INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI
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IIIPI Newsletter

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NCLT directs RP to invite single Plan for entire JAL

Initially, the Resolution Professional (RP) had invited Expressions of Interest (EOIs) under two options, Option I: Resolution of Jaiprakash Associates Ltd. (JAL) as a whole, as a going concern, and Option II: Resolution of specific business clusters separately, with JAL's operations categorized into 12 clusters. However, the NCLT has directed that only Option I will proceed, meaning all EOIs must now be invited for the entire company. Option II has been set aside, and any EOI submitted for specific clusters will not be considered.

For More Details, Please Visit:
https://www.cnbctv18.com/business/companies/nclt-directs-jaiprakash-associates-to-continue-with-single-resolution-plan-19571145.htm

News Update

Builders can't use IBC to evade penalties: Supreme Court

In a landmark judgement, the Supreme Court has held that the real estate corporate debtors undergoing insolvency process cannot evade monetary penalties imposed for consumer rights violations. The court clarified that penalties imposed by consumer courts serve a regulatory function and do not constitute "debt" under the Insolvency and Bankruptcy Code, 2026 (IBC).

"Homebuyers, many of whom invest their life savings in purchasing residential units, are already in a precarious position due to delays in possession and breaches of contractual obligations. Staying penalties that serve as deterrence against such unfair practices would render consumer protection mechanisms ineffective and erode trust in the regulatory framework," said the Court. The judgement came in the matter of the proprietor of East & West Builders (RNA Corp Group Co), who had sought relief from penalties imposed by the National Consumer Disputes Redressal Commission (NCDRC) on the grounds that an application under Section 95 of the IBC had filed against her, triggering an interim moratorium under Section 96 of the IBC. The NCDRC had in 2018 imposed 27 penalties on the proprietor for failing to deliver possession of residential units within the agreed timeline, causing distress to homebuyers.

"The IBC is not a tool for escaping liability arising from statutory obligations. The penalties imposed by the NCDRC are meant to ensure compliance with consumer laws and cannot be equated with a recoverable financial debt," said the Supreme Court.

For More Details, Please Visit:
https://www.hindustantimes.com/india-news/builders-can-t-use-insolvency-to-evade-penalties-top-court-101741114940426.html

News Roundup

Resolution plan cannot be reopened if appellants had failed to exercise due diligence on protecting their rights with the prescribed timelines: NCLAT

Dismissing a set of four appeals filed against H.S Oberoi Buildtech Private Ltd. under Section 61 of IBC, the Appellate Tribunal said that the appellants had failed to exercise due diligence on protecting their rights with the prescribed timelines. "To expect belated claims to be accepted by the SRA and that too after such a massive delay of 1700 days from the last date for filing of claims would be tantamount to subjecting the SRA to the uncertainty of undecided claims," said the NCLAT. Furthermore, the Appellate Tribunal observed that the appellants had failed to exercise due diligence on protecting their rights with the prescribed timelines and the appeals were dismissed accordingly.

For More Details, Please Visit:

https://www.livelaw.in/ibc-cases/no-reopening-of-approved-resolution-plan-belatedly-agitated-claims-nclat-principal-bench-new-delhi-286051

Indian payments services firm AGS Transact Technologies faced insolvency proceedings

The CIRP application against AGS Transact Technologies has been reportedly filed by Maxwel Aircon India Pvt. Ltd., an operational creditor of the company. AGS Transact provides digital and cash-based solutions to banks and corporate clients, including ATM services, said media reports. According to media reports, the company, along with a unit involved in replenishing ATM machines with cash, had defaulted on dues, including loans, totaling ₹7.26 billion ($83.1 million) as per the exchange filings.

For More Details, Please Visit:

https://www.business-standard.com/companies/news/ags-transact-technologies-faces-insolvency-over-alleged-unpaid-dues-125030301297_1.html

Indonesia textiles giant Sritex in talks with investors to lease assets following bankruptcy

PT Sri Rejeki Isman (Sritex), the leading textile firm in Indonesia is reportedly in talks with potential investors to take over assets under a lease scheme. The company was declared bankrupt at the end of last year as it struggled to service its debts, which reached $1.6 billion in June. It stopped operations on March 1 after failing in its appeal against the bankruptcy ruling, said media reports. About 10,000 Sritex workers were facing layoffs due to bankruptcy, several local media outlets reported. The lease option might also create an opportunity for Sritex's workers to be rehired, said the Company.

For More Details, Please Visit:

https://www.reuters.com/markets/deals/indonesia-textiles-giant-sritex-talks-with-investors-lease-assets-following-2025-03-03/

IBBI to constitute "Oversight Committee" to keep an eye on CoC: Media Report

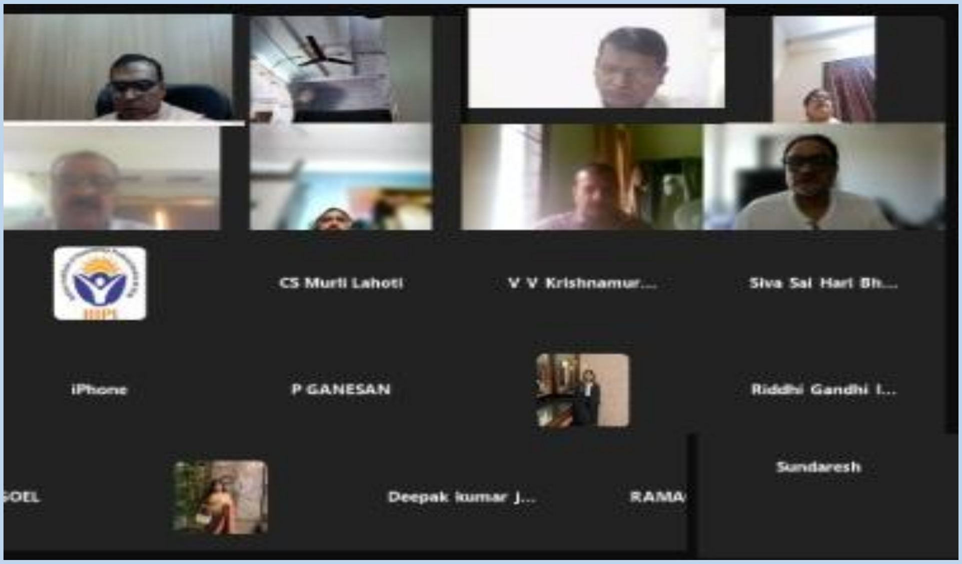
Insolvency and Bankruptcy Board of India (IBBI), through a notification, has reportedly made it mandatory for the Committee of Creditors (CoC) to constitute a "monitoring committee" (MC) to oversee the implementation of a resolution plan.

The IBBI is also likely to prescribe an "oversight committee" (OC) which would keep an eye on the CoC to ensure that its members follow the guidelines notified by the IBBI. The proposed OCs would likely be empowered to hold CoC members accountable for lapses, mismanagement, or any decision that may harm the resolution process, said a media report. The MC is expected to supervise the execution of the resolution plans, ensure statutory compliance by stakeholders, and facilitate smooth transfer of assets and control to the bidders.

For More Details, Please Visit:

https://www.financialexpress.com/business/banking-finance/insolvency-creditors-panel-to-get-more-powers-soon/3772299/

EVENT PHOTOGRAPH



One-Day Virtual Workshop on "Managing Corporate Debtors as going concern under CIRP" organized by IIIPI on March 08, 2025.

IIIPI to organize Webinar on 12th March 2025

The Webinar on "Recent Regulatory Amendments under IBC" is scheduled from 3 PM to 6 PM on 12th March 2025 is for Insolvency Professionals and Registered Valuers. The participant IPs will be eligible for CPE: 2 hours and RVs for CPE 3 hours.

Please click to register
https://app.iiipicai.in/regpayments/

For More Details, Please Visit:
https://www.iiipicai.in/wp-content/uploads/2025/03/12th-March-25-webinar-flyer-1.pdf