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

**IA No. 1837/2022**
**In**
**CP (IB) No. 2490/(MB)/2018**

Under Sections 54 of the Insolvency & Bankruptcy Code, 2016

**Mr. Manoj Kumar Jain**
Having its address at 11, Friends Union Premises
CHS, 2nd Floor, 227 P'D Mello Road,
Next to Hotel Manama, Fort, Mumbai- 400001.

**…Applicant/Liquidator**

*In the matter of*
**Lexcorp Advisory Services Private Limited,**
Having its registered office at 301, Office No. 15,
Mashraqui Building, 3rd Floor, 227, P.D. Mello Road,
Near G.P.O Fort Mumbai- 400001.

**…Operational Creditor**

V/s

**Proline Infra Trading Private Limited,**
Having its registered office at 301, Gulab Building,
237, P.D Mello Road, Fort, Mumbai- 400001.

**…Corporate Debtor**

**Order delivered on: 15.12.2023**

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

**IA No. 1837/2022**
**In**
**CP (IB) No. 2490/(MB)/2018**

***Coram:***

**Anil Raj Chellan** **Kuldip Kumar Kareer**

**Member Technical** **Member Judicial**

***Appearance:***

For the Appellant :- Adv. Aniruth Purusothaman

## ORDER

***Per:- Coram***

1. This is an Application by the Liquidator of **Proline Infra Trading Private Limited** (hereinafter referred to as the "Corporate Debtor") under Section 54 of the Insolvency & Bankruptcy Code, 2016 (the Code) seeking dissolution of the Corporate Debtor.

2. An application for initiation of Corporate Insolvency Resolution Process (hereinafter referred to as the "CIRP") in the matter of Proline Infra-Trading Limited filed by M/s Lexcorp Advisory Services Private Limited, under Section 9 of the Insolvency and Bankruptcy Code ("Code") read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 was admitted by the Hon'ble National Company Law Tribunal, Mumbai Bench in CP No. 2490/IBC/NCLT/MB/MAH/2018

vide its order dated October15, 2018 and appointed Ms. Dipti Mehta as the Interim Resolution Professional (IRP).

3. The IRP published Form G dated 28.12.2018 in Free Press Journal (in English) and in Navshakti (in Marathi), inviting the Expression of Interest (EoI) from the prospective resolution applicants.

4. The members of the CoC directed the IRP to file an Application for change in Resolution Professional (RP). The IRP filed an Application along with the consent of Mr. Ajay Kumar to be appointed as RP. Vide Order dated 23.01.2019, the Tribunal approved the appointment of Mr. Ajay Kumar Regn. No. IBBI/IPA-002/IP-N00139/2017-18/10377 as RP.

5. At the 5th meeting of the CoC held on March23, 2019, the RP informed CoC that no Expression of Interest was received till date. No further responses were received, nor any prospective resolution applicant had expressed any interest pursuant to the publication of FORM G (EOI), last date of submission being January 13, 2019. The RP also informed the members of the CoC that 180 days of the CIRP was going to end on 12.04.2019.

6. Considering the fact that no response was received to the EoI, the Corporate Debtor did not carry any business activity for long, no regular or adequate cash flow was available to meet expenses and

other liabilities, the CoC at its meeting held on 12.04.2019 decided not to seek further extension of CIRP and consented to initiate liquidation proceeding against the Corporate Debtor under section 33 of IBC.

7. An Application for seeking liquidation of the Corporate Debtor was filed and Mr. Ankur Kumar was proposed to be appointed as the liquidator. Accordingly, vide Order dated 23.07.2019 Liquidation application was approved by the Tribunal and Mr. Ankur Kumar was appointed as the liquidator.

8. A public announcement dated 13.08.2019 in Form B inviting claims from the stakeholders of the Corporate Debtor was published in Financial Express (in English) and in Global Times (in Marathi). The liquidator received total 6 claims in all from the creditors of the Corporate Debtor and the last date of submission of claims was 10.09.2019.

9. The liquidator on 18.02.2020, submitted the list of claims received from stakeholders and also published in Financial Express (in English) and in Navrashtra (in Marathi) about filing the said list of the stakeholders before NCLT. The list of stakeholders who submitted their claims is as under :-

## Claims of the Financial Creditors: -

| Sr. No. | Name of the Financial Creditor | Nature of claim | Amount claimed | Revised claim | Claim admitted by the liquidator |
|---|---|---|---|---|---|
| 1. | Network Telelink Private Limited | Unsecured | 219,50,00,000/- | - | 219,50,00,000/- |
| 2. | European Projects & Aviation Limited | Unsecured | 4,70,832/- | - | 4,70,832/- |
| 3. | Lexcorp Advisory Services Pvt. Ltd. | Unsecured | 23,60,000 | - | 23,60,000/- |
| 4. | Auspice Trading Pvt. Ltd. | Unsecured | 30,40,803/- | - | 30,40,803/- |

## Claims of Operational Creditors and other stakeholder :-

| Sr. No. | Name of the Operational Creditor | Amount Claimed in Rs. | Claim admitted by the liquidator | Category |
|---|---|---|---|---|
| 1. | Principal Commissioner of Income Tax - 1 | 29,81,27,130/- | 29,81,27,130/- | Operational Creditor |
| 2. | Mr. Ajay Kumar | 7,49,872/- | 7,49,872/- | Other Stakeholder |

10. The liquidator opened a Bank account bearing account no. 219605000251 in the name of 'Proline Infra Trading Private Limited – in Liquidation' on 06.03.2020 with ICICI Bank Limited.

11. The liquidator closed the existing bank accounts of the Corporate Debtor maintained at HDFC Bank and Syndicate Bank and transferred the balance of Rs. 12,798.25/- to the liquidation bank account with ICICI Bank.

12. The Liquidator conducted the 1st meeting of the Stakeholders' Consultation Committee (hereinafter referred to as the "SCC) of the Corporate Debtor on 06.09.2021 and informed the SCC members that due to conflict of interest, he would not continue as the liquidator and therefore intimated the SCC to propose appointment of the new liquidator. Accordingly, the Operational Creditor herein proposed the name of Mr. Manoj Kumar Jain to be appointed as the

liquidator. The proposed liquidator had furnished his consent to act as the liquidator and indicated professional fees of Rs. 10,00,000/- plus taxes and out of pocket expenses if any. However, after due negotiations, fees of Rs. 8,00,000/- plus taxes and out of expenses were agreed and approved by the SCC in the 1st meeting held on 06.09.2021.

13. Further, vide order dated 26.10.12021, Mr. Manoj Kumar Jain (Regn. No. IBBI/PA-001/IP-P00535/2017-2018/10960) was appointed as the Liquidator for the Corporate Debtor and also approved the fees thereon.

14. The Applicant appointed the IBBI registered valuers, namely Mr. Rahul Jindal (Regn No. IBBI/RV2019/1204 on 26.11.2021 and, Ms. Megha Bidwatka (Regn No IBBI/RV/03/2020/12958) on 29.11.2021 to conduct valuation of Securities/Financial assets of the Corporate Debtor.

15. The only Asset available with the Corporate Debtor were the Preference Shares of an unlisted entity namely Global Holding Corporation Private Limited by way of following number of preference shares :

    30,60,000 number of 0.1%; 13 years Optionally Convertible Preference Shares of face value of Rs. 10 each.

16. The Applicant appointed Mr. Rohan Kothari (Membership No. 141579) as Transaction Auditor to conduct the transaction audit of the Corporate Debtor on November 30, 2021. He submitted his transaction audit report dated 30.03.2022, wherein it was concluded that there were no transactions under Sections 43,45,50 and 66 of the Insolvency and Bankruptcy Code, 2016.

17. The Applicant filed an Application seeking exclusion of 715 days from 15.03.2020 to 28.02.2022 from liquidation period on account of Covid-19 pandemic. Accordingly, 715 days were excluded and the liquidation period came to an end on 07.07.2022.

18. Further, the valuation reports were received from the valuers and the realizable value of the assets in the form of preference shares were valued at zero due to significant negative/NIL net-worth of the unlisted Company.

19. In the 3rd SCC meeting held on 31.03.2022, the Applicant informed the SCC members about the sale of assets under Regulation 32 of the IBBI (Liquidation Process) Regulations, 2016. The e-auction process for the sale of assets was consented by the stakeholders and accordingly the Applicant made a public announcement on 09.04.2022 in the Free Press Journal and in Navshakti with respect to e-auction of the only asset of the Corporate Debtor.

20. The Reserve price in the e-auction conducted on 17.01.2022 for the asset was Rs. 10,71,000/- including earnest money deposit of Rs. 1,10,000/- to be submitted by the qualified Bidder. Further, the eligibility documents were submitted by Mr. Jeevan Mhatre (hereinafter referred to as the purchaser) and paid the earnest money deposit to participate in the e-auction. Pursuant to the e-auction, Mr. Jeevan Mhatre was declared as the successful bidder with a bid amount of Rs. 10,71,000/- and in accordance to that a Letter of intent (LoI) dated 27.04.2022 was issued to the purchaser. The details of the assets as per the Asset Memorandum and Final Sale Report is as under :-

| Sr. No. | Assets | Mode of Sale | Estimated Liquidation value | Realization Amount | Date of Transfer to Liquidation Account |
|---|---|---|---|---|---|
| 1. | Investments in unlisted Securities :- 0.1% 13 years optionally convertible Redeemable Preference | Sale through e-auction process as approved by the members of SCC | NIL | EMD:-Rs. 1,10,000/-<br><br>Part payment of Rs. 1,72,350/-<br><br>Full and Final Payment Rs. 7,88,650/- | 10.04.2022<br><br>28.04.2022<br><br>02.05.2022 |

| | | | | | |
|---|---|---|---|---|---|
| | Shares of Rs. 10/- each of Global Holding Corporation Private Limited.<br>Balance with Bank | | | Total :- 10,71,000<br>52,196/- | |
| | | | **Total** | **11,23,196/-** | |

21. The amount distributed to the stakeholders as per section 53 of the Code is as under :-

| Sr. No. | Stakeholders | Amount Claimed | Amount Admitted | Amount Distributed |
|---|---|---|---|---|
| 1. | CIRP costs | 82,600 | 82,600 | 75,600 |
| | Liquidation Costs | - | - | - |
| | Erstwhile Liquidator charges + OPE | 1,94,110 | 1,94,110 | 1,77,660 |

| | | | | |
|---|---|---|---|---|
| | Liquidators Fees + OPE | 1,71,520.02 | 1,71,520.02 | 1,54,520.02 |
| | Legal Counsel Fees | 1,75,000 | 1,75,000 | 1,57,500 |
| | Filing Fees | 2,000 | 2,000 | 2,000 |
| | Transaction Auditor fees | 1,77,000 | 1,77,777 | 1,62,000 |
| | Valuation Charges | 35,400 | 35,400 | 35,400 |
| | E-Auction Charges | 4,484 | 4,484 | 4,484 |
| | Audit Fee Statutory Audit | 61,360 | 61,360 | 56,160 |
| | Audit Fee Liquidation Accounts | 28,500 | 28,500 | 28,500 |
| | Advertisement Expenses | 56,530 | 56,530 | 56,530 |
| | Tax Consultant | 5,000 | 5,000 | 5,000 |
| | Storage Charges (For 8 years) | 80,000 | 80,000 | 72,000 |
| | Printing & Stationery | 3,665 | 3,665 | 3,665 |
| | Xerox Charges | 5,210 | 5,210 | 5,210 |
| | Bank Charges | 41,233.48 | 41,233.48 | 41,233.48 |
| | TDS paid | | | 86,150 |
| 2. | **Total Liquidation Costs** | **11,23,612.50** | **11,23,612.50** | **11,23,612.50** |
| 4. | **Distribution to stakeholders** | | | |

| | | | | |
|---|---|---|---|---|
| a. | Auspice Trading Private Limited | 30,40,803 | 30,40,803 | NIL |
| b. | European Projects and Aviation Limited | 4,70,832 | 4,70,832 | NIL |
| c. | Lexcorp Advisory Services Private Limited | 23,60,000 | 23,60,000 | NIL |
| d. | Network Tele Link Private Limited | 219,50,00,000 | 219,50,00,000 | NIL |
| e. | Principal Commissioner of Income Tax | 29,81,27,130 | 29,81,27,130 | NIL |
| | Total | 249,89,98,765 | 249,89,98,765 | NIL |
| | | | | |
| | **Total of all above** | **2500204977.50** | **2500204977.50** | **11,23,612.5** |

22. In the 4th SCC meeting held on 12.05.2022 the members of the stakeholders approved Dissolution and directed the Applicant to file Application for dissolution under section 54 of the Insolvency and Bankruptcy Code, 2016 and file Final Report together with Form H.

23. Further, the liquidation account opened was closed upon the distribution of funds as per the provisions of section 53 of the Code. Copy of Closure Certificate of Bank account No. 219605000251 is annexed to the application.

24. The Applicant successfully uploaded FORM GNL-2 together with a copy of the FINAL REPORT with FORM-H on the portal of ROC, Mumbai, upon payment of necessary filing fees of Rs 500/- to the ROC, Mumbai, (Receipt No SRN NO: F13708490 dated July 4, 2022. The said FINAL REPORT was also emailed to Insolvency and Bankruptcy Board of India along with Form H on 04.07.2022.

25. On examining the submissions made by the Counsel appearing for the Applicant and the documents annexed to the Application, it appears that the affairs of the Corporate Debtor have been wound up and its assets have been completely liquidated. The above facts and circumstances indicate that due process of liquidation, as per extant provisions and in the manner indicated in the Code and Regulations, have been followed by the Liquidator to liquidate the assets of the Corporate Debtor. The liquidation process has been duly completed as per the provisions of the Code. Thus, it would be just and equitable for this Authority to dissolve the Corporate Debtor. No party is going to be adversely affected thereby. In view of the above the Corporate Debtor deserves to be dissolved. Hence ordered.

26. In view of the above the Corporate Debtor deserves to be dissolved. It is ordered accordingly in the following terms :

## ORDER

The Application be and the same is allowed as follows.

i. **Proline Infra Trading Private Limited**, the Corporate Debtor, **is hereby dissolved with immediate effect**.

ii. The Registry is directed to forward a certified copy of this order to the Registrar of Companies, Mumbai within a period of seven days for necessary action.

iii. The Liquidator is discharged.

iv. **CP (IB) No. 2490/(MB)/2018 stands closed**.

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

**ANIL RAJ CHELLAN** **KULDIP KUMAR KAREER**
**MEMBER TECHNICAL** **MEMBER JUDICIAL**