

PRE-PACK INSOLVENCY RESOLUTION PROCESS (PPIRP)





CREATE & GROW
RESEARCH FOUNDATION

Date: 26th July 2021

Dear Sir / Madam

Bankers play a very key role in the development of industries, trade and commerce by providing the vital input - "funds". While lenders have developed expertise for appraisal of projects by virtue of their past experience, new tools have also been introduced by way of artificial intelligence to make sure that their lending is not misused. In spite of all these efforts, business failures do happen. When it does, the stakeholders are hurt. The bankers will be the first to take the hit. While large corporates fail, they tend to attract the headlines and get into "breaking news" while in the case of smaller corporates (read MSMEs), the recovery action gets tougher and puts on the block even the personal properties of the promoters and guarantors.

In this context, the Government has come out with an Ordinance in April 2021 to bring out a customised IBC scheme called "Prepackaged Insolvency Resolution Process" (PPIRP) for MSME corporates (companies and LLPs). It has been conceived keeping mainly the interests of the smaller MSME corporates which will not have the wherewithal for a long-drawn court process involving huge time, efforts and costs. By resorting to "Prepack" scheme in which the "debtor is in control" meaning the present management will continue to function with required checks and balances, half of the work involved in a regular CIRP is done even before going to NCLT. The application to NCLT under Prepack is a consensual process.

CGRF is glad to bring out a compendium of the Prepack scheme in a bid to simplify the matters for the MSME Corporates and the Lenders who provide the vital credit support to MSMEs by restructuring their present credit facilities to them. In this Guide to Prepack, we have attempted to provide all relevant provisions of law and also some additional clarifications.

We welcome suggestions from the lending community for further improving the contents to make them more useful to the lenders.

Thanks for your continued support. Please feel free to contact us for any clarifications.

With kind regards


S. Rajendran
Director

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Pre-Pack Insolvency Resolution Process for MSMEs – An Analysis

PRE-PACK INSOLVENCY RESOLUTION PROCESS FOR MSMEs

Introduction

On April 4, 2021, the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 was promulgated to allow pre-packaged insolvency resolution process (PPIRP) for corporate debtors classified as micro, small or medium enterprises under section 7 of Micro, Small and Medium Enterprises Development Act, 2006 by the introduction of a new Chapter IIIA in the Insolvency and Bankruptcy Code, 2016 (Code) and making consequential amendments to the provisions of the Code. The PPIRP rules and regulations have also been notified on April 9, 2021.

The preamble to the Ordinance provides that the PPIRP has been introduced as an alternative insolvency resolution process for MSMEs to ensure quicker, cost effective and value maximising outcomes for all the stakeholders especially at a time when there is a high likelihood of increase in insolvencies with the suspension on initiation of Corporate Insolvency Resolution Process (CIRP) having already expired on 24th March 2021. The framework aims to ease out the burden on the Adjudicating Authority (AA) and also addresses special requirements of the MSMEs while resolving insolvency due to the unique nature of their business and simpler corporate structures.

Applicability and Eligibility

Prepacks will be applicable to corporate debtor classified as MSMEs which meets the definition of MSME as per section 7 of the MSME Act and has committed a default of not less than Rs. 10 lakhs.

It may be noted that even for default which has occurred during the IBC suspension period (25th March 2020 to 24th March 2021) PPIRP can be initiated.

Micro, Small and Medium Enterprises Development Act, 2006 defines MSMEs as follows

Type of investment	Micro	Small	Medium
Investment in plant and machinery and equipment (not exceeding)	Rs. 1 crore	Rs. 10 crores	Rs. 50 crores
AND			
Turnover (not exceeding)	Rs. 5 crores	Rs. 50 crores	Rs. 250 crores

Who can initiate PPIRP?

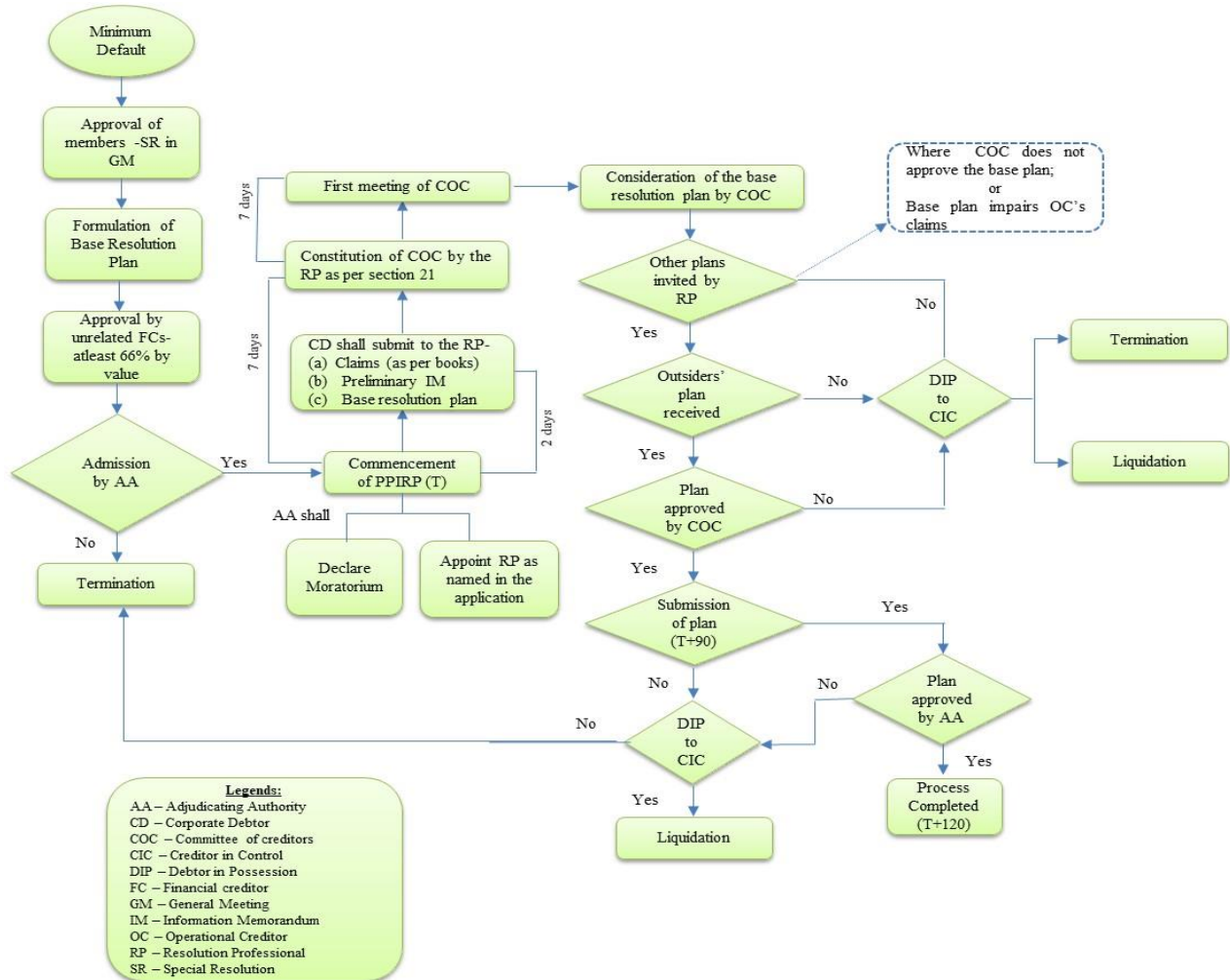
An application for initiating pre-packaged insolvency resolution process may be made by a corporate applicant which means any of the following:

- ❖ Corporate Debtor (“CD”).
- ❖ Member or partner of the corporate debtor who is authorized to make an application for PPIRP under the constitutional document of the corporate debtor.
- ❖ An individual who is in charge of managing the operations and resources of the corporate debtor.
- ❖ A person who has the control and supervision over the financial affairs of the corporate debtor and mentioned in constitutional documents of the CD.

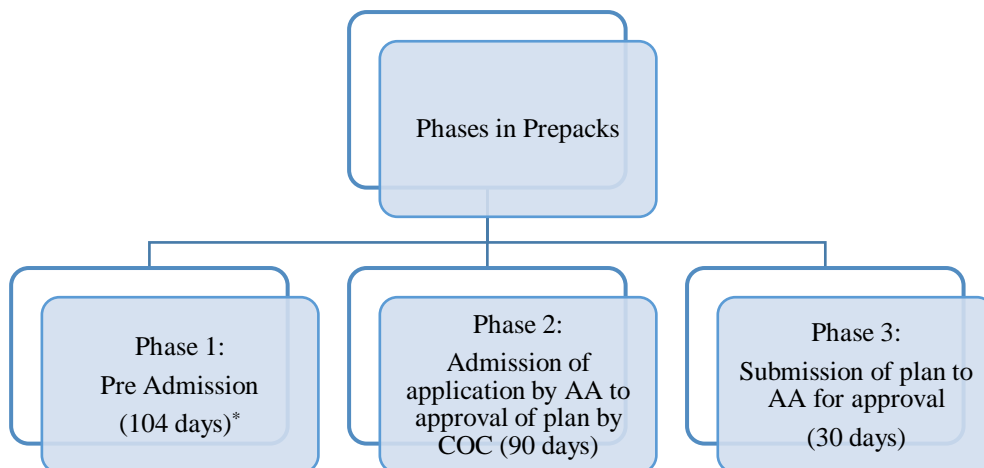
PRE-PACK INSOLVENCY RESOLUTION PROCESS FOR MSMEs

PPIRP Process

PPIRP commences on the date of admission of application by AA, and continues for a period of 120 (90 days for submission of plan to AA plus 30 days for AA to approve /reject the plan days thereof, without any provision for an extension.



The entire process of prepack could be essentially be divided into three phases-

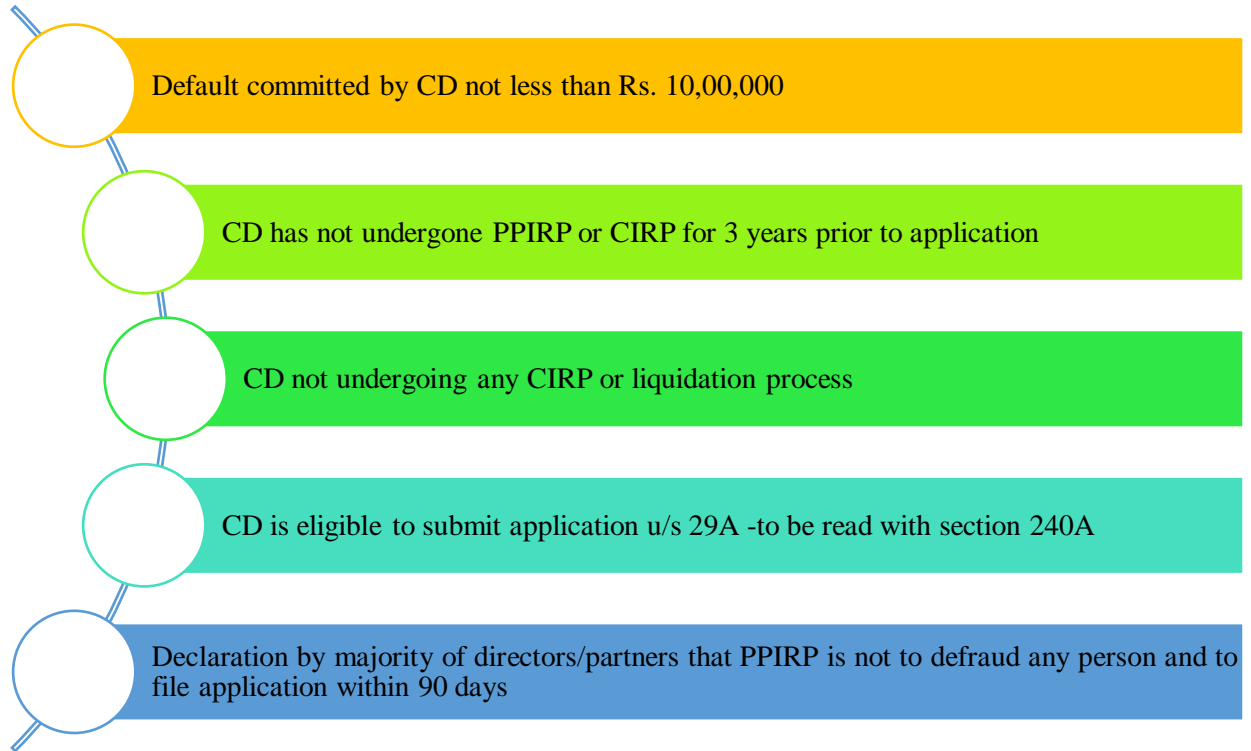


* { CD to file application within 90 days + Time taken by AA to admit/reject application within 14 days }

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Phase 1: Pre-Admission

Eligibility/Conditions for initiating PPIRP – Section 54A

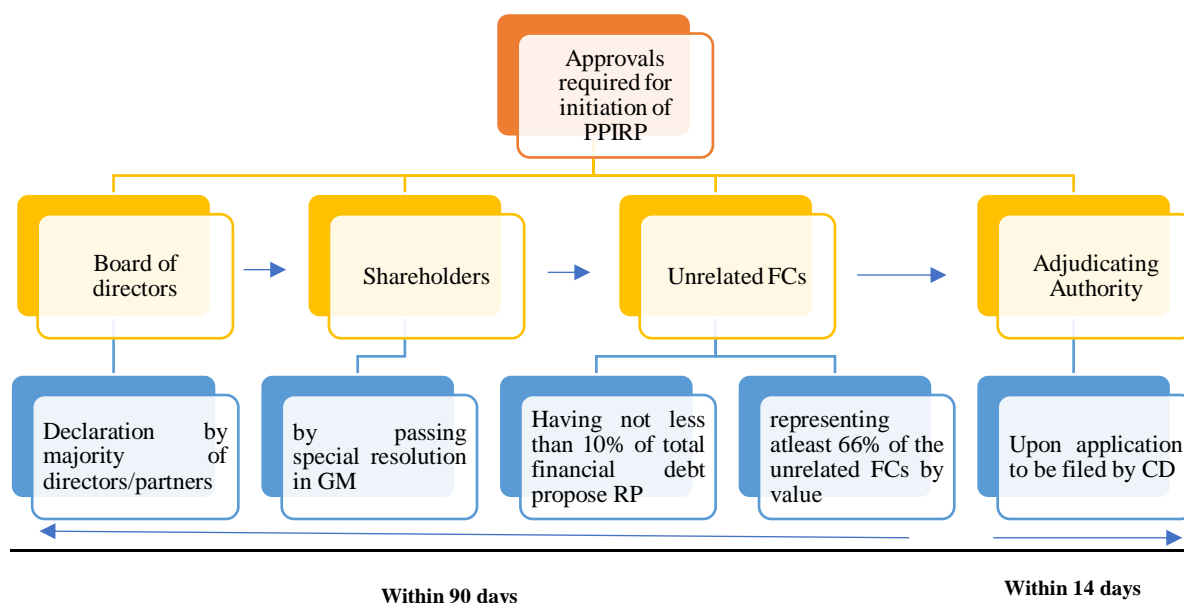


Sequence of events to be followed:

1. Convene a Board meeting for authorising the directors to provide declaration in Form P6 for initiating PPIRP and for fixing the date for general meeting.
2. Hold general meeting and pass a special resolution or obtain consent from at least $\frac{3}{4}$ th of the total number of partners in case of LLP, approving the filing of application for initiating PPIRP.
3. Then Convene a meeting for getting approval from at least 66% of unrelated FCs. Prior to seeking approval from FCs the corporate debtor shall provide them with the following –
 - Declaration provided by board of directors
 - Copy of special resolution passed at GM
 - Base resolution plan

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Approvals for initiation



Duties of Resolution Professional during this stage – Section 54B

1. Prepare report as prescribed in Form P8 confirming that CD meets the eligibility and compliances
2. File reports and other documents with IBBI

Admission or rejection of application Sec. 54-C

Documents to be filed along with application

- Application in Form 1 along with proof of payment of fees of Rs 15000
- declaration, special resolution, approval of FC.
- Name and written consent of IP proposed.
- Declaration w.r.t existence of avoidance transactions by management in Form P7.

AA shall within 14 days

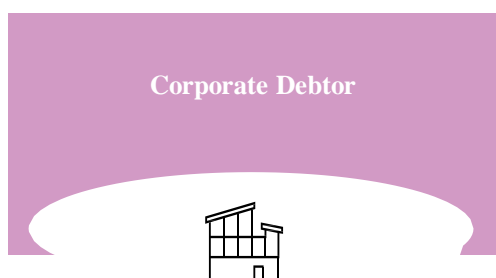
Condition	Outcome
If application is complete	Admit
If application is incomplete	Reject, and give applicant 7 days to rectify the defects

PPIRP commencement date (PPICD): Date the application is admitted.

Moratorium starts from PPICD (Section 54E)

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Phase 2: Admission of application by AA to approval by COC



Corporate Debtor

Section 54G

Within 2 days of PPICD, submit to RP

- List of claims
- Preliminary IM

Section 54H

- Management of affairs of CD continue with board of directors
- Take all endeavour to protect and preserve the value of the property of CD
- Continue business operations as going concern
- Perform fiduciary duties under the Companies Act, 2013 as usual



Resolution Professional

Section 54F

- Public announcement
- Conform, inform, maintain list of claims
- Monitor management of affairs of CD
- Constitute COC, convene, attend meetings
- Inform COC on breach of obligations of board of director or partners
- Prepare IM
- File application for avoidance of transactions
- Inviting resolution plans
- Appointment of registered valuers
- Filing of resolution plan with AA

Section 54I

Constitute COC – Within 7 days of PPICD

Vesting of management of CD with resolution professional – Section 54J

If COC at any time during PPIRP period, by a vote of atleast 66% resolves to vest the management with resolution professional, RP shall make an application to AA.

If AA is of the opinion that affairs of CD have been conducted in a fraudulent manner, or grossly mismanaged pass an order vesting the management if the CD with the resolution professional.

Resolution plan – Section 54K

- CD shall submit the base resolution plan within 2 days of PPICD
- RP shall present the base resolution plan to the COC
- The COC may approve the base resolution plan for submission to AA if it does not impair any claims owed to operational creditors

Base plan

- Is not approved by COC, or
- Base plan impairs dues to OC

RP shall invite prospective resolution applicants to submit a resolution plan, which shall fulfil such criteria as may be laid by COC.

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- Competitive Bidding:

- a. RP shall invite plans from prospective resolution applicants (PRAs).
- b. The RP shall provide the PRAs with
 - Basis for evaluation as approved by COC, and
 - relevant information as referred in section 29.
- c. Highest ranking new plan will be submitted by RP to COC
- d. If the highest ranking new plan is significantly better than the base resolution plan, it may be considered for approval directly
- e. Otherwise, it shall compete with the base resolution plan in a 48 hour window which each party can present higher bids of a minimum pre-specified uptick
- f. COC will approve the winning plan by a vote of atleast 66%.

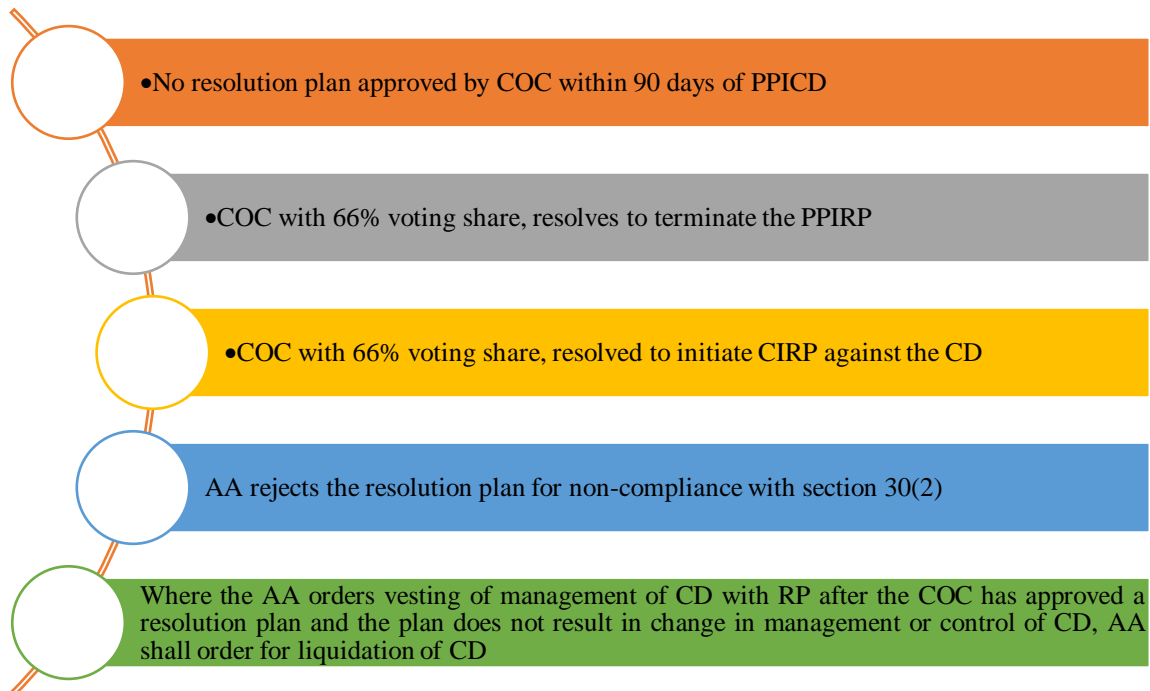
Dilution of shareholding: If base plan provides for impairment of claims owed by CD, the COC may require the promoters of the CD to dilute their shareholding. The COC may approve a plan which does not provide for dilution after recording the reasons in writing.

Phase 3 – Submission of plan to AA for approval

Approval of resolution plan:

AA shall within 30 days of receipt of plan	
Condition	Outcome
Plan meets requirements of section 30(2) and is implementable	Approve the plan
If plan does not conform to section 30(2)	Reject the plan and pass order for termination of PPIRP (section 54N)

Circumstances of termination of PPIRP



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Treatment of simultaneous application of CIRP and PPIRP

Scenario	Outcome
Pending PPIRP application but CIRP application is filed afterwards	AA shall first dispose of PPIRP application prior to CIRP application
Pending CIRP application but PPIRP application filed within 14 days of CIRP application	AA shall first dispose of PPIRP application prior to CIRP application
Pending CIRP application but PPIRP application filed after 14 days of CIRP application	AA shall first dispose of CIRP application prior to PPIRP application

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Model Preliminary Information memorandum

Part A: Statutory Information Memorandum – Regulation 40(1)

S.No	Particulars
1	Description of Assets & Liabilities and Financial Statements
2	The latest annual financial statements and audited financial statements of the corporate debtor for the last two financial years and provisional financial statements for the current financial year
3	List of Creditors (Financial, Operational, Employees and Others) including the names of creditors, the amount of their claims and the security interest, if any, in respect of such claims
4	Particulars of a debt due from or to the corporate debtor with respect to related parties
5	Details of guarantees that have been given in relation to the debts of the corporate debtor by other persons, specifying which of the guarantors is a related party
6	The names and addresses of the members or partners holding at least one per cent stake in the corporate debtor along with the size of stake
7	Details of all material litigation and an ongoing investigation or proceeding initiated by Government and statutory authorities
8	The number of workers and employees and liabilities of the corporate debtor towards them

Part B: Transaction Information

1. Executive Summary, Key Investment Highlights and Indicative Project Timelines
2. Company Overview
 - Corporate Debtor Profile
 - Business Evolution (Timeline)
 - Project Details
 - Current Scenario, Snapshot of Financial Performance and Interim Finance
 - Capital Structure of Corporate Debtor
 - Shareholding Pattern of Corporate Debtor
 - Financial and Operational Claims
 - Details of Preference/Undervalued/Extortionate/Fraudulent transactions
 - Facilities and capabilities
 - Division Overview, Customer Overview and Summary of Contracts/Orders
 - Capex Requirement
 - Organisation Structure
 - Board of Directors & Key Management
 - Details of Statutory Approvals and Compliances
 - Investment Overview
3. Industry Overview
 - Snapshot
 - Sector Fundamentals
 - Key Growth Drivers
 - Competitor Analysis
 - Key Trends & Outlook
4. Projected Business plan
 - Future growth strategy
 - Assumptions
 - Profit & loss for the forecast period
 - Company level EBITDA analysis over the forecast period

PRE-PACK INSOLVENCY RESOLUTION PROCESS FOR MSMEs

Specimen of Annexures: PART A

List of creditors

As per regulation 40(2)(d) the corporate debtor shall prepare a list of claims and submit to resolution professional

List of financial creditors (Unrelated)			
S.No	Name of creditor	Amount of claim	% of claim
1			
2			
3			

List of financial creditors (related)			
S.No	Name of creditor	Amount of claim	% of claim
1			
2			
3			

List of Operational creditors (Unrelated)			
S.No	Name of creditor	Amount of claim	% of claim
1			
2			
3			

List of Operational creditors (related)			
S.No	Name of creditor	Amount of claim	% of claim
1			
2			
3			

List of other creditors (Unrelated)			
S.No	Name of creditor	Amount of claim	% of claim
1			
2			
3			

List of other creditors (related)			
S.No	Name of creditor	Amount of claim	% of claim
1			
2			
3			

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Dues to/from Related Party

Definition of related party in relation to a Corporate Debtor is much wider in scope as compared to the Companies Act, 2013.

It has been defined in section 5(24) of IBC, 2016.

As per Regulation 40(2)(e), particulars of a debt due from or to the corporate debtor with respect to related parties are to be stated in the Statutory IM.

Sample format					
Name of the party	Trade Receivable	Trade Payables	Loans/Advances	Any other arrangements	Net Receivable/(Payable)
To/due from related parties					
XXX	XXX	XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX	XXX	XXX

Guarantor Details

As per regulation 40 of PPIRP regulations 2021, details of guarantees that have been given in relation to the debts of the corporate debtor by other persons, specifying which of the guarantors is a related party.

Example: Corporate Guarantee or Personal Guarantee given in relation to the debts by any related party of the corporate debtor

Sample format		
Guarantees given	Designation	Facility
Personal guarantees of:		
XXX	XXX	XXX
Corporate guarantees of:		
XXX	XXX	XXX

Details of members/partners holding at least 1% stake

As per Regulation 40(2)(g), the names and addresses of the members or partners holding at least one per cent stake in the corporate debtor along with the size of stake have to be provided.

Sample format				
Name of the shareholder	Address	Nature of shareholder	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
Promoter group				
XXX	XXX	Promoter	XXX	XXX
Non Promoter group				
XXX	XXX	Non Promoter	XXX	XXX

PRE-PACK INSOLVENCY RESOLUTION PROCESS FOR MSMEs

Details of material litigations

As per Regulation 40(2)(h), Details of all material litigation and an ongoing investigation or proceeding initiated by Government and statutory authorities have to be provided.

Sample format							
Proceedings initiated by	Court/ Authority	Related law/Regulation	Parties to the litigation	Particulars of case	Notice received for amount	Contingent liability	Lawyers involved
Labour related cases							
Direct & Indirect tax related cases							
Other cases							

Details of material litigations

As per Regulation 40(2)(i), the number of workers and employees and liabilities of the corporate debtor towards them have to be provided.

Sample Format		
Number of employees and amount due to employees as on _____		
Particulars	No. of employees	Balance outstanding
Number of employees	XXX	
Number of workers – Regular	XXX	
Number of workers – Casual	XXX	
Wages & Salary including provision		XXX
LTA and Medical Payable		XXX
Reimbursements		XXX
Provident Fund		XXX
ESI		XXX
Staff expenses unpaid		XXX
Full and Final Settlement payable		XXX
Any other		XXX
Total	XXX	XXX

PRE-PACK INSOLVENCY RESOLUTION PROCESS FOR MSMEs

Specimen format – Part B

Company Overview

Corporate Debtor Profile

Overview of the Corporate Debtor

- ❑ Brief overview of the Company along with particulars such as:
- ❑ Overview of operations,
- ❑ Key Management and board,
- ❑ Overview of facilities,
- ❑ Key Customers
- ❑ Registered Address, date of Incorporation, CIN number, etc.
- ❑ Number of employees

Segment overview

Sales by Geography



Chart 1

Sales by Segment



Chart 2

Source: Company Annual Report/ Company Website/ Management Discussions

Financial Summary

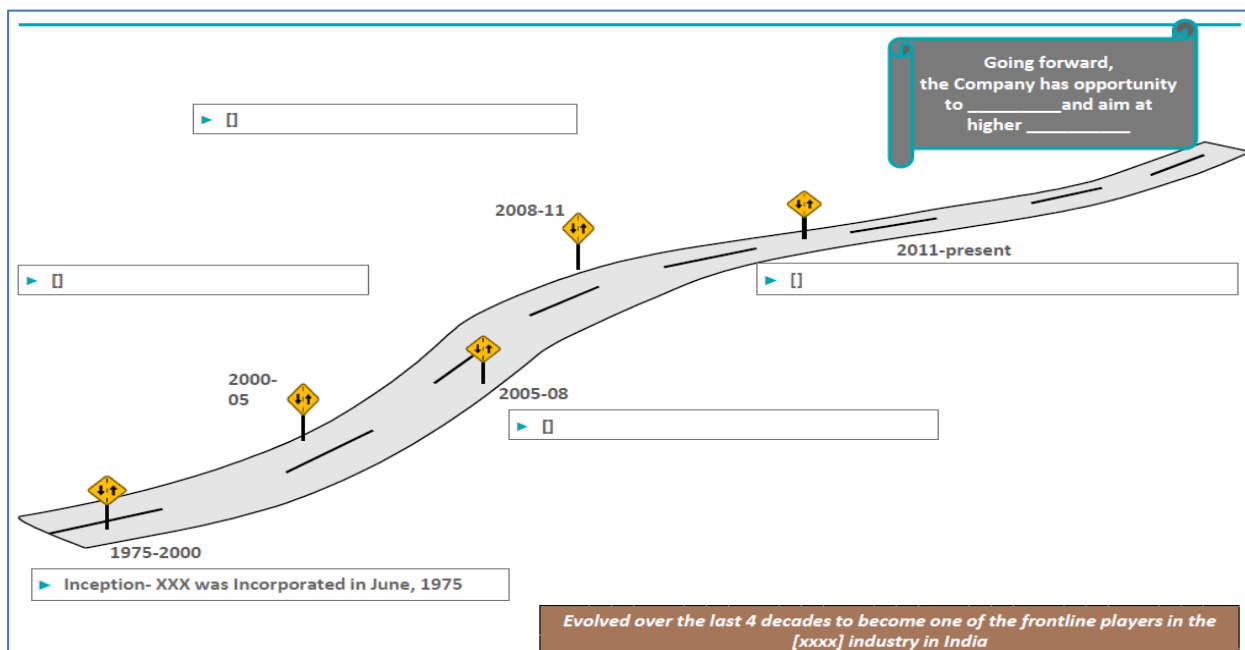
Particulars	Year-I	Year-II	Year-III
Revenue			
Revenue from operations	XXX	XXX	XXX
Other Income	XXX	XXX	XXX
Total Revenue	XXX	XXX	XXX
Expenses:			
Cost of Materials Consumed	XXX	XXX	XXX
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	XXX	XXX	XXX
Employee benefit expense	XXX	XXX	XXX
Other Expenses	XXX	XXX	XXX
EBITDA	XXX	XXX	XXX
EBITDA Margin	XXX	XXX	XXX
Depreciation and Amortization of Expenses	XXX	XXX	XXX
Finance costs	XXX	XXX	XXX
PBT	XXX	XXX	XXX
Tax	XXX	XXX	XXX
PAT	XXX	XXX	XXX
PAT Margin	XXX	XXX	XXX

Table 1

Source: Company Annual Report/ Historical Financials

- A brief observation on a key trend or outlook can be highlighted here
- Additionally, Financial data can also be summarised in the form of charts and Revenue-EBITDA relation, Revenue-PAT Relation and other important data can also be presented.

Business Evolution



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Snapshot of Financial Performance

Balance sheet as on XX/XX/XXXX			
Particulars	FY 1	FY -1	FY -2
Equity			
- Net Worth			
Non- Current Liability			
- Long term loan			
- Others			
Current Liability			
- Sundry creditors			
- Others			
Total Equity and Liability			
Assets			
Non-Current Assets			
- Investments			
- Others			
Current assets			
- Debtors			
- Cash			
Total Assets			

Income Statement Summary			
Particulars	FY 1	FY -1	FY -2
Revenue from Operations			
Other Income			
Operating Expenses			
EBITDA			
Depreciation			
EBIT			
Interest expense			
EBT			
PAT			

Source: Company Annual Report/ Historical Financials

1. The consistent increase in revenue in the last 2 years is in line with the increasing trend as seen in the industry.
2. Low EBITDA margin along with calculated Interest Coverage Ratio and Debt Service Coverage Ratio shows the difficulty in servicing the finance cost and principal instalments.
3. Increasing inventory and trade receivables highlights working capital being blocked and hence, the liquidity problems faced by A Ltd.
4. XXXXXX
5. XXXXXX
6. XXXXXX

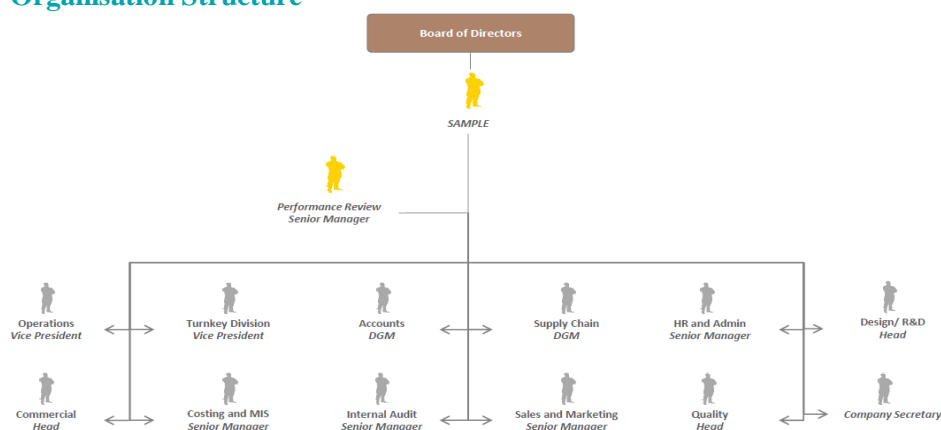
Capital Structure

Capital Structure of the Corporate Debtor as on the ____ (Sample only)

Particulars	No of shares	Amount (INR Crore)
Authorized share capital		
Equity shares of Rs.10/- each	XXX	XXX
Preference shares of Rs.10/- each	XXX	XXX
Issued, subscribed and paid up capital		
Equity shares of Rs.10/- each	XXX	XXX
Preference shares of Rs.10/- each	XXX	XXX

Source: Company Annual Report/ Financials/ NSE or BSE filings

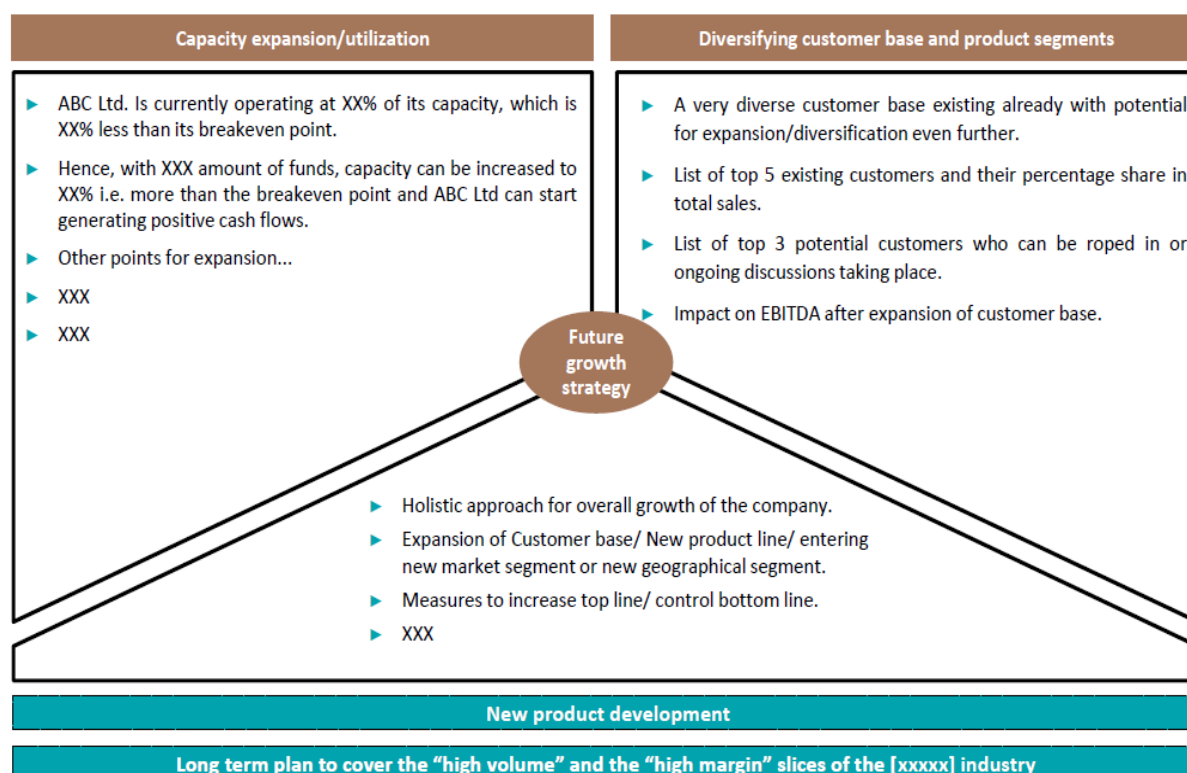
Organisation Structure



Source: Company Annual Report/ Company Website/ Management Discussions

PRE-PACK INSOLVENCY RESOLUTION PROCESS FOR MSMEs

Projected Business Plan – Aspirational



Assumptions

Key assumption taken for the forecast:

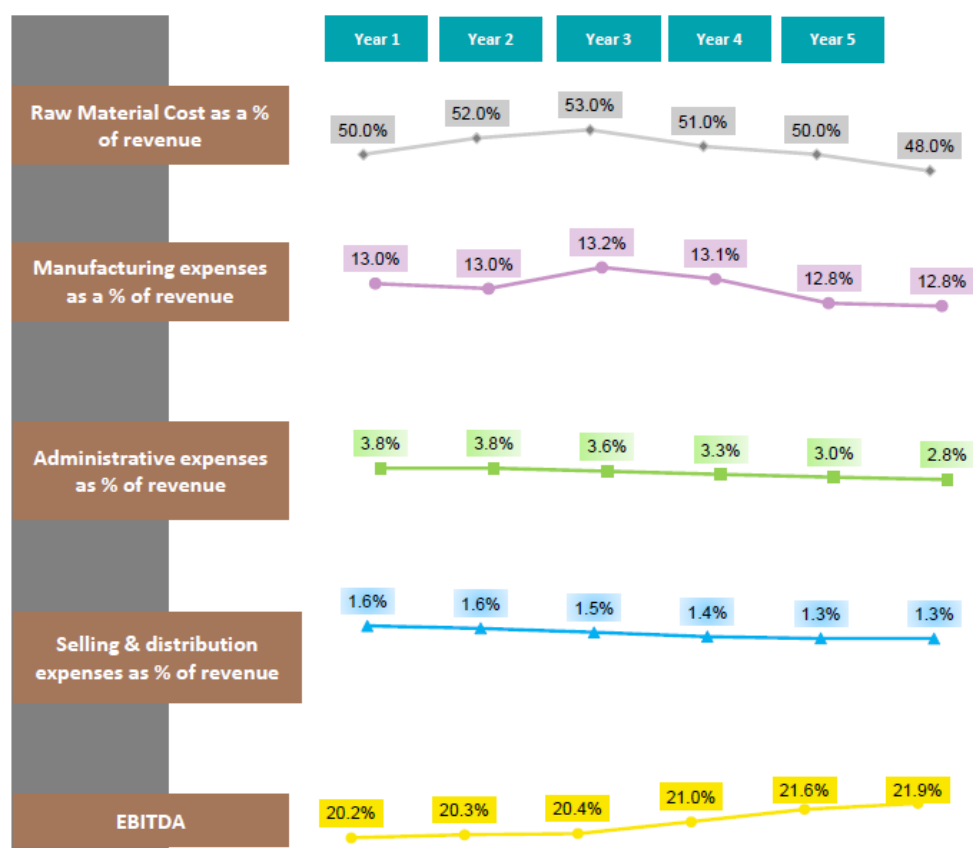
- Fund infusion (Working capital/Term loan/Equity) for achieving the operational level projected including capex
- Factors considered while projecting- Market share growth, Average selling price, Existing order book, Average cost of the product.
- Assumption for demand in the forecast period - how it will increase/decrease, based on historical trend or industry reports.
- Assumptions used for other expenses:
 - Manufacturing Overheads
 - Bifurcation into fixed, variable and semi variable
 - Employee benefit expenses
 - Indirect Costs
 - Other expenses
- Assumptions for Management Expertise and Adequate Capitalisation.
- Listing reports which are relied on for the following:
 - Industry growth rate assumptions;
 - Average Selling Price in the forecast period;
 - Average Cost Price in the forecast period;
 - Market Share,
 - Inflation, etc
- Working capital assumptions

PRE-PACK INSOLVENCY RESOLUTION PROCESS FOR MSMEs

Profit and loss for the forecast period

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue from Operations	XXX	XXX	XXX	XXX	XXX
Other Operating Income	XXX	XXX	XXX	XXX	XXX
Aggregate Revenue	XXX	XXX	XXX	XXX	XXX
Total cost of materials consumed	XXX	XXX	XXX	XXX	XXX
Employee benefits expense	XXX	XXX	XXX	XXX	XXX
Other Mfg. expenses	XXX	XXX	XXX	XXX	XXX
Power and Fuel	XXX	XXX	XXX	XXX	XXX
Transportation charges	XXX	XXX	XXX	XXX	XXX
Plant overheads	XXX	XXX	XXX	XXX	XXX
Other SG&A	XXX	XXX	XXX	XXX	XXX
Total Expenses	XXX	XXX	XXX	XXX	XXX
EBITDA	XXX	XXX	XXX	XXX	XXX
Net Profit	XXX	XXX	XXX	XXX	XXX

Company level EBITDA Analysis over the forecast period



**Addressing Financial Stress in MSME Sector -
Current Schemes of Banks vs. PPIRP
(A Comparison chart)**

Addressing Financial Stress in MSME Sector
Current Schemes of Banks vs. Pre-Pack Insolvency Resolution Process (A Comparison Chart)
(Currently PPIRP is applicable to MSMEs in the Corporate Sector and LLP firms only)

S. No	Various Schemes in Banks	Prepack Insolvency Resolution Process
1	<p>To address stress in MSME sector, there are multiple schemes available in Banks to restructure, rehabilitate or for one time settlement.</p> <p>They are either individual Banks' own schemes or RBI mandated schemes.</p> <p>These schemes depends upon the quantum of loan to MSMEs and different norms (covenants like D/E ratio, EBITDA margin, interest coverage etc.,) are fixed by banks for implementing such schemes.</p> <p>They are, therefore, to some extent complex for understanding at operating staff level, to enable them to identify eligible borrowers, schemes and its effective implementation</p>	<p>PPIRP Scheme is applicable for all MSMEs irrespective of their size and borrowing levels from Banks as long as they are classified as MSMEs as defined under the act. (ie., investment in plant and machinery upto Rs.50 cr and turnover upto Rs.250 cr)</p>
2	<p>MSMEs' stress resolution, restructuring scheme formulation, finalisation, approval and implementation are not time bound. Consequently it may have an adverse impact on the operations of such MSMEs as a time bound resolutions elude them leading to further stress, sickness ultimately resulting in winding up.</p>	<p><u>Time bound resolution is envisaged under PPIRP.</u> Resolution plan (RP) is to be finalised and approved by Committee of Creditors (COC) within 90 days from the commencement date of PPIRP. AA has to approve RP within next 30 days. The total time period for a resolution is set at 120 days.</p>
3	<p>Finalisation of applicable resolution plan would depend upon the nature of credit facilities extended to the CD and also its borrowing arrangements viz., Sole Banking, Multiple Banking, Consortium Banking etc.,</p> <p>Further, it also depends upon the applicability of relevant schemes of the lending bank.</p>	<p>Irrespective of nature of borrowing (credit facilities) and the arrangement of borrowing (sole, multiple, consortium) , if the entity fits into the scheme of PPIRP, the process of resolution under PPIRP is uniform for all.</p> <p>All banks and other FCs have to adhere to the IBC process. The COC constituted under this process would finalise a resolution plan, as per the laid down consensus process under IBC within the stipulated time norms.</p> <p>If approved by AA, all creditors including government has to abide by it.</p>

S. No	Various Schemes in Banks	Prepack Insolvency Resolution Process
4	<p>Banks are following their individual applicable internal processes which are case specific.</p> <p>Lenders may or may not seek external professional support for drawing up a resolution plan. Most of the time resolution plans are drawn by internal teams only.</p> <p>Generally, if necessary only, TEV study is being carried out by CD at the request of lenders</p>	<p>The resolution plan, including the base resolution plan is drawn by Insolvency professionals, with the consent of COC / CD, who are qualified professionals registered with IBBI. There are defined monitoring mechanisms including monthly reporting of operations of CD by RP to COC. During the process CDs operations effectively controlled by COC. IPs are mandated to follow all applicable rules and regulations of IBBI without any deviation for maintaining professional integrity</p>
5	<p>The resolution plan drawn by the Bank may or may not get the final approval from their ultimate approving authority.</p> <p>(Until it is approved by all lenders, in case of multiple banking, consortium arrangement, the resolution plan may go into hibernation)</p>	<p>Once the resolution plan is approved by COC, which is a representative body of all FCs, it is their responsibility to get all their internal approvals in time and follow all IBC time norms and rules/regulations</p>
6	<p>The sense or fear of accountability may linger in the minds of all staff members who are involved in finalisation and implementation of a resolution process. At times this itself may serve as a deterrent to initiate any resolution process.</p>	<p>Once the resolution plan is finalised by COC, and approved by AA, it carries the Legal approval and hence the concept of accountability at a later date is 'NIL'. Further, upon AAs approval, the resolution plan is binding on everyone (all creditors) including Government agencies.</p>
7	<p>After implementation of a resolution plan, generally there is no structured monitoring mechanism in case of sole, multiple banking arrangement. This ultimately results in failure of the resolution scheme.</p>	<p>As per the decision of COC/ AA there shall be a proper Monitoring Committee (MC) constituted to oversee the resolution plan implementation. Periodical reporting to lenders will happen. Any adverse developments are taken seriously for any further remedial measures including initiating CIRP/Liquidation etc.,</p>
8	<p>The Scheme is worked out only with the existing management of the CD and the scope of inviting competition does not exist</p>	<p>If the base resolution plan submitted by CD is unacceptable to COC, it may invite resolution plans from the open market to ensure better resolution for value maximisation. This process instils a sense of fear in the minds of CD to draw-up a best resolution plan, ab initio, and implement it properly.</p>

S. No	Various Schemes in Banks	Prepack Insolvency Resolution Process
9	There is a possibility of PUFE transaction going unnoticed while drawing up a resolution/restructuring plan done by individual banks.	CD has to voluntarily declare such transactions at the time admission to PPIRP. If any PUFE transaction is found later, there are laid down procedures to deal with it under the IBC code. Any adverse event might force the CD not only to loose its control over the entity but also face legal action such as penalty in the form of imprisonment and or fine.
10	Drawing resolution plan and monitoring implementation of the plan may not be cost effective for FCs as many a time they haveto incur such costs.	PPIRP is cost effective for lenders as all costs incurred under PPIRP is borne by the CD, including all monitoring mechanism costs.

**MCA Notification dt. 9th April 2021 for the
Threshold limit of Rs. 10 lakhs**



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EXTRAORDINARY

(ii) PART II—Section 3—Sub-section (ii)

PUBLISHED BY AUTHORITY

No. 1432]

NEW DELHI, FRIDAY, APRIL 9, 2021/CHAITRA 19, 1943

**MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION**

New Delhi, the 9th of April 2021

S.O. 1543(E). —In exercise of the powers conferred by the second proviso to section 4 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), as amended by the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 (3 of 2021), the Central Government hereby specifies ten lakh rupees as the minimum amount of default for the matters relating to the pre-packaged insolvency resolution process of corporate debtor under Chapter III-A of the Code.

[F. No. 30/20/2020-Insolvency]

GYANESHWAR KUMAR SINGH, Jt. Secy.

PPIRP Ordinance dt. 4th April 2021

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021

Amendment of Section 4

4. Application of this Part. –

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

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

Provided further that the Central Government may, by notification, specify such minimum amount of default of higher value, which shall not be more than one crore rupees, for matters relating to the pre-packaged insolvency resolution process of corporate debtors under Chapter III-A.

Amendment of Section 5

(2A) “base resolution plan” means a resolution plan provided by the corporate debtor under clause (c) of sub-section (4) of section 54A;

(5) “corporate applicant” means –

- (a) corporate debtor; or
- (b) a member or partner of the corporate debtor who is authorised to make an application for the corporate insolvency resolution process *or the pre-packaged insolvency resolution process, as the case may be* under the constitutional document of the corporate debtor; or
- (c) an individual who is in charge of managing the operations and resources of the corporate debtor; or
- (d) a person who has the control, and supervision over the financial affairs of the corporate debtor;

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

(15) “interim finance” means any financial debt raised by the resolution professional during the insolvency resolution process period *or by the corporate debtor during the pre-packaged insolvency resolution process period, as the case may be*, and such other debt as may be notified;

(19) “officer” for the purposes of *Chapter VI and* Chapter VII of this Part, means an officer who is in default, as defined in clause (60) of section 2 of the Companies Act, 2013 (18 of 2013), or a designated partner as defined in clause (j) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009), as the case may be;

(23A) “preliminary information memorandum” means a memorandum submitted by the corporate debtor under clause (b) of sub-section (1) of section 54G;

(23B) “pre-packaged insolvency commencement date” means the date of admission of an application for initiating the pre-packaged insolvency resolution process by the Adjudicating Authority under clause (a) of sub-section (4) of section 54C;

(23C) “pre-packaged insolvency resolution process costs” means—

(a) the amount of any interim finance and the costs incurred in raising such finance;

(b) the fees payable to any person acting as a resolution professional and any expenses incurred by him for conducting the pre-packaged insolvency resolution process during the pre-packaged insolvency resolution process period, subject to sub-section (6) of section 54F;

(c) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern pursuant to an order under sub-section (2) of section 54J;

(d) any costs incurred at the expense of the Government to facilitate the pre-packaged insolvency resolution process; and

(e) any other costs as may be specified;

(23D) “pre-packaged insolvency resolution process period” means the period beginning from the pre-packaged insolvency commencement date and ending on the date on which an order under sub-section (1) of section 54L, or sub-section (1) of section 54N, or sub-section (2) of section 54-O, as the case may be, is passed by the Adjudicating Authority;

(25) "resolution applicant" means a person, who individually or jointly with any other person, submits a resolution plan to the resolution professional pursuant to the invitation made under clause (h) of sub-section (2) of section 25 or pursuant to section 54K, as the case may be;

(27) “resolution professional”, for the purposes of this Part, means an insolvency professional appointed to conduct the corporate insolvency resolution process or the pre-packaged insolvency resolution process, as the case may be, and includes an interim-resolution professional; and

Amendment of Section 11

11. Persons not entitled to make application. -

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

(a) a corporate debtor undergoing a corporate insolvency resolution process or a pre-packaged insolvency resolution process; or

(aa) a financial creditor or an operational creditor of a corporate debtor undergoing a pre-packaged insolvency resolution process; or;

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

(ba) a corporate debtor in respect of whom a resolution plan has been approved under Chapter III-A, twelve months preceding the date of making of the application; or;

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

(d) a corporate debtor in respect of whom a liquidation order has been made.

Explanation I. - For the purposes of this section, a corporate debtor includes a corporate applicant in respect of such corporate debtor.

Explanation II. - For the purposes of this section, it is hereby clarified that nothing in this section shall prevent a corporate debtor referred to in clauses (a) to (d) from initiating corporate insolvency resolution process against another corporate debtor.

11 A. Disposal of Applications under section 54C and under section 7 or section 9 or section 10.

(1) Where an application filed under section 54C is pending, the Adjudicating Authority shall pass an order to admit or reject such application, before considering any application filed under section 7 or section 9 or section 10 during the pendency of such application under section 54C, in respect of the same corporate debtor.

(2) Where an application under section 54C is filed within fourteen days of filing of any application under section 7 or section 9 or section 10, which is pending, in respect of the same corporate debtor, then, notwithstanding anything contained in sections 7, 9 and 10, the Adjudicating Authority shall first dispose of the application under section 54C.

(3) Where an application under section 54C is filed after fourteen days of the filing of any application under section 7 or section 9 or section 10, in respect of the same corporate debtor, the Adjudicating Authority shall first dispose of the application under sections 7, 9 or 10.

(4) The provisions of this section shall not apply where an application under section 7 or section 9 or section 10 is filed and pending as on the date of the commencement of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021.

33. Initiation of liquidation.

(1) Where the Adjudicating Authority, -

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

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

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

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

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

(2) Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating

Authority of the decision of the committee of creditors 1[approved by not less than sixty-six per cent. of the voting share] to liquidate the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1).

Explanation. – For the purpose of this sub-section, it is hereby declared that the committee of creditors may take the decision to liquidate the corporate debtor, any time after its constitution under sub-section (1) of section 21 and before the confirmation of the resolution plan, including at any time before the preparation of the information memorandum.

(3) Where the resolution plan approved by the Adjudicating Authority under section 31 or under sub-section (1) of section 54L is contravened by the concerned corporate debtor, any person other than the corporate debtor, whose interests are prejudicially affected by such contravention, may make an application to the Adjudicating Authority for a liquidation order as referred to in sub-clauses (i), (ii), (iii) of clause (b) sub-section (1).

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

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

Provided that a suit or other legal proceeding may be instituted by the liquidator, on behalf of the corporate debtor, with the prior approval of the Adjudicating Authority,

(6) the provisions of sub-section (5) shall not apply to legal proceedings in relation to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

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

34. Appointment of liquidator and fee to be paid. -

(1) Where the Adjudicating Authority passes an order for liquidation of the corporate debtor under section 33, the resolution professional appointed for the corporate insolvency resolution process under Chapter II or for the pre-packaged insolvency resolution process under Chapter III-A shall, subject to submission of a written consent by the resolution professional to the Adjudicating Authority in specified form,] shall act as the liquidator for the purposes of liquidation unless replaced by the Adjudicating Authority under sub-section (4).

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

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

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

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

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

(c) the resolution professional fails to submit written consent under sub-section (1).

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

(6) The Board shall propose the name of another insolvency professional along with written consent from the insolvency professional in the specified form] within ten days of the direction issued by the Adjudicating Authority under sub-section (5).

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

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

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

CHAPTER III-A PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

54A. Corporate debtors eligible for pre-packaged insolvency resolution process.

(1) An application for initiating pre-packaged insolvency resolution process may be made in respect of a corporate debtor classified as a micro, small or medium enterprise under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006.

(2) Without prejudice to sub-section (1), an application for initiating pre-packaged insolvency resolution process may be made in respect of a corporate debtor, who commits a default referred to in section 4, subject to the following conditions, that—

(a) it has not undergone pre-packaged insolvency resolution process or completed corporate insolvency resolution process, as the case may be, during the period of three years preceding the initiation date;

(b) it is not undergoing a corporate insolvency resolution process;

(c) no order requiring it to be liquidated is passed under section 33;

(d) it is eligible to submit a resolution plan under section 29A;

(e) the financial creditors of the corporate debtor, not being its related parties, representing such number and such manner as may be specified, have proposed the name of the insolvency professional to be appointed as resolution professional for conducting the pre-packaged insolvency resolution process of the corporate debtor, and the financial creditors of the corporate debtor, not being its related parties, representing not less than sixty-six per cent. in value of the financial debt due to such creditors, have approved such proposal in such form as may be specified:

Provided that where a corporate debtor does not have any financial creditors, not being its related parties, the proposal and approval under this clause shall be provided by such persons as may be specified;

(f) the majority of the directors or partners of the corporate debtor, as the case may be, have made a declaration, in such form as may be specified, stating, *inter alia*, —

(i) that the corporate debtor shall file an application for initiating pre-packaged insolvency resolution process within a definite time period not exceeding ninety days;

(ii) that the pre-packaged insolvency resolution process is not being initiated to defraud any person; and

(iii) the name of the insolvency professional proposed and approved to be appointed as resolution professional under clause (e);

(g) the members of the corporate debtor have passed a special resolution, or at least three-fourth of the total number of partners, as the case may be, of the corporate debtor have passed a resolution, approving the filing of an application for initiating pre-packaged insolvency resolution process.

(3) The corporate debtor shall obtain an approval from its financial creditors, not being its related parties, representing not less than sixty-six per cent. in value of the financial debt due to such creditors, for the filing of an application for initiating pre-packaged insolvency resolution process, in such form as may be specified:

Provided that where a corporate debtor does not have any financial creditors, not being its related parties, the approval under this sub-section shall be provided by such persons as may be specified.

(4) Prior to seeking approval from financial creditors under sub-section (3), the corporate debtor shall provide such financial creditors with —

(a) the declaration referred to in clause (f) of subsection (2);

(b) the special resolution or resolution referred to in clause (g) of sub-section (2);

(c) a base resolution plan which conforms to the requirements referred to in section 54K, and such other conditions as may be specified; and

(d) such other information and documents as may be specified.

54B. Duties of resolution professional before initiation of pre-packaged insolvency resolution process.

(1) The insolvency professional, proposed to be appointed as the resolution professional, shall have the following duties commencing from the date of the approval under clause (e) of sub-section (2) of section 54A, namely:—

(a) prepare a report in such form as may be specified, confirming whether the corporate debtor meets the requirements of section 54A, and the base resolution plan conforms to the requirements referred to in clause (c) of sub-section (4) of section 54A;

(b) file such reports and other documents, with the Board, as may be specified; and

(c) perform such other duties as may be specified.

(2) The duties of the insolvency professional under sub-section (1) shall cease, if, —

(a) the corporate debtor fails to file an application for initiating pre-packaged insolvency resolution process within the time period as stated under the declaration referred to in clause (f) of sub-section (2) of section 54A; or

(b) the application for initiating pre-packaged insolvency resolution process is admitted or rejected by the Adjudicating Authority, as the case may be.

(3) The fees payable to the insolvency professional in relation to the duties performed under sub-section (1) shall be determined and borne in such manner as may be specified and such fees shall form part of the prepackaged insolvency resolution process costs, if the application for initiation of pre-packaged insolvency resolution process is admitted.

54C. Application to initiate pre-packaged insolvency resolution process.

(1) Where a corporate debtor meets the requirements of section 54A, a corporate applicant thereof may file an application with the Adjudicating Authority for initiating pre-packaged insolvency resolution process.

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

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

(a) the declaration, special resolution or resolution, as the case may be, and the approval of financial creditors for initiating pre-packaged insolvency resolution process in terms of section 54A;

(b) the name and written consent, in such form as may be specified, of the insolvency professional proposed to be appointed as resolution professional, as approved under clause (e) of sub-section (2) of section 54A, and his report as referred to in clause (a) of sub-section (1) of section 54B;

(c) a declaration regarding the existence of any transactions of the corporate debtor that may be within the scope of provisions in respect of avoidance of transactions under Chapter III or fraudulent or wrongful trading under Chapter VI, in such form as may be specified;

(d) information relating to books of account of the corporate debtor and such other documents relating to such period as may be specified.

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

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

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

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

(5) The pre-packaged insolvency resolution process shall commence from the date of admission of the application under clause (a) of sub-section (4).

54D. Time-limit for completion of pre-packaged insolvency resolution process.

(1) The pre-packaged insolvency resolution process shall be completed within a period of one hundred and twenty days from the pre-packaged insolvency commencement date.

(2) Without prejudice to sub-section (1), the resolution professional shall submit the resolution plan, as approved by the committee of creditors, to the Adjudicating Authority under sub-section (4) or sub-section (12), as the case may be, of section 54K, within a period of ninety days from the pre-packaged insolvency commencement date.

(3) Where no resolution plan is approved by the committee of creditors within the time period referred to in sub-section (2), the resolution professional shall, on the day after the expiry of such time period, file an application with the Adjudicating Authority for termination of the pre-packaged insolvency resolution process in such form and manner as may be specified.

54E. Declaration of moratorium and Public announcement during pre-packaged insolvency resolution process.

(1) The Adjudicating Authority shall, on the pre-packaged insolvency commencement date, along with the order of admission under section 54C —

(a) declare a moratorium for the purposes referred to in sub-section (1) read with sub-section (3) of section 14, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter;

(b) appoint a resolution professional —

(i) as named in the application, if no disciplinary proceeding is pending against him; or

(ii) based on the recommendation made by the Board, if any disciplinary proceeding is pending against the insolvency professional named in the application.

(c) cause a public announcement of the initiation of the pre-packaged insolvency resolution process to be made by the resolution professional, in such form and manner as may be specified, immediately after his appointment.

(2) The order of moratorium shall have effect from the date of such order till the date on which the pre-packaged insolvency resolution process period comes to an end.

54F. Duties and powers of resolution professional during pre-packaged insolvency resolution process.

(1) The resolution professional shall conduct the pre-packaged insolvency resolution process of a corporate debtor during the pre-packaged insolvency resolution process period.

(2) The resolution professional shall perform the following duties, namely:—

(a) confirm the list of claims submitted by the corporate debtor under section 54G, in such manner as may be specified;

(b) inform creditors regarding their claims as confirmed under clause (a), in such manner as may be specified;

(c) maintain an updated list of claims, in such manner as may be specified;

(d) monitor management of the affairs of the corporate debtor;

(e) inform the committee of creditors in the event of breach of any of the obligations of the Board of Directors or partners, as the case may be, of the corporate debtor, under the provisions of this Chapter and the rules and regulations made thereunder;

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

(g) prepare the information memorandum on the basis of the preliminary information memorandum submitted under section 54G and any other relevant information, in such form and manner as may be specified;

(h) file applications for avoidance of transactions under Chapter III or fraudulent or wrongful trading under Chapter VI, if any; and (i) such other duties as may be specified.

(3) The resolution professional shall exercise the following powers, namely:—

(a) access all books of accounts, records and information available with the corporate debtor;

(b) access the electronic records of the corporate debtor from an information utility having financial information of the corporate debtor;

(c) access the books of accounts, records and other relevant documents of the corporate debtor available with Government authorities, statutory auditors, accountants and such other persons as may be specified;

(d) attend meetings of members, Board of Directors and committee of directors, or partners, as the case may be, of the corporate debtor;

(e) appoint accountants, legal or other professionals in such manner as may be specified;

(f) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor and the existence of any transactions that may be within the scope of provisions relating to avoidance of transactions under Chapter III or fraudulent or wrongful trading under Chapter VI, including information relating to —

(i) business operations for the previous two years from the date of pre-packaged insolvency commencement date;

(ii) financial and operational payments for the previous two years from the date of pre-packaged insolvency commencement date;

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

(iv) such other matters as may be specified;

(g) take such other actions in such manner as may be specified.

(4) From the date of appointment of the resolution professional, the financial institutions maintaining accounts of the corporate debtor shall furnish all information relating to the corporate debtor available with them to the resolution professional, as and when required by him.

(5) The personnel of the corporate debtor, its promoters and any other person associated with the management of the corporate debtor shall extend all assistance and cooperation to the resolution professional as may be required by him to perform his duties and exercise his powers, and for such purposes, the provisions of sub-sections (2) and (3) of section 19 shall, *mutatis mutandis* apply, in relation to the proceedings under this Chapter.

(6) The fees of the resolution professional and any expenses incurred by him for conducting the pre-packaged insolvency resolution process shall be determined in such manner as may be specified:

Provided that the committee of creditors may impose limits and conditions on such fees and expenses:

Provided further that the fees and expenses for the period prior to the constitution of the committee of creditors shall be subject to ratification by it.

(7) The fees and expenses referred to in sub-section (6) shall be borne in such manner as may be specified.

54G. List of claims and preliminary information memorandum.

(1) The corporate debtor shall, within two days of the pre-packaged insolvency commencement date, submit to the resolution professional the following information, updated as on that date, in such form and manner as may be specified, namely:—

(a) a list of claims, along with details of the respective creditors, their security interests and guarantees, if any; and

(b) a preliminary information memorandum containing information relevant for formulating a resolution plan.

(2) Where any person has sustained any loss or damage as a consequence of the omission of any material information or inclusion of any misleading information in the list of claims or the preliminary information memorandum submitted by the corporate debtor, every person who—

(a) is a promoter or director or partner of the corporate debtor, as the case may be, at the time of submission of the list of claims or the preliminary information memorandum by the corporate debtor; or

(b) has authorised the submission of the list of claims or the preliminary information memorandum by the corporate debtor, shall, without prejudice to section 77A, be liable to pay compensation to every person who has sustained such loss or damage

(3) No person shall be liable under sub-section (2), if the list of claims or the preliminary information memorandum was submitted by the corporate debtor without his knowledge or consent.

(4) Subject to section 54E, any person, who sustained any loss or damage as a consequence of omission of material information or inclusion of any misleading information in the list of claims or the preliminary information memorandum shall be entitled to move a court having jurisdiction for seeking compensation for such loss or damage.

54H. Management of affairs of corporate debtor.

During the pre-packaged insolvency resolution process period,—

(a) the management of the affairs of the corporate debtor shall continue to vest in the Board of Directors or the partners, as the case may be, of the corporate debtor, subject to such conditions as may be specified;

(b) the Board of Directors or the partners, as the case may be, of the corporate debtor, shall make every endeavour to protect and preserve the value of the property of the corporate debtor, and manage its operations as a going concern; and

(c) the promoters, members, personnel and partners, as the case may be, of the corporate debtor, shall exercise and discharge their contractual or statutory rights and obligations in relation to the corporate debtor, subject to the provisions of this Chapter and such other conditions and restrictions as may be prescribed.

54-I. Committee of Creditors

(1) The resolution professional shall, within seven days of the pre-packaged insolvency commencement date, constitute a committee of creditors, based on the list of claims confirmed under clause (a) of sub-section (2) of section 54F:

Provided that the composition of the committee of creditors shall be altered on the basis of the updated list of claims, in such manner as may be specified, and any such alteration shall not affect the validity of any past decision of the committee of creditors.

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

(3) Provisions of section 21, except sub-section (1) thereof, shall, *mutatis mutandis* apply, in relation to the committee of creditors under this Chapter:

Provided that for the purposes of this sub-section, references to the “resolution professional” under sub-sections (9) and (10) of section 21, shall be construed as references to “corporate debtor or the resolution professional”.

54J. Vesting management of corporate debtor with resolution professional.

(1) Where the committee of creditors, at any time during the pre-packaged insolvency resolution process period, by a vote of not less than sixty-six per cent. of the voting shares, resolves to vest the management of the corporate debtor with the resolution professional, the resolution professional shall make an application for this purpose to the Adjudicating Authority, in such form and manner as may be Specified.

(2) On an application made under sub-section (1), if the Adjudicating Authority is of the opinion that during the pre-packaged insolvency resolution process—

(a) the affairs of the corporate debtor have been conducted in a fraudulent manner; or

(b) there has been gross mismanagement of the affairs of the corporate debtor, it shall pass an order vesting the management of the corporate debtor with the resolution professional.

(3) Notwithstanding anything to the contrary contained in this Chapter, the provisions of —

(a) sub-sections (2) and (2A) of section 14;

(b) section 17;

(c) clauses (e) to (g) of section 18;

(d) sections 19 and 20;

(e) sub-section (1) of section 25;

(f) clauses (a) to (c) and clause (k) of subsection (2) of section 25; and

(g) section 28,

shall, *mutatis mutandis* apply, to the proceedings under this Chapter, from the date of the order under sub-section (2), until the pre-packaged insolvency resolution process period comes to an end.

54K. Consideration and approval of resolution plan.

(1) The corporate debtor shall submit the base resolution plan, referred to in clause (c) of sub-section (4) of section 54A, to the resolution professional within two days of the pre-packaged insolvency commencement date, and the resolution professional shall present it to the committee of creditors.

(2) The committee of creditors may provide the corporate debtor an opportunity to revise the base resolution plan prior to its approval under sub-section (4) or invitation of prospective resolution applicants under sub-section (5), as the case may be.

(3) The resolution plans and the base resolution plan, submitted under this section shall conform to the requirements referred to in sub-sections (1) and (2) of section 30, and the provisions of sub-sections (1), (2) and (5) of section 30 shall, *mutatis mutandis* apply, to the proceedings under this Chapter.

(4) The committee of creditors may approve the base resolution plan for submission to the Adjudicating Authority if it does not impair any claims owed by the corporate debtor to the operational creditors.

(5) Where —

(a) the committee of creditors does not approve the base resolution plan under sub-section (4); or

(b) the base resolution plan impairs any claims owed by the corporate debtor to the operational creditors, the resolution professional shall invite prospective resolution applicants to submit a resolution plan or plans, to compete with the base resolution plan, in such manner as may be specified.

(6) The resolution applicants submitting resolution plans pursuant to invitation under sub-section (5), shall fulfil such criteria as may be laid down by the resolution professional with the approval of the committee of creditors, having regard to the complexity and scale of operations of the business of the corporate debtor and such other conditions as may be specified.

(7) The resolution professional shall provide to the resolution applicants, —

(a) the basis for evaluation of resolution plans for the purposes of sub-section (9), as approved by the committee of creditors subject to such conditions as may be specified; and

(b) the relevant information referred to in section 29, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter, in such manner as may be specified.

(8) The resolution professional shall present to the committee of creditors, for its evaluation, resolution plans which conform to the requirements referred to in sub-section (2) of section 30.

(9) The committee of creditors shall evaluate the resolution plans presented by the resolution professional and select a resolution plan from amongst them.

(10) Where, on the basis of such criteria as may be laid down by it, the committee of creditors decides that the resolution plan selected under sub-section (9) is significantly better than the base resolution plan, such resolution plan may be selected for approval under sub-section (12):

Provided that the criteria laid down by the committee of creditors under this sub-section shall be subject to such conditions as may be specified.

(11) Where the resolution plan selected under subsection (9) is not considered for approval or does not fulfil the requirements of sub-section (10), it shall compete with the base resolution plan, in such manner and subject to such conditions as may be specified, and one of them shall be selected for approval under sub-section (12).

(12) The resolution plan selected for approval under sub-section (10) or sub-section (11), as the case may be, may be approved by the committee of creditors for submission to the Adjudicating Authority:

Provided that where the resolution plan selected for approval under sub-section (11) is not approved by the committee of creditors, the resolution professional shall file an application for termination of the pre-packaged insolvency resolution process in such form and manner as may be specified.

(13) The approval of the resolution plan under subsection (4) or sub-section (12), as the case may be, by the committee of creditors, shall be by a vote of not less than sixty-six per cent. of the voting shares, after considering its feasibility and viability, the manner of distribution proposed, taking into account the order of priority amongst creditors as laid down in sub-section (1) of section 53, including the priority and value of the security interest of a secured creditor and such other requirements as may be specified.

(14) While considering the feasibility and viability of a resolution plan, where the resolution plan submitted by the corporate debtor provides for impairment of any claims owed by the corporate debtor, the committee of creditors may require the promoters of the corporate debtor to dilute their shareholding or voting or control rights in the corporate debtor:

Provided that where the resolution plan does not provide for such dilution, the committee of creditors shall, prior to the approval of such resolution plan under sub-section (4) or sub-section (12), as the case may be, record reasons for its approval.

(15) The resolution professional shall submit the resolution plan as approved by the committee of creditors under sub-section (4) or sub-section (12), as the case may be, to the Adjudicating Authority.

Explanation I.—For the removal of doubts, it is hereby clarified that, the corporate debtor being a resolution applicant under clause (25) of section 5, may submit the base resolution plan either individually or jointly with any other person.

Explanation II.—For the purposes of subsections (4) and (14), claims shall be considered to be impaired where the resolution plan does not provide for the full payment of the confirmed claims as per the updated list of claims maintained by the resolution professional.

54L. Approval of resolution plan.

(1) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (4) or sub-section (12) of section 54K, as the case may be, subject to the conditions provided therein, meets the requirements as referred to in sub-section (2) of section 30, it shall, within thirty days of the receipt of such resolution plan, by order approve the resolution plan:

Provided that the Adjudicating Authority shall, before passing an order for approval of a resolution plan under this sub-section, satisfy itself that the resolution plan has provisions for its effective implementation.

(2) The order of approval under sub-section (1) shall have such effect as provided under sub-sections (1), (3) and (4) of section 31, which shall, *mutatis mutandis* apply, to the proceedings under this Chapter.

(3) Where the Adjudicating Authority is satisfied that the resolution plan does not conform to the requirements referred to in sub-section (1), it may, within thirty days of the receipt of such resolution plan, by an order, reject the resolution plan and pass an order under section 54N.

(4) Notwithstanding anything to the contrary contained in this section, where the Adjudicating Authority has passed an order under sub-section (2) of section 54J and the resolution plan approved by the committee of creditors under sub-section (4) or sub-section (12), as the case may be, of section 54K, does not result in the change in the management or control of the corporate debtor to a person who was not a promoter or in the management or control of the corporate debtor, the Adjudicating Authority shall pass an order —

(a) rejecting such resolution plan;

(b) terminating the pre-packaged insolvency resolution process and passing a liquidation order in respect of the corporate debtor as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1) of section 33; and

(c) declaring that the pre-packaged insolvency resolution process costs, if any, shall be included as part of the liquidation costs for the purposes of liquidation of the corporate debtor.

54M. Appeal against order under section 54L

Any appeal from an order approving the resolution plan under sub-section (1) of section 54L, shall be on the grounds laid down in sub-section (3) of section 61.

54N. Termination of pre-packaged insolvency resolution process.

(1) Where the resolution professional files an application with the Adjudicating Authority, —

(a) under the proviso to sub-section (12) of section 54K; or

(b) under sub-section (3) of section 54D, the Adjudicating Authority shall, within thirty days of the date of such application, by an order, —

- (i) terminate the pre-packaged insolvency resolution process; and
 - (ii) provide for the manner of continuation of proceedings initiated for avoidance of transactions under Chapter III or proceedings initiated under section 66 and section 67A, if any.
- (2) Where the resolution professional, at any time after the pre-packaged insolvency commencement date, but before the approval of resolution plan under subsection (4) or sub-section (12), as the case may be, of section 54K, intimates the Adjudicating Authority of the decision of the committee of creditors, approved by a vote of sixty-six per cent. of the voting shares, to terminate the pre-packaged insolvency resolution process, the Adjudicating Authority shall pass an order under sub-section (1).
- (3) Where the Adjudicating Authority passes an order under sub-section (1), the corporate debtor shall bear the pre-packaged insolvency resolution process costs, if any.
- (4) Notwithstanding anything to the contrary contained in this section, where the Adjudicating Authority has passed an order under sub-section (2) of section 54J and the pre-packaged insolvency resolution process is required to be terminated under sub-section (1), the Adjudicating Authority shall pass an order —
- (a) of liquidation in respect of the corporate debtor as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1) of section 33; and
 - (b) declare that the pre-packaged insolvency resolution process costs, if any, shall be included as part of the liquidation costs for the purposes of liquidation of the corporate debtor.

54-O. Initiation of corporate insolvency resolution process.

- (1) The committee of creditors, at any time after the pre-packaged insolvency commencement date but before the approval of resolution plan under subsection (4) or sub-section (12), as the case may be, of section 54K, by a vote of sixty-six per cent. of the voting shares, may resolve to initiate a corporate insolvency resolution process in respect of the corporate debtor, if such corporate debtor is eligible for corporate insolvency resolution process under Chapter II.
- (2) Notwithstanding anything to the contrary contained in Chapter II, where the resolution professional intimates the Adjudicating Authority of the decision of the committee of creditors under sub-section (1), the Adjudicating Authority shall, within thirty days of the date of such intimation, pass an order to —
- (a) terminate the pre-packaged insolvency resolution process and initiate corporate insolvency resolution process under Chapter II in respect of the corporate debtor;
 - (b) appoint the resolution professional referred to in under clause (b) of sub-section (1) of section 54E as the interim resolution professional, subject to submission of written consent by such resolution professional to the Adjudicatory Authority in such form as may be specified; and
 - (c) declare that the pre-packaged insolvency resolution process costs, if any, shall be included as part of insolvency resolution process costs for the purposes of the corporate insolvency resolution process of the corporate debtor.
- (3) Where the resolution professional fails to submit written consent under clause (b) of sub-section (2), the Adjudicating Authority shall appoint an interim resolution professional by making a reference to the Board for recommendation, in the manner as provided under section 16.
- (4) Where the Adjudicating Authority passes an order under sub-section (2) —

- (a) such order shall be deemed to be an order of admission of an application under section 7 and shall have the same effect;
- (b) the corporate insolvency resolution process shall commence from the date of such order;
- (c) the proceedings initiated for avoidance of transactions under Chapter III or proceedings initiated under section 66 and section 67A, if any, shall continue during the corporate insolvency resolution process;
- (d) for the purposes of sections 43, 46 and 50, references to “insolvency commencement date” shall mean “pre-packaged insolvency commencement date”; and
- (e) in computing the relevant time or the period for avoidable transactions, the time-period for the duration of the pre-packaged insolvency resolution process shall also be included, notwithstanding anything to the contrary contained in sections 43, 46 and 50.

54P. Application of provisions of Chapters II, III, VI, and VII to this Chapter.

(1) Save as provided under this Chapter, the provisions of sections 24, 25A, 26, 27, 28, 29A, 32A, 43 to 51, and the provisions of Chapters VI and VII of this Part shall, *mutatis mutandis* apply, to the pre-packaged insolvency resolution process, subject to the following, namely:—

- (a) reference to “members of the suspended Board of Directors or the partners” under clause (b) of sub-section (3) of section 24 shall be construed as reference to “members of the Board of Directors or the partners, unless an order has been passed by the Adjudicating Authority under section 54J”;
 - (b) reference to “clause (j) of sub-section (2) of section 25” under section 26 shall be construed as reference to “clause (h) of sub-section (2) of section 54F”;
 - (c) reference to “section 16” under section 27 shall be construed as reference to “section 54E”;
 - (d) reference to “resolution professional” in subsections (1) and (4) of section 28 shall be construed as “corporate debtor”;
 - (e) reference to “section 31” under sub-section (3) of section 61 shall be construed as reference to “sub-section (1) of section 54L”;
 - (f) reference to “section 14” in sub-sections (1) and (2) of section 74 shall be construed as reference to “clause (a) of sub-section (1) of section 54E”;
 - (g) reference to “section 31” in sub-section (3) of section 74 shall be construed as reference to “sub-section (1) of section 54L”.
- (2) Without prejudice to the provisions of this Chapter and unless the context otherwise requires, where the provisions of Chapters II, III, VI and VII are applied to the proceedings under this Chapter, references to —
- (a) “insolvency commencement date” shall be construed as references to “pre-packaged insolvency commencement date”;
 - (b) “resolution professional” or “interim resolution professional”, as the case may be, shall be construed as references to the resolution professional appointed under this Chapter;

(c) “corporate insolvency resolution process” shall be construed as references to “pre-packaged insolvency resolution process”; and (d) “insolvency resolution process period” shall be construed as references to “pre-packaged insolvency resolution process period.”.

Amendment of Section 61

61. Appeals and Appellate Authority. -

(1) Notwithstanding anything to the contrary contained under the Companies Act 2013 (18 of 2013), any person aggrieved by the order of the Adjudicating Authority under this part may prefer an appeal to the National Company Law Appellate Tribunal.

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

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

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

- (i) the approved resolution plan is in contravention of the provisions of any law for the time being in force;
- (ii) there has been material irregularity in exercise of the powers by the resolution professional during the corporate insolvency resolution period;
- (iii) the debts owed to operational creditors of the corporate debtor have not been provided for in the resolution plan in the manner specified by the Board;
- (iv) the insolvency resolution process costs have not been provided for repayment in priority to all other debts; or
- (v) the resolution plan does not comply with any other criteria specified by the Board.

(4) An appeal against a liquidation order passed under section 33, or sub-section (4) of section 54L, or sub-section (4) of section 54N, may be filed on grounds of material irregularity or fraud committed in relation to such a liquidation order.

(5) An appeal against an order for initiation of corporate insolvency resolution process passed under sub-section (2) of section 54-O may be filed on grounds of material irregularity or fraud committed in relation to such an order.”.

Amendment of Section 65

65. Fraudulent or malicious initiation of proceedings. -

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

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

“(3) If, any person initiates the pre-packaged insolvency resolution process—

(a) fraudulently or with malicious intent for any purpose other than for the resolution of insolvency; or

(b) with the intent to defraud any person, the Adjudicating Authority may impose upon such person a penalty which shall not be less than one lakh rupees, but may extend to one crore rupees.”.

Insertion of new section 67A

67A. Fraudulent management of corporate debtor during pre-packaged insolvency resolution process.

On and after the pre-packaged insolvency commencement date, where an officer of the corporate debtor manages its affairs with the intent to defraud creditors of the corporate debtor or for any fraudulent purpose, the Adjudicating Authority may, on an application by the resolution professional, pass an order imposing upon any such officer, a penalty which shall not be less than one lakh rupees, but may extend to one crore rupees.”.

Amendment of Section 77 (Explanation omitted)

77. Punishment for providing false information in application made by corporate debtor. -

Where-

(a) a corporate debtor provides information in the application under section 10 which is false in material particulars, knowing it to be false and omits any material fact, knowing it to be material; or

(b) any person who knowingly and wilfully authorised or permitted the furnishing of such information under sub-clause (a) such corporate debtor or person, as the case may be, shall be punishable with imprisonment for a term which shall not be less than three years, but which may extend to five years and with fine which shall not be less than one lakh rupees, but which may extend to one crore rupees, or with both.

~~Explanation.—For the purpose of this section and sections 75 and 76, an application shall be deemed to be false in material particulars in case the facts mentioned or omitted in the application, if true, or not omitted from the application as the case may be, would have been sufficient to determine the existence of a default under this Code.~~

Insertion of new Section 77A

77A. Punishment for offences related to pre-packaged insolvency resolution process.

“77A. (1) Where—

(a) a corporate debtor provides any information in the application under section 54C which is false in material particulars, knowing it to be false or omits any material fact, knowing it to be material; or

(b) a corporate debtor provides any information in the list of claims or the preliminary information memorandum submitted under sub-section (1) of section 54G which is false in material particulars, knowing it to be false or omits any material fact, knowing it to be material; or

(c) any person who knowingly and wilfully authorised or permitted the furnishing of such information under sub-clauses (a) and (b), such corporate debtor or person, as the case may be, shall be punishable with

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

(2) If a director or partner of the corporate debtor, as the case may be, deliberately contravenes the provisions of Chapter III-A, such person shall be punishable with imprisonment for not less than three years, but which may extend to five years, or with fine which shall not be less than one lakh rupees, but which may extend to one crore rupees, or with both.

Explanation.—For the purposes of this section, and sections 75, 76 and 77, an application shall be deemed to be false in material particulars in case the facts mentioned or omitted in the application, if true, or not omitted from the application as the case may be, would have been sufficient to determine the existence of a default under this Code.”.

Amendment of section 208.

208. Functions and obligations of insolvency professionals. –

(1) Where any insolvency resolution, fresh start, liquidation or bankruptcy process has been initiated, it shall be the function of an insolvency professional to take such actions as may be necessary, in the following matters, namely: –

- (a) a fresh start order process under Chapter II of Part III;
- (b) individual insolvency resolution process under Chapter III of Part III
- (c) corporate insolvency resolution process under Chapter II of Part II.

(ca) pre-packaged insolvency resolution process under Chapter III-A of Part II

- (d) individual bankruptcy process under Chapter IV of Part III; and
- (e) liquidation of a corporate debtor firm under Chapter III of Part II.

(2) Every insolvency professional shall abide by the following code of conduct: –

- (a) to take reasonable care and diligence while performing his duties;
- (b) to comply with all requirements and terms and conditions specified in the byelaws of the insolvency professional agency of which he is a member;
- (c) to allow the insolvency professional agency to inspect his records;
- (d) to submit a copy of the records of every proceeding before the Adjudicating Authority to the Board as well as to the insolvency professional agency of which he is a member; and
- (e) to perform his functions in such manner and subject to such conditions as may be specified.

(1A) Where the name of the insolvency professional proposed to be appointed as a resolution professional, is approved under clause (e) of sub-section (2) of section 54A, it shall be the function of such insolvency professional to take such actions as may be necessary to perform his functions and duties prior to the initiation of the pre-packaged insolvency resolution process under Chapter III-A of Part II.”.

Amendment of section 239.

239. Power to make rules. -

(1) The Central Government may, by notification, make rules for carrying out the provisions of this Code.

(2) Without prejudice to the generality of the provisions of sub-section (1), the Central Government may make rules for any of the following matters, namely: —

- (a) any other instrument which shall be a financial product under clause (15) of section 3;
- (b) other accounting standards which shall be a financial debt under clause (d) of sub-section (8) of section 5;
- (c) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by financial creditor under sub-section (2) of section 7;
- (d) the form and manner in which demand notice may be made and the manner of delivery thereof to the corporate debtor under sub-section (1) of section 8;
- (e) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by operational creditor under sub-section (2) of section 9;
- (ea) other proof confirming that there is no payment of an unpaid operational debt by the corporate debtor or such other information under clause (e) of sub-section (3) of section 9;
- (f) the form, the manner and the fee for making application before the Adjudicating Authority for initiating corporate insolvency resolution process by corporate applicant under sub-section (2) of section 10;
- (fa) the transactions under the second proviso to sub-section (2) of section 21;
- (fb) the transactions under the Explanation I to clause (c) of section 29A;
- (fc) the transactions under the second proviso to clause (j) of section 29A.]
- “(fd) the form, particulars, manner and fee for making application before the Adjudicating Authority under sub-section (2) of section 54C;*
- “(fe) the conditions and restrictions with which the promoters, members, personnel and partners of the corporate debtor shall exercise and discharge contractual or statutory rights and obligations under clause (c) of section 54H;”.*
- (g) the persons who shall be relative under clause (ii) of the Explanation to subsection (1) of section 79;
- (h) the value of unencumbered single dwelling unit owned by the debtor under clause (e) of sub-section (13) of section 79;
- (i) the value under clause (c), and any other debt under clause (f), of sub-section (14) of section 79;
- (j) the form, the manner and the fee for making application for fresh start order under sub-section (3) of section 81;
- (k) the particulars of the debtor's personal details under clause (e) of sub-section (3) of section 81;

- (l) the information and documents to support application under sub-section (3) of section 86;
- (m) the form, the manner and the fee for making application for initiating the insolvency resolution process by the debtor under sub-section (6) of section 94;
- (n) the form, the manner and the fee for making application for initiating the insolvency resolution process by the creditor under sub-section (6) of section 95;
- (o) the particulars to be provided by the creditor to the resolution professional under sub-section (2) of section 103;
- (p) the form and the manner for making application for bankruptcy by the debtor under clause (b) of sub-section (1) of section 122;
- (q) the form and the manner of the statement of affairs of the debtor under subsection (3) of section 122;
- (r) the other information under clause (d) of sub-section (1) of section 123;
- (s) the form, the manner and the fee for making application for bankruptcy under sub-section (6) of section 123;
- (t) the form and the manner in which statement of financial position shall be submitted under sub-section (2) of section 129;
- (u) the matters and the details which shall be included in the public notice under sub-section (2) of section 130;
- (v) the matters and the details which shall be included in the notice to the creditors under sub-section (3) of section 130;
- (w) the manner of sending details of the claims to the bankruptcy trustee and other information under sub-sections (1) and (2) of section 131;
- (x) the value of financial or commercial transaction under clause (d) of sub-section (1) of section 141;
- (y) the other things to be done by a bankrupt to assist bankruptcy trustee in carrying out his functions under clause (d) of sub-section (1) of section 150;
- (z) the manner of dealing with the surplus under sub-section (4) of section 170;
- (za) the form and the manner of proof of debt under clause (c) of sub-section (2) of section 171;
- (zb) the manner of receiving dividends under sub-section (7) of section 171;
- (zc) the particulars which the notice shall contain under sub-section (2) of section 176;
- (zd) the salaries and allowances payable to, and other terms and conditions of service of, the Chairperson and members of the Board under sub-section (5) of section 189;
- (ze) the other functions of the Board under clause (u) of sub-section (1) of section 196;
- (zf) the other funds under clause (c) of sub-section (1) of section 222;

- (zg) the other purposes for which the fund shall be applied under clause (d) of sub-section (2) of section 222;
- (zh) the form in which annual statement of accounts shall be prepared under sub-section (1) of section 223;
- (zi) the purpose for which application for withdrawal of funds may be made under sub-section (3) of section 224;
- (zj) the manner of administering the fund under sub-section (4) of section 224;
- (zk) the manner of conducting insolvency and liquidation proceedings under section 227;
- (zl) the form and the time for preparing budget by the Board under section 228;
- (zm) the form and the time for preparing annual report under sub-section (1) of section 229;
- (zn) the time up to which a person appointed to any office shall continue to hold such office under clause (vi) of sub-section (2) of section 243.

240. Power to make regulations. –

(1) The Board may, by notification, make regulations consistent with this Code and the rules made thereunder, to carry out the provisions of this Code.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely: —

(a) the form and the manner of accepting electronic submission of financial information under sub-clause (a) of clause (9) of section 3;

(b) the persons to whom access to information stored with the information utility may be provided under sub-clause (d) of clause (9) of section 3;

(c) the other information under sub-clause (f) of clause (13) of section 3;

(d) the other costs under clause (e) of sub-section (13) of section 5;

(e) the cost incurred by the liquidator during the period of liquidation which shall be liquidation cost under sub-section (16) of section 5;

“(ea) the other costs under sub-clause (e) of clause (23C) of section 5;”:

(f) the other record or evidence of default under clause (a), and any other information under clause (c), of sub-section (3) of section 7;

(g) * * *

(h) the period under clause (a) of sub-section (3) of section 10;

(i) the supply of essential goods or services to the corporate debtor under subsection (2) of section 14;

(ia) circumstances in which supply of critical goods or services may be terminated, suspended or interrupted during the period of moratorium under sub-section (2A) of section 14;

- (j) the manner of making public announcement under sub-section (2) of section 15;
- (ja) the last date for submission of claims under clause (c) of sub-section (1) of section 15;
- (k) the manner of taking action and the restrictions thereof under clause (b) of sub-section (2) of section 17;
- (l) the other persons under clause (d) of sub-section (2) of section 17;
- (m) the other matters under clause (d) of sub-section (2) of section 17;
- (n) the other matters under sub-clause (iv) of clause (a), and the other duties to be performed by the interim resolution professional under clause (g), of section 18;
- (na)** the number of creditors within a class of creditors under clause (b) of sub-section (6A) of section 21;
- (nb)** the remuneration payable to authorised representative under clause (ii) of the proviso to sub-section (6B) of section 21;
- (nc)** the manner of voting and determining the voting share in respect of financial debts under sub-section (7) of section 21;
- (o) the persons who shall comprise the committee of creditors, the functions to be exercised such committee and the manner in which functions shall be exercised under the proviso to sub-section (8) of section 21;
- (p) the other electronic means by which the members of the committee of creditors may meet under sub-section (1) of section 24;
- (q) the manner of assigning voting share to each creditor under sub-section (7) of section 24;
- (r) the manner of conducting the meetings of the committee of creditors under subsection (8) of section 24;
- (s) the manner of appointing accountants, lawyers and other advisors under clause (d) of sub-section (2) of section 25;
- (sa)* other conditions under clause (h) of sub-section (2) of section 25;
- (t) the other actions under clause (k) of sub-section (2) of section 25;
- (u) the form and the manner in which an information memorandum shall be prepared by the resolution professional sub-section (1) of section 29;
- (v) the other matter pertaining to the corporate debtor under the Explanation to subsection (2) of section 29;
- (w) the manner of making payment of insolvency resolution process costs under clause (a), the manner of payment of debts under clause (b), and the other requirements to which a resolution plan shall conform to under clause (d), of subsection (2) of section 30;
- (wa)* other requirements under sub-section (4) of section 30;
- (x) the fee for the conduct of the liquidation proceedings and proportion to the value of the liquidation estate assets under sub-section (8) of section 34;

(y) the manner of evaluating the assets and property of the corporate debtor under clause (c), the manner of selling property in parcels under clause (f), the manner of reporting progress of the liquidation process under clause (n), and the other functions to be performed under clause (o), of sub-section (1) of section 35;

(z) the manner of making the records available to other stakeholders under subsection (2) of section 35;

(za) the other means under clause (a) of sub-section (3) of section 36;

(zb) the other assets under clause (e) of sub-section (4) of section 36;

(zc) the other source under clause (g) of sub-section (1) of section 37;

(zd) the manner of providing financial information relating to the corporate debtor under sub-section (2) of section 37;

(ze) the form, the manner and the supporting documents to be submitted by operational creditor to prove the claim under sub-section (3) of section 38;

(zf) the time within which the liquidator shall verify the claims under sub-section (1) of section 39;

(zg) the manner of determining the value of claims under section 41;

(zh) the manner of relinquishing security interest to the liquidation estate and receiving proceeds from the sale of assets by the liquidator under clause (a), and the manner of realising security interest under clause (b) of sub-section (1) of section 52;

(zi) the other means under clause (b) of sub-section (3) of section 52;

(zj) the manner in which secured creditor shall be paid by the liquidator under subsection (9) of section 52;

(zk) the period and the manner of distribution of proceeds of sale under sub-section (1) of section 53;

“(zka) such number of financial creditors and the manner of proposing the insolvency professional, and the form for approving such insolvency professional by the financial creditors under clause (e), the persons who shall provide approval under the proviso to clause (e), the form for making a declaration under clause (f) of subsection (2) of section 54A;

(zkb) the form for obtaining approval from financial creditors under sub-section (3), and the persons who shall provide approval under the proviso to sub-section (3) of section 54A;

(zkc) the other conditions for the base resolution plan under clause (c), and such information and documents under clause (d) of sub-section (4) of section 54A;

(zkd) the form in which the report is to be prepared under clause (a), such reports and other documents under clause (b), and such other duties under clause (c) of sub-section (1), and the manner of determining the fees under sub-section (3) of section 54B;

(zke) the form for providing written consent of the insolvency professional under clause (b), the form for declaration under clause (c), the information relating to books of account and such other documents relating to such period under clause (d) of sub-section (3) of section 54C;

(zkg) the form and manner for making application for termination of the pre-packaged insolvency resolution process under sub-section (3) of section 54D;

(zkh) the form and manner of making public announcement under clause (c) of sub-section (1) of section 54E;

(zki) the manner of confirming the list of claims under clause (a), the manner of informing creditors under clause (b), the manner of maintaining an updated list of claims under clause (c), the form and manner of preparing the information memorandum under clause (g), and such other duties under clause (i) of sub-section (2) of section 54F;

(zkl) such other persons under clause (c), the manner of appointing accountants, legal or other professionals under clause (e), such other matters under sub-clause (iv) of clause (f) and the manner of taking other actions under clause (g) of subsection (3) of section 54F;

(zkm) the manner of determination of fees and expenses as may be incurred by the resolution professional under sub-section (6) of section 54F;

(zkn) manner of bearing fees and expenses under sub-section (7) of section 54F;

(zko) the form and manner of list of claims and preliminary information memorandum under subsection (1) of section 54G;

(zkp) the conditions under clause (a) of section 54H;

(zkr) the manner of alteration of the composition of the committee of creditors under the proviso to sub-section (1) of section 54I;

(zks) the form and manner of making application under sub-section (1) of section 54J;

(zkt) the manner of inviting prospective resolution applicants under sub-section (5) of section 54K;

(zku) other conditions under sub-section (6) of section 54K;

(zkv) the conditions under clause (a) and the manner of providing the basis for evaluation of resolution plans and the information referred to in section 29 under sub-section (7) of section 54K;

(zkw) the conditions under the proviso to subsection (10) of section 54K;

(zky) the manner and conditions under subsection (11) of section 54K;

(zkz) the form and manner of filing application under the proviso to sub-section (12) of section 54K;

(zka) other requirements under sub-section (13) of section 54K;

(zkb) the form for submission of written consent under clause (b) of sub-section (2) of section 54-O;”.

(zl) the other means under clause (a) and the other information under clause (b) of section 57;

(zm) the conditions and procedural requirements under sub-section (2) of section 59;

(zn) the details and the documents required to be submitted under sub-section (7) of section 95;

- (zo) the other matters under clause (c) of sub-section (3) of section 105;
- (zp) the manner and form of proxy voting under sub-section (4) of section 107;
- (zq) the manner of assigning voting share to creditor under sub-section (2) of section 109;
- (zr) the manner and form of proxy voting under sub-section (3) of section 133;
- (zs) the fee to be charged under sub-section (1) of section 144;
- (zt) the appointment of other officers and employees under sub-section (2), and the salaries and allowances payable to, and other terms and conditions of service of, such officers and employees of the Board under sub-section (3), of section 194;
- (zu) the other information under clause (i) of sub-section (1) of section 196;
- (zv) the intervals in which the periodic study, research and audit of the functioning and performance of the insolvency professional agencies, insolvency professionals and information utilities under clause (r), and mechanism for disposal of assets under clause (t), of sub-section (1) of section 196;
- (zw) the place and the time for discovery and production of books of account and other documents under clause (i) of sub-section (3) of section 196;
- (zx) the other committees to be constituted by the Board and the other members of such committees under section 197;
- (zy) the other persons under clause (b) and clause (d) of section 200;
- (zz) the form and the manner of application for registration, the particulars to be contained therein and the fee it shall accompany under sub-section (1) of section 201;
- (zza) the form and manner of issuing a certificate of registration and the terms and conditions thereof, under sub-section (3) of section 201;
- (zzb) the manner of renewal of the certificate of registration and the fee therefor, under sub-section (4) of section 201;
- (zzc) the other ground under clause (d) of sub-section (5) of section 201;
- (zzd) the form of appeal to the National Company Law Appellate Tribunal, the period within which it shall be filed under section 202;
- (zze) the other information under clause (g) of section 204;
- (zzf) the other grounds under Explanation to section 196;
- (zzg) the setting up of a governing board for its internal governance and management under clause (e), the curriculum under clause (l), the manner of conducting examination under clause (m), of section 196;
- (zzh) the time within which, the manner in which, and the fee for registration of insolvency professional under sub-section (1) of section 207;

(zzi) the categories of professionals or persons, the qualifications and experience and the fields under sub-section (2) of section 207;

(zzj) the manner and the conditions subject to which the insolvency professional shall perform his function under clause (f) of sub-section (2) of section 208;

(zzk) the form and manner in which, and the fee for registration of information utility under sub-section (1) of section 210;

(zzl) the form and manner for issuing certificate of registration and the terms and conditions thereof, under sub-section (3) of section 210;

(zzm) the manner of renewal of the certificate of registration and the fee therefor, under sub-section (4) of section 210;

(zzn) the other ground under clause (d) of sub-section (5) of section 210;

(zzo) the form, the period and the manner of filing appeal to the National Company Law Appellate Tribunal under section 211;

(zzp) the number of independent members under section 212;

(zzq) the services to be provided by information utility and the terms and conditions under section 213;

(zzr) the form and manner of accepting electronic submissions of financial information under clause (b) and clause (c) of section 214;

(zzs) the minimum service quality standards under clause (d) of section 214;

(zzt) the information to be accessed and the manner of accessing such information under clause (f) of section 214;

(zzu) the statistical information to be published under clause (g) of section 214;

(zzv) the form, the fee and the manner for submitting or accessing information under sub-section (1) of section 215;

(zzw) the form and manner for submitting financial information and information relating to assets under sub-section (2) of section 215;

(zzx) the manner and the time within which financial information may be updated or modified or rectified under section 216;

(zzy) the form, manner and time of filing complaint under section 217;

(zzz) the time and manner of carrying out inspection or investigation under subsection (2) of section 218;

(zzza) the manner of carrying out inspection of insolvency professional agency or insolvency professional or information utility and the time for giving reply under section 219;

(zzzb) the procedure for claiming restitution under sub-section (6), the period within which such restitution may be claimed and the manner in which restitution of amount may be made under sub-section (7) of section 220;

(zzzc) the other funds of clause (c) of sub-section (1) of section 222.

240A. Application of this Code to micro, small and medium enterprises. –

(1) Notwithstanding anything to the contrary contained in this Code, the provisions of clauses (c) and (h) of section 29A shall not apply to the resolution applicant in respect of corporate insolvency resolution process or pre-packaged insolvency resolution process of any micro, small and medium enterprises.

(2) Subject to sub-section (1), the Central Government may, in the public interest, by notification direct that any of the provisions of this Code shall—

(a) not apply to micro, small and medium enterprises; or

(b) apply to micro, small and medium enterprises, with such modifications as may be specified in the notification.

(3) A draft of every notification proposed to be issued under subsection (2), shall be laid before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions.

(4) If both Houses agree in disapproving the issue of notification or both Houses agree in making any modification in the notification, the notification shall not be issued or shall be issued only in such modified form as may be agreed upon by both the Houses, as the case may be.

(5) The period of thirty days referred to in sub-section (3) shall not include any period during which the House referred to in sub-section (4) is prorogued or adjourned for more than four consecutive days.

(6) Every notification issued under this section shall be laid, as soon as may be after it is issued, before each House of Parliament.

Explanation.— For the purposes of this section, the expression "micro, small and medium enterprises" means any class or classes of enterprises classified as such under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).

MCA Rules, 2021 on PPIRP

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 9th of April 2021

G.S.R. 256(E). —In exercise of the powers conferred by sub-section (1) and clause (fd) of sub-section (2) of section 239 read with sub-section (2) of section 54C of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), as amended by the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 (3 of 2021), the Central Government hereby makes the following rules, namely: -

1. Short title and commencement. - (1) These rules may be called the Insolvency and Bankruptcy (pre- packaged insolvency resolution process) Rules, 2021.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Application. - These rules shall apply to the matters relating to the pre-packaged insolvency resolution process.

3. Definitions. - (1) In these rules, unless the context otherwise requires, -

(a) "Code" means the Insolvency and Bankruptcy Code, 2016 (31 of 2016);

(b) "pre-packaged" insolvency resolution process|| means the insolvency resolution process for corporate persons undue chapter III-A of Part II of the Code

(c) "Form" means a Form appended to these rules; and

(d) "identification number" means the limited liability partnership identification number or the corporate identity number, as the case may be, of the corporate person.

(2) Unless the context otherwise requires, words and expressions used and not defined herein, shall have the same meaning respectively assigned to them in the Code.

4. Filing of application. - (1) A corporate applicant, shall make an application for initiating pre-packaged insolvency resolution process under sub-section (1) of section 54C of the Code in Form 1, accompanied with affidavit, documents or records as referred in Annexures therein, in electronic form, along with a fee of rupees fifteen thousand:

Provided that in case, electronic facility is not available for filing such application, the application and the accompanying documents may be filed in physical form, and wherever the accompanying documents are bulky, the same may be submitted in scanned portable document format in a data storage device such as a compact disc or a USB flash drive acceptable to the Adjudicating Authority.

(2) The corporate applicant under sub-rule (1) shall serve a copy of the application to the Board by registered post or speed post or by hand or by electronic means, before filing it with the Adjudicating Authority.

(3) The application shall be filed before the Adjudicating Authority in accordance with rules 20, 21, 22, 23, 24 and 26 of the National Company Law Tribunal Rules, 2016.

(4) A corporate applicant shall inform the Adjudicating Authority about the filing of any winding up petition against the corporate debtor after becoming aware about such filing.

Form -1

[See sub-rule (1) of rule 4]

**APPLICATION BY CORPORATE APPLICANT TO INITIATE PRE-PACKAGED
INSOLVENCY RESOLUTION PROCESS UNDER CHAPTER III-A OF THE CODE**

[Under section 54C of the Insolvency and Bankruptcy Code, 2016 read with rule 4 of the Insolvency and Bankruptcy (Pre-Packaged Insolvency Resolution Process) Rules, 2021]

To,
The National Company Law
Tribunal [Address]

From,
[Name and address for correspondence of the corporate applicant]

In the matter of [name of the corporate debtor]

Subject: Application to initiate pre-packaged insolvency resolution process in
respect of [name of the corporate debtor] under the Insolvency and Bankruptcy Code,
2016.

Madam/Sir,

We hereby submit this application to initiate a pre-packaged insolvency resolution
process in respect of [name of corporate debtor]. The details for the purpose of this application are
set out below:

PARTICULARS OF THE CORPORATE APPLICANT AND CORPORATE DEBTOR		
1.	NAME, ADDRESS, EMAIL ADDRESS, IDENTIFICATIONNUMBER AND ADDRESS FOR COMMUNICATION OF THE CORPORATE APPLICANT	
2.	NAME, ADDRESS, EMAIL ADDRESS, IDENTIFICATIONNUMBER AND ADDRESS OF THE REGISTERED OFFICE OF CORPORATE DEBTOR	
3.	NAMES AND ADDRESSES OF ALL DIRECTORS, PROMOTERS, DESIGNATED PARTNERS OF THE CORPORATE DEBTOR (AS APPLICABLE)	
4.	DATE OF INCORPORATION OF CORPORATE DEBTOR	
5.	NOMINAL SHARE CAPITAL AND THE PAID-UP SHARE CAPITAL OF THE CORPORATE DEBTOR AND/OR DETAILS OF GUARANTEE CLAUSE AS PER MEMORANDUM OF ASSOCIATION (AS APPLICABLE)	
6.	NAME, ADDRESS AND AUTHORITY OF PERSON SUBMITTING APPLICATION ON BEHALF OF CORPORATE APPLICANT (ENCLOSE AUTHORISATION)	

Part I

7.	NAME AND ADDRESS OF PERSON RESIDENT IN INDIA AUTHORISED TO ACCEPT THE SERVICE OF PROCESS ON BEHALF OF CORPORATE APPLICANT (ENCLOSE AUTHORISATION)	
8.	<p>DETAILS OF CORPORATE DEBTOR FOR THE PURPOSESOF SECTION 54A (1) OF THE CODE —</p> <p>(i) UDYAM REGISTRATION NUMBER, AS PER NOTIFICATION NO. 2119(E) DATED 26.06.2020 OF MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (ATTACH A COPY OF THE LATEST AND UPDATED UDYAM REGISTRATION CERTIFICATE)</p> <p>OR</p> <p>(ii) INVESTMENT IN PLANT AND MACHINERY OREQUIPMENT AND TURNOVER CALCULATED AS PER NOTIFICATION NO. 2119(E) DATED 26.06.2020 OF MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (ATTACH PROOF THEREOF)</p>	

9.	DOCUMENTATION TO SHOW THAT THE CORPORATE APPLICANT IS AUTHORISED TO INITIATE THE PRE- PACKAGED INSOLVENCY RESOLUTION PROCESS	
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Part II

PARTICULARS OF PROPOSED RESOLUTION PROFESSIONAL		
1.	NAME, ADDRESS, EMAIL ADDRESS AND THE REGISTRATION NUMBER OF THE PROPOSED RESOLUTION PROFESSIONAL	
2.	NAMES OF THE CREDITORS, WHO HAVE APPROVED THE PROPOSAL FOR APPOINTMENT OF THE INSOLVENCY PROFESSIONAL AS THE RESOLUTION PROFESSIONAL UNDER SECTION 54A(2)(e) OF THE CODE AND VALUE OF THEIR DEBT IN PER CENT. OF DEBT OWED TO CREDITORS REQUIRED TO APPROVE SUCH PROPOSAL UNDER THAT SECTION	

Part III

PARTICULARS OF FINANCIAL/OPERATIONAL DEBT [CREDITOR WISE, AS APPLICABLE]		
1	NAME(S) OF FINANCIAL/OPERATIONAL CREDITOR(S)	
2.	ADDRESS OF CORRESPONDENCE OF THE FINANCIAL/OPERATIONAL CREDITOR(S)	
3.	TOTAL DEBT RAISED AND AMOUNT IN DEFAULT	
4.	DATE WHEN THE FINANCIAL/OPERATIONAL DEBT WAS INCURRED	
5.	PARTICULARS OF SECURITY HELD, IF ANY, THE DATE OF ITS CREATION, ITS ESTIMATED VALUE AS PER THE CREDITOR. ATTACH A COPY OF A CERTIFICATE OF REGISTRATION OF CHARGE ISSUED BY THE REGISTRAR OF COMPANIES (IF THE CORPORATE DEBTOR IS A COMPANY)	
6.	DETAILS OF RETENTION OF TITLE ARRANGEMENTS (IF ANY) IN RESPECT OF GOODS TO WHICH THE OPERATIONAL DEBT REFERS	
7.	RECORD OF DEFAULT WITH THE INFORMATION UTILITY, IF ANY	
8.	LIST OF DOCUMENTS ATTACHED TO THIS APPLICATION IN ORDER TO PROVE THE EXISTENCE OF FINANCIAL/OPERATIONAL DEBT AND THE AMOUNT IN DEFAULT	

Part-IV

PARTICULARS OF FINANCIAL CREDITORS, NOT BEING RELATED PARTIES OF THE CORPORATE DEBTOR		
1.	NAMES OF THE FINANCIAL CREDITORS, NOT BEING RELATED PARTIES OF THE CORPORATE DEBTOR	
2.	TOTAL DEBT DUE TO THE FINANCIAL CREDITORS, NOT BEING RELATED PARTIES OF THE CORPORATE DEBTOR	
3.	NAMES OF THE CREDITORS, WHO HAVE APPROVED THE FILING OF APPLICATION FOR INITIATION OF PRE- PACKAGED INSOLVENCY RESOLUTION PROCESS UNDER SECTION 54A (3) OF THE CODE AND VALUE OF THEIR DEBT IN PER CENT. OF DEBT OWED TO CREDITORS UNDER THAT SECTION	

[Name of the corporate applicant] has paid the requisite fee for this application through [state means of payment] on [date] and a copy of this application has been served by registered post/speed post/by hand/electronic means to the Board.

Yours sincerely

Signature of person authorised to act on behalf of the corporate applicant
Name in block letters
Position with or in relation to the corporate applicant
Address of person signing

AFFIDAVIT

I, [insert full name, address, and occupation of deponent] do solemnly affirm and state as follows: -

1. [Name of the corporate debtor] is eligible for a pre-packaged insolvency resolution process in accordance with section 54A of the Insolvency and Bankruptcy Code, 2016 (Code) and the associated rules and regulations.
2. [Name of proposed resolution professional], is fully qualified and permitted to act as a resolution professional for the pre-packaged insolvency resolution process of the corporate debtor, in accordance with the Code and the associated rules and regulations.
3. This application is being filed within the time period stipulated for the filing of this application in the declaration of the majority of directors or partners of the [name of the corporate debtor] as referred to in section 54A(2)(f)(i) of the Code.
4. In respect of this application for pre-packaged insolvency resolution process, I have relied on the documents specified below: [Please list the documents relied on].
5. The contents of this application along with the said documents are true, valid and genuine to the best of my knowledge, information and belief and no material facts have been concealed therefrom.

Solemnly, affirmed at _____ on _____ day, the _____ day of _____ 20__.

Before me,

Notary/Oath Commissioner

Deponent's Signature

VERIFICATION

I, the Deponent hereinabove, do hereby verify and affirm that the contents of para ____ to ____ of this affidavit are true and correct to my knowledge and belief. Nothing is false and nothing material has been concealed therefrom.

Verified at _____ on this _____ day of _____ 20__

Deponent's signature

Instructions

Please attach the following to this application:

- Annex I In case of financial debt, record of default obtained through the information utility or all documents listed in serial number 8 of part-III of this application.
- Annex II In case of operational debt, (i) copy of invoice / demand notice served by an operational creditor on the corporate debtor and (ii) record of default obtained through the information utility or all documents listed in serial number 8 of part-III of this application.
- Annex III Approval of creditors under section 54A(2)(e) of the Code for appointment of the proposed resolution professional, as set out in Form P3 of the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) Regulations, 2021.
- Annex IV Written consent by the proposed resolution professional as set out in Form P1 of the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) Regulations, 2021.
- Annex V Declaration of the majority of the directors or partners of the corporate debtor, as the case may be, as referred to in section 54A(2)(f) of the Code as set out in Form P6 of the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) Regulations, 2021.
- Annex VI Copy of the special resolution or resolution of the members or partners of the corporate debtor, as the case may be, as referred to in section 54A(2)(g) of the Code.
- Annex VII Approval of creditors under section 54A(3) of the Code for filing application for initiating pre-packaged insolvency resolution process, as set out in Form P4 of the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) Regulations, 2021.
- Annex VIII Report of the insolvency professional proposed to be appointed as the resolution professional as referred to in section 54B(1)(a) of the Code, as set out in Form P8 of the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) Regulations, 2021.
- Annex IX Declaration regarding the existence of any transactions of the corporate debtor, as referred to in section 54C(3)(c) of the Code, as set out in Form P7 of the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) Regulations, 2021.
- Annex X Affidavit stating that the corporate debtor is eligible under section 29A of the Code to submit resolution plan in the pre-packaged insolvency resolution process of the corporate debtor.
- Annex XI Copy of the relevant books of accounts of the corporate debtor evidencing the default to creditors.
- Annex XII Copies of audited financial statements of the corporate debtor for the last two financial years and the provisional financial statements for the current financial year made up to a date not earlier than fourteen days from the date of the application.
- Annex XIII A statement of affairs made up to a date not earlier than fourteen days from the date of application including the following document, namely:-
 - (a) a list of the corporate debtor's assets and liabilities, divided into such categories as are appropriate for easy identification, with estimated values assigned to each category;
 - (b) in the case of any property on which a claim against the corporate debtor is wholly or partly secured, particulars of the claim and its amount, and of how and when the security was created;
 - (c) the names and addresses of the financial creditors and operational creditors of the corporate debtor, with the amounts due to each of them;
 - (d) particulars of any debts owed by or to the corporate debtor to or by persons connected with it;
 - (e) whether any, and if so what, guarantees have been given in relation to the debts of the corporate debtor by other persons, specifying which, if any, of the guarantors is a related party to the corporate debtor and the corporate applicant; and
 - (f) the names and addresses of the members or partners of the corporate debtor, as the case may be, with details of their respective shareholdings.

Annex XIV A copy of:

- (a) relevant extract of any constitutional document or shareholders' agreement that records the authority of the corporate applicant to make this application, where the corporate applicant is a member or partner of the corporate debtor; or
- (b) relevant extract of an employment agreement, constitutional document or fillings made to the Registrar of Companies confirming the authority of the corporate applicant to make this application, where the corporate applicant is an individual in charge of managing the operations and resources of the corporate debtor or has control and supervision over the financial affairs of the corporate debtor.

Annex XV Proof that the specified application fee has been paid.

Annex XVI Proof that a copy of the application has been served to the Board.

[F. No. 30/20/2020-Insolvency Section]

GYANESHWAR KUMAR SINGH Jt. Secy.

IBBI PPIRP Regulations, 2021

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

NOTIFICATION

New Delhi, the 9th of April, 2021

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS) REGULATIONS, 2021

No. IBBI/2021-22/GN/REG071.—In exercise of the powers conferred under sections 196, 208 and 240 read with provisions of Chapter III-A of Part II of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following Regulations, namely:

CHAPTER I PRELIMINARY

1. Short title and commencement.

(1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021.

(2) These Regulations shall come into force on the date of their publication in the Official Gazette.

2. Definitions.

(1) In these Regulations, unless the context otherwise requires, -

(a) “applicant” means the corporate applicant, filing an application for initiation of pre-packaged insolvency resolution process under section 54C;

(b) “class of creditors” means a class with at least ten financial creditors under clause (b) of sub-section (6A) of section 21 and the expression, “creditors in a class” shall be construed accordingly;

(c) “Code” means the Insolvency and Bankruptcy Code, 2016;

(d) “committee” mean the committee of creditors constituted under section 54I;

(e) “electronic form” shall have the meaning assigned to it in the Information Technology Act, 2000 (21 of 2000);

(f) “electronic means” means an authorised and secured computer programme which is capable of producing confirmation of sending communication to the participant entitled to receive such communication at the latest electronic mail address as made available by such participant and keeping record of such communication;

(g) “fair value” means the estimated realisable value of the assets of the corporate debtor, if they were to be exchanged on the pre-packaged insolvency commencement date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion;

(h) “Form” means a Form specified in the Schedule;

(i) “identification number” means the limited liability partnership identification number or the corporate identity number, as the case may be;

(j) “insolvency professional entity” means an entity recognised as such under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016;

(k) “liquidation value” means the estimated realisable value of the assets of the corporate debtor, if it were to be liquidated on the pre-packaged insolvency commencement date;

(l) “participant” means a person entitled to attend the meeting of the committee under section 24 or any other person authorised by the committee to attend the meeting;

(m) “process” means pre-packaged insolvency resolution process for corporate debtors under Chapter III-A of Part II of the Code;

(n) “registered valuer” means a person registered as such in accordance with the Companies Act, 2013 (18 of 2013) and the rules made thereunder;

(o) “Schedule” means the schedule to these Regulations;

(p) “section” means section of the Code;

(q) “video conferencing or other audio and visual means” means such audio and visual facility which enables the participants in a meeting to communicate concurrently with one another and to participate effectively in the meeting.

(2) Unless the context otherwise requires, words and expressions used and not defined in these Regulations, but defined in the Code, shall have the meanings respectively assigned to them in the Code.

CHAPTER II GENERAL

3. Meetings and communication.

(1) The meetings required under these Regulations may be held either in physical or electronic mode or in a combination of both.

(2) All communications required under these Regulations shall be made by electronic means as far as possible.

4. Essential supplies.

The essential goods and services referred to in sub-section (2) of section 14 shall mean-

- (a) electricity;
- (b) water;
- (c) telecommunication services; and
- (d) information technology services,

to the extent these are not a direct input to the output produced or supplied by the corporate debtor.
Explanation: - Water supplied to a corporate debtor will be essential supplies for drinking and sanitation purposes, and not for generation of hydro-electricity.

5. Extortionate credit transaction.

A transaction shall be considered extortionate under sub-section (2) of section 50 where the terms-

- (a) require the corporate debtor to make exorbitant payments in respect of the credit provided; or
- (b) are unconscionable under the principles of law relating to contracts.

6. Pre-packaged insolvency resolution process costs.

For the purposes of sub-clause (e) of clause (23C) of section 5, pre-packaged insolvency resolution process costs shall mean -

- (a) fee payable to authorised representative under sub-regulation (5) of regulation 34;
- (b) out of pocket expenses of authorised representative for discharge of his functions under section 25A; and
- (c) any other cost directly relating to the process and approved by the committee

CHAPTER III

RESOLUTION PROFESSIONAL

7. Eligibility for resolution professional.

(1) Subject to consent in Form P1, an insolvency professional shall be eligible to be appointed as an interim resolution professional or resolution professional, as the case may, if he, and all partners and directors of the insolvency professional entity of which he is a partner or director, are independent of the corporate debtor.

Explanation. - A person shall be considered independent of the corporate debtor, if he-

- (a) is eligible to be appointed as an independent director on the board of the corporate debtor under section 149 of the Companies Act, 2013 (18 of 2013), where the corporate debtor is a company;
 - (b) is not a related party of the corporate debtor; or
 - (c) is not an employee or proprietor or a partner-
 - (i) of a firm of auditors or secretarial auditors or cost auditors of the corporate debtor; or
 - (ii) of a legal or a consulting firm, that has or had any transaction with the corporate debtor amounting to five percent. or more of the gross turnover of such firm, in any of the preceding three financial years.
- (2) A resolution professional, who is a director or a partner of an insolvency professional entity, shall be ineligible to continue as a resolution professional in a process, if the insolvency professional entity or any partner or director of such insolvency professional entity represents any of the stakeholders in the same process.

8. Fee of resolution professional.

(1) Where the corporate debtor fails to file an application or the application for initiation of the process is rejected, the fee payable to the resolution professional for performing duties under sub-section (3) of section 54B shall be borne by the corporate debtor.

(2) The corporate debtor shall maintain a separate bank account with such amount as may be advised by the committee from time to time and, subject to provisions of clause (23C) of section 5, such

account shall be operated by the resolution professional to meet his fee and expenses incurred by him for conducting the process.

9. Access to books.

The resolution professional may access the books of account, records, and other documents to the extent relevant for discharging his duties under the Code, of the corporate debtor held with-

- (a) members, promoters, partners, directors and joint venture partners of the corporate debtor;
- (b) professionals and advisors engaged by the corporate debtor;
- (c) depositories of securities;
- (d) registries that records the ownership of assets; and
- (e) contractual counterparties of the corporate debtor.

10. Appointment of professionals.

The resolution professional may appoint a professional under clause (e) of sub-section (3) of section 54F:

Provided that the following persons shall not be appointed as a professional, namely:-

- (a) a person who is not registered with the regulator of the profession concerned;
- (b) a related party of the corporate debtor;
- (c) an auditor of the corporate debtor at any time during the five years preceding the pre-packaged insolvency commencement date;
- (d) a partner or director of the insolvency professional entity of which the resolution professional is a partner or director; or
- (e) a relative of the resolution professional or of a partner or director of the insolvency professional entity of which the resolution professional is a partner or director

11. Disclosure of costs.

(1) A resolution professional shall make disclosures at the time of his appointment and, thereafter, in accordance with the code of conduct as set out in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

(2) The resolution professional shall disclose item wise process costs in such manner as may be required by the Board.

12. Preservation of records.

The resolution professional shall preserve a physical as well as an electronic copy of the records relating to the process of the corporate debtor as per the record retention schedule, as may be required by the Board in consultation with insolvency professional agencies.

13. Filing of reports and forms.

The resolution professional shall file such forms, along with enclosures thereto, on an electronic platform, as may be required by the Board in consultation with insolvency professional agencies.

CHAPTER IV

INITIATION OF PROCESS

14. Approvals by financial creditors.

- (1) For the purposes of clause (e) of sub-section (2) and sub-section (3) of section 54A, the applicant shall convene meetings of the financial creditors, who are not related parties of the corporate debtor.
- (2) The notice of the meeting under sub-regulation (1) shall be served to the financial creditors, who are not related parties of the corporate debtor, at least five days before the date of the meeting, unless a shorter time is agreed to by all of them.
- (3) The notice of the meeting under this regulation shall indicate the date, time and venue of the meeting, and enclose a list of creditors along with the amount due to them in Form P2.
- (4) The financial creditors who are not related parties of the corporate debtor and have not less than ten per cent. of the value of the total financial debt of such creditors may propose names of insolvency professionals for the purposes of clause (e) of sub-section (2) of section 54A.
- (5) The approval of the terms of appointment of resolution professional under clause (e) of sub-section (2) of section 54A shall be in Form P3.
- (6) The terms of appointment of the resolution professional under this regulation shall include -
 - (a) fee payable to him for performing duties under sub-section (1) of section 54B;
 - (b) fee payable to him and expenses to be incurred by him for conducting the process; and
 - (c) fee payable to him and expenses to be incurred by him in case management of the corporate debtor is vested with him under section 54J.
- (7) The approval for filing of application under sub-section (3) of section 54A shall be in Form P4.
- (8) Where the corporate debtor has no financial debt or where all financial creditors are related parties, the applicant shall convene a meeting of operational creditors, who are not related parties of the corporate debtor and provisions of sub-regulations (1) to (7) shall *mutatis mutandis* apply.

15. Choice of authorised representative.

On examination of Form P2, the resolution professional shall-

- (i) ascertain class(es) of creditors, if any;
- (ii) for representation of creditors in a class ascertained under sub-regulation (1) in the committee, identify three insolvency professionals who are-
 - (a) not relatives or related parties of the applicant or the resolution professional;

(b) having their addresses, as registered with the Board, in the State or Union territory, as the case may be, which has the highest number of creditors in the class as per their addresses in the records of the corporate debtor:

Provided that where such State or Union territory does not have adequate number of insolvency professionals, the insolvency professionals having addresses in a nearby State or Union territory, as the case may be, shall be considered;

(c) eligible to be appointed under regulation 7; and

(d) willing to act as authorised representative of creditors in the class;

(iii) obtain the consent of the insolvency professionals identified under sub-regulation (2) to act as the authorised representative of creditors in the class in Form P5;

(iv) seek choice of the creditors in the class for an insolvency professional, who has consented under sub-regulation

(3):

Provided that the creditors shall communicate their choice to the resolution professional within three days;

(v) select the insolvency professional, who is the choice of the highest number of creditors in the class to act as the authorised representative of the creditors of the respective class.

(vi) inform the name of the insolvency professional selected under sub-regulation (5), along with his consent in Form P5, to the applicant.

16. Declarations.

(1) The declaration under clause (f) of sub-section (2) of section 54A shall be made in Form P6.

(2) The declaration under clause (c) of sub-section (3) of section 54C shall be made in Form P7.

17. Report by resolution professional.

The report under clause (a) of sub-section (1) of section 54B shall be prepared in Form P8.

18. Information to be furnished by the applicant.

For the purposes of clause (d) of sub-section (3) of section 54C, the applicant shall furnish-

(a) audited financial statements of the corporate debtor for the last two financial years;

(b) provisional financial statements for the current financial year made up to the date of declaration under clause (f) of sub-section (2) of section 54A; and

(c) Form P5 submitted by the authorised representatives selected under sub-regulation (5) of regulation 15.

CHAPTER V

PUBLIC ANNOUNCEMENT AND CLAIMS

19. Public announcement.

- (1) The resolution professional shall make a public announcement within two days of the commencement of the process.
- (2) The public announcement referred to in sub-regulation (1) shall be-
 - (a) in Form P9;
 - (b) sent to every creditor listed in Form P2;
 - (c) sent to information utilities; and
 - (d) published on the website, if any, of the corporate debtor and the Board.

20. List of claims

- (1) The corporate debtor shall submit a list of claims under sub-section (1) of section 54G in Form P10 to the resolution professional.
- (2) Based on the records of the corporate debtor and other relevant material available on record, the resolution professional shall confirm the details received in Form P10.
- (3) The resolution professional shall inform every creditor regarding its claims, as confirmed by him, and seek objections, if any.
- (4) A creditor may submit objection along with supporting documents to the resolution professional within seven days from the receipt of communication under sub-regulation (3).
- (5) The resolution professional may call for such other evidence or clarification as he deems fit from a creditor for substantiating the whole or part of its claim.
- (6) The resolution professional shall consider every objection received under sub-regulation (4) and modify the claim of the creditor, if required.
- (7) A creditor shall update its claim, as and when the claim is satisfied, partly or fully, from any source in any manner, after the pre-packaged insolvency commencement date.
- (8) The resolution professional shall maintain a list of claims in Form P10 and update it as and when required.
- (9) Form P10 shall be –
 - (a) available for inspection by the creditors, members, partners, directors and guarantors of the corporate debtor;
 - (b) displayed on the website, if any, of the corporate debtor;
 - (c) filed with the Board on electronic platform; and
 - (d) presented at the meetings of the committee, as and when updated.

21. Determination of amount of claim.

(1) Where the amount of claim of a creditor is not precise due to any contingency or other reason, the resolution professional shall make the best estimate of the amount of the claim based on the information available with him.

(2) The resolution professional shall revise the amount of claims confirmed, including the estimates of claims made under sub-regulation (1), as soon as may be practicable, when he comes across additional information warranting such revision.

22. Debt in foreign currency.

The claims denominated in foreign currency shall be valued in Indian currency at the official exchange rate as on the pre-packaged insolvency commencement date.

Explanation. – “official exchange rate” is the reference rate published by the Reserve Bank of India or derived from such reference rates.

23. Transfer of debt due to creditors.

Where a creditor assigns or transfers the debt due to such creditor to any other person during the process period, both parties shall provide the resolution professional, the terms of such assignment or transfer and the identity of the assignee or transferee for updation under sub-regulation (8) of regulation 20.

CHAPTER VI

COMMITTEE OF CREDITORS

24. Committee with only creditors in a class.

Where the corporate debtor has only creditors in a class and no other financial creditor who are not related parties of the corporate debtor, the committee shall consist of only the authorised representative(s).

25. Committee with only operational creditors.

(1) Where the corporate debtor has no financial debt or all financial creditors are related parties, the committee shall consist of operational creditors, being not related to the corporate debtor, as under:-

(a) ten largest operational creditors by value, and if the number of operational creditors is less than ten, the committee shall include all such operational creditors;

(b) one representative elected by all workmen other than those workmen included under clause (a); and

(c) one representative elected by all employees other than those employees included under clause(a).

(2) A member of the committee formed under this regulation shall have voting rights in proportion of the debt due to such creditor or debt represented by such representative, as the case may be, to the total debt.

Explanation:- For the purposes of this sub-regulation, ‘total debt’ is the sum of-

(a) the amount of debt due to the creditors listed in clause (a) of sub-regulation (1);

(b) the amount of the aggregate debt due to workmen under clause (b) of sub-regulation (1); and

(c) the amount of the aggregate debt due to employees under clause (c) of sub-regulation (1).

(3) A committee formed in accordance with regulation 24 or regulation 25, as the case may be, and its members shall have the same rights, powers, duties and obligations as a committee comprising financial creditors and its members.

26. Change in committee.

Any change in the composition of committee of creditors shall be intimated to all the members of the committee within two days of such change.

CHAPTER VII

MEETINGS OF THE COMMITTEE

27. Meetings of the committee.

(1) A resolution professional may convene a meeting of the committee as and when he considers necessary.

(2) A resolution professional shall convene a meeting, if a request to that effect is made by members of the committee representing thirty-three per cent of voting share.

28. Notice for meetings of the committee.

(1) A meeting of the committee shall be convened by giving not less than three days' notice in writing to every participant, at the address provided to the resolution professional by the creditor.

(2) The committee may reduce the notice period from three days to such other period of not less than twenty-four hours, as it deems fit:

Provided that the committee may reduce the period to such other period of not less than forty-eight hours if there is any authorised representative in the committee.

29. Service of notice.

(1) A notice may be sent to the participants through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator for accessing such notice.

(2) The subject line in e-mail shall state the name of the corporate debtor, the place, if any, the time and the date on which the meeting is scheduled.

(3) When notice is sent in the form of a non-editable attachment to an e-mail, such attachment shall be in the Portable Document Format or in a non-editable format together with a 'link or instructions' for recipient for downloading relevant version of the software.

(4) When notice or notifications of availability of notice are sent by an e-mail, the resolution professional shall ensure that it uses a system which produces confirmation of the total number of recipients e-mailed and a record of each recipient to whom the notice has been sent and copy of such record and any notices of any failed transmissions and subsequent re-sending shall be retained as 'proof of sending'.

(5) The obligation of the resolution professional shall be satisfied when he transmits the e-mail and he shall not be held responsible for a failure in transmission beyond his control.

(6) The notice made available on the electronic link or Uniform Resource Locator shall be readable, and the recipient should be able to obtain and retain copies and the resolution professional shall give the complete Uniform Resource Locator or address of the website and full details of how to access the document or information.

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

30. Contents of the notice for meeting.

(1) The notice shall inform the participants of the venue, the time and date of the meeting and of the option available to them to participate through video conferencing or other audio and visual means and shall also provide all the necessary information to enable participation through video conferencing or other audio and visual means.

(2) The notice of the meeting shall provide that a participant may attend and vote in the meeting either in person or through a representative, who is not a related party of the corporate debtor:

Provided that such participant shall inform the resolution professional, in advance of the meeting, of the identity of the representative who will attend and vote at the meeting on its behalf and shall forward an authorisation in favour of the representative.

(3) The notice of the meeting shall contain the following:-

(a) a list of the matters to be discussed at the meeting;

(b) a list of the issues to be voted upon at the meeting; and

(c) copies of all documents relevant to the matters to be discussed and the issues to be voted upon at the meeting.

(4) The notice of the meeting shall-

(a) state the process and manner for voting by electronic means and the time schedule, including the time period during which the votes may be cast;

(b) provide the login ID and the details of a facility for generating password and for keeping security and casting of vote in a secure manner; and

(c) provide contact details of the person who will address the queries connected with the electronic voting.

31. Quorum.

(1) A meeting of the committee shall quorate if members of the committee representing at least thirty three percent of the voting share are present either in person or by video conferencing or other audio and visual means:

Provided that the committee may modify the percentage of voting share required for quorum in respect of any future meetings of the committee.

(2) Where a meeting of the committee could not be held for want of quorum, unless the committee has previously decided otherwise, the meeting shall automatically stand adjourned at the same time and place on the next day.

(3) In the event a meeting of the committee is adjourned in accordance with sub-regulation (2), the adjourned meeting shall quorate with the members of the committee attending the meeting.

32. Participation through video conferencing.

(1) The notice convening the meetings of the committee shall provide the participants an option to attend the meeting through video conferencing or other audio and visual means in accordance with this Regulation.

(2) The resolution professional shall make necessary arrangements to ensure uninterrupted and clear video or audio and visual connection.

(3) The resolution professional shall take due and reasonable care-

(a) to safeguard the integrity of the meeting by ensuring sufficient security and identification procedures;

(b) to ensure availability of proper video conferencing or other audio and visual equipment or facilities for providing transmission of the communications for effective participation of the participants at the meeting;

(c) to record proceedings and prepare the minutes of the meeting;

(d) to store for safe keeping and marking the physical recording(s) or other electronic recording mechanism as part of the records of the corporate debtor; and

(e) to ensure that no person other than the intended participants attends or has access to the proceedings of the meeting through video conferencing or other audio and visual means:

Provided that the persons, who are differently abled, may make a request to the resolution professional to allow a person to accompany them at the meeting.

(4) Where a meeting is conducted through video conferencing or other audio and visual means, the scheduled venue of the meeting as set forth in the notice convening the meeting, which shall be in India, shall be deemed to be the place of the said meeting and all recordings of the proceedings at the meeting shall be deemed to be made at such place.

33. Conduct of meeting.

(1) The resolution professional shall act as the chairperson of meetings of the committee.

(2) At the commencement of a meeting, the resolution professional shall take a roll call of every participant attending the meeting at the venue or participating through video conferencing or other audio and visual means and shall state, for record, the following: -

(a) his name;

(b) whether he is attending in the capacity of a member of the committee or any other participant;

(c) whether he is representing a member or group of members;

(d) the location from where he is participating;

- (e) that he has received the agenda and all the relevant material for the meeting; and
- (f) that no one other than him is attending or has access to the proceedings of the meeting at the location of that person.
- (3) After the roll call, the resolution professional shall inform the participants of the names of all persons who are present for the meeting and confirm if the required quorum is complete.
- (4) The resolution professional shall ensure that the required quorum is present throughout the meeting.
- (5) From the commencement of the meeting till its conclusion, no person other than the participants and any other person whose presence is required by the resolution professional shall be allowed access to the place where meeting is held or to the video conferencing or other audio and visual facility.
- (6) The resolution professional shall ensure that minutes are made in relation to each meeting of the committee and such minutes shall disclose the particulars of the participants who attended the meeting in person, through video conferencing, or other audio and visual means.

34. Committee with creditors in a class.

- (1) The resolution professional shall provide the list of creditors in each class to the respective authorised representative within three days of the commencement of the process.
- (2) The resolution professional shall provide an updated list of creditors in each class to the respective authorised representative as and when the list is updated.

Clarification. - The authorised representative shall have no role in receipt or confirmation of claims of creditors of the class he represents.

- (3) The resolution professional shall provide electronic means of communication between the authorised representative and the creditors in the class.
- (4) The voting share of a creditor in a class shall be in proportion to the financial debt which includes an interest at the rate of eight per cent per annum unless a different rate has been agreed to between the parties.
- (5) The authorised representative of creditors in a class shall be entitled to receive fee for every meeting of the committee attended by him in the following manner, namely: -

Number of creditors in the class	Fee per meeting of the committee (Rs.)
10-100	15,000
101-1000	20,000
More than 1000	25,000

- (6) The authorised representative shall circulate the agenda to creditors in a class and may seek their preliminary views on any item in the agenda to enable him to effectively participate in the meeting of the committee:

Provided that creditors shall have a time window of at least twelve hours to submit their preliminary views, and the said window opens at least twenty-four hours after the authorised representative seeks preliminary views:

Provided further that such preliminary views shall not be considered as voting instructions by the creditors.

35. Voting by the committee.

(1) Any action requiring approval of the committee shall be considered in the meetings of the committee.

(2) The resolution professional shall take a vote of the members of the committee present in the meeting, on any item listed for voting after discussion on the same.

(3) At the conclusion of a vote at the meeting, the resolution professional shall announce the decision taken by the members present in the meeting, on items along with the names of the members of the committee who voted for or against the decision or abstained from voting.

(4) The resolution professional shall-

(a) circulate the minutes of the meeting by electronic means to all members of the committee and authorised representative, within twenty-four hours of the conclusion of the meeting; and

(b) seek a vote of the members who did not vote at the meeting on the matters listed for voting, by electronic voting system in accordance with regulation 37 where the voting shall be kept open for at least twenty-four hours from the circulation of the minutes.

(5) The authorised representative shall circulate the minutes of the meeting received under sub-regulation (4) to creditors in a class and announce the voting window at least twenty-four hours before the window opens for voting instructions and keep the voting window open for at least twelve hours.

36. Voting by authorised representative.

The authorised representative, if any, shall cast his vote in respect of each financial creditor or on behalf of all financial creditors he represents in accordance with the provisions of sub-section (3) or sub-section (3A) of section 25A, as the case may be.

37. Voting through electronic means.

(1) The resolution professional shall provide each member of the committee the means to exercise its vote by either electronic means or through electronic voting system in accordance with the provisions of this regulation.

Explanation. - For the purposes of these Regulations, -

(a) the expressions “voting by electronic means” or “electronic voting system” means a “secured system” based process of display of electronic ballots, recording of votes of the members of the committee and the number of votes polled in favour or against, such that the voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralised server with adequate cyber security;

(b) the expression “secured system” means computer hardware, software, and procedure that

- (i) are reasonably secure from unauthorised access and misuse;
 - (ii) provide a reasonable level of reliability and correct operation;
 - (iii) are reasonably suited to perform the intended functions; and
 - (iv) adhere to generally accepted security procedures.
- (2) At the end of the voting period, the voting portal shall forthwith be blocked.
- (3) At the conclusion of a vote held under this regulation, the resolution professional shall announce and make a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision or abstained from voting.
- (4) The resolution professional shall circulate a copy of the record made under sub-regulation (3) to all participants by electronic means within twenty-four hours of the conclusion of the voting.

CHAPTER VIII

VALUATION AND INFORMATION MEMORANDUM

38. Appointment of registered valuers.

The resolution professional shall within three days of his appointment, appoint two registered valuers to determine the fair value and the liquidation value of the corporate debtor:

Provided that the following persons shall not be appointed as registered valuers, namely:-

- (a) a related party of the corporate debtor;
- (b) an auditor of the corporate debtor at any time during the five years preceding the pre-packaged insolvency commencement date;
- (c) a partner or director of the insolvency professional entity of which the resolution professional is a partner or director; or
- (d) a relative of the resolution professional or of a partner or director of the insolvency professional entity of which the resolution professional is a partner or director.

39. Fair value and liquidation value.

(1) Fair value and liquidation value shall be determined in the following manner:-

- (a) the registered valuers appointed under regulation 38 shall submit to the resolution professional an estimate of the fair value and of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor;
- (b) the average of the value determined by the two registered valuers shall be considered the fair value or the liquidation value, as the case maybe.

(2) After the receipt of resolution plans in accordance with the Code and these Regulations, the resolution professional shall provide the fair value and the liquidation value to every member of the committee in electronic form, on receiving an undertaking from the member to the effect that such member shall maintain confidentiality of the fair value and the liquidation value and shall not use such values to cause an undue gain or undue loss to itself or any other person.

(3) The resolution professional and registered valuers shall maintain confidentiality of the fair value and the liquidation value.

40. Information memorandum.

(1) The preliminary information memorandum shall provide details required under sub-regulation (2).

(2) The information memorandum shall contain the following details of the corporate debtor: -

(a) assets and liabilities with such description, as are generally necessary for ascertaining their values.

Explanation. - 'Description' includes the details such as date of acquisition, cost of acquisition, remaining useful life, identification number, depreciation charged, book value, and any other relevant details;

(b) the latest annual financial statements;

(c) audited financial statements of the corporate debtor for the last two financial years and provisional financial statements for the current financial year.

(d) a list of claims containing the names of creditors, the amounts of their claims and the security interest, if any, in respect of such claims;

(e) particulars of a debt due from or to the corporate debtor with respect to related parties;

(f) details of guarantees that have been given in relation to the debts of the corporate debtor by other persons, specifying which of the guarantors is a related party;

(g) the names and addresses of the members or partners holding at least one per cent stake in the corporate debtor along with the size of stake;

(h) details of all material litigation and an ongoing investigation or proceeding initiated by Government and statutory authorities;

(i) the number of workers and employees and liabilities of the corporate debtor towards them; and

(j) other information, which the corporate debtor or resolution professional deems relevant to the committee.

(3) The resolution professional shall finalise the information memorandum with details under sub-regulation (2) and submit to members of the committee within fourteen days of the pre-packaged insolvency commencement after receiving an undertaking from a member of the committee to the effect that such member or resolution applicant shall maintain confidentiality of the information and shall not use such information to cause an undue gain or undue loss to itself or any other person.

(4) A member of the committee may request the resolution professional or corporate debtor for further information of the nature described in this regulation and the resolution professional or the corporate debtor, as the case may be, shall provide such information to all members within reasonable time if such information has a bearing on the resolution plan.

41. Preferential and other transactions.

(1) On or before the thirtieth day of the pre-packaged insolvency commencement date, the resolution professional shall form an opinion whether the corporate debtor has been subjected to any transaction covered under sections 43, 45, 50 or 66.

(2) Where the resolution professional is of the opinion that the corporate debtor has been subjected to any transactions covered under sections 43, 45, 50 or 66, he shall make a determination on or before the forty-fifth day of the pre-packaged insolvency commencement date, under intimation to the Board.

(3) Where the resolution professional makes a determination under sub-regulation (2), he shall apply to the Adjudicating Authority for appropriate relief on or before the sixtieth day of the pre-packaged insolvency commencement date.

CHAPTER IX RESOLUTION PLAN

42. Scoring and improvement of resolution plans.

For the purposes of consideration of resolution plans, -

(i) “basis for evaluation”, includes the parameters to be applied and the manner of applying such parameters, as approved by the committee, for evaluating a resolution plan to assign a score to the plan, and disclosed in the invitation for resolution plans.

Illustration 1

The committee may identify three parameters, namely, X, Y and Z for evaluation of resolution plans. It may apply these parameters in the form of a formula, namely, $1.5 X + 2 Y + 2.5 Z$. Where the values of X, Y and Z are 20, 25, and 30 respectively, the score of the resolution plan is $1.5 (20) + 2 (25) + 2.5 (30) = 155$.

Illustration 2

The committee may identify three parameters, namely, X, Y and Z for evaluation of resolution plans. It may apply these parameters in the form of a formula, namely, $1.5 X + 2 Y + 2.5 Z$, subject to X being not less than 20. Where the values of X, Y and Z are 20, 25, and 30 respectively, the score of the resolution plan is $1.5 (20) + 2 (25) + 2.5 (30) = 155$. It may apply these parameters in the form of a formula, namely, $2 Y + 2.5 Z$, subject to X being not less than 20. Where the values of X, Y and Z are 20, 25, and 30 respectively, the score of the resolution plan is $2 (25) + 2.5 (30) = 125$. Where the values

of X, Y and Z are 15, 40, and 50 respectively, the resolution plan does not meet the minimum value of X and hence this plan will not be evaluated;

(ii) “significantly better” in relation to resolution plan, means that the score of the resolution plan is higher than that of another resolution plan by a certain number or percentage, as approved by the committee and disclosed in the invitation for resolution plans.

Illustration 1

The committee may consider a resolution plan to be significantly better than another resolution plan, if the score of the former is higher than that of the latter by 10. Where resolution plans ‘A’ and ‘B’ have scores of 100 and 110 respectively, ‘B’ is significantly better than ‘A’. Where resolution plans ‘A’ and ‘B’ have scores of 100 and 108 respectively, ‘B’ is not significantly better than ‘A’.

Illustration 2

The committee may consider a resolution plan to be significantly better than another resolution plan, if the score of the former is higher than that of the latter by 5 per cent. Where resolution plans ‘A’ and ‘B’ have scores of 100 and 107 respectively, ‘B’ is significantly better than ‘A’. Where resolution plans ‘A’ and ‘B’ have scores of 100 and 104 respectively, ‘B’ is not significantly better than ‘A’.

(iii) “tick size” means minimum improvement over another resolution plan in terms of score, as approved by the committee and disclosed in the invitation for resolution plans.

Illustration 1

On the basis for evaluation, resolution plans ‘A’ and ‘B’ have scores of 105 and 108, respectively. Resolution applicant of ‘A’ may wish to improve ‘A’ over ‘B’. It must improve ‘A’ such that the score of ‘A’ exceeds that of ‘B’ at least by tick size. If tick size is 5, resolution applicant of ‘A’ must improve ‘A’ such that the score of ‘A’ is at least $108 + 5 = 113$.

Illustration 2

In the example under Illustration 1, if tick size is 5 per cent., resolution applicant of ‘A’ must improve ‘A’ such that the score of ‘A’ is at least $108 \times 1.05 = 113.4$.

43. Invitation for resolution plans.

(1) For the purposes of sub-section (5) of section 54K, the resolution professional shall publish brief particulars of the invitation for resolution plans in Form P11 not later than twenty-one days from the pre-packaged insolvency commencement date.

(2) The resolution professional shall publish Form P11-

- (a) on the website, if any, of the corporate debtor;
- (b) on the website, if any, designated by the Board for the purpose; and

(c) in any other manner as may be decided by the committee.

(3) The Form P11 shall –

(a) state where the invitation for resolution plans can be downloaded or obtained from, as the case may be; and

(b) provide the last date for submission of resolution plan which shall not be less than fifteen days from the date of issue of invitation for resolution plan under sub-regulation (2).

(4) The invitation for resolution plans shall-

(a) detail each step in the process, and the manner and purposes of interaction between the resolution professional and the resolution applicant, along with corresponding timelines;

(b) include-

(i) the basis for evaluation;

(ii) basis for considering a resolution plan significantly better than another resolution plan;

(iii) tick size; and

(iv) the manner of improving a resolution plan; and

(c) not require any non-refundable deposit for submission of or along with resolution plan.

(5) The resolution professional shall require the resolution applicant, in case its resolution plan is approved under subsection (13) of section 54K, to provide a performance security within the time specified therein and such performance security shall stand forfeited if the resolution applicant of such plan, after its approval by the Adjudicating Authority, fails to implement or contributes to the failure of implementation of that plan in accordance with the terms of the plan and its implementation schedule.

Explanation 1. For the purposes of this sub-regulation, “performance security” shall mean security of such nature, value, duration and source, as may be specified in the invitation for resolution plans with the approval of the committee, having regard to the nature of resolution plan and business of the corporate debtor.

Explanation 2. – A performance security may be specified in absolute terms such as guarantee from a bank for Rs. X for Y years or in relation to one or more variables such as the term of the resolution plan, amount payable to creditors under the resolution plan, etc.

44. Resolution plan.

A resolution plan shall provide for the measures, as may be necessary, for maximisation of value of its assets, including the following: -

(a) transfer of all or part of the assets of the corporate debtor to one or more persons;

(b) sale of all or part of the assets whether subject to any security interest or not;

(c) restructuring of the corporate debtor, by way of merger, amalgamation and demerger;

(d) the substantial acquisition of shares of the corporate debtor;

(e) cancellation or delisting of any shares of the corporate debtor, if applicable;

- (f) satisfaction or modification of any security interest;
- (g) curing or waiving of any breach of the terms of any debt due from the corporate debtor;
- (h) reduction in the amount payable to the creditors;
- (i) extension of a maturity date or a change in interest rate or other terms of a debt due from the corporate debtor;
- (j) amendment of the constitutional documents of the corporate debtor;
- (k) issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests, or other appropriate purpose;
- (l) change in portfolio of goods or services produced or rendered by the corporate debtor;
- (m) change in technology used by the corporate debtor; and
- (n) obtaining necessary approvals from the Central and State Governments and other authorities.

45. Mandatory contents of resolution plan.

(1) A resolution plan shall include-

- (a) an affidavit that resolution applicant is eligible to submit a resolution plan for resolution of the corporate debtor under the Code;
- (b) a statement giving details if the resolution applicant or any of its related parties has failed to implement or contributed to the failure of implementation of any resolution plan approved by the Adjudicating Authority at any time in the past; and
- (c) an undertaking that every information and records provided in connection with or in the resolution plan is true and correct and discovery of false information and record at any time will render the resolution applicant ineligible to participate in any resolution process under the Code.

(2) A resolution plan shall provide for-

- (a) the term of the plan and its implementation schedule;
- (b) the management and control of the business of the corporate debtor during its term; and
- (c) adequate means for supervising its implementation.

(3) A resolution plan shall demonstrate that –

- (a) it addresses the cause of default;
- (b) it is feasible and viable;
- (c) it has provisions for its effective implementation;
- (d) it has provisions for approvals required and the timeline for the same; and
- (e) the resolution applicant has the capability to implement the resolution plan.

(4) A resolution plan shall include a statement as to how it has dealt with the interests of all stakeholders, including financial creditors and operational creditors, of the corporate debtor.

(5) The amount payable under a resolution plan –

(a) to the operational creditors shall be paid in priority over financial creditors; and

(b) to the financial creditors, who have a right to vote under sub-section (2) of section 21 and did not vote in favour of the resolution plan, shall be paid in priority over financial creditors who voted in favour of the plan.

46. Submission of resolution plans.

(1) A resolution applicant may submit resolution plan or plans prepared in accordance with the Code and these Regulations to the resolution professional through electronic means within the time given in the invitation for resolution plan.

(2) A resolution plan which does not comply with the provisions of sub-regulation (1) shall be rejected.

47. Evaluation of resolution plans.

(1) The resolution plans received under regulation 46, which comply with the requirements of the Code and these Regulations, shall be evaluated on the basis for evaluation.

(2) The resolution plan which gets the highest score under sub-regulation (1) shall be selected for competition with the base resolution plan.

48. Approval of resolution plan.

(1) The resolution plan selected under regulation 47 shall be considered by the committee for approval, if it is significantly better than the base resolution plan.

(2) Where no resolution plan is received under regulation 46, which complies with the requirements of the Code and these Regulations, the base resolution plan may be considered by the committee for approval.

(3) In cases not covered under sub-regulations (1) and (2), the resolution professional shall disclose the scores of the resolution plan selected under regulation 46 and the base resolution plan to submitters of these resolution plans and invite them to improve their resolution plans in accordance with sub-regulation (4).

(4) The submitter of the resolution plan under sub-regulation (3) shall have an option to improve its plan in the following manner:-

(a) The submitter of resolution plan, which has lower score, shall have an option to improve its resolution plan by at least a tick size;

(b) then the submitter of the other resolution plan shall have an option to improve its resolution plan by at least a tick size;

(c) then the submitter under clause (a) shall have an option to improve its resolution plan by at least a tick size;

(d) then the submitter under clause (b) shall have an option to improve its resolution plan by at least a tick size, and the process of improvement shall continue till either of the submitters fails to use the option within the time specified in the invitation for resolution plans.

(5) The process under sub-regulations (3) and (4) shall be completed within a time-window of forty-eight hours.

(6) The resolution plan having higher score on completion of process of improvement under sub-regulation (4) shall be considered by the committee for approval.

49. Application to Adjudicating Authority.

(1) Where a resolution plan is approved by the committee, the resolution professional shall submit an application, along with a compliance certificate in Form P12, to the Adjudicating Authority for approval.

(2) The resolution professional shall forthwith send a copy of the order of the Adjudicating Authority approving or rejecting a resolution plan to the participants and the resolution applicant.

(3) The resolution professional shall, within seven days of the order of the Adjudicating Authority approving a resolution plan, intimate each claimant, the principle or formula, as the case may be, for payment of debts under such resolution plan.

(4) Where no resolution plan is approved by the committee or where the committee has approved the termination of process, the resolution professional shall file an application in Form P13 to the Adjudicating Authority for termination of process.

CHAPTER X

MANAGEMENT OF AFFAIRS OF THE CORPORATE DEBTOR

50. Management during the process.

(1) The corporate debtor shall not manage the affairs of the corporate debtor in a manner prejudicial to the creditors of the corporate debtor or in a fraudulent manner.

(2) The corporate debtor shall not undertake any of the following actions without obtaining prior approval of the committee, namely:-

- (a) transaction above a threshold as decided by the committee; and
- (b) any other matter as decided by the committee and not covered under section 28.

(3) The corporate debtor in consultation with the resolution professional shall prepare a monthly report and forward it to the members of the committee with the following details:-

- (a) details of legal proceedings having a material impact on the business of the corporate debtor;
- (b) details of key contracts executed during the reporting period; and
- (c) any other relevant matter(s) that may have a material impact on the business of the corporate debtor.

(4) The resolution professional may-

- (a) call for information related to operations of the corporate debtor, including payments made;
- (b) visit premise(s) of the corporate debtor;
- (c) inspect the assets of the corporate debtor;
- (d) call for information related to compliances applicable to the corporate debtor and its status;
- (e) ask for details related to litigation initiated by or against corporate debtor; and
- (f) ask details for ascertaining the conduct of corporate debtor during the process.

51. Vesting of the management with resolution professional.

For the purposes of sub-section (1) of section 54J, the resolution professional shall make an application in Form P14.

SCHEDULE FORM P1 WRITTEN CONSENT

**(Under regulation 7(1) of the Insolvency and Bankruptcy Board of India (Pre-packaged
Insolvency Resolution
Process) Regulations, 2021)**

[Date]

To

The Adjudicating Authority

[_____ Bench]

From

[Name of the insolvency professional]

[Registration number of the insolvency professional]

[Address of the insolvency professional registered with the Board]

Subject: Written consent in the matter of [name of corporate debtor]

1. I, [name], an insolvency professional enrolled with [name of insolvency professional agency] and registered

with the Board. I have been proposed for appointment

(i) as the interim resolution professional under section 54O of the Insolvency and Bankruptcy Code, 2016 for

corporate insolvency resolution process of [name of the corporate debtor].

OR

(ii) resolution professional under sections 54A or 27 of the Insolvency and Bankruptcy Code, 2016 for the prepackaged insolvency resolution process of [name of the corporate debtor].

{ strike off the part which is not relevant }

2. I hereby give consent to the proposed appointment.

3. I have the following processes in hand:-

Sl. No.	Role as	Number of processes on the date of consent
I	II	III
1	Interim Resolution Professional	

2	Resolution Professional in- Insolvency resolution processes for corporate persons Pre-packaged insolvency resolution processes Insolvency resolution processes for individuals	
3	Liquidator of- a. Liquidation Processes b. Voluntary Liquidation Processes	
4	Bankruptcy Trustee	
5	Authorised Representative	
6	Any other (Please state)	

4. I declare and affirm as under:-

a. I am not subject to any disciplinary proceeding initiated by the Board or the Insolvency Professional Agency.

b. I do not suffer from any disability to act as a resolution professional.

c. I am eligible to be appointed as interim resolution professional / resolution professional of the corporate debtor under regulation 7 of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021 and other applicable provisions of the Code and the Regulations.

d. I shall make the disclosures in accordance with the code of conduct for insolvency professionals set out in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

Date: Place :	(Signature of the insolvency professional) _____ Registration No. _____ Authorisation for assignment (AFA) No. _____ _____ Date _____ Date of expiry of AFA _____ _____ (Name in block letters)(Name of insolvency professional entity, if applicable)
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FORM P2
LIST OF CREDITORS OF [NAME OF CORPORATE DEBTOR]

**(Under regulation 14 of the Insolvency and Bankruptcy Board of India (Pre-packaged
Insolvency Resolution Process Regulations, 2021)**

List of financial creditors (unrelated)			
I	II	III	IV
Sl. No.	Name of creditor	Amount of claim	% of claim
1			
2			
3			
List of financial creditors (related)			
Sl. No.	Name of creditor	Amount of claim	% of claim
1			
2			
3			
List of operational creditors (unrelated)			
Sl. No.	Name of creditor	Amount of claim	% of claim
1			
2			
3			
List of operational creditors (related)			
Sl. No.	Name of creditor	Amount of claim	% of claim
1			
2			
3			
List of other creditors (unrelated)			
Sl. No.	Name of creditor	Amount of claim	% of claim
1			
2			
3			
List of other creditors (related)			
Sl. No.	Name of creditor	Amount of claim	% of claim
1			
2			
3			

[For Corporate Applicant]

(Signature)

Name of person submitting information\

FORM P3**APPROVAL OF TERMS OF APPOINTMENT OF RESOLUTION PROFESSIONAL**

(Under regulation 14(5) of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021)

- The meeting of financial creditors, who are not related parties of the corporate debtor, was held on [date of meeting] at [time of meeting] at [venue of meeting] for proposing and approving the name of resolution professional for pre-packaged insolvency resolution process of [name of corporate debtor].
- The list of creditors in Form P2 was provided with the notice of said meeting.
- The details of creditor(s) present in the said meeting are enclosed as Annexure-A.
- [Name of creditor(s)], having % of debt*, proposed the name of [name of proposed resolution professional], having registration number [registration number] for appointment as resolution professional for the pre-packaged insolvency resolution process of [name of corporate debtor].
- The following creditor(s) have approved the appointment of [name of proposed resolution professional], having registration number [registration number] for appointment as resolution professional for the pre-packaged insolvency resolution process of [name of corporate debtor].

Sl. No.	Name of creditor (S)	Amount of debt*	Percentage of debt*	Vote		
				Assent	Dissent	Abstain
I	II	III	IV	V	VI	VII
1						
2						
3						
Total						

- The above-mentioned creditor(s), also approved the following terms of appointment of the [name of proposed resolution professional]: -

Sl. No.	Particulars	Fee (Amount in ₹)	Remarks
I	II	III	IV
1	Fee payable to the resolution professional for performing duties under sub-section (1) of section 54B		
2	Fee payable to the resolution professional and expenses to be incurred by him for conducting the process under section 54F		
3	Fee payable to the resolution professional and expenses to be incurred by him in case management of the corporate debtor is vested with him under section 54J		

- That [name of creditor], is duly authorised to sign this Form on behalf of all the / assenting creditor(s) mentioned in Table in para 5.

[Name of creditor]

(Signature)

[NAME IN BLOCK LETTERS]

[Designation]

**Debt means aggregate financial debt owed to the financial creditors who are not related parties of the corporate debtor.*

(Please modify the form suitably where the creditors are operational creditor(s))

FORM P4

APPROVAL FOR INITIATING PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS OF [NAME OF CORPORATE DEBTOR]

(Under regulation 14(7) of the Insolvency and Bankruptcy Board of India (Pre-packaged
Insolvency Resolution Process) Regulations, 2021)

1. The meeting of financial creditors, who are not related parties of the corporate debtor, was held on [date of meeting] at [time of meeting] at [venue of meeting] for approving the initiation of pre-packaged insolvency resolution process in respect of [Name of corporate debtor].
2. Following document(s) was/were enclosed with the notice of said meeting:-
 - a. list of creditors in Form P2;
 - b. copy of declaration by members/partners in Form P6;
 - c. copy of members 'special resolution or partners 'resolution, as the case may be;
 - d. base resolution plan; and
 - e. other relevant information or document, if any.
3. The details of creditor(s) present in the said meeting are enclosed herewith as Annexure-A.
4. The following creditor(s) have approved the initiation of pre-packaged insolvency resolution process in respect of [name of corporate debtor]

Sl. No.	Name of creditor(s))	Amount of debt*	Percent of debt*	Vote		
				Assen t	Dissen t	Abstai n
I	II	III	IV	V	VI	VII
1						
2						
3						
Total						

5. That [name of creditor], is duly authorised to sign this Form on behalf of all the / assenting creditor(s) mentioned in Table above.

[Name of creditor]

Signature

[NAME IN

BLOCK

LETTERS]

[Designation]

*Debt means aggregate financial debt owed to the financial creditors who are not related parties of the corporate debtor.

(Please modify the form suitably where the creditors are operational creditor(s))

FORM P5

WRITTEN CONSENT TO ACT AS AUTHORISED REPRESENTATIVE

(Under regulation 15(iii) of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021)

From

[Name of the insolvency professional]

[Registration number of the insolvency professional]

[Registered address of the insolvency professional]

To

[Name of resolution professional], the resolution professional of pre-packaged insolvency resolution process of [name of corporate debtor]

Subject: Written Consent to act as an authorised representative.

1. I, [name], an insolvency professional enrolled with [name of insolvency professional agency] and registered with the Board, note that you have proposed to appoint me as the authorised representative of financial creditors in a class [specify class] in the pre-packaged insolvency resolution process of [name of the corporate debtor].

2. I hereby give my consent for the proposed appointment.

3. I am having the following processes in hand: -

Sl. No.	Role as	Number of processes on the date of consent
I	II	III
1	Interim Resolution Professional	
2	Resolution Professional in- a. Insolvency resolution processes for corporate persons b. Pre-packaged insolvency resolution processes c. Insolvency resolution processes for individuals	
3	Liquidator of- a. Liquidation Processes b. Voluntary Liquidation Processes	
4	Bankruptcy Trustee	
5	Authorised Representative	

6	Any other (Please state)	
---	--------------------------	--

4. I declare and affirm as under:-

- a. I am not subject to any disciplinary proceeding initiated by the Board or the Insolvency Professional Agency.
- b. I do not suffer from any disability to act as an authorised representative.
- c. I shall not canvass with the creditors to indicate their choice in my favour.

Date: Place:	(Signature of the insolvency professional)
	Registration No.

	Authorisation for assignment (AFA) No.

	Date of expiry of AFA

	(Name in block letters)
	(Name of insolvency professional entity, if applicable)

FORM P6

DECLARATION BY DIRECTOR/PARTNERS

(Under regulation 16(1) of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021)

[Date]

To

The Adjudicating Authority

[Bench]

Subject: Declaration for initiating pre-packaged insolvency resolution process in respect of [name of corporate debtor].

We

Sl. No.	Name and Designation	Director Identification Number	Addresses

I	II	III	IV
1			
2			
3			

representing majority among the directors/partners of the [name of the corporate debtor] —Corporate Debtor]) having [Identification Number] and having registered office at [Address], declare and affirm as under: -

- i. The corporate debtor shall file an application for initiating pre-packaged insolvency resolution process within [insert number of days].
- ii. The pre-packaged insolvency resolution process is not being initiated to defraud any person.;
- iii. The creditors have approved the name of [name of insolvency professional], having registration number [registration number], in the meeting of creditors convened under clause (e) of sub-section (2) of section 54A read with regulation 8 of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021, held on [date of meeting].
- iv. The details of the corporate debtor

Sl. No.	Title	Details
I	II	III
1	Name of the corporate debtor	
2	Registered address of the corporate debtor	
3	Date of incorporation of the corporate debtor	
4	Estimated date for filing the application with adjudicating authority for initiating pre-packaged insolvency resolution process	

- v. The contents of this declaration are true and correct and that we have concealed nothing and that no part of it is false.

Date:	(Signature of the Director/Partner)
Place	(Name in block letters) DIN-__
:	Address:_____
Date:	(Signature of the Director/Partner)
Place	(Name in block letters) DIN-__
:	Address:_____

(To be signed by all the directors/partners mentioned in Point-1)

FORM P7

DECLARATION REGARDING EXISTENCE OF AVOIDANCE TRANSACTION(S)

(Under regulation 16(2) of the Insolvency and Bankruptcy Board of India (Pre-packaged
Insolvency Resolution Process) Regulations, 2021)

[Date]

To

The

Adjudicating

Authority[___Bench]

Subject: Declaration regarding existence of avoidance transaction in respect of [name of corporate debtor].

I, [name], a managing director/chairperson/designated partner/partner [director, if there is no managing director and chairperson] of the [name of the corporate debtor] (Corporate Debtor) having [Identification Number] having registered office at [Address], declare and affirm as under: -

{strike off the part which is not relevant}

- i. the corporate debtor has not been subject to any transaction within the meaning and scope of Chapter III or Chapter VI of the Insolvency and Bankruptcy Code, 2016 (Code).

OR

- ii. the corporate debtor has been subject to following transaction(s) within the meaning and scope of Chapter III or Chapter VI of the Code: -

Sl. N	Transaction with	Section (43/45/	Amount involved(in	Remarks, if any
----------	---------------------	--------------------	-----------------------	--------------------

o		50/66)	Rs.)	
I	II	III	IV	V
1				
2				
3				

A note providing detail(s) of above-mentioned transaction(s) along-with relevant document(s) is enclosed as Annexure-A.

Place:

Date:

(Signature)

Name

Designation

DIN

Address

FORM P8

REPORT OF THE INSOLVENCY PROFESSIONAL

(Under regulation 17 of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021)

I [name of insolvency professional], proposed for appointment as resolution professional of [name of corporate debtor] in respect of pre-packaged insolvency resolution process of [name of corporate debtor] hereby declare and affirm as under:-

1. I have sought and obtained all the information and explanations which to the best of my knowledge and belief are necessary for the purposes of preparation of report under section 54B of the Insolvency and Bankruptcy Code, 2016 (Code) and Regulations thereunder.
2. I have examined the relevant documents and information required to ascertain the status of the corporate debtor and I hereby confirm that [name of corporate debtor] is a micro/ small/medium enterprise under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006);
3. I hereby confirm that-
 - a. the corporate debtor has not undergone pre-packaged insolvency resolution process or completed corporate insolvency resolution process, during the period of three years preceding the date of making of the application;
 - b. the corporate debtor is not undergoing a corporate insolvency resolution process;
 - c. no liquidation order has been made in respect of the corporate debtor;
 - d. majority of directors / partners of the corporate debtor have made a declaration in Form P6 pursuant to clause (e) of sub-section (2) of section 54A; [Attachment]
 - e. the members of the corporate debtor have passed a special resolution or three-fourth of the total number of partners of the corporate debtor have passed a resolution approving the filing of the

application for initiating pre- packaged insolvency resolution process;

f. the creditors of the corporate debtor representing [percent] of debt* have approved the proposal for appointment of resolution professional, as required under clause (e) of sub-section (2) of section 54A in Form P3;

g. the creditors of the corporate debtor representing [percent] of debt* have approved the proposal for initiation of pre-packaged insolvency resolution process in respect of [name of corporate debtor], as required under sub- section (3) of section 54A in Form P4;

h. the amount of default incurred by the corporate debtor is within the limit notified under sub-section (2) of section 4 of the Code; and

i. I have examined the base resolution plan provided to creditor(s) under clause (c) of sub-section (4) of section 54A, and hereby confirm that it complies with sub-sections (1) and (2) of section 30, section 54K of Code and the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021 and all other applicable provisions.

Place:

Date:

(Signature)

Name of insolvency professional

Registration number

*Debt means aggregate financial debt owed to the financial creditors who are not related parties of the corporate debtor.

FORM P9

PUBLIC ANNOUNCEMENT

(Under regulation 19(2) of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021)

FOR THE ATTENTION OF THE CREDITORS OF [NAME OF CORPORATE DEBTOR]

Notice is hereby given that the Adjudicating Authority, Bench has ordered for the commencement of pre- packaged insolvency resolution process for [name of the corporate debtor] on [pre-packaged insolvency commencement date].

RELEVANT PARTICULARS		
I	II	III
1	Name of corporate debtor	
2	Former name(s), if changed in last two years	
3	Date of incorporation of corporate debtor	
4	Authority under which corporate debtor is incorporated / registered	
5	Identification number	
6	Address of the registered office and principal office (if any) of corporate debtor	
7	Pre-packaged insolvency commencement date	

8	Name and registration number of the resolution professional	
9	Address and e-mail of the resolution professional, as registered with the Board	
10	Address and e-mail to be used for correspondence with the resolution professional	
11	List of claims shall be made available from [insert date] at:	

(Signature)

Name and of resolution professional:

Date:

Plac:

**FORM P10
LIST OF CLAIMS**

(Under regulation 20 of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021)

As on _____
(Amount in ₹)

Sl. No.	Category of creditor	Summary of claims		Amount of contingent claims	Details in Annexure	Remarks, if any
		No. of claims	Amount			
I	II	III	IV	V	VI	VII
1	Secured financial creditors belonging to any class of creditors				1	
2	Unsecured financial creditors belonging to any class of creditors				2	
3	Secured financial creditors (other than financial creditors belonging to any class of creditors)				3	

4	Unsecured financial creditors (other than financial creditors belonging to any class of creditors)				4	
5	Operational creditors (Workmen)				5	
6	Operational creditors (Employees)				6	
7	Operational creditors (Government dues)				7	
8	Operational creditors (other than Workmen, Employees and Government dues)				8	
9	Other creditors, if any, (other than financial creditors and operational creditors)				9	
Total						
I						

[For Corporate Debtor] Signature Name of person submitting the information Relationship with corporate debtor	OR	[For Resolution Professional] Signature Name of Insolvency Professional Registration Number____
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Annexure-1

Name of the corporate debtor:

Date of commencement of PPIRP.....

List of creditors as on:

List of secured financial creditors belonging to any class of creditors

Sl. No.	Name of creditor	Identification No.	Details of claims						Amount of contingent claim	Amount of any mutual dues, that may be set-off	Remarks, if any
			Amount of claim	Nature of claim	Amount covered by security interest	Amount covered by guarantee	Whether related party.	% of voting share in committee			
I	II	III	IV	V	VI	VII	VIII	IX	X	X I	XII
1											

2											
3											

Annexure-2

Name of the corporate debtor:

Date of commencement of PPIRP.....

List of creditors as on:

List of unsecured financial creditors belonging to any class of creditors

(Amount in ₹)

Sl. No.	Name of creditor	Identification No.	Details of claims					Amount of contingent claim	Amount of any mutual dues, that may be set-off	Remarks, if any
			Amount of claim	Nature of claim	Amount covered by guarantee	Whether related party.	% of voting share in committee			
I	II	III	IV	V	VI	VII	VIII	I X	X	XI
1										
2										
3										

Annexure – 3

Name of the corporate debtor:

Date of commencement of PPIRP....

List of creditors as on:

List of secured financial creditors (other than financial creditors belonging to any class of creditors)

(Amount in ₹)

Sl No.	Name of creditor	IdentificationNo.	Details of claims						Amount of contingent claim	Amount of any mutual dues, that may be set-off	Remarks, if any
			Amount of claim	Nature of claim	Amount covered by security interest	Amount covered by guarantee	Whether related party.	% of voting share in committee			

I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1											
2											
3											

Annexure – 4

Name of the corporate debtor:

Date of commencement of PPIRP....

List of creditors as on:

List of unsecured financial creditors (other than financial creditors belonging to any class of creditors)

(Amount in ₹)

Sl. No.	Name of creditor	Identification No.	Details of claims					Amount of contingent claim	Amount of any mutual dues, that may be set-off	Remarks, if any
			Amount of claim	Nature of claim	Amount covered by guarantee	Whether related party.	% of voting share in committee			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI
1										
2										
3										

Annexure – 5

Name of the corporate debtor:

Date of commencement of PPIRP: ...

List of creditors as on:

List of operational creditors (Workmen)

(Amount in ₹)

Sl. No.	Name of workman	Identification No.	Details of claims				Amount of contingent claim	Amount of any mutual dues, that may be set-off	Remarks, if any
			Amount of claim	Nature of claim	Whether related party	% voting share in committee, if applicable			
I	II	III	IV	V	VI	VII	VIII	IX	X

1									
2									
3									

Annexure – 6

Name of the corporate debtor:

Date of commencement of PPIRP....

List of creditors as on:

List of operational creditors (Employees)

(Amount in ₹)

Sl. No.	Name of employee	Identification No.	Details of claims				Amount of contingent claim	Amount of any mutual dues, that may be set-off	Remarks, if any
			Amount of claim	Nature of claim	Whether related party.	% of voting share in committee, if applicable			
I	II	III	IV	V	VI	VII	VIII	IX	X
1									
2									
3									

Annexure – 7

Name of the corporate debtor:

Date of commencement of PPIRP.....

List of creditors as on:

List of operational creditors (Government dues)

(Amount in ₹)

Sl. No.	Details of Government organisation			Details of claims					Amount of	Amount of any mutual dues, that may be set-off	Remarks, if any
	Department	Government	Identification	Amount of claim	Nature of Claim	Amount covered by security interest	Amount covered by guarantee	% of voting share in committee, if applicable			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1											
2											

3											

Annexure – 8

Name of the corporate debtor:

Date of commencement of PPIRP:.....

List of creditors as on:

List of operational creditors (Other than Workmen and Employees and Government dues)

(Amount in ₹)

Sl. No.	Name of creditor	Identification No.	Details of claim						Amount of contingent claim	Amount of any mutual dues, that may be set-off	Remarks, if any
			Amount of claim	Nature of claim	Amount covered by security interest	Amount covered by guarantee	Whether related party.	% of voting share in committee			
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1											
2											
3											

Annexure – 9

Name of the corporate debtor:

Date of commencement of PPIRP:

List of creditors as on:

List of other creditors (Other than financial creditors and operational creditors)

(Amount in ₹)

Sl. No.	Name of creditor	Identification No.	Details of claim					Amount of contingent claim	Amount of any mutual dues, that may be set- off	Remarks, if any
			Amount of claim	Nature of claim	Amount covered by security interest	Amount covered by guarantee	Whether related party.			

I	II	III	IV	V	VI	VII	VIII	IX	X	XI
1										
2										
3										

FORM P11
INVITATION FOR RESOLUTION PLANS

Under regulation 43 of the Insolvency and Bankruptcy (Pre-packaged Insolvency Resolution Process) Regulations, 2021)

RELEVANT PARTICULARS		
I	II	III
1	Name of the corporate debtor	
2	Former name(s), if changed in last two years	
3	Date of incorporation of corporate debtor	
4	Authority under which corporate debtor is incorporated /registered	
5	Identification number	
6	Address of the registered office and principal office (if any) of corporate debtor	
7	Pre-packaged insolvency commencement date	
8	Date of invitation for resolution plans	
9	Eligibility for resolution applicants	
10	Norms of ineligibility applicable under section 29A	
11	Basis for evaluation (including details related to significant improvement and tick size)	
12	Manner of obtaining invitation of resolution plan, basis for evaluation (including details related to significant improvement and tick size), information memorandum and further information	
13	Last date for submission of resolution plans	
14	Manner of submitting resolution plans to resolution professional	
15	Estimated date for submission of resolution plan to the Adjudicating Authority for approval	

16	Name and registration number of the resolution professional	
17	Name, address and e-mail of the resolution professional, as registered with the Board	
18	Address and email to be used for correspondence with the resolution professional	
19	Further details are available at or with	
20	Date of publication of Form	

(Signature)

Name of the resolution professional

Registration number

Registered address

Date:

Place:

FORM P12 COMPLIANCE CERTIFICATE

(Under regulation 49 (1) of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021]

I, [Name of the resolution professional], am the resolution professional for the pre-packaged insolvency resolution process (PPIRP) of [name of the corporate debtor].

2. The details of the pre-packaged insolvency resolution process

Sl. No.	Particulars	Description
I	II	III
1	Name of the corporate debtor	
2	Date of commencement of PPIRP	
3	Date of appointment of resolution professional	
4	Date of publication of public announcement	
5	Date of constitution of committee	
6	Date of first meeting of committee	
7	Date of appointment of registered valuers	
8	Date of submission of base resolution plan	
9	Date of invitation of resolution plans from third party resolution applicant, if applicable	
10	Date of inviting corporate debtor to improve its resolution plan, if applicable	
11	Date of issue of invitation for resolution plan (if applicable)	
12	Last date of submission of resolution plan	
13	Date of approval of resolution plan by committee	
14	Date of filing of resolution plan with Adjudicating Authority	
15	Date of expiry of one hundred and twenty days of PPIRP	

16	Fair value	
17	Liquidation value	
18	Number of meetings of committee held	

3. I have examined the resolution plan received from corporate debtor/third party resolution applicant(... ..) and approved by the committee of [Name of the corporate debtor].

4.I hereby certify that-

- the said resolution plan complies with all the provisions of the Insolvency and Bankruptcy Code 2016 (Code), the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021 and does not contravene any of the provisions of the law for the time being in force.
- the corporate debtor/third party resolution applicant (... ..) has submitted an affidavit pursuant to section 30(1 (of the Code confirming its eligibility under section 29A of the Code to submit resolution plan .The contents of the said affidavit are in order.
- the said resolution plan has been approved by the committee in accordance with the provisions of the Code and the Regulations made thereunder. The resolution plan has been approved by [state the number of votes by which resolution plan was approved by committee %] of voting share of financial creditors after considering its feasibility and viability and other requirements specified by the PPIRP Regulations.
- the voting was held in the meeting of the committee on [state the date of meeting] where all the members of the committee were present.

or

I sought vote of members of the committee by electronic voting system which was kept open at least for 24/48 hours.

{ strike off the part which is not relevant }

4 . The list of financial creditors of the [name of CD] being members of the committee and distribution of voting share among them

Sl. No.	Name of creditor	Voting share (%)	Voting for resolution plan (voted for /dissented / abstained)
I	II	III	IV
1			
2			
3			

5.The resolution plan includes a statement under regulation 45 of the regulations as to how it has dealt with the interests of all stakeholders in compliance with the Code and Regulations made thereunder.

6.The amounts provided for the stakeholders under the resolution plan.

(Amount in Rs. Lakh)

Sl. No.	Category of stakeholder*	Sub-category of stakeholder	Amount of claim	Amount admitted	Amount provided under the plan	Amount provided to the amount claimed (%)
I	II	III	IV	V	VI	VII
1	Secured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21 (b) Other than (a) above - (i)who did not vote in favour of the resolution plan (ii)who voted in favour of the resolution plan Total[(a) + (b)]				
2	Unsecured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21 (b) Other than (a) above - (i)who did not vote in favour of the resolution plan (ii)who voted in favour of the solution plan Total[(a) + (b)]				
3	Operational Creditors	(a) Related Party of Corporate Debtor (b) Other than (a) above - (i)Government (ii)Workmen (iii)Employees (iv) Total[(a) + (b)]				
4	Other debts and dues					
Grand Total						

*If there are sub-categories in a category, please add rows for each sub-category.

Amount provided over time under the resolution plan and includes estimated value of non-cash components. It is not Net Present Value.

8. The interests of existing shareholders have been altered by the resolution plan

Sl.No.	Category of shareholder	No. of sharesheld before PPIRP	No. of sharesheld after the PPIRP	Voting share(%) held before PPIRP	Voting share (%)held after PPIRP
I	II	III	IV	V	VI
1	Equity				
2	Preference				
3					

9 . The compliance of the resolution plan

Section of the Code / regulation No.	Requirement with respect to resolution plan	Clause of resolution plan	Compliance (Yes / No)
I	II	III	IV
section 29A	Whether the resolution applicant is eligible to submit resolution plan as per final list of Resolution Professional or Order, if any, of the Adjudicating Authority. (whereas applicable)		
section 30(1c)	Whether the Resolution Applicant has submitted an affidavit stating that it is eligible. (if applicable)		
section 30(2)	Whether the resolution plan- (i) provides for the payment of insolvency resolution process costs; (ii) provides for the payment to the operational creditors; (iii) provides for the payment to the financial creditors who did not vote in favour of the resolution plan; (iv) provides for the management of the affairs of the corporate debtor; (v) provides for the implementation and supervision of the resolution plan; contravenes any of the provisions of the law for the time being in force.		
section 54K (4) or (12) and regulation 45	Whether the resolution plan- (a) is feasible and viable, according to the committee; (b) has been approved by the committee with 66% voting share.		
section 31(1)	Whether the resolution plan has provisions for its effective implementation plan, according to the committee.		
regulation 41	Whether the resolution professional has made a determination under regulation 41, before the forty fifth day of the insolvency commencement date, under intimation to the Board.		
regulation 45(5)	Whether the amount due to the operational creditors under the resolution plan has been given priority in payment over financial creditors.		
regulation 45(4)	Whether the resolution plan includes a statement as to how it has dealt with the interests of all stakeholders.		
regulation 45(1)	<p>Whether the Resolution Applicant or any of its related parties has failed to implement or contributed to the failure of implementation of any resolution plan approved under the Code.</p> <p>i) If so, whether the Resolution Applicant has submitted the statement giving details of such non-implementation.</p>		
regulation 45(2)	Whether the resolution plan provides for - (a) the term of the plan and its implementation schedule; (b) the management and control of the business of the corporate debtor during its term; (c) adequate means for supervising its implementation		

regulation 45(3)	Whether the resolution plan demonstrates that – (a) it addresses the cause of default; (b) it is feasible and viable; (c) it has provisions for its effective implementation; (d) it has provisions for approvals required and the timeline for the same; (e) the resolution applicant has the capability to implement the resolution plan.		
regulation 41(3)	(a) Whether the RP has filed applications in respect of transactions observed, found, or determined by him.		
regulation 43(5)	Provide details of performance security received, as referred to in sub-regulation (5) of regulation 43.		
section 54K	Where the base resolution plan has been approved by committee, - (i) whether such resolution plan provides for impairment of any claims owed by the corporate debtor. (ii) if the base resolution plan provides for impairment of any claims owed by the corporate debtor, whether the such resolution plan provides for dilution of promoter shareholding or voting or control rights in the corporate debtor. If no, has the committee recorded the reasons for the same prior to approval of such base plan.		

10 . The time frame proposed for obtaining relevant approvals

Sl. No.	Nature of approval	Name of applicable law	Name of authority who will grant approval	When to be obtained
I	II	III	IV	V
1				
2				
3				

11 . The resolution plan is not subject to any contingency; or the resolution plan is subject to the following contingencies (Elaborate the contingencies): -

- i.....
ii.....

12 . Following are the deviations / non-compliances of the provisions of the Insolvency and Bankruptcy Code, 2016, Regulations made, or Circulars issued thereunder (If any deviation/ non-compliances were observed, please state the details and reasons for the same): -

Sl. No.	Deviation/Non-compliance observed	Section of the Code / regulation No. / circular No.	Reasons	Whether rectified or not
I	II	III	IV	V
1				
2				
3				

13 . The resolution plan is being filed days before the expiry of the period of PPIRP.

14 . Provide details of section 66 or avoidance application filed /pending, if any.

I	Type of transaction	Date of filing with Adjudicating Authority	Date of order of the Adjudicating Authority	Brief of the order
I	II	III	IV	V
1	Preferential transactions under section 43			
2	Undervalued transactions under section 45			
3	Extortionate credit transactions under section 50			
4	Fraudulent transactions under section 66			

15 .I (name of resolution professional (hereby certify that the contents of this certificate are true and correct to thebest of my knowledge and belief, and nothing material has been concealed therefrom .

(Signature)

Name of the resolution professional:

IP Registration No:

Address as registered with the Board:

Email Id as registered with the Board:

AA: Adjudicating Authority; Committee: Committee of Creditors; IFRP: Invitation for Resolution Plan; IM: Information Memorandum; PPIRP: Pre-packaged insolvency resolution process; RA: Resolution Applicant; RP: Resolution Professional.

FORM P13

APPLICATION FOR TERMINATION OF PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

(Under regulation 49(4) of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021]

[Date]

To

The Adjudicating
Authority[___Bench]

From

[Name of the insolvency professional]
[Registration number of the insolvency
professional][Registered address of the
insolvency professional] In the matter of [name
of the corporate debtor]

Subject: Termination of pre-packaged insolvency resolution process of [name of corporate
debtor]Madam/Sir,

The [name of the corporate debtor], had filed an application bearing [particulars of application,
having, [diarynumber/ case number] on [date of filing] before the Adjudicating Authority under
[under section 54C,] of the

Insolvency and Bankruptcy Code, 2016. The said application was admitted by the Adjudicating Authority
on [date]bearing [case number].

2. The committee of creditors has, in its meeting held on_____, decided to terminate the
aforementioned pre-packaged insolvency resolution process filed by the [name of the corporate debtor]
under sub-section (2) of section 54N.

OR

No resolution plan was submitted within the period permitted for approval of resolution plan under sub-
section (3) of section 54D.

OR

The resolution plan selected under sub-section (11) of section 54K has not been approved by the
committee of creditors under sub-section (12) of section 54K

{strike off the part which is not relevant}

3. I hereby attach the report of termination of the pre-packaged insolvency resolution process.

Date:

Place:

(Signature)

Name of the resolution professional:

IP Registration No:

Address as registered with the Board:

Email Id as registered with the Board:

FORM P14
APPLICATION FOR VESTING MANAGEMENT WITH RESOLUTION PROFESSIONAL

(Under regulation 51 of the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process Regulations, 2021)

[Date]

To
The Adjudicating Authority
(_____Bench)

From [Name of the insolvency professional]
[Registration number of the insolvency professional]
[Registered address of the insolvency professional]
In the matter of [name of the corporate debtor]

Subject: Vesting of management of [name of corporate debtor] with resolution professional. Madam/Sir, [Name of the corporate debtor], had filed an application bearing [particulars of application, having, diary number/ case number] on [date of filing] before the Adjudicating Authority under [under section 54C,] of the Insolvency and Bankruptcy Code, 2016 (Code). The said application was admitted by the Adjudicating Authority on [date] bearing [case number].

2. The committee of creditors has, in its meeting held on_____, decided to vest the management of the [Name of the Corporate Debtor] with the resolution professional under section 54J of the Code for the following reason(s):

-

a.

b.

3. I hereby attach the minutes of the meeting of committee of creditors held on__.

(Signature)

Name of the Resolution Professional:

IP Registration No:

Address as registered with the Board:

Email Id as registered with the Board:

Date:

Place:

Dr. M. S. SAHOO, Chairperson

[ADVT.-III/4/Exty./16/2021

**Notification dated 26th June 2020 by the
Ministry of MSME**

(relevant for investment in plant and machinery and calculation of turnover)

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

NOTIFICATION

New Delhi, the 26th June, 2020

S.O. 2119(E).—In exercise of the powers conferred by sub-section (1) read with sub-section (9) of section 7 and sub-section (2) read with sub-section (3) of section 8, of the Micro, Small and Medium Enterprises Development Act, 2006, (27 of 2006), hereinafter referred to as the said Act, and in supersession of the notifications of the Government of India in the Ministry of Micro, Small and Medium Enterprises number S.O.1702 (E), dated the 1st June, 2020, S.O. 2052 (E), dated the 30th June, 2017, S.O.3322 (E), dated the 1st November, 2013 and S.O.1722 (E), dated the 5th October, 2006, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (ii), except as respects things done or omitted to be done before such supersession, the Central Government, after obtaining the recommendation of the Advisory Committee in this behalf, hereby notifies certain criteria for classifying the enterprises as micro, small and medium enterprises and specifies the form and procedure for filing the memorandum (hereafter in this notification to be known as —Udyam Registration||), with effect from the 1st day of July, 2020, namely:--

1. Classification of enterprises.—An enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria, namely:--

- (i) a micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and
- (iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

2. Becoming a micro, small or medium enterprise.—

- (1) Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal, based on self-declaration with no requirement to upload documents, papers, certificates or proof.
- (2) On registration, an enterprise (referred to as —Udyam|| in the Udyam Registration portal) will be assigned a permanent identity number to be known as —Udyam Registration Number||.
- (3) An e-certificate, namely, —Udyam Registration Certificate|| shall be issued on completion of the registration process.

3. Composite criteria of investment and turnover for classification.—

- (1) A composite criterion of investment and turnover shall apply for classification of an enterprise as micro, small or medium.
- (2) If an enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover, it will cease to exist in that category and be placed in the next higher category but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.

-
- (3) All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) shall be collectively treated as one enterprise and the turnover and investment figures for all of such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

4. Calculation of investment in plant and machinery or equipment.--

- (1) The calculation of investment in plant and machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.

5. Calculation of turnover.--

- (1) Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.
- (2) Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- (3) The turnover related figures of such enterprise which do not have PAN will be considered on self-declaration basis for a period up to 31st March, 2021 and thereafter, PAN and GSTIN shall be mandatory.

6. Registration process.—

- (1) The form for registration shall be as provided in the Udyam Registration portal.
- (2) There will be no fee for filing Udyam Registration.
- (3) Aadhaar number shall be required for Udyam Registration.
- (4) The Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of a karta in the case of a Hindu Undivided Family (HUF).
- (5) In case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust, the organisation or its authorised signatory shall provide its GSTIN and PAN along with its Aadhaar number.
- (6) In case an enterprise is duly registered as an Udyam with PAN, any deficiency of information for previous years when it did not have PAN shall be filled up on self-declaration basis.
- (7) No enterprise shall file more than one Udyam Registration:

Provided that any number of activities including manufacturing or service or both may be specified or added in one Udyam Registration.

- (8) Whoever intentionally misrepresents or attempts to suppress the self-declared facts and figures appearing in the Udyam Registration or updation process shall be liable to such penalty as specified under section 27 of the Act.

7. Registration of existing enterprises.---

- (1) All existing enterprises registered under EM–Part-II or UAM shall register again on the Udyam Registration portal on or after the 1st day of July, 2020.
- (2) All enterprises registered till 30th June, 2020, shall be re-classified in accordance with this notification.
- (3) The existing enterprises registered prior to 30th June, 2020, shall continue to be valid only for a period up to the 31st day of March, 2021.

- (4) An enterprise registered with any other organisation under the Ministry of Micro, Small and Medium Enterprises shall register itself under Udyam Registration.

8. Updation of information and transition period in classification.--

- (1) An enterprise having Udyam Registration Number shall update its information online in the Udyam Registration portal, including the details of the ITR and the GST Return for the previous financial year and such other additional information as may be required, on self- declaration basis.
- (2) Failure to update the relevant information within the period specified in the online Udyam Registration portal will render the enterprise liable for suspension of its status.
- (3) Based on the information furnished or gathered from Government's sources including ITR or GST return, the classification of the enterprise will be updated.
- (4) In case of graduation (from a lower to a higher category) or reverse-graduation (sliding down to lower category) of an enterprise, a communication will be sent to the enterprise about the change in the status.
- (5) In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise will maintain its prevailing status till expiry of one year from the close of the year of registration.
- (6) In case of reverse-graduation of an enterprise, whether as a result of re-classification or due to actual changes in investment in plant and machinery or equipment or turnover or both, and whether the enterprise is registered under the Act or not, the enterprise will continue in its present category till the closure of the financial year and it will be given the benefit of the changed status only with effect from 1st April of the financial year following the year in which such change took place.

9. Facilitation and grievance redressal of enterprises.--

- (1) The Champions Control Rooms functioning in various institutions and offices of the Ministry of Micro, Small and Medium Enterprises including the Development Institutes (MSME-DI) shall act as Single Window Systems for facilitating the registration process and further handholding the micro, small and medium enterprises in all possible manner.
- (2) The District Industries Centres (DICs) will also act as Single Window facilitation Systems in their Districts.
- (3) Any person who is not able to file the Udyam Registration for any reason including for lack of Aadhaar number, may approach any of the above Single Window Systems for Udyam Registration purposes with his Aadhaar enrolment identity slip or copy of Aadhaar enrolment request or bank photo pass book or voter identity card or passport or driving licence and the Single Window Systems will facilitate the process including getting an Aadhaar number and thereafter in the further process of Udyam Registration.

- (4) In case of any discrepancy or complaint, the General Manager of the District Industries Centre of the concerned District shall undertake an enquiry for verification of the details of Udyam Registration submitted by the enterprise and thereafter forward the matter with necessary remarks to the Director or Commissioner or Industry Secretary concerned of the State Government who after issuing a notice to the enterprise and after giving an opportunity to present its case and based on the findings, may amend the details or recommend to the Ministry of Micro, Small or Medium Enterprises, Government of India, for cancellation of the Udyam Registration Certificate.

[F. No. 21(5)/2019-P&G/Policy (Pt-IV)]

A. K. SHARMA, Secy.

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**Extract of Section 7 of MSME Development
Act, 2006**

(relevant for calculation of investment in plant and machinery)

CHAPTER III

Section 7 in The Micro, Small and Medium Enterprises Development Act, 2006

7. Classification of enterprises.—

(1) Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government may, for the purposes of this Act, by notification and having regard to the provisions of sub-sections (4) and (5), classify any class or classes of enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called,—

(a) in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951), as—

(i) a micro enterprise, where the investment in plant and machinery does not exceed twenty-five lakh rupees;

(ii) a small enterprise, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or

(iii) a medium enterprise, where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;

(b) in the case of the enterprises engaged in providing or rendering of services, as—

(i) a micro enterprise, where the investment in equipment does not exceed ten lakh rupees;

(ii) a small enterprise, where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees; or

(iii) a medium enterprise, where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

Explanation 1. —For the removal of doubts, it is hereby clarified that in calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other items as may be specified, by notification, shall be excluded.

Explanation 2.—It is clarified that the provisions of section 29B of the Industries (Development and Regulation) Act, 1951 (65 of 1951), shall be applicable to the enterprises specified in sub-clauses (i) and (ii) of clause (a) of sub-section (1) of this section.

(2) The Central Government shall, by notification, constitute an Advisory Committee consisting of the following members, namely:—

(a) the Secretary to the Government of India in the Ministry or Department of the Central Government having administrative control of the small and medium enterprises who shall be the Chairperson, ex officio;

(b) not more than five officers of the Central Government possessing necessary expertise in matters relating to micro, small and medium enterprises, members, ex officio;

(c) not more than three representatives of the State Governments, members, ex officio; and

(d) one representative each of the associations of micro, small and medium enterprises, members, ex officio.

(3) The Member-Secretary of the Board shall also be the ex officio Member-Secretary of the Advisory Committee.

(4) The Central Government shall, prior to classifying any class or classes of enterprises under sub-section (1), obtain the recommendations of the Advisory Committee.

(5) The Advisory Committee shall examine the matters referred to it by the Board in connection with any subject referred to in section 5 and furnish its recommendations to the Board.

(6) The Central Government may also seek the advice of the Advisory Committee on any of the matters specified in sections 9, 10, 11, 12 or 14 of Chapter IV.

(7) The State Government may seek advice of the Advisory Committee on any of the matters specified in the rules made under section 30.

(8) The Advisory Committee shall, after considering the following matters, communicate its recommendations or advice to the Central Government or, as the case may be, State Government or the Board, namely:—

(a) the level of employment in a class or classes of enterprises;

- (b) the level of investments in plant and machinery or equipment in a class or classes of enterprises;
 - (c) the need of higher investment in plant and machinery or equipment for technological upgradation, employment generation and enhanced competitiveness of the class or classes of enterprises;
 - (d) the possibility of promoting and diffusing entrepreneurship in a micro, small or medium enterprises; and
 - (e) the international standards for classification of small and medium enterprises.
- (9) Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951) and clause (h) of section 2 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956), the Central Government may, while classifying any class or classes of enterprises under sub-section (1), vary, from time to time, the criterion of investment and also consider criteria or standards in respect of employment or turnover of the enterprises and include in such classification the micro or tiny enterprises or the village enterprises, as part of small enterprises.

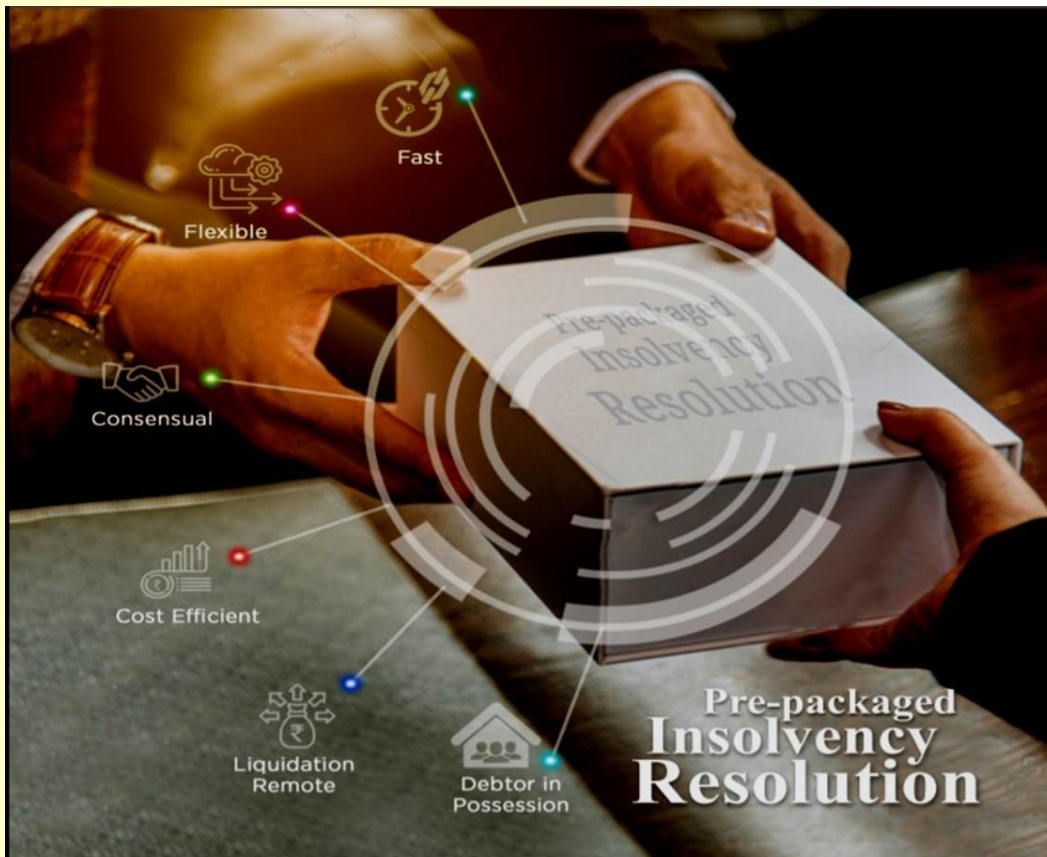
IBBI Information Brochure dt. 9th July 2021



भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India

Pre-Packaged Insolvency Resolution Process

>> Information Brochure <<



About the Code

The Insolvency and Bankruptcy Code, 2016 (Code) provides for a time-bound, market mechanism for reorganisation and insolvency resolution of persons (companies, limited liability partnerships, partnership and proprietorship firms and individuals) in financial distress. The objective of such reorganisation and resolution is maximisation of value of assets of the persons to promote entrepreneurship, enhance availability of credit, and balance of the interests of all stakeholders.

The resolution process typically begins with admission of an application filed by an entitled stakeholder in the event of a threshold amount of default. The Code envisages a calm period when the stakeholders endeavour to resolve the stress without fear of recovery or enforcement actions. In case of corporate insolvency, the creditors assess the viability of the corporate debtor (CD) and endeavour to rescue it through a resolution plan. There are two broad processes for resolution corporate stress: (a) Corporate insolvency resolution process (CIRP) resolves stress either through a resolution plan rehabilitating the CD or liquidation of the CD; and (b) Pre-packaged insolvency resolution process (PPIRP) either resolves stress through a resolution plan or closes without resolution.

In case of individual insolvency, the debtors and creditors negotiate a repayment plan, which is implemented under the supervision of a resolution professional (RP). A bankruptcy process, entailing sale of the assets of the debtor, arises on failure of either the insolvency resolution process or implementation of repayment plan. The Code envisages a fresh start process to discharge individuals, with extremely limited means, of their debt, where the chance of recovery is very less compared to the efforts involved.

In sync with its objectives, the Code provides for clawing back the value lost in avoidance transactions. In liquidation waterfall, Government stands at the bottom of the list, even below unsecured financial creditors. In case of bankruptcy, the Government stands at the bottom of the list, just above unsecured creditors. The Code has overriding effect over other laws in case of any conflict or inconsistency.

The Code provides for an ecosystem comprising of four pillars to help the stakeholders to resolve their stress. First of these is a class of regulated persons, called insolvency professionals (IPs). They play a key role in the efficient working of the insolvency, liquidation, and bankruptcy processes. The second pillar is a private industry of the Information Utilities (IUs). They store financial information about debtors in electronic database and eliminate delays and disputes during resolution process. The third is the Adjudicating Authority (AA), namely, the National Company Law Tribunal in case of corporate insolvency and the Debt Recovery Tribunal in case of individual insolvency, along with their appellate tribunals.

The fourth pillar is the regulator, namely, the Insolvency and Bankruptcy Board of India (IBBI). Set up as a unique regulator, it regulates a profession as well as processes. It has regulatory oversight over IPs, Insolvency Professional Agencies (IPAs), Insolvency Professional Entities (IPEs) and IUs. It writes and enforces rules for processes, namely, CIRP, corporate liquidation, PPIRP, fresh start, individual insolvency resolution and individual bankruptcy under the Code. It promotes the development of, and regulate, the working and practices of, IPs, IPAs and IUs and other institutions, in furtherance of the purposes of the Code. It acts as the 'Authority' under the Companies (Registered Valuers and Valuation) Rules, 2017 for regulation and development of the valuation profession.

Pre-packaged Insolvency Resolution Process

Background

Micro, small, and medium enterprises (MSMEs) are critical for India's economy. They contribute significantly to gross domestic product and provide employment to a sizeable population. The COVID-19 pandemic has impacted their business operations and exposed many of them to financial stress. Resolution of their stress requires different treatment, due to the unique nature of their businesses and simpler corporate structures. Therefore, it was considered expedient to provide an efficient alternative insolvency resolution process under the Code for corporate MSMEs, that ensures quicker, cost-effective and value maximising outcomes for all the stakeholders, in a manner which is least disruptive to the continuity of their businesses, and which preserves jobs. Accordingly, President promulgated the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 on 4th

April, 2021 to introduce PPIRP under the Code for this purpose. PPIRP is built on trust and honours the honest MSME owners by enabling resolution when the company remains with them.

PPIRP is available for resolution of stress of corporate MSMEs. It is available as an alternate option, should the stakeholders like to use it. It is available for resolving stress where default is at least ₹ 1 crore for which CIRP is available. Unlike CIRP, it is also available in respect of defaults where default is at least ₹ 10 lakh, and defaults that arose between 25th March, 2020 to 24th March, 2021.

PPIRP has the features, which make a CIRP sacrosanct, and has the rigour and discipline of the CIRP. It is informal up to a point and formal thereafter. It blends debtor-in-possession with creditor-in-control. It is neither a fully private nor a fully public process - it allows the company, if eligible under section 29A, to submit the base resolution plan (BRP) which is exposed to challenge for value maximisation. It safeguards the rights of stakeholders as much as in CIRP and has adequate checks and balances to prevent any potential misuse. It entails a limited role of the courts and IPs. Unlike CIRP, it does not yield if there is no resolution plan. Though PPIRP and CIRP are alternate options, some stakeholders may opt one over the other in certain circumstances.

This brochure presents step-by-step activities from initiation till closure of PPIRP. It annexes:

- (i) a typical process flow of a PPIRP (Annexure A);
- (ii) an indicative list of responsibilities of the CD, the RP and the creditors in respect of a PPIRP (Annexure B);
- (iii) a model timeline for completion of PPIRP within the prescribed period of 120 days from the date of its commencement (Annexure C); and
- (iv) a list of Forms (Annexure D).

Governing Framework

The provisions governing PPIRP are available in:

- (i) the Insolvency and Bankruptcy Code, 2016, as amended by the Insolvency and Bankruptcy (Amendment) Ordinance, 2021;
- (ii) the Insolvency and Bankruptcy (Pre-packaged Insolvency Resolution Process) Rules, 2021; and

(iii) the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021.

Eligibility for PPIRP

A CD, which is an MSME under sub-section (1) of the section 7 of the Micro, Small and Medium Enterprises Development Act, 2006, is eligible to apply for initiation of PPIRP, if it-

- (i) has committed a default of at least ₹10 lakh;
- (ii) is eligible to submit a resolution plan under section 29A of the Code;
- (iii) has not undergone a PPIRP during the three years preceding the initiation date;
- (iv) has not completed a CIRP during the three years preceding the initiation date;
- (v) is not undergoing a CIRP; and
- (vi) is not required to be liquidated by an order under section 33 of the Code.

To evidence that the CD is an MSME, the application shall attach either a copy of the latest and updated Udyam Registration Certificate or proof of investment in plant and machinery or equipment and turnover as per Notification No. 2119(E) dated 26th June, 2020 of the Ministry of MSMEs.

Pre-initiation Phase

PPIRP envisages a hybrid process, where pre-initiation phase is largely informal and post-initiation stage is formal. The informality at pre-initiation stage offers flexibility for the CD and its creditors to swiftly explore and negotiate the best way to resolve stress in the business, while the post-initiation stage drives value maximisation and bestows the resolution plan with the statutory protection.

The following activities need to be undertaken in pre-initiation stage:

- (i) For seeking approval of creditors under section 54A(2)(e) and (3), the applicant (corporate applicant filing an application for initiation of PPIRP) shall convene meetings of the unrelated financial creditors (UFCs), that is, financial creditors who are not related parties of the CD. Where the CD has no financial debt or where all financial creditors are related parties, the applicant shall convene meetings of unrelated

operational creditors (UOCs) and the UOCs shall perform the same duties and functions as the UFCs.

- (ii) For convening a meeting of UFCs, the applicant shall serve the notice of the meeting to UFCs at least five days before the date of the meeting (s) unless a shorter time is agreed to by all of them. The notice of the meeting shall indicate the date, time, and venue of the meeting and specific agenda items for discussion.
- (iii) The applicant shall enclose a list of creditors and the amount due to each of them in Form P2, along with the notice convening the meeting seeking approval for appointment of an IP as RP.
- (iv) In the meeting of UFCs, creditors having at least 10% of the value of debt shall propose the name of an IP eligible under the Regulations, for appointment as RP. An IP is eligible to be appointed as RP if he, and all partners and directors of the insolvency professional entity of which he is a partner or director, are independent of the corporate debtor. A person is considered independent if he meets the requirements specified under regulation 7.
- (v) The UFCs representing not less than 66% in value of debt due to such creditors shall approve the appointment as RP and the terms of appointment in Form P3. The terms of appointment shall include:
 - (a) fee payable to him for performing duties in relation to pre-initiation phase under section 54B, (b) fee payable to him and expenses to be incurred by him for conducting the PPIRP, and (c) fee payable to him and expenses to be incurred by him in case management of the CD is vested with him under section 54J.
- (vi) The majority of director/partners of the CD shall make a declaration in Form P6 stating (a) that the CD shall file an application for initiation within a definite time not exceeding 90 days, (b) that the PPIRP is not being initiated to defraud any person, and (c) the name of the IP approved by creditors to be appointed as the RP.
- (vii) The members of the CD shall pass a special resolution, or at least three-fourth of the total number of partners of the CD shall pass a resolution, approving the filing of an application for initiating PPIRP as required in section 54A(2)(g).
- (viii) The CD shall prepare a BRP in conformity with the requirements under section 54K.

- (ix) Along with the notice for convening the meeting(s) seeking approval for filing of an application for initiating PPIRP, the applicant shall enclose (a) a list of creditors and the amount due to each of them in Form P2, (b) declaration in Form 6, (c) the resolution of members or partners referred to in section 54A(2)(g), and (d) the BRP.
- (x) In the meeting of UFCs, creditors representing not less than 66% in value of debt due to such creditors shall approve filing of application for initiation of PPIRP of the CD under section 54A(3), in Form P4.
- (xi) The IP (proposed to be appointed as the RP) shall ascertain creditors in class(es), if any, from the list of creditors in Form P2, identify three IPs to act as authorised representative (AR) and obtain their consent in Form P5, seek choice of creditors in the class, select the IP, who is the choice of the highest number of creditors in the class to act as the AR, and inform the name of the IP, along with his consent in Form P5, to the applicant, in accordance with regulation 15.
- (xii) The IP (proposed to be appointed as the RP) shall prepare report in Form P8 confirming if the CD is eligible for PPIRP and the BRP confirms the requirements.

Application for Initiation

- (i) Only a corporate applicant can file an application for initiation of PPIRP.
- (ii) The applicant shall file the application in **Form 1**, in electronic form, before the AA for initiating PPIRP.
- (iii) The application shall be accompanied by the following documents:
 - (a) Record of default;
 - (b) Consent of the IP proposed to be appointed as RP, in **Form P1**;
 - (c) Approval of UFCs for initiation, in **Form P4**;
 - (d) Consent of the IP proposed to act as AR, if any, in **Form P5**;
 - (e) Declaration by Directors/Partners, in **Form P6**;
 - (f) Members' Resolution or Partners' Resolution;
 - (g) Declaration by CD regarding avoidance transaction(s), in **Form P7**;
 - (h) Report of the RP, in **Form P8**;
 - (i) Audited financial statements of the last two financial years;
 - (j) Provisional financial statements for current financial year made up to the date of declaration under section 54A(2)(f);
 - (k) Latest and updated Udyam Registration Certificate, or proof that the CD is an MSME;

(l)

- Affidavit stating that the CD is eligible under section 29A of the Code to submit resolution plan in the PPIRP of the CD;
- (m) A statement of affairs made up to a date not earlier than 14 days from the date of application;
- (n) A statement giving the names and addresses of the members or partners of the CD, with details of their respective shareholdings;
- (o) Proof that the application fee of ₹15,000 has been paid;
- (p) Proof that a copy of the application has been served to the IBBI; and
- (q) Document that records the authority of the applicant to make the application, where the applicant is a member or partner of the CD.
- (iv) The applicant shall serve a copy of the application (for initiating PPIRP) to the IBBI before filing it with the AA.
- (v) Within 14 days of the receipt of the application, the AA shall admit the application, if the application is complete or reject the same, if incomplete. However, before rejecting the application, the AA shall provide a period of seven days to the applicant for rectifying the defects, if any, in the application. The AA shall also deal with any application for initiation of CIRP pending for admission in accordance with the Code while deciding on the application.
- (vi) The PPIRP shall commence on the date of admission of the application.
- (vii) The AA shall, on the PPIRP commencement date along with the order of admission, declare a moratorium of the purposes of sub-sections (1) and (3) of section 14 of the Code, appoint the IP named in the application as the RP, and cause a public announcement to be made by the RP. (viii) The duties of the IP shall cease if the application is either not filed within the time specified in declaration in Form 6 or is not admitted by the AA.

Post-initiation Phase

- (i) The process is required to be completed within a time frame of 120 days from the PPIRP commencement date. A model timeline along-with details of the activities to be undertaken during the process is presented in Annexure C.
- (ii) During the PPIRP, (a) the management of the affairs of the CD shall continue to vest in the Board of Directors / the partners of the CD; (b) the Board of Directors / the partners of the CD shall make every endeavour to protect and preserve the value of the property of the CD,

and manage its operations as a going concern; and (c) the promoters, members, personnel and partners of the CD shall exercise and discharge their contractual or statutory rights and obligations in relation to the CD.

- (iii) The CD shall, within two days of the PPIRP commencement date, submit to the RP, updated as on that date, (a) a list of claims, along with details of the respective creditors, their security interests and guarantees, in **Form P10**, and (b) a preliminary information memorandum (PIM) containing information relevant for formulating a resolution plan. If any person sustains any loss or damage as a consequence of the omission of any material information or inclusion of any misleading information in the list of claims or the PIM, every person who (a) is a promoter or director or partner of the CD at the time of submission of the list of claims or the PIM, or (b) has authorised the submission of the list of claims or the PIM, shall be liable to pay compensation.
- (iv) The CD shall submit the BRP to the RP within two days of the PPIRP commencement date. It may revise the BRP if permitted by the CoC.
- (v) The RP shall make a public announcement, in **Form P9**, within two days of the commencement of the process in the manner specified in regulation 19.
- (vi) The RP shall exercise powers and carry out duties as required under section 54F.

Approval of Resolution Plan

- (i) If BRP does not impair claims owed to operational creditors (OCs), the CoC may approve it for submission to the AA.
- (ii) If the CoC does not approve the BRP or the BRP impairs the claims of OCs, the RP shall invite prospective resolution applicants to submit resolution plans to compete with the BRP. He shall publish brief particulars of the invitation for resolution plans in **Form P11**, not later than 21 days from the PPIRP commencement date, in accordance with regulation 43.
- (iii) The invitation for resolution plans shall detail each step in the process, and the manner and purposes of interaction between the RP and the resolution applicant, along with corresponding timelines. It shall include (a) the basis for evaluation; (b) the basis for considering a resolution plan significantly better than another resolution plan; (c) the

tick size; and (d) the manner of improving a resolution plan. It shall not require any non-refundable deposit for submission of or along with resolution plan.

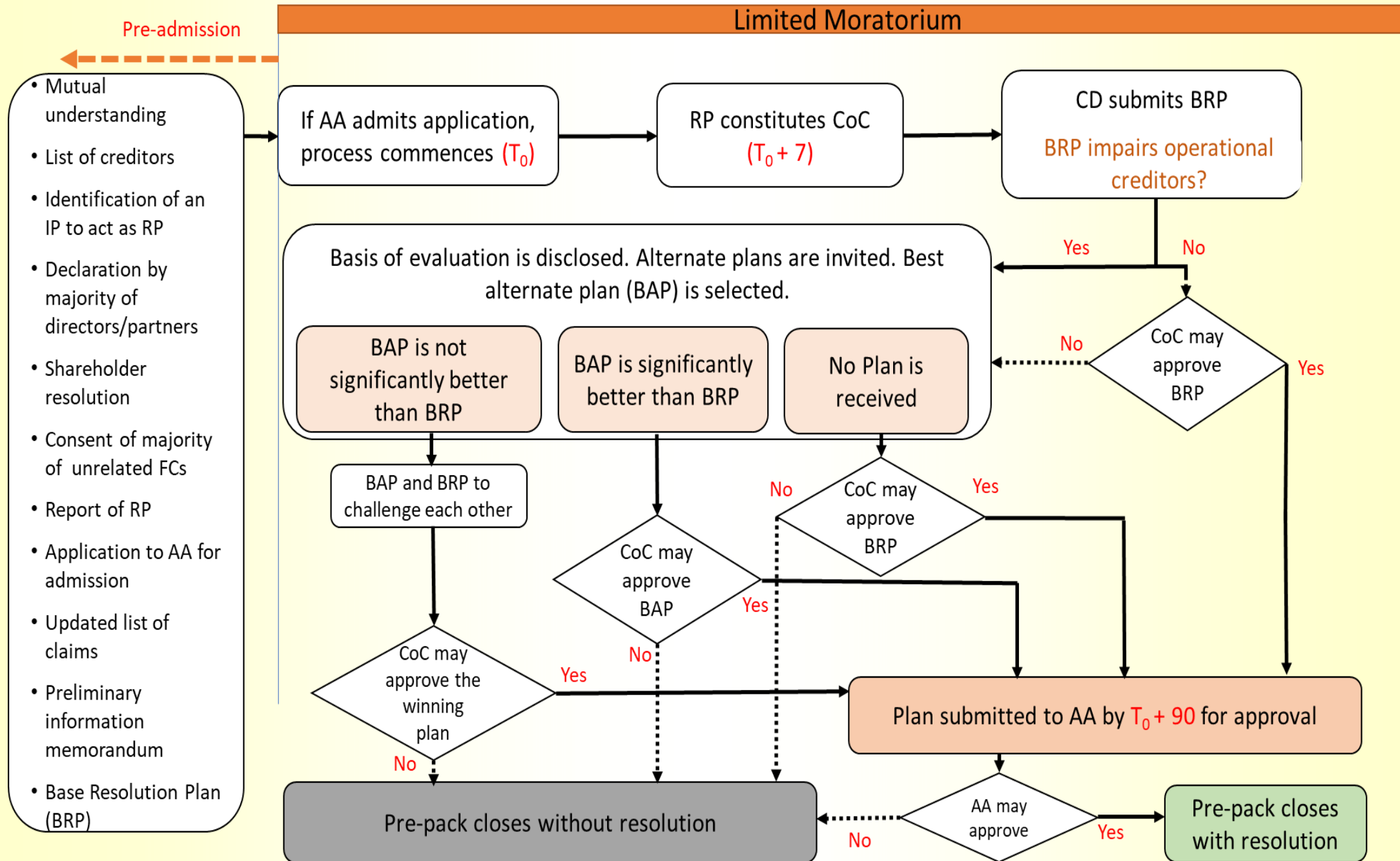
- (iv) The resolution plans received in response to invitation and complying with the requirements of the Code and the Regulations shall be evaluated on the basis for evaluation. The resolution plan which gets the highest score shall be selected as best alternate plan (BAP) for competition with the BRP.
- (v) The CoC may consider BRP for approval if no resolution plan is received.
- (vi) The CoC may consider the BAP for approval if it is significantly better than the BRP. If it does not approve a significantly better BAP, the process terminates.
- (vii) If the BAP is not significantly better than the BRP, the RP shall disclose the scores of the BAP and BRP to submitters of these plans and invite them to improve their plans in accordance with regulation 48.
- (viii) The process of improvement shall continue till either of the submitters fails to use the option within the specified time. The resolution plan having higher score on completion of process of improvement shall be considered by the CoC for approval. If the CoC does not approve it, the process terminates.

Closure of PPIRP

The PPIRP closes in the following circumstances:

- (i) On approval of either the BRP or the BAP by the AA.
- (ii) On expiry of 90 days if no resolution plan is submitted to the AA for approval.
- (iii) On rejection of resolution plan by the AA.
- (iv) On approval by the AA of application filed by the RP for termination of PPIRP, where the CoC approves termination with 66% of voting share.
- (v) On conversion into CIRP based on an application filed by the RP, where the CoC approves so with 66% of voting share, and the CD is eligible for CIRP. The RP of the PPIRP is appointed as the IRP of the CIRP.
- (vi) On an order of termination in case either no resolution plan is approved by CoC or the resolution plan approved by the CoC does not result in change in management, where the AA has vested the management of the CD with the RP under section 54J.

A Typical Process Flow of a PPIRP



An Indicative List of Responsibilities of the Corporate Debtor, Resolution Professional and Creditors

Responsibilities of Corporate Debtor / Applicant	Responsibilities of Resolution Professional	Responsibilities of Creditors
<p>Identify creditors (FCs and OCs). Prepare a list of creditors and the amount due to each of them in Form P2 and revise the Form with change in creditors or amount due to any of them.</p> <p>Convene and facilitate meetings of creditors seeking approval for appointment of an IP as RP.</p> <p>Make a declaration from majority of Directors/ Partners in Form P6.</p> <p>Pass a special resolution approving the filing of an application for initiating PPIRP.</p> <p>Prepare the BRP.</p> <p>Convene and facilitate meetings of creditors seeking approval for filing application to initiate PPIRP.</p> <p>Prepare the declaration regarding avoidance transaction(s), in Form P7.</p> <p>Prepare audited financial statements for the last two financial years and provisional financial statements for the current financial year.</p> <p>File application for initiation of PPIRP.</p> <p>Prepare the preliminary information memorandum.</p> <p>Prepare the list of claims in Form P10 and update it as and when required.</p> <p>Submit the preliminary information memorandum, list of claims, and BRP to the RP.</p> <p>Manage the affairs of the CD as a going concern.</p> <p>Protect and preserve the value of the property of the CD.</p> <p>Participate in process to improve the BRP.</p>	<p>Give consent to act as RP if eligible under Regulations.</p> <p>Ascertain class(es) of creditors, if any. Seek choice of the creditors in the class for an IP to act their AR.. Inform the name of the IP selected by creditors in the class, along-with his consent form, to the applicant.</p> <p>Collect all information relating to assets, liabilities, finances, and operations of the CD.</p> <p>Prepare and submit the report in Form 8 confirming that the CD is eligible for PPIRP, and the BRP conforms to the requirements.</p> <p>Make public announcement.</p> <p>Appoint registered valuers.</p> <p>Confirm the list of claims and update it.</p> <p>Constitute the CoC, convene its meeting and chair the meetings.</p> <p>Submit the IM to members of the CoC.</p> <p>Invite prospective resolution applicants to submit a resolution plan.</p> <p>Conduct the process for improvement of resolution plan.</p> <p>Present to the COC, for its evaluation, compliant resolution plans.</p> <p>Submit the resolution plan approved by CoC to the AA along with compliance certificate in Form P12.</p> <p>Submit the application for termination of PPIRP when approved by the CoC.</p> <p>Form an opinion and make determination about avoidance transactions and file applications.</p> <p>Attend meetings of members, Board of Directors and committee of directors, or partners of the CD.</p> <p>Monitor management of the affairs of the CD.</p> <p>Report to CoC in the event of breach of any of the obligations of the Board of Directors or partners of the CD.</p> <p>Manage the affairs of the CD when the AA approves application vesting management of the CD.</p>	<p>Approve the name of IP to act as RP and his terms of appointment.</p> <p>Select an IP as AR to represent the creditors in a class.</p> <p>Approve filing of application for initiation of PPIRP.</p> <p>Assist the RP to finalise the list of claims.</p> <p>Consider the BRP and allow opportunity for revision.</p> <p>Approve eligibility criteria for prospective resolution applicants.</p> <p>Approve the basis for evaluation.</p> <p>Approve 'significantly better' in relation to a resolution plan.</p> <p>Approve 'tick size' for improvement over another resolution plan.</p> <p>Specify parameters for the improvement process such as value for identifying the significantly better plan, the tick size, the time limit for every iteration of the challenge process.</p> <p>Evaluate the resolution plans presented by the resolution professional and select a resolution plan from amongst them.</p> <p>May resolve to vest the management of the CD with the RP.</p> <p>May resolve to initiate a corporate insolvency resolution process in respect of the CD.</p>

A Model Timeline for Completion of the PPIRP

The PPIRP is required to be completed within a period of 120 days from its commencement date. The RP shall either file the resolution plan for approval or an application for termination of PPIRP, with the AA within 90 days from the PPIRP commencement date. A model timeline along-with the activities to be undertaken during the process is as under:

Section of the Code / Regulation No.		Description of Activity	Norm	Timeline	
	Section 54C	Commencement of PPIRP and appointment of RP	-----	T	
	Sections 54G and 54K	Submission of list of claims, preliminary information memorandum and BRP	Within 2 days from commencement of PPIRP	T+2	
	Section 54E / Regulation 19	Publication of public announcement	Within 2 days from commencement of PPIRP	T+2	
	Regulation 38	Appointment of registered valuers	Within 3 days from appointment of RP	T+3	
	Section 54I	Constitution of CoC	Within 7 days from commencement of PPIRP	T+7	
	Section 54I	First Meeting of the CoC	Within 7 days from constitution of CoC	T+14	
	Regulation 43	Submission of IM	Within 14 days from commencement of PPIRP	T+14	
	Regulation 43	Publication for invitation for resolution plan	Within 21 days from commencement of PPIRP	T+21	
	Regulation 43	Receipt of resolution plans	At least 15 days from publication for IFRP	T+36	
	Regulation 47 & 48	Evaluation and approval of resolution plan	Within 89 days from commencement of PPIRP	T+89	
	Regulation 41	RP to form opinion on avoidance transactions	Within 30 days from commencement of PPIRP	T+30	
		RP to make determination on avoidance transactions	Within 45 days from commencement of PPIRP	T+45	
		RP to file application to AA for appropriate relief	Within 60 days from commencement of PPIRP	T+60	
	Section 54D / Regulation 48	Submission of CoC approved resolution plan / application for termination of PPIRP	Within 90 days from commencement of PPIRP	T+90	
	Section 54L	Approval of resolution plan / order for termination of PPIRP	Within 30 days of application under section 54D	T+120	
		121			

List of Forms

FORM	SOURCE	DESCRIPTION
Form 1	Rules	Application by Corporate Applicant to initiate PPIRP
Form P1	Regulations	Written consent by IP to act as RP / IRP
Form P2		List of creditors to be provided by the applicant
Form P3		Approval of terms of appointment of RP, by UFCs
Form P4		Approval for filing application to initiate PPIRP, by UFCs
Form P5		Written consent by IP to act as AR
Form P6		Declaration by majority of directors / partners
Form P7		Declaration regarding existence of avoidance transaction(s)
Form P8		Report by the IP proposed to be appointed as the RP
Form P9		Public announcement by the RP
Form P10		List of claims by the CD
Form P11		Brief particulars of the invitation for resolution plans
Form P12		Compliance certificate by the RP
Form P13		Application for termination of PPIRP

Abbreviations

AA	Adjudicating Authority	CoC	Committee of Creditors	PIM	Preliminary Information Memorandum
AR	Authorised Representative	IFRP	Invitation for resolution plan	PPIRP	Pre-packaged Insolvency Resolution Process
BRP	Base Resolution Plan	IM	Information Memorandum	RP	Resolution Professional
BAP	Best Alternate Plan	IP	Insolvency Professional	UFC	Unrelated Financial Creditor
CD	Corporate Debtor	MSME	Micro, Small and Medium Enterprise	UOC	Unrelated Operational Creditor
CIRP	Corporate Insolvency Resolution Process	OC	Operational Creditor		

Disclaimer: This brochure is designed for the sole purpose of creating awareness on the subject and must not be used as a guide for taking or recommending any action or decision, commercial or otherwise. A reader must do his own research and / or seek professional advice if he intends to take any action or decision in the matters covered in this brochure. The content of this brochure has been last updated on June 30, 2021. The Code, Rules, and Regulations relevant to the matter are available at www.ibbi.gov.in.

Our Services

Providing Services to the Investors / Bidders / Corporates:

- Assisting Corporates (MSME) in preparing Base Resolution Plan under Pre-Pack Scheme
- Assessing the viability of the businesses of the Corporate Debtor under CIRP
- Drafting of Resolution Plans / Settlement Plans/ Repayment /Restructuring Plans
- Implementation of Resolution Plan
- Designing viable Restructuring Schemes

Providing supporting services to IPs:

- Management of operations of the Corporate Debtor
- Preparation of Request for Resolution Plans (RFRP) with Evaluation Matrix
- Evaluation of Resolution Plans / Settlement Plans / RepaymentPlans Scrutinizers for E-voting process
- Section 29A verification
- Framework for Resolution Plans
- Claims Processing

Independent Advisory Service:

- Admissibility of Claims
- Validity of decisions taken by CoC
- Powers and duties of directors under CIRP
- Resolutions Plan / Settlement Plan
- Repayment Plan by Personal Guarantors to Corporate Debtors
- Due diligence report to banks on NPA/SPA Accounts
- Issue of Notice and filing application u/s 95 of IBC – PG to CDs
- Proxy advisory services for institutional shareholders



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