As per Section 32A of the IBC, the liability of a corporate debtor for an offence committed under any law prior to the commencement of CIRP shall cease, and the corporate debtor will not be prosecuted for such an offence from the date the resolution plan is approved by the adjudicating authority

The **Delhi High Court** in the case of **Jas Infrastructure and Power Ltd vs Central Bureau of Investigation [CRL.A. 1596/2025] dated March 17, 2026**, has refused to suspend the sentence of Jas Infrastructure and Power Ltd (appellant) finding that the appellant does not meet out the necessary conditions as envisaged under Section 32A of the Insolvency and Bankruptcy Code, 2016 (IBC), specifically, the approval of a resolution plan resulting in a change of management, coupled with the gravity of the offence committed.

The High Court observed that as per Section 32A of the IBC, the liability of a corporate debtor for an offence committed under any law prior to the commencement of CIRP shall cease, and the corporate debtor will not be prosecuted for such an offence from the date the resolution plan is approved by the adjudicating authority.

However, the Court cautioned about the conditions attached to this benign provision, and stated that exemption under Section 32A can be availed only if the resolution plan results in the change in the management or control of the corporate debtor to a person who was not a promoter, or in the management or control of the corporate debtor or a related party of such person; or a person who abetted or conspired for the commission of the offence.

The Court observed that in the present case, it is admitted that the resolution plan was not approved by the adjudicating authority. It categorically stated that the immunity is premised on various conditions being fulfilled, the foremost being that there must be a resolution plan and it must be approved. The Court also observed that the aforementioned provision aims at the extinguishment of the liability of the corporate debtor to provide a clean slate to the 'new management' and not for the wrongdoers to get away with the liability.

Further, the Court observed that Section 32A of the IBC has no direct bearing on Section 14 of the IBC, which provides for a mandatory moratorium period to the corporate debtor from the insolvency commencement date. The Court detailed that Section 32A deals with the extinguishment of liability of the corporate debtor from the date the resolution plan has been approved by the Adjudicating Authority, so that the new management may make a clean break with the past and start on a clean slate.

In contrast, the Court observed that a moratorium provision does not extinguish any liability, civil or criminal, but only casts a shadow on proceedings already initiated and on proceedings to be initiated, which shadow is lifted when the moratorium period comes to an end. During the moratorium period, the institution of new suits or continuation of the pending suits against the corporate debtor are temporarily suspended until the completion of the CIRP. The Court also noted that the present criminal proceedings were instituted much prior in time from the date of insolvency.