



**NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH (COURT-II), CHANDIGARH**

IA(I.B.C)/438(CH)2026
IN
CP(IB)No.23/Chd/Pb/2023
(Admitted)
AND
IA(I.B.C)/119(CH)2026
In
CP(IB)No.11/Chd/Pb/2026
(Transferred from Court 1)

IA(IBC)/438(CH)2026

(An Application under sub-section (5) of Section 60 of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016)

1. Jaspal Singh, S/o Mohan Singh

Suspended Director of Mohan Rail Components
R/o at: Mohan Villa, Opposite Guru Arjan Public School,
Kartarpur, Punjab – 144801,
apjlegal05@gmail.com

2. Amandeep Singh S/o Jaspal Singh

Suspended Director of Mohan Rail Components
R/o at: 2154, Ward 6, Surjan Singh Street,
Kartarpur, Punjab – 144801
apjlegal05@gmail.com

....Applicants

VERSUS

1. Canara Bank

R/o at: SARM Branch, 4th Floor , Plot No. 1,
C.O. Building, Sector 34-A, Chandigarh – 160022
cb5220@canarabank.com

**2. Interim Resolution Professional, Mohan Rail Components
Mr. Mohit Chawla**

Address – SCO 26, Shri Balaji Complex, Old Ambala Road,
Himmatgarh, Dhakauli, Sub-tehsil Zirakpur,
District SAS Nagar, Near Hotel Dreamz Inn & Suites,
Sahibzada Ajit Singh Nagar, Punjab, 140603



IBBI/IPA-001/IP-POO524/ 2017-2018/ 10949
camohitchawla@gmail.com

3. Mohan Rail Components

Registered Address: OPP RCF VILL DHIDUANKALAN
HUSSAINPUR, KAPURTHALA, PUNJAB, INDIA - 144602.
CIN: U35203PB1991PTC011578

4. Committee of Creditors of Mohan Rail Components

mrc.kpt@gmail.com

....Respondents

IN THE MAIN MATTER OF:
CP(IB) No.23/Chd/Pb/2023

CANARA BANK

....Financial Creditor

VERSUS

MOHAN RAIL COMPONENTS PRIVATE LIMITED

....Corporate Debtor

IA(I.B.C.)/119(CH)2026

(An Application under Rule 11 of the NCLT Rules, 2016, and other applicable provisions of the Insolvency and Bankruptcy Code, 2016 and Rules and Regulations)

NARINDER KAUR, PERSONAL GUARANTOR OF MOHAN RAIL COMPONENTS PRIVATE LIMITED

H.No. 2154, Ward No. 6,
Surjan Singh Street, Kartarpur,
Jalandhar, Punjab - 144801
PAN: AAWPK7191C
M: 6239387715
Email: mrcpltd@gmail.com

...Applicant Personal Guarantor

VERSUS

1. CANARA BANK LIMITED

SARM Branch, 4th Floor, Plot No. 1,



C.O. Building, Sector 34-A,
Chandigarh-160022
Email: cb5220@canarabank.com

...Respondent No. 1

2. Railtech Technologies Private Limited,
Registered office at: Mansoorwal Dona,
Aujla Road, Kapurthala, Punjab-144601
Email: railtech@railtechindia.in

... Respondent No. 2

3. District Magistrate, Kapurthala,
New DAC Complex, Kapurthala Road,
Nurpur Dona, Kapurthala, Punjab-144601
dc.kpr@punjab.gov.in

...Respondent No. 3

4. Sub-registrar, Kapurthala,
New DAC Complex, Kapurthala Road,
Nurpur Dona, Kapurthala, Punjab-144601
tehsildarkapurthala@gmail.com

...Respondent No. 4

IN THE MAIN MATTER OF:
CP (IB) No. 11/Chd/Pb/2026

(An Application under sub-section (1) of section 94 of the Insolvency and Bankruptcy Code, 2016)

NARINDER KAUR

...Applicant Personal Guarantor

Order delivered on: 21.07.2026

Coram: Mr Kaushalendra Kumar Singh, Hon'ble Member (Technical)
Mr Khetrabasi Biswal, Hon'ble Member (Judicial)

Present:

In IA/IBC/438(CH)2026

For the Applicant : Mr Aalok Jagga, Mr Sahil Lohan, Advocates

For the Respondent : Mr Harsh Garg, Mr Ashwani Sharma, Advocates



In IA(I.B.C)/119(CH)2026

For the Applicant : Mr Aalok Jagga, along with Mr Karanveer Jindal, Mr Sahil Lohan, Mr APS Madaan, & Mr Aryanman Jagga, Advocates

For the Respondents : Mr Harsh Garg, Ms Ramneek Kaur Mann, Advocates

ORDER

IA(I.B.C)/438(CH)2026 In CP(IB) No.23/Chd/Pb/2023

And

IA(I.B.C.)/119(CH)2026 In CP(IB)No. 11/Chd/Pb/2026

Since both these Applications arise out of the initiation of CIRP in respect of the Corporate Debtor and the issues raised therein are interconnected and arise out of the same SARFAESI proceedings and auction process, both these Applications are being disposed of by this **Common Order.**

2. Both these Applications are concerning the assets of Mohan Rail Components Private Limited and its Personal Guarantors. **IA(I.B.C.)/119(CH)2026** has been filed by **Narinder Kaur**, Personal Guarantor to the Corporate Debtor, in CP(IB) No. 11/Chd/Pb/2026 under Section 94 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “Code”). **IA(I.B.C)/438(CH)2026** has been filed by **Jaspal Singh and Amandeep Singh**, suspended directors/shareholders of the Corporate Debtor, under sub-section (5) of section 60 of the Code read with Rule 11 of the National Company Law Tribunal Rules, 2016.



BRIEF FACTS:

3. The averments made by the Applicants in the present Applications, as well as the submissions advanced thereon by the learned Counsel appearing for the Applicants, are summarised hereunder:

(i) The Corporate Debtor Mohan Rail Components Private Limited had availed various credit facilities from Canara Bank – Financial Creditor which were eventually declared Non-Performing Assets on 31.03.2015. On 21.09.2016, a notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 was issued, claiming an amount of approximately ₹ 27.03 crore. The Symbolic possession of mortgaged properties was taken on 09.12.2016.

(ii) The said credit facilities were secured by various properties, out of which the following immovable mortgaged assets were co-owned by the Corporate Debtor and other personal guarantors upon which factory premises have been built up. The description of land along with building as mentioned in the Schedule B of the demand notice dated 21.09.2016 and as also mentioned in the sale notice dated 27.11.2025 are as under:-

- a. Factory land along with buildings, with all types of structures and superstructures erected thereon, situated opposite RCF, Sultanpur Road, Kapurthala, measuring 14 kanal 14 marla, situated at Village Dhudianwala, Tehsil and District Kapurthala,



owned by Narinder Kaur, wife of Jaspal Singh, and Jaspal Singh, son of Mohan Singh (2/3 share), and M/s Mohan Rail Component Private Limited, Hussainpur, Tehsil and District Kapurthala (1/3 share), vide Sale Deed No. 2616 dated 15.12.92.

- b. Factory land along with all buildings, with all types of structures and superstructures erected thereon, situated opposite RCF, Sultanpur Road, Kapurthala, measuring 14 kanal 13 marla, situated at Village Dhudianwala, Tehsil and District Kapurthala, owned by Narinder Kaur, wife of Jaspal Singh, and Jaspal Singh, son of Mohan Singh (2/3 share), and M/s Mohan Rail Component Private Limited, Hussainpur, Tehsil and District Kapurthala (1/3 share), vide Sale Deed No. 2628 dated 16.12.92.
- c. Factory land along with all buildings, with all types of structures and superstructures erected thereon, situated opposite RCF, Sultanpur Road, Kapurthala, measuring 4 kanal 19 1/2 marla, situated at Village Dhudianwala, Tehsil and District Kapurthala, owned by Joginder Singh, Jaspal Singh, and Jasbir Singh, sons of Shri Mohan Singh, vide Sale Deed No. 839 dated 25.06.91.
- d. Factory land along with building, with all types of structures and superstructures erected thereon, situated opposite RCF,



Sultanpur Road, Kapurthala, measuring 4 kanal 19 1/2 marla, owned by Joginder Singh, Jasbir Singh, and Jaspal Singh, all sons of Mohan Singh, vide Sale Deed No. 847 dated 26.06.91.

(iii) Thus, the Factory premises upon which Corporate Debtor is running the unit are a consolidated parcel of land located at Village Dhudianwala, Tehsil and District Kapurthala, which is a joint and unpartitioned land co-owned by Corporate Debtor and its Personal Guarantors/Directors. The entire land is under the possession of Corporate Debtor, which has been a going concern.

(iv) To recover the debt, the Financial Creditor carried out a series of recovery actions under the Securitisation Act, 2002 since 2016, including filing of Original Application bearing No. 1583 of 2019 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debts Recovery Tribunal, Chandigarh, seeking recovery of Rs 40.24 crore. The borrower had challenged such actions before the DRT.

(v) During the pendency of proceedings, the Corporate Debtor had also submitted a One Time Settlement proposal dated 16.03.2020, offering to pay Rs. 16.15 crore towards full and final settlement of all dues, which came to be accepted by the Financial Creditor *vide* sanction letter dated 20.03.2021. However, the borrowers could pay approximately Rs. 3.40 crore only. The settlement could not be fully implemented, allegedly due to financial constraints arising during the COVID-19 pandemic.



(vi) Having pursued the recovery action for more than 7 years, the Financial Creditor in the year 2023 filed Company Petition CP(IB) No 23/Chd/Pb/2023 under Section 7 of the Code seeking commencement of Corporate Insolvency Resolution Process against the Corporate Debtor. Consequent upon the issuance of the notice, the Corporate Debtor appeared through counsel, filed its reply, and contested the said matter. After affording sufficient opportunities to both sides, the said Company Petition was finally argued at length by both sides and reserved for Orders on 28.10.2025. The matter was subsequently allowed *vide* Order dated 20.02.2026, and the Corporate Debtor was admitted u/s 7 of the Code.

(vii) On 31.10.2025, the residential house of the Personal Guarantor was also sold through e-auction for a consideration of ₹1.96 crore.

(viii) Even when the Order got reserved on 28.10.2025 in the said Company Petition filed by the Financial Creditor under Section 7, the Financial Creditor did not wait for the judgement/Order of the this Adjudicating Bench and rather proceeded to issue a sale notice on 27.11.2025 itself under Section 13(4) of the Securitisation Act, 2002, putting the mortgaged properties to sale in 2 Lots i.e. Lot 1 comprising of factory land, building, along with plant and machinery of the Corporate Debtor, which includes the land underlying jointly owned by the Corporate Debtor alongwith Personal Guarantors for Rs. 8.60 Crore. Lot No. 2 comprised land measuring 1 kanal 17 marla at Village Bahul,



Tehsil and District Kapurthala, owned by Personal Guarantor Jaspal Singh for Rs. 35 lakhs.

(ix) Subsequently, on 02.12.2025, the Corporate Debtor submitted a revised One-Time Settlement proposal to the Financial Creditor, offering to pay Rs. 16 crore under OTS. Earlier, the Bank had sanctioned OTS on 20.03.2021 for Rs. 16.15 crore, against which Rs. 3.40 crore had been paid, but the remaining amount could not be paid on account of COVID. Now, the Corporate Debtor was ready to offer Rs. 16 crore and also enclosed two cheques of Rs. 50 lakhs each as upfront money. It requested nine months' time period to complete the payment of the OTS.

(x) However, the said offer was rejected by the Financial Creditor on 03.12.2025, on the ground that during the Can-Adalat held on 29.11.2025, the borrower had promised to deposit 50% of the OTS offer amount as upfront, that is Rs. 8 crore. However, since the borrower had submitted only two cheques of Rs. 50 lakhs each as upfront money, the same was not acceptable to the Bank.

(xi) The Bank thereafter continued with the auction process on 19.12.25 and received two separate bids for Lot No. 1 and Lot No. 2 respectively. Lot No. 1, which comprised the assets of the Corporate Debtor jointly owned by other Personal Guarantors, received a single bid of Rs. 8.61 crore, which apparently was marginally higher than the reserve price of Rs. 8.60 crore. Lot No. 2 was also sold by the bank in



the said auction. The Applicants allege that the assets were sold at a grossly undervalued price and that the sale of the core assets would render the Corporate Debtor incapable of effective resolution.

(xii) On 29.12.2025, Narinder Kaur – Personal Guarantor filed CP No. 11/Chd/Pb/2026 under Section 94 of the Code. Registry pointed out defects on 30.12.25, which were cleared on 05.01.2026. IA No. 119/26 in CP No. 11/Chd/Pb/2026 has been filed by Narinder Kaur praying for setting aside sale certificate dated 01.01.2026 issued by the respondent bank under the SARFAESI Act, 2002 since her property is jointly co-owned by Corporate Debtor and in possession of Corporate Debtor by way of running unit against which judgment had been reserved in Section 7 CP (which was subsequently admitted on 20.02.26).

(xiii) The second Application, i.e., IA No. 438 of 2026, has been filed by Jaspal Singh, in CP No. 23/Chd/Pb/2023, which is a Company Petition filed by Canara Bank under Section 7. The prayer in the said Application is for setting aside of the said sale certificate issued by Canara Bank in favour of the auction purchaser pertaining to land, building and plant and machinery of the Corporate Debtor, with a further prayer that the said assets be restored to the assets of the Corporate Debtor and the same be placed under the control and custody of the Interim Resolution Professional.

(xiv) It is alleged that despite intimation of the filing of the Section 94 petition and the commencement of interim moratorium, the Bank



proceeded to issue a sale certificate dated 01.01.2026 in favour of the auction purchaser in respect of the immovable assets and further issued a separate sale certificate in respect of plant and machinery.

(xv) The Applicants contend that since the sale certificates were issued after commencement of the interim moratorium under Section 96 of the Code, the sale had not attained finality before the moratorium and all subsequent actions, including receipt of balance sale consideration, registration of sale certificate and delivery of possession, are impermissible and liable to be set aside.

Reply of the Respondents:

4. Auction purchaser – Respondent No. 2 has adopted the arguments of the Financial Creditor -Respondent No 1. In this context, the stand taken by the Respondents in their respective Affidavits in Reply filed in these Applications, as well as the submissions advanced thereon by the Learned Counsel appearing on their behalf, are summarised collectively hereunder:

(i) The Respondents submit that the present Applications are misconceived and constitute an indirect challenge to concluded SARFAESI proceedings under the guise of Section 60(5) of the Code, despite the availability of alternative statutory remedies under the SARFAESI Act, 2002.

(ii) The secured assets were put to e-auction pursuant to the e-auction notice dated 27.11.2025 and the auction was conducted on 19.12.2025, wherein (Railtech Technologies Private Limited),



Respondent No. 2 emerged as the successful bidder for a consideration of ₹8.61 crore against the reserve price of ₹8.60 crore. The entire sale consideration was duly paid, and the sale certificate was issued on 01.01.2026. Consequently, the rights of the auction purchaser stood crystallised and cannot be unsettled subsequently.

(iii) The Respondents contend that the reserve price was determined based on valuation conducted by a registered valuer and the auction fetched a value higher than the reserve price. It is further submitted that no independent valuation has been produced by the Applicants to substantiate the allegation of undervaluation and that the auction was conducted transparently and in accordance with the provisions of the SARFAESI Act, 2002 and the Security Interest (Enforcement) Rules, 2002.

(iv) Although the Section 7 Application against the Corporate Debtor was filed in 2023 and Orders were reserved on 28.10.2025, no moratorium under Section 14 of the Code was in force before admission of the Application on 20.02.2026. Mere filing of a Section 7 Application or reservation of Orders does not create any embargo upon enforcement proceedings under the SARFAESI Act. Since the auction, receipt of sale consideration and issuance of the sale certificate were completed before commencement of CIRP, no violation of Section 14 of the Code is made out. No rights crystallise in favour of any party on judgement having been reserved. Further, a Financial



Creditor is entitled to simultaneously pursue remedies under the SARFAESI Act and the Code and that the moratorium under Section 14 does not operate retrospectively so as to invalidate completed transactions.

(v) With regard to the proceedings initiated by the Personal Guarantor under Section 94 of the Code, it is submitted that the said Application was filed only on 29.12.2025, after the auction held on 19.12.2025, and remained defective. In any event, the interim moratorium under Section 96 of the Code applies only to the Personal Guarantor and does not extend to the Corporate Debtor or its assets. It is further contended that such interim moratorium cannot invalidate transactions already concluded before its commencement.

(vi) Further, it is the sole discretion of the Financial Creditor as to how to recover the amount in debt, i.e., whether to proceed under the Securitisation Act, 2002 or under the Code; and that there is no legal embargo upon the Financial Creditor to carry out the sale process. Sale carried out by the Financial Creditor is absolutely in consonance with law and, therefore, this Tribunal would not have any jurisdiction to set aside the sale carried out by the Financial Creditor. Reliance has been placed upon *Punjab National Bank v. Vindhya Cereals Private Limited*.

(vii) The Respondents also contend that the right of redemption stood extinguished upon issuance/publication of the auction notice



dated 27.11.2025 in terms of Section 13(8) of the SARFAESI Act, 2002 and, therefore, the Applicants cannot seek to reopen the concluded auction process.

(viii) Earlier OTS proposal of ₹16.15 crore failed due to default on the part of the Corporate Debtor and its guarantors. The subsequent OTS proposal dated 02.12.2025 was not binding upon the Bank and was rightly rejected as the Applicants failed to deposit the requisite upfront amount and merely submitted two cheques of ₹50 lakh each, which were kept in a no-lien account.

(ix) The Respondents deny that the sale of the secured assets has rendered the CIRP infructuous and submit that the Corporate Debtor continues to possess value in the form of intellectual property, patents and technology, thereby keeping open the possibility of resolution.

(x) In support of the aforesaid submissions, reliance has been placed upon *Celir LLP v. Bafna Motors Mumbai Pvt. Ltd.*, (2024) 2 SCC 1; *Pratibha Industries Ltd. through its Liquidator v. Yes Bank Ltd.*, Company Appeal (AT) (Insolvency) No. 1049 of 2024, decided on 04.04.2025; and *Maria Kuresh Rajkotwala v. Rozina Firoz Hajiani*, Company Appeal (AT) (Insolvency) No. 1644 of 2025, decided on 30.10.2025.

(xi) On the aforesaid grounds, the Respondents submit that the auction proceedings, issuance of the sale certificate and consequential actions are valid in law and the Applications deserve dismissal.



ANALYSIS & FINDINGS:

5. We have considered the submissions made by the Learned Counsel appearing for both parties and have gone through the material available on record carefully, and the judgments relied upon in relation to the issues raised in both cases. It is further noted that the arguments in the Section 7 Application filed by Respondent No. 1, namely Canara Bank Ltd., bearing CP(IB)No.23/Chd/Pb/2023, against the Corporate Debtor (Mohan Rail Components Private Limited), were concluded on 28.10.2025, and CIRP was initiated *vide* Order dated 20.02.2026.

6. The first Application bearing **IA(IBC)/438(CH)2026** has been preferred, seeking the setting aside of the sale certificate dated 01.01.2026 issued in favour of the auction purchaser in respect of the core and sole asset of the Corporate Debtor. The second Application bearing **IA(I.B.C)/119(CH)2026** has been preferred by the Personal Guarantor, *inter alia*, seeking the setting aside of the auction sale of the subject property. From the material placed on record, it emerges that the subject property forming part of Lot No. 1 were jointly owned by the Corporate Debtor and the Personal Guarantors, including Ms Narinder Kaur, and has been under the possession and control of the Corporate Debtor on which the factory building is situated.

7. It is further borne out from the record that an Application under Section 94 by one of the personal guarantors was filed on 29.12.2025. An email dated 29.12.2025 at 8:16 AM was sent to Respondent No. 1 Bank,



intimating the filing of the said Application. In terms of Section 96 of the Code, an Interim Moratorium commences from the date of filing of an Application under Section 94 of the Code and operates by force of statute. The protection is automatic and does not depend upon a separate judicial declaration. In the present case, though the auction may have been conducted on 19.12.2025, the balance sale consideration was paid only on 01.01.2026, and then the sale certificate was issued on that day, i.e., 01.01.2026. The completion and crystallisation of the sale transaction therefore occurred after the Interim Moratorium had come into operation. Consequently, the issuance of the Sale Certificate and receipt of consideration on 01.01.2026 could not be sustained. Subsequently, *vide* Order dated 30.01.2026, this Adjudicating Authority directed the parties to maintain status quo as on 29.12.2025 in respect of the assets of the Corporate Debtor as well as those held in joint ownership with the Personal Guarantor till final adjudication.

8. At the outset, it is necessary to take note of the broader factual matrix in which the impugned auction proceedings were conducted. The record reveals that the Respondent Bank itself invoked the jurisdiction of this Adjudicating Authority by filing an Application under Section 7 of the Code, seeking the initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor, with a view to its resolution as a going concern. It is further borne out from the record that the said proceedings had been fully heard and the matter stood reserved for Orders. Notwithstanding the



pendency of the Section 7 Application at such an advanced stage and after detailed hearings given to both the sides and an order reserved on 28.10.2025, the Respondent Bank proceeded with the auction of the land, building, plant and machinery constituting the principal operational assets of the Corporate Debtor by issuing a notice dated 27.11.2025 without even waiting for the order to be pronounced. Such a course of action, though initiated under the SARFAESI Act, directly impacts the very objective sought to be achieved under the Code, namely preservation of the Corporate Debtor as a going concern and maximisation of value through the insolvency resolution process. The parties ought to have acted in such a manner that does not interdict judicial process of adjudication, especially in the present case where the company petition u/s 7 of the Code was preferred by the same Financial Creditor, seeking initiation of CIRP, which is not only restricted for the benefit of the Financial Creditor, but is in the beneficial interest of all, including other Operational Creditors and stakeholders.

9. It is also apposite to advert to Rule 11 of the National Company Law Tribunal Rules, 2016, which preserves the inherent powers of this Adjudicating Authority to make such Orders as may be necessary for meeting the ends of justice or to prevent abuse of the process of the Tribunal. The said provision recognises that procedural rules cannot be permitted to defeat substantive justice, particularly in proceedings under the Code where the objective is preservation and maximisation of the value of assets and ensuring a fair insolvency process. In the facts of the present



case, the conduct of Respondent No. 1 (Canara Bank Limited) in proceeding with the sale process of the assets in joint ownership of the Corporate Debtor and the Applicant Personal Guarantor, after the hearing in Section 7 Application was concluded and the matter was reserved for Order and issuance of the Sale Certificate despite the pendency of proceedings under Section 94 of the Code in the matter of the present Personal Guarantor, clearly warrants the exercise of such inherent powers. This Adjudicating Authority is of the considered view that the invocation of Rule 11 is not only justified but necessary to secure the ends of justice and to ensure that the statutory scheme under the Code is not rendered nugatory. Having invoked the Rule 11 and vested with powers given to the Adjudicating Authority thereon, we consider it appropriate to set aside the said order dated 01.01.2026 so that a process of CIRP, which is in the interest of all the stakeholders and is made with a revival of resolution of the corporate debtor on the Section 7 Application filed by the Respondent bank being financial creditor itself, could be proceeded with without hindrance as created by the bank with the sole objective of recovery, contrary to the objective of resolution under the Code.

10. In view of the foregoing discussion and findings, **IA(I.B.C)/438(CH)2026** in **CP(IB)No.23/Chd/Pb/2023** is allowed. Consequently, the sale certificate dated 01.01.2026 issued in favour of the auction purchaser in respect of the core assets of the Corporate Debtor is hereby set aside, and the reliefs prayed for therein stand granted.



Insofar as **IA(I.B.C.)/119(CH)2026 in CP(IB)No.11/Chd/Pb/2026** is concerned, since the issues involved therein are intrinsically connected with and stand governed by the findings returned in **IA(IBC)/438(CH)2026**, the same is also allowed. The auction sale and consequential actions impugned therein are set aside in terms of the findings recorded hereinabove.

11. Accordingly, **IA(I.B.C.)/119(CH)2026 in CP(IB)No.11/Chd/Pb/2026** also stands **allowed and disposed of**.

Sd/-
Khetrabasi Biswal
Member (Judicial)

Sd/-
Kaushalendra Kumar Singh
Member (Technical)
Gitesh