

NATIONAL COMPANY LAW TRIBUNAL BENCH AT INDORE

CP(IB) No. 45 (MP) / 2024

IN THE MATTER BETWEEN:

BANK OF BARODA

Having its Branch Address
Rosarb Branch
Kolar Road Bhopal
Having Registered office
Bank of Baroda
Baroda House Near Mandvi
Near Mandvi, P.B.No 506 Vadodara 390005

...FINANCIAL CREDITOR

versus

C-NET INFOTECH PVT. LTD.

(Corporate Guarantor to C-Net Digital Pvt. Ltd.)

Registered Office: -
E-5/4, Iind Floor, Shopping Complex
Area Colony,
Bhopal, MP, India, 462001

...CORPORATE DEBTOR

Coram : Hon'ble Mr. Mohan P. Tiwari, Member (Judicial)
Hon'ble Mr. Sanjeev Sharma, Member (Technical)

APPEARANCE

Petitioner: Mr. Abhishek Naik, Adv. a.w Ms. Gulafsha Kureshi,
Ms. Katyayani, Adv., Mr. Abhishek Kalpse, Adv.

Respondent: Mr. Utkarsh Joshi, Adv.

ORDER

Delivered on 11.09.2025

Per: Mohan P. Tiwari Member (J)

1. The present application has been filed by the Applicant Bank of Baroda under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against the Respondent C-Net Infotech Pvt. Ltd., the corporate guarantor of C-Net Digital Pvt. Ltd. The Respondent is a private limited company incorporated on 03.03.1998 under

the provisions of the Companies Act, 1956 and registered with the Registrar of Companies, Gwalior, bearing CIN No. U30007MP1998PTC012665, having its registered office at E-5/4, 2nd Floor, Shopping Complex, Arera Colony, Bhopal, Madhya Pradesh – 462001.

2. The Financial Creditor had sanctioned various credit facilities to C-Net Digital Pvt. Ltd. through four loan accounts aggregating ₹1,10,36,000, comprising a sanction dated 27.07.2017 for Cash Credit and Term Loan, two BECLS-TL facilities dated 02.05.2020, and an FITL-TL facility dated 26.11.2020. As on 19.02.2024, the total outstanding stood at ₹1,37,71,961, (principal- ₹93,16,846.09, interest ₹43,39,523.29, and other charges- ₹1,15,592). The loan account was classified as a Non-Performing Asset on 27.11.2020 in terms of RBI norms. C-Net Infotech Pvt. Ltd. executed a corporate guarantee securing the said facilities.

3. Pursuant to an order dated 29.07.2024, notice was issued to the Corporate Debtor to file its reply or objections to the petition. The Respondent filed its reply on 18.12.2024 raising various objections, inter alia, that the application is barred by limitation and that the period of default falls within the suspension period under Section 10A of the IBC.

4. Though the Applicant was given an opportunity to file a rejoinder, however, the same was not filed. Instead, the Applicant moved IA No. 74 (MP)/2025 under Rule 11 of the NCLT Rules, 2016 seeking amendment of the petition with respect to the date of default. This Tribunal, by order dated 25.02.2025, issued notice to the Respondent to file its reply to the said application and listed the matter on 26.03.2025.

5. On 26.03.2025, the amendment application was taken up along with the main petition. The Tribunal noted that service of notice on the Respondent had been duly affected and completed by all modes on 11.03.2025 and that no reply to the amendment application had been filed. Accordingly, the Tribunal allowed the amendment application and directed the Applicant to file the amended petition. The particulars of the financial debt as set out in Part IV of the amended Form-1 of the petition are as follows:

| PARTICULARS OF FINANCIAL DEBT | | |
|-------------------------------|-----------------------------------|---|
| 1. | TOTAL AMOUNT OF DEBT GRANTED DATE | A/c 2921060000660 (Term Loan) - Rs. 19,45,000/- A/C29210500002803 (Cash |



| | | |
|---|--|---|
| | (S) OF DISBURSEMENT | Credit) - Rs.75,00,000/- A/c 29210600006742 (Funded Interest Term Loan) ~ Rs.8,41,000/- A/c 29210600006157 (BECLS - Term Loan) - Rs.7,50,000/- Total Debt sanctioned / granted to C- Net Digital Pvt. Ltd. (Principal Borrower) - Rs.1,10,36,000/- (Rupees One Crore Ten Lakhs Thirty Six Thousand Only) in terms of Sanction Letters dated 27.07.2017 for Term Loan; Sanction Letter dated 30.01.2019; Sanction Letter dated 02.05.2020 for BECLS Facility; and Sanction Letter dated FITL-TL dated 26.11.2020 |
| 2 | AMOUNT CLAIMED TO BE IN DEFAULT And The Date on Which the Default Occurred (Attach the Working For Computation of Amount And Days of Default In Tabular Form) | Rs.1,22,39,048/- (Rupees One Crore Twenty-Two Lakh Thirty-Nine Only) inclusive of Principal Outstanding Thousand Forty-Eight and applicable interest & charges as per Sanction letters as on 29.02.2024 excluding debt amount between 27.11.2020 (date of declaration falling of Principal Borrower account as NPA) till 25.03.2021 16.09.2023 (The Financial Creditor invoked the Guarantee vide Demand Notice dated 16.09.2023 referring to Letter of Guarantee dated 29.07.2017, however, Corporate Debtor herein did not make the payment on demand.) Computation Sheet of Financial Debt is annexed herewith as ANNEXURE -A/4. |

6. The Respondent was given an opportunity to file its reply/objections to the amended petition and the Applicant to file a rejoinder. Instead of filing its reply to the amended petition, the Respondent preferred a Review Application, being R.A. No. 1(MP)/2025, against the order dated 26.03.2025 allowing the amendment. This Tribunal, by order dated 14.05.2025, dismissed the Review Application but granted liberty to the Respondent to file its response to the amended petition. Pursuant thereto, the Respondent

filed its reply on 31.05.2025 and the Applicant filed its rejoinder on 22.07.2025. The matter was then fixed for arguments and the parties were directed to file written submissions with supporting case law.

7. Meanwhile, against the order dated 14.05.2025 dismissing its Review Application, the Respondent preferred an appeal under Section 61(1) of the IBC before the Appellate Tribunal, being Company Appeal (AT)(Ins.) No. 896/2025 titled *C-Net Infotech Pvt. Ltd. (Corporate Guarantor of C-Net Digital Pvt. Ltd.) vs. Bank of Baroda*. The Appellate Tribunal, by order dated 30.06.2025, dismissed the appeal.

8. This Tribunal thereafter heard the matter on 22.08.2025, when Mr. Abhishek Naik, learned counsel for the Applicant, and Mr. Utkarsh Joshi, learned counsel for the Respondent, advanced arguments at length. Order was then reserved.

9. The learned counsel for the Applicant submitted that, following the amalgamation of Vijaya Bank with Bank of Baroda on 01.04.2019 under the approved merger scheme, all documents and instruments executed by Vijaya Bank are deemed to have been executed by Bank of Baroda and remain fully enforceable. He stated that in 2017 the Principal Borrower, M/s C-Net Digital Pvt. Ltd., obtained credit facilities of ₹19.45 lakh for equipment purchase and ₹75 lakh for working capital, duly secured by personal and corporate guarantees. Loan and hypothecation agreements were executed on 27.07.2017. After the borrower defaulted, a loan-recall notice dated 27.08.2018 was issued, and despite assurances and renewal of facilities on 30.01.2019, the borrower again sought and received further credit of ₹7.5 lakh on 02.05.2020 and ₹8.41 lakh on 26.11.2020. The borrower again failed to repay and its accounts were classified as Non-Performing Assets on 31.03.2021. Demand and legal notices under the SARFAESI Act were sent to the borrower and personal guarantors, but not to the present Corporate Debtor.

10. As payment remained outstanding, the Bank invoked Clause 10 of the Deed of Guarantee and issued an invocation-cum-demand notice on 16.09.2023 to both the Corporate Debtor (C-Net Infotech Pvt. Ltd.) and the Principal Borrower, seeking ₹91.39 lakh with 18% interest. The Corporate Debtor received this notice on 19.09.2023 but neither it nor the borrower repaid. Consequently, on 06.03.2024 the present application was filed under

Section 7 of the IBC seeking initiation of CIRP for a default of ₹1,22,39,048 as on 29.02.2024.

11. The Learned Counsel for the applicant emphasized that the Corporate Debtor has never denied either the existence of the debt or the default. The NeSL record of default, authenticated on 16.06.2024, confirms the debt and identifies the Corporate Debtor as guarantor. He argued that although the NeSL certificate records the borrower's default date as 27.11.2020, the guarantor's liability is independent and arises only on invocation of the guarantee, which occurred on 16.09.2023. The application filed on 07.03.2024 is therefore well within the three-year limitation period.

12. It is further submitted that the remedies under the SARFAESI Act or DRT proceedings are distinct from the resolution-oriented process under the IBC, and that the loan-recall notice of 27.08.2018, merely copied to the guarantors, does not amount to a legal invocation of the guarantee. The guarantee is a continuing one, never revoked or cancelled, and remains valid for all subsequent credit facilities. The Principal Borrower and Corporate Debtor are sister concerns with the same registered office and common directors, showing that the Corporate Debtor was fully aware of the transactions. The Learned Counsel placed reliance on judgments including *Syndicate Bank v. Channaveerappa Beleri*, *Margaret Lalita Samuel v. Indo Commercial Bank*, and *M. Suresh Kumar Reddy v. Canara Bank*, counsel contended that the guarantor's liability is triggered only upon demand and that limitation runs from that date. He therefore prayed that the petition be admitted as the financial debt and default of ₹1,22,39,048 (inclusive of interest) stand conclusively established.

13. The Ld. Counsel for the Respondent has put forth that the application filed by Operational creditor is not maintainable under Section 7 of the Code. The Respondent relied on the Judgment in *Cooperative Rabo Bank U. A. Vs Coffee Day Global Ltd. CP IB 19/BB/2021*, *Innoventive Industries Ltd. V/s ICICI Bank* and *Swiss Ribbons Pvt Ltd. V/s Union of India*.

14. The learned Counsel of the Respondent further states that under Article 137 of the Limitation Act, 1963 the date of default cited in the present petition is November 2020 and it does not fall under limitation and it is barred by limitation. Further it is argued that the alleged outstanding loan claims are wholly disputed as inflated, arbitrary, and lacking contractual

basis. Following the merger of Vijaya Bank with Bank of Baroda, no proper reconciliation of accounts or clarity on transition was provided, adding to ambiguity. No default has occurred, and the alleged default of 27.11.2020 is protected under Section 10A of the IBC; further, the claims are time-barred and demand notices do not constitute valid acknowledgment under Section 18 of the Limitation Act. Payments made by the Corporate Debtor have not been duly adjusted, and the computation of interest is unjustified. The demand notices and NeSL record are unreliable due to discrepancies and lack of authentication. Importantly, the Corporate Debtor was fully eligible under RBI's COVID relief schemes (BCECL and Resolution Framework 2.0) permitting moratoriums, rescheduling of loans, and extension of tenor, but the Financial Creditor failed to extend such reliefs and instead wrongly classified the account as NPA, contrary to RBI guidelines.

ANALYSIS AND FINDINGS:

15. We have heard the Learned Counsels appearing for Applicant and the Respondent and perused the documents on records and gone through the case laws relied on by both the parties to support their case.

16. M/s Vijaya Bank (which later merged with Bank of Baroda) had sanctioned first secured term loan of Rs 19,45,000 on 27.07.2017 to C-Net Digital Private Limited. The same was repayable in 84 EMI from August 2017 and expiry date was 29.07.2024. The guarantors included M/s C- Net Infotech Private Limited, the Respondent (Annexure A-4 on pages 66 to 69). Vijaya Bank sanctioned CC and Term loan to C- Net Digital Private Limited to meet the working capital requirement on 30.01.2019 (total amount including earlier sanctioned was of Rs 91.39 lakhs). The guarantors were same i.e. three personal guarantors and M/s C-Net Infotech Private Limited (Annexure A-5 on pages 70 to 75). Bank of Baroda issued another credit facility of Rs 7.75 lakhs to M/s C-Net Digital Private Limited on 02.05.2020 (Annexure A-6 on pages 76 and 77). The Bank of Baroda sanctioned another (final) facility on 26.11.2020 of Rs 8.41 lakhs and total outstanding was Rs 103.41 lakhs and new proposed facility (Annexure A-7 on pages 78 to 81). The sanction letter notes the previous facilities. This letter of 26.11.2020 was done under one-time Restructuring Scheme. The nature of facility was Funded Interest Term Loan. The repayment schedule was 36 months including moratorium of 12 months. The Terms and conditions of

restructured loans were as per original sanction, except specifically mentioned in the sanction letter dated 27.07.2017. The account was classified as NPA on 31.03.2021. The Bank issued a demand notice under section 13(2) of SARFAESI Act, 2002 on 26.04.2021.

17. The Guarantor has not disputed the disbursement. A certificate u/s 2A of the Bankers Book Evidence Act along with bank statements was annexed as Annexure A-15. The borrower did not maintain financial discipline and defaulted in the payment. Last sanction was made on 26.11.2020. Record of Default with the NeSL shows that the default was authenticated. The Guarantor has also not disputed the default committed by the borrower. The Bank has also filed copy of the original loan agreements. Annexure A-13 is a letter of guarantee from C-Net Infotech Private Limited dated 29.07.2017. Paragraph 2 notes that this guarantee shall be for the periods aforementioned and a continuing guarantee. Paragraph 10 notes that the amount guaranteed shall be due to Bank on demand, after notice requiring payment of the same have been delivered or sent through the post by registered letter. Annexure A-19 is a demand notice dated 16.09.2023 to the borrower and the guarantor to pay the entire loan in terms of letter of guarantee dated 29.07.2017. This demand notice was delivered to the guarantor.

18. The letter of guarantee of 29.07.2017 was continuous and the last sanction (restructuring) was done on 26.11.2020. The borrower committed default in payment and the demand notice to the guarantor was issued on 16.09.2023. The guarantee was invoked as the procedure stated in paragraph 10 of the Letter of Guarantee was followed by the Bank. The present Application under section 7 was filed on 06.03.2024.

19. The Respondent has raised the issue of maintainability and limitation but did not substantiate its claim. It has stated that the loan claims are wholly disputed as inflated, arbitrary, and lacking contractual basis but did not elaborate the same and how such claims lead to non-satisfaction of conditions required for admission of petition under section 7 of the Code.

20. Based on the above facts and position of law, we are satisfied that twin conditions of “debt” and “default” is met. The guarantee was invoked in time and the petition was also filed within the limitation period after the invocation of the guarantee by issue of demand notice.

21. As all the requirements for admission of the petition are met, the present application is accordingly admitted under section 7 of the IBC, 2016.

22. In light of the above facts and circumstances, it is ordered as follows:

1. The present Petition stands admitted on account of default committed by the Respondent by way of non-payment of financial debts for more than threshold of Rs.1 Crores.

2. We also declare moratorium in terms of Section 14 of the Code. The necessary consequences of imposing the moratorium flows from the provisions of Section 14(1)(a),(b),(c) & (d) of the Code. Thus, the following prohibitions are imposed:

- a) *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, Adjudicating Authority, arbitration panel or other authority;*
- b) *transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;*
- c) *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;*
- d) *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) *The IB Code 2016 also prohibits Suspension or termination of any license, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concessions, clearances or a similar grant or right during the moratorium period.*

3. It is made clear that the provisions of moratorium shall not apply to transactions which might be notified by the Central Government or the supply of the essential goods or services to the Corporate Debtor as may be specified, are not to be terminated or suspended or interrupted during the moratorium period. In addition, as per the Insolvency and Bankruptcy Code (Amendment) Act, 2018 which has come into force w.e.f. 06.06.2018, the provisions of



moratorium shall not apply to the surety in a contract of guarantee to the corporate debtor in terms of Section 14 (3)(b) of the Code.

4. The Applicant has proposed the name of **Ms. Teena Saraswat Pandey as the Interim Resolution Professional (“IRP”)** having **address:** 387F, 114 Scheme Part 1, Behind Diksha Boys Hostel, Sant Nagar, Indore, Madhya Pradesh – 452010 and her registration number is **IBBI/IPA-001/IP-P00652/2017-18/11126**. The Applicant has filed a copy of the consent issued by her in Form 2 and Written Communication by proposed IRP, as per the requirement of Rule 9(l) of the Adjudicating Authority Rules along with the Certificate of Registration and Authorization for Assignment in Form B (Annexure-A/3 @ Pg.21-24/Amended Petition).

5. In pursuance of Section 13(2) of the Code, we direct the IRP to make a public announcement immediately with regard to the admission of this application under Section 7 of the Code. The expression immediately means within three days as clarified by Explanation to Regulation 6(1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

6. During the CIRP period, the management of the Corporate Debtor shall vest in the IRP/RP, in terms of Section 17 of the IBC. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP within one week from the date of receipt of this order, in default of which coercive steps will follow. There shall be no future opportunity given in this regard.

7. In accordance with Section 19(1) of the IBC, the suspended management of the Corporate Debtor is directed to extend full cooperation and assist the IRP / RP by providing the necessary documents & information in timely manner. Nevertheless, the IRP / RP is at liberty to approach this Adjudicating Authority under Section 19(2) & (3) of the IBC through an application in case the suspended management of the corporate debtor fails to extend cooperation and/or provide requisite documents / information essential for preparation of information memorandum and for effectively conducting the CIRP of the Corporate Debtor.



8. The IRP shall perform all his functions as contemplated, *inter alia*, by Sections 17, 18, 20 & 21 of the Code. He is expected to take full charge of the Corporate Debtor's assets, and documents without any delay whatsoever. He is also free to take police assistance and this Court hereby directs the Police Authorities to render all assistance as may be required by the IRP in this regard.

9. The Financial Creditor shall deposit a sum of Rs 5,00,000/- (Rupees Five Lakh Only) to the IRP account within one week to meet the expense to perform the functions assigned to him in accordance with Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The needful shall be done within one week from the date of receipt of this order by the Financial Creditor. The amount however be subject to adjustment by the Committee of Creditors, as accounted for by IRP and shall be paid back to the Financial Creditor.

10. In terms of Section 7(7) of the Code, the Registry is hereby directed to communicate a copy of the order to the Financial Creditor, the Corporate Debtor, the IRP and the Registrar of Companies, Gwalior, by Speed Post and by email, at the earliest but not later than seven days from today.

23. The Registry is further directed to send a copy of this order to the Insolvency and Bankruptcy Board of India ("IBBI") for their record.

24. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

25. Accordingly, the present petition bearing **CP(IB) No.45 (MP) / 2024** is **admitted**. No order as to cost.

Sd/-
SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-
MOHAN P. TIWARI
MEMBER (JUDICIAL)