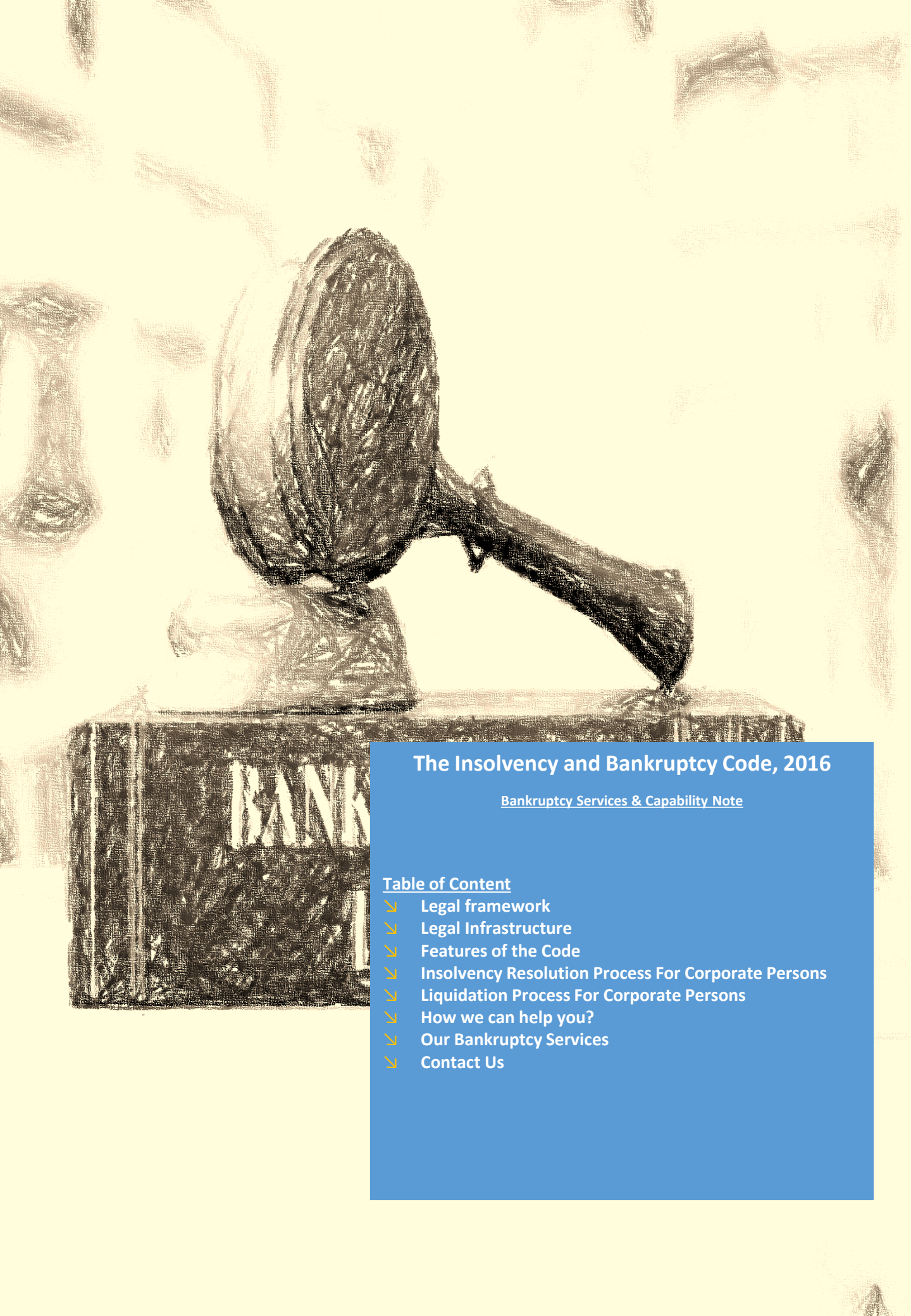


The Insolvency and Bankruptcy Code, 2016

Bankruptcy Services & Capability Note

Jan 2017





The Insolvency and Bankruptcy Code, 2016

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Insolvency & Bankruptcy Code 2016

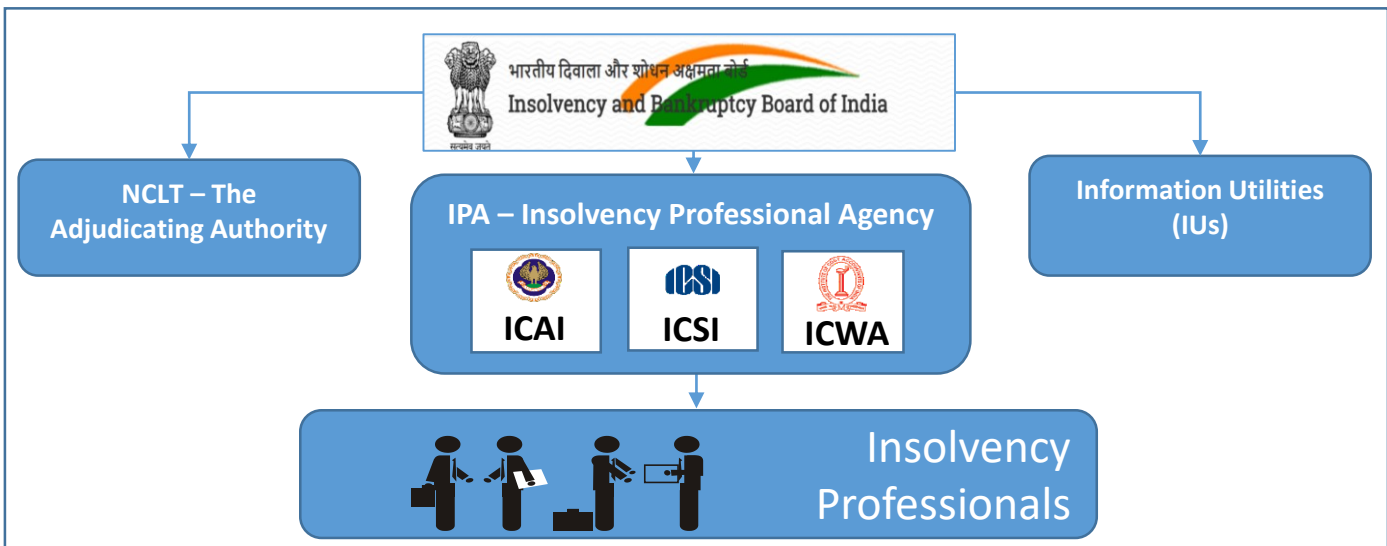
Overview

Legal Framework

- The Act “The Insolvency and Bankruptcy Code, 2016” (IBC) was passed in Parliament on 11th May 2016 and it received Honourable President assent on 28th May 2016.
- The Insolvency and Bankruptcy Board of India (IBBI) was established on October 1, 2016 in accordance with the provisions of The Insolvency and Bankruptcy Code, 2016.
- IBBI, the apex governing body has passed regulation to govern and to create the legal framework around the Code:-
 1. Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.
 2. Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016.
 3. Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Regulations, 2016.
 4. Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.
 5. Insolvency and Bankruptcy Board of India (Insolvency Resolution Process For Corporate Persons) Regulations, 2016.

Legal Infrastructure

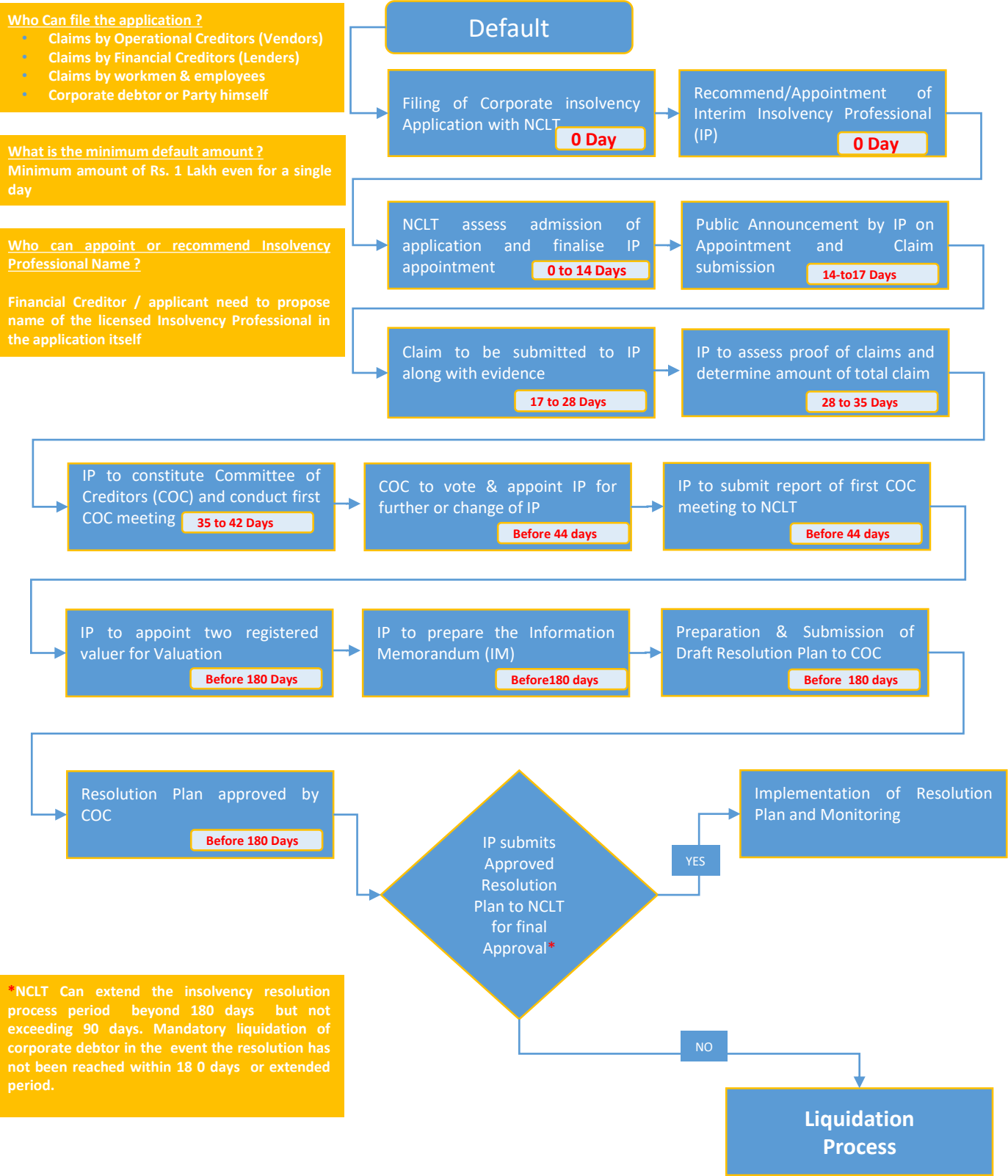
- IBBI has set up following infrastructure for promoting transparency & governance in the administration of the Insolvency & Bankruptcy Matters :-



Features of the Code

- IBC provides a single window platform to oversee all insolvency & liquidation proceedings for Individual, Small & Medium Enterprise (SME), Limited Liability Partnerships (LLP) & Corporate.
- IBC empowers all classes of creditors (secured & unsecured, employees, regulatory authorities) to trigger a resolution process in case of non-payment of valid claim.
- IBC empowers Insolvency Professional to take complete control of the Corporate and to suspend all board of directors & promoters powers. IBC gives a “Limited Period” time to facilitate discussion and to arrive at common resolution process.
- As per the World Bank Report on Doing Business Index 2016, India ranks at 136th Place in “Ease of doing business”. Among several requisite, effective insolvency regime & faster recovery is one of the most important parameters. IBC will help India to improve its overall ranking in Ease of doing business and will help investors & owners in fast recovery from the pain.
- IBC is a going to be very structured & professionally managed two stage Process, (1) Insolvency Resolution Process & (2) Liquidation Process.

Insolvency Resolution Process For Corporate Persons



Liquidation Process For Corporate Persons

Which events can trigger Liquidation order ?

- End of Corporate Insolvency Resolution Plan
- Non-submission of Plan to NCLT
- Non-Approval of Plan
- Decision of Creditors of Committee
- Non-Implementation of Plan
- Delays & Exhaust of Extension Period

Liquidation Order

Appointment of Insolvency Professional as Liquidator

0 Day

Custody & Control of Assets , Register , Books & Accounts

0 Day

Appointment of Professionals for Valuation/ Liquidation/ Auction/ Disposal

0 Day

Consultation with Creditors/ Stakeholders on Liquidation Strategy & Plan

0 Day

Public Announcement on Appointment and Claim Submission deadline

0 to 5 Days

Collection & Assessment of Proof of Claim

5 to 30 Days

Consolidation of Claim & Preparation of List of Stakeholders , Preparation of Waterfall Chart in the rank of priority

Priority

- 1- Liquidation fee & cost
- 2- Secured Creditors
- 3- Secured Lenders
- 4- Workmen & Employees
- 5- Unsecured & Others
- 6- Government Dues
- 7- Remaining Debts & Dues
- 8- Preference Shareholders
- 9- Equity Shareholder (Balance)

31 to 75 Days

Preparation & submission of Confidential - Asset Memorandum (Mode & manner of Realisation)

31 to 75 Days

Valuation of Assets by Two Registered Valuers

31 to 75 Days

Preparation & Submission of Preliminary Report to NCLT

31 to 75 Days

Standalone Sale/Auction/Slump Sale/Private Sale/ Parcel Sale for Realisation

Within 2 Year

Preparation & Submission of Asset Sale Report to NCLT

Within 2 Year

Preparation & Submission of Progress Report to NCLT on Quarterly Basis (within 15 days from the end of Quarter)

Within 2 Year

Collection of Proceeds of Liquidation & Distribution of funds as per Priority

Within 2 Year

Completion of Liquidation , Preparation & Submission of Final Report to NCLT for Dissolution

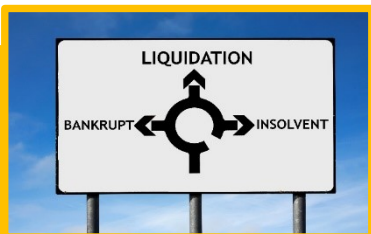
Within 2 Years

Provision for Unclaimed Proceeds of liquidation or undistributed Profits

Within 2 Years

Dissolution Order

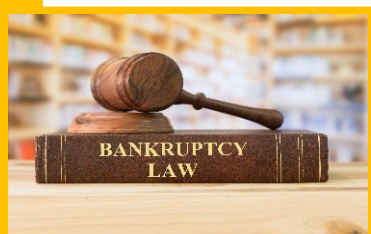
HOW WE CAN HELP YOU ?



- IBC empowers Creditors or Lenders to exercise its rights in the event of single default in any payment or repayment. This can be triggered without any notice whereas the Corporate under Stress or/and Default need to carefully develop & implement an efficient and accurate Cashflow Forecasting , Insolvency Resolution Plan or Turnaround Strategy Plan to handle the situation & to avoid going into liquidation.
- Corporate need Insolvency Professionals to handle, to communicate, to develop and to implement the financial restructuring & re-engineering strategy and to win confidence of all the creditors & stakeholders.



- In the time of difficulty, RiSiKo can help you to identify and select the right path to overcome the time of stress as we have worked and represented both side of the coin and hence understand the pain and emotions of the Entrepreneur at the same time understand the concern of the investors/ stakeholders.
- We have worked across all industry/sector within India and globally and we understand the Business, Operation, People, Process, System, Control & the associated pain areas.
- We can play trusted role of running the Business, handling Insolvency Professional & liquidation as the situation demands.



- In the Year 2014-15, handled USA Bankruptcy filed Under Chapter 11 (Restructuring) & Chapter 7 (liquidation) and played the role of Strategic & Financial Advisor to the Board of Stressed Corporate.
- In the year 2016, we have handled several matters involving liquidation and compliance of Hungary (KFT), Netherlands (BVI) & Dubai (UAE) assets holding Company.
- In India, we have been involved in numerous matters of Corporate Debt Restructuring (CDR), DRT & NPA Matters, SARFAESI matters, Lenders Monitoring Audit, Official Liquidation, Lender relationship management, Enterprise Risk Management (Stress Testing) etc.



- Always worked with an objective to turnaround and handholding the client/creditors to implement the turnaround strategies. We believe in team-working and have always involved maximum existing team members to achieve the turnaround objectives.
- Quick in understanding and analysing the current business situation and develop Corporate restructuring plan.
- Efficient in identifying right team to be involved in restructuring the business environment & develop a revised Business Model for short to long term business revival and restructuring.



- Our firm is licensed holder of Insolvency Professional (IP) as per the mandatory requirement of Insolvency Professionals 2016 regulation.
- Our "Turnaround & Crisis Management Team" on Panel has experienced Chartered Accountant (CA), Lawyers (LLB), Licensed Insolvency Professionals (IP), USA Bankruptcy Attorney, Government Approved Valuer, Ex-banker, Consultants & Subject Matter Expert (SME).
- Quick and easy adaptability to work with the new team and motivate them to work for the turnaround strategies.

RiSiKo is German for **"taking calculated risks to achieve extraordinary returns"**.

Insolvency & Bankruptcy Code 2016

Our Bankruptcy Services



RiSiKo

Key Contacts - Insolvency & Turnaround Specialist

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Pre-Bankruptcy

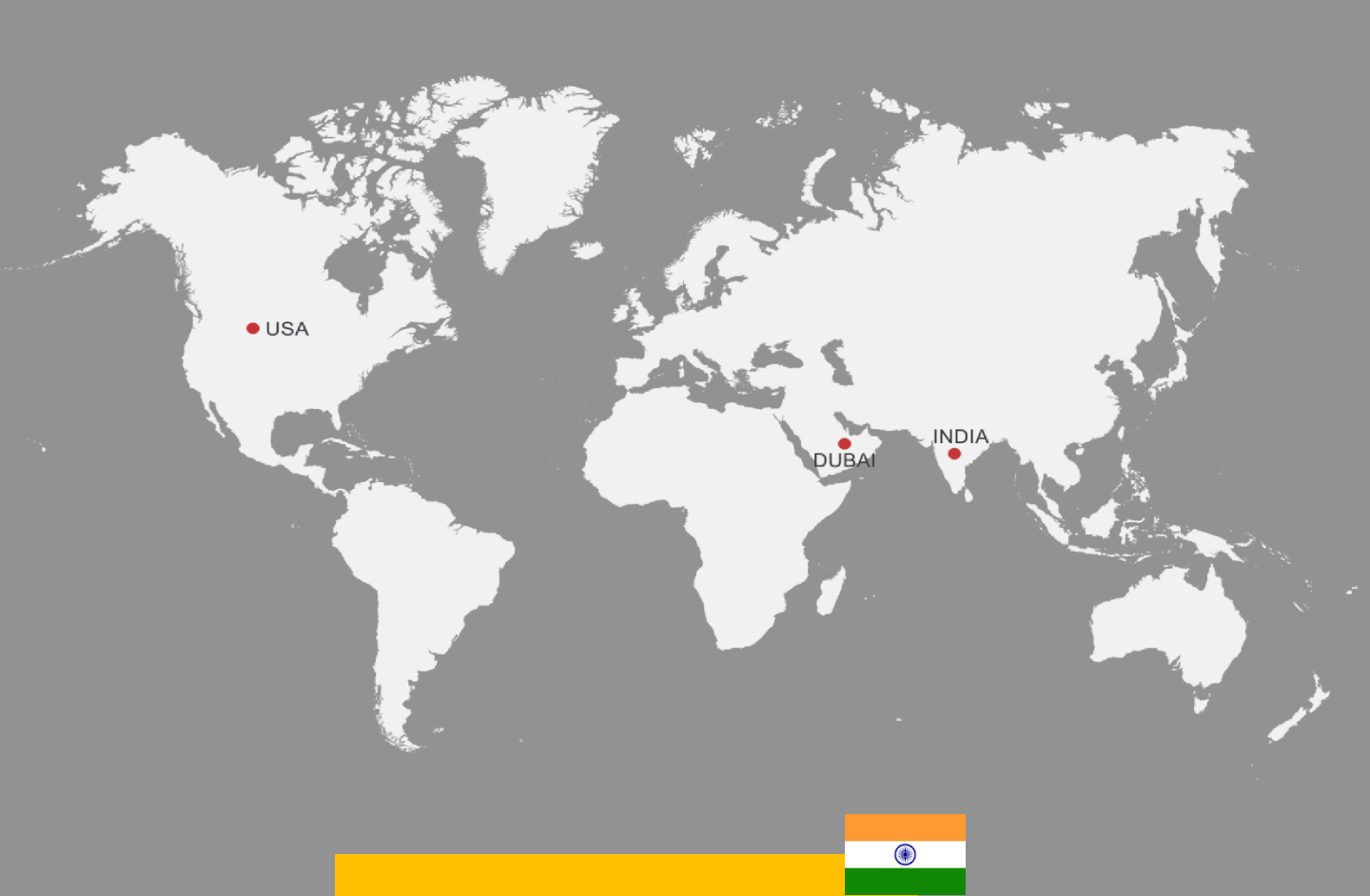
- Quick "Stress & Financial Control Testing" for early detection & avoidance of any possible default
- "Stress & Risk Mitigation Plan" to prevent from going into default, identification & disposal of bad assets/investments, Financial Cashflow & Budget forecasting & monitoring to avoid any events of defaults
- Filing the Application with NCLT (AA)
- Appointment and Playing role as Interim insolvency Professional (IP)

During Bankruptcy

- Appointment and Playing role as Insolvency Professionals (IP)
- Cash Forecasting & monitoring
- Claim Assessment & Consolidation of "Claim Register"
- Constitute Committee of Creditors (COC)
- Creditors & Lenders Relationship Management
- Business & Asset Valuation
- Development & submission of Information Memorandum
- Development & submission of Insolvency Resolution Plan (IRP) or Turnaround Strategy Plan
- Presentation to COC & NCLT, seeking final approval
- Implementation & monitoring performance & compliance reporting of Insolvency Resolution Plan (IRP) to COC/NCLT

During Liquidation

- Appointment and playing role as Liquidator
- Development & submission of Liquidation Plan
- Stakeholders, Creditors & lenders Relationship Management
- Priority of Claim & Waterfall, Proof of Claim assessment
- Liquidation of Business Assets, Realisation & Recovery
- Distribution of funds to pay debts/dues
- Repayment & Closure of Claims
- Submission of Quarterly Progress Report to NCLT (AA)
- Final report submission & dissolution of entity



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