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

+ CO.PET. 539/1998 & CO.APPL. 174/2018 CO.APPL. 1506/2018
CO.APPL. 1523/2018 CO.APPL. 747/2019 CO.APPL. 926/2019
CO.APPL. 1031/2019 CO.APPL. 1305/2019 CO.APPL. 730/2020
CO.APPL. 132/2021 CO.APPL. 133/2021 CO.APPL. 654/2021
CO.APPL. 658/2021 CO.APPL. 71/2022 CO.APPL. 628/2022
CO.APPL. 89/2023 CO.APPL. 216/2023 CO.APPL. 291/2023
CO.APPL. 677/2023 CO.APPL. 891/2023 CO.APPL. 468/2024
CO.APPL. 527/2024 CO.APPL. 809/2024 CO.APPL. 1083/2024
CO.APPL. 393/2025 CO.APPL. 594/2025 CO.APPL. 31/2026 OLR
269/2018 OLR 109/2019 OLR 296/2019 OLR 3/2022 OLR 4/2022
OLR 121/2023 OLR 83/2024 OLR 65/2025

M/S TATA IRON & STEEL CO. LTD.

.....Petitioner

Through:

versus

M/S JHALANI TOOLS INDIA LTD

.....Respondent

Through:

Appearance: Mr. Anand Varma, Ms. Apoorva Pandey and Mr.
Polavarapu Sai Charan, Advocates for IDBI Bank
Ltd.

Mr. Avishkar Singhvi and Mr. Parvesh Bansal,
Advs. for Applicant.

Ms. Isha Khanna, Standing Counsel for OL with
Mr. Shivam Parashar, Adv.

Mr. Rajesh Kumar, Standing Counsel with Mr.



Changez Khan, Adv. for EPFO.

Mr. Aman Vachher and Mr. Ashutosh Dubey,
Advs. for Ex-management.

Mr. Vaibhav Kalra and Mr. Deepankar Singh,
Advs. for Applicant.

Mr. Anurag Kr. Singh and Mr. Giridhar Thakur,
Advs. for Applicant.

Mr. Kunal Sharma and Ms. Rishika Goyal, Advs.
for Applicant.

Mr. Tarun Singla, Adv. for Applicant.

Mr. Ashutosh Prakash, Adv. for Indian Overseas
Bank.

Mr. Dhruv Wadhwa, Adv. for Applicant.

Mr. A.K. Kohli and Mr. Ankush Sharma, Advs.
for Non-Applicant.

Mr. R.P. Agrawal, Ms. Reema Mishra and Mr.
Chandan Kumar Jha, Advs. for Applicant/IFCI
Ltd.

Mr. Anil Nauriya and Ms. Sumita Hazarika, Advs.
for Jhalani Worker.

Ms. Neha Bhatnagar, Adv. for worker.

CORAM:
HON'BLE MR. JUSTICE ANISH DAYAL

ORDER
29.07.2026

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CO.APPL. 31/2026

1. *Mr. Anand Varma*, counsel for IDBI, has drawn attention of this Court to the sequence of events in relation to the RC No. 145/2013, which was



issued in their favour by the Debt Recovery Tribunal (*'DRT'*) on 06th August 2025.

2. Initially, an application being *CO.APPL. 594/2025* was filed by the guarantors, against whom the RC was issued seeking setting aside of order dated 06th August 2025.

3. Attention of the Court was drawn to order dated 26th February 2024 passed by a Division Bench of this Court in *Company Appeal No. 3/2024*, where the order passed by this Court was challenged before the Division Bench of this Court and counsel for IDBI had assured the Court that till the next date of hearing, no coercive action would be taken. As on the date of the order dated 16th September 2025, the proceedings before the Division Bench were still pending.

4. It is now informed by *Mr. Anand Varma*, counsel for IDBI, that the proceedings before the Division Bench have concluded *vide* judgment dated 08th October 2025 in *Company Appeal No. 3/2024*. Effectively, the Division Bench has dismissed the appeal premised on the following observations/opinion:

“9. This Court has carefully considered the rival submissions and perused the material on record. The primary issue for consideration in this Appeal is whether the Company Court is required to come to the aid of guarantors once a final winding up order has been passed against a Company and the OL has assumed charge.

10. The purpose of the Company Court under the Companies Act, 1956, is limited and well-defined. Its jurisdiction is to supervise the winding up of a company, ensure the realisation of its assets, adjudicate claims of creditors, and oversee the distribution of proceeds. The Company Court is not a



forum for shielding guarantors from recovery proceedings once the liquidation process has attained finality.

11. In the present case, the winding up of Respondent No.1/ Jhalani Tools (India) Ltd. was ordered by this Court on 18.03.2003. A Provisional Liquidator and subsequently an OL were appointed. The Company's six properties have been sold under the supervision of the OL, and proceeds have been distributed to secured creditors and workmen in accordance with Court directions, including the orders dated 25.05.2011 and 13.08.2023. The cut-off date for adjudication of claims was fixed as 18.03.2003.

12. The Appellants, who are personal guarantors of the Company, sought to restrain IDBI Bank from recovering a sum of Rs. 252.53 crores under a purported OTS in 2023. The material on record indicates that the purported OTS was never implemented, and no payments were made pursuant thereto within the stipulated time. The assertion that the delay in disbursement by the OL caused prejudice to the Appellants is not a ground that falls within the jurisdiction of the Company Court.

13. The liability of guarantors is independent of the Company's liquidation. This principle is well-established in law, as held by the Supreme Court in Lalit Kumar Jain (supra) which states that discharge of the principal borrower does not discharge the liability of personal guarantors. Accordingly, guarantors cannot invoke the jurisdiction of the Company Court to shield themselves from recovery proceedings after the winding up of the company has been completed.

14. It is also noted that IDBI Bank was not a party to C.A. No. 677/2023, and no directions were issued against it therein. The Appellant's reliance on the alleged OTS or higher valuation of properties sold in 2022 does not alter the settled fact that the winding up



proceedings have concluded, the Bank's claims have been adjudicated, and proceeds distributed in accordance with Court orders.

15. The Appellants are free to pursue remedies available to them in other fora, such as the Debts Recovery Tribunal or Civil Courts, to challenge any action taken by the Bank against them personally. However, this Court cannot exercise the Company Court's jurisdiction to protect guarantors once the winding up process has been completed.

16. In the circumstances, there is no merit in the Appellant's contention that the Company Court should intervene to restrain the Bank from recovery proceedings. The Impugned Order correctly observes that proceedings against guarantors are independent of the winding up proceedings."

(emphasis added)

5. This order of the Division Bench of this Court was challenged before the Supreme Court in Special Leave Petition (Civil) 33801/2025. The Supreme Court disposed of the Special Leave Petition by order dated 17th November 2025 giving certain directions, which are extracted as under:

"7. According to Mr. Tripathi, as on date, the official liquidator has still around Rs.54 Crore and he must pay this amount to the IDBI Bank so that the interest on the balance amount may get reduced. In this regard, some representation has been filed by the petitioners with the official liquidator. Insofar as the impugned order is concerned, we are not inclined to interfere with the same, however, we direct the official liquidator to look into the representation preferred by the petitioners and take an appropriate decision in that regard and inform the petitioners in writing about the same.

8. At this stage, the learned Senior counsel pointed out that two company applications have been filed before the Company Court as regards the payment made by



the official liquidator of the balance amount to the IDBI Bank.

9. If that be so, the Company Court shall look into those applications and pass appropriate orders in accordance with law.”

(emphasis added)

7. Mr. Avishkar Singhvi, counsel appearing for the guarantor, states that they have already filed their representation with the Official Liquidator (***OL***).

8. Ms. Isha Khanna, Standing Counsel for the OL, states that they will look into the representation and take an appropriate decision to inform the petitioners in writing.

9. A fresh copy of the representation be provided to Ms. Isha Khanna, Standing Counsel for OL, by Mr. Avishkar Singhvi, counsel, in this regard.

10. The copy of the representation will be supplied afresh within the course of the next two days.

11. The two applications mentioned in *paragraph 8* of the Supreme Court order are *CO.APPL. 1031/2019* and *CO.APPL. 677/2023*, which are applications filed by the guarantors seeking certain directions are pending before this Court.

12. While Mr. Anand Varma, counsel for IDBI, prays for vacation of the stay order of 16th September 2025, primarily in view of the conclusion of the appeal before the Division Bench and there being no restraint directed by the Division Bench, the guarantors contend that the admitted claim by the IDBI is Rs.4,74,33,075/- out of which Rs.3,84,46,184/- has already been disbursed and a balance of Rs.89,86,891/- is to be paid, which was not paid due to non-submission of indemnity bond and bank details.



13. This is also evident from the *OLR 83/2024* filed by the OL.
14. The crux of his argument is that there cannot be a double dip by the IDBI and presumably there are enough funds available for disbursal with the OL to satisfy the IDBI's claim.
15. *Mr. Anand Varma*, counsel for IDBI, counters this by stating that their claims have escalated since then and they have notified the OL of the same. Their escalated claim is appended as *Annexure 'R'* to the application through a Demand Notice dated 02nd December 2023.
16. The OL shall, therefore, comply with the directions of the Supreme Court and file a status report placing on record the fund status of the company (*in Liqn.*), as well as the details of the claims to be disbursed, including those payable to the workmen and statutory authorities.
17. Copy of the status report shall be given to counsel for IDBI, counsel for the guarantors and counsel for the workmen.
18. List on 17th November 2026.

CO.APPL. 594/2025

1. This application has been filed by the guarantors in relation to the RC, which was issued in favour of IFCI.
2. *Mr. R.P. Agrawal*, counsel for IFCI, states that they have filed a reply to the said application stating that they have a claim of *Rs.22 crores* after adjustment of the amount received from the OL.
3. List on 17th November 2026.

CO.PET. 539/1998

1. A correction may be made in order dated 20th May 2026 in *Company Petition No. 539/1998* to the following effect: "*Mr. Ashutosh Prakash*, Advocate, instead of *Mr. Ashutosh Dubey*, Advocate, was appearing."



2. It will be recorded as *Mr. Ashutosh Prakash*, Advocate for *Bank of Baroda*.

3. *Mr. Amit Mahaliyan*, counsel now appears for the *Bank of Baroda* and states he has filed his *vakalatnama*.

CO.APPL. 527/2024

4. This application has been moved by the workers.

5. Reply has not been filed, despite orders dated 27th February 2025.

6. *Ms. Isha Khanna*, Standing Counsel for the OL, takes note of the same and will ensure that the reply is filed before the next date of hearing. A copy of the same be supplied to counsel for applicants.

7. List on 17th November 2026.

8. Order be uploaded on the website of this Court.

ANISH DAYAL, J

JULY 29, 2026/MK/zb