

**IN THE NATIONAL COMPANY LAW TRIBUNAL
AT MUMBAI BENCH, C-IV**

IA No.5071 of 2023

IN

CP (IB) NO. 574 of 2021

Under Section 54(1) of Insolvency and Bankruptcy Code,2016 r/w section 60(5) of of Insolvency and Bankruptcy Code,2016 r/w Regulation 14 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations,2016 r/w Rule 11 of the National Company Law Tribunal Rules,2016.

Filed by

Huzefa Fakhri Sitabkhan,

...Resolution Professional / Resolution Professional

IN THE MATTER OF

IDBI Bank Limited

...Financial Creditor

Versus

Coronet Properties and Investments Private Limited

...Corporate Debtor

Order delivered on: 22.03.2024.

Coram:

Ms. Anu Jagmohan Singh
Hon'ble Member (Technical)

Mr. Kishore Vemulapalli
Hon'ble Member (Judicial)

Appearances:

For the Resolution Professional : Ms. Smiti Tewari a/w Mr. Shreyas
Lele i/b Khaitan Legal Associates,
Ld. Counsel.

ORDER

1. This is an application bearing IA 5071/MB/2023 in CP(IB) 574/MB/2021 for dissolution of Corporate Debtor under Section 54 of the Insolvency & Bankruptcy Code, 2016(hereinafter referred to as IBC, 2016).
 - a. This Hon'ble Tribunal be pleased to allow the present application and pass orders for dissolution of the Corporate Debtor,
 - b. This Hon'ble Tribunal be pleased to direct payment of the CIRP costs to the Resolution Professional ,
 - c. This Hon'ble Tribunal be pleased to pass any other appropriate orders and directions , as it may deem fit and proper in the facts and circumstances of the case.
2. The Resolution Professional is the Resolution Professional of Coronet Properties and Investments Private Limited i.e. Corporate Debtor. The present Application is being filed under Section 54 read with Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("Code"), read with

Regulation 14 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 ("Liquidation Regulations"), read with Rule 11 of the National Company Law Tribunal Rules, 2016 ("NCLT Rules"), seeking orders for early dissolution of the Corporate Debtor. The Corporate Debtor was admitted into CIRP vide order dated 09.02.2023. Vide the Admission Order, the Resolution Professional was appointed as the Interim Resolution Professional of the Corporate Debtor. The Resolution Professional made a public announcement of the CIRP of the Corporate Debtor on 11.02.2023.

3. Pursuant to the above, claims were received and verified by the Resolution Professional and accordingly, the Committee of Creditors of the Corporate Debtor ("CoC") was constituted on 03.03.2023, pursuant to which its 1st COC meeting was held on 10.03.2023.
4. In the 2nd CoC meeting held on April 06, 2023, certain key decisions regarding the conduct of the CIRP were taken, which are elaborated upon below:
 - a) The CoC decided by a 100% vote that the Resolution Professional be appointed as the Resolution Professional of the Corporate Debtor;
 - b) Considering that the Corporate Debtor had no business operations for the last three years and no staff, employees, workmen or officers on its roll, with the most significant asset being its investment in one Zicom Electronic Security Systems Limited (also undergoing CIRP before this

Hon'ble Tribunal), it was agreed by the CoC not to proceed with the invitation of Expressions of Interest ("EoIs"). Given the same, the Resolution Professional explained the alternatives available to the CoC as to the way forward in the CIRP. The Resolution Professional elaborately explained to the CoC about the applicable provisions of the Code and the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("CIRP Regulations") and the Liquidation Regulations, in the event that the CoC decided to opt for liquidation. The CoC agreed to deliberate upon the next steps to be taken in the CIRP.

5. Pursuant to the decision to appoint the Resolution Professional as the Resolution Professional, on 18.04.2023, the Resolution Professional filed an application, viz. I.A. No. 2165 of 2023, before this Tribunal, under Section 22(3)(a) of the Code, seeking confirmation of his appointment as the Resolution Professional. Vide an Order dated 01.06.2023, this Tribunal was pleased to confirm the appointment of the Resolution Professional as the Resolution Professional of the Corporate Debtor.
6. In the 3rd meeting of the CoC held on 04.05.2023, considering the facts in place as well as opinion received from the legal counsel of the Corporate Debtor, the CoC members once again, deliberated upon the options of going for early liquidation as opposed to early dissolution of the Corporate Debtor.

7. In the 4th meeting of the CoC held on 27.07. 2023, the option of early liquidation of Corporate Debtor was discussed elaborately. It was reiterated by the Resolution Professional that the Corporate Debtor did not have any running operations or business, neither were there any income generating assets, and therefore, the probability of any substantial recovery was minimal. The valuation report was also filed.
8. It was also decided and agreed in the same CoC meeting to opt for early liquidation considering the fact that the 180 day of the CIRP of the Corporate Debtor ends on 08.08.2023, and the transaction audit exercise was underway.
9. On 08.08.2023, the Resolution Professional filed an application, viz I.A. No. 3573 of 2023 before this Tribunal, under Section 33(2) of the Code, seeking to initiate the liquidation process of the Corporate Debtor. When I.A. No. 3573 of 2023 came up for hearing before this Tribunal on 16.08.2023, considering the factors surrounding the Corporate Debtor particularly, the lack of business operations, revenues or substantial assets, this Tribunal observed that the Corporate Debtor was fit for being directly dissolved rather than be made to undergo liquidation process. It was also noted that since the transaction auditor's report was awaited, the possibility of prosecuting avoidable transactions under the Code had been kept open. Based on these observations, the Resolution Professional was permitted by this Tribunal to convene a meeting of the CoC to consider the above aspects.

10. Pursuant to the above, the 5th meeting of the CoC was held on 29.08.2023. During this meeting, the Resolution Professional informed the CoC about this Tribunal's observations made in the hearing dated 16.08.2023. However, since the final transaction audit report was awaited, no conclusive decision as regards to the dissolution of the Corporate Debtor could be arrived at.
11. The 6th meeting of the CoC was held on 13.09.2023. During this meeting, the final transaction auditor's report dated 11.09.2023, was placed before the CoC. The Resolution Professional expressed his opinion that no application for avoidance of any transactions was required to be filed. Moreover, considering the fact that the Corporate Debtor did not have any business operations, revenues or substantial assets for liquidation, the Resolution Professional also recommended that the Corporate Debtor be directly dissolved. After considering all the reasons placed by the Resolution Professional during the meeting, the members of the CoC stated that they have no objections, if this Tribunal passes a direct dissolution order for the Corporate Debtor. Pursuant to which no application of PUFEE Transactions was filed.
12. Upon the request from the Counsel for the liquidator on 02.11.2023 Liquidation IA was dismissed as withdrawn and the present IA for dissolution was filed. The Resolution Professional was directed to give details regarding the assets of Rs. 7,00,000/- shown as outstanding receivables. The Resolution Professional through an affidavit stated that the entry of R.7,00,000/- reflecting as an advance is an incorrect accounting entry(The Resolution Professional has filed a Supplementary Affidavit

placing on record a CA certificate explaining the incorrect entry). This bench vide order dated 04.01.2024 directed to disburse the CIRP cost. On 24.01.2024 the CIRP Cost was disbursed by the COC. On payment of the entire CIRP cost, the bank account of the Corporate Debtor was closed and Account Closure confirmation mail was received on 25.01.2024 through IDBI Bank.

Findings

13. We have heard the Counsel appearing for the Resolution Professional and perused the Application.
14. Before considering the merits of case, it is necessary to refer relevant provisions and rules, as available under the IBC and the Rules made thereunder.

Section 33(2) of IBC reads as follows

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 COC approved by not less than sixty-six percent of the voting share 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) ”.

Section 54 of the IBC reads as follows

“54. (1) Where the assets of the Corporate Debtor have been completely liquidated, the liquidator shall make an Application

to the Adjudicating Authority for the dissolution of such Corporate Debtor. The Adjudicating Authority shall on Application filed by the liquidator.

under sub-section (1) order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly (2) A copy of an order under subsection (3) shall within seven days from the date of such order, be forwarded to the authority with which the corporate debtor is registered;.

Rule 14 of IBBI (Liquidation Process) Regulations, 2016 reads

“14. Early dissolution reads as follows

Any time after the preparation of the Preliminary Report, if it appears to the liquidator that (a) the realizable properties of the corporate debtor are insufficient to cover the cost of the liquidation process; and (b) the affairs of the corporate debtor do not require any further investigation; he may apply to the Adjudicating Authority for early dissolution of the corporate debtor and for necessary directions in respect of such dissolution”.

Rule 11 of NCLT Rules, 2016 confers inherent powers on NCLT, which reads as

Rule, 11- Nothing in these rules shall be deemed to limit or otherwise affect the inherent powers of the Tribunal to make such orders as may be necessary for meeting the ends of justice or to prevent abuse of the process of the Tribunal;

15. The ultimate objective of the IBC is either to resolve by way of a Resolution Plan or to liquidate the Corporate Debtor, as expeditiously as possible. The facts and circumstances of the present case justifies that no purpose shall be served to keep the Corporate Debtor under CIRP and/or Liquidation proceedings. The Adjudicating Authority is vested with inherent powers under Rule 11 of NCLT Rules, 2016 conferred under the Act, to pass appropriate order(s) in the interests of speedy justice.
16. In the above facts and circumstances of the case, we are of the considered view that no useful purpose would be served by placing the Corporate Debtor under Liquidation Process which will increase the cost without any fruitful result. It would be just and proper to dissolve the Corporate Debtor, as proposed by the Resolution Professional , when the members of the COC in its commercial wisdom has passed Resolution seeking Dissolution of the Corporate Debtor.
17. In view of the facts stated supra this bench holds that, this is a fit case for the Corporate Debtor to be dissolved as prescribed under Section 54 of The Insolvency and Bankruptcy Code, 2016. Accordingly, it is hereby ordered that Coronet Properties and Investments Private Limited stands '**Dissolved**' from the date of this Order.
18. The present Application i.e. **IA-5071(MB)2023** is **allowed and disposed off** and **CP No. 574 of 2021** is hereby **closed** with the following orders:

- I. The Corporate Debtor, Coronet Properties and Investments Private Limited is ordered to be dissolved with immediate effect.
- II. The Registry is directed to forward a copy of this order to the Registrar of Companies, Mumbai within seven days from the date of this order.
- III. The Resolution Professional is also directed to forward copies of this Order to all the Statutory Authorities including IBBI, connected with the affairs of the Corporate Debtor.
- IV. Personal Liability/Guarantee of any Director/Promoter of the Corporate Debtor, if any, would not absolve them from their liability by virtue of this order.
- V. Resolution Professional shall stand discharged from his duties with effect from the date of this Order.
- VI. File be consigned to records.

Sd/-

ANU JAGMOHAN SINGH
MEMBER (TECHNICAL)
22.03.2024.

Sd/-

KISHORE VEMULAPALLI
MEMBER (JUDICIAL)