

Riga Sugar Company Limited
(Under Corporate Insolvency Resolution Process vide Order of
Hon'ble NCLT, Kolkata dated October 8, 2021)

**Invitation for Submission of
Expression of Interest**

Issued on January 12, 2022

Issued By:
Neeraj Jain
Resolution Professional
IBBI Registration No.:IBBI/IPA-001/IP-P01067/2017-2018/11758
(Pursuant to the approval of the Committee of Creditors of Riga Sugar Company Limited)

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Background

A brief overview of Riga Sugar Company Limited is set out below:

Company Name	Riga Sugar Company Limited
CIN No.	L15421WB1980PLC032970
Listing Status	Listed at BSE & CSE
Registered Office	Registered Office: 14, NetajiSubhas Road, 2nd Floor, P S Hare Street, Kolkata-700 001 Factory Address: Dhanuka Gram, PO: Riga 843327, District: Sitamarhi, Bihar
Incorporation Date	September 02, 1980

Riga Sugar Company Limited ('RSCL' or 'Corporate Debtor') was incorporated on September 2, 1980 and is listed at BSE & Calcutta Stock Exchange. It is classified as Non-govt company and is registered at Registrar of Companies, Kolkata. The Corporate Debtor has a sugar mill, distillery plant and a co-generation power plant in Sitamarhi district in Bihar.

Riga Sugar Co. Ltd. is presently undergoing Corporate Insolvency Resolution Process that has been initiated as per the provisions of Insolvency and Bankruptcy Code (IBC) 2016 under the order of Hon'ble National Company Law Tribunal, Kolkata Bench in respect of Company Petition no.68/KB/2021, and the insolvency commencement date under the IBC is October 8, 2021.

The Hon'ble NCLT had appointed Mr. Neeraj Jain (IBBI Registration No.: IBBI/IPA-001/IP-P01067/2017-2018/11758) as the Interim Resolution Professional of the Corporate Debtor. The Committee of Creditors vide their resolution in the meeting dated November 8, 2021 has re-appointed Mr. Neeraj Jain as the Resolution Professional of the Corporate Debtor.

The Committee of Creditors through the Resolution Professional is in process of identifying resolution applicant(s) for the Corporate Debtor. Hence, the Resolution Professional, on behalf of the CoC invites Expression of Interest ("EoI") from investors having adequate financial & technical capability to submit resolution plan for Riga Sugar Company Limited (under CIRP).

Form G and Corrigendum in Form G

The Form-G pertaining to the Expression of Interest for submission of Resolution Plans in the ongoing Corporate Insolvency Resolution Process of Riga Sugar Company Limited was published in various newspapers on December 22, 2021. On the basis of the decision of Committee of Creditors in their 3rd meeting held on January 11, 2022, the following timelines has been amended as follows:

Sl.	Particulars	Original Date	Revised Date
1.	Last date for receipt of expression of interest	January 06, 2022	January 17, 2022
2.	Date of issue of provisional list of prospective resolution applicants	January 16, 2022	January 27, 2022
3.	Last date for submission of objections to provisional list	January 21, 2022	February 01, 2022
4.	Date of issue of final list of prospective resolution applicants	January 31, 2022	February 11, 2022
5.	Date of issue of information memorandum, evaluation matrix and request for resolution plans to prospective resolution applicants	January 21, 2022	February 01, 2022
6.	Last date for submission of resolution plans	February 20, 2022	March 03, 2022
7.	Estimated date for submission of resolution plan to the Adjudicating Authority for approval	March 22, 2022	April 02, 2022

The other particulars as provided in the Original Invitation for Expression of Interest stand valid and applicable to all Applicants.

The above corrigendum is being published in Financial Express & Ek Din (Kolkata edition) and Sanmarg & Morning India (Patna edition) on January 13, 2022.

Transaction Process

The transaction process shall be completed as below:

- i. Submission of Expression of Interest (“EoI”);
- ii. Confidentiality undertaking by the Prospective Resolution Applicants (PRAs) along with the supporting documents annexed to the EoI;
- iii. On receipt of declaration of eligibility from the PRA and receipt of the executed confidentiality undertaking, the PRA fulfilling the eligibility criteria will be provided with:
 - a. The Information Memorandum prepared as per provisions of the Insolvency and Bankruptcy Code (“IBC”), 2016.
 - b. Access to the data-room to be provided for due diligence.
 - c. Request for Resolution Plan (“RFRP”) outlining the next steps along with the evaluation criteria.

Submission of Expression of Interest

- i. The Prospective Resolution Applicants should provide sufficient evidences to prove that they meet the Eligibility Criteria as set out in Annexure ‘A’ of this document
- ii. Expression of Interest (“EoI”) is invited in the format as prescribed in Annexure B.
- iii. The PRAs should submit the EoI along with the supporting documents set out as Annexure ‘C’.
- iv. All Prospective Resolution Applicant shall provide the EoI on or before January 17, 2022 by 6.00 pm addressed to the Resolution Professional at the following address in a sealed envelope through speed post or registered post or by hand delivery under proper acknowledgement.

The envelope should be super scribed: “EoI for participating in CIRP of Riga Sugar Company Limited

Neeraj Jain
Chatterjee International Centre,
Unit 1, Floor 14,
33A, Jawaharlal Nehru Road,
Kolkata 700 071

A soft copy of the EOI along with the required annexures must be emailed to cirp.rigasugar@gmail.com in a password protected PDF format and password must be shared in a separate email.

- v. Any EoI submitted after the last date shall be liable to be rejected, provided that the Resolution Professional (“RP”) may extend the last date, with approval of the Committee of Creditors (“CoC”).
- vi. EoIs not fulfilling the above conditions are liable to be disqualified without any further communication.
- vii. The RP/CoC reserves the right to cancel or modify the process and or reject/ disqualify any Resolution Applicant/ EoI/ bid/ offer at any stage of the bid process without assigning any reason.
- viii. The format of EoI, EoI Undertaking and other necessary details will be available in the detailed invitation.

- ix. Please note that the applicant must be 'fit and proper' person and not under any legal disability to be promoter under the applicable laws including Listing Agreement and SEBI Regulations and Guidelines and shall provide all relevant documents for its promoter/promoter group or any other group company.
- x. Neither the applicant nor any of the applicant's representatives 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.
- xi. By submitting a proposal, each applicant shall be deemed to acknowledge that it has carefully read the entire EOI and has fully informed itself as to all existing conditions and limitations.

Last Date of Submission of Expression of Interest

- i. The last date for submission of EoI is January 17, 2022 by 6.00 pm.
- ii. In case EoI is not submitted by the specified time period, then the participation can only be allowed if the time period is extended by the RP with the consent of COC.
- iii. All Potential Resolution Applicants who are desirous of submitting a resolution plan in respect of the Corporate Debtor must read, understand and comply with all the requirements under IBC, CIRP Regulations and any other applicable regulations under IBC that are in force now or which may come into force subsequently, for resolution plan and all matters under, in pursuant to, in furtherance of or in relation to, this invitation.
- iv. The Potential Resolution Applicants will be communicated further details related to the process and would also be required to (a) submit a duly executed non-disclosure agreement as per the requirements of IBC and CIRP Regulations as a condition for receiving the information memorandum and other relevant information in relation to the Corporate Debtor and (b) provide any other information as may be required by the RP.
- v. The consideration, evaluation and approval of resolution plan submitted by RP to the committee of creditors is within the powers of committee of creditors under the provisions of the IBC and CIRP Regulations. The committee may specify evaluation criteria separately for evaluation of the resolution plans. The detailed process and timeline for submission of resolution plans shall be separately communicated to the Potential Resolution Applicants who meet the qualification conditions as mentioned above.
- vi. For submitting the EoI, or for any information on the Corporate Debtor or further clarifications with regards to inspections, terms and conditions and other details, kindly write to cirp.rigasugar@gmail.com

Annexure A : Eligibility Criteria

Minimum eligibility criteria for applicants to approach the RP of the CD for the purpose of participating in the process are as under:

1. For Body Corporates/individuals/Consortium or JV of investors

- a. Minimum consolidated net-worth of Rs. 40 crore and turnover of Rs. 80 crore as per the latest Audited Financial Statement of the immediately preceding financial year, **and**
- b. Evidence to showcase that the prospective Resolution Applicant has experience of running large industrial businesses, preferably in sugar & allied industry, **and**
- c. Ability to turnaround businesses either directly or through joint venture, preferably in sugar & allied industry

In case of consortium or JV of investors, each consortium members shall maintain atleast 25% share in the consortium or JV till implementation of the Resolution Plan.

The Prospective Resolution Applicant shall deposit a refundable non-interest bearing deposit of Rs. 15 lakh only in the form of a Demand Draft or direct deposit in the bank account maintained by the Resolution Professional.

2. For Financial Institutions/PE Funds/ARC/NBFC/Other Financial Investors including consortium investors:

- a. Minimum assets under management of Rs. 80 crore as per the latest Audited Financial Statement of the immediately preceding financial year or at least Rs.80 crore of committed funds available for deployment/investment in the immediately preceding financial year, **and**
- b. Evidence to showcase that the prospective Resolution Applicant has experience of running large industrial businesses, preferably in sugar & allied industry, **and**
- c. Ability to turnaround businesses either directly or through joint venture, preferably in sugar & allied industry

In case of consortium or JV of investors, each consortium members shall maintain atleast 25% share in the consortium or JV till implementation of the Resolution Plan.

The Prospective Resolution Applicant shall deposit a refundable non-interest bearing deposit of Rs. 15 lakh only in the form of a Demand Draft or direct deposit in the bank account maintained by the Resolution Professional.

Annexure B : Format for EOI

[On the letterhead of the entity submitting the EOI]

Format for Expression of Interest

For Submission of Resolution Plan in respect of

Riga Sugar Company Limited (under CIRP)

Date: _____

To,

Mr. Neeraj Jain,

Resolution Professional in the matter of

Riga Sugar Co. Ltd. (under CIRP)

IBBI Registration No.: IBBI/IPA-001/IP-P01067/2017-2018/11758

Registered Address of the RP:

4, Synagogue Street, Suite 205, 2nd floor,

Facing Brabourne Road, Kolkata 700 001

E-mail: reachneerajjain@gmail.com

Communication Address of the RP:

Chatterjee International Centre,

Unit 1, Floor 14,

33A, Jawaharlal Nehru Road,

Kolkata 700 071

E-mail: cirp.rigasugar@gmail.com

Dear Sir,

Subject: Expression of Interest for Submission of Resolution Plan in respect of Riga Sugar Company Limited (under CIRP)

In response to your public advertisement in the _____ Newspaper _____ Edition dated _____ inviting Expression of Interest (“**EoI**”) for submission of resolution plans (“**Resolution Plan**”) as per the provision of Insolvency and Bankruptcy Code, 2016 (“**Code**”), we confirm that we have understood the requirements and the terms and conditions for filing this EoI and make our EoI for submission a Resolution Plan in respect of **Riga Sugar Company Limited (under CIRP)**

In this regard, we hereby submit our EoI.

We have attached necessary information requested and further undertake that the information furnished by us in this EoI is true, correct and accurate to the best of our knowledge.

Based on this information we understand you would be able to evaluate our preliminary proposal / eligibility to shortlist us for the above-mentioned proposal.

We hereby declare that we are not ineligible person as prescribed under Section 29A of Insolvency and Bankruptcy Code, 2016.

We hereby undertake that we meet the criteria specified by the committee under clause (h) of subsection (2) of section 25 of the IBC.

We hereby undertake that we will intimate the resolution professional forthwith if we become ineligible at any time during the corporate insolvency resolution process.

We hereby undertake that every information and records provided in expression of interest is true and correct and discovery of any false information or record at any time will render the applicant ineligible to submit resolution plan, forfeit any refundable deposit, and attract penal action under the Code;

We hereby undertake that we will maintain confidentiality of the information and shall not use such information to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of section 29.

Further, we agree and acknowledge that:

- i. The fulfillment of eligibility conditions in the EoI does not automatically entitle us to participate in the CIRP of the Corporate Debtor, which will be subject to applicable laws and

further conditions stipulated by the RP or the Committee of Creditors (“CoC”), in their sole discretion, including those in relation to access to virtual data room (“VDR”) or as may be stipulated under the Request for Resolution Plan (“RFRP”) document. Further, the RP and CoC reserve the right to issue clarifications, amendments and modification to the EoI document or to waive or relax any term or condition or its application in any particular case, in each case as they may deem fit in their sole discretion

- ii. The EoI will be evaluated by the RP of Corporate Debtor along with the CoC, based on the information provided by us in this EoI and attached documents to determine whether we meet eligibility criteria to submit the Resolution Plan for CD;
- iii. The RP/ CoC reserve the right to determine at their sole discretion, whether or not we qualify for the submission of the Resolution Plan and may reject the EoI submitted by us without assigning any reason whatsoever and not include us in the provisional or final list of eligible prospective resolution applicants;
- iv. The RP/ the CoC reserve the right to conduct due-diligence on us and/or 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 timely may lead to rejection of our submission pursuant to EoI;
- v. The Signatory to this EoI is duly authorised by the Board of _____ <<Name of theEntity>> to sign this EoI. *(Kindly attach copy of authorization i.e. Board Resolution or Power of Attorney)*

Sincerely yours,

On behalf of *(Insert name of the entity submitting the EoI)*

Signature:

Name of Signatory:

Designation:

Communication Address:

E-mail:

Company Seal/Stamp

Annexure C : Supporting Documents to be attached with EOI and other important points

- i. The Prospective Resolution Applicants must submit documents to evidence the fulfillment of the Eligibility Criteria as per Annexure A along-with a certificate from an independent firm of Chartered Accountants or Statutory Auditors that the bidder fulfills the requirements of Net-Worth, Turnover and Assets under Management (as the case may be) as prescribed in Annexure A.
- ii. Cover letter on the letter head of the entity being the expression of interest as per Annexure B.
- iii. Confidentiality-cum-Non-Disclosure Undertaking as per the format prescribed in Annexure D.
- iv. An Undertaking as prescribed in Annexure E.
- v. Business Profile of the Prospective Resolution Applicant highlighting the prior experience of running large industrial businesses, preferably in sugar & allied industry, and ability to turnaround businesses either directly or through joint venture, preferably in sugar & allied industry.
- vi. Copies of Certificate of Incorporation/Registration and constitutional documents of the prospective investors/applicant along-with copy of the PAN Card.
- vii. Immediately preceding 3 (three) years audited financial statements of the Prospective Resolution Applicant and/or its promoter/promoter group.
- viii. Detailed history (if any) of the PRA, group entities and its promoter group being declared as an NPA, wilful defaulter, non-cooperative borrower by any Bank/Financial Institution.
- ix. For demonstration of funds availability: A Statement of funds availability of the Prospective Resolution Applicants and/or its promoter/promoter group or any other group company.
- x. A notarized declaration from the applicant in order to demonstrate that the promoter/promoter group or any other group company are part of the same group, in case the applicant is using such entities for submitting EOI. Please note that the applicant must be 'fit and proper' person not under any legal disability to be promoter under the applicable laws including listing agreement and SEBI

regulations and guidelines and shall provide all relevant documents for its promoter/promoter group or any other group company.

- xi. In case of consortium or JV of investors, the joint venture /consortium agreement or MOU is to be additionally submitted along with the other documents stated in Annexure C.
- xii. In case the Applicant is Consortium:
 - One of the member should be identified as Lead Member
 - In case the consortium is of body corporates, Net Worth & Turnover of consortium shall be calculated as weighted average of individual member's Net Worth & Turnover (value of negative Net Worth members shall be considered Nil) with weights being the share of the members in the consortium
 - In case the consortium is of FIs/Funds/PE Investors/NBFCs/Any other applicants, the AUM of consortium shall be calculated as weighted average of individual member's AUM OR Committed funds available for investment/deployment in Indian Companies
 - In case the consortium is of body corporates/FIs/Funds/PE Investors/NBFCs/any other applicants, the qualification criteria for NW/AUM/Committed Funds would be in proportion to their shareholding in the consortium. All the consortium members should satisfy the criteria independently.
 - No change in lead member or any member whose financials have been used to meet the criteria set out herein shall be permitted after the last date for submission of EoIs.
- xiii. All Prospective Resolution Applicants must submit a refundable non-interest bearing deposit of Rs. 15 lakh only. The deposit can either be in the form of a Demand Draft favoring 'Riga Sugar Co. Ltd. CIRP Account' payable at Kolkata or by way of direct deposit in the following bank account:

Name: Riga Sugar Co. Ltd. CIRP Account

Bank: Bank of India

Branch: Large Corporate Branch, Kolkata

Account Number: 404420110000312

IFSC Code: BKID0004044

In case of direct deposit in the above bank account, do submit the evidence of the deposit and remittance details (UTR No. and date of deposit).

In case of consortium or JV of investors, the refundable non-interest bearing deposit of Rs. 15 lakh can be deposited either by one consortium member or by all the members. It is made clear that only upon deposit of the entire amount of Rs. 15 lakhs of the refundable non-interest bearing deposit, the EOI will be considered and failure to submit the above may result in rejection of the EOI.

Annexure D : Confidentiality cum Non Disclosure Undertaking

[To be executed on a Rs. 100 non judicial stamp paper]

Date: _____

To,

Mr. Neeraj Jain,
Resolution Professional in the matter of
Riga Sugar Co. Ltd. (under CIRP)
IBBI Registration No.: IBBI/IPA-001/IP-P01067/2017-2018/11758

Registered Address of the RP:

4, Synagogue Street, Suite 205, 2nd floor,
Facing Brabourne Road, Kolkata 700 001
E-mail: reachneerajjain@gmail.com

Communication Address of the RP:

Chatterjee International Centre,
Unit 1, Floor 14,
33A, Jawaharlal Nehru Road,
Kolkata 700 071
E-mail: cirp.rigasugar@gmail.com

Dear Sir,

Subject: Confidentiality cum Non Disclosure Undertaking

We, _____, a body corporate within the meaning of the Companies Act, 2013 having its Registered Office at _____ say and unconditionally agree and undertake as follows:-

An Insolvency Resolution Proceedings has been initiated in respect of M/s. Riga Sugar Company Limited as per order passed by Hon'ble National Company Law Tribunal, Kolkata Bench on October 8, 2021 and appointed Mr. Neeraj Jain as Interim Resolution Professional (IRP), The Committee of Creditors in its meeting on November 8, 2021 ratified the appointment of Mr. Neeraj Jain as Resolution Professional for the Company ("RP"). The RP has invited Expression of Interest from interested persons vide Public Announcement made on December 22, 2021.

1. We are submitting an Expression of Interest in pursuance of Public notice inviting Expression of Interest.
2. We agree that Confidential Information shall mean as follows:-

Confidential Information:

“Confidential information” means all information disclosed/ furnished by the Resolution Professional to us and/ or to our representatives in connection with the purpose of submission of Expression of Interest. The confidential information shall include any copy, abstract, extract, sample, note, or module in hard/soft copies thereof and shall also include data, documents and/or material information thereof.

We shall use the confidential information solely for and in connection with the purpose of submission of Expression of Interest and Resolution Plan in the matter of M/s. Riga Sugar Company Limited.

A. Notwithstanding the foregoing, the confidential information shall not include the following information:

- i. That which is now or subsequently becomes publicly available without breach of this Undertaking by us;
- ii. That which was rightfully in the possession of us without any obligation of confidentiality prior to receiving it from the RP;
- iii. That which was rightfully obtained by us from a source other than the RP without any obligation of confidentiality;
- iv. That which was developed by or for us independently and without reference to any confidential information and such independent development can be shown by documentary evidence or is disclosed pursuant to an order of the Court/Governmental/Regulatory Agency as so required by such Order, provided that we shall, unless prohibited by Law/Regulation, promptly notify the RP of such order and afford the RP the opportunity to seek appropriate protective Order relating to such disclosure;

3. Non Disclosure

We shall not use or disclose in any manner whatsoever any confidential information or any material derived there from to any other person or entity other than persons in the direct employment of ours who have a need to access to and knowledge of the Confidential Information solely for the purposes authorized above. We may disclose the confidential information to our Consultants only if the Consultant(s) have executed a Non-Disclosure Agreement with us that contain Terms and Conditions that are no less restrictive than this Undertaking. We shall take appropriate measures to assure against unauthorized use/disclosure prior to disclosure to such employees. We agree to notify the RP as soon as reasonably practicable if we come to know of any use or disclosure of the RP’s confidential information in violation of terms of this Undertaking.

We agree and undertake:

- a. to protect Information received from the Resolution Professional with at least the same degree of care as it normally exercises to protect its own proprietary information of similar nature.
- b. to ensure that our employees will not disclose any information so received even after they cease to be our employees and we shall ensure this by our own internal arrangements.

c. that we shall indemnify the Resolution Professional and keep indemnified against any loss or damage that the Resolution Professional may sustain on account of any violation of intellectual property, confidentiality, privacy, patents, trademark etc., by us in respect of any Intellectual Property, practices, hardware, software, systems, process, technologies, etc. in whatever manner described.

d. Protect the Confidential Information belonging to M/s. Riga Sugar Company Limited and/or its affiliates against disclosure/misuse/exploitation.

e. We shall not make News releases, Public announcements, give interviews, issue or publish advertisements or publicize in any other manner whatsoever in connection with Undertaking, the contents/provisions thereof, other information relating to this Undertaking, the stated purpose, the Confidential information or other matters of this Undertaking, except as per the provisions of the IBC 2016.

f. This Undertaking shall be effective from the date hereof and shall be valid till the completion of the entire resolution process even though we may not be a part of the resolution process till the end completion.

For and on behalf of

(_____)

Name of the Party

Annexure E : Undertaking

I/Weresident of /having principal place of business at/having registered office at ----- hereby solemnly declare that the information provided herein is true and correct to the best of my knowledge. I/We have read and understood all the terms under the provisions of Insolvency and Bankruptcy Code 2016 read with Rules & Regulations there under and hereby express our interest in the receiving the information memorandum for the said company.

I/We hereby declare that we have read and understood all the terms and conditions relating to the formulation of resolution plan and hereby express our interest in the submission of resolution plan for the said company.

I/we hereby declare that does not suffer from any ineligibility under section 29A of the Insolvency and Bankruptcy Code 2016 to the extent applicable; and shall intimate the resolution professional forthwith if we become ineligible at any time during the corporate insolvency resolution process.

I/we hereby declare that every information and records provided in expression of interest is true and correct and discovery of any false information or record at any time will render the applicant ineligible to submit resolution plan, forfeit any refundable deposit, and attract penal action under the Code;

I/We also hereby solemnly affirm, declare and undertake that I/We shall maintain the confidentiality of the information to cause an undue gain or undue loss to itself or any other person and comply with the requirements under section 29(2) of the Insolvency and Bankruptcy Code 2016 viz.

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

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

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

Particulars Details of information:

1.Name of the Prospective Resolution Applicant	
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2. Status	a. Individual b. partnership firm c. Company d. any other Entity
3. Correspondence address	
4. PAN No. (enclose copy of PAN Card)	
5. Email id	
6. Phone no.	
7. Relationship with corporate debtor if any	

(Signature of the person)

(Name and designation of person)

Date

Place

Annexure F: Persons not eligible to be Resolution Applicant as per Section 29A of IBC, 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 nonperforming 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 [or completion of such transactions as may be prescribed], 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 [or completion of such transactions as may be prescribed], 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.]