IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI, BENCH-II

I.A. (I.B.C) (Plan) No. 124/MB/2025

in

CP (IB) No. 646/MB/2024

[Under Sections 30(6) and 31 of the Insolvency and Bankruptcy Code, 2016 r/w Regulation 39(4) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016]

MR. RAM SINGH SETIA

[Registration No. IBBI/IPA-001/IP-P01189/2018-19/11935]

RESOLUTION PROFESSIONAL OF BOMBAY RAYON CLOTHING LIMITED

Tower B-1104, Celestia Spaces, Tokershi Jivraj Road

Sewri, Off Zakaria Bunder Road,

Mumbai-400015, Maharashtra.

…Applicant

IN THE MATTER OF:

CATALYST TRUSTEESHIP LIMITED **…Financial Creditor**

V/s

BOMBAY RAYON CLOTHING LIMITED **...Corporate Debtor**

Pronounced: 26.11.2026

CORAM:

HON'BLE SHRI ASHISH KALIA, MEMBER (JUDICIAL)

HON'BLE SHRI BANWARI LAL MEENA, MEMBER (TECHNICAL)

Appearances: Hybrid

Applicant/RP: Sr. Adv. Vikram Nankani a/w. Adv. Shyam Kapadia, Adv. Khushboo Shah Rajani & Adv. Ayush Rajani i/b. AKR Legal

Successful Resolution Applicant (SRA): Sr. Adv. Gaurav Joshi a/w. Adv. Sahil Mahajan

ORDER

[PER: ASHISH KALIA, MEMBER (JUDICIAL)]

1. BACKGROUND

1.1 This **IA (I.B.C) (Plan) No. 124/MB/2025** in CP (IB) No. 646/MB/2024 (hereinafter referred to as "Company Petition") was filed on 06.11.2025 by Mr. Ram Singh Setia, the Applicant/Resolution Professional (hereinafter referred to as "the RP") on behalf of the Committee of Creditors (hereinafter referred to as "the CoC") of Bombay Rayon Clothing Limited, (hereinafter referred to as "the Corporate Debtor"), for seeking approval of the Resolution Plan dated 16.10.2025 along with Clarification letter cum Addendum dated 23.10.2025 (hereinafter referred to as "the Plan"), under Section 30(6) read with Section 31 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "the Code") and Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Process for Corporate Persons) Regulations 2016 (hereinafter referred to as "CIRP Regulations"), submitted by KVN Enterprises LLP, i.e., Successful Resolution Applicant (hereinafter referred to as "the SRA") and duly approved by 100% voting share of the CoC in 8th CoC meeting dated 24.10.2025. The result of e-voting was concluded on 27.10.2025**.**

2. CORPORTATE INSOLVENCY RESOLUTION PROCESS (CIRP)

2.1 This Adjudicating Authority *vide* order dated 24.04.2025, in C.P.(IB) No.646/MB/2024 (hereinafter referred to as "Admission Order"), admitted the

Corporate Debtor into Corporate Insolvency Resolution Process (hereinafter referred to as "CIRP") filed by the Catalyst Trusteeship Limited as Financial Creditor under Section 7 of the Code. The proposed Interim Resolution Professional (hereinafter referred to as "IRP"), Mr. Ram Singh Setia was appointed as the IRP and later confirmed as the Resolution Professional (hereinafter referred to as "RP") of the Corporate Debtor for conducting the CIRP of the Corporate Debtor in the 1st CoC meeting dated 21.05.2025. The constitution of the CoC as well as appointment of RP was taken on record by the Tribunal *vide* its orders dated 20.06.2025 in IA No. 2740/2025 and order dated 25.07.2025 in IA No. 3272/2025 respectively.

2.2 Public announcement as per Regulation 6(1) of the CIRP Regulations in Form A was made on 28.04.2025, for inviting claims from stakeholders of the Corporate Debtor under Section 15 of the Code, with 13.05.2025 as the last date for receipt of claims. The Form A was published in 'Free Press Journal' (English) and 'Navakal' (Marathi) having circulation in Mumbai. Pursuant to receipt of claims from various creditors, the Applicant constituted the CoC as evident from its report dated 14.05.2025 and reported the same before this Tribunal. The CoC, comprised of sole secured Financial Creditor, namely Edelweiss Asset Reconstruction Company Limited.

2.3 Meanwhile, one of the suspended directors of the Corporate Debtor named Mr. Gangadhar A. Kotian, challenged the aforesaid Admission Order dated 24.04.2025 before Hon'ble NCLAT through Company Appeal (AT) (Insolvency) No. 698 of 2025. However, the said Appeal was dismissed by Hon'ble NCLAT, Principal Bench, New Delhi *vide* its order dated 09.07.2025.

2.4 In the first CoC meeting dated 21.05.2025, the issue of appointment of Registered Valuers as well as retaining the IRP as the RP of the Corporate Debtor was discussed. The CoC also approved the appointment of Chaturvedi & Chaturvedi Chartered Accountants as Transaction Auditor in its first meeting. Consequently, the CoC, in its 2nd meeting dated 11.06.2025, approved the Eligibility Criteria as well as draft of Form G pursuant to which the Applicant/RP published the Form G on 11.06.2025 regarding invitation for Expression of Interest (hereinafter referred to as "EoI") with 07.07.2025 as the last date of submitting the EoI and 25.08.2025 as the last date for submission of the Resolution Plan. In the said Form G, the date of issuance of the Information Memorandum as well as Evaluation Matrix to the Prospective Resolution Applicants was 25.07.2025. Later, the date for submission of EoI was extended 17.07.2025 through a corrigendum dated 05.07.2025. The CoC deliberated over extending the last date for submitting the EoI and related publication costs in its 3rd meeting dated 28.07.2025.

2.5 The Applicant/RP submits that it received 30 EoIs from interested Prospective Resolution Applicants (hereinafter referred to as "PRAs") by 17.07.2025 and published the Provisional list of PRAs on 24.07.2025. Two PRAs namely Mr. Amrit Kumar Agrawal and Mr. Anuj Goyal were held ineligible to submit their resolution plans due to their failure to submit refundable process participation deposit as per the criteria and requirement of the detailed Invitation for EoI approved by the CoC. Meanwhile, the Applicant/RP issued the Request for Resolution Plan (hereinafter referred to as "RFRP") on 04.08.2025 and the

same was produced on record before this Tribunal *vide* its Additional Affidavit dated 29.11.2025.

2.6 On account of non-cooperation by the Corporate Debtor's suspended board of Directors over furnishing of requisite documents and records of the Corporate Debtor, the Applicant filed the IA No. 3144/2025 on 05.07.2025 which is currently pending before this Tribunal. Further, the Applicant filed the IA No. 4576/2025 as well as CP(IB) No. 1127/2025 against Linen Art Private Limited to seek possession of the premises situated at Maharashtra Industrial Development Corporation (Hereinafter referred to as "MIDC"), Tarapur, Maharashtra and initiate CIRP proceedings against it respectively. Both the said IA as well as the Company Petition are currently pending before this Tribunal.

2.7 Later, the 4th CoC meeting dated 15.09.2025 was conducted by the Applicant/RP wherein the last date for submitting the Resolution Plan was changed from 04.09.2025 to 20.09.2025 and subsequently to 29.09.2025 upon requests from multiple PRAs for the same.

2.8 In the 5th CoC meeting dated 03.10.2025, the CoC was informed by the RP that he received Resolution Plans by the extended date of 29.09.2025 from the following PRAs:

a) KVN Enterprises LLP;

b) Priority Commotrade Private Limited;

c) JSW Steel Coated Products Limited;

d) Advantech Technology Private Limited;

e) Mr. Bhupendra Shah;

f) Mr. Nayankumar C. Saraf; and

g) Riddhi Siddhi Cotex Private Limited.

During the said meeting, the CoC also approved the resolution for extension of CIRP period for 90 days from 22.10.2025 to 20.01.2026 with 100% voting since the original CIRP period of 180 days was expiring on 21.10.2025. Pursuant to this, the Applicant filed the IA No. 5026/2025 and the same was allowed by this Tribunal *vide* its order dated 07.11.2025 in IA No. 5026/2025.

2.9 In the 6th CoC meeting dated 14.10.2025, the CoC received the draft valuation reports of the Corporate Debtor's assets from the Registered Valuers as well as the transaction audit prepared by the Corporate Debtor's Transaction Auditor, Chaturvedi & Chaturvedi Chartered Accountants. The CoC was further informed that three PRAs namely Mr. Bhupendra Shah, Mr. Nayankumar C. Saraf and Riddhi Siddhi Cotex Private Limited were declared ineligible for evaluating their Resolution Plans on account of their failure to deposit the requisite Earnest Money Deposit (hereinafter referred to as "EMD") by 10.10.2025. To prevent the further extension of CIRP period and enable the shorter payment period, the CoC decided to proceed with the calling compliant plans and to negotiate for improved offers with H1 and H2 Resolution Applicants emphasizing upfront payments and shorter payment and implementation timelines. It also directed that the final, unconditional and compliant resolution plans were to be submitted by 16.10.2025.

2.10 The Applicant/RP convened the 7th CoC meeting dated 17.10.2025 wherein he informed the CoC about the receipt of final Resolution Plans from KVN

Enterprises LLP and Advantech Technology Private Limited in consortium with KW Legacy LLP while another PRA named Priority Commotrade Private Limited partially responded merely to the observations but failed to submit the compliant Resolution Plan. Also, the H2 PRA i.e., JSW Steel Coated Products Limited sought extension for submission of its Resolution Plan but was denied the same by the CoC. The CoC also received the delayed claims from Gram Panchayat Salwad, MIDC and Gravity (India).

2.11 Pursuant to request by the CoC vide email dated 22 October 2025 for scheduling CoC meeting to deliberate and discuss on the status of compliances of the resolution plans and the way forward thereof. Accordingly, the 8th CoC meeting was held on 24.10.2025, wherein the Applicant/RP presented a compliance review of the given Resolution Plans with the Code, CIRP Regulations, and RFRP. Upon examining the Resolution Plans, it was found that only the Resolution Plan submitted by KVN Enterprises LLP was compliant with the terms of the RFRP and unconditional and accordingly, the proposed Resolution Plan of KVN Enterprises LLP was put for voting in the 8th CoC meeting dated 24.10.2025. At the end of voting on 27.10.2025, the Resolution Plan submitted by the KVN Enterprises LLP was approved with 100% voting by the CoC. Thus, KVN Enterprises LLP was declared as the Successful Resolution Applicant of the Corporate Debtor.

2.12 The Applicant/RP issued Letter of Intent (hereinafter referred to as “LOI”) dated 28.10.2025, in favour of the SRA and mentioned that the SRA must deposit Rs. 10,00,00,000/- in the form of Performance Bank Guarantee as Performance Security for implementation of the Resolution Plan as per Clause

3.6 of the RFRP and the same was duly signed by the SRA. In accordance with Clause 3.6.1 of the RFRP and Regulation 36B(4A) of the CIRP Regulations, the SRA submitted the Performance Bank Guarantee of Rs. 10 Crores on 30.10.2025 which was duly accepted by the Applicant/RP on 30.10.2025.

2.13 It is further submitted that the SRA is eligible to file the Resolution Plan under Section 29A of the Code as evident from its Affidavit dated 18.09.2025 wherein it was stated that it is not connected with the Corporate Debtor and does not fall under the category of any other person under Section 29A of the Code. Further, the Applicant/RP placed on record the copy of the Due Diligence Report dated 24.10.2025 of the SRA under Section 29A of the Code vide its Additional Affidavit dated 17.06.2026.

2.14 The Ld. Counsel for the Applicant/RP further states that SRA, in the paragraph 7 of its clarification letter cum Addendum dated 23.10.2025, it was clarified that the 0.25% of the statutory fees payable to IBBI shall is over and above the CIRP cost and shall be provided separately as per the Affidavit. The CIRP cost of Rs 1.75 Crores shall be paid over and above the amount to be distributed to the Secured Financial Creditor. In case, CIRP cost exceeds Rs 1.75 crore, the same be adjusted from payment to the Secured Financial Creditor.

2.15 On account of certain queries regarding distribution of proceeds of applications for avoidance applications, the present Application was listed for clarification *vide* order dated 12.06.2026 of this Tribunal. Pursuant to this, the Ld. Counsel for the Applicant/RP filed its Additional Affidavit dated 17.06.2026 wherein it placed the copy of minutes of the 11th CoC meeting dated 16.06.2026 and

clarified the treatment of recoveries arising under Section 66 of the Code in view of the Hon'ble Supreme Court's decision in *Piramal Capital and Housing Finance Limited vs. 63 Moons Technologies Limited.,* [(2025) 10 SCC 452].

2.16 Later, the present Application was re-listed for clarification vide order dated 13.07.2026 regarding queries about the pendency of IA (IBC) No. 3144/2025 i.e., the Interlocutory Application filed under Section 19(2) of the Code by the RP/Applicant having impact upon the proposed resolution plan as well as alleged violations of Section 25(2)(k) of the Code read with Regulation 35A of the CIRP Regulations. Consequently, the Ld. Counsel for the Applicant filed its Additional Affidavit dated 29.07.2026 wherein the RP clarified the queries raised by this Tribunal in the said order. In the aforesaid Additional Affidavit, the RP/Applicant submitted that there is no violation of Section 25(2)(k) of the Code read with Regulation 35A of the CIRP Regulations on his part and he has complied with the provisions of the Code as well as CIRP Regulations regarding filing of applications under Section 43 and 66 of the Code against the suspended directors of the Corporate Debtor.

2.17 The RP has complied with the requirements under Section 30(2)(a) to (f) of the Code and Regulations 38(1)(a), 38(1A), 38(2)(a) to (c) and 38(3) of the CIRP Regulations. The RP has also provided the "FORM H" dated 30.10.2025 as mandated under Regulation 39(4) of the CIRP Regulations, for seeking approval of the Plan by us.

3. VALUATION OF ASSETS OF CORPORATE DEBTOR AND CLAIMS RECEIVED

3.1 The RP submitted that, to ensure proper valuation of the Corporate Debtor's properties, various Registered Valuers were appointed by the CoC pursuant to the first CoC meeting dated 21.05.2025. The Applicant/RP produced on record the Valuation Reports of the Corporate Debtor's assets vide its Additional Affidavit dated 17.06.2026. The Fair Value of the CD's assets is mentioned in Form H as Rs. 217,47,62,951/- and the Liquidation Value of the CD's assets is Rs. 151,61,01,053/-, which were determined as follows:

Sr. No.	Particulars	Valuer	Fair Value (In Rs.)	Liquidation Value (In Rs.)
1.	Land and Building (L&B)	Shirish J Sharma	209,00,00,000/-	145,00,00,000/-
		C Prabakaran	222,43,24,000/-	155,70,27,000/-
Average L&B			**215,71,62,000/-**	**150,35,13,500/-**
2.	Plant and Machinery (P&M)	Shirish J Sharma	1,30,00,000/-	90,00,000/-
		C Prabakaran	1,49,42,000/-	1,04,59,000/-
Average P&M			**1,39,71,000/-**	**97,29,500/-**
3.	Securities and Financial Assets (S&FA)	CA S.P. Das	44,22,848/-	28,57,053/-
		CA Modilal Pamecha	28,57,053/-	28,57,053/-
Average S&FA			**36,39,950.50/-**	**28,57,053/-**
Average Valuation (1+2+3)			**217,47,72,951/-**	**151,61,01,053/-**

3.2 As on 15.10.2025, the list of Corporate Debtor's creditors, uploaded on the website of Insolvency and Bankruptcy Board of India (hereinafter referred to as "IBBI"), based on the claims received by the Applicant/RP is as under:

Sr. No.	Creditors	Claim Amount (Rs.)	Claim Amount Admitted (Rs.)	No. of received Claims
1.	Secured Financial Creditors belonging to any class of creditors	NIL	NIL	NIL
2.	Unsecured Financial Creditors belonging to any class of creditors	NIL	NIL	NIL
3.	Secured Financial Creditors (Other than Financial Creditors belonging to any class of creditors)	380,73,35,700	351,11,54,925	1
4.	Unsecured Financial Creditors (Other than	NIL	NIL	NIL

	Financial Creditors belonging to any class of creditors)			
5.	Operational creditors (Workmen)	5,53,465	5,33,798	18
6.	Operational creditors (Employees)	21,00,056	20,84,396	10
7.	Operational creditors (Government Dues)	3,84,34,305	2,92,91,261	3
8.	Operational creditors (Other than Workmen, Employees and Government Dues)	65,61,290	NIL	4
9.	Other creditors, if any, (other than Financial Creditors and Operational Creditors)	NIL	NIL	NIL
	TOTAL	**385,49,84,816**	**354,30,64,380**	**36**

4. BRIEF BACKGROUND OF CORPORATE DEBTOR

4.1 The Corporate Debtor was incorporated on 03.01.2025 and was engaged in the textile industry with its business of manufacturing garments as well as export of fabrics to international markets. The CIN of the Corporate Debtor is U18101MH2005PLC150375 and its registered address is 402, 4th Floor, Kamla Hub, N.S. Road No. 1, Juhu Scheme, Vile Parle (West), Mumbai-400049, Maharashtra. Its manufacturing facility was located in Palghar, Maharashtra. As per its MCA Master Data, the directors of the Corporate Debtor were Mr. Gangadhar Angara Kotain, Mr. Prakash Narsing Lembhe and Mr. Nazim Mohammed Yakub Khan.

4.2 The Applicant submits that the Corporate Debtor was a group entity of Reynold Shirting Limited/Principal Borrower, provided the corporate guarantee for the issuance of 1,700 secured, redeemable, non-convertible debentures (hereinafter referred to as “NCDs”) with 12% interest rate, each having a face value of Rs. 10,00,000/-, aggregating to Rs. 170 Crores. These NCDs were initially ECL Financial Limited (hereinafter referred to as “ECLFL”). Subsequently, the NCDs, along with all underlying securities and rights, were assigned by ECLFL to CFM Asset Reconstruction Private Limited (acting as Trustee of CF MARC Trust-1) under an Assignment Agreement dated 14.08.2020. Further, on 23.12.2022, these NCDs were reassigned to Edelweiss Asset Reconstruction Company Limited, acting in its capacity as Trustee of EARC Trust - SC 462 (hereinafter referred to as "the Debenture Holder”).

4.3 At the request of the Principal Borrower, the Debenture Holder agreed to restructure the face value of the NCDs to Rs.162.50 Crore, payable in instalments, as per the Restructuring Letter dated 27.12.2022. The Principal Borrower made an initial payment of Rs. 5 Crore on 05.01.2023 but defaulted on the second instalment of Rs. 20 Crore within the stipulated timeline. Due to such default, the debenture holder issued a recall notice and invocation of the Corporate Guarantee through its notice dated 23.01.2024 to the Corporate Debtor. However, owing to lack of any response or payment from the Corporate Debtor, the Catalyst Trusteeship Limited filed the aforesaid Company Petition which led to the Admission order for initiating the CIRP against the Corporate Debtor.

5. BRIEF BACKGROUND OF SRA

5.1 The SRA submits that it is LLP incorporated on 02.08.2012 and its registered address is 23rd Floor, Prestige Trade Tower, Palace Road, High Ground, Bangalore-560001, Karnataka. As a part of KVN group, it is engaged in the business of land acquisition and project development. The said group is promoted by Mr. Konanki Venkata Narayana, who has two decades of experience in real estate business.

5.2 To highlight its financial viability, the SRA has submitted that its net worth is Rs. 454,48,93,670/- as on 31.03.2025. It further claimed to possess the amount of Rs.70,91,17,240.30/- as on 16.09.2025 in their Fixed Deposit Account maintained by HDFC Bank and the amount of Rs. 101,50,22,067.72/- as balance amount in its Current Account as well as Flexi Fixed Deposit,

maintained by Kotak Mahindra Bank. To support its claim, the Applicant/RP placed on record the Net Worth Certificate dated 22.07.2025 of the SRA, prepared by MUV & Co, Chartered Accountants along with letters dated 17.09.2025 issued by Kotak Mahindra Bank and HDFC Bank.

6. SALIENT FEATURES OF PLAN APPROVED BY COC

6.1 The SRA has proposed the total amount of Rs. 176.50 Crores as Resolution Plan value for the purpose of settling dues of various creditors and stakeholders of the Corporate Debtor which are as follows:

Sr. No.	Particulars	Claim Amount Submitted (In Rs.)	Claim Amount Admitted (In Rs.)	Claim Amount under Verification (In Rs.)	Payment Amount under Resolution Plan (In Rs.)
1.	CIRP Cost	---	1,75,00,000	--	1,75,00,000
2.	Secured Financial Creditor	380,73,35,700	351,11,54,925	---	172,23,49,027
3.	Operational Creditors (Employees & Workmen)	26,53,521	26,18,194	35,327	26,53,521
4.	Operational Creditors (Vendors)	65,61,290	---	65,61,290	32,80,645

5.	Operational Creditors (Statutory Dues)	3,84,33,615	--	3,84,33,615	1,92,16,807
6.	Other Creditors (Form F)	---	---	---	----
	Total	**385,49,84,126**	**353,12,73,119**	**83,07,629**	**176,50,00,000**

6.2 Clause 5 of the Resolution Plan read with the Clarification Letter dated Addendum dated 23.10.2025, summarises the treatment of claims from various creditors in the following manner:

a) **<u>CIRP Cost</u>:** The SRA considered the Corporate Debtor as a going concern and the CIRP costs is to be paid from the Corporate Debtor's revenue. However, the SRA proposes to make payment of Rs.1,75,00,000/- for the unpaid CIRP costs. In case the CIRP costs exceeds the mentioned amount, it shall be adjusted with the amount proposed for the Secured Financial Creditor from the total plan outlay and it includes the fees of the RP as well as 0.25% of the statutory fees payable to the IBBI which shall be provided separately as per the Clarification Letter dated 23.10.2025. It is also submitted that the maximum offer under the Resolution Plan i.e., Rs. 176.50 Crores shall not be exceeded under no circumstances.

b) **<u>Secured Financial Creditors</u>:** The SRA proposes to make the payment of Rs. 172,23,49,027/- as full and final settlement of the dues

of the Secured Financial Creditor. Such amount is the maximum payment to be made in the Plan to the Secured Financial Creditor and under no circumstances, any additional exposure regarding the same would be brought to the SRA or the Corporate Debtor. Notwithstanding anything to the contrary in the Resolution Plan, if there remains any CIRP Cost more than what is payable under Clause 5.3 of the Resolution Plan, then the additional amount paid by the SRA towards IRP Costs will be proportionately reduced from the monies payable on the Closing Date to the Financial Creditor under Clause 5 (c).

c) **Operational Creditor (Workmen and Employee Dues):** The SRA proposes to settle the dues of the Corporate Debtor's Workmen and Employees at 100% of their admitted claims within 60 days of the Effective Date. The Term "Effective Date" refers to the date on which the Certified Copy of the order approving the Resolution Plan by this Tribunal is received from the Tribunal by the RP. In the event, the Liquidation Value allocable towards the Workmen and Employee Dues is higher than the amount proposed then the same shall be made in priority and before any payment is made to the Financial Creditors. Also, in case the amount verified by the Resolution Professional is less than the amount proposed by the SRA, the excess amount shall vest with the Secured Financial Creditor. Further, no payment is proposed to be made to the employees of the Corporate Debtor's related parties or connected persons as well as its existing promoters. The list of Employees and Workmen of the Corporate Debtor as per the

Information Memorandum is provided in the Schedule IV of the Resolution Plan.

d) **Operational Creditor (Dues other than Workmen, Employees and Statutory Authorities):** The SRA submits that the operational creditors who are not related party/connected persons of the Corporate Debtor, their dues shall be settled by way of maximum payment of Rs.32,80,645/- on pro-rata basis against the verified amounts of operational creditors within 60 days of the Effective Date. In the event, the Liquidation Value allocable towards the Operational Creditors is higher than the amount proposed, then the same shall be made in priority and before any payment is made to the Financial Creditors. Also, in case the amount verified by the Resolution Professional is less than the amount proposed by the Resolution Applicant, the excess amount shall vest with the Secured Financial Creditor.

e) **Operational Creditors (Statutory Authorities):** As per the SRA, it proposes to settle the statutory authorities' dues with respect to the Corporate Debtor at 50% of the duly verified and admitted claim for the outstanding Principal dues of Statutory Dues within 60 days of the Effective date. It is further clarified that the RA shall not bear any amount payable towards any charges, interest, damages. penalties or any other dues of any form other than the 50% of the verified principal dues of the statutory authorities. In the event, the Liquidation Value allocable towards the Statutory Dues is higher than the amount proposed then the same shall be made in priority and before any payment is made to

the Financial Creditors. Also, in case the amount verified by the Resolution Professional is less than the amount proposed by the Resolution applicant, the excess amount shall vest with the Secured Financial Creditor.

6.3 One salient feature of the Resolution Plan is the scheme of restructuring wherein the entire existing share capital of the Corporate Debtor would be extinguished along with the issuance of 6.4 Crore paid up equity shares of face value of Rs. 10/- to the SRA who shall subscribe to the 99% of the same while the remaining 1% would be subscribed by Mr. Konanki Venkata Narayana and such new equity shares would be allotted accordingly. Other details of the restructuring scheme is provided in Schedule II of the Resolution Plan while the process for its implementation is provided in the Schedule I of the Resolution Plan. The term of the Plan shall be a period of 60 days which shall be commenced on the Effective Date and shall continue until the Closing Date as per Clause 8 of the Resolution Plan.

6.4 As far as the source of funds for the implementation of the Plan is concerned, it is submitted that the SRA has enclosed the letter of credit opinion from the Bank where it was stated that it has fixed deposits and account balance of Rs.172.4 Crores as defined source of funds. Further, the SRA submits that it has the ability to mobilize further financial resources through personal networks, including friends, family, and other credible sources including but not limited financial institutions, to meet any additional funding requirements that may arise. As part of the said Resolution Plan, the SRA proposes to infuse funds in the form of 6.40 Crore paid up equity shares with a face value of

Rs.10/- (Ten Rupees) per share to ensure the shareholding of the SRA & its nominees in the Corporate Debtor is 100% post cancellation of existing equity share capital of the Corporate Debtor. Later, the SRA would also infuse a further amount of Rs. 112.50 Crores in the form of unsecured loan on closing date or the successful handover of the possession of the assets to the SRA by the RP, whichever is later. As per the Resolution Plan, the term "Closing Date" refers to the date on which all actions as envisaged under Schedule I are consummated which shall, in any case, not later than 60 calendar days from the date of receipt of the order of the NCLT approving this Resolution Plan.

6.5 Schedule VI of the Resolution Plan provides for litigation wherein it refers to the IA No. 4576/2025 for ensuring the vacate and handover the possessions of the premises at D-8 in Tarapur Industrial Area of MIDC, Palghar, Maharashtra from Linen Art Private Limited along with pending rental dues of Rs. 3,19,25,075/- till April 2025 and further rent & interest thereon at the rate of 18% per annum. The SRA submits that the RP shall pursue the said application in the event of it not being decided by this Tribunal till the effective date while the pending rental dues shall be transferred to the Secured Financial Creditor.

6.6 Part B of the Schedule I of the Resolution Plan provides the indicative timeline and concerned persons to conduct the activities which are as follows:

Sr. No.	**Activity**	**Indicative Timeline**	**Responsibility**
Phase I-Approval Process of Resolution Plan			

1.	Approval of Plan by CoC and issuance of LoI	X+7	CoC/RP
2.	Submission of Performance Deposit & acceptance of LoI	X+7	RP
3.	Application to NCLT for approval of the Resolution Plan	Y	RP
4.	Approval by NCLT of Resolution Plan & receipt of order	E	
5.	Intimation to the Governmental Authorities, if required in terms of the Applicable Law	E+10 Business Days	Monitoring Agent
6.	Intimation to all creditors, existing shareholders and any other shareholder of the Corporate Debtor		Monitoring Agent
Phase II-Implementation of Plan			
7.	Appointment of the Monitoring Agent under the sole guidance and	E	Management Committee (MC)/SRA

	MC/SRA instruction of the MC until the Closing Date		
8.	Infusion of funds into Corporate Debtor by the SRA	Closing Date	SRA
9.	Payment of CIRP Costs in priority to any other payment under the Plan	Closing Date	MC
10.	Payment to all workmen, employees, Operational Creditors and other creditors in accordance with the Plan.	Closing Date	MC
11.	Payment to all the Financial Creditor in accordance with the Plan (save and except payments to be made after the Closing Date)	Closing Date	MC
12.	Extinguishing existing equity shares of the Corporate Debtor and infusion of equity contribution by the SRA in	Closing Date	SRA

	the Corporate Debtor and consequent allotment of equity shares in the Corporate Debtor to the SRA.		
13.	Replacement of the Suspended Board of the Corporate Debtor with the new directors on the Board of Directors, who are qualified to act as directors of the Corporate Debtor in terms of the Code, as decided by the SRA on and with effect from Closing Date	Closing Date	SRA
14.	Issuance of No-Dues Certificates by the Financial Creditor to the Corporate Debtor and submission of necessary ROC Forms	Closing+7 Days	Financial Creditor
Phase III: Handover Assets			

15.	Possession and Handover Assets	Closing Date or Handover Date whichever is later	MC

7. MANAGEMENT OF CORPORATE DEBTOR

7.1 Clause 9 of the Resolution Plan provides for management and control of the affairs of the Corporate Debtor post approval of the Resolution Plan. Under the Resolution Plan, the SRA will constitute the Monitoring Committee (Hereinafter referred to as "MC") which is in line with the RFRP. The members of the said MC would be one representative of the Secured Financial Creditor, one representative of the SRA and the Monitoring Agent. As per the said clause, the RP would act as the monitoring agent till the closing date and his renumeration would be Rs. 1,00,000/- per month subject to the approval by the MC.

7.2 Clause 9 (viii) of the Resolution Plan states that upon the Effective Date, the MC shall be considered to be authorized by the NCLT to implement the Plan in accordance with its terms. The Monitoring Committee or its members or the entities nominating such members shall not in any manner be implicated in, or in any manner adversely affected by, or have any liability in relation to any actions and/or omissions.

7.3 Clause 9 (xi) of the Resolution Plan provides that upon and with effect from the Closing Date, the MC shall cease to have any powers, duties or obligations

in terms of the Plan & the suspended Board of the Corporate Debtor shall be replaced by the Board of Directors as nominated by the SRA.

8. PUFE TRANSACTIONS

8.1 As far as the Preferential, Undervalued, Fraudulent, and Extortionate (hereinafter referred to as "PUFE") transactions are concerned, the Applicant/RP submits that he had filed the IA No. 2952/2022 under Section 43 of the Code on 03.11.2025 as well as IA No. 1245/2026 under Section 66 of the Code on 24.03.2026, against the suspended directors of the Corporate Debtor for the amount of Rs. 15,06,92,004/- and Rs. 97,98,59,651/- respectively. The said IAs are currently pending before this Tribunal.

8.2 The aforesaid IAs were filed by the Applicant/RP on the basis of findings of the Transaction Review Audit Report dated 14.10.2025, prepared by Chaturvedi & Chaturvedi, Chartered Accountants. As per the Audit Report, it was found that the total amount of PUFE transactions under Sections 43, 45, 49 & 66 of the Code is Rs. 97,94,44,000/-.

8.3 It is submitted that as per Clause 3.8(e) of the RFRP, any amount recovered under the applications filed for PUFE transactions would be distributed to the Secured Financial Creditor unless otherwise decided by the CoC. Accordingly, in the 8th CoC meeting dated 24.10.2025, the RP was informed by its legal professional that the Resolution Plan of KVN Enterprises LLP provides for the manner in which the PUFE applications would be pursued after the approval of the Resolution Plan as well as manner of distributing the proceeds of PUFE applications which may be not necessary through Assignment of PUFE. During

the said meeting, the CoC also added that the sharing of the proceeds of PUFE in a ratio between the SRA and the Secured Financial Creditor does not necessary be through Assignment and the same shall not be termed in that manner.

8.4 The SRA proposes that the proceeds of the applications filed for PUFE transactions would be distributed between the Secured Financial Creditor and the SRA in the ratio of 25:75 as per the Resolution Plan dated 16.10.2025. Later, the SRA modified the distribution ratio between the Secured Financial Creditor and the SRA in the ratio of 50:50 *vide* its Clarification Letter cum Addendum dated 23.10.2025. In the said clarification letter, the SRA clarified that the PUFE applications shall be pursued by the SRA and shall bear the cost of litigation of such applications which shall be deducted from the recoveries of PUFE applications.

8.5 Regarding the issue of treatment of recoveries under Section 66 of the Code, the Ld. Counsel for the Applicant/RP clarified that the CoC in its 11th meeting dated 16.06.2026 passed the resolution with 100% voting that the recoveries or contributions to the assets of the Corporate Debtor arising out of fraudulent transaction under Section 66, if any, shall remain in the Corporate Debtor.

9. PERFORMANCE GUARANTEE

9.1 It is submitted that pursuant to the issuance of LoI, the SRA has furnished a performance bank guarantee of Rs. 10,00,00,000/- (Ten Crores Rupees) in terms of Regulation 39(4) of CIRP Regulations in compliance with Clause 3.6.1 of the RFRP.

9.2 The Applicant/RP, has produced the copy of Performance Bank Guarantee dated 30.10.2025 on record, issued by Kotak Mahindra Bank Limited in favour of the SRA, wherein the validity of the Performance Guarantee is 30.10.2026. The said Performance Guarantee was duly accepted by the RP on 30.10.2025.

10. RELIEFS AND CONCESSIONS

10.1 The SRA has sought various reliefs and concessions as mentioned in Clause 7 of the Resolution Plan which refers to the reliefs and waivers sought by the SRA to manage the affairs of the Corporate Debtor and ensure its running as a going concern. The SRA has sought various reliefs and concessions based on the clean slate concept laid down by the Hon'ble Supreme Court in various judgements, which are necessary to keep the Corporate Debtor as a going concern; release the Corporate Debtor from any and all liabilities/proceedings, disputes and non-compliance prior to the date of approval of the Plan by us and extended period for renewal or revival of licences for running the business of the Corporate Debtor.

10.2 The SRA has also sought waiver from MIDC to waive off the differential premium to be charged at the time of transfer of Plot No. D/8 having area admeasuring 2,74,745.80 Sq mtr & D/8-1 having area ad measuring 17,510 sqr mtr., located at Tarapur, Thane, Maharashtra and hand over the same to the Corporate Debtor and waive off the pending dues regarding water, electricity and others regarding the said plot.

10.3 Other reliefs sought by the SRA includes all Government authorities and other relevant persons provide a cure period of 12 months after the Effective

Date to the Corporate Debtor for curing any non-compliance of the Corporate Debtor under the Applicable law, permits or any contract, agreement or arrangement to which the Corporate Debtor is party which was existing on the Effective Date.

11. ANALYSIS AND FINDINGS

11.1 We have heard the Ld. Counsel for the RP as well as the SRA and perused the Plan and related documents submitted along with the I.A.

11.2 The CoC has considered the feasibility and viability of the Plan and approved the same by 100% of the voting shares of the CoC. We notice that the Plan is in compliance of Section 30 of the Code in that it provides for-

a) priority of payment of CIRP cost to the payment of other debts of the Corporate Debtor;

b) payment of debts of the Operational Creditors;

c) the management of the affairs of the Corporate Debtor after approval of the Plan; and

d) the implementation and supervision of the Plan.

11.3 In *K Sashidhar Vs. Indian Overseas Bank and Ors.* (Civil Appeal No. 10673/2018), the Hon'ble Supreme Court held that if the committee of creditors approves a resolution plan by the requisite percentage of voting share under section 30(6), it is imperative for the resolution professional to submit the plan to the Adjudicating Authority. The Adjudicating Authority is then required to satisfy itself that the resolution plan, as approved by the CoC, meets the requirements specified in Section 30(2) of the Code. The

law is now settled that the role of the Adjudicating Authority is no more and no less than the above. The role of the Adjudicating Authority with respect to a resolution plan is limited to matters specified in Section 30(2) of the Code. Further, the Adjudicating Authority is not required to interfere with the commercial wisdom of the CoC.

11.4 We find that the Plan meets the requirements under Section 30(2) of the Code and that it is not in violation of provisions of any law for the time being in force. Further, in *Kalpraj Dharamshi & Anr. Vs. Kotak Investment Advisors Ltd & Anr.,* [Civil Appeal Nos. 2943-2944 of 2019], the Hon'ble Supreme Court also held that the commercial wisdom of CoC must be adhered to unless the adjudicating authority is satisfied that the requirement of Section 30(2) of the Code has not been complied with.

11.5 In the case of *Committee of Creditors of Essar Steel India Limited through Authorised Signatory Vs. Satish Kumar Gupta and Ors,* [Civil Appeal No. 8766-67 of 2019], the Hon'ble Apex Court clearly held that the Adjudicating Authority would not have the power to modify the Resolution Plan which the CoC in their commercial wisdom has approved. The Hon'ble Supreme Court in the matter of *Ghanshyam Mishra and Sons Private Limited Vs. Edelweiss Asset Reconstruction Company Limited*, [Civil Appeal No. 8129 of 2019] held that on the date of the approval of the resolution plan by the Adjudicating Authority, all such claims which are not a part of the resolution plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim which is not a part of the resolution plan.

11.6 In view of the discussions and the law thus settled, we are of the considered view that the Plan meets the requirements of Section 30(2) of the Code and Regulations 37, 38, 38(1A), and 39(4) of the CIRP Regulations. The Plan is not in contravention of any of the provisions of Section 29A of the Code, as undertaken by the SRA, and is in accordance with the law. We are satisfied that the Plan has provisions for its effective implementation. As discussed above, we find that the present IA deserves to be allowed.

ORDER

The **IA (I.B.C.) (Plan) No. 124/MB/2025 in C.P.(IB) No. 646/MB/2024 is allowed** and the Resolution Plan submitted by KVN Enterprises, LLP is hereby **approved** in terms of Section 31(1) of the Code.

I. The Plan shall become effective from the date of this Order and shall form part of this Order. It shall be binding on the Corporate Debtor, its employees, members, creditors including the Central Government, any State Government, or any local authority, to whom a debt in respect of the payment of dues arising under any law for the time being in force is owed, guarantors and other stakeholders involved in the Plan.

II. Accordingly, no person or authority shall be entitled to initiate or continue any proceedings with respect to a claim prior to the approval of the Plan which is not part of the Plan.

III. The approval of the Plan shall not be construed as a waiver of any future statutory obligations/liabilities of the Corporate Debtor and shall be dealt with by the appropriate authorities in accordance with law. Any waiver sought in the Plan relating to the period after the date of this order, more particularly licenses and approvals for keeping the Corporate Debtor as a going concern, shall be subject to approval by the Authorities concerned and this Tribunal will not deter such Authorities from dealing with any of the issues arising in giving effect to the Plan. This Tribunal, however, recommends due consideration of the revival of the Corporate Debtor. The Corporate Debtor may obtain necessary approval required under any law for the time being in force from the Appropriate Authority within a period of one year from the date of approval of the Plan.

IV. If any application(s) relating to preferential/fraudulent transactions under Sections 43 and 66 of the Code is pending before the Tribunal, the same shall be pursued by the Corporate Debtor at its costs and expenses. However, the recovery, if any, shall be distributed to the Secured Financial Creditor and the SRA of the Corporate Debtor as per the ratio mentioned in the clarification letter cum addendum dated 23.10.2025.

V. The capital structure and contribution of the Corporate Debtor shall be transferred and restructured to the SRA without any further procedure required.

VI. The MC as proposed in the Plan shall be constituted to supervise and implement the Plan. The RP, who is part of the MC, shall submit quarterly progress reports to this Tribunal as regards the implementation of the Plan.

VII. Other reliefs and concessions not covered in the aforesaid paragraphs including exemption from levy of stamp duty, fees and registration charges that may be applicable in relation to this Plan and its implementation are not granted.

VIII. The moratorium declared under Section 14 of the Code shall cease to have effect on and from the date of this Order.

IX. Accordingly, MoA and AoA of the Corporate Debtor shall be amended and filed with the Registrar of Companies, Mumbai (Maharashtra) for information and record as prescribed. While approving the Resolution Plan as mentioned above, it is clarified that the SRA shall, pursuant to the Plan approved under section 31(1) of the Code, obtain all the necessary approvals as may be required under any law for the time being in force within the period as provided under law.

X. The Applicant/RP shall stand discharged from his duties with effect from the date of this Order. However, he shall perform his duties in terms of the Plan as approved by us.

XI. The SRA shall have access to all the Corporate Debtor's records, documents, assets and premises with effect from the date of this Order.

XII. The Applicant/RP is further directed to hand over all records, documents and properties of the Corporate Debtor to the SRA to enable it to carry on the business of the Corporate Debtor.

XIII. Liberty is granted to the parties for moving any application, if required, in connection with implementation of this Plan.

XIV. The Applicant/RP shall forward all records relating to the conduct of the CIRP and the Plan to the IBBI along with a copy of this Order for information and record.

XV. The Applicant/RP shall forthwith send a certified copy of this Order to the CoC and the SRA respectively for necessary compliance.

XVI. In case of non-compliance with this Order or withdrawal of the Plan, in addition to other consequences which follow under law, the CoC shall forfeit the Performance Security, already paid by the SRA.

XVII. The Registry is directed to send electronic version of the Order to all the parties and their Ld. Counsel, including the IBBI for record.

XVIII. **I.A. (I.B.C) (Plan) No. 124/MB/2025** in **C.P.(IB) No. 646/MB/2024** is **allowed** and the **Plan is approved.** The I.A. is decided in terms of the above.

Sd/-

BANWARI LAL MEENA
MEMBER (TECHNICAL)

Sd/-

ASHISH KALIA
MEMBER (JUDICIAL)

//LRA-Tanmay Jain//