



IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.301

IA(Plan)/10(AHM)2025 in C.P.(IB)/138(AHM)2024

Proceedings under Section 30(6) & 31 of the IBC,2016

IN THE MATTER OF:

Rahul Shah RP of Dharti Cotton Private Limited

.....Applicant

.....Respondent

Order delivered on: 10/11/2025

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)

Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed before pronouncement of order.

The order is pronounced in open court vide separate sheet.

Sd/-

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

Sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

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

**IA (Plan) No. 10 of 2025
in
CP (IB) No. 138/NCLT/AHM/2024**

*(An application filed under Section 30 r.w. Section 31 of the IBC, 2016
r.w. Regulation 39(4) of the IBBI (IRCP) Regulations, 2016)*

In the matter of:

Rahul Shah
Resolution Professional of
Dharti Cotton Private Limited
Having office at: 20, Sudershan Society,
Part 2, Near Naranpura Bus Stop,
Naranpura, Ahmedabad - 3800

In the matter between:

Raj Radhe Finance Limited

....Financial Creditor

Versus

Dharti Cotton Private Limited

... Corporate Debtor

Order pronounced on 10.11.2025

Coram:

**MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)**

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

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Present:

For the Applicant : Mr. Monaal Davawala, Adv.
RP : CA Rahul Shah

JUDGEMENT

1. This is an application filed under Section 30 read with Section 31 of the Insolvency and Bankruptcy Code, 2016 (herein after referred to as "IBC") for approval of resolution plan submitted by Resolution Applicant- Sonal Sumit Mehta for the Corporate debtor- M/s Dharti Cotton Private Limited.
2. The financial creditor had filed an insolvency application under Section 7 of the Code for initiation of Corporate Insolvency Resolution Process ("CIRP") against the Corporate Debtor which was admitted *vide* order dated 25.10.2024 and whereby the applicant was appointed as IRP. The public announcement inviting the claims from creditors of the Corporate Debtor was made in Form-A on 27.10.2024 wherein the last date for submission of claims was 11.11.2024.
3. It is stated that after receiving the claims, the IRP constituted the final Committee of Creditors ("CoC") on 14.11.2024 comprising of sole Financial Creditor, viz, Raj Radhe Finance Limited. The claim amount of

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Rs.2,89,35,873/- was admitted from the Operational Creditors (Govt. Dues).

4. The RP published Form G on 28.11.2024 wherein the last date of receiving EoI was 13.12.2024. The applicant received final resolution plan from 1 PRA, ie. Sonal Sumit Mehta on 28.02.2025 and further addendum on 05.03.2025. In 5th meeting of COC held on 07.03.2025, the Resolution Plan from the same PRA was placed before the CoC and informed that the plan is in compliance of Regulation 37 and 38. The CoC further discussed the proposed plan on feasibility and viability and approved the said Resolution Plan by 100% voting share in accordance with Regulations 39(3), 39(3B), 39B, 39C, 39D of the CIRP Regulations, 2016.
5. The applicant has also submitted declaration by the Successful Resolution Applicant by way of affidavit under Section 29A of the IBC. The successful resolution applicant has deposited EMD amount of Rs.4,30,000/- from time to time including Rs.1,05,000/- towards performance security as mandated under Regulation 36B[4A] of CIRP Regulations, 2016. The resolution applicant also sought certain reliefs

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and concessions. As per form-H list of financial creditors are as under: -

(in Lacs)

Name of financial creditor (unsecured)	COC % of Voting Share	Total Claimed Rs.	Claim Admitted
Rajradhe Finance Limited	100%	1696.99	1696.99
TOTAL	100%	1696.99	1696.99

6. Amount provided for stakeholders as per the Regulation 38A of the CIRP Regulation is as under: -

(Amount in Rs.(lacs))

SI. No	Category of Stakeholder*	Sub-Category of Stakeholder*	Amount Claimed	Amount Admitted	Amount Provided under the Plan	Amount Provided to the Amount Claimed (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	CIRP Cost			0	10	At actual(s)
2.	Secured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	0	0	0	0
		(b) Other than (a) above:				
		(i) who did not vote in favour of the resolution Plan	0	0	0	0
		(ii) who voted in favour of the resolution plan	1696.99	1696.99	0.35	0.03
		Total[(a)+(b)]	0	0	0	0
3.	Unsecured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	0	0	0	0

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		(b) Other than (a) above: (i) who did not vote in favour of the resolution Plan (ii) who voted in favour of the resolution plan	0	0	0	0
			0	0	0	0
4.	Operational Creditors	(a) Related Party of Corporate Debtor	NA	NA	NA	NA
		(b) Other than (a) above:				
		(i) Government	289.30	289.30	0.10	0.03
		(ii) Workmen	0.05	0.05	0.05	100
		(iii) Employees	0	0	0	0
		(iv) Others	0	0	0	0
5.	Other debts and dues	Nil	0	0	0	0
GRAND TOTAL			1986.34	1986.34	10.50	0.53%

7. The SRA proposed to pay the amount provided under the plan within 90 days from the effective date. The source of funding is stated to be from its own funds i.e. Liquid Funds, internal accruals.
8. As per Resolution Plan, the monitoring committee shall comprise of one representative of the Financial Creditor, one of Resolution Applicant and Resolution professional. The Resolution Professional shall continue as Chairman of the Monitoring Committee. There is no PUFÉ application filed or pending. There has been no objection to the claim received as per records.

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9. Since, the resolution plan is approved by the COC with requisite majority under the law we only have to consider whether plan is complying the provision of 30(2) of the IBC read with Regulation 38 and 39 of the IBC (insolvency resolution process of corporate persons) Regulations, 2016.
10. We observe that the fair value and liquidation value of the Corporate Debtor have been stated as NIL as per Form-H. Further, the RP has not disclosed complete information regarding the CIRP process and the status of assets recoverable. The record does not show the steps taken by the RP from invitation of EoI till presentation of the final Plan before the CoC, thereby affecting transparency and completeness of the process. It is further observed that the plan does not classify or specify allocation to individual statutory authorities except EPFO. Such unclassified allocation is not in compliance with Section 30(2)(b), nor does it provide satisfaction of claims in an identifiable or transparent manner.

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11. The Resolution Plan lacks an evaluation framework and feasibility and viability assessment. The notices to the other creditors have not been served and the Central Excise Department, Income Tax department and other regulatory operational creditors did not attend any meeting. It is observed RP has not sought liquidation due to absence of any tangible value as submitted, without giving a status note on the assets recoverable and the total liabilities, a proper assessment of assets including transactions which emanated due to diversion of funds have not been properly evaluated, and submitted a plan which deserves to be rejected as it does not comply with Sec 30(2) (b) of the IBC 2016.
12. In light of the above, we are of the view that the Resolution Plan is not compliant with Section 30(2) of the Code and the applicable CIRP Regulations. The Plan also does not demonstrate the revival capability of the Corporate Debtor.

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Hence, upon rejection of the present Resolution Plan, no viable resolution option remains available. The option for the CD is to recover the assets and proceed against the debtors for recovery of the assets and distribute the same to the liquidation estate through fresh claims. Therefore, we pass the following orders:

ORDER

- I. IA (Plan) 10 of 2025 is rejected.
- II. Resolution Plan is rejected.
- III. Corporate Debtor- Dharti Cotton Private Limited to be liquidated in the manner laid down in Chapter III of IBC.
- IV. We hereby appoint Mr. Devesh Pathak having IBBI Reg. no. IBBI/IPA-002/IPN00234/2017-2018/10685 and email id- maildeveshpathak@rediffmail.com as per the panel suggested by IBBI as the Liquidator of the Corporate Debtor to carry the liquidation process. The Liquidator so appointed shall complete the Liquidation process as per the provisions of the Insolvency and Bankruptcy Code, 2016 r.w. Insolvency and Bankruptcy Board of India (Liquidation process) Regulation, 2016.

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- V. All the powers of the Board of Directors, key managerial persons, and the partner of the Corporate Debtor, as the case may be, hereafter cease to exist. All these powers henceforth vest with the Liquidator.
- VI. The personnel of the Corporate Debtor are directed to extend all cooperation to the Liquidator as required by him in managing the liquidation process of the Corporate Debtor.
- VII. The Liquidator will charge fees for the conduct of the liquidation proceedings in proportion to the value of the liquidation estate assets as specified by IBBI and same shall be paid to the Liquidator from the proceed of the liquidation estate under section 53 of the Code.
- VIII. Once the liquidation process is initiated, subject to section 52 of the Code, no suit or other legal proceeding shall be instituted by or against the Corporate Debtor. The Liquidator has the liberty to institute a suit and other legal proceedings on behalf of the Corporate Debtor with the prior approval of this Adjudicating Authority, as provided in sub-section (5) of section 33 of the Code.

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- IX. This liquidation order shall be deemed to be notice of discharge to the officers, employees, and workmen of the Corporate Debtor except to the extent of the business of the Corporate Debtor continued during the liquidation process by the Liquidator.
- X. The CoC is directed to contribute to the liquidation cost if any short fall occurs from the liquidation value of the Corporate Debtor.
- XI. This Adjudicating Authority directs the Liquidator to issue a public announcement stating that the Corporate Debtor is in liquidation. The Liquidator will also serve a copy of this order to the various Government Departments such as Income Tax, GST, VAT, etc., who are likely to have any claim upon the Corporate Debtor so that the authorities concerned are informed of the liquidation order timely. The Liquidator will also provide a copy of this order to the trade unions/employee associations of the Corporate Debtor so that the workmen/employees could also be informed of this liquidation order through their association.
- XII. The Liquidator is directed to investigate the financial affairs of the Corporate Debtor in terms of the provisions of Section

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- 35(1) of IBC, 2016 read with relevant rules and regulations and also filed its response for disposal of any pending Company Applications during the process of liquidation.

XIII. The present Resolution Professional is directed to hand over the relevant documents and control of the Corporate Debtor to the newly appointed liquidator forthwith.

XIV. The Registry is directed to communicate this order to the concerned Registrar of the Companies, the registered office of the Corporate Debtor, IBBI, the resolution professional, and the Liquidator by speed post as well as e-mail within one week from the date of this order, after completion of all the formalities.

XV. Accordingly, the present IA (Plan) 10 of 2025 in CP (IB) 138 of 2024 stands disposed of.

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

CHITRA HANKARE
MEMBER (JUDICIAL)