IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH : AT HYDERABAD

(Under Original Jurisdiction)

C.A. No. 357 of 2000

in

R.C.C. No. 5 of 1998

IN THE MATTER OF COMPANIES ACT (Act 1 of 1956)

AND

IN THE MATTER OF M/s. DELHI TUBES LIMITED (In Liquidation)

Between:-

A.P.State Financial Corporation, represented by the Senior Branch Manager, Ranga Reddy Branch (East), Hyderabad ... Applicant

AND

M/s. Delhi Tubes Limited (in Liquidation), rep. by Official Liquidator, High Court of A.P., Hyderabad ... Respondent

JUDGE'S SUMMONS

(Petition under Sec.446 of the Companies Act Read with Sec.29 & 46B of SFCs Act, R/W Rule 9 of Company Court Rules)

Let all the parties concerned attend the Judge sitting in the Court/Chambers on on the hearing of an Application filed by the Applicant above named for an order to

permit the Applicant Corporation to remain outside liquidation proceedings to pursue the statutory remedies conferred upon it under Sections 29 and 31, and

to pass such further and other order or orders as may be found expedient in the circumstances of the case.

Dated this the 19(M) day of June 2000

For A.P. State Financial Corporation,

Branch Manager.

(APPLICANT) (REGISTRAR)

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AFFIDAVIT:

I, V. Ramachander, son of late Sri V.R. Babu, Senior Branch Manager, A.P.State Financial Corporation, Ranga Reddy Branch (East), Residing at Hyderabad, do hereby solemnly and sincerely affirm and state on oath as follows:-

1. I am the Senior Branch Manager of A.P.State Financial Corporation, Ranga Reddy Branch (East), Hyderabad and I am well acquainted with the facts of the case.

2. I state and submit that this Applicant Corporation has sanctioned a Term Loan of Rs.30.00 lakhs to the Company in liquidation on 29-06-1981 to enable the Company in liquidafion to acquire land and buildings,

For A.P. State Financial Corporation,

Branch Manager

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Corr. :

Deponent

Attestor:

Section Officer (O.S.) and Commissioner for Oaths
High Court of A.P. Hyderabad

"Equitable mortgage first charge on the Land and Buildings situated at Plot No.8, Industrial Estate, Nacharam, R.R.District, together with hypothecation of Plant and Machinery and all future acquisitions of fixed assets ranking pari passu incharge with Term Loan of Rs.70.00 lakhs from IRBI and Rs.4.50 lakhs, Rs.154.78 lakhs from APIDC and UBI respectively".

This Applicant Corporation sent the original title deeds to the IRBI and IRBI as lead Institution on behalf of other financial institutions, viz., IRBI, SFC, APIDC, UBI entered Memorandum of Pari Passu arrangement dated 21-07-1998 among themselves specifying their rights and obligations and sharing securities in the event of sale etc. The Unit availed Rs.24.00 lakhs out of additional Term Loan. In spite of the efforts made by the financial Institutions, the Unit could not implement the Rehabilitation Scheme sanctioned by B.I.F.R., as per the time schedule and also defaulted in repayment of loan availed from the Corporation.

3. The B.I.F.R., after exploring alternative measures to revive the unit had come to the understanding on 06-12-1995 that the Rehabilitation Scheme sanctioned by it on 05.11.1990 was ~~fixx~~ failed.

4. I state and submit that as per P.P. arrangement dated 21-07-1992 the Corporation and other financial institutions have agreed to consider the liabilities of UBI

For A.P. State Financial Corporation,

Branch Manager

Deponent

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Corr. :

Attestor.

Section Officer (O.S.) and
Commissioner for Oaths.
High Court of A.P. Hyderabad

alleging that this Applicant Corporation is trying to dispose of the properties at a low price and that to a person put up by the Promoter of the Company in liquidation, as the purchasers. This Hon'ble Court directed notice for admission directing the Corporation not to finalise the sale, if not already finalised and the UBI got the interim stay. The ~~respondent~~ Applicant Corporation has addressed letters to the United Bank of India requesting them to withdraw the Writ Petition and participate in the auction proceedings conducted by this Applicant Corporation. But the U.B.I., has not come forward to this Applicant Corporation's proposal.

7. I further state and submit that this Applicant Corporation is entitled to remain outside Liquidation Proceedings pursuant to its statutory remedies conferred upon it after passing up of winding up orders by this Hon'ble Court for seeking realisation of its dues, by exercising the statutory powers conferred upon it. I respectfully state and submit that this Applicant Corporation cannot be mulcted with any liability to provide funds to the Official Liquidator.

8. I further state and submit that the facts narrated above have been duly mentioned in the counter affidavit filed in R.C.C. 5/98, upon receiving the notice to show cause as to why the Company should not be wound up, received by this Applicant Corporation.

For A.P. State Financial Corporation,

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Corr. :

Branch Manager/Deponent

Attestor:

Section Officer (O.S.) and
Commissioner for Oaths,
High Court of A.P. Hyderabad

10. A copy of the Panchanama conducted at the time of seizure is filed herewith as ANNEXURE-I.

The Valuation Report evaluating the assets other than Stocks of the Company is being done by outside agency.

A copy of the pari passu agreement is filed herewith as ANNEXURE-II .

11. For all the reasons aforementioned, I, pray that this "on'ble Court may be pleased to permit the Applicant Corporation to remain outside liquidation proceedings to pursue the statutory remedies conferred upon it under the State Financial Corporations Act, especially under Sections 29 and 31, and to pass such further and other orders as may be found expedient in the circumstances of the case.

For A.P. State Financial Corporation,

Branch Manager.

Deponent

Solemnly affirmed at Hyderabad on this the 4th day of [illegible] before me and the deponent has signed in my presence.

Before me,

Notary

7th & last page :

Corr.:

Section Officer (O.S.) and Commissioner for Oaths, [illegible] of A.P. Hyderabad