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01/09/25

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BEFORE THE ADJUDICATING AUTHORITY
THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.206 – IA(Dis.)9(AHM)2025
in
C.P.(IB)/205(AHM)2024

Proceedings under Section 7 IBC

IN THE MATTER OF:

Raj Radhe Finance Limited ....**Applicant/FC**
V/s
Shyam Ginning And Pressing Pvt. Ltd ....**Respondent/CD**

Proceedings under Section 54 IBC

IN THE MATTER OF

CA Bhupendra Singh Narayan Singh Rajput
Resolution Professional of
Shyam Ginning And Pressing Private Limited
Having Office at: A-701, Atma House, Opp. Old RBI,
Ashram Road, Ahmedabad-380009
Email ID: ip.shyam1996@gmail.com.

........**Applicant/RP**

Order delivered on: 26/08/2025

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

P R E S E N T:
For the Applicant/RP : Mr. Pratik Thakkar, Advocate
For the Respondent :

ORDER
(Hybrid Mode)

1. This Interlocutory Application (Dis.) No. 09 of 2025 is filed by CA Bhupendra Singh Narayan Singh Rajput, the Resolution Professional of Shyam Ginning And Pressing Private Limited, under Section 54 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 45 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, seeking dissolution of the Corporate Debtor with the following prayers :-

   a. *That this Hon'ble Adjudicating Authority may be pleased to pass appropriate order granting dissolution of Corporate*

Debtor under Section 54 of Insolvency and Bankruptcy Code, 2016 read with Regulation45 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, in the interest of justice

b. *That this Hon'ble Adjudicating Authority may be pleased to discharge the Resolution Professional from his duty as Resolution Professional (RP) of the Corporate Debtor, in the interest of justice;*

c. *That this Hon'ble Adjudicating Authority may be pleased to pass any further necessary orders the as Hon'ble Adjudicating Authority deems fit, in the interest of justice;*

2. It is stated that the Corporate Debtor, Shyam Ginning And Pressing Private Limited, with Corporate Identification Number U17119GJ1996PTC030847, was incorporated on 01.10.1996 and has its registered office at 27 National Highway, Rajkot-Gondal Road, Hadamtala, Taluka Gondal, Rajkot, Gujarat-360311. The company was engaged in textiles manufacturing, specifically cotton ginning and pressing, but ceased operations in the financial year 2018-2019.

3. Company Petition (IB) No. 205 of 2024 was filed by Raj Radhe Finance Limited, a non-banking finance company incorporated on 17.01.1985, under Section 7 of the Insolvency and Bankruptcy Code, 2016, on 17.05.2024, seeking initiation of Corporate Insolvency Resolution Process against the Corporate Debtor for default of Rs. 1,14,31,25,205.13, comprising Rs. 50,75,02,008 principal, Rs. 53,61,82,236.82 interest, and Rs. 9,94,40,960.31 penal interest, with the date of default recorded as 31.05.2016.

4. The financial debt originated from loans sanctioned by the State Bank of India to the Corporate Debtor on 29.11.2011, including a cash credit limit of Rs. 20,00,00,000 and a term loan of Rs. 1,95,00,000, secured by hypothecation of stocks, book debts, plant and machinery, personal guarantees, and equitable mortgage of immovable properties. Further enhancements and renewals were sanctioned on 27.12.2012 (cash credit limit of Rs. 27,50,00,000, term loan of Rs. 1,35,00,000, and corporate emergency loan of Rs. 20,00,000), and renewed on 24.02.2014, 24.06.2015, 08.10.2015, and 29.04.2016. The Corporate Debtor failed to maintain financial discipline, leading to default on 31.05.2016, and the account was classified as non-performing on 28.08.2016.

5. The State Bank of India issued a demand notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 on 21.04.2017, which the Corporate Debtor failed to comply with. The State Bank of India filed a recovery suit (Original Application No. 664 of 2017) before the Debt Recovery Tribunal-II, Ahmedabad, which remains pending. The Corporate Debtor filed Securitisation Application No. 643 of 2019 under Section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, challenging the actions of the State Bank of India, also pending. The Corporate Debtor issued letters dated 15.04.2019 and 23.12.2021 acknowledging the debt, extending the limitation period under Section 18 of the Limitation Act, 1963.

6. The loan was assigned by the State Bank of India to Raj Radhe Finance Limited through an Assignment Agreement dated 28.02.2023, registered on 06.03.2023. Raj Radhe Finance Limited created a charge by filing Form CHG-1 with the Registrar of Companies, reflected in the Corporate Debtor's master data. The application under Section 7 was supported by a Form-D from the National E-Governance Services Limited, confirming the default as of 31.05.2016, authenticated on 07.03.2024.

7. This Tribunal issued notices to the Corporate Debtor on 05.06.2024, 28.06.2024, and 15.07.2024, served via registered post, email, and dasti mode. Despite service, the Corporate Debtor neither appeared nor filed a reply, and was proceeded ex-parte on 12.08.2024. The Corporate Insolvency Resolution Process was admitted on 12.09.2024, appointing the Applicant as the Interim Resolution Professional.

8. The Applicant made a public announcement on 14.09.2024, inviting claims. Claims were received, and the Committee of Creditors was constituted on 15.10.2024, comprising Raj Radhe Finance Limited with 100% voting share. The audited accounts for 2021-2022, 2022-2023, and 2023-2024, and provisional balance sheet as of 12.09.2024, reveal: no revenue from operations in 2020-2021, other income of Rs. 4,321, expenses of Rs. 31,36,653, resulting in a loss of Rs. 31,32,329; in 2021-2022, other income of Rs. 15, expenses of Rs. 2,46,585, resulting in a loss of Rs. 2,46,585; in 2022-2023, other income of Rs. 38,31,642,

expenses of Rs. 3,13,57,160, resulting in a loss of Rs. 2,75,25,518; in 2023-2024, other income of Rs. 13,06,33,639, expenses of Rs. 15,69,89,562 due to change in stock, resulting in a loss of Rs. 2,63,55,923.

9. The balance sheet as of 31.03.2024 shows reserves and surplus at negative Rs. 15,33,55,000, long-term borrowings of Rs. 4,26,43,000, short-term borrowings of Rs. 9,63,23,000, no tangible assets, and no inventory. Total assets were Rs. 5,47,248, comprising short-term loans and advances of Rs. 3,57,158, cash and equivalents of Rs. 1,24,200, and long-term loans and advances of Rs. 65,847Share capital and other equity/liabilities not detailed herein balance the sheet to reflect the negative reserves. Claims admitted included Rs. 106,07,33,883 from financial creditors and Rs. 12,95,35,604 from operational creditors, with Rs. 12,94,87,260 from the Gujarat State Tax Department, treated as secured per the Supreme Court's decision in Rainbow Papers.

10. The State Bank of India sold movable assets (plant and machinery) on 17.08.2022 for Rs. 61,00,000. Post-assignment, Raj Radhe Finance Limited sold land and building on 20.04.2023 for Rs. 13,50,00,000 in a private sale to M/s Star Pipe Foundry (India) Private Limited on an "as is where is" basis, and cotton bales for Rs. 50,00,000 via e-auction on 18.04.2023. The sale proceeds were not fully accounted for in the audited accounts, and no transaction audit was conducted under Sections 43, 45, 50, or 66 of the Insolvency and Bankruptcy Code, 2016, despite the significant asset disposals. The Committee of Creditors, in its third meeting on 30.11.2024, decided against appointing a forensic auditor.

11. A resolution plan was submitted by Ms. Sonal Yogesh Shah, proposing Rs. 17,00,000, allocated as Rs. 15,00,000 for Corporate Insolvency Resolution Process costs, Rs. 1,31,660 to secured financial creditors and the Goods and Services Tax department, and Rs. 68,340 to operational creditors (Employees' Provident Fund department). The plan was approved by the Committee of Creditors and submitted via Interlocutory Application (Plan) No. 06 of 2025. The plan proposed no business revival, sought carry-forward of losses of Rs. 5,91,89,183 and unabsorbed depreciation of Rs. 1,58,20,876, and lacked detailed projections or operational strategies.

12. This Tribunal, vide order dated 11.07.2025, rejected the resolution plan, finding it non-compliant with Section 30(2) of the Insolvency and Bankruptcy Code, 2016 and Regulation 38 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The order noted the absence of tangible assets, employees, or business activity, and the zero fair and liquidation values. The plan's proposed payments covered only a fraction of claims (0.422% of principal), and the private sale of assets raised concerns about potential preferential or undervalued transactions, unexamined by the Resolution Professional or Committee of Creditors.

13. The order dated 11.07.2025 directed the Committee of Creditors to approve filing for dissolution and the Resolution Professional to close bank accounts. In compliance, the Applicant convened the sixth Committee of Creditors meeting on 16.07.2025, where dissolution was approved. Bank accounts (Account No. 0023110100000519 at The Co-Operative Bank of Rajkot Limited, Kothariya Branch, and Account No. 174005001792 at ICICI Bank Limited, Changodar Branch, Ahmedabad) were closed, with statements confirming no balances and all fees paid. A compliance certificate in **Form H** was prepared, confirming no distributable amounts beyond Corporate Insolvency Resolution Process costs.

14. The Applicant submits that the Corporate Debtor has no assets, no operational business, and no approved resolution plan. The Corporate Insolvency Resolution Process, initiated on 12.09.2024, expired on 11.03.2025, with an extended period ending 09.07.2025. The Applicant complied with all directions, including closing accounts and obtaining Committee approval for dissolution. The application seeks dissolution under Section 54 and discharge of the Resolution Professional.

15. The facts establish that the Corporate Debtor ceased operations in 2018-2019, with no tangible assets remaining after sales by Raj Radhe Finance Limited in 2023. The balance sheet as of 31.03.2024 confirms zero tangible assets and inventory, with significant accumulated losses. The resolution plan's rejection was based on its failure to propose business revival, addressing only minimal payments. The Committee of Creditors, as the sole decision-making body, approved dissolution, and no stakeholders have raised objections.

16. The absence of assets and business renders liquidation unnecessary, as no value can be realized. The closure of bank accounts and settlement of Corporate Insolvency Resolution Process costs ensure no pending financial obligations. The Applicant's compliance with the order dated 11.07.2025, supported by annexures, satisfies the requirements of Section 54 and Regulation 45. Dissolution is the logical conclusion, and the Resolution Professional's role is complete.

17. The Tribunal has considered the entire record, including the Corporate Insolvency Resolution Process timeline, financial status, and prior proceedings. The Corporate Debtor's insolvency was triggered by its inability to service debts, compounded by asset disposals prior to the Corporate Insolvency Resolution Process. The lack of forensic audit, despite significant asset sales, does not impact the dissolution request, as no assets remain for distribution or recovery. Though there is no express provision in the IBC for the direct dissolution of the Corporate Debtor without undergoing the liquidation process, in similar circumstances in the matter of ***Janak Jagjivan Shah (RP) v. CoC of Rainbow Infrabuild Pvt. Ltd., (2024) ibclaw.in 691 NCLAT*** and ***Shyson Thomas v. Mr. Madhugiri Venkatarayappa Sudarshan RP of Air Pegasus Pvt. Ltd., (2023) ibclaw.in 366 NCLAT, Hon'ble NCLAT*** held that a Corporate Debtor can be dissolved without undergoing the process of Liquidation.

18. Accordingly, in exercise of the powers conferred under Section 54(1) of IBC, 2016, we pass the following order :-

(i) The Corporate Debtor, Shyam Ginning And Pressing Private Limited, stands **dissolved** from the date of this order under Section 54 of the Insolvency and Bankruptcy Code, 2016.

(ii) The Applicant/ Resolution Professional shall preserve physical or electronic copy of the reports, registers, and books of account referred to in Regulations 45A of the IBBI (Liquidation Process) Regulations, 2016 for at least eight years after the dissolution of the Corporate Debtor, either with himself or with an information utility.

(iii) The Resolution Professional, CA Bhupendra Singh Narayan Singh Rajput, is discharged from all duties and liabilities as Resolution Professional.

(iv) The Registrar of Companies is directed to update records to reflect the dissolution of Shyam Ginning And Pressing Private Limited.

(v) A copy of this order be forwarded to the IBBI, RoC, Gujarat, Income tax Department and other relevant authorities within seven days from the date of this Order for information and necessary action.

19. In terms of the above, **IA/(Dis.)/9(AHM)2025** in CP(IB) No.205(AHM)2024 stands allowed and disposed of.

-Sd-

SANJEEV SHARMA
MEMBER (TECHNICAL)

-Sd-

SHAMMI KHAN
MEMBER (JUDICIAL)

Prepared by Bhavik

Signature

Date 01/09/25

Certified to be True Copy of the Original
Raj Vaibhav
Assistant Registrar
NCLT, Ahmedabad Bench
Ahmedabad
01/09/25