



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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Insolvency Professional Agency of Institute of Cost Accountants of India



"If you're going through hell, keep going"

Updates on Insolvency and Bankruptcy Code

➤ **Supertech insolvency: NCLAT stays formation of committee of creditors**

Providing some relief to Supertech Ltd, the National Company Law Appellate Tribunal (NCLAT) on Tuesday stayed the formation of the committee of creditors under the insolvency proceedings till April 19 as the real estate developer sought time to negotiate with banks. During the proceedings before the appellate tribunal, Supertech Ltd's counsel requested for adjourning the matter for a week to enable it to approach the bank for negotiations. "At his request, let this appeal be listed next Tuesday i.e. on 19.04.2022.

Till the next date, IRP shall not constitute the CoC," an NCLAT bench, headed by Chairperson Justice Ashok Bhushan, said. NCLAT's direction came on a petition filed by Ram Kishor Arora, a director of the suspended board of Supertech Ltd, against the order passed by the National Company Law Tribunal on March 25. Arora expressed satisfaction over the interim order passed by NCLAT. According to him, NCLAT has taken into consideration the concerns of all stakeholders, including homebuyers.

On March 25, the Delhi bench of NCLT initiated insolvency proceedings against Supertech Ltd over a petition filed by the Union Bank of India for nonpayment of dues worth around Rs 432 crore. NCLT had also appointed Hitesh Goyal as the Interim Resolution Professional (IRP) superseding the board of Supertech Ltd.

The default pertains to the loan given by the Union Bank of India to Eco Village II project at Greater Noida (West) in Uttar Pradesh, which was being developed at a cost of Rs 1,106.45. Supertech Ltd has 38,041 flats and out of them, it has delivered 27,111 flats.

As many as 10,930 homes are yet to be delivered and among them, over 70 per cent of construction is complete with respect to over 8,000 homes, Supertech Group Managing Director Mohit Arora said last month. The formation of CoC is an important step for Corporate Insolvency Resolution Process (CIRP) under IBC (Insolvency & Bankruptcy Code).

Once NCLT initiates CIRP against a debt-ridden firm, it appoints an Interim Resolution Professional (IRP) after suspending the board of the firm. Article 18 of IBC mandates that it is the duty of the IRP to constitute the committee based on all the claims received against the corporate debtor and the determination of the financial position of the corporate debtor.

Source: Business Standard

Read Full news at:

https://www.business-standard.com/article/current-affairs/supertech-insolvency-nclat-stays-formation-of-committee-of-creditors-122041201100_1.html

➤ **Tata Steel completes acquisition of 90% stake in Rohit Ferro-Tech; infuses Rs617.12 crore**

Tata Steel Ltd. informed that its wholly-owned subsidiary, Tata Steel Mining Limited (TSML) has successfully completed the acquisition of a 90% controlling stake in Rohit Ferro – Tech Limited as per the approved Resolution Plan under the Corporate Insolvency Resolution Process (CIRP) of the Insolvency and Bankruptcy Code 2016 (IBC). According to the terms of the Resolution Plan, TSML has funded Rs617.12 crore for payment of admitted CIRP cost, operational creditors, employee dues, and financial creditors as per the provision.

Additionally, the financial creditors of RFT will get 10% of the equity shares of RFT towards the part conversion of their loan. TSML invested in RFT through a combination of equity of Rs10 crore and an intercorporate loan of Rs607.12 crore.

The company has made an equity investment in TSML to finance this acquisition. Pursuant to this acquisition, the nominees of TSML have been appointed to the board of RFT effective April 11, 2022, and the existing directors of RFT ceased to be directors with effect from April 7, 2022. Tata Steel opened at and is currently trading at Rs1,334.95 up by Rs14.70 or 1.11% from its previous closing of Rs1,320.25 on the NSE.

Source: India Infoline

Read Full news at:

https://www.indiainfoline.com/article/news-top-story/tata-steel-completes-acquisition-of-90-stake-in-rohit-ferro-tech-infuses-rs617-12-crore-122041300174_1.html

➤ **Reliance Capital's lenders decide to propose their own plan to bidders**

Amid a standoff over the bidding process for debt-ridden Reliance Capital Ltd (RCL) and its subsidiaries, lenders have rejected the concerns raised by the RBI-appointed administrator and have decided to go ahead with their own proposal, an unprecedented development under the insolvency proceedings, sources said.

The Committee of Creditors (CoC) has also decided that all the bids of RCL will be on an all-cash basis, the sources said on Tuesday. Multiple bidders for subsidiaries under the second option will be forced to form a consortium amongst themselves and bid for RCL as a company. RCL had offered two options to all the bidders. Under the first option, companies could bid for RCL, including its eight subsidiaries or clusters. The second option gave the companies freedom to bid for its subsidiaries, individually or in a combination, the sources said.

Key clusters of RCL are Reliance General Insurance, Reliance Health Insurance, Reliance Nippon Life Insurance, Reliance Asset Reconstruction, and Reliance Securities. Reserve Bank of India (RBI), on November 29 last year, superseded the board of RCL in view of payment defaults and serious governance issues.

RBI appointed Nageswara Rao Y as the administrator in relation to the Corporate Insolvency Resolution Process (CIRP) of the company. Around 22 bidders, out of total 55 EOIs received, have bid for Anil Ambani Group firm as a whole company while the rest have bid for different subsidiaries of RCL, individually or in combination, the sources said.

Adani Finserve, Piramal, Yes Bank, IndusInd International Holding are some of the leading names that have bid for RCL at the company level under the first option. The sources said that now, CoC has also decided to direct all the bidders of second option, who have bid for different subsidiaries of RCL, to form a consortium amongst themselves and then bid for RCL at the company level.

The decision has been taken as all the businesses (subsidiaries/clusters) of RCL are profit-making entities and are well capitalised and management teams for each of the business are also intact, they added. Hence, there is no requirement of turnaround since none of these entities are facing any stress and are well-run businesses.

Under the Insolvency and Bankruptcy Code (IBC), no compliant plan can be submitted for these subsidiaries as there is no requirement of turnaround because none of these entities is facing any stress and is a well-run business, the sources said. These consortiums will also have to bid on an all cash basis like bidders under the first option and the bidders under the second option will be given 30 days to form consortium amongst themselves, they added.

This means, a company which has submitted EoI only for life insurance business or general insurance business or securities business of RCL has to form a consortium with other companies who have bid for other businesses of the company. Then, that consortium will submit a financial bid for RCL at the company level. This bid will also be an all-cash bid and will compete with the bids of first option, the sources said, adding that due to this arrangement, competition will go down as the total number of bidders will reduce substantially. It may even get challenged by some bidders as it is not compliant with IBC norms, the sources said.

Total verified claims of RCL is Rs 23,666 crore and the CoC is scheduled to meet on Wednesday to finalise the Request for Resolution Plan (RFRP) document. The RFRP was to be issued by April 5 but was delayed due to the differences between CoC and the administrator over the bidding process under the second option.

The administrator and its legal advisors were not in favour of this kind of proposal as they feared that it may get challenged legally by some bidders and this logjam had delayed the finalisation of RFRP document. RCL is the third large non-banking financial company against which the central bank has initiated bankruptcy proceedings under the IBC. The other two were SREI Group NBFC and Dewan Housing Finance Corporation (DHFL)

Source: Zee Business

Read Full news at:

<https://www.zeebiz.com/companies/news-reliance-capitals-lenders-decide-to-propose-their-own-plan-to-bidders-182695>



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