

IN THE NATIONAL COMPANY LAW TRIBUNAL
SPECIAL BENCH - BENGALURU
(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)
(Through web-based video conferencing platform)

I.A.No.411/2023

U/s.54 of the I&B Code, 2016 r/w
Rule 11 of the NCLT Rules, 2016

C.P. (IB) No.52/BB/2021

U/s. 10 of IBC, 2016

In the matter of:

Mr. Madhugiri Venkatarayappa Sudarshan,

Liquidator of KPR Silks Limited .

No.984/13, 8th main,

Girinagar II Phase,

Bengaluru – 560085

... Applicant

Order delivered on: 07th December, 2023

Coram:

1. Hon'ble Justice (Retd.) T Krishnavalli, Member (Judicial)
2. Hon'ble Shri Manoj Kumar Dubey, Member (Technical)

Present:

For the Applicant : Shri Hemanth Rao

ORDER

Per: BENCH

1. The present application is filed on 06.06.2023 by Shri Madhugiri Venkatarayappa Sudarshan (Applicant), U/s.54 of the I&B Code, 2016 r/w Rule 11 of the NCLT Rules *inter alia* seeking for dissolution of the Corporate Debtor namely KPR Silks Limited and other necessary orders as may be deemed fit in the matter.
2. Brief facts of the instant Application, which are relevant to the issue in question, are as follows:
 - (1) The Adjudicating Authority, vide its order dated 25.11.2022 initiated Corporate Insolvency Resolution Process (CIRP) of the Corporate Debtor

by appointing Shri Madhugiri Venkatarayappa Sudarshan as Interim Resolution Professional (IRP), imposing moratorium etc. It is further stated that after the appointment, the IRP has invited claims by making a public announcement in Financial Express (English) and Hosa Diganth on 14.12.2022 and the IRP has also sent notice of CIRP to all the Banks, lenders and ROC amongst other statutory bodies.

- (2) It is stated that subsequent to receiving the claims, the IRP constituted a Committee of Creditors (CoC) consisting of following members:

Sl. No.	Name of Financial Creditor	Amount Due	Voting share
1.	Sriram Finance Limited	23,68, 833	100%
	Total	23,68,833	100%

- (3) It is stated that in the first CoC Meeting conducted on 13.01.2023, the CoC rejected the resolution for arranging interim finance. On the contrary, the CoC in its commercial wisdom has concluded that the Corporate Debtor has to be liquidated as it does not have any substantial assets and huge liability on its balance sheet. Hence, the CoC in its commercial wisdom decided to liquidate the Corporate Debtor in view of the bleak prospect of the revival of the Corporate Debtor. Accordingly, the CoC has passed a unanimous resolution approving the liquidation of the Corporate Debtor.
- (4) It is further stated that the Applicant has filed an application for liquidation of the Corporate Debtor (CD) on 23.01.2023 vide I.A No.213/2022. During the pendency of the application, there was a dispute between the landlord and the Corporate Debtor. Owing to the said dispute, the landlord has refused to put the IRP in possession of the inventory. Further, the IRP has admitted a claim of Rs.13.24 lakhs of the landlord, that apart, arrears of rent for the period between January to May is also pending along with utility bills.

- (5) Therefore, there are no assets which the applicant can liquidate or use to attract investors for revival of the Corporate Debtor. The CoC has taken into consideration the said fact in its second meeting conducted on 29.05.2023. Pertinently, it also considered the fact that the company is not in operation since the last two years and the GST record discloses that there are no sales during the last two calendar years. Further, the corporate debtor is a trading concern and has been operating in the leased premises and does not possess any class of assets like land, building, plant and machinery. The only available assets are book debts and inventory. All the book debts are more than 3 years old and the inventory have also become obsolete. Hence, the corporate debtor has no assets which could be liquidated and realised by the Liquidator. Since there are no assets of the Company to be liquidated or distributed, the CoC in its commercial wisdom passed a resolution authorizing the Applicant herein to file an application for dissolution of the Corporate debtor. Hence the application.
3. Heard the learned Counsel for the Applicant. We have carefully perused the pleadings of the Party along with extant provisions of the Code and the Regulations made thereunder.
4. On 21.09.2023, while reserving the order in the I.A, the Ld. Counsel for the RP was directed to file judicial precedents. In compliance to the same, the Applicant's Counsel has filed a memo vide Dy. No. 4955 dated 25.09.2023 and the same is taken on record.
5. The Ld. Counsel for the Applicant submitted that there are no assets in the Corporate Debtor which can be liquidated or use to attract investors for revival of the Company and further the company is not in operation since the last two years and the GST record discloses that there is no sale during the last two calendar years and the only available assets are book debts and inventory which has also become obsolete. Further, the CoC has

unanimously approved and passed resolution to dissolve the Corporate Debtor. Therefore, he urged the Adjudicating Authority to dissolve the Company in order to save time and effort.

6. From the above facts and circumstances of the case, it is noticed that there would no useful purpose be served by placing the Corporate Debtor under the liquidation process as there are no assets of the company to be liquidated or distributed. Since, no assets exists in the company as declared by the RP the liquidation process under the provisions of the Code, is deemed to have completed under Chapter III of Part II of Code. Therefore, it would be just and proper for the Adjudicating Authority to dissolve the Company as prayed by the Resolution Professional.
7. In the result, in exercise of the powers conferred on the Adjudicating Authority, under Section 54 of the Code, the Interim Application bearing **I.A.No.411of 2023 and C.P.(IB)No.52/BB/2021** is hereby disposed of with the following directions:

- (1) The Corporate Debtor, namely, **M/s. KPR Silks Limited** is dissolved, with immediate effect;
- (2) The Registry is directed to forward a copy of this Order to the Registrar of Companies Karnataka, Bangalore, within a period of two weeks from the date of receipt of this order, for further necessary action as prescribed under Law;
- (3) The RP is directed to forward copies of this Order to all other Statutory Authorities connected with the affairs of the Company, for further necessary action as prescribed under Law.
- (4) With this, the instant **I.A. No.411 of 2023**, and the Company Petition bearing **C.P. (IB)No.52/BB/2021** also stands **disposed of**.

Sd/-

**(MANOJ KUMAR DUBEY)
MEMBER (TECHNICAL)**

Sd/-

**(T.KRISHNAVALLI)
MEMBER (JUDICIAL)**