



IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH, BENGALURU
[Through Physical hearing/VC Mode (Hybrid)]

ITEM No.12
I.A No.592/2022, 17/2023,
741, 318/2025 in
CP (IB) No.89/BB/2021

IN THE MATTER OF:

| | | |
|--|-----|------------|
| State Bank of India | ... | Petitioner |
| Vs | | |
| Supreme overseas Exports India Pvt Ltd | ... | Respondent |

Order under Section 7 of the I & B CODE, 2016

Order delivered on: 15.07.2025

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

| | | |
|--|---|--------------------|
| For I.A No.741/2024 | : | Shri Saravana |
| For Respondent in I.A No. 592 & 17/2023: | | Mr. Fazil |
| For Liquidator | : | Shri Vineeth Reddy |
| For R4 in I.A 17/2023 | : | Shri Amit Anand |

ORDER

I.A. No.17/2023

1. Heard the Ld. Counsel for the parties.
2. One week time is granted to the Respondent to file reply by supplying copy to the otherside and one week for the Applicant to file rejoinder.
3. List on **01.09.2025**.

I.A. No. 318/2025

1. Heard the Ld. Counsel for the Applicant.
2. **I.A No.318 of 2025 partly allowed vide separate order.**

I.A. No. 741/2025

1. Heard. This application is filed by the EPFO to consider the claim.
2. Two weeks time is granted to the Respondent to file reply with copy to the otherside and one weeks' time for the application to file rejoinder with copy to the otherside. List on **01.09.2025**.

-Sd-

-Sd-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

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SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)



IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH,

*(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)
(Through Web-Based Video Conferencing)*

**I.A. No. 318 of 2025 in
C.P. (IB) No. 89/BB/2021**

U/s. 60(5) the IBC, 2016 read with Schedule 1(8) of IBBI (Liquidation
Process), Regulations, 2016 and Rule 11 of NCLT Rules, 2016

IN THE MATTER OF I.A. No. 318 of 2025

Supreme Overseas Exports India Private Limited

Represented by its liquidator Smt. Ramanathan Bhuvaneshwari

Having its registered office at Block 3, No.34, Nellakunte,
44/1, 16th Cross, K.R.Road, Jayanagar, 7th Block,
Bangalore, Karnataka- 560082

... Applicant

IN THE MATTER OF:

State Bank of India

Financial Creditor

Versus

Supreme Overseas Exports India Private Limited

Corporate Debtor

Order delivered on : 15.07.2025

Coram: 1. Hon'ble Shri Sunil Kumar Aggarwal, Member (Judicial)
2. Hon'ble Shri Radhakrishna Sreepada, Member (Technical)

Parties/Counsels Present:

For the Applicant: Shri Nikhil. O

O R D E R

1. This Application has been filed by **Smt. Ramanathan Bhuvaneshwari**, Liquidator of the Corporate Debtor ("Applicant"), under Section 60(5) of the Insolvency and

I.A. No. 318 of 2025 in C.P. (IB) No. 89/BB/2021



Bankruptcy Code, 2016 (hereinafter referred to as “IBC/Code”) read with Schedule 1(8) of The Insolvency and Bankruptcy Board of India (Liquidation Process), Regulations, 2016 and Rule 11 of NCLT Rules, 2016 inter-alia, seeking permission for conducting physical auction of the movable assets of corporate debtor, reducing reserve price beyond the 25 percent threshold prescribed in the Schedule and praying for following reliefs:-

- A. grant permission to sell the assets of the Corporate Debtor with reduced recommended reserve price decided by the Stakeholder Consultation Committee in accordance with Regulation 31 A of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016*
- B. permit the Liquidator to sell the assets of the Corporate Debtor by means of physical auction in the manner specified in Schedule-I of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016*
- C. Pass ad-interim reliefs and Interim Reliefs in terms of Clause (A).*
- D. Pass such order/ directions as this Hon'ble Bench may deem fit and proper in the facts and circumstances of the case.*

2. Brief facts relevant for the instant Application are as follows:-

- (a) Vide order dated 24.04.2024 in I.A 496/2023 **Supreme Overseas Exports India Private Limited** (“Corporate Debtor”) was directed to be liquidated under Section 33(1) of the Code and **Smt. Ramanathan Bhuvaneshwari** was appointed its Liquidator vide order passed in I.A 378/2023.
- (b) Pursuant to the said order the Liquidator constituted the Stakeholders Consultation Committee (“SCC”). Further, the liquidator proceeded to issue E- auction sale notices after the approval of SCC.
- (c) The Liquidator issued the E- auction sale notices dated 12.07.2024, 02.10.2024 and 01.02.2025 inviting bids for the sale of the following assets through E-auction on "as is where is", "as is what is", "whatever there is" and "without any recourse" basis, without any representation, warranty, or indemnity by the Liquidator or the Corporate Debtor, in accordance with the IBC, 2016 for the e-auction to be held on 09.08.2024,
I.A. No. 318 of 2025 in C.P. (IB) No. 89/BB/2021



30.10.2024 and 01.03.2025. However the E-auction dated 09.08.2024 and 01.03.2025 failed to attract any bidders whereas the E-auction dated 30.10.2024 was partially successful wherein the Item B 1 along with the assets associated with it were sold and realized. However, other items, namely, B2, B3, and B4 remained unsold, even though few Expressions of Interest were received from the interested parties but none of them submitted EMD due to which the said assets could not be sold. The extract of the e-auction sale notice dated 02.10.2024 is tabled below:-

| S.No | Asset | Reserve Price (Rs.) | EMD (10% of Reserve Price (Rs)) | Refundable participation deposit | E-Auction Timings on 30.10.2024 | Incremental value during E-auction |
|---|--|---------------------|---------------------------------|----------------------------------|---------------------------------|------------------------------------|
| Option A | Sale of the Corporate debtor as Going Concern in terms of Reg. 32(e) of Liquidation process Regulations and vide NCLT order dated 17.9.2024. This sale excludes the following assets: Cash and Bank balance and Receivables from Lessee Regus centre Services till the date of completion of sale and transfer of CD to the Successful Bidder. | 35 Crs | 3.50 Crs | 25.00 Lakhs | 10:00 AM to 12:00 Noon | 10.00 Lakhs |
| If the bidding for Option A is not successful, then bidding for Option B shall be undertaken as per the timeline below. Considering this possibility, EOI is invited for option B as well. | | | | | | |
| OPTIONB - B1 / B2/B3/B4 - independent sale auctions | | | | | | |
| B1 | Sale of business of CD as a Going Concern u/s Reg. 32(f) of the Liquidation process Regulations: Land and Building, located at 44/1, KR Road, 16th Cross, 7th crs. 4.00PM Lakhs Bl. Block, Jayanagar, Yediyur Village, Bangalore South Taluk, Bengaluru - 560070 along with Plant and Machinery, Furniture and Business and Lease agreement with Regus Centre Services, excluding | 28 Crs | 2.80 Crs. | 1 Lakh | 2:00 PM to 4:00 PM | 05.00 Lakhs |



| | | | | | | |
|----|---|----------|----------|---|---|----------|
| | Receivables from Lessee Regus center Services till the date of completion of sale and transfer to the Successful Bidder | | | | | |
| B2 | Plant and Machinery used in Leather Industry (located in Ambur Factory) | 70 Lakhs | 7 Lakhs | 0 | 2:00 PM to 4:00 PM | Rs.50000 |
| B3 | Inventory (Leather - located at Ambur Factory) | 2.20 Cr | 22 Lakhs | 0 | 2:00 PM to 4:00 PM | Rs.50000 |
| B4 | Finished Leather Jackets | 2.50 Crs | 25 Lakhs | 0 | 2:00 PM to 4:00 PM | Rs.50000 |
| | Last date of Submission of EOI along with Participation deposit, if applicable | | | | On or before 5.00 pm on 16/10/2024 | |
| | Date of Intimation of Qualified / Eligible bidders | | | | 18/10/2024 | |
| | Inspection of assets , on a date fixed by the Liquidator | | | | 19/10/24 to 25/10/2024 | |
| | Last date for remittance of EMD | | | | 5.00 PM on 28.10.2024 | |
| | E-auction date | | | | 30.10.2024 | |

(d) The Applicant had also published E- auction sale notices on 1.2.2025 scheduling the auction to 1.3.2025, reducing the value of the items by 25% as provided in IBBI (Liquidation Process), Regulations, 2016. However, no interest were received from prospective buyers for the remaining assets, as shown in the Advertisement, and thus they remained unsold by the Applicant. Further, the Liquidator upon discussion with the prospective buyers, ascertained that the reserve prices for the remaining assets were excessive given the current condition of the equipment/material.

(e) Thereafter, the Applicant called for a meeting of the Stakeholders' Consultation Committee ("SCC") on 26.03.2025 to deliberate on sale of the remaining assets of the Corporate Debtor. After due deliberations and discussions, the Stakeholders Consultation Committee approved the conduct of Physical auction as proposed by the Liquidator with reduced reserve price beyond the 25 percent threshold prescribed in the Schedule I of the IBBI (Liquidation Process), Regulations, 2016 and the



comparative table of the Reserve price recommended by the SCC and the price in previous E auction is tabled below

| S.No | Description | Reserve Price in previous auctions (in Rs.) | Recommended Reserve Price (in Rs.) |
|------|--|---|------------------------------------|
| 1. | Steel Rotary Mat Drum Center Shaft, Gear teeth Arrangement, Dry Motor - 30Hp with Gear Box (Quantity3) | Rs. 33,41,250 | 15,00,000 |
| 2. | RO Plant - Rochem | Rs. 15,22,500 | 4,00,000 |
| 3. | Inventory (Leather located at Ambur Factory | Rs. 1,65,00,000 | 1,00,00,000 |

- (f) The Applicant submits that the raw material is deteriorating and perishing with each passing day and immediate sale of the assets mentioned above is imperative to prevent further deterioration of the goods. It is further submitted that the step-by-step reduction of reserve price prescribed by the IBBI Regulations is not feasible in the instant case. Therefore, in the interest of greater transparency, the Applicant proposes to conduct a Physical-auction for sale of the remaining assets of the Corporate Debtor by reducing the reserve price beyond the 25 percent in interest of value maximization of the assets of the Corporate Debtor, rather than proceeding with the process of the Private Sale as specified in the IBBI (Liquidation Process) Regulations, 2016.
- (g) Therefore, the Liquidator in accordance with the Regulation 33(2) (d) of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, has filed this Application seeking prior permission of this Authority to permit the physical sale of the assets of the Corporate Debtor with reduced recommended reserve price which is beyond the 25 percent in interest of value maximization of the assets of the Corporate Debtor.

3. Heard the Learned Counsel for the Applicant/Liquidator and carefully perused the material on record.



4. It is necessary to refer to Schedule- I, Mode of Sale under Regulation 33 of the IBBI (Liquidation Process) Regulations, 2016 are as follows:

AUCTION

(1) Where an asset is to be sold through auction, a liquidator shall do so in the manner specified herein

(2) The liquidator shall prepare a marketing strategy, with the help of marketing professionals, if required, for sale of the asset. The strategy may include- (a) releasing advertisements; (b) preparing information sheets for the asset; (c) preparing a notice of sale; and (d) liaising with agents.

(3) The liquidator shall prepare terms and conditions of sale, including „Reserve Price“, earnest money deposit as well as pre-bid qualifications, if any.

(4) The Reserve Price shall be the value of the asset arrived at in accordance with regulation 35.

(4A) Where an auction fails at the Reserve Price, the liquidator may reduce the Reserve Price by up to twenty-five percent of such value to conduct subsequent auction.

(4B) Where an auction fails at reduced price under clause (4A), the Reserve Price in subsequent auctions may be further reduced by not more than ten percent at a time.

.....

(8) If the liquidator is of the opinion that a physical auction is likely to maximize the realization from the sale of assets and is in the best interests of the creditors, he may sell assets through a physical auction after obtaining the permission of the Adjudicating Authority. The liquidator may engage the services of qualified professional auctioneers specializing in auctioning such assets for this purpose.

5. It is observed that in the 2nd meeting of the SCC held on 21.10.2024 after due deliberations, passed the following resolution with 100% voting in favour which is given below:-

"RESOLVED THAT SCC members holding voting share 93.58% be and hereby approve sale of the items A.1, A.2 and B shown above, with the reserve price and EMD, fixed against the above items as above in the minutes, for sale by giving one week notice for EOI and then sale by Physical auction

"RESOLVED FURTHER that the SCC Liquidator be and hereby directs the Liquidator to file application with AA for approval of the above rates and physical auction".

"RESOLVED THAT SCC members holding voting share 93.58% be and hereby approve E-auction of Leather Jacket, with a reduction of 25% price as per IBBI Guidelines and the Reserve price of 10% and put it for E-auction by advertising in the newspapers Business Standard PAN India and Vijayavani Bengaluru Edition in Kannada".



6. Thus from the perusal of above mentioned voting resolution, it is not in dispute that the Liquidator filed the instant application to conduct the Physical Auction and reduce the reserve price by more than 25 percent after receiving due approval of the SCC of the Corporate Debtor. However, a bare perusal of the prayer relating to reducing the reserve price beyond 25 percent shows that the same violates Schedule- I, Mode of Sale under Regulation 33 of the IBBI Liquidation Process Regulations, 2016, which only permits the Liquidator to reduce the Reserve Price by up to twenty-five percent after the auction fails for 1st time and subsequently reduce by 10 percent for further auctions.
7. The Applicant has sought permission to reduce the reserve price beyond 25 percent in the subsequent auction for the sale of assets in the interest of value maximization of the assets of the Corporate Debtor as the said asset consisting of raw material are deteriorating and perishing with each passing day and the immediate sale of the assets mentioned above is imperative to prevent further deterioration of the goods in exercise of the inherent powers of this Authority under Section 60(5) (c) of the IBC, 2016 and Rule 11 of NCLT Rules, 2016. However, the exercise of the same power should be in broader compliance of insolvency framework and its underlying objective as held by Hon'ble Supreme Court of India in the case of ***Ebix Singapore Private Limited vs Committee of Creditors of Educomp Solutions Limited & Anr*** and reproduced below: -

*“98. Any claim seeking an exercise of the Adjudicating Authority’s residuary powers under Section 60(5) (c) of the IBC, the NCLT’s inherent powers under Rule 11 of the NCLT Rules 2016 or even the powers of this Court under Article 142 of the Constitution **must be closely scrutinized for broader compliance with the insolvency framework and its underlying objective.** The adjudicating mechanisms which have been specifically created by the statute, have a narrowly defined role in the process and must be circumspect in granting reliefs that may run counter to the timeliness and predictability that is central to the IBC. **Any judicial creation of a procedural or substantive remedy that is not envisaged by the statute would not only violate the principle of separation of powers, but also run the risk of altering the delicate coordination that is designed by the IBC framework and have grave implications on the outcome of the CIRP, the economy of the country and the lives of the workers and other allied***



parties who are statutorily bound by the impact of a resolution or liquidation of a Corporate Debtor”

8. Applying the above principles of cited judgement to the facts herein, we are of the view that acceding to the prayer of Applicant to permit her to reduce the reserve price for the subsequent auction for the remaining assets of the Corporate Debtor would violate Schedule- I, Mode of Sale under Regulation 33 of the IBBI Liquidation Process Regulations, 2016 and any exercise of power by this adjudicating authority under S.60 (5) (c) of the IBC, 2016 to reduce the reserve price beyond 25 percent of the previous auction value would be violative of laid down proposition, where it has been clearly stated that the adjudicating authority cannot exercise its Judicial discretion under Section 60(5) (c) of the IBC, 2016 and Rule 11 of NCLT Rules, 2016 to create any procedural or substantive remedy not envisaged in the statute.
9. Consequently, by maintaining a delicate balance in the given facts and legal enunciation, following order is being passed
 - i. The reliefs sought in prayer clauses (A) to permit the Applicant to reduce the reserve price beyond 25 percent is not allowed as it would be violative of Schedule-I of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016
 - ii. The prayer in clause (B) is allowed and the Applicant is permitted to sell the assets of the Corporate Debtor by means of physical auction in the manner specified in Schedule-I of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and other applicable provisions of IBC, 2016 and Rules made thereunder.
10. The Applicant/Liquidator shall be at liberty to take all the steps required to conduct the Physical-Auction for the sale of the remaining assets of the Corporate Debtor and to complete the Physical auction for the remaining assets of the Corporate



Debtor expeditiously as per the timeline specified in the code and Rules made thereunder.

11. Accordingly, **IA No. 318 of 2025** filed by the Applicant/Liquidator is **partly allowed** and disposed of.

-Sd/-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd/-

SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)