

IN THE NATIONAL COMPANY LAW TRIBUNAL: NEW DELHI
PRINCIPAL BENCH

ITEM No. 07
(IB)-107(PB)/2019

IN THE MATTER OF:

Oriental Bank of Commerce

.... Applicant/petitioner

v.

M/s. Vallabh Steel West Pvt. Ltd.

.... Respondent

Order under Section 7 of Insolvency & Bankruptcy Code (CIRP)

Order delivered on 16.09.2020

CORAM:

SH. B.S.V. PRAKASH KUMAR
HON'BLE ACTG. PRESIDENT

SH. HEMANT KUMAR SARANGI
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Applicant

Mr. Kanti Mohan Rustagi & Ms. Shubha Jana,
Advs.

ORDER

IA-3641/2020

It is an application seeking order for liquidation based on the resolution passed by the CoC on 19.03.2020 with 100% approval.

On perusal of this application, it appears that this Company Petition was admitted on 03.07.2019 by appointing Mr. Narendra Kumar Sharma as IRP. In pursuance thereof, the IRP issued a public notification inviting claims from the Creditors. On receipt of the claims from various Creditors, the IRP constituted the CoC. In the second meeting of CoC, it has approved IRP to continue as Resolution Professional of the Corporate Debtor.

On verification of the claims and after receipt of valuation from the two Valuers appointed by the Resolution Professional, Information Memorandum was prepared. Subsequent thereto, Invitation for Expression of Interest was given. Looking at the invitation for Expression of Interest (EOI) only one prospective Applicant came forward with the Resolution Plan, as the plan

submitted by the prospective applicant not being feasible and commensurate to the value of the asset, the same was rejected by the CoC, and then proposed for liquidation with 100% voting in 4th CoC meeting held on 19.03.2020.

When we have put it to the Liquidator as to why he could not get a plan for approval, he has categorically explained that the plan which was submitted was of only ₹ 2.5Crore value – far less than the liquidation value.

Therefore, we are of the view that the CoC in its commercial wisdom rejected the plan submitted and proposed for liquidation of the company recording the consent of the RP to continue as the liquidator.

On verification, we have come to know that the claim value against this company is around ₹ 32Crore and the liquidation value is in between ₹ 8 to 10Crore. By looking at these facts and figures, we are satisfied that the CoC has rightly decided to propose for liquidation, therefore we hereby ordered for liquidation of the debtor company with the following directions:

- a) This Bench hereby orders the Corporate Debtor to be liquidated in the manner as laid down in the chapter by issuing a public notice stating that the Corporate Debtor is in liquidation with a direction to the liquidator to send this order to ROC with which this company has been registered.
- b) The Resolution Professional viz. Mr. K.G Somani is hereby appointed to act as Liquidator for the purpose of liquidation of the corporate debtor, therefore, all powers of the board of directors, Key managerial personnel and partners of the Corporate Debtor, as the case may be, shall cease to have effect and shall be hereby vested in the liquidator. The Personnel of the Corporate Debtor are directed to extend all co-operations to the liquidation as may be required in managing the affairs of the Corporate Debtor. The Insolvency Professional appointed as liquidator will charge fees for conduct of the liquidation proceedings in proportion to the value of the liquidation estate assets as specified under

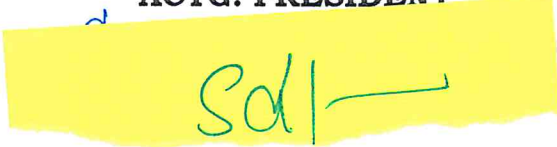
regulation 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and the same shall be paid to the Liquidator from the proceeds of the liquidation estate under Section 53 of the Code.

- c) Since this liquidation order has been passed, no suit or other legal proceedings shall be instituted by or against the Corporate Debtor without prior approval of this Adjudicating Authority save and except as mentioned in sub-section 6 of Section 33 of the Code.
- d) This liquidation order shall be deemed to be notice of discharge to the officers, employees and workmen of the Corporate Debtor except to extent of the business of the Corporate Debtor is continued during the liquidation process by the Liquidator.
- e) The liquidator is directed to carry the functions of the Liquidator as envisaged under the Insolvency and Bankruptcy Code, 2016 and also Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

The Registry is hereby directed to immediately communicate this order to the Liquidator, the Corporate Debtor and the IBBI & concern ROC by way of E-Mail.

The application stands disposed of.


(B.S.V PRAKASH KUMAR)
ACTG. PRESIDENT


(HEMANT KUMAR SARANGI)
MEMBER (TECHNICAL)