

**IN THE NATIONAL COMPANY LAW TRIBUNAL
PRINCIPAL BENCH**

IA-598/2025

In

CP No. IB 695(PB)/2024

(Under Section 100 of the Insolvency and Bankruptcy Code, 2016)

IN THE MATTER OF:

CANARA BANK

..... Petitioner/ Financial Creditor

VERSUS

Ms. SUNITA AGGARWAL

.....Respondent/ Personal Guarantor

AND

In

IA-598/2025

MOHAMMAD KHALID

..... Resolution Professional/Applicant

Order reserved on: 13.05.2026

Order Pronounced on: 21.05.2026

CORAM:

JUSTICE ANUPINDER SINGH GREWAL

HON'BLE PRESIDENT

SHRI RAVINDRA CHATURVEDI

HON'BLE MEMBER (TECHNICAL)

Present:

For the Petitioner : Mr. Ravi Kumar, Advocate along with Mr. Krishan Kumar and Ms. Nitin Pal, Advocates

For the : None

PG/Respondent

For the RP : Mr. Rachit Ranjan, Advocate

ORDER

1. The main petition is filed under Section 95(1) of the Insolvency and Bankruptcy Code, 2016 (“**IBC/Code**”) by the Canara Bank (“**Petitioner**” /“**Financial Creditor**”), seeking to initiate Insolvency Resolution Process against Ms. Sunita Aggarwal, (“**Respondent**”/ **Personal Guarantor**”) personal guarantor of M/s Allied Strips Limited (“**Corporate Debtor**”).
2. This Adjudicating Authority, vide order dated 07.01.2025, appointed Mr Mohammad Khalid, bearing registration no. IBBI/IPA-002/IP-N01289/2024-25/14417, Email: cskhalid01@gmail.com (“**Resolution Professional**”) as the Resolution Professional to submit a report as per Section 99 of the Code.
3. The Resolution Professional submitted a report under section 99 of the Code through **IA-598/2025**, which also forms part of the subject matter under consideration in the present adjudication.

Brief facts of the case:

As submitted by parties in the pleadings and submissions made in the court, the following are the relevant facts of the case: -

4. The Corporate Debtor, i.e. Allied Strips Limited, had availed various credit facilities from a consortium of five banks comprising Oriental Bank of Commerce, Dena Bank, Punjab National Bank, UCO Bank and Canara Bank, which acted as the lead bank of the consortium.

5. These facilities included Open Cash Credit for Rs. 18 crores, Working Capital Term Loan for Rs. 18 crores, Bank Guarantee for Rs. 7 crores, Short Term Bank Guarantee for Rs. 400 Lakhs, Term Loan-I for Rs. 125 Lakhs, Term Loan-II for Rs. 460 Lakhs, Term Loan-III for Rs. 195 lakhs and other Letter of Credit facilities. On the request of the Corporate Debtor, such facilities were renewed time and again.
6. The Loan amount was given to the Corporate Debtor on the personal guarantees of Mr Mohinder Kumar Aggarwal, Mr Gaurav Aggarwal and Ms Sunita Aggarwal (the Personal Guarantor herein) vide guarantee deeds dated 30.11.2011 and 30.12.2013.

Defaults pursuant to the Transaction:

7. Despite various assurances and promises made, the Corporate Debtor failed to pay the outstanding amounts due to the Petitioner.
8. On 31.01.2014, the account of the Corporate Debtor was classified as a Non-Performing Asset (NPA) by the Petitioner on account of defaults in repayment obligations under the sanctioned credit facilities. Thereafter, on 14.09.2015, the Corporate Debtor acknowledged its liability towards the Financial Creditor by executing a letter of acknowledgement of debt.
9. Subsequently, a loan recall notice under Section 13(2) of the SARFAESI Act, 2002, was issued on 15.02.2016, by the Financial Creditor, invoking the personal guarantee and demanding repayment of the amounts due and payable.
10. As the Corporate Debtor failed to comply, despite the issuance of the aforementioned notice, the consortium of banks, including the present petitioner had initiated proceedings before the Debt Recovery Tribunal-II, New Delhi, by filing OA No. 630/2017 against the Corporate Debtor and the Personal Guarantor, seeking recovery of an amount of INR 1,049,41,87,153.65/- (One Thousand Forty-Nine Crores Forty-One

Lakhs Eighty-Seven Thousand One Hundred Fifty-Three Rupees and Sixty-Five paise Only) along with applicable interest and costs. In the said proceedings, the rights of recovery of Rs. 1,049,41,87,153.65/- were granted against the Corporate Debtor vide order dated 06.12.2019.

11. Meanwhile, an application u/s 7 of the Code was filed against the Corporate Debtor by Oriental Bank of Commerce bearing no C.P. (IB)-46(PB)/2018, which was admitted into the Corporate Insolvency Resolution Process (**CIRP**) by this Adjudicating Authority vide order dated 16.03.2018, and the resolution plan was approved vide order dated 02.12.2022.
12. Furthermore, a demand notice in **Form B**, dated 05.02.2024 under Rule 7(1) of the Insolvency and Bankruptcy, (Application to Adjudicating Authority for Insolvency Resolution Process of Personal Guarantors to Corporate Debtors) Rules, 2019 (“Personal Guarantor Rules”) was issued against the Personal Guarantor demanding payment of Rs. 1,295,23,29,130/- (Rupees One Thousand Two Hundred Ninety-Five Crores Twenty-Three Lakhs Twenty-Nine Thousand One Hundred & Thirty Only) along with interest and other charges till the date of payment (Annexure A-8 of CP no. C.P. No IB 695(PB)/2024). It is submitted by the Petitioner that the demand notice has been issued well within the limitation period, as the resolution plan was also approved on 02.12.2022.
13. In terms of Section 95(1) of the Code, the Applicant filed the present Application which was filed on 12.11.2024 (initially filed on 08.10.2024; however owing to certain deficiencies it was re-filed) so as to initiate insolvency proceedings against the Personal Guarantor / Respondent for a debt due to the tune of Rs. **1295,23,29,130/-** (Rupees One Thousand Two Hundred Ninety-Five Crores Twenty-Three Lakhs Twenty-Nine Thousand One Hundred & Thirty Only).

14. Vide order dated 07.01.2025, Mr. Mohammad Khalid, IBBI/IPA-002/IP-N01289/2024-25/14417, email id: cskhalid01@gmail.com was appointed as the Resolution Professional under Section 97 of the Code and directed to submit a report under Section 99 of the Code. The relevant portion of the order dated 07.01.2025 is extracted below:

5. The Applicant has not proposed the name of the Resolution Professional. Accordingly, we are inclined to appoint Mohammad Khalid as the Resolution Professional, whose details are given below:

IBBI Registration No: IBBI/IPA-002/IP-N01289/2024-25/14417
Contact No. : 9654631686
Email ID : cskhalid01@gmail.com

15. In compliance with the order dated 07.01.2025, the Resolution Professional submitted a report under section 99 of the Code vide IA-598/2025. The submissions of the Resolution Professional with regard to the present application, are as extracted below:

“20. That the Resolution Professional has perused the application filed by the financial creditor and after applying the relevant provisions of law including the Insolvency and Bankruptcy Code, 2016 and Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rule, 2016 and has determined as under:

a. That M/s Allied Striped Limited is the corporate debtor as it has defaulted in making the payment of outstanding amount of Rs. 1295,23,29,130.99/- of the financial creditor. The due date of the payment of the loan amount was 31.01.2014 and the default occurred on dated 31.01.2024.

b. That the abovementioned financial assistance has been duly secured by the Agreement(s) of Guarantee dated 30.11.2011 and 30.12.2013 by the Personal Guarantor and as per Agreement(s) of Guarantee, in the event of default by the corporate debtor or if

corporate debtor fails to comply the terms of the respective Loan Agreement(s), the Personal Guarantor shall make the payment of the outstanding amount. Further, under Agreement(s) of Guarantee, the obligations of the Personal Guarantor are joint and several.

c. Pursuant to the SARFAESI notice, the Applicant initiated recovery proceedings against Allied Strips and all its guarantors including the present Personal Guarantor under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before DRT-II, New Delhi vide O.A. No. 630/2017 which was decreed in favor of the Applicant vide judgment dated 06.12.2019.

d That the non-payment of financial debt due and payable, by the Corporate Debtor and its guarantor amounts to default, thereby making the Applicant a financial creditor under the provisions of the Insolvency and Bankruptcy Code, 2016.

e. That after default by the Personal Guarantor to make payment of her obligations under the Agreement(s) of Guarantee, the financial creditor served a Demand Notice on 05.02.2024 under Section 95 (4) (b) of the Insolvency and Bankruptcy Code, 2016 read with rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 demanding payment of outstanding loan amount under the respective Loan and Guarantee Agreements within 14 days. However, the Personal Guarantor failed to make the payment of the outstanding loan amount under the respective Loan/ Guarantee Agreements and thus the Personal Guarantor has committed default within the meaning of Section 3(12) of the IBC 2016

21. That from the aforesaid, it is abundantly clear that there has been a debt, the debt became due and payable and consequently, the financial creditor recalled entire outstanding loan amount under the respective Loan/ Guarantee Agreement(s). Further, the Personal Guarantor has failed to make payment of entire outstanding loan

amount under the Agreement(s) of Guarantee and thereby, has defaulted in making the payment of the outstanding loan amount.

22. That the Resolution Professional submits that the present application is a fit case for initiation of insolvency resolution process against Personal Guarantor, i.e., Mrs. Sunita Aggarwal, under Section 100 of the Insolvency and Bankruptcy Code, 2016.”

16. The Resolution Professional has opined that it is abundantly clear that there has been a debt, the debt became due and payable and consequently, the financial creditor recalled entire outstanding loan amount under the respective Loan/ Guarantee Agreement(s). Further, the Personal Guarantor has failed to make payment of entire outstanding loan amount under the Agreement(s) of Guarantee and thereby, has defaulted in making the payment of the outstanding loan amount.
17. This report was listed for hearing on 04.02.2025, wherein the following order was passed:

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None appeared on behalf of the parties when the matter was called for hearing. In the interest of justice, list the matter on **17.03.2025**.

18. On 17.03.2025, the following order was passed:

ORDER

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This is a report filed by the RP under Section 99 of the IBC, 2016. Heard the Ld. Counsel on behalf of the RP.

Ld. Counsel Ms. Deepika Bedi appeared through VC on behalf of the Personal Guarantor and accepted notice for filing their response to the report. A copy of the report be provided to the Personal Guarantor/their counsel.

Notice be issued to the Financial Creditor also for filing their response and appearance.

Notice be issued by all means and proof of service be filed thereafter.

19. On 15.05.2025, the following order was passed by this Adjudicating Authority:

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1. On 17.03.2025 we passed the following order, which is read as thus:-

"This is a report filed by the RP under Section 99 of the IBC, 2016. Heard the Ld. Counsel on behalf of the RP.

Ld. Counsel Ms. Deepika Bedi appeared through VC on behalf of the Personal Guarantor and accepted notice for filing their response to the report. A copy of the report be provided to the Personal Guarantor/their counsel.

Notice be issued to the Financial Creditor also for filing their response and appearance.

Notice be issued by all means and proof of service be filed thereafter.

List the matter on 21.04.2025.

2. Despite opportunities given, no reply has been filed by Respondent / PG. One last opportunity is given for the same.

20. On 07.07.2025, the following order was passed:

ORDER

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1. The RP has filed the report by way of the present application.
2. Ld. Counsel for RP states that he has given the advance copy of the report to the respondent. It is observed that earlier one Ms. Deepika Bedi entered appearance for PG/ Respondent but she is absent today.
3. We are inclined to issue fresh notice to respondent as none appears on behalf of the PG. In the interest of justice, notice is to be issued to the respondent by the RP returnable by 23.07.2025. Objection to the report be filed by PG/ Respondent on or before 20.07.2025.
4. Further, RP is directed to prepare brief note and list of dates and events.
5. List the matter on **23.07.2025**.

21. On 23.07.2025, the following order was passed:

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This is a report filed by the RP under Section 99 of the Code.

Ld. Counsel Mr. Rachit Ranjan appearing for the RP through VC, and submitted that in compliance of the earlier order, the Affidavit of Service has been filed. However, the same is not available on record. He is directed to take appropriate steps to ensure that the Affidavit of Service is placed on record before the next date of hearing.

Reply/response, if any, be filed before the next date of hearing.

At the request, list the matter on **06.08.2025**.

The affidavit of service has been uploaded by the RP on the DMS e-portal on 22.07.2025.

22. On 22.09.2025, the following order was passed by the Adjudicating Authority:

1. This application is a report filed by the RP under Section 99 of the Code and objection to the same has also been filed.
2. The Resolution Profession (RP) is directed to file a brief note in support of the report, specifically addressing the following issues:
 - i. Proof of Invocation of Bank Guarantee with date and supporting document.
 - ii. Proof of service of Form-B.
 - iii. Limitation.
3. The aforesaid direction shall be complied with and same shall be upload on the DMS/E portal before the next date of hearing.
4. List the matter for further consideration on **15.10.2025**.

23. On 15.10.2025 following order was passed by the Adjudicating Authority:

ORDER

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1. Ld. Counsel Mr. Rachit Ranjan for the RP appears through VC and submitted that in compliance of order dated 22.09.2025 he has filed the note. However, the same is not reflecting on DMS. Ld. Counsel is directed to take appropriate steps to upload the same on the DMS portal before the next date of hearing.
2. At request, list the matter on **29.10.2025**.

24. On 26.11.2025, the following order was passed by the Adjudicating Authority:

ORDER

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Ld. Counsel for the RP appeared and submitted that in compliance of order dated 22.09.2025, he has filed the brief note. However, the same is not available on the DMS Portal despite giving ample opportunities. One last opportunity is granted to the RP for bringing the brief note on record. At request, list the matter on **15.12.2025**.

25. On 15.12.2025, following order was passed by the Adjudicating Authority:

ORDER

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This is an application filed under Section 99 of the Code.

Ld. Counsel for the RP appeared through VC and submitted that he has not been able to file brief note in compliance with the order dated 22.09.2025 and sought further time. He is permitted to do so before the next date of hearing.

At the request, list the matter on **27.01.2026**.

A short note has been uploaded by the RP on the DMS e-portal on 11.12.2025.

26. On 17.03.2026, the following order was passed by the Adjudicating Authority:

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1. In compliance of the order dated 22.09.2025, the Applicant/RP has filed a note with respect to the following aspects:
 - i. Proof of Invocation of Bank Guarantee with date and supporting document.
 - ii. Proof of service of Form – B.
 - iii. Limitation.
2. We have heard the submissions made by Mr. Rachit Ranjan Ld. Counsel appearing on behalf of the Applicant/RP and Mr. Krishan Kumar Ld. Counsel appearing for the Bank.
3. Having regard to the submissions made by the Ld. Counsel, we direct the applicant in the main petition and the RP to file an affidavit with

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respect to the proof of delivery of the letter of invocation of the Bank Guarantee on the Personal Guarantor as well as on limitation within two weeks.

4. List the matter on **08.04.2026**.

The affidavit in compliance with the above order has been uploaded by the RP on DMS e-portal on 02.04.2026.

27. On 08.04.2026, the following order was passed:

ORDER

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At request made by the Ld. Counsel appearing for the Applicant, one week's time is granted to bring the affidavit on record in compliance of the order dated 17.03.2026.

List the matter on **22.04.2026**.

In compliance with the same, an affidavit has been uploaded by the petitioner on the DMS e-portal on 07.04.2026.

28. On 22.04.2026, the following order was passed:

ORDER

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Mr. Rachit Ranjan, Ld. Counsel appeared on behalf of the RP. Mr. Seemant K. Garg, Ld. Counsel appeared on behalf of the Petitioner. None appeared on behalf of the Respondent.

It is submitted that the affidavit in compliance of order dated 17.03.2026 has been filed and the same is available on record.

At request, list the matter on **13.05.2026 for arguments**.

29. In compliance with the directions issued by this Adjudicating Authority, the Financial Creditor and the Resolution Professional have filed affidavits furnishing clarifications regarding the invocation of the guarantee and limitation. In their submissions, reliance has been placed

upon the deed of guarantee to contend that the guarantee is of a continuing nature and, therefore, the present application is well within the limitation. It has further been submitted that the principal borrower/Corporate Debtor was undergoing CIRP, which concluded upon approval of the Resolution Plan vide order dated 02.12.2022. It has further been clarified that the liability of the guarantor is co-extensive with that of the Corporate Debtor, and reliance has been placed upon the settled position of law in support thereof. Furthermore, it has also been submitted that the Debts Recovery Tribunal, vide order dated 06.12.2019, granted the rights of recovery for the outstanding dues and, after excluding the period covered during the COVID-19 pandemic in terms of the orders passed by the Hon'ble Supreme Court, the present application has been filed well within the prescribed period of limitation.

30. Further, on 13.05.2026, after hearing the parties orders were reserved in the application. The Resolution Professional has also opined that, in view of the foregoing facts and circumstances, and considering that the petition filed by the Creditor satisfies the requirements stipulated under Section 95 of the Insolvency and Bankruptcy Code, 2016, and that the Personal Guarantor has failed to establish repayment of the debt in question, it was accordingly recommended by the RP that the petition filed by the Creditor be admitted under the provisions of Section 100 of the Code.
31. Furthermore, in terms of Section 100(1) of the Code, for admitting an application for insolvency resolution of a personal guarantor, the Adjudicating Authority must be satisfied that:
 - (a) the application under Section 95 is complete;
 - (b) the debt is due and payable by the guarantor; and
 - (c) the guarantor has not repaid the debt.

32. In the present case, the Application is found to be complete in all respects. The debt arises from guarantees extended by the Respondent in respect of credit facilities availed by the Corporate Debtor from the Applicant bank. The debt has become due and remains unpaid, as evidenced by the NPA classification, SARFAESI notices, the Recovery issued by the DRT, the disposal of CIRP Proceeding of Corporate Debtor in light of approval of Resolution plan, and the Demand Notice in Form B. The Personal Guarantor has not denied the liability and, in fact, has not objected to the initiation of proceedings. Thus, all conditions under Section 100(1) stand satisfied.
33. Accordingly, in view of the foregoing, and based on the recommendations of the Resolution Professional, we are satisfied that this is a fit case for admission under Section 100 of the Code.

Accordingly, we order as under:

34. The application under Section 95(1) is **admitted**, and the **Insolvency Resolution Process** against the Personal Guarantor is hereby **initiated**. Interim Moratorium which came into effect in terms of Section 96(1) as on the date of filing the application shall cease to have effect. A fresh **moratorium under Section 101 is declared from today, to be in effect for 180 days or until an order under Section 114 is passed, whichever is earlier**. 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 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.

35. The Resolution Professional, viz. **Mr. Mohammad Khalid**, who was appointed by this Adjudicating Authority vide order dated 07.01.2025, is hereby directed to take all further steps in accordance with Part III, Chapter – III of the Code including to publish a public notice on behalf of the Adjudicating Authority within 7 days of uploading of this Order on the website of the NCLT Delhi, inviting claims from all Creditors, who shall register their claims as provided under Section 103 within 21 days of such notice. The notice shall contain the necessary information as provided under Section 102 (2) of IBC, 2016. The publication of notice shall be made in newspapers, one in English and the other in the Vernacular, which have wide circulation in the State where the Personal Guarantor resides.
36. The Resolution Professional in exercise of the powers conferred under Section 104 of IBC, 2016, shall prepare a list of creditors within 30 days from the date of the notice. The debtor shall prepare a Repayment Plan in consultation with the Resolution Professional as provided under Section 105, which shall include the provisions for payment of fee to the Resolution Professional. The Resolution Professional shall submit the Repayment Plan along with his report on the plan to this Adjudicating Authority within a period of 21 days from the last date of submission of claims, as provided under Section 106 of IBC, 2016.
37. In case the Resolution Professional recommends that a meeting of the creditors is not required to be summoned, he shall record the reasons thereof. If the Resolution Professional is of the opinion that the meeting of the creditors should be summoned, he shall specify the details as provided under Section 106(3). The date of the meeting should not be less than 14 days or more than 28 days from the date of submission of the Report under Sub-section (1) of Section 106 of the IBC, 2016, for which at least 14 days' notice to the creditors shall be issued by all modes. Such notice must contain the details as provided under the provisions of Section 107 of the IBC, 2016.

38. The meeting of the creditors shall be conducted in accordance with Sections 108, 109, 110 & 111 of the IBC, 2016. The Resolution Professional shall prepare a report of the meeting of the creditors on the Repayment Plan with all details as provided under Section 112 of the IBC, 2016 and submit the same to this Adjudicating Authority, copies of which shall be provided to the debtor and the creditors. It is made clear that the Resolution Professional shall perform his functions and duties in compliance with the Code of Conduct provided under Section 208 of the IBC, 2016.
39. The Financial Creditor shall deposit a sum of Rs. 1,00,000/- (Rupees One Lakh Only) with the RP to meet the expenses arising out of issuing public notice and inviting claims. This amount shall be adjusted towards the fees and expenses payable to the RP.
40. RP shall submit a **status report** every 30 days before this Tribunal.
41. The registry shall communicate a copy of this order, the report, and the application to all concerned within 7 working days and upload the same immediately.
42. Copy of this order be sent to **IBBI** by the Registry.
43. **IA No. 598/2025** is **allowed** and **disposed of** and the Insolvency Resolution Process stands initiated against the Personal Guarantor / Respondent.

List the matter for **status report** by RP on 14.07.2026.

Sd/-
(ANUPINDER SINGH GREWAL)
PRESIDENT

Sd/-
(RAVINDRA CHATURVEDI)
MEMBER (TECHNICAL)