

**IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI
BENCH-VI**

**I.A- 2648/2023
IN
CP(IB)-151/ND/2021**

(Under Section 54 of the Insolvency and Bankruptcy Code, 2016)

IN THE SETTLED MATTER OF:

M/S VRJ TRADERS PRIVATE LIMITED

Registered Office: 2, PRESS ENCLAVE ROAD, SAKET, NEW DELHI – 110017

Email: vrjtrader2019@gmail.com

Authorized Person:

Mr. Sunil Kumar Tyagi

Address: Plot No. 2/8, Flat No. 5, First Floor

Sector 9, Judge Colony, Vaishali, Ghaziabad, UTTAR PRADESH - 201001

... CORPORATE APPLICANT

AND IN THE MATTER OF:

MR. ALOK KUMAR KUCHHAL

(Liquidator Of VRJ Traders Private Limited)

Having Office at: C-154, SECTOR-51, NOIDA-201301

Registration Number – IBBI/IPA-002/IP-N00114/2017-18/10284

... APPLICANT

CORAM:

SHRI MAHENDRA KHANDELWAL (HON'BLE MEMBER, JUDICIAL)

SHRI RAHUL BHATNAGAR (HON'BLE MEMBER, TECHNICAL)

Appearance

For the Liquidator: Mr. Alok Kumar Kuchhal, Liquidator

ORDER

PER: MAHENDRA KHANDELWAL, MEMBER (JUDICIAL)

Date Of Pronouncement: 03.04.2024

1. This is an application for dissolution of Corporate Debtor M/s VRJ TRADERS Private Limited that has been filed by the Liquidator under Section 54 of the Insolvency & Bankruptcy Code, 2016 (hereinafter referred to as IBC, 2016).

The prayer made by the Liquidator in the Application is as follows: -

- 1. To allow the present application and pass an order for dissolution of Corporate Debtor i.e. M/s VRJ Traders Private Limited.*
- 2. This Hon'ble Adjudicating Authority may be pleased to pass any other order which it may deem fit in the facts and circumstances of the case.*

2. The Liquidator has made the following submissions: -

- A. That an application under Section 10 of the Code was filed by M/s VRJ TRADERS PRIVATE LIMITED before this Adjudicating Authority to initiate Corporate Insolvency Resolution Process (hereinafter referred to as "CIRP") against the Corporate Debtor being Company Petition no. (IB)-151/(ND)/2021. This Adjudicating Authority vide order dated 22.12.2021 ("Admission Order") admitted the petition and appointed Mr. Alok Kumar Kuchhal as the Interim Resolution Professional ("IRP") for the Corporate Debtor who was subsequently confirmed as RP vide order dated 24.05.2022.

- B. The Applicant moved an I.A. No. 3019 of 2022 under section 33 of the Insolvency and Bankruptcy Code, 2016 seeking for liquidation of the Corporate Debtor and

considering the same on merits, this Adjudicating Authority had passed a liquidation order dated 13.09.2022 in I.A. No. 3019/2022 in CP(IB)No. 151(ND)/2021. Vide the said order, the Applicant (erstwhile RP) was also appointed as Liquidator under section 34(1) of the Code.

- C. On the commencement of Liquidation Process, the Liquidator had issued a public announcement in Form B of Schedule II in accordance with Regulation 12 of The IBBI Liquidation Process Regulations, 2016 which was published in Financial Express (English Edition) and Jansatta (Hindi Edition) on 16.09.2022. It is further averred that the same had also been uploaded on the website of IBBI.
- D. The Liquidator had also filed Form INC-28 with the Registrar of Companies, Ministry of Corporate Affairs on 18.09.2022 intimating the commencement of Liquidation Process of the Corporate Applicant and appointment of Liquidator marked as Annexure-2 to the petition.
- E. As per Regulation 41(1) of The IBBI Liquidation Process Regulations, 2016, the liquidator had opened a bank account in the name of “M/s VRJ TRADERS PRIVATE LIMITED LIQUIDATION” with HDFC Bank to account for all receipts and payments related to the Liquidation Process related to the Corporate Applicant. **[A/c No. 50200074683755]**
- F. Pursuant to opening of aforesaid Liquidation Account with HDFC Bank, the Liquidator had coordinated with the branch manager of the existing bank account

of the Corporate Applicant maintained with Axis Bank informing them regarding the ongoing liquidation process of the corporate applicant and requested them to close the “Axis Bank Account” after transfer of funds to the liquidation account of the Corporate Applicant maintained with HDFC Bank. Accordingly, on 02.01.2023, an amount of Rs. 14,915.44/- was credited in the Liquidation Account maintained with HDFC Bank and thereafter, the **“AXIS Bank Account was CLOSED.”**

G. That pursuant to the public announcement for inviting claims, Liquidator has received claims from two operational creditors in Form C as specified under Regulation 17 of The IBBI Liquidation Process Regulations 2016 amounting to a total of Rs. 25,325/-. The liquidator has verified both of these claims and admitted them in full, the intimation of which has also been communicated to the creditors regarding acceptance of their claims. The details of the 2 claimants is mentioned herein below as follows: -

<u>S. No.</u>	<u>Name of Stakeholder</u>	<u>Class of Stakeholder</u>	<u>Amount of Claim admitted</u> (in Rs.)
1.	Vandana Pankaj, Proprietor of Vandana Pankaj & Co.	Operational Creditor	9,725
2.	Yogesh Sharma	Operational Creditor	15,600

H. In order to safeguard the interest of the stakeholders, the Liquidator based on the list of stakeholders has constituted a Stakeholders Consultation Committee on 14.10.2022 as per Regulation 31A of IBBI Liquidation Process Regulations, 2016 to

advise him on matters. It is further submitted that the Report on List of Stakeholders and Consultation of Stakeholders Consultation Committee submitted by the Liquidator has already been taken on record by this Adjudicating Authority vide order dated 04.11.2022.

- I. The Liquidator submitted that he is of the opinion that fresh valuation of the Corporate Applicant is not required as the Valuation Reports in respect of the valuation of assets of the Corporate Applicant has already been obtained from the Registered Valuers during the CIRP under Regulation 35 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. As per the Valuation Reports, the assessment of the Liquidator is that the value of the assets realized would not be insufficient to meet the Liquidation costs or pay the liabilities towards the creditors.
- J. After going through the valuation reports, the Liquidator has considered the average of estimates of the values which arrive at Rs. 17,405/- only. Accordingly, as per Regulation 34 of the IBBI Liquidation Process Regulations, 2016, the Liquidator has prepared the asset memorandum describing the assets of Corporate Applicant which are intended to be realized by way of sale, wherein the Securities and Financial Assets of the Company are valued at Rs.17,405/- only. It is pertinent to mention that since the Registered Office of the Company is a shared space in a hospital premises in Saket area and that the company is not the owner of any other fixed assets as such, hence the valuation was conducted based on only the Securities and Financial Assets of the Company.

K. Out of the total assets of the CD as on Liquidation Commencement Date, the Liquidator has only realized the following assets during Liquidation Process-

<u>S. No.</u>	<u>Assets</u>	<u>Amount</u> (in Rs.)
1.	Cash & Cash Equivalent Cash on Hand: Rs. 838 Balance of Axis Bank from Account No. 914020002305446 [Transferred on 02.01.2023]: Rs. 14,915.44/-	838.00 14,915.44
TOTAL		15,753.44

L. As on the Liquidation Commencement date, the Company's Liabilities (other than liabilities towards shareholders) stood as follows: -

<u>S. No.</u>	<u>Liability</u>	<u>Amount</u> (in Rs.)
1.	<u>Non-Current Liabilities</u> Unsecured Loans	6,73,69,655.00
2.	<u>Current Liabilities</u> Other Current Liabilities 12,05,31,382.00 Short-term provisions 2,26,60,893.00	14,31,92,275.00
TOTAL		21,05,61,930.00

M. With reference to the above liabilities of the company as represented by the Liquidator, this Adjudicating Authority vide order dated 12.05.2023 had issued notice to M/s SSA Traders Private Limited who was the biggest creditor of the Corporate Debtor to appear and clarify their position. In pursuance of the said directions, the Liquidator vide email dated 17.05.2023 had intimated the aforesaid creditor to be present on the next date of hearing i.e. 14.06.2023. However, since nobody appeared on behalf of SSA Traders, this Adjudicating Authority vide order dated 18.07.2023 directed the Liquidator to file a NO OBJECTION CERTIFICATE from all creditors pursuant to which the Liquidator has placed on record NOC from (SSA Traders; CS Vandana Pankaj & Co; Mr. Yogesh Sharma) **granting no objection for the dissolution of the company.**

N. Since the commencement of Liquidation, several payments (directly paid by the suspended Board of Directors) towards the liquidation cost incurred in liquidation process is as follows: -

<u>S. NO.</u>	<u>PARTICULARS</u>	<u>AMOUNT</u> (in Rs.)
1.	Public Announcement in newspapers	21,000
2.	Fee of Auditor, Mr. Piyush Govil [Rs 75,000 for audit of financials as on 31.03.2022] [Rs. 75,000 for audit of financials as on 13.09.2022]	1,50,000.00
3.	Liquidator's Fee [Rs. 1,00,000 including GST @ 18%] [for the entire liquidation period]	1,18,000.00
4.	Expense incurred by the Liquidator towards filing of applications during the course of liquidation proceedings	6,000.00
TOTAL		2,95,000.00

- O. The Liquidator summoned a Stakeholders Consultation Committee meeting for 17.03.2023 by giving notice on 11.07.2023 wherein the Liquidator apprised the members about the activities undertaken by the Liquidator from the Liquidation Commencement date such as filing of progress reports before NCLT, details of claims received and admitted during liquidation process and subsequent formation of SCC, results of valuations conducted during CIRP, appointment of an auditor etc.
- P. Further, in terms of Regulation 13 and 14 of the Liquidation Process Regulations 2016, the Liquidator had prepared the Preliminary Report along with the asset memorandum, which was also filed before this Adjudicating Authority via Interlocutory Application No. 106/2023 which was taken on record by this Adjudicating Authority on 12.01.2023. The Liquidator was of the opinion that the affairs of the Corporate Debtor need not be investigated any further.

- Q. The Final Report prepared by Liquidator in terms of Regulation 45 of the IBBI Liquidation Process Regulations 2016 has been placed on record before us and is marked in the present petition as Annexure-11.
- R. That since the assets of the CD are insufficient to cover the cost of liquidation and cannot even meet the liabilities owed to creditors, the SCC in its 2nd meeting dated 20.04.2023 accorded approval to dissolve the corporate debtor as it was deemed unfeasible to continue with the Liquidation Process. Constrained by such compelling circumstances, the Liquidator has moved the present application before this Adjudicating Authority seeking dissolution of the Company.
- S. The Liquidator has submitted that to the best of his knowledge, there are no pending litigations against the company. It is further stated that the Liquidator has attached the statements of receipts and payments for the period 13.09.2022 to 31.03.2023 as Annexure 10 to the present application.
- T. Liquidation account of the Corporate Debtor maintained with HDFC Bank has been closed by the Bank on 15.02.2023 and the balance amount of Rs. 14,900/- has been transferred to the bank account of the liquidator.
- U. Compliance Certificate in Form H as per Regulation 45(3) of the IBBI Liquidation Process Regulations, 2016 has been marked as Annexure-A to the present application wherein it has been stated that no application for “Avoidance Transactions” has been filed nor pending adjudication before AA.

- V. The affairs of the Corporate Debtor have been completely Liquidated after realising the assets and distributing the amount to the stakeholders duly complying with the provisions of section 53 of the code in order of priority as mandated under the code. However, since the fair value and liquidation value were the same i.e. only Rs. 17,405/- ; balance amount of Rs.14,900/- realized from closure of liquidation account has been transferred to the account of the liquidator (CIRP costs & Liquidation Costs have foremost priority under Waterfall Mechanism). Accordingly, the 2 creditors of CD whose claims were admitted have not received any amount from liquidation however they have given NOC to dissolution of the company herein.
- W. That in view of the above facts and circumstances, the applicant prayed to dissolve the Corporate Debtor by allowing the present application.

ANALYSIS AND FINDINGS

3. We have heard the submissions made by the Applicant, perused the Application filed by the Liquidator and have gone through the documents on record filed by the Liquidator. Here, it is worthwhile referring to Section 54 of IBC, 2016 and Regulation 45 IBBI (Liquidation Process) Regulations, 2016:

“Section 54 IBC-Dissolution of corporate debtor.

- (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.*
- (2) 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.*

(3) *A copy of an order under sub-section (2) shall within seven days from the date of such order, be forwarded to the authority with which the corporate debtor is registered.*”

“IBBI (Liquidation Process) Regulations, 2016

45. Final report prior to dissolution.

1) *When the corporate debtor is liquidated, the liquidator shall make an account of the liquidation, showing how it has been conducted and how the corporate debtor’s assets have been liquidated.*

(2) *If the liquidation cost exceeds the estimated liquidation cost provided in the Preliminary Report, the liquidator shall explain the reasons for the same.*

(3) *The liquidator shall submit an application along with the final report and the compliance certificate in Form H to the Adjudicating Authority for –*

(a) closure of the liquidation process of the corporate debtor where the corporate debtor is sold as a going concern; or

(b) for the dissolution of the corporate debtor, in cases not covered under clause (a).”

4. That from the conjunct reading of the above provisions, this Adjudicating Authority is required to see whether the assets of the Corporate Debtor are completely liquidated or not. In this case, the assets of the CD were almost negligible and the **total amount worth Rs. 15,753.44/- has been realized** indicating that the assets of the CD have been completely liquidated.

5. Since No Objection Certificate in regard to dissolution of the company has been obtained by creditors and placed on record plus all the requirements of Regulation 45

of IBBI (Liquidation Process) Regulations, 2016 have been fulfilled, therefore, we are inclined to allow the present Application to dissolve the Corporate Debtor.

6. Accordingly, there being no other impediment, the present application is **allowed** and the Corporate Debtor is ordered to be dissolved with immediate effect.
7. The Registry is directed to send a copy of this order passed under Section 54(2) to the ROC Delhi & Haryana, with which the Corporate Debtor is registered and also to the Insolvency and Bankruptcy Board of India within seven days from the date of this order.
8. Application for dissolution of M/s VRJ Traders Private Limited is allowed.
9. Let the copy of the order be served to the parties.

No order as to costs.

-SD/-

(RAHUL BHATNAGAR)
MEMBER (TECHNICAL)

-SD/-

(MAHENDRA KHANDELWAL)
MEMBER (JUDICIAL)