



**IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH**

IA (IBC)(Liq.)/2/KOB/2025

IN

CP(IBC)/05/KOB/2024

*(Under Section 33, 34 & 60(5) of the IBC,
2016 r/w Rule 11 Of NCLT Rules, 2016)*

Date of Institution: 14.01.2025

Order delivered on:17.06.2026

***In the matter of Davani Silks Private
Limited***

MEMO OF PARTIES:

CS Narender Reddy Banala

Resolution Professional of M/s Davani
Silks Private Limited

IBBI Regn.No. IBBI/IPA-003/IP-
N00376/2021-22/13910

... Applicant

Coram:

HON'BLE MEMBER (JUDICIAL) : SHRI. VINAY GOEL

HON'BLE MEMBER (TECHNICAL) : SHRI. RAVICHANDRAN RAMASAMY

Appearances:

For the Applicant : Mr. Sankar P Panicker, Advocate

: Mr. Narender Reddy Banala, RP



ORDER

Per Coram

1. The present application has been filed by CS Narender Reddy Banala, Resolution Professional of *M/s. Davani Silks Private Limited* (hereinafter referred to as "Corporate Debtor") under Sections 33, 34 and 60(5) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "the Code") for passing an order of liquidation of the Corporate Debtor.
2. The facts as set out in the application and submissions advanced by the Learned Counsel appearing for the Applicant/Resolution Professional are summarised hereunder:
 - a. This Adjudicating Authority admitted the Corporate Insolvency Resolution Process of *M/s Davani Silks Private Limited* vide order dated 30.05.2024 in CP (IBC)/05/KOB/2024. Subsequently, the Committee of Creditors, in its first meeting held on 27.06.2024, appointed CS Narender Reddy Banala as the Resolution Professional.
 - b. It is submitted that, despite discharging Resolution Professional's statutory duties and convening Committee of Creditors meetings as required, the Corporate Insolvency Resolution Process could not progress effectively due to the persistent non-cooperation of the Committee of Creditors. Several members abstained from attending meetings on the grounds that they had withdrawn their claims and were no longer interested in participating in the process. Consequently, various resolutions could not be considered or approved, resulting in a complete stagnation of the Corporate Insolvency Resolution Process.



- c. In view of the above circumstances, the Resolution Professional approached this Adjudicating Authority through IA/IBC/402/KOB/2024 seeking appropriate directions. By order dated 11.11.2024, this Adjudicating Authority directed the Resolution Professional to convene a Committee of Creditors meeting within thirty days and mandated the Committee of Creditors members to attend the same. Pursuant thereto, the Resolution Professional convened the 7th Committee of Creditors meeting on 10.12.2024. By that time, more than 180 days of the Corporate Insolvency Resolution Process period had elapsed, and crucial Corporate Insolvency Resolution Process activities, including valuation of assets, appointment of professionals, forensic audit, issuance of Form-G, invitation of Expression of Interest and receipt of any resolution plan, could not be completed owing to the lack of cooperation from the Committee of Creditors.
- d. On 09.12.2024, Mr. T.S. Jayaprakash and Mr. James Thomas, who together held 94.15% voting share in the Committee of Creditors, communicated their proposal to liquidate the Corporate Debtor and recommended the appointment of Mr Dileep K.P., Insolvency Professional, as Liquidator. In the 7th Committee of Creditors meeting held on 10.12.2024, attended by members representing 99.15% of the voting share, the Committee of Creditors resolved with an overwhelming majority to liquidate the Corporate Debtor and recommend the appointment of the proposed Liquidator. The remaining Committee of Creditors member, though provided with an opportunity to vote through e-voting, did not cast his vote.



- e. The Resolution Professional further informed the Committee of Creditors that, in terms of Regulation 39B of the CIRP Regulations, the Committee of Creditors was required to provide a plan regarding the funding of CIRP and liquidation expenses in the event of any shortfall. However, the major Committee of Creditors members merely stated that such expenses would be met from the realisation of assets during liquidation and did not provide any concrete estimate or commitment towards meeting the expenses. Subsequent requests made by the Resolution Professional seeking information regarding the value of liquid assets also remained unanswered.
- f. The members of the Committee of Creditors appeared to be seeking advice and guidance from the very Insolvency Professional proposed to be appointed as Liquidator. According to the Resolution Professional, such conduct raises concerns regarding the independence of the proposed Liquidator, who, as an officer of the Court, is expected to function independently and impartially during the liquidation process.
- g. In these circumstances, and considering that the Corporate Insolvency Resolution Process period had substantially exceeded 180 days without any possibility of a successful resolution, the Committee of Creditors resolved to liquidate the Corporate Debtor. Pursuant to the directions of this Adjudicating Authority vide order dated 20.12.2024 and the resolution passed by the Committee of Creditors, the present application has been filed seeking liquidation of the Corporate Debtor and appointment of a Liquidator, while also placing before this Adjudicating Authority the concerns raised by the Resolution Professional regarding the independence of the proposed Liquidator



and the funding of CIRP and liquidation expenses. The Resolution Professional has further submitted that the principal members of the Committee of Creditors had consistently maintained that they would not contribute any amount towards CIRP expenses beyond the sum of Rs. 3,00,000/- already paid pursuant to the orders of this Adjudicating Authority and had stated that all CIRP costs, Resolution Professional fees and liquidation expenses should be met from the sale proceeds realized during the liquidation process.

Findings: -

3. We have heard the Learned Counsel for the applicant and perused the materials available on record.
4. It is seen from the records that in the 7th Meeting of the Committee of Creditors held on 10.12.2024, the Committee of Creditors, in exercise of its commercial wisdom, resolved to liquidate the Corporate Debtor with 99.15% voting share. The said resolution was passed in accordance with Section 33(2) of the Insolvency and Bankruptcy Code, 2016. The Hon'ble Supreme Court in ***K. Sashidhar v. Indian Overseas Bank & Ors. (Civil Appeal No. 10673 of 2018)*** has held that the commercial decision of the Committee of Creditors is non-justiciable and that the Adjudicating Authority cannot sit in appeal over the commercial wisdom exercised by the Committee of Creditors. In the present case, the Committee of Creditors, by the requisite majority, has consciously taken a decision to liquidate the Corporate Debtor after noting that the Corporate Insolvency Resolution Process could not be carried forward and that no viable resolution was forthcoming.



5. The Hon'ble Supreme Court as well as the Hon'ble National Company Law Appellate Tribunal have consistently held that the commercial wisdom of the Committee of Creditors is paramount and is not amenable to judicial review except on limited grounds specifically provided under the Code. Therefore, this Adjudicating Authority finds no reason to interfere with the commercial decision of the Committee of Creditors to liquidate the Corporate Debtor.
6. Moreover, Section 33(1)(a) of the Insolvency and Bankruptcy Code, 2016 mandates that the Adjudicating Authority shall pass an order of liquidation where no Resolution Plan is received before the expiry of the Corporate Insolvency Resolution Process period. Further, Section 33(2) of the Code provides that where the Resolution Professional, at any time during the Corporate Insolvency Resolution Process but before confirmation of a Resolution Plan, intimates the decision of the Committee of Creditors approved by not less than sixty-six per cent of the voting share to liquidate the Corporate Debtor, the Adjudicating Authority shall pass a liquidation order. In the present case, admittedly, no Resolution Plan was received during the Corporate Insolvency Resolution Process. Further, in the 7th Meeting of the Committee of Creditors held on 10.12.2024, the Committee of Creditors resolved, with 99.15% voting share, to liquidate the Corporate Debtor. Therefore, the requirements contemplated under Section 33 of the Code stand fully satisfied, and this Adjudicating Authority is bound to pass an order of liquidation of the Corporate Debtor.
7. In the result, *M/s. Davani Silks Private Limited*, Corporate Debtor is ordered to be **liquidated**.



8. It is further seen that the Committee of Creditors, while resolving to liquidate the Corporate Debtor, also approved the appointment of Mr. Dileep K.P., Insolvency Professional, bearing Registration No. IBBI/IPA-001/IP-P01310/2018-2019/12220, having address at Veluthedath House, Ponnurunni, Vyttila P.O., Kochi – 682019, Kerala, as the Liquidator of the Corporate Debtor. The said proposal was approved by the Committee of Creditors with 99.15% voting share. He also provided written consent for his appointment as liquidator, as required under Section 34(1) of the Code, which is annexed as Annexure II. Accordingly, **Mr. Dileep K.P**, holding Registration No. IBBI/IPA-001/IP-P01310/2018-2019/12220 has been appointed as the **liquidator** for the corporate debtor, Davani Silks Private Limited.
9. The Liquidator is directed to forthwith take into his custody all the assets, properties, and actionable claims of the corporate debtor and take necessary steps to ensure the preservation, protection, security, and maintenance of those properties as provided under section 35(1)(b) & (d) of IBC 2016.
10. The Liquidator is directed to adhere to Section 33(1) (ii) & (iii) and discharge his powers and duties as specified under Sections 35 to 41 of the Insolvency and Bankruptcy Code, 2016 and meticulously adhere to the Rules and Regulations issued by IBBI in this regard from time to time.
11. All the powers of the Board of Directors of the Corporate Debtor and its key managerial personnel shall cease to exist in accordance with Section 34 (2) of the Code. These powers shall henceforth vest in the Liquidator. The personnel of the Corporate Debtor shall extend all assistance and



cooperation to the Liquidator as may be required by him in the Liquidation process of the Corporate Debtor.

12. In accordance with section 33(7) of the Code, this liquidation order shall be deemed to be a notice of discharge to the officers, employees, and workmen of the Corporate Debtor, except to the extent that the business of the Corporate Debtor continued during the liquidation process by the liquidator.
13. In terms of Section 33(1) (b) (iii), the Liquidator shall file a copy of this Order with the Registrar of Companies, Kerala, within whose jurisdiction the Corporate Debtor is registered.
14. The fee of the Liquidator is to be Rs.25,000/- (Twenty-five thousand only) or as provided under Regulation 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation 2016, whichever is higher.
15. During the course of the hearing, the Learned Counsel for the Applicant submitted that certain stocks or assets of the Corporate Debtor are stated to be available and are presently under the custody and control of the Corporate Debtor. However, the exact nature, quantity and realisable value of such assets are presently not known from the records. It was further submitted that the members of the Committee of Creditors have not been extending adequate cooperation during the Corporate Insolvency Resolution Process and have expressed unwillingness to contribute towards the CIRP and liquidation expenses beyond the amount already deposited.
16. In such circumstances, in order to minimize the costs of liquidation and to ensure expeditious completion of the process, the Liquidator is directed to immediately take control of the assets of the Corporate Debtor, ascertain



their existence, nature and realizable value, and submit a preliminary report, as per Regulation 13 of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation, 2016, before this Adjudicating Authority within 25 days from the liquidation commencement date. Upon such verification, if the Liquidator is of the opinion that the assets are insufficient to cover the costs of liquidation or that the affairs of the Corporate Debtor warrant an early closure of the liquidation process, he shall take appropriate steps in accordance with Regulation 14 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and place the matter before this Adjudicating Authority for appropriate orders.

17. This Adjudicating Authority expects the members of the Committee of Creditors to extend full cooperation to the Liquidator for the expeditious completion of the liquidation process and realisation of the assets of the Corporate Debtor. In the event the realisations from the assets of the Corporate Debtor are insufficient to meet the CIRP costs and liquidation expenses, the members of the Committee of Creditors shall bear and contribute towards such costs and expenses in proportion to their respective voting shares, subject to the provisions of the Insolvency and Bankruptcy Code, 2016, and the regulations framed thereunder. The Liquidator shall be at liberty to seek appropriate directions from this Adjudicating Authority, if required. The Liquidator shall keep the stakeholders informed of the steps taken and shall endeavour to complete the liquidation process in a time-bound manner in accordance with the law.



IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH

IA (IBC)(Liq.)/2/KOB/2025 IN CP(IBC)/05/KOB/2024
In re: Davani Silks Private Limited

18. In view of the above direction, this application bearing **IA(IBC)(Liq.)/2/KOB/2025** IN CP(IBC)/05/KOB/2024 is **allowed** and **disposed of** accordingly.
19. The Registry is hereby directed to send e-mail copies of the order forthwith to the Applicant, his Counsel and Liquidator for information and for taking necessary steps.
20. Let the certified copy of this order be issued upon compliance with requisite formalities.
21. File be consigned to records.

Sd/-
RAVICHANDRAN RAMASAMY
(MEMBER TECHNICAL)

Sd/-
VINAY GOEL
(MEMBER JUDICIAL)

Signed on this the 17th day of June, 2026.

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