IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 19.12.2024

CORAM:

THE HONOURABLE MR. JUSTICE SENTHILKUMAR RAMAMOORTHY

Comp.A.No.30 of 2024
in C.P.No.57 of 1998
and
Comp.A.Nos.675 of 2017 & 733 of 2018
in C.P.No.57 of 1998

1.The Official Liquidator, High Court, Madras,
As the provisional Liquidator of
M/s.Maxworth Orchards (India) Limited,
Corporate Bhavan 2nd Floor, No.29,
Rajaji Salai, Chennai-600 001.
(In Provisional Liquidation)

2.D.Nagasaila
Administrator of M/s.Maxworth Orchards
(India) Limited, (In Provisional Liquidation)
New No.14/1, Old No.38/1,
Akbarabad 2nd Street, Kodambakkam,
Chennai-600 024. .. Applicants

Vs.

1.M/s.Ditvi Agro Tech LLP,
(Previously Known as Magnum Agro Assets)
Represented by its Partner Mr.Suyash Surana,
a partnership Firm, having its registered
Represented by its partner Mr.Suyash Surana
Office at No.2, Aravamuthu Garden Street,
Egmore, Chennai-600 008.

2.M/s.Vaanya Agro Tech LLP
(Previously Known as Samkit Agro Tech),
Represented by its Partner Mr.Suyash Surana,
a partnership Firm, having its registered Office
at No.2, Aravamuthu Garden Street,
Egmore, Chennai-600 008.

3.M/s.Aarabhi Agro Tech LLP
(Previously Known as Happy Agro Tech)
Represented by its partner Mr.Suyash Surana
a partnership Firm, having its
registered Office at No.2,
Aravamuthu Garden Street,
Egmore, Chennai-600 008.

4.M/s.Harinakshi Agro Tech LLP
(Previously Known as Marudevi Agro Tech),
Represented by its Partner
Mr.Jayanthilal Surana a partnership Firm,
having its registered Office at No.2,
Aravamuthu Garden Street,
Egmore, Chennai-600 008.

5.M/s.Nibhis Agro Tech LLP,
(Previously Known as Samandhar Agro Tech)
Represented by its Partner Mr.Suyash Surana
a partnership Firm, having its
registered Office at No.2,
Aravamuthu Garden Street,
Egmore, Chennai-600 008. .. Respondents

Prayer: Judges Summons filed under Order XIV Rule 8 O.S. Rules read with Section 446(2), 450, 456 & 457 Company's Act & Rule 9, 11(b), 19 of the Company Court Rule to direct the respondents 1 to 5 to pay the sale consideration to Official Liquidator as Provisional Liquidator in respect of 31.9281 acres mentioned in the Annexure-III hereunder, and consequently permit the Official Liquidator as Provisional Liquidator after receipt of the sale consideration, to proceed with to issue Sales certificate in respect of properties mentioned in the Annexure-III (appended with the application) for 31.9281 acres of land at a price of Rs.10 lakhs (Rupees Ten lakhs only) per acre or such a price the Honble Court deems it fit.

For 1st Applicant : Ms.Ambili B., Deputy Official Liquidator

For 2nd Applicant : Mr.H.Karthik Seshadri, assisted by
Ms.D.Nagasaila, Administrator

For Respondents : Mr.R.Sankaranarayanan, Senior Advocate
for Mr.A.Prakash

ORDER

Comp.A.No.30 of 2024 is filed by the Official Liquidator and learned Administrator to direct respondents 1 to 5 to pay the sale consideration in respect of 31.9281 acres described in Annexure-III to the Judge's summons and permit the Official Liquidator to issue sale certificate upon receipt of such consideration.

2. On 31.01.2024, directions were issued in respect of the sale in favour of respondents 1 to 5. Paragraphs 3 to 5 of the said order are as under:

> *"3. In Annexure – I of the typed set filed by learned Administrator, in respect of each relevant survey number, the extent acquired by the company in provisional liquidation, the extent conveyed to customers and the balance extent is specified. As regards this project, all the plots were sold by the company in provisional liquidation prior to the commencement of winding up. The aggregate balance extent in Mudukkur and Ulundhai villages is about 31.9281 acres, which is the extent the respondents intend to acquire. This extent is entirely in the form of pathways running between the plots.*
>
> *4. Ordinarily, in course of liquidation, lands are brought to sale through a tender or auction process. When the relevant lands are in the nature of pathways running between plots of land previously sold, it is not possible to sell such plots to any person other than the person who owns the plots. On the facts of this case, since the respondents have placed on record sale deeds with regard to the purchase of these plots, it is clearly*

in the interest of the company, especially the creditors, to sell these lands to the respondents herein. Given the nature of these lands, the lands cannot be sold at market price or even at the guideline value. This leads to the question as to what would be the appropriate price at which the lands should be conveyed to the respondents.

5. From the documents on record, it appears that the respondents have purchased the plots at a price of approximately Rs.24 lacs per acre. By using the said price as benchmark, in the overall circumstances, it is just and appropriate to direct the respondents to purchase these lands at about 50% of the price at which the plots were purchased by the respondents. In effect, the respondents shall pay a sum of Rs.12 lacs per acre."

3.After the said order was issued, the Official Liquidator filed a report dated 06.03.2024. In the said report, the Official Liquidator acknowledged receipt of a sum of Rs.3,83,14,000/- pursuant to order dated 31.01.2024. The Official Liquidator, however, raised two concerns. The first concern was that there are 128 registered customers, who have not conveyed their lands to respondents 1 to 5. Therefore, the Official Liquidator stated that the sale certificate in respect of respondents 1 to 5 may be executed after the purchase of the remaining extent of land was completed. The second concern was with regard to valuation.

4.In those circumstances, the Official Liquidator was directed to call upon ITCOT to undertake valuation of the land after taking note of the fact that these lands are in the nature of pathways pertaining to Maxworth - Mudukkur project.

5.Pursuant thereto, ITCOT submitted a valuation report in April 2024. In such report, the guideline values of specific survey numbers pertaining to the relevant lands are set out. The guideline values fall within a range of about Rs.44 lakhs per acre to Rs.55 lakhs per acre. As regards the fair market value and distress sale value, ITCOT set out two scenarios. The first scenario is on the assumption that the purchaser is in a position to realise the commercial value of the lands (i.e. otherwise than as pathways). On that basis, an aggregate fair market value of about Rs.17.65 crores and an aggregate distress sale value of Rs.14.14 crores was arrived at (including building value). In scenario – 2, ITCOT valued the lands on the basis that such lands would remain as pathways. Nil value was assigned to the land in this scenario and an aggregate value of Rs.9.31 lakhs was assigned to the buildings. ITCOT stated, as under, at pages 54 & 55 of the said report:

> *"After analyzing, it has been found that 31.9281 Acres of land is currently vacant and has been earmarked as access for 409 customers in the form of a road, mud passage, bull cart track, etc. Out of the total 274.2950 Acres, the aforementioned companies will possess 242.7500 Acres of land. In the event of any one customer or multiple customers not willing to sell the land, the aforementioned companies will not be able to purchase the remaining 31.9281 Acres of land. As a result, the valuation of the subject property will not fetch any marketable value (NIL VALUE). Since the subject land is considered as Pathway/Layout road and the same will be handed over to the local Panchayath."*

The above extract discloses that, in ITCOT's opinion, the land will not have any marketable value, if any of the customers, who still own lands, refuse to sell their lands.

6.In these facts and circumstances, the Official Liquidator filed a subsequent report dated 16.12.2024, wherein, at paragraph 8, it is stated as under:

> *"8. The Official Liquidator is of the view that the respondents may be directed to offer an acceptable rate in the best interest of general body of creditors of the company in Provisional Liquidation as the landed properties will only have appreciation in land value which will not cause any loss to them."*

7.By keeping the aforesaid aspects in mind, respondents 1 to 5 were called upon to improve their offer. Upon instructions, learned counsel for respondents 1 to 5 submits that the purchasers are willing to pay Rs.18 lakhs per acre. If computed on this basis, the aggregate amount payable in respect of the total extent of 31.9281 acres is Rs.5,74,70,580/-. In the overall facts and circumstances, including the aspects noticed in earlier order dated 31.01.2024, the sale of these lands by the company in provisional liquidation at this price would be in the best interest of the company and its stake holders, especially the depositors/investors.

8.Out of the two concerns raised by the Official Liquidator, the concern regarding valuation has been taken care of. The second concern raised by the Official Liquidator earlier relates to lands retained by the erstwhile customers of the company. This concern would be effectively addressed if the purchasers (respondents 1 to 5) are directed to retain the lands as pathways until and unless all the remaining customers sell their respective parcel of lands to the purchasers.

9.In these circumstances, Comp.A.No.30 of 2024 is disposed of by issuing following directions:

(i) The Official Liquidator is directed to execute the sale certificate in favour of respondents 1 to 5 upon receipt of a sum of Rs.18 lakhs per acre, which amounts to an aggregate sum of Rs.5,74,70,580/- for the total extent of 31.9281 acres. After giving credit to the sum of Rs.3,83,14,000/- paid earlier by respondents 1 to 5, the remaining amount shall be paid within one month from the date of receipt of a copy of this order.

(ii) The sale is subject to the condition that respondents 1 to 5 shall retain these lands as pathways until all the remaining 128 registered customers sell their respective lands to these respondents. For the avoidance of doubt, it is made clear that this condition will apply even if one of the customers retains his/her lands.

(iii) It is open to the respondents to re-apply for waiver of condition (ii) above provided all the owners of lands in the Maxworth-Mudukkur project consent thereto.

10.In view of the above, Comp.A.Nos.675 of 2017 and 733 of 2018 are closed.

19.12.2024

(1/2)

Index : Yes / No
Internet : Yes / No
Neutral Citation : Yes / No

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To

The Official Liquidator, High Court, Madras.

SENTHILKUMAR RAMAMOORTHY,J.

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