

IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH, BENGALURU
(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)

C.P. (IB)No.162/BB/2022
U/s 59(7) of the IBC, 2016
R/w IBBI (Voluntary Liquidation)
Regulations, 2017, R/w Rule 10 of the
Limited Liability Partnership (Winding
UP and Dissolution) Rules, 2012

In the matter of:

Mr. Kondisetty Kumar Dushyantha
Liquidator of Harohalli Land LLP
No.240, First Floor, 32nd Cross,
Jayanagar, 07th Block,
Bangalore - 560 011.

- Applicant/Liquidator

Order delivered on: 28.02.2023

CORAM: 1. Hon'ble Justice (Retd.) Tmt. T. Krishnavalli, Member (Judicial)
2. Hon'ble Shri Manoj Kumar Dubey, Member (Technical)

Parties/Counsels Present:

For the Applicant : Shri K. Kumar Dushyantha

ORDER

Per: T. Krishnavalli, Member (Judicial)

1. The instant Company Petition is filed by Mr. Kondisetty Kumar Dushyantha, Liquidator of Harohalli Land LLP ('Applicant') under Section 59(7) of the Insolvency and Bankruptcy Code, 2016, r/w IBBI (Voluntary Liquidation) Regulations, 2017, r/w Rule 10 of the Limited Liability Partnership (Winding Up and Dissolution) Rules, 2012 by *inter alia* seeking a direction for dissolution of the Corporate Person / LLP, namely, Harohalli Land LLP with effect from the date of order by this Adjudicating Authority.



2. **Harohalli Land LLP** (hereinafter referred to as "Corporate Person/ LLP") is incorporated on 22.03.2016 under the provisions of the Limited Liability Partnership Act, 2008 bearing LLPIN: AAG-0197. The Capital of the LLP is Rs.25,00,00,000/- (Rupees Twenty Five Crore Only). The main objects of the LLP as per its Memorandum of Association is to carry on the business of develop the properties/converted lands contributed by the first to twenty fourth partners of the firm as detailed in the contribution of the partners into duly approved/sanctioned sites with necessary facilities and amenities.
3. According to Section 2 (c) of the IBC, 2016 provisions of IBC shall apply to any Limited Liability Partnership incorporated under the Limited Liability Partnership Act, 2008.
4. The following averments have been made in the Petition:
 - i. It is stated that the LLP convened a meeting of Designated Partners of the LLP on 18.05.2022 wherein the Designated Partners of the LLP approved the **Declaration of Solvency** as stipulated Under Section 59(3) of the Code which was later duly signed and verified by affirmation. The Designated Partners of the LLP in compliance of Section 59(3) of the Code, and Rule 7 of the Limited Liability Partnership (Winding up and Dissolution) Rules, 2010 have given declarations. Further, the Designated Partners have declared on Affidavits dated 23.05.2022 that the LLP (Corporate Person) is solvent and that they have made full inquiry of the affairs of the LLP (Corporate Person) and have formed the opinion that the LLP has no debts or if claimed during the liquidation process, the LLP (Corporate Person) will be able to pay its debts/claims in full, from the date of commencement of the liquidation and the LLP (Corporate Person) is not being liquidated to defraud any person. The LLP duly filed the declaration signed by the Designated Partners of the LLP with ROC in compliance of Section 59(3) of the Code in Form-3 on 27.05.2022.

The LLP held an Extra-Ordinary General Meeting on 25.05.2022 and passed a **Resolution to voluntarily liquidate the LLP** and appoint Mr.



Kondisetty Kumar Dushyantha, Practicing Company Secretary and Registered Insolvency Professional, having registration number IBBI/IPA-002/IP-N00237/2017-2018/10688 to act as a Liquidator for the same.

- iii. It is also stated that the intimation regarding commencement of Voluntary Liquidation Process was given to IBBI for their information and perusal. The publication of Public announcement was also duly notified to the IBBI for publication on the website on 27.05.2022.
- iv. The audited financial statement of the LLP for ending 31.03.2022 and 31.03.2021 (page nos.338-348 of the Petition) along with the Auditor's Report has been filed by the Petitioner.
- v. The commencement of Liquidation and appointment of Liquidator was intimated to the ROC in Form 6 & 7 on 31.05.2022 (for submission of documents).
- vi. **As per Section 59(3)(b)(ii) of the IBC, 2016** - The assets of the LLP were estimated to be of the value of Rs.2,16,64,92,000/- as per the valuation report dated 17.03.2022 obtained from Rishikesh & Aakash Associates, Government approved valuer No.CAT-1/VOL-1/92/2011-12; FIV No. Category I/19961; Chartered Engineer-F-152137.
- vii. **Public Announcement (Regulation 14 of the IBBI (Voluntary Liquidation Process) Regulations, 2017)** - The Liquidator made a Public Announcement of commencement of Liquidation in Form A, in "The Financial Express", English Newspaper and "The Samyukta Karnataka", Kannada Newspaper on 27.05.2022 seeking submission of the claim by Stakeholders on or before 24.06.2022.
- viii. **List of stakeholders (Regulation 30 of the IBBI (Voluntary Liquidation Process) Regulations, 2017)** - The last date of submission of claims, if any was 24.06.2022. The Liquidator had not received any claims up to 24.06.2022, whereas as per the Declaration of Solvency it is observed that LLP had outstanding loan payable to M/s. Harohalli Land Developers





Pvt. Ltd. and Mr. Sala Seemala Venugopal Naidu 'Unsecured Creditors' amounting to Rs.12,39,01,143/- (Rupees Twelve Crore Thirty Nine Lakhs One Thousand One Hundred and Forty Three Only). Since the said Unsecured Creditors also being the partners of the LLP, adequate consent had been obtained from the Creditors stating that the parcel of land distributed in specie as part of liquidation process shall be considered as full and final settlement to the above mentioned unsecured loan amount.

- ix. **Preliminary Report, (Regulation 9 (1) of Chapter IV of the IBBI (Voluntary Liquidation Process) Regulations, 2017)** - The Liquidator submitted the preliminary report to the LLP on 27.06.2022.
- x. **Opening of Bank Account (Regulation 34 of the IBBI (Voluntary Liquidation Process) Regulations, 2017)** - The Bank account was opened with HDFC Bank Limited and the said account was closed on 14.10.2022.
- xi. **As per provisions of Section 178 of Income Tax Act, 1961** - The Liquidator has intimated the commencement of Liquidation and appointment of Liquidator to the Income Tax Authority on 28.05.2022. As per the circular issued by the IBBI vide No.IBBI/LIQ/45/2021 dated 15.11.2021. It is clarified that as per the provisions of the Code and the Regulations read with Section 178 of the Income Tax Act, 1961, an Insolvency Professional handling voluntary liquidation process is not required to seek any NOC/NDC form the Income Tax Department as part of compliance in the said process.
- xii. **Distribution of Assets - (Regarding Section 35 of IBBI(VLP), 2017** - The Liquidator of the LLP in view that the assets of the LLP cannot be readily or advantageously sold, considering which decided to distribute the assets of the LLP ('distribution in specie') amongst its partners in their profit-sharing ratio in the LLP as per the Rule 21 of the Limited Liability Partnership (Winding up and Dissolution) Rules, 2010 and Regulation 35(3) of the IBBI (Voluntary Liquidation Process) Regulations, 2017. The Liquidator had obtained consent from all the partners of the LLP to



distribute the assets of the LLP as 'distribution in specie' as per Rule 21 of Limited Liability Partnership (Winding up and Dissolution) Rules, 2010 and Regulation 35(3) of the IBBI (Voluntary Liquidation Process) Regulations, 2017. The assets of the LLP are distributed to the partners and the Unsecured Creditors of the LLP as per Regulation 35(3) of the IBBI (Voluntary Liquidation Process) Regulations, 2017 by executing the distribution agreement dated 21.07.2022 and the copy of the same attached as Annexure-M in the Petition.

- xiii. **Final Report - (Regulations 38 of the IBBI (Voluntary Liquidation Process) Regulations, 2017)** - The Liquidator had the accounts audited for the liquidation period and submitted his final report on 18.08.2022 along with the Form-H (Compliance Certificate) vide diary no.50 dated 03.01.2023, and the statement of bank account for the period 16.01.2020 to 05.05.2022 have been filed vide diary no.4419 dated 17.10.2022. In connection with the accounts of the liquidation, the CA Certificate showing receipts and payments pertaining to liquidation since the liquidation commencement date is given hereunder:

The liquidation account of the LLP i.e. receipts and payments pertaining to liquidation since the liquidation commencement date i.e. 25.05.2022 till 27.07.2022 are as follows:

Date	Receipts	Value Realized (in Rs.)	Date	Payments	Nature of Disbursement	Amount (in Rs.)
25.05.2022	Opening Balance	15,31,871.92	20.06.2022	Thejus Bhardwaj	DSC certification and filing fees	89,500
27.07.2022	From Cash Deposit	300	20.06.2022	Harish Katam	Consultancy and Legal Services	3,50,000
			20.06.2022	K. Dushyantha Kumar	Liquidator's fees	7,08,000
			20.06.2022	Harish Katam	Consultancy and Legal Services	1,50,000



			29.06.2022	Sampoorna Advertisement	Newspaper Advertisement	15,120
			27.07.2022	Harish Katam	Consultancy and Legal Services	1,44,600
			27.07.2022	Thejus R. Bharadwaj	Consultancy and Legal Services	74,940
			27.07.2022	Bank Charges	Bank Charges	11.92
	Total	15,32,171.92			Total	15,32,171.92

xiv. The final report of the Liquidating LLP was submitted with the ROC and IBBI on 22.08.2022 and 25.08.2022.

5. Heard Shri Kondisetty Kumar Dushyantha, learned PCS for the Applicant. We have carefully perused the pleadings of the party and extant provisions of the Code, and the Regulations made thereunder.
6. The Adjudicating Authority *vide* order dated 22.09.2022 directed the Liquidator as under:

"The learned Liquidator is directed to file (1) copy of bank statement/record of business for two years (2) list of stakeholders (3) Auditor report for the year ended March, 2021 (4) clarifying the distribution of Assets (4) Declaration of solvency for all three LLPs and (5) proper consent of Unsecured Creditors of the LLP (6) clarifying the differential amount in respect of Liquidator's fees and cash at Bank in Form-H as per the CA certificate, within two weeks."

7. In compliance to the above, the Liquidator has filed the requisite documents, namely, copy of the bank statement for the period 16.01.2020 to 05.05.2022, list of Stakeholders, Auditors Report for the year ending March, 2021, clarification the distribution of assets, declaration of solvency for all three LLPs, proper consent of the Unsecured Creditors of the LLP and clarification the difference amount in respect of liquidation fees and cash at bank in Form H as per the CA certificate *vide* diary No.4419 dated 17.10.2022 and same are taken on record.

8. The clarification in respect of distribution of assets was given as under:



- a. It is hereby submitted that as on the date of the declaration of solvency, the LLP was having assets in the form of land for the estimated value of Rs.1,23,75,15,000/-.
- b. It is further submitted that the asset of the LLP cannot be readily or advantageously sold due to its peculiar nature or other special circumstances.
- c. Further the Liquidator had obtained consent from all the partners and unsecured creditors of the LLP to distribute the assets proportionately as 'distribution in specie' as per Regulation 35(3) of the IBBI (Voluntary Liquidation Process) Regulations, 2017. Consent obtained from all the partners and unsecured creditors of the LLP was enclosed to the petition as Annexure - J & L (Page No.187 to 188 & 201 to 228).
- d. It is further submitted that distribution of Assets agreement was executed on 21.07.2022 and accordingly the assets of the LLP were distributed among the partners and unsecured creditors proportionately based on their capital contribution in the LLP. Copy of the Distribution agreement was attached to the petition as Annexure M (Page No.229 to 302).
9. Further, the PCS has filed the revised Form-H vide diary No.50 dated 03.01.2023 and same is taken on record.
10. According to the above discussion, the affairs of the Corporate Person have been completely wound up and its assets have been liquidated and nothing remains to be liquidated. Thus, the compliances of Section 59 and other relevant provisions of the IBC, 2016 r/w IBBI (Voluntary Liquidation Process) Regulations, 2017, have been made within twelve months from the date of commencement of the liquidation proceedings is completed. Hence, we are of the considered opinion that the corporate person, through its Liquidator, has been voluntarily liquidated.



11. In view of the foregoing **Harohalli Land LLP**, the LLP is hereby dissolved with effect from the date of the present order. A copy of this order be filed with the ROC within the fourteen days.
12. The Petition **C.P.(IB)No.162/BB/2022** is accordingly allowed in the above terms.

Sd/-

(MANOJ KUMAR DUBEY)
MEMBER (TECHNICAL)

Sd/-

(T. KRISHNAVALLI)
MEMBER (JUDICIAL)



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