

FREQUENTLY ASKED QUESTIONS

DISCLAIMER

*These frequently asked questions ("**FAQs**") are designed to help answer questions relating to commencement of Corporate Insolvency Resolution Process ("**CIRP**") of Future Retail Limited ("**Company**"), under the provisions of the Insolvency and Bankruptcy Code, 2016 along with rules & regulations framed thereunder ("**Code**").*

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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 recommend that you refer to the provisions of Code and other applicable laws and obtain independent legal advice before submitting any claims with proof or otherwise acting on the basis of these FAQs.

You are strongly recommend 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 Company in stock exchange from time to time. You are further recommend 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 assumes no liability to update these FAQs on recurring basis, however these FAQs may be updated as and when there is a significant progress in the CIRP of the Company.

1. What is the Corporate Insolvency Resolution Process and Corporate Insolvency Resolution Process Period?

Answer: 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 as a going concern and invite eligible persons to put forward their resolution plans for the corporate debtor in order to explore the possibility of having a 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.

2. What is the status of management of Company after the appointment of IRP/RP?

Answer: From the date of appointment of IRP/RP, the management of affairs of the Company vest with IRP/RP. The powers of the board of directors of the Company stand suspended upon the appointment of the IRP/RP. 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 will endeavour to manage the operations of the Company as a going concern.

3. What are the major duties of IRP/RP during the CIRP?

Answer: The major functions of IRP/RP inter alia include the following:

- a) Protection and preservation of the value of assets of the Company and maintenance of its operations as a going concern.
- b) 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.
- c) receive, collate & verify claims submitted by creditors, pursuant to public announcement published for the Company.
- d) constitute Committee of Creditors ("**CoC**") for the Company & prepare list of creditors,
- e) prepare an information memorandum,
- f) 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).

4. What is a resolution plan?

Answer: 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.

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

Answer: 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.

6. What is the purpose of enactment of the Code?

Answer: As per preamble to the Code, the purpose of this Code is as follows:-

- To consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner.
- To maximize the value of assets of interested persons.
- To promote entrepreneurship
- To promote availability of credit.
- To balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues.
- To establish an Insolvency and Bankruptcy Board of India as a regulatory body for insolvency and bankruptcy law.

7. What shall be treated as debt under the Code?

Answer: 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.

8. What shall be considered as claim under the Code?

Answer: As per Section 3(6) of the Code, claim means a

- (i) right to payment, whether or not such right is reduced to judgement, fixed, disputed, undisputed, legal, equitable, secured or unsecured;
- (ii) 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.

9. Who shall be termed as creditor under the Code?

Answer: 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.

10. What is included in the financial debt?

Answer: 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:-

- a) Any money borrowed against the payment of interest.
- b) Any amount raised by acceptance under any acceptance credit facility or its dematerialised equivalent.
- c) Any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument.
- d) 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.
- e) Any receivables sold or discounted other than any receivables sold on non-recourse basis.
- f) Any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing.
- g) 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.
- h) 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.

- i) The amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in above clauses.

11. What is included in operational debt?

Answer: 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

12. When will the CIRP commence or what is the insolvency commencement date?

Answer: The CIRP has commenced from the date of admission of application filed by Bank of India against the Company, by the Adjudicating Authority (being National Company Law Tribunal (“NCLT”), Mumbai), i.e., 20 July 2022.

13. What is the significance of the insolvency commencement date?

Answer: The insolvency commencement date is significant because all claims with proof submitted by the creditors of the corporate debtor are required to be for 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, as per the provisions of the Code, on the corporate debtor which lasts till 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).

The insolvency commencement date of the Company is 20 July 2022.

14. What is the effect of order of moratorium?

Answer: 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:

- a) 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;
- b) Transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;
- c) 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;
- d) 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 licence, 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.

15. What will happen if a creditor fails to submit claim with proof within the time stipulated in the public announcement (i.e., August 3, 2022)?

Answer: As per Regulation 12 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process of Corporate Persons) Regulations 2016 (“CIRP Regulations”), a creditor who fails to submit claim with proof within stipulated time in the public announcement, may

submit the claim with proof to the interim resolution professional or the resolution professional, as the case may be, on or before the ninetieth day from the insolvency commencement date.

16. What were the public announcement of Company?

Answer: Public announcement has been duly made for the attention of creditors of the Company in accordance with the provisions of the Code, notifying the creditors that the NCLT, Mumbai Bench, has ordered the commencement of CIRP against Company on 20 July 2022, and that the creditors may submit their respective proofs of claim against the Company to the IRP/RP. A copy of the public announcement and the said order of NCLT, Mumbai, can be found on the website of the Company at:

Company Website	https://futuresretail.in/
NCLT Order	https://futuresretail.in/pdf/National Company Law Tribunal Order.pdf

17. How do I file a claim as a creditor?

Answer: The instructions for submission of claim with proof have been provided in the public announcement. The creditors of the Company are requested to submit a proof of their claims, for the period up to and as on the insolvency commencement date of the Company, on or before the last date as mentioned in the public announcement of the Company, in the prescribed form, to the IRP.

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The claim with proof is to be submitted by way of specified forms (as may be applicable), along with declaration and verification, and relevant documentary proof in support of the claim, as prescribed under CIRP Regulations.

18. Where will I get the claim forms?

Answer: The forms can be downloaded from the IBBI website at <https://ibbi.gov.in/en/home/downloads> (Forms under the CIRP Regulations)

- [Form B](#) – for claims by operational creditors (except workmen and employees)
- [Form C](#) – for claims by financial creditors
- [Form CA](#) – for claims by creditors in a class
- [Form D](#) – for claims by workmen and/or employees
- [Form E](#) – for claims by authorized representative of workmen and employees
- [Form F](#) – for claims by creditors (other than as mentioned above)

19. Which documents in support should I attach along with claim form while submitting to the IRP?

Answer: Please find below an indicative list of supporting documentary evidence.

Operation Creditor

- a contract for the supply of goods and services with corporate debtor;
- an invoice demanding payment for the goods and services supplied to the corporate debtor;
- an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any; or
- financial accounts.
- copies of relevant extracts of Form GSTR-1 and Form GSTR-3B filed under the provisions of the relevant laws relating to Goods and Services Tax and the copy of e-way bill wherever applicable

Financial Creditor

- a financial contract supported by financial statements as evidence of the debt;
- a record evidencing that the amounts committed by the financial creditor to the corporate debtor under a facility has been drawn by the corporate debtor;
- financial statements showing that the debt has not been paid;
- an order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any.
- Claims filed by financial creditors to have clear distinction and supporting calculation for the following:
 - Principal amount, interest, penal interest and other costs, if any.
 - Details of security interest held in case of secured debt
 - In case of non-fund based limits, status of invocation and subsequent devolvement should be identified

Workmen & Employees

- a proof of employment such as contract of employment for the period for which such workman or employee is claiming dues;
- evidence of notice demanding payment of unpaid dues and any documentary or other proof that payment has not been made; or
- an order of a court or tribunal that has adjudicated upon the non-payment of a dues, if any.

Creditors other than above

- documentary evidence demanding satisfaction of the claim;
- bank statements of the creditor showing non-satisfaction of claim;
- an order of court or tribunal that has adjudicated upon non-satisfaction of claim, if any

20. I have already sent the detailed listing of invoices outstanding to IRP/RP. Would I still need to fill and submit my claim?

Answer: Yes. A claim with proof needs to be submitted using appropriate form and should be complete in all respects, accompanied by declaration and verification, and relevant supporting documents, as prescribed under the Code for consideration.

21. Will I be a required to submit any further documents or clarifications after submitting the claim with proof?

Answer: 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.

22. I am a goods or services provider/ distributor to the Company and have outstanding dues against the Company. What shall be my course of action during the CIRP?

Answer: The objective of the CIRP is to facilitate a sustainable resolution for the corporate debtor. During their tenure, the IRP/ RP will endeavour to run the operations of the corporate debtor as a going concern and protect and preserve the value of property of the corporate debtor. In furtherance thereof, you are requested to extend your corporation and assistance to the IRP/ RP, as and when required.

You are requested to submit your claim with proof in the manner as set out in the Code, and such claims with proof, if any submitted for the period as on the insolvency commencement date, shall be dealt with in accordance with the Code.

In respect of any claim of creditor for any goods or services provided by such creditor to corporate debtor, Form B is required to be filed in accordance with the format as specified in the Schedule of CIRP Regulations. In respect of any other claim which is not in the nature of financial debt or operational debt, Form F should be filed.

23. I am authorized by workmen and/employees of the corporate debtor to file a claim with proof on their behalf. How should I file the claim?

Answer: If you are an authorised representative of workmen and/employees of the Company, you are required to file claim with proof for and on behalf of the workmen and employees in Form E along with the duly signed declaration and verification, and other documentary evidence in support of claim, as provided under the Schedule of CIRP Regulations, and submit it to the IRP of the corporate debtor, in person, by post or by electronic means.

24. Having filed the claim, when can I expect the payment to be credited or made?

Answer: Mere submission of the claim does not by itself guarantee the payment. The payments 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.

25. What if I submit a wrong claim or inflate the claim amount, or write wrong particulars?

Answer: 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. Please evaluate the serious implications of submitting any false or misleading claims. Your claim, as may be submitted to the IRP, forms the basis of preparation of resolution plan etc. Therefore, you must ensure that the particulars submitted by you are true and correct.

26. What if my debt is in foreign currency?

Answer: The claims of creditors which are denomination in foreign currency shall be valued in Indian currency at the official exchange rate (which is the reference rate published by the Reserve Bank of India or derived from such reference rate) as on the insolvency commencement date of the Company.
