IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated: **05.04.2019**

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THE HON'BLE MR.JUSTICE M.SUNDAR

Comp.A.No.542 of 2018 in
C.P.No.239 of 1997 and
C.P.No.239 of 1997

The Official Liquidator,
High Court, Madras
as the Liquidator of
M/s.Telematics Systems Limited
(in Liquidation). .. Applicant

This application is preferred, under Section 481 of the Companies Act, 1956 Read with Rules 9 and 11(b) of the Companies (Court) Rules, 1959, prays

a)To take this report on the file of this Hon'ble Court.

b) To form an opinion that the Official Liquidator cannot proceed further with the winding up and that it is just and reasonable in the circumstances of the case and to order for the dissolution of the company and to pass consequential and appropriate orders.

c) To permit the Official Liquidator to transfer the balance available amount to undistributed assets as envisaged under Section 555 of the Companies Act, 1956 after meeting all incidental expenses including the present application.

d) To permit the Official Liquidator to file the final account without audit, since there will be no further transaction in the company's account and

e) To pass such order/orders as this Hon'ble Court, may deem fit and proper in the circumstances of the case and thus render justice.

For Applicant : Mr.Bavishetty Sridhar,
Deputy Official Liquidator

ORDER

Instant application has been filed by the 'Official Liquidator attached to this Court' (hereinafter 'OL' for brevity) *inter alia* under Section 481 of 'The Companies Act, 1956' (hereinafter 'said Act' for brevity) primarily with a prayer for dissolution. To be noted, there are some incidental and ancillary prayers also. The prayer in the instant application as culled out from the Judge' s summons reads as follows:

'a) To take this report on the file of this Hon'ble Court.

b) To form an opinion that the Official Liquidator cannot proceed further with the winding up and that it is just and reasonable in the circumstances of the case and to order for the dissolution of the company and to pass consequential and appropriate orders.

c) To permit the Official Liquidator to transfer the balance available amount to undistributed assets of as envisaged under Section 555 of the Companies Act, 1956 after meeting all incidental expenses including the present application.

d) To permit the Official Liquidator to file the final account without audit, since there will be no further transaction in the company's account and

e) To pass such order/orders as this Hon'ble Court, may deem fit and proper in the circumstances of the case and thus render justice.'

2. 'Telematics Systems Limited' (hereinafter 'said company' for brevity) is the company, which went into liquidation pursuant to orders of this Court made on 18.07.2001 in the main Company petition being C.P.No.239 of 1997.

3. The OL took charge of assets and effects of the said company and thereafter the trajectory which the liquidation proceedings took has been articulated in paragraphs 2 to 8 of the report of OL dated 03.01.2019, which has been annexed to the instant application for dissolution, which read as follows:

> '*2. That the above named company was ordered to be wound up by the orders of this Hon'ble Court dated 18.07.2001 in C.P.No.239/1997 and the Official Liquidator attached to this Hon'ble Court has became the Liquidator of the said company with directions to take charge of all the assets and effects of the company.*
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> *3. That the Official Liquidator had taken possession of assets of the company situated at Mount Poonamallee Road, Nadambakkam, Chennai and sold the movable assets for Rs.14,50,000/- and immovable assets sold for Rs.13,55,00,000/- as per the order of this Hon'ble Court dated 03.11.2006 in C.A.No834/2006.*
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> *4. That this Hon'ble Court vide its order dated 23.03.2007 in C.A.No.620/2207 called claims from the creditors of the company in liquidation by giving advertisement in one English Daily viz., "The New Indian Express" and one Tamil Daily "Dina Malar" on 05.04.2007.*

That the Official Liquidator had received claims from various creditors, on which the Workmen Creditors and Secured Creditors claims have been adjudicated on priority under Section 529-A of the Companies Act, 1956.

5. That the Official Liquidator has received 105 claims from the Workmen creditors and 4 secured creditors coming under the purview of Section 529-A of the Companies Act, 1956. The Official Liquidator adjudicated the claims of secured creditors and Workmen Creditors.

6. That this Hon'ble Court vide its order dated 11.06.2007 & 30.04.2008 in C.A.No.707/2007 and in C.A.No.2934/2007 in C.P.No.239/1997 permitted the Official Liquidator to pay a dividend at the rate of 47 paise in a rupee to the Workmen Creditors and Secured Creditors. In compliance of the said order, dividend @ 47 paise in a rupee on the admitted amount was paid to Workmen Creditors and Secured Creditors as detailed below:

Sl.No.	***Name of the Creditors***	***Dividend Paid @ 47 paise in a rupee***
1	Workmen Creditors (105 persons)	Rs.52,10,191/-
2	Industrial Development Bank of India	Rs.4,79,84,082/-
3	Standard Chartered Bank (Transposed in place of ICICI Bank Ltd.,)	Rs.4,31,56,705/-
4	Industrial Finance Construction of India Ltd.,	Rs.3,81,29,759.
5	Indian Bank a) Exclusive charge over current assets b) Having Second Charge over fixed assets. (Fully settled)	Rs.10,00,000.00
	Total	Rs.13,54,80,737.00

7. Further, this Hon'ble High Court, Madras vide its order dated 11.08.2014 in C.A.No.781/2014 permitted that Official Liquidator to declare and disburse the dividend @ 1.80 paise to workmen creditors and secured creditors as full and final settlement based on the available funds of the company in liquidation. Accordingly, dividend @ 1.80 paise was paid to Workmen creditors and secured creditors as detailed below.

Sl.No.	**Creditors**	**Admitted Amount**	**Dividend Paid @ 1.80 paise in a rupee**
1	Workmen Creditors 105 Nos.	Rs.1,10,85,508/-	Rs.1,99,539/-
2	IDBI	Rs.10,20,93,792/-	Rs.18,37,688/-
3	Standard Chartered Bank	Rs.9,18,22,777/-	Rs.16,52,810/-
4	IFCI Ltd.	Rs.8,11,27,147/-	Rs.14,60,289/-
		Total	Rs.51,50,326/-

In this case, total dividend declared and paid 48.80 paise to workmen creditors and secured creditors on the admitted amount.

8. The funds position of the company in liquidation as on 20.12.2018 as follows:

Cash - Nil

Bank - Rs.1,39,885.65

Investment - Rs.20,85,000.00

Rs.22,24,855.65

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4. A perusal of the final account statement of OL reveals that a total sum of Rs.14,88,24,683.44 (Rupees Fourteen Crores Eighty Eight Lakhs Twenty Four Thousand Six Hundred and Eighty and Forty Four paise only)

has been realized throughout the liquidation proceedings, which commenced in 2001 more than one and half a decade ago. Disbursements are a mere Rs.14,65,89,489.78 (Rupees Fourteen Crores Sixty Five Lakhs Eighty Nine Thousand Four Hundred and Eighty Nine and Seventy Eight paise Only). The balance is Rs.22,35,193.66/- (Rupees Twnety Two Lakhs Thirty Five Thousand One Hundred and Ninety Three and Sixty Six paise only).

5. Learned counsel for petitioning creditor is before this Court, but in the light of this application being one under Section 481 of the said Act for dissolution, there may be no effective role for the petitioning creditor.

6. Having perused the record of OL and having perused the final account statement, this Court is of the considered view that no useful purpose will be served by continuing the liquidation proceedings, which is already more than one and half a decade old.

7. It would be appropriate to have the balance {after payment at Rs.0.75 paise per rupee to secured creditors and workmen creditors amounting to Rs.21,45,969/- (Rupees Twenty One Lakhs Forty Five Thousand Nine Hundred and Sixty Nine only) and deduction of incidental expenses (as adumbrated in the prayer)} to be transferred to the Public Account of India

with the Reserve Bank of India as per Section 555 of the said Act.

8. To be noted, the aforesaid deduction is permitted in the light of paragraph 10 of the report of the OL dated 03.01.2019, which reads as follows:

> *'10. In view of the above, the Official Liquidator prays this Hon'ble Court to take this report on record and to permit the Official Liquidator to pay 0.75 paise in a rupee on the admitted amount to the secured creditors and workmen creditors amounting to Rs.21,45,969/- from and out of the funds of the company in liquidation and to pass such or other order/s as this Hon'ble Court may deem fit and proper in the circumstances of the case.'*

In the light of the narrative supra, this application is ordered as prayed for and OL is discharged qua said company and the main Company petition being C.P.No.239 of 1997 stands closed.

05.04.2019

vsm

M.SUNDAR.J.,

vsm

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