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*"Life is like riding a bicycle. To keep your balance you must keep moving."*

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## ➤ RCap CoC refuses guarantee of resolution finality post second auction

The committee of creditors (CoC) of Reliance Capital, in their meeting on Thursday, refused to guarantee finality of the resolution process post the second auction.

In response to bidders demanding that the extended challenge mechanism be the final step in the resolution process, lenders said they reserve the right to negotiate with the bidders even after the auction.

The Employees Provident Fund Organization (EPFO) and Life Insurance Corporation of India (LIC), which together control 30 per cent of the CoC, led the opposition to the borrowers' demand for finality. However, the CoC did agree that no bids will be accepted outside the challenge mechanism, unlike what happened post the first challenge mechanism.

Other discussions pertained to the bid proposals being compliant with the IBC and RFRP, negotiations on the value of Reliance Capital's assets and addressing any pre-auction queries that bidders had,

The second round of the extended challenge mechanism is scheduled to be held on April 26. The Hinduja Group, Torrent Investments and Oaktree Capital are expected to participate in the auction, wherein the bid threshold has been set at ₹9,000 crore on an NPV basis, with an upfront cash component of ₹8,000 crore.

**Source: The Hindu Business Line**

**Read Full news at:** <https://www.thehindubusinessline.com/money-and-banking/rcap-coc-refuses-guarantee-of-resolution-finality-post-second-auction/article66760604.ece>

➤ **Kotak Mahindra wins case to liquidate ARSS Infrastructure Projects Ltd even as 76% of lenders approved it**

Kotak Mahindra Bank, which had 0.64% voting rights, objected to Ocean Capital Markets resolution plan since it would compel them to release third-party guarantees in favour of the resolution applicant without recovering their entire dues. Kotak Mahindra Bank won a case to liquidate ARSS Infrastructure Projects Ltd even as 76% of lenders approved it.

On Tuesday, the bankruptcy court ordered the liquidation of a civil construction company on the grounds that the approved resolution plan deprives the dissenting creditor of exercising its right to recover the remaining loan amount from the guarantor.

Kotak Mahindra Bank, which had 0.64% voting rights, objected to Ocean Capital Markets resolution plan since it would compel them to release third-party guarantees in favour of the resolution applicant without recovering their entire dues.

Lenders, 76.6% by value, approved Rs 180 crore offer, which was above liquidation value but below fair value.

Kotak Mahindra Bank objecting to the proposal stated that on receiving upfront payment, creditors must assign the entire security interest, including personal guarantee, corporate guarantee, and other security interests to the resolution applicant (RA). Lenders must also withdraw all legal suits with any court on approval of the resolution plan by the Adjudicating Authority.

The bankruptcy court noted that when the financial creditors (are) unable to recover their loan from the debtor, they have every right to proceed against the guarantors to recover the remaining loan amount. "This is the prerogative of the financial creditors, in the guise of a resolution plan the said rights of the financial creditors cannot be stripped off against their will," the Cuttack bench of National Company Law Tribunal said in an order reviewed

**Source: Economic Times**

**Read Full news at:** <https://economictimes.indiatimes.com/industry/banking/finance/banking/kotak-mahindra-wins-case-to-liquidate-arss-infrastructure-projects-ltd-even-as-76-of-lenders-approved-it/articleshow/99647645.cms>

