IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH - I

C.P. (IB) NO. 560 of 2025

Under Section 95(1) of the Insolvency & Bankruptcy Code, 2016 r/w Rule 7(2) of the Insolvency and Bankruptcy (Application to the Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors), Rules, 2019.

<u>*In the matter of:*</u>

Bank of Baroda

…..Applicant/ Financial Creditor

Vs.

Mrs. Kajal Vikas Chaudhary

……. Respondent/Personal Guarantor

Order pronounced on **16.07.2026**

Coram:

Shri Prabhat Kumar	**Shri Sushil Mahadeorao Kochey**
Hon'ble Member (Technical)	Hon'ble Member (Judicial)

Appearances:

For the Financial Creditor	:	Adv. Samrudhi Gholap i/b. Adv. Rathina Marawarman
For the Resolution Professional	:	Adv. Aniruth Purusothaman
For the Personal Guarantor	:	Adv. Radhika Chamaria

ORDER

Brief facts:

1. The present Company Petition dated **13.01.2025** has been filed u/s. 95(1) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC, 2016/the Code") r/w. Rule 7(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 by **BANK OF BARODA** ("hereinafter referred to as Applicant/Financial Creditor/FC") for initiating Insolvency Resolution Process against **MRS. KAJAL VIKAS CHAUDHARY** ("hereinafter referred to as Personal Guarantor/Respondent") on account of default of **Rs. 9,85,90,405.09/- (Rupees Nine Crores Eighty-Five Lakhs Ninety Thousand Four Hundred Five and Paise Nine Only)** as on **24.09.2024.** The said amount comprises the principal outstanding of ₹4,52,67,458.00, interest of ₹4,76,04,668.58 and penal interest of ₹57,18,278.51. As stated in Part III of Form C, the date of default is **01.07.2019** and the account of the Corporate Debtor was classified as **Non-Performing Asset (NPA)** on **31.12.2019**.

2. The Applicant, Bank of Baroda, is a body corporate constituted under the banking Companies (Acquisition and Transfer of Undertakings) Act 1970, bearing CIN No: U99999MH1911PLC007676 and having its registered address at Bank of Baroda, Stressed Assets Management Branch, 17/B, First Floor, Homji Street, Horniman Circle, Fort, Mumbai 400023. The present Petition has been filed through its Authorized Signatory **Mr. Snehashish Sarkar** who is working in the capacity of Chief Manager of Bank of Baroda at Stressed Assets Management Branch, 1st Floor, 17/B Mumbai Samachar Marg, Horniman Circle, Fort, Mumbai - 400 023.

3. **Mrs. Kajal Vikas Chaudhary**, having her address at Flat No. 27, 7th Floor, Building No. 45-D, Venus Apartment Co-op Housing Society Ltd, Dr. R.G. Thadani Marg, Worli Sea Face, Mumbai- 400 018. executed a **Letters of Personal Guarantee dated 04.10.2011 and 01.10.2012** in favour of the Financial Creditor to secure the credit facilities extended to **M/s. Card Pro Solutions Private limited.**, the Corporate Debtor.

<u>Submissions of the Applicant:</u>

4. Learned Counsel appearing for the Applicant/Financial Creditor submitted that the Corporate Debtor, **M/s. Card Pro Solutions Private Limited**, had availed various credit facilities from the Applicant Bank pursuant to **Sanction Letters dated 22.09.2011 and 11.05.2012**. It is submitted that to secure the due repayment of the said credit facilities, the Respondent herein executed **Letters of Personal Guarantee dated 04.10.2011 and 01.10.2012**, along with **Letters of General Lien dated 04.10.2011 and 04.06.2015**, in favour of the Applicant Bank. The Learned Counsel further submitted that the Respondent stood as the Personal Guarantor for the loan facilities availed by the Corporate Debtor and undertook to discharge the liabilities of the Corporate Debtor in the event of default.

5. Learned Counsel for the Applicant further submitted that, despite availing the aforesaid credit facilities, the Corporate Debtor committed default in repayment of its dues to the Applicant Bank and consequently the loan account was classified as **Non-Performing Asset (NPA) on 31.12.2019**.

6. Learned Counsel for the Applicant further submitted that owing to the persistent default committed by the Corporate Debtor, insolvency proceedings were initiated against M/s Card Pro Solutions Private Limited by an Operational Creditor in **C.P. No. 4481 of 2019**. The said Petition came to be admitted by the Adjudicating Authority vide Order dated **16.02.2024**, whereby the Corporate Insolvency Resolution Process was

initiated against the Corporate Debtor.

7. Learned Counsel for the Applicant submitted that thereafter, in compliance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019, the Applicant issued a Demand Notice in Form B dated 24.09.2024 to the Respondent/Personal Guarantor calling upon her to pay the outstanding debt. It is submitted that despite receipt of the said Demand Notice, the Respondent failed to discharge the outstanding liability. Consequently, the Applicant has filed the present Application under Section 95(1) of the Code seeking initiation of the Insolvency Resolution Process against the Respondent/Personal Guarantor.

<u>Submissions of Respondents</u>:

8. Learned Counsel appearing for the Respondent/Personal Guarantor submitted that the same is liable to be dismissed as being barred by limitation. It is submitted that the date of default mentioned in Part III of Form C is 01.07.2019, whereas the Demand Notice in Form B was issued only on 24.09.2024. According to the Respondent, issuance of the Demand Notice in Form B neither extends the period of limitation nor constitutes a valid invocation of the Personal Guarantee.

9. Learned Counsel for the Respondent further submitted that the Applicant has failed to establish that the Personal Guarantee was validly invoked prior to filing the present Application under Section 95 of the Code. It is submitted that the Demand Notice issued in Form B under Rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 cannot be construed as a notice invoking the

Personal Guarantee. It is further submitted that there are discrepancies in the dates of default reflected in the documents relied upon by the Applicant and, therefore, the present Application is liable to be rejected.

Rejoinder Submissions of Applicant:

10. In response to the Reply Affidavit filed by the Respondent, the Applicant filed an Affidavit in Rejoinder denying the allegations raised therein. Learned Counsel for the Applicant submitted that the Personal Guarantee had been duly invoked prior to filing of the present Application. In support thereof, the Applicant relied upon the Demand Notice dated 28.02.2023 issued under Section 13(2) of the SARFAESI Act, 2002 and submitted that the said notice, along with the proof of service placed on record, establishes the invocation of the Personal Guarantee. It is further submitted that the present Application has been filed within the prescribed period of limitation and is maintainable in law.

Report of Resolution Professional:

11. This Tribunal, vide order dated **03.07.2025,** appointed **Mr. Dhiren Shantilal Shah**, Insolvency Professional bearing **Registration No. IBBI/IPA-001/IP-P00220/2017-18/10419**, as the Resolution Professional Under Section 97 of the Insolvency and Bankruptcy Code, 2016 and directed him to file his report under section 99 of the Code. **Mr. Dhiren Shantilal Shah** has his office address at 702, Matushree Apartment, Sir M V Road, Andheri - East, Near Natraj, Mumbai Suburban, Maharashtra, 400 069, having E-mail address: dss@dsshah.in having contact no 9820073090.

12. Pursuant to the aforesaid order, the Resolution Professional filed I.A. (I.B.C.) No. 4696 of 2025 seeking to place on record his Report under Section 99 of the Insolvency and Bankruptcy Code, 2016. The said Report was taken on record by this Adjudicating Authority vide Order dated

09.10.2025. In the said Report, the Resolution Professional examined the Application and the documents placed on record, analysed the requirements under Section 99 of the Code, and recommended admission of the present Application under Section 100 of the Code. The relevant recommendation of the Resolution Professional are reproduced hereinbelow:

> *It is humbly submitted by the RP that the present application meets the requisite requirements of the Code as is provided in this report, and this Hon'ble NCLT may kindly pass appropriate orders under section 100 of the Code, "Admitting" the present application filed by Bank of Baroda in **C.P. (IB)/560(MB)/2025** and declaring a "Moratorium" under section 101 of the Code and issuing a "Public Notice" for inviting the claims under section 102 of the Code and may pass such orders as this Hon'ble NCLT deems necessary.*

Findings & Analysis:

13. We have heard the Learned Counsel appearing for the Applicant/Financial Creditor, the Learned Counsel appearing for the Respondent/Personal Guarantor and the Learned Counsel appearing for the Resolution Professional. We have carefully considered the pleadings, the documents annexed to the present Application, the Reply Affidavit, the Affidavit in Rejoinder, the additional affidavits filed by the parties, the Report submitted by the Resolution Professional under Section 99 of the Insolvency and Bankruptcy Code, 2016, the interim orders passed by this Tribunal from time to time, and the entire material available on record.

14. Upon perusal of the material placed on record, it is observed that the Applicant has placed on record the Sanction Letters dated 22.09.2011 and 11.05.2012, the Letters of Personal Guarantee dated 04.10.2011 and 01.10.2012, the Letters of General Lien dated 04.10.2011 and 04.06.2015, the statement of account, the Demand Notice in Form B dated 24.09.2024,

and other supporting documents in support of the present Application. The execution of the Personal Guarantee by the Respondent in favour of the Applicant to secure the credit facilities extended to M/s. Card Pro Solutions Private Limited is borne out from the record.

15. One of the principal objections raised by the Respondent is that the Personal Guarantee was not validly invoked prior to filing of the present Application and that the **Demand Notice in Form B dated 24.09.2024** cannot be construed as a notice invoking the Personal Guarantee. In this regard, it is pertinent to note that, during the course of the proceedings, the Applicant placed on record the notice dated 28.02.2023 issued under Section 13(2) of the SARFAESI Act, 2002, together with proof of service, in support of its contention that the Personal Guarantee had already been invoked prior to initiation of the present proceedings. These documents have been considered by the Resolution Professional while submitting the Report under Section 99 of the Code and also form part of the record before this Tribunal.

16. The Respondent has further contended that the present Application is barred by limitation. The Resolution Professional, upon examination of the material placed on record, has reported that the present Application satisfies the requirements of Section 95 of the Code and has recommended its admission under Section 100. This Tribunal has considered the pleadings, the documents placed on record, including the additional documents produced by the Applicant during the course of the proceedings, and the objections raised by the Respondent. At this stage, The Applicant has produced documents in support of invocation of the Personal Guarantees, which have been considered by the Resolution Professional while examining the maintainability of the Application under Section 99 of the Code. The limitation would run from the expiry of period stated in the notice dated 28.02.2023 u/s 13(2) requiring the personal guarantor to pay the amounts due from corporate debtor in terms of guarantee, as the invocation of guarantee

took place pursuant to that notice. Thus, the present petition having been filed in year 2025 is well within period of 3 years from the default arising consequent to invocation of guarantee vide notice dated 28.02.2023.

17. This Adjudicating Authority has also considered the Report submitted by the Resolution Professional under Section 99 of the Code. It is well settled that the Report of the Resolution Professional is recommendatory in nature and does not bind the Adjudicating Authority. Nevertheless, upon examination of the pleadings, the documentary evidence placed on record, the Reply Affidavit, the Affidavit in Rejoinder, the additional affidavits and the submissions advanced by the parties, we are satisfied that the Applicant has established the existence of a financial debt, the execution of the Personal Guarantees by the Respondent in favour of the Applicant and the occurrence of default. Thus, we find sufficient to admit the present Application under Section 100(4) of the Code thereby commencing the insolvency resolution process in case of Respondent Personal Guarantor.

18. In view of the foregoing discussion and having regard to the material available on record, this Adjudicating Authority is satisfied that the requirements of Sections 95, 99 and 100 of the Insolvency and Bankruptcy Code, 2016 stand fulfilled. Accordingly, the present Company Petition deserves to be admitted under Section 100 of the Code.

ORDER

19. Considering the above facts and circumstances and upon perusal of the documents on record, the **C.P. (IB)/560/MB/2025** filed under Section 95 of the Code, is hereby **admitted** and the Insolvency Resolution Process stands initiated against Kajal Vikas Chaudhary viz. the Personal Guarantor herein. We hereby direct as hereinafter:

    I. Initiate Insolvency Resolution Process against the Personal Guarantor and moratorium in relation to all the debts is declared, from today *i.e.* date of admission of the application, and shall cease to have effect at the end of the period of 180 days, or this Tribunal passes order on the repayment plan under Section 114 whichever is earlier as provided under Section 101 of IBC, 2016. During the moratorium period,

a. Any pending legal action or proceeding in respect of any debt shall be deemed to have been stayed, and

b. The creditors of the Corporate Debtor shall not initiate any legal action or proceedings in respect of any debt; and

c. The debtor shall not transfer, alienate, encumber, or dispose of any of his assets or his legal rights or beneficial interest therein;

d. The provisions of this section shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

II. The Petitioner states that the proposed Resolution Professional **Mr. Dhiren Shantilal Shah, bearing Registration No. IBBI/IPA-001/IP-P00220/2017-18/10419 and having his office address at 702, Matushree Apartment, Sir M V Road, Andheri - East, Near Natraj, Mumbai Suburban, Maharashtra, 400 069, having E-mail address: dss@dsshah.in having contact no 9820073090** is directed to cause a public notice published on behalf of the Adjudicating Authority within 7 days of passing this Order on the website of the NCLT Mumbai Bench, inviting claims from all Creditors, within 21 days of such publication. The Resolution Professional shall discharge the functions/duties cast upon him under the provisions of the Code in this relation within time bound manner and shall be empowered to exercise the powers vested in him for discharge of such functions/duties.

III. The Resolution Professional shall submit his periodic reports before this Tribunal as required under the I&B Code or Regulations made thereunder.

IV. The Applicant is directed to deposit **INR 75,000/-** (Indian Rupees Seventy-Five Thousand only) or such lesser amount as is mutually agreed between the Resolution Professional and the Applicant to the bank account of the Resolution Professional within **1 week**, towards his fees and out of pocket expenses to be incurred in relation to the process, however, the fees and such out of pocket expenses shall be such as is mutually agreed with the Creditor. Needless to say, this shall be subjected to the rules and regulations under the provisions of the Insolvency and Bankruptcy Code, 2016.

V. The Registry is directed to communicate a copy of order to the Resolution Professional immediately after the pronouncement of order, and upload the same on the website within **7** working days after the pronouncement of order.

20. Ordered accordingly.

Sd/-
Prabhat Kumar
Member (Technical)

Sd/-
Sushil Mahadeorao Kochey
Member (Judicial)

AS