IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH
COURT- VI

I.A No. 4796 of 2022
in
C.P.(I.B.) No. 395/ND/2022

IN THE MATTER OF: -
M/s CANARA BANK
Registered office at:2nd Floor ,
World Trade Tower,
Barakhamba Lane , New Delhi-110001
Through Resolution Professional;
Vivek Parti

…FINANCIAL CREDITOR/PETITIONER

VERSUS

Mr. Karan A Chanana
(Personal Guarantor of Corporate Debtor
Amira Pure Foods Private Limited)
R/O 36, Prakriti Marg,
M.G Marg Road, New DELHI-110030

… PERSONAL GUARANTOR/RESPONDENT

Order Delivered on: 12.08.2026

CORAM:

JUSTICE JYOTSNA SHARMA,
HON'BLE MEMBER (JUDICIAL)

MS. ANU JAGMOHAN SINGH
HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the RP : Mr. Ankur Mittal, Ms. Sabhya Jain and Ms. Anshuli Sharma

For the PG : Adv. Smiti Verma, Adv. Nimish Sharma

ORDER

1. The present application has been filed by **Canara Bank (**"Financial Creditor/Applicant"), under Section **95(1)** of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule **7(2)** of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 against **Mr. Karan A Chanana** ("Personal Guarantor / Respondent") for the recovery of total debt amounting to Rs. 425,93,43,281.42/- (Rupees Four Hundred Twenty-Five Crores Ninety-Three Lakhs Forty-Three Thousand Two Hundred Eighty-One and Forty-Two Paise Only), vide C.P. (IB) No.395/ND/2022. The Date of Default, per Part-III of the present petition, is 29.09.2017.

2. **Facts of the case as averred of Financial Creditor:**

I. The **M/s Amira Pure Foods Private Limited** (Corporate Debtor) approached the Applicant Bank from time to time for grant of certain credit facilities for the purpose of their business activities. As against the said working capital facilities, the Personal Guarantor viz. Respondent herein executed a combined Guarantee agreement dated 28.08.2015 in favor of the Applicant Bank.

II. The Principal Borrower defaulted in payment of outstanding dues, subsequently the account of Principle Borrower was marked as NPA on 29.09.2017.

III. That CIRP Proceedings were initiated against M/s. Amira Pure Foods Private Limited, vide order dated 11.12.2018 in CP (IB) No. 1162/ND/2019.

IV. The Applicant Bank issued a demand notice in FORM B dated 19.02.2022, under Rule 7(1) of the Insolvency and Bankruptcy

(Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtors) Rules, 2019 to Personal Guarantor, Mr. Karan A Chanana for recall of the outstanding loan of Rs. 425,93,43,281.42/-and further interest thereon.

V. However, as the Personal Guarantor did no pay the outstanding dues, a petition under section 95 was filed by the Applicant Bank.

3. Vide order dated 20.09.2022, this Bench had appointed **Mr. Vivek Parti** having Registration No. IBBI/IPA-001/IP-P00813/2017-2018/11376 as the Resolution Professional and directed him to prepare report in term of section 99 of the code. The RP filed its Report dated 30.09.2022. The relevant portion of the report filed by the Resolution Professional under section 99 of the code are hereby reproduced below:

"I, Vivek Parti an Insolvency Professional having IP reg. no. IBBI/IPA-00l/IP-P00813/2017-18/11376, appointed as Resolution Professional under sub section (5) of Section 97 vide order dated 20.09.2022, (copy of the order uploaded on the website of Hon'b1e NCLT on 22.09.2022, in connection with the proposed insolvency resolution process of Karan A Chanana (Personal Guarantor) : Vivek Parti, hereby, on the basis of the gathered facts and figure am of the view that the application of creditor (Canara Bank) satisfies all the requirement u/s 95 of IB Code read with PG Rules, 2019.

In such premises it is just and equitable that insolvency resolution process be initiated against the Respondent Personal Guarantor under the orders and direction of this Hon'b1e Tribunal.

Therefore, I hereby recommend that present application be admitted by this Hon'ble Tribunal."

4. That vide order dated 01.12.2022, the Respondent/PG was directed to file reply to the report filed by Resolution Professional.

5. The respondent/Personal Guarantor filed reply on 28.03.2023 and objected to the maintainability of the application on the grounds that the combined Deed of Personal Guarantee dated 28.08.2015 is obtained by fraud and misrepresentation and are therefore null and void and are pending before competent court. It was further contended that the application is barred by limitation, as the loan account of the Corporate Debtor was classified as NPA on 27.10.2017, whereas the guarantees were invoked only on 19.02.2022.

6. We have heard both the Ld. Counsel for the Applicant/Financial Creditor and Respondent/Personal Guarantor and have duly perused the documents on record.

7. There is an assertion raised that the Deed of Personal Guarantee dated 28.08.2015 is obtained by fraud and misrepresentation. Mere submissions in the reply without any supporting evidence, for such serious allegations like fraud and misrepresentation does not render the Deed of Guarantee invalid.

8. It is settled law that the cause of action under a section 95 petition arises on invocation of guarantee, pursuant to which the Personal Guarantor becomes a debtor.

9. The invocation of a guarantee is governed by the terms of the Deed of Guarantee. In the present case, the Guarantee Deed dated 28.08.2015 expressly provides that the guarantee shall be invoked upon a demand being made by the Applicant Bank(s).

10. We note that in this case the first communication for recalling the amount of debt from the Personal Guarantor was by way of a statutory demand notice in form B. Nothing is placed on record to show that there was any invocation of guarantee/ recall of amount

prior to 19.02.2022.

11. Therefore, the question to be decided is whether demand notice under rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtors) Rules, 2019 constitutes a valid invocation of Guarantee and whether default on part of personal guarantor should exist prior to demand notice under rule 7(1).

12. That, in State Bank of India v. Deepak Kumar Singhania, Company Appeal (AT) (Ins.) No. 191 of 2025 (decided on 28.02.2025), the Hon'ble NCLAT, inter alia, held as follows:

> *"27. In view of the foregoing discussion, we are not persuaded to accept the submission of the Appellant that Notice under Rule 7 (1) issued in Form-B to the Guarantor, demanding repayment of the default amount, has to be treated as Notice for invoking guarantee. Default before issuance of Notice under Rule 7(1), must exist on the part of the Guarantor. Hence, we reject the submission of the Appellant that Notice under Rule 7, sub-rule (1) is a Notice, invoking the guarantee. We, thus, do not find any error in the order of the Adjudicating Authority, rejecting Section 95 Application filed by the SBI. There is no merit in the Appeal. The Appeal is dismissed. There shall be no order as to costs."*

13. The demand notice issued under Rule 7(1) in Form B is a statutory requirement and cannot be construed as an invocation of the guarantee as has been held by the Hon'ble NCLAT in the above decision. In the present case, no material has been placed on record to establish that the guarantee was invoked or that any recall of the outstanding amount was made prior to statutory demand notice in Form B under rule 7(1) dated 19.02.2022.

14. In the absence of any invocation of the guarantee, no cause of action can be said to have arisen against the Personal Guarantor; consequently, the question of limitation does not arise.

15. Consequently, where the guarantee has not been invoked in accordance with the terms of the deed of guarantee, the application under Section 95 is not maintainable.

16. In view of the foregoing, we are of the considered view that the applicant has not invoked guarantee prior to issuance of statutory demand notice in Form B under Rule 7(1), accordingly the present application is liable to be dismissed.

ORDER

17. For lack of invocation of guarantee, this application under Section 95(1) is hereby **dismissed**.

18. The Interim Moratorium which came into effect in terms of Section 96(1) on the date of filing of the application shall cease to have effect.

Sd/-	**Sd/-**
(ANU JAGMOHAN SINGH)	**(JYOTSNA SHARMA)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**