



IBC AU-COURANT

Latest updates On Insolvency & Bankruptcy

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"Respect can only be earned and can never be Acquired"

➤ **Govt to consider IBC amendment soon**

The Union cabinet is expected to consider a fresh set of reforms to the Insolvency and Bankruptcy Code (IBC) this week with the idea of introducing a Bill in the current session of Parliament, said a person familiar with the discussions in the government.

Changes proposed in the Insolvency and Bankruptcy Code (Amendment) Bill, 2022 include ways of quickly establishing that a payment default has taken place warranting bankruptcy action, ways of maximising recovery from dubious transactions and trades by the suspended management of the defaulting company, and steps to enforce a code of conduct for creditors.

A separate chapter on cross-border insolvency is also part of the proposed Bill, said the person, who spoke on condition of anonymity.

The planned reforms come at a time the economy has recovered to a great extent from the impact of the pandemic but is facing new challenges from surging input costs.

The ministry of corporate affairs has been holding consultations to improve the outcomes of bankruptcy resolutions in terms of recovery of investment that has gone sour and quick decision-making—two key recommendations made by a Parliamentary standing committee led by BJP leader Jayant Sinha in a report submitted last year.

A second person, who also spoke on condition of anonymity, said that several changes in rules have already been made to improve IBC outcomes and that the proposed amendments to the law seek to make further improvements.

Queries mailed to the ministry of corporate affairs spokesperson on Wednesday remained unanswered at the time of publishing.

Experts said the time is right for further reforms in IBC, which has in the past six years led to a marked behavioural change in the way corporate India seeks to unlock the value of distressed assets.

“With the pandemic largely subsiding, the time is ripe for the government to consider the next wave of reforms in the IBC,” said Vishwas Panjiar, partner, Nangia Andersen LLP, a consultancy.

Panjiar said a robust framework dealing with cross-border insolvency has been a key ask of the industry. Currently, the IBC caters to domestic laws and handles insolvent enterprises based in India. There is no standard instrument to restructure firms with assets and liabilities in both India and abroad—a shortcoming flagged by the National Company Law Tribunal. “While forming the legal framework for cross border insolvency in India, the government should ensure that the same is in consonance with laws in foreign countries to the extent possible since that would not only provide added synergy but would also ensure conflict management and value creation, which are crucial components to ensure success of such a cross border insolvency,” said Panjiar.

As per the schedule of legislative business, the Bill seeks to strengthen IBC by carrying out certain amendments to the corporate insolvency resolution and liquidation process “to further its objectives of time-bound resolution of stressed assets while maximising its value.”

Source: Mint

Read Full news at: <https://www.livemint.com/politics/policy/govt-to-consider-ibc-amendment-soon-11659286704487.html>

➤ **Reliance Capital Resolution Plan: Deadline for submission likely to be extended**

The deadline for submission of resolution plan for debt-ridden Reliance Capital may be extended further as bidders have sought more time to complete the due diligence process, sources said.

Few bidders, including Piramal, Torrent, Oaktree and IndusInd Bank, have written to the administrator seeking an extension of the deadline from existing August 10 to September 15.

Reliance Capital resolution plan submission date has already been extended four times in the past. The original date for submission was May 26.

The Committee of Creditors (CoC) will be meeting in the coming week to take stock of the resolution process of Reliance Capital and consider the deadline extension.

Reliance Capital Ltd (RCL) had initially received 54 Expression of Interest (EOI), but now only 5-6 bidders are active at the due diligence stage.

Due to poor response to the Reliance Capital resolution exercise, the CoC has also waived off the condition of paying ₹75 crore Earnest Money Deposit (EMD), in the first submission date.

Moreover, sources said, one of the bidders Piramal Group is also facing roadblock as insurance regulator IRDAI has expressed concerns over the Group's bid for the Reliance Nippon Life Insurance.

As per the regulations, Piramal, which already has a promoter stake in a life insurance firm, cannot pick up a similar stake in another life insurer. Pramerica Life Insurance Limited (PLIL) is promoted by Piramal Group.

According to sources, CoC and administrator are more keen on receiving bids under Option-1 i.e. for the Reliance Capital as a CIC (Core Investment Company).

Under Option-2, bidders can bid for 8 different businesses/clusters of RCL, including general insurance, life insurance, asset reconstruction and securities business.

The Reserve Bank of India (RBI) had on November 29 last year superseded the board of RCL in view of payment defaults and serious governance issues.

The RBI appointed Nageswara Rao Y as the administrator in relation to the Corporate Insolvency Resolution Process (CIRP) of the company.

This is the third large Non-Banking Financial Company (NBFC) against which the central bank has initiated bankruptcy proceedings under IBC recently. The other two were Srei Group NBFC and Dewan Housing Finance Corporation (DHFL).

RBI subsequently filed an application for initiation of CIRP against the company at the Mumbai bench of the National Company Law Tribunal (NCLT).

Source: Mint

Read Full news at: <https://www.livemint.com/news/india/reliance-capital-resolution-plan-deadline-for-submission-likely-to-be-extended-11659272036791.html>

