

## **IBC Article Series: All about Resolution Plans**

---

### *What this article series is about, and what's in it for you?*

We are pleased to bring **Series of Articles** under the Insolvency and Bankruptcy Code 2016 (IBC) - an attempt to make the legal and procedural aspects of IBC easier to understand for all.

We start the **First Series** discussing the hot topic - **Resolution Plans**. In this series, we will be discussing about Resolution Plans under IBC and breaking down the important parts in the process in a simple and lucid manner.

---

As an introduction, IBC deals with resolution / revival of insolvent entities in a time bound manner by inviting offers from potential parties to take over the insolvent entity, subject to various terms and conditions. Simply put, this offer is termed as a resolution plan. Now, as one can imagine, a lot goes into making such an offer – starting with the viability of the target entity, eligibility of potential parties, stakes of creditors involved, nature and value of assets of the insolvent entity, how much the potential investor is willing to offer and so on. Other things to be considered also include the legal aspects of drafting of the offer, since once approved, the plan becomes a binding offer.

The Code allows the market forces to make a lot of decisions ('commercial wisdom') doing away with the regulatory interference to a great extent. Parties need to take into account the practicalities of implementation of the plan, the tax aspects while also considering the plethora of legal cases on the subject.

This series aims to discuss all the above and various other aspects of this topic in general terms, including:

- 1. Resolution under IBC – When and How does one get there? In short, understanding the framework of IBC and the resolution process.**
- 2. Understanding Resolution Plans - What exactly is a resolution plan?**
- 3. How does a resolution plan safeguard stakeholder interests and prevent distressed asset sales?**

4. *When is resolution a preferable option compared to liquidation and / or mergers?*
5. *Who is Eligible to Become a Resolution Applicant? How to Utilize the IBBI Website to identify assets under resolution and facilitate the Process?*
6. *How to draft a resolution plan? What are the key contents of a Resolution Plan? What are the points to be considered by resolution applicants when drafting a resolution plan?*
7. *Reliefs granted and denied: While drafting a resolution plan what are the common reliefs that are sought by resolution applicants that may be granted by the NCLT?*
8. *Protection to new management - Insertion of Section 32A. What is its significance and critical legal issues involved?*
9. *Case study on resolution of Bhushan Steel: How the resolution plan ultimately yielded more than the company's liquidation value?*
10. *Recent NCLT judgments addressing key legal issues:*
  - 1) *After NCLT's approval of a resolution plan, is the new management responsible for rectifying all prior non-compliances and associated obligations inherited from the previous management?*
  - 2) *Whether change of business of the Corporate Debtor by Successful Resolution Applicant is permissible in Resolution Plan?*
  - 3) *Is it permissible for electricity service providers to demand arrear payments of corporate debtor from the resolution applicant when granting electricity connections to successful resolution applicants?*
  - 4) *Who is entitled to claim the amount payable by the insurance company, especially when the corporate debtor is now under new management?*
  - 5) *For a resolution plan, is it mandatory to obtain CCI approval before approval by the Committee of Creditors (CoC) during the Corporate Insolvency Resolution Process (CIRP).*

*Till the next one.....*