IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.303 and ITEM No. 304

IA/567(AHM)2026 in C.P(IB)/74(AHM)2026 with C.P.(IB)/74(AHM)2026

Proceedings under Section 95 IBC

IN THE MATTER OF:

Canara Bank ....**Applicant**

V/s

Chandubhai I.Patel PG Vimal Oil & Foods Limited ....**Respondent**

Order delivered on: 18/08/2026

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)
Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet

-SD-

DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

Sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

AD/SJ/ AP

BEFORE THE ADJUDICATING AUTHORITY
THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD (COURT - II)

IA No. 567 of 2026
with
Company Petition (IB) No. 74/(AHM)/2026

(Filed under Section 95(1) & Section 99 of the Insolvency & Bankruptcy Code, 2016)

IN THE MATTER OF
Canara Bank
Stressed Assets Management Branch,
Circle Office Building, 8th Floor,
"B" Wing, C-14, G-Block,
Bandra-Kurla Complex, Bandra East,
Mumbai- 400051.

...Applicant/Financial Creditor

Versus

Mr. Chandubhai L. Patel
Vimal Park, B/H. Vijay Guest House,
Highway, Mehsana 384002, Gujarat

... Personal Guarantor

IN THE MATTER OF PG TO CORPORATE DEBTOR

Mr. Mirtunjay Singh
B-1/802, Westgate Business Bay,
S. G. Highway, Makarba, Ahmadabad
Gujarat 380051

...Resolution Professional

Order pronounced on 18.08.2026

Sd/-

Sd/-

CORAM:
MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

DR. V. G. VENKATA CHALAPATHY
HON'BLE MEMBER (TECHNICAL)

Present:

For the Applicant	:	Ms. Sonam Chandwani, Adv. in C.P.(IB) 74 of 2026 Mr. Rajiv Chawla, Adv. in IA 567 of 2026
For the RP	:	Mr. Mritunjay Singh, Adv.
For the PG	:	Mr. Amar N Bhatt Sr. Adv, Mr. Tirth Nayak, Adv

JUDGEMENT

1. Canara Bank (Financial Creditor) has filed this Application under section 95 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as IBC,2016) read with Rule 7(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 to initiate Personal Insolvency Resolution Process against Mr. Chandubhai I Patel, the Personal Guarantor of the Corporate Debtor namely M/s Vimal Oil & Foods Limited for default of an amount of Rs. 127,99,80,547.48/- as on 31.05.2025.

2. The applicant stated that at the request of the Corporate Debtor, the Financial Creditor together with the consortium lenders had sanctioned various credit facilities aggregating

-SDapproximately Rs.810 Crores to the Corporate Debtor. In order to secure the repayment obligations of the Corporate Debtor, the Respondent executed a Deed of Guarantee dated 23.01.2015. By virtue of this guarantee, the Respondent undertook joint and several liabilities with the Corporate Debtor to ensure repayment of the dues owed to the Applicant. The Corporate Debtor subsequently committed defaults in repayment of the financial facilities, resulting in classification of its account as a Non-Performing Asset. Thereafter, proceedings under the Insolvency and Bankruptcy Code culminated in liquidation of the Corporate Debtor. During liquidation, recoveries were realised and distributed amongst the consortium lenders. However, even after giving due credit to every recovery received in liquidation, an amount of Rs.1,27,99,80,547.48 (Rupees One Hundred Twenty-Seven Crore Ninety-Nine Lakh Eighty Thousand Five Hundred Forty-Seven and Paise Forty-Eight Only). remained outstanding and payable to the Applicant Bank as on 31.05.2025.

3. It is submitted that since the guaranteed debt remained unpaid notwithstanding liquidation of the Corporate Debtor,

Sd/- Sd/-

the Applicant Bank invoked the Personal Guarantee by issuing an Invocation Notice dated 23.06.2025 calling upon the Respondent to honour his contractual obligations. Thereafter, in compliance with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019, the Applicant issued the statutory Demand Notice in Form-B dated 15.07.2025. Despite receipt of the aforesaid notices, the Respondent failed and neglected to discharge the guaranteed liability.

4. Vide order dated 23.3.2026 the resolution professional Mr. Mirtunjay Singh, having registration No. IBBI/IPA-001/IP-P-02911/2024-2025/14474 was appointed to submit a report.

5. The personal guarantor filed its reply and submitted that the Applicant failed to comply with the mandatory requirement under Section 95(5) of the IBC read with Rule 7(3) of the 2019 Rules, as a copy of the Section 95 application was not served upon the Respondent/Personal Guarantor before filing. The Respondent further submitted that the statutory requirement of service having not been complied with.

-SD- -SD-

6. It is further contended that the proceedings are barred by limitation. The Corporate Debtor's account was declared NPA on 09.11.2015, CIRP commenced on 19.12.2017 and liquidation was ordered on 19.12.2019. The Personal Guarantee had allegedly been invoked earlier, but no action was taken within the prescribed limitation period. The Respondent submitted that although the Applicant issued a Form-B notice dated 15.07.2025, the same was issued after expiry of the limitation period and was replied to by the Respondent on 31.07.2025, raising the objection of limitation. It is also contended that the Personal Guarantee is not duly stamped and stands discharged under Section 52 of the Indian Contract Act, 1872.

7. The Resolution Professional has filed his report on 08.04.2026 recommending admission of the application under Section 95 IBC, 2016. The report of RP states that the RP had not received any evidence of repayment of the debt by the personal guarantor. It is further submitted that, vide letter dated 25.03.2026, the RP sought proof/evidence under Section 99(2) of the Code from Chandubhai I. Patel, the Personal Guarantor, regarding repayment, if any, of the debt

Sd/- Sd/-

claimed to be outstanding by Canara Bank. In response dated 01.04.2026, the Personal Guarantor stated that, in his personal capacity, no payment had been made to Canara Bank towards the credit facilities availed by Vimal Oils and Foods Limited. Thus, the Personal Guarantor has admitted that the amount claimed by the Creditor remains unpaid.

8. The Respondent No. 2 PG filed reply in Interlocutory Application No. 567 of 2026 and submitted that the Respondent further submits that the Personal Guarantee stood invoked as early as 08.08.2016 by issuance of the Bank's demand notice under Section 13(2) of the SARFAESI Act, calling upon the Respondent as guarantor to discharge the outstanding liability. Despite the said invocation, no proceedings were initiated thereafter, and the present petition filed in 2026 is therefore alleged to be ex-facie barred by limitation.

9. The Respondent contended that the subsequent notices dated 23.06.2025 and 15.07.2025 cannot revive or extend the limitation period, as mere issuance of a fresh notice after invocation of the guarantee does not constitute a fresh cause of action. It is further submitted that the Respondent had

Sd/- Sd/-

replied to the 08.08.2016 demand notice on 15.10.2016, but no steps were taken thereafter by the Bank. The Respondent further submits that the objection regarding the guarantee being inadequately stamped and discharged under Section 52 of the Indian Contract Act, 1872 had already been raised by him in Original Application No. 741 of 2018, which is stated to be pending adjudication.

10. The Respondent submitted that Bank of India, vide order dated 08.04.2024, classified the erstwhile Directors, including the Personal Guarantor, as "fraud", which was challenged before the Hon'ble High Court in SCA No. 6955 of 2024. The Hon'ble High Court, vide order dated 06.05.2024, granted interim protection by directing that no coercive steps be taken. Since the said proceedings are pending and the interim relief continues to subsist, the Respondent contends that reliance by the RP on the fraud declaration and FIR, without disclosing the aforesaid proceedings and interim order, is misleading the Tribunal.

11. The Applicant filed reply of the Resolution Professional report and submitted that the Respondent's statement dated 01.04.2026 that no payment was made by him in his

-SD- Sd.

personal capacity towards the credit facilities constitutes an acknowledgment of debt under Section 18 of the Limitation Act, 1963, thereby extending the period of limitation and strengthening the maintainability of the present proceedings.

12. The Applicant contended that the liability of the Personal Guarantor is absolute, unconditional, continuing and co-extensive with that of the Corporate Debtor under Section 128 of the Indian Contract Act, 1872, and that the liquidation of the Corporate Debtor or recovery from its assets does not discharge the Personal Guarantor from his liability. It is further submitted that the partial recovery of Rs. 67.07 Crores during liquidation does not extinguish the Personal Guarantor's liability, as a substantial amount remains outstanding towards the Applicant Bank.

13. The Applicant additionally relies upon the classification of the Corporate Debtor's account as "FRAUD", the FIR registered by the CBI against the Corporate Debtor, its Directors/guarantors, and the earlier proceedings concerning alleged diversion of funds, contending that these circumstances demonstrate the mala fide nature of the

-SD- -SD-

default and warrant expeditious initiation of the insolvency process.

14. The Applicant contended that, at the stage of Section 100, where the RP has recommended admission, the Adjudicating Authority is required to act upon the RP's report and that the substantive defences of the Personal Guarantor are to be considered at the appropriate subsequent stage, including the repayment plan stage.

15. The Respondent filed the rejoinder and submitted that the Petition is barred by limitation, as the Personal Guarantee had already been invoked by Syndicate Bank vide notice dated 08.08.2016, requiring the Respondent to discharge the outstanding liability. The Respondent contends that the subsequent invocation by Canara Bank in 2025 cannot give rise to a fresh cause of action.

16. It is submitted that the Applicant/Canara Bank has suppressed the material fact of the earlier invocation dated 08.08.2016, despite having possession of the said notice and having received the same during the proceedings before the RP. The Respondent contends that such non-disclosure materially affects the maintainability of the Petition. The

Sd/-

-SD-

Respondent further contended that the 2016 notice expressly called upon the borrower and sureties to discharge the entire liability, and therefore, according to the Respondent, constituted a valid invocation of the Personal Guarantee. The Respondent further submitted that the three-year limitation period had expired on 07.10.2019, whereas the present Petition was filed only on 11.02.2026. It is therefore contended that the Petition is ex-facie time-barred and that the Applicant has failed to establish any legally sustainable basis for computation or extension of limitation.

17. The Respondent disputes the Applicant's reliance on judgments concerning the co-extensive liability/discharge of a Personal Guarantor, contending that the issue in the present case is primarily one of limitation. Reliance is placed upon Asha Basantilal Surana v. State Bank of India & Ors. Company Appeal (AT)(Ins) No. 84 of 2025, wherein the NCLAT considered whether a demand notice under Section 13(2) of the SARFAESI Act constituted invocation of the personal guarantee.

18. Both the parties filed written submission. The Respondent Submitted that if the period of 3 years is calculated from the

Sd/- -SD-date of order of liquidation i.e. 19.12.2019, the same would also bar the present Petitions as per the law of limitation, in as much as, the period of limitation, while taking into account of the Suo Moto Extension Order would also conclude on 28.02.2025. The Respondent relies on the following judgements:

a. *Ujwal Gupta v. Union Bank of India, reported in 2026 SCC Online NCLAT 8*
b. *Company Appeal (AT)(Ins) No. 84 of 2025 in the matter of Asha Basantilal Surana v. State Bank of India & Ors*
c. *B.K. Educational Services Private Limited vs. Parag Gupta and Associates, reported in (2019) 11 SCC 633*
d. *Syndicate Bank v. Channaveerappa Beleri, reported in (2006) 11 SCC 506*
e. *Haabia Resources Private Limited vs. Vidyut Metallics Private Limited reported in 2025 SCC Online NCLAT 1466*

19. Heard, learned advocates for the parties and perused the record alongwith written submissions.

20. Observation and Conclusion

a. The deed of Guarantee was executed on 23 January 2015 in lieu of the sanction letter of the applicant financial creditor (erstwhile Syndicate Bank since merged with applicant) on Nov 20, 2014. The date of default as per NESL record filed on 08.07.2025is mentioned as

-SD- -SD-

29.07.2016. The CD was admitted to the CIRP on 19.12.2017 and was ordered to be liquidated by orders of this tribunal on 19.12.2019. Meanwhile, the liquidator has also sold off the assets of the CD as going concern. The invocation of notice was issued by the applicant on 23.06.2025. The relevant Form B was also issued on same date. The debt is clearly time barred for filing this application and even the issue of notice invoking the guarantee is barred by limitation.

21. In view of the same, we pass the following order.

ORDER

i. Report in IA No. 567 of 2026 is taken on record;
ii. Application CP(IB) No. 74 of 2026 is rejected.

Sd/-

DR.V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

Sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

KJ-LRA