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(2023) 05 NCLT CK 0082

In the National Company Law Tribunal

Case No : IA(IBC)/197/2038 In IA(IBC)/92/AN11?/2022 In CP (IB) /26/10/AMR/2021

M/s V R V Textiles Limited Vs

Date of Decision : 26-05-2023

Acts Referred:

Insolvency and Bankruptcy Code, 2016 — Section 10, 54
National Company Law Tribunals, 2016 — Rule 11
Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 — Regulation 45, 45(3)

Citation : (2023) 05 NCLT CK 0082

Hon'ble Judges : Telaprolu Rajani, Member (J)

Bench : Single Bench

Advocate : J. John Ohilvi

Final Decision : Disposed Of

Judgement

Justice Telaprolu Rajani. Member Judicial

1. This is an Application filed by the Applicant/Liquidator under section 54 of Insolvency and Bankruptcy Code, 2016 read with Regulation 45 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 seeking for dissolution of the Corporate Debtor i.e., V R V Textiles Limited.

2. The facts of the case, briefly, are as follows:

i. Company Petition CP(IB)/26/10/AMR/2021 is filed by V R V Textiles Limited under Section 10 of IBC, 2016. The Adjudicating Authority admitted this matter vide order dated 26.10.2021 and appointed the Applicant as Interim Resolution Professional.

ii . The Applicant issued paper publication on 28.10.2021 in two daily newspapers i.e., Financial Express (English) and Prajasakthi (Telugu) for inviting claims from the Creditors. There are no claims received from any financial creditor and hence the Committee of Creditors was constituted with operational creditors only.

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iii. In the 1st CoC meeting held on 24.11.2021, the CoC represented by the Operational Creditors did not attend and the same was adjourned to 01.12.2021. In the adjourned meeting also, the members were not present and therefore the meeting was adjourned without mentioning the date. Again the 1 st CoC meeting held on 29.01.2022.

iv. The IRP could not take possession of the assets of the CD as there were no physical assets available. The CoC members were not willing to contribute to meet the CIRP cost since the application was filed by the CD and its suspended directors. The CoC did not confirm the appointment of IRP as the Resolution Professional and hence the IRP as such acted in the capacity of Deemed Resolution Professional and proceeded. The meeting took up the mandatory agenda items. Further, discussion took place on the liquidation of the company since there is no business or physical assets in the company.

v. The 2"d CoC meeting was held on 10.04.2022 for the specific purpose of discussing the liquidation of the CD. After discussions, the CoC approved the proposal for liquidation of CD and authorized IRP/Deemed RP to file the application for Liquidation of the CD before the Adjudicating Authority.

vi. The Applicant, being the Deemed RP, expressed his willingness to act as Liquidator in the 2' meeting of the CoC and the CoC took note of the same. The CoC further approved the estimated liquidation cost of Rs.1.75 lakhs and the fee of the liquidator is fixed at Rs.40,000/- per month and also eligible to claim as per Table in Regulation 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation, 2016. The applicant filed consent in Form AA. Therefore, the RP filed an IA(IBC)/ 92/2022 for liquidation of the CD and the same was allowed by this Tribunal vide common orders dated 31.05.2022 and the applicant herein was appointed as Liquidator of the CD. The applicant filed his reports on various dates.

vii. The Compliance Certificate in Form H, under Regulation 45(3) of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, has been prepared with all the details of the Liquidation Process.

viii. Since the Corporate Debtor does not have any assets, The members of Committee of Creditors were not co-operative for the reason that there was no scope for distribution of amount to them as there were no realisable assets, in which circumstances, the Liquidator hereby requests this Tribunal to pass an order for early dissolution of V R V Textiles Limited (Corporate Debtor). Hence, this Application.

3. Heard the submissions and perused the records. Before considering the merits of the matter, it is necessary to refer to relevant provisions and rules, as available under the Code and Rules which are as under:-

"Section 54 of IBC, 2016: Dissolution of corporate debtor.

54. (1) Where the assets of the corporate debtor have been completely

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liquidated, the liquidator shall make an application to the Adjudicating Authority for the dissolution of such corporate debtor.

(2) The Adjudicating Authority shall on application filed by the liquidator under sub-section (1) order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(3) A copy of an order under sub-section (2) shall within seven days .from the date of such order, be forwarded to the authority with which the corporate debtor is registered”

4. The ultimate objective of the Code is either to resolve by way of a Resolution Plan or to liquidate the Corporate Debtor, as expeditiously as possible. The facts and circumstances of the present case justify that no purpose would be served to keep the Corporate Debtor under CIRP/Liquidation Proceedings. The Adjudicating Authority is vested with inherent powers under Rule 11 of NCLT Rules, 2016 conferred under the Act, to pass appropriate order(s) in the interests of speedy justice.

5. In the aforesaid circumstances I am satisfied that this is a fit case for dissolving the Corporate Debtor without undergoing the liquidation process.

ORDER

6. In view of the facts stated in the Application, this Tribunal allows the Application with the following directions:

i. The Corporate Debtor, V R V Textiles Limited (CIN: U17110AP2005PLC045224) is ordered to be dissolved with immediate effect.

ii. The Registry is directed to forward a copy or this Order to the Registrar of Companies, Andhra Pradesh.

iii. The Resolution Professional is also directed to forward copies of this Order to the IBBI, to the Regional Director (South Eastern Region), Ministry of Corporate Affairs; Registrar of Companies & Official Liquidator, Andhra Pradesh.

iv. Personal liability/Guarantee of any Director/Promoter of the Corporate Debtor, if any, would not absolve them of their liability by virtue of this Order.

v. Liquidator shall stand discharged from his duties with effect from the date of this Order.

Accordingly, IA(IBC)/197/2023 in IA(IBC)/92/2022 in CP (IB)/26/10/AMR/2021 is disposed of.

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