

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

I.A. No.40/2023 in
C.P. (IB) No. 339/7/HDB/2020
Under Section 54(1) of the IB Code, 2016

In the matter of
M/S S S P SPONGE IRON PRIVATE LIMITED
- IN LIQUIDATION

Mr. CHANDRA SEKHAR ARASADA
Liquidator of
M/s S S P SPONGE IRON PRIVATE LIMITED
Plot No.1183, H.No.8-3-430/1/23, 1st Floor
Street No.10, Yellareddyguda, Ameerpet
Hyderabad – 500073

FREE OF COST COPY

...Applicant
/Liquidator

AND

M/s S S P SPONGE IRON PRIVATE LIMITED
(Under Liquidation Process and being
Represented by Liquidator)
Mr. CHANDRA SEKHAR ARAWSADA
Plot No.1183, H.No.8-3-430/1/23, 1st Floor
Street No.10, Yellareddyguda, Ameerpet
Hyderabad – 500073

CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

....Corporate Debtor/
Respondent

Date of Order: 29.03.2023

Coram:

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

Sri Charan Singh, Hon'ble Member (Technical)



Counsel present:

For the Applicant : Mr. Chandra Sekhar Arasada, Liquidator

Per : Bench

ORDER

This application is filed seeking for dissolution of the Corporate Debtor i.e. M/s S.S.P. Sponge Iron Private Limited and to discharge the Applicant from his duty as Liquidator.

2. The facts of the case briefly are as follows:

(i) The Corporate Insolvency Resolution Process was initiated by virtue of the order 06-01-2021 in CP (IB) NO.339/7/HDB/2020 under Section 7 of the I&B Code. The Applicant who was appointed as Interim Professional by this Tribunal was subsequently confirmed as Resolution Professional.

(ii) The CoC in its 3rd meeting held on 16.06.2021 resolved to liquidate the Corporate Debtor and this Tribunal on an Application moved by the Resolution Professional, ordered liquidation of the Corporate Debtor on 08.07.2021 and appointed the Applicant herein as Liquidator.

Pursuant to his taking over charge, the Applicant made public announcement in Financial Express, Praja Shakti and Mana Telangana on 14.07.2021 inviting claims from the stakeholders. Upon verification of the claims, the Liquidator prepared the list of stakeholders and filed the same before this Tribunal on 07.05.2021. The 1st meeting of stakeholders consultation committee was held on 24.05.2021.

(iv) Since the liquidation closing date was on 08.07.2022, this Tribunal vide order passed in IA No.647/2022 on 01-07-2022 granted 90 days' extension up to 07-10-2022.



- (v) The Liquidator tried to sell the only asset of the Corporate Debtor i.e. Sponge Iron in the 3rd e-auction conducted on 09.05.2022 for Rs. 62,30,000/-. However, since the bidder paid 25% of the bid amount and failed to pay the remaining 75% plus GST and interest for the delayed payment, the auction was cancelled and the said auction money was forfeited.
- (vi) The second extension of 90 days was granted by this Tribunal vide order passed in IA No. 1090/2022 on 14.10.2022.
- (vii) The Liquidator had convened 7 (Seven) meetings of Stakeholder Consultation Committee (SCC) on 21-10-2021, 20-01-2022, 19-03-2022, 22-04-2022, 30-06-2022, 29-08-2022 and 22-12-2022 (Page no.28 of this application). List of Stakeholders is given at page no.38 and 39 of this application
- (viii) The stock of sponge iron was sold in the 4th e-auction conducted on 15.09.2022 for Rs. 56,17,000/- and the sole bidder paid the entire amount with GST and interest for the delayed payment which was credited into the Liquidation account of the Corporate Debtor and paid the CIRP and liquidation costs and the balance amount distributed to the Sole Financial Creditor i.e. City Union Bank Limited as per Section 53 of IBC under waterfall mechanism. Thus, the Applicant prayed the Tribunal to pass orders of dissolution of the Corporate Debtor.

3. In the light of above facts and circumstances of the case, the only point that emerges for consideration of the Tribunal is

Whether order of dissolution of the Corporate Debtor can be passed in terms of Section 54(2) of the I&B Code, 2016 as prayed for?

4. We heard the Ld. Liquidator Shri Chandra Sekhar Arasada, besides perused the resolutions dated 21-10-2021, 20-01-2022, 19-03-2022, 22-

04-2022, 30-06-2022, 29-08-2022 and 22-12-2022 passed by the Stakeholder Consultation Committee (SCC) and the Distribution Sheet submitted by the Liquidator.

5. A perusal of Distribution Sheet submitted by the Liquidator discloses that whatever amount that was realized on sale of the assets of the Corporate Debtor in Liquidation, were duly distributed. As per the Final Report of the Liquidator, there are no assets of the Corporate Debtor as on date. Statements of the accounts of the Corporate Debtor with City Union Bank Ltd., DCC Bank Ltd., and Canara Bank have also been enclosed (page no.64-68 of the application) shows 'NIL' balance.
6. At the outset it may be stated that Section 54 of the IBC lays down the criteria for dissolution of the Corporate Debtor.

54-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.

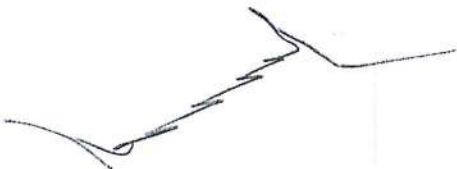
(2) The Adjudicating Authority shall on application filed by the liquidator under sub-section (1) order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(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. The liquidation value of the Corporate Debtor as per Form H submitted by liquidator is Rs.1,47,70,543/-, whereas the amount realized from sale of liquidation asset is Rs.83,29,254/-. The Liquidator has further submitted in Form H that the amounts realized have been distributed to the stakeholders as per Section 52/53 of the IBC Code.

9. We are satisfied that the criteria laid down under law has been fully complied with. As such, the Corporate Debtor is liable to be dissolved. Hence, we hereby order dissolution of the Corporate Debtor as under:-

The Corporate Debtor/M/s S.S.P SPONGE IRON PRIVATE LIMITED stands dissolved from the date of this Order, in terms of Section 54(1) of IBC, 2016, and the Liquidator stands relieved.

9.2 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.

9.3 The Liquidator is further directed to preserve a physical or electronic copy of reports, registers, books of accounts referred to in Regulation 8 and 10 for at least 8 years after the dissolution of the Corporate Debtor, either with himself or with the information utility.

9.4 The Registry is also directed to communicate this order to the Registrar of Companies, Hyderabad for updating the master data.



- 9.5 A copy of this order be also forwarded to the Insolvency & Bankruptcy Board of India, New Delhi.
- 9.6 In terms of above, IA No 40 of 2023 filed by the Liquidator appointed for M/s SSP Sponge Iron Private Limited 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.



(Charan Singh)


MEMBER (TECHNICAL)

Jadarani
29/03/23

(Dr. N.Venkata Ramakrishna Badarinath)

MEMBER (JUDICIAL)

surya


03/4/2023
Deputy Registrar / Assistant Registrar / Court Officer
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति
CERTIFIED TRUE COPY
केस संख्या
CASE NUMBER... CP (23) No. 339/7/HDBI 20
निर्णय का तारीख
DATE OF JUDGEMENT... 29/3/23
प्रति तैयार किया गया तारीख
COPY MADE READY ON... 03/4/23