THE HON'BLE SRI JUSTICE M.S.RAMACHANDRA RAO

Company Application No.735 of 2017

ORDER:

This application is filed by the Official Liquidator for the following reliefs:

> *"i) permit the Official Liquidator to declare and disburse further dividend of Rs.12,15,000/- to the 6 creditors of the company (in Liqn.) as detailed in Annexure-B.*
>
> *ii) authorize Official Liquidator to open a separate dividend account in Punjab National Bank and pay the dividend to the creditors out of the said account, in terms of Rule 290 of the Companies (Court) Rules, 1959.*
>
> *iii) permit the Official Liquidator to dispense with the publication of notice of dividend in newspapers.*
>
> *iv) permit the Official Liquidator to send notice of dividend in Form No.138 along Receipt to the proposed creditors.*
>
> *v) authorize the Official Liquidator to fix the schedule for making payment and permit him to take necessary steps for disbursement of proposed dividend and*
>
> *vi) order that the costs of this application do come out of the Estate of the Company (in lian.)"*

2. Admittedly by order dt.04-04-2000 in R.C.C.No.5 of 2000, this Court had appointed Official Liquidator attached to this Court as provisional liquidator of M/s.Leena Textiles Limited. Subsequently on 17-10-2000, this Court directed winding up of the

said company and appointed Official Liquidator as Liquidator of the said company.

3. The Official Liquidator had filed C.A.No.1540 of 2010 seeking direction to take certificate in Form 71 on record and accord permission for declaration and disbursement of dividend to the eligible creditors of the company in liquidation. It was allowed by this Court by common order dt.18-01-2011 in C.A.Nos.1539 and 1540 of 2010. Thereafter, the Official Liquidator had declared and disbursed dividend at 23.388934%.

4. According to the Official Liquidator, a sum of Rs.12,23,919.47 is available to the credit of the company in liquidation. After retaining Rs.8,919.47 ps for meeting Central Government fee, audit fee and liquidation expenses etc., the balance of Rs.12,15,000/- is available for declaring and disbursement of further dividend to the eligible secured and unsecured creditors of the company in the liquidation.

5. In para-4 of the affidavit filed in support of this application, the breakup is indicated.

6. The Official Liquidator states that under Rule 275 of the Company Rules, 1959, Hon'ble Court's sanction is required for distribution of dividend and under Rule 276. Though notice of declaration of dividend is required, the same may be dispensed with by permitting him to send by pre-paid letter post under Certificate of

posting a notice in form 138 to every person whose name appears in the list of creditors as on such date. He also sought dispense with publication of the dividend notice in the newspaper because it was involved in huge expenditure. He also seeks permission to open separate account in Punjab National bank and pay the same to the creditors account.

7. The Official Liquidator is permitted to disburse the dividend amount of Rs.12,15,000/- dispensing with publication of notice of dividend in newspapers as detailed in Annexure-B. He is permitted to send notice of dividend in Form No.138 along with receipt to the proposed creditors and to fix schedule for making payment, take all necessary steps for disbursement of proposed dividend and meet the costs from the estate of the company in liquidation.

8. Accordingly, this application is allowed.

JUSTICE M.S.RAMACHANDRA RAO

Date: 31-08-2017
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