

DYNAMIC SHELLS (INDIA) PRIVATE LIMITED

DOCUMENT INVITING EXPRESSION OF INTEREST

1. BRIEF PROFILE OF CORPORATE DEBTOR

DYNAMIC SHELLS (INDIA) PRIVATE LIMITED (“Corporate Debtor/the Company”) is an unlisted, privately held Company, which was incorporated on 27.04.2007 and is registered with the Registrar of Companies, Delhi. The Corporate Debtor has CIN U25209DL2007PTC162691 and has its registered office at R-122 Greater Kailash - 1, New Delhi - 110048. Further, as per MCA’s data , the company is having authorized share capital of Rs 4,25,00,000 and paid-up share capital as Rs. 3,30,62,500, date of last AGM being 30.09.2011 and last Balance Sheet filed was as on 31.03.2011. The Directors of the Company as per the MCA’s record are Mr. Shambhu Prasad Singh (DIN 01391124) and Ms. Nirmla Bhattar (DIN 00780844).

The Corporate Debtor was result of a consortium of companies, with over 60 years experience in the construction, manufacturing, and engineering and architectural design industries. The Company was set up for the manufacturing of high-quality, low-cost, fast assembly, PVC based housing solutions/PVC make-shift tents. Its products were meant to be used for humanitarian and disaster relief, temporary and permanent low-cost housing solutions, expandable modular higher-end housing units as well as commercial building purposes. As per the stated credentials of the Company, their products were ideal for the following purposes/industries:

- Housing
- Disaster Relief
- Military and Government
- Education & Healthcare
- Commercial
- Professional storage

Manufacturing Unit:

The company has one manufacturing unit situated at Plot No. 350, Sector-3, Phase-II, Industrial Growth Centre, Bawal, Haryana.

Principal Office (for the purpose of correspondence):

- As per the information provided by the Director (Power Suspended) of the CD, Mr. S.P. Singh, the registered office of the Corporate Debtor is closed and that he is looking after the affairs of the company from his residence which is situated at H-17, 2nd Floor, Kailash Colony, New Delhi – 110048.

2. INSOLVENCY RESOLUTION PROCESS

The Company, at present, is under the Corporate Insolvency Resolution Process (“CIRP”) in terms of provisions of Insolvency & Bankruptcy Code, 2016 (“IBC/the Code”) vide an order of Hon’ble National Company Law Tribunal, New Delhi (“NCLT”) dated 27.09.2018. Further, vide the same order, the undersigned (Nilesh Sharma having IBBI Regn No. IBBI/IPA-002/IP-N00104/2017-18/10232) has been appointed as the Interim Resolution Professional in this matter and subsequently confirmed as Resolution Professional. The Company has debt exposure of approx. Rs. 84 Crores payable towards its financial creditor (Punjab National Bank).

The undersigned, acting in his capacity as the Resolution Professional (RP) for the Corporate Debtor, hereby under Regulation 36A of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process of Corporate Persons) Regulations, 2016 read with Section 25(2)(h) of IBC invites Expressions of Interest (EOI) from prospective lenders, investors and any other persons (Prospective Resolution Applicants) for the purpose of submission of Resolution Plan in respect of the Corporate Debtor within the time lines indicated under Regulation 36A of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. Please note that Form G was earlier published on 02.03.2019 with last date of submission of Expression of Interest as 17.03.2019, giving fifteen days time to Prospective Resolution Applicants to submit their Eols. Pursuant to the said invitation for Expression of Interest, the Resolution Professional received only one Eol and after verification of the same, the name of the PRA, who had submitted the said Eol, was included (only PRA) in the final list of PRAs. Thereafter, based on the decision taken in the Committee of Creditors meeting held on 16.04.2019, the Resolution Professional published Form G on 25.04.2019 so as to re-invite Expression of Interest(s) from Prospective Resolution

Applicant(s), considering paucity of time, the CoC decided to give seven days time to PRAs to submit their Eols from the date of publication of the invitation for Eols. A copy of Form G (published on 25.04.2019), as referred to earlier, is attached herewith as Annexure A.

3. ELIGIBILITY CRITERIA

Please refer to Annexure 'B'

4. SUBMISSION OF EOI:

- a. Expression of Interest (EOI) is invited in a sealed envelope superscripted as "Expression of Interest for participating in insolvency resolution process of "Dynamic Shells (India) Private Limited", in the format as set out in Annexure 'C'.
- b. Applicants shall meet the Eligibility Criteria as set out in Annexure 'B'.
- c. Applicants shall submit the EOI along with the supporting documents set out in Annexure 'D'
- d. The details of the Applicant shall be as set out in Annexure 'E'.
- e. Applicant shall submit the sealed envelope containing a complete set of the EOI in hard copy along with the Annexures stated above, to the following address by post or deliver in person:

**NILESH SHARMA
RESOLUTION PROFESSIONAL
IN THE MATTER OF DYNAMIC SHELLS (INDIA) PRIVATE LIMITED
C-124, GROUND FLOOR, LAJPAT NAGAR - I,
NEW DELHI-110 024**

- f. A soft copy of EOI along with annexures stated above should also be mailed to ip.dynamicshells@gmail.com.

5. LAST DATE FOR SUBMISSION OF EOI:

The last date for submission of EOI is 02.05.2019 (based on the Form G published on 25.04.2019).

6. SHORTLISTING OF APPLICANTS AND SHARING OF FURTHER INFORMATION

All the EOIs received will be reviewed by RP on behalf of COC and shortlisted eligible applicants will be accordingly communicated. The Information Memorandum prepared as per the provisions of the Code, Process Document (RFRP), Evaluation Matrix, and access to Data Room (through e-mail or other electronic means) will be shared with the eligible applicants upon their furnishing an undertaking of confidentiality in terms of provision of section 29(2) of IBC, 2016 read with Regulation 36(4) of the of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

The Prospective Resolution Applicants submitting the EOI must ensure that they do not suffer from any ineligibility in accordance with the provisions of section 29A or any other provision of IBC, 2016. (Refer Annexure 'F')

NOTES

- 1) The original Corporate Insolvency Resolution Process period of 180 days from the date of commencement of CIRP expired on 26.03.2019. Subsequently, the Hon'ble National Company Law Tribunal, New Delhi granted extension of the insolvency resolution process period by additional ninety days (90) vide its order dated 28.03.2019, As such, the insolvency resolution process in respect of the Corporate Debtor shall now expire on 24.06.2019;

- 2) That prior to commencement of insolvency resolution process in the instant matter, an appeal was already pending before Hon'ble High Court of Delhi in the matter of Union of India v. Punjab National Bank (CRL. A. 764/2018) wherein an interim order was passed by Hon'ble Delhi High Court on 25.07.2018 to the effect that the property mortgaged to PNB including the property situated at Bawal, Haryana owned by the Corporate Debtor, shall not be alienated. Subsequent to his appointment, the Resolution Professional had approached the Hon'ble High Court by filing an impleadment application in the said matter and apprised the Hon'ble High Court that insolvency resolution process had commenced against the Corporate Debtor and prayed for clarification to the effect that the restrain order passed by Hon'ble High Court would not restrain the Resolution Professional from proceeding with the CIR Process of the Corporate Debtor. The Hon'ble Delhi High Court passed its order in the above-said matter on 02.04.2019 whereby it had set-aside the order of Hon'ble Appellate Tribunal PMLA (dated 16.05.2018) wherein the Hon'ble Appellate Tribunal had set-aside the attachment order passed by the Authority under Prevention of Money Laundering Act. Since the order of Appellate Tribunal had been set-aside by the Hon'ble High Court, thus, the order of PMLA authorities pertaining to attachment of the asset of the Corporate Debtor, situated at Bawal, Haryana, became operative again and hence, the manufacturing unit of the Corporate Debtor situated at Bawal along with other mortgaged assets of the associates of the Corporate Debtor, remain under the attachment of Enforcement Directorate. Also, the Hon'ble High Court in its

order dated 02.04.2019, had directed the parties to appear before the Hon'ble Appellate Tribunal, PMLA as further proceedings to be settled before the Hon'ble Appellate Tribunal, PMLA. The Ld. Member of the Committee and the sole financial creditor in the instant matter would be appearing before the Hon'ble Appellate Tribunal, PMLA through its counsel and would prove its charge over the assets of the Corporate Debtor and its bonafide conduct insofar as disbursement of loan amount was concerned. Concurrently, the Resolution Professional would be approaching the Hon'ble National Company Law Tribunal, New Delhi through his legal counsel praying for vacation of attachment over the assets of the Corporate Debtor. Thus, the final outcome of the CIRP process shall be subject to the order of the Hon'ble Appellate Tribunal and/or vacation of stay by the Hon'ble National Company Law Tribunal, New Delhi. Meanwhile, the Resolution Professional has come out with Invitation for Expression of Interest (Form G) so as to re-invite the Eols from the Prospective Resolution Applicant(s) based on the decision taken in the Committee of Creditors meeting that continued efforts shall be made to scout for prospective resolution applicants within the realm of Insolvency & Bankruptcy Code;

- 3) RP/COC has the right to cancel or modify the process without assigning any reason and without any liability. In this regard please be informed that this is not an offer document and is issued with no commitment. Applicants should regularly visit the Witworth IPE website at <http://www.witworthipe.com> to keep themselves updated regarding clarifications/ amendments/ time-extensions, if any;
- 4) RP/COC reserves the right to withdraw EOI and change or vary any part thereof at any stage and also reserve the right to disqualify any potential bidder, should it be so necessary at any stage;
- 5) No oral conversations or agreements with the Resolution Professional or any official, agent or employee of the Resolution Professional, or any member of the COC shall affect or modify any terms of this EOI;

- 6) Neither the Resolution Applicant ("RA") nor any of representatives of the RA shall have any claims whatsoever against the Resolution Professional or any member of the COC or any of their directors, officials, agents or employees arising out of or relating to this EOI;
- 7) By submitting a proposal, each Prospective Resolution Applicant/bidder shall be deemed to acknowledge that it has carefully read the entire EOI and all the relevant documents/information/process has fully informed itself as to all existing conditions and limitations;
- 8) Criteria for Eligibility - EOIs of only those interested parties who meet the eligibility criteria specified in **Annexure 'B'** will be considered. EOIs which do not meet the criteria shall be rejected;
- 9) Expression of Interest submitted by Prospective Resolution Applicant(s) pursuant to the Invitation for Expression of Interest published on 02.03.2019 would remain valid and be subjected to revised timelines mentioned under Invitation for Expression of Interest published on 25.04.2019.

Sd/-
NILESH SHARMA
Resolution professional
In the matter of Dynamic Shells (India) Private Limited
IBBI Regn. No: IBBI/PA-002/IP-N00104/2017-18/10232
C-124, Ground Floor, Lajpat Nagar - I,
New delhi-110 024
nilesh.sharma@witworthipe.com; ip.dynamicshells@gmail.com

DATE: 25.04.2019
PLACE: New Delhi

ANNEXURE - A

FORM G INVITATION FOR EXPRESSION OF INTEREST (Under Regulation 36A (1) of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016)	
RELEVANT PARTICULARS	
1. Name of the Corporate Debtor	DYNAMIC SHELLS (INDIA) PRIVATE LIMITED
2. Date of incorporation of Corporate Debtor	27.04.2007
3. Authority under which Corporate Debtor is incorporated / registered	Registrar of Companies, New Delhi
4. Corporate Identity number / limited liability identification number of Corporate Debtor	U25209DL2007PTC162691
5. Address of the registered office and principal office (if any) of Corporate Debtor	Registered Office: R-122, Greater Kailash-I, New Delhi-110048 Principal Office: H-17, 2nd Floor, Kailash Colony, New Delhi - 110048 Plant Address: Plot No. 350, Sector-3, Phase-II, Industrial Growth Centre, Bawal, Haryana-123501
6. Insolvency commencement date of the Corporate Debtor	27.09.2018
7. Date of invitation of expression of interest	25.04.2019
8. Eligibility for resolution applicants under Section 25(2)(h) of the Code is available at:	Eligibility conditions for the prospective resolution applicants under section 25(2)(h) of the Code may be downloaded / obtained from: www.witworthipe.com
9. Norms of ineligibility applicable under section 29A are available at:	Norms of ineligibility applicable under section 29A may be downloaded from: www.witworthipe.com Also available on the website of IBB: http://ibbi.gov.in/webfront/legal_framework.php
10. Last date for receipt of expression of interest	02.05.2019
11. Date of issue of provisional list of prospective resolution applicants	05.05.2019
12. Last date for submission of objections to provisional list	10.05.2019
13. Date of issue of final list of prospective resolution applicants	13.05.2019
14. Date of issue of information memorandum, evaluation matrix and request for resolution plans to prospective resolution applicants	10.05.2019
15. Manner of obtaining request for resolution plan, evaluation matrix, information memorandum and further information	Information Memorandum, Evaluation Matrix, and Request for Resolution Plan shall be issued to every Prospective Resolution Applicant (PRA) in the provisional list and to every PRA who contests the decision of RP for non-inclusion of its name in the provisional list on or before 10.05.2019 by way of an e-mail. For any other information, the applicant(s) may make requests to the RP at the correspondence address or e-mail id as stated against serial no. 21 below. The documents/other information as mentioned above shall be provided after receipt of confidentiality undertaking from the PRAs.
16. Last date for submission of resolution plans	09.06.2019
17. Manner of submitting resolution plans to resolution professional	The Prospective Resolution Applicants shortlisted by RP after considering their EOs and after satisfying himself based on material on record that they comply with the eligibility criteria and are not ineligible as per Section 29A of IBC, shall be issued RFRP, Information Memorandum and Evaluation Matrix as per serial no. 15 above. Those PRAs to whom RFRPs are issued may submit their resolution plans through e-mails and through registered post / speed post on or before 09.06.2019 at the address and e-mail id stated against serial no. 21. Further details shall be provided at the time of issuance of Request for Resolution Plan. The resolution plans, submitted by the PRAs as per the final list shall only be considered.
18. Estimated date for submission of resolution plan to the Adjudicating Authority for approval	17.06.2019
19. Name and registration number of the resolution professional	Nilesh Sharma IBBI Regn. No: IBB/PA-002/IP-N00104/2017-18/10232
20. Name, Address and e-mail of the resolution professional, as registered with the Board	NILESH SHARMA IBBI/PA-002/IP-N00104/2017-18/10232 Registered Address of RP: C-124, Ground Floor, Lajpat Nagar - I, New Delhi-110024 Email: nilesh.sharma@witworthipe.com
21. Address & email to be used for correspondence with the resolution professional	Address of RP for Correspondence: WITWORTH INSOLVENCY PROFESSIONALS PRIVATE LIMITED C-124, Ground Floor, Lajpat Nagar-I, New Delhi-110024 Email: ip.dynamicsshells@gmail.com
22. Further Details are available at or with	Nilesh Sharma Resolution Professional Website: www.witworthipe.com Email: ip.dynamicsshells@gmail.com
23. Date of publication of Form G	25.04.2019
NOTE:	
I. EoIs were earlier invited in this matter on 02.03.2019 and the last date for submission of EoIs by the PRAs was 17.03.2019. However, the CoC at its meeting held on 16.04.2019 resolved to re-invite the EoIs and therefore this invitation is being made;	
II. Expression of Interest submitted by Prospective Resolution Applicant(s) pursuant to the Invitation for Expression of Interest published on 02.03.2019 would remain valid and be subjected to revised timelines mentioned under this Invitation for Expression of Interest.	
sd/- [NILESH SHARMA] Resolution Professional	
Date : 25.04.2019 Place: New Delhi	
IBBI/PA-002/IP-N00104/2017-18/10232 C-124, Lajpat Nagar-I, Ground Floor, New Delhi-110024 Email: nilesh.sharma@witworthipe.com , ip.dynamicsshells@gmail.com	

Nilesh Sharma

★ Nilesh Sharma ★
IBBI/PA-002/IP-N00104/2017-18/10232
Insolvency Professional

“ANNEXURE – B”

ELIGIBILITY CRITERIA FOR QUALIFICATION

In the meeting of Committee of Creditors of **DYNAMIC SHELLS (INDIA) PRIVATE LIMITED** held on 25.02.2019, the following eligibility criterion was decided by the members of CoC for a Prospective Resolution Applicant to participate in the insolvency resolution process of Dynamic Shells (India) Private Limited, for submission of Resolution Plan:

The Prospective Resolution Applicant should have minimum networth amounting to Rs. 1.50 crores as based on his audited balance sheet as at the end of FY 2017-18 and in case the audited balance sheet for the FY 2017-18 is not available, then based on audited balance sheet for the FY 2016-17.

Shortlisted applicants based on the eligibility criteria shall be provided access to Virtual Data Room on signing of Non-Disclosure Agreement, which shall be shared separately.

Please be informed that all the Prospective Resolution Applicants, must not attract any of the in-eligibilities as per the provisions of Section 29A of IBC, 2016.

"ANNEXURE C"

[On the Letterhead of the Entity Submitting the EoI]

EXPRESSIONS OF INTEREST

Date: _____

To,

**NILESH SHARMA
RESOLUTION PROFESSIONAL ("RP")
IN THE MATTER OF DYNAMIC SHELLS (INDIA) PRIVATE LIMITED
C-124, Ground Floor, Lajpat Nagar - I, NEW DELHI-110 024
E-mail ID: ip.dynamicshells@gmail.com**

Subject: Expression of Interest ("EoI") for submitting Resolution Plan for Dynamic Shells (India) Private Limited ("Corporate Debtor") undergoing Corporate Insolvency Resolution Process (CIRP).

Dear Sir,

In response to the public advertisement in _____ dated 25.05.2019 ("**Advertisement**") inviting EoI for submission of resolution plans ("**Resolution Plan**") as per the provisions of the Insolvency and Bankruptcy Code, 2016 ("**IBC**"), we confirm that we have understood the eligibility criteria mentioned in 'Annexure B' to this EoI and meet the necessary threshold and criteria mentioned therein and submit our EoI for submission of a Resolution Plan for the Corporate Debtor.

Along with our EoI, we have also provided information as required in the prescribed format in 'Annexure D' and 'Annexure E'.

We further undertake that the information furnished by us in this EoI and Annexures is true, correct, complete, and accurate to the best of our knowledge. Based on this information we understand you would be able to evaluate our preliminary proposal in order to pre-qualify for the above-mentioned proposal. Further, we agree and acknowledge that:

(a) the EoI will be evaluated by the Resolution Professional/ Process Advisor on behalf of the Committee of Creditors ("CoC") of DSIPL based on the information

(10)

provided in the Annexures and attached documents to determine whether we qualify to submit a proposal for the proposed transaction;

- (b) the Resolution Professional / the CoC reserve the right to determine at their sole discretion, whether or not we qualify for the submission of the proposal and may reject the EoI submitted by us with/without assigning any reason, without any liability whatsoever;
- (c) the Resolution Professional / the CoC reserve the right to request for additional information or clarification from us for the purposes of the EoI and we shall promptly comply with such requirements. Failure to satisfy the queries of RP/ CoC may lead to rejection of our submission pursuant to EoI;
- (d) Meeting the qualification criteria set out in EoI / Annexure – B alone does not automatically entitle us to participate in the next stage of the bid process;
- (e) We are not an ineligible person(s) in terms of provisions of Section 29A of the IBC, 2016. We are 'fit and proper' person and not under any legal disability to be a promoter entity of the Company under the applicable laws including listing agreements, stock exchange requirements and SEBI regulations and guidelines whatsoever;

Yours Sincerely,

On behalf of [*Insert the name of the entity submitting the EoI*]

Signature: _____

Name of Signatory:

Designation:

Company Seal/Stamp

NOTE: The person signing the EoI and other supporting documents should be an authorized signatory supported by necessary board resolutions/authorization letter.

“ANNEXURE – D”

SUPPORTING DOCUMENTS TO BE ATTACHED WITH EOI

- 1) For all Resolution Applicants (“RA”) - Profile of RA
- 2) For all corporate RAs - Copies of Certificate of Incorporation/ Registration and Constitutional Documents (MoA, AoA) and in case of Individuals, copies of their PAN card, Address proof and Aadhaar Card (if available)
- 3) For all RAs - Audited financial statements for immediately preceding 2 (two) years of the RA and/or its promoter/promoter group or any other group company as per eligibility criteria
- 4) Certificate from Statutory Auditor or Chartered Accountant or Company Secretary or equivalent in the jurisdiction of incorporation of the Company certifying as at end of last two financial years demonstrating total net worth of RA.
- 5) For all RAs - A notarized declaration from the RA in order to demonstrate that the promoter/promoter group or any other group company are part of the same group, in case the interested party is using such entities for meeting the eligibility criteria. Please note that the RA shall provide all relevant documents for its promoter/promoter group or any other group company, if required to meet the eligibility criteria.
- 6) A self declaration, stating that the Resolution Applicant is not disqualified as per section 29A or any other provision of IBC, 2016.

“ANNEXURE E”

DETAILS OF THE APPLICANT

1. Name and Address:

- a. Name of the Firm/Company/Organisation/Individual:
- b. Address:
- c. Telephone No:
- d. Fax (if any):
- e. Email:

2. Date of Establishment:

3. Core Area of Expertise:

4. Contact Person:

- a. Name:
- b. Designation:
- c. Telephone No:
- d. Email:

5. Company/FI/Individual Profile:

- a. Company / Individual's Financial Profile (consolidated / standalone as applicable):

[Note: The Company /individual profile should necessarily include tangible net worth and revenue numbers of the preceding three years. Where the entity submitting the EoI is a financial investor /fund entity, please provide details pertaining to “assets under management”. Further the fulfilment of qualification criteria must be clearly identified/certified herein.]

- b. Experience of the Company/ individual in the relevant sector.
- c. History if any, of the Company /individual or affiliates of the Company /individual being declared as ‘wilful defaulter’, ‘non-cooperative borrower’, ‘non-impaired asset’ or ‘non-performing asset’.

“ANNEXURE F”

INELIGIBILITIES AS PER SECTION 29A OF INSOLVENCY AND BANKRUPTCY
CODE, 2016

29A. Persons not eligible to be resolution applicant.

A person shall not be eligible to submit a resolution plan, if such person, or any other person acting jointly or in concert with such person—

(a) is an undischarged insolvent;

(b) is a wilful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 (10 of 1949);

(c) at the time of submission of the resolution plan has an account,] or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 (10 of 1949) or the guidelines of a financial sector regulator issued under any other law for the time being in force, and at least a period of one year has lapsed from the date of such classification till the date of commencement of the corporate insolvency resolution process of the corporate debtor:

Provided that the person shall be eligible to submit a resolution plan if such person makes payment of all overdue amounts with interest thereon and charges relating to non-performing asset accounts before submission of resolution plan:

Provided further that nothing in this clause shall apply to a resolution applicant where such applicant is a financial entity and is not a related party to the corporate debtor.

Explanation I- For the purposes of this proviso, the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares, prior to the insolvency commencement date.

Explanation II.— For the purposes of this clause, where a resolution applicant has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset and such account was acquired pursuant to a prior resolution plan approved under this Code, then, the provisions of this clause shall not apply to such resolution applicant for a period of three years from the date of approval of such resolution plan by the Adjudicating Authority under this Code;

(d) has been convicted for any offence punishable with imprisonment –

(i) for two years or more under any Act specified under the Twelfth Schedule; or
(ii) for seven years or more under any law for the time being in force:

Provided that this clause shall not apply to a person after the expiry of a period of two years from the date of his release from imprisonment :

Provided further that this clause shall not apply in relation to a connected person referred to in clause(iii) of Explanation I;

(e) is disqualified to act as a director under the Companies Act, 2013 (18 of 2013):

Provided that this clause shall not apply in relation to a connected person referred to in clause (iii) of *Explanation I*;

(f) is prohibited by the Securities and Exchange Board of India from trading in securities or accessing the securities markets;

(g) has been a promoter or in the management or control of a corporate debtor in which a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place and in respect of which an order has been made by the Adjudicating Authority under this Code:

Provided that this clause shall not apply if a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place prior to the acquisition of the corporate debtor by the resolution applicant pursuant to a resolution plan approved under this Code or pursuant to a scheme or plan approved by a financial sector regulator or a court, and such resolution applicant has not otherwise contributed to the preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction;

(h) has executed a guarantee in favour of a creditor in respect of a corporate debtor against which an application for insolvency resolution made by such creditor has been admitted under this Code and such guarantee has been invoked by the creditor and remains unpaid in full or part;

(i) is subject to any disability, corresponding to clauses (a) to (h), under any law in a jurisdiction outside India; or

(j) has a connected person not eligible under clauses (a) to (i).

Explanation I. — For the purposes of this clause, the expression "connected person" means—

(i) any person who is the promoter or in the management or control of the resolution applicant; or

(ii) any person who shall be the promoter or in management or control of the business of the corporate debtor during the implementation of the resolution plan; or

(iii) the holding company, subsidiary company, associate company or related party of a person referred to in clauses (i) and (ii):

Provided that nothing in clause (iii) of Explanation I shall apply to a resolution applicant where such applicant is a financial entity and is not a related party of the corporate debtor:

Provided further that the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares, prior to the insolvency commencement date;

Explanation II—For the purposes of this section, "financial entity" shall mean the following entities which meet such criteria or conditions as the Central Government may, in consultation with the financial sector regulator, notify in this behalf, namely:—

(a) a scheduled bank;

(b) any entity regulated by a foreign central bank or a securities market regulator or other financial sector regulator of a jurisdiction outside India which jurisdiction is compliant with the Financial Action Task Force Standards and is a signatory to the International Organisation of Securities Commissions Multilateral Memorandum of Understanding;

(c) any investment vehicle, registered foreign institutional investor, registered foreign portfolio investor or a foreign venture capital investor, where the terms shall have the meaning assigned to them in regulation 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 made under the Foreign Exchange Management Act, 1999 (42 of 1999);

(d) an asset reconstruction company register with the Reserve Bank of India under section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);

(e) an Alternate Investment Fund registered with Securities and Exchange Board of India;

(f) such categories of persons as may be notified by the Central Government.
