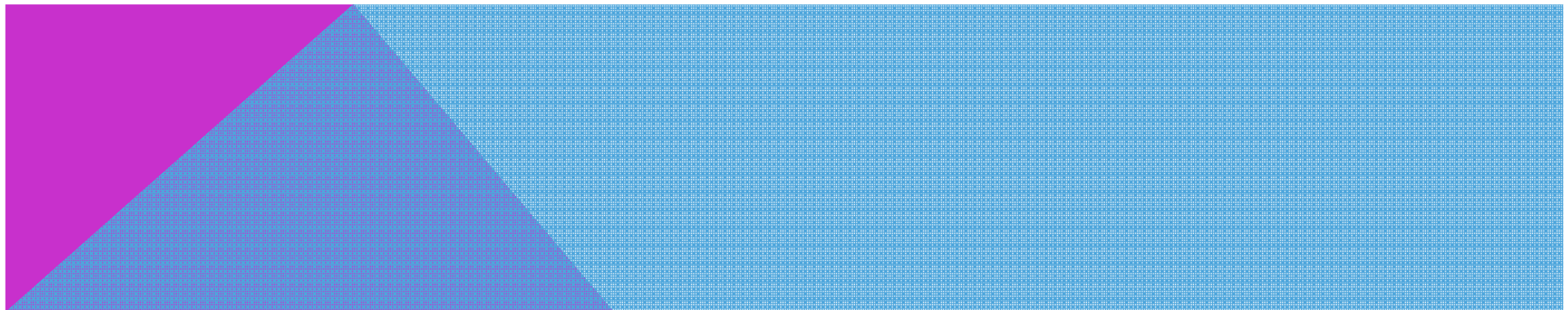


**INSOLVENCY AND BANKRUPTCY CODE, 2016**

**Related Parties  
and  
Relatives**

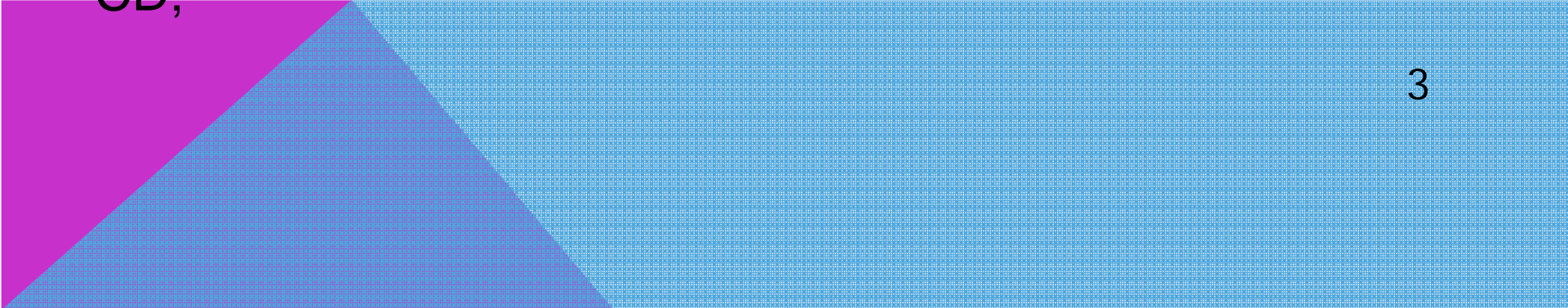
**Madhusudan Sharma**





# “RELATED PARTY”

Sec 5 (24) Related party in relation to CD means:

- (a) a director or partner of CD or a relative of a director or partner of CD;
- (b) a key managerial personnel (KMP) of CD or a relative of a KMP of CD;
- (c) a LLP or a partnership firm in which a director, partner, or manager of CD or his relative is a partner;
- (d) a private company in which a director, partner or manager of CD is a director and holds along with his relatives, more than 2% of its share capital;

- 
- (e) a public company in which a director, partner or manager of CD is a director and holds along with relatives, more than 2% of its paid-up share capital;
  - (f) anybody corporate whose board of directors, MD or manager, in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of CD;
  - (g) any LLP 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 CD;
- 

- 
- (h) any person on whose advice, directions or instructions, a director, partner or manager of CD is accustomed to act;
  - (i) a body corporate which is a holding, subsidiary or an associate company of CD, or a subsidiary of a holding company to which CD is a subsidiary;
  - (j) any person who controls more than 20% of voting rights in CD on account of ownership or a voting agreement;
  - (k) any person in whom CD controls more than 20% 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 CD;
  - (m) any person who is associated with CD on account of-
    - (i) participation in policy making processes of CD; or
    - (ii) having more than two directors in common between CD and such person; or
    - (iii) interchange of managerial personnel between CD and such person; or
    - (iv) provision of essential technical information to, or from, CD;

# RELATIVE

Explanation to Sec 5 (24A) -

For the purposes of this clause, “relative”, with reference to any person, means anyone who is related to another, in the following manner:-

(i) members of a Hindu Undivided Family;

**(xvi) father’s father and mother,**

**(xvii) mother’s father and mother**

# RELATIVE

(iv) father,

(v) mother,

(xviii) father's brother and sister,

(xix) mother's brother and sister; and

(ii) husband,

(iii) wife,

(xii) brother,

(xiii) sister,

# RELATIVE

(vi) son,

(vii) daughter,

(xiv) brother's son and daughter,

(xv) sister's son and 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,



# RELATIVE

- b) wherever the relation is that of a son, daughter, sister or brother, their spouses shall also be included;  
(Amended w.e.f. 06.06.2018)

जय हिन्द

Jai Hind

धन्यवाद

Thanks

**Madhusudan Sharma**

Advocate, Insolvency Professional, FCS, FCMA

[madhusudan.ip@outlook.com](mailto:madhusudan.ip@outlook.com) 9868872918

Website: [www.madhusudansharma.in](http://www.madhusudansharma.in)

[www.linkedin.com/in/madhusudans](http://www.linkedin.com/in/madhusudans)