

IBBI empowers CoC to direct RPs to invite providers of interim finance to attend CoC meetings as observers without voting rights

The Insolvency and Bankruptcy Board of India (IBBI/Board) vide its Press Release dated May 30, 2025, has notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2025. The amendment will be effective from 26th May 2025.

Key highlights of the Amendment Regulations are as follows:

1. 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. This concurrent invitation will reduce the timeline of the resolution process, prevent value erosion in viable segments, and encourage broader investor participation.
2. 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.
3. The Committee of Creditors (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 will 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.
4. The 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.

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