

S.No.1

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
18.06.2026 AT 10:30 A.M.**

**IA (IBC)/632/2024
in Company Petition IB/252/9/HDB/2021
U/s 9 of IBC**

**IN THE MATTER OF:
Steel Exchange India Ltd**

...Petitioner

AND

Sai Bhaskar Irons Ltd

...Respondent

C O R A M:-

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

ORDER

IA(IBC)/632/2024

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

**Sd/-
MEMBER (T)**

**Sd/-
MEMBER (J)**

IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH, COURT-II

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

**[Under Section 45 & 46 of Insolvency and Bankruptcy Code, 2016, r/w
Rule 11 of National Company Law Tribunal Rules, 2016]**

**IN THE MATTER OF M/s. STEEL EXCHANGE INDIA LTD. vs. M/s. SAI
BHASKAR IRONS LTD.**

Between:

Dr. Kondapalli Venkat Srinivas,

Liquidator, M/s. Saibhaskar Irons Limited,

402, 4th Floor, 6-3-249/6,

Alcazar Plaza & Towers, Banjara Hills,

Hyderabad, Telangana 500034

...Applicant

AND

1. **Mr. Ratnagiri Babu Madala,**

Suspended Director, Saibhaskar Irons Limited,

D.No.3-1-3 and 3A, 3rd Line,

Rajendra Nagar, Guntur, AP-522006

....Respondent No. 1

2. **Mr. Chaitanya Madala**

Suspended Director, Saibhaskar Irons Limited,

D.No.3-1-3 and 3A, 3rd Line, Rajendra Nagar, Guntur

AP-522006.

....Respondent No. 2

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

**I.A No. 632 of 2024
IN
C.P (IB) No.252/9/HDB/2021
Date of Order: 18.06.2026**

3. **S. Bhaskar Rao (Decesed)**, S/o. Hanumantha Rao
Through Legal Representative
Mrs. S. Kanyakumari, W/o. Hanumantha Rao
R/o. Ward no.2, Sanganakal, Hagaribommanahalli,
Bellary, Karnataka- 583103.

....Respondent No. 3

4. **S. Suresh**,
Prop. Balaji Exports, Nagarajupally,
Sanhalkal Village, Ballari.

....Respondent No. 4

Date of Order: 18.06.2026

Coram:

Hon'ble Shri Rajeev Bhardwaj, Member (Judicial)

Hon'ble Shri Sanjay Puri, Member (Technical)

Counsels Present

For Applicant : Mr. M. Maharhi Viswaraj, Ld. Counsel & Dr. KV
Srinivas, Liquidator

For Respondent No. 1 & 2: Mr. Amir Bavani and Mr. Naresh Kumar
Sangam, Ld. Counsels

Respondent No. 3 & 4 : None Appeared

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

1. This Application is filed under Section 45 r/w Section 46 of Insolvency and Bankruptcy Code, 2016 by Mr. Kondapalli Venkat Srinivas, Liquidator seeking the following reliefs:
 - a. Order cancellation of Sale Deed bearing No. 1679 of 2023 Dated 10.04.2023 transferred in connection with the giving of preference to be vested with the corporate debtor;
 - b. Order cancellation of Sale Deed bearing No. 1680 of 2023 Dated 10.04.2023 transferred in connection with the giving of preference to be vested with the Corporate Debtor;

Application

2. It is submitted that M/s. Steel Exchange India Limited filed a petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 (**IBC**), pursuant to which M/s. Sai Bhaskar Irons Limited (**Corporate Debtor/CD**) was admitted into Corporate Insolvency Resolution Process (**CIRP**) vide order dated 24.04.2023. An Interim Resolution Professional (**IRP**) was appointed and, in the first meeting of the Committee of Creditors (**CoC**), the IRP was confirmed as the Resolution Professional (**RP**).
3. It is submitted that Mr. Chaitanya Madala & Mr. Ratnagiri Babu Madala (Respondent Nos. 1 & 2 respectively) are the suspended directors of the Corporate Debtor and are related parties as defined under Section 5(24) of the IBC. Since the insolvency commencement date is 24.04.2023, the look-back period for preferential transactions under Section 43(4)(a) of the IBC extends to two years preceding the commencement of CIRP. It is further submitted that Mr. S. Bhaskar Rao & S. Suresh (Respondent Nos. 3 and 4 respectively) are the purchasers of the properties alleged to have been transferred at an undervalue by the CD.

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

4. It is submitted that the Respondents were selective in providing data, information, and records, which resulted in delay in collating the requisite information for identifying transactions attracting Sections 43, 45, 47, and 66 of the IBC. It is further submitted that an application under Section 19 of the IBC has been filed and is pending adjudication. The Applicant engaged M/s. Sarath & Associates, Chartered Accountants, to identify transactions falling within the category of Preferential, Undervalued, Fraudulent, and Extortionate Credit Transactions (**PUFE**). The Transaction Auditors, vide report dated 09.12.2023, identified the transactions in question.
5. It is submitted that the Corporate Debtor acquired two properties admeasuring 3,630 square yards and 4,259 square yards respectively, situated at Nagarajupalli Village and Panchayat, Martur Mandal, Bapatla Revenue Division, Ongole District, in Survey No. 57-4A, vide Sale Deed Nos. 3085 of 2008 and 3089 of 2008, both dated 10.04.2008. It is submitted that the said properties were disposed of by the Key Managerial Personnel of the Corporate Debtor in favour of Respondent Nos. 4 and 5 (Late Mr. S. Bhaskar Rao & Mr. S. Suresh respectively) for a consideration of Rs. 28,16,000/- and Rs. 24,00,000/- respectively, merely fourteen days prior to the commencement of CIRP dated 24.04.2023. Summary of the transactions is depicted in the following table below:

Transaction Details	Date	Land Area Sq. Yds.	SRO/ Market Value	Sale Deed Value	Respondent
Sale Deed No. 1679 of 2023	10.04. 2023	4,259	51,12,000	28,16,000	R4- Late S. Bhaskar Rao, represented by Legal Representative

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

**I.A No. 632 of 2024
IN
C.P (IB) No.252/9/HDB/2021
Date of Order: 18.06.2026**

					S. Kanyakumari.
Sale Deed No. 1680 of 2023	10.04. 2023	3,630	43,56,000	24,00,000	R5- S. Suresh
		7,889	94,68,000	52,16,000	

6. It is submitted that the Applicant issued a notice dated 14.11.2023 to Mr. S. Bhaskar Rao and Mr. S. Suresh calling upon them to show cause as to why avoidance proceedings under the IBC should not be initiated. It is further submitted that the Mr. Suresh (Respondent No. 4/Purchaser) replied stating that they had purchased the properties after verification of the records and contended that the transactions were not undervalued.
7. It is further submitted that the explanation furnished by Respondent No. 1 is contradictory and devoid of logic and that the sale transactions were not undertaken in the ordinary course of business. Accordingly, the present Application has been filed seeking cancellation of Sale Deed No. 1679 of 2023 dated 10.04.2023 and Sale Deed No. 1680 of 2023 dated 10.04.2023.

Counter by Suspended Directors

8. The Respondent No. 1 adopted the counter filed by Respondent No. 2 vide memo dated 25.06.2024.
9. It is submitted that the Applicant has considered the Guideline value prescribed by the Government as the actual value of the property, however, the actual market value of the property is much lesser than the Guideline Value. Further, the properties in the area where impugned

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

properties are situated are sold at market value (less than the Guideline Value).

10. In support of the aforesaid contention, reliance is placed upon the judgments of the Hon'ble Supreme Court in ***Dollar Company, Madras vs. Collector of Madras*** dated 01.05.1975 & ***General Kapil Mehra & Ors. Vs. Union of India & Anr.*** [Civil Appeal Nos. 2545-2546 of 2012] dated 17.10.2014.
11. It is submitted that a simple enquiry into comparable transactions registered in the vicinity of the subject properties would have revealed their prevailing market value. However, the Applicant failed to undertake such an exercise and proceeded to file the present Application solely on the basis of guideline values. It is further submitted that the CD had ceased its business operations in the year 2017 and that, in the Extraordinary General Meeting held on 11.06.2022, the shareholders authorised the sale of certain assets for the purpose of discharging the liabilities of the CD.
12. It is submitted that the present Application is barred by limitation in view of Regulation 35A of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which requires the Resolution Professional to form an opinion within seventy-five days from the Insolvency Commencement Date regarding the existence of transactions falling under Sections 43, 45, 50, or 66 of the IBC. According to the Respondents, such opinion ought to have been formed on or before 08.07.2023, being the 75th day from the Insolvency Commencement Date, i.e., 24.04.2023.
13. It is further submitted that the determination contemplated under Regulation 35A was required to be completed on or before 07.08.2023, being the one hundred and fifteenth day from the Insolvency

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

Commencement Date. However, the present Application came to be filed only on 05.04.2024, well beyond the prescribed timelines and without seeking condonation of delay.

14. Further, the Respondent No. 1 placed reliance on ***Shalabh Kumar Daga, Liquidator of Silver Proteins Pvt. Ltd. vs. Himanshu J Domadia*** [IA (IB) 154 (AHM) of 2022] dated 11.03.2024 of the NCLT Ahmedabad Bench & ***R. Raghu Babu Gunturu (RP of Speck System Limited) vs. Mr. K. C. Muni Kumar*** [IA No. 640 (HDB) 2022] dated 13.09.2023 of this Authority. It is averred that the transactions in question were undertaken in the ordinary course of business and, therefore, cannot be classified as preferential transactions.
15. It is submitted that the findings and conclusions recorded in the present Application are merely a reproduction of the Transaction Audit Report dated 09.12.2023, which, according to the Respondents, is founded upon assumptions, conjectures, and surmises. It is contended that the burden of proving the allegations rests upon the Applicant. Further, for invoking Section 49 of the IBC, the Applicant must establish that the transaction was deliberately entered into by the Corporate Debtor for the purpose of placing its assets beyond the reach of persons entitled to make claims against it or otherwise prejudicing their interests in relation to such claims.
16. It is submitted that the Applicant has failed to establish that the impugned transactions were entered into with an intent to defraud the creditors of the Corporate Debtor. Although the Applicant may assert that the present Application is based upon both the findings of the Transaction Audit Report and its own independent analysis, no material particulars have been placed on record to demonstrate any independent application of mind by the Applicant.

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

17. It is further submitted that Respondents, either directly or through their associates, infused an aggregate amount of Rs. 62,04,00,480/- into the Corporate Debtor up to the commencement of CIRP, including by way of conversion of trade liabilities into unsecured loans. It is specifically contended that Respondent No. 2 alone contributed an amount of Rs. 44,77,97,624.50 between 14.07.2014 and the commencement of CIRP. The Applicant has allegedly suppressed the fact that the Corporate Debtor remains indebted to Respondent No. 2 in a sum of Rs. 37,86,60,333/-.
18. It is submitted that the Transaction Audit Report itself records that all the directors had advanced substantial funds to the Corporate Debtor. According to the Respondents, Respondent No. 1 advanced Rs. 97,95,224/-, Respondent No. 2 advanced Rs. 37,03,60,333/-, and Ms. Sakuntala Madala (deceased and deleted from the array of parties) advanced Rs. 3,85,67,373/- to the Corporate Debtor.
19. In view of the foregoing submissions, the Respondent Nos. 1 & 2 pray that the present Application be dismissed with exemplary costs.

Counter by Mr. S. Suresh (Purchaser/R4)

20. It is submitted that Late Mr. S. Bhaskar Rao and Mr. S. Suresh are brothers and were carrying on business under the name and style of "Balaji Granites" at Ballari, Karnataka. It is submitted that Mr. S. Bhaskar Rao (Respondent No. 3) passed away on 13.05.2023. It is further submitted that, prior to the demise of Mr. S. Bhaskar Rao, both Mr. S. Bhaskar Rao and Mr. S. Suresh intended to expand their business operations into the State of Andhra Pradesh. In that regard, they intended to acquire non-agricultural land and, accordingly, approached the Corporate Debtor in January 2023 for purchase of the subject properties, to which the Corporate Debtor agreed.

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

21. It is submitted that, after verifying the title of the subject properties admeasuring 4,259 square yards and 3,630 square yards respectively, situated at Bapatla Revenue Division, Martur Mandal, Nagarajupalli Village and Panchayat, Ongole District, Andhra Pradesh, in Survey No. 57-4A, 10.04.2023 purchased the said properties from the CD under Sale Deed Nos. 1679 of 2023 and 1680 of 2023.

22. It is submitted that the subject properties are surrounded by agricultural lands and that the said properties had been converted into non-agricultural lands by the Corporate Debtor prior to the sale. It is contended that such conversion was one of the factors that attracted, Late Mr. S. Bhaskar Rao and Mr. S. Suresh to purchase the properties. It is further submitted that the representatives of the Corporate Debtor never disclosed the pendency of any insolvency proceedings against the CD.

23. It is submitted that, Late Mr. S. Bhaskar Rao and Mr. S. Suresh were of the view that the Government guideline value of the subject properties was significantly higher than that of the surrounding lands on account of the conversion of the subject properties into non-agricultural lands. It is further submitted that the Corporate Debtor had originally acquired the said properties in the year 2008 for a much lower consideration, which, according to the Respondents, demonstrates that the properties were in fact sold for a substantially higher consideration.

24. It is submitted that Late Mr. S. Bhaskar Rao and Mr. S. Suresh entered into the transaction without any mala fide intention. It is further submitted that several months prior to execution of the sale deeds, they conducted due diligence by verifying the encumbrance status and title records of the properties. It is also submitted that the sale consideration was proposed by suspended directors (Respondent No. 1 & 2) and that purchasers (Late Mr. S. Bhaskar Rao & Mr. S. Suresh), reposing

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

confidence in them, agreed to purchase the properties for the said consideration in the ordinary course of business.

25. It is submitted that the transaction cannot be regarded as undervalued and the Applicant has treated the guideline value prescribed by the Government as the actual value of the property without considering other relevant factors. It is further submitted that Late Mr. S. Bhaskar Rao and Mr. S. Suresh became aware of the CIRP proceedings only upon receipt of the show-cause notice issued by the Applicant. It is contended that the market value of 1.2 acres of land in the surrounding locality was approximately Rs. 6,10,000/-, whereas the property purchased by Late Mr. S. Bhaskar Rao measured only 0.87 acres and was acquired for a consideration of Rs. 28,16,000/-, while the property purchased by Mr. S. Suresh measured 0.75 acres and was acquired for a consideration of Rs. 24,00,000/-. Therefore, it is contended that the transactions do not fall within the scope of Section 45 of the IBC.
26. It is further submitted, relying upon the judgment of the Hon'ble Supreme Court in **Anuj Jain IRP for Jaypee Infratech Ltd. vs. Axis Bank Limited and Others 2020 8 SCC 401**, that special material facts are required to be specifically pleaded and established before a transaction can be brought within the mischief sought to be remedied under Sections 45, 46, 47, or 66 of the IBC, and that such transaction must be shown to be in the nature of defrauding the creditors of the Corporate Debtor.
27. It is submitted that Late Mr. S. Bhaskar Rao & Mr. S. Suresh are not related parties of the Corporate Debtor and are in no manner connected with the business of the Corporate Debtor, its directors, board members, shareholders, or creditors. Therefore, it is contended that no intention to defraud can be attributed to them. It is further submitted that Late Mr. S. Bhaskar Rao & Mr. S. Suresh are bona fide purchasers and lawful title

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

holders of the subject properties and that cancellation of Sale Deed No. 1679 of 2023 and Sale Deed No. 1680 of 2023 would cause them irreparable loss and prejudice.

Rejoinder

28. The Applicant has reiterated the averments made in the Application and submitted that Mr. S. Bhaskar Rao expired on 13.05.2023 and that Ms. Sakuntala Madala (Deleted from array of parties) has also passed away. It is submitted that Mr. S. Bhaskar Rao is presently represented through his mother, Smt. Kanyakumari.

29. It is submitted that the subject properties were sold at an undervaluation of approximately 45% and that the sale transactions were effected merely fourteen days prior to the commencement of CIRP. It is further submitted that the guideline value notified by the Registration Department constitutes a recognised and objective benchmark for determining the fair value of immovable properties in the State of Andhra Pradesh. Accordingly, it is contended that the sale of the properties at a discount of approximately 45% to the notified guideline value amounts to a transfer for a consideration significantly lower than the value of the asset transferred within the meaning of Section 45(1) of the IBC.

30. It is submitted that the Respondents' own pleadings acknowledge that the sale consideration was below the statutory benchmark. It is further submitted that the Respondents have failed to produce any independent valuation report of a registered valuer for the year 2023, any credible comparable sale instances pertaining to similar properties in the same locality, or any contemporaneous internal valuation note or board-level analysis in support of the sale consideration.

31. It is submitted that a general authorisation cannot be equated with a specific approval for disposal of immovable assets at a discount of

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

approximately 45%. It is further submitted that no material has been placed on record evidencing approval by way of a special resolution or valuation by a registered valuer under Section 247 of the Companies Act, 2013.

32. During the pendency of the present Application, Ms. Sakuntala Madala, passed away and was accordingly deleted from the array of parties vide Memo dated 26.06.2024. Subsequently, Respondent No. 3 also passed away, and Mrs. S. Kanyakumari, R3's legal representative, was brought on record vide Memo dated 28.05.2025 filed by the Applicant.
33. We have heard all the parties and perused the entire record.

Findings

34. The CD was admitted into Corporate Insolvency Resolution Process (CIRP) vide order dated 24.04.2023. Pursuant thereto, the Applicant was appointed as the Interim Resolution Professional and was subsequently confirmed as the Resolution Professional by the Committee of Creditors. Thereafter, liquidation proceedings were initiated against the Corporate Debtor vide order dated 01.04.2024 in I.A. (IBC) (Liq.) No. 2 of 2024 in C.P. (IB) No. 252/9/HDB/2021, wherein the Applicant was appointed as the Liquidator.
35. The present Application concerns two immovable properties belonging to the Corporate Debtor which were transferred under registered Sale Deed Nos. 1679 of 2023 and 1680 of 2023, both dated 10.04.2023. Under Sale Deed No. 1679 of 2023, land admeasuring Ac.0.88 cents (4,259.2 Sq. Yards) situated at Nagarajulapalli Village, Marturu Mandal, Bapatla District, was sold for a consideration of Rs.28,16,000/-. Under Sale Deed No. 1680 of 2023, land admeasuring Ac.0.75 cents situated in the same locality was sold for a consideration of Rs.24,00,000/-. The execution and registration of the aforesaid sale deeds are undisputed.

36. The Applicant seeks avoidance of the impugned transactions under Sections 45 and 48 of the Insolvency and Bankruptcy Code, 2016. The determination of whether the transactions are undervalued is governed by Section 45(2)(b) of the Code. Therefore, for a transaction to be characterised as an undervalued transaction under Section 45(2)(b), the Applicant is required to establish: (i) transfer of an asset belonging to the Corporate Debtor; (ii) receipt of consideration significantly lower than the value of the asset transferred; and (iii) that the transaction was not entered into in the ordinary course of business. For ready reference, the Section 45(2)(b) of IBC is extracted herein below:

“Section 45: Avoidance of undervalued transactions.

45. (1) If the liquidator or the resolution professional, as the case may be, on an examination of the transactions of the corporate debtor referred to in sub-section (2) 1[] determines that certain transactions were made during the relevant period under section 46, which were undervalued, he shall make an application to the Adjudicating Authority to declare such transactions as void and reverse the effect of such transaction in accordance with this Chapter.*

(2) A transaction shall be considered undervalued where the corporate debtor—

(a) makes a gift to a person; or

(b) enters into a transaction with a person which involves the transfer of one or more assets by the corporate debtor for a consideration the value of which is significantly less than the value of the consideration provided by the corporate debtor,

and such transaction has not taken place in the ordinary course of business of the corporate debtor.”

37. In the present case, it is undisputed that the Corporate Debtor transferred its immovable properties under registered Sale Deed Nos. 1679 of 2023 and 1680 of 2023, both dated 10.04.2023. The factum of transfer is borne out from the registered sale deeds placed on record and

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

has not been denied by the Respondents. Accordingly, the first ingredient contemplated under Section 45(2)(b) of the Code stands established.

38. The next issue requiring consideration is whether the impugned transactions were entered into in the ordinary course of business of the Corporate Debtor.
39. The record reveals that the impugned sale deeds were executed on 10.04.2023, merely fourteen days prior to commencement of CIRP on 24.04.2023. It is further evident that arguments in the Section 9 proceedings had already been heard and concluded on 27.03.2023 and the matter was awaiting pronouncement of orders.
40. Despite the pendency of the insolvency proceedings and the imminent possibility of admission of the Corporate Debtor into CIRP, the suspended management proceeded with the impugned transfers. In this regard we refer to the Judgement of the Hon'ble Supreme Court in **Anuj Jain IRP for Jaypee Infratech Ltd. v. Axis Bank Ltd., (2020) ibclaw.in 06 SC** wherein it was observed that:

*“25.6.1. Thus, the enquiry now boils down to the question as to whether the impugned transfers were made in the ordinary course of business or financial affairs of the corporate debtor JIL. It remains trite that an activity could be regarded as ‘business’ if there is a course of dealings, which are either actually continued or contemplated to be continued with a profit motive.⁴³ As regards the meaning and essence of the expression ‘**ordinary course of business**’, reference made by the appellants to the decision of the High Court of Australia in Downs Distributing Co (supra), could be usefully recounted as under:-*

“As was pointed out in Burns v. McFarlane the issues in sub-s. 2(b) of s. 95 of the Bankruptcy Act 1924-1933 are “(1) good faith;

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

(2) valuable consideration; and (3) ordinary course of business.”

*This last expression it was said “does not require an investigation of the course pursued in any particular trade or vocation and it does not refer to what is normal or usual in the business of the debtor or that of the creditor.” It is an additional requirement and is cumulative upon good faith and valuable consideration. It is, therefore, not so much a question of fairness and absence of symptoms of bankruptcy as of the everyday usual or normal character of the transaction. The provision does not require that the transaction shall be in the course of any particular trade, vocation or business. It speaks of the course of business in general. But it does suppose that according to the ordinary and common flow of transactions in affairs of business there is a course, an ordinary course. **It means that the transaction must fall into place as part of the undistinguished common flow of business done, that it should form part of the ordinary course of business as carried on, calling for no remark and arising out of no special or particular situation.”***

(emphasis supplied)”

41. The expression “ordinary course of business” has been explained by the Hon'ble Supreme Court in **Anuj Jain IRP for Jaypee Infratech Ltd. v. Axis Bank Ltd.** to mean a transaction forming part of the ordinary and common flow of business, arising from routine commercial dealings and calling for no special remark. A transaction can be said to be in the ordinary course of business only when it falls within the usual and normal conduct of the corporate debtor's affairs and does not arise out of any special or particular situation.
42. No material has been placed on record to demonstrate any business necessity, commercial exigency, or operational requirement warranting

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

disposal of the subject properties, nor have the Respondents explained how the transactions formed part of the ordinary business activities of the Corporate Debtor.

43. Having regard to the timing of the transactions and the absence of any explanation from the Respondents, this Adjudicating Authority is unable to accept that the impugned transfers were undertaken in the ordinary course of business. Consequently, the third ingredient under Section 45(2)(b) also stands established.
44. The remaining issue is whether the consideration received by the Corporate Debtor was significantly less than the value of the assets transferred.
45. Since the adequacy of the consideration received by the Corporate Debtor is in issue, it becomes necessary to examine the relevance of the circle rate/guideline value reflected in the impugned sale deeds.
46. Circle rates (also known as guideline values) represent the minimum value fixed by the State Government for transfer of immovable properties, whether agricultural or non-agricultural. These rates are primarily used for the computation of stamp duty and registration charges and serve as a safeguard against undervaluation of property and consequent tax evasion. The circle rate is not static and may vary depending upon several factors, including the geographical location of the land, its existing use, proximity to National Highways, State Highways, roads, developed areas, and the prevailing market value of lands situated in the same locality, village, area, or adjoining lands. The determination and revision of circle rates fall within the domain of the respective State Governments and therefore vary from State to State.

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

47. In the present case, the Respondents paid stamp duty and registration charges on the basis of the circle rate prescribed by the Government (Sale Deed No. 1679 of 2023- Rs.51,12,000/- & Sale Deed No. 1680 of 2023- Rs.43,56,000/-) for both the properties, while disclosing a sale consideration substantially lower than such circle rate, almost to the extent of one-half thereof.
48. To justify the disclosed sale consideration, the Respondents have relied upon two sale deeds executed in the year 2008 and contend that the market value of the land was considerably lower than the value reflected by the circle rate.
49. However, before a sale transaction can be accepted as a comparable instance for determining market value, certain well-established parameters are required to be satisfied. These include: (i) the transaction must be genuine and bona fide; (ii) the sale deed must have been executed within a reasonable proximity of time to the transaction under consideration; (iii) the land covered by the exemplar sale deed must be situated in the vicinity of the subject land; (iv) the nature, character, and potentiality of the lands must be substantially similar; and (v) the size and extent of the land covered by the exemplar sale deed should be reasonably comparable to the land in question.
50. The sale deeds relied upon by the Respondents do not satisfy the parameters required for treating them as comparable sale instances. The impugned transactions were executed in the year 2023, whereas the exemplar sale deeds relied upon by the Respondents pertain to the year 2008, thereby lacking the requisite proximity in time. Further, no material has been placed on record to establish that the lands covered under the exemplar sale deeds are situated in the vicinity of the subject land or that they possess similar characteristics, nature, potentiality,

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

I.A No. 632 of 2024

IN

C.P (IB) No.252/9/HDB/2021

Date of Order: 18.06.2026

and other relevant attributes. The extent of the lands covered by the exemplar sale deeds has also not been shown to be comparable.

51. Significantly, the Respondents themselves paid stamp duty and registration charges on the basis of the circle rate/guidance value fixed by the Government. Having accepted such valuation for the purpose of registration of the sale deeds, it is difficult to accept their contention that the actual market value of the property was only about half of the circle rate. No cogent or independent evidence has been produced to rebut the presumption arising from the officially notified circle rate or to justify the substantial deviation between the disclosed sale consideration and the value adopted for stamp duty purposes.
52. In the absence of reliable comparable instances and any other convincing material demonstrating that the prevailing market value was substantially lower than the circle rate, this Tribunal is constrained to hold that the consideration reflected in the impugned sale deeds is grossly inadequate. The transfer, therefore, cannot be regarded as one made for adequate consideration. Accordingly, the requirement of adequacy of consideration under Section 45 of the Insolvency and Bankruptcy Code, 2016, stands unfulfilled.
53. We are therefore unable to accept the contention that the property was transferred for adequate consideration. Accordingly, the transfer falls within the ambit of an undervalued transaction as contemplated under Section 45 of the Insolvency and Bankruptcy Code, 2016.

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

**I.A No. 632 of 2024
IN
C.P (IB) No.252/9/HDB/2021
Date of Order: 18.06.2026**

FINAL ORDER:

A. In view of the foregoing observations, we hereby declare that the Sale Deed Nos. 1679 of 2023 and 1680 of 2023 dated 10.04.2023 are invalid and consequently, the below properties:

“I. admeasuring 4,259.2 square yards situated at Nagarajupalli Village and Panchayat, D. No. 57-5, Martur Mandal, Bapatla Revenue Division, Ongole District.

II. admeasuring 3,630 square yards respectively, situated at Nagarajupalli Village and Panchayat, in D. No. 57-4, Martur Mandal, Bapatla Revenue Division, Ongole District,”

shall stand vested in and restored to the liquidation estate of the Corporate Debtor.

B. The Respondent No. 3 & 4 (Late S. Bhaskar Rao through LR. Mrs. Kanyakumari & Mr. S. Suresh) shall extend full cooperation to the Liquidator and shall hand over possession of the aforesaid properties to the Liquidator.

Accordingly, this Application I.A (IBC) No. 632 of 2024 in C.P (IB) No. 252/9/HDB/2021 is **allowed** and disposed of.

Sd/-

**SANJAY PURI
MEMBER (TECHNICAL)**

Sd/-

**RAJEEV BHARDWAJ
MEMBER (JUDICIAL)**