

***THE MADRAS CHAMBER OF COMMERCE
AND
INDUSTRY***

***COMPANY LAW
AND
CORPORATE MATTERS COMMITTEE***

MONTHLY NEWSLETTER FEBRUARY 2026

ISSUE NO 7

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CIRCULARS, MASTER CIRCULARS AND NOTIFICATION ISSUED BY SEBI IN THE MONTH OF FEBRUARY 2026

Date	Title
Feb 27, 2026	Revised Norms for appointment of an independent third-party reviewer/ certifier for green debt security
Feb 26, 2026	Ease of Doing Investment (EoDI)- Disclosure of registered name and registration number by SEBI regulated entities and their agents on Social Media Platforms (SMPs)
Feb 26, 2026	Valuation of physical Gold and Silver held by mutual fund schemes
Feb 26, 2026	Categorization and Rationalization of Mutual Fund Schemes
Feb 17, 2026	Circular on Forms for registration of stock brokers and clearing members
Feb 11, 2026	Capacity Planning and Real Time Performance Monitoring framework for Commodity Derivatives Segment of Market Infrastructure Institutions (MIIs)
Feb 10, 2026	Obligations on CRAs while undertaking rating of financial instruments falling under the purview of any other Financial Sector Regulator
Feb 06, 2026	Reporting of value of units of Alternative Investment Funds (AIFs) to Depositories
Feb 05, 2026	Creation/Invocation of pledge of securities through depository system.
Feb 05, 2026	Review of Calendar Spread margin benefit in Single stock derivatives on expiry day
Feb 04, 2026	Revision of Order-to-Trade Ratio (OTR) framework

MASTER CIRCULARS ISSUED BY SEBI IN THE MONTH OF FEBRUARY 2026

Feb 09, 2026	Master Circular for Issue of Capital and Disclosure Requirements
Feb 06, 2026	Master Circular for Research Analysts
Feb 06, 2026	Master Circular for Investment Advisers
Feb 06, 2026	Master Circular for Registrars to an Issue and Share Transfer Agents

REPORTS ISSUED BY SEBI DURING THE MONTH OF FEBRUARY 2026 FOR PUBLIC COMMENTS

Feb 13, 2026	Consultation Paper on Review of provisions related to Base Price and Price Bands for Exchange Traded Funds (ETFs).
Feb 13, 2026	Consultation paper on Ease of doing business-Relaxations in the reporting requirements for stock brokers.

- Feb 09, 2026 *Review of minimum value of investment by individual investors in Social Impact Fund under SEBI AIF Regulations, 2012 and review of requirements related to registration period of NPOs and minimum subscription under SEBI ICDR Regulations, 2018*
- Feb 05, 2026 *Consultation paper on ‘extending facility of standing instructions for Systemic Withdrawal Plan (SWP)/Systemic Transfer Plan (STP) for Mutual Fund units held in demat form’*
- Feb 05, 2026 *Consultation Paper on Measures towards Ease of Doing Business for REITs and InvITs.*
- Feb 05, 2026 *Consultation Paper on Flexibility to Alternative Investment Funds (AIFs) in Winding up the scheme / Surrendering the Registration.*
- Feb 05, 2026 *Consultation Paper On Draft Circular on Review of Inclusion of Historical Scenarios in Stress Testing and Coverage of Settlement Guarantee Fund for Commodity Derivatives Segment.*
- Feb 04, 2026 *Consultation paper on proposed amendments to Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 – ‘Fit and Proper Person’ Criteria.*

PRESS RELEASES BY SEBI IN FEBRUARY 2026

<i>Date</i>	<i>PR No. and Title</i>
<i>Feb 26, 2026</i>	<i>15/2026 Caution to the Public regarding fake STT notices</i>
<i>Feb 26, 2026</i>	<i>14/2026 Caution to Investors on Stock Market Scams through Account Handling Services</i>
<i>Feb 18, 2026</i>	<i>13/2026 SEBI Constitutes Working Group to Review ESG Rating Providers (ERPs) Regulatory Framework</i>
<i>Feb 13, 2026</i>	<i>12/2026 Launch of AI-driven calling campaign to promote ‘SEBI Check’ Tool and Validated UPI Handles</i>
<i>Feb 04, 2026</i>	<i>11/2026 Inauguration of PAN India Bond Issuer Outreach Program by Chairman,</i>

FOR YOUR KIND INFORMATION PLEASE: STATISTICS AS ON 31.01.2026

Active Companies	2039834
Active LLPs	459635
Approved DINs	57444 - (January 2026)
Company Incorporation	23270 - (January 2026)
LLP Incorporation	10081- (January 2026)
Companies Strike-off	1047

NOTIFICATIONS ISSUED BY RBI IN FEBRUARY 2026

Feb 26, 2026

[Reserve Bank of India \(Non-Banking Financial Companies – Miscellaneous\) Amendment Directions, 2026](#)

Feb 18, 2026

[Reporting under Foreign Exchange Management Act, 1999 – Returns pertaining to External Commercial Borrowing \(ECB\)](#)

[Unique Transaction Identifier for OTC Derivative Transactions](#)

Feb 16, 2026

[Foreign Exchange Management \(Borrowing and Lending\) \(First Amendment\) Regulations, 2026](#)

[Foreign Exchange Management \(Borrowing and Lending\) \(First Amendment\) Regulations, 2026](#)

[Formation of new district in the State of Haryana – Assignment of Lead Bank Responsibility](#)

Feb 13, 2026

[Reserve Bank of India \(Small Finance Banks – Financial Statements: Presentation and Disclosures\) – Second Amendment Directions, 2026](#)

[Reserve Bank of India \(Small Finance Banks - Prudential Norms on Capital Adequacy\) Second Amendment Directions, 2026](#)

[Reserve Bank of India \(Small Finance Banks - Concentration Risk Management\) Amendment Directions, 2026](#)

[Reserve Bank of India \(Small Finance Banks – Credit Facilities\) Amendment Directions, 2026](#)

[Reserve Bank of India \(Commercial Banks – Undertaking of Financial Services\) – Amendment Directions, 2026](#)

[Reserve Bank of India \(Commercial Banks – Financial Statements: Presentation and Disclosures\) – Third Amendment Directions, 2026](#)

[Reserve Bank of India \(Commercial Banks – Credit Facilities\) Amendment Directions, 2026](#)

[Reserve Bank of India \(Commercial Banks - Concentration Risk Management\) Amendment Directions, 2026](#)

[Reserve Bank of India \(Commercial Banks - Prudential Norms on Capital Adequacy\) Second Amendment Directions, 2026](#)

[Reserve Bank of India \(Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning\) Amendment Directions, 2026](#)

[Reserve Bank of India \(Non-Banking Financial Companies – Credit Facilities\) Amendment Directions, 2026](#)

[Reserve Bank of India \(Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning\) Amendment Directions, 2026](#)

Feb 11, 2026

[Strengthening of Grievance Redress Mechanism in Banks – Review](#)

Feb 09, 2026

[Lending to Micro, Small & Medium Enterprises \(MSME\) Sector \(Amendment\) Directions, 2026](#)

Feb 06, 2026

[Voluntary Retention Route – Imparting predictability and increasing ease of doing business](#)

Feb 03, 2026

[All Agency Banks to remain open for public on March 31, 2026 \(Tuesday\)](#)

PUBLIC NOTICE ISSUED BY MCA

Government of India Ministry of Corporate Affairs CL-I Section No. 1/27/2013-CL-V(P) New Delhi, the 2nd February, 2026 Public Notice

Government of India Ministry of Corporate Affairs CL-I Section No. 1/27/2013-CL-V(P) New Delhi, the 2nd February, 2026 Public Notice Rule 12(1) of the Companies (Registered Valuers and Valuation) Rules, 2017, provides for the eligibility criteria for recognition of Registered Valuers Organisations (RVOs). It, inter alia, stipulates that an RVO must be registered under section 25 of the Companies Act, 1956, or section 8 of the Companies Act, 2013, with the sole object of dealing with matters relating to regulation of valuers of an asset class or asset classes and has in its bye laws the requirements specified in Annexure- III of the Rules. However, it does not specify any minimum share capital criteria for recognition as an RVO. Suggestions have been received for amending rule 12(1)(i) of the Companies (Registered Valuers and Valuation) Rules, 2017 for prescribing a minimum paid-up share capital criteria for recognition of RVOs. In this regard, it is proposed to prescribe ₹25 lakh minimum paid-up share capital requirement for RVOs by amending such rule. A period upto 31st March, 2028 is proposed to be given to existing RVOs to align with this new requirement. Accordingly, a notification proposing amendment in the rules has been prepared and is made available on the portal of the Ministry i.e. www.mca.gov.in. It has been decided to invite suggestions/comments on such draft amendment from stakeholders.

Suggestions/comments on the draft amendment notification along with justification in brief may be sent latest by 05th March, 2026 through e-Consultation Module on the website of Ministry of Corporate Affairs.

***** [TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)] GOVERNMENT OF INDIA MINISTRY OF CORPORATE AFFAIRS DRAFT NOTIFICATION New Delhi, the ___ February, 2026 G.S.R.....(E).-

In exercise of the powers conferred by section 247 read with sections 458, 459 and 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Registered Valuers and Valuation) Rules, 2017, namely:-

1. Short title and commencement. –

(1) These rules may be called the Companies (Registered Valuers and Valuation) Amendment Rules, 2026.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Registered Valuers and Valuation) Rules, 2017, in rule 12, in sub-rule (1), for clause (i) the following shall be substituted, namely:-

“(i) it has been registered under section 25 of the Companies Act, 1956 (1 of 1956) or section 8 of the Companies Act, 2013 (18 of 2013), having - (a) a minimum paid-up share capital of twenty-five lakh rupees; (b) the sole object of dealing with matters relating to regulation of valuers of an asset class or asset classes; and (c) bye laws containing the requirements specified in Annexure –III.

Provided that a registered valuer organization which does not have the specified minimum paid-up capital as on the date of commencement of the Companies (Registered Valuers and Valuation) Amendment Rules, 2026 shall comply with this requirement on or before 31st March, 2028”.

General Circular No. 01/2026 F.No. Policy-02/2/2020-CL-V

भारत सरकार/Government of India कॉर्पोरेट कार्यालय/Ministry of Corporate Affairs तीसरा मंजिल, कमरा नंबर 13020, 3rd Floor, Room No. 13020, 'वंग-डी, कर्तव्य भवन-1, डॉ. आर.पी. रोड, Wing-D, Kartavya Bhavan-1, नई दिल्ली, 110001 Dr. R.P. Road, New Delhi, 110001 **Dated: 24th February, 2026**

To DGC&A All Regional Directors,

All Registrars of Companies,

All Stakeholders.

Subject: Companies Compliance Facilitation Scheme, 2026-reg.

Sir(s)/Madam(s),

The Companies Act, 2013 requires all companies to file the Annual Return and Financial Statements. Fees for filing such statements, documents, returns, etc. are governed by section 403 of the Companies Act, 2013 read with Companies (Registration Offices and Fees) Rules 2014. With effect from 1st July, 2018, an additional fee of Rs. 100/- day is applicable in respect of delay in filing annual returns and financial statements, without any upper limit.

2. This Ministry has been taking several initiatives from time to time to provide ease of doing business to the corporates. The number of active companies has crossed the 20 lakh mark and the rate of growth of companies in the country corresponds to the increase in the formalization of the economy, which consists of many new-age entrepreneurs, MSMEs, producer companies, OPCs, etc. The Ministry has received representations from various stakeholders, including these companies, with a request to waive off additional fees through a scheme. It has been noted that some of these companies, including MSMEs and private companies, have not been able to complete their annual compliances in time, leading to a situation of additional financial burden on account of additional fees payable due to delay.

3. In order to give a one-time opportunity to allow companies to file their documents related to Annual Return and Financial Statements in the MCA-21 registry, or to file for dormancy/closure, the Central Government, in exercise of the powers conferred under section 460 read with section 403 of the Companies Act, 2013, has decided to condone the delay in filing the above-mentioned documents with the Registrar, wherever applicable, through a Scheme namely "Companies Compliance Facilitation Scheme, 2026 (CCFS-2026)". The Scheme is aimed at improving compliance levels and ensuring that the corporate registry reflects accurate and up-to-date information. Additionally, it is aimed at facilitating inactive or defunct entities to opt for dormancy/closure by paying lesser fees

4. Under the Scheme, companies/inactive companies have the option to: a. get their pending annual filings completed by paying only 10% of the total additional fees payable on account of delays; or b. get their companies declared as 'dormant company' under section 455 of the Act by filing e-form MSC-1 and paying half of the normal fee payable under the rules. The said provision enables inactive companies to remain on the register of the companies with minimal compliance requirements; or c. get their companies struck off by filing an application in e-form STK-2 during the currency of the scheme, by paying 25% of the filing fees.

The details of the Scheme are as under: - (i) The scheme shall come into force on 15.04.2026 and shall remain in force till 15.07.2026. (ii) Definitions - In this Scheme, unless the context otherwise requires, - (a) "Act" means the Companies Act, 2013;

(b) "Company" means a company as defined in clause (20) of section 2 of the Companies Act, 2013;

(c) "relevant e-forms" means

i. Any one or more of the e-forms MGT-7, MGT-7A, AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), AOC4 (XBRL), ADT-1, FC-3, FC-4 (the Forms notified under the Companies Act, 2013 and the Rules thereunder), and

ii. Any one or more of the e-forms Form 20B, Form 21A, Form 23AC, Form 23ACA, Form 23AC-XBRL, Form 23ACA-XBRL, Form 66 and Form 23B (the Forms notified under the Companies Act, 1956 and the Rules thereunder);

(d) "Rules" means the Companies (Registration Offices and Fee) Rules, 2014;

(e) "Scheme" means the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026)

(iii) Applicability: All companies except for the following are permitted to file relevant e-forms which were due for filing on any given date in accordance with the provisions of this Scheme:

a) companies against which action of final notice for striking off the name u/s 248 of the Act (previously section 560 of Companies Act, 1956) has already been initiated by the Registrar;

b) companies which have filed application for striking off their name from the register of companies;

c) companies which have filed for obtaining Dormant Status under section 455 of the Act before the inception of this Scheme;

d) companies which have been dissolved pursuant to a scheme of amalgamation under the Act;

e) vanishing companies;

(iv) Manner of payment of normal fees and additional fees, as the case may be, under the Scheme:

a. Every company shall be required to pay the fees on the filing of each relevant e-form as per the following table:

Type of Fees	Amount
Normal fees	As prescribed under the rules
Additional fees	10% of the additional fees as prescribed under the rules

b. Every company which files an application for obtaining the status of a “dormant company” under section 455 in e-form MSC-1 shall pay a fee of one-half of the normal filing fees applicable in this regard under the rules.

c. Every company which applies for striking off by filing e-form STK-2 shall be required to pay only 25% of the applicable filing fees under Companies (Removal of Name of Companies from the Register of Companies) Rules, 2016.

(v) Immunity pursuant to the filing of relevant e-forms:

(a) In view of the express provisions of the proviso to section 454(3), the relevant proceedings under section 92 or section 137 shall be concluded and no penalty shall be leviable, if the filings are made under the scheme:

i. prior to issuance of the notice by the adjudicating officer; or

ii. within thirty days of the issuance of the notice by the adjudicating officer. In all other cases, i.e. where the filings are made under the scheme but the period of 30 days, after the issuance of notice for adjudication, has expired, or where the adjudication order imposing the penalty for the defaults under section 92 and section 137 has already been passed, the liabilities of the companies and its officers to pay the penalties [not the fees for filing of documents under section 403 of the Act] shall not undergo any change by virtue of the fact that such companies have made filings under this Scheme.

(b) In respect of e-forms ADT-1, FC-3, FC-4, Form 20B, Form 21A, Form 23AC, Form 23ACA, Form 23AC-XBRL, Form 23ACA-XBRL, Form 66 and Form 23B, the immunity would be granted against any prospective penal action in respect of delayed filings of such forms, if:

i. the said forms are filed under the Scheme; and

ii. no prosecution has been filed, or adjudication proceedings have been initiated by issuance of a show cause notice, for such default, before the filing of such forms under the Scheme.

6. At the conclusion of the Scheme, the Registrars of Companies concerned shall take necessary action under the Act against the companies who have not availed this Scheme and are in default of filing these documents in a timely manner.

ARTICLES:

ARTICLE 1:

REGULATION:28

In-principle approval of recognized stock exchange(s).

Regulation 28 deals with In-principle approval of recognized stock exchange(s).

Regulation 28 comprises of 2 sub-regulations.

28. (1) The listed entity, before issuing securities, shall obtain an 'in-principle' approval from recognised stock exchange(s) in the following manner:

(a) where the securities are listed only on recognised stock exchange(s) having nationwide trading terminals, from all such stock exchange(s);

(b) where the securities are not listed on any recognised stock exchange having nationwide trading terminals, from all the stock exchange(s) in which the securities of the issuer are proposed to be listed;

(c) where the securities are listed on recognised stock exchange(s) having nationwide trading terminals as well as on the recognised stock exchange(s) not having nationwide trading terminals, from all recognised stock exchange(s) having nationwide trading terminals:

i. Listed entity obtains in-principle approval from recognised Stock Exchange(s) having nationwide trading terminals

before issuing securities.

ii. Listed entity obtains in-principle approval from all recognised Stock Exchange(s) where the securities are not listed on any recognised Stock Exchange having nationwide trading terminals.

iii. Listed entity obtains in-principle approval from all recognised Stock Exchange(s) having nationwide trading terminals where securities are listed on both nationwide and non-nationwide trading terminal exchanges.

(2) The requirement of obtaining in-principle approval from recognised stock exchange(s), shall not be applicable for securities issued pursuant to the scheme of arrangement for which the listed entity has already obtained No-Objection Letter from recognised stock exchange(s) in accordance with regulation 37.

i. Requirement of obtaining in-principle approval from recognised Stock Exchanges is not applicable for securities issued pursuant to the scheme of arrangement for which the listed entity has already obtained a No-objection Letter from recognised Stock Exchange(s) under Regulation 37 of SEBI LODR.

REGULATION:29: Prior Intimations.

Regulation 29 deals with prior intimations to be made to Stock Exchanges:

Regulation 29 comprises of 3 sub-regulations.

In Sub Regulation 1, the words “of at least two working days in advance, excluding the day of the intimation and date of meeting”,

in Sub Regulation 1(d), the words “ issue of securities(excluding security receipts, securitized debt instruments of money instruments regulated by the Reserve Bank of India) through” and proviso to sub Regulation 1(d),the words

“Provided further that intimation for determination of issue price in a qualified institutions placement is not required if such placement is done in accordance with the provisions of the Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations,2018” were inserted with effect from 17.05.2024 and

in Sub Regulation 1(f), the words “where such proposal is communicated to the board of directors of a listed entity as part of the agenda papers” and the words

“Provided that in case the declaration of bonus by the listed entity is not on the agenda of the meeting of board of directors, prior intimation is not required to be given to the Stock Exchange(s)” were omitted with effect from 05.05.2021 and 01.10.2018 respectively and

Sub Regulation 1(g) with the words “any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof” and

Sub Regulation 1(h) with the words “any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable” were inserted with effect from 17.05.2024 and

in Sub Regulation 2, the words “The intimation required under sub-regulation (1), shall be given at least two working days in advance, excluding the date of the intimation and date of the meeting:

Provided that intimation regarding item specified in clause (a) of sub-regulation (1), to be discussed at the meeting of board of directors shall be given at least five days in advance (excluding the date of the intimation and date of the meeting), and such intimation shall include the date of such meeting of board of directors” were substituted with the words “The intimation required under sub-regulation (1) shall mention the date of such meeting of board of directors” with effect from 17.05.2024 and

in Sub Regulation 3, the words "The listed entity shall give intimation to the stock exchange(s) at least eleven working days before any of the following proposal is placed before the board of directors -

(a) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof. (b) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable" were omitted with effect from 17.05.2024.

29. (1) The listed entity shall give prior intimation of at least two working days in advance, excluding the date of the intimation and date of the meeting, to stock exchange about the meeting of the board of directors in which any of the following proposals is due to be considered:

(a) financial results viz. quarterly, half yearly, or annual, as the case may be;

(b) proposal for buyback of securities;

(c) proposal for voluntary delisting by the listed entity from the stock exchange(s);

(d) fund raising by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through] further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price:

Provided that intimation shall also be given in case of any annual general meeting or extraordinary general meeting or postal ballot that is proposed to be held for obtaining shareholder approval for further fund raising indicating type of issuance.

Provided further that intimation for determination of issue price in a qualified institutions placement is not required if such placement is done in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(e) declaration/ recommendation of dividend, issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend.

(f) the proposal for declaration of bonus securities:

(g) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof;

(h) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.

The listed entity shall give prior intimation of at least two working days in advance excluding the date of the intimation and date of the meeting to Stock Exchange regarding the Board Meeting in which any of the following proposals is due to be considered:

(i) financial results viz. quarterly, half yearly, or annual, as the case may be;

(ii) proposal for buyback of securities;

(iii) proposal for voluntary delisting from the stock exchange(s);

(iv) fund raising by way of issue of securities through further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price:

(v) Includes of any annual general meeting or extraordinary general meeting or postal ballot that is proposed to be held for obtaining shareholder approval for further fund raising indicating type of issuance.

Provided further that intimation for determination of issue price in a qualified institutions placement is not required if such placement is done in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(vi) Declaration/ recommendation of dividend, issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend.

(vii) Proposal for declaration of bonus securities:

(viii) Any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof;

(ix) Any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.

(2).The intimation required under sub-regulation (1) shall mention the date of such meeting of board of directors.

Intimation mentions the date of the board meeting.

(3) Omitted

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ARTICLE 2

The IBC Amendment Bill, 2025 and why it matters (Part –II):

Pioneering best practises and boosting investor confidence¹.

Introduction

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 ('IBC Amendment Bill') has proposed systemic amendments to the Insolvency and Bankruptcy Code, 2016 ('IBC'). The first part of this two-part article series² focused on the amendments proposed to the Corporate Insolvency Resolution Process ('CIRP') and liquidation- these proposals reinvigorate the thrust on time-bound insolvency resolution under the IBC.

In this second part, the authors explore conceptual recommendations that are expected to fortify the insolvency regime. The IBC Amendment Bill envisages out-of-court settlement for select groups of creditors and proposes to synthesize the insolvencies that are spread across several entities and locations.

1. *Creditor Initiated Insolvency Resolution Process ('CIIRP'): a revival of the "likelihood of insolvency" test?*

Currently, the commencement of insolvency procedures occurs only in the event of verified default, whereas the prior regime enabled insolvency to be triggered on "inability to pay debt". Any requirement for pre-default restructuring is addressed through alternate legislative mechanisms, such as compromise and arrangement schemes under the Companies Act, 2013³. With the proposed introduction of Chapter IV-A, debtors and creditors (who would typically have visibility of distress) could attempt a restructuring and resolution prior to invocation of the rigors of IBC.

Clause 40 of the IBC Amendment Bill proposes to insert Chapter IV- A to introduce Creditor driven resolution process in the form of CIIRP. The introduction of CIIRP represents a strategic shift blending a debtor-in-possession model powered by strong creditor oversight, where it is expected that creditors would be empowered to resolve financial distress more swiftly and in a more targeted fashion, with a less judicially-intensive mechanism. Some of the key aspects of the CIIRP framework are as follows:

- It may be initiated only by **specified financial creditors**;*
- It is to be initiated out-of-court, with at **least 51%** (by value of debt) of the notified financial creditors agreeing to initiate CIIRP*
- During CIIRP, **management of the company will remain with the debtor**, subject to oversight by the resolution professional.*

¹Authors are Charanya Lakshmikumaran, Krithika Jaganathan and Vishal Sundar. M. V., Executive Partner, Associate Partner and Senior Associate at Lakshmikumaran Sridharan Attorneys, Chennai

² IBC Amendment Bill, 2025 and why it matters (Part –I): Reducing Delays, Maximising Asset Value

³ See Sections 230 and 231 of The Companies Act, 2013

- Further it is proposed that once CIRP has commenced by an Operational creditor or Financial creditor and is ongoing, CIIRP cannot be initiated against such Corporate debtor.
- CIIRP is required to be completed within a period of 150 days extendable by 45 days by the NCLT consequent to an approval by the COC (66% of the voting value).
- The Corporate debtor can challenge the commencement of CIIRP and the NCLT may declare the initiation of CIIRP void if no default had occurred or convert the CIIRP into CIRP if default had occurred but the initiation of CIIRP was otherwise non-compliant.
- **Conversion of CIIRP to CIRP:** If no resolution plan has been received within the 150 days period or a plan is rejected or the directors and personnel of the Corporate debtor do not cooperate with the resolution professional, the NCLT shall pass an order to convert the CIIRP into CIRP. Further COC can also decide at any time to convert the CIIRP into a CIRP and seek an order from the NCLT for that conversion.

The creditor-led insolvency resolution model draws inspiration from international insolvency regimes⁴, to enable a prefatory mechanism for out-of-court redressal of genuine business failures. The rationale behind curating a class of creditors is that financial institution agreements would typically entail defined repayment schedules, simplifying the process of identifying and establishing any defaults that may arise. In sum, the proposal appears to be aimed at facilitating a faster and more cost-effective insolvency resolution process with minimal disruption to business operations⁵. This proposal also reflects the commitment to integrating measures for Mediation, which will have to be harmonised with the Mediation Act, 2023.

2. GROUP INSOLVENCY PROCEEDINGS:

Clause 42 of the IBC Amendment bill introduces Chapter V-A which moots a group insolvency regime to enable coordinated resolution of interconnected entities within the same corporate umbrella.

The proposal vests the finer details to be evolved by way of Rules but indicates that a common bench may preside over the coordinated conduct of proceedings by common insolvency professionals, and a joint committee of creditors of the debtors. Broadly endorsing this enabling framework, the Select Committee has emphasized that core principles and safeguards for complex structures should be codified in the IBC, to best address the unique challenges such as entrenched pattern of promoter-initiated litigation, related-party influence, etc.⁶

This concept is influenced by international best practices and the UNCITRAL's model on group insolvency. Popularly termed as the doctrine of "substantive consolidation", the concept was specifically earmarked for later integration into the IBC⁷. Even without being codified, this doctrine finds judicial acceptance as an equitable

⁴ UK's voluntary liquidation empowers creditors to control the winding-up process, Chapter 11 of the US Bankruptcy Code which propounds the possession of business by the debtor concept.

⁵ Statement of object and reason appended to IBC Amendment Bill, 2025

⁶ Report of the Select Committee on the Insolvency and Bankruptcy Code (Amendment) Bill, 2025

⁷ Report of the Working Group on Group Insolvency – Page 61

principle and has functionally guided insolvencies of connected entities in India⁸. If this proposed amendment were embraced, the doctrine is set to become codified.

3. CROSS BORDER INSOLVENCY:

The IBC currently does not provide a framework for dealing with cross-border insolvency, but enables a bilateral arrangement for enforcing the IBC. The IBC posits that the Central Government may execute agreements with Government(s) of any other country/countries outside India, for enforcing the IBC⁹, and for requesting details or evidence as to existence of offshore assets of a Corporate Debtor¹⁰. Given that many corporate transactions and businesses today carry an international footprint, there is a need to provide for situations dedicated to cross border insolvencies and to specifically address off-shore assets.

In order to achieve this purpose, Clause 67 of the IBC Amendment Bill seeks to introduce Section 240C by which Central government has been empowered to make rules for insolvency matters involving cross border transaction.

This is a significant step towards aligning India's insolvency regime with global best practises and improving investor confidence. This proposal also is a step in solidarity with stringent norms for significant beneficial ownership under the Companies Act, 2013¹¹. Expectedly, disclosure and reporting norms are set to become more rigorous. If enacted, the Rules will have to provide for interlinkages of regulatory regimes with the IBC.

Conclusion:

The IBC Amendment Bill is a strategic and topical calibration of the Indian Insolvency regime. While propagating out-of-court settlement for early-stage resolution through CIIRP, the IBC Amendment Bill also paves the way for group insolvency process for value maximization and procedural ease. A giant leap towards transparency is taken with the proposed amendments for cross border insolvency. The amendments, if enacted, will herald a seismic shift in the administration of economic laws.

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⁸ State Bank of India & Anr v. Videocon Industries Ltd & Ors (MA 1306/2018 IN in CP No. 02/2018 dated 08.08.2019)

⁹ See section 234 of IBC,2016

¹⁰ See Section 235 of IBC,2016

¹¹ See Sections 89 and 90 of The Companies Act, 2013