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

+ RFA 131/2015

M/S M I TEXTILES PTE LTD Appellant
Through Mr. Kaushlendra Singh, proxy
counsel

versus

M/S T T LTD & ANR Respondents
Through Ms. Shilpa Jain Sharma, Adv. for R-1
alongwith Mr. Sunil Mahnot, Director
of respondent No.1

CORAM:
MR. VINOD GOEL, REGISTRAR GENERAL

% **ORDER**
03.03.2016

Vide order dated 21.05.2015, the Hon'ble Court has, inter-alia, passed the following order:-

“The appellant has deposited 50% of the decretal amount in terms of order dated 02nd March, 2015. Respondent No.1 is at liberty to withdraw the said amount subject to furnishing sufficient security to the satisfaction of the Registrar General of this Court.”

Pursuant to the order dated 21.05.2015, the respondent No.1 has furnished Corporate Guarantee for release of Rs.9,99,622/-. On 03.11.2015, learned counsel for the appellant had raised oral objections on the “corporate guarantee” filed by respondent No.1 for release of the said amount. At that time, the learned counsel for respondent No.1 stated at bar that she does not press the “corporate guarantee” filed by her and sought time to furnish bank guarantee to comply with the order of the Hon'ble Court dated 21.05.2015 within a week. On 04.12.2015, learned counsel for respondent No.1 again reiterated her request to file bank guarantee and the matter was adjourned to 08.01.2016. On 08.01.2016, bank



guarantee was not furnished on behalf of respondent No.1. Subsequently, respondent No.1 filed CM No.1117/2016 with a prayer to release FDR being 50% of decretal amount as deposited by the appellant in compliance of the order dated 02.03.2015 against “corporate guarantee” issued by respondent No.1. However, Hon’ble Court while disposing of the application being CM No.1117/2016 passed the following order on 15.01.2016, which reads as under:-

“Subject to the respondent No.1 furnishing security to the satisfaction of the worthy Registrar General of this Court for, in the event of the appeal succeeding, refund of the amounts released in favour of the respondent No.1 together with interest @ 9% per annum at least for a period of three years, the decretal amount deposited by the appellant be released in favour of the respondent No.1.

The application is disposed of.”

Meaning thereby the Hon’ble Court did not accept the request of respondent No.1 to furnish “corporate guarantee”.

Now the learned counsel for respondent No.1 submits that the “corporate guarantee” filed by respondent may be accepted in order to release the amount of Rs.9,99,622/-.

Arguments heard.

Respondent No.1 has furnished “Corporate Guarantee” dated 07.09.2015 executed by Shri Sunil Mahnot, Director (Finance) to the effect that in the event RFA No.131/2015 and CM No.3794/2015 being decided by the single bench of the Hon’ble High Court of Delhi against respondent and in favour of the appellant, the guarantor (i.e. respondent No.1 itself) shall pay forthwith a sum of Rs.9,99,622/- to the Registrar General of the Delhi High Court. In support of alleged “corporate guarantee”, learned counsel for respondent No.1 relied upon its “annual report for the year 2014-2015” containing therein Profit and Loss Account and Balance Sheet as on 31.03.2015.

It appears that it is not a “corporate guarantee” but a “self guarantee”. The “self guarantee” furnished by the respondent No.1/company does not offer any specific movable or immovable property, as security. The



respondent No.1 does not propose to deposit any title deed of any of its assets to create charge on such property of this Hon'ble Court to release them the amount. The "self guarantee" styled as "corporate guarantee" by the respondent No.1 merely accompany its annual statement containing the Profit and Loss account and Balance Sheet. Moreover, the Balance Sheet of the respondent No.1/Company reflect its liabilities also, therefore, this alleged "corporate guarantee" offered by the respondent merely on the basis of Profit and Loss Account and Balance sheet, which is mere statement of the respondent No.1/Company, cannot be treated as "security", what to talk of "sufficient security", in order to release the decretal amount to the respondent No.1.

In view of the above, security sought to be furnished by the respondent No.1/Company cannot be accepted and same is hereby rejected.

VINOD GOEL
REGISTRAR GENERAL

MARCH 03, 2016

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