



IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH – II, CHENNAI  
IA /IBC/ 1566 (CHE) / 2023

In  
IBA/1309/ 2019

*(Under Section 33(2) of Insolvency & Bankruptcy Code, 2016)*

**S. Kangayan,**

Liquidator of Sri Paranthaman Textiles Private Limited,  
IBBI/IPA-002/IP-N00866/2019-2020/12770,  
Plot No.81, 3<sup>rd</sup> Street, Phase I,  
Dollars Colony, Vengambakkam,  
Tambaram East, Chennai – 600127.

*... Applicant*

*In the matter of*

**Ram Raghav Spintex Private Limited**

**... Operational Creditor**

Versus

**Sri Paranthaman Textiles Private Limited**

**... Corporate Debtor**

*Order Pronounced on 5<sup>th</sup> February 2025*

**CORAM**

**JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)**  
**RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

Present:

*For Applicant* : B. Sarath Babu, Advocate

*For Suspended Director* : K. Jaganathan, Advocate

**ORDER**

**(Heard through Hybrid model hearing)**

1. IA/IBC /1566 (CHE)/2023 in IA (IBC)/1473 (CHE)/2022 in IBA/1309/2019 is an application filed under section 33 of the Insolvency & Bankruptcy code, 2016 (herein after termed as “the Code”) by *S. Kangayan, RP of Sri Paranthaman Textiles Private Limited*, the Corporate Debtor (hereinafter referred as “CD”) seeking following primary relief as follows,



*“a) Issue order to initiate liquidation of the corporate debtor M/s. Sri Paranthaman Textiles Private Limited under Section 33(2) of IBC,2016 and under Regulation Number 40D(1) & 40D(2) of IBBI Corporate Insolvency Resolution Process Regulation,2016.*

*b) To appoint Mr. S Kangayan, Insolvency professional registered with IBBI under registration number IBBI/IPA-002/IP-N00866/2019-2020/12770, a liquidator to the corporate debtor M/s. Sri Paranthaman Textiles Private Limited. ”*

2. Heard the applicant and perused the documents on record.
3. Sri Paranthaman Textiles Private Limited, the corporate debtor, was admitted to Corporate Insolvency Resolution Process, (hereinafter referred as “CIRP”) vide an order dated 13.02.2023 passed by this Adjudicating Authority. M. Raamaswamy, was appointed as the Interim Resolution Professional of the Corporate Debtor.
4. Form the Compliance certificate (Form H) attached with the application the dates and events subsequent to initiation of CIRP of the CD is as follows,

S. No	Date	Events
1.	13.02.2023	Commencement of CIRP
2.	22.02.2023	Public announcement in Financial Express – English and Makkal Kural - Tamil
3.	13.03.2023	Constitution of Committee of Creditors (CoC)
4.	18.03.2023	1 <sup>st</sup> CoC meeting where confirmation and continuance of IRP as Resolution Professional (RP) of the CD is approved
5.	23.03.2023	2 <sup>nd</sup> CoC meeting resolved for change of RP. CoC approved with 100% voting for Replacement of RP.
6.	28.07.2023	4 <sup>th</sup> CoC meeting which resolved recommendation of Liquidation of the CD without going through Expression of Interest (EoI) process.
7.	10.08.2023	Date of filing Liquidation application before this Adjudicating Authority

5. It is stated that the erstwhile IRP i.e., Mr. M. Ramaswamy has issued public announcement on 22.02.2023. In turn the erstwhile IRP had received various claims from financial creditors and operational creditors of the corporate debtor and after verifying the claims the IRP has constituted CoC with the following composition:



**ITEM NO. 6**

**COMMITTEE OF CREDITORS CONSTITUTED BY THE IRP**

The Chairman presented the report on constitution of Committee of Creditors formed and submitted by him with Hon'ble Adjudicating Authority, which is as under:-

Sl. No.	Name of the Creditors	Amount Claimed by the Creditors (Amount in Rs.)	Amount Admitted (Amount in Rs.)	% of Voting Right
1	Karur Vysya Bank	7,73,24,197	7,70,68,896	100.00
	Total	7,73,24,197	7,70,68,896	

Committee of Creditors took notice of the same.

6. It is submitted that during the 1<sup>st</sup> CoC meeting dated 18.03.2023, the CoC has unanimously approved that the Mr. M. Ramaswamy, erstwhile IRP to continue as RP. The relevant portion is extracted as follows:

**ITEM No. 9**

**CONTINUATION OF THE INTERIM RESOLUTION PROFESSIONAL**

It was resolved that since no RP is appointed in the meeting IRP will continue till the RP is appointed.

For The Karur Vysya Bank Ltd.

7. Further, it is submitted that during the 2<sup>nd</sup> CoC meeting dated 23.03.2023 the CoC has unanimously approved for replacement of the RP and appointed Mr. S Kangeyan as RP. The relevant portion is extracted as follows:

*"It was resolved that Insolvency Professional Mr. S Kangeyan, IBBI Reg No. IBBI//IPA-002/IP-N00866/2019-2020/12770 is appointed as resolution professional in place of IRP. The appointment of RP is approved with 100% voting..."*

8. It is submitted that during the 4<sup>th</sup> CoC meeting dated 28.07.2023, the CoC has decided to liquidate the Corporate Debtor and authorized the Applicant/ RP to file an application for liquidation of the CD. The relevant portion is extracted as follows:

**"Resolution No: 6**

*To consider and if found fit, to pass with or without modification the following resolution:*

**RESOLVED THAT** the Members of CoC hereby approve to initiate liquidation of M/s. Sri Paramanthaman Textiles Pvt Ltd, and file necessary petition with NCLT, Chennai".

9. It is stated as per the Resolution passed in the CoC meeting, CoC has recommended the applicant / RP to be appointed as the Liquidator in respect of the Corporate Debtor and thus applicant has sought for appointing himself as the Liquidator as per the code.

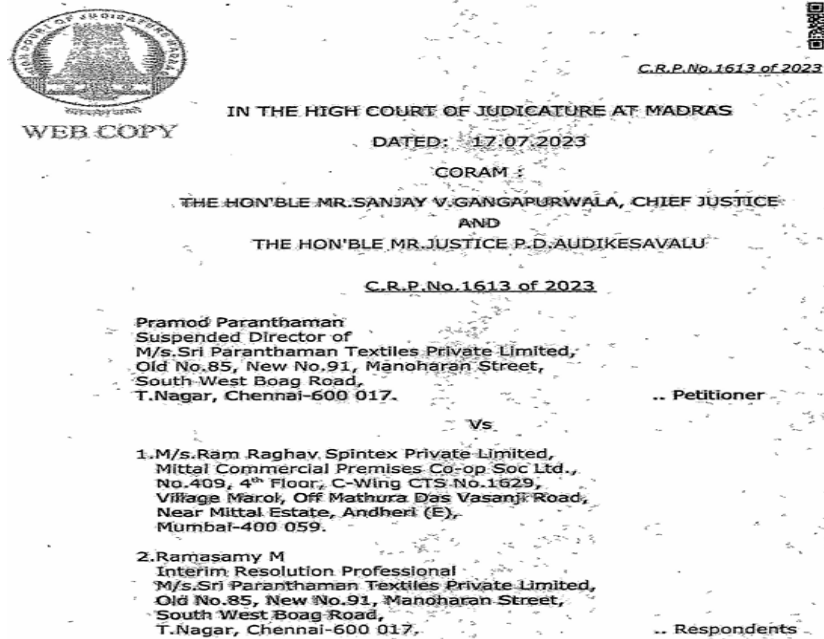


10. It is observed that the CoC found no prospects in continuing with the CIRP. Therefore the above resolution for Liquidation of the Corporate Debtor has been passed taking into consideration the interest of the Corporate Debtor and all other stakeholders concerned. Thus CoC directed the Resolution professional to file an application for Liquidation of the Corporate Debtor.

11. In furtherance, the Applicant has filed an application u/s 33 of IBC, 2016. The Applicant in this present cases stated that on 04.05.2023 Hon'ble High Court of Madras has granted stay for CIRP against Corporate Debtor. The Applicant further submitted that on 17.07.2023, the Hon'ble High Court of Madras has disposed off the writ petition filed by the promoter, thus the CIRP has resumed back.

12. Per Contra, the Counsel appeared on behalf of Suspended Director has submitted that certain proceedings are pending before NCLAT. This Tribunal vide order dated 29.05.2024 directed the parties to clarify the status of the proceedings which is pending before NCLAT.

13. The suspended director vide SR No: 2321 dated 10.06.2024 has submitted that Hon'ble High Court of Madras has granted liberty and to avail the alternative remedy and therefore he approached the Hon'ble NCLAT where the appeal is pending. The detailed order of Hon'ble High Court of Madras is extracted as follows:





Prayer: Petition filed under Article 227 of the Constitution of India against the order dated 20.04.2023 made in I.A.Diary No.33051180/0736/2023 in IBA/1309/2019 on the file of the National Company Law Tribunal, Division Bench-II, Chennai.

For the Petitioner : Mr.Anil Relwani  
For the Respondents : Mr.S.R.Raghunathan  
for M/s.K.V.Kartik Subramanian  
for respondent No.1  
: No appearance  
for respondent No.2

**ORDER**

(Order of the court was made by the Hon'ble Chief Justice)

We have heard Mr.Anil Relwani, learned counsel for the petitioner and Mr.S.R.Raghunathan, learned counsel for the first respondent.

2. Learned counsel for the first respondent submits that the petitioner has an alternate remedy before the appellate tribunal.

3. Though learned counsel for the petitioner contended that



C.R.P.No.1613 of 2023

this Court may entertain the civil revision petition, considering that the petitioner has an alternate remedy, we are not inclined to consider the civil revision petition on merits.

4. The civil revision petition is disposed of with liberty to the petitioner to avail the alternate remedy. In that event, all contentions are kept open. The petitioner may seek the benefit of Section 14 of the Limitation Act, 1963, as may be applicable. There will be no order as to costs. Consequently, C.M.P.No.10495 of 2023 is closed.

(S.V.G., CJ.) (P.D.A., J.)  
17.07.2023

Index : Yes/No  
Neutral Citation : Yes/No  
bbr

14. Upon perusal of the records, it is found that the suspended director did not place any records regarding the Hon'ble NCLAT Proceedings and hence, he failed to substantiate the submissions made by him.

15. Section 33 of the Insolvency and Bankruptcy Code, stipulates as follows,

**Section 33 (2)**

*"Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors approved by not less than sixty-six percent of the voting share to liquidate the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1)."*



16. It is seen from the resolution passed by CoC that the CoC has decided to liquidate the Corporate Debtor as a going concern as per Regulation 32A of IBBI (Liquidation Process) Regulation, 2016.

17. The Applicant/RP submitted FORM-H as per Regulation 39 (4) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. The same is placed in the typed set of papers filed with the application. The extracts of Form H is as follows,

**FORM H  
COMPLIANCE CERTIFICATE**

(Under Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016)

1. [S Kangayan], an insolvency professional enrolled with [ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS OF INDIA] and registered with the Board with registration number [IBBI/PA-002/IP-N00866/2019-2020/12770], am the resolution professional for the corporate insolvency resolution process (CIRP) of [SRI PARANTHAMAN TEXTILES PRIVATE LIMITED (CD)].

2. The details of the CIRP are as under:

Sl. No.	Particulars	Description
1	Name of the CD	Sri Paranthaman Textiles Private Limited
2	Date of Initiation of CIRP	13.02.2020
3	Date of Appointment of IRP	13.02.2023 – M Ramaswamy 09.05.2023 – S Kangayan
4	Date of Publication of Public Announcement	22.02.2023 [published by the erstwhile IRP M Ramaswamy]
5	Date of Constitution of CoC	13.03.2023
6	Date of First Meeting of CoC	18.03.2023
7	Date of Appointment of RP	09.05.2023
8	Date of Appointment of Registered Valuers	Not Applicable, since Liquidation was voted.
9	Date of Issue of Invitation for EoI	Not Applicable, since Liquidation was voted.
10	Date of Final List of Eligible Prospective Resolution Applicants	Not Applicable, since CoC has voted in favor initiating liquidation
11	Date of Invitation of Resolution Plan	Not Applicable, since CoC has voted in favor initiating liquidation
12	Last Date of Submission of Resolution Plan	Not Applicable, since CoC has voted in favor initiating liquidation
13	Date of Approval of Resolution Plan by CoC	Not Applicable, since CoC has voted in favor initiating liquidation
14	Date of Filing of Resolution Plan with Adjudicating Authority	Not Applicable, since CoC has voted in favor initiating liquidation
15	Date of Expiry of 180 days of CIRP	Not Applicable, since CoC has voted in favor initiating liquidation
16	Date of Order extending the period of CIRP	Not Applicable
17	Date of Expiry of Extended Period of CIRP	Not Applicable.
18	Fair Value	Not Applicable, valuation
		not done, liquidation petition filed
19	Liquidation value	Not Applicable, valuation not done, liquidation petition filed
20	Number of Meetings of CoC held	4 CoC Meetings held



18. From the Minutes of the 4<sup>th</sup> CoC meeting and resolution passed thereon, it is observed that the CoC has proposed Liquidator in this matter and the connected portion of the Resolution is extracted as follows,

*“RESOLVED THAT the Members of CoC hereby approve to appoint S.Kangayam (Reg No.IBBI//IPA-002/IP-N00866/2019-2020/12770) as Liquidator of M/s. Sri Paranthaman Textiles Private Limited and to fix the fee of the Liquidator, Rs.100000/- per month plus GST”*

19. It is noticed from the minutes that the CoC has recommended Mr. S. Kangayan (Applicant herein) to act as the Liquidator of the Corporate Debtor.

20. From the above submissions, considering the position of law and intention of the CoC, this Adjudicating Authority deems it fit to order Liquidation of the Corporate Debtor.

21. Accordingly, we order liquidation of the Corporate Debtor by appointing **Mr. S Kangayan** having Reg. No. **IBBI//IPA-002/IP-N00866/2019-2020/12770** email id: [kangayan.s@gmail.com](mailto:kangayan.s@gmail.com) with valid **AFA till 31.12.2025** as the Liquidator to carry out the liquidation process subject to the following terms/directions: -

a) *The Liquidator shall strictly act in accordance with the provisions of IBC, 2016 and the attendant Rules and Regulations including Insolvency and Bankruptcy (Liquidation Process) Regulations, 2017 as amended up to date enjoined upon him.*

b) *The Liquidator shall issue the public announcement that the Corporate Debtor is in liquidation. In relation to officers/ employees and workers of the Corporate Debtor, taking into consideration Section 33(7) of IBC, 2016, this order shall be deemed to be a notice of discharge.*

c) *The Liquidator shall investigate the financial affairs of the Corporate Debtor particularly, in relation to preferential transactions/ undervalued transactions and such other like transactions including fraudulent preferences and file a suitable application before this Adjudicating Authority.*

d) *The Registry is directed to communicate this order to the Registrar of Companies, Chennai and the Insolvency and Bankruptcy Board of India;*

e) *In terms of section 178 of the Income Tax Act, 1961, the Liquidator shall give necessary intimation to the Income Tax Department. In relation to other fiscal and regulatory authorities which govern the Corporate Debtor, the Liquidator shall also duly intimate about the order of liquidation.*



f) *The order of Moratorium passed under Section 14 of the Insolvency and Bankruptcy Code, 2016 shall cease to have its effect and a fresh Moratorium under Section 33(5) of the Insolvency and Bankruptcy Code shall commence.*

g) *The Liquidator is directed to proceed with the process of liquidation in a manner laid down in Chapter III of Part II of the Insolvency and Bankruptcy Code, 2016.*

h) *The Liquidator is directed to investigate the financial affairs of the Corporate Debtor in terms of the provisions of Section – 35(1) of IBC, 2016 read with relevant rules and regulations and also file its response for disposal of any pending Company Applications during the process of liquidation.*

i) *The Liquidator shall submit individual Preliminary report to this Tribunal within 75 (seventy-five) days from the liquidation commencement date as per Regulation 13 of the Insolvency and Bankruptcy (Liquidation Process) Regulations, 2016. Further such other or further reports as are required to be filed under the relevant Regulations, in addition, shall also be duly filed by him with this Adjudicating Authority.*

Copy of this order be sent to the financial creditors, Corporate Debtor and the Liquidator for taking necessary steps and for extending the necessary cooperation in relation to the Liquidation process of the Corporate Debtor.

22. With the above directions, **IA /IBC/ 1566 (CHE) / 2023 in IBA/1309/2019** stands allowed and disposed of.

**-Sd/-**

**RAVICHANDRAN RAMASAMY  
MEMBER (TECHNICAL)**

**-Sd/-**

**JYOTI KUMAR TRIPATHI  
MEMBER (JUDICIAL)**

*Sangeetha LRA*