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When Screenshots Aren’t Enough: NCLAT Slams Bid-Rigging Allegation in Atlas Alloy Liquidation Auction

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A midnight email screaming “collusion”, a father pacing inside the liquidator’s office, and a rival bid that popped up 27 seconds before the virtual hammer fell, those dramatic ingredients made Company Appeal (AT)(Ins.) No. 30 of 2024 the most watched e-auction fight of the year. When the gavel finally came down on 2 September 2025, the National Company Law Appellate Tribunal (NCLAT, Principal Bench) used the 42-page judgment to deliver a sober message: in insolvency proceedings, suspicion is not evidence and screenshots are no substitute for hard data. The case, reported as Jai Agarwal v. Satyendra Prasad Khorania & Ors., began with a young bidder from Udaipur who believed he had the Beawar plot sewn up, travelled to Jaipur to “ensure formalities”, and still lost by ?25,000. His ensuing charge of bid-rigging travelled from the NCLT Jaipur Bench to the Rajasthan High Court and finally to the NCLAT, where every allegation (bribery, last-minute insertion of a straw bidder, even technical sabotage) was dissected threadbare.

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The Corporate Debtor and the Road to Liquidation

M/s Atlas Alloy (India) Private Limited, a non-ferrous metal manufacturer in Rajasthan’s industrial pocket of Beawar, slipped into liquidation after Punjab National Bank’s Section 7 application under the Insolvency and Bankruptcy Code, 2016 (IBC) hit the buffers of non-resolution. The National Company Law Tribunal, Jaipur Bench, appointed chartered-accountant Satyendra Prasad Khorania as liquidator and mandated sale of the company’s only meaningful asset: 2,990 sq m of land plus a shed at Plot Nos. G-78, G-79 and part of G-80, Industrial Area, Beawar. A public notice dated 11 August 2023 fixed 6 September 2023 for an e-auction on the government-mandated portal ncltauction.auctiontiger.net, with a start-price of ?1.56 crore and a bid increment of ?25,000.

The Players Who Locked Horns

Jai Agarwal, a 28-year-old trader from Fatehnagar, Udaipur, fancied the plot for expansion. He registered on 29 August, deposited the earnest-money deposit (EMD) of ?15.6 lakh on 4 September and logged in from his laptop at 12:54 p.m. on auction day. His father Manoj Agarwal, less tech-savvy, reached the liquidator’s Jaipur office hoping for “hand-holding”. On the same EMD deadline, a sole-proprietorship firm from Ajmer Road, M/s Novelty Textiles, also wired ?15.6 lakh through RTGS in the name of its proprietor Abdul Khalid. Those two deposits, mirror images in the corporate debtor’s Kotak Mahindra bank statement, would decide the fate of the auction.

The Day of the Digital Duel

Bidding opened at noon. Agarwal’s first click landed ?1.56 crore; he later nudged it to ?1.56,30,000. For almost three hours the dashboard showed him as the lone participant. Then, at 2:59:07 p.m., Novelty Textiles punched in ?1.56,55,000. The system instantly pushed Agarwal to “Rank 2” and flashed the next valid figure: ?1.56,80,000. With 27 seconds left Agarwal typed ?1.56,30,000, already below the minimum, and the portal rejected it. The clock struck 3 p.m.; the server did not auto-extend because the last bid was not placed in the final five-minute window; Novelty was declared H1. Within 24 hours it paid the balance 25 %, and by 17 October the sale deed was registered in the sub-registrar’s office, Beawar.

The Cry of Foul and the NCLT Hearing

Stung by the turnaround, Jai Agarwal fired off an email on 8 September alleging “manipulation and collusion”. The liquidator replied tersely that the process was algorithm-driven. Unsatisfied, Agarwal filed IA No. 522/JPR/2023 under Section 60(5) of IBC

praying for quashing of the auction, declaration of his own bid as successful, or a fresh auction. After a single hearing on 22 September the Jaipur Bench, vide order dated 6 October 2023, dismissed the plea, holding that the portal had given equal opportunity and the petitioner "failed to revise his bid within time". A hurried writ petition before the Rajasthan High Court was withdrawn in favour of the present statutory appeal under Section 61 of IBC, lodged on 30 October 2023.

The Appeal Before NCLAT: Broadsheets and Byte-Logs

From the outset the appellate tribunal had two piles before it: Agarwal's colourful screenshots versus the portal's raw audit logs and bank statements. Counsel for the appellant, Mr Avin Chhangani, framed four broad charges: (i) Novelty was a "last-minute straw man" inserted by the liquidator; (ii) allowing Manoj Agarwal to sit inside the liquidator's office breached confidentiality; (iii) the liquidator had demanded a bribe through intermediaries; and (iv) the appellant was "technically blocked" from raising his offer, defeating the IBC mandate of value maximisation. Respondents countered with granular data: time-stamped RTGS entries, server logs showing Agarwal's own laptop active from 12:54 p.m. to 3:06 p.m., and screen-captures where Agarwal, despite knowing the next valid bid, repeatedly entered the already surpassed figure of ?1.56,30,000. Mr Naresh Sejvani, for the liquidator, labelled the suit a "photograph-for-fabrication" exercise. Mr Ankit Raj, appearing for Novelty Textiles, emphasised post-auction investments (machinery installed, workers on payroll) and warned against unsettling a concluded sale.

Legal Prism: What the Code and Regulations Demand

Regulation 33 of the IBBI (Liquidation Process) Regulations, 2016 commands a liquidator to conduct the sale "in a transparent manner" and "maximise value". Regulation 34 allows e-auctions, provided the platform is secure and the process time-bound. Section 60(5) clothes the NCLT with jurisdiction to intervene where fraud or material irregularity is shown; Section 61 grants appellate review. Citing Swiss Ribbons v. Union of India and Sundaresh Bhatt v. Arihant Threads, both sides agreed that while the tribunal must guard the purity of the liquidation pipeline, every litigant must allege fraud with particularity and prove it to the hilt.

Findings on the Four Charges

On the "last-minute bidder" claim the Bench matched the Kotak statement entry of 4 September (?15,60,500 credited from Abdul Khalid) with the portal's acknowledgement of Novelty's user-ID created the same evening. The allegation was held "factually incorrect". On presence in the liquidator's office, the judges noted that login credentials never left Agarwal's laptop; his father's physical location did not amount to proxy bidding or confidentiality breach. The bribery plea failed for want of even a whisper to IBBI or an FIR. Finally, the "denial of opportunity" argument collapsed under the tribunal's examination of screenshots: at 2:59:34 p.m. Agarwal saw exactly what he had to bid (?1.56,80,000) yet typed a lower, invalid figure and spent the remaining seconds taking screen-grabs. The auto-extension feature would have kicked in had he placed a qualifying bid; his inaction, not collusion, sank his chances.

The Gavel Comes Down

Recording that "fraud must be distinctly alleged and strictly proved", the NCLAT held the e-auction of 6 September 2023 "fair, transparent and compliant with law". It found the NCLT's 6 October order "reasoned and free from perversity" and dismissed the appeal, refusing to unsettle a sale deed already registered and backed by full payment. No costs were awarded, the court noting that the fight, though misguided, was not mala fide litigation of the punitive-cost variety.

Jai Agarwal walked away with a costly lesson: in the algorithmic age, a bidder armed only with screen-shots cannot bulldoze bank statements, IP logs and time-stamps. The Atlas Alloy ruling fortifies the IBC's auction architecture, reminding stakeholders that value maximisation is achieved by vigilant but fair participation, not by post-facto narratives woven in the shadow of the clock ticking down to zero. For liquidators it is a reaffirmation that transparency documented in real-time is the best shield; for courts it is a template for balancing the integrity of the liquidation marketplace against the human urge to cry foul when the hammer falls on someone else.

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