

IN THE NATIONAL COMPANY LAW TRIBUNAL
JAIPUR BENCH

**CORAM: SHRI DEEP CHANDRA JOSHI,
HON'BLE JUDICIAL MEMBER**

**SHRI RAJEEV MEHROTRA,
HON'BLE TECHNICAL MEMBER**

IA(IBC) No. 566/JPR/2023
CP No. (IB)- 29/94(1)/JPR/2023

(Under Section 94 of the Insolvency and Bankruptcy Code, 2016 Read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019)

IN THE MATTER OF:

MRS. BASANTI DEVI

...Applicant

MEMO OF PARTIES

MRS. BASANTI DEVI
W/o Mr. Anil Baldva,
4, Kashipuri, Bhilwara,
Rajasthan-311001
E-mail-anilbaldva1957@gmail.com

...Applicant

For the Applicant	:	Anurag Kalavatiya, Adv. Vishnu Upadhyay
For RP	:	Vishnu Upadhyay, Adv.
For the Bank	:	Vikas Jain, Adv.

Order Pronounced On: - 30.11.2023

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ORDER**Per: Shri Rajeev Mehrotra, Technical Member**

1. The Applicant, namely Mrs. Basanti Devi Baldva, ha filed an Application bearing *CP No.(IB)-29/94(1)/JPR/2023*, which is under consideration before this Authority under Section 94(1) of the Insolvency and Bankruptcy Code 2016 (the 'IBC' / 'Code') r/w Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtor) Rules, 2019 ('Rules'), seeking initiation of Interim Resolution Process ('IRP') against the Applicant/ Debtor who is the Personal Guarantor of the Corporate Debtor, namely M/s Baldva Textiles Private Limited for an amount of Rs. 16,73,10,124/- (Rupees Sixteen Crores Seventy-Three Lakhs Ten Thousand One Hundred and Twenty-Four Only) in relation to the credit facility extended by the Punjab National Bank ('Bank'). The Applicant had filed the instant Company Petition.
2. On presentation of the application by the Applicant, this Authority *vide* Order dated 27.09.2023 had appointed Mr. Vishnu Upadhyay, bearing Registration No. IBBI/IPA-003/IP-N000153/2018-19/11843 as the Resolution Professional, to file a report under Section 99 of IBC, 2016 which has been filed by him through *IA(IBC)No.566/JPR/2023*.
3. The Present Application bearing *IA(IBC)No.566/JPR/2023* has been filed by the Resolution Professional ('RP') under Section 99(1) read with

IA(IBC) No. 566/JPR/2023
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Section 99(7) of the IBC recommending the admission of the application filed by the Applicant/Personal Guarantor under Section 94 of the Code seeking commencement of Insolvency Resolution Process against the Debtor/Personal Guarantor, namely, Mrs. Basanti Devi. The grounds for admission of the application in the Report are as follows: -

- i. *Because the Applicant/Debtor herein falls within the parameters of Section 94(1) of the Code of 2016 as the Applicant/Debtor herein has committed default in repayment of her liabilities in terms of debt arising on account of invocation of personal guarantee given by the Applicant/Debtor to the Corporate Insolvency Resolution Process;*
- ii. *Because the said application has been filed in compliance with the provisions of Section 94(3) of the Code of 2016 as the said Application has been submitted only in respect of debts which are not excluded debts;*
- iii. *Because the Applicant/Debtor does not fall under the prohibiting criteria mentioned under the provisions of Section 94(4) of the Code of 2016 and is entitled to file the said application under Section 94 of the Code of 2016 as Applicant is:*
 - a. *not an undischarged bankrupt;*
 - b. *not undergoing a fresh start process;*
 - c. *not undergoing an insolvency resolution process; or*
 - d. *not undergoing a bankruptcy process*

- iv. *Because the Applicant/Debtor is entitled to file the said Application pursuant to the criterion envisaged under Section 94(5) of the Code of 2016 as no application under Chapter III of the Code of 2016 has been admitted in respect of Applicant/Debtor during the period of twelve months preceding the date of submission of the said Application under Section 94 of the Code 2016;*
- v. *Because the said Application has been filed by the Applicant/Debtor in compliance with Section 94(6) of the Code of 2016 in 'Form A' along with an application fee of Rs. 2000/- as prescribed in Rules of 2019 and in the manner as prescribed under Rule 6(1) of the Rules 2019;*
- vi. *Because the Applicant/Debtor is not eligible under Section 80 for a fresh start process provided under Chapter II of the Code of 2016.*
4. In addition to the aforementioned dues to the Bank, the Applicant has also defaulted in making payment of Unsecured Creditors Rs. 27,20,000/- (Rupees Twenty-Seven Lakh Twenty Thousand Only).

Details of same as follows:

S. No.	Name of the Unsecured Creditor	Amount (Rs.)
1.	Ajay Baldva HUF	11,00,000/-
2.	Mohit Jain	12,00,000/-
3.	Shwetambara Baldva	4,20,000/-

Total	27,20,000/-
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5. The compliance of the relevant sections of the Code is as follows:

<i>Sr. No.</i>	<i>Requirements under Relevant provisions of Section 99 of the Code</i>	<i>Compliance by RP</i>
i.	Section 99 (1): The RP shall examine the application referred u/s 94 or 95 within 10 days of appointment and submit a report to Adjudicating Authority for approval/rejection of the application	YES The RP submitted that the present report is prepared in compliance with the requirements of Section 99(1) of the Code
ii.	Section 99 (2): Where the application has been filed under Section 95, the resolution professional may require the debtor to prove repayment of the debt claimed as unpaid by the creditor by furnishing – a) evidence of electronic transfer of the unpaid amount from the bank account of the debtor; b) evidence of encashment of a cheque issued by the debtor; or a signed acknowledgment by the creditor accepting receipt of dues.	Not Applicable
iii.	Section 99(3):	Not Applicable

	Where the debt for which an application has been filed by a creditor is registered with the information utility, the debtor shall not be entitled to dispute the validity of such debt.	
iv.	Section 99(4): For the purposes of examining an application, the resolution professional may seek such further information or explanation in connection with the application as may be required from the debtor or the creditor or any other person who, in the opinion of the resolution professional, may provide such information.	YES Since the application is filed by the Creditor, no further information or explanation in connection with the application is sought from the Applicant/ Debtor.
v.	Section 99(5): The person from whom information or explanation is sought under sub-section (4) shall furnish such information or explanation within seven days of receipt of the request.	Not Applicable
vi.	Section 99(6): The resolution professional shall examine the application and ascertain that -	YES RP submitted that the present application satisfies the requirements of provisions of Section 94 as has been provided in detail hereinabove in this report.

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	(a) the application satisfies the requirements set out in Section 94 or 95; (b) the applicant has provided information and given explanation sought by the resolution professional under sub-section (4).	
vii.	Section 99(7): After examination of the application under sub-section (6), he may recommend acceptance or rejection of the application in his report.	YES RP submitted that the present application satisfies the requirements of provisions of Section 94 as is required to be examined under Section 99(6) of the Code. The RP submitted that based on his examination the present application deserves to be admitted under Section 100 of the Code and this Hon'ble Authority may pass appropriate orders in this regard.
viii.	Section 99(8): Where the resolution professional finds that the debtor is eligible for a fresh start under Chapter II, the resolution professional shall submit a report recommending that the application by the debtor under Section 94 be treated as an application under Section 81 by the Adjudicating Authority.	Not Applicable The RP submitted that the provisions of Section 99(8) of the Code does not apply to the present case on hand. Application is filed by the debtor under Section 94 of the code.
ix.	Section 99(9): The resolution professional shall record	YES RP submitted that the present report is being presented under Section 99(7) of

	the reasons for recommending the acceptance or rejection of the application in the report under sub-section (7).	the Code to this Hon'ble NCLT with a recommendation of accepting the present application as the Personal Guarantor/debtor has not repaid the debt due to the Creditors.
x.	Section 99(10): The resolution professional shall give a copy of the report under sub-section (7) to the debtor or the creditor, as the case may be.	YES RP submitted that he has complied with the requirement of filing a copy of this report prepared under Section 99(7) of the Code to the Creditor. Copy of the said email dated 07.10.2023 serving copy of the Report on the creditor is attached herewith at Pages No. 12.

6. From the report there does not appear any request of the Resolution Professional for issuance of the instructions for the purpose of conducting negotiations between the debtor and creditors for arriving at a repayment plan. Therefore, based on the reasons recorded in the report submitted by the Resolution Professional, the application i.e., *IA(IBC)No.566/JPR/2023* filed under the provisions of Section 94 of IBC is hereby admitted under Section 100 of the IBC. The Applicant is directed to deposit Rs. 2,00,000/- (Rupees Two Lakh Only) to the bank account of the Resolution Professional within one week, this fee shall be subject to the rules and regulations made under the provisions of the Code.
7. Resultantly, Insolvency Resolution Process is initiated against Respondent/Personal Guarantor and moratorium is declared, which begins

with the date of admission of the application and shall cease to have effect at the end of the period of 180 days, as provided under Section 101 of IBC. During the moratorium period *inter-alia*, the following provisions shall be in effect;

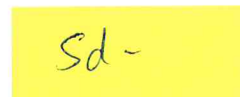
- a. Any pending legal action or proceeding in respect of any debt shall be deemed to have been stayed; and
 - b. The creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt; and
 - c. The debtor shall not transfer, alienate, encumber, or dispose of any of his 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.
8. The Resolution Professional *viz.*, Mr. Vishnu Upadhyay, who has been appointed under Section 97 *vide* order dated 27.09.2023, is directed to cause a public notice to be published on behalf of the Adjudicating Authority within 7 days of uploading of this order on the website of NCLT, inviting claims from all Creditors, who shall register their claims as provided under Section 103 within 21 days of such issuance. The notice shall contain the necessary information as provided under Section 102(2) of IBC. The publication of the notice shall be made in newspapers, one in English and the other in Vernacular which have wide circulation in the state

where the debtor resides. The Resolution Professional shall furnish two spare copies of the notice to the Registry. One shall be placed by the Registry on our website and the other shall be affixed in the premises of this Authority.

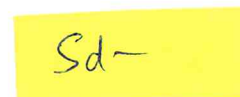
9. The Resolution Professional in exercise of the powers conferred under Section 104 shall prepare a list of creditors within 30 days from the date of the notice. The debtor shall prepare a repayment plan in consultation with the Resolution Professional as provided under Section 105 which shall include 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 Authority within a period of 21 days from the last date of submission of claims as provided under Section 106.
10. 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 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, for which at least 14 days' notice to the creditors (as per the list prepared) shall be issued by all relevant/feasible modes. Such notice must contain the details as provided under the provisions of Section 107.

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11. The meeting of the creditors shall be conducted in accordance with sections 108, 109, 110 & 111. The Resolution Professional shall prepare a report of the meeting of the creditors on repayment plan with all details as provided under Section 112 and submit the same to this 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.
12. In terms of the above, *CP No. (IB)-29/94(1)/JPR/2023* filed under Section 94 of the IBC, is admitted and the Insolvency Resolution Process stands initiated against the said Debtor/Personal Guarantor *i.e.*, Mrs. Basanti Devi. Accordingly, *IA No. 566/JPR/2023* stands disposed of.



**DEEP CHANDRA JOSHI,
JUDICIAL MEMBER**



**RAJEEV MEHROTRA,
TECHNICAL MEMBER**