

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

TUESDAY, THE TWENTY NINTH DAY OF DECEMBER
TWO THOUSAND AND TWENTY

PRESENT

THE HONOURABLE SRI JUSTICE A. RAJASHEKER REDDY

COMPANY APPLICATION NO: 62 OF 2020

IN

RCC No. 2 of 1995

In the matter of the Companies Act, 1956

And

In the matter of M/s. A.P. Steels Ltd. & Various Companies (In Liqn.)

Between:

The Assistant Official Liquidator, For the States of Telangana and Andhra Pradesh,
Hyderabad. ...APPLICANT

Application Under Section 457 & 462 of the Companies Act, 1956 read with Rules 298, 300, 302, 304, 306 & 309 and further read with Rule 9 of the Companies (Court) Rules, 1959 praying that the Hon'ble Court may be pleased to

- i. take the affidavit and facts stated here in on record.
- ii. approve the allocation of 115 Companies in liquidation to the 4 Chartered Accountants viz. 1). M/s. Murthy and Kanth 2). M/s. Padmanabha Rao and Co., 3). M/s. K.B.S. Associates 4) M/s. Dutt and Associates Chartered Accountants on equal basis or pass such other order as this Hon'ble Court may deem fit and proper for audit of Half Yearly Accounts for the period from 01/04/2020 to 30/09/2020.
- iii. permit the Official Liquidator to file the Audit Report on the Half yearly accounts for the period from 01/04/2020 to 30/09/2020 in respect of 115 Companies in liquidation before this Hon'ble Court within 60 days from the date of receipt of the same from the Chartered Accountants, so allotted.
- iv. permit the Official Liquidator to file an Affidavit of no Receipts or Payments in respect of 113 Companies in liquidation pursuant to Rule 300 of Companies (Court) Rules, 1959.
- v. Permit the Official Liquidator to pay the fees to the said chartered Accountants in accordance with the order of this Hon'ble Court dated 03-01-2014 made in C.A. No. 6 / 2014 in RCC No. 2 / 1995 or as approved by this Hon'ble Court.
- vi. Permit the payment of fee to Auditors out of the funds of the respective Companies in liquidation and in case of companies where sufficient funds are not available, it may be permitted to pay from the funds of the Estate and Establishment Fund Account of the Official Liquidator, subject to reimbursement of the same from the funds of such Companies upon realization of those Companies assets if any.
- vii. Order that the cost of this application and miscellaneous cost do come out of the funds of the respective Companies in liquidation.

This Application coming on for orders upon reading the Judge's Summon and the affidavit dated: 23-12-2020 and filed by Sri D. Suresh Asst. Official Liquidator, in support of this Application and upon hearing the arguments of Sri J. Sreenadh Reddy, Learned Counsel for the Official Liquidator on behalf of the Applicant.

The Court made the following Order :

HON'BLE SRI JUSTICE A.RAJASHEKER REDDY

Company Application No.62 of 2020

ORDER:

This application is filed by the official liquidator seeking reliefs as follows:-

- i) take the affidavit and facts stated herein on record,
- ii) do the allocation of 115 Companies in liquidation to the 4 Chartered Accountants viz: 1) M/s Murthy & Kanth 2) M/s. Padmanabha Rao & Co., 3) M/s K.B.S. Associates 4) M/s Dutt & Associates on equal basis or pass such other order as this Hon'ble Court may deem fit and proper for audit of Half yearly Accounts for the period from 01.04.2020 to 30.09.2020,
- iii) permit the Official Liquidator the Audit Reports of the Half Yearly accounts for the period from 01.04.2020 to 30.09.2020 in respect of 115 Companies in liquidation before this Hon'ble Court within 60 days from the date of receipt of the same from the Chartered Accountants so allotted,
- iv) permit the Official Liquidator to file an Affidavit of 'no Receipts or Payments' in respect of 113 Companies in liquidation pursuant to Rule 300 of Companies (Court) Rules, 1959,
- v) permit the Official Liquidator to pay the fees to the said Chartered Accountants in accordance with the order of this Hon'ble Court dated 03.01.2014 made in C.A.No.6 of 2014 in RCC No.2 of 1995,
- vi) permit the payment of fee to Auditors out of the funds of the respective Companies in liquidation and in case where sufficient funds are not available, it may be permitted to pay from the funds of the Estate and Establishment Fund Account of the Official Liquidator, subject to reimbursement of the same from the funds of such Companies upon realization of those Companies assets if any,
- vii) order that the costs of this application and miscellaneous cost do come out of the funds of the respective Companies in liquidation and

- viii) pass such further or other order or orders as this Hon"ble Court may deem fit and proper in the circumstances of the case."

2. Learned counsel for the official liquidator has annexed copy of order passed by this court appointing auditors to audit the half yearly accounts of various companies in liquidation including the modalities for fees to be paid with respect to companies under audit by categorizing the companies with respect to the number of transactions in each company. He also further submits that the order dated 03.01.2014 in C.A.No.6 of 2014 in RCC No.2 of 95 annexed at page Nos.13 to 15 of the application squarely covers the subject matter and the similar order may be passed in this case.

3. In view of above facts and circumstances and similar order being passed by this Court and also on consideration of the report of the official liquidator, I find that audit work required to be done by the auditors is similar with respect to each company, whether or not there are transactions, and in case there are no transactions in the accounts of particular company, the auditors' work may be less compared to others. However, for the purpose of the work to be carried out, in my view, a group of about 30 companies are to be distributed for each of the auditor.

4. The official liquidator, therefore, is permitted to seek assistance of the four auditors' firms as listed in paragraph 4 of the affidavit by allotting to them approximate 30 companies each

as shown in the annexures and pay to each auditor a fee quantified @ Rs.400/- (Rupees four hundred only) per company and submit the audited accounts to the court for approval.

The company Application is, accordingly, ordered. Miscellaneous petitions, if any, pending shall stand closed.

Sd/-K.GANGADHAR RAO
JOINT REGISTRAR
SECTION OFFICER

//TRUE COPY//

To

1. The Official Liquidator, High Court at Hyderabad for the state of Telangana and the State of Andhra Pradesh , 1st floor corporate Bhawan, Nagole, Bandlaguda Thattiannaram Village, Hayathnagar Mandal, Ranga Reddy District Telangana State Pin Code 500 680.
2. The Registrar of Companies, Ministry of Corporate Affairs, Government of India 2nd Floor Corporate Bhawan, Nagole, Bandlaguda, Thattiannaram Village, Hayathnagar Mandal, Ranga Reddy District, Telangana State Pin Code 500 680.
3. The Regional Director, South Eastern Region, Ministry of Corporate Affairs, 3rd floor Corporate Bhawan, Nagole, Bandlaguda, Thattiannaram Village Hayathnagar Mandal, Ranga Reddy District Telangana State Pin Code 500 680.
4. The S.O. O.S. Section , High Court of Judicature at Hyderabad, for the State of Telangana.
5. One CC to Sri J. Sreenadh Reddy, learned counsel for Official Liquidator, High Court at Hyderabad.
6. Two C.D.Copies

JNL

HIGH COURT

ARRJ

DATED:29/12/2020

ORDER

COMPANY APPLICATION
No.62 of 2020

IN

RCC NO. 2 OF 1995



ORDERING THE COMPANY APPLICATION.

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