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IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH – I, CHENNAI

IA/175/CHE/2021 in IBA/40/2019

(filed under Section 33 of the Insolvency and Bankruptcy Code, 2016)

In the matter of ***M/s. Prescot Productions Private Limited***

Pathukasahasram Raghunathan Raman
Resolution Professional of
M/s. Prescot Productions Private Limited
Ground Floor, Srishas Kamalam Apartment,
No.93, Sivan Koil South Street, Vadapalani,
Chennai – 600 026

... *Applicant /Resolution Professional*

Along with

IA/1237/IB/2020 in IBA/40/2019

(filed under Section 19 of the Insolvency and Bankruptcy Code, 2016)

In the matter of ***M/s. Prescot Productions Private Limited***

Pathukasahasram Raghunathan Raman
Resolution Professional of
M/s. Prescot Productions Private Limited
Ground Floor, Srishas Kamalam Apartment,
No.93, Sivan Koil South Street, Vadapalani,
Chennai – 600 026

... *Applicant /Resolution Professional*

-Vs-

Jayashree Menon
Suspended Director of M/s. Prescot Productions Pvt. Ltd.
Jayagovindam, Old TB Road, Kurachilakkodu,
Kodanad Post, Perumbavoor, Cochin, Kerala – 683 544

Venkateswara Rao,
Suspended Directorof M/s. Prescot Productions Pvt. Ltd.
#14/7, Jayaram Nagar,
4th Main Road, Kolathur,
Chennai – 600 099

... *Respondents*

Order Pronounced on 2nd September 2021

CORAM :

R. SUCHARITHA, MEMBER (JUDICIAL)
ANIL KUMAR B, MEMBER (TECHNICAL)

For Applicant : *P.R. Raman, RP*

ORDER

Per: **ANIL KUMAR B, MEMBER (TECHNICAL)**

IA/175/CHE/2021 is an application filed by the Resolution Professional of the Corporate Debtor viz. M/s. Prescot Productions Private Limited under Section 33(2) of the Insolvency and Bankruptcy Code 2016 (in short 'IBC, 2016') seeking an order of liquidation to be passed against the Corporate Debtor.

2. In Section 7 application filed by the Financial Creditor against the Corporate Debtor, this Tribunal vide order dated 23.08.2019 passed in IBA/40/2019 initiated the Corporate Insolvency Resolution Process (CIRP) in relation to the Corporate Debtor and appointed the Applicant herein as Interim Resolution Professional (IRP).

3. It is averred in the application that pursuant to the Applicant being appointed as IRP, he caused Public Announcement under Section 15 of IBC, 2016 in Form-A on 28.08.2019 in English and in Tamil and invited claims to be filed in accordance with the provisions of IBC, 2016. It was submitted that the Applicant visited

the office cum factory premises of the Corporate Debtor at its Registered Office address and it was found that the said premises were occupied by another Company, since the Landlord had already evicted the Corporate Debtor for non – payment of the rentals and has let the premises for rent to another Company. Further, it was submitted that there was no activity in the Corporate Debtor for more than one year and no office and staff were found functioning.

4. The Applicant submitted that in pursuance of the Public Announcement, he received Claim from one Financial Creditor and one Operational Creditor and the Applicant has filed the list of creditors under Section 18 of IBC, 2016 before this Tribunal. Further, it was submitted that the First CoC meeting was conducted on 24.09.2019 with the sole Financial Creditor and the erstwhile Director has absented herself from participating the 1st CoC meeting and that the CoC requested the other Director to handover the assets, Financials and other books of accounts of the Corporate Debtor and the Director has promised to hand it over within a couple of days.

5. The Applicant submitted that it was found that the accounts of the Corporate Debtor had not been audited for the Financial Years 2017 – 2018 and 2018 – 2019 and the Applicant has called

for the records from both the erstwhile Directors of the Corporate Debtor, however non came forward to submit the record as sought for by the Applicant.

6. The Applicant has submitted that the erstwhile Directors had not extended any co-operation to the Resolution Professional and as such the Applicant has filed IA/1237/2020 before this Tribunal under Section 19(2) of IBC, 2016 seeking directions from this Tribunal against the erstwhile Directors of the Corporate Debtor in order to hand over the documents to the Applicant. Further, it was also submitted by the Applicant that after thorough examination on the various affairs of the Corporate Debtor, it was found by the Applicant that the Corporate Debtor has carried out certain transactions as covered under Section 43, 45 and 66 of IBC, 2016. It was also submitted by the Applicant that he has received valuation in respect of the Plant and Machinery from the Registered Valuer on 10.11.2019.

7. Thereafter, it was submitted that even in the 3rd CoC meeting held on 27.02.2020, the erstwhile Directors have absented themselves from participating. Thereafter, in the meantime, due to Covid -19 pandemic and the attendant lockdowns imposed by the State / Central Government, the CIRP in relation to the Corporate Debtor was hampered.

8. The Applicant submitted that the CoC, in its 3rd meeting held on 27.02.2020, has decided to liquidate the Corporate Debtor and passed a Resolution to that effect, which is as follows;

> "Resolved that the Liquidation of the Corporate Debtor be initiated and the Resolution Professional Mr. Padhukasahasram Raghunathan Raman be and hereby is authorized to apply to the Hon'ble National Company Law Tribunal, Chennai Bench requesting for liquidating the Corporate Debtor and do further acts in this regard."

9. Thereafter, when the matter came up for hearing before this Tribunal on 01.04.2021, this Tribunal has directed the Applicant to place before the CoC to fix the estimated cost of expenses for Liquidation and Liquidator Fees to enable the CoC to pass a Resolution in this regard and present its outcome. Accordingly, it is seen that the Applicant has conducted the 4th CoC meeting on 07.04.2021 and placed the said Agenda before the CoC and the CoC has arrived at a sum of Rs.1,20,000/- as the Estimated Liquidation costs under Regulation 39B of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

10. In so far as IA/1237/2020 is concerned, it is seen that the Applicant has sought for all the documents to be submitted to the Resolution Professional along with the list of movable and immovable assets of the Corporate Debtor and also to submit the

books of accounts, copies of the IT returns, GST and TDS challans along with the Bank reconciliation statement as per the last audited financial statements. It is seen that in the present Application, even after the notice has been served, none appeared on behalf of the Corporate Debtor. In the circumstances, the relief as sought for by the Applicant is **allowed**. The Respondents are directed to extend full co-operation to the Applicant and handover all the documents in respect to the Corporate Debtor within a period of 2 weeks from the date of this order.

11. Thus, the CoC in its 3rd meeting held on 27.02.2020 has at length discussed about the viability of the Corporate Debtor and also keeping in view of the fact that the Corporate Debtor is not carrying on its business for a period of more than a year, the CoC in its "commercial wisdom" has decided to liquidate the Corporate Debtor. Thus, by taking into consideration the provisions of Section 33 of IBC, 2016 and also guided by the decision of the Hon'ble Supreme Court in the matter of **Mr. K. Sasidharan –Vs– Indian Overseas Bank (2019) SCC OnLine SC 257** this Tribunal orders for the liquidation of the Corporate Debtor.

12. It is seen from the records that the Applicant herein has not expressed his willingness to continue as Liquidator in relation to the Corporate Debtor. Under such circumstances, from the latest

list provided by IBBI for the period from July 2021 to December 2021, we hereby appoint **MS. BALASUBRAMANIAN MEKALA,** with *Reg. No. IBBI/IPA-002/IP-N00675/2018-2019/12416 (email id:- mekalasivamohan@gmail.com)* is appointed as the Liquidator of the Corporate Debtor to carry out the liquidation process subject to the following terms of the directions;

a) The Liquidator shall strictly act in accordance with the provisions of IBC, 2016 and the attendant Rules and Regulations including Insolvency and Bankruptcy (Liquidation Process) Regulations, 2017 as amended upto date enjoined upon him.

b) The Liquidator shall issue the public announcement that the Corporate Debtor is in liquidation. In relation to officers/ employees and workers of the Corporate Debtor, taking into consideration Section 33(7) of IBC, 2016, this order shall be deemed to be a notice of discharge.

c) The Liquidator shall investigate the financial affairs of the Corporate Debtor particularly, in relation to preferential transactions/ undervalued transactions and such other like transactions including fraudulent preferences and file suitable application before this Adjudicating Authority.

d) The Registry is directed to communicate this order to the Registrar of Companies, Chennai and to the Insolvency and Bankruptcy Board of India;

e) In terms of section 178 of the Income Tax Act, 1961, the Liquidator shall give necessary intimation to the Income Tax Department. In relation to other fiscal and regulatory authorities which govern the Corporate Debtor, the Liquidator shall also duly intimate about the order of liquidation.

f) The order of Moratorium passed under Section 14 of the Insolvency and Bankruptcy Code, 2016 shall cease to have its effect and that a fresh Moratorium under section 33(5) of the Insolvency and Bankruptcy Code shall commence.

g) The Liquidator is directed to proceed with the process of liquidation in a manner laid down in Chapter III of Part II of the Insolvency and Bankruptcy Code, 2016.

h) The Liquidator is directed to investigate the financial affairs of the Corporate Debtor in terms of the provisions of Section – 35(1) of IBC, 2016 read with relevant rules and regulations and also file its response for disposal of any pending Company Applications during the process of liquidation.

i) The Liquidator shall submit a Preliminary report to this Tribunal within 75 (seventy-five) days from the liquidation commencement date as per regulation 13 of the Insolvency and Bankruptcy (Liquidation Process) Regulations, 2016. Further such other or further report as are required to be filed under the relevant Regulations, in addition, shall also be duly filed by him with this Adjudicating Authority.

j) Copy of this order be sent to the Financial creditors, Corporate Debtor and the Liquidator for taking necessary steps and for extending the necessary co-operation in relation to the Liquidation process of the Corporate Debtor, viz., company-in-liquidation.

13. The applications IA/175/CHE/2021 and IA/1237/IB/2020 stand **allowed** with the aforesaid terms.

-sd-
(ANIL KUMAR B)
MEMBER (TECHNICAL)

-sd-
(R. SUCHARITHA)
MEMBER (JUDICIAL)

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