IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.303

IA/370(AHM)2026 in CP(IB) 322 of 2018

Proceedings under Section 60(5) of the IBC,2016 r/w 230 of the Co.Act,2013 r/w Reg 2B of the IBBI Reg,2016

IN THE MATTER OF:

Mr.Ramesh Kumar Totla Liquidator of M/s.Galaxy Cotton And Textile Pvt Ltd **.....Applicant**

V/s

Dhirajlal Parbatbhai Lakkad & Others **.....Respondent**

Order delivered on: 28/10/2026

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

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

IA No. 370 of 2026
In
CP(IB) No. 322 of 2018

(An Application filed under Section 60(5) readwith Rule 11 of the National Company Law Tribunal Rules 2016)

IN THE MATTER OF:

Rameshkumar Totla,
Liquidator of Galaxy Cotton &
Textiles Pvt. Ltd.
304, Metro Tower, Ring Road,
Near Kinnari Cinema, Surat
395002
liquidation.gctpl@gmail.com ...Applicant

Versus

1. **Dhirajlal Parbatbhai Lakkad**,
   Flat No. 1, Ashutosh Apartment,
   Geeta Nagar Main Road,
   Street No. 1,
   Opposite Swaminarayan Gurukul,
   Off Dhebar Road,
   Rajkot-360002.
   Susman.galaxy@gmail.com

2. **State Bank Of India**
   Stressed Assets Management Branch,
   2nd Floor "Paramsiddhi Complex"
   Opp. V.S. Hospital, Near Ellisbridge,
   Ahmedabad - 380006
   team1samb.ahm@sbi.co.in
   sanmat.jain@sbi.co.in

3. State Tax Department
Commercial Tax officer -5
Office of assistant commissioner of
commercial tax unit-92 jilla
sevasdan-2 Race Course road
4th floor Rajkot
sto5unt92-rjt1-gstn@gujarat.gov.in

4. Employee Provident Fund Organisation
Panchayat Nagar Chowk,
University Road, Rajkot-360005
ro.rajkot@epfindia.gov.in.

…. Respondents

Order pronounced on 28.10.2026

Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

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

Present:

For the Applicant : Mr. Nitesh Shrivastava, Adv,
Mr. Ankit Sareen, Adv,
Mr. Mohit Sharma, Adv and
Ms. Dolly Sharma, Adv.
For the Respondents : Mr. Jaimin Dave, Adv (for R-1)
Mrs. M.A. Gogia, Adv (for R-2)

JUDGEMENT

1. The present Application is filed by the liquidator of Corporate Debtor- Galaxy Cotton & Textiles Pvt. under Section 60(5) read

with Section 230 Of The Companies Act, 2013 read with regulation 2B of the IBBI (Liquidation Process) Regulations, 2016, seeking following reliefs:

a) *to call meeting of Stakeholders Committee/ creditors of the Corporate Debtor in Liquidation (i.e.) Galaxy Cottons Pvt. Ltd. to consider the Scheme of Arrangement u/s 230 (1) of the Code on such date and time and venue as may be determined by this Tribunal for consideration of the Scheme.*
b) *To Appoint the Applicant-Liquidator as the Chairperson of the meeting of the Stakeholders' Consultation Committee (SCC) to be convened for the purpose of considering the scheme of compromise under Section 230 of the Companies Act, 2013, or to appoint any other independent professional as chairperson of the meeting of creditors as may deem fit by the this Tribunal,*
c) *To fix the remuneration of the chairperson for conducting meeting of the creditors and to perform such duty as enshrined under the Code and u/s 230 of Companies Act, 2013*
d) *To appoint an independent professional (Practicing Company Secretary or Chartered Accountant) as the Scrutinizer to oversee the voting process (including e-voting/postal ballot) and to submit a report on the voting results to the Chairperson;*
e) *To authorize the chairperson to fix the agenda, mode/venue, date and time, and issue notices for any meetings of the SCC in accordance with law and applicable regulations,*
f) *Notices to the statutory authorities may be ordered by this Tribunal as per the provisions of Section 230(5) of the Act and Rule 8 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016)*

g) To direct the dispatch of the notice of the proposed meetings by Speed Post or registered post or courier or hand delivery or through the email or in such other manner as this Tribunal may direct.

h) To direct the publication of the notice of the proposed meeting in two newspapers (one English and one vernacular Language i.e. Gujarati) having wide circulation in Rajkot/Gujarat, and authorize the Liquidator to issue individual notices to all stakeholders and statutory authorities such as ROC, Income Tax Authorities, Regional Directors as per Section 230(5) of the Companies Act, 2013 AND Rule 8 of the Companies (Compromise, Arrangemen and Amalgamation) Rule 2016)

i) To direct that all costs, charges, and expenses relating to the convening and holding of the meeting (including advertisement, postage, and professional fees including but not limited to Chairperson's remuneration amounting as may be fixed shall be borne and paid upfront by the proposer of the scheme ie Mr. Dhirajlal Lakkad and shal not be charged to the Liquidation Estate or other creditors as liquidation cost:

j) To Permit the Applicant-Liquidator to file detailed reports or affidavits before this Tribunal regarding SCC deliberations and steps taken pursuant to the scheme for purpose of orders to be passed u/s 230(6) of the Companies Act, 2013;

2. The Applicant-Liquidator submits that the Corporate Debtor, Galaxy Cotton & Textiles Pvt. Ltd., was admitted into CIRP on 10.08.2019 in CP (IB) No. 322 of 2018, and upon failure to receive a viable resolution plan, liquidation was ordered on 29.08.2022 under Section 33 of the IBC, appointing the Applicant as Liquidator. It is submitted that the ex-management challenged the liquidation order before the

Hon'ble NCLAT in Company Appeal (AT) (Insolvency) Nos. 1326/1328 of 2022. It is submitted that although liquidation was initially stayed vide order dated 10.11.2022, the appeals were dismissed on 03.08.2023, with liberty to the suspended management to propose a scheme of compromise or arrangement under Section 230 of the Companies Act, 2013, for consideration by the Liquidator in accordance with law. It is further submitted that the Applicant constituted the Stakeholders' Consultation Committee (SCC) on 23.12.2023 under Regulation 31A of the IBBI (Liquidation Process) Regulations, 2016, and obtained valuations of the Corporate Debtor's assets by registered valuers for determining the reserve price.

3. The Applicant submits that the Promoters/Respondent No. 1 submitted a scheme under Section 230 of the Companies Act, 2013, on 31.12.2023, proposing consideration of Rs.10 crore against the reserve price of Rs.23 crore determined on the basis of valuation reports. It is submitted that the scheme was considered by the SCC in its fourth meeting held on 23.01.2024 and rejected unanimously with 100% voting share on grounds of commercial non-viability and inadequacy of the

proposed consideration. It is submitted that the auction was conducted on 29.01.2024 pursuant to the sale notice dated 03.01.2024 culminated in Shyam Sunder Commodities Pvt. Ltd. emerging as the successful bidder for Rs.29,07,76,250, and a letter of intent was issued on 05.02.2024. It is submitted that being aggrieved by the SCC resolution dated 23.01.2024, Respondent No. 1 filed IA No. 525 (AHM) of 2024, wherein this Tribunal vide order dated 10.12.2025 set aside the SCC resolution passed in 4th meeting dated 23.01.2024, condoning the delay in submission of the scheme, directing the Liquidator to place the scheme for consideration in accordance with law, and setting aside the auction sale in favour of Shyam Sunder Commodities Pvt. Ltd. in view of the findings concerning fraud and collusion between related parties.

4. It is submitted that in compliance with the order dated 10.12.2025, the Applicant Liquidator issued emails dated 21.12.2025 and 30.12.2025 calling upon Respondent No. 1 to submit the proposed scheme, whereupon a revised scheme was submitted on 02.01.2026, proposing total payments of approximately Rs.24.97 crore, including approximately Rs.21.89 crore to State Bank of India (SBI), the secured

financial creditor, inclusive of amounts already realised from the sale of the Corporate Debtor's assets. It is submitted that the scheme identifies Kishan Brothers, Vrajbhumi Export Private Limited and Mr. Rajendrabhai Zatakiya as financial contributors, supported by net-worth certificates, and proposes staggered payments within one year. It is submitted that the revised scheme was placed before the SCC in its fifteenth meeting held on 08.01.2026. The Applicant submits that the SCC did not undertake any commercial evaluation or vote upon the scheme, but advised the Liquidator to approach this Tribunal under Section 230 of the Companies Act, 2013, for judicial consideration and appropriate directions, including for convening a meeting of creditors.

5. The Applicant further submits that, pursuant to the directions contained in the order dated 10.12.2025, SBI's claim was re-verified after seeking reconciliation of recoveries, if any, under the SARFAESI Act, 2002. It is submitted that SBI confirmed the claim, and the Applicant states that the verification resulted in no change to the admitted claim or the list of stakeholders. It is submitted that as on date of submission of scheme, members of stakeholders committee are as follows:

SBI, a secured creditor with admitted claim of Rs. 632,603,812.75, carrying 68.03% voting share in the SCC, while the State Tax Department's admitted claim is Rs.297,263,791 carrying 31.97% voting share and EPFO's operational debt is Rs.4,643, with no voting share. The Applicant also submits that, pursuant to the Hon'ble NCLAT's order dated 21.10.2024 in Company Appeal (AT) (Ins.) No. 1961 of 2024, the Liquidator could not proceed further until disposal of IA Nos. 410 of 2024 and 1528 of 2024. The Applicant filed applications for early hearing, which were dismissed, and the aforesaid IAs were ultimately disposed of as infructuous by this Tribunal on 10.02.2026. In view of the disposal of the aforesaid IAs, the Applicant states that the present application has been filed to place the revised scheme dated 02.01.2026 under Section 230 of the Companies Act, 2013, on record for consideration by this Tribunal and for appropriate directions in accordance with law.

6. The Applicant-Liquidator has further filed an affidavit wherein submits that, pursuant to the orders dated 13.03.2026, the Liquidator convened the 16th meeting of the Stakeholders' Consultation Committee (SCC) on 25.03.2026 and placed the

scheme submitted by suspended management under section 230 of the Companies Act, 2013 before the said committee for consideration. It is submitted that the scheme was rejected with 100% of the voting share, and the minutes and voting results were placed on record. It is submitted that pursuant to the liberty granted by the order dated 01.07.2026, the Liquidator convened the first meeting of the Committee of Creditors (CoC) on 23.07.2026, wherein the scheme was reconsidered in the presence of the suspended management. Referring to paragraph (k) of the order dated 10.12.2025, the Liquidator submitted that it was deliberated and noted that the scheme offered a total consideration of Rs.21,89,81,331, comprising Rs.10,39,81,331 already realised through the earlier auction and only Rs.11.50 crore as additional cash inflow, as against approximately Rs.29 crore realised/realisable from the auction and SBI's re-verified admitted claim of Rs.62,11,90,779.46. It was contended that the scheme was not "far above" the auction proceeds, but on contrary substantially lower than the value of the sale proceeds realisable in the auction and further contends that the suspended management had not enhanced the offer despite the opportunity granted,

and that the condition for consideration on merits contemplated in the order dated 10.12.2025 was therefore not satisfied. It is submitted that SBI, being the sole financial creditor with 100% voting share in the CoC, opposed reconsideration of the scheme, which was consequently rejected, and authorised the Liquidator to place the decision before this Tribunal.

7. The Applicant further submits that, in compliance with the directions dated 01.07.2026, both meetings were conducted in accordance with the directions of this Tribunal and the applicable provisions of the IBC and the IBBI (Liquidation Process) Regulations, 2016, particularly Regulation 2B. Relying upon the Fourth Amendment to the Liquidation Regulations, effective from 01.06.2026, the Applicant contends that a scheme under Section 230 cannot be filed by the Liquidator unless it is approved by the requisite majority of creditors under Section 230(6) of the Companies Act, 2013, and the amount realisable by creditors exceeds the liquidation value determined as on the insolvency commencement date. It is further submitted that, where the scheme entails corporate debt restructuring, Section 230(2)(c) requires the prescribed

consent of 75% secured creditors, which has not been obtained.

8. Respondent No. 1 has filed written submissions stating that the present Application was filed in compliance with the order dated 10.12.2025, seeking convening of meetings of creditors and stakeholders to consider the revised Scheme. It is submitted that the prayers are confined to conducting such meetings, including appointment of a Chairperson and Scrutinizer, issuance and publication of notices, voting and submission of a report under Section 230(6), without seeking rejection of the Scheme. It is contended that the Liquidator cannot subsequently seek rejection of the Scheme through the affidavit dated 25.07.2026 without amending the Application. It is submitted that the order dated 13.03.2026 merely directed the Liquidator to seek SCC guidance, and its advisory vote did not constitute a statutory meeting under Section 230(1), as Rule 5 of the CAA Rules was not followed. It is submitted that the orders dated 01.07.2026 sought procedural clarification, without substituting a CoC resolution for the statutory meeting.

9. The Respondent no. 1 submits that Section 230 of the Companies Act, 2013 prescribes a two-stage process, involving convening of meetings of creditors or their respective classes under Section 230(1), followed by consideration of the Scheme for sanction under Sections 230(6) and 230(7). It is contended that the statute provides no intermediate stage at which the scheme may be rejected on merits before it is put to the classes. The Respondent No. 1 submits that Section 230(9) is the only statutory exception with at least 90% in value must agree and confirm their agreement by affidavit, permits dispensation with a creditors' meeting and no provision allows threshold rejection of a Scheme without a meeting. It is submitted that there is no converse provision allowing the Tribunal, the Liquidator or any single creditor to reject a scheme at the threshold without a meeting.

10. The Respondent No. 1 submits that Section 230 of the Companies Act, 2013, read with Rules 5 to 8 of the CAA Rules, mandates class-wise meetings, prescribed notices, valuation disclosures and approval by three-fourths in value of each class. It is submitted that despite referring in his email dated 21.12.2025 to the filing of the requisite application for

convening meetings of creditors and members, the Liquidator relied on the advisory 16th SCC vote, which applied a 66% threshold and further at the 16th SCC meeting, SBI, a secured financial creditor, and the State Tax Department, an operational creditor, voted together despite belonging to different classes with dissimilar rights under the Scheme. The Respondent No. 1 submits that the CoC, comprising only financial creditors with SBI holding 100% voting share, excluded statutory creditors affected by the Scheme. It is contended that such a resolution cannot satisfy Section 230(6), which requires approval by three-fourths in value of the creditors or each relevant class. It is submitted that the orders dated 13.03.2026 did not dispense with statutory compliance, and Section 230(9) was inapplicable.

11. The Respondent No. 1 submits that the order dated 10.12.2025 remains uncomplied with, as no class-wise vote with 75% approval has been taken. The Respondent submits that the Liquidator wrongly treated the price obtained in the annulled auction as the benchmark for rejecting the Scheme, despite the auction having been set aside by this Tribunal for contravention of the provisions of the Code. The Respondent

No. 1 submits at the CoC meeting, reason No. 7 for rejection was that adjustment of "pre-CIRP SARFAESI recoveries" was "legally impermissible and contrary the Tribunal's direction to reckon such recoveries, thereby vitiating the decision. It is submitted that rejection on the ground of expiry of 90 days disregards the condonation of delay and the delay attributable to the Liquidator.

12. The Respondent No. 1 submits that the amended Regulation 2B, effective from 01.06.2026, does not apply retrospectively to the Application filed on 26.02.2026 pursuant to the order dated 10.12.2025. Further, the amended proviso itself requires approval in accordance with Section 230(6), necessitating meetings under Section 230(1) and class-wise voting, and does not permit substitution by an advisory SCC vote or CoC resolution. It is submitted that Clause (b) of the amended Regulation 2B requires comparison of the Scheme amount with the liquidation value as on the insolvency commencement date, i.e., 10.08.2019. It is submitted that said liquidation value has not been placed on record instead, the Scheme was compared with the bid in the auction set aside by the Tribunal.

13. The Respondent No. 1 submits that the Liquidator failed to comply with the order dated 10.12.2025 directing re-verification of SBI's claim after accounting for SARFAESI recoveries, taking inconsistent positions on its verification. It is submitted that despite reducing SBI's admitted claim by email dated 01.04.2026, Rs.2,63,49,446 of the Rs.14,83,20,000 realisation remains unexplained, and objections regarding the refund remain unadjudicated. The Respondent No. 1 submits that adjudication of SBI's claim is essential, as the unverified claim affected voting shares, which shifted from 68.03% to 67.63% following revision of its claim to Rs.62,11,90,779.46. It is submitted that the Scheme's fairness and Regulation 2B liquidation-value comparison depend on the correct claim quantum. It is contended that the Liquidator ought to determine SBI's claim by a reasoned order under Section 40, communicated to the Corporate Debtor and suspended management, before convening Section 230(1) meetings

14. Respondent No. 2, State Bank of India (SBI), submits that this Tribunal, vide Order dated 10.12.2025 in IA No. 525 of 2024, set aside the auction sale dated 29.01.2024 and directed submission of a Scheme under Section 230 of the Companies

Act, 2013, along with re-verification of SBI's claim considering SARFAESI recoveries. It is submitted that Respondent no. 1 has offered Rs.21,89,81,331 under the Scheme, including Rs.10,39,81,331 already recovered through the earlier SARFAESI auction, resulting in only Rs.11.50 crore as additional cash inflow against approximately Rs.29 crore realised/realisable from the Corporate Debtor's assets. It is submitted that SBI's re-verified admitted claim stands at Rs.62,11,90,779.46/- . It is submitted that the Scheme does not satisfy the condition of offering consideration "far above" the auction proceeds. It is further submitted that the Scheme was rejected in the SCC meeting dated 25.03.2026 and again in the CoC meeting dated 23.07.2026 by 100% of the voting share. Respondent no.2 submits that the Scheme is not in the interest of stakeholders and seeks permission for the Liquidator to proceed with liquidation under the Insolvency and Bankruptcy Code, 2016.

15. Respondent no. 3,4 has not filed any reply. Applicant has filed purshish submitting that they have been arrayed as pro forma parties, and no specific relief is sought against them. The Applicant has also filed an affidavit of service.

16. We have perused all the documents and submissions placed on record.

17. Observations:

a. The proposal put forth before the liquidator is under Sec 230 of IBC 2016 is seeking directions to call meeting of stakeholders committee/creditors of COC to consider the Scheme of Arrangement u/s230(1)of the code with other prayers in terms of provisions laid down under Companies Act 2013.

b. Apparently from the affidavit submitted by the applicant subsequent to filing this application, a meeting of 16th SCC and first COC meeting was conducted on 25.03.2026 wherein the sole financial creditor (Secured) has rejected the proposal. The reason stated is that the R 1 has offered an amount of Rs.21,89,81,331 as total consideration under the scheme from suspended management seeking to adjust a sum of Rs.10,39,81,331 which stands already recovered by way of earlier auction sale under SARFAESI Act which was conducted before the CP (IB) 322 of 2018 and effectively only Rs.11,50,00,000 is being offered as further additional cash flow as against approximately only Rs.29 crore

realise/realisable in respect of the assets of the CD in last auction.

c. The issue gets diverted as the SCC which has been convened has relied on the offer bid than the liquidation value at the time of admission in to CIRP 29.08.2023. While there may be difference between the liquidation value assessed, offer price of the suspended management and the bid price relied upon by SCC/COC. It is not that even if the Sec 7 of the IBC 2016 was used to bring insolvency against the CD and the sole financial creditor gets the entire process of realisation, under liquidation the stake holders all get their value. Further, it is submitted that the respondent NO.1 is a MSME. Hence the tribunal has given an opportunity to the suspended management and it is for the stake holders to consider a proposal if viable.

d. We are basically concerned with whether the applicant should stick to his prayers and conduct the meeting of all the stakeholders in terms of provisions of Sec 230 of Companies Act 2013.

e. We are not passing any observation on the said conditional offer of the suspended management which can only give a

proposal to the creditors in terms of provisions of companies Act to enable an approval by the creditors and run the entity further as going concern and come out of CIRP. The suspended management is in suspended stage and cannot move an application before us and the tribunal can only consider the prayers of the liquidator who has filed the application. We observe here that in case an application is to be considered under Sec 230 of Companies Act it has to be considered with an appropriate valuation in terms of Sec 230(2)(c)(v). Since the respondent is suspended management, the liquidator may obtain a fresh valuation as on date of liquidation and submit the same before the stake holders and also file the same before this tribunal along with the compliance of this order.

f. It is up to the stake holders to protect their interest or reject the proposal and this tribunal can only consider the facts after allowing the representation of all stake holders. In case the approval/rejection is made by the stake holders, after an appropriate valuation is done and a commercial decision is taken based on the proposal put forward by the respondent

CD, the applicant may move an appropriate application for further directions.

18. Hence we pass the following Order:

ORDER

I. IA 370 of 2026 is allowed.

II. The Applicant-Liquidator is directed to conduct a separate meeting under his Chairmanship of all stake holders (all class of creditors) within 1 month of date of this order for consideration of the proposed Scheme of Compromise and Arrangement.

III. The Applicant-Liquidator who is appointed as the Chairperson of the aforesaid meetings, is authorized to settle the agenda, determine the mode and venue, fix the date and time of the meeting(s), and issue notices to the creditors/stakeholders in accordance with law.

IV. Ms. Vandana Kohli, email: vandanaak353@gmail.com is appointed as Scrutinizer to oversee the voting process in the aforesaid meetings including e-voting and/or voting by postal ballot, wherever applicable, and submit her report to the Chairperson.

V. The Applicant-Liquidator is directed to issue notices of the proposed meeting(s) to all concerned creditors/stakeholders, along with a copy of the proposed Scheme and other requisite documents, by speed post, registered post, courier, hand delivery, electronic mail or any other legally permissible mode, in accordance with law.

VI. The Applicant-Liquidator is directed to publish an advertisement convening the aforesaid meetings, specifying the date, time and venue thereof, at least one month prior to the date of the meetings, in one English newspaper, and one Gujarati vernacular newspaper having wide circulation in Gujarat.

VII. The Applicant-Liquidator is further directed to serve notices, along with a copy of the proposed Scheme and requisite documents, upon the statutory authorities contemplated under Section 230(5) of the Companies Act, 2013, read with Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, as applicable.

VIII. The Chairperson shall submit a report of the meetings, including the voting results, to this Adjudicating Authority in Form No. CAA-4, in accordance with Rule 14 of the

Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, within seven days from the conclusion of the meetings. The Chairperson shall be assisted by the authorized representative/company secretary of the Corporate Debtor and the Scrutinizer in preparing and finalizing the report.

IX. The proposer of the Scheme, Mr. Dhirajlal Lakkad, is directed to pay remuneration of ₹1,00,000/- to the Chairperson and ₹50,000/- to the Scrutinizer. All expenses incidental to convening and conducting the meetings shall be borne by the proposer and shall not be charged to the liquidation estate of the Corporate Debtor or treated as liquidation costs.

X. The Applicant-Liquidator is at liberty to file such further reports and affidavits before this Adjudicating Authority as may be necessary, setting out the deliberations, voting results and steps taken pursuant to the proposed Scheme, for consideration of the Scheme in accordance with Section 230(6) of the Companies Act, 2013.

XI. All the aforesaid directions shall be complied with in accordance with the provisions of the Companies Act, 2013,

and the rules made thereunder, as applicable to the proposed Scheme of Compromise and Arrangement.

XII. It is clarified that the present order is confined to convening the meetings and shall not be construed as sanction or approval of the proposed Scheme, which shall be subject to further orders of this Adjudicating Authority in accordance with law.

XIII. Accordingly, this application is disposed of with above mentioned directions.

-SD-

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

-SD-

CHITRA HANKARE
MEMBER (JUDICIAL)

AS