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**IN THE NATIONAL COMPANY LAW TRIBUNAL  
SPECIAL BENCH, (Court – I)  
KOLKATA**

**IA(IBC)1699(KB)2022  
In  
CP(IB)/1385(KB)2018**

*An application under section 54 of the Insolvency and Bankruptcy Code, 2016*

*In the matter of:*

**Dena Bank (presently Bank of Baroda)**

**...Financial Creditor**

*Versus*

**Texas Textiles and Industries Limited  
(CIN: U72200WB1999PLC089954)**

**...Corporate Debtor**

*And*

*In the matter of:*

**Mr. Sanjai Kumar Gupta, the Liquidator of Texas Textiles and Industries Limited**

**.... Applicant/Liquidator**

**Date of Hearing: 25/01/2023**

**Date of Pronouncement: 23/03/2023**

***Coram:***

**Mrs. Bidisha Banerjee**

**: Member (Judicial)**

**Mr. Balraj Joshi**

**: Member (Technical)**



*Appearances through hybrid mode:*

For the Applicant : Mr. Rahul Auddy, Adv.  
Mr. Aditya Gooptu, Adv.  
Mr. Sanjai Kumar Gupta, Liquidator in person

## **ORDER**

***Per: Bidisha Banerjee, Member (Judicial)***

1. This Adjudicating Authority convened through hybrid mode.
2. **IA(IBC)/1699(KB)2022** is an application filed under section 54 of the Insolvency and Bankruptcy Code, 2016 (*hereinafter called the “Code”*) by the Liquidator of **Texas Textiles and Industries Limited (CIN: U72200WB1999PLC089954)** (*hereinafter called the “Corporate Debtor”*) praying for dissolution of the Corporate Debtor. This application is supported by an affidavit<sup>1</sup> duly affirmed by Mr. Sanjai Kumar Gupta, Liquidator.
3. This Adjudicating Authority, *vide its* order dated 19/06/2019 on a Petition filed by Dena Bank (presently Bank of Baroda), Financial Creditor, under section 7 of the Code directed initiation of the Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor and appointed the Applicant herein as the Interim Resolution Professional (‘IRP’). The applicant was later appointed as the Resolution Professional (‘RP’).
4. Subsequently, *vide order*<sup>2</sup> dated 05/09/2022 passed in IA(IB) No.125(KB)2021, this Adjudicating Authority had ordered liquidation of the Corporate Debtor appointing Mr. Sanjai Kumar Gupta, the Applicant, as the Liquidator.

<sup>1</sup> At pages 22 to 24 of the application

<sup>2</sup> Annexure – A at pages 25 to 32 of the application.



5. Public announcement<sup>3</sup> of commencement of liquidation was made in **Form – B** in “*Financial Express*” (English) and “*Aajkal*” (Bengali) on 09/09/2022 inviting proof of claims from the stakeholders of the Corporate Debtor. Pursuant to the public announcement, the applicant received two claims from Financial Creditors and one claim from Operational Creditor. Accordingly, after verification the applicant has duly formed the Stakeholders Consultation Committee as per regulation 31 of the IBBI (Liquidation Process) Regulations, 2016, which was revised by the applicant on 30/11/2022, based on further documents provided by the Joint Commissioner of Revenue, Beliaghata Charge. The List of stakeholders as well revised List of Stakeholders has been given in paragraphs 23 and 24 at pages 17 and 18 of the application.
6. The Corporate Debtor was a trading company without any fixed asset. Even the Registered Office was a tenanted premises. As per the provisional Balance Sheet of the Corporate Debtor as on 19/06/2019, the details of the assets<sup>4</sup> of the Corporate Debtor are as follows:

Sl.No.	Description	Amount as per provisional balance sheet as on 19/06/2019
1.	Trade Receivables – Pacific Cot Spin Private Limited now known as Silverton Spinners Private Limited	Rs.25,50,47,794/- (more than three years old)
2	Security Deposit towards Leave & Licence Agreement	Rs.50,000/-
3.	Cash Balance with Director of suspended Board	Rs.76,558/-

7. Pursuant to intimation given by the Applicant to the banks, a current bank account in the name of the Corporate Debtor with Punjab National Bank was found with a balance of Rs.11,394.00 and Punjab National Bank had issued a demand draft for

<sup>3</sup> Averments in paragraph 21 at page 17 of the application

<sup>4</sup> Paragraph 26 at pages 18 and 19 of the application



the said sum. As no operative Bank Account was maintained in the name of the Corporate Debtor, the said demand draft was given to one of the Stakeholders, namely, Bank of Baroda for adjusting the said sum towards the reimbursement of CIRP cost given by the Bank.

8. As per provisions of regulations 31A(IA) and 31A(6) of the IBBI (Liquidation Process) Regulations, 2016, 1<sup>st</sup> meeting<sup>5</sup> of the Stakeholders Consultation Committee was held on 28/09/2022.
9. At the 2<sup>nd</sup> meeting<sup>6</sup> of the Stakeholders Consultation Committee, held on 17/11/2022 it was discussed at length that since there was no fixed asset of the Corporate Debtor, there cannot be any realisation. The only asset of the Corporate Debtor being debtors amounting to Rs. 25.50 crores, which was itself more than three years old there was no possibility of its realisation of the same. Further, there was no response by the said debtor to any of the communications made by the RP. Under such circumstances, at the said 2<sup>nd</sup> SCC meeting, it was decided by the Stakeholders that selling of the assets will not lead to any monetary realisation and prolonged attempts to continue the liquidation process will not yield any realisation of value. Under such circumstances, it was unanimously decided by the members of the Stakeholders Consultation Committee by voting that continuing with the liquidation was futile and the dissolution of the Corporate Debtor should be undertaken at the earliest.
10. The 1<sup>st</sup> Progress Report<sup>7</sup> for the Quarter ending 30/09/2022 (from 05/09/2022 to 30/09/2022) was submitted on 11/10/2022. List of Stakeholders, Constitution of Stakeholders Consultation Committee, Preliminary Report and Asset Memorandum were duly submitted by the applicant on 14/11/2022, which collectively forms Annexure 'E' at pages 70 to 101 of the application. A Final Report was annexed

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<sup>5</sup> Annexure B at pages 33 to 37 of the application

<sup>6</sup> Annexure C at pages 38 to 47 of the application

<sup>7</sup> Annexure D at pages 48 to 69 of the application



with the application, which forms Annexure ‘F’ at pages 102 to 107 of the application.

11. Since there was no bank account or operations or any business activity, the Liquidator neither had any access to bank account nor opened any bank account. Hence, the requirement of closure of bank account is also not required.
12. Compliance Certificate in **Form – H<sup>8</sup>** has been filed along with the dissolution application disclosing all the material facts and information with respect to the liquidation process of the Corporate Debtor as per mandatory requirement under regulation 45(3) of the Liquidation Process Regulations.
13. Section 54 of the Codes reads as follows: -

*“54(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.”*

Rule 14 of the IBBI (Liquidation Process) Regulations, 2016 reads as follows: -

*“Rule 14. **Early dissolution** - Any time after the preparation of the Preliminary Report, if it appears to the liquidator that –*

*(a) The realizable properties of the corporate debtor are insufficient to cover the cost of the liquidation process; and*

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<sup>8</sup> Annexure – G at pages 108 to 111 of the application



*(b) The affairs of the corporate debtor do not require any further investigation; he may apply to the Adjudicating Authority for early dissolution of the corporate debtor and for necessary directions in respect of such dissolution”.*

Rule 11 of the NCLT Rules, 2016 confers inherent powers on NCLT, which reads as follows: -

*“Rule 11 : Nothing in these rules shall be deemed to limit or otherwise affect the inherent powers of the Tribunal to make such orders as may be necessary for meeting the ends of justice or to prevent abuse of the process of the Tribunal.”*

14. Upon a conjoint reading of the above provisions, the ultimate objective of the Code is either to resolve the issue by way of approval of Resolution Plan or to dissolve the Corporate Debtor, as expeditiously as possible. The Corporate Debtor was not a going concern when it was admitted under CIRP and that the Stakeholders Consultation Committee in its commercial wisdom has unanimously recommended dissolution of the Corporate Debtor on consideration of the fact that selling of the assets will not lead to any monetary realisation and elongated attempts to continue the liquidation process will only increase costs without any chance of realisation of value.
15. In the aforesaid backdrop, we would discern that there is no impediment to dissolve the Corporate Debtor, we order accordingly. However, personal liability/Guarantee of any Director/Promoter of the Corporate Debtor, if any, would not absolve them of their liability by virtue of this order. Aggrieved party/parties, if any, shall be at liberty to continue or to take appropriate legal remedies against them.
16. The Liquidator is further directed to serve a copy of this order upon the Registrar of Companies, West Bengal, immediately and, in any case, within **fourteen days** of receipt of this order. The Registrar of Companies shall take further necessary action upon receipt of a copy of this order.



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17. **IA(IBC)1699(KB)2022** and **CP(IB)/1385(KB)2018** shall stand disposed of in accordance with the above directions.
18. The Registry is directed to send e-mail copies of the order forthwith to all the parties and their Ld. Counsel for information and for taking necessary steps.
19. Certified copy of this order may be issued, if applied for, upon compliance of all requisite formalities.
20. File be consigned to the record.

**(Balraj Joshi)**  
**Member (Technical)**

**(Bidisha Banerjee)**  
**Member (Judicial)**

Signed on this, the 23<sup>rd</sup> day of March, 2023.

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