

FREQUENTLY ASKED QUESTIONS

DISCLAIMER

These frequently asked questions (“FAQs”) are designed to help answer questions relating to the commencement of the Corporate Insolvency Resolution Process (“CIRP”) of Pancard Clubs Limited (“Company/Corporate Debtor”), under the provisions of the Insolvency and Bankruptcy Code, 2016 along with rules & regulations framed thereunder (“Code”).

The Interim Resolution Professional (“IRP”)/Resolution Professional (“RP”) and its advisors/representatives do not warrant that the information contained in these FAQs is accurate or complete or reliable, and hereby disclaim any and all liability to any person for any loss or damage caused by errors or omissions, whether such errors or omissions result from negligence, accident or any other cause. The IRP/RP and its advisors/representatives further assume no liability for the interpretation and/or use of the information contained in these FAQs, nor do they offer a warranty of any kind, either expressed or implied. These FAQs are merely intended to present the information contained herein in a simplified manner and is not intended to be comprehensive in any manner.

Please note that these FAQs have been provided only for practical guidance and for general information purposes only. The views expressed by the IRP/RP and its advisors/representatives do not in any way constitute legal advice. Your rights during the CIRP depend substantially on the filing of proper claims with documentary proof (in case if you claim to be a creditor of the Company).

Any concern in relation to these FAQs, or otherwise relating to the provisions of the Code and/ or your legal rights and obligations should be addressed to a legal advisor and independent decision on the course of action, as may be appropriate, should be taken in consultation with your legal advisor. You are strongly recommended to refer to the provisions of Code and other applicable laws and if required, obtain independent legal advice before submitting any claims with proof or otherwise acting on the basis of these FAQs.

You are strongly recommended that you keep yourself abreast of all developments in relation to CIRP of the Company by visiting the website of the Company and disclosures made by the Company on its website. You are further recommended that you keep yourself abreast of all developments and modifications in the Code and circulars/notifications as may be issued thereunder, from time to time. The IRP/RP and its advisors/representatives assume no liability to update these FAQs on a recurring basis, however, these FAQs may be updated as and when there is a significant progress in the CIRP of the Company.

Queries Related to Corporate Insolvency Resolution Process

- I. What is the Corporate Insolvency Resolution Process and Corporate Insolvency Resolution Process Period?
 - A. Corporate Insolvency Resolution Process (CIRP) is the process of resolving the corporate insolvency of a corporate debtor in accordance with the provisions of the Code. During CIRP, an Interim Resolution Professional (IRP) / Resolution Professional (“RP”) is appointed to manage the affairs of the corporate debtor and invite eligible persons to put forward their resolution plans for the corporate debtor for the resolution and revival of the corporate debtor. As per Section 5(14) of the Code, CIRP period means the period of one hundred and eighty days beginning from the insolvency commencement date and ending on the one hundred and eightieth day. Further as per Section 12 (3) of the Code, the said period of 180 days may be extended once by a period of 90 days by the adjudicating authority. Provided, however, the CIRP has to be mandatorily completed within a period of 330 days.

- II. When did the CIRP of Pancard Clubs Ltd. commence or what is the insolvency commencement date of Pancard Clubs Ltd.?
 - A. The CIRP has commenced from the date of admission of an application filed by Mr. Nitin Suresh Satghare & 99 Ors against the Company, by the Adjudicating Authority (being National Company Law Tribunal (“NCLT”), Mumbai), i.e., on September 09 2022.

- III. What is the significance of the insolvency commencement date?
 - A. The insolvency commencement date is significant because all claims with proof submitted by the creditors of the corporate debtor should pertain to the period up to and as on the insolvency commencement date as per Regulation 13 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“CIRP Regulations”). Further, on and from the insolvency commencement date, the NCLT declares a moratorium under Section 14 of the Code prohibiting, amongst other actions, the institution of suits or continuation of proceedings against the corporate debtor, including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority. Moratorium is applicable from the insolvency commencement date i.e. 09.09.2022 in the present case, upto the completion of CIRP (up till the time the resolution plan is approved by the NCLT or an order for liquidation is passed against the corporate debtor).

- IV. What is the effect of the order of moratorium?
- A. The provisions pertaining to moratorium has been provided in Section 14 of the Code which commences from the insolvency commencement date, and during the moratorium period, the following acts are prohibited:
1. The institution of suits or continuation of any pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
 2. Transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;
 3. Any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act, 2002;
 4. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.
- Further, supply of essential goods and services to the Company shall not be terminated or suspended or interrupted during the moratorium period. A license, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency.
- V. What is the status of management of Company after the appointment of IRP/RP?
- A. From the date of appointment of IRP/RP, the management of affairs of the Company vests with IRP/RP. The powers of the board of directors of the Company stand suspended upon the appointment of the IRP/RP and such powers are to be exercised by the IRP/RP, as the case may be. All personnel of the Company, its promoters and persons associated with the management of the Company are required to extend all assistance and cooperation to the IRP/RP and its advisors/representatives, as may be required by him; and officers and managers of the Company shall report to the IRP/RP and its advisors/representatives. The IRP/RP shall make every endeavour to manage the operations of the Company as a going concern during the CIRP period.
- VI. What are the major duties of IRP/RP during the CIRP?
- A. The major duties of IRP/RP inter alia include the following:
1. Protection and preservation of the value of assets of the Company including the continued business operations of the Company.
 2. to collect all information relating to the assets, finances and operations of the Company for determining the financial position of the Company and take control and custody of assets of the Company over which the corporate debtor has ownership rights as per the Code.
 3. receive, collate & verify claims submitted by creditors, pursuant to a public announcement published for the Company.
 4. constitute Committee of Creditors ("CoC") for the Company & prepare list of creditors,
 5. prepare an information memorandum,
 6. invite prospective lenders, investors, and any other persons, through publication of Expressions of Interest / Notice of Invitation or otherwise, to submit resolution plans (if any).
- VII. Can CIRP period be extended from 180 days? What is maximum CIRP period ?
- A. As per section 12(1) of the Code, the CIRP shall be completed within a period of 180 days from the date of admission of the application to initiate such process. The Adjudicating Authority may grant a one-time extension of 90 days. The maximum time within which CIRP has to be mandatorily completed, including any extension or litigation period, is 330 days.
- VIII. What does the Insolvency Resolution Process Costs include?
- A. The Insolvency Resolution Process Costs is defined to mean those costs indicated in section 5(13) of the Code read with regulation 31 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. It includes amount of any interim finance along with cost of raising such finance, fee and expenses of interim resolution professional or resolution professional ratified/approved by the committee of creditors, fee of the authorised representative representing class of creditor, cost incurred for running the corporate debtor as going concern, amount due to suppliers of essential goods and services etc.
- IX. Who will fix and bear the expenses/ cost incurred by the interim resolution professional?
- A. As per regulation 33 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the applicant is required to fix the expenses incurred or to be incurred by the interim resolution professional. In case, the expenses are not fixed by the applicant, the Adjudicating Authority shall fix the expenses. Such costs/expenses shall be borne by the

applicant which shall be reimbursed by the committee of creditors to the extent ratified by it. Further, the amount of the expenses ratified by the committee of creditors shall form part of insolvency resolution process costs.

- X. Who will fix and bear the expenses/ cost incurred by the resolution professional?
A. The committee of creditors shall fix the expenses to be incurred on or by the resolution professional and such expenses shall form part of insolvency resolution process costs.

Queries pertaining to Claims

- XI. What shall be treated as debt under the Code?
A. As per Section 3(11) of the Code, debt means a liability or obligation in respect of a claim which is due from any person and includes a financial debt and operational debt.
- XII. What shall be considered as claim under the Code?
A. As per Section 3(6) of the Code, claim means a right to payment, whether or not such right is reduced to judgment, fixed, disputed, undisputed, legal, equitable, secured or unsecured; right to remedy for breach of contract under any law for the time being in force, if such breach gives rise to a right to payment whether or not such right is reduced to judgment, fixed, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.
- XIII. Who shall be termed as a creditor under the Code?
A. As per section 3(10) of the Code, a creditor means any person to whom a debt is owed and includes a financial creditor, an operational creditor, a secured creditor, an unsecured creditor and a decree-holder.
- XIV. What is included in the financial debt?
A. As per Section 5(8) of the Code, financial debt means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes:-
 1. Any money borrowed against the payment of interest.
 2. Any amount raised by acceptance under any acceptance credit facility or its de-materialised equivalent.
 3. Any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument.
 4. The amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards.
 5. Any receivables sold or discounted other than any receivables sold on non-recourse basis.
 6. Any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing.
 7. Any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account.
 8. Any counter-indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution.
 9. The amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in above clauses.
- XV. What is included in operational debt?
A. As per Section 5(21) of the Code, operational debt means a claim in respect of a) Provision of goods; or b) Provision of services including employment; or c) a debt in respect of the payment of dues arising under any law for the time being in force and payable to the Central Government, any State Government or any local authority.
- XVI. What if I submit a wrong claim or inflate the claim amount, or write wrong particulars?
A. The submission of a claim is supported by your declaration and verification that the particulars are true and correct. As mentioned in public announcement as well, submission of false or misleading claim shall attract penalties under the Code.

- XVII. When will my claim be shown in the list of claims?
- A. By virtue of the provisions of the Code, on and from the Insolvency Commencement Date, any person claiming to be a creditor of the corporate debtor with respect to any outstanding payments which pertain to or are in respect of the period prior to the Insolvency Commencement Date is required to submit a 'claim', in the requisite form and manner within the prescribed timeline, along with proof of the existence of the debt, as provided in the CIRP Regulations. The IRP/RP, as the case may be, may call for such further evidence or clarification as the IRP/RP deems fit, from such a person claiming to be a creditor, for substantiating the whole or part of its claim. The RP/IRP shall verify the claims submitted to it basis the documents provided and may either accept it or reject it and thereafter, update the list of creditors. The list of creditors, as updated from time to time, is available on the website of the Corporate Debtor. You are requested to regularly visit the website of the Corporate Debtor.
- XVIII. Will I be a required to submit any further documents or clarifications after submitting the claim with proof?
- A. Yes, the IRP/RP, as the case may be, may call for such evidence or clarifications from the creditors, as the IRP/RP deems fit in order to substantiate /verify the whole or part the claim.
- XIX. Whether RP can accept claims post last date for submission of claims i.e. 90th day from the insolvency commencement date i.e. December 08 2022?
- A. For Claims submitted after the expiry of the 90th day from the insolvency commencement date, the IRP/ RP has no power under the Code to consider claims received after the scheduled time as provided under the Code. Such delayed claim can be considered subject to condonation of delay in submission of claim by the Adjudicating Authority i.e. National Company Law Tribunal, Mumbai in the present case.
- XX. 15. Having filed the claim, when can I expect the payment to be credited or made?
- A. The payments towards the admitted claims will be made as per the resolution plan approved by the CoC of the Company, and further approved by NCLT, and all payments shall be made in accordance with the provisions of the Code and as per such resolution plan approved by NCLT.

Queries related to Resolution Plan

- XXI. What is a resolution plan?
- A. A resolution plan is a plan which is proposed by a resolution applicant for possible revival of the Company, after taking into consideration, among other things, the present financial situation of the corporate debtor including but not limited to the admitted claims of the creditors.
- XXII. What are the Key stages of Resolution process?

Section/Regulation of the Code	Stage of CIRP	Timeline	Date of execution
Section 16 (1)	Commencement of CIRP and appointment of IRP	9-Sep-22	9-Sep-22
Regulation 6(1)	Public announcement inviting claims	12-Sep-22	12-Sep-22
Section 15(1)(c) / Regulations 6(2)(c) and 12 (1)	Submission of claims	23-Sep-22	23-Sep-22
Regulation 12(2)	Submission of claims	8-Dec-22	8-Dec-22
Regulation 13(1)	Verification of claims received under regulation 12(1)	30-Sep-22	30-Sep-22
Section 21(6A) (b) / Regulation 16A	Application for appointment of AR	2-Oct-22	2-Oct-22
Regulation 17(1)	Report certifying constitution of CoC	2-Oct-22	2-Oct-22

Section 22(1) / Regulation 19(2)	1st meeting of the CoC	9-Oct-22	8-Oct-22
Section 22(2)	Resolution to appoint RP by the CoC	9-Oct-22	18-Oct-22
Section 16(5)	Appointment of RP	18-Oct-22	18-Oct-22
Regulation 27	Appointment of valuer	25-Oct-22	22-Oct-22
Regulation 35A	RP to file applications to AA for appropriate relief IN PUF transactions	17-Jan-23	
Regulation 36 (1)	Submission of IM to CoC	13-Dec-22	13-Dec-22
Regulation 36A	Publish Form G	8-Nov-22	8-Nov-22
Regulation 36A	Invitation of EoI	8-Nov-22	8-Nov-22
Regulation 36A	Submission of EoI	23-Nov-22	
Issue of corrigendum to form G extending the last date to submit the EOI from 23 November to 7th December. The timelines have been modified accordingly			
Regulation 36A	Provisional List of RAs by RP	17-Dec-22	17-Dec-22
Regulation 36A	Submission of objections to provisional list	22-Dec-22	22-Dec-22
Regulation 36A	Final List of RAs by RP	1-Jan-23	1-Jan-23
Regulation 36B	Issue of RFRP, including Evaluation Matrix and IM	22-Dec-22	22-Dec-22
Regulation 36B	Receipt of Resolution Plans	31-Jan-23	
Regulation 39(4)	Submission of CoC approved Resolution Plan to AA	23-FEB-23	
Section 31(1)	Approval of resolution plan by AA	8-Mar-23	

XXIII. Whether a resolution applicant has to submit the resolution plan for the all the assets of the corporate debtor, or can it submit resolution plan for individual assets as well?

A. As per the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons)(Fourth Amendment) Regulations, 2016 (CIRP Regulations) on 16th September, 2022, if Resolution Professional does not receive a Resolution Plan under the regulation 36B of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons), he may with the approval of the committee, issue request for resolution plan for sale of one or more of assets of the corporate debtor.

XXIV. Who is the final sanctioning/ approving authority of a resolution plan?

A. The RP presents all resolutions plans received from potential resolution applicants who are eligible, and those plans which meet the mandatory requirements of the Code, to the Committee of Creditors (“CoC”) for its consideration and approval. The CoC may approve any such compliant resolution plan based on the CoC’s commercial wisdom. The resolution plan approved by CoC will be submitted for final approval to the Adjudicating Authority by the RP as per the provisions of the Code and implemented once approved. Once approved by the Adjudicating Authority, the resolution plan is binding on the corporate debtor and its employees, members, creditors, guarantors and other stakeholders involved in the resolution plan as per section 31(1) of the Code.

XXV. What happens in case where no resolution plan is approved by the Committee of Creditors?

A. In the case where no resolution plan is not approved by more that 66% of the Committee of Creditors, then such Resolution Plan is considered to be failed Resolution Plan and on submission of such failed Resolution Plan the Adjudicating Authority will initiate Liquidation Process.

- XXVI. What if the resolution plan approved by the Committee of Creditors is rejected by Adjudicating Authority?
- A. In case where the Adjudicating Authority 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
- XXVII. Will I have to re submit my claim if the company goes into liquidation?
- A. A Claimant may resubmit a claim when liquidator calls upon stakeholders to submit their claims or update their claims submitted during the corporate insolvency resolution process, as on the liquidation commencement date, under regulation 12 of Insolvency And Bankruptcy Board Of India (Liquidation Process) Regulations, 2016, However as per Regulation 12 (2)(c) Insolvency And Bankruptcy Board Of India (Liquidation Process) Regulations, 2016 of the in case where a stakeholder does not submit its claims during the liquidation process, the claims submitted by such a stakeholder, and duly collated by the interim resolution professional or resolution professional, as the case may be, during the corporate insolvency resolution process under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, shall be deemed to be submitted under section 38 of Insolvency and Bankruptcy Code, 2016.