

S.No.2

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1**
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
07-08-2023 AT 10:30 AM

IA (IBC) 1059/2023 in CP(IB) No.1/7/HDB/2020
u/s. 7 of IBC, 2016

IN THE MATTER OF:

State Bank of India

...Financial Creditor

VS

Chadalavada Infratech Ltd

...Corporate Debtor

C O R A M:-

DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)

ORDER

IA (IBC)1059/2023

Partly allowed.

Since, the acquirer of the assets of the Corporate Debtor is taken over and has been under control and management, the Liquidator has no role to play. Hence, the Liquidator is hereby discharged.

Sd/-

MEMBER (T)

Sd/-

MEMBER (J)

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH-1**

**IA No. 1059/2023
IN
CP (IB) NO.1/7/HDB/2020**

*U/s 60(5)(c) OF Insolvency & Bankruptcy Code 2016, R/W Rule 11 OF
National Company Law Tribunal Rules, 2016*

**IN THE MATTER OF M/S CHADALAVADA INFRATECH LTD
(IN LIQUIDATION)**

BETWEEN:

1. Consortium of RVR Enterprises
Represented by Jasti Venkat Rao
Plot No. 125 & 126, Flat No. 401
Vindhya Apartment, Nizampet, Bachupally
Kukatpally, R.R. District: 500090
2. Jasti Venkat Rao
Flat No. 102, 2-A Block
Harivillu Apartment VTC Manikonda
R.R. District – 500089
3. Ch. Ramakrishna
H.No. 3-38, Uluchi, Ongole Mandal
Prakasam District, AP-523182

...Applicants
/Successful Bidder

VERSUS

G. Madhusudan Rao
Liquidator of M/s Chadalavada Infratech Ltd
7-1-285, Flat No 103, Sri Sai Swapna Sampada Apts
Balkampet, Hyderabad 500038 Respondent

Date of order: 07.08.2023

Coram:

Dr N.Venkata Ramakrishna Badarinath, Hon'ble Member (Judicial)
Shri Veera Brahma Rao Arekapudi, Hon'ble Member (Technical)

Appearance:

For Applicant: Ms. M. Vazra Laxmi, Advocate.

**PER: BENCH
ORDER**

1. The successful bidders of M/s Chadalavada Infratech Limited/Corporate Debtor filed this application under Section 60(5)(c) OF Insolvency & Bankruptcy Code 2016, R/W Rule 11 of National Company Law Tribunal Rules, 2016, inter-alia, seeking certain reliefs to them to kickstart the business of the Corporate Debtor.
2. To put concisely, this Tribunal passed an order of liquidation in respect of Corporate Debtor on 11.04.2022 and appointed the Applicant herein as the Liquidator of the Company.
3. It is averred that pursuant to issue of sale notice dated 25.12.2022 for the sale of the Corporate Debtor as a whole and as a going

concern for a reserve price of Rs. 80 lakhs, followed by the e-auction held on 06.01.2023, the Consortium of RVR Enterprises, Jasti Venkat Rao and Ch. Rama Krishna were declared as a successful bidder.

4. It is stated that subsequently, the Liquidator issued Letter of Intent (LOI) on 07.01.2023 to the Purchasers/Applicants herein asking them to pay 25% of the Bid amount i.e. Rs. 20,00,000/- within seven days in addition to the EMD already paid, on or before 11.01.2023 and the balance sale consideration of Rs. 51,75,000/- plus taxes if any, to be paid within 30 days i.e. on or before 04.02.2023 without any interest, else the balance consideration is payable with 12% interest PA within 90 days i.e. on or before 05.04.2023, which terms of LOI have been accepted and acknowledged by the Applicants.
5. It is further stated that the Liquidator after confirming the receipt of total sale consideration with interest amounting to Rs. 80,81,789/- , had issued sale certificate to the Applicants on 06.04.2023.
6. While things stood thus, the Applicants vide letter dated 07.04.2023 requested the Liquidator to seek certain reliefs and concessions from this Tribunal which are required to kick start the business of the Corporate Debtor. Accordingly, the Liquidator filed IA No. 608/2023 and which dismissed on 14.06.2023 on the ground that the Applicants herein is required to seek the reliefs and concessions and not the Liquidator and granted liberty to the Successful Bidder to file fresh application in accordance with law.

7. It is averred that the Liquidator sold the Corporate Debtor as a going concern in Liquidation as per Regulation 32 of IBBI Liquidation Process Regulations, 2016, but to ensure smooth running of the Corporate Debtor as a “going concern”, is seeking certain reliefs and concessions.
8. The Applicants have relied on the following rulings:-
 - (1) This Bench order passed in CP (IB) No. 329/7/HDB/2018 in IA (IBC) No.157 OF 2021 in the matter of Viswa Infrastructures and Finances Private.
 - (2) This Bench Order in CP (IB) No. 675/7/HDB/2018 in IA No. 112/2021 dated 28-04-2021 in the Matter of M/s IFCI Ltd vs M/s KSK Energy Ventures Ltd.
 - (3) NCLT, Mumbai Bench passed Orders in similar matter in C.P. (IB) No. 1319/MB/2017 in I.A. No. 741 of 2021 in the matter of M/s Enviro Bulk Handling Systems Pvt Ltd.
 - (4) NCLT, Mumbai Bench passed Orders in similar matter in C.P. (IB) No. 1239/MB/2018 in in IA No. 2264 of 2020 in the matter of M/s Topworth Pipes and Tubes Private.
 - (5) This Tribunal order in the matter of CP (IB) No. 343/7/HDB/2018 in IA No. 1038/2019 dated 26-11-2019 in the Matter of M/s Southern Online Bio Technologies Limited.
9. The Applicants submit that this Adjudicating Authority is empowered to grant necessary immunities or protection from past liabilities and civil and criminal actions from various creditors including various statutory and non-statutory authorities/parties, direction to ROC for change of the Board of Directors and reduction of the share capital and allotment of new share capital,

other reliefs in the sale as a going concern in order to enable the successful bidder/purchaser to kick start the business of the Corporate Debtor.

10. In this backdrop, the point that emerges for consideration of the Tribunal is that,

Whether the successful bidder is entitled for the reliefs prayed for in this Application?

11. We have heard the Counsel for the Liquidator, perused the records and case laws.

12. The Corporate Debtor has been sold as an ongoing concern, in pursuance of the decision taken by the Liquidator in consultation with the creditors / stakeholders and the proceeds from the sale of assets are being distributed to the creditors in the manner specified under Section 53 of the Code.

13. We have perused the facts pleaded and the reliefs prayed in the petition. In the light of the facts of the case and case laws, we are of the view that the following reliefs can be allowed. Accordingly, we pass the following orders:-

- (a) Permission is accorded for reconstitution of Board of Directors of the Corporate Debtor by the Successful Bidder of the Corporate Debtor as under and we further direct the RoC (Hyderabad) to do all such acts deeds and things that are necessary to appoint the individuals recommended by the Successful Bidder/Purchaser, in order to enable the Company to file relevant returns required by applicable law.

1. Jasti Venkata Rao
2. Chunchu Ramakrishna
3. Nalluri Madhu Babu

- (b) The existing shares (held by erstwhile promoter group as well as other shareholders) of the Corporate Debtor shall be extinguished without any consideration and the rights and liabilities arising out of the same shall also be extinguished and the Corporate Debtor shall allot new shares as per the request of the successful bidder and the details of new share capital would be as under:-

S. No.	Name of Proposed Shareholder	No. of shares to be allotted (of INR 10 each)
1.	RVR Enterprises	2000
2.	Jasti Venkata Rao	28,997
3	Chunchu Ramakrishna	18998
4	Jasti Anitha	1
4	Nalluri Madhu Babu	1
5	Chunchu Kalyani	1
6	Eadara Subba Rao	1
7	Chunchu Venu Gopal	1
	TOTAL	50,000

- c) We direct RoC (H) to change the status of the Corporate Debtor in the ROC records as 'active' from the status of "liquidation".
- d) The Successful Bidder shall not be responsible for any other claims, liabilities or obligations, under any guarantees, etc. payable by the Corporate Debtor as on this date to the creditors or any stakeholders including the Government dues. All the liabilities of the Corporate Debtor as on date of acquisition stands extinguished, qua the Successful Bidder.

- e) Any proceedings pending against the Corporate Debtor (other than against the erstwhile promoters or former members of the management of the Corporate Debtor) as on date with respect to its liabilities / inquiries / investigations / assessment / claims / disputes/ litigations etc shall not have any bearing against the assets sold in the process. The said assets are free from any financial implications arising out of any pending proceedings before relevant authorities, if any. Further non-compliance of provisions of any laws, rules, regulations, directions, notifications, circulars etc on the Corporate Debtor under various Acts and Regulations stands extinguished, qua the successful bidder.
- f. The Successful Bidder/ Corporate Debtor shall have the right to review and terminate any contract that was entered into prior to the date of this order.
- g The Successful Bidder shall get all the rights, title and interest over whole and every part of the Corporate Debtor, including but not limited to contracts free from security interest, encumbrance, claim, counter claim or any demur.
- h The assets specified in the e-auction memorandum, on payment of the consideration shall vest with the Successful Bidder. The erstwhile promoters or any member, associate of the Existing and Erstwhile promoter groups is hereby restrained from doing any business directly or indirectly in connection with the products and services presently offered by the Corporate Debtor and

transferring any such IPR to any other person whether related to them or not.

- i The Successful Bidder shall not be held responsible/liable for any of the past liabilities of the Corporate Debtor. The Liquidator and Successful Bidder shall take all the steps required to make accounting entries for the smooth transmission and clearing the balance sheet.
- j The Liquidator is directed to ensure completion of pending filings with the Registrar of Companies, Income Tax Authorities and any other Government/ Statutory Authorities.
- k. The Corporate Debtor is entitled to get the benefits of brought forward losses, if any, subject to permission of the appropriate authority, if so entitled under the relevant provisions of the Income Tax Act, 1961. As far as the prayer for considering the bid submitted by the successful bidder as Resolution Plan under Section 79 of Income Tax Act, 1961 is concerned, the bidder may approach the authority concerned who would consider such request under the Income Tax Act.
- l. Relief sought with regard to issuance/renewal of all kinds of licenses / permissions/ approvals required is allowed subject to payment of renewal fees, if any, from this date to the Licensing Authorities.

- m. The Liquidator is directed to provide all support and assistance to the successful bidder for the smooth functioning of the Corporate Debtor to complete the acquisition.
- n. With regard to relief sought directing various statutory authorities to exempt income/gain/profits/stamp duty if any, arising pursuant to acquisition of Corporate Debtor and further with regard to exemption from tax liability, it is open to the Successful Bidder to approach the authorities concerned and it is for the authorities to consider the request of the bidder for exemption since the successful bidder purchased the Corporate Debtor Unit as ongoing concern during liquidation.
12. With the above directions, the IA stands disposed of.

SD/-
(Charan Singh)
Member (Technical)

SD/-
(Dr. N.V. Ramakrishna Badarinath)
Member (Judicial)

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