NATIONAL COMPANY LAW APPELLATE TRIBUNAL
AT CHENNAI
(APPELLATE JURISDICTION)

IA No.1158/2026
in
Company Appeal (AT) (CH) (Ins) No.26/2026
(IA Nos. 60 & 61/2026)

In the matter of:

M. Shanmugam … Appellant

Vs

Tamilnad Mercantile Bank Limited & Anr. … Respondents

WITH
IA No.1159/2026
in
Company Appeal (AT) (CH) (Ins) No.27/2026
(IA Nos. 62 & 63/2026)

In the matter of:

S. Chandra … Appellant

Vs

Tamilnad Mercantile Bank Limited & Anr. … Respondents

Present:

For Appellant	:	Mr. R. Venkatavaradan, Advocate For Mr. Vivek Kumar, Ms. Raveena Panicker & Mr. B. Deepak Narayanan, Advocates
For Respondents	:	Mr. AG Sathyanarayana, Advocate for R1 Ms. Pavithra Dayalan, Advocate for R2

ORDER
(Hybrid Mode)

17.08.2026:

1. In this appeal the order initiating bankruptcy proceedings against the appellants is under challenge. The learned counsel for the appellant submits that

as directed by this Tribunal, a sum of Rs.1 crore has been repaid to the financial creditor. He further submitted that a sum of Rs.5 crore will be deposited with the financial creditor towards repayment. He added that the bankruptcy trustee has notified for the sale of a property on 20.08.2026. He prays that the appellants are taking all efforts to repay the debts and they are in talks with the bank.

2. The learned counsel for the financial creditor bank submitted that the total liability is around Rs.12 crore and the appellants are dragging their feet vis-à-vis their obligations to repay the debt. He further submitted that it is not a Section 95 petition which is under challenge, but it is a petition filed by the personal guarantors themselves under Section 94 of the IBC, and that these appellants never have chosen to submit any repayment plan and now when the property is in danger of being lost, they fake a re-embark action for making payments. The learned counsel also added that the appellant had been granted time till June, 2026 to settle the whole issue but they have now come out with the present application seeking an extension of time which they don’t deserve.

3. We gave a careful consideration to the rival submissions made. The liability, which the appellants face, is around Rs.12 crore and if the payment promised to be made tomorrow is also reckoned, then the appellants would have paid about 50% of their total liability. Now Section 142(1)(b) of the Code gives a Tribunal optimum authority to discharge a bankruptcy proceeding and given the fact that the appellants are making payments, such payment should only be

encouraged. It is apparent that the appellants have not been able to comply with their earlier undertaking to repay the entire debts by June, 2026 but then life is not lived in laboratory conditions. What is more significant is whether the conduct which the parties display is encouraging enough for us to consider whether he be penalized by directing the sale of the assets or he be given an opportunity to redeem himself in law. Broadly speaking, the conduct of the appellants as we stated earlier, also factor in their current promise to deposit Rs.5 crore tomorrow is encouraging enough.

4. Subject to the payment of Rs.5 crore, the auction slated for 20.08.2026 is stayed. However, if the said amount of Rs.5 crore is not deposited before 18.08.2026, there will be no embargo on the bankruptcy trustee to proceed with the proposed sale of personal assets of the appellants.

5. List these appeals on **07.09.2026**.

[Justice N. Seshasayee]
Member (Judicial)

[Jatindranath Swain]
Member (Technical)

AR/MS/AK