**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**
**ORDINARY AND ORIGINAL CIVIL JURISDICTION**

**OFFICIAL LIQUIDATOR'S REPORT NO.147 OF 2019**

In the matter of Companies Act, 1 of 1956

And

In the matter of Effron Laboratories Pvt. Ltd. (In Liquidation)

Ashok Organic Industries Limited ….Petitioner

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Mr. Mahendhar Aithe, Company Prosecutor for Official Liquidator present.
Mr. Mahendra Babulal Joshi, bidder present.

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**CORAM : K.R.SHRIRAM, J.**
**DATE : 14th JUNE 2019**

**P.C.:**

1 As stated in the Official Liquidator's Report, only one offer has been received from one Mahendra Babulal Joshi. The offer is for Rs.12 lakhs and Mr. Joshi has given EMD of Rs.3 lakhs. Mr. Joshi thereafter increased his offer to Rs.15 lakhs, then Rs.17 lakhs and then to Rs.18 lakhs.

2 When the Court attempted to auction the premises on 14th March 2013, 14th August 2013 and 8th July 2016, the reserve price indicated was Rs.18 lakhs and no offer had been received. When an attempt to sell was made on 12th January 2018, no reserve price was indicated and no offer was received. Pursuant to an order dated 3rd April 2019, fresh sale notice was given in response to which this offer has been received from Mahendra Babulal Joshi. On record is the valuation report of one Shyam

Agrawal and Associates issued on March 8, 2017 in which the realisable value indicated is Rs.23,77,000/-. The offer now received is for Rs.18 lakhs, which is also the old reserve price that was indicated.

3 As observed by the Apex Court in ***Kayjay Industries V/s. Asnew Drums***[1], if court sales are too frequently adjourned with a view to obtaining a higher price, it may prove a self defeating exercise. It will be useful to reproduce paragraph 7 of the said judgment which reads as under :

> *"Certain salient facts may be highlighted in this context. A court sale is a forced sale and, notwithstanding the competitive element of a public auction, the best price is not often forthcoming. The judge must make a certain margin for this factor. A valuer's report, good as a basis, is not as good as an actual offer and variations within limits between such an estimate, however careful, and real bids by seasoned businessmen before the auctioneer are quite on the cards. More so when the subject matter is a specialised industrial plant, which has been out of commission for a few years, as in this case, and buyers for cash are bound to be limited. The brooding fear of something out of the imported machinery going out of gear, the vague apprehensions of possible claims by the Dena Bank which had a huge claim and was not a party, and the litigious sequel at the judgment debtor's instance, have `scare' value in inhibiting intending buyers from coming forward with the best offers. Businessmen make uncanny calculations before striking a bargain and that circumstance must enter the judicial verdict before deciding whether a better price could be had by a postponement of the sale. Indeed, in the present case, the executing Court had admittedly declined to affirm the highest bids made on May 16, 1969, June 5, 1969 and August 28, 1969, its anxiety to secure a better price being the main reason. If court sales are too frequently adjourned with a view to obtaining a still higher price it may prove a self defeating exercise, for industrialists will lose faith in the actual sale taking place and may not care to travel up to the place of auction being uncertain that the sale would at all go through. The judgment debtor's plea for postponement in the expectation of a higher price in the future may strain the credibility of the Court sale itself and may yield diminishing returns as was proved in this very case."*

1. (1974) 2 SCC 213

4 In the circumstances, I am inclined to accept the offer of Mahendra Babulal Joshi for Rs.18 lakhs. Mr. Mahendra Babulal Joshi is directed to deposit, within one week from today, a further amount of Rs.1,50,000/-, which together with Rs.3 lakhs will be Rs.4,50,000/- being 25% of the value offered. The balance amount to be paid as per the terms and conditions. It is made clear that the Sale Deed, subject to receiving the entire amount, will be made only with Mr. Mahendra Babulal Joshi and no one else. The Court will not accept any other nominee of Mr. Mahendra Babulal Joshi. The EMD given to be encashed by the Liquidator.

5 Official Liquidator's Report accordingly stands disposed.

**(K.R. SHRIRAM, J.)**