IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.302

IA(Plan)/1(AHM)2026 in C.P. (IB)/246(AHM)2024

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

IN THE MATTER OF:

Pankaj Bhattad RP of M/s.Cubatics Prrocessors India Private Limited ....**Applicant**

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

Order delivered on: 28/07/2026

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 (COURT - II)

IA (Plan) No. 1 of 2025
IN
COMPANY PETITION (IB) 246 (AHM) 2023

(Under Section 30 (6) read with Section 31 of the Insolvency and Bankruptcy Code, 2016)

IN THE MATTER OF:
M/s. Cubatics Prrocessors India Private Limited
(Under CIRP)
Having its Reg. Office situated at:
B-25, Gujarat Eco Textiles Park,
Palsana, Dist. Surat - 394315.
And also at:
Unit No. 605, 6th Floor,
Sunteck Crest, Mukund Nagar,
Andheri Kurla Road, Andheri (E),
Mumbai - 400 059

...Corporate Debtor

AND IN THE MATTER OF:
Pankaj Bhattad,
Resolution Professional of M/s. Cubatics Prrocessors India Private Limited (Under CIRP)

...Applicant

Order pronounced on 28.07.2026

Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

Sd/- Sd/-

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

Present:

For the Applicant :Mr. Saumitra Chaturvedi Adv.

JUDGEMENT

1. The present application has been filed under Section Sections 30 and 31 of the Insolvency & Bankruptcy Code, 2016 ("IBC, 2016/the Code") by the Resolution Professional of the corporate debtor viz, Cubatics Processors India Private Limited inter alia seeking approval of Resolution Plan dated 11.12.2025 along with the Scheme of Arrangement as part of the Resolution Plan submitted by the Successful Resolution Applicant M/s. Sarawagi Textiles LLP , which has been approved with 100% vote casted in favour by the Committee of Creditors of the Corporate Debtor in its 12th Meeting dated 15.12.2025.
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

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25.03.2025 and whereby Mr. Neeraj Kumar Bajaj was appointed as IRP. The public announcement inviting claims from creditors of the Corporate Debtor was made in Form-A on 28.03.2025 wherein the last date for submission of claims was 08.04.2025.

3. It is stated that vide order dated 15.05.2025 passed in Interlocutory Application No. 634 of 2025 this tribunal appointed the present applicant as the Resolution Professional of the Corporate Debtor.

4. It is submitted that the 2nd Meeting of the CoC was held on 23.05.2025, it was resolved that (i) CA. Dr. S.P. Das, (ii) Dr. Prabakaran C, (iii) Mihir Shetye, (iv) Modilal Pamecha and (v) Raseek Bhagat as valuer(s) is apponted to determines the fair value and liquidation value of the Corporate Debtor in accordance with Regulation 35 of the CIRP Regulations. The Valuer(s) submitted their report(s) and the average liquidation value of the Corporate Debtor is 5,91,30,323/- (Five Crore Ninety One Lakhs Thirty Thousand Three Twenty Three Only).

5. In compliance with Regulation 36A (1) of the CIRP Regulations, the Resolution Professional published the

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Invitation for Expression of Interest (Form-G)first on 24.05.2025 inviting prospective resolution applicants to submit their EOIs for resolution of the Corporate Debtor. Thereafter the Applicant submitted that, upon receiving requests from interested parties in the 3rd Meeting of the members of the CoC, the CoC approved extension till 16th June, 2025 for submission of EOIs and a corrigendum to Form G dated 10.06.2025 was issued. Subsequently, considering the low number of prospective resolution applicants, the CoC approved issuance of a revised Form G in the 5th Meeting of the members of the CoC, held on 01.07.2025 to invite wider participation and maximize the value of the Corporate Debtor, which was accordingly published on 02.07.2025.

6. The Applicant thereafter constituted the Committee of Creditors ["CoC"] as contemplated under Regulation 17 of the CIRP Regulations and the updated list of creditor(s) has been submitted before this Hon'ble Adjudicating Authority. The CoC comprised of 3 Financial Creditors related to the Corporate Debtor. Following Financial Creditors along with their respective voting shares comprises the CoC:

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Sr. no.	Name of Financial Creditors	Voting Share %	Voting for Resolution Plan(Voted for/ Dissented /Abstained)
1.	Krishkan Investment Private Limited	9.95%	Voted for plan
2.	Cosmos Cooperative Bank Limited	50.64%	Voted for plan
3.	HDFC Bank Limited	39.40%	Voted for plan

7. It is submitted that as per the revised timelines, the Applicant prepared provisional list and finals list of PRAs in accordance with the provisions of the Code and CIRP Regulations and issued Information Memorandum and Request for Resolution Plan.

8. The Applicant submitted that on 01.07.2025, the 5th Meeting of the CoC was held, wherein the resolution seeking approval of Bid Evaluation Matrix was placed before the CoC for voting and the same was voted upon by the member(s) of the CoC.

9. The Applicant states and submits that in response to the RfRP issued by the Applicant herein, the Applicant received Resolution Plans from the following:

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a. Gujarat JHM Private Limited;

b. ECS Industries Private Limited;

c. Sarawgi Textile LLP; and

d. Riddhi Lifesciences Private Limited.

10. It is submitted that, in the 12th Meeting of the CoC held on 15.12.2025, the final revised Resolution Plans were placed before the CoC, and the Resolution Plan along with the Draft Scheme of Arrangement submitted by M/s. Sarawagi Textiles LLP was approved by the CoC with 100% voting share.

11. It is submitted that, pursuant to the approval of the Resolution Plan, the Resolution Professional issued a Letter of Intent dated 24.12.2025, which was unconditionally accepted by the Successful Resolution Applicant (SRA). Thereafter, the SRA deposited the requisite performance security aggregating to Rs. 72 lakhs, including the balance amount of Rs. 22 lakhs on 30.12.2025, thereby complying with the requirement of 10% of the Plan value. It is further submitted that the SRA executed an Indemnity Agreement dated 29.12.2025 and

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furnished an affidavit under Regulation 31A in compliance with the applicable provisions.

12. The amount provided for stakeholders under the plan is as under:

(in rupees)

Sr. No	Category of Stakeholder	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	4,13,06,518/-	4,13,06,518/-	NA
2.	Unsecured Financial Creditors	(a) Creditors not having a right to vote under subsection (2) of section 21	37,37,99,899/-	2.48.93.482/-	6.66%
3.	Operational Creditors	(i) Government	3,09,43,544/0	1,00,000/-	0.32%

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		(ii) Workmen -PF dues -Other dues	NA	NA	NA
		(iii)Employees -PF dues Other dues	Nil	Nil	Nil
		(iv)Other Operational creditors	16,43,78,702 /-	1,00,000/-	0.06%
		Other Debts ad Dues	1,96,77,013/ -	1,00,000/-	0.51%
		Shareholders	Nil	Nil	Nil
		Total	63,01,05,676 /-	6,65,00,000 /-	10.55 %
4.	CIRP Cost		50,000,00/-	50,000,00/-	-
		Grand Total	635,105,676 /-	71,500,000 /-	

13. As per the Resolution Plan, the monitoring committee shall comprise of three members, i.e. two representatives from Committee of Creditors, two from the Resolution Applicant and it shall be chaired by the Resolution Professional.

14. As per Clause 4.1 of the Resolution Plan, the Resolution Applicant an amount of Rs. 50.00 Lakhs will be infused as Equity Share Capital Application Money in Cubatics Prrocessors India Pvt Ltd from the own funds of the Resolution Applicant, within 90 days from the effective

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date and amount of Rs. 665.00 Lakhs shall be infused in the form of Quasi Capital in Corporate debtor from the own source funds of resolution applicant, within 90 days from the effective date.

15. It is submitted that as per Information Memorandum, the paid up share capital of Cubatics Prrocessors India Private Limited is Rs. 1,66,49,500 (Rupees One Crore Sixty Six Lakhs Forty Nine Thousand Five Hundred Only) i.e. 16,64,950 shares of Rs. 10/- each. On approval of Resolution Plan by NCLT, the existing shares of Cubatics Prrocessors India Private Limited shall stand cancelled/ extinguished / Derecognized on date of approval of Resolution Plan by AA [As per CIRP Regulation 37(a)] under Section 6, Note 1 of the Plan). The Resolution Applicant proposes to cancel all existing shares, including preference shares, if any of the Corporate Debtor. (Section 6, Note 3 of the Plan) New Shareholding proposed:

Equity Share Capital		
Name of Shareholder	**Upon implementation of the plan**	
	No. of shares	**%**
Sarawagi Textiles LLP	4,99,950	99.99%

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Mr. Bikash Sarawagi	50	0.01%
Total	5,00,000	100%

16. Section *6 Note 3 of the plan provided that " It is proposed that the Resolution Consideration for the Corporate Debtor shall be financed by the group company, Artex Mills Private Limited, in which Mr. Bikash Sarawagi holds 58.97%, Shubham Sarawagi holds 5.02% & Sanju Sarawagi holds 36.01% equity shareholding in lieu of financing the Resolution Consideration, it is proposed that Artex Mills Private Limited shall be allotted 99.99% equity shares of the Corporate Debtor (Cubatics Processors India Private Limited), thereby making Artex Mills Pvt Ltd the major shareholder of the Corporate Debtor upon Implementation of the Resolution Plan. We propose to merge Cubatics Processors India Pvt. Ltd. into Artex Mills Pvt. Ltd. upon completion of the consideration payments in accordance with the Resolution Plan. A detailed Scheme of Arrangement, prepared under Sections 230-232 of the Companies Act, 2013, has been enclosed with the Resolution Plan, outlining the terms and consideration each shareholder pursuant to the proposed merger. Further, as*

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part of the restructuring and consolidation of the business operations, it is proposed that, subject to approval of this Resolution Plan by the Hon'ble Adjudicating Authority and other statutory approvals as may be required, Cubatics Processors India Private Limited shall be merged into Artex Mills Private Limited, with Artex as the surviving and transferee company. This merger will streamline ownership, optimize management, and ensure efficient deployment of resources, while enabling effective revival and long-term sustainability of the Corporate Debtor's business. From the Effective date all the above shareholders will be deemed as a promoter shareholder of the company CPIPL."

17. The affidavits under Section 29A of the Code of the proposed directors and undertakings confirming absence of any disqualification under Section 29A has been furnished with the petition.

18. At the stage of submission of the EoI for the said corporate debtor, the SRA has submitted an amount of Rs. 50,00,000 as EMD and also submitted another deposit of Rs. 25.00 Lakhs with the submission of Resolution plan. It

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19. The applicant has produced Form H on record. As per the recitals, the fair value is Rs. 7.18 Cr and liquidation value is Rs. 5.91 Cr. It is submitted that there are 6 PUFE IA's are pending. Status of Preferential, Undervalued, Fraudulent and Extortionate transactions are provided as below:

Sr. No.	**Type of Transaction**	**Amount (Rs.)**	**How it is dealt in resolution plan**
	Preferential transactions u/s 43	11,16,67,000/-	The amount recovered shall be for the benefit of the COC.
	Undervalued transactions u/s 45	6,76,50,000/-	The amount recovered shall be for the benefit of the COC.
	Extortionate credit transactions u/s 50	NA	NA
	Fraudulent transactions u/s 66	12,26,85,000/-	The amount recovered shall be for the benefit of the COC.
	Combination of PUFE transaction		
	Total	30,20,02,000/-	

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20. The Applicant submitted that the Successful Resolution Applicant has sought certain relief(s) and waiver(s) viz-a-viz carry forward of unabsorbed loss(es) for AY 2024-25 of amount of Rs. 2,09,22,498/- in terms of Section 79 of the Income Tax Act, 1961.

21. In compliance with the order dated 21.01.2026 and 24.03.2026 the Resolutional Professional had filed affidavit to submit the net worth certificate of the SRA. The net worth of Sarawagi Texttile LLP is Rs. 52,44,094.24/- prepared by Chander Prakash & Co. Further affidavit filed for placing on record the Independent Auditor report prepared by Chander Prakash & Co with respect to the Successful Resolution Applicant for the FY 2023-2024.

22. The Employees Provident Fund Organization through assistant provident fund commissioner (legal), regional office, Surat had filed affidavit-in-reply / objection and submitted that the EPFO has opposed the approval of the Resolution Plan primarily on the ground that its claim of Rs. 4,53,409/- towards provident fund dues was not admitted by the Resolution Professional and that the Resolution Plan allegedly contravenes the provisions of the

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EPF Act and the IBC. EPFO contended that provident fund dues constitute statutory trust assets of the employees, enjoy priority under Section 11(2) of the EPF Act, are excluded from the liquidation estate under Section 36(4)(a)(iii) of the IBC, and therefore cannot be treated as ordinary operational debt or dealt with under the waterfall mechanism prescribed under Section 53 of the Code.

23. It is further contended that the Resolution Professional erred in rejecting/non-admitting the EPFO's claim as tentative on the grounds that (a) alleged non-filing in the prescribed form and within the notified timelines under Regulation 12 of the CIRP Regulations, (b) alleged computation of part of the dues beyond the insolvency commencement date in breach of moratorium under Section 14 IBC, and (c) the assertion that the claim is based on an inspection report prepared after commencement of moratorium. The Resolution Plan itself records that claim was received from EPFO during September–October 2025 and that additional documents were sought and allegedly not furnished, which is used as a basis to treat the claim as not admitted. According to

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EPFO, such grounds are contrary to Sections 18, 25, 30 and 31 of the IBC and the provisions of the EPF Act.

24. EPFO has further submitted that the moratorium under Section 14 of the IBC merely restrains coercive recovery and does not extinguish or prohibit determination and quantification of provident fund liabilities under the EPF Act. It is accordingly stated that the Resolution Professional was under a statutory obligation to collate and appropriately consider such claim while placing the Resolution Plan for approval. It is also the stand of the EPFO that the Resolution Plan cannot be approved under Sections 30(2)(e) and 31 of the IBC unless adequate provision is made for payment of provident fund and allied dues in accordance with law, as any plan contrary to the EPF Act would be in violation of the mandatory provisions of the Code. The EPFO has prayed that either the approval of the Resolution Plan be declined or the Resolution Plan be modified by directing payment of the entire provident fund dues of Rs. 4,53,409/- in accordance with law.

25. The Income Tax has filed its report and submitted that as per details available on ITBA Portal, the assessee company

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was incorporated on 23.01.2008 and had filed last ITR for the AY 2025-26. Further, as on date, no demand is outstanding in the case of J. B. Syntex Private Limited (Now Known As M/S. Cubatics Prrocessors India Private Limited). Furthermore, it is also intimated that as on dated i.e. 28.06.2026 as per details available on ITBA Portal, assessment proceedings for AY 2016-17, 2017-18 and 2018-19 are pending in the case of Assessee.

26. Observations & Conclusion:

a. The Net worth of the SRA is observed to be only Rs.52,44,094.42 ps. Which the plan value is submitted to be as Rs.7.15 crores. The average liquidation value is mentioned as Rs.5,91,30,323. He has submitted a deposit of Rs.50 lakhs as EMI. It is submitted that the plan value approved of Rs. 7.15 crores. However, the source of funds is not clearly mentioned in the application even though the SRA proposes to bring in a quasi equity an amount of Rs.665 lakhs.

b. The RP has not provided the information memorandum, whereby the mention of the amount of carry forward losses is to be mentioned in terms of IBBI guidelines, as

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the SRA is claiming an amount of Rs. 2,09,22,498/- in terms of Section 79 of the Income Tax Act, 1961. The Income tax department in its reply has not stated any claim amount overdue from the CD.

c. The SRA has proposed to pay Rs.2,48,93,482 to un secured financial creditors, Rs.4,13,06,518 to secured financial creditors against their claim amount of Rs.37.37,99,900 and Rs.4,13,06,518 respectively. It appears that there were claims of Gujarat State Municipal corporation, Surat Municipal corporation, Porbandar Municipal Corporation and Gujarat Urja Vikas Nigam, including Government amounting to Rs.3,09,43,544 and Rs.16,43,78,701 against which only Rs.1,00,000 each is being considered.

d. The information memorandum copy is not provided mentioning the unabsorbed tax and depreciation carried forward, but Income tax department has not raised any objections. But the SRA has not provided the source of funds as it is LLP and has net worth which does not show sufficient strength.

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e. In view of the same we revert back this Resolution Plan to the CoC for reconsideration with the remark that it does not comply with Section 30(2) of the IBC 2016.

ORDER

I. Resolution plan is revert back to CoC for reconsideration.

II. IA (Plan) 1 of 2026 in CP (IB) 246 of 2023 is disposed of.

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

Sd/-
CHITRA HANKARE
MEMBER (JUDICIAL)

KJ-LRA