**IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**
*[Through Physical hearing/ VC Mode (Hybrid)]*

**ITEM No.21**
**IA (Liq) PR 84/2026 in**
**C.P. (IB) No. 148/BB/2017**

**IN THE MATTER OF:**

Concentrix Daksh Services India Pvt. Ltd. ... Petitioner

Vs.

Le Ecosystem Technology India Pvt. Ltd. ... Respondent

**Petition under Section 9 of I&B Code, 2016**

**Order delivered on: 25.05.2026**

**CORAM:**

**SHRI SUNIL KUMAR AGGARWAL**
**HON'BLE MEMBER (JUDICIAL)**

**SHRI RADHAKRISHNA SREEPADA**
**HON'BLE MEMBER (TECHNICAL)**

**COUNSELS PRESENT:**

For the Liquidator : Ms. Aisiri Raj
For the Applicant : Ms. Arpita Yadav,
In IA No. 45 of 2025

**ORDER**

**IA.No.84/2026**

1. It is the 27th progress report of Liquidator of CD from Dec-2025 to March 2026. Apparently, no development has taken place during the period. **The report is taken on record and IA is accordingly disposed of.**
2. It is pointed out that IA.No.45/2025 seems to have been inadvertently not listed today. The said **IA is taken up today and has been allowed vide separate order**. Liquidator to complete with directions passed therein.
3. **List the C.P along with IA 03/2024, IA 163/2025, IA 1138/2025, IA (Liq) PR 30/2026, , for further consideration on 09.07.2026.**

**-Sd/-** **-Sd/-**

**RADHAKRISHNA SREEPADA** **SUNIL KUMAR AGGARWAL**
**MEMBER (TECHNICAL)** **MEMBER (JUDICIAL)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**
*(Exercising powers of Adjudicating Authority under*
*The Insolvency and Bankruptcy Code, 2016)*

**I.A. No. 45 of 2025** in **C.P. (IB) No. 148/BB/2017**
*(Application under section u/s. 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of National Company Law Tribunal Rules, 2016.)*

**IN THE MATTER OF:**

**Compal Electronics India Private Limited,**
Registered Office at: Flat no. 412A
Building No. 43, Chiranjiv Tower,
Nehru Place, New Delhi- 110019. ….Applicant

***Versus***

**Srikantiah Shivaswamy**
*Liquidator for Le Ecosystem Technology Private Limited*
Office: RF4, Santara Magan Place,
1 Doddamma Halli Hulimavu,
Bengaluru-560076. .. Respondent

**IN THE MAIN MATTER OF:**

**Concentrix Daksh Services India Pvt. Ltd**
DLF SEZ, Building No. 14, Tower-C
17th Floor. DLF Cyber City, Sector 25A,
DLF Phase-3, Gurgaon-122002 …Petitioner/ Operational Creditor

*Versus*

**Le Eco System Technology India Pvt. Ltd.**
Nos.205 & 206, 2nd Floor, Prestige
Meridian No.29, Mahatma Gandhi Road,
Bangalore-560001. … Corporate Debtor

**Order Delivered on: 25/05/2026**

**Coram:** 1. Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
2. Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

**Parties/Counsels Present:**

For the Applicant : Ms. Arpita Yadav,
For the Respondent : Shri Samjyor Lepcha

## ORDER

1. This Application has been filed on 09.01.2025 by Compal Electronics India Private Limited (hereinafter called as Applicant), with the following prayer:

   *"a. To remove the Respondent No. 1 from the position of Liquidator*
   *b. Issue necessary directions to the Liquidator remuneration in conformity with I & B Code coupled with the IBBI (Liquidation Process) Regulations 2016.*
   *c. Appoint a new liquidator to ensure fair and transparent liquidation of the Corporate Debtor.*
   *d. Pass such order as this Hon'ble Tribunal deems fit and proper in the facts and circumstances of the case."*

2. Brief facts pertaining to the Application are as follows:

   i. The Applicant is a stakeholder of *LE Eco System Technology India Pvt. Limited* (hereinafter referred to as the "Corporate Debtor"), presently under liquidation, and holds 76.32% voting share in the Stakeholders' Consultation Committee (SCC)**.** The admitted claim of the Applicant amounts to ₹37,80,64,248

   ii. The Corporate Insolvency Resolution Process (CIRP) was triggered vide order dated: 04.12.2018 and later upon failure of CIRP the Corporate Debtor was liquidated vide order dated: 28.06.2019 of this Tribunal. The Respondent was initially appointed as Interim Resolution Professional vide order dated 04.12.2018 in the CP (IB) 148/BB/2017 and subsequently appointment as Resolution Professional on 05.01.2019. The Respondent was later appointed as liquidator of the Corporate Debtor by this Tribunal vide order dated 28.06.2019.

   iii. It is the case of the Applicant that during CIRP and liquidation, serious differences arose between the Applicant and the Respondent regarding arbitrary functioning and fee-related issues. The Applicant further contends that the Respondent secured his appointment as the liquidator of the Corporate Debtor by allegedly suppressing the fact that his appointment was not approved by the Applicant, who holds a substantial majority stake.

iv. It is relevant to mention here that the Respondent in order to settle a score with the Applicant rejected the claim of the Applicant after the commencement of liquidation process; interestingly the claim of the Applicant was duly admitted during the course of CIRP. The Applicant then preferred an appeal against the rejection of claim by Respondent before this Tribunal pursuant to Section 42 of the Code. This Hon'ble Tribunal vide order dated 22.12.2020 allowed the said appeal and as a consequence thereof the claim of the Applicant was restored by the non-applicant.

v. The Respondent took the said order as a setback and in order to further frustrate the claim of the Applicant with malicious intent, moved an Application bearing IA NO.31/2021 pursuant to Section 43 of the Code, seeking inter-alia dismissal of the claim of the Applicant which was dismissed by this Tribunal vide order dated 28.03.2023 and no appeal was preferred by the Respondent against the aforesaid order of this Tribunal.

vi. The Respondent further continued his oppressive acts and even denied the Applicant a berth in the Stake holder Consultative Committee. The Applicant thereafter moved an application bearing IA No. 262/2021 inter alia prayed for inclusion of the Application in the Stake Holders Consultation Committee and to provide for access to the quarterly report those being filed by the Respondent before this Tribunal. The said Application was disposed of vide Order dated 21.06.2023 in view of confirmation by the Respondent conceding the inclusion of the Applicant in the Stake holders Consultation Committee.

vii. However, despite repeated requests, the Respondent has not furnished the progress reports, minutes of all SCC meetings except for the 17th meeting, quarterly reports except for the 17th Report, bank balance details, and the status of all pending cases. The failure to comply with the request of the

Applicant to provide for the quarterly reports and also to convene Stake holders Consultation Committee ("SCC") meeting in itself proves the malign motives of the Respondent.

viii. Respondent vide his email dated: 17.11.2023 shared a liquidation expense sheet. The sheet included vague and generic descriptions such as Costs of support services fee amounting to Rs. 6.6 lakh, Cost incurred for protecting assets amounting to Rs 14.03 lakh, and Miscellaneous costs amounting to Rs 3.62 lakh with an intent to hide the actual expenses using generic terms, possibly with the intention of exhausting Corporate Debtor's remaining funds.

ix. It is further submitted that the liquidation commenced on 28.06.2019 and even after more than five years, the process has not been concluded. The Corporate Debtor is stated to be a defunct company with no business operations, and the only substantial asset available is approximately ₹2.30 Crores lying in the liquidation account.

x. This Applicant preferred another Application bearing no. 757/2023 seeking direction to the Respondent by this Tribunal to convene the SCC meeting and to get the agenda considered by the members and this Tribunal vide order dated: 06.08.2024 directed the Respondent to convene the SCC meeting and to place the agenda proposed by the Applicant before the SCC for consideration but the Respondent once again acted in defiance of the aforesaid order dated: 06.08.2024 by denied placing the agenda of his removal in the SCC meeting

xi. The Respondent rather sought an opinion via google form seeking views on the proposal of the Applicant in manner that suits to make out his case i.e. clear intention not to vacate the office of liquidator on any terms. The Respondent acted in defiance of the aforesaid order dated: 06.08.2024 since there was no such direction by this Hon'ble Tribunal calling upon to seek opinion. The proposal of removal of the Respondent as the liquidator of the Corporate Debtor was either to be accepted or rejected by the SCC members.

xii. That none other than the Applicant responded to the said opinion. The Applicant too responded the opinion while clearly expressing dissent of the said acts and deeds of the Liquidator. The Respondent in his response have expressively mentioned that he is not liable to be removed and further also warned the SCC members that in case his removal is sought the SCC members will be under substantial liability qua his liquidation fee.

xiii. The Applicant alleges the following grounds for removal of the Liquidator:

- Respondent initiated multiple litigations without even consulting the feasibility of such litigation from stakeholders, resulting in extra-ordinary delays in the liquidation process and are contrary to the objective of the Insolvency and Bankruptcy Code, 2016.
- The Respondent failed to convene Stakeholders Consultation Committee (SCC) meetings at regular intervals as mandated under Regulation 31A of the IBBI (Liquidation Process) Regulations, 2016. It is important to mention here that till date only two SCC meetings have been called and convened by the Respondent on 07.11.2023 and 27.08.2024.
- The Respondent has failed to maintain transparency in key aspects of liquidation process and wilfully did not supply the information and quarterly reports those sought by the Applicant even after express directions of this Tribunal.
- The Respondent intends to exhaust the funds available in the liquidation estate of the Corporate Debtor under the garb of liquidation expenses and moreover further intent to arm twist the SCC members to secure his remuneration upon exhausting the funds those available in the bank account of the Corporate Debtor. The ill intention of the Respondent qua the fund available with the Corporate

Debtor are now ex-facie and as such the Applicant who holds substantial stake in the Corporate Debtor has lost trust and confidence in the Respondent.

xiv. That in view of the aforesaid fact and circumstances the Applicant who holds 76.32% stake in the SCC have lost complete trust and confidence onto the Respondent and have no other scope left except to approach this Tribunal to intervene and remove Respondent as the liquidator of the Corporate Debtor and replace with such competent liquidator from the panel of this Tribunal. Hence this application.

3. The Respondent vide memo dated 14.10.2025 has filed the following objections.

   i. **Reg. 31A of Liquidation Regulations is not applicable to the instant case: -** The Respondent submits that the instant Application filed by the Applicant is not maintainable because in the instant case, Liquidation of the Corporate Debtor was ordered on 28.06.2019 in IA 267/268/2019 but the said order was passed before the Regulation 31A was inserted in the Liquidations Regulations, 2016 vide notification dated 25.07.2019 and the IBBI vide its Circular No. IBBI/LIQ/02/2022 dated 06.05.2022 has clarified that Regulation 31A applies only to liquidations commencing on/after 25.07.2019. Thus, SCC has no powers for removal of the Respondent as the Liquidator of the Corporate Debtor

   ii. **Liquidator has conducted the Liquidation of the Corporate Debtor in compliance with all the Rules and Regulations and by maintaining full Transparency:** The Applicant has falsely contended that the Respondent is wilfully delaying the Liquidation process as the Corporate Debtor at the time of initiation of CIRP only had a sum of Rs. 4.90 Lakhs in its current bank account with over Rs. 75 Crores outstanding liabilities and the Respondent who was previously the RP therefore took steps and filed IA No. 644/ 2019 seeking recovery of monies due from the Income Tax Department owed to the Corporate Debtor and this Tribunal vide order dated 02.01.2020 directed the Commissioner of Income Tax, CPCI

Assessing Officer to release the refund of Rs.2,51,09,817 already determined on 16.03.2019 for AY 2017-18 Thereafter the said amount was deposited in the account of the Corporate Debtor on 01.06.2020 by the Income Tax Department and the records of the Corporate Debtor were taken into custody by the then RP/Respondent by paying off overdue rent, the process of auditing started in August 2020. The Respondent thereafter ordered audit of accounts for four years beside forensic examination of the transactions and if the applicant had cooperated during the CIRP and met their share of expenses, the Respondent could have completed 3 audits of the Corporate Debtor much earlier and the liquidation process of the Corporate Debtor could have been easily completed within 24 months Further, onset of the Covid-19 pandemic further delayed the process by two years. The Hon'ble Supreme Court in ***Suo Moto Writ Petition (Civil) No. 3 of 2020, In re: cognizance for extension of limitation*** has directed that period from 15.03.2020 till 28.02.2022 shall stand excluded for the purpose of limitation as may be prescribed under any general or special laws in respect of all judicial or quasi-judicial proceedings. Moreover, the Respondent has been diligently pursuing the liquidation process of the corporate debtor and the contention of the Applicant that the Respondent is allegedly seeking to enrich himself is false inasmuch as the Respondent has not drawn even one penny salary from the account during the liquidation process and even then Respondent has completed the humongous work of identifying all the assets in the books of the Corporate Debtor, conducting audit work in absence of any staff member familiar with the function of the Corporate Debtor and paucity of funds made it very challenging. The Respondent has taken appropriate measures to do audit in order to realize money due from Government departments them due to which Respondent is entitled to his share of the fee from the assets that would be realized in the future including a refund of claim from the GST Department.

iii. **Non Conduct of the Regular SCC meeting does not violate Liquidations Regulations, 2016 as on 28.06.2019: -** The Respondent submits that he is not mandated to hold SCC meeting once a month as Regulation 31A of the Liquidation Regulations, 2016 is not applicable in the present case and due to the fragile financial condition of the liquidation estate, it is not desirable to hold a meeting every month and SCC meeting cannot achieve anything tangible without the disposal of IAs and GST proceedings. It is further submitted that the Respondent has been diligently carrying out his duties for more than four years and the Respondent has held meeting of the SCC on 23.02.2021, 07.11.2023 and 27.08.2024. The minutes of the meeting dated 23.02.2021 was shared by the Respondent by e-mail dated 25.02.2021 and 15.03.2021 with the SCC members. The meeting on 23.02.2021 and 07.11.2023 has been attended by the Applicant.

iv. **Applicant and the Corporate Debtor are related parties:** The Respondent submits that the Corporate Debtor and the Applicant are related parties and the Applicant and Corporate Debtor have entered into preferential transactions which have resulted in placing the Applicant in a better position than the other creditors of the Corporate Debtor which is mentioned in I.A. No. 31 of 2021 and the Applicant in its reply to I.A. No. 31 of 2021 has admitted that there exists an inter-corporate relationship between the Applicant and the Corporate Debtor and from the reply filed by the Applicant in I.A. No. 31 of 2021 was not disposed on merits but on technical grounds, the following conclusions becomes evident:

A. Existence of a commercial consensus at the global level between the Corporate Debtor and the Applicant;

B. The Applicant established and invested in the manufacturing plant to cater exclusively to the requirements of the Corporate Debtor and the said manufacturing plant was closed after the closure of the business of the Corporate Debtor;

C. The goods were manufactured by the Applicant in advance and supplied as per prior forecasts; and

D. There is a flow of essential technical information to or from the Corporate Debtor and therefore, the Corporate Debtor is a related party under Section 5(24) of the Code.

v. **The Respondent has sought extension of the liquidation period on valid grounds mentioned in the respective interlocutory applications:** It is submitted that the Applicant has falsely contended that the Respondent continued to seek extension of the liquidation process by misleading this Tribunal as the grounds on which extension has been sought are clearly mentioned in the respective IAs and periodic extensions of the liquidation period have been granted by this Tribunal after due consideration of the respective IAs filed by the Respondent and the grounds mentioned therein.

4. The Applicant has filed Rejoinder on 02.06.2025 by stating as follows

A. It is specifically denied that the Applicant has opened any immaterial or frivolous litigation against the Respondent. It is further specifically denied that the Applicant was an accomplice of the Corporate Debtor for any misdeeds. The Respondent on his own whims and fancies and for his ulterior motives is attempting to portray a false and frivolous related party relationship between the CD and the Applicant. Same was also observed in IA 31/2021, wherein this Tribunal while rejecting the said IA even observed and made reference that the following reference in order dated: 28.03.2023 *"It is observed from the submission made by the Liquidator that the Liquidator is widely relying on the information spreading in the public domains and newspaper reports and not on documentary evidence".*

B. It was a surprise to know that the Respondent has made averments that he is still considering the claims that are not even submitted before him. It is relevant to mention here that the liquidation process commenced from 28.06.2019 and even after the expiry of liquidation period, it appears that the Respondent is still collating the claims completely in disregard of the provisions of the Code. The provision under Section 53 of the Code which concerns with the "waterfall mechanism" is a statutory provision and, therefore, needs no reply. It is specifically denied that the Applicant has not discharged its responsibility towards the speedy liquidation process.

C. It is specifically denied that there is collusion between the Applicant and ROLEX Logistics Private Limited. It is further specifically denied that the Advocate of the Applicant and ROLEX is same and as far as the e-mail dated 26.02.2025 is concerned, it is stated that the Advocate of the applicant engaged Mr. S. Narendra Kumar for professional help with respect to filing of the present application before this Tribunal on the basis of express and limited authority. As far as the e-mail dated 26.02.2025 is concerned the said mail was sent by Mr. S. Narendra Kumar in accordance to the authority given by the Counsel of the Applicant. The Respondent with a malicious objective attempted to mislead this Tribunal.

5. Heard Learned Counsels for the parties and carefully perused the material on record.

6. The Application has been moved by majority Stakeholders/ Operational Creditor for Replacement of the Liquidator on the ground of slackness, inefficiency, unitary actions, loss of confidence and breach of applicable Regulations etc. It is strongly alleged that the Respondent intends to exhaust funds in the Liquidation estate of the Corporate Debtor under garb of the Liquidation expenses and arm twist the SCC members for securing more funds after exhausting the funds available in the Bank account of the Corporate Debtor. Moreover, the Respondent is threatening the SCC members that in case he is removed they will be liable to pay a fee of Rs.2,00,000 per month from the Liquidation Commencement date till date of his replacement whereas the Respondent submits that Regulation 31A of the Liquidation Regulations, 2016 was inserted vide amendment dated 25.07.2019 and vide its Circular No. IBBI/LIQ/02/2022 dated 06.05.2022 it was clarified that Regulation 31A applies only to liquidations commencing on/after

25.07.2019. As the Liquidation of the Corporate Debtor was ordered prior thereto on 28.06.2019, the SCC cannot replace him under said Regulation.

7. This Authority had passed the following order on 04.03.2026: -

   *1.Ld Counsel representing the Liquidator is asked about the detailed statement of liquidation account to perceive the disbursement of liquidation proceeds to Creditors & other stakeholders.*
   *2. Ld Counsel took a pass-over till the Board is over to call for the necessary details in the meanwhile, but stated on the matter being recalled, that he could not contact the Liquidator in repeated attempts.*
   *3. Let the statement aforesaid be filed on 13.03.2026.*

8. The Respondent then filed a memo on 16.03.2026 stating that he has worked hard in getting TDS refund and as on 16.03.2026, an amount of **Rs.2,04,72,494/57** is lying in the liquidation account, which is not viable for distribution as a refund of service tax of **Rs.8,19,92,776/-** for FY 2015-16, 2016-17 and 2017-18 is pending from the GST/Service Tax Department and vide order dated 26.11.2025 passed in IA No. 33/2025, this Tribunal has directed the GST and Service Tax Department to process the refund within a period of four weeks but the said order has been challenged before the Hon'ble High Court of Karnataka in **W.P. No. 38272/2025** wherein vide order dated 18.12.2025 passed in IA No. 33/2025, the operation of order dated 26.11.2025 has been stayed. The distribution therefore, cannot be made at this stage as substantial refund of service tax is yet to be received in the liquidation account

9. In this entire background, the question is whether Liquidator of CD can be replaced when there is no specific provision in the Code and Regulation 31A of the IBBI Liquidation Process Regulations is not applicable having been brought into force subsequently. The legislature would not confer unguided and untrammelled authority without any supervision on a person appointed by Adjudicating Authority on the proposal of Committee of Creditors. If the contention of respondent were accepted that a liquidator cannot be removed in the absence of any provision in IBC, there would be uncontrolled empowerment qua the Corporate Debtor the exercise whereof may or may not be in the interest of the stakeholders, who will be rendered at the mercy of Liquidator. By any stretch of interpretation, the suggested proposition can never be the intention of law.

10. The fact that the clarification issued by IBBI makes the specific Regulation to operate prospectively, the question arises whether even the Adjudicating Authority remain moot spectator to all the vices and stoic defiance and rather confrontation by the Liquidator to majority SCC member?

11. Here it is apt to refer to the excerpts in judgement of the Hon'ble NCLAT in ***CA V. Venkata Sivakumar v. IDBI Bank Ltd. and Ors, (2022) ibclaw.in 1067***

*48. **Issue No. III - Whether the 'Adjudicating Authority' can remove the 'Liquidator'?***

*• To be able to understand Whether the adjudicating authority can remove a Liquidator, we need to understand where resides the power to remove the Liquidator.*

*• I & B Code, 2016 does not explicitly state the grounds for removing the liquidator. In the absence of specific provisions, we may resort to Section 33 & 34 of the I & B Code, 2016 and Section 276 of the Companies Act, 2013, which provides for the removal and replacement of liquidators on various grounds*
*Reference can be made to Section 16 of the General Clauses Act, 1897, which states as follows:*

> ***"16. Power to appoint to include power to suspend or dismiss.***
>
> *Where, by any Central Act or Regulation, a power to make any appointment is conferred, then, unless a different intention appears, the authority having for the time being power to make the appointment shall also have power to suspend or dismiss any person appointed whether by itself or any other authority in exercise of that power." [emphasis supplied]…………..*

*• This 'Appellate Tribunal' also notes that in recent judgement passed by Principal Bench, NCLAT vide order dated 13.10.2022 in Company Appeal (AT) (Ins.) No. 1234 of 2022 has held :*

> *"The Liquidator does not have any personal right to continue in the Liquidation Process and the reasons which have been noted in the order are sufficient to exercise even the inherent power by NCLT to replace the Liquidator. It is not a fit case to interfere in exercise of our Appellate Jurisdiction." [emphasis supplied]*

*• This clearly establishes that, no Liquidator, has any `personal rights', to continue in `Liquidation' and the 'Adjudicating Authority', can order for `Replacement' of the 'Liquidator', recording sufficient reasons, as per `Law'.*

*• Further, since the 'Adjudicating Authority', is vested with the power, to `appoint a Liquidator', under Section 33 and 34 of the I & B Code, 2016. It is by the virtue of the Section 16 of the General Clauses Act, 1897, that an 'Adjudicating Authority', who also, has the power, to remove the `Liquidator'.*

*• Combined reading of above Case Laws and Provisions along with Section 33 and Section 34 of the I & B Code, 2016, would make it clear that the 'Adjudicating Authority', which had the `powers', to appoint the 'Liquidator', will also have the*

*powers, to remove the 'Liquidator' for reasons, the 'Adjudicating Authority', may find fit, just, valid and proper.*

12. The Hon'ble Appellate Authority has outlined and reiterated the application of general law in respect of the removal of a Liquidator.

13. Further, there is no provision in IBC and obviously applicable Regulation providing ground (s) for the removal of liquidator. We may profitably take assistance of Section 276 of the Companies Act, 2013, quoted below in this behalf:

***276. Removal and replacement of liquidator***
*(1) The Tribunal may, on a reasonable cause being shown and for reasons to be recorded in writing, remove the provisional liquidator or the Company Liquidator, as the case may be, as liquidator of the company on any of the following grounds, namely:*
*(a) misconduct*
*(b) fraud or misfeasance;*
*(c) professional incompetence or failure to exercise due care and diligence in performance of the powers and functions;*
*(d) inability to act as provisional liquidator or as the case may be, Company Liquidator;*
*e) conflict of Interest or lack of independence during the term of his appointment that would justify removal.*
*(2) In the event of death, resignation or removal of the provisional liquidator or as the case may be, Company Liquidator, the Tribunal may transfer the work assigned to him or it to another Company Liquidator for reasons to be recorded in writing.*
*(3) Where the Tribunal is of the opinion that any liquidator is responsible for causing any loss or damage to the company due to fraud or misfeasance or failure to exercise due care and diligence in the performance of his or its powers and functions, the Tribunal may recover or cause to be recovered such loss or damage from the liquidator and pass such other orders as it may think fit.*
*(4) The Tribunal shall, before passing any order under this section, provide a reasonable opportunity of being heard to the provisional liquidator or, as the case may be, Company Liquidator*

14. The question now glaring is Whether the acts and conduct of the Respondent call for his removal from the position of Liquidator of CD.

15. The Respondent has stated the following in the memo filed on 16.03.2026

***Disbursement of liquidation proceeds not viable at this stage:***
*11. It is submitted that as against the total liabilities of approximately Rs. 61,09,00,000/-, the Liquidator received a total claim of Rs. 49,65,89,459/- from twenty-five claimants. Compal Electronics India Pvt. Ltd. filed a claim of Rs. 37,80,64,248/- accounting for 61 % of the claim.*
*12. As on date, an amount of Rs. 2,04,72,494.57/- is lying in the liquidation account, which is not viable for distribution as there is a refund of service tax of Rs. 8,19,92,776/- for FY 2015-16, 2016-17 and 2017-18 pending from the GST/ Service*

*Tax Department. By order dated 26.11.2025 passed in IA No. 33/ 2025, this Hon'ble Tribunal directed the GST/ Service Tax Department to process the refund within a period of four (4) weeks. However, the said order has been challenged before the Hon'ble High Court of Karnataka in W.P. No. 38272/2025. By order dated 18.12.2025, the Hon'ble High Court has directed stay of operation and effect of the order dated 26.11.2025 passed in IA No. 33/2025 including direction to process, sanction or credit any amount towards the Service Tax refund and all further proceedings pursuant thereto. Hence, for the said reasons, Rs. 8,19,92,776/- towards refund of service tax is yet to be received in the liquidation account.*

*13. In addition to the above, the Corporate Debtor through the following proceedings initiated by the liquidator is expecting further sums in the liquidation estate: **13.1** IA No. 99/ 2021 (re-numbered as IA No. 3/ 2024): Filed against the creditors of the Corporate Debtor, namely Le Corp, Hong Kong, Rolex Logistics Pvt. Ltd., and M/s Infinity Enterprise for carrying out wrongful and fraudulent trading and seeking direction to the said creditors to contribute a sum of Rs. 10,79,54,612/- and Rs. 22,48,15,010/- in the liquidation estate respectively. IA No. 3/2024 is pending adjudication. **13.2** O.S. No. 6988/ 2021: Filed before the Addl. City Civil and Sessions Judge, Bengaluru for recovery of Rs. 9,00,000/- together with interest amounting to Rs. 18,95,832/- along with future interest at 14% per annum. Decreed on 18.06.2025 with cost of Rs. 1,84,709/- in favour of the CD. Steps are being taken by the Liquidator to realize the said decretal amount.*

*14. Hence, an amount of Rs. 41,66,58,230/- is expected to be brought into the liquidation estate. Further, it is false to say that the Liquidator has prolonged and delayed the liquidation process. The Liquidator has acted in the best interest of the liquidation process to ensure asset maximization to ensure maximum recovery by the stakeholders including the fees of the Liquidator.*

16. Regulation 42 of the IBBI (Liquidation Process) Regulations, 2016 in the context provides (as on 28.06.2019) as follows:

***42. Distribution.***

*(1) Subject to the provisions of section 53, the liquidator shall not commence distribution before the list of stakeholders and the asset memorandum has been filed with the Adjudicating Authority.*

*(2) The liquidator shall distribute the proceeds from realization within Six months from the receipt of the amount to the stakeholders.*

*(3) The insolvency resolution process costs, if any, and the liquidation costs shall be deducted before such distribution is made.*

17. The Annexure A of the memo filed on 16.03.2026 showing the receipts and payment summary for period from April 2020 to March 2021 clearly states that as on 01.04.2020, Liquidation account had income tax refund Rs.2,10,00,000, Interest on income tax refund Rs.41,09,817 and Bank interest income Rs.10,517 totalling Rs.2,51,20,334. On testing the version of Liquidator on the yardstick of Regulation 42 (as applicable on 28.06.2019) he is found to be unreasonably and defiantly sitting on the liquidation account for as long as 6 years without

distributing a penny in the expectation of further additions probably to exhaust the Creditors whose claims have been admitted. He also could not have retained the entire collection to meet the liquidation costs including the expenses for pending litigation. After all the entire process is meant for resolving the debts of lenders in a time bound manner and cannot be at unilateral and personal fiefdom or whims of the Liquidator. The attitude of Liquidator reinforces the allegation of the Applicant that he is conducting the process as its proprietor under an impression that he is irreplaceable. The reason for non-distribution furnished by him are appalling, unfathomable and directly contrary to Regulation 42 of the Liquidation Regulations.

18. The Hon'ble NCLAT has recently held in ***Ramachandran Subramanian v. Anil Kohli and Ors. (2026) ibclaw.in 285 NCLAT*** that

> *52. The matter relating to removal of liquidator was examined by Chennai bench of this Tribunal in V. Venkata Sivakumar v. IDBI Bank Limited, in Company Appeal (AT) (Ins.) No. 269/decided on 20.12.2022.*
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>
> *"53. In this decision, the Appellate Tribunal* ***reaffirmed that a Liquidator does not possess any personal right to continue in the liquidation process and that the Adjudicating Authority is competent to replace a Liquidator if reasons exist which justify such action. The Tribunal further observed that where the Adjudicating Authority has recorded reasons and exercised even its inherent powers to ensure proper conduct of the liquidation process, appellate interference is unwarranted, unless the order is perverse or without jurisdiction****. The emphasis was that the office of Liquidator is functional and fiduciary in nature, and continuation depends upon the confidence of stakeholders and supervision of the Adjudicating Authority, not upon personal entitlement. In the present case, where repeated removal applications were filed, stakeholder dissatisfaction was recorded, and an overwhelming majority supported replacement, the principle laid down by this judgment squarely applies. It reinforces that once the Adjudicating - Authority, upon consideration of material on record, forms an opinion that replacement is necessary for smooth conduct of liquidation, such decision does not violate any personal right of the outgoing Liquidator and does not warrant appellate interference.*
>
> *54. These two judgments establish that the Liquidator's position is not proprietary, that he has no vested right to continue, and that replacement is legally sustainable. A Liquidator is appointed under the statutory scheme of the IBC. He acts as an officer of the process and performs fiduciary duties for the benefit of all stakeholders. He does not acquire any personal or vested right to continue in office. It is well settled that once the Adjudicating Authority, for reasons recorded, directs replacement of a Liquidator, he cannot claim continuation as a matter of right. Section 61 permits an appeal by a "person aggrieved." Removal from a statutory assignment, without affecting any independent civil or proprietary right, does not automatically create a vested entitlement to continue and such a person cannot be*

*treated as "person aggrieved" and would therefore have no locus to maintain an appeal before this tribunal merely on the ground of replacement."*

19. The laid proposition establishes that the Liquidator's position is not proprietary, and he has no vested right to continue and that his replacement is legally sustainable as the Liquidator does not acquire any personal or vested right to continue in office.

20. We have already referred to Section 16 of the ***General Clauses Act,1897*** as residuary provision to be utilised to replace a Liquidator working under parental supervision of this Authority. It would be exaggerated to assume that once appointed prior to amendment in Regulations, the liquidator has unfettered powers to discharge duties his own ways without taking the SCC on board and conducting its periodical meetings. We have seen that in the last 7 years of CD being into Liquidation not even 7 meetings of SCC have been convened. The liquidator may not be bound by the version of SCC so to say but he can't be expected to always run contrary to the wishes of SCC. Probably to tame these flaws in the existing regime, suitable amends have been proposed in the Amended IBC.

21. On the facts of this case being examined in the light of above discussion, the Respondent is found to be lacking in his approach and his actions fall under professional incompetence or failure to exercise due diligence in performance as a Liquidator. Therefore, the case deserves another dynamic Liquidator.

22. **Accordingly, I.A. 45/ 2025 is allowed with the following directions:**

a. Shri Chandan Yakkar Shanbhogue having IBBI Registration No. IBBI/IPA-001/IP-P-02251/2020-2021/13417, mobile no. 9945527675 Registered address 213, Shri Ganesh Prasad, 2nd Main Road, 1st Block, BEL Layout, Vidyaranyapura ,Near Peter England Showroom ,Bangalore ,Karnataka ,560097 email:chandanshanbhogue@gmail.com from the panel of Insolvency Professionals forwarded by the IBBI, is hereby appointed as the new Liquidator of the Corporate Debtor who **shall file his consent letter within a week** of receipt of a copy of this order.

b. The new Liquidator shall exercise the powers and perform duties as envisaged under Sections 35 to 50 and 52 to 54 of the Code read with the Liquidation Process Regulations and would be entitled to the fees as provided in Regulation 4(3) of the IBBI (Liquidation Process) Regulations, 2016.

c. The new Liquidator is directed to distribute the funds available in the Liquidation Account of the Corporate Debtor in accordance with Section 53 of the Code and Regulations made thereunder within two weeks of taking over the charge of CUL. The respondent is directed to handover the custody, control, management and charge of entire assets and records, data, details of Corporate Debtor to the new Liquidator immediately on his conveying consent for the assignment, against proper receipt. Necessary filings be done with IBBI & RoC.

d. The Fee of the Respondent/erstwhile Liquidator for the services rendered be paid as per Regulation 4(3) of the Liquidation Process Regulations, 2016 as on 28.06.2019 out of funds available in the Liquidation account of CD and he shall stand discharged in this case.

e. A copy of this order shall be communicated to both parties. The Learned Counsel for the Petitioner shall serve a copy of this order upon the incoming Liquidator forthwith. The Registry shall also forward a soft copy of this order to the incoming Liquidator.

**-Sd/-**

**RADHAKRISHNA SREEPADA**
**MEMBER (TECHNICAL)**

**-Sd/-**

**SUNIL KUMAR AGGARWAL**
**MEMBER (JUDICIAL)**