



**IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT – V**

C.P. (I.B) No. 1053/MB/2024

Under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudication Authority) Rule 2016)

In the matter of

Netizen Engineering Pvt. Ltd

Manek Mahal, 6th Floor, 90 Veer Nariman Road,
Mumbai, Maharashtra - 400020

...Petitioner/Financial Creditor

Vs

Reliance Media Works Limited,

Cosmos Chambers, Cabin No. 11, Floor R-1, Plot -
20 Raja Bahadur Mansion, Ambalal Doshi Marg
Stock Exchange Mumbai, Maharashtra - 400001

... Respondent/Corporate Debtor

Order Dated: 02.07.2025

Coram:

Sh. Sushil Mahadeorao Kochey, Hon'ble Member (Judicial)

Sh. Charanjeet Singh Gulati, Hon'ble Member (Technical)



Appearances:

For the Petitioner: Adv. Mithila Damle/ Adv. Yash Badkur - Actus Lit Partner

For the Respondent: Adv. Namrata Sharma

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ORDER

I. This Company Petition is filed by **M/s. Netizen Engineering Private Limited** (hereinafter referred as “**Petitioner/Financial Creditor**”) on 20.11.2024 seeking to initiate Corporate Insolvency Resolution Process (hereinafter referred as “**CIRP**”) against **M/s. Reliance Media Works Limited** (hereinafter called “**Respondent/Corporate Debtor**”) by invoking the provisions of **Section 7** of the Insolvency and Bankruptcy code, 2016 (hereinafter called “**Code**”) read with Rule 4 of Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016, for a Default amount of **Rs. 6,00,00,000/-**, with the date of default as stated to be **01.07.2024**.

II. **Facts and submissions of the Financial Creditor, in brief-**

1. The Financial Creditor (earlier known as Reliance Infocomm Engineering Private Limited) gave a loan of up to Rs1,50,00,00,000/- to the Corporate Debtor through an agreement dated May 23, 2011. As per the agreement, the loan had to be repaid within two years from the date it was given and would carry an interest rate of 10.50% per year. Disbursement was made to the Corporate Debtor in two tranches — Rs. 1,00,00,00,000/- on May 23, 2011 at an interest rate of 10.5% per annum, and ₹20,00,00,000/- on December 30, 2011 at an interest rate of 12% per annum.
2. On March 31, 2012, the Corporate Debtor allotted preference shares worth ₹120 crores against the principal loan amounts disbursed on May 23, 2011 and December 30, 2011. However, the Corporate Debtor failed to pay the interest of ₹5,46,73,145/- that was due on the same date.



- 3.** With effect from April 8, 2017, the Financial Creditor changed its name to Netizen Engineering Private Limited, as evidenced by the certificate of name change issued by the Registrar of Companies (ROC).
- 4.** On January 2, 2024, the Financial Creditor issued a formal demand letter to the Corporate Debtor, requesting payment of ₹12,36,39,947/- (Rupees Twelve Crores Thirty-Six Lakhs Thirty-Nine Thousand Nine Hundred and Forty-Seven only) within 30 days of receipt of the letter. This amount includes outstanding dues of ₹5,46,73,145/- and accrued interest of ₹6,89,66,802/- calculated at the rate of 10.5% per annum.
- 5.** On February 7, 2024, the Corporate Debtor acknowledged the outstanding dues stated in the demand letter dated January 2, 2024, and requested a 15-day extension to settle the same. Upon expiry of the extended period, the Financial Creditor issued a follow-up demand letter on February 29, 2024, reiterating the request for payment.
- 6.** Subsequently, on March 15, 2024, the Corporate Debtor responded and proposed a one-time settlement of the outstanding dues. The Financial Creditor accepted the proposal of the Corporate Debtor, and both parties entered into a Term Sheet dated April 1, 2024. Under the Term Sheet, the Corporate Debtor acknowledged the outstanding dues and agreed to pay a sum of ₹6,00,00,000/- in full and final settlement of the total outstanding amount, in four equal quarterly instalments of ₹1,50,00,000/- each, commencing on June 30, 2024, and concluding on March 31, 2025. However, the Corporate Debtor defaulted in making the payment, with the default being established as of July 1, 2024.
- 7.** On July 4, 2024, the Financial Creditor issued a demand notice to the Corporate Debtor, calling upon it to remit the total outstanding amount within seven days from the date of the notice. In response, vide letter dated



July 12, 2024, the Corporate Debtor acknowledged the debt but expressed its inability to make the payment due to financial constraints.

8. The Financial Creditor submits that the Corporate Debtor has failed to comply with the terms of the One-Time Settlement, and an amount of ₹6,00,00,000/- remains due and payable to the Financial Creditor and since the existence of debt and default exceeds the statutory threshold, the Company Petition should be admitted and Corporate Insolvency Resolution Process should be initiated against the Corporate Debtor.

III. Submissions of the Corporate Debtor, in brief-

9. The Corporate Debtor, submits that the Petition filed by the Financial Creditor is non-maintainable under section 7 of the IBC since there is neither any subsisting financial debt within the meaning of Section 5(8) nor any legally enforceable default under Section 3(12).
10. The Corporate Debtor submits that while the Financial Creditor has claimed that ₹12,36,39,947/- is due and outstanding, the Corporate Debtor admits liability only to the limited extent of ₹6,00,00,000/-. This amount has already been acknowledged by the Corporate Debtor and was offered as a full and final settlement.
11. The Financial Creditor extended a loan to the Corporate Debtor through two disbursements—₹100 crores on May 23, 2011 at an interest rate of 10.5% per annum, and ₹20 crores on December 30, 2011 at an interest rate of 12% per annum. In full and final satisfaction of the principal amount of ₹1,20,00,00,000/-, the Corporate Debtor duly allotted Compulsorily Convertible Preference Shares (CCPS) to the Financial Creditor in 2012. This allotment was accepted by the Financial Creditor and duly recorded in the Corporate Debtor's books as discharge of the principal loan liability.



- 12.** On March 31, 2012, the only remaining amount was the accrued interest amounting to Rs 5,46,73,145/-, which established a disputed and unliquidated claim not specified into any definitive liability. However, vide demand letter dated January 2, 2024, a claim was raised of an alleged outstanding amount of ₹12,36,39,947/-. The Corporate Debtor duly acknowledged receipt of the letter and, acting in good faith, requested time to review the claims. Subsequently, upon receiving another demand letter dated February 29, 2024, the Corporate Debtor proposed an amicable settlement of the outstanding dues for a total amount of ₹6,00,00,000/-, and a meeting was proposed for March 15, 2024 to discuss and finalize the settlement terms.
- 13.** The Corporate Debtor submits that the default occurred due to a series of unforeseen and uncontrollable factors, including adverse market conditions, an economic downturn, reduced revenue streams, and severe disruptions in cash flow. These circumstances were not intentional nor a result of any mismanagement, but rather stemmed directly from the prevailing macroeconomic instability.
- 14.** Corporate Debtor submits that the act of financial creditor for initiating insolvency proceeding rather than any other remedies for claim enforcement or settlement, reflects a misuse of the insolvency process and that a reasonable period of three financial year be granted for effecting repayment, thereby avoiding the irreversible consequences of insolvency and protecting the interest of all stakeholders.
- 15.** Accordingly, the Corporate Debtor prayed for the dismissal of the present Petition.



IV. Analysis and Findings-

- 16.** We have heard the Ld. Counsels for the parties and perused the documents available on record.
- 17.** The case of the Financial Creditor is that Financial Creditor has agreed to advance a loan to Corporate Debtor vide an Inter Corporate Deposit Facility Agreement dated May 23, 2011 (ICD Agreement) of up to Rs 150,00,00,000/- (ICD), and parties agreed that the ICD shall be repaid by Corporate Debtor within 2 years from the disbursement date and the ICD shall carry interest of 10.50% per annum. Accordingly, a loan amount was advanced of Rs. 1,20,00,00,000/- to the Corporate Debtor in two tranches on May 23, 2011 and December 30, 2011, for an amount 1,00,00,00,000/- and Rs 20,00,00,000/- respectively. The loans carried interest rates of 10.5% and 12% respectively. The Corporate Debtor has allotted preference shares valued at Rs 1,20,00,00,000/- to the financial creditor for the loans advanced on May 23, 2011 and December 30, 2011 and has failed to arrange the payment of interest amounting to Rs 5,46,73,145/- due and payable on march 31, 2012.
- 18.** Financial creditor issued a formal demand letter on January 2, 2024 requesting corporate debtor to remit outstanding dues of Rs. 12,36,39,947/, which was acknowledged and undertook to pay Rs 6,00,00,000/- in full and final settlement of the total outstanding dues in 4 equal quarterly instalments of Rs 1,50,00,000/- beginning June 30, 2024 and ending on March 31, 2025. The corporate debtor has failed to make payment of the 1st quarterly instalments established on July 1, 2024.
- 19.** The company petition has been filed on the ground of default by the Corporate Debtor in payment of the One-Time Settlement (OTS) amount, as agreed upon under the Term Sheet executed between the parties. The



Financial Creditor has alleged a default of ₹6,00,00,000/-, being the OTS amount.

20. The first issue that arises for consideration is whether there exists a 'Financial Debt' as defined under Section 5(8) of the code. The Corporate Debtor has contended that there is no subsisting financial debt within the meaning of this section. In this regard, it is pertinent to note that Section 5(8) of the Code defines "financial debt" as a debt *alongwith* interest, if any, which is disbursed against the consideration for the time value of money. Therefore, interest component is as much a portion of the Financial Debt as the base amount or intercorporate deposit. The Corporate Debtor has submitted that the debt does not fall within the ambit of Financial Debt being disputed and not crystallized. In this regard it is stated that as regard the amount of Rs. 6 crores being payable by the Corporate Debtor is not in dispute and has been crystallized by way of one-time settlement. Therefore, the questioned amount falls under the definition of section 5(8) of the Code.
21. We are supported by the judgement passed by the Hon'ble NCLAT in **Base Realtors Pvt. Ltd. Vs Grand Realcon Pvt. Ltd.** CA (AT)(Ins.) No. 882 of 2022, where in it has been held as under-

*'23. Thus, in order to maintain the application under [Section 7](#) of the Code the financial creditor has to show the default as a condition precedent. In this regard, we may have to refer to definition of default provided in [Section 3\(12\)](#) "default" means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not paid. The debt has also been defined as a liability in respect of claim towards a financial debt or operational debt and the claim means the right to payment. **There is no dispute, in so far as the facts of this case are concerned that the amount of interest became due and payable by the Corporate Debtor to the Appellant on 01.07.2021 to the tune of Rs. 71,80,274/- in view of the condition enumerated in the debenture***



which says that the debenture shall carry a coupon rate of 6% p.a. on the face value plus securities premium on quarterly rests and also in view of [Section 71\(8\)](#) of the Act.'

Applying the aforesaid judgement to the present set of facts, it can be concluded that the component of interest being a liability arising from the ICD is included within the definition of 'Debt' under the IBC. Further non-payment of such an interest component would amount to 'Default' under IBC.

22. During the course of arguments, Ld. Counsel for the Corporate Debtor referred to judgement passed by Hon'ble NCLAT in **S.S. Polymers v. Kanodia Technoplast Ltd.** CA(AT)(Ins.) No.1227/2019, in this case, Hon'ble NCLAT has decided that the company petition ought not to be continued solely on the basis of interest component. However, such conclusion was on the basis of the fact that there was no written agreement between the parties to pay interest and claim was based on invoices. Further, the application was made under section 9 of the code whereas in present case the application is made under section 7 and definition under section 5(8) of IBC does not concern section 9 of IBC.

23. The second issue is in respect of filing petition based on OTS. In the present case the claim under CP is based on the Term sheet dated April 1, 2024 as executed by the parties where the corporate debtor has undertaken to pay the OTS amount of Rs 6,00,00,000/- in the full and final settlement of the outstanding dues to the Financial creditor, the amount to be paid in four equal quarterly installments of Rs1,50,00,000/- each, commencing from June 30, 2024 and ending on March 31, 2025. It is settled law that a company petition can be filed by a Financial Creditor on the basis of promise to pay. We are supported by the Judgment passed by Hon'ble Supreme Court in **Kotak Mahindra Bank Ltd v. Kew Precision Paris Pvt. Ltd.** (2022) ibclaw.in 99 SC, where in it was held as under:



“32. [Section 25\(3\)](#) applies only where the debt is one which would be enforceable against the defendants, but for the law of limitation. Where a debt is not binding on the defendant for other reasons, and consequentially not enforceable against him, there is no question of applicability of [Section 25\(3\)](#).

33. There is a distinction between acknowledgment under [Section 18](#) of the Limitation Act, 1963 and a promise within the meaning of [Section 25](#) of the Contract Act. Both promise and acknowledgment in writing, signed by a party or its agent authorised in that behalf, have the effect of creating a fresh starting of limitation. The difference is that an acknowledgment under [Section 18](#) of the Limitation Act has to be made within the period of limitation and need not be accompanied by any promise to pay. If an acknowledgment shows existence of jural relationship, it may extend limitation even though there may be a denial to pay. On the other hand, [Section 25\(3\)](#) is only attracted when there is an express promise to pay a debt that is time barred or any part thereof. Promise to pay can be inferred on scrutinising the document. Only the promise should be clear and unconditional.”

24. In light of the aforementioned discussion, we are of the considered view that the Financial Creditor has fulfilled all the requirements under Section 7 of the Code. the Petitioner is a 'Financial Creditor' as defined under Section 5(7) of the Code, there exists a 'Financial Debt' of Rs. 6,00,00,000/- as defined under Section 5(8) of the Code, there is a 'Default' as defined under Section 3(12) of the Code. Further, the amount stated to be due in this case is above the threshold limit as stipulated under Section 4 (1).

25. It is a well-settled position that the Adjudicating Authority has to determine whether there is debt and default and if it is satisfied that a default has occurred, then the application under section 7 of the Code must be admitted unless it lacks other necessities as mandated thereunder. The Hon'ble Supreme Court in the matter of ***M/s. Innoventive Industries Ltd. vs. ICICI Bank 2018 (1) SCC 407***, has been pleased to hold as under-



“28. The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete, in which case it may give notice to the applicant to rectify the defect within 7 days of receipt of a notice from the Adjudicating Authority. Under sub-section (7), the Adjudicating Authority shall then communicate the order passed to the Financial Creditor and Corporate Debtor within 7 days of admission or rejection of such application, as the case may be.”

26.Therefore, the present petition is hereby **admitted** by passing the following order:

ORDER

- a)** The above Company Petition No. 1053/IBC/MB/2024 is hereby allowed and initiation of Corporate Insolvency Resolution Process (CIRP) is ordered against **M/s. Reliance Media Works Limited.**
- b)** The Petitioner has proposed the name of **NPV Insolvency Professionals Private Limited**, having Registration No. **IBBI/IPE-0040/IPA-2/2022-23/50021** and email Id: **ipe@npvca.in** as Interim Resolution Professional. The IRP as proposed by the Petitioner is hereby appointed as the IRP to conduct the Insolvency Resolution Process as mentioned under the Insolvency & Bankruptcy Code, 2016.
- c)** The Petitioner shall deposit an amount of Rs. 4 Lakhs towards the initial CIRP costs by way of a Demand Draft drawn in favour of the Interim Resolution Professional appointed herein, immediately upon communication of this Order. The IRP shall spend the above amount towards expenses and not towards fee till his fee is decided by CoC.



- d)** That this Bench hereby declare moratorium in terms of Section 14 of Insolvency and Bankruptcy Code, 2016 prohibiting the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.
- e)** That the order of moratorium shall have effect from the date of pronouncement of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of corporate debtor under section 33, as the case may be.
- f)** That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.
- g)** That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- h)** That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the Code.



- i)** During the CIRP period, the management of the Corporate Debtor will vest in the IRP/RP. The board of directors of the Corporate Debtor shall stand suspended. The members of the suspended board of directors and the employees of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP/RP.
- j)** Registry shall send a copy of this order to the Registrar of Companies, Mumbai, for updating the Master Data of the Corporate Debtor.
- k)** Accordingly, C.P. No. 1053/IBC/MB/2024 is **admitted**.
- l)** The Registry is hereby directed to communicate this order to both the parties and to IRP immediately.

Sd/-

CHARANJEET SINGH GULATI
MEMBER (TECHNICAL)

Sd/-

SUSHIL MAHADEORAO KOCHEY
MEMBER (JUDICIAL)

/Saloni, LRA/