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IN THE NATIONAL COMPANY LAW TRIBUNAL BENGALURU BENCH

C.P. (IB)No.104/BB/2019
U/s. 9 of the IBC, 2016
R/w Rule 6 of I&B (AAA) Rules, 2016

And

I.A.No.674/2019
U/s. 54 of the IBC, 2016
R/w. Regulation 14 of IBBI
(Liquidation Process) Regulations, 2016

In the matter of:

Shri Addanki Haresh
Liquidator of
M/s. Quadra Software Solutions Private Limited
No.36/1, 2nd Floor,
Munivenkatappa Complex,
Bellary Road, Ganganagar,
Bengaluru - 560 032 - Applicant

Date of Order: 20th December, 2019

Coram: 1. Hon'ble Shri Rajeswara Rao Vittanala, Member (Judicial)
2. Hon'ble Shri Ashutosh Chandra, Member (Technical)

Counsel/Parties Present:

For the Liquidator : Shri Addanki Haresh

ORDER

Per: Rajeswara Rao Vittanala, Member (J)

1. I.A.No.674/2019 in C.P.(IB)No.104/BB/2019 is filed by Shri Addanki Haresh, Resolution Professional of M/s. Quadra Software Solutions Private Limited (Applicant Company in Liquidation) U/s. 54 of IBC 2016, read with Regulation 14 of IBBI (Liquidation Process) Regulations 2016, by inter-alia



seeking to dissolve M/s. Quadra Software Solutions Private Limited.

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

- (1) Initially, C.P.(IB)No.104/BB/2019 filed by Mr. Sony Mathew (Petitioner), by inter-alia seeking to initiate CIRP in respect of M/s. Quadra Software Solutions Private Limited (Corporate Debtor) was admitted by this Adjudicating Authority, vide order dated 25.06.2019, by initiating CIRP, appointing Shri Addanki Haresh, as IRP, imposing moratorium etc. He was subsequently confirmed as Resolution Professional for carrying CIRP in respect of Corporate Debtor by Committee of Creditors of Corporate Debtor, in its second meeting dated 26th September, 2019. Since there were no Financial Creditors other than the Promoters, the Committee of Creditors was constituted with only Operational Creditors.
- (2) Since no Resolution Plan was received during the course of CIRP period, the Committee of Creditors, at the 4th meeting of CoC, recommended for Liquidation of Corporate Debtor. Further, there were no operations in Corporate Debtor, the CoC also did not recommend for running the Company as going concern during Liquidation. The CoC also approved an estimate for Liquidation Expenses during Liquidation and recommended Mr. Haresh Addanki, to act as Liquidator.
- (3) It is stated that assets worth of the Corporate Debtor was only for Rs.2.50 Lakhs, whereas the Statutory liabilities accounting for Rs.2.03 Cr. The Corporate Debtor does not have any Fixed Assets, Inventory or Movable assets



and hence the value of Liquidation estate would be "NIL". All the receivables are more than three years old, and hence there is no chance of recovery of the same. Accordingly, even the Valuer has not assigned any value to the receivables. The only assets that were available as on the CIRP commencement date, was Cash and Bank balances. The Audited Balance Sheet as on 31st March, 2019 and a statement of assets and liabilities as on the commencement of CIRP dated i.e. 25th June, 2019, shows that there are no other tangible assets to be realized. In the absence of assets to support even the CIRP Cost, the Financial Creditor Mr. Joseph Philip, who submitted claim of Rs.1,58,22,082/- agreed to incur majority of expenses towards CIRP cost, and not to claim the expenses from the Company.

(4) As per the books of the Corporate Debtor, the following assets are showing as receivables and classified under current assets:

- A. TDS Receivables – Rs.49,86,564
- B. Service Tax input credit – Rs.19,71,295
- C. VAT input credit – Rs.2,52,491
- D. MAT input credit – Rs.3,58,418

These amounts are receivables from various departments and the Company has to pay statutory liabilities amounting to Rs.3,03,92,386/- it is practically not possible to collect these amount from the Government Authorities. Other receivables amounting to Rs.3,77,158 includes like VAT deposit of Rs.10,000 and receivables from employees Rs.2,55,420 this amount is not possible to recover from employees since the amount payable to employees Rs.1,58,03,934. The Corporate



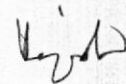
Debtor obtained Bank Guarantee from Canara Bank, Rajaji Nagar Branch against fixed deposit of Rs.8,75,408/- for submitting in the Court of Hon'ble Civil Judge, Senior Division in Pune, Special Civil Suit No.1317/2011 between Millennium Engineers and Contractors Private Limited Vs. Quadra Software Solutions Private Limited. Once the case is disposed of, the Company can surrender the Bank Guarantee and the fixed deposit with Canara Bank, Rajaji Nagar Branch shall be distributed to claimants.

- (5) It is stated that the instant Application is filed for Dissolution of the Company as the provisions of Regulations 31A of IBBI (Liquidation) Regulation, regarding formation of Stakeholders Consultations Committee are not applicable, and thus the Resolution Professional could not form any Stakeholders Consultation Committee.
- (6) It is further stated that the assets realizable value was only cash at bank amounting to Rs.2,44,519 and this amount was distributed to the claimants. And any amount realized from Bank guarantee shall be distributed to the claimants, and there are no assets to be liquidated and distributed, except the deposit against the Bank.
- (7) The Resolution Professional has filed Compliance Affidavit dated 19.12.2019, by inter-alia stating as follows:
- As per the Audited Balance Sheet as on 31st March, 2019, and the provisional Balance Sheet, as on the date of Commencement of CIRP, the Company does not have any Fixed Assets, Inventory or Moveable



Assets to be realized during Liquidation. The Valuation Report, provided by the registered Valuer also does not give any value to any of the receivables as per the books of the Company. Since there are no assets to be liquidated and distributed, it is submitted that the instant Application is filed to dissolve the Applicant Company. The Valuation of Assets is not sufficient even to meet the CIRP expenses and Liquidation Expenses, and hence, it is preferable to dissolve the Company instead of continuing the CIRP process or Liquidating the Company. If the CIRP process is continued and expenses continue to be incurred to complete the CIRP process and Liquidations, then the creditors of the Company, who submitted claims may not get any payments, even after realization of assets.

- ii. The Company has a pending litigation vide M.A.No.1062/2013 seeking to set aside the Ex-Parte Judgment and decree dated 10.07.2012 passed in Special Civil Suit No.1317/2011 in respect of a dispute regarding Quality of the Software filed by Millenium Engineers and Contractors Private Limited. To secure the payment obligations of Quadra, the Hon'ble Court has directed for providing a Bank Guarantee for Rs.7,13,498. The Quadra has furnished the Bank Guarantee through Canara Bank, Rajaji Nagar 2nd Block, Bangalore for the entire decree amount of Rs.7,13,498. Bank Guarantee for Rs.7,13,498 issued by Canara Bank, Rajaji Nagar 2nd Block, Bangalore is secured by a Fixed Deposit of Rs.10,11,747 as on 18.12.2019. The



liability under the pending litigation is dependent on the final outcome of this pending litigation. Since the issue is sub-judice and is presently pending in Hon'ble City Civil Court, Pune and the date of settlement cannot be predicted with reasonable accuracy. The CIRP process or Liquidation process cannot be delayed till a decision is predicted at this juncture, in view of the paucity of funds of conduct the CIRP and Liquidation process.

- iii. It is stated that, in case, litigation is settled in favor of Quadra, the Fixed Deposit would be realized together with interest, after the decision of Hon'ble City Civil Court, Pune. The funds so realized have to be distributed among the claimants in the ratio of their claims, as per the priority provided under Section 53 of IBC. Since Quadra does not have any claims payable under Section 53 (1) (a), (b), (c), (d) and (e), the entire amount available on release of the Fixed Deposit needs to be paid to Operational Creditors and Statutory Dues payable beyond two years as provided in Section 53(1) (f) only. The list of Claimants, their Bank details are as under:

Sl No	Name	Bank Account Details	Identity Proof	Amount pending (Rounding off to nearest Rs.)	Percentage
1	Sony Mathew	Canara Bank Kakkanad Branch A/c. No.33071010007 04	Employee Code - QSS1277	1,47,025	11.96%
2	Sherin P.M	Canara Bank Wadakkanchery Branch A/c. No.08051180000 06	Employee Code - QSS1123	1,14,272	9.30%



3	Prasad h. P	Canara Bank Rajaji Road Br. A/c. No.08051180000 43	Employee Code - QSS1277	69,288	5.64%
4	Jiten Rai	Canara Bank Bangaloe Branch A/c. No. 2698118001068	Employee Code - QSS1336	55,232	4.49%
5	The Asst. Commi ssioner of Comme rcial Taxes	DD/CHEQUE IN FAVOUR OF ACCT LVO-55, BANGALORE	(Audit) 5.5	6,67,368	54.29%
6	Annmol Santho sh	State Bank of India Palarivattom A/c No.20085234963	Employee Code - QSS1278	1,58,614	12.90%
7	Officer of the Deputy Commi ssioner Taxes	DD/CHEQUE in Favour of ACCT LVO-55, Bangalore	(Audit)5.6 DGSTO - 5	10,635	0.87%
8	The Asst. Commi ssioner of Comme rcial Taxes	DD/CHEQUE in favour of ACCT LVO-55, Bangalore	(Audit) - 5.7, DGSTO-5	6,925	0.56%
		Total		12,29,359	100%

- iv. The Fixed Deposit amount of Rs.10,11,747, together with accrued interest thereon, may be distributed by the Canara Bank, Rajaji Nagar, Branch, No.615, Padma Complex, Dr. Rajkumar Road, Rajaji Nagar 2nd Block, Bangalore - 560 021, in the above ratio to the above mentioned claimants.
- v. As on date of submission of the Affidavit, an amount of Rs.5,89,600 was incurred towards CIRP Expenses, and the same are tabled hereunder:



Sl. No.	Particulars	Amount incurred and approved	Amount paid by CoC/Corporate Debtor
1	RP Fee (3,00,000 + GST)	3,54,000	Mr. Joseph Phillip
2	Valuer Fee Ravindranath N	40,000	Mr. Joseph Phillip
3	Valuer Fee Inampudi Bindu Madhavi	41,300	Mr. Joseph Phillip
4	Sampoorna Advertising - Form A	34,020	Mr. Joseph Phillip
5	Sampoorna Advertising - Form G	35,280	Mr. Joseph Phillip
6	Vedic Labs Software Private Limited	30,000	Mr. Joseph Phillip
7	G S Tigadi & Co - Chartered Accountant	5,000	Mr. Joseph Philip
8	Other Expenses approved by CoC	50,000	Corporate Debtor
	Total	5,89,600	

In view of the paucity of funds, the Resolution Professional agrees not to take any fee/expenses out of further realizations, if any.

- vi. It is submitted that the delay in receipt of the settlement of the Litigation and refund of Bank Deposit from the Bank, is delaying the CIRP and Liquidation Process, even though the Resolution Professional has been trying to conclude the process at an early date. There are no further assets to be liquidated, except the Bank Deposit for Rs.10,11,747 as mentioned. Audited Cash Flow statement for the period of CIRP filed showing that entire receipts were distributed among the eligible claimants and balance was showing "NIL".
- vii. Therefore, it is urged that dissolution Order may please be passed in respect of Quada Software Solutions Private Limited, and direct the Canara



Bank Rajaji Nagar 2nd Block, Bangalore to refund the Bank Deposit of Rs.10,11,747/- or such other mount as may be released by the Bank, after litigation with Hon'ble City Civil Court, Pune, is settled, directly to claimants, as mentioned supra.

3. Heard Shri Addanki Haresh, the Liquidator. We have carefully perused the pleadings of the party along with extant provisions of the Code and the Rules made thereunder.
4. The above facts and circumstances of the case, has established that due process of CIRP which includes Liquidation, as per extant provisions, was followed by the Liquidator to liquidate the Assets of Company and the realized amounts were also distributed to the respective claimants. Therefore, the liquidation process was deemed to have completed under Chapter III of Part II of Code, and thus it would be just and proper for the Adjudicating Authority to dissolve the Company subject to finally distribute the amounts, if any, come ultimately from the litigation pending as detailed supra. Therefore, it would not be just and proper to keep the instant Petition kept pending on the file of this Adjudicating Authority, due to litigation pending for long time and it is not known when it is going to be finalized. Therefore, the Company Petition can be disposed of by directing the Canara Bank, Rajaji Nagar Branch, No.615, Padma Complex, Dr. Rajkumar Road, Rajaji Nagar 2nd Block, Bangalore – 560 021 to distribute the amounts, if any, received, in pursuant to the Court decision in the above case, as per the ratio as mentioned Compliance Affidavit dated 19.12.2019. Therefore, it would be just and proper to dissolve the Company under provisions of Section 54 of the Code.



5. In the result, by exercising powers conferred on the Adjudicating Authority, under Section 54 of the Code, C.P.(IB)No.104/BB/2019 and I.A.No.674/2019 are hereby disposed of with the following directions:

- (1) It is hereby dissolved the Applicant Company, M/s. Quadra Software Solutions Private Limited with immediate effect;
- (2) The Canara Bank, Rajaji Nagar Branch, No.615, Padma Complex, Dr. Rajkumar Road, Rajaji Nagar 2nd Block, Bangalore - 560 021 is directed to distribute the amounts, if any, received, in pursuant to the Court Order passed in M.A No.1062/2013 to set aside the Ex-Parte Judgment and decree dated 10.07.2012 passed in Special Civil Suit No.1317/2011, as per the following list of Claimants with their Bank details:

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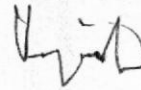


	Santhosh	Palarivattom A/c No.20085234963	Code - QSS1278		
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		Total		12,29,359	100%

- (3) The Claimants also granted liberty to pursue with the Civil Suit and get it finalized, as early as possible, and to see that decreed amount credited into the above Bank Account and there after claim their share of claim, as mentioned supra, by producing a copy of this order.
- (4) The Registry is directed to forward a copy of this Order to the Registrar of Companies, Karnataka, Bengaluru, within a period of two weeks from today;
- (5) The Liquidator is also directed to forward copies of this Order to all other statutory authorities connected with the affairs of the Company.
- (6) Personnel liability of any Director/Promoter of the Company, if any, would not absolve by virtue of this order.



**(ASHUTOSH CHANDRA)
MEMBER, TECHNICAL**



**(RAJESWARA RAO VITTANALA)
MEMBER, JUDICIAL**
CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

Deputy/Asst. Registrar
National Company Law Tribunal
Bengaluru Bench

01/11/2020

Shruthi

