



**INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA**

Casebook Issue

Corporate Insolvency
Resolution Process
journey of

Lake View Ayurvedic
Resort & Research
Centre pvt Ltd.

**INSOLVENCY
UNCOVERED**

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About Lake View Ayurvedic Resort & Research Centre Pvt. Ltd.¹

Lake View Ayurvedic Resort And Research Centre Private Limited is an unlisted private company incorporated on 13 June, 2000. It is classified as private limited company and is registered at Registrar of Companies, Ernakulam. The Company was incorporated to carry on the business of sales, treatment, and research of Ayurvedic Medicines. Other objects include an object to carry on the business to acquire, undertake, or promote hotels, restaurants, health centre, or tourist Resorts.

Its authorized share capital is Rs. 50000000 and it's paid up capital is Rs. 50000000.

Lake View Ayurvedic Resort And Research Centre Private Limited's Corporate Identification Number is (CIN) U55102KL2000PTC013997 and its registration number is 013997. Its registered address is DOOR NO. T.P.V/79, OTTAKAL P.O. THENMALA KOLLAM Kollam KL 691308 India.

Lake View Ayurvedic Resort And Research Centre Private Limited's last Annual General Meeting (AGM) was last held on 30 September 2019 and as per records from Ministry of Corporate Affairs (MCA), its balance sheet was last filed on 31 March 2019.

Directors of Lake View Ayurvedic Resort And Research Centre Private Limited's are Mr. CHANDY MATHEW & Mr. MATHEW GEORGE KEEYATHU.

Major Creditor

- Kerala State industrial Development Corporation Limited was the only and major claimant in this case.

CIRP of Lake View Ayurvedic Resort & Research Centre Pvt. Ltd.²

CIRP initiation under Section 7 of I&B Code, 2016

Section 7 of I&B Code, 2016 allows a financial creditor of a defaulting corporate debtor to file and initiate CIRP before the Adjudicating Authority on 6th November 2019. Financial creditor, Kerala State industrial Development Corporation Limited initiated the CIRP of Lake View Ayurvedic Resort & Research Centre Pvt. Ltd. under section 7 of IBC, 2016.

Admission and Initiation of CIRP of Lake View Ayurvedic Resort & Research Centre Pvt. Ltd.

The Corporate Insolvency Resolution Process (CIRP) was initiated and was presented for hearing before the Adjudicating Authority, NCLT Kochi Bench. The matter was presented by Adv. Paulose C. Abraham on behalf of the Financial Creditor Kerala State industrial Development Corporation Limited.

In this case the Respondent Corporate Debtor submitted that the financial creditor granted Rs. 248/- Lakhs on 10.07.2001 as per the loan agreement dated 22.05.2001 executed between the corporate debtor and the applicant and a deed of Guarantee was executed by Shri. Babu George and Dr. K. Sivadas in favour of KSIDC, whereby the guarantors are jointly and severally, unconditionally, absolutely and irrevocably guaranteed to pay any default caused by Corporate Debtor. The corporate debtor further admitted the due amount but the dispute was on the interest payable. It was further submitted that the financial creditor has no right to claim such amount as interest. The interest amount claimed is 10 times that of the principal amount, which is unsustainable.

The financial creditor further submitted that on 08.06.2006, they have issued a letter demanding repayment of the loan arrears intimating that failure of this would initiate appropriate recovery actions. Even though further time was granted to the corporate debtor to repay the loan, no repayment was done. Accordingly, the financial creditor issued a winding up notice on 07.01.2008, under section 434 (1) (a) of the companies Act, 1956, for initiating winding up proceedings against the Respondent.

The Financial Creditor also produced loan outstanding arrear summary and certificate issued by the Chartered Accountant to show that amount claimed in the application is due from the Corporate Debtor. Computation statements shows that Rs.14,92,12,486/-

is the amount due from the corporate Debtor as on 31.03.2018.

Order of moratorium and appointment of IRP

The order of moratorium under section 14 of the “Insolvency & Bankruptcy Code 21016” against corporate debtor shall have effect from 6, November 2019 till the completion of CIRP.

Shri R. ARAVINDAKSHAN NAIR was appointed as IRP to carry forward the process of CIRP.

Public Announcement

Public Notice was issued by RP for inviting the claims. The report on constitution of CoC was filed before this Tribunal. The RP received four claims from creditors (2 financial creditors and 2 operational creditors), totalling to a sum of Rs.68.53 crores.

1st CoC meeting and Appointment of RP

Committee of Creditors was constituted and the First COC was held on 5.12.2019. The COC recommended the IRP to be continued as RP. The RP appointed two registered valuers for valuation of the assets of the Corporate Debtor.

Expression of Interest

The Resolution Professional published the Expression of Interest on 16.1.2020 in Mathrubhoomi (Malayalam daily) and in Business Line Kerala Edition (English) and also on the website of IBBI fixing last date of receipt of EOI as 15.02.2020. But no response was received against that. So the date of receipt of EOI was extended upto 26.03.2020 with proper advertisement. Meanwhile nationwide lock down was declared on 25.03.2020, thereby the activity under CIR Process became stand still.

5th COC meeting

In the 5th COC meeting on 26.09.2019, the last date for submission of EOI was further extended up to 03.07.2020. But only one response was received up to 03.07.2020. The said Resolution Applicant was given enough time to submit the resolution plan. But no resolution plan has been submitted by them even up to the extended date.

8th COC Meeting

In the 8th CoC meeting held on 23rd September 2020, the COC by 100% voting has passed a resolution to liquidate the Corporate Debtor.

Liquidation of corporate debtor³

Order for liquidation has been filed passed on 15th day of October 2020.

The Resolution Professional vide this IA submitted his application before this Bench with the prayer to order Liquidation of the Corporate Debtor and consequently appoint the Resolution Professional as the Liquidator of the Corporate Debtor as per Sections 33(1) read with Section 34(1) of the Code.

The liquidator shall follow up and continue to investigate the financial affairs of the corporate debtor in accordance with provision of section 35 (1) of the code. The liquidator shall also follow up the pending applications for their disposal during the process of liquidation including initiation of steps for recovery of dues of the CD as per law.

Timelines



Bibliography

1. <https://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>
2. <https://ibbi.gov.in/uploads/order/9e23d24f5f3281ebcco7b0e27a9ddd.pdf>
3. <https://ibbi.gov.in/uploads/order/69c5bd0d077c5fba820c770b1a2a1dbe.pdf>