

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, CHENNAI

MA/947/2019
IN
CP/1414/IB/2018

Application filed under section 33(2) of the IBC, 2016

In the matter of M/s. Connexions Retail Stores Private Limited

Madhu Desikan ...Applicant
Resolution Professional
Representing Corporate Debtor
(M/s. Connexions Retail Stores Private Limited)

Order delivered on: 30.12.2019

CORAM:

B.S.V PRAKASH KUMAR, MEMBER (JUDICIAL)
S. VIJAYARAGHAVAN, MEMBER (TECHNICAL)

Counsel for Applicant : *Shri. B. Ramana Kumar, Advocate*
For Shri. Madhu Desikan, RP
Counsel for Deutsche Bank : *Shri. A. G Sathyanarayana, Advocate*

ORDER

Per: B.S.V PRAKASH KUMAR, MEMBER (JUDICIAL)

Order Pronounced on: 30.12.2019

It is an MA filed u/s 33(1) of the Insolvency & Bankruptcy Code, 2016 ("the Code") by the Resolution Professional (RP) seeking

liquidation order based on the resolution passed by the CoC in its 5th meeting held on 19.08.2019 with a requisite majority as contemplated under I & B Code, 2016.

2. On perusal of this application, it appears that this CP/1414/IB/2018 was admitted on 27.03.2019, thereafter, initial public announcement was made in two papers namely Trinity Mirror in English and Makkal Kural in Tamil. Based on public announcement, claims were received from the following creditors which are as follows:

| S. No | Class of Creditors | No.of Claims | Value Rs. Lakhs |
|--------------|---|--------------|-----------------|
| 1 | Financial Creditors –Banks only | 2 | 2,014.91 |
| 2 | Financial Creditors –Institutions | 3 | 1,016.40 |
| 3 | Financial Creditors –Individual-unrelated | 145 | 279.10 |
| 4 | Financial Creditors –Related parties | 5 | 350.69 |
| 5 | Operational Creditors | 84 | 169.25 |
| 6 | Employees | 57 | 27.99 |
| 7 | Statutory Authority-PF Authority | 1 | 40.29 |
| Total | | | 4,348.63 |

3. Thereafter, this Applicant was appointed as RP in the First Meeting of CoC held on 03.05.2019 and he is been appointed two Registered Valuers to value the assets of the Company. On valuation being given by the Valuers, the RP had determined the liquidation value as ₹132623000. In furtherance of it, the RP prepared the Information Memorandum, thereafter, the RP published invitation for Expression of Interest (In Short "EOI") on 05.06.2019, Based on the EOI, for no one come forward with Resolution Plan before last date for receiving the Resolution Plan, RP informed the COC members about it. For the COC wanted to know specific reasons and as to why nobody come forward with Resolution Plan, the RP informed that the liabilities being huge, it would not be feasible to revive the business of the Corporate Debtor. For no resolution plan came before the CoC, it has, on 19.08.2019, approved the resolution unanimously at the 5th COC meeting for liquidation of the Corporate Debtor.

4. As to objections raised by one of the Financial Creditor namely M/s. Deutsche Bank with regard to the appointment of Resolution

Professional (RP) as Liquidator, it is evident on record at the time of passing the resolution for liquidation of the company, no proposal has been made for replacement of this RP to continue as Liquidator, we are of the view that according to Sec.34(1) of the IBC, 2016, in the event written consent is given by the RP to the Adjudicating Authority to act as Liquidator, it is to be construed that the Resolution Professional could be appointed as a Liquidator in the Liquidator Order itself.

5. When the aforesaid Financial Creditor has filed an application for replacement of this RP to continue as Liquidator, we have given a direction in MA/987/2019 to the RP to hold another CoC on 24.10.2019 to decide as to whether the Resolution Professional could continue as Liquidator or not, the COC failed to pass a approve the resolution with requisite majority i.e. 66% for appointment of another Resolution Professional as liquidator in the place of this Resolution Professional.

6. In view of the same it is to be assumed that the same RP can continue as Liquidator as stated under Sec.34 (1) of the IBC, 2016, for he has orally consented before this Bench to work as liquidator.

7. In view of the same, we hereby hold that the same RP will continue as Liquidator to discharge the functions of the Liquidator during the Liquidation process.

8. Looking at the application and averments thereof, we are of the considered opinion that this is a fit case for liquidation, therefore, we hereby order for liquidation of the company with directions as follows:

- 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 Madhu Desikan 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 liquidator 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.

9. The Registry is hereby directed to immediately communicate this order to the Liquidator, the Corporate Debtor and the IBBI & Concern ROC by way of email.

10. Accordingly, this MA/947/2019 filed in CP/1414/IB/2018 is hereby **allowed**.

-SD-

(ANIL KUMAR B)
MEMBER (TECHNICAL)

-SD-

(R.VARADHARAJAN)
MEMBER (JUDICIAL)