

Harinagar Sugar Mills Ltd. v. M. W. Pradhan

Civil Appeal No. 569 of 1965

[1966] 3 SCR 948 | 1966-03-21

Receiver's power to seek winding up and whether failure to pay a debt to the tax collector under a section 46 notice constituted neglect under company law

Indian Income-tax Act, 1922: section 46 | Companies Act, 1956: sections 439(1), 434 | Code of Civil Procedure, 1908: Order XL rule 1(d)

Three-judge bench; judgment delivered by K. Subba Rao, J. | K. Subba Rao, J. | V. Ramaswami, J. | J. M. Shelat, J.

Historical ruling; verify current law

The core disposition also rests on historical company-law winding-up procedure. Treat the income-tax recovery point as part of that integrated holding, not as a current standalone recovery checklist.

01 FACTS OF THE CASE

The company bought a farm from a joint Hindu family and left Rs.25 lakh unpaid. The Income-tax Officer served a section 46 notice directing the company to pay that amount toward the family's tax. A receiver appointed in a partition suit demanded payment to the Additional Collector and, after non-payment, obtained leave to petition for winding up.

Source: [Primary judgment: facts and procedural setting](#)

02 DISCUSSION BY THE HON'BLE COURT

Order XL's powers allowed steps needed to realise estate debts, including winding up. The receiver qualified as creditor. Directing payment to the Additional Collector did not invalidate the Companies Act demand because the recovery notice displaced payment to the family. No bona fide dispute justified withholding the admitted purchase-price debt.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

The receiver had authority and standing; the statutory demand was effective; failure to pay the amount to the tax collector was neglect to pay within section 434, and the liability was not bona fide disputed.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

Company's appeal dismissed with costs.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: a tax garnishee or recovery direction can alter the lawful recipient of an admitted debt. In enforcement work, trace the debt, the recovery notice, the receiver's authority and the governing insolvency or winding-up procedure together.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete 12-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 12-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Historical statutory provisions are described as they appeared in the report. Verify the current enactment, amendments and later judicial treatment before reliance.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The note reports the historical statutory text and result in this primary report only.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing statutory version and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.