



NEWSLETTER

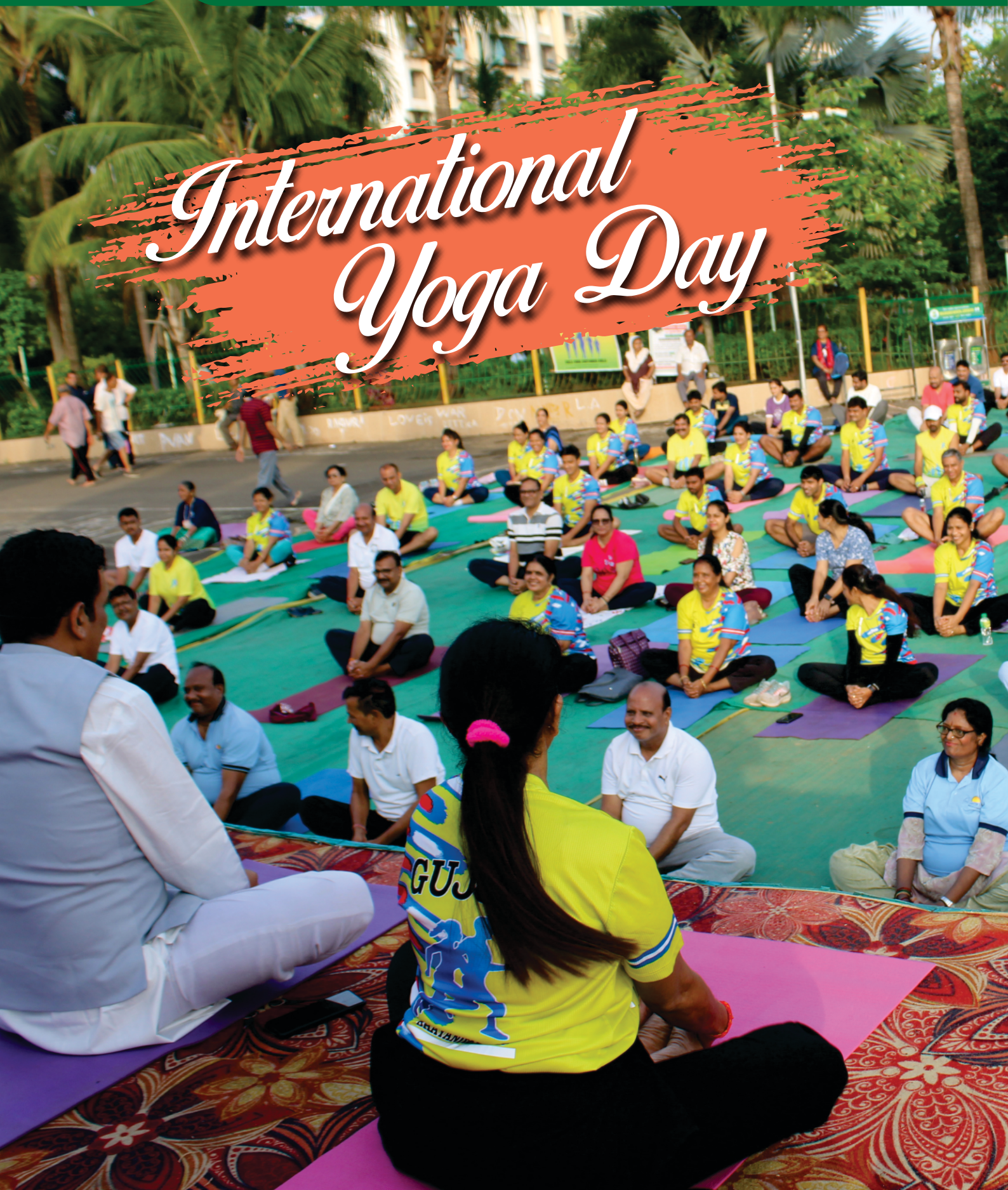
VASAI BRANCH OF WIRC

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

JUNE 2025

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International Yoga Day





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**Chairperson
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कर्मण्येवाधिकारस्ते मा फलेषु कदाचन।
मा कर्मफलहेतुर्भूर्मा ते सङ्गोऽस्त्वकर्मणि॥

Greetings to all!

I trust this message finds you in great health and high spirits. On behalf of the Chairperson and the entire Vasai Branch of WIRC of ICAI, I am delighted to share the highlights of an impactful and eventful June 2025 a month filled with knowledge-sharing, celebration, and opportunities for professional and personal growth. This month, we celebrated International Yoga Day with great enthusiasm, organizing a Virtual Yoga Session to promote wellness, mindfulness, and inner strength. Alongside this, we hosted creative competitions such as Slogan Writing and Essay Writing, encouraging thoughtful expression among our students. In the spirit of fitness and sustainability, we commemorated World Cycling Day with a well-participated Cycling Programme, promoting health and environmental consciousness. Continuing our focus on audit excellence, we conducted insightful sessions on Audit Quality Aspects and Scaling Up Audit Quality for Non-Corporate Entities, providing professionals with valuable frameworks to elevate their audit standards. We also proudly participated in the ICAI MSME Mahotsav, reinforcing our commitment to empowering MSMEs and promoting financial literacy. The month also featured a Masterclass on GST APT, offering practical clarity on indirect tax matters, and the launch of the **Certificate Course on AICA Level 1, equipping members with future-ready skills. Another important milestone this month was the successful hosting of the Post Qualification Course Information Systems Audit (ISA), helping members gain a competitive edge in the area of systems and IT audit. As we approach 1st July CA Day,

I take this moment to wish each one of you a very Happy Chartered Accountants Day. This occasion is a reminder of the values, ethics, and excellence our profession stands for. Let's continue striving toward nation-building with dedication and pride. Each initiative saw remarkable participation and spirit. I extend heartfelt thanks to all speakers, volunteers, and the organizing team. Your unwavering support drives the success of every endeavour. Let us move ahead with the same energy, unity, and purpose as we continue building a stronger and more empowered CA community.

Warm regards,

CA Daya Amit Bansal

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Resolution Plans under IBC – Key Elements and Approval Process:

Introduction

A **Resolution Plan** is the cornerstone of the **Corporate Insolvency Resolution Process (CIRP)** under the **Insolvency and Bankruptcy Code, 2016 (IBC or Code)** – India's landmark legislation that provides a time-bound framework for resolving insolvency of corporate entities. When a Corporate Debtor (CD) defaults on its obligations and enters insolvency, the Resolution Plan offers a structured and strategic roadmap to revive the company, either through financial restructuring, change in management, merger, acquisition, or other value-maximizing solutions.

The process of approval for a resolution plan begins with the issuance of **Form G** by the Resolution Professional (RP), which is a public invitation for Expression of Interest (EOI) from interested Prospective Resolution Applicants (PRAs). Once the EOIs are received and verified, the RP issues the **Request for Resolution Plan (RFRP)**, which outlines the evaluation criteria, submission requirements, and timelines. Based on the RFRP, eligible Resolution Applicants (RAs) persons who are not disqualified under Section 29A of the IBC—submit their resolution plans for the corporate debtor. It is noteworthy that in case the CD is a MSME under MSME Act in such a case the Promoters of the said CD can

also apply for EOI and participate in the process. In such cases under section 240A of the Code there are certain exemptions from certain disqualifications under section 29A of the Code.

The Resolution Plans have to be submitted by the RAs within the time-limits as prescribed in the RFRP. The RP first evaluates whether the submitted plans meet the compliance requirements of the Code and RFRP and place the same before the Committee of Creditors (CoC) for consideration. The CoC evaluates each plan using a predefined and preapproved Evaluation Matrix and may enter into negotiations with PRA(s) to maximize value of the Resolution Plan. It is interesting here to note that as per amended regulations all the Resolution Plans submitted have to be put for voting by the RP to CoC. To be approved, a resolution plan must receive at least **66% of the voting share** of the CoC. Once approved by the CoC, the RP submits the plan to the **Adjudicating Authority (AA)** for final approval. Along with the plan, the RP is also required to submit a **Compliance Certificate in Form H**, as prescribed by the IBBI to the Adjudicating Authority. This form details whether the resolution plan meets all the statutory requirements under the Code ensuring



transparency, completeness and accountability in the approval process. The AA examines the plan's legal compliance and, if satisfied, approves it. Upon AA's approval, the resolution plan becomes **legally binding on all stakeholders**, statutory authorities and any other third parties involved.

Importance of a Resolution Plan

The importance of a resolution plan lies in its role as a **comprehensive rehabilitation strategy**. It outlines as when and how much amount of the corporate debtor's outstanding claims as admitted by the RP as on CIRP commencement date will be paid, partially waived, or restructured, and how the company will be managed post-resolution. It also identifies the new management or ownership structure, provides timelines for implementation, and includes safeguards for legal and regulatory compliance. Further, the resolution plan is not merely a financial proposal—it is a **legally binding document**, submitted by RA, verified by the RP, considered and approved by the **CoC** and the **Adjudicating Authority** respectively. This binding nature ensures that all stakeholders, including dissenting creditors, are aligned with the approved course of action. Given its wide-reaching impact and legal significance, the formulation, negotiation, evaluation, and approval of a resolution plan demand **diligent planning, strategic foresight, and professional expertise**. A successful resolution plan can breathe new life into a distressed enterprise, preserve jobs, maintain creditor confidence, and promote economic stability.

Mandatory Contents of a Resolution Plan

The Resolution Plan is a very detailed and elaborative document. However, the mandatory contents of a resolution plan are governed by **Regulation 38** of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The plan must provide for the **revival of the corporate debtor as a going concern** and ensure that **operational creditors and the dissenting financial creditors receive at least the amount they would receive had the CD gone into the liquidation process**. The said payments should be made on priority to the Assenting Financial Creditors who vote in favour of the resolution plan. It should outline how the corporate debtor will be managed post-resolution and include a **clear implementation timeline**. The plan must specify its term, restructuring methods (e.g., debt-to-equity conversion, capital infusion), and be **binding on all stakeholders**, including employees, members, and creditors. It must also disclose the treatment any **avoidance transactions** under Sections 43–51 and 66 of the IBC. A declaration of eligibility under **Section 29A** by the resolution applicant is mandatory. Furthermore, the plan should establish a **Monitoring Committee**, typically comprising representatives of Resolution Applicant, Financial Creditors and a Resolution Professional, to oversee and



ensure effective implementation of the resolution plan until all its terms are fulfilled.

Negotiation and Value Maximization by the CoC

One of the very important steps in the entire process is Negotiation and Value Maximization by the CoC with the PRAs. The Code also prescribes the competition and the negotiation mechanism.

As prescribed in **Regulation 39(1A) (b)** of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the RP and the CoC are empowered to adopt a **Challenge Mechanism** to facilitate structured competition among PRA(s). This mechanism is specifically designed to encourage **value maximization** by allowing PRA(s) to revise and improve their initial proposals in a transparent and competitive manner.

During the resolution process, **negotiations with PRA(s)** are conducted under the supervision of the **CoC** to maximize value for stakeholders. The goal of these negotiations is to extract the most viable and value-accretive resolution plan for the corporate debtor. The Challenge Mechanism—whether through a **Swiss Challenge, Challenger Model**, or other structured bidding formats—functions as a

strategic tool within this negotiation framework, enabling the **benchmarking, comparison, and improvement** of competing plans in a **transparent, time-bound, and auditable manner**.

The exact negotiation model depends on the complexity of the assets and CoC's strategy. A key decision is whether to **disclose the values of competing plans without revealing the identity of PRA**. While disclosure can increase transparency and drive better offers, it also risks **strategic or collusive bidding**. CoC often adopts either the **Swiss Challenge** or **Challenger Model**, both designed to encourage fair competition and better recovery outcomes.

In the Swiss Challenge Model, the best resolution plan (base plan) is disclosed to all PRAs, who are invited to submit better offers. If a superior bid is received, the original applicant gets the last right of refusal to match it, fostering competitive bidding and improved recovery. **The Challenger Model** is more flexible, where multiple PRAs submit final offers in one or more rounds. In the said model the base plan value may or may not be disclosed. However, all the bidders are given equal opportunity to increase the bid value. The PRAs with lower values are eliminated in the ongoing rounds. This model promotes open, dynamic competition, and is frequently executed in phased rounds.

To enhance transparency, integrity, and authenticity, CoC are increasingly using **electronic bidding platforms**, similar to those



used in liquidation or auction processes. These tools support real-time bidding, secure data handling, and trackable negotiations, reducing the risk of collusion or informal dealings.

Challenges in the Resolution Plan Process

While the IBC offers a structured mechanism for corporate debt resolution, the path to approval and implementation of resolution plans is often fraught with **practical and legal challenges**.

One significant impediment is the non-cooperation of promoters or erstwhile management, which often results in challenges related to access to information, control of assets, or continuation of business operations during CIRP. Such resistance hampers the resolution professional's ability to preserve enterprise value and formulate an effective resolution strategy. In some cases, valuable contracts are lost, key employees exit, or assets deteriorate due to lack of upkeep, certain key information is not received which could have enhanced the value and therefore leading to erosion in the company's valuation.

In addition, substantial value destruction often precedes or occurs during CIRP. By the time a company enters insolvency, it may have already suffered serious operational setbacks, customer attrition, or reputational damage. The prolonged uncertainty during CIRP further compounds this, making revival less attractive for resolution applicants and reducing potential recovery for creditors.

Another major hurdle stems from **litigations and objections** filed by various stakeholders—financial creditors, operational creditors, PRA(s), and even third parties—against the approved plan. These disputes often involve claims of unequal treatment, pending legal rights, or alleged procedural irregularities. Such contentions, along with **pending applications under various sections of the IBC**, can significantly delay the **final approval by the Adjudicating Authority** and prolong the CIRP.

Another significant issue is **non-compliance with regulatory prerequisites**, such as the **requirement for prior approval from the Competition Commission of India (CCI)** in cases involving combinations or acquisitions. A notable example is the **HNG Glass case**, where the **Supreme Court held** that CCI approval must be secured **before** the CoC grants its approval to the resolution plan. This ruling has set a significant **precedent**, reinforcing that regulatory clearances are not mere post-approval formalities but essential preconditions for ensuring the legality and viability of resolution plans under the IBC.

Further complexity is introduced when resolution plans are **conditional or contingent in nature**—for example, hinging on future regulatory approvals, legal outcomes, or asset recoveries. Courts have consistently emphasized that while commercial wisdom of the CoC is paramount, **conditional plans must not undermine the certainty and finality** that



the CIRP framework is designed to ensure. In cases like *Ebix Singapore Private Limited vs Committee of Creditors of Educomp Solutions Limited & Anr.*, courts have stressed that plans with open-ended conditions or excessive dependencies may be rejected or remanded for reconsideration, as they could compromise timely resolution or create unfair outcomes for certain creditors.

These challenges highlight the importance of comprehensive due diligence, early regulatory engagement, and balanced plan structuring. Resolution applicants and professionals must proactively address legal, operational, and compliance hurdles to ensure smooth approval and effective execution of the resolution plan within the prescribed timelines of the Code.

Conclusion

In sum, resolution plans under the IBC represent a vital instrument for reviving distressed companies, preserving economic value, and protecting stakeholder interests. However, the journey from plan formulation to final implementation is often riddled with regulatory, procedural, and judicial challenges. From ensuring compliance with eligibility norms and regulatory approvals to navigating litigation and managing competitive bidding through structured mechanisms, the process demands a high degree of diligence, transparency and coordination. Courts have reinforced the need for certainty, finality, and legal compliance, rejecting conditional or non-binding plans that risk derailing the objective of timely resolution. Therefore, resolution professionals, applicants, and creditors must adopt a proactive, transparent, and legally robust approach—leveraging both commercial wisdom and statutory mandates—to achieve effective and sustainable outcomes under the Code.



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Information Technology: A Blessing and a Challenge for the Indian Banking Industry

India is now a global leader in digital transformation and adoption. Indian banking sector is in the midst of a sweeping digital revolution, driven by customers and market demands and RBI's forward looking approach. Innovations like Unified Payments Interface (UPI), highly advanced mobile banking applications, AI-powered customer support, and centralized core systems are enhancing financial services nurturing convenience and efficiency. However, the transformation invites significant challenges to safeguard against cyber-attack ensuring safe access and utilisation of the digital financial tools by the customers.

Information Technology as a Godsend

India's move towards digital banking has completely transformed how people access and receive financial services. The facilities like ATMs, Mobile and Internet Banking, Automated Deposit cum Withdrawal Machines (ADWMs), Passbook Printing Kiosk (PPK) allow 24/7 access to services like cash deposits, withdrawals, balance inquiries, bill payments, passbook updates, thus freeing customers to stick to the banking hours.

Artificial Intelligence (AI) and Machine Learning (ML) are remoulding the banking world by utilising customer data to deliver personalised product recommendations and financial

guidance. Digital methods like e-KYC and video KYC have simplified account opening process while UPI ensures instant and seamless financial transactions. AI-powered chatbots offer round the clock customer support, boosting customer interaction and satisfaction. The digital banking drastically reduces paperwork and minimises the need for branch visits, thus accelerating services. The shift to paperless loan applications and AI-powered credit assessments, has made the lending process faster, more expedient, and more inclusive, fostering powerful and adaptable banking system.

Big Data analytics improves risk management and fraud detection, while digital channels greatly lower transaction costs. Mobile and agent banking networks supported by "JAM Trinity" (Jan Dhan, Aadhaar, Mobile) and UPI expand financial inclusion in remote regions. Banks now offer tailored micro-loans and insurance, collaborate with fintechs and integrate services into non-banking platforms to create new revenue streams. The Blockchain is being explored for transparent and efficient cross-border payments and trade finance. India's digital public infrastructure (Aadhaar, UPI, DigiLocker, and Account Aggregator) enables secure customer acquisition, faster digital KYC, and personalized services.



Information Technology as a Pitfall

Although India's digital progress has modernised its banking sector, it has also led to dramatic increase in IT frauds. The Banks fraud value has reportedly tripled, with over half linked to digital or card-based transactions. The UPI, handling over \$3 trillion annually, is a prime target due to its real time nature limiting the intervention by bank once the funds are transferred.

Fraudsters employ advanced tactics- Phishing and Vishing for stealing sensitive data, SIM Cloning for gaining control over the phone and allowing access to OTPs, Malware Attacks to disrupt systems, Aadhar enabled identity theft to create "mule accounts" for illicit activities like online betting. New threats like Digital Arrest and Authorized Push Payment (APP) Scams trick victims into voluntarily transferring funds. Traditional internal scams including documents forgery further add to the crisis.

Despite high volume, digital frauds often have lower individual impact, yet their frequency underscores urgent security gaps. Stronger barriers are essential. The ease of creating fake virtual payment underlines the need for stronger security protocols. Public unawareness of the evolving threats intensify the problem. Payment intermediaries routinely warn customers about phishing and SIM cloning, yet the banking system cannot detour responsibility through "caveat emptor" approach. India's complex digital landscape demands urgent, systemic safeguards to counter evolving threats and protect consumers in financial ecosystem.

RBI's Initiatives for Enhanced Digital Transaction Security

The RBI plays a vital role in this digital shift, meticulously balancing innovation with mandatory cyber-security protocols. At the core of this effort is its Payments Vision 2025, which promotes integrity, inclusion, innovation, institutionalisation, and internationalisation. To ensure sustainable growth and maintain customer trust, banks and payment system operators are required to have robust cybersecurity frameworks, perform regular Vulnerability Assessment and Penetration Test (VAPT) to check for weaknesses, get the systems ready to repel cyberattacks and carefully manage the risks from outside vendors.

In July 2024, RBI issued Master Directions on Cyber Resilience for Non-bank PSOs, establishing governance protocols for identifying and managing cyber risks. These initiatives reflect RBI's commitment to a secure, inclusive, and globally competitive digital payments ecosystem.

RBI's global outreach includes expanding UPI and RuPay internationally and domestically launching PRAVAAH portal to streamline regulatory applications. The Indian Financial Services (IFS) Cloud, launching in 2025-26, will enhance data localisation and cybersecurity, especially for smaller banks. The RBI also plans to upgrade its e-Kuber, its Core Banking Solution platform and introduce AI governance policies to ensure ethical use of machine learning in financial operations.



In counter the rising threats, the RBI has heightened online payment security by introducing strategic measures such as secure web domains (".bank.in", ".fin.in") to guard digital identities and prevent phishing attack. These efforts are stiffened by RBI's Master Directions on Digital Payment Security Controls, mandating robust governance, risk management, and security standards for banks and non-bank payment system operators. Requisite protocols include multi-factor authentication, secure application development, real-time monitoring, and customer awareness.

The Additional Factor of Authentication (AFA) (extra layer of verification like an OTP or biometric authentication) (AFA) is implemented for domestic digital payments notably reducing fraud and boosting customer trust. Recognizing the vulnerabilities in international transactions, the RBI now requires AFA to cross-border "Card Not Present" (CNP) transactions ensuring international digital transactions made with

Indian-issued cards are protected by uniform stringent security standards—both domestically and globally. AFA for international transactions has closed the significant gap in protection for Indian consumers engaging in international e-commerce. India is not just adapting to digital evolution—it's shaping it.

Conclusion

Information Technology is a double-edged sword for Indian Banking. It provides significant avenues for achieving growth, boosting efficiency, broadening access to financial services and streamlining operations. However, the digital evolution requires agile adaptation, significant investment in cybersecurity and digital infrastructure, and a strategic approach to navigate rapidly evolving cyberspace. To thrive in an ever-evolving digital world, banks must strategically balance progress with protection, simultaneously mitigating its risks and complexities.

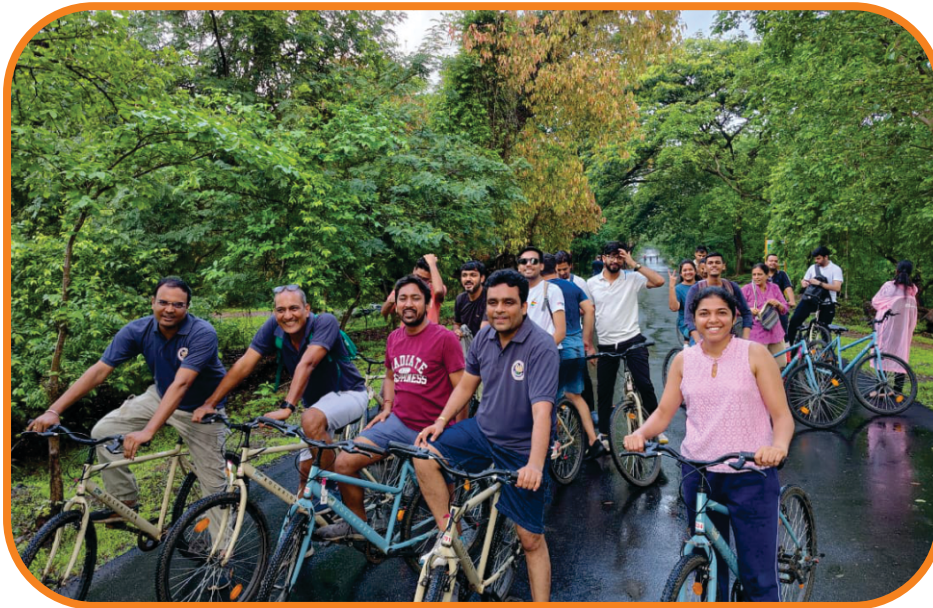


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