



SL. No.5

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH
COURT HALL NO: II**

Hearing Through: VC and Physical (Hybrid) Mode

**CORAM: SHRI RAJEEV BHARDWAJ, HON'BLE MEMBER (J)
CORAM: SHRI SANJAY PURI, HON'BLE MEMBER (T)**

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH, HELD ON 03.12.2025 at 10:30 AM**

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	IA (IBC)/1961/2023 and IA (IBC)/154/2024 in CP (IB) No.166/7/HDB/2019
NAME OF THE COMPANY	Suryajyothi Spinning Mills Ltd
NAME OF THE PETITIONER(S)	State Bank of India
NAME OF THE RESPONDENT(S)	Suryajyothi Spinning Mills Ltd
UNDER SECTION	7 of IBC

ORDER

IA (IBC)/1961/2023

Orders pronounced, recorded vide separate sheets. In the result, this application is dismissed.

IA (IBC)/154/2024

Orders pronounced, recorded vide separate sheets. In the result, this application is dismissed with the cost of Rs. 5 lakhs to be deposited in Bharat Kosh.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II

IA (IBC) No. 154 of 2024 in
CP (IB) No. 166/7/HDB/2019

In the matter of
M/S SURYAJYOTI SPINNING MILLS LIMITED

Between:

Mr Sanjeev Mitla,
S/o Late Shri Trilok Chand Mitla,
Y 59, Hauz Khas,
New Delhi – 110 016.

....Applicant

And

Mr Madhusudan Rao Gonugunta,
Liquidator for
M/s Suryajyoti Spinning Mills Limited,
Door No. 7-1-285, Flat No. 103,
Sri Sai Swapna Sampada Apartments,
Balkampet, Sanjeev Reddy Nagar,
Hyderabad – 500 038.

....Respondent

Date of order : 03.12.2025

CORAM:

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Sri Sanjay Puri, Hon'ble Member (Technical)

Counsel present:

For the Applicant : Mr Jagadish for Mr S Rajagopalan

For the Respondent : Ms Mummaneni Vazra Laxmi
Mr G Madhusudan Rao, Liquidator



Per : Sanjay Puri, Member (Technical)

ORDER

1. The present Application has been filed seeking directions against the Liquidator of the Corporate Debtor, M/s SuryaJyoti Spinning Mills Limited, (the CD) contending that the actions of the Respondent/Liquidator in rejecting the Applicant's proposal for a Scheme of Compromise/Arrangement under Section 230 of the Companies Act, 2013, and in proceeding with the auction of the assets of the Corporate Debtor, are arbitrary and contrary to provisions of the IBC¹ and the Liquidation Regulations².
2. The Corporate Debtor was admitted into Liquidation on 18.04.2023, whereupon the Respondent assumed charge as Liquidator³. The material placed on record reveals that the Liquidator was required to verify claims within the prescribed timelines; however, claims aggregating to Rs 124,25,65,402 remained pending for admission or rejection for a period exceeding 147 days, thereby delaying the process of consideration of any compromise or arrangement sought to be proposed under Section 230.

The Application

3. The Applicant states that he had submitted a Scheme Proposal of Rs 150 Crores, including Rs 75 Crores as upfront payment within 7 days, with the objective of reviving the CD as a going concern. The said proposal came to be rejected by the Liquidator vide email dated

¹ Insolvency and Bankruptcy Code, 2016

² IBBI (Liquidation Process) Regulations, 2016

³ Earlier Mr K V Srinivas was appointed as Liquidator, who was replaced by Mr Madhusudhan Rao Gonugunta, the Respondent herein vide order dated 30.06.2023.



05.08.2023, without affording an opportunity of hearing or placing the proposal before the SCC⁴.

4. It is claimed that instead of convening meetings for consideration of the Scheme as directed by the Hon'ble NCLAT in its order⁵ dated 29.11.2023, the Liquidator proceeded to publish E-Auction Notices for sale of assets of the Corporate Debtor. The first and second auctions held on 09.09.2023 and 16.12.2023, respectively, failed due to lack of bidders, and a subsequent auction was scheduled for 19.01.2024.
5. It is stated by the Applicant that Hon'ble NCLAT, in the aforesaid order dated 29.11.2023 directed that the scheme propounded by the Applicant, in terms of Section 230 of the Companies Act, 2013 shall be presented before the SCC in the meeting to be convened by the liquidator on 01.12.2023 by giving time, date and place to the parties concerned and in that meeting the scheme shall be considered by the SCC and a decision shall be taken in accordance with the law.
6. Accordingly, therefore in compliance with the order of Hon'ble NCLAT, the Respondent Liquidator vide email dated 29.11.2023 intimated the Applicant about the venue and timings of the 11th SCC meeting, which was scheduled to be held on 01.12.2023 @ 4:30 PM at State Bank of India, SAM, Branch, 2nd Floor, Prabhat Towers, Besides Slate School, Opp. LHO Amaravathi SBI, Gunfoundry, Abids, Hyderabad -500001. However, according to the Applicant, before the said meeting on 01.12.2023, on 29.11.2023 he had asked the Liquidator for updated claim details and financial information before the Stakeholders Consultation Committee meeting on 01.12.2023, but full information was not provided. As a result, the Applicant could not meaningfully present or negotiate a Scheme of Compromise or Arrangement.

⁴ Stakeholders Consultation Committee

⁵ In Company Appeal (AT)(Ch) No. 387 of 2023



Nevertheless, he requested for additional time of 2 weeks to submit the revised scheme of arrangement for Rs150 Crores (Rupees One Hundred and Fifty Crores Only) in writing.

7. The Applicant asserts that the valuation of the Corporate Debtor as a going concern is approximately Rs 150 Crores, and that the reserve prices fixed for the auctions are based on piecemeal/asset-wise valuation amounting to Rs 161.93 Crores, which, according to the Applicant, demonstrates an approach inconsistent with the statutory objective of revival as a going concern.
8. According to the Applicant, as seen from the Minutes of the SCC Meeting dated 01.12.2023, the representative of the State Bank of India, being the major secured creditor, indicated readiness to consider the Applicant's proposal subject to deposit of Rs 75 Crores within 7-15 days; however, the Liquidator declined to process the matter unless the entire amount of Rs 150 Crores was deposited upfront prior to consideration, which effectively frustrated the process of evaluation of the Scheme.
9. The Applicant alleges that the SCC meeting was not conducted in a transparent manner and was concluded abruptly without permitting due discussion, thereby defeating the spirit of the NCLAT directions and the statutory mechanism under Section 230.
10. The Applicant accordingly prays for (i) Setting aside the rejection of the Scheme recorded on 01.12.2023; (ii) A direction to reconvene the SCC meeting and place the revised Scheme for consideration in terms of Section 230 and the NCLAT order dated 29.11.2023; (iii) An injunction restraining the Liquidator from proceeding with the auction or issuing sale certificates pending consideration of the Scheme; and (iv) Any further orders in the interests of justice.



The Counter

11. The Liquidator has denied all allegations made by the Applicant. It is stated that the Scheme proposed under Section 230 was duly placed before the Stakeholders Consultation Committee and was rejected by secured creditors holding 84.53% of the voting power, which exceeds the statutory requirement of 75%. Therefore, the Scheme cannot be pursued further in law.
12. As regards the Scheme proposal of the Applicant, the Liquidator states that the proposal was filed only on the 87th day of the 90-days period permitted under Regulation 2B and without mandatory documents, including the Section 29A affidavit and the Earnest Money Deposit. Therefore, the proposal could not be processed.
13. With respect to the alleged delay in verification of claims, the Liquidator submits that most claims have already been verified and admitted, and that the remaining claims are pending only due to non-submission of supporting documents by certain claimants. The Liquidator asserts that there has been no deliberate delay, and that the Applicant's allegations are misleading. The Liquidator has denied the allegation that any information was withheld. It is submitted that all relevant documents and details were already uploaded on the IBBI portal well before the meeting, and that further requests from the Applicant appeared to be an attempt to delay proceedings. The allegation of undervaluation has also been denied. It is submitted that reserve prices were fixed strictly on the basis of valuation reports and SCC recommendations, and that auction notices were issued in order to maximize value and prevent deterioration of assets.
14. The Liquidator further submits that the SCC had already approved the sale of the Corporate Debtor as a going concern and subsequently also approved unit-wise sale. The Liquidator asserts that the liquidation



process cannot be stalled on account of litigation initiated by the Applicant, and that since the SCC has already rejected the Scheme, no further time to submit a revised proposal was justified.

15. On the issue of compliance with the order of the Hon'ble NCLAT dated 29.11.2023, the Liquidator states that the order was fully complied with by placing the Applicant's Scheme before the SCC in the meeting held on 01.12.2023, which was attended by the Applicant and his investor. The Scheme was voted upon and was rejected.
16. As regards the Applicant's reliance on the position of SBI, the Liquidator states that although SBI initially expressed conditional willingness, the secured creditors ultimately rejected the Scheme by vote, as the Applicant declined to accept essential terms, including distribution of proceeds under Section 53 of the IBC and the proposed payment schedule.
17. In conclusion, the Liquidator denies any misconduct or abrupt closure of the SCC meeting. Reliance is placed on the Minutes of the 11th SCC meeting, which record that the Applicant declined to participate in the scheduled auction and insisted on terms outside the framework of the IBC. The Liquidator therefore submits that the Application is frivolous and intended only to delay liquidation. It is prayed that the Application be dismissed, as the liquidation process is proceeding lawfully, in the interest of value maximization, and in accordance with the commercial wisdom of creditors.

Findings & Decision

18. We have heard the parties and examined the records placed before us. The Applicant has previously approached this Tribunal seeking acceptance of a Scheme of Compromise and Arrangement under Section 230 of the Companies Act, 2013, in respect of the Corporate



Debtor under liquidation. That earlier application was dismissed by this Tribunal on 08.09.2023, and upon challenge, the Hon'ble NCLAT, by order dated 29.11.2023, directed that the Scheme propounded by the Applicant be placed before the Stakeholders Consultation Committee (SCC) for consideration and a decision.

19. In compliance with the directions of the Hon'ble NCLAT, the Liquidator convened the 11th SCC Meeting on 01.12.2023 after duly notifying the Applicant on 29.11.2023. The meeting was held as scheduled, with the Applicant and his proposed investor in attendance. The proposed Scheme was deliberated upon and was rejected by secured creditors holding 84.53% of the voting share, which is well above the statutory threshold required under Section 230.
20. At this juncture, the scope of judicial review is limited to examining whether the decision of the SCC suffers from arbitrariness, capriciousness or illegality. If none of these grounds are satisfied, the commercial wisdom of the creditors must prevail. The material on record does not disclose any infirmity in either the conduct of the meeting or the decision-making process.
21. On the contrary, the Minutes⁶ of the 11th SCC meeting reflect conduct on the part of the Applicant inconsistent with bona fide intent to pursue a viable revival proposal. The Minutes record that, despite prior requests, the Applicant failed to submit the original Scheme documents or the sworn affidavit under Section 29A. When questioned by IDBI Bank officials regarding the failure to rely on information already available on the IBBI portal and the basis for seeking further time, the Applicant gave no explanation and merely sought additional time to submit a revised Scheme.

⁶ Page 26 to 34 of the Counter



22. The Minutes further reveal that although the Applicant orally indicated willingness to enhance the proposal to Rs. 150 Crores, he imposed an untenable condition that the amount would not be distributed in accordance with the IBC, and insisted on direct payment to certain creditors of his choice. Even when SBI expressed conditional willingness subject to statutory distribution and timelines, the Applicant refused to accept those conditions. He also declined to participate in the E-Auction scheduled for 16.12.2023, despite stating that he was capable of matching the reserve price. These exchanges clearly indicate evasive and obstructionist conduct, aimed at delaying liquidation rather than presenting a workable revival plan.
23. The Applicant's additional request for extensive claim-related information on 29.11.2023, just two days before the scheduled SCC meeting—while simultaneously asserting readiness before the Hon'ble NCLAT—appears to be a calculated attempt to delay proceedings. The repeated pattern of litigation, unsupported by demonstrable financial capability or concrete implementation effort, reinforces the conclusion that the process has been abused for delay.
24. In view of the above findings, the present Application is devoid of merit and represents another attempt to obstruct and delay the liquidation of the Corporate Debtor. It is accordingly dismissed, with costs of Rs 5,00,000 (Rupees Five Lakhs) imposed upon the Applicant for unnecessarily consuming judicial time of this Tribunal. The costs shall be deposited into Bharat Kosh within two weeks from the date of this Order.

Sd/-
(SANJAY PURI)
MEMBER (TECHNICAL)

Sd/-
(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)

VL