

IN THE NATIONAL COMPANY LAW TRIBUNAL  
BENGALURU BENCH

CP(IB).NO.126/BB/17

Under Section 9 of Insolvency and Bankruptcy Code, 2016

IN THE MATTER OF K.S.HIREMATH  
VS

VIRTUAL LOGIC SYSTEMS PRIVATE LIMITED

Order delivered on: 22<sup>nd</sup> January, 2018

Coram: Hon'ble Shri RatakondaMurali, Member (Judicial)  
Hon'ble Shri Ashok Kumar Mishra, Member (Technical)

Parties Present: For Petitioner: Mr. K. Dushyantha Kumar,  
Practicing Company Secretary, No.404/2,  
7<sup>th</sup> Main, 9<sup>th</sup> Cross, Jayanagar II Block,  
Bangalore-560011

For Corporate Debtor: Mr.Surya Prakash Mysore Srinivasa Murthy,  
Director.  
Mr. Sudarshan Ramachandraiah, Director.

**BETWEEN**

K.S.Hiremath  
#33, Sadashanti, 2<sup>nd</sup> Cross,  
Muniswamy Gowda LYT,  
Kempapura, Hebbal,  
Bangaluru-560024 .

- Operational Creditor

Virtual Logic Systems Private Limited  
No.571/1/2/3, 2<sup>nd</sup> Floor, East-Wing,  
Krishna Kamala, Uttarahalli,  
Bangalore-560061

- Corporate Debtor

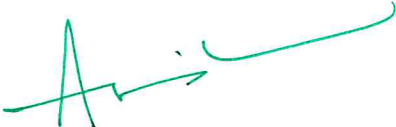
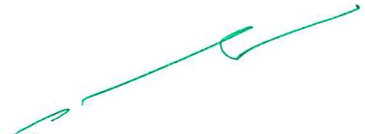
Per: Hon'ble Shri Ratakonda Murali, Member (Judicial) - Author

Heard on: 17/11/2017, 24/11/2017, 28/11/2017, 07/12/2017, 18/12/2017  
& 08/01/2018

**ORDER**

This application is filed on behalf of Operational Creditor under Section 9 of Insolvency and Bankruptcy Code, 2016 to initiate Insolvency Resolution Process against the Corporate Debtor.

Application is in Form 5 of 6(a) of I & B Code (Application to Adjudicating Authority) Rules 2016. It is the case of Operational Creditor that, Corporate Debtor fell due a sum of Rs. 10,63,750/-

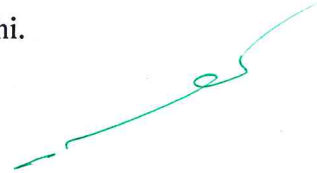
The case of Operational Creditor a Demand Notice in Form No.3 along with Notice of Invoice in Form 4 were issued to Corporate Debtor dated 5<sup>th</sup> October 2017. The Operational Creditor has also filed invoices shown at pages 18 to 21 of the annexures appended to the Application. The invoices are raised against Corporate Debtor.

The Operational Creditor has filed certificate issued by ICCI Bank certifying that, no credits to the Account of Operational Creditor received from Corporate Debtor from 18/01/2017 to 07/11/2017. It is shown at page 22 alongwith Bank Statement from pages 23 to 26. He has also relied on Bank Statement at pages 27 to 32 of ICCI Bank.

The Operational Creditor has named **Mr.Venkata Subbarao Kalva**, Registration No. **IBBI/IPA-002/IP-N00179/2017-2018/10655**, residing at #76-11/1, SLV Complex, 1<sup>st</sup> Floor, Elephant Rock Road, Jayanagar-3<sup>rd</sup> Block, Bangalore-560011, **Email:subbaraoca@gmail.com** as Interim Resolution Professional and the said Interim Resolution Professional in his letter has expressed his willingness for the appointment and also certified that there are no disciplinary proceedings pending against him.

The Operational Creditor has filed Memo dated 28<sup>th</sup> November 2017 to the effect that, demand notice in form No.3 was served on the Corporate Debtor by hand and obtained acknowledgement. In the Memo he has also stated that, Rule 6(2) of I & B Code has been complied.

A notice was ordered to the Corporate Debtor. In response to the Notice the 2 (two) Directors by name Mr. Surya Prakash Mysore Srinivasa Murthy and Mr. Sudarshan Ramachandraiah, appeared before the Tribunal and filed Memo admitting liability to the Operational Creditor of Rs 10,63,750/-. Further, they also admitted that Company committed default and that they have no objection for admitting the Application and to initiate Corporate Insolvency Resolution Process under Section 9 of I & B Code against the Corporate Debtor. Again on 8<sup>th</sup> January 2018 both the Directors gave Affidavits stating that, they have verified the list of Creditors and that Notice was issued to the Creditor, the Department of Science and Technology (Government of India) New Delhi.



Since the Directors of Corporate Debtor admitted the liability and also the default. Therefore, the Petition is to be admitted and order of Moratorium under Section 14 of the Code is to be passed.

In the result, this Petition is admitted under section 9 of I & B Code, declaring Moratorium for the purpose referred under Section 14 of the Code with the following directions:-

- i. That this Bench hereby prohibits the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority; transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.
- ii. That the supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.
- iii. That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- iv. That the order of moratorium shall have effect from 22<sup>nd</sup> January, 2018 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 corporate debtor under Section 33, whichever is earlier.
- v. That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the code.
- vi. That this Bench hereby appoints Mr. **Venkata Subbarao Kalva**, Registration No. IBBI/IPA-002/IP-N00179/2017-2018/10655, residing at #76-11/1, SLV Complex, 1<sup>st</sup> Floor, Elephant Rock Road, Jayanagar-3<sup>rd</sup> Block, Bangalore-560011, Email: subbaraoca@gmail.com as Interim Resolution Professional to carry the functions as mentioned under the Insolvency & Bankruptcy Code.

  
(ASHOK KUMAR MISHRA)  
MEMBER, TECHNICAL

  
(RATAKONDA MURALI)  
MEMBER, JUDICIAL