

(2007) 12 CAL CK 0063

In the Calcutta High Court

Case No : CP No. 477 of 1996 and CA No. 418 of 2004

In Re: Stiffel Und Schuh (India) Ltd. (In Liquidation)

Date of Decision : 20-12-2007

Acts Referred:

Companies Act, 1956 — Section 456

Citation : (2008) 146 CompCas 119 : (2009) 96 SCL 42

Hon'ble Judges : Sanjib Banerjee, J

Bench : Single Bench

Advocate : Surajit Nath Mitra, M. Ghosh and Mithua Sen, for the Appellant; Jishnu Saha D. Basak and Atish Ghosh for Respondent No. 1 and P.C. Sen, for the Respondent

Judgement

Sanjib Banerjee, J.—A matter of some importance has come up in these misfeasance proceedings: the manner in which such matters are conducted by the official liquidator. There appears to be a general helplessness, some of it may be for genuine reasons and the rest out of sheer habit, with which the official liquidator approaches the company court that questions the credibility of the entire process of liquidation.

2. Upon a company being wound up by court, the official liquidator becomes the custodian, u/s 456 of the Companies Act, 1956 (the Act), of the company's properties. The statute requires the official liquidator to be promptly apprised of the company's business and assets and there is a duty cast on the officers of the company immediately prior to the winding up order being made (and even other officers) to file statements before the official liquidator and ensure that all of the wound-up company's assets are placed in his hands. There needs to be a degree of seriousness in course of the liquidation proceedings that is fundamental to the concept of a company. By and large companies set up in this country are limited liability companies. The word 'limited' that the Act requires a company to append at the end of its name is a warning at large to persons dealing with the company that the liabilities of persons who make up the mind and limbs of the company are limited to the extent of their contribution in the capital of the company, if they have contributed to it at all. The stringency necessary at the

end of the company's run, in the liquidation proceedings, is to ensure that business ventures floated with limited liability by the human agencies are not deliberately run aground and its assets fraudulently dissipated before the company is sent into liquidation. This special feature of a company, of the limited liability of the human agencies behind it, is being increasingly abused for want of adequate measures at the liquidation stage. Companies take money, from depositors, shareholders and banks and financial institutions, not to speak of the sundry creditors for its day-to-day transactions, only for the companies to be sent into liquidation with the fortunes of all such stakeholders almost invariably doomed upon liquidation. Not every business venture may succeed and persons having transactions with companies ought to be aware of that. But most companies going into liquidation are not failed business ventures but have been merely used by the human agencies behind them for their personal aggrandisement before they are sent to the black hole of liquidation for next to nothing to emerge thereafter.

3. The malaise is at the initial stage that ultimately results in half-hearted misfeasance proceedings being instituted, as if by rote. That statements of affairs are not filed in time go unnoticed for months and years before a complaint is made. That assets of the company are not placed in the liquidator's hands, remains undetected for years. Auditors are appointed to investigate into the affairs of a company prior to its liquidation on scanty material which result in the stereotyped misfeasance petition being challenged for not meeting the tests that the official liquidator is required to discharge before an errant officer of the company is held guilty.

4. The company court can address only such of the matters that are brought before it by the official liquidator; the statute enjoins a duty on the official liquidator to be more vigilant than what has come to pass and the executive is required to provide much better administrative support for the official liquidator to carry out his functions in accordance with law. The result of the lackadaisical functioning is that public funds made available by banks and financial institutions remain unrealised, small shareholders lose their entire investment and unsecured creditors hardly find it worth their while to pursue their claims against a company in liquidation. The scheme of the Act is, however, quite otherwise. For, though it does not make the officer of every company liable for the company's unpaid dues or does not require the conduct of every officer of a wound-up company to be viewed with suspicion, it envisages a due process to be followed by the official liquidator for the recalcitrant erstwhile officers of a company in liquidation to be brought to book.

5. In the present case, two of the respondents have appeared and the first respondent has more than indicated that he was the principal person in control of the company's affairs prior to its liquidation. The second respondent has also appeared but he was a director of the company for less than a year between March 22, 1994 and March 13, 1994, having resigned some four years before the

company went into liquidation. The third and fourth respondents have not been served as, despite substituted service, the third and fourth respondents cannot be said to have had notice of these proceedings as they appear to be residents of Austria. The points of claim filed by the official liquidator do not make out specific charges against the erstwhile directors by name nor are the charges of general nature directed against some of the directors in some case and in other directors in other case. The points of claim do not indicate which of the directors were executive or whole time directors and which of the directors were nonexecutive directors or which of them had been nominated by creditors.

6. The points of claim merely repeat or paraphrase the prayer in the summons which are, in the first place, based on the auditor's report. There appears to be the following ten charges levelled against the erstwhile directors of the company, in general, by the official liquidator:

1. Inventory amounting to Rs. 2,08,83,446/- was written off in the company's accounts for the year ended March 31, 1997 where the stock register for the relevant period showed no adjustment in the quantity of inventories.

2. The company made available a sum of Rs. 59,70,423/- to India Laminating & Packaging Limited (ILPL) in which the managing director of the company, the first respondent herein, is also a director. Such payment, according to the official liquidator was an instance of wrongful diversion of company funds and is substantiated by the statutory auditor's qualification in the audit report for the year ended March 31, 1998.

3. The company spent a sum of Rs. 60,16,012/- for construction of a building on a land owned by ILPL and ILPL was shown to be the owner of the building. If the company was the owner of the building for having paid for its construction, the same should have been included as an asset of the company which has not been done.

4. The company was the real owner of a residential flat measuring 2600 sq.ft. at S-363, Greater Kailash - II, New Delhi, the funds whereof appear to have been paid by the company but the ownership was not recorded in the name of the company.

5. The company claimed in its profit and loss account for the year ended March 31, 1997 that there was an adjustment/deduction of Rs. 2,99,30,589/- as 'prior period adjustment'. It would appear from the company's books that an export sale effected by the company in the year 1994-95 was sought to be reversed without any explanation as to how return of the goods was obtained by the company and how such goods were subsequently dealt with.

6. It would appear from a letter written by another erstwhile director of the company, that the company purchased immovable properties in Delhi and Calcutta at high price and suffered on account of a fall in the real estate value during the period, but there does not appear to be any asset of such nature

standing in the company's name.

7. The company had given an advance of Rs. 40 lakh in the year 1994⁹⁵ to M/s. Loyalka Properties (P) Limited on account of payment in respect of Beliaghata property which was neither subsequently recovered nor was the property acquired.

8. The company had made an advance in August, 1994 of Rs. 15 lakh to Sri Satya Sai Properties & Investment (P) Limited and accounts were subsequently adjusted by journal entries being passed without any money returning to the company.

9. In August, 1994 the company gave an advance of Rs. 10 lakh to M/s. Bhuwarka Trading & Tea Co. (P) Limited and similar adjustments were made in the books without the money being returned to the company.

10. An advance of Rs. 37 lakh was shown to have been given by the company to one M/s. Padmawati Mercantile (P) Limited in August, 1994 but it appears from the records maintained by the Registrar of Companies that there was no company by such name and it was a fictitious entry made for diverting company funds.

7. In addition, there is a general charge that the accounts of the company were window-dressed and prepared to conceal the financial affairs of the company and that queries raised by the auditor investigating into the company's affairs on the statutory auditors of the company went unanswered.

8. The official liquidator has examined the auditor. The first respondent chose not to take to the box but invited an expert witness instead, who testified as to the propriety of the conclusions drawn by the investigating auditor. The facts that required elucidation by a company officer could not be brought to the fore upon the self-proclaimed principal person in control of the company staying away, which is not to suggest that merely because the first respondent did not examine himself, he should be fastened with the entire liability for which the official liquidator claims.

9. The first respondent says that the auditor's report is unreliable. Clause 9(2)(f) of the report is placed to suggest that the auditor had recorded that the cash book, ledger books, bank books, debtors' ledger and creditors' ledger till the date of liquidation were not available with the official liquidator. It is submitted that while it is an entirely different matter that the auditor thought that it was the duty of the erstwhile directors of the company to deliver such books and records to the official liquidator, but the fact remained that such books were not available. The report is also criticised as it is demonstrated that the auditor's recording that adequate records were unavailable is belied by his recording at paragraph 4(a) of his report that a large number of documents were available with the official liquidator (the stock register was marked as item No. 428 in the inventory list). The first respondent questions the auditor's findings on the

ground that the auditor did not specify as to which books of the company he referred to, and which he did not, in arriving at his conclusions. It is argued that no notice was given to the company's erstwhile officers to produce the missing papers. The written defence of the first respondent is referred to wherein it has been stated that 57 volumes of files were missing from the records of the company in liquidation maintained by the official liquidator when compared to the inventory list prepared by the official liquidator at the time of taking possession of the company's books. The first respondent emphasises that only 496 files were presented for inspection when the first respondent or his representative attended the official liquidator's office, against 553 files that were taken possession of by the official liquidator. The point that the first respondent makes is that in misfeasance proceedings, the charge is of grave nature and the onus that the official liquidator needs to discharge cannot be fulfilled if he has incomplete records.

10. The first respondent has used two sets of pleadings; the first, is an affidavit of December 13, 2004 as his points of defence, and a second, an affidavit of Sripati Dutta affirmed on his behalf on March 1, 2007 after taking inspection of the records of the company in liquidation available with the official liquidator. The first respondent has suggested in his first affidavit that he made "an earnest endeavour to get in touch with the company secretary and the accountant of the company (in liquidation) " in an attempt to answer the points of claim" against him. The first respondent complained in his first affidavit that he was unable to take inspection of the company's books from the official liquidator "which are reasonably expected to contain information in support of my defence." He has cited his not having access to the company's office since June, 1989 on account of workmen resisting his entry, agitated by non-payment of wages. The first respondent has altogether washed his hands off the matter by submitting that the official liquidator had taken possession of the books, papers and documents of the company from the company's office after obtaining a direction for police help to overcome the workmen's resistance and that the first respondent had no books and papers to report as to the affairs of the company prior to its liquidation.

11. It is of some significance that even though the first respondent complains that he was never called upon to produce the company's papers or furnish details as to the company's transactions, the first respondent did not choose to explain why as an officer of the company at the time of its liquidation, he did not file the statement of affairs or did not search out the company's assets and lead the official liquidator thereto. The first respondent's approach to the whole issue is that it was the duty of the official liquidator to search out the company's assets and ascertain the company's transactions and the first respondent had no obligation to discharge upon the company going into liquidation.

12. The second affidavit filed by the second respondent through his constituted attorney was after inspection was taken by him of the papers available with the

official liquidator on almost successive days between January 24, 2007 and February 22, 2007. The constituted attorney has claimed that the records revealed that out of Rs. 40 lakh given by the company to Loyalka Properties (P) Limited, between December 29, 1995 and January 2, 1996 a total sum of Rs. 35 lakh was repaid by such company to the company in liquidation. The constituted attorney has claimed thereafter that the bank statements of the company in liquidation were not made available for inspection and "it is bound to appear therefrom (the bank statements) and from other ledger accounts" that the entire sum of Rs. 40 lakh was repaid by Loyalka Properties (P) Limited.

13. The constituted attorney has claimed on behalf of the first respondent that ILPL was one of the promoters of the company in liquidation and from time to time agreements were entered into between such promoter company and the company in liquidation for the purchase or development of immovable property. Such "properties were in turn let/ leased out or were agreed to be let or leased out to the company" against the rent whereof the advances an interest thereon used to be and/or were agreed to be set off.? The constituted attorney has claimed that a sum of Rs. 25 lakh was advanced by the company in liquidation to Sri Satya Sai Properties & Investment (P) Limited (Rs. 15 lakh) and to Bhuwarka Trading & Tea Co. (P) Limited (Rs. 10 lakh), on behalf of ILPL. According to the first respondent, since such property could not ultimately be purchased, the sum of Rs. 25 lakh was subsequently debited to ILPL for it to be adjusted against future rents payable by the company in liquidation to ILPL. The defence is that the sum of Rs. 25 lakh covered by the eighth and ninth heads of claim noticed above, are a duplication of the claim made under the second head for Rs. 59,70,423/- made available by the company to ILPL.

14. As far as the payment of Rs. 37 lakh to Padmawati Mercantile (P) Limited was concerned, the first respondent has suggested in his second affidavit that such payment was also made on behalf of ILPL and "was later adjusted against rent payable by the company" to ILPL. That no company by the name of Padmawati Mercantile (P) Limited existed is a point that is completely overlooked by the first respondent.

15. The substance of the defence is that as ILPL permitted the company in liquidation to occupy the leasehold premise and to construct an office complex thereat, ILPL was entitled to substantial amount on account of lease rent and all payments shown for development of the property or for construction of any building or payments made to ILPL or on its account were adjustable against the rent payable by the company in liquidation to ILPL. There is no reference to any agreement between ILPL and the company in liquidation. The company had substantial shareholders other than the first respondent and his nominees and the informal arrangement that the first respondent seeks to justify defies conventional wisdom particularly when the transactions are in weighty crores and not meagre thousands.

16. As a preface to the arguments on merits, the first respondent has attempted

to establish the legal premise on which the charges brought are required to be tested. The Official Liquidator Vs. Raghawa Desikachar and Others, is placed and paragraph 7 thereof is relied on for the proposition that the burden of proving misfeasance or nonfeasance rests on the official liquidator as in a misfeasance action the charge against the erstwhile officers is of serious nature. It is true that a charge of misconduct or misappropriation or breach of trust that is the underlying theme of a misfeasance petition, requires the official liquidator to establish the acts of omission or commission on the part of the specific erstwhile officers, quantifying the loss to the company for the acts, and that the burden is on the official liquidator. But upon there being sufficient narration of the acts and upon it being possible to sufficiently infer from such narration, that there was loss occasioned to the company by such acts, merely because the director responsible for such transaction is not identified would not bring to naught such charge. At least, it is not open to the first respondent, erstwhile managing director of the company, who has stepped forward to proclaim himself as the principal person in control of the company's affairs to wriggle out of the charges brought on the ground that the official liquidator had not named him specifically as being the officer of the company involved in the transactions forming the basis of the charges.

17. The judgments reported at (1979) 49 Comp Cas 903 (Official Liquidator, Madras Oils and Fertilisers (P) Ltd.) and (2001) 103 Comp Cas 422 (Hypine Carbons Limited v. J.C. Bhatia and Ors.) have been cited by the first respondent to suggest that mere failure, without motive, to realise the dues of the company would not amount to misfeasance. The principle cannot be questioned, but in its application there rests the question of fact as to whether there was motive on the part of the charged directors to not realise the dues on behalf of the company. The first respondent has referred to the judgments reported at (1959) 29 Comp Cas 437 : (1991) 71 Comp Cas 101 (Security and Finance Pvt. Ltd. v. B.K. Bedi and Ors.) (1978) 48 Comp Cas 357 (Official Liquidator, Milan Chit Fund & Finance P. Ltd. v. Joginder Singh Kohli and Ors.) and 1987 (3) CLJ 197 in support of his contention that the general principle of liability of joint tortfeasors would not be applicable in misfeasance proceedings. It is not necessary to go into such question as such defence would not be available to the first respondent on the overwhelming representation made on his behalf that he was incharge of the company and its affairs. The judgment reported at 114 Comp Cas 654 has been placed for the proposition that errors in accounting practice would not amount to misfeasance. It has also been submitted on behalf of the first respondent that to the extent the investigating auditor has questioned the accounting policy followed by the company, the same should not be seriously taken by court as part of the charges levelled against the erstwhile directors or the first respondent. The first respondent labours to demonstrate that the statutory auditors of the company are auditors of repute and if the accounting practice followed by the company was at variance with the accepted standards, the auditors would not have passed the accounts or would have qualified the

accounts. The first respondent refers to the investigating auditors' report to show that only in stray cases did the statutory auditors of the company qualify their acceptance of the company's accounts.

18. The first respondent submits that misfeasance would imply a person misapplying or retaining in his own hands any money of the company or any act by which the company's properties has been wasted or the company's credit improperly pledged, resulting in actual loss to the company. The charges, according to the first respondent, need not only to be specific but the delinquent must be individually identified and an en masse charge would not be maintainable. A more recent judgment reported at (1996) 86 Comp Cas 696 (Official Liquidator v. T.J. Swamy and Ors.) is cited on the point.

19. It is true that the legal burden of proof as to misfeasance rests on the official liquidator. In discharge of that burden, he is required to specify the acts of omission and commission and to produce material to suggest that such acts resulted in actual loss to the company. Once the inference appears to be inescapable that the acts complained of resulted in loss to the company, it is for the relevant director to rebut such inference or explain the acts complained of.

20. In respect of the first charge, the one relating to inventory of Rs. 2,08,83,446/- being written off, on behalf of the first respondent, the evidence of the expert witness has been relied upon. The expert witness testified that since no adjustment in quantity was observed during the relevant period, it would imply that the inventories had been revalued. It was his opinion that had the adjustment been in quantity, it would have been a case of inventories being written off, but since no other documents were available for him to go by, it appeared to him that it was a case of revaluation of the inventories. It was the expert's considered view that revaluation of stock is normally not made in the stock register as such register records inward and outward movement of inventory as a whole. In response to a question in course of his examination-in-chief, the expert witness opined that the mere allegation that inventories had been written off without a depletion of the inventories in the stock register, would not be conclusive proof of misappropriation of the amount corresponding to the value written off.

21. It is a possible view. The investigating auditor's evidence on this aspect borders on innuendo. It is submitted on behalf of the official liquidator that if, indeed, there was a revaluation of the inventories and the more realistic value thereof was indicated upon revaluation, the recording thereof ought to have been more specific and not in the manner it was done. There is some basis in what the official liquidator says, but it is equally possible that there was a revaluation and such revaluation was inartistically reflected in the company's accounts to sound as if there was depletion of stock. Since the official liquidator has failed to conclusively demonstrate such charge, the tests that are required to be met permit the first respondent to get the benefit of doubt, however strong an impression to the contrary the court may harbour.

22. The second and third charges amount to, in effect, funds being made available by the company in liquidation to an associate concern. It is the admitted position that the first respondent was actively involved in ILPL. There is no assertion by the first respondent that there was any written agreement between the company and ILPL for the sums of Rs. 59,70,423/- and Rs. 60,16,012/- to be adjusted against the rents payable by the company to ILPL. Given the state of evidence, it was incumbent on the part of the first respondent to demonstrate that the company was to get value for the money made available to ILPL. The official liquidator has established that the money passed from the company to ILPL. It is apparent that the money did not return to the company in liquidation and in the absence of the first respondent showing that ILPL was to receive credit for a part thereof, it is clear that such money has been lost to the company. It is not a case of the company failing to realise the sum made available to ILPL. It is not as if no motive can be read into the company's conduct in not seeking to realise the amount from ILPL. The person at the helm of the company was closely involved in, and probably also in control of ILPL, and upon realising that the prospects of the company were doomed, he made no attempt to recover the money from ILPL with the intent of having the benefit of such funds in course of his association with ILPL. The motive is established. The facts appear plain enough. The first respondent as the managing director of the company prior to its liquidation has to be held liable for the loss occasioned to the company for the sums of Rs. 59,70,423/- and Rs. 60,16,012/-.

23. The fourth and sixth charges relate to immovable properties allegedly acquired with company funds without the company being shown to be the owner thereof. The fourth charge is in respect of a residential flat measuring 2600 sq.ft. in New Delhi and the sixth charge is a more general charge relating to unspecified immovable properties having been acquired in Calcutta and New Delhi. The official liquidator has relied on a letter written by Nitish Sengupta, a former director of the company, as being the basis of the sixth charge and as justifying the fourth charge relating to the Greater Kailash residential flat. The official liquidator, however, has failed to demonstrate the movement of money from the company funds on such account. There is a lurking suspicion that funds may have otherwise been removed from the company for financing the acquisition of immovable properties, albeit not in the name of the company. But a suspicion is not enough for a charge in proceedings of such nature to be established. It is possible that the official liquidator does not have all the books necessary for such charge to be established. It is equally possible that the excuse proffered by the first respondent that he had no access to the company records by reason of the agitating workmen not permitting him to enter the company's offices, is specious. But in the absence of additional material being produced by the official liquidator, the fourth and sixth charges remain vague and inconclusive.

24. The fifth charge, however, is a different matter. The company claimed in its annual accounts for the year ended March 31, 1997 that an adjustment or

deduction to the extent of Rs. 2,99,30,589/- was required to be made on account of 'prior period adjustment'. It was suggested on behalf of the respondent to the investigating auditor that such sum reflected a reverse entry in respect of the goods for which inventory was written off. It appears from the 70th and 71st questions put (on behalf of the first respondent) to the investigating auditor that goods on value of Rs. 5.4 crore had been exported to an American buyer which had gone into liquidation which resulted in the company being required to take the goods back. There is no case to such effect run in the written defence of the first respondent and even if the defence is to be accepted on the basis of the suggestion put to the investigating auditor, the first respondent was required to explain as to what happened to the goods that were originally shipped or earmarked to be shipped to the American buyer.

25. At the very least, the dubious business of 'prior period adjustment' required an explanation. The expert auditor's evidence is that the inference drawn by the investigating auditor is presumptuous. In the absence of the first respondent coming to the box, the charge is to be tested against the opinion of one auditor against the opinion of another. The expert witness, despite his apparent proximity to the first respondent and some association with the company or its associate concerns, was guarded in what he stated. The expert witness merely indicated that there may be a plausible explanation which did not occur to the investigating auditor for the investigating auditor to come to a conclusion that the sum of Rs. 2,99,30,589/- must have been defalcated by the company's directors, in the absence of there being relevant material in support of the adjustment sought in respect thereof. As an officer of the company, the first respondent was required to explain the transaction. On his failing to offer an explanation, indeed, his refusing to bring the relevant facts to the fore, the facts on which the official liquidator has based his charge remain uncontroverted. The two sets of pleadings filed by the first respondent do not throw any light on this matter. On the basis of the material produced by the official liquidator and in the absence of any attempt at rebuttal of the facts justifying the inference, the charge has been sufficiently established.

26. The seventh, eighth and ninth charges relate to payments made by the company to various entities. As far as the payment of Rs. 40 lakh to Loyalka Properties (P) Limited is concerned, the second affidavit filed on behalf of the first respondent shows that the company had received repayment of Rs. 35 lakh and that the bank statements were not available from which it would be revealed that even the remaining Rs. 5 lakh had been refunded. Though it was the responsibility of the first respondent and the other directors of the company to make over all papers to the official liquidator, much of the sting has been taken out of the seventh charge on it being apparent that a sum of Rs. 35 lakh was received back by the company. It is possible, as the first respondent suggests, that even the remaining Rs. 5 lakh was refunded.

27. The payment of Rs. 15 lakh to Sri Satya Sai Properties & Investments (P)

Limited and Rs. 10 lakh to Bhuwalka Trading & Tea Co. (P) Limited, on the official liquidator's showing, were adjusted by journal entries without the moneys being actually returned to the till of the company. The first respondent has claimed that the journal entries would show that it was ILPL which was ultimately debited in respect of the payments recovered by the eighth and ninth charges and the official liquidator has not been able to conclusively demonstrate that it was not so. The eighth and ninth charges, therefore, are not established.

28. A similar defence, as in the eighth and ninth charges has been taken in respect of the sum of Rs. 37 lakh paid to Padmawati Mercantile (P) Limited. The expert witness suggested that since the transaction was of the year 1994, at the time that the office of the Registrar of Companies was searched by the investigating auditor, it is possible that such company was wound-up or dissolved and its name struck off. If it were so, the first respondent ought to have done better to show that such company existed and that the transaction was not a fictitious transaction as alleged by the official liquidator. The first respondent has not been able to show that the amount paid to Padmawati Mercantile (P) Limited was debited to ILPL. It is not the first respondent's case that Padmawati Mercantile (P) Limited returned the money. Since from existence of such company is in doubt, and there is no material presented on behalf of the first respondent to show any adjustment made in respect of such sum to debit the account of ILPL, the official liquidator has been able to make good the tenth charge.

29. The official liquidator has not claimed that the second respondent was directly a party to any of the transactions complained of. It is nobody's case that the second respondent was actively involved in the affairs of the company even during the short period during which he was a director of the company. The official liquidator has neither attempted, nor has been able, to establish any of the charges against the second respondent. Similarly, even though the other respondents have not appeared, in the absence of any specific charge being made against any of them, the charges as against all the respondents other than the first respondent remain vague and unproven.

30. The first respondent is fastened with the liability in respect of the charges found to have been established by the official liquidator for his acceptance that he was the principal person in control of the company prior to its liquidation. The first respondent is found liable for having occasioned loss to the company by wilful acts of misappropriation. The first respondent is found to have acted in breach of trust and in breach of the fiduciary duty that he owed to the company. The official liquidator will recover the sums of Rs. 59,70,423/-, Rs. 60,16,012/-, Rs. 2,99,30,589/- and Rs. 37 lakh from the first respondent with interest thereon at the rate of 10 per cent per annum from the date of the order of winding up.

31. In addition, the first respondent will pay costs of these proceedings to the official liquidator assessed at 3000 GMs.

32. Urgent photostat certified copies of this judgment, if applied for, be issued to the parties upon compliance with requisite formalities.