IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

SATURDAY, THE SIXTEENTH DAY OF DECEMBER
TWO THOUSAND AND TWENTY THREE

PRESENT

THE HONOURABLE SRI JUSTICE T.VINOD KUMAR

COMPANY APPL. IN COMPANY PETITION NO: 64 OF 2023
IN
R.C.C.No.2 of 1995
In the matter of the Companies Act, 1956
And
In the matter of M/s. A.P. Steels Ltd. and Various Companies (in liqn)

Between:

The Official Liquidator, For the State of Telangana and The State of Andhra Pradesh
...APPLICANT

Company Application Under Sections 457 and 462 of the Companies Act, 1956 r/w Rules 298, 300, 302, 304, 306, & 309 and further read with Rule 9 of the Companies (Court) Rules, 1959 to

i. take the affidavit and facts stated herein on record.

ii. approve the allocation of 131 Companies (in liquidation) to 3 Chartered Accountants viz., 1). M/s.Murthy and Kanth, Chartered Accountant, Hyderabad 2). M/s. Padmanabha Rao and Co., Chartered Accountant, Hyderabad 3). M/s. K.B.S. Associates, Chartered Accountant, Hyderabad proportionately or pass such other order(s) as this Honorable Court may deem fit and proper for audit of Half yearly Accounts for the period from 01.04.2022 to 30.09.2022.

iii) permit the Official Liquidator to file the Audit Report on the Half yearly accounts for the period from 01.04.2022 to 30.09.2022 in respect of 131 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 If no Receipts or Payments in respect of 15 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 Honorable Court dated 08.04.2022 made in C.A.No.8/2022 in RCC.No.2/1995.

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.

vii. order that the cost of this application and miscellaneous cost do come out of the funds of the respective Companies in liquidation.

This Company Application coming on for orders upon reading the Company Application and the affidavit dated 10-03-2023 filed by Sri R.K. Sahu, Official Liquidator in support of the Company Application and upon hearing the arguments of Sri J. Srinadh Reddy, learned counsel for the Official Liquidator for the Applicant.

The Court made the following: ORDER

THE HON'BLE SRI JUSTICE T. VINOD KUMAR

COMPANY APPLICATION No.64 of 2023

ORDER:

This application is filed under Section 457 & 462 of the Companies Act, 1956 (for short 'the Act') read with Rules 298, 300, 302, 304, 306 & 309 and further read with Rule 9 of the Companies (Court) Rules, 1959 seeking the relief as follows:

> "i. take the affidavit and facts stated herein on record;
>
> ii. approve the allocation of 131 Companies in liquidation to the 3 Chartered Accountants viz., 1). M/s. Murthy & Kanth Chartered accountant, Hyderabad; 2). M/s. Padmanabha Rao & Co., Chartered Accountant, Hyderabad proportionately or pass other order as this Court may deem fit and proper for audit of Half Yearly Accounts for the period from 01.04.2022 to 30.09.2022;
>
> iii. permit the Official Liquidator to file the Audit Report from 01.04.2022 to 30.09.2022 in respect of 131 Companies in liquidation before this 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 15 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 Court dated 08.04.2022 made in C.A. No.8/2022 in RCC No.2/1995;
>
> 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;
>
> vii order that the cost of this application and miscellaneous cost do come out of the funds of the respective Companies liquidation; and
>
> viii pass such other order..."

2. Heard Sri J. Sreenadh Reddy, learned Counsel for the Official Liquidator and the Official Liquidator and perused the record.

3. Learned Counsel for the applicant submits that in respect of the audit of 131 Companies in liquidation, three Chartered Accountants viz., M/s. Murthy & Kanth, Chartered Accountant, Hyderabad, 2). M/s. Padmanabha Rao & Co., Chartered Accountant, Hyderabad and 3). M/s. K.B.S. Associates, Chartered Accountant, Hyderabad have expressed their willingness to act as auditors.

4. Learned Counsel for the Official Liquidator further submits that this Court in similar circumstances in Company Application No.8 of 2022 in RCC. No.2 of 1995, had appointed the auditor for auditing the accounts of the Companies in liquidation in equal numbers. Learned Counsel for the Official Liquidator has annexed a copy of the order passed by this Court in C.A. No.8 of 2022 in RCC. No.2 of 1995.

5. In view of the facts and circumstances and having regard to the similar orders passed by this Court from time to time and also on consideration of the report of the Official Liquidator, I find that the audit work for the period of 01.04.2022 to 30.09.2022 is required to be done by the auditors in respect of each of the Company similar to the work undertaken by them earlier whether or not there are transactions. In case there are

no transactions in the accounts of particular company, the auditors work may be less compared to others.

6. However, having regard to the fact that three auditors expressed their willingness to undertake the aforesaid work, this Court is of the view that the total number of Companies in respect of which the aforesaid work is required to be undertaken are to be distributed equally between the three auditors.

7. The Official Liquidator therefore is permitted to seek assistance of the aforesaid three auditors as listed in paragraph 3 of the affidavit by allotting them approximately the Audit work of 43 to 44 compared from the list of companies as shown in the annexure appended to the affidavit and pay each auditor a fee quantified @ Rs.500/- plus GST per company and submit the audited accounts for the approval of the Court.

8. Further, the Official Liquidator is directed to ensure to the extent possible that the auditors to whom the aforesaid work of preparing audit is entrusted should not have audited the accounts of the said Company in the previous financial year.

SD/- B.S.CHIRANJEEVI
JOINT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Official Liquidator, **M/s. A.P. Steels Ltd & Various Companies (in liquidation)**, High Court at Hyderabad for the state of Telangana Office at 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 at Hyderabad, for the State of Telangana.
5. One CC to Sri J. Srinadh Reddy, Official Liquidator, High Court at Hyderabad.
6. Two CD Copies

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HIGH COURT

DATED:16/12/2023

HIGH COURT FOR THE STATE OF TELANGANA
29 JAN 2024
★ DESPATCHED ★

ORDER

COMPA.No.64 of 2023
in
R.C.C.NO.2 of 1995

ORDERING THE COMPANYA APPLICATION

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