

(ii) The District Judge has full power to deliver the possession of property sold in auction; *S.A.N. Engineering and Lucomotive Company Ltd., Bangalore v. Gujarat State Financial Corporation*, AIR 1989 Bom 236.

(iii) The court has full powers to pass any order as far as auction sale is concerned. If an order is made by a District Judge, it is made by the court of District Judge; *M/s. Hotel Natraj v. Karnataka State Financial Corporation*, AIR 1989 Kant 90.

(iv) When the Financial Corporation has complied with the requisite provisions of this section to enforce the securities mortgaged/pledged/hypothecated to it in case of non-payment of loan amount, the question does not arise as to any further application for execution as such or for invocation of provisions of the Code of Civil Procedure; *The Maharashtra State Finance Corporation v. Esther D. Gama*, AIR 1988 Bom 61.

(v) The District Court exercising jurisdiction under this section has certain inherent powers by virtue of the relevant provisions of Code of Civil Procedure to meet the ends of justice or to prevent abuse of the process of the court. In exercise of such inherent powers, the court can entertain an application for setting aside of an *ex-parte* order, provided that it is satisfied as to existence of sufficient cause for non-appearance on the date fixed by the applicants; *Rakesh Sugar Tail Factory, Mohamadabad v. U.P. Financial Corporation, Kanpur*, AIR 1984 All 23.

**1[32A. Power of Financial Corporation to appoint directors or administrators of an industrial concern when management is taken over.—**(1) When the management of an industrial concern is taken over by the Financial Corporation, the Financial Corporation may, by order notified in the Official Gazette, appoint as many persons as it thinks fit,—

- (a) in any case in which the industrial concern is a company as defined in the Companies Act, 1956 (1 of 1956) to be directors of that industrial concern; or
- (b) in any other case, to be administrators of that industrial concern.

(2) The power to appoint directors or administrators under this section includes the power to appoint any individual, firm or company to be the managing agent or manager of the industrial concern on such terms and conditions as the Financial Corporation may think fit.]

<sup>2</sup>[(3) Nothing in the Companies Act, 1956 (1 of 1956) or in any other law for the time being in force or in any instrument relating to the industrial concern shall, in so far as it makes in relation to a director, any provision for the holding of any share qualification, age limit, restriction on the number of directorships, retirement by rotation or removal from office, apply to any director appointed by the Financial Corporation under this section.]

**1[32B. Effect of notified order under section 32A.—**On the issue of a notified order under section 32A.—

- (a) in any case in which the industrial concern is a company as defined in the Companies Act, 1956 (1 of 1956) all persons holding office as directors of the industrial concern and in any other case, all persons holding any

1. Ins. by Act 56 of 1956, sec. 17 (w.e.f. 1-10-1956).

2. Ins. by Act 6 of 1962, sec. 16 (w.e.f. 16-4-1962).

office having the powers of superintendence, direction and control of the industrial concern, immediately before the issue of the notified order, shall be deemed to have vacated their offices as such;

- (b) any contract of management between the industrial concern and any managing agent or any director or manager thereof holding office as such immediately before the issue of the notified order shall be deemed to have terminated;
- (c) in the case of an industrial concern which is a company as defined in the Companies Act, 1956 (1 of 1956) the managing agent, if any, appointed under section 32A shall be deemed to have been duly appointed in pursuance of the said Act and the memorandum and articles of association of the industrial concern and the provisions of the said Act and the memorandum and articles shall, subject to the other provisions contained in this Act, apply accordingly, but no such managing agent shall be removed from office except with the previous consent of the Financial Corporation;
- (d) the directors or the administrators appointed under section 32A shall take such steps as may be necessary to take into their custody or under their control all the property, effects and actionable claims to which the industrial concern is, or appears to be, entitled, and all the property and effects of the industrial concern shall be deemed to be in the custody of the directors or administrators as the case may be, as from the date of the notified order;
- (e) the directors appointed under section 32A shall, for all purposes, be the directors of the industrial concern duly constituted under the Companies Act, 1956 (1 of 1956) and such directors, or as the case may be, the administrators appointed under section 32A, shall alone be entitled to exercise all the powers of the directors or as the case may be, of the persons exercising powers of superintendence, direction and control, of the industrial concern, whether such powers are derived from the said Act or from the memorandum or articles of association of the industrial concern or from any other source whatsoever.]

**1[32C. Powers and duties of directors and administrators.—**(1) Subject to the control of the Financial Corporation, the directors, or as the case may be, the administrators appointed under section 32A, shall take such steps as may be necessary for the purpose of efficiently managing the business of the industrial concern and shall exercise such powers and have such duties as may be prescribed.

(2) Without prejudice to the generality of the powers vested in them under sub-section (1), the directors or as the case may be, the administrators appointed under section 32A, may, with the previous approval of the Financial Corporation, make an application to a court for the purpose of cancelling or varying any contract or agreement entered into at any time before the issue of the notified order under section 32A,

1. Ins. by Act 56 of 1956, sec. 17 (w.e.f. 1-10-1956).