C.P.No.372 of 2013

SENTHILKUMAR RAMAMOORTHY, J.

By order dated 03.07.2014, the Official Liquidator was appointed as Provisional Liquidator of Zylog Systems Limited. Thereafter, by order dated 21.08.2014, the Division Bench of this Court noticed that the company was a going concern. Therefore, the Official Liquidator was directed not to take steps to close the company. However, the Court directed that no financial transactions should be undertaken without the concurrence of the Official Liquidator. By a subsequent order dated 15.10.2014, the earlier direction was continued and the O.S.Appeal was disposed of by directing the parties to approach the learned Single Judge.

2. Thereafter, by order dated 25.11.2015, an administrator was appointed so as to take necessary steps to revive the company. By report dated 30.06.2019, learned administrator has stated *inter alia* as under:

> *"I would like to place on record to this Honourable Court, that I have taken all possible measures individually and along with a team of professionals of ZSL, and with the support of the Learned Official Liquidator to revive ZSL. Having given my considerable thought and review of the*

present situation, I hereby report that ZSL is no more a going concern with effect from March 2019 and I do not find any reason or any single possibility that the status of ZSL could be revived."

3. From the above extract, it is evident that the learned administrator is of the opinion that it is not possible to revive the company. In effect, there has been a material change in circumstances after the order dated 21.08.2014 was issued. As a consequence, it is necessary to take all necessary measures to liquidate the company by bringing for sale the assets of the company as expeditiously as possible. The report discloses that immovable assets are under attachment by the Enforcement Directorate and other statutory authorities. The report also discloses that the company holds shares in foreign companies such as Zylog Systems Limited, Delaware, USA; Zylog Systems (Europe) Limited, UK; and Anodas Software Limited, UK. It is quite likely that the value of these companies has eroded considerably over this period of time. A *fortiori*, a valuation exercise should be undertaken at the earliest by learned administrator in coordination with the Official Liquidator. The other aspect of importance is the conduct of pending litigation. An action plan should be drawn up by learned Administrator and the Official Liquidator.

4. Other stakeholders, such as secured creditors and contributories, assert that certain persons are continuing to hold themselves out as directors

of the company. Learned counsel representing learned administrator counters this contention by stating that all such persons have resigned. Apart from learned administrator and the Official Liquidator, it is directed that no other person is entitled to hold himself / herself out as a director of the company or take any action in relation to the assets and affairs of Zylog Systems Limited.

5. Learned Administrator and the Official Liquidator are directed to file either a consolidated and common report or separate reports indicating a concrete action plan to complete the liquidation process expeditiously.

6. List the matter on 25.11.2022 for the said purpose.

11.11.2022
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SENTHILKUMAR RAMAMOORTHY, J.

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