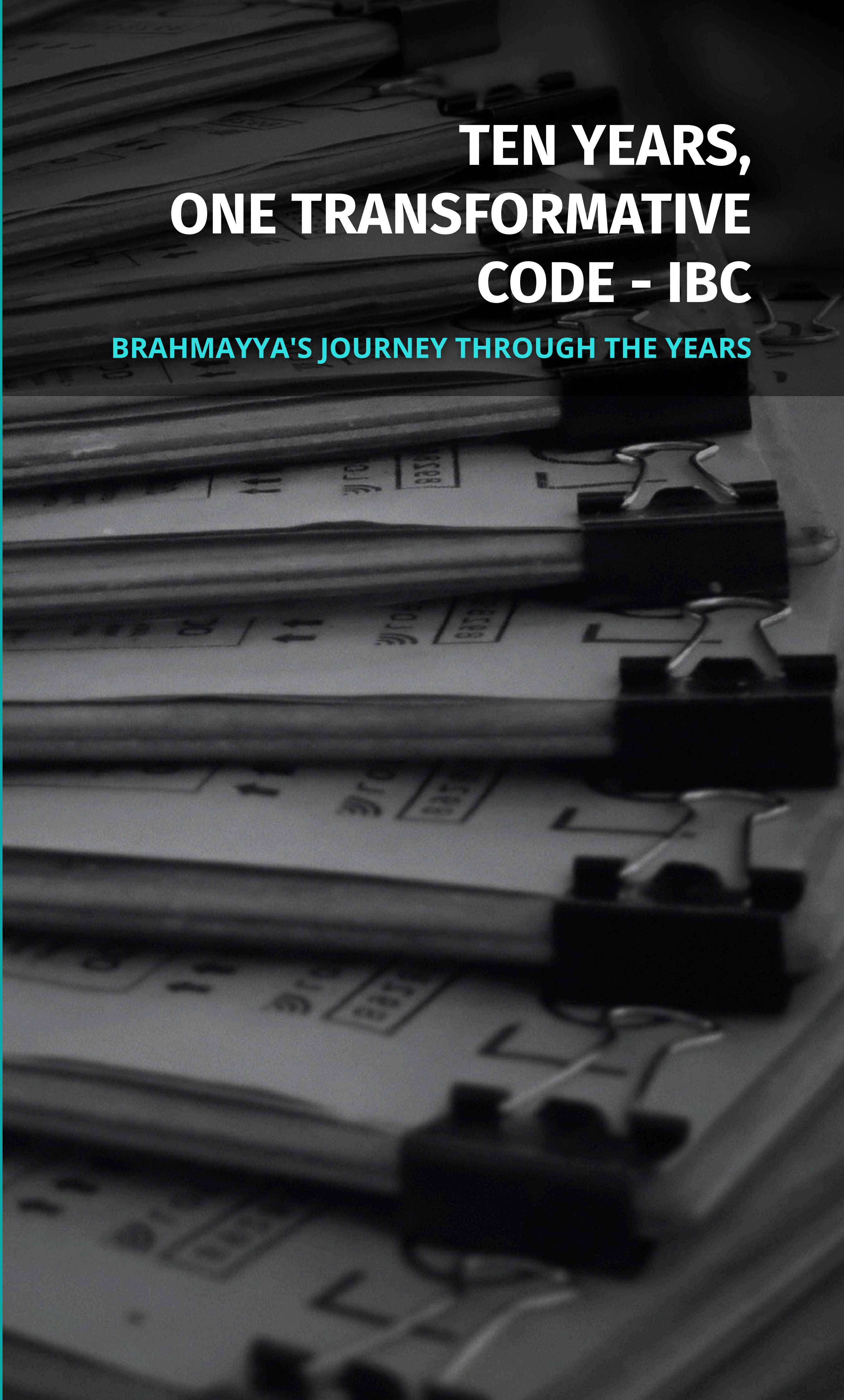
TEN YEARS, ONE TRANSFORMATIVE CODE - IBC

BRAHMAYYA'S JOURNEY THROUGH THE YEARS



Brahmayya&co.

INTRODUCTION

As India marked a decade of the enactment of Insolvency and Bankruptcy Code, 2016 ("the Code" / "IBC") on 28th May 2026, the legislation has emerged as one of the country's most significant economic reforms. Introduced to replace a fragmented insolvency framework, the Code transformed the creditor-debtor relationship by establishing a time-bound, creditor-in control resolution process framework for distressed businesses. Over the decade, recovery under the Code has been remarkable, with approved resolution plans yielding creditors nearly INR 4.32 lakh crore[1] in realisations up to March 2026.

01 A LOOK AT THE STATISTICS

As cited by the IBBI in its Quarterly Newsletter for January-March 2026, a total of 4099 Corporate Debtors have been revived. Out of which a total of 1419 culminated into approved resolution plans; 1388 through appeal/review/settlement and the remaining 1292 through withdrawal. Resolved corporate debtors have, on average, realised more than 30.56% of admitted claims and over 166.85% of liquidation value under approved resolution plans with such plans yielding close to 94.56% of fair value on average.[2]

As per the Reserve Bank of India's Financial Stability Report, June 2026, dated 30th June, 2026, the Gross Non-Performing Assets ("GNPA") of the Scheduled Commercial Banks declined to a multi decadal low of 1.8 per cent.[3] Undoubtedly, many regulatory measures have contributed to this remarkable improvement, nevertheless, the IBC remains a significant driver of this positive trend.

₹4.32L Cr

Realised by creditors under approved resolution plans

Up to March 2026

30,000+

Applications settled at pre-admission stage

Defaults worth ₹13.78L Cr

1.8%

GNPA of scheduled commercial banks

Multi-decadal low · RBI FSR June 2026

[1] PIB Press Release , 'India's Insolvency Framework From Financial Distress to Structured Resolution', dated 28th May, 2026.
Available at: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2266139&reg=3&lang=1

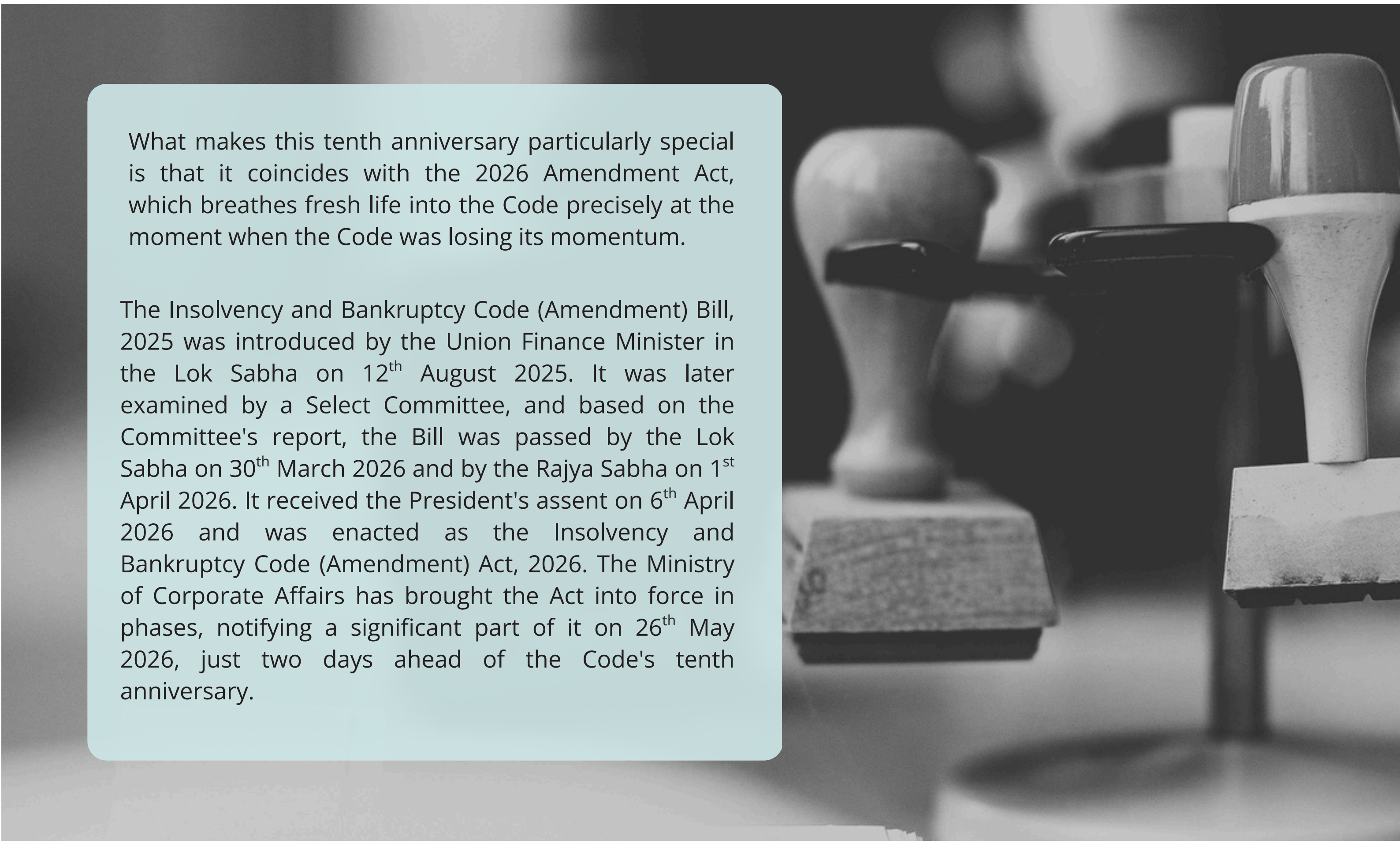
[2] The Quarterly Newsletter of the Insolvency and Bankruptcy Board of India, January-March, 2026, Vol.38
Available at: https://ibbi.gov.in/uploads/publication/62bde7e8797a6a91abc577742098b840.pdf

[3] Reserve Bank of India – Financial Stability Report, June 2026.
Available at: 0FSRJUNE2026_300626A120EF6C37694C8C933181147F1379D7.PDF

This position finds further support in a Press Release[4] of the Press Information Bureau titled, 'Building Trust: The Journey of Strengthening India's Banking Sector', which, among the many factors also recognises the Code for propelling performance of India's Banks and transforming India's credit culture and improved recovery processes.

The Code's 'creditor in control' regime has redefined the creditor-borrower relationship in India, the behavioural effect of which is perhaps seen in the numbers themselves, as of March 2025, more than 30,000 applications, carrying underlying defaults worth INR 13.78 lakh crore, were settled at the pre-admission stage.[5]

02 THE BREAKTHROUGH AMENDMENT ACT OF 2026



What makes this tenth anniversary particularly special is that it coincides with the 2026 Amendment Act, which breathes fresh life into the Code precisely at the moment when the Code was losing its momentum.

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 was introduced by the Union Finance Minister in the Lok Sabha on 12th August 2025. It was later examined by a Select Committee, and based on the Committee's report, the Bill was passed by the Lok Sabha on 30th March 2026 and by the Rajya Sabha on 1st April 2026. It received the President's assent on 6th April 2026 and was enacted as the Insolvency and Bankruptcy Code (Amendment) Act, 2026. The Ministry of Corporate Affairs has brought the Act into force in phases, notifying a significant part of it on 26th May 2026, just two days ahead of the Code's tenth anniversary.

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[4] Available at:
https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=156404&ModuleId=3&reg=37&lang=1

[5] Ministry of Finance – Press Release titled 'Gross NPAs of Scheduled Commercial Banks (SCBs) for domestic operations reach a historic low of 2.15% as of September, 2025', dated 9th February, 2026.

Available at: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2225442&reg=3&lang=1

The Amendment Act covers a wide range of changes, and the ones drawing the most attention are set out below.

AMENDMENT 01

Reversal of the Rainbow Papers Principle

The amended Section 3(31), clarifies that a security interest shall exist only where it creates a right, title, interest, or claim to property pursuant to an agreement or arrangement by two or more parties. It shall not include security created merely by operation of law.

AMENDMENT 02

Admission of CIRP is no longer discretionary

Where the procedural requirements are fulfilled, the Adjudicating Authority must only ascertain whether a default exceeding the threshold of Section 4 exists and admit the application within 14 days of filing. Thus, taking away the discretionary jurisdiction given to the Adjudicating Authority by virtue of the Hon'ble Supreme Court's judgement in Vidarbha Industries Power Ltd. case.

AMENDMENT 03

Introduction of Creditor-Initiated Insolvency Resolution Process

The newly inserted Chapter IV-A introduces the Creditor-Initiated Insolvency Resolution Process allowing notified financial creditors to commence proceedings without approaching the Adjudicating Authority first, while the debtor's management stays in place under supervision. This Chapter is yet to be brought in force.

AMENDMENT 04

Codification of 'clean slate' doctrine

The Ghanashyam Mishra precedent is written into the statute i.e., claims not part of an approved resolution plan stand extinguished, giving resolution applicants the certainty they have long sought though claims against guarantors and promoters expressly survive. By incorporating the Ghanashyam Mishra principle directly into the Code, the amendment strengthens the protection of SRAs, ensuring that they truly take over the corporate debtor on a "fresh slate" without the baggage of past claims and proceedings.

AMENDMENT 05

Enhancing Value Maximisation Scope and Plan Approval Process:

- The definition of resolution plan now expressly covers the sale of one or more assets of the corporate debtor to one or more resolution applicants, opening the door to timely monetisation and revival of core assets / business units rather than the whole entity, enabling greater value maximisation to the stakeholders.
- The CoC, when approving a plan, must now record its reasons, adding a layer of accountability to what was largely a commercial wisdom decision.
- A new proviso lets the Adjudicating Authority approve implementation of the plan first and the manner of distribution separately, on an application by the RP backed by 66% CoC approval.
- The Adjudicating Authority itself is now bound to a 30 days window for approving or rejecting a plan (in a dual step case, 30 days from implementation approval to decide on distribution), with reasons required if the deadline is breached.
- Before rejecting a resolution plan outright, the Adjudicating Authority may give the CoC a chance to fix any defects, so plans aren't rejected on technicalities that could otherwise have been rectified.

AMENDMENT 06

Minimum Protected Payout to Dissenting Creditors

The amendment rightly settles the conundrum around the diverging judgments in the matters of Amit Metaliks Ltd., and Ruchi Soya Industries Ltd. As per the amended provisions, the resolution plan must now provide that dissenting financial creditors receive at least the lower of (i) the amount receivable in liquidation under section 53, or (ii) the amount receivable if distribution follows the priority under section 53. This ensures a minimum protected payout for dissenting creditors while not obstructing the approval of a feasible and viable resolution plan.

AMENDMENT 07

Strengthening Liquidation Framework

- Once a liquidation order is passed, the Adjudicating Authority shall now refer the matter to the IBBI for recommending an IP to act as liquidator and that such IP cannot be the RP who ran the CIRP, since a new provision expressly bars the CIRP stage RP from being appointed or continued as liquidator for the same corporate debtor, keeping the two roles separate.
- The Adjudicating Authority may also declare a moratorium during liquidation on the lines of Section 14, thereby freezing fresh or ongoing legal proceedings against the corporate debtor.
- The CoC constituted during the CIRP to supervise the conduct of the liquidation process.
- Where the corporate debtor has no meaningful assets for liquidation, the CoC can move straight to dissolution, saving time and cost.
- The Liquidation period will now run on a clock of 180 days instead one year, extendable by up to 90 days, with the Adjudicating Authority required to pass the dissolution order within thirty days of that application.
- To speed things up further, the requirement to re-collate and re-verify claims in liquidation has been dropped, since that exercise is already done during CIRP, the liquidator simply carries forward and updates the claims and Sections 38 to 42 of the Code, which duplicated this process, have been omitted.
- The decision surrounding realisation of Corporate Debtor's assets outside the Liquidation proceedings by the secured creditors, is now made time bound by putting a strict timeline of 14 days of liquidation commencing. Failing which the asset is treated as relinquished to the liquidation estate, and the Secured Creditors' enforcing such security shall remain liable towards CIRP costs, liquidation costs, and workmen's dues out of what they realise.
- Further, to enable collective decision-making and parity, the Code now requires an approval of 66% of Secured Creditors that hold security over the same asset of the corporate debtor, for realisation of such asset outside the liquidation estate.

Beyond the headline amendments discussed above, the Amendment Act of 2026 also introduces several other significant changes that add to its importance. These changes include:- tightened withdrawal provisions under Section 12A of the Code; broadening the scope of the categories of persons required to extend assistance to the IRP/RP/Liquidator; banding together of the assets of the CD and Guarantor during CIRP; Removal of Fast-Track CIRP; Termination of Voluntary Liquidation process; increase in the lookback period for avoidance transactions; Restoration of CIRP; enabling provisions for cross-border insolvency and Group Insolvency etc.

As with any evolving legislation, the true success of these 2026 amendments will lie not only in the changes they introduce, but in how they are implemented to achieve faster, more efficient and value driven resolutions.

03 TEN YEARS THROUGH THE LENS OF PRACTICE

Right from the promulgation of the Code, Brahmayya&Co., Chartered Accountants have advised and handled cases across the full spectrum of insolvency and restructuring matters under the Code, including high value CIRPs, liquidation proceedings, going concern sales, distressed acquisitions, transaction audit / forensic reviews under IBC, Resolution Plan advisory and implementation support.

Our experience spans high value assignments across diverse sectors, involving intricate stakeholder negotiations, litigation strategy, process management and successful implementation outcomes. The mandate typically extends to collation and verification of claims, coordination with the Committee of Creditors, engagement with regulatory authorities and public sector counterparties on matters incidental to the resolution process, sourcing of interim finance to sustain business operations during the resolution period to ensure going concern, coordinating with valuers, auditors and other professionals and, upon approval of the resolution plan, continued engagement in monitoring and supervising capacity to oversee its implementation.

Over the past ten years, this scope of work has been discharged across mandates in the manufacturing, power, and infrastructure sectors, involving admitted claims running into several thousand crores of rupees. A snapshot of a few such mandates follows below:

10

YEARS OF IBC

THE NUMBERS BEHIND THE WORK

9
CIRP mandates (end-to-end, as Support Service Provider/IP support)

5
Resolution Plan(s) Implementation Advisory

4
Resolution Plan Advisory

3
Liquidation mandates (court-driven) (end-to-end, as Support Service Provider/IP support)

3
Individual Insolvency mandates (end-to-end, as Support Service Provider/IP support)

3
Transaction Review (PUFE Transactions)

2
Voluntary Liquidation mandates (end-to-end, as Support Service Provider/IP support)

2
Section 12A Withdrawal Advisory

12,000 CRORES (APPROX.)
Aggregate claims value processed

SECTORS SERVED

Power, Infrastructure, Manufacturing, Maritime logistics

ENGAGEMENT SNAPSHOTS:

CIRPs - End-to-End Process Support:

Mandate 1:

SECTOR: **Manufacturing**

SCALE:
Gross admitted debt of over **INR 2,000 crores**; CoC comprising 2 foreign financial institutions and nationalised bank

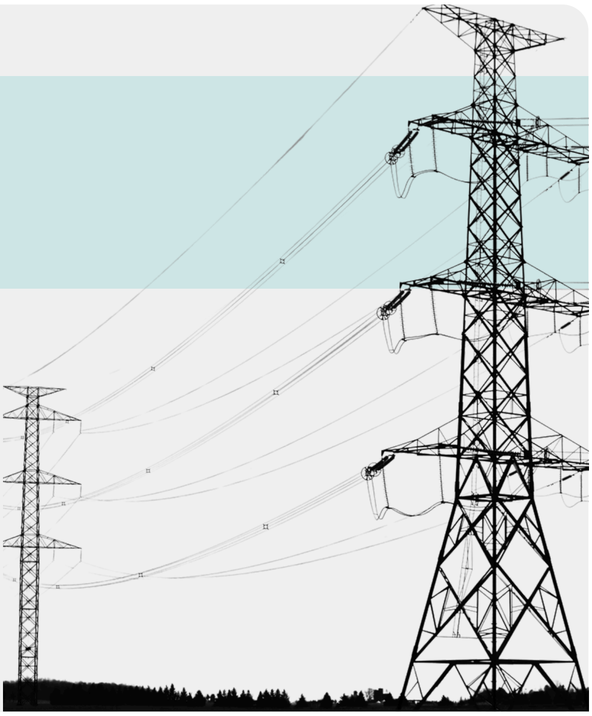
ACHIEVEMENTS/MILESTONES:

- Concluded effective resolution and was subsequently appointed Implementing Agency for the resolution plan.
- Obtained a landmark Supreme Court judgment on the issue of liquidation value and the commercial wisdom of the CoC.
- Handled complex litigation at the NCLT, NCLAT, and Supreme Court with an expert team.

Mandate 2:

SECTOR: **Power**

SCALE:
Gross admitted debt of over **INR 6,500 crores**; CoC comprising 15 banks and financial institutions; Claims handled from 130+ operational creditors.



ACHIEVEMENTS/MILESTONES:

- Concluded India's first effective resolution of a coal-based thermal power plant.
- Liaised with Coal India, state discoms, transmission utilities, and captive consumers across multiple legal forums
- Secured interim funding of INR 400 crores for the Corporate Debtor during the CIRP period.

Mandate 3:

SECTOR: **Water Transportation Infrastructure.**

SCALE:
Gross admitted debt of over **INR 915 crores**.

ACHIEVEMENTS/MILESTONES:

- Achieved a zero-haircut settlement, with recovery to creditors exceeding 100% of admitted claims
- Maintained uninterrupted business operations through the CIRP period, sustaining strong and consistent cash flows throughout.
- Restructured the business model by enforcing contracts on an arm's-length basis, resulting in substantial value maximisation.
- Handled complex litigation at the NCLT, NCLAT, and Supreme Court with an expert team

Mandate 4:

SECTOR: **Rail Infrastructure**

SCALE:
Gross admitted debt of over **INR 543 crores.**

ACHIEVEMENTS/MILESTONES:

- Achieved a zero-haircut resolution, with recovery to creditors exceeding 125% of admitted claims
- Maintained uninterrupted business operations through the CIRP period, sustaining strong and consistent cash flows throughout
- Restructured the business model by enforcing contracts on an arm's-length basis, resulting in substantial value maximisation
- Handled complex litigation at the NCLT, NCLAT, and Supreme Court with an expert team

Mandate 5:

SECTOR: **Sugar manufacturing**

SCALE:
Gross admitted claim of **INR 1,300 crores.**

ACHIEVEMENTS/MILESTONES:

- Navigated a highly contentious resolution process involving over 50 concurrent litigations across multiple forums, including the NCLT, NCLAT, High Court, Supreme Court and other sub-ordinate courts.
- Managed complex attachment proceedings initiated by the Enforcement Directorate under PMLA, the Economic Offences Wing, State Revenue Authorities and the Maharashtra Protection of Interest of Depositors authorities.
- Coordinated extensively with multiple regulatory and investigative authorities.
- Obtained favourable judicial orders setting aside a sale of assets undertaken in violation of the moratorium under Section 14 of the Code, thereby preserving the value of the Corporate Debtor for the benefit of stakeholders with the help of an expert team.

Liquidation Matters

Mandate 1:

SECTOR: **Power and Infrastructure**

SCALE:
Gross admitted debt of over **INR 649 crores.**

ACHIEVEMENTS/MILESTONES:

- Maintained the Corporate Debtor as going concern
- Achieved Successful going-concern sale under liquidation
- Liaised with ONGC, GAIL, transmission utilities, captive consumers, and regulatory authorities
- Handled complex litigation at the NCLT, NCLAT, High Court, and Supreme Court with an expert team

Mandate 2:

SECTOR: **Power and infrastructure**

SCALE:
Gross admitted debt of over **INR 268 crores**

ACHIEVEMENTS/MILESTONES:

- Achieved going-concern sale of the corporate debtor at a value above the liquidation value, preserving the enterprise rather than breaking it up for parts;
- Successful sale of Not Readily Realisable Assets.

Stressed Asset Acquisition

Mandate 1:

SECTOR: **Healthcare Sector**

SCALE:
Gross Admitted Debt over **20 Crores**

ACHIEVEMENTS/MILESTONES:

- Conducted comprehensive due diligence and advised Resolution Applicant on value and potential risks and benefits.
- Held multiple rounds of negotiations with CoC and got the resolution plan approved with requisite majority offering more than 50% recovery to the financial creditors and employees.
- Drafted the resolution plan with comprehensive reliefs and concessions most of which were granted by the Adjudicating Authority.

04 | INDUSTRY ENGAGEMENTS

Over the past decade, Brahmayya&Co. has maintained an active presence in the broader insolvency and restructuring ecosystem, participating in conferences and industry forums convened by regulatory bodies and professional associations.

International Convention on Insolvency Resolution, held on 4th- 5th August 2023 at Singapore, by ICAI.

RESOLVE 2023

Delegate with Mr. M.S. Sahoo (Former Chairperson - IBBI)

ILA, GOA

2nd Insolvency Law Academy's Annual Conference on Repositioning Insolvency Policy- Resilient Systems, Unique Solutions, held on 9th-11th February, 2024, at Goa.

Delegate with Mr. Scott Atkins (Immediate Past President and Fellow of INSOL International (2021-2024), and Mr. Dinkar Venkatasubramanian (Past President INSOL India)

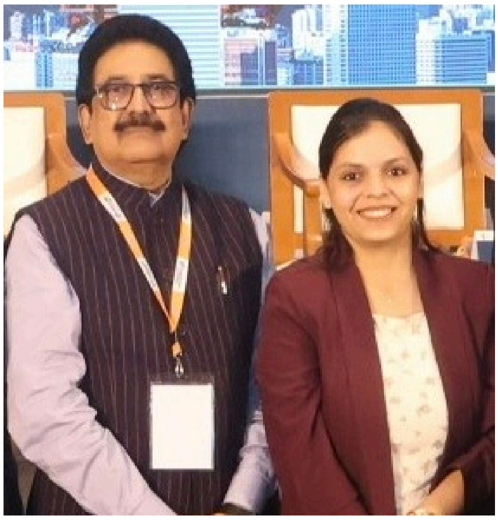
RESOLVE 2024

2nd edition of the International Convention on Insolvency Resolution and Valuation, held on 12th–13th July, 2024 at New Delhi, by ICAI.

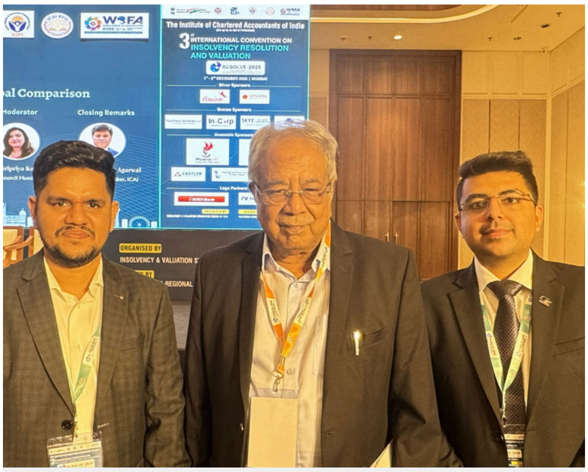
Delegate with Mr. Sandip Garg (Whole-time member, IBBI) and CA. Durgesh Kumar Kabra (CCM, ICAI, 2019-2024)

Delegates with Shri Sunil Pant (ex-CEO of the Indian Institute of Insolvency Professionals of ICAI and ex- CGM, SBI)

Mr. Sudkaker Shukla (Former WTM - IBBI)



Former Judicial Memeber - NCLT Hyd - Dr. Nandula



Mr. T.K Vishwanathan - BLRC Chairman

3rd edition of the International Convention on Insolvency Resolution and Valuation, held on 1st-2nd December, 2025, at Mumbai, by ICAI

RESOLVE 2025

05 EXPERT VIEW

Mr. Lokesh Vasudevan,
Partner – Brahmayya & Co.
a seasoned Chartered Accountant with over 15 years of professional experience specialising in Assurance, Corporate Advisory and restructuring & strategic turnaround services, offers a practitioner's perspective on the evolution of the Code and the significance of the Amendment Act, 2026.

How has the IBC impacted the financial discipline and governance within Indian businesses?

Undeniably, the real impact of the Code extends far beyond mere insolvency proceedings. It has reshaped the broader corporate ecosystem by promoting enhanced governance, timely decision making and a greater sense of accountability among businesses and their stakeholders.

This transformation has been further complemented by advancements under the Companies Act, 2013, elevated governance expectations under the SEBI framework for listed entities, and the RBI's emphasis on timely identification and resolution of stressed assets. Collectively, these frameworks have encouraged businesses to detect stress at an early stage and implement prompt corrective measures, rather than waiting until the situation becomes irreversible.

Furthermore, the Code has also influenced the decisions around related party transactions in the context of PUFE proceedings. Overall, the Code has become an integral part of a larger ecosystem of corporate governance reforms that collectively promote transparency, accountability and responsible decision-making.

> *These frameworks have encouraged businesses to detect stress at an early stage and implement prompt corrective measures.*

Which judicial principle do you believe has had the greatest impact on insolvency jurisprudence in the past decade?

Among the many important judicial precedents during the passage of the past decade, the one that has significantly impacted the IBC framework is the coinage and judicial recognition of the concept of 'commercial wisdom of CoC'. The courts have consistently upheld and fortified this doctrine, exercising judicial restraint and ensuring that court intervention remains confined to the narrow boundaries envisaged under the Code. In doing so, the judiciary has ensured that the control of the chariot remains firmly with the CoC, recognising that financial creditors are best placed to evaluate commercial viability, and steer the process towards a value maximising outcome. This has reinforced the creditor-driven framework that forms the cornerstone of the Code.

Another significant development has been the judicial articulation of the 'Clean Slate' principle, which has made it clear that once a resolution plan is approved under Section 31, any claim which is not included in that approved plan stands extinguished. In practical terms, this principle has transformed the market and provided much needed finality. From an investor's perspective, this predictability has been of utmost significance and remains a driving factor for their participation in the process.

> *Once a resolution plan is approved under Section 31, any claim which is not included in that approved plan stands extinguished.*

When it comes to preserving value during a CIRP, what are the crucial aspects which require urgent attention of lawmakers?

One area that deserves particular attention of the lawmakers is dealing with assets of the Corporate Debtor that have been attached or are subject to recovery proceedings prior to the commencement of the CIRP. Preserving and consolidating the assets of the corporate debtor are fundamental to maximising value for all stakeholders.

If the assets remain outside the purview of the resolution estate owing to pre-CIRP attachments or conflicting claims under other enactments, it can adversely impact the feasibility and viability of the resolution process. The initiatives introduced by the Insolvency and Bankruptcy Board of India regarding the restitution of assets are a welcome step in acknowledging the importance of reintegrating such assets into the resolution estate wherever the law permits.

Nevertheless, this continues to be a complex battlefield and an area of significant concern where different statutory frameworks overlap. Proceedings involving enforcement agencies, the nature of attachments, and conflicting claims frequently lead to litigation.

While the jurisprudence is steadily evolving, prompt resolution of these issues is essential, as uncertainty surrounding core assets have adverse impact on valuations, PRA confidence, and ultimately on the success of the resolution process.

Preserving and consolidating the assets of the corporate debtor are fundamental to maximising value for all stakeholders.

How do you assess the Amendment Act of 2026?

It is heartening that the Central Government has recognised the need for a significant overhaul to the Code to better align with the evolving market conditions. These amendments appropriately address the key concerns that were stinging the framework for quite some time.

Over the past decade, the Code has undergone extensive scrutiny in various legal forums and in practical application. As professionals, we have observed the effective aspects of the Code where the process works well and the areas where more clarity was required.

These amendments provide more clarity at the admission stage, eliminate uncertainty regarding the treatment of secured creditors and statutory dues, establish frameworks for group insolvency and cross-border insolvency, introduce a more structured mechanism for implementing the approved resolution plans, and aim to minimise procedural delays.

However, the true success of these amendments will not be measured by the volume of amendments being made, but rather by how effectively these amendments reduce the need for stakeholders to solicit answers outside the statutory and regulatory framework.

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CONCLUSION

The first decade of the Code has demonstrated that insolvency law must not remain static like other legal frameworks. As markets progress, financing arrangements become more complex and judicial interpretations continue to influence the law, the insolvency framework must adapt accordingly. The amendments set for 2026, coupled with the consequential changes notified by the IBBI in the corresponding Regulations, reflect this process of continuous refinement, while preserving the fundamental philosophy of the Code.

As practitioners, Brahmayya&Co. has witnessed how success of any process is not exclusively determined by a single provision or an amendment, rather, it is shaped by the interplay between the statute, the regulations, judicial precedents and, most importantly, the manner in which stakeholders participate in the process. Therefore, it remains to be seen how these reforms play out in on-ground implementation.

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