IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 18.09.2020

CORAM:

THE HONOURABLE Mr.JUSTICE **M.SUNDAR**

Company Application No.203 of 2020
in
CP.No.26 of 2005
and
CP.No.26 of 2005

The Official Liquidator,
High Court, Madras as the
Liquidator of M/s.Sri Vigneswara Cotton Mills Limited
(In Liquidation)

... Applicant

Company Application filed under Section 481 of the Companies Act, 2036 read with rules 9, 11(b) of the Companies (Court) Rules, 2039, praying to a) To take this report on record of the Hon'ble Court; b) To pass an order that it is just and reasonable to dissolve M/s.Sri Vigneswara Cotton Mills Limited (Under Liquidation) finally and accordingly to pass consequential and appropriate orders; c) To pass an order permitting the Official Liquidator to file the final account without auditing as nothing survive in the company in liquidation; d) To permit the Official Liquidator to transfer the available amount to undistributed assets as envisaged under Section 555 of the Companies Act, 1956 after meeting all the expenses towards Audit Fees, Government Commission including the present application; e) To pass any such other orders that the Hon'ble Court deem fit and proper in the circumstances of the case.

For Applicant : Mr.Bavisetty Sridhar
Deputy Official Liquidator.

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ORDER

'Sri Vigneswara Cotton Mills Limited' [hereinafter 'said Company' for the sake of brevity] is the Company under liquidation in captioned Company Petition i.e., CP No.26 of 2005' [hereinafter 'main CP' for the sake of convenience and clarity].

2. To be noted, main CP is at the instance of 'Board for Industrial and Financial Reconstruction, New Delhi' [BIFR] under Sick Industrial Companies (Special Provisions) Act, 1985.

3. Captioned Application i.e., Company Application No.203 of 2020 has been taken out by 'Official Liquidator attached to this Court' [hereinafter 'OL' for the sake of brevity] with a multi-limbed prayer, which as culled out from Judge's Summons reads as follows:

> *'a) To take this report on record of the Hon'ble Court;*
> *b) To pass an order that it is just and reasonable to dissolve M/s.Sri Vigneswara Cotton Mills Limited (Under Liquidation) finally and accordingly to pass consequential and appropriate orders;*
> *c) To pass an order permitting the Official Liquidator to file the final account without auditing as nothing survive in the company in liquidation;*

d) To permit the Official Liquidator to transfer the available amount to undistributed assets as envisaged under Section 555 of the Companies Act, 1956 after meeting all the expenses towards Audit Fees, Government Commission including the present application;

e) To pass any such other orders that the Hon'ble Court deem fit and proper in the circumstances of the case.'

4. To be noted, captioned application has been taken out by OL *inter-alia* under Section 481 of 'The Companies Act, 1956' [hereinafter 'said Act' for the sake of brevity] and Mr.Bavisetty Sridhar, learned 'Deputy Official Liquidator' [hereinafter 'Deputy OL' for the sake of brevity] is before me in this web hearing on a video conferencing platform today.

5. Learned Deputy OL, submits that a 'report of OL dated 10.01.2020' [hereinafter 'said report' for the sake of convenience and clarity] has been filed in support of captioned application.

6. Learned Deputy OL, adverting to said report, submits that this Company Court in and by an order made more than a decade ago (to be precise on 09.07.2010) directed the secured creditor qua said Company namely Indian Overseas Bank to proceed with sale under 'Securitisation and

Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002' [hereinafter 'SARFAESI Act' for the sake of brevity]. It is also submitted that Ex-Directors of said Company filed Statement of Affairs as required under Section 454 of said Act. It is also submitted that no application is pending in main CP and with regard to monies realised and disbursement, learned Deputy OL submits that the same is articulated in paragraphs 9 and 10 of said report, which read as follows:

'9. It is submitted that the Official Liquidator has received 212 claims from various creditors of the company in liquidation. However, Shri.R.Ramanathan, one of the Ex-director vide his letter dated 04.01.2001 has informed that all the workmen dues were already settled by him and there are no amount payable to the workmen creditors by way of arrears of salary, bonus, gratuity etc., The payment to the various creditors are as follows:

S.No	*No.of Creditors*	*Category of Creditors*	*Amount claimed*	*Amount Admitted*	*Remarks*
1.	*204*	*Workmen creditor*	*1,87,70,766/-*	*----*	*R.Ramanathan, one of the Ex-director vide his letter dated 04.01.2001 has informed that the dues of workmen creditors already settled.*

S.No	No.of Creditors	Category of Creditors	Amount claimed	Amount Admitted	Remarks
2.	1	E.S.I	26,33,056/-	7,48,443/-	100% paid as per the orders of the Hon'ble High Court, Madras dated 28.06.2019 in C.A.No.160/2019
3.	4	Depositors	6,11,000/-	---	Rejected for non submission of documentary evidence
4.	1	Textile Committee	1,21,278/-	---	Rejected for non submission of documentary evidence
5.	1	Commercial Taxes Department	76,90,421/-	---	Rejected for non submission of documentary evidence
6.	1	Employees Provident fund Organisation	51,85,764/-	51,85,764	Fully paid as per the orders of the Hon'ble High Court, Madras dated 28.06.2019 in C.A.No.160/2019

10. It is submitted that this Hon'ble Court vide its order dated 28.06.2019 in C.A.No,160/2019 in C.P.No.26 of 2005 permitted the Official Liquidator to pay a dividend at the rate of 100 paise in a rupee to EPF and ESIC. In compliance of the said order, EPF was paid Rs.51,85,764/- and ESIC was paid Rs.7,48,443/-.'

7. Thereafter, learned Deputy OL, drew the attention of this Court to Annexure-A of said report and submitted that a sum of Rs.7,20,096.70/- (Rupees Seven lakhs twenty thousand and ninety six and seventy paise only) is the balance now in the hands of OL qua said Company. This Court notices that one limb of prayer in captioned application in any event is for permitting the OL to pay/transfer this balance also into appropriate public account in the Reserve Bank of India *inter-alia* under Section 555(2) of said Act.

8. This Court, having heard learned Deputy OL, having perused said report and having noticed the trajectory of liquidation process, is convinced that it would be appropriate to accede to the dissolution prayer in captioned application.

9. In other words, after a perusal of said report and after hearing learned Deputy OL, this Court is left with the considered opinion that in the facts and circumstances of this case, it is just and reasonable to pass an order of dissolution of said Company.

10. Therefore, captioned application and main CP are disposed of by acceding to prayer limbs (b), (c) and (d) of captioned application.

11. Though obvious, it is made clear that said Company shall stand dissolved from the date of this order. There shall be no order as to costs.

18.09.2020

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M.SUNDAR. J

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