

Item No. 29

Corporate Insolvency Resolution Process in case of 'Reliance Capital Limited'- "NCLT order pronounced on: 06.12.2021"

1. Reserve Bank of India ('RBI') vide its notification dated 29.11.2021 has superseded the Board of Reliance Capital Limited and appointed Mr. Nageswara Rao Y, ex-Executive Director, Bank of Maharashtra as the Administrator.
2. RBI has also constituted a 3-member committee under Section 45 IE of the Reserve Bank of India Act, 1934, to act as advisors to the Administrator. The members of the committee are: (a) Shri Sanjeev Nautiyal, ex-DMD, State Bank of India, (b) Shri Srinivasan Varadarajan, ex-DMD, Axis Bank and (c) Shri Praveen P Kadle, ex-MD & CEO, Tata Capital Limited
3. RBI on December 02, 2021 has filed an application for initiation of Corporate Insolvency Resolution Process (CIRP) in case of Reliance Capital Ltd., under Section 227 read with clause (zk) of sub-section (2) of Section 239 of the Insolvency and Bankruptcy Code (IBC), 2016 read with Rules 5 and 6 of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudication Authority) Rules, 2019 ("FSP Insolvency Rules") at the Mumbai Bench of the Hon'ble National Company Law Tribunal.
4. The National Company Law Tribunal (NCLT) vide its order dated 06.12.2021 has admitted the application and approved the appointment of Mr. Nageswara Rao Y as Administrator of the FSP to carry out the functions as per the Code. During the CIRP period, the management of the FSP shall vest in the Administrator. The officers and managers of the FSP shall provide all documents in their possession and furnish every information in their knowledge to the Administrator. NCLT has listed the matter on 21.02.22 for progress report.
5. Reliance Capital Limited is having 100% shareholding in Reliance General Insurance Co. Ltd. & Reliance Health Insurance Co. Ltd., and 51% shareholding in Reliance Nippon Life Insurance Co. Ltd. (a JV with Nippon Life Co. of Japan) respectively.
6. Mr. Anil D Ambani and Mr. Amitabh Jhunjhunwala acting as Non-executive directors have resigned from Reliance Nippon Life Insurance Co. Ltd. w.e.f. 29.11.2021 and 30.11.2021 respectively. Mr. Rahul Sarin and Mr. Prem Kumar Malhotra acting as Independent Director

have resigned from Reliance General Insurance Co. Ltd. w.e.f. 01/12/2021 and 03/12/2021 respectively. Mr. Tina Ambani acting as Non-executive director has resigned from Reliance Health Insurance Co. Ltd. w.e.f. 29.11.2021.

7. As on 30.09.2021, the stake of Reliance Capital Limited in the insurance companies may be noted as under:

Insurer	No. of Shares held	% of shareholdings	Paid up equity (Rs. In lakhs)
Reliance Nippon Life Insurance Co. Ltd.	61,01,24,980	51%	61012.50
Reliance General Insurance Co. Ltd.	25,15,49,920	100%	25154.99
Reliance Health Insurance Co. Ltd.	19,39,00,000	100%	19390

8. As per IRDAI Order no. IRDA/F&A/ORD/SOLP/200/11/2019 dated 06th November 2019, Reliance Health Insurance Limited had transferred its Investment Portfolio and balance lying in Cash and Bank account to Reliance General Insurance Company Limited on the appointed date of November 15, 2019, along with the liabilities underlying its Health Portfolio.
9. The Authority, vide its letter dt. 12.12.2019, advised the Reliance Nippon Life Insurance Co. Ltd. as follows:
- To comply with the provisions of the Insurance Act, 1938 and the IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015, while honouring the share transfer requests received from any of its shareholders.
 - Do not to permit dematerialization of existing physical shares, if any, held by its shareholders and
 - If any of the shares are already dematerialized, please deactivate your International Securities Identification Number (ISIN) at the depositories (NSDL and CDSL) and ensure that any request for transfer or pledge or creation of any kind of encumbrance after obtaining necessary approval from the Authority as required under the Insurance Act, 1938.

Reliance Nippon Life Insurance Co. Ltd. vide mail dt. 23.12.2019, provided the confirmations obtained from NSDL and CDSL in this regard.

10. The Authority is in communication with both the Administrator and the insurance companies in the matter.
11. A brief synopsis of the financial performance of the companies is placed at **Annexure A**.

Placed for the information of the Authority.

Annexure A

(i) The financial position of the insurer over the period may be noted as under: -

Reliance Nippon Life Insurance Co. Ltd.

(Rs. in Crore)

Particulars	30.09.2021	30.09.2020	31.03.2021	31.03.2020
Gross Direct Premium	2052.11	1889.10	4736.45	4440.94
Net Earned Premium	2038.04	1878.75	4712.10	4418.31
Benefits paid (Net)	1548.82	1008.80	2776.75	3083.73
Profit after Tax	-44.73	-6.77	50.28	35.06
Available Solvency Margin	1675.22	1385.97	1685.73	1134.88
Required Solvency Margin	716.12	648.31	687.63	615.99
Solvency Margin	2.34	2.14	2.45	1.84
Investments				
– Policyholders	17994.63	15654.64	17056.78	14342.92
-Assets Held to Cover Linked Liabilities	6873.45	5078.86	6072.40	4371.96

Reliance General Insurance Co. Ltd.

(Rs. in Crore)

Particulars	30.09.2021	30.09.2020	31.03.2021	31.03.2020
Gross Direct Premium	5072.52	4500.55	8310.28	7465.04
Net Earned Premium	2439.68	1825.55	3661.13	4078.61
Net Incurred claims	1913.12	1431.37	2913.42	3411.92
Profit after Tax	149.12	132.67	208.12	259.36
Available Solvency Margin	2168.90	2037.47	2078.45	1883.77
Required Solvency Margin	1280.42	1253.72	1257.08	1239.64
Solvency Margin	1.69	1.63	1.65	1.52
Investments				
- Policyholders	11762.42	10054.24	10805.99	9363.47
- Shareholders	2153.07	2261.05	2227.36	1458.13

(ii) Gross NPA, Net NPA and Downgraded investments held by the insurers may be noted as under:

Particulars As at latest month end (10/2021)	Reliance Nippon Life Insurance Co. Ltd.		Reliance General Insurance Co. Ltd.	
	Amount in Rs. Crore	% to Total Investments	Amount in Rs. Crore	% to Total Investments
a) Gross NPA	279.31	1.07%	164.93	1.13%
b) Net NPA	-	0.00%	91.71	0.63%
c) Downgraded investments	29.95	0.11%	566.40	3.89%