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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ **CO.PET. 539/1998, CO APPL.594 & 595/2025**

M/S TATA IRON & STEEL CO. LTD. .....Petitioner

Through: Mr. Aman Vachher, Mr. Dhiraj, Mr. Ashutosh Dubey, Mrs. Anshu Vachher, Ms. Abhiti Vachher, Mr. Akshat Vachher, Ms. Nandi Sharma, Mrs. Rajshri Dubey, Mr. Amit Kumar, Mr. Jasvinder Choudhary, Advs. for Ex-Management.

versus

M/S JHALANI TOOLS INDIA LTD .....Respondent

Through: Mr. Sandeep Sethi, Sr. Adv. with Ms. Akansha Kaul and Mr. Parvesh Bansal, Advs. for Applicants in CO. Appl. 594-95/2025.
Ms. Neha Bhatnagar, Adv. for Applicant in CO. Appl. 527/2024.
Ms. Isha Khanna, SC with Mr. Nikhil Arora and Ms. Ruchika Malik, Advs. for OL.

CORAM:
HON'BLE MS. JUSTICE TARA VITASTA GANJU

O R D E R

% **16.09.2025**

CO. Appl. 595/2025*[Exemption]*

1. Allowed, subject to just exceptions.

2. The Application stands disposed of.

CO APPL.594/2025 *[Directions]*

3. This is an Application filed on behalf of the Applicants seeking to set aside/quash order dated 06.08.2025 passed in RC No. 145/2013 captioned ***IDBI Bank v. Jhalani Tools*** and RC No. 265/2013 captioned ***IFIC Ltd. v.***

Jhalani Tools (India) Ltd. by the Recovery Officer, Debts Recovery Tribunal-II, Delhi [hereinafter referred to as "Impugned Order"].

4. It is stated in the Application that the Applicants are guarantors who stood as guarantee for the loan availed by the Respondent Company from the consortium of the banks and financial institutions.

5. Learned Senior Counsel appearing on behalf of the Applicants has submitted that in terms of orders dated 18.03.2003 and 05.03.2004 passed by this Court, this Petition was admitted and the Provisional Liquidator (OL) was appointed to take over the assets of the Company, which was followed by an order dated 25.05.2011 directing winding up of the Respondent Company.

6. It is the case of the Applicants that so far as concerns the secured creditors including IFCI and IDBI, the debts which were due and admitted with the office of the Official Liquidator have already been serviced by the Respondent Company/Company – in – Liquidation. He seeks to rely upon the status report dated 18.09.2024 filed by the office of Official Liquidator before the Debt Recovery Tribunal – II, New Delhi and the OLR dated 26.07.2024 filed before this Court [hereinafter referred to as "OLR"] in this behalf, more specifically, paragraph 11 which is set out below:

"11. That the total admitted claims of the workmen, secured creditors and EPFO and the amount disbursed to them herein below:

S. No.	***Creditor***	***Amount admitted (1st Charge) (In Rs.)***	***Amount already disbursed***	***Amount to be disbursed/disbursed (In Rs.) (entire amount being paid)***
...				
7.	*IFCI (Assignee of IIBI)*	*7,39,95,597*	*5,99,85,550*	*Rs. 1,40,10,047 disbursed*
8.	*IDBI*	*4,74,33,075*	*3,84,46,184*	*Rs. 89,86,891/- not paid due to non*

				submission of Indemnity Bond & Bank details.

7. Learned Senior Counsel further submits that from a perusal of the OLR, it can be seen that so far as concerns the IFCI, a sum of Rs. 7,39,95,597/- which was the admitted amount on the 1st charge, has already been disbursed in two parts being Rs.5,99,85,550/- and Rs.1,40,10,047/-.

7.1 So far as concerns the IDBI, a sum of Rs. 4,74,33,075/- which was the admitted amount on the 1st charge, of which an amount of Rs.3,84,46,184/- has already been disbursed. The balance amount in the sum of Rs. 89,86,891/- has not been paid due to non-submission of Indemnity Bond and other requisite documents.

7.2 Learned Senior Counsel for the Applicants thus contends that once the liability of the 'Company – in – Liquidation' *qua* the secured creditors IDBI and IFCI has been discharged, the question of further coercive steps being taken against the guarantors does not arise.

8. Issue Notice. Learned Counsel for the Official Liquidator accepts Notice. Learned Counsel for the Official Liquidator, on instructions, affirms that in terms of the OLR, the liability of the IDBI and IFCI has already been discharged.

9. Learned Counsel for the Official Liquidator, however, seeks time to file an updated report/Reply to the Application.

9.1 On steps being taken, let Notice be issued to the IDBI and IFCI via all modes. An affidavit of service be filed within two weeks.

10. Let Replies be filed within a period of four weeks.

10.1 Rejoinder(s), if any, be filed within a period of two weeks thereafter.

11. Learned Counsel for the Official Liquidator also draws the attention of the Court to the order dated 26.02.2024 passed by a Division Bench of this Court in Company Appeal 3/2024 captioned ***Sh. P. C. Jhalani & Ors. v. Jhalani Tools (India) Ltd. & Ors.*** to submit that so far as concerns the IDBI Bank, the order passed by this Court was challenged before the Division Bench of this Court by the Applicants herein and the Counsel for IDBI had assured the Court that till the next date of hearing, no coercive action would be taken against the Appellants/Applicants herein. This order has continued as is today and the matter is now listed before the Division Bench of this Court on 22.09.2025.

11.1 It is, however, clarified by the learned Senior Counsel for the Applicants that the order was passed in ancillary proceedings.

12. On 18.09.2024, the office of the Official Liquidator had filed a status report [annexed as Annexure A-8(colly) to this Application] setting out that the dues of IDBI and IFCI have already been disbursed.

13. The Impugned Order reflects that the Applicants have stated that there are sufficient proceeds lying with the office of the Official Liquidator to satisfy the claims and that the IDBI and IFCI can obtain their dues from the Official Liquidator. The Impugned Order also appoints a compliance officer to enquire from the office of the Official Liquidator in this regard and file a status report.

13.1 However, the despite the aforesaid, the Impugned Order dated 06.08.2025 has been passed directing that a portion i.e., half share of the property belonging to M/s O.P. Jhalani, HUF be attached by a proclamation of attachment.

14. *Prima facie* and given that the claims of IDBI have been admitted by

the Official Liquidator while claims of IFCI have been disbursed, a small portion of the IDBI claim is pending only on account non-submission of documents of the Official Liquidator, the attachment order would require to be kept in abeyance for a more detailed examination.

15. Accordingly, and till the next date of hearing, this Court deems it apposite to direct a stay on the operation of the Impugned Order dated 06.08.2025.

16. List on the date already fixed i.e., 29.10.2025.

17. The parties will act based on the digitally signed copy of the order.

TARA VITASTA GANJU, J

SEPTEMBER 16, 2025/sr/r