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Sumedha Management Solutions Private Limited

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31st Edition of JHS Excellencia Series

8 Years of IBC - Hits & Misses

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IBBI/IPA-001/IP-N00007/2016-17/10026**

The Insolvency and Bankruptcy Code (“**Code/ IBC**”) was enacted on May 28, 2016 and it is the primary legislation that governs the insolvency and restructuring mechanism in India. On introduction of IBC, The Presidency Towns Insolvency Act, 1909 (3 of 1909) and the Provincial Insolvency Act, 1920 (5 of 1920) were repealed. One of the key features of IBC is that its provisions has overriding effect of other laws. While these has been a matter of discussion and adjudication before various Courts and Tribunals, however, the Hon’ble Courts and Tribunals have always upheld the provisions of the Code. The success of the Code depends largely on the smooth conduct of the Insolvency process, role of the Insolvency Professional, commercial wisdom of the Committee of Creditors (CoC) and how the interest of other stakeholders have been dealt with.

As per IBBI’s quarterly newsletter for the quarter ended March, 2025, the creditors have realized Rs. 3.89 lakh crore under the resolution plans till March, 2025. This realization is more than 32.8% as against the admitted claims and more than 170.1% as against the liquidation value. Resolution plans on average are yielding 93.41% of fair value of the CDs. Further, an amount aggregating INR 13.8 lakh crores has been resolved prior to admission of cases in NCLT.

BRIEF SYNOPSIS

Status of corporate insolvency resolution process

| SR. NO | PARTICULARS | From Oct 2016-March 31, 2024 | In 2024-25 | Total (As on 31.03.2025) |
|--------|---|------------------------------|------------|--------------------------|
| 1. | Total number of IBC cases admitted | 7,584 | 724 | 8308 |
| 2. | Total CIRPs cases Closed | 5,667 | 715 | 6382 |
| 3. | Closure by: Appeal/Review/Settled/Other s | 1,177 | 99 | 1276 |
| 4. | Withdrawal u/s 12A | 1,083 | 71 | 1154 |
| 5. | Approval of Resolution Plan | 935 | 259 | 1194 |
| 6. | Commencement of Liquidation | 2,472 | 286 | 2758 |
| 7. | Ongoing CIRPs | 1,917 | NA | 1926 |

BRIEF SYNOPSIS

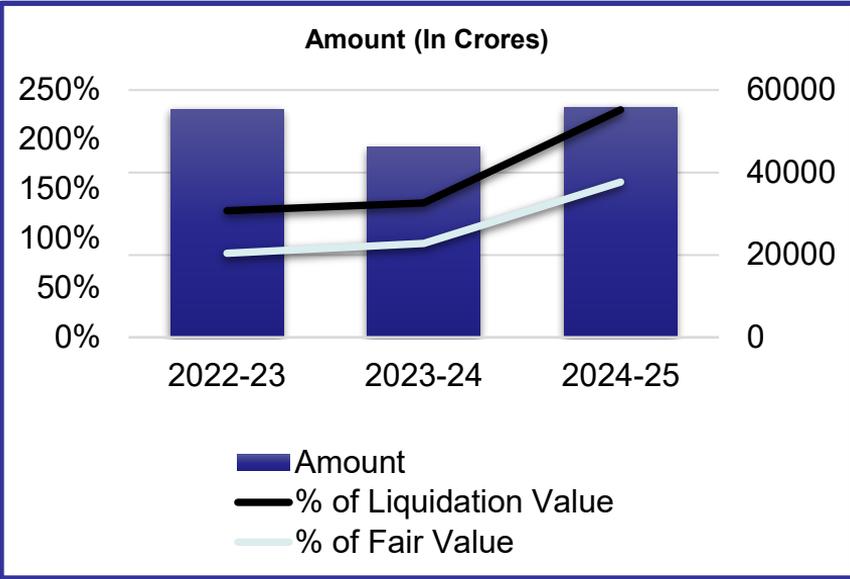
Realisation by creditors

Almost two-fold increase in realisation by creditors as a % of fair value from 2022-23 to 2024-25.

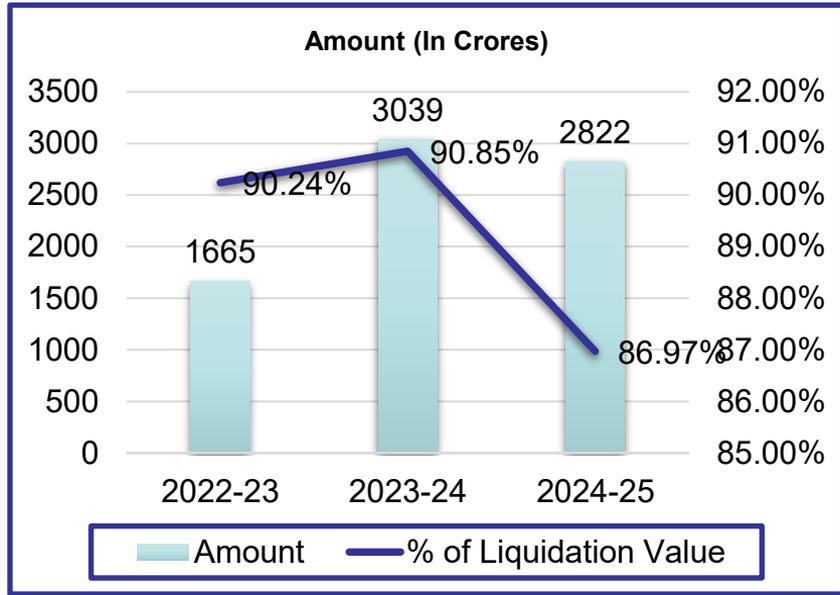
| Realisation | 2022-23 | 2023-24 | 2024-25 |
|------------------------------------|---------|---------|---------|
| Through Resolutions Plans: | | | |
| Absolute Amount (In Rs. Crore) | 55,361 | 46,176 | 55,821 |
| As a % of Fair Value | 85% | 95% | 157% |
| As a % of Liquidation Value | 128% | 136% | 230% |
| Through Closed Liquidations | | | |
| Absolute Amount | 1,665 | 3,039 | 2,822 |
| As a % of Liquidation Value | 90.24% | 90.85% | 86.97% |

Comparison of Recoveries

Realisation under Resolution Plan



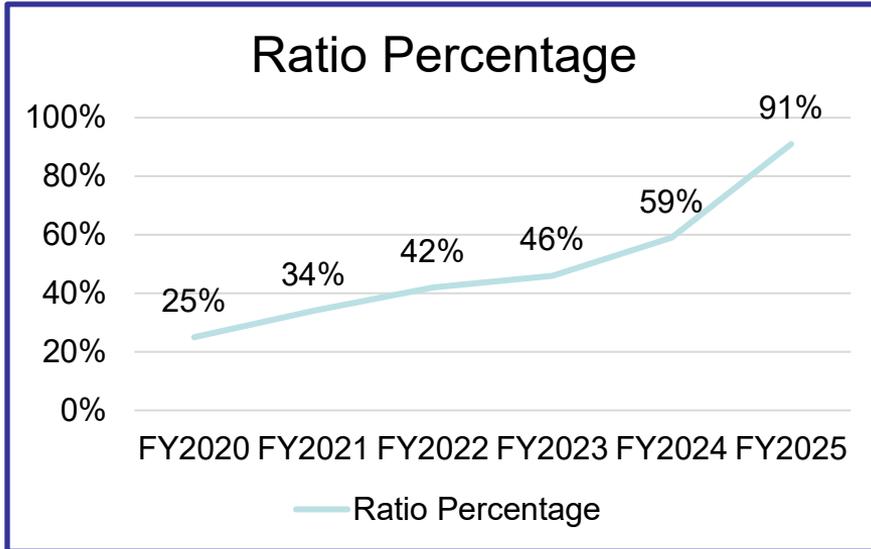
Realisation under closed Liquidation



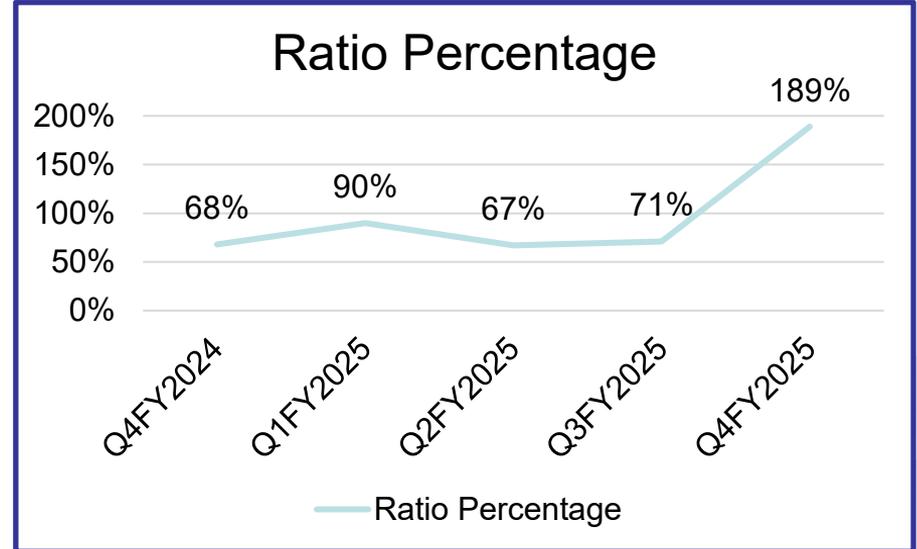


Resolution-to-liquidation ratio

Ratio post FY 2020



Ratio of Last 5 Quarters



CIRPS YIELDING RESOLUTION PLANS (JAN-MAR 2025)

Amount (in Rs.crore)

Realisable Value as % of

| Name of CD | Total Admitted claim | Liquidation Value | Fair Value | Admitted claims | Liquidation Value | Fair Value |
|---|----------------------|-------------------|------------|-----------------|-------------------|------------|
| KSK Mahanadi Power Company Limited | 26106.23 | 6848.80 | 9947.74 | 108.33 | 412.92 | 284.28 |
| Neptune Developers Limited | 2187.81 | 313.31 | 433.25 | 22.85 | 159.54 | 115.37 |
| Universal Buildwell Private Limited | 1048.36 | 299.23 | 415.27 | 59.39 | 208.08 | 149.94 |
| Reward Real Estate Company Limited | 3246.87 | 31.31 | 39.12 | 1.39 | 143.75 | 115.05 |
| Leo Meridian Infrastructure Projects And Hotels Ltd. | 2218.84 | 109.37 | 397.13 | 10.64 | 215.90 | 59.46 |
| Parenteral Drugs (India) Limited | 1193.89 | 42.36 | 64.14 | 6.20 | 174.69 | 115.38 |



IMPACT OF IBC – NCLT’S REPORT

Pre and post-admission case disposal and realization

As a result of the behavioural change effectuated by the Code, thousands of debtors are settling their dues before start of insolvency proceedings. About 30,310 cases having underlying default worth Rs. 13.78 lakh crore have been settled pre-admission. Post admission, the IBC has resolved 1194 cases through resolution plans, 2,430 cases have been closed through settlement, withdrawals and appeal, and 878 liquidations have closed.



Impact of cases in terms of recovery/ realization

| Particulars | Number | Impact |
|-------------------------------------|---------------|---|
| Pre-admission case disposal | 30,310 | Rs. 13,78,423 crore of underlying default addressed |
| Post-admission case disposal | 4,502 | |
| Resolution | 1,194 | Rs. 3,88,904 crore realised |
| Settled/ withdrawn/ closed | 2,430 | Rs. 1,03,806 crore |
| Liquidation completed | 878 | Rs. 9,330 crore realised |
| Total Disposal | 34,812 | |

IMPACT OF IBC – NCLT’S REPORT

NPAs of Banks recovered through various channels (RBI)

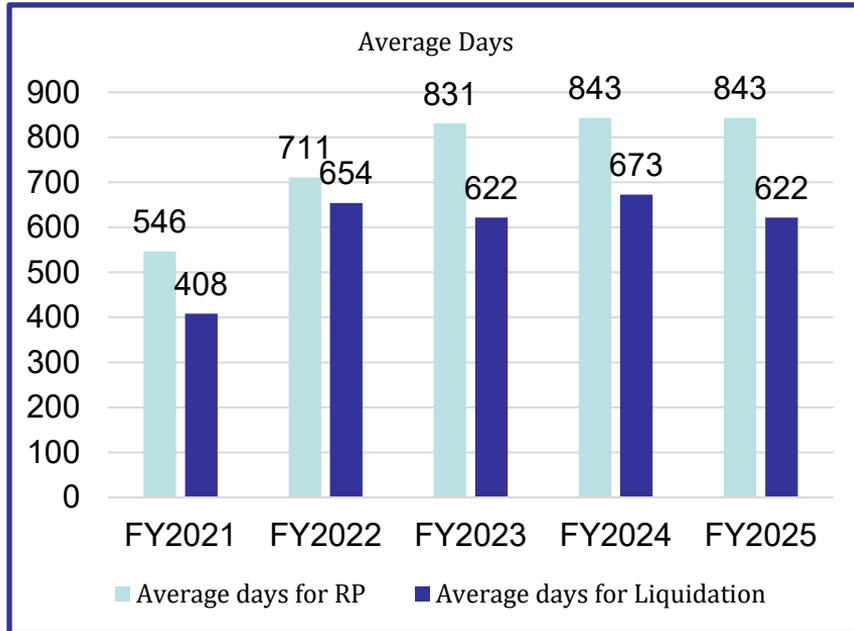
| Financial Year | Lok Adalats | | DRTs | | SARFAESI | | IBC | |
|----------------|-----------------------------|------------|-----------------------------|------------|-----------------------------|------------|-----------------------------|------------|
| | Amount Involved (in Crores) | % recovery |
| 2021-22 | 1,19,006 | 2.3% | 68,956 | 17.5% | 1,21,718 | 22.5% | 1,97,959 | 23.9% |
| 2022-23 | 1,88,135 | 2.0% | 4,02,753 | 9.9% | 1,11,359 | 27.8% | 1,38,715 | 39% |
| 2023-24 | 1,89,694 | 1.8% | 1,06,887 | 15.2% | 1,23,363 | 24.7% | 1,63,943 | 28.3% |

From the above, it can be understood that while the secured creditors are still preferring SARFAESI in some cases as the sale proceeds can be distributed amongst themselves as against IBC which has a more equitable distribution approach, however, IBC has a higher % recovery than all other channels of recovery.

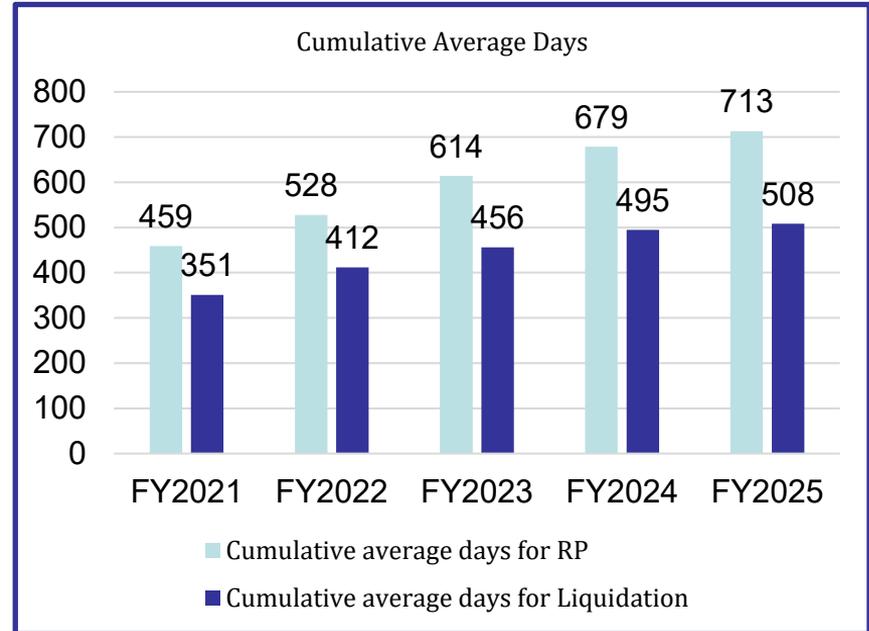


Resolution Process Timelines remain elevated

Average days for CIRP Process



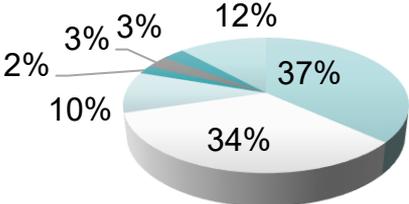
Cumulative average days for CIRP Process



Sector-wise cases admitted under IBC

Sector wise cases as on 31st March 2025

Percentage share

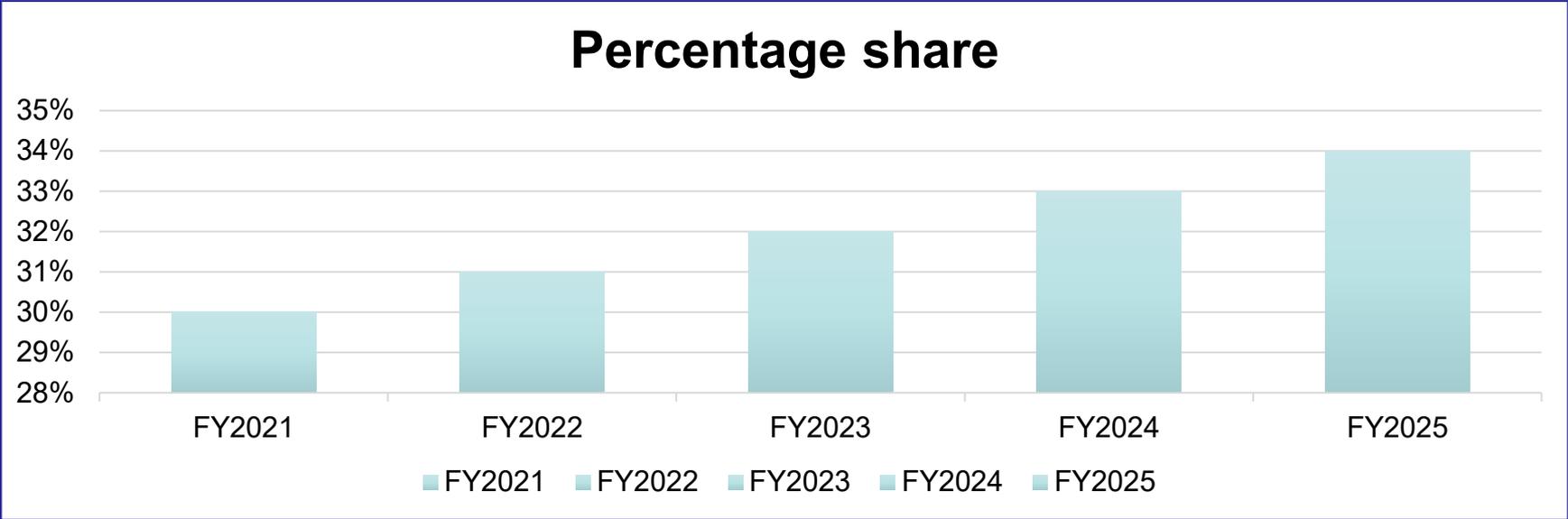


- Manufacturing
- Wholesale & Retail Trade
- Electricity & Ors
- Others
- RE & Construction
- HORECA
- Transport, Storage & Communications



Sector-wise cases admitted under IBC

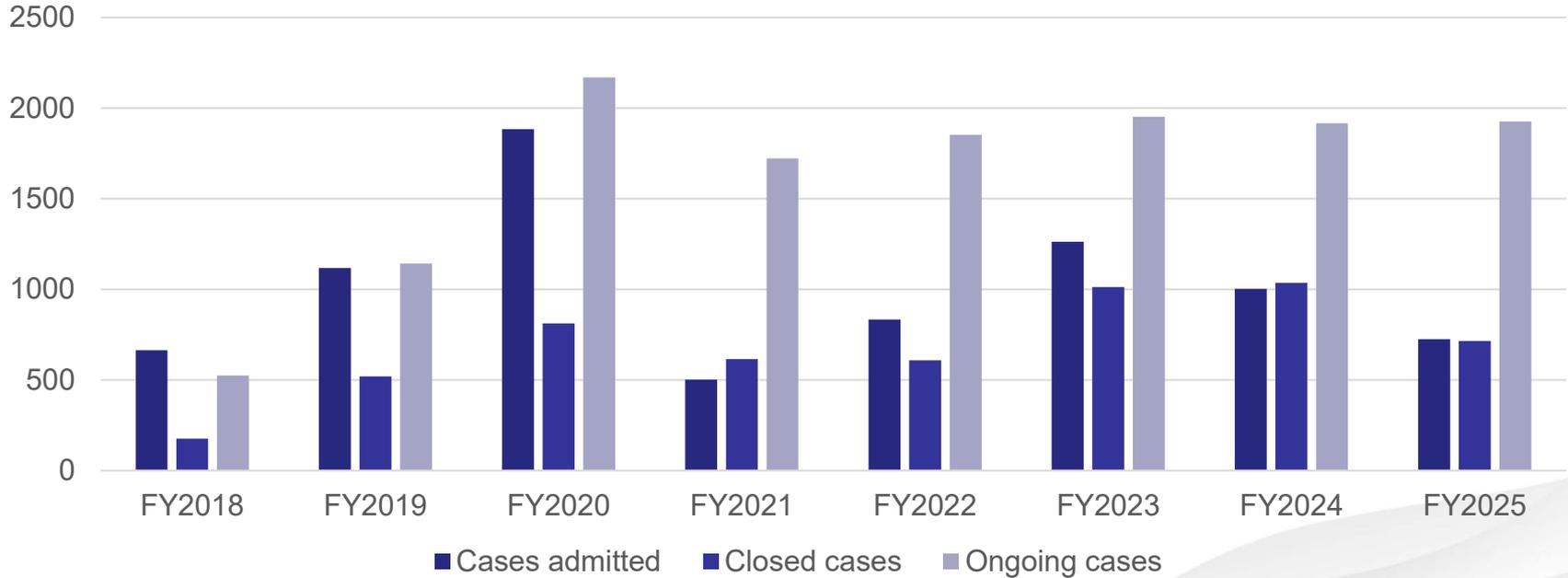
Real Estate & Construction Sector post FY2020 shows an increasing share





YEAR WISE CIRP ADDITIONS & CLOSURES

No. of Cases



Reduction in admitted cases a positive; however; fewer closures a concern



IMPACT OF IBC – BEHAVIOURIAL CHANGE AND PERFORMANCE REVIEW

RESEARCH BY IIM BANGALORE : FINDINGS

- IBC have prompted debtors to take early action in distress situations, marking a positive shift in their behaviour.
- NCLT data shows that 30,310 cases were settled prior to admission, covering underlying defaults worth Rs. 13.78 lakh crore till December, 2024. The study has analysed data on corporate loan accounts, CIRP, firm-level financial data and NPA data. The study finds that IBC has prompted borrowers to adhere to stipulated loan payment schedules.
- During the period under review, the study notes a significant reduction in loan accounts deemed '*Overdue*', both in terms of the Rupee amount as well as in terms of the number of accounts.
- **Strengthening Governance** - post implementation of the IBC, the average proportion of independent directors increased by 2.84%, with highly distressed firms registering a 2.52% rise.
- Similarly, the yearly proportion of transitions of loan accounts from the '*Overdue*' category to the '*Normal*' category have increased, supporting the view of an improvement in the credit culture of corporates.
- Even the average number of days that a loan account stays in '*Overdue*' category before transitioning to '*Normal*' category has reduced from 248-344 days to 30-87 days.

This shows that both debtors and creditors are trying to resolve the delinquencies at the earliest.

RESEARCH BY IIM AHMEDABAD : FINDINGS

- IBC has demonstrated remarkable efficacy in restructuring financially distressed entities, prioritizing business continuity over dissolution. This value-maximizing approach has liberated significant productive capacity and capital assets.

- **Economic Value saved** - The Report noted significant improvements in firms' performance post-resolution such as –
 - ✓ 76% increase in average sales, improved EBITDA and net margins;
 - ✓ Buildup in tangible assets indicated by a 50% increase in average total assets;
 - ✓ 130% increase in average CAPEX, convergence in profitability ratios with benchmark averages;
 - ✓ Overall increase in aggregate market valuation by three times;
 - ✓ Improved liquidity by about 80%.
 - ✓ Around 50% increase in the average employee expenses in the resolved firms (listed) in the three years post-resolution.

This improvement in performance has been attributed to some large players in the market who have better management teams and resources at their disposals to handle turnaround strategies.

IBC AT 8 YEARS – HITS AND MISSES

The Insolvency and Bankruptcy Code, 2016, has rescued 1194 CDs through resolution plans. Further, 1276 cases have been settled through appeal, review or settlement and 1154 cases have been withdrawn under section 12A. The Code has referred 2758 CDs for liquidation. The resolved CDs resulted in realization of more than 32.8% as against the admitted claims and more than 170.1% as against the liquidation value. Resolution plans on average are yielding 93.41% of fair value of the CDs. Till March, 2025, 1374 CDs have been completely liquidated. These 1374 CDs together had outstanding claims of Rs. 4.27 lakh crore, but the assets valued at Rs. 0.16 lakh crore. The liquidation of these companies resulted in 90% realization as against the liquidation value. In terms of recovery rate, IBC has performed better than other modes. Further, IBC has an overriding effect over other laws which has resulted in most of the liabilities and claims getting extinguished on approval of resolution plan or commencement of liquidation process. Some of the key achievements of IBC are as mentioned hereinbelow-

➤ **Reduction in resolution timelines** – IBC has a very strict timeline that needs to be adhered to. Non-adherence of timelines results in liquidation of the corporate debtor. Earlier, the insolvency and recovery cases took an average of 4.3 years which has now been reduced to 1.6 years. Even the liquidation processes have strict timelines and lately, most of the Tribunals are not inclined to provide extension beyond a certain period of time;

➤ **Higher Recovery rates** – In comparison to other channels of recovery, as already discussed, cases under IBC has a higher recovery rate. Prior to IBC, Financial Creditors recovered only 26% of their debts which has increased to 45% post IBC. For operational creditors, the rate has improved from 15% to 25%. However, during the FY 2024-25 the recovery percentage had gone down to 32.80% .

IBC AT 8 YEARS – HITS AND MISSES

- **Positive change in Debtor's behaviour** – The fear of undergoing insolvency process and losing out on their own company has resulted in a positive change in debtor's behaviour wherein they are repaying their debts on time.
- **Investor Confidence** – IBC has a very transparent process right from the beginning with crucial developments being conveyed to public at large. This has resulted in an increased investor confidence and it has created a very competitive market for resolution applicants/ interested buyers.
- **Improved Global Insolvency Ranking** – Prior to IBC, India's Global Insolvency Ranking was 136 which has now come down to 52. This significant improvement in Global Insolvency Ranking shows the positive impact of IBC on the economy.
- **Balanced and equitable distribution** – One of the key features of IBC has been that it has a very balanced and equitable distribution approach. Whether it is CIRP or liquidation, the Code ensures that various classes of creditors/ stakeholders such as financial creditors, operational creditors, employees and government/ statutory departments recover their dues. Earlier, no such provisions were there in other laws. All the recoveries were distributed to secured creditors only.
- **Comprehensive framework** – IBC was introduced as an act to consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner. Earlier, there were different acts to deal with different types of debtor undergoing insolvency. IBC has brought in a comprehensive framework in one place and only 1 tribunal namely National Company Law Tribunal (NCLT).

IBC AT 8 YEARS – HITS AND MISSES

While IBC has performed well on various aspects, however, it is not free of flaws and shortcomings. Some of the challenges and misses of IBC are as follows-

➤ **Limited Judicial Bench Strength:** The IBC resolution process is impeded by a shortage of judges, resulting in a deceleration of case processing. This, in turn, contributes to prolonged resolution times, delay in the entire process and reduction in the realization of value to the stakeholders.

➤ **Limited Benches of NCLAT:** Currently NCLAT is operating out of New Delhi and Chennai only. With few benches – with plethora of cases piling up, sufficient time is not given to cases being heard with time and again cases hearing being deferred due to paucity of time. It's time now to consider additional benches in West and East as well.

➤ **Similar Resolution framework for all sectors** – Another limitation of IBC has been that it does not have a sector specific resolution framework. While most of the sectors had successful resolutions, however, certain business sectors have other regulatory and practical challenges as well. For example, real estate sector deals with a large scale of creditors being homebuyers and there in uncertainty in satisfaction of their claims. Further, aviation sector has not performed well either and one of the reasons being difficulty in leasing asset recovery. Similar resolution framework might not work for all the sectors.

- **Challenges In implementing Group Insolvency** – In Group Insolvency cases, there are various interlinked transactions, common assets and liabilities, interlacing of finance etc among other challenges. There has been various Group insolvency cases. However, till date, there has been no defined framework for group insolvency. The concept of group insolvency has developed based on jurisprudence only. There is no common ground or rule for dealing with such cases as different NCLT benches have provided different opinions.
- **Difficulty in implementation of Cross Border Insolvency** – With no proper framework, law and regulations in place for dealing with cross border insolvency cases, resolution of such cases is difficult when laws of different countries are involved.
- **Slow progress of Pre-packaged Insolvency Resolution Process(PPIRP)** – While PPIRP has a defined framework and process, however, till date only fewer cases of PPIRP has been filed an admitted. The progress of PPIRP cases has been slower than other types of insolvency.

➤The Hon'ble Supreme Court has in the matter of **Kalyani Transco v. Bhushan Power and Steel Ltd.** rejected the resolution plan submitted by JSW Steel and Bhushan Power and Steel Ltd. was ordered to be liquidated. The Hon'ble Court has raised concerns over the role of Resolution Professional and the Commercial wisdom of CoC while also giving a warning to the Successful Resolution Applicants who take undue advantage of loopholes and delay the implementation of the Resolution Plan. The Hon'ble Court had made the following observations –

- *The role of the Resolution Professional while conducting the entire CIRP, is not only of an Administrator or Facilitator, but is also of an Invigilator. CoC also has to take into consideration the mandatory requirements of the Code as well as the Regulations framed by the Board and both of them shall ensure that the CIR proceedings are completed in a time bound manner, for maximisation of value of assets in order to balance the interest of the stakeholders and that there is compliance of all the mandatory provisions of the Code during the course of entire proceedings.*
- *For the Successful Resolution Applicant, the Hon'ble Court observed that nobody should be permitted to misuse the Process of law nor should be permitted to take undue advantage of the pendency of any proceedings in any Court or Tribunal. Instituting vexatious and frivolous litigations in the NCLT or NCLAT and delaying the implementation of Resolution Plan under the garb of pendency of proceedings, has clearly proved the mala fide and dishonest intention on the part of JSW, in firstly securing highest score making misrepresentation before CoC and then not implementing the same under the garb of pendency of proceedings, though the Resolution Plan was supposed to be an unconditional one.*

➤ The Hon'ble NCLAT, New Delhi Bench in the matter of **Rakesh Arora & Anr V/s. Acute Daily Media Pvt. Ltd. & Ors.** held that no interpretation can be put on the provisions of Section 65 that penalty can be imposed **on any other person except those who have initiated insolvency resolution process fraudulently or maliciously.** It further observed that promoters are not liable if they do not have a direct role in fraudulent initiation of CIRP.

➤ The Hon'ble Supreme Court in the matter of **Independent Sugar Corporation Ltd. V/s. Girish Sriram Juneja & Ors.** (the Corporate Insolvency Resolution Process of the **Hindustan National Glass and Industries Ltd.**) observed that for a Resolution Plan containing a combination, the Competition Commission of India (CCI) approval to the Resolution Plan must be obtained before and consequently, the CoC's examination and approval should be only after the CCI's decision. In this regard, Section 31(4) of IBC states that *where the resolution plan contains a provision for combination, as referred to in section 5 of the Competition Act, 2002, the resolution applicant shall obtain the approval of the Competition Commission of India under that Act prior to the approval of such resolution plan by the committee of creditors.* As the Successful Resolution Applicant failed to secure the CCI approval, the CoC Approved Resolution Plan was rejected by the Hon'ble Court.

➤ In the matter of **Jet Airways (India) Limited**, the Successful Resolution Applicant failed to implement the Resolution Plan by not infusing the first tranche payment of Rs. 350 Crore in cash, only part payment of Rs, 200 Crore was done. The Financial Creditors wanted to invoke and adjust the Performance Bank Guarantee (PBG) of Rs. 150 Crore towards the payment of first tranche. The Hon'ble Supreme Court ruled out that PBG cannot be adjusted against payment of first tranche and Jet Airways was ordered to be liquidated. However, the PBG was allowed to be encashed.

➤ In the matter of **Authum Investment and Infrastructure Limited V/s. Ashdan Properties Private Limited**, one of the Resolution Applicant submitted the Resolution Plan after 1 day of the last date for submission. The CoC decided not to consider the resolution plan after the due date. The Hon'ble NCLAT while relied on the commercial wisdom of CoC in rejecting the resolution plan in compliance with Regulation 39(1B) of the CIRP Regulations, 2016, which prohibits consideration of resolution plan which is received after timeline.

➤ In the matter of **Electrosteel Steel Limited (Now M/s ESL Steel Limited) v. Ispat Carrier Private Limited**, the respondent had filed claims before the West Bengal Micro, Small and Medium Facilitation Council against Appellant. While these arbitration proceedings were pending, the appellant's financial creditors initiated insolvency proceedings. Thereafter, NCLT imposed moratorium and an interim resolution professional was appointed. In view of the moratorium, arbitral proceedings before the Facilitation Council were kept in abeyance. Respondent filed its claim before the resolution professional, which was partly admitted. Thereafter, a resolution plan was submitted by Vedanta Limited before the NCLT wherein all the claims of operational creditors were settled at nil value. On lifting of the moratorium, Facilitation Council resumed arbitral proceedings and passed an award. As per the award, the Facilitation Council directed the appellant to pay the amount under consideration along with interest to the respondent. The Hon'ble Supreme Court observed that lifting of the moratorium does not mean that the claim of the respondent would stand revived notwithstanding approval of the resolution plan by the adjudicating authority. Moratorium is intended to ensure that no further demands are raised or adjudicated upon during the corporate insolvency resolution process so that the process can be proceeded with and concluded without further complications. All claims which are not part of the resolution plan shall stand extinguished.

➤The Hon'ble Supreme Court has in the matter of **National Spot Exchange Limited V/s. Union of India & Ors.** observed that Moratorium under IBC doesn't bar Property Attachments under Maharashtra Protection of Investors and Depositors Act, 1999. It further held that no priority of interest can be claimed by the Secured Creditors against the properties attached under the said act and that the provisions of MPID Act would override any claim for priority of interest by the Secured Creditors in respect of the properties which have been attached under the MPID Act.

➤The Hon'ble NCLAT has in the matter of **Akhilesh Kulshrestha V/s. M/s SAAB India Technologies Private Limited** held that NCLT and NCLAT are not the appropriate forum for adjudication of a dispute arising from an employment contract concerning the determination of emoluments and salaries to be paid to an employee of a company after his termination. Such issues do not fall under the scope of IBC.

➤The Hon'ble Supreme Court in the matter of **GLAS Trust Company LLC V/s. BYJU Raveendran & Ors.** stated that once the application is admitted and CIRP is initiated, it is the IRP who takes charge of the affairs of the corporate debtor. The proceedings become collective proceedings and the interests of the former management of the corporate debtor, become disjunct from the interest of the corporate debtor. Therefore, the parties (such as the former management of the corporate debtor) must submit their application for withdrawal through the IRP who is now the person in control of the insolvency proceedings.

IMPORTANT JUDGMENTS

- The Hon'ble Supreme Court had in the matter of **Tata Steel Ltd vs Raj Kumar Banerjee & Ors.** emphasized on the importance of following timelines as time is of the essence in statutory appeals, and the prescribed limitation period must be strictly adhered to. It further observed that IBC prescribes strict timelines for filing appeals and taking legal action so as to ensure that insolvency proceedings are not misused to recover time-barred debts. The proviso to Section 61(2) clearly limits the NCLAT's jurisdiction to condone delay only up to 15 days beyond the initial 30-day period. Where a statute expressly limits the period within which delay may be condoned, an Appellate Tribunal cannot exceed that limit. In other words, the NCLAT being a creature of statute, operates strictly within the powers conferred upon it. Unlike a civil suit, it lacks inherent jurisdiction to extend time on equitable grounds.
- The Hon'ble NCLAT, Chennai bench had in the matter of **Mrs. G.V. Marry V/s. Union Bank of India & Ors.** had observed that penalty imposed by SEBI falls under the definition of excluded debt under Section 79(15)(a) of IBC - "Liability to pay fine imposed by a court or tribunal" and it does not fall under moratorium under Section 96. Such liability will be treated as "excluded" to be brought within the ambit of the bankruptcy proceedings under Section 122 of IBC, where an application for bankruptcy is filed by the debtor.
- The Hon'ble Supreme Court has in the matter of **Gluckrich Capital Pvt. Ltd. V/s. The State of West Bengal & Ors.** observed that Section 66 (fraudulent) of the IBC cannot be invoked against other persons, entities or organizations with which there was any business transaction by the corporate debtor, but only the persons who were responsible for the conduct of business of the corporate debtor can be proceeded against. The Resolution Professional or the successful resolution applicant, as the case may be, to take such civil remedies against third party, for recovery of dues payable to corporate debtor, which may be available in law. The remedy against third party, however, is not available under Section 66 of IBC (fraudulent transactions), and the civil remedies which may be available in law, are independent of the said Section.

A. The Insolvency and Bankruptcy Board of India has amended the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) on 26th May 2025. A brief summary of amendments is as mentioned hereinbelow-

(i) **Facilitating part-wise resolution of Corporate Debtor:** The resolution professional, with the approval of the CoC, can invite expression of interest for submission of resolution plans for the corporate debtor as a whole, or for sale of one or more of assets of the corporate debtor, or for both. By enabling concurrent invitations, the resolution process can reduce timelines, prevent value erosion in viable segments, and encourage broader investor participation.

Earlier, this facility was available only for liquidation process and now it has been extended to CIRP process as well.

(ii) **Harmonizing timelines for payment under resolution plan:** Where a resolution plan provides for payment in stages, the financial creditors who did not vote in favour of the resolution plan shall be paid at least pro rata and in priority over financial creditors who voted in favour of the plan, in each stage. This approach balances the legitimate rights of dissenting creditors with the practical constraints of phased implementations.

(iii) **Facilitating the providers of interim finance:** CoC has been empowered to direct the resolution professional to invite the providers of interim finance to attend CoC meetings as observers without voting rights. This measure is intended to provide interim finance providers with a better understanding of the corporate debtor's operational status, thereby enabling them to make well-informed decisions regarding funding requirements.

RECENT AMENDMENTS

(iv) **Presentation of all plans before the Committee of Creditors (CoC):** Resolution professionals are now required to present all resolution plans received, including those that are non-compliant, to the CoC along with relevant details. This provision ensures that the CoC has access to comprehensive information for decision-making, which may lead to more informed choices and ultimately contribute to a more transparent and effective resolution process.

B. Further, IBBI has launched Revised Forms for Corporate Insolvency Resolution Process w.e.f 1st June, 2025. The new forms are more comprehensive and it represents a significant step towards reducing the compliance burden on Insolvency Professionals (IPs) while maintaining effective oversight of the insolvency resolution process as it has simplified and streamlined the forms framework.

C. Changes in Insolvency Process for Real-Estate Sector

(i) Amendment in CIRP Regulations – IBBI has vide its notification dated 03.02.2025, amended the CIRP regulations. Some of the key highlights of the amendment regulations as per IBBI Press Release are as follows:

1. Handing Over Possession: The Resolution Professional, after obtaining approval of the committee of creditors and upon fulfilment of all obligations by the homebuyer, can now hand over possession of plots, apartments, or buildings to the homebuyers while the resolution process is still ongoing. Thus, the distressed homebuyers would not have to wait for long periods in order to get possession of their properties.

2. Appointment of Facilitators: Facilitators can now be appointed for sub-classes within large creditor classes such as homebuyers to ensure their effective participation in the insolvency resolution process. The roles and responsibilities of the facilitators include facilitating communication between the authorised representative and the creditors assigned to him and providing information and clarifications to the creditors about the insolvency resolution process.

3. Participation of Competent Authority in Real Estate Projects: Committee of Creditors (CoC) can now invite relevant land authorities such as NOIDA, HUDA etc to their meetings for inputs and perspectives on regulatory and land development related matters. Participation of land authorities would not only enhance the viability and feasibility of resolution plans but also build confidence among homebuyers and other stakeholders in the resolution process.

4. Report on Real Estate Development Rights and Permissions: Resolution Professionals must now prepare a detailed report on the status of development rights, approvals, and permissions for real estate projects within 60 days of insolvency commencement. This will provide clarity on project viability thereby helping creditors make informed decisions in a timely manner.

5. Relaxations for Real Estate Allottees: Committee of creditors have now been empowered to relax certain conditions for associations or group of homebuyers to participate as resolution applicants in the insolvency resolution process. These include relaxations in eligibility criteria, performance security and deposits for submitting resolution plans.

(ii) Amendment in Liquidation Regulations - IBBI has vide its Notification dated 12.02.2024, introduced certain amendments to the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016. One of the amendments was regarding exclusion of certain assets from the liquidation estate. As per the amendment, wherever the corporate debtor has given possession to an allottee in a real estate project, such asset shall not form a part of the liquidation estate of the corporate debtor.

All the information in this presentation has been compiled from the following sources –

- Press releases by IBBI
- Structured Finance - Sharp increase in recoveries and lower liquidations in Q4 FY2025; however, resolution timelines remain stretched (June 2025 edition) by ICRA
- Quarterly Newsletters of IBBI
- NCLT Case Status Report (March 2025)

THANK YOU

Mr. Bijay Murmura
Insolvency Professional and Director

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adding values to value

