IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH - I

C.P. (IB) NO. 1414/MB/2025

Under Section 95 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.

In the matter of

Canara Bank Ltd. ...Petitioner/Financial Creditor

Versus

Mrs. Jayanti Shekhar …Respondent/Personal Guarantor

Order pronounced on 24.07.2026

Coram:

Prabhat Kumar	Sushil Mahadeorao Kochey
Member (Technical)	Member (Judicial)

Appearances:

For the Applicant	:	Adv. Ojas Gole
For the Respondent	:	Adv. Shailesh Kumar
For the Resolution Professional	:	Adv Manish Jha

ORDER

BRIEF FACTS:

1. The present petition is filed *u/s.* 95 (1) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC/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 **Canara Bank Limited** ("hereinafter referred to as

Petitioner/Financial Creditor") for initiating insolvency process against **Mrs. Jayanti Shekhar** ("hereinafter referred to as Personal Guarantor/Respondent") for outstanding debt of **Rs. 2,63,16,55,309/- (Two hundred and sixty-Three Crore Sixteen lakhs fifty-five thousand Three hundred and Nine Only)** with further interest and charges payable. The Date of Default as specified in Part-III of the present petition is 30.11.2012.

2. The Petitioner is a scheduled commercial bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, having its Head Office at 112, J.C. Road, Bengaluru – 560002, and, inter alia, having a Branch Office at SAM II Branch, Canara Bank Building, 8th Floor, Bandra Kurla Complex, Mumbai - 400051
3. The Personal Guarantor, viz. **Mrs. Jayanti Shekhar** having his address at Micro Infotech Park, Plot No. 16, Sector 30 A, Vashi, New Bombay – 400705, stood as the Guarantor for **M/S. Micro Secure Solutions Pvt. Ltd.** (hereinafter referred to as the "Corporate Debtor/ Principal Borrower") to secure the credit facilities extended to the Corporate Debtor.
4. The Corporate Debtor was incorporated on 27.03.2007 bearing CIN U72300MH2007PLC169254 and has its registered address at D-4, First Floor, Udyog Sadan No 3 Seepz, MIDC Andheri (E), Mumbai, Maharashtra – 400093.

<u>SUBMISSIONS OF THE APPLICANT:</u>

5. The Corporate Debtor M/S Micro Secure Solutions Pvt. Ltd and the Guarantors are in the business of manufacturing of electronic security system for housing complex, commercial complex etc.
6. It is further submitted that, on the request of the Corporate debtor, The Applicant sanctioned limits on various date between

2007 to 2012. As on 31.07.2025, an aggregate sum of Rs. 2,63,16,55,309/- remained due and payable by the Corporate Debtor towards the various credit facilities, comprising principal, accrued interest and other charges. The Corporate Debtor continues to be liable to pay further contractual interest, default interest and other applicable charges until full realization of the outstanding dues.

7. It is submitted that the Corporate Debtor executed the requisite security documents, including the Equitable Mortgage Agreement dated 11.12.2010 in respect of the property described as Gala No, D-4, First Floor, Udyog Sadan No 3 Seepz, MIDC Andheri (E), Mumbai, Maharashtra – 400093, Agreement of Hypothecation of Stocks and Book Debts, Supplemental Common Hypothecation Agreement and Agreement for Opening Inland Irrevocable Letter of Credit on 13.09.2010, thereby creating security in favour of the Applicant Bank for the credit facilities sanctioned. **The personal Guarantor/Respondent** also executed a Deed of Guarantee dated 09.12.2010 in favour of the Applicant, guaranteeing repayment of the said credit Facilities.

8. It is submitted that the Corporate Debtor committed defaults in repayment of the credit facilities and failed to adhere to the terms and conditions of the loan agreements despite repeated opportunities. Consequently, the Applicant classified the loan account as a Non-Performing Asset (NPA) on 31.12.2012 in accordance with the guidelines issued by the Reserve Bank of India.

9. It is submitted that the Financial Creditor/Applicant Bank had instituted recovery proceedings before the Debts Recovery Tribunal, Mumbai by filing O.A. No. 77 of 2014 against the Corporate Debtor and its personal guarantors, which

proceedings are adjudicated and final order was passed on 26.07.2023 in favour of the Applicant.

10. It is submitted that the Applicant invoked the Personal Guarantee by issuing a Demand Notice dated 13.08.2025 to the Respondent, calling upon the Respondent to discharge the outstanding liabilities of the Corporate Debtor within 7 days from the date of receipt of this notice.
11. Thereafter, a Demand Notice 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 was issued to the Personal Guarantor on 30.08.2025. However, no repayment or settlement has been affected.
12. Despite repeated notices and opportunities, neither the Corporate Debtor nor the Personal Guarantor discharged the outstanding dues. As on 13.08.2025, the total outstanding amount payable by the Corporate Debtor and the Personal Guarantor is stated to be **Rs. 2,63,16,55,309/- (Two hundred and sixty-Three Crore Sixteen lakhs fifty-five thousand Three hundred and Nine Only)** along with further interest and charges, which continue to accrue.
13. In view of the continued default and failure of the Personal Guarantor to honour the guarantee obligations, the Applicant has invoked the personal guarantee and filed the present Petition seeking initiation of Insolvency Resolution Process against the Respondent under Section 95 of the Code.
14. The Applicant further Submitted that the debt in respect of which the present insolvency resolution process has been initiated does not include any ‘excluded debt’ as defined under the provisions of the Insolvency and Bankruptcy Code, 2016, namely:

i. any liability to pay fine imposed by a Court or Tribunal;
ii. any liability to pay damages for negligence, nuisance, or breach of statutory, contractual or other legal obligations;
iii. any liability to pay maintenance to any person under any law for the time being in force;
iv. any liability in relation to a student loan; and
v. any other debt as may be prescribed under Section 79(15)(e) of the Insolvency and Bankruptcy Code, 2016.

SUBMISSIONS OF THE RESOLUTION PROFESSIONAL:

15. This Tribunal, vide Order dated 05.01.2026, appointed **Mr. Nitin om Kothari,** as the Resolution Professional and directed him to submit a report under Section 99 of the Insolvency and Bankruptcy Code, 2016 within a period of 10 days. Pursuant thereto, the Resolution Professional filed **IA (I.B.C.) No. 654/MB/2026** for placing the said report on record, which came to be taken on record by this Tribunal vide Order dated 16.02.2026.
16. The Resolution Professional, in view of the detailed examination of the Application along with the supporting documents, recommends that the Application filed by the Financial Creditor, namely Canara Bank, under Section 95(1) of the Insolvency and Bankruptcy Code, 2016, bearing **C.P. (IB) No. 1414/2025,** be admitted under Section 100 of the Code and that the Insolvency Resolution Process be commenced against the Personal Guarantor, namely **Mrs. Jayanti Shekhar.**
17. The Resolution Professional further states that

"That in view of the above stated facts and circumstances, as well as analysis of the RP based on the examination of material available on record, the RP recommends that present Application under section 95 (1) of the Code filed

by the Creditor CANARA BANK be ***Admitted*** *under Section 100 of the Code and Insolvency Resolution Process be commenced against Mrs. Jayanti Shekhar, Personal Guarantors to Micro Secure Solutions Pvt. Ltd. following reasons as mentioned herein below: -*

(a) That the Application filed by the Creditor satisfies the requirement as set out in Section 95 of the Code.

(b) That the Corporate Debtor, Micro Secure Solutions Pvt. Ltd., has committed default in repayment of Loan Facility granted by the Creditor CANARA BANK.

(c) That Mrs. Jayanti Shekhar, Personal Guarantors to Micro Secure Solutions Pvt. Ltd. have also committed default in repayment of Loan Facility demanded by the Creditor 'CANARA BANK',

(d) That Mrs. Jayanti Shekhar, Personal Guarantors to Micro Secure Solutions Pvt Ltd. have not denied the existence of debt.

(e) That, in light of the above, it is just and equitable that insolvency resolution process be initiated against Mrs. Jayanti Shekhar, Personal Guarantors to the Micro Secure Solutions Pvt Ltd. under the orders and directions of this Hon'ble Tribunal."

SUBMISSION OF RESPONDENT/PERSONAL GUARANTOR

18. The Respondent has filed his affidavit in reply dated 09.06.2026, opposing the Petition and contended that the present Petition is not maintainable and is barred by limitation. It is submitted that the alleged debt had become NPA in the year 2012 and no acknowledgment of debt, revival letter, balance confirmation or part-payment was ever executed by the Respondent/Personal Guarantor thereafter.

19. The Respondent further contended that acknowledgments, if

any, made by the Corporate Debtor cannot extend limitation against the Personal Guarantor. It is also submitted that the Resolution Professional has mechanically filed the report under Section 99 of the Code without properly considering the issues of limitation and maintainability. The Respondent further contended that repayment of the debt became impossible due to orders passed by the Hon'ble Bombay High Court appointing a Provisional Liquidator over the holding company and its subsidiaries, including the Corporate Debtor. It is additionally submitted that the Respondent is a senior citizen having no realizable assets or independent source of income and that initiation of insolvency proceedings would serve no useful purpose. Accordingly, the Respondent has prayed for rejection of the Resolution Professional's Report and dismissal of the Petition.

FINDINGS & ANALYSIS:

20. Heard learned counsel for the Petitioner and the Personal Guarantor and perused the record, including the report submitted under Section 99 of the Code.
21. Upon consideration of the record, we find that the existence of the financial debt and execution of the Deed of Guarantee dated 09.12.2010 by the Respondent are not in dispute. The loan facilities granted by the Applicant, execution of the security documents, classification of the loan account as NPA, institution of recovery proceedings before the Debts Recovery Tribunal and the issuance of demand notices are supported by the documentary evidence placed on record.
22. The primary objections raised by the Respondent relate to limitation and the maintainability of the present Petition. According to the Respondent, the loan account was classified as NPA on 31.12.2012 and no acknowledgment of debt or liability

was executed by the Personal Guarantor thereafter.

23. We have considered the said objection. The record reveals that the Applicant had instituted recovery proceedings before the Debts Recovery Tribunal, Mumbai by filing O.A. No. 77 of 2014 against the Corporate Debtor as well as the Personal Guarantors. The said proceedings culminated in a final order dated 26.07.2023 in favour of the Applicant. The relevant portion of the said order is reproduced hereinbelow as:

ORDER

(i) I allow the present O.A. and direct the Defendant No.1 to 4 to pay to the Applicant, jointly and severally, within a period of 60 days, a sum of Rs.34,43,61,832/- (Rupees Thirty Four Crores Forty Three Lakh Sixty One Thousand Eight Hundred Thirty Two only) with further interest at the rate of 13% p.a. from the date of filing of the present OA. After adjusting the amount of Rs.2,77,50,000/- which was recovered by the Applicant from the sale of the mortgaged property (as discussed in para 25 of this judgment).

(ii) Failing which the aforesaid amount shall be recovered from the sale of hypothecated book debts, goods, assets as well as other personal moveable and immoveable assets of the Defendants.

(iii) The Defendants are hereby directed not to deal with their properties till further direction of this Tribunal.

(iv) The Defendants shall also pay the cost and expenses of the OA.

(v) Recovery Certificate be issued forthwith and be sent to the Recovery Officer of this Tribunal.
Copy of this order be sent to the parties as per rules.
File be consigned to record.

24. The present proceedings under Section 95 of the Code have been initiated on 25.09.2025. The Applicant has placed reliance upon the recovery proceedings before the Debts Recovery Tribunal and the final order passed therein to establish that the debt and liability continue to subsist. The Respondent has not disputed the passing of the order dated 26.07.2023 by Ld. DRT. In the case of ***Dena Bank v. C. Shivakumar Reddy and Anr., (2021) ibclaw.in 69 SC***, It is held that "*a decree and/or final*

adjudication would give rise to a fresh period of limitation for initiation of the Corporate Insolvency Resolution Process."

25. In view of this, we are of the considered view that the objection regarding limitation is devoid of merit. The recovery proceedings initiated by the Applicant culminated in a final adjudication of the debt by Ld. Debts Recovery Tribunal on 26.07.2023. The liability of the Corporate Debtor and the Personal Guarantor thus stood judicially determined and continued to remain enforceable. The present Petition, having been filed, thereafter, cannot be said to be barred by limitation.
26. The Respondent has contended that the Resolution Professional has submitted the Report mechanically and without proper application of mind. However, except making general allegations, no material has been placed on record to demonstrate any procedural irregularity, bias or patent illegality in the preparation of the Report. It is well settled that at the stage of Section 99, the Resolution Professional is only required to examine the application and make recommendations to the Adjudicating Authority. The Report is recommendatory in nature and the final determination regarding admission or rejection of the Petition rests exclusively with the Adjudicating Authority under Section 100 of the Code. In the present case, we do not find any material defect, procedural irregularity in the Report submitted by the Resolution Professional so as to discard the same. Accordingly, the objections raised against the Report of the Resolution Professional are rejected. The Report submitted under Section 99 of the Code is taken into consideration for adjudication of the present Petition.
27. It is further contended that any acknowledgment made by the Corporate Debtor cannot extend the period of limitation against the Personal Guarantor is devoid of merit. Upon perusal of deed

of Guarantee clearly demonstrates that the Respondent had expressly agreed that any admission, acknowledgment of liability by the Corporate Debtor shall be binding upon all the guarantor. The relevant clause of the Deed of Guarantee is reproduced herewith:

> *“The guarantor hereby authorises the borrower herein to act as his agent to give acknowledgement of liability in respect of the "General balance" due under this agreement from time to time. The Guarantor is hereby declares that he is at all times bound by such acknowledgements of liability given by their Borrower from time to time.”*

28. The submission of the Respondent regarding financial hardship, absence of realizable assets, or advanced age cannot, by itself, constitute a valid defence against initiation of insolvency proceedings under the Code once the existence of a financial debt and default is prima facie established.
29. Upon Perusal of records the existence of financial debt stands established by the loan documents, sanction letter, Deed of Hypothecation and security documents executed in during the period from September 2010 to December 2010.
30. The execution of Guarantee Agreements dated 09.12.2010 by the Respondent establishes his status as Personal Guarantor with co-extensive liability under Section 128 of the Indian Contract Act, 1872.
31. Upon perusal of the Invocation Notice dated 13.08.2025 issued to the Respondent invoking the Deed of Personal Guarantee and calling upon the Respondent to discharge the outstanding dues of the Corporate Debtor within the period of 7 days from the date of receipt of notice. The issuance of the demand notice clearly demonstrates that the Applicant invoked the guarantee in accordance with its terms, and despite such invocation, the

Respondent failed to honour the guarantee obligations. Accordingly, the liability of the Respondent as Personal Guarantor stood crystallized upon invocation of the guarantee, and the contention to the contrary is devoid of merit.

32. Upon perusal of the Demand Notice issued under [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] sent to the Respondent in respect of unpaid debt in default due from Applicant. It is stated in the Notice dt. 30.08.2025, that "the undersigned request you to unconditionally pay the unpaid debt in default in full within fourteen days from the receipt of this letter, failing which, the insolvency resolution process, under the code shall be initiated against you". The classification of the account as NPA and issuance of notices under the [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] further establish default.

33. The statutory requirements under Section 95 read with Rule 7 of the 2019 Rules have been complied with. The Resolution Professional, in exercise of powers under Section 99(9), has recommended admission.

34. Hence, this Tribunal is satisfied that a debt is due and payable by the Personal Guarantor and that the default has occurred. The Application is complete in terms of the Code and Rules. Accordingly, the requirements under Section 100 of the Code stand fulfilled.

35. Since there exists a debt and there is a default in payment thereof and such default amount exceeds the threshold limit as applicable to the personal guarantor for invoking jurisdiction of

this Tribunal, the Petition deserves to be allowed for commencement of insolvency resolution process in case of personal guarantor.

36. Accordingly, we are satisfied that the Applicant has established the existence of a financial debt and a prima facie case of default against the Respondent as Personal Guarantor. The objections raised by the Respondent do not warrant rejection of the present Petition, and we find no reason to disagree with the recommendation made by the Resolution Professional under Section 99 of the Code.

ORDER:

37. Upon perusal of the documents on record, it is clearly established that the Corporate Debtor has committed defaults in repayment of loan amount granted by the Financial Creditor. Mrs. Jayanti Shekhar, Personal Guarantor to M/S. Micro Secure Solutions Ltd has also committed default in payment of amount due from the Principal Borrower in terms of guarantee after invocation thereof. The Application filed by the Creditor satisfies the requirement as set out in Section 95 of the Code. Hence, we have no hesitation to hold that the Respondent is liable to be admitted to the bankruptcy process in terms of Section 100 (2) of the Code.

38. Considering the above facts and circumstances and upon perusal of the documents on record, the C.P. (IB)/1414/MB/2025 filed under Section 95 of the IBC, 2016 is hereby Admitted and the Insolvency Resolution Process stands initiated against **Mrs. Jayanti Shekhar** *viz.* the Respondent herein. We hereby direct as hereinafter:

    I. Initiate Insolvency Resolution Process against the Respondent/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 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 Resolution Professional *viz.* **Mr. Nitin om Kothari,** having Insolvency Registration No. **IBBI/IPA-001/IP-P-02310/2020-2021/13477**, having address at 5A/301 Alica Nagar, Lokhandwala Township, Kandivali (east), Mumbai City, Maharashtra, 400101, having E-mail address cakotharico@gmail.com. and Contact No. 9664442266, 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 issue. The Resolution Professional shall discharge the functions/duties casted upon her under the provisions of the Code in this relation within time bound manner and shall be empowered to exercise the powers vested in her for discharge of such functions/duties.

III. The Applicant is directed to deposit **INR 75,000/-** (Indian Rupees Seventy-Five Thousand) or such amount as is agreed between the Resolution Professional and the Applicant to the bank account of the Resolution Professional within **one week**, towards his fees and out of pocket expenses, which shall be such as is approved by the applicant herein and subsequently confirmed by the Creditors. This shall be subject to the rules and regulations under the provisions of the Insolvency and Bankruptcy Code, 2016.

IV. 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 **seven** working days after the pronouncement of order.

V. Ordered accordingly.

SD/-	**SD/-**
Prabhat Kumar	Sushil Mahadeorao Kochey
Member (Technical)	Member (Judicial)

Vipul Ghate