

Insolvency and Bankruptcy Board of India

PRESS RELEASE

1st January, 2018

Sub: Amendments to (i) the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and (ii) the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017.

The Insolvency and Bankruptcy Board of India (IBBI) has amended (i) the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and (ii) the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017 on 31st December, 2017.

2. According to the regulations, a resolution plan needs to identify specific sources of funds to be used for paying the liquidation value due to dissenting creditors. For this purpose, the ‘dissenting financial creditor’, according to amended regulations, means a financial creditor who voted against the resolution plan or abstained from voting for the resolution plan, approved by the committee of creditors.

3. As per the amendments, it is not necessary to disclose ‘liquidation value’ in the information memorandum. After the receipt of resolution plan(s) in accordance with the Insolvency and Bankruptcy Code, 2016 (Code) and the regulations, the resolution professional shall provide the liquidation value to every member of the committee of creditors after obtaining an undertaking from the member to the effect that such member shall maintain confidentiality of the liquidation value and shall not use such value to cause an undue gain or undue loss to itself or any other person. Also, the interim resolution professional or the resolution professional, as the case may be, shall maintain confidentiality of the liquidation value.

4. According to the amendments, a resolution applicant shall submit the resolution plan(s) to the resolution professional within the time given in the invitation for the resolution plans in accordance with the provisions of the Code. This will enable the committee of creditors to close a resolution process as early as possible subject to provisions in the Code and the regulations.

5. The amendments have come into force from today on their publication in the Gazette of India. The amendments are available at www.mca.gov.in and www.ibbi.gov.in.