



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

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **08.08.2024** THROUGH VIDEO CONFERENCING

PRESENT: HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

APPLICATION NUMBER :
PETITION NUMBER : CP(IB)/125(CHE)/2024
NAME OF THE PETITIONER(S) : Liquidator of M/s Sathi Sai Finance and
Investments Ltd
NAME OF THE RESPONDENTS :
UNDER SECTION : Sec 59(7) of IBC, 2016

ORDER

Present: Ld. Counsel Shri. R Inbaraju for the Petitioner / Liquidator

Vide separate order pronounced in Open Court, the company Sathi
Sai Finance and Investments Ltd is dissolved.

File be consigned to records.

Sd/-

(VENKATARAMAN SUBRAMANIAM)
MEMBER (TECHNICAL)

MG

Sd/-

(SANJIV JAIN)
MEMBER (JUDICIAL)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH – I, CHENNAI
CP(IB)/125(CHE)/2024**

(Filed under Sec. 59(7) of the Insolvency and Bankruptcy Code, 2016)

In the matter of ***Sathi Sai Finance and Investments Limited***

Nithya Pasupathy,

IBBI/IPA-002/IP-N00911/2020-2021/13144

Voluntary Liquidator of Sathi Sai Finance and Investments Limited

Registered Office at 2, Ayyanar Koil Street, Koranad,

Mayiladuthurai, Nagapattinam District,

Tamil Nadu-609 002

... Applicant

Present:

For Applicant : *R.Inbaraju, Advocate*

Order Pronounced on 08th August 2024

CORAM:

SANJIV JAIN, MEMBER (JUDICIAL)

VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

ORDER

(Hearing Conducted through VC)

This is a Company Petition filed by the Liquidator of **Sathi Sai Finance and Investments Limited** with CIN: U65991TN1990PLC019483 under Section 59(7) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “IBC, 2016”) seeking dissolution of the Company.



2. The Applicant Company was incorporated on 06.08.1990 under the Companies Act, 1956 having its Registered Office at No.2, Ayyanar Koil Street, Koranad, Mayiladuthurai, Tamil Nadu – 609 002 with Authorized Capital of Rs.50,00,000/- divided into 5,00,000 Equity Shares of Rs.10/- each and Issued, Subscribed and Paid up Capital of Rs.31,22,000/- divided into 3,12,200 Equity Shares of Rs.10/- each. The main object of the Company was:

- a) Hire-purchase financing of Motor Vehicles, Domestic appliances etc.,*
- b) To advance monies on hypothecation of Buildings Plant and Machineries, etc.*
- c) To advance loan on pledge of gold jewels, ornaments made of gold and silver, silverwares; etc.*

Details of the main objects of the company are set out in the Memorandum of Association which is filed along with the typed set.

3. It is stated that Board of Directors in the meeting dated 25.03.2021, passed a Resolution for voluntary liquidation of the company under Section 59 of the IBC that there are no debts in the Company as on date of declaration of solvency. Further, the board of directors appraised that the Company will be able to pay any debts which may incur in the future



whatsoever in full within a period of one year after realizing the assets belonging to the Company/from the proceeds of the assets to be sold in the voluntary liquidation.

4. It is stated that in the Extra-ordinary General Meeting held on 29.03.2021, shareholders approved to appoint the Applicant to act the Liquidator to conduct the voluntary liquidation process of the Company.

5. It is stated that the company had submitted an application on 30.06.1997 to Reserve Bank of India (RBI) for grant of certificate of registration under the provision of Section 45 I-A of the Reserve Bank of India Act, 1934 to carry on the business of Non-Banking Financial Institution (NBFI). The company was granted the COR bearing No.B-07.00524 dated 15.11.2000 and accordingly carried on the above business.

6. Thereafter, the Reserve Bank of India vide Revised Regulatory Framework for NBFCs DNBR (PD) No.CC.002/03.10.001/2014-15) read with Notification No. DNBR.007/CGM(CDS)-2015 dated 27.03.2015, had



stipulated the Minimum Net Owned Fund (NOF) of Rs.200 Lakhs to carry on the business of NBFI. The existing companies holding COR issued by the RBI and having NOF of less than Rs. 200 Lakhs, were permitted to carry on the business of NBFI, provided such companies achieve the NOF of 200 Lakhs before 01.04.2017.

7. It is stated that since, the company could not achieve the NOF of Rs. 200 Lakh before April 01, 2017, the Reserve Bank of India issued a Notice to Show Cause as to why the COR issued to the company should not be cancelled under Section 45 I-A of the RBI Act, 1934. The Reserve Bank of India then cancelled the CoR after considering the reply submitted by the Company saying that the reply is not satisfactory. Thereafter, the Board of Directors were exploring various opportunities to diversify the business and for recoveries of the dues from the borrowers. However, since the Board could not find viability for the business, the Board of Directors after detailed deliberation at their meeting held on 25.03.2021 thought it fit to drop the proposal of continuing the business. Accordingly, the Board of Directors decided to liquidate the affairs of the Company voluntarily, subject to the approval of the members. Accordingly, the Board of Directors made a Declaration of Solvency and



approved the proposal for winding up the company under voluntary liquidation process so that capital invested by the Shareholders could be returned to them. (Copy of cancellation order passed by the RBI is annexed as Annexure 5 of the petition typeset).

8. It is stated that the company did not have any fixed assets except some old furniture and old typewriter in scrap condition having a written down value of zero (cost Rs.26,538/- accumulated depreciation Rs.26,538/-, book value "zero") as on the date of commencement of liquidation. Company was having long term loans and advances to the extent of Rs.10,63,078/- due from two loan debtors, rent advance paid Rs.7,500/- and cash and bank balance of Rs. 3,40,175/- apart from the Fixed deposit Rs.81,65,000/- as on the date of passing of resolution for voluntary winding up i.e. 29.03.2021.

9. It is stated that the liquidator has sold the old furniture and typewriter as scrap and realized a sum of Rs.1,000/-. Rent advance of Rs. 7,500/- also was realized. However, the Liquidator could not realize the Income tax refunds immediately. The details of income tax refund and its recovery is given as under:



S.No	Assessment Year	Amount of Refund	Date of Receipt
1	2018-19	1,16,630.00	28-05-2023
2	2019-20	3,990.00	17-03-2023
3	2020-21	73,570.00	13-01-2023
4	2021-22	45,040	02-02-2023
	Total	2,39,230.00	

10. It is stated that the liquidator had taken steps to recover the loans and advances but it did not yield any results despite the initiation of civil suits for recovery, which was made by the Board prior to the Liquidation of the company. Considering that there was no progress on this, the shareholders agreed for assigning these loans in favour the shareholders in specie instead of waiting for recovery and distribution.

11. Disbursement to contributories:

11.1. It is stated that a sum of Rs.89,90,566/- was disbursed to contributories towards return of capital first dividend by payment and assignment of two debts to two contributories as per details given below:



First payout of return of capital to the contributories (TDS deducted Rs.5,85,505/-)	Rs. 79,27,488
*Debts assigned	Rs. 10,63,078
Total payment made to contributories towards first dividend on return of capital	Rs. 89,90,566
<p>*Assignment details: Debt of Rs.5,00,000/- due from Sri. R.Sekar was assigned to Smt.D.Soundaravalli and debt of Rs.5,63,078 due from Sri. Kasinatha Rao was assigned to Smt. R.Sankari, w/o Late Sri. R.Parasuraman only legal heir of late R. Parasuraman, contributories towards disbursement on 02.06.2023 and 20.11.2023 respectively.</p>	

12. It is stated that a second payout of Rs.78,050/- was distributed to contributories on 2.3.2024. In all, a sum of Rs.90,68,616/- was disbursed to contributories by payment of cash and assignment of debts against the paid up share capital of Rs.31,22,000/-.

13. This Tribunal vide order dated 10.06.2024 sought a clarification observing that the liquidation process commenced on 29.03.2021 and completed on 14.03.2024. As per Liquidation Regulations, the liquidation process should have been completed within a period of one year.



14. The Applicant has filed a memo vide S.R.No.3722 dated 22.07.2024.

15. It is stated that regulation 37(1) read with 37(2) provides that if the liquidation process continues beyond twelve months mandate the liquidator has to hold meeting of contributories of corporate debtor at the end every succeeding twelve months till dissolution of the corporate person and present the annual report indicating the progress in liquidation. It is stated that Liquidation commenced on 29.03.2021 and continued beyond twelve months from 29.03.2021 for two years and the applicant liquidator had placed progress report for two consecutive twelve months as on 28.03.2021, 28.03.2022 in the contributory meeting held on 06.04.2022 and 08.04.2023 and liquidation was completed on 14.03.2024 before the completion of next 12 months, however the progress report along with receipts and payments from the liquidation commencement date till completion of liquidation intimating completion of liquidation proceedings was placed before the contributories in the third meeting held on 10.04.2024. It is stated that the final report in due compliance of regulation 38 has been filed with this application along with form H. Thus, the requirements of regulation 37 and 38 has been duly complied with.



16. It is stated that the applicant company has annexed the following supporting documents as enumerated in the table as under:

S. No.	Particulars	Meeting Date	Annexure No.
1.	First Annual Contributory Meeting and Presentation of Annual Status Report	6 th April, 2022	Annexure -1
2.	Second Annual Contributory Meeting and Presentation of Annual Status Report	8 th April, 2023	Annexure -2
3.	Third Annual Contributory Meeting and Presentation of Annual Status Report	10 th April, 2024	Annexure -3

17. It is stated that the applicant has conducted the voluntary liquidation process in respect of the Company in accordance with the compliance of IBBI (Voluntary Process) Regulations, 2017. Details of relevant compliances as mandated under Section 59 of IBC r/w IBBI Regulations, 2017 are as below:

S.No	COMPLIANCE	AVERMENTS	PAGE NO. IN THE APPLICATION
1	Sec. 59 (3)	Board Meeting dated 25.03.2021	160-163
2	Sec. 59 (3)	Audited Financial Statements for the Financial Year 2018-2019 & 2019-2020 and 2020-2021	45-152
3	Sec 59 (3) (c) And Reg 3 (1)(c)	EGM dated 29.03.2021	168-179



4	Section 59 (4) and Reg 3 (2)	Declaration of solvency GNL-2	156-159
5	Section 59 (4) and Reg 3	Special Resolution for voluntary liquidation vide form MGT-14	180-183
6	Regulation 14	Form-A Public Announcement in newspapers dated 01.04.2021 in "The New Indian Express" (English) & "Dina Mani" (Tamil)	185-189
7	Section 178 of IT Act, 1961	Intimation to Income Tax department and other statutory authorities 05.04.2021	201
8	Reg 9	Filing of Preliminary Report dated 05.05.2024	195-200
9	Reg 34	Opening of Bank Account in the name of the Company followed by the words in liquidation in a Scheduled Bank	Para 15 of the application
10	Reg 34	Closure of liquidation bank account in Karur Vysya Bank	202-209
11	Reg 38	Filing of Final Report	ANNEXURE 18
12	Reg 38	Final Report in GNL-2 filed with the ROC dated 15.05.2024	229-232
13	Reg 38	Submission of Final Report to IBBI on 13.05.2024	233-234
14	Reg 38	Form-H (Compliance Certificate)	217-228

18. It is stated that after making various payments including liquidation costs as per the provisions of Section 53(1) of IBC, 2016, the Liquidator has realized and distributed the funds among the shareholders as detailed below:



Realization:

4. Details of realization during Voluntary Liquidation Process:

SL No.	Particulars	Amount (Rs)
(1)	(2)	(3)
1	Sale of Assets	Nil

For Sathi Sai Finance and Investments Ltd
(Under Liquidation)


CS. MITHYA PASUPATHY
Liquidator
Regn. No. TIRU/TPA-002/IPM00911/2020-2021/13146

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2	Refund from Statutory Authorities	2,39,230
3	Cash / Bank balance	85,05,175
4	Realization of uncalled/unpaid capital contribution	Nil
5	Distribution of unsold asset	10,63,078
6	Any other (Please specify)	
	Bank Interest	29,481
	Proceeds from Scrap Sale	1,000
	Rental Deposit	7,500
	Total	98,45,464



Distribution:

(Amount in Rs.)

Sl. No.	Stakeholders* under section 52 and 53 (1)	Amount Claimed	Amount Admitted	Amount Distributed	Amount Distributed to the Amount Claimed (%)	Remarks
1	Realization of Security Interest [Sec. 52(1)(b)]	-	-	-	-	-
2	** Liquidation Cost [Sec. 53(1)(a)]	7,76,848/-	7,76,848/-	7,76,848/-	100%	Liquidation cost includes fee paid to liquidator, Statutory Auditors and other professional and expenses incidental to the liquidation

3	Workmen's Dues [Sec. 53(1)(b)(i)]	-	-	-	-	-
4	Debts of Secured Creditors [Sec. 53(1)(b)(ii)]	-	-	-	-	-
5	Wages and Unpaid Dues to Employees [Sec. 53(1)(c)]	-	-	-	-	-
6	Debts of Unsecured Financial Creditors [Sec. 53(1)(d)]	-	-	-	-	-
7	Government Dues + Amount Unpaid following Enforcement of Security Interest [Sec.53(1)(e)] TDS paid to Income Tax on Payments made to stakeholders & Professionals	-	-	-	-	-
8	Any remaining Debts and Dues [Sec. 53(1)(f)]	-	-	-	-	-
9	Preference Shareholders [Sec. 53(1)(g)]	-	-	-	-	-



10	Equity Shareholders [Sec.53(1)(h)]	90,68,616/-	90,68,616/-	90,68,616/-	100%	Rs. 74,12,720/- is paid through banking channel after deducting TDS of Rs. 5,92,818/- and debts of Rs. 10,63,078/- were assigned to the equity shareholders as part of the distribution.
Total		98,45,464/-	98,45,464/-	98,45,464/-		

*If there are sub-categories in a category, please add rows for each sub-category.

** Includes Liquidator fee, Liquidation Expense & Auditor fee

19. Thus on considering the submissions made by the Applicant and after perusing the documents annexed to the application, we find that the affairs of the Company have been completely wound up and the assets of the Applicant Company have been completely liquidated and as such the Applicant Company deserves to be dissolved. Accordingly, in exercise of the powers conferred under Section 59(8) of the IBC, 2016, we order dissolution of **Sathi Sai Finance and Investments Limited**. The Applicant Company shall stand dissolved from the date of this order. Accordingly, the Company Petition stands **allowed**.



20. The Registry and Liquidator are directed to serve a copy of this order upon Registrar of Companies, concerned and also to IBBI within 14 days from the date of this order.

-Sd-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

-Sd-

SANJIV JAIN
MEMBER (JUDICIAL)

VinitaVarshini.K