

SL.No.2

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH
COURT HALL NO: II**

PHYSICAL HEARING

**CORAM: JUSTICE TELAPROLU RAJANI – HON’BLE MEMBER (J)
CORAM: SHRI CHARAN SINGH - HON’BLE MEMBER (T)**

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH, HELD ON 28.06.2023 AT 02:30 PM**

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	Company Petition IB/124/2023
NAME OF THE COMPANY	M.S Mano Ranjani & CNO IT Services (India) Pvt Ltd
NAME OF THE PETITIONER(S)	
NAME OF THE RESPONDENT(S)	
UNDER SECTION	U/S 59

ORDER

This application is allowed, vide separate orders.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH-II**

C.P. (IB) No. 124/59/HDB/2023
[Under section 59(7) of the Insolvency and Bankruptcy Code, 2016
read with IBBI (Voluntary Liquidation process) Regulation, 2017]

**In the matter of M/s CNO IT Services (India) Private Limited
(CIN: U72200TG1998FTC028878)**

Between

Medarametla Srinivasa Mano Ranjani
Liquidator of M/s CNO IT Services (India) Private Limited)
Regn No. IBBI/IPA-001/IP-P00736/2017-2018/11235
Flat No. 106, Nirmal Towers – 200,
Dwarakapuri Colony, Punjagutta,
Hyderabad, Telangana – 500 082

... Applicant/Liquidator

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Coram:

Hon'ble Justice Mrs. Telaprolu Rajani, Member (Judicial)
Hon'ble Sri Charan Singh, Member (Technical)

Counsel present:

For the Applicant : Mr. Y. Suryanarayana, Advocate

Heard on: 23.06.2023

Per : Bench

ORDER

1. This application is filed by the Liquidator for M/s CNO IT Services (India) Private Limited (Corporate Person) seeking for an order to dissolve the Corporate Person, as provided under section 59 of the IBC, 2016.
2. The facts as per the Application, briefly, are as follows:
 - i) The Corporate Person i.e., M/s CNO IT Services (India) Private Limited, was originally incorporated under the provisions of the Companies Act, 1956

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under the name and style “Codelinks Data Services (India) Private Limited” in the state of Telangana (erstwhile State of Andhra Pradesh) on 11.02.1998, under the provisions of the Companies Act, 1956. Subsequently the name of the Company was changed from “Codelinks Data Services (India) Private Limited” to “CONSECO Data Services (India) Private Limited” by following the provisions of the Companies Act, 1956 and consequent upon change of name, a fresh certificate of Incorporation was issued by the Registrar of Companies, on 13.11.2005. The name of the Company was once again changed from “CONSECO Data Services (India) Private Limited” to “CNO IT Services (India) Private Limited” by following the provisions of the Companies Act, 1956 and consequent upon change of name, a fresh certificate of Incorporation was issued by the Registrar of Companies, on 06.08.2010. The present Corporate Identity Number (CIN): of the Company is U72200TG1998FTC028878, issued by the Ministry of Corporate Affairs. The PAN of the Company is AABCC3575G.

ii) The Company was primarily engaged in the business of research and development, designing, developing, manufacturing and marketing and trading in all types of Computers Software which also includes Management Information Systems, Database Services, Financial Services, Insurance Applications, Industrial Applications, Office Systems, Desktop Publishing, Communications including Telecommunications & Satellite Communication, CAD, CAM, Animation, Operating Systems, Utilities and all other developments in the fields of Computers.

iii) The Registered Office of the Company is situated at Flat No. 106, Nirmal Towers - 200, Dwarakapuri Colony, Punjagutta, Hyderabad, Telangana - 500082 India.

iv) The Authorized Capital of the Company is Rs.50,00,000/- (Rupees Fifty Lakhs Only) divided into 5,00,000 (Five Lakh) equity shares of

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Rs.10/- (Rupees Ten Only) each and the Paid up Capital of the Company is Rs.50,00,000/- (Rupees Fifty Lakhs Only) divided into 5,00,000 (Five Lakh) equity shares of Rs.10/- (Rupees Ten Only) each.

(A copy of Certificate of Incorporation, Fresh Certificate of Incorporation, Memorandum and Articles of Association and extract of Master Data from MCA Website is enclosed and marked as ANNEXURE - A1)

v) The Company was not carrying on any business activity since last three financial years i.e. from FY 2015-16 to FY 2017-18. The Board of Directors of the Company, at its Meeting held on 25.02.2019, passed a proposal to liquidate the Company Voluntarily and accordingly, pursuant to the provisions of Section 59(3)(a) of the Insolvency and Bankruptcy Code, 2016, (“**CODE**”) read with Regulation 3 of the Insolvency and Bankruptcy (Voluntary Liquidation Process) Regulations, 2017 (“**Voluntary Liquidation Process Regulations**”) the majority of Directors has made a Declaration of Solvency dated 25.02.2019, verified by an Affidavit, along with the audited financial statements for the previous year commencing from 01.04.2018 to 31.12.2018 and 01.01.2019, to 18.02.2019.

(A copy of declaration of solvency along with audited financial statements of the Company is enclosed herewith and marked as ANNEXURE - A2).

vi) As proposed by the Board of Directors in its meeting held on 25.02.2019, the members of the Company in their Annual General Meeting held on 07.03.2019 (hereinafter referred to as the “**Liquidation Commencement Date**”) passed a special resolution as required under Section 59(3)(c)(i) of the Code read with Regulation 3 of the Voluntary Liquidation Process Regulations, to liquidate the Company Voluntarily under the provisions of the Code and appointed Mrs. Medarametla Srinivasa Mano Ranjani, an Insolvency Professional (hereinafter referred as the

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“Liquidator/Applicant”), having IP registration No. IBBI/IPA-001/IP-P00736/2017-2018/11235 to act as the Liquidator of the Company.

(A copy of extracts of the Annual General Meeting of the Company dated 07.03.2019, is enclosed herewith and marked as ANNEXURE – A3).

vii) It is submitted that the Company had Trade Creditors and Outstanding Expenses for an amount of Rs.1,21,28,360/- as on 18.02.2019. Therefore, in the Meeting of Creditors held on 07.03.2019, the Creditors of the Company passed unanimous resolution and provided their confirmation to the special resolution passed by the Members of the Company to liquidate the Company Voluntarily.

(A copy of Extracts of Creditors Meeting dated 07.03.2019, is enclosed herewith and marked as ANNEXURE – A4).

viii) The Applicant, pursuant to Regulation 14 of Voluntary Liquidation Process Regulations has made a Public Announcement in Form A of Schedule I within 5 days from her appointment as the Liquidator of the Company in Business Standard, English Newspaper and Nava Telangana, Telugu Newspaper on 12.03.2019, inviting claims by the stakeholders within 30 days (i.e. 06.04.2019) from the date of commencement of liquidation. The publication was also published on the website of the IBBI on 14.03.2019.

(A copy of Public Announcement dated 12.03.2019, in Form A, is enclosed herewith and marked as ANNEXURE – A5).

ix) The Applicant, pursuant to her appointment as the Liquidator of the Company, has given intimation to the Insolvency and Bankruptcy Board of India (hereinafter referred to as the **“Board/IBBI”**) and Registrar of Companies (ROC) vide letters dated 14.03.2019 and 15.03.2019 respectively, regarding her appointment in accordance with section 59(4) of the Code read with regulation 3(2) of the Voluntary Liquidation Process Regulations.

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(A copy of intimation made to the IBBI and ROC by the Applicant with respect to her appointment as Liquidator of the Company is enclosed herewith and marked as ANNEXURE – A6).

x) The declaration of solvency was filed with Registrar of Companies, Hyderabad in Form GNL-2 vide SRN: H47132071 dated 14.03.2019. Further, the Board Resolution passed by the Board of Directors for Liquidation of the Company and appointment of Liquidator was filed with the Registrar of Companies, Hyderabad in Form MGT-14 vide SRN: H47130307 dated 14.03.2019. Further, the Special Resolution passed by the Members and Creditors of the Company for the Voluntary Liquidation and Appointment of Liquidator has been filed in Form MGT-14 with Registrar of Companies (ROC) Hyderabad, bearing SRN: H47131354, dated 14.03.2019.

(A copy of the E-form GNL-2 and E-Forms MGT-14, all dated 14.03.2019, along with the Payment challans is enclosed herewith and marked as ANNEXURE – A7).

xi) In addition to notifying the Insolvency and Bankruptcy Board of India (IBBI) and the Registrar of Companies (ROC) regarding Voluntary Liquidation of the Company and her appointment as the Liquidator of the Company, the Applicant also notified the other statutory bodies, including the Income Tax Department on 15.03.2019, 06.06.2019 and on 20.09.2019, the Commercial taxes Department, GHMC, GST Commissioner, CBDT, Ministry of Commerce, EPF Regional Director, ESIC Regional Director, Shops and Establishments on 06.06.2019 and further informed the Commissioner of Customs, RBI, Professional Tax Officer, Commissioner of Labour, FTAPCCI, ASSOCHAM, STPI, NASSCOM, ETDS, NSDL by means of a correspondence dated 20.09.2019.

(A copy of proof of service of intimation to various statutory authorities by the Applicant is enclosed herewith and marked as ANNEXURE – A8).

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xii) It is submitted that as prescribed under Regulation 9 of Voluntary Liquidation Process Regulations, the Liquidator, within 45 days from the commencement of the liquidation process, submitted the Preliminary Report dated as on 18.04.2019, to the Company, detailing about the Capital structure of the Company, estimation of assets and liabilities based on the books of accounts of the Company as on the liquidation commencement date and the proposed plan of action for carrying out the liquidation process along with estimated timelines and liquidation costs.

(A copy of Preliminary Report dated 18.04.2019, is enclosed herewith and marked as ANNEXURE – A9).

xiii) The Liquidator has, pursuant to the claims received, prepared the list of the stakeholders within 45 (Forty Five) days from the last date of receipt of claims and modified the same from time to time and made it available for inspection as prescribed under the provisions of Regulation 30 of the Voluntary Liquidation Process Regulations. The following is the list of stakeholders of the Company.

Sl. No	Name of the Creditor	Type of Creditor	Amount Claimed / Assessed by the Liquidator	Amount Admitted
1.	A Sushma	Trade & Unsecured	3,05,000	3,05,000
2.	Bharati Airtel	Trade & Unsecured	28,981	28,981
3.	Iron Mountain India Private Limited	Trade & Unsecured	28,660	28,660
4.	KN Gangadhar	Trade & Unsecured	7,00,000	7,00,000
5.	Narven Associates	Trade & Unsecured	31,66,750	31,66,750
6.	Noori Travels	Trade & Unsecured	10,616	10,616
7.	PSR Corporate Advisors LLP	Trade & Unsecured	19,17,500	19,17,500

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8.	Regus Centre Mid-Town (Hyderabad) Pvt Ltd	Trade & Unsecured	1,17,283	1,17,283
9.	T Info Solutions	Trade & Unsecured	1,08,720	1,08,720
10.	NSVR & Associates LLP	Trade & Unsecured	59,000	59,000
TOTAL			64,42,510	64,42,510

xiv) It is submitted that as prescribed under the provisions of Regulation 34 of the Voluntary Liquidation Process Regulations, the Applicant opened a Bank Account with name of “**CNO IT Services (India) Private Limited in Voluntary Liquidation**” with the ICICI Bank Ltd.

xv) It is further submitted that the Applicant made the following realizations during the Liquidation Period:

Sl. No.	Particulars	Amount (Rs.)
1.	Refund from Statutory Authorities	Rs.13,29,030/-
2.	Cash / Bank balance	Rs.3,57,03,771/-
3.	Refund of Security Deposit	Rs.94,170/-
4.	Interest earned during Liquidation	Rs.53,002/-
Total		Rs.3,71,79,973/-

xvi) The Applicant, after all the reconciliation and after deducting the Liquidation Cost, distributed the proceeds from realization to the Stakeholders in accordance with the provisions of section 53 of the IBC read with Regulation 35 of IBBI (Voluntary Liquidation Process) Regulations, 2017. The Details of distribution made to the stakeholders are as follows.

Sl. No.	Distribution	Amount Distributed
1.	Liquidation Cost [Sec.53(1)(a)]	1,11,07,847
2.	Workmen Dues [Sec.53(1)(b)(i)]	Nil

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3.	Secured Creditors [Sec.53(1)(b)(ii)]	Nil
4.	Wages and Unpaid Dues to Employees [Sec.53(1)(c)]	Nil
5.	Financial Debts to Unsecured Creditors [Sec. 53(1)(d)]	Nil
6.	Government Dues [Sec.53(1)(e)]	82,374
7.	Secured Creditors for any amount unpaid	Nil
8.	Other Debts Due, Trade Creditors [Sec. 53(1)(f)]	64,42,510
9.	Preference Shareholders 53(1)(g)]	Nil
10.	Equity Shareholders [Sec.53(1)(h)]	1,95,40,960
11.	Unclaimed Dividends & Undistributed Proceeds transferred to Corporate Voluntary Liquidation Account maintained by IBBI.	6,282
Total		3,71,79,973

(A copy of the Statement of Receipts and Payments account pertaining to the period of Liquidation i.e. from the Liquidation Commencement Date [07.03.2019] till the Date of Completion of the Liquidation [21.02.2023], is enclosed herewith and marked as ANNEXURE – A44).

xvii) The Applicant has made an intimation to the Reserve Bank of India on 16.02.2023, about having repatriated an amount of Rs.1,53,95,149/-, net of taxes, to the account of Contributory, M/s. CDOC INC., 11825, North Pennsylvania Street, Indiana, Foreign, United States of America – 46032, towards distribution by the Applicant of proceeds from realization of assets of the Company in voluntary liquidation.

(A copy of Intimation to RBI with regard to Repatriation of Funds, outward remittance from liquidation account to M/s. CDOC INC, is enclosed herewith and marked as Annexure – A45.)

xviii) The Applicant also deposited an amount of Rs.5,500/- pertaining to Unclaimed Dividend for the 2015 and an amount of Rs.782/- pertaining to the Undistributed Proceeds aggregating Rs.6,282/- with the Corporate Voluntary Liquidation Account maintained by the IBBI vide NEFT Transaction No. 000132663525/PUNB/0225400/IBBI CORPO, on 21.02.2023. In

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accordance with the provisions of Regulation 39(5) of IBBI (Voluntary Liquidation Process) Regulations, 2017, the Applicant submitted a statement in Form G setting forth the nature of amount deposited and the names and addresses of the stakeholders entitled to receive the unclaimed dividends and undistributed proceeds and the same has been notified to the Board (IBBI) through email dated 25.02.2023.

(A copy of the statement in Form G along with email sent to IBBI regarding submission of statement in Form G are enclosed herewith and marked as ANNEXURE – A46 and A47, respectively).

xix) The Applicant, subsequent to completion of Liquidation Process of the Company, has closed the Liquidation Account and obtained a Certificate from the Bank confirming that the account opened in the name of “**CNO IT Services (India) Private Limited in Voluntary Liquidation**” with ICICI Bank Ltd has been closed.

(A copy of certificate from the Bank for closure of the Liquidation Account of the Company is enclosed and marked as Annexure – A48.)

xx) Consequent to the completion of liquidation process, the Applicant has prepared the Final report mentioning the details about realisation of assets, payment of liabilities and distribution made to the stakeholders of the Company in accordance with the provisions of Regulation 38 (2) of IBBI (Voluntary Liquidation process) Regulations, 2017 and the same has been submitted to the Board (IBBI) and to the Registrar of Companies (ROC) through email on 30.03.2023.

(A copy of the Final Report dated 07.03.2023 and the proof of service is enclosed herewith and marked as Annexure – A49 and A50, respectively).

xxi) The Compliance Certificate in Form – H, prepared pursuant to the provisions of Regulation 38(3) of IBBI (Voluntary Liquidation Process) Regulations, 2017, is enclosed along with this Application.

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(A copy of the Compliance Certificate in Form - H, is enclosed herewith and marked as Annexure - A51).

3. In view of the submissions made above, the Applicant/Liquidator submits that the affairs of the Company do not seem to have been conducted in a manner prejudicial to the interest of its members or to the public interest and therefore most humbly and respectfully prays before this Hon'ble Tribunal, Hyderabad Bench:

- a. To take the Final Report and the Compliance Certificate in Form - H submitted by the Applicant/Liquidator on record.
- b. To declare and direct that the Company, M/s. CNO IT Services (India) Private Limited (in voluntary liquidation) is dissolved;
- c. To pass such order or further order(s) with this Hon'ble Tribunal may deem fit, proper and just under the circumstances of the case.

4. Heard the Liquidator. Under section 59 of the IBC, the requirements for voluntary liquidation are that; there should be a declaration from majority of Directors of the Company verified by affidavit stating that they have made full enquiry into the affairs of the Company and they have formed an opinion that either the Company has no debt or that it will be able to pay its debts in full, from the proceeds of assets to be sold in the voluntary liquidation and the Company is not liquidated to prefer any person and the said declaration shall be accompanied by the audited financial statements and record of business operations of the company for the previous two years or for the periods of its incorporation whichever is later and report of the valuation of assets of the company, if any, prepared by a registered valuer; and within four weeks of the declaration under sub-clause (a) of Section 59(c) of IBC, a special resolution of the member of the Company in a General Meeting, requiring the company to be liquidated voluntarily and appointing an Insolvency professional to act

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as Liquidator and a resolution of the members of the company in a general meeting requiring the Company to be liquidated voluntarily as a result of expiry of period of its duration, if any, fixed by its articles or on the occurrence of any event in respect of which the articles provide that the company shall be dissolved, as the case may be and appointing an Insolvency Professional to act as a Liquidator, are required. Provided that if the Company owes any debt to any person, creditors representing 2/3rd in the value of the debt of the Company shall approve the resolution passed under 9c) within seven days of such resolution. The Applicant is also required to notify the Registrar of Companies and Board about the resolution under (5) to liquidate the Company within seven days of such resolution or subsequent to the approval by the Creditors as the case may be. If the affairs of the Corporate Person have been completely wound up and its assets completely liquidated, the liquidator shall make an application to the Adjudicating Authority for dissolution of such Corporate Person.

5. With regard to the Liquidation cost of Rs. 1,11,07,847/- shown at para (xvi) cited supra, the Bench raised a query as to why such a huge amount was incurred towards liquidation cost, for which, the counsel filed a Memo, in which, the liquidation cost summary, was mentioned as under:

Sl.No.	Liquidation Cost Summary	Amount (Rs.)
1	Mr Mahmood Ali Retainership for 46 Months 108000 + 7.56L bonus	57,24,200.00
2	PSRCALLP Professional Fee	21,49,066.00
3	Office Rent for 42 Months	8,40,000.00
4	MS Mano Ranjani (Liquidator Fee)	6,66,665.00
5	Iron Mountain Storage	5,03,828.00
6	Mullapudi & CO Audit fee	4,00,000.00
7	Mr Basheer retainership for 4 Months 47500	1,90,000.00
8	DS Ramchander for filing appeal & processing refund in CST	1,50,000.00
9	NSVR & Associates LLP (Forensic Audit)	1,18,000.00
10	TDS Payments	84,014.00
11	Narven Associates (IT Filing Fee for 2 years)	59,000.00
12	Syed Numan Naseer Iron Mountain Assignment	52,250.00
13	Fees for Server hosting	25,664.00
14	DS Ramchander for drafting reply to SCN from CST in 2021	25,000.00
15	Laxmi deepti Ads (Public Announcement by Liquidator)	20,790.00

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16	Papaiah PF consultancy	20,000.00
17	Reimbursement to Ali for administrative expenses	16,912.00
18	Sree Rama Chandra Murthy (Fee and Conveyance for AGM)	16,000.00
19	K Manohar Reddy (Fee and Conveyance for AGM)	16,000.00
20	MCA DSC & filing fee (Challan Payments)	13,500.00
21	Reimbursement to Baseer for administrative expenses	3,201.00
22	Late fee for TDS Payments	3,020.00
23	MCA Renewal of DSC of Ranjani Madam	3,000.00
24.	Admin charges for PF	2,925.00
25.	MCA form filing fee (Challan Payments)	2,500.00
	Total	1,11,05,535.00

5.1 In the Memo, it is further explained about the major components of the said liquidation costs from Sl. No. 1 to 9 in the Table and on perusal of the same, the Bench is satisfied with the reply given by the Counsel against the query raised.

6. The Liquidator drew the attention of this Tribunal to the declarations and the special dissolution as required under section 59 and also about the information given to the Registrar of Companies (RoC) and the Board. The intimation given to the RoC is also filed. The final report submitted by the liquidator is also before this Tribunal. The CIRP costs were also recorded and the closure of the bank account is also done. Hence, it can be seen that the requirements under section 59 are complied with by the Applicant and, hence, there need not be any demur to allow the Application and grant the reliefs as sought for.

7. In the result, the Petition is allowed and Corporate Person shall stand dissolved from the date of this order. By exercising the powers conferred on the Adjudicating Authority under section 59(7) of the Code, we hereby allow the Company Petition with the following directions: -

- i. The Corporate Person, **CNO IT Services (India) Private Limited** is hereby dissolved, with immediate effect.

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- ii. The Liquidator is directed to forward a copy of this order within a period of 14 days from the date of this order to the Registrar of Companies, Telangana, Hyderabad for making appropriate remarks for the Company on MCA website and Insolvency & Bankruptcy Board of India.
 - iii. The Liquidator is also directed to forward copies of this order to all the statutory authorities connected with the affairs of the Company.
 - iv. The Liquidator is further directed to preserve a physical or electronic copy of reports, registers, books of account referred to in Regulation 8 and 10 for at least 8 years after the dissolution of the Corporate Person, either with herself or with the information utility.
8. Accordingly, this Company Petition **CP(IB) No. 124/59/HDB/2023** is allowed and disposed of.

Sd/-
Charan Singh
Member, Technical

Sd/-
Justice Telaprolu Rajani
Member, Judicial

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