



IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II

IA No.1314 of 2023 in
CP(IB) No.294/07/HDB/2017

Between:

M/s Raghava Square Private Limited,
Successful Bidder of IVRCL Limited,
H.No.8-20603/1/27 & 28,
Krishnapuram Street, Road No.10,
Banjara Hills,
Hyderabad – 500 034.

....Applicant

And

1. M/s IVRCL Limited,
Rep. by the Chairman of the
Supervisory Committee,
Mr Sutanu Sinha – Liquidator,
M-22/3RT, Vijayanagar Colony,
Hyderabad – 500 057.

....Respondent/
Corporate Debtor

2. Mr. Sutanu Sinha,
Chairman of Supervisory Committee-
cum-Liquidator,
Mihir, 8-2-350/5/a/24/1B, Road 2,
Panchavati Colony, Banjara Hills,
Hyderabad – 500 034.

....Respondent/
Liquidator

Date of order : 05.02.2025

CORAM:

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)
Sri Sanjay Puri, Hon'ble Member (Technical)



Counsel present:

For Applicant : Mr Amir Bavani along with
Ms Rishika Kumar

For Respondents : Mr Y Suryanarayana

Per : Sanjay Puri, Member (Technical)

ORDER

1. This application has been filed by M/s Raghava Square Private Limited, the Successful Bidder for the Corporate Debtor (**CD**) under liquidation, seeking a declaration that the cancellation of the sale of the CD in favour of the Applicant, and the forfeiture of the amount paid as per the cancellation letter dated 28.07.2023, is illegal, unjust, arbitrary, and unlawful.
2. The primary issue raised by the Applicant in seeking relief is that, the Financial Creditors of the CD have been unilaterally disposing of third-party assets that form part of the 'Business Plan' that was submitted for acquiring of the CD as a going concern. It is submitted that, despite the CD being sold as a going concern to the Applicant, the lenders proceeded to alienate assets belonging to the subsidiaries, joint venture partners, or associates of the CD, which were included in the Applicant's 'Business Plan'.
3. It is submitted that, the issue of the alienation of these assets was still pending adjudication in IA No. 357 of 2023, and was unresolved when the Liquidator issued the impugned cancellation letter on 28.07.2023. It is further submitted that,



another IA No 947 of 2023, where extension of time was sought for payment of balance sale consideration consequent to the purchase of CD as a going concern, was also pending at the time of sale cancellation letter was issued by the Liquidator.

4. It is contended that the issues concerning the extension of time for making payments and the application for restraint orders against the lenders, to prevent them from proceeding with the assets covered under the 'Business Plan,' were interconnected. While these matters were still pending adjudication, the Liquidator's unilateral decision to cancel the sale of the CD to the Applicant is claimed to be illegal.
5. Yet another grievance of the Applicant has been that, the letter dated 28.07.2023, which communicated the cancellation of the sale, was issued without prior notice or intimation. The Applicant contends that this action violated the principles of natural justice and amounted to a clear abuse of power. The Liquidator's decision to cancel the sale and forfeit the entire amount of Rs 150 Crores paid under the 'Business Plan' is alleged to be unlawful.
6. Based on these contentions and submissions, the Applicant seeks setting aside of the sale cancellation letter dated 28.07.2023 issued by the Liquidator, claiming it to be illegal, unlawful, unjust, and arbitrary.
7. In response, Respondent No 2 the Liquidator has narrated the factual details concerning the sale of the CD as a going concern to the Applicant for a sum of Rs 1200 Crores. It is pointed out that, besides the sum of Rs 50 Crores deposited as EMD and another amount Rs 100 Crores paid in September 2022, the



Applicant has not paid anything since then as consideration towards sale of the CD as a going concern to them. It is submitted that since September 2022, the Applicant has been in breach of the timelines as per the order of this Authority dated 15.06.2022.

8. According to the Liquidator, despite sending various reminders, the Applicant failed to fulfil its payment obligations. On 29.03.2023, the Liquidator issued a notice requiring the Applicant to make the outstanding payments in accordance with the order dated 15.06.2022. He stated that in case of the failure on part of the Applicant he would be constrained to cancel/terminate the sale of CD to the Applicant. As the Applicant did not make the required payments, and following directions from the Stakeholders' Consultation Committee (SCC), the Liquidator proceeded to cancel the sale of the CD to the Applicant on 28.07.2023.
9. We have thoroughly reviewed the application and the counter reply from the Respondent, including written submissions, and have heard both sides.
10. The issues relating to the Applicant's 'Business Plan' and the assets of third parties covered therein have been deliberated and disposed of in IA No.357 of 2023, where the contentions of the Applicant have been rejected and the IA has been dismissed on 05.02.2025 (i.e. today). So far as IA No 947 of 2023 is concerned, the same has already been dismissed on 02.08.2024 by rejecting the prayer of the Applicant to extend the timelines for making payments as stipulated in the order dated 15.06.2022 in MA No 2 of 2022.



11. The order of 15.06.2022 was made by this Authority for approving the sale of the CD to the Applicant as a going concern for a consideration of Rs 1200 Crores. This order also provided detailed schedule for payment of Rs 1150 Crores, as an amount of Rs 50 Crores was already paid as an EMD. This schedule was as follows:

S.No.	Tranche No.	Amount (Rs)	Date of payment
01.	I	200 Crores	14.08.2022
02.	II	200 Crores	14.10.2022
03.	III	200 Crores	14.12.2022
04.	IV	200 Crores	14.02.2022
05.	V	200 Crores	14.04.2022
06.	VI	150 Crores	14.06.2023
Total :		1150 Crores	

The Applicant was directed to strictly adhere to the above timelines. Any failure or delay on part of the Applicant to make payment in time, was ordered to attract interest @12% p.a. for the period of delay.

12. It is evident that the Applicant has not adhered to the schedule set by this Authority. Even after considerable delay, payments have not been made towards purchase, of the CD as a going concern, from the Liquidator. The first tranche of Rs 200 Crores was to be paid by 14.08.2022, but a sum of only Rs 100 Crores was paid on 22.09.2022, more than a month later. Since then, despite the passage of 16 months, no further payments have been made. While our order dated 15.06.2022 provided for charge of interest @12% on delayed payments, the delay cannot be indefinite.



13. Given the circumstances, we find no irregularity or legal infirmity in the decision of Respondent No. 2, the Liquidator, to cancel the sale of the Corporate Debtor (CD) to the Applicant. The Liquidator acted well within his authority, particularly in light of the Applicant's repeated failure to comply with the payment schedule prescribed by this Authority.
14. Despite the Liquidator attempts to secure compliance of the Applicant to fulfil its payment obligations, the Applicant failed to make further payments beyond the part amount of Rs 150 crores.
15. In his letter dated 29.03.2023, the Liquidator explicitly informed the Applicant that failure to remit the outstanding payments by 13.04.2023 would constrain him to cancel or terminate the sale of the CD, and provided another opportunity for the Applicant to rectify its default. However, as no further payments were made by the stipulated deadline, the Liquidator was left with no option but to proceed with the cancellation of the sale, as directed by the SCC, and in accordance with his obligations under the liquidation process of IBC. The Liquidator's action to cancel the sale of the CD to the Applicant is legally justified and procedurally correct.
16. However, considering the entire conspectus of the events surrounding the sale of the CD to the Applicant and consequent litigation, we believe that the Applicant be given another opportunity to make payments towards the balance sale consideration of Rs 1050 Crores (along with interest @12% p.a. for the period of delay) within 30 days from the date of pronouncement of this order. Failure to comply, will lead to the



cancellation of the sale of the CD to the Applicant, and forfeiture of the amounts deposited as per the clause 10.5 of 'THIRD E-AUCTION PROCESS INFORMATION DOCUMENT' issued by the Liquidator on 20.11.2021.

Sd/-
(SANJAY PURI)
MEMBER (TECHNICAL)

Sd/-
(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)