Insolvency and Bankruptcy Code, 2016, S. 7 – Contract Act, S. 126 – Letter of comfort – Contract of guarantee – Which is undated, without seal and authorization on behalf of the respondent-company, cannot be termed as letter or contract of guarantee, particularly in presence of another corporate guarantee – S. 126 reveals that in a contract of guarantee, there are three different entities i.e. i) 'surety' ii) 'principal debtor' and iii) 'creditor' – The said letter of comfort cannot be termed as letter of contract of guarantee because it is neither signed by the creditor nor by the borrower and to the contrary, the sanction letter is signed by all the three i.e. creditor, borrower and guarantor – There is no evidence to show that the said letter of comfort was signed in pursuance of any resolution passed by the Board of Directors of the respondent/corporate debtor – Thus, it can be safely said that the said letter of comfort, if any, issued, is not in conformity with the provisions of Section 179(3)(f) and Section 185 of the Companies Act, 2013 – Even if at the time of issuing no dues certificate in favour of respondent/corporate debtor, for its own loan account by the bank/financial creditor, if there is any reference of such liability created by the present undated letter of comfort then it is of no consequence as document itself is not valid – No doubt, there can be two guarantors for a single loan facility or cash credit facility, but this fact should have been fairly clarified in the sanction letter wherein only one corporate guarantor has been mentioned and in presence of the said corporate guarantee, the present letter of comfort is of no significance.

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