RESOLÜT PARTNERS

Analysis

A 99% haircut for lenders – Did the Subhash Chandra Saga Expose a Blind Spot in the IBC?

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Key Takeaways

- How could Subhash Chandra propose to settle ~INR 220 billion of admitted debt for just ~INR 62.5 million? How did his debt swell up to INR 220 billion in the first place?
- Did Chandra "game" the IBC? Is there a gap between an "associate" under the personal insolvency regime and a "related party" under the corporate insolvency regime?
- Does the personal insolvency regime enable debtors to participate in their own insolvency process?
- How and why did a plan with a ~99% haircut for the lenders secure the statutory creditor approval?

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Subhash Chandra's personal insolvency proceeding has attracted considerable attention in recent weeks – admitted claims of approximately INR 22,000 crore and a repayment plan proposing to distribute only about INR 6.25 crore to creditors.

Chandra didn't borrow that INR 22,000 crore. Much of it stems from personal guarantees he provided for borrowings of his Essel Group companies (some of which have also been contested). When Indiabulls, one of the Essel group's lenders invoked Chandra's guarantee (which covered facilities aggregating approximately INR 726 crore) and commenced proceedings under Section 95 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**"), the personal insolvency process also enabled other creditors to lodge claims under Chandra's personal guarantees. By the repayment-plan stage, approximately INR 22,006 crore of claims had been admitted by the Resolution Professional (RP).

What has been most concerning is how the creditors voted and settled. Chandra's close relatives are alleged to have contributed in writing off 99% of the debt owed. This may have not been possible under the corporate insolvency regime (or *CIRP*) which blocked the debtor's related parties from influencing the settlement discussions. Logical. But the personal insolvency regime (or *PIRP*) deviates, and how! PIRP uses the word 'associates' instead of the well-established, debated and tested 'related party' construct in deciding who is permitted to vote on a repayment plan. So, Chandra's sister-in-law's company and its subsidiaries voted – likely not allowed under CIRP, since Chandra's sister-in-law's company (and its subsidiaries) could have been deemed "related parties" (as entities which acted on the advice/ directions of Chandra) . Similarly, the LLPs alleged to be connected to Chandra/his sister-in-law would also have been scrutinised under the broader related party framework, which expressly addresses certain LLP relationships, unlike the "associate" construct which does not cover LLPs.

The controversy therefore goes beyond the size of the haircut. It exposes a structural question. Why deviate from the construct of related party under the CIRP. Why not use a broader definitional standard as the CIRP?

The Government is now considering a change in law. A consultation paper has already been published that will address this issue – which we believe may still be inadequate. The NCLT proceedings have also taken an unusual course: a two-member Bench delivered differing views, a third member was appointed who also had a third differing view, and finally a five-member special bench subsequently stayed the August order and decided to rehear the matter. This order is also under appeal before the NCLAT.

This two-part series examines that problem. Part I considers the gaps exposed by the Chandra proceedings, the present statutory framework, and our suggestions for how the law should be framed to address the legal issues exposed in this case. In Part II, we examine the reforms now proposed by the IBBI, and whether they are capable of closing these gaps without creating new ones.

Background – How INR 22,000 crore of claims came to sit against a INR 6.5 crore estate

For years, Essel expanded beyond its core media businesses into infrastructure, roads, power and other sectors. Part of this expansion was funded through debt raised by group companies, with promoter holdings in listed companies such as Zee Entertainment Enterprises and Dish TV pledged as security.

The structure worked as long as the value of the pledged shares remained sufficient to support the borrowing. It became considerably more difficult when the value of the pledged shares fell. In January

2019, a sharp fall in the price of ZEE and Dish TV shares raised the prospect of lenders enforcing their pledges. Essel and its lenders consequently entered into a standstill arrangement under which lenders agreed, for a period, not to sell the pledged shares while the promoters attempted to monetise assets and their stake in ZEE.

The Indiabulls borrowing

Separately, Indiabulls had extended an INR 170 crore loan to one Vivek Infracon Private Limited (an entity in the Essel Group). The loan was supported by pledged shares and was subject to a minimum security cover requirement. When the value of the pledged shares declined, the required security cover was breached and Indiabulls called upon the borrowers either to provide additional security or to reduce the outstanding exposure. Chandra executed a personal guarantee aggregating approximately INR 726 crore.

When a promised INR 100 crore payment was not made, Indiabulls invoked the guarantee and issued a demand against Chandra for ~INR 178.78 crore in relation to the Vivek Infracon facility. Indiabulls thereafter commenced proceedings against him under Section 95 of the IBC as a personal guarantor. The significance of the Section 95 proceeding was that it did not remain a dispute only between Indiabulls and Chandra.

Once the personal insolvency process was admitted, other creditors asserting claims against Chandra were entitled to submit those claims to the resolution professional as well. What began with the invocation of one guarantee therefore became a collective insolvency process concerning Chandra's wider personal guarantee liabilities. By the repayment-plan stage, the resolution professional had admitted claims of ~INR 22,006.57 crore against Chandra.

The proceedings were therefore dealing with the personal consequences of a much larger corporate borrowing structure. The borrowers were companies; assets and security frequently sat with companies or other group entities but Chandra's personal guarantees exposed him personally once the underlying obligations were invoked.

The repayment plan – what transpired?

The resolution professional admitted claims from various creditors, with Chandra preparing his proposal for repayment of the dues owed. But how can a repayment plan propose to repay just INR 6.25 crore against admitted claims of ~INR 22,000 crore? How was this plan first accepted by the resolution professional and later by the creditors?

Chandra's repayment plan proceeded on the basis that: (a) despite the scale of the claims against him, he personally owned very few assets capable of being realised; and (b) five disputed creditors alleged to be connected to him and his family held a substantial share of the vote. If those five creditors had been excluded from voting, the plan would not have crossed the statutory voting threshold.

i. Valuing the assets

Chandra's case was that there was little else to recover. He personally owned few assets and bankruptcy could leave creditors worse off after process costs. His repayment plan therefore pooled the assets and

deposits disclosed by him with his "future income-generating potential", producing approximately INR 6.5 crore – INR 6.25 crore for creditors and INR 25 lakh towards costs.

Dissenting creditors questioned whether this reflected Chandra's true economic position and sought further investigation into possible transferred, concealed or indirectly held assets. The technical member of the NCLT was also critical of the RP's verification exercise. The third member, however, held that a forensic audit was not mandatory at the repayment-plan stage and the more intrusive powers to investigate the debtor's affairs and trace assets are largely reserved for bankruptcy.

This matters because if the plan had been rejected by the creditors, they could have pursued bankruptcy against Chandra instead, where the bankruptcy trustee appointed to liquidate Chandra's assets would have had the powers to investigate Chandra's affairs and challenge preferential, undervalued and other avoidable transactions. So it is quite possible that the creditors could have recovered more if they took Chandra to insolvency instead.

That said, taking a borrower to bankruptcy may not be a clean option for a lender either. Firstly, bankruptcy could be a drawn-out process: in this case, rejection of the repayment plan would have been the relevant route to the bankruptcy stage. Only then can the trustee attempt to trace, challenge and sell assets while the debt stays unpaid. Secondly, and practically speaking, the trustee's powers to trace assets and avoidance would have their limits. Assets not legally or beneficially owned by Chandra would ordinarily lie outside the bankruptcy estate. Third, whatever is recovered is still shared among all admitted creditors as per the bankruptcy waterfall where the five disputed creditors would be in line for recovery, unless their claims are themselves successfully challenged.

Nevertheless, giving bona fide lenders the choice of proceeding to bankruptcy, in case the debtor proposes an unsatisfactory repayment plan, is still essential. And this is why the question of Chandra's alleged related parties voting in favour of the repayment plan matters.

ii. <u>The voting arithmetic</u>

The starting point is Section 109 of the IBC. Creditors vote in proportion to the voting share assigned to them by the resolution professional. But not every creditor gets to vote – Section 109(4)(b) excludes a creditor if it is an "*associate of the debtor*".

Section 111 then sets the threshold for approval of the repayment plan. A repayment plan passes if it is approved by "*a majority of more than three-fourth in value of the creditors present in person or by proxy and voting*" on the resolution.

Two things matter:

a. Firstly, this is a value test, not a headcount test. A creditor holding 30% of the voting share carries considerably more influence than ten creditors holding 1% each.

b. Second, the denominator is not the entire creditor body. Creditors who do not vote are left out. What matters is whether more than 75% of the voting value that actually participates supports the plan. That makes the identity of the voting creditors critical.

In Chandra's case, five creditors became the focus of the dispute: World Crest Advisors LLP, Lemonade Capital Advisors LLP, Corpcall Capital Advisors LLP, Veena Investments Private Limited and Direct Media Distribution Ventures Private Limited. Together, they controlled ~61.78% of the voting share. All five voted in favour of the repayment plan.

The dissenting creditors challenged their right to vote altogether. Their case was not simply that these creditors were commercially aligned with Chandra. They pointed to family ownership, corporate relationships and common management and directorship links and argued that the five entities were "associates" of Chandra within the meaning of the IBC, and therefore should not have been allowed to vote.

The numbers (set out in the table below) explain why this mattered. World Crest alone held 28.49% of the voting share. Lemonade held 16.85%, Corpcall 10.30%, Veena Investments 4.99% and Direct Media 1.15%. Together, this was by far the most significant voting bloc in the process.

The arithmetic is stark. Of the voting share that actually voted, about 81% supported the plan. Exclude the five disputed creditors and support falls to about 46%. The plan fails. Whether these five were "associates" and could vote therefore decided the outcome.

Other creditors also voted in favour, including Catalyst Trusteeship (11.85%) and Indiabulls itself (1.98%), though it is not clear from publicly available information why they did so.

Creditor	Voting Share	Vote
World Crest Advisors LLP	**28.49%**	**Favour**
Lemonade Capital Advisors LLP	**16.85%**	**Favour**
Catalyst Trusteeship (CINDA FPI)	11.85%	Favour
Corpcall Capital Advisors LLP	**10.30%**	**Favour**
LIC Housing Finance	6.09%	Against
Veena Investments Pvt. Ltd.	**4.99%**	**Favour**
IDBI Trusteeship (Franklin Templeton)	3.36%	Against
HDFC Bank Limited	3.17%	Against
Axis Bank Limited	2.86%	Against
IDBI Trusteeship (Edelweiss Fund)	2.60%	Did not vote
Indiabulls Housing Finance Limited	1.98%	Favour
Canara Bank	1.60%	Against
Direct Media Distribution Ventures Pvt. Ltd.	**1.15%**	**Favour**
IndusInd Bank Limited	1.11%	Did not vote
Kautilya Traders Pvt. Ltd.	1.02%	Favour
Union Bank of India (UK) Ltd.	0.76%	Against
Anil Kumar (rep. 960 individuals, Haryana)	0.67%	Favour
RBL Bank Limited	0.55%	Against
Axis Trustee Services	0.04%	Did not vote

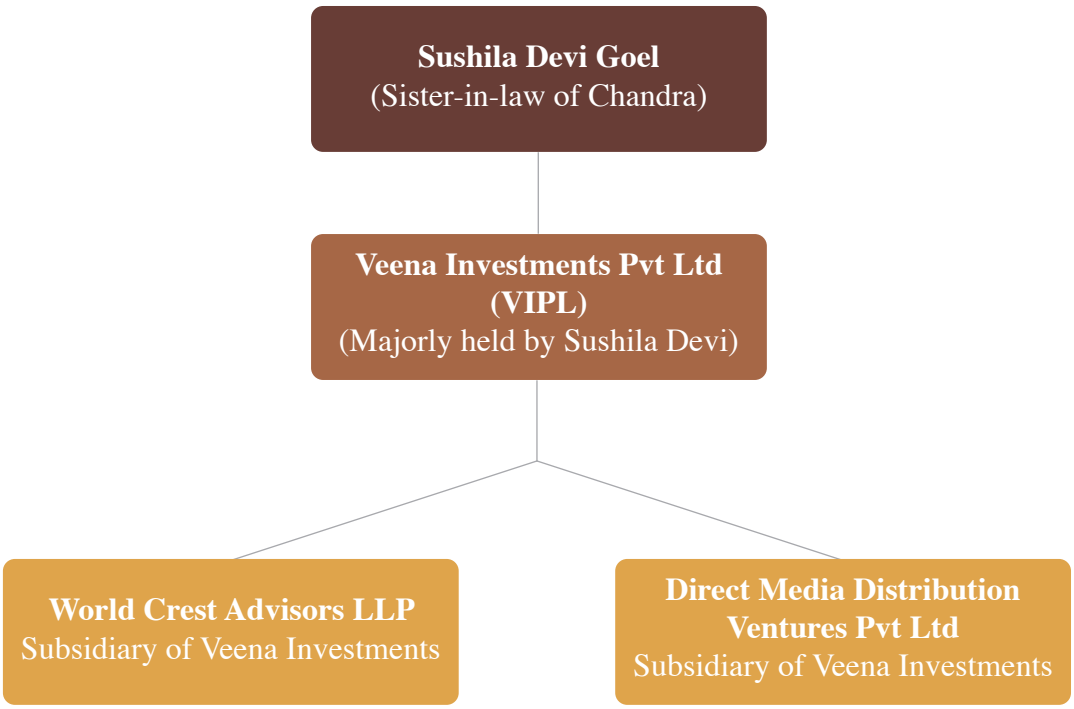
Axis Trustee Services	0.18%	Did not vote
Axis Trustee Services	0.11%	Did not vote
Catalyst Trusteeship (HDFC AMC)	0.06%	Did not vote
Sunil Jain (rep. 300 individuals, Haryana)	0.18%	Favour
Total	100.00%	

iii. How were these five creditors alleged to be related to Chandra?

a. Veena Investments – alleged to be majority-owned by Chandra's sister-in-law.

b. Direct Media Distribution Ventures and World Crest – alleged to be downstream entities of Veena Investments; and

c. Lemonade Capital Advisors and Corpcall Capital Advisors – entities whose partners were alleged to have held directorships in entities disclosed as related parties of Veena Investments.



In other words, the dissenting creditors' case was that these were not five commercially independent creditors who happened to reach the same conclusion. They formed part of a network of entities connected, directly or indirectly, to Chandra and his family. That mattered because these five entities together controlled ~61.78% of the voting share and all voted in favour of Chandra's repayment plan.

Chandra's response was simple: whatever the commercial or familial connections may have been, these entities did not satisfy the statutory definition of "associate" applicable to the personal insolvency regime which would have prohibited them from voting. And that is where the drafting of the law becomes important.

What is the Issue with the "Associate" test?

i. What does the law say?

Section 109(4)(b) is clear on the consequence: an "associate of the debtor" cannot vote at a meeting of creditors. The real question is therefore who qualifies as an associate.

An associate is defined by Section 79(2) as follows:

"associate" of the debtor means:

(a) a person who belongs to the immediate family of the debtor;
(b) a person who is a relative of the debtor or a relative of the spouse of the debtor;
(c) a person who is in partnership with the debtor;
(d) a person who is a spouse or a relative of any person with whom the debtor is in partnership;
(e) a person who is employer of the debtor or employee of the debtor;
(f) a person who is a trustee of a trust in which the beneficiaries of the trust include a debtor, or the terms of the trust confer a power on the trustee which may be exercised for the benefit of the debtor; and
(g) a company, where the debtor or the debtor along with his associates, own more than fifty per cent of the share capital of the company or control the appointment of the board of directors of the company.

Explanation – For the purposes of this sub-section, "relative", with reference to any person, means anyone who is related to another, if:

(i) they are members of a Hindu Undivided Family;
(ii) one person is related to the other in such manner as may be prescribed;

ii. Application to Chandra's case

a. The zero shareholding problem

In Chandra's case, Section 79(2)(g) is an important limb. A company is an associate where:

"*the debtor or the debtor along with his associates, own more than fifty per cent of the share capital of the company or control the appointment of the board of directors of the company*."

If Chandra owns part of a company and his associates own enough of the balance to cross 50%, the company can be caught. But what if Chandra owns nothing and the company is instead owned entirely by one of his associates? On a literal reading, Section 79(2)(g) may not catch it.

That produces an odd result. A company in which Chandra owns 1% and his relative owns 50% may qualify as his associate. A company in which that same relative owns 100%, but Chandra owns nothing, may not. This was at the heart of the dispute over Veena Investments (Chandra's sister-in-law's company).

The disagreement within the NCLT itself shows the problem. The technical member considered that such a literal interpretation produced an odd result (as illustrated above). The third member took the opposite view: the language in the IBC is supreme and family connection, commercial proximity or influence could not substitute for the ownership and control requirements actually written into Section 79(2).

Put simply, Chandra's relative may herself be barred from voting. But a company owned by that relative may not necessarily be barred.

b. Exclusion of LLPs

There was another gap – Section 79(2)(g) speaks specifically of a "company". Lemonade Capital Advisors and Corpcall Capital Advisors were LLPs. The ownership and board-control test applicable to companies therefore did not naturally extend to them either.

This is where the difference between connection and statutory association becomes important. The dissenting creditors relied on the web of familial, ownership, management and directorship links surrounding the five creditors. Chandra relied on the narrower question: did each creditor actually fall within one of the categories in Section 79(2)?

c. NCLT's view

The NCLT's third member effectively preferred the literal interpretation. The order also discussed the legislature's decision to use the narrower "associate" construct in personal insolvency rather than importing the broader "related party" framework used in corporate insolvency. What the third member did not really answer was why that distinction should permit entities connected to the debtor to participate in voting on the debtor's own repayment plan.

And that distinction had consequences. It was the difference between excluding a substantial bloc of votes and allowing those votes to count towards the 75% threshold required to approve Chandra's plan.

d. Comparison with exclusion of "Related Parties" under CIRP

By contrast, the IBC's related-party definitions are considerably broader. Section 5(24) applies in relation to a corporate debtor, while Section 5(24A) applies in relation to an individual. These definitions look beyond direct shareholding and, depending on the context, also consider family relationships, LLP and partnership links, voting and board control, common directorships, participation in policy-making, interchange of managerial personnel and whether a person or entity acts on another's advice, directions or instructions.

The table below shows the relationships alleged in respect of each of the five creditors and, more importantly, why those relationships were said to fall through the gaps in Section 79(2), and how they could have been covered under the related party definition.

Entity	Alleged relationship to Chandra	Why not prevented from voting under PIRP	Why covered as a related party under CIRP
Veena Investments Pvt. Ltd. (VIPL)	Majority shareholding alleged to be held by Chandra's sister-in-law.	Section 79(2)(g) requires Chandra to hold, along with the associate, more than 50%. Here, the sister-in-law is alleged to have held a majority of the shares while Chandra held none.	Chandra's zero shareholding in Veena would not have been determinative. Section 5(24A), for example, also looks at whether a body corporate's management acts on the individual's advice, directions or instructions, while Section 5(24) contains separate tests applicable in relation to a corporate debtor. Veena could have been a related party, irrespective of Chandra's 0% shareholding, since Chandra's relationship with his sister-in-law would have been examined independently to assess if Veena was acting on Chandra's advice/ directions/ instructions.
Direct Media Distribution Ventures Pvt. Ltd.	A subsidiary of Chandra's sister-in-law's company, Veena Investments.	As a subsidiary of Veena Investments, which itself is not an associate, this entity doesn't qualify as an associate either.	Irrespective of Direct Media's status as a subsidiary of Veena, Direct Media could also be tested independently under the applicable related-party criteria. Unlike PIRP, under the CIRP related party framework, Direct Media's management, control, directorship, policy-making and other relevant links could be examined.

Entity	Alleged relationship to Chandra	Why not prevented from voting under PIRP	Why covered as a related party under CIRP
World Crest Advisors LLP	A subsidiary of Chandra's sister-in-law's company, Veena Investments.	As a subsidiary of Veena Investments, which itself is not an associate, this entity doesn't qualify as an associate either.	LLPs are expressly covered under Sections 5(24) and 5(24A) and whether its partners or employees acted on the directions of Chandra would be directly relevant.
Lemonade Capital Advisors LLP	Partners of the LLP were alleged to have been simultaneously holding directorships in entities which were disclosed as "related parties" to Chandra's sister-in-law's company (Veena Investments) in Veena's financials.	LLPs are not covered by Section 79(2)(g)'s definition of 'associate'.	Unlike the PIRP regime, Lemonade would not escape scrutiny merely because it is an LLP. Sections 5(24)(c), (g) and (m) separately examine an LLP's partners, its management, and its direction and policy-making links with the corporate debtor.
Corpcall Capital Advisors LLP	A partner of the LLP is a director of an entity disclosed as a "related party" to Chandra's sister-in-law's company (Veena Investments) in Veena's financials.	LLPs are not covered by Section 79(2)(g)'s definition of 'associate'.	Unlike the PIRP regime, Lemonade would not escape scrutiny merely because it is an LLP. Sections 5(24)(c), (g) and (m) separately examine an LLP's partners, its management, and its direction and policy-making links with the corporate debtor.

e. <u>Comparison between CIRP and PIRP</u>

Apart from the differences set out above, certain key differences between the schemes of CIRP and PIRP are also relevant, in the context of this case.

Aspect	Related Parties under Corporate Insolvency (CIRP)	Associates under Personal Insolvency (PIRP)
Preparation and submission of resolution plan	Corporate debtor does not prepare its own resolution plan.	Debtor himself prepares a resolution plan in consultation with the resolution professional and submits the plan to the creditors.

Aspect	Related Parties under Corporate Insolvency (CIRP)	Associates under Personal Insolvency (PIRP)
Committee of Creditors / Meeting of Creditors	Financial creditors that are related parties of the corporate debtor are generally excluded from representation, participation and voting in the committee of creditors.	Only 'associates of the debtor' are prohibited from voting on the repayment plan. No reference to related parties.
Investigation of Assets and Preferential, Undervalued, Fraudulent and Extortionate Transactions	Addressed during CIRP. RP takes control of the corporate debtor's records and affairs, can investigate its asset position and past transactions, and is expressly empowered to approach the NCLT in respect of preferential, undervalued, extortionate and fraudulent transactions.	Much more limited at the repayment-plan stage. Debtor remains in possession of his assets and records, and the RP has no general power to conduct a forensic audit or unrestricted asset-tracing exercise. The wider powers to investigate assets, dealings and avoidable transactions arise principally once bankruptcy commences and a Bankruptcy Trustee is appointed.

Considering these differences between CIRP and PIRP, and when the debtor himself is in charge of preparing a repayment plan under PIRP, it is easy to see how the narrower definition of "associate" may be exploited by debtors.

Therefore a question to perhaps consider is whether the PIRP as a process should be a scheme where the resolution professional takes control of the debtor's assets and invites repayment plans from the creditors, rather than the debtor himself coming up with his own repayment plan?

How did the NCLT finally rule?

In August, the third member of the NCLT ruled in favour of approval of the repayment plan, subject to exclusion of certain claims. The view was that the five disputed creditors had not been established to be "associates" within the statutory definition merely because of the relationships alleged by the objecting creditors.

However, interestingly, that did not conclude the matter because the third member's view still differed on who the repayment plan should apply to. With the three NCLT members having taken materially different positions, a five-member special bench was constituted. On 1 September 2026, it stayed the August order and decided to hear the matter afresh; that order is also under appeal before the NCLAT.

Our view

The 99% haircut attracts attention. But that is not, by itself, the problem. Creditors are free to accept a poor recovery if they consider it commercially preferable to the alternative. The real question is who gets to make that decision.

Under the PIRP, creditors decide whether to approve the debtor's repayment plan. Once the requisite majority approves it, dissenting creditors can also be bound. That gives the composition of the voting body enormous significance. The PIRP therefore assumes that those voting are sufficiently independent of the debtor. If creditors closely connected to the debtor can participate simply because their relationship falls outside the narrow definition of "associate", that safeguard is no longer sufficient.

That is what the Chandra proceedings expose. The issue is not merely that connected creditors voted. It is that the law itself seems to permit certain relationships between the personal guarantor and creditors which may be capable of influencing the vote. On the other hand, CIRP takes a broader approach. Its related-party framework looks beyond direct shareholding and examines management, control, family, partnership and other relationships capable of compromising creditor independence.

With this in mind, we believe certain changes in the law could be important for the PIRP to give lenders a fair chance of recovery:

- Usage of "related party" instead of "associate". Rather than considering just "associates", the PIRP regime should adopt a related party construct, using the IBC's broader related party concept for individuals under Section 5(24A), so as to capture relationships that may compromise voting independence. The law could even proceed with a rebuttable presumption that any entity owned/managed/controlled by a relative of the debtor would be a related party ineligible to vote on the debtor's repayment plan.

- Forensic investigation at creditor's request. The law should enable lenders to conduct a forensic investigation of the debtor's affairs and assets at the debtor's cost. The findings from such investigation could then form the basis of a repayment plan, rather than a debtor self-submitting his statement of affairs (as is currently the case).

- Investigation by RP at PIRP stage. In the same vein, a resolution professional for the PIRP should be given powers, at the stage of preparation of the repayment plan, to investigate preferential, fraudulent and undervalued transactions (similar to CIRP). Providing these powers at the stage of bankruptcy alone may not act as a sufficient deterrent.

- Preparation of repayment plan by creditors. Following an independent investigation into the debtor's assets and financial affairs (as suggested above), creditors should be entitled to propose their own repayment plan, rather than being limited to accepting, modifying or rejecting a plan prepared by the debtor. While the debtor may be able to make his own proposal, giving creditors a right to propose a repayment plan would reduce the inherent conflict in allowing the debtor alone to determine the extent and manner of repayment. Appropriate safeguards could enable the debtor to retain certain exempt assets and income necessary for the debtor's reasonable living expenses.

Against the backdrop of the Chandra proceedings, the IBBI has now issued a discussion paper proposing additional safeguards for creditors in the personal insolvency process. In Part II, we examine whether those proposals actually close this voting gap, whether the Section 5(24A) related-party framework can be introduced through regulations, and whether excluding related creditors altogether creates a different problem for genuine related-party debt.

Annexure – Definition of Related Party

Section 5(24) –

"Related party", in relation to a corporate debtor, means-

(a) a director or partner of the corporate debtor or a relative of a director or partner of the corporate debtor;

(b) a key managerial personnel of the corporate debtor or a relative of a key managerial personnel of the corporate debtor;

(c) a limited liability partnership or a partnership firm in which a director, partner, or manager of the corporate debtor or his relative is a partner;

(d) a private company in which a director, partner or manager of the corporate debtor is a director and holds along with his relatives, more than two per cent. of its share capital;

(e) a public company in which a director, partner or manager of the corporate debtor is a director and holds along with relatives, more than two per cent. of its paid- up share capital;

(f) anybody corporate whose board of directors, managing director or manager, in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(g) any limited liability partnership or a partnership firm whose partners or employees in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(h) any person on whose advice, directions or instructions, a director, partner or manager of the corporate debtor is accustomed to act;

(i) a body corporate which is a holding, subsidiary or an associate company of the corporate debtor, or a subsidiary of a holding company to which the corporate debtor is a subsidiary;

(j) any person who controls more than twenty per cent. of voting rights in the corporate debtor on account of ownership or a voting agreement;

(k) any person in whom the corporate debtor controls more than twenty per cent. of voting rights on account of ownership or a voting agreement;

(l) any person who can control the composition of the board of directors or corresponding governing body of the corporate debtor;

(m) any person who is associated with the corporate debtor on account of-

(i) participation in policy making processes of the corporate debtor; or

(ii) having more than two directors in common between the corporate debtor and such person; or

(iii) interchange of managerial personnel between the corporate debtor and such person; or

(iv) provision of essential technical information to, or from, the corporate debtor;

Section 5(24A) –

"Related party", in relation to an individual, means-

(a) a person who is a relative of the individual or a relative of the spouse of the individual;

(b) a partner of a limited liability partnership, or a limited liability partnership or a partnership firm, in which the individual is a partner;

(c) a person who is a trustee of a trust in which the beneficiary of the trust includes the individual, or the terms of the trust confers a power on the trustee which may be exercised for the benefit of the individual;

(d) a private company in which the individual is a director and holds along with his relatives, more than two per cent. of its share capital;

(e) a public company in which the individual is a director and holds along with relatives, more than two per cent. of its paid-up share capital;

(f) a body corporate whose board of directors, managing director or manager, in the ordinary course of business, acts on the advice, directions or instructions of the individual;

(g) a limited liability partnership or a partnership firm whose partners or employees in the ordinary course of business, act on the advice, directions or instructions of the individual;

(h) a person on whose advice, directions or instructions, the individual is accustomed to act;

(i) a company, where the individual or the individual along with its related party, own more than fifty per cent. of the share capital of the company or controls the appointment of the board of directors of the company.

Explanation. - For the purposes of this clause, -

(a) "relative", with reference to any person, means anyone who is related to another, in the following manner, namely:-

(i) members of a Hindu Undivided Family,

(ii) husband,

(iii) wife,

(iv) father,

(v) mother,

(vi) son,

(vii) daughter,

(viii) son's daughter and son,

(ix) daughter's daughter and son,

(x) grandson's daughter and son,

(xi) granddaughter's daughter and son,

(xii) brother,

(xiii) sister,

(xiv) brother's son and daughter,

(xv) sister's son and daughter,

(xvi) father' s father and mother,

(xvii) mother's father and mother,

(xviii) father's brother and sister,

(xix) mother's brother and sister; and

(b) wherever the relation is that of a son, daughter, sister or brother, their spouses shall also be included;

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Our private credit practice is focused on advising global credit funds and special situation funds on primary and secondary credit investment opportunities in India.

Our team members have designed some of the most innovative products and structures for large institutional investors and global sponsors investing in structured credit products. From pioneering the corporate bond product to executing complex structured credit transactions, members of the team have an exceptional understanding of the regulatory, insolvency, litigation, and tax issues critical to navigating the private debt investment cycle.

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