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

OFFICIAL LIQUIDATOR'S REPORT NO.31 OF 2021
IN
COMPANY PETITION NO.434 OF 2016

In the matter of Companies Act, 1 of 1956

And

In the matter of Auram Machines (India) Private Limited (In Liquidation)

Liang Lih Machine Company Limited
247, Yasiou Road, Daya, Dist. Talchung ….Petitioner

Mr. Mahendhar Aithe, Company Prosecutor present.

Bidders :-
A] FOR MOVABLE:-
Successful bidder: Puja Enterprises- Represented by
Mr. Dushyant Solanki, Mobile No. 9689009000
e-mail ID- info@pujaenterprises.in.

B] FOR IMMOVABLE:-
Successful bidder: Mr. Shivaji Maruti Jalagekar.

CORAM : K.R.SHRIRAM, J.
DATED : 6th APRIL 2021

P.C. :

1 Pursuant to order dated 16th February 2021, Official Liquidator had invited offers for sale of movable assets as well as immovable assets as mentioned in the sale notice annexed at Exhibit "A" to the Official Liquidator's Report. No reserve price was indicated as per the directions of the Court.

FOR MOVABLE

2 For the movables, Official Liquidator has received nine offers and the offers received are as under :

Sr. No.	*Name of the purchaser*	*EMD Amount*	*Offer Amount*
1	Sainath Enterprises	Rs.10,00,000/-	Rs.23,00,000/-
2	M.K. Raj Enterprises	Rs.10,00,000/-	Rs.12,00,000/-
3	Rapti Steel	Rs.10,00,000/-	Rs.25,00,000/-
4	K.D. Enterprises	Rs.10,00,000/-	Rs.15,25,000/-
5	K.D. Ispat Pvt. Ltd.	Rs.10,00,000/-	Rs.15,00,000/-
6	National Steels	Rs.10,00,000/-	Rs.40,00,000/-
7	R.B.B. Steel	Rs.10,00,000/-	Rs.11,00,000/-
8	Puja Enterprises	Rs.10,00,000/-	Rs.25,00,000/-
9	Rajendra D. Gaikwad	Rs.10,00,000/-	Rs.21,05,000/-

3 Only Puja Enterprises was represented and others for whatever unknown reason were unrepresented. Puja Enterprises increased its offer from Rs.25,00,000/- to Rs.42,00,000/- and later gave a final offer of Rs.52,00,000/-. I am inclined to accept and hereby accept the offer of Puja Enterprises of Rs.52,00,000/- because as per the valuation report dated 18th January 2020 of Shetgiri and Associates, the value of movables is estimated to be Rs.57,66,352/-. Almost 15 months have passed since then and looking at the items listed in the Schedule to the valuation report, the movables would have only depreciated further in value. Even if I accept the estimated value as on 18th January 2020 to be the value as on date, still the bid is more than 90% of the value indicated in the valuation report.

4 Moreover, the Apex Court in ***Kayjay Industries (P) Ltd. Vs. Asnew Drums (P) Ltd. & Ors.***[1] observed that if court sales are too frequently adjourned with a view to obtain a higher price, it may prove a self defeating exercise. It will be useful to reproduce paragraph-7 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 sell 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."*

5 Puja Enterprises to pay the balance amount of Rs.42,00,000/- on or before 6th May 2021. It is made clear that no extension will be granted and if the balance amount of Rs.42,00,000/- is not paid by due date, i.e., 6th May 2021, the sale to Puja Enterprises will stand cancelled and EMD of Rs.10,00,000/- shall be forfeited and Puja Enterprises will also be liable for

1. 1974 SCC (2) 213

This order has been modified by speaking to the minutes of the order dated 26.04.2021 any reduction in value when resale take place and its Proprietor Mr. Kishor Jain and Mr. Dushyant Solanki, who had represented Puja Enterprises will be held liable for contempt of Court and contempt proceedings will also be initiated against them for interfering with administration of justice.

EMD of the unsuccessful bidders to be returned.

FOR IMMOVABLE

6 The sale is of an open industrial plot admeasuring 4355.24 sq. mtrs. situated at Plot B, Zone No.9.2, Gat No.183/1, Mauje Kasurdi Kheba, Taluka – Bhor, District – Pune. Pursuant to the notice issued by the Official Liquidator, two offers were received for this immovable property, one from Suresh Y. Kashid, who had offered Rs.70,00,000/- and the other from Surekha Shivaji Jalagekar and Shivaji Maruti Jalagekar, who had offered Rs.75,00,000/-.

7 The Court after considering the valuation report of Shetgiri and Associates issued on 18th January 2020, asked the two bidders to improve on their offers. Initial improvement suggested by the Court was Rs.2 lakhs and after it reached Rs.1 Crore, they were directed to increase by Rs.5 lakhs. Mr. Kashid set the ball rolling with Rs.77,00,000/- and offered finally Rs.1,55,00,000/-. Against this, Mr. Shivaji Maruti Jalagekar improved his offer from Rs.75,00,000/- to Rs.79,00,000/- and finally offered Rs.1,60,00,000/-. I am inclined to accept the offer of Mr. Shivaji Maruti Jalagekar of Rs.1,60,00,000/- because even though the valuation report is

dated 18th January 2020, the Valuer has given the fair and reasonable market value to be Rs.1,15,95,264/-, an increase of Rs.44,04,736/- (almost 38% more).

8 Mrs. Surekha Shivaji Jalagekar and Mr. Shivaji Maruti Jalagekar to pay the balance amount of Rs.1,35,00,000/- on or before 6th May 2021. It is made clear that no extension will be granted and if the balance amount of Rs.1,35,00,000/- is not paid by 6th May 2021, the sale to Mrs. Surekha Shivaji Jalagekar and Mr. Shivaji Maruti Jalagekar will stand cancelled and EMD of Rs.25,00,000/- shall be forfeited and Mrs. Surekha Shivaji Jalagekar and Mr. Shivaji Maruti Jalagekar will be held liable for contempt of Court and contempt proceedings will also be initiated against them for interfering with administration of justice.

EMD of the unsuccessful bidders to be returned.

9 In both the cases, i.e., for movables and immovable, the sale will only be in favour of the successful bidders and not any nominee or third parties.

10 Official Liquidator's Report is allowed and accordingly disposed in terms of prayer clauses – (a) and (b).

(K.R. SHRIRAM, J.)

This order has been modified by speaking to the minutes of the order dated 26.04.2021

Gauri Gaekwad