,592,760	-6.57%	-6.57%
20	PROPCON	2544	2545	1	Both	Success	20,145,402,000	3,000,000,000	85.11%	85.11%
21	PROPCON	2543	2546	3	Debtor	Failure	15,709,918,684	.	.	.
22	PROPCON	2543	2546	3	Debtor	Success	17,751,552,870	13,285,490,000	25.16%	25.16%
23	INDUS	2543	2546	3	Debtor	Success	22,001,000,000	7,798,000,000	64.56%	64.56%
24	PROPCON	2543	2546	3	Both	Success	1,580,000,000	508,364,300	67.83%	67.83%
25	INDUS	2544	2549	5	Debtor	Success	1,645,045,442	91,770,760	94.42%	94.42%
26	PROPCON	2543	2546	3	Debtor	Success	7,726,000,000	0	100.00%	100.00%
27	PROPCON	2545	2546	1	Debtor	Failure	11,555,977	9,311,711,843	-80479.18%	.
28	PROPCON	2545	2546	1	Debtor	Failure	27,091,819,000	34,574,408,929	-27.62%	-27.62%
29	INDUS	2544	2546	2	Debtor	Success	1,047,868,870	.	.	.
30	INDUS	2545	2546	1	Debtor	Success	35,634,200,000	6,755,000,000	81.04%	81.04%
31	SERVICE	2543	2546	3	Debtor	Success	1,076,100,000	298,957,942	72.22%	72.22%
32	INDUS	2541	2547	6	Creditor	Success	20,454,145,730	.	.	.
33	PROPCON	2544	2547	3	Debtor	Success	1,048,113,752	1,394,834,514	-33.08%	-33.08%
34	PROPCON	2543	2547	4	Debtor	Success	1,121,055,388	168,165,224	85.00%	85.00%
35	INDUS	2543	2547	4	Debtor	Success	1,819,745,209	227,472,775	87.50%	87.50%
36	PROPCON	2544	2547	3	Creditor	Success	15,105,885,207	15,694,273,204	-3.90%	-3.90%

No	Industry	Year Enter	Year Exit	Number Of Year	Claimant	Reorgan-ization Result	Original Amount of Debt (A*)	Remaining Debt (B*)	Recovery Rate (C)	Recovery Rate (filtered)
37	PROPCON	2543	2547	4	Creditor	Failure	5,545,633,998	.	.	.
38	PROPCON	2543	2547	4	Both	Success	2,650,224,000	0	100.00%	100.00%
39	PROPCON	2543	2547	4	Debtor	Success	400,158,413	.	.	.
40	PROPCON	2547	2547	0	Debtor	Success	930,256,945	415,471,845	55.34%	55.34%
41	PROPCON	2547	2547	0	Debtor	Failure	6,935,678,242	.	.	.
42	TECH	2543	2547	4	Debtor	Success	665,073,353	180,831,448	72.81%	72.81%
43	RESOURC	2546	2547	1	Debtor	Success	9,925,847,039	10,866,813,088	-9.48%	-9.48%
44	PROPCON	2544	2547	3	Debtor	Success	742,244,950	2,300,440,498	-209.93%	.
45	PROPCON	2543	2547	4	Debtor	Success	7,091,287,381	0	100.00%	100.00%
46	SERVICE	2544	2548	4	Debtor	Success	1,835,210,000	1,774,918,435	3.29%	3.29%
47	PROPCON	2545	2548	3	Both	Success	7,803,000,000	4,753,171,294	39.09%	39.09%
48	SERVICE	2547	2548	1	Debtor	Failure	3,142,715,306	5,494,496,582	-74.83%	-74.83%
49	TECH	2542	2548	6	Debtor	Success	1,542,143,311	.	.	.
50	INDUS	2544	2548	4	Debtor	Success	759,078,902	344,186,902	54.66%	54.66%
51	INDUS	2546	2548	2	Debtor	Success	1,056,125,000	0	100.00%	100.00%
52	PROPCON	2543	2548	5	Creditor	Success	4,455,332,000	578,056,000	87.03%	87.03%
53	AGRO	2543	2548	5	Debtor	Success	7,114,586,601	.	.	.
54	AGRO	2547	2548	1	Debtor	Failure	1,717,339,150	2,573,594,854	-49.86%	-49.86%
55	AGRO	2543	2548	5	Creditor	Success	3,090,644,375	.	.	.
56	SERVICE	2544	2548	4	Debtor	Success	2,363,580,000	441,029,739	81.34%	81.34%
57	RESOURC	2543	2548	5	Creditor	Success	27,263,401,769	.	.	.
58	INDUS	2543	2549	6	Debtor	Success	6,421,281,320	.	.	.
59	PROPCON	2545	2549	4	Debtor	Success	12,163,140,000	3,809,100,000	68.68%	68.68%
60	INDUS	2543	2549	6	Debtor	Success	14,250,000,000	.	.	.
61	AGRO	2548	2549	1	Both	Success	1,100,882,000	592,682,000	46.16%	46.16%
62	CONSUMP	2544	2549	5	Debtor	Success	663,700,000	380,835,000	42.62%	42.62%
63	SERVICE	2543	2549	6	Debtor	Success	1,350,686,690	.	.	.
64	SERVICE	2543	2549	6	Debtor	Success	11,138,216,173	9,740,552,173	12.55%	12.55%
65	TECH	2543	2549	6	Debtor	Success	3,715,232,631	1,355,000,000	63.53%	63.53%
66	CONSUMP	2542	2549	7	Creditor	Success	2,922,311,000	876,722,324	70.00%	70.00%
67	PROPCON	2546	2549	3	Debtor	Success	41,366,987,000	4,768,600,000	88.47%	88.47%
68	INDUS	2542	2549	7	Both	Success	10,253,879,654	753,101,375	92.66%	92.66%
69	SERVICE	2548	2549	1	Debtor	Failure	804,499,889	826,736,013	-2.76%	-2.76%
70	TECH	2548	2549	1	Debtor	Failure	25,756,413	1,360,774,597	-5183.25%	.
71	PROPCON	2543	2549	6	Debtor	Success	11,138,216,173	.	.	.
72	PROPCON	2544	2550	6	Creditor	Success	15,000,000,000	129,047,826	99.14%	99.14%
73	PROPCON	2548	2550	2	Creditor	Failure	7,435,012,731	6,885,794,672	7.39%	7.39%
74	AGRO	2549	2550	1	Debtor	Failure	14,400,000	.	.	.
75	INDUS	2543	2550	7	Creditor	Success	6,861,000,000	2,728,310,704	60.23%	60.23%
76	AGRO	2543	2550	7	Debtor	Success	11,000,000,000	3,521,286,497	67.99%	67.99%
77	AGRO	2543	2550	7	Debtor	Failure	6,829,314,000	.	.	.
78	CONSUMP	2544	2550	6	Debtor	Failure	9,838,946,324	7,192,214,234	26.90%	26.90%
79	INDUS	2543	2550	7	Debtor	Success	2,016,904,559	.	.	.
80	PROPCON	2543	2550	7	Creditor	Success	26,570,444	.	.	.
81	INDUS	2548	2551	3	Debtor	Success	546,060,000	50,000	99.99%	99.99%
82	CONSUMP	2543	2551	8	Creditor	Failure	3,630,090,000	.	.	.
83	INDUS	2546	2551	5	Debtor	Failure	17,605,087,299	7,371,618,540	58.13%	58.13%
84	SERVICE	2549	2551	2	Debtor	Success	49,535,766,000	580,815,000	98.83%	98.83%

No	Industry	Year Enter	Year Exit	Number Of Year	Claimant	Reorgan-ization Result	Original Amount of Debt (A*)	Remaining Debt (B*)	Recovery Rate (C)	Recovery Rate (filtered)
85	TECH	2550	2551	1	Debtor	Failure	1,185,000,000	.	.	.
86	INDUS	2542	2551	9	Both	Success	45,447,516,860	.	.	.
87	INDUS	2543	2552	9	Debtor	Success	53,307,448,883	10,148,786,000	80.96%	80.96%
88	INDUS	2543	2552	9	Both	Success	33,540,175,687	394,878,000	98.82%	98.82%
89	INDUS	2546	2552	6	Debtor	Success	13,507,868,101	720,505,000	94.67%	94.67%
90	INDUS	2551	2552	1	Debtor	Failure	7,675,450,428	29,555,435,563	-285.06%	.
91	INDUS	2547	2553	6	Debtor	Success	3,469,650,821	2,122,406,408	38.83%	38.83%
92	INDUS	2547	2553	6	Debtor	Success	6,698,689,915	3,586,209,804	46.46%	46.46%
93	SERVICE	2552	2553	1	Debtor	Success	1,117,222,284	1,482,093,899	-32.66%	-32.66%
94	INDUS	2544	2553	9	Creditor	Success	18,913,562,303	28,836,155,608	-52.46%	-52.46%
95	SERVICE	2550	2553	3	Debtor	Success	20,641,051	1,058,462,770	-5027.95%	.
96	PROPCON	2550	2554	4	Debtor	Success	8,014,273,124	.	.	.
97	INDUS	2547	2554	7	Debtor	Success	9,307,120,080	11,674,136,041	-25.43%	-25.43%
98	FINCIAL	2543	2554	11	Debtor	Success	16,598,063,996	.	.	.
99	SERVICE	2546	2554	8	Debtor	Success	989,146,933	47,421,985	95.21%	95.21%
100	PROPCON	2547	2555	8	Debtor	Success	1,019,105,264	846,773,001	16.91%	16.91%
101	FINCIAL	2544	2555	11	Creditor	Success	10,364,831,435	474,168,886	95.43%	95.43%
102	INDUS	2546	2555	9	Debtor	Success	4,763,211,565	1,812,583,075	61.95%	61.95%
103	INDUS	2554	2555	1	Debtor	Failure	1,004,935,472	949,051,898	5.56%	5.56%
104	FINCIAL	2547	2556	9	Debtor	Success	2,143,255,801	166,994,434	92.21%	92.21%
105	SERVICE	2546	2556	10	Debtor	Success	3,193,121,907	1,772,253,693	44.50%	44.50%
106	INDUS	2545	2556	11	Debtor	Success	66,621,957,695	11,243,374,180	83.12%	83.12%
107	AGRO	2548	2556	8	Debtor	Success	884,815,491	428,879,726	51.53%	51.53%
108	INDUS	2552	2556	4	Debtor	Success	5,836,251,731	870,275,000	85.09%	85.09%
109	INDUS	2548	2557	9	Debtor	Success	3,078,279,758	957,027,164	68.91%	68.91%
110	INDUS	2553	2555	2	Debtor	Failure	1,702,902,146	.	.	.
111	CONSUMP	2551	2557	6	Debtor	Failure	3,207,549,500	.	.	.
112	RESOURC	2552	2557	5	Debtor	Failure	7,705,724,623	.	.	.
113	SERVICE	2543	2549	6	Debtor	Failure	46,691,693,795	.	.	.
114	AGRO	2545	2548	3	Debtor	Success	3,974,098,000	.	.	.
115	PROPCON	2542	2550	8	Debtor	Failure	3,281,633,578	.	.	.
116	INDUS	2551	2553	2	Debtor	Success	2,506,367,442	.	.	.
117	INDUS	2551	2555	4	Debtor	Success	1,702,902,146	.	.	.
118	INDUS	2551	2556	5	Debtor	Success	94,044,843,197	.	.	.

Note: The data in column “Recovery Rate (filtered)” is those data in “column Recovery Rate (C)” being filtered out the outlier which are the recovery rates exceeding -100%.

With regard to the agreement with the LED, the companies’ names shall be concealed and not disclosed when publishing this study. Therefore, we name the companies by numeric manner and specify only the industry classification of those companies.

Macroeconomic Data

Year	GDP Growth (%)	Headline Inflation Rate (%)	Interest Rate MLR (%)	NPL to Total Loan (%)	FX Rate (USD/THB)	FX Rate Change (%)
2535	13.60%	4.10%	11.50%	.	25.40	.
2536	11.20%	3.40%	10.50%	.	25.32	-0.31%
2537	13.00%	5.01%	11.75%	.	25.15	-0.67%
2538	14.30%	5.79%	13.75%	.	24.92	-0.91%
2539	10.00%	5.90%	13.13%	.	25.34	1.69%
2540	1.50%	5.60%	15.25%	.	31.37	23.80%
2541	-0.20%	8.07%	11.75%	.	41.37	31.88%
2542	1.90%	0.31%	8.38%	.	37.84	-8.53%
2543	5.80%	1.60%	7.88%	.	40.16	6.13%
2544	5.40%	1.60%	7.25%	10.46%	44.48	10.76%
2545	7.90%	0.70%	6.75%	15.67%	43.00	-3.33%
2546	9.50%	1.80%	5.63%	12.74%	41.53	-3.42%
2547	10.10%	2.70%	5.63%	10.76%	40.27	-3.03%
2548	9.20%	4.50%	6.63%	8.16%	40.27	0.00%
2549	10.20%	4.70%	7.75%	7.47%	37.93	-5.81%
2550	8.00%	2.30%	6.99%	7.31%	34.56	-8.88%
2551	6.90%	5.50%	6.88%	5.29%	33.36	-3.47%
2552	-0.70%	-0.90%	6.05%	4.85%	34.34	2.94%
2553	11.80%	3.30%	6.31%	3.57%	31.73	-7.60%
2554	4.20%	3.81%	7.44%	2.72%	30.49	-3.91%
2555	9.20%	3.02%	7.19%	2.25%	31.08	1.94%
2556	.	2.18%	7.00%	2.15%	30.73	-1.13%
2557	.	1.93%	7.07%	.	32.94	7.19%

Note: the Inflation Rate -0.90% in B.E. 2552 is obviously negative as a result of the measure to reduce oil price which affecting the headline inflation in that year.

APPENDIX D

Summary of Reorganization Process (in Thai)

กฎหมายเกี่ยวกับกระบวนการฟื้นฟูกิจการโดยสรุป¹

1. นิยาม

"เจ้าหนี้" (creditor) หมายความว่า เจ้าหนี้มีประกันหรือเจ้าหนี้ไม่มีประกัน

"ลูกหนี้" (debtor) หมายความว่า ลูกหนี้ที่เป็นบริษัทจำกัด บริษัทมหาชนจำกัดหรือนิติบุคคลอื่นตามที่กำหนดไว้ในกฎกระทรวง

"คำร้องขอ" (reorganization petition) หมายความว่า คำร้องขอให้ศาลมีคำสั่งให้ฟื้นฟูกิจการ

"ผู้ร้องขอ" (claimant) หมายความว่า ผู้ยื่นคำร้องขอให้ศาลมีคำสั่งให้ฟื้นฟูกิจการ

"แผน" (reorganization plan) หมายความว่า แผนฟื้นฟูกิจการ

"ผู้ถือหุ้นของลูกหนี้" (shareholders of the debtor) หมายความว่า ผู้ถือหุ้นของบริษัทจำกัดหรือบริษัทมหาชนจำกัดซึ่งเป็นลูกหนี้ และหมายความรวมถึงผู้มีส่วนได้เสียในนิติบุคคลอื่นซึ่งเป็นลูกหนี้ทำนองเดียวกับผู้ถือหุ้น

"ผู้ทำแผน" (Plan Preparer) หมายความว่า ผู้จัดทำแผนฟื้นฟูกิจการ

"ผู้บริหารแผน" (Plan Administrator) หมายความว่า ผู้จัดกิจการและทรัพย์สินของลูกหนี้ตามแผนฟื้นฟูกิจการ

"ผู้บริหารของลูกหนี้" (the debtor management) หมายความว่า กรรมการ ผู้จัดการ หรือผู้มีอำนาจดำเนินกิจการของลูกหนี้ในวันที่ศาลมีคำสั่งให้ฟื้นฟูกิจการ

"ผู้บริหารชั่วคราว" (the temporary plan administrator) หมายความว่า ผู้บริหารของ

¹ พระราชบัญญัติล้มละลาย พ.ศ. 2483 หมวด 3/1

ลูกหนี้หรือบุคคลอื่นที่ศาลสั่งให้มีอำนาจจัดการกิจการและทรัพย์สินของลูกหนี้ชั่วคราว ในระหว่างที่ศาลมีคำสั่งให้ฟื้นฟูกิจการแต่ยังไม่มีการตั้งผู้ทำแผน

2. การขอให้ฟื้นฟูกิจการ

บุคคลผู้มีสิทธิร้องขอฟื้นฟูกิจการได้มีดังนี้

(1) เจ้าหนี้ หรือลูกหนี้ หรือหน่วยงานของรัฐ อาจร้องขอให้มีการฟื้นฟูกิจการของลูกหนี้ได้ ไม่ว่าลูกหนี้จะถูกฟ้องให้ล้มละลายแล้วหรือไม่

(2) เมื่อลูกหนี้มีหนี้สินส่วนตัวและเป็นหนี้เจ้าหนี้คนเดียวหรือหลายคนรวมกันเป็นจำนวนแน่นอนไม่น้อยกว่าสิบล้านบาท ไม่ว่าหนี้สินนั้นจะถึงกำหนดชำระทันทีหรือในอนาคตก็ตาม ถ้ามีเหตุอันสมควรและมีช่องทางที่จะฟื้นฟูกิจการของลูกหนี้ บุคคลที่มีสิทธิตามกฎหมายอาจยื่นคำร้องขอต่อศาลให้มีการฟื้นฟูกิจการได้

(3) บุคคลซึ่งมีสิทธิยื่นคำร้องขอต่อศาลให้ฟื้นฟูกิจการ ได้แก่บุคคลดังต่อไปนี้

- เจ้าหนี้ซึ่งอาจเป็นคนเดียวหรือหลายคนรวมกันและมีจำนวนหนี้แน่นอนไม่น้อยกว่าสิบล้านบาท
- ลูกหนี้ซึ่งมีลักษณะตาม (2)
- ธนาคารแห่งประเทศไทย ในกรณีที่ลูกหนี้ เป็นธนาคารพาณิชย์ บริษัทเงินทุน บริษัทเงินทุนหลักทรัพย์ หรือบริษัทเครดิตฟองซิเอร์
- สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์ ในกรณีที่ลูกหนี้ เป็นบริษัทหลักทรัพย์
- กรรมการประกันภัย ในกรณีที่ลูกหนี้ เป็นบริษัทประกันวินาศภัยหรือบริษัทประกันชีวิต
- หน่วยงานของรัฐที่มีอำนาจหน้าที่กำกับดูแลการประกอบกิจการของลูกหนี้

3. การพักชำระหนี้ (Automatic Stay) ระหว่างการฟื้นฟูกิจการ

เมื่อศาลล้มละลายมีคำสั่งรับคำร้องขอให้ศาลมีคำสั่งให้ฟื้นฟูกิจการของลูกหนี้แล้ว ลูกหนี้จะได้รับความคุ้มครองจากการถูกฟ้องร้องบังคับคดีในทางแพ่ง และการงดให้บริการสาธารณูปโภคต่างๆ ภายใต้เงื่อนไขที่กฎหมายกำหนด เช่น

- ลูกหนี้
- ไม่ถูกฟ้องร้องหรือถูกสั่งให้เลิกหรือจดทะเบียนเลิกนิติบุคคลที่เป็นลูกหนี้
 - ไม่ถูกสั่งให้เพิกถอนใบอนุญาตประกอบกิจการของลูกหนี้ หรือสั่งให้ลูกหนี้หยุดประกอบกิจการ เว้นแต่จะได้รับอนุญาตจากศาลที่รับคำร้องขอ
 - ห้ามให้ฟ้องลูกหนี้เป็นคดีแพ่งเกี่ยวกับทรัพย์สินของลูกหนี้ ถ้าหนี้นั้นเกิดขึ้นก่อนวันที่ศาลมีคำสั่งเห็นชอบด้วยแผนฟื้นฟูกิจการ และห้ามให้ฟ้องลูกหนี้เป็นคดีล้มละลายในกรณีที่มีการฟ้องคดีไว้ก่อนแล้ว ให้งดการพิจารณาไว้ เว้นแต่ศาลที่รับคำร้องขอฟื้นฟูจะมีคำสั่งเป็นอย่างอื่น
 - ห้ามเจ้าหนี้มีประกันบังคับชำระหนี้เอาแก่ทรัพย์สินที่เป็นหลักประกัน เว้นแต่จะได้รับอนุญาตจากศาลที่รับคำร้องขอ
 - ห้ามมิให้เจ้าหนี้ซึ่งบังคับชำระหนี้ได้เองตามกฎหมาย ยึดทรัพย์สินหรือขายทรัพย์สินของลูกหนี้

4. คำสั่งให้ฟื้นฟูกิจการและตั้งผู้ทำแผน

หากศาลพิจารณาเห็นว่ามีความสมควรให้ฟื้นฟูกิจการ และไม่มีผู้ใดคัดค้าน ศาลจะมีคำสั่งให้ฟื้นฟูกิจการและตั้งผู้ทำแผน² ซึ่งจะเข้ามามีอำนาจในการบริหารกิจการทรัพย์สินและหนี้สินของลูกหนี้ทันที ผู้ทำแผนจะจัดทำแผนฟื้นฟูกิจการของลูกหนี้ เพื่อเสนอต่อเจ้าพนักงานพิทักษ์ทรัพย์และเจ้าหนี้ทุกคน เจ้าพนักงานพิทักษ์ทรัพย์จะทำการประชุมเจ้าหนี้เพื่อพิจารณาแผน และลงมติเห็นชอบด้วยกับแผนฟื้นฟูกิจการหรือไม่³

หากที่ประชุมเห็นชอบ เจ้าพนักงานพิทักษ์ทรัพย์จะรายงานต่อศาล และศาลจะทำการพิจารณาเพื่อมีคำสั่งเห็นชอบด้วยแผน แต่หากศาลพิจารณาแล้วมีคำสั่งไม่เห็นชอบด้วยแผน ศาลจะนัดพิจารณาเพื่อมีคำสั่งให้ยกเลิกคำสั่งให้ฟื้นฟูกิจการ และอาจจะมีคำสั่งพิทักษ์ทรัพย์เด็ดขาดต่อไป

² ในกรณีที่ศาลสั่งให้ฟื้นฟูกิจการแต่ยังไม่มีที่ตั้งผู้ทำแผน ให้อำนาจหน้าที่ในการจัดการกิจการและทรัพย์สินของผู้บริหารของลูกหนี้สิ้นสุดลง ให้ศาลมีคำสั่งตั้งบุคคลใดบุคคลหนึ่งหรือหลายคนหรือผู้บริหารของลูกหนี้เป็นผู้บริหารชั่วคราว มีอำนาจหน้าที่จัดการกิจการและทรัพย์สินของลูกหนี้ต่อไป ภายใต้การกำกับดูแลของเจ้าพนักงานพิทักษ์ทรัพย์จนกว่าจะมีการตั้งผู้ทำแผน

³ หากที่ประชุมไม่เห็นชอบด้วยแผนฟื้นฟูกิจการ เจ้าพนักงานพิทักษ์ทรัพย์จะทำการรายงานต่อศาล และศาลจะนัดพิจารณาเพื่อมีคำสั่งยกเลิกการฟื้นฟูกิจการ หรือพิทักษ์ทรัพย์เด็ดขาดต่อไป

5. คำสั่งเห็นชอบด้วยแผนฟื้นฟูกิจการและตั้งผู้บริหารแผน

เมื่อศาลมีคำสั่งเห็นชอบด้วยแผนฟื้นฟูกิจการ ศาลจะทำการแต่งตั้งผู้บริหารแผน ซึ่งจะมีอำนาจในการจัดการทรัพย์สินของลูกหนี้ทันที ผู้บริหารแผนจะบริหารจัดการทรัพย์สิน หนี้สิน และบริหารกิจการของลูกหนี้ รวมทั้งการชำระหนี้ตามแผนฟื้นฟูกิจการ ซึ่งหากการฟื้นฟูกิจการสำเร็จตามแผน ศาลจะมีคำสั่งยกเลิกการฟื้นฟูกิจการ อำนาจหน้าที่ในการจัดการทรัพย์สินจะกลับมาเป็นของลูกหนี้ตามเดิม แต่หากการฟื้นฟูกิจการไม่เป็นผลสำเร็จ ศาลนัดพิจารณาเพื่อมีคำสั่งยกเลิกการฟื้นฟูกิจการ และอาจจะให้พิกัดทรัพย์ลูกหนี้เด็ดขาดต่อไป

6. การขอรับชำระหนี้ในการฟื้นฟูกิจการ

เจ้าหนี้อาจขอรับชำระหนี้ในการฟื้นฟูกิจการได้ ถ้ามูลแห่งหนี้ได้เกิดขึ้นก่อนวันที่ศาลมีคำสั่งให้ฟื้นฟูกิจการ แม้ว่าหนี้นั้นยังไม่ถึงกำหนดชำระหรือมีเงื่อนไขก็ตาม แต่เจ้าหนี้ต้องยื่นคำขอรับชำระหนี้พร้อมสำเนาต่อเจ้าพนักงานพิทักษ์ทรัพย์ภายในหนึ่งเดือนนับแต่วันโฆษณาคำสั่งตั้งผู้ทำแผน และเจ้าพนักงานพิทักษ์ทรัพย์ต้องส่งสำเนาคำขอรับชำระหนี้ให้ผู้ทำแผนโดยเร็ว

คำขอรับชำระหนี้ในการฟื้นฟูกิจการของเจ้าหนี้อื่นใด ถ้าเจ้าหนี้อื่น ลูกหนี้ หรือผู้ทำแผนไม่ได้แย้ง ให้เจ้าพนักงานพิทักษ์ทรัพย์มีอำนาจสั่งอนุญาตให้รับชำระหนี้ได้ เว้นแต่มีเหตุอันสมควรสั่งเป็นอย่างอื่น

7. การประชุมเจ้าหนี้เพื่อพิจารณาแผนฟื้นฟูกิจการ

(1) รายการที่ต้องระบุในแผนฟื้นฟูกิจการ

- เหตุผลที่ทำให้มีการฟื้นฟูกิจการ
 - รายละเอียดของสินทรัพย์ หนี้สิน และภาระผูกพันต่าง ๆ ของลูกหนี้
- ในขณะที่ศาลสั่งอนุญาตให้ฟื้นฟูกิจการ
- หลักการและวิธีการฟื้นฟูกิจการ
 - (ก) ขั้นตอนของการฟื้นฟูกิจการ
 - (ข) การชำระหนี้ การยึดกำหนดเวลาชำระหนี้ การลดจำนวนหนี้ลง และการจัดกลุ่มเจ้าหนี้
 - (ค) การลดทุนและเพิ่มทุน
 - (ง) การก่อหนี้และระดมเงินทุน แหล่งของเงินทุนและเงื่อนไขแห่ง

หนี้สินและเงินทุนดังกล่าว

(จ) การจัดการและการหาประโยชน์จากทรัพย์สินของลูกหนี้

(ฉ) เงื่อนไขการจ่ายเงินปันผลและประโยชน์อื่นใด

ของผู้ค้าประกัน

ตามแผน

- การไถ่ถอนหลักประกัน ในกรณีที่มีเจ้าหนี้อื่นมีประกัน และความรับผิดชอบ
- แนวทางแก้ปัญหา ในกรณีขาดสภาพคล่องชั่วคราวระหว่างการปฏิบัติ
- วิธีปฏิบัติ ในกรณีที่มีการโอนสิทธิเรียกร้องหรือโอนหนี้
- ชื่อ คุณสมบัติ หนังสือยินยอมของผู้บริหารแผน และคำตอบแทน
- การแต่งตั้งและการพ้นตำแหน่งของผู้บริหารแผน
- ระยะเวลาดำเนินการตามแผนซึ่งไม่เกินห้าปี

(2) กลุ่มเจ้าหนี้

● เจ้าหนี้อื่นมีประกันแต่ละรายที่มีจำนวนหนี้มีประกันไม่น้อยกว่าร้อยละสิบห้าของจำนวนหนี้ทั้งหมดที่อาจขอรับชำระหนี้ในการฟื้นฟูกิจการได้ ให้จัดเป็นรายละกลุ่ม

● เจ้าหนี้อื่นมีประกันที่ไม่ได้จัดกลุ่มไว้ข้างต้น ให้จัดเป็นหนึ่งกลุ่ม

● เจ้าหนี้อื่นไม่มีประกัน อาจจัดได้เป็นหลายกลุ่ม โดยให้เจ้าหนี้อื่นไม่มีประกันที่มีสิทธิเรียกร้องหรือผลประโยชน์ที่มีสาระสำคัญเหมือนกันหรือทำนองเดียวกันอยู่ในกลุ่มเดียวกัน

● เจ้าหนี้อื่นที่มีการกำหนด โดยกฎหมายหรือสัญญาให้มีสิทธิได้รับชำระหนี้ต่อเมื่อเจ้าหนี้อื่นได้ รับชำระหนี้เงินเต็มจำนวนแล้ว

ทั้งนี้ เจ้าหนี้อื่นที่อยู่ในกลุ่มเดียวกันต้องได้รับการปฏิบัติเท่าเทียมกัน เว้นแต่เจ้าหนี้อื่นได้รับการปฏิบัติที่เสียเปรียบในกลุ่มนั้นจะให้ความยินยอมเป็นหนังสือ

8. การพิจารณาให้ความเห็นชอบแผนฟื้นฟูกิจการ

ศาลจะมีคำสั่งเห็นชอบด้วยแผน เมื่อศาลพิจารณาแล้วเห็นว่า

- แผนมีรายการครบถ้วนตามกฎหมาย
- ข้อเสนอในการชำระหนี้ตามแผนนั้นจะต้องเป็นไปตามลำดับที่

กฎหมายบัญญัติไว้

- เมื่อการดำเนินการตามแผนสำเร็จจะทำให้เจ้าหนี้ได้รับชำระหนี้ไม่น้อยกว่ากรณีที่ศาลมีคำพิพากษาให้ลูกหนี้ล้มละลาย

9. การยกคำร้องขอให้ฟื้นฟูกิจการ การยกเลิกคำสั่งให้ฟื้นฟูกิจการและการยกเลิกการฟื้นฟูกิจการ

(1) การยกคำร้องขอให้ฟื้นฟูกิจการ คือ กรณีที่ศาลไม่รับพิจารณาคำร้องขอเข้ามาอยู่ในการพิจารณา

(2) การยกเลิกคำสั่งให้ฟื้นฟูกิจการ คือ กรณีที่ลูกหนี้ได้รับอนุญาตจากศาลให้ทำแผนฟื้นฟูกิจการ แต่ไม่สามารถดำเนินการตามแผนได้จนสำเร็จ ศาลจึงยกเลิกคำสั่งให้ฟื้นฟูกิจการ และอาจจะให้พิทักษ์ทรัพย์ลูกหนี้เด็ดขาด หรือลูกหนี้อาจเข้าสู่กระบวนการล้มละลายต่อไป

(3) การยกเลิกการฟื้นฟูกิจการ คือ กรณีที่ลูกหนี้ได้รับอนุญาตจากศาลให้ทำแผนฟื้นฟูกิจการ และสามารถดำเนินการตามแผนได้สำเร็จ ซึ่งศาลจะมีคำสั่งยกเลิกการฟื้นฟูกิจการและให้ถือว่าลูกหนี้หลุดพ้นจากหนี้ทั้งปวงซึ่งอาจขอรับชำระหนี้ในการฟื้นฟูกิจการได้ เว้นแต่หนี้ซึ่งเจ้าหนี้อาจขอรับชำระหนี้ในการฟื้นฟูกิจการจะได้ขอรับชำระหนี้ไว้แล้ว และให้มีผลดังนี้

- ผู้บริหารของลูกหนี้กลับมีอำนาจจัดการกิจการและทรัพย์สินของลูกหนี้ต่อไป
- ผู้ถือหุ้นของลูกหนี้กลับมีสิทธิตามกฎหมายต่อไป
- ค่าตอบแทนของผู้บริหารชั่วคราว ผู้ทำแผน ผู้บริหารแผนชั่วคราว และหนี้ซึ่งเจ้าพนักงานพิทักษ์ทรัพย์ ผู้บริหารชั่วคราว ผู้ทำแผน ผู้บริหารแผนหรือผู้บริหารแผนชั่วคราวก่อนขึ้นเพื่อประโยชน์ในการฟื้นฟูกิจการของลูกหนี้ เป็นหนี้บุริมสิทธิเหนือทรัพย์สินทั้งหมดของลูกหนี้ โดยให้อยู่ในลำดับเดียวกับบุริมสิทธิลำดับที่ 1 ตามมาตรา 253 แห่งประมวลกฎหมายแพ่งและพาณิชย์