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APHC010308592026

IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI [3573]
(Special Original Jurisdiction)

FRIDAY, THE 3rd DAY OF JULY 2026

PRESENT

THE HONOURABLE SRI JUSTICE BALAJI MEDAMALLI

COMPANY APPLICATION NO: 153/2026

Between:

1. THE OFFICIAL LIQUIDATOR, ATTACHED TO THE HONBLE HIGH COURT OF TELANGANA AND ANDHRA PRADESH, 1ST FLOOR. CORPORATE BHAWAN, BANDLAGUDA, NAGOLE, HYDERABAD -500068

...APPELLANT

AND

1. NIL, NIL

...RESPONDENT

Approve the allocation of 34 Companies (in liqn) as per Annexure-A among 3 Chartered Accountants viz., 1). M/s. Murthy and Kanth, Chartered Accountant, Hyderabad 2). M/s. Padmanabha Rao and Co., Chartered Accountant, Hyderabad 3). M/s. K.B.S. Associates, Chartered Accountant, Hyderabad proportionately (i.e.,11 Companies each to two auditors at SI.No.1 and Si.No.2 and 12 companies to one auditor at SI.No.3) or pass

Counsel for the Appellant:
1. T V P SAI VIHARI(SC FOR OFFICIAL LIQUIDATOR)

Counsel for the Respondent:
1.

The Court made the following:

ORDER:

This Company Application is filed under Sections 457 and 462 of the Companies Act, 1956, read with Rules 298, 300, 302, 304, 306, 309 and Rule 9 of the Companies (Court) Rules, 1959, seeking the following reliefs:

i. To take this affidavit and the facts stated herein on record.

ii. To approve the allocation of 34 companies (in liquidation), as shown in Annexure-A, among the following three Chartered Accountant firms, proportionately, i.e., 11 companies each to the auditors at Sl. Nos. 1 and 2, and 12 companies to the auditor at Sl. No. 3, or to pass such other order as this Hon'ble Court may deem fit and proper for the audit of the half-yearly accounts of the said companies (in liquidation) for the period from 01.10.2025 to 31.03.2026: (1). M/s. Murthy & Kanth, Chartered Accountants, Hyderabad, (2). M/s. Padmanabha Rao & Co., Chartered Accountants, Hyderabad, and (3). M/s. K.B.S. Associates, Chartered Accountants, Hyderabad.

iii. To permit the Official Liquidator to file the audit reports of the half-yearly accounts for the period from 01.10.2025 to 31.03.2026 in respect of the 34 companies (in liquidation) before this Hon'ble Court within 60 days from the date of receipt of the same from the Chartered Accountants so allotted.

iv. To take on record the half-yearly statements of accounts for the period from 01.10.2025 to 31.03.2026, as per Annexure-B, in respect of 10 companies (in liquidation), as there are no receipts or payments in those companies, and to dispense with the appointment of auditors and audit of the said half-yearly accounts for the above period, as stated in paragraph 4 of the affidavit.

v. To take on record the half-yearly statements of accounts for the period from 01.10.2025 to 31.03.2026, as per Annexure-C, in respect of three companies (in liquidation), as there are no receipts or investments in those companies and only expenditure towards court fee stamps and notary charges, and consequently to dispense with the appointment of auditors and audit of the said half-yearly accounts for the above period, as stated in paragraph 5 of the affidavit.

vi. To permit the Official Liquidator to pay audit fees at the rate of Rs.500/- (Rupees Five Hundred only) plus GST per company (in liquidation) to the said Chartered Accountant firms in accordance with the order of this Hon'ble Court dated 24.12.2025 passed in C.A. No. 11 of 2025 in C.P. No. 34 of 1985.

vii. To permit the Official Liquidator to pay the audit fees out of the funds of the respective companies (in liquidation), and in cases where sufficient funds are not available, to permit payment from the Estate and Establishment Fund Account of the Official Liquidator, subject to reimbursement from the funds of the respective companies upon realization of their assets.

viii. To grant exemption from filing the annual/final accounts for the financial year 2025-26 under Section 551 of the Companies Act, 1956, since the half-yearly accounts are being regularly filed under Section 462 of the Act and the audited half-yearly accounts for the periods from 01.04.2025 to 30.09.2025 and from 01.10.2025 to 31.03.2026 are being filed before this Hon'ble Court. The annual accounts for the financial year 2025-26 are only a consolidation of the aforesaid two half-yearly financial statements.

ix. To direct that the costs of this application, including court fee stamps and notary charges, be paid out of the funds of the company (in liquidation); and to pass such further or other order or orders as this Hon'ble Court may deem fit and proper in the circumstances of the case.

2. Heard the learned counsel for the Official Liquidator.

3. The learned counsel for the Official Liquidator submits that a copy of the order passed by this Court appointing auditors to audit the half-yearly accounts of various companies in liquidation has been annexed to the application. The said order also prescribes the modalities for payment of audit fees by categorizing the companies based on the number of transactions. He further submits that the order dated 08.04.2022 passed in C.A. No. 8 of 2022 in RCC No. 2 of 1995, annexed at page No. 20 of the application, squarely covers the present case. Therefore, he prays that a similar order may be passed in this case.

4. Having considered the above submissions, the report of the Official Liquidator, and the earlier order passed by this Court, I am of the view that the audit work for the period from 01.10.2025 to 31.03.2026 is required to be carried out by the auditors. The nature of the audit work is substantially similar in respect of each company, irrespective of whether there are any transactions.

However, in cases where there are no transactions, the work of the auditors may be comparatively less. Therefore, I am of the opinion that the total number of 34 companies should be distributed equally among the three auditors.

5. Accordingly, the Official Liquidator is permitted to engage the following three Chartered Accountant firms: (1). M/s. Murthy & Kanth, Chartered Accountants, Hyderabad, (2). M/s. Padmanabha Rao & Co., Chartered Accountants, Hyderabad, and (3). M/s. K.B.S. Associates, Chartered Accountants, Hyderabad, by allotting the companies shown in the annexures appended to the affidavit as equally as practicable among them. The Official Liquidator is also permitted to pay each auditor an audit fee of Rs.500/- (Rupees Five Hundred only) plus GST per company and to submit the audited accounts before this Court for approval.

6. Insofar as Prayer No. (iv) is concerned, as there are no receipts or payments in the companies mentioned in Annexure-B, as stated in the affidavit, the audit of the half-yearly statements of accounts for the period from 01.10.2025 to 31.03.2026 is dispensed with.

7. Insofar as Prayer No. (v) is concerned, the affidavit states that there is only a single transaction of Rs.480/- towards payment of court fee stamps and notary charges. Therefore, the audit of the half-yearly statements of accounts of the three companies mentioned in Annexure-C for the period from 01.10.2025 to 31.03.2026 is also dispensed with.

8. Accordingly, the Company Application is allowed. There shall be no order as to costs.

As a sequel, all pending interlocutory applications, if any, shall stand closed.

BALAJI MEDAMALLI, J

3rd July, 2026
cbn

Whether the order is:

Speaking	Yes	Reasoned	No
Reportable	No	Non-Reportable	Yes

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THE HONOURABLE SRI JUSTICE BALAJI MEDAMALLI

<u>COMPANY APPLICATION No.153 of 2026</u>

3rd July, 2026

cbn