

**IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH  
COURT III**

**I.A. 1633 OF 2020**

Under Section 33 of Insolvency &  
Bankruptcy Code, 2016

Filed by

**Ms. Jovita Reema Mathias**

Resolution Professional of:

M/s Gran Electronics Private Limited  
Office at: 506, Inizio, Cardinal,  
Gracious Road, Chakala, Andheri (E),  
Mumbai 400099

...Applicant

In the matter of

**C.P. No. 4091 of 2019**

**Universal Digital Connect Limited**

171-C, 17<sup>th</sup> Floor, Mittal Court, C  
Wing, Nariman Point, Mumbai-  
400021

...Petitioner

versus

**Gran Electronics Private Limited**

171-C, 17<sup>th</sup> Floor, Mittal Court, C  
Wing, Nariman Point, Mumbai-  
400021

...Corporate Debtor

**Order delivered on: 12.02.2021**

**Coram:**

Hon'ble Shri H.V. Subba Rao, Member (Judicial)

Hon'ble Shri Shyam Babu Gautam, Member (Technical)

**Appearance:**

For the Resolution Professional: Adv. Amir Arsiwala

***Per: Shri H.V. Subba Rao, Member (Judicial)***

**ORDER**

1. It is an application filed by Resolution Professional, Ms. Jovita Reema Mathias seeking liquidation of Gran Electronics Private Limited (hereinafter referred as Corporate Debtor) under Section 33(1) read with Section 60 of the Insolvency and Bankruptcy Code, 2016 (hereinafter called as “the Code”), praying for following reliefs:
  - a. *Pass an order directing the Corporate Debtor to be liquidated in accordance with Chapter III in Part II of the Insolvency and Bankruptcy Code, 2016;*
  - b. *Appoint the Applicant as the liquidator to conduct the liquidation of the Corporate Debtor in accordance with Chapter III in Part II of the Insolvency and Bankruptcy Code, 2016;*
  - c. *Costs of this interlocutory application;*
  - d. *Any other order that this Hon’ble Tribunal may deem fit in the facts and circumstances of this case.*
  
2. The counsel for the Applicant submitted that this Tribunal vide an order dated 17.01.2020 in Company Petition No, 4091 of 2019 admitted the petition under Section 7 of the Code, filed by Universal Digital Connect Limited (hereinafter referred to as the “Financial Creditor”) and Corporate Insolvency Resolution Process (CIRP) was initiated against Gran Electronics Private Limited (hereinafter called as the “Corporate Debtor”). The applicant herein was appointed as the Interim Resolution Professional (IRP) of the Corporate Debtor by this Order. Upon her appointment, she published a public announcement dated 25.01.2020 inviting claims from all the creditors of the Corporate Debtor. The

Committee of Creditors (CoC) was formed comprising of two members viz. the Financial Creditor herein holding 70.21% votes and one Hindustan Oil Ventures Limited holding 29.79% of voting rights. The 1<sup>st</sup> meeting of the Committee of Creditors (CoC) was held on 22.02.2020. During this meeting, the IRP was confirmed to be the Resolution Professional (RP). In this meeting, the list of claims with respect to Operational Creditors was put forth. On taking possession of the Corporate Debtor, the CoC was apprised with the fact that the Corporate Debtor had closed all its operations since February, 2019. The Applicant had also informed the CoC that she has taken over the bank accounts, assets and the management of the Corporate Debtor, called for quotations for appointment of registered valuers and transactional auditors and submitted the expenses incurred by her during CIRP which amounted to Rs.4,76,008/-.

3. Further, due to the pandemic, the 2<sup>nd</sup> CoC meeting was held on 30.06.2020 on request of the Financial Creditor vide an email dated 23.06.2020. During this meeting, the RP/Applicant informed the members of the CoC that as per the Code, she was duty bound to look for opportunities for revival of the Corporate Debtor and to maintain it as a going concern through a Resolution Plan even though it could not be maintained as a going concern as it had stopped all the operations since February, 2019. However, the members of the CoC would require substantial amount of funds in order to revamp the existing facility into a new facility as the consumers are now looking for fully automatic washing machines against semi-automatic washing machines. Further, the Corporate Debtor was merely carrying out contract

manufacturing for VIL and has no reputation of its own nor did it have a successful brand name. further, due to the impact of Covid-19 pandemic on the economy, more and more customers were shifting to online shopping where huge discounts were received even on branded products. Therefore, even if the company was revived, there was a remote possibility that the Corporate Debtor would be able to face such a robust competition.

4. Also, the counsel stated that it is pertinent to note that VIL, who is the major consumer/client of the Corporate Debtor and that VIL along with its thirteen subsidiaries is also under CIRP. Further, owing to the growth of urbanization and technological advancements the fully automatic washing machines have higher chances of being sold in the next couple of years and now the sale of these automatic machines had surpassed the sales of semi-automatic washing machines in the past two years as per the Information Memorandum prepared by the Applicant. Because of the above, the applicant states that, the restructuring of the Corporate Debtor even though is economical but is definitely not feasible for the future and thus, liquidation is the only option available for the Corporate Debtor and also for the benefit of the creditors. Therefore, the CoC in this 2<sup>nd</sup> meeting decided to liquidate the Corporate Debtor with 100% voting share. The applicant herein was decided to be the liquidator of the Corporate Debtor by the CoC in this meeting itself and also decided that her fees shall be in accordance with the Regulation 4 of the IBBI (Liquidation Process) Regulations, 2016.

5. The Applicant further submitted that the estimated liquidation value of fixed assets of the Corporate Debtor is Rs.8,59,59,303/- and the total amount of claims admitted by the Applicant against the Corporate Debtor is Rs.13,20,90,326/-. This apart from the claim of IFCI Limited which is in the amount of Rs.191,09,39,984/- which could not be admitted because of the judgment of the Hon'ble National Company Law Appellate Tribunal (NCLAT) in the matter of Dr. Vishnu Kumar Agarwal v. Piramal Enterprises Limited [Company Appeal (AT)(Insolvency) No. 346 of 2018]. The claim of the Sales Tax Department was also not admitted as requisite documents supporting the claim of Rs. 77,08,69,644/- were not submitted. Further in the said meeting, a plan for the contribution of the liquidation costs was discussed, showcasing the estimated total value of the assets to the tune of Rs.190.08 Lakhs. Thereafter, the RP had informed the CoC that substantial funds in order to meet the said costs were available.

### **ORDER**

We have heard the Applicant and perused all the documents submitted by them. The reasons assigned in the application with respect to taking the decision of liquidation of the Corporate Debtor by the CoC appears to be genuine in the present market scenario and convincing. It is observed from the minutes of the 2<sup>nd</sup> CoC meeting that the CoC has, with 100% majority, decided to liquidate the Corporate Debtor and relying on the settled principle of law regarding the Commercial Wisdom of the CoC, we hereby allow this Miscellaneous Application bearing Number M.A. 1633 of 2020 with the following observations and directions:

- a. **Ms. Jovita Reema Mathias**, having Registration No. IBBI/IPA-002/IP-N000337/2017-2018/1094 and having office at: 506, Inizio, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400099, is hereby appointed as the Liquidator as provided under Section 34(1) of the Code.
- b. That the Liquidator for conduct of the liquidation proceedings would be entitled to the fees as provided in Regulation 4(2)(b) of the IBBI (Liquidation Process Regulations), 2016.
- c. The Liquidator appointed in this case to initiate liquidation process as envisaged under Chapter-III of the Code by following the liquidation process given in the Insolvency & Bankruptcy Board of India (Liquidation Process) Regulations, 2016.
- d. The Liquidator appointed under section 34(1) of the Code. Will have all powers of the board of directors, key managerial personnel and the partners of the Corporate Debtor, as the case may be, shall cease to have effect and shall be vested with the liquidator.
- e. That the Corporate Debtor to be liquidated in the manner as laid down in the Chapter by issuing Public Notice stating that the Corporate Debtor is in liquidation with a direction to the Liquidator to send this order to the ROC under which this Company has been registered.
- f. All the powers of the Board of Directors, key managerial persons, the partners of the Corporate Debtor hereafter ceased to exist. All these powers henceforth vest with the Liquidator.

- g. That the personnel of the Corporate Debtor are directed to extend all co-operation to the Liquidator as required by him in managing the liquidation process of the Corporate Debtor.
- h. That on having liquidation process initiated, subject to Section 52 of the Code, no suit or other legal proceeding shall be instituted by or against the Corporate Debtor save and except the liberty to the liquidator to institute suit or other legal proceeding on behalf of the Corporate Debtor with prior approval of this Adjudicating Authority.
- i. This liquidation order shall be deemed to be a notice of discharge to the officers, employees and workmen of the Corporate Debtor except to the extent of the business of the Corporate Debtor continued during the liquidation process by the Liquidator.

It is important here to note that there are other two Interlocutory Applications in this Company Petition bearing numbers I.A. 1608 of 2020 and I.A. 1205 of 2020, both filed by the RP (now liquidator). Both these IAs are hereby kept pending and listed on 18.03.2021 for hearing and the Liquidator is directed to pursue them before this Bench.

With the above directions, this application i.e. M.A. No. 1633 of 2020 is hereby allowed and disposed of.

Sd/-

**SHYAM BABU GAUTAM**  
**MEMBER (TECHNICAL)**

Sd/-

**H.V. SUBBA RAO**  
**MEMBER (JUDICIAL)**