



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



# IBC AU-COURANT

*Latest updates On Insolvency & Bankruptcy*

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**"You can get everything in life you want if you will just help enough other people get what they want"**

## ➤ **RCap CoC to meet today to decide on challenge mechanism**

The committee of creditors (CoC) of debt-laden Reliance Capital (RCap) is slated to meet on Friday to decide on adding the 'challenge mechanism', after bidders raised concerns over the new clause.

The move comes at a time when the firm's insolvency process is inching towards a closure, with the deadline to complete it ending on January 31. The bidders have also moved the administrator of the process stating there were no such clauses in earlier resolutions conducted through the National Company Law Tribunal (NCLT).

The bidders such as Hinduja Group, Oaktree Capital and Torrent Group, who are bidding for RCap as a core investment company (CIC), also raised flags as the clause is being added at this stage of the resolution process.

The advisors to the CoC had suggested multiple options under the challenge mechanism, including the 'Swiss Challenge Process' where the highest bidder will be declared as an anchor bidder and will have the right of first refusal (RoFR). Other options include negotiations with CoC by bidders, electronic auction to declare the highest bidder or combination of these.

**Source: Financial Express**

**Read Full news at:** <https://www.financialexpress.com/industry/rcap-coc-to-meet-today-to-decide-on-challenge-mechanismspan-stylecolor-rgb34-34-34-font-family-arial-helvetica-sans-serif-font-size-small-font-weight-400-white-space-normalspan/2773693/>

## ➤ **IBBI amends regulations to strengthen oversight of bankruptcy professionals**

Insolvency and Bankruptcy Board of India (IBBI) has sought to strengthen the oversight of bankruptcy resolution professionals by codifying the norms applicable to them in the form of a regulation, showed an official order.

IBBI said it has subsumed three separate circulars issued in the past dealing with insolvency professionals into the regulations that govern self-regulatory bodies called insolvency professional agencies.

These self-regulators are set up by bodies like the Institute of Chartered Accountants of India (ICAI), the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. They enroll, educate, monitor and regulate insolvency professionals. It is chartered accountants, cost accountants, company secretaries, and lawyers who enroll as insolvency professionals.

These circulars deal with disclosure of relationships by insolvency professionals, annual compliance certificates issued to these professionals by their self-regulators and the penalties covering a list of contraventions by these professionals. Subsuming all these into regulations gives the norms greater legal force, experts said.

By encapsulating earlier circulars on compliances, contraventions and monetary penalties on insolvency professionals, in the form of regulation, the Board has attempted to give greater strength to the contents of these circulars as circulars are treated to be guidelines, explained Yogendra Aldak, partner, Lakshmikumaran & Sridharan Attorneys.

"Courts generally interpret circulars to be directory in nature unless it is specifically prescribed to be mandatory and binding. This step of the Board is likely to enable insolvency professionals to be more compliant with the contents of the circulars (now part of the regulation) which will result in effective insolvency resolution process," said Aldak.

IBBI gives special attention to the regulatory oversight of insolvency resolution professionals, hired by lenders to administer sick companies, as they are in charge of key tasks such as admission of claims made by various parties and in soliciting investors to stitch together corporate rescue plans.

In the past, IBBI has taken disciplinary action against some of the professionals. The regulator is also encouraging professionals to take a critical look at the past transactions of sick companies which are questionable.

**Source: Mint**

**Read Full news at:** <https://www.livemint.com/news/india/ibbi-amends-regulations-to-strengthen-oversight-of-bankruptcy-professionals-11667386382922.html>

