



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter



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Reliance Communications' Loan Account tagged as Fraud

Bank of Maharashtra has officially classified the loan account of Reliance Communications (RCom) as "fraud", marking a significant development in the beleaguered telecom firm's winding-up and asset recovery saga. The bank cited alleged diversion of funds, violation of sanctioned terms, and failure to service obligations as reasons for the classification. The move heightens pressure on RCom's ongoing resolution under the CIRP process and underscores the stricter approach of banks and regulators toward legacy telecom debts and corporate recovery.

For More Details, Please Visit:

<https://insolvencytracker.in/2025/10/26/bank-of-maharashtra-classifies-reliance-communications-loan-account-as-fraud>

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

Bombay High Court Clarifies: Courts Cannot Compel Banks to Alter Loan Terms or Offer One-Time Settlement Benefits

In a significant judgment reaffirming the commercial autonomy of financial institutions, the Nagpur Bench of the Bombay High Court held that courts cannot compel banks or financial institutions to alter the terms of a loan agreement or grant One-Time Settlement (OTS) benefits to borrowers or guarantors.

The ruling stemmed from a petition filed by a director and guarantor of a company that had availed a ₹62-crore loan, wherein the petitioner sought judicial intervention after the bank declined to extend OTS relief. The Court categorically observed that such reliefs lie strictly within the domain of the bank's commercial discretion and cannot be mandated through a writ of mandamus under Article 226 of the Constitution. Financial institutions, the bench noted, function within established regulatory frameworks, and their decisions are informed by policy considerations, risk assessments, and contractual commitments. Judicial intervention in these matters, it cautioned, would disrupt financial discipline and introduce uncertainty into credit markets.

The judgment further emphasized that the contractual relationship between lenders and borrowers cannot be rewritten by judicial order unless there is clear evidence of mala fides, procedural irregularity, or violation of statutory provisions. It warned that allowing courts to compel OTS concessions would set a dangerous precedent, encourage strategic defaults and undermine the stability of the banking system. The ruling thus reaffirms banks' commercial autonomy in recovery and settlement decisions.

For More Details, Please Visit: <https://timesofindia.indiatimes.com/city/nagpur/courts-cant-force-banks-to-alter-loan-terms-or-grant-ots-benefits-bombay-hc/articleshow/124747273.cms>

News Roundup

NCLAT Recognises Kolkata Municipal Corporation as Secured Creditor, Allows Recovery of ₹51.72 L Property-Tax Dues

The National Company Law Appellate Tribunal (NCLAT) has ruled in favour of the Kolkata Municipal Corporation (KMC), declaring that its claim for unpaid property tax of ₹51.72 lakh against Talwalkars Better Value Fitness Ltd must be treated as a secured debt. The bench held that the statutory charge constitutes a “security interest” under the Insolvency and Bankruptcy Code, 2016 (IBC), and thus KMC qualifies as a secured creditor, rather than being relegated to the status of a government-dues operational creditor. The decision amended a previous order by the National Company Law Tribunal (NCLT), and as a result, KMC may recover its dues from the corporate debtor’s property located within its municipal limits.

For More Details, Please Visit: <https://www.millenniumpost.in/bengal/nclat-allows-kmc-to-recover-rs-52l-property-tax-dues-632823>

NCLT Bengaluru allows Aakash Educational Rights Issue, Rejects Byju’s Resolution Professional’s Plea

The NCLT Bengaluru bench refused to stay Aakash Educational Services Ltd’s (AESL) rights issue, dismissing a plea from BYJU’S Resolution Professional (RP), who argued it would unfairly dilute BYJU’S 25.75% stake to below 5%. The tribunal held that fundraising through a rights issue cannot be deemed inequitable merely because one shareholder cannot subscribe. It also noted that a related petition on alleged oppression and mismanagement is already pending. AESL’s board will meet on October 29, 2025, while the next hearing is set for November 12.

For More Details, Please Visit: <https://www.bwlegalworld.com/article/nclt-bengaluru-refuses-to-halt-aakash-educational-s-rights-issue-amid-byju-s-insolvency-dispute-576892>

Iran’s Ayandeh Bank declared Bankrupt as sanctions hit, Economy faces deeper banking crisis

Iran has declared one of its largest private lenders, Ayandeh Bank, bankrupt and transferred its assets to the state-owned Bank Melli, as crippling global sanctions and internal mismanagement squeeze the financial system. The bank had accumulated losses of around US\$5.2 billion and debts of roughly US\$2.9 billion. The move highlights structural fragility in Iran’s banking sector and signals heightened risk of further lender failures unless oversight and sanctions-relief improve.

For More Details, Please Visit: <https://www.theweek.in/news/middle-east/2025/10/25/iran-ayandeh-bank-declared-bankrupt-global-sanctions-choke-economy-5-other-banks-grappling-with-bad-debts.html>



Specify deadline to stop using ‘Reliance’ Brand Name: NCLAT to IIHL

The National Company Law Appellate Tribunal (NCLAT) has asked IndusInd International Holdings Ltd (IIHL), a firm under the Hinduja Group, to furnish a definitive timeline by which it will cease using the ‘Reliance’ brand name for Reliance Capital.

This order follows an appeal by Anil Dhirubhai Ambani Ventures Pvt Ltd (ADAVL) challenging the continued use of the trademark post-acquisition. IIHL’s counsel told the tribunal that a name-change process is underway and is expected to conclude in about eight weeks. The bench, however, insisted on a specific deadline when IIHL is required to submit clear instructions on brand-name cessation.

For More Details, Please Visit: https://www.business-standard.com/companies/news/nclat-asks-iihl-to-provide-timeline-to-stop-using-reliance-trademark-125102301217_1.html

EVENT PHOTOGRAPH



One-Day Virtual Workshop on “Avoidance/Pufe Forensics under IBC” organized by IIIPI on 25th October 2025.

One-Day Virtual Workshop on Legal Skills, Pleadings and Court Processes under IBC to be Organized by IIIPI on 8th Nov. 2025

Indian Institute of Insolvency Professionals of ICAI (IIIPI) is organizing a one-day virtual workshop on “Legal Skills, Pleadings and Court Processes under IBC” on 8th November 2025 (Saturday) from 10:30 AM to 4:30 PM.

Designed specifically for Insolvency Professionals and Registered Valuers, the workshop aims to enhance participants’ understanding of legal drafting, procedural nuances, and courtroom practices under the IBC framework. The program carries 4 CPE hours and will be conducted in online mode.

For More Details, Please Visit: <https://www.iiipicai.in/wp-content/uploads/2025/10/WORKSHOP-FLYER-08th-Nov-2025.pdf>