

Insolvency and Bankruptcy Board of India

4th February, 2025

Discussion Paper on

'Streamlining Processes under the Code: Reforms for Enhanced Efficiency and Outcomes'

This discussion paper has been prepared to address various operational challenges encountered in the Corporate Insolvency Resolution Process (CIRP), Liquidation Process and Insolvency Resolution & Bankruptcy Process of Personal Guarantors. The paper proposes key amendments to the relevant Regulations with the aim to enhance efficiency, transparency, and effectiveness of the processes while providing clarity on various operational aspects including management of essential services, coordinated resolution of interconnected entities, and streamlining of submission of resolution plans. The Board invites comments from the stakeholders on the proposals contained in this discussion paper.

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1. Review of expenditure on Goods and Services availed during CIRP

A. Review of expenditure on operational expenses including leased properties, by CoC

Issue

The Board has observed that in many cases, significant operational expenses including current dues for leased properties, are not being paid during the CIRP period, leading to an unreasonable accumulation of costs. While Section 14(1)(d) of the Code provides protection against recovery of leased properties during moratorium, this protection should not be misconstrued as a justification for retaining unnecessary assets that increase process costs and ultimately affect creditor realization. Currently, there is no structured mechanism for evaluating the necessity and cost-effectiveness of maintaining such leases during CIRP.

Proposal

It is proposed to amend the CIRP regulations to strengthen the Committee of Creditors' (CoC) decision-making process by mandating regular review of significant operational expenses during the CIRP, especially with respect to leased property. The amendment will establish a systematic framework requiring Resolution Professionals to present a comprehensive assessment of all substantial operational expenses, particularly focusing on leased properties protected under moratorium, to the CoC within 30 days of its formation.

To maintain continuous oversight, the amendment proposes quarterly review of these expenditures as a mandatory CoC meeting agenda. This will enable the CoC to make informed decisions about continuing or surrendering specific lease agreements based on their necessity and value to the resolution process. Where the CoC determines that certain leased properties are not essential for the CIRP, the Resolution Professional may surrender such properties to prevent unnecessary cost accumulation.

B. Essential Services

Section 14(2) of the Code states that the supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period. These services are specified in regulation 32 of the CIRP regulation to cover four categories viz. electricity, water, telecommunication services, and information technology services to the extent these are not a direct input to the output produced or supplied by the corporate debtor.

However, it has been observed that the protection of moratorium is being incorrectly applied to these services even when they are being used as a direct input for production or supply by the CD.

Proposal

In view of the above it is proposed to add certain illustrations in regulation 32. The current illustration regarding water supply is being replaced with a more comprehensive example that better demonstrates the distinction between essential and non-essential services during CIRP as below:

Illustration- Electricity supplied to a corporate debtor for maintaining basic facility upkeep such as lighting and powering computers would constitute essential services. However, if the corporate debtor operates a manufacturing facility, the high-voltage electricity supply required to run the machinery may be considered as critical services by the insolvency professional as it is being used as a direct input for production and current dues for such services must be paid during CIRP to prevent any service discontinuation.

2. Coordinated Insolvency Resolution for Interconnected Entities

Issue

The increasing prevalence of complex corporate structures with intertwined operations and finances in sectors such as real estate, power generation etc necessitates a more nuanced approach to insolvency resolution. In its current form, the insolvency process treats each entity as a standalone unit, overlooking the intricate web of interdependencies often present in modern business ecosystems. This siloed approach can inadvertently diminish the collective value of connected firms and introduce unnecessary complications to the resolution process. The absence of a formal mechanism for coordinating CIRPs across interconnected entities leads to inefficiencies, escalated costs, and potential conflicts. This is particularly evident when multiple related entities undergo CIRP concurrently, without a structured methodology to leverage their interconnections effectively.

Moreover, the current framework misses crucial opportunities to capitalize on synergies and mutual dependencies within corporate groups. This oversight can result in suboptimal outcomes, as the resolution process fails to tap into the collective strength and inherent value of these business relationships. Stakeholders, including creditors, resolution professionals, and potential investors, face uncertainty due to the lack of clear guidelines for coordinated resolution strategies. This ambiguity can discourage comprehensive resolution plans that could potentially yield superior outcomes for all parties involved.

While recent judicial precedents in cases such as Videocon Industries Ltd. and SREI Infrastructure Finance Ltd. have acknowledged the need for a more sophisticated approach to interconnected entities, the regulatory framework has yet to evolve to provide a standardized, efficient process for such scenarios. Addressing these issues is imperative to align the insolvency resolution framework with the realities of contemporary business structures. A more coordinated approach could significantly enhance the efficiency, effectiveness, and value realization in the resolution of interconnected entities.

Proposal

It is proposed to amend the CIRP Regulations to introduce a mechanism for coordination of CIRP of interconnected entities. This may include:

- a) Provisions for joint hearings
- b) Appointment of a common resolution professional
- c) Information sharing protocols
- d) Coordinated timelines.

This amendment aims to increase efficiency, reduce costs, and improve outcomes in cases involving multiple interconnected entities undergoing CIRP simultaneously.

3. Presentation of All Resolution Plans before the Committee of Creditors

Issue

The Code and Regulations *inter alia* provides the following regarding the presentation of resolution plans before the Committee of Creditors (CoC):

- Section 25(2)(i) of the Code mandates that the resolution professional shall "*present all resolution plans at the meetings of the committee of creditors.*"
- Section 30(3) of the Code provides that "*the resolution professional shall present to the committee of creditors for its approval such resolution plans which confirm the conditions referred to in sub-section (2).*"
- Regulation 39(2) of the CIRP Regulations requires that "*the resolution professional shall submit to the committee of creditors all resolution plans which comply with the requirements of the Code and regulations made thereunder.....*"

The above provisions create two obligations:

- A general duty to present all resolution plans received to the CoC for the sake of transparency
- A specific duty to present only compliant resolution plans for CoC's approval through voting

However, there have been instances where plans identified by IP as non-compliant were not presented to CoC at all, leading to lack of transparency in the evaluation process.

Proposal

It is proposed to amend the CIRP Regulations to mandate the resolution professional to present all resolution plans received to the CoC, regardless of their compliance status. For each resolution plan, the resolution professional must provide a detailed compliance report to the

CoC, highlighting any areas of non-compliance with Section 30(2) of the IBC or any other relevant regulations. The resolution professional must explain to the CoC the reasons for considering any plan as non-compliant.

The proposed amendments aim to enhance the CIRP by addressing several key aspects. By presenting all plans to the CoC, regardless of compliance status, the process ensures full transparency. Detailed compliance reports enable the CoC to make more informed decisions, while awareness of all plans increases the likelihood of identifying valuable elements that could inform future rounds of plan solicitation if needed. Furthermore, clear presentation of all plans and compliance issues may reduce potential disputes and litigation, ultimately contributing to a more efficient and effective resolution process.

4. Mandatory Submission of Statement of Affairs by Corporate Debtors

Issue

The CIRP under the Code is designed to be a time-bound process for resolving insolvency. However, a significant challenge faced by Resolution Professionals (RPs) is the lack of readily available, comprehensive information about the corporate debtor at the commencement of the CIRP. This information gap often leads to delays in the resolution process, creates information asymmetry, increases the risk of asset dissipation, and hampers efficient decision-making by the Committee of Creditors and potential resolution applicants. Currently, there is no mandatory requirement for the corporate debtor to provide a Statement of Affairs at the stage of consideration of application for initiation of the CIRP, by the Adjudicating Authority.

Proposal

To address this issue, it is proposed to amend the CIRP Regulations to mandate the submission of a Statement of Affairs by the corporate debtor. This requirement will be specifically limited to cases under Section 7 of the Code, where applications are filed by a Financial Institution (*as defined in Section 3(14) of the Code*). The corporate debtor shall be mandated to submit the Statement of Affairs along with its reply to the application.

The Statement of Affairs will contain minimal but essential information about the corporate debtor. This will include copies of the financial statements for the last three years, a brief overview of employee/workmen details, and information about where and under whose custody the books of accounts and records are maintained.

5. Reliefs and Concessions subsequent to approval of Resolution Plan

Issue

In several instances, resolution applicants seek additional reliefs, concessions, or modifications to the approved resolution plan after it has been approved by the Adjudicating Authority under Section 31 of the Insolvency and Bankruptcy Code, 2016. This creates uncertainty in the implementation of resolution plans and affects the sanctity of the CIRP timeline. The Code envisages finality to the resolution process once a plan is approved, and subsequent modifications could defeat this purpose.

Section 31(1) of the Code states that once the Adjudicating Authority is satisfied that the resolution plan meets the requirements of Section 30(2), it shall approve the resolution plan, which shall be binding on the corporate debtor, its employees, members, creditors, guarantors, and other stakeholders involved in the resolution plan. However, there is no explicit provision prohibiting post-approval reliefs or concessions.

Proposal

To address these issues, it is proposed to amend the CIRP Regulations to explicitly state that no modifications can be sought once a resolution plan is approved under Section 31. All conditions must be built into the resolution plan before approval.

6. Incentivizing Interim Finance Providers

Issue

Interim finance serves as an important facilitation of the Corporate Insolvency Resolution Process (CIRP), providing essential funding for both the insolvency proceedings and the continued operations of the Corporate Debtor (CD). This financing mechanism plays a crucial role in maintaining the CD as a going concern and ensuring the successful completion of the resolution process.

Despite its critical importance, it has been observed that in many cases, interim finance providers have reluctance to extend funding due to a fundamental issue of information asymmetry. Under the existing regulatory structure, these providers lack direct access to Committee of Creditors (CoC) meetings, resulting in limited visibility into the CIRP's progress and decision-making process. This restriction may hamper their ability to assess and monitor investment risk, understand the CD's operational performance during CIRP, and make informed decisions about additional funding requirements.

Proposal

To address these concerns and enhance the attractiveness of interim financing, it is proposed to amend the CIRP regulations to empower the Committee of Creditors to decide on inviting interim finance providers to attend CoC meetings as observers, with no voting rights. This proposed framework maintains the CoC's autonomy in decision-making while creating a mechanism for enhanced engagement with interim finance providers where deemed beneficial for the resolution process.

7. Disclosure and Treatment of Avoidance Transactions

Issue

The Committee of Creditors (CoC) derives its power to decide on the treatment of avoidance transactions under the resolution plan, from Regulation 38(1)(d) of the CIRP Regulations which mandates that a resolution plan shall provide for:

"the manner in which proceedings in respect of avoidance transactions, if any, under Chapter III or fraudulent or wrongful trading under Chapter VI of Part II of the Code, will be pursued after the approval of the resolution plan and the manner in which the proceeds, if any, from such proceedings shall be distributed".

Furthermore, Regulation 35A(3A) requires the Resolution Professional to forward copies of such applications to prospective resolution applicants, enabling their consideration during plan submission within the stipulated timeframe.

Experience with the current regulatory framework for avoidance transactions have revealed areas that need strengthening. The regulations currently do not explicitly provide for comprehensive disclosure of identified avoidance transactions in the Information Memorandum, and its subsequent updates, as well as a clear mandate that updated versions of the IM be provided to the COC and prospective resolution applicants. Cases have been observed where prospective resolution applicants did not have access to complete information about avoidance transactions before submitting their plans, leading to reduced transparency and information asymmetry. To address this, specific provisions may be introduced in the regulatory framework to strengthen disclosure requirements and establish clear linkages between the timing of such disclosures and their treatment in resolution plans.

Proposal

To strengthen the regulatory framework for avoidance transactions, it is proposed to amend the CIRP regulation by providing for the following measures:

1. Enhanced Disclosure Requirements

- Mandatory detailed disclosure of identified avoidance transactions in the Information Memorandum.
- Regular updates to the IM regarding newly identified avoidance transactions and related applications

- Obligation to provide updated IM to the CoC promptly, ensuring that the CoC is consistently apprised of any additional avoidance transactions or developments.

2. Treatment of Properly Disclosed Transactions

- Avoidance transactions disclosed in IM and also intimated to all prospective resolution applicants under Regulation 35A(3A) before the final submission deadline, may be incorporated into resolution plans
- Such transactions must either be pursued by creditors for their benefit or may be transferred as part of plan.

3. Treatment of Undisclosed Transactions

- Avoidance transactions not communicated to all prospective resolution applicants under Regulation 35A(3A) or not disclosed in IM cannot be transferred under the resolution plan

4. It has also been noted that the Information Memorandum (IM) has not been periodically updated by the Resolution Professionals. To address this, it is proposed to provide in the CIRP regulations that the IM shall be regularly updated by the Resolution Professional and shared with the Committee of Creditors (CoC) and prospective resolution applicants.

This proposal aims to ensure transparency, fairness, and effective treatment of avoidance transactions within the resolution process while protecting the interests of all stakeholders.

8. Request for resolution plans for part wise resolution of Corporate Debtor

Issues

The current regulatory framework under Regulation 36B(6A) of the CIRP Regulations mandates a sequential approach where Resolution Professionals can invite plans for sale of assets only after failing to receive plans for the entire corporate debtor. It has been observed that this sequential requirement may lead to extended CIRP timelines. This restriction may also result in viable business segments losing value while waiting for the sequential process to complete. This is particularly challenging in cases of complex businesses where different segments might attract different types of investors with specific expertise and interests.

Proposal

To address these challenges, it is proposed to amend Regulation 36B to allow Resolution Professionals, with CoC approval, to invite resolution plans concurrently for both the corporate debtor as a whole and for specific businesses or assets of the CD. This proposal removes the requirement that resolution professionals can only seek asset-specific plans after attempts to invite resolution plans for the entire corporate debtor have failed. By enabling concurrent

invitations, the resolution process can reduce timelines, prevent value erosion in viable segments, and encourage broader investor participation.

9. Empowering CoC for Expedited Implementation of Resolution Plans

Issue

During the recent INSOL Conference 2024, on "Insolvency Resolution: Evolution & Global Perspective" held on December 7, 2024, in New Delhi, Resolution Applicants (RAs) raised significant concerns about value erosion during the period between the submission of resolution plans and their final approval by the Adjudicating Authority (AA). The primary challenges identified were the deterioration in the value of distressed assets over time, driven by several factors, including business uncertainties during the approval period, changes in market dynamics, and difficulties in maintaining committed funding arrangements.

These delays and uncertainties force Resolution Applicants to adopt a conservative approach, factoring potential delays and associated risks into their bids. This often translates into lower bids for distressed assets, leading to suboptimal price discovery. Consequently, this undermines the fundamental objective of value maximization under the Insolvency and Bankruptcy Code.

Proposal

To address these challenges and enhance the effectiveness of the resolution process, it is proposed to amend the CIRP regulations to empower the Committee of Creditors to request the Adjudicating Authority for a two-stage approval process of resolution plans where the financial bid and basic implementation framework may be approved early. This would enable the Resolution Applicant to take over the corporate debtor and proceed with plan implementation early. The subsequent hearings at AA could address inter-creditor disputes, distribution matters, and other related aspects etc. By reducing the uncertainty period and providing a clear implementation pathway, this proposal aims to encourage better price discovery and ultimately enhance the value realization for stakeholders. The proposal provides sufficient flexibility to the CoC to design such phased implementation of resolution plans as suited to their requirements and the uniqueness of the business of the CD.

10. Non-receipt of Repayment Plan under Insolvency Resolution of Personal Guarantor

Issue

The Code provides that an insolvency resolution process for individuals should ordinarily be completed within 180 days. Section 101(1) of the Code provides that, "*When the application is admitted under section 100, a moratorium shall commence in relation to all the debts and shall cease to have effect at the end of the period of one hundred and eighty days beginning*

with the date of admission of the application or on the date the Adjudicating Authority passes an order on the repayment plan under section 114, whichever is earlier.”

Section 121(1) of the Code provides for the circumstances under which an application for bankruptcy can be filed by a debtor or creditor. It provides that,

“An application for bankruptcy of a debtor may be made, by a creditor individually or jointly with other creditors or by a debtor, to the Adjudicating Authority in the following circumstances, namely; –

(a) where an order has been passed by an Adjudicating Authority under sub-section 4 of section 100; or

(b) where an order has been passed by an Adjudicating Authority under sub-section 2 of section 115; or

(c) where an order has been passed by an Adjudicating Authority under sub-section 3 of section 118.”

The provision explicitly allows both creditors (either individually or jointly with other creditors) and debtors to approach the Adjudicating Authority for bankruptcy proceedings. However, there has been some ambiguity on the procedural pathway in situations where an application is admitted by the Adjudicating Authority under section 100, but subsequently, no repayment plan is prepared by the debtor. This may create a procedural vacuum that could potentially impact the efficiency and effectiveness of the bankruptcy resolution process.

Proposal

To streamline the process, it is proposed that the IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 may be amended to mandate the resolution professional (RP) to submit a report to the AA, notifying it of the non-submission of a resolution plan. Based on this report, the AA may terminate the insolvency resolution process for the PG, thereby enabling the debtor or creditor to file an application for bankruptcy.

11. Sale of Corporate Debtor as a going concern

Issue

The Standing Committee on Finance (2020-21), in its 32nd Report recommended that regulation 32(e) of Liquidation Regulation which provides for sale as a going concern, be deleted. Further, the Colloquium on Functioning and Strengthening of the IBC Ecosystem, in its Report of November, 2022, has also, *inter alia*, recommended deleting the provision of sale as a going concern under liquidation. The Insolvency Law Committee (ILC) in its Feb 2020 report noted that *“The Code provides a linear process for resolving the insolvency of the corporate debtor. First, a CIRP is commenced, during which the CoC assesses the viability of the corporate debtor and invites resolution plans. Only where the CIRP fails, the Code provides*

for an entry to liquidation. Thus, liquidation has been envisaged as the “state the entity enters at the end of an IRP, where neither creditors nor debtors can find a commonly agreeable solution by which to keep the entity as a going concern”. Therefore, entry into liquidation itself implies the inability of the corporate debtor to be continued as a going concern. Accordingly, the Code prescribes dissolution of the corporate debtor as the final outcome of the liquidation process. ...The Committee also noted that if attempts for reviving the corporate debtor are undertaken after a liquidation order is passed, it may lead to delays and may also undermine the efficacy of CIRP, which provides a time-bound period for reviving the corporate debtor. The Committee agreed that it would be contrary to the scheme of the Code to allow a corporate debtor to be sold as a going concern after the conclusion of its liquidation process, which envisages a dissolution of the corporate entity. ... Accordingly, the Liquidation Regulations should be appropriately amended to prevent a going concern sale of the corporate debtor”.

Regulation 32(e) and 32(f) provides that the liquidator may sell “*the corporate debtor as a going concern*” or “*the business(s) of the corporate debtor as a going concern*”. It has been observed that the outcomes in the case of the sale of the CD as a going concern have been below par as compared to the dissolutions. Creditors recovered only 2.4% through going concern sales (75% of liquidation value), but 3.7% via regular dissolution (101% of liquidation value). This indicates that going concern sales provide no additional value preservation advantage compared to regular dissolution.

Further, the maintenance of the CD as a going concern during liquidation has led to an escalation of going concern cost, when the CD has not been sold as a going concern. It has been observed that the liquidators seek various reliefs from the Adjudicating Authority while filing application for approval of the sale of the CD as a going concern even though the same is not contemplated in the Code. This leads to prolonged legal disputes, increased costs, and delays in completion of the process.

Another issue is that the reserve price is publicly known from the first auction which allows bidders to anticipate price reductions in subsequent auctions, leading to strategic delays in bidding and ultimately resulting in lower realizations—often below the liquidation value. Removing the option of going concern sales can help prevent such value erosion and improve creditor recoveries. An increasing number of cases where going concern sales are pursued even when the CD is ultimately not viable as a going concern has been observed. This has resulted in prolonged delays in processes and lower recoveries.

Proposal

It is proposed to omit the provisions relating to sale as a going concern in Liquidation Regulations. This change would streamline the liquidation process, reduce legal uncertainties, and potentially lead to faster resolution of cases. Furthermore, since the liquidator regulations already provide for the slump sale of assets, they will continue to address situations where the assets of the CD need to be sold together for better realization.

12. **Public comments:** The Board accordingly solicits comments on the proposals discussed above and the draft regulations placed in the **Annexure**. After considering the comments, the Board

proposes to make regulations under clauses (aa) and (t) of subsection (1) of section 196 of the Code.

13. **Submission of comments:** Comments may be submitted electronically by 25th February, 2025. For providing comments, please follow the process as under:

i. Visit IBBI website, www.ibbi.gov.in;

ii. Select 'Public Comments';

iii. Select 'Discussion paper – Process Division February 2025'

iv. Provide your Name, and Email Id;

v. Select the stakeholder category, namely, - a) Corporate Debtor; b) Personal Guarantor to a Corporate Debtor; c) Proprietorship firms; d) Partnership firms; e) Creditor to a Corporate Debtor; f) Insolvency Professional; g) Insolvency Professional Agency; h) Insolvency Professional Entity; i) Academics; j) Investor; or k) Others.

vi. Select the kind of comments you wish to make, namely, a) General Comments; or b) Specific Comments.

vii. If you have selected 'General Comments', please select one of the following options:

a. Inconsistency, if any, between the provisions within the regulations (intra regulations);

b. Inconsistency, if any, between the provisions in different regulations (inter regulations);

c. Inconsistency, if any, between the provisions in the regulations with those in the rules;

d. Inconsistency, if any, between the provisions in the regulations with those in the Code;

e. Inconsistency, if any, between the provisions in the regulations with those in any other law;

f. Any difficulty in implementation of any of the provisions in the regulations;

g. Any provision that should have been provided in the regulations, but has not been provided; or

h. Any provision that has been provided in the regulations but should not have been provided. Viii. And then write comments under the selected option.

14. If you have selected 'Specific Comments', please select para number and write comments under the selected para number.

15. You can make comments on more than one para, by clicking on more comments and repeating the process outlined above from point 6 (vi) onwards.

16. Click 'Submit' if you have no more comments to make.

Part A

GAZETTE OF INDIA
EXTRAORDINARY
PART III, SECTION
4

PUBLISHED BY AUTHORITY

NEW DELHI, xxxxDAY, xxxx xx, 2025

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION

New Delhi, the , 2025

Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2025.

No. IBBI/2024-25/GN/REGxxx.— In exercise of the powers conferred by clause (t) of sub-section (1) of section 196 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following regulations to amend the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, namely:-

1. (1) These regulations may be called the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2025.
- (2) They shall come into force on the date declared by the Board by way of circular issued under clause (t) of sub-section (1) of section 196.
2. In the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (hereinafter referred to as ‘the principal regulations’), under regulation 16A (1), after regulation 2D, the following regulation shall be inserted, namely: -

2E. Statement of Affairs

(1) The corporate debtor shall submit a Statement of Affairs along with its reply, where an application under section 7 of the Code has been filed by a Financial Institution as defined in Section 3(14) of the Code.

(2) The statement of affairs shall contain the details of assets and liabilities of the corporate debtor as reflected in its latest annual financial statements, the total number of employees and workmen, the location where books of accounts are maintained, and the names of persons having custody thereof.

(3) The corporate debtor shall attach copies of its financial statements for the preceding three financial years with the statement of affairs.

3. In the principal regulations, in regulation 18, after sub-regulation (4), the following sub-regulation shall be inserted, namely:-

(5) The committee may direct the resolution professional to invite the providers of interim finance to attend such meeting(s) of the committee, as the committee may decide, without voting rights, as observers.

4. In the principal regulations, in Regulation 32, the following illustration shall be inserted, namely:

Illustration- Electricity supplied to a corporate debtor for maintaining basic facility upkeep such as lighting and powering computers would constitute essential services. However, if the corporate debtor operates a manufacturing facility, the high-voltage electricity supply required to run the machinery may be considered as critical services by the insolvency professional as it is being used as a direct input for production and current dues for such services must be paid during CIRP to prevent any service discontinuation.

5. In the principal regulations, in Regulation 32, the following illustration shall be deleted, namely: -

Illustration-Water supplied to a corporate debtor will be essential supplies for drinking and sanitation purposes, and not for generation of hydro-electricity.

6. In the principal regulations, after Regulation 32, the following regulation shall be inserted, namely: -

32A. Management of operational expenses including leased properties

(1) The resolution professional shall, within thirty days of the constitution of the committee of creditors, prepare and submit to the committee a comprehensive assessment report of all substantial operational expenses, including but not limited to leased properties.

(2) The assessment report under sub-regulation (1) shall include:

(a) For leased properties:

(i) Details of existing lease agreements including tenure, payment schedules, and outstanding obligations;

(ii) Current utilization status and occupancy details; and

(iii) Assessment of criticality for maintaining the corporate debtor as a going concern;

(b) Financial impact analysis of continuing such operational expenses on the corporate insolvency resolution process;

(3) The committee shall, within fifteen days of receiving the assessment report under sub-regulation (1):

(a) Review the report;

(b) Take appropriate decision regarding continuation or discontinuation of specific operational expenses; and

(c) In case of leased properties, explicitly approve continuation or surrender or termination of each lease agreement.

(4) For operational expenses continued under sub-regulation (3), including leased properties, the resolution professional shall:

(a) Include a quarterly review of such expenses as a mandatory agenda item in committee meetings;

(b) Present updates on their financial impact on the corporate insolvency resolution process.

7. In the principal regulations, in regulation 36, in sub-regulation (1), the following words shall be inserted after the words 'insolvency commencement date', namely:—

and its subsequent updation thereof.

8. In the principal regulations, in regulation 36, in sub-regulation (2), after clause (h), the following clause shall be inserted, namely:—

(ha) details of all identified avoidance transactions, if any, under Chapter III or fraudulent or wrongful trading under Chapter VI of Part II of the Code and subsequent filings before Adjudicating Authority, as referred under sub-regulation (3A) of regulation 35A.

9. In the principal regulations, in regulation 36B, after sub-regulation (1), the following proviso shall be inserted, namely: -

Provided that the resolution professional may, with the approval of the committee simultaneously invite resolution plans for the corporate debtor as a whole or one or more assets of the corporate debtor.

10. In the principal regulations, in regulation 36B, sub-regulation (6A) shall be deleted.

11. In the principal regulations, in regulation 38, in sub-regulation (2), the following clause shall be inserted, namely: -

(e) A resolution plan shall not provide for assignment of any avoidance transactions, under Chapter III or fraudulent or wrongful trading under Chapter VI of Part II of the Code that were not: (a) disclosed in the information memorandum; and (b) intimated to all prospective resolution applicants under regulation 35A(3A) before the last date for submission of resolution plans, to resolution applicant or the corporate debtor:

Provided that this clause shall not apply to any resolution plan that has been submitted to the Adjudicating Authority under sub-section (6) of section 30 on or before the date of commencement of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2025.

12. In the principal regulations, in regulation 39, after sub-regulation (2), the following sub-regulation shall be inserted, namely: -

(2A) The resolution professional shall also submit to the committee the resolution plans received which are not in compliance with the provisions of the Code and these regulations and specify in detail the aspects of non-compliance.

13. In the principal regulations, after Regulation 39(4), the following sub-regulation shall be inserted, namely: -

(4A) Upon approval of the resolution plan by the Adjudicating Authority under Section 31, no modifications shall be sought by the resolution applicant in the resolution plan approved by the Adjudicating Authority.

14. In the principal regulations, after regulation 39A, the following regulation shall be inserted, namely: -

39AA. Phased Approval of Resolution Plan

The committee may, by a vote of not less than sixty-six percent of voting share, recommend to the Adjudicating Authority to first approve the implementation of the resolution plan and thereafter approve the manner of distribution.

15. In the principal regulations, regulation 39C shall be deleted.

16. In the principal regulations, after Regulation 40D, the following regulation shall be inserted, namely: -

40E. Coordination of insolvency resolution process of interconnected entities.

(1) Where two or more corporate debtors undergoing corporate insolvency resolution process are interconnected which may be based on the existence of control or significant ownership, the resolution professional of any such corporate debtor may file an application with the Adjudicating Authority for coordinated conduct of the processes, subject to obtaining prior approval of each committee of creditors by a vote of not less than sixty-six percent in value of the creditors voting in that CoC.

For the purposes of this sub-regulation the term ‘control’ shall be as defined in the Companies Act, 2013, and in respect of Limited Liability Partnerships, it shall mean the ability, by virtue of voting rights, partnership interest, or contractual arrangements, to direct the management or policies of the Limited Liability Partnership or to appoint or remove the majority of its designated partners, and the term ‘significant ownership’ shall be defined as the ability to exercise 26% or more voting power.

(2) The Adjudicating Authority may, if satisfied that coordination would be in the best interests of the corporate debtors and their stakeholders, pass appropriate orders for:

- (a) joint hearings;
- (b) appointment of a common resolution professional;
- (c) information sharing between the resolution professionals;
- (d) coordination of timelines; or

(e) any other measure as deemed fit.

Mr. Ravi Mital, Chairperson

[ADVT.-]

Note: The Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 were published vide notification No. IBBI/2016-17/GN/REG004, dated 30th November, 2016 in the Gazette of India, Extraordinary, Part III, Section 4, No. 432 on 30th November, 2016 and were last amended by the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2024 published *vide* notification No. IBBI/2023- 24/GN/REG113, dated the 15th February, 2024 in the Gazette of India, Extraordinary, Part III, Section 4, No. 284 on 15th February, 2024.

Part B

**GAZETTE OF INDIA
EXTRAORDINARY
PART III, SECTION
4**

PUBLISHED BY AUTHORITY

NEW DELHI, xxxxDAY, xxxx xx, 2025

**INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION**

New Delhi, the , 2025

Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2025.

No. IBBI/2024-25/GN/REGxxx.— In exercise of the powers conferred by clause (t) of sub-section (1) of section 196 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following regulations to amend the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, namely:-

1. (1) These regulations may be called the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2025.

(2) They shall come into force on the date declared by the Board by way of circular issued under clause (t) of sub-section (1) of section 196.

2. In the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, after regulation 17A, the following regulation shall be inserted, namely: -

17B. Non-submission of repayment plan

Where no repayment plan has been prepared by the debtor, the resolution professional shall file an application, after approval of a majority of more than fifty-one percent in value of

the creditors present in person or by proxy, before the Adjudicating Authority intimating the non-submission of a resolution plan and for appropriate directions.

Mr. Ravi Mital, Chairperson

[ADVT.-]

Note: The Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 were published vide notification No. IBBI/2016-17/GN/REG004, dated 30th November, 2016 in the Gazette of India, Extraordinary, Part III, Section 4, No. 432 on 30th November, 2016 and were last amended by the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2024 published *vide* notification No. IBBI/2023- 24/GN/REG113, dated the 15th February, 2024 in the Gazette of India, Extraordinary, Part III, Section 4, No. 284 on 15th February, 2024.

Part C

**GAZETTE OF INDIA
EXTRAORDINARY
PART III, SECTION
4**

PUBLISHED BY AUTHORITY

NEW DELHI, xxxxDAY, xxxx xx, 2025

**INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION**

New Delhi, the , 2025

Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2025.

No. IBBI/2024-25/GN/REGxxx.— In exercise of the powers conferred by clause (t) of sub-section (1) of section 196 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following regulations to amend the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, namely:-

1. (1) These regulations may be called the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2025.

(2) They shall come into force on the date declared by the Board by way of circular issued under clause (t) of sub-section (1) of section 196.
2. In the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, Regulations 32(e), 32(f) and 32A shall be omitted.

Mr. Ravi Mital, Chairperson

[ADV.T.-]

Note: The Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 were published vide notification No. IBBI/2016-17/GN/REG004, dated 30th November, 2016 in the Gazette of India, Extraordinary, Part III, Section 4, No. 432 on 30th November, 2016 and were last amended by the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons)

(Amendment) Regulations, 2024 published *vide* notification No. IBBI/2023- 24/GN/REG113, dated the 15th February, 2024 in the Gazette of India, Extraordinary, Part III, Section 4, No. 284 on 15th February, 2024.
