M/s Rajput Jain & Associates
Chartered Accountants

Recent Amendments to the Code and Regulations

Role of Insolvency Professionals

September 2026

P-6/90 (2F) Connaught Circus, Connaught Place, New Delhi-110001, India
Landline: +91-11-4352-0194 | Mobile: +91-98-11-322-785 | www.carajput.com

Journey of IBC (Amendment) Act, 2026

- The IBC (Amendment) Act, 2026 got presidential assent on 6th April 2026

- All provisions of Amendment Act have been notified w.e.f. 26th May 2026, except for CIIRP, Cross Border and Group Insolvency

- All corresponding IBBI Regulations have been notified on 2nd June 2026

Why these Amendments — Three Core Objectives

Reducing delays

Value Maximisation

Clarity and operational efficiency

Corporate Insolvency Resolution Process (CIRP)

Separate approval of bid and distribution

- **The problem** – *Litigation on manner of distribution of resolution plan proceeds hinders the implementation of the plans*
- **What the Code now enables** – Two-stage approval of resolution plan by AA; first bid and then manner of distribution
- **What Regulations provide** – New Form GA specified - RP to file before AA

- **What the IP must do:**
  - Check with CoC if they first want to proceed with approval of resolution plan bid. If yes — propose a resolution seeking separate bid approval under the new provision
  - Approach AA with Form GA to get the bid approved

Transfer of Guarantor Assets into CIRP

- **The problem** – Guarantor assets sit outside CIRP of CD, thereby reducing chances of CDs resolution (*eg: Land belongs to the Promoter and Factory belongs to the CD*)
- **What the Code now enables** – Transfer of asset of a guarantor in CIRP, where the creditor has taken possession by enforcing security interest
- **What Regulations provide** – RP to place proposal before CoC with asset description, valuation, and creditor consent
- **What the IP must do:**
  - Check with each creditor whether any guarantor asset has been seized
  - Obtain creditor consent for transfer; Place proposal before CoC
  - Disclose in IM and RFRP
  - Coordinate with other IPs if the guarantor is also undergoing insolvency (CIRP, Liq., PG to CD)

Assistance and Cooperation to Resolution Professional

- **The problem** – Large number of cases for non-cooperation under s. 19
- **What the Code now enables** – Scope of section 19 enhanced to include any person who is or has been a personnel, promoter, associated with management, or engaged in a contract for service
- **What Regulations provide** – New *Form AC* introduced for handing over and taking over; *Every creditor mandated to furnish all relevant information at the first CoC meeting*
- **What the IP must do:**
  - Use the broadened scope and reach associated persons - not just promoters or directors
  - Issue formal cooperation notices to all persons covered under s. 19 at the outset
  - Use *Form AC* to record handing over and taking over — document everything
  - Ask creditors to comply and provide information at the 1st CoC meeting

- Also, in the admission orders, it is seen that the NCLT gives directions to persons to cooperate and provide information
- If there is non-compliance of directions of AA – you must move against such violation of directions of AA
- Also, you may consider approaching IBBI reg. making application to AA for imposition of penalty under section 235A

235A - If a person has contravened any provision of this Code or any rules or the regulations made thereunder

Multiple Resolution Plans - CoC can approve plans of multiple RAs

- **The problem** – In CDs with multiple locations, operations, or business verticals — a single RA may not be best placed to resolve all; ambiguity on whether CoC can approve plans of more than one RA simultaneously
- **What the Code now enables** – Clarified that CoC may approve multiple resolution plans of multiple RAs
- **What Regulations provide** – Where multiple resolution plans are received, at least one shall provide for resolution as a going concern
- **What the IP must do:**
  - Inform all PRAs that multiple plans can be submitted
  - May not restrict the process to a single plan — may invite and evaluate multiple plans
  - Ensure at least one plan provides for going-concern resolution

Clarity on Security Interest and priority of Government Dues

- **The problem** – Government authorities claiming secured creditor status by operation of law (Ref. *Rainbow Papers*), disrupting waterfall and reducing recoveries for financial creditors
- **What the Code now enables** – Clarified that –
  - Security interest must be created pursuant to an agreement — not by mere operation of law
  - Government dues, irrespective of any security interest, stand lower in priority
- **What the IP must do:**
  - Scrutinize all claims thoroughly, and verify that security interest is backed by agreement
  - Penalties, fines imposed by Government fall within Government dues
  - Do not treat statutory charges as secured claims
  - Communicate this position clearly to CoC and to the concerned Government authority

Restoration of CIRP

- **The problem** - In some cases, dues to technical reasons, liquidation was ordered even when resolution was considered to be possible
- **What the Code now enables** - AA can restore CIRP to the stage of plan invitation; where plan period is over or plans received are non-compliant
- **What Regulations provide** - CoC to get an opportunity before liquidation order to file an application for restoration; RP to file the application with CoC resolution, reasons for restoration
- **What the IP must do:**
  - Before liquidation order - convene CoC meeting to evaluate if restoration is viable
  - If CoC resolves, file application before AA promptly
  - On restoration - re-invite plans; treat it as final opportunity and make all efforts

Guarantees cannot be extinguished in resolution plan of CD

- **The problem** – Some resolution plans provided for extinguishment of guarantees given by promoters, as part of resolution of CD - creditors were losing recourse against guarantors
- **What the Code now enables** –
  - Clarified that a resolution plan of the CD cannot extinguish the liability of a guarantor
  - Creditors retain their right to proceed against guarantors even after plan approval of CD
- **What the IP must do:**
  - Communicate to PRAs - plan cannot be used to extinguish Guarantors liability
  - Reject any plan that seeks to extinguish or waive guarantor liability
  - Ensure RFRP explicitly states that guarantor liabilities cannot be extinguished

Penalties for frivolous or vexatious proceedings

- **The problem** – Frivolous and vexatious proceedings before AA used as a delay tactic — clogging NCLT, prolonging CIRP
- **What the Code now enables** – AA empowered to impose penalties (*upto 2 crore*) on persons filing frivolous or vexatious applications (*may acts as a deterrent against misuse of the process*)
- **What the IP must do:**
  - Where any party files a frivolous or vexatious applications — File IA before AA and seek penalties
  - Document the impact of such applications on CIRP's timeline and value maximisation
  - Do not hesitate to oppose - use this provision actively to protect the process

Entitlement of dissenting FCs

- **The problem** – issues related to entitlement of dissenting FCs – lead to litigation and ambiguity
- **What the Code now enables** – Entitlement of dissenting FC now the lower of liquidation value or the amount payable under the resolution plan (if distributed u/s 53); secured only to the value of security interest

- **What the IP must do:**
  - Where CoC is yet to approve plans –
    - Re-compute dissenting FC entitlement - lower of LV or plan value
    - Use valuation of security interest - dissenting FC secured only to that extent
    - Ensure resolution plan reflects this computation
    - Communicate to dissenting FCs upfront to pre-empt disputes

Withdrawal of CIRP applications

- **The problem** – Between ICD and CoC constitution - settlement negotiations keep dragging the process
- **What the Code now enables** – No withdrawal before CoC constitution and after first invitation for resolution plans *(discussion of settlement between debtor and creditor is no ground for delay in CIRP)*
- **What Regulations provide** - RP to file application within 3 days of CoC approval (*in Form FA*), accompanied by bank guarantee or demand draft
- **What the IP must do:**
  - Do not entertain any withdrawal request before CoC is constituted or after invitation for EOI
  - 90% approval of CoC must be ensured

Liquidation Process

CoC to supervise liquidation

- **The problem** – SCC advice was not binding on liquidator during liquidation
- **What the Code now enables** – CoC constituted during CIRP to continue in liquidation
- **What Regulations provide** – SCC replaced with CoC; Framework specified for CoC composition, meetings, etc.; Prior approval of CoC required for decisions
- **What the IP must do –**
  - Firstly, convert all SCCs to CoCs immediately, and call a meeting of CoC
  - After amendment, all key decisions to be taken with prior approval of CoC, as per regulations

Sale of assets and mode of sale

- **The problem** – Risk of asset sale to ineligible persons or related parties - undermining integrity of the liquidation process and value realisation
- **What Regulations provide** – Enhanced safeguards introduced —
  - No sale to any person ineligible under s. 29A
  - No sale without prior permission of AA to related parties of CD & liquidator (*auction*)
  - No sale to above persons in private sale
- **What the IP must do –**
  - Screen all bidders and buyers for s. 29A eligibility, thoroughly
  - Identify all related parties of the CD and of yourself as liquidator
  - If any such person wishes to bid - approach AA for permission
  - Document everything properly

Other Key Amendments –

To reduce delays in Admission –

- IU record to be sufficient for FIs (Information of Dispute *de-linked* from RoD)
- Information to be furnished by OCs (section 9) / CD (section 10) in the application, enhanced to ensure that the IRP has sufficient information to start the process

To reduce delays in the CIRP / Liquidation process -

- Only the successful bidder (approved by CoC) needs CCI clearance
- Liquidator's reporting to AA rationalised - only Progress Report (incorporating Asset Memorandum, Sale Report, and CoC minutes) and Final Report to be filed
- Fee rationalised for liquidators
- No fresh calling of claims in liquidation; no re-opening of claims already verified in CIRP
- Crystallisation is not necessary for assignment of NRRA

Individual Insolvency (PG to CD)

Interim Moratorium - Not applicable in PG to CD Cases

- **The problem** – Interim-moratorium being misused to stall recovery actions by creditors
- **What the Code now enables** – Interim-moratorium shall not apply in cases of PG to CD (Ref. Section 96)
- **What the IP must do -**
  - May advise the creditors to initiate or continue recovery proceedings against PG to CDs, as per amended section 96

Statement of Assets in sec. 94/ 95 application

- **The problem** - Information asymmetry in PG to CD cases - resolution professional, creditors, and AA starting without a complete picture
- **What Regulations provide** - Mandated a comprehensive Statement of Assets to be enclosed with every application u/s 94 and 95; to cover cash and deposits, business interests, investments, digital assets, beneficial ownership interests, etc.
- **What the IP must do –**

  Use the information to prepare your report under sec. 99

Voluntary Liquidation Process

Termination of Voluntary Liquidation Proceedings

- **The problem** – No exit mechanism once voluntary liquidation commenced
- **What the Code now enables** – Introduced a mechanism for terminating Voluntary Liquidation
- **What Regulations provide** – Regulation 42 inserted to:
  - Prescribe the contents of the termination resolution i.e. rationale, treatment of costs, etc.
  - Provide for liquidator's obligations to intimate the AA, IBBI and RoC
  - New *Form J* introduced regarding intimation of termination

Pre-Packaged Insolvency Resolution Process (PPIRP)

Information and Documents to be furnished by Applicant

- **Code Amendment** - Section 54C(3) amended to substitute the existing detailed list of documents with a broader provision enabling IBBI to specify such documents

- **Regulation Amendment** -

Regulation 18 amended to provide list of documents

- **Exception – Removal of declaration on avoidance transactions**
  - Duty already exists upon the RP to identify and file applications for PUFE transactions

Thank You

M/s Rajput Jain & Associates
Chartered Accountants
P-6/90 (2F) Connaught Circus, Connaught Place, New Delhi-110001, India
Landline: +91-11-4352-0194 | Mobile: +91-98-11-322-785 | www.carajput.com

Proposed Creditor-Initiated Insolvency Resolution Process (CIIRP) Framework

What is CIIRP?

CIIRP is a creditor-driven, time-bound insolvency resolution process.

Key Idea:

- Specified financial creditors initiate insolvency in a largely out of court framework.
- Management remains and continues with RP's supervisory role.

Sanctity: Resolution plan approved under CIIRP has the same sanctity as a plan approved under regular CIRP.

Timeline

150 days

extendable once by 45 days

EFC Initiation Threshold

51%

of debt value (notified EFCs)

CoC Resolution Plan Approval

66%

voting share

Withdrawal Threshold

90%

CoC voting share

Eligible Corporate Debtors — Section 58A

✔ **ELIGIBLE (Central Govt. Notified Categories)**

(a) CDs with assets or income or both below notified levels

(b) CDs with a specified class of creditors or amount of debt

(c) Any other category as notified by the Central Government

✗ **EXCLUDED (Despite Eligibility under Sub-section 1)**

- CDs already undergoing CIRP / Liquidation
- CDs that underwent <u>any insolvency resolution process</u> within **three years** preceding the creditor-initiated insolvency commencement date

📌 The 3-year exclusion period is calculated from the date of public announcement under Section 58B(4) — i.e., the creditor-initiated insolvency commencement date.

Initiation of CIIRP — Section 58B

1

Initial 51% Approval

FC obtains approval of notified financial creditors representing ≥51% in value of debt

2

Notice to Corporate Debtor

CD informed of intent. Given ≥30 days to make a representation

3

Consider Representation

FCs considers CD's representation; decides whether to proceed

4

Fresh 51% Approval

If proceeding, fresh 51% approval obtained within 30 days from receipt of representation

5

Appoint RP & Public Announcement

RP appointed (no pending disciplinary proceedings). Public announcement → CIIRP commences

Out-of-Court Commencement: CIIRP commences from the date of public announcement by RP — without any order of AA or IBBI.

Objections & Moratorium — Sections 58C & 58G

Section 58C — Objections by Corporate Debtor

Who can object?
The Corporate Debtor (CD) only

Time limit:
Within 30 days from creditor-initiated insolvency commencement date

Outcome — If No Default:
AA may declare commencement void ab-initio

Outcome — Default exists, procedural non-compliance:
AA shall convert CIIRP to CIRP

AA Order :
Within 30 days

Section 58G — Moratorium

Who applies?
RP, after obtaining CoC approval (or 51% notified FCs before CoC constitution)

Scope:
Same as moratorium under sec.14

Duration:
From date of application until end of CIIRP period

Public Announcement by RP:
On filing of application & on any rejection order by AA

RP's Duties & Management of CD — Sections 58E & 58F

Section 58E — Duties & Powers of Resolution Professional

1. Call for submission of claims
2. Prepare information memorandum
3. Ensure that resolution plan meets Sec. 29A and Sec. 30
4. Duties under Sec. 18(a)–(c) and Sec. 25(2)(e)–(j) — apply mutatis mutandis
5. File reports and documents with IBBI as specified

Section 58F — Management of Corporate Debtor

Management Continues with Board:
During CIIRP, management of the CD continues with the Board of Directors or partners.

RP Attends All Meetings:
RP attends all meetings of members, Board, committee of directors, or partners from the commencement date.

RP's Veto Power:
RP may reject any resolution passed in these meetings. Once rejected, the resolution shall not be approved or adopted.

Information Obligation:
Promoters & personnel must provide relevant information to the RP for the information memorandum

Resolution Plan Approval — Section 58J

Committee of Creditors (CoC)

Approves resolution plan by ≥66% voting share

Resolution Professional

Submits approved plan to AA

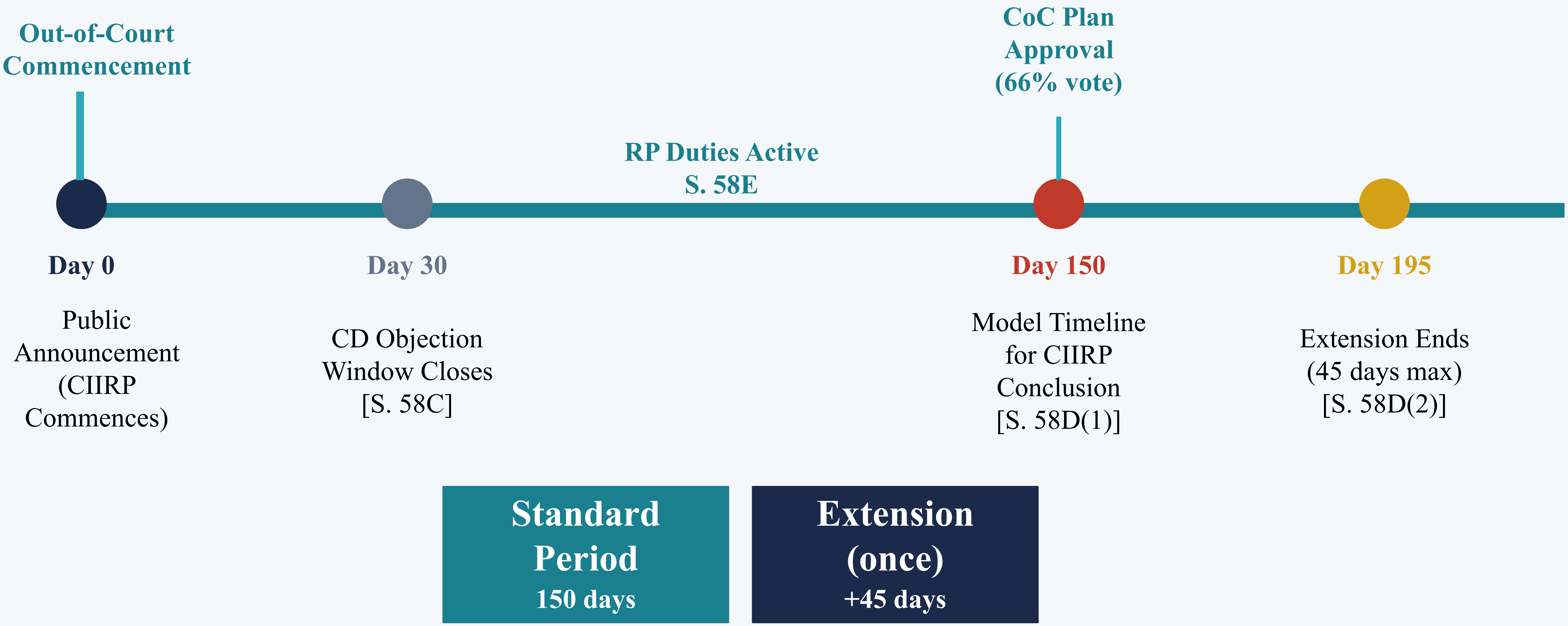
Adjudicating Authority

Passes order

Approved Resolution Plan

Same effect as CIRP resolution plan

Timeline & Key Milestones — Section 58D



Conversion to CIRP — Section 58H

Triggers for Mandatory Conversion (by AA)

- (a) No resolution plan received
- (b) CD or its personnel failed to assist/cooperate with RP
- (c) AA rejects the resolution plan
- **Voluntary: CoC resolves (≥66% vote) to convert to CIRP at any time [Sec. 58H(2)]**
- Procedural non-compliance + default (via Sec. 58C objection): AA converts

Consequences of Conversion Order

- ✔ CIIRP converted to CIRP; CIRP provisions apply
- ✔ AA decides CIRP commencement stage considering CoC recommendations
- ✔ CIIRP's RP appointed as IRP or RP for CIRP
- ✔ Moratorium declared under Sec. 14
- ✔ CIIRP costs included as part of IRPC costs for CIRP
- ✔ **Conversion order = deemed admission** under Sec. 7
- ✔ Avoidance transaction proceedings continue into CIRP

Withdrawal of Public Announcement — Section 58-I

How to Withdraw

- Application by Resolution Professional to the AA
- Requires 90% CoC voting share approval
- AA passes order within 14 days of receipt

When Withdrawal NOT Allowed

- Before constitution of the Committee of Creditors
- After the first invitation for submission of resolution plan has been issued by the RP

Effect of Withdrawal

- Closes the creditor-initiated insolvency resolution process
- High threshold (90%) ensures genuine consensus

Key Takeaways

Creditor-Initiated Insolvency Resolution Process

01 CIIRP is a new Chapter IV-A - enables creditor-driven, largely out-of-court initiation of insolvency process

02 Initiation is exclusively by specified notified financial creditors (≥51%) after giving CD a 30-day notice. Process commences on RP's public announcement

03 Management remains with the CD; RP supervises and has veto.

04 All safeguards of CIRP — Sec. 29A, Sec. 30, avoidance transactions, moratorium option - apply. AA involvement is targeted and limited.

05 Approved plan has the same effect as CIRP plan — binding on all stakeholders.

Group Insolvency

- MCA will **prescribe** the manner and conditions for conducting group insolvency through rules
- **Rules** may inter-alia cover –
  - **Common Bench** for group entities; pending proceedings to be transferred for coordinated hearing
  - **Common IP** may be appointed to coordinate across group proceedings;
  - Formation of a **combined committee** for Group
  - **Coordination agreement** binding on all group CDs and their CoCs

Cross Border Insolvency

- MCA will **prescribe the manner and conditions** for cross-border insolvency proceedings through rules

- Rules may inter-alia cover —
  - **Recognition** of foreign insolvency proceedings and granting of **relief**
  - Cooperation, assistance, and coordination with **foreign courts and authorities**

M/s Rajput Jain & Associates

Chartered Accountants

THANK YOU

Disclaimer: The content of this document is intended to provide a general guide to the subject matter. Every effort has been made to keep the information cited error-free. The contents are for information purposes only and do not constitute advice or a legal opinion; they reflect the understanding of Rajput Jain & Associates of the law and provisions prevailing as on the date of preparation and may vary according to one's interpretation of the law. This should not be relied upon as the sole basis for any decision which may affect you or your business. For specific guidance, please consult us directly.

September 2026

P-6/90 (2F) Connaught Circus, Connaught Place, New Delhi-110001, India
Landline: +91-11-4352-0194 | Mobile: +91-98-11-322-785 | www.carajput.com