Comp.Appl.Nos.924 – 926 of 2016
in
CP.No.375 of 2014

RAJIV SHAKDHER,J.

1. These are three applications filed in effect by the erstwhile Management of the original respondent company, ie., Everonn Education Limited (in short "EEL").

2. The substantial prayer made in each of the three applications is culled out hereafter.

Company Application No.924 of 2016

".. .. .. to permit the Applicant through its Board of Directors to continue and complete the projects undertaken for the Government of Gujarat under the Agreements both dated 09.8.2011 under the supervision of the Provisional Liquidator. .. .. .. "

Company Application No.925 of 2016

".. .. .. to permit the Applicant through its Board of Directors to continue and complete the projects undertaken for the Government of Rajasthan under the Agreement dated 13.10.2013 and Extension letters dated 14.03.2016 , 12.05.2016 and 25.07.2016 under the supervision of the Provisional Liquidator. ..."

Company Application No.926 of 2016

".. .. .. to permit the Board of Directors of the Applicant to operate the bank accounts and incur necessary expenditure(including salary payments) for the purpose of servicing the Projects undertaken for the Government of Gujarat and Rajasthan under the supervision of the Provisional Liquidator. .. .. "

3. A perusal of the prayer made in the applications would show that essentially, EEL seeks continuance of projects, which it were in the process of execution, prior to this Court's order dated 29.8.2016, when the Company Petition (CP) was admitted and the Official Liquidator (OL) was appointed, as the Provisional Liquidator.

4. Company Application :924 of 2016 pertains to the project executed between EEL and the Government of Gujarat, while Company Application: 925 of 2016 pertains to the project executed between EEL and the Government of Rajasthan.

5. Company Application : 926 of 2016 is, in a sense, an application seeking consequential relief, wherein a direction is sought that the Board of Directors of EEL, (it should read ex-directors) be permitted to operate the bank accounts and incur expenditure (which would include salary payments) to its employees, *albeit*, under the supervision of the OL.

6. Broad details of the project are given in the affidavits accompanying the captioned applications.

7. What emerges upon reading of the affidavits, is that the project, which the erstwhile Management of EEL seeks to

continue in respect of State of Gujarat, pertains to introduction of computer based education in Elementary Schools.

8. Insofar as the Rajasthan project is concerned, the project involves establishment of Satellite based communication network in collaboration with Development and Educational Communication Unit (DECU)/Indian Space Research Organisation (ISRO), in order to strengthen training and extension of activities in the said State, at the Indira Gandhi Panchayati Raj Sansthan (IGPRS).

9. I am informed that insofar as the Gujarat project is concerned, it is to be completed by 30.11.2016, whereas, the Rajasthan project would come to an end on 07.11.2016.

9.1. Counsel for the applicant says that non-continuance of the said projects would entail consequences, including encashment of Bank Guarantee in the sum of Rs. 19,17,90,441.20 given, qua the Gujarat project.

9.2. It is also the stand of the erstwhile Management of EEL before me, that continuance of the project would entail, *interalia*, payment of moneys towards salaries and other incidental expenses.

10. It is in that context that a direction has been sought in Company Application: 926 of 2016 that the Board of Directors (i.e. ex-directors) of EEL be permitted to operate bank accounts.

11. Upon notice being issued in the captioned application, the OL, has filed his report.

11.1. In the report, the OL, i*nteralia*, has sought answers from the erstwhile Management of EEL with regard to the issues referred in paragaraphs 11 and 12.

11.2. The issues, qua which, answers are sought by the OL are germane and important.

12. Therefore, having regard to overall circumstances, while I am inclined to permit the continuation of the projects, the same can be allowed only under the supervision of the OL.

12.1. Accordingly, the project Managers, Regional Co-Ordinator of the project, and, other concerned employees will report to the OL.

13. It is made clear that the reporting line would be a direct reporting line to the OL and, not via the Ex-Management.

13.1. All permissions, approvals etc., for continuation of the project will be taken from the OL.

13.2. Needless to say, the OL will make himself available to facilitate smooth continuance of the project.

14. Furthermore, the prayer made in the Company Application: 926 of 2016, which is that permission to be given to the erstwhile Board of Directors of EEL to operate the bank account, is declined.

14.1. The bank account(s) of EEL shall be operated by the OL.

14.2. The details of various bank accounts, in which moneys are available, and that, in which moneys are likely to be credited, vis-a-vis, Gujarat and the Rajasthan project, will be furnished to the OL, without fail, within one (1) week from today.

14.3. The OL will also have the necessary authority to defray salaries and release moneys towards day-to-day expenditure incurred on the continuation of the two (2) projects, referred to above.

14.4. Furthermore, in the meanwhile, the erstwhile Management will furnish information, as sought for in the reply/report dated 21.10.2016. In particular, information would be supplied in respect of the queries raised in paragraph 11 of the said report.

14.5. The OL will be at liberty to interact with the Government of Gujarat and Rajasthan in respect of the aforementioned projects. The concerned officers of the two State Government will act on the basis of this order.

15. With these directions, the captioned applications are closed.

Company Application No. 1136 of 2016

16. The Official Liquidator attached to this Court stands appointed, as the Provisional Liquidator, vide order dated 29.8.2016. Therefore, this application has run its course.

Company Application No.1135 of 2014

17. Since, the Official Liquidator, has been appointed, as the Provisional Liquidator, vide order dated 29.08.2016 and, a direction has been issued, qua the respondent company against alienation of its assets, this application has also run its course.

CP.No. 375 of 2014

18. The Official Liquidator has brought to my notice, a compliance report dated 17.10.2016.

18.1. In the said report, the Official Liquidator (OL) avers that the Ex- Management of the EEL has reported that it has 15 wholly owned subsidiary companies under its wings.

18.2. These details, it appears, are also adverted to, in the annual report of EEL, dated 31.3.2015.

18.3. Accordingly, the OL seeks a direction to take possession of assets of the 15 wholly owned subsidiary companies, as well, and, for further direction, which is, being allowed to run and monitor the said companies with the aid and assistance of existing employees.

19. Mr. Jeyanth, who appears for the Ex- Management, says that he would like to file an affidavit-in-reply with regard to the assertions made in the OL's report dated 17.10.2016.

20. Leave in this behalf is granted.

21. Let the needful be done within ten (10) days from today.

22. In the meanwhile, the OL is given permission to seek all relevant information from the 15 subsidiary Companies, referred to, in paragraph '8' of the report.

23. Accordingly, on the next date of hearing, the OL will file a report in that behalf.

24. Furthermore, prayer made in the compliance report with regard to the action taken by the OL, vis-a-vis, appointment of Force2 Securities, as the agency, for taking over the assets of EEL, is approved.

25. Accordingly, as prayed, the OL is permitted to disburse moneys towards security services rendered by the aforementioned agency, out of common pool fund, with liberty to recoup the same from moneys made available upon realisation of the assets of the EEL.

26. As regards the prayer made to take over of the 15 subsidiary companies, the same is deferred till the next of hearing.

27. To be noted, the copy of the compliance report dated 17.10.2016 has been handed over to the Mr.Jeyanth, in Court, today.

28. Re-notify on 08.12.2016.

ga 25.10.2016

RAJIV SHAKDHER,J.

ga

Comp.Appl.Nos.924 – 926 of 2016
in CP.No.375 of 2014

25.10.2016