

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH (COURT- I) CHENNAI**

ATTENDANCE CUM ORDER SHEET OF THE HEARING  
HELD ON **26.04.2024** THROUGH VIDEO CONFERENCE

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**PRESENT:** HON'BLE SHRI SANJIV JAIN, MEMBER (JUDICIAL)  
HON'BLE SHRI VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)  
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**IN THE MATTER OF** : Maximus Asset Reconstruction Company Ltd  
Vs  
Krishna Industrial Corporation Ltd

**MAIN PETITION NUMBER** : CP/1053/IB/2018

**(IA/MA) APPLICATION NUMBERS**

IA(DIS)/4(CHE)2024; IA(IBC)/731(CHE)/2023  
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**ORDER**

**IA(IBC)/731(CHE)/2023:**

Present: Mr. S.Rajendran, Liquidator in person.

Vide separate order pronounced in the open court, the application is dismissed with no orders as to costs.

**IA(DIS)/4(CHE)2024:**

Present: Mr. S.Rajendran, Liquidator in person.

Vide separate order pronounced in the open court, the application is allowed.

The Corporate Debtor Krishna Industrial Corporation Limited is dissolved.

The Liquidator is directed to forward the copy of the order to the RoC. concerned and also to the IBBI for its records within a period of 7 days from the date of the order.

The main petition CP/1053/2018 also stands disposed of.

Main petition and the applications are consigned to records.

-sd-

**[VENKATARAMAN SUBRAMANIAM]  
MEMBER (TECHNICAL)**

MS

-sd-

**[SANJIV JAIN]  
MEMBER (JUDICIAL)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH – I, CHENNAI**

**IA (IBC)/731/CHE/2023 in CP/1053/IB/2018**

*(Filed under Sec. 60(5) the Insolvency & Bankruptcy Code, 2016 R/W Rules 32 and 11 of  
NCLT Rules,2016*

IN THE MATTER OF:

**Siva Rajiv Rangasami,**  
Son of Late Siva Rama Krishna Prasad,  
Shareholder of Krishna Industrial Corporation Limited,  
Residing at Site. 8,9,10 Rajeswari Nagar,  
Udayampalayam Road,  
Sowripalayam Post,  
Coimbatore 641 028

*... Applicants*

**-Vs-**

**1. Krishna Industrial Corporation Limited ( Under Liquidation),**  
Represented by its Liquidator S.Rajendran,  
“Ramakrishna Buildings”  
No.239, Anna Salai,  
Chennai – 600 002

**2. Pattabi Agro Foods Private Limited,**  
Velpur, Tanuku Mandal,  
West Godavari District,  
Andhra Pradesh

*... Respondents*

*Order Pronounced on 26<sup>th</sup> April 2024*

CORAM

**SANJIV JAIN, MEMBER (JUDICIAL)**

**VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)**

Present:

*For Applicant* : *E.Omprakash, Senior Advocate*  
*Roshan Atiq, Advocate*

*For Respondents* : *Gautham Ram Vittal, Advocate*  
*R.V.Yajura Devi for Liquidator -R1*

## ORDER

### (Hearing Conducted through VC)

This IA/731/CHE/2023 has been filed by the Applicant under Section 60 (5)(c) of the Insolvency and Bankruptcy Code, 2016 seeking reliefs as follows;

- i) *To Set aside the auction sale of 44.65 acres of land of the Respondent Company on 20.04.2023 in favour of M/s. Pattabhi Agro Foods Private Limited, Velpur, Tanuku Mandal, West Godavari Dist, Andhra Pradesh, and;*
- ii) *To Determine the validity of the security interest of Maximus Asset Reconstruction Company Limited over 44.65 acres of land of the Respondent Company for the purpose of constitution of the stakeholders consultation committee, and;*
- iii) *Further direct the Liquidator to conduct fresh auction of the land of the Respondent Company on a standalone basis after fresh valuation of the land of the Respondent Company on a standalone basis.,*
- iv) *To pass any other relief as may deem fit and proper by the Hon'ble Tribunal.*

### FACTS OF THE CASE:

2. It is stated that the Applicant herein is a stakeholder in the Respondent Company, holding 3,09,144 shares attributable to 15.3456% of shareholding being the legal heir of the erstwhile Managing Director, Late Siva Rama Krishna Prasad, who was handling the entire affairs of the Respondent Company and passed away on 16.11.2021.

3. It is stated that CIRP was initiated by Maximus Asset Reconstruction Company Limited (MARCL) against the Corporate Debtor Viz, Krishna

Industrial Corporation Limited in CP/1053/IB/CB/2018 and this Tribunal vide Order dated 19.12.2019 ordered CIRP and one Mr.S.Rajendran was appointed as the IRP.

4. It is stated that in MA/376/2020 vide order dated 27.07.2020, this Tribunal ordered Liquidation of the Corporate Debtor and appointed Mr.S.Rajendran as the Liquidator.

5. It is stated that primary asset of the Respondent Company is the land on which the Respondent Company is situated, comprising an extent of 44.62 acres in Nidadavole, West Godavari. The value of the asset even as per the guideline value is Rs.80,00,000/- per acre totalling to a sum of Rs.35.69 crores. The said asset was charged to Andhra Pradesh State Finance Corporation (APSFC).

6. It is stated that APSFC under section 52(1)(b) of the Insolvency and Bankruptcy code, 2016 decided to realise its security interest over the said asset and thereby stood outside the liquidation. In contradiction to section 52(1)(b) of IBC, the liquidator also sought to auction the security interest of APSFC and filed an application in IA/1205/2020 before this Tribunal. This Tribunal vide order dated 04.06.2021 held that APSFC is entitled to realise its security interest separately and further directed APSFC to sell the Respondent

Company as a going concern within 3 months for not less than 25 crores. Based on the said order dated 04.06.2021, APSFC issued sale notice on 18.06.2021 and further set the auction date as 19.07.2021. In pursuance of which, there were no bidders for the Respondent Company in auction.

7. Subsequently, APSFC being a State Government undertaking did not proceed with the 2<sup>nd</sup> auction and on the expiry of 3 months given for selling the asset, the liquidator filed an application IA/988/2021 seeking possession of the Respondent Company and to make arrangements for liquidating the Respondent Company. Further APSFC also filed an application in IA/857/2021 to extend the timeline by another 6 months for completing the sale. This Tribunal allowed the application filed by the liquidator and dismissed the application filed by APSFC vide order dated 21.10.2022 and thereby bringing the primary asset of the Respondent company into the liquidation estate.

8. Consequently the liquidator in consultation with the Stakeholder in the liquidation, decided to auction the Respondent Company "as a going concern" and issued a sale notice on 03.02.2023 and set the date for auction on 09.03.2023 with a reserve price of 20.59 Crores. In the said auction, no bidders turned up as the Respondent Company was sought to be sold as going concern with potential liabilities and thereafter vide the 7<sup>th</sup> SCC meeting, the liquidator reduced the auction price by 5% and issued the 2<sup>nd</sup> sale notice to collectively

sell the assets of the Respondent Company with auction set on 20.04.2023 at a reserve price of 19.60 crores. In auction, the assets of the Respondent Company were sold for 19.65 crores to the 2<sup>nd</sup> respondent herein.

9. It is stated that the auction sale of the land comprising 44.65 acres of the Respondent Company ought to be set-aside for the following reasons:-

**Cheap valuation**

a. The liquidator has sold 44.65 acres of land of the Respondent Company for dirt-cheap price of Rs.19.65 crores at the rate of Rs.44,00,000/- per acre, whereas the market price of the land is about 40 crores @90,00,000/- per acre. The very fact that even the guideline value of the said land fixed @Rs.80,00,000/- per acre, will prove beyond doubt that the liquidator has sold the land of the Respondent Company cheaply for the reasons best known to him.

b. The said 44.65 acres of land is the predominant asset of the Respondent Company and would fetch a price suitable to resolve the entire claims in the liquidation. It has also been admitted by the liquidator that the land is the predominant asset of the Respondent Company in the minutes of the 1 SCC meeting. While that being the case, the liquidator has deliberately failed to realise the full potential of the primary asset of the Respondent Company.

c. Further the liquidator ought to have sold the land on a standalone basis to derive maximum asset realisation. The SCC members headed by MARCL intentionally decided to collectively sell all the assets of the Respondent Company, when already interested parties were alarmed of the potential liabilities and litigations on the assets of the Respondent Company. It is stated that even the liquidator had mentioned, the apprehension of the interested parties on the potential liabilities and litigations in the 7<sup>th</sup> Stakeholders Consultation Committee held on 27.02.2023 and also stated that the interested parties are interested in buying the assets on standalone basis. When this is so, the land of the Respondent Company ought to have been sold on a standalone basis and not collectively along with other assets.

d. It is stated that based on the representation made by the liquidator before this Tribunal in IA.No.1205 of 2020 that the assets of the Respondent Company would fetch more than 25 crores, this Tribunal had directed APSFC to sell the assets of the Respondent Company for not less than 25 crores which depicts the genuine realizable value of the asset of the Respondent Company.

e. Moreover it is unexplainable as to how the valuation of the land of the Respondent Company during CIRP period got reduced during liquidation proceedings. It is baffling that the value of the land reduced in a span of 3 years rather than appreciating.

f. Furthermore, the Stakeholders Consultation Committee has denied to take up the bid of Sovereign distilleries Limited for the reason that the bid application was submitted with 1 day delay. The Stakeholders Consultation committee ought to have allowed Sovereign Distilleries Limited to take part in the auction, whereby the maximum realisation of the land would have occurred. No prejudice would be caused in allowing another bidder to take part in the auction.

g. The land of the Respondent Company would have fetched more in the auction, if liquidator had auctioned the land on a standalone basis and by clearly mentioning in the sale notice that the potential liabilities and litigations will not be part of the sale.

**Invalid Stakeholders consultation committee / Invalidity of 2nd charge in favour of MARCL:**

h. It is stated that on several occasions APSFC and the workers union of the Respondent Company have questioned the constitution of the stakeholders committee with a voting share of 74.72 % for MARCL, on the ground that the security interest in favour of MARCL is not valid as there was no acceptable 2nd charge in favour of Andhra Bank, assignor of MARCL. APSFC had raised the said issue before the liquidator as early as 09.06.2021, wherein sought for the consent letter of the 1st charge holder in favour of Andhra bank. In spite of the same, MARCL never produced the consent letter alleged to have

been given by APSFC and the liquidator without deciding the said issue evaded the request of APSFC and workers union of the Respondent Company as reflected in the minutes of the 2nd, 3rd, 7th and 8<sup>th</sup> Stakeholders Consultation Committee meetings. Even in the minutes, the liquidator is evidently seen to be supporting MARCL without deciding the issue on the constitution of the Stakeholders Consultation Committee which forms the basis for all decision taken with respect to the liquidation of the Respondent Company.

i. Further upon verification, as to the creation of the 2<sup>nd</sup> charge, it came to know that consent was never given by APSFC for creation of the 2<sup>nd</sup> charge in favour of Andhra Bank. Copies of the relevant email communications that have been furnished by APSFC in this regard are filed herewith, which will reflect the true scenario that had transpired with respect to the validity of the security interest of MARCL.

j. It is stated that each and every decision taken with respect to the liquidation of the Respondent Company is only at the instance of MARCL and therefore the primary issue of deciding whether MARCL is a secured creditor or not, is vital to the interest of the other stakeholders, as this issue goes to the root of the matter.

**Inconsistency in the extent of security interest of MARCL**

K. Further the Applicant herein, to understand the security interest of MARCL, had taken a certified copy of the Assignment agreement dated 18.08.2017 between Andhra Bank and MARCL. To the shock and surprise of the Applicant herein, the Assignment agreement clearly mentions the hypothecated land to be an extent of 38.62 in contradiction to an extent of 44.65 acres which was claimed to be security interest of MARCL. The primary document of MARCL for claiming the security interest itself states a lesser extent. The liquidator without analysing the appropriate extent has auctioned 44.65 acres. Going by the assignment agreement, the liquidator is entitled to sell only an extent of 38.62 acres of land of the Respondent Company and not 44.65 acres. Therefore under the auction, more land than what was the subject of security interest has been sold, which is invalid.

k. Therefore the auction sale concluded by the liquidator with respect to 44.65 acres of land of the Respondent Company suffers from serious irregularities and therefore deserves to be set-aside.

**REPLY OF THE RESPONDENT 1 :**

10. First Respondent (R1) has filed the counter vide S.R.No. 2517 dated 20.06.2023.

11. The First Respondent has denied the allegations that he collectively sold the assets of the Corporate Debtor with the auction set on 20.04.2023 at a

reserve price of Rs.19.60 crores. It is stated that in the auction, the Corporate Debtor's asset of Land & Building were sold for Rs. 19.65 crores to the 2<sup>nd</sup> Respondent. It is stated that he called an auction for Land & Building and Plant & Machinery separately. For the bid of Land & Building, the 2<sup>nd</sup> Respondent is the only participant who participated in the bid. The 1<sup>st</sup> Respondent put the reserve price at Rs.19.60 crores, and the 2<sup>nd</sup> Respondent submitted his bid for aforesaid Land and Building of the Corporate Debtor at Rs.19.65 Crores. The bidding process was conducted through NeSL (E-auction platform) as per the Liquidation Process Regulations.

12. In relation to cheap valuation allegation, it is stated that the Applicant's contention that the valuation of the property is much more than the auctioned value is completely baseless and fallacious. The average Fair value of the Land and Buildings at the time of CIRP was Rs.20.67 Crores. When the 1<sup>st</sup> Respondent proposed to auction the properties, APSFC as the first charge holder, informed the Liquidator in the month of 15.09.2020 that the price at which they would realise the assets would be Rs.25 crores. While the 1<sup>st</sup> Respondent's auction was stayed, even the public notice issued by APSFC was for the same value of Rs.25 crores also failed.

13. It is stated that since the valuation got affected due to the Covid-19 pandemic, the Stakeholders Consultation Committee recommended a fresh

valuation of the assets of the Corporate Debtor, and accordingly, a new valuation was done in January 2023. The average realisable value of the immovable properties Land and Buildings as determined by the Registered Valuers was Rs.20.58 Crores. The 1st Respondent proposed an auction on 09.03.2023, after the relinquishing of security interest by APSFC in December 2022. The reserve price for sale as a going concern was fixed at Rs.20.92 crores based on the new valuation as per the recommendation of the Stakeholders Consultation Committee. It is stated that there was no response to this auction process, no bid application was received, and therefore, the auction failed.

14. Thereafter, the Stakeholders unanimously recommended to the 1<sup>st</sup> Respondent to keep the Reserve Price of the Land and Buildings at Rs.19.60 Crores, reducing only to the extent of 5% from the previous reserve price whereas, the regulations permit the reduction upto 10% the Applicant's contention that the property's market value is much higher than the reserve price of Rs.19.60 crores is entirely against the ground reality.

15. As regards to the contention that Sovereign Distilleries Ltd. alleged bid was denied, it is submitted that the bidder did not submit the Bid Application Form in the prescribed format within the prescribed time. The SCC members in its 8th Stakeholders consultation meeting held on 17th Apr. 2023 had detailed discussions and members having 87.28% voting share recommended

to the Liquidator not to consider any relaxation in the time lines for submission of the Bid Application Form as this would result in future litigations.

16. With regard to the allegations of an invalid stakeholders consultation committee/ invalidity of the 2<sup>nd</sup> charge in favour of MARCL, it is stated that the Stakeholders Consultation Committee was initially constituted with the secured financial creditor (MARCL) who relinquished its security interests and other stakeholders. MARCL, being a secured financial creditor, had relinquished its security interest right from the beginning. The voting share of the creditors is not dependent on the extent or value of security interest but is determined based on admitted dues of the creditors. It is stated that none of the stakeholders has challenged the constitution of the Stakeholders Consultation Committee, which was duly informed to all the stakeholders in the 4th SCC meeting held on 12.10.2022.

17. With regard to the contention that the consent was never given by the APSFC in favour of Andhra Bank, Respondent stated that it is a blatant misstatement by the Applicant since it may be seen that the 2<sup>nd</sup> charge was created by Andhra Bank only after the express consent letter dated 21.07.2005 and 26.09.2013 provided by APSFC to Andhra Bank. There is a specific permission issued by APSFC to MARCL that "you may file confirmation of

charges with ROC regarding Charge." placed herewith. It is stated that creation of Charge has been duly registered with ROC in the MCA portal.

18. With regard to the allegations that there is inconsistency in the extent of the Security interest of MARCL, it is stated that as per the Assignment Agreement dated 18.08.2017, Schedule 1A (starting at Page 244, Page 285 Schedule 1A, the extent of property as per Schedule IA at Page 288 in Application) mentions the details of land under the security interest measuring AC 44.65 Cents of Industrial Land at Nidadavole Village and Mandal, West Godavari District, Andhra Pradesh. The 1st Respondent at the time of claim determination called for clarification from MARCL, and they have confirmed by Email that the extent of the security interest is AC 44.65 Cent referring to Schedule 1A. Further, the 1<sup>st</sup> Respondent has auctioned the total assets of the Corporate Debtor and not merely the security interest held by one of the financial creditors.

19. 1<sup>st</sup> Respondent denied the allegation that the Applicant will be aggrieved and will sustain huge loss if the land of the Respondent Company is sold at a meagre sum of Rs. 19.65 crores and henceforth in the interest of justice and in equity, the Applicant herein has filed the Application for maximising the value of the assets of the Respondent Company. The 1<sup>st</sup> Respondent stated that he proceeded according to the provision and Regulations laid down in IBC,

2016. Further, APSFC also tried to sell the Land & building of Corporate Debtor in which APSFC holds 1<sup>st</sup> Charge, APSFC could not sell the same at Rs.25 Crores. It is stated that AC 44.65 cent of land of the Corporate Debtor as on 20.04.2023 is a part of Liquidation Estate.

20. It is stated that as per the provisions of the Code and Regulations thereunder, 1st Respondent has issued the sale Certificate to the 2<sup>nd</sup> Respondent Successful bidder on 05.05.2023 The Applicant has no locus standi to challenge the valuation of the assets which has been conducted by the Registered Valuers under IBBI. Further, the auction was held in NeSL (E-auction platform) as per the Liquidation process Regulations.

21. It is stated that the Liquidator has conducted the auction process as per the provisions of IBC and the IBBI (Liquidation Process) Regulations, 2016 after securing the advice of the Stakeholders Consultation Committee in various meetings. In total, 9 meetings of Stakeholders Consultation Committee were held and all aspects of the auction process were discussed at length and the views of the stakeholders were obtained. The auction process ended 20.04.2023 and the full consideration of auction proceeds were received on 03.05.2023. The Sale Certificates have already been issued to the successful bidders on 05.05.2023. Thereafter, the Liquidator, as duly decided in the 9th

Stakeholders Consultation Committee Meeting held on 26.05.2023, started the distribution of the liquidation proceeds from 29.05.2023.

22. It is stated that out of the total realisation of Rs.20.69 crores, Rs.20.20 crores (appx. 98%) have already been distributed as on 15th June 2023 to various stakeholders including the secured financial creditors, workmen, employees, provident fund dues and liquidation costs. Only a few payments to workmen/employees are pending due to KYC verification process of the claimants.

23. It is stated that the 1<sup>st</sup> Respondent has distributed the sale proceeds according to Sec.53 of IBC, 2016. And roughly about approx. 2% of the payments to workmen and Employees is pending due to the above stated reasons.

**FINDINGS:**

24. Heard the submissions made by the Learned Counsels of all the parties and perused the documents placed on record.

25. The Applicant has submitted that the property of the CD has been sold for a very low value. However, it is seen that average Fair value of the Land and Buildings at the time of CIRP itself was Rs.20.67 Crores. Further, it is seen

that the valuation got affected due to the Covid-19 pandemic and the Stakeholders Consultation Committee had recommended for a fresh valuation of the assets of the Corporate Debtor, and accordingly, a new valuation was done in January 2023. Further, it is also seen that the average realisable value as determined by the Registered Valuer for Land and Buildings was Rs.20.58 Crores. The Reserve Price for sale as a going concern was fixed at Rs.20.92 crores based on the new valuation, as per the recommendation of the Stakeholders Consultation Committee, however there was no response to this auction process, no bid application was received, and therefore, the auction failed.

26. At this juncture, it is required to be noted that the IBBI (Liquidation Process) Regulations, 2016 permit the Liquidator to reduce the reserve price by upto 10%, however the SCC recommended to the Liquidator to reduce only to an extent of 5% and keep the Reserve Price of the Land and Buildings at Rs.19.60 Crores.

27. The argument of the Applicant that the property of the Corporate Debtor is required to be sold as per the market value does not hold any water since the Liquidation process in respect of the Corporate Debtor is entirely governed by the provisions of IBC, 2016 starting from valuation to be done by the IBBI Registered valuer and the percentage of reduction in reserve price to

be followed by the Liquidator in the case of failed auction. Thus the entire sale of the property of the Corporate Debtor during Liquidation process would operate under the domain of IBC, 2016. The Applicant cannot compare a property sold during Liquidation with that of the market value of the property. The Applicant has no locus standi to challenge the valuation of the assets which has been conducted by the IBBI Registered Valuers as mandated under IBC, 2016. The sale during Liquidation is more like a stressed asset sale and the Applicant cannot expect that the property would fetch the market value.

28. Further, it is also required to be noted that the Liquidator has issued the sale Certificate to the 2<sup>nd</sup> Respondent who is Successful bidder on 05.05.2023. The Applicant has not challenged the manner in which the e-auction process has been conducted by the Liquidator, however has challenged the valuation of the IBBI Registered valuer comparing it with the market value. Thus the applicant has not made out any ground to interfere with the e-auction conducted by the Liquidator.

29. In relation to the invalid stakeholders consultation committee it is seen that the SCC was initially constituted with the secured financial creditor MARCL, being a secured financial creditor, which had relinquished its

security interest right from the beginning. The SCC was constituted on 12.10.2022 and the Applicant has not challenged it since then.

30. Further, it is seen that the 2<sup>nd</sup> charge was created by Andhra Bank only after the express consent letter dated 21.07.2005 and 26.09.2013 provided by APSFC to Andhra Bank. The creation of Charge has been duly registered with ROC and is also reflecting in the MCA portal.

31. Thus, we are of the view that the present Application filed by the Applicant does not hold merit. The grounds raised by the Applicant do not have any legal legs to stand and as such the present Application filed by the Applicant stands **dismissed** with no order as to costs.

**-Sd-**

**VENKATARAMAN SUBRAMANIAM**  
MEMBER (TECHNICAL)

**-Sd-**

**SANJIV JAIN**  
MEMBER (JUDICIAL)

*SriramAnanth.V*

**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH – I, CHENNAI**

**IA (IBC)/(DIS)/4(CHE)/2024 in CP/1053/IB/2018**

*(Filed under Section 54 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 45 of the IBBI (Liquidation Process), Regulations, 2016 and Rule 11 of the NCLT Rules, 2016)*

*In the matter of Krishna Industrial Corporation Limited*

**S.Rajendran,**

Liquidator of Krishna Industrial Corporation Limited  
2<sup>nd</sup> Floor, Hari Krupa, 71/1, Mc Nicholas Road,  
Chetpet, Chennai – 600 031

*... Applicant*

*Order Pronounced on 26<sup>th</sup> April 2024*

CORAM

**SANJIV JAIN, MEMBER (JUDICIAL)  
VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)**

*For Applicant: G. Gautham Ram Vittal, Advocate  
R.V. Yajura Devi, Advocate*

**ORDER**

**(Hearing Conducted through VC)**

This Application has been filed under Section 54 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 45 of the IBBI (Liquidation Process) Regulations, 2016 and Rule 11 of the NCLT Rules, 2016 by the liquidator of the Corporate Debtor herein seeking for an order for Dissolution of the Corporate Debtor viz., **KRISHNA INDUSTRIAL CORPORATION LIMITED.**

2. It is stated that CIRP of the Corporate Debtor was initiated by this Tribunal vide order dated 16.12.2019 and the Applicant herein was appointed as Interim Resolution Professional (IRP) and thereafter as Resolution Professional (RP).

3. It is stated that the Liquidation of the Corporate Debtor was ordered by this Tribunal on 27.07.2020 in MA/376/2020 and the Applicant herein was appointed as the Liquidator.

4. Pursuant to the order of Liquidation, the Applicant caused the Public Announcement on 31.07.2020 in Form –B of Schedule II by inviting claims from all the stakeholders and fixed the last date for submission of claim as 26.08.2020.

5. It is stated that the claims received were verified and the list of stakeholders as on 07.01.2020 was filed within 45 days from the last date for receipt of the claims as per Reg. 31(2) of the IBBI (Liquidation Process) Regulation 2016, along with the Preliminary Report.

6. It is stated that an Application was filed by the Workmen Union of the Corporate Debtor bearing MA/102/(CHE)/2021, the reasons as to why such claims were kept under verification were explained to this Tribunal and on 24.09.2021, this Tribunal directed the Applicant/ Liquidator to consider the claims on or before 16.11.2021.

7. Subsequently, the Applicant/ Liquidator filed I.A/521(CHE)/2023 to modify the "List of Stakeholders" wherein, under specific entries in the List of Other Creditors, List of Operational Creditors - Statutory Dues and List of Financial Creditors" in the List of Stakeholders as on 25.01.2023. This Tribunal has taken the same on record and allowed the same on 08.05.2023.

8. It is stated that the last modified List of Stakeholders dated 02.06.2023 was allowed vide order dated 27.07.2023 in I.A(IBC)/1239(CHE)2023. As per the above said "List of Stakeholders" as on 02.06.2023 the Applicant/Liquidator made the distribution.

9. It is stated that a scheme was given under Section 230 of the Companies Act, 2013. However, it is not fructified and the Liquidator continued the Liquidation Process.

10. It is stated that the Liquidator appointed fresh set of Valuers in accordance with Regulation 35 of the IBBI(Liquidation Process) Regulation 2016, having due consideration with the SCC members during the 5<sup>th</sup> SCC meeting held on 19.12.2022. The Summary of the Valuation reports is reproduced as under:

|                               |              |              | Amount in Rs.       |                     |
|-------------------------------|--------------|--------------|---------------------|---------------------|
| <b>Land &amp; Building</b>    |              |              |                     |                     |
| Name of the Registered Valuer | SS Raju      | S.Rao Seelam | Total               | Avg                 |
| <b>Realisable Value (RV)</b>  | 19,10,08,000 | 22,07,72,000 | <b>41,17,80,000</b> | <b>20,58,90,000</b> |

| <b>Plant &amp; Machinery</b>  |             |               |                  |                  |
|-------------------------------|-------------|---------------|------------------|------------------|
| Name of the Registered Valuer | Chiranjeevi | Radha Krishna | Total            | Avg              |
| <b>Realisable Value (RV)</b>  | 15,61,500   | 16,27,500     | <b>31,89,000</b> | <b>15,94,500</b> |

| <b>Securities and Financial Assets</b> |               |                |                  |                  |
|----------------------------------------|---------------|----------------|------------------|------------------|
| Name of the Registered Valuer          | Venkateswaran | Vasudevan Gopu | Total            | Avg              |
| <b>Realisable Value (RV)</b>           | 18,16,000     | 16,60,912      | <b>34,76,912</b> | <b>17,38,456</b> |

11. It is stated that the Liquidator has totally conducted 3 Auctions. The 3<sup>rd</sup> Auction was successfully completed on 20.04.2023 and the Liquidator declared the Successful bidders for the category of the assets of the Corporate Debtor as per details given below:

- a) The successful bidder for Land & Building was Pattabhi Agro Foods Private Limited with the bid amount of Rs. 19.65 crores. The Sale

certificate was issued to them on 05.05.2023. The Land Registration in favour of Pattabhi Agro Foods Private Limited at the Sub-Registrar office, Kovvur was done on 17.05.2023 on the request of the successful bidder.

- b) The successful bidder for Plant & Machinery was Sravan & Co, Niddadovole for the bid amount of Rs. 1.04 Crores. The sale certificate was issued on 05.05.2023.

12. It is stated that Liquidator had opened a bank account bearing A/c.No.078411100004368 in the name of "KRISHNA INDUSTRIAL CORPORATION LIMITED IN LIQUIDATION" for the purpose of Liquidation in Union Bank of India, Chetpet Branch, Chennai, as per Reg.41 of IBBI (Liquidation Process) Regulations, 2016.

13. It is stated that the said Liquidation Account has NIL balance after payments made to various stakeholders, thus, the Applicant/ Liquidator applied for the closure of the aforesaid Bank Account and the said account was closed vide letter dated 27.11.2023.

14. The details of the closure of other Bank Accounts in the name of the Corporate Debtor is as follows:

| Sl. No. | Bank Account Details                                                    | Amounts available and realised in Rs. | Proof of Closure                                                                                                                                                    |
|---------|-------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | SBI- Shastri Bhawan,<br>New Delhi<br>A/c No.: 55113194750               | 82,855                                | Note 1                                                                                                                                                              |
| 2       | Union Bank of India –<br>Anna Salai<br>A/c No.:<br>084811011002903      | 3,99,628                              | Closure Certificate Dated<br>13 <sup>th</sup> Oct. 2023 is placed as<br>Annexure                                                                                    |
| 3       | Union Bank of India –<br>Anna Salai<br>A/c No.:<br>084810011011869      | 2,415                                 | Closure Certificate Dated<br>13 <sup>th</sup> Oct. 2023 is placed as<br>Annexure                                                                                    |
| 4       | Union Bank of India –<br>Jangareddygudem<br>A/c No.:<br>025911011000939 | 34                                    | Closure Certificate Dated<br>13 <sup>th</sup> Oct. 2023 is placed as<br>Annexure                                                                                    |
| 5       | IndusInd Bank –<br>Coimbatore<br>A/c. No: 200002530776                  | 15,606                                | Closure Certificate Dated<br>16 <sup>th</sup> Oct. 2023 is placed as<br>Annexure                                                                                    |
| 6       | Union Bank of India –<br>Anna salai<br>A/c. No.<br>084811011002933      | 0                                     | Closure Certificate Dated<br>16 <sup>th</sup> Oct. 2023 is placed as<br>Annexure                                                                                    |
| 7       | State Bank of India,<br>Nidadavole<br>A/c No.: 10924907196              | 0                                     | Note 2                                                                                                                                                              |
| 8       | Karur Vysya Bank,<br>Nidadavole<br>A/c No.:<br>142713500000177          | 0                                     | Closure intimation letter<br>Dated 19 <sup>th</sup> Oct. 2023 stating<br>that the Account has been<br>closed on 30 <sup>th</sup> Jul 2021, is<br>placed as Annexure |
| 9.      | Indian Bank, Harbour,<br>Chennai A/c No. :<br>432441660                 |                                       | Note 3                                                                                                                                                              |

Note 1: It is submitted that the amount of Rs. 82,855 was lying in the said bank account. Upon instructions to the Bank, the said amount was realized and also distributed as per the provisions of the Code. The said bank was instructed to issue a Closure Certificate, however despite follow-ups, the Closure Certificate has not been issued by the Bank.

Note 2: It is submitted that the said bank account had NIL balance, however despite follow-ups, the Closure Certificate has not been issued by the Bank.

Note 3: It is submitted that an amount of Rs. 360 is lying in Indian Bank, Harbour. Chennai in A/c No.: 432441660. Although a request for closure form has been submitted, the said Bank has not issued the closure Certificate.

15. It is stated that Liquidator had opened a Demat account vide Client.ID: 10570754 in the name of "S. RAJENDRAN LIQUIDATOR OF KRISHNA INDUSTRIAL CORPORATION" with Indbank Merchant Banking Services Limited to dematerialize the equity shares held by the Corporate Debtor in the physical certificates, same was sold in the stock exchange and distributed as per the Sec. 53 of the Code. Further, the Applicant/ Liquidator applied for the closure of the aforesaid DEMAT Account and same was closed vide letter dated 13.10.2023.

16. The details of the relevant compliances as mandated under Section 54 of the IBC, 2016 read with the IBBI (Liquidation Process) Regulations, 2016 are listed hereunder:-

| S. NO | COMPLIANCE    | AVERMENTS                                                                        | PAGE NO. IN THE APPLICATION |
|-------|---------------|----------------------------------------------------------------------------------|-----------------------------|
| 1     | Regulation 12 | Public Announcement in Form B in Business Standard and Dinamani dated 31.07.2020 | 61-63                       |

|    |                      |                                                                                                                                      |                                    |
|----|----------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| 2  | Regulation 35(2)     | Appointment of Registered Valuers where no valuation conducted during CIRP                                                           | Page 8, Para 13 of the Application |
| 3  | Regulation 31(2)     | List of Stakeholders within 45 days of the Liquidation Commencement Date                                                             | 72                                 |
| 4  | Regulation 31A       | Constitution of Stakeholders Consultation Committee (SCC)                                                                            | 72                                 |
| 5  | Regulation 13        | Preliminary Report dated 07.10.2020                                                                                                  | 64-71                              |
| 6  | Regulation 34        | Preparation of Asset Memorandum within Seventy-Five days from LCD                                                                    | 237-238                            |
| 7  | Regulation 41        | Opening of Bank Account in the name of the company in Liquidation in "Scheduled Bank"                                                | 218 - 224                          |
| 8  |                      | Proof of Closure of the above Bank Account and other account in the name of the Company                                              | 218 - 224                          |
| 9  | Regulation 15        | Quarterly Progress Reports and proof of filing the same before this Tribunal                                                         | 239-384                            |
| 10 | Regulation 36        | Asset Sale Reports after sale of Reports                                                                                             | 169,171 & 195                      |
| 11 | Regulation 42(2)     | Proof of Distribution within Ninety days from the receipt of realization                                                             | 200-217                            |
| 12 | Regulation 45 (3)    | Final report dated 15.12.2023                                                                                                        | 26-40                              |
| 13 | Regulation 5 (1) (e) | Compilation of Minutes of SCC                                                                                                        | 415-498                            |
| 14 | Regulation 15        | Audited Accounts of receipts and Payments                                                                                            | 497-498                            |
| 15 | Regulation 37        | Completion of Liquidation Process within one year from Liquidation Commencement Date or extension if any, date of the order & period | 233-235                            |
| 16 |                      | Form-H –Compliance Certificate                                                                                                       | 41-50F                             |

17. We have heard Ld. Counsel for the Applicant and perused the report and synopsis filed by the Liquidator.

18. It is stated that in the 9<sup>th</sup> SCC meeting dated 26.05.2023, 83.37% of the SCC members decided not to proceed further in the Avoidance/ Fraudulent transaction application filed u/s 66, IBC, 2016 vide IA/509(CHE)/2023. Hence Liquidator filed a withdrawal memo on 20.07.2023 vide SR No. 3115 and this Tribunal dismissed IA/509(CHE)/2023 as withdrawn and disposed-off vide Order dated 28.08.2023.

19. The liquidator has filed the synopsis showing the realization and the distribution which are reproduced as under:

## Realization:

| Sl. No. | Assets                                                                    | Mode of Sale                                                  | Estimated Liquidation Value | Realisation amount (In Rs.) | Date of Transfer into Liquidation Account                             |
|---------|---------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------------------------------------------------|
| (1)     | (2)                                                                       | (3)                                                           | (4)                         | (5)                         | (6)                                                                   |
| 1.      | Plant and Machinery                                                       | E- Auction                                                    | Rs. 34,73,000               | Rs.1,04,05,000              | Rs.1,50,000/- Dt-17.04.2023<br>RS.1,02,55,000/- Dt-24.04.2023         |
| 2.      | Land and Building                                                         | E - Auction                                                   | Rs.19,01,32,600             | Rs.19,65,00,000             | Rs.1,96,00,000/- - Dt-18.04.2023<br>Rs.17,69,00,000/- - Dt-03.05.2023 |
| 3.      | 3720 Equity shares of Rs.10/- each of Lakshmi Finance Corporation Limited | Demat shares sold in stock Exchange                           | Rs.2,15,760                 | 5,03,651                    | Rs. 5,03,651/- Dt.03.10.2023                                          |
| 4.      | 52 Equity shares of Rs.10/- each of Andhra Cements Limited                | Demat shares sold in stock Exchange                           | Rs. 205                     | 0                           | Not Applicable                                                        |
| 5.      | 100 Equity shares of Rs.10/- each of Bank of India                        | Demat shares sold in stock Exchange                           | 0                           | 0                           | Not Applicable                                                        |
| 6.      | Refund of Security Deposit with Electricity Department                    | Demat shares sold in stock Exchange                           | Rs.0                        | Rs.11,74,015                | 01.07.2023                                                            |
| 7.      | Bank account balance                                                      | Amount transferred from SBI- Shastri Bhawan, New Delhi        | 0                           | 82,855                      | 07.10.2023                                                            |
| 8.      | Bank account balance                                                      | Amount transferred from Union Bank of India – Anna Salai      | 0                           | 3,99,628                    | 13.10.2023                                                            |
| 9.      | Bank account balance                                                      | Amount transferred from Union Bank of India – Anna Salai      | 0                           | 2,415                       | 13.10.2023                                                            |
| 10.     | Bank account balance                                                      | Amount transferred from Union Bank of India - Jangareddygudem | 0                           | 34                          | 17.10.2023                                                            |

| Sl. No.         | Assets                                                                         | Mode of Sale                                       | Estimated Liquidation Value | Realisation amount (In Rs.) | Date of Transfer into Liquidation Account                                                                                                                                                                                                                                                                             |                 |                 |            |       |            |        |            |        |            |        |
|-----------------|--------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|------------|-------|------------|--------|------------|--------|------------|--------|
| 11.             | Bank account balance                                                           | Amount transferred from IndusInd Bank - Coimbatore | 0                           | 15,606                      | 16.11.2023                                                                                                                                                                                                                                                                                                            |                 |                 |            |       |            |        |            |        |            |        |
| 12.             | Interest on FD                                                                 |                                                    | 0                           | 5,56,522                    | Various dates                                                                                                                                                                                                                                                                                                         |                 |                 |            |       |            |        |            |        |            |        |
| 13.             | Dividend Income received from Lakshmi Finance & Industrial Corporation Limited |                                                    | 0                           | 26,970                      | 28.04.2023                                                                                                                                                                                                                                                                                                            |                 |                 |            |       |            |        |            |        |            |        |
| 14.             | Sale of Coconut                                                                |                                                    | 0                           | 45,710                      | <table border="1"> <thead> <tr> <th>Date of Receipt</th> <th>Amount (In Rs.)</th> </tr> </thead> <tbody> <tr> <td>04.10.2020</td> <td>8,540</td> </tr> <tr> <td>02.12.2020</td> <td>11,270</td> </tr> <tr> <td>09.04.2021</td> <td>15,400</td> </tr> <tr> <td>17.04.2021</td> <td>10,500</td> </tr> </tbody> </table> | Date of Receipt | Amount (In Rs.) | 04.10.2020 | 8,540 | 02.12.2020 | 11,270 | 09.04.2021 | 15,400 | 17.04.2021 | 10,500 |
| Date of Receipt | Amount (In Rs.)                                                                |                                                    |                             |                             |                                                                                                                                                                                                                                                                                                                       |                 |                 |            |       |            |        |            |        |            |        |
| 04.10.2020      | 8,540                                                                          |                                                    |                             |                             |                                                                                                                                                                                                                                                                                                                       |                 |                 |            |       |            |        |            |        |            |        |
| 02.12.2020      | 11,270                                                                         |                                                    |                             |                             |                                                                                                                                                                                                                                                                                                                       |                 |                 |            |       |            |        |            |        |            |        |
| 09.04.2021      | 15,400                                                                         |                                                    |                             |                             |                                                                                                                                                                                                                                                                                                                       |                 |                 |            |       |            |        |            |        |            |        |
| 17.04.2021      | 10,500                                                                         |                                                    |                             |                             |                                                                                                                                                                                                                                                                                                                       |                 |                 |            |       |            |        |            |        |            |        |
| 15.             | Others                                                                         |                                                    | 0                           | 15,502                      | 21.11.2021                                                                                                                                                                                                                                                                                                            |                 |                 |            |       |            |        |            |        |            |        |
|                 | <b>Total</b>                                                                   |                                                    | <b>Rs.19,38,21,565/-</b>    | <b>Rs.20,97,27,908</b>      |                                                                                                                                                                                                                                                                                                                       |                 |                 |            |       |            |        |            |        |            |        |

**Distribution:**

| Sl. No. | Stakeholders* under section 52 and 53 (1)           | Amount claimed (in Rs.) | Amount Admitted (in Rs.) | Amount Distributed (in Rs.) | Amount Distributed to the Amount Claimed (%) | Remarks |
|---------|-----------------------------------------------------|-------------------------|--------------------------|-----------------------------|----------------------------------------------|---------|
| (1)     | (2)                                                 | (3)                     | (4)                      | (5)                         | (6)                                          | (7)     |
| 1       | Realization of Security Interest [U/s.Sec.52]       | -                       | -                        | -                           | -                                            |         |
| 2       | i. Gratuity                                         | 1,53,16,196             | 1,58,27,059              | 1,60,80,982                 | 104.99%                                      |         |
|         | ii. Provident Fund                                  | 1,31,38,413             | 70,67,174                | 70,67,174                   | 53.79%                                       |         |
|         | <u>Liquidation Cost [U/s.Sec.53(1)(a)] :</u>        |                         |                          |                             |                                              |         |
| 3       | i. Liquidation Interim Finance (including interest) | -                       | -                        | 84,55,798                   | -                                            |         |
|         | ii. Other Liquidation Cost                          | -                       | -                        | 66,16,896                   | -                                            |         |
|         | iii. Unpaid CIRP Costs                              | -                       | -                        | 25,73,594                   | -                                            |         |
| 4       | Workmen's Dues [Sec. 53(1)(b)(i)]                   | 1,36,42,374             | 81,77,157                | 37,98,160                   | 27.84%                                       |         |
| 5       | Debts of Secured Creditors [Sec. 53(1)(b)(ii)]      | 35,60,03,162            | 35,55,25,914             | 16,51,35,304                | 46.39%                                       |         |
| 6       | Wages and Unpaid Dues to Employees [Sec.53(1)(c)]   | 77,88,517               | 38,22,431                | 0                           | 0                                            |         |

| Sl. No.      | Stakeholders* under section 52 and 53 (1)                                               | Amount claimed (in Rs.)  | Amount Admitted (in Rs.) | Amount Distributed (in Rs.) | Amount Distributed to the Amount Claimed (%) | Remarks |
|--------------|-----------------------------------------------------------------------------------------|--------------------------|--------------------------|-----------------------------|----------------------------------------------|---------|
| 7            | Debts of Unsecured Financial Creditors [Sec.53(1)(d)]                                   | 0                        | 0                        | 0                           | 0                                            |         |
| 8.           | Government Dues+Amount Unpaid following Enforcement of Security Interest [Sec.53(1)(e)] | Rs.32,96,996             | Rs.4,38,451              | 0                           | 0                                            |         |
| 9            | <u>Any remaining Debts and Dues [Sec.53(1)(f)] :</u>                                    |                          |                          |                             |                                              |         |
|              | i. Workmen dues (for the period more than 24 months)                                    | 26,41,423                | 15,06,975                | 0                           | 0                                            |         |
|              | ii. Employees due (for the period more than 12 months)                                  | 1,78,96,212              | 84,00,790                | 0                           | 0                                            |         |
|              | iii. Suppliers                                                                          | 43,41,584                | 19,16,911                | 0                           | 0                                            |         |
|              | iv. Other creditors                                                                     | 4,26,72,130              | 1,50,07,000              | 0                           | 0                                            |         |
|              | v. Other Stakeholders                                                                   | 3,50,74,467              | 0                        | 0                           | 0                                            |         |
| 10           | Preference Shareholders [Sec.53(1)(g)]                                                  | 0                        | 0                        | 0                           | 0                                            |         |
| 11           | Equity Shareholders [Sec.53(1)(h)]                                                      | 0                        | 0                        | 0                           | 0                                            |         |
| <b>Total</b> |                                                                                         | <b>Rs.51,18,11,474/-</b> | <b>Rs.41,76,89,862/-</b> | <b>20,97,27,908/-</b>       |                                              |         |

20. From the averments made in the Application and on perusal of the final report and the Compliance Certificate filed in Form-H by the Applicant, it is seen that the Corporate Debtor has been completely liquidated. In the circumstances as averred and as prayed for by the Applicant, an order for dissolution is required to be passed by this Tribunal under Section 54 of the IBC, 2016. Accordingly, we order for the dissolution of the Corporate Debtor viz., *Krishna Industrial Corporation Limited*. The Liquidator is directed to forward the copy of this Order to the RoC concerned and also to the IBBI for its records within a period of 7 days from the date of this Order.

21. In terms of the above, this IA(IBC)(DIS)/4/CHE/2024 stands **allowed** and CP/1053/IB/2018 also stands **disposed of**. File be consigned to records.

**-Sd-**

**VENKATARAMAN SUBRAMANIAM**  
MEMBER (TECHNICAL)

**-Sd-**

**SANJIV JAIN**  
MEMBER (JUDICIAL)

*SriramAnanth.V*