



S.No.3

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
06.03.2026 AT 10:30 A.M.**

**IA (IBC)/1795/2025 in Company Petition IB/102/7/HDB/2019
U/s 7 of IBC**

IN THE MATTER OF:

Allahabad Bank

...Petitioner

AND

Sarda Agro Oils Ltd

...Respondent

C O R A M:-

SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

O R D E R

IA (IBC)/1795/2025

Orders pronounced, recorded vide separate sheets. In the result, the proposed scheme is rejected.

Sd/-

MEMBER (T)

Sd/-

MEMBER (J)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT – II**

**IA (IBC) 1795 of 2025
in
CP(IB) No.102/07/HDB/2019**

[U/R 2B of the Liquidation Process Regulations, 2016; U/s.230 of the Companies Act, 2013 r/w Rule 15 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and Rule 11 of the NCLT Rules, 2016]

In the matter of Scheme of Compromise / Arrangement

Between

M/s.Sarda Agro Oils Limited

And

Their respective Shareholders and Creditors

In the matter of Allahabad Bank vs. M/s.Sarda Agro Oils Limited

G. Madhusudhan Rao
Liquidator for M/s. Sarda Agro Oils Limited
(IBBI/IPA-001/IP-P00181/2017-2018/10360)
7-1-285, Flat No.103, Sri Sai Swapna Sampada Apts.
Balkampet, Hyderabad – 500 038

... Applicant

Date of Order: 06.03.2026

Coram:

Shri. Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri. Sanjay Puri, Hon'ble Member (Technical)

Counsel/Parties present:

For the Applicant	:	Mrs. Mummaneni Vazra Laxmi, Advocate
		Mr. Gonugunta Madhusudhan Rao, Liquidator
For the RD	:	Ms. Kusum Yadav, Deputy Director
For the ROC	:	Mr. Satyapal Singh, Representative



[**PER: BENCH**]
ORDER

1. The present Application has been filed by the Liquidator of M/s Sarda Agro Oils Limited (**Corporate Debtor in liquidation**) under Regulation 2B of the IBBI (Liquidation Process) Regulations¹, 2016, read with Section 230 of the Companies Act², 2013, Rule 15 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and Rule 11 of the NCLT Rules, 2016, seeking sanction of a proposed Scheme of Compromise/Arrangement stated to be proposed by one of the shareholders, namely M/s Prakash Oil Depot (as reflected in the Application)
2. The Corporate Debtor was incorporated on 21.07.1992 with CIN: U15143TG1992PLC14547, having its Registered office at Sy.No.655, Satamrai, Gaganpahad, Hyderabad, and is manufacturer, importers, Refiners of Edible Oils and Vanaspathi, Sunflower Refined Oil, Soya Bean Refined Oil, Cotton Seed Refined Oil, RBD Palm Oil, Ground Nut Oil, Refined Oil, Rice Bran Refined Oil. Its Authorised Share Capital is Rs.8,50,00,000/- and Paid-up Share Capital is Rs.8,25,00,000/-.
3. Due to default in payment of loans, Allahabad Bank (now Indian Bank) (**FC**) has filed a Company Petition CP(IB) No.102/7/HDB/2019 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (**IBC**) against the CD, which was admitted by this Authority on 27.08.2019 by appointing the Applicant herein as the Interim Resolution Professional (**IRP**) and later confirmed as Resolution Professional (**RP**) by the Committee of Creditors (**COC**).

¹ IBBI (Liquidation Process) Regulations, 2016

² Companies Act 2013



4. The RP had filed an application IA 1323/2002 seeking to liquidate the CD, which was allowed by this Authority on 09.01.2023 and Amended Order was issued on 23.01.2023 by correcting the name of the Liquidator.
5. M/s. Prakash Oil Depot (**Scheme Proponent**), a partnership firm with Mr. Jitendra Agarwal and Mr. Ved Prakash Agarwal, having 1,00,000 shares have submitted their '**Scheme of Compromise or Arrangement**' between M/s. Sarda Agro Oils Limited and M/s. Prakash Oil Depot (**Petitioner Companies**), to the Liquidator on 25.01.2024, which was placed before the 8th Stakeholders Consultation Committee (**SCC**) Meeting held on 28.02.2024.
6. The Investor of the Scheme Proponent submitted a cheque dated 07.05.2024, for Rs.4,30,00,000/- towards Earnest Money Deposit (**EMD**) being 10% of the proposed amount to FC.
7. After negotiations, the Scheme Proponent submitted the final proposal on 19.08.2024.
8. Indian Bank & Bank of Baroda informed approval of the Final Compromise and Settlement Proposal submitted by M/s. Prakash Oil Depot, offering an amount of Rs.43.00 crores to the Secured Financial Creditors inclusive of release of Personal Guarantors (**PGs**) and collateral securities standing in the name of PGs to the Liquidator on 21.11.2024 and 22.04.2025 respectively.
9. The Liquidator had filed an IA (IBC) 833/2025 on 26.04.2024 seeking directions for convening the meeting of Creditors/Stakeholders of the CD and also sought 90 days' time from the date of disposal of application, for the purpose of completion of the Scheme as per Section 230 of the Companies Act r/w Regulation 2B of the Liquidation Process Regulations, 2016, which was dismissed by this Authority on 26.05.2025 observing that the 90 days' timeline prescribed under Regulation 2B of



the Liquidation Process Regulations, 2016, for consideration of a Scheme of Compromise or Arrangement, had already expired and directed the Liquidator to proceed with the Liquidation Process strictly in accordance with Law.

10. Aggrieved by the Order of this Authority in IA (IBC) 833/2025, dated 26.05.2025, the Scheme Proponent filed an Appeal (AT) (CH) (Ins) No.304/2025 and the Liquidator also moved a Company Appeal (AT) (CH) (Ins.) No.306/2025 before the Hon'ble NCLAT, Chennai, respectively, which were allowed on 01.08.2025 granting 90 days' time from the date of uploading of the Order to the Liquidator to complete the Scheme of Arrangements subject to the Appellants complying with the provisions contained under Section 230(5) of the Companies Act, 2013 r/w Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
11. According to the orders of the Hon'ble NCLAT Dated 01.08.2025, the members of the SCC in their 30th SCC Meeting held on 04.08.2025, directed the Liquidator to file an application for convening the meeting of all the contributories / all creditors & shareholders / all the stakeholders or their representatives for approval of the Scheme submitted by Prakash Oil Depot.
12. Accordingly, the Liquidator had filed an IA 1358 of 2025 praying for a direction to convene the meeting of the stakeholders for approval of the Scheme submitted by one of the Shareholders of the CD, M/s. Prakash Oil Depot, which was allowed by this Authority vide Orders dated 15.09.2025 by appointing Mr. K.B. Kumar as Chairperson and Mr. Manoj Kumar Koyalkar, PCS as Scrutiniser.
13. As per the directions of this Authority vide Order dated 15.09.2025, individual Notices were served to all the stakeholders including statutory



authorities, viz. Central Government through the Regional Director (SER) (**RD**), Registrar of Companies (RoC), Official Liquidator, Hyderabad and Income Tax Authorities for intimating the Scheme of Arrangement³ and also Notice of the Scheme was published in Business Standard (English Daily) in Telangana and Andhra Pradesh and Nava Telangana (Telugu Daily) and Andhra Jyothi (Telugu Daily), Andhra Pradesh daily newspapers on 22.09.2025.

14. In the stakeholders meeting held on 25.10.2025, the stakeholders have approved the Scheme of Compromise or Arrangement submitted by M/s.Prakash Oil Depot with 77.30% in value. The Voting Result is as follows:

S.No.	Particulars	Total admitted Claims / FV of shareholders	Value of vote casted in favour	Value of vote casted against	Value of Absentees
1.	No. of shareholders	21	13	4	5
2.	Value of Claims / FV of Share Capital (in Rs.)	495,80,67,674	383,26,22,005	79,29,57,648	33,52,00,611
3.	Value (%)	100%	77.30%	15.99%	6.76%

15. In the Chairman's Report, it is submitted that the sanctioning of the Scheme will be for the benefit of the revival of the CD, Generation of the Employment by taking the old and new employees into the CD, the CD will pay various taxes like GST, Income Tax, Professional Tax, Municipal Taxes, to various Government Authorities etc. and Society as a whole will be benefited on revival of the started.

³Copies of notices sent to the Statutory Authorities through Registered Post, by mails and postal track consignment reports are filed as Compliance Memo filed by the Liquidator on 12.11.2025.



16. The salient features of the Scheme as approved by the SCC are as follows:

I. Brief of the Applicant:

- i. M/s. Prakash Oil Depot was constituted as a partnership firm, with Mr. Jithender Agarwal and Mr. Vedprakash Agarwal. Mr. Jithender Agarwal applied for Scheme of compromise/arrangement for Revival of the Corporate Debtor along with an investor. The Investor, in turn would be eligible for Equity Share Capital in the Company by way of transfer of Shares other Shareholders by order of NCLT or allotted new share in the capital of the Company. The Applicant Investor is engaged in dealing of food products business and has successfully established the business.
- ii. The summary of the proposed payments to the various stakeholders of the Corporate Debtor, is as follows:

Particulars	Amount (Rs.)
Towards CIRP and Liquidation Costs	As per actuals
Liquidator Fee	As mentioned in the proposal
Plan payments payable to Financial Creditors The amount provided is higher than the value of assets of the Corporate Debtor as estimated by Applicant, as the same is including the amount for release of personal properties and collateral security provided to financial creditors.	Rs.43 crores (To be appointed between both banks in proportion of their admitted claim allocated in the following proportions: 54.99% to Bank of Baroda, amounting to Rs.23,64,50,544/- and 45.01% to Indian Bank, amounting to Rs.19,35,49,456/-)
Operational Creditors (including Government Dues/Workers/Employees	0.5% of the total admitted claim



PF dues	100% of admitted claim will be paid
Repairs, re-conditioning of the assets and startup expenses	Rs.1.00 crore
Working Capital	Rs.0.33 crore

- II. CIRP and Liquidation Costs:** CIRP and Liquidation Costs other than Liquidator Fee will be paid as per actuals within 30 days from the date of Approval of the Proposal / Scheme. The Liquidation Costs and CIRP costs shall be appropriate from the initial payment of 10% proposed to be paid within 30 days from the date of approval date.
- III. Operational Creditors (Workmen Dues)** - No workmen claims have been received / admitted after company was admitted in NCLT.
- IV. Operational Creditors - (Employee Dues)** No employee claims have been received / admitted after company was admitted in NCLT.
- V. Operational Creditors - (Government Dues – Priority Dues, ESI, EPFO, Gratuity)** - The Proposer proposes to pay the total admitted claims of Operational Creditors (Government Dues - P.F.dues) amounting to Rs.5,93,038/-.
- VI. Operational Creditors (Govt. Dues)** – Against the admitted claims of Rs.111,83,52,907/-, the Scheme proponent proposes to pay 0.5% of the total admitted claims to operational creditors.
- VII. Operational Creditors (other than Govt. Dues)** – Against the admitted claims of BRS Refineries Private Limited, aggregating to Rs.13,61,000/-, the Proposer proposes to pay 0.05% of the admitted claim amount.



VIII. Unsecured Financial Creditors: Admitted Claims of Unsecured Financial Creditors is Nil. It is proposed in the Scheme that if any claim is admitted or there is increase in the admitted claim of the Unsecured Financial Creditors than the same shall be paid NIL.

IX. Secured Financial Creditors: Against the admitted claims of Rs.375,01,22,005/-, the Proposer proposes to pay an amount of Rs.43.00 crores as full and final settlement of both the Secured Creditors (allocated in the following proportions: 54.99% to Bank of Baroda, amounting to Rs.23,64,50,544/- and 45.01% to Indian Bank, amounting to Rs.19,35,49,456/-) the same is including the amount for release of personal guarantees, properties and collateral security provided to financial creditors.

On payment of Rs.43.00 crores and total Scheme consideration, the Financial Creditors release all the properties and personal /Corporate Guarantees.

X. Shareholders and other Persons:

The Amount payable to Equity Shareholders would be Nil. The Applicant is proposing for 99% reduction of the existing share capital and the applicant proposed that 1% of the existing shares will be given to the existing shareholders with rounding off to nearest 1. Any claims in relation to the reduction proposed shall stand extinguished without any payment or recourse.

XI. Right to Receivables:

The Scheme proposes that nothing in this Scheme of compromise/arrangement shall affect the rights of the CD to recover any amounts due to the CD from any third party including any related parties of the CD as defined in Section 5(24) of the Code, and governmental and statutory authorities and there shall be no set off of



any such amounts recoverable by the CD against any amount paid by the CD or any liability discharged, satisfied or extinguished pursuant to this Scheme of Compromise / Arrangement.

XII. Personal Guarantees and Third-Party Securities:

The amount being paid under this proposal includes the Personal Guarantees and the properties under such Personal Guarantees.

XIII. Further Investment & Working Capital:

The Proponent shall make necessary additional investment of Rs.1.00 crore towards repairs, reconditioning of the assets and startup expenses and infuse necessary working capital of Rs.0.33 crores to revive and run the business of the CD as a going concern.

XIV. Limit on Liability:

All claims that may arise in the future, including any claims from dues arising under any law for the time being in force and payable to any person, including a counterparty to a contract or to the Central Government, any State Government or TSSPDCL and or APEPDCL or any local authority, resulting from a contract, statute, judicial proceeding or otherwise, whether admitted or not, due or contingent, asserted or unasserted, crystallised or uncrystallised, known or unknown, disputed or undisputed, present or future, in relation to any period prior to the Completion Date, shall be subject to the limit specified in this clause in so far as they relate to the period prior to the Completion Date.

XV. Subsidiary, Joint Venture and Associate Companies:



The Scheme proposed that the Applicant and the CD shall not be liable towards any claims or obligations (present or future, due or contingent, asserted or unasserted, crystallized or uncrystallized, known or unknown, disputed or undisputed) towards or relating to the associate companies of the Corporate Debtor, domestic or foreign, subsidiary or joint-venture that relate to a period prior to the Completion Date, including in relation to any undertakings or guarantees issued by the Corporate Debtor for such subsidiary, joint-venture and associate companies, in any manner whatsoever The Corporate Debtor shall be entitled to substitute and alter the board of directors of its subsidiary, joint-venture and associate companies without requiring any resignation of the previous directors or nominees of the Corporate Debtor on the board of such companies.

XVI. Source of Funds:

- i. The amounts proposed under the Scheme will be funded by means of an appropriate mix of equity to be infused and debt to be raised in the Corporate Debtor by the Applicant by way of un-secured loans from friends & relatives of the Applicant and sale of Excess Assets of Corporate Debtor. The property of corporate debtor shall be monetarized to ensure fund for the settlement proposal.
- ii. The Applicant confirms that it has sufficient funds to make the payments proposed under this scheme and/or has the ability to raise such amounts from his sources and from monetization of property.
- iii. The Applicant retains the right to arrange this funding from various sources including but not limited to other investors, banks and financial institutions, etc., or to alter the funding mix and capital structure. However, under all scenarios the Applicant



shall continue to be promoted, controlled and managed by entities that meet the requirements of the Code.

XVII. Monitoring Committee:

The Scheme proposes for constitution of Monitoring Committee comprising of erstwhile Liquidator (Managing Agency), one representative from the Secured Financial Creditors forming part of the Stakeholders Committee and one representative from the Proposer.

XVIII. Term of the Plan and Implementation Schedule:

S.No.	Activity	Timeline (Days)
1.	Approval Date	Receipt of certified copy of order of Approval of this Scheme of compromise/ arrangement by the Hon'ble NCLT
2.	Completion Date	90 days from approval date or such other date as may be mutually agreed between the Applicant and the members of the COC who consent to this settlement proposal.

XIX. Key Reliefs, waivers & concessions are shown at pg.16 to 18 of the application.

XX. Extinguishment of all other liabilities are shown at pgs.18 to 27 of the application.

17. In response to the notice sent by the Liquidator by mail dated 06.11.2025 and by Registered Post on 05.11.2025, Reserve Bank of India sent a reply



mail Lr.No. HY.FE.FID/S-368/14.08.773/2025-26, dated 11.11.2025⁴,
stating that –

“We submit that it is the duty of the companies undergoing compromises/arrangement/amalgamation to comply with the requirements of various laws including the rules, regulations and guidelines prescribed by RBI, viz., the company may have to comply with Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder. It is also submitted that as a regulator it will not be ethical on the part of RBI to vet individual cases, as it will preclude it from taking action on contraventions, if any, committed by such companies”.

18. The RD, Ministry of Corporate Affairs (**MCA**), Hyderabad has filed its Report on 29.12.2025.
19. In response to the observations made by the RD, the Applicant has given necessary undertakings and clarifications through his counter affidavit filed on 30.12.2025. The observations made by the RD and the clarifications and undertakings given by the Applicant are summarized as follows:

Para Nos.	RD's Report/observations dated 26.12.2025	Counter Affidavit filed by the Applicant/ Liquidator on 30.12.2025	Additional Report filed by RD dated 22.01.2026
Page 2 @ para 3	This Directorate has received Lr.No.ROCH/ARRANGEMENT/SA RDAAGRO/14547/230/2025/2143, dated 25.12.2025 from the Registrar of Companies, Hyderabad wherein the ROC has pointed out certain observations which are stated as under:		--

⁴ A copy of the Letter sent by RBI is filed as Memo dated 18.11.2025



National Company Law Tribunal, Hyderabad Bench, Court-II

**IA (IBC) 1795 of 2025 in
CP(IB) No.102/7/HDB/2019
Date of Order: 06.03.2026**

a)	The Scheme is filed under Section 230-232 of the Companies Act for the Arrangement/Compromise for the revival of M/s.SardaAgro Oils Limited (In Liquidation) with M/s.Prakash Oil Depot.	These are facts, nothing to reply.																					
b)	The Company in Liquidation is under jurisdiction of ROC, Hyderabad.		--																				
c)	A stakeholders meeting has been conducted on 25.10.2025 and the meeting has approved the Scheme of Revival of M/s.SardaAgro Oils Limited from Liquidation		--																				
d)	As per the index of charges, the following open charges are pending against the company. <table><tr><th>Sl. No</th><th>Name of the Charge holder</th><th>Charge ID</th><th>Date of Creation / Modification of charge</th><th>Amt (Rs. Cr)</th></tr><tr><td>1.</td><td>Allahabad Bank</td><td>10376575</td><td>06/09/2012</td><td>14.0</td></tr><tr><td>2.</td><td>Allahabad Bank Consortium</td><td>10376576</td><td>06/09/2012</td><td>129.85</td></tr><tr><td>3.</td><td>Tamilnad Mercantile Bank Ltd.</td><td>10258301</td><td>18/12/2010</td><td>.073</td></tr></table>	Sl. No	Name of the Charge holder	Charge ID	Date of Creation / Modification of charge	Amt (Rs. Cr)	1.	Allahabad Bank	10376575	06/09/2012	14.0	2.	Allahabad Bank Consortium	10376576	06/09/2012	129.85	3.	Tamilnad Mercantile Bank Ltd.	10258301	18/12/2010	.073	It is submitted that open charges are pending against the Company are correct and once the Approved Scheme by this Authority is completely implemented, then only the Charges created will be closed by the Secured Financial Creditors and nothing can be done by the Liquidator/Applicant at present.	Reiterated the information submitted by RD.
Sl. No	Name of the Charge holder	Charge ID	Date of Creation / Modification of charge	Amt (Rs. Cr)																			
1.	Allahabad Bank	10376575	06/09/2012	14.0																			
2.	Allahabad Bank Consortium	10376576	06/09/2012	129.85																			
3.	Tamilnad Mercantile Bank Ltd.	10258301	18/12/2010	.073																			
e)	The Petitioner Company may be directed to comply with the	It will be according to the Scheme and orders of the Hon'ble	Reiterated the information submitted by the																				



National Company Law Tribunal, Hyderabad Bench, Court-II

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	provisions under other Sectoral Regulators, if any, including RBI.	NCLT. Further, the RBI has already given their letter and the same filed with the Hon'ble NCLT, Hyderabad.	Applicant and also submitted that the issue relating to source of funds for revival of the Scheme is given in para 15 of the affidavit dated 29.12.2025 has been examined by the ROC and the comments of ROC in this regard may be perused.
f)	The Hon'ble Tribunal may direct the Petitioner Company to preserve its books of accounts and papers and records and shall not dispose of without the prior permission of the Central Government in terms of the provisions of Section 239 of the Companies Act, 2013.	Will be according to the Scheme and orders of Hon'ble NCLT.	Reiterated the information submitted by the Applicant and also submitted that the issue relating to source of funds for revival of the Scheme is given in para 15 of the affidavit dated 29.12.2025 has been examined by the ROC and the comments of ROC in this regard may be perused.
Page 3 @ para g	The Hon'ble Tribunal may direct the Petitioner Company to ensure statutory compliance of all applicable laws and also on sanctioning of the present scheme the applicant company shall not be absolved for any of its statutory liability in any manner.	Will be according to the Scheme and orders of Hon'ble NCLT.	
h)	The Hon'ble Tribunal may direct the Petitioner Companies involved in the scheme to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules 2013 with respect to filing of order for	The Applicant will file INC-28 with the Office of ROC about the Order of Hon'ble NCLT, Hyderabad for confirmation of the	The Applicant will file INC-28 with the office of ROC about the order of Hon'ble NCLT, Hyderabad after confirmation of the Scheme.



National Company Law Tribunal, Hyderabad Bench, Court-II

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	confirmation of Scheme to be filed in Form No.INC-28 with the concerned office of Registrar of Companies by the Petitioner Company.	Scheme as part of the compliance.	
i)	This Office vide Lr.No.ROCH/ARRANGEMENTS/S ARDA/014547/2025/2078, dated 17.12.2025 has sent a query letter calling for information in respect of the Scheme to the Liquidator. However, the Liquidator has neither replied nor provided the information called for, in the above said letter.	The Liquidator submitted the replies with supporting documents such as IA filed with Adjudicating Authority, Summary of Valuation Reports and total 15 supporting documents to the ROC by email(s) within the given 7 days period and also submitted the physical copy of the replies to ROC (Annexures-1 & 2 of the counter)	
@ Page 5 Para 7	The CD was incorporated on 21.07.1992; the Authorised Share Capital of the CD is Rs.8.50 crores; and the Paid-up equity share capital is Rs.8.25 crores. As per the Audited financial Statements provided, the CD had 12 equity shareholders. The CD had three (3) directors, namely, Mr.Jagdish Prasad Sarda, Mr. Manoharlal Sarda and Mr. Anup Sharma and the powers of the Board are suspended from the Insolvency Commencement Date.	These are facts, nothing to reply.	



@ Page 5 Para 8	The investor, Prakash Oil Depot who applied for the Scheme for revival of the CD alongwith an investor in turn would be eligible for Equity Share Capital in the Company by way of transfer of shares by order of NCLT or allotted new shares in the capital of the company. The details of shares to be allotted is not given in the Scheme. Hence, the Applicant may be directed to furnish the details of the same alongwith Valuation Report.	The Scheme Applicant will provide the details of Allotment of shares to be made to the Liquidator and in turn to the Hon'ble NCLT, Hyderabad as part of compliance.	
@ Page 5 & 6 Para 9	As per the Scheme, it is stated that 10% to be deposited in No Lien Account with Indian Bank (SAM Branch) immediately upon approval of the Scheme of Compromise/Arrangement proposal by the Banks and in case the Scheme is not approved by NCLT then the deposited amount is to be refunded to the Investor. CIRP and Liquidator costs other than Liquidator fee will be paid as per actual within 30 days from the date of approval of the proposal by the Hon'ble Tribunal and 0.5% of the total admitted claims to operational creditors and PF admitted claim will be paid full. As regards, balance amount to secured creditors is Rs.43 crores for full and final settlement to both the lenders i.e. Rs.23,64,50,544/- (54.99%) to Bank of Baroda and Rs.19,35,49,456 (45.01%) to Indian Bank, it is stated in the Scheme that the amount provided is higher than the value of assets of the CD as estimated by the Applicant as the same is including the amount for release of personal properties and collateral security provided to financial creditors. In this regard, it is submitted that the Regional Director cannot offer any	The Liquidator submitted the replies with supporting documents such as IA filed with Adjudicating Authority, Summary of Valuation Reports and total 15 supporting documents to the ROC by email(s) within the given 7 days period and also submitted the physical copy of the replies to ROC (Annexures-1 &2 of the counter)	



	comments due to absence of any valuation report, details of the amount involved in the value of personal properties, the details of collateral securities given by the directors/ shareholders etc. Hence, the Liquidator may be directed to furnish the details of the same before the Hon'ble Tribunal.		
@ page 6 Para 10	As seen from the Scheme, the admitted claim of the financial creditors/secured creditors is Rs 375,01,22,005/- and there are no dues to unsecured financial creditors and also there are no dues to Related Party Financial Creditors and the total statutory dues payable is Rs. 111,89,45,950/-. It is also stated that only 0.5% of the total admitted claims will be paid to operational creditors except PF claim. The statutory dues are not being paid in full through the scheme. Hence, the Hon'ble Tribunal may direct the liquidator to furnish justification in this regard. Further, an amount of Rs.13.61 lakhs is payable to BRS Refineries Private Limited, operational creditor as full and final settlement amount. In this regard, the liquidator/Corporate Debtor may be directed to state whether the consent of the operational creditor is obtained or not before the Hon'ble Tribunal. The amount proposed to be paid to the financial creditors is only Rs.43 crores as against the admitted claim of Rs.375 crores resulting in a haircut of 89%.	The justification for not providing the claims of the other than Secured Financial Creditors given in Clause 4.10(A)(i) of the Scheme. The statement is "... the amount payable to the Operational Creditors, other than workmen, in the event of liquidation of the Corporate Debtor, in accordance with Section 53 of the Code, is NIL". The Scheme proposed some consideration even though no obligation, hence justified.	It is submitted by the Applicant that the justification for not providing the claims of the creditors other than the Secured Financial Creditors is given in Clause 4.10(A)(i) of the Scheme. The statement is "...the amount payable to the Operational Creditors, other than workmen, in the event of liquidation of the Corporate Debtor, in accordance with Section 53 of the Code is NIL'. The Scheme proposed some consideration even though there was no obligation, hence justified. In this regard, it is stated that the present Scheme is under the Companies Act and not a Resolution Plan under IBC. Therefore, the Scheme for



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			arrangement is not governed by the Code and should provide for the statutory dues on pro-rata basis.
@ pg.6 Para 11	As per the Scheme, it is stated that the personal guarantees given by Jagdish Sara, Manohar Sarda, Ashok Sarda, Shobha Sarda, Santosh Sarda, Sunitha Sarda are to be released. The Corporate Debtor may be directed to furnish the details of the personal guarantees given by the above persons before the Hon'ble Tribunal.	It is submitted that the details of the Personal Guarantees to be released given in the Scheme and the Scheme filed with the Hon'ble NCLT, Hyderabad for final approval.	
@ pg.7 Para 12	As per the settlement plan, Section 95 cases against the promoters/Guarantors shall be withdrawn after payment to ensure the 75% voting of the shareholders in accepting the present plan, further and after the payment as per the settlement plan, the status of the company Sarda Agro Oils Ltd. under CIBIL, CRICIL and other rating agencies shall be cured for the defaults, cases, write offs etc. upto the date of approval of the settlement plan and it is also stated that all the attachments by the statutory authorities like Income Tax, Sales Tax etc. shall be removed which may kindly be looked into by the Hon'ble Tribunal.	Will be according to the Scheme and orders of Hon'ble NCLT.	It is submitted that withdrawal of Section 95 cases against the promoters/Guarantors to ensure 75% voting of the shareholders in accepting the present plan is not clear. There is no requirement to withdraw cases to enable the shareholders to vote for the Scheme. Further, value of the personal assets of the promoters needs to be verified vis-à-vis the present Scheme/proposal before withdrawal of any cases, particularly as the total claims admitted during liquidation is much higher than Rs.43.00 crores



			being offered in the present Scheme.
@ Pg.7 Para 13	The Liquidator has not received any claim from the workmen, employees of the Corporate Debtor. In this regard, the Liquidator may be directed to furnish an undertaking before the Hon'ble Tribunal stating that any workmen, employee claims any amount on a future date shall be settled by the Corporate Debtor even after sanction of the Scheme.	Will be according to the Scheme and orders of Hon'ble NCLT.	Reiterated the information submitted by the Applicant and also submitted that the issue relating to source of funds for revival of the Scheme is given in para 15 of the affidavit dated 29.12.2025 has been examined by the ROC and the comments of ROC in this regard may be perused.
@ Pg.7 Para 14	As per Clause 4.11 of the Scheme, it is stated that if the corporate debtor were to be liquidated, the amount that would be payable to the equity shareholders would be Nil, as Section 53 of the Code, lists amounts due to equity shareholders at eighth position in the order of priority and in the estimate of the Applicant, the Liquidation value that is payable to the shareholders, is also Nil and the applicant is proposing for 99% reduction of the existing share capital and the applicant proposed that 1% of the existing shares will be given to the existing shareholders with rounding off to nearest 1 and any claims in relation to the reduction proposed shall stand extinguished without any payment or recourse which may kindly be looked into by the Hon'ble Tribunal.	Will be according to the Scheme and orders of Hon'ble NCLT.	It is submitted that the Scheme does not envisage any change in the shareholders and only reduction of the existing share capital. It is not clear who will be the shareholders of the remaining 1%, as the Scheme states that 1% of existing shares will be given to the existing shareholders without naming who are the existing shareholders. It is apprehended that these 1% shares will be given to the promoters who will thereafter have full



			control over the company which is against the spirit of IBC.
@ Pg.7 Para 15	The CD may be directed to furnish the details of source of funds for revival of the Scheme.	Will be according to the Scheme and orders of Hon'ble NCLT.	Reiterated the information submitted by the Applicant and also submitted that the issue relating to source of funds for revival of the Scheme is given in para 15 of the affidavit dated 29.12.2025 has been examined by the ROC and the comments of ROC in this regard may be perused.
@ Pg.8 Para 16	Upon examination of the petition, apart from the observations of ROC, Hyderabad, the RD has made the observations as under:		
a.	The present Scheme is filed u/s 230 of the Companies Act, 2013 for the company.	These are facts, nothing to reply.	
b.	The Applicant/CD has no claim against workmen and employees of the company. In this regard, the CD may be directed to take care of the dues if any identified/claimed later on, for the erstwhile period and the Corporate Debtor may be directed to furnish an undertaking before the Hon'ble Tribunal.	Will be according to the Scheme and orders of Hon'ble NCLT.	Reiterated the information submitted by the Applicant and also submitted that the issue relating to source of funds for revival of the Scheme is given in para 15 of the affidavit dated 29.12.2025 has been examined by the ROC and the comments of



			ROC in this regard may be perused.
c.	Under the salient features of the Scheme, under the head "Right to receivables", it is stated that the scheme proposes that nothing to this Scheme shall affect the rights of the Corporate Debtor to recover any amounts due to the Corporate Debtor from any third party including the related parties of the Corporate Debtors as defined in Section 5(24) of the Code and governmental and statutory authorities and there shall be no set off of any such amounts recoverable by the Corporate Debtor against any amount paid by the Corporate Debtor or any liability discharged, satisfied or extinguished pursuant to the Scheme. In this regard, it is submitted that the details of receivables and related party transactions are not clear and the Applicant be directed to submit the details of the receivables including Related Party Transactions. On one hand, as a part of the Scheme there is haircut of 89% of financial creditors and even the statutory dues are restricted or identified to the extent of 0.5% (except PF) and 0.5% payment to one operational creditor namely BRS Refineries Private Limited and on the other hand, regarding receivables the Corporate Debtor is seeking permission for recovery of unidentified amounts or receivables which is not justifiable. Hence, the Corporate Debtor may be directed to furnish the detailed		It is submitted by the Applicant that the averments made in the para is completely incorrect with the objects of the IBC, 2016. Unless all the past liabilities are fully extinguished, the Investors/applicants of the Scheme cannot run/buy the Corporate Debtor. The approval of the Scheme ensures running of the company which ensure the generation of the Employment, payment of various taxes once operation started, etc. Further, the COC did not approve the two Resolution Plans received as the consideration proposed is much lesser. The Plan and the Scheme was approved with more than the required majority i.e.77.30%. In view of this, non-



	list of receivables before the Hon'ble Tribunal. The present Scheme does not merit approval.		approval of the Scheme will adversely affect the Secured Financial Creditors and all other creditors, generation of the Employment, various taxes, etc. economy as a whole and is also against the principles of IBC, 2016. The Scheme is approved by both the Secured Financial Creditors with 100% voting. Hence, the averments made in para 16(d) are fully complied. In this regard, it is submitted that the present application is made under the Companies Act, 2013 and not IBC. Therefore, the Scheme has to satisfy the requirements of the Companies Act, 2013 and Section 230-232 of the said Act. No separate meeting of unsecured creditors was held and it is apprehended that in case separate meeting had been held, the result would have been different.
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@ pg 9 d.	As per Clause 4.2 it is stated that there shall be no more liabilities or contingent liabilities after the scheme is approved by the Hon'ble Tribunal and No Due Certificate is to be provided by all secured financial creditors and the charge on all assets of the corporate debtor shall be released and the charges filed in register of companies to be satisfied. In this regard, it is stated that the Hon'ble Tribunal may hear the secured creditors before the approval of the Scheme and it is also submitted that in case charges are discharged upon approval by the secured creditors, the corporate debtor shall file requisite e-forms by following due procedure of law for such satisfaction.	It is submitted that the averment made in para 16(c), (f) of the affidavit is completely incorrect with the objects of the IBC, 2016. Unless all the past liabilities fully extinguished, the Investors/ Applicants of the Scheme cannot run/buy the CD. The approval of the Scheme ensures running of the Company which ensure the generation of the Employment, payment of various taxes once operations started etc. Further the COC has not approved the two Resolution Plans received as the consideration proposed is much lesser. As per the Hon'ble Supreme Court of India, the COC has commercial wisdom into the approval of the Plan and the Scheme approved with more than the required majority i.e. 77.30%. In view of this non approval of the Scheme will be adversely affect the Secured Financial Creditors and all	
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		other creditors, generation of the Employment, various taxes etc. economy as a whole and also against the principles of IBC, 2016. The Scheme approved by both the Secured Financial Creditors with 100% voting. Hence, the averments made in para 16(d) fully complied.	
@ pg.9 e.	As per Clause 4.2(f) of the scheme, it is stated that after payment as per the Settlement Plan all the Section 95 cases against the promoter/guarantors shall be withdrawn to ensure the 75% voting of the shareholders in accepting the present plan which may also be looked into by the Hon'ble Tribunal since the cases shall not be withdrawn automatically and the promoters/guarantors should take necessary steps for such withdrawal.	Will be according to the Scheme and orders of Hon'ble NCLT.	It is submitted that withdrawal of Section 95 cases against the promoters/Guarantors to ensure 75% voting of the shareholders in accepting the present plan is not clear. There is no requirement to withdraw cases to enable the shareholders to vote for the Scheme. Further, value of the personal assets of the promoters needs to be verified vis-à-vis the present Scheme/proposal before withdrawal of any cases, particularly as the total claims admitted during liquidation is much higher than Rs.43.00 crores being offered in the present Scheme.



@ pg.9 f.	As per the Chairperson's report dated 28-10-2025, it is stated that persons representing more than three-fourths in value of the stakeholders (77.30% in value) have voted in favour of the compromise or arrangement Scheme submitted by Prakash Oil Depot. However, as seen from the report several statutory authorities including one stakeholder Bhadrivishal Sarda having total claim for Rs.3,52,00,611/- have voted against the Scheme which may kindly be looked into by the Hon'ble Tribunal in view of the fact that the claims of the statutory authorities (except PF authorities) is restricted to 0.5% of the total debt amount.		It is submitted by the Applicant that the averments made in the para is completely incorrect with the objects of the IBC, 2016. Unless all the past liabilities are fully extinguished, the Investors/applicants of the Scheme cannot run/buy the Corporate Debtor. The approval of the Scheme ensures running of the company which ensure the generation of the Employment, payment of various taxes once operation started, etc. Further, the COC did not approve the two Resolution Plans received as the consideration proposed is much lesser. The Plan and the Scheme was approved with more than the required majority i.e.77.30%. In view of this, non-



			approval of the Scheme will adversely affect the Secured Financial Creditors and all other creditors, generation of the Employment, various taxes, etc. economy as a whole and is also against the principles of IBC, 2016. The Scheme is approved by both the Secured Financial Creditors with 100% voting. Hence, the averments made in para 16(d) are fully complied. In this regard, it is submitted that the present application is made under the Companies Act, 2013 and not IBC. Therefore, the Scheme has to satisfy the requirements of the Companies Act, 2013 and Section 230-232 of the said Act. No separate meeting of unsecured creditors was held and it is apprehended that in case separate meeting had been held, the result would have been different.
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National Company Law Tribunal, Hyderabad Bench, Court-II

**IA (IBC) 1795 of 2025 in
CP(IB) No.102/7/HDB/2019
Date of Order: 06.03.2026**

@ pg.9 g.	As per the information available from the Order dated 15.09.2025, it is noticed that the Liquidator rejected the Scheme proposed by the shareholder, Mr. Ashok Sarda & Mr. Vijay Sarda as they were related to the suspended directors and who are declared as wilful defaulters and are related parties to the ex-directors and are not eligible to submit a proposal under section 230 of the Code apart from the scheme given by Prakash Oil Depot. In this regard, the Applicant may be directed to furnish the details of the proposals if any, obtained by him along with the proposal of the Respondent to ascertain the value offered is being the highest offer.	It is submitted that the Scheme of Mr. Ashok Sarda and Mr. Vijay Sarda, which was rejected by the Secured financial Creditors, was already filed by respondent with the Hon'ble NCLT, Hyderabad.	It is submitted by the Applicant that the averments made regarding rejection of the Scheme of the promoters by the Secured financial Creditors has already been filed by the respondent with the Hon'ble NCLT, Hyderabad. Hence complied. In this regard, it is submitted that the Applicant had failed to provide the reason for rejection and details of other offers of revival.
h.	Further, as seen from the letter of Ambika Steel Distributors dated 07.05.2024, it is observed that Ambika Steel Distributors acted as Investors for "Prakash Oil Depot" who have submitted proposal under the Scheme of Compromise and Arrangement/settlement between Sarda Argo Oils Limited, its creditors, guarantors and shareholders for all properties mortgaged in the bank as per Regulation 2B of the IBBI Liquidation Process Regulations and issued cheque for Rs.4,30,00,000/-.	These are facts, nothing to reply.	
i.	Upon perusal of the Scheme, it appears that the Applicant intends to get approval of the Scheme with various conditions (fully narrated in the Scheme) from the Hon'ble NCLT being a single approval system.	These are facts, nothing to reply.	



National Company Law Tribunal, Hyderabad Bench, Court-II

IA (IBC) 1795 of 2025 in
CP(IB) No.102/7/HDB/2019
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j.	As seen from the report of RoC, the issues/ queries raised by RoC vide letter dated 17.12.2025 were not replied by the Applicant. Further, the queries at point 75 onwards of the query letter are very relevant to ensure the paying capacity of Prakash Oil Depot and the source of its funds in the absence of the evidence regarding paying capacity of Prakash Oil Depot and the Scheme deserves to be rejected.	The Liquidator submitted the replies with supporting documents such as IA filed with Adjudicating Authority, Summary of Valuation Reports and total 15 supporting documents to the ROC by email(s) within the given 7 days period and also submitted the physical copy of the replies to ROC (Annexures-1 & 2 of the counter)	
k.			It is submitted that it is not clear why Prakah Oil Depot did not give any Resolution Plan during CIRP and has made this belated proposal to revive the company. The Scheme is lacking in projected figures of inflow of funds for revival of the Company. It merely states regarding paying off/settling with the secured creditors at the expense of the other creditors. It is not clear who will manage the company thereafter and wherefrom the funds for managing the



			company will be sourced. In the absence of such provisions, the Scheme is incomplete and liable for rejection.
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20. Further, the RD submitted the following information vide his Additional Report dated 22.01.2026, as follows:

Page / para	Additional Report of RD Dated 22.01.2026
@ Pg.4 Para 12	The Registrar of Companies, Hyderabad had sent a query letter dated 17.12.2025 to the Company. When the Company/Liquidator failed to reply to the queries raised by ROC, the ROC had submitted his report dated 25.12.2025 to this office. The Company had given reply to the ROC vide letter dated 24.12.2025 which was received by ROC on 29.12.2025 and ROC vide Letter No.ROCH/ARRANGEMENT/SARDA AGRO/014547/230/2025, Dated 20.01.2025 has submitted further report. The salient points raised by the ROC are as follows:
a.	As per Section 230(1) of the Companies Act, 2013 provides that where a compromise or arrangement is proposed between a Company and its creditors or any class of them, or between a Company and its members or any class of them, the application may be made by the company, or any creditor, or any member of the company. In this regard, it is observed from Annexure-2 submitted vide submission made by Liquidator of M/s.SardaAgro Oils Limited, dated 24-12-2025 that Mr. Jithender Agarwal, S/o. Mr. Ved Prakash Agarwal, is holding 1,00,000 equity shares in the Company and is therefore a shareholder eligible to propose a Scheme under the aforesaid provisions. However, the Scheme has been submitted by Prakash Oil Depot, which is a partnership firm comprising Mr. Jithender Agarwal and Mr. Ved Prakash Agarwal, and not by the shareholder in his individual capacity. Since a partnership firm is a separate legal entity from its partners and is not a shareholder of the company, the submission of the Scheme by the said firm does not conform to the eligibility criteria prescribed under Section 230 of the Companies Act, 2013.



b.	As per Regulation 2B of Liquidation Process Regulations, 2016, a person, who is not eligible under the IBC to submit a Resolution Plan for insolvency resolution of the CD, shall not be a party in any manner to such compromise or arrangement. Section 29A of the Insolvency and Bankruptcy Code, 2016 has laid down provisions that, a person shall not be eligible to submit a resolution plan, if such person, or any other person acting jointly or in concert with such person, (b) is a willful defaulter as per RBI guidelines, (c) has an account or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter classified as non-performing assets, (g) has been promoter of a corporate debtor and (h) has executed a guarantee in favour of a creditor in respect of Corporate debtor. As per the documents submitted with the above application and the Scheme, Prakash Oil Depot's books of account show M/s Sarda Agro Oils Limited (in Liquidation) as a sundry creditor for Rs.1,43,760/-. The Liquidator has confirmed the existence of the amount and stated that there is a dispute between the parties. No details regarding the dispute or its resolution have been provided, and the Scheme does not disclose this issue. Further, as per the application Sri. Jithender Agarwal is a shareholder of the Corporate Debtor, SardaAgro Oils Limited herein and also a promoter of Prakash Oil Depot and M/s. BRS Refineries Private Limited is the Operational Creditor of the Corporate Debtor and Sundry Creditor of Prakash Oil Depot. Hence on multiple ground, the revival proponent is not eligible to submit an application for the revival of M/s.SardaAgro Oils Limited.
c.	The Applicant has not provided the details of the pending litigations.
d.	The Scheme proposes that nothing in this scheme of Compromise/arrangement shall affect the rights of the Corporate Debtor to recover any amounts due to the corporate debtor from any third party including any related parties of the corporate debtor as defined in Section 5 (24) of the Code, and governmental and statutory authorities and there shall be no set off of any such amounts recoverable by the Corporate Debtor against any amount paid by the Corporate Debtor or any liability discharged, satisfied or Extinguished pursuant to the Scheme. As such the scheme makes a sweeping reservation of "all rights to receivables" from third parties and related parties without disclosing the quantum, ageing, or collectability of such receivables and a detailed party-wise break up of receivables clearly segregating related-party receivables (as per Section 5(24) IBC) and other debtors and supporting confirmations and in the absence of such information, it is difficult to accept the Scheme. The Liquidator has stated that the information is as per Audited Financials for



	FY 2014-15 but the financial statements for FY 2014-15 only present the overall position of debtors and related parties and do not provide the detailed, party-wise information with ageing. Hence, the Liquidator may be directed to furnish the information sought in this regard.
e.	In para 12(viii) in Page no. 10 and 11 of the application, it has been submitted that on payment of amount of Rs. 43 Crores and total scheme consideration, the financial creditors, release all the properties and personal/corporate guarantee including that of the Sarda family but it is not clear as to what is the present market value of their charged assets and Annexure 3 lists properties but omits valuation figures and valuation reports. Hence the Company was asked to provide property-wise values of all Sarda Agro Oils Limited and guarantor assets charged to banks, based on latest independent valuation reports. In response the Liquidator of Sarda Agro Oils Limited, has furnished only a summary of valuation reports obtained from various valuers. Upon analysis of the valuation summary, significant variations are noted between the valuations provided by the two valuers. In respect of the Hyderabad land, Valuer 1 assessed the value at Rs.9,07,50,000/- whereas valuer 2 assessed the value at Rs.2,31,03,000/- as a liquidation value. Similarly, for the Kakinada land, Valuer 1 assessed the value at Rs.3,26,67,034/- while Valuer 2 assessed the liquidation value at Rs.12,49,14,375/-. Additionally, in case of the Hyderabad land, an unmarked amount of Rs.2,29,50,000/- has been mentioned by Valuer 1, whereas no corresponding value has been indicated by Valuer 2. These substantial discrepancies in the liquidation values assessed by the two valuers indicate a drastic variation, which may materially impact the overall liquidation value of the assets. In view of the above, Hon'ble Tribunal may direct the Liquidator to provide the detailed valuation reports.
f.	The Applicant discloses that 10 Expressions of Interest (EOIs) were received during CIRP without disclosing the names of those applicants and the commercial contours of their proposals. Section 230 is now being used post-liquidation with a single scheme which lacks transparency and hence the applicant may be directed to provide a list of all 10 EOI applicants, with their names, group affiliations and dates of submission; and furnish a summary of all resolution plans actually submitted, including offered amounts and broad key terms which is necessary to assess whether the current proposal by Prakash Oil Depot is materially better or whether the process has drifted from a competitive, market-tested outcome to a single-bidder arrangement.



g.	The details of the Resolution Plans were sought and the Liquidator provided the same. Further in the 8th meeting of COC, it was informed that the Resolution Plan Submitted by the members of the suspended Board of the Corporate Debtors had been rejected for the reasons elaborated therein and in the 9th meeting dated 25.07.2020, it was agreed that more time may be provided to the Prospective Resolution applicants to improve on their plans. Upon examination of the said details, it is evident that Party 1, Baheti Infra Private Limited, submitted a resolution plan amounting to Rs.9.51 crores, whereas Party 2, Mr. Pramukh, submitted a resolution plan amounting to Rs.10.17 crores and the reason for rejection of the proposal has been stated to be on account of the lower value offered.
h.	In Para no. 3.3 of the Scheme, it is mentioned in Section “Amount to Secured Financial Creditors (on or before 90 days of approval date) i.e. Bank of Baroda and Indian Bank as per NCLT court order” “Rs. 43 Crores, Rs.22 crores for Company and Rs.21 crores for Personal Properties”. In this regard, the valuation details were sought and the Liquidator in response has submitted the valuation reports. As per the valuation summary furnished in Annexure 5 to the submission made by the Liquidator of Sarda Agro Oils Limited, the liquidation value of the personal guarantors’ properties has been assessed at Rs.24,65,15,458/-, with the corresponding fair value assessed at Rs.32,86,87,277/-, as determined by the independent valuers. In this regard, it is submitted that under the proposed plan, an amount of only Rs.21.00 Crores has been offered, which is significantly lower than the liquidation value so assessed. Accordingly, it is observed that the value proposed by Prakash Oil Depot is less than the liquidation value of the personal guarantors’ properties, as determined by the independent valuers, and therefore does not meet the minimum benchmark of liquidation value which may be looked into by the Hon’ble Tribunal.
i.	As per the Scheme, Rs.43 Crores payment has been proposed to Financial Creditors against claim of Rs.375 Crores, whereas for Government dues of Rs.111.89 Crores, it is proposed to pay 0.5% of the total admitted amount and the scheme proposes roughly 11.46% recovery to financial creditors (Rs.43 crores on admitted claims of approx. Rs.375 crores), while statutory/government dues of around Rs.111.89 crores are to be settled at a mere 0.5% of the admitted amount. Such a steep and unexplained disparity raises serious concerns about fairness and compliance with the broader public-interest considerations in insolvency law and without a cogent rationale, the proposal appears to favour banks and the private scheme proponent at the expense of public revenue. In reply, the Liquidator has submitted that the total consideration proposed is more than the



liquidation value. The response submitted by the applicant does not adequately address the specific concerns regarding the disproportionate treatment of financial creditors vis-à-vis government/statutory dues and the reply is not satisfactory and in a Scheme of Arrangement, the distribution amongst financial creditors and statutory dues should be pro-rata.

j. Further the transactions between BRS Refineries Private Limited, Sarda Agro Oils Limited and Prakash Oil Depot are as under:

Reference	Financial of	Company Name	Amount	Remarks	Pg. No.
Operational Creditors Sarda Agro Oils Limited	Sarda Agro Oils Limited	BRS Refineries Private Limited	13,61,000	Final settlement at 0.5% of total amount claimed	84
Sundry Creditors	Prakash Oil Depot	BRS Refineries	3,36,78,995	Party No. 17	122
Sundry Creditors	Prakash Oil Depot	BRS Refineries Private Limited	13,22,036	Party No. 18	122

It is also mentioned that Prakash Oil Depot availed an unsecured loan from Mitesh Sarda in FY 2021-22 amounting to Rs.68.50 lakhs. In this regard, it is observed that there are serious, unresolved related-party concerns around BRS Refineries Private Limited:

a. Sarda Agro Oils Limited shows BRS Refineries as an operational creditor (approx. Rs.13.61 lakhs), proposed to be settled at 0.5% under the scheme.

b. Prakash Oil Depot’s own books show very substantial balances with BRS Refineries – one entry of approx. Rs.3.36 crores and another of approx. Rs.13.22 lakhs as sundry creditors.

c. Information in MCA Portal indicate that Mitesh Sarda, who extended an unsecured loan of Rs.68.50 lakhs to Prakash Oil Depot in FY 2021-22, is a director of BRS Refineries Private Limited. Sarda Agro Oils Limited’s promoters have also held directorships in BRS Refineries.

d. This creates a strong appearance of common control or influence between Sarda Agro Oils Limited, BRS Refineries and Prakash Oil Depot.



	In this regard, the Liquidator replied that the directors and promoters are brothers from the same family and BRS Refineries Private Limited is a company incorporated by one of the brothers. From the examination of the said facts and the existence of overlapping directorships and promoter family involvement across Sarda Agro Oils Limited, BRS Refineries Private Limited, and Prakash Oil Depot can be observed from the above said facts, the existence of overlapping directorships and promoter family involvement across Sarda Agro Oils Limited, BRS Refineries Pvt, Ltd, and Prakash Oil Depot can be observed. Thus, this Directorate apprehends that the promoters of Sarda Agro Oils Ltd. are trying to take back the company through the present scheme in a circuitous way.
k.	It is stated in the Scheme that the applicant investor is engaged in dealing of food products business and has successfully established the business, the turnover details are furnished in Annexure-1 but the application does not annex complete, up-to-date financial statements of Sarda Agro Oils Limited, for the years relevant to CIRP and liquidation and last three years audited financial statements of Sarda Agro Oils Limited prior to liquidation were sought. However, the Liquidator has provided financial statements for FY 2014-15 and the financial statements for the remaining two years have not been provided. Further, 2 years post-liquidation management accounts prepared for the purposes of CIRP/liquidation need to be examined and the Liquidator may be directed to provide the same.
1.	The application relies on turnover figures of Prakash Oil Depot “till FY 2022-23” but does not attach the full Audited Financial Statements, notes, and detailed schedules; for FY 2022-23, even the schedule is missing. Thus complete audited financial statements of Prakash Oil Depot for atleast the last three financial years; and provisional/unaudited financials for the latest completed year if 2024-25 were sought to assess how a business with sub-0.5% net margin will support the acquisition, restructuring and sustained revival of a capital-intensive edible-oil debt-servicing capacity and not just revenue/profit projections; and clarify whether the scheme is effectively debt-funded or equity-light, thereby shifting risk back to Sarda Agro Oils Limited’s assets and creditors. In response, the Liquidator, in Point no. 78, has merely reproduced verbatim Paragraph 13 of the Scheme. The reply is generic and vague in nature and does not address the substantive concerns raised regarding profitability, cash flows, funding structure, or execution capability. In the absence of complete audited financials, robust cash flow analysis, and clarity on funding structure, the financial viability and credibility of the scheme remain unsubstantiated.



	Further, it is noted that a complete set of financial statements for FY 2022-23, 2023-24 and 2024-25 has not been furnished. With respect to FY 2024-25, the Liquidator has stated in Point No. 77 that the financials are “not available”. It is surprising that even after the closure of the year, the financial statement for 2024-25 is not available particularly as the firm is subject to statutory audit and required to prepare audited financial statements within the timelines prescribed under applicable law.
m.	In Para 13.1 of the Scheme, it is mentioned that ‘the amount proposed under the scheme will be funded by means of an appropriate mix of equity to be infused and debt to be raised in the ‘Corporate Debtor by the Applicant by way of Secured Loan from banks, financial institution, etc., unsecured loan from investor, friends & relatives of the applicant and sales of Excess Assets of Corporate Debtors. In this regard, it is observed that the funding structure is described in mutually inconsistent terms. Para 12.2 says the plan amount will come from capital contribution, interest-free unsecured loans from friends and relatives, and internal accruals. Both the provisions are contradictory and vague and the RoC had sought clarification. The Liquidator has furnished reply stating that the above observation is correct but as there is specific clause 13 of the scheme under the head “Sources of Funds” described more detailed. The contention of the Liquidator is unacceptable and the Scheme needs to specify the exact source of funds with projected figures.
n.	Prakash Oil Depot’s own balance sheet records Sarda Agro Oils Limited as a creditor for Rs.1,43,760/- under sundry creditors. The Liquidator has replied that “as per available information, an amount of Rs.1,43,760 for FY 2021-22 is receivable by the Corporate Debtor from Prakash Oil Depot and there is a dispute between the parties”. It is observed that the above response confirms the existence of an outstanding amount payable by the scheme proponent to the Corporate Debtor and also acknowledges the existence of a dispute between the parties. However, the reply does not disclose the nature, grounds, or quantum of the alleged dispute and how such a dispute has been considered or factored into the proposed scheme. Since there is a dispute which is not disclosed in the Scheme, the viability of the Scheme is questionable. When Prakash Oil Depot could not make a small payment how it will make the envisaged payment as per Scheme is not clear.
o.	In page no. 138 and 140 of the application, the Net worth of Ved Prakash Agarwal and Jithender Agarwal both dated 21.02.2024 is submitted, however, investment in Prakash Oil Depot is not forming part of net-worth



	certificate and the net worth certificates conspicuously do not reflect any investment in or value for Prakash Oil Depot, despite the application asserting that they “own” the firm. This inconsistency is serious and the certificates are incomplete and under-state their business interests. In this regard, the Liquidator has mentioned that the net worth certificates were taken on 21.02.2024 and their auditor was unable to provide the audited financials on that date. Therefore, as a conservative basis, the share in the firm has been removed from the Net worth certificate issued during the financial year i.e. 21.02.2024. Liquidator has provided the Partnership Deed. The above explanation is not satisfactory for the reasons that the omission of a material business interest from a net worth certificate, on the ground of non-availability of audited financials as on a specific date, does not justify complete exclusion of the applicant’s partnership interest, particularly when the same is being relied upon to establish financial capacity and credibility under the scheme and the explanation reinforces the inconsistency between the claim of ownership/control of Prakash Oil Depot in the application and the absence of any corresponding value in the net worth certificate. The Scheme is defective in this regard.
p.	Ambika Steel Distributors received advances from Megha Engineering & Infrastructure Limited of Rs.2 crores during 2020-21 and Rs.20 crores in 2021-22. The details of the advance received during 2022-23 is not given. RC asked for complete ageing. In this regard, the Liquidator has stated that he does not have the same and as per the IBC, 2016 process, the stakeholders including all the bankers have been satisfied with the source of funds and approved the scheme with 77.30% voting rights. The above response is inadequate and does not address the specific concern. This Directorate is of the view that the information sought is material to satisfy regarding the paying capacity of Ambika Steel Distributors and to verify if the funds being used to takeover Sarda Agro Oils Ltd. are being sourced from Megha Engineering & Infrastructure Limited. Further, reliance on stakeholder or banker approval does not substitute for statutory disclosure requirements or negate the need for a reasoned explanation of material financial transactions.
q.	It is clearly evident that the revival proponent is not eligible to be a resolution applicant as per provisions of section 230 of the Companies Act, 2013 and the rules made thereunder and Regulation 2B (Compromise or Arrangement) of Insolvency and Bankruptcy Board of India (Liquidation Process Regulations, 2016 read with 29A of Insolvency and Bankruptcy Code, 2016. It is also observed that the proposed scheme of compromise/arrangement is not viable and the proponent and its



	associates are involved in related party transactions and the purpose of the scheme is nothing but to alienate the assets of the company. Hence the application is liable to be rejected.
r.	In view of the above issues, the Scheme is liable to be rejected.

21. After hearing the Learned Counsel for the Liquidator and after considering material on record along with the reports submitted by the Regional Director, we observe that the proposed scheme, purportedly under Section 230 of the Companies Act, read with the regulation 2B of the Liquidation Regulation, has been presented to this Authority in the form and substance of a Resolution Plan during, Liquidation under IBBI (Liquidation Process) Regulations, 2016. The Applicant prays that the Scheme, as placed on record, be sanctioned and directions be issued to give effect thereto.
22. On the perusal of the proposal, we find that the proposed Scheme contemplates a settlement proposal for different stakeholder categories. These include:
- Secured financial creditors are offered a consolidated settlement amount, of Rs 43 crores as against the admitted claims of Rs 375.01 crores, described as being in “full and final settlement” of their dues. The Scheme expressly records that such payment is intended to result not only in discharge of the Corporate Debtor’s liability, but also in the release of personal guarantees and collateral securities furnished in favour of the lenders.
 - Operational Creditors (other than Govt. dues) are to be paid 0.05% of the admitted claim of Rs 13.61 lakhs



- Government dues, with admitted claims of Rs 111.84 crores, are proposed to be paid at a nominal percentage of 0.5%, and
23. More materially, the Scheme contains expansive provisions which, upon approval, purport to extinguish “any and all” rights/entitlements/claims of actual or potential creditors and other persons, regardless of whether such claims are admitted or not; and treat liabilities as permanently extinguished across a broad spectrum of categories described as arising from “contract, statute, judicial proceeding or otherwise”, whether admitted/not admitted, due/contingent, asserted/unasserted, crystallised/uncrystallised, known/unknown, disputed/undisputed, present/future.
24. The Scheme further includes prayers/directions seeking that assessments/appellate proceedings and other statutory proceedings relating to periods prior to the stated cut-off/completion date “shall stand terminated”, that consequential liabilities “stand abated” and be treated as “not payable”, and that notices proposing initiation of proceedings for such prior periods be dealt with in a manner akin to non-survival post-approval.
25. Additionally, the proposal refers to withdrawal/cessation of proceedings against personal guarantors, including references to proceedings under Section 95 of the IBC, and seeks outcomes which, in effect, extend beyond a compromise strictly between the Corporate Debtor and its creditors/members.
26. Furthermore, the results of the meetings of the secured financial creditors, unsecured financial creditors, operational creditors, other creditors, and shareholders of M/s Sarda Agro Oils Limited, convened pursuant to the directions of this Tribunal under the chairmanship of Mr. K.B. Kumar, have been reported as approval of the Scheme on the



basis of an aggregate voting value of 77.3%. The said aggregate has been computed by combining the voting results of secured creditors, operational creditors, statutory authorities, and shareholders, without recording approval by three-fourths in value of each distinct class of stakeholders separately.

27. The proposed scheme was also examined by the RoC and RD offices and as per the consolidated report of the RD, the scheme may be rejected, inter-alia for the reasons that

- The Scheme has been proposed by Prakash Oil Depot, a partnership firm which is neither the company, nor a creditor, nor a member; hence the proposal is not maintainable under Section 230(1).
- The scheme proponent and its associates appear to be promoters, guarantors, and related parties, rendering them ineligible to participate in a compromise during liquidation.
- The Scheme appears to facilitate a circuitous takeover by the erstwhile promoters, which is contrary to the spirit of the IBC and liquidation framework.
- The Scheme lacks credible disclosure of sources of funds, cash-flow projections, financial capacity, and post-revival management, and contains contradictory funding descriptions.
- Complete and up-to-date audited financial statements of the Corporate Debtor and the scheme proponent have not been furnished; material information remains undisclosed.



- There are serious discrepancies in valuation reports, and the Scheme seeks release of assets and guarantees for consideration lower than assessed liquidation values.
 - The Scheme proposes approx. 11.46% recovery to secured financial creditors, while settling statutory/government dues at 0.5%, without cogent justification, raising fairness and public-interest concerns.
 - Significant inter-se transactions and overlapping control among the Corporate Debtor, the scheme proponent, and related entities raise conflict-of-interest and asset-alienation concerns.
28. Accordingly, having regard to the issues relating to maintainability and eligibility, lack of clarity in disclosures, inconsistencies in funding and valuation, and the apprehension of promoter re-entry, the Regional Director has concluded that the proposed Scheme is not in conformity with law, is not viable in its present form, and is liable to be rejected.

Issue arising

29. The proposed Scheme contains clauses providing for an omnibus extinguishment of liabilities and claims, including unknown and future claims. It further contemplates termination or abatement of statutory proceedings, restraint on the exercise of statutory powers, and grant of releases and benefits to third parties, including personal guarantors, along with withdrawal of independent proceedings. In light of these features, and also the infirmities pointed out by the Regional Director, the issue that arises is whether the Scheme, in its present form, falls within the permissible scope of Section 230 of the Companies Act, 2013 read with Regulation 2B of the Liquidation Regulations.



30. This issue assumes significance particularly where the meetings of secured financial creditors, unsecured financial creditors, operational creditors, other creditors, and shareholders have been reported on an aggregate basis, without recording approval by three-fourths in value of each class of creditors or members separately, as mandated under Section 230(6) of the Companies Act.

Finding and Analysis

31. We are of the considered opinion that the Scheme under consideration, proposed during the liquidation process of the Corporate Debtor, M/s Sarda Agro Oils Ltd., under Regulation 2B of the Liquidation Regulations, does not fall within the permissible scope of Section 230 of the Companies Act, 2013. The reasons for this conclusion are set out in the succeeding paragraphs.
32. Section 230 is an enabling provision which permits compromises or arrangements between a company and its creditors/members (or classes thereof). Even during liquidation, a scheme may be explored as a revival/settlement mechanism, consistent with Regulation 2B. However, the jurisdiction under Section 230 remains class-based and consensual, and does not transform into a substitute insolvency resolution framework producing universal statutory consequences akin to a resolution plan under the IBC.
33. This is evident from the Section 230(1) itself which authorises the Tribunal to order a meeting of:

*“the creditors **or** class of creditors, **or** the members **or** class of members, as the case may be”.*

Similarly, the language of section 230(6) also provides that the compromise is binding only if approved by:



“a majority of persons representing three-fourths in value of the creditors, or class of creditors, or members, or class of members, as the case may be...”

34. The bare text of section 230(1) and 230(6) therefore recognises plurality of interests among creditors/members. The legislature’s deliberate choice of the expression “or” signifies that creditors and members are to be considered separately, and not collectively, which would have resulted had the term “and” been employed. Section 230 therefore mandates classification, where rights are dissimilar and makes class the unit of decision-making. There is no concept of a single, undifferentiated body of “stakeholders” in Section 230.
35. It is in this legal backdrop the report of the Chairperson who oversaw the meeting of secured financial creditors, operational creditors (including statutory authorities), and shareholders, is to be seen before moving to other aspects of the scheme.

The Chairperson’s Report

36. On perusal of the Chairperson’s Report filed in Form CAA-4, the Report does not comply with the mandatory requirements of Section 230, which requires that the proposed scheme be considered and approved separately by each class of creditors or members whose rights are affected. The Chairperson’s Report has combined the votes of secured financial creditors, operational creditors (including statutory authorities), and shareholders into a single consolidated result and has treated the Scheme as approved on the basis of an overall majority of 77.30% in value.
37. Unlike in CIRP, where a resolution plan when approved by the Committee of Creditors by the prescribed majority under Section 30(4) of the IBC, a scheme under Section 230 of the Companies Act is class-based, requiring



approval by a majority representing three-fourths in value of each class of creditors or members separately, as mandated under Section 230(6). Here, the Report does not record approval of the Scheme by three-fourths in value of any individual class of creditors or members separately. An aggregate voting result, as reported, is not recognised under Section 230 of the Companies Act, 2013 and cannot be treated as valid approval of the proposed scheme.

38. From the report prepared by the Chairperson following is seen in respect of the various stakeholders:

Secured Financial Creditors

S.No.	Name	Amount (Rs)	Voted
1	Indian Bank	2,06,21,35,784	in favour
2	Bank of Baroda	1,68,79,86,221	in favour
	Total	3,75,01,22,005	

Operational Creditors

S.No.	Name	Amount (Rs)	Voted
1	Southern Power Distribution Co. Ltd	71,24,103	Against
2	Assistant Commr of Customs, Kakinada	1,88,71,126	Against
3	Assistant Commissioner (ST) Saroornagar	68,81,73,391	Against
4	Deputy Commissioner of Income Tax	33,00,87,095	Absent
5	Assistant Commr of State Tax	7,87,89,028	Against
6	The Gram Panchayat, Surya Rao Peta Village, Kakinada	18,07,688	Absent
7	Regional PF Commissioner-II, RO, Madhapur	5,93,038	Absent
	Total	1,12,54,45,469	



Shareholders

S.No.	Name	Amount (Rs)	Voted
1	Akash Sarda	7,50,000	in favour
2	Ashok Sarda	1,42,71,900	in favour
3	Jagdish Prasas Sarda	2,79,27,020	in favour
4	Kushal Sarda	7,50,000	in favour
5	Manoharlal Sarda	1,86,02,420	in favour
6	Santosh Sarda	46,99,990	in favour
7	Shobha Sarda	46,00,010	in favour
8	Sunitha Sarda	45,00,000	in favour
9	Vijay Sarda	13,35,870	in favour
10	Vimala Devi Sarda	13,50,000	in favour
11	Jitender Agarwal	10,00,000	in favour
12	Bhadrivishal Sarda	27,12,790	Absent
	Total	8,25,00,000	

39. Although the Chairman's Report has not been prepared class-wise as required under Section 230 of the Companies Act, the class-wise position can nevertheless be discerned from the information contained therein. Out of twenty-one stakeholders holding admitted claims aggregating to Rs 495.80 crores, there are two Secured Creditors (Rs 375.01 crores), seven Operational Creditors (Rs 112.54 crores), and twelve shareholders, all family members of the Corporate Debtor, holding shares valued at Rs 8.25 crores. Both Secured Creditors voted in favour of the Scheme. Eleven shareholders holding shares valued at Rs 7.97 crores attended the meeting and unanimously voted in favour. Of the seven Operational



Creditors, four attended representing operational debt of Rs 79.3 crores and all voted against the Scheme, while the remaining three Operational Creditors representing Rs 33.25 crores did not attend the meeting.

40. Therefore, approval is seen only from the secured financial creditors (100%) and the existing shareholders (100%). **The operational creditors who were present and voted at the meeting, however, have unanimously (100%) voted against the Scheme.** It is further noted that a substantial operational creditor, namely the Deputy Commissioner of Income Tax (DCIT), holding admitted claims of Rs 33.01 crores out of the total admitted operational debt of Rs 112.54 crores (i.e. 29.33%), did not participate in the meeting.
41. The Chairperson has further recorded a conclusion that the Scheme stands approved under the Companies Act, 2013 and the IBC, 2016. The role of the Chairperson, however, is confined to placing before the Tribunal the class-wise factual results of the meeting and the manner in which the voting has taken place. The question whether the Scheme satisfies the statutory requirements and is liable to be sanctioned is a matter for judicial determination by this Tribunal. The Chairperson's Report, in recording conclusions regarding the approval of the Scheme, clearly travels beyond the scope of the Chairperson's mandate. Such observations, which appear to advocate the approval of the Scheme rather than merely report the outcome of the meeting, raise concerns regarding the neutrality expected of the Chairperson and therefore cannot be treated as a valid basis for considering sanction of the Scheme under Section 230.

Eligibility of the Scheme Proponent 'Prakash Oil Depot'

42. The other issue that arises for consideration is the maintainability and eligibility of the proposed Scheme. Section 230 of the Companies Act



permits a scheme of compromise or arrangement to be proposed only by the company, or by a creditor or a member thereof. In the present case, the Scheme has been proposed by a partnership firm M/s Prakash Oil Depot, which is neither a shareholder nor a creditor of the Corporate Debtor. The mere fact that one of the partners of the said firm may hold shares in the Corporate Debtor does not cure this defect, as the Scheme has not been proposed by such shareholder in his individual capacity. This distinction assumes significance, particularly when ‘individual’ and ‘partnership’ are distinct entities.

43. Further, Regulation 2B of the Liquidation Regulations expressly bars any person who is ineligible under the IBC from being a party to a compromise or arrangement under Section 230 of the Companies Act. The proposed Scheme stipulates release of the personal guarantees of the suspended directors and their family members, and also contemplates withdrawal of proceedings initiated under Section 95 of the IBC against the promoters and guarantors of the Corporate Debtor. This gives rise to concerns regarding the eligibility of the Scheme proponent and its associates, which remain unaddressed on the present record. In the absence of demonstrated and unquestioned eligibility, the Scheme cannot be permitted to proceed and is liable to be rejected on this ground as well.

Attempted CIRP-substitution and “clean slate” effect

44. The next issue concerns the provisions of the proposed Scheme which contemplate a blanket extinguishment of all claims and liabilities, including unknown, future, and contingent claims, impose restraints on statutory proceedings, and grant releases in respect of third-party guarantees. Such consequences are characteristic of the statutory “**clean slate**” that follows approval of a resolution plan under Section 31 of the



IBC. They neither emanate from, nor are contemplated under, Section 230 of the Companies Act.

45. A resolution plan approved under Section 31 of the IBC operates by force of statute and binds all stakeholders, irrespective of participation or consent. The binding effect flows from statutory mandate and results in finality, including extinguishment of claims, even of stakeholders who did not participate in the CIRP or assent to the plan.
46. In contrast, Section 230 of the Companies Act stands on an entirely different footing. A scheme thereunder is consensual and class-based, binding only those identified classes of creditors or members who are duly notified and whose rights are expressly dealt with under the scheme. It does not result in automatic or omnibus extinguishment of liabilities, nor does it involve any statutory substitution of consent.
47. Section 230 is, therefore, not a statutory discharge mechanism and cannot be invoked to confer an omnibus “clean slate” or to bind non-participating or unidentified stakeholders. The Scheme, as proposed, transgresses the permissible contours of a compromise or arrangement under the Companies Act, 2013 and is legally unsustainable

No Safeguards for Non-approving Stakeholders

48. Section 230(2)(c)(ii) of the Companies Act, 2013 mandates that where a scheme of corporate debt restructuring is proposed and is consented to by more than seventy-five per cent of the secured creditors in value, the scheme must also incorporate safeguards for the protection of other secured and unsecured creditors. The legislative intent underlying this provision is to ensure that the approval of a dominant class of creditors does not operate to the detriment of other stakeholders whose interests may otherwise stand prejudiced by the restructuring.



49. The requirement of “safeguards” in this context is not merely procedural but substantive. It obligates the applicant to demonstrate that the scheme incorporates adequate mechanisms to protect the interests of non-consenting or minority stakeholders and prevents disproportionate prejudice to creditors whose claims are not represented in the approving majority.
50. In the present case, although the secured financial creditors have consented to the proposed restructuring, the scheme does not provide any meaningful safeguards for the operational creditors, whose admitted claims aggregate to approximately Rs.112.54 crores, including government dues of Rs.111.83 crores. The scheme proposes to settle such claims at a mere 0.5% of the admitted amount, which, in the absence of any cogent justification or balancing safeguard, cannot be regarded as fair or adequate protection within the meaning of Section 230(2)(c)(ii).

Statutory and public-interest concerns

51. The Scheme also seeks to curtail or neutralise statutory proceedings and dues without demonstrating compliance with the governing statutes. Section 230 does not empower this Tribunal to restrain sovereign or regulatory authorities from exercising statutory powers, nor can public revenue be compromised without cogent justification.
52. The disproportionate treatment proposed under the Scheme, whereby secured financial creditors receive significantly higher recoveries, while statutory dues of humongous amount of Rs 111.83 crores are settled at a negligible percentage of 0.5%, without adequate rationale, also raises serious concerns of fairness and public interest.



Viability, valuation, and transparency

53. Finally, as recorded by the Regional Director, the proposed Scheme does not clearly disclose several material aspects, including details of pending litigations, party-wise and ageing-wise particulars of receivables, particularly related-party receivables, complete and up-to-date financial statements, and a clear and consistent source of funds.
54. The Regional Director has also noted significant variations in the valuation reports, absence of detailed valuation disclosures, and that the consideration proposed for release of assets and guarantees is lower than the assessed liquidation value. The explanations offered with respect to the funding structure, financial capacity, and the proposed treatment of statutory dues have been found to be generic, vague, and not satisfactory.
55. These deficiencies, relating to maintainability, eligibility, disclosures, valuation, funding structure, and overall feasibility, go to the root of the matter and remain unanswered.

In these circumstances, we are not satisfied that the proposed Scheme in the present form represents a lawful, fair, and workable compromise or arrangement capable of being sanctioned under Section 230 of the Companies Act. Therefore, the proposed scheme is rejected and present IA is disposed of accordingly.

Sd/-

**(SANJAY PURI)
MEMBER (TECHNICAL)**

Sd/-

**(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)**