

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.303 - IA/1038(AHM)2026 in IA(Plan)/9(AHM)2026
in
C.P.(IB)/271(AHM)2025

Under Section 30(2), 31,60(5) 65 of the IBC, 2016 r/w Rule 11 of NCLT Rules, 2016

IN THE MATTER OF:

Anshu Anand Chaudhary Proprietor of Ms. Shaurya
Marketing
v/s

.....Applicant

Jigar Tarunkumar Bhatt RP of Raninga Paper Mills Pvt. Ltd &
Ors

.....Respondents

Order delivered on: 24/09/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

ORDER
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

-SD-

SANJEEV SHARMA
MEMBER (TECHNICAL)

-SD-

SHAMMI KHAN
MEMBER (JUDICIAL)

**BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT-I, AHMEDABAD**

**IA/1038(AHM) 2026
In
IA (Plan)/9(AHM) 2026
In
CP (IB)/271(AHM) 2025**

*(Application under Section 30 (2), 31, 60(5), and 65 of the
Insolvency and Bankruptcy Code, 2016 r/w Rule 11 of NCLT
Rules, 2016)*

MEMO OF PARTIES

Mrs. Anshu Ananad Chaudhary
Proprietor of M/s Shaurya Marketing
Operational Creditor
Having office at:
B-11, Rivera Elegance,
Nr. Auda Garden, Prahlad Nagar,
Ahmedabad, Gujarat-380015

.... Applicant

VERSUS

- 1. Mr. Jigar Tarunkumar Bhatt**
Resolution Professional of
Raninga Paper Mills Private Limited
Having office at:
1010, Shilp-Zaveri, Shyamal Cross Roads,
Satellite, Ahmedabad - 380015.
E-mail: cirp.raninga@gmail.com/jacrb.jigarbhatt@gmail
- 2. Mr. Chandresh Lalitchandra Soni**
Successful Resolution Applicant
Resolution Plan Applicant
(Former Director of Corporate Debtor)
Add-38, Neelkanth Paradise Colony,
Near Galaxy Cinema, Naroda, Ahmedabad- 382330
- 3. State Bank of India**

Add: Stressed Assets Management Branch
(SAM Branch) Situated at 4th Floor,
SBI Building, Lal Darwaja,
Ahmedabad, 3800021

.... Respondents

Order Pronounced On: 24.09.2026

C O R A M :

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

A P P E A R A N C E :

For the Applicant	:	Mr. Vijay Lambachiya, Adv.
For the Resolution Professional	:	Mr. Priyam Shah, Adv. a.w. Mr. Jigar Bhatt, RP in Person
For the Successful Resolution Applicant	:	Mr. Ravi Pahwa, Adv. a.w. Ms. Gunjan Aggarwal, Adv.
For State Bank of India	:	Ms. Dharmishta Raval, Adv.

O R D E R
(Per: Bench)

1. This application has been filed on 02.07.2026 (through e-mode) by **Mrs. Anshu Anand Chaudhary, Proprietor of M/s Shaurya Marketing** (hereinafter, "the Applicant") under Sections 30(2), 31, 60(5) and 65 of the Insolvency and Bankruptcy Code, 2016 (the "Code"), read with Rule 11 of the National Company Law Tribunal Rules, 2016, seeking the following reliefs: —

a. Pending hearing and final disposal of present Application,

the Hon'ble Tribunal be pleased to allow the applicant to file its reply/objections to Interlocutory Application (IBC)(PLAN) No.9 of 2026 preferred by Respondent No. 1 for approval of the resolution plan.

- b. Direct forensic audit of the affairs of the Corporate Debtor from FY 2022-23 till CIRP commencement;*
- c. Approval of the Resolution Plan be deferred until completion of forensic audit and investigation into fraudulent transactions and Stay approval of the Resolution Plan pending adjudication of the present Application;*
- d. Direct investigation into transactions undertaken with relatives, brother, related entities and connected persons;*
- e. Direct Respondent No. 2 for production of audited financial statements for FY 2023-24 and FY 2024-25 and to disclose complete source of funds;*
- f. Direct the Resolution Professional to examine avoidance transactions under Sections 43, 45, 49, 50 and 66 of IBC;*
- g. Declare that Respondent No. 2 has abused the CIRP process and misused the exemption under Section 240A and reject the Resolution Plan submitted by Respondent No. 2;*
- h. Pass any further orders deemed fit in the interest of justice.*

2. The Applicant has placed the **facts** through the I.A. and documents in the following manner: -

2.1. The Applicant, an Operational Creditor of the Corporate Debtor, claimed an amount of Rs.1,69,79,046/- and challenged the Resolution Plan submitted by Respondent No.2, contending

that serious material facts concerning the affairs, financial conduct and eligibility of the Resolution Applicant had emerged.

2.2. It was alleged that Respondent No.2, being a director and part of the suspended management, was responsible for the affairs of the Corporate Debtor during the relevant period, when substantial liabilities towards vendors, operational creditors and statutory authorities accumulated. It was further alleged that despite availability of funds and business revenues, payments to operational creditors were deliberately withheld, resulting in financial hardship to vendors. A list of vendors allegedly affected is annexed as **Annexure-A**.

2.3. The Applicant alleged that the conduct of Respondent No.2 went beyond ordinary business failure and disclosed financial misconduct, diversion of funds and transactions with relatives, connected entities and persons under his direct or indirect control, including alleged transfers to entities controlled by him, his relatives and particularly to the bank accounts of his brother. It was contended that such transactions required forensic examination and investigation under Sections 43, 45, 49, 50 and 66 of the Code.

2.4. The Applicant further alleged that the insolvency of

the Corporate Debtor was pre-planned/created by deliberate diversion and depletion of funds, followed by withholding of payments to operational creditors and initiation of insolvency proceedings, after which Respondent No.2 allegedly sought to regain control of the Corporate Debtor through the CIRP. It was contended that such conduct amounted to misuse of the insolvency process and was contrary to the object of the Code.

2.5. The Applicant alleged misuse of the exemption available under Section 240A, contending that the provision was intended as a limited relaxation for genuine MSME promoters and not as an immunity for persons responsible for the insolvency or financial misconduct of the Corporate Debtor. Reliance was placed on the principles laid down by the Hon'ble Supreme Court in ***ArcelorMittal India Pvt. Ltd. v. Satish Kumar Gupta*** concerning the object of Section 29A.

2.6. It was further alleged that multiple proceedings under Section 138 of the Negotiable Instruments Act were pending against Respondent No.2, besides criminal proceedings arising from allegations of fraud and financial impropriety. The Applicant contended that these proceedings were material to the eligibility and antecedents of the Resolution Applicant but were not properly disclosed in Form-H, thereby allegedly preventing the CoC from

making an informed assessment. The e-Court status reports are annexed as **Annexure-B**, and the FIR is annexed as **Annexure-C**.

2.7. The Applicant alleged non-disclosure of the source of funds proposed for implementation of the Resolution Plan, including absence of adequate bank statements, funding commitments, net-worth certificates or other documents establishing the financial capability of Respondent No.2. It was contended that the alleged diversion of Corporate Debtor's funds to connected entities further rendered the source and viability of the proposed funding material for consideration.

2.8. The Applicant also alleged non-disclosure/examination of financial statements for FY 2023-24 and FY 2024-25, particularly in relation to diversion of funds, advances to connected parties, payments to relatives and non-disclosure of the balance sheets for the said years. It was contended that the suppression of such financial information caused prejudice to creditors and impaired proper evaluation of the Resolution Plan.

2.9. It was further alleged that the sole financial creditor accepted the Resolution Plan despite substantial allegations of diversion of funds and accepted recovery substantially below the

outstanding dues, stated by the Applicant to be approximately Rs.29,58,96,052/-, without adequate investigation into the affairs of Respondent No.2. The Applicant contended that the commercial wisdom of the CoC could not extend to overlooking fraud, concealment or illegality.

2.10. The Applicant alleged that dozens of vendors and suppliers remained unpaid, despite cheques issued by Respondent No.2 having been dishonoured and proceedings under Section 138 of the Negotiable Instruments Act having been initiated. It was contended that the insolvency framework could not be permitted to operate as a shield for persons alleged to have systematically defrauded creditors.

2.11. The Applicant relied upon Section 65 of the Code, contending that the insolvency process had been initiated and subsequently utilised as a mechanism to regain control of the Corporate Debtor despite the alleged financial misconduct. It was submitted that the Tribunal has jurisdiction under Sections 60(5) and 65 to investigate and prevent such abuse.

2.12. On the aforesaid basis, the Applicant contended that the Resolution Plan was liable to be examined under Section 30(2) and that the alleged suppression of material facts, non-disclosure of

criminal proceedings and financial information, diversion of funds and related-party transactions warranted investigation under Sections 43, 45, 49, 50, 65 and 66 of the Code before consideration of the Resolution Plan.

- 3.** In compliance with the order dated 08.07.2026, **Respondent No. 2/Successful Resolution Applicant** filed its Affidavit-in-Reply on 16.07.2026 stating, inter alia, as follows: —

- 3.1. The objections raised by the Applicant were stated to substantially overlap with those raised by the Guarantor and an unsuccessful Resolution Applicant, which had already been dealt with in earlier replies; the said stand was adopted and reiterated for the present Application.
- 3.2. The Applicant's locus as an Operational Creditor to challenge the CIRP or the Resolution Plan was questioned, particularly as her claim had already been admitted by the Resolution Professional. It was further alleged that the Applicant was acting in concert with the unsuccessful Resolution Applicant and the Guarantor to obstruct the CIRP. Reference was also made to FIR C.R. No. 11191065250385 of 2025 dated 29.03.2025, which allegedly named the Applicant's proprietary concern as an unpaid party, contradicting her assertion of having

recently acquired knowledge of the relevant matters.

- 3.3. The allegations of diversion of funds were stated to be unsupported by any specific or substantial evidence. The 8th CoC Meeting dated 15.04.2026 was relied upon, wherein the Resolution Professional, after consultation with the independent Transaction Auditor appointed under Regulation 35A, recorded a prima facie view that no material evidence of fraudulent or wrongful intent warranting avoidance proceedings against the suspended management had emerged. It was further contended that the Applicant had not identified any particular transaction by date, amount and counterparty.
- 3.4. The allegation of pre-planned creation of insolvency was disputed on the basis that the CIRP was initiated by the Tribunal under Section 7 at the instance of SBI, after the Corporate Debtor's account was classified as NPA on 27.09.2024, its bank account was frozen and possession of its factory premises was taken by SBI under the SARFAESI Act.
- 3.5. The applicability of Section 240A was justified on the ground that the provision was introduced to facilitate revival of MSME units. It was contended that there was neither misuse of Section 240A nor

circumvention of Section 29A, and that reliance on ***ArcelorMittal India Pvt. Ltd. v. Satish Kumar Gupta*** was misplaced as the said decision did not concern Section 240A or an MSME unit.

- 3.6. With regard to criminal proceedings, complete disclosure was stated to have been made to the Resolution Professional through email dated 14.08.2025, enclosing the list of pending cases forming part of the Information Memorandum, and specifically regarding the Narol FIR through email dated 10.11.2025, prior to submission of the Resolution Plan. The disclosures were stated to have been considered in the 3rd, 4th, 5th and 8th CoC Meetings. As regards Form-H, it was stated that the Respondent was not privy to the same.
- 3.7. The source of funds was stated to be specifically disclosed in the Resolution Plan, including the profile of the funding partner, Shri Rajnish Tiwari, under Clause 4.6. It was further stated that a Performance Bank Guarantee of Rs.3,00,00,000/- vide BG No. 260375IBGP00132 dated 26.05.2026, issued by IDBI Bank Ltd., had been furnished in compliance with the RFRP.
- 3.8. The financial statements for FY 2023-24 and FY 2024-25 were stated to have been adequately disclosed, while the finalised books and recast balance sheet as on the CIRP admission date had

already been placed before the Tribunal pursuant to its order dated 03.06.2026.

3.9. The allegation regarding questionable conduct of the Financial Creditor was disputed, with the Resolution Plan stated to provide 56.94% recovery of the admitted debt, which was claimed to be higher than the other Resolution Plans. The Applicant's objections were characterised as an indirect challenge to the commercial wisdom of the CoC.

3.10. The allegations of fraud on creditors were stated to be unsupported by particularised evidence. The financial constraints of the Corporate Debtor, which led to initiation of CIRP, were stated not, by themselves, to establish a consistent pattern of deception or financial misconduct.

3.11. The applicability of Section 65 was disputed on the ground that the CIRP had been initiated by SBI under Section 7, after classification of the account as NPA on 27.09.2024, freezing of the bank account and taking of possession of the factory premises under the SARFAESI Act. Accordingly, dismissal of the Application with exemplary costs was sought.

4. In compliance of order dated 08.07.2026, the **R-1/Resolution Professional** filed its Affidavit-of-Reply on

20.07.2026 stating the following: -

- 4.1. The Applicant, being an Operational Creditor, was stated to have no independent locus to challenge the commercial wisdom of the CoC, seek rejection of the CoC-approved Resolution Plan, or seek a forensic audit/investigation merely to reopen the CIRP. It was further contended that the Applicant had participated in the CIRP and raised no objection until after approval of the Resolution Plan.
- 4.2. The CIRP was stated to have been conducted in accordance with the Code and applicable Regulations, with the Applicant having received the requisite information and having been represented in the CoC meetings. The belated objections were therefore stated to be an attempt to delay the time-bound CIRP.
- 4.3. At the stage of approval of a CoC-approved Resolution Plan, the Adjudicating Authority was stated to be confined to the parameters of Sections 30(2) and 31 of the Code, and the commercial wisdom of the CoC, including its consideration of feasibility, viability and value maximisation, was stated to be ordinarily not amenable to judicial review.
- 4.4. The allegations of pre-planned insolvency, diversion of funds, fraudulent transactions and

misconduct were stated to be unsupported by cogent evidence. The CIRP was initiated pursuant to a Section 7 application filed by SBI, after the Corporate Debtor's account was declared NPA, and an independent Transaction Auditor appointed under Regulation 35A had examined the transactions. The report was stated to have been placed before and accepted by the CoC, with no contrary material produced by the Applicant.

- 4.5. The eligibility of the Successful Resolution Applicant was stated to have been independently examined, including the Section 29A/Form-H requirements, and no material was produced by the Applicant to establish ineligibility or violation of the Code.
- 4.6. The alleged non-disclosure of pending litigations and criminal proceedings was stated to be contrary to the CIRP record, as the relevant litigation details were disclosed in the Information Memorandum and the pending investigation was discussed in the 3rd CoC Meeting. It was further stated that Form-H contained the requisite details contemplated under the Code and CIRP Regulations.
- 4.7. The alleged non-disclosure of source of funds, financial capability and supporting documents was stated to be unfounded, as the relevant details had been placed before the CoC and evaluated during

the resolution process.

- 4.8. The allegations concerning diversion of funds, related-party transactions and fraudulent conduct were stated to be based on assumptions, without identification of any specific transaction or supporting material. The Transaction Auditor had examined the relevant accounting data, records, bank statements and GST returns and had submitted a report after due verification.
- 4.9. The CoC was stated to have exercised its commercial wisdom after considering the relevant aspects of the Resolution Plan, including commercial terms, eligibility, feasibility and viability, and the allegations of fraud or misconduct were stated to be unsupported by any adjudicated finding.
- 4.10. The allegations regarding MSME status and Section 240A were stated to be contrary to the settled legal position, and the Applicant was stated to have neither pleaded nor established any basis for rendering the Successful Resolution Applicant ineligible despite the statutory relaxation available to MSMEs.
- 4.11. The objections concerning alleged wrongful/fraudulent trading, diversion of funds or suppression of material facts were stated to lack cogent evidence. It was further stated that the

Transaction Auditor had already undertaken a comprehensive exercise under Regulation 35A, and no material circumstance warranting a fresh forensic audit had been demonstrated.

4.12. The Applicant was stated to have failed to establish any prejudice, harm or injury arising from the Resolution Plan or any basis for securing a better recovery than that offered under the Plan. The reliefs sought, including forensic audit, production of financial statements and stay of approval, were therefore stated to be unsupported.

4.13. Accordingly, the Application was stated to disclose no violation of Section 30(2) or any other provision of the Code, and the reliefs sought were characterised as an attempt to obstruct completion of the CIRP. Dismissal of the Application with costs was therefore prayed for.

5. Further, in compliance of order dated 08.07.2026, the **R-3/State Bank of India** filed its Affidavit-of-Reply on 28.07.2026 vide Inward No. D-6220 stating the following:-

5.1. It is submitted that the Application was stated to be misconceived, devoid of merits and unsupported by any sustainable ground, with the Applicant having failed to establish the necessary locus to challenge the Resolution Plan. It was also alleged

that material facts had been suppressed and that the Application was filed belatedly despite the Applicant's knowledge of the CIRP proceedings.

- 5.2. The CIRP was stated to have been conducted strictly in accordance with the provisions of the Code and applicable Regulations. No specific transaction warranting investigation under the avoidance provisions was identified, and the allegations regarding diversion of funds or connected-party transactions were stated to be unsupported by prima facie material.
- 5.3. The allegations concerning artificial creation of insolvency, diversion of funds and abuse of the CIRP were stated to be unsubstantiated. The transaction audit had been undertaken by the Resolution Professional after collecting information from various sources, and no adverse finding regarding diversion of funds had been brought on record.
- 5.4. With regard to Section 240A, the applicability of the MSME exemption was sought to be considered in accordance with the Code. The pendency of criminal proceedings against Respondent No.2 was stated, by itself, not to constitute a bar to submission of a Resolution Plan where the Resolution Applicant otherwise satisfies the eligibility requirements under Section 29A.

- 5.5. The criminal proceedings concerning Respondent No.2 were stated to be matters to be considered in accordance with the CIRP framework, and the eligibility of the Resolution Applicant had been examined by the Resolution Professional. The CoC was stated to have acted on the Resolution Plan in accordance with the Code and the applicable process.
- 5.6. Mr. Rajnish Tiwari was identified as the financial/funding partner proposed to infuse funds for implementation of the Resolution Plan. The source of funds and related aspects were stated to have been considered in the CIRP process, and the Applicant, being an Operational Creditor, was stated to have no right to question the commercial wisdom of the CoC.
- 5.7. The transaction audit and due-diligence exercise were stated to have been completed by the Resolution Professional, with relevant information made available for consideration of the CoC. The allegation that the Corporate Debtor's funds were diverted to connected entities was stated to be unsupported by any specific material produced by the Applicant.
- 5.8. The Resolution Plan was considered after examination of the available information, the Resolution Professional's report and the relevant

aspects of the Plan. The decision of the CoC to approve the Plan was stated to constitute its commercial wisdom, which could not be interfered with merely on the basis of unsubstantiated allegations.

5.9. The allegation that the insolvency was artificially created or that the CIRP was being misused to regain control was stated to be unsupported. It was also pointed out that the Applicant had not raised such objections during the CIRP, although the Applicant was stated to have participated in the process.

5.10. The pendency of criminal proceedings was stated not to invalidate the Resolution Plan or render the Resolution Applicant automatically ineligible. The subsisting personal guarantee of Mr. Chandresh Soni was stated to continue unaffected by approval of the Resolution Plan, and the concerned parties were left free to pursue remedies available under law in respect of criminal proceedings.

5.11. The Application was further stated to lack prima facie material establishing fraud, fraudulent or wrongful trading, diversion of funds or any other conduct warranting interference by the Adjudicating Authority. It was contended that approval of the Resolution Plan would not take away the Tribunal's jurisdiction to take appropriate

action if any legally sustainable case subsequently arose. Accordingly, the Application was sought to be dismissed and the Resolution Plan approved in accordance with law.

6. Vide order dated 22.07.2026, the Applicant submitted that no rejoinder was required to be filed to the replies filed by the Resolution Professional and the Successful Resolution Applicant.

7. In compliance with the order dated 05.08.2026, the Applicant/Operational Creditor filed its **Written Submissions** on 06.08.2026, wherein reliance was placed upon the following judgments:-

- i. *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta*, (2020) 8 SCC 531
- ii. *K Sashidhar v. Indian Overseas Bank*, (2019) 12 SCC 150
- iii. *Swiss Ribbons Pvt. Ltd. v. Union of India*, (2019) 4 SCC 17.
- iv. *ArcelorMittal India Pvt. Ltd. v. Satish Kumar Gupta*, (2019) 2 SCC 1.
- v. *Ebix Singapore Pvt. Ltd. v. Committee of Creditors of Educomp Solutions Ltd.*, (2022) 2 SCC 401.

8. We have heard the Ld. Counsel of the Applicant/Operational Creditor and the learned Counsel appearing for the Resolution Professional, Successful

Resolution Applicant and State Bank of India. We have perused the pleadings, documents placed on record, the Written Submissions and the relevant record of the Corporate Insolvency Resolution Process (“CIRP”) of **Raninga Paper Mills Private Limited** (“Corporate Debtor”).

9. The present Application has been preferred by Anshu Anand Chaudhary, Proprietor of M/s Shaurya Marketing, who is an Operational Creditor of the Corporate Debtor, raising objections to the Resolution Plan submitted by Mr. Chandresh Lalitbhai Soni, Successful Resolution Applicant (“SRA”), and seeking, inter alia, interference with the approval of the Resolution Plan and further investigation/audit into the affairs of the Corporate Debtor.
10. From the record, it is noticed that the Corporate Debtor was admitted into CIRP by order dated 29.07.2025 in C.P. (IB) No. 271/7/AHM/2025, on an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“Code”) filed by State Bank of India, and Mr. Jigar Tarunkumar Bhatt was appointed as the Interim

Resolution Professional. The public announcement was thereafter issued on 31.07.2025 inviting claims from the creditors.

- 11.** The Applicant had submitted a claim of Rs.1,80,61,481/- as an Operational Creditor, out of which an amount of Rs.1,21,31,724/- was admitted by the Resolution Professional and an amount of Rs.59,29,757/- was not admitted. The Applicant is an unsecured Operational Creditor and has no voting share in the Committee of Creditors.
- 12.** It is also relevant that the Operational Creditors were not excluded from the CIRP process. Since the aggregate admitted claims of Operational Creditors crossed the prescribed threshold, an Authorized Representative was appointed in accordance with Section 24 of the Code to represent the Operational Creditors. The CoC record reflects the appointment of **Trios Paper International LLP** as Authorized Representative for Operational Creditors other than Government dues.
- 13.** Upon consideration of the pleadings, documents on record and the submissions advanced by the respective

parties, the following issues arise for our consideration: -

- i. Issue No. I:** Whether the Applicant, being an Operational Creditor without voting share in the CoC, has the locus to challenge the CIRP and the Resolution Plan approved by the CoC?
- ii. Issue No. II:** Whether the Applicant has established any material irregularity, statutory non-compliance, fraud, collusion or abuse of the CIRP process, including in relation to the alleged diversion of funds, pre-planning of insolvency and the Transaction Audit, warranting interference by this Adjudicating Authority?
- iii. Issue No. III:** Whether the Applicant has established any disqualification or infirmity in the eligibility of the Successful Resolution Applicant under Section 29A of the Code, including the applicability of Section 240A, or any material suppression or non-disclosure concerning pending criminal proceedings, source of funds or financial capability, so as to affect the validity of the Resolution Plan?
- iv. Issue No. IV:** Whether, in view of the findings on the aforesaid issues, the Applicant is entitled to the reliefs sought in the present Application?

14. Findings on Issue No. (I): Whether the Applicant, being an Operational Creditor with no voting share in the CoC, has the locus to challenge the CIRP and the Resolution Plan approved by the CoC?

14.1. The Applicant, M/s. Shaurya Marketing, is admittedly an Operational Creditor of the Corporate Debtor. As per the List of Creditors as on

02.02.2026, forming part of Annexure-8 (Serial No.11 at Page 662 of the IA plan), the Applicant's claim was lodged on 13.08.2025 for ₹1,80,61,481/- , out of which ₹1,21,31,724/- was admitted.

14.2. The Corporate Debtor was admitted into CIRP on 29.07.2025 pursuant to an application filed by State Bank of India under Section 7 of the Code. The CoC comprised SBI as the sole Financial Creditor with 100% voting share.

14.3. The Applicant's claim was admitted as an Operational Creditor. Section 21(2) of the Code provides that the committee of creditors shall comprise all financial creditors. Accordingly, the Applicant was not a member of the CoC and had no voting share therein.

14.4. The absence of voting share, however, did not result in exclusion of the Operational Creditors from the CIRP. The Minutes of the 5th CoC Meeting dated 09.01.2026 record that, since the aggregate dues of the Operational Creditors crossed the statutory threshold prescribed under Section 24(3)(c) of the Code, the Operational Creditors were provided the statutory mechanism of representation in the meetings of the CoC. Trios Paper International LLP was nominated as the representative for Operational Creditors other than Government dues, while the State Tax Officer was

nominated in respect of Government dues. Such representative was entitled to attend and place the views of the Operational Creditors before the CoC, without voting rights.

14.5. There is, therefore, no material on record to show that the Applicant's claim was excluded from the CIRP or that the Operational Creditors were denied their statutory mechanism of representation. The present challenge is directed, in substance, against the conduct of the CIRP and the Resolution Plan.

14.6. It is settled law that an Operational Creditor who is not a member of the CoC cannot seek reconsideration of, or substitute its commercial assessment for, the commercial wisdom exercised by the CoC. However, the absence of voting rights does not, by itself, preclude such creditor from bringing to the notice of the Adjudicating Authority a demonstrable contravention of the Code, the CIRP Regulations or other applicable law falling within the jurisdiction of the Adjudicating Authority. In ***K. Sashidhar v. Indian Overseas Bank & Ors.*** and ***Committee of Creditors of Essar Steel India Limited v. Satish Kumar Gupta & Ors.***, the Hon'ble Supreme Court has held that the commercial wisdom of the CoC is not amenable to merits-based judicial review and that the jurisdiction of the Adjudicating Authority is confined to the statutory parameters prescribed

under Sections 30(2) and 31 of the Code, including compliance with the statutory requirements concerning the interests of Operational Creditors.

14.7. The same principle has been reiterated by the Hon'ble NCLAT in ***Dr. Ravi Shankar Vedam v. Tiffins Barytes Asbestos and Paints Ltd. & Ors.***, wherein it was held that the jurisdiction of the Adjudicating Authority at the stage of consideration of a Resolution Plan is circumscribed by the statutory parameters contained in the Code and that the commercial decision of the CoC cannot be substituted by the Adjudicating Authority.

14.8. The Hon'ble Supreme Court in ***Pratap Technocrats (P) Ltd. & Ors. v. Monitoring Committee of Reliance Infratel Limited & Anr.***, (2021) 10 SCC 623, held that the jurisdiction of the Adjudicating Authority is limited to determining whether the requirements specified in Section 30(2) of the Code have been fulfilled. Such jurisdiction is statutorily defined and cannot be expanded on the basis of considerations of equity independent of the statutory scheme. The Adjudicating Authority is therefore required to examine the Resolution Plan within the parameters prescribed by the Code and the applicable Regulations.

14.9. Thus, the Applicant cannot seek reconsideration of the commercial decision of the CoC merely because it is an Operational Creditor with 0% voting share or is dissatisfied with the outcome of the CIRP. However, its application cannot be rejected solely on the ground of absence of voting rights where a legally sustainable statutory infraction or material irregularity is otherwise established.

14.10. Accordingly, the present Application cannot be held to be wholly non-maintainable merely on account of the Applicant's status as an Operational Creditor having no voting share in the CoC. However, such locus does not extend to questioning or substituting the commercial wisdom of the CoC and is confined to raising demonstrable statutory violations, material irregularities or other legally sustainable grounds falling within the jurisdiction of this Adjudicating Authority. Whether the Applicant has, in fact, established any such ground shall be considered under the subsequent issues.

Issue No. I is accordingly answered in the above terms.

15. Findings on Issue No. (II): Whether the Applicant has established any material irregularity, statutory non-compliance, fraud, collusion or abuse of the CIRP process, including in relation to the alleged diversion of

funds, pre-planning of CIRP and the Transaction Audit, warranting interference by this Adjudicating Authority?

15.1. The principal grievance of the Applicant is that the CIRP was allegedly pre-planned and conducted in collusion to favour the Successful Resolution Applicant and that the financial affairs of the Corporate Debtor, including the alleged diversion/siphoning of funds, were not properly examined. We have, therefore, examined the chronology of the CIRP, the steps undertaken by the Resolution Professional (“RP”), the process followed by the Committee of Creditors (“CoC”).

15.2. The Corporate Debtor was admitted into CIRP on 29.07.2025 pursuant to an application filed by State Bank of India under Section 7 of the Code. Thereafter, in the 5th CoC Meeting dated 09.01.2026, the CoC resolved to re-invite Expressions of Interest with a view to maximising value of the assets and encouraging wider participation. Accordingly, revised Form-G was published on 12.01.2026, with 12.03.2026 as the last date for submission of Resolution Plans, and the final list of eligible Prospective Resolution Applicants was issued on 06.02.2026.

15.3. The record does not disclose any pre-determined Resolution Applicant. Six Resolution Plans were received by 12.03.2026, followed by the Challenge

Mechanism on 31.03.2026 through inter-se bidding amongst the Prospective Resolution Applicants. Thereafter, revised Resolution Plans were called for and submitted, and the RP undertook further scrutiny and due diligence, including examination of eligibility under Section 29A of the Code.

15.4. The aforesaid chronology does not support the allegation of a predetermined arrangement. The participation of multiple Prospective Resolution Applicants, the inter-se bidding process, submission of revised Resolution Plans and their subsequent scrutiny are circumstances which do not support the allegation that the outcome of the CIRP had been predetermined. However, such circumstances cannot, by themselves, be treated as conclusive proof of absence of collusion. The relevant question is whether any specific material has been placed on record establishing such collusion or a prior arrangement. No such material has been demonstrated by the Applicant.

15.5. As regards the allegations concerning diversion or siphoning of funds, the record shows that a Transaction Audit was undertaken involving examination of the books of account, supporting documents and relevant transactions. The RP, along with representatives of the suspended management and the Transaction Auditor, also

visited the factory premises from 23.03.2026 to 02.04.2026 and examined files, registers, vouchers and other records. The books and accounting records available with the Chartered Accountant were also obtained and furnished for examination.

15.6. The audit was not confined to a superficial examination. As recorded in the 8th CoC Meeting dated 15.04.2026, the transactions relevant to Sections 43, 45 and 50 of the Code were examined with reference to the respective statutory requirements and applicable periods. The examination under Section 66 was undertaken separately with reference to the statutory requirements governing fraudulent or wrongful trading and the material available in the books, bank records and other documents. The examination included related-party transactions, directors' personal accounts, internal fund movements, trade transactions and reconciliation with GST records, books of account and explanations furnished by the suspended management.

15.7. Approximately 10–12 transactions were initially identified for detailed examination. Upon receipt and consideration of supporting documents and explanations furnished by the suspended management, the observations were addressed, with certain limited matters involving small

amounts remaining subject to further clarification. The finalisation of the Transaction Audit Report involved further meetings, document review and reconciliation owing to incomplete books and the volume of physical and scanned records.

15.8. In this context, the Hon'ble Supreme Court in **Anuj Jain, IRP for Jaypee Infratech Ltd. v. Axis Bank Ltd. & Ors.**, (2020) 8 SCC 401, has emphasised that the statutory ingredients of the different categories of avoidable transactions must be separately examined. The existence of a transaction falling within one category cannot dispense with proof of the ingredients prescribed for another category. In the present case, the Transaction Audit was undertaken with reference to the relevant statutory provisions and the records made available during the CIRP were examined accordingly.

15.9. Upon consideration of the audit findings, supporting records and explanations, and in consultation with the Transaction Auditor, the RP placed before the CoC his prima facie view that no material evidence indicating fraudulent or wrongful intent had emerged warranting initiation of avoidance transaction proceedings against the suspended management. The Transaction Audit Report was placed before the CoC and was considered in the course of the CIRP.

15.10. We are conscious of the Applicant's allegations of diversion and siphoning of funds. However, such allegations cannot, particularly when relied upon for reopening the insolvency process or directing a further forensic investigation, rest upon mere assertion. The Applicant was required to place sufficient prima facie material identifying the transactions complained of and indicating circumstances which could warrant further examination under the relevant statutory provisions. In the present case, no such sufficient prima facie material has been demonstrated which would warrant displacement of the findings recorded in the Transaction Audit or the consideration undertaken by the RP.

15.11. We further find no cogent material establishing collusion between the RP, CoC, suspended management and the Successful Resolution Applicant or demonstrating that the CIRP was conducted pursuant to a pre-existing arrangement. The participation of six Resolution Applicants, the Challenge Mechanism dated 31.03.2026, submission of revised Resolution Plans and their subsequent evaluation are circumstances which do not support the allegation of a predetermined outcome. However, these circumstances are not, by themselves, conclusive; the Applicant was required to place specific material establishing the alleged

collusion or prior arrangement. No such material has been demonstrated on record.

15.12. Accordingly, in view of the foregoing discussion, the Applicant has failed to establish any material procedural irregularity, statutory non-compliance, fraud, collusion or abuse of the CIRP process warranting interference by this Adjudicating Authority. No sufficient ground has been made out for directing a fresh forensic investigation or reopening the CIRP. **Issue No. II is accordingly answered against the Applicant.**

15.13. The allegation under Section 65 of the Code also does not stand established. Section 65 is attracted where insolvency resolution proceedings are initiated fraudulently or with malicious intent for a purpose other than resolution of insolvency. In the present case, the CIRP was initiated pursuant to the application filed by State Bank of India under Section 7 of the Code and was admitted by this Adjudicating Authority by order dated 29.07.2025. No material has been demonstrated in the present Application to establish that the initiation of such proceedings was fraudulent or malicious within the meaning of Section 65 of the Code. The allegations concerning the subsequent conduct of the suspended management or the proposed Resolution Applicant, without establishing

fraudulent or malicious initiation of the CIRP, cannot by themselves attract Section 65.

16. Findings on Issue No. III: Whether the Applicant has established any disqualification or infirmity in the eligibility of the Successful Resolution Applicant under Section 29A of the Code, including the applicability of Section 240A, or any material suppression or non-disclosure concerning pending criminal proceedings, source of funds or financial capability, so as to affect the validity of the Resolution Plan?

16.1. The Applicant has challenged the eligibility of the Successful Resolution Applicant, Mr. Chandresh Soni, principally on the ground that he was a promoter/suspended director of the Corporate Debtor, that Section 240A was allegedly invoked to circumvent Section 29A, and that there was suppression concerning pending criminal proceedings and the source of funds. We have considered these objections with reference to the CIRP record and dealt in the order dealing with the application filed by the Resolution Professional seeking approval of the Resolution Plan

16.2. It is not in dispute that Mr. Chandresh Soni was a promoter and suspended director of the Corporate

Debtor. The Corporate Debtor, however, was registered as an MSME, bearing Udyam Registration No. UDYAM-GJ-01-0008507 dated 28.08.2020. The Successful Resolution Applicant accordingly claimed the benefit of Section 240A of the Code. The RP, upon examining the Resolution Plan, affidavits, undertakings, declarations and supporting documents, certified that the Successful Resolution Applicant satisfied the applicable requirements of Section 29A, while clauses (c) and (h) were treated as inapplicable by virtue of Section 240A. The certificate further records compliance by the funding partner/supporting financial contributor with the applicable requirements of Section 29A.

16.3. The exemption under Section 240A is limited in its operation. It excludes the applicability of clauses (c) and (h) of Section 29A in relation to a resolution applicant submitting a Resolution Plan in respect of an MSME Corporate Debtor; it does not dispense with compliance with the remaining applicable clauses of Section 29A. Therefore, the eligibility of the Successful Resolution Applicant is required to be examined with reference to the provisions of Section 29A which continue to apply notwithstanding Section 240A.

16.4. The eligibility of the Resolution Applicants was also subjected to scrutiny during the CIRP. The 7th and

8th CoC Meetings record that legal and independent professional due diligence was undertaken with regard to Section 29A eligibility. The 9th CoC Meeting dated 11.05.2026 further records that the Resolution Plans, including that of Mr. Chandresh Soni, were examined for compliance with the RFRP and Section 29A and were found compliant for further consideration.

- 16.5. The Applicant has relied upon the judgment of the Hon'ble Supreme Court in ***ArcelorMittal India Private Limited v. Satish Kumar Gupta & Ors.***, (2019) 2 SCC 1 with regard to Section 29A. The said judgment, inter alia, recognises that antecedent facts may be examined where they disclose an attempt to evade an otherwise applicable disqualification under Section 29A(c). However, in the present case, the Corporate Debtor is an MSME and Section 240A expressly exempts clauses (c) and (h) of Section 29A. The Applicant has not established any arrangement, device or restructuring undertaken for the purpose of circumventing an otherwise applicable statutory disqualification which survives the limited exemption under Section 240A. The said judgment, therefore, does not override the statutory exemption available under Section 240A.

- 16.6. Accordingly, the contention that Section 240A was invoked merely to circumvent Section 29A cannot

be accepted. The Applicant has not demonstrated that the statutory requirements for invocation of Section 240A were not satisfied or that Mr. Chandresh Soni suffered from any disqualification under a clause of Section 29A which remained applicable notwithstanding Section 240A.

16.7. We next consider the allegation regarding suppression of criminal proceedings. The Successful Resolution Applicant has stated in his reply that the pending criminal proceedings were disclosed to the RP by email dated 14.08.2025, along with the complete list of pending cases forming part of the Information Memorandum, and that the Narol FIR was specifically disclosed by email dated 10.11.2025. The said proceedings were also tracked by the CoC in its 3rd, 4th, 5th and 8th meetings.

16.8. Mere pendency of criminal proceedings, by itself, does not automatically establish ineligibility under Section 29A. The relevant question is whether the facts and status of the proceedings satisfy the ingredients of any specific disqualification contained in Section 29A, including the applicable requirements relating to conviction, sentence or other statutory conditions. In the present case, the Applicant has not established that the pending proceedings attracted any applicable disqualification under Section 29A or that any

material information was deliberately suppressed so as to affect the eligibility determination.

- 16.9. The Applicant has also questioned the source and availability of funds for implementation of the Resolution Plan. The Resolution Plan records the affidavit and undertaking of the funding partner confirming availability of funds and commitment to infuse the proposed funding, along with declarations regarding the legitimate source of funds and Section 29A eligibility. The Plan further contains documentary evidence of liquidity, including a bank statement evidencing a balance of Rs.3.61 crore and confirmation from RARE Asset Reconstruction Private Limited regarding release/payment of an ICD of Rs.13.85 crore, along with applicable interest, within the stipulated period.
- 16.10. These funding and liquidity documents formed part of the Resolution Plan and were placed before the CoC while considering the feasibility, viability and implementability of the Plan. The Applicant has not produced specific material demonstrating that the documents placed before the CoC were false, fabricated or otherwise incapable of supporting the proposed funding arrangement. The commercial assessment of the adequacy and viability of such funding, having been considered by the CoC, cannot be substituted by an independent

commercial assessment by this Adjudicating Authority in the absence of a demonstrated statutory violation.

16.11. The RP's compliance certification records his conclusion, upon examination of the Resolution Plan and supporting documents, that the applicable provisions of the Code and CIRP Regulations had been complied with. Such certification forms part of the record and is required to be considered by the Adjudicating Authority along with the other material placed before it. The Successful Resolution Applicant had also furnished the requisite affidavit under Section 30(1) confirming his eligibility under Section 29A, subject to the exemption under Section 240A applicable to the MSME Corporate Debtor.

16.12. The Resolution Plan was thereafter considered by the CoC and approved with 100% voting share. The electronic voting commenced on 14.05.2026 and, after extension of the voting period, the Plan submitted by Mr. Chandresh Soni was approved on 21.05.2026. The RP thereafter filed the application for approval of the Resolution Plan before this Adjudicating Authority on 23.05.2026.

16.13. We are therefore, in the absence of any demonstrated violations of the CIRP procedure or any material irregularity, or non-compliance with

the provisions of the Code or Regulation, unable to accept the Applicant's contention that the Successful Resolution Applicant was rendered ineligible merely because he was a promoter/suspended director of the Corporate Debtor. In the case of an MSME Corporate Debtor, the applicability of Section 240A is a statutory matter and cannot be disregarded merely on account of the Resolution Applicant's connection with the Corporate Debtor. What was required to be established was a disqualification under a provision of Section 29A which continued to apply notwithstanding Section 240A. No such disqualification has been established by the Applicant. Likewise, the material on record indicates disclosure of the criminal proceedings to the RP and their consideration during the CIRP, and no deliberate suppression affecting eligibility has been demonstrated.

- 16.14. On an overall consideration of the record, we find that the eligibility of the Successful Resolution Applicant was subjected to Section 29A due diligence, the applicability of Section 240A was expressly considered, the funding arrangements and financial capability were placed before the CoC, and the Resolution Plan was thereafter approved by the CoC. The Applicant has not produced cogent material sufficient to displace the

contemporaneous record or establish any material statutory infirmity affecting the validity or implementation of the Resolution Plan. The record further indicates that the Operational Creditors were provided the statutory mechanism of representation in the meetings of the CoC.

16.15. At the stage of consideration of the Resolution Plan, the jurisdiction of this Adjudicating Authority is to examine whether the requirements of Section 30(2) of the Code and the applicable CIRP Regulations have been complied with. Such examination includes, inter alia, provision for payment of the insolvency resolution process costs in priority, provision for payment of the debts of Operational Creditors in accordance with Section 30(2)(b), payment to dissenting Financial Creditors in accordance with law, management of the affairs of the Corporate Debtor after approval of the Resolution Plan, implementation and supervision of the Resolution Plan, and compliance with the provisions of law and the requirements prescribed under the Code and the applicable Regulations. On the material placed on record in the present proceedings, no specific statutory non-compliance within the aforesaid parameters has been demonstrated by the Applicant.

16.16. Accordingly, we hold that the Applicant has failed to establish that Mr. Chandresh Soni was ineligible

under Section 29A of the Code, that Section 240A was wrongly or fraudulently invoked, that any criminal proceeding was deliberately suppressed so as to affect his eligibility, or that the source or availability of funds disclosed any material statutory infirmity affecting the Resolution Plan. No specific non-compliance with the requirements of Section 30(2) of the Code has also been demonstrated. **Issue No. III is accordingly answered against the Applicant.**

17. Findings on Issue No. IV: Whether, in view of the findings on the aforesaid issues, the Applicant is entitled to the reliefs sought in the present Application?

17.1. In view of our findings on Issues Nos. I to III, the Applicant has failed to establish any statutory violation, material irregularity or other legally sustainable ground warranting interference with the CIRP or consideration of the Resolution Plan. Consequently, the reliefs sought in the present Application, including the prayer for a fresh forensic audit, further investigation, deferment of consideration/approval of the Resolution Plan and consequential directions, cannot be granted. **Issue No. IV is accordingly answered against the Applicant.** The reliefs sought by the Applicant are consequently rejected.

- 18.** In view of the foregoing discussion and findings recorded hereinabove, the prayers sought by the Applicant in **I.A. No. 1038(AHM) of 2026**, including the prayers for further investigation/forensic audit, examination of the alleged transactions, deferment of consideration/approval of the Resolution Plan and consequential reliefs, are hereby rejected.
- 19.** Accordingly, the **I.A. No. 1038(AHM) of 2026** stands **dismissed** in the aforesaid terms. No order as to costs.

-SD-

SANJEEV SHARMA
MEMBER (TECHNICAL)
Aditi Jain/LRA

-SD-

SHAMMI KHAN
MEMBER (JUDICIAL)