

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH - I, HYDERABAD**

**IA (IBC) 1547/2023 in  
C.P. (IB) No. 665/7/HDB/2018**

*Under Section 54(1), R/W Regulation 45(3)(b) of the IBBI (Liquidation  
Process) Regulations, 2016 For Dissolution*

**In the matter of  
M/s MEENA JEWELLERS & DIAMONDS PRIVATE LIMITED**

**BETWEEN:**

**MR. SRI VAMSI KAMBHAMMETTU,**

**The Liquidator** for Meena Jewellers & Diamonds Private Limited

Having its office at Rao and Rao, Chartered Accountants,

A 85, #DX4, Level 2, Road No 11, Film Nagar, Jubilee Hills,

Hyderabad - 500033

...Applicant/Liquidator

**IN THE MATTER OF:**

**STATE BANK OF INDIA**

...Financial Creditor

AND

**MEENA JEWELLERS & DIAMONDS PRIVATE LIMITED**

...Respondent/ Corporate Debtor

**Date of Order: 08.01.2024**

**Coram:**

Dr. Venkata Ramakrishna Badarinath Nandula, Hon'ble Member (Judicial)

Shri Charan Singh, Hon'ble Member (Technical)

**Counsel present:**

For Applicant/Liquidator : Mr. VVSN Raju, Mr. AVP Reddy,  
Mr. Praveen Jain, Ms. Aishwarya Rajasree,  
Mr. Srikanth Rathi, Ms. GVL Meghana and  
Ms. Bindu, Counsels.

**Per : Bench**  
**ORDER**

1. This application is filed, seeking for dissolution of the Corporate Debtor under Section 54(1) of I&B Code, 2016, read with Regulation 45(3) of the I & B Code, 2016.
2. The facts of the case briefly are as follows:
  - 2.1. This Tribunal admitted the Company Petition (IB) No.665/7/HDB/2018 which was filed by State Bank of India to initiate Corporate Insolvency Resolution Process (CIRP) under section 7 of the Insolvency and Bankruptcy Code, 2016 vide order dated 26.11.2019 and appointed Dr. K V Srinivas, as the Resolution Professional in the second COC meeting held on 07.01.2020.
  - 2.2. It is averred that the 6<sup>th</sup> COC meeting held on 05.08.2020, resolved for initiation of Liquidation against the Corporate Debtor. Accordingly, Resolution Professional filed an IA (IBC)/674/2020 before this Tribunal and appointed the Applicant as the Liquidator.
  - 2.3. It is averred that the Applicant/Liquidator prepared the list of stakeholders on the basis of proofs of claims and also filed the Asset Memorandum before this Tribunal on 12.07.2021.
  - 2.4. It is averred that the Applicant constituted the Stakeholders Consultation Committee (“SCC”). The List of Stakeholders has been modified based on the directions of this Tribunal in IA No.546/2021 and IA No.1270/2022 on 01.12.2022 and the same has been filed before this Tribunal on 06.01.2023.
  - 2.5. It is averred that as on 01.12.2022, the Liquidator reconstituted the Stakeholder’s Consultation Committee of Meena Jewellers & Diamonds Private Limited, from time to time and also submitted that the RP appointed

the registered valuers under IBBI and submitted the fair value and liquidation value after physical verification of the property and the details was given in the application at Page No.4.

- 2.6. It is averred that the Liquidation and Fair Value of the assets (Land & Building and Plant & Machineries & Securities and Financial Assets), were taken into account for the Liquidation process as well, and there were no significant changes during that time. According to the Valuation Report, the average liquidation value of the Corporate Debtor is computed as Rs.6,174/-.
- 2.7. It is averred that the amount realized from sale of liquidation estate was Rs. Nil, as the bank balance was squared off against bank charges and expenses. In the second SCC meeting the Liquidator discussed to recover monies due and also the amounts to be distributed to stakeholders as per section 52 or 53 of Code is therefore Rs. Nil.
- 2.8. It is averred that the Liquidation costs of the Corporate Debtor have not exceeded the estimated liquidation costs and the liquidation costs incurred and taken on record by the stakeholders in their meetings held on 26.06.2023 and 06.09.2023, the same is submitted in the application at Page No.5.
- 2.9. It is averred that the SCC meetings conducted on 12.07.2021, 23.12.2022, 26.06.2023 and 06.09.2023 and discussed on the progress in the Liquidation Process from time to time and taken consultations accordingly.
- 2.10. It is averred that the process of Liquidation is to be completed within a period of one year from the date of the commencement of Liquidation. Liquidation Proceedings commenced from 26.04.2021 when the Liquidator received the intimation of appointment. The said period of 365 days expired on 25.04.2022. An IA No.596/2021 was filed by the

Liquidator seeking exclusion of time of 66 days from the Liquidation period from 26.04.2021 to 30.06.2021. The said IA was heard by this Tribunal and an order was passed on 26.10.2021 granting exclusion of time for the period lost due to Covid-19 pandemic.

- 2.11. It is averred that the Corporate Debtor has extended corporate guarantee to other two group companies viz., Meena Jewellers Private Limited (in Liquidation) and Meena Jewellers Exclusive Private Limited (in Liquidation) and is having cross collateral for the loan facilities sanctioned by the secured financial creditor State Bank of India. The undersigned Liquidator is also the Liquidator in these two companies under liquidation. Property of Meena Jewellers Exclusive Private Limited is subjected to prohibition i.e., included in the prohibitory list published by the Sub-Registrar Office, Hyderabad, vide orders of the Deputy Registrar of Chits, Hyderabad and such the sale of the said property was hampered for this reason.
- 2.12. It is averred that an application was filed before this Tribunal vide IA No.660 of 2022 dated 29.12.2022 seeking extension for a period of 6 months from 31.12.2022. As the applicant would require time till the lifting of the attachment in the said properties from 30.06.2022. The said IA was heard by this Tribunal an order was passed on 15.07.2022 granting extension of time of six months. The Liquidator has published sale notice dated 08.12.2022 with e-auction on 31.12.2022. The Stakeholders in their meeting held on 23.12.2022 expressed that the Corporate Debtor is having cross collateral and the Liquidator took extension of time in liquidation process for further six months. The said IA was heard by this Tribunal on 28.08.2023.

- 2.13. It is averred that the Liquidator filed an IA connected with CP (IB) No.665/7/HDB/2018 before this Tribunal, for extension of liquidation period from 30.06.2023 to 30.09.2023 as the Sole Financial Creditor, State Bank of India, informed that as the Corporate Debtor has common collateral and cross guarantees with other two group companies and proceedings of Central Bureau of Investigation are ongoing.
- 2.14. It is averred that the Financial Creditor filed an IA.1362/2023 for extension of 3 months in the liquidation process. The said IA was heard by this Tribunal and an order was passed on 28.08.2023 granting extension until 30.09.2023 with a direction to the Liquidator to file the Final Report by 08.09.2023. The order further directed the SCC to cooperate with the Liquidator with regards to the same.
- 2.15. It is averred that during the CIRP of the Corporate Debtor, M/s. Advarisk, SLO Technologies Private Limited, was appointed to conduct the forensic audit as per the scope approved by the members of the COC on the transactions of the Corporate Debtor, the Forensic Audit Report was duly received by the Erstwhile RP.
- 2.16. It is averred that the Erstwhile RP filed an IA(IBC)/56/2021 based on the Forensic Audit Report for the recovery of amount receivables from Mr. Umesh Purushotham Jethwani and Mr. Sanjay Kumar Vadak for recovery of an amount of Rs. Nil and recovery of stocks diverted of Rs. 89.68 Crores. The said IA is pending before this Tribunal for adjudication.
- 2.17. It is averred that the IA will be pursued by the SCC, i.e., State Bank of India as the Liquidator will be relieved of his duties. Liquidator closed the Liquidation Account on 28.08.2023, and also filed the Compliance Certificate in Form-H as per Regulation 45(3) of IBBI (Liquidation Process) Regulations, 2016 along with the Liquidation Closure Report.

2.18. It is averred that Central Bureau of Investigation, BSFB, Bengaluru, has registered a case vide RC 08/(E)/2021 under section 120-B r/w 420,468 & 471 IPC and Sec. 13 (2) r/w 13 (1) (d) of PC Act 1988 against M/s Meena Jewellers & Diamonds Pvt Ltd (A-1), Shri Umesh Jethwani (A-2), suspended Managing Director, Smt Hema U Jethwani (A-3), suspended Director, Shri Karan U Jethwani (A-4), suspended Director and unknown public servants and private persons on the basis of complaint lodged by State Bank of India, regarding the wrongful loss to the tune of Rs. 125.40 crores. It has been communicated to the Liquidator by CBI over email on 30.08.2022. These investigation proceedings are currently ongoing and in progress. The case against the Corporate Debtor will come to an end against the Corporate Debtor post dissolution, however, the proceedings against the promoters will continue.

2.19. It is averred that the Liquidator in his report has observed that the continuance of the Liquidation Process will further burden the stakeholders in terms of liquidation costs. There is no further activity to be carried out in the Liquidation process, the Liquidator in his report has observed that the Corporate Debtor can be dissolved. Thus, the above made submissions, the Application is filed for dissolution of the Corporate Debtor.

3. **As per the directions of this Tribunal dated 29.09.2023, a memo filed by the Liquidator on 12.10.2023:**

3.1. It is submitted that this memo is filed for closure of the Liquidation process. A case vide RC 08/(E)/2021 pending before the CBI Court. In the event the case is proved against the Corporate Debtor and the other accused persons beyond doubt, they would be liable for imprisonment or fine or Both.

- 3.2. It is submitted that since the Corporate Debtor is an artificial person, there is no scope for imposing punishment of imprisonment on the Corporate Debtor. The apex courts in number of judgements including *Standard Chartered Bank and Ors V. Directorate of Enforcement and Ors (AIR 2005 SC 2622)* & *Asst. Commissioner, Assessment-II, Bangalore and Ors V. Velliappa Textiles Ltd and Anr (2003) 11 SCC 405*, categorically held the same. Copy of the said judgements are attached herewith **Annexure-1 & Annexure-2** respectively. Therefore, the other option for giving punishment on the Corporate Debtor is in the form of fine. As there are no assets available, even in case of imposition of fine, the punishment of fine would be inexecutable. Therefore, no purpose would be served, if conclusion of the Liquidation Purpose is stalled on account of the pendency of the criminal case. On the other hand, stoppage of the process would involve additional costs which would burden the stakeholders for no purpose.
- 3.3. It is submitted that Reference to the decision of the Hon'ble NCLT New Delhi in matter of *M/s. Kundan Mal Roop Chand Jewellers Pvt. Ltd. V. M/s. Delhi Diamonds Pvt. Ltd. (IA 5317/2022 in IB-1117/ND/2020)* is drawn to the notice of this Tribunal which is relevant and has persuasive value in the matter. In the said order, the Hon'ble NCLT, Delhi held for closure of the Liquidation Process of the Corporate Debtor during the pendency of the criminal case. A copy of the Judgement is attached herewith is attached herewith as **Annexure-3**.
- 3.4. It is submitted that, it is not out of context to mention here that the authorized representative of the financial creditor, viz., State Bank of India, expressed concern with the dissolution of the Corporate Debtor

only for the reason of ongoing investigation by Central Bureau of Investigation (CBI), Bangalore and the dissolution of Corporate Debtor will pose coordination problems for the same, in the meeting of the Stakeholders Consultation Committee which was convened on 06.09.2023 subsequent to the direction of this Tribunal vide their Order dated 28.08.2023 in IA(IBC) 1234/2023. However, the Liquidator in the said meeting clarified that the records, made available to him by the Corporate Debtor/RP and at his disposal, would be preserved and maintained as per IBC and for this purpose, the dissolution process need not be kept in abeyance, especially when there was a specific direction in this regard from this Tribunal. The committee noted the same.

The Minutes of the said meeting have already been enclosed as part of the main Interlocutory Application in this connection. It is, therefore, pertinent to be mentioned here that the Liquidation process had to be brought to an end as per the order of this Tribunal before 08.09.2023, vide Order dated 28.08.2023 in IA(IBC) 1362/2023. A Copy of the order of this Tribunal is attached herewith as **Annexure-4**.

It is submitted that the Applicant herewith also intends to bring on record the Audited Receipts and Payments for the liquidation period, which is attached herewith as **Annexure-5**.

4. In the light of above facts and circumstances of the case, the only point that emerges for consideration of the Tribunal is  
Whether the Corporate Debtor can be dissolved?
5. We have heard the Ld. Counsel for the Liquidator Mr. VVSN Raju and also perused the record.
6. At the outset it may be stated that Section 54 of the IBC lays down the criteria for dissolution of the Corporate Debtor.

Section 54, IBC Dissolution of corporate debtor.

- (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.
7. Regulation 45 of Insolvency & Bankruptcy Board of India (Liquidation Process) Regulations, 2016 reads as under:-

***Regulation 45: Final report prior to dissolution.***

- (1) When the Corporate Debtor is liquidated, the liquidator shall make an account of the liquidation, showing how it has been conducted and how the corporate debtor's assets have been liquidated.***
- (2) If the liquidation cost exceeds the estimated liquidation cost provided in the Preliminary Report, the liquidator shall explain the reasons for the same.***
- (3) The liquidator shall submit an application along with the final report and the compliance certificate in form H to the Adjudicating Authority for – (a) closure of the liquidation process of the Corporate Debtor where the Corporate Debtor is sold as a going concern; or (b) for the dissolution of the corporate debtor, in cases not covered under clause (a).]***

8. We are satisfied that the criteria laid down under law has been fully complied with in this case. As such, the Corporate Debtor can be ordered to be dissolved. Hence, we hereby order dissolution of the Corporate Debtor as under:-

- (i) The Corporate Debtor/M/s Meena Jewellers & Diamonds Private Limited stands dissolved from the date of this Order, in terms of Section 54(1) of IBC, 2016, and the Liquidator stands relieved.
- (ii) IA No. 56/2021 which is pending for adjudication will be pursued by the SCC i.e., State Bank of India, after relieving of liquidator from his duties.
- (iii) The Liquidator is directed to send the copy of this Order within 7 days from the date of pronouncement to the Registrar of Companies, Hyderabad.
- (iv) Upon dissolution of the Corporate Debtor, the records of the Company which are in possession of the Liquidator, be handed over by the Liquidator to the IBBI.
- (v) The Registry is also directed to communicate this order to the Registrar of Companies, Hyderabad for updating the master data.
- (vi) A copy of this order be also forwarded to the Insolvency & Bankruptcy Board of India, New Delhi.
- (vii) In terms of the above, IA (IBC) 1547 of 2023 filed by the Liquidator appointed for M/s Meena Jewellers & Diamonds Private Limited (Corporate Debtor) for dissolution of the Company under Section 54 (1) of IBC, 2016 stands disposed of accordingly. Since the Corporate Debtor stood dissolved vide this order and no proceedings are now pending, therefore, the Registry is directed to consign the file to records.

**Sd/-**  
**CHARAN SINGH**  
**MEMBER (TECHNICAL)**

**Sd/-**  
**DR. N. VENKATA RAMAKRISHNA BADARINATH**  
**MEMBER (JUDICIAL)**

*Apoorva*