

NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH - II  
CHENNAI

37

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF CHENNAI BENCH, CHENNAI  
NATIONAL COMPANY LAW TRIBUNAL, HELD AT 10.30 AM ON 21-8-2019

PRESENT: SHRI B.S.V. PRAKASH KUMAR, MEMBER (JUDICIAL)  
SHRI .S.VIJAYARAGHAVAN, MEMBER (TECHNICAL)

APPLICATION NUMBER : MA/837/2019 IN MA/663/2019  
PETITION NUMBER : IBA/206/2019  
NAME OF THE PETITIONER : RAMAKRISHNAN SADASIVAN (LIQUIDATOR)  
(ORCHID HEALTH CARE PVT LTD)  
NAME OF THE RESPONDENTS : ERSTWHILE COMMITTEE OF CREDITORS  
UNDER SECTION : 54

S.No.	Name (in Capital)	Represented by	Signature
1.	R. SADASIVAN	liquidator	R. Sadasivan

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

**MA/837/2019 IN MA/663/2019**

**IN**

**IBA/206/2019**

*Under Section 54 of the IBC, 2016 r/w  
Regulation 14 of Insolvency and  
Bankruptcy Board of India (Liquidation  
Process) Regulations, 2016*

**In the matter of M/s. Orchid Health Care Private Limited**

**Mr. Ramakrishnan Sadasivan**

**(Liquidator for Orchid Health Care Private Limited)**

**---Applicant/Liquidator**

**V/s**

**Erstwhile Committee of Creditors of Corporate Debtor**

**(Rep by the Lead Bank, State Bank of India)**

**---Respondent**

**Order delivered on: 26.08.2019**

**Coram:**

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

**S. VIJAYARAGHAVAN, MEMBER (TECHNICAL)**

For the Applicant: *Mr. Ramakrishnan Sadasivan, Liquidator*

**ORDER**

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

**Heard and dictated in Open Court on: 21.08.2019**

It is an Insolvency and Bankruptcy Application filed u/s.54 r/w.

Regulation 14 of Insolvency and Bankruptcy Board of India

(Liquidation Process) Regulations, 2016 for initiation of early dissolution seeking reliefs as follows:

- a. To dispense with the obligation of making a public announcement for invitation of claims in accordance with Regulation 12 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.
- b. To pass an order for early dissolution of the Corporate Debtor and for necessary directions in respect of such dissolution in the manner as laid down under the Code.

2. It is an application filed for dissolution of the company as because no assets lying with the company, therefore, the process of claim valuation of the assets will not arise thereby considering the process as redundant in this matter, this Applicant has sought for early dissolution of the company.

3. On perusal of this Application, it appears that Liquidation process commenced on 17.07.2019. Thereafter, this Liquidator held a meeting of stakeholders wherein the Creditors passed resolution as follows:

**“Resolution No.1:**

*To file an application with the NCLT for initiation of Liquidation U/s.33(2) of the Insolvency and Bankruptcy Code, 2016 :*

*“RESOLVED THAT, the Corporate Debtor, M/s.Orchid Healthcare Private Limited be and is hereby be liquidated with immediate effect and that the Resolution Professional shall intimate the Adjudicating Authority of the decision of the Committee of Creditors, as per section 33(2) of the Insolvency and Bankruptcy Code, 2016.*

**Facts and Explanatory Statement:**

*In pursuance to the discussion which took place in the First, Second and this CoC meeting, it was opted by the CoCmeeting, it was opted by the CoC members that the corporate debtor be liquidated immediately for the reasons cited below:*

1. **Lack of realisable assets:**

*The company does not possess any valuable assets other than the shares held as investment in Orchid Pharma Ltd. Since Orchid Pharma Ltd is also a Company which is currently undergoing the process of CIRP, the shares held may not fetch any value. Even if there is a Resolution for Orchid Pharma Ltd there would not be any amount available for Equity shareholders. Under the circumstances it was felt by the CoC members, that there would be no value realizable from the corporate debtor.*

2. Cash outflows with zero inflows:

*Therefore further amount, if any, spent in the process of CIRP would only be an additional cash outflow without any additional benefits.*

3. No possibility of business prospects with the company:

*Further the company did not have any business operations for the last 3 years prior to the initiation of CIRP and since there are no employees and no tangible assets at present (no claim was received from any previous employee), the prospects of receiving a Resolution Plan would be remote.*

4. Remote chance of recovery:

*As mentioned above, since the assets in the form of shares is not easily recoverable it would be no point in spending further money on the Corporate Debtor. Even if the company is ordered for Liquidation, the amount of realisations would be Nil. But as things stand now, the CoC is of the view that, direct liquidation would be the only better option as the amount of time and money spent could be minimized.*

5. Pledge of Shares:

*The entire shares of Orchid Pharma Ltd held as investment in books of corporate debtor have been pledged to the consortium lenders of Orchid Pharma Ltd.*

Thus the same was put as Resolution 1 and the results of the voting are as follows:

<i>Resolution No</i>	<i>Total Voted</i>	<i>Assented</i>	<i>Dissented</i>	<i>Abstained</i>
1	92.64%	92.64%	---	7.36%

Since the members representing 92.64% of the voting rights assented to the matter, the resolution is passed and stands *accepted*.

The individual breakup of voting of members is enclosed as *Annexure 2*.

**Resolution No 2:**

To approve the appointment and ratify the fees and expenses of Shree Law Services (legal counsel) during the remaining tenure.

The second resolution was passed with a modification:

“RESOLVED THAT, SHREE LAW SERVICES, LEGAL COUNSEL, be and is hereby be appointed as Legal Counsel for such fee as may be approved by the CoC members for filing an application for liquidation of the corporate debtor at an amount of Rs.50,000/- plus 10% clerkage plus actual expenses”.

4. Looking at the resolution passed, we have noticed that there is no asset valid enough to realise so as to distribute the proceeds of the assets to the Creditors of the Corporate Debtor.

5. He has further stated that this company has not been in operation even prior to the initiation of CIRP. Since there are no employees making the claim and no Operational Creditors making claim during the CIRP period, this Applicant says that the affairs of the Corporate Debtor do not require any further investigation.

6. On having this Applicant ascertained that no assets are lying in the company and as to the shares of the Corporate Debtor belonging to the Promoters of the company will not have any value because that associate company called M/s.Orchid Pharma Limited has already been in CIRP process, therefore these Promoters will not get any value from those shares.

7. In view of the same, this Applicant has filed Preliminary Report on 29.07.2019 mentioning no asset is lying in the Company. Since no asset is lying with the company the Applicant says, if this company is dissolved instead of undergoing the remaining liquidation process, the amount of time and money to be spent on remaining liquidation process can be minimised. He has stated that the CoC members have already incurred about ₹5,98,000 during the

CIRP period despite the fact that there are no realisable assets with the Corporate Debtor.

8. Ongoing through the facts aforementioned and the material placed along with the application, by seeing the Preliminary Report, it is evident that no asset is lying even to cover the costs of liquidation process, therefore we are of the view that the affairs of the Debtor do not require any further investigation.

9. Accordingly, based on the application filed by the Liquidator, this Corporate Debtor company is hereby dissolved with directions to the Liquidator to comply with by intimating the RoC about the dissolution of this company and any other compliance, if any, required as contemplated under the Liquidation Regulations.

10. Accordingly, this MA/837/2019 is hereby **allowed**.

**-Sd-**  
**(S. VIJAYARAGHAVAN)**  
**Member (Technical)**

**-Sd-**  
**(B. S.V. PRAKASH KUMAR)**  
**Member (Judicial)**