

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, CHENNAI**

**MA/1139/2019
IN
CP/1515/IB/2018**

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

In the matter of M/s. Victory Transformers & Switchgears Limited

Mr. Chinnam Poorna Chandra Rao **...Applicant**
Resolution Professional
Representing Corporate Debtor
(M/s. Victory Transformers & Switchgears Limited)

Order delivered on: 29.10.2019

CORAM:

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

S. VIJAYARAGHAVAN, MEMBER (TECHNICAL)

For the Applicant: *Shri. A.G Sathyanarayana, Advocate*
For Shri. Chinnam Poorna Chandra Rao, RP

ORDER

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

Heard and dictated in Open Court on: 25.10.2019

It is an MA filed u/s 33(2) of the Insolvency & Bankruptcy Code, 2016 ("**the Code**") by the Resolution Professional ("RP") of M/s. Victory Transformers & Switchgears Limited seeking liquidation of the Corporate Debtor company, based on the

resolution passed by CoC in its 3rd meeting held on 23.09.2019 with 100% voting approval.

2. On perusal of this application, it appears that this CP/1515/IB/2018 filed u/s 7 of the Insolvency & Bankruptcy Code, 2016 by State Bank of India (Financial Creditor) was admitted on 01.05.2019 on appointment of Mr. Chinnam Poornachandra Rao as IRP. Thereafter, public announcement was given on 04.05.2019 inviting claims from various creditors. On having received the claims, the IRP collated claims aggregating Financial Debt as ₹401,92,55,463 and Operational Debt as ₹1,12,30,271. Based on the claims collated, the IRP constituted CoC with three Financial Creditors, namely, State Bank of India holding 47.14% voting share, Bank of Baroda holding 31.19% voting share and Edelweiss Asset Reconstruction Company Limited holding 21.67% voting share.

3. In the 1st CoC meeting held on 31.05.2019, this Applicant, by the time acting as IRP, was suggested to continue as RP of the Corporate Debtor, in pursuance thereof, the IRP appointed two registered Valuers on 17.06.2019. Based on the Valuation Report

received from the two Valuers, the RP determined liquidation value as ₹31,26,83,000 and accordingly prepared Information Memorandum. In pursuance thereof, the Applicant on 15.07.2019 issued Form-G (Invitation for Expression of Interest) inviting Expression of Interest from prospective Resolution Applicants to place their Interest before the CoC. When the Prospective Resolution Applicants came forward with their Resolution Plan values, the RP placed the same before the CoC on 17.09.2019, on which, the CoC instead of taking a call, adjourned the meeting to 23.09.2019 suggesting one of the prospective Resolution Applicants to improve the value of it. On the adjourned date, the CoC held its 5th meeting and examined the revised plan of M/s. TriUnity Impex Private Limited with an addition of ₹50,00,000 to the plan already submitted valuing ₹21,61,00,000. Looking at the Resolution Plan, whose value is far less than the liquidation value of ₹31,26,83,000, and it being a fact that the Corporate Debtor not running for more than seven years, the CoC has rejected both the plans and thereafter, approved a proposal for liquidation of the Corporate Debtor with



100% voting share in the e-voting held in between 26.09.2019 and 03.10.2019. In addition to it, the CoC in the same meeting has also approved for continuation of the same RP as Liquidator.

4. On the facts aforementioned, we are of the view that CoC has rightly come to an opinion seeking liquidation of the Corporate Debtor, therefore we hereby order for liquidation of the Corporate Debtor 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. Chinnam Poorna Chandra Rao 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.

5. Accordingly, this **MA/1139/2019 filed in CP/1515/IB/2018** is hereby **allowed**.


(S. VIJAYARAGHAVAN)
MEMBER (Technical)


(B.S.V PRAKASH KUMAR)
MEMBER (Judicial)

vs/TJS