


Study of the Bankruptcy of PT. Sri Rejeki Isman, Tbk (Sritex) in the Context of Business Competition Law

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ABSTRACT

Bankruptcy and Suspension of Debt Payment Obligations (PKPU) are one of the paths that can be taken by debtors who are having difficulty paying their debts to their creditors. Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (UU KPKPU) regulates how bankruptcy is carried out. PT. Sri Rejeki Isman, Tbk and its subsidiaries, as bankrupt debtors, underwent debt restructuring by submitting a reconciliation plan to all of their creditors. The reconciliation plan (homologation) was approved by their creditors and ratified through Semarang Commercial Court Decision Number 12/Pdt.Sus-PKPU/2021/PN.Niaga.Smg. The bankruptcy status was terminated and PT. Sri Rejeki Isman, Tbk was able to resume its operations. However, over time, one of the creditors, PT. Indo Bharat Rayon filed a lawsuit against the unilateral cancellation of the homologation agreement, which was granted through Decision Number 2/Pdt.Sus-homologasi/2024/PN. Niaga Smg. This research is a normative legal study that consists of legal issues regarding the fairness and legal certainty of the homologation cancellation, and its approach will be examined through the business competition law regime.

Keywords: Bankruptcy, Homologation, Business Competition.

INTRODUCTION

Bankruptcy is a very significant event in the business world. One such bankruptcy in Indonesia befell one of the largest companies in the textile industry, PT. Sri Rejeki Isman, Tbk (Sritex). Established in 1966, PT. Sri Rejeki Isman, Tbk became the largest company in Indonesia and even in Southeast Asia. PT. Sri Rejeki Isman, Tbk was once the largest company in the textile industry, but in the years leading up to its bankruptcy, its financial condition deteriorated. The bankruptcy ruling will have a major impact on the bankrupt company, which will no longer have rights to its assets. The bankruptcy declaration results in the debtor legally losing the right to control and manage its assets included in the bankruptcy, with the debtor's legal right to manage its assets being revoked.

Through the provisions of bankruptcy law regulated in Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (KPKPU Law), concurrent creditors will no longer compete with each other because each will receive compensation for the repayment of their debts proportionally in accordance with the principle of "*pari passu pro rata parte*". Bankruptcy occurs when a debtor is unable to pay their debts to creditors when they fall due and when the bankruptcy occurs to a debtor who is involved in a syndicated loan agreement with creditors. Bankruptcy is one way to resolve debt disputes. This is because in bankruptcy law, the concept of debt is very decisive. Without debt, the essence of bankruptcy ceases to exist, because bankruptcy is a legal institution for liquidating the debtor's assets to pay their debts to creditors.

The bankruptcy of PT. Sri Rejeki Isman, Tbk had a direct impact on the Indonesian economy, especially on the textile industry. As one of the largest textile companies, PT. Sri Rejeki Isman, Tbk had an extensive supply network and close ties with many other companies in the textile industry. The bankruptcy of PT. Sri Rejeki Isman, Tbk caused the loss of thousands of jobs, which worsened the economy and social conditions, especially for those who depend on the textile industry. Other sectors, such as textile raw material suppliers, were also affected.

The bankruptcy of PT. Sri Rejeki Isman, Tbk cannot be understood as the result of a single event that occurred suddenly, but rather as the accumulation of various protracted legal and managerial problems. From a legal perspective, the main cause of the bankruptcy of PT. Sri Rejeki Isman, Tbk can be seen in its inability to fulfill its debt obligations as stipulated in Article 2 paragraph (1) of the KPKPU Law. The fact that PT. Sri Rejeki Isman, Tbk had more than one creditor and was unable to pay its maturing debts became the legal basis for declaring it in bankruptcy and subsequently undergoing bankruptcy.

Bankruptcy is one of the alternatives for debt settlement because the KPKPU Law provides security and guarantees for creditors in the form of the debtor's assets, whether or not they are encumbered with security rights, as repayment of the debtor's debts. This means that if it is no longer possible to expect the debtor to repay its debts from its business activities, then the alternative source of repayment for creditors is the debtor's assets and/or the assets of its guarantor (a *second way out* for credit repayment) by liquidating its assets.

If a company is unable to pay its debts, the court may declare the company bankrupt. Postponement of Debt Payment Obligations (PKPU) can be used as an alternative to restructure the financial obligations of businesses experiencing difficulties in such circumstances. One of the legal instruments used to help resolve debt problems is the KPKPU Law. After reviewing several laws and regulations, Adrian Sutedi found that there are several principles that apply in bankruptcy law, as follows:

- Bankruptcy regulations must be able to encourage foreign investment, boost the capital market, and make it easier for Indonesian companies to obtain foreign credit;
- Bankruptcy regulations must provide balanced legal protection for debtors and creditors, uphold justice, and consider the interests of both parties, including important aspects that are deemed necessary to resolve debt issues quickly, fairly, openly, and effectively;
- A bankruptcy ruling should be based on the agreement of the majority of creditors;
- A petition for bankruptcy should only be filed against insolvent debtors, i.e., those who do not pay their debts to the majority of creditors;
- From the commencement of the filing of the petition for bankruptcy, a standstill should be automatically enforced (applicable by law), in other words, an automatic standstill or automatic stay should take effect from the moment the petition for bankruptcy is filed with the court;
- The Bankruptcy Law should recognize the rights of separate creditors from creditors holding security interests. Security interests must be respected by bankruptcy law;
- Petitions for bankruptcy should be decided within a reasonable time;
- The bankruptcy process must be open to the public;
- Company directors whose negligence results in the company being declared bankrupt must be held personally liable;
- The Bankruptcy Law regulates the possibility of restructuring the debtor's debts before filing for bankruptcy;
- The Bankruptcy Law must criminalize fraud relating to the debtor's bankruptcy.

In addition to bankruptcy, there is also a debt settlement effort known as the Suspension of Debt Payment Obligations (PKPU), which is considered the best solution for handling bankruptcy cases. The purpose of filing for PKPU is to achieve a settlement between the debtor and creditors, which is realized through a settlement plan submitted in advance by the debtor through an offer to repay part or all of the debt to the creditors. In PKPU, a settlement is reached through a plan that must be approved by the debtor and creditors. Article 144 of the KPKPU Law stipulates that: "A bankrupt debtor has the right to offer a settlement to all creditors." Settlement in the PKPU process is a benchmark for the settlement of the debtor's debts to creditors and can determine whether the debtor's debts will be settled through PKPU or through bankruptcy.

The settlement as referred to is technically regulated in Article 281 paragraph (1) of the KPKPU Law, which stipulates that the calculation of the quorum in voting on the settlement plan is determined by the number of concurrent creditors and separate creditors present at the meeting. The settlement plan can be accepted based on the approval of more than 1/2 (one half) of the number of recognized or temporarily recognized concurrent creditors present at the creditors' meeting as referred to in Article 268 of the KPKPU Law, including creditors as referred to in Article 280 of the KPKPU Law, who together represent 2/3 (two-thirds) of all recognized or provisionally recognized claims of concurrent creditors or their representatives present at the meeting and the approval of more than half (1/2) of the number of creditors whose receivables are secured by pledges, fiduciary

guarantees, encumbrances, mortgages, or other collateral rights over property who are present and represent at least two-thirds (2/3) of all claims from those creditors or their proxies present at the meeting. Creditors who do not agree to the settlement plan are compensated at the lower of the value of the collateral or the actual value of the loan directly secured by a lien on property.

In May 2021, PT. Sri Rejeki Isman, Tbk was officially declared PKPU with claims amounting to approximately Rp. 12.9 trillion. The PKPU petition filed by CV. Prima Karya on Monday, April 19, 2021, also included three subsidiaries of PT. Sri Rejeki Isman, Tbk, namely PT. Sinar Pantja Djadja (in PKPU), PT. Biratex Industries (in PKPU), and PT. Primayudha Mandirijaya (in PKPU). Seven (7) months later, on January 21, 2022, the settlement plan offered by PT. Sri Rejeki Isman, Tbk was accepted by the creditors and ratified in the Homologation Decision in the Semarang Commercial Court Decision Number 12/Pdt.Sus-PKPU/2021/PN.Niaga.Smg.

After entering PKPU, with the assistance of the PKPU administrator appointed by the court, PT. Sritex, Tbk submitted a settlement plan with the aim of restructuring its debt so that the company could continue to operate as a going concern and avoid liquidation through bankruptcy. This is in accordance with the provisions of Article 222 paragraph (3) of the Bankruptcy and PKPU Law, which explains that creditors who estimate that the debtor cannot continue to pay its debts that are due and collectible may request that the debtor be given PKPU to enable the debtor to submit a settlement plan that includes an offer to pay part or all of the debt to its creditors.

The restructuring efforts of PT. Sri Rejeki Isman, Tbk face serious challenges in the form of a drastic credit rating downgrade from international rating agencies. Moody's lowered its *Corporate Family Rating* (CFR) from B1 to B3. This downgrade has a significant impact on PT. Sri Rejeki Isman, Tbk's access to the capital market and increases the cost of financing for future *refinancing*. The decline in PT. Sri Rejeki Isman, Tbk's credit rating has a cascading effect on the company's financing structure and restructuring strategy. The drastic decline in rating has led to an increase in the risk premium that must be paid for each new financing facility, thereby complicating refinancing efforts, which are an integral part of the restructuring plan. PT. Sri Rejeki Isman, Tbk's dependence on banks for refinancing needs makes the company vulnerable to weakening funding conditions amid negative sentiment in the Indonesian textile sector. This condition forces management to rely more on operating cash flow and working capital optimization as the main sources of liquidity. PKPU has proven to be an effective mechanism for textile manufacturing companies in Indonesia in dealing with financial pressures, providing the flexibility needed to renegotiate with all creditors through court assistance.

After homologation, PT. Sri Rejeki Isman, Tbk managed to maintain operations with a factory utilization rate of 70%-80% and continued to export to major markets. The scheme of extending the tenor and reducing short-term interest expenses provided sufficient liquidity "time" so that PT. Sri Rejeki Isman, Tbk avoided bankruptcy until early 2022. Then, in the midst of the homologation process, PT. Indo Bharat Rayon, as one of the creditors of PT. Sri Rejeki Isman, Tbk, filed for cancellation of the homologation with the Semarang Commercial Court on August 24, 2024, with Registration Number 2/Pdt.Sus -Homologasi/2024/PN Niaga Smg, on the grounds that PT. Sri Rejeki Isman, Tbk was deemed to have failed to fulfill its obligations.

Legal Issues

Based on the above background, there are two legal issues that form the basis for discussion, as follows:

- Does the cancellation of the homologation of PT. Sri Rejeki Isman, Tbk reflect legal certainty and justice?
- What is the relationship between the cancellation of homologation and the business competition legal regime in Indonesia?

RESEARCH METHODOLOGY

This research is a normative juridical study. Normative juridical research is legal research that focuses on examining the application of positive legal rules and norms. In this study, the researcher will examine the existing problems by referring to several legal regulations, such as the Bankruptcy and PKPU Laws, legal materials from the internet, and the results of research by experts, which will later be linked to the issues discussed in this study. Normative legal norms are used to provide arguments, ideas, and legal opinions related to the issues discussed, and their substance describes the conditions of conflicting norms.

The types of approaches that will be applied in this study include the statute approach and the case approach. The statutory approach is an approach used to analyze laws and regulations relevant to the issues discussed in this study. With this approach, the researcher will find out whether existing laws and regulations cover the provisions necessary to resolve the issues discussed in this study. In addition to using the statutory approach, the researcher also uses the case approach. The case approach is carried out by understanding and examining cases that are relevant to the issues at hand and have become final court decisions.

DISCUSSION

Justice and Legal Certainty Regarding the Decision to Cancel the Homologation of PT. Sri Rejeki Isman, Tbk.

The main focus is that the actual purpose of bankruptcy law is a form of joint effort between creditors and debtors to obtain payments for all creditors in a fair and proportional manner in accordance with applicable regulations. As stated by Vanessa Finch, “A main aim of insolvency law is to replace this free for all with a legal regime in which creditors' rights and remedies are suspended and a process established for the orderly collection and realization of the debtor's assets”. This also applies to and is in accordance with the principles of insolvency law in Europe and elsewhere, which deal with the assets of insolvent debtors being collected and converted into cash to be distributed to creditors.

Reflecting on PT. Sri Rejeki Isman, Tbk, which filed for reconciliation (Homologasi) with its creditors, basically in filing a reconciliation plan, there are two (2) probabilities, namely that the reconciliation is accepted or rejected by the creditors. As stipulated in the KPKPU Law, if the settlement proposed by the debtor to the creditors is accepted or approved, the settlement must be ratified by the Commercial Court, or in other words, homologated. A settlement that has been declared legally valid applies to all creditors involved in the bankruptcy case. However, if the settlement submitted to the creditors is rejected or not accepted, it will have consequences, namely that the court must declare that the debtor is legally bankrupt.

Over time, it is possible that the debtor may fail to fulfill the terms of the settlement agreement (homologation), in which case the creditor may file a motion with the commercial court to cancel the homologated settlement agreement. If the debtor cannot fulfill the homologation decision or fails to fulfill their obligations, the creditor can file a claim for cancellation of the agreement. The procedure for filing for cancellation of the agreement is regulated in Article 171 *jo* Article 294 of the UUKPKPU. Claims for cancellation of the settlement must be filed and determined in the same manner as regulated in Article 7, Article 8, Article 9, Article 11, Article 12, and Article 13 of the UUKPKPU for bankruptcy petitions.

Decision Number 2/Pdt.Sus-homologasi/2024/PN. Niaga Smg is a decision that adjudicates the case of a petition for annulment of the settlement at the first level (homologation) filed by PT. Indo Bharat Rayon against PT. Sri Rejeki Isman, Tbk, PT. Sinar Pantja Djadja, PT. Biratex Industries and PT. Primayudha Mandirijaya. PT. Indo Bharat Rayon (as the Petitioner) filed a lawsuit to cancel the homologation against PT. Sri Rejeki Isman and all of its business entities (as the Respondents) with the following verdict:

- Granting the Petitioner's request to cancel the settlement in its entirety;
- Declares that the Respondents have failed to fulfill the contents of the Settlement Agreement which was ratified based on No. 12/Pdt.Sus-PKPU/2021/PN.Niaga Smg dated January 25, 2022, between the Respondents and their creditors;
- Declares PT. Sri Rejeki Isman, Tbk, PT. Sinar Pantja Djaja, PT. Bitratex Industries and PT. Primayudha Mandirijaya bankrupt with all legal consequences;
- Appoints Haruno Patriadi, S.H., Commercial Judge at the Semarang District Court, as Supervising Judge;
- Appointing Denny Ardiansyah, Nur Hidayat, S.H., Fajar Romy Gumilar, and Nurma Candra Yani Sadikin, S.H., M.H as Curators and Administrators;
- Determining that the curators' fees will be determined later after this bankruptcy process is complete;
- Ordering the Respondents to pay the costs incurred in connection with this petition for annulment of the settlement of PT. Sri Isman, Tbk et al. in the amount of Rp. 3,245,000 (three million two hundred forty-five thousand rupiah).

In response to this outcome, PT. Sri Rejeki Isman, Tbk then filed an appeal with the Supreme Court on the basis of the cancellation of the settlement decision (Homologation). At the appeal level, the Debtor's petition was rejected by the Supreme Court with Decision Number 1345K/Pdt.Sus-Pailit/2024 dated December 18, 2024.

According to Sudikno Mertokusumo, discussing the presence of law does not only examine its norms, but also examines the legal system, and law as a system is subject to the limitations and characteristics of a system. The formulation of a norm in legislation must be done carefully because errors and mistakes in the formulation of norms will have legal implications in their implementation. A law may contain weaknesses that can affect its implementation, such as the emergence of vague norms, which are unclear in their formulation. This is a condition where the content is unclear or vague (*Vague Norm*).

As is known, the requirements for bankruptcy are regulated in Article 2 of the Bankruptcy and PKPU Law, namely that a debtor must have two or more creditors and must not have paid off at least one debt that is due and collectible. Based on this provision, it is clear that there must be two or more creditors who have matured debts owed by the debtor. Bankruptcy cannot be declared if there is only one creditor with a matured debt. This indicates

that the debtor is protected by law so that they can avoid creditors who do not have good intentions in settling their debts with the debtor.

The Bankruptcy Law is linked to the provisions regarding PKPU, which aims to provide an opportunity for the debtor to reach an amicable agreement with the creditors, so that the debtor can avoid bankruptcy. It is clear that PKPU provides a way out for debtors facing financial difficulties to avoid bankruptcy. PKPU requires debtors to submit a realistic debt repayment plan that is approved by creditors. Even though it provides opportunities for debtors, PKPU also protects the interests of creditors by ensuring that the proposed settlement plan is fair and enforceable.

The legal norms that can be declared as vague norms that can undermine justice and legal certainty are related to Article 170 *jo* Article 171 *jo* Article 291 of the Bankruptcy and PKPU Law, whereby creditors can demand a settlement that has been ratified if the debtor fails to fulfill the contents of the settlement. In addition, the debtor is obliged to prove that the settlement has been fulfilled. If not, the court will cancel the settlement agreement (Homologation) and the debtor will be immediately declared bankrupt. There is no mention (no regulation) regarding the number of creditors or the types of creditors who can file a lawsuit, so that in this case, the debtor cannot avoid creditors who do not have good intentions in settling their debts. However, it is clearly stipulated in Article 2 of the Bankruptcy and PKPU Law that debtors who have two or more creditors and have not paid off at least one debt that is due and collectible can still be "saved" through PKPU or settlement.

Analysis of Business Competition Behind the Cancellation of the Homologation of PT. Sri Rejeki Isman, Tbk

The increasingly fierce business competition today has led every company to compete to develop and advance their business. This starts with the upgrading of production equipment technology, the cost of raw materials, the cost of maintenance of production equipment, and especially the wages of workers, which are costs that must be met in running a business. To support these efforts, funds (capital) are needed, which are the driving force behind business activities in general. These needs are met from two (2) sides, namely internally and externally in the form of credit. It is not uncommon for a company to fall into bankruptcy because of this credit.

In the context of bankruptcy law, there are various stages that occur when a debtor experiences difficulties and is unable to pay their obligations to creditors. One of these stages, as mentioned, is through the PKPU scheme. Debt restructuring as an alternative to bankruptcy was initially a serious concern in legal practice in Indonesia. This debt restructuring practice shows something very significant in its approach and results, depending on the characteristics of the company, the debt structure, and the dynamics of negotiations with creditors. The success of debt restructuring is highly dependent on the company's ability to convince creditors of the viability of its long-term business plan and management's commitment to transparency and accountability.

PT. Indo Bharat Rayon, a company established in 1980, is one of the business lines affiliated with the Indian business conglomerate Aditya Birla Group. The Aditya Birla Group operates in 40 (forty) countries, including Australia, Austria, China, Bahrain, Bangladesh, Brazil, Canada, Egypt, France, Germany, Hungary, India, and Indonesia. The Aditya Birla Group is a \$35 billion (Rp. 568 trillion) multinational conglomerate engaged in textiles, metals, cement, finance, telecommunications, and other sectors. The company is led by Kumar Mangalam Birla. Meanwhile, Bharath Kumar is the President Director of PT. Indo Bharat Rayon. Both are Indian entrepreneurs who employ 187,000 workers in different countries. PT. Indo Bharat Rayon is a company that pioneered the production of viscose staple fiber (VSF) in Indonesia, which is a biodegradable synthetic fiber used in the manufacture of yarn for clothing and other equipment. According to the report of PT. Sri Rejeki Isman, Tbk, this company is one of the largest suppliers of rayon fiber in Indonesia.

As is known, the bankruptcy ruling against PT. Sri Rejeki Isman, Tbk was triggered by a lawsuit filed by PT. Indo Bharat Rayon requesting the cancellation of the settlement (homologation) due to PT. Sri Rejeki Isman, Tbk's negligence in fulfilling its obligations. In terms of business, both PT. Sri Rejeki Isman, Tbk and PT. Indo Bharat Rayon play an important role in the supply chain of PT. Sri Rejeki Isman, Tbk. PT. Sri Rejeki Isman, Tbk's dependence on PT. Indo Bharat Rayon is very high, considering that the operations of PT. Sri Rejeki Isman, Tbk's rayon factory are often disrupted by waste issues that have drawn protests from the community. In short, when PT. Sri Rejeki Isman, Tbk failed to fulfill its obligations, PT. Indo Bharat Rayon used its strategic position as a creditor to file a lawsuit to cancel the settlement, which resulted in PT. Sri Rejeki Isman, Tbk being declared bankrupt.

Through the bankruptcy decision, PT. Sri Rejeki Isman, Tbk is currently facing asset liquidation and massive restructuring. PT. Indo Bharat Rayon's role in this process has been significant, considering that the lawsuit they filed triggered a series of legal events that led to bankruptcy. This legal action shows that PT. Indo Bharat Rayon has strategic power in determining the fate of its business partners who fail to meet their financial obligations. This case also reveals the importance of managing healthy business and financial relationships, especially in the highly competitive textile sector. PT. Indo Bharat Rayon's decision to pursue bankruptcy shows

the company's determination to protect its interests, while reinforcing its position as one of the major players in the industry. While PT. Sri Rejeki Isman, Tbk faces major problems, PT. Indo Bharat Rayon continues to strengthen its position as a leader in the global textile industry with its large production capacity and market. PT. Indo Bharat Rayon is expected to remain a key player in the international textile supply chain.

This has become a major issue, as stated by the Coordinator of the PT. Sri Rejeki Isman, Tbk Group Workers' Union, who said that there is one creditor of PT. Sri Rejeki Isman, Tbk, is attempting to bankrupt PT. Sri Rejeki Isman, Tbk, namely PT. Indo Bharat Rayon, by filing for cancellation of the homologation, which was decided by Decision Number 2/Pdt.Sus-Homologasi/2024/PN Niaga Smg. However, PT. Sri Rejeki Isman, Tbk's production continues and operations are still ongoing. It was also added that during the debt restructuring process, only PT. Indo Bharat Rayon disagreed with other creditors who stated that there were no problems in the bankruptcy settlement process of PT. Sri Rejeki Isman, Tbk at that time.

In relation to the business competition regime, it is the goal of every rational business actor to develop their business as much as possible or to become the best in their field. Ideally, this goal will encourage every business actor to strive to improve their performance and competitiveness through innovation and efficiency so that they are superior to their competitors. If successful, the logical consequence is that the business actor will obtain a strong position (dominant position) and/or have significant market power in the relevant market. With this relative advantage, the business actor is able to control the relevant market or maintain its strong position in the relevant market. However, on the other hand, the ability to control and maintain a position in the relevant market can also be achieved through unfair business competition. For example, business actors, either individually or collectively, create competition restraints for their competitors and potential competitors, hinder the entry of potential competitors, limit the production of competitors, hinder market and technological development, and engage in various other unfair behaviors. The reduction in competition resulting from these actions can ultimately harm consumers. The contents of Article 25 of Law 5/1999 are as follows:

Business actors are prohibited from using their dominant position, either directly or indirectly, to:

1. Set trading conditions with the aim of preventing and/or obstructing consumers from obtaining competing goods and/or services, both in terms of price and quality; or
2. Restrict the market and technological development; or
3. Hindering other business actors who have the potential to become competitors from entering the relevant market

A business actor has a dominant position as referred to in paragraph (1) if:

1. One business actor or one group of business actors controls 50% (fifty percent) or more of the market share of a particular type of goods or services; or
2. Two or three business actors or groups of business actors control 75% (seventy-five percent) or more of the market share of a particular type of goods or services

Referring to the provisions of Article 25 of Law 5/1999 above, PT. Indo Bharat Rayon did not directly engage in anti-competitive practices by taking advantage of its dominant position in the textile industry. However, it should be noted that there are business competition reasons in the lawsuit to cancel the settlement (Homologation) filed by PT. Indo Bharat Rayon, considering that PT. Sri Rejeki Isman, Tbk through PT. Rayon Utama Makmur (a subsidiary of PT. Sri Rejeki Isman, Tbk) is a direct competitor of PT. Indo Bharat Rayon in the rayon fiber market. In addition, the amount of PT. Sri Rejeki Isman, Tbk's debt to PT. Indo Bharat Rayon is relatively small when compared to PT. Sri Rejeki Isman, Tbk's total debt to other creditors, which has led to speculation that the motive behind this business competition is unfair competition.

As is well known, in order to address difficulties where debtors are unable to resolve their financial problems, the mechanisms used are bankruptcy and PKPU. Unfortunately, instead of the simple bankruptcy and PKPU arrangements in the KPKPU Law, which were originally expected to bring efficiency and convenience to the bankruptcy process, they have actually brought other problems. The problem is that bankruptcy and PKPU petitions can be exploited by debtors and creditors who do not have good intentions, using various motives and methods for their own personal gain. Even though the KPKPU Law contains a number of principles, such as the principles of balance, business continuity, fairness, and integration. The KPKPU Law should also adopt another essential principle, namely the principle of good faith. Bankruptcy law is commonly defined as a system for resolving financial problems faced by debtors while balancing the interests of debtors, creditors, and third parties. However, in reality, Indonesian bankruptcy law currently appears to protect creditors more than debtors. This is reflected in Article 1131 of the Civil Code, Article 1132 of the Civil Code, and Article 2 paragraph (1) *jo* Article 222 paragraph (1) *jo* Article 8 paragraph (4) of the KPKPU Law.

CONCLUSION

The settlement originally proposed by PT. Sri Rejeki Isman, Tbk to all of its creditors was accepted. Based on this, PT. Sri Rejeki Isman, Tbk avoided bankruptcy and was able to operate as usual. The settlement was stipulated in the Semarang Commercial Court Decision Number 12/Pdt.Sus-PKPU/2021/PN.Niaga.Smg. However, during its implementation, one of the creditors, PT. Indo Bharat Rayon, filed a lawsuit to cancel the agreement (Homologation), which had originally been running smoothly. The lawsuit to cancel the settlement agreement (Homologation) was then granted through Decision Number 2/Pdt.Sus-Homologasi/2024/PN Niaga Smg. Since then PT. Sri Rejeki Isman, Tbk was immediately declared bankrupt, and there was no way to salvage or continue its operations except for the liquidator to liquidate all the company's assets.

Under the business competition law regime, the action of PT. Indo Bharat Rayon in filing a lawsuit to cancel the agreement (homologation) was not considered a fraudulent act that violated the laws and regulations regarding anti-monopoly and unfair business competition. However, considering what has happened, PT. Sri Rejeki Isman, Tbk's debt to PT. Indo Bharat Rayon is relatively small compared to other creditors who did not question the settlement efforts carried out by PT. Sri Rejeki Isman, Tbk.

RECOMMENDATION

The Bankruptcy and PKPU Laws need to be revised by adding a minimum number of creditors who can file for cancellation of a settlement agreement (homologation), considering that the filing of a settlement proposal (homologation) is based on a quorum of existing creditors. If this is not regulated, it will not reflect legal certainty and justice in the implementation of bankruptcy in Indonesia. In addition, bankruptcy and PKPU must be carried out in good faith, where the debtor and creditors agree and jointly seek a solution to the existing problems, rather than as a motive to bring down one another in business.

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