

**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

I.A. No.49 of 2021 in
C.P. (IB) No.366/BB/2019
Under Regulation 33(2)(d) of
IBBI (Liquidation Process) Regulation, 2016
R/w Rule 11 of NCLT Rules, 2016

Mr. V.S. Varun

Liquidator

M/s. Aradhya Wire and Ropes Pvt. Ltd.
Flat No. I B, 108, The Tree by Provident,
2nd Main, Herohalli,
Off Magadi Main Road, Near Andrahalli,
Bangalore – 560 091.

- Applicant / Liquidator

Order pronounced on: 04th March, 2021

Coram: 1. Hon'ble Shri Rajeswara Rao Vittanala, Member (Judicial)
2. Hon'ble Shri Ashutosh Chandra, Member (Technical)

Parties/Counsels Present (Through Video Conference):

For the Applicant : Mr. Theerthesh B.S.

ORDER

Per: Ashutosh Chandra, Member (Technical)

1. This Application has been filed by Mr. V.S. Varun, Liquidator of M/s. Aradhya Wire and Ropes Private Limited (hereinafter the 'Applicant / Liquidator') under Section 31(1) of the I&B Code, 2016, by *inter alia* seeking to permit the Private sale of the Assets of the Corporate Debtor in accordance with Section 2, Schedule I of IBBI (Liquidation Process) Regulations, 2016, in order to obtain the maximum value from the sale of the Assets.
2. Brief facts of the application, which are relevant to the issue in question, are as follows:



- (1) The main Company Petition bearing C.P. (IB) No.366/BB/2019 filed by M/s.Aradhya Wire and Ropes Private Limited (hereinafter referred to as the 'Petitioner/Corporate Applicant') U/s 10 of I&B Code, 2016 R/w Rule 6 of the I&B (AAA) Rules, 2016 seeking to initiate Corporate Insolvency Resolution Process in respect of M/s. Aradhya Wire and Ropes Pvt. Ltd., was admitted by the Adjudicating Authority, vide Order dated 12.02.2020, by appointing Mr.V.S.Varun as the IRP and imposed moratorium, etc.
- (2) Pursuant thereto, the IRP issued the paper advertisement in Form A, verified the claims received and also formed the Committee of Creditors and a report in compliance with Regulation 13(2) and 17(1) was placed on record. The CoC consisting of sole Member M/s. South Indian Bank, in its meeting held on 13.03.2020, appointed the IRP as the Resolution Professional and the same was confirmed by the Adjudicating Authority vide its Order dated 15.06.2020.
- (3) It is stated that the South Indian Bank, being the only member of CoC, noted that value of tangible assets available with the Company as per the Balance Sheet is Rs.26,58,760 and cash and bank balances of Rs.8,85,472 as against the liability of Rs.39,60,72,980. Further, since the Fair and Liquidation Value of the Plant and Machinery was as hereunder, the possibility of Resolution was impossible because of huge liabilities.

<i>Valuer</i>	<i>Fair Value (Rs.)</i>	<i>Liquidation Value (Rs.)</i>
Mr. Pranav Ambaselkar	34.35 Lakhs	25.09 Lakhs
Mr. R.K. Patel	34.61 Lakhs	25.95 Lakhs

- (4) Therefore, the CoC decided to go for Liquidation and the Adjudicating Authority vide its Order dated 16.11.2020 passed in I.A. No.433 of 2020 has ordered for Liquidation of the Corporate Debtor.
- (5) It is also stated that there are no assets in the Company except Plant and Machinery which is valued around Rs. 25 lakhs as Liquidation value. If the liquidation proceeds with the auction of the said asset in accordance with Schedule I of IBBI (Liquidation Process) Regulations, 2016, the value of the Asset may come down and the Liquidator would be constrained to sell the



same at a scrap price. Further, it would also result in excess expenditure towards advertising and other cost. This being the situation, a successful Resolution Applicant who took over one of the Group Companies of the Corporate Debtor has expressed its intention to take over the Plant and Machinery of the Company at the Liquidation Value. This would reduce expenditure on advertisement and avoid further diminution in the value of Asset which would otherwise cause if the Assets were put to auction. However, this requires prior permission of this Adjudicating Authority, under Regulation 33(2)(d) of the IBBI (Liquidation Process) Regulations, 2016.

- (6) In view of the fact that no revival is possible and that the auction sale would further depreciate the value of the Asset and increase the expenditure, it is practicable and appropriate to do a Private Sale of all the Plant and Machinery in one lot to the successful Resolution Applicant who took over one of the Group Companies of the Corporate Debtor. This will not only reduce the expenditure but also make available more cash for liquidation. Hence, this Application.
3. Heard Mr. Theerthesh B.S., learned Counsel for the Liquidator, through Video Conference. We have carefully perused the pleadings of the Party and extant provisions of the Code and Regulations made thereunder.
 4. During the course of these proceedings the Applicant was required to furnish a NOC from the main Creditor, The South Indian Bank, to the effect that they have no objection to the private sale of the plant and machinery of the Corporate Debtor in order to obtain the maximum value from such sale rather than through auction. In response to the same, The South Indian Bank, vide Affidavit dated 01.03.2021, also opined that the Private sale would fetch maximum value than an auction sale and have given no objection to the Liquidator to go for Private sale of the machineries.
 5. Considering the facts and circumstances narrated in the Application, namely that the liquidation value of the assets is very low and is unlikely to fetch a higher price



than what is proposed by a private party in the same line of business, and also that the auction may entail additional expenses, and especially as the only Creditor has given its consent to Private sale, vide Affidavit dated 01.03.2021, we are of the view that the Private sale of the assets would be in the interest of all stakeholders and would prevent further deterioration in their value of the plant and machinery. We are therefore inclined to permit the disposal of the plant and machinery through private sale, as prayed.

6. In the result, I.A. No.49 of 2021 in C.P. (IB) No.366/BB/2019 is hereby allowed. No order as to costs.

**ASHUTOSH CHANDRA
MEMBER, TECHNICAL**

**RAJESWARA RAO VITTANALA
MEMBER, JUDICIAL**

Krishna