

IN THE NATIONAL COMPANY LAW TRIBUNAL,
SPECIAL BENCH – II, CHENNAI

I.A (IBC) / 1346 (CHE) / 2022

In

M.A / 92/ 2019

In

C.P / 588 / (IB) / CB / 2018

(Filed under Section 54(1) of the Insolvency and Bankruptcy Code, 2016)

In the matter of **M/s. SRI CHANDRA MOULISHVAR SPINNING MILLS
PRIVATE LIMITED**

MUTHUIAH THEVAR RAJAPANDIAN,
Liquidator –
M/s. Sri Chandra Moulishvar Spinning Mills Private Limited,
(Reg. No. IBBI/IPA-003/IP-N00090/2017-18/10854)
3/158, Bharathiyar Street,
Indian Bank Colony, Narayanapuram,
Madurai, Tamil Nadu – 625 014

... Applicant / Petitioner

Order Pronounced on 13th October 2023

CORAM:

SHRI. SANJIV JAIN, MEMBER (JUDICIAL)

SHRI. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present: -

For Applicant : Mr. Arti Davea, Advocate

ORDER

Hearing Conoducted Through VC

Per: SANJIV JAIN, MEMBER (JUDICIAL)

The present Application has been filed under Section 54(1) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'Code') by the Liquidator seeking an order of dissolution M/s. Sri Chandra Moulishvar Spinning Mills Private Limited having CIN: U17111TZ2004PTC011356 and address at



Kulathupalayam, Veerapandi Post, Tirupur, Tamil Nadu, India – 641 605
(hereinafter referred to as 'Corporate Debtor').

2. It is stated that CIRP in respect of the Corporate Debtor was initiated on 07.06.2018 in CP/558/(IB)/CB/2018. Liquidation of the Corporate Debtor was ordered by this Tribunal vide order dated 04.02.2019 in MA/92/2019.

3. It is stated that pursuant to the Liquidation order, the Applicant made a public announcement on 13.02.2019 in the dailies 'The New Indian Express' (English) and 'Dinamani' (Tamil). The last date for submission of the claim before the Applicant was fixed on 06.03.2019.

4. It is stated that the Applicant had received 24 (twenty four only) claims. The details of the claims received and admitted are as follows:

M/S CHANDRA MOULISHVAR SPINNING MILLS PRIVATE LIMITED., (UNDER LIQUIDATION)

List of Stakeholders in pursuant to regulation 31(1) of IBBI (Liquidation Process) Regulations 2016

Sl.No	Amount of Claim Admitted RS.	Secured/ UnSecured	Details of Stake Holders - Name	Address of the stake holders	Admitted/Rejected/Partly Rejected Proof	Proof's Enclosed
1	335275000	Secured	Canara Bank	Canara Bank PAN: AAACC6106G TAN: CMBC056007 No. 166, T V Sany Road West, R S Puram, Coimbatore-541 002	Admitted	Yes
2	674000	Unsecured	Mahabir Prasad Surana	No.21/14, Shiruthi Apartment, Sayapatra Street, Rayapuram, Tirupur - 641 601	Admitted	Yes
3	816000	Unsecured	Rajkumar Surana	5/2, Rajballav Shah Lane, Howrah, Kolkata - 700 001, West Bengal	Admitted	Yes
4	1323410	Unsecured	Sweta Dharewa	2/22, Shalom Apartment, Ranganathapuram, 2nd Street, Rayapuram, Tirupur - 641 601	Admitted	Yes
5	674000	Unsecured	Anju Surana	21/14, Shiruthi Apartment, Sayapatra Street, Rayapuram, Tirupur - 641 601	Admitted	Yes



6	1224000	Unsecured	Bajrang Lal Surana	5/2, Rajballav Shah Lane, Howrah, Kolkata - 700 001, West Bengal	Admitted	Yes
7	740931	Unsecured	Jyoti Surana	21/14, Shiruthi Apartment, Sayapatra Street, Rayapuram, Tirupur - 641 601	Admitted	Yes
8	534400	Unsecured	Mukesh Surana	21/14, Shiruthi Apartment, Sayapatra Street, Rayapuram, Tirupur - 641 601	Admitted	Yes
9	1224000	Unsecured	Kamna Devi Surana	5/2, Rajballav Shah Lane, Howrah, Kolkata - 700 001, West Bengal	Admitted	Yes
10	412151	Unsecured	Rajkumar Bhandari	Balaji Enclave Flat No.103, 40(2), Soosaipuram, 1st Street, Saipatra Street, Rayapuram, Tirupur - 641 601.	Admitted	Yes
11	1471961	Unsecured	Shobhag Devi Bhandari	Balaji Enclave Flat No.103, 40(2), Soosaipuram, 1st Street, Saipatra Street, Rayapuram, Tirupur - 641 601.	Admitted	Yes
12	265389	Unsecured	Priti Bhandari	Balaji Enclave Flat No.103, 40(2), Soosaipuram, 1st Street, Saipatra Street, Rayapuram, Tirupur - 641 601.	Admitted	Yes

13	1667709	Unsecured	Alka Bhandari	Balaji Enclave Flat No.103, 40(2), Soosaipuram, 1st Street, Saipatra Street, Rayapuram, Tirupur - 641 601.	Admitted	Yes
14	552000	Unsecured	A. Devendran	27, Marsriammal Nagar, Chandrapuram, KNP Colony (PO), Tirupur - 641 608.	Admitted	Yes
15	4368000	Unsecured	C. Ranjith	Kadhirampatti Akaram, Tirupathur, Vellore - 635 653.	Admitted	Yes
16	4475000	Unsecured	G. Kaviya	17/8 Town Extn, 3rd Street, Tiruppur, T.C. Market, Tiruppur-641604	Admitted	Yes
17	34448858	Unsecured	Sri Kesar Traders	No.1,K.G.Layout, Kongu Main Road, Tirupur-641607	Admitted	Yes
18	3693000	Unsecured	B. Saraswathi	14, kalyanji milli road, Pollachi - 642 001	Admitted	Yes
19	4340000	Unsecured	P.Ramesh	No. 46/85, Dharmalingam street, near Nehru Kalyana mandapam, Pollachi, coimbatore - 641 605.	Admitted	Yes



20	1531640	Unsecured	Dinesh Saraogi	197C, Tamilnadu spinning mill compound, Anaipudur, Avinashi- 641 652.	Admitted	Yes
21	1670880	Unsecured	Meenakshi saraogi	197C, Tamilnadu spinning mill compound, Anaipudur, Avinashi- 641 652.	Admitted	Yes
22	2290000	Unsecured	B Indrani	3/1 R.V.E Layout, Velan Nagar, Thennampalayam, T.C Market, Tiruppur- 641604	Admitted	Yes
23	4687650	Unsecured	Shri Narayanan Traders	261, Dharmapuram Street, Rajapalayam 626117	Admitted	Yes
24	208897	Unsecured	Mahalingam Suresh Kumar	27/9, Nivedh Vikas.Pankaja Mill Road, Puliyankulam, Coimbatore 641045	Admitted	Yes

5. It is stated that the Canara Bank, the sole secured creditor who has not relinquished the security interest of the Corporate Debtor ^{has} have taken the entire realisation from the assets of the Corporate Debtor. Since ~~the~~ there is no asset or cash balance left with the Corporate Debtor, the Liquidator has not ^{opened} separate Bank Account for liquidation process.

6. It is stated that as per Regulation 13 of the Liquidation Regulation, the Preliminary Report was filed within 75 days from the Liquidation Commencement date on 20.04.2019. The date of appointment of the Registered Valuers for the purpose of valuating the assets of the Corporate Debtor was 17.10.2018. But subsequently, no valuation was carried out due to non-availability of the Corporate Debtor's Assets under the Liquidation Estate.

7. It is stated that the Secured Financial creditor Canara Bank, Asset Recovery Management Branch – Coimbatore has not relinquished the security interest over the Secured assets of the Corporate Debtor under liquidation process. Further it has obtained direction U/s. 52 of IBC, 2016 for realization of



the security by initiating proceedings under SARFAESI Act, 2002 from this Tribunal in MA/198/IB/2019 in CP/588/IB/2018.

8. It is submitted that the secured financial creditor Canara bank, Asset Recovery Management Branch, Coimbatore has informed the Liquidator that they have disposed all the securities owned under the name of M/s. Sri Chandramoulisvar Spining Mills Private Limited (Under Liquidation Process). The Secured Financial creditor has disposed the assets for following value tabulated below.

S.No	Asset Particular	Disposed Value in Rs.
1	Company's Factory Land and Building	771 Lakhs
2	Company's Plant and Machinery	435 Lakhs
3	Cotton Stocks	13.38 Lakhs
	Total Value Realised	1219.38 Lakhs

9. It is stated that the Corporate Debtor does not have any other asset or receivable to be realized and there are no pending applications before this Tribunal regarding PUFEE transactions.

10. It is stated that the Liquidation Process has been completed within the timelines as prescribed in regulation 47A of IBBI (Liquidation Process) Regulations, 2016. Details of the same are as under,

. The Liquidation Process has been conducted as per the timeline indicated in regulation 47 as under:

Section of the Code / Regulation No.	Description of Task	Timeline as per regulation 47	Actual Timeline
Section 33	Commencement of LCD and Appointment of Liquidator	T	T ON THE DATE ITSELF (DATE - 04.02.2019)

It is stated, that this Tribunal, vide order dated 12.09.2022 excluded the



COVID-19 lockdown period and extended the Liquidation Period till 24.08.2022.

11. It is stated that the Sole Secured Financial Creditor has paid IPR cost of around Rs.6,00,000 (Six Lakhs only). The Liquidator had filed an application seeking remaining pending payment of CIRP expenditure of Rs. 2,08,897.00, Liquidation expenditure of Rs. 4,01,061.00 and Liquidator fees of Rs. 7,08,000.00 before this Tribunal on 27.07.2022, bearing Case Diary No. 3305118015262022.

12. It is stated that on 12.09.2023, this Tribunal dismissed the above said application and gave the applicant liberty to recover the above claims from the other financial creditors as per the law.

13. Heard the submissions made by the Learned Counsel for the Applicant and perused the documents on record. 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.”

14. From the submission of the Applicant and the documents on record, it is seen that the total assets of the Corporate Debtor have been completely



disposed of by the sole Secured Financial creditor, the Canara Bank in process of realization of their debts under SARFAESI Act, 2002.

15. It could be seen from the Final report filed by the Liquidator dated 31.10.2022, that after Distribution, there is no asset with the Corporate Debtor and No cash Balance in the Liquidation Account.

16. In the final report and the Compliance Certificate filed in Form-H by the Applicant, the amount distributed is recorded as follows,


Sl. No	Stakeholders under Section 53 (1)	Amount Claimed	Amount Admitted	Amount Distributed	Amount Distributed to the Amount Claimed	Remarks
1	a: CIRP Costs	2,08,897	2,08,897			
2	a: Liquidation Costs	4,01,061	4,01,061			
3	(b)(i) Liquidators Fees	7,08,000	7,08,000			
4	(b)(ii)					
5	(c)					
6	(d)					
7	(e)					
8	(f)					
9	(g)					
10	(h)					
TOTAL		13,17,958/-	13,17,958/-			

*If there are sub-categories in a category, please add rows for each sub-category.

In, the order dated 12.09.2023 in IA/1345(CHE)/2022 in MA/92/2019, this Tribunal also rejected the plea of the applicant claiming CIRP expenditure, liquidation cost and the fee of the Liquidator. Extract of the same is reproduced below:

"In the instant application, the Applicant has claimed balance CIRP expenditure of Rs.2,08,897.00/-, Liquidator fees of Rs.7,08,000.00/- and liquidation expenses of Rs.4,01,061.00/-.

It is seen from the the proceedings that the Respondent has already paid Rs.6.00 Lakh towards the CIRP and liquidation costs. It is not the case of the Applicant that the Respondent is the sole Financial Creditor of the Corporate Debtor. There are other Creditors. There is nothing to indicate what efforts the Applicant made to recover the CIRP and liquidation costs from the other financial creditors / stake holders. That being the position, the Respondent cannot be fully held



responsible to pay the CIRP and liquidation costs which as per law has to be shared by all the Financial Creditors in equal proportions.

Considering the above facts and circumstances, the Application filed by the Applicant qua directing the respondent / Canara Bank to pay the whole CIRP and Liquidation costs does not hold any merit. The Application is dismissed with liberty to the Applicant to recover the CIRP and liquidation costs from the other financial creditors as per law."

17. Since, the Corporate Debtor has been completely liquidated and no realizable asset is left with the Corporate Debtor, this Tribunal finds it reasonable to order for dissolution of the Corporate Debtor as per Section 54 of the Code.

18. Accordingly, we order the dissolution of the Corporate Debtor viz., M/s. SRI CHANDRA MOULISHVAR SPINNING MILLS PRIVATE LIMITED. The Liquidator is directed to forward a copy of this Order to the RoC concerned and also to the IBBI for its records and for updating the status of the Corporate Debtor on the 'MCA – Master data' within a period of 7 days from the date of this Order.

19. Accordingly, I.A (IBC) / 1346 (CHE) / 2022 in M.A / 92 / 2019 in C.P / 588 / (IB) / CB 2018 stands allowed and disposed of.

— Sd —

RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

— Sd —

SANJIV JAIN
MEMBER (JUDICIAL)

(Order Pronounced under Rule 151 of NCLT Rules 2016, by Hon'ble Technical Member Ravichandran Ramasamy on behalf of the Bench Comprising of Sanjiv Jain, Member (Judicial) and Ravichandran Ramasamy, Member (Technical))