



**NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH**

CP(IB) No. 49/CB/2024

*(Application under section 10 of the Insolvency and Bankruptcy Code,
2016)*

In the matter of:

CANDID GUARD SERVICES PRIVATE LIMITED

CIN No.: U74920CT2007PTC020429

Having its registered address at:

E-2/55, Sector-7, Imlidih Road,

New Rajendra Nagar, Raipur,

Chhattisgarh-492001

..... APPLICANT/CORPORATE APPLICANT

DATE OF PRONOUNCEMENT: 09.09.2025

**CORAM: DEEP CHAND JOSHI, MEMBER (JUDICIAL)
BANWARI LAL MEENA, MEMBER (TECHNICAL)**

APPEARANCE:

**FOR THE APPLICANT: MR. ADEEL PARKAR, ADVOCATE
ORDER**

PER: DEEP CHANDRA JOSHI, MEMBER (JUDICIAL)

1. The present application was filed on 30.06.2024 by the Corporate Applicant through its Director, Mr. Pravin Singh, under Section 10 of the Insolvency and Bankruptcy Code, 2016 ("**CODE**"), to initiate the Corporate Insolvency Resolution Process ("**CIRP**") for Candid Guard Services Private Limited.

2. The averments made by the Corporate Applicant in its application are as follows:

2.1. The Corporate Applicant was incorporated on 24.10.2007 under the provisions of the Companies Act, 1956, with CIN No. U74920CT2007PTC020429. Its registered address is at E-2/55,

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Sector-7, Imlidih Road, New Rajendra Nagar, Raipur, Chhattisgarh-492001.

2.2. The Authorised Share Capital of the Corporate Applicant is Rs. 2,00,000/- and the paid-up share capital of Rs. 2,00,000/-.

2.3. The Corporate Applicant has been involved in the business of offering security services to banking institutions, including Security Personnel and Cash Vans for transporting cash for Private Sector Banks.

2.4. In 2012, the Corporate Applicant faced a setback when the Directorate General of Resettlement (DGR) discontinued assistance and sponsorship to private limited companies, which led to the resignation of its directors. To comply with the statutory requirement of having two directors, one of the existing directors inducted his spouse as a director of the Corporate Applicant. The introduction of the Goods and Services Tax in 2017 further strained the financial position, prompting the director to pledge personal properties to discharge GST liabilities. Subsequently, due to the declining health of one of the directors, an Executive Director was appointed, although he did not hold any shares in the company.

2.5. The COVID-19 pandemic worsened the financial difficulties of the Corporate Applicant. The Corporate Applicant has to refinance loans to pay salaries to its employees during the lockdown, along with a sharp increase in diesel prices, without corresponding rate adjustments until the end of the 2022-23 financial year, making operations unsustainable. Additionally, the termination of cash van contracts, as per RBI guidelines on vehicle age, further affects the economic stability of the Corporate Applicant.

2.6. The Corporate Applicant is facing substantial financial challenges, with over Rs. 3,00,00,000/- in bad debts and GST liabilities amounting to Rs. 4,05,00,000/-. In February 2024, the

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State GST Department conducted a raid that resulted in a lien on all bank accounts, including those of the Director's personal accounts. This action hindered the execution of a Rs. 9,00,00,000/- work order, leading to the termination of ongoing contracts and forfeiture of security deposits.

2.7. The Corporate Applicant has five Financial Creditors amounting to Rs. 1,72,70,919/-, five Operational Creditors amounting to Rs. 61,81,972/-, and Statutory Liabilities amounting to Rs. 4,32,67,680/- as per the Balance Sheet for the Financial Year ending on 31.03.2024.

2.8. The list of the Financial Creditors is as follows:

SL. No.	Name of Creditors	Amount (in Rs.)
1.	Indusind Bank (Cash Credit)	3885105
2.	Indusind Bank (Term Loan)	6167236
3.	TATA Capital (BMW Loan)	42761
4.	Cholamandalam Finance	1175817
5.	Global Enviro Infrastructure	6000000
	TOTAL	1,72,70,919

2.9. The list of Operational creditors is as follows:

SL. No.	Name of Creditors	Amount (in Rs.)
1.	Candid Training Academy	5,95,000
2.	Swami Radhe Krishna Academic Society	5,90,000
3.	Salary Payable to Employees	47,09,772
4.	Audit Fees	47,200
5.	Rent Payable	2,40,000
	Total	61,81,972

2.10. In addition to the above, the Corporate Applicant also has the following Statutory Liabilities:

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SL. No.	Particulars	Outstanding Amount (in Rs.)
1.	Goods and Services Tax	4,04,56,364
2.	Employee Provident Fund	26,63,460
3.	Employee's State Insurance Fund	16,920
4.	Tax Deducted at Source	1,30,396
	Total	4,32,67,140

2.11. The Applicant has been running its business but has faced financial difficulties in recent years. Due to insufficient funds, it was unable to carry out daily operations; however, it has regularly submitted statutory returns, including Income Tax, GST, and the Annual Return, to the ROC. The lack of funds, primarily due to unpaid debts, has prevented the Corporate Applicant from settling its obligations, resulting in defaults on creditor demands and statutory obligations. As a result, the applicant has not been able to clear its dues.

2.12. The Financial Creditor of the Corporate Applicant has registered its charge with the ROC, Chhattisgarh, under Charge Identification No. 100164375 and SRN No. G81355638.

2.13. The Corporate Applicant received a demand notice from the Financial Creditor for Rs. 4,26,340.69/- and from the GST Department for Rs. 8,62,97,295/- covering the financial years 2017-18 to 2023-24, including interest and penalties. The applicant lacks any source of income to meet these obligations, as their business operations have been halted due to shortage of funds. This contingent liability has further jeopardized their ability to survive, and they do not have sufficient funds to settle this demand.

2.14. The special resolution passed in the Extraordinary General meeting dated 10.06.2024, and the Board Resolution dated

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08.06.2024, resolved and authorised the director, Mr. Pravin Singh, to file an application under section 10 of the Code, to initiate the CIRP against the corporate applicant.

2.15. The corporate applicant defaulted in repayment of the debts, which amount to more than Rs 1 Crore. Further, the default made during the period does not fall under section 10A of the Code.

3. This Adjudicating Authority, in its order dated 05.09.2024, directed the Corporate Applicant to serve a copy of this application to the ROC, Income Tax Department, GST Department, and the Financial Creditor, allowing them to file any objections. In response, the applicant submitted an affidavit of service on 01.10.2024, confirming that copies of the application had been served to the ROC, the Financial Creditor, the GST Department, and the Income Tax Department, but no representation was received from the ROC, the Financial Creditor, the GST Department, and the Income Tax Department objecting to the present application.

4. This Adjudicating Authority, by its order dated 20.02.2025, directed the applicant to serve a copy of this application to the GST Department, the Principal Chief Commissioner of Income Tax Department, Madhya Pradesh and Chhattisgarh, and the Chief Commissioner of Income Tax, Chhattisgarh. In compliance with the order, the applicant sent an email to the respective official email addresses of the GST Department, the Principal Chief Commissioner of Income Tax, and the Chief Commissioner of Income Tax. However, no representation opposing the present applicant has been furnished by the respective officials of the GST and Income Tax departments.

5. This Adjudicating Authority, in its order dated 20.05.2025, directed the applicant to submit an affidavit under Section 11 of IBC, 2016, to prove their eligibility to file the current Section 10 application. In response to this order, the applicant submitted an affidavit on 09.06.2025, confirming

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their eligibility to file the Section 10 application under IBC, 2016, in accordance with Section 11 of IBC, 2016.

6. We have heard the learned Counsel representing the applicant company on the issue of admission of the application filed under Section 10 of the Code and have examined the relevant records and documents. It is noted that the corporate applicant had taken loans from various financial creditors amounting to Rs. 1,72,70,919/-, operational creditors amounting to Rs. 61,81,972/-, and recently, the GST and Central Excise Department issued a notice for Rs. 8,62,97,295/- regarding arrears pending from the Financial Year 2017-18 to 2023-24, along with other statutory dues of Rs. 28,10,776. We have also reviewed the provisional balance sheet and profit and loss account as of 31.03.2024 of the corporate applicant, which indicates some long-term borrowings of Rs. 60,00,000, short-term borrowings of Rs. 1,12,70,920 and a loss of Rs. 4,13,80,440 for the Financial Year 2023-24.

The Balance Sheet as available on record is reproduced here as under:
(in Thousand)

	Particulars	As on 31.03.2024	As on 31.03.2023
A	EQUITY AND LIABILITIES		
	1. Shareholders fund		
	(a) Share Capital	200.00	200.00
	(b) Reserves and surplus	-14,699.25	12,428.84
	(c) Money received against share warrants	0.00	0.00
	2. Share application money pending allotment	0.00	0.00
	3. Non-current liabilities		
	(a) Long-term borrowings	6,000.00	6,486.00
	(b) Deferred tax liabilities (net)	0.00	0.00
	(c) Other long-term liabilities	0.00	0.00
	(d) Long-term provision	0.00	0.00
	4. Current liabilities		
	(a) Short-term borrowings	11,270.92	17,873.17
	(b) Trade payables	0.00	10,923.74
	(c) Other current liabilities	1,185.00	8,497.92
(d) Short-term provisions	48,264.65	37,192.08	
	TOTAL	52,221.32	93,601.76

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B	ASSETS		
	1. Non-current assets		
	(a) Fixed Assets		
	(i) <i>Tangible Assets</i>	7,838.46	28,670.28
	(ii) Intangible assets	0.00	0.00
	(iii) Capital work in progress.	0.00	0.00
	(iv) Intangible Assets under development.	0.00	0.00
	(b) Non-Current investments	0.00	0.00
	(c) Deferred Tax Assets (Net)	0.00	0.00
	(d) Long-term loans and advances	0.00	0.00
	(e) Other Non-current assets	5,750.33	8,110.32
	2. Current assets		
	(a) Current investments	0.00	0.00
	(b) Inventories	0.00	0.00
	(c) Trade receivables	17,903.81	26,977.58
(d) Cash and cash equivalents	1,711.22	443.90	
(e) Short-term loans and advances	7,108.05	7,566.13	
(f) Other current Assets	11,909.45	21,833.55	
	TOTAL	52,221.32	93,601.76

7. In view of the aforesaid observations, we hereby admit the application and pass the following orders:

7.1. The application bearing **CP (IB) No. 49/CB/2024** under Section 10 of the Code read with Rule 4(1) of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating CIRP of **CANDID Guard Services Private Limited [CIN: U74920CT2007PTC020429]**, Corporate Applicant is **“ADMITTED”**.

7.2. The moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016, is declared to prohibit all the following in terms of Section 14(1) of the Code:

A. The institution of suits or continuation of pending suits or proceedings against the Corporate Applicant, including execution of any judgment, decree, or order in any court of law, tribunal, arbitration panel or other authority;

B. Transferring, encumbering, alienating, or disposing of by the Corporate Applicant 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 Applicant in respect of its

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property, including any action under the Securitisation 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 Applicant.

7.3. The order of moratorium shall have effect from the date of this order till the completion of the Corporate Insolvency Resolution Process until this Adjudicating Authority approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33 of the Insolvency & Bankruptcy Code, 2016, as the case may be.

7.4. As proposed by the applicant, **Mr. Prabhat Jain**, having Registration No. **IBBI/IPA-001/IP-P02233/2020-21/13480** and Email ID: prabhat@pdmco.in at **LIG-212, E-7, Arera Colony, Near Union Bank, near Stop No.11, Bhopal, Madhya Pradesh-462016** is hereby appointed as Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the Code, subject to his possessing a valid Authorisation for Assignment (AFA) in terms of 7A of the Insolvency and Bankruptcy Board of India (Insolvency Professional) Regulations, 2016.

7.5. The IRP so appointed shall make a public announcement of the initiation of the Corporate Insolvency Resolution Process (CIRP) and call for submission of claims under Section 15 as required by Section 13(1)(b) of the code.

7.6. The supply of essential goods or services to the Corporate Applicant, if continuing, shall not be terminated or suspended, or interrupted during the moratorium period. The Corporate Applicant is to provide effective assistance to the IRP as and when he takes charge of the assets and management of the Corporate Applicant.

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7.7. The IRP shall perform all its functions as contemplated, inter alia, by Sections 17, 18, 20 & 21 of the Code. It is further made clear that all personnel connected with Corporate Applicant, its Promoter or any other person associated with the management of the Corporate Applicant are under a legal obligation under Section 19 of the Code to extend every assistance and co-operation to the Interim Resolution Professional. Where any personnel of the Corporate Applicant, its Promoter, or any other person is required to assist or co-operate with IRP, but does not assist or co-operate, the IRP is at liberty to make an appropriate application to this Adjudicating Authority with a prayer for passing an appropriate order.

7.8. The IRP shall be under a duty to protect and preserve the value of the property of the Corporate Applicant and manage the operations of the Corporate Applicant as a going concern as a part of the obligation imposed by Section 20 of the Insolvency & Bankruptcy Code, 2016.

7.9. The IRP/RP shall submit to this Adjudicating Authority periodical reports concerning the progress of the CIRP in respect of the Corporate Applicant.

7.10. The Corporate Applicant shall deposit a sum of Rs. 2,00,000/- (Rupees Two Lakhs Only) within two weeks from the date of receipt of this Order for the purpose of smooth conduct of Corporate Insolvency Resolution Process (CIRP) and IRP to file proof of receipt of such amount to this Adjudicating Authority along with First Progress Report. Subsequently, IRP may raise further demands for interim funds, which shall be provided as per the applicable rules.

7.11. In terms of Section 7(7)(a) of the Code, the Registry is hereby directed to communicate a copy of this order to the Corporate Applicant and to the Interim Resolution Professional and the concerned Registrar of Companies, Chhattisgarh, within seven (7)

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working days and upload the same on the website immediately after pronouncement of the order.

7.12. The IRP shall also serve a copy of this order to the various departments, such as Income Tax, GST, State Commercial Tax, and Provident Fund, etc., who are likely to have their claim against the Corporate Applicant, as well as to the trade unions/employee's associations so that they are informed of the initiating of CIRP against the Corporate Applicant timely.

7.13. The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.

7.14. The Interim Resolution Professional shall submit his periodic reports before this Adjudicating Authority as per rules/regulations.

The application **CP (IB) No. 49/CB/2024** stands **"ALLOWED"**.

BANWARI LAL MEENA
MEMBER (TECHNICAL)

DEEP CHANDRA JOSHI
MEMBER (JUDICIAL)