COURSE MATERIAL FOR LIMITED INSOLVENCY EXAMINATION

(for the Limited Insolvency Examination to be held from 1st July, 2017 to 31st December, 2017)

(MATERIAL COVERING SYLLABUS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016)

COMPILED BY
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(1st in India to pass the Limited Insolvency Examination)
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Insolvency and Bankruptcy Board of India

23rd May, 2017

Limited Insolvency Examination, July 2017- December 2017

The Board hereby specifies the syllabus, format and frequency of the “Limited Insolvency Examination” under regulation 3(3) of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 applicable for the period 1st July, 2017 to 31st December, 2017, as under:

I. Syllabus for Examination

The syllabus for the “Limited Insolvency Examination” is as under:

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6. General Awareness (Constitution, Economy, Financial Markets and Rights of Workmen) 04

7. Finance and Accounts (Corporate Finance, and Financial Analysis) 04

8. Case Laws-Decisions of Supreme Court, High Courts, NCLAT and NCLT relating to Corporate Insolvency Resolution, Corporate Liquidation, Voluntary Liquidation and Fast Track Resolution Process. There will be five questions carrying two marks each. 10

9. Case-Study on Corporate Insolvency Resolution, Corporate Liquidation, Voluntary Liquidation, Fast Track Resolution, Fresh Start, Individual Insolvency Resolution and Individual Bankruptcy. There will one comprehension narrating the case study and there will be five questions based on the case carrying two marks each. 10

Total 100

This syllabus will be valid for examinations conducted from 1st July, 2017 to 31st December, 2017.

II. Format of Examination

The format of examination is as under:

a. The examination will be conducted online (computer-based in a proctored environment) with objective multiple choice questions.
b. The duration of the examination will be two hours.
c. A candidate will be required to answer 90 questions in two hours for a total of 100 marks.
d. There will be negative marking of 25% of the marks assigned for the question.
e. Passing mark for the examination is 60%.
f. Passing candidates will be awarded a certificate by the Board.
g. A candidate will be issued a temporary mark sheet on submission of examination paper.
h. No workbook or study material will be provided.
III. Frequency of Examination

The frequency of Examination is as under:

a. The examination centers will be available from 100 + locations in the country.
b. The examination will be available from 1st July, 2017.
c. A candidate needs to enroll for examination at www.nism.ac.in. He needs to select IBBI-Limited Insolvency Examination and enroll himself for the examination by choosing the time, the day and the examination centre for his examination.
d. A candidate needs to provide PAN and Aadhaar to enroll for the examination.
e. A candidate needs to pay examination fee of Rs.1000 (One thousand rupees only) online on every enrollment.
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<th>Sr No</th>
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<tr>
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<td>1</td>
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<td>The Companies Act, 2013 (Chapter III to VII, IX, XV, XVII, XVIII, XX, XXVII); The Partnership Act, 1932 (whole); The Limited Liability Partnership Act, 2008 (Nature of LLP, Partners &amp; their relations, Limitation of Liability, Financial Disclosures)</td>
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<td>10</td>
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sumit_binani@hotmail.com; +91 9830810003
This Study Material only covers 74% of the syllabus containing the following:

1. The Insolvency and Bankruptcy Code, 2016


3. Case Laws-Decisions of Supreme Court, High Courts, NCLAT and NCLT relating to Corporate Insolvency Resolution, Corporate Liquidation, Voluntary Liquidation and Fast Track Resolution Process. (As Link)

4. Questions on Case Studies will be asked from the Code and Rules & Regulations only.

Other contents of the syllabus containing 26 % does not form a part of this study material.

Readers are advised to use their own resources for the same.
An Act to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Sixty-seventh Year of the Republic of India as follows:

PART I
PRELIMINARY

1. (1) This Code may be called the Insolvency and Bankruptcy Code, 2016.
(2) It extends to the whole of India:
Provided that Part III of this Code shall not extend to the State of Jammu and Kashmir.
(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

Short title, extent and commencement.
Provided that different dates may be appointed for different provisions of this Code and any reference in any such provision to the commencement of this Code shall be construed as a reference to the commencement of that provision.

2. The provisions of this Code shall apply to—

(a) any company incorporated under the Companies Act, 2013 or under any previous company law;

(b) any other company governed by any special Act for the time being in force, except in so far as the said provisions are inconsistent with the provisions of such special Act;

(c) any Limited Liability Partnership incorporated under the Limited Liability Partnership Act, 2008;

(d) such other body incorporated under any law for the time being in force, as the Central Government may, by notification, specify in this behalf; and

(e) partnership firms and individuals,

in relation to their insolvency, liquidation, voluntary liquidation or bankruptcy, as the case may be.

3. In this Code, unless the context otherwise requires,—

(1) "Board" means the Insolvency and Bankruptcy Board of India established under sub-section (1) of section 188;

(2) "bench" means a bench of the Adjudicating Authority;

(3) "bye-laws" mean the bye-laws made by the insolvency professional agency under section 205;

(4) "charge" means an interest or lien created on the property or assets of any person or any of its undertakings or both, as the case may be, as security and includes a mortgage;

(5) "Chairperson" means the Chairperson of the Board;

(6) "claim" means—

(a) a right to payment, whether or not such right is reduced to judgment, fixed, disputed, undisputed, legal, equitable, secured or unsecured;

(b) right to remedy for breach of contract under any law for the time being in force, if such breach gives rise to a right to payment, whether or not such right is reduced to judgment, fixed, matured, unmatured, disputed, undisputed, secured or unsecured;

(7) "corporate person" means a company as defined in clause (20) of section 2 of the Companies Act, 2013, a limited liability partnership, as defined in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008, or any other person incorporated with limited liability under any law for the time being in force but shall not include any financial service provider;

(8) "corporate debtor" means a corporate person who owes a debt to any person;

(9) "core services" means services rendered by an information utility for—

(a) accepting electronic submission of financial information in such form and manner as may be specified;

(b) safe and accurate recording of financial information;

(c) authenticating and verifying the financial information submitted by a person; and
(d) providing access to information stored with the information utility to persons as may be specified;

(10) “creditor” means any person to whom a debt is owed and includes a financial creditor, an operational creditor, a secured creditor, an unsecured creditor and a decree-holder;

(11) “debt” means a liability or obligation in respect of a claim which is due from any person and includes a financial debt and operational debt;

(12) “default” means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not repaid by the debtor or the corporate debtor, as the case may be;

(13) “financial information”, in relation to a person, means one or more of the following categories of information, namely:\——

(a) records of the debt of the person;

(b) records of liabilities when the person is solvent;

(c) records of assets of person over which security interest has been created;

(d) records, if any, of instances of default by the person against any debt;

(e) records of the balance sheet and cash-flow statements of the person; and

(f) such other information as may be specified.

(14) “financial institution” means—

(a) a scheduled bank;

(b) financial institution as defined in section 45-I of the Reserve Bank of India Act, 1934;

(c) public financial institution as defined in clause (72) of section 2 of the Companies Act, 2013; and

(d) such other institution as the Central Government may by notification specify as a financial institution;

(15) “financial product” means securities, contracts of insurance, deposits, credit arrangements including loans and advances by banks and financial institutions, retirement benefit plans, small savings instruments, foreign currency contracts other than contracts to exchange one currency (whether Indian or not) for another which are to be settled immediately, or any other instrument as may be prescribed;

(16) “financial service” includes any of the following services, namely:—

(a) accepting of deposits;

(b) safeguarding and administering assets consisting of financial products, belonging to another person, or agreeing to do so;

(c) effecting contracts of insurance;

(d) offering, managing or agreeing to manage assets consisting of financial products belonging to another person;

(e) rendering or agreeing, for consideration, to render advice on or soliciting for the purposes of—

(i) buying, selling, or subscribing to, a financial product;

(ii) availing a financial service; or
(iii) exercising any right associated with a financial product or financial service;

(f) establishing or operating an investment scheme;

(g) maintaining or transferring records of ownership of a financial product;

(h) underwriting the issuance or subscription of a financial product; or

(i) selling, providing, or issuing stored value or payment instruments or providing payment services;

(17) "financial service provider" means a person engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator;

(18) "financial sector regulator" means an authority or body constituted under any law for the time being in force to regulate services or transactions of financial sector and includes the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority of India, the Pension Fund Regulatory Authority and such other regulatory authorities as may be notified by the Central Government;

(19) "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;

(20) "insolvency professional agency" means any person registered with the Board under section 201 as an insolvency professional agency;

(21) "information utility" means a person who is registered with the Board as an information utility under section 210;

(22) "notification" means a notification published in the Official Gazette, and the terms "notified" and "notify" shall be construed accordingly;

(23) "person" includes—

(a) an individual;

(b) a Hindu Undivided Family;

(c) a company;

(d) a trust;

(e) a partnership;

(f) a limited liability partnership; and

(g) any other entity established under a statute,

and includes a person resident outside India;

(24) "person resident in India" shall have the meaning as assigned to such term in clause (v) of section 2 of the Foreign Exchange Management Act, 1999;

(25) "person resident outside India" means a person other than a person resident in India;

(26) "prescribed" means prescribed by rules made by the Central Government;

(27) "property" includes money, goods, actionable claims, land and every description of property situated in India or outside India and every description of interest including present or future or vested or contingent interest arising out of, or incidental to, property;
(28) "regulations" means the regulations made by the Board under this Code;

(29) "Schedule" means the Schedule annexed to this Code;

(30) "secured creditor" means a creditor in favour of whom security interest is created;

(31) "security interest" means right, title or interest or a claim to property, created in favour of, or provided for a secured creditor by a transaction which secures payment or performance of an obligation and includes mortgage, charge, hypothecation, assignment and encumbrance or any other agreement or arrangement securing payment or performance of any obligation of any person:

Provided that security interest shall not include a performance guarantee;

(32) "specified" means specified by regulations made by the Board under this Code and the term "specify" shall be construed accordingly;

(33) "transaction" includes a agreement or arrangement in writing for the transfer of assets, or funds, goods or services, from or to the corporate debtor;

(34) "transfer" includes sale, purchase, exchange, mortgage, pledge, gift, loan or any other form of transfer of right, title, possession or lien;

(35) "transfer of property" means transfer of any property and includes a transfer of any interest in the property and creation of any charge upon such property;

(36) "workman" shall have the same meaning as assigned to it in clause (s) of section 2 of the Industrial Disputes Act, 1947;

(37) words and expressions used but not defined in this Code but defined in the Indian Contract Act, 1872, the Indian Partnership Act, 1932, the Securities Contact (Regulation) Act, 1956, the Securities Exchange Board of India Act, 1992, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, the Limited Liability Partnership Act, 2008 and the Companies Act, 2013, shall have the meanings respectively assigned to them in those Acts.

PART II

INSOLVENCY RESOLUTION AND LIQUIDATION FOR CORPORATE PERSONS

CHAPTER I

PRELIMINARY

4. (1) This Part shall apply to matters relating to the insolvency and liquidation of corporate debtors where the minimum amount of the default is one lakh rupees:

Provided that the Central Government may, by notification, specify the minimum amount of default of higher value which shall not be more than one crore rupees.

5. In this Part, unless the context otherwise requires,—

(1) "Adjudicating Authority", for the purposes of this Part, means National Company Law Tribunal constituted under section 408 of the Companies Act, 2013;

(2) "auditor" means a chartered accountant certified to practice as such by the Institute of Chartered Accountants of India under section 6 of the Chartered Accountants Act, 1949;

(3) "Chapter" means a Chapter under this Part;

(4) "constitutional document", in relation to a corporate person, includes articles of association, memorandum of association of a company and incorporation document of a Limited Liability Partnership;
(5) "corporate applicant" means—

(a) corporate debtor; or

(b) a member or partner of the corporate debtor who is authorised to make an application for the corporate insolvency resolution process under the constitutional document of the corporate debtor; or

(c) an individual who is in charge of managing the operations and resources of the corporate debtor; or

(d) a person who has the control and supervision over the financial affairs of the corporate debtor;

(6) "dispute" includes a suit or arbitration proceedings relating to—

(a) the existence of the amount of debt;

(b) the quality of goods or service; or

(c) the breach of a representation or warranty;

(7) "financial creditor" means any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to;

(8) "financial debt" means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes—

(a) money borrowed against the payment of interest;

(b) any amount raised by acceptance under any acceptance credit facility or its de-materialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;

(e) receivables sold or discounted other than any receivables sold on non-recourse basis;

(f) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account;

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution;

(i) the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in sub-clauses (a) to (h) of this clause;

(9) "financial position", in relation to any person, means the financial information of a person as on a certain date;

(10) "information memorandum" means a memorandum prepared by resolution professional under sub-section (1) of section 29;

(11) "initiation date" means the date on which a financial creditor, corporate
applicant or operational creditor, as the case may be, makes an application to the 
Adjudicating Authority for initiating corporate insolvency resolution process;  

(12) "insolvency commencement date" means the date of admission of an 
application for initiating corporate insolvency resolution process by the Adjudicating 
Authority under sections 7, 9 or section 10, as the case may be;  

(13) "insolvency resolution process costs" means—  
(a) the amount of any interim finance and the costs incurred in raising such 
finance;  
(b) the fees payable to any person acting as a resolution professional;  
(c) any costs incurred by the resolution professional in running the 
business of the corporate debtor as a going concern;  
(d) any costs incurred at the expense of the Government to facilitate the 
insolvency resolution process; and  
(e) any other costs as may be specified by the Board;  

(14) "insolvency resolution process period" means the period of one hundred 
and eighty days beginning from the insolvency commencement date and ending on 
one hundred and eightieth day;  

(15) "interim finance" means any financial debt raised by the resolution 
professional during the insolvency resolution process period;  

(16) "liquidation cost" means any cost incurred by the liquidator during the 
period of liquidation subject to such regulations, as may be specified by the Board;  

(17) "liquidation commencement date" means the date on which proceedings 
for liquidation commence in accordance with section 33 or section 59, as the case may 
be;  

(18) "liquidator" means an insolvency professional appointed as a liquidator in 
accordance with the provisions of Chapter III or Chapter V of this Part, as the case 
may be;  

(19) "officer" for the purposes of Chapter VII of this Part, means an officer who 
is in default, as defined in clause (60) of section 2 of the Companies Act, 2013 or a 
designated partner as defined in clause (j) of section 2 of the Limited Liability Partnership 
Act, 2008, as the case may be;  

(20) "operational creditor" means a person to whom an operational debt is owed 
and includes any person to whom such debt has been legally assigned or transferred;  

(21) "operational debt" means a claim in respect of the provision of goods or 
services including employment or a debt in respect of the repayment of dues arising 
under any law for the time being in force and payable to the Central Government, any 
State Government or any local authority;  

(22) "personal guarantor" means an individual who is the surety in a contract of 
guarantee to a corporate debtor;  

(23) "personnel" includes the directors, managers, key managerial personnel, 
designated partners and employees, if any, of the corporate debtor;  

(24) "related party", in relation to a corporate debtor, means—  
(a) a director or partner of the corporate debtor or a relative of a director or 
partner of the corporate debtor;  
(b) a key managerial personnel of the corporate debtor or a relative of a key 
managerial personnel of the corporate debtor;
(c) a limited liability partnership or a partnership firm in which a director, partner, or manager of the corporate debtor or his relative is a partner;

(d) a private company in which a director, partner or manager of the corporate debtor is a director and holds along with his relatives, more than two per cent. of its share capital;

(e) a public company in which a director, partner or manager of the corporate debtor is a director and holds along with relatives, more than two per cent. of its paid-up share capital;

(f) anybody corporate whose board of directors, managing director or manager, in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(g) any limited liability partnership or a partnership firm whose partners or employees in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(h) any person on whose advice, directions or instructions, a director, partner or manager of the corporate debtor is accustomed to act;

(i) a body corporate which is a holding, subsidiary or an associate company of the corporate debtor, or a subsidiary of a holding company to which the corporate debtor is a subsidiary;

(j) any person who controls more than twenty per cent. of voting rights in the corporate debtor on account of ownership or a voting agreement;

(k) any person in whom the corporate debtor controls more than twenty per cent. of voting rights on account of ownership or a voting agreement;

(l) any person who can control the composition of the board of directors or corresponding governing body of the corporate debtor;

(m) any person who is associated with the corporate debtor on account of—

(i) participation in policy making processes of the corporate debtor; or

(ii) having more than two directors in common between the corporate debtor and such person; or

(iii) interchange of managerial personnel between the corporate debtor and such person; or

(iv) provision of essential technical information to, or from, the corporate debtor;

(25) "resolution applicant" means any person who submits a resolution plan to the resolution professional;

(26) "resolution plan" means a plan proposed by any person for insolvency resolution of the corporate debtor as a going concern in accordance with Part II;

(27) "resolution professional", for the purposes of this Part, means an insolvency professional appointed to conduct the corporate insolvency resolution process and includes an interim resolution professional; and

(28) "voting share" means the share of the voting rights of a single financial creditor in the committee of creditors which is based on the proportion of the financial debt owed to such financial creditor in relation to the financial debt owed by the corporate debtor.
CHAPTER II
CORPORATE INSOLVENCY RESOLUTION PROCESS

6. Where any corporate debtor commits a default, a financial creditor, an operational creditor or the corporate debtor itself may initiate corporate insolvency resolution process in respect of such corporate debtor in the manner as provided under this Chapter.

7. (1) A financial creditor either by itself or jointly with other financial creditors may file an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority when a default has occurred.

Explanation.—For the purposes of this sub-section, a default includes a default in respect of a financial debt owed not only to the applicant financial creditor but to any other financial creditor of the corporate debtor.

(2) The financial creditor shall make an application under sub-section (1) in such form and manner and accompanied with such fee as may be prescribed.

(3) The financial creditor shall, along with the application furnish—

(a) record of the default recorded with the information utility or such other record or evidence of default as may be specified;

(b) the name of the resolution professional proposed to act as an interim resolution professional; and

(c) any other information as may be specified by the Board.

(4) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (2), ascertain the existence of a default from the records of an information utility or on the basis of other evidence furnished by the financial creditor under sub-section (3).

(5) Where the Adjudicating Authority is satisfied that—

(a) a default has occurred and the application under sub-section (2) is complete, and there is no disciplinary proceedings pending against the proposed resolution professional, it may, by order, admit such application; or

(b) default has not occurred or the application under sub-section (2) is incomplete or any disciplinary proceeding is pending against the proposed resolution professional, it may, by order, reject such application:

Provided that the Adjudicating Authority shall, before rejecting the application under clause (b) of sub-section (5), give a notice to the applicant to rectify the defect in his application within seven days of receipt of such notice from the Adjudicating Authority.

(6) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (5).

(7) The Adjudicating Authority shall communicate—

(a) the order under clause (a) of sub-section (5) to the financial creditor and the corporate debtor;

(b) the order under clause (b) of sub-section (5) to the financial creditor, within seven days of admission or rejection of such application, as the case may be.

8. (1) An operational creditor may, on the occurrence of a default, deliver a demand notice of unpaid operational debtor copy of an invoice demanding payment of the amount involved in the default to the corporate debtor in such form and manner as may be prescribed.
(2) The corporate debtor shall, within a period of ten days of the receipt of the demand notice or copy of the invoice mentioned in sub-section (1) bring to the notice of the operational creditor—

(a) existence of a dispute, if any, and record of the pendency of the suit or arbitration proceedings filed before the receipt of such notice or invoice in relation to such dispute;

(b) the repayment of unpaid operational debt—

(i) by sending an attested copy of the record of electronic transfer of the unpaid amount from the bank account of the corporate debtor; or

(ii) by sending an attested copy of record that the operational creditor has encashed a cheque issued by the corporate debtor.

Explanation.—For the purposes of this section, a "demand notice" means a notice served by an operational creditor to the corporate debtor demanding repayment of the operational debt in respect of which the default has occurred.

9. (1) After the expiry of the period of ten days from the date of delivery of the notice or invoice demanding payment under sub-section (1) of section 8, if the operational creditor does not receive payment from the corporate debtor or notice of the dispute under sub-section (2) of section 8, the operational creditor may file an application before the Adjudicating Authority for initiating a corporate insolvency resolution process.

(2) The application under sub-section (1) shall be filed in such form and manner and accompanied with such fee as may be prescribed.

(3) The operational creditor shall, along with the application furnish—

(a) a copy of the invoice demanding payment or demand notice delivered by the operational creditor to the corporate debtor;

(b) an affidavit to the effect that there is no notice given by the corporate debtor relating to a dispute of the unpaid operational debt;

(c) a copy of the certificate from the financial institutions maintaining accounts of the operational creditor confirming that there is no payment of an unpaid operational debt by the corporate debtor; and

(d) such other information as may be specified.

(4) An operational creditor initiating a corporate insolvency resolution process under this section, may propose a resolution professional to act as an interim resolution professional.

(5) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (2), by an order—

(i) admit the application and communicate such decision to the operational creditor and the corporate debtor if,—

(a) the application made under sub-section (2) is complete;

(b) there is no repayment of the unpaid operational debt;

(c) the invoice or notice for payment to the corporate debtor has been delivered by the operational creditor;

(d) no notice of dispute has been received by the operational creditor or there is no record of dispute in the information utility; and

(e) there is no disciplinary proceeding pending against any resolution professional proposed under sub-section (4), if any.
reject the application and communicate such decision to the operational creditor and the corporate debtor, if—

(a) the application made under sub-section (2) is incomplete;

(b) there has been repayment of the unpaid operational debt;

(c) the creditor has not delivered the invoice or notice for payment to the corporate debtor;

(d) notice of dispute has been received by the operational creditor or there is a record of dispute in the information utility; or

(e) any disciplinary proceeding is pending against any proposed resolution professional:

Provided that Adjudicating Authority, shall before rejecting an application under sub-clause (a) of clause (ii) give a notice to the applicant to rectify the defect in his application within seven days of the date of receipt of such notice from the adjudicating Authority.

(6) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (5) of this section.

10. (1) Where a corporate debtor has committed a default, a corporate applicant thereof may file an application for initiating corporate insolvency resolution process with the Adjudicating Authority.

(2) The application under sub-section (1) shall be filed in such form, containing such particulars and in such manner and accompanied with such fee as may be prescribed.

(3) The corporate applicant shall, along with the application furnish the information relating to—

(a) its books of account and such other documents relating to such period as may be specified; and

(b) the resolution professional proposed to be appointed as an interim resolution professional.

(4) The Adjudicating Authority shall, within a period of fourteen days of the receipt of the application, by an order—

(a) admit the application, if it is complete; or

(b) reject the application, if it is incomplete:

Provided that Adjudicating Authority shall, before rejecting an application, give a notice to the applicant to rectify the defects in his application within seven days from the date of receipt of such notice from the Adjudicating Authority.

(5) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (4) of this section.

11. The following persons shall not be entitled to make an application to initiate corporate insolvency resolution process under this Chapter, namely:—

(a) a corporate debtor undergoing a corporate insolvency resolution process; or

(b) a corporate debtor having completed corporate insolvency resolution process twelve months preceding the date of making of the application; or

(c) a corporate debtor or a financial creditor who has violated any of the terms of resolution plan which was approved twelve months before the date of making of an application under this Chapter; or

(d) a corporate debtor in respect of whom a liquidation order has been made.
Explanation.—For the purposes of this section, a corporate debtor includes a corporate applicant in respect of such corporate debtor.

12. (1) Subject to sub-section (2), the corporate insolvency resolution process shall be completed within a period of one hundred and eighty days from the date of admission of the application to initiate such process.

(2) The resolution professional shall file an application to the Adjudicating Authority to extend the period of the corporate insolvency resolution process beyond one hundred and eighty days, if instructed to do so by a resolution passed at a meeting of the committee of creditors by a vote of seventy-five per cent. of the voting shares.

(3) On receipt of an application under sub-section (2), if the Adjudicating Authority is satisfied that the subject matter of the case is such that corporate insolvency resolution process cannot be completed within one hundred and eighty days, it may by order extend the duration of such process beyond one hundred and eighty days by such further period as it thinks fit, but not exceeding ninety days:

Provided that any extension of the period of corporate insolvency resolution process under this section shall not be granted more than once.

13. (1) The Adjudicating Authority, after admission of the application under section 7 or section 9 or section 10, shall, by an order—

(a) declare a moratorium for the purposes referred to in section 14;

(b) cause a public announcement of the initiation of corporate insolvency resolution process and call for the submission of claims under section 15; and

(c) appoint an interim resolution professional in the manner as laid down in section 16.

(2) The public announcement referred to in clause (b) of sub-section (1) shall be made immediately after the appointment of the interim resolution professional.

14. (1) Subject to provisions of sub-sections (2) and (3), on the insolvency commencement date, the Adjudicating Authority shall by order declare moratorium for prohibiting all of the following, namely:—

(a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

(b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;

(c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

(2) The supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(3) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

(4) The order of moratorium shall have effect from the date of such order till the completion of the corporate insolvency resolution process:
Provided that where at any time during the corporate insolvency resolution process period, if the Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of corporate debtor under section 33, the moratorium shall cease to have effect from the date of such approval or liquidation order, as the case may be.

15. (1) The public announcement of the corporate insolvency resolution process under the order referred to in section 13 shall contain the following information, namely:—

(a) name and address of the corporate debtor under the corporate insolvency resolution process;

(b) name of the authority with which the corporate debtor is incorporated or registered;

(c) the last date for submission of claims;

(d) details of the interim resolution professional who shall be vested with the management of the corporate debtor and be responsible for receiving claims;

(e) penalties for false or misleading claims; and

(f) the date on which the corporate insolvency resolution process shall close, which shall be the one hundred and eightieth day from the date of the admission of the application under sections 7, 9 or section 10, as the case may be.

(2) The public announcement under this section shall be made in such manner as may be specified.

16. (1) The Adjudicating Authority shall appoint an interim resolution professional within fourteen days from the insolvency commencement date.

(2) Where the application for corporate insolvency resolution process is made by a financial creditor or the corporate debtor, as the case may be, the resolution professional, as proposed respectively in the application under section 7 or section 10, shall be appointed as the interim resolution professional, if no disciplinary proceedings are pending against him.

(3) Where the application for corporate insolvency resolution process is made by an operational creditor and—

(a) no proposal for an interim resolution professional is made, the Adjudicating Authority shall make a reference to the Board for the recommendation of an insolvency professional who may act as an interim resolution professional;

(b) a proposal for an interim resolution professional is made under sub-section (4) of section 9, the resolution professional as proposed, shall be appointed as the interim resolution professional, if no disciplinary proceedings are pending against him.

(4) The Board shall, within ten days of the receipt of a reference from the Adjudicating Authority under sub-section (3), recommend the name of an insolvency professional to the Adjudicating Authority against whom no disciplinary proceedings are pending.

(5) The term of the interim resolution professional shall not exceed thirty days from date of his appointment.

17. (1) From the date of appointment of the interim resolution professional,—

(a) the management of the affairs of the corporate debtor shall vest in the interim resolution professional;

(b) the powers of the board of directors or the partners of the corporate debtor, as the case may be, shall stand suspended and be exercised by the interim resolution professional;
(c) the officers and managers of the corporate debtor shall report to the interim resolution professional and provide access to such documents and records of the corporate debtor as may be required by the interim resolution professional;

(d) the financial institutions maintaining accounts of the corporate debtor shall act on the instructions of the interim resolution professional in relation to such accounts and furnish all information relating to the corporate debtor available with them to the interim resolution professional.

(2) The interim resolution professional vested with the management of the corporate debtor shall—

(a) act and execute in the name and on behalf of the corporate debtor all deeds, receipts, and other documents, if any;

(b) take such actions, in the manner and subject to such restrictions, as may be specified by the Board;

(c) have the authority to access the electronic records of corporate debtor from information utility having financial information of the corporate debtor;

(d) have the authority to access the books of account, records and other relevant documents of corporate debtor available with government authorities, statutory auditors, accountants and such other persons as may be specified.

18. The interim resolution professional shall perform the following duties, namely:—

(a) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor, including information relating to—

(i) business operations for the previous two years;

(ii) financial and operational payments for the previous two years;

(iii) list of assets and liabilities as on the initiation date; and

(iv) such other matters as may be specified;

(b) receive and collate all the claims submitted by creditors to him, pursuant to the public announcement made under sections 13 and 15;

(c) constitute a committee of creditors;

(d) monitor the assets of the corporate debtor and manage its operations until a resolution professional is appointed by the committee of creditors;

(e) file information collected with the information utility, if necessary; and

(f) take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the balance sheet of the corporate debtor, or with information utility or the depository of securities or any other registry that records the ownership of assets including—

(i) assets over which the corporate debtor has ownership rights which may be located in a foreign country;

(ii) assets that may or may not be in possession of the corporate debtor;

(iii) tangible assets, whether movable or immovable;

(iv) intangible assets including intellectual property;

(v) securities including shares held in any subsidiary of the corporate debtor, financial instruments, insurance policies;
(vi) assets subject to the determination of ownership by a court or authority;

(g) to perform such other duties as may be specified by the Board.

Explanation.—For the purposes of this sub-section, the term "assets" shall not include the following, namely:—

(a) assets owned by a third party in possession of the corporate debtor held under trust or under contractual arrangements including bailment;

(b) assets of any Indian or foreign subsidiary of the corporate debtor; and

(c) such other assets as may be notified by the Central Government in consultation with any financial sector regulator.

19. (1) The personnel of the corporate debtor, its promoters or any other person associated with the management of the corporate debtor shall extend all assistance and cooperation to the interim resolution professional as may be required by him in managing the affairs of the corporate debtor.

(2) Where any personnel of the corporate debtor, its promoter or any other person required to assist or cooperate with the interim resolution professional does not assist or cooperate, the interim resolution professional may make an application to the Adjudicating Authority for necessary directions.

(3) The Adjudicating Authority, on receiving an application under sub-section (2), shall by an order, direct such personnel or other person to comply with the instructions of the resolution professional and to cooperate with him in collection of information and management of the corporate debtor.

20. (1) The interim resolution professional shall make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern.

(2) For the purposes of sub-section (1), the interim resolution professional shall have the authority—

(a) to appoint accountants, legal or other professionals as may be necessary;

(b) to enter into contracts on behalf of the corporate debtor or to amend or modify the contracts or transactions which were entered into before the commencement of corporate insolvency resolution process;

(c) to raise interim finance provided that no security interest shall be created over any encumbered property of the corporate debtor without the prior consent of the creditors whose debt is secured over such encumbered property:

Provided that no prior consent of the creditor shall be required where the value of such property is not less than the amount equivalent to twice the amount of the debt.

(d) to issue instructions to personnel of the corporate debtor as may be necessary for keeping the corporate debtor as a going concern; and

(e) to take all such actions as are necessary to keep the corporate debtor as a going concern.

21. (1) The interim resolution professional shall after collation of all claims received against the corporate debtor and determination of the financial position of the corporate debtor, constitute a committee of creditors.

(2) The committee of creditors shall comprise all financial creditors of the corporate debtor:

Provided that a related party to whom a corporate debtor owes a financial debt shall not have any right of representation, participation or voting in a meeting of the committee of creditors.
(3) Where the corporate debtor owes financial debts to two or more financial creditors as part of a consortium or agreement, each such financial creditor shall be part of the committee of creditors and their voting share shall be determined on the basis of the financial debts owed to them.

(4) Where any person is a financial creditor as well as an operational creditor,—

(a) such person shall be a financial creditor to the extent of the financial debt owed by the corporate debtor, and shall be included in the committee of creditors, with voting share proportionate to the extent of financial debts owed to such creditor;

(b) such person shall be considered to be an operational creditor to the extent of the operational debt owed by the corporate debtor to such creditor.

(5) Where an operational creditor has assigned or legally transferred any operational debt to a financial creditor, the assignee or transferee shall be considered as an operational creditor to the extent of such assignment or legal transfer.

(6) Where the terms of the financial debt extended as part of a consortium arrangement or syndicated facility or issued as securities provide for a single trustee or agent to act for all financial creditors, each financial creditor may—

(a) authorise the trustee or agent to act on his behalf in the committee of creditors to the extent of his voting share;

(b) represent himself in the committee of creditors to the extent of his voting share;

(c) appoint an insolvency professional (other than the resolution professional) at his own cost to represent himself in the committee of creditors to the extent of his voting share; or

(d) exercise his right to vote to the extent of his voting share with one or more financial creditors jointly or severally.

(7) The Board may specify the manner of determining the voting share in respect of financial debts issued as securities under sub-section (6).

(8) All decisions of the committee of creditors shall be taken by a vote of not less than seventy-five per cent. of voting share of the financial creditors:

Provided that where a corporate debtor does not have any financial creditors, the committee of creditors shall be constituted and comprise of such persons to exercise such functions in such manner as may be specified by the Board.

(9) The committee of creditors shall have the right to require the resolution professional to furnish any financial information in relation to the corporate debtor at any time during the corporate insolvency resolution process.

(10) The resolution professional shall make available any financial information so required by the committee of creditors under sub-section (9) within a period of seven days of such requisition.

22. (1) The first meeting of the committee of creditors shall be held within seven days of the constitution of the committee of creditors.

(2) The committee of creditors, may, in the first meeting, by a majority vote of not less than seventy-five per cent. of the voting share of the financial creditors, either resolve to appoint the interim resolution professional as a resolution professional or to replace the interim resolution professional by another resolution professional.

(3) Where the committee of creditors resolves under sub-section (2)—
(a) to continue the interim resolution professional as resolution professional, it shall communicate its decision to the interim resolution professional, the corporate debtor and the Adjudicating Authority; or

(b) to replace the interim resolution professional, it shall file an application before the Adjudicating Authority for the appointment of the proposed resolution professional.

(4) The Adjudicating Authority shall forward the name of the resolution professional proposed under clause (b) of sub-section (3) to the Board for its confirmation and shall make such appointment after confirmation by the Board.

(5) Where the Board does not confirm the name of the proposed resolution professional within ten days of the receipt of the name of the proposed resolution professional, the Adjudicating Authority shall, by order, direct the interim resolution professional to continue to function as the resolution professional until such time as the Board confirms the appointment of the proposed resolution professional.

23. (1) Subject to section 27, the resolution professional shall conduct the entire corporate insolvency resolution process and manage the operations of the corporate debtor during the corporate insolvency resolution process period.

(2) The resolution professional shall exercise powers and perform duties as are vested or conferred on the interim resolution professional under this Chapter.

(3) In case of any appointment of a resolution professional under sub-sections (4) of section 22, the interim resolution professional shall provide all the information, documents and records pertaining to the corporate debtor in his possession and knowledge to the resolution professional.

24. (1) The members of the committee of creditors may meet in person or by such electronic means as may be specified.

(2) All meetings of the committee of creditors shall be conducted by the resolution professional.

(3) The resolution professional shall give notice of each meeting of the committee of creditors to—

(a) members of Committee of creditors;

(b) members of the suspended Board of Directors or the partners of the corporate persons, as the case may be;

(c) operational creditors or their representatives if the amount of their aggregate dues is not less than ten per cent. of the debt.

(4) The directors, partners and one representative of operational creditors, as referred to in sub-section (3), may attend the meetings of committee of creditors, but shall not have any right to vote in such meetings:

Provided that the absence of any such direct or, partner or representative of operational creditors, as the case may be, shall not invalidate proceedings of such meeting.

(5) Any creditor who is a member of the committee of creditors may appoint an insolvency professional other than the resolution professional to represent such creditor in a meeting of the committee of creditors:

Provided that the fees payable to such insolvency professional representing any individual creditor will be borne by such creditor.
(6) Each creditor shall vote in accordance with the voting share assigned to him based on the financial debts owed to such creditor.

(7) The resolution professional shall determine the voting share to be assigned to each creditor in the manner specified by the Board.

(8) The meetings of the committee of creditors shall be conducted in such manner as may be specified.

25. (1) It shall be the duty of the resolution professional to preserve and protect the assets of the corporate debtor, including the continued business operations of the corporate debtor.

(2) For the purposes of sub-section (1), the resolution professional shall undertake the following actions, namely:

(a) take immediate custody and control of all the assets of the corporate debtor, including the business records of the corporate debtor;

(b) represent and act on behalf of the corporate debtor with third parties, exercise rights for the benefit of the corporate debtor in judicial, quasi-judicial or arbitration proceedings;

(c) raise interim finances subject to the approval of the committee of creditors under section 28;

(d) appoint accountants, legal or other professionals in the manner as specified by Board;

(e) maintain an updated list of claims;

(f) convene and attend all meetings of the committee of creditors;

(g) prepare the information memorandum in accordance with section 29;

(h) invite prospective lenders, investors, and any other persons to put forward resolution plans;

(i) present all resolution plans at the meetings of the committee of creditors;

(j) file application for avoidance of transactions in accordance with Chapter III, if any; and

(k) such other actions as may be specified by the Board.

26. The filing of an avoidance application under clause (j) of sub-section (2) of section 25 by the resolution professional shall not affect the proceedings of the corporate insolvency resolution process.

27. (1) Where, at any time during the corporate insolvency resolution process, the committee of creditors is of the opinion that a resolution professional appointed under section 22 is required to be replaced, it may replace him with another resolution professional in the manner provided under this section.

(2) The committee of creditors may, at a meeting, by a vote of seventy five per cent. of voting shares, propose to replace the resolution professional appointed under section 22 with another resolution professional.

(3) The committee of creditors shall forward the name of the insolvency professional proposed by them to the Adjudicating Authority.

(4) The Adjudicating Authority shall forward the name of the proposed resolution professional to the Board for its confirmation and a resolution professional shall be appointed in the same manner as laid down in section 16.
(5) Where any disciplinary proceedings are pending against the proposed resolution professional under sub-section (3), the resolution professional appointed under section 22 shall continue till the appointment of another resolution professional under this section.

28. (1) Notwithstanding anything contained in any other law for the time being in force, the resolution professional, during the corporate insolvency resolution process, shall not take any of the following actions without the prior approval of the committee of creditors namely:—

(a) raise any interim finance in excess of the amount as may be decided by the committee of creditors in their meeting;

(b) create any security interest over the assets of the corporate debtor;

(c) change the capital structure of the corporate debtor, including by way of issuance of additional securities, creating a new class of securities or buying back or redemption of issued securities in case the corporate debtor is a company;

(d) record any change in the ownership interest of the corporate debtor;

(e) give instructions to financial institutions maintaining accounts of the corporate debtor for a debit transaction from any such accounts in excess of the amount as may be decided by the committee of creditors in their meeting;

(f) undertake any related party transaction;

(g) amend any constitutional documents of the corporate debtor;

(h) delegate its authority to any other person;

(i) dispose of or permit the disposal of shares of any shareholder of the corporate debtor or their nominees to third parties;

(j) make any change in the management of the corporate debtor or its subsidiary;

(k) transfer rights or financial debts or operational debts under material contracts otherwise than in the ordinary course of business;

(l) make changes in the appointment or terms of contract of such personnel as specified by the committee of creditors; or

(m) make changes in the appointment or terms of contract of statutory auditors or internal auditors of the corporate debtor.

(2) The resolution professional shall convene a meeting of the committee of creditors and seek the vote of the creditors prior to taking any of the actions under sub-section (1).

(3) No action under sub-section (1) shall be approved by the committee of creditors unless approved by a vote of seventy five per cent. of the voting shares.

(4) Where any action under sub-section (1) is taken by the resolution professional without seeking the approval of the committee of creditors in the manner as required in this section, such action shall be void.

(5) The committee of creditors may report the actions of the resolution professional under sub-section (4) to the Board for taking necessary actions against him under this Code.

29. (1) The resolution professional shall prepare an information memorandum in such form and manner containing such relevant information as may be specified by the Board for formulating a resolution plan.

(2) The resolution professional shall provide to the resolution applicant access to all
relevant information in physical and electronic form, provided such resolution applicant undertakes—

(a) to comply with provisions of law for the time being in force relating to confidentiality and insider trading;

(b) to protect any intellectual property of the corporate debtor it may have access to; and

(c) not to share relevant information with third parties unless clauses (a) and (b) of this sub-section are complied with.

Explanation.—For the purposes of this section, "relevant information" means the information required by the resolution applicant to make the resolution plan for the corporate debtor, which shall include the financial position of the corporate debtor, all information related to disputes by or against the corporate debtor and any other matter pertaining to the corporate debtor as may be specified.

30. (1) A resolution applicant may submit a resolution plan to the resolution professional prepared on the basis of the information memorandum.

(2) The resolution professional shall examine each resolution plan received by him to confirm that each resolution plan—

(a) provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the repayment of other debts of the corporate debtor;

(b) provides for the repayment of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than the amount to be paid to the operational creditors in the event of a liquidation of the corporate debtor under section 53;

(c) provides for the management of the affairs of the Corporate debtor after approval of the resolution plan;

(d) the implementation and supervision of the resolution plan;

(e) does not contravene any of the provisions of the law for the time being in force;

(f) conforms to such other requirements as may be specified by the Board.

(3) The resolution professional shall present to the committee of creditors for its approval such resolution plans which confirm the conditions referred to in sub-section (2).

(4) The committee of creditors may approve a resolution plan by a vote of not less than seventy five per cent. of voting share of the financial creditors.

(5) The resolution applicant may attend the meeting of the committee of creditors in which the resolution plan of the applicant is considered:

Provided that the resolution applicant shall not have a right to vote at the meeting of the committee of creditors unless such resolution applicant is also a financial creditor.

(6) The resolution professional shall submit the resolution plan as approved by the committee of creditors to the Adjudicating Authority.

31. (1) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (4) of section 30 meets the requirements as referred to in sub-section (2) of section 30, it shall by order approve the resolution plan which shall be binding on the corporate debtor and its employees, members, creditors, guarantors and other stakeholders involved in the resolution plan.
(2) Where the Adjudicating Authority is satisfied that the resolution plan does not confirm to the requirements referred to in sub-section (1), it may, by an order, reject the resolution plan.

(3) After the order of approval under sub-section (1),—

(a) the moratorium order passed by the Adjudicating Authority under section 14 shall cease to have effect; and

(b) the resolution professional shall forward all records relating to the conduct of the corporate insolvency resolution process and the resolution plan to the Board to be recorded on its database.

32. Any appeal from an order approving the resolution plan shall be in the manner and on the grounds laid down in sub-section (3) of section 61.

CHAPTER III
LIQUIDATION PROCESS

33. (1) Where the Adjudicating Authority, —

(a) before the expiry of the insolvency resolution process period or the maximum period permitted for completion of the corporate insolvency resolution process under section 12 or the fast track corporate insolvency resolution process under section 56, as the case may be, does not receive a resolution plan under sub-section (6) of section 30; or

(b) rejects the resolution plan under section 31 for the non-compliance of the requirements specified therein,

it shall—

(i) pass an order requiring the corporate debtor to be liquidated in the manner as laid down in this Chapter;

(ii) issue a public announcement stating that the corporate debtor is in liquidation; and

(iii) require such order to be sent to the authority with which the corporate debtor is registered.

(2) Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors to liquidate the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1).

(3) Where the resolution plan approved by the Adjudicating Authority is contravened by the concerned corporate debtor, any person other than the corporate debtor, whose interests are prejudicially affected by such contravention, may make an application to the Adjudicating Authority for a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1).

(4) On receipt of an application under sub-section (3), if the Adjudicating Authority determines that the corporate debtor has contravened the provisions of the resolution plan, it shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1).

(5) Subject to section 52, when a liquidation order has been passed, no suit or other legal proceeding shall be instituted by or against the corporate debtor:

Provided that a suit or other legal proceeding may be instituted by the liquidator, on behalf of the corporate debtor, with the prior approval of the Adjudicating Authority.
(6) The provisions of sub-section (5) shall not apply to legal proceedings in relation to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

(7) The order for liquidation under this section shall be deemed to be a notice of discharge to the officers, employees and workmen of the corporate debtor, except when the business of the corporate debtor is continued during the liquidation process by the liquidator.

34. (1) Where the Adjudicating Authority passes an order for liquidation of the corporate debtor under section 33, the resolution professional appointed for the corporate insolvency resolution process under Chapter II shall act as the liquidator for the purposes of liquidation unless replaced by the Adjudicating Authority under sub-section (4).

(2) On the appointment of a liquidator under this section, all powers of the board of directors, key managerial personnel and the partners of the corporate debtor, as the case may be, shall cease to have effect and shall be vested in the liquidator.

(3) The personnel of the corporate debtor shall extend all assistance and cooperation to the liquidator as may be required by him in managing the affairs of the corporate debtor and provisions of section 19 shall apply in relation to voluntary liquidation process as they apply in relation to liquidation process with the substitution of references to the liquidator for references to the interim resolution professional.

(4) The Adjudicating Authority shall by order replace the resolution professional, if—

(a) the resolution plan submitted by the resolution professional under section 30 was rejected for failure to meet the requirements mentioned in sub-section (2) of section 30; or

(b) the Board recommends the replacement of a resolution professional to the Adjudicating Authority for reasons to be recorded in writing.

(5) For the purposes of clause (a) of sub-section (4), the Adjudicating Authority may direct the Board to propose the name of another insolvency professional to be appointed as a liquidator.

(6) The Board shall propose the name of another insolvency professional within ten days of the direction issued by the Adjudicating Authority under sub-section (5).

(7) The Adjudicating Authority shall, on receipt of the proposal of the Board for the appointment of an insolvency professional as liquidator, by an order appoint such insolvency professional as the liquidator.

(8) An insolvency professional proposed to be appointed as a liquidator shall charge such fee for the conduct of the liquidation proceedings and in such proportion to the value of the liquidation estate assets, as may be specified by the Board.

(9) The fees for the conduct of the liquidation proceedings under sub-section (8) shall be paid to the liquidator from the proceeds of the liquidation estate under section 53.

35. (1) Subject to the directions of the Adjudicating Authority, the liquidator shall have the following powers and duties, namely:—

(a) to verify claims of all the creditors;

(b) to take into his custody or control all the assets, property, effects and actionable claims of the corporate debtor;

(c) to evaluate the assets and property of the corporate debtor in the manner as may be specified by the Board and prepare a report;

(d) to take such measures to protect and preserve the assets and properties of the corporate debtor as he considers necessary;
(e) to carry on the business of the corporate debtor for its beneficial liquidation as he considers necessary;

(f) subject to section 52, to sell the immovable and movable property and actionable claims of the corporate debtor in liquidation by public auction or private contract, with power to transfer such property to any person or body corporate, or to sell the same in parcels in such manner as may be specified;

(g) to draw, accept, make and endorse any negotiable instruments including bill of exchange, hundi or promissory note in the name and on behalf of the corporate debtor, with the same effect with respect to the liability as if such instruments were drawn, accepted, made or endorsed by or on behalf of the corporate debtor in the ordinary course of its business;

(h) to take out, in his official name, letter of administration to any deceased contributory and to do in his official name any other act necessary for obtaining payment of any money due and payable from a contributory or his estate which cannot be ordinarily done in the name of the corporate debtor, and in all such cases, the money due and payable shall, for the purpose of enabling the liquidator to take out the letter of administration or recover the money, be deemed to be due to the liquidator himself;

(i) to obtain any professional assistance from any person or appoint any professional, in discharge of his duties, obligations and responsibilities;

(j) to invite and settle claims of creditors and claimants and distribute proceeds in accordance with the provisions of this Code;

(k) to institute or defend any suit, prosecution or other legal proceedings, civil or criminal, in the name of on behalf of the corporate debtor;

(l) to investigate the financial affairs of the corporate debtor to determine undervalued or preferential transactions;

(m) to take all such actions, steps, or to sign, execute and verify any paper, deed, receipt document, application, petition, affidavit, bond or instrument and for such purpose to use the common seal, if any, as may be necessary for liquidation, distribution of assets and in discharge of his duties and obligations and functions as liquidator;

(n) to apply to the Adjudicating Authority for such orders or directions as may be necessary for the liquidation of the corporate debtor and to report the progress of the liquidation process in a manner as may be specified by the Board; and

(o) to perform such other functions as may be specified by the Board.

2. The liquidator shall have the power to consult any of the stakeholders entitled to a distribution of proceeds under section 53:

Provided that any such consultation shall not be binding on the liquidator:

Provided further that the records of any such consultation shall be made available to all other stakeholders not so consulted, in a manner specified by the Board.

36. (1) For the purposes of liquidation, the liquidator shall form an estate of the assets mentioned in sub-section (3), which will be called the liquidation estate in relation to the corporate debtor.

(2) The liquidator shall hold the liquidation estate as a fiduciary for the benefit of all the creditors.

(3) Subject to sub-section (4), the liquidation estate shall comprise all liquidation estate assets which shall include the following:
(a) any assets over which the corporate debtor has ownership rights, including all rights and interests therein as evidenced in the balance sheet of the corporate debtor or an information utility or records in the registry or any depository recording securities of the corporate debtor or by any other means as may be specified by the Board, including shares held in any subsidiary of the corporate debtor;

(b) assets that may or may not be in possession of the corporate debtor including but not limited to encumbered assets;

(c) tangible assets, whether movable or immovable;

(d) intangible assets including but not limited to intellectual property, securities (including shares held in a subsidiary of the corporate debtor) and financial instruments, insurance policies, contractual rights;

(e) assets subject to the determination of ownership by the court or authority;

(f) any assets or their value recovered through proceedings for avoidance of transactions in accordance with this Chapter;

(g) any asset of the corporate debtor in respect of which a secured creditor has relinquished security interest;

(h) any other property belonging to or vested in the corporate debtor at the insolvency commencement date; and

(i) all proceeds of liquidation as and when they are realised.

(4) The following shall not be included in the liquidation estate assets and shall not be used for recovery in the liquidation:—

(a) assets owned by a third party which are in possession of the corporate debtor, including—

(i) assets held in trust for any third party;

(ii) bailment contracts;

(iii) all sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund;

(iv) other contractual arrangements which do not stipulate transfer of title but only use of the assets; and

(v) such other assets as may be notified by the Central Government in consultation with any financial sector regulator;

(b) assets in security collateral held by financial services providers and are subject to netting and set-off in multi-lateral trading or clearing transactions;

(c) personal assets of any shareholder or partner of a corporate debtor as the case may be provided such assets are not held on account of avoidance transactions that may be avoided under this Chapter;

(d) assets of any Indian or foreign subsidiary of the corporate debtor; or

(e) any other assets as may be specified by the Board, including assets which could be subject to set-off on account of mutual dealings between the corporate debtor and any creditor.

37. (1) Notwithstanding anything contained in any other law for the time being in force, the liquidator shall have the power to access any information systems for the purpose of admission and proof of claims and identification of the liquidation estate assets relating to the corporate debtor from the following sources, namely:—
(a) an information utility;

(b) credit information systems regulated under any law for the time being in force;

(c) any agency of the Central, State or Local Government including any registration authorities;

(d) information systems for financial and non-financial liabilities regulated under any law for the time being in force;

(e) information systems for securities and assets posted as security interest regulated under any law for the time being in force;

(f) any database maintained by the Board; and

(g) any other source as may be specified by the Board.

(2) The creditors may require the liquidator to provide them any financial information relating to the corporate debtor in such manner as may be specified.

(3) The liquidator shall provide information referred to in sub-section (2) to such creditors who have requested for such information within a period of seven days from the date of such request or provide reasons for not providing such information.

38. (1) The liquidator shall receive or collect the claims of creditors within a period of thirty days from the date of commencement of the liquidation process.

(2) A financial creditor may submit a claim to the liquidator by providing a record of such claim with an information utility:

Provided that where the information relating to the claim is not recorded in the information utility, the financial creditor may submit the claim in the same manner as provided for the submission of claims for the operational creditor under sub-section (3).

(3) An operational creditor may submit a claim to the liquidator in such form and in such manner and along with such supporting documents required to prove the claim as may be specified by the Board.

(4) A creditor who is partly a financial creditor and partly an operational creditor shall submit claims to the liquidator to the extent of his financial debt in the manner as provided in sub-section (2) and to the extent of his operational debt under sub-section (3).

(5) A creditor may withdraw or vary his claim under this section within fourteen days of its submission.

39. (1) The liquidator shall verify the claims submitted under section 38 within such time as specified by the Board.

(2) The liquidator may require any creditor or the corporate debtor or any other person to produce any other document or evidence which he thinks necessary for the purpose of verifying the whole or any part of the claim.

40. (1) The liquidator may, after verification of claims under section 39, either admit or reject the claim, in whole or in part, as the case may be:

Provided that where the liquidator rejects a claim, he shall record in writing the reasons for such rejection.

(2) The liquidator shall communicate his decision of admission or rejection of claims to the creditor and corporate debtor within seven days of such admission or rejection of claims.
41. The liquidator shall determine the value of claims admitted under section 40 in such manner as may be specified by the Board.

42. A creditor may appeal to the Adjudicating Authority against the decision of the liquidator rejecting the claims within fourteen days of the receipt of such decision.

43. (1) Where the liquidator or the resolution professional, as the case may be, is of the opinion that the corporate debtor has at a relevant time given a preference in such transactions and in such manner as laid down in sub-section (2) to any persons as referred to in sub-section (4), he shall apply to the Adjudicating Authority for avoidance of preferential transactions and for, one or more of the orders referred to in section 44.

(2) A corporate debtor shall be deemed to have given a preference, if—

(a) there is a transfer of property or an interest thereof of the corporate debtor for the benefit of a creditor or a surety or a guarantor for or on account of an antecedent financial debt or operational debt or other liabilities owed by the corporate debtor; and

(b) the transfer under clause (a) has the effect of putting such creditor or a surety or a guarantor in a beneficial position than it would have been in the event of a distribution of assets being made in accordance with section 53.

(3) For the purposes of sub-section (2), a preference shall not include the following transfers—

(a) transfer made in the ordinary course of the business or financial affairs of the corporate debtor or the transferee;

(b) any transfer creating a security interest in property acquired by the corporate debtor to the extent that—

(i) such security interest secures new value and was given at the time of or after the signing of a security agreement that contains a description of such property as security interest and was used by corporate debtor to acquire such property; and

(ii) such transfer was registered with an information utility on or before thirty days after the corporate debtor receives possession of such property:

Provided that any transfer made in pursuance of the order of a court shall not, preclude such transfer to be deemed as giving of preference by the corporate debtor.

Explanation.—For the purpose of sub-section (3) of this section, “new value” means money or its worth in goods, services, or new credit, or release by the transferee of property previously transferred to such transferee in a transaction that is neither void nor voidable by the liquidator or the resolution professional under this Code, including proceeds of such property, but does not include a financial debt or operational debt substituted for existing financial debt or operational debt.

(4) A preference shall be deemed to be given at a relevant time, if—

(a) it is given to a related party (other than by reason only of being an employee), during the period of two years preceding the insolvency commencement date; or

(b) a preference is given to a person other than a related party during the period of one year preceding the insolvency commencement date.

44. The Adjudicating Authority, may, on an application made by the resolution professional or liquidator under sub-section (1) of section 43, by an order:
(a) require any property transferred in connection with the giving of the preference to be vested in the corporate debtor;

(b) require any property to be so vested if it represents the application either of the proceeds of sale of property so transferred or of money so transferred;

(c) release or discharge (in whole or in part) of any security interest created by the corporate debtor;

(d) require any person to pay such sums in respect of benefits received by him from the corporate debtor, such sums to the liquidator or the resolution professional, as the Adjudicating Authority may direct;

(e) direct any guarantor, whose financial debts or operational debts owed to any person were released or discharged (in whole or in part) by the giving of the preference, to be under such new or revived financial debts or operational debts to that person as the Adjudicating Authority deems appropriate;

(f) direct for providing security or charge on any property for the discharge of any financial debt or operational debt under the order, and such security or charge to have the same priority as a security or charge released or discharged wholly or in part by the giving of the preference; and

(g) direct for providing the extent to which any person whose property is so vested in the corporate debtor, or on whom financial debts or operational debts are imposed by the order, are to be proved in the liquidation or the corporate insolvency resolution process for financial debts or operational debts which arose from, or were released or discharged wholly or in part by the giving of the preference:

Provided that an order under this section shall not—

(a) affect any interest in property which was acquired from a person other than the corporate debtor or any interest derived from such interest and was acquired in good faith and for value;

(b) require a person, who received a benefit from the preferential transaction in good faith and for value to pay a sum to the liquidator or the resolution professional.

Explanation I.—For the purpose of this section, it is clarified that where a person, who has acquired an interest in property from another person other than the corporate debtor, or who has received a benefit from the preference or such another person to whom the corporate debtor gave the preference,—

(i) had sufficient information of the initiation or commencement of insolvency resolution process of the corporate debtor;

(ii) is a related party,

it shall be presumed that the interest was acquired or the benefit was received otherwise than in good faith unless the contrary is shown.

Explanation II.—A person shall be deemed to have sufficient information or opportunity to avail such information if a public announcement regarding the corporate insolvency resolution process has been made under section 13.

45. (1) If the liquidator or the resolution professional, as the case may be, on an examination of the transactions of the corporate debtor referred to in sub-section (2) of section 43 determines that certain transactions were made during the relevant period under section 46, which were undervalued, he shall make an application to the Adjudicating Authority to declare such transactions as void and reverse the effect of such transaction in accordance with this Chapter.
(2) A transaction shall be considered undervalued where the corporate debtor—
    
    (a) makes a gift to a person; or

    (b) enters into a transaction with a person which involves the transfer of one or
    more assets by the corporate debtor for a consideration the value of which is significantly
    less than the value of the consideration provided by the corporate debtor,

and such transaction has not taken place in the ordinary course of business of the corporate
debtor.

46. (1) In an application for avoiding a transaction at undervalue, the liquidator or the
resolution professional, as the case may be, shall demonstrate that—

    (i) such transaction was made with any person within the period of one year
    preceding the insolvency commencement date; or

    (ii) such transaction was made with a related party within the period of two years
    preceding the insolvency commencement date.

(2) The Adjudicating Authority may require an independent expert to assess evidence
relating to the value of the transactions mentioned in this section.

47. (1) Where an undervalued transaction has taken place and the liquidator or the
resolution professional as the case may be, has not reported it to the Adjudicating Authority,
a creditor, member or a partner of a corporate debtor, as the case may be, may make an
application to the Adjudicating Authority to declare such transactions void and reverse their
effect in accordance with this Chapter.

(2) Where the Adjudicating Authority, after examination of the application made under
sub-section (1), is satisfied that—

    (a) undervalued transactions had occurred; and

    (b) liquidator or the resolution professional, as the case may be, after having
    sufficient information or opportunity to avail information of such transactions did not
    report such transaction to the Adjudicating Authority,

it shall pass an order—

    (a) restoring the position as it existed before such transactions and reversing
    the effects thereof in the manner as laid down in section 45 and section 48;

    (b) requiring the Board to initiate disciplinary proceedings against the liquidator
    or the resolution professional as the case may be.

48. The order of the Adjudicating Authority under sub-section (1) of section 45 may
provide for the following:—

    (a) require any property transferred as part of the transaction, to be vested in the
    corporate debtor;

    (b) release or discharge (in whole or in part) any security interest granted by the
    corporate debtor;

    (c) require any person to pay such sums, in respect of benefits received by such
    person, to the liquidator or the resolution professional as the case may be, as the
    Adjudicating Authority may direct; or

    (d) require the payment of such consideration for the transaction as may be
determined by an independent expert.
49. Where the corporate debtor has entered into an undervalued transaction as referred to in sub-section (2) of section 45 and the Adjudicating Authority is satisfied that such transaction was deliberately entered into by such corporate debtor—

(a) for keeping assets of the corporate debtor beyond the reach of any person who is entitled to make a claim against the corporate debtor; or

(b) in order to adversely affect the interests of such a person in relation to the claim,

the Adjudicating Authority shall make an order—

(i) restoring the position as it existed before such transaction as if the transaction had not been entered into; and

(ii) protecting the interests of persons who are victims of such transactions:

Provided that an order under this section—

(a) shall not affect any interest in property which was acquired from a person other than the corporate debtor and was acquired in good faith, for value and without notice of the relevant circumstances, or affect any interest deriving from such an interest, and

(b) shall not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances to pay any sum unless he was a party to the transaction.

50. (1) Where the corporate debtor has been a party to an extortionate credit transaction involving the receipt of financial or operational debt during the period within two years preceding the insolvency commencement date, the liquidator or the resolution professional as the case may be, may make an application for avoidance of such transaction to the Adjudicating Authority if the terms of such transaction required exorbitant payments to be made by the corporate debtor.

(2) The Board may specify the circumstances in which a transactions which shall be covered under sub-section (1).

Explanation.—For the purpose of this section, it is clarified that any debt extended by any person providing financial services which is in compliance with any law for the time being in force in relation to such debt shall in no event be considered as an extortionate credit transaction.

51. Where the Adjudicating Authority after examining the application made under sub-section (1) of section 50 is satisfied that the terms of a credit transaction required exorbitant payments to be made by the corporate debtor, it shall, by an order—

(a) restore the position as it existed prior to such transaction;

(b) set aside the whole or part of the debt created on account of the extortionate credit transaction;

(c) modify the terms of the transaction;

(d) require any person who is, or was, a party to the transaction to repay any amount received by such person; or

(e) require any security interest that was created as part of the extortionate credit transaction to be relinquished in favour of the liquidator or the resolution professional, as the case may be.
52. (1) A secured creditor in the liquidation proceedings may—

(a) relinquish its security interest to the liquidation estate and receive proceeds from the sale of assets by the liquidator in the manner specified in section 53; or

(b) realise its security interest in the manner specified in this section.

(2) Where the secured creditor realises security interest under clause (b) of sub-section (1), he shall inform the liquidator of such security interest and identify the asset subject to such security interest to be realised.

(3) Before any security interest is realised by the secured creditor under this section, the liquidator shall verify such security interest and permit the secured creditor to realise only such security interest, the existence of which may be proved either—

(a) by the records of such security interest maintained by an information utility; or

(b) by such other means as may be specified by the Board.

(4) A secured creditor may enforce, realise, settle, compromise or deal with the secured assets in accordance with such law as applicable to the security interest being realised and to the secured creditor and apply the proceeds to recover the debts due to it.

(5) If in the course of realising a secured asset, any secured creditor faces resistance from the corporate debtor or any person connected therewith in taking possession of, selling or otherwise disposing off the security, the secured creditor may make an application to the Adjudicating Authority to facilitate the secured creditor to realise such security interest in accordance with law for the time being in force.

(6) The Adjudicating Authority, on the receipt of an application from a secured creditor under sub-section (5) may pass such order as may be necessary to permit a secured creditor to realise security interest in accordance with law for the time being in force.

(7) Where the enforcement of the security interest under sub-section (4) yields an amount by way of proceeds which is in excess of the debts due to the secured creditor, the secured creditor shall—

(a) account to the liquidator for such surplus; and

(b) tender to the liquidator any surplus funds received from the enforcement of such secured assets.

(8) The amount of insolvency resolution process costs, due from secured creditors who realise their security interests in the manner provided in this section, shall be deducted from the proceeds of any realisation by such secured creditors, and they shall transfer such amounts to the liquidator to be included in the liquidation estate.

(9) Where the proceeds of the realisation of the secured assets are not adequate to repay debts owed to the secured creditor, the unpaid debts of such secured creditor shall be paid by the liquidator in the manner specified in clause (e) of sub-section (1) of section 53.

53. (1) Notwithstanding anything to the contrary contained in any law enacted by the Parliament or any State Legislature for the time being in force, the proceeds from the sale of the liquidation assets shall be distributed in the following order of priority and within such period and in such manner as may be specified, namely :

(a) the insolvency resolution process costs and the liquidation costs paid in full;
(b) the following debts which shall rank equally between and among the following:

(i) workmen's dues for the period of twenty-four months preceding the liquidation commencement date; and

(ii) debts owed to a secured creditor in the event such secured creditor has relinquished security in the manner set out in section 52;

(c) wages and any unpaid dues owed to employees other than workmen for the period of twelve months preceding the liquidation commencement date;

(d) financial debts owed to unsecured creditors;

(e) the following dues shall rank equally between and among the following:

(i) any amount due to the Central Government and the State Government including the amount to be received on account of the Consolidated Fund of India and the Consolidated Fund of a State, if any, in respect of the whole or any part of the period of two years preceding the liquidation commencement date;

(ii) debts owed to a secured creditor for any amount unpaid following the enforcement of security interest;

(f) any remaining debts and dues;

(g) preference shareholders, if any; and

(h) equity shareholders or partners, as the case may be.

(2) Any contractual arrangements between recipients under sub-section (1) with equal ranking, if disrupting the order of priority under that sub-section shall be disregarded by the liquidator.

(3) The fees payable to the liquidator shall be deducted proportionately from the proceeds payable to each class of recipients under sub-section (1), and the proceeds to the relevant recipient shall be distributed after such deduction.

Explanation.—For the purpose of this section—

(i) it is hereby clarified that at each stage of the distribution of proceeds in respect of a class of recipients that rank equally, each of the debts will either be paid in full, or will be paid in equal proportion within the same class of recipients, if the proceeds are insufficient to meet the debts in full; and

(ii) the term "workmen's dues" shall have the same meaning as assigned to it in section 326 of the Companies Act, 2013.

54. (1) Where the assets of the corporate debtor have been completely liquidated, the liquidator shall make an application to the Adjudicating Authority for the dissolution of such corporate debtor.

(2) The Adjudicating Authority shall on application filed by the liquidator under sub-section (1) order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(3) A copy of an order under sub-section (2) shall within seven days from the date of such order, be forwarded to the authority with which the corporate debtor is registered.
CHAPTER IV

Fast track corporate insolvency resolution process

55. (1) A corporate insolvency resolution process carried out in accordance with this Chapter shall be called as fast track corporate insolvency resolution process.

(2) An application for fast track corporate insolvency resolution process may be made in respect of the following corporate debtors, namely:—

(a) a corporate debtor with assets and income below a level as may be notified by the Central Government; or

(b) a corporate debtor with such class of creditors or such amount of debt as may be notified by the Central Government; or

(c) such other category of corporate persons as may be notified by the Central Government.

56. (1) Subject to the provisions of sub-section (3), the fast track corporate insolvency resolution process shall be completed within a period of ninety days from the insolvency commencement date.

(2) The resolution professional shall file an application to the Adjudicating Authority to extend the period of the fast track corporate insolvency resolution process beyond ninety days if instructed to do so by a resolution passed at a meeting of the committee of creditors and supported by a vote of seventy five percent of the voting share.

(3) On receipt of an application under sub-section (2), if the Adjudicating Authority is satisfied that the subject matter of the case is such that fast track corporate insolvency resolution process cannot be completed within a period of ninety days, it may, by order, extend the duration of such process beyond the said period of ninety days by such further period, as it thinks fit, but not exceeding forty-five days:

Provided that any extension of the fast track corporate insolvency resolution process under this section shall not be granted more than once.

57. An application for fast track corporate insolvency resolution process may be filed by a creditor or corporate debtor as the case may be, alongwith—

(a) the proof of the existence of default as evidenced by records available with an information utility or such other means as may be specified by the Board; and

(b) such other information as may be specified by the Board to establish that the corporate debtor is eligible for fast track corporate insolvency resolution process.

Manner of initiating fast track corporate insolvency resolution process.

Applicability of Chapter II to this Chapter.

58. The process for conducting a corporate insolvency resolution process under Chapter II and the provisions relating to offences and penalties under Chapter VII shall apply to this Chapter as the context may require.

CHAPTER V

Voluntary liquidation of corporate persons

59. (1) A corporate person who intends to liquidate itself voluntarily and has not committed any default may initiate voluntary liquidation proceedings under the provisions of this Chapter.

(2) The voluntary liquidation of a corporate person under sub-section (1) shall meet such conditions and procedural requirements as may be specified by the Board.
(3) Without prejudice to sub-section (2), voluntary liquidation proceedings of a corporate person registered as a company shall meet the following conditions, namely:—

(a) a declaration from majority of the directors of the company verified by an affidavit stating that—

(i) they have made a full inquiry into the affairs of the company and they have formed an opinion that either the company has no debt or that it will be able to pay its debts in full from the proceeds of assets to be sold in the voluntary liquidation; and

(ii) the company is not being liquidated to defraud any person;

(b) the declaration under sub-clause (a) shall be accompanied with the following documents, namely:—

(i) audited financial statements and record of business operations of the company for the previous two years or for the period since its incorporation, whichever is later;

(ii) a report of the valuation of the assets of the company, if any prepared by a registered valuer;

(c) within four weeks of a declaration under sub-clause (a), there shall be—

(i) a special resolution of the members of the company in a general meeting requiring the company to be liquidated voluntarily and appointing an insolvency professional to act as the liquidator; or

(ii) a resolution of the members of the company in a general meeting requiring the company to be liquidated voluntarily as a result of expiry of the period of its duration, if any, fixed by its articles or on the occurrence of any event in respect of which the articles provide that the company shall be dissolved, as the case may be and appointing an insolvency professional to act as the liquidator:

Provided that the company owes any debt to any person, creditors representing two-thirds in value of the debt of the company shall approve the resolution passed under sub-clause (c) within seven days of such resolution.

(4) The company shall notify the Registrar of Companies and the Board about the resolution under sub-section (3) to liquidate the company within seven days of such resolution or the subsequent approval by the creditors, as the case may be.

(5) Subject to approval of the creditors under sub-section (3), the voluntary liquidation proceedings in respect of a company shall be deemed to have commenced from the date of passing of the resolution under sub-clause (c) of sub-section (3).

(6) The provisions of sections 35 to 53 of Chapter III and Chapter VII shall apply to voluntary liquidation proceedings for corporate persons with such modifications as may be necessary.

(7) Where the affairs of the corporate person have been completely wound up, and its assets completely liquidated, the liquidator shall make an application to the Adjudicating Authority for the dissolution of such corporate person.

(8) The Adjudicating Authority shall on an application filed by the liquidator under sub-section (7), pass an order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(9) A copy of an order under sub-section (8) shall within fourteen days from the date of such order, be forwarded to the authority with which the corporate person is registered.
CHAPTER VI
ADJUDICATING AUTHORITY FOR CORPORATE PERSONS

60. (1) The Adjudicating Authority, in relation to insolvency resolution and liquidation for corporate persons including corporate debtors and personal guarantors thereof shall be the National Company Law Tribunal having territorial jurisdiction over the place where the registered office of the corporate person is located.

(2) Without prejudice to sub-section (1) and notwithstanding anything to the contrary contained in this Code, where a corporate insolvency resolution process or liquidation proceeding of a corporate debtor is pending before a National Company Law Tribunal, an application relating to the insolvency resolution or bankruptcy of a personal guarantor of such corporate debtor shall be filed before such National Company Law Tribunal.

(3) An insolvency resolution process or bankruptcy proceeding of a personal guarantor of the corporate debtor pending in any court or tribunal shall stand transferred to the Adjudicating Authority dealing with insolvency resolution process or liquidation proceeding of such corporate debtor.

(4) The National Company Law Tribunal shall be vested with all the powers of the Debt Recovery Tribunal as contemplated under Part III of this Code for the purpose of sub-section (2).

(5) Notwithstanding anything to the contrary contained in any other law for the time being in force, the National Company Law Tribunal shall have jurisdiction to entertain or dispose of—

(a) any application or proceeding by or against the corporate debtor or corporate person;

(b) any claim made by or against the corporate debtor or corporate person, including claims by or against any of its subsidiaries situated in India; and

(c) any question of priorities or any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings of the corporate debtor or corporate person under this Code.

(6) Notwithstanding anything contained in the Limitation Act, 1963 or in any other law for the time being in force, in computing the period of limitation specified for any suit or application by or against a corporate debtor for which an order of moratorium has been made under this Part, the period during which such moratorium is in place shall be excluded.

61. (1) Notwithstanding anything to the contrary contained under the Companies Act 2013, any person aggrieved by the order of the Adjudicating Authority under this part may prefer an appeal to the National Company Law Appellate Tribunal.

(2) Every appeal under sub-section (1) shall be filed within thirty days before the National Company Law Appellate Tribunal:

Provided that the National Company Law Appellate Tribunal may allow an appeal to be filed after the expiry of the said period of thirty days if it is satisfied that there was sufficient cause for not filing the appeal but such period shall not exceed fifteen days.

(3) An appeal against an order approving a resolution plan under section 31 may be filed on the following grounds, namely:—

(i) the approved resolution plan is in contravention of the provisions of any law for the time being in force;

(ii) there has been material irregularity in exercise of the powers by the resolution professional during the corporate insolvency resolution period;
(iii) the debts owed to operational creditors of the corporate debtor have not been provided for in the resolution plan in the manner specified by the Board;

(iv) the insolvency resolution process costs have not been provided for repayment in priority to all other debts; or

(v) the resolution plan does not comply with any other criteria specified by the Board.

(4) An appeal against a liquidation order passed under section 33 may be filed on grounds of material irregularity or fraud committed in relation to such a liquidation order.

62. (1) Any person aggrieved by an order of the National Company Law Appellate Tribunal may file an appeal to the Supreme Court on a question of law arising out of such order under this Code within forty-five days from the date of receipt of such order.

(2) The Supreme Court may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within forty-five days, allow the appeal to be filed within a further period not exceeding fifteen days.

63. No civil court or authority shall have jurisdiction to entertain any suit or proceedings in respect of any matter on which National Company Law Tribunal or the National Company Law Appellate Tribunal has jurisdiction under this Code. Civil court not to have jurisdiction.

64. (1) Where an application is not disposed of or an order is not passed within the period specified in this Code, the National Company Law Tribunal or the National Company Law Appellate Tribunal, as the case may be, shall record the reasons for not doing so within the period so specified; and the President of the National Company Law Tribunal or the Chairperson of the National Company Law Appellate Tribunal, as the case may be, may, after taking into account the reasons so recorded, extend the period specified in the Act but not exceeding ten days.

(2) No injunction shall be granted by any court, tribunal or authority in respect of any action taken, or to be taken, in pursuance of any power conferred on the National Company Law Tribunal or the National Company Law Appellate Tribunal under this Code.

65. (1) If, any person initiates the insolvency resolution process or liquidation proceedings fraudulently or with malicious intent for any purpose other than for the resolution of insolvency, or liquidation, as the case may be, the Adjudicating Authority may impose upon such person a penalty which shall not be less than one lakh rupees, but may extend to one crore rupees.

(2) If, any person initiates voluntary liquidation proceedings with the intent to defraud any person, the Adjudicating Authority may impose upon such person a penalty which shall not be less than one lakh rupees but may extend to one crore rupees.

66. (1) If during the corporate insolvency resolution process or a liquidation process, it is found that any business of the corporate debtor has been carried on with intent to defraud creditors of the corporate debtor or for any fraudulent purpose, the Adjudicating Authority may on the application of the resolution professional pass an order that any persons who were knowingly parties to the carrying on of the business in such manner shall be liable to make such contributions to the assets of the corporate debtor as it may deem fit.

(2) On an application made by a resolution professional during the corporate insolvency resolution process, the Adjudicating Authority may by an order direct that a director or
partner of the corporate debtor, as the case may be, shall be liable to make such contribution to the assets of the corporate debtor as it may deem fit, if—

(a) before the insolvency commencement date, such director or partner knew or ought to have known that there was no reasonable prospect of avoiding the commencement of a corporate insolvency resolution process in respect of such corporate debtor; and

(b) such director or partner did not exercise due diligence in minimising the potential loss to the creditors of the corporate debtor.

Explanation.—For the purposes of this section a director or partner of the corporate debtor, as the case may be, shall be deemed to have exercised due diligence if such diligence was reasonably expected of a person carrying out the same functions as are carried out by such director or partner, as the case may be, in relation to the corporate debtor.

67. (1) Where the Adjudicating Authority has passed an order under sub-section (1) or sub-section (2) of section 66, as the case may be, it may give such further directions as it may deem appropriate for giving effect to the order, and in particular, the Adjudicating Authority may—

(a) provide for the liability of any person under the order to be a charge on any debt or obligation due from the corporate debtor to him, or on any mortgage or charge or any interest in a mortgage or charge on assets of the corporate debtor held by or vested in him, or any person on his behalf, or any person claiming as assignee from or through the person liable or any person acting on his behalf; and

(b) from time to time, make such further directions as may be necessary for enforcing any charge imposed under this section.

Explanation.—For the purposes of this section, "assignee" includes a person to whom or in whose favour, by the directions of the person held liable under clause (a) the debt, obligation, mortgage or charge was created, issued or transferred or the interest created, but does not include an assignee for valuable consideration given in good faith and without notice of any of the grounds on which the directions have been made.

(2) Where the Adjudicating Authority has passed an order under sub-section (1) or sub-section (2) of section 66, as the case may be, in relation to a person who is a creditor of the corporate debtor, it may, by an order, direct that the whole or any part of any debt owed by the corporate debtor to that person and any interest thereon shall rank in the order of priority of payment under section 53 after all other debts owed by the corporate debtor.

CHAPTER VII
OFFENCES AND PENALTIES

68. Where any officer of the corporate debtor has,—

(i) within the twelve months immediately preceding the insolvency commencement date,—

(a) wilfully concealed any property or part of such property of the corporate debtor or concealed any debt due to, or from, the corporate debtor, of the value of ten thousand rupees or more; or

(b) fraudulently removed any part of the property of the corporate debtor of the value of ten thousand rupees or more; or

(c) wilfully concealed, destroyed, mutilated or falsified any book or paper affecting or relating to the property of the corporate debtor or its affairs, or
(d) wilfully made any false entry in any book or paper affecting or relating to the property of the corporate debtor or its affairs; or

(e) fraudulently parted with, altered or made any omission in any document affecting or relating to the property of the corporate debtor or its affairs; or

(f) wilfully created any security interest over, transferred or disposed of any property of the corporate debtor which has been obtained on credit and has not been paid for unless such creation, transfer or disposal was in the ordinary course of the business of the corporate debtor; or

(g) wilfully concealed the knowledge of the doing by others of any of the acts mentioned in clauses (c), (d) or clause (e); or

(ii) at any time after the insolvency commencement date, committed any of the acts mentioned in sub-clause (a) to (f) of clause (i) or has the knowledge of the doing by others of any of the things mentioned in sub-clauses (c) to (e) of clause (i); or

(iii) at any time after the insolvency commencement date, taken in pawn or pledge, or otherwise received the property knowing it to be so secured, transferred or disposed,

such officer shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to five years, or with fine, which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both:

Provided that nothing in this section shall render a person liable to any punishment under this section if he proves that he had no intent to defraud or to conceal the state of affairs of the corporate debtor.

69. On or after the insolvency commencement date, if an officer of the corporate debtor or the corporate debtor—

(a) has made or caused to be made any gift or transfer of, or charge on, or has caused or connived in the execution of a decree or order against, the property of the corporate debtor;

(b) has concealed or removed any part of the property of the corporate debtor within two months before the date of any unsatisfied judgment, decree or order for payment of money obtained against the corporate debtor,

such officer of the corporate debtor or the corporate debtor, as the case may be, shall be punishable with imprisonment for a term which shall not be less than one year, but which may extend to five years, or with fine, which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both:

Provided that a person shall not be punishable under this section if the acts mentioned in clause (a) were committed more than five years before the insolvency commencement date; or if he proves that, at the time of commission of those acts, he had no intent to defraud the creditors of the corporate debtor.

70. (1) On or after the insolvency commencement date, where an officer of the corporate debtor—

(a) does not disclose to the resolution professional all the details of property of the corporate debtor, and details of transactions thereof, or any such other information as the resolution professional may require; or

(b) does not deliver to the resolution professional all or part of the property of the corporate debtor in his control or custody and which he is required to deliver; or
(c) does not deliver to the resolution professional all books and papers in his control or custody belonging to the corporate debtor and which he is required to deliver; or

(d) fails to inform there solution professional the information in his knowledge that a debt has been falsely proved by any person during the corporate insolvency resolution process; or

(e) prevents the production of any book or paper affecting or relating to the property or affairs of the corporate debtor; or

(f) accounts for any part of the property of the corporate debtor by fictitious losses or expenses, or if he has so attempted at any meeting of the creditors of the corporate debtor within the twelve months immediately preceding the insolvency commencement date,

he shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years, or with fine, which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both:

Provided that nothing in this section shall render a person liable to any punishment under this section if he proves that he had no intent to do so in relation to the state of affairs of the corporate debtor.

(2) If an insolvency professional deliberately contravenes the provisions of this Part the shall be punishable with imprisonment for a term which may extend to six months, or with fine which shall not be less than one lakh rupees, but may extend to five lakh rupees, or with both.

71. On and after the insolvency commencement date, where any person destroys, mutilates, alters or falsifies any books, papers or securities, or makes or is in the knowledge of making of any false or fraudulent entry in any register, books of account or document belonging to the corporate debtor with intent to defraud or deceive any person, he shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years, or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.

72. Where an officer of the corporate debtor makes any material and wilful omission in any statement relating to the affairs of the corporate debtor, he shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to five years, or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.

73. Where any officer of the corporate debtor—

(a) on or after the insolvency commencement date, makes a false representation or commits any fraud for the purpose of obtaining the consent of the creditors of the corporate debtor or any of them to an agreement with reference to the affairs of the corporate debtor, during the corporate insolvency resolution process, or the liquidation process;

(b) prior to the insolvency commencement date, has made any false representation, or committed any fraud, for that purpose,

he shall be punishable with imprisonment for a term which shall not be less than three years, but may extend to five years or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.
74. (1) Where the corporate debtor or any of its officer violates the provisions of section 14, any such officer who knowingly or wilfully committed or authorised or permitted such contravention shall be punishable with imprisonment for a term which shall not be less than three years, but may extend to five years or with fine which shall not be less than one lakh rupees, but may extend to three lakh rupees, or with both.

(2) Where any creditor violates the provisions of section 14, any person who knowingly and wilfully authorised or permitted such contravention by a creditor shall be punishable with imprisonment for a term which shall not be less than one year, but may extend to five years, or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.

(3) Where the corporate debtor, any of its officers or creditors or any person on whom the approved resolution plan is binding under section 31, knowingly and wilfully contravenes any of the terms of such resolution plan or abets such contravention, such corporate debtor, officer, creditor or person shall be punishable with imprisonment of not less than one year, but may extend to five years, or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.

75. Where any person furnishes information in the application made under section 7, which is false in material particulars, knowing it to be false or omits any material fact, knowing it to be material, such person shall be punishable with fine which shall not be less than one lakh rupees, but may extend to one crore rupees.

76. Where—

(a) an operational creditor has wilfully or knowingly concealed in an application under section 9 the fact that the corporate debtor had notified him of a dispute in respect of the unpaid operational debt or the full and final repayment of the unpaid operational debt; or

(b) any person who knowingly and wilfully authorised or permitted such concealment under clause (a),
such operational creditor or person, as the case may be, shall be punishable with imprisonment for a term which shall not be less than one year but may extend to five years or with fine which shall not be less than one lakh rupees but may extend to one crore rupees, or with both.

77. Where—

(a) a corporate debtor provides information in the application under section 10 which is false in material particulars, knowing it to be false and omits any material fact, knowing it to be material, such corporate debtor or person, as the case may be, shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years or with fine which shall not be less than one lakh rupees, but which may extend to one crore rupees, or with both.

Explanation.—For the purposes of this section and sections 75 and 76, an application shall be deemed to be false in material particulars in case the facts mentioned or omitted in the application, if true, or not omitted from the application as the case may be, would have been sufficient to determine the existence of a default under this Code.
78. This Part shall apply to matters relating to fresh start, insolvency and bankruptcy of individuals and partnership firms where the amount of the default is not less than one thousand rupees:

Provided that the Central Government may, by notification, specify the minimum amount of default of higher value which shall not be more than one lakh rupees.

79. In this Part, unless the context otherwise requires,—

(1) "Adjudicating Authority" means the Debt Recovery Tribunal constituted under sub-section (1) of section 3 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993;

(2) "associate" of the debtor means—

(a) a person who belongs to the immediate family of the debtor;

(b) a person who is a relative of the debtor or a relative of the spouse of the debtor;

(c) a person who is in partnership with the debtor;

(d) a person who is a spouse or a relative of any person with whom the debtor is in partnership;

(e) a person who is employer of the debtor or employee of the debtor;

(f) a person who is a trustee of a trust in which the beneficiaries of the trust include a debtor, or the terms of the trust confer a power on the trustee which may be exercised for the benefit of the debtor; and

(g) a company, where the debtor or the debtor along with his associates, own more than fifty per cent. of the share capital of the company or control the appointment of the board of directors of the company.

Explanation.—For the purposes of this sub-section, "relative", with reference to any person, means anyone who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) one person is related to the other in such manner as may be prescribed;

(3) "bankrupt" means—

(a) a debtor who has been adjudged as bankrupt by a bankruptcy order under section 126;

(b) each of the partners of a firm, where a bankruptcy order under section 126 has been made against a firm; or

(c) any person adjudged as an undischarged insolvent;

(4) "bankruptcy" means the state of being bankrupt;

(5) "bankruptcy debt", in relation to a bankrupt, means—

(a) any debt owed by him as on the bankruptcy commencement date;
(b) any debt for which he may become liable after bankruptcy commencement date but before his discharge by reason of any transaction entered into before the bankruptcy commencement date; and

(c) any interest which is a part of the debt under section 171;

(6) "bankruptcy commencement date" means the date on which a bankruptcy order is passed by the Adjudicating Authority under section 126;

(7) "bankruptcy order" means an order passed by an Adjudicating Authority under section 126;

(8) "bankruptcy process" means a process against a debtor under Chapters IV and V of this Part;

(9) "bankruptcy trustee" means the insolvency professional appointed as a trustee for the estate of the bankrupt under section 125;

(10) "Chapter" means a chapter under this Part;

(II) "committee of creditors" means a committee constituted under section 134;

(12) "debtor" includes a judgment-debtor;

(13) "discharge order" means an order passed by the Adjudicating Authority discharging the debtor under sections 92, 119 and section 138, as the case may be;

(14) "excluded assets" for the purposes of this part includes—

(a) unencumbered tools, books, vehicles and other equipment as are necessary to the debtor or bankrupt for his personal use or for the purpose of his employment, business or vocation,

(b) unencumbered furniture, household equipment and provisions as are necessary for satisfying the basic domestic needs of the bankrupt and his immediate family;

(c) any unencumbered personal ornaments of such value, as may be prescribed, of the debtor or his immediate family which cannot be parted with, in accordance with religious usage;

(d) any unencumbered life insurance policy or pension plan taken in the name of debtor or his immediate family; and

(e) an unencumbered single dwelling unit owned by the debtor of such value as may be prescribed;

(15) "excluded debt" means—

(a) liability to pay fine imposed by a court or tribunal;

(b) liability to pay damages for negligence, nuisance or breach of a statutory, contractual or other legal obligation;

(c) liability to pay maintenance to any person under any law for the time being in force;

(d) liability in relation to a student loan; and

(e) any other debt as may be prescribed;

(16) "firm" means a body of individuals carrying on business in partnership whether or not registered under section 59 of the Indian Partnership Act, 1932;

(17) "immediate family" of the debtor means his spouse, dependent children and dependent parents;
(18) "partnership debt" means a debt for which all the partners in a firm are jointly liable;

(19) "qualifying debt" means amount due, which includes interest or any other sum due in respect of the amounts owed under any contract, by the debtor for a liquidated sum either immediately or at certain future time and does not include—

(a) an excluded debt;
(b) a debt to the extent it is secured; and
(c) any debt which has been incurred three months prior to the date of the application for fresh start process;

(20) "repayment plan" means a plan prepared by the debtor in consultation with the resolution professional under section 105 containing a proposal to the committee of creditors for restructuring of his debts or affairs;

(21) "resolution professional" means an insolvency professional appointed under this part as a resolution professional for conducting the fresh start process or insolvency resolution process;

(22) "undischarged bankrupt" means a bankrupt who has not received a discharge order under section 138.

CHAPTER II

FRESH START PROCESS

80. (1) A debtor, who is unable to pay his debt and fulfils the conditions specified in sub-section (2), shall be entitled to make an application for a fresh start for discharge of his qualifying debt under this Chapter.

(2) A debtor may apply, either personally or through a resolution professional, for a fresh start under this Chapter in respect of his qualifying debts to the Adjudicating Authority if—

(a) the gross annual income of the debtor does not exceed sixty thousand rupees;
(b) the aggregate value of the assets of the debtor does not exceed twenty thousand rupees;
(c) the aggregate value of the qualifying debts does not exceed thirty-five thousand rupees;
(d) he is not an undischarged bankrupt;
(e) he does not own a dwelling unit, irrespective of whether it is encumbered or not;
(f) a fresh start process, insolvency resolution process or bankruptcy process is not subsisting against him; and
(g) no previous fresh start order under this Chapter has been made in relation to him in the preceding twelve months of the date of the application for fresh start.

81. (1) When an application is filed under section 80 by a debtor, an interim-moratorium shall commence on the date of filing of said application in relation to all the debts and shall cease to have effect on the date of admission or rejection of such application, as the case may be.

(2) During the interim-moratorium period,—

(i) any legal action or legal proceeding pending in respect of any of his debts shall be deemed to have been stayed; and
(ii) no creditor shall initiate any legal action or proceedings in respect of such debt.

(3) The application under section 80 shall be in such form and manner and accompanied by such fee, as may be prescribed.

(4) The application under sub-section (3) shall contain the following information supported by an affidavit, namely:—

(a) a list of all debts owed by the debtor as on the date of the said application along with details relating to the amount of each debt, interest payable thereon and the names of the creditors to whom each debt is owed;

(b) the interest payable on the debts and the rate thereof stipulated in the contract;

(c) a list of security held in respect of any of the debts;

(d) the financial information of the debtor and his immediate family up to two years prior to the date of the application;

(e) the particulars of the debtor's personal details, as may be prescribed;

(f) the reasons for making the application;

(g) the particulars of any legal proceedings which, to the debtor's knowledge has been commenced against him;

(h) the confirmation that no previous fresh start order under this Chapter has been made in respect of the qualifying debts of the debtor in the preceding twelve months of the date of the application.

82. (1) Where an application under section 80 is filed by the debtor through a resolution professional, the Adjudicating Authority shall direct the Board within seven days of the date of receipt of the application and shall seek confirmation from the Board that there are no disciplinary proceedings against the resolution professional who has submitted such application.

(2) The Board shall communicate to the Adjudicating Authority in writing either—

(a) confirmation of the appointment of the resolution professional who filed an application under sub-section (1); or

(b) rejection of the appointment of the resolution professional who filed an application under sub-section (1) and nominate a resolution professional suitable for the fresh start process.

(3) Where an application under section 80 is filed by the debtor himself and not through the resolution professional, the Adjudicating Authority shall direct the Board within seven days of the date of the receipt of an application to nominate a resolution professional for the fresh start process.

(4) The Board shall nominate a resolution professional within ten days of receiving the direction issued by the Adjudicating Authority under sub-section (3).

(5) The Adjudicating Authority shall by order appoint the resolution professional recommended or nominated by the Board under sub-section (2) or sub-section (4), as the case may be.

(6) A resolution professional appointed by the Adjudicating Authority under sub-section (5) shall be provided a copy of the application for fresh start.

83. (1) The resolution professional shall examine the application made under section 80 within ten days of his appointment, and submit a report to the Adjudicating Authority, either recommending acceptance or rejection of the application.
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(2) The report referred to in sub-section (1) shall contain the details of the amounts mentioned in the application which in the opinion of the resolution professional are—

(a) qualifying debts; and

(b) liabilities eligible for discharge under sub-section (3) of section 92.

(3) The resolution professional may call for such further information or explanation in connection with the application as may be required from the debtor or any other person who, in the opinion of the resolution professional, may provide such information.

(4) The debtor or any other person, as the case may be, shall furnish such information or explanation within seven days of receipt of the request under sub-section (3).

(5) The resolution professional shall presume that the debtor is unable to pay his debts at the date of the application if—

(a) in his opinion the information supplied in the application indicates that the debtor is unable to pay his debts and he has no reason to believe that the information supplied is incorrect or incomplete; and

(b) he has reason to believe that there is no change in the financial circumstances of the debtor since the date of the application enabling the debtor to pay his debts.

(6) The resolution professional shall reject the application, if in his opinion—

(a) the debtor does not satisfy the conditions specified under section 80; or

(b) the debts disclosed in the application by the debtor are not qualifying debts; or

(c) the debtor has deliberately made a false representation or omission in the application or with respect to the documents or information submitted.

(7) The resolution professional shall record the reasons for recommending the acceptance or rejection of the application in the report to the Adjudicating Authority under sub-section (1) and shall give a copy of the report to the debtor.

84. (1) The Adjudicating Authority may within fourteen days from the date of submission of the report by the resolution professional, pass an order either admitting or rejecting the application made under sub-section (1) of section 81.

(2) The order passed under sub-section (1) accepting the application shall state the amount which has been accepted as qualifying debts by the resolution professional and other amounts eligible for discharge under section 92 for the purposes of the fresh start order.

(3) A copy of the order passed by the Adjudicating Authority under sub-section (1) along with a copy of the application shall be provided to the creditors mentioned in the application within seven days of the passing of the order.

85. (1) On the date of admission of the application, the moratorium period shall commence in respect of all the debts.

(2) During the moratorium period—

(a) any pending legal action or legal proceeding in respect of any debt shall be deemed to have been stayed; and

(b) subject to the provisions of section 86, the creditors shall not initiate any legal action or proceedings in respect of any debt.

(3) During the moratorium period, the debtor shall—

(a) not act as a director of any company, or directly or indirectly take part in or be concerned in the promotion, formation or management of a company;
(b) not dispose of or alienate any of his assets;

(c) inform his business partners that he is undergoing a fresh start process;

(d) be required to inform prior to entering into any financial or commercial transaction of such value as may be notified by the Central Government, either individually or jointly, that he is undergoing a fresh start process;

(e) disclose the name under which he enters into business transactions, if it is different from the name in the application admitted under section 84;

(f) not travel outside India except with the permission of the Adjudicating Authority.

(4) The moratorium ceases to have effect at the end of the period of one hundred and eighty days beginning with the date of admission unless the order admitting the application is revoked under sub-section (2) of section 91.

86. (1) Any creditor mentioned in the order of the Adjudicating Authority under section 84 to whom a qualifying debt is owed may, within a period of ten days from the date of receipt of the order under section 84, object only on the following grounds, namely:—

(a) inclusion of a debt as a qualifying debt; or

(b) incorrectness of the details of the qualifying debt specified in the order under section 84.

(2) A creditor may file an objection under sub-section (1) by way of an application to the resolution professional.

(3) The application under sub-section (2) shall be supported by such information and documents as may be prescribed.

(4) The resolution professional shall consider every objection made under this section.

(5) The resolution professional shall examine the objections under sub-section (2) and either accept or reject the objections, within ten days of the date of the application.

(6) The resolution professional may examine any matter that appears to him to be relevant to the making of a final list of qualifying debts for the purposes of section 92.

(7) On the basis of the examination under sub-section (5) or sub-section (6), the resolution professional shall—

(a) prepare an amended list of qualifying debts for the purpose of the discharge order;

(b) make an application to the Adjudicating Authority for directions under section 90; or

(c) take such other steps as he considers necessary in relation to the debtor.

87. (1) The debtor or the creditor who is aggrieved by the action taken by the resolution professional under section 86 may, within ten days of such decision, make an application to the Adjudicating Authority challenging such action on any of the following grounds, namely:—

(a) that the resolution professional has not given an opportunity to the debtor or the creditor to make a representation; or

(b) that the resolution professional colluded with the other party in arriving at the decision; or

(c) that the resolution professional has not complied with the requirements of section 86.
(2) The Adjudicating Authority shall decide the application referred to in sub-section (1) within fourteen days of such application, and make an order as it deems fit.

(3) Where the application under sub-section (1) has been allowed by the Adjudicating Authority, it shall forward its order to the Board and the Board may take such action as may be required under Chapter VI of Part IV against the resolution professional.

88. The debtor shall—

(a) make available to the resolution professional all information relating to his affairs, attend meetings and comply with the requests of the resolution professional in relation to the fresh start process.

(b) inform the resolution professional as soon as reasonably possible of—

(i) any material error or omission in relation to the information or document supplied to the resolution professional; or

(ii) any change in financial circumstances after the date of application, where such change has an impact on the fresh start process.

89. (1) Where the debtor or the creditor is of the opinion that the resolution professional appointed under section 82 is required to be replaced, he may apply to the Adjudicating Authority for the replacement of such resolution professional.

(2) The Adjudicating Authority shall within seven days of the receipt of the application under sub-section (1) make a reference to the Board for replacement of the resolution professional.

(3) The Board shall, within ten days of the receipt of a reference from the Adjudicating Authority under sub-section (2), recommend the name of an insolvency professional to the Adjudicating Authority against whom no disciplinary proceedings are pending.

(4) The Adjudicating Authority shall appoint another resolution professional for the purposes of the fresh start process on the basis of the recommendation by the Board.

(5) The Adjudicating Authority may give directions to the resolution professional replaced under sub-section (4)—

(a) to share all information with the new resolution professional in respect of the fresh start process; and

(b) to co-operate with the new resolution professional as may be required.

90. (1) The resolution professional may apply to the Adjudicating Authority for any of the following directions, namely:—

(a) compliance of any restrictions referred to in sub-section (3) of section 85, in case of non-compliance by the debtor; or

(b) compliance of the duties of the debtor referred to in section 88, in case of non-compliance by the debtor.

(2) The resolution professional may apply to the Adjudicating Authority for directions in relation to any other matter under this Chapter for which no specific provisions have been made.

91. (1) The resolution professional may submit an application to the Adjudicating Authority seeking revocation of its order made under section 84 on the following grounds, namely:

(a) if due to any change in the financial circumstances of the debtor, the debtor is ineligible for a fresh start process; or
(b) non-compliance by the debtor of the restrictions imposed under sub-section (3) of section 85; or

(c) if the debtor has acted in a mala fide manner and has wilfully failed to comply with the provisions of this Chapter.

(2) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (1), may by order admit or reject the application.

(3) On passing of the order admitting the application referred to in sub-section (1), the moratorium and the fresh start process shall cease to have effect.

(4) A copy of the order passed by the Adjudicating Authority under this section shall be provided to the Board for the purpose of recording an entry in the register referred to in section 196.

92. (1) The resolution professional shall prepare a final list of qualifying debts and submit such list to the Adjudicating Authority at least seven days before the moratorium period comes to an end.

(2) The Adjudicating Authority shall pass a discharge order at the end of the moratorium period for discharge of the debtor from the qualifying debts mentioned in the list under sub-section (1).

(3) Without prejudice to the provisions of sub-section (2), the Adjudicating Authority shall discharge the debtor from the following liabilities, namely:—

(a) penalties in respect of the qualifying debts from the date of application till the date of the discharge order;

(b) interest including penal interest in respect of the qualifying debts from the date of application till the date of the discharge order; and

(c) any other sums owed under any contract in respect of the qualifying debts from the date of application till the date of the discharge order.

(4) The discharge order shall not discharge the debtor from any debt not included in sub-section (2) and from any liability not included under sub-section (3).

(5) The discharge order shall be forwarded to the Board for the purpose of recording an entry in the register referred to in section 196.

(6) A discharge order under sub-section (2) shall not discharge any other person from any liability in respect of the qualifying debts.

93. The resolution professional shall perform his functions and duties in compliance with the code of conduct provided under section 208.

CHAPTER III

INSOLVENCY RESOLUTION PROCESS

94. (1) A debtor who commits a default may apply, either personally or through a resolution professional, to the Adjudicating Authority for initiating the insolvency resolution process, by submitting an application.

(2) Where the debtor is a partner of a firm, such debtor shall not apply under this Chapter to the Adjudicating Authority in respect of the firm unless all or a majority of the partners of the firm file the application jointly.

(3) An application under sub-section (1) shall be submitted only in respect of debts which are not excluded debts.
(4) A debtor shall not be entitled to make an application under sub-section (1) if he is—

(a) an undischarged bankrupt;
(b) undergoing a fresh start process;
(c) undergoing an insolvency resolution process; or
(d) undergoing a bankruptcy process.

(5) A debtor shall not be eligible to apply under sub-section (1) if an application under this Chapter has been admitted in respect of the debtor during the period of twelve months preceding the date of submission of the application under this section.

(6) The application referred to in sub-section (1) shall be in such form and manner and accompanied with such fee as may be prescribed.

95. (1) A creditor may apply either by himself, or jointly with other creditors, or through a resolution professional to the Adjudicating Authority for initiating an insolvency resolution process under this section by submitting an application.

(2) A creditor may apply under sub-section (1) in relation to any partnership debt owed to him for initiating an insolvency resolution process against—

(a) any one or more partners of the firm; or
(b) the firm.

(3) Where an application has been made against one partner in a firm, any other application against another partner in the same firm shall be presented in or transferred to the Adjudicating Authority in which the first mentioned application is pending for adjudication and such Adjudicating Authority may give such directions for consolidating the proceedings under the applications as it thinks just.

(4) An application under sub-section (1) shall be accompanied with details and documents relating to—

(a) the debts owed by the debtor to the creditor or creditors submitting the application for insolvency resolution process as on the date of application;
(b) the failure by the debtor to pay the debt within a period of fourteen days of the service of the notice of demand; and
(c) relevant evidence of such default or non-repayment of debt.

(5) The creditor shall also provide a copy of the application made under sub-section (1) to the debtor.

(6) The application referred to in sub-section (1) shall be in such form and manner and accompanied by such fee as may be prescribed.

(7) The details and documents required to be submitted under sub-section (4) shall be such as may be specified.

96. (1) When an application is filed under section 94 or section 95—

(a) an interim-moratorium shall commence on the date of the application in relation to all the debts and shall cease to have effect on the date of admission of such application; and
(b) during the interim-moratorium period—

(i) any legal action or proceeding pending in respect of any debt shall be deemed to have been stayed; and
(ii) the creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt.

(2) Where the application has been made in relation to a firm, the interim-moratorium under sub-section (1) shall operate against all the partners of the firm as on the date of the application.

(3) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

97. (1) If the application under section 94 or 95 is filed through a resolution professional, the Adjudicating Authority shall direct the Board within seven days of the date of the application to confirm that there are no disciplinary proceedings pending against resolution professional.

(2) The Board shall within seven days of receipt of directions under sub-section (1) communicate to the Adjudicating Authority in writing either—

(a) confirming the appointment of the resolution professional; or

(b) rejecting the appointment of the resolution professional and nominating another resolution professional for the insolvency resolution process.

(3) Where an application under section 94 or 95 is filed by the debtor or the creditor himself, as the case may be, and not through the resolution professional, the Adjudicating Authority shall direct the Board, within seven days of the filing of such application, to nominate a resolution professional for the insolvency resolution process.

(4) The Board shall nominate a resolution professional within ten days of receiving the direction issued by the Adjudicating Authority under sub-section (3).

(5) The Adjudicating Authority shall by order appoint the resolution professional recommended under sub-section (2) or as nominated by the Board under sub-section (4).

(6) A resolution professional appointed by the Adjudicating Authority under sub-section (5) shall be provided a copy of the application for insolvency resolution process.

98. (1) Where the debtor or the creditor is of the opinion that the resolution professional appointed under section 97 is required to be replaced, he may apply to the Adjudicating Authority for the replacement of the such resolution professional.

(2) The Adjudicating Authority shall within seven days of the receipt of the application under sub-section (1) make a reference to the Board for replacement of the resolution professional.

(3) The Board, within ten days of the receipt of a reference from the Adjudicating Authority under sub-section (2), recommend the name of the resolution professional to the Adjudicating Authority against whom no disciplinary proceedings are pending.

(4) Without prejudice to the provisions contained in sub-section (1), the creditors may apply to the Adjudicating Authority for replacement of the resolution professional where it has been decided in the meeting of the creditors, to replace the resolution professional with a new resolution professional for implementation of the repayment plan.

(5) Where the Adjudicating Authority admits an application made under sub-section (1) or sub-section (4), it shall direct the Board to confirm that there are no disciplinary proceedings pending against the proposed resolution professional.

(6) The Board shall send a communication within ten days of receipt of the direction under sub-section (5) either—

(a) confirming appointment of the nominated resolution professional; or
(b) rejecting appointment of the nominated resolution professional and recommend a new resolution professional.

(7) On the basis of the communication of the Board under sub-section (3) or sub-section (6), the Adjudicating Authority shall pass an order appointing a new resolution professional.

(8) The Adjudicating Authority may give directions to the resolution professional replaced under sub-section (7)—

(a) to share all information with the new resolution professional in respect of the insolvency resolution process; and

(b) to co-operate with the new resolution professional in such matters as may be required.

99. (1) The resolution professional shall examine the application referred to in section 94 or section 95, as the case may be, within ten days of his appointment, and submit a report to the Adjudicating Authority recommending for approval or rejection of the application.

(2) Where the application has been filed under section 95, the resolution professional may require the debtor to prove repayment of the debt claimed as unpaid by the creditor by furnishing—

(a) evidence of electronic transfer of the unpaid amount from the bank account of the debtor;

(b) evidence of encashment of a cheque issued by the debtor; or

(c) a signed acknowledgment by the creditor accepting receipt of dues.

(3) Where the debt for which an application has been filed by a creditor is registered with the information utility, the debtor shall not be entitled to dispute the validity of such debt.

(4) For the purposes of examining an application, the resolution professional may seek such further information or explanation in connection with the application as may be required from the debtor or the creditor or any other person who, in the opinion of the resolution professional, may provide such information.

(5) The person from whom information or explanation is sought under sub-section (4) shall furnish such information or explanation within seven days of receipt of the request.

(6) The resolution professional shall examine the application and ascertain that—

(a) the application satisfies the requirements set out in section 94 or 95;

(b) the applicant has provided information and given explanation sought by the resolution professional under sub-section (4).

(7) After examination of the application under sub-section (6), he may recommend acceptance or rejection of the application in his report.

(8) Where the resolution professional finds that the debtor is eligible for a fresh start under Chapter II, the resolution professional shall submit a report recommending that the application by the debtor under section 94 be treated as an application under section 81 by the Adjudicating Authority.

(9) The resolution professional shall record the reasons for recommending the acceptance or rejection of the application in the report under sub-section (7).

(10) The resolution professional shall give a copy of the report under sub-section (7) to the debtor or the creditor, as the case may be.
100. (1) The Adjudicating Authority shall, within fourteen days from the date of submission of the report under section 99 pass an order either admitting or rejecting the application referred to in section 94 or 95, as the case may be.

(2) Where the Adjudicating Authority admits an application under sub-section (1), it may, on the request of the resolution professional, issue instructions for the purpose of conducting negotiations between the debtor and creditors and for arriving at a repayment plan.

(3) The Adjudicating Authority shall provide a copy of the order passed under sub-section (1) along with the report of the resolution professional and the application referred to in section 94 or 95, as the case may be, to the creditors within seven days from the date of the said order.

(4) If the application referred to in section 94 or 95, as the case may be, is rejected by the Adjudicating Authority on the basis of report submitted by the resolution professional that the application was made with the intention to defraud his creditors or the resolution professional, the order under sub-section (1) shall record that the creditor is entitled to file for a bankruptcy order under Chapter IV.

101. (1) When the application is admitted under section 100, a moratorium shall commence in relation to all the debts and shall cease to have effect at the end of the period of one hundred and eighty days beginning with the date of admission of the application or on the date the Adjudicating Authority passes an order on the repayment plan under section 114, whichever is earlier.

(2) During the moratorium period—

(a) any pending legal action or proceeding in respect of any debt shall be deemed to have been stayed;

(b) the creditors shall not initiate any legal action or legal proceedings in respect of any debt; and

(c) the debtor shall not transfer, alienate, encumber or dispose of any of his assets or his legal rights or beneficial interest therein;

(3) Where an order admitting the application under section 96 has been made in relation to a firm, the moratorium under sub-section (1) shall operate against all the partners of the firm.

(4) The provisions of this section shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

102. (1) The Adjudicating Authority shall issue a public notice within seven days of passing the order under section 100 inviting claims from all creditors within twenty-one days of such issue.

(2) The notice under sub-section (1) shall include—

(a) details of the order admitting the application;

(b) particulars of the resolution professional with whom the claims are to be registered; and

(c) the last date for submission of claims.

(3) The notice shall be—

(a) published in at least one English and one vernacular newspaper which is in circulation in the state where the debtor resides;
(b) affixed in the premises of the Adjudicating Authority; and

(c) placed on the website of the Adjudicating Authority.

103. (1) The creditors shall register claims with the resolution professional by sending details of the claims by way of electronic communications or through courier, speed post or registered letter.

(2) In addition to the claims referred to in sub-section (1), the creditor shall provide to the resolution professional, personal information and such particulars as may be prescribed.

104. (1) The resolution professional shall prepare a list of creditors on the basis of—

(a) the information disclosed in the application filed by the debtor under section 94 or 95, as the case may be;

(b) claims received by the resolution professional under section 102.

(2) The resolution professional shall prepare the list mentioned in sub-section (1) within thirty days from the date of the notice.

105. (1) The debtor shall prepare, in consultation with the resolution professional, a repayment plan containing a proposal to the creditors for restructuring of his debts or affairs.

(2) The repayment plan may authorise or require the resolution professional to—

(a) carry on the debtor’s business or trade on his behalf or in his name; or

(b) realise the assets of the debtor; or

(c) administer or dispose of any funds of the debtor.

(3) The repayment plan shall include the following, namely:—

(a) justification for preparation of such repayment plan and reasons on the basis of which the creditors may agree upon the plan;

(b) provision for payment of fee to the resolution professional;

(c) such other matters as may be specified.

106. (1) The resolution professional shall submit the repayment plan under section 105 along with his report on such plan to the Adjudicating Authority within a period of twenty-one days from the last date of submission of claims under section 102.

(2) The report referred in sub-section (1) shall include that—

(a) the repayment plan is in compliance with the provisions of any law for the time being in force;

(b) the repayment plan has a reasonable prospect of being approved and implemented; and

(c) there is a necessity of summoning a meeting of the creditors, if required, to consider the repayment plan:

Provided that where the resolution professional recommends that a meeting of the creditors is not required to be summoned, reasons for the same shall be provided.

(3) The report referred to in sub-section (2) shall also specify the date on which, and the time and place at which, the meeting should be held if he is of the opinion that a meeting of the creditors should be summoned.
(4) For the purposes of sub-section (3)—

(a) the date on which the meeting is to be held shall be not less than fourteen days and not more than twenty eight days from the date of submission of report under sub-section (1);

(b) the resolution professional shall consider the convenience of creditors in fixing the date and venue of the meeting of the creditors.

107. (1) The resolution professional shall issue a notice calling the meeting of the creditors at least fourteen days before the date fixed for such meeting.

(2) The resolution professional shall send the notice of the meeting to the list of creditors prepared under section 104.

(3) The notice sent under sub-section (1) shall state the address of the Adjudicating Authority to which the repayment plan and report of the resolution professional on the repayment plan has been submitted and shall be accompanied by—

(a) a copy of the repayment plan;

(b) a copy of the statement of affairs of the debtor;

(c) a copy of the said report of the resolution professional; and

(d) forms for proxy voting.

(4) The proxy voting, including electronic proxy voting shall take place in such manner and form as may be specified.

108. (1) The meeting of the creditors shall be conducted in accordance with the provisions of this section and sections 109, 110 and 111.

(2) In the meeting of the creditors, the creditors may decide to approve, modify or reject the repayment plan.

(3) The resolution professional shall ensure that if modifications are suggested by the creditors, consent of the debtor shall be obtained for each modification.

(4) The resolution professional may for a sufficient cause adjourn the meeting of the creditors for a period of not more than seven days at a time.

109. (1) A creditor shall be entitled to vote at every meeting of the creditors in respect of the repayment plan in accordance with the voting share assigned to him.

(2) The resolution professional shall determine the voting share to be assigned to each creditor in the manner specified by the Board.

(3) A creditor shall not be entitled to vote in respect of a debt for an unliquidated amount.

(4) A creditor shall not be entitled to vote in a meeting of the creditors if he—

(a) is not a creditor mentioned in the list of creditors under section 104; or

(b) is an associate of the debtor.

110. (1) Secured creditors shall be entitled to participate and vote in the meetings of the creditors.

(2) A secured creditor participating in the meetings of the creditors and voting in relation to the repayment plan shall forfeit his right to enforce the security during the period of the repayment plan in accordance with the terms of the repayment plan.
(3) Where a secured creditor does not forfeit his right to enforce security, he shall submit an affidavit to the resolution professional at the meeting of the creditors stating—

(a) that the right to vote exercised by the secured creditor is only in respect of the unsecured part of the debt; and

(b) the estimated value of the unsecured part of the debt.

(4) In case a secured creditor participates in the voting on the repayment plan by submitting an affidavit under sub-section (3), the secured and unsecured parts of the debt shall be treated as separate debts.

(5) The concurrence of the secured creditor shall be obtained if he does not participate in the voting on repayment plan but provision of the repayment plan affects his right to enforce security.

Explanation.—For the purposes of this section, "period of the repayment plan" means the period from the date of the order passed under section 114 till the date on which the notice is given by the resolution professional under section 117 or report submitted by the resolution professional under section 118, as the case may be.

111. The repayment plan or any modification to the repayment plan shall be approved by a majority of more than three-fourth in value of the creditors present in person or by proxy and voting on the resolution in a meeting of the creditors.

112. (1) The resolution professional shall prepare a report of the meeting of the creditors on repayment plan.

(2) The report under sub-section (1) shall contain—

(a) whether the repayment plan was approved or rejected and if approved, the list the modifications, if any;

(b) the resolutions which were proposed at the meeting and the decision on such resolutions;

(c) list of the creditors who were present or represented at the meeting, and the voting records of each creditor for all meetings of the creditors; and

(d) such other information as the resolution professional thinks appropriate to make known to the Adjudicating Authority.

113. The resolution professional shall provide a copy of the report of the meeting of creditors prepared under section 99 to—

(a) the debtor;

(b) the creditors, including those who were not present at the meeting; and

(c) the Adjudicating Authority.

114. (1) The Adjudicating Authority shall by an order approve or reject the repayment plan on the basis of the report of the meeting of the creditors submitted by the resolution professional under section 112:

Provided that where a meeting of creditors is not summoned, the Adjudicating Authority shall pass an order on the basis of the report prepared by the resolution professional under section 106.

(2) The order of the Adjudicating Authority approving the repayment plan may also provide for directions for implementing the repayment plan.
(3) Where the Adjudicating Authority is of the opinion that the repayment plan requires modification, it may direct the resolution professional to re-convene a meeting of the creditors for reconsidering the repayment plan.

115. (1) Where the Adjudicating Authority has approved the repayment plan under section 114, such repayment plan shall—

(a) take effect as if proposed by the debtor in the meeting; and

(b) be binding on creditors mentioned in the repayment plan and the debtor.

(2) Where the Adjudicating Authority rejects the repayment plan under section 114, the debtor and the creditors shall be entitled to file an application for bankruptcy under Chapter IV.

(3) A copy of the order passed by the Adjudicating Authority under sub-section (2) shall be provided to the Board, for the purpose of recording an entry in the register referred to in section 196.

116. (1) The resolution professional appointed under section 97 or under section 98 shall supervise the implementation of the repayment plan.

(2) The resolution professional may apply to the Adjudicating Authority for directions, if necessary, in relation to any particular matter arising under the repayment plan.

(3) The Adjudicating Authority may issue directions to the resolution professional on the basis of an application under sub-section (2).

117. (1) The resolution professional shall within fourteen days of the completion of the repayment plan, forward to the persons who are bound by the repayment plan under section 115 and the Adjudicating Authority, the following documents, namely:—

(a) a notice that the repayment plan has been fully implemented; and

(b) a copy of a report by the resolution professional summarising all receipts and payments made in pursuance of the repayment plan and extent of the implementation of such plan as compared with the repayment plan approved by the meeting of the creditors.

(2) The resolution professional may apply to the Adjudicating Authority to extend the time mentioned in sub-section (1) for such further period not exceeding seven days.

118. (1) A repayment plan shall be deemed to have come to an end prematurely if it has not been fully implemented in respect of all persons bound by it within the period as mentioned in the repayment plan.

(2) Where a repayment plan comes to an end prematurely under this section, the resolution professional shall submit a report to the Adjudicating Authority which shall state—

(a) the receipts and payments made in pursuance of the repayment plan;

(b) the reasons for premature end of the repayment plan; and

(c) the details of the creditors whose claims have not been fully satisfied.

(3) The Adjudicating Authority shall pass an order on the basis of the report submitted under sub-section (2) by the resolution professional that the repayment plan has not been completely implemented.

(4) The debtor or the creditor, whose claims under repayment plan have not been fully satisfied, shall be entitled to apply for a bankruptcy order under Chapter IV.
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(5) The Adjudicating Authority shall forward to the persons bound by the repayment plan under section 115, a copy of the—

(a) report submitted by the resolution professional to the Adjudicating Authority under sub-section (2); and

(b) order passed by the Adjudicating Authority under sub-section (3).

(6) The Adjudicating Authority shall forward a copy of the order passed under sub-section (4) to the Board, for the purpose of recording entries in the register referred to in section 196.

119. (1) On the basis of the repayment plan, the resolution professional shall apply to the Adjudicating Authority for a discharge order in relation to the debts mentioned in the repayment plan and the Adjudicating Authority may pass such discharge order.

(2) The repayment plan may provide for—

(a) early discharge; or

(b) discharge on complete implementation of the repayment plan.

(3) The discharge order shall be forwarded to the Board, for the purpose of recording entries in the register referred to in section 196.

(4) The discharge order under sub-section (3) shall not discharge any other person from any liability in respect of his debt.

120. The resolution professional shall perform his functions and duties in compliance with the code of conduct provided under section 208.

CHAPTER IV

BANKRUPTCY ORDER FOR INDIVIDUALS AND PARTNERSHIP FIRMS

121. (1) An application for bankruptcy of a debtor may be made, by a creditor individually or jointly with other creditors or by a debtor, to the Adjudicating Authority in the following circumstances, namely;—

(a) where an order has been passed by an Adjudicating Authority under sub-section 4 of section 100; or

(b) where an order has been passed by an Adjudicating Authority under sub-section 2 of section 115; or

(c) where an order has been passed by an Adjudicating Authority under sub-section 3 of section 118.

(2) An application for bankruptcy shall be filed within a period of three months of the date of the order passed by the Adjudicating Authority under the sections referred to in sub-section (1).

(3) Where the debtor is a firm, the application under sub-section (1) may be filed by any of its partners.

122. (1) The application for bankruptcy by the debtor shall be accompanied by—

(a) the records of insolvency resolution process undertaken under Chapter III of Part III;

(b) the statement of affairs of the debtor in such form and manner as may be prescribed, on the date of the application for bankruptcy; and

(c) a copy of the order passed by the Adjudicating Authority under Chapter III of Part III permitting the debtor to apply for bankruptcy.
(2) The debtor may propose an insolvency professional as the bankruptcy trustee in the application for bankruptcy.

(3) The application referred to in sub-section (1) shall be in such form and manner and accompanied by such fee as may be prescribed.

(4) An application for bankruptcy by the debtor shall not be withdrawn without the leave of the Adjudicating Authority.

123. (1) The application for bankruptcy by the creditor shall be accompanied by—

(a) the records of insolvency resolution process undertaken under Chapter III;

(b) a copy of the order passed by the Adjudicating Authority under Chapter III permitting the creditor to apply for bankruptcy;

(c) details of the debts owed by the debtor to the creditor as on the date of the application for bankruptcy; and

(d) such other information as may be prescribed.

(2) An application under sub-section (1) made in respect of a debt which is secured, shall be accompanied with—

(a) a statement by the creditor having the right to enforce the security that he shall, in the event of a bankruptcy order being made, give up his security for the benefit of all the creditors of the bankrupt; or

(b) a statement by the creditor stating—

(i) that the application for bankruptcy is only in respect of the unsecured part of the debt; and

(ii) an estimated value of the unsecured part of the debt.

(3) If a secured creditor makes an application for bankruptcy and submits a statement under clause (b) of sub-section (2), the secured and unsecured parts of the debt shall be treated as separate debts.

(4) The creditor may propose an insolvency professional as the bankruptcy trustee in the application for bankruptcy.

(5) An application for bankruptcy under sub-section (1), in case of a deceased debtor, may be filed against his legal representatives.

(6) The application for bankruptcy shall be in such form and manner and accompanied by such fee as may be prescribed.

(7) An application for bankruptcy by the creditor shall not be withdrawn without the permission of the Adjudicating Authority.

124. (1) When an application is filed under sections 122 or 123,—

(a) an interim-moratorium shall commence on the date of the making of the application on all actions against the properties of the debtor in respect of his debts and such moratorium shall cease to have effect on the bankruptcy commencement date; and

(b) during the interim-moratorium period—

(i) any pending legal action or legal proceeding against any property of the debtor in respect of any of his debts shall be deemed to have been stayed;

(ii) the creditors of the debtor shall not be entitled to initiate any legal action or legal proceedings against any property of the debtor in respect of any of his debts.
(2) Where the application has been made in relation to a firm, the interim-moratorium under sub-section (1) shall operate against all the partners of the firm as on the date of the making of the application.

(3) The provisions of this section shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

125. (1) If an insolvency professional is proposed as the bankruptcy trustee in the application for bankruptcy under section 122 or section 123, the Adjudicating Authority shall direct the Board within seven days of receiving the application for bankruptcy to confirm that there are no disciplinary proceedings pending against such professional.

(2) The Board shall within ten days of the receipt of the direction under sub-section (1) in writing either—

(a) confirm the appointment of the proposed insolvency professional as the bankruptcy trustee for the bankruptcy process; or

(b) reject the appointment of the proposed insolvency professional as the bankruptcy trustee and nominate another bankruptcy trustee for the bankruptcy process.

(3) Where a bankruptcy trustee is not proposed by the debtor or creditor under section 122 or 123, the Adjudicating Authority shall direct the Board within seven days of receiving the application to nominate a bankruptcy trustee for the bankruptcy process.

(4) The Board shall nominate a bankruptcy trustee within ten days of receiving the direction of the Adjudicating Authority under sub-section (3).

(5) The bankruptcy trustee confirmed or nominated under this section shall be appointed as the bankruptcy trustee by the Adjudicating Authority in the bankruptcy order under section 126.

126. (1) The Adjudicating Authority shall pass a bankruptcy order within fourteen days of receiving the confirmation or nomination of the bankruptcy trustee under section 125.

(2) The Adjudicating Authority shall provide the following documents to bankrupt, creditors and the bankruptcy trustee within seven days of the passing of the bankruptcy order, namely:—

(a) a copy of the application for bankruptcy; and

(b) a copy of the bankruptcy order.

127. The bankruptcy order passed by the Adjudicating Authority under section 126 shall continue to have effect till the debtor is discharged under section 138.

128. (1) On the passing of the bankruptcy order under section 126,—

(a) the estate of the bankrupt shall vest in the bankruptcy trustee as provided in section 154;

(b) the estate of the bankrupt shall be divided among his creditors;

(c) subject to provisions of sub-section (2), a creditor of the bankrupt indebted in respect of any debt claimed as a bankruptcy debt shall not—

(i) initiate any action against the property of the bankrupt in respect of such debt; or

(ii) commence any suit or other legal proceedings except with the leave of the Adjudicating Authority and on such terms as the Adjudicating Authority may impose.
Subject to the provisions of section 123, the bankruptcy order shall not affect the right of any secured creditor to realise or otherwise deal with his security interest in the same manner as he would have been entitled if the bankruptcy order had not been passed:

Provided that no secured creditor shall be entitled to any interest in respect of his debt after the bankruptcy commencement date if he does not take any action to realise his security within thirty days from the said date.

Where a bankruptcy order under section 126 has been passed against a firm, the order shall operate as if it were a bankruptcy order made against each of the individuals who, on the date of the order, is a partner in the firm.

The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

Where a bankruptcy order is passed on the application for bankruptcy by a creditor under section 123, the bankrupt shall submit his statement of financial position to the bankruptcy trustee within seven days from the bankruptcy commencement date.

The statement of financial position shall be submitted in the such form and manner as may be prescribed.

Where the bankrupt is a firm, its partners on the date of the order shall submit a joint statement of financial position of the firm, and each partner of the firm shall submit a statement of his financial position.

The bankruptcy trustee may require the bankrupt or any other person to submit in writing further information explaining or modifying any matter contained in the statement of financial position.

The Adjudicating Authority shall—

(a) send notices within ten days of the bankruptcy commencement date, to the creditors mentioned in—

(i) the statement of affairs submitted by the bankrupt under section 129; or
(ii) the application for bankruptcy submitted by the bankrupt under section 122.

(b) issue a public notice inviting claims from creditors.

The public notice under clause (b) of sub-section (1) shall include the last date up to which the claims shall be submitted and such other matters and details as may be prescribed and shall be—

(a) published in leading newspapers, one in English and another in vernacular having sufficient circulation where the bankrupt resides;
(b) affixed on the premises of the Adjudicating Authority; and
(c) placed on the website of the Adjudicating Authority.

The notice to the creditors referred to under clause (a) of sub-section (1) shall include such matters and details as may be prescribed.

The creditors shall register claims with the bankruptcy trustee within seven days of the publication of the public notice, by sending details of the claims to the bankruptcy trustee in such manner as may be prescribed.

The creditor, in addition to the details of his claims, shall provide such other information and in such manner as may be prescribed.
132. The bankruptcy trustee shall, within fourteen days from the bankruptcy commencement date, prepare a list of creditors of the bankrupt on the basis of—

(a) the information disclosed by the bankrupt in the application for bankruptcy filed by the bankrupt under section 118 and the statement of affairs filed under section 125; and

(b) claims received by the bankruptcy trustee under sub-section (2) of section 130.

133. (1) The bankruptcy trustee shall, within twenty-one days from the bankruptcy commencement date, issue a notice for calling a meeting of the creditors, to every creditor of the bankrupt as mentioned in the list prepared under section 132.

(2) The notices issued under sub-section (1) shall—

(a) state the date of the meeting of the creditors, which shall not be later than twenty-one days from the bankruptcy commencement date;

(b) be accompanied with forms of proxy voting;

(c) specify the form and manner in which the proxy voting may take place.

(3) The proxy voting, including electronic proxy voting shall take place in such manner and form as may be specified.

134. (1) The bankruptcy trustee shall be the convener of the meeting of the creditors summoned under section 133.

(2) The bankruptcy trustee shall decide the quorum for the meeting of the creditors, and conduct the meeting only if the quorum is present.

(3) The following business shall be conducted in the meeting of the creditors in which regard a resolution may be passed, namely:—

(a) the establishment of a committee of creditors;

(b) any other business that the bankruptcy trustee thinks fit to be transacted.

(4) The bankruptcy trustee shall cause the minutes of the meeting of the creditors to be recorded, signed and retained as a part of the records of the bankruptcy process.

(5) The bankruptcy trustee shall not adjourn the meeting of the creditors for any purpose for more than seven days at a time.

135. (1) Every creditor mentioned in the list under section 132 or his proxy shall be entitled to vote in respect of the resolutions in the meeting of the creditors in accordance with the voting share assigned to him.

(2) The resolution professional shall determine the voting share to be assigned to each creditor in the manner specified by the Board.

(3) A creditor shall not be entitled to vote in respect of a debt for an unliquidated amount.

(4) The following creditors shall not be entitled to vote under this section, namely:—

(a) creditors who are not mentioned in the list of creditors under section 132 and those who have not been given a notice by the bankruptcy trustee;

(b) creditors who are associates of the bankrupt.

136. The bankruptcy trustee shall conduct the administration and distribution of the estate of the bankrupt in accordance with the provisions of Chapter V.
137. (1) The bankruptcy trustee shall convene a meeting of the committee of creditors on completion of the administration and distribution of the estate of the bankrupt in accordance with the provisions of Chapter V.

(2) The bankruptcy trustee shall provide the committee of creditors with a report of the administration of the estate of the bankrupt in the meeting of the said committee.

(3) The committee of creditors shall approve the report submitted by the bankruptcy trustee under sub-section (2) within seven days of the receipt of the report and determine whether the bankruptcy trustee should be released under section 148.

(4) The bankruptcy trustee shall retain sufficient sums from the estate of the bankrupt to meet the expenses of convening and conducting the meeting required under this section during the administration of the estate.

138. (1) The bankruptcy trustee shall apply to the Adjudicating Authority for a discharge order—

(a) on the expiry of one year from the bankruptcy commencement date; or

(b) within seven days of the approval of the committee of creditors of the completion of administration of the estates of the bankrupt under section 137, where such approval is obtained prior to the period mentioned in clause (a).

(2) The Adjudicating Authority shall pass a discharge order on an application by the bankruptcy trustee under sub-section (1).

(3) A copy of the discharge order shall be provided to the Board for the purpose of recording an entry in the register referred to in section 196.

139. The discharge order under sub-section (2) of section 138 shall release the bankrupt from all the bankruptcy debt:

Provided that discharge shall not—

(a) affect the functions of the bankruptcy trustee; or

(b) affect the operation of the provisions of Chapters IV and V of Part III; or

(c) release the bankrupt from any debt incurred by means of fraud or breach of trust to which he was a party; or

(d) discharge the bankrupt from any excluded debt.

140. (1) The bankrupt shall, from the bankruptcy commencement date, be subject to the disqualifications mentioned in this section.

(2) In addition to any disqualification under any other law for the time being in force, a bankrupt shall be disqualified from—

(a) being appointed or acting as a trustee or representative in respect of any trust, estate or settlement;

(b) being appointed or acting as a public servant;

(c) being elected to any public office where the appointment to such office is by election; and

(d) being elected or sitting or voting as a member of any local authority.

(3) Any disqualification to which a bankrupt may be subject under this section shall cease to have effect, if—

(a) the bankruptcy order against him is modified or recalled under section 142; or

(b) he is discharged under section 138.
Restrictions on bankrupt.

141. (1) A bankrupt, from the bankruptcy commencement date, shall—
   (a) not act as a director of any company, or directly or indirectly take part in or be concerned in the promotion, formation or management of a company;
   (b) without the previous sanction of the bankruptcy trustee, be prohibited from creating any charge on his estate or taking any further debt;
   (c) be required to inform his business partners that he is undergoing a bankruptcy process;
   (d) prior to entering into any financial or commercial transaction of such value as may be prescribed, either individually or jointly, inform all the parties involved in such transaction that he is undergoing a bankruptcy process;
   (e) without the previous sanction of the Adjudicating Authority, be incompetent to maintain any legal action or proceedings in relation to the bankruptcy debts; and
   (f) not be permitted to travel overseas without the permission of the Adjudicating Authority.

(2) Any restriction to which a bankrupt may be subject under this section shall cease to have effect, if—
   (a) the bankruptcy order against him is modified or recalled under section 142; or
   (b) he is discharged under section 138.

Modification or recall of bankruptcy order.

142. (1) The Adjudicating Authority may, on an application or suo motu, modify or recall a bankruptcy order, whether or not the bankrupt is discharged, if it appears to the Adjudicating Authority that—
   (a) there exists an error apparent on the face of such order; or
   (b) both the bankruptcy debts and the expenses of the bankruptcy have, after the making of the bankruptcy order, either been paid for or secured to the satisfaction of the Adjudicating Authority.

(2) Where the Adjudicating Authority modifies or recalls the bankruptcy order under this section, any sale or other disposition of property, payment made or other things duly done by the bankruptcy trustee shall be valid except that the property of the bankrupt shall vest in such person as the Adjudicating Authority may appoint or, in default of any such appointment, revert to the bankrupt on such terms as the Adjudicating Authority may direct.

(3) A copy of the order passed by the Adjudicating Authority under sub-section (1) shall be provided to the Board, for the purpose of recording an entry in the register referred to in section 191.

(4) The modification or recall of the order by the Adjudicating Authority under sub-section (1) shall be binding on all creditors so far as it relates to any debts due to them which form a part of the bankruptcy.

Standard of conduct.

143. The bankruptcy trustee shall perform his functions and duties in compliance with the code of conduct provided under section 208.

Fees of bankruptcy trustee.

144. (1) A bankruptcy trustee appointed for conducting the bankruptcy process shall charge such fees as may be specified in proportion to the value of the estate of the bankrupt.

(2) The fees for the conduct of the bankruptcy process shall be paid to the bankruptcy trustee from the distribution of the estate of the bankrupt in the manner provided in section 178.
145. (1) Where Committee of creditors is of the opinion that at any time during the bankruptcy process, a bankruptcy trustee appointed under section 125 is required to be replaced, it may replace him with another bankruptcy trustee in the manner provided under this section.

(2) The Committee of creditors may, at a meeting, by a vote of seventy-five per cent. of voting share, propose to replace the bankruptcy trustee appointed under section 125 with another bankruptcy trustee.

(3) The Committee of creditors may apply to the Adjudicating Authority for the replacement of the bankruptcy trustee.

(4) The Adjudicating Authority shall within seven days of the receipt of the application under sub-section (3) direct the Board to recommend for replacement of bankruptcy trustee.

(5) The Board shall, within ten days of the direction of the Adjudicating Authority under sub-section (4), recommend a bankruptcy trustee for replacement against whom no disciplinary proceedings are pending.

(6) The Adjudicating Authority shall, by an order, appoint the bankruptcy trustee as recommended by the Board under sub-section (5) within fourteen days of receiving such recommendation.

(7) The earlier bankruptcy trustee shall deliver possession of the estate of the bankrupt to the bankruptcy trustee appointed under sub-section (6), on the date of his appointment.

(8) The Adjudicating Authority may give directions to the earlier bankruptcy trustee—

(a) to share all information with the new bankruptcy trustee in respect of the bankruptcy process; and

(b) to co-operate with the new bankruptcy trustee in such matters as may be required.

(9) The earlier bankruptcy trustee replaced under this section shall be released in accordance with the provisions of section 148.

(10) The bankruptcy trustee appointed under this section shall give a notice of his appointment to the bankrupt within seven days of his appointment.

146. (1) A bankruptcy trustee may resign if—

(a) he intends to cease practising as an insolvency professional; or

(b) there is conflict of interest or change of personal circumstances which preclude the further discharge of his duties as a bankruptcy trustee.

(2) The Adjudicating Authority shall, within seven days of the acceptance of the resignation of the bankruptcy trustee, direct the Board for his replacement.

(3) The Board shall, within ten days of the direction of the Adjudicating Authority under sub-section (2) recommend another bankruptcy trustee as a replacement.

(4) The Adjudicating Authority shall appoint the bankruptcy trustee recommended by the Board under sub-section (3) within fourteen days of receiving the recommendation.

(5) The replaced bankruptcy trustee shall deliver possession of the estate of the bankrupt to the bankruptcy trustee appointed under sub-section (4), on the date of his appointment.

(6) The Adjudicating Authority may give directions to the bankruptcy trustee who has resigned—
(a) to share all information with the new bankruptcy trustee in respect of the bankruptcy process; and

(b) to co-operate with the new bankruptcy trustee in such matters as may be required.

(7) The bankruptcy trustee appointed under this section shall give a notice of his appointment to the committee of creditors and the bankrupt within seven days of his appointment.

(8) The bankruptcy trustee replaced under this section shall be released in accordance with the provisions of section 148.

147. (1) If a vacancy occurs in the office of the bankruptcy trustee for any reason other than his replacement or resignation, the vacancy shall be filled in accordance with the provisions of this section.

(2) In the event of the occurrence of vacancy referred to in sub-section (1), the Adjudicating Authority shall direct the Board for replacement of a bankruptcy trustee.

(3) The Board shall, within ten days of the direction of the Adjudicating Authority under sub-section (2), recommend a bankruptcy trustee as a replacement.

(4) The Adjudicating Authority shall appoint the bankruptcy trustee recommended by the Board under sub-section (3) within fourteen days of receiving the recommendation.

(5) The earlier bankruptcy trustee shall deliver possession of the estate of the bankrupt to the bankruptcy trustee appointed under sub-section (4), on the date of his appointment.

(6) The Adjudicating Authority may give directions to the bankruptcy trustee who has vacated the office—

(a) to share all information with the new bankruptcy trustee in respect of the bankruptcy;

(b) to co-operate with the new bankruptcy trustee in such matters as may be required.

(7) The bankruptcy trustee appointed under sub-section (4) shall give a notice of his appointment to the committee of creditors and the bankrupt within seven days of his appointment.

(8) The earlier bankruptcy trustee replaced under this section shall be released in accordance with the provisions of section 148:

Provided that this section shall not apply if the vacancy has occurred due to temporary illness or temporary leave of the bankruptcy trustee.

148. (1) A bankruptcy trustee shall be released from his office with effect from the date on which the Adjudicating Authority passes an order appointing a new bankruptcy trustee in the event of replacement, resignation or occurrence of vacancy under sections 145, 146 or section 147, as the case may be.

(2) Notwithstanding the release under sub-section (1), the bankruptcy trustee who has been so released, shall share all information with the new bankruptcy trustee in respect of the bankruptcy process and co-operate with the new bankruptcy trustee in such matters as may be required.

(3) A bankruptcy trustee who has completed the administration of the bankruptcy process shall be released of his duties with effect from the date on which the committee of creditors approves the report of the bankruptcy trustee under section 137.
CHAPTER V

ADMINISTRATION AND DISTRIBUTION OF THE ESTATE OF THE BANKRUPT

149. The bankruptcy trustee shall perform the following functions in accordance with the provisions of this Chapter—

(a) investigate the affairs of the bankrupt;
(b) realise the estate of the bankrupt; and
(c) distribute the estate of the bankrupt.

150. (1) The bankrupt shall assist the bankruptcy trustee in carrying out his functions under this Chapter by—

(a) giving to the bankruptcy trustee the information of his affairs;
(b) attending on the bankruptcy trustee at such times as may be required;
(c) giving notice to the bankruptcy trustee of any of the following events which have occurred after the bankruptcy commencement date,—
   (i) acquisition of any property by the bankrupt;
   (ii) devolution of any property upon the bankrupt;
   (iii) increase in the income of the bankrupt;
   (d) doing all other things as may be prescribed.

(2) The bankrupt shall give notice of the increase in income or acquisition or devolution of property under clause (c) of sub-section (1) within seven days of such increase, acquisition or devolution.

(3) The bankrupt shall continue to discharge the duties under sub-section (1) other than the duties under clause (c) evenafter the discharge under section 138.

151. For the purpose of performing his functions under this Chapter, the bankruptcy trustee may, by his official name—

(a) hold property of every description;
(b) make contracts;
(c) sue and be sued;
(d) enter into engagements in respect of the estate of the bankrupt;
(e) employ persons to assist him;
(f) execute any power of attorney, deed or other instrument; and
(g) do any other act which is necessary or expedient for the purposes of or in connection with the exercise of his rights.

152. The bankruptcy trustee may while discharging his functions under this Chapter,—

(a) sell any part of the estate of the bankrupt;
(b) give receipts for any money received by him;
(c) prove, rank, claim and draw a dividend in respect of such debts due to the bankrupt as are comprised in his estate;
(d) where any property comprised in the estate of the bankrupt is held by any person by way of pledge or hypothecation, exercise the right of redemption in respect of any such property subject to the relevant contract by giving notice to the said person;
(e) where any part of the estate of the bankrupt consists of securities in a company or any other property which is transferable in the books of a person, exercise the right to transfer the property to the same extent as the bankrupt might have exercised it if he had not become bankrupt; and

(f) deal with any property comprised in the estate of the bankrupt to which the bankrupt is beneficially entitled in the same manner as he might have dealt with it.

153. The bankruptcy trustee for the purposes of this Chapter may after procuring the approval of the committee of creditors,—

(a) carry on any business of the bankrupt as far as may be necessary for winding it up beneficially;

(b) bring, institute or defend any legal action or proceedings relating to the property comprised in the estate of the bankrupt;

(c) accept as consideration for the sale of any property a sum of money due at a future time subject to certain stipulations such as security;

(d) mortgage or pledge any property for the purpose of raising money for the payment of the debts of the bankrupt;

(e) where any right, option or other power forms part of the estate of the bankrupt, make payments or incur liabilities with a view to obtaining, for the benefit of the creditors, any property which is the subject of such right, option or power;

(f) refer to arbitration or compromise on such terms as may be agreed, any debts subsisting or supposed to subsist between the bankrupt and any person who may have incurred any liability to the bankrupt;

(g) make compromise or other arrangement as may be considered expedient, with the creditors;

(h) make compromise or other arrangement as he may deem expedient with respect to any claim arising out of or incidental to the bankrupt's estate;

(i) appoint the bankrupt to—

(A) supervise the management of the estate of the bankrupt or any part of it;

(B) carry on his business for the benefit of his creditors;

(C) assist the bankruptcy trustee in administering the estate of the bankrupt.

154. (1) The estate of the bankrupt shall vest in the bankruptcy trustee immediately from the date of his appointment.

(2) The vesting under sub-section (1) shall take effect without any conveyance, assignment or transfer.

155. (1) The estate of the bankrupt shall include,—

(a) all property belonging to or vested in the bankrupt at the bankruptcy commencement date;

(b) the capacity to exercise and to initiate proceedings for exercising all such powers in or over or in respect of property as might have been exercised by the bankrupt for his own benefit at the bankruptcy commencement date or before the date of the discharge order passed under section 138; and

(c) all property which by virtue of any of the provisions of this Chapter is comprised in the estate.

(2) The estate of the bankrupt shall not include—
(a) excluded assets;

(b) property held by the bankrupt on trust for any other person;

(c) all sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund; and

(d) such assets as may be notified by the Central Government in consultation with any financial sector regulator.

156. The bankrupt, his banker or agent or any other person having possession of any property, books, papers or other records which bankruptcy trustee is required to take possession for the purposes of the bankruptcy process shall deliver the said property and documents to the bankruptcy trustee.

157. (1) The bankruptcy trustee shall take possession and control of all property, books, papers and other records relating to the estate of the bankrupt or affairs of the bankrupt which belong to him or are in his possession or under his control.

(2) Where any part of the estate of the bankrupt consists of things in actionable claims, they shall be deemed to have been assigned to the bankruptcy trustee without any notice of the assignment.

158. (1) Any disposition of property made by the debtor, during the period between the date of filing of the application for bankruptcy and the bankruptcy commencement date shall be void.

(2) Any disposition of property made under sub-section (1) shall not give rise to any right against any person, in respect of such property, even if he has received such property before the bankruptcy commencement date in—

(a) good faith;

(b) for value; and

(c) without notice of the filing of the application for bankruptcy.

(3) For the purposes of this section, the term "property" means all the property of the debtor, whether or not it is comprised in the estate of the bankrupt, but shall not include property held by the debtor in trust for any other person.

159. (1) The bankruptcy trustee shall be entitled to claim for the estate of the bankrupt, any after-acquired property by giving a notice to the bankrupt.

(2) A notice under sub-section (1) shall not be served in respect of—

(a) excluded assets; or

(b) any property which is acquired by or devolves upon the bankrupt after a discharge order is passed under section 138.

(3) The notice under sub-section (2) shall be given within fifteen days from the day on which the acquisition or devolution of the after-acquired property comes to the knowledge of the bankruptcy trustee.

(4) For the purposes of sub-section (3)—

(a) anything which comes to the knowledge of the bankruptcy trustee shall be deemed to have come to the knowledge of the successor of the bankruptcy trustee at the same time; and

(b) anything which comes to the knowledge of a person before he is appointed as a bankruptcy trustee shall be deemed to have come to his knowledge on the date of his appointment as bankruptcy trustee.
(5) The bankruptcy trustee shall not be entitled, by virtue of this section, to claim from any person who has acquired any right over after-acquired property, in good faith, for value and without notice of the bankruptcy.

(6) A notice may be served after the expiry of the period under sub-section (3) only with the approval of the Adjudicating Authority.

Explanation.—For the purposes of this section, the term "after-acquired property" means any property which has been acquired by or has devolved upon the bankrupt after the bankruptcy commencement date.

160. (1) The bankruptcy trustee may, by giving notice to the bankrupt or any person interested in the onerous property, disclaim any onerous property which forms a part of the estate of the bankrupt.

(2) The bankruptcy trustee may give the notice under sub-section (1) notwithstanding that he has taken possession of the onerous property, endeavoured to sell it or has exercised rights of ownership in relation to it.

(3) A notice of disclaimer under sub-section (1) shall—

(a) determine, as from the date of such notice, the rights, interests and liabilities of the bankrupt in respect of the onerous property disclaimed;

(b) discharge the bankruptcy trustee from all personal liability in respect of the onerous property as from the date of appointment of the bankruptcy trustee.

(4) A notice of disclaimer under sub-section (1) shall not be given in respect of the property which has been claimed for the estate of the bankrupt under section 155 without the permission of the committee of creditors.

(5) A notice of disclaimer under sub-section (1) shall not affect the rights or liabilities of any other person, and any person who sustains a loss or damage in consequence of the operation of a disclaimer under this section shall be deemed to be a creditor of the bankrupt to the extent of the loss or damage.

Explanation.—For the purposes of this section, the term "onerous property" means—

(i) any unprofitable contract; and

(ii) any other property comprised in the estate of the bankrupt which is unsaleable or not readily saleable, or is such that it may give rise to a claim.

161. (1) No notice of disclaimer under section 160 shall be necessary if—

(a) a person interested in the onerous property has applied in writing to the bankruptcy trustee or his predecessor requiring him to decide whether the onerous property should be disclaimed or not; and

(b) a decision under clause (a) has not been taken by the bankruptcy trustee within seven days of receipt of the notice.

(2) Any onerous property which cannot be disclaimed under sub-section (1) shall be deemed to be part of the estate of the bankrupt.

Explanation.—For the purposes of this section, an onerous property is said to be disclaimed where notice in relation to that property has been given by the bankruptcy trustee under section 160.

162. (1) The bankruptcy trustee shall not be entitled to disclaim any leasehold interest, unless a notice of disclaimer has been served on every interested person and—
(a) no application objecting to the disclaimer by the interested person, has been filed with respect to the leasehold interest, within fourteen days of the date on which notice was served; and

(b) where the application objecting to the disclaimer has been filed by the interested person, the Adjudicating Authority has directed under section 163 that the disclaimer shall take effect.

(2) Where the Adjudicating Authority gives a direction under clause (b) of sub-section (1), it may also make order with respect to fixtures, improvements by tenant and other matters arising out of the lease as it may think fit.

163. (1) An application challenging the disclaimer may be made by the following persons under this section to the Adjudicating Authority—

(a) any person who claims an interest in the disclaimed property; or

(b) any person who is under any liability in respect of the disclaimed property; or

(c) where the disclaimed property is a dwelling house, any person who on the date of application for bankruptcy was in occupation of or entitled to occupy that dwelling house.

(2) The Adjudicating Authority may on an application under sub-section (1) make an order for the vesting of the disclaimed property in, or for its delivery to any of the persons mentioned in sub-section (1).

(3) The Adjudicating Authority shall not make an order in favour of a person who has made an application under clause (b) of sub-section (1) except where it appears to the Adjudicating Authority that it would be just to do so for the purpose of compensating the person.

(4) The effect of an order under this section shall be taken into account while assessing loss or damage sustained by any person in consequence of the disclaimer under sub-section (5) of section 160.

(5) An order under sub-section (2) vesting property in any person need not be completed by any consequence, assignment or transfer.

164. (1) The bankruptcy trustee may apply to the Adjudicating Authority for an order under this section in respect of an undervalued transaction between a bankrupt and any person.

(2) The undervalued transaction referred to in sub-section (1) should have—

(a) been entered into during the period of two years ending on the filing of the application for bankruptcy; and

(b) caused bankruptcy process to be triggered.

(3) A transaction between a bankrupt and his associate entered into during the period of two years preceding the date of making of the application for bankruptcy shall be deemed to be an undervalued transaction under this section.

(4) On the application of the bankruptcy trustee under sub-section (1), the Adjudicating Authority may—

(a) pass an order declaring an undervalued transaction void;

(b) pass an order requiring any property transferred as a part of an undervalued transaction to be vested with the bankruptcy trustee as a part of the estate of the bankrupt; and
(c) pass any other order it thinks fit for restoring the position to what it would have been if the bankrupt had not entered into the undervalued transaction.

(5) The order under clause (a) of sub-section (4) shall not be passed if it is proved by the bankrupt that the transaction was undertaken in the ordinary course of business of the bankrupt:

Provided that the provisions of this sub-section shall not be applicable to undervalued transaction entered into between a bankrupt and his associate under sub-section (3) of this section.

(6) For the purposes of this section, a bankrupt enters into an undervalued transaction with any person if—

(a) he makes a gift to that person;
(b) no consideration has been received by that person from the bankrupt;
(c) it is in consideration of marriage; or
(d) it is for a consideration, the value of which in money or money’s worth is significantly less than the value in money or money’s worth of the consideration provided by the bankrupt.

165. (1) The bankruptcy trustee may apply to the Adjudicating Authority for an order under this section if a bankrupt has given a preference to any person.

(2) The transaction giving preference to an associate of the bankrupt under sub-section (1) should have been entered into by the bankrupt with the associate during the period of two years ending on the date of the application for bankruptcy.

(3) Any transaction giving preference not covered under sub-section (2) should have been entered into by the bankrupt during the period of six months ending on the date of the application for bankruptcy.

(4) The transaction giving preference under sub-section (2) or under sub-section (3) should have caused the bankruptcy process to be triggered.

(5) On the application of the bankruptcy trustee under sub-section (1), the Adjudicating Authority may—

(a) pass an order declaring a transaction giving preference void;
(b) pass an order requiring any property transferred in respect of a transaction giving preference to be vested with the bankruptcy trustee as a part of the estate of the bankrupt; and
(c) pass any other order it thinks fit for restoring the position to what it would have been if the bankrupt had not entered into the transaction giving preference.

(6) The Adjudicating Authority shall not pass an order under sub-section (5) unless the bankrupt was influenced in his decision of giving preference to a person by a desire to produce in relation to that person an effect under clause (b) of sub-section (8).

(7) For the purpose of sub-section (6), if the person is an associate of the bankrupt, (otherwise than by reason only of being his employee), at the time when the preference was given, it shall be presumed that the bankrupt was influenced in his decision under that sub-section.

(8) For the purposes of this section, a bankrupt shall be deemed to have entered into a transaction giving preference to any person if—

(a) the person is the creditor or surety or guarantor for any debt of the bankrupt; and
(b) the bankrupt does anything or suffers anything to be done which has the effect of putting that person into a position which, in the event of the debtor becoming a bankrupt, will be better than the position he would have been in, if that thing had not been done.

166. (1) Subject to the provision of sub-section (2), an order passed by the Adjudicating Authority under section 164 or section 165 shall not,—

(a) give rise to a right against a person interested in the property which was acquired in an undervalued transaction or a transaction giving preference, whether or not he is the person with whom the bankrupt entered into such transaction; and

(b) require any person to pay a sum to the bankruptcy trustee in respect of the benefit received from the undervalued transaction or a transaction giving preference, whether or not he is the person with whom the bankrupt entered into such transaction.

(2) The provision of sub-section (1) shall apply only if the interest was acquired or the benefit was received—

(a) in good faith;

(b) for value;

(c) without notice that the bankrupt entered into the transaction at an undervalue or for giving preference;

(d) without notice that the bankrupt has filed an application for bankruptcy or a bankruptcy order has been passed; and

(e) by any person who at the time of acquiring the interest or receiving the benefit was not an associate of the bankrupt.

(3) Any sum required to be paid to the bankruptcy trustee under sub-section (1) shall be included in the estate of the bankrupt.

167. (1) Subject to sub-section (6), on an application by the bankruptcy trustee, the Adjudicating Authority may make an order under this section in respect of extortionate credit transactions to which the bankrupt is or has been a party.

(2) The transactions under sub-section (1) should have been entered into by the bankrupt during the period of two years ending on the bankruptcy commencement date.

(3) An order of the Adjudicating Authority may—

(a) set aside the whole or part of any debt created by the transaction;

(b) vary the terms of the transaction or vary the terms on which any security for the purposes of the transaction is held;

(c) require any person who has been paid by the bankrupt under any transaction, to pay a sum to the bankruptcy trustee;

(d) require any person to surrender to the bankruptcy trustee any property of the bankrupt held as security for the purposes of the transaction.

(4) Any sum paid or any property surrendered to the bankruptcy trustee shall be included in the estate of the bankrupt.

(5) For the purposes of this section, an extortionate credit transaction is a transaction for or involving the provision of credit to the bankrupt by any person—

(a) on terms requiring the bankrupt to make exorbitant payments in respect of the credit provided; or

(b) which is unconscionable under the principles of law relating to contracts.
(6) Any debt extended by a person regulated for the provision of financial services in compliance with the law in force in relation to such debt, shall not be considered as an extortionate credit transaction under this section.

168. (1) This section shall apply where a contract has been entered into by the bankrupt with a person before the bankruptcy commencement date.

(2) Any party to a contract, other than the bankrupt under sub-section (1), may apply to the Adjudicating Authority for—

(a) an order discharging the obligations of the applicant or the bankrupt under the contract; and

(b) payment of damages by the party or the bankrupt, for non-performance of the contract or otherwise.

(3) Any damages payable by the bankrupt by virtue of an order under clause (b) of sub-section (2) shall be provable as bankruptcy debt.

(4) When a bankrupt is a party to the contract under this section jointly with another person, that person may sue or be sued in respect of the contract without joinder of the bankrupt.

169. If a bankrupt dies, the bankruptcy proceedings shall, continue as if he were alive.

170. (1) All the provisions of Chapter V relating to the administration and distribution of the estate of the bankrupt shall, so far as the same are applicable, apply to the administration of the estate of a deceased bankrupt.

(2) While administering the estate of a deceased bankrupt, the bankruptcy trustee shall have regard to the claims by the legal representatives of the deceased bankrupt to payment of the proper funeral and testamentary expenses incurred by them.

(3) The claims under sub-section (2) shall rank equally to the secured creditors in the priority provided under section 178.

(4) If, on the administration of the estate of a deceased bankrupt, any surplus remains in the hands of the bankruptcy trustee after payment in full of all the debts due from the deceased bankrupt, together with the costs of the administration and interest as provided under section 178, such surplus shall be paid to the legal representatives of the estate of the deceased bankrupt or dealt with in such manner as may be prescribed.

171. (1) The bankruptcy trustee shall give notice to each of the creditors to submit proof of debt within fourteen days of preparing the list of creditors under section 132.

(2) The proof of debt shall—

(a) require the creditor to give full particulars of debt, including the date on which the debt was contracted and the value at which that person assesses it;

(b) require the creditor to give full particulars of the security, including the date on which the security was given and the value at which that person assesses it;

(c) be in such form and manner as may be prescribed.

(3) In case the creditor is a decree holder against the bankrupt, a copy of the decree shall be a valid proof of debt.

(4) Where a debt bears interest, that interest shall be provable as part of the debt except in so far as it is owed in respect of any period after the bankruptcy commencement date.
(5) The bankruptcy trustee shall estimate the value of any bankruptcy debt which does not have a specific value.

(6) The value assigned by the bankruptcy trustee under sub-section (5) shall be the amount provable by the concerned creditor.

(7) A creditor may prove for a debt where payment would have become due at a date later than the bankruptcy commencement date as if it were owed presently and may receive dividends in a manner as may be prescribed.

(8) Where the bankruptcy trustee serves a notice under sub-section (1) and the person on whom the notice is served does not file a proof of security within thirty days after the date of service of the notice, the bankruptcy trustee may, with leave of the Adjudicating Authority, sell or dispose of any property that was subject to the security, free of that security.

172. (1) Where a secured creditor realises his security, he may produce proof of the balance due to him.

(2) Where a secured creditor surrenders his security to the bankruptcy trustee for the general benefit of the creditors, he may produce proof of his whole claim.

173. (1) Where before the bankruptcy commencement date, there have been mutual dealings between the bankrupt and any creditor, the bankruptcy trustee shall—

(a) take an account of what is due from each party to the other in respect of the mutual dealings and the sums due from one party shall be set-off against the sums due from the other; and

(b) only the balance shall be provable as a bankruptcy debt or as the amount payable to the bankruptcy trustee as part of the estate of the bankrupt.

(2) Sums due from the bankrupt to another party shall not be included in the account taken by the bankruptcy trustee under sub-section (1), if that other party had notice at the time they became due that an application for bankruptcy relating to the bankrupt was pending.

174. (1) Whenever the bankruptcy trustee has sufficient funds in his hand, he may declare and distribute interim dividend among the creditors in respect of the bankruptcy debts which they have respectively proved.

(2) Where the bankruptcy trustee has declared any interim dividend, he shall give notice of such dividend and the manner in which it is proposed to be distributed.

(3) In the calculation and distribution of the interim dividend, the bankruptcy trustee shall make provision for—

(a) any bankruptcy debts which appear to him to be due to persons who, by reason of the distance of their place of residence, may not have had sufficient time to tender and establish their debts; and

(b) any bankruptcy debts which are subject of claims which have not yet been determined;

(c) disputed proofs and claims; and

(d) expenses necessary for the administration of the estate of the bankrupt.

175. (1) The bankruptcy trustee may, with the approval of the committee of creditors, divide in its existing form amongst the creditors, according to its estimated value, any property in its existing form which from its peculiar nature or other special circumstances cannot be readily or advantageously sold.
(2) An approval under sub-section (1) shall be sought by the bankruptcy trustee for each transaction, and a person dealing with the bankruptcy trustee in good faith and for value shall not be required to enquire whether any approval required under sub-section (1) has been given.

(3) Where the bankruptcy trustee has done anything without the approval of the committee of creditors, the committee may, for the purpose of enabling him to meet his expenses out of the estate of the bankrupt, ratify the act of the bankruptcy trustee.

(4) The committee of the creditors shall not ratify the act of the bankruptcy trustee under sub-section (3) unless it is satisfied that the bankruptcy trustee acted in a case of urgency and has sought its ratification without undue delay.

176. (1) Where the bankruptcy trustee has realised the entire estate of the bankrupt or so much of it as could be realised in the opinion of the bankruptcy trustee, he shall give notice—

(a) of his intention to declare a final dividend; or

(b) that no dividend or further dividend shall be declared.

(2) The notice under sub-section (1) shall contain such particulars as may be prescribed and shall require all claims against the estate of the bankrupt to be established by a final date specified in the notice.

(3) The Adjudicating Authority may, on the application of any person interested in the administration of the estate of the bankrupt, postpone the final date referred to in sub-section (2).

(4) After the final date referred to in sub-section (2), the bankruptcy trustee shall—

(a) defray any outstanding expenses of the bankruptcy out of the estate of the bankrupt; and

(b) if he intends to declare a final dividend, declare and distribute that dividend among the creditors who have proved their debts, without regard to the claims of any other persons.

(5) If a surplus remains after payment in full with interest to all the creditors of the bankrupt and the payment of the expenses of the bankruptcy, the bankrupt shall be entitled to the surplus.

(6) Where a bankruptcy order has been passed in respect of one partner in a firm, a creditor to whom the bankrupt is indebted jointly with the other partners in the firm or any of them shall not receive any dividend out of the separate property of the bankrupt until all the separate creditors have received the full amount of their respective debts.

177. (1) A creditor who has not proved his debt before the declaration of any dividend is not entitled to disturb, by reason that he has not participated in it, the distribution of that dividend or any other dividend declared before his debt was proved, but—

(a) when he has proved the debt, he shall be entitled to be paid any dividend or dividends which he has failed to receive, out of any money for the time being available for the payment of any further dividend; and

(b) any dividend or dividends payable to him shall be paid before that money is applied to the payment of any such further dividend.

(2) No action shall lie against the bankruptcy trustee for a dividend, but if the bankruptcy trustee refuses to pay a dividend payable under sub-section (1), the Adjudicating Authority may order him to—

(a) pay the dividend; and
(b) pay, out of his own money—

(i) interest on the dividend; and

(ii) the costs of the proceedings in which the order to pay has been made.

178. (1) Notwithstanding anything to the contrary contained in any law enacted by the Parliament or the State Legislature for the time being in force, in the distribution of the final dividend, the following debts shall be paid in priority to all other debts—

(a) firstly, the costs and expenses incurred by the bankruptcy trustee for the bankruptcy process in full;

(b) secondly,—

(i) the workmen's dues for the period of twenty-four months preceding the bankruptcy commencement date; and

(ii) debts owed to secured creditors;

(c) thirdly, wages and any unpaid dues owed to employees, other than workmen, of the bankrupt for the period of twelve months preceding the bankruptcy commencement date;

(d) fourthly, any amount due to the Central Government and the State Government including the amount to be received on account of Consolidated Fund of India and the Consolidated Fund of a State, if any, in respect of the whole or any part of the period of two years preceding the bankruptcy commencement date;

(e) lastly, all other debts and dues owed by the bankrupt including unsecured debts.

(2) The debts in each class specified in sub-section (1) shall rank in the order mentioned in that sub-section but debts of the same class shall rank equally amongst themselves, and shall be paid in full, unless the estate of the bankrupt is insufficient to meet them, in which case they shall abate in equal proportions between themselves.

(3) Where any creditor has given any indemnity or has made any payment of moneys by virtue of which any asset of the bankrupt has been recovered, protected or preserved, the Adjudicating Authority may make such order as it thinks just with respect to the distribution of such asset with a view to giving that creditor an advantage over other creditors in consideration of the risks taken by him in so doing.

(4) Unsecured creditors shall rank equally amongst themselves unless contractually agreed to the contrary by such creditors.

(5) Any surplus remaining after the payment of the debts under sub-section (1) shall be applied in paying interest on those debts in respect of the periods during which they have been outstanding since the bankruptcy commencement date.

(6) Interest payments under sub-section (5) shall rank equally irrespective of the nature of the debt.

(7) In the case of partners, the partnership property shall be applicable in the first instance in payment of the partnership debts and the separate property of each partner shall be applicable in the first instance in payment of his separate debts.

(8) Where there is a surplus of the separate property of the partners, it shall be dealt with as part of the partnership property; and where there is a surplus of the partnership property, it shall be dealt with as part of the respective separate property in proportion to the rights and interests of each partner in the partnership property.
CHAPTER VI

ADJUDICATING AUTHORITY FOR INDIVIDUALS AND PARTNERSHIP FIRMS

179. (1) Subject to the provisions of section 60, the Adjudicating Authority, in relation to insolvency matters of individuals and firms shall be the Debt Recovery Tribunal having territorial jurisdiction over the place where the individual debtor actually and voluntarily resides or carries on business or personally works for gain and can entertain an application under this Code regarding such person.

(2) The Debt Recovery Tribunal shall, notwithstanding anything contained in any other law for the time being in force, have jurisdiction to entertain or dispose of—

(a) any suit or proceeding by or against the individual debtor;

(b) any claim made by or against the individual debtor;

(c) any question of priorities or any other question whether of law or facts, arising out of or in relation to insolvency and bankruptcy of the individual debtor or firm under this Code.

(3) Notwithstanding anything contained in the Limitation Act, 1963 or in any other law for the time being in force, in computing the period of limitation specified for any suit or application in the name and on behalf of a debtor for which an order of moratorium has been made under this Part, the period during which such moratorium is in place shall be excluded.

180. (1) No civil court or authority shall have jurisdiction to entertain any suit or proceedings in respect of any matter on which the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal has jurisdiction under this Code.

(2) No injunction shall be granted by any court, tribunal or authority in respect of any action taken, or to be taken, in pursuance of any power conferred on the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal by or under this Code.

181. (1) An appeal from an order of the Debt Recovery Tribunal under this Code shall be filed within thirty days before the Debt Recovery Appellate Tribunal.

(2) The Debt Recovery Appellate Tribunal may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within thirty days, allow the appeal to be filed within a further period not exceeding fifteen days.

182. (1) An appeal from an order of the Debt Recovery Appellate Tribunal on a question of law under this Code shall be filed within forty-five days before the Supreme Court.

(2) The Supreme Court may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within forty-five days, allow the appeal to be filed within a further period not exceeding fifteen days.

183. Where an application is not disposed of or order is not passed within the period specified in this Code, the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal, as the case may be, shall record the reasons for not doing so within the period so specified; and the Chairperson of the Debt Recovery Appellate Tribunal, after taking into account the reasons so recorded, extend the period specified in this Code, but not exceeding ten days.
CHAPTER VII
OFFENCES AND PENALTIES

184. (1) If a debtor or creditor provides information which is false in any material particulars to the resolution professional, he shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to five lakh rupees, or with both.

(2) If a creditor promises to vote in favour of the repayment plan dishonestly by accepting any money, property or security from the debtor, he shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to three times the amount or its equivalent of such money, property or security accepted by such creditor, as the case may be, or with both:

Provided that where such amount is not quantifiable, the total amount of fine shall not exceed five lakh rupees.

185. If an insolvency professional deliberately contravenes the provisions of this Part, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, which shall not be less than one lakh rupees, but may extend to five lakhs rupees, or with both.

186. If the bankrupt—

(a) knowingly makes a false representation or wilfully omits or conceals any material information while making an application for bankruptcy under section 122 or while providing any information during the bankruptcy process, he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to five lakh rupees, or with both;

Explanation.—For the purposes of clause (a), a false representation or omission includes non-disclosure of the details of disposal of any property, which but for the disposal, would be comprised in the estate of the bankrupt, other than dispositions made in the ordinary course of business carried on by the bankrupt;

(b) fraudulently has failed to provide or deliberately withheld the production of, destroyed, falsified or altered, his books of account, financial information and other records under his custody or control, he shall be punishable with imprisonment which may extend to one year, or with fine, which may extend to five lakh rupees, or with both;

(c) has contravened the restrictions under section 140 or the provisions of section 141, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, which may extend to five lakh rupees, or with both;

(d) has failed to deliver the possession of any property comprised in the estate of the bankrupt under his possession or control, which he is required to deliver under section 156, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, which may extend to five lakh rupees, or with both;

(e) has failed to account, without any reasonable cause or satisfactory explanation, for any loss incurred of any substantial part of his property comprised in the estate of the bankrupt from the date which is twelve months before the filing of the bankruptcy application, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, which may extend to three times of the value of the loss, or with both:

Provided that that where such loss is not quantifiable, the total amount of fine imposed shall not exceed five lakh rupees;
(f) has absconded or attempts to absconds after the bankruptcy commencement date, he shall be punishable with imprisonment for a term which may extend to one year, or with fine, which may extend to five lakh rupees, or with both;

Explanation.—For the purposes of this clause, a bankrupt shall be deemed to have absconded if he leaves, or attempts to leave the country without delivering the possession of any property which he is required to deliver to the bankruptcy trustee under section 156.

187. If a bankruptcy trustee,—

(a) has fraudulently misapplied, retained or accounted for any money or property comprised in the estate of the bankrupt; or

(b) has wilfully acted in a manner that the estate of the bankrupt has suffered any loss in consequence of breach of any duty of the bankruptcy trustee in carrying out his functions under section 149,

he shall be punishable with imprisonment for a term which may extend to three years, or with fine, which shall not be less than three times the amount of the loss caused, or likely to have been caused, to persons concerned on account of such contravention, or with both:

Provided that where such loss or unlawful gain is not quantifiable, the total amount of fine imposed shall not exceed five lakh rupees:

Provided further that the bankruptcy trustee shall not be liable under this section if he seizes or disposes of any property which is not comprised in the estate of the bankrupt and at that time had reasonable grounds to believe that he is entitled to seize or dispose that property.

PART IV

REGULATION OF INSOLVENCY PROFESSIONALS, AGENCIES AND INFORMATION UTILITIES

CHAPTER I

THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

188. (1) With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Code, a Board by the name of the Insolvency and Bankruptcy Board of India.

(2) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Code, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.

(3) The head office of the Board shall be at such place in the National Capital Region, as the Central Government may, by notification, specify.

Explanation.—For the purposes of this section, the expression "National Capital Region" shall have the same meaning as assigned to it in clause (f) of section 2 of the National Capital Region Planning Board Act, 1985.

(4) The Board may establish offices at other places in India.

189. (1) The Board shall consist of the following members who shall be appointed by the Central Government, namely:—

(a) a Chairperson;

(b) three members from amongst the officers of the Central Government not below the rank of Joint Secretary or equivalent, one each to represent the Ministry of Finance, the Ministry of Corporate Affairs and Ministry of Law, ex officio;
(c) one member to be nominated by the Reserve Bank of India, *ex officio*;

(d) five other members to be nominated by the Central Government, of whom at least three shall be the whole-time members.

(2) The Chairperson and the other members shall be persons of ability, integrity and standing, who have shown capacity in dealing with problems relating to insolvency or bankruptcy and have special knowledge and experience in the field of law, finance, economics, accountancy or administration.

(3) The appointment of the Chairperson and the members of the Board other than the appointment of an *ex officio* member under this section shall be made after obtaining the recommendation of a selection committee consisting of—

(a) Cabinet Secretary—Chairperson;

(b) Secretary to the Government of India to be nominated by the Central Government—Member;

(c) Chairperson of the Insolvency and Bankruptcy Board of India (in case of selection of members of the Board)—Member;

(d) three experts of repute from the field of finance, law, management, insolvency and related subjects, to be nominated by the Central Government—Members.

(4) The term of office of the Chairperson and members (other than *ex officio* members) shall be five years or till they attain the age of sixty-five years, whichever is earlier, and they shall be eligible for reappointment.

(5) The salaries and allowances payable to, and other terms and conditions of service of, the Chairperson and members (other than the *ex officio* members) shall be such as may be prescribed.

190. The Central Government may remove a member from office if he—

(a) is an undischarged bankrupt as defined under Part III;

(b) has become physically or mentally incapable of acting as a member;

(c) has been convicted of an offence, which in the opinion of the Central Government involves moral turpitude;

(d) has, so abused his position as to render his continuation in office detrimental to the public interest:

Provided that no member shall be removed under clause (d) unless he has been given a reasonable opportunity of being heard in the matter.

191. Save as otherwise determined by regulations, the Chairperson shall have powers of general superintendence and direction of the affairs of the Board and may also exercise such other powers as may be delegated to him by the Board.

192. (1) The Board shall meet at such times and places, and observe such rules of procedure in regard to the transaction of business at its meetings (including quorum at such meetings) as may be determined by regulations.

(2) The Chairperson, or if, for any reason, the Chairperson is unable to attend any meeting of the Board, any other member chosen by the members present at the meeting shall preside at the meeting.

(3) All questions which come up before any meeting of the Board shall be decided by a majority votes of the members present and voting, and, in the event of an equality of votes, the Chairperson, or in his absence, the person presiding, shall have a second or casting vote.
193. Any member, who is a director of a company and who as such director has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Board, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and such disclosure shall be recorded in the proceedings of the Board, and the member shall not take any part in any deliberation or decision of the Board with respect to that matter.

194. (1) No act or proceeding of the Board shall be invalid merely by reason of—

(a) any vacancy in, or any defect in the constitution of, the Board; or

(b) any defect in the appointment of a person acting as a member of the Board; or

(c) any irregularity in the procedure of the Board not affecting the merits of the case.

(2) The Board may appoint such other officers and employees as it considers necessary for the efficient discharge of its functions in such manner as may be specified.

(3) The salaries and allowances payable to, and other terms and conditions of service of, officers and employees of the Board appointed under sub-section (2) shall be such as may be specified by regulations.

195. Until the Board is established, the Central Government may by notification, designate any financial sector regulator to exercise the powers and functions of the Board under this Code.

CHAPTER II

POWERS AND FUNCTIONS OF THE BOARD

196. (1) The Board shall, subject to the general direction of the Central Government, perform all or any of the following functions namely:—

(a) register insolvency professional agencies, insolvency professionals and information utilities and renew, withdraw, suspend or cancel such registrations;

(b) specify the minimum eligibility requirements for registration of insolvency professional agencies, insolvency professionals and information utilities;

(c) levy fee or other charges for the registration of insolvency professional agencies, insolvency professionals and information utilities;

(d) specify by regulations standards for the functioning of insolvency professional agencies, insolvency professionals and information utilities;

(e) lay down by regulations the minimum curriculum for the examination of the insolvency professionals for their enrolment as members of the insolvency professional agencies;

(f) carry out inspections and investigations on insolvency professional agencies, insolvency professionals and information utilities and pass such orders as may be required for compliance of the provisions of this Code and the regulations issued hereunder;

(g) monitor the performance of insolvency professional agencies, insolvency professionals and information utilities and pass any directions as may be required for compliance of the provisions of this Code and the regulations issued hereunder;

(h) call for any information and records from the insolvency professional agencies, insolvency professionals and information utilities;
(i) publish such information, data, research studies and other information as may be specified by regulations;

(j) specify by regulations the manner of collecting and storing data by the information utilities and for providing access to such data;

(k) collect and maintain records relating to insolvency and bankruptcy cases and disseminate information relating to such cases;

(l) constitute such committees as may be required including in particular the committees laid down in section 197;

(m) promote transparency and best practices in its governance;

(n) maintain websites and such other universally accessible repositories of electronic information as may be necessary;

(o) enter into memorandum of understanding with any other statutory authorities;

(p) issue necessary guidelines to the insolvency professional agencies, insolvency professionals and information utilities;

(q) specify mechanism for redressal of grievances against insolvency professionals, insolvency professional agencies and information utilities and pass orders relating to complaints filed against the aforesaid for compliance of the provisions of this Code and the regulations issued hereunder;

(r) conduct periodic study, research and audit the functioning and performance of the insolvency professional agencies, insolvency professionals and information utilities at such intervals as may be specified by the Board;

(s) specify mechanisms for issuing regulations, including the conduct of public consultation processes before notification of any regulations;

(t) make regulations and guidelines on matters relating to insolvency and bankruptcy as may be required under this Code, including mechanism for time bound disposal of the assets of the corporate debtor or debtor; and

(u) perform such other functions as may be prescribed.

(2) The Board may make model bye-laws to be adopted by insolvency professional agencies which may provide for—

(a) the minimum standards of professional competence of the members of insolvency professional agencies;

(b) the standards for professional and ethical conduct of the members of insolvency professional agencies;

(c) requirements for enrolment of persons as members of insolvency professional agencies which shall be non-discriminatory;

Explanation.—For the purposes of this clause, the term "non-discriminatory" means lack of discrimination on the grounds of religion, caste, gender or place of birth and such other grounds as may be specified;

(d) the manner of granting membership;

(e) setting up of a governing board for internal governance and management of insolvency professional agency in accordance with the regulations specified by the Board;

(f) the information required to be submitted by members including the form and the time for submitting such information;
(g) the specific classes of persons to whom services shall be provided at concessional rates or for no remuneration by members;

(h) the grounds on which penalties may be levied upon the members of insolvency professional agencies and the manner thereof;

(i) a fair and transparent mechanism for redressal of grievances against the members of insolvency professional agencies;

(j) the grounds under which the insolvency professionals may be expelled from the membership of insolvency professional agencies;

(k) the quantum of fee and the manner of collecting fee for inducting persons as its members;

(l) the procedure for enrolment of persons as members of insolvency professional agency;

(m) the manner of conducting examination for enrolment of insolvency professionals;

(n) the manner of monitoring and reviewing the working of insolvency professional who are members;

(o) the duties and other activities to be performed by members;

(p) the manner of conducting disciplinary proceedings against its members and imposing penalties;

(q) the manner of utilising the amount received as penalty imposed against any insolvency professional.

(3) Notwithstanding anything contained in any other law for the time being in force, while exercising the powers under this Code, the Board shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:—

(i) the discovery and production of books of account and other documents, at such place and such time as may be specified by the Board;

(ii) summoning and enforcing the attendance of persons and examining them on oath;

(iii) inspection of any books, registers and other documents of any person at any place;

(iv) issuing of commissions for the examination of witnesses or documents.

197. The Board may, for the efficient discharge of its functions, may constitute advisory and executive committees or such other committees, as it may deem fit, consisting of a Chairperson and such other members as may be specified by regulations.

198. Notwithstanding anything contained in this Code, where the Board does not perform any act within the period specified under this Code, the relevant Adjudicating Authority may, for reasons to be recorded in writing, condone the delay.

CHAPTER III

INSOLVENCY PROFESSIONAL AGENCIES

199. Save as otherwise provided in this Code, no person shall carry on its business as insolvency professional agencies under this Code and enrol insolvency professionals as its members except under and in accordance with a certificate of registration issued in this behalf by the Board.
200. The Board shall have regard to the following principles while registering the
insolvency professional agencies under this Code, namely:—

(a) to promote the professional development of and regulation of insolvency
professionals;

(b) to promote the services of competent insolvency professionals to cater to
the needs of debtors, creditors and such other persons as may be specified;

(c) to promote good professional and ethical conduct amongst insolvency
professionals;

(d) to protect the interests of debtors, creditors and such other persons as may
be specified;

(e) to promote the growth of insolvency professional agencies for the effective
resolution of insolvency and bankruptcy processes under this Code.

201. (1) Every application for registration shall be made to the Board in such form and
manner, containing such particulars, and accompanied by such fee, as may be specified by
regulations:

Provided that every application received by the Board shall be acknowledged within
seven days of its receipt.

(2) On receipt of the application under sub-section (1), the Board may, on being
satisfied that the application conforms with all requirements specified under sub-section (1),
grant a certificate of registration to the applicant or else, reject, by order, such
application:

Provided that no order rejecting the application shall be made without giving an
opportunity of being heard to the applicant:

Provided further that every order so made shall be communicated to the applicant
within a period of fifteen days.

(3) The Board may issue a certificate of registration to the applicant in such form and
manner and subject to such terms and conditions as may be specified.

(4) The Board may renew the certificate of registration from time to time in such manner
and on payment of such fee as may be specified.

(5) The Board may, by order, suspend or cancel the certificate of registration granted to
an insolvency professional agency on any of the following grounds, namely:—

(a) that it has obtained registration by making a false statement or
misrepresentation or by any other unlawful means;

(b) that it has failed to comply with the requirements of the regulations made by
the Board or bye-laws made by the insolvency professional agency;

(c) that it has contravened any of the provisions of the Act or the rules or the
regulations made thereunder;

(d) on any other ground as may be specified by regulations:

Provided that no order shall be made under this sub-section unless the insolvency
professional agency concerned has been given a reasonable opportunity of being heard:

Provided further that no such order shall be passed by any member except whole-time
members of the Board.

202. Any insolvency professional agency which is aggrieved by the order of the
Board made under section 201 may prefer an appeal to the National Company Law Appellate
Tribunal in such form, within such period, and in such manner, as may be specified by
regulations.
203. The Board may, for the purposes of ensuring that every insolvency professional agency takes into account the objectives sought to be achieved under this Code, make regulations to specify—

(a) the setting up of a governing board of an insolvency professional agency;

(b) the minimum number of independent members to be on the governing board of the insolvency professional agency; and

(c) the number of the insolvency professionals being its members who shall be on the governing board of the insolvency professional agency.

204. An insolvency professional agency shall perform the following functions, namely:—

(a) grant membership to persons who fulfil all requirements set out in its bye-laws on payment of membership fee;

(b) lay down standards of professional conduct for its members;

(c) monitor the performance of its members;

(d) safeguard the rights, privileges and interests of insolvency professionals who are its members;

(e) suspend or cancel the membership of insolvency professionals who are its members on the grounds set out in its bye-laws;

(f) redress the grievances of consumers against insolvency professionals who are its members; and

(g) publish information about its functions, list of its members, performance of its members and such other information as may be specified by regulations.

205. Subject to the provisions of this Code and any rules or regulations made thereunder and after obtaining the approval of the Board, every insolvency professional agency shall make bye-laws consistent with the model bye-laws specified by the Board under sub-section (2) of section 196.

CHAPTER IV

INSOLVENCY PROFESSIONALS

206. No person shall render his services as insolvency professional under this Code without being enrolled as a member of an insolvency professional agency and registered with the Board.

207. (1) Every insolvency professional shall, after obtaining the membership of any insolvency professional agency, register himself with the Board within such time, in such manner and on payment of such fee, as may be specified by regulations.

(2) The Board may specify the categories of professionals or persons possessing such qualifications and experience in the field of finance, law, management, insolvency or such other field, as it deems fit.

208. (1) Where any insolvency resolution, fresh start, liquidation or bankruptcy process has been initiated, it shall be the function of an insolvency professional to take such actions as may be necessary, in the following matters, namely:—

(a) a fresh start order process under Chapter II of Part III;

(b) individual insolvency resolution process under Chapter III of Part III;
(c) corporate insolvency resolution process under Chapter II of Part II;

(d) individual bankruptcy process under Chapter IV of Part III; and

(e) liquidation of a corporate debtor firm under Chapter III of Part II.

(2) Every insolvency professional shall abide by the following code of conduct:

(a) to take reasonable care and diligence while performing his duties;

(b) to comply with all requirements and terms and conditions specified in the bye-laws of the insolvency professional agency of which he is a member;

(c) to allow the insolvency professional agency to inspect his records;

(d) to submit a copy of the records of every proceeding before the Adjudicating Authority to the Board as well as to the insolvency professional agency of which he is a member; and

(e) to perform his functions in such manner and subject to such conditions as may be specified.

CHAPTER V
INFORMATION UTILITIES

209. Save as otherwise provided in this Code, no person shall carry on its business as information utility under this Code without a certificate of registration issued in that behalf by the Board.

210. (1) Every application for registration shall be made to the Board in such form and manner, containing such particulars, and accompanied by such fee, as may be specified by regulations:

Provided that every application received by the Board shall be acknowledged within seven days of its receipt.

(2) On receipt of the application under sub-section (1), the Board may, on being satisfied that the application conforms to all requirements specified under sub-section (1), grant a certificate of registration to the applicant or else, reject, by order, such application.

(3) The Board may issue a certificate of registration to the applicant in such form and manner and subject to such terms and conditions as may be specified.

(4) The Board may renew the certificate of registration from time to time in such manner and on payment of such fee as may be specified by regulations.

(5) The Board may, by order, suspend or cancel the certificate of registration granted to an information utility on any of the following grounds, namely:

(a) that it has obtained registration by making a false statement or misrepresentation or any other unlawful means;

(b) that it has failed to comply with the requirements of the regulations made by the Board;

(c) that it has contravened any of the provisions of the Act or the rules or the regulations made thereunder;

(d) on any other ground as may be specified by regulations:

Provided that no order shall be made under this sub-section unless the information utility concerned has been given a reasonable opportunity of being heard:
Provided further that no such order shall be passed by any member except whole-time members of the Board.

211. Any information utility which is aggrieved by the order of the Board made under section 210 may prefer an appeal to the National Company Law Appellate Tribunal in such form, within such period, and in such manner, as may be specified by regulations.

212. The Board may, for ensuring that an information utility takes into account the objectives sought to be achieved under this Code, require every information utility to set up a governing board, with such number of independent members, as may be specified by regulations.

213. An information utility shall provide such services as may be specified including core services to any person if such person complies with the terms and conditions as may be specified by regulations.

214. For the purposes of providing core services to any person, every information utility shall——

(a) create and store financial information in a universally accessible format;

(b) accept electronic submissions of financial information from persons who are under obligations to submit financial information under sub-section (1) of section 215, in such form and manner as may be specified by regulations;

(c) accept, in specified form and manner, electronic submissions of financial information from persons who intend to submit such information;

(d) meet such minimum service quality standards as may be specified by regulations;

(e) get the information received from various persons authenticated by all concerned parties before storing such information;

(f) provide access to the financial information stored by it to any person who intends to access such information in such manner as may be specified by regulations;

(g) publish such statistical information as may be specified by regulations;

(h) have inter-operatability with other information utilities.

215. (1) Any person who intends to submit financial information to the information utility or access the information from the information utility shall pay such fee and submit information in such form and manner as may be specified by regulations.

(2) A financial creditor shall submit financial information and information relating to assets in relation to which any security interest has been created, in such form and manner as may be specified by regulations.

(3) An operational creditor may submit financial information to the information utility in such form and manner as may be specified.

216. (1) A person who intends to update or modify or rectify errors in the financial information submitted under section 215, he may make an application to the information utility for such purpose stating reasons therefor, in such manner and within such time, as may be specified.
(2) A person who submits financial information to an information utility shall not provide such information to any other person, except to such extent, under such circumstances, and in such manner, as may be specified.

CHAPTER VI
INSPECTION AND INVESTIGATION

217. Any person aggrieved by the functioning of an insolvency professional agency or insolvency professional or an information utility may file a complaint to the Board in such form, within such time and in such manner as may be specified.

218. (1) Where the Board, on receipt of a complaint under section 217 or has reasonable grounds to believe that any insolvency professional agency or insolvency professional or an information utility has contravened any of the provisions of the Code or the rules or regulations made or directions issued by the Board thereunder, it may, at any time by an order in writing, direct any person or persons to act as an investigating authority to conduct an inspection or investigation of the insolvency professional agency or insolvency professional or an information utility.

(2) The inspection or investigation carried out under sub-section (1) of this section shall be conducted within such time and in such manner as may be specified by regulations.

(3) The Investigating Authority may, in the course of such inspection or investigation, require any other person who is likely to have any relevant document, record or information to furnish the same, and such person shall be bound to furnish such document, record or information:

Provided that the Investigating Authority shall provide detailed reasons to such person before requiring him to furnish such document, record or information.

(4) The Investigating Authority may, in the course of its inspection or investigation, enter any building or place where they may have reasons to believe that any such document, record or information relating to the subject-matter of the inquiry may be found and may seize any such document, record or information or take extracts or copies therefrom, subject to the provisions of section 100 of the Code of Criminal Procedure, 1973, insofar as they may be applicable.

(5) The Investigating Authority shall keep in its custody the books, registers, other documents and records seized under this section for such period not later than the conclusion of the investigation as it considers necessary and thereafter shall return the same to the concerned person from whose custody or power they were seized:

Provided that the Investigating Authority may, before returning such books, registers, other documents and record as aforesaid, place identification marks on them or any part thereof.

(6) A detailed report of inspection or investigation shall be submitted to the Board by the Investigating Authority.

219. The Board may, upon completion of an inspection or investigation under section 218, issue a show cause notice to such insolvency professional agency or insolvency professional or information utility, and carry out inspection of such insolvency professional agency or insolvency professional or information utility in such manner, giving such time for giving reply, as may be specified by regulations.
220. (1) The Board shall constitute a disciplinary committee to consider the reports of the investigating Authority submitted under sub-section (6) of section 218:

Provided that the members of the disciplinary committee shall consist of whole-time members of the Board only.

(2) On the examination of the report of the Investigating Authority, if the disciplinary committee is satisfied that sufficient cause exists, it may impose penalty as specified in sub-section (3) or suspend or cancel the registration of the insolvency professional or, suspend or cancel the registration of insolvency professional agency or information utility as the case may be.

(3) Where any insolvency professional agency or insolvency professional or an information utility has contravened any provision of this Code or rules or regulations made thereunder, the disciplinary committee may impose penalty which shall be—

(i) three times the amount of the loss caused, or likely to have been caused, to persons concerned on account of such contravention; or

(ii) three times the amount of the unlawful gain made on account of such contravention,

whichever is higher:

Provided that where such loss or unlawful gain is not quantifiable, the total amount of the penalty imposed shall not exceed more than one crore rupees.

(4) Notwithstanding anything contained in sub-section (3), the Board may direct any person who has made unlawful gain or averted loss by indulging in any activity in contravention of this Code, or the rules or regulations made thereunder, to disgorge an amount equivalent to such unlawful gain or aversion of loss.

(5) The Board may take such action as may be required to provide restitution to the person who suffered loss on account of any contravention from the amount so disgorged, if the person who suffered such loss is identifiable and the loss so suffered is directly attributable to such person.

(6) The Board may make regulations to specify—

(a) the procedure for claiming restitution under sub-section (5);

(b) the period within which such restitution may be claimed; and

(c) the manner in which restitution of amount may be made.

CHAPTER VII
FINANCE, ACCOUNTS AND AUDIT

221. The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Board grants of such sums of money as that Government may think fit for being utilised for the purposes of this Code.

222. (1) There shall be constituted a Fund to be called the Fund of the Insolvency and Bankruptcy Board and there shall be credited thereto—

(a) all grants, fees and charges received by the Board under this Code;

(b) all sums received by the Board from such other sources as may be decided upon by the Central Government;

(c) such other funds as may be specified by the Board or prescribed by the Central Government.

(2) The Fund shall be applied for meeting—
(a) the salaries, allowances and other remuneration of the members, officers and other employees of the Board;

(b) the expenses of the Board in the discharge of its functions under section 196;

(c) the expenses on objects and for purposes authorised by this Code;

(d) such other purposes as may be prescribed.

**223.** (1) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of the Board shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Board to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Board shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Board.

(4) The accounts of the Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

**PART V**

**MISCELLANEOUS**

**224.** (1) There shall be formed a Fund to be called the Insolvency and Bankruptcy Fund (hereafter in this section referred to as the "Fund") for the purposes of insolvency resolution, liquidation and bankruptcy of persons under the Code.

(2) There shall be credited to the Fund the following amounts, namely—

(a) the grants made by the Central Government for the purposes of the Fund;

(b) the amount deposited by persons as contribution to the Fund;

(c) the amount received in the Fund from any other source; and

(d) the interest or other income received out of the investment made from the Fund.

(3) A person who has contributed any amount to the Fund may, in the event of proceedings initiated in respect of such person under this Code before an Adjudicating Authority, make an application to such Adjudicating Authority for withdrawal of funds not exceeding the amount contributed by it, for making payments to workmen, protecting the assets of such persons, meeting the incidental costs during the proceedings or such other purposes as may be prescribed.

(4) The Central Government shall, by notification, appoint an administrator to administer the fund in such manner as may be prescribed.

**225.** (1) Without prejudice to the foregoing provisions of this Code, the Board shall, in exercise of its powers or the performance of its functions under this Code, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:
Provided that the Board shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section.

(2) The decision of the Central Government as to whether a question is one of policy or not shall be final.

226. (1) If at any time the Central Government is of opinion—

(a) that on account of grave emergency, the Board is unable to discharge the functions and duties imposed on it by or under the provisions of this Code; or

(b) that the Board has persistently not complied with any direction issued by the Central Government under this Code or in the discharge of the functions and duties imposed on it by or under the provisions of this Code and as a result of such non-compliance the financial position of the Board or the administration of the Board has deteriorated; or

(c) that circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification, supersede the Board for such period, not exceeding six months, as may be specified in the notification.

(2) Upon the publication of a notification under sub-section (1) superseding the Board,— (a) all the members shall, as from the date of supersession, vacate their offices as such; (b) all the powers, functions and duties which may, by or under the provisions of this Code, be exercised or discharged by or on behalf of the Board, shall until the Board is reconstituted under sub-section (3), be exercised and discharged by such person or persons as the Central Government may direct; and (c) all property owned or controlled by the Board shall, until the Board is reconstituted under sub-section (3), vest in the Central Government.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government may reconstitute the Board by a fresh appointment and in such case any person or persons who vacated their offices under clause (a) of sub-section (2), shall not be deemed disqualified for appointment:

Provided that the Central Government may, at any time, before the expiration of the period of supersession, take action under this sub-section.

(4) The Central Government shall cause a notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before each House of Parliament at the earliest.

227. Notwithstanding anything to the contrary examined in this Code or any other law for the time being in force, the Central Government may, if it considers necessary, in consultation with the appropriate financial sector regulators, notify financial service providers or categories of financial service providers for the purpose of their insolvency and liquidation proceedings, which may be conducted under this Code, in such manner as may be prescribed.

228. The Board shall prepare, in such form and at such time in each financial year as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure of the Board and forward the same to the Central Government.

229. (1) The Board shall prepare, in such form and at such time in each financial year as may be prescribed, its annual report, giving a full account of its activities during the previous financial year, and submit a copy thereof to the Central Government.

(2) A copy of the report received under sub-section (1) shall be laid, as soon as may be after it is received, before each House of Parliament.
230. The Board may, by general or special order in writing delegate to any member or officer of the Board subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Code (except the powers under section 240 as it may deem necessary.

231. No civil court shall have jurisdiction in respect of any matter in which the Adjudicating Authority is empowered by, or under, this Code to pass any order and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any order passed by such Adjudicating Authority under this Code.

232. The Chairperson, Members, officers and other employees of the Board shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Code, to be public servants within the meaning of section 21 of the Indian Penal Code.

233. No suit, prosecution or other legal proceeding shall lie against the Government or any officer of the Government, or the Chairperson, Member, officer or other employee of the Board or an insolvency professional or liquidator for anything which is in done or intended to be done in good faith under this Code or the rules or regulations made thereunder.

234. (1) The Central Government may enter into an agreement with the Government of any country outside India for enforcing the provisions of this Code.

(2) The Central Government may, by notification in the Official Gazette, direct that the application of provisions of this Code in relation to assets or property of corporate debtor or debtor, including a personal guarantor of a corporate debtor, as the case may be, situated at any place in a country outside India with which reciprocal arrangements have been made, shall be subject to such conditions as may be specified.

235. (1) Notwithstanding anything contained in this Code or any law for the time being in force if, in the course of insolvency resolution process, or liquidation or bankruptcy proceedings, as the case may be, under this Code, the resolution professional, liquidator or bankruptcy trustee, as the case may be, is of the opinion that assets of the corporate debtor or debtor, including a personal guarantor of a corporate debtor, are situated in a country outside India with which reciprocal arrangements have been made under section 234, he may make an application to the Adjudicating Authority that evidence or action relating to such assets is required in connection with such process or proceeding.

(2) The Adjudicating Authority on receipt of an application under sub-section (1) and, on being satisfied that evidence or action relating to assets under sub-section (1) is required in connection with insolvency resolution process or liquidation or bankruptcy proceeding, may issue a letter of request to a court or an authority of such country competent to deal with such request.

236. (1) Notwithstanding anything in the Code of Criminal Procedure, 1973, offences under this Code shall be tried by the Special Court established under Chapter XXVIII of the Companies Act, 2013.

(2) No Court shall take cognizance of any offence punishable under this Act, save on a complaint made by the Board or the Central Government or any person authorised by the Central Government in this behalf.

(3) The provisions of the Code of Criminal Procedure, 1973 shall apply to the proceedings before a Special Court and for the purposes of the said provisions, the Special Court shall be deemed to be a Court of Session and the person conducting a prosecution before a Special Court shall be deemed to be a Public Prosecutor.

(4) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, in case of a complaint under sub-section (2), the presence of the person authorised by the...
Central Government or the Board before the Court trying the offences shall not be necessary unless the Court requires his personal attendance at the trial.

237. The High Court may exercise, so far as may be applicable, all the powers conferred by Chapters XXIX and XXX of the Code of Criminal Procedure, 1973 on a High Court, as if a Special Court within the local limits of the jurisdiction of the High Court were a Court of Session trying cases within the local limits of the jurisdiction of the High Court.

238. The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.

239. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Code.

(2) Without prejudice to the generality of the provisions of sub-section (1), the Central Government may make rules for any of the following matters, namely:—

(a) any other instrument which shall be a financial product under clause (15) of section 3;

(b) other accounting standards which shall be a financial debt under clause (d) of sub-section (8) of section 5;

(c) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by financial creditor under sub-section (2) of section 7;

(d) the form and manner in which demand notice may be made and the manner of delivery thereof to the corporate debtor under sub-section (1) of section 8;

(e) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by operational creditor under sub-section (2) of section 9;

(f) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by corporate applicant under sub-section (2) of section 10;

(g) the persons who shall be relative under clause (ii) of the Explanation to sub-section (1) of section 79;

(h) the value of unencumbered single dwelling unit owned by the debtor under clause (e) of sub-section (13) of section 79;

(i) the value under clause (c), and any other debt under clause (f), of sub-section (14) of section 79;

(j) the form, the manner and the fee for making application for fresh start order under sub-section (3) of section 81;

(k) the particulars of the debtor's personal details under clause (e) of sub-section (3) of section 81;

(l) the information and documents to support application under sub-section (3) of section 86;

(m) the form, the manner and the fee for making application for initiating the insolvency resolution process by the debtor under sub-section (6) of section 94;

(n) the form, the manner and the fee for making application for initiating the insolvency resolution process by the creditor under sub-section (6) of section 95;
(o) the particulars to be provided by the creditor to the resolution professional under sub-section (2) of section 103;

(p) the form and the manner for making application for bankruptcy by the debtor under clause (b) of sub-section (1) of section 122;

(q) the form and the manner of the statement of affairs of the debtor under sub-section (3) of section 122;

(r) the other information under clause (d) of sub-section (1) of section 123;

(s) the form, the manner and the fee for making application for bankruptcy under sub-section (6) of section 123;

(t) the form and the manner in which statement of financial position shall be submitted under sub-section (2) of section 129;

(u) the matters and the details which shall be included in the public notice under sub-section (2) of section 130;

(v) the matters and the details which shall be included in the notice to the creditors under sub-section (3) of section 130;

(w) the manner of sending details of the claims to the bankruptcy trustee and other information under sub-sections (1) and (2) of section 131;

(x) the value of financial or commercial transaction under clause (d) of sub-section (1) of section 141;

(y) the other things to be done by a bankrupt to assist bankruptcy trustee in carrying out his functions under clause (d) of sub-section (1) of section 150;

(z) the manner of dealing with the surplus under sub-section (4) of section 170;

(za) the form and the manner of proof of debt under clause (c) of sub-section (2) of section 171;

(zb) the manner of receiving dividends under sub-section (7) of section 171;

(zc) the particulars which the notice shall contain under sub-section (2) of section 176;

(zd) the salaries and allowances payable to, and other terms and conditions of service of, the Chairperson and members of the Board under sub-section (5) of section 189;

(ze) the other functions of the Board under clause (u) of sub-section (1) of section 196;

(zf) the other funds under clause (c) of sub-section (1) of section 222;

(zg) the other purposes for which the fund shall be applied under clause (d) of sub-section (2) of section 222;

( zh) the form in which annual statement of accounts shall be prepared under sub-section (1) of section 223;

(zj) the purpose for which application for withdrawal of funds may be made under sub-section (3) of section 224;

(zk) the manner of administering the fund under sub-section (4) of section 224;

(zl) the manner of conducting insolvency and liquidation proceedings under section 227;

(zm) the form and the time for preparing budget by the Board under section 228;
(zm) the form and the time for preparing annual report under sub-section (1) of section 229;

(zn) the time up to which a person appointed to any office shall continue to hold such office under clause (vi) of sub-section (2) of section 243.

240. (1) The Board may, by notification, make regulations consistent with this Code and the rules made thereunder, to carry out the provisions of this Code.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:

(a) the form and the manner of accepting electronic submission of financial information under sub-clause (a) of clause (9) of section 3;

(b) the persons to whom access to information stored with the information utility may be provided under sub-clause (d) of clause (9) of section 3;

(c) the other information under sub-clause (f) of clause (13) of section 3;

(d) the other costs under clause (e) of sub-section (13) of section 5;

(e) the cost incurred by the liquidator during the period of liquidation which shall be liquidation cost under sub-section (16) of section 5;

(f) the other record or evidence of default under clause (a), and any other information under clause (c), of sub-section (3) of section 7;

(g) the other information under clause (d) of sub-section (3) of section 9;

(h) the period under clause (a) of sub-section (3) of section 10;

(i) the supply of essential goods or services to the corporate debtor under sub-section (2) of section 14;

(j) the manner of making public announcement under sub-section (2) of section 15;

(k) the manner of taking action and the restrictions thereof under clause (b) of sub-section (2) of section 17;

(l) the other persons under clause (d) of sub-section (2) of section 17;

(m) the other matters under clause (d) of sub-section (2) of section 17;

(n) the other matters under sub-clause (iv) of clause (a), and the other duties to be performed by the interim resolution professional under clause (g), of section 18;

(o) the persons who shall comprise the committee of creditors, the functions to be exercised such committee and the manner in which functions shall be exercised under the proviso to sub-section (8) of section 21;

(p) the other electronic means by which the members of the committee of creditors may meet under sub-section (1) of section 24;

(q) the manner of assigning voting share to each creditor under sub-section (7) of section 24;

(r) the manner of conducting the meetings of the committee of creditors under sub-section (8) of section 24;

(s) the manner of appointing accountants, lawyers and other advisors under clause (d) of sub-section (2) of section 25;

(t) the other actions under clause (k) of sub-section (2) of section 25;

(u) the form and the manner in which an information memorandum shall be prepared by the resolution professional sub-section (1) of section 29;
(v) the other matter pertaining to the corporate debtor under the Explanation to sub-section (2) of section 29;

(w) the manner of making payment of insolvency resolution process costs under clause (a), the manner of repayment of debts of operational creditors under clause (b), and the other requirements to which a resolution plan shall conform to under clause (d), of sub-section (2) of section 30;

(x) the fee for the conduct of the liquidation proceedings and proportion to the value of the liquidation estate assets under sub-section (8) of section 34;

(y) the manner of evaluating the assets and property of the corporate debtor under clause (c), the manner of selling property in parcels under clause (f), the manner of reporting progress of the liquidation process under clause (n), and the other functions to be performed under clause (o), of sub-section (1) of section 35;

(z) the manner of making the records available to other stakeholders under sub-section (2) of section 35;

(za) the other means under clause (a) of sub-section (3) of section 36;

(zb) the other assets under clause (e) of sub-section (4) of section 36;

(za) the other source under clause (g) of sub-section (1) of section 37;

(zd) the manner of providing financial information relating to the corporate debtor under sub-section (2) of section 37;

(ze) the form, the manner and the supporting documents to be submitted by operational creditor to prove the claim under sub-section (3) of section 38;

(zf) the time within which the liquidator shall verify the claims under sub-section (1) of section 39;

(zg) the manner of determining the value of claims under section 41;

(zi) the other means under clause (b) of sub-section (3) of section 52;

(j) the manner in which secured creditor shall be paid by the liquidator under sub-section (9) of section 52;

(zk) the period and the manner of distribution of proceeds of sale under sub-section (1) of section 53;

(zl) the other means under clause (a) and the other information under clause (b) of section 57;

(zm) the conditions and procedural requirements under sub-section (2) of section 59;

(zn) the details and the documents required to be submitted under sub-section (7) of section 95;

(zo) the other matters under clause (c) of sub-section (3) of section 105;

(zp) the manner and form of proxy voting under sub-section (4) of section 107;

(zq) the manner of assigning voting share to creditor under sub-section (2) of section 109;

(zr) the manner and form of proxy voting under sub-section (3) of section 133;

(zs) the fee to be charged under sub-section (1) of section 144;
(zt) the appointment of other officers and employees under sub-section (2), and the salaries and allowances payable to, and other terms and conditions of service of, such officers and employees of the Board under sub-section (3), of section 194;

(zu) the other information under clause (i) of sub-section (1) of section 196;

(zv) the intervals in which the periodic study, research and audit of the functioning and performance of the insolvency professional agencies, insolvency professionals and information utilities under clause (r), and mechanism for disposal of assets under clause (t), of sub-section (1) of section 196;

(zw) the place and the time for discovery and production of books of account and other documents under clause (i) of sub-section (3) of section 196;

(zx) the other committees to be constituted by the Board and the other members of such committees under section 197;

(zy) the other persons under clause (b) and clause (d) of section 200;

(zz) the form and the manner of application for registration, the particulars to be contained therein and the fee it shall accompany under sub-section (1) of section 201;

(zza) the form and manner of issuing a certificate of registration and the terms and conditions thereof, under sub-section (3) of section 201;

(zzb) the manner of renewal of the certificate of registration and the fee therefor, under sub-section (4) of section 201;

(zzc) the other ground under clause (d) of sub-section (5) of section 201;

(zzd) the form of appeal to the National Company Law Appellate Tribunal, the period within which it shall be filed under section 202;

(zze) the other information under clause (g) of section 204;

(zzf) the other grounds under Explanation to section 196;

(zzg) the setting up of a governing board for its internal governance and management under clause (e), the curriculum under clause (l), the manner of conducting examination under clause (m), of section 196;

(zzh) the time within which, the manner in which, and the fee for registration of insolvency professional under sub-section (1) of section 207;

(zzi) the categories of professionals or persons, the qualifications and experience and the fields under sub-section (2) of section 207;

(zzj) the manner and the conditions subject to which the insolvency professional shall perform his function under clause (f) of sub-section (2) of section 208;

(zzk) the form and manner in which, and the fee for registration of information utility under sub-section (1) of section 210;

(zzl) the form and manner for issuing certificate of registration and the terms and conditions thereof, under sub-section (3) of section 210;

(zzm) the manner of renewal of the certificate of registration and the fee therefor, under sub-section (4) of section 210;

(zzn) the other ground under clause (d) of sub-section (5) of section 210;

(zzo) the form, the period and the manner of filling appeal to the National Company Law Appellate Tribunal under section 211;

(zzp) the number of independent members under section 212;

(zzq) the services to be provided by information utility and the terms and conditions under section 213;
(zzr) the form and manner of accepting electronic submissions of financial information under clause (b) and clause (c) of section 214;

(zzs) the minimum service quality standards under clause (d) of section 214;

(zzt) the information to be accessed and the manner of accessing such information under clause (f) of section 214;

(zzu) the statistical information to be published under clause (g) of section 214;

(zzv) the form, the fee and the manner for submitting or accessing information under sub-section (1) of section 215;

(zzw) the form and manner for submitting financial information and information relating to assets under sub-section (2) of section 215;

(zzx) the manner and the time within which financial information may be updated or modified or rectified under section 216;

(zyy) the form, manner and time of filing complaint under section 217;

(zz) the time and manner of carrying out inspection or investigation under sub-section (2) of section 218;

(zzza) the manner of carrying out inspection of insolvency professional agency or insolvency professional or information utility and the time for giving reply under section 219;

(zzzb) the procedure for claiming restitution under sub-section (6), the period within which such restitution may be claimed and the manner in which restitution of amount may be made under sub-section (7) of section 220;

(zzzc) the other funds of clause (c) of sub-section (1) of section 222.

241. Every rule and every regulation made under this Code shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

242. (1) If any difficulty arises in giving effect to the provisions of this Code, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Code as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of five years from the commencement of this Code.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

243. (1) The Presidency Towns Insolvency Act, 1909 and the Provincial Insolvency Act, 1920 are hereby repealed.

(2) Notwithstanding the repeal under sub-sections (1),—

(i) all proceedings pending under and relating to the Presidency Towns Insolvency Act 1909, and the Provincial Insolvency Act 1920 immediately before the commencement of this Code shall continue to be governed under the aforementioned Acts and be
heard and disposed of by the concerned courts or tribunals, as if the aforementioned Acts have not been repealed;

(ii) any order, rule, notification, regulation, appointment, conveyance, mortgage, deed, document or agreement made, fee directed, resolution passed, direction given, proceeding taken, instrument executed or issued, or thing done under or in pursuance of any repealed enactment shall, if in force at the commencement of this Code, continue to be in force, and shall have effect as if the aforementioned Acts have not been repealed;

(iii) anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall be deemed valid;

(iv) any principle or rule of law, or established jurisdiction, form or course of pleading, practice or procedure or existing usage, custom, privilege, restriction or exemption shall not be affected, notwithstanding that the same respectively may have been in any manner affirmed or recognised or derived by, in, or from, the repealed enactments;

(v) any prosecution instituted under the repealed enactments and pending immediately before the commencement of this Code before any court or tribunal shall, subject to the provisions of this Code, continue to be heard and disposed of by the concerned court or tribunal;

(vi) any person appointed to any office under or by virtue of any repealed enactment shall continue to hold such office until such time as may be prescribed; and

(vii) any jurisdiction, custom, liability, right, title, privilege, restriction, exemption, usage, practice, procedure or other matter or thing not in existence or in force shall not be revised or restored.

(3) The mention of particular matters in sub-section (2) shall not be held to prejudice the general application of section 6 of the General Clauses Act, 1897 with regard to the effect of repeal of the repealed enactments or provisions of the enactments mentioned in the Schedule.

244. (1) Until the Board is constituted or a financial sector regulator is designated under section 195, as the case may be, the powers and functions of the Board or such designated financial sector regulator, including its power to make regulations, shall be exercised by the Central Government.

(2) Without prejudice to the generality of the power under sub-section (1), the Central Government may by regulations provide for the following matters:—

(a) recognition of persons, categories of professionals and persons having such qualifications and experience in the field of finance, law, management or insolvency as it deems necessary, as insolvency professionals and insolvency professional agencies under this Code;

(b) recognition of persons with technological, statistical, and data protection capability as it deems necessary, as information utilities under this Code; and

(c) conduct of the corporate insolvency resolution process, insolvency resolution process, liquidation process, fresh start process and bankruptcy process under this Code.

245. The Indian Partnership Act, 1932 shall be amended in the manner specified in the First Schedule.
246. The Central Excise Act, 1944 shall be amended in the manner specified in the Second Schedule.

247. The Income-tax Act, 1961 shall be amended in the manner specified in the Third Schedule.

248. The Customs Act, 1962 shall be amended in the manner specified in the Fourth Schedule.

249. The Recovery of Debts due to Banks and Financial Institutions Act, 1993 shall be amended in the manner specified in the Fifth Schedule.

250. The Finance Act, 1994 shall be amended in the manner specified in the Sixth Schedule.


252. The Sick Industrial Companies (Special Provisions) Repeal Act, 2003 shall be amended in the manner specified in the Eighth Schedule.

253. The Payment and Settlement Systems Act, 2007 shall be amended in the manner specified in the Ninth Schedule.

254. The Limited Liability Partnership Act, 2008 shall be amended in the manner specified in the Tenth Schedule.

255. The Companies Act, 2013 shall be amended in the manner specified in the Eleventh Schedule.

THE FIRST SCHEDULE

(See section 245)

AMENDMENT TO THE INDIAN PARTNERSHIP ACT, 1932

(9 of 1932)

1. In section 41, clause (a) shall be omitted.

THE SECOND SCHEDULE

(See section 246)

AMENDMENT TO THE CENTRAL EXCISE ACT, 1944

(1 of 1944)

THE THIRD SCHEDULE

(See section 247)

AMENDMENT TO THE INCOME-TAX ACT, 1961

(43 OF 1961)

In sub-section (6) of section 178, after the words "for the time being in force", the words and figures "except the provisions of the Insolvency and Bankruptcy Code, 2016" shall be inserted.

THE FOURTH SCHEDULE

(See section 248)

AMENDMENT TO THE CUSTOMS ACT, 1962

(52 OF 1962)


THE FIFTH SCHEDULE

(See section 249)

AMENDMENT TO THE RECOVERY OF DEBTS DUE TO BANKS AND FINANCIAL INSTITUTIONS ACT, 1993

(51 OF 1993)

1. In the long title, after the words "financial institutions", the words ", insolvency resolution and bankruptcy of individuals and partnership firms" shall be inserted, namely:—

2. In section 1,—

(a) in sub-section (1), for the words "Due to Banks and Financial Institutions" the words "and Bankruptcy" shall be substituted;

(b) in sub-section (4), for the words " The provision of this Code", the words "Save as otherwise provided, the provisions of this Code", shall be substituted.

3. In section 3, after sub-section (1), the following sub-section shall be inserted, namely:—

" (1A) The Central Government shall by notification establish such number of Debts Recovery Tribunals and its benches as it may consider necessary, to exercise the jurisdiction, powers and authority of the Adjudicating Authority conferred on such Tribunal by or under the Insolvency and Bankruptcy Code, 2016.".

4. In section 8, after sub-section (1), the following section shall be inserted, namely:—

" (1A) The Central Government shall, by notification, establish such number of Debt Recovery Appellate Tribunals to exercise jurisdiction, powers and authority to entertain appeal against the order made by the Adjudicating Authority under Part III of the Insolvency and Bankruptcy Code, 2016.".

5. In section 17,—

(i) after sub-section (1), the following sub-section shall be inserted, namely:—

" (1A) Without prejudice to sub-section (1),—

(a) the Tribunal shall exercise, on and from the date to be appointed by the Central Government, the jurisdiction, powers and authority to entertain and decide applications under Part III of Insolvency and Bankruptcy Code, 2016.".
(b) the Tribunal shall have circuit sittings in all district headquarters."

(ii) after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) Without prejudice to sub-section (2), the Appellate Tribunal shall exercise, on and from the date to be appointed by the Central Government, the jurisdiction, powers and authority to entertain appeals against the order made by the Adjudicating Authority under Part III of the Insolvency and Bankruptcy Code, 2016.".

6. After section 19, the following section shall be inserted, namely:—

"19A. The application made to Tribunal for exercising the powers of the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall be dealt with in the manner as provided under that Code.".

7. In section 20, in sub-section (4), after the word, brackets and figure "sub-section (1) ", the words, brackets and figures "or under sub-section (1) of section 181 of the Insolvency and Bankruptcy Code, 2016" shall be inserted.

THE SIXTH SCHEDULE

(See section 250 )

AMENDMENT TO THE FINANCE ACT, 1994

(32 of 1994)


THE SEVENTH SCHEDULE

(See section 251)

AMENDMENT TO THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002

(54 of 2002)

In section 13, in sub-section (9), for the words "In the case of", the words and figures "Subject to the provisions of the Insolvency and Bankruptcy Code, 2016, in the case of" shall be substituted.

THE EIGHTH SCHEDULE

(See section 252)

AMENDMENT TO THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) REPEAL ACT, 2003

(1 of 2004)

In section 4, for sub-clause (b), the following sub-clause shall be substituted, namely—

"(b) On such date as may be notified by the Central Government in this behalf, any appeal preferred to the Appellate Authority or any reference made or inquiry pending to or before the Board or any proceeding of whatever nature pending before the Appellate Authority or the Board under the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) shall stand abated:

Provided that a company in respect of which such appeal or reference or inquiry stands abated under this clause may make reference to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 within one hundred and eighty days from

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the commencement of the Insolvency and Bankruptcy Code, 2016 in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016:

Provided further that no fees shall be payable for making such reference under Insolvency and Bankruptcy Code, 2016 by a company whose appeal or reference or inquiry stands abated under this clause.

THE NINTH SCHEDULE

(See section 253)

AMENDMENT TO THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

(51 of 2007)

1. In section 23, in sub-sections (4), (5) and (6), after the words and figures "the Banking Regulation Act, 1949 (10 of 1949)" "the Companies Act, 2013 (18 of 2013)", the words and figures "or the Insolvency and Bankruptcy Code, 2016" shall be inserted.

2. In section 23A, in sub-section (3), after the words and figures "the Companies Act, 2013", the words and figures "or the Insolvency and Bankruptcy Code, 2016" shall be inserted.

THE TENTH SCHEDULE

(See section 254)

AMENDMENT TO THE LIMITED LIABILITY PARTNERSHIP ACT, 2008

(6 of 2009)

In section 64, Clause (c) shall be omitted.

THE ELEVENTH SCHEDULE

(See section 255)

AMENDMENTS TO THE COMPANIES ACT, 2013

(18 of 2013)

1. In section 2,—

(a) for clause (23), the following clause shall be substituted, namely:—

"(23) "Company Liquidator" means a person appointed by the Tribunal as the Company Liquidator in accordance with the provisions of section 275 for the winding up of a company under this Act;";

(b) after clause (94), the following clause shall be inserted, namely:—

"(94A) "winding up" means winding up under this Act or liquidation under the Insolvency and Bankruptcy Code, 2016, as applicable.".

2. In section 8, in sub-section (9), for the words "the Rehabilitation and Insolvency Fund formed under section 269", the words "Insolvency and Bankruptcy Fund formed under section 224 of the Insolvency and Bankruptcy Code, 2016" shall be substituted.

3. In section 66, in sub-section (8), for the words, brackets and figures " is unable, within the meaning of sub-section (2) of section 271, to pay the amount of his debt or claim,", the words and figures "commits a default, within the meaning of section 6 of the Insolvency and Bankruptcy Code, 2016, in respect of the amount of his debt or claim," shall be substituted.

4. In sections 77, in sub-section (3), after the words "the liquidator", the words and figures "appointed under this Act or the Insolvency and Bankruptcy Code, 2016, as the case may be," shall be inserted.
5. In section 117 in sub-section (3), in clause (f), for the word and figures “section 304”, the words and figures “section 59 of the Insolvency and Bankruptcy Code, 2016” shall be substituted.

6. In section 224, in sub-section (2), after the words "wound up under this Act", the words and figures "or under the Insolvency and Bankruptcy Code, 2016" shall be inserted.

6A. In section 230,—

(a) in sub-section (1), after the word "liquidator", the words "appointed under this Act or under the Insolvency and Bankruptcy Code, 2016, as the case may be,” shall be inserted;

(b) in sub-section (6), after the word "on the liquidator", the words "appointed under this Act or under the Insolvency and Bankruptcy Code, 2016, as the case may be," shall be inserted;

7. In section 249, in sub-section (1), for clause (e), the following clause shall be substituted, namely:—

"(e) is being wound up under Chapter XX of this Act or under the Insolvency and Bankruptcy Code, 2016.",

8. Sections 253 to 269 shall be omitted.

9. For section 270, the following section shall be substituted, namely:—

"270. The provisions of Part I shall apply to the winding up of a company by the Tribunal under this Act.”.

10. For section 271, the following section shall be substituted, namely:—

"271. A company may, on a petition under section 272, be wound up by the Tribunal,—

(a) if the company has, by special resolution, resolved that the company be wound up by the Tribunal;

(b) if the company has acted against the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality;

(c) if on an application made by the Registrar or any other person authorised by the Central Government by notification under this Act, the Tribunal is of the opinion that the affairs of the company have been conducted in a fraudulent manner or the company was formed for fraudulent and unlawful purpose or the persons concerned in the formation or management of its affairs have been guilty of fraud, misfeasance or misconduct in connection therewith and that it is proper that the company be wound up;

(d) if the company has made a default in filing with the Registrar its financial statements or annual returns for immediately preceding five consecutive financial years; or

(e) if the Tribunal is of the opinion that it is just and equitable that the company should be wound up.”.

12. For section 272, the following section shall be substituted, namely:—

"272. (1) Subject to the provisions of this section, a petition to the Tribunal for the winding up of a company shall be presented by—
(a) the company;
(b) any contributory or contributories;
(c) all or any of the persons specified in clauses (a) and (b);
(d) the Registrar;
(e) any person authorised by the Central Government in that behalf; or
(f) in a case falling under clause (b) of section 271, by the Central Government or a State Government.

(2) A contributory shall be entitled to present a petition for the winding up of a company, notwithstanding that he may be the holder of fully paid-up shares, or that the company may have no assets at all or may have no surplus assets left for distribution among the shareholders after the satisfaction of its liabilities, and shares in respect of which he is a contributory or some of them were either originally allotted to him or have been held by him, and registered in his name, for at least six months during the eighteen months immediately before the commencement of the winding up or have devolved on him through the death of a former holder.

(3) The Registrar shall be entitled to present a petition for winding up under section 271, except on the grounds specified in clause (a) or clause (e) of that sub-section:

Provided that the Registrar shall obtain the previous sanction of the Central Government to the presentation of a petition:

Provided further that the Central Government shall not accord its sanction unless the company has been given a reasonable opportunity of making representations.

(4) A petition presented by the company for winding up before the Tribunal shall be admitted only if accompanied by a statement of affairs in such form and in such manner as may be prescribed.

(5) A copy of the petition made under this section shall also be filed with the Registrar and the Registrar shall, without prejudice to any other provisions, submit his views to the Tribunal within sixty days of receipt of such petition.”.

13. In section 275,—

(a) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) The provisional liquidator or the Company Liquidator, as the case may, shall be appointed by the Tribunal from amongst the insolvency professionals registered under the Insolvency and Bankruptcy Code, 2016;"

(b) sub-section (4) shall be omitted.

14. For section 280, the following section shall be substituted, namely:—

"280. The Tribunal shall, notwithstanding anything contained in any other law for the time being in force, have jurisdiction to entertain, or dispose of,—

(a) any suit or proceeding by or against the company;
(b) any claim made by or against the company, including claims by or against any of its branches in India;
(c) any application made under section 233;
(d) any question of priorities or any other question whatsoever, whether of law or facts, including those relating to assets, business, actions, rights, entitlements, privileges, benefits, duties, responsibilities, obligations or in any matter arising out of, or in relation to winding up of the company,"
whether such suit or proceeding has been instituted, or is instituted, or such claim or question has arisen or arises or such application has been made or is made or such scheme has been submitted, or is submitted, before or after the order for the winding up of the company is made.

15. Section 289 shall be omitted.

15A. The heading "Part II.—Voluntary winding up" shall be omitted.

16. Sections 304 to 323 shall be omitted.

17. Section 325 shall be omitted.

18. For section 326, the following section shall be substituted, namely:

"326. (1) In the winding up of a company under this Act, the following debts shall be paid in priority to all other debts:

(a) workmen’s dues; and

(b) where a secured creditor has realised a secured asset, so much of the debts due to such secured creditor as could not be realised by him or the amount of the workmen’s portion in his security (if payable under the law), whichever is less, pari passu with the workmen’s dues.

Provided that in case of the winding up of a company, the sums referred to in sub-clauses (i) and (ii) of clause (b) of the Explanation, which are payable for a period of two years preceding the winding up order or such other period as may be prescribed, shall be paid in priority to all other debts (including debts due to secured creditors), within a period of thirty days of sale of assets and shall be subject to such charge over the security of secured creditors as may be prescribed.

(2) The debts payable under the proviso to sub-section (1) shall be paid in full before any payment is made to secured creditors and thereafter debts payable under that sub-section shall be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportions.

Explanation.—For the purposes of this section, and section 327—

(a) “workmen”, in relation to a company, means the employees of the company, being workmen within the meaning of clause (s) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947);

(b) “workmen’s dues”, in relation to a company, means the aggregate of the following sums due from the company to its workmen, namely:

(i) all wages or salary including wages payable for time or piece work and salary earned wholly or in part by way of commission of any workman in respect of services rendered to the company and any compensation payable to any workman under any of the provisions of the Industrial Disputes Act, 1947 (14 of 1947);

(ii) all accrued holiday remuneration becoming payable to any workman or, in the case of his death, to any other person in his right on the termination of his employment before or by the effect of the winding up order or resolution;

(iii) unless the company is being wound up voluntarily merely for the purposes of reconstruction or amalgamation with another company or unless the company has, at the commencement of the winding up, under such a contract with insurers as is mentioned in section 14 of the Workmen’s Compensation Act, 1923 (19 of 1923), rights capable of being transferred to and vested in the workmen, all amount due in respect of any compensation or liability for compensation under the said Act in respect of the death or disablement of any workman of the company;
(iv) all sums due to any workman from the provident fund, the pension fund, the gratuity fund or any other fund for the welfare of the workmen, maintained by the company;

(c) "workmen's portion", in relation to the security of any secured creditor of a company, means the amount which bears to the value of the security the same proportion as the amount of the workmen's dues bears to the aggregate of the amount of workmen's dues and the amount of the debts due to the secured creditors.

Illustration

The value of the security of a secured creditor of a company is Rs. 1,00,000. The total amount of the workmen's dues is Rs. 1,00,000. The amount of the debts due from the company to its secured creditors is Rs. 3,00,000. The aggregate of the amount of workmen's dues and the amount of debts due to secured creditors is Rs. 4,00,000. The workmen's portion of the security is, therefore, one-fourth of the value of the security, that is Rs. 25,000.”.

19. In section 327,—

(a) after sub-section (6), the following sub-section shall be inserted, namely:—

"(7) Sections 326 and 327 shall not be applicable in the event of liquidation under the Insolvency and Bankruptcy Code, 2016.”;

(b) in the Explanation, for clause (c), the following clause shall be substituted, namely:—

"(c) the expression "relevant date" means in the case of a company being wound up by the Tribunal, the date of appointment or first appointment of a provisional liquidator, or if no such appointment was made, the date of the winding up order, unless, in either case, the company had commenced to be wound up voluntarily before that date under the Insolvency and Bankruptcy Code, 2016.”.

20. For section 329, the following section shall be substituted, namely:—

"329. Any transfer of property, movable or immovable, or any delivery of goods, made by a company, not being a transfer or delivery made in the ordinary course of its business or in favour of a purchaser or encumbrancer in good faith and for valuable consideration, if made within a period of one year before the presentation of a petition for winding up by the Tribunal under this Act shall be void against the Company Liquidator.”.

21. For section 334, the following section shall be substituted, namely:—

"334. In the case of a winding up by the Tribunal, any disposition of the property including actionable claims, of the company and any transfer of shares in the company or alteration in the status of its members, made after the commencement of the winding up shall, unless the Tribunal otherwise orders, be void.”.

22. In section 336, in sub-section (1), in the opening paragraph, for the words "whether by the Tribunal or voluntarily, or which is subsequently ordered to be wound up by the Tribunal or which subsequently passes a resolution for voluntary winding up”, the words "by the Tribunal under this Act or which is subsequently ordered to be wound up by the Tribunal under this Act” shall be substituted.

23. In section 337, for the words "or which subsequently passes a resolution for voluntary winding up,”, the words "under this Act", shall be substituted.

24. In section 342, sub-sections (2), (3) and (4) shall be omitted.

25. In section 343, for sub-section (1), the following sub-section shall be substituted, namely—
"(I) The Company Liquidator may, with the sanction of the Tribunal, when the company is being wound up by the Tribunal,—

(i) pay any class of creditors in full;

(ii) make any compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging themselves to have any claim, present or future, certain or contingent, against the company, or whereby the company may be rendered liable; or

(iii) compromise any call or liability to call, debt, and liability capable of resulting in a debt, and any claim, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or alleged to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or liabilities or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such call, debt, liability or claim, and give a complete discharge in respect thereof.”.

26. In section 347, for sub-section (I), the following sub-section shall be substituted, namely—

"(I) When the affairs of a company have been completely wound up and it is about to be dissolved, the books and papers of such company and those of the Company Liquidator may be disposed of in such manner as the Tribunal directs.”.

27. In section 348, for sub-section (I), the following sub-section shall be substituted, namely—

"(I) If the winding up of a company is not concluded within one year after its commencement, the Company Liquidator shall, unless he is exempted from so doing, either wholly or in part by the Central Government, within two months of the expiry of such year and thereafter until the winding up is concluded, at intervals of not more than one year or at such shorter intervals, if any, as may be prescribed, file a statement in such form containing such particulars as may be prescribed, duly audited, by a person qualified to act as auditor of the company, with respect to the proceedings in, and position of, the liquidation, with the Tribunal:

Provided that no such audit as is referred to in this sub-section shall be necessary where the provisions of section 294 apply;”.

28. For section 357, the following section shall be substituted, namely:—

"357. The winding up of a company by the Tribunal under this Act shall be deemed to commence at the time of the presentation of the petition for the winding up.”.

29. In section 370, in the proviso, after the words "obtained for the winding up the company", the words "in accordance with the provisions of this Act or of the Insolvency and Bankruptcy Code, 2016" shall be inserted.

30. In section 372, after the words "The provisions of this Act", the words "or of the Insolvency and Bankruptcy Code, 2016, as the case may be," shall be inserted.

31. In section 419, for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) The Central Government shall, by notification, establish such number of benches of the Tribunal, as it may consider necessary, to exercise the jurisdiction, powers and authority of the Adjudicating Authority conferred on such Tribunal by or under Part II of the Insolvency and Bankruptcy Code, 2016.”.

32. In section 424,—
(i) in sub-section (1), after the words, "other provisions of this Act", the words "or of the Insolvency and Bankruptcy Code, 2016" shall be inserted;

(ii) in sub-section (2), after the words, "under this Act", the words "or under the Insolvency and Bankruptcy Code, 2016" shall be inserted.

33. In section 429, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) The Tribunal may, in any proceedings for winding up of a company under this Act or in any proceedings under the Insolvency and Bankruptcy Code, 2016, in order to take into custody or under its control all property, books of account or other documents, request, in writing, the Chief Metropolitan Magistrate, Chief Judicial Magistrate or the District Collector within whose jurisdiction any such property, books of account or other documents of such company under this Act or of corporate persons under the said Code, are situated or found, to take possession thereof, and the Chief Metropolitan Magistrate, Chief Judicial Magistrate or the District Collector, as the case may be, shall, on such request being made to him,—

(a) take possession of such property, books of account or other documents; and

(b) cause the same to be entrusted to the Tribunal or other persons authorised by it.".

34. For section 434, the following section shall be substituted, namely:—

"434. (1) On such date as may be notified by the Central Government in this behalf,—

(a) all matters, proceedings or cases pending before the Board of Company Law Administration (herein in this section referred to as the Company Law Board) constituted under sub-section (1) of section 10E of the Companies Act, 1956 (1 of 1956), immediately before such date shall stand transferred to the Tribunal and the Tribunal shall dispose of such matters, proceedings or cases in accordance with the provisions of this Act;

(b) any person aggrieved by any decision or order of the Company Law Board made before such date may file an appeal to the High Court within sixty days from the date of communication of the decision or order of the Company Law Board to him on any question of law arising out of such order:

Provided that the High Court may if it is satisfied that the appellant was prevented by sufficient cause from filing an appeal within the said period, allow it to be filed within a further period not exceeding sixty days; and

(c) all proceedings under the Companies Act, 1956 (1 of 1956), including proceedings relating to arbitration, compromise, arrangements and reconstruction and winding up of companies, pending immediately before such date before any District Court or High Court, shall stand transferred to the Tribunal and the Tribunal may proceed to deal with such proceedings from the stage before their transfer:

Provided that only such proceedings relating to the winding up of companies shall be transferred to the Tribunal that are at a stage as may be prescribed by the Central Government.

(2) The Central Government may make rules consistent with the provisions of this Act to ensure timely transfer of all matters, proceedings or cases pending before the Company Law Board or the courts, to the Tribunal under this section."
35. In section 468, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(i) as to the mode of proceedings to be held for winding up of a company by the Tribunal under this Act;

(ii) for the holding of meetings of creditors and members in connection with proceedings under section 230;

(iii) for giving effect to the provisions of this Act as to the reduction of the capital;

(iv) generally for all applications to be made to the Tribunal under the provisions of this Act;

(v) the holding and conducting of meetings to ascertain the wishes of creditors and contributories;

(vi) the settling of lists of contributories and the rectifying of the register of members where required, and collecting and applying the assets;

(vii) the payment, delivery, conveyance, surrender or transfer of money, property, books or papers to the liquidator;

(viii) the making of calls; and

(ix) the fixing of a time within which debts and claims shall be proved."

36. In Schedule V, in Part II, in section III, for clause (b), the following clause shall be substituted, namely:—

"(b) where the company—

(i) is a newly incorporated company, for a period of seven years from the date of its incorporation, or

(ii) is a sick company, for whom a scheme of revival or rehabilitation has been ordered by the Board for Industrial and Financial Reconstruction for a period of five years from the date of sanction of scheme of revival, or

(iii) is a company in relation to which a resolution plan has been approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for a period of five years from the date of such approval,

it may pay remuneration up to two times the amount permissible under section II.".

DR. G. NARAYANARAJU,
Secretary to the Govt. of India.
17. चिकित्सा उपचार की सुविधा – अध्यक्ष और पूर्णकालिक सदस्य केंद्रीय सरकार द्वारा यथाविधि स्वास्थ्य योजना के अन्तर्गत आएगी।

18. शेष प्राप्ति - अध्यक्ष या पूर्णकालिक सदस्य की सेवा की शर्तें जिसके तहत इन अनियमों में कोई प्राप्ति नहीं है, प्रत्येक मामले को केंद्रीय सरकार की निर्णय के लिए संदर्भित किया जाएगा और इन पर केंद्र सरकार का निर्णय ही अंतिम होगा।

19. अंशकालिक सदस्यों की सेवा की शर्तें एवं निबंधन – (1) एक पूर्णकालिक सदस्य एक ऐसा व्यक्ति होगा जिसका कोई विचित्र या अन्य हित नहीं है और जिसमें उसके अंशकालिक सदस्य के रूप में उसके कार्य पर कोई प्रतिकूल प्रभाव पडने की संभावना हो।

(2) प्रत्येक अंशकालिक सदस्य, अपनी नियुक्ति के आदेश में यथाविधि अवधि के लिए अपने पद पर रहेगा जो तीन वर्षों से अधिक न हो परन्तु बह दिनें नियुक्ति के लिए पाया होगा।

(3) आदेशगत रिक्तियों के लिए नियुक्त एक अंशकालिक सदस्य, पूर्णकालिक या अंशकालिक सदस्य, जिसके तहत उसकी नियुक्ति हुई है, के शेष कार्यकाल की अवधि तक कार्य करेगा।

20. अंशकालिक सदस्य के शुल्क और भत्ते – (1) एक अंशकालिक सदस्य उसके द्वारा भाग ली गई वर्ष की या प्रत्येक बोर्ड की बैठक के लिए एक हजार रुपए के पारिस्थितिक का हकदार होगा।

(2) एक अंशकालिक सदस्य दौरे के दौरान (जिसमें बोर्ड की बैठक में उपस्थित होने के लिए या या शामिल है) उसी दौर और जनसंख्या पर या भाग भत्ता और दैनिक भत्ता का हकदार होगा, जैसा व्यवस्था के अनुसार सरकार के अपर सचिव के लिए लागू किया गया है।

21. छूट देने का अधिकार – केंद्रीय सरकार को किसी व्यक्ति की यथा या वर्म के संबंध में इन नियमों के उपर्युक्त में छूट देने का अधिकार होगा।

[फा. सं. 30/3/2016-दिवाला]
अमरदीप सिंह भाटिया, संयुक्त सचिव

MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION

New Delhi, the 29th August, 2016

G.S.R. 831(E).—In exercise of the powers conferred in clause (zd) of the sub-section (2) of section 239 read with sub-section (5) of section 189 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Central Government hereby makes the following rules, namely:—

1. Short title and Commencement.- (1) These rules may be called the Insolvency and Bankruptcy Board of India (Salary, Allowances and other Terms and Conditions of Service of Chairperson and members) Rules, 2016.

(2) They shall come into force on the date of publication of this notification in the Official Gazette.

2. Definitions.- (1) In these rules, unless the context otherwise requires-

(a) “Code” means the Insolvency and Bankruptcy Code, 2016;

(b) “Board” means the Insolvency and Bankruptcy Board of India established under sub-section (1) of section 3 of the Code;

(c) “Chairperson” means the Chairperson of the Board appointed under clause (a) of sub-section (1) of section 189 of the Code;

(d) “whole-time member” means the member of the Board appointed under clause (d) of sub-section (1) of section 189 of the Code;

(2) Words and expressions used in these rules and not defined, but defined in the Code shall have the meanings respectively assigned to them in the Code.
3. **Terms and conditions of service of Chairperson and members.** 
   (1) The Chairperson and the whole-time member shall be a person who shall not have any financial or other interests as are likely to affect prejudicially his functions as such Chairperson or member.

   (2) The Chairperson and whole-time member appointed to fill-up a causal vacancy shall hold office for the remainder period of the term of the Chairperson or, as the case may be, whole-time member in whose place he is appointed.

   (3) The Chairperson and whole-time member shall not accept any employment before the expiry of a period of one year from the date of demitting the office in the Board, except with the previous sanction of the Central Government.

4. **Pay.** 
   (1) The Chairperson shall have an option to receive pay as admissible to a Secretary to the Government of India or a consolidated salary of Rs 4,50,000 per month.

   (2) Every whole-time member shall have an option to receive pay as admissible to an Additional Secretary to the Government of India or a consolidated salary of Rs 3,75,000 per month.

   (3) In the case of an appointment of a person as the Chairperson or a whole-time member shall have an option to receive pay as admissible to a Secretary or Additional Secretary to the Government of India respectively, who has retired from service under the Central Government or the State Government and who is in receipt of, or has received, or has become entitled to receive any retirement benefits by way of pension, gratuity, employer’s contribution to the Contributory Provident Fund or other Funds or retirement benefits, the pay and allowances of such Chairperson or member, as the case may be, shall be reduced by gross amount of pension and pension equivalent of gratuity or employer’s contribution to the Contributory Provident Fund or any other form of retirement benefits, if any, drawn or to be drawn by him.

5. **Dearness Allowance.** 
   The Chairperson and a whole-time member who has opted pay as admissible to a Secretary or an Additional Secretary to the Government of India respectively shall receive dearness allowance at the rates admissible to a Group ‘A’ Officer of the Central Government of equivalent rank.

6. **Entertainment Allowance.** 
   The Chairperson and a whole-time member shall be entitled to entertainment allowance subject to a maximum of Rs. 6,000 per annum.

7. **Leave.** 
   (1) Earned Leave at the rate of thirty days for every completed calendar year of service:
   
   Provided that the leave account shall be credited with earned leave in advance in two installments of fifteen days each from the first day of January and first day of July of every calendar year:

   Provided further that the earned leave at the credit at the close of previous half year shall be carried forward to the next half year, subject to the condition that the leave so carried forward plus credited for half year do not exceed three hundred days.

   (2) Half Pay Leave on medical certificate or on private affairs at the rate of twenty days in respect of each completed year of service to be credited in advance in two installments of ten days each on first day of January and first day of July of every calendar year and leave salary for half pay leave shall be equivalent to half of the leave salary admissible during he earned leave;

   (3) Leave on Half Pay may be commuted to full pay leave at the discretion of the Chairperson or a whole-time member, if it is taken on medical grounds and is supported by a Medical Certificate by a competent medical authority;

   (4) Casual Leave at the rate of eight days in a calendar year;

   (5) Restricted holidays at the rate of two days in a calendar year availing to their choice;

   (6) Extra-ordinary leave without pay and allowances up to a maximum period of one hundred and eighty days in one term of office ; and

   (7) Extra-ordinary leave without pay and allowances in a calendar year out of the holidays notified by the Central Government.

8. **Leave Sanctioning Authority.** 
   The Chairperson shall be the authority competent to sanction leave to a whole-time member and the President of India shall be the authority competent to sanction leave to the Chairperson.

9. **Provident Fund.** 
   The Chairperson and a whole-time member shall be entitled to subscribe to the Contributory Pension Fund.
10. **Travelling Allowance.**— (1) The Chairperson, while on tour or on transfer (including the journey undertaken to join the Board or on the expiry of his term with the Board proceeds to his home town) shall be entitled to the travelling allowances, daily allowances, transportation of personal effects and other similar matters at the same scale and at the same rate as are prescribed for a Secretary to the Government of India.

(2) A whole-time member while on tour or on transfer (including the journey undertaken to join the Board or on the expiry of his term with the Board proceeds to his home town) shall be entitled to the travelling allowances, daily allowances, transportation of personal effects and other similar matters at the same scale and at the same rates as are prescribed for Group ‘A’ officer of equivalent rank of the Central Government.

11. **Leave Travel Concession.**— (1) The Chairperson shall be entitled to Leave Travel Concession at the same rates and at the same scales as are applicable to a Secretary to the Government of India.

(2) A whole-time member shall be entitled to Leave Travel Concession at the same rates and at the same scales as are applicable to a Group ‘A’ officer of the equivalent rank of the Central Government.

(3) Other conditions relating to Leave Travel Concession shall be governed by the rules relating to Group ‘A’ officers of the same rank of the Central Government.

12. **Accommodation.**— (1) The Chairperson and a whole-time member shall be entitled to rent free unfurnished house and the Board shall approve the type of accommodation, purchase price or rent of the house to be used for residence by the Chairperson or a whole-time member.

(2) Charges for water, electricity and fuel consumed in the house shall be borne by the occupant of the house.

(3) Where the Chairperson or a whole-time member occupies his own accommodation or makes private arrangements, he shall be entitled to a compensation comprising of ten per cent of his Basic Pay and House Rent Allowance as admissible to a Group ‘A’ officer of the Government of India.

(4) Nothing in this rule shall apply to the Chairperson and a whole-time member who has opted a consolidated salary of Rs. 4,50,000/- per month or 3,75,000/-respectively.

13. **Conveyance.**— (1) The Chairperson and a whole-time member shall be entitled to a staff car of the Board for official purpose.

(2) No passenger vehicle shall be purchased by the Board and requirement of vehicles shall be met by hiring.

(3) Nothing in this rule shall apply to the Chairperson and a whole-time member who has opted a consolidated salary of Rs. 4,50,000/-per month or 3,75,000/-respectively.

14. **Bonus.**— The Chairperson and a whole-time member shall not be entitled to any bonus.

15. **Sitting Fees and Board’s Meetings.**— The Chairperson and a whole time member shall not be entitled to any sitting fees for attending meetings of the Board.

16. **Encashment of Leave.**— The Chairperson or a whole time member shall be entitled to the encashment of leave in accordance with the rules applicable to Group ‘A’ officers of the Central Government, subject to a maximum encashment of three hundred days, including the leave encashed before superannuation.

17. **Facilities for medical treatment.**— The Chairperson and a whole-time member shall be covered under the Health Scheme as may be prescribed by the Central Government.

18. **Residuary Provisions.**— Matters relating to the conditions of service of the Chairperson and a whole-time member with respect to which no express provision has been made in these rules shall be referred in each case, to the Central Government for its decision and the decision of the Central Government thereon shall be final.

19. **Terms and Conditions of Services of Part-time Members.**— (1) A part-time member shall be a person who shall not have any such financial or other interest as is likely to affect prejudicially his functions as a part-time member.

(2) Every part-time member shall hold office for such period, not exceeding three years, as may be specified in the order of his appointment, but shall be eligible for reappointment.

(3) A part-time member appointed to fill up a casual vacancy, shall hold office for the reminder period of the term of whole-time or part-time member in whose place he is appointed.

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20. **Fee and Allowances of Part-time Members.**— (1) A part-time member shall be entitled to receive remuneration by way of a fee of rupees one thousand only for each meeting of the Board attended by him.

(2) A part-time member while on tour (including the journey undertaken to attend a meeting of the Board) shall also be entitled to travelling allowance and daily allowances at the same rates and scale as are applicable to an Additional Secretary to the Government of India.

21. **Power to Relax.**— The Central Government shall have power to relax the provisions of any of these rules with respect to any class or category of person.

[F. No. 30/3/2016-Insolvency]

AMARDEEP S. BHATIA, Jt. Secy.
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 21st November, 2016

Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016

IBBI/2016-17/GN/REG001.— In exercise of the powers conferred by sections 196, 203 and 205 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following Regulations, namely -

CHAPTER I
PRELIMINARY

Short title and commencement.

1. (1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016.

(2) These Regulations shall come into force on the date of their publication in the Official Gazette.

Definitions.

2. (1) In these Regulations, unless the context otherwise requires-

(a) “Code” means the Insolvency and Bankruptcy Code, 2016 (31 of 2016);

(b) “Governing Board” means the Board of Directors, as defined under section 2(10) of Companies Act, 2013 (18 of 2013), of the company registered as an insolvency professional agency;

(c) “model bye-laws” means the model bye-laws as contained in the Schedule to these Regulations.

(2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations shall have the meanings assigned to them in the Code.

CHAPTER II
BYE LAWS

Insolvency professional agencies to have Bye-Laws.

3. (1) A company shall submit to the Board its bye-laws along with the application for its registration as an insolvency professional agency.

(2) The bye-laws shall provide for all matters specified in the model bye-laws.

(3) The bye-laws shall at all times be consistent with the model bye-laws.

(4) The insolvency professional agency shall publish its bye-laws, the composition of all committees formed, and all policies created under the bye-laws on its website.

Amendment of Bye-Laws.

4. (1) The Governing Board may amend the bye-laws by a resolution passed by votes in favour being not less than three times the number of the votes, if any, cast against the resolution, by the directors.

(2) A resolution passed in accordance with sub-regulation (1) shall be filed with the Board within seven days from the date of its passing, for its approval.

(3) The amendments to the bye-laws shall come into effect on the seventh day of the receipt of the approval, unless otherwise specified by the Board.
(4) The insolvency professional agency shall file a printed copy of the amended bye-laws with the Board within fifteen days from the date when such amendment is made effective.

CHAPTER III
GOVERNING BOARD

Composition of the Governing Board.

5. (1) The Governing Board shall have a minimum of seven directors.

(2) More than half of the directors shall be persons resident in India at the time of their appointment, and at all times during their tenure as directors.

(3) Not more than one fourth of the directors shall be insolvency professionals.

(4) More than half of the directors shall be independent directors at the time of their appointment, and at all times during their tenure as directors:

Provided that no meeting of the Governing Board shall be held without the presence of at least one independent director.

(5) An independent director shall be an individual-

(a) who is a person of ability and integrity;

(b) who has expertise in the field of finance, law, management or insolvency.

(c) who is not an insolvency professional;

(d) who is not a relative of the directors of the Governing Board;

(e) who had or has no pecuniary relationship with the insolvency professional agency, or any of its directors, or any of its shareholders holding more than ten percent of its share capital, during the two immediately preceding financial years or during the current financial year;

(f) who is not a shareholder of the insolvency professional agency;

(g) who is not a member of a governing council of any of the shareholders holding more than ten percent of the share capital of the insolvency professional agency; and

(6) The directors shall elect an independent director as the Chairperson of the Governing Board.

Explanation - For the purposes of this Regulation, any fraction contained in

(a) ‘more than half’ shall be rounded off to the next higher number; and

(b) ‘not more than one-fourth’ shall be rounded down to the next lower number.

SCHEDULE
MODEL BYE-LAWS OF AN INSOLVENCY PROFESSIONAL AGENCY
[Under Regulation 3 read with Regulation 2(1)(c)]

I. GENERAL

1. The name of the Insolvency Professional Agency is “____” (hereinafter referred to as the ‘Agency’).

2. The Agency is registered as a company under section 8 of the Companies Act, 2013 with its registered office situated at ______ [provide full address].

3. These bye-laws may not be amended, except in accordance with the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016.
II. DEFINITIONS

4. (1) In these bye-laws, unless the context otherwise requires -

(a) “certificate of membership” means the certificate of membership of the Agency granted under bye-law 10;

(b) “Code” means the Insolvency and Bankruptcy Code, 2016 (31 of 2016);

(c) “Governing Board” means the Board of Directors of the Agency as defined under section 2(10) of Companies Act, 2013 (18 of 2013);

(d) “professional member” means an insolvency professional who has been enrolled as such, in accordance with Part VI of these bye-laws;

(e) “relative” shall have the same meaning as assigned to it in section 2(77) of the Companies Act, 2013.

(2) Unless the context otherwise requires, words and expressions used and not defined in these bye-laws shall have the meanings assigned to them in the Code.

III. OBJECTIVES

5. (1) The Agency shall carry on the functions of the insolvency professional agency under the Code, and functions incidental thereto.

(2) The Agency shall not carry on any function other than those specified in sub-clause (1), or which is inconsistent with the discharge of its functions as an insolvency professional agency.

IV. DUTIES OF THE AGENCY

6. (1) The Agency shall maintain high ethical and professional standards in the regulation of its professional members.

(2) The Agency shall -

(a) ensure compliance with the Code and rules, regulations and guidelines issued thereunder governing the conduct of insolvency professional agencies and insolvency professionals;

(b) employ fair, reasonable, just, and non-discriminatory practices for the enrolment and regulation of its professional members;

(c) be accountable to the Board in relation to all bye-laws and directions issued to its professional members;

(d) develop the profession of insolvency professionals;

(e) promote continuous professional development of its professional members;

(f) continuously improve upon its internal regulations and guidelines to ensure that high standards of professional and ethical conduct are maintained by its professional members; and

(g) provide information about its activities to the Board.

V. COMMITTEES OF THE AGENCY

Advisory Committee of Professional Members.

7. (1) The Governing Board may form an Advisory Committee of professional members of the Agency to advise it on any matters pertaining to-

(a) the development of the profession;

(b) standards of professional and ethical conduct; and
(c) best practices in respect of insolvency resolution, liquidation and bankruptcy.

(2) The Advisory Committee may meet at such places and times as the Governing Board may provide.

Other Committees of the Agency.

8. (1) The Governing Board shall constitute-

(a) one or more Membership Committee(s) consisting of such members as it deems fit;

(b) a Monitoring Committee consisting of such members as it deems fit;

(c) one or more Grievance Redressal Committee(s), with not less than three members, at least one of whom shall be a professional member of the Agency;

(d) one or more Disciplinary Committee(s) consisting of at least one member nominated by the Board.

(2) The Chairperson of each of these Committees shall be an independent director of the Agency.

VI. PROFESSIONAL MEMBERSHIP

Eligibility for Enrolment.

9. No individual shall be enrolled as a professional member if he is not eligible to be registered as an insolvency professional with the Board:

Provided that the Governing Board may provide additional eligibility requirements for enrolment:

Provided further that such additional requirements shall not discriminate on the grounds of religion, race, caste, gender, place of birth or professional affiliation.

Process of Enrolment as Professional Member.

10. (1) An individual may apply for enrolment as a professional member by submitting an application in such form, in such manner and with such fees as may be specified by the Agency.

(2) The Agency shall examine the application in accordance with the applicable provisions of the Code, and rules, regulations and guidelines thereunder.

(3) On examination of the application, the Agency shall give an opportunity to the applicant to remove the deficiencies, if any, in the application.

(4) The Agency may require an applicant to submit additional documents, information or clarification that it deems fit, within reasonable time.

(5) The Agency may reject an application if the applicant does not satisfy the criteria for enrolment or does not remove the deficiencies or submit additional documents or information to its satisfaction, for reasons recorded in writing.

(6) The rejection of the application shall be communicated to the applicant stating the reasons for such rejection, within thirty days of the receipt of the application, excluding the time given for removing the deficiencies or presenting additional documents or clarification by the Agency, as the case may be.

(7) The acceptance of the application shall be communicated to the applicant, along with a certificate of membership in Form A of the Annexure to these bye-laws.

(8) An applicant aggrieved of a decision rejecting his application may appeal to the Membership Committee of the Agency within thirty days from the receipt of such decision.

(9) The Membership Committee shall pass an order disposing of the appeal in the manner it deems expedient, within thirty days of the receipt of the appeal.
Professional Membership Fee.

11. The Agency may require the professional members to pay a fixed sum of money as its annual membership fee.

Register of Professional Members.

12. (1) The Agency shall maintain a register of its professional members, containing their-
   (a) name;
   (b) proof of identity;
   (c) contact details;
   (d) address;
   (e) date of enrolment and professional membership number;
   (f) date of registration with the Board and registration number;
   (g) details of grievances pending against him with the Agency;
   (h) details of disciplinary proceedings pending against him with the Agency; and
   (i) details of orders passed against him by the Board or Disciplinary Committee of the Agency.

(2) The records relating to a professional member shall be made available for inspection to-
   (a) the Board,
   (b) the Adjudicating Authority,
   (c) the committee of creditors in a corporate insolvency resolution process where the professional member has been appointed as an interim resolution professional, or
   (d) any other person who has obtained the consent of the member for such inspection.

VII. DUTIES OF MEMBERS

13. (1) In the performance of his functions, a professional member shall-
   (a) act in good faith in discharge of his duties as an insolvency professional;
   (b) endeavour to maximize the value of assets of the debtor;
   (c) discharge his functions with utmost integrity and objectivity;
   (d) be independent and impartial;
   (e) discharge his functions with the highest standards of professional competence and professional ethics;
   (f) continuously upgrade his professional expertise;
   (g) perform duties as quickly and efficiently as reasonable, subject to the timelines under the Code;
   (h) comply with applicable laws in the performance of his functions; and
   (i) maintain confidentiality of information obtained in the course of his professional activities unless required to disclose such information by law.
14. The Agency shall have a Code of Conduct that shall be consistent with, and that shall provide for all matters in the Code of Conduct as specified in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

VIII. MONITORING OF MEMBERS

15. The Agency shall have a Monitoring Policy to monitor the professional activities and conduct of professional members for their adherence to the provisions of the Code, rules, regulations and guidelines issued thereunder, these bye-laws, the Code of Conduct and directions given by the Governing Board.

16. A professional member shall submit information, including records of ongoing and concluded engagements as an insolvency professional, in the manner and format specified by the Agency, at least twice a year.

17. The Monitoring Committee shall review the information and records submitted by the professional members in accordance with the Monitoring Policy.

18. The Monitoring Policy shall provide for the following -

   (a) the frequency of monitoring;

   (b) the manner and format of submission or collection of information and records of the professional members, including by way of inspection;

   (c) the obligations of professional members to comply with the Monitoring Policy;

   (d) the use, analysis and storage of information and records;

   (e) evaluation of performance of members; and

   (f) any other matters that may be specified by the Governing Board.

19. The Monitoring Policy shall –

   (a) have due regard for the privacy of members,

   (b) provide for confidentiality of information received, except when disclosure of information is required by the Board or by law, and

   (c) be non-discriminatory.

20. The Agency shall submit a report to the Board in the manner specified by the Board with information collected during monitoring, including information pertaining to -

   (a) the details of the appointments made under the Code,

   (b) the transactions conducted with stakeholders during the period of his appointment;

   (c) the transactions conducted with third parties during the period of his appointment; and

   (d) the outcome of each appointment.

IX. GRIEVANCE REDRESSAL MECHANISM

21. (1) The Agency shall have a Grievance Redressal Policy providing the procedure for receiving, processing, redressing and disclosing grievances against the Agency or any professional member of the Agency by-

   (a) any professional member of the Agency;

   (b) any person who has engaged the services of the concerned professional members of the Agency; or

   (c) any other person or class of persons as may be provided by the Governing Board.

   (2) The Grievance Redressal Committee, after examining the grievance, may-
(a) dismiss the grievance if it is devoid of merit; or
(b) initiate a mediation between parties for redressal of grievance.

(3) The Grievance Redressal Committee shall refer the matter to the Disciplinary Committee, wherever the grievance warrants disciplinary action.

22. The Grievance Redressal Policy shall provide for-

(a) the format and manner for filing grievances;
(b) maximum time and format for acknowledging receipt of a grievance;
(c) maximum time for the disposal of the grievance by way of dismissal, reference to the Disciplinary Committee or the initiation of mediation;
(d) details of the mediation mechanism
(e) provision of a report of the grievance and mediation proceedings to the parties to the grievance upon dismissal or resolution of the grievance;
(f) action to be taken in case of malicious or false complaints;
(g) maintenance of a register of grievances made and resolutions arrived at; and
(h) periodic review of the Grievance Redressal Mechanism.

X. DISCIPLINARY PROCEEDINGS

23. The Agency may initiate disciplinary proceedings by issuing a show-cause notice against professional members-

(a) based on a reference made by the Grievances Redressal Committee;
(b) based on monitoring of professional members;
(c) following the directions given by the Board or any court of law; or
(d) suo moto, based on any information received by it.

24. (1) The Agency shall have a Disciplinary Policy, which shall provide for the following -

(a) the manner in which the Disciplinary Committee may ascertain facts;
(b) the issue of show-cause notice based on the facts;
(c) disposal of show-cause notice by a reasoned order, following principles of natural justice;
(d) timelines for different stages of disposal of show cause notice; and
(e) rights and obligations of the parties to the proceedings.

(2) The orders that may be passed by the Disciplinary Committee shall include-

(a) expulsion of the professional member;
(b) suspension of the professional member for a certain period of time;
(c) admonishment of the professional member;
(d) imposition of monetary penalty;
(e) reference of the matter to the Board, which may include, in appropriate cases, recommendation of the amount of restitution or compensation that may be enforced by the Board; and

(f) directions relating to costs.

(3) The Disciplinary Committee may pass an order for expulsion of a professional member if it has found that the professional member has committed-

(a) an offence under any law for the time being in force, punishable with imprisonment for a term exceeding six months, or an offence involving moral turpitude;

(b) a gross violation of the Code, rules, regulations and guidelines issued thereunder, bye-laws or directions given by the Governing Board which renders him not a fit and proper person to continue acting as an insolvency professional.

Explanation: The violations referred to in sub-clause (b) include-

(i) making a false representation or indulging in fraud for the purpose of obtaining creditors’ approval under sections 28, 31, 111 or 153 of the Code;

(ii) contravening provisions of the Code in a manner which is actionable in accordance with sections 70(2) or 185 of the Code;

(iii) knowingly or wilfully committing or authorizing or permitting contravention of sections 14, 96, 101 or 124 of the Code;

(iv) contravening provisions of the Code inviting action in accordance with sections 71 or 187 of the Code;

(v) aiding or abetting any activity which is actionable in accordance with Chapter VII of Part II or Chapter VII of Part III of the Code;

(vi) providing unequal or differential treatment to the disadvantage of a party which cannot be justified with reference to the interests of the insolvency resolution, liquidation or bankruptcy process; or

(vii) in any other case it deems fit.

(4) Any order passed by the Disciplinary Committee shall be placed on the website of the Agency within seven days from passing of the said order, and a copy of the order shall be provided to each of the parties to the proceeding.

(5) Monetary penalty received by the Agency under the orders of the Disciplinary Committee shall be credited to the Insolvency and Bankruptcy Fund constituted under section 224 of the Code.

25. (1) The Governing Board shall constitute an Appellate Panel consisting of one independent director of the Agency, one member from amongst the persons of eminence having experience in the field of law, and one member nominated by the Board.

(2) Any person aggrieved of an order of the Disciplinary Committee may prefer an appeal before the Appellate Panel within thirty days from the receipt of a copy of the final order.
XI. SURRENDER OF PROFESSIONAL MEMBERSHIP AND EXPULSION FROM PROFESSIONAL MEMBERSHIP

Temporary Surrender of Professional Membership.

26. (1) A professional member shall make an application for temporary surrender of his membership of the Agency at least thirty days before he-

(a) becomes a person not resident in India;

(b) takes up employment; or

(c) starts any business, except as specifically permitted under the Code of Conduct;

and upon acceptance of such temporary surrender and on completion of thirty days from the date of application for temporary surrender, the name of the professional member shall be temporarily struck from the registers of the Agency, and the same shall be intimated to the Board.

(2) No application for temporary surrender of professional membership of the Agency shall be accepted if -

(a) there is a grievance or disciplinary proceeding pending against the professional member before the Agency or the Board, and he has not given an undertaking to cooperate in such proceeding; or

(b) the professional member has been appointed as a resolution professional, liquidator or bankruptcy trustee for a process under the Code, and the appointment of another insolvency professional may be detrimental to such process.

(3) A professional member may make an application to revive his temporarily surrendered membership when the conditions for temporary surrender as provided in sub-clause (1) cease to be applicable, and upon acceptance of the application for revival, the name of the professional member shall be re-inserted in the register of the Agency, and the same shall be intimated to the Board.

Surrender of Professional Membership

27. (1) A professional member who wishes to surrender his membership of the Agency may do so by submitting an application for surrender of his membership.

(2) Upon acceptance of such surrender of his membership, and completion of thirty days from the date of such acceptance, the name of the professional member shall be struck from the registers of the Agency, and the same shall be intimated to the Board.

28. Any fee that is due to the Agency from a professional member surrendering his membership shall be cleared prior to his name being struck from the registers of the Agency.
29. The Agency may refuse to accept the surrender of membership by any professional member if -

(a) there is any grievance or disciplinary proceeding pending against the professional member before the Agency or the Board; or

(b) the professional member has been appointed as a resolution professional, liquidator or bankruptcy trustee for a process under the Code, and the appointment of another insolvency professional may be detrimental to such process.

Expulsion from Professional Membership.

30. A professional member shall be expelled by the Agency –

(a) if he becomes ineligible to be enrolled under bye-law 9;

(b) on expiry of thirty days from the order of the Disciplinary Committee, unless set aside or stayed by the Appellate Panel;

(c) upon non-payment of professional membership fee despite at least two notices served in writing;

(d) upon the cancellation of his certificate of registration by the Board;

(e) upon the order of any court of law.

ANNEXURE

FORM A

CERTIFICATE OF PROFESSIONAL MEMBERSHIP
(Under bye-law 10 of the Agency’s bye-laws)

No. ........

1. This is to certify that [insert name] residing at [insert address] is enrolled as a professional member of [insert name of insolvency professional agency] with professional membership no. [insert number].

2. This certificate shall be valid from [insert date].

Sd/-

For and on behalf of [name of insolvency professional agency]

Place:

Date:

Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./308]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION
New Delhi, the 21st November, 2016

Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Regulations, 2016
IBBI/2016-17/GN/REG002.— In exercise of the powers conferred by sections 196, 201, 202, 219, and 220 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Board hereby makes the following Regulations to provide a framework for regulation of insolvency professional agencies in terms hereof, namely-

CHAPTER I
PRELIMINARY

Short title and commencement.
1. (1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Regulations, 2016.
(2) These Regulations shall come into force on the date of their publication in the Official Gazette.

Definitions.
2. (1) In these Regulations, unless the context otherwise requires -
   (a) “Code” means the Insolvency and Bankruptcy Code, 2016;
   (b) “control” shall have the same meaning as assigned to it in section 2(27) of the Companies Act, 2013;
   (c) “certificate of registration” means a certificate of registration granted or renewed by the Board under these Regulations;
   (d) “net worth” shall have the same meaning as assigned to it under section 2(57) of the Companies Act, 2013.
(2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, shall have the meanings assigned to them in the Code.

CHAPTER II
REGISTRATION

Eligibility for registration.
3. No person shall be eligible to be registered as an insolvency professional agency unless it is a company registered under section 8 of the Companies Act, 2013, and -
   (a) its sole object is to carry on the functions of an insolvency professional agency under the Code;
   (b) it has bye-laws and governance structure in accordance with the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies), 2016;
   (c) it has a minimum net worth of ten crore rupees;
   (d) it has a paid-up share capital of five crore rupees,
   (e) it is not under the control of person(s) resident outside India,
   (f) not more than 49% of its share capital is held, directly or indirectly, by persons resident outside India; and
   (g) it is not a subsidiary of a body corporate through more than one layer:
      Explanation: “layer” in relation to a body corporate means its subsidiary;
   (h) itself, its promoters, its directors and persons holding more than 10% of its share capital are fit and proper persons.
      Explanation: For determining whether a person is fit and proper under these Regulations, the Board may take account of any consideration as it deems fit, including but not limited to the following criteria-
      (i) integrity, reputation and character,
      (ii) absence of convictions and restraint orders, and
      (iii) competence including financial solvency and net worth.

Application for registration or renewal thereof.
4. (1) A company eligible for registration as an insolvency professional agency, may make an application to the Board in Form A of the Schedule to these Regulations, along with a non-refundable application fee of ten lakh rupees.
(2) An insolvency professional agency who has been granted registration under Regulation 5, may six months before the expiry of such registration, make an application for renewal in Form A of the Schedule to these Regulations, along with a non-refundable application fee of five lakh rupees.

(3) The Board shall acknowledge an application made under this Regulation within seven days of its receipt.

(4) The Board shall examine the application, and give an opportunity to the applicant to remove the deficiencies, if any, in the application.

(5) The Board may require the applicant to submit, within reasonable time, additional documents, information or clarification that it deems fit.

(6) The Board may require the applicant to appear, within reasonable time, before the Board in person, or through its authorised representative for clarifications required for processing the application.

Grant of certificate of registration.

5. (1) If the Board is satisfied, after such inspection or inquiry as it deems necessary and having regard to the principles specified in section 200 of the Code, that the applicant:—

(a) is eligible under Regulation 3;
(b) has adequate infrastructure to perform its functions under the Code;
(c) has in its employment, persons having adequate professional and other relevant experience, to enable it to perform its functions under the Code; and
(d) has complied with the conditions of the certificate of registration, if he has submitted an application for renewal under Regulation 4(2)

it may grant or renew a certificate of registration to the applicant to carry on the activities of an insolvency professional agency in Form B of the Schedule to these Regulations, within sixty days of receipt of the application, excluding the time given by the Board for removing the deficiencies, or presenting additional documents, information or clarification, or appearing in person, as the case may be.

(2) The registration shall be subject to the conditions that the insolvency professional agency shall -

(a) abide by the Code, rules, regulations, and guidelines thereunder and its bye-laws;
(b) at all times after the grant of the certificate continue to satisfy the requirements under sub-regulation (1);
(c) pay a fee of five lakh rupees to the Board, payable every year after the year in which the certificate is granted or renewed;
(d) seek approval of the Board when a person, other than a statutory body, seeks to hold more than ten per cent, directly or indirectly, of the share capital of the insolvency professional agency;
(e) take adequate steps for redressal of grievances; and
(f) abide by such other conditions as may be specified.

(3) The certificate of registration shall be valid for a period of five years from the date of issue.

Procedure for rejecting application.

6. (1) If, after considering an application made under Regulation 4, the Board is of the prima facie opinion the registration ought not be granted or renewed, or be granted or renewed with additional conditions, it shall communicate the reasons for forming such an opinion and give the applicant an opportunity to explain why its application should be accepted, within fifteen days of the receipt of the communication from the Board, to enable it to form a final opinion.

(2) The communication under sub-regulation (1) shall be made to the applicant within forty five days of receipt of the application, excluding the time given by the Board for removing the deficiencies, presenting additional documents, information or clarifications, or appearing in person, as the case may be.

(3) After considering the explanation, if any, given by the applicant under sub-regulation (1), the Board shall communicate its decision to-

(a) accept the application, along with the certificate of registration, or
(b) reject the application by an order, giving reasons thereof

within thirty days of receipt of explanation.

(4) The order rejecting an application for renewal of registration shall require the insolvency professional agency to-

(a) discharge pending obligations;
(b) continue its functions till such time as may be specified, to enable the enrolment of its members with another insolvency professional agency; and

c) comply with any other directions as considered appropriate.

CHAPTER III
SURRENDER OR CANCELLATION OF REGISTRATION

Surrender of registration.

7. (1) An insolvency professional agency may submit an application for surrender of a certificate of registration to the Board, providing -

   (a) the reasons for such surrender;
   (b) the details of all the pending or on-going engagements under the Code of the insolvency professionals enrolled with it;
   (c) details of its pending or on-going activities; and
   (d) the manner in which it seeks to wind-up its affairs as an insolvency professional agency.

   (2) The Board shall within seven days of receipt of the application, publish a notice of receipt of such application on its website and invite objections to the surrender of registration, to be submitted within fourteen days of the publication of the notice.

   (3) After considering the application and the objections submitted under sub-regulation (2), if any, the Board may within thirty days from the last date of submission of objections, approve the application for surrender of registration subject to such conditions as it deems fit.

   (4) The approval under sub-regulation (3) may require the insolvency professional agency to-

      (a) discharge any pending obligations; or
      (b) continue its functions till such time as may be specified, to enable the enrolment of its members with another insolvency professional agency.

   (5) The Board, after being satisfied that the requirements of sub-regulation (4) have been complied with, shall publish a notice on its website stating that the surrender of registration by the insolvency professional agency has taken effect.

Disciplinary proceedings.

8. (1) Based on the findings of an inspection or investigation, or on material otherwise available on record, if the Board is of the prima facie opinion that sufficient cause exists to take actions permissible under section 220, it shall issue a show-cause notice to the insolvency professional agency.

   (2) The show-cause notice shall be in writing, and shall state-

      (a) the provisions of the Code under which it has been issued;
      (b) the details of the alleged facts;
      (c) the details of the evidence in support of the alleged facts;
      (d) the provisions of the Code, rules, regulations or guidelines thereunder allegedly violated, or the manner in which the public interest is allegedly affected;
      (e) the actions or directions that the Board proposes to take or issue if the allegations are established;
      (f) the manner in which the insolvency professional agency is required to respond to the show-cause notice;
      (g) consequences of failure to respond to the show-cause notice; and
      (h) procedure to be followed for disposal of the show-cause notice.

   (3) The show-cause notice shall enclose copies of relevant documents and extracts of relevant portions from the report of investigation or inspection, or other records.

   (4) A show-cause notice issued shall be served on the insolvency professional agency in the following manner-

      (a) by sending it to the insolvency professional agency at its the registered office, by registered post with acknowledgement due; or
(b) by an appropriate electronic means to the email address provided by the insolvency professional agency to the Board.

(5) The Board shall constitute a Disciplinary Committee for disposal of the show-cause notice.

(6) The Disciplinary Committee shall dispose of the show-cause notice assigned under (5) by a reasoned order in adherence to principles of natural justice.

(7) The Disciplinary Committee shall endeavour to dispose of the show-cause notice within a period of six months of the assignment.

(8) The Disciplinary Committee shall consider the submissions, if any, made by the insolvency professional agency.

(9) After considering the relevant material facts and circumstances and material on record, the Disciplinary Committee shall dispose of the show-cause notice by a reasoned order.

(10) The order in disposal of a show-cause notice may provide for-

   (a) no action;
   (b) warning;
   (c) any of the actions under section 220(2) to (4); or
   (d) a reference to the Board to take any action under section 220(5).

(11) The order passed under sub-regulation (10) shall not become effective until thirty days have elapsed from the date of issue of the order unless the Disciplinary Committee states otherwise in the order along with the reason for the same.

(12) The order passed under sub-regulation (10) shall be issued to the insolvency professional agency immediately, and published on the website of the Board.

(13) If the order passed under sub-regulation (10) suspends or cancels the registration of the insolvency professional agency, the Disciplinary Committee shall require the insolvency professional agency to-

   (a) discharge pending obligations;
   (b) continue its functions till such time as may be specified, to enable the enrolment of its members with another insolvency professional agency; and
   (c) comply with any other directions as considered appropriate.

Appeal.

9. An appeal may be preferred under section 202 of the Code, within a period of thirty days of receipt the impugned order in the manner prescribed in Part III of the National Company Law Tribunal Rules, 2016.

CHAPTER IV
IN-PRINCIPLE APPROVAL

Grant of in-principle approval.

10. (1) Any person who seeks to establish an insolvency professional agency may make an application for an in-principle approval, demonstrating that the conditions in sub-regulation (2) are satisfied, along with a non-refundable application fee of ten lakh rupees.

   (2) If the Board is satisfied, after such inspection or inquiry as it deems necessary, that:--

      (a) the applicant is a fit and proper person; and
      (b) the proposed or existing company which may receive registration would be able to meet the requirements for grant of registration under Regulation 5(1),

   it may grant in-principle approval which shall be valid for a period not exceeding one year and be subject to such conditions as it deems fit.

   (3) During the validity of in-principle approval, the company referred to sub-regulation 2(b) may make an application for a certificate of registration as an insolvency professional agency to the Board in accordance with Regulation 4(1), but shall not be required to pay the application fees for registration.
SCHEDULE
FORM A
Application for Certificate of Registration
(Under Regulation 4 of the Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Regulations, 2016)

To
The Chairperson
The Insolvency and Bankruptcy Board of India
[Insert address]

From
[Name and address]

Subject: Application for grant or renewal of certificate of registration as insolvency professional agency

Madam/Sir,

1. I, being duly authorized for the purpose, hereby apply on behalf of [name and address of the applicant] for
   (a) grant of certificate of registration as insolvency professional agency, or
   (b) renewal of certificate of registration as insolvency professional agency,

   and enclose a copy of the board resolution authorizing me to make this application and correspond with the Board in this respect.

2. Copies of the memorandum of association, articles of association and the bye-laws, as applicable, of the applicant are enclosed.

3. I, on behalf of [insert name], affirm that the applicant is eligible to be registered as an insolvency professional agency.

4. I, on behalf of [insert name], hereby affirm that—
   (a) all information contained in this application is true and correct in all material respects,
   (b) no material information relevant for the purpose of this application has been suppressed, and
   (c) registration granted or renewed in pursuance of this application may be cancelled summarily if any information submitted is found to be false or misleading in material respects at any stage.

5. If granted registration, I, on behalf of [insert name], undertake to comply with the requirements of the Code, the rules, regulations or guidelines issued thereunder, and such other conditions and terms as may be contained in the certificate of registration or be specified or imposed by the Board subsequently.

Yours faithfully,

Authorized Signatory
(Name)
(Designation)

Date     :
Place     :

ANNEXURE TO FORM A
PART I
GENERAL

1. Name of the applicant.
2. Address of registered office and principal place of business of the applicant.
3. Corporate Identification Number (CIN).
4. PAN.
5. Name, designation and contact details of the person authorized to make this application and correspond with the Board in this respect.

PART II

MEMORANDUM OF ASSOCIATION, ARTICLES OF ASSOCIATION AND BYE-LAWS

6. Please state if the memorandum of association, articles of association and bye-laws provide for all matters as required in, and are consistent with the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016, and the Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Regulations, 2016.

(Yes/ No)

7. Please specify the clause number of the provisions of the bye-laws which are in addition to the provisions of the model bye-laws specified in the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 (if any).

PART III

SHAREHOLDING AND FINANCIAL STRENGTH

8. Please provide details of the persons holding more than 10%, directly or indirectly, of the share capital of the applicant.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of the shareholder</th>
<th>PAN / Passport No and country of issue/ company registration number</th>
<th>Percentage of shareholding in the applicant company and/ or holding company</th>
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</table>

9. Do persons resident outside India in aggregate hold more than 49% of the share capital of the applicant? Please provide details.

10. Who exercises control over the applicant? Please provide details.

11. Do persons resident outside India exercise control over the management or policy decisions of the applicant? If so, please provide details.

12. Please provide audited financial statements of:
   (a) a company holding more than 10% of the share capital of the applicant (if any),
   (b) a company who is in control of the applicant (if any),
   (c) promoter company (if any),
   (d) the applicant,

of the last three years or from the date of incorporation of the company, whichever is less.

13. Please provide any other information to demonstrate that the persons holding more than 10% of the share capital of the company, and the promoters of the company are fit and proper persons.

PART IV

DIRECTORS AND EMPLOYEES

14. Please state the details of the applicant’s Board of Directors:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of the director</th>
<th>DIN and PAN</th>
<th>Details of any pending or concluded criminal proceedings against the directors</th>
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</table>
15. Please provide any other information to demonstrate that the directors are fit and proper persons.

16. Please provide number of employees, category-wise.

PART V
INFRASTRUCTURE

17. Please state the infrastructure the applicant currently has and proposes to have to enable it to discharge its functions as an insolvency professional agency, including:

   (a) the number and locations of offices,
   (b) infrastructure in respect of enrolment, monitoring, grievance redressal and disciplinary proceedings,
   (c) IT and other computer facilities, and
   (d) library and training facilities.

PART VI
COMPLIANCE

[For applications for renewal of registration]

18. Please provide details of the insolvency professional agency’s compliance with the conditions of its certificate of registration.

19. Please provide details of the insolvency professional agency’s compliance with the Board’s requirements in respect of reporting.

20. Please provide details of any grievance redressal proceedings instituted against the insolvency professional agency or by it under its bye-laws, any regulations of the Board or the Code.

Please provide any other details you consider relevant in support of the application.

Sd/-

Authorized Signatory

(Name)
(Designation)

Date:
Place:

SCHEDULE
FORM B

THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

Certificate of Registration No. _

The Insolvency and Bankruptcy Board of India hereby grants/ renews this certificate of registration to/of [insert name and address] to act as an insolvency professional agency in accordance with the Insolvency and Bankruptcy Code, 2016.

The certificate of registration shall be valid from [insert start date] to [insert end date] and may be renewed.

Sd/-

(Name and Designation)

(For and on behalf of Insolvency and Bankruptcy Board of India)

Place:
Date:

Dr. M. S. SAHO0, Chairperson

[ADVT.-III/4/Exty./309]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 23rd November, 2016

Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016

No. IBBI/2016-17/GN/REG003.—In exercise of the powers conferred by sections 196, 207 and 208 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Board hereby makes the following Regulations, namely-

CHAPTER I

GENERAL

Short title and commencement.

1. (1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

(2) These Regulations shall come into force on 29th November, 2016.

Definitions.

2. (1) In these Regulations, unless the context otherwise requires -

(a) “Bar Council” means a Bar Council constituted under the Advocates Act, 1961 (25 of 1961);
(b) “certificate of registration” means a certificate of registration granted by the Board under section 207 of the Code read with these Regulations;
(c) “Code” means the Insolvency and Bankruptcy Code, 2016 (31 of 2016);
(d) “Institute of Chartered Accountants of India” means the Institute constituted under the Chartered Accountants Act, 1949 (38 of 1949);
(e) “Institute of Cost Accountants of India” means the Institute constituted under the Cost and Works Accountants Act, 1959 (23 of 1959);
(f) “Institute of Company Secretaries of India” means the Institute constituted under the Institute of the Company Secretaries Act, 1980 (56 of 1980); and
(g) “professional member” means an individual who has been enrolled as a member of an insolvency professional agency;

(2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, shall have the meanings assigned to them in the Code.

CHAPTER II

INSOLVENCY EXAMINATIONS

3. (1) The Board shall, either on its own or through a designated agency, conduct a ‘National Insolvency Examination’ in such a manner and at such frequency, as may be specified, to test the knowledge and practical skills of individuals in the areas of insolvency, bankruptcy and allied subjects.

(2) The Board shall, either on its own or through a designated agency, conduct a ‘Limited Insolvency Examination’ to test the knowledge and application of knowledge of individuals in the areas of insolvency, bankruptcy and allied subjects.

(3) The syllabus, format and frequency of the ‘Limited Insolvency Examination’, including qualifying marks, shall be published on the website of the Board at least one month before the examination.

CHAPTER III

REGISTRATION OF INSOLVENCY PROFESSIONALS

Eligibility.

4. No individual shall be eligible to be registered as an insolvency professional if he-

   (a) is a minor;

   (b) is not a person resident in India;

   (c) does not have the qualification and experience specified in Regulation 5 or Regulation 9, as the case may be;

   (d) has been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence:

   Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;

   (e) he is an undischarged insolvent, or has applied to be adjudicated as an insolvent;

   (f) he has been declared to be of unsound mind; or

   (g) he is not a fit and proper person;

   Explanation: For determining whether an individual is fit and proper under these Regulations, the Board may take account of any consideration as it deems fit, including but not limited to the following criteria-

   (i) integrity, reputation and character,

   (ii) absence of convictions and restraint orders, and

   (iii) competence, including financial solvency and net worth.

Qualifications and experience.

5. Subject to the other provisions of these Regulations, an individual shall be eligible for registration, if he-

   (a) has passed the National Insolvency Examination;

   (b) has passed the Limited Insolvency Examination, and has fifteen years of experience in management, after he received a Bachelor’s degree from a university established or recognized by law; or

   (c) has passed the Limited Insolvency Examination and has ten years of experience as -

   (i) a chartered accountant enrolled as a member of the Institute of Chartered Accountants of India,

   (ii) a company secretary enrolled as a member of the Institute of Company Secretaries of India,

   (iii) a cost accountant enrolled as a member of the Institute of Cost Accountants of India, or

   (iv) an advocate enrolled with a Bar Council.
Application for certificate of registration.

6. (1) An individual enrolled with an insolvency professional agency as a professional member may make an application to the Board in Form A of the Second Schedule to these Regulations, along with a non-refundable application fee of ten thousand rupees to the Board.

(2) The Board shall acknowledge an application made under this Regulation within seven days of its receipt.

(3) The Board may require the applicant to submit, within reasonable time, additional documents, information or clarification that it deems fit.

(4) The Board may require the applicant to appear, within reasonable time, before the Board in person, or through his authorised representative for clarifications required for processing the application.

Certificate of registration.

7. (1) If the Board is satisfied, after such inspection or inquiry as it deems necessary that the applicant is eligible under these Regulations, it may grant a certificate of registration to the applicant to carry on the activities of an insolvency professional in Form B of the Second Schedule to these Regulations, within sixty days of receipt of the application, excluding the time given by the Board for presenting additional documents, information or clarification, or appearing in person, as the case may be.

(2) The registration shall be subject to the conditions that the insolvency professional shall -

- (a) at all times abide by the Code, rules, regulations, and guidelines thereunder and the bye-laws of the insolvency professional agency with which he is enrolled;
- (b) at all times continue to satisfy the requirements under Regulation 4;
- (c) pay a fee of ten thousand rupees to the Board, every five years after the year in which the certificate is granted;
- (d) not render services as an insolvency professional unless he becomes a partner or director of an insolvency professional entity recognised by the Board under Regulation 13, if he is not a citizen of India;
- (e) take prior permission of the Board for shifting his professional membership from one insolvency professional agency to another, after receiving no objection from both the concerned insolvency professional agencies;
- (f) take adequate steps for redressal of grievances;
- (g) maintain records of all assignments undertaken by him under the Code for at least three years from the completion of such assignment;
- (h) abide by the Code of Conduct specified in the First Schedule to these Regulations; and
- (i) abide by such other conditions as may be imposed by the Board.

Refusal to grant certificate.

8. (1) If, after considering an application made under Regulation 6, the Board is of the prima facie opinion that the registration ought not be granted, it shall communicate the reasons for forming such an opinion and give the applicant an opportunity to explain why his application should be accepted, within fifteen days of the receipt of the communication from the Board, to enable it to form a final opinion.

(2) The communication under sub-regulation (1) shall be made to the applicant within forty five days of receipt of the application, excluding the time given by the Board for presenting additional documents, information or clarifications, or appearing in person, as the case may be.

(3) After considering the explanation, if any, given by the applicant under sub-regulation (1), the Board shall communicate its decision to-

- (a) accept the application, along with the certificate of registration, or
- (b) reject the application by an order, giving reasons thereof,

within thirty days of receipt of the explanation.

Registration for a limited period.

9. (1) Notwithstanding any of the provisions of Regulation 5, an individual shall be eligible to be registered for a limited period as an insolvency professional if he-

- (a) has been ‘in practice’ for fifteen years as-
- (i) a chartered accountant enrolled as a member of the Institute of Chartered Accountants of India,
(ii) a company secretary enrolled as a member of the Institute of Company Secretaries of India,
(iii) a cost accountant enrolled as a member of the Institute of Cost Accountants of India, or
(iv) an advocate enrolled with a Bar Council; and

(b) submits an application for registration in Form A of the Second Schedule to these Regulations to the insolvency professional agency with which he is enrolled on or before 31\textsuperscript{st} December, 2016 along with a non-refundable application fee of five thousand rupees which shall be collected by such insolvency professional agency on behalf of the Board.

(2) The insolvency professional agency shall submit to the Board the fee collected and the details of the applications received under sub-regulation (1)(b).

(3) An individual referred to sub-regulation (1) shall be registered for a limited period upon submission of the details and fee to the Board under sub-regulation (2), which shall be valid for a period of six months from the date of such submission.

(4) An insolvency professional registered under sub-regulation (3) shall not undertake any assignment as an insolvency professional after the expiry of his registration:

Provided that he may complete the pending assignments undertaken before the expiry of his registration, and his registration shall be deemed to be valid for this limited purpose.

CHAPTER IV

TEMPORARY SURRENDER AND DISCIPLINARY PROCEEDINGS

Temporary surrender.

10. (1) An insolvency professional agency shall inform the Board if any of its professional members has temporarily surrendered his certificate of membership or revived his certificate of membership after temporary surrender, not later than seven days from approval of the application for temporary surrender or revival, as the case may be.

(2) The Board shall take note of the information received under sub-regulation (1).

Disciplinary proceedings.

11. (1) Based on the findings of an inspection or investigation, or on material otherwise available on record, if the Board is of the \textit{prima facie} opinion that sufficient cause exists to take actions permissible under section 220, it shall issue a show-cause notice to the insolvency professional.

(2) The show-cause notice shall be in writing, and shall state-

- the provisions of the Code under which it has been issued;
- the details of the alleged facts;
- the details of the evidence in support of the alleged facts;
- the provisions of the Code, rules, regulations and guidelines thereunder allegedly violated, or the manner in which the public interest is allegedly affected;
- the actions or directions that the Board proposes to take or issue if the allegations are established;
- the manner in which the insolvency professional is required to respond to the show-cause notice;
- consequences of failure to respond to the show-cause notice; and
- procedure to be followed for disposal of the show-cause notice.

(3) The show-cause notice shall enclose copies of documents relied upon and extracts of relevant portions from the report of investigation or inspection, or other records.

(4) A show-cause notice issued shall be served on the insolvency professional in the following manner-

- by sending it to the insolvency professional, at the address provided by him or provided by the insolvency professional agency with which he is enrolled, by registered post with acknowledgement due; or
- by an appropriate electronic means to the email address of the insolvency professional, provided by him or provided by the insolvency professional agency with which he is enrolled.

(5) The Board shall constitute a Disciplinary Committee for disposal of the show-cause notice.

(6) The Disciplinary Committee shall endeavour to dispose of the show-cause notice within a period of six months of the assignment.
(7) The Disciplinary Committee shall dispose of the show-cause notice assigned under sub-regulation (5) by a reasoned order in adherence to principles of natural justice, and after considering the submissions, if any, made by the insolvency professional, the relevant material facts and circumstances, and the material on record.

(8) The order disposing of a show-cause notice may provide for-
   (a) no action;
   (b) warning;
   (c) any of the actions under section 220(2) to (4); or
   (d) a reference to the Board to take any action under section 220(5).

(9) The order passed under sub-regulation (7) shall not become effective until thirty days have elapsed from the date of issue of the order unless the Disciplinary Committee states otherwise in the order along with the reason for the same.

(10) The order passed under sub-regulation (7) shall be issued to the insolvency professional, with a copy issued to the insolvency professional agency with which he is enrolled immediately, and be published on the website of the Board.

CHAPTER V
RECOGNITION OF INSOLVENCY PROFESSIONAL ENTITIES

Recognition of Insolvency Professional Entities.

12. (1) A limited liability partnership, a registered partnership firm or a company may be recognised as an insolvency professional entity if-
   (a) a majority of the partners of the limited liability partnership or registered partnership firm are registered as insolvency professionals; or
   (b) a majority of the whole-time directors of the company are registered as insolvency professionals as the case may be.

(2) A person eligible under sub-regulation (1) may make an application for recognition as an insolvency professional entity to the Board in Form C of the Second Schedule to these Regulations.

13. (1) If the Board is satisfied, after such inspection or inquiry as it deems necessary that the applicant is eligible under these Regulations, it may grant a certificate of recognition as an insolvency professional entity in Form D of the Second Schedule to these Regulations.

   (2) The recognition shall be subject to the conditions that the insolvency professional entity shall-
      (a) at all times continue to satisfy the requirements under Regulation 12;
      (b) inform the Board, within seven days, when an insolvency professional ceases to be its director or partner, as the case may be,
      (c) inform the Board, within seven days, when an insolvency professional joins as its director or partner, as the case may be, and
      (d) abide by such other conditions as may be specified.

(3) An insolvency professional entity shall be jointly and severally liable for all acts or omissions of its partners or directors as insolvency professionals committed during such partnership or directorship.

14. Where the Board is of the opinion that sufficient cause exists for de-recognition of an insolvency professional entity, it may do so by passing a reasoned order.

FIRST SCHEDULE
{[Under Regulation 7(2)(g)]}

CODE OF CONDUCT FOR INSOLVENCY PROFESSIONALS

Integrity and objectivity.

1. An insolvency professional must maintain integrity by being honest, straightforward, and forthright in all professional relationships.

2. An insolvency professional must not misrepresent any facts or situations and should refrain from being involved in any action that would bring disrepute to the profession.
3. An insolvency professional must act with objectivity in his professional dealings by ensuring that his decisions are made without the presence of any bias, conflict of interest, coercion, or undue influence of any party, whether directly connected to the insolvency proceedings or not.

4. An insolvency professional appointed as an interim resolution professional, resolution professional, liquidator, or bankruptcy trustee should not himself acquire, directly or indirectly, any of the assets of the debtor, nor knowingly permit any relative to do so.

**Independence and impartiality.**

5. An insolvency professional must maintain complete independence in his professional relationships and should conduct the insolvency resolution, liquidation or bankruptcy process, as the case may be, independent of external influences.

6. In cases where the insolvency professional is dealing with assets of a debtor during liquidation or bankruptcy process, he must ensure that he or his relatives do not knowingly acquire any such assets, whether directly or indirectly unless it is shown that there was no impairment of objectivity, independence or impartiality in the liquidation or bankruptcy process and the approval of the Board has been obtained in the matter.

7. An insolvency professional shall not take up an assignment under the Code if he, any of his relatives, any of the partners or directors of the insolvency professional entity of which he is a partner or director, or the insolvency professional entity of which he is a partner or director is not independent, in terms of the Regulations related to the processes under the Code, in relation to the corporate person/debtor and its related parties.

8. An insolvency professional shall disclose the existence of any pecuniary or personal relationship with any of the stakeholders entitled to distribution under sections 53 or 178 of the Code, and the concerned corporate person/debtor as soon as he becomes aware of it, by making a declaration of the same to the applicant, committee of creditors, and the person proposing appointment, as applicable.

9. An insolvency professional shall not influence the decision or the work of the committee of creditors or debtor, or other stakeholders under the Code, so as to make any undue or unlawful gains for himself or his related parties, or cause any undue preference for any other persons for undue or unlawful gains and shall not adopt any illegal or improper means to achieve any *mala fide* objectives.

**Professional competence.**

10. An insolvency professional must maintain and upgrade his professional knowledge and skills to render competent professional service.

**Representation of correct facts and correcting misapprehensions.**

11. An insolvency professional must inform such persons under the Code as may be required, of a misapprehension or wrongful consideration of a fact of which he becomes aware, as soon as may be practicable.

12. An insolvency professional must not conceal any material information or knowingly make a misleading statement to the Board, the Adjudicating Authority or any stakeholder, as applicable.

**Timeliness.**

13. An insolvency professional must adhere to the time limits prescribed in the Code and the rules, regulations and guidelines thereunder for insolvency resolution, liquidation or bankruptcy process, as the case may be, and must carefully plan his actions, and promptly communicate with all stakeholders involved for the timely discharge of his duties.

14. An insolvency professional must not act with *mala fide* or be negligent while performing his functions and duties under the Code.

**Information management.**

15. An insolvency professional must make efforts to ensure that all communication to the stakeholders, whether in the form of notices, reports, updates, directions, or clarifications, is made well in advance and in a manner which is simple, clear, and easily understood by the recipients.

16. An insolvency professional must ensure that he maintains written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision. This shall be maintained so as to sufficiently enable a reasonable person to take a view on the appropriateness of his decisions and actions.

17. An insolvency professional must not make any private communication with any of the stakeholders unless required by the Code, rules, regulations and guidelines thereunder, or orders of the Adjudicating Authority.

18. An insolvency professional must appear, co-operate and be available for inspections and investigations carried out by the Board, any person authorised by the Board or the insolvency professional agency with which he is enrolled.

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
19. An insolvency professional must provide all information and records as may be required by the Board or the insolvency professional agency with which he is enrolled.

20. An insolvency professional must be available and provide information for any periodic study, research and audit conducted by the Board.

Confidentiality.

21. An insolvency professional must ensure that confidentiality of the information relating to the insolvency resolution process, liquidation or bankruptcy process, as the case may be, is maintained at all times. However, this shall not prevent him from disclosing any information with the consent of the relevant parties or required by law.

Occupation, employability and restrictions.

22. An insolvency professional must refrain from accepting too many assignments, if he is unlikely to be able to devote adequate time to each of his assignments.

23. An insolvency professional must not engage in any employment, except when he has temporarily surrendered his certificate of membership with the insolvency professional agency with which he is registered.

24. An insolvency professional must not conduct business which in the opinion of the Board is inconsistent with the reputation of the profession.

Remuneration and costs.

25. An insolvency professional must provide services for remuneration which is charged in a transparent manner, is a reasonable reflection of the work necessarily and properly undertaken, and is not inconsistent with the applicable regulations.

26. An insolvency professional shall not accept any fees or charges other than those which are disclosed to and approved by the persons fixing his remuneration.

27. An insolvency professional shall disclose all costs towards the insolvency resolution process costs, liquidation costs, or costs of the bankruptcy process, as applicable, to all relevant stakeholders, and must endeavour to ensure that such costs are not unreasonable.

Gifts and hospitality.

28. An insolvency professional, or his relative must not accept gifts or hospitality which undermines or affects his independence as an insolvency professional.

29. An insolvency professional shall not offer gifts or hospitality or a financial or any other advantage to a public servant or any other person, intending to obtain or retain work for himself, or to obtain or retain an advantage in the conduct of profession for himself.

SECOND SCHEDULE

FORM A

[Under Regulation 6 or Regulation 9 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016]

To

The Chairperson
Insolvency and Bankruptcy Board of India

Subject: Application for registration as an insolvency professional / insolvency professional for limited period

Sir/Madam,

I, having been enrolled as a professional member with the (please write the name of the insolvency professional agency), hereby apply for registration as

(a) an insolvency professional /

(b) an insolvency professional for limited period (strike off which is not applicable)

under section 207 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 6 or Regulation 9 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

My details are as under:

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com

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A. PERSONAL DETAILS
1. Title (Mr/Mrs/Ms):
2. Name:
3. Father’s Name:
4. Date of Birth:
5. Place of Birth:
6. PAN No.:
7. AADHAAR No.:
8. Passport No.:
9. Address for Correspondence:
10. Permanent Address:
11. E-Mail Address:
12. Mobile No.:

B. EDUCATIONAL, PROFESSIONAL AND INSOLVENCY EXAMINATION QUALIFICATIONS
1. Educational Qualifications
   [Please provide educational qualifications from Bachelor’s degree onwards]

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th>Year of Passing</th>
<th>Marks (%)</th>
<th>Grade/Class</th>
<th>University/College</th>
<th>Remarks, if any</th>
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2. Professional Qualifications

<table>
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<tr>
<th>Professional Qualification</th>
<th>Institute / Professional Body</th>
<th>Membership No. (if applicable)</th>
<th>Date of enrolment</th>
<th>Remarks, if any</th>
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3. Insolvency Qualifications
3.1. Have you passed Limited Insolvency Examination? (Yes / No)
3.2. Have you passed National Insolvency Examination? (Yes / No)

C. WORK EXPERIENCE
1. Are you presently in practice / employment? (Yes/ No)
2. Number of years in practice (in years and months):
3. If in practice, address for professional correspondence:
4. Number of years in employment (in years and months):
5. Experience Details (from the date of enrolment as Advocate / Chartered Accountant / Company Secretary / Cost Accountant/ Bachelors’ Degree)

<table>
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<tr>
<th>Sl. No.</th>
<th>From Date</th>
<th>To Date</th>
<th>Employment / Practice</th>
<th>If employed, Name of Employer and Designation</th>
<th>If in practice, practice as Advocate / Chartered Accountant / Company Secretary / Cost Accountant</th>
<th>Area of work</th>
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D. INSOLVENCY PROFESSIONAL AGENCY
1. Please give details of the insolvency professional agency with which you are enrolled as a professional member.
2. Please state your professional membership number.
E. ADDITIONAL INFORMATION
1. Have you ever been convicted for an offence? Yes/ No.
   If yes, please give details.
2. Are any criminal proceedings pending against you? (Yes/ No)
   If yes, please give details.
3. Have you ever been declared as an undischarged insolvent, or applied to be declared so? (Yes/ No)
   If yes, please give details.
4. Please provide any additional information that may be relevant for your application.

F. ATTACHMENTS
1. Copy of proof of residence.
2. Copies of documents in support of educational qualifications, professional qualification and insolvency examination qualifications.
3. Copies of documents demonstrating practice as -
   i. a chartered accountant enrolled with the Institute of Chartered Accountants of India;
   ii. a company secretary enrolled with the Institute of Company Secretaries of India;
   iii. a cost accountant enrolled with the Institute of Cost Accountants of India; or
   iv. an advocate enrolled with the Bar Council of any State in India;
4. Copies of certificate of employment from the employer(s), specifying the period of such employment.
5. Financial statement / Income Tax Returns for the last three years.
6. Copy of certificate of professional membership with an insolvency professional agency.
7. Passport-size photo.
8. Evidence of deposit / payment of five thousand rupees / ten thousand rupees, as applicable.

G. AFFIRMATIONS
1. Copies of documents, as listed in section F of this application form have been attached/ uploaded. The documents attached/ uploaded are ……
   I undertake to furnish any additional information as and when called for.
2. I am not disqualified from being registered as an insolvency professional under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.
3. This application and the information furnished by me along with this application is true and complete. If found false or misleading at any stage, my registration/ registration for limited period shall be summarily cancelled.
4. I hereby undertake to comply with the requirements of the Insolvency and Bankruptcy Code, 2016, the rules, regulations and guidelines issued thereunder, the bye-laws of the insolvency professional agency with which I am enrolled, and the resolutions passed and directions given by the Board and the Governing Board of such insolvency professional agency.
5. The applicable fee has been paid.

   Name and Signature of applicant

Place:
Date:

________________________
VERIFICATION BY THE INSOLVENCY PROFESSIONAL AGENCY
We have verified the above details submitted by … who is our professional member with professional membership no. … and confirm these to be true and correct. We recommend registration of … as an insolvency professional.

   (Name and Signature)
   Authorised Representative of the Insolvency Professional Agency
   Seal of the Insolvency Professional Agency

Place:
Date:

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
SECOND SCHEDULE
FORM B
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
CERTIFICATE OF REGISTRATION

IP REGISTRATION NO. __
[Under Regulation 7 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016]

1. In exercise of the powers conferred by Regulation 7 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 the Board hereby grants a certificate of registration to [insert name], to act as an insolvency professional in accordance with these Regulations.

2. This certificate shall be valid from [insert start date].

Sd/-
(Name and Designation)

For and on behalf of Insolvency and Bankruptcy Board of India

Place:
Date:

SECOND SCHEDULE
FORM C
[Under Regulation 12 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016]

To
The Chairperson
Insolvency and Bankruptcy Board of India

Sub.: Application for recognition as an insolvency professional entity

Sir/Madam,

1. I, being duly authorized for the purpose, hereby apply on behalf of [name and address of the applicant] for recognition as an insolvency professional entity under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016, and enclose proof that I am authorized to make this application and correspond with the Board in this respect.

2. I, on behalf of [insert name], affirm that the applicant is eligible to be recognised as an insolvency professional entity.

3. I, on behalf of [insert name], hereby affirm that –
   i. all information contained in this application is true and correct in all material respects,
   ii. no material information relevant for the purpose of this application has been suppressed, and
   iii. recognition granted in pursuance of this application may be cancelled summarily if any information submitted herein is found to be false or misleading in material respects at any stage.

4. If granted recognition, I, on behalf of [insert name], undertake to comply with the requirements of the Code, the rules, regulations or guidelines issued thereunder, and such other terms and conditions as may be imposed by the Board while granting the certificate of recognition or subsequently.

Yours faithfully,

Authorized Signatory

(Name)

(Designation)

Place:

Date:

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com

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ANNEXURE TO FORM C

PART I

GENERAL

1. Name of the applicant:
2. Address of registered office and principal place of business of the applicant:
3. Corporate Identification Number (CIN)/ Certificate of Registration:
4. PAN:
5. Name, designation and contact details of the person authorized to make this application and correspond with the Board in this respect:

PART II

DIRECTORS/ PARTNERS

1. Please state the details of all directors/ partners of the applicant:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of the director/ partner</th>
<th>DIN</th>
<th>PAN</th>
<th>Registration No. as an insolvency professional</th>
<th>Professional membership No.</th>
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Yours faithfully,

Authorized Signatory

(Name)

(Designation)

Place:

Date:

SECOND SCHEDULE

FORM D

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

CERTIFICATE OF RECOGNITION

INSOLVENCY PROFESSIONAL ENTITY RECOGNITION NO. __

[Under Regulation 13 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016]

1. In exercise of the powers conferred by Regulation 13 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 the Board hereby grants a certificate recognising [insert name], as an insolvency professional entity.

2. This certificate of recognition shall be valid from [insert start date].

Sd/-

(Name and Designation)

For and on behalf of Insolvency and Bankruptcy Board of India

Place:

Date:

DR. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./314/16(482)]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 30th November, 2016

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) REGULATIONS, 2016

IBBI/2016-17/GN/REG004.—In exercise of the powers conferred under sections 5, 7, 9, 14, 15, 17, 18, 21, 24, 25, 29, 30, 196 and 208 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following Regulations, namely-

CHAPTER I

PRELIMINARY

1. Short title and commencement.

(1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

(2) These Regulations shall come into force on 1st December, 2016.

(3) These Regulations shall apply to the corporate insolvency resolution process.

2. Definitions.

(1) In these Regulations, unless the context otherwise requires—

(a) “applicant” means the person(s) filing an application under sections 7, 9 or 10, as the case may be;

(b) “Code” means the Insolvency and Bankruptcy Code, 2016;

(c) “Code of Conduct” means the code of conduct for insolvency professionals as set out in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016;

(d) “committee” means a committee of creditors established under section 21;

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
(e) “corporate insolvency resolution process” means the insolvency resolution process for corporate persons under Chapter II of Part II of the Code;

(f) “dissenting financial creditors” means the financial creditors who voted against the resolution plan approved by the committee;

(g) “electronic form” shall have the meaning assigned to it in the Information Technology Act, 2000 (21 of 2000);

(h) “electronic means” mean an authorized and secured computer programme which is capable of producing confirmation of sending communication to the participant entitled to receive such communication at the last electronic mail address provided by such participant and keeping record of such communication.

(i) “identification number” means the Limited Liability Partnership Identification Number or the Corporate Identity Number, as the case may be;

(j) “insolvency professional entity” means an entity recognised as such under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016;

(k) “liquidation value” means the amount determined in accordance with Regulation 35;

(l) “participant” means a person entitled to attend a meeting of the committee under section 24 or any other person authorised by the committee to attend the meeting;

(m) “registered valuer” means a person registered as such in accordance with the Companies Act, 2013 (18 of 2013) and rules made thereunder;

(n) “Schedule” means the schedule to these Regulations;

(o) “section” means section of the Code;

(p) “video conferencing or other audio and visual means” means such audio and visual facility which enables the participants in a meeting to communicate concurrently with one another and to participate effectively in the meeting.

(2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, but defined in the Code, shall have the meanings assigned to them in the Code.

CHAPTER II

GENERAL

3. Eligibility for resolution professional.

(1) An insolvency professional shall be eligible to be appointed as a resolution professional for a corporate insolvency resolution process of a corporate debtor if he, and all partners and directors of the insolvency professional entity of which he is a partner or director, are independent of the corporate debtor.

Explanation– A person shall be considered independent of the corporate debtor, if he:

(a) is eligible to be appointed as an independent director on the board of the corporate debtor under section 149 of the Companies Act, 2013 (18 of 2013), where the corporate debtor is a company;

(b) is not a related party of the corporate debtor; or

(c) is not an employee or proprietor or a partner:

(i) of a firm of auditors or company secretaries in practice or cost auditors of the corporate debtor; or

(ii) of a legal or a consulting firm, that has or had any transaction with the corporate debtor amounting to ten per cent or more of the gross turnover of such firm,

in the last three financial years.

(2) A resolution professional shall make disclosures at the time of his appointment and thereafter in accordance with the Code of Conduct.

(3) A resolution professional, who is a director or a partner of an insolvency professional entity, shall not continue as a resolution professional in a corporate insolvency resolution process if the insolvency professional entity or
any other partner or director of such insolvency professional entity represents any of the other stakeholders in the same corporate insolvency resolution process.

4. **Access to books.**
   
   (1) Without prejudice to section 17(2)(d), the interim resolution professional may access the books of account, records and other relevant documents and information, to the extent relevant for discharging his duties under the Code, of the corporate debtor held with-
   
   (a) depositories of securities;
   
   (b) professional advisors of the corporate debtor;
   
   (c) information utilities;
   
   (d) other registries that records the ownership of assets;
   
   (e) members, promoters, partners, board of directors and joint venture partners of the corporate debtor; and
   
   (f) contractual counterparties of the corporate debtor.

5. **Extortionate credit transaction.**
   
   A transaction shall be considered extortionate under section 50(2) where the terms:
   
   (1) require the corporate debtor to make exorbitant payments in respect of the credit provided; or
   
   (2) are unconscionable under the principles of law relating to contracts.

### CHAPTER III

**PUBLIC ANNOUNCEMENT**

6. **Public announcement.**
   
   (1) An insolvency professional shall make a public announcement immediately on his appointment as an interim resolution professional.

   *Explanation*: ‘Immediately’ means not later than three days from the date of his appointment.

   (2) The public announcement referred to in sub-regulation (1) shall:
   
   (a) be in Form A of the Schedule;
   
   (b) be published-
   
   (i) in one English and one regional language newspaper with wide circulation at the location of the registered office and principal office, if any, of the corporate debtor and any other location where in the opinion of the interim resolution professional, the corporate debtor conducts material business operations;
   
   (ii) on the website, if any, of the corporate debtor; and
   
   (iii) on the website, if any, designated by the Board for the purpose,

   (c) provide the last date for submission of proofs of claim, which shall be fourteen days from the date of appointment of the interim resolution professional.

   (3) The applicant shall bear the expenses of the public announcement which may be reimbursed by the committee to the extent it ratifies them.

   *Clarification* - The expenses on the public announcement shall not form part of insolvency resolution process costs.

### CHAPTER IV

**PROOF OF CLAIMS**

7. **Claims by operational creditors.**
   
   (1) A person claiming to be an operational creditor, other than workman or employee of the corporate debtor, shall submit proof of claim to the interim resolution professional in person, by post or by electronic means in Form B of the Schedule:

   *Provided* that such person may submit supplementary documents or clarifications in support of the claim before the constitution of the committee.
28

THE GAZETTE OF INDIA : EXTRAORDINARY

(PART III—SEC. 4)

(2) The existence of debt due to the operational creditor under this Regulation may be proved on the basis of-

(a) the records available with an information utility, if any; or

(b) other relevant documents, including-

(i) a contract for the supply of goods and services with corporate debtor;

(ii) an invoice demanding payment for the goods and services supplied to the corporate debtor;

(iii) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any; or

(iv) financial accounts.

8. Claims by financial creditors.

(1) A person claiming to be a financial creditor of the corporate debtor shall submit proof of claim to the interim resolution professional in electronic form in Form C of the Schedule:

Provided that such person may submit supplementary documents or clarifications in support of the claim before the constitution of the committee.

(2) The existence of debt due to the financial creditor may be proved on the basis of-

(a) the records available with an information utility, if any; or

(b) other relevant documents, including-

(i) a financial contract supported by financial statements as evidence of the debt;

(ii) a record evidencing that the amounts committed by the financial creditor to the corporate debtor under a facility has been drawn by the corporate debtor;

(iii) financial statements showing that the debt has not been repaid; or

(iv) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any.

9. Claims by workmen and employees.

(1) A person claiming to be a workman or an employee of the corporate debtor shall submit proof of claim to the interim resolution professional in person, by post or by electronic means in Form D of the Schedule:

Provided that such person may submit supplementary documents or clarifications in support of the claim, on his own or if required by the interim resolution professional, before the constitution of the committee.

(2) Where there are dues to numerous workmen or employees of the corporate debtor, an authorised representative may submit one proof of claim for all such dues on their behalf in Form E of the Schedule.

(3) The existence of dues to workmen or employees may be proved by them, individually or collectively on the basis of-

(a) records available with an information utility, if any; or

(b) other relevant documents, including-

(i) a proof of employment such as contract of employment for the period for which such workman or employee is claiming dues;

(ii) evidence of notice demanding payment of unpaid dues and any documentary or other proof that payment has not been made; or

(iii) an order of a court or tribunal that has adjudicated upon the non-payment of a dues, if any.

10. Substantiation of claims.

The interim resolution professional or the resolution professional, as the case may be, may call for such other evidence or clarification as he deems fit from a creditor for substantiating the whole or part of its claim.
11. **Cost of proof.**

A creditor shall bear the cost of proving the debt due to such creditor.

12. **Submission of proof of claims.**

(1) Subject to sub-regulation (2), a creditor shall submit proof of claim on or before the last date mentioned in the public announcement.

(2) A creditor, who failed to submit proof of claim within the time stipulated in the public announcement, may submit such proof to the interim resolution professional or the resolution professional, as the case may be, till the approval of a resolution plan by the committee.

(3) Where the creditor in sub-regulation (2) is a financial creditor, it shall be included in the committee from the date of admission of such claim:

Provided that such inclusion shall not affect the validity of any decision taken by the committee prior to such inclusion.

13. **Verification of claims.**

(1) The interim resolution professional or the resolution professional, as the case may be, shall verify every claim, as on the insolvency commencement date, within seven days from the last date of the receipt of the claims, and thereupon maintain a list of creditors containing names of creditors along with the amount claimed by them, the amount of their claims admitted and the security interest, if any, in respect of such claims, and update it.

(2) The list of creditors shall be –

   (a) available for inspection by the persons who submitted proofs of claim;
   (b) available for inspection by members, partners, directors and guarantors of the corporate debtor;
   (c) displayed on the website, if any, of the corporate debtor;
   (d) filed with the Adjudicating Authority; and
   (e) presented at the first meeting of the committee.

14. **Determination of amount of claim.**

(1) Where the amount claimed by a creditor is not precise due to any contingency or other reason, the interim resolution professional or the resolution professional, as the case may be, shall make the best estimate of the amount of the claim based on the information available with him.

(2) The interim resolution professional or the resolution professional, as the case may be, shall revise the amounts of claims admitted, including the estimates of claims made under sub-regulation (1), as soon as may be practicable, when he comes across additional information warranting such revision.

15. **Debt in foreign currency.**

The claims denominated in foreign currency shall be valued in Indian currency at the official exchange rate as on the insolvency commencement date.

Explanation - “official exchange rate” is the reference rate published by the Reserve Bank of India or derived from such reference rates.

**CHAPTER V**

**COMMITTEE OF CREDITORS**

16. **Committee with only operational creditors.**

(1) Where the corporate debtor has no financial debt or where all financial creditors are related parties of the corporate debtor, the committee shall be set up in accordance with this Regulation.

(2) The committee formed under this Regulation shall consist of members as under -

   (a) eighteen largest operational creditors by value:
Provided that if the number of operational creditors is less than eighteen, the committee shall include all such operational creditors;

(b) one representative elected by all workmen other than those workmen included under sub-clause (a); and

(c) one representative elected by all employees other than those employees included under sub-clause (a).

(3) A member of the committee formed under this Regulation shall have voting rights in proportion of the debt due to such creditor or debt represented by such representative, as the case may be, to the total debt.

Explanation – For the purposes of this sub-regulation, ‘total debt’ is the sum of-

(a) the amount of debt due to the creditors listed in sub-regulation 2(a);

(b) the amount of the aggregate debt due to workmen under sub-regulation 2(b); and

(c) the amount of the aggregate debt due to employees under sub-regulation 2(c).

(4) A committee formed under this Regulation and its members shall have the same rights, powers, duties and obligations as a committee comprising financial creditors and its members, as the case may be.

17. First meeting of the committee.

(1) The interim resolution professional shall file a report certifying constitution of the committee to the Adjudicating Authority on or before the expiry of thirty days from the date of his appointment.

(2) The interim resolution professional shall convene the first meeting of the committee within seven days of filing the report under this Regulation.

CHAPTER VI
MEETINGS OF THE COMMITTEE

18. Meetings of the committee.

A resolution professional may convene a meeting of the committee as and when he considers necessary, and shall convene a meeting if a request to that effect is made by members of the committee representing thirty three per cent of the voting rights.

19. Notice for meetings of the committee.

(1) Subject to this Regulation, a meeting of the committee shall be called by giving not less than seven days’ notice in writing to every participant, at the address it has provided to the resolution professional and such notice may be sent by hand delivery, or by post but in any event, be served on every participant by electronic means in accordance with Regulation 20.

(2) The committee may reduce the notice period from seven days to such other period of not less than twenty four hours, as it deems fit.


(1) A notice by electronic means may be sent to the participants through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator for accessing such notice.

(2) The subject line in e-mail shall state the name of the corporate debtor, the place, if any, the time and the date on which the meeting is scheduled.

(3) If notice is sent in the form of a non-editable attachment to an e-mail, such attachment shall be in the Portable Document Format or in a non-editable format together with a 'link or instructions' for recipient for downloading relevant version of the software.

(4) When notice or notifications of availability of notice are sent by an e-mail, the resolution professional shall ensure that it uses a system which produces confirmation of the total number of recipients e-mailed and a record of each recipient to whom the notice has been sent and copy of such record and any notices of any failed transmissions and subsequent re-sending shall be retained as “proof of sending”.

(5) The obligation of the resolution professional shall be satisfied when he transmits the e-mail and he shall not be held responsible for a failure in transmission beyond its control.

(6) The notice made available on the electronic link or Uniform Resource Locator shall be readable, and the recipient should be able to obtain and retain copies and the resolution professional shall give the complete Uniform Resource Locator or address of the website and full details of how to access the document or information.
21. Contents of the notice for meeting.

(1) The notice shall inform the participants of the venue, the time and date of the meeting and of the option available to them to participate through video conferencing or other audio and visual means, and shall also provide all the necessary information to enable participation through video conferencing or other audio and visual means.

(2) The notice of the meeting shall provide that a participant may attend and vote in the meeting either in person or through an authorised representative:

Provided that such participant shall inform the resolution professional, in advance of the meeting, of the identity of the authorised representative who will attend and vote at the meeting on its behalf.

(3) The notice of the meeting shall-

(a) contain an agenda of the meeting with the following-

(i) a list of the matters to be discussed at the meeting;

(ii) a list of the issues to be voted upon at the meeting; and

(iii) copies of all documents relevant to the matters to be discussed and the issues to be voted upon at the meeting; and

(b) state that a vote of the members of the committee shall not be taken at the meeting unless all members are present at such meeting.

(4) The notice of the meeting shall-

(a) state the process and manner for voting by electronic means and the time schedule, including the time period during which the votes may be cast:

(b) provide the login ID and the details of a facility for generating password and for keeping security and casting of vote in a secure manner; and

(c) provide contact details of the person who will address the queries connected with the electronic voting.

22. Quorum at the meeting.

(1) A meeting of the committee shall be quorate if members of the committee representing at least thirty three percent of the voting rights are present either in person or by video conferencing or other audio and visual means:

Provided that the committee may modify the percentage of voting rights required for quorum in respect of any future meetings of the committee.

(2) Where a meeting of the committee could not be held for want of quorum, unless the committee has previously decided otherwise, the meeting shall automatically stand adjourned at the same time and place on the next day.

(3) In the event a meeting of the committee is adjourned in accordance with sub-regulation (2), the adjourned meeting shall be quorate with the members of the committee attending the meeting.

23. Participation through video conferencing.

(1) The notice convening the meetings of the committee shall provide the participants an option to attend the meeting through video conferencing or other audio and visual means in accordance with this Regulation.

(2) The resolution professional shall make necessary arrangements to ensure uninterrupted and clear video or audio and visual connection.

(3) The resolution professional shall take due and reasonable care-

(a) to safeguard the integrity of the meeting by ensuring sufficient security and identification procedures;

(b) to ensure availability of proper video conferencing or other audio and visual equipment or facilities for providing transmission of the communications for effective participation of the participants at the meeting;

(c) to record proceedings and prepare the minutes of the meeting.
(d) to store for safekeeping and marking the physical recording(s) or other electronic recording mechanism as part of the records of the corporate debtor;

(e) to ensure that no person other than the intended participants attends or has access to the proceedings of the meeting through video conferencing or other audio and visual means; and

(f) to ensure that participants attending the meeting through audio and visual means are able to hear and see, if applicable, the other participants clearly during the course of the meeting:

Provided that the persons, who are differently abled, may make request to the resolution professional to allow a person to accompany him at the meeting.

(4) Where a meeting is conducted through video conferencing or other audio and visual means, the scheduled venue of the meeting as set forth in the notice convening the meeting, which shall be in India, shall be deemed to be the place of the said meeting and all recordings of the proceedings at the meeting shall be deemed to be made at such place.

24. Conduct of meeting.

(1) The resolution professional shall act as the chairperson of the meeting of the committee.

(2) At the commencement of a meeting, the resolution professional shall take a roll call when every participant attending through video conferencing or other audio and visual means shall state, for the record, the following:

(a) his name;
(b) whether he is attending in the capacity of a member of the committee or any other participant;
(c) whether he is representing a member or group of members;
(d) the location from where he is participating;
(e) that he has received the agenda and all the relevant material for the meeting; and
(f) that no one other than him is attending or has access to the proceedings of the meeting at the location of that person.

(3) After the roll call, the resolution professional shall inform the participants of the names of all persons who are present for the meeting and confirm if the required quorum is complete.

(4) The resolution professional shall ensure that the required quorum is present throughout the meeting.

(5) From the commencement of the meeting till its conclusion, no person other than the participants and any other person whose presence is required by the resolution professional shall be allowed access to the place where meeting is held or to the video conferencing or other audio and visual facility, without the permission of the resolution professional.

(6) The resolution professional shall ensure that minutes are made in relation to each meeting of the committee and such minutes shall disclose the particulars of the participants who attended the meeting in person, through video conferencing, or other audio and visual means.

(7) The resolution professional shall circulate the minutes of the meeting to all participants by electronic means within forty eight hours of the said meeting.

CHAPTER VII

VOTING BY THE COMMITTEE

25. Voting by the committee.

(1) The actions listed in section 28(1) shall be considered in meetings of the committee.

(2) Any action other than those listed in section 28(1) requiring approval of the committee may be considered in meetings of the committee.

(3) Where all members are present in a meeting, the resolution professional shall take a vote of the members of the committee on any item listed for voting after discussion on the same.

(4) At the conclusion of a vote at the meeting, the resolution professional shall announce the decision taken on items along with the names of the members of the committee who voted for or against the decision, or abstained from voting.
(5) If all members are not present at a meeting, a vote shall not be taken at such meeting and the resolution professional shall-
(a) circulate the minutes of the meeting by electronic means to all members of the committee within forty eight hours of the conclusion of the meeting; and
(b) seek a vote on the matters listed for voting in the meeting, by electronic voting system where the voting shall be kept open for twenty four hours from the circulation of the minutes.


(1) The resolution professional shall provide each member of the committee the means to exercise its vote by either electronic means or through electronic voting system in accordance with the provisions of this Regulation.

Explanation- For the purposes of these Regulations-
(a) the expressions ‘voting by electronic means’ or ‘electronic voting system’ means a "secured system" based process of display of electronic ballots, recording of votes of the members of the committee and the number of votes polled in favour or against, such that the voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate cyber security;
(b) the expression ‘secured system’ means computer hardware, software, and procedure that –
   (i) are reasonably secure from unauthorized access and misuse;
   (ii) provide a reasonable level of reliability and correct operation;
   (iii) are reasonably suited to perform the intended functions; and
   (iv) adhere to generally accepted security procedures.

(2) Once a vote on a resolution is cast by a member of the committee, such member shall not be allowed to change it subsequently.

(3) At the end of the voting period, the voting portal shall forthwith be blocked.

(4) At the conclusion of a vote held under this Regulation, the resolution professional shall announce and make a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision, or abstained from voting.

(5) The resolution professional shall circulate a copy of the record made under sub-regulation (4) to all participants by electronic means within twenty four hours of the conclusion of the voting.

CHAPTER VIII

CONDUCT OF CORPORATE INSOLVENCY RESOLUTION PROCESS

27. Appointment of registered valuers.

The interim resolution professional shall within seven days of his appointment, appoint two registered valuers to determine the liquidation value of the corporate debtor in accordance with Regulation 35:

Provided that the following persons shall not be appointed as registered valuers:

(a) a relative of the interim resolution professional;
(b) a related party of the corporate debtor;
(c) an auditor of the corporate debtor in the five years preceding the insolvency commencement date; or
(d) a partner or director of the insolvency professional entity.

28. Transfer of debt due to creditors.

(1) In the event a creditor assigns or transfers the debt due to such creditor to any other person during the insolvency resolution process period, both parties shall provide the interim resolution professional or the resolution professional, as the case may be, the terms of such assignment or transfer and the identity of the assignee or transferee.

(2) The resolution professional shall notify each participant and the Adjudicating Authority of any resultant change in the committee within two days of such change.
29. **Sale of assets outside the ordinary course of business.**

(1) The resolution professional may sell unencumbered asset(s) of the corporate debtor, other than in the ordinary course of business, if he is of the opinion that such a sale is necessary for a better realisation of value under the facts and circumstances of the case:

*Provided* that the book value of all assets sold during corporate insolvency resolution process period in aggregate under this sub-regulation shall not exceed ten percent of the total claims admitted by the interim resolution professional.

(2) A sale of assets under this Regulation shall require the approval of the committee.

(3) A bona fide purchaser of assets sold under this Regulation shall have a free and marketable title to such assets notwithstanding the terms of the constitutional documents of the corporate debtor, shareholders’ agreement, joint venture agreement or other document of a similar nature.

30. **Assistance of local district administration.**

The interim resolution professional or the resolution professional, as the case may be, may make an application to the Adjudicating Authority for an order seeking the assistance of the local district administration in discharging his duties under the Code or these Regulations.

**CHAPTER IX**

**INSOLVENCY RESOLUTION PROCESS COSTS**

31. **Insolvency resolution process costs.**

“Insolvency resolution process costs” under Section 5(13)(e) shall mean-

(a) amounts due to suppliers of essential goods and services under Regulation 32;

(b) amounts due to a person whose rights are prejudicially affected on account of the moratorium imposed under section 14(1)(d);

(c) expenses incurred on or by the interim resolution professional to the extent ratified under Regulation 33;

(d) expenses incurred on or by the resolution professional fixed under Regulation 34; and

(e) other costs directly relating to the corporate insolvency resolution process and approved by the committee.

32. **Essential supplies.**

The essential goods and services referred to in section 14(2) shall mean-

(1) electricity;

(2) water;

(3) telecommunication services; and

(4) information technology services,

to the extent these are not a direct input to the output produced or supplied by the corporate debtor.

*Illustration-* Water supplied to a corporate debtor will be essential supplies for drinking and sanitation purposes, and not for generation of hydro-electricity.

33. **Costs of the interim resolution professional.**

(1) The applicant shall fix the expenses to be incurred on or by the interim resolution professional.

(2) The Adjudicating Authority shall fix expenses where the applicant has not fixed expenses under sub-regulation (1).

(3) The applicant shall bear the expenses which shall be reimbursed by the committee to the extent it ratifies.

(4) The amount of expenses ratified by the committee shall be treated as insolvency resolution process costs.

*Explanation-* For the purposes of this Regulation, “expenses” mean the fee to be paid to the interim resolution professional and other expenses, including the cost of engaging professional advisors, to be incurred by the interim resolution professional.
34. **Resolution professional costs.**

The committee shall fix the expenses to be incurred on or by the resolution professional and the expenses shall constitute insolvency resolution process costs.

*Explanation:* For the purposes of this Regulation, “expenses” mean the fee to be paid to the resolution professional and other expenses, including the cost of engaging professional advisors, to be incurred by the resolution professional.

**CHAPTER X**

**RESOLUTION PLAN**

35. **Liquidation value.**

(1) Liquidation value is the estimated realizable value of the assets of the corporate debtor if the corporate debtor were to be liquidated on the insolvency commencement date.

(2) Liquidation value shall be determined in the following manner:

(a) the two registered valuers appointed under Regulation 27 shall submit to the interim resolution professional or the resolution professional, as the case may be, an estimate of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor;

(b) if in the opinion of the interim resolution professional or the resolution professional, as the case may be, the two estimates are significantly different, he may appoint another registered valuer who shall submit an estimate computed in the same manner; and

(c) the average of the two closest estimates shall be considered the liquidation value.

(3) The resolution professional shall provide the liquidation value to the committee in electronic form.

36. **Information memorandum.**

(1) Subject to sub-regulation (4), the interim resolution professional or the resolution professional, as the case may be, shall submit an information memorandum in electronic form to each member of the committee and any potential resolution applicant containing:

(a) at least the matters listed in paragraphs (a) to (i) of sub-regulation (2), before its first meeting; and

(b) matters listed in paragraphs (j) to (l) of sub-regulation (2), within fourteen days of the first meeting.

(2) The information memorandum shall contain the following details of the corporate debtor:

(a) assets and liabilities, as on the insolvency commencement date, classified into appropriate categories for easy identification, with estimated values assigned to each category;

(b) the latest annual financial statements;

(c) audited financial statements of the corporate debtor for the last two financial years and provisional financial statements for the current financial year made up to a date not earlier than fourteen days from the date of the application;

(d) a list of creditors containing the names of creditors, the amounts claimed by them, the amount of their claims admitted and the security interest, if any, in respect of such claims;

(e) particulars of a debt due from or to the corporate debtor with respect to related parties;

(f) details of guarantees that have been given in relation to the debts of the corporate debtor by other persons, specifying which of the guarantors is a related party;

(g) the names and addresses of the members or partners holding at least one per cent stake in the corporate debtor along with the size of stake;

(h) details of all material litigation and an ongoing investigation or proceeding initiated by Government and statutory authorities;

(i) the number of workers and employees and liabilities of the corporate debtor towards them;

(j) the liquidation value;

(k) the liquidation value due to operational creditors; and

(l) other information, which the resolution professional deems relevant to the committee.
(3) A member of the committee may request the resolution professional for further information of the nature described in this Regulation and the resolution professional shall provide such information to all members within reasonable time if such information has a bearing on the resolution plan.

(4) The interim resolution professional or the resolution professional, as the case may be, shall share the information memorandum after receiving an undertaking from a member of the committee or a potential resolution applicant to the effect that such member or resolution applicant shall maintain confidentiality of the information and shall not use such information to cause an undue gain or undue loss to itself or any other person and comply with the requirements under section 29(2).

37. Resolution plan.

(1) A resolution plan may provide for the measures required for implementing it, including but not limited to the following-

(a) transfer of all or part of the assets of the corporate debtor to one or more persons;

(b) sale of all or part of the assets whether subject to any security interest or not;

(c) the substantial acquisition of shares of the corporate debtor, or the merger or consolidation of the corporate debtor with one or more persons;

(d) satisfaction or modification of any security interest;

(e) curing or waiving of any breach of the terms of any debt due from the corporate debtor;

(f) reduction in the amount payable to the creditors;

(g) extension of a maturity date or a change in interest rate or other terms of a debt due from the corporate debtor;

(h) amendment of the constitutional documents of the corporate debtor;

(i) issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests, or other appropriate purpose; and

(j) obtaining necessary approvals from the Central and State Governments and other authorities.

38. Mandatory contents of the resolution plan.

(1) A resolution plan shall identify specific sources of funds that will be used to pay the -

(a) insolvency resolution process costs and provide that the insolvency resolution process costs will be paid in priority to any other creditor;

(b) liquidation value due to operational creditors and provide for such payment in priority to any financial creditor which shall in any event be made before the expiry of thirty days after the approval of a resolution plan by the Adjudicating Authority; and

(c) liquidation value due to dissenting financial creditors and provide that such payment is made before any recoveries are made by the financial creditors who voted in favour of the resolution plan.

(2) A resolution plan shall provide:

(a) the term of the plan and its implementation schedule;

(b) the management and control of the business of the corporate debtor during its term; and

(c) adequate means for supervising its implementation.

39. Approval of resolution plan.

(1) A resolution applicant shall endeavour to submit a resolution plan prepared in accordance with the Code and these Regulations to the resolution professional, thirty days before expiry of the maximum period permitted under section 12 for the completion of the corporate insolvency resolution process.

(2) The resolution professional shall present all resolution plans that meet the requirements of the Code and these Regulations to the committee for its consideration.

(3) The committee may approve any resolution plan with such modifications as it deems fit.
The resolution professional shall submit the resolution plan approved by the committee to the Adjudicating Authority with the certification that:

(a) the contents of the resolution plan meet all the requirements of the Code and the Regulations; and
(b) the resolution plan has been approved by the committee.

The resolution professional shall forthwith send a copy of the order of the Adjudicating Authority approving or rejecting a resolution plan to the participants and the resolution applicant.

A provision in a resolution plan which would otherwise require the consent of the members or partners of the corporate debtor, as the case may be, under the terms of the constitutional documents of the corporate debtor, shareholders’ agreement, joint venture agreement or other document of a similar nature, shall take effect notwithstanding that such consent has not been obtained.

No proceedings shall be initiated against the interim resolution professional or the resolution professional, as the case may be, for any actions of the corporate debtor, prior to the insolvency commencement date.

A person in charge of the management or control of the business and operations of the corporate debtor after a resolution plan is approved by the Adjudicating Authority, may make an application to the Adjudicating Authority for an order seeking the assistance of the local district administration in implementing the terms of a resolution plan.

**Extension of the corporate insolvency resolution process period.**

The committee may instruct the resolution professional to make an application to the Adjudicating Authority under section 12 to extend the insolvency resolution process period.

The resolution professional shall, on receiving an instruction from the committee under this Regulation, make an application to the Adjudicating Authority for such extension.

### SCHEDULE

**FORM A**

**PUBLIC ANNOUNCEMENT**

*Under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016*

**FOR THE ATTENTION OF THE CREDITORS OF [Name of Corporate Debtor]**

<table>
<thead>
<tr>
<th>RELEVANT PARTICULARS</th>
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<tbody>
<tr>
<td><strong>1. NAME OF CORPORATE DEBTOR</strong></td>
<td></td>
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<tr>
<td><strong>2. DATE OF INCORPORATION OF CORPORATE DEBTOR</strong></td>
<td></td>
</tr>
<tr>
<td><strong>3. AUTHORITY UNDER WHICH CORPORATE DEBTOR IS INCORPORATED / REGISTERED</strong></td>
<td></td>
</tr>
<tr>
<td><strong>4. CORPORATE IDENTITY NUMBER / LIMITED LIABILITY IDENTIFICATION NUMBER OF CORPORATE DEBTOR</strong></td>
<td></td>
</tr>
<tr>
<td><strong>5. ADDRESS OF THE REGISTERED OFFICE AND PRINCIPAL OFFICE (IF ANY) OF CORPORATE DEBTOR</strong></td>
<td></td>
</tr>
<tr>
<td><strong>6. INSOLVENCY COMMENCEMENT DATE IN RESPECT OF CORPORATE DEBTOR</strong></td>
<td></td>
</tr>
<tr>
<td><strong>7. ESTIMATED DATE OF CLOSURE OF INSOLVENCY RESOLUTION PROCESS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>8. NAME, ADDRESS, EMAIL ADDRESS AND THE REGISTRATION NUMBER OF THE INTERIM RESOLUTION PROFESSIONAL</strong></td>
<td></td>
</tr>
<tr>
<td><strong>9. LAST DATE FOR SUBMISSION OF CLAIMS</strong></td>
<td></td>
</tr>
</tbody>
</table>

Notice is hereby given that the National Company Law Tribunal has ordered the commencement of a corporate insolvency resolution process against the [name of the corporate debtor] on [insolvency commencement date].

The creditors of [name of the corporate debtor], are hereby called upon to submit a proof of their claims on or before [insert the date falling fourteen days from the appointment of the interim resolution professional] to the interim resolution professional at the address mentioned against item 8.
The financial creditors shall submit their proof of claims by electronic means only. The operational creditors, including workmen and employees, may submit the proof of claims by in person, by post or electronic means.

Submission of false or misleading proofs of claim shall attract penalties.

Name and Signature of Interim Resolution Professional : 
Date and Place : 

SCHEDULE
FORM B
PROOF OF CLAIM BY OPERATIONAL CREDITORS EXCEPT WORKMEN AND EMPLOYEES
[Under Regulation 7 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016]

[Date]

To
The Interim Resolution Professional / Resolution Professional
[Name of the Insolvency Resolution Professional / Resolution Professional]
[Address as set out in public announcement]

From
[Name and address of the operational creditor]

Subject: Submission of proof of claim.

Madam/Sir,

[Name of the operational creditor], hereby submits this proof of claim in respect of the corporate insolvency resolution process in the case of [name of corporate debtor]. The details for the same are set out below:

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NAME OF OPERATIONAL CREDITOR</td>
</tr>
<tr>
<td>2.</td>
<td>IDENTIFICATION NUMBER OF OPERATIONAL CREDITOR (IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION. IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS OF ALL THE PARTNERS OR THE INDIVIDUAL)</td>
</tr>
<tr>
<td>3.</td>
<td>ADDRESS AND EMAIL ADDRESS OF OPERATIONAL CREDITOR FOR CORRESPONDENCE</td>
</tr>
<tr>
<td>4.</td>
<td>TOTAL AMOUNT OF CLAIM (INCLUDING ANY INTEREST AS AT THE INSOLVENCY COMMENCEMENT DATE)</td>
</tr>
<tr>
<td>5.</td>
<td>DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED</td>
</tr>
<tr>
<td>6.</td>
<td>DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OR ORDER OF SUIT OR ARBITRATION PROCEEDINGS</td>
</tr>
<tr>
<td>7.</td>
<td>DETAILS OF HOW AND WHEN DEBT INCURRED</td>
</tr>
<tr>
<td>8.</td>
<td>DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE</td>
</tr>
</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
**PARTICULARS**

| 9. | DETAILS OF ANY RETENTION OF TITLE ARRANGEMENTS IN RESPECT OF GOODS OR PROPERTIES TO WHICH THE CLAIM REFERS |
| 10. | DETAILS OF THE BANK ACCOUNT TO WHICH THE AMOUNT OF THE CLAIM OR ANY PART THEREOF CAN BE TRANSFERRED PURSUANT TO A RESOLUTION PLAN |
| 11. | LIST OF DOCUMENTS ATTACHED TO THIS PROOF OF CLAIM IN ORDER TO PROVE THE EXISTENCE AND NON-PAYMENT OF CLAIM DUE TO THE OPERATIONAL CREDITOR |

Signature of operational creditor or person authorised to act on his behalf

*Please enclose the authority if this is being submitted on behalf of an operational creditor*

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN number, passport, AADHAAR Card or the identity card issued by the Election Commission of India

**AFFIDAVIT**

1. [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1.  
   [Name of corporate debtor], the corporate debtor was, at the insolvency commencement date, being the ________ day of ________ 20__, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

2.  
   In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   *Please list the documents relied on as evidence of claim*

3.  
   The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4.  
   In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   *Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.*

Solemnly, affirmed at [insert place] on _________________ day, the __________day of__________ 20____

Before me,

Notary / Oath Commissioner

Deponent’s signature
VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to __ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ____ 201__

Deponent’s signature

SCHEDULE

FORM C

PROOF OF CLAIM BY FINANCIAL CREDITORS

[Under Regulation 8 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016]

To 
The Interim Resolution Professional / Resolution Professional,
[Name of the Insolvency Resolution Professional / Resolution Professional]
[Address as set out in public announcement]

From

[Name and address of the registered office and principal office of the financial creditor]

Subject: Submission of proof of claim.

Madam/Sir,

[Name of the financial creditor], hereby submits this proof of claim in respect of the corporate insolvency resolution process in the case of [name of corporate debtor]. The details for the same are set out below:

<table>
<thead>
<tr>
<th>PARTICULARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NAME OF FINANCIAL CREDITOR</td>
</tr>
<tr>
<td>2. IDENTIFICATION NUMBER OF FINANCIAL CREDITOR (IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION. IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS* OF ALL THE PARTNERS OR THE INDIVIDUAL)</td>
</tr>
<tr>
<td>3. ADDRESS AND EMAIL ADDRESS OF FINANCIAL CREDITOR FOR CORRESPONDENCE.</td>
</tr>
<tr>
<td>4. TOTAL AMOUNT OF CLAIM INCLUDING ANY INTEREST AS AT THE INSOLVENCY COMMENCEMENT DATE)</td>
</tr>
<tr>
<td>5. DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED</td>
</tr>
<tr>
<td>6. DETAILS OF HOW AND WHEN DEBT INCURRED</td>
</tr>
<tr>
<td>7. DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE DEBTOR AND THE CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM</td>
</tr>
</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
| PARTICULARS |
|-----------------|-------------------|
| 8. DETAILS OF ANY SECURITY HELD, THE VALUE OF THE SECURITY, AND THE DATE IT WAS GIVEN |
| 9. DETAILS OF THE BANK ACCOUNT TO WHICH THE AMOUNT OF THE CLAIM OR ANY PART THEREOF CAN BE TRANSFERRED PURSUANT TO A RESOLUTION PLAN |
| 10. LIST OF DOCUMENTS ATTACHED TO THIS PROOF OF CLAIM IN ORDER TO PROVE THE EXISTENCE AND NON-PAYMENT OF CLAIM DUE TO THE OPERATIONAL CREDITOR |

Signature of financial creditor or person authorised to act on his behalf

[Please enclose the authority if this is being submitted on behalf of an operational creditor]

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN number, passport, AADHAAR Card or the identity card issued by the Election Commission of India.

AFFIDAVIT

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1. [Name of corporate debtor], the corporate debtor was, at the insolvency commencement date, being the _________ day of __________ 20____, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of claim]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]

Solemnly, affirmed at [insert place] on _________________ day, the __________day of__________ 20_____ before me,

Notary/Oath Commissioner

Deponent's signature

VERIFICATION

I, the Deponent hereinafore, do hereby verify and affirm that the contents of paragraph ___ to ___ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at _____ on this _____ day of ___ 201__

Deponent's signature
FORM D

PROOF OF CLAIM BY A WORKMAN OR AN EMPLOYEE

[Under Regulation 9 of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016]

[Date]

To
The Interim Resolution Professional / Resolution Professional
[Name of the Insolvency Resolution Professional / Resolution Professional]
[Address as set out in public announcement]

From

[Name and address of the workman / employee]

Subject: Submission of proof of claim.

Madam/Sir,

[Name of the workman / employee], hereby submits this proof of claim in respect of the corporate insolvency resolution process in the case of [name of corporate debtor]. The details for the same are set out below:

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NAME OF WORKMAN / EMPLOYEE</td>
<td></td>
</tr>
<tr>
<td>2. PAN NUMBER, PASSPORT, THE IDENTITY CARD ISSUED BY THE ELECTION COMMISSION OF INDIA OR AADHAAR CARD OF WORKMAN / EMPLOYEE</td>
<td></td>
</tr>
<tr>
<td>3. ADDRESS AND EMAIL ADDRESS (IF ANY) OF WORKMAN / EMPLOYEE FOR CORRESPONDENCE</td>
<td></td>
</tr>
<tr>
<td>4. TOTAL AMOUNT OF CLAIM (INCLUDING ANY INTEREST AS AT THE INSOLVENCY COMMENCEMENT DATE)</td>
<td></td>
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<tr>
<td>5. DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE CLAIM CAN BE SUBSTANTIATED.</td>
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<tr>
<td>6. DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OR ORDER OF SUIT OR ARBITRATION PROCEEDINGS</td>
<td></td>
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<tr>
<td>7. DETAILS OF HOW AND WHEN CLAIM AROSE</td>
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</tr>
<tr>
<td>8. DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE DEBTOR AND THE CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM</td>
<td></td>
</tr>
<tr>
<td>9. DETAILS OF THE BANK ACCOUNT TO WHICH THE AMOUNT OF THE CLAIM OR ANY PART THEREOF CAN BE TRANSFERRED PURSUANT TO A RESOLUTION PLAN</td>
<td></td>
</tr>
<tr>
<td>10. LIST OF DOCUMENTS ATTACHED TO THIS PROOF OF CLAIM IN ORDER TO PROVE THE EXISTENCE AND NON-PAYMENT OF CLAIM DUE TO THE OPERATIONAL CREDITOR</td>
<td></td>
</tr>
</tbody>
</table>

Signature of workman / employee or person authorised to act on his behalf

[Please enclose the authority if this is being submitted on behalf of an operational creditor]

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
AFFIDAVIT

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1. [Name of corporate debtor], the corporate debtor was, at the insolvency commencement date, being the _________ day of _________ 20__, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of claim]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]

Solemnly, affirmed at [insert place] on _________________ day, the __________day of__________ 20____

Before me,

Notary/Oath Commissioner

Deponent's signature

VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ____ 201__

Deponent's signature

SCHEDULE

FORM E

PROOF OF CLAIM SUBMITTED BY AUTHORISED REPRESENTATIVE OF WORKMEN AND EMPLOYEES

(Under Regulation 9 of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016)

[Date]

To
The Interim Resolution Professional / Resolution Professional,
[Name of the Insolvency Resolution Professional / Resolution Professional]
[Address as set out in public announcement]

From

[Name and address of the duly authorised representative of the workmen / employees]

Subject: Submission of proofs of claim.

Madam/Sir,

I, [name of authorised representative of the workmen / employees], currently residing at [address of authorised representative of the workmen / employees], on behalf of the workmen and employees employed by the above named corporate debtor and listed in Annexure A, solemnly affirm and say:
1. That the above named corporate debtor was, at the insolvency commencement date, being the ________ day of ________ 20___, justly truly indebted to the several persons whose names, addresses, and descriptions appear in the Annexure A below in amounts severally set against their names in such Annexure A for wages, remuneration and other amounts due to them respectively as workmen or/and employees in the employment of the corporate debtor in respect of services rendered by them respectively to the corporate debtor during such periods as are set out against their respective names in the said Annexure A.

2. That for which said sums or any part thereof, they have not, nor has any of them, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]

Deponent

ANNEXURE

1. Details of Employees/Workmen

<table>
<thead>
<tr>
<th>S. NO.</th>
<th>NAME OF EMPLOYEE/ WORKMAN</th>
<th>IDENTIFICATION NUMBER (PAN NUMBER, PASSPORT OR AADHAAR CARD)</th>
<th>TOTAL AMOUNT DUE (Rs.)</th>
<th>PERIOD OVER WHICH AMOUNT DUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<td>3.</td>
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<tr>
<td>4.</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Particulars of how debt was incurred by the corporate debtor, including particulars of any dispute as well as the record of pendency of suit or arbitration proceedings (if any).

3. Particulars of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.

ATTACHMENTS:

(a) Documents relied as evidence as proof of debt and as proofs of non-payment of debt.

(b) Affidavit in the form set out in this Form E.

AFFIDAVIT

[PLEASE SUBMIT IF APPLICATION SUBMITTED BY AUTHORISED REPRESENTATIVE ON BEHALF OF WORKMEN / EMPLOYEES]

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1. [Name of corporate debtor], the corporate debtor was, at the insolvency commencement date, being the ________ day of ________ 20___, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

[Please list the documents relied on as evidence of claim]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]
Solemnly, affirmed at [insert place] on ____________ day, the __________ day of __________ 20____

Before me,

Notary/Oath Commissioner

Deponent’s signature

VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ____ 201__

Deponent’s signature

Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./326/16(482)]
G.S.R. 1108(E).—In exercise of the powers conferred by clauses (c), (d), (e) and (f) of sub-section (1) of section 239 read with sections 7, 8, 9 and 10 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Central Government hereby makes the following Rules, namely—

1. Short title and commencement.—(1) These rules may be called the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

(2) They shall come into force from the 1st day of December, 2016.

2. Application.—These Rules shall apply to matters relating to the corporate insolvency resolution process.

3. Definitions.—(1) In these Rules, unless the context otherwise requires,—

(a) “Code” means the Insolvency and Bankruptcy Code, 2016 (31 of 2016);

(b) “corporate insolvency resolution process” means the insolvency resolution process for corporate persons under Chapter II of Part II of the Code;

(c) “credit information company” shall have the meaning as assigned to it under the Credit Information Companies (Regulation) Act, 2005 (30 of 2005);

(d) “financial contract” means a contract between a corporate debtor and a financial creditor setting out the terms of the financial debt, including the tenure of the debt, interest payable and date of repayment;

(e) “Form” means a Form appended to these rules;

(f) “identification number” means the limited liability partnership identification number or the corporate identity number, as the case may be, of the corporate person;

(g) “Schedule” means the Schedule appended to these rules.

(2) All the words and expressions used herein and not defined shall have the meanings respectively assigned to them under the Code.

4. Application by financial creditor.—(1) A financial creditor, either by itself or jointly, shall make an application for initiating the corporate insolvency resolution process against a corporate debtor under section 7 of the Code in Form 1, accompanied with documents and records required therein and as specified in the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

(2) Where the applicant under sub-rule (1) is an assignee or transferee of a financial contract, the application shall be accompanied with a copy of the assignment or transfer agreement and other relevant documentation to demonstrate the assignment or transfer.

(3) The applicant shall dispatch forthwith, a copy of the application filed with the Adjudicating Authority, by registered post or speed post to the registered office of the corporate debtor.
5. Demand notice by operational creditor.—(1) An operational creditor shall deliver to the corporate debtor, the following documents, namely—
   (a) a demand notice in Form 3; or
   (b) a copy of an invoice attached with a notice in Form 4.

   (2) The demand notice or the copy of the invoice demanding payment referred to in sub-section (2) of section 8 of the Code, may be delivered to the corporate debtor,
   (a) at the registered office by hand, registered post or speed post with acknowledgement due; or
   (b) by electronic mail service to a whole time director or designated partner or key managerial personnel, if any, of the corporate debtor.

   (3) A copy of demand notice or invoice demanding payment served under this rule by an operational creditor shall also be filed with an information utility, if any.

6. Application by operational creditor.—(1) An operational creditor, shall make an application for initiating the corporate insolvency resolution process against a corporate debtor under section 9 of the Code in Form 5, accompanied with documents and records required therein and as specified in the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

   (2) The applicant under sub-rule (1) shall dispatch forthwith, a copy of the application filed with the Adjudicating Authority, by registered post or speed post to the registered office of the corporate debtor.

7. Application by corporate applicant.—(1) A corporate applicant, shall make an application for initiating the corporate insolvency resolution process against a corporate debtor under section 10 of the Code in Form 6, accompanied with documents and records required therein and as specified in the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

   (2) The applicant under sub-rule(1) shall dispatch forthwith, a copy of the application filed with the Adjudicating Authority, by registered post or speed post to the registered office of the corporate debtor.

8. Withdrawal of application.—The Adjudicating Authority may permit withdrawal of the application made under rules 4, 6 or 7, as the case may be, on a request made by the applicant before its admission.

9. Interim resolution professional.—(1) The applicant, wherever he is required to propose or proposes to appoint an insolvency resolution professional, shall obtain a written communication in Form 2 from the insolvency professional for appointment as an interim resolution professional and enclose it with the application made under rules 4, 6 or 7, as the case may be.

   (2) The application under sub-rule (1) shall be accompanied by a certificate confirming the eligibility of the proposed insolvency professional for appointment as a resolution professional in accordance with the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

10. Filing of application and application fee.—(1) Till such time the rules of procedure for conduct of proceedings under the Code are notified, the application made under sub-section (1) of section 7, sub-section (1) of section 9 or sub-section (1) of section 10 of the Code shall be filed before the Adjudicating Authority in accordance with rules 20, 21, 22, 23, 24 and 26 of Part III of the National Company Law Tribunal Rules, 2016.

   (2) An applicant under these rules shall immediately after becoming aware, notify the Adjudicating Authority of any winding-up petition presented against the corporate debtor.

   (3) The application shall be accompanied by such fee as specified in the Schedule.

   (4) The application and accompanying documents shall be filed in electronic form, as and when such facility is made available and as prescribed by the Adjudicating Authority:

       Provided that till such facility is made available, the applicant may submit the accompanying documents, and wherever they are bulky, in electronic form, in scanned, legible portable document format in a data storage device such as a compact disc or a USB flash drive acceptable to the Adjudicating Authority.
Form 1
(See sub-rule (1) of rule 4)
APPLICATION BY FINANCIAL CREDITOR(S) TO INITIATE CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER THE CODE.
(Under section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

To,
The National Company Law Tribunal
[Address]

From,
[Names and addresses of the registered offices of the financial creditors]

In the matter of [name of the corporate debtor]

Subject: Application to initiate corporate insolvency resolution process in the matter of [name of the corporate debtor] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Names of the financial creditor(s)], hereby submit this application to initiate a corporate insolvency resolution process in the matter of [name of corporate debtor]. The details for the purpose of this application are set out below:

### Part-I

**PARTICULARS OF APPLICANT (PLEASE PROVIDE FOR EACH FINANCIAL CREDITOR MAKING THE APPLICATION)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>NAME OF FINANCIAL CREDITOR</strong></td>
</tr>
<tr>
<td>2.</td>
<td><strong>DATE OF INCORPORATION OF FINANCIAL CREDITOR</strong></td>
</tr>
<tr>
<td>3.</td>
<td><strong>IDENTIFICATION NUMBER OF FINANCIAL CREDITOR</strong></td>
</tr>
<tr>
<td>4.</td>
<td><strong>ADDRESS OF THE REGISTERED OFFICE OF THE FINANCIAL CREDITOR</strong></td>
</tr>
<tr>
<td>5.</td>
<td><strong>NAME AND ADDRESS OF THE PERSON AUTHORISED TO SUBMIT APPLICATION ON ITS BEHALF</strong> (ENCLOSE AUTHORISATION)</td>
</tr>
<tr>
<td>6.</td>
<td><strong>NAME AND ADDRESS OF PERSON RESIDENT IN INDIA AUTHORISED TO ACCEPT THE SERVICE OF PROCESS ON ITS BEHALF</strong> (ENCLOSE AUTHORISATION)</td>
</tr>
</tbody>
</table>

### Part-II

**PARTICULARS OF THE CORPORATE DEBTOR**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>NAME OF THE CORPORATE DEBTOR</strong></td>
</tr>
<tr>
<td>2.</td>
<td><strong>IDENTIFICATION NUMBER OF CORPORATE DEBTOR</strong></td>
</tr>
<tr>
<td>3.</td>
<td><strong>DATE OF INCORPORATION OF CORPORATE DEBTOR</strong></td>
</tr>
<tr>
<td>4.</td>
<td><strong>NOMINAL SHARE CAPITAL AND THE PAID-UP SHARE CAPITAL OF THE CORPORATE DEBTOR AND/OR DETAILS OF GUARANTEE CLAUSE AS PER</strong></td>
</tr>
</tbody>
</table>
**Part-III**

**PARTICULARS OF THE PROPOSED INTERIM RESOLUTION PROFESSIONAL**

1. NAME, ADDRESS, EMAIL ADDRESS AND THE REGISTRATION NUMBER OF THE PROPOSED INTERIM RESOLUTION PROFESSIONAL.

**Part - IV**

**PARTICULARS OF FINANCIAL DEBT**

1. TOTAL AMOUNT OF DEBT GRANTED
   DATE(S) OF DISBURSEMENT

2. AMOUNT CLAIMED TO BE IN DEFAULT AND THE DATE ON WHICH THE DEFAULT OCCURRED
   (ATTACH THE WORKINGS FOR COMPUTATION OF AMOUNT AND DAYS OF DEFAULT IN TABULAR FORM)

**Part-V**

**PARTICULARS OF FINANCIAL DEBT [DOCUMENTS, RECORDS AND EVIDENCE OF DEFAULT]**

1. PARTICULARS OF SECURITY HELD, IF ANY, THE DATE OF ITS CREATION, ITS ESTIMATED VALUE AS PER THE CREDITOR.
   ATTACH A COPY OF A CERTIFICATE OF REGISTRATION OF CHARGE ISSUED BY THE REGISTRAR OF COMPANIES (IF THE CORPORATE DEBTOR IS A COMPANY)

2. PARTICULARS OF AN ORDER OF A COURT, TRIBUNAL OR ARBITRAL PANEL ADJUDICATING ON THE DEFAULT, IF ANY
   (ATTACH A COPY OF THE ORDER)

3. RECORD OF DEFAULT WITH THE INFORMATION UTILITY, IF ANY
   (ATTACH A COPY OF SUCH RECORD)

4. DETAILS OF SUCCESSION CERTIFICATE, OR PROBATE OF A WILL, OR LETTER OF ADMINISTRATION, OR COURT DECREE (AS MAY BE APPLICABLE), UNDER THE INDIAN SUCCESSION ACT, 1925 (10 OF 1925)
   (ATTACH A COPY)

5. THE LATEST AND COMPLETE COPY OF THE FINANCIAL CONTRACT REFLECTING ALL AMENDMENTS AND WAIVERS TO DATE
   (ATTACH A COPY)

6. A RECORD OF DEFAULT AS AVAILABLE WITH ANY CREDIT INFORMATION COMPANY
   (ATTACH A COPY)

7. COPIES OF ENTRIES IN A BANKERS BOOK IN ACCORDANCE WITH THE BANKERS BOOKS EVIDENCE ACT, 1891 (18 OF 1891)
   (ATTACH A COPY)

8. LIST OF OTHER DOCUMENTS ATTACHED TO THIS APPLICATION IN ORDER TO PROVE THE EXISTENCE OF FINANCIAL DEBT, THE AMOUNT AND DATE OF DEFAULT

I, hereby certify that, to the best of my knowledge, [name of proposed insolvency professional], is fully qualified and permitted to act as an insolvency professional in accordance with the Insolvency and Bankruptcy Code, 2016 and the associated rules and regulations.

[Name of the financial creditor] has paid the requisite fee for this application through [state means of payment] on [date].

Yours sincerely,
Instructions

Please attach the following to this application:

- **Annex I**: Copies of all documents referred to in this application.
- **Annex II**: Written communication by the proposed interim resolution professional as set out in Form 2.
- **Annex III**: Proof that the specified application fee has been paid.
- **Annex IV**: Where the application is made jointly, the particulars specified in this form shall be furnished in respect of all the joint applicants along with a copy of authorisation to the financial creditor to file and act on this application on behalf of all the applicants.

**FORM 2**

(See sub-rule (1) of rule 9)

(Under rule 9 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

**WRITTEN COMMUNICATION BY PROPOSED INTERIM RESOLUTION PROFESSIONAL**

[Date]

To,

The National Company Law Tribunal

[Address]

From,

[Name and address of the registered office of the proposed interim resolution professional]

In the matter of [name of the corporate debtor]

Subject: Written communication in connection with an application to initiate corporate insolvency resolution process in respect of [name of the corporate debtor]

Madam/Sir,

I, [name of proposed interim resolution professional], an insolvency professional registered with [name of insolvency professional agency] having registration number [registration number] have been proposed as the interim resolution professional by [name of applicant financial creditor] in connection with the proposed corporate insolvency resolution process of [name of the corporate debtor].

In accordance with rule 9 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, I hereby:

(i) agree to accept appointment as the interim resolution professional if an order admitting the present application is passed;

(ii) state that the registration number allotted to me by the Board is [insert registration number] and that I am currently qualified to practice as an insolvency professional;

(iii) disclose that I am currently serving as an interim resolution professional / resolution professional / liquidator in [insert number of proceedings] proceedings;

(iv) certify that there are no disciplinary proceedings pending against me with the Board or [name of the insolvency professional agency he is a member of];

(v) affirm that I am eligible to be appointed as a resolution professional in respect of the corporate debtor in accordance with the provisions of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
(vi) make the following disclosures in accordance with the code of conduct for insolvency professionals as set out in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016;

(Signature of the insolvency professional)

(Name in block letters)

(Name of insolvency professional entity, if applicable)

[Optional certification, if required by the applicant making an application under these Rules]

I, hereby, certify that the facts averred by the applicant in the present application are true, accurate and complete and a default has occurred in respect of the relevant corporate debtor. I have reached this conclusion based on the following facts and/or opinion:-

[Please give details].

(Signature of the insolvency professional)

(Name in block letters)

(Name of insolvency professional entity, if applicable)

FORM 3

(See clause (a) of sub-rule (1) of rule 5)

FORM OF DEMAND NOTICE / INVOICE DEMANDING PAYMENT UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

(Under rule 5 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

[Date]

To,

[Name and address of the registered office of the corporate debtor]

From,

[Name and address of the registered office of the operational creditor]

Subject: Demand notice/invoice demanding payment in respect of unpaid operational debt due from [corporate debtor] under the Code.

Madam/Sir,

1. This letter is a demand notice/invoice demanding payment of an unpaid operational debt due from [name of corporate debtor].

2. Please find particulars of the unpaid operational debt below:

<table>
<thead>
<tr>
<th>PARTICULARS OF OPERATIONAL DEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>TOTAL AMOUNT OF DEBT,</strong></td>
</tr>
<tr>
<td><strong>DETAILS OF TRANSACTIONS ON ACCOUNT OF WHICH DEBT FELL DUE,</strong></td>
</tr>
<tr>
<td><strong>AND THE DATE FROM WHICH SUCH DEBT FELL DUE</strong></td>
</tr>
</tbody>
</table>

| 2. **AMOUNT CLAIMED TO BE IN DEFAULT AND THE DATE ON WHICH THE DEFAULT OCCURRED** |
| **(ATTACH THE WORKINGS FOR COMPUTATION OF DEFAULT IN TABULAR FORM)** |

| 3. **PARTICULARS OF SECURITY HELD, IF ANY, THE DATE OF ITS CREATION,** |
| **ITS ESTIMATED VALUE AS PER THE CREDITOR.** |
| **ATTACH A COPY OF A CERTIFICATE OF REGISTRATION OF CHARGE ISSUED BY THE REGISTRAR OF COMPANIES (IF THE CORPORATE DEBTOR IS A COMPANY)** |

| 4. **DETAILS OF RETENTION OF TITLE ARRANGEMENTS (IF ANY) IN RESPECT OF GOODS TO WHICH THE OPERATIONAL DEBT REFERS** |

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
5. **Record of Default with the Information Utility (if any)**

6. **Provision of Law, Contract or Other Document Under Which Debt Has Become Due**

7. **List of Documents Attached to This Application in Order to Prove the Existence of Operational Debt and the Amount in Default**

3. If you dispute the existence or amount of unpaid operational debt (in default) please provide the undersigned, within ten days of the receipt of this letter, of the pendency of the suit or arbitration proceedings in relation to such dispute filed before the receipt of this letter/notice.

4. If you believe that the debt has been repaid before the receipt of this letter, please demonstrate such repayment by sending to us, within ten days of receipt of this letter, the following:
   (a) an attested copy of the record of electronic transfer of the unpaid amount from the bank account of the corporate debtor; or
   (b) an attested copy of any record that [name of the operational creditor] has received the payment.

5. The undersigned, hereby, attaches a certificate from an information utility confirming that no record of a dispute raised in relation to the relevant operational debt has been filed by any person at any information utility. (if applicable)

6. The undersigned request you to unconditionally repay the unpaid operational debt (in default) in full within ten days from the receipt of this letter failing which we shall initiate a corporate insolvency resolution process in respect of [name of corporate debtor].

Yours sincerely,

Signature of person authorised to act on behalf of the operational creditor

Name in block letters

Position with or in relation to the operational creditor

Address of person signing

---

Instructions

1. Please serve a copy of this form on the corporate debtor, ten days in advance of filing an application under section 9 of the Code.

2. Please append a copy of such served notice to the application made by the operational creditor to the Adjudicating Authority.

**Form 4**

(See clause (b) of sub-rule(1) of rule 5)

**FORM OF NOTICE WITH WHICH INVOICE DEMANDING PAYMENT IS TO BE ATTACHED**

(Under Rule 5 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

[Date]

To,
[Name and address of registered office of the corporate debtor]

From,
[Name and address of the operational creditor]

Subject: Notice attached to invoice demanding payment

Madam/Sir,

[Name of operational creditor], hereby provides notice for repayment of the unpaid amount of INR [insert amount] that is in default as reflected in the invoice attached to this notice.

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
In the event you do not repay the debt due to us within ten days of receipt of this notice, we may file an application before the Adjudicating Authority for initiating a corporate insolvency resolution process under section 9 of the Code.

Yours sincerely,

Signature of person authorised to act on behalf of the operational creditor
Name in block letters
Position with or in relation to the operational creditor
Address of person signing

Form 5
(See sub-rule (1) of rule 6)
APPLICATION BY OPERATIONAL CREDITOR TO INITIATE CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER THE CODE.
(Under rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

[Date]

To,
The National Company Law Tribunal
[Address]

From,

[Name and address for correspondence of the operational creditor]

In the matter of [name of the corporate debtor]

Subject: Application to initiate corporate insolvency resolution process in respect of [name of the corporate debtor] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the operational creditor], hereby submits this application to initiate a corporate insolvency resolution process in the case of [name of corporate debtor]. The details for the purpose of this application are set out below:

Part - I

<table>
<thead>
<tr>
<th>PARTICULARS OF APPLICANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NAME OF OPERATIONAL CREDITOR</td>
</tr>
<tr>
<td>2. IDENTIFICATION NUMBER OF OPERATIONAL CREDITOR (IF ANY)</td>
</tr>
<tr>
<td>3. ADDRESS FOR CORRESPONDENCE OF THE OPERATIONAL CREDITOR</td>
</tr>
</tbody>
</table>

Part - II

<table>
<thead>
<tr>
<th>PARTICULARS OF CORPORATE DEBTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NAME OF THE CORPORATE DEBTOR</td>
</tr>
<tr>
<td>2. IDENTIFICATION NUMBER OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>3. DATE OF INCORPORATION OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>4. NOMINAL SHARE CAPITAL AND THE PAID-UP SHARE CAPITAL OF THE CORPORATE DEBTOR AND/OR DETAILS OF GUARANTEE CLAUSE AS PER MEMORANDUM OF ASSOCIATION (AS APPLICABLE)</td>
</tr>
<tr>
<td>5. ADDRESS OF THE REGISTERED OFFICE OF THE CORPORATE DEBTOR</td>
</tr>
<tr>
<td>6. NAME, ADDRESS AND AUTHORITY OF PERSON SUBMITTING APPLICATION ON BEHALF OF</td>
</tr>
</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
<table>
<thead>
<tr>
<th>OPERATIONAL CREDITOR</th>
<th>ENCLOSE AUTHORISATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME AND ADDRESS OF PERSON RESIDENT IN</td>
<td></td>
</tr>
<tr>
<td>INDIA AUTHORISED TO ACCEPT THE SERVICE</td>
<td></td>
</tr>
<tr>
<td>OF PROCESS ON ITS BEHALF</td>
<td></td>
</tr>
<tr>
<td>ENCLOSE AUTHORISATION</td>
<td></td>
</tr>
</tbody>
</table>

**Part-III**

**PARTICULARS OF THE PROPOSED INTERIM RESOLUTION PROFESSIONAL [IF PROPOSED]**

| 1. | NAME, ADDRESS, EMAIL ADDRESS AND THE REGISTRATION NUMBER OF THE PROPOSED INSOLVENCY PROFESSIONAL |

**Part-IV**

**PARTICULARS OF OPERATIONAL DEBT**

| 1. | TOTAL AMOUNT OF DEBT, DETAILS OF TRANSACTIONS ON ACCOUNT OF WHICH DEBT FELL DUE, AND THE DATE FROM WHICH SUCH DEBT FELL DUE |
| 2. | AMOUNT CLAIMED TO BE IN DEFAULT AND THE DATE ON WHICH THE DEFAULT OCCURRED (ATTACH THE WORKINGS FOR COMputation OF AMOUNT AND DATES OF DEFAULT IN TABULAR FORM) |

**Part-V**

**PARTICULARS OF OPERATIONAL DEBT [DOCUMENTS, RECORDS AND EVIDENCE OF DEFAULT]**

| 1. | PARTICULARS OF SECURITY HELD, IF ANY, THE DATE OF ITS CREATION, ITS ESTIMATED VALUE AS PER THE CREDITOR. ATTACH A COPY OF A CERTIFICATE OF REGISTRATION OF CHARGE ISSUED BY THE REGISTRAR OF COMPANIES (IF THE CORPORATE DEBTOR IS A COMPANY) |
| 2. | DETAILS OF RESERVATION / RETENTION OF TITLE ARRANGEMENTS (IF ANY) IN RESPECT OF GOODS TO WHICH THE OPERATIONAL DEBT REFERS |
| 3. | PARTICULARS OF AN ORDER OF A COURT, TRIBUNAL OR ARBITRAL PANEL ADJUDICATING ON THE DEFAULT, IF ANY (ATTACH A COPY OF THE ORDER) |
| 4. | RECORD OF DEFAULT WITH THE INFORMATION UTILITY, IF ANY (ATTACH A COPY OF SUCH RECORD) |
| 5. | DETAILS OF SUCCESSION CERTIFICATE, OR PROBATE OF A WILL, OR LETTER OF ADMINISTRATION, OR COURT DECREES (AS MAY BE APPLICABLE), UNDER THE INDIAN SUCCESSION ACT, 1925 (10 OF 1925) (ATTACH A COPY) |
| 6. | PROVISION OF LAW, CONTRACT OR OTHER DOCUMENT UNDER WHICH OPERATIONAL DEBT HAS BECOME DUE |
| 7. | A STATEMENT OF BANK ACCOUNT WHERE DEPOSITS ARE MADE OR CREDITS RECEIVED NORMALLY BY THE OPERATIONAL CREDITOR IN RESPECT OF THE DEBT OF THE CORPORATE DEBTOR (ATTACH A COPY) |
| 8. | LIST OF OTHER DOCUMENTS ATTACHED TO THIS APPLICATION IN ORDER TO PROVE THE EXISTENCE OF OPERATIONAL DEBT AND THE AMOUNT IN DEFAULT |

I, [Name of the operational creditor / person authorised to act on behalf of the operational creditor] hereby certify that, to the best of my knowledge, [name of proposed insolvency professional], is fully qualified and permitted to act as an insolvency professional in accordance with the Code and the rules and regulations made thereunder. [WHERE APPLICABLE]

[Name of the operational creditor] has paid the requisite fee for this application through [state means of payment] on [date].

Yours sincerely,

Signature of person authorised to act on behalf of the operational creditor

Name in block letters

Position with or in relation to the operational creditor

Address of person signing
Instructions

Please attach the following to this application:

Annex I Copy of the invoice / demand notice as in Form 3 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 served on the corporate debtor.

Annex II Copies of all documents referred to in this application.

Annex III Copy of the relevant accounts from the banks/financial institutions maintaining accounts of the operational creditor confirming that there is no payment of the relevant unpaid operational debt by the operational debtor, if available.

Annex IV Affidavit in support of the application in accordance with the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

Annex V Written communication by the proposed interim resolution professional as set out in Form 2 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. [WHERE APPLICABLE]

Annex VI Proof that the specified application fee has been paid.

Note: Where workmen/employees are operational creditors, the application may be made either in an individual capacity or in a joint capacity by one of them who is duly authorised for the purpose.

Form 6
(See sub-rule(1) of rule 7)

APPLICATION BY CORPORATION APPLICANT TO INITIATE CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER THE CODE.
(Under rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

[Date]

To,

The National Company Law Tribunal

[Address]

From,

[Name and address for correspondence of the corporate applicant]

In the matter of [name of the corporate debtor]

Subject: Application to initiate corporate insolvency resolution process in respect of [name of the corporate debtor] under the Code.

Madam/Sir,

We, hereby submit this application to initiate a corporate insolvency resolution process in respect of [name of corporate debtor]. The details for the purpose of this application are set out below:

Part-I

<table>
<thead>
<tr>
<th>PARTICULARS OF THE CORPORATE APPLICANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NAME ADDRESS, EMAIL ADDRESS, IDENTIFICATION NUMBER AND ADDRESS FOR COMMUNICATION OF THE CORPORATE APPLICANT</td>
</tr>
<tr>
<td>2. NAME ADDRESS, EMAIL ADDRESS, IDENTIFICATION NUMBER AND ADDRESS OF THE REGISTERED OFFICE OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>3. NAMES AND ADDRESSES OF ALL DIRECTORS, PROMOTERS, DESIGNATED PARTNERS OF THE CORPORATE DEBTOR (AS APPLICABLE)</td>
</tr>
<tr>
<td>4. DATE OF INCORPORATION OF CORPORATE DEBTOR</td>
</tr>
</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
5. **Nominal share capital and the paid-up share capital of the corporate debtor and/or details of guarantee clause as per memorandum of association (as applicable)**

6. **Name, address and authority of person submitting application on behalf of corporate applicant (enclose authorisation)**

7. **Name and address of person resident in India authorised to accept the service of process on its behalf (enclose authorisation)**

8. **Documentation to show that the corporate applicant is authorised to initiate the corporate insolvency resolution process**

### Part - II

**Particulars of proposed interim resolution professional**

1. **Name, address, email address and the registration number of the proposed interim resolution professional**

### Part - III

**Particulars of financial / operational debt [creditor wise, as applicable]**

1. **Name(s) of financial / operational creditor(s)**

2. **Address of correspondence of the financial / operational creditor(s)**

3. **Total debt raised and amount in default**

4. **Date when the financial / operational debt was incurred**

5. **Particulars of security held, if any, the date of its creation, its estimated value as per the creditor. Attach a copy of a certificate of registration of charge issued by the registrar of companies (if the corporate debtor is a company)**

6. **Details of retention of title arrangements (if any) in respect of goods to which the operational debt refers**

7. **Record of default with the information utility, if any**

8. **List of documents attached to this application in order to prove the existence of financial / operational debt and the amount in default**

I, certify that, to the best of my knowledge, [name of proposed insolvency professional], is fully qualified and permitted to act as an insolvency professional in accordance with the Code and the associated rules and regulations.

[Name of the corporate applicant] has paid the requisite fee for this application through [state means of payment] on [date].

Yours sincerely,

Signature of person authorised to act on behalf of the corporate applicant

Name in block letters

Position with or in relation to the corporate applicant

Address of person signing
Instructions

Please attach the following to this application:

Annex I In case of financial debt, record of default obtained through the information utility or all documents listed in serial number 8 of part –III of this application.

Annex II In case of operational debt, (i) copy of invoice / demand notice served by an operational creditor on the corporate debtor and (ii) record of default obtained through the information utility or all documents listed in serial number 8 of part-III of this application.

Annex III Written communication by the proposed interim resolution professional as set out in Form 2 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

Annex IV Copy of the relevant books of accounts of the corporate debtor evidencing the default to creditors.

Annex V Copies of audited financial statements of the corporate debtor for the last two financial years and the provisional financial statements for the current financial year made upto a date not earlier than fourteen days from the date of the application.

Annex VI A statement of affairs made up to a date not earlier than fourteen days from the date of application including the following document, namely:-

(a) a list of the corporate debtor’s assets and liabilities, divided into such categories as are appropriate for easy identification, with estimated values assigned to each category;

(b) in the case of any property on which a claim against the corporate debtor is wholly or partly secured, particulars of the claim and its amount, and of how and when the security was created;

(c) the names and addresses of the financial creditors and operational creditors of the corporate debtor, with the amounts due to each of them;

(d) particulars of any debts owed by or to the corporate debtor to or by persons connected with it;

(e) whether any, and if so what, guarantees have been given in relation to the debts of the corporate debtor by other persons, specifying which, if any, of the guarantors is a related party to the corporate debtor and the corporate applicant;

(f) the names and addresses of the members and partners of the corporate debtor, as the case may be, with details of their respective shareholdings.

Annex VII A copy of:

(a) relevant extract of any constitutional document or shareholders’ agreement that records the authority of the corporate applicant to make this application, where the corporate applicant is a member or partner of the corporate debtor; or

(b) relevant extract of an employment agreement, constitutional document or filings made to the Registrar of Companies confirming the authority of the corporate applicant to make this application, where the corporate applicant is an individual in charge of managing the operations and resources of the corporate debtor or has control and supervision over the financial affairs of the corporate debtor.

Annex VIII Affidavit in support of the application in accordance with the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

Annex IX Proof that the specified application fee has been paid.

SCHEDULE

[See sub-rule (3) of rule 10]

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Applicant</th>
<th>Fee payable (in ₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Application by financial creditor (whether solely or jointly)</td>
<td>25000</td>
</tr>
<tr>
<td>2.</td>
<td>Application by operational creditor</td>
<td>2000</td>
</tr>
<tr>
<td>3.</td>
<td>Application by corporate debtor</td>
<td>25000</td>
</tr>
</tbody>
</table>

[F. No. 30/10/2016-Insolvency]

AMARDEEP S. BHATIA, Jt. Secy.
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 15th December, 2016

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (LIQUIDATION PROCESS) REGULATIONS, 2016

IBBI/2016-17/GN/REG005.—In exercise of the powers conferred by sections 5, 33, 34, 35, 37, 38, 39, 40, 41, 43, 45, 49, 50, 51, 52, 54, 196 and 208 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Board hereby makes the following Regulations, namely—

CHAPTER I

PRELIMINARY

1. Short title and commencement.
   (1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.
   (2) These Regulations shall come into force on the date of their publication in the Official Gazette.
   (3) These Regulations shall apply to the liquidation process under Chapter III of Part II of the Insolvency and Bankruptcy Code, 2016.

2. Definitions.
   (1) In these Regulations, unless the context otherwise requires—
      (a) “books of the corporate debtor” means
         (i) the books of account and the financial statements as defined in section 2(13) and 2(40) of the Companies Act, 2013,
         (ii) the books of account as referred to in section 34 of the Limited Liability Partnership Act, 2008,
         (iii) the books of accounts as specified under the applicable law, as the case may be;
      (b) “Code” means the Insolvency and Bankruptcy Code, 2016;
      (c) “contributory” means a member of the company, a partner of the limited liability partnership, and any other person liable to contribute towards the assets of the corporate debtor in the event of its liquidation;
      (d) “electronic means” mean an authorized and secured computer programme which is capable of producing confirmation of sending communication to the participant entitled to receive such communication at the last electronic mail address provided by such participant and keeping record of such communication;
      (e) “identification number” means the Limited Liability Partnership Identification Number or the Corporate Identity Number, as the case may be;
      (f) “Preliminary Report” means the report prepared in accordance with Regulation 13;
      (g) “Progress Report” means the quarterly report prepared in accordance with Regulation 15;
      (h) “registered valuer” means a person registered as such in accordance with the Companies Act, 2013 (18 of 2013) and rules made thereunder;
      (i) “Schedule” means a schedule to these Regulations;
      (j) “section” means section of the Code; and
      (k) “stakeholders” means the stakeholders entitled to distribution of proceeds under section 53.
   (2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, but defined in the Code, shall have the meanings assigned to them in the Code.
CHAPTER II
APPOINTMENT AND REMUNERATION OF LIQUIDATOR

3. Eligibility for appointment as liquidator.

(1) An insolvency professional shall be eligible to be appointed as a liquidator if he, and every partner or director of the insolvency professional entity of which he is a partner or director, is independent of the corporate debtor.

Explanation— A person shall be considered independent of the corporate debtor, if he-

(a) is eligible to be appointed as an independent director on the board of the corporate debtor under section 149 of the Companies Act, 2013 (18 of 2013), where the corporate debtor is a company;
(b) is not a related party of the corporate debtor; or
(c) has not been an employee or proprietor or a partner:
(i) of a firm of auditors or company secretaries or cost auditors of the corporate debtor; or
(ii) of a legal or a consulting firm, that has or had any transaction with the corporate debtor contributing ten per cent or more of the gross turnover of such firm,
in the last three financial years.

(2) A liquidator shall disclose the existence of any pecuniary or personal relationship with the concerned corporate debtor or any of its stakeholders as soon as he becomes aware of it, to the Board and the Adjudicating Authority.

(3) An insolvency professional shall not continue as a liquidator if the insolvency professional entity of which he is a director or partner, or any other partner or director of such insolvency professional entity represents any other stakeholder in the same liquidation process.

4. Liquidator’s fee.

(1) The fee payable to the liquidator shall form part of the liquidation cost.

(2) The liquidator shall be entitled to such fee and in such manner as has been decided by the committee of creditors before a liquidation order is passed under sections 33(1)(a) or 33(2).

(3) In all cases other than those covered under sub-regulation (2), the liquidator shall be entitled to a fee as a percentage of the amount realized net of other liquidation costs, and of the amount distributed, as under:

<table>
<thead>
<tr>
<th>Amount of Realisation / Distribution (In rupees)</th>
<th>Percentage of fee on the amount realized / distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in the first six months</td>
</tr>
<tr>
<td>Amount of Realisation (exclusive of liquidation costs)</td>
<td></td>
</tr>
<tr>
<td>On the first 1 crore</td>
<td>5.00</td>
</tr>
<tr>
<td>On the next 9 crore</td>
<td>3.75</td>
</tr>
<tr>
<td>On the next 40 crore</td>
<td>2.50</td>
</tr>
<tr>
<td>On the next 50 crore</td>
<td>1.25</td>
</tr>
<tr>
<td>On further sums realized</td>
<td>0.25</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Amount Distributed to Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the first 1 crore</td>
</tr>
<tr>
<td>On the next 9 crore</td>
</tr>
<tr>
<td>On the next 40 crore</td>
</tr>
<tr>
<td>On the next 50 crore</td>
</tr>
<tr>
<td>On further sums distributed</td>
</tr>
</tbody>
</table>

(4) The liquidator shall be entitled to receive half of the fee payable on realization under sub-regulation (3) only after such realized amount is distributed.

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CHAPTER III
POWERS AND FUNCTIONS OF LIQUIDATOR

5. Reporting.

(1) The liquidator shall prepare and submit:

(a) a preliminary report;
(b) an asset memorandum;
(c) progress report(s);
(d) sale report(s);
(e) minutes of consultation with stakeholders; and
(f) the final report prior to dissolution

to the Adjudicating Authority in the manner specified under these Regulations.

(2) The liquidator shall preserve a physical as well as an electronic copy of the reports and minutes referred to in sub-regulation (1) for eight years after the dissolution of the corporate debtor.

(3) Subject to other provisions of these Regulations, the liquidator shall make the reports and minutes referred to sub-regulation (1) available to a stakeholder in either electronic or physical form, on receipt of

(a) an application in writing;
(b) costs of making such reports and minutes available to it; and
(c) an undertaking from the stakeholder that it shall maintain confidentiality of such reports and minutes and shall not use these to cause an undue gain or undue loss to itself or any other person.

6. Registers and books of account.

(1) Where the books of account of the corporate debtor are incomplete on the liquidation commencement date, the liquidator shall have them completed and brought up-to-date, with all convenient speed, as soon as the order for liquidation is passed.

(2) The liquidator shall maintain the following registers and books, as may be applicable, in relation to the liquidation of the corporate debtor, and shall preserve them for a period of eight years after the dissolution of the corporate debtor-

(a) Cash Book;
(b) Ledger;
(c) Bank Ledger;
(d) Register of Fixed Assets and Inventories;
(e) Securities and Investment Register;
(f) Register of Book Debts and Outstanding Debts;
(g) Tenants Ledger;
(h) Suits Register;
(i) Decree Register;
(j) Register of Claims and Dividends;
(k) Contributories Ledger;
(l) Distributions Register;
(m) Fee Register;
(n) Suspense Register;
(o) Documents Register;
(p) Books Register;
(q) Register of unclaimed dividends and undistributed properties deposited in accordance with Regulation 45; and
(r) such other books or registers as may be necessary to account for transactions entered into by him in relation to the corporate debtor.

(3) The registers and books under sub-regulation (2) may be maintained in the forms indicated in Schedule III, with such modifications as the liquidator may deem fit in the facts and circumstances of the liquidation process.

(4) The liquidator shall keep receipts for all payments made or expenses incurred by him.

7. Appointment of professionals.

(1) A liquidator may appoint professionals to assist him in the discharge of his duties, obligations and functions for a reasonable remuneration and such remuneration shall form part of the liquidation cost.

(2) The liquidator shall not appoint a professional under sub-regulation (1) who is his relative, is a related party of the corporate debtor or has served as an auditor to the corporate debtor in the five years preceding the liquidation commencement date.

(3) A professional appointed or proposed to be appointed under sub-regulation (1) shall disclose the existence of any pecuniary or personal relationship with any of the stakeholders, or the concerned corporate debtor as soon as he becomes aware of it, to the liquidator.

8. Consultation with stakeholders.

(1) The stakeholders consulted under section 35(2) shall extend all assistance and cooperation to the liquidator to complete the liquidation of the corporate debtor.

(2) The liquidator shall maintain the particulars of any consultation with the stakeholders made under this Regulation, as specified in Form A of Schedule II.

9. Personnel to extend cooperation to liquidator.

(1) The liquidator may make an application to the Adjudicating Authority for a direction that a person who-
   (a) is or has been an officer, auditor, employee, promoter or partner of the corporate debtor;
   (b) was the interim resolution professional, resolution professional or the previous liquidator of the corporate debtor; or
   (c) has possession of any of the properties of the corporate debtor;

   shall cooperate with him in the collection of information necessary for the conduct of the liquidation.

(2) An application may be made under this Regulation only after the liquidator has made reasonable efforts to obtain the information from such person and failed to obtain it.

10. Disclaimer of onerous property.

(1) Where any part of the property of a corporate debtor consists of-
   (a) land of any tenure, burdened with onerous covenants;
   (b) shares or stocks in companies;
   (c) any other property which is not saleable or is not readily saleable by reason of the possessor thereof being bound either to the performance of any onerous act or to the payment of any sum of money; or
   (d) unprofitable contracts;

   the liquidator may, notwithstanding that he has endeavored to sell or has taken possession of the property or exercised any act of ownership in relation thereto or done anything in pursuance of the contract, make an application to the Adjudicating Authority within six months from the liquidation commencement date, or such extended period as may be allowed by the Adjudicating Authority, to disclaim the property or contract.
(2) The liquidator shall not make an application under sub-regulation (1) if a person interested in the property or contract inquired in writing whether he will make an application to have such property disclaimed, and he did not communicate his intention to do so within one month from receipt of such inquiry.

(3) The liquidator shall serve a notice to persons interested in the onerous property or contract at least seven days before making an application for disclaimer to the Adjudicating Authority:

Explanation: A person is interested in the onerous property or contract if he-

(a) is entitled to the benefit or subject to the burden of the contract; or
(b) claims an interest in a disclaimed property or is under a liability not discharged in respect of a disclaimed property.

(4) Subject to the order of the Adjudicating Authority approving such disclaimer, the disclaimer shall operate to determine, from the date of disclaimer, the rights, interest and liabilities of the corporate debtor in or in respect of the property or contract disclaimed, but shall not, except so far as is necessary for the purpose of releasing the corporate debtor and the property of the corporate from liability, affect the rights, interest or liabilities of any other person.

(5) A person affected by the disclaimer under this Regulation shall be deemed to be a creditor of the corporate debtor for the amount of the compensation or damages payable in respect of such effect, and may accordingly be payable as a debt in liquidation under section 53(1)(f).

11. Extortionate credit transactions.

A transaction shall be considered an extortionate credit transaction under section 50(2) where the terms-

(1) require the corporate debtor to make exorbitant payments in respect of the credit provided; or

(2) are unconscionable under the principles of law relating to contracts.

CHAPTER IV

GENERAL


(1) The liquidator shall make a public announcement in Form B of Schedule II within five days from his appointment.

(2) The public announcement shall-

(a) call upon stakeholders to submit their claims as on the liquidation commencement date; and

(b) provide the last date for submission of claim, which shall be thirty days from the liquidation commencement date.

(3) The announcement shall be published-

(a) in one English and one regional language newspaper with wide circulation at the location of the registered office and principal office, if any, of the corporate debtor and any other location where in the opinion of the liquidator, the corporate debtor conducts material business operations;

(b) on the website, if any, of the corporate debtor; and

(c) on the website, if any, designated by the Board for this purpose.

13. Preliminary report.

The liquidator shall submit a Preliminary Report to the Adjudicating Authority within seventy-five days from the liquidation commencement date, detailing-

(a) the capital structure of the corporate debtor;

(b) the estimates of its assets and liabilities as on the liquidation commencement date based on the books of the corporate debtor:

Provided that if the liquidator has reasons to believe, to be recorded in writing, that the books of the corporate debtor are not reliable, he shall also provide such estimates based on reliable records and data otherwise available to him;

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whether, he intends to make any further inquiry in to any matter relating to the promotion, formation or failure of the corporate debtor or the conduct of the business thereof; and

(d) the proposed plan of action for carrying out the liquidation, including the timeline within which he proposes to carry it out and the estimated liquidation costs.


Any time after the preparation of the Preliminary Report, if it appears to the liquidator that-

(a) the realizable properties of the corporate debtor are insufficient to cover the cost of the liquidation process; and

(b) the affairs of the corporate debtor do not require any further investigation;

he may apply to the Adjudicating Authority for early dissolution of the corporate debtor and for necessary directions in respect of such dissolution.

15. Progress reports.

(1) The liquidator shall submit Progress Reports to the Adjudicating Authority as under-

(a) the first Progress Report within fifteen days after the end of the quarter in which he is appointed;

(b) subsequent Progress Report(s) within fifteen days after the end of every quarter during which he acts as liquidator;

Provided that if an insolvency professional ceases to act as a liquidator during the liquidation process, he shall file a Progress Report for the quarter up to the date of his so ceasing to act, within fifteen days of such cessation.

(2) A Progress Report shall provide all information relevant to liquidation for the quarter, including-

(a) appointment, tenure of appointment and cessation of appointment of professionals;

(b) a statement indicating progress in liquidation, including-

(i) settlement of list of stakeholders,

(ii) details of any property that remain to be sold and realized,

(iii) distribution made to the stakeholders, and

(iv) distribution of unsold property made to the stakeholders;

(c) details of fee or remuneration, including-

(i) the fee due to and received by the liquidator together with a description of the activities carried out by him,

(ii) the remuneration or fee paid to professionals appointed by the liquidator together with a description of activities carried out by them,

(iii) other expenses incurred by the liquidator, whether paid or not;

(d) developments in any material litigation, by or against the corporate debtor;

(e) filing of, and developments in applications for avoidance of transactions in accordance with Chapter III of Part II of the Code; and

(f) changes, if any, in estimated liquidation costs.

(3) A Progress Report shall enclose an account maintained by the liquidator showing-

(a) his receipts and payments during the quarter; and

(b) the cumulative amount of his receipts and payments since the liquidation commencement date.

(4) A Progress Report shall enclose a statement indicating any material change in expected realization of any property proposed to be sold, along with the basis for such change:

Provided that this statement shall not be accessible to any person during the course of liquidation, unless permitted by the Adjudicating Authority.
The Progress Report for the fourth quarter of the financial year shall enclose audited accounts of the liquidator’s receipts and payments for the financial year:

Provided that in case an insolvency professional ceases to act as liquidator, the audited accounts of his receipts and payments for that part of the financial year during which he has acted as liquidator, shall be enclosed with the Progress Report to be filed after cessation of his appointment.

Illustration: An insolvency professional becomes a liquidator on 13th February, 2017, and ceases to act as liquidator on 12th February, 2019. He shall submit Progress Reports as under:

<table>
<thead>
<tr>
<th>Report No.</th>
<th>Period covered in the Quarter</th>
<th>Last Date of Submission of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>13th February - 31st March, 2017</td>
<td>15th April, 2017</td>
</tr>
<tr>
<td>2</td>
<td>April - June, 2017</td>
<td>15th July, 2017</td>
</tr>
<tr>
<td>3</td>
<td>July - September, 2017</td>
<td>15th October, 2017</td>
</tr>
<tr>
<td>4</td>
<td>October - December, 2017</td>
<td>15th January, 2018</td>
</tr>
<tr>
<td>5</td>
<td>January - March, 2018</td>
<td>15th April, 2018</td>
</tr>
<tr>
<td>6</td>
<td>April - June, 2018</td>
<td>15th July, 2018</td>
</tr>
<tr>
<td>7</td>
<td>July - September, 2018</td>
<td>15th October, 2018</td>
</tr>
<tr>
<td>8</td>
<td>October - December, 2018</td>
<td>15th January, 2019</td>
</tr>
<tr>
<td>9</td>
<td>January - 12th February, 2019</td>
<td>27th February, 2019</td>
</tr>
</tbody>
</table>

He shall submit the audited accounts of his receipts and payments as under:

<table>
<thead>
<tr>
<th>Audited Account No.</th>
<th>Period covered in the Year</th>
<th>Last Date of Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>13th February - 31st March, 2017</td>
<td>15th April, 2017</td>
</tr>
<tr>
<td>2</td>
<td>April - March, 2018</td>
<td>15th April, 2018</td>
</tr>
<tr>
<td>3</td>
<td>April - 12th February, 2019</td>
<td>27th February, 2019</td>
</tr>
</tbody>
</table>

CHAPTER V

CLAIMS


A person, who claims to be a stakeholder, shall prove his claim for debt or dues to him, including interest, if any, as on the liquidation commencement date.

17. Claims by operational creditors.

(1) A person claiming to be an operational creditor of the corporate debtor, other than a workman or employee, shall submit proof of claim to the liquidator in person, by post or by electronic means in Form C of Schedule II.

(2) The existence of debt due to an operational creditor under this Regulation may be proved on the basis of-

(a) the records available with an information utility, if any; or

(b) other relevant documents which adequately establish the debt, including any or all of the following -

(i) a contract for the supply of goods and services with corporate debtor;

(ii) an invoice demanding payment for the goods and services supplied to the corporate debtor;

(iii) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any; and

(iv) financial accounts.

18. Claims by financial creditors.

(1) A person claiming to be a financial creditor of the corporate debtor shall submit proof of claim to the liquidator in electronic means in Form D of Schedule II.

(2) The existence of debt due to the financial creditor may be proved on the basis of-

(a) the records available in an information utility, if any; or

(b) other relevant documents which adequately establish the debt, including any or all of the following-
(i) a financial contract supported by financial statements as evidence of the debt;
(ii) a record evidencing that the amounts committed by the financial creditor to the corporate debtor under a facility has been drawn by the corporate debtor;
(iii) financial statements showing that the debt has not been repaid; and
(iv) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any.

19. Claims by workmen and employees.
   (1) A person claiming to be a workman or an employee of the corporate debtor shall submit proof of claim to the liquidator in person, by post or by electronic means in Form E of Schedule II.
   (2) Where there are dues to numerous workmen or employees of the corporate debtor, an authorized representative may submit one proof of claim for all such dues on their behalf in Form F of Schedule II.
   (3) The existence of dues to workmen or employees may be proved by them, individually or collectively, on the basis of-
      (a) records available in an information utility, if any; or
      (b) other relevant documents which adequately establish the dues, including any or all of the following-
         (i) a proof of employment such as contract of employment for the period for which such workman or employee is claiming dues;
         (ii) evidence of notice demanding payment of unpaid amount and any documentary or other proof that payment has not been made; and
         (iii) an order of a court or tribunal that has adjudicated upon the non-payment of dues, if any.
   (4) The liquidator may admit the claims of a workman or an employee on the basis of the books of account of the corporate debtor if such workman or employee has not made a claim.

20. Claims by other stakeholders.
   (1) A person, claiming to be a stakeholder other than those under Regulations 17(1), 18(1), or 19(1), shall submit proof of claim to the liquidator in person, by post or by electronic means in Form G of Schedule II.
   (2) The existence of the claim of the stakeholder may be proved on the basis of-
      (a) the records available in an information utility, if any, or
      (b) other relevant documents which adequately establish the claim, including any or all of the following-
         (i) documentary evidence of notice demanding payment of unpaid amount or bank statements of the claimant showing that the claim has not been paid and an affidavit that the documentary evidence and bank statements are true, valid and genuine;
         (ii) documentary or electronic evidence of his shareholding; and
         (iii) an order of a court, tribunal or other authority that has adjudicated upon the non-payment of a claim, if any.

The existence of a security interest may be proved by a secured creditor on the basis of-
   (a) the records available in an information utility, if any;
   (b) certificate of registration of charge issued by the Registrar of Companies; or
   (c) proof of registration of charge with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India.

22. Production of bills of exchange and promissory notes.
Where a person seeks to prove a debt in respect of a bill of exchange, promissory note or other negotiable instrument or security of a like nature for which the corporate debtor is liable, such bill of exchange, note, instrument or security, as the case may be, shall be produced before the liquidator before the claim is admitted.
23. **Substantiation of claims.**

The liquidator may call for such other evidence or clarification as he deems fit from a claimant for substantiating the whole or part of its claim.

24. **Cost of proof.**

(1) A claimant shall bear the cost of proving its claim.

(2) Costs incurred by the liquidator for verification and determination of a claim shall form part of liquidation cost:

*Provided* that if a claim or part of the claim is found to be false, the liquidator shall endeavor to recover the costs incurred for verification and determination of claim from such claimant, and shall provide the details of the claimant to the Board.

25. **Determination of quantum of claim.**

Where the amount claimed by a claimant is not precise due to any contingency or any other reason, the liquidator shall make the best estimate of the amount of the claim based on the information available with him.

26. **Debt in foreign currency.**

The claims denominated in foreign currency shall be valued in Indian currency at the official exchange rate as on the liquidation commencement date.

*Explanation*—“The official exchange rate” is the reference rate published by the Reserve Bank of India or derived from such reference rates.

27. **Periodical payments.**

In the case of rent, interest and such other payments of a periodical nature, a person may claim only for any amounts due and unpaid up to the liquidation commencement date.

28. **Debt payable at future time.**

(1) A person may prove for a claim whose payment was not yet due on the liquidation commencement date and is entitled to distribution in the same manner as any other stakeholder.

(2) Subject to any contract to the contrary, where a stakeholder has proved for a claim under sub-regulation (1), and the debt has not fallen due before distribution, he is entitled to distribution of the admitted claim reduced as follows-

\[ X / (1+r)^n \]

where–

(a) “X” is the value of the admitted claim;

(b) “r” is the closing yield rate (%) of government securities of the maturity of “n” on the date of distribution as published by the Reserve Bank of India; and

(c) “n” is the period beginning with the date of distribution and ending with the date on which the payment of the debt would otherwise be due, expressed in years and months in a decimalized form.

29. **Mutual credits and set-off.**

Where there are mutual dealings between the corporate debtor and another party, the sums due from one party shall be set off against the sums due from the other to arrive at the net amount payable to the corporate debtor or to the other party.

*Illustration:* X owes Rs. 100 to the corporate debtor. The corporate debtor owes Rs. 70 to X. After set off, Rs. 30 is payable by X to the corporate debtor.

30. **Verification of claims**

The liquidator shall verify the claims submitted within thirty days from the last date for receipt of claims and may either admit or reject the claim, in whole or in part, as the case may be.
31. **List of stakeholders.**

(1) The liquidator shall prepare a list of stakeholders, category-wise, on the basis of proofs of claims submitted and accepted under these Regulations, with-

(a) the amounts of claim admitted, if applicable,

(b) the extent to which the debts or dues are secured or unsecured, if applicable,

(c) the details of the stakeholders, and

(d) the proofs admitted or rejected in part, and the proofs wholly rejected.

(2) The liquidator shall file the list of stakeholders with the Adjudicating Authority within forty-five days from the last date for receipt of claims, and the filing of the list shall be announced to the public in the manner specified in Regulation 12(3).

(3) The liquidator may apply to the Adjudicating Authority to modify an entry in the list of stakeholders filed with the Adjudicating Authority, when he comes across additional information warranting such modification, and shall modify the entry in the manner directed by the Adjudicating Authority.

(4) The liquidator shall modify an entry in the list of stakeholders filed with the Adjudicating Authority, in the manner directed by the Adjudicating Authority while disposing off an appeal preferred under section 42.

(5) The list of stakeholders, as modified from time to time, shall be-

(a) available for inspection by the persons who submitted proofs of claim;

(b) available for inspection by members, partners, directors and guarantors of the corporate debtor;

(c) displayed on the website, if any, of the corporate debtor.

**CHAPTER VI**

**REALISATION OF ASSETS**

32. **Manner of sale.**

The liquidator may

(a) sell an asset on a standalone basis; or

(b) sell

(i) the assets in a slump sale,

(ii) a set of assets collectively, or

(iii) the assets in parcels.

33. **Mode of sale.**

(1) The liquidator shall ordinarily sell the assets of the corporate debtor through an auction in the manner specified in Schedule I.

(2) The liquidator may sell the assets of the corporate debtor by means of private sale in the manner specified in Schedule I when-

(a) the asset is perishable;

(b) the asset is likely to deteriorate in value significantly if not sold immediately;

(c) the asset is sold at a price higher than the reserve price of a failed auction; or

(d) the prior permission of the Adjudicating Authority has been obtained for such sale:

*Provided* that the liquidator shall not sell the assets, without prior permission of the Adjudicating Authority, by way of private sale to-

(a) a related party of the corporate debtor;

(b) his related party; or

(c) any professional appointed by him.
The liquidator shall not proceed with the sale of an asset if he has reason to believe that there is any collusion between the buyers, or the corporate debtor’s related parties and buyers, or the creditors and the buyer, and shall submit a report to the Adjudicating Authority in this regard, seeking appropriate orders against the colluding parties.

34. **Asset memorandum.**

(1) On forming the liquidation estate under section 36, the liquidator shall prepare an asset memorandum in accordance with this Regulation within seventy-five days from the liquidation commencement date.

(2) The asset memorandum shall provide the following details in respect of the assets which are intended to be realized by way of sale-

(a) value of the asset, valued in accordance with Regulation 35;
(b) value of set of assets or assets in parcels or assets in a slump sale, as the case may be, valued in accordance with Regulation 35, if intended to be sold as specified in Regulation 32(b);
(c) intended manner of sale in accordance with Regulation 32, and reasons for the same;
(d) the intended mode of sale and reasons for the same in accordance with Regulation 33;
(e) expected amount of realization from sale; and
(f) any other information that may be relevant for the sale of the asset.

(3) The asset memorandum shall provide the following details in respect of each of the assets other than those referred to in sub-regulation (2)-

(a) value of the asset;
(b) intended manner and mode of realization, and reasons for the same;
(c) expected amount of realization; and
(d) any other information that may be relevant for the realization of the asset.

(4) The liquidator shall file the asset memorandum along with the preliminary report to the Adjudicating Authority.

(5) The asset memorandum shall not be accessible to any person during the course of liquidation, unless permitted by the Adjudicating Authority.

35. **Valuation of assets intended to be sold.**

(1) The liquidator shall appoint at least two registered valuers to value the assets as required under Regulation 34(2).

(2) The provisions of Regulation 7 shall apply mutatis mutandis to registered valuers appointed under sub-regulation (1).

(3) The registered valuers appointed under sub-regulation (1) shall independently submit to the liquidator the estimates of the realizable value of the asset(s) computed in accordance with internationally accepted valuation standards, after physical verification of the assets of the corporate debtor.

(4) The average of the estimates received under sub-regulation (3) shall be considered the value of the assets.

36. **Asset sale report.**

On sale of an asset, the liquidator shall prepare an asset sale report in respect of said asset, to be enclosed with the Progress Reports, containing -

(a) the realized value;
(b) cost of realization, if any;
(c) the manner and mode of sale;
(d) if the value realized is less than the value in the asset memorandum, the reasons for the same;
(e) the person to whom the sale is made; and
(f) any other details of the sale.
37. **Realization of security interest by secured creditor**

(1) A secured creditor who seeks to realize its security interest under section 52 shall intimate the liquidator of the price at which he proposes to realize its secured asset.

(2) The liquidator shall inform the secured creditor within twenty one days of receipt of the intimation under sub-regulation (1) if a person is willing to buy the secured asset before the expiry of thirty days from the date of intimation under sub-regulation (1), at a price higher than the price intimated under sub-regulation (1).

(3) Where the liquidator informs the secured creditor of a person willing to buy the secured asset under sub-regulation (2), the secured creditor shall sell the asset to such person.

(4) If the liquidator does not inform the secured creditor in accordance with sub-regulation (2), or the person does not buy the secured asset in accordance with sub-regulation (2), the secured creditor may realize the secured asset in the manner it deems fit, but at least at the price intimated under sub-regulation (1).

(5) Where the secured asset is realized under sub-regulation (3), the secured creditor shall bear the cost of identification of the buyer under sub-regulation (2).

(6) Where the secured asset is realized under sub-regulation (4), the liquidator shall bear the cost of incurred to identify the buyer under sub-regulation (2).


38. **Distribution of unsold assets.**

(1) The liquidator may, with the permission of the Adjudicating Authority, distribute amongst the stakeholders, an asset that cannot be readily or advantageously sold due to its peculiar nature or other special circumstances.

(2) The application seeking permission of the Adjudicating Authority under sub-regulation (1) shall-
   (a) identify the asset;
   (b) provide a value of the asset;
   (c) detail the efforts made to sell the asset, if any; and
   (d) provide reasons for such distribution.

39. **Recovery of monies due.**

The liquidator shall endeavor to recover and realize all assets of and dues to the corporate debtor in a time-bound manner for maximization of value for the stakeholders.

40. **Liquidator to realize uncalled capital or unpaid capital contribution.**

(1) The liquidator shall realize any amount due from any contributory to the corporate debtor.

(2) Notwithstanding any charge or encumbrance on the uncalled capital of the corporate debtor, the liquidator shall be entitled to call and realize the uncalled capital of the corporate debtor and to collect the arrears, if any, due on calls made prior to the liquidation, by providing a notice to the contributory to make the payments within fifteen days from the receipt of the notice, but shall hold all moneys so realized subject to the rights, if any, of the holder of any such charge or encumbrance.

(3) No distribution shall be made to a contributory, unless he makes his contribution to the uncalled or unpaid capital as required in the constitutional documents of the corporate debtor.

*Explanation:* For the purpose of this chapter and Schedule I, ‘assets’ include an asset, all assets, a set of assets or parcel of assets, as the case may be, which are being sold.

**CHAPTER VII**

**PROCEEDS OF LIQUIDATION AND DISTRIBUTION OF PROCEEDS**

41. **All money to be paid in to bank account.**

(1) The liquidator shall open a bank account in the name of the corporate debtor followed by the words ‘in liquidation’, in a scheduled bank, for the receipt of all moneys due to the corporate debtor.
(2) The liquidator shall deposit in the bank account opened under sub-regulation (1) all moneys, including
cheques and demand drafts received by him as the liquidator of the corporate debtor, and the realizations
of each day shall be deposited into the bank account without any deduction not later than the next working day.

(3) The liquidator may maintain a cash of one lakh rupees or such higher amount as may be permitted by the
Adjudicating Authority to meet liquidation costs.

(4) All payments out of the account by the liquidator above five thousand rupees shall be made by cheques
drawn online banking transactions against the bank account.

42. Distribution.

(1) Subject to the provisions of section 53, the liquidator shall not commence distribution before the list
of stakeholders and the asset memorandum has been filed with the Adjudicating Authority.

(2) The liquidator shall distribute the proceeds from realization within six months from the receipt of the
amount to the stakeholders.

(3) The insolvency resolution process costs, if any, and the liquidation costs shall be deducted before such
distribution is made.

43. Return of money.

A stakeholder shall forthwith return any monies received by him in distribution, which he was not entitled to at the
time of distribution, or subsequently became not entitled to.

44. Completion of liquidation.

(1) The liquidator shall liquidate the corporate debtor within a period of two years.

(2) If the liquidator fails to liquidate the corporate debtor within two years, he shall make an application to the
Adjudicating Authority to continue such liquidation, along with a report explaining why the liquidation
has not been completed and specifying the additional time that shall be required for liquidation.

45. Final report prior to dissolution.

(1) When the corporate debtor is liquidated, the liquidator shall make an account of the liquidation, showing
how it has been conducted and how the corporate debtor’s assets have been liquidated.

(2) If the liquidation cost exceeds the estimated liquidation cost provided in the Preliminary Report, the
liquidator shall explain the reasons for the same.

(3) The final report shall form part of the application for the dissolution of the corporate debtor to the
Adjudicating Authority to be made under section 54.

46. Unclaimed proceeds of liquidation or undistributed assets.

(1) Before the order of dissolution is passed under section 54(2), the liquidator shall apply to the Adjudicating
Authority for an order to pay into the Companies Liquidation Account in the Public Account of India any
unclaimed proceeds of liquidation or undistributed assets or any other balance payable to the stakeholders
in his hands on the date of the order of dissolution.

(2) Any liquidator who retains any money which should have been paid by him into the Companies
Liquidation Account under this Regulation shall pay interest on the amount retained at the rate of twelve
per cent per annum, and also pay such penalty as may be determined by the Board.

(3) The liquidator shall, when making any payment referred to in sub-regulation (1), furnish to the authority
with which the corporate debtor is registered, and the Board, a statement setting forth the nature of the
sums included, the names and last known addresses of the stakeholders entitled to participate therein, the
amount to which each is entitled to and the nature of their claim.

(4) The liquidator shall be entitled to a receipt from the Reserve Bank of India for any money paid to it under
sub-regulation (2), and such receipt shall be an effectual discharge of the liquidator in respect thereof.

(5) A person claiming to be entitled to any money paid into the Companies Liquidation Account may apply to
the Board for an order for payment of the money claimed; which may, if satisfied that such person is
entitled to the whole or any part of the money claimed, make an order for the payment to that person of the
sum due to him, after taking such security from him as it may think fit.
Any money paid into the Companies Liquidation Account in pursuance of this Regulation, which remains unclaimed thereafter for a period of fifteen years, shall be transferred to the general revenue account of the Central Government.

**SCHEDULE I**

**MODE OF SALE**

*(Under Regulation 33 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)*

1. **AUCTION**

   (1) Where an asset is to be sold through auction, a liquidator shall do so in the manner specified herein.

   (2) The liquidator shall prepare a marketing strategy, with the help of marketing professionals, if required, for sale of the asset. The strategy may include-

   (a) releasing advertisements;
   (b) preparing information sheets for the asset;
   (c) preparing a notice of sale; and
   (d) liaising with agents.

   (3) The liquidator shall prepare terms and conditions of sale, including reserve price, earnest money deposit as well as pre-bid qualifications, if any.

   (4) The reserve price shall be the value of the asset arrived at in accordance with Regulation 34. Such valuation shall not be more than six months old. However, in the event that an auction fails at such price, the liquidator may reduce the reserve price up to seventy-five per cent of such value to conduct subsequent auctions.

   (5) The liquidator shall make a public announcement of an auction in the manner specified in Regulation 12(3);

   Provided that the liquidator may apply to Adjudicating Authority to dispense with the requirement of Regulation 12(3)(a) keeping in view the value of the asset intended to be sold by auction.

   (6) The liquidator shall provide all assistance necessary for the conduct of due diligence by interested buyers.

   (7) The liquidator shall sell the assets through an electronic auction on an online portal, if any, designated by the Board, where the interested buyers can register, bid and receive confirmation of the acceptance of their bid online.

   (8) If the liquidator is of the opinion that a physical auction is likely to maximize the realization from the sale of assets and is in the best interests of the creditors, he may sell assets through a physical auction after obtaining the permission of the Adjudicating Authority. The liquidator may engage the services of qualified professional auctioneers specializing in auctioning such assets for this purpose.

   (9) An auction shall be transparent, and the highest bid at any given point shall be visible to the other bidders.

   (10) If the liquidator is of the opinion that an auction where bid amounts are not visible is likely to maximize realizations from the sale of assets and is in the best interests of the creditors, he may apply, in writing, to the Adjudicating Authority for its permission to conduct an auction in such manner.

   (11) If required, the liquidator may conduct multiple rounds of auctions to maximize the realization from the sale of the assets, and to promote the best interests of the creditors.

   (12) On the close of the auction, the highest bidder shall be invited to provide balance sale consideration within fifteen days of the date when he is invited to provide the balance sale consideration. On payment of the full amount, the sale shall stand completed, the liquidator shall execute certificate of sale or sale deed to transfer such assets and the assets shall be delivered to him in the manner specified in the terms of sale.
2. **PRIVATE SALE**

(1) Where an asset is to be sold through private sale, a liquidator shall conduct the sale in the manner specified herein.

(2) The liquidator shall prepare a strategy to approach interested buyers for assets to be sold by private sale.

(3) Private sale may be conducted through directly liaising with potential buyers or their agents, through retail shops, or through any other means that is likely to maximize the realizations from the sale of assets.

(4) The sale shall stand completed in accordance with the terms of sale.

(5) Thereafter, the assets shall be delivered to the purchaser, on receipt of full consideration for the assets, in the manner specified in the terms of sale.

**SCHEDULE II**

**FORM A**

PROFORMA FOR REPORTING CONSULTATIONS WITH STAKEHOLDERS

(Under Regulation 8 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)

Separate proforma to be used for each stakeholder or group of homogenous stakeholders

<table>
<thead>
<tr>
<th>NAME AND REGISTRATION NO. OF LIQUIDATOR:</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME OF CORPORATE DEBTOR BEING LIQUIDATED:</td>
</tr>
<tr>
<td>LIQUIDATION CASE NO:</td>
</tr>
<tr>
<td>NAME OF THE STAKEHOLDER:</td>
</tr>
<tr>
<td>DATE OF CONSULTATION (IF HELD IN PERSON):</td>
</tr>
<tr>
<td>NUMBER AND DATES OF COMMUNICATIONS RECEIVED FROM STAKEHOLDER:</td>
</tr>
<tr>
<td>SUMMARY OF CONSULTATION:</td>
</tr>
</tbody>
</table>

**SCHEDULE II**

**FORM B**

PUBLIC ANNOUNCEMENT

(Regulation 12 of the Insolvency and Bankruptcy (Liquidation Process) Regulations, 2016)

FOR THE ATTENTION OF THE STAKEHOLDERS OF [Name of Corporate Debtor]

<table>
<thead>
<tr>
<th>1. NAME OF CORPORATE DEBTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. DATE OF INCORPORATION OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>3. AUTHORITY UNDER WHICH CORPORATE DEBTOR IS INCORPORATED/REGISTERED</td>
</tr>
<tr>
<td>4. CORPORATE IDENTITY NUMBER / LIMITED LIABILITY IDENTITY NUMBER OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>5. ADDRESS OF THE REGISTERED OFFICE AND PRINCIPAL OFFICE (IF ANY) OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>6. DATE OF CLOSURE OF INSOLVENCY RESOLUTION PROCESS</td>
</tr>
<tr>
<td>7. LIQUIDATION COMMENCEMENT DATE OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>8. NAME, ADDRESS, EMAIL ADDRESS, TELEPHONE NUMBER AND THE REGISTRATION NUMBER OF THE LIQUIDATOR</td>
</tr>
<tr>
<td>9. LAST DATE FOR SUBMISSION OF CLAIMS</td>
</tr>
</tbody>
</table>
Notice is hereby given that the Hon’ble National Company Law Tribunal (Name of Bench) has ordered the commencement of liquidation of the [name of the corporate debtor] on [date of passing of order of liquidation under section 33 of the Code].

The stakeholders of [name of the corporate debtor] are hereby called upon to submit a proof of their claims, on or before [insert the date falling thirty days after the liquidation commencement date], to the liquidator at the address mentioned against item 8.

The financial creditors shall submit their proof of claims by electronic means only. All other stakeholders may submit the proof of claims in person, by post or by electronic means.

Submission of false or misleading proofs of claim shall attract penalties.

Name and Signature of the Liquidator:
Date and Place:

**SCHEDULE II**

**FORM C**

**PROOF OF CLAIM BY OPERATIONAL CREDITORS EXCEPT WORKMEN AND EMPLOYEES**

(Under Regulation 17 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)

[Date]

To

The Liquidator

[Name of the Liquidator]

[Address as set out in the public announcement]

From

[Name and address of the operational creditor]

**Subject:** Submission of proof of claim in respect of the liquidation of [name of corporate debtor] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the operational creditor] hereby submits this proof of claim in respect of the liquidation of [name of corporate debtor]. The details for the same are set out below:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>NAME OF OPERATIONAL CREDITOR</strong>&lt;br&gt;(If an incorporated body provide identification number and proof of incorporation, if a partnership or individual provide identification records* of all the partners or the individual)</td>
</tr>
<tr>
<td>2.</td>
<td><strong>ADDRESS OF OPERATIONAL CREDITOR FOR CORRESPONDENCE</strong></td>
</tr>
<tr>
<td>3.</td>
<td><strong>TOTAL AMOUNT OF CLAIM, INCLUDING ANY INTEREST, AS AT LIQUIDATION COMMENCEMENT DATE AND DETAILS OF NATURE OF CLAIM</strong>&lt;br&gt;<strong>PRINCIPAL :</strong>&lt;br&gt;<strong>INTEREST :</strong>&lt;br&gt;<strong>TOTAL CLAIM :</strong></td>
</tr>
<tr>
<td>4.</td>
<td><strong>DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED</strong></td>
</tr>
<tr>
<td>5.</td>
<td><strong>DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OF SUIT OR ARBITRATION PROCEEDINGS</strong></td>
</tr>
<tr>
<td>6.</td>
<td><strong>DETAILS OF HOW AND WHEN DEBT INCURRED</strong></td>
</tr>
<tr>
<td>7.</td>
<td><strong>DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE DEBTOR AND THE OPERATIONAL CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM</strong></td>
</tr>
</tbody>
</table>

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Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
8. DETAILS OF ANY RETENTION OF TITLE IN RESPECT OF GOODS OR PROPERTIES TO WHICH THE DEBT REFERS OR ANY OTHER SECURITY

9. DETAILS OF ANY ASSIGNMENT OR TRANSFER OF DEBT IN HIS FAVOUR

10. DETAILS OF THE BANK ACCOUNT TO WHICH THE OPERATIONAL CREDITOR’S SHARE OF THE PROCEEDS OF LIQUIDATION CAN BE TRANSFERRED

11. LIST OUT AND ATTACH THE DOCUMENTS RELIED ON IN SUPPORT OF THE CLAIM.
   (i)
   (ii)
   (iii)

Signature of operational creditor or person authorised to act on his behalf
(Please enclose the authority if this is being submitted on behalf of the operational creditor)

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN, Passport, AADHAAR Card or the identity card issued by the Election Commission of India.

---

**AFFIDAVIT**

I, [name of deponent], currently residing at [address of deponent], do solemnly affirm and state as follows:

1. The above named corporate debtor was, at liquidation commencement date, that is, the _______ day of _______ 20____, and still is, justly and truly indebted to me [or to me and [insert name of co-partners], my co-partners in trade, or, as the case may be] in the sum of Rs. _______ for [please state consideration].

2. In respect of my claim of the said sum or any part thereof, I have relied on and the documents specified below:

   [Please list the documents relied on as evidence of debt.]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not, nor have my partners or any of them, nor has any person, by my/our order, to my/our knowledge or belief, for my/our use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the operational creditor which may be set-off against the claim.]

So solemnly, affirmed at _____________________ on __________ day, the _______ day of __________ 20____

Before me,
Notary / Oath Commissioner

Deponent’s signature

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
**VERIFICATION**

I, the Deponent hereinabove, do hereby verify and affirm that the contents of para ___ to ___ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at ______ on this ______ day of ______ 20_____

Deponent's signature

**SCHEDULE II**

**FORM D**

**PROOF OF CLAIM BY FINANCIAL CREDITORS**

*(Under Regulation 18 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)*

To

The Liquidator

[Name of the Liquidator]

[Address as set out in the public announcement]

From

[Name and address of the registered office and principal office of the financial creditor]

**Subject:** Submission of proof of claim in respect of the liquidation of [name of corporate debtor] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the financial creditor] hereby submits this proof of claim in respect of the liquidation of [name of corporate debtor]. The details for the same are set out below:

<p>| | |</p>
<table>
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</thead>
</table>
| 1. | NAME OF FINANCIAL CREDITOR  
(IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION, IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS* OF ALL THE PARTNERS OR THE INDIVIDUAL) |
| 2. | ADDRESS AND EMAIL OF FINANCIAL CREDITOR FOR CORRESPONDENCE. |
| 3. | TOTAL AMOUNT OF CLAIM, INCLUDING ANY INTEREST, AS AT THE LIQUIDATION COMMENCEMENT DATE AND DETAILS OF NATURE OF CLAIM (WHETHER TERM LOAN, SECURED, UNSECURED)  
PRINCIPAL :  
INTEREST :  
TOTAL CLAIM : |
| 4. | DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED |
| 5. | DETAILS OF ANY ORDER OF A COURT OR TRIBUNAL THAT HAS ADJUDICATED ON THE NON-PAYMENT OF DEBT |
| 6. | DETAILS OF HOW AND WHEN DEBT INCURRED |
| 7. | DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE DEBTOR AND THE FINANCIAL CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM |

Compiled by Sumit Binani  
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com

9. **DETAILS OF ANY ASSIGNMENT OR TRANSFER OF DEBT IN HIS FAVOUR**

10. **DETAILS OF THE BANK ACCOUNT TO WHICH THE FINANCIAL CREDITOR’S SHARE OF THE PROCEEDS OF LIQUIDATION CAN BE TRANSFERRED**

11. **LIST OUT AND ATTACH THE DOCUMENTS RELIED ON IN SUPPORT OF THE CLAIM.** (i) (ii) (iii)

Signature of financial creditor or person authorised to act on his behalf (please enclose the authority if this is being submitted on behalf a financial creditor)

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN, Passport, AADHAAR Card or the identity card issued by the Election Commission of India.

**AFFIDAVIT**

I, [name of deponent], currently residing at [address of deponent], do solemnly affirm and state as follows:

1. The above named corporate debtor was, at the liquidation commencement date, that is, the __________ day of __________ 20____ and still is, justly and truly indebted to me [or to me and [insert name of co-partners], my co-partners in trade, or, as the case may be] in the sum of Rs. __________ for ……..[please state consideration].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of debt and of non-payment.]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not, nor have my partners or any of them, nor has any person, by my/our order, to my/our knowledge or belief, for my/our use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the financial creditor which may be set-off against the claim.]

Solemnly, affirmed at _____________________ on ___________ day, the ___________ day of __________ 20_____ before me, Notary/Oath Commissioner.

Deponent's signature.
VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of para ___ to ___ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at ______ on this _______ day of _______ 201___.

Deponent's signature.

SCHEDULE II

FORM E

PROOF OF CLAIM BY A WORKMAN OR EMPLOYEE

(Under Regulation 19 of the Insolvency and Bankruptcy (Liquidation Process) Regulations, 2016)

[Date]

To

The Liquidator

[Name of the Liquidator]

[Address as set out in public announcement]

From

[Name and address of the workman / employee]

Subject: Submission of proof of claim in respect of liquidation of (Name of corporate debtor) under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the workman / employee], hereby submits this proof of claim in respect of the liquidation of [name of corporate debtor]. The details for the same are set out below:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NAME OF WORKMAN/EMPLOYEE</td>
</tr>
<tr>
<td>2.</td>
<td>PAN, PASSPORT, THE IDENTITY CARD ISSUED BY THE ELECTION COMMISSION OF INDIA OR AADHAAR CARD OF WORKMAN / EMPLOYEE</td>
</tr>
<tr>
<td>3.</td>
<td>ADDRESS AND EMAIL ADDRESS (IF ANY) OF WORKMAN / EMPLOYEE FOR CORRESPONDENCE</td>
</tr>
<tr>
<td>4.</td>
<td>TOTAL AMOUNT OF CLAIM (INCLUDING ANY INTEREST AS AT THE LIQUIDATION COMMENCEMENT DATE)</td>
</tr>
<tr>
<td>5.</td>
<td>DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED.</td>
</tr>
<tr>
<td>6.</td>
<td>DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OR ORDER OF SUIT OR ARBITRATION PROCEEDINGS</td>
</tr>
<tr>
<td>7.</td>
<td>DETAILS OF HOW AND WHEN CLAIM AROSE</td>
</tr>
<tr>
<td>8.</td>
<td>DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE</td>
</tr>
</tbody>
</table>
Signature of workman / employee or person authorised to act on his behalf

[Please enclose the authority if this is being submitted on behalf of an operational creditor]

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

AFFIDAVIT

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

5. [Name of corporate debtor], the corporate debtor was, at the liquidation commencement date, that is, the __________ day of __________ 20__, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

6. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of claim]

7. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

8. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the workman / employee which may be set-off against the claim.]

Solemnly, affirmed at [insert place] on _______________ day, the __________day of___________ 20____

Before me,

Notary/ Oath Commissioner

Deponent's signature
VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ____ 20___.

Deponent’s signature.

SCHEDULE II

FORM F

PROOF OF CLAIM BY AUTHORISED REPRESENTATIVE OF WORKMEN OR EMPLOYEES

(Under Regulation 19 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)

[Date]

To

The Liquidator

[Name of the Liquidator]

[Address as set out in the public announcement]

From

[Name and address of the authorised representative of workmen/employees]

Subject: Submission of proof of claim in respect of the liquidation of [name of corporate debtor] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

I, [name of duly authorised representative of the workmen/employees] currently residing at [address of duly authorised representative of the workmen/employees], on behalf of the workmen and employees employed by the above named corporate debtor, solemnly affirm and say:

1. That the abovenamed corporate debtor was, on the liquidation commencement date, that is, the _______ day of ______ 20 ___ and still is, justly truly indebted to the several persons whose names, addresses, and descriptions appear in the Annexure below in amounts severally set against their names in such Annexure for wages, remuneration and other amounts due to them respectively as workmen or/and employees in the employ of the corporate debtor in respect of services rendered by them respectively to the corporate debtor during such periods as are set out against their respective names in the said Annexure.

2. That for which said sums or any part thereof, they have not, nor has any of them, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credits, mutual debts, or other mutual dealings between the corporate debtor and the workmen / employees which may be set-off against the claim.]

Signature :
ANNEXURE

1. Details of Employees/ Workmen

<table>
<thead>
<tr>
<th>S No.</th>
<th>NAME OF EMPLOYEE/ WORKMEN</th>
<th>IDENTIFICATION NUMBER (PAN/, PASSPORT NUMBER/, AADHAAR NO. / ID CARD ISSUED BY THE ELECTION COMMISSION AND EMPLOYEE ID NO., IF ANY)</th>
<th>TOTAL AMOUNT DUE AND DETAILS ON NATURE OF CLAIM</th>
<th>PERIOD OVER WHICH AMOUNT DUE</th>
<th>DETAILS OF EVIDENCE OF DEBT INCLUDING EMPLOYMENT CONTRACTS AND OTHER PROOFS</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

2. Particulars of how dues were incurred by the corporate debtor, including particulars of any dispute as well as the record of pendency of suit or arbitration proceedings.

3. Particulars of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the workmen / employee which may be set-off against the claim.

4. Please list out and attach the documents relied on to prove the claim.

AFFIDAVIT

I, [insert full name, address and occupation of deponent] do solemnly affirm and state as follows:

1. The above named corporate debtor was, at the liquidation commencement date that is, the ________ day of __________ 20__, and still is, justly and truly indebted to the workmen and employees in the sum of Rs. ________ for ________ [please state the nature and duration of employment].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of proof]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, the workmen / employees have not, nor has any person, by my order, to my knowledge or belief, for my use, had or has received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the workmen / employees which may be set-off against the claim.]
Solemnly, affirmed at _____________________ on ________________ day, the _______ day of __________ 20____

Before me,
Notary / Oath Commissioner.

Deponent’s signature

VERIFICATION

I, the Deponent hereinafore, do hereby verify and affirm that the contents of para ___ to ___ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at _______ on this _______ day of _______ 201___

Deponent’s signature

SCHEDULE II

FORM G

PROOF OF CLAIM BY ANY OTHER STAKEHOLDER

(Under Regulation 20 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)

[Date]

To
The Liquidator

[Name of the Liquidator]

[Address as set out in the public announcement]

From

[Name and address of the other stakeholder]

Subject: Submission of proof of claim in respect of the liquidation of [name of corporate debtor] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the other stakeholder] hereby submits this proof of claim in respect of the liquidation in the case of [name of corporate debtor]. The details for the same are set out below:

|   | NAME OF OTHER STAKEHOLDER *(IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION. IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS* OF ALL THE PARTNERS OR THE INDIVIDUAL) *
|---|---
| 1. | ADDRESS AND EMAIL OF THE OTHER STAKEHOLDER FOR CORRESPONDENCE.
| 2. | TOTAL AMOUNT OF CLAIM, INCLUDING ANY INTEREST AS AT LIQUIDATION COMMENCEMENT AND DETAILS OF NATURE OF CLAIM PRINCIPAL CLAIM : INTEREST : TOTAL CLAIM :
| 3. | DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE CLAIM CAN BE SUBSTANTIATED

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
5. **Details of how and when claim arose**

6. **Details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the other stakeholder which may be set-off against the claim**

7. **Details of any retention of title in respect of goods or properties to which the claim refers**

8. **Details of any assignment or transfer of debt in his favour**

9. **Details of the bank account to which the other stakeholder’s share of the proceeds of liquidation can be transferred**

10. **List out and attach the documents relied on in support of the claim.**
    
    (i)  
    (ii)  
    (iii)  

---

Signature of other stakeholder or person authorised to act on his behalf  
(Please enclose the authority if this is being submitted on behalf of the other stakeholder)

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN, Passport, AADHAAR Card or the identity card issued by the Election Commission of India.

**AFFIDAVIT**

I, [insert full name, address and occupation of deponent to be given] do solemnly affirm and state as follows:

1. The above named corporate debtor was, at the liquidation commencement date, that is, the __________
   day of __________ 20__ and still is, justly and truly indebted to me [or to me and [insert name of co-
   partner], my co-partners in trade, or, as the case may be,] in the sum of Rs. __________ for ____ [please
   state consideration].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of proof.]
3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not, nor have my partners or any of them, nor has any person, by my/our order, to my/our knowledge or belief, for my/our use, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the other stakeholder which may be set-off against the claim.]

Solemnly, affirmed at _____________________ on ___________ day, the __________day of__________ 20_____  

Before me,  
Notary / Oath Commissioner.  

Deponent's signature.

**VERIFICATION**

I, the Deponent hereinafore, do hereby verify and affirm that the contents of para ___ to __of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at _____ on this ______ day of ______ 201___

Deponent's signature.

**SCHEDULE III**

(Under Regulation 6 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)

The formats contained in this Schedule are indicative in nature, and the liquidator may make such modifications to them as he deems fit in the facts and circumstances of the liquidation.

**CASH BOOK**

Name of Corporate Debtor...........................................................(in liquidation)

<table>
<thead>
<tr>
<th>Date</th>
<th>particulars</th>
<th>Ledger Folio No.</th>
<th>receipt</th>
<th>payments</th>
<th>balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Voucher No.</td>
<td>Cash</td>
<td>Bank</td>
<td>Total</td>
<td>Voucher No.</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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<td>6</td>
</tr>
</tbody>
</table>

Under 'particulars', the head of account to which the entry relates should be indicated so that the entry may be posted under the proper head in the General Ledger.

Compiled by Sumit Binani  
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
GENERAL LEDGER

Name of Corporate Debtor...........................(in liquidation)
...........................................................................(Head of account)

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Dr. (Rs.)</th>
<th>Cr. (Rs.)</th>
<th>Balance (Rs.)</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Instructions:

1. A General Ledger should be maintained with such heads of account as the liquidator may think necessary and appropriate. The following heads of account may be found suitable:
   
   (1) Asset account
   (2) Investments account
   (3) Book Debts & Outstandings account
   (4) Calls
   (5) Rents Collected
   (6) Interest on Securities and Deposits
   (7) Advances received
   (8) Miscellaneous receipts payments
   (9) Establishment
   (10) Legal charges
   (11) Rents, Rates and Taxes
   (12) Fees and Commission account
   (13) Other expenses
   (14) Suspense account
   (15) Secured creditors
   (16) Dividend account.

2. The entries in the General Ledger should be posted from the Cash Book.

3. The total of the debit balances and the total of the credit balances of the several heads of account in the General Ledger should agree, after taking into consideration the cash and bank balances as shown in the Cash Book. The totals should be tallied once a month.

BANK LEDGER

Corporate debtor’s (in liquidation) account with the Scheduled Bank

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Deposits</th>
<th>Withdrawals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Challan Number</td>
<td>Rs.</td>
<td>Cheque Number</td>
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<td>3</td>
<td></td>
</tr>
</tbody>
</table>
REGISTER OF ASSETS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description of assets</th>
<th>Date of taking possession</th>
<th>Serial number of Sales Register</th>
<th>Date of sale</th>
<th>Date of realization</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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</tbody>
</table>

Instructions:

1. All the assets of the corporate debtor except the liquidator's investments in securities and outstandings to be realized should be entered in this Register.

SECURITIES AND INVESTMENTS REGISTER

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Petition number and name of the corporate debtor</th>
<th>Date of investment</th>
<th>Nature and particulars of security in which investment is made</th>
<th>Amount Invested (Rs.)</th>
<th>Dividend or interest received with date of receipt (Rs.)</th>
<th>Date of disposal</th>
<th>Remarks</th>
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</thead>
<tbody>
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</tr>
</tbody>
</table>

REGISTER OF BOOK DEBTS AND OUTSTANDINGS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of debtor</th>
<th>Particulars of debt</th>
<th>Amount due (Rs.)</th>
<th>Date of bar by limitation</th>
<th>Amount realised (Rs.)</th>
<th>Action taken</th>
<th>Date of realisation</th>
<th>Reference to Suits Register</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Instructions:

1. All debts due to the corporate debtor, both secured and unsecured, including amounts due for arrears of calls made prior to the liquidation, should be entered in this Register.

TENANTS LEDGER

1. Description of property:
2. Name and address of tenant:
3. Date of tenancy:
4. Period of tenancy:
5. Rent (monthly or annual):
6. Special terms, if any:
7. Arrears on date of taking charge of property:
8. Advance received, if any:

<table>
<thead>
<tr>
<th>Month</th>
<th>Demand Amount (Rs.)</th>
<th>Realisation Amount (Rs.)</th>
<th>Balance Amount (Rs.)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

January
February

SUITs REGISTER

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Number of suit or appeal and court</th>
<th>Name and address of plaintiff/appellant and his advocate</th>
<th>Name and address of defendant/respondent and his advocate</th>
<th>Amount of claim</th>
<th>Date of filing</th>
<th>Dates of hearing</th>
<th>Date of decree or final order</th>
<th>Nature of relief granted</th>
<th>Amount decreed</th>
<th>Costs decreed</th>
<th>Reference to Decree Register</th>
<th>Remarks</th>
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</thead>
<tbody>
<tr>
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<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
</tbody>
</table>

Instructions:
1. Applications made by or against the corporate debtor which are in the nature of suits should also be entered in this Register.

DECREE REGISTER

<table>
<thead>
<tr>
<th>Number of suit or appeal and court</th>
<th>Name and address of judgment debtor</th>
<th>Amount Decreed (Rs.)</th>
<th>Date of decree</th>
<th>Action taken</th>
<th>Amount realized (Rs.)</th>
<th>Date of realisation</th>
<th>Reference to Suits Register</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>5</td>
<td>6</td>
<td>7</td>
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</tbody>
</table>

Instructions:
1. The purpose of the Register is to enable the liquidator to keep watch on the progress of the realization of decrees in favour of the corporate debtor in his charge.
2. Every decree or order for payment of money or delivery of property in favour of the corporate debtor including an order for payment of costs whether made in a suit, appeal or application, should be entered in this Register.
### REGISTER OF CLAIMS AND DISTRIBUTIONS

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name and Address of creditor</th>
<th>Amount claimed (Rs.)</th>
<th>Nature of claim (Rs.)</th>
<th>Amount admitted (Rs.)</th>
<th>Whether ordinary or preferential</th>
<th>Date</th>
<th>Amount (Rs.)</th>
<th>Date and Mode of Payment</th>
<th>Rate</th>
<th>Amount (Rs.)</th>
<th>Date and Mode of payment</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>7</td>
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<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
</tbody>
</table>

**Instructions:**

1. Only claims admitted either wholly or in part should be entered in this Register.
2. The page on the left side should be reserved for claims and the page on the right side for Distributions.

### CONTRIBUTORY’S LEDGER

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name and address of contributory</th>
<th>Number of shares or extent of interest held, and amount paid thereon</th>
<th>Calls</th>
<th>Remarks</th>
<th>Returns of share capital</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>6 to 9</td>
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</tbody>
</table>

**Instructions:**

Only contributories settled on the list of stakeholders should be entered in this Register and they should be entered in the same order as in the list.

### DISTRIBUTIONS REGISTER

Date on which distribution is made:

Total amount payable in this round of distribution:

<table>
<thead>
<tr>
<th>Date</th>
<th>Number on list of stakeholders</th>
<th>Particulars</th>
<th>Receipts</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**Instructions:**

1. Separate pages should be set apart for preferential and ordinary distributions.
2. The payments should be entered as and when they are made. Any amount which is returned unpaid should be re-entered in the account under ‘Receipts’.
3. The number in column 2 should be the number of the stakeholders in the list of stakeholders as finally settled.
4. The total amount of unclaimed distribution payable into the Public Account of India, and the amount paid into the Bank with the date of payment, should be shown at the end of the account.

**FEE REGISTER**

<table>
<thead>
<tr>
<th>Amount realized on which fee are payable</th>
<th>Amount distributed on which fee are payable</th>
<th>Fee payable on the amounts in the two preceding columns</th>
<th>Fee, if any payable otherwise under order of Adjudicating Authority</th>
<th>Total fee payable</th>
<th>Date of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</table>

*Instructions:*

1. There should be a fresh opening for each year.
2. The fees due to the liquidator should be entered in the Register as soon as the audit of the account for a quarter is completed.

**SUSPENSE REGISTER**

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Debit (Rs.)</th>
<th>Credit (Rs.)</th>
<th>Balance (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>4</td>
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</table>

*Instructions:*

1. Advances made by the liquidator to any person should be entered in this Register.
2. There should be a separate opening for each person.

**DOCUMENTS REGISTER**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description of document</th>
<th>Date of receipt</th>
<th>From whom received</th>
<th>Reference number of shelf in which document is kept</th>
<th>How disposed of</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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</tr>
</tbody>
</table>
BOOKS REGISTER

<table>
<thead>
<tr>
<th>Date</th>
<th>From whom received</th>
<th>Serial Number</th>
<th>Description of books, including files</th>
<th>Shelf number</th>
<th>How disposed of</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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</table>

*Instruction:* All books and files of the corporate debtor which come into the hands of the liquidator should be entered in this Register.

REGISTER OF UNCLAIMED DIVIDENDS AND UNDISTRIBUTED ASSETS DEPOSITED

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of person entitled to the dividend or return</th>
<th>Whether Creditor or Contributory</th>
<th>Number on list of stakeholders</th>
<th>Date of declaration of dividend or return</th>
<th>Rate of dividend or return</th>
<th>Total amount payable (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>

Dr. M. S. SAHOOD, Chairperson

[ADVT.-III/4/Exty./347/16]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION

New Delhi, the 30th January, 2017

Insolvency and Bankruptcy Board of India (Engagement of Research Associates and Consultants) Regulations, 2017

IBBI/2016-17/GN/REG006.—In exercise of the powers conferred by section 240 read with section 194 of the Insolvency and Bankruptcy Board of India Code, 2016 (No. 31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following regulations, namely: –

1. Short title and commencement.

(1) These regulations may be called the Insolvency and Bankruptcy Board of India (Engagement of Research Associates and Consultants) Regulations, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.

(1) In these regulations, unless the context otherwise requires, –

(a) “Code” means the Insolvency and Bankruptcy Code, 2016 (31 of 2016);

(b) “Chairperson” means the Chairperson of the Board;

(c) “Board” means the Insolvency and Bankruptcy Board of India established under section 188(1) of the Code;

(d) “Executive Director” means an officer of the Board appointed as such and having the responsibility to manage human resources of the Board and includes an officer of the Board authorized by the Chairperson to function as Executive Director (Human Resources);

(2) Words and expressions used but not defined in these regulations shall have the same meanings respectively assigned to them in the Code.


(1) The Board may decide, from time to time, the number of the Research Associates and Consultants to be engaged.

(2) The Board may engage such number of Research Associates and Consultants, as it may deem fit.


The Research Associates and Consultants engaged by the Board shall discharge such functions, as may be assigned to them by the Board.

5. Qualifications, experience and remuneration.

(1) The eligibility for Research Associates and Consultants for different disciplines shall be as given in Schedule I: Provided that the Board may also engage Research Associates and Consultants from any other discipline as deemed necessary to assist the Board in the discharge of its functions under the Code.

(2) Depending upon the experience in respective discipline, a person shall be engaged as Research Associate or Consultant in one of five levels given in Schedule II.

(3) The Research Associates and Consultants of different levels shall be paid a consolidated remuneration in accordance with Schedule II.

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
(4) A Research Associate or Consultant shall not be entitled to any other compensation or facility in any form except an annual leave of 12 days.

6. **Evaluation of performance.**

(1) The performance of each Research Associate and Consultant shall be reviewed every six months with reference to tasks assigned and output delivered.

(2) If performance is unsatisfactory, the engagement of the Research Associate or Consultant, as the case may be, shall be discontinued forthwith.

7. **Selection of Research Associates and Consultants.**

(1) The Executive Director shall publish discipline-wise and level-wise number of the Research Associates and Consultants to be engaged with details of qualifications and experience required and the remuneration payable on the website of the Board and invite applications for each discipline and level by a stipulated date:

Provided that the Executive Director may also invite the applications by suitable public notice, for each discipline and level of Research Associates and Consultants.

(2) On expiry of the last date for receipt of applications under sub-regulation (1), the Executive Director shall scrutinise the applications in accordance with these regulations and prepare lists of eligible candidates for each discipline and level to be called for interview.

(3) In case the number of candidates in a list of eligible candidates prepared under sub-regulation (2) is more than four times the number of Research Associates or Consultants to be engaged in that discipline and or level, a committee of officers will prepare a short list of candidates based on higher standards of eligibility, as may be approved by the Board, for interview.

(4) For selecting Research Associates and Consultants for each discipline and level, the Board shall constitute a selection committee comprising:
   a) Chairperson or Whole Time Member,
   b) Executive Director or a Senior Officer of the Board, if the position of Executive Director is vacant, and
   c) An External expert.

(5) The selection committee mentioned in sub-regulation (4) shall interview the candidates in the list of eligible candidates prepared under sub-regulation (2) or in the short list of candidates prepared under sub-regulation (3), as the case may be, and based on the interview, submit to the Board a panel of candidates for engagement as Research Associates and Consultants.

(6) On approval of the panel of candidates by the Board, the Executive Director shall inform each candidate in writing by an offer letter of engagement giving not less than ten days’ time to accept the offer of engagement.

(7) After receipt of acceptance from the selected candidates as per sub-regulation (7), the Executive Director shall issue a letter of engagement to each candidate giving not less than thirty days’ time to join:

Provided that the joining time may be extended by the Executive Director on being satisfied that extension is sought on circumstances beyond the control of the candidate.

8. **Terms and condition of engagement.**

(1) A selected candidate shall be engaged as Research Associates or Consultants on contractual basis for not less than six months and not more two years.

(2) The engagement of a Research Associate or a Consultant may be discontinued by giving one months’ notice or one month’s salary in lieu of the notice, to the other party.

(3) A selected candidate at the time of joining the Board shall enter into a contract which details the terms and conditions of engagement, including the confidentiality, with the Executive Director acting on behalf of the Board.

(4) The terms and conditions of engagement may be modified, in a specific case, where the Board deems it necessary.

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
(5) Without prejudice and in addition to the legal remedies available to the Board, the breach of agreement executed under sub-regulation (2) by or on behalf of any Research Associate or Consultant shall be considered a sufficient ground for termination of the engagement made under the contract and may further debar such person from future engagement by the Board.

9. Power to relax.

The Board may relax any of these regulations as may be deemed necessary, after recording the reasons for the same, in the discharge of its functions under the Code.

**SCHEDULE I**

(See regulation 5)

<table>
<thead>
<tr>
<th>Discipline of Research Associate or Consultant</th>
<th>Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economics/Public Policy</td>
<td>(a) Consistent high academic performance; (b) Doctoral degree from a reputed University / Institution in Economics or a closely related area; (c) Degree / Diploma / Certification in Regulatory Economics.</td>
</tr>
<tr>
<td>Law</td>
<td>(a) Consistent high academic performance; (b) LL. M. / Doctoral degree from a reputed University / Institution in Law or a closely related area; (c) Degree / Diploma / Certification in Regulatory Law.</td>
</tr>
<tr>
<td>Business Management</td>
<td>(a) More than one of the qualifications mentioned in the essential column; (b) Consistent high academic performance; (c) Doctoral degree from a reputed University / Institution in law / management / accounts/ finance / a closely related area; (c) Degree / Diploma / Certification in Regulatory Law / Economics.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Experience (Employment / Practice/ Research) in the relevant discipline (Years)</th>
<th>Consolidated Monthly Remuneration + 10 percent annual increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3</td>
<td>Rs.40,000</td>
</tr>
<tr>
<td>≥ 3 - &lt; 5</td>
<td>Rs.60,000</td>
</tr>
<tr>
<td>≥ 5 - &lt; 10</td>
<td>Rs.85,000</td>
</tr>
<tr>
<td>≥ 10 - &lt; 15</td>
<td>Rs.110,000</td>
</tr>
<tr>
<td>≥ 15</td>
<td>Rs.135,000</td>
</tr>
</tbody>
</table>

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Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./404/16]
अध्याय-III

बैठकें

5. (1) सलाहकार समिति की बैठक उतनी बार और ऐसे स्थानों पर की जाएगी जैसा कि आवश्यक समझा जाए।
(2) सलाहकार समिति की वर्तमान समस्या की प्रतिपादन इसकी बैठकों के लिए कोरम बनाएगा।
(3) सलाहकार समिति का सचिव समिति की बैठकों का आयोजन करेगा और बैठकों के रिकार्ड रखेगा।
(4) सलाहकार समिति का अध्यक्ष बैठकों की कार्यसूची निर्धारित करेगा और समिति की बैठकों की अध्यक्षता करेगा।

शीत

6. (1) समिति का सदस्य समिति की प्रत्येक बैठक के लिए दस हजार रुपए की मिटिंग शीत प्राप्त करने का पात्र होगा।
(2) समिति का प्रत्येक सदस्य समिति की बैठकों में भाग लेने के लिए भारत सरकार के सचिव की पात्रता के समक्ष या और आवास पर होने वाले व्यय की प्रतिपूर्ति के लिए पात्र होगा।

आयोजन

7. (1) सलाहकार समिति का कोई भी सदस्य समिति के द्वारा विचार किए गए या विचाराधीन मुद्दों पर प्रेस या जिसी अन्य पत्रिका में व्यक्त किया नहीं देगा।
(2) कोई सदस्य जिसका समिति की किसी बैठक में विचारार्थ आने वाले किसी मुद्दे में प्रत्यक्ष या अप्रत्यक्ष हित है, तो वह अपने हित की प्रकृति के अनुसार उस बैठक में प्रतिबंधित करेगा।
(3) कोई सदस्य ऐसे कार्य के संबंध में समिति द्वारा मांगी गई व्यक्तियाँ सलाह की छोड़कर समिति के किसी विचार-विमर्श या चर्चा में भाग नहीं लेगा।

डॉ. एम. एस. साह, अध्यक्ष

[विज्ञापन-III/4/असा./402/16]

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 30th January, 2017

Insolvency and Bankruptcy Board of India (Advisory Committee) Regulations, 2017

IBBI/2016-17/GN/REG008.—In exercise of the powers conferred by section 197 read with section 240 of the Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy Board of India hereby makes the following regulations, namely:—

Chapter I

Preliminary

1. Short title and commencement.

(1) These regulations may be called Insolvency and Bankruptcy Board of India (Advisory Committee) Regulations, 2017.
These regulations shall come into force on the date of their publication in the Official Gazette.

2. Definitions.

(1) In these regulations, unless the context otherwise requires:—
   a) “Advisory Committee” means an Advisory Committee constituted by an order of the Board under section 197 of the Code read with these regulations;
   b) “Board” means the Insolvency and Bankruptcy Board of India established under section 188(1) of the Code;
   c) “Chairperson” means the Chairperson of the Advisory Committee;
   d) “Code” means the Insolvency and Bankruptcy Code, 2016;
   e) “Member” means a Member of the Advisory Committee and includes Chairperson;
   f) “Secretary” means an officer of the Board designated as such by the Board;

(2) Words and expressions used and not defined in these regulations but defined in the Code shall have the meanings respectively assigned to them in the Code.

Chapter II

Constitution of Advisory Committee


(1) The Board may, by an order, constitute an Advisory Committee to obtain expert advice on issues relevant for the efficient discharge of its functions.

(2) The Board may constitute the following committees:-
   a) Advisory Committee on Service Providers;
   b) Advisory Committee on Corporate Insolvency and Liquidation;
   c) Advisory Committee on Individual Insolvency and Bankruptcy, and
   d) Any other subject specific Advisory Committee as the Board may consider expedient from time to time.

(3) Every order under sub-regulation (1) shall provide for composition of the Advisory Committee and the broad issues under its purview.

(4) An Advisory Committee may advise the Board on any issue under its purview on its own and shall advise and provide professional support on any issue under its purview on a request from the Board.

4. Composition of Advisory Committee.

(1) An Advisory Committee shall comprise of:-
   a) Professional Members, who are eminent academicians or practitioners in the relevant area, and
   b) General Members, who are eminent citizens not having direct involvement or interest in the area:

Provided that Professional Members and General Members shall roughly be in the ratio of 2:1.

(2) No person shall be a Member of more than one Advisory Committee at any point of time.

(3) The term of a Member shall not exceed three years:

Provided that a person shall be eligible for reappointment as Member of the same or another Advisory Committee.
(4) The Board shall designate:

a) one of the General Members of the Advisory Committee as its Chairperson; and

b) one of its senior Officers as Secretary to the Advisory Committee and such Secretary shall have right to speak, but not vote on any issue in the meetings of the Advisory Committee.

Chapter III

Meetings

5. Meetings.

(1) An Advisory Committee shall meet at such times and places as it considers expedient.

(2) Fifty percent of the existing strength of the Advisory Committee shall constitute quorum for its meetings.

(3) Secretary to the Advisory Committee shall convene meetings of the Committee and maintain records of meetings.

(4) Chairperson of the Advisory Committee shall decide the agenda for the meetings and preside over the meetings of the Committee.

6. Fee.

(1) A Member of the Committee shall be entitled to a sitting fee of Rs.10,000 for a meeting of the Committee.

(2) A Member of the Committee shall be entitled to reimbursement of expenses on his travel and accommodation for attending the meetings of the Committee at par with the entitlement of Secretary to Government of India.

7. Conduct.

(1) No member of the Advisory Committee shall communicate to the Press or to any other public media on issues that have been considered or are under consideration of the Committee.

(2) A Member, who is directly or indirectly interested in any issue coming up for consideration at a meeting of the Committee, shall disclose the nature of his interest at such meeting.

(3) A Member shall not take part in any deliberation or discussion of the Committee with respect to such business except to the extent of professional advice if sought by the Committee.

Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./402/16]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 30th January, 2017

Insolvency and Bankruptcy Board of India (Procedure for Governing Board Meetings) Regulations, 2017

IBBI/2016-17/GN/REG007.— In exercise of the powers conferred by section 192(1) read with section 240 of the Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy Board of India hereby makes the following regulations, namely:—
Chapter I
Preliminary

1. Short title and commencement.

(1) These regulations may be called Insolvency and Bankruptcy Board of India (Procedure for Governing Board Meetings) Regulations, 2017.
(2) These regulations shall come into force on the date of their publication in the Official Gazette.

2. Definitions.

(1) In these regulations, unless the context otherwise requires:—
(a) “Board” means the Insolvency and Bankruptcy Board of India established under section 188(1) of the Code;
(b) “Chairperson” means the Chairperson of the Board;
(c) “Code” means the Insolvency and Bankruptcy Code, 2016;
(d) “Governing Board” means the Board of Members constituted under section 189(1) of the Code;
(e) “Member” means a Member of the Board and includes the Chairperson, appointed under section 189 of the Code;
(f) “Schedule” means schedule attached to these Regulations;
(g) “Secretary” means Secretary to the Governing Board designated under regulation 9(1) of these Regulations.

(2) Words and expressions used and not defined in these Regulations but defined in the Code shall have the meanings respectively assigned to them in the Code.

Chapter II
Businesses


(1) The Governing Board shall transact the following businesses:-
(i) Regulations to be made under section 240;
(ii) Annual Accounts and Audit under section 223;
(iii) Annual Budget under section 228;
(iv) Annual Report under section 229;
(v) Delegation of Powers under section 230;
(vi) Operations Manuals for various activities;
(vii) Timelines for Disposal of various activities;
(viii) Expenditures above Rs.5 crore;
(ix) Location of Office Premises;
(x) Number and categories of employees and their compensation;
(xi) Accommodation for Chairperson and Whole Time Members under Rule 12 of the IBBI (Salary, Allowances and other Terms and Conditions of Service of Chairperson and members) Rules, 2016;
(xii) Any other as may be specifically required by the Governing Board from time to time;
(xiii) Any other as may be brought before the Governing Board from time to time; and
(xiv) Any other as may be required under any law for the time being in force.

(2) The business shall be transacted, as far as possible, in meetings of the Governing Board:
Provided that a Member may attend a meeting through video conferencing:
Provided further that wherever considered necessary, a business may be transacted by a resolution passed by circulation of an agenda to the Members:
Provided further that a resolution passed through circulation of the agenda to the Members shall be placed before the next meeting of the Governing Board for ratification.

Chapter III
Meetings

4. Convening of Meetings.

(1) There shall be at least four meetings of the Governing Board in a year and at least one meeting in each quarter.
(2) The Chairperson or in his absence, any other Member nominated by the Chairperson in this behalf, may convene the meetings of the Governing Board.

(3) Any three Members may require the Chairperson to convene a meeting of the Governing Board at any time and the Chairperson shall convene the meeting of the Governing Board accordingly: Provided that if the Chairperson is not available, any three Members may require the Secretary to convene the meeting of the Governing Board.

(4) The meetings of the Governing Board shall be held at such times and places in India as may be specified in the notice convening the meeting.

(5) The meetings of the Governing Board shall ordinarily be held at its head office: Provided that the Governing Board may also hold meetings at its other offices or at any other place in India, whenever, in the opinion of the Governing Board, it is expedient to do so.

(6) The Chairperson or if he is unable to attend the meeting of the Governing Board, for any reason, any other Member chosen by the Members present at the meeting, shall preside over the meeting.

5. Notice.

1. Not less than seven days’ notice shall ordinarily be given of each meeting of the Governing Board and such notice along with agenda papers shall be sent to every Member ordinarily seven working days in advance at his usual address in India or by e-mail, as furnished by him to the Board: Provided that if an urgent meeting of the Governing Board is required to be convened, seven days’ notice may be dispensed with by the Chairperson subject to the condition that Members get sufficient notice to enable them to attend the meeting.

2. No business other than that for which the meeting has been convened shall be transacted at a meeting of the Governing Board, except with the permission of the Chairperson.

6. Quorum.

(1) Five Members, if the Governing Board has eight or more Members, and three Members, if the Governing Board has less than eight Members, shall constitute the quorum for the transaction of business at a meeting of the Governing Board.

(2) All businesses which come up before any meeting of the Governing Board shall be decided by a majority vote of the Members present and voting and in the event of an equality of votes, the Chairperson, or in his absence, the Member presiding, shall have a second or casting vote.

7. Leave of absence.

The Governing Board may grant leave of absence to a Member not present in the meeting and such leave of absence shall be recorded in the minutes of the meeting.

8. Minutes of the meeting.

(1) The Board shall cause the minutes of all the proceedings to be maintained in the books kept for the purpose which may be in the form of binders containing loose leaves, duly numbered.

(2) A copy of draft minutes of the proceedings of each meeting of the Governing Board shall be circulated as soon as possible for confirmation by the Members.

(3) The confirmed minutes shall be signed by the Chairperson or the Member presiding at the succeeding meeting, and taken on record thereafter.

9. Secretary.

(1) The Chairperson shall nominate a senior officer of the Board as Secretary to the Governing Board to keep custody of common seal, register of attendance of the meetings, agenda, minutes book, and other documents/records etc. pertaining to the meetings of the Governing Board and of Committees thereof.

(2) The Secretary shall arrange meetings, record minutes and generally ensure that these regulations are followed.

Chapter IV
Charter of Conduct

10. Member not to participate in meetings in certain cases.

Every Member, who is directly or indirectly concerned or interested in any business coming up for consideration at a meeting of the Governing Board, shall, as soon as possible, after the relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and such disclosure shall be recorded in the proceedings of the
Governing Board and the Member shall not take part in any deliberation or decision of the Governing Board with respect to that business.

**Explanation:** The expression “directly or indirectly” referred to in this regulation shall include any concern or interest of a Member either by himself or through his relatives within the meaning of definition of section 2(77) of the Companies Act, 2013 or by reason of being a partner or director of that concern.

11. Obligation of a Member to give information of disqualification.

(1) A Member shall, as soon as possible, inform the Board if he becomes subject to any of the disqualifications specified in section 190 of the Code.

(2) The Board shall inform the Central Government, if it comes to the notice of the Board that any Member has attracted any of the disqualifications referred to in sub-regulation (1).

12. Declaration of fidelity.

(1) The Chairperson and every Whole Time Member, before entering upon his duties, shall take an Oath of Office and Secrecy, in the format given at Schedule I.

(2) Every Member, before joining upon his duties, shall sign a Charter of Conduct confirming his allegiance to the highest standards of ethics and integrity, in the format given at Schedule II. Provided that the Members already in office shall sign the Charter within two months of the Regulations coming into force.

**Chapter V**
**Contracts**

13. Manner and form in which contracts may be executed.

(1) Any contract on behalf of the Board may be made in writing signed by a Member, Officer of the Board or any other person acting under its authority, express or implied and may in the same manner be varied or discharged.

(2) Any document connected with any contract may be signed and verified on behalf of the Board by any Officer authorised by the Chairperson.

(3) All contracts made according to the provisions of this regulation shall be valid and binding on the Board.


The Common Seal of the Board shall not be affixed to any instrument except in pursuance of a resolution of the Governing Board and in the presence of at least one Member who shall sign on such instrument in token of his presence and such signing shall be independent of the signing of any person who may sign the instrument as the executor.

**Chapter VI**
**Miscellaneous**

15. Power to regulate procedure in certain circumstances.

In a situation not provided for in these Regulations, the Governing Board may, for reasons to be recorded in writing, determine the procedure in a particular case.


No act or proceedings of the Governing Board shall be invalid merely by reason of any irregularity in the procedure of the Governing Board not affecting the merits of the case.

17. Meetings of Committees.

(1) Subject to sub-regulation (2), these regulations shall apply mutatis mutandis to the meetings of Committees of the Governing Board.

(2) Fifty percent of Members of the existing strength of the Committee shall constitute quorum for meetings of the Committee.

18. Relaxation.

The Governing Board may relax any of these regulations in case of exigencies warranting such relaxation.

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
SCHEDULE I
[See regulation 12 (1)]
Oath of Office and Secrecy

I, …………………………., having been appointed as …………… of the Insolvency and Bankruptcy Board of India, do solemnly affirm that I will faithfully and conscientiously discharge my duties as ……………………… to the best of my ability, knowledge and judgment, without fear or favour, affection or ill-will.

I, …………………………., having been appointed as …………… of the Insolvency and Bankruptcy Board of India, do solemnly affirm that I will not directly or indirectly communicate or reveal to any person any matter which shall be brought under my consideration or shall become known to me as …………………….. except as may be required for the due discharge of my duties as …………………….

Date :
Place:
(Signature)

(Oath to be administered by Hon’ble Minister / Secretary to Ministry of Corporate Affairs in case of Chairperson and by Chairperson in case of any other Member)

SCHEDULE II
[See regulation 12 (2)]
Charter of Conduct for Members of Board

This Charter aims to ensure that the Board conducts in a manner that does not compromise its ability to accomplish its mandate or undermine the public confidence in the ability of Member(s) to discharge his responsibilities.

Definitions.
1. In this Charter, unless the context otherwise requires,-
   (i) “family” means spouse and dependent children below 18 years of age.
   (ii) “conflict of interests” means any personal interest or association of a Member, which is likely to influence the decision of the Board in a matter, as viewed by an independent third party.
   (iii) “regulated entity” means an Insolvency Professional, an Insolvency Professional Entity, an Insolvency Professional Agency, or an Information Utility.
   (iv) “Whole Time Member” means a Whole Time Member of the Board and includes the Chairperson of the Board.

2. Words and expressions used and not defined in this Charter but defined in the Code shall have the meanings respectively assigned to them in the Code.

Charter in addition to other provisions.
3. This Charter is in addition to the provisions of section 193 of the Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy Board of India (Salary, Allowances and other Terms and Conditions of Service of Chairperson and members) Rules, 2016, and the Insolvency and Bankruptcy Board of India (Procedure for Governing Board Meetings) Regulations, 2017.

General principles.
4. (1) A Member shall take all steps necessary to ensure that any conflict of interests to which he may be subject to does not affect any decision of the Board.
   (2) A Member shall disclose his interests which may conflict with his duties.
   (3) A Member shall not exploit to his personal advantage, any personal or professional relationship with regulated entities or any employee of such entities.

Outside or private activities.
5. (1) A Whole Time Member shall not hold any other office of profit.
   (2) A Whole Time Member shall not engage in any other professional activity, which entails receipt of salary or professional fees.

Conflict in respect of agenda.
6. (1) A Member, who is directly or indirectly interested in any business coming up for consideration at a meeting of the Governing Board, shall disclose the nature of his interest at such meeting.
(2) A Member shall not take part in any deliberation or discussion of the Governing Board with respect to such business except to the extent of professional advice if sought by the Governing Board.

Members not to hear or decide in certain cases.
7. No Member shall hear or decide any matter where he has a conflict of interest.

Availing services of regulated entities.
8. A Member shall disclose if he or his family has any dispute in respect of product or services availed from a regulated entity.

Acceptance of gifts.
9. (1) A Whole Time Member shall not accept any gift by whatever name called, to the extent possible, from a regulated entity.

(2) A Whole Time Member shall hand over the gift, if he receives any and the value exceeds Rs.5000, to the IBBI.

Other disclosures.
10. A Member shall disclose the following:
   a) any post, other employment or fiduciary position which a Member holds, or has held in the past 5 years in connection with any regulated entity;
   b) any other significant relationship, including a professional, personal, financial or family relationship held in connection with a regulated entity.

Procedure for managing the conflict.
11. (1) A Member shall disclose a conflict of interests at the earliest possible opportunity.

(2) A Member shall seek determination from the Chairperson if he has a doubt whether there is a conflict of interests or not.

(3) The Chairperson shall seek determination from the Governing Board if he has a doubt whether there is a conflict of interests or not.

4) If the Chairperson or the Governing Board, as the case may be, determines that there is a conflict of interests, the Member or the Chairperson shall refrain from dealing with the particular matter.

(5) The Chairperson or the Governing Board, as the case may be, shall assign that matter to another Member or a Committee of Members.

Procedure for public to raise conflict of interests.
12. (1) Any person, who has reasonable ground to believe that a Member has an interest in a particular matter, may bring the same with material evidence to the notice of the Secretary.

(2) The Secretary shall place the details received under sub-clause (1) before the Chairperson in case of a Member and before the Governing Board in case of Chairperson.

(3) The Chairperson or the Governing Board, as the case may be, shall determine if the Member or the Chairperson has an interest which is likely to affect the decision by him.

(4) The Member or the Chairperson, as the case may be, shall refrain from dealing with that particular matter if the Chairperson or the Governing Board determines that there is a conflict of interests.

(5) The Chairperson or the Governing Board, as the case may be, shall assign that matter to another Member or a Committee of Members.

Maintenance of disclosures.
13. (1) The information as disclosed under this Charter shall be kept confidential and shall not be disclosed.

(2) Notwithstanding the provisions in clause (1), the information may be disclosed only to the authorised persons in the following circumstances where there is:
   a. a requirement for disclosure for the purposes of managing potential or actual conflicts; or
   b. any legal or regulatory obligation to disclose the information.

(3) The disclosures by a Member may be scrutinized under the authority of the Chairperson with due regard to Members’ areas of responsibility.

(4) The disclosures by Chairperson may be scrutinized under the authority of the Governing Board with due regard to Chairperson’s responsibility.

(5) The Secretary shall keep and maintain custody of documents / records pertaining to any disclosure made by Members under this Charter.

Dr. M. S. SAHOO, Chairperson

[ADVT III/4/Exty./403/16]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION
New Delhi, the 31st March, 2017

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (VOLUNTARY LIQUIDATION PROCESS)
REGULATIONS, 2017

IBBI/2016-17/GN/REG010. - In exercise of the powers conferred by sections 59, 196 and 208 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Board hereby makes the following Regulations, namely:-

CHAPTER I
PRELIMINARY

1. Short title and commencement.
   (1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.
   (2) These Regulations shall come into force on 1st April, 2017.
   (3) These Regulations shall apply to the voluntary liquidation of corporate persons under Chapter V of Part II of the Insolvency and Bankruptcy Code, 2016.

2. Definitions.
   (1) In these Regulations, unless the context otherwise requires-
      (a) “Code” means the Insolvency and Bankruptcy Code, 2016;
      (b) “contributory” means a member of a company, partner of a limited liability partnership, and any other person liable to contribute towards the assets of the corporate person in the event of its liquidation;
      (c) “liquidation commencement date” means the date on which the proceedings for voluntary liquidation commence as per section 59(5) and Regulation 3(4);
      (d) “Registrar” shall have the same meaning assigned to it under section 2(75) of the Companies Act, 2013 or section 2(1)(s) of the Limited Liability Partnership Act, 2008 or the authority administering the Act under which the corporate person is incorporated, as applicable;
      (e) “section” means a section of the Code; and
      (f) “stakeholders” mean the stakeholders entitled to proceeds from the sale of liquidation assets under section 53.
   (2) The term liquidation in these Regulations refers to voluntary liquidation.
   (3) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, but defined in the Code, shall have the meanings assigned to them in the Code.

CHAPTER II
COMMENCEMENT OF LIQUIDATION

3. Initiation of Liquidation
   (1) Without prejudice to section 59(2), liquidation proceedings of a corporate person shall meet the following conditions, namely:—
      (a) a declaration from majority of
         (i) the designated partners, if a corporate person is a limited liability partnership,
         (ii) individuals constituting the governing body in case of other corporate persons,
         as the case may be, verified by an affidavit stating that—
            (i) they have made a full inquiry into the affairs of the corporate person and they have formed an opinion that either the corporate person has no debt or that it will be able to pay its debts in full from the proceeds of assets to be sold in the liquidation; and
            (ii) the corporate person is not being liquidated to defraud any person;
      (b) the declaration under sub-clause (a) shall be accompanied with the following documents, namely:—
         (i) audited financial statements and record of business operations of the corporate person for the previous two years or for the period since its incorporation, whichever is later;
(ii) a report of the valuation of the assets of the corporate person, if any prepared by a registered valuer;
(c) within four weeks of a declaration under sub-clause (a), there shall be-
   (i) a resolution passed by a special majority of the partners or contributories, as the case may be, of the corporate person requiring the corporate person to be liquidated and appointing an insolvency professional to act as the liquidator; or
   (ii) a resolution of the partners or contributories, as the case may be, requiring the corporate person to be liquidated as a result of expiry of the period of its duration, if any, fixed by its constitutional documents or on the occurrence of any event in respect of which the constitutional documents provide that the corporate person shall be dissolved, as the case may be, and appointing an insolvency professional to act as the liquidator:

Provided that the corporate person owes any debt to any person, creditors representing two-thirds in value of the debt of the corporate person shall approve the resolution passed under sub-clause (c) within seven days of such resolution.

(2) The corporate person shall notify the Registrar and the Board about the resolution under sub-regulation (1) to liquidate the corporate person within seven days of such resolution or the subsequent approval by the creditors, as the case may be.

(3) Subject to approval of the creditors under sub-regulation (1), the liquidation proceedings in respect of a corporate person shall be deemed to have commenced from the date of passing of the resolution under sub-clause (c) of sub-regulation (1):

Explanation: For the purposes of sub-regulations (1) to (3), corporate person means a corporate person other than a company.

(4) The declaration under sub-regulation (1)(a) or under section 59(3)(a) shall list each debt of the corporate person as on that date and state that the corporate person will be able to pay all its debts in full from the proceeds of assets to be sold in the liquidation.

4. Effect of liquidation.
   (1) The corporate person shall from the liquidation commencement date cease to carry on its business except as far as required for the beneficial winding up of its business.
   (2) Notwithstanding the provisions of sub-section (1), the corporate person shall continue to exist until it is dissolved under section 59(8).

CHAPTER III

APPOINTMENT AND REMUNERATION OF LIQUIDATOR

5. Appointment of Liquidator.
   (1) An insolvency professional shall not be appointed by a corporate person if he is not eligible under Regulation 6.
   (2) The resolution passed under regulation 3(2)(c) or under section 59(3)(c), as the case may be, shall contain the terms and conditions of the appointment of the liquidator, including the remuneration payable to him.

6. Eligibility for appointment as liquidator.
   (1) An insolvency professional shall be eligible to be appointed as a liquidator if he, and every partner or director of the insolvency professional entity of which he is a partner or director is independent of the corporate person:

Explanation: A person shall be considered independent of the corporate person, if he-
   (a) is eligible to be appointed as an independent director on the board of the corporate person under section 149 of the Companies Act, 2013 (18 of 2013), where the corporate person is a company;
   (b) is not a related party of the corporate person; or
   (c) has not been an employee or proprietor or a partner-
      (i) of a firm of auditors or company secretaries or cost auditors of the corporate person; or
      (ii) of a legal or a consulting firm, that has or had any transaction with the corporate person contributing ten per cent or more of the gross turnover of such firm, at any time in the last three years.
(2) An insolvency professional shall not be eligible to be appointed as a liquidator if he, or the insolvency professional entity of which he is a partner or director is under a restraint order of the Board.

(3) A liquidator shall disclose the existence of any pecuniary or personal relationship with the concerned corporate person or any of its stakeholders as soon as he becomes aware of it, to the Board and the Registrar.

(4) An insolvency professional shall not continue as a liquidator if the insolvency professional entity of which he is a director or partner, or any other partner or director of such insolvency professional entity represents any other stakeholder in the same liquidation.

7. **Liquidator’s remuneration.**

The remuneration payable to the liquidator shall form part of the liquidation cost.

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**CHAPTER IV
POWERS AND FUNCTIONS OF THE LIQUIDATOR**

8. **Reporting.**

(1) The liquidator shall prepare and submit-

- (a) Preliminary Report;
- (b) Annual Status Report;
- (c) Minutes of consultations with stakeholders; and
- (d) Final Report

in the manner specified under these Regulations.

(2) Subject to other provisions of these Regulations, the liquidator shall make the reports and minutes referred to sub-regulation (1) available to a stakeholder in either electronic or physical form, on receipt of-

- (a) an application in writing;
- (b) cost of making such reports available to it; and
- (c) an undertaking from the stakeholder that it shall maintain confidentiality of such reports and shall not use these to cause an undue gain or undue loss to itself or any other person.

9. **Preliminary Report.**

(1) The liquidator shall submit a Preliminary Report to the corporate person within forty five days from the liquidation commencement date, detailing-

- (a) the capital structure of the corporate person;
- (b) the estimates of its assets and liabilities as on the liquidation commencement date based on the books of the corporate person:

  *Provided* that if the liquidator has reasons to believe, to be recorded in writing, that the books of the corporate person are not reliable, he shall also provide such estimates based on reliable records and data otherwise available to him;

- (c) Whether he intends to make any further inquiry in to any matter relating to the promotion, formation or failure of the corporate person or the conduct of the business thereof; and
- (d) the proposed plan of action for carrying out the liquidation, including the timeline within which he proposes to carry it out and the estimated liquidation costs.

10. **Registers and books of account.**

(1) Where the books of account of the corporate person are incomplete on the liquidation commencement date, the liquidator shall have them completed and brought up-to-date, with all convenient speed.

(2) The liquidator shall maintain the following registers and books, as may be applicable, in relation to the liquidation of the corporate debtor:-

- (a) Cash Book;
- (b) Ledger;
- (c) Bank Ledger;
- (d) Register of Fixed Assets and Inventories;
- (e) Securities and Investment Register;
(f) Register of Book Debts and Outstanding Debts;
(g) Tenants Ledger;
(h) Suits Register;
(i) Decree Register;
(j) Register of Claims and Dividends;
(k) Contributories Ledger;
(l) Distributions Register;
(m) Fee Register;
(n) Suspense Register;
(o) Documents Register;
(p) Books Register;
(q) Register of unclaimed dividends and undistributed properties deposited in accordance with Regulation 39; and
(r) such other books or registers as may be necessary to account for transactions entered into by him in relation to the corporate debtor.

(3) The registers and books under sub-regulation (2) may be maintained in the forms indicated in Schedule II, with such modifications as the liquidator may deem fit in the facts and circumstances of the liquidation.

(4) The liquidator shall keep receipts for all payments made or expenses incurred by him.

11. Engagement of professionals.

(1) A liquidator may engage professionals to assist him in the discharge of his duties, obligations and functions for a reasonable remuneration and such remuneration shall form part of the liquidation cost.

(2) The liquidator shall not engage a professional under sub-regulation (1) who is his relative, is a related party of the corporate person or has served as an auditor to the corporate person at any time during the five years preceding the liquidation commencement date.

(3) A professional engaged or proposed to be engaged under sub-regulation (1) shall disclose the existence of any pecuniary or personal relationship with any of the stakeholders, or the corporate person as soon as he becomes aware of it, to the liquidator.

12. Consultation with stakeholders.

(1) The stakeholders consulted under section 35(2) shall extend all assistance and cooperation to the liquidator to complete the liquidation of the corporate person.

(2) The liquidator shall maintain the particulars of any consultation with the stakeholders made under this Regulation.

13. Extortionate credit transactions.

A transaction shall be considered an extortionate credit transaction under section 50(2) where the terms-

(a) require the corporate person to make exorbitant payments in respect of the credit provided; or

(b) are unconscionable under the principles of law relating to contracts.

14. Public announcement by the liquidator.

(1) The liquidator shall make a public announcement in Form A of Schedule I within five days from his appointment.

(2) The public announcement shall-

(a) call upon stakeholders to submit their claims as on the liquidation commencement date; and

(b) provide the last date for submission of claim, which shall be thirty days from the liquidation commencement date.
The announcement shall be published-

(a) in one English and one regional language newspaper with wide circulation at the location of the registered office and principal office, if any, of the corporate person and any other location where in the opinion of the liquidator, the corporate person conducts material business operations;

(b) on the website, if any, of the corporate person; and

(c) on the website, if any, designated by the Board for this purpose.

CHAPTER V

CLAIMS

15. Proof of claim.

A person, who claims to be a stakeholder, shall prove his claim for debt or dues to him, including interest, if any, as on the liquidation commencement date.

16. Claims by operational creditors.

(1) A person claiming to be an operational creditor of the corporate person, other than a workman or employee, shall submit proof of claim to the liquidator in person, by post or by electronic means in Form B of Schedule I.

(2) The existence of debt due to an operational creditor under this Regulation may be proved on the basis of-

(a) the records available with an information utility; or

(b) other relevant documents which adequately establish the debt, including any of the following -

(i) a contract for the supply of goods or services with corporate person, supported by an invoice demanding payment for the goods and services supplied to the corporate person;

(ii) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any; and

(iii) financial accounts of the corporate person.

17. Claims by financial creditors.

(1) A person claiming to be a financial creditor of the corporate person shall submit proof of claim to the liquidator in electronic means in Form C of Schedule I.

(2) The existence of debt due to the financial creditor may be proved on the basis of-

(a) the records available in an information utility; or

(b) other relevant documents which adequately establish the debt, including any or all of the following -

(i) a financial contract supported by financial statements as evidence of the debt;

(ii) a record evidencing that the amounts committed by the financial creditor to the corporate person under a facility has been drawn by the corporate person;

(iii) financial statements showing that the debt has not been repaid; and

(iv) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any.

18. Claims by workmen and employees.

(1) A person claiming to be a workman or an employee of the corporate person shall submit proof of claim to the liquidator in person, by post or by electronic means in Form D of Schedule I.

(2) Where there are dues to numerous workmen or employees of the corporate person, an authorized representative may submit one proof of claim for all such dues on their behalf in Form E of Schedule I.

(3) The existence of dues to workmen or employees may be proved by them, individually or collectively, on the basis of-

(a) records available in an information utility; or

(b) other relevant documents which adequately establish the dues, including any or all of the following -
(i) a proof of employment such as contract of employment for the period for which such workman or employee is claiming dues;
(ii) evidence of notice demanding payment of unpaid amount and any documentary or other proof that payment has not been made; and
(iii) an order of a court or tribunal that has adjudicated upon the non-payment of dues, if any.
(4) The liquidator shall admit the claims of a workman or an employee on the basis of the books of account of the corporate person if such workman or employee has not made a claim.

19. Claims by other stakeholders.
(1) A person, claiming to be a stakeholder other than those under Regulations 16, 17 or 18 shall submit proof of claim to the liquidator in person, by post or by electronic means in Form F of Schedule I.
(2) The existence of the claim of the stakeholder may be proved on the basis of -
(a) the records available in an information utility; or
(b) other relevant documents which adequately establish the claim, including any or all of the following-
(i) documentary evidence of notice demanding payment of unpaid amount or bank statements of the claimant showing that the claim has not been paid and an affidavit that the documentary evidence and bank statements are true, valid and genuine;
(ii) documentary or electronic evidence of his shareholding; and
(iii) an order of a court, tribunal or other authority that has adjudicated upon the non-payment of a claim, if any.

20. Proving security interest.
The existence of a security interest may be proved by a secured creditor on the basis of-
(a) the records available in an information utility;
(b) certificate of registration of charge issued by the Registrar of Companies;
(c) proof of registration of charge with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India; or
(d) other relevant documents which adequately establish the security interest.

21. Production of bills of exchange and promissory notes.
Where a person seeks to prove a debt in respect of a bill of exchange, promissory note or other negotiable instrument or security of a like nature for which the corporate person is liable, such bill of exchange, note, instrument or security, as the case may be, shall be produced before the liquidator before the claim is admitted.

22. Substantiation of claims.
The liquidator may call for such other evidence or clarification as he deems fit from a claimant for substantiating the whole or part of its claim.

23. Cost of proof.
(1) A claimant shall bear the cost of proving its claim.
(2) Costs incurred by the liquidator for verification and determination of a claim shall form part of liquidation cost:
Provided that if a claim or part of the claim is found to be false, the liquidator shall endeavor to recover the costs incurred for verification and determination of claim from such claimant, and shall provide the details of the claimant to the Board.

24. Determination of quantum of claim.
Where the amount claimed by a claimant is not precise due to any contingency or any other reason, the liquidator shall make the best estimate of the amount of the claim, based on consultation with the claimant and the corporate person and the information available with him.
25. **Debt in foreign currency.**

The claims denominated in foreign currency shall be valued in Indian currency at the official exchange rate as on the liquidation commencement date.

*Explanation* - “The official exchange rate” is the reference rate published by the Reserve Bank of India or derived from such reference rates.

26. **Periodical payments.**

In the case of rent, interest and such other payments of a periodical nature, a person may claim only for any amounts due and unpaid up to the liquidation commencement date.

27. **Debt payable at future time.**

1. A person may prove for a claim whose payment was not yet due on the liquidation commencement date and is entitled to distribution in the same manner as any other stakeholder.

2. Subject to any contract to the contrary, where a stakeholder has proved for a claim under sub-regulation (1), and the debt has not fallen due before distribution, he is entitled to distribution of the admitted claim reduced as follows:

\[
\frac{X}{(1+r)^n}
\]

where-

(a) “X” is the value of the admitted claim;

(b) “r” is the closing yield rate (%) of government securities of the maturity of “n” on the date of distribution as published by the Reserve Bank of India; and

(c) “n” is the period beginning with the date of distribution and ending with the date on which the payment of the debt would otherwise be due, expressed in years and months in a decimalized form.

28. **Mutual credits and set-off.**

Where there are mutual dealings between the corporate person and another party, the sums due from one party shall be set off against the sums due from the other to arrive at the net amount payable to the corporate person or to the other party.

*Illustration:* X owes Rs.100 to the corporate person. The corporate person owes Rs.70 to X. After set off, Rs.30 is payable by X to the corporate person.

29. **Verification of claims**

1. The liquidator shall verify the claims submitted within thirty days from the last date for receipt of claims and may either admit or reject the claim, in whole or in part, as the case may be, as per section 40 of the Code.

2. A creditor may appeal to the Adjudicating Authority against the decision of the liquidator as per section 42 of the Code.

30. **List of stakeholders.**

1. The liquidator shall prepare a list of stakeholders on the basis of proofs of claims submitted and accepted under these Regulations, with-

   (a) the amounts of claim admitted, if applicable,

   (b) the extent to which the debts or dues are secured or unsecured, if applicable,

   (c) the details of the stakeholders, and

   (d) the proofs admitted or rejected in part, and the proofs wholly rejected.

2. The liquidator shall prepare the list of stakeholders within forty-five days from the last date for receipt of claims.

3. The list of stakeholders, as modified from time to time, shall be-

   (a) available for inspection by the persons who submitted proofs of claim;

   (b) available for inspection by members, partners, directors and guarantors of the corporate person;
displayed on the website, if any, of the corporate person;
(d) displayed on the website, if any, designated by the Board for this purpose.

CHAPTER VI
REALISATION OF ASSETS

31. Manner of sale.
The liquidator may value and sell the assets of the corporate person in the manner and mode approved by the corporate person in compliance with provisions, if any, in the applicable statute.

Explanation: “assets” include an asset, all assets, a set of assets or parcel of assets, as the case may be, in relation to sale of assets.

32. Recovery of monies due.
The liquidator shall endeavor to recover and realize all assets of and dues to the corporate person in a time-bound manner for maximization of value for the stakeholders.

33. Liquidator to realize uncalled capital or unpaid capital contribution.
(1) The liquidator shall realize any amount due from any contributory to the corporate person.
(2) Notwithstanding any charge or encumbrance on the uncalled capital of the corporate person, the liquidator shall be entitled to call and realize the uncalled capital of the corporate person and to collect the arrears if any due on calls made prior to the liquidation commencement date, by providing a notice to the contributory to make the payments within fifteen days from the receipt of the notice, but shall hold all moneys so realized subject to the rights, if any, of the holder of any such charge or encumbrance.
(3) No distribution shall be made to a contributory, unless he makes his contribution to the uncalled or unpaid capital as required in the constitutional documents of the corporate person.

CHAPTER VII
PROCEEDS OF LIQUIDATION AND DISTRIBUTION OF PROCEEDS

34. All money to be paid in to bank account.
(1) The liquidator shall open a bank account in the name of the corporate person followed by the words ‘in voluntary liquidation’, in a scheduled bank, for the receipt of all moneys due to the corporate person.
(2) The liquidator shall pay to the credit of the bank account opened under sub-regulation (1) all moneys, including cheques and demand drafts received by him as the liquidator of the corporate person, and the realizations of each day shall be deposited into the bank account without any deduction not later than the next working day.
(3) The money in the credit of the bank account shall not be used except in accordance with section 53(1).
(4) All payments out of the account by the liquidator above five thousand rupees shall be made by cheques drawn or online banking transactions against the bank account.

35. Distribution.
(1) The liquidator shall distribute the proceeds from realization within six months from the receipt of the amount to the stakeholders.
(2) The liquidation costs shall be deducted before such distribution is made.
(3) The liquidator may, with the approval of the corporate person, distribute amongst the stakeholders, an asset that cannot be readily or advantageously sold due to its peculiar nature or other special circumstances.

36. Return of money.
A stakeholder shall forthwith return any monies received by him in distribution, which he was not entitled to at the time of distribution, or subsequently became not entitled to.
37. **Completion of liquidation.**

(1) The liquidator shall endeavor to complete the liquidation process of the corporate person within twelve months from the liquidation commencement date.

(2) In the event of the liquidation process continuing for more than twelve months, the liquidator shall-

(a) hold a meeting of the contributories of the corporate person within fifteen days from the end of the twelve months from the liquidation commencement date, and at the end every succeeding twelve months till dissolution of the corporate person; and

(b) shall present an Annual Status Report(s) indicating progress in liquidation, including-

(i) settlement of list of stakeholders,

(ii) details of any assets that remain to be sold and realized,

(iii) distribution made to the stakeholders, and

(iv) distribution of unsold assets made to the stakeholders;

(v) developments in any material litigation, by or against the corporate person; and

(vi) filing of, and developments in applications for avoidance of transactions in accordance with Chapter III of Part II of the Code.

(3) The Annual Status Report shall enclose the audited accounts of the liquidation showing the receipts and payments pertaining to liquidation since the liquidation commencement date.

38. **Final Report.**

(1) On completion of the liquidation process, the liquidator shall prepare the Final Report consisting of -

(a) audited accounts of the liquidation, showing receipts and payments pertaining to liquidation since the liquidation commencement date; and

(b) a statement demonstrating that-

(i) the assets of the corporate person has been disposed of;

(ii) the debt of the corporate person has been discharged to the satisfaction of the creditors;

(iii) no litigation is pending against the corporate person or sufficient provision has been made to meet the obligations arising from any pending litigation.

(c) a sale statement in respect of all assets containing -

(i) the realized value;

(ii) cost of realization, if any;

(iii) the manner and mode of sale;

(iv) an explanation for the shortfall, if the value realized is less than the value assigned by the registered valuer in the report of the valuation of assets under section 59(3)(b)(ii) or Regulation 3(1)(b)(ii), as the case may be;

(v) the person to whom the sale is made; and

(vi) any other relevant details of the sale.

(2) The liquidator shall send the Final Report forthwith, to the Registrar and the Board.

(3) The liquidator shall submit the Final Report to the Adjudicating Authority along with the application under section 59(7).

39. **Unclaimed proceeds of liquidation or undistributed assets.**

(1) Before the order of dissolution is passed under section 59(8), the liquidator shall apply to the Adjudicating Authority for an order to pay into the Companies Liquidation Account in the Public Account of India any unclaimed proceeds of liquidation or undistributed assets or any other balance payable to the stakeholders in his hands on the date of the order of dissolution.

(2) Any liquidator who retains any money which should have been paid by him into the Companies Liquidation Account under this Regulation shall pay interest on the amount retained at the rate of twelve per cent per annum, and also pay such penalty as may be determined by the Board.

(3) The liquidator shall, when making any payment referred to in sub-regulation (1), furnish to the Registrar and the Board, a statement setting forth the nature of the sums included, the names and last known addresses of the stakeholders entitled to participate therein, the amount to which each is entitled to and the nature of their claim.

(4) The liquidator shall be entitled to a receipt from the Reserve Bank of India for any money paid to it under sub-regulation (2), and such receipt shall be an effectual discharge of the liquidator in respect thereof.

(5) A person claiming to be entitled to any money paid into the Companies Liquidation Account may apply to the Board for an order for payment of the money claimed; which may, if satisfied that such person is entitled to the whole or any part of the money claimed, make an order for the payment to that person of the sum due to him, after taking such security from him as it may think fit.
(6) Any money paid into the Companies Liquidation Account in pursuance of this Regulation, which remains unclaimed thereafter for a period of fifteen years shall be transferred to the general revenue account of the Central Government.

40. Detection of Fraud or Insolvency
(1) Where the liquidator is of the opinion that the liquidation is being done to defraud a person, he shall make an application to the Adjudicatory Authority to suspend the process of liquidation and pass any such orders as it deems fit.

(2) Where the liquidator is of the opinion that the corporate person will not be able to pay its debts in full from the proceeds of assets to be sold in the liquidation, he shall make an application to the Adjudicating Authority to suspend the process of liquidation and pass any such orders as it deems fit.

41. Preservation of records.
The liquidator shall preserve a physical or an electronic copy of the reports, registers and books of account referred to in Regulations 8 and 10 for at least eight years after the dissolution of the corporate person, either with himself or with an information utility.

SCHEDULE I
FORM A
PUBLIC ANNOUNCEMENT
(Regulation 14 of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017)
FOR THE ATTENTION OF THE STAKEHOLDERS OF [Name of Corporate person]

<table>
<thead>
<tr>
<th>1.</th>
<th>NAME OF CORPORATE PERSON</th>
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<tbody>
<tr>
<td>2.</td>
<td>DATE OF INCORPORATION OF CORPORATE PERSON</td>
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<td>3.</td>
<td>AUTHORITY UNDER WHICH CORPORATE PERSON IS INCORPORATED / REGISTERED</td>
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<tr>
<td>4.</td>
<td>CORPORATE IDENTITY NUMBER / LIMITED LIABILITY IDENTITY NUMBER OF CORPORATE PERSON</td>
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<tr>
<td>5.</td>
<td>ADDRESS OF THE REGISTERED OFFICE AND PRINCIPAL OFFICE (IF ANY) OF CORPORATE PERSON</td>
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<td>6.</td>
<td>LIQUIDATION COMMENCEMENT DATE OF CORPORATE PERSON</td>
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<td>7.</td>
<td>NAME, ADDRESS, EMAIL ADDRESS, TELEPHONE NUMBER AND THE REGISTRATION NUMBER OF THE LIQUIDATOR</td>
</tr>
<tr>
<td>8.</td>
<td>LAST DATE FOR SUBMISSION OF CLAIMS</td>
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Notice is hereby given that the [name of the corporate person] has commenced voluntary liquidation on [liquidation commencement date].

The stakeholders of [name of the corporate person] are hereby called upon to submit a proof of their claims, on or before [insert the date falling thirty days after the liquidation commencement date], to the liquidator at the address mentioned against item 7.

The financial creditors shall submit their proof of claims by electronic means only. All other stakeholders may submit the proof of claims in person, by post or by electronic means.

Submission of false or misleading proofs of claim shall attract penalties.

Name and Signature of the Liquidator:

Date and Place:
FORM B

PROOF OF CLAIM BY OPERATIONAL CREDITORS EXCEPT WORKMEN AND EMPLOYEES

(Under Regulation 16 of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017)

[Date]

To
The Liquidator

[Name of the Liquidator]

[Address as set out in the public announcement]

From
[Name and address of the operational creditor]

Subject: Submission of proof of claim in respect of the voluntary liquidation of [name of corporate person] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the operational creditor] hereby submits this proof of claim in respect of the voluntary liquidation of [name of corporate person]. The details for the same are set out below:

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</thead>
</table>
| 1. | NAME OF OPERATIONAL CREDITOR  
(IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION, IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS OF ALL THE PARTNERS OR THE INDIVIDUAL) |
| 2. | ADDRESS OF OPERATIONAL CREDITOR FOR CORRESPONDENCE |
| 3. | TOTAL AMOUNT OF CLAIM, INCLUDING ANY INTEREST, AS AT VOLUNTARY LIQUIDATION PROCESS COMMENCEMENT DATE AND DETAILS OF NATURE OF CLAIM |
| 4. | DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OF SUIT OR ARBITRATION PROCEEDINGS |
| 5. | DETAILS OF HOW AND WHEN DEBT INCURRED |
| 6. | DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE PERSON AND THE OPERATIONAL CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM |
| 7. | DETAILS OF ANY RETENTION OF TITLE IN RESPECT OF GOODS OR PROPERTIES TO WHICH THE DEBT REFERS OR ANY OTHER SECURITY |
| 8. | DETAILS OF ANY ASSIGNMENT OR TRANSFER OF DEBT IN HIS FAVOUR |
| 9. | DETAILS OF THE BANK ACCOUNT TO WHICH THE OPERATIONAL CREDITOR’S SHARE OF THE PROCEEDS OF LIQUIDATION CAN BE TRANSFERRED |
| 10. | LIST OUT AND ATTACH THE DOCUMENTS RELIED ON IN SUPPORT OF THE CLAIM. |
Signature of operational creditor or person authorised to act on his behalf
(Please enclose the authority if this is being submitted on behalf of the operational creditor)

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN, Passport, AADHAAR Card or the identity card issued by the Election Commission of India.

AFFIDAVIT

I, [name of deponent], currently residing at [address of deponent], do solemnly affirm and state as follows:

1. The above named corporate person was, at liquidation commencement date, that is, the __________ day of __________ 20______ and still is, justly and truly indebted to me [or to me and [insert name of co-partners], my co-partners in trade, or, as the case may be] for a sum of Rs. __________ for _____ [please state consideration].

2. In respect of my claim of the said sum or any part thereof, I have relied on and the documents specified below:

[Please list out the documents relied on as evidence of debt.]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not, nor have my partners or any of them, nor has any person, by my/our order, to my/our knowledge or belief, for my/our use, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate person and the operational creditor which may be set-off against the claim.]

Solemnly, affirmed at _____________________ on ________________ day, the ___________ day of ______________ 20_____

Before me,

Notary / Oath Commissioner

Deponent’s signature

VERIFICATION

I, the Deponent hereinafter, do hereby verify and affirm that the contents of para ___ to ___ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at ________ on this ________ day of ________ 201_____

Deponent’s signature
FORM C
PROOF OF CLAIM BY FINANCIAL CREDITORS
(Under Regulation 17 of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017)

[Date]

To
The Liquidator
[Name of the Liquidator]
[Address as set out in the public announcement]

From
[Name and address of the registered office and principal office of the financial creditor]

Subject: Submission of proof of claim in respect of the voluntary liquidation of [name of corporate person] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the financial creditor] hereby submits this proof of claim in respect of the voluntary liquidation of [name of corporate person]. The details for the same are set out below:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| 1. | NAME OF FINANCIAL CREDITOR  
(IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION, IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS* OF ALL THE PARTNERS OR THE INDIVIDUAL) |
| 2. | ADDRESS AND EMAIL OF FINANCIAL CREDITOR FOR CORRESPONDENCE. |
| 3. | TOTAL AMOUNT OF CLAIM, INCLUDING ANY INTEREST, AS AT THE LIQUIDATION COMMENCEMENT DATE AND DETAILS OF NATURE OF CLAIM (WHETHER TERM LOAN, SECURED, UNSECURED) |
| 4. | DETAILS OF ANY ORDER OF A COURT OF TRIBUNAL THAT HAS ADJUDICATED ON THE NON-PAYMENT OF DEBT |
| 5. | DETAILS OF HOW AND WHEN DEBT INCURRED |
| 6. | DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE PERSON AND THE FINANCIAL CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM |
| 7. | DETAILS OF ANY SECURITY HELD, THE VALUE OF THE SECURITY, AND THE DATE IT WAS GIVEN |
| 8. | DETAILS OF ANY ASSIGNMENT OR TRANSFER OF DEBT IN HIS FAVOUR |
| 9. | DETAILS OF THE BANK ACCOUNT TO WHICH THE FINANCIAL CREDITOR’S SHARE OF THE PROCEEDS OF LIQUIDATION CAN BE TRANSFERRED |
| 10. | LIST OUT AND ATTACH THE DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED AND IN SUPPORT OF THE CLAIM. |
Signature of financial creditor or person authorised to act on his behalf
(please enclose the authority if this is being submitted on behalf a financial creditor)

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN, Passport, AADHAAR Card or the identity card issued by the Election Commission of India.

**AFFIDAVIT**

I, [name of deponent], currently residing at [address of deponent], do solemnly affirm and state as follows:

1. The above named corporate person was, at the voluntary liquidation commencement date, that is, the ______ day of _______ 20____ and still is, justly and truly indebted to me [or to me and [insert name of co-partners], my co--partners in trade, or, as the case may be] for a sum of Rs. _________ for ……..[please state consideration].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

[Please list the documents relied on as evidence of debt and of non-payment.]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not, nor have my partners or any of them, nor has any person, by my/our order, to my/our knowledge or belief, for my/ our use, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate person and the financial creditor which may be set-off against the claim.]

Solemnly, affirmed at _____________________ on ____ _____________ day, the __________day of__________ 20_____

Before me,

Notary / Oath Commissioner.

Deponent's signature.

**VERIFICATION**

I, the Deponent hereinafter, do hereby verify and affirm that the contents of para ___ to ___ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed there from.

Verified at ________ on this ________ day of _______ 201__.

Deponent's signature.
FORM D

PROOF OF CLAIM BY A WORKMAN OR EMPLOYEE

(Under Regulation 18(1) of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017)

[Date]

To
The Liquidator

[Name of the Liquidator]

[Address as set out in public announcement]

From

[Name and address of the workman / employee]

Subject: Submission of proof of claim in respect of voluntary liquidation of (Name of corporate person) under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the workman / employee], hereby submits this proof of claim in respect of the voluntary liquidation of [name of corporate person]. The details for the same are set out below:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NAME OF WORKMAN / EMPLOYEE</td>
</tr>
<tr>
<td>2.</td>
<td>PAN, PASSPORT, THE IDENTITY CARD ISSUED BY THE ELECTION COMMISSION OF INDIA OR AADHAAR CARD OF WORKMAN / EMPLOYEE</td>
</tr>
<tr>
<td>3.</td>
<td>ADDRESS AND EMAIL ADDRESS (IF ANY) OF WORKMAN/EMPLOYEE FOR CORRESPONDENCE</td>
</tr>
<tr>
<td>4.</td>
<td>TOTAL AMOUNT OF CLAIM (INCLUDING ANY INTEREST AS AT THE VOLUNTARY LIQUIDATION COMMENCEMENT DATE)</td>
</tr>
<tr>
<td>5.</td>
<td>DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OR ORDER OF SUIT OR ARBITRATION PROCEEDINGS</td>
</tr>
<tr>
<td>6.</td>
<td>DETAILS OF HOW AND WHEN CLAIM AROSE</td>
</tr>
<tr>
<td>7.</td>
<td>DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE PERSON AND THE WORKMAN / EMPLOYEE WHICH MAY BE SET-OFF AGAINST THE CLAIM</td>
</tr>
<tr>
<td>8.</td>
<td>DETAILS OF THE BANK ACCOUNT TO WHICH THE WORKMAN / EMPLOYEE’S SHARE OF THE PROCEEDS OF LIQUIDATION CAN BE TRANSFERRED</td>
</tr>
<tr>
<td>9.</td>
<td>LIST OUT AND ATTACH THE DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED AND RELIED ON IN SUPPORT OF THE CLAIM.</td>
</tr>
</tbody>
</table>
Signature of workman / employee or person authorised to act on his behalf

[Please enclose the authority if this is being submitted on behalf of an operational creditor]

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

**AFFIDAVIT**

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1. [Name of corporate person], the corporate person was, at the liquidation commencement date, that is, the ________ day of _________ 20__, justly and truly indebted to me for a sum of Rs. [insert amount of claim].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

[Please list the documents relied on as evidence of claim]

The said documents are true, valid and genuine to the best of my knowledge, information and belief.

3. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate person and the workman / employee which may be set-off against the claim.]

Solemnly, affirmed at [insert place] on ________________ day, the __________ day of ________ 20____

Before me,

Notary/ Oath Commissioner

Deponent’s signature

**VERIFICATION**

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed there from.

Verified at ______ on this _____ day of ____ 201__

Deponent’s signature.

**FORM E**

PROOF OF CLAIM BY AUTHORISED REPRESENTATIVE OF WORKMEN OR EMPLOYEES

(Under Regulation 18(2) of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017)

[Date]

To

The Liquidator

[Name of the Liquidator]

[Address as set out in the public announcement]
From

[Name and address of the authorised representative of workmen/employees]

**Subject:** Submission of proof of claim in respect of the voluntary liquidation of [name of corporate person] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

I, [name of duly authorised representative of the workmen/employees] currently residing at [address of duly authorised representative of the workmen/employees], on behalf of the workmen and employees employed by the above named corporate person, solemnly affirm and say:

1. That the abovenamed corporate person was, on the voluntary liquidation commencement date, that is, the ________ day of _______ 20___ and still is, justly truly indebted to the several persons whose names, addresses, and descriptions appear in the Annexure below for amounts severally set against their names in such Annexure for wages, remuneration and other amounts due to them respectively as workmen or/and employees in the employ of the corporate person in respect of services rendered by them respectively to the corporate person during such periods as are set out against their respective names in the said Annexure.

2. That for which said sums or any part thereof, they have not, nor has any of them, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credits, mutual debts, or other mutual dealings between the corporate person and the workmen/employees which may be set-off against the claim.]

Signature :

**ANNEXURE**

1. Particulars of how dues were incurred by the corporate person, including particulars of any dispute as well as the record of pendency of suit or arbitration proceedings.

2. Particulars of any mutual credit, mutual debts, or other mutual dealings between the corporate person and the workmen/employee which may be set-off against the claim.

3. Please list out and attach the documents relied on to prove the claim.

1. Details of Employees/Workmen

<table>
<thead>
<tr>
<th>S. No.</th>
<th>NAME OF EMPLOYEE/WORKMEN</th>
<th>IDENTIFICATION NUMBER (PAN, PASSPORT NUMBER, AADHAAR NO. OR ID CARD ISSUED BY THE ELECTION COMMISSION AND EMPLOYEE NO., IF ANY)</th>
<th>TOTAL AMOUNT DUE AND DETAILS ON NATURE OF CLAIM</th>
<th>PERIOD OVER WHICH AMOUNT DUE</th>
<th>DETAILS OF EVIDENCE OF DEBT INCLUDING EMPLOYMENT CONTRACTS AND OTHER PROOFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<td>2.</td>
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<tr>
<td>3.</td>
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</tr>
</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
AFFIDAVIT

I, [insert full name, address and occupation of deponent] do solemnly affirm and state as follows:

1. The above named corporate person was, at the liquidation commencement date that is, the __________ day of __________ 20__ and still is, justly and truly indebted to the workmen and employees for a sum of Rs. __________ for ____ [please state the nature and duration of employment].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

[Please list the documents relied on as evidence of proof]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, the workmen / employees have not, nor has any person, by my order, to my knowledge or belief, for my use, had or has received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate person and the workmen / employees which may be set-off against the claim.]

Solemnly, affirmed at _____________________ on ________________ day, the __________day of__________ 20_____

Before me,

Notary / Oath Commissioner.

Deponent’s signature

VERIFICATION

I, the Deponent hereinafter, do hereby verify and affirm that the contents of para ___ to ___ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at ________ on this _______ day of _______ 201___

Deponent’s signature
FORM F
PROOF OF CLAIM BY ANY OTHER STAKEHOLDER

(Under Regulation 19 of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017)

[Date]

To
The Liquidator
[Name of the Liquidator]
[Address as set out in the public announcement]

From
[Name and address of the other stakeholder]

Subject: Submission of proof of claim in respect of the voluntary liquidation of [name of corporate person] under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

[Name of the stakeholder] hereby submits this proof of claim in respect of the liquidation in the case of [name of corporate person]. The details for the same are set out below:

1. **NAME OF STAKEHOLDER**
   *(If an incorporated body provide identification number and proof of incorporation. If a partnership or individual provide identification records* of all the partners or the individual)*

2. **ADDRESS AND EMAIL OF THE STAKEHOLDER FOR CORRESPONDENCE.**

3. **TOTAL AMOUNT OF CLAIM, INCLUDING ANY INTEREST AS AT LIQUIDATION COMMENCEMENT AND DETAILS OF NATURE OF CLAIM**

4. **DETAILS OF HOW AND WHEN CLAIM AROSE**

5. **DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE PERSON AND THE OTHER STAKEHOLDER WHICH MAY BE SET-OFF AGAINST THE CLAIM**

6. **DETAILS OF ANY RETENTION OF TITLE IN RESPECT OF GOODS OR PROPERTIES TO WHICH THE CLAIM REFERS**

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
7. **Details of any assignment or transfer of debt in his favour**

8. **Details of the bank account to which the other stakeholder’s share of the proceeds of liquidation can be transferred**

9. **List out and attach the documents by reference to which the claim can be substantiated or which can be relied upon in support of the claim.**

Signature of stakeholder or person authorised to act on his behalf

(Please enclose the authority if this is being submitted on behalf of the other stakeholder)

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

*PAN, Passport, AADHAAR Card or the identity card issued by the Election Commission of India.

**AFFIDAVIT**

I, [insert full name, address and occupation of deponent to be given] do solemnly affirm and state as follows:

1. The above named corporate person was, at the liquidation commencement date, that is, the __________ day of _________ 20__ and still is, justly and truly indebted to me [or to me and [insert name of co-partner], my co-partners in trade, or, as the case may be,] for a sum of Rs. __________ for _____ [please state consideration].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of proof.]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.
4. In respect of the said sum or any part thereof, I have not, nor have my partners or any of them, nor has any person, by my/our order, to my/our knowledge or belief, for my/our use, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate person and the other stakeholder which may be set-off against the claim.]

Solemnly, affirmed at _____________________ on ______________ day, the _______ day of ________ 20____

Before me,

Notary / Oath Commissioner.

Deponent's signature.

VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of para ___ to ___ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at ______ on this ______ day of ______ 201__

Deponent's signature.

SCHEDULE II

(Under Regulation 10 of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017)

The formats contained in this Schedule are indicative in nature, and the liquidator may make such modifications to them as he deems fit in view of the facts and circumstances of the liquidation.

CASH BOOK

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Ledger Folio No.</th>
<th>Receipt</th>
<th>Payments</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Voucher No.</td>
<td>Cash</td>
<td>Bank</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
Under column 'particulars', the head of account to which the entry relates to should be indicated so that the entry may be posted under the proper head in the General Ledger.

**GENERAL LEDGER**

Name of Corporate person......................................................(in liquidation)
......................................................................................(Head of account)

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Dr. (Rs.)</th>
<th>Cr. (Rs.)</th>
<th>Balance (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

*Instructions:*

1. A General Ledger should be maintained with such heads of account as the liquidator may think necessary and appropriate. The following heads of account may be found suitable:

   (1) Asset account
   (2) Investments account
   (3) Book Debts and Outstandings account
   (4) Calls
   (5) Rent Collected/rent receivable
   (6) Interest on Securities and Deposits
   (7) Advances received
   (8) Miscellaneous receipts payments
   (9) Establishment
   (10) Legal charges
   (11) Rents, Rates and Taxes payable
   (12) Fees and Commission account
   (13) Other expenses
   (14) Suspense account
   (15) Secured creditors
   (16) Dividend account.

2. The entries in the General Ledger should be posted from the Cash Book.

3. The total of the debit balances and the total of the credit balances of the several heads of account in the General Ledger should agree, after taking into consideration the cash and bank balances as shown in the Cash Book. The totals should be tallied once a month.
## BANK LEDGER

Corporate person’s (in voluntary liquidation) account with the Scheduled Bank

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Deposits</th>
<th>Withdrawals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Challan Number</td>
<td>Rs. Cheque Number</td>
<td>Rs.</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

## REGISTER OF ASSETS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description of assets</th>
<th>Date of taking possession</th>
<th>Serial number of Sales Register</th>
<th>Date of sale</th>
<th>Date of realization</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>

Instructions:

1. All the assets of the corporate person except the liquidator’s investments in securities and outstanding to be realized should be entered in this Register.

## SECURITIES AND INVESTMENTS REGISTER

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Petition number and name of the corporate person</th>
<th>Date of investment</th>
<th>Nature and particulars of security in which investment is made</th>
<th>Amount Invested (Rs.)</th>
<th>Dividend or interest received with date of receipt (Rs.)</th>
<th>Date of disposal</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</table>

1.  
2.  

Compiled by Sumit Binani  
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
### REGISTER OF BOOK DEBTS AND OUTSTANDINGS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of debtor</th>
<th>Particulars of debt</th>
<th>Amount due (Rs.)</th>
<th>Date of bar by limitation</th>
<th>Amount realised (Rs.)</th>
<th>Action taken</th>
<th>Date of realisation</th>
<th>Reference to Suits Register</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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</tbody>
</table>

**Instructions:**

1. All debts due to the corporate person, both secured and unsecured, including amounts due for arrears of calls made prior to the liquidation, should be entered in this Register.

### TENANTS LEDGER

1. Description of assets:
2. Name and address of tenant:
3. Date of tenancy:
4. Period of tenancy:
5. Rent (monthly or annual):
6. Special terms, if any:
7. Arrears on date of taking charge of assets:
8. Advance received, if any:

<table>
<thead>
<tr>
<th>Month</th>
<th>Demand</th>
<th>Realization</th>
<th>Balance</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (Rs.)</td>
<td>Date</td>
<td>Amount (Rs.)</td>
<td>Amount (Rs.)</td>
</tr>
<tr>
<td>January</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>February</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SUITS REGISTER

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Number of suit or appeal and court</th>
<th>Name and address of defendant/respondent and his advocate</th>
<th>Amount of claim</th>
<th>Date of filing</th>
<th>Dates of hearing</th>
<th>Date of decree or final order</th>
<th>Nature of relief granted</th>
<th>Amount decreed</th>
<th>Costs decreed</th>
<th>Reference to Decree Register</th>
<th>Remarks</th>
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</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
Instructions:

1. Applications made by or against the corporate person which are in the nature of suits should also be entered in this Register.

**DECREE REGISTER**

<table>
<thead>
<tr>
<th>Number of suit or appeal and court</th>
<th>Name and address of judgment debtor</th>
<th>Amount Decreed (Rs.)</th>
<th>Date of decree</th>
<th>Action taken</th>
<th>Amount realized (Rs.)</th>
<th>Date of realization</th>
<th>Reference to Suits Register</th>
</tr>
</thead>
<tbody>
<tr>
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Instructions:

1. The purpose of the Register is to enable the liquidator to keep watch on the progress of the realization of decrees in favor of the corporate person in his charge.

2. Every decree or order for payment of money or delivery of assets in favor of the corporate person including an order for payment of costs whether made in a suit, appeal or application, should be entered in this Register.

**REGISTER OF CLAIMS AND DISTRIBUTIONS**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and Address of creditor</th>
<th>Amount claimed (Rs.)</th>
<th>Nature of claim (Rs.)</th>
<th>Amount admitted (Rs.)</th>
<th>Nature of claim (Rs.)</th>
<th>Amount admitted (Rs.)</th>
<th>Date</th>
<th>Amount (Rs.)</th>
<th>Date and Mode of Payment</th>
<th>Rate</th>
<th>Amount (Rs.)</th>
<th>Date and Mode of Payment</th>
<th>Remarks</th>
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</table>

Instructions:

1. Only claims admitted either wholly or in part should be entered in this Register.

2. The page on the left side should be reserved for claims and the page on the right side for Distributions.
## CONTRIBUTORY’S LEDGER

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of contributory</th>
<th>Number of shares or extent of interest held, and amount paid thereon</th>
<th>Calls</th>
<th>Remarks</th>
<th>Returns of share capital</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Date of return</td>
<td>Date of Payment</td>
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<td>1st call</td>
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<td>Date of call and amount called</td>
<td>Amount paid and date of payment</td>
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</tbody>
</table>

### Instructions:

Only contributories settled on the list should be entered in this Register and they should be entered in the same order as in the list.

## DISTRIBUTIONS REGISTER

Date on which distribution is made:

Total amount payable in this round of distribution:

<table>
<thead>
<tr>
<th>Date</th>
<th>Number on list of stakeholders</th>
<th>Particulars</th>
<th>Receipts</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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### Instructions:

1. Separate pages should be set apart for preferential and ordinary distributions.
2. The payments should be entered as and when they are made. Any amount which is returned unpaid should be re-entered in the account under ‘Receipts’.
3. The number in column 2 should be the number of the stakeholders in the list of stakeholders as finally settled.
4. The total amount of unclaimed distribution payable into the Public Account of India, and the amount paid into the Bank with the date of payment, should be shown at the end of the account.

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
### FEE REGISTER

<table>
<thead>
<tr>
<th></th>
<th>Amount realized on which fee are payable</th>
<th>Amount distributed on which fee are payable</th>
<th>Fee payable on the amounts in the two preceding columns</th>
<th>Total fee payable</th>
<th>Date of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
<td><strong>3</strong></td>
<td><strong>5</strong></td>
<td><strong>6</strong></td>
<td></td>
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</tbody>
</table>

1.  
2.  

*Instructions:*

1. There should be a fresh opening for each year.
2. The fees due to the liquidator should be entered in the Register as soon as the audit of the account for a quarter is completed.

### SUSPENSE REGISTER

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Debit (Rs.)</th>
<th>Credit(Rs.)</th>
<th>Balance (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
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</table>

*Instructions:*

1. Advances made by the liquidator to any person should be entered in this Register.
2. There should be a separate opening for each person.

### DOCUMENTS REGISTER

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description of document</th>
<th>Date of receipt</th>
<th>From whom received</th>
<th>Reference number of shelf in which document is kept</th>
<th>How disposed of</th>
<th>Remarks</th>
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<td><strong>4</strong></td>
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1.  
2.  

*Instruction:* All documents of title like title-deeds, shares, promissory notes, etc., should be entered in this Register.
### BOOKS REGISTER

<table>
<thead>
<tr>
<th>Date</th>
<th>From whom received</th>
<th>Serial Number</th>
<th>Description of books, including files</th>
<th>Shelf number</th>
<th>How disposed of</th>
<th>Remarks</th>
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</tbody>
</table>

**Instruction:** All books and files of the corporate person which come into the hands of the liquidator should be entered in this Register.

### REGISTER OF UNCLAIMED DIVIDENDS AND UNDISTRIBUTED ASSETS DEPOSITED

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of person entitled to the dividend or return</th>
<th>Whether Creditor or Contributory</th>
<th>Number on list of stakeholders</th>
<th>Date of declaration of dividend or return</th>
<th>Rate of dividend or return</th>
<th>Total amount payable (Rs.)</th>
</tr>
</thead>
<tbody>
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Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./453/16]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION
New Delhi, the 31st March, 2017

Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017

No. IBBI/2016-17/GN/REG009.—In exercise of the powers conferred by sections 196, 209, 210, 211, 212, 213, 214, 215, 216 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Board hereby makes the following Regulations to provide a framework for registration and regulation of information utilities in terms hereof, namely—

CHAPTER I
PRELIMINARY

1. Short title and commencement.
   (1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
   (2) These Regulations shall come into force on 1st April, 2017.

2. Definitions.
   (1) In these Regulations, unless the context otherwise requires—
      (a) “Application Programming Interface” means a mechanism that allows a system or service to access data or functionality provided by another system or service;
      (b) “certificate of registration” means a certificate of registration granted or renewed by the Board under section 210 read with these Regulations and the terms “registration” and “renewal” shall be construed accordingly;
      (c) “Code” means the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and includes the rules, regulations, guidelines and directions issued thereunder;
      (d) “control” shall have the meaning assigned to it under section 2(27) of the Companies Act, 2013 (18 of 2013);
      (e) “Governing Board” means the Board of Directors, as defined under section 2(10) of the Companies Act, 2013 (18 of 2013), of the company registered as an information utility;
      (f) “host bank” means the financial institution hosting the repayment account;
      (g) “independent director” shall have the meaning assigned to it under section 149(6) of the Companies Act, 2013 (18 of 2013);
      (h) “information” means financial information as defined in section 3(13);
      (i) “key managerial personnel” shall have the meaning assigned to it under section 2(51) of the Companies Act, 2013 (18 of 2013);
      (j) “net worth” shall have the meaning assigned to it under section 2(57) of the Companies Act, 2013 (18 of 2013);
      (k) “outsourcing” means contracting out services to a third party;
      (l) “public company” shall have the meaning assigned to it under section 2(71) of the Companies Act, 2013 (18 of 2013);
(m) “repayment account” means the bank account to which a debtor is obliged to repay its debt, as recorded in an information utility;

(n) “section” means a section of the Code;

(o) “secure systems” shall have the meaning assigned to it in section 2(1)(ze) of the Information Technology Act, 2000 (21 of 2000);

(p) “Schedule” means schedule attached to these Regulations;

(q) “submission of information” includes updating of information, as the context may require;

(r) “Technical Standards” means the standards laid down by the Board through guidelines issued under Regulation 13, from time to time; and

(s) “user” means a person who avails of the services of an information utility.

(2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, shall have the meanings assigned to them in the Code.

CHAPTER II
REGISTRATION

3. Eligibility for registration.

No person shall be eligible to be registered as an information utility unless it is a public company and -

(a) its sole object is to provide core services and other services under these Regulations, and discharge such functions as may be necessary for providing these services;

(b) its shareholding and governance is in accordance with Chapter III;

(c) its bye-laws are in accordance with Chapter IV;

(d) it has a minimum net worth of fifty crore rupees;

(e) it is not under the control of person(s) resident outside India;

(f) not more than 49% of its total voting power or its paid-up equity share capital is held, directly or indirectly, by persons resident outside India;

(g) the person itself, its promoters, its directors, its key managerial personnel, and persons holding more than 5%, directly or indirectly, of its paid-up equity share capital or its total voting power, are fit and proper persons:

Explanation: For determining whether a person is fit and proper under these Regulations, the Board may take account of relevant considerations, including-

(i) integrity, reputation and character,

(ii) absence of conviction by a court for an offence:

Provided that a person may be considered ‘fit and proper’ if he has been sentenced to imprisonment for a period of less than six months;

Provided that a person shall not be considered ‘fit and proper’ if he has been sentenced to imprisonment for a period (a) of not less than six months, but less than seven years and a period of five years has not elapsed from the date of expiry of the sentence, or (b) of seven years or more.

(iii) absence of restraint order, in force, issued by a financial sector regulator or the Adjudicating Authority, and

(iv) financial solvency.

4. Application for registration or renewal thereof.

(1) A person eligible for registration as an information utility may make an application to the Board in Form A of the Schedule, along with a non-refundable application fee of five lakh rupees.

(2) An information utility seeking renewal of registration shall, at least six months before the expiry of its registration, make an application for renewal in Form A of the Schedule, along with a non-refundable application fee of five lakh rupees.
The Board shall acknowledge an application made under this Regulation within seven days of its receipt.

5. **Disposal of application.**

(1) The Board shall examine the application, and give an opportunity to the applicant to remove the deficiencies, if any, in the application.

(2) The Board may require the applicant to submit, within reasonable time, additional documents or clarification that it deems fit.

(3) The Board may require the applicant to appear, within reasonable time, before the Board in person, or through its authorised representative for clarifications required for processing the application.

(4) If the Board is satisfied, after such inspection or inquiry as it deems necessary, that the applicant—

   (a) is eligible under Regulation 3;

   (b) has the technical competence and financial capacity required to function as an information utility;

   (c) has adequate infrastructure to provide services in accordance with the Code;

   (d) has in its employment, persons having adequate professional and other relevant experience, to provide services in accordance with the Code; and

   (e) has complied with the conditions of the certificate of registration, if he has submitted an application for renewal under Regulation 4(2)

it may grant or renew a certificate of registration to the applicant as an information utility in Form B of the Schedule, within sixty days of receipt of the application, excluding the time given by the Board for removing the deficiencies, or presenting additional documents or clarifications, or appearing in person, as the case may be.

(5) If, after considering an application made under Regulation 4, the Board is of the *prima facie* opinion that the registration ought not to be granted or ought not to be renewed, or be granted or renewed with additional conditions, it shall communicate the reasons for forming such an opinion within forty-five days of receipt of the application, excluding the time given by the Board for removing the deficiencies, presenting additional documents or clarifications, or appearing in person, as the case may be.

(6) The applicant shall submit an explanation as to why its application should be accepted within fifteen days of the receipt of the communication under sub-regulation (5), to enable the Board to form a final opinion.

(7) After considering the explanation, if any, given by the applicant under sub-regulation (6), the Board shall communicate its decision to—

   (a) accept the application, along with the certificate of registration; or

   (b) reject the application by an order, giving reasons thereof within thirty days of receipt of explanation.

(8) The order rejecting an application for renewal of registration shall require the information utility to—

   (a) discharge any pending obligations;

   (b) continue its functions till such time as may be directed, to enable its users to transfer information stored with it to another information utility; and

   (c) comply with any other directions as considered appropriate.

6. **Conditions of registration.**

(1) The certificate of registration shall be valid for a period of five years from the date of issue.

(2) The certificate of registration shall be subject to the conditions that the information utility shall—

   (a) abide by the Code;

   (b) abide by its bye-laws;

   (c) at all times after the grant of the certificate continue to satisfy the requirements under Regulation 5(4);

   (d) pay a fee of fifty lakh rupees to the Board, within fifteen days of receipt of intimation of registration or renewal from the Board, as applicable.
(e) pay an annual fee of fifty lakh rupees to the Board, within fifteen days from the end of every year from the date of grant or renewal of the certificate of registration, as applicable;

(f) seek prior approval of the Board for-

(i) the acquisition of shares or voting power by a person, which taken together with paid-up equity shares or voting power, if any, held by such person, entitles him to hold more than five per cent, directly or indirectly, of the paid-up equity share capital or total voting power;

(ii) a change of control;

(iii) a merger, amalgamation or restructuring;

(iv) sale, disposal, or acquisition of the whole, or substantially the whole, of its undertaking;

(v) voluntary liquidation, dissolution, or any similar action involving the discontinuation of its business.

(g) intimate the Board if a person holding more than five per cent, directly or indirectly, of its paid-up equity share capital or total voting power ceases to hold at least five per cent, directly or indirectly, of its paid-up equity share capital or total voting power, within fifteen days from such cessation;

(h) take adequate steps for redressal of grievances;

(i) take over information stored with other information utilities on the directions of and in the manner directed by the Board, and provide core services to their users; and

(j) abide by such other conditions as may be stipulated by the Board.

7. In-principle approval.

(1) Any person who seeks to establish an information utility may make an application for an in-principle approval, demonstrating that the conditions in sub-regulation (2) are satisfied, along with a non-refundable application fee of five lakh rupees.

(2) If the Board is satisfied, after such inspection or inquiry as it deems necessary, that-

(a) the applicant is a fit and proper person; and

(b) the proposed or existing company which may receive registration would be able to meet the eligibility criteria under Regulation 3,

it may grant in-principle approval which shall be valid for a period not exceeding one year and be subject to such conditions as it deems fit.

(3) During the validity of in-principle approval, the company referred to in sub-regulation 2(b) may make an application for a certificate of registration as an information utility to the Board in accordance with Regulation 4, but shall not be required to pay the application fee for registration.

CHAPTER III
SHAREHOLDING AND GOVERNANCE

8. Shareholding.

(1) No person shall at any time, directly or indirectly, either by itself or together with persons acting in concert, acquire or hold more than ten per cent of the paid-up equity share capital or total voting power of an information utility:

Provided that the following persons may, directly or indirectly, either by themselves or together in concert, acquire or hold up to twenty-five percent of the paid-up equity share capital or total voting power of an information utility :-

(a) government company;

(b) stock exchange;

(c) depository;

(d) bank;

(e) insurance company; and

(f) public financial institution.
(2) Notwithstanding anything to the contrary contained in sub-regulation (1), a person resident in India may, directly or indirectly, either by itself or together with persons acting in concert, hold up to fifty-one percent of the paid-up equity share capital or total voting power of an information utility till the expiry of three years from the date of its registration, or such period as may be extended by the Board.

(3) The provisions of this Regulation shall not apply to the holding of shares or voting power by the Central Government or a State Government.


(1) More than half of the directors of an information utility shall be independent directors at the time of their appointment, and at all times during their tenure as directors:

Provided that no meeting of the Governing Board shall be held without the presence of at least one independent director.

(2) The directors shall elect an independent director as the Chairperson of the Governing Board:

Explanation- For the purposes of this Regulation, any fraction contained in ‘more than half’ shall be rounded off to the next higher number.

10. Regulatory Committee.

(1) An information utility may constitute a Regulatory Committee from amongst the independent directors.

(2) The Regulatory Committee, if constituted, shall oversee the information utility’s compliance with the Code.

(3) The compliance officer shall report to the Regulatory Committee, wherever constituted.

11. Compliance officer.

(1) An information utility shall designate or appoint a compliance officer who shall be responsible for ensuring compliance with the provisions of the Code applicable to the information utility, in letter and spirit.

(2) The compliance officer shall, immediately and independently, report to the Board any non-compliance of any provision of the Code observed by him.

(3) The compliance officer shall submit a compliance certificate to the Board annually, verifying that the information utility has complied with the requirements of the Code, and has redressed customer grievances.

(4) The Governing Board shall appoint or remove a compliance officer only by means of a resolution passed at its meeting.


(1) An information utility shall have a Grievance Redressal Policy to deal with any grievance from -

(a) any user; or

(b) any other person or class of persons as may be provided by the Governing Board in respect of its services.

(2) The Grievance Redressal Policy shall provide for-

(a) the constitution of a Grievance Redressal Committee;

(b) the functions of the Grievance Redressal Committee;

(c) the format and manner for filing grievances;

(d) maximum time and format for acknowledging receipt of a grievance;

(e) maximum time for the disposal of the grievance by way of dismissal, resolution or the initiation of mediation;

(f) details of the mediation mechanism;

(g) provision of a report of the grievance and mediation proceedings to the parties to the grievance upon dismissal or resolution of the grievance;

(h) action to be taken in case of malicious or false complaints;

(i) maintenance of a register of grievances received and resolutions arrived at;
(j) disclosure of receipt and disposal of grievances to the public in the form and manner directed by the Board;
(k) periodic reporting of the receipt and disposal of grievances to the Governing Board; and
(l) periodic review of the Grievance Redressal Mechanism by the Governing Board.

CHAPTER IV
TECHNICAL STANDARDS AND BYE-LAWS


(1) The Board may lay down Technical Standards, through guidelines, for the performance of core services and other services under these Regulations.

(2) Without prejudice to the generality of sub-regulation (1), the Board may lay down Technical Standards for all or any of the following matters, namely: -
   (a) the Application Programming Interface;
   (b) standard terms of service;
   (c) registration of users;
   (d) unique identifier for each record and each user;
   (e) submission of information;
   (f) identification and verification of persons;
   (g) authentication of information;
   (h) verification of information;
   (i) data integrity;
   (j) consent framework for providing access to information to third parties;
   (k) security of the system;
   (l) security of information;
   (m) risk management framework;
   (n) porting of information;
   (o) exchange or transfer of information between information utilities;
   (p) inter-operability among information utilities;
   (q) preservation of information; and
   (r) purging of information.


The Board shall lay down the Technical Standards based on the recommendations of a Technical Committee constituted by it.

(1) The Technical Committee shall comprise of at least three members who have special knowledge and experience in the field of law, finance, economics, information technology or data management.

(2) The Board may invite the Chief Executive Officers or managing directors of information utilities to attend the meetings of the Technical Committee.


(1) An information utility, for the conduct of its operations, shall have bye-laws consistent with the Code.

(2) The bye-laws shall be consistent with and provide for all matters contained in the Technical Standards, if any.

(3) Without prejudice to the generality of sub-regulation (1), the bye-laws shall provide for-
   (a) the manner and process of providing core services and other services under these Regulations;
   (b) risk management:
(c) rights of users; and
(d) grievance redressal.

(4) The bye-laws of the information utility, as amended from time to time, shall be published on its website.

16. Amendment to bye-laws.

(1) The Governing Board may amend the bye-laws of the information utility by a resolution passed by votes in favour being not less than three times the number of the votes, if any, cast against the resolution, by the directors.

(2) A resolution passed in accordance with sub-regulation (1) shall be filed with the Board within seven days from the date of its passing, for its approval.

(3) The amendments to the bye-laws shall come into effect on the seventh day of the receipt of the approval under sub-regulation (2), unless otherwise directed by the Board.

(4) The information utility shall file a printed copy of the amended bye-laws with the Board within fifteen days from the date when such amendment is made effective.

(5) Notwithstanding anything to the contrary contained in this Regulation, the Board may direct an information utility to amend any provision in its bye-laws.

CHAPTER V
CORE SERVICES

17. Provision of services.

(1) An information utility shall provide-
(a) core services;
(b) other services under these Regulations; in accordance with the Code.

(2) An information utility may provide services incidental to the services under sub-regulation (1), with the permission of the Board.

(3) An information utility shall comply with the applicable Technical Standards, while providing services.

18. Registration of users.

(1) A person shall register itself with an information utility for-
(a) submitting information to; or
(b) accessing information stored with any of the information utilities.

(2) The information utility shall verify the identity of the person under sub-regulation (1) and grant registration.

(3) Upon registration of a person under sub-regulation (2), the information utility shall intimate it of its unique identifier.

(4) A person registered once with an information utility shall not register itself with any information utility again.

(5) An information utility shall provide a registered user a functionality to enable its authorised representatives to carry on the activities in sub-regulation (1) on its behalf.

(6) An information utility shall-
(a) maintain a list of the
   (i) registered users;
   (ii) the unique identifiers of the registered users; and
   (iii) the unique identifiers assigned to the debts under Regulation 20.
(b) make the list under clause (a) available to all information utilities and the Board.

19. Use of different information utilities.

(1) A registered user may submit information to any information utility.

(2) Different parties to the same transaction may use different information utilities to submit, or access information in respect of the same transaction:
Illustration: A debt transaction has creditor A and debtor B. A may submit information about the debt to information utility X, while B may submit information about the same debt to information utility Y.

(3) A user may access information stored with an information utility through any information utility.

20. Acceptance and receipt of information.

(1) An information utility shall accept information submitted by a user in Form C of the Schedule.

(2) On receipt of the information submitted under sub-regulation (1), the information utility shall-
   (a) assign a unique identifier to the information, including records of debt;
   (b) acknowledge its receipt, and notify the user of-
       (i) the unique identifier of the information;
       (ii) the terms and conditions of authentication and verification of information; and
       (iii) the manner in which the information may be accessed by other parties.


(1) On receipt of information of default, an information utility shall expeditiously undertake the processes of authentication and verification of the information.

(2) On completion of the processes of authentication and verification under sub-regulation (1), the information utility shall communicate the information of default, and the status of authentication to registered users who are-
   (a) creditors of the debtor who has defaulted;
   (b) parties and sureties, if any, to the debt in respect of which the information of default has been received.

22. Storage of information.

(1) An information utility shall store all information in a facility located in India.

(2) The facility under sub-regulation (1) shall be governed by the laws of India.

23. Access to information.

(1) An information utility shall allow the following persons to access information stored with it-
   (a) the user which has submitted the information;
   (b) all the parties to the debt and the host bank, if any, if the information is of the categories in section 3 (13) (a), (c) and (d);
   (c) the corporate person and its auditor, if the information is of the categories in section 3 (13) (b) and (e);
   (d) the insolvency professional, to the extent provided in the Code;
   (e) the Adjudicating Authority;
   (f) the Board;
   (g) any person authorised to access the information under any other law; and
   (h) any other person who the persons referred to in (a), (b) or (c) have consented to share the information with.

(2) An information utility shall in all cases enable the user to view-
   (a) the date the information was last updated;
   (b) the status of authentication; and
   (c) the status of verification while providing access to the information.

(3) An information utility shall provide information to the Adjudicating Authority and Board free of charge.

24. Accessing information stored with other information utilities.

(1) An information utility shall provide a functionality to enable users to access information stored with any information utility, which they are entitled to access.
(2) The functionality under sub-regulation (1) shall enable other information utilities to provide access to information to the user directly.

(3) The functionality shall ensure privacy and confidentiality of information.

25. **Annual statement.**

   (1) An information utility shall provide every user an annual statement of all information pertaining to the user, free of charge.

   (2) An information utility shall provide the user a functionality to mark information as erroneous and correct it.

26. **Porting information from registries.**

   (1) An information utility may import information from such registries as may be notified by the Board from time to time.

   (2) An information utility shall render the core services under section 3 (9) (b), (c) and (d) in accordance with these Regulations for the information imported under sub-regulation (1).

27. **Duties of the user.**

   (1) A user shall expeditiously update the information submitted by it to an information utility.

   (2) A user shall expeditiously correct information as soon as it finds it erroneous, stating the reasons, if any.

**CHAPTER VI**

**DUTIES OF INFORMATION UTILITIES**

28. **General duties.**

   (1) An information utility shall provide services with due and reasonable care, skill and diligence.

   (2) An information utility shall hold the information as a custodian.

29. **Non-discrimination.**

   An information utility shall provide services without discrimination in any manner.

   *Explanation:* An information utility shall not deny its services to any person on the basis of-

   (a) place of residence or business; or

   (b) type of personality, whether natural or artificial.

30. **Other duties.**

   (1) An information utility shall-

       (a) provide services to a user based on its explicit consent;

       (b) guarantee protection of the rights of users;

       (c) establish adequate procedures and facilities to ensure that its records are protected against loss or destruction;

       (d) adopt secure systems for information flows;

       (e) protect its data processing systems against unauthorised access, alteration, destruction, disclosure or dissemination of information; and

       (f) transfer all the information submitted by a user, and stored with it to another information utility on the request of the user.

   (2) An information utility shall not-

       (a) outsource the provision of core services to a third-party service provider;

       (b) use the information stored with it for any purpose other than providing services under these Regulations, without the prior approval of the Board;

       (c) seek data or details of users except as required for the provision of the services under these Regulations.
31. **Insurance.**

An information utility shall make adequate arrangements, including insurance, for indemnifying the users for losses that may be caused to them by any wrongful act, negligence or default of the information utility, its employees or any other person whose services are used for the provision of services under these Regulations.

32. **Fee.**

(1) The information utility shall-
   - (a) charge uniform fee for providing the same service to different users;
   - (b) disclose the fee structure for provision of services on its website; and
   - (c) disclose any proposed increase in the fees for the provision of services on its website at least three months before the increase in fees is effected.

(2) The fee charged for -
   - (a) providing services shall be a reasonable reflection of the service provided; and
   - (b) providing access to information shall not exceed the fee charged for submission of information to the information utility.

33. **Risk management.**

An information utility shall establish an appropriate risk management framework in accordance with the Technical Standards, if any, which provides for matters, including-
   - (a) reliable, recoverable and secure systems;
   - (b) provision of core services during disasters and emergencies; and
   - (c) business continuity plans which shall include disaster recovery sites.

34. **Audit of information technology framework.**

(1) An information utility shall appoint an external auditor having relevant qualifications to audit its information technology framework, interface and data processing systems every year.

(2) The auditor appointed under sub-regulation (1) shall submit a report to the Governing Board.

(3) The information utility shall submit the report received under sub-regulation (2), along with the comments of the Governing Board, if any, to the Board within one month from the receipt of the report from the external auditor.

35. **Preservation Policy.**

(1) An information utility shall have a Preservation Policy providing for the form, manner and duration of preservation of –
   - (a) information stored with it; and
   - (b) details of the transactions of the information utility with each user in respect of the information stored with it.

(2) The Preservation Policy shall be consistent with the Technical Standards, if any.

36. **Provision of information to the Board.**

(1) An information utility shall provide such information as may be required by the Board.

(2) Without prejudice to the provisions of sub-regulation (1), an information utility shall provide a report to the Board annually, in the manner directed by the Board, stating the-
   - (a) number and types of records collected;
   - (b) number and types of users registered;
   - (c) number and types of unique debts recorded;
   - (d) number and types of security interests recorded;
   - (e) volume of debts recorded;
   - (f) volume of secured debts recorded;
   - (g) number of instances and types of defaults recorded;
(h) number and types of disputes recorded;
(i) number of times information was accessed by the Adjudicating Authority and Board; and
(j) any other information as may be directed by the Board.

37. Inspection.
   (1) Without prejudice to the provisions of sections 217-220, the Board shall inspect an information utility with such periodicity as may be considered necessary.
   (2) An information utility shall extend all assistance and co-operation to the Board to carry out an inspection under sub-regulation (1).

CHAPTER VII
SERVICES TO INSOLVENCY PROFESSIONALS

38. Storing information submitted by insolvency professionals.
   (1) An insolvency professional may submit reports, registers and minutes in respect of any insolvency resolution, liquidation or bankruptcy proceedings to an information utility for storage.
   (2) The information utility shall not provide access to the reports, registers and minutes submitted under sub-regulation (1) to any person other than the concerned insolvency professional, the Board or the Adjudicating Authority.
   (3) The information utility shall discharge the duties specified in Chapter VI in respect of the reports, registers and minutes submitted under sub-regulation (1).

CHAPTER VIII
SURRENDER OR CANCELLATION OF REGISTRATION

   (1) An information utility shall, at all times, have an exit management plan which shall include-
      (a) mechanisms to enable users to transfer information to other information utilities expeditiously;
      (b) mechanisms for preservation and transfer of information; and
      (c) timelines and cost estimates of implementing the exit management plan.
   (2) An information utility shall not amend its exit management plan without the prior approval of the Board.

40. Surrender of registration.
   (1) An information utility may submit an application for surrender of its certificate of registration to the Board, providing-
      (a) the reasons for such surrender;
      (b) details of its pending and on-going activities; and
      (c) details of how the exit management plan shall be implemented.
   (2) The Board shall within seven days of receipt of the application, publish a notice of receipt of such application on its website and invite objections to the surrender of registration to be submitted within fourteen days of the publication of the notice.
   (3) After considering the application and the objections received, if any, the Board may, within thirty days from the last date for submission of objections, approve the application for surrender of registration subject to such conditions as it deems fit.
   (4) The approval under sub-regulation (3) may require the information utility to-
      (a) discharge any pending obligations; or
      (b) continue such functions till such time as may be directed.
   (5) The Board, after being satisfied that the requirements of sub-regulation (4) have been complied with, shall publish a notice on its website stating that the surrender of registration by the information utility has taken effect.
41. **Disciplinary proceedings.**

(1) Based on the findings of an inspection or investigation, or on material otherwise available on record, if the Board is of the *prima facie* opinion that sufficient cause exists to take actions permissible under section 220, it shall issue a show-cause notice to the information utility.

(2) The show-cause notice shall be in writing and shall state:
   - the provisions of the Code under which it has been issued;
   - the details of the alleged facts;
   - the details of the evidence in support of the alleged facts;
   - the provisions of the Code allegedly violated, or the manner in which the public interest has allegedly been affected;
   - the actions or directions that the Board proposes to take or issue if the allegations are established;
   - the manner in which the information utility is required to respond to the show-cause notice;
   - consequences of failure to respond to the show-cause notice within the given time; and
   - procedure to be followed for disposal of the show-cause notice.

(3) The show-cause notice shall enclose copies of relevant documents and extracts of relevant portions from the report of investigation or inspection, or other records.

(4) A show-cause notice issued shall be served on the information utility in the following manner:
   - by sending it to the information utility at its registered office, by registered post with acknowledgement due; and
   - by an appropriate electronic means to the email address provided by the information utility to the Board.

(5) The Disciplinary Committee shall dispose of the show-cause notice by a reasoned order in adherence to principles of natural justice.

(6) The Disciplinary Committee shall endeavor to dispose of the show-cause notice within a period of six months of the issue of the show-cause notice.

(7) The order in disposal of a show-cause notice may provide for:
   - no action;
   - warning;
   - any of the actions under section 220(2) to (4); or
   - a reference to the Board to take any action under section 220(5).

(8) The order passed under sub-regulation (7) shall not become effective until thirty days have elapsed from the date of issue of the order, unless the Disciplinary Committee states otherwise in the order along with the reasons for the same.

(9) The order passed under sub-regulation (7) shall be issued to the information utility immediately, and be published on the website of the Board.

If the order passed under sub-regulation (7) suspends or cancels the registration of the information utility, the Disciplinary Committee may require the information utility to:
   - discharge pending obligations;
   - continue its functions till such time as may be directed, only to enable users to transfer information stored with it to another information utility; and
   - comply with any other directions.

42. **Appeal.**

An appeal may be preferred under section 211, within a period of thirty days of receipt of the order, in the manner prescribed in Part III of the National Company Law Tribunal Rules, 2016.
SCHEDULE
FORM A

APPLICATION FOR CERTIFICATE OF REGISTRATION

(Under Regulation 4 of the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017)

To
The Chairperson
The Insolvency and Bankruptcy Board of India

[Insert address]

From
[Name and address]

Subject: Application for grant or renewal of certificate of registration as information utility

Madam/Sir,

1. I, being duly authorized for the purpose, hereby apply on behalf of [name and address of the applicant] for
   (a) grant of certificate of registration as information utility, or
   (b) renewal of certificate of registration as information utility,
   and enclose a copy of the board resolution authorizing me to make this application to and correspond with the
   Board in this respect.

2. A copy of
   (a) the memorandum of association,
   (b) the articles of association,
   (c) the bye-laws,
   (d) the business plan and
   (e) the exit management plan of the applicant is enclosed.

3. I, on behalf of [insert name], affirm that the applicant is eligible to be registered as an information utility.

4. I, on behalf of [insert name], hereby affirm that –
   (a) all information contained in this application is true and correct in all material respects,
   (b) no material information relevant for the purpose of this application has been suppressed, and
   (c) registration granted or renewed in pursuance of this application may be cancelled summarily if any
   information submitted is found to be false or misleading in material respects at any stage.

5. If granted registration, I, on behalf of [insert name], undertake to comply with the requirements of the Code, the
   rules, regulations, guidelines or directions issued thereunder, and such other conditions and terms as may be
   contained in the certificate of registration or be specified or imposed by the Board subsequently.

Yours faithfully,

Sd/-
Authorized Signatory

(Name)
(Designation)

Date :
Place :
ANNEXURE TO FORM A

PART - I

GENERAL

1. Name of the applicant.
2. Address of registered office and principal place of business of the applicant.
3. Corporate Identity Number (CIN).
4. PAN.
5. Name, designation and contact details of the person authorized to make this application and correspond with the Board in this respect.

MEMORANDUM OF ASSOCIATION, ARTICLES OF ASSOCIATION AND BYE-LAWS

6. Please state if the memorandum of association, articles of association and bye-laws provide for all matters as required in, and are consistent with the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 and the Code.

PART III

SHAREHOOLDING AND FINANCIAL STRENGTH

7. Please provide details of the persons holding more than 5%, directly or indirectly, of the paid-up equity share capital or total voting power of the applicant.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of the shareholder</th>
<th>PAN / Passport No. and country of issue/ company registration number</th>
<th>Percentage of shareholding in the applicant company and/ or holding company</th>
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</tbody>
</table>

8. Do persons resident outside India in aggregate hold more than 49% of the paid-up equity share capital or total voting power of the applicant? Please provide details.

9. Who exercises control over the applicant? Please provide details.

10. Do persons resident outside India exercise control over the applicant? If so, please provide details.

11. Please provide audited financial statements of:

   (a) a company holding more than 5% of the paid-up equity share capital or total voting power of the applicant (if any),

   (b) a company who is in control of the applicant (if any),

   (c) promoter company (if any),

   (d) the applicant company itself, of the last three years or from the date of incorporation of the company, whichever is less.
PART IV
DIRECTORS AND EMPLOYEES

12. Please provide the details of the applicant’s Board of Directors, key managerial personnel and compliance officer, if any:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of the director</th>
<th>DIN and PAN</th>
</tr>
</thead>
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</tbody>
</table>

13. Please provide number of employees, category-wise.

PART V
INFRASTRUCTURE

14. Please provide the details of infrastructure the applicant currently has and proposes to have to enable it to discharge its functions as an information utility, including:
   a. Technology
   b. Data Security
   c. Facilities for hosting the data center
   d. Grievance redressal and disciplinary proceedings
   e. Any further plan for additional/improved infrastructure to be indicated.

PART VI
BUSINESS PLAN

15. Please provide a summary of the applicant’s Business Plan.

16. Please provide the time frame in which the applicant will be able to provide the services of an information utility from the date of registration.

PART VII
EXIT MANAGEMENT PLAN

17. Please provide a summary of the applicant’s Exit Management Plan, including the manner in which users will be enabled to transfer their information to other utilities.

PART VIII
FIT AND PROPER CRITERIA

18. Please provide information to demonstrate that the persons holding more than 5% of the paid-up equity share capital or total voting power of the company, the promoters, the key managerial personnel, the directors of the applicant and the applicant are fit and proper persons.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Relationship to the applicant</th>
<th>DIN/ CIN/ PAN</th>
<th>Details of conviction orders, if any, against the person</th>
<th>Details of restraining orders, if any, against the person</th>
<th>Is the person an undischarged insolvent or bankrupt? If yes, please provide details</th>
<th>Details pertaining to the character, reputation and integrity of the person</th>
<th>Any other information</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
PART IX
COMPLIANCE

[For applications for renewal of registration]

19. Please provide details of the information utility’s compliance with the conditions of its certificate of registration.

20. Please provide details of the information utility’s compliance with the Code, rules, regulations, guidelines and directions thereunder, during the period of registration.

Please provide any other details you consider relevant in support of the application.

Sd/-
Authorized Signatory
(Name)
(Designation)

Date :
Place :

FORM B

(Under Regulation 5 of the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017)

THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

CERTIFICATE OF REGISTRATION NO. _

The Insolvency and Bankruptcy Board of India hereby grants / renews this / the certificate of registration to/ of [insert name and address] to act as an information utility in accordance with the Insolvency and Bankruptcy Code, 2016.

The certificate of registration is valid from [insert start date] to [insert end date] and may be renewed.

Sd/-
(Name and Designation)
(For and on behalf of Insolvency and Bankruptcy Board of India)

Place :
Date :

FORM C

(Under Regulation 20 of the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017)

Information may be accepted in this form with such modifications as the information utility deems fit.

A. Details relating to Creation of Debt

<table>
<thead>
<tr>
<th>Details of the user submitting information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Full Name</td>
</tr>
<tr>
<td>(Please provide your First Name, Middle Name and Last Name)</td>
</tr>
<tr>
<td>2. Relationship of the person submitting information to the Debt</td>
</tr>
<tr>
<td>(Debtor/Creditor/Debenture Trustee/Guarantor/ please specify any other)</td>
</tr>
<tr>
<td>3. Unique Identifier as registered with an Information Utility</td>
</tr>
<tr>
<td>4. Date of Birth/ Date of incorporation</td>
</tr>
<tr>
<td>5. Full Address</td>
</tr>
<tr>
<td>6. Telephone No.</td>
</tr>
<tr>
<td>7. Mobile No.</td>
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<td>8.</td>
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<td>9.</td>
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<td>10.</td>
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</tbody>
</table>

**Details of Other Parties to the Debt (Apart from the person submitting the debt)**

*Details of Parties (please add as many parties as may be applicable)*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>11.</td>
<td>Relationship of the party to the debt</td>
</tr>
<tr>
<td></td>
<td>(Debtor/Creditor/Debenture Trustee/Guarantor/ please specify any other)</td>
</tr>
<tr>
<td>12.</td>
<td>Full Name</td>
</tr>
<tr>
<td></td>
<td>(Please provide your First Name, Middle Name and Last Name)</td>
</tr>
<tr>
<td>13.</td>
<td>Unique Identifier as registered with an Information Utility, if any</td>
</tr>
<tr>
<td>14.</td>
<td>Date of Birth/ Date of incorporation</td>
</tr>
<tr>
<td>15.</td>
<td>Full address</td>
</tr>
<tr>
<td>16.</td>
<td>Telephone No.</td>
</tr>
<tr>
<td>17.</td>
<td>Mobile No.</td>
</tr>
<tr>
<td>18.</td>
<td>Email ID</td>
</tr>
<tr>
<td>19.</td>
<td>Fax No.</td>
</tr>
</tbody>
</table>

**Details of the Debt**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20.</td>
<td>Unique identifier of the debt, in case the debt has previously been recorded in any Information Utility</td>
</tr>
<tr>
<td>21.</td>
<td>Loan Agreement Number / Loan Account Number</td>
</tr>
<tr>
<td>22.</td>
<td>Date of Loan Agreement</td>
</tr>
<tr>
<td>23.</td>
<td>Nature of the Debt (Operational/Financial)</td>
</tr>
<tr>
<td>24.</td>
<td>Currency of the Debt</td>
</tr>
<tr>
<td>25.</td>
<td>Date of disbursement of the debt</td>
</tr>
<tr>
<td>26.</td>
<td>Date of maturity of the debt</td>
</tr>
<tr>
<td>27.</td>
<td>Date of expiry of the debt</td>
</tr>
<tr>
<td>28.</td>
<td>Date of Renewal of the Debt</td>
</tr>
<tr>
<td>29.</td>
<td>Amount of debt owed on the date of creation</td>
</tr>
<tr>
<td>30.</td>
<td>Amount of debt owed currently</td>
</tr>
<tr>
<td>31.</td>
<td>Rate of Interest (as updated from time to time)</td>
</tr>
<tr>
<td>32.</td>
<td>Security on Debt (If yes, please fill Section B dealing with Details relating to Creation of Security on Debt)</td>
</tr>
<tr>
<td>33.</td>
<td>Host bank and Repayment Account number, if any</td>
</tr>
<tr>
<td>34.</td>
<td>Details of repayment schedule of the debt, if any</td>
</tr>
<tr>
<td>35.</td>
<td>Details of terms of demand loan, if any</td>
</tr>
<tr>
<td>36.</td>
<td>Details of confirmed balance, if any</td>
</tr>
<tr>
<td>37.</td>
<td>List out Documents Attached as Proof:</td>
</tr>
<tr>
<td></td>
<td>A. Copy of the Loan Agreement (as revived from time to time)</td>
</tr>
<tr>
<td></td>
<td>B. Repayment Schedule (If in possession of the submitter)</td>
</tr>
</tbody>
</table>
### B. Details relating to Creation of Security on Debt (If not applicable, please write NA)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>38.</td>
<td>Security Interest Type (Mortgage/charge/hypothecation/assignment/pledge etc.)</td>
</tr>
</tbody>
</table>
| 39. | Asset Type  
(Movable, immovable, intangible) |
| 40. | Type of Security (Vehicle, inventory, receivable, equipment, Plot etc.) |
| 41. | Joint Security Interest (Yes or No) |
| 42. | Number of Security Interest Holders |
| 43. | Security Interest ID (As per CERSAI) |
| 44. | Description of the security (Number, Identification Marks etc.) |
| 45. | Date of Creation of Security Interest |
| 46. | Date of Modification of Security Interest |
| 47. | Final amount secured |
| 48. | Value of Security |
| 49. | Date of Valuation |
| 50. | List out documents attached as proof:  
A. Copy of the Security Deed  
B. Copy of the Valuation Report  
C. Proof of Registration with CERSAI  
D. Copy of the Certificate of Registration of Charge  
E. Any other document relating to creation of security |

### C. Details relating to Default of Debt (If not applicable, please write NA)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>51.</td>
<td>Date of Default</td>
</tr>
<tr>
<td>52.</td>
<td>Days past due</td>
</tr>
<tr>
<td>53.</td>
<td>Total amount due and default amount</td>
</tr>
<tr>
<td>54.</td>
<td>Date and amount of last payment</td>
</tr>
<tr>
<td>55.</td>
<td>Suit filed or not</td>
</tr>
<tr>
<td>56.</td>
<td>Documents attached as proof of default</td>
</tr>
</tbody>
</table>

Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./452/16]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION
New Delhi, the 12th June, 2017

No. IBBI/2017-18/GN/REG011.—In exercise of the powers conferred under sections 196, 217, 218, 219, 220 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following regulations, namely-

CHAPTER I
PRELIMINARY

1. Short title, commencement and application.

(1) These regulations may be called the Insolvency and Bankruptcy Board of India (Inspection and Investigation) Regulations, 2017.

(2) These regulations shall come into force on the date of their publication in the Official Gazette.

(3) These regulations shall apply to inspection and investigation of service providers.

2. Definitions.

(1) In these regulations, unless the context otherwise requires—

(a) “associated person” means a proprietor, partner, director, officer, or an employee of a service provider, a professional or a valuer engaged by a service provider or any other person acting for or on behalf of a service provider under inspection or investigation;

(b) “Code” means the Insolvency and Bankruptcy Code, 2016 (31 of 2016);

(c) “Disciplinary Committee” means a committee of whole time member(s) constituted by the Board under sub-section (1) of section 220 of the Code:

Provided that the whole time member(s) in the Disciplinary Committee shall not be associated with the investigation or inspection;

(d) “electronic form” shall have the same meaning as assigned to it in clause (r) of section 2 of the Information Technology Act, 2000 (21 of 2000);

(e) “Investigating Authority” means an officer or a team of officers of the Board, which has been directed by the Board, to conduct the investigation of a service provider;

(f) “Inspecting Authority” means an officer or a team of officers of the Board, which has been directed by the Board, to conduct the inspection of a service provider;

(g) “noticee” means a service provider or an associated person who is alleged to have contravened any provision of the Code, or the rules, regulations or guidelines made thereunder;

(h) “record” means the books of accounts, registers, documents, call records and other records, whether maintained in electronic form or otherwise, of a service provider and its associated person;

(i) “section” means section of the Code; and

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Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
(j) “service provider” means insolvency professional agency, insolvency professional, insolvency professional entity or information utility.

(2) The words and expressions used and not defined in these regulations, but defined in the Code, shall have the same meaning assigned to them in the Code.

CHAPTER II
INSPECTION

3. Inspection by the Board.

(1) The Board shall conduct inspection of such number of service providers every year, as may be decided by the Board from time to time.

(2) Without prejudice to provisions of sub-regulation (1), the Board may conduct inspection of a service provider under section 218.

(3) The Board may, for the purposes of this regulation, by an order, direct an Inspecting Authority to conduct an inspection of records of a service provider for purposes specified under sub-regulation (4).

(4) The purposes under sub-regulation (3) include -

(a) to ensure that the records are being maintained by a service provider in the manner required under the relevant regulations;

(b) to ascertain whether adequate internal control systems, procedures and safeguards have been established and are being followed by a service provider to fulfill its obligations under the relevant regulations;

(c) to ascertain whether any circumstance exists which would render a service provider unfit or ineligible;

(d) to ascertain whether the provisions of the Code, or the rules, regulations and guidelines made thereunder and the directions issued by the Board, if any, are being complied with;

(e) to inquire into the complaints received from clients or any other person on any matter having a bearing on the activities of a service provider; and

(f) such other purpose as may be deemed fit by the Board in furtherance of the objectives of the Code.

(5) The order referred to in sub-regulation (3) shall contain-

(a) scope of inspection;

(b) composition of Inspecting Authority;

(c) timelines for conducting the inspection;

(d) reporting of progress in inspection;

(e) submission of interim inspection report, if any; and

(f) submission of inspection report.

(6) The Board and the Inspecting Authority shall make every effort to keep the inspection confidential and to cause the least burden on, or disruption to, the business of the service provider under inspection.

4. Conduct of Inspection.

(1) The Inspecting Authority shall serve a notice of inspection to the service provider at least 10 days before the commencement of inspection:

Provided that where the Inspecting Authority is satisfied that the notice will cause undue delay in inspection or there is an apprehension that records of the service provider may be destroyed, mutilated, altered, falsified or secreted, after the notice is served, it may, for reasons to be recorded in writing, dispense with such notice.

(2) The Inspecting Authority may require the service provider or an associated person to submit records, as may be required, before the commencement of inspection.

(3) The Inspecting Authority may visit the offices of the service provider for conducting the on-site inspection.
(4) It shall be the duty of the service provider and an associated person to produce before the Inspecting Authority such records in his custody or control and furnish to the Inspecting Authority such statements and information relating to its activities within such time as the Inspecting Authority may require.

(5) The service provider shall allow the Inspecting Authority to have access to the premises occupied by such service provider or by any other person on its behalf and extend facility for examination of any records in the possession of the service provider or any such other person and provide copies of records or other material which in the opinion of the Inspecting Authority are relevant for the inspection.

(6) The Inspecting Authority shall, in the course of inspection, may examine and record statements of any associated person of the service provider in relation to the affairs of his business.

(7) It shall be the duty of the service provider and an associated person to give to the Inspecting Authority all assistance which the Inspecting Authority may reasonably require in connection with the inspection.

5. **Interim Inspection Report.**

(1) The Inspecting Authority may submit an interim inspection report to the Board, if it considers appropriate, keeping in view the nature and progress of inspection.

(2) The Inspecting Authority shall submit an interim inspection report, if required by the Board.

(3) If the Board is satisfied from the interim inspection report that there is a gross violation of the provisions of the Code, or the rules, regulations made thereunder, by the service provider and an immediate action under sub-section (2) of section 220 is warranted, the Board shall refer the matter to the Disciplinary Committee for an appropriate action.

(4) On consideration of the interim inspection report, the Disciplinary Committee may pass an interim order with appropriate directions to the service provider.

(5) The interim order referred to sub-regulation (4) shall lapse on expiry of 90 days.

6. **Inspection Report.**

(1) The Inspecting Authority shall send a copy of the draft inspection report to the service provider requiring comments of the service provider within 15 days from receipt of the draft inspection report.

(2) The Inspecting Authority shall submit a copy of the draft inspection report to the Board.

(3) The Board shall examine the draft inspection report as to whether inspection is complete and satisfactory or requires further inspection and advise the Inspecting Authority accordingly within 15 days of receipt of draft inspection report.

(4) After considering the comments of the service provider and taking into account advice of the Board, the Inspecting Authority shall prepare the inspection report and submit it to the Board.

**CHAPTER III**

**INVESTIGATION**

7. **Investigation by the Board.**

(1) The Board may conduct investigation of a service provider under section 218.

(2) The Board may, for the purposes of this regulation, by an order, direct an Investigating Authority to conduct an investigation of the affairs of the service provider and to report thereon to the Board.

(3) The order referred to in sub-regulation (2) shall contain the following particulars:

   (a) scope of investigation in terms of records, activities, places, and persons;

   (b) composition of Investigating Authority;

   (c) timelines for conducting investigation;

   (d) reporting of progress in investigation;

   (e) submission of interim investigation report, if any; and

   (f) submission of investigation report.

(4) The Board and the Investigating Authority shall make every effort to keep investigation confidential and to cause the least burden on, or disruption to, the business of the service provider under investigation.
The Board may, at any time, modify the order referred to under sub-regulation (2) to enlarge the scope of investigation or other terms of investigation, for reasons to be recorded in writing.

8. Conduct of Investigation.

(1) The Investigating Authority shall serve a notice of investigation to the service provider at least 10 days before the commencement of investigation:

Provided that where the Investigating Authority is satisfied that the notice will cause undue delay in investigation or there is an apprehension that records of the service provider may be destroyed, mutilated, altered, falsified or secreted, after the notice is served, it may, for reasons to be recorded in writing, dispense with such notice.

(2) The Investigating Authority may require the service provider or an associated person to submit records as may be required, before the commencement of investigation.

(3) The Investigating Authority may visit the offices of the service provider for conducting the on-site investigation.

(4) It shall be the duty of the service provider and an associated person to produce before the Investigating Authority such records in his custody or control and furnish to the Investigating Authority such statements and information relating to its activities within such time as the Investigating Authority may require.

(5) The service provider shall allow the Investigating Authority to have access to the premises occupied by such service provider or by any other person on its behalf and extend facility for examination of any records in the possession of the service provider or any such other person and provide copies of records or other material which in the opinion of the Investigating Authority are relevant for the investigation.

(6) The Investigating Authority shall, in the course of investigation, may examine and record statements of any associated person of the service provider in relation to the affairs of his business and for that purpose may require any of those persons to appear before it personally.

(7) Notes of any examination referred to in sub-regulation (6) shall be recorded and shall be read over to, or by, and signed by, the person examined.

(8) It shall be the duty of the service provider and an associated person to give to the Investigating Authority all assistance which the Investigating Authority may reasonably require in connection with the investigation.

(9) The Investigating Authority may keep in its custody any record produced to it up to six months and thereafter shall return the same to the person by whom or on whose behalf the records were produced:

Provided that it may call for these records again if it considers necessary and shall give certified copies of these to the person by whom or on whose behalf these were produced, if required by him.

(10) Where in the course of investigation, the Investigating Authority has reasonable grounds to believe that the records of, or relating to, a service provider or an associated person in any manner, may be destroyed, mutilated, altered, falsified or secreted, the Investigating Authority may make an application to the competent court having jurisdiction for an order for the seizure of such records.

(11) After considering the application under sub-regulation (10) and hearing the Investigating Authority, if necessary, the competent court may, by order, authorise the Investigating Authority –

(a) to enter, with such assistance, as may be required, the place or places where such records are kept;

(b) to search that place or those places in the manner specified in the order; and

(c) to seize records, it considers necessary, for the purposes of the investigation.

(12) The Investigating Authority may requisition the services of any police officer or any officer of the Central Government, or of both to assist him in search and seizure under the order under sub-regulation (11) and it shall be the duty of every such officer to comply with such requisition.

(13) Every search or seizure shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 (2 of 1974) relating to searches or seizures made under that Code.


(1) The Investigating Authority may submit an interim investigation report to the Board, if it considers appropriate, keeping in view the nature and progress of investigation.

(2) The Investigating Authority shall submit an interim investigation report, if required by the Board.
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(3) If the Board is satisfied from the interim investigation report that *prima facie*, there is a gross violation of the provisions of the Code, or the rules or regulations made thereunder, by the service provider and an immediate action under sub-section (2) of section 220 is warranted, the Board shall refer the matter to the Disciplinary Committee for an appropriate action.

(4) On consideration of the interim investigation report, the Disciplinary Committee may pass an interim order with appropriate directions to the service provider.

(5) The interim order referred to sub-regulation (4) shall lapse on expiry of 90 days.


(1) The Investigating Authority shall submit a copy of the draft investigation report to the Board.

(2) The Board shall examine the draft investigation report as to whether investigation is complete and satisfactory or requires further investigation and advise the Investigating Authority accordingly within 15 days of receipt of the draft investigation report.

(3) After taking into account advice of the Board, the Investigating Authority shall prepare the investigation report and submit it to the Board.

CHAPTER IV
CONSIDERATION OF REPORT


(1) The Board shall consider the inspection report received under regulation 6 or investigation report received under regulation 10, as the case may be, expeditiously.

(2) If the Board, after consideration of the report under sub-regulation (1), is of the *prima facie* opinion that sufficient cause exists to take actions under section 220 or sub-section (2) of section 236, it shall issue a show-cause notice in accordance with regulation 12 to the service provider or an associated person and in any other case, close the inspection or investigation, as the case may be.

12. Show-cause notice.

(1) The show-cause notice shall be in writing and shall state-

(a) the provisions of the Code under which it has been issued;

(b) the details of the alleged facts;

(c) the details of the evidence in support of the alleged facts;

(d) the provisions of the Code, or the rules, regulations or guidelines made thereunder, allegedly violated;

(e) the actions or directions that the Board proposes to take or issue, if the allegations are established; and

(f) the time within which the noticee may make written submission.

(2) For the purposes of clause (e) of sub-regulation (1), the Board shall take into account, but not limited to, the following factors: -

(a) the nature and seriousness of the alleged contraventions, including whether it was deliberate, reckless or negligent on the part of the noticee;

(b) the consequences and impact of the alleged contravention, including -

(i) unfair advantage gained by the noticee as a result of the alleged contravention;

(ii) loss caused, or likely to be caused, to clients or any other person as a result of the alleged contravention; and

(iii) the conduct of the noticee after the occurrence of the alleged contravention, and prior to the alleged contraventions.

(3) The show-cause notice shall provide at least 21 days to the noticee to make a written submission.

(4) The show-cause notice shall state, if a noticee fails to respond under sub-regulation (3) within the given time, it shall be disposed of based on the material available on record.
The show-cause notice shall enclose copies of relevant documents and extracts of relevant portions from the report of investigation or inspection, or other records.

A show-cause notice issued shall be served on the noticee-

(a) by sending it to the noticee at its registered office, by registered post with acknowledgement due; and

(b) by an appropriate electronic form to the email address provided by the service provider to the Board.

The Board shall refer the show-cause notice to the Disciplinary Committee along with all the relevant records including the written submissions, if any, made by the noticee in the matter.


(1) The Disciplinary Committee, after providing an opportunity of being heard to the noticee, shall dispose of the show-cause notice by a reasoned order.

(2) The Disciplinary Committee shall dispose of the show-cause notice within a period of 180 days of the issue of the show-cause notice.

(3) The order under sub-regulation (1) may provide for-

(a) closure of show-cause notice without any direction;

(b) warning;

(c) any of the actions under sub-sections (2), (3) and (4) of section 220;

(d) a reference to the Board to take any action under sub-section (5) of section 220 or sub-section (2) of section 236; or

(e) any other action or direction as may be considered appropriate.

(4) The order under sub-regulation (1) shall not become effective until thirty days have elapsed from the date of issue of the order, unless the Disciplinary Committee states otherwise in the order along with the reasons for the same.

(5) The order under sub-regulation (1) shall be issued to the noticee immediately, and be published on the website of the Board.

(6) If the order under sub-regulation (1) suspends or cancels the registration of a service provider, the Disciplinary Committee may, if it considers fit, require the service provider to-

(a) discharge pending obligations, if any;

(b) continue its functions till such time as may be directed, only to enable clients to shift to another service provider; and

(c) comply with any other directions.

CHAPTER V
RESTITUTION


(1) Where a direction has been issued, to any person to disgorge the amount under sub-section (4) of section 220, the Board shall endeavour to realize the amount of disgorgement expeditiously.

(2) The Board shall, as soon as after the realization of the amount of disgorgement, invite claims by a public announcement from persons, who have suffered loss on account of the contravention underlying the direction under sub-section (4) of section 220, seeking restitution from the disgorged amount.

(3) The persons referred to in sub-regulation (2) shall submit claims in Form A within 30 days of the public announcement.

(4) The Board shall scrutinize the claims and prepare a list of valid claims within 30 days of the last date for receipt of claims.

(5) The Board shall disburse such amount proportionately among the claimants within 30 days of preparation of the list of valid claims.
FORM A

(Under Regulation 14(3) of the Insolvency and Bankruptcy Board of India (Inspection and Investigation) Regulations, 2017)

Claim under Order No… dated ………. under section 220(4) of the Code

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Name and Address of the Claimant</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Identity of the Claimant</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Aadhaar No.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) PAN</td>
<td></td>
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<tr>
<td></td>
<td>(c) Bank account no, name of the bank, branch to which money is to be remitted and IFSC code</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Please explain how you have lost money on account of contravention as mentioned under section 220(4)</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Please show computation of loss suffered by you</td>
<td></td>
</tr>
</tbody>
</table>

Verification

I hereby verify and affirm that the contents as stated above are true and correct to the best of my knowledge and belief and no material fact has been concealed.

(Signature of the Claimant)

Note: If the amount of claim exceeds Rs. 10,000, this verification shall be done before a Notary for the purpose of submission of claim.

Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./103/17]
INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 14th June, 2017

Insolvency and Bankruptcy Board of India (Insolvency Resolution for Corporate Persons) Regulations, 2017

No. IBBI/2017-18/GN/REG 012.—In exercise of the powers conferred under sections 58, 196 and 208 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following Regulations, namely-

CHAPTER I

PRELIMINARY

1. Short title and commencement.

(1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017.

(2) These Regulations shall come into force on June 14, 2017.

(3) These Regulations shall apply to the fast track process under Chapter IV of Part II of the Code.

2. Definitions.

(1) In these Regulations, unless the context otherwise requires-

(a) “applicant” means the person filing an application under Chapter IV of Part II of the Code;

(b) “Code” means the Insolvency and Bankruptcy Code, 2016;

(c) “Code of Conduct” means the code of conduct for insolvency professionals as set out in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016;

(d) “committee” means a committee of creditors established under section 21;

(e) “dissenting financial creditors” means the financial creditors who voted against the resolution plan approved by the committee;

(f) “electronic form” shall have the meaning assigned to it in the Information Technology Act, 2000 (21 of 2000);

(g) “electronic means” means an authorized and secured computer programme which is capable of producing confirmation of sending communication to the participant entitled to receive such communication at the last electronic mail address provided by such participant and keeping record of such communication;

(h) “fast track process” means the fast track insolvency resolution process for corporate persons under Chapter IV of Part II of the Code;

(i) “fast track process costs” means the costs in Regulation 30;

(j) “fast track process period” means the period of ninety days beginning from the fast track commencement date and ending on the ninetieth day;
(k) “identification number” means the Limited Liability Partnership Identification Number under the Limited Liability Partnership Act, 2008, or the Corporate Identity Number under the Companies Act, 2013, as the case may be;

(l) “fast track commencement date” means the date of admission of an application by the Adjudicating Authority for initiating the fast track process under Chapter IV of Part II of the Code;

(m) “insolvency professional entity” means an entity recognised as such under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016;

(n) “liquidation value” means the amount determined in accordance with Regulation 34;

(o) “participant” means a person entitled to attend a meeting of the committee under section 24 or any other person authorised by the committee to attend the meeting;

(p) “registered valuer” means a person registered as such in accordance with the Companies Act, 2013 (18 of 2013) and rules made thereunder;

(q) “section” means section of the Code;

(r) “video conferencing or other audio and visual means” means such audio and visual facility which enables the participants in a meeting to communicate concurrently with one another and to participate effectively in the meeting.

(2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, but defined in the Code, shall have the meanings assigned to them in the Code.

CHAPTER II

GENERAL

3. Eligibility for resolution professional.

(1) An insolvency professional shall be eligible to be appointed as a resolution professional for a fast track process of a corporate debtor if he, and all partners and directors of the insolvency professional entity of which he is a partner or director, are independent of the corporate debtor.

Explanation- A person shall be considered independent of the corporate debtor, if he –

(a) is eligible to be appointed as an independent director on the board of the corporate debtor under section 149 of the Companies Act, 2013 (18 of 2013), where the corporate debtor is a company;

(b) is not a related party of the corporate debtor; or

(c) has not been an employee or proprietor or a partner:

1) of a firm of auditors or company secretaries in practice or cost auditors of the corporate debtor; or

2) of a legal or a consulting firm, which has or had any transaction with the corporate debtor amounting to ten per cent or more of the gross turnover of such firm, at any time in the preceding three years.

(2) An insolvency professional shall not be eligible to be appointed as a resolution professional if he, or the insolvency professional entity of which he is a partner or director, is under a restraint order of the Board.

(3) An insolvency professional shall make disclosures at the time of his appointment and thereafter in accordance with the Code of Conduct.

(4) An insolvency professional shall not continue as a resolution professional if the insolvency professional entity of which he is a director or a partner, or any other partner or director of such insolvency professional entity represents any other stakeholders in the same fast track process.


Without prejudice to section 17(2)(d), the interim resolution professional may access the books of account, records and other relevant documents and information, to the extent relevant for discharging his duties under the Code, of the corporate debtor held with-
(a) depositories of securities;
(b) professional advisors of the corporate debtor;
(c) information utilities;
(d) other registries that record the ownership of assets;
(e) members, promoters, partners, board of directors and joint venture partners of the corporate debtor; and
(f) contractual counterparties of the corporate debtor.

5. **Extortionate credit transaction.**

A transaction shall be considered an extortionate credit transaction under section 50(2) where the terms:

(a) require the corporate debtor to make exorbitant payments in respect of the credit provided; or
(b) are unconscionable under the principles of law relating to contracts.

**CHAPTER III**

**PUBLIC ANNOUNCEMENT**

6. **Public announcement.**

(1) An insolvency professional shall make a public announcement immediately on his appointment as an interim resolution professional.

*Explanation:* ‘Immediately’ means not later than three days from the date of his appointment.

(2) The public announcement referred to in sub-regulation (1) shall –

(a) be in Form A;
(b) (i) be published in one English and one regional language newspaper with wide circulation at the location of the registered office and principal office, if any, of the corporate debtor and any other location where in the opinion of the interim resolution professional, the corporate debtor conducts material business operations;
(ii) be hosted on the website, if any, of the corporate debtor; and
(iii) be hosted on the website, if any, designated by the Board for the purpose;
(c) provide the last date for submission of proofs of claim, which shall be ten days from the date of appointment of the interim resolution professional.

(3) The applicant shall bear the expenses of the public announcement which may be reimbursed by the committee to the extent it ratifies them.

*Explanation:* The expenses on the public announcement shall not form part of fast track process costs.

**CHAPTER IV**

**PROOF OF CLAIMS**

7. **Claims by operational creditors.**

(1) An operational creditor, other than workman or employee of the corporate debtor, shall submit proof of his claim to the interim resolution professional in person, by post or by electronic means in Form B.

*Provided* that such person may submit supplementary documents or clarifications in support of the claim before the constitution of the committee.

(2) The existence of debt due to the operational creditor under this Regulation may be proved on the basis of-

(a) the records available with an information utility, if any; or
(b) other relevant documents, including:
   (i) a contract for the supply of goods and services with corporate debtor;
(ii) an invoice demanding payment for the goods and services supplied to the corporate debtor;
(iii) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any; or
(iv) financial accounts.

8. Claims by financial creditors.

(1) A financial creditor shall submit proof of claim to the interim resolution professional in electronic form in Form C.

Provided that such person may submit supplementary documents or clarifications in support of the claim before the constitution of the committee.

(2) The existence of debt due to the financial creditor may be proved on the basis of -

(a) the records available with an information utility, if any; or
(b) other relevant documents, including -
   (i) a financial contract supported by financial statements as evidence of the debt;
   (ii) a record evidencing that the amounts committed by the financial creditor to the corporate debtor under a facility has been drawn by the corporate debtor;
   (iii) financial statements showing that the debt has not been repaid; or
   (iv) an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any.

9. Claims by workmen and employees.

(1) A workman or an employee of the corporate debtor shall submit proof of claim to the interim resolution professional in person, by post or by electronic means in Form D.

Provided that such person may submit supplementary documents or clarifications in support of the claim on his own or if required by the interim resolution professional, before the constitution of the committee.

(2) Where there are dues to numerous workmen or employees of the corporate debtor, an authorised representative may submit one proof of claim for all such dues on their behalf in Form E.

(3) The existence of dues to workmen or employees may be proved by them, individually or collectively on the basis of -

(a) records available with an information utility, if any; or
(b) other relevant documents, including -
   (i) a proof of employment such as contract of employment for the period for which such workman or employee is claiming dues;
   (ii) evidence of notice demanding payment of unpaid dues and any documentary or other proof that payment has not been made; or
   (iii) an order of a court or tribunal that has adjudicated upon the non-payment of a dues, if any.

10. Substantiation of claims.

The interim resolution professional or the resolution professional, as the case may be, may call for such other evidence or clarification as he deems fit from a creditor for substantiating the whole or part of its claim.

11. Cost of proof proving the debt

A creditor shall bear the cost of proving the debt due to such creditor.

12. Submission of proof of claims.
Subject to sub-regulation (2), a creditor shall submit proof of his claim on or before the last date mentioned in the public announcement.

(2) A creditor, who failed to submit proof of claim within the time stipulated in the public announcement, may submit proof of such claim to the interim resolution professional or the resolution professional, as the case may be, till the approval of a resolution plan by the committee.

(3) Where the creditor in sub-regulation (2) is a financial creditor, it shall be included in the committee from the date of admission of such claim:

Provided that such inclusion shall not affect the validity of any decision taken by the committee prior to such inclusion.

13. Verification of claims

(1) The interim resolution professional or the resolution professional, as the case may be, shall verify every claim, as on the fast track commencement date, within seven days from the last date of the receipt of the claims, and thereupon maintain a list of creditors containing names of creditors along with the amount claimed by them, the amount of their claims admitted and the security interest, if any, in respect of such claims, and update it.

(2) The list of creditors shall be –

(a) available for inspection by the persons who submitted proofs of claim;

(b) available for inspection by members, partners, directors and guarantors of the corporate debtor;

(c) displayed on the website, if any, of the corporate debtor;

(d) filed with the Adjudicating Authority; and

(e) presented at the first meeting of the committee.

14. Determination of amount of claim

(1) Where the amount claimed by a creditor is not precise or cannot be determined due to any contingency or other reason, the interim resolution professional or the resolution professional, as the case may be, shall make the best estimate of the amount of the claim based on the information available with him.

(2) The interim resolution professional or the resolution professional, as the case may be, shall revise the amount of claims admitted, including the estimates of claims made under sub-regulation (1), as soon as may be practicable, when he receives additional information warranting such revision.

15. Debt in foreign currency

The claims denominated in foreign currency shall be valued in Indian currency at the official exchange rate as on the fast track commencement date.

Explanation - “official exchange rate” means the reference rate published by the Reserve Bank of India or derived from such reference rates.

CHAPTER V

COMMITTEE OF CREDITORS

16. Committee with only operational creditors

(1) Where the corporate debtor has no financial debt or where all financial creditors are related parties of the corporate debtor, the committee shall be set up in accordance with this Regulation.

(2) The committee formed under this Regulation shall consist of following members:

(a) eighteen largest operational creditors by value:

Provided that if the number of operational creditors is less than eighteen, the committee shall include all such operational creditors;

(b) one representative elected by all workmen other than those workmen included under sub-clause (a); and

(c) one representative elected by all employees other than those employees included under sub-clause (a).
(3) Every member of the committee formed under this Regulation shall have voting rights in proportion of the debt due to such creditor or debt represented by such representative, as the case may be, to the total debt.

*Explanation* – For the purposes of this sub-regulation, ‘total debt’ means the sum of:

(a) the amount of debt due to the creditors listed in sub-regulation 2(a);

(b) the amount of the aggregate debt due to workmen under sub-regulation 2(b); and

(c) the amount of the aggregate debt due to employees under sub-regulation 2(c).

(4) A committee formed under this Regulation and its members shall have the same rights, powers, duties and obligations as a committee comprising financial creditors and its members, as the case may be.

17. **Filings by the interim resolution professional**

(1) The interim resolution professional shall file a report certifying the constitution of the committee to the Adjudicating Authority on or before the expiry of twenty-one days from the date of his appointment.

(2) Based on records of the corporate debtor and claims, if the interim resolution professional is of the opinion that the fast track process is not applicable to the corporate debtor as per notifications under section 55(2), he shall file an application to the Adjudicating Authority along with the report in sub-regulation (1), to pass an order converting the fast track process to corporate insolvency resolution process under Chapter II of Part II of the Code.

(3) If the Adjudicating Authority passes an order converting fast track to corporate insolvency resolution process on an application under sub-regulation (2), the process shall be carried on in accordance with the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

(4) The interim resolution professional shall convene the first meeting of the committee within seven days of filing the report(s) under this Regulation.

**CHAPTER VI**

**MEETINGS OF THE COMMITTEE**

18. **Meetings of the committee**

A resolution professional may convene a meeting of the committee as and when he considers necessary, and shall convene a meeting if a request to that effect is made by members of the committee representing thirty-three per cent of the voting rights.

19. **Notice for meetings of the committee**

(1) Subject to this Regulation, a meeting of the committee shall be called by giving not less than seven days’ notice in writing to every creditor, delivered at the address he has provided to the resolution professional and such notice may be served by hand delivery, or by registered post but in any event, be served on every participant by electronic means in accordance with Regulation 20.

(2) The committee may reduce the notice period from seven days to such other period of not less than twenty four hours, as it deems fit.

20. **Service of notice by electronic means**

(1) A notice by electronic means may be sent to the participants through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator for accessing such notice.

(2) The subject line in e-mail shall state the name of the corporate debtor, the place, if any, the time and the date on which the meeting is scheduled.

(3) If notice is sent in the form of a non-editable attachment to an e-mail, such attachment shall be in the Portable Document Format or in a non-editable format together with a ‘link or instructions’ for recipient for downloading relevant version of the software.

(4) When notice or notifications of availability of notice are sent by an e-mail, the resolution professional shall ensure that it uses a system which produces confirmation of the total number of recipients e-mailed and a record.
of each recipient to whom the notice has been sent and copy of such record and any notices of any failed
transmissions and subsequent re-sending shall be retained as “proof of sending”.

(5) The obligation of the resolution professional shall be satisfied when he transmits the e-mail and he shall not be
held responsible for a failure in transmission beyond its control.

(6) The notice made available on the electronic link or Uniform Resource Locator shall be readable, and the
recipient should be able to obtain and retain copies and the resolution professional shall give the complete
Uniform Resource Locator or address of the website and full details of how to access the document or
information.

(7) If a creditor, other than a member of the committee, fails to provide or update the relevant e-mail address to the
resolution professional, the non-receipt of such notice by such participant of any meeting shall not invalidate the
decisions taken at such meeting.

21. Contents of the notice for meeting.

(1) The notice shall inform the participants of the venue, the time and date of the meeting and of the option
available to them to participate through video conferencing or other audio and visual means, and shall
also provide all the necessary information to enable participation through such means.

(2) The notice of the meeting shall provide that a creditor may attend and vote in the meeting either in person or
through an authorised representative:

Provided that such creditor shall inform the resolution professional, in advance of the meeting, of the identity of
the authorised representative who will attend and vote at the meeting on its behalf.

(3) The notice of the meeting shall contain an agenda of the meeting with the following-

(i) a list of the matters to be discussed at the meeting;

(ii) a list of the issues to be voted upon at the meeting; and

(iii) copies of all documents relevant to the matters to be discussed and the issues to be voted upon
at the meeting; and

(4) The notice of the meeting shall:

(a) state the process and the manner for voting and the time schedule, including the time period during
which the votes may be cast:

(b) provide the login ID and the details of a facility for generating password and for keeping security and
casting of an electronic vote in a secure manner; and

(c) provide contact details of the person who will address the queries connected with the voting.

22. Quorum at the meeting.

(1) A meeting of the committee shall be quorate if members of the committee representing at least thirty-three
percent of the voting rights are present either in person or by video conferencing or other audio and visual
means:

Provided that the committee may modify the percentage of voting rights required for quorum in respect of any
future meetings of the committee.

(2) Where a meeting of the committee could not be held for want of quorum, unless the committee has previously
decided otherwise, the meeting shall automatically stand adjourned at the same time and place on the next day.

(3) In the event a meeting of the committee is adjourned in accordance with sub-regulation (2), the adjourned
meeting shall be quorate with the members of the committee attending the meeting.

23. Participation through video conferencing.

(1) The notice convening the meetings of the committee shall provide the participants an option to attend the
meeting through video conferencing or other audio and visual means in accordance with this Regulation.

(2) The resolution professional shall make necessary arrangements to ensure uninterrupted and clear video or audio
and visual connection.
The resolution professional shall take due and reasonable care-
(a) to safeguard the integrity of the meeting by ensuring sufficient security and identification procedures;
(b) to ensure availability of proper video conferencing or other audio and visual equipment or facilities for providing transmission of the communications for effective participation of the participants at the meeting;
(c) to record proceedings and prepare the minutes of the meeting;
(d) to store for safekeeping and marking the physical recording(s) or other electronic recording mechanism as part of the records of the corporate debtor;
(e) to ensure that no person other than the intended participants attends or has access to the proceedings of the meeting through video conferencing or other audio and visual means; and
(f) to ensure that participants attending the meeting through audio and visual means are able to hear and see, if applicable, the other participants clearly during the course of the meeting:

Provided that the persons, who are differently abled, may make request to the resolution professional to allow a person to accompany him at the meeting.

Where a meeting is conducted through video conferencing or other audio and visual means, the scheduled venue of the meeting as set forth in the notice convening the meeting, which shall be in India, shall be deemed to be the place of the said meeting and all recordings of the proceedings at the meeting shall be deemed to be made at such place.

24. Conduct of meeting.

(1) The resolution professional shall act as the Chairperson of the meeting of the committee.

(2) At the commencement of a meeting, the resolution professional shall take a roll call when every participant attending through video conferencing or other audio and visual means shall state, for the record, the following:-
(a) his name;
(b) whether he is attending in the capacity of a member of the committee or any other participant;
(c) whether he is representing a member or group of members;
(d) the location from where he is participating;
(e) that he has received the agenda and all the relevant material for the meeting; and
(f) that no one other than him is attending or has access to the proceedings of the meeting at the location of that person.

(3) After the roll call, the resolution professional shall inform the participants of the names of all persons who are present for the meeting and confirm if the required quorum is complete.

(4) The resolution professional shall ensure that the required quorum is present throughout the meeting.

(5) From the commencement of the meeting till its conclusion, no person other than the participants and any other person whose presence is required by the resolution professional shall be allowed access to the place where meeting is held or to the video conferencing or other audio and visual facility, without the permission of the resolution professional.

(6) The resolution professional shall ensure that minutes are made in relation to each meeting of the committee and such minutes shall disclose the particulars of the participants who attended the meeting in person, through video conferencing, or other audio and visual means.

(7) The resolution professional shall circulate the minutes of the meeting to all participants by electronic means within forty-eight hours of the said meeting.

CHAPTER VII

VOTING BY THE COMMITTEE

25. Voting by the committee.

(1) The actions listed in section 28(1) shall be considered in meetings of the committee.
Any action other than those listed in section 28(1) may be considered in meetings of the committee.

The resolution professional may, at the meeting, take a vote of the members of the committee who are participating in the meeting on any item listed for voting after discussion on the same.

The resolution professional shall –

(a) circulate the minutes of the meeting by electronic means to all members of the committee within forty-eight hours of the conclusion of the meeting; and

(b) seek a vote on the matters listed for voting in the meeting from the members of the committee who did not participate in the meeting or did not vote at the meeting, if any, by electronic means or electronic voting system, where the voting shall be kept open for twenty-four hours from the circulation of the minutes.

At the end of the voting period, the electronic voting portal shall forthwith be blocked.

Once a vote on a resolution is cast by a member of the committee, such member shall not be allowed to change it subsequently.

The resolution professional shall within twenty four hours of the conclusion of the voting, or forty eight hours of the conclusion of the meeting if no electronic vote is required to be sought under this regulation, circulate by electronic means the decision of the committee on agenda items along with the names of the members of the committee who voted for or against the decision, or abstained from voting.

Explanation - For the purposes of these Regulations –

(a) the expressions “voting by electronic means” and its grammatical variant or “electronic voting system” means a “secured system” based process of display of electronic ballots, recording of votes of the members of the committee and the number of votes polled in favour or against, such that the voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate cyber security;

(b) the expression “secured system” means computer hardware, software, and procedure that –

(i) are reasonably secure from unauthorized access and misuse;

(ii) provide a reasonable level of reliability and correct operation;

(iii) are reasonably suited to perform the intended functions; and

(iv) adhere to generally accepted security procedures.

CHAPTER VIII

CONDUCT OF THE FAST TRACK PROCESS


The interim resolution professional shall within seven days of his appointment, appoint one registered valuer to determine the liquidation value of the corporate debtor in accordance with Regulation 34:

Provided that the following persons shall not be appointed as the registered valuer:

(a) a relative of the interim resolution professional;

(b) a related party of the corporate debtor;

(c) an auditor of the corporate debtor in the five years preceding the fast track commencement date; or

(d) a partner or director of the insolvency professional entity.

27. Transfer of debt due to creditors.

(1) In the event a creditor assigns or transfers the debt due to such creditor to any other person during the fast track process period, both parties shall provide the interim resolution professional or the resolution professional, as the case may be, the terms of such assignment or transfer and the identity of the assignee or transferee.
(2) The resolution professional shall notify each creditor and the Adjudicating Authority of any resultant change in the committee within two days of such change.

28. Sale of assets outside the ordinary course of business.

(1) The resolution professional may sell unencumbered asset(s) of the corporate debtor, other than in the ordinary course of business, if he is of the opinion that such a sale is necessary for a better realisation of value under the facts and circumstances of the case:

Provided that the book value of all assets sold during fast track process period in aggregate under this sub-regulation shall not exceed ten percent of the total claims admitted by the interim resolution professional.

(2) A sale of assets under this Regulation shall require the approval of the committee.

(3) A bona fide purchaser of assets sold under this Regulation shall have a free and marketable title to such assets notwithstanding the terms of the constitutional documents of the corporate debtor, shareholders’ agreement, joint venture agreement or other document of a similar nature.

29. Assistance of local district administration.

The interim resolution professional or the resolution professional, as the case may be, may make an application to the Adjudicating Authority for an order seeking the assistance of the local district administration in discharging his duties under the Code or these Regulations.

CHAPTER IX
FAST TRACK PROCESS COSTS

30. Fast track process costs.

“Fast track process costs” shall mean –

(a) the amount of any interim finance and the costs incurred in raising such finance;

(b) the fees payable to any person acting as a resolution professional;

(c) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern;

(d) any costs incurred at the expense of the Government to facilitate the process;

(e) amounts due to suppliers of essential goods and services under Regulation 31;

(f) amounts due to a person whose rights are prejudicially affected on account of the moratorium imposed under section 14(1)(d);

(g) expenses incurred on or by the interim resolution professional to the extent ratified under Regulation 32;

(h) expenses incurred on or by the resolution professional fixed under Regulation 33; and

(i) other costs directly relating to the fast track process and approved by the committee.

31. Essential supplies.

The essential goods and services referred to in section 14(2) shall mean-

(a) electricity;

(b) water;

(c) telecommunication services; and

(d) information technology services,

to the extent these are not a direct input to the output produced or supplied by the corporate debtor.

Illustration: Water supplied to a corporate debtor will be essential supplies for drinking and sanitation purposes, and not for generation of hydro-electricity.
32. **Costs of the interim resolution professional.**

(1) The applicant shall fix the expenses to be incurred on or by the interim resolution professional.

(2) The Adjudicating Authority shall fix expenses where the applicant has not fixed expenses under sub-regulation (1).

(3) The applicant shall bear the expenses which shall be reimbursed by the committee to the extent it ratifies.

(4) The amount of expenses ratified by the committee shall be treated as fast track process costs.

*Explanation:* For the purposes of this Regulation, “expenses” means the fee to be paid to the interim resolution professional and other expenses, including the cost of engaging professional advisors, to be incurred by the interim resolution professional.

33. **Resolution professional costs.**

The committee shall fix the expenses to be incurred on or by the resolution professional and the expenses shall constitute fast track process costs.

*Explanation:* For the purposes of this Regulation, “expenses” mean the fee to be paid to the resolution professional and other expenses, including the cost of engaging professional advisors, to be incurred by the resolution professional.

**CHAPTER X**  
**RESOLUTION PLAN**  

34. **Liquidation value.**

(1) Liquidation value is the estimated realizable value of the assets of the corporate debtor if the corporate debtor were to be liquidated on the fast track commencement date.

(2) The registered valuer appointed under Regulation 26 shall submit to the interim resolution professional or the resolution professional, as the case may be, an estimate of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor.

(3) The resolution professional shall provide the liquidation value to the committee in electronic form.

35. **Information memorandum.**

(1) Subject to sub-regulation (4), the interim resolution professional or the resolution professional, as the case may be, shall submit an information memorandum in electronic form to each member of the committee and any potential resolution applicant containing-

(a) at least the matters listed in paragraphs (a) to (i) of sub-regulation (2), before its first meeting; and

(b) matters listed in paragraphs (j) to (l) of sub-regulation (2), within fourteen days of the first meeting.

(2) The information memorandum shall contain the following details of the corporate debtor-

(a) assets and liabilities, as on the fast track commencement date, classified into appropriate categories for easy identification, with estimated values assigned to each category;

(b) the latest annual financial statements;

(c) audited financial statements of the corporate debtor for the last two financial years and provisional financial statements for the current financial year made up to a date not earlier than fourteen days from the date of the application;

(d) a list of creditors containing the names of creditors, the amounts claimed by them, the amount of their claims admitted and the security interest, if any, in respect of such claims;

(e) particulars of a debt due from or to the corporate debtor with respect to related parties;

(f) details of guarantees that have been given in relation to the debts of the corporate debtor by other persons, specifying which of the guarantors is a related party;

(g) the names and addresses of the members or partners holding at least one per cent stake in the corporate debtor along with the size of stake;
(h) details of all material litigation and an ongoing investigation or proceeding initiated by Government and statutory authorities;
(i) the number of workers and employees and liabilities of the corporate debtor towards them;
(j) the liquidation value;
(k) the liquidation value due to operational creditors; and
(l) other information, which the resolution professional deems relevant to the committee.

(3) A member of the committee may request the resolution professional for further information of the nature described in this regulation and the resolution professional shall provide such information to all members within reasonable time if such information has a bearing on the resolution plan.

(4) The interim resolution professional or the resolution professional, as the case may be, shall share the information memorandum after receiving an undertaking from a member of the committee or a potential resolution applicant to the effect that such member or resolution applicant shall maintain confidentiality of the information and shall not use such information to cause an undue gain or undue loss to itself or any other person and comply with the requirements under section 29(2).

36. **Resolution plan.**

(1) A resolution plan may provide for the measures required for implementing it, including but not limited to the following-
(a) transfer of all or part of the assets of the corporate debtor to one or more persons;
(b) sale of all or part of the assets whether subject to any security interest or not;
(c) the substantial acquisition of shares of the corporate debtor, or the merger or consolidation of the corporate debtor with one or more persons;
(d) satisfaction or modification of any security interest;
(e) curing or waiving of any breach of the terms of any debt due from the corporate debtor;
(f) reduction in the amount payable to the creditors;
(g) extension of a maturity date or a change in interest rate or other terms of a debt due from the corporate debtor;
(h) amendment of the constitutional documents of the corporate debtor;
(i) issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests, or other appropriate purpose; and
(j) obtaining necessary approvals from the Central and State Governments and other authorities.

37. **Mandatory contents of the resolution plan.**

(1) A resolution plan shall identify specific sources of funds that will be used to pay the -
(a) fast track process costs and provide that the fast track process costs will be paid in priority to any other creditor;
(b) liquidation value due to operational creditors and provide for such payment in priority to any financial creditor which shall in any event be made before the expiry of thirty days after the approval of a resolution plan by the Adjudicating Authority; and
(c) liquidation value due to dissenting financial creditors and provide that such payment is made before any recoveries are made by the financial creditors who voted in favour of the resolution plan.

(2) A resolution plan shall provide:
(a) the term of the plan and its implementation schedule;
(b) the management and control of the business of the corporate debtor during its term; and
(c) adequate means for supervising its implementation.
38. Approval of resolution plan.

(1) A resolution applicant shall endeavour to submit a resolution plan prepared in accordance with the Code and these Regulations to the resolution professional, thirty days before expiry of the maximum period permitted under section 56 for the completion of the fast track process.

(2) The resolution professional shall present all resolution plans that meet the requirements of the Code and these Regulations to the committee for its consideration.

(3) The committee may approve any resolution plan with such modifications as it deems fit.

(4) The resolution professional shall submit the resolution plan approved by the committee to the Adjudicating Authority with the certification that –

(a) the contents of the resolution plan meet all the requirements of the Code and the Regulations; and

(b) the resolution plan has been approved by the committee.

(5) The resolution professional shall forthwith send a copy of the order of the Adjudicating Authority approving or rejecting a resolution plan to the participants and the resolution applicant.

(6) A provision in a resolution plan which would otherwise require the consent of the members or partners of the corporate debtor, as the case may be, under the terms of the constitutional documents of the corporate debtor, shareholders’ agreement, joint venture agreement or other document of a similar nature, shall take effect notwithstanding that such consent has not been obtained.

(7) No proceedings shall be initiated against the interim resolution professional or the resolution professional, as the case may be, for any actions of the corporate debtor, prior to the fast track commencement date.

(8) A person in charge of the management or control of the business and operations of the corporate debtor after a resolution plan is approved by the Adjudicating Authority, may make an application to the Adjudicating Authority for an order seeking the assistance of the local district administration in implementing the terms of a resolution plan.

39. Extension of the fast track process period.

(1) The committee is of the opinion that the fast track process cannot be completed within the stipulated 90 days, it may instruct the resolution professional to make an application to the Adjudicating Authority under section 56 to extend the fast track process period.

(2) The resolution professional shall, on receiving an instruction from the committee under this Regulation, make an application to the Adjudicating Authority for such extension.

(SCHEDULE)

FORM A

PUBLIC ANNOUNCEMENT

(Under Regulation 6 of the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017)
FOR THE ATTENTION OF THE CREDITORS OF [Name of Corporate Debtor]

RELEVANT PARTICULARS

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<table>
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<tbody>
<tr>
<td>1.</td>
<td>NAME OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>2.</td>
<td>DATE OF INCORPORATION OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>3.</td>
<td>AUTHORITY UNDER WHICH CORPORATE DEBTOR IS INCORPORATED / REGISTERED</td>
</tr>
<tr>
<td>4.</td>
<td>CORPORATE IDENTITY NUMBER / LIMITED LIABILITY IDENTIFICATION NUMBER OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>5.</td>
<td>ADDRESS OF THE REGISTERED OFFICE AND PRINCIPAL OFFICE (IF ANY) OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>6.</td>
<td>FAST TRACK COMMENCEMENT DATE IN RESPECT OF CORPORATE DEBTOR</td>
</tr>
<tr>
<td>7.</td>
<td>ESTIMATED DATE OF CLOSURE OF FAST TRACK PROCESS</td>
</tr>
<tr>
<td>8.</td>
<td>NAME, ADDRESS, EMAIL ADDRESS AND THE REGISTRATION NUMBER OF THE INTERIM RESOLUTION PROFESSIONAL</td>
</tr>
<tr>
<td>9.</td>
<td>LAST DATE FOR SUBMISSION OF CLAIMS</td>
</tr>
</tbody>
</table>

Notice is hereby given that the National Company Law Tribunal has ordered the commencement of a fast track process against the [name of the corporate debtor] on [fast track commencement date].

The creditors of [name of the corporate debtor], are hereby called upon to submit a proof of their claims on or before [insert the date falling ten days from the appointment of the interim resolution professional] to the interim resolution professional at the address mentioned against item 8.

The financial creditors shall submit their proof of claims by electronic means only. The operational creditors, including workmen and employees, may submit the proof of claims by in person, by post or electronic means.

Submission of false or misleading proofs of claim shall attract penalties.

Name and Signature of Interim Resolution Professional

Date and Place

(SCHEDULE)

FORM B

PROOF OF CLAIM BY OPERATIONAL CREDITORS EXCEPT WORKMEN AND EMPLOYEES

(Under Regulation 7 of the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017)

[Date]

To

The Interim Resolution Professional / Resolution Professional

[Name of the Insolvency Resolution Professional / Resolution Professional]

[Address as set out in public announcement]

From

[Name and address of the operational creditor]

Subject: Submission of proof of claim.
Madam/Sir,

\[Name of the operational creditor\], hereby submits this proof of claim in respect of the fast track process in the case of \[name of corporate debtor\]. The details for the same are set out below:

<table>
<thead>
<tr>
<th>PARTICULARS</th>
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<tbody>
<tr>
<td>1. NAME OF OPERATIONAL CREDITOR</td>
<td></td>
</tr>
<tr>
<td>2. IDENTIFICATION NUMBER OF OPERATIONAL CREDITOR</td>
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<td>(IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION. IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS* OF ALL THE PARTNERS OR THE INDIVIDUAL)</td>
<td></td>
</tr>
<tr>
<td>3. ADDRESS AND EMAIL ADDRESS OF OPERATIONAL CREDITOR FOR CORRESPONDENCE</td>
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<tr>
<td>4. TOTAL AMOUNT OF CLAIM</td>
<td></td>
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<tr>
<td>(INCLUDING ANY INTEREST AS AT THE FAST TRACK COMMENCEMENT DATE)</td>
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</tr>
<tr>
<td>5. DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED.</td>
<td></td>
</tr>
<tr>
<td>6. DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OR ORDER OF SUIT OR ARBITRATION PROCEEDINGS</td>
<td></td>
</tr>
<tr>
<td>7. DETAILS OF HOW AND WHEN DEBT INCURRED</td>
<td></td>
</tr>
<tr>
<td>8. DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE DEBTOR AND THE CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM</td>
<td></td>
</tr>
<tr>
<td>9. DETAILS OF ANY RETENTION OF TITLE ARRANGEMENTS IN RESPECT OF GOODS OR PROPERTIES TO WHICH THE CLAIM REFERS</td>
<td></td>
</tr>
<tr>
<td>10. DETAILS OF THE BANK ACCOUNT TO WHICH THE AMOUNT OF THE CLAIM OR ANY PART THEREOF CAN BE TRANSFERRED PURSUANT TO A RESOLUTION PLAN</td>
<td></td>
</tr>
<tr>
<td>11. LIST OF DOCUMENTS ATTACHED TO THIS PROOF OF CLAIM IN ORDER TO PROVE THE EXISTENCE AND NON-PAYMENT OF CLAIM DUE TO THE OPERATIONAL CREDITOR</td>
<td></td>
</tr>
</tbody>
</table>

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
PARTICULARS

| Signature of operational creditor or person authorised to act on his behalf |
| [Please enclose the authority if this is being submitted on behalf of an operational creditor] |
| Name in BLOCK LETTERS |
| Position with or in relation to creditor |
| Address of person signing |

*PAN number, passport, AADHAAR Card or the identity card issued by the Election Commission of India

(SCHEDULE)

AFFIDAVIT

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1. [Name of corporate debtor], the corporate debtor was, at the fast track commencement date, being the __________ day of __________ 20__, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:
   [Please list the documents relied on as evidence of claim]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:
   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]

Solemnly, affirmed at [insert place] on _________________ day, the __________day of__________ 20_____.

Before me,
Notary/Oath Commissioner

Deponent's Signature

VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ___ 201__

Deponent's Signature
(SCHEDULE)

FORM C

PROOF OF CLAIM BY FINANCIAL CREDITORS

(Under Regulation 8 of the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017)

[Date]

To

The Interim Resolution Professional / Resolution Professional,

[Name of the Insolvency Resolution Professional / Resolution Professional]

[Address as set out in public announcement]

From

[Name and address of the registered office and principal office of the financial creditor]

Subject: Submission of proof of claim.

Madam/Sir,

[Name of the financial creditor], hereby submits this proof of claim in respect of the fast track process in the case of [name of corporate debtor]. The details for the same are set out below:

<table>
<thead>
<tr>
<th>PARTICULARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NAME OF FINANCIAL CREDITOR</td>
</tr>
<tr>
<td>2. IDENTIFICATION NUMBER OF FINANCIAL CREDITOR</td>
</tr>
<tr>
<td>(IF AN INCORPORATED BODY PROVIDE IDENTIFICATION NUMBER AND PROOF OF INCORPORATION. IF A PARTNERSHIP OR INDIVIDUAL PROVIDE IDENTIFICATION RECORDS* OF ALL THE PARTNERS OR THE INDIVIDUAL)</td>
</tr>
<tr>
<td>3. ADDRESS AND EMAIL ADDRESS OF FINANCIAL CREDITOR FOR CORRESPONDENCE.</td>
</tr>
<tr>
<td>4. TOTAL AMOUNT OF CLAIM</td>
</tr>
<tr>
<td>INCLUDING ANY INTEREST AS AT THE FAST TRACK COMMENCEMENT DATE)</td>
</tr>
<tr>
<td>5. DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED</td>
</tr>
<tr>
<td>6. DETAILS OF HOW AND WHEN DEBT INCURRED</td>
</tr>
<tr>
<td>7. DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE DEBTOR AND THE CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM</td>
</tr>
</tbody>
</table>
**PARTICULARS**

<table>
<thead>
<tr>
<th></th>
<th>DETAILS OF ANY SECURITY HELD, THE VALUE OF THE SECURITY, AND THE DATE IT WAS GIVEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>DETAILS OF THE BANK ACCOUNT TO WHICH THE AMOUNT OF THE CLAIM OR ANY PART THEREOF CAN BE TRANSFERRED PURSUANT TO A RESOLUTION PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>LIST OF DOCUMENTS ATTACHED TO THIS PROOF OF CLAIM IN ORDER TO PROVE THE EXISTENCE AND NON-PAYMENT OF CLAIM DUE TO THE FINANCIAL CREDITOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.</td>
<td></td>
</tr>
</tbody>
</table>

Signature of financial creditor or person authorised to act on his behalf

*Please enclose the authority if this is being submitted on behalf of a financial creditor*

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

---

*PAN number, passport, AADHAAR Card or the identity card issued by the Election Commission of India.

**AFFIDAVIT**

I, *(Name of deponent)*, currently residing at *(insert address)*, do solemnly affirm and state as follows:

1. *(Name of corporate debtor)*, the corporate debtor was, at the fast track commencement date, being the __________ day of __________ 20__, justly and truly indebted to me in the sum of Rs. *(insert amount of claim).*

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   *Please list the documents relied on as evidence of claim*

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   *Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim."

Solemnly, affirmed at *(insert place)* on __________ day, the __________ day of __________ 20__

Before me,

Notary/Oath Commissioner

Deponent's Signature

Compiled by Sumit Binani
Ph: 98308 10003; e-mail ID: sumit_binani@hotmail.com
**VERIFICATION**

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___ of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ____ 201__

Deponent’s Signature

(SCHEDULE)

**FORM D**

**PROOF OF CLAIM BY A WORKMAN OR AN EMPLOYEE**

(Under Regulation 9 of the Insolvency and Bankruptcy (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017)

[Date]

To

The Interim Resolution Professional / Resolution Professional

[Name of the Insolvency Resolution Professional / Resolution Professional]

[Address as set out in public announcement]

From

[Name and address of the workman / employee]

Subject: Submission of proof of claim.

Madam/Sir,

[Name of the workman / employee], hereby submits this proof of claim in respect of the fast track process in the case of [name of corporate debtor]. The details for the same are set out below:

<table>
<thead>
<tr>
<th>PARTICULARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NAME OF WORKMAN / EMPLOYEE</td>
</tr>
<tr>
<td>2. PAN NUMBER, PASSPORT, THE IDENTITY CARD ISSUED BY THE ELECTION COMMISSION OF INDIA OR AADHAAR CARD OF WORKMAN / EMPLOYEE</td>
</tr>
<tr>
<td>3. ADDRESS AND EMAIL ADDRESS (IF ANY) OF WORKMAN / EMPLOYEE FOR CORRESPONDENCE</td>
</tr>
<tr>
<td>4. TOTAL AMOUNT OF CLAIM (INCLUDING ANY INTEREST AS AT THE FAST TRACK COMMENCEMENT DATE)</td>
</tr>
<tr>
<td>5. DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE CLAIM CAN BE SUBSTANTIATED.</td>
</tr>
<tr>
<td>6. DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OR ORDER OF SUIT OR ARBITRATION PROCEEDINGS</td>
</tr>
</tbody>
</table>
## PARTICULARS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td>DETAILS OF HOW AND WHEN CLAIM AROSE</td>
</tr>
<tr>
<td>8.</td>
<td>DETAILS OF ANY MUTUAL CREDIT, MUTUAL DEBTS, OR OTHER MUTUAL DEALINGS BETWEEN THE CORPORATE DEBTOR AND THE CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM</td>
</tr>
<tr>
<td>9.</td>
<td>DETAILS OF THE BANK ACCOUNT TO WHICH THE AMOUNT OF THE CLAIM OR ANY PART THEREOF CAN BE TRANSFERRED PURSUANT TO A RESOLUTION PLAN</td>
</tr>
<tr>
<td>10.</td>
<td>LIST OF DOCUMENTS ATTACHED TO THIS PROOF OF CLAIM IN ORDER TO PROVE THE EXISTENCE AND NON-PAYMENT OF CLAIM DUE TO THE WORKMAN / EMPLOYEE</td>
</tr>
</tbody>
</table>

Signature of workman / employee or person authorised to act on his behalf

(Please enclose the authority if this is being submitted on behalf of workman / employee)

Name in BLOCK LETTERS

Position with or in relation to creditor

Address of person signing

### AFFIDAVIT

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1. [Name of corporate debtor], the corporate debtor was, at the fast track commencement date, being the _________ day of __________ 20__, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of claim]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]

Solemnly, affirmed at [insert place] on _________________ day, the __________day of__________ 20_____

Before me,

Notary/Oath Commissioner

Deponent's Signature
VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ____ 201__

Deponent's Signature

(SCHEDULE)

FORM E

PROOF OF CLAIM SUBMITTED BY AUTHORISED REPRESENTATIVE OF WORKMEN AND EMPLOYEES

(Under Regulation 9 of the Insolvency and Bankruptcy (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017)

[Date]

To

The Interim Resolution Professional / Resolution Professional,

[Name of the Insolvency Resolution Professional / Resolution Professional]

[Address as set out in public announcement]

From

[Name and address of the duly authorised representative of the workmen / employees]

Subject: Submission of proofs of claim.

Madam/Sir,

I, [name of authorised representative of the workmen / employees], currently residing at [address of authorised representative of the workmen / employees], on behalf of the workmen and employees employed by the above named corporate debtor and listed in Annexure A, solemnly affirm and say:

1. That the above named corporate debtor was, at the fast track commencement date, being the ________ day of ________ 20 ___, justly truly indebted to the several persons whose names, addresses, and descriptions appear in the Annexure A below in amounts severally set against their names in such Annexure A for wages, remuneration and other amounts due to them respectively as workmen or employees in the employment of the corporate debtor in respect of services rendered by them respectively to the corporate debtor during such periods as are set out against their respective names in the said Annexure A.

2. That for which said sums or any part thereof, they have not, nor has any of them, had or received any manner of satisfaction or security whatsoever, save and except the following:

[Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]

Deponent

ANNEXURE

Details of Employees/Workmen

<table>
<thead>
<tr>
<th>S NO.</th>
<th>NAME OF EMPLOYEE/WORKMAN</th>
<th>IDENTIFICATION NUMBER (PAN NUMBER, PASSPORT OR AADHAAR CARD)</th>
<th>TOTAL AMOUNT DUE (Rs.)</th>
<th>PERIOD OVER WHICH AMOUNT DUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2. Particulars of how debt was incurred by the corporate debtor, including particulars of any dispute as well as the record of pendency of suit or arbitration proceedings (if any).

3. Particulars of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.

ATTACHMENTS:
(a) Documents relied as evidence as proof of debt and as proofs of non-payment of debt.
(b) Affidavit in the form set out in this Form E.

AFFIDAVIT

[PLEASE SUBMIT IF APPLICATION SUBMITTED BY AUTHORISED REPRESENTATIVE ON BEHALF OF WORKMEN / EMPLOYEES]

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

1. [Name of corporate debtor], the corporate debtor was, at the fast track commencement date, being the __________ day of __________ 20__, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

2. In respect of my claim of the said sum or any part thereof, I have relied on the documents specified below:

   [Please list the documents relied on as evidence of claim]

3. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

4. In respect of the said sum or any part thereof, I have not nor has any person, by my order, to my knowledge or belief, for my use, had or received any manner of satisfaction or security whatsoever, save and except the following:

   [Please state details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim.]

Solemnly, affirmed at [insert place] on __________ day, the __________day of __________ 20__. Before me,

Notary/Oath Commissioner

Deponent’s Signature

VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of paragraph ___ to ___of this affidavit are true and correct to my knowledge and belief and no material facts have been concealed therefrom.

Verified at ______ on this _____ day of ____ 201__.

Deponent’s Signature

Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty.08/17 (482)]
Insolvency Professionals to act as Interim Resolution Professionals (Recommendation) Guidelines, 2017

25th May, 2017

Provisions of the Insolvency and Bankruptcy Code, 2016
1. Section 16 (3)(a) of the Insolvency and Bankruptcy Code, 2016 (Code) requires the Adjudicating Authority (AA) to make a reference to the Insolvency and Bankruptcy Board of India (Board) for recommendation of an insolvency professional (IP) who may act as an interim resolution professional (IRP) in case an operational creditor has made an application for corporate insolvency resolution process (CIRP) and has not proposed an IRP. The Board, within ten days of the receipt of the reference from the AA, is required under section 16(4) of the Code to recommend the name of an IP to AA against whom no disciplinary proceedings are pending.

Recommendations of the Joint Parliamentary Committee
2. The bill titled “The Insolvency and Bankruptcy Code, 2015”, as introduced in Lok Sabha, provided that the Board shall recommend the name of an IP who has the relevant expertise for a transaction under the Code. These provisions were dropped based on the recommendations of the Joint Parliamentary Committee, which observed as under while examining these provisions:

“19. Appointment of insolvency/resolution professional-recommendation/confirmation by the Board – Clause 16(4), 82(1)(b), 97(1)(b) and 98(5)(b)
Clauses 16(4), 82(1)(b), 97(1)(b) and 98(5)(b) provide that the Board shall recommend/confirm the name/about the insolvency/resolution professional to the Adjudicating Authority— that such professional has relevant expertise or is suitable to act as a resolution professional. The Committee find that as per provisions made under Clause 199, no person shall carry on its business as insolvency professional agencies under this Code and enroll insolvency professionals as its members except under and in accordance with a certificate of registration issued in this behalf by the Board. Besides Clause 207 provides that no person shall render his services as insolvency professional under this Code without being enrolled as a member of an insolvency professional agency. Every insolvency professional shall, after obtaining the membership of any insolvency professional agency, register themselves with the Board within such time, in such manner and on payment of such fee, as may be specified by regulations. Moreover, Clause 205 provides that the insolvency professional agency shall make bye-laws to the minimum standards of professional competence for its members, the standards for professional and ethical conduct of its members and requirements for enrolment of persons as its members.
From the aforesaid provisions, the Committee find that there are sufficient safeguards to ensure that the competent persons are enrolled as insolvency professionals. In view of this, the Committee feel that provisions made under Clause 16(4)(a), 82(1)(b), 97(1)(b) and 98(5)(b) are redundant and may be omitted. Besides for the purpose of uniformity words “if no disciplinary proceedings are pending against him” may be added after words interim resolution professional” under clause 16(2).”
**Guidelines**

3. When a reference is received from AA for recommending the name of an IP, the Board has no information about the volume, nature and complexity of the CIRP or the resources available at the disposal of an IP. Keeping in view the observations of the Joint Parliamentary Committee and this fact, the Board believes that every IP is equally suitable to act as IRP of any CIRP, if otherwise not disqualified. Therefore, it is necessary to have guidelines to recommend one IP out of all registered IPs for any CIRP.

**Identification of IP**

4. An IP may be recommended to act as an IRP if -
   (a) there is no disciplinary proceeding pending against him;
   (b) he has not been convicted at any time in the last three years by a court of competent jurisdiction;
   (c) he is eligible to act as IRP of the CIRP under regulation 3 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 or applicable regulations;
   (d) he is located in the vicinity of registered office of the corporate debtor; and
   (e) he expresses his interest to act as IRP of the CIRP in response to invitation of interest by the Board.

**Determination of Vicinity**

5. For the purpose of 4(d) above, an IP is located, as per his address registered with the Board, in one of the vicinities under column 2 of the following table:

<table>
<thead>
<tr>
<th>Region</th>
<th>Vicinity*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Region</td>
<td>Chennai, Delhi, Kolkata, Mumbai</td>
</tr>
<tr>
<td>Northern Region</td>
<td>Punjab, Himachal Pradesh, Haryana, Chandigarh and Jammu &amp; Kashmir, Rajasthan, Uttar Pradesh and Uttarakhand</td>
</tr>
<tr>
<td>Western Region</td>
<td>Gujarat, Daman &amp; Diu and Dadar &amp; Nagar Haweli, Madhya Pradesh and Chhattisgarh, Maharashtra (Excluding Mumbai) and Goa</td>
</tr>
<tr>
<td>Eastern Region</td>
<td>Andaman &amp; Nicobar, Bihar, Jharkhand, Odisha and West Bengal (excluding Kolkata), Arunachal Pradesh, Assam, Manipur, Meghalaya, Nagaland, Tripura and Sikkim</td>
</tr>
<tr>
<td>Southern Region</td>
<td>Andhra Pradesh and Telangana, Karnataka, Kerala and Lakshadweep, Tamil Nadu (excluding Chennai) and Puducherry</td>
</tr>
</tbody>
</table>

* The vicinities will be re-grouped as the number of registered IPs increases.

**Expression of Interest**

6. As soon as a reference is received by the Board from an AA, the Board shall invite expression of interest by sending an e-mail to IPs, who are located in the
vicinity of registered office of the corporate debtor, at their email address registered with the Board. The expression of interest must be received by the Board in Form A within 24 hours of invitation of expression of interest. Such invitation as well as submission of expression of interest may be made online in course of time.

Illustration
Registered office of the corporate debtor is situated in Odisha. The IPs located in the vicinity covering Andaman & Nicobar, Bihar, Jharkhand, Odisha and West Bengal (excluding Kolkata) may express interest to act as IRP of the CIRP.

If expression of interest, complete in all respects in Form A, is not received from at least two eligible IPs from the vicinity of the corporate debtor, expression of interest will be invited from IPs located in the entire region. In this case, eastern region.

List of Eligible IPs
7. The Board shall prepare a list of eligible IPs for a CIRP. The name of an IP will be included in the list only if he -
   (a) has expressed interest;
   (b) is located in the vicinity of the corporate debtor, as per his address registered with the Board;
   (c) has not been convicted at any time during the last three years;
   (d) does not have any disciplinary proceeding pending against him; and
   (e) is eligible under regulation 3 the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 or applicable regulations, as per his declaration. If his declaration turns out to be incorrect at any time, he shall attract disciplinary proceeding under the Code.

Selection of IP
8. The Board shall recommend the name of an IP from the list prepared under Para 7 above on the basis of following two criteria:
   a. He does not have too many ongoing assignments under the Code; and
   b. He has quoted a lower fee (this fee is all inclusive fee, but does not include out-of-pocket expenses). The Board shall keep the fee quoted by an IP confidential.

9. The IP who gets the highest score (X) will be recommended by the Board. If two IPs get the same score of X, the name of the IP will be decided by draw of lottery. X will be arrived at as under:

   \[ X = W1 \cdot V + W2 \cdot F \]

   \[ W1 = 0.5, \text{ weight for volume of ongoing assignments the IP has under the Code;} \]
   \[ V = \text{relative volume of ongoing assignments the IP has under the Code;} \]
   \[ W2 = 0.5, \text{ weight for fee quoted by the IP; and} \]
   \[ F = \text{relative amount of fee quoted by the IP.} \]

Ongoing Assignments
10. ‘V’ in Para 9 will be derived for an IP based on the volume of ongoing assignments. The IP who has the lowest volume of ongoing assignments will get a
score of 100. The IP who has the highest volume of ongoing assignments will get a score of 0. The difference between the highest volume and the lowest volume will be equated to 100 and other IPs will get scores between 0 and 100 depending on volume of their ongoing assignments. Take an example:

<table>
<thead>
<tr>
<th>IP</th>
<th>Volume of ongoing assignments</th>
<th>Difference between the highest volume and the volume of ongoing assignments of the IP</th>
<th>Formula</th>
<th>Score (V)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20</td>
<td>100</td>
<td>100 / 100 * 100</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>80</td>
<td>80 / 100 * 100</td>
<td>80</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>60</td>
<td>60 / 100 * 100</td>
<td>60</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>40</td>
<td>40 / 100 * 100</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>20</td>
<td>20 / 100 * 100</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>120</td>
<td>00</td>
<td>00 / 100 * 100</td>
<td>00</td>
</tr>
</tbody>
</table>

11. The sum of the values of each ongoing assignment is the volume for an IP. An ongoing assignment shall be valued as under:

<table>
<thead>
<tr>
<th>Ongoing assignments</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRP of a Corporate Insolvency Resolution Process</td>
<td>5</td>
</tr>
<tr>
<td>RP of a Corporate Insolvency Resolution Process</td>
<td>10</td>
</tr>
<tr>
<td>IRP of a Fast Track Process</td>
<td>3</td>
</tr>
<tr>
<td>RP of a Fast Track Process</td>
<td>6</td>
</tr>
<tr>
<td>Liquidation / Voluntary Liquidation</td>
<td>5</td>
</tr>
<tr>
<td>Individual Insolvency</td>
<td>1</td>
</tr>
<tr>
<td>Bankruptcy Trustee</td>
<td>1</td>
</tr>
</tbody>
</table>

**Fee quoted**

12. ‘F’ in Para 9 will be derived for an IP based on the fee it has quoted. The IP who quotes the highest fee will get a score of 0. The IP who quotes the lowest fee will get a score of 100. The difference between the lowest fee and the highest fee will be normalised to 100 and other IPs will get scores between 0 and 100 depending on the fee they have quoted. Take an example:

<table>
<thead>
<tr>
<th>IP</th>
<th>Fee quoted (Rs.)</th>
<th>Difference (Rs.) between the highest fee and the fee quoted by the IP</th>
<th>Formula</th>
<th>Score (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2000</td>
<td>10000</td>
<td>10000 / 10000 * 100</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>4000</td>
<td>8000</td>
<td>8000 / 10000 * 100</td>
<td>80</td>
</tr>
<tr>
<td>3</td>
<td>6000</td>
<td>6000</td>
<td>6000 / 10000 * 100</td>
<td>60</td>
</tr>
<tr>
<td>4</td>
<td>8000</td>
<td>4000</td>
<td>4000 / 10000 * 100</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>10000</td>
<td>2000</td>
<td>2000 / 10000 * 100</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>12000</td>
<td>0000</td>
<td>0000 / 10000 * 100</td>
<td>00</td>
</tr>
</tbody>
</table>

13. **Illustrations**

Illustration 1

If an IP has 80 of volume of ongoing assignments and has quoted a fee of Rs.6000, it will get a X of 50:

\[
X = W1 \cdot V + W2 \cdot F = 0.5 \cdot 80 + 0.5 \cdot 60 = 20 + 30 = 50.
\]

Illustration 2

If an IP has 60 of volume of ongoing assignments and has quoted a fee of Rs.8000, it will get a X of 50:
\[ X = W_1 V + W_2 F = 0.5 \times 60 + 0.5 \times 40 = 30 + 20 = 50. \]

14. The process in Para 7 to 12 will be undertaken by a team of officers of the Board, as may be identified by a Whole-Time Member. The IP getting the highest score of X will be recommended by the Board. If two IPs get the same score of X, the name of the IP will be decided by draw of lottery. The recommendation of an IP will be made with the approval of an Executive Director of the Board.

15. Review

These guidelines will be reviewed by the Board from time to time.

16. For the purpose of these Guidelines,
(a) ‘CIRP’ includes Fast Track CIRP; and
(b) ‘Disciplinary Proceeding’ means a proceeding initiated by a show cause notice issued under section 219 of the Code.

Form A

EXPRESSION OF INTEREST TO ACT AS AN
IRP of the CIRP of ……………………………
(Reference under Order dated …………. of …… Bench of NCLT)

| 1. Name of Insolvency Professional |  
| 2. Registration Number |  
| 3. Address and contact details, as registered with the Board: |  
| a. E-mail |  
| b. Mobile |  
| c. Address |  
| 4. Number of ongoing assignments in hand: |  
| a. As IRP of CIRP |  
| b. As RP of CIRP |  
| c. As IRP of Fast Track |  
| d. As RP of Fast Track |  
| e. Liquidation / Voluntary Liquidation |  
| f. Individual Insolvency |  
| g. Bankruptcy Trustee |  
| 5. Whether IP has been convicted at any time in the last three years by a court of competent jurisdiction? (Give details) |  
| 6. Whether any disciplinary proceeding is pending against the IP? (Give details). |  
| 7. Whether IP fulfils the eligibility criteria under regulation 3 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 or applicable regulations in respect of the corporate debtor? |  
| 8. Whether IP is located, as per his address registered with the Board, in the vicinity of the corporate debtor? |  
| 9. Fees (All-inclusive fees excluding out-of-pocket expenses) required by the IP. | Rs. (both in figure and words) |

Declaration

I hereby confirm and declare that the information given herein above is true and correct to the best of my knowledge and belief. I hereby express my interest to act as IRP, if appointed by the Adjudicating Authority.

Signature of Insolvency Professional

Place:
Date:
1. When can a bank initiate a corporate insolvency resolution process in relation to a corporate debtor?
   a) On determination of default by National Company Law Tribunal.
   b) Occurrence of default.
   c) On net-worth of the debtor becoming negative.
   d) On the bank classified the account as Non-Performing Asset.
   Ans. (b)

2. The Adjudicating Authority shall appoint an Interim Resolution Professional within ........ days of the insolvency commencement date.
   a) 07
   b) 14
   c) 21
   d) 28
   Ans. (b)

3. Can an interim resolution professional act as the resolution professional?
   a) No, as it involves conflict of interest.
   b) Yes, if appointed by the committee of creditors with not less than 75% of the voting share of the creditors.
   c) Yes, if appointed by the committee of creditors with votes of not less than 75% of the creditors.
   d) Yes, if appointed at a meeting of the committee of creditors with a majority of the creditors present and voting.
   Ans. (b)

4. Which one of the following is a pre-requisite for preparation of a resolution plan?
   a) Formation of Committee of Creditors.
   b) Valuation of liquidation estate by at least three registered valuers.
   c) Vetting of default from at least one information utility.
   d) Receipt of resolution plan(s) from financial creditors of the corporate debtor.
   Ans. (a)

5. Who cannot initiate a fast track corporate insolvency resolution process?
   a) financial creditor
   b) operational creditor
   c) corporate debtor
   d) insolvency professional
   Ans. (d)

6. Under which of the following circumstances, liquidation may not commence under the Insolvency and Bankruptcy Code, 2016?
   a. Non-receipt of a resolution plan during the insolvency resolution period.
   b. The resolution plan approved by the adjudicating authority is contravened by a financial creditor.
   c. The resolution plan approved by the adjudicating authority is contravened by the corporate debtor.

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d. The committee of creditors decides to liquidate the corporate debtor before confirmation of a resolution plan.
Ans. (b)

7 An application against the decision of the liquidator rejecting the claim of a creditor may be made to –
   a. the Insolvency and Bankruptcy Board of India.
   b. the National Company Law Tribunal.
   c. the committee of creditors.
   d. the Debt Recovery Tribunal.
Ans. (b)

8 The corporate debtor shall not be deemed to have given a preference if –
   a. the transfer of property is for the benefit of a surety.
   b. the transfer of property is on account of an antecedent financial debt.
   c. the transfer creates a security interest in a property to the extent that such security interest secures new value.
   d. the transfer has the effect of putting the transferee in a position better than what would have been in the event of distribution of assets under section 53.
Ans. (c)

9 Debts owed to a secured creditor in the event such secured creditor has relinquished security ranks equally with –
   a) Insolvency resolution process costs.
   b) Workmen’s dues for a period of 24 months prior to liquidation commencement date
   c) Wages and any unpaid dues owed to employees other than workmen for the period of twelve months preceding the liquidation commencement date
   d) Dues to Central Government.
Ans. (b)

10 Which of the following is not a requirement of voluntary liquidation of a company under the Insolvency and Bankruptcy Code, 2016?
   a) Declaration of solvency by the members of the company.
   b) Declaration from majority of Directors of the company to the effect that the company has no debt or it will be able to pay its debts in full.
   c) The company has not committed any default.
   d) Declaration from majority of Directors of the company to the effect that the company is not being liquidated to defraud any person.
Ans. (a)

11 A debtor may make an application for a fresh start for discharge of ……..
   a) all debts.
   b) bankruptcy debts.
   c) qualifying debts.
   d) operational debts.
Ans. (c)
12 A debtor is eligible to apply for insolvency resolution process if he ...........
a) is undergoing a fresh start process.
b) is undergoing a bankruptcy process.
c) is an undischarged bankrupt.
d) has not faced a previous insolvency resolution process during the period of twelve months preceding the date of submission of the application.
Ans. (d)

13 Repayment plan has to be approved by ........
a) a majority of creditors.
b) 3/4th in value of the creditors present in person or by proxy.
c) 3/4th in value of the creditors.
d) 3/4th of the creditors present in person or by proxy.
Ans. (b)

14 An application for bankruptcy by the debtor can be withdrawn with the leave of the ........
a) Insolvency and Bankruptcy Board of India.
b) Adjudicating Authority.
c) National Company Law Appellate Tribunal.
d) Committee of Creditors.
Ans. (b)

15 Who shall prepare the list of creditors after the passing of the bankruptcy order?
a) Bankruptcy trustee
b) Adjudicating Authority
c) Insolvency Professional Entity
d) Information Utility
Ans. (a)

16 The estate of the bankrupt shall vest in the bankruptcy trustee from the date of ........
a) acceptance of the bankruptcy application.
b) passing of the bankruptcy order.
c) appointment of bankruptcy trustee.
d) issuance of public notice.
Ans. (c)

17 A committee of creditors comprises of ........
a) financial and operational creditors.
b) secured creditors only.
c) all financial creditors.
d) independent financial creditors only.
Ans. (d)

18 Under the code of conduct, an insolvency professional is not obliged to ........
a) take reasonable care and diligence while performing his duties.
b) comply with all requirements and terms and conditions of his admission to the insolvency professional entity.
c) comply with all requirements and terms and conditions of his admission to the insolvency professional agency.

d) submit a copy of the records of every proceeding before the Adjudicating Authority to the Insolvency and bankruptcy Board of India.

Ans. (b)

19 An Information Utility is not obliged to ..........
   a) create and store financial information.
   b) accept electronic submissions of financial information.
   c) publish statistical information.
   d) register entities who can access its database.

Ans. (d)

20 The Insolvency and Bankruptcy Board of India may order any person to act as investigating authority to conduct an investigation of ....
   a) Committee of Creditors.
   b) Resolution Applicant.
   c) Insolvency Professional Agency.
   d) Insolvency Professional Entity.

Ans. (c)

21 Any person aggrieved by the order of the National Company Law Tribunal may make an appeal to ..........
   a) Debt Recovery Tribunal.
   b) High Court.
   c) Supreme Court.
   d) National Company Law Appellate Tribunal.

Ans. (d)

22 What is the minimum punishment that may be imposed on a director of the corporate debtor who has undertaken a transaction after the insolvency commencement date to defraud the creditors?
   a) Imprisonment for three years or fine of Rs.1 lakh or both.
   b) Imprisonment for one year or fine of Rs.1 lakh or both.
   c) Imprisonment for three years or fine of Rs.5 lakh or both.
   d) Imprisonment for three years or fine of Rs.1 lakh.

Ans. (b)

23 The term of the office of Chairperson of the Insolvency and Bankruptcy Board of India is .....:
   a) 5 years or till he attains the age of 65 years, whichever is earlier.
   b) 5 years or till he attains the age of 60 years, whichever is earlier.
   c) 5 years
   d) 3 years

Ans. (a)

24 Who makes model bye-laws to be adopted by Insolvency Professional Agencies?
   a) Insolvency and Bankruptcy Board of India
   b) National Company Law Tribunal
   c) Ministry of Corporate Affairs

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d) Governing Board of the Insolvency Professional Agency

Ans. (a)

25 An appeal from an order of the Debt Recovery Tribunal may be filed before ........
   a) High Court having jurisdiction.
   b) Supreme Court.
   c) Debt Recovery Appellate Tribunal.
   d) Insolvency and Bankruptcy Board of India.

Ans. (c)

26 A debtor / creditor who provides false information in insolvency resolution process of an individual invites a maximum punishment of ..........
   a) imprisonment for one year or fine of Rs.5 lakh or both.
   b) imprisonment for three years or fine of Rs.1 lakh or both.
   c) imprisonment for one year or fine of Rs.1 lakh or both.
   d) imprisonment for three years or fine of Rs.1 lakh.

Ans. (a)

27 The provisions of which of the following apply to the proceedings before a special court under the Insolvency and Bankruptcy Code, 2016?
   a) the Code of Criminal Procedure, 1973
   b) the Indian Penal Code, 1860
   c) the Insolvency and Bankruptcy Code, 2016
   d) the Civil Procedure Code, 1908

Ans. (a)

28 A financial creditor needs to file an application for initiation of corporate insolvency resolution process in Form ..... appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.
   a) Form 2
   b) Form 1
   c) Form 3
   d) Form 4

Ans. (b)

29 An operational creditor desirous of initiating a corporate insolvency resolution process needs to deliver to the corporate debtor a demand notice in Form ..... appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016?
   a) Form 2
   b) Form 3
   c) Form 1
   d) Form 6

Ans. (b)

30 A corporate applicant shall send a copy of the application in Form 6 appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 to the registered office of the Corporate debtor by ......
   a) Speed post
b) Courier  
c) E-mail  
d) By hand  
Ans. (a)

31 A corporate applicant is required to obtain a written communication in Form 2 appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 from the proposed interim resolution professional stating that he ......  
a) agrees to accept the appointment.  
b) refuses to accept the appointment.  
c) agrees to accept the appointment subject to certain conditions.  
d) agrees to accept the appointment jointly with another insolvency professional.  
Ans. (a)

32 An operational creditor shall pay a fee Rs.... along with an application for initiation of corporate insolvency resolution process.  
a) 25,000  
b) 15,000  
c) 5,000  
d) 2,000  
Ans. (d)

33 The public announcement regarding initiation of corporate insolvency resolution process may not be made ..........  
a) in newspapers.  
b) on the website of the corporate debtor.  
c) on the website designated by the Insolvency and Bankruptcy Board of India.  
d) on the website of the Insolvency Professional Agency.  
Ans. (d)

34 Which of the following cannot be used by a financial creditor to prove existence of a debt under corporate insolvency resolution process?  
a) an order of a court or tribunal that has adjudicated upon the non-payment of a debt.  
b) a contract for the supply of goods and services with corporate debtor.  
c) a financial contract supported by financial statements as evidence of the debt.  
d) the records available with an information utility.  
Ans. (b)

35 Who convenes the meeting of committee of creditors?  
a) the financial creditor with the largest amount of claim  
b) the Managing Director of the Corporate Debtor  
c) the resolution professional  
d) the applicant  
Ans. (c)

36 Which of the following is true about sale of assets by a resolution professional during corporate insolvency resolution process?  
a) The resolution professional can sell any asset with the approval of the committee of creditors.
b) The resolution professional can sell only unencumbered assets with the approval of the committee of creditors.
c) The resolution professional can sell unencumbered assets, not exceeding 10% of the claims admitted, with the approval of committee of creditors.
d) The resolution professional cannot sell any asset.
Ans. (c)

37 The Registered Valuers appointed by the Resolution Professional are required to estimate the liquidation value on the basis of ......
a) physical verification of assets of the corporate debtor.
b) records of the corporate debtor.
c) records of the information utilities.
d) records with Depositories.
Ans. (a)

38 A resolution applicant shall endeavor to submit the resolution plan ....
a) within 30 days before the expiry of the maximum period permitted for corporate insolvency resolution process.
b) within 30 days of the first meeting of committee of creditors.
c) by the time line set by the committee of creditors.
d) by the timeline set by the resolution professional.
Ans. (a)

39 A person proposed to be registered as an insolvency professional agency must have a minimum net worth of ......
a) Rs.5 crore.
b) Rs.10 crore.
c) Rs.2 crore.
d) Rs.1 crore.
Ans. (b)

40 In case the application for registration of an insolvency professional agency is having some defect, the Insolvency and Bankruptcy Board of India may:
a) reject the application.
b) give additional time to the applicant to remove such defects.
c) refer the application to National Company Law Tribunal.
d) Grant a provisional registration subject to correcting such defects.
Ans. (b)

41 The notice of receipt of an application for surrender of registration by an insolvency professional agency shall be published by the Insolvency and Bankruptcy Board of India on its website within -- days of its receipt.
a) 2
b) 5
c) 7
d) 10
Ans. (c)
42 The appeal against an order of the Insolvency and Bankruptcy Board of India suspending the registration granted to an insolvency professional agency may be preferred to ..... 
a) National Company Law Tribunal 
b) National Company Law Appellate Tribunal 
c) High Court having jurisdiction 
d) Supreme Court 
Ans. (a)

43 The governing board of an insolvency professional agency may amend its bye-laws by a resolution passed by votes being not less than ... times the number of votes, if any, cast against the resolution.
a) 2 
b) 3 
c) 4 
d) 5 
Ans. (b)

44 Which of these is not a mandatory committee to be formed by the governing board of an insolvency professional agency under the model bye-laws?
a) Risk management committee 
b) advisory committee 
c) grievance redressal committee 
d) monitoring committee 
Ans. (a)

45 In case of application for enrollment of a professional member has some deficiency, the insolvency professional agency may ..... 
a) reject the application and ask for fresh application. 
b) give an opportunity to the applicant to remove the deficiency. 
c) refer the application to the National Company Law Tribunal. 
d) refer the application with its recommendation to the Insolvency and Bankruptcy Board of India. 
Ans. (b)

46 Where a professional member has committed an offence involving moral turpitude, the disciplinary committee of the insolvency professional agency may ....
   a) suspend the member. 
   b) expel the member. 
   c) impose a monetary penalty. 
   d) refer the matter to the Insolvency and Bankruptcy Board of India. 
Ans. (b)

47 Which among the following is not eligible for registration as an insolvency professional under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016?
   a) Pass in National Insolvency Examination 
   b) Pass in Limited Insolvency Examination and Experience of 10 years in management after receiving bachelor’s degree 
   c) Pass in Limited Insolvency Examination and Experience of 10 years as a Chartered Accountant 
   d) Pass in Limited Insolvency Examination and Experience of 10 years as a Company Secretary
Ans. (b)

48 The limited period registration granted to an insolvency professional is valid for ..... months.
   a) 3
   b) 6
   c) 9
   d) 12
Ans. (b)

49 Which of the following is not eligible to be registered as an insolvency professional entity?
   a) a company where majority of whole time directors are insolvency professionals
   b) a partnership firm where majority of partners are insolvency professionals
   c) a trust where majority of trustees are insolvency professionals
   d) a limited liability partnership firm where majority of partners are insolvency professionals
Ans. (c)

50 Remuneration charged by an insolvency professional need not be ....
   a) transparent.
   b) reasonable.
   c) lowest.
   d) disclosed to stakeholders.
Ans. (c)

51 As per report of the Bankruptcy Law Reforms Committee, which of the following is not an objective of an insolvency and bankruptcy regime?
   a) Low time to resolution
   b) Low time loss in recovery
   c) Higher levels of debt financing
   d) Lower levels of equity financing
Ans. (d)

52 The Financial Sector Legislative Reforms Commission has proposed a ...............which will intervene in the working of financial firms when they are distressed but still solvent.
   a) Financial resolution corporation
   b) Resolution corporation
   c) Insolvency resolution corporation
   d) Business resolution corporation
Ans. (b)

53 The Code proposed by the Bankruptcy Law Reforms Committee provides for a ....... for creditors and debtors to negotiate in an orderly and non-conflicted manner.
   a) forum
   b) calm period
   c) committee
   d) negotiation period
Ans. (b)
54. As per the Bankruptcy Law Reforms Committee, the process which discharges all debts if the assets and income of a debtor are under an amount specified by regulations is called ..........  
   a) earned start  
   b) automatic fresh start order  
   c) insolvency resolution process  
   d) bankruptcy process  
   Ans. (b)

55. Which of the following Acts does not deal with recovery of dues, either by financial or non-financial creditors?  
   a) the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002  
   b) Recovery of Debts Due to Bank and Financial institutions Act, 1993  
   c) The Contract Act, 1872  
   d) Provincial Insolvency Act, 1920  
   Ans. (d)

56. Which of the following regulates issue of securities and the non-payment of dividend by listed companies?  
   a) Securities and Exchange Board of India  
   b) Central Government  
   c) Tribunal  
   d) Registrar  
   Ans. (a)

57. For a charge to be duly considered by the liquidator or any other creditor, it ..........  
   a) has to be duly registered.  
   b) must have a certificate of registration.  
   c) must be duly registered and have a certificate of registration.  
   d) need not be registered.  
   Ans. (c)

58. The Corporate Social Responsibility Committee must have at least .... independent directors.  
   a) One  
   b) Two  
   c) 1/3  
   d) 2/3  
   Ans. (a)

59. Which of the following matters requires a special resolution by a company?  
   a) Reducing share capital  
   b) Removal of a director  
   c) Acceptance of deposits  
   d) Appointment of a director  
   Ans. (a)

60. Who ordinarily appoints registered valuers under the Companies Act, 2013?  
   a) Audit committee of the Board
b) Board of Directors of the company  
c) Registrar of the Companies  
d) Valuation committee of the Board  
Ans. (a)

61 The President of the National Company Law Tribunal shall be a person who is or has been:  
a) a judge of a High Court for five years  
b) a judge of a High Court for three years  
c) a judge of a District Court for ten years  
d) a senior advocate  
Ans (a)

62. In the absence of any specific contract between the partners, a partner making, for the purposes of the business, any payment or advance beyond the amount of capital he has agreed to subscribe, is entitled to interest thereon at the rate of ...% per annum.

   a) 5.0  
   b) 6.0  
   c) 4.5  
   d) 4.0  
Ans. (b)

63. Under section 48 of the Partnership Act, 1932, the losses of the firm after dissolution shall be settled in the following manner subject to any agreement by the partners:
   a) The losses, including deficiency of capital, shall be borne equally by the partners.  
   b) Loss, including deficiency of capital, shall be paid first out of profits, next out of capital and lastly, if necessary, by partners individually in proportions in which they are entitled to share profits.  
   c) Losses, including deficiency of capital, are paid by the partners individually in proportions in which they are entitled to share profits and profits and capital are to be distributed equally amongst the partners.  
   d) Losses, including deficiency of capital, are paid by the partners individually in proportions in which they are entitled to share profits and profits and capital are to be distributed in the proportion in which they are entitled to share profits.

   Ans. (b)

64 A Limited Liability Partnership firm shall have at least .... partners.

   a) 2  
   b) 3  
   c) 5  
   d) 7  
Ans. (a)

65 A limited liability partnership firm shall, within a period of six months from the end of each financial year, prepare ....... for the said financial year as at the last day of the said financial year.

   a) statements of accounts  
   b) statements of assets and liabilities of partners  
   c) statements of accounts and solvency  
   d) statements of financial accounts
66 Which of the following is not a requirement of a contract?
   a) free consent of the parties
   b) lawful consideration
   c) lawful object
   d) a written agreement
   Ans. (d)

67 Which of the following agreements is not void?
   a) agreement in restraint of marriage
   b) agreement in restraint of trade
   c) agreement in restraint of legal proceedings
   d) agreement caused by undue influence
   Ans. (d)

68 A contract in which one person promises to compensate the other for the loss suffered by him, due to the conduct of the promisor or of any other person, is known as:
   a) Contract of indemnity
   b) Contract of guarantee
   c) Quasi-contract
   d) Contingent contract
   Ans. (a)

69 Under the Transfer of Property Act, 1882, the expression ‘registered’ pertains to
   a) registration of property
   b) registration of documents
   c) registration of parties
   d) registration of charges
   Ans. (b)

70 A contract for present sale of future goods under the Sale of Goods Act, 1930 operates as a/an
   a) contract of sale
   b) agreement to sell
   c) estoppel
   d) quasi contract of sale
   Ans. (b)

71 Which of the following decides applications from the banks and financial institutions for recovery of debts due to them?
   a) Debt Recovery Tribunals
   b) Debt Recovery Appellate Tribunals
   c) Securities Appellate Tribunals
   d) Central Board for Direct Taxes
   Ans. (a)
72 B Ltd. has taken a loan from A Ltd. B Ltd. will not be considered as a ‘borrower’ under of the SARFAESI Act, 2002 in the event…….
   a) B Ltd. is a non-financial company
   b) A Ltd. is a financial company
   c) A Ltd. and B Ltd. are financial companies
   d) A Ltd. and B Ltd. are non-financial companies
Ans. (d)

73 Which of the following Acts have not been amended by the Insolvency and Bankruptcy Code, 2016?
   a) The Transfer of Property Act, 1882
   b) The Companies Act, 2013
   c) The Limited Liability Partnership Act, 2008
   d) The Income Tax Act, 1961
Ans. (a)

74. The Hon’ble Supreme Court, through its order in the matter of Mardia Chemicals Ltd. Vs. Union of India, reduced the mandatory pre-deposit for filing securitization applications from 75% to ....%.
   a) 60
   b) 50
   c) 40
   d) 25
Ans. (d)

75 “S4A” scheme of RBI stands for .......
   a) Scheme for Sustainable Structuring of Stressed Assets
   b) Scheme for Schematic Structuring of Stressed Assets
   c) Scheme for Sustainable Structuring of Systemic Assets
   d) Scheme for Schematic Structuring of Systemic Assets
Ans. (a)

76 Government of India may borrow upon the security of the ......
   a) Consolidated Fund of India
   b) Public Account of India
   c) Contingency Fund of India
   d) Fiscal Fund of India
Ans. (a)

77 Securities and Exchange Board of India does not regulate .......
   a) securities
   b) commodity derivatives
   c) mutual funds
   d) ULIPs
Ans. (d)

78 The Policy Repo Rate is ---- the Reverse Repo rate.
   a) higher than
   b) lower than
c) equal to
d) 75% of
Ans. (a)

79 ‘Wages’ under the Minimum Wages Act, 1948 includes ……
a) house rent allowance
b) value of house accommodation
c) contribution by employer to any pension fund
d) travelling allowance
Ans. (a)

80 Which of the following is not true?
a) An insolvency professional must not engage in any employment.
b) An insolvency professional must refrain from accepting too many assignments.
c) An insolvency professional must not accept gifts which undermines his independence.
d) An insolvency professional must not accept more than one assignment from the same corporate applicant in a year.
Ans. (d)

81 Balance sheet of a company does not show ……..
a) what the company owns and what the company owes
b) assets and liabilities of the company
c) financial health of the company
d) income and expenditure of the company
Ans. (d)

82 Basic Earnings per Share (EPS) is calculated by ……
a) net profit / total number of shares
b) (net profit –preferred dividend) / weighted average number of shares outstanding
c) (net Profit - preference share capital) / Average number of shares outstanding
d) (net Profit - dividend) / Total shares outstanding
Ans. (b)

83 Which among the following is not an essential feature of IFRS converged IND ASs (Indian Accounting Standard)?
a) Applicable to separate as well as consolidated financial statement
b) Give more importance to concept of substance over form
c) measurement not based on time value of money
d) disclosure of all relevant information and assumptions used
Ans. (c)

84 A firm can enhance its value by ……..
a) increasing working capital.
b) increasing capital expenditure.
c) decreasing cost of capital.
d) Increasing debt.
Ans. (c)
Banks can freely provide Loans / Advances against .......
   a) partly paid equity share of the companies
   b) fixed deposits of other Banks
   c) certificates of deposit
   d) minted gold coins weight up to 50 gms per customer

Ans. (d)

86-90. Case Study:-
(a) A Ltd. (Company) is engaged in the manufacturing of Sponge Iron, TMT bars and Galvanized wires. It has availed various credit facilities from a total of 19 secured creditors with an outstanding debt of Rs.1500 crore. Due to adverse market conditions, its financial position took a downturn and hence it filed a reference with the Board for Industrial and Financial Reconstruction (BIFR). The reference was duly registered. During the proceedings before BIFR, one of the secured creditors, after taking consent of the other creditors of the company, filed an application for abatement of the reference before BIFR.
(b) Meanwhile, one of the unsecured creditors filed an application before BIFR for the impleadment in the proceedings. The BIFR dismissed the said application due to non-prosecution.
(c) Subsequently, upon coming into force of the Insolvency and Bankruptcy Code (IBC), 2016, the company filed an application for initiation of Corporate Insolvency Resolution Process (CIRP) before National Company Law Tribunal (NCLT) on 09.12.2016. However, in the first meeting of the Committee of Creditors held on 05.01.2017, the financial creditors of the company decided to liquidate the company. Immediately after this decision, but before intimating the decision to the NCLT, one of the financial creditors of the company applied to Resolution Professional (RP) giving proof of his claim and seeking his inclusion in the Committee of Creditors.

86. Can the creditors initiate SARFAESI action against the company?
   a) Yes, if they constitute more than 75% of the total financial debt.
   b) Yes, with the consent of the Liquidator.
   c) Yes, with the consent of the National Company Law Tribunal (NCLT).
   d) No, they cannot.

Ans. (d)

87. In case one of the secured creditors realises its security interest and such realization is not sufficient to pay its outstanding debts, can he recover the balance amount?
   a) The balance amount will be ignored.
   b) The balance amount will be paid at par with dues to the Central Government and the State Government.
   c) The balance amount will be paid at par with other secured creditors.
   d) The Balance amount will be paid at par with unsecured creditors.

Ans. (b)

88. In case the liquidation process is initiated, the unsecured creditor who filed an application before BIFR for impleadment shall be paid -----.
   a) as per claim accepted by the liquidator in accordance with priorities specified in the Insolvency and Bankruptcy Code, 2016.
   b) as per the amount of its claim before BIFR.
   c) as per the amount of its claim made before the liquidator.
   d) as per the order of Debt Recovery Tribunal.

Ans. (a)
89. In case the secured creditor faces resistance from company for enforcement of security interest, such secured creditor may apply to:
   a) Adjudicating Authority
   b) Debt Recovery Tribunal
   c) Liquidator
   d) High Court
   Ans. (a)

90. What is the priority of payment to workmen dues in case of liquidation?
   a) Pari passu with secured creditors and employees
   b) Pari passu with secured creditors and insolvency costs
   c) Pari passu with secured creditors
   d) Pari passu with financial creditors
   Ans. (c)
The Institute of Chartered Accountants of India has published Frequently Asked Questions on the Insolvency and Bankruptcy Code, 2016 which may be accessed to by clicking the link provided below:

http://resource.cdn.icai.org/45164clcgc35208.pdf

The ICSI Insolvency Professionals Agency has published a MCQ Series for the Limited Insolvency Examination which may be accessed to by clicking the links provided below:

https://www.icsi.edu/webmodules/IPA/MCQ_Series_1.pdf
https://www.icsi.edu/webmodules/IPA/MCQ_Series_2_Liquidation.pdf
https://www.icsi.edu/webmodules/IPA/MCQ_Series_3_Indicative.pdf
https://www.icsi.edu/webmodules/IPA/MCQ_Series_4_Indicative.pdf
https://www.icsi.edu/webmodules/IPA/MCQ_Series_5_Insolvency_Professionals.pdf

For Case Laws, click on the link provided below:

http://www.ibbi.gov.in/allorder.php

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