IN THE NATIONAL COMPANY LAW TRIBUNAL

ALLAHABAD BENCH, PRAYAGRAJ

CP (IB) NO.66/ALD/2024

(An application filed under Section 95 of the Insolvency and Bankruptcy Code, 2016 r/w Rule 7(2) of the Insolvency and Bankruptcy Rules, 2019)

IN THE MATTER OF:

INDIAN BANK (ERSTWHILE ALLAHABAD BANK)

A Body Corporate under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970,
Having its Corporate Office at 254-260, Avvai Shanmugham Salai, Royapettah, Chennai-600014 a branch amongst others at Stressed Asset Management Branch, Hazratganj, District Lucknow (UP)
Code-6423 Hazaratganj, 226001, Through its Chief Manager.

.........Applicant/Financial Creditor

Versus

SMT. PREETI JAIN

W/o Sh. Ajay Kumar Jain,
Resident of H. NO. 128/09,
H-1 Kidwai Nagar, Kanpur- 208011

..........Respondent/ Guarantor

Order pronounced on: 06.05.2026

Coram:

Sh. Praveen Gupta	:	Member (Judicial)
Sh. Ashish Verma	:	Member (Technical)

Appearances:

Sh. Sharad Kumar Shukla, Adv.	: For the Financial Creditor/Indian Bank
Ms. Veenu Drall & : For the RP, in all cases Sh. Vedant Chahal Advs.	: For the RP, in all cases

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ORDER

1. This application filed on 24.04.2024 is on behalf of Indian Bank (erstwhile Allahabad Bank) (hereinafter referred to as "Applicant Bank/ Financial Creditor") under Section 95 of Insolvency and Bankruptcy Code (hereinafter referred to as the Code) r /w Rule 7(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantor to Corporate Debtor) Rules, 2019. The prayer made is to initiate the Personal Insolvency Resolution Process (hereinafter referred to as "PIRP") against the Respondent/ Personal Guarantor, Smt. Preeti Jain who stood as Personal Guarantor to the credit facilities availed by the Corporate Debtor i.e., M/s Primuss Metroll Limited formerly known as M/s Raj Ratan Smelter Limited.

2. The facts of this case are that the Applicant Bank sanctioned credit facilities to the Corporate Debtor on 30.07.2009 consisting of Term Loan of Rs. 270 lakhs, Cash Credit of Rs. 1100 lakhs and Bank Guarantee of Rs. 130 lakhs. These facilities were further secured by way of hypothecation of all the Current Assets of the Company including Stocks and Debtors (upto 3 month old) both present and future, Term Loan Hypothecation of Plant and Machinery at factory premises at Plot No. 365 to 369, Rania, Akhbarpur, Kanpur, Dehat

-Sd-

valued at Rs. 441.96 lakhs approximately, Collateral Equitable Mortgage of land and Building situated at Plot no. 365 to 369, Rania, Akhbarpur, Kanpur, Dehat and Personal guarantees of erstwhile directors namely Mr.Hira Lal khatri, Mr.Sunil Khatri , Mr.Atma Ram Khatri and Mr.Jay Kishan Khatri. The Loan Sanction letter dated 30.07.2009, the letter of hypothecation dated 31.07.2009 and Personal Guarantee agreement dated 31.07.2009 are annexed as Exhibit A-3(a), A-5 and A-11 with the Application respectively.

3. The Applicant Bank later reviewed and enhanced the aforesaid facilities on the request of the Corporate Debtor along with its erstwhile Directors and Guarantors from time to time vide sanction letter dated 23.11.2010, 28.05.2012 and 23.11.2015 respectively. Pursuant to these enhancement facilities, an equitable mortgage of Second Floor constructed at Premises no. 59/132-A Purani Dal Mandi, Birhana Road, Kanpur admeasuring covered area of 581.55 sq.mt. valued at Rs. 203.45/- Lakhs was also executed to secure the aforesaid facilities in favour of the Applicant Bank.

4. It is submitted that the Applicant Bank was informed about the induction of. Mr. Ajay Kumar Jain, Mr. Aditya Jain and Mrs. Preeti Jain as new directors of the Corporate Debtor and the Applicant Bank accepted the change in management of the Corporate Debtor and

-Sd-

further renewed the credit facilities sanctioned to the Corporate Debtor vide sanction letter dated 24.09.2018. Through this sanction letter, the Applicant Bank also released/ discharged the existing Personal Guarantors except Mr. Atma Ram Khatri and Mr. Heera Lal Khatri. Thereafter, the new directors of the Corporate Debtor i.e. with Mr. Ajay Kumar Jain, Mr. Aditya Jain and Mrs. Preeti Jain executed guarantee agreement dated 26.04.2019 to secure the credit facilities availed by the Corporate Debtor.

5. The Applicant Bank avers that the Corporate Debtor/ Personal Guarantors failed to repay the aforesaid loans so disbursed by the Applicant Bank, despite of several reminders and follow ups by the Applicant Bank. Consequently, the Applicant Bank sent legal notices dated 27.09.2019 and 22.10.2019 calling upon the Corporate Debtor/ Personal Guarantors to make the payment of outstanding dues mentioned therein but the Corporate Debtor/ Guarantors have failed to make the payment as mentioned in the legal notices. Consequently, the Applicant Bank classified the account of the Corporate Debtor as a Non-Performing Asset (NPA) on 27.12.2019 as per the guidelines of Reserve Bank of India.

6. Consequent to the classification of the loan accounts of the Corporate Debtor as NPA, the Applicant Bank issued a notice dated 30.12.2019

-Sd-

under section 13(2) of the SARFAESI Act, 2002 to the Corporate Debtor as well as to the Personal Guarantor, Smt. Preeti Jain calling upon them to make payment of Rs. 23,26,65,103/- as was outstanding on 30.12.2019 inclusive of interest and discharge the entire liability along with cost, charge and expenses incurred by the Applicant Bank. The Corporate Debtor and Personal Guarantor however, failed to make the payments in tune of aforesaid amount and therefore the Applicant Bank took symbolic possession of the mortgaged property by issuing a Possession Notice dated 16.03.2020 under Rule 8(1) Security Interest (Enforcement) Rule, 2002.

7. Even after issuance of notice under section 13(2) as discussed above, Corporate Debtor/ Personal Guarantor failed to pay of outstanding loan amount, thereafter Financial Creditor also filed an Original Application against them on 07.03.2022 bearing O.A. no. 190 of 2022 which is still pending for adjudication before learned Debts Recovery Tribunal, Allahabad.

8. Subsequently, the Applicant issued a demand notice dated 24.11.2023 upon the personal guarantor under Rule 7(1) of the PG Rules, 2019 in the Form B demanding repayment of the outstanding debt to the tune of Rs. 29,13,99,669/- as on 24.11.2023 along with accrued interest within a period of 14 days of the receipt of the demand notice. In

-Sd-

response to this notice neither any reply has been submitted nor any payment has been made. Therefore, the present Application u/s 95 of the Code has been filed by applicant on 24.04.2024 to initiate PIRP against the Personal Guarantor.

9. Pursuant to filing of the application u/s 95 as discussed above, this Tribunal vide order dated 10.10.2024 appointed Mr. Virendra Maurya as Resolution Professional having Registration No. IBBI/IPA- 001/IP-P-02627/2021-2022/14022, and address at E 1/145, Barra 8, Near KDMA School, Kanpur Nagar, Uttar Pradesh- 208022 to examine this petition and was directed to make the recommendations for acceptance or rejection of this application.

10. The Resolution Professional (hereinafter referred as 'RP') has filed an Interlocutory Application bearing IA No. 105/2025 dated 19.03.2025 for submitting report u/s 99(1) of the Code and the same has been taken on record vide order dated 21.05.2025.

11. The Resolution Professional has in his report stated that the present application satisfies all the requirements in terms of Section 95 of IBC, 2016 and has recommended to initiate PIRP against Smt. Preeti Jain, the Personal Guarantor. The relevant portion of RP's Report is extracted below:

-Sd-

"C. Recommendation of the undersigned under section 94(1)(7) of the Code:

- ***i.*** *On the basis of the gathered facts and figures in the application bearing CP Number IB-66/ALD/2024, the undersigned is of the opinion and view that the Application against Smt. Preeti Jain satisfy all the requirements as set out under section 95 of the Code.*
- ***ii.*** *That the Even after giving sufficient time Smt. Preeti Jain has failed to give necessary evidence to prove the repayment of debt due to corporate debtor even after the service of demand notice under section*
- ***iii.*** *That from the Record of Default of CD filed and with NESL Information Utility (IU) and further Authenticated by NESL (IU), the Default is confirmed.*
- ***iv.*** *It is just and equitable that insolvency process should be initiated in respect of Smt. Preeti Jain.*
- ***v.*** *The undersigned recommends that present Application under section 95(2) of the Code, deserved to be accepted by this Hon'ble Tribunal. The undersigned has reached at this conclusion based on facts and observations derived from the Application."*

12. After taking the above report of RP on record, this Tribunal vide its order dated 21.05.2025 directed notices to be issued to Respondent Personal Guarantor to file reply/objections if any to the report of the RP. However, during the course of proceeding on 10.06.2025, the RP

-Sd-

-Sd-

submitted that no response/ objections has been received from the Personal Guarantor. Thereafter, this Tribunal vide its order dated 09.09.2025 granted a last opportunity to the Personal Guarantor to file reply/ objections, if any, within two weeks. However, the Personal Guarantor failed to file any reply/ objection and therefore the right to file reply by the Respondent Personal Guarantor was struck off vide order dated 05.12.2025.

FINDINGS AND ORDER

13. We have heard the submissions of the Applicant and perused the Report received under Section 99 of IBC, 2016 by the RP recommending admission of the Section 95 Application and initiation of the PIRP against the Personal Guarantor.

14. The Personal Guarantor viz. Smt. Preeti Jain executed deed of personal guarantee on 26.04.2019 in favour of the Applicant/Financial Creditor to secure the repayment of the principal amount of the loan disbursed by the Applicant in respect of the loan facilities availed by the Corporate Debtor. On default by the Principal Borrower/ Corporate Debtor, the loan account of Corporate Debtor was classified as NPA on 27.12.2019 as per guidelines of RBI. The Applicant Bank sent the notice dated 30.12.2019 u/s 13(2) of the SARFAESI Act, 2002 to the borrower Corporate Debtor as well as to the Respondent Guarantor

-Sd-

requesting to pay the dues of the Applicant Bank, thus invoking the personal guarantee of the Respondent/Guarantor. The Corporate Debtor and its Guarantors failed to repay the outstanding dues against them and in view thereof, the Original Application was filed against the Corporate Debtor and all the Guarantors before the Learned Debts Recovery Tribunal, Allahabad which was registered and numbered as O.A. No 190 of 2022.

15. Subsequently, the Applicant issued a demand notice in Form B dated 24.11.2023, demanding payment of the amount in default from the Personal Guarantor which was duly served and delivered to the Personal Guarantor. However, no response was received in this regard and the Personal Guarantor failed to make the payment of the amount in default to the Applicant within 14 days from the date of receipt of the said notice. The copy of Demand Notice dated 24.11.2023 along with delivery report has been annexed as Annexure-8 with the main petition. As per Part III, an amount of Rs. 23,26,65,103/- is in default by Corporate Debtor. On account of above failure by the Respondent Guarantor, the present application u/s 95 (1) has been filed by the Applicant Bank.

16. On perusal of record, we found that the Personal Guarantor herein had executed a personal guarantee on 26.04.2019 in favour of the

-Sd-

-Sd-

Applicant Bank to secure the repayment of the credit facilities disbursed by the Applicant Bank and availed by the Corporate Debtor. On default by the Corporate Debtor, the Applicant Bank sent the demand notice dated 30.12.2019 under section 13(2) of the SARFAESI Act, 2002 to the borrower Corporate Debtor as well to the Respondent Guarantor in his capacity of Director and Personal Guarantor both, thereby requesting to pay the dues of the Applicant Bank in following terms:

> "*7. By this notice, you are hereby called upon to discharge the entire liability as on date and also future interest thereon, along-with cost, charge and expenses to us as Secured Creditor within 60 days from the date of this notice, failing which the bank shall be constrained to exercise all or any of our rights(s) conferred under Section 13(4) and other provisions of the above Act.*"

17. Now, the following issues are to be dealt with: -

i. Whether there is a debt and default, and

ii. Whether the Application filed is within limitation period.

18. With regards to the issue of debt and default it is clear from the facts of the case as have already been discussed in the order that the Respondent Personal Guarantor executed an agreement of Guarantee dated 26.04.2019 to secure the repayment of financial assistance availed by the Principal Borrower/ Corporate Debtor i.e. Primuss

-Sd-

Metroll Limited from the Applicant Financial Creditor Indian Bank. Pursuant to default in repayment of debt by the Corporate Debtor, Corporate Debtor and Personal Guarantors were called upon to discharge the entire liability as on date by issuing a notice dated 30.12.2019 u/s 13(2) of SARFAESI Act, 2002 as discussed in para 6 of this order. Subsequently, a demand notice in Form B dated 24.11.2023 as per the provision of Section 95(4) (b) read with Rule 7(1) of the Personal Guarantor regulations mentioning the total default amount of Rs. 23,26,65,103/-, no repayment of outstanding debt has been made. Resolution Professional in his report under section 99 has submitted that even after issuance of notices by him to PG u/s 99(2), no evidence showing repayment of outstanding debt has been produced. This clearly establishes that there is an outstanding debt exceeding Rs. 1 crore and default in its repayment by Personal Guarantor has occurred after invocation of guarantee. Therefore, there is debt and default existing in this case exceeding the threshold limit.

19. Moreover, on failure of both, the Corporate Debtor as well as the Personal Guarantor to repay the outstanding debt even after issuance of notice u/s 13(2) of SARFAESI Act, 2002, applicant bank initiated an action under section 13(4) of the SARFAESI Act and took a symbolic possession on 16.03.2020. Applicant bank has also filed an

-Sd-

-Sd-

OA No. 190 of 2022 for recovery of dues before DRT, Allahabad which is pending for adjudication.

20. Since the issue of debt and default is clear and fairly established from the facts of the case as have already been discussed in the order that the Respondent Personal Guarantor executed an agreement of Guarantee dated to secure the repayment of financial assistance availed by the Corporate Debtor from the Financial Creditor, we will deal now with the issue of limitation period.

21. With regards to the issue of limitation, the date of default, as reflected in Part III, is 27.12.2019 when the account of the Corporate Debtor was classified as NPA by the Applicant Bank. Thereafter, Applicant invoked personal guarantee of the Personal Guarantors, as discussed in para 6 of the present order, on 30.12.2019 by issuing notice u/s 13(2) of SARFAESI Act, 2002. Applicant submits that this application is filed on 24.04.2024 and is well within the period of limitation. Owing to extensions granted by Hon'ble Supreme Court in **Suo Motu Writ Petition (C) No. 3 of 2020** the present application is well within the period of limitation. *The extracts of the order dated 10.01.2022 in this regard, are reproduced below:*

"5. Taking into consideration the arguments

-Sd-

advanced by learned counsel and the impact of the surge of the virus on public health and adversities faced by litigants in the prevailing conditions, we deem it appropriate to dispose of the M.A. No. 21 of 2022 with the following directions:

I. *The order dated 23.03.2020 is restored and in continuation of the subsequent orders dated 08.03.2021, 27.04.2021 and 23.09.2021, it is directed that the period from 15.03.2020 till 28.02.2022 shall stand excluded for the purposes of limitation as may be prescribed under any general or special laws in respect of all judicial or quasi-judicial proceedings."*

22. Since the guarantee was invoked on 30.12.2019 and limitation period for filing this application u/s 95 expired on 30.12.2022, however availing the extended period of limitation (i.e. 15.03.2020 to 28.02.2022) which is now expiring on 14.12.2024 (1019 days from 01.03.2022) as per the aforementioned order, the present application having been filed on 24.04.2024 is well within the limitation period.

23. The provisions of Section 128 of the Indian Contract Act, 1872 render the liability of the guarantor co-extensive with that of the principal debtor, unless otherwise provided. The personal guarantee executed by the Respondent herein is absolute, unconditional, and irrevocable. On perusal of the Deed of Guarantee dated 27.09.2019, we find that the

-Sd-

Respondent had undertaken to pay forthwith, upon demand, all sums payable by the Corporate Debtor under the facility documents. In the present case, despite demand, the Guarantor has failed to discharge his liability.

24. We have gone through the report dated 15.11.2024 filed by the RP and we find that:

i. The Insolvency Petition satisfies the requirement of Section 95 of IBC, 2016 and has been filed in the requisite form, in terms of Rule 7(1) of the Rules, 2019, supported by requisite fee and documents.

ii. The Guarantor after being duly served with demand notice dated 24.11.2023, has committed default in repayment of his debts;

iii. That the debts mentioned in the application are not excluded debts.

iv. That the Personal Guarantor is not eligible for a fresh start process provided under Chapter II of IBC, 2016.

25. Considering the above facts and circumstances and upon perusal of the documents on record, the CP (IB) No.66/ALD/2024 filed under Section 95 of the IBC, 2016 is hereby admitted and the Personal Insolvency Resolution Process (PIRP) stands initiated against Smt. Preeti Jain viz. the Guarantor herein. We hereby direct as hereinafter:

I. Initiate PIRP against the Respondent/Personal Guarantor and moratorium in relation to all the debts is declared, from today i.e.

-Sd-

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 or proceeding in respect of any debt shall be deemed to have been stayed, and

b. The Financial 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. Virendra Maurya having IBBI Registration No. IBBI/IPA-001/IP-P-02627/2021-2022, R/o E 1/145, Barra 8, near KDMA School, Kanpur Nagar, Uttar Pradesh-208022 and email: virendramaurya.ip@gmail.com, who is already appointed RP vide our order dated 10.10.24 shall continue as such for carrying forward the PIRP against the Personal Guarantor.

III. RP is further 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 Allahabad Bench, inviting claims from all Financial Creditors, within 21 days of such issue. The notice under Sub Section (1) of Section 102(2) shall include: -

-Sd-

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

IV. 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.

V. The Resolution Professional, in exercise of the powers conferred under Section 104, shall prepare a list of Financial 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.

VI. The debtor shall prepare a repayment plan under Section 105, in consultation with the Resolution Professional, containing a proposal to the Financial Creditors for restructuring of his debts or affairs.

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

a. Carry on the business or trade on 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.

VIII. The repayment plan shall include the following, namely:

-Sd-

a. Justification for preparation of such repayment plan and reasons based on which the Financial Creditors may agree upon the plan;
b. Provision for payment of fee to the Resolution Professional;
c. Such other matters as may be specified.

IX. 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.

X. Repayment Plan as per Regulation 19 of IBBI (Insolvency Resolution Process) Regulation, 2019, shall be submitted by the RP within an overall time limit of 120 days from the commencement of the present resolution process i.e. date of this order.

XI. In case the Resolution Professional recommends that a meeting of the Financial 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 Financial 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 Financial 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.

-Sd-

-Sd-

XII. The meeting of the Financial 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 Financial 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 Financial 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.

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

XIV. The Applicant is directed to deposit INR 1,00,000/- to the bank account of the Resolution Professional within one week, towards his fees. This shall be subjected to the rules and regulations under the provisions of the Insolvency and Bankruptcy Code, 2016.

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

26. Accordingly, CP (IB) NO. 66/ALD/2024 is admitted.

27. Next date is fixed for compliance on 29.06.2026.

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(Ashish Verma)
Member (Technical)

(Praveen Gupta)
Member (Judicial)

Date: 06.5.2026