S.No.6

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSCIAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF HE HEARING HELD ON
07-03-2025 AT **11:00 AM**

CP(IB) No. 599/7/HDB/2019
AND
IA (IBC) 1743/2024 in CP(IB) No. 599/7/HDB/2019
u/s. 7 of IBC, 2016

IN THE MATTER OF:
Punjab National Bank **…Financial Creditor**

AND

Saptarishi Hotels Pvt Ltd **…Corporate Debtor**

C O R A M:-
DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)

O R D E R

IA (IBC) 1743/2024

Order pronounced, in the result, **this IA (IBC) 1743/2024 is allowed and disposed of**.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)

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IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH-I, HYDERABAD

I.A. No. 1743 OF 2024

IN

C.P. (IB) No. 599/7/HDB/2019

Application under Section 35(1)(N) and Section 60(5)(C) of Insolvency and Bankruptcy Code, 2016 r/w Regulation 45(3) of IBBI (Liquidation Process) Regulations, 2016

IN THE MATTER OF M/S.SAPTARISHI HOTELS PVT.LTD

(Under Liquidation)

BETWEEN

Punjab National Bank ……..**Financial Creditor**

AND

Saptarishi Hotels Private Limited ……..**Corporate Debtor**

Filed by:

Mr. G. Madhusudhan Rao
Liquidator for
M/s. Saptarishi Hotels Private Limited
Resident of 7-1-285, Flat No.103,
Sri Sai Swapna Sampada Apartments, Balkampet,
Sanjeev Reddy Nagar, Hyderabad-500038.

………**Applicant/Liquidator**

Date of order: 07.03.2025

Coram:

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

Shri Charan Singh, Hon'ble Member (Technical)

Appearance:

For Applicant **:** Smt. Mummaneni. Vazra Laxmi, Counsel
Mr. G. Madhusudhan Rao, Liquidator.

PER: BENCH

ORDER

1. This application is filed by the Liquidator of the Corporate Debtor M/s Saptarishi Hotels Private Limited (hereinafter referred "Corporate Debtor"), u/s 35 (1)(n) and Section 60(5)(c) of Insolvency and Bankruptcy Code 2016, read with Regulation 45 (3)(a) of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (Liquidation Regulations) seeking closure of Liquidation Process of the Corporate Debtor as the Corporate Debtor is sold as a going concern in Liquidation.
2. This Tribunal had admitted the Company Petition bearing CP. (IB).No.599/7/HDB/2019 filed by the Punjab National Bank/Financial Creditor Section 7 of Insolvency and Bankruptcy Code 2016, ("IBC") and ordered the commencement of Corporate Insolvency Resolution Process ("CIRP") of the Corporate Debtor vide order dated **18.01.2021** and appointed Mr.Taduvai. Siva Nagaraja as an Interim Resolution Professional("IRP"). Subsequently, IRP was continued as Resolution Professional of the Corporate Debtor.

3. It is averred that when there was no Successful Resolution of the Corporate Debtor as there was no Resolution Plan approved by the Committee of Creditors ("CoC"), the Resolution Professional filed an application **IA.No.413 of 2022** under Section 33 of the Insolvency and Bankruptcy Code, 2016, seeking Liquidation of the Corporate Debtor M/s. Saptarishi Hotels Private Limited, and the same was allowed vide order dated **19.10.2022** by appointing the applicant herein as a Liquidator to the Corporate Debtor.

4. **Brief overview of the Liquidation Process:**

   4.1. It is stated that in pursuance to the commencement of the Liquidation, the Liquidator, in compliance with the Liquidation Process Regulations, issued a public announcement dated 26.10.2022, requesting stakeholders to submit claims as of the liquidation commencement date. The claims received were verified, and their admission or rejection communicated to stakeholders. Subsequently, the final list of stakeholders has been filed before the Hon'ble NCLT, Hyderabad Bench, as per Regulation 31.

   4.2. It is stated that the Liquidator has also prepared and submitted the Preliminary Report dated 30.12.2022 and Asset Memorandum dated 23.11.2022 in accordance with Regulations 13 and 34. Additionally, the Liquidator has submitted quarterly Progress Reports dated 12.01.2023, 14.04.2023, 13.07.2023, 13.10.2023, 09.01.2024, 15.04.2024 and 15.07.2024 as required under Regulation 15.

4.3. It is stated that the Liquidator in compliance with Regulation 31A of the Liquidation Process Regulations, constituted a Stakeholders Consultation Committee to advise on matters related to the sale under Regulation 32 and conducted SCC meetings between 18.12.2022 and 15.03.2024. Additionally, on 08.11.2022, the Liquidator issued public announcement for a compromise and arrangement proposal under Section 230 of the Companies Act, 2013, as per Regulation 2B, but no proposals were received.

4.4. Subsequently, the Stakeholders Consultation Committee (SCC) recommended selling of the Corporate Debtor as a going concern in liquidation. Consequently, The Liquidator issued sale notices five times between 24.01.2023 and 31.12.2023, but no bids were received. Pursuant thereto, the Liquidator issued sale notice dated 11.02.2024 for sale of the Corporate Debtor as a going concern in Liquidation for a reserve price of Rs.55.25 Crores. The e-auction was scheduled for 09.03.2024, during which a bid was received from a single bidder.

4.5. It is stated that pursuant to the said e-auction, on 11.03.2024, Mr. Kolli Lakshmi Sreedhar Reddy, and Mr. Atigadda Venkateshwar Reddy (Joint bidders) were declared as the Successful Bidders with a bid amount of Rs.55,25,00,000/- for acquisition of the Corporate Debtor as a going concern. Further, the successful bidder paid EMD amount of Rs.5,52,50,000/-.

4.6. Thereafter, the Liquidator issued Letter of Intent to the Successful Bidder on 11.03.2024 which has been acknowledged by the Successful Bidder.

4.7. It is stated that in compliance with the Letter of Intent, the Successful Bidder paid the balance sale consideration amount as demanded in the Letter of Intent dated 11.03.2024 through as follows:

DATE	Amount
30.05.2024	Rs.3,81,25,000/-
30.05.2024	Rs.5,00,00,000/-
30.05.2024	Rs.5,00,00,000/-
30.05.2024	Rs.10,00,00,000/-
30.05.2024	Rs.2,75,00,000/-
31.05.2024	Rs.5,00,00,000/-
31.05.2024	Rs.5,00,00,000/-
31.05.2024	Rs.3,25,00,000/-
31.05.2024	Rs.1,62,50,000/-
Total	Rs.41,43,75,000/-

Further, an amount of Rs.35,42,055/- on 31.05.2024 and an amount of Rs.35,90,959/- was also paid towards interest.

4.8. Accordingly, the Applicant/Liquidator issued sale certificate on 01.06.2024 in favor of the Successful bidder. Further, the Liquidator distributed the entire sale consideration as per the priority under Section

53 of the IBC except for the share of Rs.3,23,06,880 Crores due to National Institute of Tourism and Hospitality Management ("NITHM"), a secured operating creditor. Despite multiple opportunities, NITHM did not accept their share, which was transferred to the Corporate Liquidation Account maintained by IBBI on 19.08.2024, in accordance with Regulation 46 of the IBBI (Liquidation Process) Regulations, 2016.

4.9. It is stated that the detailed statement on sale proceeds, liquidation expenses incurred and distribution to the stakeholders were annexed in final report dated 19.08.2024. The Auditors certificate dated 11.07.2024 on receipts and payment account for the Liquidation period 01.04.2024 to 11.07.2024 was also annexed respectively.

5. **On 27.11.2024, this Tribunal sought clarifications on following aspects:**

5.1. Expenses sheet produced at page 113 and 136 mentions that the Liquidator support team and legal expenses for 8 years whereas the CIRP itself was initiated on 18.01.2021.

5.2. SCC resolution showing as to who will pursue the IA.No.455/2021 and the manner of distribution of the recovered assets if any after dissolution of Corporate Debtor.

6. The Learned counsel for the Liquidator submitted that the fees for the support team and legal expenses cover an 8 year period from the filing of the Closure

Application, as the Liquidator remains responsible for 8 years under the IBC, 2016. Under Regulations 5(2) and 45A of the IBBI Liquidation Process Regulations, the Liquidator must preserve the Corporate Debtor’s records for 8 years. Various authorities, including the Enforcement Department, Central Bureau of Investigation (CBI), Economic Offences Courts, Registrar of Companies, and Police, frequently issue summons to the Liquidator for clarifications on affairs of the Corporate Debtor and sale. In this case, creditors have lodged a complaint against the suspended directors with the CBI, and the Liquidator is providing the necessary information. Additionally, several cases remain pending and the Liquidator must represent in all until their resolution.

7. The Ld. Counsel further submitted that despite the dissolution or closure of the liquidation process, or the resolution of the Corporate Debtor, several cases continue to be filed against the Liquidators/Resolution Professionals by various authorities in different forums. This continues even years after the closure of the process, with increasing storage costs for records. After discussions with the SCC lenders, it was agreed to limit expenditures and acknowledge that payments after the closure of the liquidation process are not feasible from any stakeholders. Thus, the members consented to payments for 8 years to both Insolvency Professional Entity (IPE) and legal counsel.

8. It is further submitted that the IPE’s fee covers storage rentals and the costs of maintaining records, including employing storekeepers, accountants, and

other professionals to retrieve relevant documents. These professionals provide necessary information to both the Liquidator and Legal Counsel for all appearances, counters, rejoinders, memos, clarifications, and services related to courts, tribunals and investigations by CBI, RD, ED, etc., until the disposal of pending cases and any new cases filed within 8 years.

9. As per Regulation 6(2) of the Liquidation Process Regulations, the Liquidator for 8 years must maintain the registers on Cash Book, Ledger, Bank Ledger, register of fixed assets and inventories, Securities and Investments Register, Register of book debts and outstanding debts, Tenants Ledger, Suits Register, Decree Register, register of claims and dividends, contributories ledger, fee register, Register of unclaimed dividends and undistributed proceeds, books and documents register.

10. Ld. Counsel further submitted that the SCC lenders negotiated extensively with the Liquidator on his fee, ultimately agreeing to pay only 0.73% (Rs.41 Lakhs) of the sale realization of Rs.60 Crores, despite the Liquidator being responsible for around 10 years of work with stakeholders, tribunals, courts, and investigating authorities. The lenders agreed to cover the supporting staff fee to assist the Liquidator and legal counsel and considered the fee reasonable, limiting the expenditure. The lenders opted to appoint the IPE and legal counsel for these tasks collectively, as appointing them separately would

be impractical after the liquidation account closure, thus limiting overall expenditure.

11. In regard to the 2nd clarification sought by this Tribunal, the Ld. Counsel submitted that on 02.12.2024, in the meeting held by SCC members unanimously passed the resolutions as hereunder:

a) *Resolved that all the pending Avoidance application filed u/s 66 of IBC and IA.No.184/2022 filed by Suspended Directors will be pursued by the Punjab National Bank (PNB), Lead lender for the Corporate Debtor i.e Saptarishi Hotels Pvt Ltd in liquidation after the closure of the Liquidation Process Application.*
b) *Resolved further that any recoveries from the Avoidance Application(s) specifically IA.NO.455/2021, Recoveries from the Investigation of CBI/ED/RD, etc., will be distributed in accordance with the Sec 53 of the IBC, 2016.*
c) *Resolved further that the same advocate i.e M. Vazra Laxmi who is dealing the Application IA.No.455/2021 filed u/s 66 of IBC and IA No.184 of 2022 filed by Suspended Directors will continue as representing counsel on behalf of the PNB/Financial Creditors (PNB and PSB) without any further fee as the same already agreed.*
d) *Resolved that all the members be and hereby agreed to file necessary Appeals if necessitated against the orders passed in IA No.455 of 2021 before the Appellate Tribunal or pursue the Appeals filed if any by any aggrieved party in IA.No.455 of 2021 and IA.184 of 2024 and to continue the same Advocate M. Vazra Laxmi as representing counsel without any further fee to be paid.*
e) *Resolved that all the members be and hereby agreed that the Liquidator/(Ex Liquidator) and IPE/Liquidator Support team need to provide all the required information with respect to the avoidance applications IA.NO.455/2021 and IA.184/2024 and all the likely appeals if any till there final disposal with all the Tribunals and highest Courts in India without further fees. (Copy of the Minutes are annexed in Page Nos.791-193).*

12. Lastly, it is submitted that the e-auction document for the auction dated 09.03.2024 clearly states the distribution of avoidance proceeds and other investigative proceeds as follows:

> *"In case any amount recovered under avoidance of transactions/avoidance of application and CBI, ED, RD or any other investigation authority, identify any amount recoverable or recovered, the amount will not belong to successful bidders. This amount will be distributed as per section 53".*

13. Therefore, in light of the above clarification submitted, the Ld. Counsel seek for the closure of the liquidation process at the earliest to reduce time and costs.

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

    Whether the Liquidation process of the Corporate Debtor can be closed?

15. We heard Mrs. M. Vazra Laxmi, Learned Counsel for Liquidator and perused the record filed.

Point:

Whether the Liquidation process of the Corporate Debtor can be closed?

16. At the outset, we usefully extract Regulation 45 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation, 2016 which 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;

(b) for the dissolution of the corporate debtor, in cases not covered under clause (a)".

17. The Ld. Liquidator submitted that, pursuant to the public announcement for the e-auction dated 09.03.2024, Mr. Kolli Lakshmi Sreedhar Reddy, and Mr. Atigadda Venkateshwar Reddy (Joint bidders) were declared as the Successful Bidders with a bid amount of Rs.55,25,00,000/- for acquisition of the Corporate Debtor as a going concern. On examining the facts aforementioned and the material placed along with the Application, it is evident that the assets of Corporate Debtor were sold to Mr. Kolli Lakshmi Sreedhar Reddy, and Mr. Atigadda Venkateshwar Reddy (Joint bidders) for Rs.55,25,00,000/- as a going concern, as against the average valuation of the Liquidation i.e. Rs.53,42,09,413/-. On perusal of the Form-H dated 19.08.2024, it is evident that an amount of Rs.55,96,82,125/- including interest (Rs.55,25,00,000/- + Rs.71,82,125/-) is realized from the sale and distributed among the stakeholders as per Section 52 or 53 of the Code.

18. We observe that the amount distributed to the amount claimed by the Financial Creditors is Rs.53,04,15,278/-. Of this amount, Rs.27,32,94,173/- (51.525% of the admitted claim) has been disbursed to Pu njab National Bank, and Rs.22,48,14,226/- (42.385% of the admitted claim) has been disbursed to Punjab and Sind Bank. Additionally, the remaining amount of Rs.3,23,06,880/- (6.091% of the admitted claim) was allocated to NITHAM. However, this amount was not paid to NITHAM as they did not accept their share on or before 10.06.2024. Consequently, the said amount was transferred to the Corporate Liquidation Account maintained by IBBI on 19.08.2024, in accordance with Regulation 46 of the IBBI (Liquidation Process) Regulations, 2016. The details of the distribution of the realized amount are mentioned at page 107 to 114 of the present application.

19. We further find on 11.07.2024, B. Naga Phaneendra proprietor of B. Naga Phaneendra & Co, Chartered Accountants furnished certificate on receipts and payments account for the liquidation period between 01.04.2024 to 11.07.2024. Further, ongoing through the final report, it is evident that the Liquidator has sold the Corporate Debtor as a going concern as such it is a fit case for closure of Liquidation process.

20. In response to the clarifications sought by this Tribunal on 27.11.2024, the Liquidator has submitted that the Punjab National Bank will be pursuing the IA.No.455 of 2021. But, the IA.No.455 of 2021 has already been disposed off

vide order dated 28.02.2025 by this Tribunal with an order of recovery of Rs.50.36 crores from the Respondents. In view of the same, the Punjab National Bank is directed to pursue for the execution of the order of this Tribunal in the said IA.No.455 of 2021, and distribute the proceeds recovered as per Section 53 of Insolvency Bankruptcy Code, 2016.

21. Therefore, in view of the above, we hereby order the closure of the Liquidation proceedings against the Corporate Debtor viz. M/s. Saptarishi Hotels Private Limited, from the date of this order, in terms of Regulation 45(3)(a) of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016. Consequently, the Liquidator stands relieved.

22. The Liquidator is directed to send the copy of this Order within 7 days from the date of pronouncement to the Registrar of the Companies, Hyderabad and hand over all the books and files of the Corporate Debtor i.e. M/s. Saptarishi Hotels Private Limited which are in possession of the Liquidator to the successful bidder.

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

24. A copy of this order be also forwarded to the Insolvency and Bankruptcy Board of India, New Delhi.

25. In terms of the above, IA.No.1743 of 2024 filed by the Liquidator appointed for the M/s. Saptarishi Hotels Private Limited (Corporate Debtor) for closure

of Liquidation Process of the Company under Regulation 45(3)(a) of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, is allowed and stands disposed off.

Accordingly, the case file shall be consigned to record room.

Sd	Sd
Shri. Charan Singh	**Dr. Venkata Ramakrishna Badrinath Nandula**
Member (Technical)	**Member(Judicial)**

Lavanya