

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH (COURT- I) CHENNAI**

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **25.06.2026** THROUGH VIDEO CONFERENCE

CORAM: HON'BLE SHRI SANJIV JAIN, MEMBER (JUDICIAL)
HON'BLE SHRI VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

IN THE MATTER OF : Foseco India Ltd
Vs
RSL Alloys Pvt Ltd

MAIN PETITION NUMBER : CP/661/IB/2017

(IA/MA) APPLICATION NUMBERS

IA(IBC)/1977(CHE)/2025; IA(IBC)/2383(CHE)/2024

ORDER

**IA(IBC)/1977(CHE)/2025
IA(IBC)/2383(CHE)/2024**

Present: Mr. Chandramouli Prabhakar and Mr. Atul Srivatsav, Ld. Counsel for the Applicant in IA(IBC)/2383(CHE)/2024.
Mr. Pranava Charan, Ld. Counsel for the Applicant Indian Bank in IA(IBC)/1977(CHE)/2025.

Vide common order pronounced in the open Court, the application IA(IBC)/1977(CHE)/2025 is dismissed and application IA(IBC)/2383(CHE)/2024 is dismissed with liberty to the Applicant to claim refund.

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**[VENKATARAMAN SUBRAMANIAM]
MEMBER (TECHNICAL)**

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**[SANJIV JAIN]
MEMBER (JUDICIAL)**

Date: 25.06.2026

IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – I, CHENNAI

IA(IBC)/2383(CHE)/2024

IN

CP/661/IB/2017

[filed under Section 60(5) of IBC, 2016 r/w Rule 11 of the NCLT Rules, 2016]

In the matter of RLS Alloys Private Limited

1. **G. Subramanian ,**

S/o. Mr. Gopalan,
Successful Bidder / E-auction Purchaser,
No. 27, Alexandria Road, Cantonment,
Tiruchirappalli – 620 001

... Applicant / Successful Auction Purchaser

Vs.

1. **Dr. S.R. Shriram Shekar,**

Liquidator of M/s. RLS Alloys Private Limited,
Flat 11, Prayag Apartments, 1st Floor,
15/8, Gandhi Nagar, First Main Road,
Adyar, Chennai – 600 020.

... Respondent No. 1 / Liquidator

2. **M/s. Avenue Realty**

Rep by its Managing Director Mr. T.M. Elayaraja
Reg Office No. 39/19 Second Floor, 1st Cross Street,
West CIT Nagar, Nandanam, Chennai – 600 035

... Respondent No. 2 / Subsequent Purchaser

Present:

*For Applicant : Rahul Balaji, Advocate
Atul Srivats, Advocate*

*For Respondent : Ramasamy Meyappan, Advocate for R1
C.V. Shailandran, Advocate for R2*

Along with

IA(IBC)/1977(CHE)/2025

IN

CP/661/IB/2017

[filed under Section 60(5) of IBC, 2016 r/w Rule 11 of the NCLT Rules, 2016]

In the matter of RLS Alloys Private Limited

1. Indian Bank

Represented by its Chief Manager,
Mr. G. Premkumar
Stressed Assets Management Branch,
100-101, 3rd Floor, East Avani Moola Street,
Madurai, Tamil Nadu 625001.

... Applicant

Vs.

1. G. Subramanian ,

S/o. Mr. Gopalan,
Successful Bidder / E-auction Purchaser,
No. 27, Alexandria Road, Cantonment,
Tiruchirappalli – 620 001

2. Dr. S.R. Shriram Shekar,

Liquidator of M/s. RLS Alloys Private Limited,
IBBI/IPA-3/IP-000144/2017-18/11598
Flat 11, Prayag Apartments, 1st Floor,
15/8, Gandhi Nagar, First Main Road,
Adyar, Chennai – 600 020.

3. Ramasamy Shanmugam,

No. 207, 1st Floor, Thirukumaran Building,
Near Kalyan Silks, 11-F,
Mettur Road,
Erode 638 011.

... Respondents

Present:

For Applicant : Pranava Charan, Advocate

*For Respondents : Atul Srivats, Advocate for R1
Ramasamy Meyappan, Advocate for R2
Anoop Prakash Awasthi, Advocate for R3*

CORAM:

**SANJIV JAIN, MEMBER (JUDICIAL)
VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)**

Order Pronounced on 25th June, 2026

ORDER

(Heard through Hybrid Mode)

1. The application **IA/2383/2024** has been filed seeking the following reliefs.
 - i. *Declare the e-auction sale notice dated 18.11.2024 of the total area of 9.7 acres of land and building at S.Nos. 118/1, 118/2, 118/3 & 118/4 and 60/21D Sethurapatti Road, Fathima Nagar, Srirangam Taluk, Trichy- 620 012 issued by the Respondent Liquidator, as void;*
 - ii. *Set-aside the e-auction sale notice dated 18.11.2024 of of the total area of 9.7 acres of land and building at S.Nos. 118/1, 118/2, 118/3 & 118/4 and 60/21D Sethurapatti Road, Fathima Nagar, Srirangam Taluk, Trichy - 620 012 issued by the Respondent Liquidator;*
 - iii. *Issue an order of stay of the proposed e-Auction to be held on 24.12.2024, pending disposal of the instant Interlocutory Application;*

2. The application **IA/1977/2025** has been filed seeking the following reliefs.
 - i. *Direct the 1st Respondent to pay a sum of Rs. 2.98 Crores towards the value of the building which was demolished along with interest at 8% per annum from the date of this application until payment in full by the 1st Respondent.*

3. The facts relevant for disposal of the applications are that an immovable property of the Corporate Debtor RLS Alloys Private Limited situated at 118/1, 2, 3,. Sethurapatti Road, Fathima Nagar, Srirangaum Taluk, Trichy – 620 012 admeasuring land – 5.04 acres, building – 62170 Sq.ft. and drying yard – 1127 sq.ft. was put to auction by the erstwhile Liquidator by an e-auction sale notice dated 10.09.2020. G. Subramanian was declared as the Successful Bidder in the e-auction. He made the payment of Rs. 1,10,55,550/-. The erstwhile Liquidator issued the sale confirmation on 30.11.2020 and handed over the possession of the property on the same day. Since then possession of the property was with Mr. G. Subramanian, the Applicant in IA/2383/2024. Since the auctioned property was not registered in his name, he preferred an application IA/206/2021 seeking directions for registration of the sale certificate in his name. In the meantime, Indian Bank filed an application IA/796/2021 for setting aside the auction sale

without arraying the Applicant as party. The Tribunal vide an order dated 02.06.2022 dismissed IA/206/2021 and allowed the application IA/796/2021. It was observed that the auction was not conducted in a transparent manner; the Liquidator could have sold the property to the 2nd highest bidder for Rs. 1,55,55,550/-; no fresh e-auction notice was published for e-auction on 25.09.2020; the upset price was set at the level of Rs. 1,06,55,550/- at which the auction had commenced on 23.09.2020 which was lower than the last bid amount of Rs. 1,55,55,550/- ; taking advantage of the scenario, Mr. G. Subramanian was declared successful bidder on 25.09.2020 for a sum of Rs. 1,10,55,550 in place of his own bid of Rs. 1,55,55,550/- on 23.09.2020.

4. Against that order, the Applicant preferred an appeal vide No. 334/2023 before Hon'ble NCLAT. During the pendency of the appeals, Dr. S.R. Shriram Shekar was appointed as the Liquidator vide an order dated 10.07.2023.
5. It is alleged that Dr. S.R. Shriram Shekar, the new Liquidator visited the property on 06.01.2024 with some persons and threatened the Applicant to vacate the property. On 30.01.2024, the Manager of Indian Bank also visited the property and threatened his employees to vacate the

property. It is stated that on 31.01.2024, the Liquidator visited the property once again and threatened his employees to vacate the property, though he was apprised that the property was purchased against consideration and the Applicant cannot be dispossessed. It is stated that while things stood thus, the Applicant came to know of the e-auction sale notice dated 07.02.2024 issued by the Liquidator for the e-auction of the property which he has purchased, though the same issue is subjudice before Hon'ble NCLAT. It is stated that the consideration received by the erstwhile Liquidator still remains to be refunded to the Applicant. The Applicant sent a legal notice dated 09.02.2024 calling upon the Liquidator to withdraw the e-auction sale notice and not to proceed with the same, pending disposal of the appeal before Hon'ble NCLAT, but it evoked no response. It is stated that on 07.03.2024, he filed an application IA/636/2024 where the Tribunal vide an order dated 08.03.2024 directed that result of the e-auction dated 08.03.2024 would be subject to the disposal of IA. Since e-auction failed, the IA was disposed of as nothing survived.

6. It is stated that during pendency of the appeal, the Applicant made attempts to amicably settle the matter as the money paid as

consideration towards the initial auction remains with the Liquidator.

It is stated that the Liquidator issued another notice on 18.11.2024 for e-auction sale on 24.12.2024 for three properties without disclosing the fact that appeal is pending before Hon'ble NCLAT. It is stated that the Tribunal on the application IA/2383/2024 ordered that since the sale has already been fixed on 24.12.2024, the result of e-auction in respect of the subject land will be subject to the disposal of the application.

7. It is stated that neither the Liquidator returned the auction money nor considered his offer, but he is seeking dispossession of the Applicant. It is stated that the money of the Applicant is in the liquidation account for more than three years. It is stated that the impugned e-auction is fraudulent as it would amount to misappropriation of the consideration amount already paid by the Applicant in respect of the very same property and till date, the sale certificate has not been cancelled. It is stated that the Liquidator cannot unilaterally cancel the contract or defeat the operation of the same by issuing the fresh e-auction sale notice dated 18.11.2024 scheduling the auction for 24.12.2024.

8. On getting notice of the application, the Respondent / Liquidator filed the reply stating that matter is subjudice before Hon'ble NCALT in appeal No. 334 / 2023 where the Applicant has raised the similar issue seeking the similar relief. It is stated that the property has been sold in the e-auction held on 24.12.2024 and sale certificate has been issued to the successful auction purchaser. The money payable to the Applicant is in dispute. It is stated that the sale dated 25.09.2020 has already been set aside vide an order dated 02.06.2022. The Applicant being non-participant in the fresh e-auction does not have locus to challenge the auction which has now been concluded. It is stated that the objective of IBC is value maximization but the erstwhile Liquidator contravened the provisions of IBC. The alleged auction did not result into maximization of the value of the asset of the Corporate Debtor. The valuation report shows the fair value of the property as Rs. 4.45 Crores while the liquidation value is Rs. 4.01 Crores. It is shocking that the erstwhile Liquidator fixed the reserve price for auction at Rs. 1,06,55,550/- without the approval of the SCC. It is stated that the order dated 02.06.2022 passed by the NCLT was on merits after considering

the circumstances surrounding the sale. It is stated that there was no stay on the auction sale.

9. It is stated that on 03.01.2025, the Tribunal had directed the Liquidator to explore the possibility of settlement. A joint meeting was held with the Applicant on 07.01.2025 where Financial Creditor also participated. The value of the building as per the valuation report was nearly Rs. 2,93,90,855/- even in 2019. The sale certificate dated 30.11.2020 confirms the existence of building and drying yards. The Applicant wantonly damaged the property intending to reduce the asset value by razing down the building. It is stated that no settlement took place in the joint meeting.
10. A memo has been filed by the Liquidator vide Sr. No. 45 dated 05.01.2026 pursuant to the order dated 17.07.2025 *inter alia* that part of the land was under SARFAESI with the Indian Bank. Part land belongs to the Corporate Debtor. After the order of the Tribunal, the Bank agreed to include the land under SARFAESI with the Corporate Debtor land for joint e-auction. In the 8th SCC meeting, the Liquidator was authorized to conduct joint e-auction of the land and building on 24.12.2024. Accordingly notice was issued for e-auction sale fixing the

reserve price as Rs. 5,93,00,000/-. M/s. Avenue Realty was declared as the Successful Bidder with the highest bid of Rs. 6.38 Crores. A Letter of Intent (LoI) was issued on 24.12.2024 and the Bidder remitted the initial 25% bid amount. The balance amount was also paid on 13.01.2025. The realizable amount towards the liquidation estate is Rs. 2.84 Crores. It is stated that there is a damage to the extent of Rs. 2,93,90,855/- which is to be compensated by the Applicant before claiming his money.

11. **In the application filed by the Indian Bank in IA/1977/2025**, it is stated that the possession of the schedule property has not been handed over by the Applicant Mr. G. Subramanian. Major portion of the building has been demolished by him. The building was valued by the Valuer on 16.05.2019 at Rs. 2.97 Crores. The Liquidator had filed a contempt application 15/2024 against the Applicant seeking his punishment and directions to hand over the possession including compensation amounting to Rs. 2.94 Crores towards the demolition of the building by the Applicant. It is stated that since the Applicant handed over the possession on 25.11.2024, the application 15/2024 was closed by an order dated 03.01.2025. It is stated that the Liquidator did

not inform the Bank of the aforesaid order. It later discovered that other prayers relating to compensation were not taken up by the Tribunal. Since there was no stay operational, the Liquidator published a joint auction notice under IBC and SARFAESI including the assets mortgaged by the Personal Guarantors on 18.11.2024 fixing the reserve price at Rs. 5.93 Crores and the property was purchased by Avenue Realty on 24.12.2024. It was issued sale certificate on 23.01.2025. The Applicant has challenged the e-auction sale in the IA/2383/2024. It is stated that by demolishing the building, the Applicant has caused a loss of Rs. 2.94 Crores which was the value of the building ascertained in 2019. He has not given any explanation for demolition. The Bank had lodged a claim with the Liquidator for Rs. 16.71 Crores. As on 10.11.2025, the claim of the Bank is Rs. 12.51 Crores besides interest. Had the building been non-demolished, the sale would have fetched more value. Thus the prayer has been made directing the Applicant to pay a sum of Rs. 2.94 Crores towards the value of the building which was demolished, along with interest @ 8% per annum from the date of application until payment in full.

Arguments and Contentions

12. We have heard Ld. Counsel for the erstwhile Auction Purchaser G. Subramanian, Ld. Counsel for the Indian Bank and Ld. Counsel for the Liquidator.

13. Ld. Counsel for the erstwhile Auction Purchaser submits that the erstwhile Liquidator issued the e-auction notice for land and building situated at 118/1, 2, 3, Sethurapatti Road, Fathima Nagar, Trichy admeasuring 5.04 acres together with built up structure and drying yard on 10.09.2020. The Auction Purchaser participated in the e-auction and was declared successful bidder on 25.09.2020. He paid a total consideration of Rs. 1,10,55,550/- against the reserve price of Rs. 1,06,55,550/-. He was issued sale certificate on 30.11.2020. On the same day, he was handed over possession of the property. He then filed an application seeking registration of the sale certificate while the Indian Bank filed an application for setting aside the auction without impleading him as party. This Tribunal vide common order on 02.06.2022 dismissed his application but allowed the application of Indian Bank setting aside the auction sale. He has preferred an appeal against the order before Hon'ble NCLAT which is pending. Ld.

Counsel submits that new Liquidator was appointed on 10.07.2023 who issued a fresh e-auction notice on 07.02.2024 on which he sent a notice to the Liquidator dated 09.02.2024 calling upon the Liquidator to withdraw. He also filed an application IA/636/2024 where the Tribunal vide an order dated 07.03.2024 directed that confirmation of e-auction would be subject to disposal of his application IA/636/2024. Since auction failed, his IA was closed.

14. Ld. Counsel submits that on the directions of the Tribunal, parties had a meeting to explore the possibility of settlement but parties could not reach to an amicable settlement. Ld. Counsel submits that the reliance placed by the Indian Bank on an old valuation report of 2019 is misconceived. In this case, the reserve price of the property was progressively and substantially reduced across each successive e-auction notice from Rs. 5.46 Crores in the 1st Auction to Rs. 1.06 Crore in the 11th auction in which he participated. At no stage, did the Indian Bank question or challenge the reserve price fixed or valuation adopted or nature of sale. The Bank is thus estopped from relying upon a 2019 valuation report. The Bank having acquiesced to the auction notices and never objected to the reserve price or the building valuation at the

relevant time cannot approbate and reprobate. Ld. Counsel submits that the Applicant has been deprived of his property and his money, for five years and he is entitled to restitution of the amount together with interest. Ld. Counsel submits that the Applicant is a bonafide Purchaser. He participated in the auction in good faith, placed his bid and deposited hard earned money. Reliance is placed on the case of *Delhi Development Authority Vs. Corporation Bank, 2025 INSC 1161* and *Govind Kumar Sharma Vs. Bank of Baroda, 2024 SCC Online SC 559*. He submits that once a sale is set aside, the auction purchaser who has paid the consideration and fulfilled his part of contract is entitled for refund of amount with reasonable interest.

15. Ld. Counsel submits that the claim of damages by the Indian Bank is untenable. The auction was conducted on 'as is where is' basis and the sale certificate was unconditional. No evidence has been placed to substantiate the alleged damages.
16. Ld. Counsel for the Indian Bank referred the dates and events given in the written synopsis filed vide Sr. No. 4987 dated 21.11.2025 and submitted that in the present case, the liquidation order was passed on 14.06.2019. The e-auction sale notice was published on 23.09.2020. The

e-auction was cancelled on 24.09.2020. Another auction was conducted on 25.09.2020. The bid of the Applicant was for Rs. 1,10,55,550/-. The Indian Bank immediately sent an email on 28.09.2020 not to issue the final sale certificate but the erstwhile Liquidator issued the sale confirmation on 30.11.2020. The Bank returned the cheques sent by the Liquidator. On 31.12.2020, the Bank filed an application IA/796/2021 for setting aside the auction sale which was allowed by the Tribunal on 02.06.2022. Against the order, the Applicant has preferred an appeal.

17. Ld. Counsel submits that the Tribunal appointed a new Liquidator on 10.07.2023. During the visits with the Bank official on 27.07.2023, 06.01.2024 and 31.03.2024, he noticed that major portion of the building was demolished by the Applicant. On 12.07.2024, he filed a Contempt application 15 / 2024 seeking compensation of Rs. 2.94 Crores towards demolition / damage of the building. He submits that e-auction notice was issued for the sale of the property fixing the reserve price as Rs. 5.93 Crores. On 25.11.2024, the erstwhile Auction Purchaser / Applicant handed over the possession pursuant to the order in the Contempt application. Ld. Counsel submits that the sale certificate has been issued to the Successful Purchaser who purchased the property for Rs.

6,38,00,000/-. Ld. Counsel submits that subsequent sale relates to 9.70 acres though the earlier sale was only for 5.04 acres. Property 2 and 3 were sold under the SARFAESI Act, while Property 1 was sold under IBC. Ld. Counsel submits that the building worth Rs. 2.94 Crores has been demolished by the Applicant. Had the building been non-demolished, the sale would have fetched more value.

18. Ld. Counsel for the Liquidator also argued on the lines of the Indian Bank. He submitted that it was resolved by the Committee to conduct joint e-auction. Some of the properties were in the name of Personal Guarantors which were mortgaged with the Indian Bank under the SARFAESI Act. The land admeasuring 5.04 acres and building thereon formed part of the liquidation estate of the Corporate Debtor. The constructed area of the building was 62,170 sq. ft. with 11227 sq.ft. drying yard. The liquidation valuation of the land is Rs. 1.26 Crores and that of the building is Rs. 2.94 Crores. He submitted that the Applicant has demolished the building which is to be compensated.

Analysis and Findings

19. We have considered the submissions and perused the record.

20. In the instant case, the liquidation order against the Corporate Debtor was passed on 14.06.2019. Before the e-auction, valuation of the land and building was conducted. The land comprises of 5.04 acres on which there was a construction of building on an area of 62,170 sq.ft. besides 11227 sq.ft. drying yard. The liquidation value of the land was assessed as Rs. 1.26 Crores while the liquidation value of the building was assessed as Rs. 2,93,90,855/-. As many as 10 auctions were conducted, but no bidder came. The impugned auction was conducted on 25.09.2020 and the Applicant emerged as the successful Bidder. He paid the sale consideration of Rs. 1,10,55,550/- and was issued sale certificate on 30.11.2020 by the erstwhile Liquidator.
21. It is relevant to note that when the reserve price was fixed, none of the member of the SCC or the Indian Bank raised objection as to the fixation of the reserve price. Although, the Indian Bank sent a mail to the Liquidator on 28.09.2020 calling upon the Liquidator not to issue the final sale certificate but since the Liquidator had conducted the process (rightly or wrongly), he issued the possession letter on 30.11.2020 confirming the sale. It is true that the Bank filed an application IA/796/2021 for setting aside the auction sale but before 02.06.2022,

there was no order from the Tribunal as to maintaining 'status quo'. Admittedly, the sale was set aside by an order dated 02.06.2022 but the Applicant has preferred an appeal before Hon'ble NCLAT which is pending.

22. We find force in the contention of the Applicant that after paying the sale consideration and taking over the possession, he was free to deal with the property in any manner as he likes, being the absolute owner of the property. In this case, the auction purchaser purchased the property in open auction. He neither breached the covenant nor failed in diligence. He purchased the property on 'as is where is' basis. In the order dated 02.06.2022, the Tribunal has observed malafides on the conduct of the Liquidator in conducting two auctions on 23.09.2020 and 25.09.2020, but has not made any comments on the valuation of the property or the reserve price.
23. After appointment of the new Liquidator, the Liquidator included the land of the Promoter Directors which were mortgaged with the Indian Bank on which the Bank initiated the SARFAESI action. As per the fresh auction, the property sold to the new purchaser i.e. Avenue Realty on 24.12.2024 comprises of Property 1 (Corporate Debtor's land and

building) 5.04 acres, Property 2 i.e. vacant land admeasuring 2.00 acre and Property 3 admeasuring 2.66 acres, total 9.70 acres, but in the auction conducted earlier in which Applicant was the successful purchaser, the property comprised of land admeasuring 5.04 acre with building thereon.

24. Be that as it may, since the Applicant purchased the land and building of the Corporate Debtor in auction, paid the auction amount and got the possession, he became the absolute owner. He thus could demolish the building in the manner he liked. Indian Bank or the Liquidator did not have any right to raise any objection to the said act before the sale having been set aside. There is no evidence to show that the Applicant realized any income from the demolition of the building. It is true that before the auction, the valuation of the building was got done and the value was reported as Rs. 2.94 Crore but it carries no significance since the successful bidder / Applicant was free to take any action in respect of the assets absolutely held by him. That being the position, he being the purchaser in the auction sale cannot be saddled to pay compensation or damages towards the demolition of the building.

25. In this case, the subsequent auction was conducted in a lawful manner by the new Liquidator after the earlier auction was set aside. We are of the view that the Applicant is not entitled to any relief as prayed in the application IA/2383/2024 seeking declaration that the e-auction sale notice dated 18.11.2024 of the total area of 9.7 acres of land and building at S.Nos. 118/1, 118/2, 118/3 & 118/4 and 60/21D Sethurapatti Road, Fathima Nagar, Srirangam Taluk, Trichy- 620 012 issued by the Respondent Liquidator as void and for setting-aside the e-auction sale notice dated 18.11.2024 of the total area of 9.7 acres of land and building at S.Nos. 118/1, 118/2, 118/3 & 118/4 and 60/21D Sethurapatti Road, Fathima Nagar, Srirangam Taluk, Trichy 620 012 issued by the Liquidator.
26. The application IA/2383/2024 is accordingly **dismissed** with liberty to the Applicant to claim refund.
27. As regards prayer of the Indian Bank in IA/1977/2025, we are of the view that the alleged demolition was conducted in a lawful manner after purchase of the property in auction which sale certificate was subsisting till it was set aside on 02.06.2022, so no direction can be issued to the Applicant (Respondent No. 1 in IA/1977/2025) to pay Rs.

2.94 Crores towards the value of the building which was demolished, as prayed for.

28. The application IA/1977/2025 filed by Indian Bank is also **dismissed**.

29. In terms of the above order, both the applications are **disposed of**.

Sd/-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

Sd/-

SANJIV JAIN
MEMBER (JUDICIAL)