

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH – 1  
VC AND PHYSICAL (HYBRID) MODE  
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON  
20-02-2024 AT 10:30 AM**

**IA(IBC) 528/2022 & Cont. A(IBC) 3/2023 in CP(IB) No.677/7/HDB/2018**  
u/s. 7 of IBC, 2016

**IN THE MATTER OF:**

State Bank of India

...Financial Creditor

**VS**

VMC Systems Ltd

...Corporate Debtor

**C O R A M:-**

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)  
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

**O R D E R**

**Cont. A(IBC) 3/2023**

Orders not pronounced. For orders on 01.03.2024.

**IA(IBC) 528/2022**

Orders pronounced. In the result, **this application is allowed**, as per the terms mentioned in the order.

**Sd/-**

**MEMBER (T)**

**Sd/-**

**MEMBER (J)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH - I, HYDERABAD**

**IA (IBC) 528/2022 in  
C.P. (IB) No. 677/7/HDB/2018  
Under Section 54 of the IB Code, 2016**

**In the matter of  
M/S VMC SYSTEMS LIMITED**

Madasa Kumar  
Liquidator of M/s VMC Systems Limited  
IBBI/IPA-001/IP-P01590/2019-2020/12465  
4<sup>th</sup> Floor, D. No.2-56/2/19, Vijaya Towers,  
100 Ft Road, Khanamet Village.  
HITECH CITY, MADHAPUR, HYDERABAD - 500081

...Applicant/Liquidator

**Date of Order: 20.02.2024**

**Coram:**

Dr. Venkata Ramakrishna Badarinath Nandula, Hon'ble Member (Judicial)  
Shri Charan Singh, Hon'ble Member (Technical)

**Counsel present:**

For Applicant : Shri Madasa Kumar, Liquidator

**Per : Bench**

**ORDER**

1. This application is filed, seeking for dissolution of the Corporate Debtor under Section 54 or any other provisions of the I&B Code, 2016.
2. The facts of the case briefly are as follows:

- (i) This Tribunal admitted the Company Petition (IB) No.677/7/HDB/2018 which was filed by State Bank of India to initiate Corporate Insolvency Resolution Process (CIRP) under section 7 of the Insolvency and Bankruptcy Code, 2016 vide order dated 19.08.2019 and appointed Dr. K. V. Srinivas, the undersigned as Interim Resolution Professional who was later on appointed as Resolution Professional with the consent of COC.
- (ii) It is averred that no Resolution Plans were received in response to Form G issued by the Resolution Professional during the CIRP period and the members of COC decided to liquidate the Corporate Debtor.
- (iii) Subsequently, the applicant filed an IA No.279/2021 for liquidation of the Corporate Debtor which was allowed by this Tribunal on 26.04.2021.
- (iv) As per the Regulation 12 of IBBI (Liquidation Process) Regulations, 2016, on 04.05.2021 the Liquidator issued a Public Announcement in Form-B in two dailies namely Financial Express (English) and Nava Telangana (Telugu) newspapers.

- (v) It is averred that two registered valuers Mr. Gangadhara Rao and Koteswara Rao for valuation of the Financial assets of the Corporate Debtor.
- (vi) It is averred that Preliminary Report and Asset Memorandum have been submitted to Hon'ble NCLT on 18.07.2021. The liquidator convened a meeting of the stakeholders on 02.07.2021.
- (vii) One IA No 524/2021 in CP (IB) 677/ was preferred with the Hon'ble NCLT seeking to Declare the assignment of debt of ITI limited by the Corporate Debtor in favour of M/s Cemetric (IT) Services Private Limited as a fraudulent transaction under section 66 and 45(2) (b) of the Code and order for recovery of the amount from the respondents. The order in the said IA was passed on 19.10.2022 with a direction that Ex-Directors of the Corporate Debtor to forthwith pay the sum of Rupees 2,20,17,537/- to the liquidation account of the Corporate Debtor, enabling the liquidator to distribute the sum as per waterfall mechanism under section 53 of the IB Code. The Ex-Directors have not complied with the orders of this Tribunal and therefore the liquidator filed a Cont. A. No 03/2023 against the Ex-Directors which is pending for adjudication at this Tribunal.
- (viii) Since, the Enforcement Directorate and CBI is probing the matter vigorously on a complaint filed by the Punjab National Bank,

continuing with liquidation by the Liquidator does not seem to serve any purpose and that any amount that may be recovered by the Investigating Agencies will be remitted to the Financial Creditors and that in view of the value of current assets as valued by the valuers is only Rs 30,94,063.00, 2<sup>nd</sup> SCC meeting was convened on 12<sup>th</sup> April 2022 to discuss the way forward and seek opinion to go for dissolution of the Corporate Debtor. The meeting was attended by one of the Stake holders i.e., State Bank of India who have opined that it is better to go for dissolution of Company and in the meanwhile pursue with Hon'ble NCLT for disposal of the IA bearing No 524/2021 in CP (IB) No 677/7/HDB/2018.

(ix) It is averred that the liquidator filed progress reports for all the quarters and Final Report. The Compliance Memo along with Form H is filed as per the Regulation 5(f) of IBBI Regulations, 2016.

3. In the light of above facts and circumstances of the case, the only point that emerges for consideration of the Tribunal is

Whether the Corporate Debtor can be dissolved ?

4. We have heard Mr Madasa Kumar, Liquidator and also perused the record.

5. At the outset it may be stated that Section 54 of the IBC lays down the criteria for dissolution of the Corporate Debtor.

Section 54, IBC Dissolution of corporate debtor.

(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.

6. Regulation 45 of Insolvency & Bankruptcy Board of India (Liquidation Process) Regulations, 2016 reads as under:-

***Regulation 45: Final report prior to dissolution.***

***(1) When the corporate debtor is liquidated, the liquidator shall make an account of the liquidation, showing how it has been conducted and how the corporate debtor's assets have been liquidated.***

***(2) If the liquidation cost exceeds the estimated liquidation cost provided in the Preliminary Report, the liquidator shall explain the reasons for the same.***

***(3) The liquidator shall submit an application along with the final report and the compliance certificate in form H to the Adjudicating Authority for – (a) closure of the liquidation process of the corporate debtor where the corporate debtor is sold as a going concern; or (b) for the dissolution of the corporate debtor, in cases not covered under clause (a).]***

7. We are satisfied that the criteria laid down under law has been fully complied with in this case. As such, the Corporate Debtor can be ordered

to be dissolved. Hence, we hereby order dissolution of the Corporate Debtor as under:-

- (i) The Corporate Debtor/M/s VMS Systems Limited stands dissolved from the date of this Order, in terms of Section 54(1) of IBC, 2016, and the Liquidator stands relieved.
- (ii) If there is any recovery from the Ex-Directors in the result of adjudication of Cont. A. 03/2023, the same shall be distributed as per the waterfall mechanism under section 53 of IB Code.
- (iii) Regarding exemption of the stamp duty charges for registration of sale certificate issued by the liquidator, directions issued by the Hon'ble High Court of Telangana in the matter between M/s Anirudh Agro Farms Private Limited Vs State of Telangana reported in (2023) ibclaw.in 260 High Court to be followed and appropriate authority to be approached.
- (iv) The Liquidator is directed to send the copy of this Order within 7 days from the date of pronouncement to the Registrar of Companies, Hyderabad.
- (v) Upon dissolution of the Corporate Debtor, the records of the Company which are in possession of the Liquidator, be handed over by the Liquidator to the IBBI.
- (vi) The Registry is also directed to communicate this order to the Registrar of Companies, Hyderabad for updating the master data.
- (vii) A copy of this order be also forwarded to the Insolvency & Bankruptcy Board of India, New Delhi.
- (viii) In terms of the above, IA (IBC) 528 of 2022 filed by the Liquidator appointed for M/s VMC Systems Limited (Corporate Debtor) for dissolution of the Company under Section 54 (1) of IBC,

**IA (IBC) 528/2022 in  
C.P. (IB) No. 677/7/HDB/2018  
Date of Order: 20.02.2024.**

2016 stands disposed of accordingly. Since the Corporate Debtor stood dissolved vide this order and no proceedings are now pending, therefore, the Registry is directed to consign the file to records.

**Sd/-**  
**CHARAN SINGH**  
**MEMBER (TECHNICAL)**

**Sd/-**  
**DR. N.VENKATA RAMAKRISHNA BADARINATH**  
**MEMBER (JUDICIAL)**

*Swapna*