



**THE NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH, CHANDIGARH
(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)
(through web-based video conferencing platform)**

CP (IB) No. 264/Chd/PB/2020

**Under Section 10 of the
Insolvency & Bankruptcy Code**

In the matter of:

Valuworth Capital Management Private Limited

having its registered office at
3497, Sector 40-C
Union Territory, Chandigarh
CIN: U74140CH2008PTC031404
PAN: AACCV8562H

....Petitioner-Corporate Debtor

Judgment delivered on: 22.11.2022

**Coram: HON'BLE MR. HARNAM SINGH THAKUR, MEMBER (JUDICIAL)
HON'BLE MR. SUBRATA KUMAR DASH, MEMBER (TECHNICAL)**

Present through Video Conferencing:

For the Petitioner : Mr. Atul V. Sood, Advocate

Per: Subrata Kumar Dash, Member (Technical)

JUDGMENT

This petition has been filed by **M/s Valuworth Capital Management Private Limited**, the Corporate Debtor itself in Form No.6 as



prescribed under sub-rule (1) of Rule 7 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (for brevity, the 'Rules') for initiating Corporate Insolvency Resolution Process under Section 10 of Insolvency & Bankruptcy Code, 2016 (for short to be referred hereinafter as the 'Code'). The Corporate Debtor also falls within the definition of the term 'Corporate Applicant' as defined in sub-section (5) of Section 5 of the Code.

2. The Corporate Debtor (hereinafter referred to as the 'corporate applicant') was incorporated on 17.10.2008 having been allotted CIN U74140CH2008PTC031404. Its registered office is in Chandigarh and therefore, the matter falls within the territorial jurisdiction of this Tribunal. The Master Data and Memorandum of Association & Articles of Association of the corporate debtor are attached at Annexures A-1 & A-7 respectively.

3. The authorized share capital of the corporate debtor is ₹5,00,000/- divided into 50,000 shares of Rs. 10 each and the paid-up share capital is ₹1,00,000/- divided into 10,000 shares of Rs. 10 each.

4. The petition has been filed by the corporate applicant through Mr. Vishal Bhandari, Director, who has been authorized to file this petition under Section 10 of the 'Code' vide Board resolution dated 15.11.2019 (Annexure-3 of the petition). The petition has been filed in pursuance of the resolution passed with 100% votes in the meeting of members (EOGM) of the corporate applicant held on 04.11.2019 (Annexure A-4 of the petition). The contents of the application are supported by the affidavit of Mr. Vishal Bhandari, Director, which is on Page No. 13a-13h of the paper book.

5. As per the Memorandum of Association of the corporate applicant



(Annexure A-2), the main objects of the corporate applicant are:

“A) To carry on the business of financial consultants relating to various investment schemes including the market-related instruments like equity-related instruments and unit-linked instruments and other saving schemes.”

6. It is stated that the Corporate applicant during the year ended on 31.03.2019 purchased 819000 equity shares of Innovative Ideals and Services (India) Limited for Rs.11,28,34,050.00 at an average rate of Rs. 137.77, ranging from Rs. 42.58 to Rs. 159.68 per share. this investment was made on the expectation that the performance of *Innovative Ideals* is going to be exponentially improved, as there was an expansion plan of entering into the mobile business. The proposed expansion plan of invested company could not materialize leading to a steep deterioration in its performance and a decline in the market price of its shares. To mitigate the deteriorating liquidity, position the applicant made the distress sale, and operational expenses resulted in a loss of Rs. 83,24,042 in Financial Year 2018-19 and Rs. 12,20,08,853 in 2019-20 as the investments in shares of *Innovative Ideals* were sold at a price as low as Rs. 10.09 against the average purchase price of Rs. 137.77. A copy of the Audited Financial Statements of the Corporate Applicant for the Financial Years 2018-19 and 2019-20 is attached as Annexure A-15. A copy of the latest Audited Financial Statements of the Corporate Applicant as of 31.03.2022 is attached as Annexure A-2 of the compliance affidavit filed vide Diary No. 01020/6 dated 28.09/2022. A statement of affairs of the Corporate Applicant clarifying the status of Trade Creditors in the Audited Balance Sheet for the financial Year 2021-2022 and other current liabilities are clarified as



under;

(B) Trade payables:

Name	Amount (Rs.)	Nature
<i>Mr. Sandla Bhandari</i>	46,83,405.00	Related Party (Director) (Operational Creditors)
<i>Mr. Vikash Bhandari</i>	33,65,000.00	Related Party (Ex Director) (Operational Creditors)
<i>Mr. Vishal Bhandari</i>	69,56,172.00	Related Party (Director) (Operational Creditors)
<i>Other(Vicson Securities Pvt Ltd)</i>	4,47,576.00	Credit against purchase of shares.
	1,54,52,153.00	

(C) Other current liabilities

Name	Amount (Rs.)	Nature
<i>M/s Pallas Fincap Pvt Ltd.</i>	7,22,86,201.00	Advance for purchase of shares (Other Creditors)
<i>Navrit Bhandari</i>	25,00,000.00	Advance for purchase of shares Related Party (Other Creditors)
<i>Rahul Bhandari</i>	40,00,000.00	Advance for purchase of shares Related Party (Other Creditors)
<i>Remuneration payable to directors</i>	11,90,000.00	Related Party (Director) (Operational Creditors)
Audit Fee (Rajeev Sood & Co.)	50,000.00	Operational Creditor.
Other Payables	17,32,860.00	Salary Payable to Related party employees.
Total	8,17,59,061.00	



7. In Part-III of Form No. 6, the complete particulars including addresses of the financial and operational creditors have been given. A list of the financial and operational creditors containing an extract of the ledger statements till 31.08.2020 and Bank Statements is at Annexures A-4 to A-14 of the petition, respectively.

8. Notice of this petition was issued to all the financial creditors by this Adjudicating authority vide order dated 04.01.2021. The petitioner has filed an affidavit of service vide Diary No. 01020/1 dated 12.02.2021. Further, in compliance with the order dated 05.05.2022, the petitioner had intimated the hearing proceedings before this Bench to the Financial/Operational Creditors, and RoC. Despite service, neither appeared on behalf of Financial/operational creditors nor any objection received by this Bench from them.

9. Pursuant to notice, the RoC, by its report vide Diary No. 01020/3 dated 27.07.2022 submitted that as per the data available and maintained, no inquiry/inspection/complaint/legal action has been proceeded/pending against the subject company.

10. In compliance with orders dated 26.07.2022 & 07.09.2022, the petitioner has filed an affidavit vide diary No. 01020/5 dated 13.09.2022, stating that there is no other shareholder except the Financial and Operational creditors as mentioned in the petition. Further, the proposed Insolvency Professional has also filed an affidavit stating that there is no disciplinary proceeding pending against him and the tenures as IP is continuing as of the date and is eligible to be appointed as IRP.

11. We have heard the learned counsel for the corporate applicant and



learned counsel for the financial creditors and have gone through the records.

12. Sub-section (4) of Section 10 of the Code says that the Adjudicating Authority by an order:-

“(a) admit the application if it is complete (and no disciplinary proceeding is pending against the proposed resolution professional); or

(b) reject the application, if it is incomplete (or any disciplinary proceeding is pending against the proposed resolution professional).

Provided that Adjudicating Authority shall, before rejecting an application, give a notice to the applicant to rectify the defects in his application within seven days from the date of receipt of such notice from the Adjudicating Authority.”

13. In order to comply with the requirement of clause (a) of Section 10(3) of the Code the petitioner has placed on record all the necessary documents to prove the existence of financial/operational debt and the amount as required in column 3 of Part-III of the Application Form. The details of the operational debt in default have also been provided. The petitioner has also filed its audited financial statements for the years 2018-19, 2019-20 at Annexure A-15 and the provisional financial statements upto 31.08.2020 which is at Annexure A-15. Also, in compliance affidavit vide Diary No. 01020/6 dated 28.09.2022 audited financial statements as of 31.03.2022 has been attached to the said affidavit.

14. Sub-Section (3) of Section 10 of the Code reads as under:-

“The corporate applicant shall, along with the application, furnish-

(a) The information relating to its books of account and such other documents for such period as may be specified;

(b) The information relating to the resolution professional proposed to be appointed as an interim resolution



professional; and

(c) The special resolution passed by shareholders of the corporate debtor or the resolution passed by at least three-fourth of the total number of partners of the corporate debtor, as the case may be, approving filing of the application.”

15. Under Clause (b) of Section 10(3), the corporate applicant is bound to propose the name of a Registered Resolution Professional to be appointed as Interim Resolution Professional. We have perused the written communication in Form No.II at Annexure A-5 furnished by Mr. Gurdev Bassi, a Registered Resolution Professional with IBBI. This Form contains all the particulars provided in the Form. He has furnished his written consent and stated that currently, he is serving as an Interim Resolution Professional/Resolution Professional/Liquidation in one proceeding under IBC, 2016. He has also certified that no disciplinary proceedings are pending against him with the IBBI or the Indian Institute of Insolvency Professionals of ICAI of which he is a member. His Registration number is IBBI/IPA-001/IP-P-01633/2019-20/12504. We find that the written consent furnished by the proposed Interim Resolution Professional is in order.

16. It is represented by the learned counsel for the corporate applicant that as per the financial statements as of 30.09.2019, the following is the status of the corporate applicant:-

Particulars	30.09.2019 (Audited)(Rs.)
Liabilities	
Share Capital and Reserve	-6,16,61,419



Non-current liabilities	8,18,39,999
current liabilities	1,01,85,853
Total Liabilities	12,20,33,434
Assets	
Non-current assets	27,04,984
Current assets	11,93,28,449
Total assets	12,20,33,434

17. The figures extracted above indicate a complete erosion of the net worth of the corporate applicant for the financial year 2019-2020. Also as stated above the Audited Balance Sheet for the financial Year 2021-2022 clearly indicates that the corporate applicant has failed to pay its debt and has thus committed default. It is thus competent to set in motion the insolvency resolution process under the Code to ensure the maximum value of assets which is in the interest of all the stakeholders. It could also be observed that despite repeated service none appeared on behalf of the financial creditors, which indicated that such financial/operational creditors have no objection if the CIRP is initiated against the corporate applicant.

18. In view of the above facts the petition is admitted. We declare the Moratorium in terms of sub-section (1) of Section 14 of the code as under:-

- (a) the institution of suits or continuation of pending suits or proceedings against the corporate applicant including the execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
- (b) transferring, encumbering, alienating or disposing of by



the corporate applicant any of its assets or any legal right or beneficial interest therein;

(c) any action to foreclose, recover or enforce any security interest created by the corporate applicant in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate applicant.

(e) It is further directed that the supply of essential goods or services to the corporate applicant as may be specified, shall not be terminated or suspended, or interrupted during the moratorium period. The provisions of Section 14(3) shall, however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a corporate applicant.

(f) The order of moratorium shall have effect from the date of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the corporate applicant under Section 33 as the case may be.



19. The Law Research Associate of this Tribunal has checked the credentials of the proposed Interim Resolution Professional and nothing has been found adverse against Mr. Gurdev Bassi.

20. In view of the above, we appoint Mr. Gurdev Bassi, Insolvency Professional, bearing registration no.IBBI/IPA-001/IP-P-01633/2019-20/12504, email Id: ipgurdevbassi@gmail.com, Mobile No. 9357052828, address: 1629 Progressive Housing Society, Sector 50-B, Chandigarh 160047 as an Interim Resolution Professional, with the following directions:-

- i) The term of appointment of Mr. Gurdev Bassi shall be in accordance with the provisions of Section 16(5) of the Code;
- ii) In terms of Section 17 of the Code, from the date of this appointment, the powers of the Board of Directors shall stand suspended and the management of the affairs shall vest with the Interim Resolution Professional and the officers and the managers of the Corporate applicant shall report to the Interim Resolution Professional, who shall be enjoined to exercise all the powers as are vested with Interim Resolution Professional and strictly perform all the duties as are enjoined on the Interim Resolution Professional under Section 18 and other relevant provisions of the Code, including taking control and custody of the assets over which the Corporate applicant has ownership rights recorded in the balance sheet of the Corporate applicant etc. as provided in Section 18 (1) (f) of the Code. The Interim



Resolution Professional is directed to prepare a complete list of inventory of assets of the Corporate applicant;

- iii) The Interim Resolution Professional shall strictly act in accordance with the Code, all the rules framed thereunder by the Board or the Central Government and in accordance with the Code of Conduct' governing his profession and as an Insolvency Professional with high standards of ethics and moral;
- iv) The Interim Resolution Professional shall cause a public announcement within three days as contemplated under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 of the initiation of the Corporate Insolvency Resolution Process in terms of Section 13 (1) (b) of the Code read with Section 15 calling for the submission of claims against Corporate applicant;
- v) It is hereby directed that the Corporate applicant, its Directors, personnel and the persons associated with the management shall extend all cooperation to the Interim Resolution Professional in managing the affairs of the Corporate applicant as a going concern and extend all cooperation in accessing books and records as well as assets of the Corporate applicant;



- vi) This Adjudicating Authority further directs the ex-management and promoters of the corporate applicant to specifically comply with the provisions of Sub Regulation (2) of Regulation 4 of the Insolvency Resolution Process for Corporate Persons Regulations, 2016. The RP is directed to make a specific mention of any non-compliance in this regard in his status report filed before this Bench and move an application seeking appropriate remedy if required. This is imperative for meeting the Code's objectives for maximizing the value of the assets of the corporate debtor and completing the resolution process in a time-bound manner.
- vii) The Interim Resolution Professional shall after collation of all the claims received against the corporate applicant and the determination of the financial position of the corporate applicant constitute a committee of creditors and shall file a report, certifying the constitution of the committee to this Tribunal on or before the expiry of thirty days from the date of his appointment, and shall convene the first meeting of the committee within seven days of filing the report of the constitution of the committee; and
- viii) The Interim Resolution Professional is directed to send a regular progress report to this Tribunal every fortnight.

21. The petitioner-corporate applicant is directed to deposit an amount of ₹1,00,000/- (Rupees One Lakh Only) with the Interim Resolution Professional



to meet the immediate expenses of the CIRP within two weeks. The same shall be fully accountable by the Interim Resolution Professional and shall be reimbursed by the Committee of Creditors (CoC) to the petitioner-corporate applicant to be recovered as the CIRP cost.

22. Accordingly, the present petition is admitted.

23. A copy of this order be communicated to both parties. The learned counsel for the petitioner shall deliver a copy of this order to the Interim Resolution Professional forthwith. The Registry is also directed to send a copy of this order to the Interim Resolution Professional at his email address forthwith.

Sd/-

(Subrata Kumar Dash)
Member (Technical)

Sd/-

(Harnam Singh Thakur)
Member (Judicial)

November 22, 2022
YP/ASH