IN THE NATIONAL COMPANY LAW TRIBUNAL

NEW DELHI BENCH

COURT-IV

I.A. No. 4133/ND/2025

IN

COMPANY PETITION (IB) 442/ND/2022

IN THE MATTER OF:
Locofast Online Services Pvt. Ltd.

. ... Operational Creditor

Versus

Bee K Bee Prints Pvt. Ltd.

. .. Corporate Debtor

AND IN THE MATTER OF:
M/s Hukum Chand Gupta Fabrics Pvt. Ltd.

... Applicant

Versus

1. Akhil Ahuja,
RP of Bee K Bee Prints Pvt. Ltd.

... Respondent No.1

2. Urbtech Finvest Pvt. Ltd.

... Respondent No. 2

CORAM:
SHRI MANNI SANKARIAH SHANMUGA SUNDARAM,
HON'BLE MEMBER (JUDICIAL)

SHRI ATUL CHATURVEDI
HON'BLE MEMBER (TECHNICAL)

Order Delivered on: 08.06.2026

PRESENT:

For the Applicant	**:**	Mr. Vasu Bhushan, Mr. Siddharth Kaushik, Mr. Ashish Upadhyay Advs.
For the Respondent	**:**	Mr. Kunal Godhwani, Ms. Kinjal Chadha Advs.

ORDER

PER: MANNI SANKARIAH SHANMUGA SUNDARAM, MEMBER (J)

1. Upon consideration is an application filed by the Applicant, Hukum Chand Gupta Fabrics Pvt. Ltd., being one of the largest single Operational Creditors of the Corporate Debtor, Bee K Bee Prints Pvt. Ltd., under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 11 of the NCLT Rules, seeking the following reliefs:

> *a) Dismiss the IA No. 30/2025 filed by the R. No. 1 (RP) under S. 30(6) and consequently reject the Resolution Plan submitted by Urbtech Finvest Pvt. Ltd. (R. No. 2);*
>
> *b) Direct the RP to disclose the correct information regarding assets of the CD by updating the IM; publish fresh Form G inviting RAs to submit Plan based on the updated IM;*
>
> *c) Direct the RP to conduct the CIRP fairly and in compliance with the Code and Regulations for the maximization of value of assets of the CD and recovery to the Creditors;*
>
> *d) Direct and inquiry to be conducted into the relation of Urbtech Finvest Pvt. Ltd. (R. No. 2) with DTH and suspended directors of the CD and bar it from participating in the CIRP if it is found to be ineligible u/s 29A IBC;*
>
> *e) and/or pass any such appropriate orders which this Hon'ble Tribunal may deem fit and proper in the facts and circumstances of this case.*
>
> *And for such acts of kindness the Applicants shall forever pray.*

2. Facts of the case as averred by the Applicant are as follows:

a. The Applicant, Hukum Chand Gupta Fabrics Pvt. Ltd., is the largest single Operational Creditor of the Corporate Debtor, Bee K Bee Prints Pvt. Ltd., with an admitted claim of ₹9,18,11,557, exceeding even the

total financial debt of ₹8,26,05,595, and is therefore a key stakeholder in the CIRP. The Applicant has participated in the CoC meetings of sthe Corporate Debtor in exercise of its rights under Section 24(4) of the Code.

b. The Applicant submitted that Respondent No. 1 is the Resolution Professional conducting the CIRP of the Corporate Debtor. Respondent No. 2, Urbtech Finvest Pvt. Ltd., is both the Resolution Applicant and a secured Financial Creditor of the Corporate Debtor. Notably, Respondent No. 2 is also related to DTH Masters Manufacturing Pvt. Ltd., which is the beneficiary of two fraudulent and grossly undervalued sale deeds executed by the suspended directors of the Corporate Debtor shortly prior to the commencement of the CIRP.

c. The Applicant has submitted that the Information Memorandum ("IM") published by the Resolution Professional is grossly deficient, as it fails to disclose assets of the Corporate Debtor valued at approximately ₹65.67 crore. The IM reflects that the Corporate Debtor owns only one land asset, namely land admeasuring - 708 square yards at Plot No. 162, DLF Phase-I, Industrial Area, Faridabad, Haryana. Although another land parcel (Mohla factory land) is mentioned, it is disclosed merely as a leasehold interest of the Corporate Debtor for a period of 11 months.

d. In view of disclosures made in the Information Memorandum, the fair value of the Corporate Debtor was assessed at ₹6,24,89,397 and the liquidation value at ₹4,51,43,257 by the Resolution Professional.

e. Subsequently, it came to light that the Corporate Debtor also owned at least four to five additional parcels of prime land, which were fraudulently transferred by the suspended directors through sale deeds in favour of third parties and related entities, after the filing of CP(IB) No. 632/2022 by the Applicant and prior to the commencement of CIRP on 15.04.2024 in CP(IB) No. 442/2022 filed by Locofast. These assets were neither disclosed nor reflected in the Information Memorandum which are as follows:

i. Property Located at Plot No. 162, DLF Industrial Area, Phase 1, Faridabad- 121003 admeasuring 708 sq. yds. [value of property is Rs. 4,61,97,000/-; ref. para 20 of IA No. 5420/2024].

ii. Property Located at Mouza- Mohla, Tah: Ballabhgarh, Dist. Faridabad admeasuring 3 acres (23 kanal 18 maria) [value of property is atleast_Rs. 8,82,34,462/·

iii. Property bearing Plot No. 160 admeasuring 1603.60 sq. yds. & Plot No. 160A admeasuring 780.60 sq. yds. respectively located at DLF Industrial Area, Phase 1, Faridabad- 121003 (value of Plot No. 160 is Rs. 10,46,34,900/- and that of Plot No. 160A is Rs. 5,09,34,150/-:

iv. Property bearing Plot No. 86/1, DLF Industrial Area, village Atmadpur, Faridabad Khewat khata No. 125/121, Khatoni No. 252, killa 13/1 admeasuring 600 Sq. yards (value of property is Rs. 3,91,50,000/-

f. It is stated by the Applicant that it is a matter of record that, shortly prior to the commencement of CIRP, the suspended directors of the

Corporate Debtor undertook preferential and related party transactions, including: (i) ₹7.52 crore paid to ex-directors and related parties (I.A. 5064/2024), and (ii) ₹20.73 crore arising from related party and fraudulent transactions in favour of various entities/persons (I.A. 5040/2024).

g. This aggregate amount of ₹28.25 crore has also not been disclosed in the Information Memorandum. Notably, the Resolution Professional has filed appropriate applications seeking recovery of these amounts. Accordingly, the same forms part of the Corporate Debtor's assets and ought to be included in its liquidation value of ₹4.51 crore. Accordingly, upon inclusion of the aforesaid assets and amounts, the liquidation/fair value of the Corporate Debtor would approximate ₹65.67 crore, as opposed to the mere ₹4.51 crore assessed by the Resolution Professional.

h. Based on the deficient Information Memorandum, which disclosed only one land asset of the Corporate Debtor, the Resolution Applicants (including the Applicant) submitted plans with financial proposals ranging between ₹4.51 crore and ₹4.81 crore, i.e., in line with the stated liquidation value. Had the correct and complete disclosure of assets been made, significantly higher resolution plans would have been received from prospective applicants, including the Applicant.

i. The Applicant further submitted that Respondent No. 2, **Urbtech Finvest Pvt. Ltd.** (Resolution Applicant), is related to **DTH Masters Manufacturing Pvt. Ltd.**, the beneficiary of two fraudulent and grossly undervalued sale deeds executed by the suspended directors

of the Corporate Debtor in respect of prime lands (Plot Nos. 160 & 160A, DLF Industrial Area, Phase-I, Faridabad) shortly prior to the commencement of CIRP. The RP had already filed I.A. No. 253/2025 seeking setting aside of the said transactions and restoration of the properties to the Corporate Debtor, thereby establishing the nexus between Respondent No. 2 and the beneficiary entity.

	DTH Masters Manufacturing Pvt. Ltd.	Urbtech Urbtech Finvest Pvt. Ltd. (R. No. 2 / RA)
Arun Kumar Ghai	•Director till 16.03.2016 •50% shareholder as on 31.03.2019	•Director till 16.02.2009 •Current shareholder
Balwant Rai Ghai	•50% shareholder as on 31.03.2019	•Current shareholder
Abhishek Ghai	•Family Member of Arun Kumar Ghai and Balwant Rai Ghai who were directors & shareholders of DTH	•Current Director •Current shareholder

j. The Applicant has alleged that the aforesaid facts cast serious doubt on the credibility of Respondent No. 2, **Urbtech Finvest Pvt. Ltd.** (Resolution Applicant), inasmuch as it is related to **DTH Masters Manufacturing Pvt. Ltd.**, which, as a matter of record, acted in connivance with the suspended directors of the Corporate Debtor and benefited from fraudulent and grossly undervalued transactions. Notably, these material facts were never disclosed by Respondent No. 2 before the CoC or in the resolution plan presently pending approval before this Adjudicating Authority in Polan Application i.e. I.A. No. 30/2025.

k. It further appears that the suspended directors may be seeking to regain control of the Corporate Debtor through the resolution plan submitted by Respondent No. 2, a related entity of DTH, which had benefitted from the impugned transactions involving diversion of valuable assets. This raises a serious apprehension of a quid pro quo arrangement, warranting closer scrutiny by this Adjudicating Authority. In any event, the non-disclosure of such material facts and the evident nexus significantly undermine the credibility of the Resolution Applicant.

l. It has been submitted that the Plan is violative of S. 30(2)(b). The OCs are entitled to 100% recovery but getting only 0.001% under fraudulent Resolution Plan submitted by Urbtech. The fraudulent Resolution Plan submitted by Urbtech which is pending approval before this Tribunal u/s 30(6) offers a financial proposal of merely Rs. 4.51 crore. This grossly undervalued Resolution Plan further blatantly provides in clause 8.4.7 thereof that the creditors of the CD will have no stake in the amounts/properties realized from the IAs for reversal of PUFE transactions; and that the realized amount will belong to the CD/RA alone. So, by merely paying Rs. 4.51 crore, the RA is trying to get hold of assets worth atleast Rs. 65.67 crore at the cost of creditors (such as the applicant herein) by giving them considerable haircut and violating even the safeguard provided u/s 30(2)(b) IBC as a consequence. This clandestine design has been formulated by the RP (by not disclosing/updating the true position of

assets of the CD in the IM) in connivance with the fraudulent RA just to give benefit to it and rip the creditors of their rightful amounts.

m. The Applicant submitted that the liquidation value has been erroneously assessed at ₹4.51 crore, creating a misleading impression that the resolution plan complies with Section 30(2) of the IBC. Under this incorrect valuation, after payment of CIRP costs (₹27 lakh) and workmen/employees dues (₹32 lakh), the remaining ₹3.93 crore would be entirely exhausted towards secured creditors (including the Resolution Applicant), leaving nothing for Operational Creditors, despite admitted dues of ₹34.68 crore. Accordingly, while the plan provides a nominal ₹5 lakh which is merely 0.001% of their admitted claims to Operational Creditors, this is portrayed as compliance with Section 30(2), whereas in reality, it is a mere smokescreen based on an undervalued liquidation assessment.

n. It is the case of the Applicant that in view of the mandate of law reiterated by the Hon'ble NCLAT in Amit Sangal (supra), the Resolution Plan submitted by Urbtech and pending consideration before this Tribunal in IA No. 30/2025 filed by the RP, is liable to be rejected. The present is a case where Urbtech (R. No. 2 / RA) is trying to take over assets of the CD worth atleast Rs. 65.67 crore by paying merely Rs. 4.51 crore. All of this is being done at the cost of other creditors including the Operational Creditors like the Applicant who are entitled for 100% recovery u/s 30(2)(b) as demonstrated in para xvii above, but are being offered mere 0.001 % recovery. A charade has been created to show compliance with provisions of the Code while in reality there

is none. The true value of assets of the CD has been mischievously concealed and suppressed by the R. No. 1 (RP) to support the fraudulent design of Urbtech.

o. The Applicant stated that the combined value of the undisclosed properties is at least ₹32.91 crore. Notably, the Resolution Professional has himself filed I.A. No. 5420/2024, 5528/2024, 253/2025, and 235 & 354/2025 seeking setting aside of the fraudulent sale deeds and restoration of these properties to the Corporate Debtor. Accordingly, these assets form part of the Corporate Debtor's estate and ought to be included in its liquidation value, presently assessed at ₹4.51 crore.

p. It is pertinent that this Adjudicating Authority, vide Order dated 16.12.2025, has allowed the aforesaid IAs and directed the respondents therein to contribute a cumulative sum of ₹53.14 crore to the Corporate Debtor. Consequently, the liquidation value of the Corporate Debtor is significantly higher than ₹4.51 crore as assessed by the Resolution Professional, thereby materially impacting the minimum payout payable to the Operational Creditors, including the Applicant, under Section 30(2)(b)(i) of the IBC. The contention if any that such assets did not belong to the Corporate Debtor at the commencement of CIRP is untenable. By virtue of the said Order, the impugned PUFE transactions stand void ab initio, and the assets (or their equivalent value directed to be restored) must be duly accounted for in the Information Memorandum.

q. That the present case presents a peculiar situation wherein the value of the assets of the Corporate Debtor has materially changed during

the pendency of the CIRP. In these circumstances, the Applicant has prayed that this Adjudicating Authority may direct a fresh valuation of the assets of the Corporate Debtor, including its recoveries and receivables, and consequently, order issuance of a fresh Form G to invite Expressions of Interest afresh. It further submitted that earlier participation was limited due to the valuation being reflected at approximately ₹4.51 crore. In view of the revised valuation exceeding ₹50 crore, it is likely to attract a larger pool of prospective resolution applicants, resulting in more competitive and value-maximising resolution plans, which would be in furtherance of the objective of the CIRP, namely maximisation of value and effective resolution of the Corporate Debtor.

r. Further, the Applicant has placed reliance on the following decisions:

i. TATA Steel BSL Ltd. V. Venus Recruiters Pvt. Ltd. & Ors. 2023 SCC OnLine Del 155.

ii. National Sewing Thread Co. Ltd. v. Superintending Engineer, TANGEDCO & Anr. 2024 SCC OnLine Mad 2330.

3. Reply filed by the Respondent No 1 / Resolution Professional

a. The Answering Respondent submitted that the present Application i.e. IA No. 4133/2025 has been filed by M/s Hukum Chand Gupta Fabrics Private Limited, which submitted a claim of INR 14,77,87,746/- before the RP. Upon verification, an amount of INR 9,18,11,557/- was provisionally admitted as operational debt. Accordingly, under Section 24(3)(c) of the Code, the Applicant participated in the CoC meetings as an Operational Creditor. Pursuant to the publication of Form G, the Applicant submitted its Expression of Interest and Resolution Plan,

thereby becoming a Prospective Resolution Applicant. However, the Applicant subsequently withdrew its Resolution Plan vide email dated 17.10.2025.

b. The Information Memorandum prepared by the Resolution Professional was in compliance with Regulation 36 of the CIRP Regulations, 2016, and was duly circulated to all Prospective Resolution Applicants on 23.08.2024.

c. It is pertinent to note that the CIRP of the Corporate Debtor commenced on 15.04.2024, upon which the Resolution Professional assumed management; however, the suspended Board of Directors failed to extend cooperation. Consequently, the Resolution Professional filed an application under Section 19(2) of the Code (IA No. 3296/2024), which was allowed vide order dated 04.04.2025. Despite the said order, continued non-compliance led to the filing of Contempt Petition No. 24/ND/2025, which is presently pending adjudication. In the absence of requisite information, the Resolution Professional independently identified and reported fraudulent transactions before the CoC, the details of which are as follows:

S. No.	IA No.	Identified and reported to CoC on	Informed in the CoC meeting	Application Filed
1	Section 66 of IBC, 2016 (IA No. 5420/2024)	07.10.2024	10th COC	21.09.2024
2	Section 66 of IBC, 2016 (IA No.5040/ND/2024)	07.10.2024	10th COC	30.09.2024
3	Section 43 & 44 of IBC, 2016 (IA No. 5064/ND/2024)	07.10.2024	10th COC	01.10.2024
4	Section 66 of IBC, 2016 (IA No. 5528/2024)	07.10.2024	10th COC	01.10.2024
5	Section 66 of IBC, 2016 (IA No. 253/2025)	20.12.2024	14th COC	21.12.2024
6	Section 66 of IBC, 2016 (IA No. 235/2025)	01-01-2025	15th COC	05.01.2025
7	Section 66 of IBC, 2016 (IA No. 354/2025)	01-01-2025	15th COC	05.01.2025

d. It is submitted by the Respondent that no material information regarding avoidance transactions was ever suppressed or withheld during the CIRP, when the Applicant was actively participating in the process and CoC meetings. The transactions forming part of the PUFE Applications were duly disclosed in the 9th to 14th CoC meetings held between 30.09.2024 and 20.12.2024, and the minutes thereof were circulated to all stakeholders, including the Applicant and CoC members.

e. Accordingly, the Information Memorandum was fully compliant with statutory requirements and made available to all Prospective Resolution Applicants, including the Applicant and the SRA. The present allegations are therefore misconceived and appear to be driven by extraneous considerations aimed at derailing the CIRP of the Corporate Debtor.

f. It is stated that the value arising from PUFE applications is not linked to the liquidation value of the Corporate Debtor. Accordingly, assets or transactions forming the subject matter of such applications cannot be included in the liquidation value, nor do they impact the CIRP. This position is expressly clarified under Section 26 of the Code, which provides that filing of avoidance applications shall not affect the CIRP proceedings.

g. That the Hon'ble NCLAT, New Delhi bench in the matter of Vinay Jain versus AVJ Developers (India) Private Limited being Company Appeal (AT) Insolvency No. 846 of 2023 held that the legislative intent is very clear that avoidance application is not to affect the proceedings in the

CIRP. The proceeding in CIRP i.e. the Resolution of the Corporate Debtor is the objective of IBC. PUFE Applications are a different scheme of proceedings which has to be concluded to its logical end which shall have its consequences as contemplated in the statute. The relevant para of the judgment is as follows:

> *Para 18. The Resolution Plan thus clearly contemplates that transaction application PUFE have to be pursued by SRA. Section 26 of the Code provides as follows:*
>
> *"26. Application for avoidance of transactions not to affect proceedings.- The filing of an avoidance application under clause (j) of sub-section (2) of section 25 by the resolution professional shall not affect the proceedings of the corporate insolvency resolution process."*

h. The Applicant, being an Operational Creditor as well as an Unsuccessful Resolution Applicant, has averred in the present Application that the Corporate Debtor was the owner of several parcels of immovable properties, which were alienated prior to the commencement of the Corporate Insolvency Resolution Process. It is stated that the erstwhile Board of Directors of the Corporate Debtor, executed the sale deeds in respect of the said properties. The particulars of the immovable properties, as disclosed by the Applicant in its Interlocutory Application, are enumerated hereinbelow:

i. Property situated at Plot No. 162, DLF Industrial Area, Phase-1, Faridabad — 121003, admeasuring 708 square yards,

ii. Property situated at Mouza Mohla, Tehsil Ballabhgarh, District Faridabad, admeasuring 3 acres (23 kanal 18 marlas),

iii. Property bearing Plot No. 160 admeasuring 1603.60 square yards and Plot No. 1604 admeasuring 780.60 square yards, both located at DLF Industrial Area, Phase-l, Faridabad — 121003; and

iv. Property bearing Plot No. 86/1, DLF Industrial Area, Village Atmadpur, Faridabad, recorded in Khewat/Khata No. 125/121, Khatoni No. 252, Killa No. 13/1, admeasuring 600 square yards.

i. The Respondent submitted that the Resolution Professional is statutorily obligated, under Regulation 36 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, to disclose in the Information Memorandum only such assets as were legally available with the Corporate Debtor as on the insolvency commencement date.

j. It is further submitted that immovable properties in respect of which registered sale deeds had already been executed prior to the commencement of the CIRP do not ipso facto form part of the asset pool of the Corporate Debtor for the purposes of the Information Memorandum, unless and until such transactions are duly adjudicated upon and disposed by this Hon'ble Adjudicating Authority in appropriate proceedings.

k. With respect to eligibility of Successful Resolution Applicant, the answering respondent submitted that Respondent No. 2, Urbtech Finvest Private Limited (Successful Resolution Applicant and CoC

member), has duly furnished an affidavit under Section 29A of the Insolvency and Bankruptcy Code, 2016, affirming its eligibility to submit a Resolution Plan. Additionally, the Resolution Professional, with the approval of the CoC, appointed an independent consultant to verify the eligibility of the Successful Resolution Applicant under Section 29A. It is also submitted that the alleged common shareholding and directorship between the Successful Resolution Applicant and DTH Master Manufacturing Pvt. Ltd. has already been disclosed by the Resolution Professional in IA No. 253/2025.

1. It is submitted that the Resolution Professional has valued only those assets of the Corporate Debtor which were available as on the insolvency commencement date. The value arising from PUFE applications bears no nexus to the liquidation value and, therefore, cannot be included therein. The liquidation value of the Corporate Debtor stands at Rs. 4,51,43,257/-, whereas the total admitted claims of secured financial creditors amount to Rs. 8,26,05,595.09/-. In such circumstances, in the event of liquidation, the Applicant, being an Operational Creditor, would not receive any amount. However, under the Resolution Plan approved by the Committee of Creditors, a sum of Rs. 5,00,000/- has been allocated to Operational Creditors, thereby ensuring compliance with Section 30(2)(b) of the Insolvency and Bankruptcy Code, 2016. Accordingly, the Applicant has been granted at least the amount it would have received in liquidation, thus satisfying the statutory mandate.

m. It is further submitted that the Hon'ble NCLAT in *BNK Power Solution Pvt. Ltd. v. Rajkumar Poddar* (Company Appeal (AT) (Insolvency) No. 59 of 2022) has held that where the payment to Operational Creditors under an approved Resolution Plan is in consonance with Section 30(2)(b) of the Code, the same warrants no interference. Further reliance has been placed on order passed by Hon'ble NCLAT in the matter of Masyc Projects Pvt. Ltd. Versus Mr.Pulkit Gupta, RP of Vadraj Cement Ltd. & Ors. bearing Company Appeal (AT) (Insolvency) No. 831 of 2025

n. That the Applicant had participated in the CIRP as a Prospective Resolution Applicant, having submitted its Expression of Interest and Resolution Plan dated 25.09.2024 (Annexure-19). However, the Applicant voluntarily withdrew its Resolution Plan from consideration by the Committee of Creditors vide email dated 17.10.2025 (Annexure-20), citing lack of commercial viability on account of pending PUFE proceedings and the proposed challenge mechanism.

o. Having consciously participated in and thereafter exited the process, the Applicant is now estopped from challenging the Resolution Plan. Such conduct is hit by the principles of estoppel, waiver, and acquiescence, and amounts to approbation and reprobation. The Applicant, having elected not to pursue its own plan, cannot now assail the process or the plan submitted by the Successful Resolution Applicant.

p. It is submitted that the Hon'ble NCLAT in *Kalinga Allied Industries India Pvt. Ltd. v. Hindustan Coils Ltd. & Ors.* (Company Appeal (AT) (Ins) No.

518 of 2020) has held that there exists no provision under the Code enabling the Adjudicating Authority to direct reconsideration of another resolution plan. In the present case, the Application is an afterthought and an abuse of process, filed solely to delay and frustrate the CIRP, and is therefore liable to be dismissed at the threshold with costs.

q. It is further stated that the present Application is ex facie not maintainable, as the Applicant, being an Operational Creditor, lacks locus standi to challenge a Resolution Plan duly approved by the Committee of Creditors in exercise of its commercial wisdom. It is well settled that the commercial wisdom of the CoC is paramount and not amenable to judicial review, save on the limited grounds under Section 30(2) of the Code, as held by the Hon'ble Supreme Court in *K. Shashidhar v. Indian Overseas Bank* (2019) 12 SCC 150 and *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta* (2019 SCC OnLine SC 1478).

4. REPLY ON BEHAL OF RESPONDENT NO. 2

a. It is respectfully submitted that properties forming the subject matter of avoidance transaction applications cannot be included in the liquidation value, as Regulation 35 of the CIRP Regulations mandates that liquidation value be computed only on the basis of assets owned, possessed, or controlled by the Corporate Debtor as on the insolvency commencement date. The mere filing of avoidance applications does not ipso facto revest any right, title, or interest in favour of the Corporate Debtor unless and until such transactions are adjudicated and set aside by the Adjudicating Authority.

b. Accordingly, such properties, not forming part of the Corporate Debtor's assets as on the commencement date, are liable to be excluded from the liquidation estate and cannot be considered for valuation or distribution purposes.

c. In the present case, the liquidation value of the Corporate Debtor is ₹4,51,43,257/-, while the approved Resolution Plan provides a higher amount of ₹4,51,85,225/-, thereby ensuring compliance with the provisions of the Insolvency and Bankruptcy Code, 2016.

d. It is submitted that the Committee of Creditors, in its commercial wisdom, has duly approved the Resolution Plan, including the treatment of PUFE applications, which cannot be challenged by an Operational Creditor. Further, in terms of Regulation 38(2)(d) of the CIRP Regulations, the Resolution Plan is required to provide for the manner of distribution of proceeds arising from avoidance transactions, and the discretion in this regard vests with the Resolution Applicant.

e. In terms of Clause 8.4.7 of the Resolution Plan of the Answering Respondent, any amount realized from PUFE transactions is to be utilized by the Corporate Debtor. The relevant extract of the Resolution Plan is reproduced hereinbelow:

> 8.4.7 The Financial Creditors or any other creditors of the CD shall have no additional stake in the outcome from recovery with respect to the PUFE / Avoidance Transactions, if any. The Resolution Applicant further propose to pursue the same. For the above purpose the amount from PUFE Transactions, if any, after deduction of legal expenses incurred thereon, shall mean the additional net amount realized by the Corporate Debtor/ relief

available to the Corporate Debtor because of an order of Adjudicating Authority. RA proposes to utilize the recovery of the amount from the outcome of the PUFE / Avoidance Application in the Corporate Debtor. For the purposes of this Resolution Plan, the term "PUFE / Avoidance Transactions" means the transactions of the nature defined under Sections 43, 45, 49, 50 & 66 of the Code against which the appropriate relief has been granted by Adjudicating Authority in accordance with applicable provisions of the Code.

f. That the aforesaid clause of the Resolution Plan has been duly approved by the Committee of Creditors in exercise of its commercial wisdom. This position stands fortified by the judgment of the **Hon'ble Supreme Court in *Piramal Capital and Housing Finance Limited v. 63 Moons Technologies Limited & Ors.* (Civil Appeal Nos. 1632–1634 of 2022)**, wherein it has been held that the treatment of recoveries arising from PUFE transactions is to be governed strictly in accordance with the terms of the Resolution Plan.

g. The Answering respondent submitted that since properties forming the subject matter of pending PUFE/avoidance applications do not constitute assets of the Corporate Debtor as on the insolvency commencement date and are excluded from liquidation value, the approved Resolution Plan cannot be alleged to be in violation of Section 30(2) of the Code.

h. Section 30(2) mandates payment to Operational Creditors based on the actual liquidation value of assets of the Corporate Debtor as on the commencement date, and not on any hypothetical or contingent value arising from disputed or avoidance-related transactions. Accordingly,

the allegation of non-compliance is misconceived and liable to be rejected.

i. It is submitted that the Answering Respondent/Resolution Applicant, whose Resolution Plan has been approved by the Committee of Creditors, duly furnished an affidavit under Section 29A of the Insolvency and Bankruptcy Code, 2016 affirming its eligibility, which stands further confirmed by the due diligence report of an independent consultant. Accordingly, being eligible under Section 29A, its Resolution Plan was validly submitted and approved.

j. It is further submitted that the Applicant neither raised this issue during oral arguments nor filed any rejoinder, and is now seeking to mislead this Hon'ble Tribunal by alleging that the Resolution Applicant is a related party to DTH Masters Manufacturing Pvt. Ltd. The impugned sale deeds dated 27.06.2022 and 04.07.2022 were executed after the concerned directors had resigned, and even as per the Applicant's own admission, the alleged common director had ceased to hold such position much prior to the initiation of CIRP. Accordingly, the allegation is wholly misconceived.

ANALYSIS AND FINDING

5. We have heard the learned Counsel appearing on behalf of the Applicant and the Respondents, and have carefully perused the pleadings, documents, and material placed on record.

6. The primary contention of the Applicant relates to the improper treatment of assets forming the subject matter of avoidance transactions (PUFE applications). It is observed that such transactions, though pending

adjudication, have a direct bearing on the value maximization of the Corporate Debtor. Any exclusion of such potential recoveries, without adequate consideration or disclosure, results in an artificial suppression of value and undermines the objective of the Code.

7. The Application specifically impugns material non-disclosure in the Information Memorandum, alleged suppression of assets and undervaluation affecting liquidation value computation, alleged ineligibility and nondisclosure of relationships of the Resolution Applicant under Section 29A, and alleged violation of Section 30(2)(b) owing to a drastic reduction in the distribution payable to Operational Creditors.

8. The Applicant, being the largest Operational Creditor with a substantial admitted claim, is a vital stakeholder in the CIRP and is directly impacted by the Resolution Plan. Its locus to maintain the present Application stood duly established. Accordingly, this Adjudicating Authority vide its Order dated 09.12.2025 had allowed this Application on maintainability and had heard the Application on merits.

9. The question before us is that the proviso to Section 31(1), read conjointly with Section 30(2)(b), reinforces that the Adjudicating Authority must ensure compliance with statutory safeguards before approving a Resolution Plan. Consequently, any stakeholder whose statutory rights under Section 30(2)(b) are alleged to be infringed clearly falls within the zone of persons aggrieved for purposes of Section 60(5).

10. That this Adjudicating Authority vide its detailed Order dated 16.12.2025 has already allowed the Avoidance Applications and had accordingly directed

the respective Respondents therein pay/contribute to the Corporate Debtor a cumulative amount of Rs. 53.14 crore.

11. The Respondent in its submission have submitted that the Applicant's case is premised on the alleged recovery of ₹55 Crores from avoidance (PUFE) proceedings impacting the Resolution Plan, is fundamentally misconceived. Assets forming the subject matter of avoidance applications do not constitute assets of the Corporate Debtor as on the insolvency commencement date and, therefore, cannot be included in the liquidation value or considered for evaluation of resolution plans.

12. It has emphasised that the Resolution Plan has been duly approved by the CoC in exercise of its commercial wisdom after due consideration of feasibility and viability. It is settled law that such commercial wisdom is paramount and non-justiciable, and judicial review is limited strictly to compliance under Section 30(2) of the Code. It further stated that the Resolution Plan fully complies with Regulation 38(2)(d) by expressly providing the treatment of avoidance (PUFE) recoveries. It stipulates that any such recoveries shall accrue to the Corporate Debtor in terms of the Plan, and creditors shall have no additional entitlement. This forms part of the commercial bargain and cannot be revisited.

13. The Respondent stated that the allegations regarding ineligibility under Section 29A are baseless. The Resolution Applicant has duly submitted the statutory affidavit, verified through independent due diligence, and no disqualification is attracted under the Code. Further it submitted that any interference at this stage would prejudice the CIRP, unsettle stakeholder expectations, and defeat the time-bound framework of the Code.

14. The question that arises for consideration before this Adjudicating Authority is whether a Resolution Plan, premised on an incomplete Information Memorandum and a suppressed liquidation value, can be sustained in law, particularly when subsequent adjudication of avoidance applications has materially altered the asset base of the Corporate Debtor. It is evident from the record that the Information Memorandum did not capture several assets which were the subject matter of avoidance proceedings, and consequently, the liquidation value reflected in Form-H was confined to approximately ₹4.51 crore, based on a limited asset pool.

15. However, pursuant to the orders passed by this Adjudicating Authority allowing the avoidance applications, a substantial value to the tune of approximately ₹53.14 crore has been directed to be restored/contributed to the Corporate Debtor. The legal effect of such adjudication is that the asset position of the Corporate Debtor stands significantly enhanced, and such value cannot be ignored while assessing the viability and fairness of the Resolution Plan. Any plan which proceeds on the basis of a pre-avoidance valuation would, therefore, fail to reflect the true financial position of the Corporate Debtor.

16. We are inclined to refer to the Order passed in Hon'ble Delhi High court in *Tata Steel BSL Ltd. v. Venus Recruiter Pvt. Ltd. & Ors., (C.M. Nos. 3196/2021 & 3198/2021)*

> *"88. The amount that is available after the transactions are avoided cannot go to the kitty of the resolution applicant, in this case the Appellant in LPA No. 37/2021. For the resolution applicant, it was purely a commercial contract, a commercial*

decision whereunder the resolution applicant knew the ground reality, the assets and the liabilities. The benefit arising out of the adjudication of avoidance applications is not for the corporate debtor in its new avatar since it does not continue as a debtor and has gone through the process of resolution. The expectation that some more amount could come to the kitty was not present when the commercial decision was taken by the resolution applicant while agreeing to take over the corporate debtor. The purpose of the avoidance application as stated above is to enhance the asset pool available for the decision of creditors who are primarily financial institutions and have taken the haircut in agreeing to accept a much lesser amount than what was due and payable to them. This is public money, and, therefore, the amount that is received if and when transactions are avoided and receive the imprimatur of adjudicating authority must be distributed amongst the committee of creditors in a manner determined by the adjudicating authority."

17. In the present case, the Resolution Plan approved by the Committee of Creditors is founded on an incomplete and outdated valuation, thereby artificially suppressing the value of the Corporate Debtor. As a result, certain classes of creditors, particularly the Operational Creditors, are deprived of their rightful share, in violation of Section 30(2)(b) of the Code. A Resolution Plan which fails to account for material recoveries arising from avoidance transactions cannot be held to be compliant with the Code or fair and equitable. It is further noted that the Plan, though approved by the CoC, is yet to receive approval of this Adjudicating Authority, which is duty-bound to ensure that the Plan satisfies statutory requirements and achieves the objective of value maximization of the Corporate Debtor.

18. On perusal of the record, we note that the Resolution Applicant/ *Respondent No. 2 (*Urbtech Finvest Pvt. Ltd.), is demonstrably connected to DTH Masters Manufacturing Pvt. Ltd., the beneficiary of two fraudulent and grossly undervalued sale transactions executed by the suspended management of the Corporate Debtor in respect of prime immovable properties, being Plot Nos. 160 & 160A, DLF Industrial Area, Phase–I, Faridabad, shortly prior to the commencement of CIRP.

19. The Resolution Professional has already instituted IA No. 253/2025 seeking avoidance of the said transactions and restoration of the subject properties to the Corporate Debtor, thereby establishing prima facie collusion between DTH and the erstwhile management. In this backdrop, the association of Respondent No. 2 with such beneficiary entity raises serious concerns regarding its credibility, bona fides, and eligibility. Notably, this material fact has not been disclosed by Respondent No. 2 either before the Committee of Creditors or in its Resolution Plan, presently pending approval before this Adjudicating Authority in Plan Application. Such suppression of material information vitiates the integrity of the Resolution Plan and warrants strict scrutiny.

20. The Hon'ble Supreme Court in the case of ***Committee of Creditors of Essar Steel India Ltd., Through authorized signatory vs Satish Kumar Gupta & Ors. [(2020) 8 SCC 53] (decided on 15.11.2019) ("EssarSteel Judgement")*** has clearly held that, while considering the resolution plan, in case the AA feels that there is some reason to alter the resolution plan or in case the relevant parameters are not addressed, they have a right to send

the resolution plan back to the CoC. Relevant portion of paragraph No. 73 of the said judgement is quoted below:

> "*"This being the case, judicial review of the Adjudicating Authority that the resolution plan as approved by the Committee of Creditors has met the requirements referred to in Section 30(2) would include a judicial review that is mentioned in Section 30(2)(e), as the provisions of the Code are also provisions of law for the time being in force. Thus, while the Adjudicating Authority cannot interfere on merits with the commercial decision taken by the Committee of Creditors, the limited judicial review available is to see that the Committee of Creditors has taken into account the fact that the corporate debtor needs to keep going as a going concern during the insolvency resolution process; that it needs to maximise the value of its assets; and that the interests of all stakeholders including operational creditors has been taken care of. If the Adjudicating Authority finds, on a given set of facts, that the aforesaid parameters have not been kept in view, it may send a resolution plan back to the Committee of Creditors to re-submit such plan after satisfying the aforesaid parameters."*

21. This position has also been referred to by the Hon'ble Supreme Court in the case of **Jaypee Kensington Boulevard Apartments Welfare Association & Ors. vs NBCC (India) Limited & Ors. [2021 SCC OnLine SC 253] decided on 24.03.2021.** The relevant portion of the paragraph is as follows:

> *"The jurisdiction of the Appellate Authority is also circumscribed by the limited grounds of appeal provided in Section 61 of the Code. In the adjudicatory process concerning a resolution plan under IBC, there is no*

scope for interference with the commercial aspects of the decision of the CoC; and there is no scope for substituting any commercial term of the resolution plan approved by the CoC. Within its limited jurisdiction, if the Adjudicating Authority or the Appellate Authority, as the case may be, would find any shortcoming in the resolution plan vis-à-vis the specified parameters, it would only send the resolution plan back to the Committee of Creditors, for re-submission after satisfying the parameters delineated by Code and exposited by this Court."

22. Additionally, the Hon'ble NCLAT vide its order dated January 05, 2022, in ***the Bank of Maharashtra vs Videocon Industries Ltd. & Ors. [CA (AT) (Ins) No. 503 of 2021]*** has clearly affirmed the right to send back a resolution plan to the CoC for re- consideration. The relevant portion of paragraph 45 is quoted below:

"All these reflect that power to reconsider any decision is within the domain of CoC and even Hon'ble Apex Court in Catena of judgment held that the commercial wisdom of the CoCs is non- justifiable and hence, it is in the domain of CoC, particularly, if at a later stage, it finds in public interest and the amount of loss which the public exchequer is to bear with such unprecedented haircut in such a large fund employment, it is in the fitness of thing that the proposal can be remanded back to the CoC, particularly, in view of their own affidavit to review their decision. The CoC is not functus - officio on the approval of the Resolution plan and accordingly, the judicial precedents clearly established that the Adjudicating Authority and this Tribunal is competent to send back the Resolution plan to the CoC for reconsideration."

23. In the present case, we note that the Resolution Plan expressly provides that any amount realizable from the pending avoidance applications shall accrue to the benefit of the Resolution Applicant. That Resolution Applicant/ Respondent No. 2 (Urbtech Finvest Pvt. Ltd.) seeks to acquire assets of the Corporate Debtor valued at approximately ₹65.67 crore for a meagre

consideration of ₹4.51 crore, out of which ₹50,00,000/- effectively circles back to the Resolution Applicant itself. The total payout under the Plan is ₹4,51,85,225/-.

24. Significantly, upon adjudication of the avoidance applications, there is a substantial augmentation in the asset base of the Corporate Debtor, which has not been duly accounted for in the Resolution Plan. This omission undermines the objective of value maximization and necessitates a re-evaluation of the Plan. The effect of the aforesaid is that the Resolution Applicant stands to unjustly enrich itself at the expense of other stakeholders, particularly the Operational Creditors, including the Applicant herein, who are statutorily entitled to full recovery under Section 30(2)(b) of the Code, yet are being offered a negligible recovery of 0.001%.

25. In view of the material change in the asset position of the Corporate Debtor and its direct impact on stakeholder entitlements, this Adjudicating Authority is of the considered opinion that the present Resolution Plan cannot be approved in its current form. The allowing of the avoidance applications has substantially enhanced the asset base of the Corporate Debtor, which has a direct bearing on liquidation value and the viability of the Resolution Plan. Any plan which fails to account for such material change would be contrary to the principle of value maximization under the Code. Conversely, due consideration of the augmented asset base would ensure a more equitable and value-maximizing outcome for all stakeholders.

26. A perusal of the distribution under the Plan reveals that Operational Creditors, including the Applicant, are being offered a negligible recovery despite being entitled to a substantially higher amount in liquidation. This

constitutes a clear violation of Section 30(2)(b)(ii) of the Code, which mandates that such creditors shall not be placed in a position worse than in liquidation. Further, the proposed distribution cannot be regarded as "fair and equitable" within the meaning of Explanation 1 to Section 30(2), as it disproportionately prejudices a class of creditors without any justifiable basis.

27. Accordingly, we find substantial merit in the contentions advanced by the Applicant and hold that the present Application warrants acceptance. In view of the material irregularities noted herein, particularly the failure to consider the true and enhanced asset base of the Corporate Debtor, the Resolution Plan under consideration cannot be sustained in its present form.

28. In the interest of justice and in furtherance of the objective of value maximization under the Code, the Resolution Plan is hereby remanded back to the Committee of Creditors for fresh consideration. The CoC is directed to re-evaluate the assets and reassess the value of the Corporate Debtor, taking into account the impact of avoidance transactions and all material developments, and thereafter consider a revised Resolution Plan in accordance with law.

29. In view of the above observation, the present application i.e. **I.A. No. 4133/ND/2025 stands allowed** and accordingly is disposed of.

Sd/-
ATUL CHATURVEDI
MEMBER (TECHNICAL)

Sd/-
MANNI SANKARIAH SHANMUGA SUNDARAM
MEMBER (JUDICIAL)