

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

C.P. (IB)No.40/BB/2021
U/s. 59 of IBC, 2016
R/w. Regulation of IBBI (Voluntary
Liquidation Process) Regulations, 2017

Between:

Shri Ravindranath Narayana Rao
Liquidator of
Direct Educational Technologies
India Private Limited

R/a. 522/C, 2nd Floor,
1st D Cross, 15th Main,
3rd Stage, 4th Block, WCR,
Basaveshwaranagar,
Bengaluru – 560 079

- Applicant

And

The Registrar of Companies, Karnataka
'E' Wing, 2nd Floor,
Kendriya Sadan,
Koramangala,
Bengaluru – 560 034

- Respondent

Date of pronouncement: 21st April, 2021

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

Counsel/Parties Present:

For the Applicant : Shri Parameshwar G Bhat

ORDER

Per: Rajeswara Rao Vittanala, Member (J)

1. C.P.(IB)No.40/BB/2021 is filed by Shri Ravindranath Narayana Rao, Liquidator of Direct Educational Technologies India Private Limited (Applicant), U/s. 59 of the IBC, 2016 R/w Regulation IBBI



(Voluntary Liquidation Process) Regulations, 2017, by *inter-alia* seeking to dissolve the Corporate Person/Company viz., M/s. Direct Educational Technologies India Private Limited; to allow to dispose of the records, register and books of accounts apart from the ones expressly to be preserved under the IBBI (Voluntary Liquidation Process) Regulations, 2017 etc.

2. Brief facts of the case, which are relevant to the issue in question, as follows:

(1) M/s. Direct Educational Technologies India Private Limited (hereinafter referred to as "the Company/Corporate Person") is a Private Limited Company, was incorporated on 24.01.2002, under the name of "Time Life India Private Limited" bearing CIN: U74999DL2002PTC113973 in the State of NCT of Delhi and Haryana. The Application for change of name was filed by the Company and on 17.05.2004, the Registrar of Companies, NCT of Delhi and Haryana issued Fresh Certificate of Incorporation consequent upon change of Name to "Direct Educational Technologies India Private Limited". Further, the Company has shifted its registered office to the State of Karnataka with effect from 06.01.2006 by complying with the provisions of the Companies Act, 1956 and the Order of the Company Law Board, Northern Region Bench. The fresh CIN: U80902KA2006PTC038181. Its Authorized Share Capital is Rs.30,00,000/- divided into 3,00,000 Equity Shares of Rs.10/- each and Issued, Subscribed and Paid-up Capital is Rs.25,78,600/- divided into 2,57,860 Equity Shares of Rs.10/- each. The main objects of the Company, is to carry out the business of importing & trading of Home Education and Home Entertainment products etc.

(2) Considering the losses being incurred by the Company in the recent past and also the current business situation with significantly reduced sale of books with the digital offerings

emerging too fast, it was decided to dissolve the Company. Accordingly Annual General (AGM) of the Company was held on 15.06.2020, wherein Special Resolution was passed proposing to wind up of the affairs of the Company w.e.f. 01.07.2020. Therefore, the Company has appointed Mr. Ravindranath Narayana Rao, Insolvency Professional to act as Liquidator of the Company for the purpose of voluntary winding up of the affairs and dissolution of the Company.

- (3) Thereafter, Liquidator has made public announcement dated 01.07.2020, as prescribed under Regulation 14 of the IBBI (Voluntary Liquidation Process) Regulations, 2017, calling upon Stakeholders to submit their claims as on the Liquidation commencement date, was published in the newspaper on 03.07.2020 in English language "Financial Express" and Kannada language in "Hosa Diganta". In pursuance of Section 59(4) of the IBC, the Special Resolution to liquidate the Company was filed with the Registrar of Companies. Further notice intimating to the Assistant Commissioner of Income Tax, Income Tax Department, Koramangala, Bengaluru - 560 095 and to the Principal Chief Commissioner of Central Tax, Bengaluru were dispatched on 13.07.2020. Further, the Applicant did not receive any communication from the Assessing Officer, Income Tax Department, and correspondences were served on the Principal Chief Commissioner of Income Tax, Bengaluru (Karnataka) Zone on 11.11.2020 and 01.12.2020, by giving sufficient time to offer their comments or to provide the litigations or assessments (if any) pending against the Company. In due course, Messrs Prakash and Rajaguru, Chartered Accountants were engaged for submission of request letter and representation with the Assistant Commissioner of Income Tax for obtaining No Objections Certificate (NOC) for remittance of fund to the Shareholders.



The NOC was received from Income Tax Department on 11.12.2020.

- (4) On 09.12.2020, email communication was received from Additional Commissioner, Office of the Principal Commissioner of Central Tax, Bengaluru - North Commissionerate, HMT Bhavan, Bengaluru, requesting to extend the time to submit their comments by 30 days. Accordingly, the intimation to Additional Commissioner was served on 22.12.2020 to offer their comments, if any, within 30 days from the date of their Letter. However, no communications was received from the Commissioners within the time specified in the Communication Letters. In pursuant of Regulation 35 of the IBBI (Voluntary Liquidation Process) Regulations, 2017 and based on a clarification received from a Chartered Accountant and after taking into account the provision for all the liquidation expenditure(s)/cost(s) and others duly certified by Chartered Accountant and Liquidator, the distribution of balance of proceeds apart from the Share Capital of the Shareholders has been considered as "Dividend", the tax Deducted at Source (TDS) on said Dividend was calculated as per Double Taxation Avoidance Agreement entered between India and Hong Kong and the same was deposited with the Income Tax Authorities on 28.01.2021.
- (5) Existing Current Accounts bearing Account Number 0035253009 and 31641965040 were converted/re-named in accordance with the Regulation 34 of the IBBI (Voluntary Liquidation Process) Regulations, 2017 as "Direct Educational Technologies India Private Limited - in Voluntary Liquidation" maintained with Citi Bank NA, having branch at M.G.Road, Bengaluru and with State Bank of India having branch at Residency Road, Bengaluru respectively. And later vide letters dated 03.02.2021 and 12.02.2021 requested for closure of above Account pursuant to completion of liquidation.



- (6) It is stated that no claim from any stakeholders had been received towards the public announcement made; however, the shareholders of the Company had submitted their respective claims dated 15.7.2020 on 27.7.2020. Even though the claim from the Shareholders was not required to be submitted as they are already entitled to the liquidation proceeds being the Shareholders nevertheless, the claims received from the Shareholders have been taken on record and admitted in full.
- (7) In pursuance of Sections 43 to 50 of the IBC, 2016 a Chartered Accountant was engaged for the purpose of analysis, examination and reporting, if any, preferential, undervalued and extortionate credit transactions have been entered by the Company in liquidation with its related/unrelated parties. Certificates by Messrs Prakash and Rajaguru, Chartered Accountants and Messrs Ronak & Co. Chartered Accountants were obtained on 16.7.2020 and 12.1.2021 respectively, confirming that no statutory dues were outstanding to any Statutory Authority by the Company in liquidation. An undertaking by the Directors of the Company for no pending litigation against the Company was also given.
- (8) A Chartered Accountant was engaged for the purpose of assistance for submission of requisite declarations with regard to remittances outside India and issuance of Certificate in Form 15CB with regard to the remittance to Foreign Body Corporate. After accounting for all the necessary expenditures and others duly certified by Chartered Accountant and Liquidator, the amounts were remitted to the Shareholders in the following manner:

Sl No.	Name of the Shareholders	Particulars of Amount Transferred	Date of Remittance	Amount Remitted (in Rs.)
1	Educational Technologies Limited	Capital Repatriation	22.01.2021	24,78,600
2	Marshall Cavendish Business information (HK) Limited	Capital Repatriation	22.01.2021	1,00,000

3	Educational Technologies Limited	Balance Over and above the Capital Contribution	22.01.2021	5,40,87,509
4	Marshall Cavendish Business information (HK) Limited	Balance Over and above the Capital Contribution	22.01.2021	21,82,180

The remittances to the Shareholders were concluded and the intimation of the same had been sent to both the Shareholders.

- (9) Refund of Rs.6,00,129/- is due from the Income Tax Department for the Income Tax Return filed for the Financial Year 2019-20 and the Tax Deducted at Source for the Financial Year 2020-21 on the date of disbursement of funds to the Shareholders.
- (10) Accordingly, the Liquidator of the Applicant Company has filed a Final Report of the Liquidation (as per Regulation 38 of the IBBI (Voluntary Liquidation Process), Regulations, 2017, dated 24.02.2021, by inter-alia stating as follows:
- a. Statement showing how the liquidation process has been conducted from 01.07.2020 to 12.02.2021:

Amount in Rs.

Receipt	Amount (Rs.)	Payment	Amount (Rs.)
Opening Bank Balance		Rent	6,86,400
In Current Accounts	3,71,963	Advertisement	12,226
Fixed Deposit with Banks	6,43,00,000	Expenses	
		Legal &	39,82,900
		Professional Fees	
Interest received on Fixed Deposits	21,21,005	Bank Charges	65,678
		Computer Expense	17,405
		Office Expense	28,359
		Payments towards Capital	
		Repatriation:	
		Educational Technologies Ltd.	24,78,600
		Marshall Cavendish Business Information Ltd.	1,00,000
		Repatriation of Surplus Funds (Net of TDS)	
		Educational Technologies Ltd.	5,40,87,509
		Marshall Cavendish Business Information Ltd.	21,82,180
		Payment of Tax Deducted at	

		Source Educational Technologies Ltd.	30,29,485
		Marshall Cavendish Business Information Ltd	1,22,226
		Closing Bank Balance In Current Accounts	-
		Fixed Deposits with Banks	-
Total	6,67,92,968	Total	6,67,92,968

3. Heard Shri Parameshwar G Bhat, PCS for the Applicant/Liquidator. We have carefully perused the pleadings of the Party and extant provisions of the Code, and Rules made thereunder.
4. As stated supra, as proposed by the Shareholders of the Company at their Annual General Meeting held on 15.06.2020 passed a Special Resolution approving for the voluntary liquidation of the Company. In pursuance to the said Resolution, the Liquidator has complied with all the conditions and procedural requirements as specified under various provisions of Section 59 of the Insolvency and Bankruptcy Code, 2016. We are convinced that the Applicant Company has followed due process of law before filing the instant Application/Petition and nothing remains to be liquidated. Thus, the Petition/Application deserves to be allowed as prayed for.
5. In the result, by exercising the powers conferred on the Adjudicating Authority, under Section 59(8) of the Code, C.P.(IB)No.40/BB/2021 is hereby disposed of with the following directions:
 - (1) The Corporate Person/Company, viz., M/s. Direct Educational Technologies India Private Limited, is hereby dissolved with immediate effect;
 - (2) 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;



- (3) The Liquidator is also directed to forward a copy of this Order to all other Statutory Authorities connected with the affairs of the Company;
- (4) This order will not absolve personal liability/guarantees, if any, given by the Director(s)/Promoter(s) of the Company to any other third party/parties.

**ASHUTOSH CHANDRA
MEMBER, TECHNICAL**

**RAJESWARA RAO VITTANALA
MEMBER, JUDICIAL**

SS