NATIONAL COMPANY LAW APPELLATE TRIBUNAL
AT CHENNAI

(APPELLATE JURISDICTION)

IA No.1014/2026

in

Company Appeal (AT) (CH) (Ins) No.360/2026
(IA Nos.1015, 1016 & 1017/2026)

In the matter of:

Nuzhat Aisha Naseer **… Appellant**
V
Canara Bank & 3 Ors. **… Respondents**

Present:

For Appellant	:	Mr. P.H. Arvindh Pandian, Senior Advocate For Mr. Aravind Reddy H, Advocate
For Respondents	:	Mr. Pranava Charan, Advocate for R1 to R3 Mr. Ravindra Beleyur, RP/R4

With

IA No.1020/2026

in

Company Appeal (AT) (CH) (Ins) No.361/2026
(IA Nos.1018, 1019 & 1021/2026)

In the matter of:

Awaiz Ahmed **… Appellant**
V
Canara Bank & 3 Ors. **… Respondents**

Present:

For Appellant	:	Mr. P.H. Arvindh Pandian, Senior Advocate For Mr. Aravind Reddy H, Advocate
For Respondents	:	Mr. Pranava Charan, Advocate for R1 to R3 Mr. Ravindra Beleyur, RP/R4

With

IA No.1026/2026

in

Company Appeal (AT) (CH) (Ins) No.363/2026
(IA Nos.1023, 1024 & 1025/2026)

In the matter of:

Naseer Ahmed **… Appellant**
V
Canara Bank & 3 Ors. **… Respondents**

Present:

For Appellant : Mr. P.H. Arvindh Pandian, Senior Advocate
For Mr. Aravind Reddy H, Advocate

For Respondents : Mr. Pranava Charan, Advocate for R1 to R3
Mr. Ravindra Beleyur, RP/R4

ORDER
(Hybrid Mode)

Per: Justice N Seshasayee, Member (Judicial)

1. The appellants herein constitute a family, comprising of parents and their son, and they challenge separate Orders of the Adjudicating Authority, all dated 08.06.2026 initiating bankruptcy proceedings against them.

2. Few facts which are relevant on the context of the submissions made are:
   a) On 07.06.2022, personal insolvency resolution process was initiated vide separate Orders of the Adjudicating Authority against the appellants under Sec.100 IBC.
   b) Moving to the next stage of the PIRP, none of the appellants chose to submit any repayment plan. On 19.09.2022, the CoC met and referred to the scenario as submission of 'deemed repayment plan' with 'NIL' value. On 26.02.2024, the tribunal held that the concept of deemed repayment plan was alien to the Code, and directed the CoC to consider the matter in accordance with law. On 06.03.2024, CoC recorded about non-submission of repayment plan by the appellants and resolved to apply for initiating bankruptcy proceedings against them.

c) Accordingly, the resolution professional preferred three separate applications in I.A.218 of 2024, I.A.220 of 2024 and I.A.219 of 2024 against each of the appellants, before the Adjudicating Authority seeking leave to file application under Sec.121. On 11.12.2024, these applications were allowed by the tribunal and they eventually became the subject matter of appeals in C.A.(Ins) 235 of 2025, C.A.(Ins) 233 of 2025 and C.A.(Ins) 231 of 2025 before this tribunal. However, no interim stay was passed against the operation of the orders impugned in these appeals. Ultimately, on 03.06.2025, all the three appeals were dismissed.

d) In the meantime, On 17.03.2025, the lender banks, the respondents 1 to 3 herein, took out separate applications in I.A.343 of 2025, I.A.341 of 2025 and I.A.342 of 2025 under Sec. 121 of the Code, for initiating bankruptcy proceedings viz-a-vis an alleged liability of about ₹.1,455 crores, in which the impugned orders came to be passed.

3. Now, outlining his strategy, the learned counsel for the appellants submitted:

   - Sec.121(2) of the Code read with Sec.121(1)(b) prescribes that any application for bankruptcy must be filed within three months from the date of the Order rejecting the repayment plan filed under

Sec.115 of the Code. This is breached. Indeed, the delay could have been condoned under Sec.5 of the Limitation Act, as held by the Principal bench of this tribunal in ***Cosmos Co-Operative Bank Ltd Vs Anil Kumar Gilra*** [C.A.(Ins) 1095 of 2025], but in the instant case, no such application was filed under Sec.5 of the Limitation Act.

- At any rate, Sec.142 (1) of the Code has vested authority in the Tribunal to either *suo motu* or on application to modify or recall any order of bankruptcy whether or not the bankrupt is discharged, if (a) the there is any error apparent on the face of order initiating bankruptcy; or (b) when the debt and the bankruptcy charges were either paid or secured to the satisfaction of the Adjudicating Authority.

Laying considerable emphasis on Sec.142(1)(b), the learned counsel submitted, that the legislative philosophy behind the code is not to crucify the bankrupt on his initial failure to submit a repayment plan but to help him resurrect if the bankrupt can still pay the debt or at least offer security for repayment, and hence failure to submit a repayment plan initially under Sec.105 of the Code may not be considered as fatal for the appellants to invoke Sec.142(1) of the Code.

4. Principally disputing the appellant's contention on the point of limitation, the learned counsel for respondents 1 to 3 explained that any settlement, if at all it takes place, should be in conformity with Part V of the Code, and emphasised the need for the personal guarantor to share all information concerning his affairs in terms of Sec.150 of the Code and also underscored the role of the CoC as insisted under Sec.153.

5. The bankrupt trustee appeared in person and ably assisted us even with his preliminary submissions. Broadly, his submissions can be divided into two parts: (a) The past conduct of the appellants, more particularly that of the appellant in C.A.363 of 2026 vis-à-vis the liquidation of the corporate debtor; and (b) the present conduct of the appellants in not even attempting to contact him, neither at the stage of preparation of a repayment plan under Sec.105 IBC, nor at any time thereafter. He also added some of the personal assets of these appellants have been sold and he has all the accounts pertaining to the same.

6. Here we see a set of appellants, who failed to act when they had the opportunity under Sec.105, but rush to regret which they could have avoided. While we appreciate the submissions of the banks regarding the role of the CoC etc., we are here concerned with a more serious issue of appellants' failure to contact even the bankruptcy-trustee. If we were to believe that wisdom has dawned on the appellants, even though belatedly

and after they have found that they are left with fewer options to avoid bankruptcy, still it is required to be supported, for Sec.142(1)(b) reflects the legislative intent to extend optimum opportunities to the personal guarantors to save their honour and dignity, an aspect ingrained in the right to life under Article 21 of the Constitution. Sec.142 goes as far as to vest jurisdiction in the tribunal to exercise *suo motu* powers to discharge the bankrupt or recall the order of bankruptcy when it *inter alia* finds that the bankrupt pays or offers security for repayment of the debt along with bankruptcy expenses. Very Obviously, the legislature shows greater sympathy to debt trapped individuals than it is to the debt trapped companies. The elasticity with which the Parliament has designed PIRP itself is an indicator as to how the tribunals should approach Sec.142 of the Code.

7. While in law, the appellants are entitled to be given an opportunity to repay, but their conduct is not very encouraging. We are conscious of the same. If need arises it can be factored in even later. But for the present, respecting the legislative intent behind Sec.142(1)(b) of the Code is important than to judge how the appellants have hither to conducted. We therefore, required the learned counsel for the appellants, that the appellant in C.A.363 of 2026 (who is the husband of the appellant in C.A.360 of 2026 and father of the appellant in C.A.361 of 2026) to contact the bankruptcy trustee by the

afternoon of 30.07.2026, and it was reported to us that he indeed has contacted the bankruptcy trustee. This is a positive sign.

8. Now, we only require the appellants to work out a plan of action for repayment of debts with the bankruptcy trustee, if they intend to qualify themselves for a relief under Sec.142 of the Code. The first step is to abide by Sec.150 obligations.

9. This tribunal would now monitor how far and how effectively the proceedings move forward. The bankruptcy trustee, in the meantime, is required not to alienate any of the assets of the appellants.

10. List the matter on **17.08.2026.**

[Justice N. Seshasayee]
Member (Judicial)

[Jatindranath Swain]
Member (Technical)

04.08.2026
VG/MS/AK