

Roles, Responsibilities and Risks while Working as an Insolvency Professional

Powers and Duties of a
Resolution Professional
under CIRP

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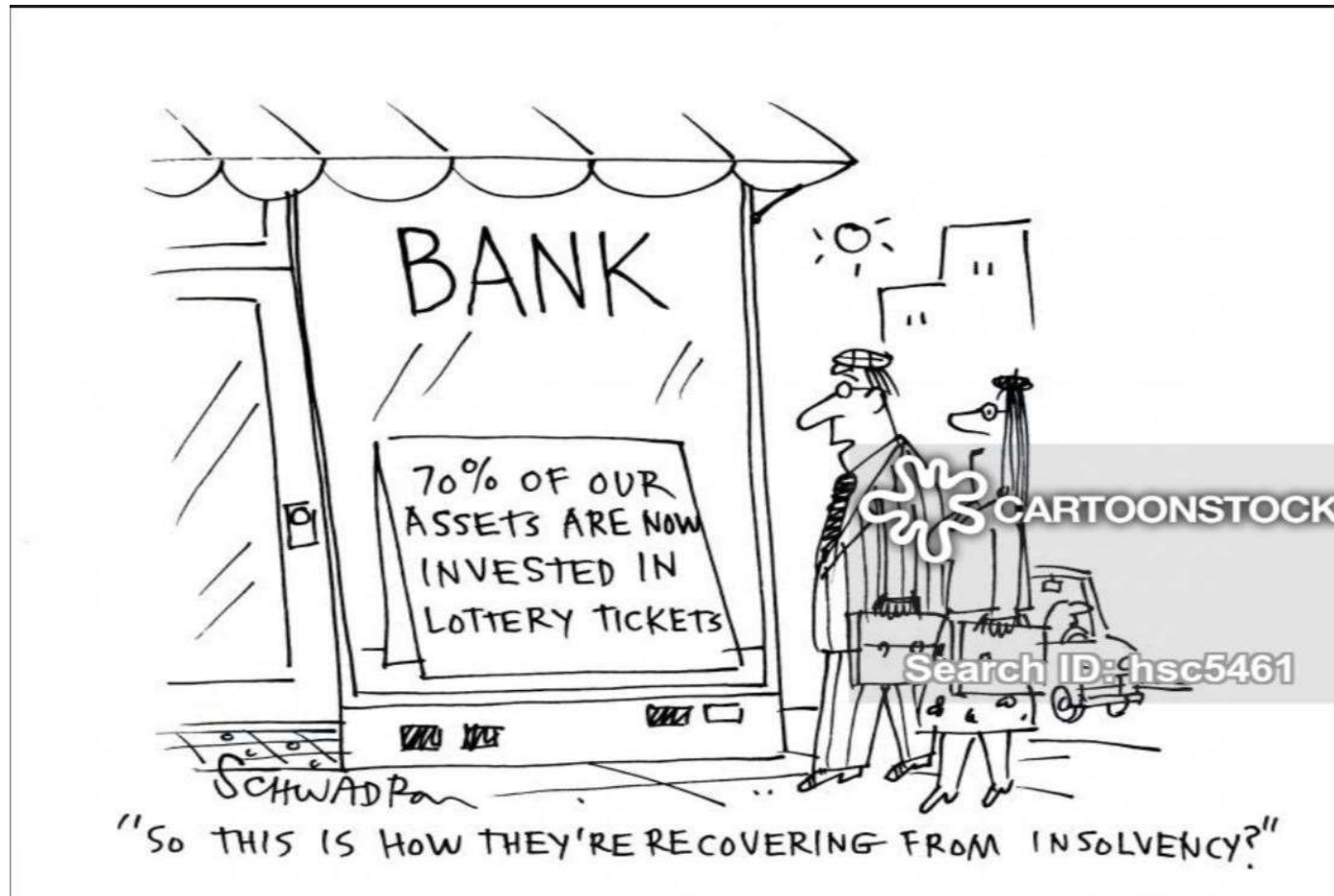
Who is an Insolvency Professional

- “Insolvency Professional” means a person enrolled under section 206 with an insolvency professional agency as its member and registered with the Board as an insolvency professional under section 207.
- Plays multiple Roles under Insolvency and Bankruptcy Code 2016
- Interim Resolution Professional under Corporate Insolvency Resolution Process
- Resolution Professional under Corporate Insolvency Resolution Process
- Liquidator
- Resolution Professional under Insolvency Resolution Process
- Bankruptcy Trustee
- Hub that connects all spokes, coordinating and communicating with all the stakeholders.

Why an Independent Professional ?

- ❑ Inefficient and overburdened official liquidators under Companies Act.
- ❑ Ineffective results by Operating Agency under SICA.
- ❑ Ineffective mechanism of CDR, SDR, S4A, etc..
- ❑ Failure of DRTs, SARFACIE and RDDB to deliver securitization of assets in time bound manner. Issues in taking over management and resolution of assets.
- ❑ Huge Litigations under all these regimes.
- ❑ Need for special breed of Turnaround Specialists and Industry Experts to run and manage Debtors during Resolution Process or Liquidation.
- ❑ Need for Independent and Unbiased Professionals in managing Debtors during Resolution Period and Liquidation.
- ❑ Need for Professionals that will be regulated by independent governing body as regards to registrations, regulatory framework, operating procedures, remuneration, supervision and disciplinary action.

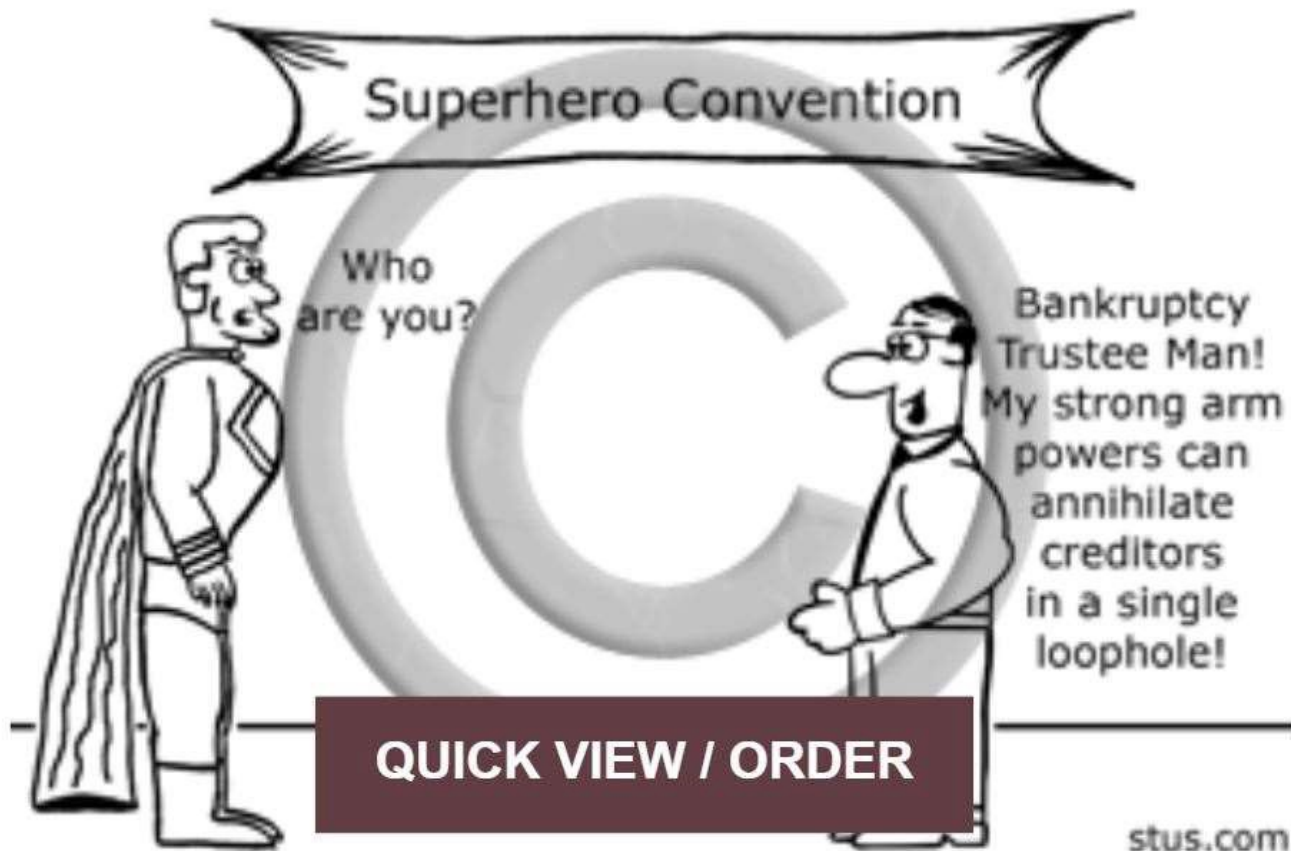
Why an Independent Professional ?



Expectations of stakeholders from an Insolvency Professional

- Applicant's aspirations --
- Operational Creditors - Employees, Workers, Suppliers, Government
- Financial Creditors - Secured, Unsecured Financial Creditors - CoC
- Corporate Debtor.
- Shareholder's / Investors' Expectations
- Regulator's Expectations.
- IPA's Expectations.
- NCLT's Expectations.

Expectations from Insolvency Professional



Role and Responsibilities of an Insolvency Professional

- ❑ Endeavour to protect and preserve the value of the property of CD, including continues business operations of the CD - IRP
- ❑ Manage the operations of the CD as a going concern. - RP
- ❑ Collect information relating to assets, finances, operations - IRP
- ❑ Formation of CoC - IRP
- ❑ Provide financial information to CoC as required by them – IRP / RP
- ❑ Conduct entire Corporate Insolvency Resolution Process – IRP / RP
- ❑ Conducting meetings of CoC - IRP / RP
- ❑ Act on the advice of Committee of Creditors – IRP / RP
- ❑ Filing Avoidance Application
- ❑ Act on prior Approval of CoC on certain matters.

Role and Responsibilities of an Insolvency Professional

- Preparation of IM
- Examination of Resolution Plan and present compliant plan to CoC for its approval.
- Submission of approved Resolution Plan to AA
- Filing Avoidance Application – Preferential Transaction, Undervalued Transaction, Extortionate Credit Transaction.

Risks to an Insolvency Professional

- Risk of not knowing the business of the CD.
- Risk of not being able to manage and run the business of the CD.
- Risk of non-cooperation from employees and / or management / directors of the country.
- Risk of not knowing all the related laws regulating CD's business.
- Risk of being over or under burdened.
- Risk of litigation.
- Risk to health.
- Risk to life.
- Risk to previous / present Professional Career
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Mitigations of the Risks

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