

**NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH, COURT – II  
CHENNAI**

**ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL  
COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 19.06.2026 AT  
10.30 A.M. THROUGH VIDEO CONFERENCING:**

-----  
**CORAM : SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)  
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)**  
-----

**APPLICATION NUMBER : IA(IBC)/1810(CHE)2025**  
**PETITION NUMBER : C.P. (IB)/149(CHE)2020**  
**NAME OF THE APPLICANT : T S Saravanan, Successful Resolution  
Applicant of Green Valley's Shelters Private  
Limited**  
**NAME OF THE RESPONDENT(S) : Green Valleys Shelters Pvt Ltd & 3 ors**  
**UNDER SECTION : Sec 60(5) of IBC, 2016 R/w Rule 11 of IBC,  
2016**  
-----

**ORDER**

Present : Ld. Counsel Mr. A.S.Sathish Kumar for the Applicant.

Vide separate order pronounced in open court, **IA(IBC)/1810(CHE)2025**

is Dismissed.

**Sd/-  
RAVICHANDRAN RAMASAMY  
Member (Technical)**

**Sd/-  
JYOTI KUMAR TRIPATHI  
Member (Judicial)**

jp

IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH – II, CHENNAI

I.A. (IBC) / 1810 / (CHE) / 2025

In

CP / 149 / IB / 2020

*(Filed under Section 60(5) of Insolvency and Bankruptcy Code, 2016 Read with Rule 11  
of the National Company Law Tribunal Rules, 2016)*

**Mr T S Saravanan,**

Successful Resolution Applicant of Green Valley's Shelters Private Limited,  
Flat No. B3, Green Harmony Apartment,  
Kasturi Estate, 3<sup>rd</sup> Street, Poes Garden,  
Gopalapuram, Chennai – 600 086.

*... Applicant*

-Vs-

**Green Valley's Shelters Private Limited**

Represented by Chairman of Monitoring Committee,  
6, 3<sup>rd</sup> floor, Venus Colony, 2<sup>nd</sup> Street,  
Alwarpet, Chennai – 600 018.

*...Respondent – 1*

**Committee of Creditors,**

*Indian Bank*

Stressed Asset Management Branch,  
Zonal Office Building,  
55, Ethiraj Salai,  
Chennai – 600 008.

*Indian Overseas Bank*

763, IOB Co Annex Building,  
1<sup>st</sup> Floor, Annala Salaai,  
Chennai – 600 002.

*Nippon Life India AIF Management Limited*

4<sup>th</sup> Floor, Tower A, Peninsular Business Park,  
Ganpatrao, Kadam Mar, Lower Parel (W),  
Mumbai – 400 013.

*Nippon Life Asset Management Limited*

4<sup>th</sup> Floor, Tower A, Peninsular Business Park,  
Ganpatrao, Kadam Mar, Lower Parel (W),  
Mumbai – 400 013.

*Easyaccess Financial Services Limited*

No. 18 (Old no. 40), 2<sup>nd</sup> Floor,  
Mussuri Subramaniam, Salai (Oliver Road),  
Chennai – 600 004.

*...Respondent – 2*

*Order Pronounced on 19<sup>th</sup> June 2026*

**CORAM**

**SHRI JYOTI KUMAR TRIPATI, MEMBER (JUDICIAL)**  
**SHRI RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

**Present:**

*For Applicant : Satish Kumar, Advocate*

*For Respondent – 3 : V. Rajeswari, J A Duke Melvin Ebinesar, Advocates*

*For Respondent – 4 : Amritha Sathyajith, Advoate*

**ORDER**

***(Hearing through hybrid mode)***

This application has been filed by T S Saravanan, Successful Resolution Applicant of Green Valley's Shelters Private Limited under section 60(5)(a) & 60(5)(c) of Insolvency and Bankruptcy Code 2016 r/w Rule 11 of NCLT Rules 2016 as requested by the Applicant, for following reliefs as provided hereunder:

*“a) Grant the reliefs and concessions as set out in Para 18 - Page 25 of the Resolution Plan, including the discharge of personal guarantees and release of assets given as security upon full payment of the resolution amount to the respective financial creditors, as approved by the Committee of Creditors;*

*b) Grant exclusion of time from Sep 12, 2025 till the date of pronouncement of in this application for implementation of the Resolution Plan;*

*c) Pass such other and further orders as this Hon'ble Authority may deem fit and proper in the facts and circumstances of the case."*

## **2. SUBMISSIONS OF APPLICANT:**

2.1 It is submitted that the this Tribunal vide order dated 12.09.2025 in IA (IBC) / Plan / 07 / (CHE) / 2025 had approved the resolution plan submitted by the applicant with regard to the Green Valley's Shelters Private Limited. The same was approved by the Committee of Creditors by a majority of 89.53%.

2.2 It is submitted that the Resolution Plan contains specific clauses relating to the discharge of personal guarantees, namely, Mr. T S Saravanan, Mr. T Prabakar and Mr. K R Tirumuruhan, upon full payment of the resolution amount to the respective financial creditors and the same was approved by the CoC.

2.3 It is further submitted that the discharge of the Personal Guarantors had been approved by the CoC, in the exercise of its commercial wisdom and hence, it is stated that the same is binding and forms a part of Resolution Plan.

It is submitted that the tribunal had not granted the reliefs as sought in Para 18 - Page 25 of the Resolution Plan, which had resulted in ambiguity for the implementation of the Resolution Plan.

2.4 It is submitted that the finance sponsor, on whom the Applicant relies for raising funds had expressed an apprehension in extending financial support in the absence of a clear order regarding the discharge of personal guarantees. It is

further stated that the non-grant of the reliefs has led to a delay in raising funds had adversely affected the timely implementation of the Resolution Plan.

It is additionally submitted that the Applicant had made payments amounting to Rs. 10.80 Crores, in lieu of the plan.

2.5 It is submitted that, the resolution plan also contains the following clause

- Clause (b) viii under the head Approvals / Waivers / Specific Orders sought from The Adjudicating Authority - which are nothing but a repetition of the guarantee clauses mentioned against the respective financial creditors, which is extracted as follows:

*"The resolution plan envisages discharge of personal guarantees of the personal guarantors only when the final payment is made to the respective financial creditor as laid down in the plan and not before. Therefore, it is logical to seek the release of the assets given as security and discharge the guarantees of the personal guarantors by the respective financial creditor upon payment of the resolution amount in full by the resolution applicant. Moreover, the entire resolution exercise has been undertaken with the objective of putting the CD back on track through this resolution plan, which will give a fresh lease of life and to restore the lost glory to both the CD and the personal guarantors upon implementation of the resolution plan. Moreover, the personal guarantors are also involved in other businesses and those businesses will suffer if the personal guarantees are continued against the personal guarantors."*

*“Recourse against the Personal Guarantees shall be free from any subrogation rights of the Guarantors. This arrangement in relation to the Personal Guarantees relies that it shall in no way or manner permit the Guarantors to claim any right of subrogation, indemnity, security, recompense or any Claim of whatsoever nature (whether under contract, equity or Applicable Law) against the Corporate Debtor or the Resolution Applicant, and all such rights and obligations stand irrevocably and unconditionally extinguished in perpetuity.”*

### **3. SUBMISSIONS OF RESPONDENT - 3:**

3.1 It is submitted by Indian Bank in the reply dated 17.02.2026 that the Resolution Plan approved by COC included provision for discharge of Personal Guarantees of Mr. T.S Saravanan, Mr. T Prabhakar and Mr. K.R Tirumurughan, upon receipt of full amount from SRA as per the Plan. It is further stated that the clause pertaining to Indian Bank is extracted as follows:

*“The repayment of the amounts are additionally secured by the personal guarantees of Mr. T.S Saravanan, Mr. T. Prabakar and Mr. K R Tirumunuhan.*

*All these guarantees will continue to remain in force till the Resolution Amount due to Indian Bank is paid by the Resolution Applicant as per this Resolution Plan and upon such payment, all Personal Guarantees shall stand extinguished and the Guarantors shall stand discharged from their obligations.*

*A letter of release to this effect shall be issued by Indian Bank. ”*

3.2 It is additionally submitted that the Resolution Plan further included release of the Secured Asset upon receipt of the amount payable under the Resolution Plan by the SRA.

3.3 It is also submitted that the Indian Bank had already agreed by voting in the favour of the Resolution Plan given by the Applicant confirms its decision and endorses its 'No-objection' for release of Personal Guarantee of all the three Guarantors mentioned above namely Mr. T. S Saravanan, Mr. T Prabhakar and Mr. K.R Tirumurugan.

#### **4. SUBMISSIONS OF RESPONDENT - 4:**

4.1 It is submitted by Nippon Life India AIF Management Limited and Nippon Life India Asset Management Limited in the reply dated 09.02.2026 that the Resolution Plan as approved by COC, includes the clause for the discharge of the Personal Guarantors upon the full payment by SRA. It is further stated that the clause pertaining to Nippon Life India AIF Management Limited and Nippon Life India Asset Management Limited is extracted as follows:

*“The Personal Guarantees of the existing guarantors and the Corporate Guarantee of Arkie Atelier Designs Private Limited will continue to remain in force till Resolution Amount due to Nippon Life India AIF Management Limited & Nippon Life India Asset Management Limited is paid in full and upon such payment, all Personal Guarantees and Corporate Guarantee shall stand extinguished and the Guarantors shall stand discharged from their obligations.”*

4.2 It is further stated that the respondents do not have any objection in consonance with the terms of the Resolution Plan to the effect that upon receipt of full payment by them of the amounts specified in the Resolution Plan, all personal guarantees and corporate guarantees shall stand extinguished and the guarantors shall stand discharged.

**5. FINDINGS OF THE TRIBUNAL:**

5.1 We have heard the learned counsel for both parties and perused the submissions placed on record.

5.2 The Applicant seeks issuance of directions and clarification to the effect that the personal guarantees furnished by Mr. T.S. Saravanan, Mr. T. Prabakar and Mr. K.R. Tirumurughan stand discharged upon payment of the resolution amount in terms of the Resolution Plan approved by this Tribunal vide order dated 12.09.2025 in CP/759/(IB)/2018.

5.3 According to the Applicant, the Resolution Plan approved by the Committee of Creditors ("CoC") with a voting share of 89.53% specifically envisaged discharge of the personal guarantors upon payment of the resolution amount to the respective financial creditors.

5.4 It is stated that, in the present case, the Applicant's relief sought under Paragraph 18 of the Resolution Plan was not specifically granted by this Tribunal while approving the Resolution Plan. Thereby, an uncertainty has

arisen in implementation of the Plan, which has in turn affected the Applicant's ability to raise funds from its financial sponsor.

5.5 The Applicant has further submitted that substantial payments aggregating to Rs.10.80 Crores have already been made towards implementation of the Resolution Plan and that the continuation of personal guarantees is contrary to the intent and spirit of the approved Resolution Plan.

5.6 It has been argued that the discharge of the personal guarantors formed an integral component of the commercial arrangement approved by the CoC and therefore ought to be recognized and enforced by this Tribunal.

5.7 The Applicant has relied upon the specific clauses contained in the Resolution Plan which provide that the personal guarantees shall continue only until the resolution amount payable to the concerned financial creditors is paid in full and that upon such payment the personal guarantees shall stand extinguished and the guarantors shall stand discharged from their obligations.

5.8 This Tribunal has also taken note of the replies filed by Indian Bank and Nippon Life India AIF Management Limited / Nippon Life India Asset Management Limited. Both respondents have stated that they had voted in favour of the Resolution Plan and that the Resolution Plan contains clauses providing for discharge of the personal guarantors upon receipt of the full amount payable under the Plan. The said respondents have further stated that they have no objection to release of the personal guarantees in terms of the Resolution Plan.

5.9 The principal question that arises for consideration is whether this Tribunal can direct discharge or extinguishment of the personal guarantees merely because the Resolution Plan contains such clauses and because the concerned creditors have expressed no objection to such discharge.

5.10 At the outset, it is relevant to discuss Section 31 of IBC, 2016, which is extracted as follows:

*“Section 31. Approval of resolution plan.*

*(1) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (4) of section 30 meets the requirements as referred to in sub-section (2) of section 30, it shall by order approve the resolution plan which shall be binding on the corporate debtor and its employees, members, creditors, 1[including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force, such as authorities to whom statutory dues are owed,] guarantors and other stakeholders involved in the resolution plan.”*

5.11 From the above mentioned section, it is clear that the resolution plan is binding on the personal guarantor, as it is binding on the Corporate Debtor.

5.12 However, the binding nature of an approved resolution plan does not imply that personal guarantors are automatically discharged from their liabilities. The liability of a personal guarantor is independent and co-extensive with that of the principal debtor, unless expressly extinguished by law. The inclusion of guarantors within the scope of Section 31 is intended to bind them to the consequences of the resolution process and not to grant them an automatic release from their contractual obligations.

5.13 In the present case, while the Resolution Plan merits approval insofar as it satisfies the requirements of the Insolvency and Bankruptcy Code, 2016, the provision contained therein seeking the discharge, extinguishment, waiver or release of the liabilities of the personal guarantors cannot be sustained.

5.14 The discharge of the corporate debtor pursuant to an approved resolution plan does not ipso facto discharge the personal guarantors. The rights of creditors against personal guarantors survive notwithstanding the approval of the resolution plan, except to the extent specifically permitted under law. Any clause purporting to extinguish or release the liabilities of personal guarantors would prejudice the independent remedies available to creditors and would be contrary to the scheme of the Code.

5.15 The Resolution Plan is approved under Section 31 of the Insolvency and Bankruptcy Code, 2016. However, the clauses providing for the discharge, release, extinguishment or waiver of liabilities of the personal guarantors are rejected and shall not form part of the approved Resolution Plan. The approval of the Resolution Plan shall not affect the rights and remedies of creditors against the personal guarantors, which may be pursued in accordance with law.

5.16 Also, it is necessary to note that the liability of a guarantor is governed by the law of contract under Section 128 of the Indian Contract Act, 1872, which provides that the liability of the guarantor is co-extensive with that of the principal debtor unless otherwise provided by the contract, which is extracted as follows:

*“Section 128. Surety’s liability:*

*The liability of the surety is co- extensive with that of the principal debtor, unless it is otherwise provided by the contract.”*

5.17 A contract of guarantee creates an independent and enforceable obligation between the creditor and the guarantor. The rights of a creditor against a guarantor are distinct from and supplementary to the rights available against the principal borrower.

5.18 The Hon'ble Supreme Court in Lalit Kumar Jain v. Union of India has categorically held that approval of a resolution plan in respect of a corporate debtor does not automatically result in discharge of the liabilities of the personal guarantor. The Hon'ble Supreme Court observed that the release or discharge of a principal borrower through operation of law under an insolvency resolution process does not have the effect of discharging the guarantor from its obligations.

5.19 The same is extracted as follows:

*“111. In view of the above discussion, it is held that approval of a resolution plan does not ipso facto discharge a personal guarantor (of a corporate debtor) of her or his liabilities under the contract of guarantee. As held by this court, the release or discharge of a principal borrower from the debt owed by it to its creditor, by an involuntary process, i.e. by operation of law, or due to liquidation or insolvency proceeding, does not absolve the surety/guarantor of his or her liability, which arises out of an independent contract.”*

5.20 The rationale is that the liability of the guarantor flows from an independent contract and survives notwithstanding the insolvency resolution of the principal borrower. The aforesaid principle has consistently been

recognized in insolvency jurisprudence. The discharge of a corporate debtor under a resolution plan and the discharge of a personal guarantor stand on entirely different legal footings.

5.21 While a successful resolution plan may provide a fresh start to the corporate debtor, the liabilities of a personal guarantor cannot be extinguished merely because the corporate debtor has undergone a resolution process.

5.22 The Applicant has strongly relied upon the commercial wisdom of the CoC and has contended that since the CoC approved the Resolution Plan containing clauses for discharge of the personal guarantors, such clauses ought to be treated as binding and enforceable. There can be no dispute regarding the settled principle that the commercial wisdom of the CoC is ordinarily not amenable to judicial review. However, the doctrine of commercial wisdom operates within the framework of the Insolvency and Bankruptcy Code, 2016. The commercial wisdom of the CoC cannot extend to matters that are contrary to statutory provisions or settled legal principles.

5.23 The approval of a resolution plan by the CoC cannot have the effect of extinguishing independent contractual rights and liabilities of third parties where such extinguishment is not contemplated by law. The scope of examination by the Adjudicating Authority under Section 31 of the Code is confined to determining whether the Resolution Plan complies with the requirements of the Code and other applicable laws. The Adjudicating Authority cannot grant reliefs which have the effect of overriding substantive

rights arising under independent contracts of guarantee solely on the basis of a commercial decision taken by creditors.

5.24 The clauses relied upon by the Applicant clearly indicate that the discharge of personal guarantees was sought as a consequential relief from the Adjudicating Authority. Such clauses, however, cannot be construed as creating an automatic statutory discharge of the guarantors. At best, they represent the commercial understanding between the stakeholders participating in the resolution process. The enforceability of such clauses remains subject to the applicable legal framework and judicial precedents governing contracts of guarantee.

5.25 The contention of the Applicant that the order dated 12.09.2025 did not specifically grant the relief sought under Paragraph 18 of the Resolution Plan and that such omission has resulted in ambiguity is also not acceptable.

5.26 The absence of a specific direction regarding discharge of personal guarantors cannot be treated as an inadvertent omission requiring correction. Rather, it reflects the settled legal position that approval of a resolution plan does not automatically lead to discharge of personal guarantors.

5.27 The submissions regarding the apprehensions expressed by the Applicant's financial sponsor and the resulting delay in implementation of the Resolution Plan have also been considered. While this Tribunal appreciates the practical difficulties highlighted by the Applicant, commercial inconveniences or funding concerns cannot constitute a legal basis for granting a declaration

that personal guarantees stand extinguished. Jurisdiction under the Code must be exercised strictly in accordance with law and cannot be expanded on considerations of commercial expediency.

5.28 This Tribunal also notes that the creditors who have filed replies before this Tribunal have expressed no objection to release of the personal guarantees upon receipt of the amounts payable under the Resolution Plan. Such no-objection statements are matters between the respective creditors and the guarantors.

5.29 If the concerned creditors, upon receipt of the amounts payable under the Resolution Plan, choose to execute appropriate deeds of release, discharge or settlement in accordance with law, they may do so. However, such consensual arrangements cannot be converted into a judicial declaration by this Tribunal extinguishing the liabilities of the personal guarantors as a matter of law.

5.30 The fact that the Applicant has paid Rs.10.80 Crores towards implementation of the Resolution Plan also does not alter the legal position. Compliance with obligations under the Resolution Plan may entitle the Applicant to seek the contractual benefits contemplated therein.

5.31 Nevertheless, the Tribunal cannot issue a blanket declaration discharging personal guarantors where such discharge is inconsistent with the principles governing guarantees and the law laid down by the Hon'ble Supreme Court.

5.32 In view of the above discussion, this Tribunal is of the considered opinion that the relief sought by the Applicant for discharge and extinguishment of the personal guarantees of Mr. T.S. Saravanan, Mr. T. Prabakar and Mr. K.R. Tirumurughan cannot be granted. The clauses contained in the Resolution Plan regarding discharge of personal guarantors cannot be enforced through a judicial order of this Tribunal in a manner that would override the settled legal position governing personal guarantees.

5.33 Accordingly, the prayer of the Applicant seeking clarification, modification, or directions to the effect that the personal guarantees furnished by Mr. T.S. Saravanan, Mr. T. Prabakar and Mr. K.R. Tirumurughan stand discharged upon implementation of the Resolution Plan is liable to be rejected.

5.34 It is held that approval of the Resolution Plan does not ipso facto discharge or extinguish the liabilities of the personal guarantors. The clauses contained in the Resolution Plan relating to discharge of personal guarantees shall remain subject to applicable law and cannot be enforced through a declaration by this Tribunal.

5.35 In view of the foregoing discussion, statutory provisions, and settled legal position, we are of the considered view that the present application is devoid of merit.

5.36 In the present case, it also seen that this application had a prayer for the grant of exclusion of time from date of approval of resolution plan, that is 12<sup>th</sup> September 2025 until the date of pronouncement of the said application.

5.37 Hereby, this tribunal is of opinion that the resolution plan approved does not have a direct connection with the issue raised in the present case. Hence, the prayer for such exclusion cannot be granted.

5.38 However, we give a direction to the Resolution Professional to file another application for the extension of time for the implementation of the Resolution Plan after obtaining the requisite approvals. The application for such extension may be disposed of in lieu with the merits of the case so filed.

5.39 Accordingly, the IA (IBC) / 1810 / 2025 stands **Dismissed** and disposed of.

-Sd-  
**RAVICHANDRAN RAMASAMY**  
MEMBER (TECHNICAL)

-Sd-  
**JYOTI KUMAR TRIPATHI**  
MEMBER (JUDICIAL)