

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

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **09.06.2026** THROUGH VIDEO CONFERENCE

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

IN THE MATTER OF : Syndicate Bank
Vs
Vijay Spinners Pvt Ltd

MAIN PETITION NUMBER : CP(IBC)/988/(CHE)/2018

(IA/MA) APPLICATION NUMBERS

RA(IBC)/2(CHE)/2025

ORDER

RA(IBC)/2(CHE)/2025

Present: None for the Applicant.

Ms. Elamathi, Ld. Counsel for Liquidator who is also present.

Ms. Padmashree, Ld. Counsel for R1/Canara Bank.

Vide separate order pronounced in the open Court, Application is dismissed.

-sd-

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

MS

-sd-

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

Date: 09.06.2026

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

RA(IBC)/2(CHE)/2025

IN

CP(IBC)/988(CHE)/2018

[filed under Section 60(5) of IBC, 2016 r/w Rule 11 of the NCLT Rules, 2016]

In the matter of Vijay Spinners Private Limited

1. **Mr. G. A. Abimanyu Raja,**
Managing Director (Suspended)
M/s. Vijai Spinners (RJPM) Pvt. Ltd.,
No. 155-C, Madasamy Kovil Street,
Rajapalayam, Tamil Nadu - 626 117

. . . Applicant / Suspended Director

Vs.

1. **M/s. Canara Bank (formerly M/s. Syndicate Bank)**
Rajapalayam Branch,
Having its branch office at:
No. 656/1544, Tenkasi Road,
Rajapalayam, Tamil Nadu - 626 117
2. **Mr. S. Rajendran,**
Liquidator of M/s. Vijai Spinners (RJPM) Pvt., Ltd.,
2nd Floor, Hari Krupa, No.71/1, Mc. Nicholas Road,
Chetpet, Chennai - 600031.

. . . Respondents

Present:

For Applicant : *Manoj Menon, Advocate*

For Respondent : *T. Ravichandran, Advocate for R1*
M.S. Elamathi, Advocate for R2

CORAM:

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

Order Pronounced on 09th June, 2026

ORDER

(Heard through Hybrid Mode)

1. This application has been filed seeking the following relief.
 - i. *review and recall the common order dated 14.11.2025 passed by this Tribunal in I.A (IBC) Nos.2071 & 2073/2023 and I.A (IBC) Nos. 1500, 1504, 1899/2024, only in respect of the direction that 'if in case, no bidders come forward, we direct the Liquidator to sell the assets on slump sale' in view of the Appeal bearing T.A (AT) No.166 of 2021 is pending before the Hon'ble NCLAT, Chennai Bench and further since the Order dated 05.02.2020 passed by the Hon'ble NCLAT, is also still subsisting;*
2. It is stated that on a petition filed by Syndicate Bank, now the Canara Bank, CIRP was initiated against the Corporate Debtor vide an order dated 09.12.2019. Against that order, the Applicant has preferred an appeal before Hon'ble NCLAT where Hon'ble NCLAT in its order dated 05.02.2022 has passed a direction that in the meantime the IRP will ensure that the Company remains as a going concern. It is stated that during the pendency of the appeal, the RP filed an application to

liquidate the Corporate Debtor and the Tribunal vide an order dated 19.09.2022 allowed the application with specific directions to the Liquidator that the Liquidator shall keep the Corporate Debtor as a going concern till the final order is issued by the Hon'ble NCLAT in T.A (AT) No. 166 / 2021 and to take steps to sell the Corporate Debtor as a going concern. It is alleged that the erstwhile Liquidator acted contrary to the directions and put the assets of the Corporate Debtor for sale in lots. The Applicant aggrieved by the act of the Liquidator filed the applications seeking various reliefs and this Tribunal while passing a common order dated 14.11.2025 in para 63 observed that the appeal against the CIRP order was dismissed by Hon'ble NCLAT vide order dated 18.07.2023 on limitation, although, the said appeal is pending and is listed for hearing on 21.01.2026. It is stated that the appeal was dismissed for default on 13.07.2023 which was revived vide an order dated 04.01.2024 in Rst. Application No. 02 / 2023 and the order dated 05.02.2022 is still subsisting.

3. It is stated that in the order dated 14.11.2025, this Tribunal issued a direction to the Liquidator to conduct fresh e-auction once within three months exclusively for the sale of assets as a going concern and if in

case no bidders come forward, to sell the assets on slump sale. It is stated that since the order of Hon'ble NCLAT dated 05.02.2022 is still subsisting, the Liquidator has to keep and sell the Corporate Debtor only as a going concern and thus the present application has been filed.

4. On getting notice of the application, Canara Bank / Respondent No. 1 filed the reply stating that the Tribunal has not decided the issue only on the basis of the order of the Hon'ble NCLAT dated 18.07.2023. The subsequent finding of the Tribunal would reveal that there were no merits in the application for the reason that there was no direction of Hon'ble NCLAT to run the Corporate Debtor as a going concern during liquidation, the Promoter Director had challenged the order of liquidation which is withdrawn on 18.11.2022 and the Liquidator has rightly taken steps in terms of the order dated 19.09.2022.
5. Respondent No. 2 also filed the reply reiterating the factual aspects as detailed in the order dated 14.11.2025. It is stated that the Tribunal in the order at para 62 had recorded that the Corporate Debtor was incurring cash losses, the Liquidator did not receive support from SCC and HM Textiles had withdrawn its operational support. It is stated that the Liquidator had proceeded to issue e-auction notice pursuant to

the liquidation order dated 19.09.2022, but no bidder came even in 11 auctions. The matter was brought to the SCC. Even subsequent auctions also failed. After the failure of auctions, the Liquidator proceeded to sell the assets of the Corporate Debtor. It is submitted that Regulations 31(e), 31(f) and 32A of IBBI (Liquidation Process) Regulations, 2016 were omitted by way of an amendment dated 14.10.2025. Consequently, as on date, there is no specific provision under the Regulation mandating the sale of the Corporate Debtor as a going concern. It is stated that the direction of the Tribunal in the liquidation order dated 19.09.2022 to sell the Corporate Debtor as a going concern was much prior to the aforesaid amendment to the Regulations. Further, the SCC in the meetings held on 18.08.2025, 20.08.2025, 25.08.2025 and 29.08.2025 also deliberated upon the issue and resolved that the Corporate Debtor should first be attempted to be sold as a going concern and in the event of failure the assets may be sold by way of slump sale. This Tribunal while passing the order dated 14.11.2025 had taken cognizance of the amendment and nevertheless directed the Liquidator to first make an arrangement to sell the Corporate Debtor as a going concern and in the event such attempt fails

to proceed to sell the assets in slump sale. Pursuant to the directions in the order dated 14.11.2025, the Liquidator issued fresh e-auction notice dated 18.02.2026 for the sale of the Corporate Debtor as a going concern scheduling the auction on 20.03.2026. It is stated that after the auction notice was published, the Liquidator came to be aware of an injunction order dated 17.02.2026 issued by the Sub-Court in Rajapalayam restraining the sale of 78 cents until disposal of O.S. No. 163 of 2025 filed by Mayuranadha Swami Temple of HR & CE Department.

6. We have heard Ld. Counsels for the parties and perused the record.
7. In the instant case, this Tribunal vide a detailed order dated 14.11.2025 after considering the contentions of the parties at length and the factual circumstances including the order of Hon'ble NCLAT in C.A (AT) No. 166 / 2021 against the CIRP order and the order of the Tribunal dated 19.09.2022 initiating liquidation of the Corporate Debtor, the amended Regulations, SCC decisions, failure of e-auctions of the Corporate Debtor as a going concern directed the Liquidator to conduct fresh e-auction once within three months exclusively for the sale of assets as a going concern and if in case no bidders come forward to sell the assets on slump sale. The Tribunal also recorded the submission of the

Applicant / Promoter Director on 08.09.2025 that in case a decision is taken to sell the Corporate Debtor in liquidation as a going concern in terms of the resolution passed in the SCC, the suspended Director did not press for the applications filed in the Tribunal.

8. It was only on the directions of this Tribunal, the Liquidator issued the e-auction notice for the sale of the Corporate Debtor as a going concern on 18.02.2026 and scheduled the auction to be conducted on 20.03.2026. The Tribunal also considered the order of Hon'ble NCLAT rejecting the appeal on the liquidation of the Corporate Debtor. It is true that the Tribunal inadvertently could not take notice of the revival of the appeal against the order of the CIRP after the appeal was dismissed in default but considering the fact that as many as 11 auctions for sale of the Corporate Debtor as a going concern failed and the SCC in its commercial wisdom took a decision that the Corporate Debtor should first be attempted to be sold as a going concern and in the event of failure the assets may be sold by way of slump sale. This decision was taken by the SCC after considering all the aspects of the matter including the fact that the Corporate Debtor was incurring cash losses

and HM Textiles had withdrawn its operational support and the Corporate Debtor was not being run as a going concern.

9. ***The Tribunal in the case of Ganga Foundations Pvt. Ltd. in IA /367/2026 in IBA/870/2020 vide an order dated 07.05.20206 held as under:***

IBBI in its discussion paper on Streamlining Processes under the Code: Reforms for Enhanced Efficiency and Outcomes' raises various issues regarding Sale as Going Concern in liquidation with a proposal to omit provisions of Sale as a going concern in liquidation as under: Regulation 32(e) and 32(f) provides that the liquidator may sell "the corporate debtor as a going concern" or "the business(s) of the corporate debtor as a going concern". It has been observed that the outcomes in the case of the sale of the CD as a going concern have been below par as compared to the dissolutions. Creditors recovered only 2.4% through going concern sales (75% of liquidation value), but 3.7% via regular dissolution (101% of liquidation value). This indicates that going concern sales provide no additional value preservation advantage compared to regular dissolution. Another issue is that the reserve price is publicly known from the first auction which allows bidders to anticipate price reductions in subsequent auctions, leading to strategic delays in bidding and ultimately resulting in lower realizations—often below the liquidation value. Removing the option of going concern sales can help prevent such value erosion and improve creditor recoveries. An increasing number of cases where going concern sales are pursued even when the CD is ultimately not viable as a going concern has been observed. This has resulted in prolonged delays in processes and lower recoveries. It is proposed to omit the provisions relating to sale as a going concern in Liquidation Regulations. This change would streamline the liquidation process, reduce legal uncertainties, and potentially lead to faster resolution of cases. Furthermore, since the liquidator regulations already provide for the slump sale of assets, they will continue to address situations where the assets of the CD need to be sold together for better realization. From the issues raised in the discussion paper of IBBI, it is clear that IBBI is worried about reserve

price being publicly known from the first auction which allows bidders to anticipate price reductions in subsequent auctions, leading to strategic delays in bidding and ultimately resulting in lower realizations—often below the liquidation value.

In the present case also, reserve price has come down from Rs.43.75 crores in the auction dated 11.01.2024 to Rs. 34.40 crores confirming the apprehension of price reduction raised in the discussion paper. Each auction conducted is a fresh and independent process which is being carried out after obtaining approval, if any from SCC. As and when fresh auction notice is issued, the liquidator has to comply with the provisions of the law and regulations as on the date of issue of fresh auction notice. So when the notice was issued on 09.01.2026, the liquidator should have taken cognizance of the notification dated 14.10.25 and acted as per the amended regulations. Hence the auction conducted on 11.02.2026 including 'sale as a going concern' is not as per the provisions of law.

10. The prayer in the application was to review and recall only in respect of direction that 'if in case , no bidders come forward, we direct the liquidator to sell the assets on slump sale' in view of the Appeal bearing T.A. AT No 166 of 2021 is pending before Hon'ble NCLAT and further since the Order dated 05.02.2020 passed by Hon'ble NCLAT is also subsisting.
11. It is observed that many things have happened after the order dated 05.02.2020 of Hon'ble NCLAT. The Corporate Debtor which was running as a going concern during CIRP, stopped functioning in liquidation due to the fact that the lessee HM Textiles stopped

providing operational support and due to continuous cash losses incurred by the Corporate Debtor in keeping the unit in running condition. Liquidator was directed to sell the corporate debtor as a going concern. Eleven auctions were conducted to sell the corporate debtor as a going concern all of which failed. This tribunal while hearing IA Nos 2071 & 2073 /2023 and IA 1500, 1504, 1899/2024 recorded the submission of Counsel for applicant on 08.09.2025 that in case the decision to sell the corporate debtor in liquidation as a going concern is taken , the suspended directors would not press their applications. On 14.10.2025 The Insolvency and Bankruptcy Board of India, vide a notification introduced the Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2025 where in the provision 'Sale as a Going Concern' was omitted. While passing the common order in IA Nos 2071 & 2073 /2023 and IA 1500, 1504, 1899/2024 on 14.11.2025, this tribunal taking the above fact into consideration gave one more opportunity to the liquidator to sell the corporate debtor as a going concern and in the event such attempt fails liquidator was directed to proceed to sell the assets on slump sale basis.

12. From the aforesaid discussions, we are of the view that the Applicant has failed to make out a case for review and recall of the order dated 14.11.2025 passed by the Tribunal. .
13. The application R.A.(IBC)/2/CHE/2025 is **dismissed** with no orders as to cost.

Sd/-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

Sd/-

SANJIV JAIN
MEMBER (JUDICIAL)