

105

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

**IA(IBC)/115/CHE/2022 IN MA/824/2019 IN
CP/1215/IB/2018**

*(Filed under Section 54(1) of the Insolvency and Bankruptcy Code,
2016 r/w Regulation 45 of IBBI (Liquidation Process) Regulations,
2016 and Rule 11 of NCLT Rules, 2016)*

*In the matter of **GB RAJA TOP WEAVING PRIVATE LIMITED***

Mr.M.Suresh Kumar,

Liquidator of GB Raja Top Weaving Pvt Ltd
SPP& Co, Chartered Accountants,
No.27/9, Nivedh Vikas, Pankaja Mill Road,
Piuliyakulam, Coimbatore – 641 045

... Applicant

*Order Pronounced on **15th February 2023***

CORAM:

**JUSTICE RAMALINGAM SUDHAKAR, Hon'ble PRESIDENT
SAMEER KAKAR, MEMBER (TECHNICAL)**

For Applicant : A.G.Sathyanarayana, Advocate

ORDER

Per: SAMEER KAKAR, MEMBER (TECHNICAL)

This IA(IBC)/115/CHE/2022 has been filed by the Applicant under Section 54(1) of the Insolvency and Bankruptcy Code (IBC), 2016 r/w Regulation 45 of Insolvency and Bankruptcy Board of India, (Liquidation Process) Regulations, 2016 and Rule 11 of National Company Law Tribunal Rules, 2016 seeking relief as follows;

- a. *To pass an order dissolving G B Raja Top Weaving Private Limited in Liquidation ("Corporate Debtor"); or*
- b. *To pass such orders or further orders as this Tribunal may deem to be fit and proper in the facts and circumstances of the case and thus render justice.*

2. It is averred in the Application that this Tribunal vide order dated 25.01.2019 had ordered commencement of CIRP of the Corporate Debtor, viz, G B Raja Top Weaving Private Limited filed by an Operational Creditor namely GHCL Limited and one Mr. C.Ramasubramaniam was appointed as the Interim Resolution Professional (IRP) and thereafter the Applicant herein namely Mr.Mahalingam Suresh Kumar was appointed as the Resolution Professional by the order of this Tribunal dated 28.05.2019.

3. It is further averred in the Application that G B Raja Top weaving Private Limited (hereinafter the "Corporate Debtor") was ordered for Liquidation by this Tribunal in MA/824/2019 vide Order dated 29.08.2019 and Applicant herein was appointed as the Liquidator of the Company.

4. Pursuant to the order of Liquidation the Applicant had caused Public Announcement on 06.09.2019 by inviting claims from all the stakeholders. Further, the Applicant has also sent intimations about liquidation order of the CD to all the statutory authorities i.e. Regional Director, Southern Region (Ministry of

Corporate Affairs), Registrar of Companies, Income Tax Department, Employee Provident Fund Organization (EPFO), Employee State Insurance Corporation (ESIC) etc., on 19.09.2019.

5. It was further averred in the application that in response to the same, State Bank of India, Sole Financial Creditor has filed their claim apart from the claims received from the Operational Creditors. However, the applicant has verified the said claims and the same was intimated to the concerned stakeholders. In addition to this, the Applicant has filed the final list of stakeholders on 07.11.2019 as per Regulation 31 of the IBBI (Liquidation Process) Regulations, 2016 before this Tribunal.

6. It was further submitted by the Learned Counsel for the Applicant that the Liquidator had caused Public Announcement on 14.11.2019 in "Dinamani" and "The New Indian Express" whereby the final list of stakeholders filed with this Tribunal. Further, the Applicant had constituted the Stakeholders Consultation Committee (SCC) under Regulation 31A of the IBBI (Liquidation Process) Regulations, 206 and the nominees to represent in the SCC were registered and duly intimated to the respective stakeholders.



7. It was further averred in para 9 of the application that the Applicant has prepared the Preliminary Report pursuant to Regulation 13 of the IBBI (Liquidation Process) Regulations, 2016 on 07.11.2019 along with the Asset Memorandum dated 07.11.2019 pursuant to Regulation 5(1)(b) & 34 of the IBBI(Liquidation Process) Regulations, 2016 and the same is annexed at "Exhibit D & E" of the typed set of the Application.

8. It was further averred in the application that the Liquidator has prepared the detailed Asset Memorandum pursuant to Regulation 34 of the IBBI (Liquidation Process) Regulations, 2016, containing the following details:

- a) Asset Memorandum containing details of Assets along with the Liquidation values, proposed manner & intended mode of sale.
- b) Schedule 1 to 15 containing detailed breakup of each of the assets.

9. It was further averred in the application that the entire fixed assets of the company situated at 152/1, Avvaiyar Street, CST Colony, Veerappanchatram, Erode- 638004, are in the custody Liquidator (Possession taken during CIRP Period) and the Liquidator has made necessary security arrangements for safeguarding the property.



10. As per Regulation 41(1) of the IBBI (Liquidation Process) Regulations, the learned counsel for the applicant has opened a separate Liquidation account in the name of the CD with the State Bank of India, Pappanicken Palayam Branch on 30.09.2019 bearing the Current Account No.38807792497 having IFSC CODE: SBIN0070319.

11. On 30.04.2019, the valuers appointed by the erstwhile IRP for valuation during the CIRP Process was taken on record for the Liquidation Process, as there were no significant changes in the property or market scenario during that time. Based on the registered valuers report, the average liquidation value of the CD is arrived as Rs.1054.33 Lakhs.

12. The liquidator has conducted the 1st SCC meeting on 29.11.2019 to discuss about the 1st E-auction of the assets of the CD and the members were decided to proceed with the 1st E-auction of the assets of the CD in liquidation comprising of plant and machinery and Land and Building at the reserve price of Rs.1054.33 Lakhs (being the total Liquidation value of land and building and plant and machinery of the CD) and the Earnest Money Deposit ("EMD") was fixed as 10% of the Reserve Price.

13. The Liquidator has caused a Public Notice for 1 E-auction sale in "New Indian Express" in English daily and "Dinamani" in Tamil daily, Coimbatore Edition covers Erode on 04.12.2019.

14. The liquidator submits that an open-auction through E-auction Service provider- M/s e-Procurement Technologies Limited (Auction tiger) was conducted on 04.01.2020 but no successful bids were received although multiple parties showed interest in the asset.

15. Further it was averred in para 17 of the application that the 2nd SCC meeting was held on 30.01.2020 for discussion of 2nd E-auction notice for sale of assets of the CD. As the 1 E-auction was unsuccessful and based on the market feedback received it was decided by the SCC members to obtain approval from AA to sell the CD as a going concern either by filing petition of extension of 120 days in addition to 90 days as already provided in the Regulation 32A(4) or seeking exemption from timeline and to fix the reserve price by reducing 10% from the Liquidation value as Rs.950 Lakhs for Sale as going concern, Rs.948.95 Lakhs for Land and Building & Plant Machinery, Rs. 289.70 Lakhs and Rs.659.25 Lakhs for Plant & Machinery and Land & Building respectively and the EMD was fixed as 10% of the Reserve Price.

16. The Liquidator has caused a Public Notice for 2nd E-auction sale in "New Indian Express" in English daily and "Dinamani" in Tamil daily, Coimbatore Edition covering Erode district on 02.02.2020.

17. The liquidator submits that an open e-auction through E-auction Service provider- M/s e-Procurement Technologies Limited (Auction tiger) was conducted on 17.02.2020 and the assets of the CD was sold to the successful bidder M/s. Seyyon Hitech Fabs Private Limited for Rs. 953.95 Lakhs. Accordingly, the successful bidder made payment of 25% of the sale consideration as per the tender terms and balance 75% payment was received in the month of December, 2020 along with delay interest @ 12% for 7 days excluding the Covid-19 Lockdown period and along with GST]. Thereafter, the Liquidator has issued the GST Invoice & Sale Certificate dated 14.12.2020 to M/s. Seyyon Hitech Fabs Private Limited for Sale of the entire movable and immovable assets of the CD.

18. Subsequent to the aforesaid liquidation sale, the liquidator has filed the Asset Sale Report along with the 6 progress report before this Tribunal on 06.01.2021.

19. The Liquidator further submits that as per Section 53 of the Code, the entire CIRP costs and the Liquidation costs was to be paid as first priority. Accordingly, the sale proceeds were duly distributed in accordance with the provisions of the code. The entire proceeds were distributed from the Liquidator Account

 opened by the Liquidator and the details given below:-

a) **CIRP & Liquidation Cost:**

Rs.1,46,20,356/ was paid as first Priority

b) **Part settlement to State Bank of India (Financial Creditor)**

Rs 8,61,80,113/- was distributed as per Sec 53(1)(b) (1)

20. Subsequent to the above, the Liquidator has also registered the said immovable property in favour of the Successful Bidder with the SRO, Perundurai on 16.07.2021.

21. In the meanwhile, an Application in IA/319/CHE/2021 in CP/1215/IB/2018 was filed under Regulation 44 and 47A of the IBBI(Liquidation Process) Regulations, 2016 before this AA seeking for Exclusion and Extension of Liquidation period and this AA was pleased to allow the said application on 05.10.2021 by extending the liquidation period upto 05.04.2022.

22. The Liquidator submits that as it could be seen from the foregoing paragraphs that the CD could not be revived and was liquidated thereby the assets of the company were realized through E-auction and the sale proceeds were distributed in accordance with the provisions of the code. Simultaneously, the liquidator has also filed the reports and complied the provisions of the code.

23. It was further submitted by the Learned Counsel for the Applicant that the applicant had filed the progress reports time to time in compliance with Regulation 15 of the IBBI (Liquidation Process) Regulations, 2016 at the end of every quarter about the progress of the liquidation process. The dates at which progress report is tabulated hereunder:

S.No	Particulars	For Quarter	Filed on
1	1 st Progress report	July 2019 – Sep 2019	21.10.2019
2	2 nd Progress report	Oct 2019 – Dec 2019	10.01.2020
3	3 rd Progress report	Jan 2020 – Mar 2020	29.06.2020
4	4 th Progress report	Apr 2020 – Jun 2020	25.08.2020
5	5 th Progress report	July 2020 – Sep 2020	26.10.2020
6	6 th Progress report	Oct 2020 – Dec 2020	06.01.2021
7	7 th Progress report	Jan 2021 – Mar 2021	15.04.2021
8	8 th Progress report	Apr 2021 – Jun 2021	14.07.2021
9	9 th Progress report	Jul 2021 – Sep 2021	14.10.2021
10	10 th Progress report	Oct 2021 – Dec 2021	05.01.2022

24. Since there was no unclaimed dividend, undistributed proceeds or income earned thereon, there was no necessity to open a 'Corporate Liquidation Account'. The Applicant had further not found any transactions that required any avoidance application. And also liquidator declares that no pending proceedings or litigations either against or behalf of the CD.

25. The Liquidator/Applicant has submitted request with bank for closure of the Liquidation bank account of the CD on 20.01.2022, as the sale has been completed and all the assets realized and distributed as per Section 53 of the Code. Further the Liquidation



account of the CD has been duly audited and submitted to Adjudicating Authority periodically (along with the progress reports).

26. It is also seen that the Liquidator has filed the final report with the IBBI and also with the respective Registrar of Companies, Coimbatore on 25.01.2022.

27. As per Regulation 45(3) of the IBBI (Liquidation Process) Regulations, 2016, the Compliance Certificate in Form H has been filed before this Tribunal.

28. It is also seen from Form-H that the Applicant / Liquidator has not filed any Application under Chapter III of IBC, 2016 which contains Sections 43, 45, 50 and also under Chapter VI which contains Section 66 of IBC, 2016. Under the said circumstances, the Applicant submitted that since there has been no activity and income and no assets left with the Corporate Debtor apart from the amount which was lying in the bank account which was also duly distributed to the stakeholders under Section 52 and 53 of IBC, 2016 after meeting the CIRP and liquidation cost and hence prayed that the orders may be passed for dissolution of the Corporate Debtor. Further in Form -H, the amounts distributed to stakeholders as per Section 52 and 53 of the code is reproduced hereunder:



(Amount in Rs. lakh)

Sl. No.	Stakeholders* under section 53 (1)	Amount Claimed	Amount Admitted	Amount Distributed	Amount Distributed to the Amount Claimed (%)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CIRP Costs	22.14	22.14	22.14	100%	
2	Liquidation Costs	-	124.06	124.06	100%	
3	Debts owed to Secured Creditor in the event such secured creditor has relinquished security in the manner setout in Section 52	12889.68	12889.68	861.80	6.7%	
4	Any Remaining Debts and dues	0	0	0	0	
Total (In Rs.)		12911.82	13035.88	1008.00	7.81%	



29. Heard the submissions made by the Learned Counsel for the Applicant. Section 54 of the IBC, 2016 provides as follows: -

Section 54

“(1) Where the assets of the corporate debtor have been completely liquidated, the liquidator shall make an application to the Adjudicating Authority for the dissolution of such corporate debtor.

(2) The Adjudicating Authority shall on application filed by the liquidator under sub-section (1) order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(3) A copy of an order under sub-section (2) shall within seven days from the date of such order, be forwarded to the authority with which the corporate debtor is registered.”



30. From the averments made in the Application along with the perusal of the final report and the Compliance Certificate filed in Form-H by the Applicant, it is seen that the Corporate Debtor has been completely liquidated and in the circumstances as averred and as prayed for by the Applicant that an order for dissolution is required to be passed by this Tribunal under Section 54 of the IBC, 2016. Accordingly, we hereby order for the dissolution of the Corporate Debtor viz., **GB Raja Top Weaving Private Limited** and the Liquidator is directed to forward a copy of this Order to the RoC concerned and also to the IBBI for its records within a period of 7 days from the date of this Order.

- Sd -

SAMEER KAKAR
MEMBER (TECHNICAL)

SriramAnanth.V

- Sd -

JUSTICE RAMALINGAM SUDHAKAR
PRESIDENT