INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA
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IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"If you are not willing to risk the usual, you will have to settle for the ordinary."

➢ IBBI Seeks Public Comments on Strengthening Safeguards for Personal Guarantors

The Insolvency and Bankruptcy Board of India (IBBI) has issued a Discussion Paper titled "Strengthening Safeguards in the Insolvency Resolution Process for Personal Guarantors to Corporate Debtors", proposing amendments to strengthen the insolvency resolution framework for Personal Guarantors under the Insolvency and Bankruptcy Code, 2016.

The Discussion Paper proposes four key measures: exclusion of related parties from voting on repayment plans, identification and reporting of avoidance transactions, valuation of the guarantor's assets by a registered valuer, and recording creditors' deliberations and reasons for their decision on repayment plans. The proposals aim to enhance transparency, safeguard creditors' interests and promote informed decision-making.

IBBI has invited public comments on the proposals and draft regulations, with October 3, 2026 as the last date for submission. Comments may be submitted electronically through the Public Comments section of the IBBI website.

Source: IBBI
Read Full Discussion Paper:
https://ibbi.gov.in/uploads/whatsnew/bafac143b46df288287ecd9803eb0d3c.pdf

➢ IBBI Circular on due diligence by Insolvency Professionals regarding misuse of IBC framework

The Insolvency and Bankruptcy Board of India (IBBI), vide Circular No. IBBI/CIRP/105/2026 dated September 9, 2026, has advised Insolvency Professionals (IPs) to exercise heightened due diligence and remain vigilant against the potential misuse of the Insolvency and Bankruptcy Code, 2016 (IBC).

The Circular highlights various indicators warranting closer examination, including CIRP initiated by or debt assigned shortly before initiation to a single creditor, clusters of connected corporate debtors, limited competitive participation, disproportionate realisation compared with admitted claims, links with fraud-related proceedings, and significant related-party loans, advances or investments without adequate basis. IBBI clarifies that these indicators are illustrative and not exhaustive, and no single indicator should be treated as conclusive evidence of misuse.

Where an IP, upon further enquiry and holistic assessment, forms a reasonable view that the Insolvency process may be serving a fraudulent or malicious purpose, the IP is required to approach the Adjudicating Authority (AA) with the relevant facts, supporting material and reasons for seeking appropriate directions.

Source: IBBI
Read Full Circular:https://ibbi.gov.in/uploads/whatsnew/832e58d2371048cebf5c2a43a55e7dfc.pdf

➢ NCLT Ahmedabad directs restoration of Gensol EV Lease's GST registration during CIRP

The Ahmedabad bench of the National Company Law Tribunal has directed the GST authorities to restore the GST registration of Gensol EV Lease Limited during its Corporate Insolvency Resolution Process (CIRP).

The bench held that the cancellation shall not operate against the company during CIRP, observing that the GST registration "has a direct bearing upon the statutory compliances" and may materially affect the Resolution Professional's ability to manage the company's affairs.

Judicial Member Shammi Khan and Technical Member Sanjeev Sharma clarified that commencement of CIRP does not automatically invalidate statutory proceedings under another law. The effect of the moratorium under Section 14 of the Insolvency and Bankruptcy Code (IBC) depends on the nature of the proceeding and the statutory action involved.

Source: Live Law Biz
Read Full News: *NCLT Ahmedabad directs restoration of Gensol EV Lease's GST registration during CIRP*

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