

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.302
IA/1037(AHM)2026
in
IA(Plan)/9(AHM)2026
in
C.P.(IB)/271(AHM)2025

Under Section 60(5)(c) IBC r/w Rule 11 NCLT Rules, 2016

IN THE MATTER OF:

Dhananjya Sanjay Agarwal Guarantor of Raninga Paper Mills Pvt. LtdApplicant

v/s

Jigar Tarunkumar Bhatt RP of Raninga Paper Mills Pvt. Ltd &Respondents
Ors

Order delivered on: 24/09/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

O R D E R
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

-SD-

SANJEEV SHARMA
MEMBER (TECHNICAL)

-SD-

SHAMMI KHAN
MEMBER (JUDICIAL)

**BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT-I, AHMEDABAD**

**IA/1037(AHM) 2026
In
IA (Plan)/9(AHM) 2026
In
CP (IB)/271(AHM) 2025**

*(Application under Section 60(5)(c) of the IBC, 2016 r/w Rule 11
of the NCLT, Rules, 2016)*

MEMO OF PARTIES

Mr. Dhananjay Sanjay Agarwal,
Adult, Indian Inhabitant,
Guarantor of Raninga Paper Mills Private Limited,
Residing at: Survey No. 621, Jay Gopal Farm,
Behind Karnavati Club, Mumatpura Gam,
S.G. Highway, Makarba, Ahmedabad - 380058
E-mail: agrawaldhananjay99@gmail.com

.... Applicant

VERSUS

1. Mr. Jigar Tarunkumar Bhatt,
RP of Raninga Paper Mills Private Limited,
IBBI Regn. No. IBBI/IPA-001/IP-P-01917/2019-2020/13005,
1010, Shilp-Zaveri, Shyamal Cross Roads,
Satellite, Ahmedabad - 380015
E-mail: cirp.raninga@gmail.com/jacrb.jigarbhatt@gmail

... Respondent No.1

[Resolution Professional / Applicant in Plan IA]

2. State Bank of India,
Sole member of CoC
Having address at:
Stressed Assets Management Branch,
4th Floor, SBI Building, Lal Darwaza,
Ahmedabad - 380001

... Respondent No.2

[Sole CoC Member/Financial Creditor]

3. Mr. Chandresh Lalitbhai Soni, Successful Resolution

Applicant,

38, Neelkanth Paradise Complex,
Near Galaxy Cinema, Naroda,
Ahmedabad, Gujarat - 382330.

... Respondent No.3

[Successful Resolution Applicant]

Order Pronounced On: 24.09.2026

C O R A M:

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)

SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

A P P E A R A N C E:

For the Applicant	:	Mr. Nipun Singhvi, Adv. a.w. Mr. Rahul Bhavsar, Adv.
For the Resolution Professional	:	Mr. Arjun Sheth, Adv. a.w. Mr. Priyam Shah, Adv. a.w. Mr. Jigar Bhatt, RP in Person
For the Successful Resolution Applicant	:	Mr. Ravi Pahwa, Adv. a.w. Ms. Gunjan Aggarwal, Adv.
For the State Bank of India	:	Ms. Dharmishta Raval, Adv.

O R D E R
(Per: Bench)

1. This application has been filed on 06.07.2026 (through e-mode) by Mr. Dhananjay Sanjay Agrawal, a shareholder holding 12.50% of the paid-up equity share capital of M/s. Raninga Paper Mills Private Limited and a personal guarantor

of the financial facilities granted by State Bank of India to the Corporate Debtor (hereinafter as, “the Applicant”) under Section 60(5)(c) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016, seeking the following reliefs:-

MAIN/FINAL RELIEF:

- a. *allow the present Application and take the objections raised by the Applicant against the approval of the Resolution Plan submitted by Respondent No. 3 on record;*
- b. *reject the Resolution Plan submitted by Respondent No. 3, Mr. Chandresh Lalitbhai Soni, being contrary to the mandatory provisions of the Insolvency and Bankruptcy Code, 2016 and the applicable CIRP Regulations, and consequently dismiss I.A. (Plan) No. 9 (AHM) of 2026;*
- c. *in the alternative, upon rejection of the Resolution Plan submitted by Respondent No. 3, exercise the powers conferred under Section 33(1A)(i) of the Insolvency and Bankruptcy Code, 2016 and restore the Corporate Insolvency Resolution Process of the Corporate Debtor to the stage of invitation for submission of Resolution Plans, within such timelines and conditions as may be prescribed by this Hon'ble Tribunal;*
- d. *Pass such other and further order or orders as this Hon'ble Tribunal may deem fit and proper in the facts and circumstances of the present case.*

INTERIM RELIEF:

- a. *defer the final hearing and adjudication of I.A. (Plan) No. 9 (AHM) of 2026 and restrain the Respondents from taking any consequential or irreversible steps toward implementation of the impugned Resolution Plan submitted by Respondent No. 3;*

2. The Applicant has placed the facts through the I.A. and documents in the following manner: -

2.1. The present Application has been filed by Mr. Dhananjay Sanjay Agrawal, holding 12.50% of the paid-up equity share capital of Raninga Paper Mills Private Limited and being a Personal Guarantor for the financial facilities availed by the Corporate Debtor from State Bank of India. Pursuant to the order dated 15.06.2026 passed in I.A. (Plan) No. 9 (AHM) of 2026, the Applicant has filed the present statutory objections to the Resolution Plan submitted by Respondent No. 3, seeking its rejection/non-approval.

2.2. Respondent No. 1 is the Resolution Professional of the Corporate Debtor and the Applicant in I.A. (Plan) No. 9 (AHM) of 2026. Respondent No. 2, State Bank of India, is the secured financial creditor and the sole member of the Committee of Creditors. Respondent No. 3, Mr. Chandresh Lalitbhai Soni, is the erstwhile Promoter/Director of the Corporate Debtor and the Successful Resolution Applicant, whose Resolution Plan was approved by Respondent No. 2 with 100% voting share on 21.05.2026.

2.3. The Corporate Debtor was admitted into CIRP vide order dated 29.07.2025 in C.P. (IB) No. 271/7/AHM/2025. Thereafter, the revised Form G was issued on 12.01.2026; the Resolution Plan was

submitted on 12.03.2026 and revised on 07.04.2026. The Plan was approved by the CoC with 100% voting share on 21.05.2026, following which Respondent No. 1 has sought its approval under Section 31 of the Code.

- 2.4. The Applicant contends that, being a substantial shareholder and co-guarantor under the same guarantee as Respondent No. 3, and being subject to pending personal insolvency proceedings initiated by the sole CoC member, he has a direct and subsisting interest in the CIRP and, therefore, locus to object to approval of the Resolution Plan, which may affect the underlying debt and guarantee obligations.
- 2.5. It is submitted that the present Application is maintainable under Section 60(5)(c) of the Code read with Rule 11 of the NCLT Rules, 2016, pursuant to the liberty granted by order dated 15.06.2026. It is contended that the Applicant seeks only adjudication of the statutory objections prior to consideration of the Plan Approval Application.
- 2.6. It is submitted that Mr. Chandresh Lalitbhai Soni, the Successful Resolution Applicant, is ineligible under Section 29A(a) of the Code, having furnished a personal guarantee to SBI which was invoked vide letter dated 26.11.2024. It is contended that the liability arising therefrom remains unpaid and undischarged, rendering him an undischarged insolvent within the

meaning of Section 29A(a). The invocation letter is annexed as Annexure A.

- 2.7. It is further submitted that SBI initiated proceedings under Section 95 of the Code against other personal guarantors in respect of the same debt, while not initiating such proceedings against Mr. Chandresh Lalitbhai Soni. It is contended that such selective action neither extinguishes his invoked guarantee nor discharges his liability, and SBI's decision not to proceed under Section 95 cannot cure the alleged disqualification under Section 29A(a). The relevant orders are annexed as Annexure B (Colly.).
- 2.8. It is further submitted that SBI, being the sole member of the CoC, approved the Resolution Plan submitted by the very guarantor against whom it chose not to initiate proceedings under Section 95, while pursuing such proceedings against other co-guarantors. It is contended that non-initiation of proceedings does not discharge the liability arising from the invoked and unpaid guarantee or cure the alleged ineligibility under Section 29A(a). Accordingly, so long as the guarantee liability remains subsisting, the Successful Resolution Applicant continues to attract the bar under Section 29A(a).
- 2.9. It is submitted that the ineligibility of the Successful Resolution Applicant under Section 29A(a) is a substantive statutory bar, not a curable procedural

irregularity. The invoked and unpaid guarantee liability remains subsisting, and non-initiation of proceedings under Section 95 does not extinguish such liability or cure the disqualification. Accordingly, the Resolution Plan submitted by Mr. Chandresh Lalitbhai Soni could not have been validly entertained or approved, and the Plan Approval Application is liable to be dismissed.

2.10. It is submitted that Mr. Chandresh Lalitbhai Soni is independently ineligible under Section 29A(e) of the Code, which bars a person disqualified from acting as a director under the Companies Act, 2013 from submitting a Resolution Plan. It is contended that such statutory disqualification operates automatically and renders him ineligible to submit or obtain approval of a Resolution Plan.

2.11. It is submitted that Section 164(1)(b) of the Companies Act, 2013 disqualifies an undischarged insolvent from being appointed as a director. It is contended that, upon invocation of the personal guarantee furnished by Mr. Chandresh Lalitbhai Soni, his liability crystallised and remains unpaid and undischarged, thereby rendering him disqualified under Section 164(1)(b) and consequently ineligible under Section 29A(e) of the Code.

2.12. It is further submitted that the disqualification under Section 164(1)(b) of the Companies Act, 2013 attracts the bar under Section 29A(e) of the Code. It is

contended that a person disqualified from acting as a director cannot, through a Resolution Plan, assume management and control of the Corporate Debtor, as doing so would defeat the legislative intent of Section 29A(e).

2.13. It is submitted that the disqualification under Sections 29A(e) of the Code read with Section 164(1)(b) of the Companies Act, 2013 is substantive and mandatory, and existed at the time of submission of the Resolution Plan. It is contended that neither the CoC's approval nor any declaration by the Successful Resolution Applicant can override such statutory bar. Accordingly, the Resolution Plan submitted by Mr. Chandresh Lalitbhai Soni could not have been validly entertained or approved and is liable to be rejected at the threshold.

2.14. It is submitted that the Resolution Plan does not contain any provision waiving, releasing, novating or extinguishing the personal guarantee furnished by Mr. Chandresh Lalitbhai Soni in favour of Respondent No.2. It is contended that the Plan only settles the Corporate Debtor's liabilities and does not discharge his independent and co-extensive liability under the invoked guarantee. Accordingly, any amount received under the Plan would only reduce the outstanding debt to that extent, leaving the balance recoverable from Mr. Soni as personal guarantor.

- 2.15. It is submitted that approval or implementation of the Resolution Plan would not constitute full satisfaction or discharge of Mr. Chandresh Lalitbhai Soni's liability under the invoked personal guarantee. In the absence of any express waiver or discharge by Respondent No. 2, the guarantee and the residual debt would continue to remain enforceable against him, as the Plan neither extinguishes the guarantee nor relinquishes the Bank's rights and remedies.
- 2.16. It is submitted that the Resolution Plan cannot cure the statutory ineligibility of the Successful Resolution Applicant. So long as the invoked guarantee remains unpaid and the liability subsists, Mr. Chandresh Lalitbhai Soni continues, on the Applicant's case, to attract the disqualifications under Sections 29A(a) and 29A(e) of the Code. Accordingly, the Resolution Plan cannot confer eligibility or be approved under Section 31 and is liable to be rejected.
- 2.17. It is submitted that criminal proceedings are pending against Mr. Chandresh Lalitbhai Soni in relation to transactions undertaken during his management of the Corporate Debtor. The order dated 24.04.2025 passed by the Hon'ble Gujarat High Court in *Criminal Misc. Application No. 8134 of 2025, **Chandresh Lalitbhai Soni v. State of Gujarat***, records his custody from 31.03.2025 in connection with FIR C.R. No. 11191065250385 of 2025 registered with Narol Police

Station, and his subsequent release on bail.

2.18. Further, the order dated 12.02.2026 passed by the Hon'ble Madras High Court in **Chandresh Soni v. Mithran Pulp Paper Board Industries**, Criminal Revision Case Nos. 2620 and 2621 of 2025, records the pendency of STC Nos. 6 and 7 of 2025 and the issuance of non-bailable warrants against him. The Applicant relies upon these records only to establish the pendency of proceedings and not as proof of guilt. The relevant documents are annexed as **Annexure C (Colly.)**

2.19. It is further submitted that, despite the pending criminal proceedings, the Resolution Plan at page 100 of Volume I of IA (Plan) No. 09 of 2026 seeks to permanently drop, dismiss and extinguish all proceedings listed therein and direct the concerned courts and authorities to close such proceedings upon service of the Plan Approval Order. It is contended that such reliefs cannot bind investigating agencies, complainants or competent criminal courts, nor can a Resolution Plan determine the personal criminal or civil liability of any natural person. The question of individual involvement in any alleged offence is a matter for investigation and adjudication by the competent forum.

2.20. The Applicant contends that the Resolution Plan cannot seek blanket quashing, closure or

extinguishment of criminal proceedings against Mr. Chandresh Lalitbhai Soni or any natural person, as Section 31 does not empower the Adjudicating Authority or CoC to absolve individual criminal liability or override the jurisdiction of competent criminal courts. Such stipulations, being contrary to Section 30(2)(e) and unrelated to revival of the Corporate Debtor, materially vitiate the Plan and warrant its rejection.

2.21. It is submitted that Mr. Chandresh Lalitbhai Soni failed to disclose, in the affidavits, declarations and undertakings submitted with his Expression of Interest and Resolution Plan, the pendency of several criminal proceedings and investigations against him, including proceedings in which he was arrested and remained in judicial custody before being enlarged on bail, CID-related proceedings and other criminal complaints placed on record.

2.22. It is contended that these proceedings were material to his antecedents, legal exposure and eligibility to assume management and control of the Corporate Debtor. The suppression is further evident from the fact that the Resolution Plan itself, at page 100 of Volume I of IA (Plan) No. 09 of 2026, seeks closure, dismissal and extinguishment of the pending criminal proceedings. Thus, despite being aware of such proceedings, Mr. Soni failed to make candid disclosure

in the documents submitted for participation in the CIRP and submission of the Resolution Plan.

- 2.23. The Applicant contends that the alleged suppression attracts Regulation 39(1)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, as the undertaking furnished by Mr. Chandresh Lalitbhai Soni regarding the truthfulness of the information and records forming part of the Resolution Plan was rendered incomplete and misleading by non-disclosure of material criminal proceedings and custody, thereby attracting the consequences contemplated under the said Regulation.
- 2.24. It is submitted that the pending criminal proceedings, investigations, arrest, bail conditions and possible appearances before the investigating agencies or criminal courts may materially affect the availability and capacity of the Successful Resolution Applicant to manage the Corporate Debtor and implement the Resolution Plan.
- 2.25. It is contended that, having itself sought blanket closure of such proceedings under the Plan, the Successful Resolution Applicant cannot suppress them at the eligibility and evaluation stage and subsequently seek their extinguishment as a Plan concession. Such incomplete and misleading disclosure undermines the assessment of his capability and renders the Plan non-

compliant with the applicable CIRP Regulations, including Regulation 38.

2.26. It is submitted that Mr. Chandresh Lalitbhai Soni is ineligible to continue in the CIRP under Regulation 39(1)(c), having suppressed material criminal proceedings in the declarations and undertakings furnished by him. It is contended that such ineligibility cannot be cured by approval of the Plan by the sole member of the CoC. Further, the non-disclosure renders the Resolution Plan non-compliant with Regulation 38, as material information relevant to assessing his implementation capability was withheld while relief was sought for closure of the very proceedings suppressed. Accordingly, the Resolution Plan is vitiated at its foundation, incapable of approval under Section 31 of the Code, and liable to be rejected.

2.27. It is submitted that Regulation 36A(8) of the CIRP Regulations requires the Resolution Professional to conduct due diligence on the material available on record and satisfy himself regarding the prospective resolution applicant's compliance with Section 29A and the requirements of the invitation. It is contended that this statutory obligation cannot be discharged merely by relying on self-certifications where objective public records disclose matters requiring verification.

2.28. The certificate dated 07.05.2026 issued by Respondent No. 1 records that compliance was assessed on the

information available at the relevant time and reserves the right to consider subsequent discoveries, regulatory findings and judicial determinations. In view of the judicial orders and guarantee records placed on record by the Applicant, Respondent No. 1 is required to revisit and duly document its due-diligence exercise, including the searches, clarifications and CoC deliberations relied upon before granting approval.

2.29. The due-diligence exercise shall specifically examine all non-exempt disqualifications under Section 29A of the Code, including the DIN/director-disqualification status of Respondent No. 3, insolvency or bankruptcy proceedings, qualifying convictions, SEBI prohibitions, antecedent avoidance orders, connected persons under clause (j), and the persons proposed to act as promoters or exercise management/control during implementation.

2.30. The Applicant has questioned the funding structure of the Resolution Plan, particularly the source of funds, actual economic beneficiary and arrangement between Mr. Chandresh Lalitbhai Soni and Mr. Rajneesh Tiwari. Under the MOU dated 11.03.2026 (Annexure-D), Mr. Rajneesh Tiwari, as “Funding Partner”, has undertaken to arrange approximately ₹40.68 crore towards implementation of the Plan, including payments to creditors, CIRP costs and working-capital requirements. However, despite bearing the financial

burden, he is proposed to receive only 26% equity, while 74% is allotted to Mr. Chandresh Lalitbhai Soni, without disclosure of any corresponding financial contribution, independent valuation or identifiable consideration from him. The Applicant has therefore sought scrutiny of the funding arrangement and the basis for the proposed 74% ownership and control.

2.31. The Applicant submits that the funding arrangement is commercially anomalous, as Mr. Rajneesh Tiwari assumes the entire funding obligation but receives only 26% equity, while Mr. Chandresh Lalitbhai Soni receives 74% equity and control without any disclosed proportionate contribution. This disparity raises concerns regarding the completeness and genuineness of the disclosed arrangement and warrants examination of any undisclosed benefits, repayment, security, profit-sharing, management or exit rights, side arrangements, or indirect reimbursement of the Funding Partner by Mr. Soni or persons connected with him. The Applicant contends that the arrangement cannot be accepted merely on the basis of the MOU.

2.32. Regulation 38(3A) of the CIRP Regulations requires disclosure of the Resolution Applicant's beneficial ownership, manner of ownership and control, supported by documentary evidence. The Statement of Beneficial Ownership discloses only 26% interest of Mr. Rajneesh Tiwari and denies indirect rights or

interdependencies, but does not explain the disproportionate 74% equity allotted to Mr. Chandresh Lalitbhai Soni without corresponding disclosed investment.

2.33. Accordingly, the complete source and movement of funds, valuation basis, agreements, repayment/security terms, governance and voting rights, exit arrangements and all direct or indirect economic benefits must be disclosed and examined. Until such disclosure and clarification, the Resolution Plan cannot be treated as transparent and compliant for approval under Sections 30 and 31 of the Code; any undisclosed arrangement or misleading declaration would constitute an additional ground for rejection.

2.34. The Applicant submits that the EOI and Final List dated 06.02.2026 contained only Mr. Chandresh Lalitbhai Soni, with Mr. Rajneesh Tiwari neither independently listed nor included in any consortium. The MOU dated 11.03.2026 introduced Mr. Tiwari as the Funding Partner immediately before the Plan submission deadline of 12.03.2026, and the Plan, though submitted in Mr. Soni's name, substantially depended on Mr. Tiwari's funding. Despite this, the Challenge Mechanism dated 31.03.2026 continued to identify only Mr. Soni as the bidder/H1 Resolution Applicant. The Applicant therefore contends that Mr. Tiwari was introduced into the resolution structure

after the EOI/final-list stage without undergoing the prescribed process for inclusion as a Prospective Resolution Applicant. The Final List of Prospective Resolution Applicants dated 06.02.2026 is annexed and marked as Annexure E.

2.35. The Applicant submits that Mr. Rajneesh Tiwari cannot be treated as a mere external financier, as the Resolution Plan proposes to appoint him as a director, allot him 26% post-resolution equity and rely upon his binding financial commitment for implementation and working capital. The Power of Attorney and MOU further authorise Mr. Chandresh Soni to represent him and execute documents concerning the Plan. Thus, Mr. Tiwari has proposed ownership, management participation, economic interest and control-related rights, making him an integral participant acting jointly or in concert with Mr. Soni. The Applicant therefore contends that describing him merely as a “Funding Partner” cannot exempt him from the EOI, consortium and final-list requirements applicable to the Resolution Applicant.

2.36. The Applicant submits that the eligibility criteria and RFRP required disclosure of all consortium members in the EOI, along with their proposed holdings, declarations and affidavits, and provided for joint and several liability and prior approval for any change in consortium composition. No material shows that the

CoC approved induction of Mr. Rajneesh Tiwari as a consortium member or joint Resolution Applicant before submission of the Plan. His subsequent funding commitment or Section 29A verification cannot cure this omission.

2.37. Regulation 39 bars consideration of a Plan from a person not included in the final list of PRAs, and a person outside the final list cannot subsequently be inducted as a Resolution Applicant. The Applicant therefore contends that the subsequent induction of Mr. Tiwari amounts to an impermissible back-door induction, rendering the Plan contrary to the CIRP Regulations, RFRP and the requirements of fairness, transparency and equal treatment.

2.38. The Applicant submits that the conclusion that no transaction warranted proceedings under Sections 43, 45, 50 or 66 of the Code is premature, as the audited financial statements were available only up to 31.03.2023 and subsequent books and records were incomplete, with material transactions not recorded in the accounting software. The transaction audit also identified approximately 10–12 related-party transactions, transfers through directors' personal accounts, internal fund movements and other unusual dealings requiring further examination, for which clarifications and supporting documents remained pending. The Applicant therefore contends that a final

finding on avoidance transactions could not have been made without a complete examination. Minutes of the 8th CoC Meeting dated 15.04.2026 are annexed and marked as Annexure F.

2.39. The Applicant submits that the conclusion of the Resolution Professional and the sole CoC member that no transaction warranted action under Sections 43, 45, 49 or 66 of the Code is flawed, particularly in view of FIR No. 11191065250385 dated 29.03.2025 registered against Mr. Chandresh Lalitbhai Soni under Sections 316(2), 318(4) and 54 of the Bharatiya Nyaya Sanhita, 2023, alleging procurement of goods, substantial non-payment, dishonoured cheques and cheating. The FIR and ongoing investigation, according to the Applicant, warrant examination of possible misappropriation and siphoning of funds. The Applicant therefore seeks production of the complete Transaction Audit Report, transaction-wise findings, FIR/investigation-status report and supporting records, including invoices, MOUs, bank statements and dishonoured cheques, before approval of the Resolution Plan. Copy of FIR No. 11191065250385 dated 29.03.2025 is annexed and marked as Annexure G.

2.40. Despite the admitted deficiencies in the records, the Resolution Professional and the CoC concluded that no preferential, undervalued, extortionate or fraudulent transaction had occurred. Such a conclusion cannot be

sustained where material records and explanations remain unavailable. The non-production of primary documents, unexplained fund movements and transactions involving related parties/directors warrant deeper scrutiny and, where justified, an adverse inference against those responsible for maintaining and producing the records of the Corporate Debtor.

2.41. The Applicant submits that approval of the Resolution Plan should not be considered until the complete Transaction Audit Report, supporting schedules, bank statements, auditor's queries and replies, documents furnished by the suspended management, and reasoned findings on each identified transaction are placed before this Tribunal. The basis for excluding transactions from Sections 43, 45, 50 and 66 of the Code should also be disclosed. In the absence of such material and independent examination, the conclusion that no avoidable or fraudulent transaction exists would be premature and may prejudice the interests of the creditors and other stakeholders.

2.42. The Applicant submits that the Challenge Mechanism conducted on 31.03.2026 failed to achieve effective inter se competition, price discovery and value maximisation. As recorded in the minutes of the 8th CoC meeting, although six Prospective Resolution Applicants participated in the process, only Mr. Chandresh Lalitbhai Soni submitted a bid, while the

other applicants merely logged into the platform without submitting competing bids. Accordingly, he was declared the H1 bidder solely as the only bidder, and not on account of having outbid any competing offer.

2.43. In the absence of any competing bid, the designation of Mr. Chandresh Lalitbhai Soni as H1 was merely procedural and did not establish that his offer represented the highest or most advantageous value. With only one bidder, there was no inter se competition, competitive price discovery or objective benchmark to assess the adequacy of the offer. Accordingly, the Challenge Mechanism failed to demonstrate that the offer of ₹18,22,90,692/- represented fair value, maximum value or the best available realisation for the stakeholders of the Corporate Debtor.

2.44. In the absence of transparent comparative material, the declaration of the SRA as H1 does not establish genuine value discovery. The process, having resulted in a non-competitive outcome, remains unsubstantiated and warrants scrutiny before approval of the Resolution Plan.

2.45. SBI's web notice dated 06.02.2026 disclosed a reserve price of ₹25.05 crore, with the primary and collateral securities valued at ₹15.58 crore and ₹11.13 crore, respectively. The Resolution Plan, offering only

₹18,22,90,692/- (Rs.18.22 crore approx.), is substantially below the publicly declared reserve price and the fair value of approximately Rs. 20,86,87,000/- (₹20.86 crores approx.). Mere excess over the liquidation value of Rs. 13,15,81,000/- (₹13.15 crores approx.) does not, by itself, justify acceptance of such materially lower consideration, particularly when SBI had recently assessed the stressed exposure at a reserve price exceeding ₹25 crore. The disparity therefore warrants scrutiny in the interest of value maximisation and protection of stakeholders.

- 2.46. The unexplained disparity between SBI's declared reserve price of ₹25.05 crore and the proposed resolution consideration of approximately ₹18.22 crore, without any cogent justification or transparent comparative analysis, raises concerns regarding the transparency and bona fides of the decision-making process. In view of the alleged involvement of the erstwhile promoter, Mr. Chandresh Soni, these circumstances warrant scrutiny of the CIRP, valuation process, SBI's appraisal and voting decision, and the communications or arrangements between the SRA, SBI and the erstwhile management, to ascertain whether the Resolution Plan represents genuine value maximisation. A copy of the SBI web notice dated 06.02.2026 relating to the Corporate Debtor is annexed hereto and marked as Annexure-H.

2.47. The Resolution Plan suffers from serious statutory, procedural and factual infirmities, including alleged ineligibility under Section 29A, non-disclosure of material facts, incomplete due diligence and transaction audit, unexplained funding and equity structure, induction of a participant outside the prescribed process, and failure of the Challenge Mechanism to ensure genuine competition and price discovery. These deficiencies raise substantial concerns regarding compliance with Sections 29A, 30(2) and 31 of the Code and the CIRP Regulations, warranting rejection of the Plan in its present form or remittance to the CoC for fresh consideration after due disclosure and verification.

3. In compliance with the order dated 08.07.2026, **Respondent No. 3/SRA (Chandresh Lalitbhai Soni)** filed his Affidavit-in-Reply on 20.07.2026 vide Inward No. D-6025, wherein it submitted that the counter-reply already filed by it in the connected Plan proceedings may be treated as its reply to the present application. The said counter-reply was accordingly taken on record, wherein the SRA submitted as follows:

3.1. It was submitted that the Guarantor, being a shareholder/personal guarantor, has no locus to challenge the Resolution Plan approved by the CoC in exercise of its commercial wisdom. It was stated that

SBI had initiated proceedings under Section 95 of the IBC against the Guarantor and that this Tribunal, vide order dated 17.06.2026 in CP (IB) No. 180 of 2025, initiated Personal Insolvency Resolution Process against him; hence, the present objections were alleged to be a counterblast.

- 3.2. Reliance was placed on ***Dr. Ravi Shankar Vedam v. Tiffins Barytes Asbestos and Paints Ltd. & Ors.***, wherein it was submitted that shareholders have no locus to challenge a CoC-approved Resolution Plan. The NCLAT order dated 13.06.2023 in Company Appeal (AT) (Ch) (Ins) No. 134 of 2021 was stated to have been upheld by the Hon'ble Supreme Court by order dated 06.11.2023 in Civil Appeal No. 5516 of 2023. The Supreme Court order is annexed as Annexure-R1 Colly.
- 3.3. It was further submitted that the Guarantor cannot question the CoC's commercial wisdom, internal funding arrangements between the SRA and third parties, or matters concerning process adequacy in which he has no direct legal or pecuniary interest. It was alleged that the objections were filed after conclusion of the CIRP and approval of the Plan by the sole Financial Creditor holding 100% voting share, despite the Guarantor having had an opportunity to submit an EOI/Resolution Plan.

- 3.4. On eligibility under **Section 29A(a) of the IBC**, it was submitted that mere invocation of the SRA's personal guarantee by SBI does not make him an "undischarged insolvent", particularly when no competent court has declared him so. It was contended that SBI's decision regarding which guarantor to proceed against and the remedy to be adopted is within its commercial discretion and that there is no statutory requirement to simultaneously proceed against all co-guarantors.
- 3.5. It was further submitted that Section 29A(h) is expressly excluded in the case of an MSME by virtue of Section 240A of the IBC, and therefore invocation of a personal guarantee cannot, by itself, render the SRA ineligible. It was also contended that the SRA is eligible under Section 29A(e) read with Section 164(1)(b) of the Companies Act, 2013.
- 3.6. With regard to alleged disqualification under Section 164(1)(b) of the Companies Act, 2013, it was submitted that no order/declaration of disqualification by the ROC/MCA has been placed on record. Reliance was placed upon ***M.K. Rajagopalan v. Dr. Periasamy Palani Gounder, Civil Appeal Nos. 1682-1683 of 2022 (2024)*** to contend that there can be no deemed disqualification in the absence of a specific declaration/order.
- 3.7. It was also submitted that the expression "undischarged insolvent" under Section 29A(a) has a

specific legal connotation. Reliance was placed on ***Thampanoor Ravi v. Charupara Ravi, (1999) 8 SCC 74, particularly paragraphs 18 and 20***, to contend that disqualifications must be construed strictly and, in the absence of an adjudication declaring the SRA an undischarged insolvent, the alleged disqualification does not arise.

- 3.8. It was submitted that in the 9th CoC Meeting dated 11.05.2026, wherein the SRA was present as suspended director, the eligibility of the SRA and other prospective resolution applicants was duly subjected to due diligence and all were found eligible under Section 29A of the IBC. The minutes of the said meeting were annexed as Annexure-R2.
- 3.9. With regard to the alleged criminal proceedings, it was submitted that the SRA had not sought extinguishment of FIR C.R. No. 11191065250385 of 2025 registered with Narol Police Station. The relief concerning proceedings under Section 138 of the Negotiable Instruments Act was stated to be limited to the Corporate Debtor and not its promoters. Clause 11.18 of the Resolution Plan was relied upon to contend that the reliefs sought were not pre-conditions for approval of the Plan and were subject to the discretion of the Adjudicating Authority.
- 3.10. It was further submitted that pendency of criminal proceedings does not ipso facto disqualify a person

from submitting a Resolution Plan and that, in the present case, no charge-sheet had been filed in connection with the Narol FIR. Reliance was placed upon the order dated 24.04.2025 passed by the Hon'ble Gujarat High Court in Criminal Misc. Application No. 8134 of 2025 (Annexure-R3), wherein, prima facie, the dispute was observed to be civil in nature and allegedly given a criminal colour.

3.11. The SRA submitted that complete disclosures regarding pending proceedings, including proceedings under Section 138 of the N.I. Act and the Narol criminal case, were made to the Resolution Professional, including disclosure of the Narol case by email dated 10.11.2025.

3.12. Regarding the alleged disproportionate allocation of equity, it was submitted that the Guarantor had no locus to question the SRA's equity allocation or the manner of implementation of the approved Plan. It was contended that there is no legal bar against the proposed equity arrangement and reliance was placed upon the order dated 18.06.2026 in IA (Plan) No. 8 of 2026, whereby a similar arrangement in the Resolution Plan of M/s Bloom Decor Private Limited was sanctioned by the Tribunal; the order was annexed as Annexure-R4.

3.13. It was clarified that Shri Rajnish Tiwari is merely an investing partner and that the Resolution Plan was submitted solely by the SRA and not by way of a

consortium. Clause 4.6 of the Resolution Plan contains the profile of the funding partner, who was stated to have experience in various CIRP proceedings and in resolution of stressed companies.

3.14. On the transaction audit, it was submitted that a Transaction Auditor was duly appointed by the RP to examine transactions under Section 66 of the IBC from the inception of the Corporate Debtor. Queries raised during the audit were answered by the SRA, and SBI was stated to have accepted the audit report.

3.15. The allegation that the transaction audit was prematurely closed was denied. It was submitted that the 8th CoC Meeting dated 15.04.2026 recorded circulation of the Transaction Audit Report and the RP's opinion to the CoC, with the prima facie conclusion that no material evidence of fraudulent or wrongful intent had emerged warranting initiation of avoidance proceedings against the suspended management. The minutes of the 8th CoC Meeting were annexed as Annexure-R5.

3.16. It was further submitted that the audit involved an extensive query-and-response exercise spanning several months and examined the affairs of the Corporate Debtor from December 2018, being the date of first disbursement of the term loan. The statutory accounts were completed through an independent

accounting firm appointed by the RP, following which the transaction audit was conducted.

- 3.17. Regarding the challenge mechanism, it was submitted that although all six Prospective Resolution Applicants had access to the bidding platform, only the SRA submitted a bid, which, according to the SRA, demonstrated the commercial viability of his Resolution Plan.
- 3.18. On the objection regarding acceptance of the Plan below SBI's declared reserve price, it was submitted that the Plan value was Rs.18.22 crore, was higher than the liquidation value, and provided 56.94% of the admitted debt to SBI. It was contended that SBI, exercising its commercial wisdom, approved the Plan and such commercial decision could not be questioned by the Guarantor.
- 3.19. It was submitted that the comparison between the Plan value of Rs.18.22 crore and SBI's reserve price of Rs.25.05 crore mentioned in its Web Notice dated 06.02.2026 was misconceived, as the Web Notice related to a proposed transfer/assignment of SBI's stressed loan exposure to ARCs/NBFCs/Scheduled Commercial Banks under a separate regulatory mechanism and was distinct from the CIRP resolution process.
- 3.20. It was further contended that the statutory floor for a Resolution Plan is the liquidation value under Section

30(2)(b) of the IBC, and the Plan was not required to match any unrelated reserve price. The Plan value of Rs.18.22 crore was stated to be higher than the liquidation value of Rs.13.15 crore.

3.21. Lastly, the SRA relied upon the legislative purpose underlying Section 240A of the IBC and referred to paragraph 27.4 of the Insolvency Law Committee Report, March 2018, submitting that MSME promoters were permitted to bid for MSMEs in insolvency to avoid liquidation and protect employment and livelihoods.

3.22. It was submitted that the present Plan, being the highest-value compliant Plan among six applicants and substantially above liquidation value, would directly employ more than 100 persons and indirectly support the livelihood of more than 200 persons, besides generating business and tax revenue. It was therefore contended that the objections, if accepted, would frustrate the object of Section 240A and push a viable MSME into liquidation.

4. In compliance of order dated 08.07.2026, the **Respondent No.1/RP** filed Affidavit-of-Reply on 20.07.2026 vide Inward No. D-6025 stating the following:

4.1. Respondent No. 1/RP denied the averments, allegations and contentions in IA No. 1037, stating that the application is based on incorrect facts, erroneous assumptions of law and selective reading of the record.

The RP relied upon and reiterated the contents of the Affidavit-in-Rejoinder dated 16.07.2026 in response to the objections in the Plan IA.

- 4.2. The RP submitted that the reliefs sought in Parts III and IV of the IA are ex facie not maintainable, meritless and contrary to the record and settled law, and that the Applicant has failed to establish any case for interim or final relief. No sufficient cause was shown for deferring the final hearing of the Plan Approval Application or restraining the Respondents from taking further steps.
- 4.3. The RP contended that the Applicant has no locus to challenge or interfere with the proceedings for approval of the Resolution Plan and has failed to establish that the Successful Resolution Plan is contrary to the IBC or the applicable Regulations.
- 4.4. The RP submitted that the Resolution Plan is compliant with the applicable provisions of law, including Sections 30 and 31 of the IBC, and therefore deserves approval, while IA No. 1037 deserves dismissal with costs.
- 4.5. The RP further submitted that, in the absence of any application by the CoC under Section 33(1A) of the IBC, there is no question of restoration of the CIRP as sought by the Applicant.
- 4.6. The RP alleged that the reliefs sought by the Applicant are untenable and have been pursued with the object

of derailing the time-bound resolution process and avoiding his personal guarantee obligations, and therefore sought dismissal of the IA with exemplary costs and approval of the Resolution Plan.

4.7. The RP reserved liberty to file further or additional affidavits and to amend, alter, modify or supplement the present reply, if required during the proceedings. The affidavit was verified on 16.07.2026 on the basis of the RP's knowledge and information derived from the CIRP records.

5. Further, **Respondent No. 2/SBI** filed its reply on 28.07.2026 vide Inward Diary No. D-6221, wherein it made the following submissions:

5.1. Respondent No. 2/SBI denied the averments in the Application and submitted that the Application is misconceived, devoid of merit and liable to be dismissed, as the Applicant has failed to disclose any valid or sustainable ground for the reliefs sought.

5.2. It is submitted that the Applicant suppressed material facts having a direct bearing on the adjudication of the Application and, therefore, was not entitled to any equitable or discretionary relief.

5.3. It is further stated that the RP had examined the Resolution Plan and the clauses therein and concluded that the Plan satisfies the eligibility criteria under the IBC and applicable judicial precedents.

- 5.4. It is contended that the Applicant has no right or locus to challenge the Resolution Plan. It was submitted that proceedings against the Applicant under personal insolvency proceedings were admitted by this Tribunal on 17.06.2026, requiring him to submit a repayment plan to creditors including SBI, and therefore he has no locus to file the present Application challenging approval of the Resolution Plan.
- 5.5. It is denied that invocation of a personal guarantee, by itself, renders the guarantor insolvent, and submitted that the Applicant's proposition is unsupported by law. SBI further stated that the personal guarantee of Mr. Chandresh Soni continues to subsist unless declared otherwise by a competent Court or Tribunal.
- 5.6. It is further submitted that it had initiated legal proceedings against Mr. Chandresh Soni based on the facts of the case and that the guarantee liability continues to subsist even after approval of the Resolution Plan unless otherwise determined by a competent forum.
- 5.7. SBI denied the Applicant's contention regarding Section 29A(a) and submitted that Mr. Chandresh Soni had not been declared insolvent. According to SBI, filing or non-filing of an application under Section 95 does not determine a person's status as an "insolvent"; such status arises only upon adjudication by a Court or Tribunal.

- 5.8. SBI denied that Mr. Chandresh Soni was disqualified under Section 29A and submitted that the Resolution Professional had considered the eligibility requirements and concluded that the Resolution Plan satisfies the prescribed criteria.
- 5.9. It is submitted that criminal proceedings are pending against Mr. Chandresh Soni in relation to alleged failure to make payment for goods received by the Corporate Debtor, which, according to SBI, contributed to the Corporate Debtor's insolvency. It is denied that the Resolution Plan seeks to quash, close or extinguish such criminal proceedings and stated that the Plan does not contain any such relief.
- 5.10. It is denied the allegations regarding suppression of information and stated that no specific instance was identified by the Applicant to demonstrate that any information was suppressed. It is further submitted that the Applicant's reference to Regulation 39 was unsupported by any specific instance or material showing non-compliance.
- 5.11. With regard to Mr. Rajnish Tiwari, it is submitted that he was described as the funding partner responsible for providing funds to ensure implementation of the Resolution Plan, and that his proposed equity holding was 26%, while Mr. Chandresh Soni was proposed to hold 74%. It is contended that the management of the Corporate Debtor would remain with Mr. Chandresh

Soni and Mr. Rajnish Tiwari and that, after implementation, there would be no control of the Corporate Debtor by the CoC.

5.12. It is stated that the CoC had considered the funding capabilities of the Resolution Applicants and that the Applicant had no locus to challenge the commercial wisdom exercised by the CoC in accordance with the IBC and CIRP Regulations. SBI further stated that it had examined and approved the Resolution Plan in its commercial wisdom and that Mr. Rajnish Tiwari was correctly categorised as the funding partner.

5.13. It is denied that the Resolution Plan was vitiated by the induction of a joint participant and submitted that the Applicant's contentions in this regard were contrary to the facts. It is also denied that the transaction audit had been improperly conducted and stated that no concrete information or material was available to conclude that the audit was conducted contrary to applicable norms.

5.14. It is denied that the Resolution Plan could not be approved unless the transaction audit was concluded and submitted that the Applicant's related contentions were without merit. SBI also relied upon the RP's reply in respect of the other allegations concerning the Challenge Mechanism and value discovery.

5.15. It is submitted that it was for SBI, as the sole CoC member, to determine the commercial terms on which

it would approve the Resolution Plan. It denied any undue influence and submitted that, in its commercial wisdom, consideration of ₹18.22 crore was just and proper and accordingly the Resolution Plan was accepted. It is further contended that disputes arising under the SARFAESI Act fall outside the jurisdiction of this Tribunal and that the Applicant had an alternative remedy before the DRT.

5.16. It is further submitted that the Applicant himself was under an obligation to repay SBI under the personal insolvency proceedings and had no right to challenge the Resolution Plan approval proceedings or seek revival of the Corporate Debtor and accordingly prayed for dismissal of the Application and approval of the Resolution Plan.

6. On 22.07.2026, Learned Counsel for the Applicant/Personal Guarantor submitted that no separate rejoinder to the replies filed by the Resolution Professional and the Successful Resolution Applicant was required, as the issues raised in the present Application had already been addressed in the pleadings filed in the main Plan Application.
7. In pursuance of the order dated 28.07.2026, the Applicant/Personal Guarantor filed its **rejoinder** to the reply

filed by Respondent No. 2/SBI on 03.08.2026, the contents whereof are reproduced hereinbelow:

- 7.1. The Applicant submitted that SBI, being the sole financial creditor constituting 100% of the CoC, exercised exclusive voting control over material CIRP decisions, including treatment of invoked guarantees, assessment of the SRA, funding structure, challenge mechanism and approval of the Resolution Plan. It was contended that SBI could not rely upon “commercial wisdom” while withholding the contemporaneous material forming the basis of such decisions.
- 7.2. The Applicant asserted direct and substantial locus, being a substantial shareholder, erstwhile director and personal guarantor under the same guarantee arrangement as the other guarantors. Relying upon ***Vijay Kumar Jain v. Standard Chartered Bank***, it was contended that guarantors have a vital interest in the resolution process and that Section 60(5)(c) of the Code recognises the Adjudicating Authority’s jurisdiction to examine issues concerning statutory eligibility, legality and process compliance.
- 7.3. The Applicant alleged selective enforcement of the common guarantee arrangement, pointing out that SBI had invoked the personal guarantee of Mr. Chandresh Lalitbhai Soni on 26.11.2024 and pursued personal insolvency proceedings against him, while the SRA was

allegedly permitted to proceed despite the Applicant's objections concerning his eligibility. The guarantee invocation notice is annexed as Annexure RJ-3.

- 7.4. The Applicant stated that a detailed representation dated 23.06.2026 was made to SBI's Authorised Officer, with a copy to the Resolution Professional, seeking disclosure of the objective basis for selectively invoking Section 95 proceedings and the SRA's eligibility, including details of any waiver, standstill, concession, assurance or special treatment extended to the SRA. The said representation is annexed as Annexure RJ-1.
- 7.5. The Applicant contended that, upon invocation of the SRA's personal guarantee by SBI, the liability stood crystallised, became immediately due and enforceable, and remained unpaid; hence, according to the Applicant, the SRA attracted the description of an "undischarged insolvent" under Section 29A(a) of the Code. SBI's contention that such consequence arises only upon initiation of separate personal insolvency proceedings was disputed.
- 7.6. It was further contended that SBI's interpretation would effectively place Section 29A in the hands of the 100% voting creditor, permitting selective initiation of personal insolvency proceedings against one co-guarantor while treating another, against whom the guarantee was invoked, as eligible. The Applicant

therefore sought independent scrutiny of the admitted invocation and continuing liability, including SBI's legal opinion, searches and internal eligibility assessment.

- 7.7. The Applicant further disputed SBI's stand regarding Section 164 of the Companies Act, 2013, contending that Section 164(1)(b) renders an undischarged insolvent ineligible for appointment as a director and Section 29A(e) independently excludes a person disqualified from acting as a director. In view of the CIRP record showing audited financial statements only up to 31.03.2023 and subsequent reconstruction of books, the Applicant contended that SBI ought to have verified the Corporate Debtor's MCA filing history, annual-return status, DIN-related records and applicability of Section 164(2)(a). It was submitted that SBI had produced no such due-diligence record or reasoned legal opinion to substantiate its conclusion.
- 7.8. It is contended that Section 240A of the Code did not cure the aforesaid objections, as the MSME exemption is confined to clauses (c) and (h) of Section 29A and does not extend to clauses (a) or (e). It was therefore submitted that, where the proposed Resolution Applicant was the erstwhile promoter, an invoked guarantor and the proposed controlling shareholder after implementation of the Plan, his eligibility required

rigorous and independent verification based on primary records rather than conclusory certifications.

- 7.9. The Applicant contended that SBI itself acknowledged the criminal proceedings against Mr. Chandresh Soni concerning non-payment of goods and attributed the Corporate Debtor's insolvency to defaults connected with his management. It was submitted that permitting the same person to regain control under the Resolution Plan, substantially funded by another person, warranted heightened scrutiny and institutional justification.
- 7.10. The Applicant contended that the criminal proceedings were not relied upon as an automatic conviction-based disqualification under Section 29A(d), but as relevant judicial and public records concerning the SRA's antecedents, disclosure, credibility, implementation capacity and legality of the reliefs sought. The Gujarat High Court order dated 24.04.2025, Madras High Court order dated 12.02.2026 and other relevant material were annexed as Annexure RJ-4 (Colly.).
- 7.11. The Applicant submitted that the Resolution Plan does not and cannot extinguish, stay, compromise or otherwise affect any criminal proceedings against Mr. Chandresh Soni or any other person, and that criminal liability can cease only in accordance with law. It was further contended that the Plan's broad reliefs, including those concerning proceedings under Section

138 of the Negotiable Instruments Act, cannot be treated as an ordinary commercial concession.

7.12. The Applicant further contended that SBI had not produced the complete Section 29A affidavit, litigation/antecedent declaration, Regulation 39(1)(c) undertaking, Statement of Beneficial Ownership, correspondence with the Resolution Professional or eligibility note demonstrating disclosure and consideration of the criminal cases, bail status and related proceedings before SBI exercised its 100% vote. According to the Applicant, a subsequent explanation regarding litigation could not cure any deficiency in eligibility-stage disclosure.

7.13. It is contended that SBI, as the sole CoC member with 100% voting power, could not disclaim responsibility for the due diligence underlying its decision by shifting it to the Resolution Professional. It was submitted that the contemporaneous notes, legal opinions, internal approvals and records concerning Section 29A, connected persons, beneficial ownership, source of funds, antecedents, director disqualification and Plan compliance ought to have been maintained and disclosed if SBI had independently satisfied itself on these aspects.

7.14. The Applicant relied upon the 8th CoC meeting dated 15.04.2026, annexed as Annexure RJ-7, recording the challenge process, Plan evaluation and transaction-

audit discussions. It was contended that SBI had produced no independent external Section 29A opinion or disclosed the basis of its independent eligibility assessment of persons involved in the funding, ownership and management. The Applicant further submitted that the RP's compliance certificate could not be treated as conclusive proof where the underlying primary due-diligence record was withheld.

7.15. The Applicant contended that SBI's own Reply confirms that Mr. Rajneesh Tiwari is providing the funds necessary for implementation, will receive 26% of the post-resolution equity, while Mr. Chandresh Soni will retain 74% equity and management control. The Applicant submitted that the disproportion between funding contribution and ownership/control warranted disclosure of the funding arrangement, repayment structure, security, guarantees, return on investment, exit arrangements and any side agreements.

7.16. The Applicant relied upon the MoU dated 11.03.2026 (Annexure RJ-5), contending that Mr. Tiwari was an integral participant in the funding and implementation structure and not merely a remote lender. The Final List of Prospective Resolution Applicants dated 06.02.2026 (Annexure RJ-6) names Mr. Chandresh L. Soni alone and does not identify Mr. Tiwari as a PRA/consortium member. It was therefore contended that SBI had not produced any CoC resolution

authorising his subsequent induction or alteration of the consortium structure in accordance with the RFRP.

7.17. The Applicant further contended that describing Mr. Tiwari merely as a “funding partner” could not exclude scrutiny of his role in the connected-person, beneficial ownership, source-of-funds and Section 29A framework. The unexplained funding-equity disparity was stated to warrant examination of the complete bank trail, reimbursement/repayment arrangements, securities, guarantees, governance and profit-sharing rights, exit arrangements and any side understandings.

7.18. The Applicant disputed SBI’s assertion that the transaction audit was complete, pointing out that audited financial statements were available only up to 31.03.2023, subsequent books were incomplete/reconstructed, and several transactions required further examination and clarification. The Applicant relied upon the 8th CoC meeting extracts (Annexure RJ-7) and contended that incomplete records could not be treated as evidence exculpating the suspended management.

7.19. Relying upon **Mr. Ashok Kumar Golecha, Resolution Professional of Vas Infrastructure Limited**, I.A.(I.B.C.) (Plan) No. 41/MB/2025 in CP(IB) No. 314/MB/2023annexed as Annexure RJ-9, the Applicant contended that suppression/non-disclosure of investigation findings dated 05.08.2015 by the sole

CoC member and failure to confront the auditor with adverse material warranted scrutiny. It was submitted that SBI and the RP could not rely upon a “clean chit” while acknowledging incomplete financial records, reconstructed books, criminal allegations, disputed fund flows and non-production of primary documents.

7.20. The Applicant further contended that SBI’s admitted knowledge of the FIR and defaults connected with the SRA’s management, coupled with reliance on reconstructed records and explanations from persons whose conduct was under examination, raised concerns regarding the independence and completeness of the transaction audit. The FIR was stated to be an investigative lead requiring independent verification against the complete banking and accounting trail, and not conclusive proof of an avoidance transaction.

7.21. It is submitted that SBI, being the secured financial creditor and having access to the Corporate Debtor’s banking trail, was best placed to verify the transactions, but had not produced the relevant bank statements, fund-flow analysis, transaction-wise reconciliation or supporting material.

7.22. The Applicant and a co-shareholder therefore sought complete bank statements for at least five financial years preceding the insolvency commencement date, along with the complete Transaction Audit Report and

supporting schedules, vide Annexure RJ-2. It was contended that SBI could not rely upon absence of evidence while withholding the primary evidence capable of verifying the fund flow.

7.23. The Applicant pointed out inconsistencies in the valuation report, particularly that trade receivables, closing stock and deposits, despite reflecting material book values, were assigned Nil fair value and Nil liquidation value on the ground that particulars/supporting documents were unavailable and on the basis of the RP's written explanation. Relevant extracts from pages 511–512 of the valuation report are annexed as Annexure RJ-8 (Colly.).

7.24. The Applicant further contended that subsequent accounting information and clarifications were obtained and the books were reconstructed, but SBI had not shown that such material was furnished to the valuers for reconsideration or that the Nil valuations were revisited before approval of the Resolution Plan. It was submitted that failure to incorporate subsequently available material affected the reliability of the valuation forming the basis for value maximisation and Plan consideration.

7.25. The Applicant disputed SBI's contention that the SRA's bid was commercially superior merely because it emerged as H1, submitting that, in the absence of any competing bid during the relevant challenge window,

H1 was only a procedural designation and did not by itself establish comparative superiority, effective price discovery or maximum value. The Applicant relied upon the CoC record at Annexure RJ-7.

7.26. It is submitted that the absence of any price improvement assumed greater significance when considered with the Nil valuation of substantial financial assets, the third-party funding structure and SBI's reserve-price benchmark, and therefore required a reasoned and deliberative record rather than a mere invocation of "commercial wisdom."

7.27. The Applicant submitted that SBI's contemporaneous benchmark and the approved Plan consideration of approximately Rs. 18.22 crore were not explained by any internal recovery analysis or comparative note.

7.28. It was contended that, given SBI's 100% CoC voting control, the SRA's status as an invoked guarantor/erstwhile promoter, third-party funding, Nil valuation of certain assets and absence of genuine price improvement, the consideration required scrutiny and could not be justified merely by invoking commercial wisdom.

7.29. The Applicant contended that SBI's reliance on "commercial wisdom" cannot override statutory eligibility, disclosure and CIRP requirements, or cure material irregularities, including an ineligible Resolution Applicant, incomplete disclosure, non-

compliance with Section 30(2)(e)/RFRP conditions, undisclosed funding structure or inadequately supported valuation.

7.30. Relying upon ***Mr. Amit Sangal v. Mr. Kairav Anil Trivedi & Ors.***, (2025) [NCLAT, Company Appeal (AT) (Ins) No. 916 OF 2023] annexed as Annexure RJ-10, it was submitted that material procedural or substantive irregularities affecting the fairness, legality or integrity of the CIRP can be examined by the Adjudicating Authority, and a Resolution Plan must comply with the Code and Regulations.

7.31. The Applicant contended that SBI's exclusive 100% CoC voting power, coupled with selective Section 95 proceedings, the SRA's subsisting guarantee and criminal proceedings, third-party funding with the SRA retaining 74% equity/control, Nil valuation of substantial assets and absence of genuine bidding, raised serious issues requiring disclosure and scrutiny. SBI's Reply failed to answer these foundational objections and contained material admissions regarding the aforesaid circumstances.

7.32. The Applicant submitted that the Application concerns statutory eligibility, legality, disclosure, due diligence, process integrity and valuation, and not merely commercial wisdom. The Applicant reiterated the reliefs sought and reserved reliance upon primary records, including bank statements, Section 29A due-diligence

material, source-of-funds documents, valuation papers and the complete Transaction Audit Report.

8. In compliance with the order dated 05.08.2026, the **Applicant/Personal Guarantor** filed his Written Submissions on 11.08.2026, wherein reliance has been placed upon the following judgments: -

1. *Vijay Kumar Jain v. Standard Chartered Bank*
2. *Jai Shankar Agrahari v. Union of India*
3. *Zacharia Maramkandathil Mohan v. Union of India*
4. *Mr. Ashok Kumar Golechha, Resolution Professional of Vas Infrastructure Limited, I.A. (I.B.C.) (Plan) No. 41/MB/2025 in C.P. (IB) No. 314/MB/2023, NCLT Mumbai Bench-II, order dated 07.07.2026*
5. *Arpan Maheshkumar Shah, RP of Omshri Devprocon Ltd. v. CoC of Omshri Devprocon Ltd. & Ors*
6. *Authorized Officer, State Bank of India v. Ku. Kalpana Agrawal*
7. *Amit Sangal v. Kairav Anil Trivedi & Ors., Company Appeal (AT) (Ins.) No. 916 of 2023*
8. *Niraj Kumar Agrawal, RP of Balajee Ingot India Pvt. Ltd.*

9. In compliance with the order dated 05.08.2026, the Respondent No.1/Resolution Professional filed his **Written Submissions** on 07.08.2026, wherein reliance has been placed upon the following judgments: -

1. *Dr. Ravi Shankar Vedam v. Tiffins Bartyes Asbestos and Paints Ltd. 2024 244 Comp Cas 785 NCLAT Delhi para 28, 32 and 37.*
2. *Ram Kesavan v. CA Jasin Jose 2024 244 Comp Cas 814*

Delhi para 10, 11

3. *Praful Satra v. Vaishali Patrikar* 2025 SCC online NCLAT 1469 72

4. *Thampanoor Ravi v. Charupara Ravi* MANU/SC/0569/1999 para 18

5. *State Bank of India v. Bhushan Energy Ltd.* CA 929/18 in CP 530/17 NCLT, Delhi para 46 to 49

10. In compliance with the order dated 05.08.2026, the Respondent No.3/ Successful Resolution Applicant filed his **Written Submissions** on 06.08.2026, wherein reliance has been placed upon the following judgments: -

1. *M.K. Rajagopalan v. Dr. Periasamy Palani Gounder* Civil Appeal Nos. 1682-1683 of 2022 (DoD: 3.5.2023) (Para 43.1, 43.2)

2. *Thampanoor Ravi v. Charupara Ravi* (1999) 8 see 74 (Para 18 to 22)

3. *Torrent Power Limited v. Ashish Arjunkumar Rathi & Ors.* Civil Appeal No. 11746-11747 of 2024 (para 14.3)

4. *M.K. Rajgopalan v. Rajendran*, RP IA 215 of 2023 in Company Appeal (AT)(Ins) 58 of 2023 (para 8, 31)

5. *Dr. Ravi Shankar Vedam v. Tiffins Bartyes Asbestos and Paints Ltd & Ors.* Company Appeal (AT)(Ch)(Ins.) No. 134 of 2021 (DoD: 13.6.2023) (Para 18, 28)

6. *Dr. Ravi Shankar Vedam v. Tiffins Bartyes Asbestos and Paints Ltd & Ors.* Civil Appeal No. 5516 of 2023 (DoD: 6.11.2023)

11. We have heard the Learned Counsel appearing for the Applicant and the Learned Counsel appearing for the Resolution Professional, the Successful Resolution Applicant

and State Bank of India, and have perused the pleadings, written submissions, documents placed on record, the minutes of the meetings of the Committee of Creditors (“CoC”), the valuation reports, the Transaction Audit Report, the Resolution Plan and the material forming part of I.A. (Plan) No. 9 (AHM) of 2026.

12. The prayers in the Application centres around rejection of the Resolution Plan submitted by the Successful Resolution Applicant (Respondent No.3) based on various objections raised by the Applicant to establish that the Resolution Plan is contrary to the mandatory provisions of the Insolvency and Bankruptcy Code, 2016 and the applicable CIRP Regulations, 2016.

13. The Resolution Professional has filed I.A. (Plan) No. 9 (AHM) of 2026 seeking approval of the Resolution Plan. The said Plan Approval Application is being considered separately in accordance with Sections 30 and 31 of the Code and the applicable Regulations. The present Application is confined to the objections raised by the Applicant concerning the eligibility of the Successful Resolution Applicant and the alleged statutory and procedural infirmities in the CIRP.

14. Having regard to the prayers in the Application, pleadings, documents and submissions of the parties, the following **issues** arise for our consideration:

- i. Issue No. I:** Whether the Applicant, Mr. Dhananjay Sanjay Agrawal, has locus standi and maintainability to raise objections to the Resolution Plan in the present proceedings?
- ii. Issue No. II:** Whether the Successful Resolution Applicant is ineligible under Section 29A(a) of the Code on the ground that he is an “undischarged insolvent” in view of the invocation of his personal guarantee?
- iii. Issue No. III:** Whether the Successful Resolution Applicant is ineligible under Section 29A(e) of the Code read with Section 164 of the Companies Act, 2013, having regard to the alleged statutory filing defaults and his position as erstwhile director of the Corporate Debtor?
- iv. Issue No. IV:** Whether the RP discharged his statutory duty of conducting adequate and independent due diligence regarding the eligibility of the Successful Resolution Applicant and his connected persons under Section 29A and Regulation 36A(8) of the CIRP Regulations?
- v. Issue No. V:** Whether there was any material non-disclosure or misrepresentation concerning the criminal proceedings/antecedents of the Successful Resolution Applicant, and whether any relief proposed in the Resolution Plan in relation to such proceedings is contrary to law?
- vi. Issue No. VI:** Whether the induction of Mr. Rajneesh Tiwari as a funding partner and the proposed 74:26 ownership/control structure, after the final list of PRAs, constitutes a material alteration of the resolution applicant/consortium structure or otherwise attracts scrutiny under the Code and CIRP Regulations?

- vii. Issue No. VII:** Whether the transaction audit and the RP's consideration of transactions of the Corporate Debtor were conducted on a sufficiently complete evidentiary record, including whether failure to obtain missing books, bank statements and other records under Section 19 resulted in any material irregularity affecting the resolution process?
- viii. Issue No. VIII:** Whether the valuation of the Corporate Debtor's assets, particularly the Nil valuation assigned to material financial assets, was based on complete and reliable information, and whether subsequent availability/reconstruction of records required reconsideration of the valuation for purposes of evaluation of the Resolution Plan?
- ix. Issue No. IX:** Whether the Challenge Mechanism and evaluation of the Resolution Plan, including the sole-bid H1 outcome, suffered from any material irregularity warranting interference with the Resolution Plan?

15. Findings on Issue No. (I): Whether the Applicant, Mr. Dhananjay Sanjay Agrawal, has locus standi and maintainability to raise objections to the Resolution Plan in the present proceedings?

15.1. The Applicant, Mr. Dhananjay Sanjay Agrawal, holds 12.50% equity in the Corporate Debtor and is an erstwhile Director as well as a personal guarantor. He has raised objections concerning the eligibility of the Successful Resolution Applicant under Section 29A, alleged non-disclosure, due diligence, valuation, transaction audit and other alleged procedural irregularities. The Applicant submits that his objections are confined to statutory compliance and

legality of the process and do not seek to question the commercial wisdom of the Committee of Creditors (“CoC”).

15.2. By order dated 15.06.2026, this Tribunal permitted the Applicant to be served with the Resolution Plan and to place his objections on record. However, such permission was only for the purpose of placing the objections before the Tribunal and did not amount to an adjudication of the Applicant's locus on merits or confer upon him an unrestricted right to challenge or interfere with the commercial decision of the CoC.

15.3. The Respondents have relied upon ***Dr. Ravi Shankar Vedam v. Tiffins Barytes Asbestos and Paints Ltd., Ramesh Kesavan v. CA Jasin Jose*** and ***Praful Satra v. Vaishali Patrikar***, in support of their objection to the Applicant's locus. In *Ravi Shankar Vedam*, the NCLAT held that a shareholder had no locus to challenge an approved Resolution Plan, and the appeal arising therefrom was dismissed by the Hon'ble Supreme Court on 06.11.2023. *Ramesh Kesavan* likewise emphasised the limited scope for a promoter/shareholder to challenge an approved plan, particularly where the challenge does not disclose a statutory infirmity.

15.4. On the other hand, the Hon'ble Supreme Court in ***Vijay Kumar Jain v. Standard Chartered Bank*** ((2019) ibclaw.in 24SC) recognised the meaningful

participation of suspended members of the Board in the CIRP and their entitlement to relevant information, including the Resolution Plan, particularly in view of the binding effect of the plan upon the erstwhile management. Such participation, however, does not confer any right to veto or substitute the commercial decision of the CoC.

15.5. We also take note of ***Vinay Gupta v. Oswal Minerals Ltd. & Ors.***, I.A. No. 2352 of 2026 in Company Appeal (AT) (Insolvency) No. 1038 of 2024, decided on 21.08.2026, wherein the Hon'ble NCLAT considered the position of suspended directors under Section 24(3)(b) of the Code and recognised their right to participate in the CIRP without voting rights, particularly where the approved Resolution Plan affects their interests. Such participation, however, does not confer any right to veto the commercial decision of the CoC.

15.6. In the present case, the Applicant is an erstwhile Director, 12.50% shareholder and a personal guarantor. As a personal guarantor, the Applicant has a legally cognisable interest in the treatment of the financial debt under the Resolution Plan, since approval of a Resolution Plan does not, by itself, discharge the liability of a personal guarantor and the extent of the continuing liability would depend upon the terms of the guarantee and the amount remaining recoverable. The objections of the personal guarantor

which point to material irregularity in the CIRP leading to the submission of the Plan or a statutory infirmity in the Resolution Plan require consideration by this Adjudicating Authority to ensure that the Resolution Plan meets the requirements of Sections 30(2) and 31 of the Code and Regulation 38 of the CIRP Regulations. Having regard to his status and the objections raised by him, we are of the view that he has limited locus to place before this Tribunal specific and substantiated objections concerning statutory violation, procedural illegality or material irregularity affecting the CIRP or approval of the Resolution Plan. His locus, however, does not extend to challenging or seeking substitution of the commercial wisdom of the CoC.

15.7. Such limited standing does not enlarge the jurisdiction of this Adjudicating Authority under Section 31 of the Code, nor does it permit the Applicant to invite this Tribunal to substitute its own assessment for the commercial decision of the CoC, except where a statutory non-compliance, material procedural irregularity or other legally recognised ground for judicial intervention is established.

15.8. The absence of proceedings under Section 95 is not, by itself, the statutory test for determining whether a person is an undischarged insolvent. The determinative question is whether, on the relevant date, the person had acquired such status under the applicable

insolvency law and remained undischarged. On the material placed before us, no adjudication or other legally operative material establishing such status in respect of Mr. Soni has been shown. The invocation of the guarantee and the alleged non-payment, in the absence of such material, do not by themselves establish the status of an undischarged insolvent.

15.9. **Accordingly, the issue is answered partly in favour of the Applicant.** The Applicant has limited locus to raise specific and substantiated objections relating to statutory non-compliance, illegality or material procedural irregularity. Such locus does not extend to questioning, substituting or sitting in appeal over the commercial wisdom of the CoC. His objections are therefore considered hereinafter only within the aforesaid limited scope.

16. Findings on Issue No. (II): Whether the Successful Resolution Applicant is ineligible under Section 29A(a) of the Code on the ground that he is an “undischarged insolvent” in view of the invocation of his personal guarantee?

16.1. The Applicant contends that the personal guarantee furnished by the Successful Resolution Applicant, Mr. Chandresh Lalitbhai Soni, in favour of State Bank of India (“SBI”) was invoked on 26.11.2024 and remained unpaid, thereby rendering him an “undischarged insolvent” under Section 29A(a). It is further contended

that SBI initiated proceedings under Section 95 against other guarantors in respect of the same facilities but not against Mr. Soni.

- 16.2. The Successful Resolution Applicant does not dispute that the guarantee was invoked, but submits that mere invocation of a personal guarantee does not ipso facto render a person an “undischarged insolvent”. It is specifically submitted that no proceedings under Section 95 of the Code have been initiated against him and that there is no order of any competent insolvency court declaring him to be an undischarged insolvent.
- 16.3. Reliance has been placed upon ***Thampanoor Ravi v. Charupara Ravi***, (1999) 8 SCC 74, for the proposition that the expression “undischarged insolvent” carries a specific legal connotation and refers to a status recognised under the applicable insolvency law. The RP has also relied upon ***State Bank of India v. Bhushan Energy Ltd.***, CA No. 929/2018 in CP No. 530/2017, NCLT Delhi, in support of the said proposition.
- 16.4. Further, in ***SREI Multiple Asset Investment Trust v. IDBI Bank Ltd.***, (2022) ibclaw.in 72NCLAT, the NCLAT, while considering Section 29A(a), observed at paras 43 and 49 that an “undischarged insolvent” is a person who is declared by the relevant court to be insolvent and remains undischarged.
- 16.5. The record establishes that SBI invoked Mr. Soni’s personal guarantee on 26.11.2024, however it did not

file application under section 95 in the case of Mr. Soni and no order section 100 is passed in his case. The Corporate Debtor was admitted into CIRP on 29.07.2025, and his Section 29A eligibility was subsequently subjected to due diligence. The 9th CoC meeting dated 11.05.2026 recorded consideration of the eligibility of the PRAs and compliant plans, and Mr. Soni's Resolution Plan was ultimately approved by SBI, the sole CoC member, with 100% voting share on 21.05.2026.

16.6. The question is whether invocation of a personal guarantee and the resultant unpaid liability, by itself, is sufficient to make the guarantor an "undischarged insolvent" within Section 29A(a). In our considered view, it is not. As recognised in *Thampanoor Ravi* and observed by the NCLAT in *SREI Multiple Asset Investment Trust*, the expression "undischarged insolvent" denotes a distinct legal status and cannot be equated with mere inability or failure to discharge a debt.

16.7. The absence of proceedings under Section 95 is not, by itself, the statutory test for determining whether a person is an undischarged insolvent. The determinative question is whether, on the relevant date, the person had acquired such status under the applicable insolvency law and remained undischarged. On the material placed before us, no adjudication or other

legally operative material establishing such status in respect of Mr. Soni has been shown. The invocation of the guarantee and the alleged non-payment, in the absence of such material, do not by themselves establish the status of an undischarged insolvent.

16.8. Accordingly, mere invocation and alleged non-payment of the personal guarantee, in the absence of material establishing that Mr. Soni was an “undischarged insolvent” within the meaning of Section 29A(a), does not render him ineligible to submit the Resolution Plan. The objection raised by the Applicant on this ground is, therefore, not sustainable.

17. Findings on Issue No. (III): Whether the Successful Resolution Applicant is ineligible under Section 29A(e) of the Code read with Section 164 of the Companies Act, 2013, having regard to the alleged statutory filing defaults and his position as erstwhile director of the Corporate Debtor?

17.1. The Applicant contends that the Successful Resolution Applicant, Mr. Chandresh Lalitbhai Soni, is ineligible under Section 29A(e) of the Code read with Section 164 of the Companies Act, 2013, principally on the allegation that, owing to non-filing of the financial statements/annual returns of the Corporate Debtor, he stood disqualified under Section 164(2)(a) of the Companies Act. It is further contended that the

Corporate Debtor's audited financial statements were available only up to 31.03.2023 and that the subsequent statutory filing position, including the MCA filing history, AOC-4/MGT-7 status and DIN status, was not adequately verified.

17.2. The Successful Resolution Applicant has denied the alleged disqualification and submitted that no order of the Registrar of Companies or any competent authority has declared him disqualified under Section 164. Reliance has been placed upon ***M.K. Rajagopalan v. Dr. Periasamy Palani Gounder***, Civil Appeal Nos. 1682–1683 of 2022, (2023) ibclaw.in 60 SC decided on 03.05.2023, wherein the Hon'ble Supreme Court rejected the concept of a deemed or assumed disqualification under Section 164(2) and held that a Resolution Applicant could not be treated as ineligible on the basis of a disqualification which had not been established in accordance with law.

17.3. The Corporate Debtor is an MSME, having obtained Udyam Registration Certificate No. UDYAM-GJ-01-0008507 dated 28.08.2020. The Resolution Professional's compliance certificate records that, upon examination of the documents, declarations, records and due diligence undertaken, Mr. Chandresh Soni was found eligible under Section 29A, with the exception of clauses (c) and (h), which were stated to be

inapplicable in view of the exemption under Section 240A.

- 17.4. The 9th CoC meeting dated 11.05.2026 recorded consideration of the eligibility and due diligence of the prospective Resolution Applicants and the placement of compliant plans for consideration. Mr. Soni's Resolution Plan was thereafter approved by the sole CoC member, SBI, with 100% voting share through e-voting concluded on 21.05.2026.
- 17.5. Section 164(2)(a) of the Companies Act, 2013 applies where a person is or has been a director of a company which has not filed financial statements or annual returns for any continuous period of three financial years. Therefore, the relevant inquiry is not merely whether the filing dates for the financial year ending 31.03.2026 had expired on the date of this Order, but whether the statutory conditions for disqualification had arisen in respect of three continuous financial years and whether such disqualification was operative against Mr. Soni on the relevant date for the purpose of Section 29A(e) of the Code. The Applicant has not placed on record the relevant MCA filing history or other material establishing failure to file financial statements or annual returns for the continuous period of three financial years contemplated under Section 164(2)(a), or establishing that any resulting disqualification was subsisting against Mr. Soni on the

relevant date.

17.6. The Hon'ble Supreme Court in the case of **M.K. Rajagopalan v. Dr. Periasamy Palani Gounder & Anr.**, (2023) ibclaw.in 60 SC considered the issue of disqualification of a person under section 164 (2)(b) of the Companies Act, 2013. The Hon'ble Court in paragraph 43.1 of the judgment held that,

“Unless a categorical finding was recorded in the competent forum as regards any such default and unless specific order disqualifying the resolution applicant as director because of such default came into existence, it could not have been taken by way of any process of assumption that the appellant-resolution applicant was disqualified to act as a director and thereby, was ineligible to submit a resolution plan.”

(emphasis supplied)

17.7. In **Malharshanti Enterprises v. Naresh Sevantilal Shah & Anr.** Company Appeal (AT) (Ins.) No. 2032 of 2025” ((2026) ibclaw.in 354 NCLAT) (Paras 63–66) the NCLAT, while considering Section 29A(e) read with Section 164(2)(a) and (b), held that the disqualification contemplated under Section 29A(e) must exist in law and cannot be presumed or inferred. It further observed that there must be a formal and operative disqualification under Section 164, and in the absence of material establishing such disqualification, ineligibility under Section 29A(e) cannot be presumed.

17.8. Paragraphs 64 and 65 of the above decision are extracted below:

64. *In other words, for Section 29A(e) to apply, there must be a formal and operative disqualification under Section 164 of the Companies Act. Such disqualification is determined and declared by the competent statutory authority, namely the Registrar of Companies (RoC) or the Ministry of Corporate Affairs.*

65. *The Hon'ble Supreme Court in 'M.K. Rajagopalan v. Dr. Periasamy Palani Gounder' [(2023) ibclaw.in 60 SC] CIVIL APPEAL NOS. 1682-1683 OF 2022 (2024) had held that there is no concept of "deemed disqualification" under Section 164(2) of the Companies Act, 2013, and that such disqualification cannot be presumed. The Hon'ble Supreme Court clarified that disqualification of a director must be formally declared by the competent authority such as the Registrar of Companies or the Ministry of Corporate Affairs and cannot be inferred by a tribunal."*

(emphasis supplied)

17.9. Applying the above principles, we find that the Applicant has failed to establish either the requisite continuous three-financial-year default under Section 164(2)(a) or a subsisting disqualification of Mr. Soni under Section 164 on the relevant date. The allegation of incomplete statutory filings, without establishing the statutory ingredients and resulting disqualification, cannot by itself attract Section 29A(e).

17.10. Accordingly, the Applicant has failed to establish that Mr. Chandresh Soni was disqualified under Section 164 of the Companies Act, 2013 so as to attract Section 29A(e) of the Code. The objection raised on this ground is, therefore, not sustainable. Issue No. III is answered in the negative.

18. Findings on Issue No. (IV): Whether the RP discharged his statutory duty of conducting adequate and independent due diligence regarding the eligibility of the Successful Resolution Applicant and his connected persons under Section 29A and Regulation 36A(8) of the CIRP Regulations?

18.1. The Applicant alleges that the Resolution Professional failed to undertake adequate and independent verification of the eligibility of Mr. Chandresh Soni and his connected persons, particularly with regard to Section 29A, director disqualification, criminal antecedents, source of funds and the induction of Mr. Rajneesh Tiwari. It is further alleged that the proposal for external professional vetting was deferred in the 6th and 7th CoC meetings and that the RP and his team thereafter undertook the eligibility and compliance exercise themselves.

18.2. Regulation 36A(8) requires the Resolution Professional to conduct due diligence, based on the material on record, to satisfy himself regarding compliance with the applicable provisions of Section 29A and other requirements of the invitation for expression of interest by the prospective resolution applicant. Regulation 36A deals with invitation for expression of interest. Regulation 36A(9) empowers the Resolution Professional to seek any clarification or additional information or documents from the prospective

resolution applicant for conducting the due diligence under sub-regulation 8. The provision does not, however, prescribe that such due diligence must necessarily be undertaken by an independent external professional.

18.3. In the present case, the record shows that the RP undertook due diligence and verification of the documents and information furnished by the PRAs before issuance of the Final List dated 06.02.2026. Thereafter, in the 8th CoC meeting dated 15.04.2026, the RP informed the CoC that detailed vetting of the revised Resolution Plans, including Section 29A due diligence of the PRAs and their connected persons, had been completed. The record further states that professional opinions were also obtained as part of the comprehensive verification exercise and that observations were shared with the PRAs for clarification.

18.4. The 9th CoC meeting dated 11.05.2026 further records that comprehensive due diligence and compliance verification had been undertaken in respect of all PRAs and their identified connected persons, including background, management and shareholding structure, connected-party mapping, litigation and regulatory checks, statutory and secretarial compliances and Section 29A verification. The RP also informed the CoC that, on the basis of the records and information

reviewed, no adverse finding affecting eligibility had emerged, and the CoC took note of the same.

18.5. The Section 29A Compliance Certificate issued by the RP records that Mr. Chandresh Soni was found eligible under Section 29A, except clauses (c) and (h), which were stated to be inapplicable by virtue of Section 240A. It further specifically records that Mr. Rajneesh Tiwari, described as the funding partner/supporting financial contributor, had also been examined and found to satisfy the applicable Section 29A requirements.

18.6. As regards Mr. Rajneesh Tiwari, whether his subsequent association with the Resolution Applicant amounted to an impermissible alteration of the applicant/consortium structure is a distinct question considered under Issue No. VI. For the present issue, the material question is whether his eligibility was subjected to scrutiny. The record, including the RP's compliance certificate and the CoC deliberations, demonstrates that such scrutiny was undertaken.

18.7. However, the RP's compliance certificate cannot, by itself, be treated as conclusive proof of compliance. The Tribunal has therefore examined the contemporaneous record placed before it, including the Section 29A declarations, due-diligence material, clarifications sought from the prospective resolution applicants, connected-person disclosures and the CoC record. On

such examination, no specific statutory disqualification which was ignored by the RP has been established. The material on record demonstrates that the RP undertook verification of the documents and information furnished by the prospective resolution applicants, sought clarifications and obtained professional inputs before placing the eligibility findings before the CoC.

18.8. Accordingly, the allegation of material failure or irregularity in the RP's due-diligence exercise is not established. **Issue No. IV is, therefore, answered in the negative.**

19. Findings on Issue No. (V): Whether the alleged criminal proceedings against the Successful Resolution Applicant were not properly disclosed or verified and whether the provisions of the Resolution Plan relating to dropping, closure or extinguishment of proceedings are contrary to law?

19.1. The Applicant alleges that the Successful Resolution Applicant ("SRA"), Mr. Chandresh Lalitchandra Soni, failed to make complete disclosure of the criminal proceedings against him and that the Resolution Professional ("RP") failed to properly verify the same. Reliance has been placed upon FIR C.R. No. 11191065250385 of 2025 registered at Narol Police Station, the order dated 24.04.2025 passed by the Gujarat High Court in Criminal Misc. Application No.

8134 of 2025, and the order dated 12.02.2026 passed by the Madras High Court. The Applicant submits that these proceedings constituted material antecedents requiring disclosure and verification. It is clarified by the Applicant that the objection is not founded merely upon the pendency of the criminal proceedings, but also upon the alleged non-disclosure and inadequate verification thereof.

19.2. The record, however, shows that the criminal proceeding was brought to the RP's attention in the 3rd CoC meeting dated 07.11.2025, when Deep Chemical raised the issue. The RP sought clarification and supporting documents from Mr. Soni, who disclosed the FIR, stated that the matter was under investigation and disclosed the grant of regular bail by the Gujarat High Court. Thus, the record does not establish concealment of the proceeding.

19.3. Thereafter, the RP undertook the eligibility and verification exercise. The Final List of the prospective resolution applicant dated 06.02.2026 records due diligence and verification of documents and information furnished by the PRAs, and Mr. Soni was included as eligible. The 8th CoC meeting dated 15.04.2026 further records detailed vetting and Section 29A due diligence concerning the PRAs and their connected persons, including professional inputs and clarifications obtained during the process.

- 19.4. The RP's Section 29A Compliance Certificate records that the eligibility determination was based on documents, records, affidavits, undertakings, declarations, clarifications, public-domain material and records accessible to the RP, and certifies Mr. Soni as eligible under the applicable provisions of Section 29A.
- 19.5. The Gujarat High Court order dated 24.04.2025, having been passed at the bail stage, cannot be treated as an acquittal or final adjudication on merits. Further, mere pendency of criminal proceedings, absent the conviction contemplated under Section 29A(d), does not by itself constitute the statutory disqualification. The Applicant has not established any material suppression or failure of verification independent of such pendency. As per section 29A (d), it could have been a case of disqualification under section 29A if the person has been convicted for any offence punishable with imprisonment- (i) for two years or more under any Act specified under the Twelfth Schedule; or (ii) for seven years or more under any law for the time being in force. The Applicant has not alleged or established any such conviction of the SRA.
- 19.6. As regards the Resolution Plan, the SRA has clarified that the relief concerning proceedings under Section 138 of the Negotiable Instruments Act is confined to the Corporate Debtor and does not seek protection for criminal proceedings against natural persons. Clause

11.18 further makes the reliefs subject to the decision of the Adjudicating Authority and states that they are not preconditions for approval of the Plan. The effect of the said clause, however, must be determined from the language of the Resolution Plan itself and cannot be enlarged or restricted merely by the subsequent explanation of the Successful Resolution Applicant.

19.7. Section 32A operates upon the liability of the Corporate Debtor and, subject to its statutory conditions, upon proceedings against the property of the Corporate Debtor. It does not confer a general immunity upon promoters, directors, officers or other natural persons who may be independently liable for offences. Any clause in the Resolution Plan purporting to terminate, quash, compound or otherwise extinguish criminal proceedings against a natural person can operate only to the extent expressly permitted by the applicable criminal law and by the competent criminal court. Accordingly, any relief contained in the Resolution Plan shall be effective only to the extent permissible under Section 32A and other applicable law.

19.8. Accordingly, the Applicant has failed to establish (i) material suppression of the criminal proceedings, (ii) material failure by the RP to undertake the requisite verification, or (iii) any impermissible blanket immunity to natural persons under the Resolution Plan. Issue No. V is, therefore, answered in the negative and

against the Applicant.

20. Findings on Issue No. (VI): - Whether the induction of Mr. Rajneesh Tiwari as a funding partner and the proposed 74:26 ownership/control structure, after the final list of PRAs, constitutes a material alteration of the resolution applicant/consortium structure or otherwise attracts scrutiny under the Code and CIRP Regulations?

20.1. The Applicant contends that the Final List dated 06.02.2026 contained name of only Mr. Chandresh Soni in his individual capacity, whereas Mr. Rajneesh Tiwari was introduced through the MoU dated 11.03.2026. It is alleged that Mr. Tiwari was not merely a lender but was to provide implementation funding, receive 26% equity, act as a director and participate in management, while Mr. Soni retained 74% equity and control, thereby altering the applicant/consortium structure without specific CoC approval.

20.2. The Respondents submit that Mr. Tiwari was a funding partner/supporting financial contributor and not a separate Resolution Applicant or consortium member. The Resolution Plan disclosed the funding arrangement and was supported by the MoU, Tiwari's affidavit and his CA-certified net-worth certificate. The RP's Section 29A Compliance Certificate separately records that Mr. Tiwari satisfied the applicable Section 29A

requirements.

- 20.3. The record further shows that the arrangement was disclosed to the CoC. In the 8th CoC meeting dated 15.04.2026, the RP informed the CoC that Mr. Soni proposed to arrange the source of funds through Mr. Tiwari; the MoU, affidavit and net-worth certificate were noted, and the CoC discussed and took note of the arrangement.
- 20.4. The Applicant relies upon the RFRP provision concerning subsequent formation of a consortium by an applicant who had initially submitted an individual EOI and contends that CoC approval was mandatory. We have considered the said objection. The material on record, however, does not establish that Mr. Tiwari was inducted as a separate/co-Resolution Applicant or as a consortium member pursuant to that provision. The Final List continued to identify Mr. Soni as the Resolution Applicant, while the Resolution Plan and RP's compliance certificate consistently described Mr. Tiwari as a funding partner/supporting financial contributor, whose Section 29A eligibility was separately examined.
- 20.5. In ***Hemant Shantilal Shah & Anr. v. Care Office Equipment Ltd. & Ors.***, Company Appeal (AT) (Insolvency) No. 26 of 2023, (2024) ibclaw.in 247 NCLAT decided on 18.04.2024, the NCLAT held that there was no bar against associating other persons

with a Resolution Applicant where such association was disclosed and the RP conducted the requisite Section 29A verification. The decision, however, does not dispense with compliance with any specific condition contained in the applicable RFRP.

20.6. The nomenclature assigned to Mr. Tiwari as a “funding partner” is not by itself determinative. The Tribunal is required to examine the substance of the arrangement, including the nature of his financial commitment, proposed shareholding, proposed directorship and management role, voting or veto rights, governance rights, repayment or security arrangements, exit rights and any agreement or understanding between him and Mr. Soni. This examination is also relevant for determining whether he falls within the expression “person acting jointly or in concert” or within the category of a connected person contemplated by Section 29A of the Code. On the material presently placed before us, however, the Applicant has not established any specific disqualifying circumstance in respect of Mr. Tiwari.

20.7. The Resolution Plan was thereafter subjected to detailed vetting, including consideration of its source of funds and Section 29A compliance, and was approved by the sole CoC member, SBI, with 100% voting share on 21.05.2026. Such approval does not, by itself, cure a statutory violation; however, in the absence of proof

of any such violation or material prejudice, the CoC's commercial decision does not warrant interference.

20.8. Accordingly, the Applicant has failed to establish that the association of Mr. Rajneesh Tiwari as a funding partner, or the proposed 74:26 shareholding and management structure, constituted a prohibited alteration of the Successful Resolution Applicant or violated the RFRP, the Code or the CIRP Regulations.

Issue No. VI is, therefore, answered in the negative and against the Applicant.

21. Findings on Issue No. (VII): - Whether the transaction audit and the RP's consideration of transactions of the Corporate Debtor were conducted on a sufficiently complete evidentiary record, including whether failure to obtain missing books, bank statements and other records under Section 19 resulted in any material irregularity affecting the resolution process?

21.1. The Applicant contends that the books and banking records of the Corporate Debtor were incomplete, the audited financial statements were available only up to 31.03.2023, and subsequent records were allegedly incomplete or reconstructed. It is therefore contended that the Transaction Audit could not have reliably examined transactions falling under Sections 43, 45, 50 and 66 of the Code. The Applicant further alleges that complete bank statements and other records were

sought but the Resolution Professional failed to take effective steps under Section 19(2) of the Code.

21.2. The record, however, shows that despite deficiencies in the books, the RP made efforts to obtain and reconcile the available material, including physical/scanned records from the suspended management and factory, records from the Chartered Accountant, GST and bank records, and sought repeated clarifications and supporting documents. An accountant was also appointed to assist in completing and updating the books.

21.3. The Transaction Auditor examined the records and transactions made available to him, including related-party transactions, directors' accounts and internal fund movements, and identified approximately 10–12 transactions for further examination. The explanations and supporting documents placed before the Auditor were considered, and the final report dated 12.04.2026 was thereafter examined by the RP. The RP's opinion under Regulation 35A was placed before the CoC on 15.04.2026.

21.4. As regards Section 19(2), the mere fact that a separate application was not pursued does not, by itself, establish material irregularity. The relevant question is whether any material evidentiary deficiency remained unaddressed and consequently affected the audit or resolution process or becomes a gap in assessing the

fair and liquidation value of the corporate debtor. The record reflects repeated efforts to obtain, reconstruct and verify the available records.

21.5. The Applicant's reliance on **Ashok Kumar Golechha, RP of Vas Infrastructure Ltd.** is distinguishable, as that case involved specific adverse material concerning diversion of funds which was not adequately examined. No comparable specific transaction or adverse material has been shown to have remained unexamined in the present case. Similarly, **Amit Sangal v. Kairav Anil Trivedi & Ors.** requires a deviation materially affecting the fairness, legality or integrity of the CIRP; no such specific deviation is established here.

21.6. The Applicant has not identified before us, with reference to a transaction-wise record, any particular transaction which satisfies the statutory ingredients of Sections 43, 45, 49, 50 or 66 of the Code and which was omitted from consideration by the RP. Mere reference to related-party transactions, transfers through directors' accounts or incomplete books, without establishing the statutory ingredients of the relevant provision, is insufficient. Although the deficiencies in the records warranted heightened diligence, the material on record demonstrates efforts to obtain and scrutinise the available information and subsequent consideration of the Transaction Audit Report by the RP and the CoC. In the absence of any

identified transaction, statutory violation or material evidentiary omission which remained unexamined and materially affected the process, no material irregularity is established.

21.7. Section 47 of the Code, as substituted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 and brought into force with effect from 26.05.2026, permits a creditor, member or partner to approach the Adjudicating Authority where a transaction covered by Sections 43, 45, 50 or 66 has occurred and the Resolution Professional or Liquidator, as the case may be, has not reported such transaction to the Adjudicating Authority. In the present case, the record indicates that the Transaction Audit Report was examined by the Resolution Professional and his opinion under Regulation 35A was placed before the CoC. The Applicant has not established that a particular transaction falling within Section 47 was identified and not reported by the Resolution Professional to the Adjudicating Authority. The mere existence of incomplete records or suspicious circumstances, without identification of such unreported transaction, does not by itself satisfy the statutory conditions of Section 47. **Issue No. VII is accordingly answered in the negative.**

22. Findings on Issue No. (VIII): Whether the valuation of the Corporate Debtor's assets, particularly the Nil valuation

assigned to material financial assets, was based on complete and reliable information, and whether subsequent availability/reconstruction of records required reconsideration of the valuation for purposes of evaluation of the Resolution Plan?

22.1. The Applicant contends that substantial financial assets, having significant book values, were assigned Nil Fair Value and Nil Liquidation Value on incomplete financial records. The valuation date was 29.07.2025. In the 3rd CoC meeting dated 07.11.2025, the valuers explained their methodology, documents and assumptions. CA Rajiv Ahuja stated that the latest audited financial statements were available only up to FY 2022-23 and that the available books did not reflect the position of stock, advances, receivables and other financial assets as on the insolvency commencement date. The CoC considered the explanation and expressed satisfaction with the valuation process.

22.2. The valuation reports dated 23.12.2025 assigned Nil Fair Value and Nil Liquidation Value to the Securities/Financial Assets category on the basis of the information then available and the absence of demonstrable realisability. The Janak Jagjivan Shah report recorded stock and receivables and other amounts aggregating to approximately Rs.25.85 crore, while CA Rajiv Ahuja recorded book values of

approximately Rs.21.62 crore in respect of inventories, debtors, fixed deposits, loans and advances and other assets. The latter report also expressly recorded the limitations in the available financial information and contemplated an addendum or revised valuation upon receipt of authenticated information.

22.3. The contention that the valuation was never revisited is not borne out by the record. Reconciled and reconstructed accounting information was subsequently placed before the valuers, pursuant to which addenda were issued by CA Rajiv Ahuja and CA Janak Jagjivan Shah on 07.01.2026 and 09.01.2026 respectively. The addenda updated the book-value position while retaining the valuation date, methodology and conclusion regarding realisability, and were available before approval of the Resolution Plan.

22.4. Further, the aggregate valuation reflected in Form H was approximately Rs.20.86 crore as Fair Value and Rs.13.15 crore as Liquidation Value. The Nil valuation assigned to the Securities/Financial Assets category did not mean that the entire asset base of the Corporate Debtor was valued at Nil. The valuation was undertaken by Registered Valuers, and the subsequent reconciled information was considered through the valuation addenda. The Applicant has not established any specific valuation error or statutory non-

compliance arising from the valuation exercise.

- 22.5. The Applicant relies upon **Arpan Maheshkumar Shah, RP of Omshri Devprocon Ltd. v. Committee of Creditors, Omshri Devprocon Ltd. & Anr.**, IA No. 641 of 2023, NCLT Ahmedabad, decided on 02.11.2023. In that case, the plan was rejected, inter alia, as Fair Value and Liquidation Value had not been arrived at before consideration of the plan, along with other deficiencies relating to the Information Memorandum, claims and the Resolution Applicant's financial capacity. The said decision is distinguishable, as in the present case valuation was undertaken by Registered Valuers, limitations were recorded, subsequent information was furnished and addenda were obtained before approval of the Plan.
- 22.6. Accordingly, although the initial valuation was subject to limitations, the record shows that such limitations were identified and subsequent information was considered through the valuation addenda. The Applicant has not established any specific valuation error, deliberate suppression, statutory non-compliance or material omission materially affecting the valuation or the CoC's consideration of the Plan. The Nil valuation of a particular category, by itself, therefore does not establish any material irregularity warranting interference. **Issue No. VIII is accordingly answered in the negative.**

23. Findings on Issue No. (IX): Whether the Challenge Mechanism and evaluation of the Resolution Plan, including the sole-bid H1 outcome, suffered from any material irregularity warranting interference with the Resolution Plan?

23.1. The Applicant challenges the Challenge Mechanism on the ground that, although six PRAs were in the process, only Mr. Chandresh Soni submitted a bid and the Plan consideration of approximately Rs.18.23 crore was below the Rs.25.05 crore reserve price mentioned in SBI's notice dated 06.02.2026. The record, however, shows that the Challenge Mechanism was conducted on 31.03.2026 through inter-se bidding on the designated e-procurement platform in accordance with the approved process.

23.2. All six PRAs were facilitated for participation. Four PRAs logged into the platform, but none submitted a competing bid. Mr. Soni's bid of Rs.18,22,90,692, having an NPV of Rs.18,02,69,692, against the prescribed Challenge Mechanism reserve price of Rs.18 crore, was accordingly treated as H1. The Highest Bid, Bid History and Platform Login Reports were placed before the CoC. H1 status, therefore, did not by itself constitute approval of the Resolution Plan.

23.3. Thereafter, all six PRAs were invited to submit revised plans by 07.04.2026, and revised plans were received from Mr. Soni, Deep Chemical and Mr. Ajay Bhadja.

These were considered by the CoC having regard to feasibility, viability, source of funds and revival proposals. The Plan was ultimately approved on 21.05.2026 with 100% voting share for approximately Rs.18.23 crore, against Fair Value of approximately Rs.20.87 crore and Liquidation Value of approximately Rs.13.16 crore.

23.4. The Applicant's reliance on SBI's separate figure of approximately Rs.25.05 crore does not, by itself, establish any infirmity in the CIRP process. The said figure arose from SBI's separate notice concerning transfer of its stressed loan exposure. That price concerns the value of the SBI's exposure in the corporate debtor. The Applicant has not established that this figure constituted the reserve price applicable to the CIRP Challenge Mechanism or that the approved RFRP/Challenge Mechanism required a CIRP bid to equal or exceed it. The fair value or a liquidation value of a corporate debtor depends on its assets, liabilities and future potential of its business and is not directly linked to the transfer value of its stressed loan exposure.

23.5. It is clarified that liquidation value is not, by itself, a statutory minimum bid or mandatory floor for the aggregate consideration under a Resolution Plan. The statutory requirements concerning minimum payments to creditors under Section 30(2)(b), together with the

other requirements of Section 30(2), are distinct from the question of whether the aggregate plan consideration must equal or exceed the liquidation value of the Corporate Debtor

23.6. The Applicant relies upon ***Authorized Officer, State Bank of India & Anr. v. Ku. Kalpana Agrawal & Ors.***, DRAT Allahabad, decided on 12.08.2025. The said decision is distinguishable, as it concerned a SARFAESI auction and valuation of the secured asset in that context. The present case concerns a CIRP bidding and resolution-plan process in which Registered Valuers had undertaken valuation and the CoC thereafter evaluated the plans received pursuant to the Challenge Mechanism. The fact that the successful bid was the only bid received during the relevant bidding window does not, without more, establish a violation of the approved process.

23.7. The absence of a competing bid or the fact that the approved Plan consideration was below SBI's separate stressed-loan transfer figure does not, by itself, establish illegality or material irregularity. No specific deviation from the approved Challenge Mechanism, RFRP or the Code, nor any denial of participation to an eligible PRA, has been established.

23.8. In the absence of any established statutory violation, procedural deviation or material prejudice, the decision of the CoC to approve the Plan cannot be interfered

with merely on the ground that the Applicant considers the consideration inadequate. The commercial wisdom of the CoC is entitled to substantial deference and cannot be substituted by this Adjudicating Authority. However, such deference does not extend to statutory eligibility, compliance with Section 30(2), the CIRP Regulations or other mandatory requirements of law. The question before us is therefore confined to whether the Applicant has established any such statutory non-compliance or material procedural irregularity. On the material placed before us, no such violation has been established. **Issue No. IX is, accordingly, answered in the negative.**

- 24.** The objections concerning adequacy of consideration, absence of competing bids and comparison with SBI's separate stressed-loan transfer figure do not, in the absence of a demonstrated statutory violation or material procedural irregularity, furnish a ground for this Adjudicating Authority to substitute its assessment for the commercial decision of the CoC.
- 25.** The Applicant shall have **limited locus** to the extent recognised under Issue No. I however, no statutory violation, material procedural irregularity or other ground warranting interference with the Resolution Plan has been established in

the present Application.

26. The alternative prayer seeking restoration of the CIRP under Section 33(1A) of the Code also cannot be granted merely at the instance of the Applicant. The statutory mechanism contemplates an application by the Committee of Creditors with not less than sixty-six per cent of the voting share and is attracted only upon the existence of the statutory grounds specified in Section 33(1A). No such application by the CoC is before us. The said prayer is, therefore, not maintainable in the present form.

27. Accordingly, the present Application, **I.A. No. 1037(AHM) of 2026** in I.A. (Plan) No. 9 (AHM) of 2026, is **disposed of** in terms of the findings recorded hereinabove. The prayers sought by the Applicant are **rejected**. There shall be no order as to costs.

-SD-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Aditi Jain/LRA

-SD-

SHAMMI KHAN
MEMBER (JUDICIAL)