IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH - I

C.P. (IB) NO. 439/MB/2026

Under Section 94 of the Insolvency and Bankruptcy Code, 2016 r/w rule 6 of the Insolvency & Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules 2019.

In the matter of

BALASAHEB VITTHAL CHAVAN

Personal Guarantor to M/s Abhiraj Papers Private Limited

[CIN: U74999MH2018PTC305557]

….. Personal Guarantor/ Petitioner/ Applicant

ORDER PRONOUNCED ON 20.08.2026

Coram:

Sh. Prabhat Kumar Member (Technical)	Sh. Sushil Mahadeorao Kochey Member (Judicial)

Appearances:

For the Applicant	: Adv. Krish Shah i/b Adv. Amar Dube
For Resolution Professional	: Adv. Kanishka Pate

BRIEF FACTS:

1. The present Company Petition has been filed by **Mr. Balasaheb Vitthal Chavan** (hereinafter referred to as "Personal

Guarantor/Petitioner/Applicant"), Personal Guarantor of the Corporate Debtor, **M/s Abhiraj Papers Private Limited** (hereinafter referred to as "Corporate Debtor"), under section 94(1) of the Insolvency and Bankruptcy Code, 2016 ("the Code") read with Rule 6(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 ("IBBI Rules") seeking to initiate Insolvency Resolution Process against himself being the Personal Guarantor of Corporate Debtor.

2. The Petitioner is an Indian citizen having his permanent address at Behind Abhudaya Bank, Payal CHS, Plot No-15D, Sector-17, New Panvel, DIST: Raigarh, Maharashtra - 410206.

3. The Corporate Debtor herein bears **CIN U74999MH2018PTC305557** and was incorporated on 24.02.2018 under Companies Act, 2013, having its registered office address at Gat No -119, Sadguru Packaging, Ozerkhed colony, Lakhmapur, Nashik - 422202.

4. The Applicant is a Personal Guarantor to the Corporate Debtor for Credit facilities provided by Union Bank of India, Deepali Nagar Branch ("Financial Creditor"). The amount of default as stated in Part III of the Petition is **Rs. 22,09,86,517.18/- (Rupees Twenty-Two Crores Nine Lakhs Eighty-Six Thousand Five Hundred Seventeen and Eighteen Paise only)** and the date of default is stated to be 07.04.2025.

<u>SUBMISSIONS OF THE PETITIONER:</u>

5. It is submitted that in the year 2021, the Corporate Debtor had availed credit facilities from the Financial Creditor, amounting to **Rs. 22,09,86,517.18/- (Rupees Twenty-Two Crores Nine Lakhs Eighty-Six Thousand Five Hundred Seventeen and Eighteen**

Paise only), which were sanctioned vide Sanction Letter dated 30.01.2021.

6. It is submitted that the Corporate Debtor had availed various credit facilities from the Financial Creditor, including a Bank Guarantee limit of Rs. 40 Lakhs, Cash Credit facilities of Rs. 4 Crores, and a Term Loan of Rs. 14.50 Crores.

7. It is submitted that the Petitioner is a Promoter and Director of the Corporate Debtor and has also provided collateral security in the form of immovable properties in favour of the Financial Creditor. The Petitioner has further executed a Personal Guarantee in favour of the Financial Creditor to secure the credit facilities availed by the Corporate Debtor.

8. It is submitted that the Petitioner has executed a Personal Guarantee for an amount of **Rs. 18,90,00,000/- (Rupees Eighteen Crores Ninety Lakhs only)** in favour of the Financial Creditor, by executing a Deed of Guarantee dated 30.03.2021.

9. The Corporate Debtor defaulted in repayment of the loan. Accordingly, the account was classified as Non-Performing Asset (NPA) on 31.03.2025.

10. The Financial Creditor issued a Demand Notice under section 13(2) of SARFAESI Act, 2002, dated 07.04.2025 calling upon the Corporate Debtor and the Applicant to repay the outstanding dues amounting to Rs. 22,09,86,517.18/- (Rupees Twenty-Two Crores Nine Lakhs Eighty-Six Thousand Five Hundred Seventeen and Eighteen Paise only). It is further Submitted that such notice constitutes valid invocation of Personal Guarantee as per the Deed of Personal Guarantee dated 30.03.2021.

11. It is submitted that upon failure of the Corporate Debtor and the Guarantors to repay the aforesaid outstanding dues within the stipulated period, the Financial Creditor proceeded to take

recourse under the provisions of the SARFAESI Act, 2002 and accordingly took symbolic possession of the secured immovable property under Section 13(4) of the said Act, and a Possession Notice dated 03.07.2025 was thereafter issued in respect of the secured asset.

12. It is further submitted that the Financial Creditor caused publication of the Possession Notice dated 06.07.2025 in newspapers in both English and vernacular languages, in accordance with the provisions of the SARFAESI Act, 2002.

13. The Applicant, having stood as a guarantor, seeks to provide repayment plan for all his creditors including legal debt arising from personal guarantee executed by him.

14. It is contended that proceedings under Part III of the IBC can be initiated by or against a Personal Guarantor even in absence of CIRP against the Corporate Debtor, as recognized by the Hon'ble NCLAT in ***State Bank of India, Stressed Asset Management Branch Vs. Mahendra Kumar Jajodia, Company Appeal (AT) (Insolvency) Nos. 60 & 61 of 2022.*** No application under Section 95 has been filed against the Applicant till date. The Applicant has also asserted that the debts are not excluded debts under Section 79(15) of the IBC.

15. On the above grounds, the Applicant has prayed for initiation of insolvency resolution process under Section 94 of the IBC.

SUBMISSIONS OF THE RESOLUTION PROFESSIONAL

16. Vide order dated 20.04.2026, this bench appointed **Mr. Rakesh Kumar Jindal,** having Insolvency Registration No. **IBBI/IPA-002/IP-N01148/2021-2022/13963,** to act as the Resolution Professional in the present matter & directed RP to file report under Section 99 of Insolvency and Bankruptcy Code, 2016.

Accordingly, the Resolution Professional has submitted his Report vide **IA (I.B.C.) No. 3130(MB)/2026** under Section 99(1) of the Insolvency and Bankruptcy Code, 2016, recommending admission of the application for initiation of insolvency resolution process against the Personal Guarantor, **Balasaheb Vithal Chavan.** The said Report has been taken on record by this Tribunal vide Order dated 24.07.2026.

17. It is stated by the Resolution Professional that he also obtained the necessary information and documents from the Financial Creditor, Union Bank of India, who had granted the credit facilities to the Corporate Debtor.

18. The Resolution Professional, in pursuance of the provisions of Section 99(6) of the Insolvency and Bankruptcy Code, 2016, has stated that the present application is in compliance with the requirements of Section 94 of the Code. It is further stated that the Personal Guarantor has provided the requisite information as contemplated under Section 99(2) and Section 99(4) of the Code.

19. It is further stated by the resolution professional that:

> *"…I, the Resolution Professional appointed by the Hon'ble Adjudicating Authority for Insolvency Resolution Process of the Debtor, Shri. Balasaheb Vithal Chavan who is the Personal Guarantor of the Corporate Debtor- M /s. Abhiraj Papers Private Limited, hereby confirm that I have examined the insolvency application filed by the said Personal Guarantor under Section 94 of the Code, 2016 along with all its annexures and have formed the opinion to recommend the same for its admission under sub-section (7) of Section 99 of the IBC, 2016…"*

FINDINGS:

20. Heard learned counsel for the Petitioner. Perused records. Also perused report placed on record by the Resolution Professional.

21. The total outstanding debt as stated by the Applicant is the amount of default as stated in Part III of the Petition is **Rs. 22,09,86,517.18/-** (Rupees Twenty-Two Crores Nine Lakhs Eighty-Six Thousand Five Hundred Seventeen and Eighteen Paise only). The Application is complete in terms of Section 94 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Process for Personal Guarantors to Corporate Debtors) Rules, 2019.

22. On perusal of the record, this Bench is satisfied that the Applicant is a Personal Guarantor to a Corporate Debtor; a debt exists and default has occurred; the Application is maintainable under Section 94 of the Code; and that the debt does not fall within the excluded category under Section 79(15) of the Code.

23. It may be noted that under section 128 of Indian Contract Act, 1872, when a default is committed, the Principal Borrower and Surety are jointly and severally liable to Creditor and Creditor has the right to recover its dues from either of them or both of them simultaneously. For benevolent reference, the said section of Indian Contract Act, 1872 is reproduced below:

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

The Hon'ble National Company Law Appellate Tribunal in the matter of ***State Bank of India Vs. Athena Energy Venture Private Limited*** **in** ***Company Appeal (AT)(Ins) No. 633 of 2020*** observed as under: -

"19. It is clear that in the matter of guarantee, CIRP can proceed

against Principal Borrower as well as Guarantor."

ORDER

24. Therefore, in view of the above averments, we are of the considered opinion that is a fit case for admission and proceed against the Personal Guarantor/Petitioner and initiate Insolvency Resolution Process. Hence, we admit **CP(IB) No. 439 of 2026** filed under the provisions of section 94 of IBC,2016 under Section 100 of the IBC, 2016 by following order:

I. Initiate Insolvency Resolution Process against the Petitioner/Personal Guarantor and moratorium in relation to all the debts is declared, from today i.e. date of admission of the application and shall cease to have effect at the end of the period of 180 days, or this Tribunal passes order on the repayment plan under Section 114 whichever is earlier as provided under Sec 101 of IBC, 2016. During the moratorium period;

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

b) The creditors of the debtor shall not initiate any legal action or 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.

II. The Resolution Professional *viz.* **MR. RAKESH KUMAR JINDAL,** having Insolvency Registration No. **IBBI/IPA-**

002/IP-N01148/2021-2022/13963, having registered address at D-202, Twin Hallmark, Sector 19A, Kopar-khairene, Navi Mumbai, Maharashtra, 400709, having E-mail Id: iprakesh.jindal@gmail.com, Contact No. 9560464525, is directed to cause a public notice published on behalf of the Adjudicating Authority within 7 days of passing this Order on the website of the NCLT Mumbai Bench, inviting claims from all Creditors, within 21 days of such issue. The Resolution Professional shall discharge the functions/duties casted upon him under the provisions of the Code in this relation within time bound manner and shall be empowered to exercise the powers vested in him for discharge of such functions/duties.

III. The Applicant is directed to deposit **INR 75,000/-** (Indian Rupees Seventy-Five Thousand) or such amount as is agreed between the Resolution Professional and the Applicant to the bank account of the Resolution Professional within **one week**, towards his fees and out of pocket expenses, which shall be such as is approved by the applicant herein and subsequently confirmed by the Creditors. This shall be subject to the rules and regulations under the provisions of the Insolvency and Bankruptcy Code, 2016.

IV. The Registry is directed to communicate a copy of order to the Resolution Professional immediately after the pronouncement of order, and upload the same on the website within seven working days after the pronouncement of order.

V. Ordered accordingly.

SD/- **SD/-**

Sh. Prabhat Kumar **Sh. Sushil Mahadeorao Kochey**

Member (Technical) **Member (Judicial)**

Vipul Ghate