

<p>UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY</p>	
<p>Caption in Compliance with D.N.J. LBR 9004-1(b)</p> <p>Bradford J. Sandler (NJ Bar No. 009521996) Robert J. Feinstein (<i>pro hac vice</i> pending) Edward A. Corma (NJ Bar No. 278262018) PACHULSKI STANG ZIEHL & JONES LLP 1700 Broadway, 36th Floor New York, NY 10019 Telephone: (212) 561-7700 Facsimile: (212) 561-7777 bsandler@pszjlaw.com rfeinstein@pszjlaw.com ecorma@pszjlaw.com</p> <p><i>Proposed Counsel for the Official Committee of Unsecured Creditors</i></p>	
<p>In re:</p> <p>MULTI-COLOR CORPORATION, <i>et al.</i>,¹</p> <p style="text-align: center;">Debtors.</p>	<p>Chapter 11</p> <p>Case No. 26-10910 (MBK)</p> <p>(Jointly Administered)</p>

**OBJECTION OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS TO DEBTORS’ DIP FINANCING MOTION**

The Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) files this objection (the “Objection”) to the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Liens and Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing,*

¹ The last four digits of Debtor Multi-Color Corporation’s tax identification number are 5853. A complete list of each of the Debtors may be obtained on the website of the Debtors’ claims and noticing agent at <https://veritaglobal.net/MCC>. The Debtors’ service address for purposes of these chapter 11 cases is 3284 Northside Parkway NW, Suite 400, Atlanta, Georgia 30327.



and (V) Granting Related Relief [Docket No. 26] (the “DIP Motion”). The Court entered an order approving the DIP Motion on an interim basis on February 2, 2026 [Docket No. 106] (the “Interim Order”).² In support of this Objection, the Committee respectfully states as follows:

Introduction

1. The Committee was appointed on March 18, 2026, retained its counsel on March 19, 2026, and its financial advisor on March 21, 2026. The Committee is moving at breakneck speed to familiarize itself with the status of these cases so that the Committee can thoughtfully assert positions for the benefit of unsecured creditors. The Committee appreciates the extra time that the Court has provided to the Committee this week with respect to the DIP Motion and intends to adopt a constructive and commercial approach to these chapter 11 cases generally.

2. The Committee desires that a confirmable plan be presented in these cases and understands that the key parties are in active settlement negotiations. However, to the extent that the current plan is not confirmable or does not sufficiently benefit unsecured creditors, the Committee seeks to protect the interests of unsecured creditors by improving the terms of the proposed DIP Facility.

3. Accordingly, the Committee files this Objection to raise the following issues with respect to any further interim or final order on the DIP Motion. The Committee reserves the right to assert additional objections based on its ongoing due diligence efforts at any hearing on the DIP Motion.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the DIP Motion or the Interim Order, as applicable.

Objection

4. Any proposed financing must be “fair, reasonable, and adequate” to the Debtors’ estates. *In re Crouse Grp.*, 71 B.R. 544, 549 (Bankr. E.D. Pa. 1987); *see also In re L.A. Dodgers LLC*, 457 B.R. 308, 312–13 (Bankr. D. Del. 2011); *Norris Sq. Civic Ass’n v. St. Mary Hosp. (In re St. Mary Hosp.)*, 86 B.R. 393, 401 (Bankr. E.D. Pa. 1988). Postpetition financing should only be approved to the extent it is “in the best interests of the general creditor body.” *In re Roblin Indus.*, 52 B.R. 241, 244 (Bankr. W.D.N.Y. 1985); *see also In re Chief Exec. Officers Clubs*, 359 B.R. 527, 540 n.6 (Bankr. S.D.N.Y. 2007) (stating that the debtor cannot excuse its fiduciary duties to its estate and creditors for the sake of prompt debtor-in-possession financing).

5. “Courts recognize that in connection with postpetition financing, lenders often extract favorable terms that may or may not have the effect of causing harm to the estate and creditors.” *In re Mid-State Raceway*, 323 B.R. 40, 59 (Bankr. N.D.N.Y. 2005). As such, “bankruptcy courts do not allow terms in financing arrangements that convert the bankruptcy process from one designed to benefit all creditors to one designed for the unwarranted benefit of the postpetition lender.” *Id.* (quoting *In re Defender Drug Stores*, 145 B.R. 312, 317 (B.A.P. 9th Cir. 1992)); *see also In re Aqua Assocs.*, 123 B.R. 192, 195–98 (Bankr. E.D. Pa. 1991) (“[C]redit should not be approved when it is sought for the primary benefit of a party other than the debtor.”); *In re Tenney Village Co.*, 104 B.R. 562, 568 (Bankr. D.N.H. 1989). Indeed, the law has long acknowledged the unequal bargaining power inherent in negotiations leading to proposed postpetition financing, as well as the very significant harm that can befall creditors if the proposed lender is permitted to exploit its position. *See, e.g., In re FCX, Inc.*, 54 B.R. 833, 838 (Bankr. E.D.N.C. 1985) (“[The] court should not ignore the basic injustice of an agreement in which the debtor, acting out of desperation, has compromised the rights of unsecured creditors”).

6. Accordingly, the Committee sets forth the following issues with respect to any further interim or final order on the DIP Motion:

7. Lender Claims. Any potential claims or causes of actions of the Debtors' estates against the Prepetition Secured Parties themselves should be carved out of the scope of the DIP Liens, DIP Superpriority Claims, Adequate Protection Liens, and Adequate Protection 507(b) Claims so that the Prepetition Secured Parties are not effectively receiving a release or the benefit of any claims or causes of action against themselves.

8. Marshaling. The DIP Secured Parties and the Prepetition Secured Parties should be required to exercise commercially reasonable efforts to marshal away from Avoidance Proceeds, Recovery Proceeds, and any other previously Unencumbered Property.

9. Roll-Up. The proposed roll-up of Prepetition Secured Obligations under the DIP Facility, and any other payment or crediting of the Prepetition Secured Obligations, should be expressly subject to the Committee's Challenge rights.

10. Challenge Provisions. If the Committee timely files a motion seeking standing to assert a Challenge (along with a proposed complaint), the Challenge Period should be tolled as to such Challenge until such standing motion is determined by the Court. The Committee's investigation budget also should be increased from \$100,000 to no less than \$250,000. In addition, certain of the Debtors are limited liability companies. Therefore, any further order on the DIP Motion should confirm that the Committee has the right and standing to assert any available Challenges notwithstanding any contrary provisions of applicable nonbankruptcy law. *See, e.g., In re Citadel Watford City Disposal Partners, L.P.*, 603 B.R. 897, 908 (Bankr. D. Del. 2019) (dismissing a liquidating trustee's complaint asserting fiduciary duty claims of certain LLC and limited partnership debtors due to lack of standing, and finding that the creditors' committee lacked

standing where applicable state law offered no option for derivative standing for creditors); *In re HH Liquidation, LLC*, 590 B.R. 211, 284 (Bankr. D. Del. 2018) (“[A creditors’ committee’s] rights to assert derivative claims are limited to the derivative standing of its members, none of whom have standing as creditors of a Delaware LLC to assert derivative claims of breach of fiduciary duty on behalf of the company.”).

Reservation of Rights

11. The Committee expressly reserves all rights, claims, defenses, and remedies, including without limitation the right to supplement and amend this Objection, to raise further and other objections to the DIP Motion and any further interim or final order with respect thereto, and to introduce evidence prior to or at any hearing on the DIP Motion.

WHEREFORE, the Committee respectfully requests that the Court only grant relief with respect to the DIP Motion consistent with the Committee’s issues set forth herein, and that the Court grant the Committee such other and further relief as the Court deems just and proper.

Dated: March 24, 2026

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Bradford J. Sandler

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Certificate of Service

I hereby certify that, on March 24, 2026, I caused a true and correct copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the District of New Jersey.

/s/ Bradford J. Sandler

Bradford J. Sandler