NATIONAL COMPANY LAW TRIBUNAL
COURT-V, MUMBAI BENCH

3. IA(LIQ.)/27/2024 C.P. (IB)/4356(MB)2019

IN THE MATTER OF

Jayprabhu Industries LLP
VS
Mudra Denim Pvt ltd

U/s 9 of the Insolvency and Bankruptcy Code, 2016

Order Delivered on Order Delivered on 04.09.2026

CORAM:

MS. LAKSHMI GURUNG MEMBER (J)	SH. CHARANJEET SINGH GULATI MEMBER (T)

Appearance through VC/Physical/Hybrid Mode:

For the Petitioner:

For the Respondent:

ORDER

IA(LIQ.)/27/2024: The above is listed for pronouncement of the order. The same is pronounced in open court, vide a separate order.

Sd/- CHARANJEET SINGH GULATI Member (Technical) *//Rahul//*	Sd/- LAKSHMI GURUNG Member (Judicial)

NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, V

IA (LIQ) NO. 27 OF 2024

IN

CP (IB) NO. 4356 of 2019

Section 33(1) read with Section 33(2) of the Insolvency and Bankruptcy Code, 2016

IN THE MATTER OF

Mr. Jayanti Lal Jain

Resolution Professional of M/s Mudra Denim Pvt. Ltd.

Having address at: 708, Raheja Centre, 7th Floor, Nariman Point, Mumbai – 400021

… Applicant

IN THE ORIGINAL MATTER OF

M/s Jayprabhu Industries LLP.

… Operational Creditor

Versus

M/s Mudra Denim Pvt. Ltd.

… Corporate Debtor

Order Delivered on: 04.09.2026

Coram:

Ms. Lakshmi Gurung	Sh. Charanjeet Singh Gulati
Member (Judicial)	Member (Technical)

Appearance through VC/Physical/Hybrid Mode:

For the Applicant: - Adv. Amit Tungare a/w Adv. Prathmesh Nirkhe i/b Ajahi Legal (PH)

ORDER

IA (IBC) NO. 27 OF 2024

1. The present Interlocutory Application has been filed on 09.02.2024 (refilled on 04.04.2024) by Mr. Ram Ratan Kanoongo under Section 33(1) read with Section 33(2) of the Insolvency and Bankruptcy Code, 2016 ('**IBC/the Code**') with the following prayers:
    a. *Consider the present IA of 2024 under provision of Section 33(1) read with Section 33(2) of the Insolvency and Bankruptcy Code, 2016 for Liquidation of the Corporate Debtor;*
    b. *Appoint Mr. Prashant Jain having registration number IBBI/IPA001/IP-P01368/2018-19/12131 as the Liquidator of the Corporate Debtor under Section 33(2) of the Code;*
    c. *Direct the Registry to communicate this order to the Registrar of Companies, Mumbai and to the Insolvency and Bankruptcy Board of India (IBBI), New Delhi;*
    d. *Consider declaring under Section 31(3)(a) of the Code that Order of Moratorium passed under Section 14 of the I&B Code, 2016 shall cease to have effects and a fresh moratorium under Section 33(5) shall commence;*
    e. *Consider that this order is deemed to be a notice of discharge to the officers, employees and the workmen of the Corporate Debtor as per Section 33 (7) of 1&B Code, 2016;*

f. *Consider that no suit, prosecution or other legal proceeding shall lie against the Applicant being the Insolvency Professional for anything done or intended to be done in good faith under Section 233 of the Code;*

g. *Issue such other orders as the Hon'ble Tribunal may deem fit.*

2. Vide order dated 03.07.2026 passed in IA No. 2702/2026, this Tribunal allowed the substitution of the original Resolution Professional, Mr. Ram Ratan Kanoongo, upon his demise. Pursuant to the unanimous decision taken in the Joint Lenders' Meeting held on 24.03.2025, Mr. Jayanti Lal Jain was nominated as the Resolution Professional of the Corporate Debtor. Accordingly, Mr. Ram Ratan Kanoongo was substituted by Mr. Jayanti Lal Jain as the Resolution Professional of the Corporate Debtor.

Brief of the Application:

3. The Corporate Insolvency Resolution Process ('**CIRP'**) of M/s Mudra Denim Pvt. Ltd. ('**Corporate Debtor'**) was initiated by this Tribunal vide order dated 14.10.2022 in CP (IB) NO. 4356 of 2019 under Section 9 of the Code ('**said order'**) filed by M/s Jayprabhu Industries LLP ('**Operational Creditor'**). Pursuant to the said order, Mr. Paresh Chandulal was appointed as the Interim Resolution Professional ('**IRP**') of the Corporate Debtor.

4. Pursuant thereto, the IRP made a Public Announcement in Form A, in terms of Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, on 01.11.2022, inviting claims from the creditors of the Corporate Debtor on or before 16.11.2022.

5. Upon receipt of claims, the Applicant constituted Committee of Creditors ('**CoC**') of the Corporate Debtor, comprising the following members:

Sr. No.	Financial Creditor	Amount Claimed (in Rs. Crs)	Amount Admitted (in Rs. Crs)	Voting Share (%)
	Secured Creditors			
1.	IDBI Bank	104.21	104.21	46.71
2.	Indian Bank	72	72	32.27
3.	Punjab National Bank	46.67	46.67	20.91
	Unsecured Creditor			
4.	Bharatiya Fincom Pvt. Ltd. (assignment from Edelweiss Finance	0.39	0.25	0.11
	Total	**223.27**	**222.88**	**100**

6. In the 1st CoC meeting held on 25.11.2022. Mr. Ram Ratan Kanoongo was appointed as Resolution Professional (‘**RP**’) by the CoC with 68.9% voting share. Consequent thereto, the Mr. Ram Ratan Kanoongo was formally appointed as the RP of the Corporate Debtor vide order dated 23.01.2023.

7. The Applicant submits that it received a total of 15 claims from the Operational Creditors, aggregating to Rs. 19.38 Crores, out of which claims aggregating to Rs. 13.93 Crores were admitted. Further, the Applicant appointed two registered valuers for valuation of all the assets of the Corporate Debtor.

8. It is submitted that the Form G was published on 01.03.2023 in Economic Time (English), Navshakti (Marathi) and Sandesh (Gujarati), inviting Expressions of Interest (‘**EoI**’) from Prospective Resolution Applicants (‘**PRAs**’) on or before 16.03.2023.

9. In the 11th CoC Meeting held on 07.06.2023, the Applicant placed before the CoC the only Resolution Plan received from M/s. Proma Industries Limited. The CoC observed that, since only one Resolution Plan had been received, the objective of value maximisation may not be achieved and

decided to run a fresh EoI process and return the Resolution Plan submitted by M/s. Proma Industries Limited. The Applicant further informed the CoC that two entities, namely, M/s. Arvind Limited and M/s. Shree Siddhivinayak Cotspin Limited, had approached him for consideration of their EoIs. However, their EoIs could not be considered in view of the applicable IBBI Regulations. Thereafter, M/s. Arvind Limited filed IA No. 2183 of 2023 before this Tribunal seeking permission to submit a Resolution Plan. Vide order dated 01.02.2024 passed in the I.A. No. 2183 of 2023, the application was disposed of as infructuous, in view of the submission made by the RP that the applicants (Arvind Limited) had already withdrawn from the resolution process.

10. Pursuant to the said meeting, the Applicant republished Form G on 08.06.2023 inviting EoI from PRAs on or before 23.06.2023. Subsequently, the Applicant received Resolution plans from three PRAs, namely, M/s. Proma Industries Ltd. in consortium with Scottish Lifestyle Pvt. Ltd., Arvind Limited and Mr. Arman Agarwal (Promotor of the Corporate Debtor).

11. The Applicant submits that discussions and deliberations between PRAs and CoC during the 12th to 17th meeting, convened between 03.07.2023 and 08.12.2023.

12. The Applicant submits that, during the 18th CoC Meeting held on 13.12.2023, he apprised the CoC of the status of the Resolution Plans. It was informed that the PRAs, namely, M/s. Proma Industries Limited in consortium with M/s. Scottish Lifestyle Private Limited and Mr. Arman Agarwal, had failed to deposit the requisite EMD of Rs. 1 Crore. After due deliberation, the CoC decided not to grant any relaxation from the terms of the RFRP and directed the Applicant not to place the Resolution Plans for

voting. Accordingly, the Resolution Plans, being non-responsive to the terms of the RFRP, stood rejected. In the said meeting, the CoC resolved to initiate the liquidation process of the Corporate Debtor, with 99.89% voting share.

13. Additionally, the following mandatory requirements were also approved and voted with 99.89% in favour during the 18th CoC Meeting:

> *"**Resolution No. 2 - To finalise the plan for meeting the Liquidation Cost***
>
> ***RESOLVED THAT** pursuant to Regulation 39B of IBBI (CIRP) Regulations, 2016, the Committee of Creditors has estimated the cost of Rs. 25 lacs for the 1st 6 months of liquidation and the same will be paid by the CoC in line their current voting share and shortfall if any will be addressed during the liquidation process.*
>
> ***Resolution No. 3 – To explore the possibility of Compromise or arrangement***
>
> ***RESOLVED THAT** pursuant to Regulation 39BA of IBBI (CIRP) Regulations, 2016, the Committee of Creditors has decided to explore the possibility of compromise or arrangement during the period the application to liquidate the CD is pending before the NCLT.*
>
> ***Resolution No. 4 – To approve the sale of CD as a going concern***
>
> ***RESOLVED THAT** pursuant to Regulation 39C of IBBI (CIRP) Regulations, 2016, the Committee of Creditors has decided to allow the Liquidator to sale the CD as a going concern as per under Regulation 32(e) of the IBBI (Liquidation Process) Regulations, 2016."*

14. In the 19th CoC meeting held on 18.01.2024, the CoC deliberated upon the appointment of a Liquidator for the Corporate Debtor. Thereafter, on the said meeting, the CoC with 99.89% voting share approved the appointment

of **Mr. Prashant Jain** (IBBI Registration No. IBBI/IPA-001/IP-P01368/2018-19/12131) as the Liquidator of the Corporate Debtor. The proposed liquidator furnished his written consent in Form AA on 07.02.2024 to act as Liquidator of Corporate Debtor. His Authorization for Assignment ('AFA') is valid upto 31.12.2026.

Analysis & Findings

15. Heard Ld. Counsel for the Applicant and perused documents available on the record.

16. It is noted that, in the 18th CoC Meeting held on 13.12.2023, the CoC, with 99.89% voting share, resolved to initiate liquidation of the Corporate Debtor on the ground that the PRAs namely, M/s. Proma Industries Limited in consortium with M/s. Scottish Lifestyle Private Limited and Mr. Arman Agarwal had failed to deposit the requisite EMD of Rs. 1 Crore and the CoC declined to relax the terms of the RFRP. Accordingly, the Resolution Plans stood rejected as non-responsive.

17. The present Application seeking liquidation of the Corporate Debtor has been filed under Section 33(1) read with Section 33(2) of the Insolvency and Bankruptcy Code, 2016. In view of the resolution passed by the CoC with 99.89% voting share at its 18th meeting held on 13.12.2023, approving the initiation of liquidation proceedings, the provisions of Section 33(2) of the Code are clearly attracted. The relevant extract of Section 33 of the Code is reproduced hereinbelow for ready reference:

> *"**Section 33 - Initiation of liquidation***
>
> *(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*

approved by not less than sixty-six percent of the voting share to liquidate or dissolve the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) to liquidate (ii), (iii), (iv) and (v) of clause (b)of sub-section (1) or a dissolution order under subsection (2A) of section 54, as the case may be.

[Explanation- For the purposes of this sub-section, it is hereby declared that the committee of creditors may take the decision to liquidate or dissolve the corporate debtor, any time after its constitution under sub-section (1) of section 21 and before the confirmation of the resolution plan, including at any time before the preparation of the information memorandum.]"

18. In the facts and circumstances of the case and discussions herein above, this bench of the considered opinion that the present Interlocutory Application is in consonance with Section 33(2) of the Code. Therefore, we deem it just and proper to order the liquidation of the Corporate Debtor in the manner laid down in Chapter III of Part II of the Code considering the fact that the CoC passed a resolution for initiation of the liquidation proceedings of the Corporate Debtor with 99.89% voting share, as the Resolution Plans stood rejected as non-responsive. Therefore, the following order is passed in **I.A. (Liq.) No. 27 of 2024 in C.P. (IB) No. 4356 of 2019**:

ORDER

a. The Corporate Debtor, **M/s Mudra Denim Pvt. Ltd** is directed to be liquidated in accordance with the provisions of Chapter III of Part II of the Code and applicable regulations. Consequently, the Applicant/RP stands relieved subject to procedural/necessary compliances under Section 34(5) of the Code.

b. As proposed by the CoC, we hereby appoint, **Mr. Prashant Jain,** bearing Registration No. **IBBI/IPA-001/IP-P01368/2018-19/12131,** having address at 708, Raheja Centre, 7th Floor, Nariman Point, Mumbai – 400021**,** Email id: ipprashantjain@gmail.com , having AFA valid upto 31.12.2026, to act as the Liquidator in terms of Section 34 of the Code.

c. That the Liquidator shall initiate the liquidation process as envisaged under Chapter III of Part II of the Code and the Liquidation Process Regulations applicable on the date of passing of this order. He shall take control of all the assets of Corporate Debtor and also continue or institute proceedings in respect of an avoidance transactions or fraudulent or wrongful trading, if any, as per section 35(1)(l) of the Code.

d. The liquidator for conduct of the Liquidation proceedings will be entitled to the fees as per the Regulation 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, applicable on the date of passing of this order.

e. The Committee of Creditors constituted under section 21 shall continue to function during the liquidation process as per Regulation 8 of the IBBI (Liquidation Process) Regulations, 2016.

f. A fresh moratorium shall commence under Section 33(1)(iv) of the Code.

g. The Liquidator shall issue public announcement stating that the Corporate Debtor is in liquidation.

h. 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.

i. The Liquidator shall submit a Preliminary Report to the Adjudicating Authority within 30 days from the liquidation commencement date as per Regulation 13 of the Insolvency and Bankruptcy (Liquidation Process) Regulations, 2016. The Liquidator shall also submit progress reports as per Regulation 15 of the Liquidation Process Regulations.

j. The Liquidator is hereby authorised to represent the Corporate Debtor before the Government Authorities, if required.

k. Registry shall furnish a copy of this Order within seven days from the passing of this Order to the following:

    i. Insolvency and Bankruptcy Board of India;
    ii. Regional Director (Western Region), Ministry of Corporate Affairs;
    iii. Registrar of Companies, Mumbai-I;
    iv. Official Liquidator attached to Bombay High Court;
    v. Erstwhile Resolution Professional, Mr. Jayanti Lal Jain;
    vi. Liquidator, Mr. Prashant Jain.

19. Accordingly, the I.A. (LIQ.) No. 27/2024 is **allowed** in above terms and stands **disposed of**.

Sd/- **Sd/-**

Charanjeet Singh Gulati **Lakshmi Gurung**

Member (Technical) Member (Judicial)

Saumya - LRA