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IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCHC.P. (IB)No.198/BB/2020
U/s 10 of IBC, 2016
R/w Rule 7 of I&B (AAA) Rules, 2016In the matter of:**M/s. Antal Infotech Private Limited**

(Represented by

Mr. Vinay Bangalore Srinivas Murthy, Director)

No.806, Mantri Sarovar, Sarjapur
Main Road, HSR Layout, Sector 4,
Opposite Agara Lake, HSR Layout,
Bangalore- 560 102.

- Petitioner/Corporate Applicant

Order Pronounced on: 23rd September, 2020**Coram:** 1. Hon'ble Shri Rajeswara Rao Vittanala, Member (Judicial)
2. Hon'ble Shri Ashutosh Chandra, Member (Technical)Parties/Counsels present (Through Video Conference):

For the Petitioner : Mr. Ganesh Kumar B.N., PCS

ORDER**Per: Ashutosh Chandra, Member (Technical)**

1. C.P.(IB)No.198/BB/2020 is filed by Mr. Vinay Bangalore Srinivas Murthy, Director of Antal Infotech Private Limited ('the Petitioner/Corporate Applicant') under Section 10 of the IBC, 2016, R/w Rule 7 of the I&B (Application to Adjudicating Authority) Rules, 2016, by inter alia seeking to initiate Corporate Insolvency Resolution Process (CIRP) in respect of Antal Infotech Private Limited, on the ground that it has committed the following defaults:

- Loans From Banks and NBFC's are Rs.27,73,347/-
- Compulsorily Convertible Debentures are Rs. 13,17,955/-
- Loans From Individuals are Rs. 91,89,800/-

Other Loans/Financial Liabilities are Rs. 96,15,036/-

Total of Operational Creditors as at 29.02.2020 is Rs. 7,75,92,688/-



f. Payable to Employees is Rs. 1,45,24,199/-

2. Brief facts of the case, as mentioned in the Company Petition, are as follows:

- (1) M/s. Antal Infotech Private Limited ('the Company') was incorporated on 01.08.2014 vide its CIN:U72900KA2014FTC075624 with the objective of providing IT Staffing services to Information Technology Clients in India and it draws the brand name from the London, UK headquartered ANTAL International. Its registered office at 91 Springboard, 4th Floor, Salarpuria Tower-1, No.22, Industrial Layout, Hosur Road, 7th Block, Koramangala, Bengaluru – 560095. Its Nominal Share Capital is Rs.1,00,00,000/- divided into 10,00,000 Equity Shares of Rs.10/- and the Paid up Share Capital is Rs. 1,00,00,000/- divided into 10,00,000 Equity Shares of Rs.10/-. The main objects of the Company are to carry on the business of providing technology based solutions and consultancy to various industries to plan, recruit, interview, train, develop, manage, maintain, improve, build appropriate manpower into various fields such as sales, procurement, administration, technical, etc.
- (2) It is stated that the Company's focus was to be in the mid to senior level IT staffing business and for 5-15 years experienced IT professionals, mainly in Tech R&D hiring, which Vinay Murthy, specialized by being part of Magna Info Tech, which was the largest IT Staffing company in India.
- (3) As per the initial MoU signed by Anthony Goodwin on behalf of Antal International, he was to invest 30 Crore INR, through Alina TG Pte Ltd, into Antal Infotech, which would have enabled it to scale to a 1000 active IT Temp Staff on contract, thus building a 100 Crore INR business. However, during early 2015 due to challenges in European Economy, he needed to prioritize his other running business.



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- (4) As Vinay & Joseph were determined to build India business, tried to raise funds locally. In 2016 after a lot of efforts, the company found Pinnacle Capital Solutions, an NBFC which gave 1 Crore INR credit line for Dell Client Bill Discounting, and in the Interim raised an additional capital of 44 lakh INR. After this, the Company added a dozen new clients and grew the business from 1 Crore INR in FY 2014-15 and 4 Crore INR in FY 2015-16 to 12.5 Crore INR in FY 2016-17 and also posted its first profits.
- (5) During FY 2017-18, apart from Debentures, the Company had an Institutional Debt of just 20 lakh INR from HDFC Bank and availed Invoice discounting facility from Kredx to the Tune of 4 Crore INR, which aided in its cash-flow & near 100% growth during that financial year.
- (6) On 28th March, 2018 the Company was notified by Dell that they will stop all new business, as an Ethics Committee would investigate against the Company and four other vendors, who were doing significantly well in the recent past, including with one of Dell's internal Recruitment team member, who was suspected to have done some financial wrong doing.
- (7) The Company's Business Manager took to Social Media and hence Dell Technologies in the USA and their media team took offence to this and banned the Company Permanently. No new business was going to be given to the Company. The Billing to Dell continued right up until January 2020, when it was decided to pause the business continuity.
- (8) During 2017, considering a strong financial year 2016-17, the Company had planned to expand into the high valuation space of HR Tech, beyond doing IT Staffing business, which was well on its course to double the revenues in upcoming FY 2017-18. However, as the prospects of Dell not growing became clearer by late August 2018, the Company decided to sell this under development product



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and focus on the core staffing and not burn budgets for this endeavour at ANTAL beyond the FY 2018-19.

- (9) Cumulatively the Company was adding 40-50 lakh INR per quarter in terms of new revenue, while the decline in Dell revenue continued during the phase of Q2 July-September FY 2018-19 to Q3 October-December of FY 2019-20. As most of the margins earned and even the GST received from Clients were going into managing cash flow for the Servicing of Debt raised from over 35 different sources cumulatively to the tune of 12+ Crore INR post Dell, the Company started to lag in terms of statutory liabilities. By the time the new CEO got to the end of his first year in office, due to an overload of CAPEX, Working Capital Debt and Statutory Backlog, it was evident that, sustaining the business for a longer period in the same manner without net revenue growth will be impossible. Hence from July 2019 the company started exploring exist options, so it can reduce losses and hopefully close the liabilities.
- (10) When the Company applied for IBC in March 2020, it had around 1.7 Crore INR in receivables, pending collections, plus FY 18-19 TDS refund of 105 Crore INR. Also from the Tax filings of FY 2019-20 yet to be done, the Company will have over 1 Crore INR in TDS refund, as the current year is close with losses. Hence this 4+ Crore INR will be mainly used to close the salary liabilities to a large extent and also close a set of loans, which were re-negotiated & reduced by over 33 lakh INR in liability. Finally most of the vendor payables have also been drawn to the closure, in a settlement. It is stated that they have two major sets of liabilities, which cumulatively adds up to 14 Crore INR, and a pool of only 3-4 Crore INR available for now, depending on client payment clearances/turning to bad debt, hence the overall liabilities cannot be addressed immediately.

Considering that there is no fresh funding that is possible at Antal Infotech due to current market conditions and even due to general HR



market slow down during 2019, Vinay Murthy has personally signed off a deal with Buzzworks, who was one of the 5 buyers at Antal Infotech. This 2 year contract to actually build a 50-100 Crore INR annual revenue portfolio with 20% profit sharing deal, which will act as initial capital to restart business at Antal Infotech.

- (12) The two big challenges of statutory payments and financial creditors, have become immense. Even during Covid and lockdown, bank/NBFCs have been forcing for payments and not giving out moratoriums easily. This is also to the extent that visits to home/personal residence from especially ones like IDBI/IIFL/Bajaj etc., has made the situation very disturbing, even amidst Covid. Also the GST department pursued us over the call, to get some payments done. The maximum challenges is from the TDS department, where in the name of CPGRAM request, the ex-employees create PMO pressure according to TDS officer, who in turn is forming us make payments, when solvency itself is becoming challenging.
- (13) Thus basis the outlined efforts to bounce back in last 18 months, which proves that they have left no stone unturned, tried everything possible so far and therefore without any option, have been forced to decide to pause direct business, and instead revive the business in next 24 months indirectly via Buzzwoks for the near term. Hence they urge you to grant IBC access to the Company.
- (14) Considering that the Promoters are committed to rebuild the business and already have a silver lining in terms of profit sharing agreement with Buzzworks, the company intends to seek the opportunity to go through the IBC proceeding and fight back to be solvent and grow the business over the long term. Also close the maximum possible liabilities in the process.

3. Heard Mr. Ganesh Kumar BN, learned PCS for the Petitioner **through video conference**. We have carefully perused the pleadings of the party and the extant provisions of the Code and the law.



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4. As per Section 10 of Insolvency and Bankruptcy Code, 2016, a Corporate Applicant can file an application before the Adjudicating Authority, seeking initiation of Corporate Insolvency Resolution Process of the Corporate Debtor that has committed a default, for initiating Corporate Insolvency Resolution Process with the Adjudicating Authority, in a prescribed form by enclosing the following:
- The information relating to its books of account and such other documents for such period as may be specified;*
 - The information relating to the resolution professional proposed to be appointed as an interim resolution professional; and*
 - The special resolution passed by shareholders of the Corporate Debtor or the resolution passed by at least three-fourth of the total number of partners of the Corporate Debtor, as the case may be, approving filing of the application.*

As per Section 10(4) the Adjudicating Authority can admit an application if the same is complete and no disciplinary proceedings are pending against the proposed Resolution Professional.

5. As stated supra, apart from the dues of Financial Creditors there are Loans from Banks, Individuals and others, Compulsorily Convertible Debentures and Operational Creditors. Further, it is seen from the Profit and Loss Accounts of the Petitioner Company for the years ending 31.03.2019, that the Company has reported loss of Rs.3,98,95,434/-. As per the Balance Sheet of the Petitioner Company as at 31.03.2019, the total liabilities are equal to the total assets. Due to this and the unfavourable business environment and economic scenario, the Petitioner Company was unable to repay the amount due to the Financial and Operational Creditors and others and defaulted in repayment of debt over the years. The sequence of events mentioned by the Petitioner, leading to the constant downturn in the business due to reasons beyond the control of the company also appears to be irreversible. Hence, the Corporate Debtor has clearly lost its substratum and its ability to pay its debts or run its business.



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6. The Board of Directors of the Petitioner Company convened a meeting on 26.02.2020 in which it resolved that the Company may make an Application under Section 10 of the IBC, 2016, before the Adjudicating Authority. This was followed by the approval of the Members in the Extra Ordinary General Meeting held on 16.01.2020.
7. The Applicant has suggested a qualified Resolution Professional namely Mr. Ganesh Panduranga Pai, with Registration No. IBBI/IPA-001/IP-P01313/2018-19/12054, who has also filed his written Consent in Form-2 dated 04.03.2020, by inter alia declaring that he is eligible to be appointed as resolution professional in respect of the Corporate Applicant and there are no disciplinary proceedings pending against his with the Board or Indian Institute of Insolvency Professionals of ICAI.
8. It is settled position of law that once debt and default is proved to the satisfaction of the Adjudicating Authority, the case has to be admitted to initiate CIRP, and appoint IRP, etc. We are satisfied with the reasons cited by the Petitioner to initiate CIRP. The instant Company Petition is filed in accordance with law.
9. In view of the above facts and circumstances of the case, by exercising powers conferred on this Adjudicating Authority u/s 10(4)(a) of the Code, we hereby admit C.P(IB)No.198/BB/2020 by initiating Corporate Insolvency Resolution Process (CIRP) in respect of Petitioner/Corporate Applicant with the following consequential directions:

- 1) **Mr. Ganesh Panduranga Pai**, bearing **Registration No. IBBI/IPA-001/IP-P01313/2018-19/12054**, who is a qualified Resolution Professional, is hereby appointed as Interim Resolution Professional, in respect of the Petitioner/Corporate Applicant namely 'Antal Infotech Private Limited' to carry out the Corporate Insolvency Resolution Process strictly as per the provisions contained in the Insolvency and Bankruptcy Code, 2016 and the Rules framed in this regard by the IBBI from time to time;



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- 2) The following moratorium is declared prohibiting all of the following, namely:
- a) The institution of suits or continuation of pending suits or proceedings against the Petitioner/Corporate Applicant including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
 - b) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - c) Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
 - d) The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor;
 - e) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period;
 - f) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- 3) The order of moratorium shall have effect from the date of this order till the completion of the Corporate insolvency resolution process;
- 4) However, this moratorium would not apply to cases pending against the applicant Company before the Hon'ble High Court and Hon'ble Supreme Court.
- 5) The IRP is directed to follow all extant provisions of the IBC, 2016 and all extant Rules, including fees rules, as framed by IBBI from time to time. The IRP is hereby directed to file progress reports to the Tribunal from time to time.



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- 6) The Board of Directors and all the staff of Petitioner/Corporate Applicant are hereby directed to extend full co-operation to the IRP, in carrying out his functions as such, under the Code and Rules made by IBBI.
- 7) Post the case for report of IRP on 26th October, 2020.



**ASHUTOSH CHANDRA
MEMBER, TECHNICAL**



**RAJESWARA RAO VITTANALA
MEMBER, JUDICIAL**

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OF THE ORIGINAL


for Deputy Reg. Registrar
National Company Law Tribunal
Bengaluru Bench
Rajeswari.M