

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 12.01.2015

CORAM

THE HONOURABLE MR.JUSTICE R.SUBBIAH

Insolvency Petition No.98 of 2013

Ajay N.Malhotra

...Petitioning Creditor

Vs.

1.Mr.Hanaswamy

2.Mrs.D.Bhagya Prabha

...Debtors

PRAYER: Petition filed under Sections 9 to 13 of the Presidency Towns Insolvency Act, III of 1909 and Order III-A of the Insolvency Rules, 1958 praying (i)to adjudicate the debtors as insolvents; (ii)to direct that the estate of the debtors be vested in the Official Assignee of Madras, for the benefit of the general body of creditors of the debtors; and (iii)to order that the costs of this petition be paid by the Official Assignee of Madras, from and out of the estate of the Debtors to the Petitioning Creditor.

For Petitioning-Creditor : Mr.T.Skandhakumar

For Debtors : No appearance

JUDGMENT

This Insolvency Petition is filed under Sections 9 to 13 of the Presidency Towns Insolvency Act, III of 1909 and Order III-A of the Insolvency Rules, 1958 praying (i)to adjudicate the debtors as insolvent; (ii)to direct that the estate of the debtors be vested in the Official Assignee of Madras, for the benefit of the general body of creditors of the debtors; and (iii)to order that the costs of this petition be paid by the Official Assignee of

Madras, from and out of the estate of the Debtors to the Petitioning Creditor.

2.In the petition, it is stated that the debtor owed money to the petitioning-creditor. Since they failed to repay the money, the petitioning-creditor filed a suit in O.S.No.3226 of 2012 on the file of the City Civil Court, Chennai. The suit was decreed on 19.12.2012. Since the debtors failed to pay the decree amount even after passing of the decree, the petitioning-creditor filed an application in I.N.No.42 of 2013 before this Court for issue of insolvency notice to the debtors. Accordingly, insolvency notices were sent by registered post with acknowledgment due. The notices sent to the debtors were served on 18.05.2013. Even after such service of the insolvency notice, the debtors failed to comply with the said insolvency notice. The period of 35 days specified in the said insolvency notice for compliance has already expired. Therefore, the debtors have committed acts of insolvency within the meaning of Section 9(2) of the Presidency Towns Insolvency Act, III of 1909 commencing from 22.06.2013. The amount due and payable by the debtors to the petitioning-creditor as per the Insolvency Notice is Rs.62,500/- and the same amounts to Rs.77,533/- as on the date of Insolvency Petition. Hence, the present Insolvency Petition.

3.It is seen that this Court, by order dated 20.01.2014, set the respondents/debtors *exparte* as there was no representation for the respondents/debtors and the debtors were called absent before this Court.

Hence, the matter was referred to the learned Master for recording evidence.

4.The mother of the Petitioning Creditor viz., one Mrs.Mohini N.Malhotra, was examined as P.W.1 and she filed the following documents as Exs.P1 to P4:-

- (i)Ex.P.1 – Authorization letter
- (ii)Ex.P.2 – Certified copy of the decree dated 19.12.2012
- (iii)Ex.P.3 (series) – Insolvency Notices
- (iv)Ex.P.4 (series) – Acknowledgment cards

5.Having considered the averments made in the accompanying affidavit, the exhibits marked and also the submission made by the learned counsel for the petitioning creditor/petitioner, this Court is of the view that the respondents/debtors have not chosen to appear and make payment of the amount claimed by the petitioning creditor, which is a liquidated sum payable to the petitioning creditor. It has been established that the respondents/debtors have committed an act of insolvency and therefore, the respondents/debtors are liable to be adjudicated as insolvents, as per procedure known to law.

6.Accordingly, the Insolvency Petition is allowed and the debtors/respondents are adjudicated as Insolvents. The estate of the debtors shall vest with the Official Assignee for the benefit of the general body of creditors of the debtors. The costs of this petition shall be paid by

the Official Assignee from and out of the estate of the debtors to the petitioning-creditor. The insolvents are granted 18 months time to apply for discharge.

12.01.2015

SSV

Copy to:

The Official Assignee,
High court, Madras.

R.SUBBIAH, J.,

SSV

I.P.No.98 of 2013

12.01.2015