

Resolution Professionals: Bridging Expectation and Delivery

EIRC CONCLAVE: IBC 4.0 || AUGUST 30,2025 || KOLKATA



Multidimensional role of RP under the IBC



Introduction

Central Role under IBC (2016)

The Resolution Professional (RP) is pivotal in the Corporate Insolvency Resolution Process (CIRP).

Management & Custodianship

RP takes over the debtor's management (Sec.17), safeguards assets (Sec.18), and replaces the board.

Constitution of CoC

RP forms and facilitates the Committee of Creditors (Secs.21–24) to drive the resolution.

Key Functions

Invite and evaluate resolution plans, manage operations as a going concern, and initiate avoidance actions.

Multi-faceted Role

Acts as administrator, fiduciary, coordinator, and compliance officer to ensure a time-bound and transparent process.



Statutory Powers & Duties



Takeover & Operations:

Sec.17 gives RP control of management; Sec.18 makes RP custodian of assets; Sec.20 requires running the CD as a going concern.

Committee of Creditors (CoC):

RP constitutes and convenes CoC (Secs.21–24), implements its decisions, and solicits/vets plans (Sec.30).

Claims Management:

RP verifies financial/operational claims (Sec.18, Reg.13) and prepares the Information Memorandum for CoC.

Avoidance Actions:

RP challenges preferential/undervalued transactions (Secs.43–51) and fraudulent trading (Sec.66).

Reporting:

RP submits periodic status reports to NCLT and updates IBBI/NCLT on CIRP progress (Sec.99).



Ethical & Compliance Obligations

Integrity & Independence

Maintain objectivity, avoid conflicts, and act independently of stakeholders

Accountability

Recognized as performing a public duty, RPs can be treated as “public servants” under the PC Act.



Confidentiality

Safeguard all sensitive financial and commercial information.

IBBI Code of Conduct

Disclose conflicts, report disciplinary actions; violations may invite penalties or suspension.

Good Faith & Transparency

Conduct claim verification, CoC proceedings, and asset sales fairly; cooperate with NCLT/CoC.



CIRP: Expectations vs Reality



What stakeholders expect from an RP?

Neutral stewardship & statutory compliance (Sections 18, 20, 23, 25 IBC—custody & control, running the CD as a going concern, safeguarding value).

Speed and predictability, including early red flags on viability, plan feasibility, and avoidance actions.

Transparent decision-support to the CoC with a complete, current IM and timely disclosures.

Stakeholder inclusion, notably homebuyers and operational creditors, via meaningful participation and clear communications.

Implementation assurance post-approval (monitoring, conditions precedent tracking, and issue-escalation protocols).



Where delivery falters in practice?



Information asymmetry & access control in the first 30–60 days (books, permits, plant data).



Process drift from fragmented assets/projects and litigation-induced delays.



Ambiguity in real-estate cases (title/development rights, approvals, and buyer communications).



Gaps in market outreach (limited EOI strategies; insufficient asset-level packaging).



Under-documented decision trails that undermine CoC confidence and NCLT scrutiny.



CIRP: Expectations vs Reality

Expectations	Reality
CIRP completed within 180–330 days	Average CIRP takes ~724 days
Assets preserved, creditor recovery maximized	Recoveries only 31–33%, <5% in liquidation
NCLTs adhere to strict timelines	Frequent adjournments, judicial bottlenecks persist
Most CIRPs resolved through approved plans	Only ~61% CIRPs end with plans
Minimal litigation, efficient resolution framework	Excessive litigation causing process delays



What changed in 2025 that helps RPs?



Real-Estate focused CIRP amendments (w.e.f Feb 3, 2025)

Facilitators for sub-classes (e.g., homebuyers): To assist Authorised Representatives and improve creditor participation/communication.

Invite land authorities to CoC: NOIDA/HUDA-type authorities can be invited to CoC meetings for regulatory inputs—improving plan feasibility.

60-day report on development rights & permissions: A new, time-bound deliverable for RPs to clarify project viability early.

Relaxed participation norms for associations of homebuyers as resolution applicants (eligibility/performance security/deposits).

Monitoring committee for plan implementation (with quarterly reporting to AA) strengthening accountability in execution.

Mandatory disclosure of MSME registration status by the RP to widen bidder interest and correctly apply MSME relaxations.



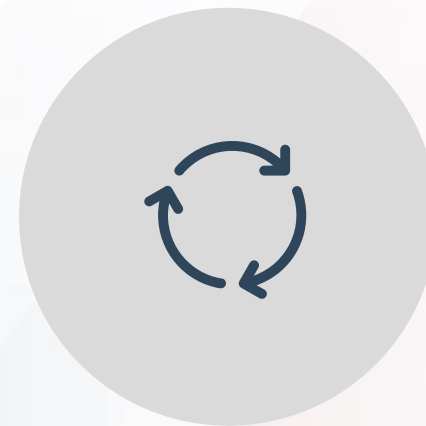
Fourth-wave CIRP refinements (May 26, 2025)



- **Greater Flexibility In Solicitation:** CoC -approved options to seek EOIs for the whole CD and/or asset-level sales in parallel—helpful where unit-wise or project-wise resolution maximises value.



- **Streamlined Compliance & Reporting Forms** to reduce administrative drag while preserving oversight



- **Emphasis on broader stakeholder engagement** and predictable appointment/selection processes, improving market confidence.



IBC Amendment Bill, 2025: Implications for RPs



Creditor-Initiated Insolvency Resolution Process (CIIRP): A new pre-CIRP pathway for specified categories of debtors by qualifying financial creditors ($\geq 51\%$ by value), with structured timelines, debtor representation rights, and an eventual transition into CIRP.

The AA will appoint the RP for CIIRP, and when CIRP is commenced later, the same professional may be appointed as IRP/RP; CIIRP costs will form part of CIRP costs—making the RP's early work financially recognised



Policy thrust: Government/IBBI signalling to compress timelines, reduce ambiguity, and enhance creditor primacy—raising the premium on RP speed, documentation, and market-making.



A practical delivery model for RPs (built around 2025 changes)



Set the Cadence : Strategy

First 60 days

- ❑ **“Single source of truth” data room** (rolling updates; audit trails) and a material-events log that triggers IM updates
- ❑ **Early viability memo (10–14 days) plus formal 60-day Development-Rights Report** for real-estate CDs; pre-book meetings with land authorities and municipal bodies for input at CoC. ibbi.gov.in
- ❑ **Appoint/align ARs and Facilitators** for large creditor classes

Market outreach and plan design

- ❑ **Parallel solicitation:** With CoC approval, run whole-company and asset/project-level EOI streams to de-risk execution and attract bidders.
- ❑ **Real-estate measures:** Where obligations are complete, seek CoC nod for possession handover during CIRP to cut carrying risk and restore trust.
- ❑ **MSME Signaling:** Prominently disclose MSME status to widen the bidder funnel and properly apply relaxations.

Set the Cadence : Action

CoC enablement

- ❑ **Decision-ready CoC packs:** Side-by-side options (enterprise vs asset sales), sensitivity analyses, litigation heat-maps, and a checklist of regulatory dependencies (including any post-CoC CCI approval policy trajectory, if adopted).
- ❑ **Transparent minutes & rationale notes to fortify NCLT/NCLAT scrutiny.**

Plan approval to implementation

- ❑ **Monitoring Committee:** Constitute early (even pre-approval by indicative terms) with clear KPIs, CP/CS tracking, and quarterly reports to AA.
- ❑ **Change-control protocol for plan amendments/substitutions;** dispute-management ladder and escalation timelines.



Way Forward



KPIs to prove delivery (what CoC/NCLT can measure)

Time to stable operations (days from ICD to “going concern” baseline).

IM freshness index (days since last update; number of material updates shared).



Real-estate relief (units handed over during CIRP; % buyer grievances resolved).

Plan implementation health (Monitoring Committee reports on CP clearance rate and milestone slippage).

Market depth (EOIs received per stream; conversion to binding plans).



Bridging the gap: A Concise RP checklist

Stand-up data room + rolling IM updates; avoidance-transaction annexure.

60-day Development-Rights Report; schedule land-authority interactions in CoC.

Appoint Facilitators for large creditor classes; publish communication calendar.

•Run dual-track EOI (enterprise + asset/project); disclose MSME status upfront.

Use handover-during-CIRP (with CoC approval) where buyer obligations are met.

Constitute Monitoring Committee early; template quarterly AA reports.

Ensure team CPE compliance and document SOPs to meet 2025 IP standards.

For CIIRP-applicable sectors, prepare front-end playbooks (notice, representation, potential RP appointment continuity into CIRP).



Any Questions?

Thank You !!



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