SL. No.3

NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH

COURT HALL NO: II

Hearing Through: VC and Physical (Hybrid) Mode

CORAM: SHRI. RAJEEV BHARDWAJ – HON'BLE MEMBER (J)
CORAM: SHRI. SANJAY PURI- HON'BLE MEMBER (T)

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH, HELD ON 11.11.2025 at 10:30 AM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	**Company Petition IB/216/95/HDB/2022**
NAME OF THE COMPANY	
NAME OF THE PETITIONER(S)	**State Bank of India**
NAME OF THE RESPONDENT(S)	**Kalvakuntla Sudhir Rao**
UNDER SECTION	**95 of IBC**

ORDER

Orders pronounced, recorded vide separate sheets. In the result, the Company Petition IB/216/95/HDB/2022 is admitted.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)

Vamsi

IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH - II

CP (IB) No.216/95/HDB/2022.

(Under Section 95 read with Section 60(2) of the Insolvency and Bankruptcy Code, 2016, read with Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtor) Rules, 2019.

State Bank of India
Stressed Assets Resolution Group Commercial -III
112-115, 1st Floor, Plot-212,
West Wing, Tulsiani Chambers, Free Press Journal,
Marg Nariman Point, Mumbai - 400 021
Rep. by its Assistant General Manager,
Narayan Panda

.....Petitioner/Financial Creditor

AND

Sri Kalvakuntla Sudhir Rao
Plot No. 8-2-293/NL/123
MLA & MP Colony, Road No. 10-C, Jubilee Hills,
Hyderabad – 500033, Telangana.

.... Respondent/ Personal Guarantor

CORAM:

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)
Shri Sanjay Puri, Hon'ble Member (Technical)

Counsel/Parties present:

For the Petitioner : Ms. Vazra Laxmi.
For the Respondent : Mr. D. Gopala Krishna.

Date Of Order: 11.11.2025.

[PER: BENCH]
ORDER

This petition is filed by the **State Bank of India** (Financial Creditor/FC) under Section 95 of the IBC[1], read with Rule 7(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtor) Rules, 2019, seeking an order for initiation of the Personal Insolvency Resolution Process (**PIRP**) against **Sri Kalvakuntla Sudhir Rao**, who is the Personal Guarantor (**PG**) of **M/s Pioneer Gas Power Limited**. Corporate Debtor (**CD**).

1. APPLICATION

1.1 It is averred that the Corporate Debtor, **M/s Pioneer Gas Power Limited**, availed various credit facilities from the Financial Creditor over the years, as detailed below:

a) Term Loan of Rs 100,00,00,000 dated 26.09.2011;
b) Term Loan of Rs 56,20,00,000 dated 31.03.2015; and
c) Cash Credit Facility of Rs 29,47,00,000 dated 25.10.2016.

1.2 The aggregate principal outstanding from the Corporate Debtor, as on the date, amounts to Rs. 1,80,75,69,762.25. The Corporate Debtor is the principal borrower, and the Personal Guarantor[2] executed Guarantee Agreements to secure repayment. Various loan and security documents were also executed in favour of the Financial Creditor. As on 31.03.2022, the total outstanding dues, including principal, interest, and other charges, are stated to be Rs. 346,26,09,414.27, as detailed below:

Facility	A/c no	Principal O/s in Rs	Accrued Interest (Rs.)	Penal Interest (Rs.)	Total Dues (Rs.)
Term Loan	65134377381	999490600.00	829287066.60	99418507.90	1928196174.51
Term Loan	65232637453	561902266.00	460885177.16	54996287.41	1077783730.57
Cash Credit	65280691388	246176896.25	188393249.04	22059363.90	456629509.19
		180,75,69,762.25	**147,85,65,492.80**	**1764,74,159.21**	**346,26,09,414.27**

1 Insolvency and Bankruptcy Code, 2016.
2 Personal Guarantor/ PG/ Respondent 1.

1.3 The Corporate Debtor defaulted in repayment of the aforesaid loans, leading to the account being classified as a Non-Performing Asset on 28.06.2017. Subsequently, the Corporate Debtor executed a revival/acknowledgment letter[3] on 23.01.2019, admitting the debt. Thereafter, the Financial Creditor issued a recall notice[4] on 11.08.2021 to the Corporate Debtor and the Personal Guarantor, demanding repayment within seven days. Despite receipt of the notice, the Personal Guarantor failed to discharge the outstanding amounts.

1.4 It is submitted that the default in repayment by the Corporate Debtor occurred on 18.08.2021, while the Corporate Debtor had earlier acknowledged the debt on 23.01.2019. It is further submitted that the Hon'ble Supreme Court, in Suo Motu Writ Petition (Civil) No. 3, excluded the period from 15.03.2020 to 28.02.2022 for computing limitation due to the COVID-19 pandemic. Consequently, the balance period of limitation, if any, remaining as on 15.03.2020, is available from 01.03.2022. Accordingly, the present application has been filed within the prescribed limitation period of three years under Article 137 of the Limitation Act, 1963.

1.5 It is also submitted that two other Company Petitions under Section 7 of the IBC CP(IB) No. 104/7/HDB/2021 filed by Central Bank of India on 26.03.2021, and CP(IB) No. 164/7/HDB/2021 filed by IFCI Ltd on 31.03.2021 against the Corporate Debtor are pending before this Tribunal.

1.6 In accordance with the Insolvency and Bankruptcy (Application to Adjudicating Authority for Initiation of Insolvency Resolution Process of Personal Guarantors to Corporate Debtors) Rules, 2019, the Financial Creditor issued a demand notice[5] to PG on 04.11.2021, which was served on 06.11.2021. Despite receipt of the notice, the Personal Guarantor has failed to remit the outstanding amounts.

3 Page No 90-96 of the Petition.

4 Page No 166-170 of the Petition.

5 Page No. 182-187 of the Petition.

1.7 Upon presentation of the Application, this Adjudicating Authority, vide order dated 24.11.2023, appointed Mr. G. Madhusudhan Rao Registration No. IBBI/IPA-001/IP-P00181/2017-18/10360 as Resolution Professional (RP) and directed the RP to submit a report under Section 99 of the IBC, 2016.

1.8 The Resolution Professional filed a report under Section 99 of the IBC on 08.12.2023 through IA No. 1940/2023.

2. **RP REPORT**

2.1 After due examination of the application, the Resolution Professional recommended its admission based on the details recorded in the RP report, as mentioned hereunder:

2.2 Upon perusal of the report filed by the Resolution Professional, it is noted that the total debt owed by the PG to the Financial Creditor stands at Rs 346,26,09,414.27 as of 31.03.2022, along with interest and other charges accruing from 28.06.2017. This liability arises from the guarantees executed by the PG, including unconditional and irrevocable Deeds of Guarantee dated 31.03.2015, 08.05.2015, 25.01.2017, and 04.09.2017, as well as a revival letter dated 23.01.2019, which acknowledged and confirmed the subsisting liability. The guarantee executed by the PG is continuing in nature, and as the debt owed by the CD remains unpaid, the Financial Creditor is well within its rights to invoke it.

2.3 The Financial Creditor issued a recall notice on 11.08.2021, invoking the Deed of Guarantee, followed by a demand notice on 04.11.2021 under Rule 7(1). The Personal Guarantor failed to respond or discharge the liability.

2.4 Turning to the verification of the debt, the Resolution Professional contacted the Financial Creditor on 25.11.2023 to check if any payment had been made. The Financial Creditor replied on 06.12.2023, confirming that the debt remains unpaid with no recovery from the PG. Concurrently, by email and registered post-dated 25.11.2023, the PG was requested to prove repayment of the claimed debt. While the registered post was returned undelivered, and despite the email communication, no reply has been received from the PG to date.

2.5 Having considered these submissions, it is clear that the PG failed to make payment following the recall notice of 11.08.2021. The present application, filed on 14.07.2022, falls within the limitation period of three years as prescribed under Article 137 of the Limitation Act, 1963. Also, not repaying the debt even after the demand notice sent on 04.11.2021 is considered a default, as shown in the Financial Creditor's letter dated 06.12.2023. Therefore, the requirements under Section 95(4) of the Code are satisfied.

2.6 In view of the continued default and non-payment by the PG, the RP has recommended the admission of Application No. CP(IB) No. 216/95/HDB/2022, filed under Section 95(1) of the IBC, 2016.

3. **THE OBJECTIONS OF THE PERSONAL GUARANTOR**

3.1 The Personal Guarantor has objected to the Resolution Professional's report, contending that it is unilateral, favors the Financial Creditor, and was prepared without issuing notice or seeking objections from the Personal Guarantor. It is submitted that the failure to provide an opportunity to file objections, as required, renders the report invalid. It is further argued that the report does not examine the issue of limitation and is, therefore, incomplete and inconclusive. On these grounds, the Personal Guarantor prays that the report be rejected and not relied upon for consideration of the present petition.

3.2 The Personal Guarantor has filed objections to the Resolution Professional's report, contending that the report fails to consider the correct date of NPA, which is 28.06.2017, and that proper examination of the limitation would reveal that the bank's claim is barred. It is submitted that the RP has erroneously relied on the recall notice dated 11.08.2021 and the demand notice dated 04.11.2021 to determine the date of default as 18.08.2021, without considering the admitted date of NPA and the acknowledgment of debt dated 23.01.2019. It is argued that the R.P. has not examined the issue of limitation in light of the NPA date and the Hon'ble Supreme Court's observations in MA 21/22 in MA 665/21 in Suo Motu W.P. No. 3/2020, and therefore, the recommendation for approval of the petition is unsustainable.

4. **RESPONDENT'S COUNTER**

4.1 Respondent No. 1, **Sri Kalvakuntla Sudhir Rao**, is the Promoter and 4.41% shareholder of Respondent No. 2, M/s Pioneer Gas Power Limited **(*CD*)**. He respectfully submits that the Corporate Debtor was incorporated as a Special Purpose Vehicle **(SPV)** for developing and operating a 388 MW combined-cycle gas-based power project at Raigad, Maharashtra.

4.2 The Project was conceptualized pursuant to assurances from the Central Government regarding the allocation of domestic natural gas from the KG-D6 basin. Based on such assurance, the Corporate Debtor executed a Gas Transportation Agreement with GAIL (India) Limited and entered into a Memorandum of Understanding with POSCO Maharashtra Steel Private Limited, creating a legitimate expectation of gas allocation. Subsequently, Korean Western Power Co. Ltd. invested USD 44.5 million (representing 40% equity) under the India–Korea Bilateral Investment Treaty.

4.3 The Personal Guarantor submits that the Corporate Debtor availed financial assistance aggregating to Rs 1,233 crore from IFCI Limited and eight other financial institutions under a Common Loan Agreement dated 28.12.2011, structured on a 75:25 debt-equity ratio (Rs 925 crore debt and Rs 308 crore equity). The Project was premised upon the Government's policy support for gas-based power generation, and at the time of sanction, no personal guarantees were required from the Personal Guarantor.

4.4 During construction, the Corporate Debtor applied to the Central Electricity Authority for gas allocation and was initially accorded priority. However, gas production from the KG-D6 basin declined sharply between 2011 and 2013 and ceased entirely by March 2013. Consequently, gas estimates and allocation projections fell drastically, leaving gas-based power projects, including the Corporate Debtor, stranded.

4.5 It is submitted that in March 2015, pursuant to the Government of India's e-bidding scheme for the supply of RLNG to stranded gas-based power plants, the Corporate Debtor was compelled to seek further financial assistance to sustain operations beyond its control. Consequently, a Master Restructuring Agreement (MRA) dated 31.03.2015 was executed, under which the Personal Guarantor was required to furnish personal guarantees. IFCI Limited acceded to the MRA on 07.05.2015. The restructuring was necessitated due to delays in project commissioning attributable to external factors. Although the Corporate Debtor successfully participated in the e-RLNG auctions during 2015–2017, operations remained erratic due to GAIL's delay in completing the pipeline and the Government's decision not to extend the scheme beyond April 2017. As a result, gas-based power projects, including the Corporate Debtor, remained largely non-operational.

4.6 Respondent No. 1 submits that the present application is barred by limitation. The Petitioner has relied upon the Revival Letter dated 23.01.2019 and the Hon'ble Supreme Court's order dated 10.01.2022 in Writ Petition (C) No. 3 of 2020 to claim extension of limitation; however, such reliance is misplaced. The Personal Guarantor executed personal guarantees on 31.03.2015, 08.05.2015, 25.01.2017, and 04.09.2017. Under the Limitation Act, 1963, the limitation for money lent or payable on demand commences from the date of the loan, and Section 18 permits extension only upon a written acknowledgement before expiry. The last Revival Letter extended the limitation up to 22.01.2022. The Hon'ble Supreme Court, while excluding the period from 15.03.2020 to 28.02.2022, granted a fresh 90-day period from 01.03.2022, thereby fixing 29.05.2022 as the final date for filing. Since the present application was filed on 14.07.2022, it is clearly time-barred.

4.7 It is further submitted that the aforesaid guarantees were obtained under undue influence exerted by the Petitioner Bank and other lenders. In terms of Section 16 of the Indian Contract Act, 1872, a contract induced by undue influence where one party dominates the will of another is voidable at the instance of the aggrieved party. Initially, the loan sanctioned in 2011 did not envisage personal guarantees. However, when gas allocation issues arose, the lenders imposed a pre-condition under the e-bid RLNG scheme mandating personal guarantees. Such a conditional imposition compromised the free consent of Respondent No. 1, rendering the guarantees unconscionable and unenforceable. Accordingly, the present application merits dismissal.

5. **WRITTEN SUBMISSION BY THE FINANCIAL CREDITOR**

5.1 The facts, averments, and submissions contained in these written submissions are identical to those detailed in the main petition and, accordingly, to avoid needless repetition and in the interest of brevity, they are not reiterated herein.

5.2 It is submitted that the plea of limitation raised by the Respondent is untenable. The Corporate Debtor executed an acknowledgment of debt on 23.01.2019, thereby extending the limitation period under Section 18 of the Limitation Act, 1963. As guarantor and promoter, Respondent No. 1 was a party to the restructuring process and was aware of such acknowledgment. As held in ***SBI v. Deepak Kumar Singhania (NCLAT, 2025)***, a guarantor's liability arises only upon invocation of the guarantee and failure to pay. In the present case, the Personal Guarantor became liable upon issuance of the Recall Notice dated 11.08.2021 and his subsequent default on 18.08.2021; hence, the application filed on 14.07.2022 is within limitation.

5.3 Further, the period from 15.03.2020 to 28.02.2022 stands excluded in view of the Hon'ble Supreme Court's order in *Suo Motu W.P. (C) No. 3/2020*. The Applicant also contends that the guarantor's liability is co-extensive and continuing under Section 128 of the Contract Act, and acknowledgment by the principal borrower extends limitation against the guarantor, as held in ***Rakesh Jolly v. Indian Bank & Anr. (NCLAT, 2023).***

5.4 The Applicant submits that the Respondent's plea of undue influence is untenable. The Respondent voluntarily and repeatedly executed personal guarantee deeds on 08.05.2015, 25.01.2017, and 04.09.2017, each supported by corporate resolutions and sanction letters, thereby affirming liability over time. As promoter and director, the Respondent derived direct commercial benefit from the loan facilities sanctioned to the Corporate Debtor, making the guarantees a conscious business decision. No contemporaneous record, complaint, or evidence of coercion has been produced. Under Section 16 of the Indian Contract Act, 1872, the burden of proving undue influence lies on the party alleging it, which the Respondent has failed to discharge. Having availed and operated the credit facilities for years, the Respondent is estopped from disputing the validity of the guarantees, as such a plea would defeat commercial discipline and certainty.

6. **WRITTEN SUBMISSION BY THE PERSONAL GUARANTOR**

6.1. The facts, averments, and submissions contained in these written submissions are identical to those set out in the Counter and the objections to the RP's Report filed by the Personal Guarantor. Accordingly, to avoid repetition and in the interest of brevity, the same are not reiterated herein.

7. **AFFIDAVIT FILED BY PERSONAL GUARANTOR**

7.1 During the pendency of the present application, the Respondent 1, being the suspended Promoter Director of M/s Pioneer Gas Power Limited (under CIRP), submitted a One Time Settlement (OTS) proposal jointly with another Promoter, covering personal guarantees. The Resolution Professional placed the proposal before the Committee of Creditors (CoC) under Section 12A of the Code; however, on 05.08.2025, the CoC rejected both the OTS and all Resolution Plans.

7.2 Subsequently, the Personal Guarantor submitted a Promoters' Compromise Proposal on 13.08.2025 under Section 230 of the Companies Act, 2013, to all lenders, incorporating settlement of the personal guarantee obligations. IFCI Limited, the Lead Secured Financial Creditor, by email dated 28.08.2025, stated that the proposal could not be considered at that stage but may be revisited during liquidation under Regulation 2B of the IBBI (Liquidation Process) Regulations, 2016. In response, the Personal Guarantor, by email dated 29.08.2025, expressed willingness to pursue the proposal during liquidation with support from a non-resident investor and confirmed compliance with applicable laws. Thereafter, on 04.09.2025, the Respondent 1 addressed an email to the Executive Director of IFCI Limited, with copies to all lenders, seeking a meeting to discuss the proposal and introduce the prospective investor.

7.3 Meanwhile, the CoC once again rejected the final Resolution Plan through a re-voting process concluded on 05.09.2025. Consequently, the Resolution Professional convened the 29th meeting of the CoC on 10.09.2025, wherein the CoC resolved to file an application before this Adjudicating Authority seeking initiation of liquidation proceedings against the Corporate Debtor.

7.4 During the 29th CoC meeting, the matter relating to assessment of a compromise or arrangement under Regulation 39BA of the IBBI (CIRP) Regulations, 2016, was discussed and recorded under Agenda Item No. 6(b) as follows:

"Regulation 39BA – Assessment of Compromise or Arrangement *– IFCI's representative informed that they shall take an informed decision on the above matter immediately after commencement of the liquidation process and appointment of the liquidator. The CoC members broadly agreed with the view of IFCI."*

7.5 It is submitted that, following rejection of all Resolution Plans and approval of liquidation, the Personal Guarantor approached IFCI Limited, the Lead Secured Financial Creditor and Lead Member of the CoC, and secured a meeting on 18.09.2025 to discuss a Compromise Proposal along with a prospective investor. It is contended that there exists a strong likelihood of the proposal being considered during liquidation, supported by IFCI's favourable response and the CoC's decision to defer the matter under Regulation 39BA of the IBBI (CIRP) Regulations, 2016. The Respondent No. 1 further submits that admission of C.P. (IB) No. 216/95/HDB/2022 has rendered the proposal infructuous. Nevertheless, PG emphasises that the Compromise Proposal, valued at Rs 230 crore as against the highest Resolution Plan of Rs 186.26 crore, aligns with the objective of value maximisation under the Insolvency and Bankruptcy Code, 2016, and therefore merits due consideration.

8. **FINDINGS AND DECISION**

8.1 Heard the learned counsel for the Applicant and the Respondent. Perused the record, including the pleadings, affidavits, and the Report submitted by the Resolution Professional.

8.2 The considerations in an application under Section 95 of the IBC, 2016, are the existence of debt, default in repayment, valid invocation of the guarantee deed, and valid demand notice in Form B served upon the Personal Guarantor.

8.3 Turning to the factual matrix, it is evident that the Financial Creditor, through sanction letters dated 26.09.2011, 31.03.2015, and 25.10.2016, extended various credit facilities, including Term Loan and Cash Credit facilities aggregating to Rs. 1,80,75,69,762.25 in favour of the Corporate Debtor. This fact remains undisputed by the Personal Guarantor. In connection with the said facilities, the PG (Respondent 1) executed Deeds of Guarantee dated 31.03.2015, 08.05.2015, 25.01.2017, and 04.09.2017, thereby unequivocally undertaking to guarantee repayment of the financial assistance extended to the Corporate Debtor and to discharge the liabilities in the event of default, in accordance with the terms and conditions of the respective loan agreements.

8.4 It is observed that the Corporate Debtor failed to adhere to the repayment schedule stipulated under the sanctioned loan facilities, resulting in persistent defaults. Consequently, due to continued non-payment and irregularities in the loan accounts, the Applicant Bank classified the loan accounts of the Corporate Debtor as Non-Performing Assets (NPAs) on 28.06.2017. Thereafter, the Corporate Debtor executed a Revival and

Acknowledgment Letter dated 23.01.2019, expressly acknowledging and confirming its continuing and subsisting liability towards the Financial Creditor.

8.5 It is pertinent to note that under the Personal Guarantee Deed dated 31.03.2015, the Guarantor unconditionally and irrevocably undertook to make payment to the Lender upon demand. However, the Guarantor's liability arises only upon invocation of the Guarantee in accordance with its terms. The relevant clauses are extracted below for ready reference:

> *3. The Guarantors agree and undertake that they shall without any demur or protest and on first demand within 60 (Sixty) working days of receipt of a notice in writing from the Lender, in the form given in Schedule 2 hereto ("**Notice of Demand**"), demanding payment of the amount mentioned therein, make payment of such amount to the Lender as more particularly mentioned in such Notice of Demand.*
>
> *4. The Guarantors irrevocably and unconditionally undertake to act only upon a Notice of Demand of the Lender or any nominee of the Lender as may be designated by the Lender. Any such demand made by the Lender on the Guarantors shall be final, conclusive, and binding, notwithstanding any difference or any dispute between the Lender and the Borrower or any other legal proceedings pending before any court, tribunal, arbitrator, or any other authority. The Guarantors shall be liable for interest on all the monies guaranteed at the rates set out in the Agreements, till the date of actual realization of the Borrower's dues by the Lender.*

8.6 Subsequently, on 11.08.2021, the Financial Creditor issued a Recall Notice to both the Corporate Debtor and the Personal Guarantor, calling upon them to repay the outstanding dues within seven days. Despite the due service of the said notice, the Personal Guarantor failed to discharge the liability, and consequently, the default stood crystallized upon invocation of the personal guarantee. In the present case, therefore, the liability of the Personal Guarantor is deemed to have crystallized upon the issuance of the Recall Notice by the Financial Creditor, and the date of default is recorded as 18.08.2021, which falls well within the prescribed period of limitation.

8.7 The limitation period under Section 95 of the Code commences from the date of invocation of the personal guarantee and not from the date of default by the principal borrower. In the present case, the Financial Creditor invoked the personal guarantee through the Recall Notice dated 11.08.2021, and upon the failure of the Personal Guarantor to repay the dues within seven working days, the limitation period commenced on 18.08.2021. The present application, filed on 14.07.2022, is therefore well within the prescribed three-year period, even after factoring in the extensions of limitation granted during the COVID-19 pandemic. This Authority is thus satisfied that the Recall Notice constitutes a valid invocation of the personal guarantee in terms of Section 95 of the Code, and that Part III of the application has rightly recorded the date of default as 18.08.2021.

8.8 The Personal Guarantor contends that the personal guarantees were obtained under undue influence and pressure from the Petitioner Bank and other lenders.

8.9 It is evident that the Personal Guarantor, being the promoter and director of the Corporate Debtor, had a direct and substantial commercial interest in the loan facilities availed by the Corporate Debtor. The execution of personal guarantees was, therefore, a conscious and informed business decision undertaken for the benefit of the Corporate Debtor. No material, correspondence, or contemporaneous record has been produced to indicate that the guarantees were executed under coercion or undue influence. In terms of *Section 16 of the Indian Contract Act, 1872*, the burden of proving undue influence rests upon the person alleging it. The Personal Guarantor has failed to discharge this burden by producing any credible evidence in support of such a claim.

8.10 The Tribunal takes note of the affidavit filed by the Personal Guarantor on 13.09.2025, taken on record on 18.09.2025, wherein it is stated that a Compromise Proposal under Section 230 of the Companies Act, 2013, is being explored during the liquidation of the Corporate Debtor. It is further noted that IFCI Limited, the Lead Secured Financial Creditor, has indicated that the said proposal may be reconsidered during liquidation as per Regulation 2B of the IBBI (Liquidation Process) Regulations, 2016.

8.11 However, this Tribunal is of the considered view that the pendency of such a compromise proposal, which has neither been approved by the Committee of Creditors nor sanctioned under Section 230 of the Companies Act, 2013, cannot operate as a bar to the admission of the present application under Section 95 of the IBC, 2016. Proceedings against a Personal Guarantor are distinct and independent of those against the Corporate Debtor, and hence, the statutory process under Part III of the Code must continue in accordance with law. Accordingly, the contention of the Personal Guarantor regarding the pendency of the compromise proposal is untenable.

8.12 Thereafter, the Financial Creditor issued a Demand Notice dated 04.11.2021 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, calling upon the Respondent to unconditionally repay the outstanding debt in full within fourteen days of receipt, failing which proceedings under the Code would be initiated. However, the Respondent failed to comply with or respond to the said notice.

8.13 In view of the facts and evidence on record, we are of the considered opinion that the Applicant has established the existence of a financial debt and a default exceeding Rs. 1 Crore. Accordingly, we accept the Report of the Resolution Professional and admit this application under Section 95 of the Code. Consequently, the Personal Insolvency Resolution Process is hereby initiated against the Respondent–Personal Guarantor.

ORDER

1. The Company Petition vide **CP (IB) No. 216/95/HDB/2022** filed under the provisions of Section 95 of IBC is hereby admitted under the provisions of Section 100 of the Code, 2016, and the Insolvency Resolution Process is initiated against Sri Kalvakuntla Sudhir Rao, the Personal Guarantor, and moratorium is declared in relation to all debts, which begins from the date of admission of the instant petition and shall cease to have effect at the end of the period of 180 days, as provided under Section 101 of the Code, 2016. During the moratorium period-

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

    b. The Creditors shall not initiate any legal action or legal 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.

2. The Resolution Professional, viz. **Mr. G. Madhusudhan Rao**, having Registration No. **IBBI/IPA-001/IP-P00181/2017-18/10360**, Address at 7-1-285, Flat No. 103, Sri Sai Swapnasampada Apartments, Balkampet, Sanjeev Reddy Nagar, Hyderabad, Telangana, 500038, Phone No.8074633502, and email id: madhucs1@gmail.com. His AFA, as per the IBBI Website, is valid up to 31.12.2025. He is directed to cause a public notice to be published on behalf of the Adjudicating Authority within 7 days of passing this Order on the website of the NCLT Hyderabad Bench, inviting claims from all Creditors, within 21 days of such an issue.

3. The notice shall contain the necessary information as provided under Section 102(2) of the Code. The publication of the notice shall be made in newspapers, one in English and the other in the vernacular (Telugu), which have wide circulation in the State where the Personal Guarantor and Corporate Debtor reside.

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

5. 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.

6. The Personal Guarantor, in consultation with the Resolution Professional, shall prepare a repayment plan containing a proposal to the creditors for restructuring his debts or affairs as provided under Section 105. This plan shall include provisions for the payment of fees to the Resolution Professional.

7. 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.

8. 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 creditors should be summoned, he shall specify the details as provided under Section 106(3).

9. The date of the meeting shall not be less than fourteen days or more than 28 days from the date of submission of the Report under Sub-section (1) of Section 106 of the Code, for which at least 14 days' notice to the creditors (as per the list prepared) shall be issued by all modes. Such notice must contain the details as provided under the provisions of Section 107 of the Code.

10. The meeting of the creditors shall be conducted in accordance with Sections 109, 110, and 111 of IBC. 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 and submit the same to the Authority, copies of which shall be provided to the guarantor and the creditors.

11. It is further clarified that the Resolution Professional shall perform his functions and duties in strict compliance with the Code of Conduct prescribed under Section 208 of the Code.

12. The Petitioner is directed to communicate this order to the Resolution Professional appointed in the instant Company Petition immediately.

This CP(IB) No.216/95/HDB/2022 filed under Section 95 of the IBC, 2016, is **admitted,** and the Insolvency Resolution Process is initiated against the Personal Guarantor.

Sd/-	Sd/-
SANJAY PURI	**RAJEEV BHARDWAJ**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**