

Requirements of Resolution Plan

{Section 31 of Insolvency and Bankruptcy Code read with Regulation 37 and 38 of The Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016}

Under Regulation 37 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016

A resolution plan may provide for the measures required for implementing it, including but not limited to the following

- (a) Transfer of all or part of the assets of the corporate debtor to one or more persons;
- (b) Sale of all or part of the assets whether subject to any security interest or not;
- (c) The substantial acquisition of shares of the corporate debtor, or the merger or consolidation of the corporate debtor with one or more persons;
- (d) Satisfaction or modification of any security interest;
- (e) Curing or waiving of any breach of the terms of any debt due from the corporate debtor;
- (f) Reduction in the amount payable to the creditors;
- (g) Extension of a maturity date or a change in interest rate or other terms of a debt due from the corporate debtor;
- (h) Amendment of the constitutional documents of the corporate debtor;
- (i) Issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests, or other appropriate purpose; and
- (j) Obtaining necessary approvals from the Central and State Governments and other authorities.

Under Regulation 38 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016

{1} A resolution plan shall identify specific sources of funds that will be used to pay the -

- (a) Insolvency resolution process costs and provides that the insolvency resolution process costs will be paid in priority to any other creditor;

(b) liquidation value due to operational creditors and provide for such payment in priority to any financial creditor which shall in any event be made before the expiry of thirty days after the approval of a resolution plan by the Adjudicating Authority; and

(c) Liquidation value due to dissenting financial creditors and provide that such payment is made before any recoveries are made by the financial creditors who voted in favour of the resolution plan.

(1A) A resolution plan shall include a statement as to how it has dealt with the interests of all stakeholders, including financial creditors and operational creditors, of the corporate debtor

(2) A resolution plan shall provide:

(a) The term of the plan and its implementation schedule;

(b) The management and control of the business of the corporate debtor during its term; and

(c) Adequate means for supervising its implementation