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**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH – I, CHENNAI**

CP(IB)/183(CHE)/2022

*(Filed under Sec. 59(7) of the Insolvency and Bankruptcy
Code, 2016)*

In the matter of **Velocloud Networks Private Limited**

Mr. Vasudevan Gopu

Liquidator of Velocloud Networks Private Limited

(In Voluntary Liquidation)

G.V. Enclave, 18/30, Ramani Street,

KK Pudur, Saibaba Colony

(4th Right Opp. Road to Saibaba Colony

Hotel Annapoorna Road),

Coimbatore – 641 038

... Applicant

Present:

For Applicant

: Vinuta Venkat Rao Undale, PCS

CORAM:

**JUSTICE RAMALINGAM SUDHAKAR, Hon'ble PRESIDENT
SAMEER KAKAR, MEMBER (TECHNICAL)**

Order Pronounced on **14th October 2022**

ORDER

Per: SAMEER KAKAR, MEMBER (TECHNICAL)

This is a Company petition filed by the Liquidator in relation to the voluntary liquidation of *Velocloud Networks Private Limited* under Section 59(7) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC, 2016"), seeking for the dissolution of the Applicant Company.



2. The Applicant Company was originally incorporated on 26.08.2013 under the provisions of the Companies Act 1956, and the certificate of incorporation to this effect was issued by the Registrar of Companies, Coimbatore. The CIN of the Applicant Company is U72900TN2013PTC092679. The main objects of the Company is to carry on the business of designing, developing, licensing, improving, maintaining servicing, buying, selling, marketing, importing, exporting, exchanging, supporting, conducting research and development, and implementing all types computer hardware, systems, software applications, with particular focus on, but not limited to, cloud computing, programmable on-ramp and platform for Cloud Services and Cloud Applications, internet technology, etc.,. The details of the main objects are set out in the Memorandum of Association which is filed along with the typed set as Annexure -1.

3. The Applicant Company had 2 directors in its board and 2 person as its shareholders and the same is annexed at Annexure -3 of the typed set filed along with the application. The Authorized Capital and the Issued, Subscribed and Paid up Capital of the Applicant Companies are as follows;



PARTICULARS	AMOUNT IN INR
Authorised Share Capital :	
10,000 Equity shares of Rs. 10/- each	1,00,000/-
Total	1,00,000
Issued, Subscribed and paid up capital	
10,000 Equity shares of Rs. 10/- each	1,00,000/-
Total	1,00,000

4. It was averred in the application that on 12.12.2017, the Velocloud group of companies was globally acquired by VMWare group of entities and consequently the Company became a part of the VMWare group. Pursuant to the said global acquisition, the Company phased out all business activity and the employees of the Company were also moved to VMware group of entities. The Management of the Company does not have any plan to revive the business operations of the Company. Thus, it was proposed to wind up the affairs of the Company under the Members' Voluntary Liquidation process and accordingly, the closure financial statements of the Company have been prepared as on 28 February 2022 as per which the Company had total liabilities of Rs. 29,500 (INR Twenty Nine Thousand and Five Hundred Only) and assets of Rs. 5,12,51,776 (INR Five Crore Twelve Lakhs Fifty-One Thousand Seven Hundred and Seventy-Six Only).

5. However, the above-mentioned debt of Rs. 29,500 was settled by board of directors on 07.05.2022 i.e. before the commencement of voluntary liquidation and the company has no outstanding debts as on commencement of voluntary liquidation.

The copy of the Bank statement showing payment made to the Creditor by board of director before liquidation commencement is enclosed at Annexure -6 of the application typeset.

6. It was submitted by the Learned Authorized Representative that in compliance with Section 59(3) of the IBC, 2016 read with Regulation 3 of IBBI (Voluntary Liquidation Process) Regulations, 2017, the Board of Directors viz. Mr.Craig Douglas Norris & Mr.Devakumar Ramamoorthy verified by an affidavit dated 19.04.2022 & 02.05.2022 respectively and has declared that they are solvent and the said affidavit is placed at Annexure 7 of the typed set filed along with the application.

7. In further compliance, the audited financial statement of previous two years viz. 2019 – 2020, 2020 – 2021 and along with the Audited Financials and Audit Report as on 28.02.2022 was filed with the RoC and the proof of the same is placed at Annexure-7 of the typed set filed along with the Application. Thus, the Applicant Company has made compliance as to Section 59(3)(a) and (b) of IBC, 2016.

8. The members of the Applicant Company convened an Extraordinary General Meeting on 12.05.2022 have passed a Special Resolution approving the Voluntary Liquidation and have

proposed to appoint Mr. Vasudevan Gopu as the Liquidator and the same is annexed at Annexure – 8 of the Application typeset. Thus, the Applicant Company has made compliance as to Section 59(3)(c) of IBC, 2016.

9. It was further averred in the application that the Company did not have any outstanding debts as on date of commencement of Voluntary Liquidation i.e.12.05.2022. The statement showing Assets and Liabilities of the company as on liquidation commencement is enclosed at Annexure 9.

10. In compliance with Section 59(4) of IBC, 2016, the Liquidator has notified the Registrar of Companies (RoC) and the Insolvency and Bankruptcy Board of India (IBBI) about the decision of the Petitioner Company to proceed for voluntary liquidation and the copy of MGT – 14 & GNL – 2 filed before the RoC on 13.05.2022 and the same is annexed at Annexure 11 & 12 of the application typeset and the intimation of the liquidation proceedings of the Petitioner Companies which was made to IBBI on 13.05.2022 which is placed at Annexure 13 of the typeset.

11. The Liquidator as per Regulation 14 of the IBBI (Voluntary Liquidation Process) Regulations 2017 has made a public announcement in Form A on 14.05.2022 in both English

Newspaper (Financial Express) and in vernacular, Tamil (Hindu Tamil) and the same is placed at Annexure-10 of the typed set filed along with the Application.

12. It was further averred in para 18 of the application that Consequent to the Public Announcement in newspapers, till the last date of claim (i.e.10.06.2022), the Liquidator had received a copy of revenue recovery Certificate on 07.06.2022 from EPFO authorities, regional office at Chennai for the recovery of a sum of Rs. 8/- as due against levy of damages under Section 14B of EPF & MP Act 1952. Further to that, on perusal of the online challan in the EPFO Unified Portal, it reflected a total amount due of Rs. 40/- (Rupees Forty Only). A Demand Draft was drawn for Rs. 40 and submitted with the EPFO authority on 07.07.2022 and the copy of the demand Notice mail received, screenshots of the EPFO-Unified Portal, Acknowledgment for Demand Draft Submitted and copy of Bank Statement evidencing the Payment to the regional PF Commissioner Chennai is enclosed as "Annexure-15" of the application typeset.

13. It was further averred in para 19 of the application that except for the abovementioned notice received, there were no other claims received from any of the third-party stakeholders i.e.



workers, employees, creditors till the last date for submission of claims (i.e. 10.06.2022) and subsequently till the date of this application. As such M/s. VMware Inc USA and M/s. VMware Software India Private Limited, the Equity Shareholders of the company were the only stakeholders for final distribution of liquidated assets. Further, the liquidator has prepared the "List of stakeholders" as on 23.06.2022 and the same is enclosed as "Annexure-16" of the application typeset.

14. It is also submitted that as required under Section 178 of the Income Tax Act, the Liquidator has given notice to the Income Tax authorities within 30 days of his appointment as Liquidator and that the Company is under Voluntary Liquidation vide his letter dated 14.05.2022.

15. It was further averred in the application that the Liquidator had also sent notice to GST Authorities under Section 88 of the Central Goods and Service Tax Act, 2017 and Tamil Nadu Goods and Service Act, 2017, communicating his appointment as liquidator and commencement of Liquidation Proceedings of the company and the same is annexed at annexure 20 of the application typeset.

16. As per Regulation 34 of the IBBI (Voluntary Liquidation Process) Regulations, 2017, a separate bank account in the name of the Velocloud Networks Private Limited was opened with Hongkong and Shanghai Banking Corporation Limited for realization of the liquidation assets and payment of the liquidation proceeds to entitled stakeholders and the copy of the Opening Bank statement of 'Velocloud Networks Private Limited in Voluntary Liquidation' evidencing the transfer of amount from the company bank account to Liquidation Account is placed at Annexure 14 of the typed set filed along with the application.

17. The Learned Counsel submitted that as per Regulation 9 of the IBBI (Voluntary Liquidation Process) Regulations, 2017, the Liquidator has submitted his preliminary report before IBBI on 23.06.2022, within 45 days from the Liquidation commencement date of the Company and the copy of the report is placed at Annexure 17 of the typed set filed along with the Application.

18. It was further averred in the application that there were no unclaimed dividends and undistributed proceeds in the liquidation process. The assets of the company were completely liquidated and distributed to the concerned stakeholders of the company. Furthermore, the affairs of the company have been completely wound up and assets of the company were completely liquidated

and distributed to the concerned stakeholders as per the distribution mechanism prescribed under Section 53 of the Insolvency and Bankruptcy Code, 2016.

19. It was further averred in the application that the audited accounts of the liquidation, showing receipts and payments along with the Liquidator's final statement of Accounts and Registers & Ledgers maintained as per Schedule II and Regulation 10 of the IBBI(Voluntary Liquidation Process) Regulations, 2017 and the same is enclosed is Annexure 22 of the typed set filed along with the application.

20. As per the provisions of Section 53(1) of IBC, 2016 and Regulation 35 of the IBBI (Voluntary Liquidation Process) Regulations, 2017, the Liquidator has distributed the funds among the shareholders as detailed below;



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5. Details of distribution to stakeholders as per section 52 or 53 of the Code:

(Amount in Rs. lakh)

Sl. No.	Stakeholders* under section 52 and 53 (1)	Amount Claimed	Amount Admitted	Amount Distributed	Amount Distributed to the Amount Claimed (%)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Realization of Security Interest [Sec. 52(1)(b)]	NA	NA	NA	NA	NA
2.	Liquidation Cost [Sec. 53(1)(a)]	1.55427	1.55427	1.55427	0.3034%	Includes Liquidator Fee, Public Announcement expenses, Bank Charges and TDS deducted and paid on liquidator fee
3.	Workmen's Dues [Sec. 53(1)(b)(i)]	NA	NA	NA	NA	NA
4.	Debts of Secured Creditors [Sec. 53(1)(b)(ii)]	NA	NA	NA	NA	NA
5.	Wages and Unpaid Dues to Employees [Sec. 53(1)(c)]	NA	NA	NA	NA	NA
6.	Debts of Unsecured Financial Creditors [Sec. 53(1)(d)]	NA	NA	NA	NA	NA
7.	Government Dues + Amount Unpaid following Enforcement of Security Interest [Sec. 53(1)(e)]	0.00040	0.00040	0.00040	0.0001%	Payment made to EPFO for outstanding Claims
8.	Any remaining Debts and Dues [Sec. 53(1)(f)]	NA	NA	NA	NA	NA
9.	Preference Shareholders [Sec. 53(1)(g)]	NA	NA	NA	NA	NA
10.	Equity Shareholders [Sec. 53(1)(h)]	510.66781	510.66781	510.66781	99.6965%	NA
Total		512.22	512.22	512.22	100%	NA



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21. As per Regulation 38 of the IBBI (Voluntary Liquidation) Regulations 2017, the Liquidator has prepared his Final Report and has submitted the Final Report to the RoC and IBBI on 01.08.2022.

22. The Learned Authorized Representative for the Applicant had filed Form-H which is annexed at Annexure- 24 of the typeset wherein it reveals that there is no preferential, undervalue, extortionate or fraudulent transactions pending against the applicant company. Further it is seen from the perusal of Form – H, wherein the mandatory compliances are placed at Point No.6 of Page Nos.258 to 259 in a tabulated format and the same is enclosed in the Annexure- 24 of the typeset filed along with the application.

23. It was further averred in para 27 of the application that subsequent to shareholders, the liquidation account has been closed. A certificate from the Bank for closure of the account is enclosed as Annexure 25 of the application typeset.

24. Thus, on examining the submissions made by the Learned Counsel for the Applicant and after perusing the documents annexed to the Petition it appears that the affairs of the Company

have been completely wound up and the assets of the Applicant Company have been completely liquidated and as such the Applicant Company deserves to be dissolved. Accordingly, in exercise of the powers conferred under Section 59(8) of IBC, 2016, we hereby order the dissolution of *Velocloud Networks Private Limited* and the Applicant Company shall stand dissolved from the date of this order. Accordingly, the Company Petition stands **allowed**.

25. The Registry and the Liquidator are directed to serve a copy of this order upon the Registrar of Companies, Coimbatore, and also to IBBI, within 14 days from the date of this Order.



SAMEER KAKAR
MEMBER (TECHNICAL)



JUSTICE RAMALINGAM SUDHAKAR
PRESIDENT