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INSOLVENCY AND BANKRUPTCY (INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) REGULATIONS, 2016

In exercise of the powers conferred under sub-sections (13) and (16) of section 5, sub-section (3) of section 7, sub-section (3) of section 9, sub-section (3) of section 10, sub-section (2) of section 14, sub-section (2) of section 15, sub-section (2) of section 17, sub-sections (a) and (g) of section 18, sub-sections (7) and (8) of section 21, sub-sections (1), (7) and (8) of section 24, sub-section (2) of section 25, section 29, sub-section (2) of section 30 read with sub-section (2) of 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 (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- (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;
 - (b) “corporate insolvency resolution process” means the insolvency resolution process for corporate persons under Chapter II of Part II of the Code;
 - (c) “dissenting financial creditors’ liquidation value” means the amount that would be due to the financial creditors who voted against the resolution plan approved by the committee of creditors, in the event that the corporate debtor were to be liquidated on the insolvency commencement date and its assets were distributed in accordance with section 53 of the Code;
 - (d) “electronic form” means data, record or data generated, image or sound stored, received or sent in an electronic form or micro film or computer generated micro fiche;
 - (e) “identification number” means the Limited Liability Partnership Identity Number or the Corporate Identity Number of any corporate person;

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- (f) “insolvency resolution process costs” means the amount calculated in accordance with section 5(13) of the Code and Regulation 35;
 - (g) “insolvency closure date” means the date when the resolution period comes to an end;
 - (h) “liquidation value” means the amount that would be realisable on the sale of the assets comprising the liquidation estate as set out in section 36 of the Code, if the corporate debtor were to be liquidated on the insolvency commencement date;
 - (i) “operational creditors’ liquidation value” means the amount that would be due to operational creditors, in the event that the corporate debtor were to be liquidated on the insolvency commencement date and its assets were distributed in accordance with section 53 of the Code;
 - (j) “participants” means the persons entitled to attend a meeting of the committee of creditors in accordance with section 24 of the Code or any other person authorised to attend the meeting by way of a special resolution of the committee of creditors;
 - (k) “registered valuer” means any person registered as a valuer in accordance with the Companies Act, 2013 and any rules made thereunder;
 - (l) “Regulations” means the Insolvency and Bankruptcy (Insolvency Resolution Process For corporate persons) Regulations, 2016;
 - (m) “Rules” means the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016;
 - (n) “special resolution” means any resolution which has been passed at a meeting of the committee of creditors by financial creditors holding at least seventy-five per cent of the voting shares of the committee of creditors.
- (2) Unless the context requires otherwise, words and expressions used and not defined in these Regulations, but defined in the Code, the Indian Contract Act, 1872, the Indian Partnership Act, 1932, the Securities Contract (Regulation) Act, 1956, the Securities and 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.

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CHAPTER II

POWERS AND DUTIES OF THE INSOLVENCY PROFESSIONAL

3. Manner of public announcement

- (1) The interim resolution professional shall, within two days of receiving an order from the Adjudicating Authority admitting an application for initiating a corporate insolvency resolution process, make a public announcement in accordance with section 13 of the Code.
- (2) The public announcement shall be in Form A of Schedule I and shall contain the following:
 - (a) the name, date of incorporation, identification number and the address of the registered office and principal office, if any, of the corporate debtor;
 - (b) the insolvency commencement date;
 - (c) the name, address, email address and telephone number of the interim resolution professional;
 - (d) a notice inviting any person who is a creditor of the corporate debtor to submit proof of their claim in respect of a default committed by the corporate debtor within twenty one days of the date of the public announcement.
- (3) The interim resolution professional shall provide in the public announcement that any proof of claim may be submitted to him in electronic form.
- (4) The interim resolution professional shall make the public announcement by:
 - (a) placing the contents of the public announcement in one English and one regional language newspaper which is the most widely circulated at the location of the registered office, 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;
 - (b) placing the contents of the public announcement on the website, if any, of the corporate debtor; and
 - (c) intimating the contents of the public announcement to be published on the website of the Board.
- (5) The costs incurred by the interim resolution professional in making the public announcement shall be borne the person making the application to initiate a corporate insolvency resolution process under sections 7, 8 or 10 of the Code, as the case may be.

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4. Duties of the interim resolution professional

- (1) The interim resolution professional, may, from the insolvency commencement date, require the following persons to report to, take instructions from and extend all cooperation to him, in all matters arising from and in connection with the terms of their engagement with the corporate debtor:
- (a) the board of directors, promoters and the members and partners of the corporate debtor, the personnel, the officers and managers, and any other person associated with the management of the business and operations of the corporate debtor;
 - (b) the auditors and other professional advisors, if any, of the corporate debtor; and
 - (c) the financial institutions maintaining the accounts of the corporate debtor.

Provided that any such persons, on receipt of any instructions by the interim resolution professional, shall report to, take instructions from and extend all cooperation to him.

- (2) Without prejudice to section 17(2)(d) of the Code, the interim resolution professional shall have the authority to access the books of account, records and other relevant documents and information of the corporate debtor held with:
- (a) any depositories of securities;
 - (b) professional advisors of the corporate debtor;
 - (c) information utilities;
 - (d) any other registry 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.

- (3) The interim resolution professional shall within seven days of his appointment, appoint two registered valuers to calculate the liquidation value of the corporate debtor in accordance with Regulation 39.

Provided that no person who is a relative of the interim resolution professional or the corporate debtor or has served as an auditor to the corporate debtor in the five years preceding the insolvency commencement date, shall be appointed as a registered valuer under this sub-regulation.

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- (4) The interim resolution professional may make an application to the Adjudicating Authority for an order seeking the assistance of the local district administration in the course of discharging the duties imposed on the interim resolution professional under the Code or these Regulations, in implementing the terms of any resolution plan.
- (5) Without prejudice to sections 17, 18, 19 and 20, the interim resolution professional shall not have the right to take any action during his tenure which requires the resolution professional to obtain the approval of the committee of creditors by way of a special resolution under the Code and these Regulations.

5. Powers and duties of the resolution professional

In furtherance to the duties to be performed by the resolution professional under section 25, the resolution professional shall also undertake the following:

- (1) manage the operations of the corporate debtor as a going concern;
- (2) without prejudice have the authority 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 insolvency commencement date;
- (3) have the authority to do all acts and to execute, in the name and on behalf of the corporate debtor, all deeds, receipts, and other documents, and for that purpose to use, when necessary, the seal of the corporate debtor, if any; and
- (4) to draw, accept, make and endorse any bill of exchange, hundi or promissory note in the name and on behalf of the company, with the same effect with respect to the liability of the corporate debtor as if the bill, hundi, or note had been drawn, accepted, made or endorsed by or on behalf of the corporate debtor in the normal course of its business.

6. Committee of creditors with only operational creditors

- (1) Where the value of the financial debt of a corporate debtor in proportion to the total debt of the corporate debtor is nil, or where the only financial creditors of a corporate debtor are related parties, the committee of creditors shall be set up in accordance with this Regulation.
- (2) The committee of creditors shall consist of not more than twenty operational creditors that are owed the highest debts by value, against the corporate debtor on the insolvency commencement date, such that in calculating the persons to whom the highest debts by value, are owed:
 - (a) the debt owed to all workmen shall be aggregated and all workmen of the corporate debtor shall be represented in the committee of creditors by a single representative chosen among them by way of a majority vote of the holders of not less than fifty

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per cent in value, of the cumulative debt of all workmen, and the voting share of such representative shall be equal to the proportion of the cumulative debt owed to all workmen to the total debt of the corporate debtor;

- (b) the debt owed to all employees shall be aggregated and all employees of the corporate debtor shall be represented in the committee of creditors by a single representative chosen among them by way of a majority vote of the holders of not less than fifty per cent in value, of the cumulative debt of all employees, and the voting share of such representative shall be equal to the proportion of the cumulative debt owed to all employees to the total debt of the corporate debtor; and
- (c) all other operational creditors shall be represented in their own capacity and the voting share of such operational creditor shall be equal to the proportion of the aggregate debt owed to such operational creditor to the total debt of the corporate debtor.

Provided that in any case the representative chosen by workmen and employees under sub-regulation 2(a) and 2(b) shall be a part of the committee of creditors.

- (3) In the event that a committee of creditors is formed under this Regulation, all references to financial creditors in relation to the committee of creditors in these Regulations shall be construed as if they refer to operational creditors.

7. Establishment of the committee of creditors

- (1) The committee of creditors shall assume the powers granted and duties assigned to it under the Code, the Rules and the Regulations, on the filing of a report by the interim resolution professional with the Adjudicating Authority certifying that the committee of creditors has been duly constituted.
- (2) The interim resolution professional shall submit the report certifying the due constitution of the committee of creditors to the Adjudicating Authority before the expiry of thirty days from the insolvency commencement date.
- (3) The interim resolution professional shall convene the first meeting of the committee of creditors within seven days of filing the report certifying due constitution of the committee of creditors.
- (4) In the event any financial creditor assigns or transfers the debt owed to such financial creditor to any other financial creditor during the insolvency resolution process period, both parties shall provide the resolution professional the terms of such assignment or transfer and the identity of the transferee or assignee and such other details as he may

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require to enable him to admit the assignee or transferee financial creditor, as the case may be, to the committee of creditors.

- (5) The resolution professional shall notify each participant and the Adjudicating Authority every time the constitution of the committee of creditors changes within two days of any such change.

8. Sale of assets outside the normal course of business

- (1) The interim resolution professional or the resolution professional, as the case may be, shall have the power to sell, outside the normal course of business, an asset of the corporate debtor, if he is of the opinion that the value of such asset of the corporate debtor is rapidly diminishing.

Explanation: A sale shall be deemed to be “outside the normal course of business”, if it is a sale other than that of stock in trade or inventory of the business, or if it is a sale of an asset on terms that are materially different from the terms that were regularly used by the corporate debtor in the sale of similar assets before the insolvency commencement date.

- (2) In examining whether the sale of an asset outside the normal course of business is required, the interim resolution professional or the resolution professional, as the case may be, shall have regard to the following factors:
 - (a) the proportionate value of the asset being sold to the total assets of the corporate debtor;
 - (b) the proceeds that any proposed sale would generate;
 - (a) the remaining duration of the insolvency resolution process period;
 - (c) the likelihood and the time at which a resolution plan will be proposed and confirmed; and
 - (d) the impact that the sale of the asset will have on any resolution plan.
- (3) In the event that the asset being sold by the interim resolution professional or the resolution professional, as the case may be, under this Regulation is free of any security interest, he may use the proceeds of the sale in running the operations of the corporate debtor.
- (4) In case the asset being sold by the interim resolution professional or the resolution professional, as the case may be, under this Regulation is subject to a security interest, the asset may be sold only with the consent of the secured creditor in whose favour the security interest has been created;

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Provided that the asset may be sold regardless of the objection of the said secured creditor if the proceeds of the sale will exceed the amount of debt that such asset secures.

- (5) The proceeds of the sale of an asset subject to a security interest shall be used in the following manner:
 - (a) the proceeds may be used by the interim resolution professional or the resolution professional, as the case may be, with the written consent of the secured creditor in running the operations of the corporate debtor; and
 - (b) if the concerned secured creditor does not consent to the proceeds being used in running the operations of the corporate debtor, then the proceeds shall be deposited in a separate interest bearing account, over which a security interest shall be granted to the secured creditor and shall be used as per the provisions of the resolution plan in accordance with the provisions of the Code and these Regulations.
- (6) Notwithstanding anything else contained in this Regulation, any sale of an asset, after the due constitution of the committee of creditors, whose value exceeds ten per cent of the total value of the assets of the corporate debtor as on the insolvency commencement date, shall require the approval of the committee of creditors by way of a special resolution.
- (7) Any sale of an asset made in compliance with this Regulation shall be free of any security interest.
- (8) The sale of any asset under this Regulation, which would otherwise require the consent of the members or partners of the corporate debtor under:
 - (a) the Companies Act, 2013;
 - (b) the Limited Liability Partnership Act, 2008; or
 - (c) any shareholders' agreement, joint venture agreement or any other document of a similar nature,

shall take effect notwithstanding that any such consent has not been obtained.

- (9) To the extent any sale under this Regulation requires that any filings be made before the central or state government, any regulatory authority or any other entity, including but not limited to for the creation and extinguishment of any security interest, the interim resolution professional or the resolution professional, as the case may be, shall have the authority to make such filings on behalf of the secured creditor and the corporate debtor.
- (10) No sale of an asset made in compliance this Regulation shall be set aside by any court or tribunal.

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9. Disclaimer of contracts

- (1) Without prejudice to the generality of Regulation 50(2), where any part of the property of the 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 interim resolution professional or the resolution professional, as the case may be, may, notwithstanding that he has endeavored to sell or has taken possession of the asset or exercised any act of ownership in relation thereto or done anything in pursuance of the contract, subject to the provisions of this Regulation, by writing signed by him, at any time during the insolvency resolution process period, disclaim the property;

Provided that a disclaimer shall be effective against any person only seven days after such person has been served a notice by the interim resolution professional, or the resolution professional, as the case may be, informing such person of his intention to disclaim any property.

- (2) The disclaimer shall operate to determine, as 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 debtor from liability, affect the rights, interest or liabilities of any other person.
- (3) The interim resolution professional or the resolution professional, as the case may be, shall not be entitled to disclaim any property in any case where an application in writing has been made to him by any person interested in the property requiring him to decide whether he will or will not disclaim and that he has not, within a period of twenty-eight days after the receipt of the application or such extended period as may be allowed by the Adjudicating Authority, disclaimed such property, and in case the property is under a contract, if the interim resolution professional or the resolution professional, as the case may be, after such an application as aforesaid does not within said period or extended period disclaim the contract, he shall be deemed to have adopted it.
- (4) The Adjudicating Authority may, on an application by any person whose interests are adversely affected due to a disclaimer, make an order against the interim resolution professional or the resolution professional, as the case may be, for providing compensation

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or damages to such person, on such terms as the Adjudicating Authority considers just and proper.

- (5) Any person whose interests are adversely affected due to the operation of a disclaimer shall be deemed to be a creditor of the corporate debtor from the day that the disclaimer is made operative, in relation to the amount of the compensation or damages as determined by the Adjudicating Authority under this Regulation, and may accordingly prove the amount as a debt in the liquidation of the corporate debtor.

10. Avoidance applications

- (1) The corporate debtor or any of its employees, members, partners, creditors or guarantors, may petition the interim resolution professional or the resolution professional, as the case may be, to file an application before the Adjudicating Authority under sections 43, 45, 49 or 50 of the Code.
- (2) If the interim resolution professional or the resolution professional, as the case may be, has sufficient basis, he shall file an application before the Adjudicating Authority under sections 43, 45, 49 or 50 of the Code.
- (3) In examining if he has sufficient basis to make an application under sections 43, 45, 49 or 50 of the Code, the interim resolution professional or the resolution professional, as the case may be, may conduct his own investigation, may rely on the materials provided by the person making the petition under sub-regulation (1) or may engage the services of auditors, lawyers or any other experts.

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CHAPTER III

PROOF OF CLAIMS

11. Proof of claim by operational creditors except workmen and employees

- (1) Where an order for commencement of a corporate insolvency resolution process is passed by the Adjudicating Authority against the corporate debtor, a person claiming to be an operational creditor of such corporate debtor shall, by the last date mentioned for submitting a proof of claim in the public announcement made under Regulation 3, submit his proof of claim to the interim resolution professional or the resolution professional, as the case may be, in Form B of Schedule I.
- (2) A proof of claim submitted under this Regulation shall contain the following:
 - (a) the operational creditor's name and address;
 - (b) if the operational creditor is an incorporated body, its identification number and date of incorporation;
 - (c) if the operational creditor is a partnership or an individual, then identification records in the form of PAN number, passport, AADHAAR Card or the identity card issued by the Election Commission of India, of all the partners or the individual;
 - (d) the total amount of the operational creditor's claim, including interest as at the insolvency commencement date;
 - (e) particulars of how and when the debt was incurred by the corporate debtor;
 - (f) particulars of any dispute, the record of pendency or an order by a court or tribunal of a suit or arbitration proceedings in relation to the claim;
 - (g) details of any retention of title arrangements in respect of the property to which the claim refers;
 - (h) 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;
 - (i) details of the bank account to which the amount of the claim or any part thereof can be transferred pursuant to a resolution plan; and
 - (j) succession certificate, or probate of a will, or will, or letter of administration, or court decree as may be applicable, under the Indian Succession Act, 1925 (if required).

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- (k) .
- (3) The existence of the outstanding debt owed to the operational creditor may be proved by him:
 - (a) on the basis of the records available in any information utility; or
 - (b) on the following basis:
 - (i) by adducing:
 - (A) a contract for the supply of goods and services between the operational creditor and the corporate debtor; or
 - (B) an invoice demanding payment for the provision of the goods and services supplied by the operational creditor to the corporate debtor; and
 - (ii) by submitting an affidavit affirming that such contract or invoice is true, valid and genuine; and
 - (iii) by submitting:
 - (A) a certified copy of an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any; or
 - (B) any financial accounts along with an affidavit affirming that such financial accounts are true and genuine.

12. Proof of claim by financial creditors

- (1) Where an order for commencement of a corporate insolvency resolution process is passed by the Adjudicating Authority against the corporate debtor, a person claiming to be a financial creditor of such corporate debtor shall, by the last date mentioned for submitting a proof of claim in the public announcement made under Regulation 3, submit his proof of claim to the interim resolution professional or the resolution professional, as the case may be, in Form C of Schedule I.
- (2) A proof of claim submitted under this Regulation shall contain the following:
 - (a) the financial creditor's name and address;
 - (b) if the financial creditor is an incorporated body, its identification number and proof of incorporation;

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- (c) if the financial creditor is a partnership or individual, then identification records in the form of PAN number, passport, AADHAAR Card or the identity card issued by the Election Commission of India, of all the partners or the individual;
 - (d) the total amount of his claim, including interest as at the insolvency commencement date;
 - (e) particulars of how and when the debt was incurred by the corporate debtor;
 - (f) particulars of any dispute, the record of pendency or an order by a court or tribunal of a suit or arbitration proceedings in relation to the claim;
 - (g) particulars of any security held, the date when it was given and the value which the financial creditor puts upon it;
 - (h) 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;
 - (i) details of the bank account to which the amount of the claim or any part thereof can be transferred pursuant to a resolution plan; and
 - (j) succession certificate, or probate of a will, or will, or letter of administration, or court decree as may be applicable, under the Indian Succession Act, 1925 (if required).
- (3) The existence of the outstanding debt owed to the financial creditor may be proved by him:
- (a) on the basis of the records available in any information utility; or
 - (b) on the following basis:
 - (i) by adducing:
 - (A) a certified copy of a financial contract supported by financial statements as evidence of the debt; or
 - (B) any other documentary proof to show that the amounts committed by the financial creditor to the corporate debtor under any facility has been drawn by the corporate debtor; and
 - (ii) an affidavit affirming that the documentary evidence provided is true, valid and genuine:

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Provided that a proof in respect of any dues owed on a bill of exchange, promissory note, cheque or other negotiable instrument or security cannot be admitted unless there is produced the instrument or any other evidence of an interest in such security or a copy of it, certified by the financial creditor or his authorized representative to be a true copy of the original; and

- (iii) by submitting:
 - (A) financial statements showing that the debt has not been paid, and an affidavit affirming that the financial statements are true and genuine; or
 - (B) a certified copy of an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any.

13. Proof of claim by workmen and employees

- (1) Where an order for commencement of a corporate insolvency resolution process is passed by the Adjudicating Authority against the corporate debtor, a person claiming to be a workman or employee of such corporate debtor shall, by the last date mentioned for submitting a proof of claim in the public announcement made under Regulation 3, submit his proof of claim to the interim resolution professional or the resolution professional, as the case may be, in Form D of Schedule I.
- (2) A proof of claim submitted under this Regulation shall contain the following:
 - (a) the workman or employee's name and address;
 - (b) the identification records in the form of PAN number, passport, AADHAAR Card or the identity card issued by the Election Commission of India, of such workman or employee;
 - (c) any form of identification issued by the employer, if available, or other evidence of employment available in respect of such workman or employee;
 - (d) the total amount of such workman or employee's claim, including interest as on the insolvency commencement date;
 - (e) particulars of how and when the debt was incurred by the corporate debtor in relation to such workman or employee;
 - (f) particulars of any dispute, the record of pendency or an order by a court or tribunal of a suit or arbitration proceedings in relation to the claim of such workman or employee;

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- (g) details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and such workman or employee which may be set-off against the claim;
 - (h) details of such workmen or employees' bank account to which the amount of the claim or any part thereof can be transferred pursuant to a resolution plan; and
 - (i) succession certificate, or probate of a will, or will, or letter of administration, or court decree as may be applicable, under the Indian Succession Act, 1925 (if required).
- (3) In any case where there are numerous claims for wages or accrued holiday remuneration by workmen and / or employees of the corporate debtor, it shall be sufficient if one proof for all such claims is made either by some duly authorised representative on behalf of all such creditors or by them individually.
- (4) The existence of the outstanding debt owed to workmen or employees shall be proved by them, individually or collectively:
- (a) on the basis of records available in any information utility; or
 - (b) on the following basis:
 - (i) by providing:
 - (A) a proof of employment such as contract of employment for the period for which such workman or employee is claiming dues; and
 - (B) an affidavit affirming that proof of employment is true, valid and genuine and the work has been rendered as set out in the proof of employment.
 - (ii) by adducing:
 - (A) documentary evidence of notice demanding payment of unpaid amount and any documentary or other proof that payment has not been made and an affidavit affirming that such documentary evidence is true, valid and genuine; or
 - (B) by submitting an order of a court or tribunal that has adjudicated upon the non-payment of a debt.

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14. Power to call for substantiation of claims

The interim resolution professional or the resolution professional, as the case may be, if he deems it necessary for the purpose of clarifying or substantiating the whole or any part of a creditor's claim made in his proof, may call for details of any matter specified in Regulations 11, 12, 13 or for the production to him of such documentary or other evidence as he may require from such creditor.

15. Cost of proving claim of debt

Subject as follows, every creditor shall bear the cost of proving his own debt, including any cost that may be incurred in providing documents or evidence under Regulations 11, 12, 13.

16. Last day for submission of claims

The last day for submission of proof of claims shall be twenty one days from the date of the public announcement and no such proof of claims may be submitted to the interim resolution professional or resolution professional after such period, except as specifically provided under Regulation 17.

17. Verification of claims

- (1) The interim resolution professional or the resolution professional, as the case may be, shall complete the verification of every claim within seven days from receipt of each proof of claim, and communicate if such claim has been accepted or rejected, in whole or in part, within two days of the acceptance or rejection of such proof of claim.
- (2) In the event the interim resolution professional or the resolution professional, as the case may be, rejects any proof of claim, he shall provide his reasons in writing to such creditor at the time of communicating such decision in accordance with sub-regulation (1).

Explanation: In the event that the interim resolution professional is unable to complete the verification of every proof of claim before the expiry of the period of his appointment, such verification shall be completed by the resolution professional within seven days of his appointment.

18. List of creditors

- (1) The interim resolution professional or the resolution professional, as the case may be, shall prepare a final list of creditors on the basis of proofs of claims submitted and accepted under these Regulations and information collected under section 18(a) of the Code, with the amounts of debt admitted, the details of the creditors, and the proofs admitted or rejected in part, and the proofs wholly rejected, before the expiry of thirty days from the insolvency commencement date and shall file the same with the Adjudicating Authority.

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- (2) The list of claims filed with the Adjudicating Authority will be presented to the committee of creditors at their first meeting.
- (3) The list of creditors filed with the Adjudicating Authority shall not be added to or varied except under the order of the Adjudicating Authority.
- (4) The interim resolution professional or the resolution professional, as the case may be, shall allow the following persons to inspect the list of creditors filed with the Adjudicating Authority:
 - (a) all persons that have submitted a proof of claim;
 - (b) members, partners, board of directors and guarantors of the corporate debtor; and
 - (c) any other person to whom it is necessary to provide the list of creditors for conducting an orderly corporate insolvency resolution process in the opinion of the interim resolution professional or resolution professional, as the case may be.

19. Appeal to the Adjudicating Authority

An appeal may be filed by an aggrieved creditor, with the Adjudicating Authority against the decision of the interim resolution professional or the resolution professional rejecting a claim, in whole or part, within seven days of receipt of such decision of the interim resolution professional or the resolution professional.

Provided that any decision of the Adjudicating Authority shall not affect the validity of any actions taken by the committee of creditors prior to such decision.

20. Computation of amount as of relevant date

The amount of a debt or claim of a corporate debtor, including a debt or claim that is for or includes interest, shall be computed as on the insolvency commencement date.

21. Determination of quantum of claim

- (1) Subject to the provisions of these Regulations, the value of a claim which bears a certain fixed value shall be as stated in the accepted proof of claim.
- (2) In the event a proof of claim submitted by a creditor does not bear a certain fixed value by reason of its being subject to any contingency or for any other reason, the interim resolution professional or the resolution professional, as the case may be, shall determine the value of the claim with reference to the financial information available to him, and may revise any estimate previously made, if he deems fit by reference to any change of circumstances or to information becoming available to him.

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- (3) The interim resolution professional or the resolution professional, as the case may be, shall inform the creditor about such determination and any revision thereof as soon as may be practicable.

22. Discounts

There shall in every case be deducted from the claim all trade and other discounts which would have been available to the corporate debtor if a corporate insolvency resolution process had not commenced, except any discount for immediate, early or cash settlement.

23. Debt in foreign currency

- (1) For the purpose of proving a claim incurred or payable in a currency other than Indian Rupees, the amount of the claim shall be converted into Indian Rupees at the official exchange rate prevailing on the insolvency commencement date.
- (2) “The official exchange rate” shall be the reference rate published by the Reserve Bank of India, State Bank of India or any other systematically important bank, on the insolvency commencement date.

24. Payments of a periodical nature

In the case of rent and other payments of a periodical nature, the creditor may claim only for any amounts due and unpaid up to the insolvency commencement date and shall not be entitled to claim any amounts which may become due after the insolvency commencement date.

25. Interest

- (1) Where a debt proved as per the process laid out in these Regulations bears interest, that interest is provable as part of the debt except in so far as it is payable in respect of any period after the insolvency commencement date.
- (2) The creditor’s claim may not include interest on the debt for periods before the insolvency commencement date, if not previously reserved or agreed.

26. Mutual credits and set-off

- (1) Where there have been mutual credits, mutual debts or other mutual dealings, prior to the insolvency commencement date, between the corporate debtor and any creditor proving or claiming to prove for a claim as per the process laid out in these Regulations, the following procedure for valuation shall be followed:
 - (a) an account shall be taken 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;

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- (b) a sum shall be regarded as being due to or from the corporate debtor for the purposes of this paragraph whether—
 - (i) it is payable at present or in the future,
 - (ii) the obligation arising by virtue of an agreement, rule of law, or otherwise by virtue of which it is payable is certain or contingent, or
 - (iii) its amount is fixed or liquidated, or is capable of being ascertained by fixed rules or as a matter of opinion.
- (2) The balance amount, if any, owed to a creditor, under sub-regulation (1), shall be provable as per the process laid out in these Regulations.
- (3) The balance amount, if any, owed to the corporate debtor shall be paid to the resolution professional and shall constitute part of the assets of the corporate debtor except where all or part of such balance amount results from a contingent or prospective debt owed by the creditor and in such case the balance, or that part of it, as the case may be, shall be paid if and when that debt becomes due and payable.

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CHAPTER IV

MEETINGS OF THE COMMITTEE OF CREDITORS

27. Summoning of meeting

- (1) The matters for the consideration of which meeting of the committee of creditors shall be called are:
 - (a) the items listed in section 28(1) of the Code;
 - (b) the sale of an asset under Regulation 8; and
 - (c) such other matters as may be decided at a meeting of the committee of creditors by a special resolution.
- (2) A meeting of the committee of creditors shall be held as and when the resolution professional deems fit or at such other time as the committee of creditors has decided by a special resolution.
- (3) To the extent any action to be taken by the resolution professional or any decision to be arrived at during the corporate insolvency resolution process requires the approval by way of a special resolution of the committee of creditors, such approval shall be obtained at a meeting of the committee of creditors in accordance with these Regulations.

28. Venue of meeting of the committee of creditors

- (1) The resolution professional shall provide the participants the option to attend the meeting by video conferencing or other audio or audio and visual means arranged by the resolution professional in accordance with this Regulation.

Explanation: For the purposes of this rule, “video conferencing or other audio or audio and visual means” means audio or audio and visual electronic communication, as the case may be, facility employed which enables all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting.

- (2) The resolution professional shall comply with the following procedure, for convening and conducting the meetings of the committee of creditors through video conferencing or other audio or audio and visual means:
 - (a) The resolution professional shall make necessary arrangements to avoid failure of video or audio visual connection;

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- (b) The resolution professional and the company secretary of the corporate debtor, if any, shall take due and reasonable care:
 - (i) to safeguard the integrity of the meeting by ensuring sufficient security and identification procedures;
 - (ii) to ensure availability of proper video conferencing or other audio or audio and visual equipment or facilities for providing transmission of the communications for effective participation of the participants at the meeting;
 - (iii) to record proceedings and prepare the minutes of the meeting;
 - (iv) to store for safekeeping and marking the physical recording(s) or other electronic recording mechanism as part of the records of the corporate debtor;
 - (v) to ensure that no person other than the intended participants are attending or have access to the proceedings of the meeting through video conferencing mode or other audio or audio and visual means; and
 - (vi) to ensure that participants attending the meeting through audio or 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.

- (3) With respect to every meeting of the committee of creditors conducted through video conferencing or other audio visual means authorized under these rules, 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.

29. Service of notice

- (1) Subject to this Regulation, a meeting of the committee of creditors shall be called by giving not less than seven days notice in writing to every participant, at the address they have indicated to the resolution professional and such notice may be sent by hand delivery, or by post but in any event, be served on every applicant by electronic means in accordance with Regulation 30.
- (2) At any meeting of the committee of creditors, the financial creditors may by way of a special resolution:

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- (a) reduce the length of the notice period for service of notice from seven days to such other period they deem fit; and
- (b) modify the means of delivering the notice to the participants, provided that no modification shall be made to the requirement of the notice being in writing and being delivered by electronic means;

in respect of any meetings of the committee of creditors to be held in the future.

30. Service of notice by electronic means

- (1) The service of notice by electronic means shall be governed by the provisions of this Regulation.

Explanation: For the purpose of these Regulations, the expression “electronic means” shall mean any communication sent by the resolution professional through its or the corporate debtor’s authorized and secured computer programme which is capable of producing confirmation and keeping record of such communication addressed to the participant entitled to receive such communication at the last electronic mail address provided by such participant to the resolution professional.

- (2) 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.
- (3) 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.
- (4) If notice is sent in the form of a non-editable attachment to 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.
- (5) When notice or notifications of availability of notice are sent by e-mail, the resolution professional should 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 by or on behalf of the company as “proof of sending”.
- (6) The obligation of the resolution professional shall be satisfied when it transmits the e-mail and the company shall not be held responsible for a failure in transmission beyond its control.
- (7) The notice made available on the electronic link or Uniform Resource Locator has to be readable, and the recipient should be able to obtain and retain copies and the resolution

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professional shall give the complete Uniform Resource Locator or address of the website and full details of how to access the document or information.

- (8) If a participant fails to provide or update the relevant e-mail address to the resolution professional, the non receipt of such notice by such participant in any meeting shall not invalidate the decisions taken at any such meeting.

31. Contents of the notice

- (1) The contents of a notice for summoning a meeting of the committee of creditors shall be in accordance with the provisions of this Regulation.
- (2) 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 mode or other audio or audio and visual means, and shall provide all the necessary information to enable the participation through video conferencing mode or other audio or audio and visual means.
- (3) 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 their behalf.

- (4) Subject to the provisions of Regulation 31 the resolution professional shall ensure that the notice of the meeting:
- (a) clearly mentions that the business at the meeting will be transacted through electronic voting system and the resolution professional is providing adequate facilities for voting by electronic means;
- (b) clearly mentions the process and manner for voting by electronic means and the time schedule including the time period during which the votes may be cast;

Provided that the time period during which the votes may be cast has to be at least two hours;

- (c) provides 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
- (d) provides contact details of the person responsible to address the queries connected with the electronic voting.
- (5) The notice shall contain an agenda of the meeting with the following:

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- (a) a list of all matters to be discussed at the meeting;
- (b) a list of all issues to be voted upon at the meeting; and
- (c) copies of all documents relevant to the matters to be discussed and/or voted upon at the meeting.

32. Quorum at the meeting

- (1) A meeting of the committee of creditors shall be quorate if financial creditors representing at least thirty per cent of the voting shares of the total financial creditors are present at the meeting and the participation of financial creditors by video conferencing or by other audio or audio and visual means shall also be counted for the purposes of quorum under this Regulation;

Provided that the committee of creditors may by way of a special resolution modify the percentage of voting share of the financial creditors whose attendance shall constitute a quorum in respect of any future meetings of the committee of creditors.

- (2) Where a meeting of the committee of creditors could not be held for want of quorum, then, unless the committee of creditors has by way of a special resolution provided otherwise at any time prior to the meeting in question, 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 of creditors is adjourned in accordance with sub-regulation (2) above, the adjourned meeting shall be quorate with the financial creditors attending the meeting.

33. Conduct of meeting

- (1) The resolution professional shall act as the chairperson of the meeting of the committee of creditors.
- (2) At the commencement of a meeting of the committee of creditors, the resolution professional shall take a roll call when every person attending through video conferencing or other audio or audio and visual means shall state, for the record, the following namely:
 - (a) his name and the participant he is representing at the meeting;
 - (b) the location from where he is participating;
 - (c) that he has received the agenda and all the relevant material for the meeting; and

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- (d) that no one other than the concerned participant is attending or has access to the proceedings of the meeting at the location of that participant.
- (3) After the roll call, the resolution professional shall inform all participants about the names of persons other than the members of the committee of creditors 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 and until the conclusion of such meeting, 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 being held or to the video conferencing or other audio or audio and visual facility, without the permission of the resolution professional.
- (6) At the end of the discussions on each agenda item listed for voting, the resolution professional shall hold a vote of the members of the committee of creditors by electronic means on any such item listed for voting shall be passed only if approved by a special resolution;

Provided that all members of the committee of creditors who do not attend the meeting or abstain from voting shall be deemed to have voted in favor of the relevant item.

- (7) At the conclusion of any vote held under this Regulation, the resolution professional shall announce the summary of the decision taken on a relevant agenda item along with the names of the financial creditors who voted for and against the decision or abstained from voting.
- (8) The resolution professional shall ensure that minutes are made in relation to each meeting of the committee of creditors and the minutes shall disclose the particulars of the participants who attended the meeting in person, if any, and through video conferencing, or other audio or audio and visual means.
- (9) The resolution professional shall circulate the minutes of the meeting of committee of creditors to all participants by electronic means within 24 hours of the said meeting.

34. Voting through electronic means

- (1) The resolution professional shall provide each member of the committee of creditors the option to exercise their right to vote at any meeting by electronic means and the committee of creditors may pass any resolution by electronic voting system in accordance with the provisions of this rule.

Explanation: For the purposes of these Regulations:

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- (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 of creditors and the number of votes polled in favor or against, such that the entire 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 performing the intended functions; and
 - (iv) adhere to generally accepted security procedures.
 - (c) the expression “Cyber security” means protecting information, equipment, devices, computer, computer resource, communication device and information stored therein from unauthorized access, use, disclosures, disruption, modification or destruction.
- (2) Once a vote on a resolution is cast by a member of the committee of creditors, such member shall not be allowed to change it subsequently.
 - (3) At the end of the voting period, the portal where votes are cast shall forthwith be blocked.

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INSOLVENCY RESOLUTION PROCESS COSTS

35. Insolvency Resolution Process Costs

In addition to the matters listed in section 5(13) of the Code, the following shall be included in calculating the amount of “insolvency resolution process costs” under the Code:

- (1) all amounts owed to suppliers which are deemed to be part of insolvency resolution process costs under Regulation 36;
- (2) all expenses incurred by or on behalf of the corporate debtor, in running its business and operations as a going concern during the insolvency resolution process period;
- (3) all amounts due to any person whose rights are prejudicially affected on account of the moratorium imposed under section 14(1)(d) of the Code;
- (4) all amounts accruing to the interim resolution professional which are deemed to be part of insolvency resolution process costs under Regulation 37; and
- (5) all amounts accruing to the resolution professional calculated in accordance with Regulation 38.

36. Essential Supplies

- (1) If at any time after the insolvency commencement date, the interim resolution professional or the resolution professional, as the case may be, makes a request to any of the suppliers which were providing supplies mentioned in sub-regulation (2), to the corporate debtor prior to the insolvency commencement date, such supplier shall not make it a condition for continuing the giving of the supply or do anything else which has the effect of making it a condition of the giving of the supply, that any outstanding charges in respect of a supply given to the corporate debtor before the insolvency commencement date are paid.
- (2) The supplies referred to in sub-regulation (1) above are:
 - (a) supply of electricity;
 - (b) supply of water;
 - (c) supply of telecommunication services; and
 - (d) supply of information technology services,

Provided that to the extent any of these supplies are being made to a corporate debtor whose core business is related to the business of these suppliers, such supplies shall be excluded from this sub-regulation.

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- (3) The debts due to suppliers under this Regulation for the supplies made during the insolvency resolution process period shall be deemed to be insolvency resolution process costs.

37. Costs of the Interim Resolution Professional

- (1) The person filing an application for initiating the corporate insolvency resolution process shall pay the expenses incurred by the interim resolution professional including the costs of engaging any professional advisors and any other costs arising out of and in connection with discharging his functions under the Code, the Rules and these Regulations.
- (2) The committee of creditors at its first meeting shall by way of a special resolution ratify the expenses incurred by the applicant under this Regulation.
- (3) The amount of expenses ratified by the committee of creditors shall be reimbursed to the applicant from the assets of the corporate debtor and shall be treated as insolvency resolution process costs,

Provided that where the assets of the corporate debtor are insufficient to reimburse the amount so ratified, each financial creditor which is a part of the committee of creditors shall reimburse the applicant to the extent of such shortfall on a pro rata basis in the ratio of the value of the debt owed to them in proportion to the total value of the debt owed to the committee of creditors;

Provided further that to the extent the expenses incurred by the applicant under this Regulation are not ratified by the committee of creditors, the applicant shall not have the right to be reimbursed for such expenses from the assets of the corporate debtor or by the committee of creditors.

- (4) The committee of creditors shall indemnify the interim resolution professional for all expenses incurred by him in defending any suits or other legal proceedings initiated against him or for meeting any liability imposed on him by any court or tribunal for his role in any matter arising out of or in connection with the corporate insolvency resolution process and the amount of such indemnification shall constitute insolvency resolution process costs;

Provided that no such indemnity shall accrue to the interim resolution professional if such liability has arisen on account of fraud or criminal conduct on his part.

38. Resolution professional costs

- (1) The remuneration of the resolution professional shall be fixed by the committee of creditors by a special resolution.
- (2) In determining the basis of remuneration to be charged, the committee of creditors shall have regard to the following matters:

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- (a) the complexity of the case;
 - (b) any matters in connection with the business and operations of the corporate debtor with respect to which any responsibility of an exceptional nature falls on the resolution professional;
 - (c) the effectiveness with which the resolution professional is carrying out his duties; and
 - (d) the value and nature of the assets of the corporate debtor.
- (3) The resolution professional shall be paid the dues accruing to him at such intervals as may be agreed between the committee of creditors and the resolution professional.
- (4) The committee of creditors shall review the effectiveness with which the resolution professional is carrying out his functions at such intervals as may be agreed between the committee of creditors and the resolution professional with a view to revising either the basis of remuneration fixed under this Regulation or the amount of dues accruing to the resolution professional.
- (5) Any revision of the basis of remuneration fixed under this Regulation or the amount of dues accruing to the resolution professional under sub-regulation (4) shall be made by way of a special resolution of the committee of creditors.
- (6) The members of the committee of creditors shall contribute towards reimbursing the dues accruing to the resolution professional at such intervals as may be determined under this Regulation on a pro rata basis, in the ratio of the value of the debt owed to them in proportion to the total value of the debt owed to the committee of creditors.
- (7) The remuneration to be paid to the resolution professional in accordance with this Regulation shall constitute insolvency resolution process costs.
- (8) The committee of creditors shall indemnify the resolution professional for all expenses incurred by him in defending any suits or other legal proceedings initiated against him or for meeting any liability imposed on him by any court or tribunal for his role in any matter arising out of or in connection with the corporate insolvency resolution process and the amount of such indemnification shall constitute insolvency resolution costs;

Provided that no such indemnity shall accrue to the interim resolution professional if the liability imposed on him has arisen on account of fraud or criminal conduct on his part.

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RESOLUTION PLAN

39. Calculation of Liquidation value

- (1) The registered valuers appointed by the interim resolution professional under Regulation 4 shall submit a report to the interim resolution professional or the resolution professional, as the case may be, with their estimate of the liquidation value calculated in accordance with internationally accepted valuation standards provided that in any case, the registered valuer shall conduct a physical verification of the inventory and fixed assets of the corporate debtor in arriving at the liquidation value.
- (2) In arriving at the liquidation value the resolution professional shall take the average of the estimates provided by the registered valuers under this Regulation.
- (3) The resolution professional shall use the liquidation value so calculated to arrive at the following:
 - (a) the operational creditors' liquidation value; and
 - (b) the dissenting financial creditors' liquidation value, assuming that financial creditors with twenty five per cent of the voting shares of the committee of creditors will vote against the resolution plan.
- (4) The resolution professional shall submit the following in electronic form and by way of physical copies to each member of the committee of creditors:
 - (a) the liquidation value calculated by the resolution professional;
 - (b) the reports submitted by the two registered valuers under this Regulation;
 - (c) the operational creditors' liquidation value; and
 - (d) the dissenting financial creditors' liquidation value, assuming that financial creditors with twenty five per cent of the voting shares of the committee of creditors will vote against the resolution plan.

40. Information memorandum

- (1) The interim resolution professional shall submit an information memorandum in electronic form and by way of physical copies to each member of the committee of creditors containing at least the matters listed in paragraphs (a) to (h) of sub-regulation (3) below, at their first meeting in accordance with this Regulation;

Provided that if he is unable to present an information memorandum with the matters listed in paragraphs (i) to (k) of sub-regulation (3) below, at the first meeting of the committee

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of creditors due to the complexity of the case or any delay by the registered valuers in submitting their estimate of a liquidation value, he shall extend all possible assistance to the resolution professional in providing such further details as may be required to complete the information memorandum, but in any event the resolution professional shall make the complete information memorandum available to the committee of creditors within fourteen days from the first meeting of the committee of creditors.

- (2) A member of the committee of creditors shall be given a copy of the information memorandum on the submission of a written undertaking to the resolution professional agreeing to:
 - (a) comply with the provisions of law for the time being in force relating to confidentiality and insider trading;
 - (b) protect any intellectual property of the corporate debtor it may be given access to; and
 - (c) not share the contents of the information memorandum with third parties unless the requirements of this Regulation are complied with.

- (3) The information memorandum shall contain the following details:
 - (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) the latest financial statements of the corporate debtor and if the insolvency commencement date occurs more than ninety days after the date of filing of the annual financial statements of the corporate debtor, then estimated financial statements of the corporate debtor calculated by the resolution professional as on the insolvency commencement date;
 - (c) 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 the particulars of the relevant security interest;
 - (d) the names and addresses of the financial creditors and operational creditors of the corporate debtor, with the amounts of their respective claims;
 - (e) particulars of any debts owed by or to the corporate debtor to or by related parties;
 - (f) whether any, and if so what, guarantees have been given in relation to the debts of the corporate debtor by other persons, specifying which of the guarantors is a related party;

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- (g) the names and addresses of the members or partners of the corporate debtor, as the case may be, with details of the amount they have contributed to the capital of the corporate debtor;
 - (h) a list of all material litigation in which the corporate debtor is engaged and any ongoing investigation or proceeding in respect of the corporate debtor initiated by any regulatory or tax authority;
 - (i) the liquidation value;
 - (j) the operational creditors' liquidation value;
 - (k) the dissenting financial creditors' liquidation value; and
 - (l) any other information which the resolution professional deems will be relevant to the members of the committee of creditors in submitting a resolution plan.
- (4) Any member of the committee of creditors may request the Resolution Professional, for any further information of the nature described in this Regulation and the Resolution Professional shall immediately provide such information if it is deemed to be relevant by him, provided that such information, if supplied, is also supplied simultaneously to all other members of the committee of creditors.
- (5) The Resolution Professional shall make the information memorandum and any other relevant information available to any resolution applicant, subject to the resolution applicant submitting a written undertaking stating compliance with the issues mentioned in sub-regulation (2).

41. Resolution plan

- (1) Subject to Regulation 42, a resolution plan shall provide for adequate means for the implementation of such plan including, but not limited to any of the following measures:
- (a) transfer of all or any part of the assets of the corporate debtor to one or more persons, whether organized before or after the confirmation of the resolution plan;
 - (b) sale of all or any part of the assets either subject to or free of any security interest;
 - (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 owed by the corporate debtor;

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- (f) the amount by which financial creditors agree to forego the principal amount of any debt owed to them;
 - (g) extension of a maturity date or a change in an interest rate or other term of any debt owed by the corporate debtor;
 - (h) amendment of the constitutional documents of the corporate debtor;
 - (i) issuance of securities of the corporate debtor, for cash, for property, for existing securities, or in exchange for claims or interests, or for any other appropriate purpose; and
 - (j) obtaining all necessary clearances from the central and state governments and any regulatory authorities.
- (2) To the extent the resolution plan contains any of the actions contemplated in paragraph (c) to (i) above, the committee of creditors and the resolution professional shall ensure that these actions are taken on or before the day that the Adjudicating Authority passes an order confirming a resolution plan.

42. Mandatory contents of the resolution plan

- (1) Any resolution plan shall in relation to the insolvency resolution process costs:
- (a) provide an estimate of the insolvency resolution process costs that are likely to be incurred during the insolvency resolution process period; and
 - (b) identify:
 - (i) specific assets or revenues of the corporate debtor, any assets outside the ownership or control of the corporate debtor, any guarantees that have been given in relation to the debts of the corporate debtor by other persons; or
 - (ii) any other source of funds mentioned in the information memorandum; or
 - (iii) funds that will be generated during the conduct of the proposed resolution plan;that will be used to meet the insolvency resolution process costs;
 - (c) provide an estimate of the time at which or the intervals at which the insolvency resolution process costs shall be paid; and

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- (d) provide for the payment of the insolvency resolution process costs before any recoveries are made by any other creditor.
- (2) The resolution plan shall in relation to the operational creditors:
- (a) set out the operational creditors' liquidation value determined in accordance with these Regulations;
 - (b) identify:
 - (i) specific assets or revenues of the corporate debtor, any property outside the ownership or control of the corporate debtor, any guarantees that have been given in relation to the debts of the corporate debtor by other persons;
 - (ii) any other source of funds mentioned in the information memorandum; or
 - (iii) funds that will be generated during the conduct of the proposed resolution plan;that will be used to meet the operational creditors' liquidation value; and
 - (c) provide for the payment of the operational creditors' liquidation value on or before any recoveries are made by the financial creditors who voted in favor of the resolution plan.
- (3) The resolution plan shall in relation to the financial creditors who voted against any resolution plan that was approved by the committee of creditors:
- (a) set out the dissenting financial creditors' liquidation value;
 - (b) identify:
 - (i) specific assets or revenues of the corporate debtor, any property outside the ownership or control of the corporate debtor, any guarantees that have been given in relation to the debts of the corporate debtor by other persons;
 - (ii) any other source of funds mentioned in the information memorandum; or
 - (iii) funds that will be generated during the conduct of the proposed resolution plan;that will be used to pay the dissenting financial creditors' liquidation value; and

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- (c) provide for the payment of the dissenting financial creditors' liquidation value before any recoveries are made by operational creditors and the financial creditors who voted in favor of the resolution plan;
- (4) The resolution plan shall provide for the proposed duration of the term of the resolution plan.
- (5) The resolution plan shall provide whether, during the term of the resolution plan the management and control of the business and operations of the corporate debtor shall:
 - (a) continue to vest with the resolution professional, subject to such terms as may be agreed;
 - (b) revert to the original members or partners of the corporate debtor, as the case may be; or
 - (c) vest with any other person in accordance with any substantial acquisition of shares, merger or amalgamation proposed in the resolution plan.

43. Supervision of the resolution plan

- (1) The committee of creditors may appoint the resolution professional, to act as a supervisor in relation to the implementation of the resolution plan, on such terms and conditions as may be agreed;

Provided that if the resolution plan provides that the resolution professional shall have control over the management of the business and operations of the corporate debtor during the term of the resolution plan, the committee of creditors may appoint an independent insolvency professional to act as the supervisor in relation to the implementation of the resolution plan and the following provisions of the Regulation shall be read accordingly;

- (2) The person proposed to exercise management and control over the business and operations of the corporate debtor as per the terms of the resolution plan shall submit a report to the resolution professional at an interval of every two months from the date the resolution plan is confirmed by the committee of creditors containing the following:
 - (a) a statement of the extent to which and the sources from which the insolvency resolution process costs have been paid till date and are intended to be paid in future;
 - (b) a statement of the extent to which and the sources from which the operational creditors' liquidation value has been paid till date or is intended to be paid in future;

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- (c) a statement of the extent to which and the sources from which the dissenting financial creditors' liquidation value been paid till date or is intended to be paid in future;
 - (d) an assessment of the extent to which the objectives of the resolution plan have been achieved; and
 - (e) as assessment of any issues that may lead to the objectives of the resolution plan not being achieved before the expiration of the term of the plan.
- (3) On the basis of a report submitted to the resolution professional under sub-regulation (2) above, if the resolution professional is of the opinion that the terms of the resolution plan are being contravened during the implementation of the plan, he shall notify the persons whose interests are prejudicially affected as a result of such contravention and are entitled to make an application to the Adjudicating Authority under section 33(3) of the Code.

44. Confirmation of resolution plan

- (1) At any time after the first meeting of the committee of creditors and before the expiry of thirty days from the insolvency closure date, a resolution applicant may submit a resolution plan prepared in accordance with these Regulations to the resolution professional.
- (2) If the resolution professional is satisfied that the resolution plan submitted to him meets the requirements of these Regulations, he shall present it to the committee of creditors for their consideration.
- (3) If the committee of creditors by way of a special resolution approves the resolution plan with or without such modifications as it deems fit, the resolution professional shall make an application to the Adjudicating Authority to confirm the plan;

Provided that no such application shall be made after the expiry of ten days before the insolvency closure date;

- (4) In making an application to the Adjudicating Authority the resolution professional shall certify 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 a special resolution of the committee of creditors.
- (5) If the Adjudicating Authority confirms the resolution plan it shall send a copy of such order to the resolution professional who shall forthwith inform the participants and the resolution applicant.

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- (6) Any provision proposed 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:
- (d) the Companies Act, 2013;
 - (e) the Limited Liability Partnership Act, 2008; or
 - (f) any shareholders' agreement, joint venture agreement or any other document of a similar nature,
- shall take effect notwithstanding that any such consent has not been obtained.
- (7) The provisions of a resolution plan shall be binding on the corporate debtor and its employees, members, partners, creditors, guarantors and other stakeholders involved in the resolution plan.
- (8) No relief granted to any person aggrieved by the terms of a resolution plan or due to any matter arising out of or in connection with the corporate insolvency resolution process shall affect the legality, enforceability and validity of any actions taken under the terms of a resolution plan or the finality of any right granted to any other person.
- (9) 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.
- (10) Any person in charge of the management and control of the business and operations of the corporate debtor in accordance with Regulation 42 may make an application to the Adjudicating Authority for an order seeking the assistance of the local district administration in implementing the terms of any resolution plan.

45. Extension of the corporate insolvency resolution process

- (1) The committee of creditors may by a special resolution instruct the resolution professional to make an application to the Adjudicating Authority under section 12 of the Code to extend the insolvency resolution process period.
- (2) The resolution professional shall, on receiving an instruction from the committee of creditors under this Regulation, make an application to the Adjudicating Authority for such extension.

Provided that the Adjudicating Authority shall not hear any such application presented to it after the expiry of thirty days from the date falling on one hundred and eightieth day from the insolvency commencement date.

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SCHEDULE I FORM A

PUBLIC ANNOUNCEMENT

(Under Regulation 3 of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016)

FOR THE ATTENTION OF THE CREDITORS OF [*Name of Corporate Debtor*]

RELEVANT PARTICULARS		
1.	NAME OF CORPORATE DEBTOR	
2.	DATE OF INCORPORATION OF CORPORATE DEBTOR	
3.	AUTHORITY UNDER WHICH CORPORATE DEBTOR IS INCORPORATED / REGISTERED	
4.	CORPORATE IDENTITY NUMBER / LIMITED LIABILITY IDENTITY NUMBER OF CORPORATE DEBTOR	
5.	ADDRESS OF THE REGISTERED OFFICE AND PRINCIPAL OFFICE (IF ANY) OF CORPORATE DEBTOR	
6.	INSOLVENCY COMMENCEMENT DATE OF CORPORATE DEBTOR	
7.	DATE OF CLOSURE OF INSOLVENCY RESOLUTION PROCESS	
8.	NAME, ADDRESS, EMAIL ADDRESS, TELEPHONE NUMBER AND THE REGISTRATION NUMBER OF THE INTERIM RESOLUTION PROFESSIONAL	
9.	LAST DATE FOR SUBMISSION OF CLAIMS	

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 required to submit a proof of their claims, on or before [*insert the date falling twenty one days after the date of this notice*], to the interim resolution professional, in the form and manner prescribed in the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

The creditors may submit their proof of claims either by post or by electronic means at the details provided for the interim resolution professional above.

Submission of false or misleading proofs of claim shall attract penalties as determined by the National Company Law Tribunal.

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SCHEDULE I FORM B

PROOF OF CLAIM BY OPERATIONAL CREDITORS EXCEPT WORKMEN AND EMPLOYEES

(Under Regulation 11 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 operational creditor]

Subject: Submission of proof of claim in respect of the corporate insolvency resolution process of [name of the 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 corporate insolvency resolution process in the case of [name of corporate debtor]. The details for the same are set out below:

PARTICULARS		
1.	NAME OF OPERATIONAL CREDITOR	
2.	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)	
3.	ADDRESS OF OPERATIONAL CREDITOR FOR CORRESPONDENCE	

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PARTICULARS		
4.	TOTAL AMOUNT OF CLAIM (INCLUDING ANY INTEREST AS AT THE INSOLVENCY COMMENCEMENT DATE)	
5.	DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED.	
6.	DETAILS OF ANY DISPUTE AS WELL AS THE RECORD OF PENDENCY OR ORDER OF SUIT OR ARBITRATION PROCEEDINGS	
7.	DETAILS OF HOW AND WHEN DEBT INCURRED	
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	
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 OWED TO THE OPERATIONAL CREDITOR (ONLY IF THERE IS NO RECORD OF SUCH CLAIM WITH THE INFORMATION UTILITY)	

Signature of creditor or person authorised to act on his behalf

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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 insolvency commencement date, being the _____ day of _____ 20__ and is as of the present date, 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,

Commissioner

Deponent's signature

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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 and no material facts have been concealed therefrom.

Verified at _____ on this _____ day of _____ 201__

Deponent's signature

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SCHEDULE I FORM C

PROOF OF CLAIM BY FINANCIAL CREDITORS

(Under Regulation 12 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 registered office and principal office of the financial creditor]

Subject: Submission of proof of claim in respect of the corporate insolvency resolution process of [name of the 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 corporate insolvency resolution process in the case of [name of corporate debtor]. The details for the same are set out below:

PARTICULARS	
1.	NAME OF FINANCIAL CREDITOR
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)
3.	ADDRESS OF FINANCIAL CREDITOR FOR CORRESPONDENCE.

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PARTICULARS		
4.	TOTAL AMOUNT OF CLAIM INCLUDING ANY INTEREST AS AT THE INSOLVENCY COMMENCEMENT DATE)	
5.	DETAILS OF DOCUMENTS BY REFERENCE TO WHICH THE DEBT CAN BE SUBSTANTIATED	
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 CREDITOR WHICH MAY BE SET-OFF AGAINST THE CLAIM	
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 OWED TO THE OPERATIONAL CREDITOR (ONLY IF THERE IS NO RECORD OF SUCH CLAIM WITH THE INFORMATION UTILITY)	

Signature of creditor or person authorised to act on his behalf
Name in BLOCK LETTERS
Position with or in relation to creditor

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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 insolvency commencement date, being the _____ day of _____ 20__ and is as of the present date, 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 creditor which may be set-off against the claim.]

Solemnly, affirmed at *[insert place]* on _____ day, the _____ day of _____ 20_____

Before me,

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 and no material facts have been concealed therefrom.

Verified at _____ on this _____ day of _____ 201__

Deponent's signature

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SCHEDULE I FORM D

PROOF OF CLAIM BY WORKMEN AND EMPLOYEES

(Under Regulation 13 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 in respect of the corporate insolvency resolution process of [name of the 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 and listed in Annexure A, solemnly affirm and say:

1. That the abovenamed corporate debtor was, at the insolvency commencement date, the being the _____ day of _____ 20 ____ and is as of the present date, 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 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 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 A

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1. Details of Employees/ Workmen

S No.	NAME OF EMPLOYEE/ WORKMEN	IDENTIFICATION NUMBER (PAN NUMBER, PASSPORT OR AADHAAR CARD)	TOTAL AMOUNT DUE	PERIOD WHICH DUE	OVER AMOUNT
1.					
2.					
3.					
4.					

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.
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 C.

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AFFIDAVIT (OF EACH WORKMAN / EMPLOYEE SEPARATELY)

I, [name of deponent], currently residing at [insert address], do solemnly affirm and state as follows:

9. [Name of corporate debtor], the corporate debtor was, at the insolvency commencement date, being the _____ day of _____ 20__ and is as of the present date, justly and truly indebted to me in the sum of Rs. [insert amount of claim].

10. 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]

11. The said documents are true, valid and genuine to the best of my knowledge, information and belief.

12. 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,

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 and no material facts have been concealed therefrom.

Verified at _____ on this _____ day of _____ 201__

Deponent's signature