INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI
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IIIPI Newsletter

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MBL to acquire its subsidiary through Resolution Plan

NCLT has approved the Resolution Plan submitted by MBL Infrastructure Ltd. (MBL) to acquire its wholly owned subsidiary, MBL (MP) Toll Road Company Ltd. (MPTRCL), under the Insolvency and Bankruptcy Code (IBC). The approved plan amounts to ₹9.11 crore, which includes an EMD and Performance Security of ₹2 crore already held in an escrow account. The insolvency proceedings were initiated on the application filed by Punjab National Bank (International) Ltd. on May 12, 2023, citing a default of approximately \$5,338,895.44 (about ₹44.04 crore).

For More Details, Please Visit: *https://insolvencytracker.in/2025/09/12/mbl-infrastructure-subsidiary-exits-insolvency-with-approved-resolution-plan/*

News Update

**For Internal Circulation Only*
**Knowledge SBU Initiative*

Speculative investors should not be allowed to misuse the IBC as a recovery tool to seek lucrative returns without any intention of owning a home: Supreme Court

The Supreme Court has observed that speculative investors harm the residential real estate sector and, by extension, the Indian middle class. The court also stressed that the state has a constitutional duty to establish and strictly enforce a framework preventing developers from defrauding or exploiting homebuyers, adding that ensuring timely project completion must be the cornerstone of India's urban policy.

The Apex Court further observed that strict adherence to IBC timelines and settled precedent is essential to achieving two complementary objectives: (a) ensuring the revival and completion of stalled projects for the benefit of genuine homebuyers, and (b) curbing speculative activity, which has acted as a "slow poison" for the residential real estate sector and, by extension, the Indian middle class. The Supreme Court also upheld the NCLAT's decision to set aside the initiation of the CIRP against two builders.

The Court further stated that the State has a constitutional obligation to establish and rigorously enforce a framework that prevents developers from defrauding or exploiting homebuyers. It added that ensuring the timely completion of projects must serve as a cornerstone of India's urban policy. The Court also directed the Centre to submit, within three months, a compliance report detailing the measures taken to upgrade NCLT and NCLAT infrastructure across the country.

For More Details, Please Visit: *https://www.hindustantimes.com/real-estate/sc-warns-against-misuse-of-insolvency-code-by-speculative-investors-calls-them-slow-poison-for-the-real-estate-sector-101757867138640.html*

News Roundup

NCLAT upholds AA's decision to recall its CIRP order against Logix Infrastructure after finding the debt claim to be "fraudulent" and "malicious

The Appellate Tribunal observed that the loan transaction between Experts Realty (Financial Creditor) and Logix Infrastructure (Corporate Debtor) was not genuine, noting that the financial arrangement was fraudulent or malicious in nature. It also highlighted several instances of collusion between the two entities. NCLAT further emphasized that the realty firm and its financial creditor had used this forum for purposes other than the insolvency resolution of the Corporate Debtor, with purported malicious intent, contrary to the objectives of the IBC, 2016. The record also suggested that both – Financial Creditors and Corporate Debtor – were related parties.

For More Details, Please Visit: *https://www.business-standard.com/companies/news/nclat-upholds-order-recalling-insolvency-case-against-logix-infra-125091300586_1.html*

NCLT admitted liquor manufacturer Fortune Spirit Ltd into CIRP on a petition by IDBI Bank for dues of over ₹18.5 crore

In December 2014, IDBI Bank sanctioned a working capital facility of ₹15 crore to Fortune Spirit for setting up a factory and installing machinery to produce Indian-made Foreign Liquor (IMFL). The limit was later renewed and reduced to ₹12 crore in October 2019. On March 31, 2021, the bank classified the company's account as a non-performing asset (NPA) after it defaulted on repayments. Although the bank issued a loan recall notice and initiated recovery proceedings under the SARFAESI Act, including the auction of one property, it was unable to recover the full dues. By February 2024, the outstanding amount had escalated to ₹18,50,93,177.22, including accrued interest. The insolvency order was passed by NCLT, Cuttack Bench.

For More Details, Please Visit: *https://insolvencytracker.in/2025/09/14/nclt-admits-fortune-spirit-into-insolvency-on-idbi-banks-plea/*

USA's Auto Dealer Tricolor Files for Bankruptcy

Texas-based auto dealer Tricolor has reportedly filed for Chapter 7 bankruptcy in a Texas court, moving to liquidate its business. According to media reports, Fifth Third Bank, one of its key financial creditors, said it had uncovered alleged external fraudulent *activity* involving the company. Tricolor, the third-largest used auto retailer in Texas and California, has disclosed over $1 billion in assets and more than $1 billion in liabilities, with over 25,000 creditors. According to media reports other banks like JPMorgan could also face losses in the car dealer's bankruptcy.

For More Details, Please Visit: *https://www.reuters.com/legal/litigation/auto-dealer-tricolor-files-bankruptcy-moves-liquidate-2025-09-10/*

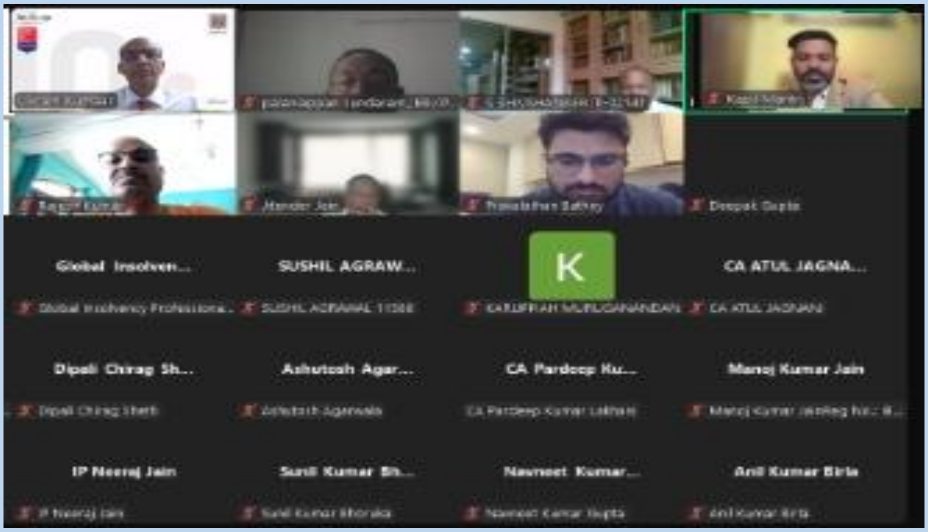
Insolvency Proceedings in Real Estate Should Primarily Be Project-Specific: SC

The Supreme Court has held that insolvency proceedings involving real estate companies should ordinarily be limited to specific projects rather than the entire corporate entity, except in cases where compelling reasons justify a broader scope. This ruling seeks to safeguard the interests of genuine homebuyers while ensuring greater clarity in insolvency processes under the IBC.

This judgment arose from appeals involving two real estate firms, Gayatri Infra Planner Pvt. Ltd. and Antriksh Infratech Pvt. Ltd., where investors had entered into agreements with buy-back and refund clauses and subsequently sought to initiate CIRP under Section 7 of the IBC after those terms were not fulfilled.

For More Details, Please Visit: *https://indialegallive.com/constitutional-law-news/courts-news/supreme-court-insolvency-proceedings-in-real-estate-should-primarily-be-project-specific/*

EVENT PHOTOGRAPH



Workshop on "Managing Corporate Debtors as Going Concern under CIRP" organized by IIIPI on 13th September 2025.

Fourth Batch of EDP on Cross Border Insolvency from 17th September

IIIPI will be organizing the 4^{th} batch of Executive Development Program (EDP) on Cross Border Insolvency (For IPs) from 17^{th} September to 18^{th} September 2025. The 12-hour program will have CPE:8 hours. The registration will close on 16^{th} September 2025. As the seats are limited, the Insolvency Professionals (IPs) are advised to register early to avoid last minutes hurdles.

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

For More Details, Please Visit: *https://www.iiipicai.in/wp-content/uploads/2025/09/FLYER-4th-batch-EDP-Cross-Border-insolvency.pdf*