

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 30<sup>TH</sup> DAY OF MARCH, 2017

BEFORE

THE HON'BLE MR.JUSTICE RAGHVENDRA S. CHAUHAN

**COMPANY APPLICATION No.1353/2015**

**IN**

**COMPANY PETITION No.199/2000**

**BETWEEN:**

M/S. KAVITHA TUBES LTD., (IN LIQN.)  
REP. BY OFFICIAL LIQUIDATOR  
HIGH COURT OF KARNATAKA  
CORPORATE BHAVAN  
12<sup>TH</sup> FLOOR, RAHEJA TOWERS  
NO.26-27, M.G. ROAD  
BANGALORE - 560 001

...APPLICANT

(BY SRI.K.S. MAHADEVAN, AND  
SRI. V. JAYARAM, ADVs. FOR OL)

**AND:**

NIL

... RESPONDENT

THIS COMPANY APPLICATION IS FILED UNDER SECTION 462 OF THE COMPANIES ACT, 1956 R/W RULES 11[b] AND 298 OF THE COMPANIES [COURT] RULES, 1959, PRAYING TO A] TO APPOINT AN AUDITOR TO AUDIT THE ACCOUNTS OF THE OFFICIAL LIQUIDATOR FOR THE HALF YEAR ENDING 30.09.2015 AND FIX HIS REMUNERATION AND ETC., B] DISPENSING WITH THE REQUIREMENT OF SECTION 462[5] OF THE COMPANIES ACT, 1956; AND ETC.,

THIS COMPANY APPLICATION COMING ON FOR ORDERS THIS DAY, THE COURT MADE THE FOLLOWING:

**ORDER**

An application has been filed for bringing on record the audit certificate issued by Kampasi Razdan & Co, Chartered Accountants, with regard to M/s.Kavitha Tubes Ltd., fixing the auditors fee and dispensing with the requirement of Section 462(5) of the Companies Act, 1956.

2. The Audit Certificate is hereby accepted; the copy of the audit report shall be sent to the Registrar of Companies under Section 462(4) of the Companies Act.

3. The learned Official Liquidator submits that so far as fixing of the fee of the Auditor is concerned, it is governed by the Companies (Court) Rules, 1959 and particularly, Rule 304, which prescribes the audit fee at a particular percentage. However, it is noticed that this court, as early as in the year 1996, had fixed the fee at ₹110/- as the minimum fee payable and ₹1,000/- as the maximum. This was enhanced to ₹250/- and ₹2,000/-

and it was again enhanced to a minimum of ₹500/- and a maximum of ₹4,000/- by an order dated 29.04.2014.

It is to be seen that the value of the rupee has declined and the cost of professional fee across sectors is on the increase, it would not be possible for the Official Liquidator to secure the services of competent Auditors, if the fee remains at a maximum of ₹4,000/-. It is pointed out by the learned Official Liquidator that the work involved in many cases is minimal and therefore, it would be reasonable to retain the minimum fee at ₹500/- . However, the ceiling limit of ₹4,000/- requires to be increased to a maximum of ₹6,000/-.

In that view of the matter, with regard to the fee payable in this case, the learned Official Liquidator is permitted to pay the fee, at the appropriate rate, in accordance with the range of fee now fixed. This is notwithstanding the mandate under Rule 304 and this is passed in the discretion of this court and having due regard to the present state of affairs.

4. Though the learned counsel for the Official Liquidator has expressed the anxiety of the Official Liquidator in sending the required information under Section 462(5) to the creditors and contributors, this court is firmly of the opinion that the information required can be sent by using Information Technology. Since the creditors and contributors have a right to know with regard to the value of the company, the said information cannot be withheld from them. Therefore, requirement of Section 462(5) of the Companies Act is not dispensed with by this court.

5. The Official Liquidator is directed to comply with the requirement of Section 462(5) of the Companies Act.

The application is accordingly disposed of.

**Sd/-  
JUDGE**

Prs\*