INSOLVENCY & BANKRUPTCY CODE 2016
[from "IBC 1.0" to "IBC 2.0"]

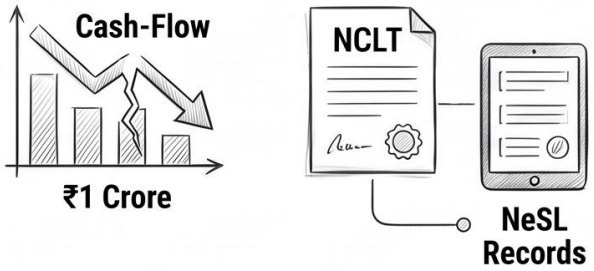
Evolution, Guiding Principles, Definitional Battlegrounds
& The Institutional Framework

Saturday, 24th October 2026, ICAI Hyderabad

The Insolvency & Bankruptcy Code (IBC) in India: Process & Framework

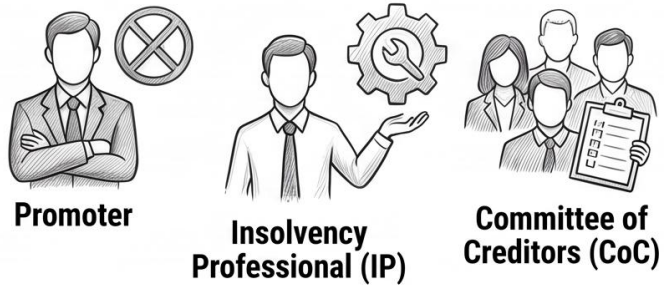
Core Insolvency Resolution Lifecycle

Cash-Flow Default Trigger



Default threshold of ₹1 Crore triggers NCLT admission backed by Information Utility records.

Creditor-in-Control Governance



Promoter management suspends; an Insolvency Professional and Committee of Creditors take operational control.

Enterprise Resolution & Clean Slate



Prioritizes business survival and clean-slate handover, leaving liquidation as an absolute last resort.

Five Institutional Pillars



IBBI & Adjudicating Authorities (NCLT/NCLAT)

IBBI acts as primary regulator; NCLT and NCLAT serve as dedicated judicial forums.



Information Utilities (NeSL) & IPAs

NeSL provides authenticated digital default records; IPAs handle frontline practitioner regulation and oversight.



Insolvency Professionals (IPs / IPEs)

Licensed practitioners acting as process administrators to manage corporate operations during resolution.



Financial Creditors & Operational Creditors

Financial Creditors lead CoC decision-making; Operational Creditors have representation and are part of the resolution.



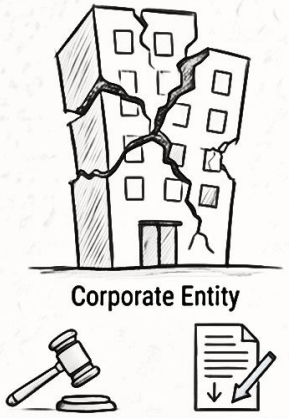
NCLT & NCLAT

Adjudicating Authorities for corporate persons, overseeing the entire resolution and liquidation process.

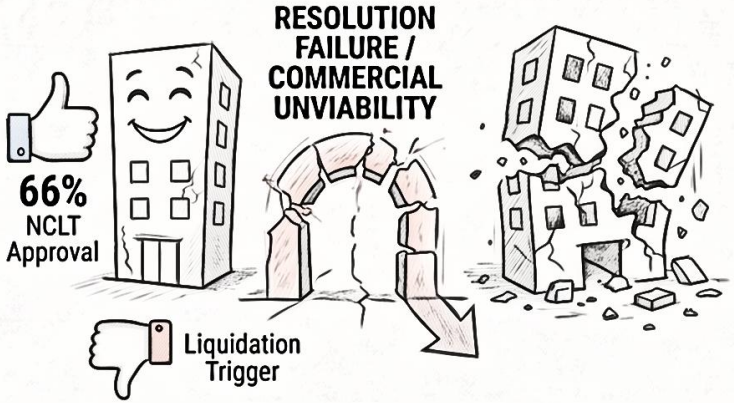
Navigating the IBC Corporate Process: From CIRP to Liquidation

PHASE 1: CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)

PHASE 2: LIQUIDATION PROCESS











INITIATION & NCLT ADMISSION

Creditor/Debtor files petition upon default (± INR 1 Cr), NCLT admits using Information Utility records.



MANAGEMENT TRANSITION & & COC GOVERNANCE

RP takes control, forms CoC, presents Regulation 31B Going-Concern report, and invites resolution plans.



RESOLUTION APPROVAL OR FALLBACK

CoC approves plan (66% vote) for NCLT clean-slate approval, or triggers liquidation restoration window.



INDEPENDENT LIQUIDATOR APPOINTMENT

A fresh, independent IP is appointed, the CIRP Resolution Professional is statutorily barred.



ASSET REALIZATION & COC SUPERVISION

Liquidator realizes assets under CoC oversight, distributing proceeds via the Section 53 priority waterfall.



ENTERPRISE DISSOLUTION

Entity is dissolved following total distribution or through early dissolution to avoid value erosion.



Discussion Modules

- Evolution & IBC 2.0 Shift
- Guiding Principles vs. Court Room Reality
- Key Definitions [where cases are Won or Lost]
- The Institutional Framework — Navigating The Regulators

From fragmented recovery to macroeconomic resilience

EVOLUTION & THE "IBC 2.0" SHIFT

Insolvency & Bankruptcy Code:

The Shift to IBC 2.0

2026
REGULATORY CUT-OFF BASELINE

IBC 2.0

IBC (Amendment) Act, 2026

Act No. 6 of 2026, officially enforced May 26, 2026.

IBBI Amendments & Circulars

Covers IBBI CIRP 2nd–4th Amendment Regulations and Circulars 105 to 108.

Supreme Court & NCLAT Rulings

Incorporates updated legal precedents rendered through October 21, 2026.

Context Summary: The Insolvency and has foorde has transitioned from its 2016 baseline to 'IBC 2.0.' Recent statutary amendments, regulatory updates, and judicial rulings through late 2026 have overhauled critical ranging from admission stand to practitioner liabilities.

CORE OPERATIONAL & LEGAL OVERHAULS

Redefined Admission & Security Interest

Legacy 2016 textbook rules on insolvency admissions have been fully rewritten.

Going-Concern Costs & IP Penalties

Revised frameworks aimed at practice expansion and licence protection

From Fragmented Recovery to Macroeconomic Resilience: The 10-Year IBC Impact

Prior to 2016, Indian debt recovery was hindered by late triggers, piecemeal asset stripping, and loan evergreening. The Introduction of the Insolvency and Bankruptcy Code (IBC) transformed the financial system, significantly reducing bad loans and encouraging pre-court settlements.

PRE-2016 LEGACY DEFECTS



SICA (1985) Triggered Recovery Too Late

Net-worth erosion triggers delayed action

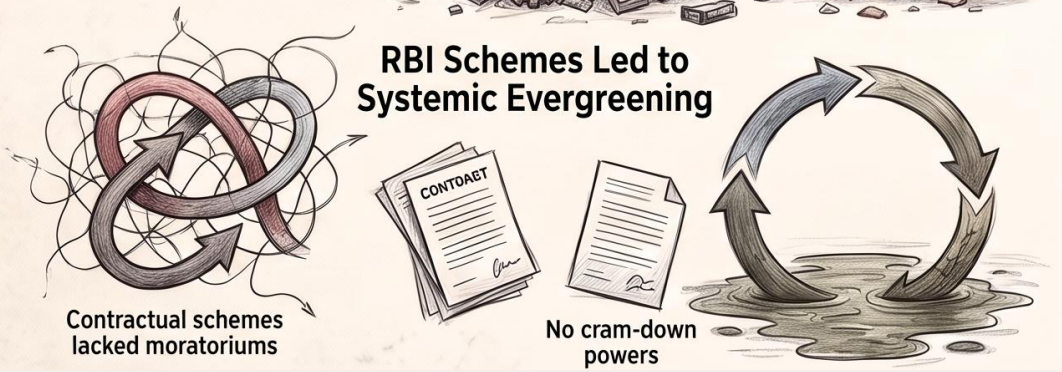
7-10 year debtor haven



RDDBFI & SARFAESI Caused Asset Stripping

Focused solely on individual bank recovery

Operational Creditors

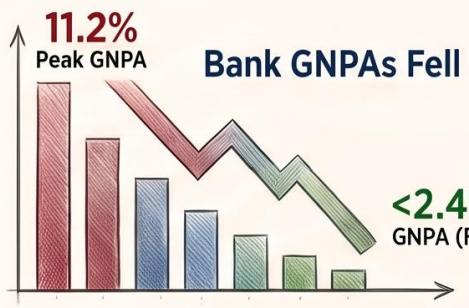


RBI Schemes Led to Systemic Evergreening

Contractual schemes lacked moratoriums

No cram-down powers

THE 10-YEAR IBC SCORECARD (2016-2026)

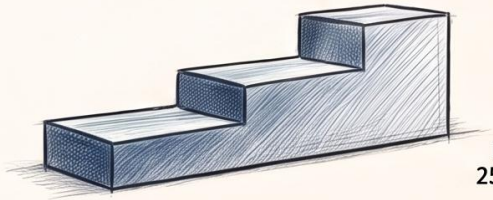


Bank GNPAs Fell



The Twin Balance Sheet crisis was resolved by FY26.

160%-170% Realization of Liquidation Value



Pre-IBC Benchmark: 25.7 cents on the dollar



Significantly improved upon the pre-IBC benchmark



>INR 11.5 Lakh Crore Settled Pre-Admission



Over 28,000 cases settled out-of-court due to fear of promoter board suspension.

Why IBC 2.0 *[6 Judicial flashpoints]*

Judicial / Practical Bottleneck (2022–2025)	The 2026 Statutory Cure (Enforced May 26, 2026)
Vidarbha Industries (2022): "May" in Sec. 7(5) gave NCLT discretion to refuse admission despite default.	**Substituted Sec. 7(5):** NCLT SHALL admit within 14 days if default & completeness are shown; IU record = sufficient proof.
Rainbow Papers (2022): Tax departments became "Secured Creditors" via statutory first-charge clauses.	**New Explanation to Sec. 3(31):** Excludes security interest created by operation of law; requires contractual agreement.
GLAS Trust / BYJU's (2024): Chaotic pre-CoC and late-stage settlement withdrawals.	**Substituted Sec. 12A:** Withdrawal locked strictly after CoC constitution and before 1st invitation for plans.
DBS Bank v. Ruchi Soya (2024): Dissenting secured FC demanded 100% of exclusive security value.	**Amended Sec. 30(2)(ba):** Payout floor = Lower of Liquidation Value OR Sec. 53 waterfall share of plan proceeds.
Pre-Admission Delays Defeating PUFE Look-Back: 2 yrs in pre-admission meant 2-yr look-back expired!	**Sec. 5(11) Proviso & Secs. 43/46/50:** Look-back runs from Initiation Date (Filing Date) of the very first petition.
Liquidation Duplication & Unchecked Liquidators: Re-verifying CIRP claims; CoC vanished in liquidation.	**Amended Secs. 21(11), 34 & 34A:** CIRP claims carried forward; CoC supervises Liquidator; RP barred from becoming Liquidator.

Structural Innovation [*CIRP* to *CIIRP*]

51% Unrelated FC Approval → **Public Announcement & RP Appointment** → **150 Days (+45 Days Max)** → **NCLT Plan Approval or Conversion to CIRP**

Feature	Standard CIRP (Part II)	New CIIRP (Chapter IV-A: Secs. 58A–58K)
Initiation Trigger	NCLT Admission Order under Sec. 7/9/10	**Out-of-court initiation** by notified Financial Creditor with 51% **unrelated FC consent**
Debtor's Objection Window	Full pre-admission hearing	CD can object before NCLT within 30 days *only* on no-default or procedural invalidity
Management Control	**Creditor-in-Control** (Board suspended)	**Debtor-in-Possession** (Board continues under strict RP supervision)
The RP's Superpower	Runs day-to-day operations	**Sec. 58E Statutory Veto:** RP attends all Board/General meetings & **can veto any resolution** prejudicing creditors!
Failure Consequence	Liquidation under Sec. 33	**Automatic conversion into full CIRP** (if non-cooperation, fraud, or no plan in 150+45 days)

Structural Innovation [*Group & Gross Border*]

GROUP INSOLVENCY [New Section 240B]	CROSS-BORDER INSOLVENCY [New Section 240C]
Target: Inter-linked corporate groups (>= 26% voting rights = "significant ownership" + control).	**Target:** CDs with overseas assets/creditors & **foreign limited-liability entities** with Indian linkage.
Common NCLT Bench: Single designated bench hears all group entity CIRPs/Liquidations.	**UNCITRAL Alignment:** Recognition of Foreign Main & Non-Main Proceedings (subject to reciprocity).
Group CoC & Group Coordinator: Common IP + Group CoC via binding **Coordination Agreements**.	**Overseas Asset Recovery:** Direct statutory access for Foreign Representatives & Indian IPs abroad.
Procedural Coordination First: Coordinates bids without forcing substantive asset pooling unless inseparable.	**Expanded "Corporate Debtor":** Sec. 240C expands CD definition to include foreign-incorporated entities!

END OF THE PERSONAL GUARANTOR 'STAY MACHINE'

OLD SYSTEM



Automatic 2–3 Year Delay

Promoters blocked bank auctions instantly by filing frivolous Section 94 applications.

NEW SYSTEM



Stay Triggers Only Upon Admission

Moratoria now apply solely after formal court admission under Section 100.

IBBI CIRCULAR RETROACTIVELY REMOVES PENDING SHIELDS

Banks can immediately resume DRT and SARFAESI enforcement on un-admitted cases filed before May 2026.

IMMEDIATE NEED



Immediate Need for Restructuring Advisory

CA/IP professionals must pivot promoter families to urgent settlement strategies as legal shields evaporate.

What this change means for CAs

New Practical Learnings	Emerging Opportunities for CAs	New Professional Challenges
• Vidarbha solvency defenses cannot stop Sec. 7 admission. • Sec. 94/95 filing no longer triggers an automatic stay for PGs. • Pre-admission litigation delay no longer erodes PUFE look-back windows.	• **100% Fresh Liquidator Appointments:** Sec. 34 bars the CIRP RP from becoming Liquidator—every liquidation is a brand-new mandate! • **CIIRP Pre-Packaging:** Structuring 51% creditor blocks. • **PG Settlement Advisory:** Post-Circular 106/2026 enforcement wave.	• **CoC Supervision in Liquidation [Sec. 21(11)]:** Liquidators no longer answer to an advisory SCC; the CoC supervises liquidation and can replace the Liquidator anytime by a 66% vote [Sec. 34A].

Evolving Jurisprudence

GUIDING PRINCIPLES vs. COURTROOM REALITY

Preamble Hierarchy & Financial Vs. Economic Distress

Time Bound Resolution & Asset Maximisation → **Credit Availability & Entrepreneurship** → ***Subordination of Govt.Dues***

Parameter	Financial Distress (Balance Sheet Problem)	Economic Distress (Business Model Problem)
Cash-Flow Test	Operating Cash Flow (EBITDA) > 0, but Debt Service < EBITDA	Operating Cash Flow (EBITDA) < 0 (bleeding cash every day)
Value Equation	Going-Concern Value > Liquidation Value	Liquidation Value >= Going-Concern Value
2026 Remedy	**CIRP / CIIRP / PPIRP** (Restructure liabilities, keep assets intact)	**Liquidation (Sec. 33)** OR **Direct Dissolution During CIRP (June 2026 Regs)**

Breakthrough — Direct Early Dissolution During CIRP (CIRP Third Amendment Regulations, June 1, 2026):

If a CD has zero realisable assets and neither CIRP continuation nor liquidation is economically viable, the CoC can now direct the RP to file directly for dissolution during CIRP—saving of pointless liquidation costs!

Principles 1 & 2 — "Resolution First" & Going-concern Mandate [Jun-26]

Resolution Over Liquidation	Preservation of Going Concern
• **Judicial Anchor:** *Swiss Ribbons (2019)* & *Kalyani Transco v. Bhushan Power & Steel (2025)*.	• **Substituted Regulation 31B (*CIRP 4th Amendment Regs, June 8, 2026*):**
• **New 2026 One-Time CIRP Restoration [Amended Sec. 33 & CIRP 3rd Amendment Regs, June 1, 2026]**	1. **Mandatory at 1st CoC Meeting:** RP *must* present a **Going Concern Assessment Report** (projected cash flows, working capital needs, value-erosion risks).
→ *Before* a liquidation order is passed, CoC (by 66% **vote**) can apply to NCLT for a **one-time restoration of CIRP up to** 120 days.	2. **CoC Decision:** CoC explicitly decides whether/how to continue operations.
→ Restores process directly to the **Invitation of Plans (Form G)** stage!	3. **Strict Cost Control:** Zero CIRP cost without **prior CoC approval** + mandatory **Budget-vs-Actual Variance Statement** at *every* CoC meeting!

Principle 3 — Commercial Wisdom of COC vs. 2026 Guardrails

COMMERCIAL SUPREMACY (INTACT)



Commercial Wisdom Shield Intact

Adjudicating authorities cannot appeal CoC's commercial decisions if statutory compliance is met.

2026 GUARDRAILS (NEW RESTRICTIONS)



Mandatory IBBI Code of Conduct

New Section 196(1)(sa) grants IBBI **direct authority to enforce binding standards** on the CoC.



Mandatory Observers for Non-Bank CoCs

Non-bank CoCs with **>66% vote share** must include the **top 5 Operational Creditors** as **observers**.



Omission Threatens Minutes' Validity

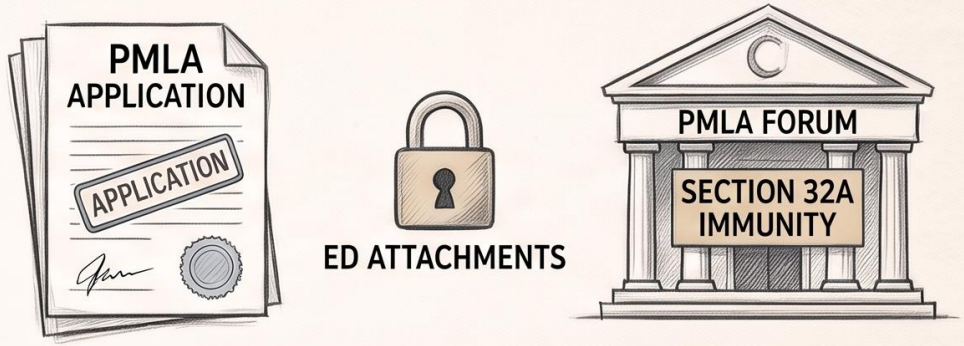
Failure to invite required tax authorities and operational creditors leaves CoC minutes **legally vulnerable**.

Principle 4&5 — Codified "Clean Slate" & Guarantor Asset Transfers



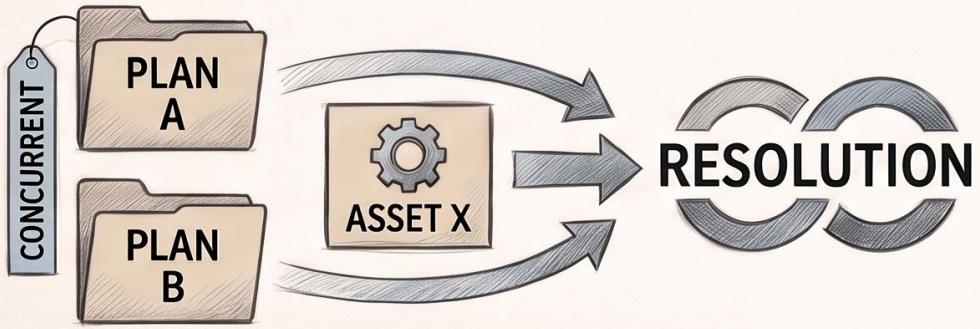
Non-Approved Claims Extinguished Under Clean Slate

Supporting Detail: Claims not included in the approved resolution plan stand extinguished while unexpired licenses are protected.



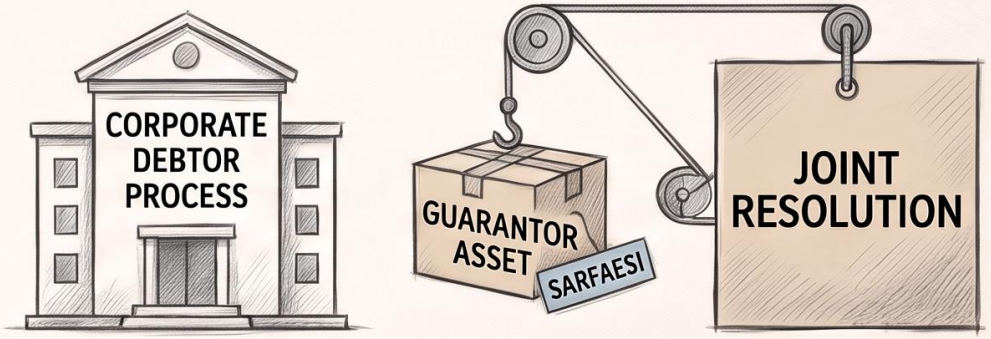
ED Attachments Require Separate PMLA Application

Supporting Detail: Plan approval does not auto-vacate attachments; parties must approach the PMLA forum using Section 32A immunity.



Multi-Plan and Asset-Wise Resolutions Permitted

Supporting Detail: Regulations allow the standalone sale of specific assets alongside multiple concurrent resolution plans.



Guarantor Assets Can Enter Main CIRP

Supporting Detail: SARFAESI-possessed guarantor assets can be transferred into the corporate debtor's process for joint resolution.

Principle 6&7 — Dissenting Creditor Floors & Anti-abuse Screening



The framework balances protected dissenting creditor payouts with strict penalties for frivolous or abusive CIRP filings.

New Minimum Dissenting FC Payout Formula



Payout = (Minimum between (Liquidation Value entitlement) **AND** (Sec. 53(1) waterfall share of actual Plan Proceeds))

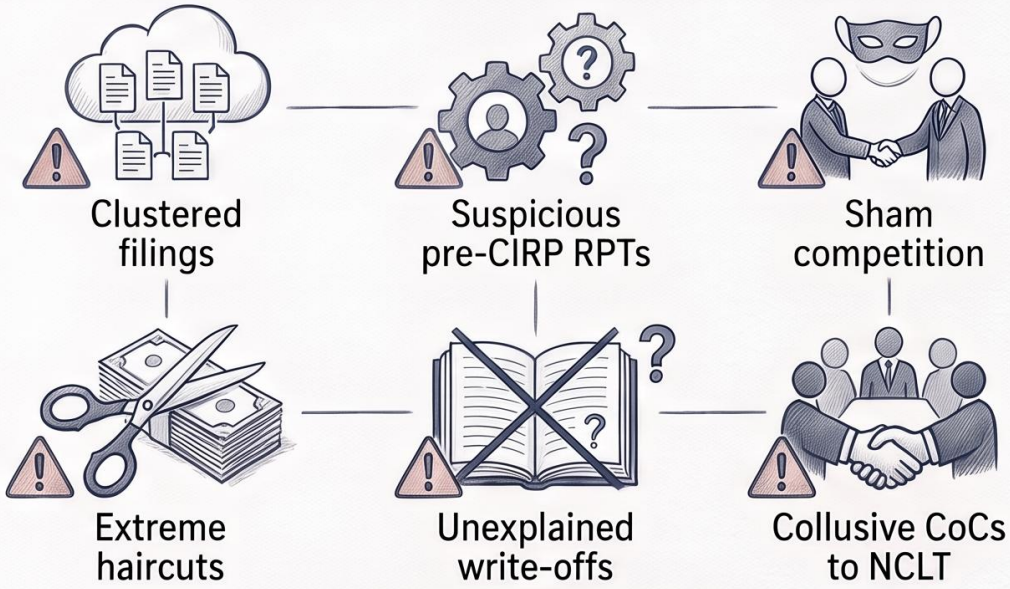
Penalties Up to INR 2 Crore



INR 1 Lakh to INR 2 Crore

For frivolous or vexatious filings under Sec. 65 and Sec. 185A.

6 Red-Flag Indicators for IP Screening



IPs must report these to NCLT.

What this change means for CAs

New Practical Learnings	Emerging Opportunities for CAs	New Professional Challenges
• Running a factory in CIRP without a 1st-Meeting Reg. 31B Report and prior cost approval is an instant IBBI disciplinary trigger. • Two-stage plan approval under Sec. 31 lets SRAs take over without waiting for inter-creditor fights to end.	• **Reg. 31B Financial Modelling:** Preparing Going-Concern Reports & monthly variance trackers. • **Sec. 28A Structuring:** Valuing & transferring guarantor assets into CD CIRPs. • **Reg. 16E Observer Advisory:** Representing top OCs & Tax Dept in non-bank CoCs.	• **Circular 105/2026 Audit Trail:** Every IP must maintain a documented "6-Indicator Misuse Screening Working Paper" in the CIRP file—even where no abuse is found—to survive IBBI inspections.

Evolving Jurisprudence

KEY DEFINITION [*WHERE CASES ARE WON OR LOST*]

The Definitional Funnel [Claim / Debt / Default]

CLAIM [Sec. 3(6)] – Any right to payment (matured/unmatured, disputed/undisputed) ⊃ **DEBT [Sec. 3(11)]: Liability due** ⊃ ***DEFAULT [Sec. 3(12)] : Unpaid when due >INR 1 Cr)***

Statutory Concept	Can It Trigger CIRP?	Must It Be Filed & Collated in CIRP?	2026 Statutory / Regulatory Upgrade
Unmatured / Contingent Claim [Sec. 3(6)]	No	**Yes** (or extinguished under Sec. 31 Clean Slate)	**Amended Sec. 18(1)(b) (May 26, 2026):** Expressly empowers the **IRP** not just to collate, but to **verify claims and determine their value**!
Crystallized Debt Not Yet Defaulted [Sec. 3(11)]	No	**Yes**	**CIRP 3rd Amendment Regs (June 1, 2026):** RP **must communicate admission/rejection with written reasons within** 7 days of decision!
Default > INR 1 Crore **Sec. 3(12) r/w Sec. 4**	**Yes**	**Yes**	Carried directly into Liquidation without re-invitation (**Amended Sec. 35**).

Battleground #1 — Default [Sec. 3(12)] & Latest SC Ruling (Oct-2026 / Deepak Raheja … Vs Omkara….)

THE 2026 STATUTORY HAMMER
[Substituted Sec. 7(5)(a)]



INR 1 Crore Statutory Default Trigger

Applies to non-payment of whole or any part/installment of debt due (≥ INR 1 Crore).



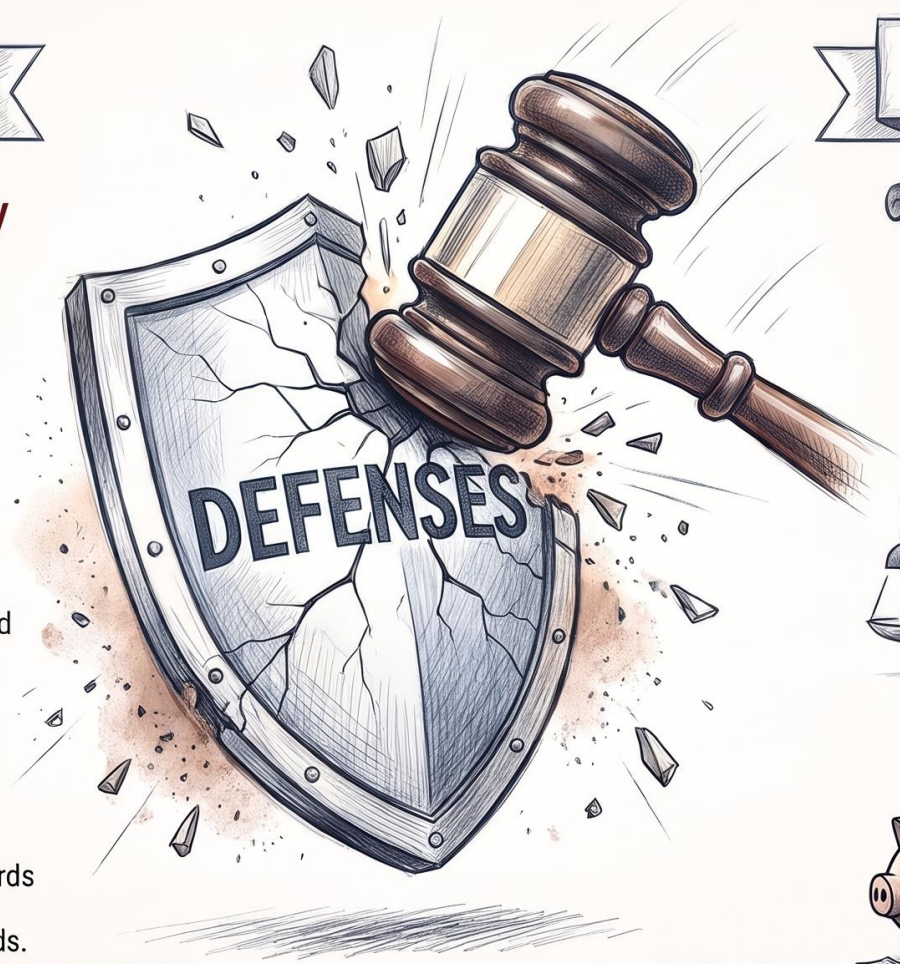
Mandatory 14-Day NCLT Admission

NCLT must admit applications within 14 days once default and completeness are established.

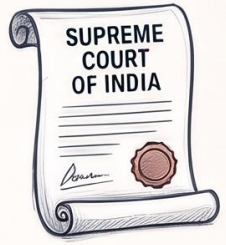


NeSL Record as Sole Proof

Information Utility default records are sufficient; NCLT cannot consider other rejection grounds.



LANDMARK SUPREME COURT RULING (Oct 21, 2026)



NeSL Record Mandates Admission

A valid Information Utility Record of Default is sufficient by itself for mandatory admission.



Quantum Disputes Disregarded

Interest or calculation disputes cannot stop admission if undisputed default exceeds INR 1 Crore.



Debtor Solvency is Irrelevant

Corporate debtor pleas of being solvent, profitable, or a going concern are completely irrelevant.

Battleground #2 — Property [Sec. 3(27)] & Oct 2026 Ruling on BG Margin (Anush Finlease v. SBI & DGFT)

EXCLUDED TRUST ASSETS (SECTION 18)





MARGIN FDRS ARE EXCLUDED TRUST ASSETS

Margin money deposited for Bank Guarantees forms a trust for the beneficiary and is excluded under Section 18.



BG DISCHARGE REQUIRED BEFORE FDR RELEASE

Margin FDRs cannot be released to the CD or SRA post-plan approval unless the live Bank Guarantee is validly discharged.



MARGIN ADJUSTMENTS VALID DURING MORATORIUM

Banks invoking BGs and adjusting Margin FDRs during moratorium do not violate Section 14.



REFUNDED PBG MONEY EXCLUDED FROM ESTATE

Refunded performance bank guarantee money outside the CD's beneficial ownership does not vest in the CD.

Battleground #3 — Security Interest [Sec. 3(31)] & Rise and Fall of Statutory Tax Charges in IBC [Rainbow Papers]

Tax charges created by law are no longer “secured debts” under IBC.

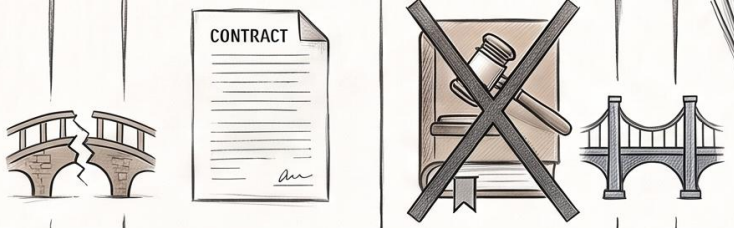
1. The Rainbow Papers Problem (2022–2026)



Sec. 53(1)(b)(ii)

Tax departments claimed secured creditor status citing statutory “first charge” tax clauses.

2. The 2026 Explanation to Sec. 3(31)

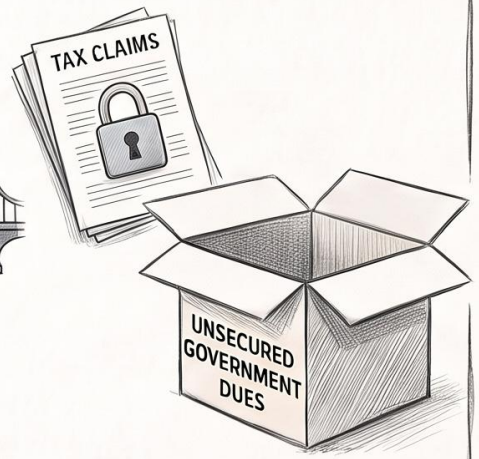


Consensual Agreements ONLY

Operation of Law

Security interest covers ONLY consensual agreements between parties, not charges created merely by operation of law.

3. Tax Dues Revert to Unsecured Status



Statutory tax dues move from secured status back to unsecured government dues under Section 53(1)(e).

4. Reject Non-Contractual Tax Security Claims



Reject secured status on tax claims that lack a bilateral contractual security instrument.

Battleground #4 — Financial Debt [Sec. 5(8)] Vs Operational Debt [Sec 5(21)]

Commercial Instrument / Transaction	Statutory Classification	Governing Supreme Court Precedent
Interest-Free Term Loan / Working Capital Loan	**Financial Debt [Sec. 5(8)]** ("along with interest, *if any*" covers zero-interest loans)	*Orator Marketing v. Samtex Desinz (SC, 2021)*
3rd-Party Mortgage by CD for Parent's Loan (No direct disbursement to CD & no guarantee)	**Secured Creditor Only — NOT Financial Debt** (Zero CoC voting seat!)	*Anuj Jain / Jaypee Infratech (SC, 2020)* & *NOIDA v. Anand Sonbhadra (SC, 2023)*
Compulsorily Convertible Debentures (CCDs) (Mandatory equity conversion at maturity)	**Equity — NOT Financial Debt** (Unless default/put-option triggered pre-conversion)	*IFCI Ltd. v. Sutanu Sinha (SC, 2023)*
Real Estate Allottees [Sec. 5(8)(f)]	**Financial Creditors in a Class** (100 allottees or 10% tested on registration date)	*Pioneer Urban (2019)* & *Satinder Singh Bhasin (SC, 2026)*
Customer Advance Paid for Goods/Services & Commercial Lease Rentals	**Operational Debt [Sec. 5(21)]** ("in respect of" goods or services)	*Consolidated Construction v. Hitro Energy (SC, 2022)* & *Jaipur Trade Expocentre (2022)*

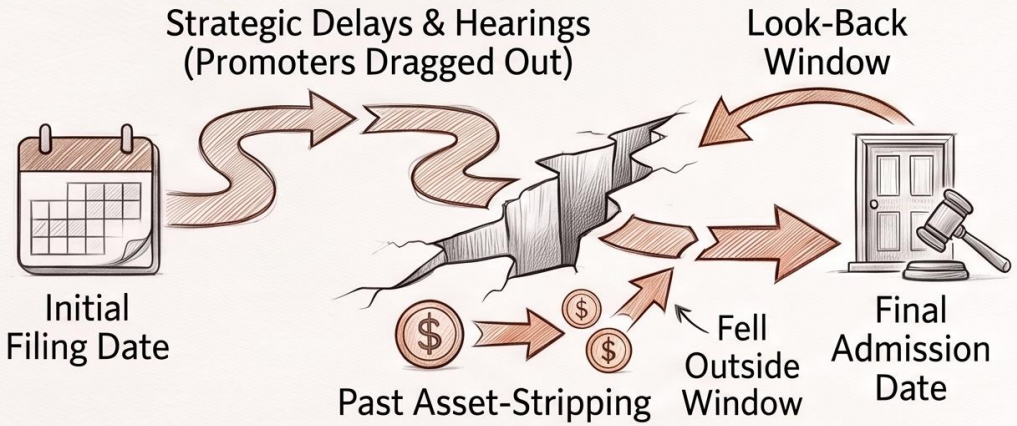
Battleground #5 — Dispute [Sec. 5(6)] & Gst/E-way Bill Rule [Jun-2026]

The Judicial Shield (Mobilox Innovations, SC)	The New Regulatory Sword (Revised Reg. 2B — June 1, 2026)
• Pre-existing dispute prior to **Sec. 8 Demand Notice** bars a Sec. 9 petition. • Dispute covers: (a) amount of debt, (b) quality of goods/services, or (c) breach of warranty. • Must be a **plausible contention requiring investigation**, not a "spurious moonshine defense" created after the notice.	Every Operational Creditor filing under **Section 9 MUST annex**: 1. Copies of relevant **GSTR-1 and GSTR-3B returns**; **2. E-Way Bills** (wherever applicable); 3. Complete schedule of **partial payments & dates**; 4. Disclosure of assignments, guarantees, related-party status & **all ongoing recovery/arbitration proceedings**!

Battleground #6 — Initiation Date [Sec. 5(11)] Vs. ICD [Sec. 5(12)]

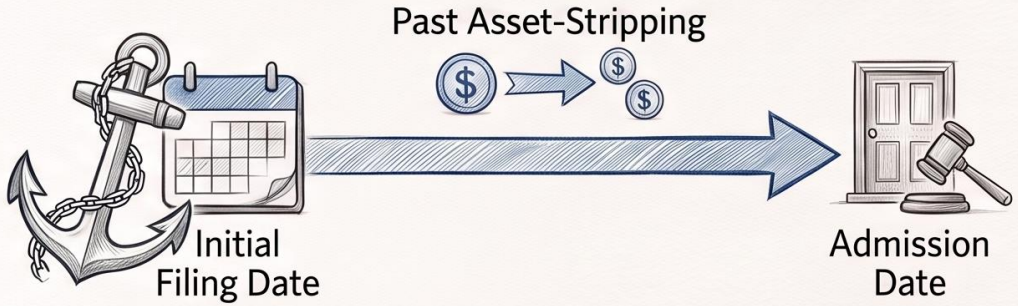
Look-back periods are now permanently anchored to the initial **petition filing date** rather than the final admission date.

The Old Loophole: Strategic Delays

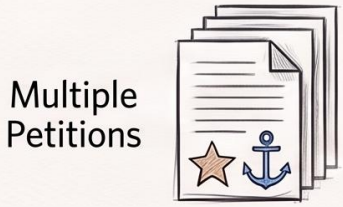


Promoters intentionally dragged out pre-admission hearings so past asset-stripping fell outside the old admission-based look-back window.

Fixed to Initiation Date



Amended Secs. 43, 46, and 50 calculate look-back backwards from the filing date right through to the admission date.



The First Petition Rule

Under Sec. 5(11), if multiple petitions are filed, the date of the **very first pending application** marks the official **Initiation Date**.

Battleground #7 — Avoidance Vs Fraudulent

AVOIDANCE TRANSACTIONS [Sec. 5(2A)]

DEFINITION (Covers Sec. 43, 45, 49, and 50)

- Preferential
- Undervalued
- Defrauding Creditors
- Extortionate Credit Transactions

1-YEAR OR 2-YEAR FIXED LOOK-BACK

1 YEAR (Unrelated Entities)

2 YEARS (Related Entities)

CREDITORS CAN FILE DIRECTLY

Creditors, members, or partners may file under Substituted Sec. 47 if RP/Liquidator fails.

2026 STATUTORY FRAMEWORK

AVOIDANCE TRANSACTIONS

FRAUDULENT & WRONGFUL TRADING

Context Summary: The 2026 statutory amendments establish a clear procedural split, expanding standing to creditors and ensuring proceedings survive plan approvals and liquidation closures.

FRAUDULENT & WRONGFUL TRADING [Sec. 5(9A)]

DEFINITION (Covers Sec. 66(1) and 66(2))

Applies specifically to fraudulent trading and wrongful trading provisions.

NO FIXED LOOK-BACK CAP

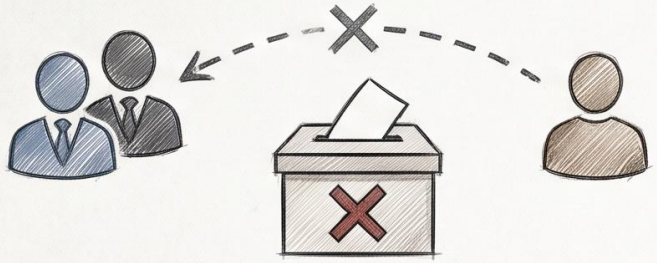
Covers any prior period where an intent to defraud existed.

SURVIVES PLAN APPROVAL & CLOSURE

Actions survive Plan Approval and Liquidation Closure under Amended Sec. 26.

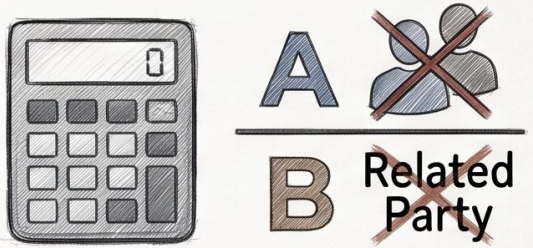
Battleground #8 — Related Party, Voting Share, Plan & Service Provider

Related Party: Collusive Debt Bar



Pre-CIRP collusive debt assignments to third parties still carry the CoC voting bar (Sec. 5(24) & 5(24A)).

Voting Share: Exclude Related Debt



Always exclude related-party financial creditor debt from both the numerator and denominator (Sec. 5(28)).

Resolution Plan: Enables Surgical Carve-outs



Expressly permits asset sales and multiple concurrent resolution plans without buying the whole company (Sec. 5(26)).

Service Provider: Penalties Up to ₹2 Cr



Unifies regulatory terms and directly exposes Insolvency Professional Entities (IPEs) to severe penalties under Sec. 3(31A).

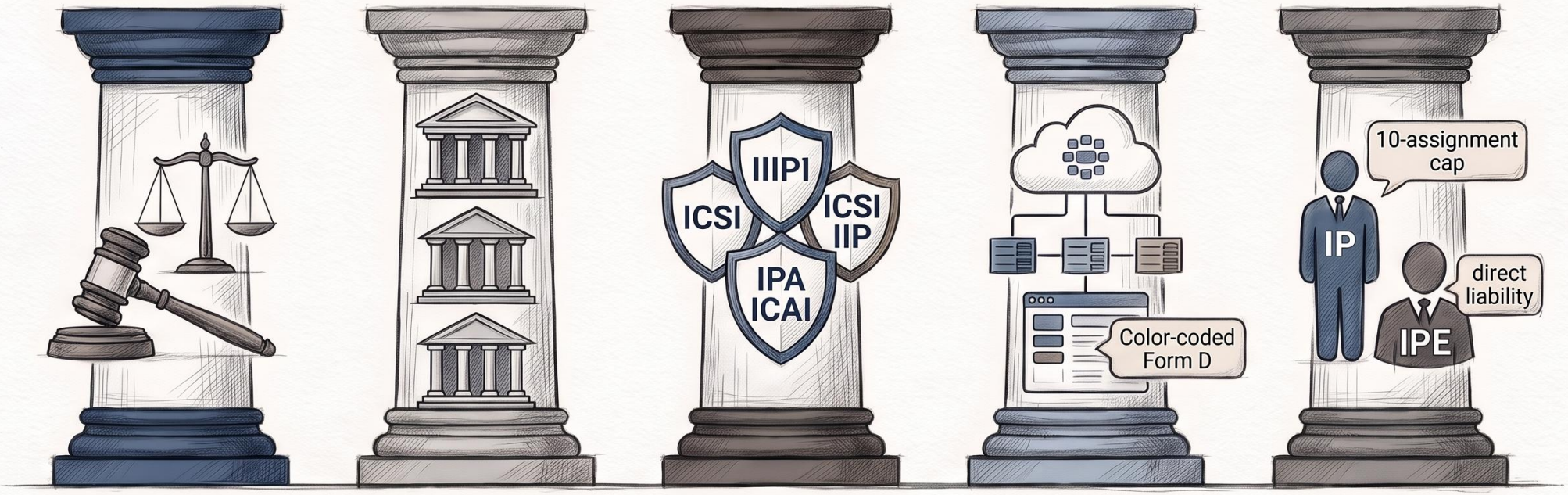
What this change means for CAs

New Practical Learnings	Emerging Opportunities for CAs	New Professional Challenges
• IU Record of Default = mandatory Sec. 7 admission (SC, Oct, 2026). • BG Margin FDRs are trust assets, not CD property (NCLAT/SC, Oct, 2026). • Statutory tax charges are no longer "Security Interest" Sec. 3(31) Explanation.	• **Multi-Year Forensic Audits:** Auditing back 2 years prior to the earliest pending petition Sec. 5(11) Proviso. • **Direct Creditor Sec. 47 Filings:** Advising banks to file avoidance petitions directly. • Reg. 2B GST/E-Way Bill Audits for Sec. 9 filings.	• **Strict 7-Day Claim Decision Rule (June 2026 Regs):** RPs must send written reasoned claim admission/rejection emails within 7 days - no more keeping claims "under verification" for months!

The 5-Pillar Institutional Architecture

THE INSTITUTIONAL FRAMEWORK — NAVIGATING THE REGULATORS

The 5-Pillar Regulatory Architecture (2026)



1. The Hybrid Regulator (IBBI)

Regulates professions and processes with new conduct codes and penalties up to INR 2 Cr.

2. Adjudicating & Appellate Fora

Encompasses NCLT/DRT, NCLAT, and the Supreme Court of India under defined timeframes.

3. Frontline SROs (IPAs)

Manages AFAs and grievance filters across professional bodies.

4. Digital Architecture

Powered by NeSL, electronic portals, color-coded Form D, and the DDE/e-BG ecosystem.

5. Regulated Service Providers

Enforces a 10-assignment cap on individual IPs and direct liability for IPEs.

IBBI & The 2026 Overhaul of Section 220: Expansion of Disciplinary Powers & NCLAT Appeals

May 26, 2026

	PRE-MAY 26, 2026 (OLD SECTION 220)	POST-MAY 26, 2026 (OVERHAULED SECTION 220)
Disciplinary Committee (DC) Composition	 Restricted to **Whole-Time Members (WTMs) ONLY**	 Expanded to **Chairperson, WTMs,** OR **Officers not below Executive Director (ED) rank** [Sec. 220(1)] for faster Show Cause Notice (SCN) disposal
Target Entities	 **Insolvency Practitioners (IPs)**  **IP Agencies (IPAs)**  **Information Utilities (IUs)**	 Extended to all **"Service Providers"** [Sec. 3(31A)], explicitly encompassing IPEs
Max Monetary Penalty	 **3x** loss/gain OR Max **INR 1 Crore**	 **3x** loss/gain OR **Max INR 2 Crore (Doubled)** where loss/gain is unquantifiable
Disgorgement & Restitution	 **Limited / Disputed** scope	 **Mandatory Disgorgement** of unlawful gains/averted losses + **Direct Restitution** to harmed stakeholders
Appellate Forum	 **High Court Writ** under Article 226 only	 **Direct Statutory Appeal** to **NCLAT** within 30 days (+15 days condonation) [Sec. 220(7)–(8)]



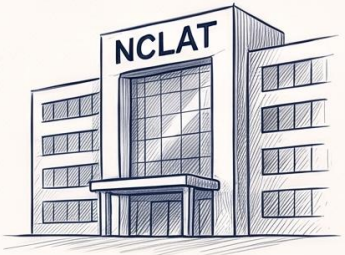
SEPTEMBER 15, 2026 NCLAT RULING BROADENS "AGGRIEVED PERSON" DEFINITION

On September 15, 2026, NCLAT New Delhi ruled that **"any person aggrieved"** under Section 220(7) explicitly includes the original complainant.



EXPANDED APPEAL RIGHTS FOR CREDITORS & COMPLAINANTS

Even if the IBBI Disciplinary Committee issues only a warning to an Insolvency Practitioner, dissatisfied complainants or creditors can **independently appeal to the NCLAT** to **demand stricter penalties**.



NCLT & DRT: Boundaries, Timelines & Penalties (2026 Updates)

KEY HIGHLIGHTS

JURISDICTIONAL BOUNDARIES



NCLT Jurisdiction Has Clear Limits

Restrains insolvency-triggered contract terminations, but cannot usurp public law or non-insolvency commercial breaches.

MANDATORY DECISION TIMELINES



Strict 14 and 30-Day Decision Timelines

Petitions must be decided in 14 days and plan approvals in 30 days, or written reasons for delay are required.

SEVERE FINANCIAL PENALTIES



Severe Penalties for Moratorium and Plan Breaches

Fines reach up to ₹1 Crore for moratorium breaches and up to 20% of plan distribution for plan contraventions.

DIRECT PENALTIES FOR FRIVOLOUS SUITS



Up to ₹2 Crore Fine for Frivolous Suits

Section 185A empowers NCLT/DRT to directly penalize vexatious litigation.

IBBI Compliance Update: IPA Oversight & Sept 2026 Circulars

IPA Frontline Oversight (Section 204 Mandate)

Frontline SRO Entities



Mandate executed by IIIPI, ICSI IIP, and IPA ICAI.

Gatekeeping & Authorisation



Manages professional membership and annual AFA issuance and renewal.



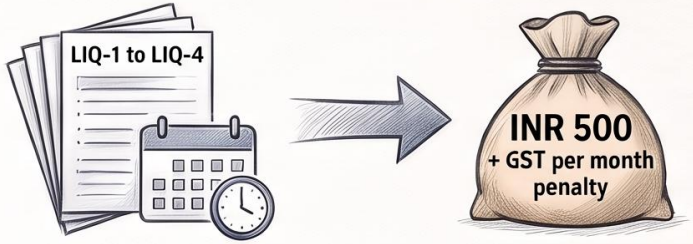
Surveillance & Disciplinary Tracking



Tracks disclosures, CPE credits, half-yearly returns, and Tier-I disciplinary actions.

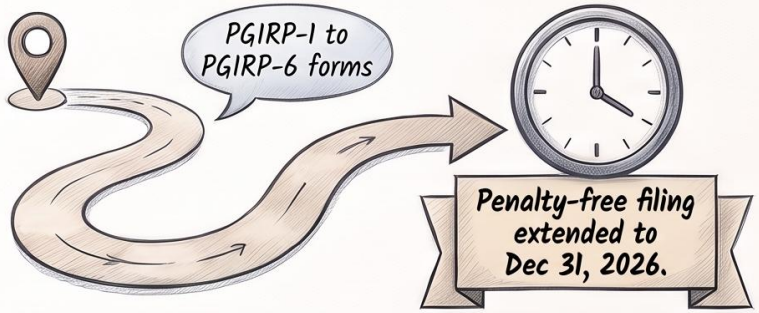
Sept 24, 2026 IBBI Compliance Circulars

Circular 107: Mandatory Late Fees



Delayed LIQ-1 to LIQ-4 forms incur INR 500 + GST per month penalty.

Circular 108: Relief Window Extension



Penalty-free filing for PGIRP-1 to PGIRP-6 forms extended to Dec 31, 2026.

NeSL Information Utilities: Traffic-Light Authentication & Advisory Guide

Form D Traffic-Light Authentication Status

GREEN — Authenticated Status



Debtor digitally confirms the debt/default or signs via Digital Document Execution (DDE), leading to an unstoppable mandatory court admission within 14 days under Substituted Sec. 7(5).



YELLOW — Deemed Authenticated Status





Debtor ignores 3 consecutive reminders of 3 days each (9 days total), generating a valid Form D Record of Default that shifts the entire burden of proof onto the Debtor.



RED — Disputed Status



Debtor uploads an objection with specific reasons within the notice window; triggers a Mobilox check under Sec. 9, or a check under Sec. 7 if the undisputed amount is ≥ INR 1 Crore.



High-Margin NeSL Advisory Services



Digital Document Execution (DDE)

Creates paperless, e-stamped, and e-signed loan and vendor contracts that auto-populate NeSL systems, completely eliminating "time-barred debt" risks.







Electronic Bank Guarantees (e-BG)

Enables instant digital verification of Request for Resolution Plan (RFRP) Earnest Money Deposits (EMDs) and Performance Bank Guarantees (PBGs).

IPs & IPEs in 2026: 4 Structural Rules Reshaping Insolvency Practice

Rule 1 — Assignment Capping



Strict 10-Assignment Cap per Individual IP

Under Reg. 78 (IP 2nd Amendment Regs, effective Nov 21, 2025), an individual IP cannot hold more than 10 aggregate assignments across CIRP, Liquidation, and Personal Guarantor (PG) processes.



Sub-Cap on Mega-Cases

Within the overall cap of 10, an individual IP is limited to a maximum of 3 CIRPs involving claims exceeding INR 1,000 Crore.

Rule 2 — Direct IPE Appointments



Institutional Bandwidth via Direct IPE Acting

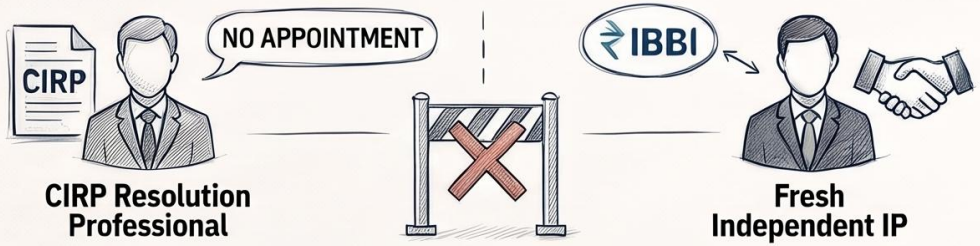
Governed by Sec. 3(31A) & IP Regulations, multi-partner insolvency Professional Entities can act directly as IPs to scale institutional capacity for mega-cases.



Direct Statutory Penalties & Liabilities

IPEs acting directly bear high-stakes compliance duties, including direct Sec. 220 financial penalties up to INR 2 Crore and disgorgement liability.

Rule 3 — Separation of RP and Liquidator



CIRP Resolution Professional

Fresh Independent IP

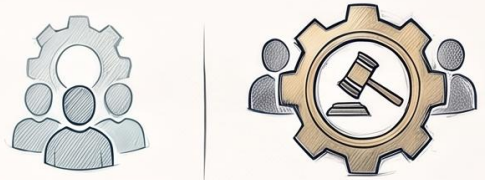
Absolute Bar on RPs Becoming Liquidators

Under Amended Sec. 34 (effective May 26, 2026), the CIRP Resolution Professional can no longer be appointed as the Liquidator for the same case.

Fresh IBBI Recommendations Required

Every liquidation order strictly mandates the appointment of a fresh independent IP recommended by the IBBI, redistributing hundreds of liquidation mandates across india.

Rule 4 — Statutory CoC Supervision in Liquidation



Advisory SCC

Statutory CoC

Statutory CoC Replaces Advisory SCC

Under Amended Sec. 21(11) & New Sec. 34A (effective May 26, 2026), advisory Stakeholders Consultation Committees (SCC) are replaced by active statutory CoC supervision throughout liquidation.



CoC Power to Replace Liquidator

The CoC maintains strong governance authority during liquidation, holding statutory power to replace the Liquidator at any time via a 66% voting threshoid.

IBC 2.0: 10 NEW PRACTICE VERTICALS FOR CAs & IPs (2026–2027)

IBC 2.0 REFORMS (2026–2027)

Introduces **critical statutory mandates**, creating immediate monetization avenues for CAs & IPs in auditing, panel appointments, enforcement structuring, & group insolvency.

AUDIT, COMPLIANCE & PANEL VERTICALS



Reg. 31B Going-Concern & Forensic Audits

Requires mandatory variance modelling in CIRP and multi-year look-back creditor audits.



100% Turnover in Liquidator Panels

Driven by Section 34 bars on existing CIRP Resolution Professionals.





Pre-Filing Audits & CoC Representation



Covers NeSL automation, Reg. 2B GST/E-Way audits, and Reg. 16E non-bank CoC representation.

RESTRUCTURING, ASSET STRUCTURING & APPEALS



Pre-Packaging & Board Monitoring



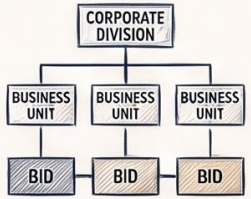
Structuring 51% unrelated financial creditor blocks under Chapter IV-A (Sec. 58E).



Guarantor Assets & Parallel Enforcement



Integrates SARFAESI-possessed assets into CIRP and manages post-May 2026 PG settlements.



Group Insolvency & Asset-Wise Bids

Enables division-wise carve-outs (Sec. 5(26)) and Group CoC pacts (Sec. 240B).

Thank You

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INSOLVENCY & BANKRUPTCY CODE 2016
[War Room “Day 0" to “Day 105"]

Initiation, Moratorium, Forensic Claim Verification, CoC Engineering,
2026 Valuation (VRIN), Sec. 28A Guarantor Assets & Form G

Saturday, 24th October 2026, ICAI Hyderabad

Discussion Modules

- Initiation, Admission & Withdrawal [Secs. 7, 9, 10 & 12A]
- Moratorium [Sec. 14], Public Announcement & Taking Control
- Forensic Claims Verification & Constitution of CoC
- 2026 Valuation [VRIN], Sec. 28A Assets, IM & Form G

Day T(-)30 to Day T+14

INITIATION, ADMISSION & WITHDRAWAL [SECS. 7, 9, 10 & 12A]

CIRP War Room *[Day T-30 to T+105 Map]*

PHASE 0: Day T-30 to T
NeSL Form D & 14d Admission

→

PHASE 1: Day T to T+21
Sec. 14 Shield & Form AC

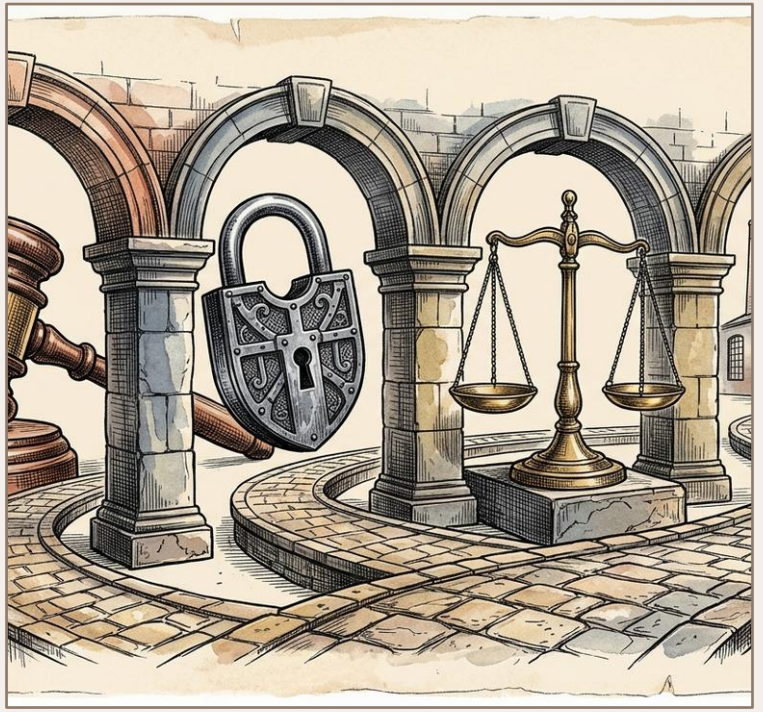
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PHASE 2: Day T+14 to T+30
7d Claim Notice & Reg. 16E

→

PHASE 3: Day T+27 to T+105
VRIN, Sec. 28A & Form G

Window	Core Practitioner Deliverable	Time & Slides
Day T-30 to T+14	Defect-Free Filing, Admission & Sec. 12A Lock-In	S1–8
Day T to T+21	Moratorium Shield, Custody (Form AC) & Reg. 31B Report	S9–14
Day T+14 to T+30	Forensic Claim Verification & CoC Engineering	S15–23
Day T+27 to T+105	2026 Valuation (VRIN), Sec. 28A Assets, IM & Form G	S24–32



Pre-Filing Forensic Readiness *[Sec. 4, 10A & Limitation]*

Default >= INR 1 Crore
Exclude Sec. 10A Window

Sec. 7 Clubbing Permitted
Joint FC Filings Allowed

Sec. 9 Clubbing Barred
No Unrelated OCs (Uttam Galva)

Limitation Extension Link (Art. 137)	Governing Precedent / 2026 Rule	Mandatory Forensic Check by Chartered Accountant
COVID-19 Exclusion	Suo Motu WP (C) No. 3/2020	Exclude 15.03.2020 to 28.02.2022 (716 days) in Part IV table.
Balance Sheet Entry	Bishal Jaiswal (SC, 2021)	Annex AOC-4 with Notes to Accounts & Auditor's Report (check for caveats!).
OTS Proposal	Dena Bank (SC) & 2026 NCLAT Rule	Must be signed by CD before 3-yr expiry; unilateral/post-expiry OTS fails!
Part Payment [Sec. 19]	Limitation Act, Sec. 19	Annex bank statement + RTGS/NEFT UTR proving payment came from CD.
DRT Recovery Cert.	Kotak Mahindra v. A. Balakrishnan	Gives a fresh 3-year limitation period from date of Recovery Certificate.

CA Practice Opportunity: Issue a "Pre-Filing Limitation & Non-10A Default Reconciliation Certificate" to annex to Part V of Form 1 / Form 5—NCLT benches rely heavily on CA-certified chronological tables!

Section 7 Execution (Form 1) *[Substituted Sec. 7(5) & Oct-26 SC]*

[Deepak Raheja and Another v. Omkara Assets Reconstruction Pvt. Ltd. and Another (2026 INSC 1134]

SC Prop 1 (Oct 2026)
NeSL Form D Mandates Admission

+

SC Prop 2 (Oct 2026)
Quantum Fights > 1 Cr Irrelevant

+

SC Prop 3 (Oct 2026)
CD Solvency Plea Barred!

Parameter	Old Law (2022–May 2026: Vidarbha Era)	Substituted Section 7(5) (Post-May 26, 2026)
Statutory Verb	"The Adjudicating Authority may, by order, admit..."	"The Adjudicating Authority SHALL, by order, admit..."
Permissible Defenses	CD pleaded solvency, pending awards, or temporary stress	NCLT barred from considering any extraneous ground once default & completeness are shown!
Evidentiary Standard	Long arguments over ledger reconciliations	NeSL (IU) Record of Default is sufficient proof to establish default.
Timeline Mandate	Directory 14 days (took 550+ days)	14 Days — or NCLT must record written reasons for delay!

Fatal Form 1 Trap: Ensure the Date of Default in Part IV of Form 1 matches the Date of Default in NeSL Form D to the exact calendar day—mismatch is the #1 ground for registry/bench rejection in 2026!

Real Estate Allottees & Class Creditors *[Sec. 7(1) Proviso]*

Sec. 7(1) Second Proviso Minimum Joint Petitioners **OR** **100 Allottees in the Same Real Estate Project** **OR** **10% of Total Allottees in the Same Project**

Forensic Rule	Legal Authority	Practical Execution Impact in 2026
Strictly Project-Wise Count	Manish Kumar v. Union of India (SC, 2021)	All 100 (or 10%) allottees must belong to the same RERA-registered real estate project (cannot club Tower A of Project 1 with Project 2).
Tested on Date of Filing / Registration	Satinder Singh Bhasin v. Col. Gautam Mullick (SC, 2026)	Once 102 allottees validly file, the builder settling privately with 10 petitioners to drop headcount to 92 CANNOT defeat maintainability!
Genuine Homebuyer vs. Speculative Financier	Pioneer Urban (2019) & Mansi Brar Fernandes (SC)	Screen out 'assured-return / compulsory buy-back' agreements engineered as disguised collateral for usurious short-term loans.

Section 9 Execution *[Sec. 8 Traps & Reg. 2B (Jun-26)]*

Trap 1: Form 3 Invoices
Must Annex All Unpaid Invoices

!

Trap 2: Valid Service
MCA21 Regd Office or KMP Only

!

Trap 3: Invoice Interest
Needs Contract or Prior Udyam

Clause	Substituted Regulation 2B (Effective June 1, 2026): Mandatory Annexures with Form 5
Reg. 2B(a)	Copies of relevant extracts of Form GSTR-1 and Form GSTR-3B + E-Way Bills (where applicable).
Reg. 2B(b)	Complete schedule of all partial payments received from the CD and exact dates of payment.
Reg. 2B(c)–(d)	Details of any assignment/transfer of operational debt + details of any guarantee held.
Reg. 2B(e)	Bifurcated Statement of Account separately showing Principal and Interest due.
Reg. 2B(f)	Explicit declaration whether the Operational Creditor is a Related Party [Sec. 5(24)] of the CD.
Reg. 2B(g)	Complete disclosure of all pending proceedings before any Court, Arbitral Tribunal, MSME Council, or Sec. 138 court!

Demolishing "Moonshine Disputes" *[3-Way GST Estoppel Test]*

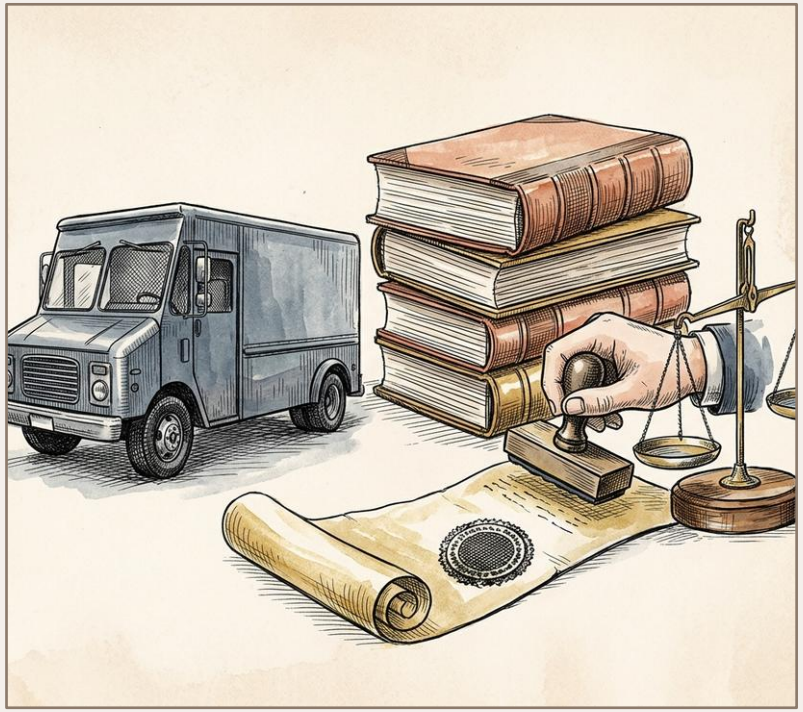
1. E-Way Bill Delivery
Zero Buyer Rejection in 72h

→

2. Supplier GSTR-1 & 3B
Output Tax Paid to Govt

→

3. Buyer GSTR-3B ITC Claimed
Sec. 16(2)(b) Receipt Estoppel!



Scenario	Forensic Outcome Under Mobilox & Reg. 2B
When Mobilox Defense Succeeds for CD	Documented pre-Section-8 emails, lab/test reports, or debit notes raising genuine quality failure, short supply, or pending arbitration prior to demand notice.
When Section 9 Petition Succeeds for OC	CD availed 100% GST Input Tax Credit in GSTR-3B (proving receipt u/s 16(2)(b) CGST Act), never reversed ITC, and raised a back-dated 'quality dispute' only after payment reminders!

CA Practice Opportunity: Offer a "Reg. 2B 3-Way GST, E-Way Bill & ITC Estoppel Audit Certificate" for Operational Creditors filing Section 9 petitions!

Sec. 10 Overhaul & Locked Sec. 12A Window *[Regs. 2E & 30A]*

Admission (Day T)
No Pre-CoC Withdrawal
→
CoC Formed (Day T+21)
90% Vote Window Opens
→
Form G (Day T+60)
12A Permanently Barred!
→
Reg. 30A(7) Mandate
3-Day CIRP Cost Deposit

Section 10 Overhaul [Amended Sec. 10 & Inserted Reg. 2E — June 1, 2026]	Substituted Sec. 12A & Amended Reg. 30A [June 1, 2026]
• **No More 'Friendly IRP' [Amended Sec. 10(3) & Sec. 16]:** Corporate Applicant can no longer propose its own IRP—IBBI appoints an independent IRP from the panel!	• **Two-Gate Statutory Lock-In:** Withdrawal under Sec. 12A is strictly locked between CoC Constitution (Day T+21) and Publication of Form G (Day T+60).
• **3-Year Books & Bank Matrix [Reg. 2E(1)]:** All bank accounts, branches & signatories + Geo-tagged Fixed Asset Register, Inventory, IP & Virtual Digital Assets (Crypto).	• **3-Day Filing & 30-Day NCLT Disposal:** RP files Form FA within 3 days of 90% CoC vote; NCLT disposes within 30 days (or records written reasons).
• **17 Corporate Disclosures [Reg. 2E(2)]:** All creditors with emails, 2-year RPTs, JDAs, Tax/EPFO demands, PMLA/Benami/FEMA attachments & all RERA / book Real Estate Allottees!	• **Mandatory 3-Day Cost Deposit [Amended Reg. 30A(7)]:** Applicant must deposit actual CIRP expenses into CD's bank account within 3 days of NCLT approval, or RP invokes BG!

What this change means for CAs *[Module 1 Wrap-Up]*

New Practical Learnings	Emerging Opportunities for CAs	New Professional Challenges
• **Substituted Sec. 7(5) & Oct 21, 2026 SC Ruling:** NeSL Form D = mandatory 14-day admission; CD profitability or quantum disputes above INR 1 Cr cannot block admission.	• **Reg. 2B Section 9 Audit Packs:** Preparing mandatory GSTR-1/3B, E-Way Bill, 3-Way ITC Estoppel & Partial Payment Reconciliation Certificates for OCs.	• **Missing the Day T+60 Sec. 12A Cutoff:** Once Form G is published on Day T+60, Section 12A withdrawal is permanently barred by statute!
• **Amended Sec. 10 & Reg. 2E:** CD cannot propose its own IRP and must file a 22-point disclosure dossier with Form 6.	• **Reg. 2E Section 10 Dossier Compilation:** Compiling the 3-year bank matrix, geo-tagged FAR, 2-year RPTs & RERA allottee lists.	• **New Sec. 185A Penalty (INR 1L to 2Cr):** Filing a Sec. 9 petition while suppressing pre-existing arbitration/dispute records under Reg. 2B(g)!
• **Satinder Singh Bhasin (SC 2026):** 100/10% allottee threshold is tested strictly on filing date; post-filing buyouts cannot collapse the petition.	• **Pre-Filing Limitation Certificates:** Certifying 716-day COVID exclusions and non-10A default computations.	• **Part IV vs. NeSL Form D Mismatch:** Even a 1-day mismatch in Date of Default triggers registry rejection.

Day T to Day T+21

MORATORIUM (SEC. 14), PUBLIC ANNOUNCEMENT & TAKING CONTROL

Operationalizing the Sec. 14 Moratorium *[2026 Upgrades]*

Section 14(1) Pillar	Core Statutory Prohibition	Ground-Level Execution Rule for IRP/RP
Sec. 14(1)(a): Suits & Executions	Stays institution/continuation of suits or execution against the CD.	Does NOT bar IRP/RP from prosecuting recovery suits/arbitrations on behalf of the CD (Power Grid v. Jyoti Structures).
Sec. 14(1)(b): Asset Transfers	Bars transferring, encumbering, or disposing of any CD asset.	Post-ICD clearance of pre-ICD cheques or auto-debits is void ab initio—demand immediate bank reversal!
Sec. 14(1)(c): Security Enforcement	Bars SARFAESI / security enforcement against CD property.	**RCM Infrastructure (SC) Rule:** If balance 75% SARFAESI auction price is unpaid on ICD, the auction halts and asset stays in CIRP!
Sec. 14(1)(d): Lessor Repossession	Bars owner/lessor from recovering property occupied by CD.	Lessor cannot evict CD during CIRP (Rajendra K. Bhutta); current CIRP-period rent is paid as IRPC.

Two Major 2026 Upgrades (May 26, 2026): (1) Bar on Guarantor Subrogation [Amended Sec. 14]: Guarantor paying a lender during CIRP cannot enforce subrogation/indemnity against CD during moratorium! (2) Direct NCLT Civil Penalty [New Sec. 67B(1)]: Contravention of Sec. 14 attracts INR 1 Lakh to INR 1 Crore penalty!

Essential [Sec. 14(2)] Vs. Critical Supplies [Sec. 14(2A)] *[Ipso Facto]*

Parameter	Essential Goods & Services [Sec. 14(2) r/w Reg. 32]	Critical Goods & Services [Sec. 14(2A)]
What Is Covered?	**Strictly 4 Items:** Electricity, Water, Telecom & IT Services (ONLY to the extent NOT a direct input to output produced).	Raw materials, components, power (for a smelter), or services determined by RP as critical to protect going-concern value.
Can Supplier Terminate for Unpaid Pre-CIRP Arrears?	NO! Supplier must continue supply; pre-CIRP arrears are filed in Form B.	NO—provided the RP pays for current CIRP-period supplies!
Condition for Continuation During CIRP	Current CIRP-period dues form part of IRPC (paid in priority).	**Mandatory Current Payment:** If RP fails to pay current CIRP-period dues, supplier CAN terminate supply!

Restraining Ipso Facto Terminations: • Stay Granted (Gujarat Urja, SC & Amended Sec. 31): Where a PPA, mining lease, or government license is terminated solely because of insolvency and is the substratum of the CD's going concern.
• Stay Refused (TCS v. SK Wheels, SC): Where termination is for pre-existing commercial breach or quality default unrelated to insolvency.

What Sec. 14 Does NOT Stay *[Oct 2026 BG Margin Rulings]*

Anush Finlease (Oct 2026)
Live BGs Invocable in CIRP

→

100% Margin FDR = Trust
Excluded from CD Estate [Sec. 18]

→

No Release Post-Plan
Unless Live BG Discharged!



Proceeding Outside Sec. 14	Legal Position in 2026
Sec. 138 NI Act Criminal Trials	Stayed against the CD company, but continues against natural-person Directors/Signatories (P. Mohanraj, SC).
Personal & Corporate Guarantors	Zero stay; Sec. 96 interim moratorium abolished w.e.f. May 26, 2026 + IBBI Circular 106/2026 (Sept 21, 2026).
Tax Assessment Proceedings	**Sundaresh Bhatt (SC):** Authorities can complete assessment orders to quantify pre-ICD dues (coercive recovery barred).
PMLA / Benami Attachments	**Mayfair Leisures (Oct 20, 2026):** Requires moving the competent PMLA forum citing Sec. 32A immunity post-plan approval.

Public Announcement (Day T+3) & Takeover *[Secs. 15, 17 & 18]*

Updated Form A (Day T+3)
1 English + 1 Regional Paper

→

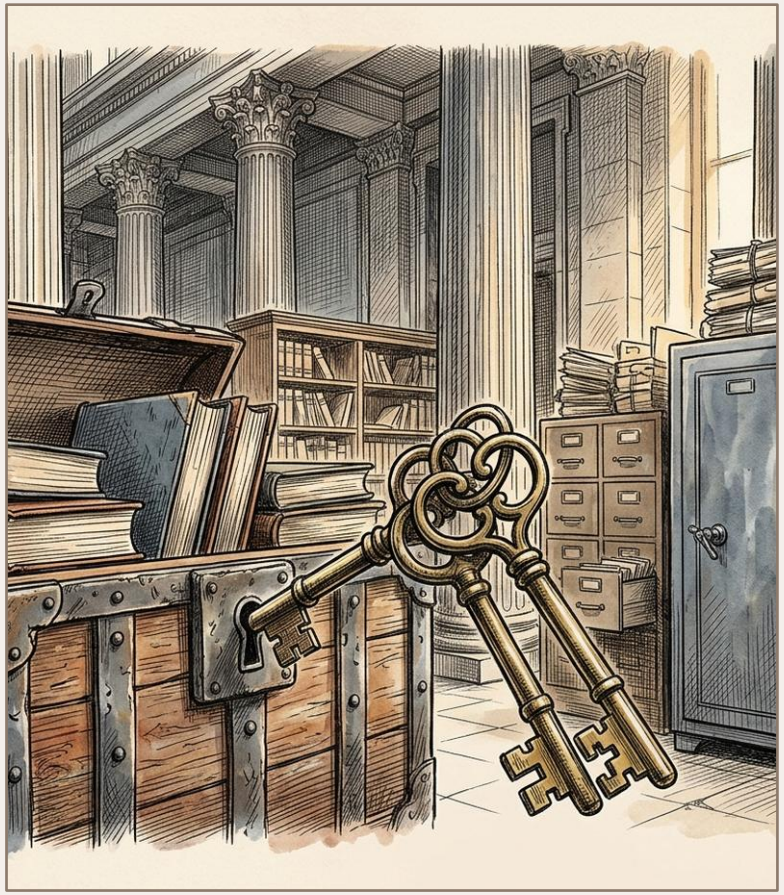
Multi-Location Coverage
Regd Office + All Plant Sites

→

AR Selection [Reg. 4A]
Name 3 Panel IPs if Class >= 10

Day / Window	Mandatory Field & Digital Takeover Action [Sections 17 & 18]
Day T+1 (Physical Custody)	Visit Registered Office, factories & warehouses; deploy 24x7 security guards; record video Panchnama of inventory & machinery; paste bilingual Moratorium Notice at gates.
Day T+2 (Banking Freeze-Lift)	Serve Admission Order on all banks (PAN-based search); freeze all debit/auto-sweep mandates of ex-directors while keeping credit inflows open; change signatories to IRP.
Day T+3 (Digital Credentials)	File Form INC-28 on MCA21; take control of GST Portal, Income Tax e-Filing, TRACES, EPFO, RERA & domain emails; clone Tally / SAP / Cloud ERP servers onto an encrypted drive.

Overcoming Non-Cooperation *[Sec. 19, Form AC & Reg. 4(3)]*



2026 Anti-Hostility Weapon	Ground-Level Operational Mandate
Weapon 1: Expanded Section 19 (2026 Act)	Binds Promoters, Directors, KMPs, Statutory/Internal Auditors, Tax Consultants & IT/ERP Vendors to hand over records!
Weapon 2: Amended Reg. 3A — Form AC (June 1, 2026)	Handover of assets & records by suspended management MUST be executed in Board-specified FORM AC and signed in the presence of AT LEAST TWO WITNESSES!
Weapon 3: Substituted Reg. 4(3) Proviso (June 1, 2026)	**ULTIMATE BYPASS:** At 1st CoC (Day T+28), EVERY CREDITOR must hand over all past (1) Valuation & Title Reports, (2) Stock & Receivables Audits, (3) Forensic/TRA Reports & (4) Sanction/CERSAI files!

Preserving Going Concern [Reg. 31B] & CA Impact

Reg. 31B(2) (June 8, 2026)
1st CoC Going Concern Report

→

Reg. 31B(3) CoC Mandate
CoC Votes on Operations

→

Reg. 31B(4)–(5) Control
Prior Approval & Variance Table

New Practical Learnings	Emerging Opportunities for CAs	New Professional Challenges
• **Form AC Witness Mandate [Reg. 3A]:** Handover of physical custody and records must be signed before at least 2 witnesses. • **Bank Record Handover [Reg. 4(3)]:** Creditors must hand over past valuation, stock, forensic, and title reports at the 1st CoC meeting. • **BG Margin FDRs [Anush Finlease]:** 100% BG Margin FDRs are trust assets outside Sec. 14 & Sec. 18.	• **Outsourced Reg. 31B Modelling:** Preparing 1st-Meeting Going Concern Assessment Reports and monthly Budget-vs-Actual Variance Statements for RPs. • **Field Custody & Panchnama Teams:** Executing multi-location Day 1–7 inventory verifications and ERP cloning.	• **Unapproved Factory Costs [Reg. 31B(4)]:** Incurring factory running costs without a 1st-Meeting Reg. 31B Report and prior CoC approval results in personal cost disallowance and Sec. 220 disciplinary action!

Day T+14 to Day T+30

CLAIMS MANAGEMENT & CONSTITUTION OF COC

2026 Claims Verification Architecture *[Sec. 18(1)(b) & Reg. 13(1A)]*

Amended Sec. 18(1)(b) (May 2026)
Verify & Determine Claim Value

→

New Reg. 13(1A) (June 2026)
Written Reasons Within 7 Days!

Form (June 2, 2026 Circular)	Creditor Category	Permitted Filing Mode	Mandatory Reg. 13(1A) Duty
Form B	Operational Creditors (except Workmen/Employees)	**Electronic / Post**	STRICT 7-DAY WRITTEN REASON RULE: Whenever the IRP/RP admits or rejects a claim (in whole or in part), the IRP/RP SHALL communicate such decision ALONG WITH WRITTEN REASONS to the creditor within 7 DAYS of such decision!
Form C	Financial Creditors (other than in a Class)	**Electronic ONLY**	
Form CA	Financial Creditors in a Class (Homebuyers/Bonds)	**Electronic ONLY**	
Form D / E	Individual Workman/Employee (D) / Auth. Rep (E)	**Electronic / Post**	
Form F	Other Creditors (neither FC nor OC)	**Electronic / Post**	

The 3-Tier Claim Timeline Filter *[Regs. 12, 13 & Unclaimed Dues]*

TIER 1: Primary Window
Up to Day T+14 [Reg. 12(1)]

→

TIER 2: Extended Window
Day 90 or RFRP issue date

→

TIER 3: Post-Cutoff Belated
Verify in 7d + NCLT Condonation

Claim Tier / Scenario	Statutory Window	IRP / RP Operational Protocol in 2026
Tier 1: Timely Claims [Reg. 12(1)]	Up to Day T+14 from Appointment	Verify within 7 days (by Day T+21) + send Reg. 13(1A) notice -> Constitutes Initial CoC [Reg. 17(1)].
Tier 2: Extended Window [Amended Reg. 12(1) Proviso]	Up to 90th Day from ICD OR the date of issue of RFRP	Verify within 7 days + send Reg. 13(1A) written reasons; update CoC voting shares dynamically (prior CoC votes remain valid!).
Tier 3: Post-Cutoff Belated Claims [Reg. 13(1B) & (1C)]	Filed after Tier-2 cutoff [upto 7 Days prior to CoC meeting for voting on Plan/Liquidation	RP STILL verifies within 7 days -> Places before CoC for recommendation -> Files condonation IA before NCLT!
Unclaimed Book / RERA Liabilities (Puneet Kaur & Reg. 36)	No claim filed by creditor	Zero CoC voting share, BUT RP MUST disclose all book & RERA liabilities in the Information Memorandum so the Plan provides for them!

Forensic Verification Playbook (Part 1) *[Interest, Contingent & FX]*

Forensic Scenario	The 2026 Audit & Verification Rule for CAs & IPs
Scenario 1: Interest, Penal Interest & Compounding Traps [Reg. 13(1)]	**1. Strict ICD Freeze:** Reject 100% of post-ICD interest claimed after the Admission Date. **2. No Unilateral Invoice Interest:** Reject 18%–24% OC invoice-footer interest lacking a bilateral contract or prior MSME registration. **3. No Compounding of Penal Interest (Central Bank v. Ravindra & RBI Norms):** Strip out capitalized penal interest from bank ledgers. **4. Usurious Loans (>36% p.a.):** Flag for Sec. 50 Extortionate Credit Avoidance!
Scenario 2: Contingent & Sub-Judice Claims [Amended Sec. 18(1)(b) & Reg. 14]	• **Pure Unliquidated Damages Pending Trial:** Admit at notional INR 1 + disclose full contingent exposure in the Information Memorandum [Reg. 36(2)(h)]. • **Quantifiable / Certified RA Bills Under Arbitration:** RP cannot lazily admit at INR 1—must make a best estimate of value based on project/engineering records under Amended Sec. 18(1)(b) & Reg. 14(1)!
Scenario 3: Foreign Currency Claims [Reg. 15]	• Convert USD/EUR/GBP claims into INR strictly at the official RBI / FBIL Reference Rate as on the Insolvency Commencement Date (ICD) (permanently locked!).

Forensic Verification Playbook (Part 2) *[Tax, EPFO & Set-Off]*

Forensic Scenario	The 2026 Audit & Verification Rule for CAs & IPs
Scenario 4: Statutory Tax & Revenue Claims Post-May 26, 2026 [New Explanation to Sec. 3(31)]	• **Reject 'Secured Creditor' Status:** Under the New Explanation to Sec. 3(31) (w.e.f. May 26, 2026), statutory first charges (GST, VAT, Income Tax, Customs) created by operation of law are NOT Security Interest (Rainbow Papers neutralized!). Classify strictly as Unsecured Operational Debt (Govt Dues). • **Ex-Parte Assessments During Moratorium (Sundaresh Bhatt):** Audit and file tax appeals against inflated best-judgment orders!
Scenario 5: EPFO, Gratuity & Pension Claims [Sec. 36(4)(a)(iii)]	• **Super-Priority (100% Payout Outside Sec. 53):** Crystallized PF, Pension & Gratuity dues are excluded from the estate (Jet Airways / Moser Baer). • **Forensic Audit:** Challenge speculative Sec. 7A orders based on imaginary peak headcount when the factory was shut, and separate Sec. 7Q interest from post-ICD Sec. 14B penal damages.
Scenario 6: Counter-Claims & Set-Off in CIRP (Bharti Airtel, SC 2024)	• **No General Statutory/Insolvency Set-Off in CIRP:** Statutory set-off applies only in Liquidation (Reg. 29 Liq Regs). • In CIRP, allow only (a) pre-ICD contractual set-off or (b) narrow transactional/equitable set-off arising out of the exact same transaction!

Forensic Verification Playbook (Part 3) *[Homebuyers, Guarantees & RPTs]*

Forensic Scenario	The 2026 Audit & Verification Rule for CAs & IPs
Scenario 7: Homebuyers [Form CA & Reg. 16A(7)]	• **Voting Share Formula:** Principal Disbursed + 8% p.a. Simple Interest up to ICD. • **RERA Decree-Holders (Vishal Chelani, SC):** Remain FCs in a Class (never downgrade to Other Creditor!). • **Bank Trail Audit:** Verify RTGS/cheque clearance into RERA escrow to weed out bogus cash receipts!
Scenario 8: Corporate Guarantees & Co-Borrowers	• **Uninvoked Guarantee as on ICD:** Contingent claim only—zero CoC voting seat! • **Simultaneous Claims (BRS Ventures, SC 2024):** Allowed in both Principal & Guarantor CIRPs, subject to mandatory downward adjustment upon recovery [Reg. 12A] and no guarantor subrogation [Amended Sec. 14].
Scenario 9: Disguised Related-Party Assignments	• **Phoenix ARC v. Spade Financial Screen:** Trace the originating lender on pre-CIRP debt assignments; collusive assignment by a Sec. 5(24) related party to an NBFC/ARC carries the Sec. 21(2) voting bar with it!
Scenario 10: Carry-Forward to Liquidation [Amended Sec. 35]	• **Sections 38–42 Omitted (May 26, 2026):** Claims verified in CIRP carry directly into Liquidation! Any CIRP verification lapse will be caught immediately by the mandatory new independent Liquidator [Amended Sec. 34]!

Constituting the CoC (Day T+21) & OC-Only CoCs *[Sec. 5(28) & Reg. 16]*

Voting Share [Sec. 5(28)]
Unrelated FC Debt Ratio x 100%

→

Dynamic Update [Reg. 12(3)]
Recompute & File Form CIRP-2

→

OC-Only CoC [Reg. 16(2)(a)]
18 Unrelated OCs + 2 Reps

CoC Governance Rule	Statutory Provision (2026)	Ground-Level Execution Impact
Exclusion of Related-Party Debt from Numerator & Denominator	Amended Sec. 5(28) & Sec. 21(2) (May 26, 2026)	Related-party Financial Creditors get 0% voting share and are excluded from the denominator so unrelated FCs hold 100% of voting power.
When Operational-Creditor-Only CoC Is Triggered	Regulation 16(1) CIRP Regulations	Triggered where the Corporate Debtor has NO financial debt OR all Financial Creditors are Related Parties barred under Sec. 21(2).
Composition of OC-Only CoC (The June 8, 2026 Upgrade)	Amended Regulation 16(2)(a) (w.e.f. June 8, 2026)	(1) 18 largest UNRELATED Operational Creditors by value (the word 'unrelated' was inserted on June 8, 2026 to block related vendors from capturing OC-only CoCs!); (2) 1 Workman Rep; (3) 1 Employee Rep.

Mandatory Observers in Non-Bank CoCs *[Reg. 16E Case Study]*

Claimant Name & Category (M/s Zenith Infra-Tech Ltd.)	Claimed (Cr)	Admitted (Cr)	CoC Seat?	Voting Share (%)
State Bank of India (Scheduled Bank — FC)	32.00	30.00	Yes	30.00%
Apex Credit Opportunities Fund (AIF / Non-Bank FC)	45.00	45.00	Yes	45.00%
Homebuyers Class (120 Allottees) (Form CA — incl. 8% int.)	28.50	25.00	Yes (AR)	25.00%
Zenith Holdings Pvt. Ltd. (Related Party FC — 24% Equity)	18.00	18.00	Barred [21(2)]	0.00%
Orion Bank Ltd. (Uninvoked Corporate Guarantee on ICD)	15.00	0.00	No	0.00%
CGST, Income Tax & State VAT Depts. (Form B — Govt Dues)	14.00	14.00	Reg. 16E Observer!	0.00%
Steel Corp & Unrelated Vendors (Form B — OCs)	11.00	10.00	Reg. 16E Observer!	0.00%
TOTAL VOTING FINANCIAL DEBT BASE [Sec. 5(28)]	—	Base = 100.00 Cr	—	100.00%

New Regulation 16E Triggered (June 8, 2026):

- Scheduled Banks (SBI) hold only 30%, while Non-Bank FCs (Apex AIF 45% + Homebuyers 25%) hold 70% (> 66%)!
- IRP/RP SHALL invite the 5 largest unrelated OCs—including the 3 largest statutory tax authorities (CGST, Income Tax, VAT)—as Observers to all CoC meetings!

1st CoC Meeting (Day T+28) & Early Dissolution *[Regs. 3(1A) & 40E]*

Item 1 [Reg. 4(3)]
Collect Past Bank Reports → **Item 2 [Reg. 31B(2)]**
Going Concern Vote → **Item 3 [Reg. 31B(4)]**
Ratify & Approve Costs → **Item 4 [Circ. 105/2026]**
6 Red-Flag Misuse Note

June 1, 2026 Regulatory Addition	Operational Mandate for IRP/RP & CoC (CIRP Third Amendment Regs, 2026)
New Regulation 3(1A) (3-Day RP Confirmation Intimation)	Where the CoC resolves by >= 66% vote under Sec. 22(2) to confirm the IRP as RP, the CoC SHALL intimate its decision to the IRP in writing within 3 DAYS of such resolution!
New Regulation 40E (Direct Early Dissolution During CIRP)	Where the CoC decides (>= 66% vote) that neither CIRP continuation nor Liquidation is viable (zero realizable assets), the RP files directly before NCLT for early dissolution during CIRP—skipping Liquidation completely!

What this change means for CAs

New Practical Learnings	Emerging Opportunities for CAs	New Professional Challenges
• **New Reg. 13(1A) (June 1, 2026):** Every claim admission or full/partial rejection must be communicated with written reasons within 7 days. • **Amended Sec. 35:** CIRP claims carry straight into Liquidation without re-invitation. • **Amended Reg. 16(2)(a):** Only UNRELATED Operational Creditors can sit among the Top 18 in an OC-only CoC.	• **Outsourced CA Claim Audit Teams:** Verifying thousands of Form B/C/CA claims and drafting tabular 7-day Reg. 13(1A) reasoned notices. • **Reg. 16E CoC Observer Representation:** CAs representing Top 5 OCs and Top 3 Tax Authorities in non-bank CoC meetings. • **Engineering & RA Bill Valuation:** Estimating sub-judice construction claims u/s 18(1)(b).	• **Forgetting Reg. 16E Observers (June 8, 2026):** In any NBFC/AIF/Homebuyer-dominated CoC (>66%), omitting the Top 5 OCs & Top 3 Tax Authorities vitiates CoC governance! • **Admitting Tax Claims as 'Secured':** Post-May 26, 2026 (Sec. 3(31) Explanation), statutory tax charges are unsecured!

Day T+27 to Day T+105

VALUATION (VRIN), SEC. 28A ASSETS, IM & FORM G

The 2026 Valuation Revolution (Part 1) *[Day T+47 Cap & MSME Rule]*

Strict Day T+47 Cap
Appoint RVs by Day 47 [Reg. 27]

→

Coordinating Valuer
Models Enterprise Synergies

→

MSME Single-Set Rule
1 RV Set Cuts Cost by 50%!

Corporate Debtor Category	Required Number of Valuer Sets [Amended Reg. 27]	How "Enterprise Fair Value" Is Computed [Amended Reg. 2(1)(hb) & Reg. 35]
1. Standard (Non-MSME) CDs	TWO (2) Sets of RVs (L&B, P&M, SFA), with 1 RV in each set designated as 'Coordinating Valuer'.	• Moves from siloed sum-of-parts (L&B + P&M + SFA) to Enterprise Fair Value! • Each Coordinating Valuer aggregates asset-class values AND quantifies enterprise-wide operating synergies!
2. MSME & Small CDs (w.e.f. May 20, 2026)	ONLY ONE (1) Set of RVs (with 1 Coordinating Valuer)! (CoC must record written reasons if it wants a 2nd set).	• Cuts MSME valuation cost and time by 50%! • Single RV set computes both Liquidation Value and Enterprise Fair Value.

Opportunity for Registered Valuers (SFA / CA Valuers): Position yourself as the designated "Coordinating Valuer" in each set—commanding a dedicated fee for modelling enterprise-wide asset synergies!

The 2026 Valuation Revolution (Part 2) *[IVSC, VRIN & Receivables]*

1. IVSC Standards [RV/93]
Mandatory Across All IBC

2. Mandatory VRIN [RV/103]
Printed on Every Page Footer

3. 23-Item Report Format
Geo-Tagged Photos & Discounts

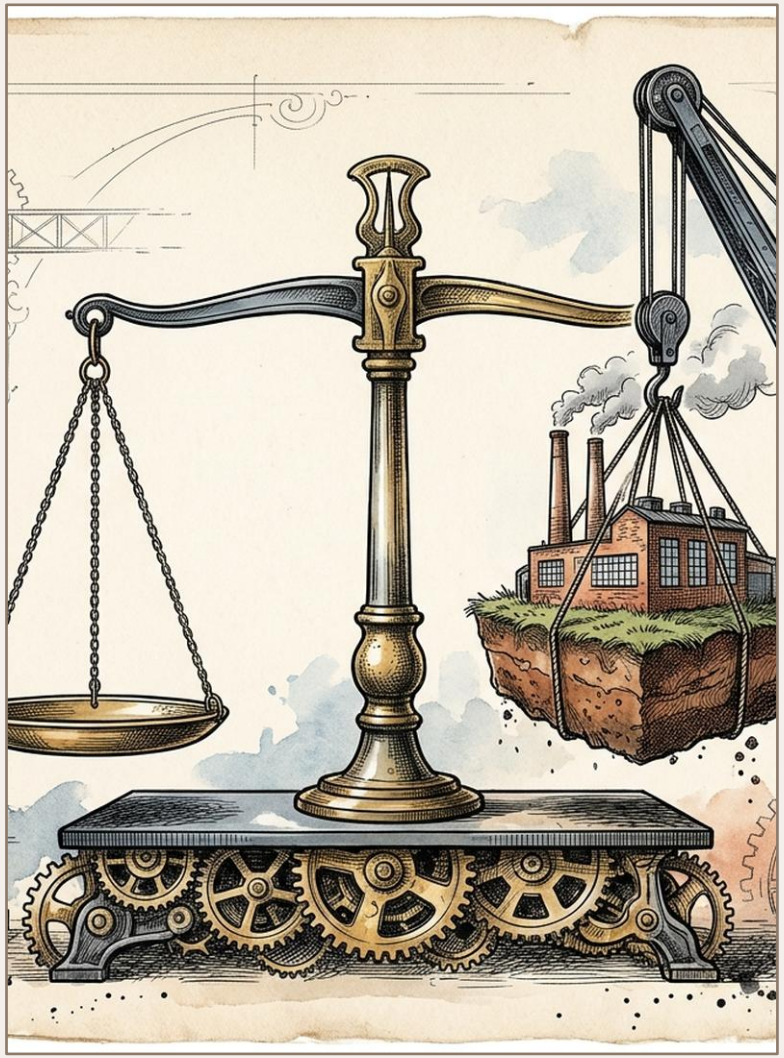
Mandatory 7-Parameter Framework for Valuing Trade Receivables / Loans (SFA Class)	Forensic Verification Standard (No Arbitrary 90% Haircuts!)
Ageing Analysis (<90d to >3 yrs) & Counterparty Solvency	Cross-verify debtor ageing buckets against MCA21 Active vs. Struck-Off / CIRP status of each counterparty.
Commercial / Legal Disputes & Limitation Act Status	Inspect debit notes, quality rejections, and valid Sec. 18 Limitation Act balance-sheet acknowledgments.
Historical Recovery Rate of CD & Related-Party [Sec. 5(24)] Overlap	Benchmark post-default collections and screen receivables for Sec. 43/45/66 PUFE diversion to related parties.
Underlying Security / LC / Credit Insurance ==> Realisable Value	Quantify backed LCs/ECGC cover to arrive at a documented Debtor-Wise Realisable Value in the 23-item report.

Handling >= 25% Valuation Divergence *[Reg. 35(1)(b) Case Study]*

Valuation Component (M/s Deccan Precision)	Set A (Cr)	Set B (Cr)	Variance >= 25%? [Reg. 35(1)(b)]	3rd Valuer (Set C)	Final Value (Closest-Two / Avg)
Land & Building (FV)	40.00	42.00	No (5%)	Not Required	(40 + 42) / 2 = 41.00 Cr
Plant & Machinery (FV)	20.00	30.00	YES (50% / 33.3%)!	28.00 Cr	Closest Two (28 & 30): 29.00 Cr
SFA / Receivables (FV)	10.00	11.00	No (10%)	Not Required	(10 + 11) / 2 = 10.50 Cr
Coordinating Valuer Synergy	+8.00	+9.00	—	—	(8 + 9) / 2 = +8.50 Cr
TOTAL ENTERPRISE FAIR VALUE	78.00	92.00	—	—	INR 89.00 Crore

Mandatory RV Explanatory Session Before CoC [Amended Reg. 35(1)(a)]: Before the CoC votes on any Resolution Plan, the RP MUST hold a dedicated meeting where the Registered Valuers explain their valuation methodology, assumptions, and synergy calculations directly to the CoC!

Transferring Guarantor's Possessed Assets *[New Sec. 28A & Regs. 28A/B]*



Protocol Step	New Sec. 28A + Inserted Regs. 28A & 28B (June 1, 2026)
Step 1: SARFAESI Possession & Proposal [Reg. 28A(1)]	Lender who took possession of a Personal/Corporate Guarantor's asset (e.g., Factory Land) under SARFAESI Sec. 13(4) proposes transferring it into the CD's CIRP.
Step 2: Independent RV Estimation [Reg. 28A(2)]	RP gets the Guarantor's asset valued by Registered Valuers (with VRIN) for standalone and synergy value.
Step 3: Multi-Tier Approval Matrix [Sec. 28A & Reg. 28A(3)]	**CD's CoC Approves (>= 66% Vote) PLUS:** (a) If Corp Guarantor in CIRP -> CG CoC Approval (>= 66%); OR (b) If Personal Guarantor in Insolvency -> >= 75% in value of PG's Creditors; OR (c) If Guarantor NOT in Insolvency -> Guarantor / Charge-holder consent u/s 28A.
Steps 4 & 5: IM/RFRP & Liability Reduction [Reg. 28B]	Added as Annexure to CD's IM & RFRP for composite bidding; upon Plan approval, allocated price pays charge-holder & proportionately reduces Guarantor's liability!

Preparing a Litigation-Proof IM by Day T+95 *[Sec. 29 & Reg. 36]*

Gatekeeping Rule [Sec. 29(2) & Reg. 36(4)]
Zero IM Access Without Signed Confidentiality Undertaking

→

10-Point Litigation-Proof IM Architecture [Amended Reg. 36]
Prevents Post-Approval SRA Clean-Slate & Asset Disputes

IM Disclosure Pillar [Amended Reg. 36]	Forensic & Valuation Sweetener to Highlight
Cross-Verified Asset Matrix [Reg. 36(2)(a)]	Reconcile with Form AC [Reg. 3A] & Bank-supplied records [Reg. 4(3)]; explicitly exclude 100% BG Margin FDRs (Anush Finlease, Oct 20–21, 2026)!
Transferred Guarantor Assets [Reg. 28A]	Full title deeds, valuation scope & charge-holder terms for composite bidding.
Carried-Forward Tax Losses [Reg. 36(2)(k)]	Quantify brought-forward business losses & unabsorbed depreciation eligible u/s 79(2)(c) Income Tax Act (adds 15%–25% to bidder NPV!).
Unclaimed Book & RERA Liabilities	Disclose all book vendors & RERA allottees who haven't filed claims (Puneet Kaur safeguard so Clean Slate holds!).
JDA Obligations & PMLA/Benami Attachments	Disclose all Joint Development Agreements & ED/PMLA attachments (noting the Oct 2026 Mayfair Leisures ruling on Sec. 32A procedure).

Integrating Avoidance & Fraud into the IM *[Secs. 5(2A), 5(9A) & 5(11)]*

2 Yrs Prior to 1st Petition Look-Back Anchor [Sec. 5(11)] → **1st Petition Filing Date Earliest Pending Application** → **Admission (ICD) T+75 Opinion / T+115 Determ.** → **Day T+130 NCLT Filing Separate 5(2A) & 5(9A) IAs**

2026 Statutory Upgrade	Execution Rule for RPs & Forensic Chartered Accountants
Separate Filings [New Secs. 5(2A) & 5(9A)]	**File separate, distinct IAs for Avoidance [Sec. 5(2A):** Secs. 43, 45, 49, 50] vs. Fraudulent/Wrongful Trading [Sec. 5(9A): Sec. 66] (Anuj Jain rule codified).
Earliest Initiation Date [Sec. 5(11) Proviso]	Check NCLT DMS for the very first pending CIRP petition ever filed against the CD—the 1-yr/2-yr look-back runs backwards from that filing date!
Mandatory IM & RFRP Integration [Reg. 35A(3A) & Reg. 38(2)(d)]	Disclose all identified/filed applications in the IM; RFRP must specify how they will be pursued post-approval [Amended Sec. 26] and who gets the recovery proceeds!
Direct Creditor Standing [Substituted Sec. 47]	If the RP fails to file an avoidance application, any Creditor, Member, or Partner can apply directly to the NCLT!

Invitation of EOI (Form G on Day T+60) & RFRP *[Sec. 5(26) & Reg. 36B]*

Day T+60: Form G (12A Window Dies!) → **Day T+75: EOI Due (Min 15d; Zero EMD!)** → **Day T+85 / T+90 Prov. List & 5d Obj.** → **Day T+100: Final List (After 29A Vetting)** → **Day T+105: IM & RFRP (Min 30d -> T+135)**

Form G Structuring Track	2026 War-Room Execution Strategy [Amended Sec. 5(26) & Reg. 36B(6A)]
Why Single-Option Form G Fails	Inviting only whole-company bids for a multi-division Corporate Debtor often yields zero viable bids, wasting 60+ days on a 2nd Form G round!
Option I: Enterprise-Wide Track (Concurrent Track 1 on Day T+60)	Invite Resolution Plans for the Corporate Debtor as a whole (including any Guarantor assets transferred under New Section 28A).
Option II: Cluster / Division-Wise Track (Concurrent Track 2 on Day T+60)	Simultaneously invite concurrent Resolution Plans for individual plants, spinning units, hotels, or real estate towers from Day 1—preventing failed rounds!

Multi-Layer Sec. 29A Due Diligence & MSME Audit *[Sec. 240A Traps]*

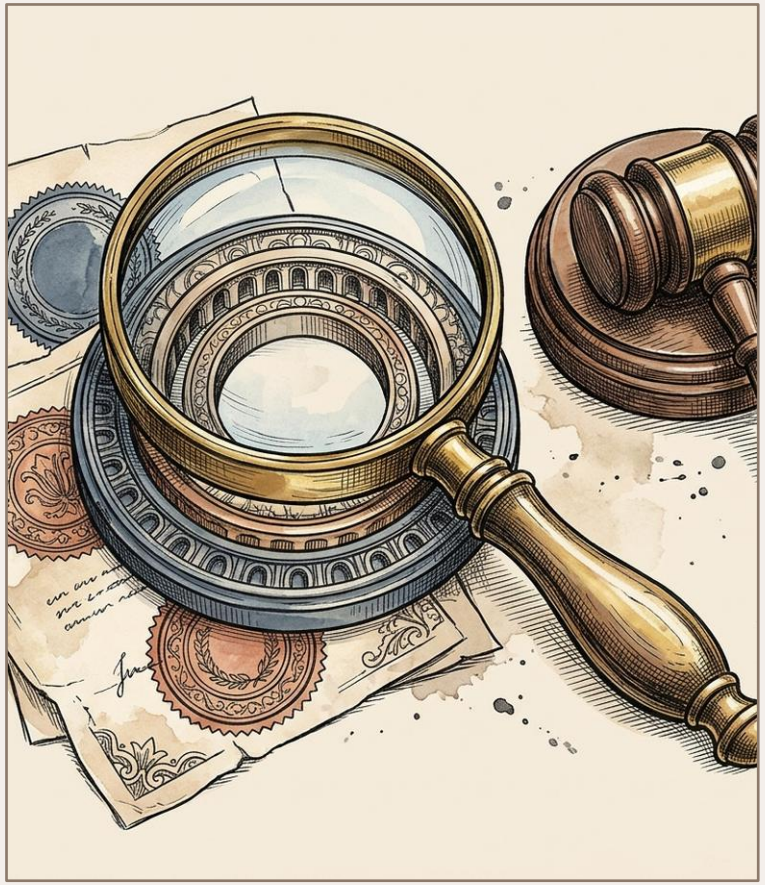
Layer I [Sec. 29A(j)]
PRA Promoters & Control

+

Layer II [Sec. 29A(j)]
Future CD Management

+

Layer III [Sec. 29A(j)]
Holdings, Subs & Sec. 5(24) RPTs



Section 240A MSME Rule	What Is Exempt vs. What Still Disqualifies the MSME Promoter!
What Sec. 240A Exempts	Exempts an MSME promoter ONLY from Sec. 29A(c) (NPA > 1 yr) and Sec. 29A(h) (Unpaid Invoked Guarantee)!
TRAP 1: Post-ICD Udyam Certificate	**Hari Babu Thota (SC) Rule:** Valid Udyam/MSME registration must exist prior to/as on the ICD—no back-door MSME certificate after admission!
TRAP 2: Wilful Defaulter [Sec. 29A(b)]	Sec. 240A does NOT exempt Sec. 29A(b)! If any bank declared the MSME promoter an RBI Wilful Defaulter, 100% DISQUALIFIED!
TRAP 3: NCLT PUFE Order [Sec. 29A(g)]	Sec. 240A does NOT exempt Sec. 29A(g)! If NCLT passes an order u/s 43, 45, 50, or 66 before Plan approval, IMMEDIATELY DISQUALIFIED!

Master Timeline Compression & Grand Synthesis *[Saving 90+ Days]*

Ground Bottleneck	Time Lost	Your 2026 Statutory / Regulatory Compression Tool
Hostile Promoter Hiding Records	**60–120 Days**	Execute Form AC (2 witnesses) [Reg. 3A] + collect past Valuation/Stock/Forensic reports directly from Banks at 1st CoC [Reg. 4(3)]!
Valuation Delays in MSMEs	**45–60 Days**	Appoint RVs at 1st CoC (Day T+28 < Day T+47 cap) + use the May 20, 2026 Single-Valuer Set Rule for MSMEs!
Claim Verification Litigation	**30–60 Days**	Issue tabular 7-Day Written Reasoned Notices [Reg. 13(1A)] so natural-justice IAs are dismissed at the threshold.
Failed Whole-Company Form G	**45–75 Days**	Invite Option I (Whole-CD) + Option II (Asset-Wise Bids) [Amended Sec. 5(26)] concurrently in your very first Day T+60 Form G!
Inter-Creditor Distribution Fights	**90–180 Days**	Invoke Amended Sec. 31 Two-Stage Plan Approval (approve Plan Implementation in 30 days; hear distribution separately).

Core 2026 Takeaway	High-Margin Fee Verticals	Final Compliance Golden Rule
IBC 2.0 replaces discretionary delays with hard digital & statutory gates (Form AC, VRIN, 7-day claim reasons, Day T+47 RV cap, Day T+60 Sec. 12A cutoff).	• Coordinating Valuer & Synergy Modelling • Sec. 28A Guarantor Asset Transfers • Multi-Layer Sec. 29A & Sec. 5(11) Audits	Never accept a Valuation Report without a VRIN (Circular RV/103/2026), and always hold the Reg. 35(1)(a) RV Briefing to the CoC before Plan voting!

Thank You

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