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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ CO.APP. 27/2024, CM APPL. 55522/2024 (Dir.), CM APPL. 55524/2024 (Addl.Doc.), CM APPL. 55525/2024 (Delay of 16 Days in filing the Appeal) & CM APPL. 55526/2024 (Ex. from filing a lengthy list of dates)

K C PALANISAMY

.....Appellant

Through: Mr. Rajive Bhalla, Sr. Adv.
along with Mr. Yajur Bhalla
and Mr. Gurmehar Sistani,
Advocates.

versus

CANARA BANK & ORS.

.....Respondents

Through: Mr. Abhey Narula, Advocate
for R-1/Bank.
Ms. Ruchi Sindhwani, Senior
Standing Counsel along with
Ms. Megha Bharara, Advocate
for Official Liquidator.

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+ CO.APP. 31/2024, CM APPL. 66715/2024 (Dir.), CM APPL. 66716/2024 (Addl.Doc.), CM APPL. 66717/2024 (Delay of 68 Days in filing the Appeal) & CM APPL. 66718/2024 (Ex. from filing a lengthy list of dates)

SMS TEXTILES LIMITED

.....Appellant

Through: Mr. Jayant Mehta, Sr. Adv.,
Mrs. Pallavi Shali, and Mr. Om
Shelat, Advocates.

versus

CANARA BANK & ANR.

.....Respondents

Through: Mr. Abhey Narula, Advocate
for R-1/Bank.
Ms. Ruchi Sindhwani, Senior
Standing Counsel along with
Ms. Megha Bharara, Advocate
for Official Liquidator.



CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR

ORDER
19.11.2025

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1. These two Company Appeals seek setting-aside of a common **Judgment & Order dated 05.07.2024¹** passed by the learned Company Judge, while dismissing an application filed by the SMS Textiles Limited for return of the property which was leased to **Data Access India Ltd. [“DAIL”]** which has been ordered to be wound up and its name has been struck off from the Registrar of the Companies.
2. The learned Company Judge while examining the matter has recorded the observations that Sh. K.C. Palanisamy [“**Appellant herein**”] is the master-mind and SMS Textiles Limited is in fact the shell company of the company in liquidation.
3. Paragraph 16 of the Impugned Order reads as under:-

“16. In view of the aforesaid facts, unhesitatingly, this Court finds that there are sufficient grounds to raise an inference that the applicant company is a shell company of the company (in liquidation) and its mastermind Mr. K.C. Palanisamy. It is manifest that the applicant company has not come to the Court with clean hands, and therefore, the reliefs claimed cannot be granted.”
4. Mr. Rajive Bhalla, Senior Advocate who appears for the Appellant in CO.APP. 27/2024 submits that such finding has been recorded by the learned Company Judge without giving the Appellant an opportunity to explaining his conduct. He submits that the learned Company Judge was required to follow the Principles of Natural Justice before proceeding to record such finding which would have adverse impact on the credibility of Mr. K.C. Palanisamy.

¹ Impugned Order



5. *Per contra*, learned counsel for the Official Liquidator and the Bank submits that the Appellant holds shares to the extent of 95% in SMS Textiles Limited and has registered a significantly large number of companies to manipulate the things. It is submitted that while filing the Appeal, SMS Textiles Limited has relied upon a resolution which has been signed by the Appellant.

6. This Court has considered the submissions of both the parties.

7. The Appellant i.e., Sh. K.C. Palanisamy may have notice of the Appeal, however, he was required to be given opportunity before the learned Company Judge before recording the observations in Paragraph 16 of the Impugned Order.

8. The question as to from where the funds to purchase the property emanated, can be decided only after giving opportunity to the parties to produce the material.

9. Moreover, the Appellant has been condemned unheard. The Court has also proceeded to draw inference that SMS Textiles Limited is a shell company of DAIL without any cogent material.

10. This Court is of opinion that before recording such finding, the learned Company Court is required to come to a categorical conclusion based on the material on record that in fact SMS Textiles Limited was a shell company of DAIL.

11. Consequently, the Impugned Order passed by the learned Company Judge is set-aside while remitting the matter back to the learned Company Judge for deciding the matter afresh granting complete opportunity to the Appellant, SMS Textiles Limited, Canara Bank and the Official Liquidator.

12. The parties through their respective counsels are directed to appear before the learned Company Judge on 30.01.2026.



13. Needless to observe that this Court has not recorded any finding on fact and the learned Company Judge will proceed to decide the matter, uninfluenced by the observations made herein.

14. With these observations, the present connected Appeals alongwith the pending application(s), if any, stand disposed of in the aforesaid terms.

15. A photocopy of this Order be kept in connected matter.

ANIL KSHETARPAL, J.

HARISH VAIDYANATHAN SHANKAR, J.
NOVEMBER 19, 2025/tk/kr