

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL**  
**PRINCIPAL BENCH, NEW DELHI**

**CA- 879(PB)/2019 in**  
**C.P. NO.IB-451(PB)/2018**

**IN THE MATTER OF:**

Allahabad Bank

....Financial Creditor

Vs.

Runeecha Textiles Limited

....Corporate Debtor

**AND IN THE MATTER OF:**

Navneet Kumar Gupta  
Resolution Professional  
For Runeecha Textiles Limited

..... Applicant

**SECTION: Under Section 33 of the Insolvency and  
Bankruptcy Code, 2016**

**Order delivered on: 03.01.2020**

**Coram:**

**CHIEF JUSTICE (RTD.) M.M. KUMAR**  
**Hon'ble President**

**SHRI S.K. MOHAPATRA**  
**Hon'ble Member (Technical)**

**PRESENTS:**

For RP : Mr. Abhishek Anand, Mr. Tushar Tyagi & Mr.  
Mohak Sharma, Advocates  
For Respondent :Mr. Arun Saxena, Ms. Radhika Malik and Mr.  
Rahul Singh, Mr. Rakesh Kumar, Mr. Aashish  
Khattar, Advs. For Ex-Management  
Mr. Deepak Goyal, AGM with Mr. Rattan  
Anand, CM for Allahabad Bank



**ORDER**  
**M.M.KUMAR, PRESIDENT**

1. This is an application filed by the Resolution Professional under Section 33 (1) of Insolvency and Bankruptcy Code, 2016 (hereinafter referred as the "Code") for issuance of directions for liquidation of the corporate debtor, Runeecha Textiles Limited.
  
2. Facts in brief are that the financial creditor, Allahabad Bank had filed a petition bearing no. IB 451(PB)/2018 under Section 7 of the Code for initiation of Corporate Insolvency Resolution Process against the corporate debtor. The said application was admitted by this tribunal vide order dated 31.07.2018 (Annexure A-1) and Mr. Navneet Kumar Gupta was appointed as Interim resolution Professional (IRP).
  
3. Thereafter, in terms of Regulation 6 (1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) the said Interim Resolution Professional made a public announcement in FORM-A



dated 02.08.2018 and published on 03.08.2018 and 04.08.2018 in the English Daily – Financial Express, Delhi/NCR and Lucknow Edition and Hindi Daily – Rashtriya Sahara, Delhi/NCR and Lucknow Edition. A copy of each of the publication is placed on record [Annexure A-2(Colly)]. The Public announcement was also duly uploaded on the website of Insolvency and Bankruptcy Board of India (IBBI).

4. In the first meeting of Committee of Creditors held on 31.08.2018 the IRP was appointed as Resolution Professional (RP).
5. It is also submitted by the applicant that it had appointed two registered valuers to determine the liquidation value of the corporate debtor. Further the applicant also prepared an Information Memorandum of the corporate debtor in accordance with Section 29 of the Code and the shared the same with the member of the CoC.
6. As per the discussion in the second meeting of CoC dated 11.10.2018, the RP invited prospective resolution applicants to submit their resolution plans and the

advertisement regarding the same was carried out in the newspapers namely Financial Express (English Edition) and Rashtriya Sahara (Hindi) on 12.10.2018 [Annexure A-5(Colly)].

7. Pursuant to the publication, the Resolution Professional did not receive any Expression of interest till the last date and with the approval of the CoC, the last date to for receiving expression of interest and submitting resolution plan was further extended. In order to give effect to the resolution of the corporate debtor the Resolution Professional filed an application bearing No. CA-128(PB)/2019 under Section-12(2) of the Code seeking a further extension of 90 days beyond 180 days. The Tribunal vide order dated 25.01.2019 extended the time period of CIR process by 90 days.

8. Subsequently, in the fifth meeting of COC held on 30.01.2019 it was resolved to invite fresh expression of interest. Resolution Professional carried out publication for submission of fresh expression of interest in Form-G in the newspapers namely, The Financial Express (English Edition) and Rashtriya Sahara (Hindi Edition) on



31.01.2019 (Annexure A-13). However, no expression of interest was received within the specified timelines and in the sixth meeting of CoC convened on 20.02.2019 it was resolved to extend the time to submit the expression of interest.

9. It is further submitted that a resolution plan was submitted by the prospective resolution plan applicant namely R.K. Gupta Traders and the same was discussed in the 10<sup>th</sup> meeting of CoC convened on 24.04.2019. The CoC found the said resolution plan non-complaint with the provisions of the Code. In the 11<sup>th</sup> meeting held on 27.04.2019 after much deliberation the members of the COC decided to pursue for liquidation of the corporate debtor in accordance with law as there was no successful resolution plan received and even the period of 270 had come to an end.

10. That the CIRP in the present matter expired on 27.04.2019 and due to non-receipt of a Resolution Plan the CoC in its 11<sup>th</sup> meeting dated 27.04.2019 unanimously passed the following resolution:



"The committee of Creditors discussed the agenda and considered that today being the 270<sup>th</sup> day of the Corporate Insolvency Resolution Process of the Corporate Debtor and there being no compliant resolution plan presented before the Committee of Creditors for consideration the only option available with the Committee of Creditors is to go for liquidation of the Corporate Debtor. Accordingly, CoC unanimously requested the Resolution Professional to file an application before Hon'ble Adjudicating Authority seeking liquidation of the Corporate Debtor."

11. Further the Resolution Professional vide an additional affidavit filed on 20.08.2019 has submitted that the OTS proposal was sent by the ex-directors of the corporate debtor by an email dated 22.07.2019 and the same was discussed by the CoC in its 13<sup>th</sup> meeting dated 07.08.2019. The said OTS proposal was found to be less than the liquidation value of the corporate debtor and the ex-directors were asked to improve the proposal but the same was refused and was asked to be considered as the final proposal. The offer made being less than the liquidation value, the CoC keeping in view the object of the Code being *maximization of the assets*, found liquidation of the corporate debtor to be a commercially viable decision.



12. In the factual background and in the absence of any resolution plan and for want of time beyond statutory CIRP period; there is no other alternative but to order in conformity with the required majority decision of the CoC for liquidation of the corporate debtor under Section 33 of the Code.
13. The Resolution Professional has also placed on record a copy of the Valuation Report of the Corporate Debtor by two registered Valuers namely Mr. Abhay Kumar and Mr. Sachin Goel disclosing the fair value and liquidation value of the corporate debtor.
14. The Resolution Professional has submitted its written consent, in Form AA under the Code, to be appointed as Liquidator in the present case.
15. As a result the application is allowed by ordering liquidation of the corporate debtor, namely Runeecha Textiles Limited in the manner laid down in the Chapter III of Part II of the Insolvency and Bankruptcy Code, 2016 along with following directions:



**a.** Mr. Navneet Kumar Gupta, Resolution Professional holding registration no. IBBI/IPA-001/IP-P00001/2016-17/10009 is appointed as Liquidator in terms of Section 34(1) of the Code;

**b.** Mr. Navneet Kumar Gupta is directed to issue Public Announcement stating that the corporate debtor is in liquidation, in terms of Regulation 12 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016;

**c.** The Registry is directed to communicate this Order to the Registrar of Companies, NCT of Delhi & Haryana and to the Insolvency and Bankruptcy Board of India;

**d.** 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;



**e.** 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 and in accordance with the relevant regulations.

**f.** The liquidator shall also follow up the pending company applications and file its response for disposal of pending CAs during the process of liquidation.

**g.** The Liquidator shall submit a Preliminary Report to the Adjudicating Authority within seventy-five days from the liquidation commencement date as per Regulation 13 of the Insolvency and Bankruptcy (Liquidation Process) Regulations, 2016.


**h.** Copy of this order be sent to the financial creditors, corporate debtor and the Liquidator for taking necessary steps.

**i.** The Registrar NCT, Delhi is directed to update the master data concerning the corporate debtor by specifically mentioning the

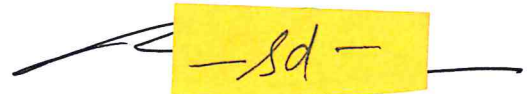


details of this order. It is necessary for the public in large to know the status of the corporate debtor. A copy may also be sent to the Secretary MCA to ensure compliance.

**j.** C.A. 879(PB)/2019 filed in IB 451(PB)/ 2018 is disposed of in the aforesaid terms.



**(M.M.KUMAR)  
PRESIDENT**



**(S.K. MOHAPATRA)  
MEMBER (TECHNICAL)**

03.01.2020  
VIDYA