



2026:DHC:355-DB



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

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Judgment reserved on: 20.12.2025
Judgment pronounced on: 16.01.2026
Judgment uploaded on: 17.01.2026

+ CO.APP. 29/2023, CM APPL. 66051/2023, CM APPL. 11786/2024, CM APPL. 21188/2024, CM APPL. 33070/2024, CM APPL. 12608/2025, CM APPL. 30563/2025, CM APPL. 56756/2025

V.K. SHARMA

.....Appellant

Through: Mr. Rajeev Bhalla, Senior Advocate with Mr. Rakesh Kumar, Mr. Anjaneya Mishra, Mr. Sahil Yadav, Mr. Nidhish Gupta, Mr. Faizeen Hussain Khan, Mr. Shubham Bhalla, Ms. Gauri Bedi, Ms. Neha Verma and Mr. Aman Khatri, Advocates.

versus

JVG FINANCE LIMITED (IN LIQUIDATION)

.....Respondent

Through: Mr. Gaurav Gupta, Senior Standing Counsel for Income Tax Department.
Ms. Ruchi Sindwani, Senior Standing Counsel with Ms. Megha Bharara, Advocate for Official Liquidator.
Mr. Ankur Mittal and Mr. Aviraj Pandey, Advocates for Intervenor/Applicant in CM APPL. 21188/2024
Mr. Sandeep Sethi and Mr. Aseem Chawla, Senior

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Advocates with Mr. Rishabh Jain, Ms. Pratishtha Chaudhary and Mr. Saksham Arya, Advocates for Respondent No. 2.

+ CO.APP. 11/2024
ABR EMERALD LLP

.....Appellant

Through: Mr. Mukul Gupta, Sr. Adv.
with Mr. Aayush Agarwala,
Mr. Anuj P. Agarwala, Mr.
Sumit Mishra & Mr. Vipul
Singh, Advs.

versus

THE OFFICIAL LIQUIDATOR & ANR.Respondents

Through: Mr. Gaurav Gupta, Senior
Standing Counsel for Income
Tax Department.
Ms. Ruchi Sindwani, Senior
Standing Counsel with Ms.
Megha Bharara, Advocate for
Official Liquidator.
Mr. Sandeep Sethi and Mr.
Aseem Chawla, Senior
Advocates with Mr. Rishabh
Jain, Ms. Pratishtha Chaudhary
and Mr. Saksham Arya,
Advocates for Respondent No.
2.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR

J U D G M E N T

ANIL KSHETARPAL, J.

1. By way of this common Order/Judgment, the two Company Appeal (Co. App.) nos. 29/2023 and 11/2024, challenging the orders

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passed by the learned Company Judge [hereinafter referred to as 'LCJ'] on 30.11.2023 and 29.02.2024, in the Company Petition (Co. Pet.) Nos. 265/1998 and 113/2014, respectively, shall stand disposed of.

2. At the outset it is clarified that the challenge in both the Appeals arises out of the sale of property bearing no. 51, Street No.7, MIDC, Andheri, Mumbai [hereinafter referred to as 'subject property'], by way of auction and its subsequent bidding thereof, belonging to the JVG Group of Companies, which is undergoing liquidation at the behest of Reserve Bank of India (RBI) [hereinafter referred to as 'Company in liquidation/CIL'].

3. Co. App. 29/2023 has been filed by the ex-director/promoter of the CIL, challenging the impugned order dated 30.11.2023 [hereinafter referred to as 'IO of 2023'], *vide* which the Co. Appl. No. 829/2023 in Co. Pet. 265/1998, filed on behalf of the Official Liquidator (OL), was allowed. The LCJ, *vide* the IO of 2023, allowed the OL to take requisite steps for the sale of the subject property at the rate of Rs. 88.90 crores on account of deficiency of funds with the OL, alongwith a direction to sell the property by way of auction through RailTel Corporation of India Limited [hereinafter referred to as 'RCIL'].

4. Co. App. 11/2024 has been filed by a subsequent bidder, who failed to participate in the aforesaid auction, and contends that he is willing to offer a higher amount against the sale of the subject property. By way of this Appeal, the Appellant seeks to challenge the



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impugned order dated 29.02.2024 [hereinafter referred to as 'IO of 2024'], whereby the LCJ dismissed the Appellant's application seeking to set-aside the e-auction conducted on 09.01.2024 in respect of the subject property.

BRIEF FACTUAL MATRIX:

5. The genesis of the present proceedings lies in the regulatory intervention initiated by RBI in October 1997, whereby the CIL was restrained from accepting fresh deposits or alienating its assets. Following which, in June 1998, filing of a compulsory winding-up petition took place leading to appointment of a provisional OL to take over the CIL's assets against the grave findings of fraudulent conduct and large-scale financial impropriety.

6. In January 2003, the Bombay High Court directed that the subject property be handed to OL, Mumbai. Thereafter, the aforesaid order was recalled in the year 2018 and the OL, Delhi was handed over the possession of the subject property. Following the valuation of the subject property in 2023, the LCJ *vide* IO of 2023 approved its sale by public auction at a reserve price of Rs. 88.90 crores. Following which the auction was conducted on 09.01.2024, resulting into a sole and successful bid by M/S Beekalene Fabrics Private Limited [hereinafter referred to as 'BFPL'] at the fixed reserve price, pursuant to which 25% of the sale consideration stood duly deposited.

7. Subsequently, the present two appeals came to be filed before this Court, the Co. App. 11/2024, was dismissed by the predecessor bench on 30.04.2024, however, the said order was challenged by the

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Appellant before the Supreme Court by way of SLP (C) Nos. 10979-10980/2024. The Supreme Court *vide* its Order dated 14.05.2024 restored the appeal with a direction to the LCJ to examine the adequacy of the bid offered by BFPL, and further directed the Appellant to deposit 30% of the offered bid amount, pursuant to which the Appellant would be at a liberty to raise its claim. It is in this procedural and factual continuum that the present appeals fall for consideration of this Court.

8. Before proceeding to examine the rival submissions made by the parties in Co. App. 29/2023, we deem it necessary to note that, although extensive arguments have been made by parties in Co. App. 11/2024, a perusal of the Supreme Court Order dated 14.05.2024, shows that the question pertaining to adjudication of the adequacy of the bid amount offered by BFPL against the sale of subject property was left open for adjudication by the Company Court. The relevant portion of the order dated 14.05.2024 is reproduced hereinbelow:

“It is an accepted position that the bid given by respondent no. 2-Beekalene Fabrics Pvt. Ltd. has not been accepted. Respondent no. 2 – Beekalene Fabrics Pvt. Ltd. has, however, deposited 25% amount.

The issue whether or not the bid given by respondent no. 2-Beekalene Fabrics Pvt. Ltd. should be accepted, it being adequate bid for the property in question etc., has not yet been considered by the Company Court.

In these circumstances, in order to balance out the equities, we set aside the impugned judgment dated 30.04.2024, subject to the condition that the appellant – ABR Emerald LLP will deposit 30% of the proposed price, which they have offered, that is 10% above the bid given by respondent no. 2 – Beekalene Fabrics Pvt. Ltd.,



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within a period of fifteen days from today. Interim order dated 09.04.2024 passed by the High Court will also accordingly stand set aside.

Only if the deposit is made, the appellant-ABR Emerald would be heard by the Company Court. In case the deposit is not made, the appellant – ABR Emerald LLP would not be entitled to any hearing by the Company Court, In that case, it will also open to the Company Court to impose costs on the appellant – ABR Emerald LLP.”

In substance, the Supreme Court while noting that the bid amount offered by BFPL, has yet not been accepted by the LCJ, granted liberty to the Appellant to be heard by the LCJ subject to the deposit of 30% of the offered amount. In view thereof, the Co. App. 11/2024 is disposed of, granting liberty to the parties thereof, to advance their arguments before the LCJ.

CONTENTIONS OF THE PARTIES IN CO.APP. 29/2023:

9. This Court has heard learned counsels for the parties at length and, with their able assistance, perused the paper book.

10. At the outset, it is contended by the learned counsels for BFPL and the OL that the present appeal is not maintainable, as the Appellant, being an ex-director and a part of the erstwhile management, lacks *locus standi* to challenge the transactions concerning the assets of CIL. It is further argued that the Appellant cannot assert any rights over the assets of the CIL since the same has now been entrusted to the OL under statutory mandate.

11. *Per contra*, it has been argued by the Appellant that, being the ex-director and contributory of the CIL, he cannot be treated as a

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stranger to the present dispute. Additionally, it has been argued that a revival scheme bearing CA(M) No. 1/2023, has already been filed before the Company Court, pursuant to which notice has been issued *vide* order dated 01.06.2023. Reliance is also placed on the observations of this Court in **Co. App. No. 1/2017** titled **V.K. Sharma & Anr. v NEMO**, wherein it was held that ex-directors of the company under liquidation would have a stake in the assets of the company being available to pay the creditors.

12. This Court has heard the parties on the preliminary objection regarding the maintainability of the present Appeal. In this context, reference is made to the order dated 16.11.2018 passed by the Division Bench of this Court in **Co. App. 24/2018** titled as **V.K. Sharma v Official Liquidator & Ors.**, *vide* which the appeal, preferred by the Appellant herein, challenging the order dated 12.10.2018 in Co. Pet. 265/1998 was dismissed. The Bench upon considering the arguments made therein, held that the Appellant, being an ex-management of the CIL, had failed to establish his *locus standi* to maintain the appeal in his individual capacity. The relevant paragraph of the aforesaid order is reproduced hereinbelow:

“4. Mr. Neeraj Malhotra, learned Senior Counsel, who is appearing on behalf of the Appellant, is unable to show any provision of law, either in the Companies Act or elsewhere permitting a former Director to question in his individual capacity the order passed by Company Court in winding up proceedings, dealing with the claims of creditors. In other words, this Court is not shown what the locus standi of the Appellant is in preferring this appeal.”

13. In the present proceedings, this Court is of the opinion that the objection as to the *locus standi* of the Appellant raises a serious and



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arguable issue. However, this Court consciously refrains from delving deeply into the said objection, since the merits of the present appeal can conclusively lead to the present matter being disposed of. Nonetheless, having regard to the aforesaid, and taking into consideration the order dated 16.11.2018 as well as the arguments advanced by the Appellant, this Court is of the view that the Appellant has again failed to clearly establish his locus and, as such, does not possess the requisite locus to maintain the present appeal. Notwithstanding the aforesaid and without expressing any final determination on the issue of maintainability, this Bench now proceeds to examine the arguments advanced by the parties on the merits of the case.

14. While controverting the findings of the IO of 2023, the Appellant has made the following submissions on the merits of the case:

14.1 Relying on *T. Narayanan v The Official Liquidator & Ors.* [2010 (2) CTC 411], it is contended that the assets of the CIL cannot be alienated merely to provide for contingent, speculative or yet to be adjudicated liabilities. It is their case that liquidation of valuable immovable assets, in the absence of crystallised liability, is contrary to settled principles governing winding-up proceedings.

14.2 The Court's attention was further drawn to the additional affidavit dated 05.01.2024 filed by the OL, to argue that even after accounting for all admitted liabilities, a sum of Rs. 13,14,64,333/- remains available with the Official Liquidator, sufficient to meet



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security expenses and other incidental costs, thereby negating any immediate financial exigency warranting sale of the subject property.

14.3 Further, it is contended that auctioning of the property in question is completely unjustified and premature. It has been argued that the LCJ failed to explore less intrusive alternatives, including the auction of other assets of the company, particularly land admeasuring approximately 65 acres situated at Gurgaon, valued at around Rs. 56 crores which, according to the Appellant, could have adequately met the stated financial requirements. Additionally, it has been argued that the LCJ has also failed to examine the chart stated to have been produced during the course of arguments.

14.4 Lastly, reliance is placed upon the OL's Report dated 11.09.2023, which records that claims already adjudicated and awaiting disbursement aggregate to only about Rs. 5,00,00,000/-, whereas available funds with the OL stand at Rs. 7,44,97,006/-. This, it is argued, further reinforces the submission that the impugned sale was unnecessary and unwarranted at the relevant point in time.

15. *Per contra*, BFPL while controverting the arguments advanced by the Appellant on the merits of the case, has made the following submissions:

15.1 It has been argued that the winding-up was necessitated by regulatory and statutory imperatives whereas the attempts by the Appellant to revive the company through schemes of arrangement remain rejected or pending, opposed by multiple stakeholders



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including the RBI, the OL, and other financial institutions. It is further contended that no stay is operative against the ongoing liquidation.

15.2 Further, it has been submitted that the Appellant, whose tenure was marked by financial mismanagement, cannot circumvent the consequences of insolvency by filing revival proposals or challenging lawful asset realization. It has been contended that the RBI has mandated that unclaimed investor deposits must be transferred to the Investor Protection Fund, representing liabilities exceeding Rs. 118 crores.

15.3 Lastly, it has been argued that admittedly the total investor claims exceed Rs. 550 crores, whereas as evidenced by the OL the existing funds are insufficient to satisfy creditors and statutory dues exceeding Rs. 443 crores.

ANALYSIS:

16. Having heard the rival submissions advanced by the learned counsel for the parties and upon careful consideration of the material on record, this Court on the issue of financial exigencies, notes that it is clear that outstanding liabilities, including those to statutory bodies, financial creditors, and investor deposits, far exceed the available funds. The auction proceeds are essential to discharge claims and ensure protection of public deposits. The Appellant cannot obstruct the lawful discharge of these obligations under the guise of alleged surplus funds or delay in crystallization of claims.



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17. As far as the extraneous matters are concerned, any attempt by the Appellant to traverse into unrelated schemes of revival lies outside the scope of company law proceedings and is impermissible. The liquidation process and asset realization must proceed unimpeded.

18. The arguments advanced by the learned counsel for the Appellant lacks substance, since the LCJ has merely permitted the auction of one of the properties located in Mumbai. Notably, two properties belonging to CIL situated at Baghpat and Mumbai, have already been sold in order to discharge the liabilities of CIL. As per the CM Appl. 11786/2024 filed by OL on 06.02.2024, the total liabilities of company in liquidation exceed Rs. 470 crores. The relevant paragraphs of the said application are reproduced hereinbelow:

“7. That upon invitation of claims, the Official Liquidator had received the following claims-

Claimant	No. of Claims	Amount
Financial Depositor	71677	71,91,00,365/-
Secured Creditor (State Bank of Patiala)	01	Rs. 1,43,00,000 /-
Un-secured Creditors	15	Rs. 3,50,00,000/-
Preferential Creditor		
Income Tax	6	350,51,80,581/-
Sales Tax	1	138317270/-
EPFO	2	1,81,52,455/-
Total	71702	443,00,50,671/-

8. That out of the said claims, the amount payable to the EPFO, Income Tax and Sales Tax, being an amount of Rs. 366,16,50,306/- is payable in full, since the Official Liquidator cannot adjudicate a claim raised in pursuance of a adjudication order of a statutory authority. However, the Official Liquidator has filed an appeal

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against the assessment order passed by the Income Tax Department, wherein no stay has been sought by the Official Liquidator, since that would require a pre-deposit of 20%, in terms of Office Memorandum dated 31.07.2017, F.No. 404/72/93-ITCC, issued by the Central Board of Direct Taxes which amounts to about Rs. 70 crores.

9. That the amounts payable to the financial depositors which has already been directed to be paid is as follows -

a) 555 Claims for Rs.72,80,097 /-

b) Rs.3,78,50,382 /- being balance amount to be paid to claimants whose claims have been admitted and had earlier received payment The Company-in-Liqn. Has an amount of Rs. 6.56 Cr. available as on 05.02.2024.

10. That the Official Liquidator had received 71677 claims, amounting to Rs.71,91,00,365/-, from various depositors of the Company-in-Liqn. Out of which 15784 claims were admitted and against the said claims, an amount of Rs.22,24,63,702/- was quantified as the amount payable upto the date of appointment of the provisional liquidator. However, the said claimants are entitled to be paid upto the date of winding up and a further sum of Rs. 17.30 crores will be payable to the said investors.

11. That the Official Liquidator had received a total of 71766 claims for a total value of Rs. 72.39 crores and out of the said claims, about 46484 claims, for an amount of Rs. 43,31,62,372/- have been technically rejected, and the Official Liquidator, by way of the reply to Co.Appl. (M) 1 of 2023 (being the revival scheme filed by the Appellant) and OLR 105 of 2023, has submitted that the said amount is to be provisioned for and it is submitted that the said amount is payable It is submitted that the Official Liquidator has to raise the said amount and even if the said claimants are not traceable, the said amount is to be transferred into the Companies Liquidation Account, maintained by the Reserve Bank of India, in terms of Section 555 of the Companies Act, 1956, It is submitted that as per the record, the Company-in-Liqn. had deposits of Rs. 88 crores, as on 31.03.1996, and most of the claims are of small depositors, who may not have been able to pursue their claims or may not have informed their new address to the Official Liquidator, and therefore, the aforesaid claims have not been adjudicated by the committee on merits and the said claims ought to be adjudicated on merits and a provision has to be made by the Official Liquidator to safeguard the interests of the said creditors.

12. That further, the Reserve Bank of India, in its reply to the scheme of revival filed by the Appellant herein, has stated that the Company-in-Liqn and other companies, being JVG Leasing Ltd. and JVG Securities Ltd have a liability of Rs.118.99 crores towards public deposits. It is submitted that the Official Liquidator has received claims for about Rs. 72.39 crores, and the balance liability

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towards public deposits, being a sum of about Rs. 46.6 crores, is required to be deposited into the Investor Education And Protection Fund, in terms of Section 205C of the Companies Act, 1956 and Section 45QA of the Reserve Bank of India Act, which has also been stated by the RBI in its reply to the scheme. The said amount is immediately payable to RBI.

14. That accordingly, the following sums are immediately payable—

Head under which payable	Amount
Admitted amount to admitted claimants from 05.06.1998 (PL appointment) to 29.08.2003 (OL appointment)	Rs. 17.30 crores approx
Amount payable to claimants whose claims were rejected on technical grounds (This amount will also have to be calculated upto date of winding up and will accordingly increase).	Rs. 43,31,62,372 / -
Balance liability towards public deposits, required to be deposited into the Investor Education And Protection Fund, in terms of Section 205C of the Companies Act, 1956 and Section 45QA of the Reserve Bank of India Act,	Rs. 46.6 crores
Amount payable to statutory creditors - the EPFO, Income Tax and Sales Tax	Rs. 366,16,50,306/- (Amount for stay Rs. 70 crores)
TOTAL	Rs. 473.37 crores

19. Moreover, there is no dispute with respect to the subject property located in Mumbai. It is also pertinent to note that the sale of the assets of the CIL has become imperative in order to discharge its outstanding liabilities. In these circumstances, the various properties of the CIL are required to be sold in accordance with law, and the Appellant cannot be permitted to dictate or determine which of the several properties is to be sold first or given priority in point of time.

20. As far as the argument raised by the Appellant, with respect to the failure of the LCJ to refer to a chart produced during the course

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of arguments, it is noted that mere failure to advert to the chart cannot, by itself, constitute sufficient ground to set aside the IO of 2023, particularly, when the perusal of record sufficiently establishes that the financial requirement for meeting the liabilities of the CIL was taken into consideration and duly examined.

21. As is evident, the proceeding before the LCJ has remained pending for the last 27 years. The Provisional Liquidator was appointed as far back as in the year 1998, followed by the winding-up order passed in 2003. Notably, the earlier scheme for revival of CIL proposed by the former promoter has already been considered and rejected. In view of the aforesaid, this Bench is of the view that the prolonged pendency of the matter highlights the necessity of bringing the liquidation proceedings to its logical conclusion without any further delay.

22. Accordingly, this Court finds no merit in the contentions raised by the Appellant in Co. App. 29/2023.

CONCLUSION:

23. In view of the foregoing discussions, this Court is of the considered view that the impugned orders need no interference.

24. Resultantly, finding no merit, both the Appeals are dismissed. Pending applications, if any, also stand closed.

25. Needless to state that the observations made herein shall not be construed as an expression of opinion on the rights of the parties to the dispute, which are subject to examination by the Company Court

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independently and uninfluenced by the observations made hereinabove.

ANIL KSHETARPAL, J.

HARISH VAIDYANATHAN SHANKAR, J.
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