



**IN THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH, COURT – III**

**I.A.(IBC)(LIQ.) No. 10 of 2026**

**IN**

**C.P. (IB) 54/MB/2024**

*[Under Section 33 of the Insolvency and  
Bankruptcy Code, 2016]*

**Truvisory Insolvency Professional Pvt.  
Ltd.**

**Resolution Professional of M/s Libra  
Fabric Designs Pvt Ltd.**

410, 4<sup>th</sup> Floor, Blue Rose Industrial Estate,  
Near Metro Mall, Borivali East,  
Mumbai - 400066

**.... Applicant**

**In the matter of**

*[under Section 7 of the Insolvency and  
Bankruptcy Code, 2016]*

**Mr. Ramesh N Rughani**

41, Juhu Vikrant, Gulmohar Cross Road  
No. 10, Behind UTI Building,  
JVPD Scheme,  
Mumbai-400049

**.... Financial Creditor**

Versus

**Libra Fabric Designs Private Limited**

[CIN: U17120MH2012PTC225834]

Having regd. address at:

A-2/309/349, Shah & Nahar Estate,  
Dhanraj Mill Compound, NM Joshi Marg,  
Lower Parel, Mumbai- 400013

**.... Corporate Debtor**

**Order Pronounced on: 11.03.2026**



**Coram:**

SMT. LAKSHMI GURUNG, MEMBER (JUDICIAL)

SHRI. HARIHARAN NEELAKANTA IYER, MEMBER (TECHNICAL)

**Appearances:**

For the Applicant: Adv. Ashish Pyasi a/w Adv. Anshu Rathod  
i/b Anndri Legal (PH)

**Per: Smt. Lakshmi Gurung, Member (Judicial)**

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1. The present **I.A. No. 10 of 2026** has been filed under Section 33(1) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as '**Code**') by the Resolution Professional of M/s Libra Fabric Designs Private Limited ('**Corporate Debtor**') seeking following reliefs as follows:
  - A. *Be Pleased to allow the present application; and take on record the decision of the CoC in its 12<sup>th</sup> meeting held on 05.01.2026;*
  - B. *Be pleased to pass an Order, initiating liquidation of the Corporate Debtor, as prescribed in Section 33 of the Code;*
  - C. *Be pleased to appoint Nilesh Rajendra Kothari bearing IBBI No. IBBI/IPA-022/IP-N01225/2022-2023/14132 as the liquidator of the Corporate Debtor;*
  - D. *Be pleased to grant such other and further reliefs as may be deemed fit and proper by this Hon'ble Tribunal.*
2. Upon an application filed by Mr. Ramesh Rughan ('**Financial Creditor**') against M/s Libra Fabric Designs Pvt. Ltd. (**Corporate Debtor**) under Section 7 of the Code, the Adjudicating Authority admitted the petition and Corporate Insolvency Resolution Process ('**CIRP**') of the corporate debtor commenced vide order dated 01.10.2024 and the Applicant was appointed as Interim Resolution Professional ('**IRP**'). The said order dated 01.10.2024 is annexed to the application as *Exhibit A*.



3. It is submitted that the IRP issued the public notice inviting claims against the Corporate Debtor. Based on the claims received, a list of creditors was prepared and the Applicant formed a Committee of Creditors (COC) consisting of following member:

<b>Name of the Creditor</b>	<b>Nature of Claim</b>	<b>Amount Admitted (Rs.)</b>	<b>Voting %</b>
Pegasus Assets Reconstruction Private Limited	Secured Financial Creditor	36,80,89,084.91	100
<b>Total</b>			<b>100%</b>

The Report certifying the constitution of CoC was taken on record by this Tribunal vide order dated 01.01.2025 in IA No. 6027 of 2024.

4. Subsequently, claims of one Mr. Ramesh Rughani (Unsecured Financial Creditor) was admitted and list of creditors was updated. However, being a related party, he was not included in the CoC and therefore, the composition of CoC remained unaffected. The updated list of creditors as on 07.11.2024, which was taken on record vide order dated 10.03.2023 in IA No. 1089 of 2025 is:

<b>Sr. No.</b>	<b>Name of the Creditor</b>	<b>Nature of Claim</b>	<b>Amount Admitted</b>	<b>Voting %</b>
1.	Pegasus Assets Reconstruction Private Limited	Secured Financial Creditor	36,80,89,084.91	100
2.	Ramesh Rughani	Unsecured Financial Creditor (Related Party)	2,20,53,593.00	Nil

5. It is submitted that CoC members have conducted 12 meetings till date. The minutes of 1<sup>st</sup> to 11<sup>th</sup> CoC meetings along with the voting results are collectively annexed to the petition as *Exhibit D (Colly)*.



6. The 1<sup>st</sup> meeting of the COC was held on 28.10.2024 in which resolution was passed confirming the Applicant as the Resolution Professional of the Corporate Debtor.
7. The Applicant issued Form-G on 04.12.2024 inviting Expression of Interest ('EOI') from Prospective Resolution Applicants ('PRA') and last date for receipt of expression of interest was 19.12.2024 and last date for submission of resolution plans was 17.02.2025.
8. Based on EOIs received, there were two PRAs: a) Resurgent India Limited b) Mr. Mehul Sedani. The Form G dated 04.12.2024 is annexed to the petition as *Exhibit H*.
9. After verification of the EOI received, the Applicant circulated a provisional list of eligible PRAs and subsequently also circulated final list of eligible PRAs vide email dated 13.01.2025. The CoC members in its 3<sup>rd</sup> CoC meeting held on 17.01.2025, approved that the resolution applicant to submit the Earnest Money Deposit ("EMD") of Rs. 10,00,000 along with EOI and another Rs. 10,00,000 EMD to be submitted separately with the resolution plan.
10. Further it is submitted that, the Applicant circulated the Information Memorandum ('IM') to the COC on 04.01.2025 and the COC approved the issue of Request for Resolution Plan ('RFRP'), evaluation matrix and IM to the PRAs. Thereafter the applicant circulated the IM, RFRP along with evaluation matrix to the PRAs on 18.01.2025.
11. As the Corporate Debtor is registered under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the suspended director Mr. Mehul Sedani submitted the resolution plan, along with Earnest Money Deposit of Rs. 10,00,000/- which was submitted to the CoC in the 4<sup>th</sup> CoC meeting held on 19.02.2025.



12. It is submitted that the period of 180 days from the commencement of CIRP was ending on 30.03.2025, therefore in the 6th CoC meeting held on 27.03.2025, the CoC with 100% voting, instructed RP to make an application for extension of the CIRP period by a further period of 60 days. The Applicant vide an application bearing IA No. 2210 of 2025, sought a first extension of 60 days and the same was allowed by the Adjudicating Authority vide Order dated 29.05.2025.
13. It is submitted that the Applicant, with the consent of the CoC, had appointed the valuers who, in the 8<sup>th</sup> CoC meeting held on 07.05.2025, explained the methodology adopted by each valuer to determine the valuation of the assets of the Corporate Debtor.
14. The CoC in its 9<sup>th</sup> meeting held on 22.05.2025, with 100% voting resolved for a further extension of 30 days of the CIRP period. Accordingly, the Applicant filed IA No. 3994 of 2025 seeking further extension of 30 days which was allowed vide order dated 03.09.2025.
15. In the 10<sup>th</sup> CoC meeting held on 21.06.2025, the Resolution Plan dated 21.06.2025 of Mr. Mehul Sedani was approved by the CoC with 100% voting. Accordingly, Mr. Mehul Sedani was declared as the Successful Resolution Applicant (SRA) of the Corporate Debtor. Further, the Applicant had sent a Letter of Intent ('LOI') dated 26.06.2025 wherein the SRA was directed to deposit the Performance Bank Guarantee/Performance Security amounting to Rs. 96,70,454/- within 10 days.
16. Immediately thereafter, on 27.06.2025, without waiting for the deposit of Performance guarantee, the Applicant filed an Interlocutory Application for approval of the Resolution Plan, vide filing receipt number 2709138060792025.
17. It is further submitted that in the 11<sup>th</sup> CoC meeting held on 15.07.2025, the CIRP status of the Corporate Debtor was discussed and the



applicant informed that it has filed the IA for submission of approved Resolution Plan before the NCLT and it was also apprised to the CoC that the SRA was required to submit a Performance Security of Rs. 96,70,454/-, out of which only Rs. 20,00,000/- had been received as Earnest Money Deposit. The remaining amount of Rs 76,70,454/- was to be paid within ten days from the issuance of the Letter of Intent, which period expired on 06.07.2025. However, despite multiple follow-ups, SRA failed to remit the balance Performance Security amount.

18. The factum of non-receipt of the full Performance Security was discussed with the CoC in its 12<sup>th</sup> meeting held on 05.01.2026. In this regard the SRA had submitted that since the Corporate Debtor is an MSME and the resolution plan was submitted by the Director/Promoter, the submission of the performance security amount may be relaxed. However, the CoC noted that the SRA had accepted all terms, including the obligation to submit Performance Security. The CoC discussed that SRA's inability to arrange the performance security amount within the given time which not only raises a serious concern regarding the ability of the SRA in implementation of the resolution plan but also amounts to breach of the Resolution Plan dated 21.06.2025. Accordingly CoC with 100% votes decided to initiate liquidation proceedings against the Corporate Debtor under Section 33 of the Code. Copies of the minutes of the 12<sup>th</sup> CoC meeting along with the voting result ( in Ballot Paper dated 06.01.2026) are annexed to the application as *Exhibit N* and *Exhibit O*, respectively.
19. Following Resolution was passed in the 12<sup>th</sup> CoC meeting held on 05.01.2026:

*“RESOLVED THAT pursuant to the provisions of Section 33(2) of the Insolvency and Bankruptcy Code, 2016 read with Regulation 18 (3) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and in accordance with the discussions held in the meeting of the Committee of Creditors, the*



*Committee of Creditors hereby resolves to liquidate the Corporate Debtor, as the Successful Resolution Applicant (SRA) has failed to deposit the Performance Security/ Security Amount as stipulated in the Resolution Plan and the Letter of Intent, within the prescribed timelines.*

*RESOLVED FURTHER THAT in view of the aforesaid failure of the SRA, the Resolution Plan submitted by the said SRA is hereby treated as failed / non-compliant, and no further time extension is granted for compliance with the submission of Performance Security / Security Amount.”*

20. In the same CoC meeting it was further discussed that the sole CoC member will communicate the name of the proposed Liquidator through Email, pursuant to which vide an email dated 07.01.2026 Mr. Nilesh Rajendra Kothari bearing IBBI No. IBBI/IPA-022/IPN01225/2022-2023/14132, Email: - ip.nkothari@gmail.com, was recommended to act as a Liquidator for the Corporate Debtor. The email dated 07.01.2026 along with Form AA – (written consent to act as a liquidator) is annexed to the petition as *Exhibit P*.
21. Accordingly, the present Interlocutory Application has been filed under Section 33 of the Code on 28.01.2026 seeking Liquidation of the Corporate Debtor.
22. We have considered the submissions made by the counsel for the applicant and perused the record.
23. It is seen that the CoC had deliberated upon the resolution plan submitted by the suspended director/promoter (SRA) of the Corporate Debtor and had also approved the same. However, despite agreeing to submit the Performance Security as per its own the Resolution Plan, the SRA failed to comply the first requirement of submitting Performance security. CoC has taken a decision in its commercial wisdom that SRA has not only failed to comply with the terms of Resolution Plan rendering the resolution plan non-compliant but has



also raised serious concerns about the ability of the SRA in implementation of the resolution plan and has declined to grant any waiver of Performance Security or extension of time in submitting the Performance Security. The decision of the CoC to liquidate the Corporate Debtor is based on exercise of its commercial wisdom which non-justiciable and cannot be interfered by this Tribunal. Therefore, this Tribunal has no option but to pass order of liquidation under section 33 of the Code. The said Section is quoted below for the convenience and the ready reference:

**Section 33**

*“(1) Where the Adjudicating Authority, —*

- a. before the expiry of the insolvency resolution process period or the maximum period permitted for completion of the corporate insolvency resolution process under section 12 or the fast track corporate insolvency resolution process under section 56, as the case may be, does not receive a resolution plan under sub-section (6) of section 30; or*
- b. rejects the resolution plan under Section 31 for the non-compliance of the requirements specified therein, it shall—*
  - (i) pass an order requiring the corporate debtor to be liquidated in the manner as laid down in this Chapter;*
  - (ii) issue a public announcement stating that the corporate debtor is in liquidation; and*
  - (iii) require such order to be sent to the authority with which the corporate debtor is registered.*

*(2) Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors to liquidate the corporate debtor, the Adjudicating Authority*

*shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1).”*

24. Given the facts and circumstances as discussed above, the present case falls under section 33(2) of the Code and this Adjudicating Authority shall pass an order for Liquidation of the Corporate Debtor. Hence ordered as follows:

**ORDER**

- a) The Application is allowed. The Corporate Debtor, Libra Fabric Designs Private Limited, shall be liquidated in the manner as laid down in Chapter-III of the Code.
- b) **Mr. Nilesh Rajendra Kothari** having IBBI Registration No. IBBI/IPA-002/1P-N01225/2022-2023/14132, having AFA valid upto 30.06.2027 and e-mail id: [ip.nkothari@gmail.com](mailto:ip.nkothari@gmail.com) is appointed to act as Liquidator of the Corporate Debtor.
- c) The Liquidator for conducting the Liquidation proceedings would be entitled to fees as per Regulation 4 of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.
- d) The Moratorium declared under Section 14 of the IBC 2016 shall cease to operate here from. A fresh moratorium shall commence under Section 33(5) of IBC.
- e) This order shall be deemed to be a notice of discharge to the officers, employees and the workmen of the Corporate Debtor as per Section 33(7) of the IBC.
- f) Liquidator shall issue public announcement to Registrar of Companies, Maharashtra and Official Liquidator, Maharashtra stating that Corporate Debtor is in liquidation.



- g) Subject to Section 52 of the Code no suit or other legal proceedings shall be instituted by or against the Corporate Debtor save and except the liberty to the liquidator to institute suit or other legal proceeding on behalf of the Corporate Debtor with prior approval of this Adjudicating Authority.
- h) All powers of the Board of Directors, Key Managerial Personnel and partners of the Corporate Debtor shall cease to have effect and shall be vested in the Liquidator.
- i) The Liquidator shall exercise the powers and perform duties as envisaged under Sections 35 to 50 and 52 to 54 of Part-III of the Code read with the Liquidation Process Regulations.
- j) All persons connected with the Corporate Debtor shall extend all assistance and cooperation to the Liquidator as will be required for managing its affairs.
- k) This Order shall be deemed to be a notice of discharge to the officers, employees and workmen of the Corporate Debtor, except when the business of the Corporate Debtor is continued during the liquidation process by the Liquidator.
- l) The Liquidator shall comply with the liquidation regulation and accordingly submit Progress Reports as per Regulation 15 of the IBBI (Liquidation Process) Regulations, 2016; and shall further apprise the Bench about the Liquidation Process of the Corporate Debtor.
- m) Registry shall furnish a copy of this Order to:
- i. Insolvency and Bankruptcy Board of India, New Delhi;
  - ii. Regional Director (Western Region), Ministry of Corporate Affairs;



- iii. Registrar of Companies, Mumbai;
- iv. Erstwhile Resolution Professional, Truvisory Insolvency Professionals Private Limited.
- v. Liquidator, Mr. Nilesh Rajendra Kothari

25. Accordingly, **I.A. (IBC)(LIQ.) No. 10 of 2026** is **allowed** and stands disposed of.

Sd/-  
**Shree Hariharan Neelakanta Iyer**  
**Member (Technical)**

Sd/-  
**Lakshmi Gurung**  
**Member (Judicial)**