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

% **Date of decision: 7th May, 2024**

+ CO.PET. 201/1990 and CO.APPLs. 770/2019, 467/2024

RE-SARAF PAPER MILLS LTD. Petitioner

Through:

versus

..... Respondent

Through: Mr. Rajat Malhthora, Additional
Standing Counsel with Ms.
Dipita Pal, Ms. Jivika, Ms.
Namrata, Mr. Amit Agnihotri
and Mr. Vivek, Adv. for OL

**CORAM:
HON'BLE MR. JUSTICE DHARMESH SHARMA**

DHARMESH SHARMA, J. (ORAL)

1. The application bearing CO.APPL. 467/2024 has been moved on behalf of the Official Liquidator under Section 481 of the Companies Act, 1956, seeking dissolution of the company (in liquidation) – M/s. Saraf Paper Mills Ltd., and praying that the Official Liquidator be discharged as its Liquidator.

2. This company petition was instituted pursuant to the order dated 13.06.1990, passed by the Board for Industrial and Financial Reconstruction¹ whereby a finding of winding up of the company (in

¹ BIFR



liquidation) was recorded and reference of the same was made to this High Court.

3. It is borne out from the record that the company (in liquidation) was ordered to be wound up *vide* order of this Court dated 20.05.1994, and the Official Liquidator attached with this Court was appointed as its Liquidator with the direction to take charge of the books of accounts and records of the company, as also the assets of the company.

4. As per the record of the Registrar of Companies, Delhi and Haryana, the following persons were shown to be the Directors of the company (in liquidation):

- (i) Shri Om Prakash Saraf
3-B, Rajendra Park, Pusa Road, New Delhi.
- (ii) Shri S.S. Saraf
34, Pusa Road, New Delhi.
- (iii) Shri S.N. Saraf
3-B, Rajendra Park, Pusa Road, New Delhi.
- (iv) Shri C.L. Jhunjjunwala
5-L, Bowen Road, Hong Kong.
- (v) Shri P.K. Rajgharia
A-9, Maharani Bagh, New Delhi.
- (vi) Shri Lt. L.N. Saraf
3-B, Rajendra Park, Pusa Road, New Delhi.

5. The registered office of the company (in liquidation) was situated at 101-103, Padma Tower, Rajendra Place, New Delhi - 110008. It is stated that the office of the Official Liquidator visited the said premises on 10.06.1994. However, the Official Liquidator could not take over possession as it was found to be vacant and under renovation, and on enquiry it was brought forth that the company (in



liquidation) had vacated the premises in 1993.

6. As regards the factory of the company (in liquidation) situated at M.I.A. Extension, Alwar Road, Rajasthan, bearing Khasra No. 345-356; it is stated that possession of the same, along with plant & machinery as well as fittings and fixtures was taken over by the Official Liquidator on 19.09.1994 in compliance with the order of this Court dated 20.05.1994. Subsequently, sale of the said factory premises of the company (in liquidation) was effectuated pursuant to the order dated 25.08.2011, whereby open bidding was conducted and an offer of Rs. 18 crores was accepted. The plant and machinery was sold earlier, pursuant to order dated 02.09.1999, for a sum of Rs. 33.50 Lacs to Hindustan Paper (Machinery) Industries Ltd.

7. It is stated that claims were invited by the Official Liquidator by way of publications dated 10.02.2005, 26.11.2014 and 27.11.2014 in 'Times of India' (English) as well as 'Rajasthan Patrika' (Hindi). Pursuant to the orders of this Court, and being seized of necessary funds, the Official Liquidator settled all claims against the company (in liquidation), in the following manner, as reflected in paragraph (11) of the application for dissolution:

- (i) A sum of Rs. 4,43,651/- was paid to the Employees Provident Fund Organisation (EPFO), pursuant to the order dated 18.10.2012;
- (ii) An amount of Rs. 4,64,15,000/- was disbursed to Industrial Development Bank of India – Secured Creditor, as directed in the order dated 18.10.2012;
- (iii) An amount of Rs. 1,80,85,501/- was disbursed to Industrial Finance Corporation of India (IFCI) – Secured Creditor, in compliance with the order dated 18.10.2012;
- (iv) A sum of Rs. 1,68,92,566/- was disbursed to International Assets



Reconstruction Company Pvt. Ltd. (IARC) – Secured Creditor, pursuant to order dated 02.07.2013;

- (v) An amount of Rs. 1,88,75,444/- was paid to Jaipur Vidyut Vitran Nigam Ltd. – Preferential Creditor, in compliance with the order dated 18.10.2012;
- (vi) An amount of Rs. 2,81,48,434.20/- was disbursed in favour of Indian Overseas Bank – Unsecured Creditor, in compliance with the order dated 02.07.2013;
- (vii) A sum of Rs. 5,80,094/- was disbursed in favour of Rajasthan State Development and Investment Corporation Ltd. (RIICO) – Unsecured Creditor, as recorded in order dated 04.07.2023; and
- (viii) An amount of Rs. 1,00,000/- was disbursed in favour of Sh. Sant Prasad Gupta, Ex-employee of the company (in liquidation), pursuant to order dated 11.09.2019.

8. Subsequent to the above-noted disbursements, being seized of excess funds to the tune of Rs. 3,12,94,156/-, claims of contributories to the company (in liquidation) were adjudicated by the Official Liquidator against 15,35,706 paid-up equity shares and the following amounts were released to the contributories of the company (in liquidation) as per the directions of this Court:

- (i) An amount of Rs. 84,24,500/- against 4,15,000 equity shares to the shareholders from the Saraf Family, pursuant to the order dated 11.09.2019;
- (ii) An amount of Rs. 56,53,144 against 2,78,000/- equity shares to the shareholders from the Saraf Family pursuant to order dated 23.01.2020; and
- (iii) An amount of Rs. 40,600/- against 2000 equity shares to the shareholder, namely Ms. P.L. Kariwala and Mrs. C.K. Kariwala, pursuant to the order dated 11.09.2019.

9. It is further stated that pursuant to the order dated 18.12.2023, an amount of Rs. 72,68,049.60/- was paid to 3A Capital Services Ltd., which entity had purchased 3,58,032 equity shares from IDBI Bank



during the course of liquidation. Thereafter, an amount of Rs. 97,88,535/- was transferred to the Reserve Bank of India as unclaimed dividend, on 03.05.2024.

10. At present, it is submitted that the Official Liquidator is not seized of any movable or immovable assets for realization. Further, it appears that the process of liquidation has been carried out in full and the affairs of the company (in liquidation) are completely wound up. All claims received have been adjudicated and disbursed and the unclaimed amount has been transferred to the Reserve Bank. Therefore, it is submitted that no fruitful purpose will be served in continuing the present liquidation proceedings.

11. The funds position of the company, as on 03.05.2024, is stated to be Rs. 29,91,914.15/-, and after deduction of expenses borne by the Official Liquidator, permission is sought to transfer the the surplus amount, if any, to the common pool fund.

12. At this juncture, it is expedient to consider the decision in **Meghal Homes (P) Ltd. v. Shree Niwas Girni K.K. Samiti & Ors.**² whereby the Supreme Court *inter alia* held as under:-

“When the affairs of the Company have been completely wound up or the court finds that the Official Liquidator cannot proceed with the winding up of the Company for want of funds or for any other reason, the court can make an order dissolving the Company from the date of that order. This puts an end to the winding up process.”

13. It would also be relevant to reproduce Section 481 of the Act, which provides for dissolution of a company under such circumstances as are prevailing in the present matter, and the relevant

² (2007) 7 SCC 753



portion of the same reads as under:

“Section 481. Dissolution of company.

(1) When the affairs of a company have been completely wound up or when the Court is of the opinion that the liquidator cannot proceed with the winding up of a company for want of funds and assets or for any of the reason whatsoever and it is just and reasonable in the circumstances of the case that an order of dissolution of the company should be made, the Court shall make an order that the company be dissolved from the date of the order, and the company shall be dissolved accordingly.”

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14. In view of the above-mentioned decision of the Supreme Court in **Meghal Homes (supra)**, as well as keeping in mind the import of Section 481 (1) of the Act and the facts and circumstances of the present case, these liquidation proceedings warrant to be brought to an end and therefore, the company (in liquidation) – M/s. Saraf Paper Mills Ltd., stands dissolved and the Official Liquidator is hereby discharged as its Liquidator.

15. The Official Liquidator is permitted to transfer any surplus amount remaining with the company after deduction of expenses to the common pool fund and thereafter close the books of accounts of the company.

16. A copy of this Judgment be communicated to the Registrar of Companies within 30 days by the Official Liquidator.

17. Accordingly, the present company petition and pending applications, if any, stand disposed of.

DHARMESH SHARMA, J.

MAY 07, 2024

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