**Comp.A.Nos.133 & 134 of 2021**
**in C.P.No.255 of 2014**

**KRISHNAN RAMASAMY, J.**

These Applications have been filed by the applicant seeking to set aside the notice of rejection of claim dated 07.06.2019 and to direct the respondent herein to admit the rejected claim of Rs.14,92,16,757/- (including penalty of Rs.7,87,12,998/- along with appropriate interest therein.

2.Learned Senior Standing Counsel appearing for the applicant would submit that the applicant has filed a claim towards CST against the Company in liquidation to an extent of Rs.23,06,70,468/-, out of which, the Official Liquidator has allowed only a sum of Rs.8,14,53,711/- and rejected the balance claim of Rs.14,92,16,757/-.

3.Learned Official Liquidator would submit that the balance claim of Rs.14,92,16,757/- has been rejected since it pertains to penalty and interest. He would further submit that as per Section 530 (1) (a) of the Companies Act, only the tax dues have priority as such the penalty and interest cannot be paid.

4.In reply, learned Senior Standing Counsel appearing for the applicant would submit that the Official Liquidator at para No.11 of his report dated 27.06.2021, has stated that after the completion of the settlement of the entire claims, the claim of the ordinary creditor of the Company will be considered, subject to availability of funds, which reads as follows:

> "11.It is further submitted that, the Secured Creditors dues have to be settled on priority pursuant to Section 529/529A of Companies Act, 1956 followed by the claim of preferential creditors which falls under Section 530 of the Companies Act, 1956. Only after completion of the settlement of the above claims, the ordinary creditor of the company will be considered for payment subject to availability of funds. In this case, the disbursement to secured creditors is not yet fully settled."

5.Learned Senior Standing Counsel would submit that recording the above referred paragraph, the application may be closed.

6.However, learned Official Liquidator confirmed that no interest and penalty will be paid as per Section 530 of the Companies Act, 1956 and the same will be considered for 4%, after the settlement of secured creditors dues and at the time of settling the ordinary creditors.

7.Recording the submissions made by the learned Senior Standing Counsel appearing for the applicant and the learned Official Liquidator, these applications are disposed of.

**17.03.2023**

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**KRISHNAN RAMASAMY, J.**
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