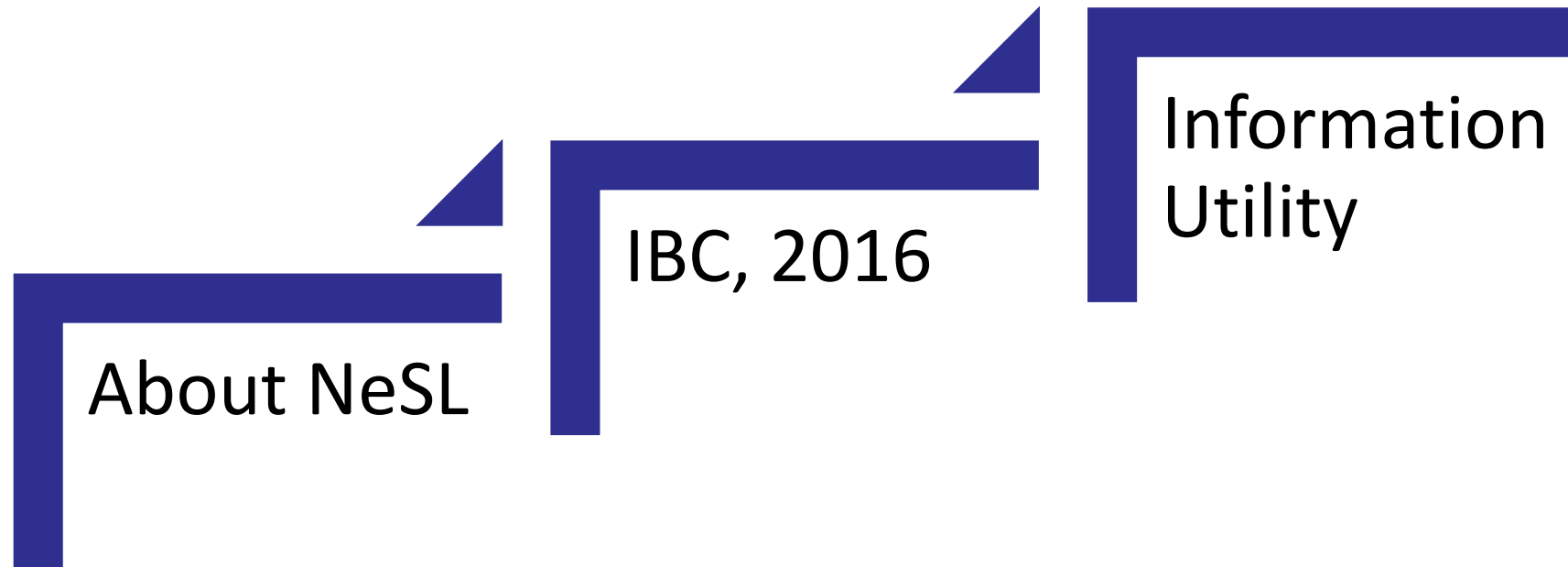




# Awareness on Information Utility under the IBC, 2016

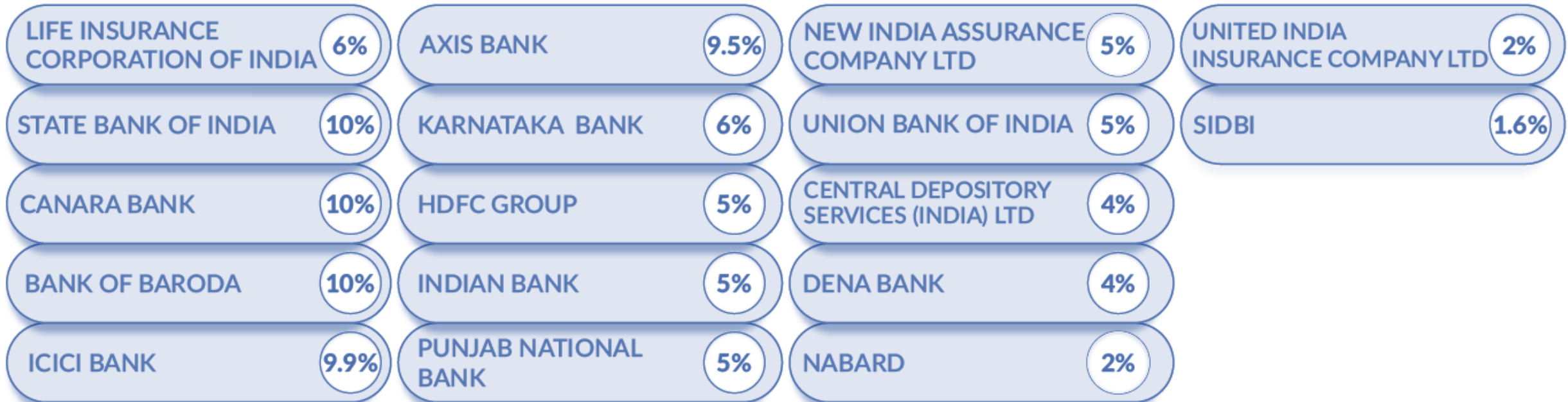


About NeSL

IBC, 2016

Information  
Utility

- **NeSL** was incorporated on June 2016 as a **Union government company**; Equity fully held by Financial institutions - public sector holds 65% of the equity. There are 17 shareholders – 13 banks, 3 insurance companies and 1 depository.



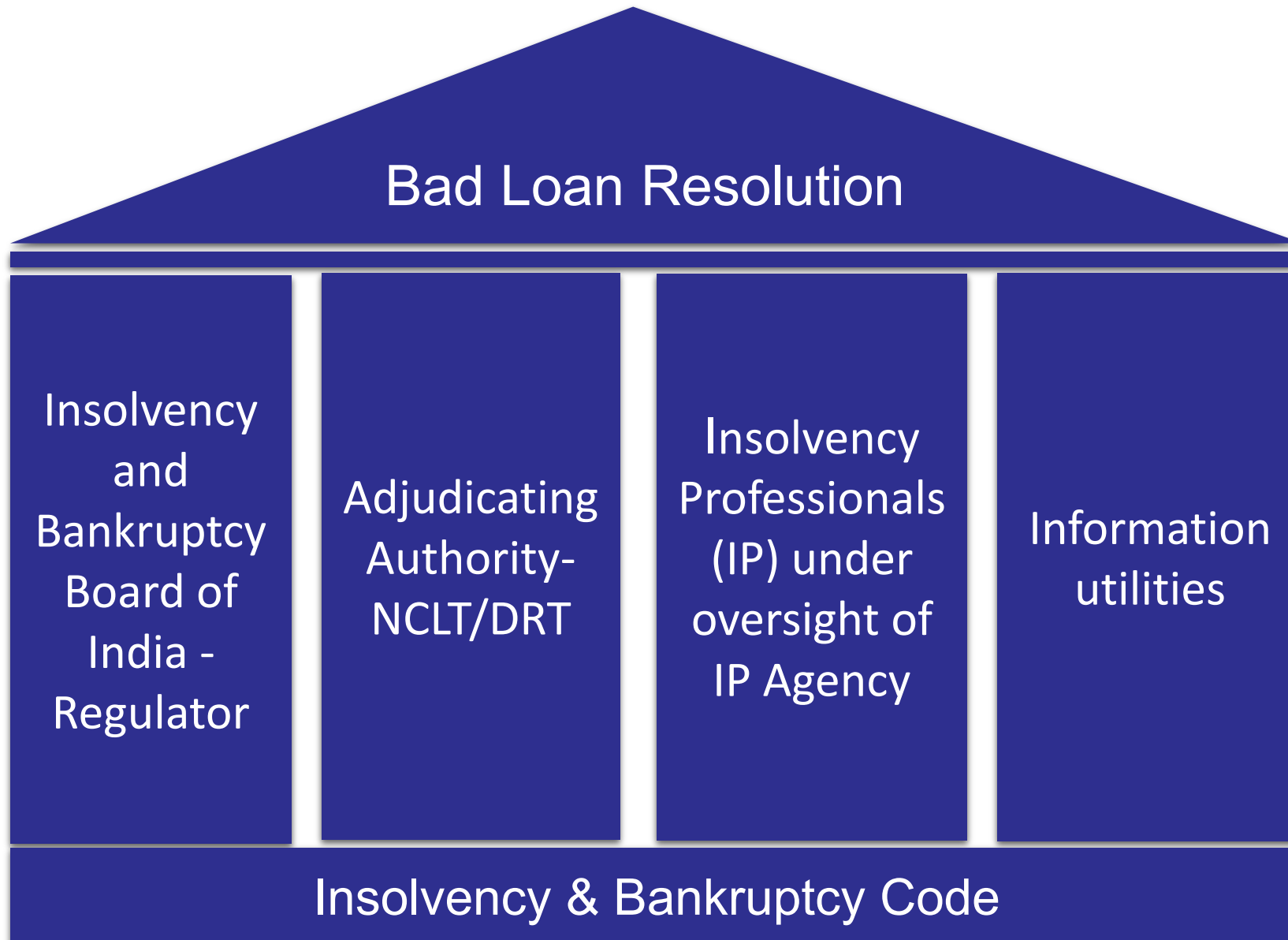
# Why is the Code imperative today?

- ✓ Address the **NPA situation** decisively
- ✓ Endeavours to prevent insolvency
- ✓ Provides **a market mechanism for time bound resolution of insolvency, wherever possible**
- ✓ Facilitates ease of exit wherever required
- ✓ Develop **investor confidence** – credit/bond or equities
- ✓ Encourage entrepreneurship
- ✓ Improve ‘Ease of Doing Business’ **ranking** for India

- ✓ Approach adopted – “**Creditor in control**”
- ✓ **Exclusive jurisdiction** of Adjudicating Authority – NCLT & DRT
- ✓ **Initiation** of CIRP – Lenders; Operational Creditors or Corporate Debtor
- ✓ **Moratorium** starts immediately upon admission (within 14 days of application)
- ✓ **Liquidation** in case CIRP fails

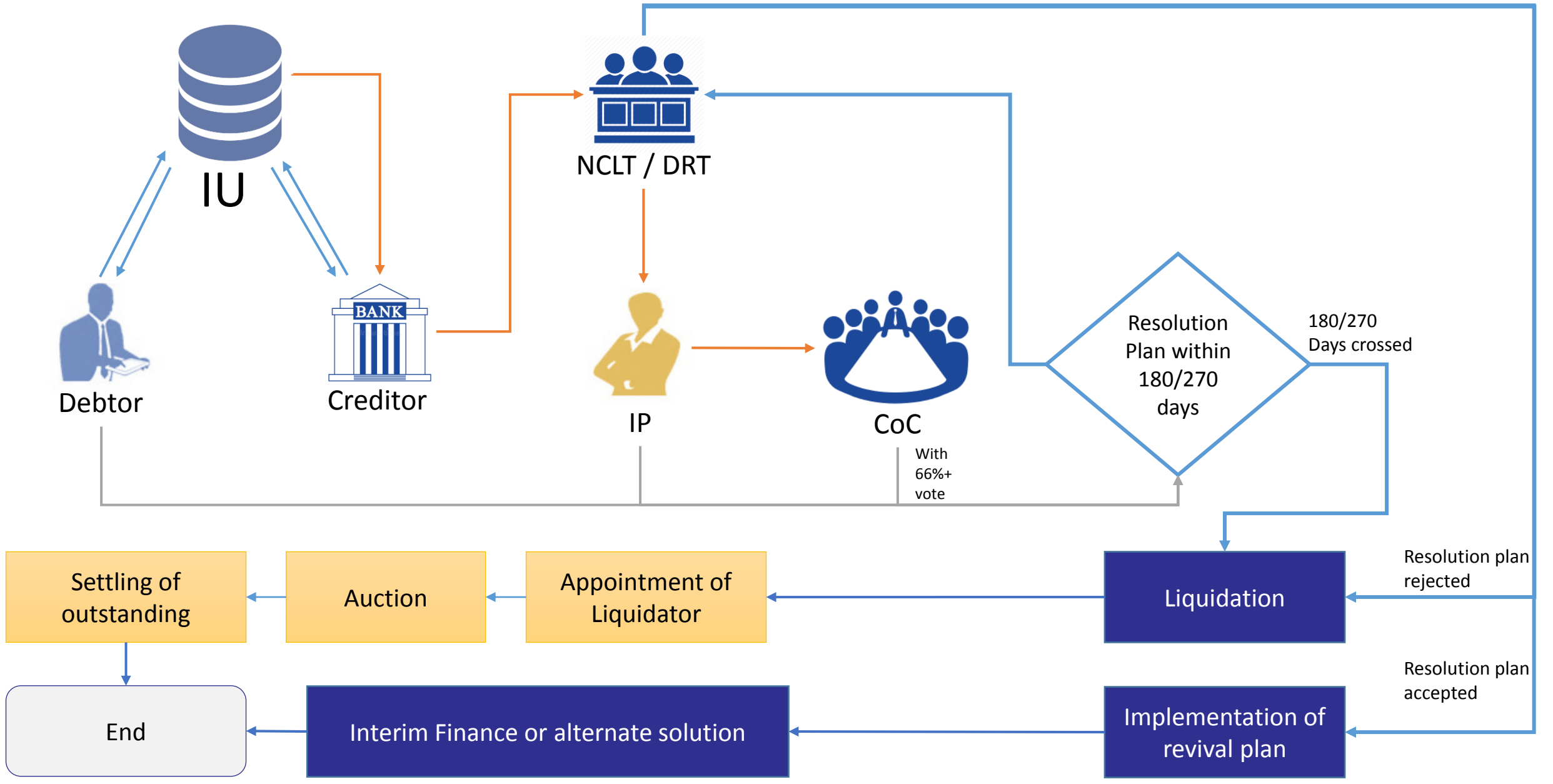
# What the Code intends to change?

- ✓ Code makes a clear distinction between **insolvency and bankruptcy**
- ✓ Allow genuine business failures **a second chance**
- ✓ Provide a **commercial solution** to a commercial issue
- ✓ Code ensures **certainty** in the process of resolving insolvency
- ✓ Provide **confidence to lenders** of their rights and their enforcement



- BLRC identified the source of delay- crucial time wasted in collating undisputed information on indebtedness, security, default
- Designed Information utility- first time in any part of the world
- Objective is to provide undisputed information within a day or two from the date of initiation of insolvency process
- IU to act like a Credit Repository
- Accept financial information from creditors, get them authenticated and store to be used as evidence in the legal process
- Provides a platform for the creditors and debtors-submission and authentication





## **Core Services as Defined by Section 3 (9)**

- Accepting electronic submission of Financial Information
- Safe and accurate recording
- Facilitate Authentication/Verification of Financial Information
- Providing access to Information to persons specified in the Code

- Scope covers both Financial and Operational credit
- Financial Information includes
  - Record of Debt
  - Record of Securities
  - Record of Default
- Digitally signed submission and authentication
- Any frequency : presently monthly submission of data.
  - Documents / default submission at any time
- Inter-operability of IUs

- Covered under Sections 209-215 , Chapter V of the Code
- Registered with IBBI under Section 210 of the Code
- Regulated under the Insolvency and Bankruptcy (Information Utilities)Regulations 2017
- Core services of IU as defined under Section 3 (9) of the Code
- Section 215 (2) of the code mandates the financial creditors to submit financial information to the IU;
- Section 214 defines the obligations of IU
- Section 99 (3)- validity of the debt registered with the IU can not be disputed by the debtor (yet to be notified)

- The most important person in the process of NPA resolution-Tremendous responsibility accompanied by huge liability.
- Success of IBC lies with IP
- Sections 206 to 208
- 208 (1) –
  - i. Fresh start Process;
  - ii. Insolvency resolution process;
  - iii. Corporate insolvency resolution process;
  - iv. Individual bankruptcy process; and
  - v. Liquidation of corporate debtor firm.
- IBBI (Insolvency Professionals) Regulations, 2016
- Code of conduct
- Strict time lines with numerous responsibilities

## **INTERIM RESOLUTION PROFESSIONAL : Section 18**

Public Announcement;

- Collection and collation of information of Corporate Debtor;
- Receipt and collate claims; constitute committee of directors;
- Monitor assets of CD and manage its operations until a regular IP is appointed;
- File information with IU; take control and custody of any assets of the CD
- Handover the information, data, records and documents to the Resolution Professional appointed under Sec.22

## **RESOLUTION OF PROFESSIONAL: Section 25**

- Takeover the assets and management of the CD;
- step into the shoes of the CD and manage the business;
- provide info to the resolution applicant;
- submit resolution plans to CoC;

## **LIQUIDATOR: Section 34**

Continue managing the business for its beneficial liquidation;

Verification of claims;

Sell movable, immovable and actionable claims in public auction

Settle claims as per the waterfall mechanism

## **BANKRUPTCY TRUSTEE: Section 125**

- Registration of claims;
- Preparation of list of creditors;
- Summoning of meeting of creditors;
- Administration and distribution of estate of bankrupt; and
- Completion of administration

- ✓ Source of information;
- ✓ Broadcasting Default;
- ✓ Receiving electronic submission of claims from creditors;
- ✓ Storage of data, records, documents etc;
- ✓ E-auction platform for inviting bids during liquidation process;
- ✓ Capturing information on bidders to enable the IP to know the background of the bidder;
- ✓ Distribution of assets to claimants as per sec 53 (waterfall arrangement);  
and
- ✓ Safe keeping of information for the required retention period



| Section / Regulation                              | Description of Activity                                    | Norm  | Latest Timeline |
|---|--|---|-----------------|
| Section 16(1)                                     | Commencement of CIRP and appointment of IRP                | ....  | T               |
| Regulation 6(1)                                   | Public announcement inviting claims                        | Within 3 Days of Appointment of IRP   | T+3             |
| Section 15(1)(c) / Regulations 6(2)(c) and 12 (1) | Submission of claims                                       | For 14 Days from Appointment of IRP   | T+14            |
| Regulation 12(2)                                  | Submission of claims                                       | Up to 90 <sup>th</sup> day of commencement  | T+90            |
| Regulation 13(1)                                  | Verification of claims received under regulation 12(1)     | Within 7 days from the receipt of the claim   | T+21            |
| Regulation 13(2)                                  | Verification of claims received under regulation 12(2)     |   | T+97            |
| Section 21(6A) (b) / Regulation 16A               | Application for appointment of AR                          | Within 2 days from verification of claims received under regulation 12(1)                   | T+23            |
| Regulation 17(1)                                  | Report certifying constitution of CoC                      |   | T+23            |
| Section 22(1) / Regulation 19(1)                  | 1 <sup>st</sup> meeting of the CoC                         | Within 7 days of the constitution of the CoC, but with seven days' notice                   | T+30            |
| Section 22(2)                                     | Resolution to appoint RP by the CoC                        | In the first meeting of the CoC   | T+30            |
| Section 16(5)                                     | Appointment of RP  | On approval by the AA   | .....           |
| Regulation 17(3)                                  | IRP performs the functions of RP till the RP is appointed. | If RP is not appointed by 40 <sup>th</sup> day of commencement                              | T+40            |
| Regulation 27                                     | Appointment of valuer                                      | Within 7 days of appointment of RP, but not later than 40 <sup>th</sup> day of commencement | T+47            |
| Section 12(A) /                                   | Submission of application for withdrawal of                | Before issue of EoI   | W               |

|                                 |  |  |       |
|---------------------------------|--|--|-------|
| Section 12(A)<br>Regulation 30A | Submission of application for withdrawal of application admitted                           | Before issue of EoI  | W     |
|                                 | CoC to dispose of the application  | Within 7 days of its receipt or 7 days of constitution of CoC, whichever is later.           | W+7   |
|                                 | Filing application of withdrawal, if approved by CoC with 90% majority voting, by RP to AA | Within 3 days of approval by CoC   | W+10  |
| Regulation 35A                  | RP to form an opinion on preferential and other transactions                               | Within 75 days of the commencement   | T+75  |
|                                 | RP to make a determination on preferential and other transactions                          | Within 115 days of commencement  | T+115 |
|                                 | RP to file applications to AA for appropriate relief                                       | Within 135 days of commencement  | T+135 |
| Regulation 36 (1)               | Submission of IM to CoC  | Within 2 weeks of appointment of RP, but not later than 54 <sup>th</sup> day of commencement | T+54  |
| Regulation 36A                  | Publish Form G   | Within 75 days of commencement   | T+75  |
|                                 | Invitation of EoI  |  |       |
|                                 | Submission of EoI  | At least 15 days from issue of EoI (Assume 15 days)  | T+90  |
|                                 | Provisional List of RAs by RP  | Within 10 days from the last day of receipt of EoI   | T+100 |
|                                 | Submission of objections to provisional list   | For 5 days from the date of provisional list   | T+105 |
|                                 | Final List of RAs by RP  | Within 10 days of the receipt of objections  | T+115 |
| Regulation 36B                  | Issue of RFRP, including Evaluation Matrix and IM  | Within 5 days of the issue of the provisional list   | T+105 |
|                                 | Receipt of Resolution Plans  | At least 30 days from issue of RFRP (Assume 30 days)   | T+135 |
| Regulation 39(4)                | Submission of CoC approved Resolution Plan to AA   | As soon as approved by the CoC   | T+165 |
| Section 31(1)                   | Approval of resolution plan by AA  |  | T=180 |

AA: Adjudicating Authority; AR: Authorised Representative; CIRP: Corporate Insolvency Resolution Process; CoC Committee of Creditors; EoI: Expression of Interest; IM: Information Memorandum; IRP: Interim Resolution Professional; RA: Resolution Applicant; RP: Resolution Professional; RFRP: Request for Resolution Plan.]



Helpdesk

- Toll free number : 1800-425-2345
- Email : [helpdesk@nesl.co.in](mailto:helpdesk@nesl.co.in)



Grievances Redressal  
Mechanism

- Grievances Redressal Policy framed
  - Level -1 : Nodal officer
  - Level – 2: Grievances redressel Committee



Nodal Officer

- Nodal officer designated
- Contact detailed published on NeSL website.



Thank You