

HIGH COURT FOR THE STATE OF TELANGANA: HYDERABAD

MAIN CASE NO: **W.P.Nos.9179 and 4602 of 2026**

PROCEEDING SHEET

SL. NO	DATE	ORDER	OFFICE NOTE
	17.04.2026	<p><u>RY,J</u></p> <p><u>W.P.Nos.9179 and 4602 of 2026</u></p> <p>1. The present writ petitions <i>vide</i> docket order dated 13.04.2026 were posted to 20.04.2026. However, due to the urgency expressed by the learned counsel for the petitioners, the matters are taken up today as lunch motions.</p> <p>2. Heard the learned counsel for the petitioners, learned Standing Counsel for State Bank of India and Liquidator/party-in-person.</p> <p>3. The present writ petitions are moved as lunch motions by the learned counsel for the petitioners primarily on the ground that the Liquidator made a factually incorrect representation before this Court on 13.04.2026 to the effect that the corporate debtor is sold as a whole and not on piece meal basis.</p> <p>4. In that context, the sale notice dated 19.06.2025 and the sale notice dated</p>	<p>Transferred to Daily order/I/O folder before correction.</p>

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		<p>16.03.2026 are compared to show that in the previous sale notice there was an option to sell the corporate debtor as an ongoing concern, but in the present sale notice, it is sold on piece meal basis and the same is going to cause irreparable loss to the petitioners, even in case, one unit or one vehicle are sold.</p> <p>5. To this submission, the Liquidator submits that there is no misrepresentation before this Court about selling the assets on piece meal basis. It is submitted that the corporate debtor has five different parts each separated by several kilometers such as 7kms, 50kms and 250kms, each unit in its entirety is proposed to be sold and that all the units together as an ongoing concern cannot be sold in view of the amendment brought to the Regulation 32 of the Insolvency and Bankruptcy Code, 2016 (IBC) by way of Gazette Notification dated 14.10.2025.</p> <p>6. Learned counsel for the petitioners by way of lunch motions in the present writ petitions are seeking direction to stall the e-auction to be held on 18.04.2026 in pursuance to the sale notice dated</p>	

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		<p>16.03.2026 issued by the Liquidator.</p> <p>7. Learned counsel for the petitioners in continuation of his submissions made before this Court on 13.04.2026 submitted that the respondents-Banks on one hand declared the petitioners as willful defaulters in February, 2021 and the said declaration is causing obstruction to the petitioners in providing a binding term sheet from UTI Capital for an amount of Rs.133 crores, which is offer price of the corporate debtor in liquidation sale, as per the sale notice dated 19.06.2025.</p> <p>8. The petitioners have raised two important issues about issuing of fresh show cause notice with additional grounds and back dating the proceedings in WDIC to 20.01.2026, upon receipt of stay order in W.P.No.4602 of 2026 on 13.02.2026 at 01:00 PM. The declaration of the petitioners as willful defaulters is challenged in the main writ petitions. While the main prayer is related to declaration of the petitioners as willful defaulters, the petitioners in the interlocutory applications are seeking stay</p>	

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		<p>of proceedings in the e-auction alleging that the respondents have declared the petitioners as willful defaulters and are effectively stalling the UTI from issuing binding term sheet and thereby causing irreparable loss to the writ petitioners.</p> <p>9. Learned counsel for the State Bank of India vehemently opposed the petitioners plea for grant of stay on e-auction alleging that declaration of the petitioners as willful defaulters and the auction proceedings conducted by liquidation are two separate proceedings which are not inter linked.</p> <p>10. It is further submitted that the petitioners are making desperate attempts to confuse the Court by linking two separate proceedings. It is also submitted that the petitioners were given ample time, but there was failure on their part to produce the binding term sheet from UTI.</p> <p>11. The Liquidator submitted that the compromise proposal scheme which was presented by the petitioners was placed before the Stakeholders Consultation Committee (SCC), wherein SBI has 74.78% shares and the said SCC declined</p>	

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		<p>the said compromise scheme as commercially not viable, on the ground that funds were secured and consequently approved e-auction to be held on 18.04.2026.</p> <p>12. The Liquidator further submits that the petitioner has offered Rs.133 crores to purchase the corporate debtor as ongoing concern, whereas the creditors are expecting Rs.147.80 crores by sale of assets of the corporate debtors and additional amount through sale of collateral assets of guarantors and personal guarantees of Late R.K.Agarwal, Arun Kumar Agarwal, Umabai Agarwal, Neha Agarwal, Late Basudev Agarwal, Vijayalatha Jain and Premlata Gupta and corporate guarantees of M/s. Suryajyothi Infotech Limited and M/s. Pangea Fabrics India Private Limited. It is submitted that the Banks, which have provided credit facility by utilizing public funds intend to realize maximum amounts by sale of aforementioned assets, which is likely to be over and above the amount offered by the petitioners.</p> <p>13. The Liquidator vehemently</p>	

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		<p>emphasized that he is only a medium through which the banks intend to realize the funds due to them. Since SCC led by SBI have declined the compromise scheme proposed by the petitioner for Rs.133 crores, he is helpless and has to proceed with e-auction of assets on 18.04.2026.</p> <p>14. Apart from arguing on the aspect of commercial viability of the petitioners' proposal, the Liquidator referred to the amendment carried out in the Insolvency and Bankruptcy Board of India Notification, wherein the amendment is made to Regulation 32 at (iii) by omitting clauses (e) and (f). On the basis of the said amendment, which came into effect on 14.10.2025 upon publication in the Gazette, the Liquidator submits that the e-auction to be held on 18.04.2026 cannot be issued to sell the corporate debtor as an ongoing concern.</p> <p>15. It is pointed out that when the earlier sale notice was issued there was an option given to sell the corporate debtor as a whole and alternatively in smaller units and the said e-auction failed</p>	

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		<p>as no bidder came forward to purchase the corporate debtor. In July, 2025, the Regulation 32 (e) and (f) of IBC, 2016 were in force and therefore, option was provided to sell the corporate debtor as whole. Currently, with the amendment coming into force, there is no option for sale of corporate debtor as ongoing concern.</p> <p>16. In reply, learned counsel for the petitioners submits that the amendment is applicable prospectively to cases where liquidation by sale of ongoing concern has not commenced i.e., according to the petitioner, the liquidation order was passed on 18.04.2023 before the amendment came into force and therefore, the amendment is not applicable to the present e-auction.</p> <p>17. Having regard to the contentions of both the respective counsel and the Liquidator, it is seen that the liquidation order was passed on 18.04.2023 and thereafter, there are parallel proceedings going on between the parties for settlement of compromise scheme on one hand by the petitioners, sale of corporate</p>	

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		<p>debtor by the Liquidator and on the other hand coupled with yet another proceedings declaring the petitioners as willful defaulters and its challenge before this Court.</p> <p>18. In this entire process, the petitioners are accusing the respondents of causing obstruction for settlement and accusing the Liquidator for showing personal interest in non-cooperation for compromise. Whereas, the Liquidator is claiming to be a facilitator of the creditors, who is appointed by the NCLT for the sole purpose of selling of assets to realize the money belonging to the banks, which in-turn is secured from public.</p> <p>19. The submission of the Liquidator is crystal clear that the SCC is not interested in compromise offer made by the petitioners for payment of Rs.133 crores to purchase the corporate debtor as ongoing concern. The SCC is only interested in maximizing realization of amount through e-auction of corporate debtor.</p> <p>20. Be that as it may, the point to be considered is whether any lapses</p>	

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		<p>occurred on the part of the Liquidator for not offering the corporate debtor as an ongoing concern while issuing sale notice dated 16.03.2026. Further, it is to be considered whether the sale notice dated 16.03.2026 comes under the purview of amendment dated 14.10.2025 to the Regulation 32 of the IBC or not.</p> <p>21. This Court is of the considered opinion that the sale notice dated 19.06.2025 failed as no bidder came forward to purchase the corporate debtor as an ongoing concern and the present sale notice dated 16.03.2026 is a <i>de novo</i> process and therefore, is subject to the amendment which came into force on 14.10.2025. Since the amendment came into force, the Liquidator has no obligation to offer sale of corporate debtor as an ongoing concern.</p> <p>22. To sum up, SCC is not interested in petitioners' compromise scheme and amendment to Regulation 32 of the IBC facilitates selling of corporate debtor in parts/smaller units. Therefore, there are no grounds to interfere with the e-auction process to be held on 18.04.2026.</p>	

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		<p>23. In view of the foregoing discussion, this Court does not see any reason to grant stay on the e-auction dated 18.04.2026.</p> <p>24. List both the matters on 21.04.2026.</p> <p style="text-align: right;">_____ RY,J</p> <p>GVR</p>	