

## Insolvency and Bankruptcy Board of India

### Subject: Status Note on Service Providers

#### Insolvency Professionals

Since 31<sup>st</sup> December, 2016, individuals, who have the required qualification and experience and have passed the Limited Insolvency Examination, are being registered as Insolvency professionals (IPs). As on 31<sup>st</sup> May 2018, 1812 individuals have been registered as IPs details of which are as under:

City / Region	Indian Institute of Insolvency professional of ICAI	ICSI Institute of Insolvency Professionals	Insolvency Professional Agency of Institute of Cost Accountants of India	Grand Total
New Delhi	217	145	37	399
Rest of Northern Region	160	102	27	289
Mumbai	198	72	18	288
Rest of Western Region	147	69	17	233
Chennai	75	42	7	124
Rest of Southern Region	163	100	27	290
Kolkata	108	22	10	140
Rest of Eastern Region	36	9	4	49
<b>Total</b>	<b>1104</b>	<b>561</b>	<b>147</b>	<b>1812</b>

2. An individual with ten years of experience as a member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost Accountants of India or a Bar Council or with 15 years of experience in management is eligible for registration as an IP on passing the Limited Insolvency Examination. The distribution of IPs as per their eligibility (an IP may be a member of more than one Institute) as on 31<sup>st</sup> May, 2018 is as under:

Eligibility	No. of IPs
Member of ICAI	1004
Member of ICSI	387
Managerial Experience	190
Member of Bar Council	117
Member of ICAI (Cost)	114
<b>Total</b>	<b>1812</b>

### **Replacement of IRP with RP**

3. Section 22(2) of the Code states that the Committee of Creditors (CoC) may in the first meeting, by a majority votes of not less than seventy-five percent (now sixty six percent) of the voting share of the financial creditors, either resolve to appoint the Insolvency Resolution professional (IRP) as the Resolution professional (RP) or to replace the IRP by another IP to function as the RP. Accordingly, till 31<sup>st</sup> May, 2018, 104 IRPs have been replaced with RPs as under:

<b>CIRP initiated by</b>	<b>No. of CIRPs where IRP is replaced by another IP as the RP</b>
Corporate Applicant	35
Operational Creditor	33
Financial Creditor	36
<b>Total</b>	<b>104</b>

### **Recommendation for Appointment as IRP/Liquidator**

4. When a reference or direction is received from Adjudicating Authority (AA) for recommending / proposing the name of an IP to act as IRP/Liquidator of any CIRP/Liquidation Process as per section 16(4) and 34(6) of the Code respectively, the IBBI has no information about the volume, nature and complexity of the CIRP or Liquidation Process and the resources available at the disposal of an IP. The IBBI believes that every IP is equally suitable, if otherwise not disqualified. Keeping this in view, the IBBI has issued Insolvency Professionals to act as Interim Resolution Professionals or Liquidators (Recommendation) Guidelines, 2017 on 15<sup>th</sup> December, 2017. As per the Guidelines, the IBBI prepared a panel of IPs for appointment as IRP or Liquidator and shared the said Panel with the AA. The AA picks up any name from the Panel for appointment of IRP or Liquidator for a CIRP or Liquidation process, as the case may be. The Panel has Bench wise list of IPs based on the registered office of the IP. It has a validity of six months and a new Panel will replace the earlier Panel every six

months. In this regard, the IBBI has provided the AA with a panel of IPs for the period of January-June, 2018. With the experience, the Guidelines have been marginally modified. In accordance with the Guidelines, the process for a fresh panel for the period July – December, 2018 has been initiated.

5. The Panel has found acceptability of the AA. Hon'ble NCLT in the matter of Innovsource Private Limited vs. Getit Grocery Private Limited, [(IB)-295(PB)/2017] observed: *"The Insolvency and Bankruptcy Board of India vide its letter dated 01.01.2018 has recommended a panel of Insolvency Professionals for appointment as Insolvency Resolution Professional in compliance with Section 16(3) (a) of the Code in order to cut delay. The list of recommended Insolvency Professionals provides instant solution to the Adjudicating Authority to pick up the name and make appointment. It helps in meeting the time line given in the Code and the unnecessary time wasted firstly in asking the Insolvency and Bankruptcy Board of India to recommend the name and then appoint such Interim Resolution Professional by Adjudicating authority..."*. Further, Hon'ble National Company Law Appellate Tribunal in the matter of Sandeep Kumar Gupta, Resolution Professional Vs. Stewarts & Lloyds of India Ltd. & Anr. [Company Appeal (AT) (Insolvency) No. 263 of 2017] observed: *" .. Further, the list of 'Resolution Professionals' being made available by the 'Board' to the Adjudicating Authorities, any person is appointed out of the said list submitted by the 'Board', it should be treated to be an appointment of 'Resolution Professional'/'Liquidator' on the recommendation of the 'Board'."*

### **Insolvency Professional Agencies**

6. Insolvency Professional Agencies (IPAs) are front-line regulators to Insolvency Professionals. The IBBI has registered three IPAs, namely, Indian Institute of Insolvency

Professionals of ICAI (IIIPICAI), ICSI Institute of Insolvency Professionals (ICSIIIPA) and Insolvency Professional Agency of Institute of Cost Accountants of India (IPAICAI). It has institutionalized monthly meetings with the CEOs of IPAs to discuss various issues arising in the IP profession and to energize the IPAs to take steps for the development of IPs. The IPAs have been advised to devise suitable strategies for (a) developing capacity building; (b) promoting professional and ethical conduct; (c) monitoring transactions and performance of their IPs through an online portal for uploading of disclosures; and (d) initiate appropriate action against IPs who do not comply with the provisions of Code/Regulations. Towards this end, IPAs are conducting webinars, workshops, interactive sessions, round tables, publishing weekly newsletters, a pre-registration educational course and encouraging study circle meetings. Keeping in view the institutional role of the IPAs, and to facilitate monitoring of both their performance and compliance of statutory requirements, and in the interest of transparency and accountability, the IBBI, in consultation with IPAs, has devised the format of an Annual Compliance Certificate to be submitted by the IPAs to the IBBI and to be displayed on its website within 45 days of the closure of the financial year.

### **Insolvency Professional Entities**

7. Regulations 12 to 14 of the IBBI (Insolvency Professionals) Regulations, 2016 provide for recognition of an Insolvency Professional Entity (IPE). An IP may use the organizational resources of an IPE, of which he is a partner or director, for support services. The IBBI has recognized 77 IPEs and derecognized 1 IPE as on date.

8. The IBBI (Insolvency Professionals) (Amendment) Regulations 2018 were notified on 27<sup>th</sup> March 2018 and came in to effect from 1<sup>st</sup> of April, 2018. As per the amended regulations, a company, a registered partnership firm or a limited liability partnership may be recognized as

an IPE, if (a) its sole objective is to provide support services to insolvency professionals, who are its partners or directors, as the case may be; (b) it has a net worth of not less than one crore rupees; (c) majority of its shares is held by insolvency professionals, who are its directors, in case it is a company; (d) majority of capital contribution is made by insolvency professionals, who are its partners, in case it is a limited liability partnership or a registered partnership firm; (e) majority of its partners or directors, as the case may be, are insolvency professionals; (f) majority of its whole time directors are insolvency professionals, in case it is a company; and (g) none of its partners or directors is a partner or a director of another insolvency professional entity. The IPEs have been advised by a circular dated 5<sup>th</sup> April, 2018 to ensure compliance with the provisions of clauses (a), (b) (c) and (d) on or before 30th September, 2018] and the provisions of clauses (e), (f) and (g) on or before 30th June, 2018.

### **Information Utilities**

9. An Information Utility (IU) stores financial information that helps to establish defaults as well as verify claims expeditiously and thereby facilitates completion of transactions under the Code in a time bound manner. It constitutes a key pillar of the insolvency and bankruptcy ecosystem. The IBBI registered National E-Governance Services Limited (NeSL) on 25<sup>th</sup> September, 2017 as first IU under the IBBI (Information Utilities) Regulations, 2017. This registration is valid for five years from the date of registration. NeSL has been promoted by SBI, Canara Bank, Bank of Baroda and others. As on 15<sup>th</sup> May 2018, a total of 379 users have registered with NeSL, which comprises 57 operational creditors, 21 financial creditors, 194 Corporate Debtors, 57 Operational Creditors, 6 Operational Debtors and 101 resolution professionals.

### **Registered Valuers and Registered Valuers Organizations**

10. The following six Registered Valuers Organizations (RVOs) have been recognized:

Name of Registered Valuers Organization (RVO)	Asset Class		
	Land & Building	Plant & Machinery	Securities or Financial Assets
Institution of Estate Managers and Appraisers	Yes	Yes	Yes
IOV Registered Valuers Foundation	Yes	Yes	Yes
ICSI Registered Valuers Organization	Yes	Yes	Yes
ICAI Registered Valuers Organization	No	No	Yes
The Indian Institution of Valuers	Yes	Yes	Yes
ICMAI Registered Valuers Organization	Yes	Yes	Yes

The IBBI has institutionalized a monthly meeting with the CEOs of RVOs to facilitate them to discharge their responsibilities.

11. Vide office memorandum No. 1/27/2013/CL-V dated 23<sup>rd</sup> April 2018, the Ministry of Corporate Affairs has constituted a “Committee to advise on valuation matters” under Rule 19 of the Companies (Registered Valuers and Valuation) Rules 2017. The 1<sup>st</sup> Meeting of the Committee was held on 31<sup>st</sup> May, 2018.