

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH

IA(IBC)(DIS)/01/KOB/2025

In

CP(IBC)/54/KOB/2019

(Under Section 54 of the IBC, 2016)

In the matter of:

M/s. Auto Friction Components
India Private Limited

Memo of Parties:

Mr Raju Palanilkunnathil Kesavan
IBBI/IPA-001/IP-P00801/2017-
2018/11356
Liquidator of Auto Friction India
Private Limited

... Applicant

Order delivered on: 28.04.2025

Coram:

Smt. Madhu Sinha

Shri. Vinay Goel

Hon'ble Member (Technical)

Hon'ble Member (Judicial)

Appearances:

For the Applicant

: Mr Vinod P V, Advocate

Mr. Raju Palanikunnathil Kesavan,
Liquidator



ORDER

Per Coram:

1. The present application is filed by the Applicant/Liquidator under Section 54 of the IBC, 2016 for the following reliefs: -
 - a) for dissolution of the Corporate Debtor, Auto Friction Components India Private Limited under Section 54 of IBC, 2016, read with Regulation 45 of IBBI (Liquidation Process) Regulations, 2016.
 - b) Pass any other order(s) that this Hon'ble Adjudicating Authority may deem fit and proper in the facts and circumstances of the case.

The Brief facts of the case are as follows: -

2. The Corporate Debtor, Auto Friction Components India Private Limited, bearing CIN: U34300KL1972PTC002468, was admitted into the Corporate Insolvency Resolution Process by this Tribunal vide order dated 18.03.2020 in CP(IBC)/54/KOB/2019, pursuant to an application filed by the Financial Creditor, Kerala State Industrial Development Corporation (KSIDC), under Section 7 of IBC, 2016.
3. The Applicant herein was appointed as the Interim Resolution Professional by this Tribunal, and subsequently, upon recommendation of the CoC, was confirmed as the Resolution Professional.



4. The Corporate Debtor was a small-scale industrial unit engaged in the manufacture of brake linings for heavy commercial vehicles and passenger cars. However, due to continuous financial losses, the unit ceased all operations in the year 1983, merely five years after commencement.
5. In a bid to revive the company, KSIDC extended financial assistance by way of a term loan of Rs.40,80,000/- (Rupees Forty Lakhs and Eighty Thousand only), secured by a mortgage over land measuring 1 acre, which had been leased by the Corporate Debtor from the Government of Kerala.
6. Upon default in repayment of the said loan, KSIDC filed a winding-up petition before the Hon'ble High Court of Kerala in 2016. The matter was transferred to the NCLT, Chennai under Rule 5 of the Companies (Transfer of Pending Proceedings) Rules, 2016, and was renumbered as TCP/558/KER/IB/2018. Subsequently, the matter was transferred to this Tribunal and CIRP was admitted on 18.03.2020.
7. All notices issued in the CIRP proceedings were returned unserved, as the Corporate Debtor had been in a defunct state for over two decades. Owing to the prolonged dormancy of the Corporate Debtor and absence of any viable resolution proposal, the CoC recommended liquidation of the Corporate Debtor.
8. Consequently, this Tribunal vide order dated 05.02.2021 in IA(IBC)/25/KOB/2021 in CP(IB)/54/KOB/2019, ordered the liquidation of the Corporate Debtor and appointed CA Raju Palanilkunnathil Kesavan, the Applicant herein, as the Liquidator.



9. The Liquidator finalized the list of claims and constituted the Stakeholders' Consultation Committee. The admitted claims are as follows:

Sl. No	Creditor	Creditor	Claim Amount-Rs
1	Kerala State Industrial Development Corporation Ltd	Financial Creditor	21,57,82,570
2	Kerala State Electricity Board	Operational Creditor	45,75,916

3	Workmen/Employees	Operational Creditor	Nil
4	Dues to Govt		Nil
5	Other Creditors		Nil
Total			22,03,58,486

10. The Liquidator constituted the stakeholders committee as follows:

Creditor	Facility	Admitted Claim	Voting Share
KSIDC	Secured Loan	21,57,82, 570	97.92%
KSEB	Unsecured OC	45,75,916	2.08%
		22,03,58,486	100%

11. And submitted that the books of accounts of the Corporate Debtor were not traceable, given its non-operational status for more than 15 years. Based on available information, the only asset of the Corporate



Debtor as on the Liquidation Commencement Date was the land measuring 1 acre situated in the Industrial Estate, Pappanamcode, in Nemam Village, Trivandrum Taluk, Trivandrum District, comprising: a) 85.240 cents in Sy. No. 76/2, b) 5.750 cents in Sy. No. 77/1, and c) 9.010 cents in Sy. No. 77/2. The said land had been mortgaged by the Corporate Debtor in favour of KSIDC as security for the loan availed.

12. In accordance with the IBBI (Liquidation Process) Regulations, 2016, the Liquidator made a public announcement inviting claims on 05.02.2021, appointed registered valuers, constituted the Stakeholders' Consultation Committee, and submitted the Preliminary Report, Asset Memorandum, and Quarterly Progress Reports before this Tribunal.
13. As required under Regulation 41(1) of the Liquidation Regulations, 2016, the Liquidator opened a dedicated bank account in the name of "Auto Friction Components India Private Limited (In Liquidation)" with Dhanlaxmi Bank, Shanmugham Road, Ernakulam Branch, bearing Account No. 000205300025879.
14. The Liquidator intimated the commencement of liquidation and his appointment to the Registrar of Companies. However, the Company could not be marked under liquidation in the MCA records as it had already been classified as "Strike Off" for being defunct for over 15 years.
15. And submitted that no details regarding the Company's registration under the SGST/CGST or Income Tax authorities were available. Consequently, communications could not be sent to the respective tax



authorities. No claims were received from the said authorities in response to the public notice issued by the Liquidator.

16. The property of the Corporate Debtor was originally allotted by the Government of Kerala for industrial purposes. As per the terms of allotment, alienation of the said property is subject to the prior approval of the Government. The Director of Industries and Commerce, Government of Kerala, vide communication No. DIC/4559/2021-ID5 dated 19.02.2022, conveyed that specific permission of the State Government is required for the alienation of the said land and accordingly raised objections to the proposed sale. The matter was referred to the Principal Secretary, Industries (F) Department, Government of Kerala, for obtaining further directions, and the Liquidator was advised to keep further action in abeyance until such approval was granted.
17. In view of the pendency of permission from the Government of Kerala, the Liquidator approached this Tribunal seeking extensions of the liquidation period, which were granted as under:
- Extension till 06.08.2022 vide order dated 11.02.2022 in IA(IBC)/31/KOB/2022;
 - Extension till 06.02.2023 vide order dated 23.08.2022 in IA(IBC)/229/KOB/2022;
 - Extension till 06.08.2023 vide order dated 23.02.2023 in IA(IBC)/73/KOB/2023;
 - Extension till 06.02.2024 vide order dated 21.08.2023 in IA(IBC)/337/KOB/2023;



- e. Extension till 06.08.2024 vide order dated 08.02.2024 in IA(IBC)/65/KOB/2024;
- f. Final extension till 05.10.2024 vide order dated 06.08.2024 in IA(IBC)/341/KOB/2024, with a clear direction that no further extension shall be granted beyond 05.10.2024.
18. Thereafter, the Applicant received permission from the Government of Kerala on 05.01.2024 for the disposal of the property. Pursuant to this, the SCC, in its meeting held on 25.03.2024, resolved to initiate the sale of the industrial land through e-auction on an “as is where is”, “as is what is”, “whatever there is”, and “without recourse” basis, with a reserve price of Rs. 427.50 lakhs. The Liquidator, with the approval of the SCC, published the auction notice in the *Business Line* (All Kerala edition) and *Malayala Manorama* (Trivandrum edition) on 27.03.2024. The last date for submission of requisite forms for participation in the e-auction was fixed as 11.04.2024. However, no bids were received in response.
19. The SCC, in its meeting held on 19.04.2024, decided to re-tender the property with a 10% reduction in the reserve price. Accordingly, a fresh e-auction notice was issued on 21.04.2024 with a revised reserve price of Rs. 384.75 lakhs. However, this attempt also did not attract any bidders.
20. Subsequently, the SCC, in its meeting dated 14.05.2024, resolved to re-tender the property with a further reduction in reserve price. Accordingly, a third e-auction was conducted on 20.05.2024 with a reserve price of Rs. 346.28 lakhs. In response, the Applicant received EOIs from two prospective bidders. Ultimately, M/s. Ramachandran,



Trivandrum, submitted the Earnest Money Deposit and participated in the auction. The bidder quoted the reserve price of Rs. 346.28 lakhs and emerged successful. The Liquidator issued the Letter of Intent to the successful bidder on 25.06.2024, directing payment of the balance amount within 30 days. The bidder unconditionally accepted the same and remitted the entire bid amount of Rs. 346.28 lakhs on 23.07.2024.

21. The Liquidator did not receive any claim from operational creditors or other creditors, including shareholders. Further, the Corporate Debtor had no employees on its rolls as on the Insolvency Commencement Date. No claims were received from the Employees' Provident Fund Department, ESI Department, Income Tax Department, or GST authorities. And no litigation is pending against the Corporate Debtor.
22. The Liquidator has completed the distribution of the entire sale proceeds on 05.10.2024, well within the final extended period of liquidation. Post-distribution and closure of the liquidation bank account, the accounts relating to liquidation expenses were duly audited by M/s. JMD & Associates, Chartered Accountants.
23. After receiving the bid amount, the Liquidator distributed the proceeds among the stakeholders as follows:



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IA(IBC)(DIS)/1/KOB/2025 IN CP(IBC)/54/KOB/2019
In re M/s Auto Friction India Private Limited

	Particulars	Rs
	Receipts	
1.	Amount realization on sale of assets	3,46,28,000
	Total Receipts	3,46,28,000
	Payments	
2.	Estimated liquidation expenses excluding fees	5,02,927
3.	Liquidator fees including GST	11,42,830
4	Distribution to KSIDC (Secured FC)	3,29,82,243
	Total Payments	3,46,28,000
5	Closing Balance	Nil

24. The Liquidator has also prepared the final report in compliance with Regulation 45 of the IBBI (Liquidation Process) Regulations, 2016.
25. The Liquidator has closed the bank account maintained for the liquidation process, and a closure certificate issued by the bank on 06.11.2024.
26. And submitted that the Liquidator has liquidated all the assets of the Corporate Debtor and has complied with all the applicable provisions of the Insolvency and Bankruptcy Code, 2016 and the IBBI (Liquidation Process) Regulations, 2016. Accordingly, this application is filed seeking dissolution of the Corporate Debtor.
27. It is submitted that while the distribution of assets was completed within the last extended liquidation period, i.e., by 05.10.2024, certain post-distribution compliances, such as auditing of the Receipts and Payments Account and obtaining the bank account closure certificate, required additional time. Consequently, the present application for dissolution has been filed on 29.03.2025. This Tribunal vide order



dated 16.04.2025 in IA(IBC)/132/KOB/2025 condoned the 175 days delay in filing this application.

28. We have heard the counsel and perused the material on record. 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 no objection has been raised by any person to this application. At this juncture, it is relevant to point out 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.”

29. In the circumstances as averred and as prayed for by the Applicant, 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., **M/s Auto Friction India**



Private Limited from the date of this order and the Corporate Debtor stands **dissolved**.

30. Consequently, the Liquidator Mr Raju Palanilkunnathil Kesavan is discharged from his duties and responsibilities as the Liquidator of the Corporate Debtor.
31. The Liquidator and the Registry are directed to forward the 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.
32. The Liquidator shall preserve physical or electronic copy of the reports, registers, and books of account referred to in Regulations 45A of the IBBI (Liquidation Process) Regulations, 2016 for at least eight years after the dissolution of the Corporate Debtor, either with himself or with an information utility.
33. In terms of the above, IA(IBC)(DIS)/01/KOB/2025 stands allowed and disposed of.
34. File be consigned to records.

SD/-
MADHU SINHA
(MEMBER TECHNICAL)

SD/-
VINAY GOEL
(MEMBER JUDICIAL)

Signed on this the 28th day of April, 2025.

Krishna./LRA

Certified to be True Copy-

Deputy Registrar
National Company Law Tribunal
Kochi Bench

