

IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH

I.A.No.433 of 2020 in
C.P. (IB)No.366/BB/2019
U/s. 33(2) of the IBC, 2016

Mr. V.S.Varun,
Resolution Professional,
M/s. Aradhya Wire and Ropes Pvt. Ltd.,
Flat No. I B, 108, The Tree by Provident,
2nd Main, Herohalli,
Off Magadi Main Road,
Near Andrahalli,
Bengaluru – 560 091.

- Applicant/ Resolution Professional

Date of Pronouncement: 16th November, 2020

Coram: 1. Hon'ble Shri Ashok Kumar Borah, Member (Judicial)
2. Hon'ble Shri Ashutosh Chandra, Member (Technical)

Parties/Counsels Present (through Video Conference):

For the Applicant/IRP : Shri. V.S Varun, RP

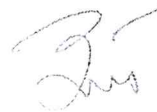
ORDER

Per: Ashutosh Chandra, Member (Technical)

1. I.A.No.433 of 2020 in C.P.(IB)No.366/BB/2019 is filed by Shri. V.S Varun, Resolution Professional of M/s. Aradhya Wire and Ropes Private Limited ('the Applicant/Resolution Professional') under Section 33(2) of the IBC, 2016, by inter alia seeking to consider and approve the initiation of Liquidation process of the Corporate Debtor under the I & B Code, 2016 and direct and appoint Mr. V.S Varun, the RP as the Liquidator for initiation of liquidation process of the Corporate Debtor, in accordance with the resolution passed by the COC in the meeting held on 15.10.2020.
2. Brief facts of the case, as mentioned in the Application, which are relevant to the issue in question, are as follows:
 - (1) The main Company Petition bearing C.P.(IB)No.366/BB/2019 filed by M/s. Aradhya Wire and Ropes Private Limited U/s 10 of the IBC, 2016, R/w Rule 6 of the I&B(AAA) Rules, 2016, was admitted by the

Adjudicating Authority, vide order dated 12th February, 2020, by initiating CIRP in respect of M/s. Aradhya Wire and Ropes Private Limited, appointing Mr. V.S.Varun, the Applicant herein bearing Registration No. IBBI/IPA-002/IP-N00290/2017-2018/10848 as IRP, imposing moratorium etc.

- (2) Pursuant to the order dated 12.02.2020 and as per the provisions of I & B Code, 2016 and Regulations, the IRP issued a paper advertisement in Form A, verified the claims and also formed the COC. Further a report was also filed before this Adjudicating Authority on 16.03.2020 in compliance with the Regulation 13 (2) and 17 (1).
- (3) It is stated that in the first COC meeting held on 13.03.2020, the sole member of COC, viz. South Indian Bank, appointed the IRP as RP and the same was confirmed by the Hon'ble Tribunal vide its order dated 15.06.2020. Further, the Applicant filed an application before the Hon'ble Tribunal praying to exclude the period of lockdown for counting CIRP and the same was allowed on 09.09.2020 excluding 82 days of lockdown period from CIRP process.
- (4) It is stated that considering the exclusion of 82 days lockdown period, the 180 days timeline for completion of CIRP was on 30.10.2020, however the COC intends to go for liquidation. The Committee considered the Audited balance sheet for the FY ending 31.03.2020 and as per the Balance sheet, the value of tangible assets available with the Company is Rs. 26, 58, 760/- (Rupees Twenty Six Lakhs Fifty Eight Thousand Seven Hundred and sixty only) and cash and bank balance of Rs. 8,85,472/- (Rupees Eight Lakhs eighty Five Thousand Four hundred and seventy two only) as against the liability of Rs. 39,60 72,980/- (Rupees Thirty Nine Crore Sixty Lakhs Seventy Two Thousand Nine Hundred and Eighty only). Therefore, the COC opined that there is no way the company can be revived.
- (5) It is stated that the Applicant approached the professionals for determination of fair and liquidation value of the Corporate Debtor. Accordingly, the valuers submitted their reports on 14.09.2020 and



17.09.2020. As per the Registered valuer Mr. Pranav Ambaselkar the fair and liquidation value of plant and machinery as under:

Valuation	Plant and Machinery
Fair Value	34.35 Lakh
Liquidation value	25.09 Lakh

As per the report of the Registered Valuer Mr. Hiten Prjapati, the fair and liquidation value of Securities and Financial Assets are as under:

Particulars	Fair Value	Liquidation Value
Trade receivables	1,35,000.00	1,35,000.00
Cash and Bank balances	8,15,191.56	4,31,107.00
Short Term Loans and advances	-	-
Other Current Assets	57,932.00	57,932.00
Total	10,08,123.56	6,24,039.00

(6) It is stated that the value of assets is too less to cover up the liabilities and also to expect any possibility of a resolution plan. The Liabilities of the Company as per the balance sheets of FY ending 31.03.2020 is Rs. 39,60,72,980/-, and the liquidation value of the total assets available is Rs. 31,33,009.79/-. Therefore, the CoC in its meeting held on 15.10.2020 passed the resolution to initiate liquidation against the corporate Debtor and appointed the Applicant as the Liquidator of the Corporate Debtor. Hence the application is filed for liquidation in compliance with Section 33 (2) of the I & B Code, 2016.


3. Heard Mr. V.S Varun, Resolution Professional through Video Conference. We have carefully perused the pleadings of the Party and the extant provisions of the Code and the Rules made thereunder.
4. The Applicant has filed a copy of the Minutes of the 4th Meeting of the Committee of Creditors held on 15.10.2020. In the CoC meeting, the RP explained that the Company has not been in operation for over a year, there


are no assets except some machines and there are also no employees in the company and in this situation, liquidation is the best option. Further, he also added that there are some assets based in the form of machines, it may not be possible to go in for direct winding up, therefore he suggested normal liquidation could be explored. Accordingly, the CoC passed the resolution for liquidation, as mentioned supra.

5. As stated in the I.A, the Liabilities of the Company as per the balance sheet of the FY ending 31.03.2020 is Rs. 39, 60, 72, 980/- (Rupees Thirty Nine Crore Sixty Lakhs Seventy Two Thousand Nine Hundred and Eight only) and the liquidation value of the total assets available is Rs. 31,33,009.79/- (Rupees Thirty One Crore Thirty Three thousand Nine and Seventy Nine paise). It was also stated that there is no possibility of any recovery from any of the debtors and hence there is no chance of any substantial liquidity to be created in the hands of the Company. Hence, as the value of the assets is too less to cover up the liabilities and there is no possibility to expect any resolution plan, under these circumstances, as mentioned in the Petition, we are of the considered view that this is a fit case for initiating a liquidation process.
6. The CoC has also passed a Resolution and proposed the Applicant Mr. V.S. Varun as a Liquidator, for liquidating the Corporate Debtor. The Applicant has also has filed his written consent to act as Liquidator of the Corporate Debtor i.e., Aradhya Wire and Ropes Private Limited vide affidavit dated 15.10.2020, under Regulation 3 of IBBI (Liquidation process) Regulation 2016, by inter alia declaring that there are no disciplinary proceedings initiated by the Board or the Insolvency Professional Agency; that he is eligible to be appointed as resolution professional of the Corporate Debtor under regulation 3 and other applicable provisions of the Code and Regulations etc. Hence, he is provisionally eligible to be appointed as Liquidator.
7. In view of the facts and circumstances of the case, the Adjudicating Authority, by exercising its powers conferred under Section 33(1), 33(2) & 34(1) of the IBC, 2016, disposes of I.A.No.433 of 2020 in C.P.(IB)No.366/BB/2019 with following directions:



- a) It is hereby ordered that M/s.Aradhya Wire and Ropes Private Limited, Corporate Debtor be liquidated in the manner as laid down in Chapter III of Part II of Code, R/w IBBI (Liquidation process) Regulations, 2016.
- b) Mr. V.S Varun is hereby appointed as a Liquidator, subject to the terms and conditions to be agreed upon by the parties in the light of extant provisions of the IBBI. He is directed to follow the due process of law as per above Chapter and related Regulations, and to issue public announcement immediately by stating that the Corporate Debtor is in Liquidation.
- c) The Registry is directed to communicate this order to the Registrar of Companies, Karnataka for information and necessary action and also to the Liquidator.
- d) The Liquidator is directed to strictly adhere to the extant provisions of the Code and the Rules made thereunder by the IBBI from time to time and is also directed to take expeditious steps to complete the liquidation process in the light of various orders.
- e) The Liquidator is further directed to make best efforts to revive the Corporate Debtor during Liquidation process, as a going concern.
- f) Post the case for report of the Liquidator on 16th December, 2020.


ASHUTOSH CHANDRA
MEMBER, TECHNICAL


ASHOK KUMAR BORAN
MEMBER, JUDICIAL

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