IN THE NATIONAL COMPANY LAW TRIBUNAL

ALLAHABAD BENCH, PRAYAGRAJ

CP (IB) NO. 23ALD/2024

(An application under Section 95 of the Insolvency and Bankruptcy Code, 2016, read with Rule 7(2) of the Insolvency and Bankruptcy Rules, 2019) for passing of order under section 100 of the Code, 2016.)

IN THE MATTER OF:

STATE BANK OF INDIA

Regd. Office at:

Madame Cama Road, Nariman Point, Mumbai.

Having one of its Branch at:

Stressed Asset Management Branch,
12th Floor, Jawahar Vyapar Bhawan 1,
Tolstoy Marg, New Delhi-110001

Through Resolution Professional

Ms. Anju Agarwal
73, National Park, Lajpat Nagar IV,
National Capital Territory of Delhi-110024
anju@insolvencyservices.in

... Applicant / Financial Creditor

Versus

MR. GURMIT SINGH MANN

(Personal Guarantor of Simbhaoli Sugars Limited)
R/o. C-176 Defence Colony New Delhi 110024.
Also at: A-112, Sector-63, Noida-201301, U.P.

…Respondent/ Guarantor

Order Pronounced on: 20.08.2026

***Coram*:**

Mr. Praveen Gupta	:	Member (Judicial)
Mr. Ashish Verma	:	Member (Technical)

***Appearances*:**

Sh. Sandeep Arora, Adv.	:	For the Financial Creditor
Ms. Prachi Johri, Adv.	:	For the Respondent/ Guarantor

ORDER

1. This application filed on 15.02.2024 is on behalf of State Bank of India (hereinafter referred to as "Applicant/ Financial Creditor") under Section 95 of Insolvency and Bankruptcy Code (hereinafter referred to as "the Code") r /w Rule 7(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantor to Corporate Debtor) Rules, 2019 (hereinafter referred as "PIRP Rules"). The prayer made is to initiate the Personal Insolvency Resolution Process (hereinafter referred to as "PIRP") against the Respondent/ Personal Guarantor, Mr. Gurmit Singh Mann who stood as Personal Guarantor to the credit facilities availed by the Corporate Debtor i.e., Simbhaoli Sugars Limited ('Principal Borrower/ Corporate Debtor').

2. The facts of the case are that the Applicant/ Financial Creditor, being the Lead Bank of the consortium, had sanctioned various credit facilities to the

Corporate Debtor, primarily in the nature of Term Loan and Working Capital, which were renewed from time to time pursuant to the sanction letters and Memorandum of Entry dated 15.02.2006, 06.02.2007, 11.07.2007, 24.12.2012, 22.07.2015 and 20.05.2016. In respect of the aforesaid credit facilities, the Respondent/ Personal Guarantor executed Deeds of Guarantee in favour of the Applicant/ Financial Creditor dated 10.07.2006, 11.07.2007 and 24.12.2012.

3. The Corporate Debtor subsequently failed to maintain financial discipline, resulting in classification of its loan account as a Non-Performing Asset (NPA). Consequently, the Applicant/ Financial Creditor recalled the entire loan on 22.10.2018 and called upon the Corporate Debtor to repay the outstanding dues amounting to Rs.257.28 crores as on 04.10.2018. As the default continued, the Applicant/ Financial Creditor initiated proceedings before the Ld. DRT. Upon continued default, the Applicant/ Financial Creditor issued a Demand Notice dated 15.12.2023 under Section 95(4)(b) of the Code, calling upon the Respondent/ Personal Guarantor to pay an amount of Rs.486.29 crores as on 30.11.2023. Since the Respondent/ Personal Guarantor failed to make payment within 14 days of the Demand Notice, the present application was filed.

4. When the present matter came up on hearing 19.03.2024 before this Tribunal, the Ld. Counsel appearing for the Respondent/Personal Guarantor prayed for the present application to be infructuous in view of the pendency of another application under Section 95 of the Code, being CP (IB) No.67/ALD/2022, titled *Union Bank of India v. Gurmit Singh Mann*, filed against the same Respondent/ Personal Guarantor, wherein a Resolution Professional had already been appointed vide order dated 31.08.2022. In support of her contentions, she further relied on the judgment of the Hon'ble NCLAT in *Bhavesh Gandhi v. Central Bank of India*, Company Appeal (AT) (Insolvency) No.923 of 2022, wherein it has been held that once a Resolution Professional had been appointed in a proceeding against a Personal Guarantor, proceedings initiated by other lenders against the same Personal Guarantor may not continue. In view of the aforesaid submission and the interconnected nature of the proceedings, this Tribunal directed the present application to be clubbed along with the connected matters. The relevant portions of the order dated 19.03.2024 are as follows:

> *"1. Ld. Counsel representing the Personal Guarantor states that the present petition has become infructuous in view of the fact that another matter vide CP (IB) No.67/ALD/2022 i.e. 'Union Bank of India V/s Gurmit Singh Mann', is also pending adjudication*

wherein the Personal Guarantor is the same as in the present petition. She also further states that the RP has been appointed in the said petition i.e. CP (IB) No.67/ALD/2022 in terms of an order dated 31.08.2022.

2. Ld. Counsel representing the Personal Guarantor further relies upon the judgment passed by the Hon'ble NCLAT vide Company Appeal (AT) (Insolvency) No.923 of 2022 cited as 'Bhavesh Gandhi v/s Central Bank of India, whereby according to her in terms of para nos.13, 14 & 15, it has been observed by the Hon'ble NCLAT that, once the RP has been appointed in a matter, the other proceedings by different lenders against the same very Personal Guarantor, may not continue.

3. Ld. Counsel representing the Financial Creditor seeks and is granted time to examine the said judgment and make his submissions.

….

5. CP (IB) No.22/ALD/2024 be also put up on the same date along with the submission as called for in respect of CP (IB) No.23/ALD/2024 as in another matter vide CP (IB) No.68/ALD/2022 i.e. Union Bank of India v/s Gurpal Singh Mann also, RP has already been appointed and adjudication is pending after submission of report by RP, hence this matter is also covered by the decision of the Hon'ble NCLAT as cited in para 2 of this order. "

5. Subsequently, during the pendency of the aforesaid proceedings, another application under Section 95 of the Code was also filed by Bank of Baroda, being CP (IB) No. 113/ALD/2022, against the same Respondent/Personal Guarantor. However, during the further course of the proceedings, CP (IB) No. 67/ALD/2022 came to be settled and was dismissed as withdrawn vide order dated 18.12.2025, while CP (IB) No. 113/ALD/2022 was dismissed as withdrawn vide order dated 06.04.2026.

6. Thereafter, when the present application was taken up for hearing on 29.07.2026, the Ld. Counsel appearing for the Respondent/Personal Guarantor submitted that the present application was not maintainable in view of the fact that, at an earlier point of time, CP (IB) No.67/ALD/2022 had been filed by Union Bank of India against the same Respondent/ Personal Guarantor, wherein the moratorium under Section 96 of the Code had been triggered. It was submitted that although the aforesaid proceedings had subsequently been withdrawn, the present application would not be maintainable on account of the earlier proceedings and the moratorium having been triggered therein. She vehemently relied on a recent judgment passed by the Hon'ble NCLAT in the matter of '*Shushant Chhabra v/s Catalyst Trusteeship Ltd. & Anr*.' [Company Appeal (AT) (Insolvency) No.443 of 2026] in this regard.

7. Whereas, the Ld. Counsel representing the Applicant/ Financial Creditor referred to and relied upon the principles laid down by the Hon'ble NCLAT in *Bhavesh Gandhi v. Central Bank of India*, Company Appeal (AT) (Insolvency) No.923 of 2022, in support of the submission that the present application continues to subsist and is liable to be adjudicated on merits.

8. In light of the above submissions, we have perused the records and submissions made by both the parties. The principal issue that arises for consideration is whether the present application filed under Section 95 is maintainable?

9. It is an undisputed position that an application under Section 95 of the Code had earlier been filed by Union Bank of India as well as by Bank of Baroda against the same Respondent/ Personal Guarantor on 18.05.2022 and 02.11.2022, respectively. The filing of the Section 95 application by Union Bank of India attracted the provisions of Section 96(1) of the Code, whereby an interim moratorium commences from the date of filing of an application under Section 94 or Section 95 in relation to all debts of the Personal Guarantor. Further, during the subsistence of such interim moratorium, Section 96(1)(b) prohibits the continuation or initiation of legal action or proceedings in respect of any debt. For ready reference, the relevant provision is reproduced below: -

"*96. Interim- moratorium. –*

(1) When an application is filed under section 94 or section 95 –

(a) an interim-moratorium shall commence on the date of the application in relation to all the debts and shall cease to have effect on the date of admission of such application; and

(b) during the interim-moratorium period –

(i) any legal action or proceeding pending in respect of any debt shall be deemed to have been stayed; and

(ii) the creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt."

10. Now, the present case herein, came to be filed under Section 95 of the Code against the same very Respondent/ Personal Guarantor only on 15.02.2024 by the Applicant/ Financial Creditor i.e., State Bank of India. Accordingly, on the date of filing of the present application, the interim moratorium under Section 96, which had commenced upon filing of the earlier Section 95 application i.e. CP (IB) No. 67/ALD/2022, Union Bank of India Vs. Gurmit Singh Mann, was already in operation against the same Respondent/ Personal Guarantor. Hence, it is correctly observed and taken note of the fact that the present application was instituted during the subsistence of the statutory prohibition contained in Section 96(1)(b)(ii) of the Code.

11. Thereafter, considering the subsequent withdrawal of the earlier Section 95 application filed by Union Bank of India, as recorded vide our order dated

18.12.2025, we are of the view that the question whether the interim moratorium continued after withdrawal of the earlier application is not of relevance; rather, the issue as to the legal consequence of initiation of the present proceedings during the period when such interim moratorium was operating is necessary for consideration.

12. The aforesaid issue now stands squarely considered by the Hon'ble NCLAT in *Shushant Chhabra v. Catalyst Trusteeship Ltd. & Anr.*, Company Appeal (AT) (Insolvency) No.443 of 2026, also relied upon by the Ld. Counsel appearing for the Respondent/ Personal Guarantor. The Hon'ble NCLAT has made the following observations: -

> *"23. ……. The real question to be considered and answered is whether due to withdrawal of Section 95 application by Canara Bank, the prohibition which triggered due to interim moratorium shall come to an end. When application under Section 95 filed by Canara Bank was withdrawn on 10.11.2025, admittedly moratorium came to an end and there was no prohibition and the interim moratorium no longer existed, but what is the consequence of withdrawal of Section 95 application on 10.11.2025 on the moratorium, which was in operation on 05.08.2025, when Section 95 application filed by Catalyst Trusteeship Ltd. against the Appellants.*
>
> *24. The statutory moratorium which has triggered on 12.01.2025, continued to operate till 10.11.2025 when application filed by*

Canara Bank was withdrawn. Section 101 of the IBC provides that when application under Section 100 is admitted, a moratorium shall commence, which shall cease to have effect at the end of period of 180 days. Thus, moratorium comes to an end on the day when application is admitted or rejected. The interim moratorium which commences on filing an application, is a statutory moratorium provided by enactment. During the interim moratorium various actions are prohibited as enumerated in Section 96, sub-section (1). The statutory interim moratorium which triggered in Section 96, shall come to an end only when application under Section 95 is either rejected or admitted. <u>The interim moratorium in Section 96 has statutory consequences, which interim moratorium although shall come to an end when application is either dismissed or admitted or withdrawn, but during the period when interim moratorium is operating, any initiation of proceeding shall be non-est in law.</u> The Hon'ble Supreme Court in Alchemist Asset Reconstruction Company Ltd. in Paragraph-6 has clearly held that after enforcement of moratorium under Section 14 of the IBC, any arbitration proceeding initiated is non-est in law. <u>Thus, the proceeding, which was initiated by Financial Creditor during the currency of interim moratorium, were non-est from the very beginning, cannot become legal proceeding after interim moratorium is withdrawn on 10.11.2025.</u> .....”

13. In light of the aforesaid ratio, being directly applicable to the facts of the present case, we are of the considered opinion that present application under Section 95 was filed during the currency of interim moratorium under Section 96 of the Code and is, therefore, non-est in law. The subsequent withdrawal of the earlier application and cessation of the interim moratorium does not revive or validate the proceedings which were not valid at the relevant time. We, therefore, hold that the present application is not maintainable.

14. The CP (IB) NO. 23/ALD/2024 is dismissed.

15. Ordered Accordingly.

-Sd-	***-Sd-***
Ashish Verma	**Praveen Gupta**
Member (Technical)	**Member (Judicial)**

Date: 20.08.2026