



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

*"You don't always need a plan. Sometimes you just need to breathe, trust, let go and"*

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## ➤ SC refuses to stay NCLAT proceedings looking to approve Hinduja's resolution plan to acquire Reliance Capital

The Supreme Court on Friday refused to stay the proceedings before NCLAT, which is looking into the grant of approval to the Hinduja Group company's resolution plan for the acquisition of Reliance Capital.

Gujarat-based Torrent Investments had emerged as the highest bidder with its Rs 8,640 crore in the initial bidding in the first auction on December 21, while the Hinduja Group entity offered Rs 8,110 crore. However, within 24 hours, Hinduja made a revised, improved offer of Rs 9,000 crore, a development Torrent contested at the National Company Law Tribunal (NCLT), saying that it violated the sanctity of the auction process as it was made after the deadline.

The NCLT bench ruled in favour of Torrent, barring lenders from holding a second auction. However, the appellate authority overturned the tribunal order. In mid-April, the Supreme Court directed lenders to hold a challenge-mechanism auction, but also said it would again hear the matter in August.

Further, the following auction was held on April 26, wherein Hinduja offered Rs 9,640 crore while Torrent did not participate.

**Source: The Economic Times**

**Read Full news at:** <https://economictimes.indiatimes.com/industry/banking/finance/sc-refuses-to-stay-nclt-proceedings-looking-to-approve-hindujas-resolution-plan-to-acquire-reliance-capital/articleshow/103056409.cms?from=mdr>

## ➤ **Business parameters of companies improve after insolvency process**

NEW DELHI: Companies that have been through the insolvency process show a significant improvement in business parameters but their new owners face challenges in dealings with tax authorities, banks and even RBI, a study by Indian Institute of Management, Ahmedabad said.

For instance, some of the of the companies said that banks refused to remove the “defaulter” tag even after resolution, making it difficult for ththem to access loans. Wherever loans were available, the terms were a little tough.

“A lack of general awareness about the new resolution process by all stakeholders has been pointed out by the respondents. This has led to delays in getting necessary clearances from these departments and an overall delay in the resolution process.

*Source: Times of India*

*Read Full news at:* <https://timesofindia.indiatimes.com/business/india-business/business-parameters-of-companies-improve-after-insolvency-process-study/articleshow/103114811.cms?from=mdr>

## ➤ **Book excerpt | Defaulter's Paradise Lost: Demystifying the Insolvency and Bankruptcy Code**

Financial defaults are not a new phenomenon in the Indian banking sector. Against this background, the Government has introduced strong legal remedies from time to time for lenders against defaulting companies. In a democracy as large as India, where many times shelter was taken under the principles of natural justice by borrowers, it wasn't a simple task for the bankers, Non-banking Financial Companies (NBFCs) and other lenders to prosecute and hold accountable the defaulters, especially those doing so at the cost of public money given the not-so-satisfactory performance of the legal recourses available to them.

Proceeding under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act, before the Debt Recovery Tribunals (DRTs), restructuring of companies before the Board for Industrial and Financial Reconstruction (BIFR) and money recovery suits had their own challenges, especially with respect to the time taken. The other challenges included stringent criteria for the detection of financial sickness and excessive emphasis on revival under the Sick Industrial Companies Act (SICA) of 1985, lack of powers and facilities and the overlapping of laws among others. This allowed defaulters to take legal pleas against lenders, such as ‘forum shopping’, when the lenders exercised more than one of their legal options.

The winding up of companies under the Companies Act, 1956, for companies unable to pay their debts, was to some extent an effective measure bringing the defaulting accounts to some logical conclusion by way of either winding up the company and liquidating its assets or possibly the company coming to negotiate with the lenders.

*Source: First Post*

*Read Full news at:* <https://www.firstpost.com/opinion/book-excerpt-defaulters-paradise-lost-demystifying-the-insolvency-bankruptcy-code-13045072.html>

## ➤ **Insolvency code a crucial milestone in economic reforms: PM Modi**

Stressing that the Insolvency and Bankruptcy Code, implemented in 2016, is a crucial milestone in the economic reforms, Prime Minister Narendra Modi on Saturday said that India, which used to be counted among the "Fragile Five" economies, is now being considered a bright spot in the global economy.

The Prime Minister took note of the seminar, titled, 'Rejuvenation of Economy under Insolvency Laws' being organised by Insolvency & Professionals Council of India.

In a signed message to Dr. Adish C Aggarwal, President of the International Council of Jurists, London, for the seminar, to be held in New Delhi on August 27, PM Modi acknowledged the need to make the insolvency regime "even better".

Taking note of the initiative, Prime Minister Narendra Modi, added "It is particularly heartening to note that this seminar is being attended by many legal luminaries, domain experts and other stakeholders".

**Source: Business Standard**

**Read Full news at:** [https://www.business-standard.com/economy/news/insolvency-code-a-crucial-milestone-in-economic-reforms-pm-modi-123082600841\\_1.html](https://www.business-standard.com/economy/news/insolvency-code-a-crucial-milestone-in-economic-reforms-pm-modi-123082600841_1.html)

