

(2026) 07 NCLAT CK 0071

In the National Company Law Appellate Tribunal, Pricipal Bench, New Delhi

Case No : Company Appeal (AT) (Insolvency) No. 1045 of 2026

Mukesh Kumar

APPELLANT

Vs

M/s Baba Shri Chand Alloys

RESPONDENT

Date of Decision : 07-07-2026

Acts Referred:

Insolvency & Bankruptcy Code, 2016 — Section 94, 4, Part II, Chapter I, Part III, 78

Citation : (2026) 07 NCLAT CK 0071

Hon'ble Judges : Justice N. Seshasayee, Member (Judicial); Barun Mitra, Member (Technical)

Bench : Division Bench

Advocate : For Appellant : Mr. Pulkit Goyal and Ms. Ramneet Kuar Mann, Advocates for RP.

Final Decision : Allowed

Judgement

(Hybrid Mode)

Per: Justice N. Seshasayee, Member (Judicial)

The appellant herein has moved a petition under Section 94 of the Insolvency & Bankruptcy Code, 2016 (for short the "**IBC**") to commence personal insolvency on the ground that he was not in a position to perform his guarantee value of Rs.5 lakhs. This came to be dismissed by the Adjudicating Authority vide impugned Order dated 17.04.2026 essentially on the ground that since the amount is only Rs. 5 lakhs which is far below the threshold limit prescribed under Section 4 of the IBC.

2. Learned Counsel for the appellant submitted Section 4 comes under Part II, Chapter I of the IBC and it deals with "Insolvency Resolution and Liquidation for Corporate Persons". The provision of the facts of the case is Part III, Section 78 wherein the threshold limit is only one thousand rupees and above.

3. We perused the papers.

4. The Adjudicating Authority in its impugned Order has captured his line of vision in paragraph 16, which is to the following effect:

"16. In view of the foregoing discussion and the material placed on record, this Adjudicating Authority is of the considered opinion that the present Petition is not maintainable. The admitted default under the Deed of Guarantee is Rs. 5,00,000/-, which is below the statutory threshold prescribed under Section 4 of the Code. The attempt of the Petitioner to include other unrelated liabilities for the purpose of meeting the threshold cannot be accepted in law. Accordingly, the present Petition does not satisfy the requirement of pecuniary jurisdiction under Section 94 of the Code."

5. Section 78 reads as below:

"78. Application.— *This Part shall apply to matters relating to fresh start, insolvency and bankruptcy of individuals and partnership firms where the amount of the default is not less than one thousand rupees: Provided that the Central Government may, by notification, specify the minimum amount of default of higher value which shall not be more than one lakh rupees."*

6. In view of the same, we find merit in the submission of the learned Counsel for the appellant. The impugned Order dated 17.04.2026 is set aside and the matter is remanded back to the Adjudicating Authority to consider the matter afresh in the light of Section 78 of the Code and its implications conjoined with other facts of the case.