

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.

Source: Raw Law, *October 10, 2025.*

<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/>

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.



Source: *Financial Express, October 2, 2025.*

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

Select Committee Constituted on the IBC (Amendment) Bill, 2025

Shri Baijayant Panda has been appointed Chairperson of the Select Committee of the Lok Sabha on the Insolvency and Bankruptcy Code (Amendment) Bill, 2025. The committee includes 23 other MPs from various political parties. The Bill, introduced by Union Finance Minister Nirmala Sitharaman on August 13, 2025, seeks to streamline the insolvency resolution process, reduce delays, and enhance governance. It proposes key structural and procedural reforms to strengthen the Insolvency and Bankruptcy Code, 2016, and has been referred for detailed examination.

Source: *ANI News, October 1, 2025.*

<https://www.aninews.in/news/national/general-news/baijayant-pandato-chair-select-committee-on-ibcamendment-bill20251001204637/>

CJI led Bench of Supreme Court Restores JSW Steel's ₹19,000-Crore Acquisition of BPSL

The Supreme Court has cleared steel giant JSW Steel Ltd's ₹19,000-crore acquisition of Bhushan Power and Steel Ltd (BPSL) under the CIRP, overturning its earlier May order that had mandated liquidation of the debt-ridden company. The bench comprising three judges including the Chief Justice of India, reinstated the February 17, 2020, ruling of the NCLAT, which had approved JSW's Resolution Plan. JSW had completed the acquisition in March 2021 under the IBC.

"The corporate debtor (Bhushan Steel) in the present case was running into substantial losses which has now become a profit-making entity earning substantial profits," said Justice B R Gavai, the Chief Justice of India. He added, "As such, the very purpose

for which the IBC was enacted – namely, to ensure that the corporate debtor continues as a going concern – has not only been achieved, but the corporate debtor has been transformed from a loss-making to a profit-making entity.” The bench further reasoned, “If we permit the claim not to be part of the Resolution Plan, which has been approved by the CoC and the NCLT, to be raised at such a belated stage, it could open a Pandora’s Box, and the very purpose of the IBC providing sanctity to the finality of the Resolution Plan duly approved would stand vitiated.” Earlier, on May 2 this year, two judges Bench of the Supreme Court had annulled the NCLAT order citing non-conformity of the plan with IBC provisions and had directed liquidation.

Source: *Financial Express, September 27, 2025.*

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

INSCO completes acquisition of Hindustan National Glass & Industries under IBC process

Independent Sugar Corporation Limited (INSCO), part of Uganda’s Madhvani Group, has completed the ₹2,250-crore acquisition of Hindustan National Glass & Industries Ltd (HNGIL) under the IBC process. The NCLT approved the plan on August 14, 2025, with subsequent clearances from RBI and CCI. Backed by Cerberus Capital and IFC, INSCO will pay ₹1,901.55 crore upfront and ₹356.28 crore over three years. With a 96.16% CoC approval, the transition ends seven years of litigation, ushering a new chapter for HNGIL.

Source: *The Hindu, September 27, 2025.*

<https://www.thehindu.com/business/insco-completes-acquisition-of-hindustan-national-glass-industries-under-ibc-process/article70101535.ece>

DFS Flags NCLT Bench Crunch Behind Rising IBC Cases

The Department of Financial Services (DFS) has reportedly written to the Ministry of Corporate Affairs (MCA), flagging concerns over the limited number of National Company Law Tribunal (NCLT) benches, which it said is causing a mounting backlog of Insolvency and Bankruptcy Code (IBC) cases. Media reports suggest DFS stressed the urgent need for additional benches, noting that the proposed IBC Bill has not adequately addressed this issue. Nearly 15,000 cases remain pending, raising fears of prolonged insolvency proceedings, asset erosion, and delayed creditor recoveries. One of the sharpest criticisms of the IBC has been resolution delays, which significantly reduce asset value and hinder corporate revival as going concerns.

Source: *Business Standard, September 24, 2025.*

https://www.business-standard.com/finance/news/limited-nclt-benches-stall-ibc-cases-delays-threaten-insolvency-resolution-125092201028_1.html

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.

Source: *IndiaLegal, September 13, 2025.*

<https://indialegallive.com/constitutional-law-news/courts-news/supreme-court-insolvency-proceedings-in-real-estate-should-primarily-be-project-specific>

Vedanta Emerges top Bidder with ₹12,505 Crore Offer for JAL

Vedanta Ltd has reportedly placed the highest bid of ₹12,505 crore to acquire Jaiprakash Associates Ltd (JAL) under the Corporate Insolvency Resolution Process (CIRP) of the Insolvency and Bankruptcy Code, 2016 (IBC). According to media reports, the mining and resources conglomerate has proposed an upfront payment of about ₹4,000 crore, to be made post-approval by the National Company Law Tribunal (NCLT). The balance will be disbursed over a staggered period of five to six years, reflecting a phased financial commitment. JAL, once a diversified player with businesses in cement, real estate, power, EPC, and hospitality, has been burdened with dues exceeding ₹55,371.21 crore. Vedanta’s interest lies not just in financial recovery but also in operational synergies. By acquiring JAL’s cement and power assets along with its limestone and coal mines, Vedanta, according to media reports, can integrate these into its existing strengths in metals, mining, and energy, thereby reducing input costs and strengthening its overall portfolio. The bid also highlights Vedanta’s competitive positioning, having outpaced major contenders including Adani Group, Dalmia, Jindal Power, and PNC Infratech. While the Committee of Creditors (CoC) has identified Vedanta as the highest bidder, the proposal awaits formal approval and subsequent NCLT clearance, a process expected to take several months. If cleared, the acquisition could provide creditors with structured recovery and give Vedanta a powerful platform for future expansion.

Source: ETNow, Sep 7, 2025.

<https://www.etnownews.com/companies/vedanta-offers-rs-4000-crore-upfront-balance-in-5-6-years-for-jal-resolution-plan-report-article-152698995>

IBC has transformed the approach towards corporate distress: Supreme Court Judge

Speaking in at book launch event, Justice N. Kotiswar Singh said “IBC resolution process is not of liquidation but of resurrection. It was needed because earlier processes were in fragments. IBC prevents forum shopping also, delay has also been prevented to a great extent”. According to a media report, he compared the IBC with a hospital and said, “I consider this entire process to be a specialist hospital. You see reflection of all this in IBC. When a company is going down, the immediate response is for them to rush to NCLT. Professionals will diagnose what is to be done. It provides an organic systematic platform”. He emphasised that the IBC had immense impact on employees and urged law students to develop technical proficiency alongside legal knowledge.

Source: BarandBench, September 01, 2025

<https://www.barandbench.com/news/ibc-is-a-specialist-hospital-for-distressed-companies-supreme-court-justice-n-kotiswar-singh>

AA can consider Section 65 intervention pleas on merits during Section 7 hearings: NCLAT

Citing the Supreme Court judgment in *Beacon Trusteeship Ltd. vs. Earthcon Infracon Pvt. Ltd. & Anr.* (2020), the Appellate Tribunal has held that it is open to the Adjudicating Authority to consider the application under Section 65 on merits, even at the time of hearing the Section 7 application. The appeal was filed by Anil Singh, representing 130 workers, against the order dated June 10, 2025, wherein the NCLT had dismissed their petition for lack of locus standi. The workers had alleged that the Section 7 application filed by SREI Equipment Finance Ltd. (SEFL) against Kitply was fraudulent and collusive, constituting a circular transaction intended to benefit related parties. They sought dismissal of the petition under Section 65 of the IBC, which penalizes malicious or fraudulent initiation of insolvency proceedings. The NCLAT held that since 130 workers, undeniably stakeholders of the CD, had raised allegations of fraudulent initiation, their application deserved consideration on merits. The Appellate Tribunal observed that rejecting the plea solely on the ground of lack of locus was unsustainable, especially in light of Supreme Court rulings emphasizing scrutiny u/s 65 when fraud is alleged. Accordingly, the appellate tribunal revived the workers' intervention petition and directed the NCLT to hear it along with

the main Section 7 proceedings against Kitply Industries. The NCLAT clarified that it was not commenting on the merits of the fraud allegations and left the matter to the AA for a decision in accordance with law.

Source: IBCLaw.in, August 26, 2025.

<https://ibclaw.in/anil-singh-vs-srei-equipment-finance-ltd-and-anr-nclat-new-delhi/>

Finance Minister Ms. Nirmala Sitharaman introduced IBC Amendment Bill in Lok Sabha

The Apex Court has clarified that once a Resolution Plan is approved by the Adjudicating According to media reports, the IBC Amendment Bill-2025, which was introduced in the Lok Sabha on 12th August, includes frameworks on Group Insolvency, Cross-Border Insolvency, and Pre-Packaged Insolvency for large corporations. The Bill has been reportedly referred to the select committee for further deliberations.

“The proposed amendments aim to reduce delays, maximise value for all stakeholders, and improve governance of all processes under the Code,” said Ms. Nirmala Sitharaman, Union Finance Minister in the Lok Sabha. The Group Insolvency Framework seeks to address the complexities of multi-entity corporate structures, minimising value erosion from fragmented proceedings and enabling creditors to benefit from coordinated decision-making. It is also proposed in the Bill that the central government may prescribe the terms and conditions for handling insolvency proceedings against two or more corporate debtors within a group. The cross-border insolvency framework is expected to protect stakeholder interests in both domestic and foreign proceedings, boost investor confidence, and align India's framework with international best practices. The expansion of the pre-packaged insolvency framework to larger corporates, coupled with enhanced decision-making powers vested in the CoC, is intended to expedite resolutions and reduce undue dependence on adjudicatory forums for operational approvals, said insolvency experts. The Insolvency and Bankruptcy Code (IBC) is undergoing its seventh amendment since its enactment.

Source: Business Standard, August 12, 2025.

https://www.business-standard.com/india-news/ibc-amendment-bill-introduced-in-lok-sabha-125081201653_1.htm

Prevent parallel disciplinary actions against IPs: IBBI's Expert Panel

An expert committee under the Insolvency and Bankruptcy Board of India (IBBI) has reportedly recommended new rules to prevent duplicate disciplinary actions against insolvency

professionals (IPs). The committee highlighted that both the IBBI and insolvency professional agencies (IPAs) sometimes initiate parallel proceedings for the same violations. To address this, it proposed regular data sharing and periodic review meetings between the IBBI and IPAs to ensure coordinated action and avoid redundancy.

The new norms are expected to make the disciplinary process fairer and more transparent, potentially serving as a model for collaborative regulation within the insolvency ecosystem, said a media report. Currently, both the IBBI and IPAs can initiate disciplinary action against IPs.

Source: *Financial Express, August 10, 2025.*

<https://www.financialexpress.com/business/industry-ibbi-suggests-guidelines-to-avoid-dual-proceedings-3942261/>

BluSmart Mobility Admitted to Insolvency over Loan Default

The NCLT Ahmedabad has admitted BluSmart Mobility into CIRP over a default of ₹1.28 crore on non-convertible debentures issued in April 2023. The case was filed by Catalyst Trusteeship Ltd, the debenture trustee, after BluSmart failed to repay instalments due in early 2025. The tribunal rejected BluSmart's objections, citing a clear admission of default by co-founder Anmol Singh Jaggi. This comes amid a larger financial crisis within the Gensol Group, with Gensol Engineering and Gensol EV leasing already under CIRP and facing SEBI scrutiny for fund diversion. Experts say the case may set a precedent for Group Insolvency in India, given the financial links among the entities. The dispute with the financial creditor began after BluSmart Mobility raised ₹15 crore through 15 non-convertible debentures on 20 April 2023, with Catalyst Trusteeship as the debenture trustee. BluSmart was to start repaying the principal from 30 April 2023 but unilaterally deferred it to 31 May.

Source: *Livemint, July 29, 2025.*

<https://www.livemint.com/news/blusmart-follows-gensol-group-firms-into-insolvency-after-1-28-cr-default-moratorium-sebi-notices-nclt-videocon-11753793467639.html>

Bad Loans worth ₹12 lakh crore were resolved under the IBC regime in 9 years: Report

According to an analysis by CRISIL Market Intelligence, the IBC has directly resolved about ₹12 lakh crore debt through nearly 1,200 cases of stressed borrowers. In addition to resolutions, the report pointed out that nearly 30,000 cases involving around ₹14 lakh crore of debt were settled even before formal admission to the NCLT. This indicates that the IBC has acted as a strong deterrent,

pushing borrowers to settle dues early to avoid commencement of CIRP against their companies.

The report further concludes that the IBC has brought a major shift in the approach to debt resolution in India, moving from a debtor-in-control system to a creditor-in-control framework, which distinguishes it from earlier mechanisms like the Debt Recovery Tribunal (DRT), Lok Adalat, and the SARFAESI Act. As per this report, since 2016, total resolved debt through various mechanisms has touched ₹48 lakh crore. Of this, IBC has shown the highest recovery rate of around 30-35 per cent, compared to 22 per cent for SARFAESI, 7 per cent for DRT, and 3 per cent for Lok Adalat. Besides, the flexibility under IBC to change management and restructure debt has also helped, especially in reviving viable businesses. In the past three years alone, about 60 per cent of approvals for resolution plans were completed, although they accounted for only 40 per cent of total debt, said the report. The report has also highlighted some challenges, particularly the delay in resolution timelines

Source: *Economic Times, July 23, 2025.*

<https://economictimes.indiatimes.com/industry/banking/finance/banking/ibc-helped-resolve-bad-loans-of-over-rs-12-lakh-crore-in-9-years-but-resolution-time-doubled-crisil/articleshow/122854979.cms?from=mdr>

Investment under the reseller agreement is not financial debt under the IBC: NCLAT

Dismissing an appeal for inclusion of an investor's dues under "financial debt", the NCLAT, Delhi Bench held that the investment under the reseller agreement lacks 'financial debt' ingredients under the IBC. This judgement came in case, wherein the Appellant, on behalf of his proprietorship concern, entered into a Reseller Agreement with the Corporate Debtor, whereby the appellant made a capital investment of ₹20,00,000 with a clear stipulation under Clause 4(m) of the Agreement that the respondent would pay an assured return of 7% per month on the said investment after an initial lock-in period of three months, during which no return was to be paid. The investment was later increased to ₹1 crore and the assured return gradually hiked up to 12%. NCLT Allahabad ruled that the Appellant was not a "financial creditor" under the IBC on which appeal was filed before the Appellate Tribunal.

Source: *Taxscan, July 13, 2025.*

<https://www.taxscan.in/top-stories/nclat-holds-investment-under-reseller-agreement-lacks-financial-debt-ingredients-and-dismisses-s-plea-as-abuse-of-cirp-process-142773>