

MINUTES OF PROCEEDINGS OF SECOND MEETING OF COMMITTEE OF CREDITORS OF MACK TELECOM SERVICES PRIVATE LIMITED (CORPORATE DEBTOR) HELD ON WEDNESDAY, THE 27TH DAY OF JANUARY 2021, COMMENCED AT 4:00 PM THROUGH VIDEO CONFERENCE

PRESENT:

- A. Mr. Raghuram Manchi– Interim Resolution Professional of Corporate Debtor
- B. Mr. Manjunath G – Member
- C. Mr. Samson P Patil – Member
- D. Mr.Sanjay Jadhav, Deputy Director of Employees’ State Insurance Corporation - Member

Directors present:

- A. Ms. Amrutha T.P. representing Mr. Vadakkedath Satheesh
- B. Ms. Shanthi Praveen representing Mr. Vinod Krishnan

1. CHAIRMAN (INTERIM RESOLUTION PROFESSIONAL)

As per Regulation 24(1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the Resolution Professional (which includes Interim Resolution Professional) shall act as the Chairperson of the meeting of the Committee. Accordingly, Mr. Raghuram Manchi, Interim Resolution Professional, occupied the Chair and conducted the proceedings.

The meeting commenced at 4.00 pm.

The Chairman welcomed all the Members of the Committee of Creditors and the representatives of suspended Board of Directors of the Corporate Debtor:

2. QUORUM:

The following members of the Committee of Creditors (COC) were present:

Sl. No.	Name of the Operational Creditor	Status	Amount in Rs.	Percentage
1	Employees’ State Insurance Corporation	Statutory Authority	38,529.00	17.31
2	Manjunath G	Employee	1,42,479.00	64.02
3	Samson P Patil	Employee	41,559.00	18.67
	Total		2,22,567.00	100.00

Further, Chairman also stated that the quorum (i.e. at least 33% of the voting rights of committee of Creditors) pursuant to Regulation 22(1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, was present, (and in fact to the extent of 100%) and conducted the proceedings of the meeting.

The Committee noted the same.

3. NOTING THE MINUTES OF PREVIOUS MEETING OF COMMITTEE OF CREDITORS HELD ON 7TH DECEMBER 2020

The Chairman stated that the minutes of the first COC meeting were circulated to all the members of the COC and he has not received any feedback from any member of the COC suggesting changes. He asked the members if anyone has any remarks to make about the minutes. As there were no further comments, the minutes of the first COC meeting were taken on record as confirmed.

4. NOTING THE STATUS OF CORPORATE INSOLVENCY RESOLUTION PROCESS OF THE CORPORATE DEBTOR

A. Status of claims received:

The chairman informed that there is no additional claim admitted during the reporting period. However, a claim has been received vide a letter dated 11th January 2021 from the Deputy Commissioner of Income Tax, TDS Circle- 2(1), Bangalore, for an amount of Rs. 28,14,693.00. This amount relates to the short deduction, short payment of TDS and interest thereon relating the FYs 2007-08 to 2016-17. As the claim was accompanied only by a copy of the notice sent to the corporate debtor on 7.12.2008, the RP intimated the Department to submit a copy of the Assessment Order, if any, to consider the claim on 16th January 2021 and reply from the department to the same is awaited. Pending receipt of the reply, Income Tax Department was not included in Committee of Creditors.

B. Appointment of Valuers:

As per the provisions of IBC relating to the CIRP, two valuers have to be appointed by the RP for valuation of the assets of the corporate debtor. However, in the present case, as the corporate debtor does not have any assets that can be realized and was not a going concern for the last 6 years., the RP opined that the appointment of registered valuers is not required as Corporate Debtor is not having assets to value.

C. The gratuity policy taken by the corporate debtor from LIC:

The Chairman further informed the members that the corporate debtor had taken a policy from LIC to maintain a gratuity fund in order to meet the gratuity liabilities in respect of the employees who leave the company from time to time. The gratuity fund was created in 2002 and was kept renewed from time to time. The policy was last renewed in 2012 giving a list of 70 employees who are covered under the policy. On further enquiry, the directors of suspended Board of the corporate debtor have submitted that all those employees have left the Corporate Debtor by 2014-15 (some have been absorbed by the holding company of the corporate debtor) and the dues of those eligible for gratuity have been settled by way of full and final settlement at the time of their relieving. The RP is making efforts to surrender the

said policy to LIC and the claim the amounts outstanding under the policy. The policy number is GGCA policy No 520833 with Pension and Group Schemes Dept Bangalore. The closing balance of the policy as on 31.03.2020 is Rs.15,75,594.02. However, due to lack of availability of original documents with the Corporate Debtor, the RP is unable to liquidate the said amount from the LIC.

5. DISCUSSION ON THE FINANCIAL POSITION OF THE CORPORATE DEBTOR

The Chairman informed the committee that the audited balance sheets and profit and loss accounts of the corporate debtor were collected from 2013-14 to 31.10.2020 and were examined. Details of financial position were presented as report on financial position of the Corporate Debtor, which is attached to the minutes as Annexure 1. The COC was informed that the corporate debtor does not have any tangible assets and there are no realizable assets. The corporate debtor is not a going concern.

Continuation of the CIRP: The Chairman detailed various items mentioned in the report on financial position of the Corporate Debtor to the Committee one by one. It was explained that under CIRP, in the normal course the Committee has to make a decision to publish an advertisement calling for expressions of interest (EOI) from any Resolution Applicant interested in submitting a resolution plan for resolving the insolvency of the corporate debtor. The chairman explained that in this case, it has to be seen that the corporate debtor has not been having any activity for the last 6 years. There are no tangible or realizable assets which can be made use of by a potential resolution applicant to submit a resolution plan for a corporate rescue. It is also to be noted that there are no claims from any bank or financial institution. No claims have been received any operational creditor such as suppliers or service providers though there are outstanding trade payables to the extent of Rs.77 lakhs in the balance sheet. It is also worth noting that the corporate debtor had submitted to NCLT while responding to the application for initiation of CIRP, that all its efforts to revive the company have failed and it is proposing to move for liquidation of the company.

Taking these aspects into account, it is the considered opinion of the RP that no purpose would be served in continuing the CIRP as no resolution plans are expected to be received. The expenditure involved in continuing the CIRP would be an additional burden on the members of the COC or the corporate applicant who has filed the application for CIRP.

The Option of liquidation of the company: Under IBC, the COC has the option to recommend for liquidation of the company in case it is felt that CIRP is not a viable option. But in this case, as explained above, there are no assets of realizable nature. Thus, even if liquidation of the corporate debtor is approved, the liquidator to be appointed would have no assets to form liquidation estate and realize any amount in order to distribute to the claimants. The fees of the liquidator and other expenses pertaining to the liquidation process such as publication of advertisements, legal expenses etc., would also not be recoverable. As such, the only option available is to move for dissolution of the company. As regards the amounts claimed by COC members, these claims can be met from the amount expected to be received from LIC on liquidation of the Gratuity policy referred to above.

6. APPROVAL FOR EXPENSES INCURRED BY THE INTERIM RESOLUTION PROFESSIONAL FROM THE DATE OF THE 1ST MEETING TILL THE DATE OF MEETING:

The Chairman presented the expenses incurred from the date of 1st meeting of Committee of Creditors till the date of this meeting as follows:

Date	Particulars		Amount Spent (Rs)
07.12.2020	Expenses relating to 1 st meeting of Committee of Creditors: Printing and Stationery Meeting hall expenses	200 1,000	
12.12.2020	NCLT Fees for IA for appointment of RP	1,000	
	Paper and Printing	350	
	Conveyance	250	
31.12.2021	Letter to ESIC, printing and courier	60	
16.01.2021	Letter to Income Tax Department	60	
21.01.2021	Visits to LIC- two occasions	250	
	Total		3,170

He further stated that in addition to the above expenses, the remuneration relating to continuing as Interim Resolution Professional and the expenses approved in the 1st meeting is also yet to be received by the Resolution Professional.

After discussion the Committee passed the following resolution in this regard:

“RESOLVED THAT the Committee be and is hereby approve and ratify the expenses incurred by the Interim Resolution Professional/Resolution Professional from the date of the first COC meeting (7th December) till the date of this meeting (27th Jan 2021) to the extent of Rs.3,170.00 (Rupees Three Thousand One Hundred and Seventy only) as mentioned below:

Date	Particulars		Amount Spent (Rs)
07.12.2020	Expenses relating to 1 st meeting of Committee of Creditors: Printing and Stationery Meeting hall expenses	200 1,000	
12.12.2020	NCLT Fees for IA for appointment of RP	1,000	
	Paper and Printing	350	
	Conveyance	250	
31.12.2021	Letter to ESIC, printing and courier	60	
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21.01.2021	Visits to LIC- two occasions	250	
	Total		3,170

7. APPROVAL FOR FILING APPLICATION FOR DISSOLUTION OF THE CORPORATE DEBTOR:

The chairman cited the discussion with regard to options available for continuation of the CIRP and for liquidation of the Corporate Debtor, as explained in item 5 above. As the Corporate Debtor cannot be revived and initiation of liquidation process will add additional expenses wherein the Corporate Debtor has no asset to realise except refund from LIC policy, the Chairman proposed for making an application to the Hon'ble National Company Law Tribunal, Bengaluru Bench for dissolution of the Corporate Debtor.

After deliberations, the Committee of Creditors passed the following resolution in this regard with 100% voting share:

“RESOLVED THAT the consent of the committee be and is hereby accorded for dissolution of the Corporate Debtor.

RESOLVED FURTHER THAT Mr. Raghuram Manchi, Interim Resolution Professional be and is hereby authorized to file necessary application before the Hon'ble National Company Law Tribunal, Bengaluru Bench to give effect to this resolution.”

There being no other business to transact, the meeting concluded with a vote of thanks to the Chair.

The meeting concluded at 4.40 pm.

Place: Bengaluru

Date: 29-01-2020

**Sd/-
Raghuram Manchi**