IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – II, CHENNAI
IA /IBC / 1616 (CHE) / 2023
IN
IBA / 315 / 2020

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

Vinod K J,
Registration No. IBBI/1PA-003/1P-N00291/2020-2021/13451,
Resolution Professional of ***RMA Metals & Alloys Private Limited,***
Having office at Flat No.9, Floor No 3, Block-A,
Trident Serenity, Nanjundapuram Road,
Ramanathapuram, Coimbatore, Tamilnadu – 641 036.

… Applicant

In the matter of

M/s. Padmavathi Metals & Wires,
Represented by sole proprietor Manju Dhariwal

… Applicant /Operational Creditor

Versus

RMA Metals & Alloys Private Limited
No.129, North Phasemanampet Road,
SIDCO Industrial Estate, Ambattur,
Chennai, Tamil Nadu – 600 098.

… Respondent /Corporate Debtor

Order Pronounced on ***5th March 2025***

CORAM
Shri JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)
Shri RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present:

For Petitioner : Ms. Vinithra Srinivasan, Mr. Varun Srinivasan, M/s. NVS & Associates, Advocates.

ORDER
(Heard through video conferencing)

1. This IA(IBC)/ 1616 (CHE)/2023 in IBA/315/2020 has been filed under section 33 of the Insolvency & Bankruptcy code, 2016 (herein after termed as “the Code”) by *Mr. K. J. Vinod, RP of* ***M/s. RMA Metals and Alloys Private Limited,*** i.e. the Corporate Debtor (hereinafter referred as “CD”) seeking following reliefs as follows:

"to allow the present application and pass orders for the liquidation of the corporate debtor i.e. ***M/s. RMA Metals and Alloys Private Limited*** *as per section 33(2) of the Code and accordingly appoint Mr. Ramachandran Subramanian having Registration Number as IBBI/IPA-001/IP/P-01440/2018-2019/12136, as the liquidator to manage the process of the corporate debtor as resolved by the committee of creditors during the 3rd CoC meeting held on 16.03.2023."*

2. It is stated that the corporate debtor, was admitted to Corporate Insolvency Resolution Process, (hereinafter referred as "CIRP") vide an order dated 09.12.2022 passed by this Adjudicating Authority and applicant herein Mr. K. J. Vinod, was appointed as the Interim Resolution Professional of the CD and subsequently confirmed as RP.
3. It is submitted that the main land asset of the CD was sold under E-auction sale conducted on 26.02.2021 by the Canara Bank (CoC member with 81.70% voting) under SARFAESI Act, 2002.
4. It is submitted details of assets of the CD provided by the applicant are extracted here under:

"Tangible Assets:

In the Audited Financial Statement of the Corporate Debtor Tangible Assets consists of the following assets:

Nature of Asset	***Value as per the Audited Financial Statement (31.03.2022)***	***Remarks***
Land & Building	*Nil*	*Sold under SARFAESI E-Auction sale conducted on 26.02.2021 by Canara Bank*
Furniture & Fixtures	*2.082*	-
Plant & Machinery	*12,43,156*	-
Motor Vehicles	*3,67,057*	*Vehicle is not there in the premises of the Corporate Debtor*
Mobile Phone & Computers	*18,970*	-
Total	***16,31,265***	

Intangible Assets:

In the Audited Financial Statement of the Corporate Debtor Intangible Assets are amounting to Rs.5,89,500/- .

The IRP is in the process to get the details of the above said Intangible Assets.

Inventory:

In the Audited Financial Statement of the Corporate Debtor Inventories are amounting to Rs.5,93,25,425/- whereas there were no physical inventory in the premises of the Corporate Debtor during the physical verification at the factory site.

Trade Receivables:

In the Audited Financial Statement of the Corporate Debtor Trade Receivables are amounting to ***Rs.3,72,196/-*** *whereas there are no significant debtors to realise the same. The detail of* ***Rs.3,72,196/-*** *is yet to be received from the suspended directors of the Corporate Debtor."*

5. It is submitted that applicant has moved an application under Section 19(2) of the Code requesting directions against the Suspended Directors in IA(IBC)/433(CHE)/2023. This Tribunal vide order dated 18.04.2023 directed the Suspended Directors to furnish necessary information and documents.
6. It is submitted that the Reconstituted CoC after the collating claims from creditor during and subsequent to the 2nd CoC meeting is as follows,

S. No.	Name of Committee of Creditors	Amount of Claim	Amount admitted	Voting Power %
1.	Canara Bank	4,90,09,731	4,90,09,731	81.70%
2.	IDFC First Bank Ltd.	20,74,570	20,74,570	3.45%
3.	Hasthimal Jain	5,37,390	5,37,390	0.90%
4.	Kirti Kumar & Sons	5,37,390	5,37,390	0.90%
5.	Shriram Finance Ltd.	41,66,261	41,66,261	6.95%
6.	Deutsche Bank AG	36,59,668	36,59,668	6.10%
	Total	**5,99,85,010**	**5,99,85,010**	**100%**

7. It is submitted during the 2nd CoC which held on 23.02.2023 the CoC opined that there would be no purpose in issuing Form G inviting EoI and subsequent process as there is no feasibility of CD being sold as a going concern since there were no operation for past 2 years.

8. It is submitted that the 3rd CoC meeting the CoC resolved to liquidate the CD and recommended to appoint another Resolution Professional apart from the applicant herein voting of 81.70%. Apart from Canara Bank being the major stakeholder with 81.70% voting, other members of the CoC abstained from voting. The same is extracted as below,

7	As the issuance of Invitation of Expression of Interest is not approved by the COC members in the previous meeting, the COC members shall discuss and decide on the following: a. Liquidation of the Corporate Debtor & the Liquidator appointment b. Liquidation Cost Estimate & Funding [Reg – 39B & 39D] c. Possibility of selling the Corporate Debtor as a Going Concern during the Liquidation Process [Reg- 39C] d. Assessment of the Compromise or arrangement scheme [Reg – 39BA] To record the detailed reason for the Liquidation of the CD [Reg – 40D]
	Based on the above facts, the COC discussed the additional facts that the company doesn't have any fixed asset other than Plant & Machinery and doesn't have any viable business in hand. Further, the COC in its previous meeting resolved not to invite any expression of interest, as there is no likely chance of getting any interested parties. The CD consist only of plant & machinery, and all other assets pertaining to CD are already sold before CIRP initiation. Hence finding a PRA at the current stage would not be fruitful. Considering all these facts, the COC members intended to proceed with the liquidation of the CD. In the event of liquidation, the RP expressed his consent to act as the Liquidator of the Corporate Debtor. RP further informed the COC that he holds a valid AFA as on date. The RP invited the COC members views and alternate names for taking up the assignment of liquidation, if they intend to change the existing RP. But the COC members have not suggested any alternative names to act as liquidator of the CD. But post the circulation of draft minutes the COC member has proposed Mr. Ramachandran Subramanian with registrationno. IBBI/IPA-001/IP-P01440/2018-2019/12136 for appointment as a liquidator of the CD to the RP. Which the RP has taken on record and the following resolutions are placed for voting before the COC members.

RESOLUTION 2:

"**RESOLVED that** the Committee of Creditors decide to Liquidate the Corporate debtor subject to the approval of Hon'ble National Company Law Tribunal, Chennai under Sec 33 of IBC 2016.

"**RESOLVED FURTHER that**, the COC hereby recommends to appoint Mr. Ramachandran Subramanian with registration no. IBBI/IPA-001/IP-P01440/2018-2019/12136 as the Liquidatorto manage the Liquidation process of the CD."

"**RESOLVED FURTHER that** the CoC hereby directs RP to file application before Adjudicating authority for liquidation of the Corporate debtor immediately."

S. No	COC	Voting Power %	Favor/ Against
1	Canara Bank	81.70%	Favor
2	IDFC First Bank Limited (Formerly Known as Capital First limited)	3.46%	Abstained
3	Hastimal Jain	0.90%	Abstained
4	Kirti Kumar & Sons	0.90%	Abstained
5	Shriram Finance Ltd	6.95%	Abstained
6	Deutsche Bank AG	6.10%	Abstained
	Total	**100%**	

Resolution is declared as **PASSED** with **81.70 %** of voting majority.

9. It is submitted that the CoC in the same 3rd CoC meeting has recommended ***Mr. Ramachandran Subramanian having IBBI Registration No. IBBI/IPA-001/IP/P-01440/2018-2019/12136*** for appointment as Liquidator in respect of the CD herein and thus the applicant RP has sought for Proposed Insolvency Professional to be appointed as Liquidator as per the code.

10. Ld. Counsel appeared on behalf of RP during the Hearing on 31.05.2024, submitted that, RP fees to a tune of Rs.3,89,437/- + GST@18% is due from the CoC member, Canara Bank and this Tribunal directed the CoC to convene the meeting and approve the fee payable to the RP.

11. During the Hearing on 15.07.2024, Ld. Counsel for RP submitted that, apart from Canara Bank, Shriram Finance Limited has also not paid the CIRP dues to tune of Rs.49,864 + GST and this Tribunal ordered both the Canara Bank and Shriram Finance Limited to make the payment within a week and file compliance memo to that effect.

12. It is submitted that, in compliance to the same, Canara Bank has filed a memo on 14.08.2024, whereas the applicant has also filed a subsequent counter memo to that effect and sought for payment of his balance fee of Rs.3,89,437/- + GST @18 % and for direction for contribution of the respective share in CIRP Cost to a tune of Rs.12,972 by the CoC members.

13. Heard the Ld. Counsel appeared on behalf of the applicant and perused the records.

14. From 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.	09.12.2022	Commencement of CIRP
2.	19.12.2022	Publication of CIRP Commencement in Business Standard (English) and Maalai Malar (Tamil).
3.	09.01.2023	Constitution of Committee of Creditors (CoC) by IRP
4.	18.01.2023	• During the 1st CoC meeting the reconstituted SCC comprising of Financial Creditors was formed. Subsequently the IRP fees, RP Confirmation, RP fees were approved. • Further, issues recording recoverability of assets of the Corporate Debtor were discussed and information on intangible assets amounting to Rs.5,89,500/- , inventory amounting to Rs.5,93,25,425/- and trade receivables amounting to Rs.3,72,196/- were considered.
5.	18.01.2023	Confirmation of RP during 1st CoC meeting
6.	11.02.2023	Appointment of Registered valuers for Valuation of Plant & Machinery namely, Mr. Muniyandi M and Mr. Anadaraj P who have agreed at a consolidated professional fee of Rs.18,500/- + GST including expenses for each.
7.	23.02.2023	During the 2nd CoC meeting, the CoC was again reconstituted based on the new claims received up to 13.02.2023. The CoC

		didn't agree with publication of Form G inviting expression of interest.
8.	16.03.2023	• During the 3rd CoC meeting, the CoC was taken record of Section 19(2) application filed before AA for retrieval of documents and information pertaining to the CD from the Suspended Directors. • Further, the RP submitted that he will share the valuation report once CoC members submit their Confidentiality Agreement. • CoC opined that CD doesn't have any fixed assets other than plant and machinery. As the Publication of Form G was not agreed by CoC during the earlier meeting the CoC discussed and intended to proceed with liquidation and associated events of the Corporate Debtor. • Resolved to appoint Mr. Ramachandran Subramanian as the Liquidator
9.	05.04.2023	• During the 4th CoC meeting Mr. Kulandhaiswamy Jayaraj Suspended Director of the CD promised the CoC to provide the Books of accounts, documents, data and tally backup. • Financial Creditor Canara Bank which has major shares in the CoC of the 81.70% proposed NVS & Associates as legal consultants to file the present application.
10.	26.05.2023	Filing the present application praying Liquidation of the CD
11.	07.06.2023	Expiry of 180 days of CIRP
12.	04.11.2023	Completion of 330 days from CIRP commencement

15. It is observed that since the period of maximum limit of 330 days in respect of CIRP is extinguished and as there is no viable assets for realization except the plant and machinery, the CoC decided to liquidate the CD. Therefore the 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 application for Liquidation of the Corporate Debtor.

16. It is seen that 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 at Page 121 - 129 of the application. As observed from Form-H, there is no PUFE applications pending in respect of the CD.

17. It is observed from the Canara Bank memo dated 17.08.2024 that, the bank has paid Professional Fees of Rs.4,54,796/- to the RP from the commencement of CIRP till 26.05.2023, date corresponding to the filing of the present application. Apart it is observed that, the Fair Value of the CD at present arrives at

Rs.5,58,500/- and the Liquidation Value at Rs.4,32,750/-. In this scenario, this Tribunal opinions that, the RP and the Canara Bank are expected to settle the Fees Payment issue amicably without making any hindrance to Liquidation Process. Thus the Parties are directed to sit together and arrive at a feasible conclusion and report the same before this Tribunal.

18. Further, after verifying the disciplinary status from the IBBI portal, we appoint ***Mr. Ramachandran Subramanian*** having ***Reg. No. IBBI/IPA-001/IP/P-01440/2018-2019/12136,*** email id: subraman267@yahoo.com, Contact No. 9025120271 with valid ***AFA till 30.06.2025*** as the Liquidator for the Corporate Debtor.

19. From the above facts and circumstances, considering the decision taken by the CoC of the Corporate Debtor, this Adjudicating Authority deems it fit to order Liquidation of the Corporate Debtor. Accordingly, we order ***Liquidation*** of the Corporate Debtor i.e. ***RMA Metals & Alloys Private Limited*** by appointing the above ***Mr. Ramachandran Subramanian*** 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.*

j. *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.*

20. With the above directions, ***IA(IBC)/ 1616 (CHE)/ 2023 in IBA/ 315 /2020*** stands ***allowed and disposed of***.

-Sd/-	**-Sd/-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**