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**NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,
BENGALURU BENCH, BENGALURU, HELD ON 11.03.2021

CAUSE LIST

PRESENT: 1. Hon'ble Member (J), Shri Rajeswara Rao Vittanala
2. Hon'ble Member (T), Shri Ashutosh Chandra

CP/CA No.	Purpose	Sec	Name of Petitioner	Petitioner Advocate	Name of Respondent	Respondent Advocate
CP(IB)No. 133/BB/2017	For hearing IA 66/2021 For dissolution – Liquidation	Sec 9 of I&B code 2016	Khemka Plyland	-	Zed Fabs India Pvt. Ltd.	Ramanthan Bhuva- neshwari, Liquidator for IA 66/2021

ADVOCATE FOR PETITIONER/s:

R. Bhuvaneshwari

Liquidator/
Applicant

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ADVOCATE FOR RESPONDENT/s: _____

ORDER

Heard Ms. Ramanthan Bhuvaneshwari, learned Liquidator/Applicant in I.A.No.66 of 2021.

I.A. No.66 of 2021 & C.P.(IB)No.133/BB/2017 are disposed of by separate order.

MEMBER(T)

MEMBER(J)

**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

I.A.No.66 of 2021
U/s 54 of IBC, 2016, R/w IBBI
(Liquidation Process) Regulations, 2016
And
C.P. (IB)No.133/BB/2017
U/s 9 of IBC, 2016
R/w Rule 6 of I&B (AAA) Rules, 2016 &

In the matter of :

Ms. Ramanathan Bhuvaneshwari
Liquidator of M/s. Zed Fabs India Pvt. Ltd.
(in Liquidation)
No.31/1, 2nd Main Road,
Vyalikaval,
Bengaluru – 560 003.

- Applicant/Liquidator

Date of Order: 11th March, 2021

Coram: 1. Hon'ble Shri Rajeswara Rao Vittanala, Member (Judicial)
2. Hon'ble Dr. Ashutosh Chandra, Member (Technical)

Parties/Counsels Present:

Liquidator : Mrs. Ramanathan Bhuvaneshwari

ORDER

Per: Rajeswara Rao Vittanala, Member (J)

1. I.A.No.66 of 2021 in C.P. (IB)No.133/BB/2017 is filed by Mrs. R.Bhuvaneshwari, (hereinafter referred to as 'Applicant/Liquidator') of M/s. Zed Fabs India Pvt. Ltd. ('Respondent/Corporate Debtor') U/s 54 of the IBC, 2016, R/w IBBI (Liquidation Process) Regulation, 2016 by *inter alia* seeking to dissolve the Corporate Debtor i.e. M/s. Zed Fabs India Pvt. Ltd. from the date of the order as the liquidation is fully completed and final reports have been submitted to ROC and IBBI.

2. Brief facts of the case, as available in the Interim Application and Company petition, are as follows:

(1) The main Company Petition bearing C.P. (IB)No.133/BB/2017 filed by Khemka Plyland (Petitioner/Operational Creditor) U/s 9 of the IBC, 2016, R/w Rule 6 of I&B (AAA) Rules, 2016, was admitted by the Adjudicating Authority, vide order dated 02nd February, 2018, by initiating CIRP, appointing IRP, imposing moratorium etc. Subsequently, the Applicant was appointed as Resolution Professional. Subsequently, the Adjudicating Authority has passed an Order dated 20th September, 2019, appointing Applicant as Liquidator of the Corporate Debtor.

(2) The Liquidator, at the time of her tenure as Resolution Professional, made detailed enquiry and file application U/s 66 of the Code for fraudulently diverting the assets to the group Companies. There were liabilities to the group Companies and also assets diverted to the group Companies. Also, there were receivables due from the group Companies, which the group companies did not confirm, saying that the materials produced were of substandard quality and the buyer group companies had to spend considerable time and effort in rectifying the same. She had filed an Application with Adjudicating Authority an application U/s 66 of the Insolvency and Bankruptcy Code on 31st May 2018 with respect to Rs.3.74 crores, being diverted to the group Companies, which include the amount of Rs.149,26,282/- due from BCIL as above and the Adjudicating Authority passed orders forwarding the same to SFIO. The Adjudicating Authority directed the RP to approach SFIO for further investigation. Accordingly, the RP filed the order and copy of the application with MCA, under serious fraud category, for initiating investigation by SFIO.

(3) On taking over as Liquidator, the Liquidator visited the factory which was locked for more than 3 years. The factory shed was



made of removable sheets. During the visit, it was found that that the second hand machines which were obsolete were completely stolen by opening one sheet of the removable shed from the back side of the shed and what was left out were only scrap items and the removable steel sheets. In accordance with extant provisions of Code, the Liquidator through E-Auction sold the left over scrap items to the highest Auction Bidder Adeeb Enterprises.

(4) The Liquidation process of the Corporate Debtor is complete. The following process was adopted by the Liquidator in compliance with the Liquidation Regulations:

- a. The Liquidator published advertisement – FORM B dated 08th November 2019 in Financial Express (English) and Samyukta Karnataka (Vernacular Newspaper) and also advertised in IBBI website inviting claims. The last date for receipt of claims as per Form B was 6th December 2019.
- b. The Liquidation order passed by the court was also filed with Registrar of Companies.
- c. The Liquidator has written letters to various statutory authorities informing about the Liquidation of the company.
- d. The Liquidator has filed the list of stake holders and also has formed stakeholder consultation committee. The same was reported to Adjudicating Authority on 03.01.2020. Public Advertisement was given for constitution of Stakeholders committee.
- e. The Liquidator issued Public Advertisement on 07.01.2020 for conducting E-Auction for sale of Removable Shed and left over scrap items.
- f. The Liquidator has ensured that the suitable vendor was appointed based on H1 value quoted in E – Auction and sale of Factory Shed and left over scrap is completed.

- g. No surplus was available for distribution to the stakeholders as the assets are not sufficient even to meet CIRP and Liquidation costs.
- h. As per the valuation Certificate obtained from two valuers the average realisable value of the assets is valued at Rs.17 lakhs. There was a theft in the factory (since it was closed for more than 3 years) and it was found that most of the second hand machineries / motors from the factory was stolen. Hence against Liquidation value of Rs.17 lakhs the realisable value is Rs.5.70 lakhs only.
- i. Details of Claims received vs amount Distributed:

Sl. No.	Liability Description	Amount as per books Rs.	Claims Received Rs.	Amount distributed on liquidation
1	Borrowings	62,38,158/-	79,47,481	0
2	Trade payable	4,52,571/-	44,67,782	0
3	Group Company Liabilities (Net)	85,70,038/-	0	0
	Total	1,52,60,767/-	1,24,15,263/-	0

- j. Details of Assets realised and Distributed against CIRP/Liquidation costs:

Sl. No.	Description	CIRP Cost pending	Liquidation Cost	Total CIRP / Liquidation Cost	Amount distributed Rs.	Remarks
1.	Fees of RP / Liquid	9,50,000	28,500	9,78,500	3,68,321/-	Being Part payment of RP fee

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	ator Fee					
2.	Adver tisem ent cost		9,828	9,828	9,828 /-	Liquida tion cost
3.	Accou ntant' s Fee	53,100		53,100	53,10 0/-	CIRP cost pending
4.	Valua tion Charg es	41,300		41,300	23,60 0/-	23600
5.	Out of pocke t expen ses	18,900		18,900		
6.	Fees to NCLT	3,000	1000	4,000		
7.	Electr icity charg es		55,371	55,371	55,37 1/-	Liquidati on expenses
8.	Legal Charg es	53,600		53,600	59,75 0/-	CIRP cost pending
9.	Bank Charg es		30	30	30 /-	Liquida tion cost
	Total	11,19,900	94,729	12,14,629	5,70, 000/-	

k. Status of Bank account :



The Liquidator opened a separate bank account No. 115301013000033 with Bank of Baroda, Mysore road branch for depositing the money realized on sale of the left over assets. The liquidator through public auction sold all the assets, distributed the assets and also closed the bank account opened as the liquidation as fully completed and disbursements were also completed. As there is no other asset available for liquidation, the Bank account was closed and the books were audited.

1. The RP has appointed Auditors Chamiraju S B & Co. to audit the books of accounts on completion of liquidation and he has filed his certificate regarding receipts and payments pertaining to the liquidation commencement date 20.09.2019 till the completion date is as under:

Receipts	Amount (In Rs.)	Payments	Amount (In Rs.)
To Assets realized:	570,000	By Legal Charges	76,700
		By Liquidation Remuneration	368,321
		By Electricity Charges	55,371
		By Advertisement Expenses	9,828
		By valuation charges	23,600
		By Professional charges	36,150
		By Bank Charges	30
Total	570,000	Total	570,000



3. Heard Mrs. Ramanathan Bhuvaneshwari, the Liquidator. We have carefully perused the pleadings of the Party and the extant provisions of Code and the rules made thereunder.
4. Before considering the merits of case, it is necessary to refer relevant provisions and rules, as available under the Code and the Rules made thereunder.

“Section 54 of the Code reads as (1) *Where the assets of the Corporate Debtor have been completely liquidated, the liquidator shall make an Application to the Adjudicating Authority for the dissolution of such Corporate Debtor. (2) The Adjudicating Authority shall on Application filed by the liquidator under sub-section (1) order that the Corporate Debtor shall be dissolved from the date of that order and the Corporate Debtor shall be dissolved accordingly. (3) A copy of an order under sub-section (2) shall within seven days from the date of such order, be forwarded to the authority with which the Corporate Debtor is registered”.*

5. The facts as narrated above establish that the assets of the Company were completely liquidated. The liquidation process under the provisions of Code is deemed to have been completed under Chapter III of Part II of Code. Therefore, it would be just and proper for the Adjudicating Authority to dissolve the Company, as prayed for by the Liquidator.
6. In the result, by exercising powers conferred on the Adjudicating Authority, under Section 54 and other connected Provisions of Code, and the Rules made thereunder, **C.P.(IB)No.133/BB/2017 and I.A.No.66/2021**, are hereby disposed of with the following directions:
 - (1) It is hereby dissolved the Corporate Debtor namely, M/s. Zed Fabs India Pvt. Ltd., with immediate effect;
 - (2) The Registry is directed to forward a copy of this Order to the Registrar of Companies, Karnataka, Bengaluru;

- (3) The Liquidator is also directed to forward copy of this Order to all other Statutory Authorities including IBBI, connected with the affairs of the Company.
- (4) This order is passed without prejudice to the action being taken with MCA, under serious fraud category, for initiating investigation by SFIO, as mentioned supra. And it will not absolve the concerned dignitaries of the Company, who are finally found guilty, after investigation, from taking appropriate civil and criminal action against them.
- (5) No order as to costs.



**ASHUTOSH CHANDRA
MEMBER, TECHNICAL**



**RAJESWARA RAO VITTANALA
MEMBER, JUDICIAL**

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