IN THE NATIONAL COMPANY LAW TRIBUNAL

SPECIAL BENCH AT INDORE

ITEM Nos.8 to 15

TP 61 of 2019 [CP(IB) 35 of 2017]

Proceedings under Section 33 r.w. 34 IBC

IN THE MATTER OF:

Naveen Kumar Sood RP of GEI Industrial System Ltd ....**Applicant**

V/s

Beeta Kone Tools ....**Respondent**

Coram:

Mohan P. Tiwari, Hon'ble Member(J)
Sanjeev Sharma, Hon'ble Member(T)

ORDER

09/10/2025

IA 181 of 2018, (MP) IA 103 of 2020, IA 525 of 2019, IA 529 of 2019, IA 648 of 2019, IA 24 of 2020, IA /276(MP)2023 & IA/443(MP)2024

These cases are fixed for pronouncement of the order. The order is pronounced in open Court *vide* separate sheet.

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

MOHAN P. TIWARI
MEMBER (JUDICIAL)

Neeraj

BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
INDORE SPECIAL BENCH AT INDORE

IA 181 of 2018
IA 103 of 2020
IA 525 of 2019
IA 529 of 2019
IA 648 of 2019
IA 24 of 2020
IA/276(MP 2023
IA/443(MP) 2024
in
TP 61 of 2019 [CP (IB) 35 of 2017]

Order under Section 33(2)

IN THE MATTER OF:

Beeta Kone Tools
at D-501, Shehnai Residency,
A. B. Road, Opposite Amarvilas Hotel,
INDORE -452011 (MP)

.......Applicant

V/s

GEI Industries System Ltd
B-18, Flatted Factories (MIDC)
Mulund Check Naka Wagle
Industrial Estate THANE - 400604,
(Maharashtra)

........Respondent

Order pronounced on: 09.10.2025

Coram:

SH. MOHAN P TIWARI, HON'BLE MEMBER (J)
SH. SANJEEV SHARMA, HON'BLE MEMBER (T)
PRESENT:

For the Suspended Management :Mr. Vishal Bhatnagar, Adv.

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For the CoC : Mr. Rohit Dubey, Adv.
For the RP : Mr. Naveen Sood (RP-in-Person)

ORDER

1. This application IA 181 OF 2018 has been filed by Mr. Naveen Kumar Sood (for brevity, "Applicant" Resolution Professional of GEI Industrial Systems Limited (for brevity, "Corporate Debtor") under Section 60(5) read with Section 33(2) of the Insolvency and Bankruptcy Code, 2016 (for brevity, "the Code") in the captioned TP 61 of 2019 [CP(IB) 35 of 2017], on 20.04.2018 seeking orders for liquidation of the Corporate Debtor. During the pendency of the application various affidavits have been filed by the Resolution Professional, inter alia i.e. dated 26.03.2019 (RP withdrawing its consent to act as liquidator); dated 17.09.2020 (to bring on record the Form H); dated 29.09.2023 (to bring on record the minutes of 13th CoC meeting held on 12.09.2023); dated 13.11.2024 (for bringing on record the minutes of 15th CoC Meeting held on 28.09.2024); and dated 20.01.2025 (for bringing on record the minutes of 16th CoC Meeting held on 30.12.2024).

Facts of the Case:

2. This Tribunal, by order dated 20.07.2017 in TP 61 of 2019 [CP(IB) 35 of 2017], admitted an application filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 by Beeta Kone Tools against GEI Industrial Systems Limited and initiated the Corporate Insolvency Resolution Process (CIRP). Mr. Naveen Kumar Sood was appointed as the Interim Resolution Professional and was subsequently confirmed as the Resolution Professional (RP) by the Committee of Creditors (CoC).

3. In compliance with the CIRP Regulations, a Public Announcement was issued, and the timelines for submission of Resolution Plans were extended on more than one occasion with the approval of the CoC. The CIRP period was also extended by 90 days beyond 180 days as per law. Despite such extensions,

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the CIRP concluded on 16.04.2018 without receipt of a viable Resolution Plan, leading the RP to file an application for liquidation.

4. Thereafter, the suspended management filed several interlocutory applications placing tentative plans and seeking deferment of liquidation. This Tribunal, on 08.11.2019 and 06.12.2019, directed the CoC and RP to consider the plans, if compliant with law. The CoC, however, after due consideration, rejected the Resolution Plan of the suspended management with 70.60% votes against it. Subsequently, the plan was also withdrawn by the management. Meanwhile, upon examination by the RP, the Corporate Debtor was confirmed to be covered under the MSME category; however, no resolution plan was available for consideration.

5. In these circumstances, this Tribunal fixed the matter for passing of a liquidation order on 20.08.2020. The suspended management preferred an appeal before the Hon'ble NCLAT assailing the said order. By its judgment dated 25.07.2022, the Hon'ble Appellate Tribunal dismissed the appeal and affirmed the course adopted by this Tribunal in relation to the liquidation of the Corporate Debtor. The relevant portion of the said order is reproduced below for ready reference:

> *"...15. Again, in the 9th meeting of CoC held on 10.2.2020, the CoC deliberated on the feasibility and viability of modified resolution plan dated 30.1.2020 presented by Mr. C.E. Fernandes. The minutes record that while the representatives of ICICI bank and Axis Bank did raise the issue of ineligibility of Mr. C.E. Fernandes under section 29-A of the IBC, the CoC as a body went ahead to consider the modified resolution plan presented by Mr. Fernandes. Thereafter the proposed resolution plan was put for electronic voting and the result of the electronic voting is tabulated at page 43 of the reply of Respondent No. 2/CoC, whereby the resolution plan was rejected with a voting share of*

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70.60%. Thus, it is unambiguously clear from the aforementioned consideration of the proposed resolution plan of Mr. C.E. Fernandes in its many modified forms which were duly discussed by the CoC in detail. We are, therefore, not persuaded by the argument of Learned Counsel of the Appellant that as the eligibility under section 29A of the IBC was under cloud, the CoC did not look at his proposed resolution plan with any seriousness.

... 18. It is worth noting that the CIRP against the corporate debtor was initiated vide order dated 20.7.2017 and the 10th meeting of the CoC took place on 16.6.2020, which is after almost 3 years of the initiation of the CIRP. This time period spent in the CIRP is much more than the time period stipulated under the IBC. Moreover, the CoC, which is constituted of the financial creditors of the corporate debtor, decided in the 10th meeting of the CoC to go for CD's liquidation, directing the Resolution Professional to take next steps as considerable time had already been lost after the completion of stipulated CIRP period, which has resulted in increase in CIRP costs and erosion of assets value of the corporate debtor. As sufficient opportunity had been given to Mr. C.E. Fernandes for presenting a feasible and viable resolution plan but he eventually failed and withdrew his proposed plan, the next step under section 33 of IBC was undertaken by the Resolution Professional.

19. In the circumstances and discussion as detailed in the foregoing paragraphs, we are of the very clear view that the CoC, without any prejudice regarding the eligibility of the Appellant under section 29A of IBC, did consider the resolution plan submitted by Mr. C.E. Fernandes and offered suggestions for its modifications/improvements. The withdrawal of the resolution plan vide e-mail dated 12.6.2020 meant that there was no resolution plan left before the CoC for *consideration, and since almost three years had elapsed from the initiation of CIRP on 20.7.2017 till the 10th meeting of CoC, the provisions under section 33 of the IBC came into play and were duly considered by the Adjudicating Authority. We, therefore, do not find any substance in the grievance of the Appellant. The appeal, being devoid of merit, is accordingly dismissed."*

7. It is further submitted that the Resolution Professional, having withdrawn his consent to act as liquidator, placed the matter before the CoC from time to time. By order dated 17.11.2022, this Tribunal left the issue to the discretion of the CoC, which in its 12th meeting held on 29.11.2022, rejected by 62.42% votes the proposal to permit the suspended management to submit a resolution plan. Thereafter, by order dated 24.08.2023, this Tribunal directed the RP to convene the CoC for passing resolutions on liquidation. In pursuance thereof, the 13th CoC meeting was held on 08.09.2023 wherein the CoC, by 66.55% votes, approved the initiation of liquidation proceedings. Meanwhile, the Hon'ble High Court of Madhya Pradesh, by its interim order dated 04.09.2023, directed that the suspended management, Shri C.E. Fernandes, shall not be debarred under Section 29A of the Code on account of his being declared a wilful defaulter, till further orders.

8. Subsequently, the suspended management continued to approach this Tribunal and the RP seeking permission to place a resolution plan. IA 276 of 2023 and IA 443 of 2024 were filed in this regard, while the RP himself prayed to be relieved of his office citing health issues. In the 15th CoC meeting held on 28.10.2024, the proposal for consideration of the suspended management's plan was deliberated upon in detail, with due regard to the High Court's order on Section 29A eligibility. However, the resolution could not secure the requisite majority and thus failed. It is pertinent that the rejection was not on the ground of ineligibility under Section 29A, but in the exercise of the CoC's commercial wisdom.

9. Thereafter, in the 16th CoC meeting held on 30.12.2024, the suspended management's request was again placed for reconsideration. The CoC unanimously expressed that, in the absence of any express enabling provision under the Code, it had no authority to consider a resolution plan from the suspended management unless specifically directed by this Tribunal.

Observation and Directions of the Tribunal:

10. The present Application has been filed by the Resolution Professional under Section 33 of the Insolvency and Bankruptcy Code, 2016 ("the Code") seeking liquidation of the Corporate Debtor, pursuant to the decision of the Committee of Creditors ("CoC"), which resolved with 66.55% voting share in favour of liquidation.

11. Section 33(2) of the Code provides that where the Resolution Professional, during the corporate insolvency resolution process but before confirmation of a resolution plan, intimates the Adjudicating Authority of the decision of the CoC, approved by not less than 66% voting share, to liquidate the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in Section 33(1)(b)(i)–(iii). The Explanation thereto makes it clear that the CoC may decide to liquidate the corporate debtor at any stage after its constitution and before confirmation of a resolution plan, including prior to the preparation of the information memorandum.

12. The Hon'ble Supreme Court, in *K. Sashidhar v. Indian Overseas Bank & Ors.* (Civil Appeal No. 10673 of 2018), has held that the commercial wisdom of the CoC is paramount and non-justiciable, save for limited judicial scrutiny to ensure conformity with the provisions of the Code and other applicable laws.

In the present case, the CoC has, after due deliberation, rejected the resolution plan(s) proposed by the suspended management on more than one occasion and no resolution plan has been approved. In its 13th meeting held on 08.09.2023, the CoC resolved with 66.55% voting share to liquidate the Corporate Debtor and further proposed the name of Mr. Chirag Rajendrakumar Shah (IBBI/IPA-

001/IP-P01169/2018-19/11837), an Insolvency Professional other than the existing RP, to be appointed as the Liquidator.

13. We have carefully considered the facts of the case in light of the provisions of Section 33(2) of the Code. It is evident that (i) CIRP was duly initiated; (ii) no resolution plan has been approved by the CoC; and (iii) the CoC, by requisite majority, has resolved to liquidate the Corporate Debtor and recommended the appointment of a Liquidator. Accordingly, the statutory conditions under Section 33(2) of the Code stand satisfied.

14. Further, the Resolution Professional, had filed this application IA 181 of 2018 on 20.04.2018 for liquidation of the CD. The case has been fixed for hearing on various dates in the last seven years. The suspended management filed various IAs in the matter. The matter was taken to the Hon'ble NCLAT and the Hon'ble High Court of Madhya Pradesh.

14. In view of the above discussion, we hold that the Corporate Debtor is liable to be ordered into liquidation under Section 33 of the Code. The prayer of the Resolution Professional for initiation of liquidation is accordingly allowed. The reliefs sought by the suspended management in IA 103 of 2020, IA 525 of 2019, IA 529 of 2019, IA 648 of 2019, IA 24 of 2020, and IA 276 of 2023 stand rejected and are hereby dismissed. In view of the above findings, it is hereby ordered as follows: -

a) The Corporate Debtor GEI Industrial Systems Limited is admitted into liquidation in terms of the provisions of section 33(2) of the Insolvency and Bankruptcy Code, 2016, to be conducted in accordance with Chapter III of the Code and the IBBI (Liquidation Process) Regulations, 2016 which shall be effective immediately from the date of pronouncement of this order.

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b) we hereby appoint Mr. Chirag Rajendrakumar Shah (IBBI/IPA-001/IP-P001169/2018-2019/11837), Email id: chirag.irp@gmail .com as the Liquidator of the Corporate Debtor i.e. GEI Industries Systems Limited as per decision taken by the majority of CoC Members, to carry out the liquidation process.

c) The Moratorium declared under Section 14 of the Code shall cease to have effect from the date of this order of liquidation.

d) A fresh moratorium under Section 33(5) of the Code is declared, prohibiting the institution or continuation of suits, legal proceedings, execution of judgments, or disposal of assets of the Corporate Debtor, except as permitted under the Code or with prior approval of the Liquidator, effective from the date of this order until the completion of the liquidation process.

e) The Liquidator shall take charge of the Corporate Debtor's assets, books, and records forthwith and perform all duties as prescribed under Sections 35 to 50 of the Code and the IBBI (Liquidation Process Regulations, 2016, including exploring the sale of the Corporate Debtor as a going concern, as approved by the CoC under Regulation 39C and in accordance with Regulation 32A of the IBBI (Liquidation Process) Regulations, 2016, to maximize value.

f) The Liquidator is directed to file a preliminary report within 75 days of this order, as per Regulation 13 of the IBBI (Liquidation Process) Regulations, 2016, and submit periodical progress reports to this Tribunal.

g) The Liquidator so appointed shall complete the liquidation process as per the provisions of the Code r.w. the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

h) All the powers of the Board of Directors, key managerial persons, and the partner of the Corporate Debtor, as the case may be, hereafter cease to exist. All these powers henceforth vest with the Liquidator

i) All the powers of the Board of Directors, key managerial persons, and the partner of the Corporate Debtor, as the case may be, hereafter cease to exist. All these powers henceforth vest with the Liquidator.

j) The Liquidator's fees, as approved by the CoC under Regulation 39D, shall be charged in accordance with Regulation 4 of the IBBI (Liquidation Process) Regulations, 2016, and paid from the proceeds of the liquidation estate under Section 53 of the Code.

k) Once the liquidation process is initiated, subject to Section 52 of the Code, no suit or other legal proceeding shall be instituted by or against the Corporate Debtor. The Liquidator has the liberty to institute a suit and other legal proceedings on behalf of the Corporate Debtor with the prior approval of this Adjudicating Authority, as provided in sub-section (5) of section 33 of the Code.

l) This liquidation order shall be deemed to be notice of discharge to the officers, employees, and workmen of the Corporate Debtor, except to the extent that the business of the Corporate Debtor continues during the liquidation process by the Liquidator.

m) The Liquidator is directed to issue a public announcement in Form B, as per Regulation 12 of the IBBI (Liquidation Process) Regulations, 2016, within 5 days of appointment, stating that the Corporate Debtor is in liquidation. The Liquidator will also serve a copy of this order to the various Government

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Departments, such as Income Tax, GST, etc., who are likely to have any claim upon the Corporate Debtor so that the authorities concerned are informed of the liquidation order in a timely manner. The Liquidator will also provide a copy of this order to the trade unions/employee associations of the Corporate Debtor so that the workman/employees could also be informed of this liquidation order through their association.

n) The Resolution Professional, Mr. Naveen Kumar Sood (IBBI/IPA-001/IP-P00132/2017-18/10274), is hereby discharged from his duties as RP with effect from the date of this order. He is directed to hand over the relevant documents and control of the Corporate Debtor to the newly appointed liquidator forthwith.

o) The CoC is directed to contribute and make payment of the outstanding approved CIRP cost, including RP fees, up to the date of this order, within 30 days from the date of this order, failing which the RP may approach this Tribunal for further directions.

p) The Registry is directed to communicate this order to the concerned Registrar of Companies, the registered office of the Corporate Debtor, IBBI, the Resolution Professional, and the Liquidator by speed post as well as e-mail within one week from the date of this order, after completion of all the formalities for records and necessary action, if any. The Registrar of Companies shall update the Corporate Debtor's status on the MCA Portal accordingly.

q) Liberty is granted to the Liquidator to approach this Tribunal for any further directions or clarifications as may be required during the liquidation process.

15. Accordingly, this application **IA 181 of 2018** in **TP 61 of 2019 [CP (IB) 35 of 2017]** is **allowed** and disposed of accordingly. **All other IAs namely** IA 103 of 2020, IA 525 of 2019, IA 529 of 2019, IA 648 of 2019, IA 24 of 2020, and IA 276 of 2023 stand dismissed and disposed of.

16. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

-SD-	**-SD-**
SANJEEV SHARMA **MEMBER (TECHNICAL)**	**MOHAN P. TIWARI** **MEMBER (JUDICIAL)**

Abhijit

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Certified to be True Copy of the Original
P.K. Mishra
30-X-2024
Deputy Registrar
NCLT, Indore Bench
Indore