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## **Mehar Bhoomi Pvt. Ltd. v Shashi Bhushan Prasad**

### **Facts of the case-**

Angad Infrastructure Pvt. Ltd. decided to borrow money from Mehar Footwear Pvt. Ltd. To revive the company and its day-to-day operations. The committee of Creditors (CoC) approved this resolution plan with a 100% vote share. The CoC constituted of Edelweiss ARC (78.63%) and Bank of India (21.37%). The CoC issued a Letter of Intent to Mehar Bhoomi. The applicant submitted this letter to NCLT (National Company Law Tribunal) for approval in January 2020. The approval was not granted until 2024 during which, the CoC was reconstituted in 2024 and this newly constituted committee decided to withdraw the plan of approval and issue fresh invitations for the resolution plans. The Letter of Intent was formally terminated by the Resolution Professional in June 2025. The NCLT did not accept this Letter of Intent and sent it back for changes in October 2025. Meanwhile, Mehar Bhoomi appealed the decision of the NCLT against the order as the actual resolution applicant.

### **Issue-**

1. Can the Committee for Creditors withdraw their resolution plan after it was passed with a 100% vote and the Letter of Intent was submitted before the NCLT?
2. Can the reconstitution of the CoC be valid grounds for withdrawing the Letter of Intent and issue fresh invitations for resolution plans?
3. Whether the resolution plan violated article 30(2) of the Insolvency and Bankruptcy Code 2016, by not repaying Mehar Bhoomi?

### **Arguments presented by the Appellant-**

1. According to the appellant, the decision of Committee of Creditors is of utmost importance to Angad Infrastructure Pvt. Ltd and their opinion is binding, therefore, NCLT cannot sit in appeal over the choice of CoC. Therefore, they assert that when the CoC approved the resolution plans it was binding upon them.
2. Appellant asserted that respondents would not be allowed to withdraw the Letter of Intent (LOI) as the NCLT had approved it. They contest that withdrawal is not an option after the offer has been accepted, as seen in this case NCLT approved the letter of intent in Oct. 2025
3. They argue that the resolution plan was approved with a 100% vote share in 2020 CoC has no option of changing their decision and this decision will be binding on themselves even before it is approved by NCLT. To substantiate their point, they take help of precedents

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such as *Ebix Singapore v. CoC of Educomp solutions Ltd.& Anr.* (2022) and *SBI v. Consortium of Murari Lal Jalan* (2025).

4. They assert that the respondents have violated regulation 18(2) of the CIRP regulations, 2016. They argue that the CoC could only meet for matters that do not affect the Resolution Plan, and when the CoC was reconstituted, they discussed matters relating to withdrawal of LOI which directly affects the Resolution Plan.
5. Appellant also argue that change in members of the CoC is not a material fact when it comes to decisions made prior to the reconstitution. Therefore, asserting that the CoC cannot withdraw their prior decisions.

### **Arguments presented by the Respondent-**

1. The respondent argued that after the CoC was reconstituted, Indo Jatalia Holdings Ltd. Were given 17.38% equity and therefore, they retained substantial voting rights and their interest was of importance. They argue that Indo Jatalia Holdings did not agree to the Letter of Intent submitted by the previous CoC and they had the right to withdraw the Resolution Plan as there no longer remained 100% Vote share.
2. The Respondents argue that because the approval was pending before the NCLT therefore, it had the right to reconsider their decision and change it.
3. The respondents argue that when the final list of the Prospective Resolution Applicants (PRAs) the entities were not the same as one discussed prior to the final listing, they argue that this mismatch amounts to misrepresentation and violation of Expression of Interest. They further allege that the Change in the composition of the Prospective Resolution Plan without the consent of the CoC is violative of clause 5(iv) of the Request for Resolution Plan.
4. They assert that as a result of this misrepresentation of shareholding, they have the discretion of revoking or withdrawing the Letter of Intent.

### **Judgment of the Court-**

1. The court, NCLT, held that the inclusion of Indo Jatalia Holding had nothing to do with the past decisions of the CoC that was passed with 100% vote share. The court held that the CoC had no right to open the matter for discussion as it was already voted in favor for in the past.
2. The court held that the CoC had discussed matters such as withdrawal of Letter of Intent, after it was submitted to the NCLT for approval. Therefore, they violated regulation 18(2) of the CIRP regulations, 2016. This regulation discourages CoC to discuss matters that affect the resolution plan and because such discussions directly after it, the respondents

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were held violative of the regulation. This also made all their related discussion, that directly affect the plan, null and void.

3. The court concluded that the Resolution Plan cannot be sent back for reconsideration, as the CoC had no jurisdiction to withdraw the Letter of Intent.

**Conclusion and Significance-**

Once a resolution plan is approved by the CoC, the Letter of Intent is issued to the NCLT, then such a plan becomes binding and remains binding even after the CoC has been reconstituted, there is no room for withdrawal, reconsideration or cancellation.

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