



**INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI**

(Company formed by ICAI under Section 8 of the Companies Act 2013)

# IIPI Newsletter



**October 13, 2025**

**IIPI Newsletter No. 340**

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### **IBBI for mandatory use of AI in the insolvency resolution process**

The Insolvency and Bankruptcy Board of India (IBBI) is considering requiring Resolution Professionals to mandatorily adopt AI agents in the insolvency process.

These AI tools would aid in fraud detection, like uncovering undervalued or fraudulent transactions, compliance automation, anomaly identification, document processing, and forecasting recovery outcomes. The move seeks to enhance efficiency, transparency, and accuracy in resolving insolvency cases piling up before tribunals.

#### **For More Details, Please Visit:**

<https://www.financialexpress.com/business/industry/ibbi-moots-mandatory-use-of-ai-in-insolvency-resolution/3996649/>

## **News Update**

*\*For Internal Circulation Only*

*\*Knowledge SBU Initiative*

### **Liability of personal guarantors continues even after liquidation of the company: Delhi High Court**

Clarifying the extent of liability under the Insolvency and Bankruptcy Code, 2016 (IBC), the Delhi High Court held that personal guarantors cannot be shielded by the National Company Law Tribunal (NCLT) once a company enters liquidation, as their obligations are independent and survive the winding-up of the principal debtor. The Court emphasized that the Company Court's jurisdiction ceases after liquidation, and it cannot restrain creditors from proceeding against guarantors for recovery.

The judgment reaffirmed that, under Sections 128 and 134 of the Indian Contract Act, 1872, a guarantor's liability is co-extensive with that of the principal debtor, unless otherwise contractually limited. The Court dismissed the guarantors' contention that issues such as valuation disputes or grievances relating to one-time settlements (OTS) could bar recovery, holding that such objections cannot dilute the binding nature of a contract of guarantee.

The ruling strengthens the IBC's principle of creditor autonomy and accountability, aligning with precedents that recognize the independent liability of guarantors even after a company's liquidation or approval of the Resolution Plan. By doing so, the Court reaffirmed the sanctity of guaranteed contracts and the limited post-liquidation jurisdiction of NCLTs within the insolvency ecosystem. The Court upheld the Single Judge's 21 December 2023 order dismissing the guarantors' plea to restrain IDBI Bank from recovering ₹252.53 crores under their personal guarantees.

**For More Details, Please Visit:** <https://rawlaw.in/delhi-high-court-company-court-cannot-shield-guarantors-after-winding-up-liability-of-personal-guarantors-is-independent-and-continues-even-after-liquidation/>

## News Roundup

### Limitation period for initiating CIRP extends if corporate debtor makes part payment: NCLAT

The principal bench of National Company Law Appellate Tribunal (NCLAT) at New Delhi, in the case of *Ramniwas B. Somany vs. Anushri Paper Pack Pvt Ltd*, has ruled that a part payment or acknowledgment of debt by a corporate debtor resets the limitation period for filing an insolvency petition under IBC, 2016. In this case, a cheque amounting ₹40,000 cleared in 2016 was treated as acknowledgment under Section 18 of the Limitation Act, giving the operational creditor a new three-year window to file an insolvency application. This clarification reinforces that even partial payments must be documented carefully to preserve creditors' rights in insolvency proceedings.

**For More Details, Please Visit:** <https://www.legaleraonline.com/india/nclat-confirms-part-payment-resets-limitation-period-under-ibc-2016-968600>

### Salman Khan settles ₹7.24 crore dispute with Jerai Fitness, withdraws insolvency appeal

Salman Khan's ₹7.24 crore dispute with Jerai Fitness has been amicably settled, bringing an end to the insolvency proceedings before the NCLAT. The dispute stemmed from alleged unpaid dues and royalty issues under a trademark licensing agreement for Khan's "Being Strong" fitness equipment brand. Jerai had countered that Khan delayed approvals and breached promotional commitments. Following the mutual settlement and submission of a consent agreement, Khan's insolvency appeal was withdrawn thereby formally closing the legal battle.

**For More Details, Please Visit:** <https://www.businesstoday.in/india/story/salman-khans-rs724-crore-dispute-with-jerai-fitness-comes-to-an-end-after-settlement-497587-2025-10-09>

### Verijet files for Chapter 7 bankruptcy following CEO's death, owes \$10.5M to customers

US private jet operator Verijet, the 13th-largest in the country, has filed for Chapter 7 bankruptcy after the sudden death of its CEO, halting all operations. The company owes \$10.5 million to customers who bought prepaid "jet cards," with total liabilities of about \$38.7 million against assets worth only \$2.5 million. The filing indicates complete liquidation instead of restructuring. Verijet, once hailed for using AI-driven flight planning and carbon-neutral aircraft, struggled with financial instability and leadership loss before shutting down operations entirely.

**For More Details, Please Visit:** <https://www.financialexpress.com/world-news/us-news/13th-largest-us-private-jet-operator-verijet-files-for-bankruptcy-after-ceos-death-owes-10-5m-to-customers/4008525/>



### Sapphire Space Infracon land in Thane set for e-auction

The land parcel jointly owned by Sapphire Space Infracon Pvt. Ltd. and its associate company, earmarked for the Sathyanagar Project, is scheduled for e-auction as part of their liquidation proceedings. In its 8th meeting on March 14, 2022, the CoC unanimously resolved to liquidate the company and approved an infusion of ₹9.62 lakh to meet potential liquidation expenses. Subsequently, it was approved by the Adjudicating Authority.

The reserve price has been fixed at ₹42 crore, with an earnest money deposit of ₹4.2 crore. The sale will take place through an e-auction platform managed by National E-Governance Services Ltd. The auction aims to recover dues owed to creditors under the ongoing insolvency resolution process.

**For More Details, Please Visit:** <https://insolvencytracker.in/2025/10/12/thane-land-of-sapphire-space-infracon-set-for-e-auction-reserve-price-fixed-at-rs-42-crore/>

## EVENT PHOTOGRAPH



*Webinar on “Guidance on Ethics and Quality Control” conducted by IIIPI from 6th - 10th October 2025.*

### **One-Day Virtual Workshop on “Avoidance/PUFE Forensics under IBC”**

The Indian Institute of Insolvency Professionals of ICAI (IIPI) will organize a One-Day Virtual Workshop on “Avoidance/PUFE Forensics under IBC” for Insolvency Professionals (IPs) and Registered Valuers (RVs) on 25th October 2025 (Saturday) from 10:30 AM to 04:30 PM. CPE Credit: 4 Hours. Last date for registration: 24th October 2025, 5:00 PM.

***For More Details, Please Visit:***

<https://www.iiipicai.in/wp-content/uploads/2025/10/WOR-KSHOP-FLYER-25th-Oct-25.pdf>