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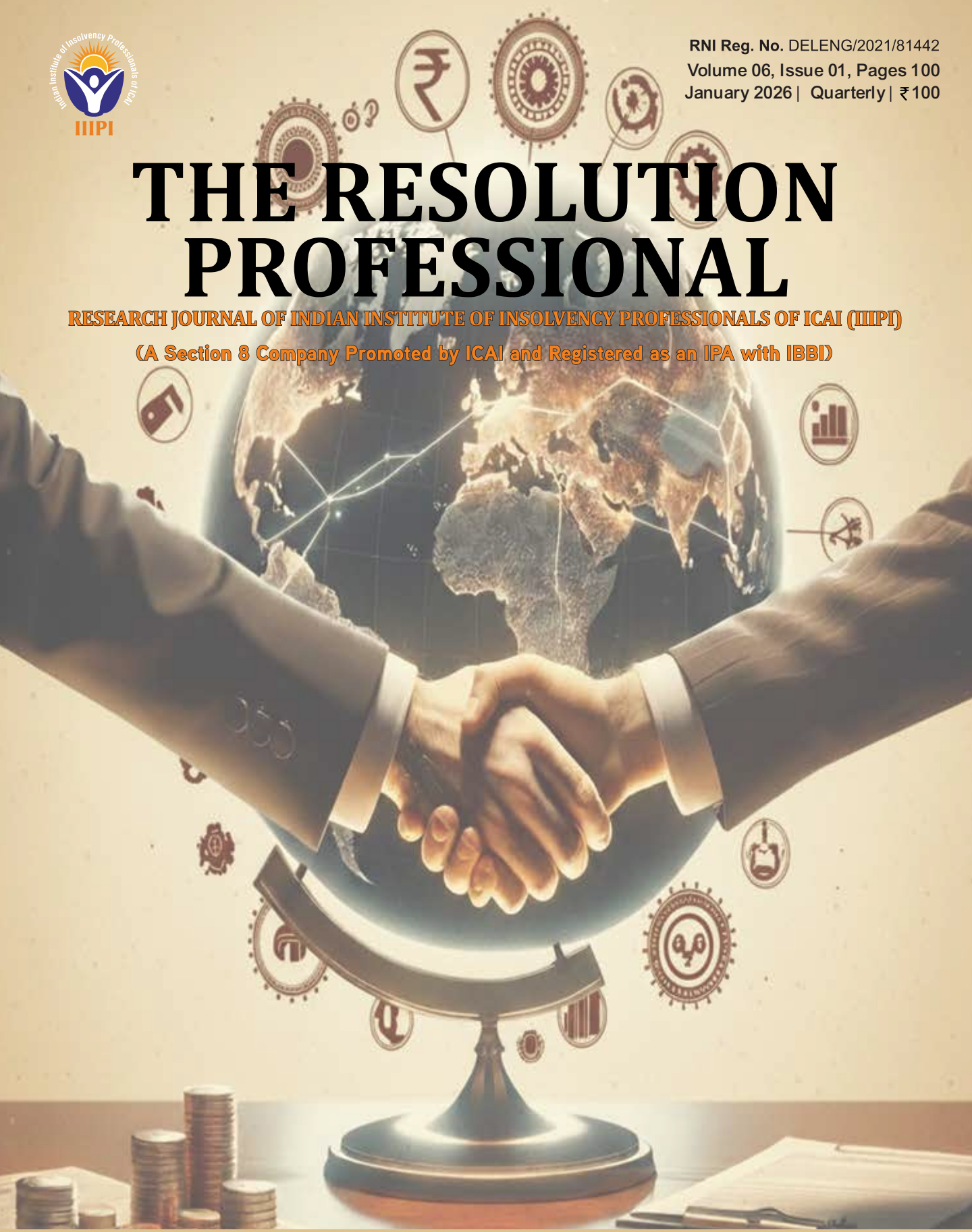

EVOLVING DYNAMICS OF INSOLVENCY FRAMEWORK: THE ROAD AHEAD

ABOUT IIIPI

The Insolvency and Bankruptcy Code, 2016 (Code) provides that no entity shall carry on its business as an Insolvency Professional Agency (IPA) under this Code and enrol Insolvency Professionals (IPs) as its members except under and in accordance with a certificate of registration issued in this behalf by the Insolvency and Bankruptcy Board of India (IBBI).

Against this backdrop of the Code and the IBBI (Insolvency Professional Agencies) Regulations, 2016 (IPA Regulations), The Institute of Chartered Accountants of India (ICAI) formed Indian Institute of Insolvency Professionals of ICAI (IIIPI), a Section 8 company to enrol and regulate IPs as its members in accordance with the Code read with its Regulations. The Company was incorporated on 25th November 2016.

IIIPI is the first Insolvency Professional Agency (IPA) of India registered with IBBI. The certificate of registration was handed over to the agency by the then Hon'ble Minister of Finance Late Shri Arun Jaitley on 28th November 2016.

OUR VISION

To be a leading institution for development of an independent, ethical and world-class insolvency profession responding to needs and expectations of the stakeholders.

STRATEGIC PRIORITIES

- Capacity building of members by enhancing their all-round competency for their professional development in global context.
- Capacity building of other stakeholders for facilitating efficient and cost effective insolvency resolution proceedings.
- Deploying an independent regulatory framework with focus on ethical code of conduct by the members.
- Working closely with the regulator and contributing to policy formulation including with respect to the best practices in the insolvency domain.
- Conducting research on areas considered critical for development of a robust insolvency resolution framework.

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From Chairman - Editorial Board, IIIPI

CA. Charanjot Singh Nanda
President, ICAI
Chairman, Editorial Board-IIIPI

Dear Professional Colleagues,

Wishing you a very happy and prosperous New Year 2026.

At a time of rapid economic transition, our collective responsibility as professionals is to lead with foresight, discipline, and purpose. "Sustained progress is achieved through continuous effort, as growth favours motion over inertia". This enduring principle continues to inspire us to strive for excellence each day, nurturing a spirit of ongoing advancement and ever-greater endeavour.

The International Monetary Fund, in its World Economic Outlook (WEO), October 2025, has projected India's economy to grow at 6.2 percent in 2026, despite extraordinarily high U.S. tariffs. This revision underscores the underlying strength and resilience of the Indian economy, supported by robust domestic demand, sustained structural reforms, and growing competitiveness in a challenging global trade environment. These trends reaffirm India's position as one of the fastest-growing major economies, anchored in prudent policymaking and institutional credibility.

The Insolvency and Bankruptcy Code (IBC) regime has emerged as a cornerstone of this transformation, reinforcing credit discipline, facilitating the revival of stressed enterprises, and restoring productive capacity across sectors. By enabling timely resolution and preserving viable businesses, the IBC has supported industrial activity, safeguarded employment, and strengthened confidence in India's financial and institutional framework. Together, economic momentum and institutional reform reflect India's collective resolve to convert challenges into opportunities and progress steadily toward a stronger, more self-reliant nation. The proposed IBC (Amendment) Bill 2025 is expected to be taken up during the upcoming Budget session of Parliament following the submission of Parliamentary Select Committee's report in December 2025 for potential passage.

India's banking sector continues to demonstrate resilience, characterized by healthy balance sheet growth and a significant improvement in asset quality. Banks' gross non-performing assets (NPA) ratio declined to 2.1% as at the end of September 2025 from 2.2% in March 2025, as reported in the Reserve Bank of India's "**Report on Trend and Progress of Banking in India".**

The Indian Institute of Insolvency Professionals of ICAI (IIIPI), the largest Insolvency Professional Agency (IPA) in the country and promoted by the Institute of Chartered Accountants of India (ICAI), has consistently focused on capacity building and professional excellence ensuring that Insolvency Professionals (IPs) are well equipped to discharge these expanding responsibilities. I commend IIIPI for its sustained efforts in knowledge dissemination including through this Journal, which has evolved into an important platform for informed analysis, policy discourse, and practitioner insights. By bringing together perspectives from regulators, professionals, academicians, and industry experts, the Journal contributes meaningfully to the maturation of India's insolvency ecosystem. Continuous learning and informed dialogue will remain central to sustaining professional credibility and public trust.

The year ahead presents both opportunities and challenges. As India's economy expands in scale and complexity, expectations from Insolvency Professionals, in terms of competence, integrity, and commercial judgment- will continue to rise necessitating proactive preparedness. I encourage Insolvency Professionals to actively engage with such knowledge platforms and continue contributing towards a resilient, transparent, and growth-oriented insolvency framework aligned with India's long-term economic aspirations.

कठिन राहों से ही गुज़रकर, आगे बढ़ा जाता है,
चुनौती को अवसर बनाकर, भविष्य गढ़ा जाता है।

CA. Charanjot Singh Nanda
President, ICAI
Chairman, Editorial Board – IIIPI

From Chairman - Governing Board, IIIPI

Dr. Ashok Kumar Mishra
Chairman, Governing Board-IIIPI

Dear Members,

Happy New Year 2026.

As we enter the year 2026, it is an opportune moment to reflect on the evolution of the insolvency ecosystem under the Insolvency and Bankruptcy Code, 2016 (IBC) and to reaffirm our collective commitment to strengthening the IBC regime into a robust, efficient, and globally benchmarked insolvency framework.

At the time of the commencement of the IBC nearly a decade ago, the country was grappling with a severe and rapidly escalating problem of non-performing assets (NPAs), which had nearly paralyzed the banking system, the backbone of the national economy. On this front, the IBC regime has made a significant contribution by arresting the growth of NPAs, facilitating their resolution, and strengthening the overall health and resilience of the banking system in the country. The Gross Non-Performing Assets (NPA) of Banks have been declining over the last few years - reducing from 11.46% in 2018 to 2.31% in 2025. These figures reflect sustained improvement in asset quality and risk management, underscoring the overall strengthening of the Indian banking system.

IIIPI has been working closely with the Insolvency and Bankruptcy Board of India (IBBI) to address the emerging challenges through focused efforts and capacity-building initiatives. In this direction, recent amendments by the IBBI such as the mandatory disclosure of beneficial ownership in resolution plans and the introduction of a 'Standard Undertaking' for restitution of assets attached under the PMLA will further streamline insolvency processes. Further, the Select Committee on the IBC Bill-2025, in its report tabled before the Lok Sabha, has broadly endorsed the proposed amendments while recommending clear timelines for NCLAT to decide appeals, decriminalization of certain IBC provisions, and greater transparency and accountability of IPs and the Committee of Creditors.

Besides regularly conducting capacity-building programs, IIIPI is actively engaged in research aimed at further strengthening the insolvency ecosystem. To date, 23 Study Groups have been constituted, of which 20 have submitted their reports. Notably, a comprehensive Study Group report on strengthening the regulatory framework for IPs and IPEs is underway, with the survey completed and the report currently under preparation. Further, IIIPI has sponsored five research projects, four of which have been completed, and are being disseminated with stakeholders. Going forward, given the recent changes in CPE Guidelines by IBBI, the focus will be on expanding in-person programs for IPs to enable direct interaction and improved learning outcomes.

To further the objective of stakeholder engagement and knowledge dissemination, IIIPI has been publishing *The Resolution Professional* since July 2021. I congratulate the authors, reviewers, and thought leaders who over the years have enriched the journal and contributed to its emergence as a widely sought-after insolvency publication across stakeholders.

I am confident that in 2026, together, we will be able to further strengthen the IBC regime and build a more robust insolvency ecosystem for the nation.

I wish you all the best.

With Regards

Dr. Ashok Kumar Mishra
Chairman
IIIPI

From Editor's Desk

Dear Member,

The 28th Parliamentary Standing Committee on Finance (2025–26), in its report on the "Review of Working of the Insolvency and Bankruptcy Code and Emerging Issues," has reaffirmed the transformative role of the IBC in strengthening credit discipline and improving the ease of doing business since its inception in 2016. At the same time, the Committee has highlighted persistent and systemic challenges, including delays in timelines, mounting litigation, and significant creditor haircuts. Concerns such as slow admission of applications and prolonged processes call for collective reflection and course correction. In this direction, IIIPI, in close engagement with stakeholders, is contributing its best efforts to address these challenges and further strengthen the IBC ecosystem through a range of innovative initiatives.

In this direction, IIIPI journal *The Resolution Professional* has been playing a crucial role by serving as a platform for sharing research-based insights, practitioners' experiences, and perspectives from experts and thought leaders across the insolvency ecosystem. This edition starts with an exclusive interview of Shri P. R. Rajagopal, Executive Director, Bank of India, who has shared his insights and experiences as a banker on a wide range of issues concerning the IBC regime including its implementation, achievements, challenges, and evolution.

Moreover, this edition contains five research articles and a case study on the successful resolution of Sinnar Thermal Power Limited. The opening article "A Critical Analysis of the Insolvency and Bankruptcy (Amendment) Bill, 2025: A Legislative Response to Evolving Jurisprudence", presents a critical evaluation of the Bill's potential to reshape India's insolvency landscape and provides forward-looking recommendations. In the second article "From Recovery to Revival: Repositioning for Engines of Turnaround", the author, discusses various early warning signs of corporate debtors, and the role ARCs can play in their successful revival. The third article "RBI (Project Finance) Directions, 2025: Implications for Insolvency Practice and Project Loan Discipline", examines the RBI's directions through the lens of India's insolvency regime and their relevance to the resolution of corporate debtors. It also offers recommendations for effective implementation of the Guidelines to promote sustainable growth while safeguarding creditors' rights.

The fourth article "The Role of Technology in Insolvency Proceedings: Driving Efficiency, Transparency, and Access in the IBC Era" explores multiple dimensions of technology use through cases such as Essar Steel, Bhushan Steel, IL&FS, DHFL, Jet Airways, and Videocon, and argues that technology accelerates claim verification, enhances transparency, and maximizes value. It recommends integrating technological innovation with governance to promote transparency and efficiencies. In the concluding article, "Issue of fresh Form G to invite Expression of Interest after the Resolution Plan submission is Over", the author, after examining various legislative provisions and judgements, deliberates on legal tenability of reissuance of Form G.

Besides, the journal also has its regular features, i.e., Legal Framework, IBC Case Laws, IBC News, Know Your Ethics, IIIPI News, IIIPI's Publications, Media Coverage, Services, Help Us to Serve You Better, and Crossword.

Please feel free to share your candid feedback to help us improve the quality of the journal, by writing to us on iiipi.journal@icai.in

Wish you a happy reading.

Editor

Exclusive Interview of Shri P R Rajagopal, Executive Director, Bank of India

Shri P R Rajagopal
Executive Director
Bank of India

Shri P R Rajagopal has been Executive Director at Bank of India since March 2020. He is a Commerce graduate and Bachelor of Law. Before joining this position, he also served as Executive Director of Allahabad Bank. He has a stellar banking career of over 30 years having also served at various senior positions in Bank of India, Union Bank of India and the Indian Banks' Association (IBA) with exposure to various facets of banking including management of stressed assets.

In an exclusive interview with IIIPI for The Resolution Professional, Shri Rajagopal shared his views on a decade of the IBC regime in India and on various related aspects of the Code. ***Read on to know more…***

IIIPI: With 10th anniversary of the IBC, 2016 approaching, how would you summarize the major achievements of India's insolvency law in resolving twin balance sheet problem of Indian banking?

Shri Rajagopal: Insolvency and Bankruptcy Code (IBC) came into effect in its full form with effect from 1st December 2016. IBC is nearing one decade of implementation. There is no doubt that IBC has marked a paradigm shift in India's approach to resolution of corporate insolvency. The shift from "Debtor in Possession" to "Creditor in Control" is unprecedented. It is unique to India. A lot of credit goes to Insolvency and Bankruptcy Board of India (IBBI) and the Resolution Professionals (RPs) in breathing life and nurturing the law into a living law. NCLTs, NCLATs, High Courts and the Hon'ble Supreme Court have played a pivotal role in effectuating the spirit of law and realizing its objects. There are landmark judgements galore under the law, that have helped IBC to become law that has teeth and not a mere dead letter. IBC has brought a behavioral shift in the borrowers. In the impact study done by IIMB, it was found that overdue to normal in loan accounts transitioned from 344 days on average in 2019 to 30 days in 2024. Further twin balance sheet problem was effectively resolved by creditor led professionally managed Corporate Insolvency Resolution Process (CIRP) reducing the corporate insolvency on one hand and bank loan book distress on the other. It is a matter of record that IBC has rescued 3865 corporates till September 2025. Banks have recovered 32.44% of admitted claims and more than 170.09% of liquidation value. As of date, value maximization, which is the fulcrum of IBC, stood at 93.79% (as proportion to fair value of resolution plans) for corporates in distress.

IIIPI: How do you perceive the key challenges of banking ecosystems which remain unaddressed and which can be tackled by necessary improvements in IBC law, especially when IBC Amendment Bill, 2025, is being debated in the Parliament of India?

Shri Rajagopal: Challenges that banks continue to face are sought to be mitigated in the IBC (Amendment) Bill, 2025. Major challenges are:

i) Delay and uncertainty in timelines for resolution/ liquidation of insolvent corporates.
ii) Lack of clarity, priority or otherwise of Government debts.
iii) Rights of priority of charge holders of Security Interest inter-se which was, hither to, not recognized by IBC.
iv) Group Insolvency is still not covered under the IBC.

v) Liquidation is driven by Liquidator and Committee of Creditors (CoC) has no say.

The IBC (Amendment Bill), 2025, deals with all the above areas comprehensively.

IIIPI: Section 12A of the IBC allows for the withdrawal of a Corporate Insolvency Resolution Process (CIRP) if a settlement is reached. Reserve Bank of India has also allowed banks to negotiate settlement with defaulting borrowers, outside the IBC. What, in your view, are considerations for a lender while choosing between settlement and initiating CIRP, post default is triggered.

Shri Rajagopal: In the case of withdrawal under Section 12A, banks primarily look at Loss Given Default (LGD), aspects such as net worth of borrowers/ guarantors to repay the loans, availability of security, time value of money and value realizable through CIRP vis-à-vis settlement etc. If the lenders, based on circumstances of the case, come to conclusion that settlement is a better value proposition, then lenders go for it. If the borrowers/promotors are not cooperative and value proposition is better through CIRP, then CIRP is resorted to and taken to logical conclusion.

IIIPI: There are increasing calls for deploying mediation mechanisms before initiating CIRP. How do you view the role of such alternative dispute resolution (ADR) methods in the insolvency framework?

Shri Rajagopal: Mediations, under latest Mediation Act is a boon to bankers especially public sector banks, as legal approval can be obtained for restructuring/ work out agreed between the bank and the borrowers by ensuring transparency. Third party validation backed by Mediation Act for the restructuring/work out can insulate Public Sector Bank executives from vigilance probes.

IIIPI: Insolvency professionals often raise concerns that bank representatives participating in Committee of Creditors (CoC) meetings are often not adequately trained and tend to refer every decision back to higher authorities, potentially slowing down the resolution process.

Mediations, under latest Mediation Act is a boon to bankers especially public sector banks, as legal approval can be obtained for restructuring/work out agreed between the bank and the borrowers by ensuring transparency.

There is also a growing demand for clearer guidelines and oversight on CoC functioning. What are your perspectives on the same?

Shri Rajagopal: I agree that there are genuine apprehensions on the part of Resolution Professionals (RPs) in the functioning of CoC and the process followed in the banks for decisions in CIRP matters. Amendments proposed under the IBC (Amendment) Bill 2025, wherein the IBBI is proposed to be empowered for formulating rules for CoC, would help in resolving these issues.

IIIPI: Subject to the oversight and commercial wisdom of CoC, Insolvency Professionals (IPs) play pivotal roles in any CIRP or liquidation process. A teamwork between these two pillars is *sine-qua-non* for any successful outcome. What wisdom and expectations from IPs, you have to share in the direction of strengthening the equation among these two pillars?

Shri Rajagopal: As has been stated already, IBBI has done commendable work in formulating guidelines in enhancing synergy between the RP and the CoC. IBBI continues to monitor and persuade the Banks to follow guidelines on conduct of CoC members. It will be further strengthened through statutory backing under proposed amendments to the IBC.

IIIPI: Interim finance is often cited as a major challenge in ensuring going concern status of CD, with Insolvency Professionals finding it difficult to arrange it during CIRP. What are your suggestions for addressing this issue, and how can banks and other stakeholders support adequate interim funding?

Shri Rajagopal: When solvency of borrower is in question, interim finance is a challenge. However, there is a commendable improvement in this regard and Banks are not now baulking at the proposals, as was the case initially. In my view, Bankable business case for interim finance should be strong and should have robust outcomes in terms of value preservation/ value maximization. The RP should prepare the business case with the help of service providers who have unimpeachable reputation.

> ***In my view, Bankable business case for interim finance should be strong and should have robust outcomes in terms of value preservation / value maximization.***

IIIPI: How do you envision the evolution of the IBC and the broader distress resolution framework over the next 3 to 5 years, particularly in terms of legal reforms, systems, and processes?

Shri Rajagopal: With almost a decade-long implementation of the IBC, it is now evident that the IBC has brought a behavioral shift in borrowers and banks. Excesses of evergreening under CDR/ others erstwhile schemes are now left behind the banks. The stakeholders now appreciate aspects like preservation of value and maximization of value in distress resolution. Willingness to actively participate in the resolution process instead of seeing the IBC as a mere recovery tool has taken strong roots. In that backdrop, I see framework for distress resolution evolving into mature institution in all its aspects – legal, system and processes.

A Critical Analysis of the Insolvency and Bankruptcy (Amendment) Bill, 2025: A Legislative Response to Evolving Jurisprudence

Amresh Kumar Sood
The author is an Insolvency Professional (IP) Member of IIIPI. He can be reached at amreshksood@gmail.com

The Insolvency and Bankruptcy Code, 2016 (IBC) has been a landmark reform in resolving the distress of financially stressed corporate debtors and addressing systemic challenges such as the burgeoning non-performing assets (NPAs) that weighed heavily on the Indian economy at the time of its enactment. Yet, the evolving dynamics of insolvency practice have given rise to new complexities, prompting the Central Government to introduce the IBC (Amendment) Bill, 2025. Focusing on three pivotal structural reforms—the Creditor-Initiated Insolvency Resolution Process (CIIRP), the establishment of a Group Insolvency framework, and the proposed mechanism for Cross-Border Insolvency, this article evaluates the Bill's potential to reshape India's insolvency landscape. Furthermore, it provides forward-looking recommendations aimed at strengthening the maturing insolvency ecosystem in the country.
Read on to know more…

Introduction

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 (the Bill), represents a pivotal moment in the evolution of India's insolvency framework, formalizing the culmination of years of judicial interpretation and extensive stakeholder consultation. While the Insolvency and Bankruptcy Code, 2016 (IBC/the Code)[1] has been lauded for its successes in facilitating over 1,300 corporate resolutions and contributing nearly half of all banking sector recoveries in the fiscal year 2024–25, it has simultaneously faced significant

[1] Press Information Bureau, *Six legislative amendments and Over 100 regulatory changes made to strengthen insolvency framework and reduce delays; IBC Accounts for Nearly Half of Bank Recoveries in FY 2024–25* (2025), https://pib.gov.in.

challenges that have necessitated a comprehensive legislative overhaul. The Bill, often referred to as "IBC 2.0," is a targeted legislative intervention[2] designed to address persistent pain points, including protracted delays, judicial ambiguities[3] , and the lack of a cohesive framework for complex corporate structures. This article is aimed at providing a critical analysis of the Bill, exploring the rationale for key amendments by rooting them in specific judicial pronouncements and professional feedback. It also offers forward-looking recommendations. The analysis focuses on three critical structural reforms—the Creditor-Initiated Insolvency Resolution Process (CIIRP), the framework for Group Insolvency, and the provisions for Cross-Border Insolvency—to offer a complete understanding of the Bill's potential to transform India's business and legal landscape[4] .

Part I: The Imperative for Legislative and Institutional Reform

A. The Genesis of IBC 2.0: Bottlenecks in the Existing Framework

Since its enactment, the IBC has been instrumental in reshaping India's approach to resolving financial distress, instilling a sense of credit discipline and significantly improving creditor recovery rates. As of September 30, 2025, 1,300 companies have been successfully resolved under the Code, with creditors realizing ₹3.99 lakh crore, accounting for 48.1% of the total recoveries made by Scheduled Commercial Banks in FY 2024–25. Despite these achievements, the Code has been plagued by implementation challenges that have led to a consensus among stakeholders on the need for targeted reforms.

A primary bottleneck has been the issue of prolonged delays and litigation. The time-bound nature of the CIRP, a cornerstone of the Code, has frequently been undermined by practical realities. The average time for completing a CIRP is approximately 603 days, which is well over the statutory limit of 330 days. Delays have been attributed at every stage—from the admission of insolvency applications by the adjudicating authority (AA) through the resolution plan approvals to liquidation orders—including notable delays even in the initial admission process itself. These procedural delays, compounded by the high volume of litigation and appeals, have directly contributed to the erosion of asset value for distressed companies, reducing the eventual recovery for creditors.

Furthermore, procedural ambiguities and judicial discretion have created an environment of legal uncertainty. The lack of a clear legislative mandate in certain sections of the Code has granted wide discretionary powers to the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT). This has resulted in divergent judicial interpretations and a high number of appeals, further delaying the resolution process. Finally, while the IBC currently empowers creditors across jurisdictions to initiate insolvency proceedings against individual corporate debtors, the original Code lacked a comprehensive framework for dealing with complex corporate structures, failing to provide specific provisions for interconnected corporate groups or debtors with assets and creditors across multiple jurisdictions. This void resulted in fragmented and inefficient proceedings[5], often leading to value destruction for all stakeholders involved.

> ***Procedural delays, compounded by the high volume of litigation and appeals, have directly contributed to the erosion of asset value for distressed companies.***

B. The Catalysts of Change: Judicial Pronouncements and Stakeholder Feedback

The IBC 2025 Amendment Bill is a direct legislative response to the challenges highlighted by both the

[2]PwC India, *Key Changes in the Insolvency and Bankruptcy Code (Amendment) Bill, 2025* (2025), https://www.pwc.in.

[3]Policy Circle, *IBC Amendment Bill: India Needs Revamped Law, Not Patchwork Fixes* (2025), https://www.policycircle.org.

[4]Chambers & Partners, *Insolvency & Bankruptcy Code (Amendment) Bill, 2025: Key Reforms & What They Mean for Stakeholders* (2025), https://chambers.com.

[5]IIBC Laws, *The Insolvency and Bankruptcy Code (Amendment) Bill, 2025* (2025), https://www.ibclaw.in.

judiciary and practitioners. It represents a deliberate effort to clarify legislative intent and close loopholes that emerged through judicial interpretations.

A notable example is the legislative overruling of the Supreme Court's decision in *State Tax Officer v. Rainbow Papers Limited* (2022). In this case, the Supreme Court had held that statutory dues owed to government authorities, such as tax arrears, could be treated as a secured debt under Section 53 of the Code if the relevant state law created a "charge" over the corporate debtor's property. This interpretation fundamentally disrupted the established waterfall mechanism under Section 53, which prioritizes secured creditors who have a security interest created by agreement, followed by other creditors. By allowing government dues to be placed on par with the claims of secured creditors, the ruling diluted the recovery prospects for financial institutions and introduced significant commercial uncertainty. The Bill directly addresses this issue by inserting a clarification that a "security interest" shall exist only if it is created by an agreement or arrangement between two or more parties and not merely by operation of any law. This amendment is a critical step by the legislature to re-assert the original commercial hierarchy and restore the predictability essential for credit markets, ultimately strengthening the confidence of global and domestic investors.

> ***"The Bill introduces a penalty of ₹1 lakh to ₹2 crore as a pre-emptive measure to deter this anticipated shift toward frivolous proceedings before the AA."***

Another key amendment is the curb on the discretionary power of the AA in admitting insolvency applications. The Supreme Court's ruling in *Vidarbha Industries Power Ltd. v. Axis Bank Ltd.* (2022) was widely interpreted as granting the NCLT the discretionary power to reject an application under Section 7 even if a default was proven. This interpretation created a loophole that corporate debtors could exploit to delay the admission process, contrary to the time-bound objective of the Code. The Bill makes the admission of financial creditor applications mandatory if a default is proven, the application is complete, and no disciplinary proceedings are pending against the proposed resolution professional. To expedite this process, it clarifies that records of default from a financial institution submitted to an Information Utility will be considered conclusive proof of default. While this is designed to prevent judicial delays at the admission stage, it is anticipated that litigation efforts by debtors may now shift to challenging the default records themselves or filing frivolous appeals at the NCLAT stage.

The Bill's introduction of a specific penalty, via the insertion of new sections (Section 183A or Section 64A), to punish any person initiating frivolous or vexatious proceedings before the AA with a fine ranging from ₹1 lakh to ₹2 crore, is a pre-emptive measure to deter this anticipated shift. This measure is complemented by the amendment to Section 235A, which substantially increases the general penalty for non-specific contraventions of the Code to a maximum of ₹5 crore or three times the loss or gain, whichever is higher. Together, these two provisions signify a resolute legislative intent to introduce greater procedural discipline and ensure the AA's time is utilized for genuine resolution efforts.

Finally, the Bill addresses loopholes in the withdrawal of CIRP applications, a trend highlighted by the high-profile insolvency case of Byju's. The case, initiated by the Board of Control for Cricket in India (BCCI) as an operational creditor, saw a settlement proposal challenged by a financial creditor, Glas Trust, after the Committee of Creditors (CoC) had been constituted. The Supreme Court eventually upheld the NCLAT's view that once a CoC is constituted, its collective wisdom is paramount, and a settlement between the original parties cannot override it without the requisite 90% CoC approval. The Bill formalizes this principle by restricting the withdrawal of admitted applications before-CoC constitution and after the first invitation of a resolution plan, reinforcing the sanctity of the collective process and ensuring it cannot be used as a mere debt recovery tool.

Part II: In-Depth Examination of New Structural Frameworks

A. Creditor-Initiated Insolvency Resolution Process (CIIRP): A Paradigm Shift

The CIIRP is arguably the most transformative proposal in the Bill, representing a fundamental shift from a purely adjudication-driven process to a hybrid, out-of-court mechanism. The primary rationale for introducing this new framework is to provide a faster, more cost-effective, and less litigious resolution for genuine business failures that are not burdened by complex legal disputes.

> ***A potential risk is that an uncooperative debtor may simply use the CIIRP as a delaying tactic, only to have the process converted to a regular CIRP later.***

Unlike the traditional CIRP, the CIIRP is an out-of-court process initiated by financial creditors holding at least 51% of the debt. The process commences with a public announcement by a Resolution Professional (RP), rather than a court order, thereby bypassing the initial delay at the admission stage. While management remains with the corporate debtor (a debtor-in-possession model), it is subject to the oversight and veto power of the RP. The moratorium is also not automatic and must be applied for by the RP to the NCLT. The entire process is designed to be concluded within a strict timeline of 150 days, with a possible one-time extension of up to 45 days, further reinforcing the commitment to speed.

A critical feature of the CIIRP is the inclusion of safety valves that allow for a transition back to the judicial process. The NCLT retains the power to convert the CIIRP into a standard CIRP if a resolution plan is not approved, the debtor's management fails to cooperate with the RP, or the proposed plan is rejected. This hybrid model attempts to strike a balance between speedy resolution and stakeholder protection. The success of this process hinges on two critical factors: the RP's ability to enforce their oversight without an automatic moratorium, and the debtor's willingness to cooperate. A potential risk is that an uncooperative debtor may simply use the CIIRP as a delaying tactic, only to have the process converted to a regular CIRP later, thus adding another layer of complexity and cost before the actual resolution begins.

B. The Framework for Group Insolvency

The Code, as originally enacted, treats each corporate debtor as a standalone entity, even if they belong to the same conglomerate. This created significant practical difficulties, particularly for large, inter-connected business groups like Videocon, Jaypee and Amrapali Group cases. The fragmented insolvency proceedings against multiple subsidiaries led to value destruction, conflicting claims, and a complex web of inter-company guarantees and transactions, making effective resolution nearly impossible under the existing framework.

In the absence of a legal framework, the NCLT had to rely on equitable principles to manage these complex cases. In the Videocon case, the NCLT applied the Doctrine of Substantial Consolidation[6] to merge the CIRP of 13 out of 15 group companies, a judicial innovation born out of necessity to ensure a coordinated resolution. This judicial intervention set a precedent and highlighted the urgent need for a statutory framework to govern such cases.

The Bill directly responds to this by introducing a new Chapter VA, which empowers the Central Government to prescribe a framework for Group Insolvency proceedings against two or more corporate debtors that are part of a group. The rules will enable a common NCLT bench, a common RP, and a joint CoC, thereby facilitating coordinated resolution and value maximization. The common RP is primarily for coordination, communication and information sharing appointed with the agreement of respective corporate debtors. This enabling provision[7] is a cautious, phased approach, as recommended by the IBBI-

[6] IndiaCorpLaw, *Videocon Case: The Doctrine of Substantial Consolidation* (2025), https://indiacorplaw.in.

[7] Insolvency & Bankruptcy Board of India (IBBI), *Group Insolvency* (2025), https://ibbi.gov.in.

constituted Working Group on Group Insolvency. The Committee advised that India should first implement procedural coordination before moving to substantive consolidation—the pooling of assets and liabilities—which is a more complex and legally contentious issue. While this approach provides flexibility, it leaves a significant gap in the law, as the complexities of inter-company claims and the intricate web of interdependencies remain unresolved without a clear legislative framework for substantive consolidation. This could lead to continued judicial interventions and delays.

C. Cross-Border Insolvency: Aligning with Global Standards

The globalization of commerce has made a robust cross-border insolvency framework essential for any modern economy. The IBC, 2016, contained only two enabling sections, 234 and 235, which were designed to facilitate cross-border proceedings through bilateral agreements. However, these provisions have remained largely unimplemented, as India has not entered into significant reciprocal agreements, creating a void in the legal framework.

The insolvency of Jet Airways became a test case[8] for India's unpreparedness in this area. With parallel proceedings in India and the Netherlands, the NCLAT had to resort to approving a "Cross-Border Insolvency Protocol" between the RP of India and the Dutch trustee to ensure coordination and asset preservation. This landmark judicial intervention highlighted the urgent need for a statutory framework. The Bill empowers the Central Government to prescribe rules for Cross-Border Insolvency and designate special benches. This is a direct response to the recommendations of the Insolvency Law Committee[9], which proposed adopting the UNCITRAL Model Law on Cross-Border Insolvency[10], a globally recognized standard that promotes cooperation, predictability, and judicial certainty.

While the Bill's enabling provision is a step forward, its design raises a crucial question. By not directly adopting or embedding the Model Law into the statute, the Bill leaves the legal framework to future rules. This can create uncertainty for foreign investors and creditors who rely on codified legal certainty and a globally harmonized framework. While a phased approach is understandable, a more direct legislative move would have bolstered India's image as an investor-friendly jurisdiction and provided greater legal certainty for foreign stakeholders.

Part III: Strategic Recommendations for Insolvency Professionals (IPs)

The IBC Amendment Bill, 2025, marks a new chapter in India's insolvency regime, and IPs will need to adapt their strategies to thrive in this evolving landscape. The following strategic proposals are crucial for enhancing the framework, while the actionable advice is tailored for professionals to navigate the changes effectively.

> ***"While the Bill's focus on procedural coordination is a good first step, the government should expedite the development of a legal framework for substantive consolidation in Group Insolvency."***

A. Strategic Proposals for Enhancing the Framework

To truly achieve the objectives of a more agile and transparent insolvency ecosystem, the following enhancements to the Bill and its future implementation are recommended:

- **Codify the UNCITRAL Model Law:** Instead of relying on an enabling provision, the government should take the bold step of embedding the UNCITRAL Model Law on Cross-Border Insolvency directly into the IBC. This would

[8]Olivia Nahak, *The Jet Airways Case: Addressing India's Cross-Border Insolvency Inadequacies*, IBC Laws (2025), https://www.ibclaw.in. IBBI, *NCLAT: Jet Airways Appeal (Company Appeal (AT) (Insolvency) No. 707 of 2019)* (2019), https://ibbi.gov.in.

[9]IBBI, *Report of Insolvency Law Committee on Cross-Border Insolvency* (2025), https://ibbi.gov.in.

[10]UNCITRAL, *Model Law on Cross-Border Insolvency* (1997), https://uncitral.un.org.

provide the necessary legal certainty and predictability for international stakeholders, as exemplified by the Jet Airways case where a judicial protocol was required to fill a legislative void.

- **Define Substantive Consolidation:** While the Bill's focus on procedural coordination is a good first step, the government should expedite the development of a legal framework for substantive consolidation in Group Insolvency. Without this, the complexities of inter-company claims and asset pooling, as seen in the Videocon case, will continue to hamper effective resolution and value maximization, potentially leading to prolonged legal battles.

B. Actionable Advice for Insolvency Professionals

- **Navigating the New Debtor-in-Possession Model:** The CIIRP introduces a new and unique challenge for IPs. They must develop a new skill set that is both collaborative and firm, focusing on oversight and strategic guidance rather than the direct management control they are accustomed to in traditional CIRP. The ability to balance creditor interests with the need to ensure business continuity will be paramount.

This Bill is not just a procedural update; it is a strategic step towards modernizing India's insolvency regime and reinforcing its position as a globally competitive economy.

- **Mastering Group and Cross-Border Procedures:** IPs should proactively build expertise in dealing with complex multi-entity structures. This involves understanding inter-company transactions, coordinating with legal teams in different jurisdictions, and managing a single insolvency professional and a joint CoC. Proactive engagement with regulatory bodies and international counterparts will be essential.

It is important to clarify that the UNCITRAL Model Law on Cross-Border Insolvency, which India aims to adopt, pertains solely to the insolvency of a single debtor and the administration of that debtor's assets across multiple jurisdictions. It does not currently address insolvency involving multiple affiliated entities or companies within a group.

The introduction of a cross-border insolvency framework under the Model Law is a vital first step towards India's broader insolvency reform agenda. This step lays the groundwork for the eventual adoption of more advanced legal provisions dealing explicitly with Group Insolvency—the insolvency of multiple interconnected entities—which remains an emerging area in Indian law and is envisaged as the "second level" of insolvency reform aligned with international best practices.

- **Leveraging Technology and Data:** The Bill places a strong emphasis on leveraging technology and data. With the proposal for conclusive proof of default from Information Utilities and mandatory e-auctions for asset sales, IPs must embrace a digital-first approach. Proficiency with digital tools and data analytics will be essential for efficient claim verification, asset valuation, and transparent transactions, which will be critical to fulfilling the objectives of the new amendments.

Conclusion

The Insolvency and Bankruptcy (Amendment) Bill, 2025, is a significant and timely piece of legislation that moves beyond incremental change to propose fundamental structural reforms. By directly addressing the judicial pronouncements that exposed the Code's weaknesses and introducing new frameworks for CIIRP, Group, and Cross-Border insolvency, the Bill aims to create a more agile, transparent, and creditor-friendly ecosystem. While the Bill's enabling provisions represent a cautious and phased approach, their successful implementation will depend on robust regulatory oversight, capacity building for IPs, and a clear legislative roadmap to address the remaining gaps. This Bill is not just a procedural update; it is a strategic step towards modernizing India's insolvency regime and reinforcing its position as a globally competitive economy.

From Recovery to Revival: Repositioning for Engines of Turnaround

Venkatakrishnan R
The author is an Insolvency Professional (IP) Member of IIIPI. He can be reached at venkatr58@gmail.com

Early warning signs of distress such as —missed repayments, operational slippages, or persistent delays—are critical triggers for the timely admission and rescue of corporate debtors under the IBC. Yet, these signals are too often dismissed as temporary setbacks rather than as indicators of deeper structural and governance failures. As a result, actions are often initiated only when financial distress becomes critical, eroding value for creditors, employees, and the broader market. Besides, creditors' recovery-centric approach hurdles resolutions. Emerging discussions on strengthening Asset Reconstruction Companies and enabling a creditor-in-control regime offer scope for repositioning ARCs as true turnaround sponsors. In the present article, the author discusses various early warning signs of corporate debtors, and the role ARCs can play in their successful revival. ***Read on to know more…***

1. Introduction

In the world of emergency medicine, doctors speak of the "golden hour", that brief but critical window after trauma when timely intervention can mean the difference between life and death. Corporate distress, in many ways, mirrors that dynamic. Businesses too, have a golden hour, a narrow but vital period when warning signs surface, but the core enterprise is still salvageable. It is in this window that financial, operational, and organisational interventions can change outcomes. If this window is missed, what could have been a viable turnaround often deteriorates into an inevitable write-off.

Therefore, there is a compelling need for early and proactive action to save distressed companies. However, institutional and regulatory responses have long tended to treat delay as finality, triggering action only after value erosion has substantially set in and

the stakeholder ecosystem is already fractured. By that stage, much of the enterprise's potential is lost not because it was inherently unviable, but because timely intervention failed to occur when recovery was still possible. To alter this trajectory, there is a need to recalibrate our approach by shifting the lens from post default recovery to early pre-emptive intervention before collapse becomes inevitable.

The idea of a "Failure Museum," as described in a Harvard Business Review podcast[1], captures this perfectly. It is not a space to shame, but to study. It catalogues decline not as collapse, but as a pattern of warning signs, misjudgments, and missed opportunities. The exhibits would tell stories not of dramatic breakdowns, but of quiet neglect — how companies that once thrived became footnotes due to lack of adequate response during their golden hour.

This concept is reinforced by several major thinkers. Jim Collins[2] outlines a five-stage decline starting with hubris and culminating in capitulation. Chris Zook and James Allen[3] highlight how complexity outpaces capability when the founder's mindset is lost. Ichak Adizes[4] presents decline as part of an aging corporate lifecycle, where bureaucracy eventually chokes vitality. Yossi Sheffi[5] points to the failure to build resilience, while Aswath Damodaran[6] quantifies decline through shrinking margins, rising payout ratios, and deteriorating reinvestment.

Together, these frameworks reveal one uncomfortable truth - organisational failure is rarely sudden. It is cumulative, visible, and often entirely preventable. What's lacking is not data but will, clarity, and a system prepared to act early.

The Insolvency and Bankruptcy Code, 2016 (IBC or the Code) has given India a structured, time-bound legal framework. However, we have not yet built the institutional imagination to support rehabilitation and focussed on recovery. Asset Reconstruction Companies (ARCs), Bank's Stressed Asset Cells, and even Insolvency Professionals (IPs) are still mostly brought in when salvage is the only remaining option. The opportunity to restore a business and with it, jobs, supply chains, and enterprise value is lost if the action is delayed.

The golden hour in insolvency is real and like in medicine, it is fleeting. We must learn to act when businesses first stumble not when they fall.

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2. Learning from the Ground

If theory helps us understand the anatomy of decline, experience reveals its emotional and operational complexity. Businesses that appear broken on the surface often carry within them the seeds of renewal. This could be explained well with the following illustrative examples:

Case 1: This case involved a manufacturing company producing commodity products. The company reported financial losses, including negative gross margins in several financial years, which led to the commencement of the insolvency process. On paper, it appeared beyond revival. However, instead of jumping straight into asset monetisation, the RP began by establishing an operating-matrix, a simple but rigorous daily monitoring system. The system was designed to track input consumption, output realisation, and working capital movements. As the company was

[1]Harvard Business Review Podcast. The Failure Museum: Lessons from Corporate Decline. Harvard Business Review, 2022.

[2]Collins, Jim. How the Mighty Fall: And Why Some Companies Never Give In. HarperBusiness, 2009.

[3]Zook, Chris, and James Allen. The Founder's Mentality: How to Overcome the Predictable Crises of Growth. Harvard Business Review Press, 2016.

[4]Adizes, Ichak. Corporate Lifecycles: How and Why Corporations Grow and Die and What to Do About It. Prentice Hall, 1988.

[5]Sheffi, Yossi. The Resilient Enterprise: Overcoming Vulnerability for Competitive Advantage. MIT Press, 2005.

[6]Damodaran, Aswath. The Corporate Lifecycle: Business, Investment, and Management Implications. Stern School of Business Working Paper, 2020.

too small to afford a full-scale ERP system or digital controls, the RP introduced a few precise interventions that changed the operating culture. One such step was installing a CCTV camera near the vehicle entry gate and integrating weighbridge data directly into the system. This removed the old practice of manual entry and thereby reducing the risk of manipulation. This was not merely a control mechanism. It conveyed a clear signal that while trust was placed, steps will also be initiated to verify compliance. Once the input-output ratio was understood and monitored, operational control resumed. Sales were fully accounted for. Procurement became more measured, and leakages were curbed. With these basic steps, the company began generating positive cash flow within the first few weeks of the resolution process.

Case 2: This case was in the service sector. Although the financial profile of the corporate debtor was different, the response required was equally fundamental. Gross margins were inconsistent. The management of receivables was poor and employees' morale was visibly low. The focus of the RP was on restoring margin discipline, enforcing customer credit controls, and aligning employee roles more closely with value maximisation of the company.

As in the previous case, statutory dues were paid as priority, and salaries of employees were disbursed on time. Critical vendors were engaged through open discussions. They were informed that only current dues could be paid. However, continued cooperation would improve their chances of recovery on past dues through ongoing operations. It was also made clear that stopping supplies would eliminate this possibility altogether. As cash flows improved and payments became predictable, vendors aligned with the operational requirements.

A similar approach was followed on the employee side. A longstanding concern was that salaries had not been revised for over two years. Once cash flows began to stabilize, a structured increment plan was introduced. It included a variable component linked to monthly performance. Senior executives had a higher variable component, while junior staff received a higher fixed increment. This structure was well received and led to more consistent performance in revenue and collections. Employees responded positively to the financial and ethical clarity, gradually moving from guarded compliance to active participation.

> ***When people saw that the operations were real, commitments were being honoured, and there was no pretence or posture, the environment changed.***

The common thread in both cases was not financial restructuring but a systematic return to basics. These were not turnarounds driven by capital infusion or legal innovation. They were driven by transparency, discipline, and a sincere effort to rebuild trust, both internally and externally. When people saw that operations were genuine, commitments were being honoured, and there was no pretense, the environment changed.

Both companies could have avoided formal insolvency if action had been taken earlier. This could have happened through structured financial monitoring, behavioural nudges, or timely credit discipline. The warning signs were visible for months, and in some cases, for years. The entrepreneurs were committed and passionate, but they were stretched beyond their managerial capacity. Bankers, who were working within the limitations of the pre-IBC framework, lacked the legal protection needed to initiate conversations or enforce timely corrective measures.

A key enabler in both cases was the support of the Committee of Creditors (CoC) and later, the Stakeholders' Consultation Committee (SCC). Their confidence stemmed from visible operational discipline and positive cash flows during the insolvency process. The CoC largely adopted a hands-off approach, but remained alert and engaged. Their support came with a clear expectation of accountability, which was reinforced through transparency and effective communication strategy.

Resolution, therefore, is not only about recovering value. It is about rediscovering it. Often, it simply requires listening carefully to how the business is functioning and restoring accountability.

3. The Golden Hour that was Missed

Most failing organisations show signs of distress long before collapse. Jim Collins, in *How the Mighty Fall*, describes five stages of decline, from hubris born of success to eventual capitulation. In the second stage, the undisciplined pursuit of more, companies expand aggressively without adequate operational readiness. Zook and Allen, in *The Founder's Mentality*, argue that as organisations grow, they lose their insurgent mindset and become burdened by complexity. Adizes' corporate lifecycle model similarly shows that growth without institutionalisation leads to bureaucratic rigidity. Aswath Damodaran, in *Corporate Life Cycles*, adds a financial lens, noting that declining firms often exhibit shrinking margins, rising payout ratios, and weak reinvestment outcomes. If monitored, these indicators can serve as early warnings of strategic drift or structural weakness.

> ***One of the less discussed, yet critically damaging patterns in many distressed companies is the failure of governance not just in terms of compliance, but in the lack of meaningful oversight.***

These models mirror ground realities like missed statutory payments, rising receivables, higher attrition, and improvised fixes that conceal deeper problems. Less discussed but frequently observed is the mismatch between entrepreneurial ambition and management capacity. This is not just about manpower, but the ability to manage complexity and uncertainty. In the search for liquidity, entrepreneurs often raise funds against unencumbered assets outside the knowledge of primary lenders. In such a situation, multi-bank borrowings often escape consolidated scrutiny, distorting the real risk assessment. Even the compliance systems often fail to alert lenders until the stress becomes impossible to ignore.

One of the less discussed yet damaging patterns in distressed companies is failure of governance. This is not limited to compliance but reflects the absence of meaningful oversight. In many cases, the company board is indistinguishable from the promoter group or consists only of family members and passive directors. There is no real separation between ownership and management. As a result, strategic decisions go unchallenged, risk appetite remains unchecked, and feedback from customers, vendors, or employees remains unaddressed.

Instead of functioning as a governance body, the company board becomes a forum to ratify decisions already taken, often driven by emotion or defensiveness. This creates a vacuum in accountability. The absence of independent voices delays course correction and sometimes leads to active resistance. Larger companies may retain some degree of structured dissent or risk evaluation. In closely held firms, especially MSMEs, these risks are magnified. As distress deepens, the lack of external scrutiny becomes disastrous. Gradually, poor decisions compound and no one feels authorised to raise concerns. This governance gap weakens the enterprise's ability for self-correction on time.

In both cases, signs of decline were visible well before default - margins slipped, payment delays increased, vendor complaints rose, dependence on informal cash flows grew and short-term borrowings increased. They should have triggered concern and prompted management to take timely action.

Many companies remain under the radar for months or even years while staying in Special Mention Account (SMA-1) or SMA-2. They remain technically compliant but are behaviorally stressed. Bankers often take comfort in the fact that such accounts have not yet turned into NPAs. The focus stays on avoiding slippage rather than understanding the stress beneath. This creates a false sense of comfort and delays timely intervention.

What is needed is sharper alertness to patterns. If a company appears in SMA-2 more than three times in four months, or repeatedly in SMA-1 across two quarters, it is not just delayed but signaling distress. Recognizing this early and starting structured discussions or corrective plans can push entrepreneurs to confront reality and act in time.

> ***India urgently needs institutional mechanisms to act during the golden hour before distress becomes default, and default becomes disaster.***

Financial stress is not only a liquidity problem but reflects deeper structural and operational misalignment. When financial stress appears, the response of the management is usually to patch, borrow, or defer, rather than restructure. Even when problems are visible, lenders hesitate to act, due to regulatory inertia and fear of later scrutiny. Thus, by the time an account formally enters insolvency process, most options have already narrowed. Reputation is damaged, suppliers have moved on and employees lose faith and working capital is frozen or fully encumbered. This is no longer the golden hour. It is the stage of intensive care unit (ICU). India urgently needs institutional mechanisms to act during the golden hour, before distress turns into default and default becomes disaster.

4. Reimagining the Institutional Role: Beyond Recovery

The recent discussion of the Reserve Bank of India (RBI) on widening capital-raising avenues for Asset Reconstruction Companies (ARCs) is noteworthy. If implemented with intent, it could move ARCs from being recovery intermediaries to real turnaround sponsors. At present, most ARCs function like asset sale agents. They buy stressed debt at a discount, securitize it through security receipts, and focus on cash recoveries. This behaviour is structural. It stems from the design of the ARC regime, debt-centric mandates, limits on equity and control, dependence on bank funding, and incentives that reward speed of recovery rather than revival. Although the IBC introduced a formal restructuring route, ARCs rarely lead resolution plans. They usually participate in the CoC meetings and prefer upfront cash. The outcome is predictable. Assets are monetized in parts, value leaks away, operating creditors and employees lose out, and value of the corporate debtor deteriorates.

The scope of ARC activity is defined by RBI master directions and Section 10 of the SARFAESI Act. Permitted functions include securitization, acquisition of financial assets, settlement of dues, and takeover of management. Within this, Section 15 of SARFAESI is critical. It allows secured creditors, including ARCs, to take over management in a prescribed manner, while requiring restoration once dues are recovered. The law treats takeover as an exceptional but legitimate tool to protect value. RBI regulations add further safeguards such as claim thresholds, consent of security receipt holders, independent committee review, and board oversight. These checks were meant to prevent misuse, but in practice they leave ARCs with very limited control.

Judicial decisions reflect this tension. In *Kalyani Sales Co. v. Union of India* (2006), the Bombay High Court held that SARFAESI's powers, though wide, must follow due process. In *Mardia Chemicals v. Union of India* (2004), the Supreme Court upheld the Act's validity but stressed reasonableness and a fair opportunity for borrowers. On management takeover, *ICICI Bank v. APS Star Industries* (2007) observed that Section 15 should be used sparingly and only to protect secured creditor interests. Courts have thus recognised the power of takeover but confined it through procedural fairness and proportionality. This makes ARCs cautious as any lapse can undo their actions through litigation.

> ***The initiation of management takeover under Section 15 of SARFAESI does not create the immunity and clean slate that are indispensable for a genuine turnaround.***

A deeper structural paradox remains. A takeover under Section 15 does not offer the clean slate needed for a true turnaround. Past liabilities and contractual burdens continue, limiting the effectiveness of new management. The IBC, by contrast, provides a statutory fresh start. Yet for ARCs, access is indirect. Even if an ARC triggers CIRP under Section 7, it must pass through the NCLT process, compete with other applicants, and remain subject to the 26 percent equity cap.

What is needed is a comprehensive review of the IBC framework to create space for Pre-Packaged resolution plans led by ARCs, without an artificial cap on shareholding. A Pre-Pack would allow ARCs, in consultation with creditors and regulators, to design revival plans and implement them quickly while retaining safeguards for transparency and fairness.

Concerns on promoter accountability can be addressed through built-in claw-back mechanisms. Promoters may be allowed a limited role in the turnaround, subject to clear and enforceable recovery provisions if misconduct is found later or performance targets are not met. This approach balances the value of promoters' knowledge in certain businesses with strong external oversight. It will ensure that revival remains genuine and does not become a route for regulatory arbitrage.

RBI's reported willingness to broaden the ARC investor base to mutual funds, insurers, Alternative Investment Fund (AIFs), and potentially High Net-worth Individual (HNIs) addresses a basic constraint – low ARC capital. Deeper and more patient capital is essential for revival. However, capital alone will not change outcomes if regulation still pushes ARCs to behave like debt traders. For ARCs to play a constructive role within the IBC ecosystem, three linked shifts are required:

a) **Mandate:** ARCs were created under SARFAESI to acquire and reconstruct non-performing assets. In practice, they are engaged in enforcement and recovery. The mandate now needs to clearly recognize company-level turnarounds as a valid resolution route. The Reserve Bank of India (RBI) should allow ARCs to design revival plans, sponsor IBC resolutions, and hold structured equity or quasi-equity for a limited period where this is necessary to restore viability.

b) **Control:** Effective turnarounds require real authority. This includes board control, management changes, working capital normalization, vendor realignment, and sometimes fresh capital expenditure. Current equity caps and the reluctance to give ARCs control over the corporate debtor prevent them from executing operating plans. Therefore, ARCs should be permitted to hold controlling stakes for a defined period, subject to fit-and-proper norms and a time-bound exit. Without this, ARCs will continue to focus on collateral value rather than enterprise value.

c) **Incentives:** Presently, ARCs revenue is linked to faster recoveries and margins. This naturally favors auctions and asset sales. If revivals are to be encouraged, fee structures and security receipt waterfalls must reward going-concern outcomes. Speed of recovery should not outweigh value recovered. Waterfalls can be redesigned so creditors are no worse off under a successful revival, while ARCs earn a calibrated upside for restoring businesses and delivering higher net present value.

The IBC context is crucial. In theory, any person, including an ARC, can be a resolution applicant. In practice, ARCs remain constrained. They depend on banks to subscribe to security receipts, hold only one vote in the CoCs that often prefer cash bids, and are viewed as recovery entities. As a result, their role is limited. They aggregate stressed debt, take it through the IBC, and wait for a third-party bidder.

A more constructive role of ARCs would begin with a dedicated turnaround sleeve within ARC structures. These would be ring-fenced pools that acquire stressed assets with a clear revival plan. Capital in such sleeves should include long-term institutional investors and AIF commitments with a three-to-five-year horizon. The capital structure must be flexible. Debt can support

stabilization, while convertible or preferred equity can repair balance sheets. Performance-linked instruments can align management and creditor outcomes. Control should be temporary but meaningful. Risk governance must be robust, with sector experts, independent credit committees, KPI dashboards, and quarterly CoC reporting focused on cash EBITDA, working capital cycles, customer retention, and compliance, not just recovery rates.

Banks also benefit under this model. Reviving a going concern typically delivers higher recoveries than asset break-ups. It protects jobs and supply chains and reduces spillover stress across other borrower accounts. Operational creditors and MSME vendors, often wiped out in recovery-led approaches, gain from continuity of businesses. For promoters with clean conduct but exposed to shocks such as tariffs, supply disruptions, or technology shifts, a turnaround route preserves productive capacity while enforcing discipline.

From a policy perspective, four changes are critical:

(a) Allow ARCs to hold time-bound controlling equity under approved plans, with clear exit timelines.

(b) Reduce reliance on bank-funded security receipts by permitting wider third-party participation and requiring more ARC capital.

(c) Recognize revival outcomes in regulatory assessment, with disclosures distinguishing liquidation recoveries from going-concern restorations.

(d) Create an expedited IBC path for ARC-sponsored plans that meet defined viability criteria, giving CoCs a faster and credible alternative.

The RBI's discussion offers a chance to reposition ARCs from managers of bad loans to active turnaround agents. Broadening funding is only the first step. Real change will come when mandate, control, and incentives align with revival. That shift would deliver not just cleaner bank balance sheets but more saved enterprises, preserved jobs, and resilient supply chains. It would also require India-specific turnaround funds. These blended vehicles would combine ARC expertise, private equity discipline, and bank capital. They would intervene during the golden hour, with capital, governance, and professional oversight, rather than waiting for liquidation.

"Ultimately, our success will not be measured by how efficiently we auction assets, but by how many viable businesses we were able to save from becoming scrap."

Such a reimagined institutional framework would reduce the financial cost of delays and restore industrial capability, protect jobs, and foster a culture where early admission of problems is met with structured support, not stigma.

5. Toward a Resolution-First Ecosystem

India must now move from recovery-centric thinking to a resolution-first ecosystem. IBC has provided a legal foundation. The next step is institutional courage.

We must reward early detection, build credible rehabilitation mechanisms, and empower professionals to intervene before value is lost. The financial distress of a corporate debtor should be seen as a process, not a punishment. SMA flags should prompt engagement, not merely escalation. ARCs should move from asset monetization to enterprise management. From a policy perspective, what is required is a balance between patience and speed. Patience is needed to stabilize operations, while speed is essential to prevent further decay. Achieving this balance calls for regulatory agility, legal clarity, and a mature market response.

Ultimately, our success will not be measured by how efficiently we auction assets, but by how many viable businesses we were able to save from becoming scrap. In the long arc of economic resilience, saving a business is always more valuable than salvaging an asset.

RBI (Project Finance) Directions, 2025: Implications for Insolvency Practice and Project Loan Discipline

Samir Das
The author is an Insolvency Professional (IP) Member of IIIPI. He can be reached at ip.samir.kr.das@gmail.com

Project finance propels India's large scale infrastructure, yet its history is marked by cost overruns, delays, fund diversion, and legal disputes. Recognizing persistent regulatory gaps, the Reserve Bank of India (RBI) issued the Project Finance Directions, 2025 to harmonize prudential norms across banks, NBFCs, cooperative banks, and All India Financial Institutions. Effective from 1 October 2025, the directions codify uniform definitions, sanction conditions, monitoring rules, stress resolution procedures, and disclosure obligations. This article critically analyses the Directions through the lens of the insolvency regime in India and their relevance in resolving corporate debtors and clawing back PUFE (Preferential, Undervalued, Fraudulent, and Extortionate credit) transactions. In addition, the author makes recommendations for the effective implementation of these Guidelines to ensure that India's project finance regime supports sustainable growth while safeguarding creditor rights. ***Read on to know more…***

1. Introduction

Project finance structures have financed India's highways, airports, power plants, and urban transportation networks. By tying repayment to future cash flows and pledging project assets, they enable risk sharing across lenders and investors. Despite this, the sector's track record has been mixed. Between 2014 and 2019, infrastructure advances accounted for nearly a quarter of Gross Non-Performing Assets (GNPAs) in the banking system. Failures such as Enron Dabhol, Amrapali, and Bhushan Steel highlight the vulnerability of projects to execution delays, cost inflation, and market downturns.

In response, regulatory oversight has evolved. The RBI's Master Circular on Statutory and Other

Restrictions-2002, Guidelines on Infrastructure Lending-2005, Framework for Revitalizing Distressed Assets-2014 and Prudential Framework for Resolution of Stressed Assets- 2019 laid the groundwork for classification, provisioning, and restructuring norms. Yet these guidelines were fragmented across lender categories. The Project Finance Directions[1], 2025 unify this landscape: they apply to commercial banks (excluding payment and regional rural banks), NBFCs (including housing finance companies), primary (urban) cooperative banks, and All India Financial Institutions, and cover both infrastructure and non infrastructure projects, including commercial real estate (CRE) and CRE residential housing (CRE RH).

For Insolvency Professionals (IPs), the Directions carry special significance. Nearly half of corporate insolvency cases before the National Company Law Tribunal (NCLT) involve stalled or over leveraged projects. Aligning prudential norms with the IBC's ethos of early intervention and time bound resolution is therefore essential. This article explores whether the Directions can serve as a preventive tool to reduce stress and enhance creditor recoveries.

2. Overview of the RBI (Project Finance) Directions, 2025

2.1. Scope and Definitions: The Directions standardize key definitions. Here, Project Finance refers to financing where at least 51 % of repayment is envisaged from project cash flows and lenders are bound by a common inter creditor agreement. Date of Commencement of Commercial Operations (DCCO) is the date when the project starts earning revenue; it may be defined as *Original, Extended,* or *Actual* DCCO. Credit events include payment default, extension of DCCO, cost overrun requiring additional debt, and signs of financial difficulty. A Standby Credit Facility (SBCF) is a contingent line sanctioned at financial closure to fund cost overruns.

2.2. Project Phases: The framework segment projects are divided into three phases—design (initiation to financial closure), construction (post closure to the day before actual DCCO), and operational (post DCCO to full repayment). This segmentation allows tailored risk recognition and provisioning.

2.3. Sanction Norms and Financial Closure: Lenders must ensure financial closure and all regulatory approvals before first disbursement. The repayment tenor cannot exceed 85 % of the project's economic life. Minimum exposure thresholds require each lender to hold at least 10 % of aggregate exposure for projects under ₹1,500 crore, or at least 5 % (or ₹150 crore) for larger projects, ensuring that lenders have sufficient economic interest to monitor effectively. Land availability thresholds (50 % for PPP infrastructure and 75 % for other projects) must be met before disbursement.

> ***Minimum exposure thresholds require each lender to hold at least 10 % of aggregate exposure for projects under ₹1,500 crore, or at least 5 % (or ₹150 crore) for larger projects.***

2.4 Monitoring and Disbursement: Disbursements must be stage linked and supported by certifications from an independent engineer or architect. For projects with aggregate exposure ≥ ₹100 crore, lenders must conduct a Techno Economic Viability (TEV) study. All project revenues must flow through a designated escrow account, ensuring end use verification.

2.5 Stress Resolution: A credit event triggers a collective resolution process, aligning with the RBI *Prudential Framework for Resolution of Stressed Assets*[2], 2019. The lender with the highest exposure must inform the CRILC within 30 days. A resolution plan must be finalized within six months of the review period and approved by lenders representing at least 75 % of value and 60 % of number. DCCO can be deferred up to three years for infrastructure and two years for non infrastructure projects; beyond this, the account is treated as restructured and downgraded. SBCF may fund cost overruns up to 10 % of original project cost plus interest during construction.

[1]Reserve Bank of India. (2025). Project Finance Directions, 2025. Circular No. RBI/2025-26/59, June 19.

[2]Reserve Bank of India. (2019). Prudential Framework for Resolution of Stressed Assets. Circular No. RBI/2018-19/203.

Provisioning increases by 0.375 % per quarter (infra) or 0.5625 % per quarter (non infra) during deferment.

2.6 Prudential Norms and Disclosure: Provisioning rates are higher during the construction phase (1.25 % for CRE, 1 % for CRE RH and other projects) and lower during the operational phase (1 %, 0.75 %, and 0.40 % respectively). Income recognition follows IRAC norms: accrual for standard assets and cash basis for NPAs. Lenders must maintain a Project Finance Database covering cost, funding, cash flow status, and DCCO changes. They must disclose resolution plans and financial data in their notes to accounts; non compliance attracts penalties.

3. Convergence with the Insolvency and Bankruptcy Code, 2016 (IBC)

3.1 Early Warning and Avoidance Provisions: The IBC emphasizes early detection of stress and accountability of management. Sections 43 to 51 allow the Resolution Professional (RP) to avoid preferential, undervalued, fraudulent and extortionate (PUFE) transactions executed within specified look back periods. Section 66 addresses the fraudulent or wrongful trading and has no time limit. By mandating real time project data, escrow controls and stage wise certifications, the Directions create documentary trails that could help identify avoidance transactions earlier and reduce litigation in insolvency proceedings.

3.2 Information Integrity and Due Diligence: Section 29A of the IBC bars defaulting promoters and related parties from bidding for their own assets; Section 33 mandates liquidation if resolution fails. Data transparency under the Directions will assist lenders and IPs in evaluating promoter eligibility and resolution feasibility. Detailed project finance databases may also accelerate the compilation of Information Memoranda, a key document in CIRP.

3.3 Complementarity with CIRP Timelines: The Directions' six month resolution period for credit events complements the IBC's 330 day CIRP limit. If lenders adopt proactive resolutions under the RBI rules, fewer cases may spill into insolvency. Conversely, if a project enters CIRP, the existence of DCCO certifications, TEV reports, and escrow trails will aid the RP in assessing viability and investigating suspect transactions.

4. Critical Analysis: Gaps and Challenges

4.1 Land Due Diligence: Although the Directions require minimum land availability, they do not mandate third party verification. In India, land titles often involve contested ownership, encumbrances, or pending litigation. Without independent legal due diligence, lenders might disburse funds against uncertain collateral, increasing the risk of execution delays and cost overruns.

> ***TEV studies are vital for assessing revenue projections, construction costs, and economic viability, yet consultants typically report to the borrower or lead lender.***

4.2 TEV Study Independence: TEV studies are vital for assessing revenue projections, construction costs, and economic viability, yet consultants typically report to the borrower or lead lender. This can create optimism bias. The Directions should have mandated regulator approved TEV panels or cross verification by an external agency to ensure integrity of projections.

4.3 Standby Credit Facility (SBCF) Misuse: SBCF provides liquidity for legitimate cost overruns but could be misused through inflated contingencies or disguised changes in scope. Without forensic checks on cost escalation, lenders may finance non project expenses. The premium pricing requirement when SBCF is not sanctioned at closure (250 bps above weighted average cost) is a deterrent but does not eliminate misuse.

4.4 DCCO Deferment and Evergreening: By allowing DCCO deferment up to three years (infra) and two years (non infra), the framework risks enabling evergreening, postponing recognition of stress to avoid provisioning.

Additional provisioning (0.375 %/0.5625 %) may be insufficient to offset this risk. A graded approach requiring promoter equity infusion and penal interest for each year of deferment could align incentives.

4.5 Risk Concentration: Minimum exposure thresholds ensure lenders have skin in the game but can also lead to risk concentration in large banks and NBFCs. Smaller lenders may avoid large projects due to mandatory holdings, thus replicating the concentration seen during the 2008–2015 infrastructure lending cycle. A regulated loan trading market or digital syndication platform would distribute risk more evenly.

4.6 Database Implementation: The Directions introduce a project finance database but do not detail governance. Previous registries such as CRILC and CERSAI have been criticized for inaccurate or delayed data submission. Unless the new database is real time, cross verified and publicly auditable by regulators and lenders, it may not prevent misreporting.

4.7 Promoter Accountability: The Directions impose obligations on lenders but are silent on promoter equity lock ins, guarantees, or restrictions on related party transactions. Many stressed projects have suffered from promoters siphoning funds through layered entities. Mandating promoter personal guarantees, equity lock ins, and restrictions on related party contracts would align incentives and reduce moral hazard.

5. Case Insights

5.1 IL&FS Group: IL&FS's collapse in 2018 exemplified systemic failure in project finance[3]. Comprising over 340 subsidiaries, the group financed projects across roads, energy, and financial services. Forensic audits revealed that IL&FS Transportation Networks Ltd. (ITNL) withdrew funds from its special purpose vehicles, causing cost overruns of ₹8,077 crore; interest costs escalated due to high rates (14–16 %). Circular transactions and exorbitant fees allowed IL&FS to cover debt service temporarily while inflating project costs. None of this was flagged by lenders until defaults began. Under the 2025 Directions, mandatory project databases, escrow accounts, and stage linked disbursements could have exposed such fund diversion much earlier.

5.2 Jaypee Infratech: Jaypee Infratech's 2017 default over the Yamuna Expressway project highlighted the perils of land acquisition and related party guarantees. To secure loans for its parents, Jaypee Associates and Jaypee Infratech mortgaged their land banks. In *Anuj Jain v. Axis Bank*[4], the Supreme Court ruled these mortgages preferential and void, citing Section 43 of the IBC. Thousands of homebuyers became unsecured creditors, delaying resolution. The case illustrates why lenders must verify that project assets are not cross collateralized for related entities. Under the Directions, lenders will need to ensure clear title and limit encumbrances. Still, the guidelines could go further by prohibiting mortgages of project assets for non project loans unless expressly approved by all lenders.

> ***"NBFCs' reliance on market funding underscores the need for tighter asset–liability management and regulatory oversight."***

5.3 DHFL: DHFL's collapse in 2019 exposed the vulnerability of non bank finance companies (NBFCs) engaged in long term lending funded by short term liabilities[5]. Investigative reports found that promoters siphoned ₹31,000 crore by extending loans to shell companies that round tripped funds back to them. For years, auditors and lenders failed to detect fictitious retail loans and disguised related party transactions. Had the Directions been in force, TEV studies, escrow accounts, and quarterly audits might have unveiled

[3]Moneylife Media Ltd. (2019). IL&FS Group Forensic Audit Findings Summary. (Forensic Auditor Grant Thornton Charges the New IL&FS Management with Denying Vital Information)

[4]Supreme Court of India. (2020). Anuj Jain, Interim Resolution Professional for Jaypee Infratech Limited v. Axis Bank Limited & Ors. Civil Appeal Nos. 8512-8527 of 2019, decided by the Supreme Court on February 26, 2020.

[5]Dewan Housing Finance Limited (DHFL) Scam and the Entire Rigmarole. (2020). International Journal of Law Management and Humanities. (DHFL-Scam-and-the-Entire-Rigmarole.pdf)

anomalies sooner. Nevertheless, NBFCs' reliance on market funding underscores the need for tighter asset–liability management and regulatory oversight.

5.4 Essar Steel: Essar Steel's insolvency case underscores the importance of realistic project timelines and cost estimates. The company embarked on a massive steel plant requiring substantial capital and long gestation. Regulatory delays, cost escalation and high leverage pushed the project into distress. After multiple restructurings, the lenders invoked the IBC, and Essar Steel was sold to ArcelorMittal. The long resolution process (over two years) highlighted how protracted delays erode asset value and increase haircuts. Under the 2025 Directions, mandatory DCCO caps and stage linked provisioning could have forced earlier recognition and addressed stress before insolvency. However, Essar's case also reveals that regulatory frameworks must be supported by enforceable contracts and timely decision making by lenders.

6. Action Roadmap for Regulators and IPs

Transforming the RBI's framework into effective practice requires coordinated actions across regulators, lenders, promoters, and IPs.

(a) Institutionalize Independent Due Diligence: Before financial closure, lenders should commission independent legal and technical audits from regulator approved agencies. These should verify land titles, environmental approvals, cost estimates, and project agreements. The audits should be peer reviewed by a second agency to mitigate optimism bias.

(b) Strengthen Promoter Discipline: Mandate minimum promoter equity contributions and lock ins through the project's construction phase. Require promoters to provide personal guarantees proportionate to debt exposure and restrict transfer of their shareholding until completion.

(c) Implement Digital Project Registry: RBI should host a central registry capturing project cost, financing structure, DCCO milestones, approvals, and escrow transactions. Data should be updated weekly by lenders and cross verified by project auditors. Regulators should have real time access to identify anomalies and issue early alerts.

> ***"There should be a formal mechanism for bank employees, auditors, and suppliers to report suspicious transactions or falsified certifications."***

(d) Mandate Quarterly Forensic Audits: For projects with exposure above ₹1,000 crore, lenders must commission quarterly forensic reviews focusing on related party transactions, contract pricing, and fund flows. Findings should be shared among consortium members and reported to RBI and IBA.

(e) Enhance Banker Accountability: Require sanctioning and monitoring officers to sign annual certifications affirming compliance with sanction conditions, monitoring protocols and data submission. RBI should introduce penalties for negligent certification and incentives for early detection of stress.

(f) Align with IBC Training: IPs should receive specialized training on project finance structures, DCCO metrics, and avoidance transaction triggers. Resolution plans for projects should incorporate monitoring provisions that survive approval and bind promoters post resolution.

(g) Encourage Loan Trading and Risk Diversification: Establish a regulated secondary market for project loans. Smaller lenders should be able to participate in consortia without disproportionate exposure, enabling risk diversification while maintaining collective oversight.

(h) Provide Whistle blower Protection: Create a formal mechanism for bank employees, auditors, and suppliers to report suspicious transactions or falsified certifications. Offer legal protection and incentives for 'whistle blowing' to deter collusion.

(i) Coordinate with SIDBI and National Infrastructure Pipeline (NIP): Align project reporting requirements with the NIP to integrate

financing and execution data. SIDBI can act as a nodal agency for monitoring MSME participation in large projects and ensuring that subcontractors are paid on time.

Implementing these measures would not only strengthen the RBI Directions but also enhance the effectiveness of IBC resolutions by ensuring that stress is identified and rectified well before insolvency becomes inevitable.

7. Conclusion

The *RBI (Project Finance) Directions, 2025* represent a landmark effort to instill prudence, transparency, and consistency in project lending. By unifying norms across banks, NBFCs and AIFIs, the framework addresses past inconsistencies and creates a foundation for disciplined credit practices. Dividing projects into distinct phases, mandating financial closure before disbursement, enforcing stage linked monitoring, and providing guidelines for cost overrun funding are notable improvements.

However, the Directions are not a panacea. Structural challenges such as land disputes, biased TEV studies, misuse of contingency funds, generous DCCO deferments, risk concentration and inadequate promoter accountability persist. Without independent due diligence, real time data validation, continuous forensic monitoring and lender accountability, misgovernance may continue to plague the sector.

From the viewpoint of IPs, the new rules offer an expanded toolkit. Documentary trails created by project finance databases, escrow mechanisms, and TEV reports can facilitate quicker assessment of avoidance transactions and better design of resolution plans. Yet these benefits will materialize only if lenders and regulators commit to rigorous implementation.

The four cases, IL&FS, Jaypee Infratech, DHFL and Essar Steel, illustrate diverse failure modes: fund diversion, preferential mortgages, shell company lending and cost escalation. Each underscores the cost of delayed detection and the importance of governance discipline. The action roadmap presented here integrates lessons from these cases, urging regulators and insolvency practitioners to embrace proactive oversight, digital monitoring, and promoter's accountability. Only then will project finance fulfil its promise of fueling growth without destabilizing India's financial system.

The Role of Technology in Insolvency Proceedings: Driving Efficiency, Transparency and Access in the IBC Era

Pradeep Kabra
The author is an Insolvency Professional (IP) Member of IIIPI. He can be reached at ippradeepkabra@gmail.com

Technology has immense potential to transform insolvency resolution by enhancing speed, transparency, and efficiency across processes under the IBC. Digital platforms enable real-time claim filing, verification, and data sharing among stakeholders, reducing delays and disputes. A robust, technology-driven insolvency framework can ensure faster recovery of credit, strengthen banks, reassure investors, and promote entrepreneurship. It aligns perfectly with India's aspiration to become a $5 trillion economy and a leading global investment destination. Drawing takeaways from empirical evidence in landmark insolvency proceedings—Essar Steel, Bhushan Steel, IL&FS, DHFL, Jet Airways, and Videocon—the article contends that technology accelerates claim verification, improves transparency, and maximises value. It recommends that by combining technological innovation with strong governance, India can build an insolvency ecosystem that is efficient, inclusive, transparent, and globally competitive. ***Read on to know more…***

I. Introduction

The enactment of the Insolvency and Bankruptcy Code, 2016 (IBC) stands as one of the most significant reforms in India's corporate and financial ecosystem. Before this watershed legislation, insolvency and bankruptcy matters were scattered across multiple statutes, tribunals, and forums—each working in isolation, often at cross purposes.

The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) had created the Board for Industrial

and Financial Reconstruction (BIFR) to handle distressed companies. However, proceedings before BIFR notoriously dragged on for years, often resulting in erosion of enterprise value. Similarly, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (RDDBFI) provided for Debt Recovery Tribunals (DRTs), while the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 empowered banks to seize collateral. Alongside these, winding-up provisions under the Companies Act created further fragmentation.

The consequences were severe:

(i) Time inefficiency: Average resolution time exceeded 4.3 years.

(ii) Low recovery rates: Creditors recovered just 25 to 30 cents per dollar, compared to 70 to 80 cents in developed jurisdictions.

(iii) Mounting NPAs: By 2016, stressed assets in the banking system had crossed ₹8 trillion, straining credit flow.

(iv) Investor aversion: Global investors cited insolvency delays as a key deterrent to investing in India.

Against this backdrop, the IBC emerged as a comprehensive, time-bound, and creditor-centric framework. It consolidated the disparate laws and empowered creditors, under the supervision of the National Company Law Tribunal (NCLT). Section 12 of the IBC mandates resolution within 330 days, making timeliness the Code's hallmark.

However, legislation alone could not ensure efficiency in the insolvency process. The framework involves multiple stakeholders including debtors, financial creditors, operational creditors, insolvency professionals (IPs), regulators, and courts. Each stage of the insolvency process requires coordination, rigorous verification, diligent monitoring, and sound decision-making. In the absence of technological support, there is significant risk of delays, disputes, and inconsistent outcomes, undermining the objectives of the insolvency framework.

Thus, technology has become the backbone of the IBC's functioning. From e-filing platforms that facilitate legal professionals to submit documents online, to Information Utilities (IUs) that provide secure, tamper-proof debt records, to AI-driven forensic tools that uncover fraudulent transfers—digital infrastructure now underpins insolvency resolution. Technology ensures the IBC's goals of efficiency, transparency, and inclusivity are met.

II. The Current Technology Landscape under the IBC

The IBC framework, though new, has rapidly embraced digital tools. Several areas of insolvency practice now rely heavily on technology.

1. E-Filing and Digital Case Management: The NCLT and NCLAT have adopted e-filing systems that allow petitions, replies, and affidavits to be filed electronically. Integrated case management portals help stakeholders in tracking the following:

(i) Daily cause lists.
(ii) Case status updates.
(iii) Tribunal orders.

This has reduced reliance on physical appearances and registry visits. It also helps lawyers and IPs outside metropolitan cities to participate seamlessly. Importantly, e-filing creates digital audit trails, reducing opportunities for procedural manipulation.

For example, in the Essar Steel insolvency, a landmark case involving ₹42,000 crore, the use of e-filing and case tracking portals allowed multiple parties to file submissions within tight deadlines, keeping the process largely on schedule despite extensive litigation.

> ***In the Essar Steel insolvency, a landmark case involving ₹42,000 crore, the use of e-filing and case tracking portals allowed multiple parties to file submissions within tight deadlines.***

2. E-Auctions for Asset Liquidation: Section 35(1)(f) of the IBC empowers liquidators to sell assets through public auctions. In Past E-Auctions were conducted via platforms like MSTC and e-Procure. Nowadays

E-Auctions are being conducted on BAANKNET Platform. These platforms offer:

(i) Transparent, tamper-proof bidding.

(ii) Wider bidder participation, including global investors.

(iii) Complete audit trails of transactions.

For instance, the Amtek Auto liquidation was conducted through MSTC e-auctions. The transparent process not only attracted multiple bidders but also helped realise higher values compared to traditional manual auctions. Similarly, in the liquidation of Electrosteel Steels, E-Auctions facilitated quicker sales and provided confidence to buyers that the process was free from collusion.

3. Information Utilities (IUs): The IBC introduced a unique innovation—Information Utilities (IUs)—as an independent, regulated entities to store authenticated financial information. The National E-Governance Services Ltd. (NeSL), India's first IU, records:

(i) Loan agreements.

(ii) Security interests.

(iii) Default information.

Creditors and IPs rely on NeSL's records for claim verification, avoiding prolonged disputes about whether a debt exists.

In the Videocon Industries case—with claims exceeding ₹64,000 crore—NeSL played a critical role in validating data quickly, saving months of litigation. By reducing disputes, IUs improve creditor confidence and accelerate resolutions.

4. Videoconferencing: The pandemic accelerated the adoption of video-conferencing tools by NCLT, NCLAT, and Insolvency Professionals (IPs) and various stakeholders. Even after restrictions eased, virtual hearings have remained common for procedural matters.

For Committees of Creditors (CoCs), video-conferencing and secure e-voting platforms have been transformative. Financial creditors spread across geographies can now participate without traveling. This inclusivity strengthens decision-making and reduces costs. The Jet Airways resolution exemplified this. Overseas aircraft lessors and creditors participated through online meetings, making coordination across jurisdictions feasible.

5. Digital Public Announcements and Claim Submissions: From the inception of the IBC framework, public notices inviting creditors' claims have been made available digitally in addition to traditional newspaper publications. Creditors can submit claims online, often through dedicated portals set up by Ips, who maintain cloud-based systems for:

(i) Recording creditor lists.
(ii) Maintaining voting records.
(iii) Uploading meeting minutes.

This practice has particularly benefited MSMEs and operational creditors, who can make submissions without incurring heavy costs. For instance, in the Jaypee Infratech insolvency, homebuyers (treated as financial creditors) were able to submit claims online, ensuring wider participation from thousands of individuals.

III. Advanced Technologies Reshaping Insolvency Practice

While basic tools such as E-Filing and E-Auctions have already streamlined processes, the real transformation lies in advanced technologies that are beginning to reshape insolvency practice in India and globally.

1. Artificial Intelligence (AI) and Machine Learning (ML): AI and ML tools analyse massive datasets to identify hidden patterns and anomalies. Their applications in insolvency include:

(a) **Fraud detection:**

(i) By analysing financial statements, statutory filings, and bank records, AI can flag unusual transactions that may constitute preferential transfers (Section 43), undervalued transactions (Section 45), or fraudulent trading (Section 66).

(ii) For example, a company making repeated transfers to related parties just before insolvency could be flagged as suspicious.

(b) **Predictive analytics:**

(i) ML models can forecast recovery rates by studying past insolvency cases across industries.

(ii) This helps CoCs in evaluating resolution plans with realistic expectations.

(c) **Resolution applicant profiling:**

(i) AI can analyse the track record, financial health, and compliance history of potential resolution applicants, reducing risks of failed plans.

Overseas, the US bankruptcy courts are experimenting with predictive analytics to estimate likely outcomes, helping judges and creditors make faster decisions. India could adopt similar models in high-value cases.

US bankruptcy courts are experimenting with predictive analytics to estimate likely outcomes, helping judges and creditors make faster decisions. India could adopt similar models in high-value cases.

2. Natural Language Processing (NLP): Legal and financial contracts often span thousands of pages. Reviewing them manually is time-consuming and error prone. NLP-driven software can:

(i) Extract and highlight critical clauses such as guarantees, restrictive covenants, and change-of-control provisions.

(ii) Identify inconsistencies or compliance risks in contracts.

(iii) Reduce weeks of manual due diligence into a matter of hours.

In the resolution of Bhushan Steel, digital contract review tools helped the resolution applicant scan thousands of compliance documents quickly, allowing a timely submission of the Resolution Plan.

3. Blockchain and Smart Contracts: Blockchain can revolutionise claim verification and execution of Resolution Plan:

(i) Immutable debt records: Once a debt or default is recorded on blockchain, it cannot be altered. This would drastically reduce litigation over the existence of debt.

(ii) Smart contracts: Resolution plans could embed automated disbursement clauses. Funds would be released only upon achieving specific milestones, ensuring accountability.

Although tribunals in India have yet to formally adopt blockchain technology, pilot projects could pave the way. Countries like Singapore[1] are already exploring blockchain-based registries for secured lending, which can be adapted for insolvency proceedings.

4. Digital Forensics: In many insolvency cases, distressed companies often attempt to conceal asset transfers or inflate expenses. Digital forensic tools assist insolvency professionals in:

(i) Mapping fund flows across multiple accounts.

(ii) Identifying related-party transactions.

(iii) Tracing diversion of assets into shell companies.

For example, in the IL&FS crisis, forensic audits used advanced software to reconstruct complex webs of inter-company loans and identify instances of mismanagement.

5. Data Visualisation Dashboards: Interactive dashboards enhance transparency to insolvency proceedings by displaying:

(i) Progress of claim verification.

(ii) Voting percentages of creditors.

(iii) Timelines of asset sales.

Such dashboards enable real-time oversight for

[1] Supreme Court of Singapore, eLitigation System Overview (https://www.judiciary.gov.sg/services/elitigation).

creditors, regulators, and even the public especially in high-profile cases. Additionally, over time, anonymised dashboards could be made available for research and policy analysis.

IV. Case Examples of Technology in Action

1. Essar Steel Resolution: Essar Steel, one of India's largest insolvency cases (₹42,000 crore), highlighted the significance of technology in the insolvency process:

(i) E-filing systems facilitated submissions from multiple stakeholders.

(ii) Digital claim verification tools streamlined the verification process, even amid thousands of claims.

(iii) Online CoC voting ensured timely decision-making, leading to successful acquisition by ArcelorMittal.

The case demonstrated how technology can effectively manage even highly contested matters while adhering to statutory timelines.

2. Bhushan Steel (Now Tata Steel BSL): In Bhushan Steel's resolution, the use of digital due diligence tools empowered Tata Steel to swiftly review compliance records. This capability ensured that a compliant resolution plan could be filed within the required timeframe, ultimately leading to successful acquisition.

3. Videocon Industries: With claims surpassing ₹64,000 crore, the Videocon case involved multiple group entities. In this context, NeSL played a pivotal role in validating claims, effectively mitigating the risk of protracted litigation.

4. Jet Airways Revival Attempt: The Jet Airways case underscored the critical role of video-conferencing and online coordination in the insolvency process. Foreign lessors and creditors participated through digital meetings, ensuring global engagement. Although the revival faced challenges, the process showcased the feasibility of effectiveness of cross-border coordination in insolvency proceedings.

> ***In Bhushan Steel's resolution, the use of digital due diligence tools empowered Tata Steel to swiftly review compliance records.***

5. DHFL (Dewan Housing Finance Limited): One of the largest NBFC insolvencies, DHFL involved thousands of creditors, including individual retail investors. Online claim submission portals were essential in collating claims efficiently. The successful use of technology in the DHFL insolvency proceedings set a precedent for handling retail participation in financial service insolvencies.

6. IL&FS Group Insolvency: With over 300 subsidiaries, the IL&FS case was among the most complex. Technology helped mapping corporate structures, tracing inter-company loans and other financial flows, and coordination of resolution process across entities. Forensic software identified key instances of mismanagement.

7. Amtek Auto Liquidation: Conducted through MSTC's e-auction platform, Amtek Auto's asset sale demonstrated how digital auctions can promote transparency and attract better value.

Together, these cases illustrate that technology is not merely supportive but foundational to the effective functioning of IBC.

V. Comparative Global Practices

India's embrace of technology in insolvency mirrors global trends. Learning from international practices can further strengthen India's framework.

1. **United States of America (USA):** The PACER[2] (Public Access to Court Electronic Records) system provides nationwide digital access to filings, orders, and dockets for a small fee. This ensures:

(i) Standardisation across jurisdictions.

[2]PACER — Public Access to Court Electronic Records, United States Federal Judiciary (https://pacer.uscourts.gov/).

(ii) Easy access to case documents for all stakeholders.

Additionally, US bankruptcy courts are experimenting with AI analytics for predicting case outcomes and recovery estimates.

2. **Singapore:** Singapore's e-Litigation portal is one of the most advanced. It integrates:

(i) E-filing of documents.

(ii) Scheduling and case management.

(iii) AI-powered legal research tools.

Singapore has also explored blockchain pilots for secured transactions, laying the groundwork for insolvency adoption.

3. **United Kingdom:** The UK Insolvency Service[3] maintains an online register of bankruptcies and insolvencies, updated in real time. It also facilitates digital director disqualification reporting, streamlining regulatory enforcement.

4. **Australia:** The Australian Securities and Investments Commission[4] (ASIC) runs a searchable insolvency notification system, integrated with corporate registries. Creditors can instantly check the status of distressed companies and directors.

5. **European Union:** The EU Directive[5] on Preventive Restructuring mandates member states to digitise insolvency registers and ensure interoperability. This Cross-Border focus is critical for the EU's single market and provides a model for India as it develops Cross-Border Insolvency protocols.

6. **Canada and South Africa:** Both countries have introduced digital insolvency registers and e-filing systems. South Africa's Company Tribunal, for instance, has moved much of its insolvency work online, improving accessibility.

[3]UK Insolvency Service, "The Insolvency Register", Government of the UK (https://www.insolvencydirect.bis.gov.uk/eiir/).

[4]Australian Securities and Investments Commission (ASIC), Insolvency Resources (https://www.asic.gov.au/regulatory-resources/insolvency/).

[5]EU Directive on Preventive Restructuring and Insolvency, 2019 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L1023).

> ***"Global best practices highlight three key lessons for India -- integration across systems, universal accessibility, and seamless cross-border interoperability."***

These global practices highlight three key lessons for India:

(a) Integration: Seamless platforms combining filing, case management, and creditor communication.

(b) Accessibility: Public-facing portals enhance transparency and trust.

(c) Cross-Border Interoperability: Essential in an interconnected financial system.

VI. Stakeholder Perspectives

Insolvency proceedings impact a wide range of stakeholders. The integration of technology affects each group differently, offering both opportunities and challenges.

1. **Creditors:** Creditors — both financial and operational — are the primary beneficiaries of technology in insolvency.

(i) Speed and certainty: Digital claim verification through Information Utilities (IUs) eliminates disputes over debt existence.

(ii) Better decision-making: Predictive analytics and dashboards help creditors evaluate resolution plans on objective criteria.

(iii) Cost savings: Videoconferencing and e-voting reduce travel and logistical expenses, enabling even smaller creditors to participate.

However, not all creditors have equal digital access. Smaller lenders, especially rural cooperative banks, may face challenges in navigating portals or uploading documents. Bridging this digital divide is crucial.

2. Insolvency Professionals (IPs): IPs are at the heart of the insolvency ecosystem. Technology assists them in:

(i) Managing creditor claims.

(ii) Conducting forensic investigations with software tools.

(iii) Coordinating CoC meetings digitally.

(iv) Maintaining records and compliance documents in the cloud.

At the same time, IPs face steep learning curves. Many professionals come from legal or accounting backgrounds with limited exposure to digital forensics or AI tools. Capacity building and training are therefore essential.

3. Regulators and Tribunals: For regulators such as the Insolvency and Bankruptcy Board of India (IBBI) and tribunals like NCLT/NCLAT, technology ensures:

(i) Easier monitoring of insolvency timelines.

(ii) Access to real-time case data.

(iii) Audit trails for oversight.

Dashboards can help regulators identify systemic bottlenecks, such as specific tribunals where timelines are consistently breached, and design targeted reforms.

4. Debtors: For debtors, transparency enabled by technology reduces perceptions of bias. When claim verification and auctions are conducted digitally, debtors are assured of fairness in the process. At the same time, digital systems expose attempts to hide transactions or divert assets. This makes it harder for errant promoters to manipulate proceedings, aligning with the IBC's intent of accountability.

5. MSMEs and Operational Creditors: MSMEs often lack resources to participate actively in insolvency proceedings. Online claim submission portals allow them to file claims without engaging expensive legal counsel. In cases such as Jaypee Infratech, homebuyers (treated as financial creditors) benefitted from digital claim systems, which accommodated thousands of individuals. However, digital literacy challenges remain significant for small enterprises in rural areas.

6. Employees and Workmen: Employees and workmen, often unsecured creditors, can now submit claims electronically. This ensures their voices are not drowned out in creditor meetings dominated by banks and financial institutions. Digital transparency also reassures employees that wage arrears are accurately recorded and prioritised.

7. Investors and Resolution Applicants: Investors seeking to acquire distressed assets benefit from digital due diligence tools, data rooms, and contract review software. These tools speed up assessments and reduce the risk of overlooking compliance obligations. However, investors also need clarity on the legal admissibility of emerging technologies like blockchain in Indian tribunals. Without regulatory recognition, reliance on such tools carries risks.

> ***"There is a need for clear legislative and judicial guidelines on the admissibility of blockchain records, AI-driven forensic reports, and smart contracts in resolution plans."***

VII. The Road Ahead for India

India has made significant progress in integrating technology into insolvency, but much more remains to be done. A 10-point roadmap could accelerate transformation:

1. Unified Insolvency Technology Platform: A single integrated portal should combine:

(i) NCLT e-filing.

(ii) IU data.

(iii) E-auction systems.

(iv) Claim Verification Tools

(v) CoC voting tools.

(vi) Dashboards for case tracking.

This would eliminate duplication and improve interoperability.

2. Legal Recognition for Emerging Tech:

There is a need for clear guidelines from the legislature and the judiciary regarding the admissibility of:

(i) Blockchain records as evidence.

(ii) AI-driven forensic reports.

(iii) Smart contracts in resolution plans.

A clear regulatory framework would give confidence to creditors and investors.

3. Cybersecurity Standards: All insolvency-related platforms should follow mandatory encryption protocols and undergo periodic audits. Given the sensitivity of financial data, breaches could erode trust in the system.

4. Capacity Building and Training: Regular training programs should be organised for:

(i) Insolvency Professionals.

(ii) Tribunal staff.

(iii) Small creditors.

This would address digital literacy gaps and ensure effective use of tools.

5. MSME Inclusivity Measures: Dedicated support desks and simplified claim submission apps should be developed to help MSMEs, and small creditors navigate the process.

6. Cross-Border Insolvency Tools: India's insolvency framework will increasingly deal with foreign creditors. Digital systems must be designed for:

(i) Seamless participation of overseas stakeholders.

(ii) Integration with global insolvency databases.

7. Public Data Analytics Portals: IBBI could release anonymised insolvency datasets for research and policymaking. This would help identify patterns, improve forecasts, and refine regulations.

8. AI-Assisted Resolution Planning: AI tools could assist in:

(i) Comparing proposed resolution plans against benchmarks.

(ii) Simulating recovery scenarios.

(iii) Flagging compliance gaps

9. Continuous Feedback Loops: Digital platforms should capture data on delays, challenges, and user experiences. Regulators can use this feedback to continually refine rules and technology infrastructure.

VIII. Conclusion

Technology has become indispensable to insolvency landscape in India. What began with simple tools like e-filing and e-auctions has evolved into a sophisticated ecosystem encompassing Information Utilities, videoconferencing, forensic analytics, and potentially blockchain and AI.

Empirical evidence from landmark insolvency proceedings—Essar Steel, Bhushan Steel, IL&FS, DHFL, Jet Airways, and Videocon—illustrates that technology accelerates claim verification, improves transparency, and maximises value. While challenges such as cybersecurity, interoperability, and digital literacy persist, the trajectory is clear: technology-enabled insolvency will represent the future.

Global best practices—from the US PACER system, Singapore's e-Litigation portal, and the EU's cross-border digital registers—provide valuable insights. India must move toward integrated, user-friendly platforms that not only serve domestic stakeholders but also inspire confidence among global investors. The ultimate goal extends beyond merely procedural efficiency; it aims for substantial economic impact. A robust, technology-driven insolvency framework ensures faster recovery of credit, strengthens banks, reassures investors, and promotes entrepreneurship. It aligns perfectly with India's aspiration to be a $5 trillion economy and a leading global investment destination.

By combining technological innovation with governance, India can craft an insolvency ecosystem that is efficient, inclusive, transparent, and globally competitive. Technology is no longer a supplementary tool: it is the engine propelling the IBC forward.

Issue of Fresh Form G to Invite Expression of Interest After the Resolution Plan Submission is Over

M. Govindarajan
The author is an Insolvency Professional (IP) Member of IIIPI. He can be reached at govind.ayyan@gmail.com

Form G is issued by the Resolution Professional (RP), with CoC approval, to invite resolution plans from prospective resolution applicants. In practice, however, the CoC may find the received plans inadequate or become aware of stronger investors who missed the deadline. This creates a recurring conflict between two core principles of the IBC: strict adherence to CIRP timelines and value maximisation. While timelines promote discipline and certainty, value maximisation requires flexibility to consider better offers. As a result, the CoC often faces the challenge of balancing procedural compliance with commercial wisdom, sometimes necessitating the reissue of 'Form G' to secure higher-value proposals. This article, after examining various legislative provisions and judgements, concludes that reissuing Form G is legally tenable and consistent with the IBC's emphasis on fairness, competition, and value maximisation. ***Read on to know more…***

1. Introduction

A fresh 'Form G' under the Insolvency and Bankruptcy Code, 2016 (IBC) refers to the re-issuance of the invitation for Expression of Interest (EoI) to find new resolution applicants for a Corporate Debtor (CD), typically because previous rounds of inviting bids failed or the Committee of Creditors (CoC) decided to try again to maximize the value of the assets. The Resolution Professional (RP) publishes the 'Form G' with details of the CD, inviting interested and eligible parties to submit resolution plans for the entire entity or its assets. This process is a strategic move by the CoC, within its commercial wisdom, to improve the chances of a successful resolution and value maximization for the CD.

2. Resolution Plan

A resolution plan, in the corporate insolvency resolution process, is a formal proposal submitted by a prospective resolution applicant to the Resolution Professional ('RP' for short) for the revival of a corporate debtor as a going concern. The resolution plan is the most important document which:

(i) Contains a strategy to resolve the debtor's insolvency and value maximisation.

(ii) Provides a viable path forward for stakeholders, including provisions for restructuring, asset management, management changes, and securing necessary approvals; and

(iii) Must satisfy specific mandatory requirements, such as prioritizing payments to certain creditors and demonstrating feasibility.

For the preparation and submission of the resolution plan by a prospective resolution applicant (PRA), the required information will be furnished by the RP by means information memorandum, evaluation of matrix etc. The RP shall publish Form G which is the expression of interest inviting PRAs to show their interest to submit resolution plan for the revival of CD as a Going Concern.

3. Expression of Interest

Regulation 36A of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ('Regulation' for short) provides for the invitation of EoI in 'Form G' to be issued by the RP at the earliest but not later than the 60th day from the date of commencement of Corporate Insolvency Resolution Process (CIRP). 'Form G' is issued by the RP soliciting PRAs for the revival and resolution of the CD which is under CIRP. 'Form G' included detailed information about the CD, such as its name, location, industry, installed capacity, and past financial performance. It also specifies the last date for submitting the EoI and dates for the provisional and final lists of applicants.

On seeing the EoI the eligible PRA may submit the resolution plan to the RP. The RP, after receipt of applications from bidders, shall issue a provisional list of PRAs, allows for objections, and then issues a final list of PRAs as per Regulation 36(11). The RP issues the information memorandum, evaluation matrix, and a request for resolution plans to these final applicants. On the basis of the above said information, PRA shall submit the resolution plan for the revival of the CD. The RP shall verify the resolution plans received and submit the same to the CoC for its analysis and to select the best one with the voting of 66% of the CoC.

4. Modification of EOI

Regulation 36A (4A) provides that any modification in the invitation for EoI, if the EOI needs substantial changes or if the CoC decides to re publish to attract more resolution applicants. The modifications in 'Form G' may be made in the manner as the initial invitation for EoI was made. The said modifications are made to provide more information to PRAs, improving the clarity and robustness of the resolution process. The modification of 'Form G' is to accommodate specific circumstances such as COVID – 19 pandemics, by extending the timelines for submissions. Modified 'Form G' documents are typically uploaded to the website of the CD and the Insolvency and Bankruptcy Board of India (IBBI) website for public access. Only one modification is allowed under Regulation 46(4A), which distinguishes it from a 'fresh' issuance.

5. Reissue of Form G

The provisions of the Code and the Regulations do not provide for the circumstances under which a new 'Form G' may be issued by the RP for the invitation of new PRAs or do not create any absolute legal embargo in resorting to the process of invitation of the fresh 'Form G' and EoI, after the completion of submission of resolution plans and even after the voting is completed.

The 'Reissue of Form G' is the EoI under the IBC, typically done by the RP after the CoC decides to invite new participants or when existing plans have low values compared to the liquidation value. This process, also known as re-publishing of 'Form G', is used to gather more resolution plans, potentially extend the CIRP period, and can be a decision made by the CoC to find a more viable resolution for the CD.

If the resolution plans received from initial participants are significantly lower than the liquidation value of the CD, the CoC might decide to reissue 'Form G' to attract better offers. If modifications to 'Form G' are so substantial that they change its basic nature, a fresh publication of 'Form G' is considered necessary instead of a modification.

6. Procedure for reissue

The following is the procedure to be adopted for the reissue of Form G:

- The CoC decides to reissue Form G.
- The RP is tasked with implementing this decision.
- The RP publishes a new Form G, which is the invitation for EoI for the Corporate Debtor's resolution.
- The PRAs submit their EoIs in response to the reissued Form G.

7. Case Laws

(a) NCLAT upheld the CoC's power to renegotiate, annule, or reissue requests for resolution plans even after completion of the challenge mechanism, reaffirming that Regulation 39(1A) does not limit the CoC's commercial discretion in value maximization:

In the case of *Vista ITCL (India) Limited v. Torrent Investments Private* Ltd.[1] (2022), on November 29, 2021, the Reserve Bank of India (RBI) superseded the Board of Directors of Reliance Capital Ltd. (CD) and appointed Y. Nageswara Rao, Respondent No.2 as the Administrator. By order dated December 06, 2021, the NCLT, Mumbai Bench initiated CIRP against the CD. On February 18, 2022, the Administrator issued invitation for EoI. The Request for Resolution Plan (RFRP) was reissued on October 22, 2022, last date for submission of resolution plan was November 28, 2022. Four Resolution Applicants submitted their signed plans. In the 26th meeting the CoC, the members opined that the bid values that have been received are not acceptable. On December 14, 2022, note for challenge mechanism process was issued by

> ***If modifications to 'Form G' are so substantial that they change its basic nature, a fresh publication of 'Form G' is considered necessary instead of a modification.***

the Administrator. On January 06, 2023, the CoC held its 31st meeting where it opined that outcome of the challenge mechanism undertaken was sub optimal and not satisfactory. The CoC in its commercial wisdom proposed that an extended round of challenge mechanism with the existing bidders be conducted. On January 10, 2023, a resolution was passed by the CoC with 98% votes in favour of the extended challenge mechanism. On January 10, 2023, IIHL, one of the resolution applicants, filed an application before the AA for impleadment. On February 02, 2023, final orders were pronounced by the AA directing the Administrator to take the resolution process of the CD to its logical conclusion and the Administrator and the CoC were not to allow deviation in the highest NPV financial proposal of ₹ 8110 Crore of IIHL and the highest NPV financial proposal of ₹8640 Crore of the Applicant - Torrent. The present appeals were filed against the said order dated February 02, 2023, before the NCLAT.

The NCLAT held that even after completion of challenge mechanism under Regulation 39(1A) (b), the CoC retains its jurisdiction to negotiate with one or other Resolution Applicants, or to annul the resolution process and embark on to reissue RFRP. Regulation 39(1A) cannot be read as a fetter on the powers of the CoC to discuss and deliberate and take further steps of negotiations with the Resolution Applicants, which resolutions are received after completion of challenge mechanism. Regulation 39 (1A) (a) & (b) envisages modifications and improvements to Resolution Plans at the instance of the Resolution Applicant. The NCLAT further held that Regulation 39 (1A), in itself cannot prohibit any negotiation or any further steps of the CoC undertaken towards value maximization of the CD.

[1] *Vista ITCL (India) Limited v. Torrent Investments Private Ltd.*, Company Appeal (AT) (Insolvency) No.132, 133, 134 of 2021, decided on 02.03.2023.

(b) NCLAT endorsed the CoC's decision to republish 'Form G' and extend the CIRP period to attract higher-value resolution plans, emphasizing that such actions are consistent with the IBC's objective of maximizing asset value:

In the matter of *Ramneek Goyal v. Sunil Bajaj and others*[2] *(2023)*, the CoC in its 19th meeting resolved to pass a resolution that in order to maximize the value of the assets of the CD, as the other resolution plan is offering higher value, it would be in the interest of the stakeholders to republish the 'Form-G' and seek more resolution applicants for resolution of the CD. It was further noted that at least 90 days of the CIRP period is required in event fresh 'Form-G' is issued.

> ***The NCLAT further held that Regulation 39 (1A), in itself cannot prohibit any negotiation or any further steps of the CoC undertaken towards value maximization of the CD.***

The Appeal was filed against the order dated June 13, 2023 passed by the NCLT, Chandigarh in IA Nos.326/2021 filed by the RP praying for extension/ exclusion of 90 days for re-publication of invitation for the EoI, i.e., Form-G. IA No.328/2021 was filed by the Appellant seeking various prayers and IA No.329/2021 was filed praying for interim relief in main application in IA No.328/2021. The AA by the impugned order dated June 13, 2023, has allowed the IA No.326/2021 filed by the RP granting extension of 90 days. IA No.328/2021 filed by the Appellant was rejected and IA No.329/2021 held to have rendered infructuous. It was held that in the present case where 300 days were expiring on April 15, 2021, and prior to expiry of the 300 days period, a decision was taken to re-publish 'Form-G'. The CoC has reasons to take a decision since they received an email from Respondent No.1 offering higher value. The objective of the Code is to maximize the value of the CD and decision taken by the CoC to re-publish 'Form-G' cannot be faulted in the facts of the present case.

(c) NCLAT permitted the reissuance of 'Form G' to invite fresh EoIs, holding that the CoC's decision aimed at value maximization was fair, non-discriminatory, and consistent with the objectives of the IBC, while emphasizing the need for timely completion of the CIRP:

In the case of *JM Financial Asset Reconstruction Company Ltd. v. Resolution Professional of Raigarh Champa Rail Infrastructure Pvt. Ltd*[3]. (2025), the AA admitted an application for initiating CIRP against Raigarh Champa Rail Infrastructure Pvt. Ltd. (CD) January 01, 2021. The RP issued 'Form G' on August 24, 2021. Nine EoIs were received from the PRAs. While the finalisation of EoI was pending due to multivarious litigations, the extension of time to submit the resolution plans were demanded by the resolution applicants. In the meantime, a consortium of NTPC, PFC and REC requested the RP for permission to submit EoI to participate in the bidding process. The same was approved by the CoC and affirmed by the AA on June 05, 2023.

The AA, in its interim order, directed the RP of KMPCL not to receive any resolution pending adjudication of various proceedings seeking consolidation of KMPCL, KWIPL and the CD. The said interim order was vacated on April 05, 2024. Therefore, the CoC, in this case, extended the time limit to submit resolution plans by June 04, 2024. Finally, five resolution plans were submitted and the resolution plan submitted by Medha Servo Drives Pvt. Ltd. was approved by the CoC with 100% voting in its favour. Accordingly, the RP filed an IA before the AA for its approval. The AA heard the application and posted the case on July 10, 2024, for final orders but the order could not be passed by the AA.

The CoC, on October 23, 2024, resolved to undertake the 'challenge process mechanism' and withdrew the resolution plan approval application already submitted,

[2]Ramneek Goyal v. Sunil Bajaj and others, Company Appeal (AT) (Insolvency) No. 845 of 2023, NCLAT, New Delhi, decided on 08.08.2023.

[3]JM Financial Asset Reconstruction Company Ltd. v. Resolution Professional of Raigarh Champa Rail Infrastructure Pvt. Ltd., Company Appeal (AT) (Insolvency) No. 230 of 2025, NCLAT, Chennai, decided on 19.06.2025.

with liberty to file a fresh application depending upon the outcome of the 'challenge mechanism process' to be undertaken to which the Successful Resolution Applicant (SRA) i.e. Medha, had consented upon. The AA dismissed the said IA as withdrawn with the liberty to file a fresh application in this matter.

Without complying with the order of the AA, the RP filed an IA in 388 of 2025, praying for limited reopening of the bidding process of the CD and to enable submission of EoI from JSW Energy Ltd., in order to achieve greater value maximization. The said application was rejected by the AA holding that the said procedure was contrary to the principles of fairness and timeliness of CIRP process.

The AA also dismissed the two applications filed by JSW Energy Limited on April 02, 2025, on the ground that since JSW Energy Ltd., was not even a PRA in the CIRP process of the CD, the application seeking permission to participate in the challenge mechanism process of the CD is not tenable. Considering the events, the CoC resolved to issue fresh 'Form G' to invite new PRAs retaining with the existing resolution applicants with an option to participate in the challenge mechanism process to facilitate the maximisation of the value of the CD. Accordingly, the RP filed an application before the AA to issue fresh 'Form G' and to invite EoI from new, interested and eligible PRAs in the interest of maximization of value of the CD. The AA dismissed the said application with directions to the CoC to file a fresh application upon the completion of challenge method.

Against this order of the AA, JM Financial Asset Reconstruction Pvt. Ltd. filed appeal before the NCLAT. The appellant contended that the order is against the principle of value maximisation. The application was dismissed without considering the commercial wisdom of the CoC. No valid reasons were assigned by the AA in its orders. The order restricts the rights and commercial wisdom of the CoC to issue 'Form G' in compliance of the provisions of the IBC, as issuance of fresh 'Form G' is well within the powers and the ambit of exercise of powers granted to the CoC. The appellant further contended that the Regulations and the IBC do not create any absolute legal embargo in resorting to the process of invitation of the fresh 'Form G' and EoI, after the completion of submission of resolution plans and even after the voting is completed.

The NCLAT considered the submissions of the appellant. The NCLAT found merits in the application filed by the RP as contained in the Application IA No. 608 / 2025 and in the decision of CoC to invite fresh EoI by issuing fresh 'Form G' for the reason being that, inviting new PRAs to submit EoIs will certainly increase competition and in all likelihood, result in higher Bids, that since, the EoI is proposed to be reopened for everybody and not for the appellant alone, it is fair and transparent and not discriminatory and that since, existing PRAs are proposed to be retained with option given to them to participate in challenge mechanism, it is also fair to the existing Resolution Applicants. Further, as the amount quoted by the highest bidder ``Medha'', is proposed to be the Reserve Price, there cannot be any value erosion of the CD, if EoI process is reopened.

The NCLAT set aside the impugned order of the AA. The RP was permitted to issue fresh 'Form G' and to invite EOI from new and interested eligible PRAs is granted subject to the stipulations that the CIRP process has to be completed in a time bound manner as provided under the IBC and Regulations framed thereunder.

8. Conclusion

The foregoing analysis supports the view that a decision by the CoC, taken in exercise of its commercial wisdom, to re-publish 'Form G' even after the submission of resolution plans cannot be faulted, provided such a decision is made with the objective of maximising the value of the CD. Re-publication of 'Form G' enables the participation of additional PRAs, thereby fostering greater competition and improving the likelihood of a more viable and value-accretive resolution.

Such an approach aligns with the core objective of the IBC i.e., value maximisation of the CD. However, until a fresh 'Form G' is formally issued, no new applicant has the locus to approach the AA seeking inclusion in the CIRP or to submit a resolution plan. The process must remain guided by transparency, fairness and adherence to the CIRP timeliness under the IBC.

Corporate Renascence : Successful Resolution of Sinnar Thermal Power Limited

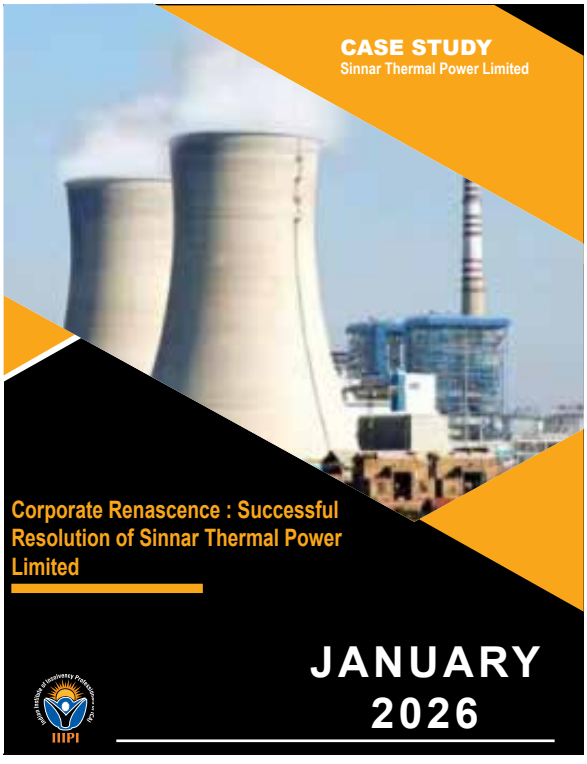
The resolution of Sinnar Thermal Power Limited (STPL) represents a significant case under the IBC, involving a large non-operational thermal power plant.

Sub-optimal plant load factors, volatile tariffs, high operating costs, etc., led to severe cash flow stress and eventual classification of STPL as an NPA. Consequently, on an application by a Financial Creditor, the NCLT ordered initiation of the insolvency process on September 19, 2022.

In response to the Expression of Interest, six resolution plans were received. Finally, the Resolution Plan submitted by consortium of MAHAGENCO and NTPC was approved by the Committee of Creditors (CoC). The resolution preserves a strategically important asset, generates employment for project-affected people, strengthens energy security in Maharashtra, and reaffirms the effectiveness of the IBC framework in resolving complex infrastructure insolvencies.

In the present case study, Mr. Rahuul Jindal, the Resolution Professional (RP) of STPL, highlights the challenges encountered during the resolution process and the measures adopted to achieve a successful resolution of STPL. ***Read on to know more…***

Rahuul Jindal
The author is an Insolvency Professional (IP) Member of IIIPI. He can be reached at jindalrahul60@gmail.com



1. Introduction

Sinnar Thermal Power Limited (STPL or the Corporate Debtor/Company), formerly known as RattanIndia Nasik Power Ltd., was originally incorporated in January 2007 as Indiabulls Realtech Ltd. as a Special Purpose Vehicle (SPV). It was a wholly owned subsidiary of RattanIndia Power Limited.

STPL was established to develop two coal based thermal power plants (TPPs) each with generation capacity of 1350 MW, comprising five units of 270 MW each, in two phases – Nasik Power Project-I (NPP-I/ Phase-I) and Nashik Power Project-II (NPP-II/ Phase-II) located at Sinnar Industrial Area, a multi-product SEZ (Special Economic Zone) in Nashik District of Maharashtra. The Company has installed NPP-I as green-field project, however, could not put up NPP-II. The NPP-I of 1350 MW capacity TPP (hereinafter referred as "Plant" or "Project") consists

of five Boiler-Turbine-Generator (BTG) Units of 270 MW each based on sub-critical technology using Pulverized Fuel (PF) fired boilers and the Balance of Plant (BOP) facilities.

The project was implemented through package contracts on Engineering, Procurement, and Construction (EPC) supply and service contract basis. BTG equipment was supplied by M/s. Bharat Heavy Electricals Limited (BHEL) and BOP by various reputed suppliers/ contractors. All five Units were commissioned.

STPL's project development debt for 1350 MW TPP was funded by a consortium of lenders led by Power Finance Corporation Ltd (PFC). STPL has defaulted on its debt repayment obligation and account was classified as Non-Performing Asset (NPA). Subsequently, Corporate Insolvency Resolution Process (CIRP) was initiated against STPL by an order of National Company Law Tribunal (NCLT), New Delhi Bench.

> ***The coal linkage for the project was granted by Coal India Limited and Fuel Supply Agreement for 4.1808 MTPA was signed with SECL and MCL.***

2. Background

The Nashik Project is located at about 35 km from Nasik city on Nasik-Pune National Highway (NH-50). The Power Plant capacity is 1350 MW with unit configuration of five units of 270 MW each. The boiler, turbine & generator and associated auxiliaries were supplied by BHEL on EPC basis. The Steam generating system is of subcritical, single drum type construction, pulverized coal fired, natural circulation, balanced draft, tangential firing, single reheat, radiant dry bottom, semi-outdoor type.

The project was granted environment clearance by the Ministry of Environment, Forest and Climate Change (MOEFCC) on July 28, 2010. Water for the project was allocated from sewage treated water of Nasik Municipal Corporation. The water agreement was signed with Irrigation Department, Nashik for 100 MLD for drawing water from Eklahare barrage on Godavari River. Cross-country GRP Pipeline was laid for entire length of 29.47 kms from Eklahare Pump House up to the Plant. The coal linkage for the project was granted by Coal India Limited and Fuel Supply Agreement for 4.1808 MTPA was signed with South-Eastern Coalfields Limited (SECL) and Mahanadi Coalfields Limited (MCL).

The coal was to be transported from the SECL / MCL mines through railway rakes up to nearby Odha Railway Station on Mumbai- Howrah Section (CR) and thereafter to the Project site via 29 km long dedicated Railway Siding. The infrastructure support to the project is as follows:

a) **Dedicated railway line corridor land:** An additional land parcel of approximately 350.07 acres (141.67 hectares) was taken on lease from the Maharashtra Industrial Development Corporation (MIDC). However, the balance land of approximately 110 acres, required for the railway siding, is yet to be taken into possession. As per the revised plan, the proposed railway siding originated from the existing railway siding of M/s MAHAGENCO's Eklahare Thermal Power Station. MAHAGENCO's railway siding is connected to the Mumbai–Howrah section, thereby linking the plant to the Indian Railways network.

b) **Land Details:** A total land measuring 1,047.82 hectares for Special Economic Zone (SEZ) development was acquired by MIDC from farmers and leased to Indiabulls Industrial Infrastructure Limited (IIIL) through lease deeds. Subsequently, land measuring 433.05 hectares was sub-leased by IIIL to Indiabulls Realtech Limited (IRL) under various lease agreements for setting up two coal-based thermal power plants (TPPs) of 1,350 MW each (five units of 270 MW each) in two phases. However, no separate land demarcation exists for Phase I and Phase II.

To ensure coal availability until commissioning of the plant railway siding, RNPL developed a temporary coal unloading facility at Eklahare along the existing MAHAGENCO railway track. Coal was transported by railway rakes up to the Eklahare unloading platform and thereafter by trucks to the plant site. Further, a 400 kV D/C Quad Moose transmission line of 56.75 km from Nashik TPP to the Babhaleshwar sub-station was completed, sub-station bay equipment erected, and the system commissioned.

c) **Water Supply:** A water drawl permit of 43.8 MCM per year (including conveyance losses) for recycled water from the Sewage Treatment Plant of Nashik Municipal Corporation, made available at the Eklahare Barrage on the Godavari River, was approved by the Government of Maharashtra. A dedicated pump house was constructed by STPL at the existing Eklahare Barrage, for which rent is paid to utilize the barrage, and a cross-country single pipeline of approximately 30 km was laid up to the plant.

The permitted water drawl was adequate for full plant operations; however, the water drawl agreement expired in October 2017 and requires renewal or extension. An in-plant storage reservoir of approximately 1 MCM capacity was constructed, sufficient to support about 10–11 days of full-load operation of all five units.

d) **Power Evacuation:** The plant is connected to the national grid through a dedicated 400 KV double-circuit (D/C) transmission line linked to the State Transmission Utility, MSETCL. STPL, through its subsidiary M/s SPTCL (Sinnar Power Transmission Co. Ltd.), constructed a dedicated ~56.75 km long 400 kV D/C Quad Moose conductor transmission line from the plant to the 400 KV Babhaleshwar sub-station of MSETCL.

The second circuit has been commissioned and connected to the GIS, while the first circuit has been commissioned and kept charged up to the STPL end since 2020; however, further connectivity with the GIS remains pending. The evacuation system is adequately designed to evacuate the entire power generated by the plant.

STPL entered into a Bulk Power Transmission Agreement (BPTA) dated January 04, 2011, with MSETCL and SPTCL, granting Long-Term Open Access (LTOA) rights of 950 MW, subject to commencement of power injection and confirmation of a buyer for 950 MW in Maharashtra. As these conditions have not yet been fulfilled, the BPTA/LTOA has not become operational. In the absence of LTOA, the company may apply for Medium-Term Open Access (MTOA) or Short-Term Open Access (STOA) for future power sales.

e) **EPC, Plant construction Services, Supplier/ OEMs:** Tata Consulting Engineers Ltd. was appointed as the Owner's Engineer, while quality assurance and inspection services were provided by Tata Projects Ltd. The BTG package was supplied by M/s BHEL on an EPC basis, and the BOP works were executed on an EPC basis through various standard package suppliers.

f) **Primary Fuel Sourcing (Coal):** The boiler was designed for domestic coal. Fuel Supply Agreement (FSA) linkages from SECL and MCL were approved for four units; however, the FSAs could not be operationalized due to the absence of a long-term Power Purchase Agreement (PPA). Subsequently, SECL and MCL issued termination letters, which were challenged by STPL before the Delhi High Court.

3. Pre-CIRP Performance and Challenges

Prior to commencement of CIRP, STPL was facing a combination of structural, operational and market-linked challenges which had a direct bearing on its financial viability and sustainability as a going concern. The key issues are elaborated below:

(a) **Incomplete railway siding and logistics dependency:** The dedicated railway siding, which was critical for cost-effective coal transportation,

remained partially incomplete. As a result, coal had to be transported from the nearest railway unloading point to the plant site through road logistics. This significantly increased the landed cost of coal due to higher freight expenses, transit losses, pilferage risks, and operational delays, thereby adversely impacting margins.

> ***Delayed receivables and limited access to working capital financing led to liquidity stress, affecting the timely procurement of fuel and other critical operational inputs.***

(b) Absence of long-term Power Purchase Agreements (PPAs): STPL did not have a firm long-term PPAs in place for a substantial portion of its generation capacity. This compelled the plant to rely on short-term arrangements and merchant power sales through power exchanges, which are inherently volatile and price sensitive. The absence of assured offtake led to revenue uncertainty and constrained the company's ability to plan operations and service its long-term debt obligations.

(c) High landed cost of coal and working capital constraints: Due to non-operationalisation of Fuel Supply Agreements (FSAs) and reliance on alternate coal sourcing mechanisms, the landed cost of coal remained high. Simultaneously, delayed receivables and limited access to working capital financing led to liquidity stress, affecting timely procurement of fuel and other critical operational inputs.

(d) Expiry and non-renewal of key statutory approvals: Certain critical statutory approvals, including water drawl permissions, had expired and were pending renewal. These regulatory uncertainties posed a material risk to uninterrupted plant operations and exposed the company to potential non-compliance consequences. This further affected lender and investor confidence.

(e) Labour unrest and human resource challenges: The company faced labour unrest, employee attrition, and resistance from local labour unions and Project Affected Persons (PAPs). These issues disrupted operations, affected morale, and increased management bandwidth requirements, particularly during a period of financial stress.

(f) Multiple litigations and disputes: STPL was involved in numerous litigations with contractors, fuel suppliers, lenders, and statutory authorities. These disputes not only resulted in contingent liabilities but also restricted operational flexibility, delayed infrastructure completion, and impacted the overall resolution prospects of the Corporate Debtor.

4. Key Reasons for Financial Stress

The financial stress experienced by STPL was the cumulative outcome of several interlinked factors, as detailed below:

(a) Delay in project execution and commercial stabilization: Delays in project implementation and commissioning led to deferment of revenue generation while interest during construction continued to accrue. The absence of timely commercial stabilisation prevented the plant from achieving optimal operating parameters in the initial years.

(b) Cost overruns and escalation in project debt: Project delays and changes in execution timelines resulted in cost overruns, which were largely funded through additional debt. This substantially increased the overall debt burden and weakened the capital structure of the company.

(c) Inadequate cash flows for debt servicing: Sub-optimal plant load factor, volatile power tariffs, and high operating costs resulted in insufficient cash flows. Consequently, the company was unable to meet its scheduled debt servicing obligations, leading to classification of the account as Non-Performing Asset (NPA).

(d) Non-operationalisation of coal linkage and PPAs: The inability to operationalise coal linkage due to lack of long-term PPAs further aggravated fuel supply risks and cost inefficiencies. This created a vicious cycle where absence of PPAs affected coal linkage, and vice versa.

(e) High financing costs and penal interest: The high cost of long-term financing, coupled with penal interest levied post-default, significantly increased fixed financial obligations. This further eroded profitability and strained cash flows.

(f) Operational inefficiencies due to incomplete infrastructure: Incomplete auxiliary infrastructure such as railway siding and evacuation linkages reduced operational efficiency and reliability, preventing the plant from achieving sustained generation at optimal capacity.

5. Initiation of CIRP

The CIRP was initiated on an application filed M/s. Shapoorji Pallonji & Co. Private Limited (Operational Creditor), under Section 9 of the IBC, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority), Rules, 2016. The same was allowed by the NCLT, New Delhi, Bench-IV vide its order dated September 19, 2022, and Mr. Adarsh Sharma was appointed as Interim Resolution Professional (IRP) in the instant matter (C.P. No. IB-2561/ (ND)/ 2019).

Subsequently, an appeal was filed by the suspended Director of the Corporate Debtor against the NCLT order before the National Company Law Appellate Tribunal (NCLAT), wherein, the NCLAT vide its order dated September 26, 2022, directed the IRP not to take any steps in the CIRP process. Thereafter, the NCLAT, vide its order dated January 19, 2024, dismissed the above-mentioned appeal, and as a result, the CIRP

> ***On an appeal filed by the suspended Director of the CD, the NCLAT stayed the CIRP. However, appeal was later dismissed, and CIRP resumed after about 16 months.***

Table 1: Details of Assets and Liabilities (As on Insolvency Commencement Date) (Amount in Lakhs)

S. No	Description of Information	Value as on 19.09.2022 (ICD)(Provisional)
I	Assets	
A)	**NON- CURRENT ASSETS**	**775,733.98**
i.	Property, Plant and Equipment	666,096.34
ii.	Capital Work in progress	100,913.39
iii.	Right of use	8029.24
iv.	Intangible assets	-
v.	Other financial assets	389.73
vi.	Non-current tax assets (net)	144.21
vii.	Other non-current assets	161.07
viii.	Assets held for sale	-
B)	**Current Assets**	**3,551.92**
i.	Inventories	942.27
ii.	Cash and Cash Equivalent	126.41
iii.	Other Bank Balance	519.99
iv.	Loans	0.33
v.	Other Financial assets	150.48
vi.	Other current assets	1,812.44
TOTAL ASSETS (A+B)		**779,285.90**

II	**EQUITY AND LIABILITIES**	
1	**Shareholder Funds**	**-757,005.17**
(a)	Equity share capital	3,197.72
(b)	Other equity	-753,807.45
2	**Non-current liabilities**	**5,451.38**
(a)	**Financial liabilities**	
i.	Lease liabilities	106.99
ii.	Borrowings	-
iii.	Other financial liabilities	5,319.54
(b)	**Provisions**	24.85
3	**Current liabilities**	**1,527,641.97**
(a)	**Financial liabilities**	
i.	Borrowings	720,396.01
ii.	Trade payables	-
iii.	Total outstanding dues of creditors other than micro enterprises and small enterprises	515.03
iv.	Other financial liabilities	806,722.49
(b)	**Other current liabilities**	8.06
(c)	**Provisions**	0.38
TOTAL EQUITY AND LIABILITIES		**779,285.90**

resumed. Subsequently, at the first meeting of the Committee of Creditors (CoC) held on February 15, 2024, a resolution approving the appointment of Mr. Rahuul Jindal as Resolution Professional (RP) for the CIRP of the Corporate Debtor was duly passed with an 89.79% majority of the voting share.

Prior to initiation of CIRP, various Litigations before the High Court / Arbitral Tribunal were pending with respect to recovery of amounts from the corporate debtor filed by various suppliers / contractors. After initiation of CIRP, all such litigations went into moratorium and could not be pursued during CIRP.

6. Initial Assessment by RP Team

Upon resumption of CIRP, the RP undertook a comprehensive diagnostic assessment to evaluate the viability of the Corporate Debtor and identify immediate risk areas. The assessment covered the following key aspects:

(a) Operational readiness of the plant and auxiliary facilities: The RP team assessed the physical condition of the generating units, balance of the plant, and auxiliary systems to determine the extent of maintenance required to preserve asset value and ensure readiness for revival under a resolution plan.

(b) Status of railway siding and coal logistics: A detailed review of the railway siding project and coal logistics arrangements was conducted to understand the feasibility of completing pending infrastructure and reducing fuel transportation costs.

(c) Review of contracts, litigations, and statutory compliances: All major contracts, ongoing litigations, and regulatory compliances were

reviewed to assess legal risks, contingent liabilities, and potential impediments to resolution.

(d) Assessment of human resources and industrial relations: The RP and his team evaluated employee strength, skill availability, industrial relations climate, and safety practices to ensure continuity of essential services and mitigate operational disruptions during CIRP.

(e) Evaluation of receivables, claims, and creditor positions: The RP examined outstanding receivables, verified claims submitted by various creditors, and analysed the creditor structure to facilitate informed decision-making by the CoC during the resolution process.

(f) **Fair Value and Liquidation Value:** The fair value of the Corporate Debtor was assessed at INR 4,523 crores, while the liquidation value was determined at INR 2,967 crores.

Table 2: Claims received by the Resolution Professional

S.No.	Creditor Name	Amount claimed (₹ Lakh)	Amount admitted (₹ Lakh)
1	Secured financial creditors (other than financial creditors belonging to any class of creditors)	15,90,939	15,90,939
2	Unsecured Financial Creditors (Other than the financial creditor belonging to any class of creditor)	9,753	8,547
3	Operational Creditors (Govt. Dues)	63, 934	63,934
4	Operational creditors (other than Employees, Workmen and Government Dues)	2,90,696	49,999
Total		**19,55,353**	**17,13,420**

Table 3: List of Financial Creditors and their Voting Share

Names of Financial Creditors	Voting Share (%)
Punjab National Bank	2.89%
REC Limited	33.08%
PFC Limited	41.19%
Axis Bank Limited	8.12%
Canara Bank	1.70%
Bank of India	8.12%
Life Insurance Corporation of India	4.90%
Total	**100.00%**

7. Claims and Constitution of the Committee of Creditors (CoC)

The total amount claimed by creditors was ₹19,55,353 Lakh of which ₹17, 13, 420 Lakh was admitted. The major financial creditors included Punjab National Bank, REC Limited, PFC Limited, Axis Bank Limited, Canara Bank, Bank of India, and Life Insurance Corporation of India. Details of the claims received is given in Table 1 and voting share of financial creditors in Table 2.

8. Publication of Form G and Receipt of Resolution Plans from Prospective Resolution Applicants (PRAs)

The first Form-G was published by the IRP on March 15, 2024. Pursuant to requests for extensions to the last date of submissions for Expression of Interest (EoI), the CoC agreed to extend the last date of submission. Accordingly, a fresh Form-G was published by RP on April 15, 2024. In response of which, the big Business Tycoons namely Jindal Power Limited, Adani Power Limited, Jindal India Powertech Limited, NTPC Limited, MAHAGENCO, JSW Energy Limited, Torrent Power Limited, Vedanta Limited etc., showed Interest and were included in Final List.

> *Finally, the consortium of MAHAGENCO and NTPC emerged as the highest bidder with a bid of ₹3,800.14 crore and was approved as the Successful Resolution Applicant.*

9. Negotiations

Pursuant to receipt of six resolution plans by big businesses namely Jindal Power Limited, Adani Power Limited, Vedanta Limited, MAHAGENCO and NTPC, Orissa Metalliks Pvt Ltd, VFSI Holding Pvt. Ltd.; the CoC, in its commercial wisdom, conducted a challenge process. Following the challenge process and subsequent negotiations with the CoC, the resolution plans were revised and resubmitted for the CoC's consideration. Finally, the consortium of MAHAGENCO and NTPC emerged as the highest

Table 4: Important Dates and Events

Action	Date
Date of Initiation of CIRP	19.09.2022
Date of Appointment of IRP	19.09.2022
Date of Publication of Public Announcement	21.09.2022
Date of Constitution of CoC	06.02.2024
Date of First Meeting of CoC	15.02.2024
Date of Appointment of RP	19.03.2024 Copy of order received on 20.03.2024.
Date of Issue of Invitation for EoI	15.03.2024 and 15.04.2024.
Date of Issue of RFRP	21.06.2024
Date of Approval of Resolution Plan by CoC	13.06.2025
Date of Filing of Resolution Plan with Adjudicating Authority	24.06.2025
Date of Expiry of 180 days of CIRP	14.07.2024
Date of Expiry of Extended Period of CIRP	09.06.2025 The RP has filed an application (IA (I.B.C)/2964/ND/2025) seeking a last extension of 30 days from the expiry of 510 days, i.e., 09.06.2025 till 09.07.2025

bidder with a bid of ₹3,800.14 crore and was approved as the Successful Resolution Applicant. The realisable amount represents 84.01% of the Fair Value, 128.07% of the Liquidation Value, and 62.99% of the principal amount.

In a rapidly growing economy like India, the revival of thermal power plants plays a critical role in sustaining economic growth, employment generation, and energy security. Despite rapid expansion of renewable energy, thermal power continues to provide reliable base-load capacity essential for meeting rising electricity demand and grid stability. Reviving stressed or idle thermal assets enables optimal utilization of existing infrastructure, reduces the need for fresh capital-intensive capacity addition, and safeguards large-scale direct and indirect employment across mining, logistics, and power operations. Further, domestic coal–based thermal plants enhance energy security by reducing dependence on power imports and balancing the intermittency of renewables, thereby supporting India's long-term growth trajectory and industrial expansion.

10. Obstacles faced during CIRP

Following are the key obstacles faced by the RP and his team during the CIRP:

> ***"Operationalization of the plant will add 1.3 GW of electricity in Maharashtra, an electricity-deficit state, while generating substantial direct and indirect employment and additional government revenue through taxes."***

a) A stay by the NCLAT for around 16 months (from 26.09.2022 to 19.01.2024)

b) Partial Completion of Railway Siding

c) Voluminous Data of Corporate Debtor

d) Employee/ Workmen Strike and around 76 Project Affected People (PAP)

e) Stronghold of Maharashtra Labour Union

f) Stepdown of Technical Managerial Personnels

g) Involvement of complex Litigations

h) An application is pending before Supreme Court related to acquisition of land on which a railway line was to be built for transportation of coal to STPL plant in Nashik.

i) During the CIRP process, various applications were filed with respect to Avoidance Transactions, Application related to admission of claim of one of the operational creditors and an application by one of the CoC members challenging the method for distribution of resolution proceeds approved by COC.

11. Avoidance Transactions and Pending Cases

Further, an avoidance application in respect of Preferential, Undervalued, Fraudulent, and Extortionate (PUFE) transactions, aggregating to ₹63.15 crore, was filed by the RP and is presently pending before the NCLT.

Pursuant to the approval of the Resolution Plan vide the NCLT order, the right to pursue all PUFE/avoidance applications filed by the IRP/RP and/or the CoC under Sections 43 to 67 of the Code shall vest with the CoC. Any recoveries made by the Corporate Debtor pursuant to such applications shall be distributed to the assenting financial creditors of the Corporate Debtor, excluding the creditors against whom the relevant avoidance orders are passed.

12. Conclusion

The Resolution Plan amounting to ₹3,800.14 crore, approved by the NCLT through its order dated November 28, 2025, constitutes a decisive and transformative development in the CIRP of STPL. This adjudication not only affirms the credibility and robustness of the resolution framework under the IBC but also underscores the constructive collaboration of all stakeholders in achieving a viable and sustainable outcome. The assenting financial creditors and other stakeholders will be able to recover an amount of ₹3,725.14 crore against a project that has been non-operational since 2017. Further, resolution of the

project will provide regular employment to Project Affected Persons (PAP) who have been associated with the Corporate Debtor since its inception. Operationalization of the plant will generate electricity to the tune of 1.3 GW in Maharashtra, an electricity-deficit state, and generate additional revenue for government authorities in the form of taxes.

The sanctioned Resolution Plan lays a strong foundation for the company's operational revitalization, financial reorganisation, and long-term stability. It is expected to facilitate optimal value realisation for creditors, preserve underlying asset potential, and foster renewed confidence in the sector's resolution ecosystem. This milestone marks the culmination of a rigorous and transparent process, paving the way for a structured revival of the Corporate Debtor in alignment with the overarching objectives of the IBC, 2016.

The successful resolution of Sinnar Thermal Power Limited marks a significant milestone in the insolvency resolution of large power sector assets. Approval of the Resolution Plan has not only ensured substantial recovery for creditors but has also preserved a strategically important power asset, reaffirming the effectiveness of the IBC framework in resolving complex infrastructure insolvencies.

Legal Framework

CIRCULARS

IBBI Launches Revised Forms for the Liquidation Process

Though a Circular dated January 05, 2026, the IBBI has comprehensively revised various Forms for monitoring the liquidation process in line with the amended IBBI (Liquidation Process) Regulations, 2016. According to IBBI, the revised forms have been designed to ensure a reduced compliance burden by eliminating duplications, rationalizing data requirements and leveraging technology for auto-population of information already available on the portal. Consequently, these revisions are expected to significantly reduce the time and effort required for compliance by insolvency professionals (IPs), while continuing to ensure that the Board receives all essential information in a timely manner. "No penalty will be levied on delayed filing of forms, if any, during the initial quarter (January – March 2026)," said the IBBI.

Source: *No. IBBI/LIQ/91/2026 dated January 05, 2026.*

IBBI Notified Introduction of Modification Utility & Commencement of Levy of Fee for Delayed Filing of Forms under Regulation 40B of the CIRP Regulations

The Insolvency and Bankruptcy Board of India (IBBI) has introduced an electronic platform to enable the modification of Forms submitted under Regulation 40B of the CIRP Regulations, to facilitate the rectification of errors or omissions in such filings. "Where an IP identifies any deficiency in a submitted Form, the IP may use the modification utility on the portal to make the necessary modification, authenticated through the OTP-based process," said the IBBI Circular dated 18 December 2025. The Circular further clarifies that if an Insolvency Professional (IP) submits a Form before the due date and subsequently modifies it before the

due date, no fee shall be applicable, as the computation of the fee under Regulation 40B (4) will commence only after the last due date of the Form. However, Forms submitted or modified after the due date shall be charged at ₹500 per Form per month. "It is hereby notified that for all Forms that were due on or before 31 December 2025 and are submitted after the said date, whether by correction, updation or otherwise, shall be accompanied by a fee of ₹500 (Rupees five hundred only) (excluding GST) per Form for each calendar month of delay, until the date of submission," reads the IBBI Circular.

Source: *Circular No. IBBI/CIRP/89/2025, dated December 18, 2025*

IBBI directs RPs to Strengthen Section 29A Due Diligence

The IBBI has issued a circular directing all Resolution Professionals to strengthen due diligence relating to Section 29A ineligibility during corporate insolvency resolution. The circular reiterates that RPs must verify the eligibility of prospective resolution applicants, ensure required undertakings and affidavits are submitted, and confirm compliance while filing Form H. RPs must also present a detailed Section 29A compliance note to the CoC when evaluating resolution plans and ensure discussions are properly recorded.

Source: *Circular No. IBBI/CIRP/88/2025, dated November 18, 2025*

NOTIFICATIONS

IBBI Amends Liquidation Regulations to Mandate Electronic Filing of Forms

The IBBI has notified the IBBI (Liquidation Process) (Amendment) Regulations, 2026, The amendment substitutes Regulation 47B (1) to require liquidators to file all prescribed forms, along with relevant enclosures, on the Board's designated electronic platform. Such filings must be made in accordance with the timelines specified for each form, as notified by the IBBI from time to time. The amendment aims to streamline compliance, enhance transparency, and improve regulatory oversight of liquidation proceedings through digitized reporting mechanisms.

Source: *Notification File No. F. No. IBBI/2025-26/GN/REG134 dated January 02, 2026.*

IBBI Mandates Disclosure of Beneficial Ownership in Resolution Plans

Through IBBI (CIRP) (Seventh Amendment) Regulations, 2025, dated 22 December 2025, a new sub-regulation (3A) has been inserted under sub-regulation (3) of Regulation 38 of the IBBI (CIRP) Regulations, 2016.

It reads - "every resolution plan shall include: (a) a statement of beneficial ownership, in a format to be notified through circular by the Board, covering details of all natural persons who ultimately owns or controls the resolution applicant, together with the shareholding structure and jurisdiction of each intermediate entity; and (b) an affidavit, in a format specified by the Board, that the resolution applicant is eligible/not eligible for the benefit of section 32A."

Source: *No. IBBI/CIRP/90/2025 dated December 29, 2025.*

IBBI Mandates Disclosure of Beneficial Ownership in Resolution Plans

Through IBBI (CIRP) (Seventh Amendment) Regulations, 2025, dated 22 December 2025, a new subregulation (3A) has been inserted under sub-regulation (3) of Regulation 38 of the IBBI (CIRP) Regulations, 2016. It reads - "every resolution plan shall include: (a) a statement of beneficialownership, in a format to be notified through circular by the Board, covering details of all natural persons who ultimately owns or controls the resolution applicant, together with the shareholding structure and jurisdiction of each intermediate entity; and (b) an affidavit, in a format specified by the Board, that the resolution applicant is eligible/not eligible for the benefit of section 32A."

Source: *Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Seventh Amendment) Regulations, 2025, dated December 22, 2025.*

IBBI Removes "Sale as a Going Concern" from CIRP and Liquidation Rules

The Insolvency and Bankruptcy Board of India (IBBI) has officially deleted regulatory provisions allowing a Corporate Debtor or its business to be sold as a going concern under both the CIRP and liquidation frameworks, w.e.f. 14 October 2025. Specifically, Regulation 39C of the CIRP Regulations and Regulation 32A of the Liquidation Process Regulations have been removed. The move aims to streamline liquidation, reduce delays and legal complications, and reinforce liquidation strictly as a terminal realization process rather than a revival mechanism, ensuring faster resolution and greater regulatory clarity for stakeholders.

Source: *Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Sixth Amendment) Regulations, 2025, dated October 14, 2025; Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2025, dated October 14, 2025.*

IBBI Tightens Compliance Rules for Personal Guarantor Insolvency Cases

The IBBI, on 21 November 2025, notified the "IBBI (CIRP) (Second Amendment) Regulations, 2025" relating to insolvency resolution for PGs to CDs. These amendments introduce a mandatory obligation on RPs

to file prescribed electronic forms within specified timelines when handling a guarantor's insolvency case. The IBBI will make all forms available on an online platform and may update them as needed. If a form is filed late, including corrections or updates, the RP must pay a fee of ₹500 per calendar month of delay. Inaccurate, incomplete, or delayed submissions can trigger regulatory actions, including refusal to issue or renew the RP's authorization for assignments.

Source: *Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2025, dated November 20, 2025.*

IBBI Caps Number of CIRP/Liquidation cases for IPs

The IBBI has notified the IBBI (IPs) Second Amendment Regulations, 2025, introducing caps on the number of insolvency assignments an individual IP may undertake simultaneously. Under the revised framework, an Insolvency Professional (i.e., not associated with an IPE) may not hold more than ten concurrent assignments in the roles of IRP, RP, or liquidator. Additionally, no more than three of these ongoing assignments may involve claims exceeding ₹1,000 crore. The amendments also revise the Code of Conduct, shifting several approval requirements from the IBBI to the NCLT, thereby streamlining oversight and ensuring greater procedural clarity.

Source: *Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Second Amendment) Regulations, 2025, dated November 20, 2025.*

FACILITATION

IBBI Issues New Guidelines for Panel of Insolvency Professionals to Streamline CIRP and Liquidation Appointments

The IBBI has released updated "Insolvency Professionals to act as Interim Resolution Professionals, Resolution Professionals, Liquidators and Bankruptcy Trustees (Second) Guidelines, 2025," effective January 1 to June 30, 2026. The guidelines set criteria for preparing a panel of registered insolvency professionals (IPs) eligible for appointment by adjudicating authorities in corporate insolvency, liquidation, and personal bankruptcy cases. Eligibility includes absence of disciplinary actions, valid authorisation for assignment, and consent to serve. Expressions of interest must be submitted via Form A, with the final panel shared by IBBI with National Company Law Tribunal and Debt Recovery Tribunal benches, ensuring smoother, timely appointments in insolvency processes.

Source: *Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) (Second) Guidelines, 2025, dated November 21, 2025.*

DISCUSSION PAPERS

IBBI Proposes Draft Guidelines to Standardise Valuation Process

The Insolvency and Bankruptcy Board of India (IBBI) has released draft Guidelines for Conducting Valuation under the Insolvency and Bankruptcy Code, 2016 to promote uniformity, transparency, and consistency in valuations conducted in insolvency and liquidation processes. The guidelines set out general requirements such as documentation standards, minimum content of valuation reports and key parameters for valuing assets and receivables. They also specify asset-specific formats for valuation reports covering land, buildings, plant & machinery, and financial securities. Registered valuers must include detailed disclosures of valuation bases, methods used, assumptions, and limitations. Stakeholders can submit comments by 10 December 2025.

Source: *Discussion Paper on Proposed Guidelines for Conducting Valuation under the Insolvency and Bankruptcy Code, 2016, dated November 19, 2025*

IBBI Proposes Measures to Strengthen Safeguards and Transparency in Corporate Insolvency Resolution Process

The Insolvency and Bankruptcy Board of India (IBBI) has released a discussion paper titled "Strengthening Safeguards and Transparency in the CIRP," identifying procedural gaps in the Corporate Insolvency Resolution Process (CIRP) and proposing targeted reforms. Key proposals include mandatory disclosure of allottees and their treatment in the Information Memorandum, enhanced reporting of receivables, joint development agreements and attached assets, and safeguards where no financial institution is on the Committee of Creditors. The paper also suggests requiring the CoC to record reasons when recommending liquidation. These measures aim to improve fairness, disclosure, and decision-making consistency in insolvency proceedings. Public comments are invited by 8 December 2025.

Source: *Discussion Paper – Strengthening safeguards and transparency in the CIRP, dated November 17, 2025*

IBBI Proposes Minimum 5% Shareholding Requirement for Directors and Partners of Insolvency Professional Entities

The IBBI has released a discussion paper proposing that every director or partner of an Insolvency Professional Entity (IPE) must hold at least 5% shareholding or capital contribution in the entity. The move aims to address disproportionate ownership patterns, nominal participation by many Insolvency Professionals, and governance imbalances within IPEs. The Board observed that most IPs currently hold less than 5% despite handling a majority of assignments, weakening accountability and alignment. The proposal seeks to ensure fair ownership, strengthen independence, and promote consistent governance across IPEs. Public comments are invited until 7 December 2025.

Source: *Discussion paper on Empowering Director/ Partner in an Insolvency Professional Entity (IPE) by proposing Minimum Shareholding/ Capital Contribution, dated November 17, 2025.*

IBBI Issues Discussion Paper to Standardise Valuation Practices Under Insolvency Framework

The Insolvency and Bankruptcy Board of India (IBBI) has released a discussion paper proposing reforms to standardise valuation practices under the Insolvency and Bankruptcy Code, 2016. The paper flags inconsistencies in valuation approaches, report formats, and supporting documentation, which often lead to disputes and delays in insolvency proceedings. To address this, IBBI has proposed uniform valuation report templates, minimum documentation standards, and harmonised valuation methodologies across CIRP, pre-pack and liquidation processes. It also suggests recognising intangible assets such as brand value and intellectual property while determining fair value. Stakeholder comments have been invited to refine the proposed framework.

Source: *Discussion paper on Strengthening the Valuation Process under the Insolvency and Bankruptcy Code, 2016, dated November 14, 2025.*

IBBI proposes making it mandatory to record the CoC's deliberations on Section 29A eligibility of the Resolution Applicants

Through its Discussion Paper dated 6th November 2025, the Insolvency and Bankruptcy Board of India (IBBI) has invited suggestions on issues related to the template for the declaration of Beneficial Ownership and the Section 32A Affidavit to be submitted by Prospective Resolution Applicants (PRAs). The paper aims to enhance transparency and consistency in the resolution process by introducing standardized disclosure formats. Stakeholders have been requested to submit their comments electronically by 16th November 2025.

Source: *Discussion Paper – Template for declaration of Beneficial Ownership and Section 32A Affidavit to be submitted by Prospective Resolution Applicant (PRA) dated November 06, 2025.*

IBC Case Laws

Supreme Court of India

M/s Saraswati Wire and Cable Industries vs. Mohammad Moinuddin Khan & Ors Civil Appeal No. 12261 of 2024, Date of Supreme Court Judgement: 10th December 2025.

Facts of the Case

The appeal arose from a challenge to the judgment of the National Company Law Appellate Tribunal ("NCLAT"), which had set aside the admission of a Section 9 application filed by M/s. Saraswati Wire and Cable Industries ("the Appellant/Firm") against Dhanlaxmi Electricals Pvt. Ltd. ("the Corporate Debtor/CD"). The National Company Law Tribunal ("NCLT"), Mumbai Bench, had earlier admitted the Appellant's petition and initiated the Corporate Insolvency Resolution Process ("CIRP") on the basis of unpaid operational dues arising from supply of pipes and cables pursuant to multiple purchase orders placed by the CD.

The record disclosed that the CD regularly made payments against invoices raised by the Appellant and maintained a running ledger account reflecting a debit balance of ₹1,79,93,690.80. On 25th August 2021, the firm issued a demand notice under Section 8 of the IBC, claiming the principal amount of ₹1,79,93,690.80 along with the interest aggregating to ₹2,65,20,800. Meanwhile, the CIRP was admitted against the CD in another case.

In reply to the demand notice, the suspended Technical Director of the CD alleged non-supply under two invoices, short supply, and substandard quality of material. However, these assertions were unsupported by contemporaneous records, lacked quantification, and were raised after CIRP had already commenced against the CD in another proceeding, during which the suspended director had no authority to represent the company. The Firm thereafter filed its own Section 9 CIRP application in February 2023, which the CD failed to contest, resulting in forfeiture of its right to file a reply. The NCLT admitted the petition, holding

that no genuine pre-existing dispute existed.

The suspended director challenged the admission order before the NCLAT, which accepted the plea of a pre-existing dispute by referring to historical correspondence from 2018–2019 and the time gap between the demand notice and the filing of the Section 9 petition. When the NCLAT allowed the appeal in favour of the CD, the Appellant therefore approached the Supreme Court.

Supreme Court's Observations

After examining the factual record, the Supreme Court observed that the central issue was whether a "pre-existing dispute" existed on the date of issuance of the demand notice under Section 8 of IBC, and whether the NCLAT was justified in reversing the NCLT's admission order.

The Court noted that the correspondence relied upon by CD from 2018–2019 did not interrupt the running account between the parties, nor did it stop further supplies or payments. The ledger maintained by the CD itself showed regular payments and reflected the admitted liability of ₹1.79 crore. Moreover, the CD paid ₹61 lakh after receipt of the Section 8 demand notice, which the Court held was wholly inconsistent with the existence of any real dispute. The Court further held that the reply dated 20.11.2021, which were heavily relied upon by the NCLAT, had no legal worth as it was issued by a suspended director at a time when CIRP against the CD had already commenced and

an Interim Resolution Professional had taken charge. Consequently, the purported objections in that reply were legally unauthorised and could not constitute a pre-existing dispute.

Reiterating the test in *Mobilox Innovations Private Limited vs Kirusa Software Private Limited (2018),* the Court held that a dispute must be bona fide, not "spurious, hypothetical or illusory." The defences raised by the CD pertaining to allegations of faulty supply, non-delivery under two invoices, inflated counterclaims, and an unsubstantiated blacklisting threat were found to be mere "moonshine," unsupported by documents and contradicted by the CD's own conduct. The Court concluded that the NCLAT erred by overlooking critical facts, ignoring the CD's own ledger, and mischaracterising the delay in filing the Section 9 petition, which was actually explained by the pendency of an earlier CIRP. Consequently, the NCLT's order admitting the Section 9 application was restored.

Order: The Supreme Court allowed the appeal, thereby setting aside the order of the NCLAT and restoring the order of the NCAT admitting the CD into CIRP.

Case Review: *Appeal Allowed*.

AA Estates Pvt. Ltd. & Anr. vs. Kher Nagar Sukhsadan Co-op. Housing Society Ltd. & Ors. SLP(C) No. 10758 of 2025, Date of Supreme Court Judgement: 28th November 2025

Facts of the Case

The present Civil Appeal arises from the judgment dated 11.09.2024 passed by the Bombay High Court in Writ Petition No. 3893 of 2024, by which the High Court directed the statutory authorities to grant requisite permissions to Kher Nagar Sukhsadan Co-operative Housing Society Ltd. ("the Society") and its newly appointed developer, Respondent No. 8, for redevelopment of the Society's building. The Corporate Debtor ("the AppellantDeveloper/CD"), and its Resolution Professional have challenged this direction before this Court.

The Society had originally executed a Development Agreement (2005) and a subsequent Supplementary Development Agreement (2014) with the Appellant for the redevelopment of a plot, along with a dilapidated building, that it had obtained from the Maharashtra Housing & Area Development Authority (MHADA). Though certain approvals were obtained, the project did not progress because 41 members failed to vacate the premises and other disputes arose. In 2019, CIRP was initiated against Appellant No. 1 but was set aside. Subsequently, CIRP was again initiated against Appellant No. 1 at the instance of the State Bank of India, which was admitted by an order dated 12.06.2020.

Meanwhile, the Society issued notices alleging breach and subsequently terminated the Development Agreements with Appellant No. 1. A new developer (Respondent No. 8) was appointed in November 2021 to which MHADA granted permissions to proceed. It was alleged that despite the moratorium, the Society executed a fresh Development Agreement (10.12.2023) with the new developer, and redevelopment activities, including demolition, were commenced. On receiving objections from the Resolution Professional, MHADA revoked permissions due to the subsisting moratorium. Consequently, the Society approached the High Court seeking directions to authorities to grant redevelopment approvals.

By its impugned order, the High Court of Bombay, allowed the writ petition and directed the concerned authorities to issue permissions to Respondent No. 8. Aggrieved, the Appellants approached this Court contending, inter alia, violation of moratorium, extinguishment of valuable development rights, and improper exercise of writ jurisdiction in a matter governed by contractual remedies and the IBC framework.

Supreme Court's Observations

After examining the factual matrix, the Supreme Court first addressed the core issue of whether the High Court's directions facilitating redevelopment through the new developer violated the moratorium imposed under Section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC). The Court noted that the CD's

development agreements of 2005 and 2014 had already been terminated through resolutions of the Society in 2019, prior correspondence in 2021, and public notice of termination, all well before the second CIRP was initiated in December 2022. The Court held that once the agreements stood terminated, no subsisting or enforceable development rights survived in favour of the Corporate Debtor. Consequently, no "asset" existed which could fall within the protective ambit of the moratorium.

The Court further observed that Section 14(1)(d) protects only those properties that are in the actual occupation of the Corporate Debtor. The Supreme Court clarified that the CD never had physical possession of the land, nor did it enjoy any possessory rights akin to those recognised in the case of Victory Iron Works Ltd. v. Jitendra Lohia and Another. Thus, the moratorium could not be invoked to restrain the Society or the authorities from granting permissions to a fresh developer. The Supreme Court additionally emphasised that the High Court's directions were not in the nature of proceedings "against" the Corporate Debtor and, therefore, did not attract the statutory bar under Section 14(1)(a). Rather, those directions were issued to statutory authorities to process redevelopment proposals of the Society and its newly appointed developer entities who were independent of the Corporate Debtor and against whom the reliefs were actually sought. Since the Corporate Debtor's rights had already ceased to exist in law, the High Court's mandamus could neither prejudice nor alter the CIRP estate. Finally, the Court underscored that redevelopment of a dangerous, dilapidated building housing low-income families could not be indefinitely stalled on the basis of extinguished and non-existent contractual rights. The Corporate Debtor's prolonged non-performance, repeated delays, and failure to provide basic obligations such as transit rent reinforced that no equity or residual right survived in its favour. Accordingly, the appeal was dismissed.

Order: The Supreme Court dismissed the appeal and ordered for the compliance of the directions of the High Court within two months from the date of the order.

Case Review: *Appeal dismissed.*

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Consequently, the Society approached the High Court seeking directions to authorities to grant redevelopment approvals.

By its impugned order, the High Court of Bombay, allowed the writ petition and directed the concerned authorities to issue permissions to Respondent No. 8. Aggrieved, the Appellants approached this Court contending, inter alia, violation of moratorium, extinguishment of valuable development rights, and improper exercise of writ jurisdiction in a matter governed by contractual remedies and the IBC framework.

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After examining the factual matrix, the Supreme Court first addressed the core issue of whether the High Court's directions facilitating redevelopment through the new developer violated the moratorium imposed under Section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC). The Court noted that the CD's development agreements of 2005 and 2014 had already been terminated through resolutions of the Society in 2019, prior correspondence in 2021, and public notice of termination, all well before the second CIRP was initiated in December 2022. The Court held that once the agreements stood terminated, no subsisting or enforceable development rights survived in favour of the Corporate Debtor. Consequently, no "asset" existed which could fall within the protective ambit of the moratorium.

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Order: The Supreme Court dismissed the appeal and ordered for the compliance of the directions of the High Court within two months from the date of the order.

Case Review: *Appeal dismissed.*

EPC Constructions India Ltd. vs. Matix Fertilizers and Chemicals Ltd. Civil Appeal No. 11077 of 2025, Date of Supreme Court Judgement: 28th October 2025

Facts of the Case

The present appeal called in question the correctness of the judgment and order passed by the National Company Law Appellate Tribunal (NCLAT), which had confirmed the order passed by the Adjudicating Authority – National Company Law Tribunal, Kolkata (NCLT). The NCLAT had dismissed the application of EPC Constructions India Limited (Appellant) filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC).

The appellant had entered into an engineering and construction contract with M/s Matix Fertilizers and Chemicals Limited (Respondent), for setting up a fertilizer complex for ammonia and urea production at Panagarh Industrial Park, West Bengal. Owing to delay in project completion and funding constraints, the respondent proposed to convert part of the appellant's

outstanding amount of ₹400 crores into preference shares to meet lender requirements. Pursuant to this proposal, the appellant's board of directors approved the conversion of up to ₹400 crores of dues into Cumulative Redeemable Preference Shares (CRPS). Accordingly, the respondent allotted CRPS aggregating ₹250 crores, which they later unilaterally adjusted to ₹310 crores.

Later on, following the initiation of the Corporate Insolvency Resolution Process ("CIRP") against the appellant, its resolution professional demanded ₹632.71 crores from the respondent, including ₹310 crores towards redemption of CRPS. Matix denied the liability, leading to the appellant filing a Section 7 petition against the respondent before the NCLT. The appellant submitted that the financial statements of the respondents showed the liability towards CRPS as "unsecured loan" and "other financial liability". The petition was duly opposed by the respondent herein.

The NCLT dismissed the appeal citing that redemption could only occur out of profits or proceeds of fresh issue of shares under Section 55 of the Companies Act, 2013. Since the respondent had no such profits, the liability to redeem the CRPS had not arisen, and hence, no default existed under Section 7 of the IBC. Subsequently, on appeal before the NCLAT, the appellate tribunal also dismissed the appeal reiterating the NCLT's view that no debt became due to the appellant on account of the allotted preference shares since no dividends were declared.

Supreme Court's Observations

After taking note of the above-mentioned factual background, the question that arose before the Supreme Court for consideration is whether the NCLT and NCLAT were justified in dismissing the application of the appellant under Section 7 of the IBC, after holding that the appellant was not a financial creditor.

The Supreme Court observed that preference shares form part of a company's share capital and the amounts paid upon them are not loans. Section 55 of the Companies Act stipulates that preference shares shall be redeemed only out of the profits of the company which would be otherwise available for dividends or out the proceeds of the fresh issue of shares made for the purpose of such redemption. Explaining the nuanced distinction between "debt" and "share" particularly in the context of a "preference shareholder", the Court noted that main difference between the two in such a case may then be that the dividend on a preference share is not payable unless profits are available for distribution, whereas the debt holder's interest entitlement is not subject to this constraint, and that the debt holder will rank before the preference holder in a winding-up.

The Court further clarified that entries in books of accounts or accounting standards (like AS-32) cannot override the legal character of preference shares as share capital. For a debt to qualify as 'financial debt' under Section 5(8) of the IBC, it must involve disbursal against consideration for time value of money, which is absent in this case. Accordingly, the Supreme Court held that the appellant, as a preference shareholder, was not a financial creditor and could not maintain a Section 7 application.

Order: The Supreme Court dismissed the appeal, upholding the findings of the NCLT and NCLAT that the Appellant was not a financial creditor under the IBC. It concluded that redeemable preference shares do not create a financial debt, and non-redemption thereof does not amount to default under the IBC.

Case Review: *Appeal dismissed.*

High Court(s)

Arrow Business Development Consultants Pvt. Ltd. vs. Union Bank of India & Ors. Writ Petition No. 11132 OF 2025, Date of Bombay High Court Judgement: 10th December 2025

Facts of the Case

The present writ petition was filed by Arrow Business Development Consultants Pvt. Ltd. ("the Petitioner"), the successful auction purchaser of a residential flat, seeking directions against Union Bank of India ("the Bank") for handing over physical possession of a residential flat that had been sold under the

Securitization And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act"). The dispute arose in the backdrop of parallel proceedings under the Insolvency and Bankruptcy Code, 2016 ("IBC"), initiated by the original borrowers, raising questions on the effect of an interim moratorium on an incomplete SARFAESI sale.

The Bank had extended financial facilities to the original borrowers, who were owners of the secured asset. Upon default, the loan account was classified as a non-performing asset, following which a demand notice under Section 13(2) of the SARFAESI Act was issued, and symbolic possession of the secured asset was taken under Section 13(4). Thereafter, the Bank initiated sale proceedings in accordance with the SARFAESI Rules.

An e-auction was conducted in which the Petitioner emerged as the highest bidder, and the sale was confirmed in its favour upon payment of the initial consideration. While the Petitioner proceeded to make further payments towards the sale consideration, one of the borrowers filed an application under Section 94 of the IBC seeking initiation of personal insolvency proceedings, triggering an interim moratorium under Section 96 of the Code. Notably, several tranches of payment were received by the Bank after the commencement of the interim moratorium.

Subsequently, the Bank issued a sale certificate in favour of the Petitioner. The borrowers challenged the sale before the Debts Recovery Tribunal ("DRT") under Section 17 of the SARFAESI Act, contending that the continuation of the sale process violated the interim moratorium under the IBC. The DRT disposed of the application, holding that in view of the moratorium and pendency before the NCLT, no further orders were required. Aggrieved by the Bank's refusal to hand over possession despite issuance of the sale certificate, the Petitioner approached the High Court by way of the present writ petition.

High Court's Observations

After examining the factual matrix of the case, the Court noted that the question that needs to be determined in the present Writ Petition is whether, post amendment to Section 13(8) of the SARFAESI Act, the Borrowers' ownership right in the secured asset, also stands extinguished, upon issuance of the sale notice under Rule 8(6) of the SARFAESI Rules.

The High Court examined the interplay between the SARFAESI Act, 2002 and the Insolvency and Bankruptcy Code, 2016, particularly in the context of an interim moratorium under Section 96 of the IBC and its effect on enforcement proceedings initiated by a secured creditor. The Court observed that the interim moratorium under Section 96 is markedly wider in scope than the moratorium under Section 14, as it operates "in relation to all the debts" of the individual debtor or personal guarantor, and not merely against the debtor as an entity. Consequently, once such interim moratorium comes into effect, all legal actions or proceedings in respect of any debt stand statutorily stayed. Relying on the decision of the Supreme Court in *Indian Overseas Bank v. RCM Infrastructure Ltd.*, the Court reiterated that a statutory sale under the SARFAESI framework is completed only upon full payment of the sale consideration and issuance of a sale certificate. The Court clarified that although the 2016 amendment to Section 13(8) curtails the borrower's right of redemption upon publication of the auction notice, such extinguishment does not ipso facto result in transfer of ownership. Ownership continues to vest with the borrower until the sale is completed in accordance with Rule 9 of the SARFAESI Rules.

Applying these principles, the Court held that where the interim moratorium intervenes after confirmation of sale but prior to completion of payment and issuance of the sale certificate, the secured creditor is legally restrained from accepting further payments or proceeding with the transfer. Any such continuation would be in teeth of Section 96 of the IBC. The Court further observed that vested rights claimed by an auction purchaser remain contingent upon lawful completion of the sale and cannot override a statutory moratorium.

Order: The Court held that the petitioner is not the owner of the secured asset and therefore is not entitled to its possession.

Case Review: *Writ Petition dismissed.*

National Company Law Appellate Tribunal (NCLAT)

Astral Agro Ventures vs Mr. Vakati Balasubramanyam Reddy and Ors. Company Appeal (AT) (Ins.) No. 530 of 2025, Date of NCLAT Judgement: 18th November 2025.

Facts of the Case

The appeal was preferred by a Prospective Resolution Applicant ("PRA") challenging an order of the Adjudicating Authority dismissing its application, which it had taken out for the rejection of the resolution plan submitted by the Successful Resolution Applicant ("SRA"), inter alia on the ground that the SRA is ineligible to participate in the resolution process as it a related party within the meaning of Section 29A of the IBC.

The Corporate Insolvency Resolution Process ("CIRP") of Megi Agro Chem Ltd. ("Corporate Debtor/CD") was initiated upon admission of the Section 7 petition, and the first respondent was appointed as the Resolution Professional ("RP"). Multiple attempts were made to revive the CD, with Form G being issued thrice after the first two rounds failed to yield a viable resolution plan. In each of these attempts, the appellant submitted its Expression of Interest ("EOI") but did not follow through by submitting a resolution plan. After the Adjudicating Authority permitted a third issuance of Form G, both the Appellant and the third respondent were shortlisted as Prospective Resolution Applicants ("PRAs") and invited to submit plans. The third respondent/SRA submitted its resolution plan within the stipulated deadline, while the appellant sought a 15-day extension on the last date of submission. Despite receiving additional time, the appellant again failed to submit a plan and instead continued sending emails expressing "interest" without any substantive compliance. The CoC thereafter convened its meetings, opened the sole plan submitted by the SRA, sought commercial improvements, and ultimately approved the SRA's plan in its 12th meeting. Subsequently, the appellant filed an application seeking rejection of the approved plan, alleging that the SRA failed to meet the prescribed net-worth criteria, was ineligible under Section 29A of the IBC due to alleged relation with a wilful defaulter, and that the RP had violated procedural mandates, including inadequate notice for CoC meetings and insufficient recording of deliberations. The appellant argued that these defects vitiated the approval granted by the CoC.

Conversely, the RP and the SRA opposed the application, asserting that the appellant lacked locus standi due to its repeated failure to submit a resolution plan, had been accommodated fairly, and could not challenge a process it had effectively abandoned. They defended the SRA's eligibility and maintained that all actions were compliant with the IBC framework.

NCLAT's Observations

The Tribunal observed that the central issue was whether the appellant, who did not submit any resolution plan despite being provided multiple opportunities, could maintain objections to the approval of the SRA's plan. The NCLAT noted that the Appellant had filed its EOI and was included in the final list of PRAs, yet failed to place a compliant plan within the stipulated or extended timelines. In such circumstances, the appellant could not claim that the CIRP process or the approval of the plan caused any prejudice to it.

The Tribunal further noted that the timelines for submission were duly fixed and extended with the approval of the CoC, and the RP had acted strictly in accordance with the decisions taken therein. The appellant's request for a further 15-day extension was considered by the CoC, and a shorter window of extension was even granted. The NCLAT held that a PRA who does not submit any plan cannot later question the process or evaluation, as it was never in the zone of consideration. It also held that locus standi cannot be claimed merely on the basis of having filed an EOI, and that the IBC does not envisage challenges by parties who have not participated in the submission stage.

On the allegations of ineligibility under Section 29A and non-fulfilment of net-worth criteria, the Tribunal observed that the CoC had examined the documents

submitted by the SRA, sought clarifications, and recorded its satisfaction in its meetings. The Tribunal reiterated that the commercial wisdom of the CoC cannot be supplanted unless the plan violates Section 30(2) or suffers from material irregularity, neither of which was shown in the present case.

Order: Accordingly, in light of the above facts and circumstances, the NCLAT dismissed the appeal and imposed a cost of ₹15 lakhs on the appellant for unnecessarily interfering with the resolution process. Further, the appellate tribunal ordered for the cost to be distributed equally to all the operational creditors of the CD, and in their absence, to be added to the asset of the CD but outside the resolution plan to be disbursed as per the waterfall mechanism to be disbursed as per the waterfall mechanism envisaged in Section 53 of the IBC.

Case Review: *Appeal dismissed with imposition of cost on the appellant.*

IFCI Ltd. vs Raju Palanikunnathil Kesavan, RP of Heera Construction Co Pvt Ltd and Anr. Company Appeal (AT) (Insolvency) No.740 of 2023, Date of NCLAT Judgement: 11 November 2025

Facts of the Case

The IFCI Ltd. ("Appellant") filed two appeals under Section 61 of the Insolvency and Bankruptcy Code, 2016 ("IBC/the Code") against the common order passed by the National Company Law Tribunal, Mumbai Bench ("NCLT") whereby the NCLT dismissed the appellant's applications and approved the Resolution Plan submitted by Royal Heights Projects Pvt. Ltd. ("the Successful Resolution Applicant/SRA").

The Corporate Debtor, Heera Construction Company Pvt. Ltd. ("CD"), a real estate developer, had availed financial assistance of ₹50 crores from the appellant under a Corporate Loan Agreement, secured by mortgages over several immovable properties, including 5.46 acres of third-party land at Attipra Village ("Attipra Land") and 0.60 acres owned by the CD at Poonithura Village ("Poonithura Land"). Upon default by the CD, the appellant initiated proceedings under Section 7 of the Code, upon which the CD was admitted to the Corporate Insolvency Resolution Process ("CIRP"). Later, the Committee of Creditors ("CoC") approved the Resolution Plan despite the Appellant's dissent.

The appellant challenged the Resolution Plan, alleging that the Resolution Professional ("RP") had wrongly included third-party assets in the CIRP, failed to properly value mortgaged properties, and unlawfully extinguished the appellant's security interest. It was further contended that valuable assets were undervalued or assigned nil value and that several immovable properties were excluded from the Information Memorandum. During the proceedings, Enforcement Directorate investigations revealed additional properties worth over ₹23 crores that were not part of the CIRP.

Conversely, the Respondents, both the RP for the CD, and the SRA, averred that the Attipra land was a third-party asset over which the CD only held developmental rights, and the Poonithura land was not capitalized in the books. They further contended that lack of title deeds and pending litigations prevented valuation, and that the Resolution Plan, approved by a CoC majority, reflected its commercial wisdom, which cannot be interfered with merely on the objections of a dissenting creditor.

NCLAT's Observations: After examining the facts, the question before the NCLAT was whether the Resolution Plan had been approved in compliance with the Code, and whether the RP had fulfilled his statutory obligation to identify, verify, and value all assets of the CD prior to placing the plan before the CoC.

The Tribunal observed that the RP had failed to include several immovable properties, later revealed through Enforcement Directorate search and attachment proceedings, in the Information Memorandum, thereby depriving the CoC and prospective resolution applicants of a complete picture of the CD's asset base. It noted that assigning nil value to the Attipra land and omitting valuation of the Poonithura land ran contrary to the broad definition of "assets" under the Code and the requirements of Regulation 35 of the CIRP Regulations, which mandates valuation of

all assets. The NCLAT further held that extinguishing the Appellant's security interest over these mortgaged properties lacked any legal basis.

The Tribunal also underscored that commercial wisdom of the CoC cannot be exercised meaningfully if material information is withheld, and that a resolution plan containing illegal or irregular terms cannot be shielded merely because it has received majority approval. Placing reliance on Masatya Technologies Pvt Ltd Vs Amit Agarwal, RP for Vistar Construction Pvt Ltd and Another (2023), the NCLAT held that the discovery of valuable unaccounted assets and inconsistent treatment of similarly situated properties constituted serious procedural irregularities that vitiated the resolution process

Order: Accordingly, in light of the above facts and circumstances, the NCLAT directed issuance of a fresh Form G and mandated completion of the entire CIRP, including fresh consideration of resolution plans, within a prescribed timeframe of three months.

Case Review: *Appeal(s) disposed off in favour of the appellant.*

Amit Jain (Suspended Director of Mahagun (India) Pvt. Ltd.) vs. IDBI Trusteeship Services Ltd. & Anr. Company Appeal (AT) (Insolvency) No. 1186 of 2025 & I.A. No. 4981, 5133 of 2025, Date of NCLAT Judgement: 6 November 2025

Facts of the Case

The present appeal was filed against the order dated 05.08.2025 passed by National Company Law Tribunal, New Delhi, Court-III ("NCLT") in C.P. (IB) No. 112(ND)/2025. By the impugned order, the Adjudicating Authority had admitted Section 7 petition for default in redemption of Non-Convertible Debentures ("NCDs") aggregating to ₹256.48 crores filed by IDBI Trusteeship Services Ltd. ("financial creditor/respondent") against Mahagun (India) Pvt. Ltd. ("the Corporate Debtor/CD/appellant"). Aggrieved by the above order, the appeal(s) were filed.

Pursuant to the issuance of notice by the NCLT, the CD had sought time to file a detailed reply but submitted only a short response contesting maintainability of the Section 7 petition. Thereafter, without granting further extension, the AA vide order dated 05.08.2025, admitted the Section 7 petition. Aggrieved by this, the suspended director and other stakeholders, including Aditya Birla Capital Ltd. and the Manorialle Social Welfare Society representing 195 homebuyers, challenged the order before the NCLAT, contending that the default pertained solely to the Mahagun Manorialle project financed under the Debenture Trust Deed, by which the CD has obtained NCDs from the debenture holder, and not to other independent, performing projects. The appellant argued that insolvency of real-estate project is to be held project-specific independent of other projects of CD, which were distinct in terms of financing and no defaults existing for lenders of those projects.

The respondent submitted that the Section 7 petition was filed on account of default committed by the CD with regard to redemption of debentures. However, after filing the present appeal, the CD approached the Financial Creditor and both parties entered into a settlement agreement. Additionally, multiple Interlocutory Applications ("IAs") were filed by various stakeholders, including homebuyers' associations and individual allottees from different Mahagun projects. While some applicants sought restriction of the CIRP solely to the Mahagun Manorialle project or supported the settlement between the CD and the Financial Creditor, others opposed any withdrawal, urging continuation of the CIRP to safeguard homebuyers' interests and ensure completion of pending projects.

NCLAT's Observations: After considering the factual position and submissions of all parties, the question that arose before the NCLAT was whether the Adjudicating Authority was justified in admitting the Section 7 application against the appellant without granting adequate opportunity to file a detailed reply, and whether the CIRP should extend to all projects or be confined to the defaulting Mahagun Manorialle project.

The Appellate Tribunal observed that while the Adjudicating Authority had granted one week's time

to file a reply, the real estate nature of the Corporate Debtor's business, involving multiple ongoing projects, warranted a more comprehensive consideration of the potential impact of insolvency on homebuyers and other secured lenders. Referring to the Supreme Court's ruling in Mansi Brar Fernandes v. Shubha Sharma (2025) and Indiabulls Asset Reconstruction Co. Ltd. v. Ram Kishore Arora (2023), the NCLAT emphasized that insolvency proceedings in real estate companies should, as a rule, proceed on a project-specific basis rather than encompassing the entire corporate entity, unless exceptional circumstances exist.

Accordingly, the NCLAT noted that the financing by the respondent related exclusively to the Mahagun Manorialle project under the Debenture Trust Deed, and that solvent and performing projects should not be dragged into insolvency. The appellate tribunal thus remitted the matter to the Adjudicating Authority to reconsider the issue of project-specific CIRP, while also noting the subsequent settlement between the parties.

Order: The NCLAT remitted the matter back to the NCLT for fresh adjudication. Further, it also granted the CD a week's time to file a detailed reply to the Section 7 petition along with the status report before the NCLT. Similarly, all other applicants were also granted liberty to file fresh applications before the NCLT.

Case Review: *Appeal disposed off. Matter remitted back to NCLT for fresh adjudication.*

National Company Law Tribunal (NCLT)

Punjab National Bank Vs Damara Gold Private Limited C.P. (IB)/294(MB)/2025, Date of NCLT Judgement: 08 December 2025.

Facts of the Case

The present Company Petition was instituted by Punjab National Bank ("PNB"), the Financial Creditor ("FC"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC/the Code"), seeking initiation of the Corporate Insolvency Resolution Process ("CIRP") against Damara Gold Private Limited, the Corporate Debtor ("CD"). The FC asserted that a financial debt had been disbursed to the CD and that a default had occurred, thereby satisfying the statutory requirements for admission of the petition under the IBC.

PNB had sanctioned various credit facilities to the CD, including a term loan of ₹5.70 crores and bank guarantees aggregating to ₹21.50 crores. These facilities were renewed and enhanced from time to time, with the last sanction being issued vide letter dated 17.03.2022. To secure the said facilities, the CD executed several loan and security documents such as deeds of hypothecation, counter-indemnities and other related instruments. Additionally, the directors of the CD executed personal guarantees in favour of the FC to further secure the repayment obligations.

Over time, the CD failed to service its liabilities regularly and did not rectify the irregularities in its cash credit account despite repeated reminders. Consequently, the account was classified as a Non-Performing Asset ("NPA") in accordance with RBI guidelines. As on the date of default, the FC claimed outstanding dues of ₹38.32 crores under the cash credit facility and ₹87.43 lakhs under the term loan facility, aggregating to approximately ₹39 crores.

Prior to filing the present petition, the FC initiated recovery proceedings under the SARFAESI Act, 2002 by issuing a demand notice under Section 13(2), followed by possession and sale notices in respect of the secured assets. Upon issuance of notice by the Adjudicating Authority ("AA/Tribunal"), the CD filed a reply raising objections relating to alleged absence of default, wrongful debit of bank guarantees, invalid classification of the account as NPA, excess charges, and misuse of the IBC as a recovery tool. The FC filed a rejoinder refuting these objections, asserting that the debt and default stood duly established and that the application was complete in all respects.

NCLT's Observations

The AA examined the material placed on record by the FC and noted that all essential loan and security documents had been duly produced. These included sanction letters, loan agreements, security

instruments, guarantees and authenticated statements of account, which collectively established the sanction, disbursement and subsistence of financial debt owed by the CD. The AA was satisfied that the documentary evidence sufficiently demonstrated the existence of a financial relationship between the parties and the occurrence of default. Significant reliance was placed on the authenticated record of default generated through the National e-Governance Services Ltd. (NeSL) platform.

The Tribunal held that the NeSL certificate constituted credible and statutorily recognised proof of default under Section 7 of the IBC. On this basis, it concluded that the default had been duly established in terms of the Code. The Tribunal rejected the CD's contention that the FC had wrongly debited the amounts arising from invocation of bank guarantees to the cash credit account. It observed that the cash credit account functioned as the operating account of the CD, and therefore such debit entries could not be faulted. Consequently, this objection was held to be untenable. Further, the AA declined to entertain disputes raised by the CD regarding interest rates, alleged excess charges, and interpretation of contractual terms. It held that such issues fall outside the limited scope of enquiry at the admission stage of a Section 7 application and cannot be adjudicated at this juncture.

Relying on the Supreme Court judgment in *Innoventive Industries Ltd. v. ICICI Bank & Anr. (2017)*, the Tribunal reiterated that once the existence of debt and default is established, admission of the application becomes mandatory. It concluded that the debt exceeded the statutory threshold of ₹1 crore, the application was filed within limitation, and all procedural requirements were duly satisfied.

Order: The National Company Law Tribunal admitted the petition under Section 7(5)(a) of the Code, directing commencement of CIRP against the CD.

Case Review: *CIRP application was admitted.*

State Bank Of India. Vs. Ushdev International Ltd. & Anr. IA No.33/MB/2024 in CP (IB) No.1790/MB/2017, Date of NCLT Judgement: 16 October 2025

Facts of the Case

The State Bank of India (hereinafter referred to as "the Applicant") filed an Interlocutory Application ("IA") under Section 33(3) read with Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("IBC/the Code") against Taguda PTE Ltd., the Successful Resolution Applicant ("Respondent No.1/SRA") and Resolution Professional of Ushdev International Ltd. & Anr. ("Respondent No.2/RP") seeking order directing initiation of liquidation of Ushdev International Limited ("Corporate Debtor/CD") in accordance with Chapter III of Part II of the Code.

Pursuant to the admission of the CD into CIRP and the subsequent constitution of the CoC, the SRA submitted its resolution plan. However, the first resolution plan was not approved by the CoC due to the majority stakeholders voting against it. Thereafter, a liquidation application was filed before the NCLT, which was dismissed. Simultaneously, the Adjudicating Authority (AA) approved the first resolution plan. Aggrieved by this, the present Applicant filed an appeal before the NCLAT challenging the AA's order approving the first resolution plan. The Appellate Tribunal ordered stay on implementation of the first resolution plan. During the pendency of the said appeal, the SRA filed an application expressing its willingness to revise and improve the first resolution plan. The NCLAT granted six weeks' time to submit the revised/improved resolution plan. Pursuant to the said order, the updated resolution plan was placed before the CoC, deliberated upon, and approved by an overwhelming majority. Following this, the SRA furnished a performance bank guarantee of ₹11.50 crores and a bid bond guarantee of ₹5 crores, and an Interim Monitoring Agency ("IMA") was constituted to oversee the smooth implementation of the Resolution Plan. However, even after two years of approval and despite multiple extensions, the SRA failed to obtain the requisite statutory and regulatory approvals necessary for the implementation of the Plan.

The Applicant alleged that the prolonged delay in implementation under the revised resolution plan resulted in significant opportunity loss to the stakeholders of the CD and caused substantial opportunity loss to the financial creditors, thereby making liquidation inevitable. Conversely, while the SRA did not file a formal reply, it submitted a fresh proposal indicating willingness to infuse additional funds. However, when the Tribunal inquired whether the timeline could be expedited, no satisfactory or affirmative response was provided.

NCLT's Observations

After duly hearing both the parties, the point of consideration before the Tribunal was whether it is a fit case for initiation of Liquidation process of the CD. At the outset, the NCLT took note of the significant legal propositions and guiding principles laid down by the Supreme Court in State Bank of India and ors. Vs. The Consortium of Mr. Murari Lal Jalan and Mr. Florian Fritsch & Anr. The Tribunal observed that "time and speed are the essence for the working of the Code", and to allow CIRP proceedings to lapse into an indefinite delay will plainly defeat the object of the statute also leading to the assets of the CD diminishing in value. Further, in scenarios such as the present, "timely liquidation" is indeed to be preferred over an "endless resolution process". Such a view will prevent the likelihood of adversely affecting the interests of all the creditors who have been suffering due to no fault of their own and also securing the maximum value of the remaining assets. Regarding the role of the SRA, the Tribunal noted that regardless of the challenges that may arise, the SRA cannot treat its obligations as optional or conditional, nor can it abdicate its responsibility in the face of unforeseen obstacles.

In light of the above-mentioned legal position, the Tribunal noted that despite multiple extensions and directions of this Tribunal, the SRA has been seeking repeated adjournments citing pending RBI approvals and financing arrangements, leading to breach of obligations under the Resolution Plan. As a result of the delay, the initiation of liquidation of the CD has become inevitable.

Order: Accordingly, in light of the above facts and circumstances, the CD is ordered to be liquidated in terms of the provisions of Section 33(3) of the Code read with the relevant Regulations made thereunder which shall be effective from the date of the order.

Case Review: *Liquidation Application admitted.*

Lepton Software Export and Research Pvt. Ltd. vs Blu-Smart Mobility Tech Pvt. Ltd. C. P. (IB)/261 (AHM) 2025 Date of NCLT Judgement: 14 October 2025.

Facts of the Case

This Petition was filed by the Applicant, Lepton Software Export and Research Pvt. Ltd., (hereinafter referred to as 'Operational Creditor'/OC), against the Respondent, Blu-Smart Mobility Tech Pvt. Ltd. (hereinafter referred to as 'Corporate Debtor'/CD)., under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC/Code) for initiation of Corporate Insolvency Resolution Process (CIRP) for having defaulted in payment of the outstanding operational debt of ₹5,84,43,201.76/- including interest arising from supply of goods/services. The OC alleged that the CD had approached them for obtaining the 'On-demand Rides and Deliveries Solution', offered under the 'Google Maps Platform Services' (Google – ODRD Services) for which the parties signed a Principal Agreement, and subsequently, a Renewal Agreement. Thereafter, the transaction continued on an ad-hoc basis. Accordingly, invoices were raised by the OC for FY 2024-25, duly shared with the CD, and the same remained either partially or completely unpaid even after numerous reminders. Constrained by the inaction of the CD to clear the outstanding invoices, the OC was forced to suspend the Google (ODRD) Services despite which the outstanding dues were not cleared. Therefore, the OC was compelled to send a Demand Notice under Section 8 of the Code to unconditionally repay the unpaid operational debt. As the amount remained unpaid, the OC filed the present application seeking initiation of CIRP against the CD. Conversely, the CD alleged that the present application is misconceived, an abuse of process, and a colorable debt recovery attempt highlighting the concerns that,

firstly, no acceptance/completion certificates were provided for the services rendered and the part payment were made as goodwill under protest. Secondly, there was no evidence of consent for services rendered by the OC on ad-hoc basis post-expiry of the Renewal Agreement, reducing the liability to roughly ₹30.34 lakhs, much below the ₹1 crore threshold stipulated under Section 4 of the Code. Thirdly, the petition was fraudulent/malicious as per Section 65 of the Code, for it was filed for recovery, not resolution. Fourthly, the CD filed an additional affidavit stating that the CD's holding company – comprising of four subsidiaries including the CD – is already undergoing CIRP with discussions for a holistic resolution of the entire Blu-Smart group for consolidated value maximization, and therefore the present application should not be admitted

NCLT's Observations

After duly hearing both the parties, the Tribunal decided to adjudicate the matter on three legal questions— whether the claimed amount qualifies as an operational debt, whether it exceeds the statutory threshold, and the existence of mala fide intent under Section 65 of the Code.

Firstly, regarding the existence of an operational debt, the Tribunal stated that the services rendered by the OC pertain to geospatial and mapping API usage, which squarely fall within the definition of 'good and services' under Section 5(21) of the Code, giving rise to an operational debt. Secondly, with respect to the claimed amount meeting the statutory threshold under Section 4 of the Code, the Tribunal observed that even after expiry of the Renewal Agreement, the material on record suggests the continued usage of services by the CD without objection, requests for invoices, and admissions of liability. Such conduct implies an ad-hoc continuation of the arrangement on the same terms, akin to an implied contract under Section 70 of the Indian Contract Act, 1872, or quantum meruit for services rendered and accepted as affirmed in Alopi Prashad & Sons Ltd. v. Union of India [AIR 1960 SC 588]. Therefore, the total liability of the CD stands at ₹5,84,43,201.76, thereby exceeding the Section 4 threshold. Thirdly, regarding the existence of mala fide intent under Section 65, the Tribunal noted that the application was not a mere recovery mechanism but seeks resolution. Additionally, since the CD is a distinct legal entity from its holding company, the proceedings against it cannot be stayed merely on account of the parent's insolvency unless there is a specific order of consolidation under Section 60(5) of the Code. Therefore, for the above-mentioned reasons, the Tribunal was satisfied that the legal requirements and the statutory mandate was met for the CD's admission to CIRP.

Order: Accordingly, in light of the above facts and circumstances, the NCLT admitted the CD in CIRP as per Section 9(5) of the IBC. As a consequence, thereof, an Interim Resolution Professional (IRP) was appointed, and a moratorium issued under Section 14. The IRP so appointed shall make a public announcement for submissions of claims under section 15. The commencement of the CIRP shall be effective from the date of this order.

Case Review: *CIRP Application admitted.*

IBC News

Corporate Ministry Seeks Cabinet Approval For 50 More NCLT Courts

The Corporate Affairs Ministry has sought Cabinet approval to set up 50 additional NCLT courts and two more NCLAT benches to address delays in insolvency proceedings. It also plans to frame regulations under the Adjudicating Authority Rules to ensure timelines are met, along with infrastructure and administrative strengthening.

Despite adequate sanctioned strength, insolvency applications take over a year to be admitted against the 14-day mandate due to capacity and infrastructure constraints. The committee and stakeholders stressed expanding benches, improving infrastructure, and fixing a three-month timeline for NCLAT appeals. IBBI data shows CIRPs continue to face prolonged timelines, weakening the IBC's timebound framework.

Source: *Business Standard, December 18, 2025.*
https://www.business-standard.com/industry/news/mca-seeks-to-add-50-nclt-courts-and-two-nclat-benches-panel-report-125121800739_1.html

With Mounting Pendency, Infra Woes, NCLT Struggles As Insolvency Cases Surge Beyond Capacity

In 2025, the Insolvency and Bankruptcy Code framework faced mounting stress as insolvency cases increasingly exceeded statutory timelines due to capacity constraints and systemic delays at the NCLT, despite efforts to manage the workload. Nearly 10,000 cases remain stuck at the admission stage, with over ₹10 lakh crore locked in distressed assets, while many NCLT benches operated on half-day schedules amid infrastructure and staffing shortages. Delays were driven by repeated adjournments, contested defaults, and excessive litigation. Although thousands of CIRPs have been admitted, resolved, withdrawn, or settled since 2016, the average resolution time rose sharply to 688 days by September 2025, far exceeding prescribed limits. Experts noted that while new appointments were

made and landmark judgments reinforced the primacy of commercial wisdom, structural issues, regulatory overlaps, and procedural inefficiencies continued to undermine timely resolution under the IBC.

Source: *The Economic Times, December 31, 2025.*
https://economictimes.indiatimes.com/news/company/corporate-trends/with-mounting-pendency-infra-woes-nclt-struggles-as-insolvency-cases-surge-beyond-capacity/articleshow/126267043.cms?from=mdr

Continuous insolvency and bankruptcy are essential for building a risk-taking and dynamic economy: Sanjeev Sanyal

Shri Sanyal, Member of Economic Advisory Council to the Prime Minister (EAC-PM), reportedly said to media that healthy economic system must allow for "continuous churn", where old companies shut down, and new ones emerge to take their place. He stressed that constant change is necessary for long-term economic strength. He further added that allowing large companies to fail is sometimes unavoidable. Referring to 2017, he recalled that Indian banks were under severe stress, following which the government allowed some of the country's biggest companies to go bankrupt. "This did not make the corporate sector weaker. In fact, it came back much stronger after the cleanup," he added.

Source: *The Times of India, December 27, 2025.*
https://timesofindia.indiatimes.com/business/india-business/india-must-allow-insolvency-and-bankruptcy-to-build-dynamic-risk-taking-economy-pms-economic-advisory-council-member-sanjeev-sanyal/articleshow/126205203.cms

Committee of Creditors (CoC) cannot alter resolution plan after approval, rules NCLAT

Dismissing an appeal filed by Bank of Baroda (BOB) in the matter of Reliance Communications Infrastructure Ltd (RCIL), a two-member bench of the NCLAT held that assenting members of the CoC cannot alter the financial allocation of a resolution plan once the bids have been approved.

"It is true that the CoC with commercial wisdom can take a decision regarding different aspects of the plan, including manner of distribution, but once the commercial wisdom has been exercised by approving the resolution plan in meeting, the modification of the said distribution mechanism, which is impermissible, cannot be saved in the name of commercial wisdom of the CoC," said NCLAT. The Resolution Plan in the present case was approved by the CoC with a 67.97 per cent vote share on August 5, 2021. The BOB voted in favour of the Plan, while IDBI Bank, State Bank of India (SBI), and certain other financial institutions dissented. The Plan was thereafter submitted to the NCLT, Mumbai for approval. Subsequently, BOB moved an application before the NCLT seeking directions to the CoC to convene a meeting to consider reallocation of proceeds under the resolution plan, particularly in respect of the loan to Reliance Bhutan. Pursuant to the NCLT's directions, the CoC met on October 27, 2023, and approved the proposal for reallocation and reassignment relating to Reliance Bhutan, despite objections raised by IDBI Bank and SBI.

Source: *The Hindu Businessline.com, December 26, 2025*.
https://www.thehindubusinessline.com/money-and-banking/coc-cannot-alter-resolution-plan-after-approval-says-nclat/article70440744.ece

Supreme Court invoked Article 142 to appoint a panel to oversee insolvency process of Supertech Realtors

The three-member committee will reportedly oversee the CIRP of real estate major M/s Supertech Realtors Pvt. Ltd., which is embroiled in multiple litigations by homebuyers and others concerning its ambitious Supernova project in Sector 94, Noida. The committee will also discharge the functions of the company's Board of Directors. As per media reports, the committee has been directed to appoint a new developer after inviting proposals and conducting due diligence, with due regard to timelines, track record, experience, and financial viability. The Bench categorically clarified that any developer associated with or related to the corporate debtor or its erstwhile management shall not be permitted to participate in the process.

Source: *Indianexpress.com, December 24, 2025*.
https://indianexpress.com/article/legal-news/member-panel-oversee-insolvency-process-supertech-realtors-completion-supernova-project-10436195/

Statutory dues for periods before the approval of a resolution plan under the IBC stand extinguished: Delhi High Court

Quashing demand cum show cause notices and consequential orders issued by the Goods and Services Tax (GST) Department against the Applicant, the Court upheld that after a resolution plan is approved by the NCLT, no new demands could be raised for pre resolution periods, as creditors, along with government authorities, are bound by the plan. In this case, the Resolution Plan submitted by S.A. Infrastructure Consultants Pvt. Ltd for ERA Infra Engineering Ltd. (Corporate Debtor) was approved by the NCLT on June 11, 2024. During the insolvency process the GST Department submitted a claim of ₹4.02 crore, which was reduced to ₹1.94 crore. However, after approval of the Plan, GST department raised demands for FY 2017-18, FY 2018-19, and FY 2019-20.

Source: *SAGinfotech.com, December 22, 2025*.
https://blog.saginfotech.com/delhi-hc-gst-demand-notices-pre-ibc-statutory-dues-stand-extinguished#

Parliamentary Panel recommended dedicated fast-track insolvency benches

The Parliamentary Standing Committee on Finance has reportedly recommended exploring the creation of dedicated fast-track insolvency benches and increasing the number of NCLT benches to manage the growing caseload under the IBC.

The Committee has warned that persistent delays discourage serious resolution applicants and push stressed firms toward liquidation. It also cited the Reserve Bank of India's view that admission-stage delays could be reduced by mandating timelines and introducing a binding creditor code of conduct to prevent disputes from stalling resolution processes.

Source: *KNN.co.in, December 20, 2025.*
https://knnindia.co.in/news/newsdetails/sectors/legal/parliamentary-committee-calls-for-more-nclt-benches-to-speed-up-ibc-cases

Select Committee Recommends ThreeMonth Time Limit for Insolvency Appeals

The Select Committee of the Lok Sabha on IBC (Amendment) Bill has reportedly submitted its report to the Lok Sabha. According to media reports, the Committee has proposed fixing a three-month time limit for Appellate Tribunal (NCLAT) to decide insolvency appeals.

Besides, it has been recommended that the definition of the term 'service provider' be suitably modified to include 'registered valuer' to the list of entities that are provided under the IBC. The Committee also suggested that to maintain coherence, appropriate references to 'registered valuer' be included where the term service provider is used in the Bill and at all relevant places.

Source: *Newonair.gov.in, December 18, 2025.*
https://www.newsonair.gov.in/ibc-amendment-bill-2025-select-committee-submits-report-to-lok-sabha/

NCLT Approval Not Needed to Appoint Head of Monitoring Committee

The National Company Law Tribunal (NCLT), Mumbai, has recently held that both the Insolvency and Bankruptcy Code, 2016 (IBC) and the CIRP Regulations mandate tribunal approval for the appointment of the chairperson of a monitoring committee. The Tribunal clarified that its role is confined to ensuring that a monitoring committee is constituted for implementation of an approved Resolution Plan. A monitoring committee is typically formed to supervise compliance with and execution of the Resolution Plan by the successful resolution applicant and other stakeholders.

Source: *LiveLaw, December 15, 2025.*
https://www.livelaw.in/ibc-cases/approval-of-tribunal-not-required-to-appoint-monitoring-committee-chair-under-ibc-nclt-mumbai-513270

Time is a Crucial Facet of the IBC Scheme, Reiterates Supreme Court

Dismissing the appeal in M/s. Shri Karshni Alloys Private Limited v. Ramakrishnan Sadasivan (2025), the Supreme Court noted that the appellant had consistently sought adjournments and contributed to delays in the proceedings. The Court observed that the appellant itself had sought an extension of time until 31 May 2022 in its interlocutory application. Since the NCLT passed its order on 29 June 2022, it merely acted in accordance with the appellant's own proposed timeline by directing payment of ₹34.60 crore along with 12% interest from 15 April 2022 by 30 June 2022. It was also observed that the Appellant was engaged in forum shopping by challenging the same order in the NCLAT as well as High Court.

Source*: Verdictum, December 11, 2025.*
https://www.verdictum.in/court-updates/supreme-court/shri-karshni-alloys-private-limited-v-ramakrishnan-sadasivan-2025-insc-1411-ibc-proceedings-1600869

Proceedings under the IBC Cannot be Defeated by a Corporate Debtor's Moonshine Defense, said Supreme Court

The Supreme Court in a recent judgment in M/s. Saraswati Wire and Cable Industries v. Mohammad Moinuddin Khan (2025), made strong observations where a suspended director of the Corporate Debtor (CD) claimed a pre-existing dispute in response to a supplier's demand notice and initially obtained relief from the Appellate Tribunal.

After going through the records, the two judges Bench of the Supreme Court reportedly observed that the defense of pre-existing disputes sought to be raised by the CD was mere moonshine and had no credible basis or foundation. It was observed that at the time

the Technical Director of the CD furnished a reply to the firm's demand notice, a CIRP against the CD had already commenced, and an Interim Resolution Professional (IRP) had assumed management of the company. The Bench also observed that, in such circumstances, the suspended Technical Director had no authority to respond on behalf of the CD. Moreover, it was an admitted fact that even after the firm issued the demand notice under Section 8 of the IBC, the CD continued to make payments, said the Court. "There was no dispute worth the name in existence as on the date of issuance of the demand notice by the firm that could warrant the withholding of the operational debt due and payable by the CD," the Court said. The appeal of the Operational Creditor was allowed.

Source: *Verdictum, December 11, 2025.*
*https://www.verdictum.in/court-updates/supreme-court/ms-saraswati-wire-and-cable-industries-v-mohammad-moinuddin-khan-2025-insc-1410-adjudicating-authority-financial-creditor-sec7-ibc-corporate-debtor-1600833_*

UP RERA issued advisory to homebuyers after NCLT admitted 129 projects into CIRP

According to media reports, 129 projects belonging to 14 real-estate developers under Uttar Pradesh Real Estate Regulatory Authority (UP-RERA) have entered the CIRP between January 2024 and now. With these projects now under the jurisdiction of the NCLT, the UP-RERA has advised homebuyers that the Resolution Professional (RP) is now the only authority through which they can pursue their claims. It has urged all affected allottees to urgently file their claims with the designated IRPs. Once CIRP begins, a moratorium under the IBC comes into force, halting all regulatory, legal, and recovery proceedings. As a result, UP-RERA cannot take up or continue any complaints, enforcement orders, or hearings related to these projects until the moratorium is lifted.

Source: *Z Business, December 05, 2025.*
https://www.zeebiz.com/real-estate/news-up-rera-issues-advisory-for-homebuyers-as-129-projects-move-to-nclt-irps-now-the-only-route-384872I

Delays are mainly due to litigation, the Ministry of Finance stated in a written reply in the Lok Sabha

According to media reports, the Ministry of Finance has informed the Lok Sabha in a written reply that corporate insolvency cases under the Insolvency and Bankruptcy Code, 2016 (IBC) are now taking over 500 days on average, with delays largely driven by litigation in the adjudicatory process. As of end-September 2025, about 1,300 Corporate Insolvency Resolution Processes (CIRPs) that culminated in approved resolution plans took an average of 603 days, excluding time condoned by the Adjudicating Authority. Another 2,896 CIRPs that ended in liquidation required an average of 518 days to conclude. Separately, 1,529 liquidation processes that have closed with the submission of final reports took an average of 668 days, making liquidation the longest stage in the IBC lifecycle. The Finance Ministry attributed these delays primarily to litigation, noting that the IBC is an adjudicatory framework where court challenges frequently extend case timelines. "Delays are mainly on account of litigation," the Ministry stated. The government also highlighted that public sector banks (PSBs) have significantly strengthened their balance sheets, becoming profitable and relying on internal accruals and market capital rather than state-led recapitalization. No capital infusion has been made into PSBs since FY23, said the media report.

Source:*CNBC TV, December 08, 2025.*
https://www.business-standard.com/finance/news/limited-nclt-benches-stall-ibc-cases-delays-threaten-insolvency-resolution-125092201028_1.html

India's Insolvency Regime Upgraded to Group B

According to media reports, S&P Global Ratings has upgraded India's insolvency regime to Group B from Group C, reflecting improved creditor-friendliness and stronger outcomes under the Insolvency and Bankruptcy Code (IBC). The agency reportedly noted that the IBC has significantly strengthened credit discipline by shifting resolution power toward creditors, with promoters now facing the risk of

losing control of their businesses, unlike under earlier regimes. S&P highlighted India's continuing record of successful creditorled resolutions, which has improved both timeliness and recovery rates. Average recoveries have risen to over 30%, compared with 15–20% under the previous framework, while average resolution time for bad loans has fallen to about two years, down from six to eight.

Source: *Financial Express, December 04, 2025.*
https://www.financialexpress.com/business/industry-sampp-upgrades-indias-insolvency-regime-to-group-b-on-stronger-creditor-protection-under-ibc-4065696/

Parliamentary Finance Panel Calls for Immediate, Targeted Measures to Improve IBC Efficiency

The Parliamentary Standing Committee on Finance has noted that systemic challenges continue to limit the IBC's potential. In a report tabled in the Lok Sabha on Tuesday, the committee, observed that despite strengthening creditor confidence and boosting domestic and foreign investment, the IBC still faces persistent bottlenecks that demand urgent intervention. According to media reports, the key issues flagged include delays caused by a shortage of judges, uncertainty regarding the finality of resolution plans, and insufficient accountability of resolution professionals managing distressed companies. To address these gaps, the committee recommended expanding judicial capacity through additional NCLT benches, strengthening oversight of the RPs by empowering the CoC and streamlining disciplinary mechanisms, and ensuring finality of approved plans through clear legislative amendments. It also emphasized the need to remove procedural ambiguities via detailed rules and guidelines. The report urged the Ministry of Corporate Affairs to implement these reforms swiftly, leveraging the IBC Amendment Bill, 2025 to maximize enterprise value, safeguard stakeholder interests, promote financial stability, and reinforce India's position as an attractive business destination. The recommendations come as the government works on overhauling the IBC; a revised bill, currently under review by a Lok Sabha select committee, is expected in the ongoing winter session. Experts noted that the committee's findings highlight the need for stronger practical implementation.

Source: *Livemint, December 02, 2025.*
https://www.livemint.com/news/india/targeted-steps-needed-to-step-up-ibc-efficiency-parliamentary-panel-11764690350330.html

Husband cannot use CIRP to evade Maintenance: HC

The Bombay High Court has ruled that a husband cannot seek the shield of insolvency proceedings to escape his legally mandated obligation to pay maintenance to his wife. The court held that maintenance payments arise from a moral and personal duty and are not a debt that can be dissolved by bankruptcy law. The court dismissed an insolvency petition filed by a Mumbai-based man, Mehul Jagdish Trivedi, who sought to be declared insolvent after failing to pay a monthly maintenance of ₹25,000 to his wife.

Source: *Hindustan Times, November 21, 2025.*
https://www.hindustantimes.com/cities/mumbai-news/husband-cannot-use-insolvency-proceedings-to-evade-paying-maintenance-hc-101763666003252.html

Supreme Court Dismisses Avantha Holdings' Appeal, Clears NTPC's Takeover of Jhabua Power

The Supreme Court has dismissed Avantha Holdings' appeal challenging NTPC's approved resolution plan for the takeover of Jhabua Power, affirming the NCLAT's earlier ruling. The tribunal had held that a promoter group responsible for pushing a company into insolvency cannot indirectly route a competing plan through another entity. NTPC's ₹925-crore proposal for the 600 MW thermal power plant was endorsed by the Committee of Creditors as the only feasible option. With the Supreme Court's refusal to interfere, NTPC's acquisition now stands fully cleared, providing long-awaited certainty for lenders and operational continuity for the distressed asset.

Source: *Economic Times, November 18, 2025.*
https://economictimes.indiatimes.com/news/india/sc-dismisses-avantha-holdingss-appeal-against-ntpcs-resolution-plan-for-takeover-of-jhabua-power/articleshow/125415852.cms?from=mdr

Vedanta and Adani in Race to Acquire JAL Under IBC Resolution

Five resolution plans have been submitted for the debt laden Jaiprakash Associates Ltd (JAL), with proposals from Vedanta Group, Adani Group, Dalmia Bharat Group, Jindal Power, and PNC Infratech currently under consideration by the CoC. According to media reports, Vedanta has submitted the highest overall offer of around ₹16,000 crore, including ₹3,770 crore upfront and the remainder payable over five years. Adani Group has proposed a bid of about ₹13,500 crore, offering a significantly higher upfront payment of ₹6,005 crore, with the balance due after two years. In net present value (NPV) terms, Vedanta leads slightly at ₹12,505 crore compared to Adani's ₹12,050 crore. While Vedanta's total offer is higher, Adani's stronger upfront component may attract lenders seeking quicker recovery.

Source: *CNBC TV, November 11, 2025.*
https://www.cnbctv18.com/market/votin g-underway-5-resolution-plansjaiprakash-associates-adani-offersmore-money-upfront-ws-l-19754884.htm

Justice Ashok Bhushan Re-appointed as NCLAT Chairperson till July 2026

The Central government has approved the reappointment of former Supreme Court judge Justice Ashok Bhushan as Chairperson of the National Company Law Appellate Tribunal (NCLAT), said media reports. According to an order issued on November 7 by the Ministry of Personnel, Public Grievances and Pensions, the Appointments Committee of the Cabinet approved the Ministry of Corporate Affairs' proposal for Justice Bhushan's re-appointment till he attains the age of 70 years on July 4, 2026. He was elevated to the Supreme Court of India on May 13, 2016, and retired on July 4, 2021. Justice Bhushan then assumed charge as Chairperson of the NCLAT on November 8, 2021, where he has presided over key matters involving corporate law, insolvency, and competition. He will now continue in the role until July 2026.

Source: *Bar and Bench, November 07, 2025.*
//www.barandbench.com/news/justice-ashok-bhushan-re-appointed-nclat-chairperson-till-july-2026

Government should assess how the Insolvency and Bankruptcy Code has actually worked in 10 years, said the Supreme Court

According to media reports, during the Aircel–RCom spectrum dispute hearing, the Supreme Court urged the Central Government to reassess whether the Insolvency and Bankruptcy Code meets its objectives as arguments concluded. "How IBC has worked — that assessment. One is that we didn't call it an impact assessment. You have said statute audit. So, you audit the performance of a statute and take a call to what extent it serves the purpose and object of its making," the Supreme Court said. The Court was hearing a dispute regarding the treatment of telecom spectrum held by Aircel and Reliance Communications (RCom) during their insolvency process and has now reserved its judgment. The controversy stems from separate petitions filed by State Bank of India (SBI) and the two bankrupt telecom operators challenging a 2021 decision of the NCLAT. In that ruling, the NCLAT had held that spectrum could only be transferred or sold under a resolution plan after the clearance of all dues owed to the Government, thereby restricting lenders' ability to recover outstanding debts. During the proceedings, the Government opposed the inclusion of spectrum in the insolvency estate, asserting that spectrum is a national asset that remains under state ownership, with telecom operators merely possessing limited rights to use it under license. The Court remarked that if the government believed spectrum could not form part of the insolvency estate, it ought to have cancelled the licences of companies undergoing insolvency, rather than simultaneously filing claims as an operational creditor under the IBC.

Source: *Business Standard, November 13, 2025.*
https://www.business-standard.com/india-news/supreme-court-ibc-assessment-aircel-rcom-spectrum-case-125111302010_1.html

ICAI Submits Recommendations to Parliamentary Panel on IBC Amendment Bill, 2025

An expert committee under the Insolvency and Bankruptcy Board of India (IBBI) has reportedly recommended new rules to prevent duplicate

disciplinary actions against insolvency professionals (IPs). The committee highlighted that both the IBBI and insolvency professional agencies (IPAs) sometimes initiate parallel proceedings for the same violations. To address this, it proposed regular data sharing and periodic review meetings between the IBBI and IPAs to ensure coordinated action and avoid redundancy.

The new norms are expected to make the disciplinary process fairer and more transparent, potentially serving as a model for collaborative regulation within the insolvency ecosystem, said a media report. Currently, both the IBBI and IPAs can initiative disciplinary action against IPs.

Source: *Economic Times, November 06, 2025.*
https://economictimes.indiatimes.c om/news/economy/policy/icaisubmits-suggestions-oninsolvency-law-amendments-toparlpanel/articleshow/125137007.cms ?from=mdr

Karnataka High Court Upholds Employee Rights, Orders ₹13 Lakh Back Wages Despite Employer's Insolvency

The Karnataka High Court has directed a liquidated employer to pay ₹13 lakh plus accrued interest to a dismissed employee, rejecting the employer's liquidation defense. The order emphasizes the employee's right to back wages crystallized with a 2017 tribunal award, preceding the insolvency process. The reinstatement component was dropped as the company no longer functioned, but payment of dues was held unaffected by the employer's insolvency.

Source: *BWPeople, October 27, 2025.*
https://www.bwpeople.in/article/karnataka-hc-orders-payment-ofback-wages-despite-employer-s-insolvency-577094

NCLAT Allows Inclusion of Late-Filed Homebuyers' Claims in Resolution Plan

The National Company Law Appellate Tribunal (NCLAT) has directed that 20 homebuyers who submitted their claims late in the insolvency proceedings of Today Homes Noida be included in the resolution plan. The tribunal overturned the earlier decision of the NCLT, which had dismissed the claims as "time-barred." The NCLAT ordered the successful resolution applicant to issue an addendum within 30 days and to treat these homebuyers on par with other allottees in the same class. The Ridge Residency project, developed by Today Homes in Noida's Sector 135, remains incomplete. The tribunal emphasized that the Committee of Creditors' (CoC) approval cannot override genuine buyer claims merely because they were filed belatedly.

Source: *Times of India, October 25, 2025.*
https://timesofindia.indiatimes.com/city/noida/nclat-includes-late-buyers-claimsin-today-homesplan/articleshow/124793722.cms

Bombay High Court Clarifies: Courts Cannot Compel Banks to Alter Loan Terms or Offer One-Time Settlement Benefits

In a significant judgment reaffirming the commercial autonomy of financial institutions, the Nagpur Bench of the Bombay High Court held that courts cannot compel banks or financial institutions to alter the terms of a loan agreement or grant One-Time Settlement (OTS) benefits to borrowers or guarantors. The ruling stemmed from a petition filed by a director and guarantor of a company that had availed a ₹62-crore loan, wherein the petitioner sought judicial intervention after the bank declined to extend OTS relief. The Court categorically observed that such reliefs lie strictly within the domain of the bank's commercial discretion and cannot be mandated through a writ of mandamus under Article 226 of the Constitution. Financial institutions, the bench noted, function within established regulatory frameworks, and their decisions are informed by policy considerations, risk assessments, and contractual commitments. Judicial intervention in these matters, it cautioned, would disrupt financial discipline and introduce uncertainty into credit markets. The judgment further emphasized that the contractual relationship between lenders and borrowers cannot be rewritten by judicial order unless there is clear evidence of mala fides, procedural irregularity, or violation of statutory provisions. It warned that allowing courts to compel OTS concessions would set

a dangerous precedent, encourage strategic defaults and undermine the stability of the banking system. The ruling thus reaffirms banks' commercial autonomy in recovery and settlement decisions.

Source: *Times of India, October 23, 2025.*
https://timesofindia.indiatimes.com/city/nagpur/courts-cant-force-banks-to-alter-loan-terms-or-grant-ots-benefits-bombay-hc/articleshow/124747273.cms

Government to Introduce Dedicated Insolvency Framework for Urban Local Bodies and Municipal Corporations

The government is preparing a dedicated insolvency framework for urban local bodies (ULBs) and municipal corporations as part of broader reforms under the Insolvency and Bankruptcy Board of India (IBBI) amendments. The new law aims to give lenders clearer confidence and encourage financing for city infrastructure by creating a structured debt-resolution process tailored for municipalities. Many ULBs face weak revenues and high administrative costs, making access to capital markets difficult. A bespoke insolvency mechanism is expected to unlock funding, improve fiscal discipline and support capital investment in urban services.

Source: *Financial Express, October 21, 2025.*
https://www.financialexpress.com/india-news/insolvency-law-for-urban-bodies-in-the-works/4017457/

NCLAT Recognizes Kolkata Municipal Corporation as Secured Creditor, Allows Recovery of ₹51.72 L Property-Tax Dues

The National Company Law Appellate Tribunal (NCLAT) has ruled in favour of the Kolkata Municipal Corporation (KMC), declaring that its claim for unpaid property tax of ₹51.72 lakh against Talwalkars Better Value Fitness Ltd must be treated as a secured debt. The bench held that the statutory charge constitutes a "security interest" under the Insolvency and Bankruptcy Code, 2016 (IBC), and thus KMC qualifies as a secured creditor, rather than being relegated to the status of a government-dues operational creditor. The decision amended a previous order by the National Company Law Tribunal (NCLT), and as a result, KMC may recover its dues from the corporate debtor's property located within its municipal limits.

Source: *Millennium Post, October 27, 2025.*
https://www.millenniumpost.in/bengal/nclat-allows-kmc-to-recover-rs-52l-property-tax-dues-632823

NCLT Approves Reliance Retail's Resolution Plan for Future Supply Chain Solutions

Marking another milestone in the retail insolvency landscape, the National Company Law Tribunal (NCLT), Mumbai Bench, has approved the Resolution Plan submitted by Reliance Retail Ventures Ltd (RRVL) for the acquisition of Future Supply Chain Solutions Ltd (FSCSL) under the Insolvency and Bankruptcy Code, 2016. The Tribunal noted that the plan met all the requirements under Section 30(2) of the Code and had received overwhelming approval from the Committee of Creditors (CoC).

The approved Plan provides for the takeover of FSCSL as a going concern, ensuring continuity of business operations and better realization for creditors compared to liquidation. As per the details presented by the Resolution Professional, financial creditors are expected to recover around 25–30% of their admitted claims, while operational creditors will receive payouts in accordance with the statutory priority waterfall. The total admitted claims stood at ₹155.16 crore, with the liquidation value estimated at ₹133.35 crore and the approved plan valued at ₹171.38 crore.

The NCLT's decision underscores the Code's emphasis on value maximization through competitive bidding and going-concern sales, reflecting a maturing insolvency ecosystem.

Source: *Business Standard, October 19, 2025.*
https://www.business-standard.com/industry/news/nclt-clears-reliance-retail-s-takeover-plan-for-future-supply-chain-125101900640_1.html

International Development on Insolvency Law From Around the World

Saks Global to file Chapter 11 bankruptcy

USA based Saks Global, parent of high-end department store chain Saks Fifth Avenue, is reportedly facing limited options ahead of a more than $100 million debt payment due at the end of this month. The company is exploring ways to boost cash, including raising emergency funds or selling assets. According to media reports, some Saks lenders have recently held confidential talks to assess the company's cash needs, focusing on a potential debtor-in-possession loan, a form of bankruptcy funding. Saks Global has also been facing challenges in lifting demand in the U.S. due to rising inflationary pressures.

Source:*https://www.reuters.com/business/saks-global-is-considering-bankruptcy-last-resort-bloomberg-news-reports-2025-12-22/*

US Court Rejects 'Insider Bid' for Genesis Healthcare, Orders Fresh Auction

The judge reportedly rejected the "insider bid" on the ground that it would have left the same ownership group in control after the company's bankruptcy. Genesis Healthcare is now preparing for a fresh auction of its 175 long-term nursing homes in January. Genesis, which operates 175 skilled nursing facilities and assisted living facilities in 18 U.S. states, filed for bankruptcy on July 9 with over $2.3 billion in debt. The company said it was struggling because of high debt racked up during a period of expansion and acquisition, difficulty in retaining nursing staff, and a growing number of lawsuits over the quality of healthcare at its facilities. The company is facing more than 200 lawsuits alleging malpractice, wrongful death or other injury.

Source:*https://www.reuters.com/legal/litigation/bankrupt-genesis-restarts-nursing-home-auction-after-insider-bid-fails-2025-12-17/*

USA Based Roomba Maker iRobot Files For Bankruptcy, Pursues Manufacturer Buyout

iRobot the maker of the Roomba vacuum cleaner, has reportedly filed for bankruptcy protection, saying that it would go private after being bought by Picea Robotics, its primary manufacturer. The company, which raised concerns about staying in business in March, filed for Chapter 11 protection in Delaware bankruptcy court as it grapples with increased competition from lower-priced rivals and new U.S. tariffs. It generated about $682 million in total revenue in 2024, but profits eroded by competition from Chinese rivals. However, the company said the bankruptcy is not expected to disrupt its app functionality, customer programs, global partners, supply chain relationships or product support.

For More Details, Please Visit: *https://www.reuters.com/technology/irobot-enters-chapter-11-lender-acquire-roomba-maker-2025-12-15/*

German Corporate Bankruptcies To Surge To A Decade High In 2025: Report

German corporate insolvencies are reportedly projected to hit their highest level in more than a

decade this year as the nation grapples with a stubborn economic downturn. Approximately 23,900 companies are expected to file for bankruptcy in 2025, an 8.3% increase from 2024 and the highest figure since 2014, said credit agency Creditreform in its recent report. While that growth would be slower than in previous years, the rising numbers underscore deep-seated challenges facing German businesses following two years of economic contraction. Many businesses are heavily indebted, struggle to obtain new loans, and are battling structural burdens, said media reports**.**

For More Details, Please Visit: *https://www.reuters.com/business/german-corporate-bankruptcies-surge-decade-high-2025-2025-12-08/*

EU Agrees to Harmonise Insolvency Laws Across Member to Boost Cross-Border Investment

The European Union has reached a provisional agreement to harmonise corporate insolvency laws across its 27 member states, aiming to simplify and unify bankruptcy procedures. The directive mandates common rules on prevention of asset concealment (avoidance actions), asset tracing, pre-pack style business sales, and streamlined access for insolvency practitioners to bank registers and ownership databases. Directors will be required to file for insolvency within three months of detecting financial distress, unless protective measures are taken.

For More Details, Please Visit: *https://www.reuters.com/business/finance/eu-agrees-harmonise-eu-insolvency-laws-enhance-cross-border-investments-capital-2025-11-20/*

Brazil's Central Bank Orders Extrajudicial Liquidation of Banco Master After Fraud Probe

Brazil's central bank has ordered the extrajudicial liquidation of Banco Master, halting its operations amid a sweeping federal police investigation into fraudulent credit securities. The regulator has appointed a liquidator to manage the bank's assets and process creditor claims. The crackdown follows the arrest of Banco Master's controlling shareholder, Daniel Vorcaro, as authorities scrutinise the bank's high-yield lending strategy. The bank had aggressively issued risky debt via investment platforms and reportedly faced severe liquidity issues. The move underscores deep regulatory concerns about its funding model and balance-sheet transparency.

For More Details, Please Visit: *https://www.reuters.com/business/brazils-central-bank-orders-extrajudicial-liquidation-banco-master-2025-11-18/*

German Court Rejects Shareholders' Bid for more of Wirecard Insolvency Spoils

A German high court rejected a claim from shareholders in defunct payments company – Wirecard who were seeking a bigger share of its remaining assets. The company collapsed in 2022 in the country's biggest post-war fraud after conceding that 1.9 billion euros ($2.22 billion) it had booked in its accounts likely never existed. Some 50,000 shareholders, foremost among them Union Investment, argued that since they themselves were victims of fraud by the company they should rank alongside creditors in insolvency proceedings, rather than in last place as is ordinarily the case**.**

For More Details, Please Visit: *https://www.reuters.com/business/german-court-rejects-shareholders-bid-more-wirecard-insolvency-spoils-2025-11-13/*

Italian Toymaker Giochi Preziosi SpA Secures Court Protection Against Former Advisor's Insolvency Application

Giochi Preziosi SpA has secured a legal reprieve after a Milan tribunal granted it protection from a bankruptcy filing initiated by its former financial adviser. The court has given the toymaker a 60-day period to submit a comprehensive restructuring plan, following the adviser's attempt to trigger insolvency proceedings. This protection shields the company from creditor claims during the interim period. The ruling highlights the growing use of court-backed safeguards by firms confronting aggressive creditor actions amid

ongoing uncertainty in Europe's toy industry.

For More Details, Please Visit: *https://www.bloomberg.com/news/articles/2025-11-06/toymaker-wins-court-protection-from-ex-advisor-s-insolvency-bid*

Major U.S. Candy Company Files for Chapter 11 Bankruptcy Just One Week Before Halloween

CandyWarehouse.com, Inc., an online candy retailer based in Texas, filed for Chapter 11 bankruptcy on October 24, 2025, just a week before Halloween, one of the biggest candy-selling days of the year. The company cited shifting consumer preferences, rising costs and weak sales as factors in its decision to reorganize rather than continue business. Industry observers note that the timing underscores broader challenges facing specialty retailers amid inflation and changing online shopping habits.

For More Details, Please Visit: *https://timesofindia.indiatimes.com/business/international-business/sugar-crash-us-candy-retailer-candywarehouse-com-goes-bankrupt-weeks-before-halloween/articleshow/124874529.cms*

Iran's Ayandeh Bank declared Bankrupt as sanctions hit, Economy faces deeper banking crisis

Iran has declared one of its largest private lenders, Ayandeh Bank, bankrupt and transferred its assets to the state-owned Bank Melli, as crippling global sanctions and internal mismanagement squeeze the financial system. The bank had accumulated losses of around US$5.2 billion and debts of roughly US$2.9 billion. The move highlights structural fragility in Iran's banking sector and signals heightened risk of further lender failures unless oversight and sanctionsrelief improve.

For More Details, Please Visit: *https://www.theweek.in/news/middle-east/2025/10/25/iranayandeh-bank-declared-bankrupt-global-sanctions-choke-economy-5-other-banks-grappling-with-baddebts.html*

Las Vegas Virtual Arcade Electric Playhouse Files For Bankruptcy Within One Year of Operations

Electric Playhouse, a 10,000-square-foot virtual arcade and dining experience at Caesars Palace, Las Vegas, has filed for bankruptcy just a year after opening. Known for its interactive games controlled by body movements instead of controllers, the venue faced eviction threats and millions in unpaid claims. Court filings show assets between $1 million and $10 million, with unsecured creditors unlikely to recover. The company had launched its first location in Albuquerque in 2021 before expanding to the Las Vegas Strip, attracting tourists and gaming enthusiasts nationwide. The bankruptcy reflects a broader downturn in the industry as it returns to normal after a post-pandemic spike, though many businesses remain optimistic.

For More Details, Please Visit: *https://www.livemint.com/companies/news/massive-virtualarcade-on-the-las-vegas-strip-files-for-bankruptcy-after-just-one-year-in-business-11761086152969.html*

Study Group Report on Taxation and Company Law Compliances Under IBC - Best Practices

1. Executive Summary

The Insolvency and Bankruptcy Code, 2016 (the 'Code') has fundamentally reshaped India's corporate distress resolution landscape. At the heart of this framework is the Insolvency Professional (IP), who is tasked with the monumental responsibility of navigating a company through the Corporate Insolvency Resolution Process (CIRP) or Liquidation. While the Code empowers the IP, it also mandates strict adherence to all other applicable laws, creating a complex and often conflicting compliance environment.

This report, prepared by the Study Group constituted by the Indian Institute of Insolvency Professionals of ICAI (IIIPI), is the culmination of extensive research, stakeholder consultations, and an analysis of judicial precedents. It identifies the critical challenges faced by IPs across five key domains—Companies Act & SEBI Regulations, Income Tax, GST & Customs, Labour Laws, and Accounting & Auditing Standards—and proposes a clear framework of best practices and targeted legislative reforms to address them.

Key Findings: The Core Challenges

The Study Group's analysis reveals a consistent pattern of systemic friction, legal ambiguity, and procedural hurdles that impede the efficiency of the insolvency process:

1. **Corporate & Securities Law:** The suspension of the Board of Directors creates a governance vacuum, making it impossible to comply with statutory requirements like holding Annual General Meetings (AGMs) and obtaining necessary approvals under the Companies Act, 2013.The existing MCA and SEBI filing portals are not designed for an IP-led governance structure, leading to significant procedural delays.
2. **Income Tax**: There is profound uncertainty regarding the taxability of transactions core to any resolution, such as the waiver of debt and the transfer of assets at distressed values. The risk of these transactions attracting significant tax liabilities (including Minimum Alternate Tax) on notional gains serves as a major deterrent to potential resolution applicants and erodes the value of the resolution.
3. **GST & Customs**: The GST framework's rigidity poses significant challenges, including the potential for forced reversal of Input Tax Credit (ITC) due to non-payment of pre-CIRP dues, the denial of ITC to innocent customers of the insolvent entity, and procedural difficulties in managing GST registrations and refunds during the CIRP.
4. **Labour Laws:** While the Code protects the principal amounts of employee welfare dues like Provident Fund and Gratuity, significant ambiguity persists regarding the priority and treatment of interest and penalties on these dues. This, coupled with the challenges of managing ongoing contributions and terminal benefits, creates legal uncertainty and potential for inequitable treatment of creditors.
5. **Accounting & Auditing:** There is a complete absence of a dedicated accounting or auditing framework for insolvent companies in India. IPs and auditors are forced to apply traditional "going concern" principles to entities that are clearly not going concerns, leading to a disconnect between the financial statements and the economic reality, and a lack of transparent, comparable reporting.

Recommended Best Practices for Insolvency Professionals

To navigate these complexities, the report puts forth a comprehensive framework of Best Practices and Standard Operating Procedures (SOPs) for IPs. These practices emphasize a proactive and diligent approach, starting from Day 1 with the immediate securing of all corporate records and digital assets. The SOPs guide IPs in maintaining continuous and transparent communication with all regulatory bodies, ensuring current statutory compliances (such as TDS, GST, and PF deposits) are met as CIRP costs, and strategically structuring resolution plans to be tax-efficient and compliant. This framework is designed to mitigate risks, enhance transparency, and provide a clear roadmap for IPs to manage the corporate debtor's affairs in a legally compliant manner.

Summary of Key Recommendations

To address these challenges and create a more harmonised and efficient ecosystem, this report puts forth the following critical recommendations for consideration by the Government and relevant regulatory bodies:

1. **Legislative Amendments for Tax Neutrality:**

- Amend the Income Tax Act to provide explicit exemptions for transactions undertaken pursuant to an approved resolution plan. This includes exempting debt waivers from being taxed as income, providing a safe harbour from deeming provisions on undervalued asset transfers (Sec 56(2)(x), 50CA, etc.), and providing complete relief from MAT on notional profits arising from such transactions.
- Amend the tax law to protect innocent employees and customers from the double burden of undeposited TDS.

2. **Harmonisation of GST and Labour Laws with IBC:**

- Amend GST law to protect businesses from the denial or reversal of ITC due to the insolvency of a counterparty and codify the special procedures for GST compliance during CIRP.
- Amend the IBC to clarify that only the principal amount of PF/ Gratuity dues are excluded from the liquidation estate, with interest and penalties being treated as operational debt, ensuring fairness to all creditors.

3. **Streamlining Corporate Law Compliances:**

   Issue formal notifications under the Companies Act to exempt companies in CIRP from the requirement of holding AGMs and create a fast-track process for all corporate filings and actions required to implement a resolution plan.

4. **Introduction of an Insolvency Accounting Framework:**

   The Institute of Chartered Accountants of India (ICAI) and the National Financial Reporting Authority (NFRA) should be directed to issue a specific Guidance Note or a new Accounting Standard for companies under insolvency, addressing the "going concern" dilemma and mandating clear, insolvency-specific disclosures.

5. **Strengthening the IBC Framework:**

   Amend the Code itself to provide a clearer definition of the scope of the moratorium to include all statutory proceedings, and to legislatively settle the priority of statutory dues to prevent conflicting judicial interpretations.

By implementing these recommendations, the Government can significantly reduce legal uncertainty, lower the cost and time involved in the insolvency process, and create a more predictable and equitable environment. This will not only empower Insolvency Professionals to perform their duties more effectively but will also enhance investor confidence and ultimately strengthen the objectives of the Insolvency and Bankruptcy Code.

2. Introduction

2.1.Background

The Insolvency and Bankruptcy Code, 2016 (the 'Code') represents a paradigm shift in the economic legislation of India, aimed at consolidating the legal framework for the time-bound resolution of insolvency and bankruptcy. A critical pillar of this framework is the Insolvency Professional (IP), who assumes the role of a resolution professional (RP) or liquidator, steering the corporate debtor through the intricate processes of revival or liquidation. Recognising the multifarious and often onerous responsibilities cast upon IPs, the Indian Institute of Insolvency Professionals of ICAI (IIIPI), the nation's first and largest professional body of IPs, has been at the forefront of capacity building and knowledge dissemination. In furtherance of this objective, and acknowledging the persistent challenges faced by IPs in navigating the complex web of statutory compliances, the IIIPI constituted this Study Group on 'Taxation and Company law compliances under IBC – Best Practices' . This report is the culmination of the Study Group's extensive research and deliberations.

2.2. The Compliance Challenge under the IBC

An IP, upon appointment, steps into the shoes of the management of the corporate debtor, with the powers of the Board of Directors vesting in them. They are tasked not only with preserving the assets of the corporate debtor and managing it as a going concern but also with ensuring compliance with all applicable laws. This duty is non-negotiable and is expressly mandated by the Code and the regulations framed thereunder. However, the practical discharge of this duty is fraught with significant challenges. The IP must interface with a multitude of statutory authorities governing direct and indirect taxes, corporate law, securities law, and labour laws. Each of these statutes has its own set of compliance requirements, which often do not seamlessly integrate with the unique circumstances of a company undergoing insolvency. This creates a landscape of legal ambiguity, procedural friction, and systemic hurdles that can impede the primary objective of the Code—the timely and effective resolution of corporate distress. This report addresses this fundamental compliance challenge.

2.3. Objectives and Scope of the Report

The primary objective of this report is to identify the challenges faced by IPs during the Corporate Insolvency Resolution Process (CIRP) and Liquidation, and to recommend a clear and actionable framework of best practices. The scope of the Study Group's work encompasses the following key areas of compliance:

- Compliances under the Companies Act, 2013, and SEBI Regulations
- Compliances under the Income Tax Act, 1961
- Compliances under GST and Customs Laws
- Compliances under key Labour Laws
- Compliances related to Accounting & Auditing Standards

In addition to recommending best practices for IPs, this report also puts forth specific, well-reasoned proposals for legislative and regulatory amendments aimed at creating a more harmonised and efficient compliance ecosystem for companies under insolvency.

2.4. Methodology of the Study

The findings and recommendations contained in this report are the result of a comprehensive and multi-pronged research methodology undertaken by the Study Group. The process involved:

- Extensive Deliberations: The members of the Study Group held numerous meetings to deliberate on the practical challenges and legal ambiguities faced in each area of compliance.
- Stakeholder Consultation: A detailed questionnaire

was formulated in a Google Form and circulated by IIIPI to a wide base of Insolvency Professionals across India. The extensive feedback and real-world concerns received were systematically collated and analysed.

- Evaluation of Case Studies: The Group evaluated numerous case studies of companies that have undergone CIRP and liquidation to understand the practical application of the laws and the specific hurdles encountered.
- Interpretation of Judicial Pronouncements: The report is informed by a thorough analysis of relevant judgments from the Hon'ble Supreme Court, various High Courts, the National Company Law Appellate Tribunal (NCLAT), and the National Company Law Tribunal (NCLT), which have shaped the jurisprudence on the interplay between the IBC and other statutes.
- Review of Existing Literature: The Study Group also reviewed existing research papers, articles, and regulatory circulars on the subject to ensure a comprehensive understanding of the issues.

This rigorous methodology ensures that the report is grounded in both legal scholarship and the extensive practical experience of insolvency professionals operating in the field.

3. The IP's Statutory Imperative for Compliance

Upon the commencement of a Corporate Insolvency Resolution Process (CIRP), a fundamental shift occurs in the governance of the corporate debtor. The powers of its board of directors are suspended, and the management of its affairs vests entirely in the hands of the appointed Interim Resolution Professional (IRP) or Resolution Professional (RP), hereinafter collectively referred to as the Insolvency Professional (IP). In this capacity, the IP assumes a role that is, de facto, that of a chief executive officer and, de jure, that of a trustee for all stakeholders. This transition is not merely a change in management but the imposition of a comprehensive statutory duty upon the IP to navigate the corporate debtor through the complexities of the Insolvency and Bankruptcy Code, 2016 (the 'Code').

A central, and often onerous, aspect of this responsibility is the unwavering duty to ensure that the corporate debtor, under the stewardship of the IP, adheres to all applicable laws of the land. This duty is not ancillary; it is a core tenet of the IP's role, mandated expressly by the Code and the regulations framed thereunder. The legislative intent is clear: the insolvency process, while providing a moratorium and a pathway to resolution, does not create a law-free zone. The corporate debtor remains an entity subject to its legal and statutory obligations, and the responsibility for ensuring compliance is unequivocally placed upon the IP.

This statutory imperative is primarily enshrined in the following provisions:

1. Section 25 of the Insolvency and Bankruptcy Code, 2016: This section outlines the duties of the Resolution Professional.

- Section 25(1) stipulates that, "It shall be the duty of the resolution professional to preserve and protect the assets of the corporate debtor, including the continued business operations of the corporate debtor." The preservation of a business as a "going concern" inherently includes ensuring its operations are lawful and compliant with all statutory requirements.
- Section 25(2)(b) further mandates that the RP shall, for the purposes of managing the operations of the corporate debtor, "represent and act on behalf of the corporate debtor with third parties, exercise rights for the benefit of the corporate debtor in judicial, quasi-judicial or arbitration proceedings." This duty extends to representing the corporate debtor before all statutory and regulatory authorities, such as the Income Tax Department, GST authorities, the Registrar of Companies, and others.

2. IBBI (Insolvency Professionals) Regulations, 2016: The Code of Conduct, detailed in the First Schedule to these regulations, further crystallizes this responsibility.

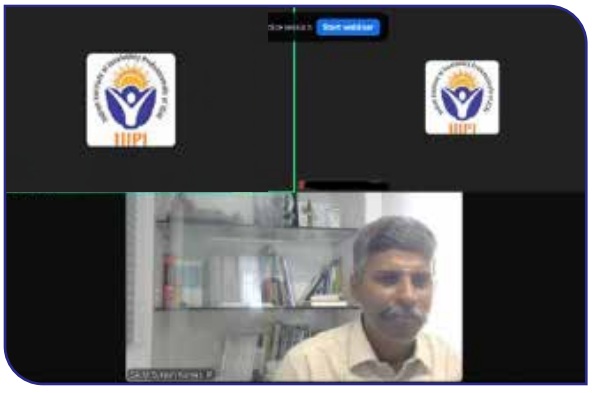
- Clause 27A of the First Schedule to the IBBI (Insolvency Professionals) Regulations, 2016 imposes a direct obligation on the IP, stating, "An insolvency professional shall, while undertaking any assignment or conducting any process under the Code, exercise reasonable care and diligence and take all necessary steps to ensure that the entity is in compliance with the applicable laws."
- Clause 27B reinforces this duty by introducing a pecuniary consequence for non-compliance. It provides that an IP cannot include any loss or penalty incurred on account of non-compliance with any applicable law in the insolvency resolution process cost or liquidation cost. This effectively means that the financial burden of non-compliance may fall upon the IP, underscoring the gravity of this duty.

Therefore, the legal framework establishes an unambiguous mandate. The IP is not merely an administrator of assets but a custodian of the corporate debtor's legal integrity. This statutory imperative forms the critical backdrop against which the challenges of compliance under various laws—including the Companies Act, taxation statutes, and labour laws—must be analysed. The subsequent sections of this report delve into the specific practical and legal impediments faced by IPs in discharging this fundamental duty.

(to be continued…)

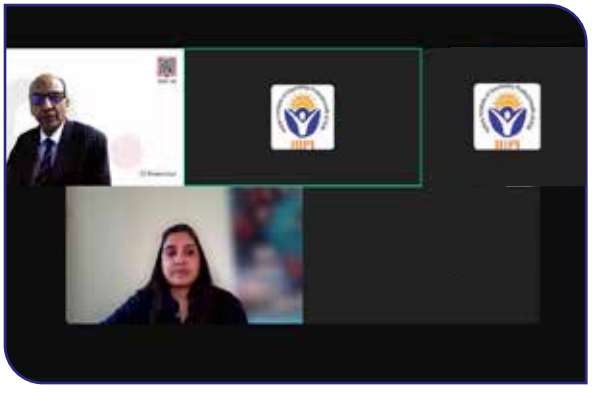
IIIPI News

One-Day Virtual Workshop on "Avoidance/PUFE Forensics under IBC" organized by IIIPI on 25th October 2025.



Webinar on "Interface with Corporate and Taxation Laws" organized by IIIPI on 30th October 2025

One Day Virtual Workshop on "Legal Skills, Pleadings and Court Processes under IBC" organized by IIIPI on November 08, 2025.



Webinar on "Maximizing Value under CIRP & Liquidation" organized by IIIPI on 14th November 2025.

Webinar on "IBBI FAQs on Grey Areas" organized by IIIPI on 21st November 2025

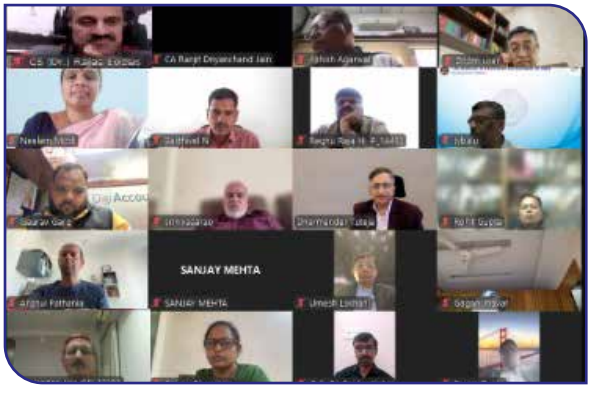
Webinar on "PG to CD- Insolvency Process- Best Practices" organized by IIIPI on 28th November 2025

IIIPI News

18th Batch of EDP (For IPs) on "Mastering Avoidance/PUFE Forensics Under IBC" (Online) conducted by IIIPI from 3rd to 5th December 2025

Webinar on "IBC Amendment Bill -2025" conducted by IIIPI on 05th December 2025.

Webinar on "Role of Technology & Infrastructure for IPs" conducted by IIIPI on 26th December 2025.

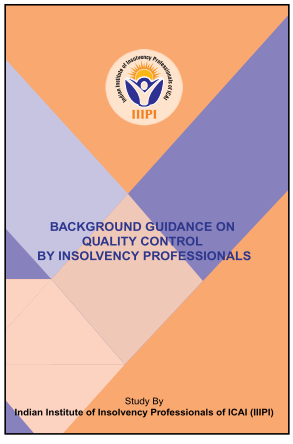


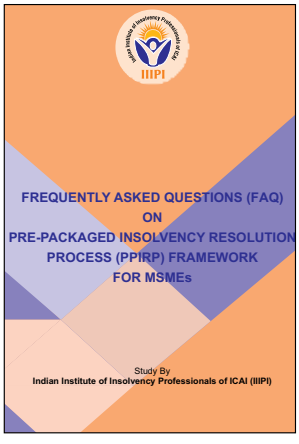
One day virtual workshop on "Managing Corporate Debtors as Going Concern under CIRP" conducted by IIIPI on 20th December 2025.

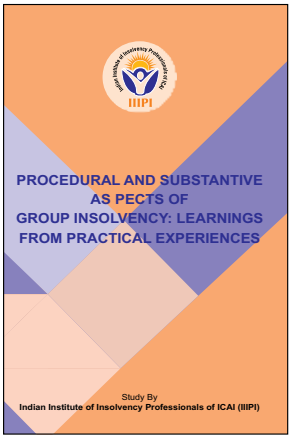
Three-day physical workshop conducted by IIIPI in Mumbai, 12–14 December 2025.

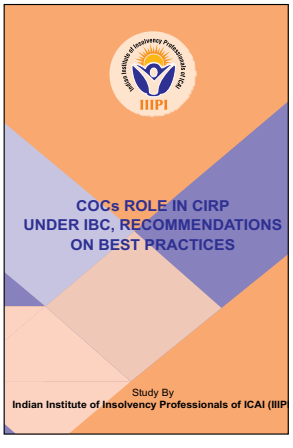
IIIPI PUBLICATIONS

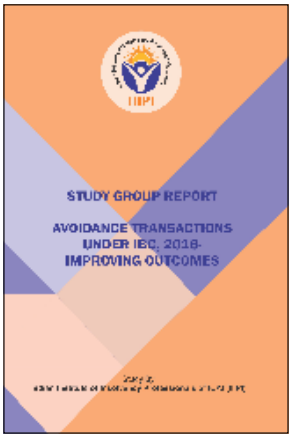
IIIPI has published several research publications based on the Reports submitted by various Study Groups. The Study Reports of some other Study Groups are under process. The soft copies (downloadable PDF) of all these publications are available on IIIPI website (https://www.iiipicai.in/publications/).

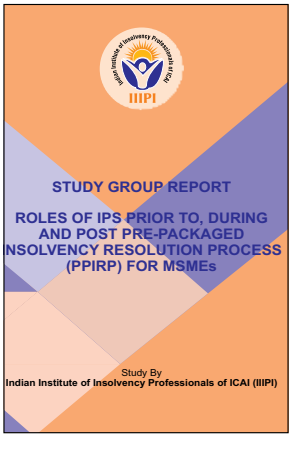


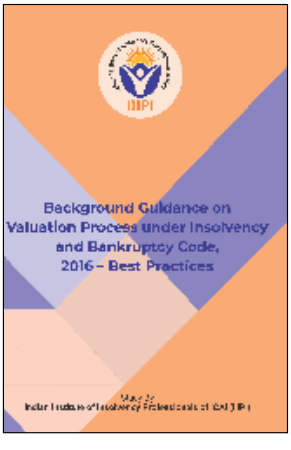


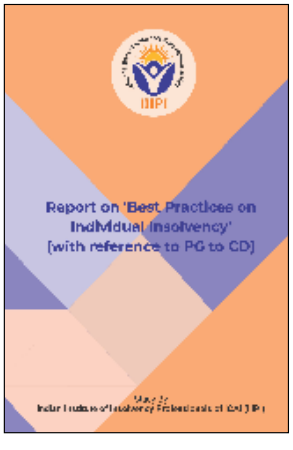


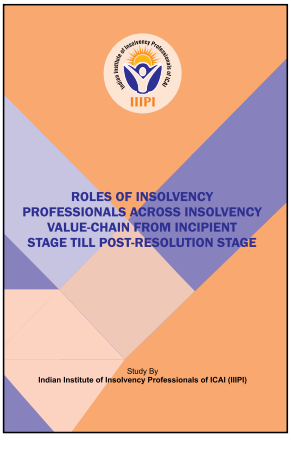


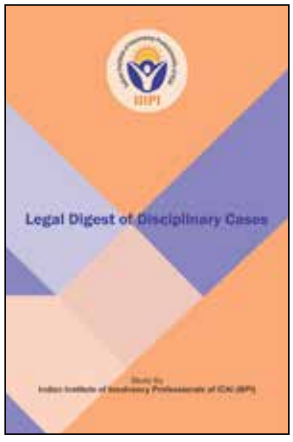


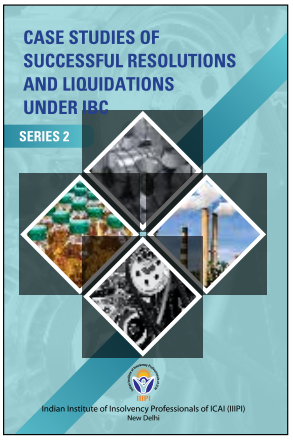












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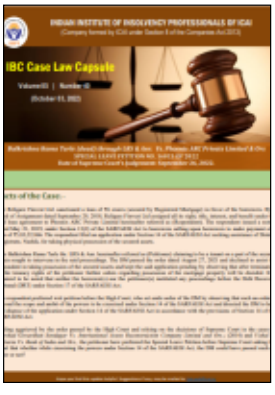

IIIPI Newsletter

Press Release

IICA launches registration for 8th batch of Post Graduate Insolvency Programme; signs MoU with IIIP-ICAI

Signing of the MoU to help in strenghening the insolvency ecosystem in the country: Gyaneshwar Kumar Singh, DG & CEO, IICA

The Indian Institute of Corporate Affairs (IICA), under the aegis of the Ministry of Corporate Affairs, Government of India, marked two significant milestones recently. Starting with the formal opening of registrations for the 8th Batch of the Post Graduate Insolvency Programme (PGIP) on 15th January 2026; the institute also signed a Memorandum of Understanding (MoU) with the Indian Institute of Insolvency Professionals of ICAI (IIIP–ICAI).

The event witnessed the presence of senior officials of IICA, faculty members, students and key stakeholders like IBPS, the examination partner for PGIP.

Gyaneshwar Kumar Singh, Director General & CEO, IICA, emphasized that PGIP has emerged as a flagship national programme for developing competent and ethical insolvency professionals, aligned with the evolving requirements of India's insolvency framework. He also highlighted that the signing of the MoU, reflect strong commitment of both the institutions towards academic excellence, institutional collaboration, and strengthening the insolvency ecosystem in the country.

The MoU aims to foster collaboration in areas such as academic exchange, capacity building, research, training programmes, and knowledge sharing in the field of insolvency and bankruptcy.

Speaking on the occasion, CA. Rahul Madan, Managing Director of the Indian Institute of Insolvency Professionals of ICAI highlighted the continuing association with IICA's PGIP, underscoring the institute's role in ensuring a robust, transparent, and credible examination and assessment process.

He reaffirmed his institute's commitment in supporting PGIP as it continues to grow in scale and national importance. He emphasized that front line regulator, IIIP-ICAI will be in vantage position to share the modules on Limited Insolvency Test and PREC like preparation to the students.

Dr. Ashok Kumar Mishra, Chairman & Director, IIIP–ICAI, underscored the critical importance of institutional collaboration in strengthening India's insolvency ecosystem. He emphasized that such an intense collaboration is essential for developing well-trained insolvency professionals aligned with global best practices.

Source: *Press Release, Ministry of Corporate Affairs. Posted On: 16 JAN 2026 3:10PM by PIB Delhi / (Release ID: 2215275)*

Help Us to Serve You Better

Guidance on Common Issues Observed by IIIPI During Monitoring/ Inspections of IPs

PART II (LIQUIDATION)

(...Continue from the previous edition)

2.1. Observations related to Public Announcements:

Observations	Relevant Provisions of Law	Remarks
i. Delay in Public announcement was observed. ii. Despite direction from AA to publish public announcement in specific newspaper, IP published in some other newspaper. iii. Public announcement not made in two newspapers	• Regulation 12 of IBBI (Liquidation)Regulations 2016	i. Delays in making public announcements and disregarding directives from the Adjudicating Authority (AA) regarding publication hold both procedural and substantive implications. ***ii.*** ***<u>Substantively,</u>*** delayed public announcements undermine transparency and hinder creditors' ability to assert their claims promptly, thus jeopardizing their recovery prospects. Moreover, prolonged uncertainty may deter potential investors or buyers, further complicating the liquidation process. iii. IP should ensure timely public announcement. The IP should publish corrigendum in case any correction is required in the Public Announcement as the incomplete public announcement leads to substantial lapse

2.2 Observations related to Claim Verification & Distribution u/s 53 of the Code:

Observations	Relevant Provisions of Law	Remarks
i. Claims not verified within timeline. ii. IP did not intimate the reasons in writing for rejection or partial admission of claim amount to the claimants. iii. List of stakeholders not filed on the IBBI website. iv. Non-maintenance of calculation/verification sheets of claims admitted. v. Verification of claim without verification of security interest. vi. No Intimation received on the decision for relinquishment of security interest within 30 days of the Liquidation Commencement date. Also, the same was not considered as part of the Liquidation estate by the Liquidator.	• Section 40(2) of the Code • Regulation 31 of IBBI (Liquidation) Regulations, 2016	i. Procedurally, delays in verifying claims within the mandated timeline create uncertainty and delays the entire process. Furthermore, wherein the insolvency professionals (IPs) did not provide written reasons for rejecting or partially admitting claims undermines transparency and procedural fairness, potentially leading to disputes and litigation. The non-filing of stakeholder lists on the Insolvency and Bankruptcy Board of India (IBBI) website exacerbates transparency concerns, impeding Stakeholders' ability to access critical information. ***ii.*** ***Substantively,*** the absence of calculation/verification sheets for admitted claims and the verification of claims without verifying security interests compromise the accuracy and integrity of the liquidation process, jeopardizing creditor recovery. iii. The IP is expected to verify the claim and maintain transparency in the process by intimating/ communicating with the claimant along with reasons for non/partial admission of claim and maintain contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions. iv. IP shall maintain all documents wrt verification of all claims.

2.3 Observations related to Stakeholders Consultation Committee:

Observations	Relevant Provisions of Law	Remarks
i. SCC not formed within the timeline stipulated. ii. The procedure and gaps in notices for SCC meetings and sharing of minutes are like as highlighted in observations under CIRP Point 1.5 of this document. iii. The Liquidator did not seek advice from the SCC on matters related to the Auction process, Reserve Price and acceptance of EOI after the last date. iv. Liquidator did not seek a confidential undertaking before sharing the progress reports with the members of the Stakeholders'Consultation Committee (SCC). v. Liquidator did not maintain proper written contemporaneous records reflecting the reason for liquidator taking a decision different than the advice of SCC.	• Regulation 5(3) (c), 31A of IBBI (Liquidation) Regulations 2016	i. Procedurally, the failure to adhere to stipulated timelines and procedures undermines the efficiency and transparency of stakeholder engagement, potentially hindering timely decision-making and resolution progress. Substantively, the Liquidator's disregard for seeking advice from the SCC on critical matters such as the auction process and reserve price compromises the integrity and fairness of the liquidation proceedings, raising concerns about equitable treatment of stakeholders and optimal asset realization. Moreover, the absence of a confidential undertaking before sharing progress reports diminishes confidentiality protections, impacting stakeholder trust and potentially exposing sensitive information. ii. The IP shall present all agenda items in the subsequent SCC meeting immediately after any decision is made, appointment is made, or cost is incurred, without delay. iii. The first meeting of SCC shall be conducted with the same COC members as were there in CIRP process within 7 days of LCD till the time formation of SCC in place. The liquidator shall convene subsequent meetings within thirty days of the previous meeting, unless the consultation committee has extended the period between such meetings. Provided further that there shall be at least one meeting in each quarter. IP shall report differences in decisions to IBBI/AA as per the mandate and the format provided. iv. Mandatorily, in every SCC meeting, the liquidator shall present to the consultation committee: (a) the actual liquidation cost along with reasons for exceeding the estimated cost, if any; (b) the consolidated status of all the legal proceedings; and (c) the progress made in the process.

2.4 Observations related to Appointment and Fee of Liquidator:

Observations	Relevant Provisions of Law	Remarks
i. The fee of the liquidator calculated not in line with Regulation 4(2) of IBBI (Liquidation) Regulations, 2016 in terms of realisation. Overcharging of fees. ii. Liquidation cost was not deducted from the sale proceeds. iii. Detail of fee of the liquidator was not disclosed in progress reports. iv. The fees of the Liquidator were not placed before the SCC for its approval if already not placed and approved u/r 39D of CIRP regulations at the time of approving the Liquidation by the COC	• Regulation 4 of IBBI (Liquidation) Regulations 2016 • Regulation 39D of IBBI (CIRP) Regulations 2016 • IBBI Circular No. IBBI/LIQ/61/2023 dated 28th September, 2023 • IBBI CIRCULAR No.IBBI/LIQ/71/2024 dated 18th April, 2024	i. Procedurally, the observed discrepancies in the calculation of liquidator fees, the omission of liquidation costs from sale proceeds, and the arbitrary exclusion of time periods for fee computation reflect systemic shortcomings in adherence to regulatory protocols. These procedural lapses undermine the integrity and fairness of insolvency proceedings, potentially affecting the distribution of assets and creditor satisfaction. ii. Collective procedural lapses, lack of transparency regarding fee disclosure in progress reports and the absence of requisite approvals for fee determinations indicate substantive deficiencies in oversight and accountability may create a substantive lapse. iii. The RP should continue to function till the order for the appointment of a Liquidator is passed by NCLT. iv. The fee of the liquidator calculated should be in line with Regulation 4(2) of IBBI (Liquidation) Regulations 2016

2.5. Observations related to the Appointment of professionals:

Observations	Relevant Provisions of Law	Remarks
i. For gaps in the appointment of professionals and guidance Please refer to Point 1.16(similar to CIRP)	• Regulation 15 of IBBI (Liquidation) Regulations 2016	i. Procedurally, the gaps in the appointment of professionals and the absence of guidance create ambiguity and potential inconsistencies in the insolvency process. Furthermore, the failure to detail appointments, tenures, and cessations in progress reports adds to procedural uncertainties, hindering effective oversight and accountability.

ii. Details of appointment, tenure of appointment and cessation of appointment was not mentioned in the Progress Report. iii. The Professionals continuing from the CIRP period were not reappointed with a detailed scope of work.		ii. Substantively, the continuation of professionals from the CIRP period without clear reappointments and defined scopes of work raises substantive concerns regarding expertise utilization and potential conflicts of interest. iii. IP shall be able to always demonstrate in cases where assistance has been taken by IP by the professionals appointed, through written contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.

(*to be continued…*)

Services

Indian Institute of Insolvency Professionals of ICAI (IIIPI)

ICAI Bhawan, 8th Floor, Hostel Block, A-29, Sector-62, NOIDA, UP – 201309

Office Hours: 09:30 AM to 06:00 PM (Monday to Friday), except closed on holidays

Contact Details

☎ **0120-2990080 / 81 / 82 / 83**
0120-2975680 / 81 / 82 / 83

Sl No	Department	Email Id
1	Enrolment & Registration as an Individual IP	ipenroll@icai.in
2	IPE Enrolment & Registration as an IP	ipe.enroll@icai.in
3	Program	ipprogram@icai.in
4	Authorization for Assignment	ip.afa@icai.in
5	CPE	iiipi.cpe@icai.in
6	Change of Address/e-mail/contact number/any other required changes	iiipi.updation@icai.in
7	Grievance/Complaint	ipgrievance@icai.in
8	Disciplinary /Legal	iiipi.legal@icai.in iiipi.dc@icai.in
9	Monitoring (For reporting compliances on CIRP forms, Relationship, fees and cost disclosures, Half yearly returns)	ip_monitoring@icai.in iiipi_monitoring@icai.in iiipi.helpdesk@icai.in
10	Publication	iiipi.pub@icai.in
11	Accounts	cfo.iiipi@icai.in
12	Human Resources	iiipi.hr@icai.in
13	Membership Surrender	iiipi.surrender@icai.in
14	Research Department	iiipi.research@icai.in

FEEDBACK

Dear Reader,

The Resolution Professional is aimed at providing a platform for dissemination of information and knowledge on evolving ecosystem of insolvency and bankruptcy profession and developing a global world view among practicing and aspiring insolvency professionals in India.

We firmly believe in innovations in communication approaches and strategies to present complicated information of insolvency ecosystem in a highly simplified and interesting manner to our readers.

We welcome your feedback on the current issue and the suggestions for further improvement. Please write to us at iiipi.journal@icai.in

Editor

The Resolution Professional

Book your Advertisements in IIIPI's journal The Resolution Professional

Dear Member,

The Resolution Professional, quarterly research journal of IIIPI, is the first-ever peer-review refereed research journal of its kind with a focus on the insolvency ecosystem in India. The journal is aimed at providing a platform for dissemination of information and knowledge-sharing on the IBC ecosystem and developing a global world view among Insolvency Professionals (IPs). It carries Articles, Case Studies, Key Takeaways from Important Events, Code of Ethics, Legal Framework, IBC Case Laws, IBC News, Know Your Ethics, IIIPI News, IIIPI's Publications, Media Coverage, Services and Crossword, etc.

The soft copies of the journal are emailed to all the IPs, ICAI Members (CAs) several ministries, NCLATs, NCLTs, IBBI, ICAI's Indian and offshore offices, State Governments, Universities, Management Institutions, PSUs, industry bodies, lawyers, media, foreign professional bodies and much more. Besides, about 2,000 physical copies are also circulated among dignitaries and subscribers.

The soft copies of the journal are also available free of cost on IIIPI website in three different formats (a) Flip Book (b) HTML Highlights, (c) IIIPI e-Journal PDF Downloads and, (d) Full PDF.

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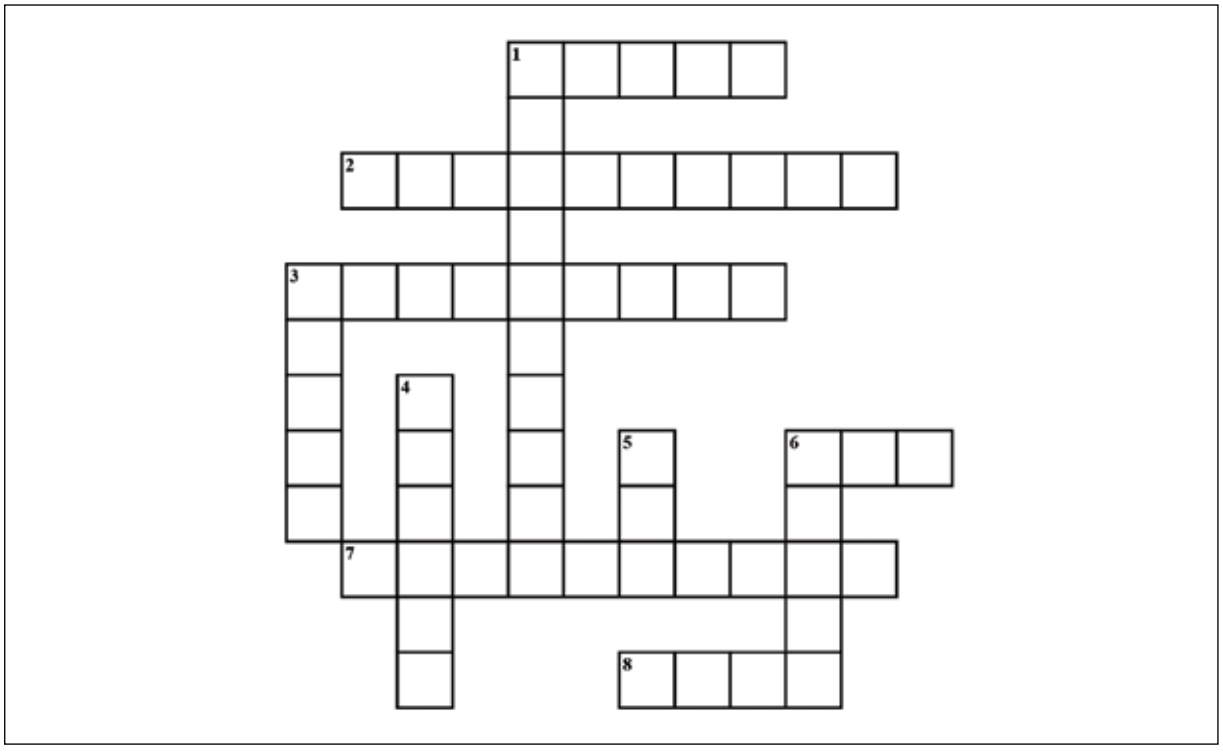
IBC Crossword



Across

[1] Under which form must a financial creditor submit its claim to the IRP under the IBBI Regulations?

[2] How are the claims of workmen and secured creditors treated under the liquidation waterfall mechanism?

[3] What is the maximum age for serving as Managing Director of an information utility?

[6] As per recently amended IBBI Regulations, what is the maximum number of assignments an individual IP can undertake simultaneously?

[7] Which writ allows a higher court to review the proceedings of a case decided by a lower court?

[8] Which entry in List III of the Constitution deals with insolvency and bankruptcy?

Down

[1] Within how many hours after a meeting of the CoC is the RP required to circulate the MoM?

[3] Within how many days from the liquidation commencement date must the consultation committee be constituted?

[4] After how many days of default is a borrower's account classified as a Non-Performing Asset (NPA) under RBI guidelines?

[5] What is the minimum percentage of net profits that eligible companies must spend on CSR activities?

[6] For how many preceding years must the financial information of the personal guarantor be included in the statement of affairs prepared by the RP?

Answer Key IBC Crossword October 2025

1. Hundred
2. (Across) CoC
2. (Down) Clean Slate
3. Poison Pill
4. Sweat
5. Seventy Five
6. Two
7. Even
8. Seven
9. Twelve

GUIDELINES FOR ARTICLE SUBMISSION

THE RESOLUTION PROFESSIONAL, quarterly peer-reviewed refereed research journal of Indian Institute of Insolvency Professionals of ICAI (IIIPI), with RNI Registration Number DELENG/2021/81442/ invites research-based articles for its upcoming editions on a rolling stock basis. The contributors/authors can send their article/s manuscripts for publications in The Resolution Professional as per their convenience at iiipi.journal@icai.in. The same will be considered for publication in the upcoming edition of the journal, subject to approval by the Editorial Board. The articles sent for publication in the journal should conform to the following parameters:

- The article should be of 2,500-3,000 words and cover a subject with relevance to IBC and the practice of insolvency while a case study should be around 5,000 words.
- The article should be original, i.e., not published/broadcast/hosted elsewhere including on any website.
- The article should:
  - Contribute towards development of practice of Insolvency Professionals and enhance their ability to meet the challenges of competition, globalisation, or technology, etc.
  - Be helpful to professionals as a guide in new initiatives and procedures, etc.
  - Should be topical and should discuss a matter of current interest to the professionals/readers.
  - Should have the potential to stimulate a healthy debate among professionals.
  - Should preferably expose the readers to new knowledge area and discuss a new or innovative idea that the professionals/readers should be aware of. It may also preferably highlight the emerging professional areas of relevance.
  - Should be technically correct and sound.
  - Headline of the article should be clear, short, catchy and interesting, written with the purpose of drawing attention of the readers. The sub-headings should preferably within 20 words.
  - Should be accompanied with abstract of 150-200 words. The tables and graphs should be properly numbered with headlines, and referred with their numbers in the text. The use of words such as below table, above table or following graph etc., should be avoided.
  - Authors may use citations as per need but one citation/ quote should have about 40 words only. Lengthy citations and copy paste must be avoided.
  - Plagiarism (including references) should be below 10%.
  - The authors must provide the list of references at the end of article.
  - A brief profile of the author, e-mail ID, postal address and contact number along with his passport size photograph and declaration confirming the originality of the article as mentioned above should be enclosed along with the article.
  - The article can be sent by e-mail at **iiipi.journal@icai.in**
  - In case the article is found suitable for publication, the same shall be communicated to the author/s at the earliest.
  - The articles/ case studies received from authors are subjected to blind review.
  - 8 Hours CPE Credit is provided to every author who is an Insolvency Professional (IP) for each of article published in the journal.

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