INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

7th Floor, Mayur Bhawan, Connaught Place, New Delhi – 110 001

CIRCULAR

No. IBBI/II/106/2026 **Date:21st September 2026**

To

All Registered Insolvency Professionals

All Recognised Insolvency Professional Entities

All Registered Insolvency Professional Agencies

(By mail to registered email addresses and on the website of the IBBI)

Subject: Judgments of the Hon'ble Bombay High Court and Delhi High Court on cessation of interim moratorium in respect of personal guarantors to corporate debtors.

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 inserted sub-section (4) in sections 96 and 124 of the Insolvency and Bankruptcy Code, 2016, providing that the interim moratorium shall not apply in respect of a personal guarantor to a corporate debtor, with effect from 26th May, 2026.

2. In this regard, the Hon'ble Bombay High Court, in *Tata Capital Financial Services Limited v. Neel Motors LLP and others* (Commercial Arbitration Petition No. 620 of 2021), by judgment dated 24th July, 2026, has *inter-alia* observed that –

"11. Having heard the parties and having examined the record and the provisions of law with their assistance, in my opinion, the phrase "where an application is filed" would bring within its sweep anything that is filed and is pending with the Adjudicating Authority as of that date. If the intention had been to bring within the sweep of Section 96(4) only filings made after the introduction of the provision, the legislature would have consciously used language to that effect. Equally, while it is arguable that the legislature has not used clarificatory language in the provision to indicate that it covers applications already filed and to be filed, in my opinion, this provision would squarely fit within the ambit of a retroactive application. The reading of the words "is filed" as including those that have been filed and are pending, will not give retrospective effect, but will have prospective effect from the date on which the provision takes effect. Therefore, in my opinion, any Application that is filed for initiating an insolvency resolution process in respect of a personal guarantor to a corporate debtor would not fall within the ambit of Section 96(1) and related provisions with effect from May 26, 2026. In other words, anything that "is filed" would include within its sweep anything that has been filed and is continuing to remain under adjudication under the IBC.

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15. Applying the same principles to Section 96(4) of the IBC, in my opinion, a moratorium insofar as it operated in respect of Respondent Nos. 2, 3 and 4 until May 25, 2026 ceased to *operate with effect from May 26, 2026, in respect of applications filed under Section 95 of the IBC. In this view of the matter, in my opinion, the Petition would need to be considered as not being barred by the moratorium under IBC."*

3. Further, the Hon'ble Delhi High Court in *IDBI Trusteeship Services Ltd. v. Manish Jain and Ors.* (CS(COMM) 800/2025), by judgment dated 19th August 2026, has also *inter-alia* observed that –

".... the aforesaid amendment to Section 96 of IBC by addition and insertion of sub section (4), and the principles of "retroactive" legislation laid down by the Supreme Court, leave no doubt in the mind of this Court that the provisions of sub-section (4) of Section 96 of IBC by way of the amendment dated 06.04.2026, are "retroactive", even though the Amending Act did not expressly state so. If that be so, then the import, purport and impact of such retroactive legislation would amount to "quasi retroactivity" and would be applicable to pending applications..."

4. Accordingly, it may be noted that the interim moratorium under section 96 (and, correspondingly, section 124) of the Code, in respect of a personal guarantor to a corporate debtor, has ceased to operate with effect from 26th May, 2026 in respect of applications pending before Adjudicating Authority as on that date.

5. This Circular is issued in exercise of the powers conferred under section 196 of the Code.

Sd/-
Sanjay Manocha
General Manager