IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.303
IA 296 of 2020 in CP(IB) 266 of 2019

Proceedings under Section 60(5) IBC

IN THE MATTER OF:

Bank of India Through Its Authorised Representative Chandra Pal ....**Applicant**

V/s

Naren Sheth RP For Jaybharat Textiles & Real Estate Ltd & Ors. ....**Respondent**

Order delivered on: 14/07/2026

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.

sd/-

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

sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

AD/AP

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

IA No. 296 OF 2020
In
COMPANY PETITION (IB) NO. 266 OF 2019

IA No. 296 OF 2020

(Application Filed Under Section 60(5) of the Insolvency and Bankruptcy Code, 2016)

In the matter of:

Bank of India
through its authorised representative Mr. Chandra Pal
Asset Recovery Management Branch,
Bank of India Building, Ground Floor,
28, S.V. Road, Andheri (West),
Mumbai – 400058

Versus

1. **Naren Sheth,**
   the Resolution Professional of Jaybharat Textiles
   and Real Estate Limited.

2. **Beacon Realcon Private Limited**
   Gala No. 105, Everest Industrial Estate,
   Near 66 KVA Power Substation,
   Amli, Silvassa, Dadar & Nagar Haveli
   E-mail: beaconrealcon@hotmail.com

3. **Breacon Infra Private Limited**
   Gala No. 108, Everest Industrial Estate, Near 66 KVA Power
   Substation, Amli, Silvassa, Dadar & Nagar Haveli
   E-mail: breconinfra@hotmail.com

4. **Udit Textile Private Limited**

A-1, Flat No. 303, Anand Nagar Tokarkhada Khanvel Road,
Dadra & Nagar Haveli, Silvassa,
Dadra & Nagar Haveli,
India, -396230
E-mail: udit_text123@hotmail.com

5. **Gopala Holding Private Limited**
Gala No. 108, Everest Industrial Estate, Near 66 KVA Power Substation, Amli, Silvassa, Dadar & Nagar Haveli
E-mail: gopalaholding@hotmail.com

6. **Eloquent Traders Private Limited**
Flat No. 304, Cosmicity Jupiter H. No. 1615/20
Build Type C, Sayli, Dadra & Nagar Haveli, Silvassa,
Dadra & Nagar Haveli, India, 396230
E-mail: eloquenttraders@hotmail.com

7. **Rajdeep Clothing and Advisory Private Limited**
RM-81, Sudarshan Nagar, MIDC, Phase II,
Dombivli (East), Thane, Mumbai,
Maharashtra, India, 421201
rajdeepclothing@hotmail.com

8. **Royal Compservices Private Limited**
RM-81, Sudarshan Nagar MIDC, Phase-II,
Dombivli (East), Thane,
Maharashtra, India, 421201
E-mail: royalcompservices@hotmail.com

9. **Glean Trading Private Limited**
A-1, Flat No. 303, Anand Nagar, Tokarkhada,
Khanvel Road, Silvassa,
Dadra & Nagar Haveli, India, 396230
E-mail: gleantradingpl@hotmail.com

10. **Vignaharta Corrugators Private Limited**

Rm-81, Sudarshan Nagar, MIDC, Phase-II,
Dombivli (East), Dombivli,
Maharashtra, India, 421201
E-mail: vignahartacorrugator@rediffmail.com

11. **Wellworth Apparels Private Limited**
Office No. M 2, Maznine Floor, Pearl Plaza,
Tata Road no. 2, Opera House.,
Mumbai City, Mumbai,
Maharashtra, India, 400004
E-mail: wellworthapparels@hotmail.com

12. **Akash Fabrics Private Limited**
Unit No. 24A, 2nd Floor, Arsiwala Building,
57 Wodehouse Road, Colaba,
Mumbai, Maharashtra, India, 400005
E-mail: akash_fabrics@rediffmail.com

13. **Richi Rich Realty Limited**
Gala No. 107, Everest Industrial Estate, Near 66 KVA Power
Substation, Amli, Silvassa,
Dadar & Nagar Haveli, India, 396230
E-mail: richirichrealty@hotmail.com

14. **Shanti Synthetic And Processors Private Limited**
2/39 Jai Shastri Nagar, Golavali,
Near Vicco Naka Bombay, Thane, Dombivli,
Maharashtra, India, 421302
E-mail: shantisynthetics@rediffmail.com

15. **Almal Textiles Private Limited**
Poonam Vinod Jagan Park, Chala, Vapi,
Gujarat, India, 396195
E-mail: almaltext_123@hotmail.com

16. **Dhruvi Properties Private Limited**
Paras Centre A, Office No. 127, 1st Floor,

Tata Road No. 2, Opera House, Mumbai,
Maharashtra, India, 400004
E-mail: dhruviproperties@hotmail.com

17. **Charms Holding Private Limited**
Room No. 8, Patel Pada, Samarvani, Silvassa,
Dadra & Nagar Haveli,
India,396230
E-mail: charmsholding123@gmail.com

18. **Gopala Powertech Private Limited**
RM-81, Sudarshan Nagar, MIDC Phase II,
Dombivali (East), Mumbai,
Maharashtra, India, 421201
E-mail: gopalapowertech@rediffmail.com

... Respondents

Order pronounced on 14.07.2026

Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

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

Present:

For the Applicant	:	Mr. Rishi Badraj, Adv., Mr. Deep Roy, Adv. and Ms. Shrishti Agnihotri, Adv.
For the Respondents	:	Mr. Pawan Godiawala, Adv. for RP, Mr. Arjun Sheth, Adv. for Respondent No. 2 & 3, Mr. Yuvraj Thakore, Adv. for Respondent No. 4, Mr. Tirth Nayak, Adv. for Respondent No. 5, Mr. Prateek Gupta, Adv. for Respondent No. 6 to 11, Respondent No. 12 to 18 – ex parte

JUDGEMENT

1. This application has been filed by the financial creditor-Bank of India of the corporate debtor under section 60(5) of the IBC, 2016 seeking dissolution of the Committee of Creditors (CoC) of the Corporate Debtor and to remove and replace the present RP with Mr. Subrata Monindranath Maity (having registration number IBBI/IPA-001/IP-P00884/2017-2018/11481) as the new resolution professional of the Corporate Debtor, and grant additional time to the new RP for completion of verification of the claims of the creditors, and constitute a new committee of creditors.

2. Brief facts of case are that the Corporate Debtor-Jaybharat Textiles and Real Estate Limited was admitted into CIRP *vide* order of this Tribunal dated 03.01.2020. The Interim Resolution Professional (IRP) Mr. Naren Sheth was appointed by this Tribunal who was later confirmed as Resolution Professional (RP) at the first CoC meeting.

3. The applicant is one of the members of the Committee of Creditors (CoC) and submitted that at the first meeting held on 07.02.2020, RP circulated a List of Creditors (First

List of Creditors) showing 24 creditors — only 5 were financial institutions and 19 were unsecured non-financial creditors. The Financial Institution's aggregate voting share in that list was recorded as only 26.67%. Further a revised (Second) List of Creditors as on 15.03.2020 added two additional creditors, making the CoC comprises of 6 financial institutions and 20 unsecured non-financial institutions with the Financial Institution's voting share recorded as only 27.81% while non-financial institutions held 72.19%. It is submitted that the RP, in violation of Section 21(2) of IBC, 2016, admitted the claims without verifying and assigned voting rights before completing verification of claims as mandated by Regulation 13(1). It is also submitted that though the appointment of the present RP was approved by necessary vote, however, financial institutions voted against said resolution. The Applicant submitted that an independent due diligence and forensic audit, conducted at the instance of the financial creditors including applicant, revealed common directorships/shareholding among the unsecured financial creditors and their nexus with the Corporate Debtor and its promoters. The said unsecured financial creditors are related parties of the Corporate Debtor within the meaning of Section 5(24)(m) of the Code, as provided in the due diligence report highlighting common shareholding, directorships and managerial personnel. It is submitted that the inclusion of such creditors resulted in the secured financial creditors becoming a minority in the CoC and the Resolution Professional acted in a biased manner by favoring such unsecured financial creditors. The applicant submitted a chart reflecting the relation among the unsecured creditors and corporate debtor is reproduced as under:

Sr. No.	**Name of the non-financial institution**	**Names of the common shareholders with the Corporate debtor &/or other key points**
1.	Beacon Realcon Private Limited (BRPL)	Rajiv Kumar Baijnath Gupta who is the current director of the Corporate Debtor was a past director of BRPL. Rajshekhar Shankar Ganiger was a past director of the Corporate Debtor, BRPL and Dhruvi Properties Private Limited. Farindra Bihari Bhuneshwar Rai was a past director of the Corporate Debtor and BRPL. Sital Singh, who is the current director of BRPL, is also the current director of VCPL, who is a

		member of the CoC.
2.	Vignaharta Corrugators Private Limited (VCPL)	Sital Singh, who is the current director of VCPL is also the current director of BRPL, who is a member of the CoC. Nirmal Singh who is the current director of VCPL was also the previous director of BRPL.
3.	Charms Holding Private Limited (CHPL)	Saurabh Tayal, who holds 22.17% of shareholding in the Corporate Debtor, was a past director of CHPL. Further. he is part of the Tayal family who are the ultimate promoters of all the companies in the Tayal group including the Corporate Debtor and the non-financial institutions in the CoC.
4.	Brecon Infra Private Limited (BIPL)	Richi Rich Realty Private Limited ("RRRPL") holds 50% shareholding of BIPL and Sumeru Realty Private Limited ("SRPL") has an investment in 5000 equity shares of RRRPL. RRRPL and SRPL are both unsecured financial creditors of the Corporate Debtor. BIPL is also the promoter of KSL and Industries Limited, which is also a company in the Tayal group
5.	Aakash Fabrics Private Limited (AFPL)	Jyotika Tayal, who holds 8.41% of shareholding in the Corporate Debtor. was a past director of AFPL. Further. she is part of the Tayal family who are the ultimate promoters of all the companies in the Tayal group including the Corporate Debtor and the non-financial institutions in the CoC. Rajendra Nagpal, who is the current director of AFPL, was the previous director of DPPL (as defined below). who is a member of the CoC. Jaikumar Vishwanath Mishra,

		who is the current director of AFPL, was the previous director of SSPPL, who is member of the CoC.
6.	Dhruvi Properties Private Limited (DPPL)	Pawitter Singh, who is the current director of DPPL is also the current director of Tanvish Trading Private Limited who is a member of the CoC.
7.	Almal Textiles Private Limited (ATPL)	Pawan Kumar Sharma, who is the current director of ATPL is also the current director of Udit Textile Private Limited and Eloquent Traders Private Limited ("ETPL") who are both members of the CoC.
8.	Shanti Synthetitc and Processors Private Limited (SSPPL)	Jeetendra Haridas Madame, who is the current director of SSPPL is also the current director of Gopala Powertech Private Limited who is a member of the CoC. Shardool Singh, who is the current director of SSPPL is also the current director of Royal Compservices Private Limited("RCPL") who is a member of the CoC.
9.	Rajdeep Clothing and Advisory Private Limited (RCAPL)	Indrajit Jaiswar, who is the current director of RCAPL, has been the previous director of DPPL, ATPL, Glean Trading Private Limited, ETPL and RCPL, who are all members of the CoC.

4. It is further submitted that against the principal amount of Rs.249.50 crores, claims aggregating to Rs.1,587 crores, not reflected in the Corporate Debtor's financial statements, were admitted. The amount claimed by the unsecured creditors not only inconsistent with the

financial statements of the Corporate Debtor but also inconsistent with the financial statements of the unsecured creditors as well. Further, as per the Balance Sheet for the F.Y. 2018-19 (as available on MCA portal), the amount admitted by the RP as recoverable and due from the CD is higher than the total asset value of the unsecured creditors. It is submitted that the unsecured financial creditors are not engaged in the business of providing financial credit and the Resolution Professional failed to discharge his duties independently by admitting inflated claims and assigning voting rights to related parties of the Corporate Debtor in the CoC. Further, the applicant has also submitted that all these companies belong to Tayal group and other companies which are also undergoing CIRP same modus operandi has been adopted whereby the voting percentage of secured financial creditors has been reduced in a substantial manner so as to dominate CoC and CIRP process.

5. Respondent No. 1/Resolution Professional (RP) submitted that no single document in support of such allegation was provided by the applicant despite the request made by the

RP in this regard. It is submitted that the RP had offered the secured financial creditors to inspect all claims and records so that their doubts could be cleared. However, no such inspection was taken by such secured financial creditors. The issue of wrong admission of claims and such unsecured financial creditors, being related party, has been raised on the basis of unauthentic or irrelevant documents which have not been shared with the RP. It is submitted that the RP has meticulously complied with all the provisions and regulations of IBC 2016. The issue of maintainability of this IA is raised. It is claimed that for change of RP specific provisions under Section 27 of IBC, 2016 have been made and which is not being followed. It is submitted that claims received from the secured and unsecured financial creditors were examined, scrutinized, modified and admitted by RP in accordance with the provisions and Regulations 8, 13 and 14 of CIRP Regulations, 2016. It is also submitted that the applicant has failed to produce any document / record to show the admitted claims are in respect of related parties. As regard to claim amount i.e principal amount along with interest, it is submitted that such loans were availed by the Corporate Debtor almost 10-12 years back and interest thereon has also remained unpaid since then and such interest being an actionable claim under Section 5(8) of IBC, 2016 has been given due effect. It is also contended that principal amount is still appearing in the financial statement of the Corporate Debtor. It is further submitted that interest has been calculated at the rate of interest specified in the loan documents executed between the parties. As regard to the issue of related party, it is stated that the applicant has relied on unsigned draft report of the year 2016, got due diligence exercise done through another independent professional firm so as to find out the fact regarding such unsecured financial creditors, being a related party. It is, on the basis of such report, submitted that there is no commonality in employee, management, voting rights, shareholding pattern, etc., in respect of any financial creditor with the Corporate Debtor. It is further submitted that in the said report none of the unsecured financial creditors are related party to the Corporate Debtor.

6. RP further submitted the Financial Statement for the year ended on 31.03.2019. RP submits that he acted fairly and admitted the interest claims of unsecured financial creditors as well as secured financial creditors on the basis of methodology i.e. as against the principal amount of Rs.69 crores appearing in Balance Sheet as liability towards the secured financial creditors, their claims were admitted at Rs.608 crores considering the interest element based upon loan agreement though no provision has been made for the same in the books of account and in the financial statement. As regard to certain actions / issues relating to purported group companies, it is submitted that the Corporate Debtor is an independent entity which is run by the directors / professionals with no interference of any other person/ group and, therefore, no linkages with any other group companies as attempted by the applicant. As regard to use of unsecured financial loans and non-repayment thereof it has been submitted that such loans have been used as margin towards project cost and to meet working capital requirement as there exist conditions in the sanction letters of the bank that

the loans raised from such financial creditors shall not be paid before the payment of loan given by the secured financial creditors. Hence, such loans and interest thereon have been remained unpaid. RP has filed a chart containing of names of the unsecured financial creditors, principal amount, date of advance, due date, rate of interest, amount of interest from the date of advance to the date of CIRP at contracted rate of interest, amount of overdue interest from the date of default to the date of CIRP, repayment of amount, total amount claimed by the financial creditor and various documents relied on by the RP in admitting the claims of the unsecured financial creditors. It is also submitted that director of one such financial creditor even being director of another such financial creditor does not make such financial creditor as related party of the Corporate Debtor unless the said director is a common director for Corporate Debtor as well as financial creditor on the date of initiation of CIRP. As regard to conduct of RP, it is submitted that from the minutes of meetings and the manner of conduct of CIRP it would clearly emerge that the secured financial creditors have not come with clean hands before this Adjudicating Authority to pray that the RP should be removed.

7. Respondent Nos. 2 and 3 have filed their written submissions in the matter. Vakaltnama is filed on behalf of Respondent Nos. 4 and 5 but not filed any reply or written submissions.

8. Respondent Nos. 6 to 11 has filed their reply and submitted that the applicant has relied upon the Due Diligence Report dated 12.02.2020 and the Forensic Audit Report dated 17.08.2016 to allege that they are related parties of the Corporate Debtor. It is contended that a careful reading of the Due Diligence Report itself demonstrates that none of the answering respondents are related parties of the Corporate Debtor. It is further submitted that, in terms of Section 5(24)(m)(iii) of the Code, interchange of managerial personnel must be between the Corporate Debtor and the concerned person for such person to qualify as a related party. According to the respondents, the alleged common directorship, common registered office, or inter-se investments/shareholding amongst certain unsecured

financial creditors, Vignaharta Corrugators Pvt. Ltd., Wellworth Apparels Pvt. Ltd., Royal Comp Services Pvt. Ltd., Rajdeep Clothing and Advisory Pvt. Ltd., Trades Eloquent Pvt. Ltd. and Glean Trading Pvt. Ltd., do not establish any relationship with the Corporate Debtor and, therefore, do not qualify them as related parties of the Corporate Debtor in terms of Section 5(24)(m)(iii) of the Code. It is also submitted that common directorship or shareholding inter se amongst CoC members, without any nexus with the Corporate Debtor, cannot be a ground to treat them as related parties. The respondents further relied upon the judgment of Hon'ble Supreme Court of India in Phoenix ARC Private Limited v. Spade Financial Services Limited & Ors. Civil Appeal No. 2842 Of 2020 and submitted that the answering respondents do not fall within any of the categories specified under Section 5(24) of the Code. It is further submitted that the applicant has failed to produce any material to demonstrate that the respondents had divested themselves of the status of related parties with an intent to abuse the CIRP process of the Corporate Debtor.

9. It is further submitted that, following the commencement of the CIRP on 03.01.2020, Respondent Nos. 6-11 filed their claims in Form C within the prescribed period, supported by board resolutions, loan documents, banker's certificates, balance confirmations and other records, which were also placed on record by the Resolution Professional pursuant to the directions of the Hon'ble NCLAT vide order dated 05.07.2023 passed in Co. Appeal (AT)(Ins) 1022 / 2021 and 1024 / 2021. It is submitted that the CIRP itself was initiated on the basis of the same documents and that the Resolution Professional rightly admitted their claims, including contractual interest on loans advanced 8 to 10 years prior to the insolvency commencement date, which are supported by the financial contracts and the financial statements of the Corporate Debtor. It is further submitted that the financial statements of the corporate debtor on which reliance is placed by the applicant clearly states in clause 9 of notes to account that the company is liable for payment of principal besides interest in terms of security documents and penal interest on default as per agreed

terms. The respondents deny the allegation that the claims constitute extortionate credit transactions and submitted that, in terms of Section 50 of the Code, such transactions are subject to a two-year look-back period and can be challenged only by the Resolution Professional or Liquidator. Since the loans were advanced 8 to 10 years before the insolvency commencement date, the provisions of Section 50 are inapplicable. Therefore, it is submitted that the mere fact that unsecured financial creditors hold a higher voting share than secured financial creditors cannot be a ground for reconstitution of the Committee of Creditors, and the applicant has failed to establish either that the answering respondents are related parties of the Corporate Debtor or that their claims arise from extortionate transactions.

10. The applicant has filed affidavits stating that this Tribunal earlier dismissed the present application vide its order dated 05.10.2021. Subsequently, the appeal was preferred before the Hon'ble NCLAT by the applicant which was allowed and set aside the order dated 05.10.2021 and remanded back the matter for reconsideration and further

directed the RP to produce Form C of the unsecured creditors along with other supporting documents. It is submitted that RP has failed to comply with such directions.

11. Both the parties have filed their written submissions. Respondent Nos. 12 to 18 were proceeded ex parte vide order dated 08.06.2026.

12. Observations & Conclusions:

a) It is contended that principal amount is still appearing in the financial statement of the Corporate Debtor. When the balance sheet has not provided for the interest, the RP should not have adjudicated an interest claim which is not as per the books of the CD. He should have approached the Adjudicating Authority on the admissibility of the claim to the amount of interest claim.

b) It is noted that the appeal was preferred before the Hon'ble NCLAT by the applicant which was allowed and set aside the order dated 05.10.2021 and remanded back the matter for reconsideration and further directed the RP to produce Form C of the unsecured creditors along with other supporting documents. It is submitted that RP has failed to comply repeated directions given by this Tribunal to file Form C vide order dated 26.06.2024, 15.07.2024 and non-compliance recorded in 23.09.2025. The applicant has placed the copy of reply dated 03.02.2022 filed by the RP, rejoinder dated 19.02.2022 and written submissions dated 11.05.2022 filed by the applicant before the Hon'ble NCLAT.

c) The applicant has further stated that the Respondent No. 1/ RP has been suspended by the IBBI's Disciplinary Committee vide its order dated 30.01.2024 on account of contravention of the provisions of the IBC and applicable regulations.

d) It also appears that even after the RP has been suspended by the IBBI he has been pursuing the matter and non-complying with orders, without any authorisation to continue as a respondent in the matter. His replacement has not been sought by the COC.

e) The applicant has filed a detailed chart of the related party to the transactions with the CD which have become part of claim before the RP and with interest stated to be due from 2010, at exorbitant rates of interest which are not shown in balance sheet, they have become the majority stakeholders in COC. It is also submitted that the CD is an entity of the Tayal Group of Companies, wherein a set of unsecured creditors who are related party have filed such petitions for CIRP and have formed majority holding in the COC. This application is also observed to have been filed by the RP appointed by the one of the Unsecured Creditor whose claim is objected by the applicant.

f) The RP has to also verify the claim admitted of unsecured creditors as to whether they qualify to claim as a financial unsecured creditor for which the necessary production of documents to the applicant has not been done by the respondent RP , who as per the website of IBBI is no more in the list of RPs.

g) This tribunal has also passed certain orders in the connected matters with similar disputes on formation of COC and there are various group entities are all under CIRP where there are common unsecured creditors who are challenged as related parties and constituting the COC.

h) Further, the CD was a wilful defaulted declared by CD in May 2016 and an FIR has been filed against CD with CBI. It also appears from the submissions that the stated the claims of unsecured creditors under dispute who have constituted the COC were provisionally admitted and the claims verification are still in progress.

i) It is mentioned that they have lent inter corporate lending to the CD in the annual financial statement of CD for the year 2018-19. When the financial creditor applicant submits that the CD was a declared wilful defaulter in 2016, how the RP can admit the claim shown as per balance sheet of 2018-19, wherein even interest is not shown as outstanding of unsecured creditors who are also submitted to be related party, it appears to be by fraudulent means the unsecured creditors and RP might have acted in collusion.

13. In view of the above, we pass the following orders:

ORDER

I. IA 296 of 2020 of CP (IB) 266 of 2019 is partly allowed.

II. We dissolve the entire COC and appoint a new Resolution Professional from the panel suggested by the IBBI since the IBBI registration of Resolution Professional suggested by the applicant is suspended.

III. Mr. Sunil Kumar Agarwal having IBBI Registration No. IBBI/ IPA-001/ IP-P01390/ 2018-2019/12178, email-anil91111@hotmail.com is appointed to act as RP to re-verify all the claims as per the books of the CD from 2010 and file the list of claims admitted as fresh review of outstanding debt as on date of CIRP along with their eligibility in terms of provisions of IBC, 2016.

IV. Since COC is to be reconstituted, all other applications pending will be dealt with accordingly by this Tribunal and will not have any legal merits to continue.

V. In case no records are available for verification or handed over by the Ex-RP who is suspended, the newly appointed

RP should file an appropriate application under Section 33 of IBC, 2016.

sd/-

sd/-

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

CHITRA HANKARE
MEMBER (JUDICIAL)