

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**R/COMPANY APPLICATION NO. 3 of 2025****In R/COMPANY PETITION NO. 190 of 2003****With****R/COMPANY APPLICATION NO. 7 of 2025****In****R/OFFICIAL LIQUIDATOR REPORT NO. 48 of 2024****With****R/COMPANY APPLICATION NO. 17 of 2025****In****R/COMPANY PETITION NO. 190 of 2003****With****R/COMPANY APPLICATION NO. 35 of 2025****In****R/COMPANY PETITION NO. 190 of 2003****With****R/COMPANY APPLICATION NO. 38 of 2025****In****R/OFFICIAL LIQUIDATOR REPORT NO. 48 of 2024****=====**
GUJARAT ENGINEERING AND GENERAL KAMDAR UNION**Versus****OFFICIAL LIQUIDATOR, APS STAR INDUSTRIES LIMITED IN
LIQUIDATION & ANR.**
=====**Appearance:****MR PRABHAKAR UPADYAY(1060) for the Applicant(s) No. 1****BHOOMI M THAKORE(6237) for the Respondent(s) No. 1****NOTICE SERVED for the Respondent(s) No. 2****OFFICIAL LIQUIDATOR for the Respondent(s) No. 1**
=====**CORAM:HONOURABLE MRS. JUSTICE MAUNA M. BHATT****Date : 19/12/2025****ORAL ORDER**

1. Heard learned advocates Mr. Maulik Nanavati, learned advocate Mrs. Sangita Pahwa, Ld. Counsel Mr. Rashesh Sanjanwala with Mr. Rituraj Meena, learned advocate Mr. Prabhkar Upadhyay, learned advocate Mr. Subramaniam Iyar, for the applicants and learned advocate Ms. Bhoomi M. Thakore for the Official Liquidator, the Respondent as well as Mr. Pawan Godiawala.

2. All these Company Applications have been filed by various secured creditors and workers' unions of M/s. APS Star Industries Limited (in liquidation) seeking directions for disbursement of sale proceeds realized by the Official Liquidator pursuant to sale of assets of the Company, and in some cases seeking re-verification of workers' claims under Sections 529 and 529-A of the Companies Act, 1956.

3. Since the prayers in all the applications arise from the same liquidation proceedings, involve common questions of fact and law, and are based upon earlier orders passed by this Court, all the applications are being heard together. Company Application No. 7 of 2025 filed by Bank of Baroda as secured creditor is treated as a lead case for passing the orders with regard to disbursement amongst the workers and secured

creditors of the company in liquidation.

4. The Official Liquidator has placed on record reports in the respective Company Applications, inter-alia, Company Application No. 7 of 2025 and Company Application No. 3 of 2025, setting out the factual background, realization of sale proceeds, verification of claims, and the proposed manner of disbursement under Sections 529 and 529-A of the Companies Act, 1956.

5. It emerges from the record that the winding-up order in respect of the Company was passed by this Court on 12.02.2008. Pursuant thereto, the Official Liquidator took charge of the assets of the Company situated at Vadodara, Nashik, Dharwad and Dombiwali. The immovable properties of the Company at Nashik and Dharwad as well as movable assets were sold pursuant to orders passed by this Court, and the sale proceeds were deposited with the Official Liquidator.

6. Claims of secured creditors, workmen and statutory authorities were invited and verified through M/s. Talati & Talati LLP, Chartered Accountants, whose report was

considered by this Court. By order dated 06.01.2023 passed in Company Application No. 31 of 2021 and allied matters, this Court approved the ratio for distribution under Section 529-A.

7. In compliance of the aforesaid orders, the Official Liquidator has already disbursed an aggregate amount of Rs. 75,00,77,076/-. The details of the said disbursement, as reflected in the Official Liquidator's report, are summarized as under:

Particular	Amount Disbursed (In Rs.)
Employees Provident Fund Organization, Baroda	1,12,70,259
Employees Provident Fund Organization, Dharwad	38,06,817
Sub-Total -A	1,50,77,076
Bank of India	1,19,07,000
ISARC	49,98,000
Kotak Mahindra Bank	1,63,17,000
Life Insurance Corporation of India	47,04,000
PNB (erstwhile United Bank of India)	1,58,02,500
KSIIDC	2,24,91,000
Canara Bank	13,37,70,000
Syndicate Bank	11,09,85,000
Bank of Baroda	20,08,75,500
IDBI	2,26,38,000
Sub-Total -B	54,44,88,000

Gujarat Engineering & General Kamdar Union	1,22,74,500
APS Star Ind. Ltd. Vadodara Ex-Employees Union	1,18,33,500
Engineering Majdoor Sangh	7,44,55,500
APS Star Industries Ltd. Employees Union	1,04,37,000
Star Textile Employees Staff Union	1,78,60,500
Star Textile Engineering Employees Union	6,15,93,000
Star Textile Engineering Employees Union	20,58,000
Sub-Total -C	19,05,12,000
Grand Total (A+B+C)	75,00,77,076

8. As per the report of the Official Liquidator placed on record, a further sum of approximately Rs.58 Crores is presently available in the account of the Company in liquidation on account of sale proceeds received from sale of Nashik and Dharwad unit in year 2024.

9. The Official Liquidator has proposed interim disbursement of Rs. 58,00,00,000/- to secured creditors and workers as per the same ratio already approved and applied earlier and has placed on record a detailed tabulation of the proposed disbursement. The proposed disbursement, as placed on record, is summarized as under:

PARTICULAR	CLAIM ALLOWED (In Rs.)	RATIO	AMOUNT PAYABLE (In Rs.)
Bank of India	5,67,01,987	1.62	93,96,000
ISARC	2,39,90,932	0.68	39,44,000
Kotak Mahindra Bank	7,77,54,602	2.22	1,28,76,000
Life Insurance Corporation of India	2,26,13,310	0.64	37,12,000
Punjab National Bank (erstwhile United Bank of India)	7,54,77,107	2.15	1,24,70,000
KSIIIDC	10,73,15,611	3.06	1,77,48,000
Canara Bank	63,85,05,366	18.2	10,55,60,000
Syndicate Bank	52,96,81,994	15.1	8,75,80,000
Bank of Baroda	95,87,11,564	27.33	15,85,14,000
IDBI	10,79,95,400	3.08	1,78,64,000
Gujarat Engineering & General Kamdar Union (Vadodara)	5,85,74,102	1.67	96,86,000
APS Star Ind. Ltd. Vadodara, Ex-Employee Union (Vadodara)	5,64,75,936	1.61	93,38,000
Engineering Majdoor Sangh (Vadodara)	35,54,57,159	10.13	5,87,54,000
APS Star Industries Ltd.	4,97,16,704	1.42	82,36,000

Employees Union (Dharwad)			
Star Textile Employees Staff Union (Dombiwali)	8,53,26,282	2.43	1,40,94,000
Star Textile Engineering Employees Union (Dombiwali)	29,41,05,367	8.38	4,86,04,000
Star Textile Engineering Employees Union (Nashik)	99,36,290	0.28	16,24,000
Total	350,83,39,71 3	100.00	58,00,00,000

Company Application No. 3 OF 2025

10. Company Application No. 3 of 2025 has been filed by Gujarat Engineering & General Kamdar Union, Vadodara, raising objections regarding the verification of claims of Vadodara-based workmen and seeking re-verification of such claims. Their grievance is related with treatment of wage components and allowances, non-adjustment of gratuity amounts received from LIC, inclusion of name of retired/deceased workers in the list of workmen by other union and alleged disparities between claims of different unions.

11. The Official Liquidator, in his report, has fairly stated that although verification and re-verification were undertaken earlier through the same Chartered Accountant, considering the nature of objections and to maintain transparency and fairness, the Official Liquidator has no objection to re-verification by an independent Chartered Accountant, if so, directed by this Court.

12. The Court has considered the objections raised, the material placed on record, and the submissions of the Official Liquidator. Without expressing any final opinion on the merits of individual claims, this Court is of the view that, in the interest of justice and to maintain parity and transparency, the issue of verification of claims of Vadodara workers and staff unions requires fresh examination without disturbing the ongoing disbursement process in respect of other stakeholders.

13. At this stage, Mr. Pawan Godiawala, learned advocate appearing for the one Mr. M J Mehta, objected to the disbursement of the sale proceeds of the Dharwad unit on the ground that there is subsisting lease in respect of land of Dharwad unit and that his clients has earlier raised objections to the sale before the Official Liquidator. Ms. Bhoomi Thakore,

learned advocate for the Official Liquidator, submitted that the Official Liquidator had already replied to such objections in the year 2024 and that no application or proceedings have thereafter been filed by the said party before this Hon'ble Court; she further submitted that the present objection is being raised orally without any formal challenge to the proposed disbursement. Learned advocates appearing for the secured creditors and workers' unions also submitted that the alleged lessor will have no locus to object at this stage, particularly when the sale has already attained finality and no challenge is pending before this Court. Without entering the merits of the objections of Mr. Pawan Godiawala, this Court is of the view that, in absence of any pending application or challenge, such oral objections cannot be entertained at this stage and are therefore not considered for the purposes of the present order.

14. Having regard to the nature of reliefs prayed for, and in order to avoid multiplicity of proceedings, all the applications are being disposed of by this common order, with separate directions where required.

15. All the Company Applications are allowed, subject to the following directions:

- (i) The Official Liquidator is permitted to proceed with interim disbursement of Rs. 50,22,22,000/- (Rs. 58,00,00,000 - Rs. 7,77,78,000) to secured creditors and workers other than the Vadodara workers and staff unions, strictly in accordance with the ratio already approved by this Court and proposed by Official Liquidator in the report filed in Company Application No. 7 of 2025.
- (ii) The amounts of Rs. 7,77,78,000/- proposed for three unions of workers and staff of Vadodara shall stand set aside for the present and shall not be disbursed at this stage.
- (iii) The aforesaid disbursement shall be made subject to each of the above secured creditors and workers union filing, before the Official Liquidator, an undertaking to the effect that if it is found that any excess amount has been paid to them, they shall refund the same forthwith together with interest at the prevailing rate to the Official Liquidator.
- (iv) The Official Liquidator shall complete the exercise of disbursement within a period of four weeks from the date of receipt of this order.
- (v) The Official Liquidator is directed to appoint a new

and independent Chartered Accountant, other than the one who carried out earlier verification, for the purpose of re-verification of claims of Vadodara workers and staff unions.

- (vi) The applicant Union as well as any other concerned Union(s) shall be afforded a reasonable opportunity of being heard and to place relevant documents before the Chartered Accountant.
- (vii) The Chartered Accountant shall afford reasonable opportunity of hearing to the concerned workers and staff unions and shall examine the claims strictly in accordance with law.
- (viii) The applicant union is directed to submit their representation along with supporting documents to office of official liquidator within One (1) week from the order. The official liquidator shall also issue notice to other unions of workmen and staff of Vadodara to submit their representations, if any, within 2 weeks. Entire exercise of re-verification by Chartered Accountants shall be completed within a reasonable time, preferably within four weeks from the receipt of documents from workers and staff unions.

(ix) Upon completion of the re-verification exercise, the Official Liquidator shall file a separate report before this Court, whereafter appropriate orders for disbursement to Vadodara workers shall be passed.

16. It is clarified that disbursement made pursuant to this order is by way of an interim disbursement keeping all the contentions of secured creditors and workers open to be considered at the time of final disbursement in future on sale of remaining assets of the company (in liquidation) and no equities shall be claimed merely on the basis of such interim payments.

17. With the aforesaid directions, all the Company Applications stand disposed of accordingly.

(MAUNA M. BHATT,J)

NAIR SMITA V./01 to 05-Sep.Board

Original copy of this order has been signed by the Hon'ble Judge.
Digitally signed by: SMITA VINU NAIR(HC00186), PRINCIPAL PRIVATE SECRETARY, at High Court of Gujarat on 19/12/2025 15:26:35