NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH COURT III

Item No. 02
IA(I.B.C)/1254(MB)/2026
In
C.P. (IB)/827(MB)/2021

CORAM:
SH. HARIHARAN NEELAKANTA IYER — Member (Technical)
Ms. LAKSHMI GURUNG — Member (Judicial)

ORDER SHEET OF THE HEARING ON **24.07.2026**

(HEARING THROUGH: HYBRID MODE)

NAME OF THE PARTIES: State Bank of India

V/s

Mr. Rajeev Arora

Appearance

For Applicant: None Appeared.

For Respondent: Adv. Raghav Wadhwa, Adv. Anjali Jain (VC)

SECTION 95(1) OF THE IBC, 2016

ORDER

IA(I.B.C)/1254(MB)/2026 [Sec.60(5)]

The above Interlocutory Application is listed for pronouncement of order. The same is pronounced in the open court, vide a separate order.

Sd/-
HARIHARAN NEELAKANTA IYER
Member (Technical)

Sd/-
LAKSHMI GURUNG
Member (Judicial)

---Shripad---

IN THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH COURT III

C.P. No. (IB) 827/MB/C-III/2021
AND
IA. No. 1254/2026

Under Section 95 r/w Section 100 of the Insolvency and Bankruptcy Code, 2016

C.P. No. (IB) 827/MB/C-III/2021

State Bank of India
Through its Authorized Representative :
Mr. Vikash Kumar
Having its corporate centre at:
Madam Cama Road, State Bank of India Bhawan, Mumbai.
And one of its branches at:
Stressed Assets Management Branch II, Raheja Chambers, B Wing, Ground Floor, Free Press Journal Marg,
Mumbai 400023

... Financial Creditor/ Petitioner

Vs.

Mr. Rajeev Arora
Personal Guarantor of M/s. Paramount Wheels Private Limited
Having address at:
M 2/904, DLF City Phase II, Gurgaon, Haryana, IN.
Also at: A1/ A&B, Velvin Centre, Hatkesh Udyog Centre, Mira- Bhayander Road, Thane 401107

... Personal Guarantor/ Respondent

AND

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IA. No. 1254/2026

(Application filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 r/w Rule 11 of the NCLT Rules, 2016 seeking dismissal of CP (IB) No. 827/MB/2021)

Rajeev Arora

...Applicant

Order pronounced on: 24.07.2026

Coram:

Sh. Hariharan Neelakanta Iyer
Member *(Technical)*

Ms. Lakshmi Gurung
Member *(Judicial)*

Appearances:

For the Petitioner: Adv. Ajinkya Kurdukar

For the Applicant: Adv. Raghav Wadhwa, Adv. Anjali Jain

Per: Coram

ORDER

1. The Company Petition No. 827 of 2021 is filed by State Bank of India (**'Financial Creditor'**) under section 95 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred as **'Code'**) seeking to commence Insolvency Resolution Process against Mr. Rajeev Arora (**'Personal Guarantor'**) being the Personal Guarantor to M/s. Paramount Wheels Private Limited (**'Corporate Debtor'**) having registered office at Bhanji Udyog Nagar, next to Ajit Palace Hotel, Penkar Pada, Opp Golden Chemical, Mira Road(E) Thane - 401104.

2. The Financial Creditor had extended loan facility to the Corporate Debtor which was renewed from time to time, latest being Supplemental

Agreement of Loan cum Hypothecation dated 22.02.2018 for Rs. 26,50,00,000/- (Rupees Twenty-Six Crores Fifty Lakhs).

3. To secure the above loan the Personal Guarantor along with other guarantor had executed Guarantee Agreement dated 22.02.2018 for Rs. 26,50,00,000/- in favour of the financial creditor.

4. It is submitted that the Financial Creditor invoked the guarantee of the Personal Guarantor by issue of Demand Notice, in Form B dated 20.05.2021 to the Personal Guarantor under Rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process of Personal Guarantors to Corporate Debtors) Rule 2019, for payment of total outstanding debt (including any interest or penalties) of Rs. 19.67 Crores as on 11.05.2020. The said demand notice dated 20.05.2021 is annexed to the petition as *Exhibit E.*

5. Thereafter the present petition was filed on 12.08.2021 by the Financial Creditor under section 95 of the Code. This Tribunal vide order dated 07.12.2022 appointed Mr. Divyesh Desai having Registration No. IBBI/IPA-001/IP-P00169/2017-2018/10338 as the Resolution Professional (RP).

6. Before proceeding further in the matter, we need to examine invocation of guarantee of the Personal Guarantor which goes to the root of the matter. During the course of hearing, Ld. Counsel for the Petitioner again insisted that the guarantee was invoked vide Letter dated 20.05.2021, which is nothing but Demand Notice in Form B under Rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process of Personal Guarantors to Corporate Debtors) Rule 2019 (**'PG Rules'**). There is no invocation letter other than Form B.

7. In ***State Bank of India Vs. Mr. Deepak Kumar Singhania [Company Appeal (AT) (Insolvency) No. 191 of 2025] [2025 SCC OnLine NCLAT 461],*** the Hon'ble NCLAT has observed that before issue of Form B, the

debt and default must exist and the details must be provided in form B and held that the notice under Rule 7(1) issued in Form-B to the Guarantor, demanding repayment of the default amount, cannot be treated as notice for invoking guarantee. The relevant findings of Hon'ble NCLAT are reproduced below:

"20. .. When we look into definition of 'Guarantor' in Rule 3(1)(e), fulfilment of both the condition that Debtor is a Personal Guarantor to a Corporate Debtor and in respect of whom guarantee has been invoked, has been cumulatively used. The submission of the Appellant that use of the expression 'and' has to be read as 'or', shall not further the statutory object and purpose. Guarantor with regard to whom guarantee has not been invoked, shall not be a Debtor and no default can be committed by Guarantor, unless guarantee is invoked as per the terms of Deed of Guarantee. Thus, the insolvency resolution process against a Guarantor, against whom debt has not become due, is not understandable....

21. .. When we look into the Form-B, under which application under Section 95 has to be issued under the heading 'Particulars of Debt', at Sl. No.3 and 4, following have been mentioned:

"3	*Date when the debt was due*	
4	*Date when the default occurred"*	

22. The requirement of date, when the default occurred, itself contemplate the default by Guarantor, when Application is filed against Guarantor. Obviously, the default has to be of the Guarantor and mentioning of date when the default occurred, itself contemplate default on the part of Guarantor, i.e. invocation of guarantee as per Deed of Guarantee. Thus, non-mention of requirement of whether guarantee has been *invoked and proof thereof, is inconsequential, since the date when default occurred is specifically asked for.*

xxxxx

27. In view of the foregoing discussion, ***we are not persuaded to accept the submission of the Appellant that Notice under Rule 7(1) issued in Form-B to the Guarantor, demanding repayment of the default amount, has to be treated as Notice for invoking guarantee. Default before issuance of Notice under Rule 7(1), must exist on the part of the Guarantor.*** *Hence, we reject the submission of the Appellant that Notice under Rule 7, sub-rule (1) is a Notice, invoking the guarantee. We, thus, do not find any error in the order of the Adjudicating Authority, rejecting Section 95 Application filed by the SBI."*

(emphasis provided)

8. It is well settled that merely issuance of Demand Notice in Form B under Rule 7(1) of PG Rules does not amount to invocation of personal guarantee under section 95 of the Code as held by the Hon'ble NCLAT in ***State Bank of India Vs. Mr. Deepak Kumar Singhania*** (supra). The debt must exist on the date of issue of Demand Notice in Form B.

9. At this juncture, it is pertinent to note that this Tribunal has already dismissed CP(IB)826/2021, which was arising out of same loan transaction, same set of guarantee and similar facts on invocation of guarantee by Financial Creditor by way of Form B, in following terms:-

"We thus hold that in the present case the guarantee was not invoked, and the Respondent is not covered under definition of 'guarantor' as given under Rule 3(1)(e) of PG Rules. In the absence of invocation of guarantee, there is no default on the part of the Personal Guarantor. Hence the Petition is liable to be dismissed as non-maintainable."

10. As the Present Petition is also based on same set of facts and also same set of documents. **CP (IB) 827/2021** is **dismissed**.

11. In view of the fact that CP 827/2021 has been dismissed, present **IA No. 1254/2026** has become infructuous and is **disposed of**.

12. This dismissal, however, shall not cause any prejudice to the right of the Applicant to pursue such other remedies as may be available in accordance with law including invocation of guarantee in future.

File be consigned to record.

Sd/-
Hariharan Neelakanta Iyer
Member (Technical)

Sd/-
Lakshmi Gurung
Member (Judicial)

/Saloni/