



S.No.14

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
31-03-2023 AT 10:30 AM**

IA (IBC) 92/2021 & IA (IBC) 29/2023 in CP (IB) No. 171/9/HDB/2018
u/s. 9 of IBC, 2016

IN THE MATTER OF:

M/s. VST Weaves India Private Limited

...Operational Creditor

VS

M/s. Spads Textiles Ltd

...Corporate Debtor

C O R A M:-

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

ORDER

IA (IBC) 92/2021

Application is allowed.

IA (IBC) 29/2023

Orders in company petition pronounced, recorded vide separate sheets. In the result, this petition is allowed and the Corporate Debtor is hereby dissolved with effective from today.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH - I, HYDERABAD**

**I.A. No.29/2023 in
I.A. No.432/2018 in
C.P. (IB) No. 171/9/HDB/2018
Under Section 54(1) of the IB Code, 2016**

**In the matter of
M/S SPADS TEXTILES LIMITED**

S.Muthuraju,
Liquidator of M/s.Spads Textiles Limited,
No.3, Sundaram Brothers Layout,
Opposite to All India Radio, Trichy Road,
Ramanathapuram,
COIMBATORE – 641 045.

...Applicant/Liquidator

Date of Order: 31.03.2023

Coram:

Dr.Venkata Ramakrishna Badarinath Nandula, Hon'ble Member (Judicial)
Sri Charan Singh, Hon'ble Member (Technical)

Counsel present:

For the Applicant : Mr. A.G.Sathyannarayana, Advocate

Heard on : 02.02.2023



Per : Bench

ORDER

1. This application is filed, seeking for dissolution of the Corporate Debtor i.e. M/s SPADS TEXTILES LIMITED and to discharge the Liquidator from his duty as Liquidator.
2. The facts of the case briefly are as follows:
 - 2.1 The Corporate Insolvency Resolution Process was initiated by virtue of the Order dated 01.06.2018, an Interim Resolution Professional (IRP) was appointed who was later replaced by the Applicant as Resolution Professional (RP) by order dated 24.08.2018. Due to non-receipt of any Resolution Plan before the end of the CIRP period, an application for liquidation was filed and the same was allowed vide Order dated 22.08.2019 appointing the Applicant as Liquidator.
 - 2.2 The Applicant submits that he has issued public announcement on 26.09.2019 in “Dinamani” and “The New Indian Express”, inviting claims from all the stakeholders. In response to the same, only State Bank of India, Sole Financial Creditor had filed their claim apart from the claims received from the Operational Creditors. The same was verified and claim acceptance/rejection was intimated to the stakeholders and also final list of stakeholders was filed before this Adjudicating Authority on 26/09/2019.
 - 2.3 The applicant further submits that he has constituted the Stakeholders Consultation Committee (SCC) under Regulation 31A of the IBBI (Liquidation Process) Regulations, 2016, on 25/10/2019.



- 2.4 The intimation about liquidation order of the CD was sent to all the statutory authorities, i.e., Registrar of Companies, Regional Director, Southern Region (Ministry of Corporate Affairs), Income Tax, GST Department, Employee Provident Fund Organization (EPFO), Employees State Insurance (ESI) etc., on 26th August, 2019.
- 2.5 The Applicant complied with Regulation 13 of the IBBI (Liquidation Process) Regulations, 2016, by filing a detailed Preliminary Report and the same was filed before this Adjudicating Authority on 09.11.2019.
- 2.6 The Liquidator further prepared a detailed Asset Memorandum as required under Regulation 34 of the IBBI (Liquidation Process) Regulations, 2016. Further, the Liquidator in compliance with Regulation 5(1)(b) of the IBBI (Liquidation Process) Regulation 2016, submitted the Asset Memorandum prepared under Regulation 34, before this AA on 09.11.2019. It is also submitted by the Liquidator that the entire fixed assets of the company Factory premises situated at Ravikamapedu, Sher Mahammadpeta Village, Jaggaihpeta Mandal, Krishna District, Andhra Pradesh were in the custody of Liquidator (possession taken during CIRP period) and the Liquidator has made necessary security arrangements for safeguarding the property.
- 2.7 Further as per Regulation 41(1) of the IBBI (Liquidation Process) Regulations, a separate Liquidation Account in the name of the Corporate Debtor was opened by the Liquidator with the State Bank of India, Jaggayapeta ADB Branch in the name of the CD on 31.08.2019 bearing the Current Account No.38729223112 (IFSC Code SBIN0005378).
3. The Liquidator has filed the progress reports from time to time in compliance with Regulation 15 of the IBBI (Liquidation Process)



Regulations, 2016 at the end of every quarter (11 times) about the progress of the liquidation process.

4. The valuation report submitted by the Valuers appointed by the IRP on 10.09.2018 for assessing the Liquidation and Fair Value of the assets (Land & Building and Plant & Machineries) of the CD, during the CIRP Process was taken into account for the Liquidation process as well, as there were no significant changes in the property or market scenario during that time. According to the Valuation Report, the average liquidation value of the Corporate Debtor is computed as Rs.16,30,48,820/-.
5. Since the Liquidator failed to sell the assets of the Corporate Debtor after issuance of five E-auction notices, on the advise of the Financial Creditor, the liquidator went for re-valuation of the assets and accordingly, the valuation for Land and Building was revalued at Rs. 7,33,06,000/- and that of Plant and Machinery at Rs.4,75,00,,000/-.
6. Pursuant to e-auction notice dated 06.12.2020, the E-auction was held on 18.12.2020. The Liquidator had received two bids only for Plant and Machinery. M/s Veerakumar Textile Corporation who bid for an amount of Rs. 4,28,95,000/- as against the reserve price fixed at Rs. 4,27,95,000/- was declared as a Successful Bidder. Upon remitting the total sale consideration i.e. Rs. 4,28,95,000/- along with applicable GST amounting to Rs. 77,21,100/-, a certificate of sale of plant and machinery and an invoice for sale of machinery was issued to the Successful Bidder i.e. M/s Veerakumar Textile Corporation. Subsequently, the Asset Sale Report was filed by the Liquidator along with the 6th Progress Report on 11.01.2021.



7. Similarly, pursuant to 10th E-auction sale notice issued by the Liquidator on 04.03.2021 for sale of Land and Building, the Liquidator received two bids. M/s Kennington Industries Private Limited who submitted the bid for Rs. 6,09,40,200/- as against the Reserve Price of Rs.5,34,40,200/- was declared as the successful bidder.
8. Upon receipt of the payment of the total sale consideration amounting to of Rs.6,09,40,200/- (Rupees six crore and nine lakhs forty thousand and two hundred only) along with the interest on delay of the receipt of the payment Rs.8,39,150/- (Rupees eight lakhs thirty nine thousand one hundred and fifty only), a certificate for sale of the Land and Building was issued to M/s Kennington Industries Private Limited on 14.06.2021. Subsequent to the sale, the Liquidator has filed the Asset Sale Report along with the 7th Progress Report before this Adjudicating Authority on 07.04.2021.
9. It is further stated that, as per Section 53 of the Code, the sale proceeds were duly distributed in accordance with the provisions of the Code. The entire CIRP costs and the Liquidation Costs amounting to Rs. 12,04,400/- and Rs. 21,39,220/- respectively were paid on priority. An amount of Rs.22,32,730/- (Rupees twenty two lakhs and thirty two thousand seven hundred and thirty only) was paid as Liquidator Fees.
10. Further, as a partial distribution, a sum Rs.3,00,00,000/- (Rupees three crore only) was distributed to the sole Secured Financial Creditor – State Bank of India on 29.12.2020. Similarly, on 17.04.2021, a sum of Rs.2,80,00,000/- (Rupees Two crore eighty lakhs only) as partial distribution and Rs.4,20,75,674/- as Final distribution was paid to sole



Secured Financial Creditor – State Bank of India on 23.06.2021, in accordance with Section 53 of the IBC, 2016.

11. It is further stated by the Liquidator that the Corporate Debtor could not be revived and 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 with the provisions of the code.
12. The Applicant has closed the Liquidator bank account of the Corporate Debtor, since the sale has been completed and all the assets realized and distributed as per section 53 of the Code. Thus submitting, the Applicant prayed the Tribunal to pass orders of dissolution of the Corporate Debtor.
13. In the light of above facts and circumstances of the case, the only point that emerges for consideration of the Tribunal is

WHETHER THE CORPORATE DEBTOR CAN BE DISSOLVED?

14. We heard the Ld. Counsel for the Liquidator Shri A.G. Sathyanarayana and perused the record.
15. At the outset it may be stated that Section 54 of the IBC lays down the criteria for dissolution of the Corporate Debtor.

54-Dissolution of corporate debtor.

(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.

16. Regulation 45 of Insolvency & Bankruptcy Board of India (Liquidation Process) Regulations, 2016 reads as under:-

Regulation 45: Final report prior to dissolution.

(1) When the corporate debtor is liquidated, the liquidator shall make an account of the liquidation, showing how it has been conducted and how the corporate debtor's assets have been liquidated.

(2) If the liquidation cost exceeds the estimated liquidation cost provided in the Preliminary Report, the liquidator shall explain the reasons for the same.

(3) The liquidator shall submit an application along with the final report and the compliance certificate in form H to the Adjudicating Authority for – (a) closure of the liquidation process of the corporate debtor where the corporate debtor is sold as a going concern; or (b) for the dissolution of the corporate debtor, in cases not covered under clause (a).]

18. A perusal of the Compliance Report Form-H filed at page Nos. 65-71 by the Liquidator categorically discloses that the liquidation value of the assets of the Corporate Debtor is valued @ Rs. 12,08,56,000/- whereas, the amount realized from sale of liquidation asset is Rs.10,46,74,350/- and that the Corporate Debtor does not have any fixed assets. As seen from Form-H, the Liquidator has filed 10 Quarterly Progress Report and the Asset Sales Report to the Adjudicating Authority on 07.04.2021.

19. We are satisfied that the criteria laid down under law has been fully complied with. As such, the Corporate Debtor is liable to be dissolved. Hence, we hereby order dissolution of the Corporate Debtor as under:-



- 19.1 The Corporate Debtor/M/s SPADS TEXTILES LIMITED stands dissolved from the date of this Order, in terms of Section 54(1) of IBC, 2016, and the Liquidator stands relieved.
- 19.2. The Liquidator is directed to send the copy of this Order within 7 days from the date of pronouncement to the Registrar of Companies, Hyderabad.
- 19.3 Upon dissolution of the Corporate Debtor, the records of the Company which are in possession of the Liquidator, be handed over by the Liquidator to the IBBI.
- 19.4 The Registry is also directed to communicate this order to the Registrar of Companies, Hyderabad for updating the master data.
- 19.5. A copy of this order be also forwarded to the Insolvency & Bankruptcy Board of India, New Delhi.
- 19.6 In terms of the above, IA No. 29 of 2023 in IA No. 432/2018 filed by the Liquidator appointed for M/s Spads Textiles Limited (Corporate Debtor) for dissolution of the Company under Section 54 (1) of IBC, 2016 stands disposed of accordingly. Since the Corporate Debtor stood dissolved vide this order and no proceedings are now pending, therefore, the Registry is directed to consign the file to records.

SD/-

(Charan Singh)
MEMBER (TECHNICAL)

SD/-

(Dr. N.Venkata Ramakrishna Badarinath)
MEMBER (JUDICIAL)

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