NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – II
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 15.09.2026 AT 10.30 A.M. THROUGH VIDEO CONFERENCING:

CORAM: SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER	**: IA(I.B.C)/1721(CHE)2025**
PETITION NUMBER	**: CP(IBC)/52/(CHE)2025**
NAME OF THE APPLICANT	**: CA S Prabhu (RP)**
NAME OF THE RESPONDENT(S)	**: --**
UNDER SECTION	**: Rule 11 of NCLT Rules, 2016**

ORDER

Present: Ld. Counsel Ms. Aishwarya for the Petitioner.

Vide separate order pronounced in open court, **IA(I.B.C)/1721(CHE)2025** is taken on record and **CP(IBC)/52/(CHE)2025** is Allowed.

Sd/-	**Sd/-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
Member (Technical)	**Member (Judicial)**

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IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH – II, CHENNAI

CP(IBC)/52(CHE)2025

(Under Section 100 of Insolvency and Bankruptcy Code, 2016)

Mrs. V. Lakshmi,
Rakshanai 91/66 Yard Road,
Tatabad 3rd Street, Tatabad,
Coimbatore – 641 012, Tamil Nadu.

... Applicant / Personal Guarantor

And

IA(IBC)/1721(CHE)/2025
in
CP(IBC)/52(CHE)2025

(Under Section 99 of Insolvency and Bankruptcy Code, 2016)

CA S Prabhu
Resolution Professional for Mrs. V. Lakshmi
M/s. SPP Insolvency Professionals LLP,
2nd Floor, CODISSA G.D. Naidu Towers,
Huzur Road, Coimbatore, Tamil Nadu – 641 018.

… Applicant / Resolution Professional

Order pronounced on 15th September 2026

CORAM

SHRI. JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present:

For Applicant : Ld. Counsels Mr. A.G.Sathyanarayana, Mr. Nanda Gopal, Ms. R. Aishwarya
For TMB : Ld. Counsel Mr. Purujit Narayanan

For RP *: Ld. Counsel Ms. Deepika Gupta*

ORDER

1. This Application has been filed u/s. 94(1) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC") read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 by **V. Lakshmi ("Personal Guarantor" / "Applicant")** to initiate the Insolvency Resolution Process in respect of the Applicant, being the Personal Guarantor for **Vahanashree Marketing Services Private Limited ("Corporate Debtor")**.

2. SUBMISSIONS OF THE APPLICANT:

2.1 The Applicant has given the particulars of debt and default in Part-III of the Application, pertaining to the Creditor, **Tamilnad Mercantile Bank Limited ("TMB")** and amount of the default is **Rs.1,13,52,633.58**/- (One Crore Thirteen Lakhs Fifty Two Thousand Six Hundred and Thirty Three Rupees and Fifty Eight Paise) and **Rs.53,75,428/-** (Rupees Fifty Three Lakhs Seventy Five Thousand Four Hundred and Twenty Eight only). The date of default is mentioned as **14.11.2023** and **02.01.2025** respectively.

2.2 It is submitted that the Corporate Debtor had availed multiple credit facilities from Tamilnad Mercantile Bank Limited, including a Term Loan, Working Capital Loan, Guaranteed Emergency Credit Line (GECL) and Guarantee Debt (Unsecured). The Applicant herein had furnished personal guarantees to the said loans. The Corporate Debtor, for whom the Applicant had furnished personal guarantees failed to repay the debt. Consequently, upon the occurrence of default, the financial creditor invoked the personal guarantees by issuing **demand notices dated 21.11.2023, 31.01.2024 and 04.03.2024** respectively under Section 13(2) of the SARFAESI Act, 2002.

2.3 It is submitted that the secured debt owed by Shree Varsha Papers is Rs. 77,87,807.37/- and on 14.11.2023, the secured debt was availed. The secured debt owed by Valarthiru Print Packs is Rs.35,64,826.21/- and on 04.03.2024, the secured debt was availed. The estimated value of the security, as valued by the creditor is Rs. 1,21,00,000/- in respect of the land & building situated at Vellalore, Coimbatore.

2.4 It is submitted that the Applicant has disclosed complete details of their assets and liabilities. She owns land and a building bearing SF No.33, Sub div. 1A, situated at Door No. 8/1A, Megarali Street, Vellalore

Village & Town Panchayat, Madukarai Taluk, Coimbatore, together with a commercial & residential building constructed thereon, having a total built up area of 4301 sq.ft., on a plot measuring 488 sq.ft. or 10.07 cents, with an estimated value of more than Rs.1,21,00,000/-.

2.5 The Applicant has placed on record a copy of letter dated 02.01.2025 issued by Mr. M. Ramachandran, invoking the guarantee, for an amount of Rs. 53,75,428/- in respect of the debt that remained unpaid by the Corporate Debtor, Vahanashree Marketing Services Private Limited .

2.6 It is further submitted that the Applicant has affirmed that the debt for which this application is filed does not fall under the category of "excluded debts" under Section 79(15)(e) of the Code.

3. APPOINTMENT OF RESOLUTION PROFESSIONAL

3.1 Vide order dated **30.09.2025** in CP(IBC)/52(CHE)/2025, pursuant to the application filed under Section 94 of the Insolvency and Bankruptcy Code, 2016, seeking to initiate the insolvency resolution process against the personal guarantor this Tribunal appointed **Mr. Prabhu S**, with Reg. No: IBBI/IPA-001/IP-P01275/2018-2019/11948, as the Resolution Professional (RP), to examine the company application and submit a report under section 99 of the IBC.

4. <u>REPORT OF THE RESOLUTION PROFESSIONAL</u>

4.1 Upon receipt of the appointment, the RP examined the application in accordance with the provisions of the IBC and verified its compliance with all statutory requirements under Section 94 of the IBC.

4.2 The RP submits that the Applicant/Personal Guarantor, Mrs. V. Lakshmi, had furnished a personal guarantee in respect of the credit facilities availed by the Corporate Debtor, Vahanashree Marketing Services Private Limited. The details of the debt are extracted as follows:

Borrower	Loan Outstanding	Remarks
M/s. Shree Varsha Papers	Rs. 77,87,807/-	The Debtor is a guarantor for this loan outstanding
M/s. Valarthiru Print Packs	Rs. 35,64,826/-	The Debtor is the proprietor and mortgaged her property for the said loan
M/s. Vahanashree Marketing Services Private Limited	Rs. 53,75,428/-	The Debtor is the Director and also a guarantor for this loan outstanding
Total	**Rs. 1,67,28,061/-**	

4.3 It is stated that Mrs. V. Lakshmi is liable as a guarantor in respect of the loans availed from Tamilnad Mercantile Bank Limited by Shree Varsha Papers & Valarthiru Print Packs, the accounts of which have been classified as NPAs. The Corporate Debtor, Vahanashree Marketing

Services Private Limited, owes a tune of Rs. 53,75,428/- to Mr. M. Ramachandran. Mrs. V Lakshmi had furnished a personal guarantee in respect of the said loan, which has been invoked by the lender.

4.4 It is stated that the accounts of Shree Varsha Papers & Valarthiru Print Packs were classified as NPA following defaults. Despite the same, TMB issued recall notices and possession notice under the SARFAESI Act. The Corporate Debtor also defaulted in complying with the deed dated 15.04.2024 executed in favour of Mr. M. Ramachandran by failing to issue shares or refund the amount. The said amount was recorded as an unsecured loan in the Financial Year 2022-2023 pursuant to a mutual agreement, and the repeated recall letters evidence the continuing default.

4.5 It is stated that, upon examination of the sanction letters, loan recall notices, SARFAESI correspondence, possession records, and bank statements, it is evident that the liabilities of Rs. 1,13,52,633.58 and Rs. 53,75,428/- constitute debts due and payable by the Personal Guarantor, and that the personal guarantor has committed a default. It is established that TMB holds a legally enforceable financial debt against the Personal Guarantor, in respect of which a default has occurred, and that the said debt remains outstanding and payable as on the date. Additionally, the debt owed to Mr. M. Ramachandran, Proprietor of Suryanarayana Enterprises, also remains due and payable as on date.

4.6 Accordingly, the RP has recommended to this Tribunal that the Application filed under Section 94 of the Code be admitted and that the insolvency resolution process be initiated against Mrs. V. Lakshmi in respect of the personal guarantee furnished for the corporate debtor, Vahanashree Marketing Services Private Limited, in accordance with law.

4.7 Observations in the report filed under Section 99 of the IBC are as follows:

***i. Details of debt*:**

Sl.No.	Particulars	
1	Outstanding Claim	The outstanding loan amounts are Rs. 77,87,807/- in respect of Shree Varsha Papers, Rs. 35,64,826/- in respect of VAlarthiru Print Packs, and Rs. 53,75,428/- in respect of Vahanashree Marketing Services Private Limited (Corporate Debtor).
2	Documents establishing PG's Liability	1. Demand Notices dated 21.11.2023, 31.01.2024, 04.03.2024, u/s 13(2) of SARFAESI Act, 2002 was sent to Guarantor by Tamilnad Mercantile Bank Limited. 2. Personal Guarantee deed dated 15.04.2024. 3. Letter invoking the guarantee dated 02.01.2025.

		4. Axis Bank current account statement. 5. Reminder letter dated 05.10.2024, 02.11.2024, 07.12.2024. 6. Financial statements for the period of 2020-2021 to 2022-2023. 7. Recall notice dated 15.11.2023 & 26.02.2024. 8. Reply to recall notice dated 13.03.2024.

ii. Compliance under Section 94 of IBC

Section under IBC	Details of the Sections	Compliance
94 (1)	A debtor who commits default may apply either by personally or through a resolution professional to the Adjudicating Authority for initiating an insolvency resolution process under this section by submitting an application.	The debtor (Mrs. V Lakshmi) has themselves filed this application before the Adjudicating Authority for initiating the insolvency resolution process.
94(2)	Where the debtor is a partner of a firm, such debtor shall not apply under this Chapter to the Adjudicating Authority in respect of the firm unless all or a majority of the partners of the firm file the application jointly.	Not applicable
94 (3)	An application under sub-section (1) shall be submitted only in respect of debts which are not excluded debts.	Not applicable
94 (4)	A debtor shall not be entitled to make an application under sub-section (1) if she is- (a) an undischarged bankrupt; (b) undergoing a fresh start	Verified through the debtor's declaration and public database searches (IBBI website / NCLT portal) that no concurrent

Section under IBC	Details of the Sections	Compliance
	process; (c) undergoing an insolvency resolution process; or (d) undergoing a bankruptcy process.	proceeding exists.
94 (5)	A debtor shall not be eligible to apply under sub-section (1) if an application under this Chapter has been admitted in respect of the debtor during the period of twelve months preceding the date of submission of the application under this section.	The debtor has not previously undergone any Insolvency Resolution process during any preceding years.
94 (6)	The application referred to in sub-section (1) shall be in such form and manner and accompanied with such fee as may be prescribed.	An application had been made in Form A under rule 6(1) of Insolvency and Bankruptcy (Application to Adjudication Authority for Insolvency Resolution Process for Personal Guarantor to Corporate Debtor) Rules, 2019. The relevant fees had been paid through Bharatkosh - Receipt No. 1402250029007 dated 14.02.2025 for Rs. 2000.

5. <u>SUBMISSIONS OF THE TAMILNAD MERCANTILE BANK LIMITED (TMB):</u>

5.1. Tamilnad Mercantile Bank Limited, the Objector, has filed a reply affidavit to the RP Report in IA(IBC)/1721(CHE)/2025.

5.2 It is submitted that the Applicant had availed loan facilities from TMB by creating an equitable mortgage in her capacity as the proprietor of M/s. Valarthiru Print Packs and as a guarantor for another entity owned by her husband namely, M/s. Shree Varsha Papers. The said loan accounts were declared as Non-performing Asset (NPAs), pursuant to which TMB initiated measures under Section 13 of the SARFAESI Act.

5.3 It is submitted that an auction sale notice was issued in respect of the aforesaid mortgaged property. The Applicant challenged the sale notice dated 13.02.2024 before the DRT, Coimbatore, in SA 216 of 2024. The DRT granted a conditional interim stay order on 19.03.2024, providing that in the event of failure on the part of the Personal Guarantor to comply with the conditions imposed therein, the bank would be at liberty to proceed further under the SARFAESI Act. The Applicant failed to comply with the said conditions. Consequently, TMB sold the property for a sum of Rs. 1,21,00,000/- and a sale certificate was issued on 31.05.2024 in favour of the successful bidder/ auction purchaser.

5.4 In the meantime, the personal guarantor filed an appeal before the DRAT, seeking waiver of the conditional amount imposed by the DRT. The said appeal was subsequently dismissed.

5.5 It is submitted that the Applicant suppressed the fact that the outstanding dues owed to TMB had been partly recovered/realized through the auction sale of the same property which the Applicant had disclosed in the particulars of her assets, despite the said property having already been sold by way of auction and a sale certificate having been issued is favour of the successful bidder/ auction purchaser.

5.6 It is submitted that the present Application has been filed sole intention of circumventing the measures initiated under the SARFAESI Act, which amounts to an abuse process of law. Accordingly, the recommendation of the RP for initiation of the individual insolvency resolution process against the personal guarantor is liable to be dismissed.

OBSERVATIONS AND FINDINGS OF THIS TRIBUNAL

6. Heard the submissions made by Learned Counsels for the Applicant, TMB and RP and perused the report of the RP.

7. The present application has been preferred by the Applicant under Section 94(1) of the Insolvency and Bankruptcy Code, 2016 seeking initiation of the insolvency resolution process in respect of herself as a Personal Guarantor.

8. It is seen from the records that Shree Varsha Papers and Valarthiru Print Packs had availed credit facilities from Tamilnad Mercantile Bank Limited, for which the Applicant had furnished personal guarantees. The outstanding secured debts were Rs. 77,87,807.37/- and Rs.35,64,826.21/-, respectively. The accounts were classified as NPAs, and TMB invoked personal guarantees and initiated measures under Section 13 of the SARFAESI Act. The mortgaged property was sold for Rs. 1,21,00,000/- and a sale certificate was issued on 31.05.2024 in favour of the successful bidder/ auction purchaser.

9. It is observed that the Corporate Debtor defaulted in complying with the deed dated 15.04.2024 executed in favour of Mr. M. Ramachandran by failing to issue shares or refund the amount. The said amount was recorded as an unsecured loan in the Financial Year 2022-2023 pursuant to a mutual agreement. Mr. M. Ramachandran, Proprietor of Suryanarayana Enterprises, invoked the personal

guarantee furnished by the Applicant under the guaranteed deed dated 15.04.2024, and the said debt remains due and payable as on date.

10. The default of the Corporate debtor is below the threshold prescribed for initiation of the Corporate Insolvency Resolution Process under Section 4 of the IBC. However, the absence of a qualifying default for initiation of CIRP against the Corporate Debtor does not, by itself, bar the initiation of individual insolvency resolution proceedings against the Personal Guarantor under the applicable provisions of the IBC.

11. It is observed that an Application under Section 94 / 95 of IBC can be filed independently without the pre-requisite of any CIRP against the Corporate Debtor. Therefore, the Application filed by the Applicant / Personal Guarantor is maintainable.

12. The RP in his report has observed that the Applicant satisfies the requirements as set out in Section 94 of IBC, 2016. He has accordingly recommended for admission of this Application. The RP report is taken on record. Accordingly, **IA(IBC)/1721(CHE)/2025** stands **disposed of**.

13. Section 128 of the Indian Contract Act, 1872, provides that when a default is committed, the Principal Borrower and Surety are jointly and severally liable to Creditor and the Creditor has the right to recover its dues from either of them or from both of them simultaneously. Section 128 of the Indian Contract Act, 1872 is reproduced hereunder:

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

14. In the present case the dates of default are 14.11.2023 and 02.01.2025 and date of filing of this Application is 06.03.2025. Thus, considering the date of default and the date on which this petition has been filed, we are of the opinion that this petition is within the period of limitation. In the light of the aforesaid observations, the present Petition i.e. **CP(IBC)/52(CHE)/2025** is admitted. The Insolvency Resolution Process is initiated against the Personal Guarantor **Mrs. V. Lakshmi**.

15. In the instant case, the Applicant has proposed the name of the Insolvency Professional Mr. Prabhu S. Accordingly, we appoint ***Mr. Prabhu S, with Reg. No. IBBI/IPA-001/IP-P01275/2018-2019/11948 (AFA valid till 31.12.2026)*** as the RP.

16. We hereby direct as follows;

I. Initiate Insolvency Resolution Process against the Respondent/Personal Guarantor. The moratoriums 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 1BC, 2016. During the moratorium period,

a. Any pending legal action or 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. Prabhu S,*** with ***Reg. No. IBBI/IPA-001/IP-P01275/2018-2019/11948 (AFA valid till 31.12.2026)*** Insolvency Resolution Professional 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, Chennai Bench, inviting claims from all Creditors, within 21 days of such issue. The notice under Sub Section (1) of Section 102(2) shall include: -

a. details of the order admitting the application;

b. particulars of the resolution professional with whom the claims are to be registered; and

c. the last date for submission of claims.

III. The publication of notice shall be made in two newspapers, one in English and other in Vernacular, which have wide circulation in the State where the Corporate Debtor and Personal Guarantor reside. The Resolution Professional shall furnish two spare copies of the notice to the Registry for the record.

IV. The Resolution Professional, in exercise of the powers conferred under Section 104, shall prepare a list of creditors on the basis of:

a. the information disclosed in the application filed by the debtor under Sections 94 or 95 as the case may be, and

b. claims received by the Resolution Professional under Section 102 within 30 days from the date of the notice. The debtor shall prepare a repayment plan under Section 105, in consultation with the Resolution Professional, containing a proposal to the Creditors for restructuring of his debts or affairs.

V. The repayment plan may authorize or require the Resolution Professional to:

a. carry on the debtor, business or trade son his behalf or in his name: or

b. realise the assets of the debtor; or

c. administers or dispose of any funds of the debtor.

VI. The repayment plan shall include the following, namely;

a. justification for preparation of such repayment plan and reasons based on which the creditors may agree upon the plan;

b. provision for payment of fee to the Resolution Professional;

c. such other matters as may be specified.

VII. The Resolution Professional shall submit the repayment plan along with his report on the plan to this Authority within a period of 21 days from the last date of submission of claims, as provided under Section 106.

VIII. In case the Resolution Professional recommends that a meeting of the creditors is not required to be called, he shall record the reasons thereof. If the Resolution Professional is of the opinion that a meeting of the creditors should be summoned, he shall specify the details as provided under Section 106(3) of IBC, 2016. The date of meeting should not be less than 14 days or more than 28 days from the date of submission of the Report under subsection (1) of Section 106 of IBC, 2016, for which at least 14 days' notice to the creditors (as per the list prepared) shall be issued by all modes. Such notice must contain the details as provided under the provisions of Section 107 of IBC, 2016.

IX. The meeting of the creditors shall be conducted in accordance with Sections 108, 109, 110 & 111 of IBC, 2016. The Resolution

Professional shall prepare a report of the meeting of the creditors on repayment plan with all details as provided under Section 112 of IBC, 2016 and submit the same to this Tribunal, copies of which shall be provided to the Debtor and the Creditors. It is made clear that the Resolution Professional shall perform his functions and duties in compliance with the Code of Conduct provided under Section 208 of IBC, 2016.

X. The Resolution Professional shall submit his periodic reports before this Tribunal, every 30 days.

XI. The Petitioner is directed to deposit **Rs. 3,00,000/- (Rupees Three Lakhs only)** to the bank account of the Resolution Professional within one week of this order, towards his fees and expenses. This shall be subjected to the rules and regulations under the provisions of the Insolvency and Bankruptcy Code, 2016.

XII. The Registry is directed to communicate to the concerned parties a copy of order within seven working days and upload the same on the website immediately after the pronouncement of order.

17. Accordingly, **CP(IBC)/52(CHE)/2025** stands **admitted.** **IA(IBC)/1721(CHE)/2025** also stands **disposed of.**

-Sd-	**-Sd-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)