IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.301

IA(Plan)/11(AHM)2026 in CP(IB)/142(AHM)2023

Proceedings under Section 30(6) r/w 31 of the IBC,2016

IN THE MATTER OF:

CA Rahul Shah RP of Rajeshwari Cotspin Limited ....**Applicant**

........**Respondent**

Order delivered on: 06/08/2026

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)
Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet.

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DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

Sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

SJ/ AD /AP

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH (COURT-II)

IA (Plan) 11 of 2026
In
CP (IB) No. 142 of 2023

[Application Under Section 30(6) Read with Section 31 of the IBC, 2016 Read with Regulation 39(4) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016]

IN THE MATTER OF :
CA Rahul Shah
Resolution Professional of
Rajeshwari Cotspin Limited
Having address at: Shop No. 6,
Samprati Residency, Opp. AMC Garden,
Naranpura, Ahmedabad- 380013

...Applicant

Order pronounced on 06.08.2026

Coram:
MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

MR. VELAMUR G. VENKATA CHALAPATHY
HON'BLE MEMBER (TECHNICAL)

Appearance:

For the Applicant	:	Mr. Arjun Padhiyar, Adv.
Resolution Professional	:	CA Mr. Rahul Shah
For the Respondent	:	Mr Harmish Shah, Adv.
State Tax Officer	:	Mr. Hitesh P Vachhani, Adv.
RA	:	Mr. Tirth Nayak, Adv.
EPFO	:	Mr. A.V. Nair, Adv.

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JUDGEMENT

1. The present application has been filed under Section 30(6) read with Section 31 of The Insolvency and Bankruptcy Code, 2016 read with Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 seeking for approval of the Resolution Plan in the CIRP of the corporate debtor i.e. Rajeshwari Cotspin Limited., which has been approved with 100% vote casted in favour by the Committee of Creditors of the Corporate Debtor.

2. The Operational Creditor had filed an insolvency application under Section 9 of the Code for initiation of Corporate Insolvency Resolution Process ("CIRP") against the Corporate Debtor which was admitted vide order dated 17.09.2025 and Mr. Malav Jitendra Ajmera was appointed as IRP. Pursuant thereto, public announcement was made on 23.09.2025 inviting claims. Two claims were received from the secured financial creditors and accordingly the CoC was constituted and thereafter the same was finally reconstituted by the applicant on 26.05.2026. Coc consist

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of following Financial Creditors along with their respective voting shares comprises the CoC:

Sr. no.	Name of Financial Creditors	Nature of claim	Amount Admitted (in Rs.)	Voting Share %
1.	The Mehsana Urban Coperative Bank Ltd.	Secured	15,55,17,108 52/-	50.66
2.	State Bank of India	Secured	15,14,45,126 .00/-	49.34
Total			30,69,62,234 .52	100%

3. The 2nd meeting of the Committee of Creditors (CoC) was convened on 15.11.2025, wherein the CoC resolved to appoint the Applicant as the Resolution Professional (RP) of the Corporate Debtor and to initiate the process for inviting Expression of Interest (EOI). Pursuant thereto, this Tribunal, vide order dated 09.01.2026 passed in IA/1435(AHM)2025 in CP (IB)/142(AHM)2024, confirmed the appointment of the Applicant as RP. In furtherance thereof, the Resolution Professional published Form-G on 17.11.2025 in compliance with Regulation 36A(1) of the CIRP Regulations, and subsequently, in the 4th CoC meeting, the CoC resolved to invite EOIs for giving the Corporate Debtor's plant and machinery on job work.

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4. It is submitted that in the 6th CoC meeting held on 04.02.2026, the Resolution Professional placed the resolution plans received pursuant to Form-G dated 17.11.2025 before the CoC. However, in the 7th CoC meeting held on 16.02.2026, the CoC, with 100% voting, rejected the plans as being below the liquidation value and approved issuance of a fresh Form-G with revised eligibility criteria, which was published on 18.02.2026. Subsequently, in the 8th CoC meeting held on 25.02.2026, the CoC took note of the enquiries received pursuant to the fresh Form-G and approved a job work arrangement of the Corporate Debtor's factory with Bhavna Textile Industries.

5. It is submitted that in the 9th CoC meeting held on 12.03.2026, the CoC took note of the valid EOIs received, approved the provisional list of Prospective Resolution Applicants, the Request for Resolution Plan (RFRP), and the Evaluation Matrix. As the CIRP period was nearing expiry while the resolution plan process was still underway, the CoC, with 100% voting share, resolved to seek an extension of the CIRP by 90 days, which was allowed by this Tribunal

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vide order dated 24.03.2026 passed in IA/450(AHM)2026 in CP (IB) No. 142(AHM)2023.

6. It is submitted that in the 10th CoC meeting held on 15.04.2026, the CoC approved disclosure of the fair value in the Information Memorandum in compliance with the CIRP Regulations. In the 11th CoC meeting held on 29.04.2026, the CoC considered 12 resolution plans received from the Prospective Resolution Applicants and directed them to submit revised financial offers. Thereafter, in the 13th CoC meeting held on 21.05.2026, the CoC resolved to conduct an inter se bidding process through the challenge mechanism for price discovery, which was held on 26.05.2026. In the 14th and final CoC meeting held on 04.06.2026, the CoC was apprised of the outcome of the challenge mechanism, considered the four final resolution plans received after withdrawal by the remaining PRAs, and, upon deliberating their feasibility and viability, resolved to place the plans for e-voting from 06.06.2026 to 11.06.2026. The Resolution Professional also placed before the CoC the evaluation scores of the resolution applicants

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as determined in accordance with the approved Evaluation Matrix as under;

Sr No	Name of the Resolution Applicant	Financial Offer (Rs in Crores)	Score as per Evaluation Matrix (100 Marks)
1	Shanti Spintex Pvt Ltd & Sanjay Pungalia	32.25	79.41
2	Vijaya Pathak	34.30	79.48
3	Resurgent India Limited	21.00	30.84
4	Vishal Spintex	34.78	77.69

7. It is submitted that the members of CoC through e-voting which concluded on 11.06.2026 with maximum 100% majority votes approved the resolution plan as submitted by M/s. Vishal Spintex. Thereafter, Letter of Intent dated 11.06.2026 was also issued by the applicant.

8. Relevant extract of the resolution is reproduced hereunder:-

RESOLVED THAT the Final Resolution plan dated 30-05-2026 submitted by Vishal Spintex to the Resolution Professional, is hereby approved by the Committee of Creditors u/s 30(4) of the IBC, 2016 and Regulations thereto. RESOLVED FURTHER THAT the Resolution Professional be and is hereby authorized to submit the Final Resolution Plan dated 30-05- 2026 as approved by the Committee of Creditors to the Adjudicating Authority as per the provisions of section 30(6) of the IBC, 2016and Regulations thereto."

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9. The Applicant submitted that the approved resolution plan contemplates a total resolution plan amount of Rs. 34,78,70,000/- at Net Present Value of Rs. 34,55,00,000/- within 90 days from effective date. That the key features/financial proposal of the final resolution plan as submitted by Vishal Spintex and further approved by the members of CoC with 100% majority votes are as under: -

(in Rs.)

10. The proposed total outlay by the Resolution Applicant as part of Resolution Plan to revive operations of the Corporate Debtor is as under:

Sr. No	Stakeholder Type	Sub-Category of Stakeholder	Amount Admitted	Amount Provided under the Plan	Amount Provided to the Amount Claimed (%)
1.	Secured Financial Creditors	Creditors not having a right to vote under subsection (2) of section 21 - Dissenting - Assenting	 NIL 306962234	 NIL 305443386	 100%
2.	Unsecure				

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	d Financial Creditors	Creditors not having a right to vote under subsection (2) of section 21 (- Dissenting - Assenting	NIL	NIL	-
3.	Operational Creditors	(i) Government	NIL	NIL	NIL
		(ii) Workmen -PF dues -Other dues	1,395.00	1395.00	100%
		(iii)Employees PF dues Other dues	NIL	NIL	NIL
		(iv)Other Operational creditors	10,62,67,814	36925219	
4.	Other debts and debts		115,589,577	NIL	0.00
5.	Shareholders		NIL	NIL	NIL
	CIRP Cost		55,00,000/-		-
		Grand Total	528821021	347870000	65.78%

11. It is Submitted that within 30 Days from the Effective Date, the Resolution Applicant or its Nominees shall contribute an amount of Rs. 19,78,70,000/- as Upfront Cash. It shall be infused by the Resolution Applicant as a mix of Equity

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Share Capital or/and Preference Share Capital or/and loans or other instruments.

12. The Resolution Plan provides that on the Effective Date, the entire existing issued, subscribed and paid-up equity share capital of the Corporate Debtor comprising 1,81,86,949 equity shares of Rs. 10 each shall stand cancelled and extinguished without any consideration to the existing shareholders, as the value of the Corporate Debtor is insufficient to satisfy the claims of the Financial and Operational Creditors in accordance with the priority prescribed under Section 53 of the IBC. It is further provided that such cancellation and reduction of share capital shall take effect pursuant to the NCLT Approval Order without any further act, instrument or deed and shall be deemed to be in compliance with Section 66 and other applicable provisions of the Companies Act, 2013.

13. The Resolution Plan provides that the authorised share capital of the Corporate Debtor shall remain Rs. 20,00,00,000, divided into 2,00,00,000 equity shares of Rs. 10 each. Upon extinguishment of the existing share capital, 50,00,000 new equity shares of Rs.10 each, aggregating to

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a paid-up share capital of Rs. 5,00,00,000, shall be issued and allotted to the Resolution Applicant and/or its nominees as part of the upfront cash infusion of Rs. 19,78,70,000, with the amount exceeding the face value of the shares being treated as an unsecured loan.

14. It is submitted that clause 4.2 provides for source of funds which is as under: -

S. No.	**Particulars**	**Amount**
	Source of Funds	
1	Equity Share Capital (RA or Investors)	5,00,00,000/-
2	Unsecured loan from directors or their relatives & associate companies/firm or investors	29,78,70,000/-
	Total	34,78,70,000/-

15. The Applicant submitted that the Upfront & Deferred cash and any subsequent Working Capital and Capital Expenditure infusion may be managed through Special Purpose Vehicle (SPV) to be incorporated (as per requirement, not mandatory). SPV / RA will raise funds by way of equity, personal loans, Inter-corporate Deposits and/or investors. The Resolution applicant may incorporate SPV as per the requirement to raise monies as stated hereinabove to meet the requirements of funds for

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the payments to stakeholders including deferred cash by way of raising working capital or meet the capex requirements of the Corporate Debtor as set out in the Resolution Plan.

16. It is submitted that as per Clause 5.1, the supervision of the resolution plan shall be conducted by the Monitoring Committee comprising of the Resolution Professional as a Chairman, one representative of CoC and one member nominated by the Resolution Applicant. The applicant has produced Form H on record, Fair value of the Corporate Debtor is Rs. 34,51,91,463/- and the Liquidation Value is Rs. 23,86,68,948/-. As per the Resolution Plan, the monitoring committee shall comprise Resolution Professional as a Chairman, one representative of CoC and one member nominated by the Resolution Applicant.

17. The Applicant submitted that the prospective resolution applicant had submitted an Affidavit under Section 29A of the Code. Further submitted that the Applicant has received 5% of the total offered amount as an EMD i.e. Rs. 1,73,93,500/- and Rs 10,00,000/- alongwith EOI as per

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given below table from the Resolution Applicant namely Vishal Spintex :

Sr No.	Date	Amount(Rs)	Payment Mode
1	01-Apr-26	1000000.00	RTGS
2	23-Apr-26	12500000.00	RTGS
3	30-May-26	4893500.00	RTGS
Total		18393500.00	

18. Further submitted that the resolution applicant has also submitted a performance security as mandated under sub-regulation (4A) of regulation 36 B of the CIRP Regulation, 2016 as per approved minimum eligibility criteria.

19. It is submitted that Net Worth Certificate of Resolution Applicant as on 31.03.2025 of Mr. Vishal Balvantrai Agrawal is Rs.17055.85 Lacs, Mr. Vinay Ramkumar Agarwal is Rs. 15601.74 Lacs and Mr. Balvantrai Ramkumar Agarwal is Rs. 16495.13 Lacs. The Successful Resolution Applicant filed written submission.

20. The Respondent–EPFO filed reply and opposed the approval of the Resolution Plan and submitted that the Resolution Professional has wrongly admitted only Rs. 1,395/- against its statutory claim of Rs. 4,58,42,794/-

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towards provident fund and allied dues and has illegally treated such dues as operational debt liable to haircut and extinguishment under the Resolution Plan. It was contended that provident fund dues are statutory trust dues excluded from the assets of the Corporate Debtor and cannot be compromised under the provisions of the EPF Act, 1952 and the Insolvency and Bankruptcy Code, 2016. The Respondent further submitted that IA No. 9(AHM)/2026, challenging the rejection/reduction of its claim, is pending adjudication and has been recorded as *sub judice* in the Information Memorandum. It was contended that the Resolution Plan itself acknowledges that any claim admitted pursuant to the outcome of the said application shall be paid in full, thereby recognising that the treatment of EPFO dues is subject to the adjudication of IA No. 9(AHM)/2026 and cannot be finally compromised under the present Resolution Plan.

21. Income Tax has filed its report and submitted that no demand is outstanding and no assessment proceedings is pending in the case of Rajeshwari Cotspin Limited,

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Ahmedabad as per verification of ITBA and CPC portal. However, assessee has not filed ITR for A.Y. 2025-26.

22. The Applicant filed rejoinder and denied the objections raised by the EPFO and submitted that the issues raised therein are already the subject matter of IA No. 9(AHM)/2026, which is reserved for orders. The State Tax Department filed its reply submitting that it has no independent claim against the Corporate Debtor in the present proceedings. It was contended that any dues, if payable, fall exclusively within the jurisdiction of the Office of the Superintendent, CGST & Central Excise, Ahmedabad North Commissionerate, which is the competent authority to lodge and pursue the claim before the Resolution Professional. The State Tax Department further submitted that its affidavit has been filed only to place the correct factual and jurisdictional position on record and sought liberty to file additional submissions, if required.

23. In view of above, we observe that the Resolution Plan submitted by M/s. Vishal Spintex complies with the provisions of IBC, 2016. The Resolution Plan is in compliance of the provisions and we are satisfied in respect

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of the same. We find that the Resolution Plan has been approved with 100% voting share and is above the mandatory requirements and apparently from documents complies with provisions of IBC 2016. As per the CoC, the plan meets the requirement of being viable and feasible for the revival of the Corporate Debtor and equal proportionate share has been given to all claimants. On perusal of the documents on record, we are also satisfied that the Resolution Plan is in accordance with sections 30 and 31 of the IBC and also complies with regulations 38 and 39 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

24. It is observed that the objection raised by the EPFO regarding rejection/reduction of its claim no longer survives for consideration in the present proceedings. IA No. 9(AHM)/2026 preferred by the EPFO challenging the decision of the Resolution Professional has already been adjudicated and dismissed by this Tribunal vide order dated 03.08.2026.

25. Hence, we pass the following order

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ORDER

I. Application is allowed.

II. The approved 'Resolution Plan' shall become effective from the date of passing of this order.

III. The order of moratorium passed by this Adjudicating Authority under Section 14 of IBC, 2016 shall cease to have effect from the date of this order.

IV. The Resolution Plan so approved shall be binding on the Corporate Debtor and its employees, members, creditors, guarantors and other stakeholders involved in the Resolution Plan.

V. The monitoring committee as proposed in the resolution plan shall be constituted for supervising the effective implementation of the Resolution Plan and continue till the payment plan is fully realised and is distributed.

VI. The Resolution Professional, CA Rahul Shah, shall be released from the duties of the Resolution Professional of the Corporate Debtor as per the provisions of the IBC, 2016 and rules/regulations made thereunder, from the date of this order.

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VII. The Resolution Professional shall forward all records relating to the conduct of the corporate insolvency resolution process and approved Resolution Plan to the Insolvency and Bankruptcy Board of India to be recorded in its database.

VIII. As regards various reliefs and concessions which are being sought, we hereby grant the following reliefs and concessions only as against reliefs and concessions claimed by the resolution applicant.

IX. After the payment of the dues to the creditors, as per the resolution plan, all the liabilities/claims of the said stakeholders shall stand extinguished and other claims including Government/Statutory Authority, whether lodged during CIRP or not, shall stand extinguished after approval of the resolution plan.

X. From the date of this order, all claims against the Corporate Debtor, except those provided in the plan of the Corporate Debtor stand extinguished as sought in terms of clause 7 of the Plan.

XI. From the date of this order, all encumbrances on the assets of the Corporate Debtor before the Resolution Plan

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shall stand extinguished. No reliefs and concessions are granted to guarantee if any issued by the suspended management in an individual capacity to any of the creditors.

XII. For reliefs and concessions sought from the Government / Statutory Authorities, we direct the resolution applicant to approach the concerned Authorities. The concerned Authorities are to consider and decide the matter as per applicable provisions of law for effective implementation of the Resolution Plan.

XIII. As regards reliefs prayed under various provisions of the Income Tax Act, 1961, the Corporate Debtor/ Resolution Applicant may approach the Income Tax Authorities who shall take a decision on relief and concessions sought by the resolution applicant in accordance with the provisions of the Income Tax Act, 1961.

XIV. The Resolution Applicant shall be entitled to review, revise or terminate any appointments / agreements / understanding entered into by or on behalf of the Corporate Debtor in accordance with the terms and conditions of such agreements / MoU's /contracts.

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XV. The management of the Corporate Debtor shall be handed over to the Board of Directors as may be nominated by the SRA for the proper running of the operations /business of the Corporate Debtor.

XVI. The Board of Directors of the Corporate Debtor shall also be reconstituted and procedural compliances shall be done to give effect to such reconstitution.

XVII. The SRA shall, pursuant to the Resolution Plan approved under Section 31(1) of the Code, obtain necessary approvals required under any law for the time being in force within a period of one year from the date of approval of the Resolution Plan vide this order or within such period as provided for in such law, as the case may be.

XVIII. With respect to the grant of license/ Government approval, if the license or approval is terminated, suspended or revoked, the resolution applicant may approach the concerned Department/ Authorities for such approval/ renewal and Government Authorities may consider the request of the resolution applicant as per applicable provisions of law for effective implementation of the resolution plan.

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XIX. A certified copy of this order be issued to all concerned parties upon compliance of all requisite formalities.

XX. Accordingly, I.A.(Plan)No./11(AHM)/2026 in CP (IB) No.142/(AHM)/2023 is disposed of.

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DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

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CHITRA HANKARE
MEMBER (JUDICIAL)

KJ-LRA