



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"Believe in yourself. Stay in your own lane. There's only one you"

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➤ Reliance Capital lenders fear recovery below liquidation value

Lenders of bankrupt Reliance Capital fear their loan recovery could fall below the liquidation value of ₹12,500-13,000 crore for the financial services company since both bidders, Hinduja Group and Torrent Investments, are reluctant to improve their offers, bankers dealing with the matter said. Late last week, a Hinduja Group entity informed lenders that the ₹8,110 crore offer it had given during the last auction would be its final, going back on a ₹9,000 crore improved offer it made a day after that auction ended on December 21.

Meanwhile, Torrent Investments has declined to participate in a proposed extended auction on the grounds that the Supreme Court has still to deliver a final judgement on its petition. Lenders had declared Torrent Investments' ₹8,640 crore offer as the highest after the December 21 auction. It approached the Supreme Court after the appellate bankruptcy tribunal allowed lenders to hold another extended auction to maximise the returns for the lenders.

It also questioned the sanctity of the sale process, citing the improved offer made by Hinduja Group entity IndusInd International after the earlier auction ended.

In the past month, the Hinduja Group has approached Reliance Capital's administrator, Nageswara Rao, at least twice, seeking clarity on which of the two offers it made would be considered for the evaluation of the first auction. Duff & Phelps and RBSA, the two valuers associated with Reliance Capital's insolvency, have pegged the liquidation value at ₹12,500-13,000 crore.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/industry/banking/finance/reliance-capital-lenders-fear-recovery-below-liquidation-value/articleshow/99016843.cms>

➤ **Replacement Of RP As Per Section 27 Is Complete When The Resolution Is Passed With 66% Voting Share: NCLT Allahabad**

The National Company Law Tribunal, Allahabad Bench, comprising of Shri Praveen Gupta (Judicial Member) and Shri Ashish Verma (Technical Member), while adjudicating an application under Section 27 read with Section 60(5) of Insolvency and Bankruptcy Code, 2016 ("IBC") in M/s Mahajagdamba Tubes Pvt. Ltd. vs M/s Quality Steels Product Limited has held that replacement of a Resolution Professional is complete as per the scheme of section 27 of IBC when the resolution is passed with the requisite 66% voting share.

Reliance was placed on the NCLAT judgment of Sumant Kumar Gupta Vs. Committee of Creditors of M/s Vallabh Textiles Company Ltd. in Company Appeal (AT) (Insolvency) No. 1037 of 2022, wherein it was held that Section 27 of IBC does not contemplate an hearing opportunity to be given to the Resolution Professionals by the Adjudicating Authority before approving the proposal of a new Resolution Professional.

Source: Live Law

Read Full news at: <https://www.livelaw.in/news-updates/replacement-of-rp-as-per-section-27-is-complete-when-the-resolution-is-passed-with-66-voting-share-nclt-allahabad-224735>

➤ **Only 15 percent insolvency cases reach resolution during October-December 2022**

Only 15 per cent of the 267 insolvency cases admitted in company law tribunals during October-December 2022 reached resolution with overall recovery of just 27 per cent of claimed amount, the IBBI data showed. As much as 45 per cent cases were concluded through liquidation, according to a Kotak Securities analysis of the latest data from the Insolvency and Bankruptcy Board of India (IBBI).

On quarter-on-quarter basis, the second quarter of FY23 saw 256 cases in NCLTs (National Company Law Tribunals), massively down from the yearly run-rate of 2,000 cases in FY20. According to the analysis, one-third of all liquidations happened because no resolution plans were received. Of the 1,901 cases resolved so far, in 1,229 cases the banker decided to go in for a liquidation, while in 600 cases, no resolution plans were received.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/news/company/corporate-trends/only-15-percent-insolvency-cases-reach-resolution-during-october-december-2022/articleshow/99011780.cms>

