



**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH, BENGALURU
(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)
(Through Web-Based Video Conferencing)**

IA No. 11/2024

in

C.P. (IB) No. 202/BB/2022

Application U/s. 33 r/w section 60 (5) of the
Insolvency and Bankruptcy Code, 2016

R/w Rule 11 and Rule 32 of NCLT Rules, 2016

In the matter of I.A. 11/2024:

Mr. Madhugiri Venkatarayappa Sudarshan
Resolution Professional of
Kanva Fashions Limited

..... Applicant

In the decided matter of:

Canara Bank

.....Petitioner/ Financial Creditor

Versus

Kanva Fashions Limited

.....Respondent/ Corporate Debtor

Order Delivered on: 05/02/2025

Coram: 1. Hon'ble Shri K. Biswal, Member (Judicial)
2. Hon'ble Shri Ravichandran Ramasamy, Member (Technical),

Parties/Counsels Present:

For the Applicant: Shri Hemanth Rao

ORDER

1. This Present Application has been filed on 07.10.2024 under section 33 read with sub-section (5) of section 60 of the Insolvency and Bankruptcy Code, 2016 read with rule 11 of the National Company Law Tribunal Rules, 2016 by Shri Madhugiri Venkatarayappa Sudarshan, Resolution Professional ('RP') of Kanva Fashions Limited ('Corporate Debtor') for passing order of Liquidation of Corporate Debtor and appoint the



Resolution Professional of the Corporate Debtor as the Liquidator of the Corporate Debtor.

2. Brief facts of the present case are perused herein under:

- a. The Company Petition bearing C.P (IB) No.202/2022 was filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 by “*Canara Bank*” to initiate Corporate Insolvency Resolution Process (‘CIRP’) against Corporate Debtor was admitted on 20.07.2023 and Shri Madhugiri Venkatarayappa Sudarshan was appointed as Interim Resolution Professional (IRP) of the Corporate Debtor, after which he issued a public announcement.
- b. IRP after inviting for claims and examining them has constituted the Committee of Creditors (‘CoC’) and filed a report on 18.08.2023, before this Tribunal in terms of Regulation 13 (2) (d) of the Insolvency Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- c. The first meeting of the CoC was held on 25.08.2023, wherein the IRP was successfully appointed as the RP. The CoC consists of the following members:

Sl. No.	Name of the Financial Creditor (Secured & Unsecured)	Amount Claimed (Rs.)	Amount Admitted (Rs.)	% of Voting share in the meeting	Secured / Unsecured Creditors
1.	Canara Bank	140,34,24,100	140,25,40,660	75.55	Secured
2.	Bank of Baroda	46,39,69,479	45,38,46,066	24.45	Secured
	TOTAL	1,86,73,93,579	1,85,63,86,725	100%	



- d. The RP has issued Form G and received expression of Interest from a few Prospective Resolution Applicants ('PRAs'). However, the PRAs were unable to complete their due diligence before the last date of submission of resolution plan and hence did not submit any resolution plans within the stipulated deadline i.e., 15.12.2023. Further, with 100% consent of CoC, the RP published a modified Form G on 06.01.24.
- e. IA 291/2024 was filed seeking for extension of 90 days to the CIRP and allowed by this tribunal vide order dated 29.04.2024. An exclusion of 120 days from the CIRP period was also allowed by this Tribunal vide order dated 23.07.2024 in IA 374/2024. Further, another exclusion of 81 days from the CIRP period was allowed by this Tribunal vide order dated 08.01.2025.
- f. The 10th meeting of CoC was convened on 27.08.2024, wherein the resolution plans by following PRAs was submitted and considered:
 - i. Universal Builders'
 - ii. Shrinivas Spintex Industries Private Limited
 - iii. Mr. S.R. ShrinivasThe abovementioned plans were all rejected by 100% votes of the CoC, as CoC has found none of the plans to be commercially viable.
- g. As none of the resolution plans were approved by the CoC, it was accordingly resolved to liquidate the CD in 10th CoC meeting. Hence, this Application.

3. We have carefully considered the submissions made in the application by the Resolution Professional and have also perused the materials on record.
4. The relevant provisions of sub-sections (1) and (2) of Section 33 of the Code read as follows:

"33. Initiation of liquidation.-

(1) Where the Adjudicating Authority, —

(a) before the expiry of the insolvency resolution process period or the maximum period permitted for completion of the corporate insolvency resolution process under section 12 or the fast track corporate insolvency



resolution process under section 56, as the case may be, does not receive a resolution plan under sub-section (6) of section 30; or

(b) rejects the resolution plan under section 31 for the non-compliance of the requirements specified therein, it shall:

(i) pass an order requiring the corporate debtor to be liquidated in the manner as laid down in this Chapter;

(ii) issue a public announcement stating that the corporate debtor is in liquidation; and

(iii) require such order to be sent to the authority with which the corporate debtor is registered.

(2) Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors to liquidate the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1).”

5. **Prescribed period for filing application:** In the present case, the Petition under Section 7 of the Code was admitted on 20.07.2023 and the present Application is filed on 08.10.2024. As per the submissions of the RP, an IA 291/2024 was filed seeking for extension of 90 days to the CIRP and allowed by this tribunal order dated 29.04.2024. An exclusion of 120 days from the CIRP period was also allowed by this Tribunal vide order dated 23.07.2024 in IA 374/2024. Another exclusion of 81 days from the CIRP period was allowed by this Tribunal vide order dated 08.01.2025 in IA 755/2024. Hence, this Application shall be considered under sub-section (2) of Section 33 of the Insolvency and Bankruptcy Code, 2016.

6. **Appointment of Liquidator:** It is submitted that the Members of CoC in their 10th meeting held on 27.08.2024 unanimously approved the appointment of Shri Madhugiri Venkatarayappa Sudarshan as Liquidator of the Corporate Debtor as per section 34 of the Insolvency and Bankruptcy Code. Additionally, the Applicant has also given his written consent dated 07.10.2024 to act as the Liquidator of the Corporate Debtor. Therefore, Shri. Madhugiri Venkatarayappa Sudarshan with Registration No. IBBI/IPA-002/IP-N00561/2017-2018/11707 is appointed as the Liquidator.



7. Regulations 39B, 39C and 39D in the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 are examined hereunder.

- a. **Liquidation Cost [Regulation 39B of IBBI (Insolvency Resolution Process for Corporate Persons) Regulation 2016]**- Pursuant to Regulation 39B of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016, the CoC in its 10th meeting held on 27.08.2024 approved the estimated Liquidation cost of Rs. 64,00,000/- plus taxes.
- b. **Assessment of Sale as a going concern [Regulation 39C of the Insolvency Resolution Process for Corporate Persons) Regulations, 2016]**- The members of the CoC in its 10th meeting held on 27.08.2024 approved the sale of Corporate Debtor as a going concern. Therefore, the Liquidator is directed to follow the Regulation 32 of the Insolvency Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and take necessary action.

	Votes cast in favour	Votes cast against	Abstained
Where the resolution plan put for vote are not approved by the CoC members, as per section 30 r/w section 33 of the IBC, 2016, r/w Regulation 39C of the CIRP Regulation, 2016, approval of the CoC of Kanva Fashion Limited, be and hereby accorded for Liquidation of the Corporate Debtor.	100%	0	0

- c. **Fees of the Liquidator [Regulations 39D of IBBI (Insolvency Resolution Process for Corporate Persons)**



Regulations, 2016]- The fee of the liquidator is fixed at INR 2,00,000 per month plus applicable taxes and out of pocket expenses at actuals. Further, the liquidator shall be entitled as per Regulation 4(2)(b) of the IBBI (Liquidation Process) Regulations, 2016 on the amounts realised from assets in the Liquidation estate and the amount distributed to the stakeholders thereof. In the event of realisation of fee as per Regulation 4(2)(b), the monthly fee received shall be adjusted from the amount receivable under regulation 4(2)(b).

	Votes cast in favour	Votes cast against	Abstained
The CoC fix remuneration to Liquidator at INR 2,00,000 per month plus applicable taxes and out of pocket expenses at actuals. Further, the Liquidator shall be entitled for a fee as per Regulation 4(2)(b) of the IBBI (Liquidation Process) Regulations, 2016 on the amounts realised from assets in the Liquidation estate and the amount distributed to the stakeholders thereof. In the event of realisation of fee as per Regulation 4(2)(b), the monthly fee received shall be adjusted from the amount receivable under regulation 4(2)(b).	100%	0	0

8. In view of the satisfaction of the conditions provided under sub-section (2) of section 33 of the Code, **the Corporate Debtor Kanva Fashions Limited**



is to be liquidated in the manner as laid down in Chapter III of the Code. Some of the directions are noted as under:

- i) That as per Section 33 (5) of the Code and subject to Section 52 of the code, no suit or other legal proceedings shall be instituted against the corporate Debtor, except with the prior approval of the Adjudicating Authority;
- ii) That the provisions of sub-section (5) of Section 33 of the Code shall not apply to legal proceedings in relation to such transactions as may be notified by the Central Government in consultation with any financial sector regulator;
- iii) That this order of liquidation under Section 33 of the Code shall be deemed to be a notice of discharge to the officers, employees and workmen of the Corporate Debtor, except when the business of the Corporate Debtor is continued during the liquidation process by the Liquidator;
- iv) That all the powers of the Board of Directors, key managerial personnel and the partners of the Corporate Debtor, as the case may be, shall cease to have effect and shall be vested in the Liquidator;
- v) That the personnel of the Corporate Debtor shall extend all assistance and cooperation to the Liquidator as may be required by him in managing the affairs of the Corporate Debtor and provision of Section 19 of the Code shall apply in relation to voluntary liquidation process as they apply in relation to liquidation process with the substitution of references to the liquidator for references to the Interim Resolution Professional;
- vi) That the Liquidator shall publish public announcement in accordance with Regulation 12 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and in Form B of Schedule II of the said Regulations within five days from receipt of this order calling upon the stake holders to submit their claims as on liquidation



commencement date and provide the last date for submission of claim which shall be 30 days from the liquidation commencement date.

- vii) That the 'Liquidator' shall file his preliminary report within 75 days and to file regular progress reports as per Regulation 15 thereafter in accordance with Regulation 13 of the Insolvency and Bankruptcy Board of India (Liquidation Process), Regulations, 2016.

9. Accordingly, **I.A No. 11 of 2024 stands allowed and disposed of.**

10. Copy of this order be supplied to the counsel for the Liquidator as well as to the Registrar of Companies, Bengaluru forthwith. The Registry is also directed to send a copy of this order to the Liquidator at his e-mail address.

-Sd-

**(RAVICHANDRAN RAMASAMY)
MEMBER (TECHNICAL)**

-Sd-

**(K. BISWAL)
MEMBER (JUDICIAL)**