



June 2025

Recent amendments to Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016: Streamlining processes and enhancing outcomes

The Insolvency and Bankruptcy Board of India (“IBBI”) recently notified the IBBI (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2025 dated May 19, 2025 and the IBBI (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2025 dated May 26, 2025 (collectively referred as “**Amendment Regulations**”), amending certain key provisions under the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“**CIRP Regulations**”). The Amendment Regulations also include certain proposals that were presented for stakeholders’ feedback by the IBBI in its recently released discussion paper¹.

Key changes

Form Filings for Corporate Insolvency Resolution Process

The IBBI has revamped the existing forms framework for monitoring the Corporate Insolvency Resolution Process (“CIRP”). The new framework consolidates the existing 9 (nine) forms (i.e. Form IP-1 and CIRP Forms 1-8) into 5 (five) forms (CP-1 to CP-5), making it a more simplified and streamlined framework, which aims at reducing time and effort spent by resolution professionals on achieving these compliances.

Monitoring by Interim Finance Providers

The CIRP Regulations have been amended to empower the Committee of Creditors (“CoC”) to invite Interim Finance Providers (“IFPs”) to attend CoC meetings as observers without voting rights. This amendment encourages funding by the IFPs, by enabling them to oversee the CIRP of the corporate debtor².

In other jurisdictions with developed insolvency framework, importance of rescue financing is recognised underscoring the global recognition of protection of IFPs in corporate restructuring. In Singapore, while interim financiers may not have a formal role in creditor deliberations, the Insolvency, Restructuring and Dissolution Act, 2018, facilitates super-priority rescue financing and promotes collaboration among stakeholders. The United Kingdom, through the Corporate Insolvency and Governance Act, 2020, supports the use of rescue financing during moratorium periods, acknowledging the critical contribution of such funding to successful restructurings. In the United States of America, Debtor-In-Possession (“DIP”) financing under Chapter 11 of United States Bankruptcy Code plays a pivotal role in enabling distressed companies to continue operations and reorganise effectively. DIP lenders

¹ [Discussion paper on ‘Streamlining Processes under the Code: Reforms for Enhanced Efficiency and Outcomes’ dated February 4, 2025.](#)

² Regulation 18(5) of the CIRP Regulations.

typically negotiate oversight mechanisms and key contractual protections that allow them to monitor the debtor's performance and assess future funding needs. Against this backdrop, the Amendment Regulations enabling IFPs to attend CoC meetings as observers is a timely step toward aligning with international best practices by fostering transparency and informed decision-making.

Part wise resolution of corporate debtor

As per the framework under the pre amended CIRP Regulations, the resolution professional could only invite plans for sale of specific assets only if it has not received plans for resolution of the entire corporate debtor. This sequential approach could lead to extended CIRP timelines and deterioration in the value of corporate debtor's assets, particularly in the case of complex businesses where different businesses could attract specific investors possessing relevant expertise and interests. Pursuant to the Amendment Regulations, the resolution professional, upon CoC's direction, may invite concurrent expression of interest for submission of resolution plan for both the corporate debtor as a whole and for specific businesses or assets of the corporate debtor³. This not only provides greater flexibility but also aids in achieving timely resolution and value maximisation for the creditors.

Clarifying the mechanism for priority in payment to dissenting financial creditors

The CIRP Regulations have been amended to clarify that, in cases where the resolution plan provides for staggered payments, the dissenting financial creditors must be paid at least *pro rata* and in priority to financial creditors who voted in favour of the plan, at each stage⁴. The Amendment Regulations reinforces the principle established in *RBL Bank Limited vs. Sical Logistics Limited*⁵, where the tribunal held that treating dissenting financial creditors on the same footing as, or in a less favourable position than, assenting financial creditors in situations involving deferred or staggered payments is contrary to the statutory protection granted to dissenting financial creditors under Section 30(2)(b) of the Insolvency and Bankruptcy Code, 2016 ("IBC").

Further, a 3 (three) judge bench of the Supreme Court of India in the matter of *Jaypee Kensington Boulevard Apartments vs. NBCC India Limited and Ors.*⁶ emphasised that payments to dissenting creditors must be made in cash, ensuring immediate liquidity and minimising the risks associated with non-cash compensation. By aligning the CIRP Regulations with judicial guidance and practical creditor protection mechanisms, the Amended Regulations represents a progressive step towards promoting equitable treatment of the financial creditors in the resolution process.

Transparency in presentation of resolution plans

Under the pre amended CIRP Regulations, the resolution professional was obligated to present to the CoC only the resolution plans that complied with the requirements prescribed under the IBC. The Amendment Regulations mandate the resolution professional to present all resolution plans received by the CoC, irrespective of their compliance status, to the CoC along with the details of non-compliant plans. The amendment ensures full transparency in the resolution process and makes the process more efficient and effective by reducing the likelihood of any potential disputes and litigations.

³ Regulations 36A(1) of the CIRP Regulations.

⁴ Regulation 38(b) of the CIRP Regulations.

⁵ Company Appeal (AT) (CH) (Ins) No.36/2024, National Company Law Appellate Tribunal, Chennai

⁶ Civil Appeal No. 3395 OF 2020

Conclusion

As of March 2025, the 1,194 (one thousand one hundred and ninety-four) CIRPs, which have yielded resolution plans took on average 597 (five hundred and ninety-seven) days, excluding the time taken by adjudicating authorities⁷. The intent of the IBC has been to facilitate speedy corporate debt resolutions with minimum deterioration in the asset value, leading to efficient revival of the corporate debtor. The latest amendment is a further step towards effectuating this intent by making the resolution process more efficient, transparent and a step towards minimising protracted litigation.

Insolvency and Debt Restructuring Practice

JSA is recognised as one of the market leaders in India in the field of insolvency and debt restructuring. Our practice comprises legal professionals from the banking & finance, corporate and dispute resolution practices serving clients pan India on insolvency and debt restructuring assignments. We advise both lenders and borrowers in restructuring and refinancing their debt including through an out-of-court restructuring as per the guidelines issued by the Reserve Bank of India, asset reconstruction, one-time settlements as well as other modes of restructuring. We also regularly advise creditors, bidders (resolution applicants), resolution professionals as well as promoters in connection with corporate insolvencies and liquidation under the IBC. We have been involved in some of the largest insolvency and debt restructuring assignments in the country. Our scope of work includes formulating a strategy for debt restructuring, evaluating various options available to different stakeholders, preparing and reviewing restructuring agreements and resolution plans, advising on implementation of resolution plans and representing diverse stakeholders before various courts and tribunals. JSA's immense experience in capital markets & securities, M&A, projects & infrastructure and real estate law, combined with the requisite sectoral expertise, enables the firm to provide seamless service and in-depth legal advice and solutions on complex insolvency and restructuring matters.

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⁷ <https://ibbi.gov.in/uploads/publication/912e97d4d9f96651386541fb7059203b.pdf>.



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41 Ranked Lawyers



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21 Ranked Lawyers



14 Practices and
12 Ranked Lawyers



12 Practices and 50 Ranked
Lawyers



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22 Ranked Lawyers



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