IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 20.11.2020

CORAM:

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

Company Application No.253 of 2020
in
CP.No.413 of 2014
and
CP.No.413 of 2014

The Official Liquidator,
High Court, Madras as the
Provisional Liquidator of
M/s.Shree Renuka Textiles Mills Limited,
(Provisional Liquidation)

... Applicant

Company Application filed under Section 481 of the Companies Act, 1956 read with rules 9, 11(b) of the Companies (Court) Rules, 1959, praying to a) To take this report on the file of this Hon'ble Court; b) To permit the Official Liquidator to file the final account without audit as there will be no transactions from the account of the company in liquidation; c) To form an opinion that the Official Liquidator cannot proceed with the winding up and that it is just and reasonable to make an order to dissolve M/s.Shree Renuka Textile Mills Limited under Section 481 of the Companies Act, 1956; d) To grant permission to transfer the balance amount lying at the credit of the company in liquidation to the Company Liquidation Account as undistributed assets under Section 555 of the Companies Act, 1956 after meeting all the expenses related to the winding up proceedings of the subject company including the present application; e) To pass any such other orders that this Hon'ble Court may deem fit and proper in the circumstances of the case.

For Applicant : Mr.Bavisetty Sridhar
Deputy Official Liquidator.

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ORDER

Captioned 'Company Petition No.413 of 2014' shall be referred to as 'main CP'. Captioned Company Application has been taken out by 'Official Liquidator attached to this Court' [hereinafter 'OL' for the sake of brevity] *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 on behalf of OL.

2. Learned Deputy OL, submits that a 'report of OL dated 28.10.2020' (hereinafter 'said report' for the sake of convenience and clarity) has been filed in support of captioned application.

3. Adverting to said report, learned Deputy OL submits that in and by an order made on 01.10.2015 in main CP, 'Shree Renuka Textles Mills Limited' (hereinafter 'said Company' for the sake of brevity) was ordered to

be wound up by this Company Court and OL was appointed as Provisional Liquidator with a further direction to take charge of all the assets and effects of said Company.

4. It is submitted that OL took possession of said Company's Registered Office and proceeded with winding up in accordance with said Act. Referring to the said report, it is also submitted that this Company Court made an order dated 23.03.2016 in C.A.No.41 of 2016, wherein OL was directed to handover possession to one of the secured creditors. It is submitted that this was also done on 10.06.2016 and thereafter, 'Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002' [hereinafter 'SARFAESI Act' for the sake of brevity] kicked in and the loan account was closed. Further details of winding are set out in the other paragraphs of said report. The relevant paragraphs in said report shall be extracted and reproduced elsewhere infra in this order.

5. This Court notices that the prayer in captioned application is a multi-limbed prayer and the multi limbed prayer in captioned application, as

culled out from Judge's Summons, reads as follows:

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

b) To permit the Official Liquidator to file the final account without audit as there will be no transactions from the account of the company in liquidation;

c) To form an opinion that the Official Liquidator cannot proceed with the winding up and that it is just and reasonable to make an order to dissolve M/s.Shree Renuka Textile Mills Limited under Section 481 of the Companies Act, 1956;

d) To grant permission to transfer the balance amount lying at the credit of the company in liquidation to the Company Liquidation Account as undistributed assets under Section 555 of the Companies Act, 1956 after meeting all the expenses related to the winding up proceedings of the subject company including the present application;

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

6. This Court also deems it appropriate to extract paragraphs 3 to 8 of said report, which read as follows:

'3. It is submitted that the Official Liquidator took possession of the company's registered office situated at No.717, Periyakulam Road, Theni. IDBI who is the secured creditor of the company filed an application before this HHC and the HHC Madras by an order

dated 23.03.2016 made in C.A.No.41/2016 directed the Official Liquidator to handover the possession of assets to IDBI. Accordingly, the Official Liquidator has handed over possession to IDBI on 10/06/2016. It is also submitted that IDBI, Secured Creditor has sold the assets under SARFAESI Act for Rs.2,06,00,000/- and also informed that the loan account was closed by one of the promoter of the company in liquidation under OTS Scheme.

4. It is submitted that as per the HHC, Madras order dated 10/10/2017 made in C.A.No.697/2017 the Official Liquidator called for the claims from the creditors of the company in liquidation. The official liquidator has received only one ordinary claim amounting to Rs.28,69,782/- No other claims were received from the workmen and other creditors.

5. It is submitted that as on the date, the fund position of the company in liquidation is Rs.16,218/-. The available funds are very meager and 4 years and 11 months have passed from the date of winding up. There will be no scope of further recovery or payment of dividend in future. It is respectfully submitted that no fruitful purpose would be served by allowing this company to continue to its existence; rather it would be more appropriate to dissolve the company.

6. It is submitted that the Official Liquidator is to be permitted to transfer the balance fund available at the credit of the company in liquidation to the companies liquidation account as undistributed assets as envisaged under section 555 of Companies

Act, 1956 after adjusting all the expenses including the present application.

7. It is submitted that the Official Liquidator is to be permitted to file the final accounts without audit as there will be no other transactions in respect of accounts of the company under Liquidation. Final account is attached herewith and marked as ***Annexure-B.***

8. It is submitted that taking into consideration of the above, it is to the Hon'ble Court to form an opinion that the Official Liquidator cannot proceed with the winding up of the company and that it is just and reasonable in the circumstances of the case to order for the dissolution of the company as envisaged under section 481 of the Companies Act, 1956.'

7. This Court notices that, a paltry sum of Rs.16,218/- (Rupees Sixteen Thousand Two hundred and Eighteen only) is now the fund position qua said company. Therefore, this Court has no hesitation in forming an opinion that it would be just and reasonable in the facts and circumstances of this case to make an order of dissolution of said Company.

8. In the light of the narrative thus far, captioned company application is ordered by acceding to prayer limbs (b) to (d). Therefore, main CP i.e.,

CP.No.413 of 2014 will also stand disposed of by way of dissolution of said Company. Though obvious, said Company will now stand dissolved on and from the date of this order.

Captioned Company application and main CP disposed of in aforesaid manner. There shall be no order as to costs.

20.11.2020

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M.SUNDAR. J

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