

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
[Through Physical hearing/VC Mode (Hybrid)]

ITEM No. 21
IA No. 342/2025
CP (IB) No. 07/BB/2021

IN THE MATTER OF:

State Bank of India ... Petitioner

Vs

Mr. Naseer Ahmed ... Respondent

Petition under Section 95/121 of I&B Code, 2016

Order delivered on: 08.06.2026

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Shri Hemanth Rao
For the Respondent : Shri Akshay J. Simha

ORDER

1. Heard Ld. Counsels for both parties.
2. **I.A. No. 342/2025 is allowed and disposed of. Accordingly, Bankruptcy proceedings are initiated against the Personal Guarantor.**
3. List this matter on **06.08.2026** for the report of Bankruptcy Trustee.

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
*(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)*

I.A. No. 342 of 2025

in

C.P. (IB) No. 07/BB/2021

*(Application under Section 121 of Insolvency and Bankruptcy Code, 2016 R/w. Rule 7 of
the Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy
Process for Personal Guarantors to Corporate Debtors) Rules, 2016)*

IN THE MATTER OF

1. Canara Bank

112, J.C. Road,
Bangalore – 560 002

Having its Branch office at:

ARM Branch, MG Road,
Bangalore – 560 001.

2. State Bank of India

State Bank Bhavan,
Nariman Point, Mumbai – 400 021

Having its Branch office at:

Commercial Branch,
Krishi Bhavan, Hudson Circle,
Bangalore – 560 001.

3. IDBI Bank Limited

IDBI Tower, WTC Complex,
Cuffee Parade, Mumbai – 400 005

Having its Branch office at:

Specialized Corporate Branch,
No. 102, Shakthi Comforts Tower,
KH Road, Bangalore – 560 027

...Applicants/Financial Creditors

VERSUS

Mr. Naseer Ahmed,

No. 391, 2nd Cross, 2nd Stage, 80 Feet Road,
RMV Extension, Bangalore – 560 094

...Respondent/Personal Guarantor

Order delivered on: 08.06.2026

Coram:

1. Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
2. Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

I.A. No. 342 of 2025 in CP (IB) No. 07 of 2021

O R D E R

1. The present Application has been filed on 17.03.2025 by Canara Bank, the State Bank of India and IDBI Bank Limited, under Section 121(b) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the 'Code') and Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtors) Rules, 2019 to initiate Bankruptcy Process against the Personal Guarantor of Corporate Debtor - **M/s. Scotts Garments Limited**, for default amount of **Rs.1454,71,57,019.20** (Rupees One Thousand Four Hundred Fifty-Four Crore Seventy-One Lakh Fifty-Seven Thousand Nineteen Rupees and Twenty Paise only). The account of the Corporate Debtor was classified as NPA on 31.03.2018 by Canara Bank, 18.03.2018 by State Bank of India and 26.04.2018 by IDBI Bank.
2. The Applicants, forming part of a consortium of lenders, had extended various credit facilities to Corporate Debtor. The Respondent stood as the Personal Guarantor for the said loan facilities, as evidenced by the executed guarantee documents. Upon the Corporate Debtor's failure to service its debt obligations, the Financial Creditor initiated recovery proceedings. Consequently, **Company Petition (IB) No. 07/BB/2021** was filed before this Authority seeking initiation of insolvency proceedings against the Personal Guarantor under the provisions of the Code where vide order dated 07.06.2022, this Tribunal admitted the said petition and appointed **Mr. Hem Chandra** as the Resolution Professional. Pursuant thereto, the RP had issued a public notice inviting claims from creditors. In the course of the proceedings, the RP had admitted the claims of State Bank of India, IDBI Bank, and Canara Bank, aggregating to INR 7,64,90,01,622.
3. Despite being granted adequate opportunities; the Personal Guarantor had failed to submit a Repayment Plan. The creditors accordingly treated the absence of such a plan as a "Deemed Repayment Plan" with 'nil' value and rejected it. The Resolution Professional then moved the Tribunal, which directed reconsideration in consultation with the Committee of Creditors. In the Creditors' meeting held on 06.03.2024, it was resolved to modify the earlier decision and authorize the

Resolution Professional to seek approval for initiating bankruptcy proceedings against the Personal Guarantor under Chapter IV of the Code.

4. Pursuant to the creditors' resolution, the Resolution Professional had filed I.A. No. 219/2024 seeking acceptance of his report under Section 112 of the Code and permission for the creditors to initiate bankruptcy proceedings. The said application was allowed by order dated 11.12.2024 and permission to proceed under Section 115(2) of the Code granted. In compliance with the said order, State Bank of India and IDBI Bank have authorized Canara Bank to initiate bankruptcy proceedings against the Personal Guarantor.
5. The Personal Guarantor remains liable to pay an outstanding sum of Rs.1454,71,57,019.20 (Rupees One Thousand Four Hundred Fifty-Four Crore Seventy-One Lakh Fifty-Seven Thousand Nineteen and Twenty Paise only), despite being afforded adequate time and opportunity by the Financial Creditor. Hence, this Application.
6. The Respondent/Personal Guarantor has filed its statement of objections, dated 03.03.2026, stating as under:
 - i. There exists no privity of contract between the Applicants and the Respondent. The Respondent has not executed any Deed of Guarantee in favour of the Applicants and, therefore, the Applicants have no contractual basis to assert a debt against the Respondent.
 - ii. The Application is founded upon the Inter-Se Agreement, Working Capital Consortium Agreement, Deed of Guarantee, and Security Trustee Agreement, all dated 26.04.2017. The Respondent is not a party to the Inter-Se Agreement, Working Capital Consortium Agreement, or Security Trustee Agreement and is consequently not bound by the terms thereof. As regards the Deed of Guarantee, the same was executed in favour of SBICAP Trustee Company Limited, acting as Security Trustee, and not in favor of the Applicants.
 - iii. Reliance is placed on Clause 2 of the Deed of Guarantee, which provides that upon default by the borrower, the Guarantor shall, upon demand, make payment to the Security Trustee. It is submitted that the Security Trustee

has not invoked the guarantee till date. Further, no claim has been lodged by the Security Trustee against the Respondent in the Personal Insolvency Resolution Process.

- iv. Further, the Applicants have already instituted O.A. No. 1218/2019 seeking recovery of the same debt. The initiation of the present proceedings for the same cause of action is alleged to constitute an attempt at parallel recovery and forum shopping.
 - v. The Respondent also disputes the authority of Applicant No. 1 to maintain the present proceedings on behalf of Applicant Nos. 2 and 3. A perusal of the authorisation letters annexed as Annexures A-16 and A-17 indicates that the authority granted pertains to initiation of proceedings under the SARFAESI Act before the DRT and does not specifically authorise initiation of the present insolvency proceedings against the Respondent.
7. The Applicant has filed Rejoinder, dated 07.03.2026, stating as under:
- i. The objections regarding the maintainability of Application are no longer open for consideration. This Authority, vide Order dated 07.06.2022, had admitted the Personal Insolvency Resolution Process against the Respondent after recording satisfaction regarding the existence of a creditor–guarantor relationship between the Applicant Banks and the Respondent.
 - ii. Further, in Order dated 11.12.2024 passed in I.A. No. 219/2024 similar objections were rejected and it was observed that the creditors are entitled to initiate bankruptcy proceedings. The said Orders have attained finality and remain binding upon the Respondent. In the absence of any order altering the said findings, the Respondent cannot be permitted to re-agitate issues that stand conclusively determined.
 - iii. The contention regarding absence of privity of contract is misconceived. The Deed of Guarantee dated 26.04.2017 expressly contemplates that the Security Trustee acts for and on behalf of the Lenders. Clause 16 thereof permits legal proceedings to be initiated by the Secured Parties, while Clause 22 specifically authorises the Lenders, jointly or severally, either directly or through the Lead Bank, to initiate proceedings and enforce their

rights against the Guarantor. Further, Clause 21 empowers the Lenders to demand payment of outstanding dues from the Guarantor. Thus, the terms of the Deed of Guarantee unequivocally confer upon the Applicant Banks the right to proceed against the Respondent. The objection regarding lack of contractual nexus is devoid of merit.

- iv. The pendency of recovery proceedings before the DRT does not operate as a bar to the initiation of proceedings under the Code, 2016. The remedies available under the Code are independent and concurrent. Accordingly, the allegation of forum shopping is untenable and liable to be rejected.
 - v. With respect to the authority of Applicant No. 1 to maintain the present proceedings on behalf of the other consortium lenders, it is submitted that State Bank of India and IDBI Bank have duly authorised Canara Bank, to initiate bankruptcy proceedings against the Respondent vide their respective letters dated 06.03.2025. The said authorisations, though inadvertently not filed along with the Application, are placed on record as *Annexures A and B*. Consequently, the objection regarding lack of authorisation does not survive.
8. We have heard arguments on behalf of the parties and carefully considered the pleadings and other material on record. It is observed that no repayment plan was submitted by the respondent/PG during the Personal Insolvency Resolution Process. The creditors have treated the absence of an approved repayment plan as a deemed repayment plan of 'nil' value and have consequently resolved to seek initiation of bankruptcy proceedings against the Personal Guarantor.
 9. The objections raised by the Respondent have been adequately dealt with and answered by the Applicant in its rejoinder. Upon consideration of the same, this Authority finds it unnecessary to separately reproduce or re-examine each of the objections in detail herein.
 10. Upon perusal of the record, it is discerned that although the Applicant has substantially complied with the requirements of Section 123 of the Insolvency and Bankruptcy Code, 2016 yet there is a discrepancy in the particulars furnished in

Part III of the Application. While Clause 16 states that the Application relates to unsecured debt, the Applicant has not furnished the details and estimates of such unsecured debt under Sl. No. 7 of the prescribed form. Instead, particulars relating to securities created in favor of the creditors have been disclosed under Sl. No. 6. The said defect, however, is immaterial and not of such a nature as to defeat the present proceedings, particularly when the relevant debt and security documents are otherwise available on record.

11. Section 121(2) of the Insolvency and Bankruptcy Code, 2016 provides that an application for a bankruptcy order shall be filed within three months from the date of the order passed by the Adjudicating Authority under Section 120. In the present case, the order under Section 115 was passed on 11.12.2024 and the instant Application was filed physically on 17.03.2025. Considering that the delay is marginal, less than a week, in the interest of justice it is hereby condoned.
12. In view of the foregoing discussion, this Authority is satisfied that the requirements of Sections 121 and 123 of the Insolvency and Bankruptcy Code, 2016 stand substantially complied with. Accordingly, the present Application deserves to be allowed. Consequently, the Respondent/Personal Guarantor, **Mr. Naseer Ahmed, is hereby ordered as Bankrupt.**
 - i. **Shri Ravindra Beleyur**, having IBBI Registration No. IBBI/PA-001/IP-00189/2017-18/10368, *email id: ravi@beleyur.com* and *mobile no. 9448146963* has furnished declaration attached in part IV of the Petition. He is appointed as Bankruptcy Trustee of the respondent under section 125 of IBC, 2016.
 - ii. The Registry is directed to provide the copy of this Bankruptcy order to the Bankrupt, Creditors and Bankruptcy Trustee within a week as provided under section 126 (2) of IBC, 2016.
 - iii. This order of Bankruptcy shall continue to have the effect till the debtor is discharged under Section 138 of IBC, 2016.

- iv. The Bankrupt shall submit his statement of financial position to the Bankruptcy Trustee in the prescribed Form **within seven days** from the date of the Order, in accordance with Section 129 of the Code.
- v. The estate of the bankrupt excluding the assets mentioned in Section 155(2) of Code read with Rule 5 of Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtor) Rules, 2019 shall vest in the Bankrupt Trustee as provided U/s.154 of the Code, in pursuance of this order. The Bankruptcy Trustee is directed to forthwith take into his custody all the assets, properties, and actionable claims of the Bankrupt and take necessary steps to ensure preservation, protection security and maintenance of those properties.
- vi. The Bankruptcy trustee is directed to adhere to and ensure compliance of Section 128, 129 (4), 132 133, 134, 136 and 137 of IBC, 2016 and the Rules and Regulations issued by IBBI in this regard from time to time while discharging his powers and specified duties.
- vii. The Bankruptcy trustee shall send notices as provided under section 130(1)(a) of IBC, 2016 **within ten days** from the date of this order to the Creditors mentioned in statement of affairs submitted by the Bankrupt under section 129 of IBC, 2016. This notice shall include such matters and details as may be prescribed in terms of Section 130(3).
- viii. The Bankruptcy Trustee shall issue public notice for inviting claims from the creditors as contemplated under Section 130 (1)(b) read with Section 130 (2) of the Code to be published in leading newspapers, one in English and another in vernacular having wide circulation in the area where the bankrupt resides.
- ix. On passing of the Bankruptcy order but subject to sub-section (2) of Section 128 of the Code, the Creditor shall not initiate any action against the property of the bankrupt in respect of debt and no suit or other legal proceeding shall be initiated against the bankrupt, save and except with the leave of the Adjudicating Authority as provided in sub-clause (ii) of clause (c) of sub-section (1) of Section 128 of the Code.
- x. The Bankruptcy Trustee shall conduct the administration of distribution of estate of Bankrupt under Chapter V as provided in Section 136 of the Code.

- xi. The Bankrupt shall from the date of the order be subject to such disqualifications and restrictions as mentioned under Sections 140 and 141 of the Code.
- xii. The Bankruptcy Trustee may seek such further information or explanation in connection with bankruptcy process as may be required from the debtor or the creditor or any other person who in the opinion of the Bankruptcy Trustee, may provide such information. The persons from whom information or explanation is sought shall furnish such information or explanation within seven days of receipt of the request.
- xiii. The Bankruptcy Trustee shall exercise all the powers as enumerated under the Code read with Rules and Regulations made thereunder, in accordance with Section 152 of the Code.
- xiv. The Bankruptcy Trustee shall submit a preliminary report to this Adjudicating Authority and Committee within in ninety days from the date of Bankruptcy order after serving copy of the report on bankrupt as provided in Regulation 8 of the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019.
- xv. The Bankruptcy Trustee shall submit periodical progress reports within fifteen days after the end of every quarter, to this Authority after serving copy of the report on the bankrupt provided under Regulation 10 of the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019.
- xvi. For fixing the fee of Bankruptcy Trustee, he may interact and confer with Petitioner/FC it be determined as provided under Regulation 4 of the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019.
- xvii. The Registry shall forward a soft copy of this order to the parties and Bankruptcy Trustee for information and compliance.

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)