INSTITUTE OF INSOLVENCY PROFESSIONALS
A wholly owned subsidiary of ICSI and registered with IBBI

LEARNING CURVE-12/2026

12th June, 2026

"Rejection of a repayment plan by the CoC automatically amounts to deemed rejection under the IBC, leading to closure of the insolvency process and enabling creditors to pursue bankruptcy proceedings."

CASE TITLE	In the matter of Dr. Vichitra Narayan Pathak, in the main matter of State Bank of India vs. Mrs. Kranti Manglani
CITATION	IA/220(MP2026 in C.P.(IB)/35(MP)2021
DATE OF ORDER	08th June, 2026
COURT/ TRIBUNAL	NCLT, Indore Bench, Court No.1
STATUTES/RULES INVOLVED	Section 95, IBC, 2016 (Insolvency of Personal Guarantor) Section 101, IBC, 2016 (Moratorium) Section 102, 104(2), 105, IBC, 2016 Section 112, IBC, 2016 (RP's report after creditors' meeting) Section 114, IBC, 2016 (Order on repayment plan) Section 115(2), IBC, 2016 (Effect of rejection of repayment plan) Section 121, IBC, 2016 (Application for bankruptcy)
BENCH	Sh. Brijendra Mani Tripathi, Member (Judicial) and Sh. Man Mohan Gupta, Member (Technical)

Brief Facts of the Case:

The present matter arises from an application filed by the State Bank of India under Section 95 of the Insolvency and Bankruptcy Code, 2016, seeking initiation of insolvency proceedings against Mrs. Krati Manglani, the personal guarantor of Dhanlaxmi Solvex Pvt. Ltd. The National Company Law Tribunal admitted the application on 27 January 2025 and appointed Dr. Vichitra Narayan Pathak as the Resolution Professional (RP). In furtherance of the process, the RP issued a public notice, prepared a list of creditors, and facilitated the submission of a repayment plan by the personal guarantor under Section 105 of the Code. The Committee of Creditors (CoC) considered the repayment plan, which was revised to ₹27.13 crore, and the RP conducted meetings and e-voting on the proposal. Despite extensions granted for voting, the repayment plan was ultimately rejected by the CoC with a majority voting share of 76.64%. Consequently, the RP filed the present application under Section 112 seeking, inter alia, condonation of a delay of 189 days, taking the report on record, closure of the insolvency resolution process, and discharge from his duties.

Issue for consideration:

- **Whether the insolvency resolution process of the Personal Guarantor should be closed following rejection of the repayment plan?**

Contentions of Parties:

Appellants (Dr. Vichitra Narayan Pathak.).

The Resolution Professional submitted that he had duly conducted the personal insolvency resolution process in accordance with the provisions of the IBC, 2016. He contended that all procedural requirements were complied with, including issuance of public notice, preparation of list of creditors, and facilitation of the repayment plan. It was argued that the repayment plan submitted by the personal guarantor was placed before the Committee of Creditors (CoC) and put to vote after due deliberation and revisions. The RP highlighted that the plan was rejected by the CoC with 76.64% voting share, and therefore, he was obligated to file a report under Section 112 before the Adjudicating Authority.

Decision of the NCLT:

- The NCLT, Indore Bench, after considering the submissions and material on record, allowed the application filed by the Resolution Professional. It condoned the delay of 189 days in filing the report and took the report submitted under Section 112 of the Insolvency and Bankruptcy Code, 2016 on record.
- The Tribunal observed that since the repayment plan had already been rejected by the Committee of Creditors with a majority vote, it stood deemed rejected under Section 114 of the Code, and therefore did not merit further consideration for approval.
- Consequently, the Tribunal ordered the closure of the personal insolvency resolution process of Mrs. Krati Manglani, discharged the Resolution Professional from his duties, and granted liberty to the creditors to initiate bankruptcy proceedings under Section 115(2) read with Section 121 within three months from the date of the order. It was also noted that the moratorium had already ceased upon expiry of the statutory period, enabling creditors to pursue remedies outside the Code in accordance with law.

Significance of the Case:

The significance of this case lies in its clear reaffirmation of the decisive role of the Committee of Creditors' commercial wisdom in the personal insolvency framework under the Insolvency and Bankruptcy Code, 2016. The Tribunal emphasized that once a repayment plan is rejected by the CoC, it is deemed to be rejected under Section 114 without requiring any independent assessment by the Adjudicating Authority, thereby limiting judicial intervention in such matters.

Link of the Order: https://www.livelawbiz.com/pdf_upload/2026/06/11/vichitra-narayan-pathak-679245.pdf