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**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – I, CHENNAI**

IA/448(CHE)2021 in TCP/95/IB/2017

*(filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016
read with Regulation 44(2) and 47A of Insolvency and Bankruptcy Board
of India (Liquidation Process) Regulations, 2016)*

*In the matter of **M/s. Surana Industries Limited***

Ramakrishnan Sadasivan

Liquidator
of Surana Industries Limited
Old No.22, New No 28, Menod Street
Purasawalkam, Chennai,
Tamil Nadu- 600 007.

... Applicant/Liquidator.

Order Pronounced on 4th October 2021

CORAM :

R. SUCHARITHA, MEMBER (JUDICIAL)
ANIL KUMAR B, MEMBER (TECHNICAL)

For Applicant : J. Manivannan, Liquidator

ORDER

Per: R. SUCHARITHA, MEMBER (JUDICIAL)

Under adjudication is IA/448/CHE/2021 filed by the Liquidator under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Regulation 44(2) and 47A of Insolvency and Bankruptcy of India (Liquidation Process) Regulations, 2016, seeking relief as follows;

- a) To exclude the period of lockdown from 15.03.2020 to 14.03.2021 in view of the order passed by Hon'ble the supreme court and Hon'ble NCLAT (Supra) due to Covid-

19 outbreak and thereby extend the liquidation period of the Corporate Debtor for a further Period of 211 days (Period lost from 15.03.2020 to 12.10.2020 due to the said lockdown) with effect from 15.03.2021 to complete the Liquidation Proceeding.

b) To pass such other order/s as this Hon'ble Tribunal may deem fit and proper in the circumstances of the case.

2. The Learned Counsel for the Applicant submitted that this Tribunal vide order dated 12.10.2018 had ordered for Liquidation of the Corporate Debtor and appointed the Applicant herein as the Liquidator. Pursuant thereto, as per Regulation 12 of the IBBI (Liquidation Process) Regulations 2016, the Liquidator caused Public Announcement in Form – B calling upon the stakeholders to submit their claims as on the liquidation commencement date.

3. It was further submitted that the Corporate Debtor owns factories in two places, one in Chennai, Tamil Nadu and the other unit in Raichur, State of Karnataka and from the date of commencement of the Liquidation, total of 8 auctions were held for the assets in Raichur and publication for the ninth auction was made on 11.03.2021. Further, it was submitted that for the assets in Gummidipoondi, the sale of assets became unfeasible even after reducing the reserve price by the appropriate percentages from the reserve price of the failed auctions.



4. It was submitted by the Learned Liquidator that in consonance with Regulation 35 of IBBI (Liquidation Process) Regulations, the registered valuers were appointed for the category of assets and the 1st valuation report was received in the month of December 2018. Further, after expiration of a period of 6 months, valuation of assets was conducted and the 2nd Valuation Report was received in the month of August 2019.

5. Pursuant to the same, it was submitted that the Liquidator had taken best efforts to sell the assets of the Corporate Debtor and published EOI's to the said effect. It was submitted that owing to COVID lockdown, the prices were far lesser than the reserve price, owing to which the Liquidator was unable to sell the assets of the Corporate Debtor.

6. It was submitted that MA/360/IB/2018 and MA/826/2019/was filed by the Liquidator before this Tribunal for the recovery of fraudulent transactions and the said application is pending for disposal owing to the investigation carried out by Serious Fraud Investigation Office (SFIO). It was further submitted that in MA/114/2019 filed by the Liquidator, this Tribunal vide order dated 19.02.2020 directed one M/s. RKKR Steels Private Limited to pay the outstanding dues of

Rs.23,36,00,048/- to the Corporate Debtor and the appeal against the same is pending before the Hon'ble NCLAT in Company Appeal (AT) (Insolvency) No. 473 of 2020. Further, the Learned Counsel for the Liquidator submitted that the dues owned by the secured Financial Creditors is around Rs.2400 Crore (approx.), where the expected realization is from 5-10% of the outstanding dues and as on date, it was submitted that the following works are pending;

- i. Sale of the Entire Plant and Machinery, Raw Machinery, Consumables and Leased Land at Raichur (Integrated Steel Factory)- Estimated Value of Rs. 100 crores.
- ii. Cases Pending with the NCLT, NCLAT and the High Court including a Section 66 Application with the NCLT.

7. Under the said circumstances, the Learned Counsel for the Liquidator has prayed for exclusion of the lockdown period from 15.03.2020 to 12.10.2020 (*date on which 2 years liquidation period ended*).

8. Heard the submission made by the Learned Counsel for the Liquidator. From the submission made by the Learned Liquidator it is seen that the Liquidator is yet to complete the Liquidation process in relation to the Corporate Debtor and all the efforts to



sell the assets and realise the amount have failed. Further, due to the prevailing Covid – 19 pandemic and subsequent lock-down imposed by the Government of India and the State Governments, the Liquidator was unable to complete the Liquidation process of the Corporate Debtor within the time limit prescribed under the Code and in terms of Regulation 44 of the IBBI (Liquidation Process) Regulations, 2016.

9. It is to be noted here that the Regulation which was prevalent at the time of passing the Liquidation Order mandates the Liquidation process to be completed within a period of 2 years and as such the liquidation process in relation to the Corporate Debtor is required to be completed on or before 12.10.2020. However, the Liquidator not being in a position to complete the process and under the circumstances, the Liquidator has filed the present Application under Regulation 44(2) of IBBI (Liquidation Process) Regulations, 2016 (*amended upto 15.12.2016*) for continuation of the Liquidation period of the Corporate Debtor. In this context, it is relevant to refer to Regulation 44 of IBBI (Liquidation Process) Regulations, 2016 (*amended up to 15.12.2016*)

44. Completion of liquidation.

(1) The liquidator shall liquidate the corporate debtor within a period of two years.



(2) If the liquidator fails to liquidate the corporate debtor within two years, he shall make an application to the Adjudicating Authority to continue such liquidation, along with a report explaining why the liquidation has not been completed and specifying the additional time that shall be required for liquidation.

10. Regulation 44(2) of IBBI (Liquidation Process) Regulations, 2016, which was amended upto 15.12.2016, is taken into consideration for the facts of the present case and it contemplates that if the liquidator has failed to liquidate the Corporate Debtor within two years then he has to make an application to the Adjudicating Authority to continue such liquidation, along with a report explaining why the liquidation has not been completed specifying the additional time that shall be required for completion of the liquidation.

11. Thus, by taking into consideration all the facts mentioned above, this Authority feels that it is just and proper to extend the Liquidation period for a further period of **6 months** from the date of this order and accordingly, the Liquidation period of the Corporate Debtor (after exclusion of lockdown period) is extended till **01.04.2022**. Further, the Liquidator shall make every endeavour to complete the liquidation process within the extended period and not to seek any further extension. The Liquidator, in view of the extension granted as above, is directed to abide by the model timelines as prescribed by IBBI in Insolvency and



Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and thereby complete the process in all earnest and in accordance with the said Regulations including filing of reports as required, with this Tribunal. With the above said directions, IA/448/CHE/2021 stands **allowed**.

-sd-
(ANIL KUMAR B)
MEMBER (TECHNICAL)

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(R. SUCHARITHA)
MEMBER (JUDICIAL)

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