



**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**INDORE BENCH**  
**COURT NO. 1**

ITEM No.301  
**CP(IB)/26(MP)2022**

**Proceedings under Section 9 IBC**

**IN THE MATTER OF:**

D.B. Corp. Ltd  
V/s  
AG8 Ventures Ltd

.....Applicant

.....Respondent

**Order delivered on 05/08/2022**

**Coram:**

Madan B. Gosavi, Hon'ble Member(J)  
Kaushalendra Kumar Singh Hon'ble Member(T)

**PRESENT:**

For the Applicant :  
For the Respondent :

**ORDER**

The case is fixed for pronouncement of order.

The order is pronounced in open Court vide separate sheet.

-Sd-

**KAUSHALENDRA KUMAR SINGH  
MEMBER (TECHNICAL)**

-Sd-

**MADAN B. GOSAVI  
MEMBER (JUDICIAL)**



**BEFORE THE ADJUDICATING AUTHORITY  
NATIONAL COMPANY LAW TRIBUNAL  
INDORE BENCH**

**CP (IB) 26/MP/2022**

*(An operation under section 9 of the Insolvency & Bankruptcy Code,  
2016)*

***In the matter of:***

**D.B. Corp Limited**

CIN: L22210GJ1995PLC047208

Plot No. 280, Sarkhej-Gandhinagar Highway,

Nr. YMCA Club, Makabra,

Ahmedabad, Gujarat, India – 380051

**...Applicant/Operational Creditor**

**VERSUS**

**M/s AG8 Ventures Limited**

CIN: U45201MP1997PLC012427

Aakriti House, E-8 Extension,

Aakriti Eco City, In front the

Nest Aakriti Eco City, Bawadia

Kalan Bhopal, Madhya Pradesh 462026.

**...Respondent/Corporate Debtor**

**Order Reserved On: 07.07.2022**

**Decided On: 05.08.2022**

**Coram:**

**Madan B. Gosavi, Member (Judicial)**

**Kaushalendra Kumar Singh, Member (Technical)**

**Advocate who appeared in this case:**

For Applicant – Ld. Adv. Mr. Prveen N Surange.

For Respondent – Ld. Adv. Mr. Yogesh Hemnani.



**ORDER**

1. The instant application is filed by M/s. D. B. Crop (**Operational Creditor**) through its Assistant General manager (Finance & Accounts) Mr. Manish Sharma under Section 9 of the Insolvency and Bankruptcy Code 2016 (**'the Code'**) read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating of Corporate Insolvency Resolution Process (**CIRP**) against M/s AG8 Ventures Private Limited (**Corporate Debtor**). The amount of debt in default is stated to be **Rs 10,77,17,000/-** (Ten crores seventy-seven lakh seventeen thousand). out of which Rs 5,25,89,000/- is outstanding towards the principle and Rs 5,51,28,000/- is interest. The Applicant-Operational Creditor is a private limited company having its CIN No: L22210GJ1995PLC047208, its registered office is at Plot No. 280, Sarkhej-Gandhinagar Highway, Nr. YMCA Club, Makabra, Ahmedabad, Gujarat, India – 380051.

2. The Corporate Debtor is a public limited company incorporated under the provisions of the Companies Act, 1956 bearing CIN NO: U4520MP1997PLC012427 and having its registered office at Aakriti House, E-8 Extension, Aakriti Eco City, in front of the Nest Aakriti Eco City, Bawadia, Kalan Bhopal, Madhya Pradesh 462026. The Nominal Share Capital of the Corporate Debtor is Rs. 6,00,00,000 and Paid-Up Share capital of the Corporate Debtor is Rs 3,90,24,000/-.

3. The averments made by the Operational Creditor in its application and presented/argued by the learned counsel Mr. Prveen N Surange are summarized hereunder:

i. The Corporate Debtor was desirous of conducting extensive advertisement campaign for its various projects and for which the Operational creditor and Corporate Debtor entered into various barter agreements between 29.09.2010 to 13.08.2019.

ii. As per those barter agreements it was agreed between the Operational creditor and Corporate Debtor that in lieu of the



advertisement services provided by the Operational Creditor, the Corporate Debtor shall pay partly in the form of cash/cheque (hereinafter referred as “Cash Component”) and partly in the form of transfer/sale of units (hereinafter referred as “Barter Component”) to the Operational Creditor.

iii. The Operational Creditor has provided advertisement services aggregating to Rs 11,74,22,441/- in respect of the Barter Component.

iv. In Compliance with the aforementioned agreements, the Operational Creditor has duly provided the services to the Corporate Debtor from time to time and the Corporate Debtor has duly paid the cash component to the Operational Creditor but failed to transfer/sell the units (barter Component) as agreed between the parties.

v. Out of the total barter component value for 41 units aggregating to Rs 11,73,36,000/- (Eleven crores seventy-three lakhs thirty-six thousand) only 22 units were discharged by the Corporate Debtor and that too beyond the agreed time period, the Remaining 19 units aggregating to Rs 5,25,89,000/- (Five crore twenty-five lakh eighty-nine Thousand) are still not handed over to the Operational Creditor.

vi. Despite the clear understanding and constant follow-ups, the Corporate Debtor failed to meet its commitments and paid no heed to the requests of the Operational Creditor, and therefore, the Operational Creditor sent a Legal Notice dated 30.12.2021 to the Corporate Debtor.

vii. In response to Legal Notice, the Corporate Debtor had replied and admitted that they are trying to make the remaining payment in respect of the unit not allotted but they deliberately denied the payment of interest in delayed possession of 22 units.

viii. The Operational Creditor finally sent a Demand Notice under Section 8 of the Code on 13.01.2022 through speed post to their



respective address and the same was also sent through email on 13.01.2022.

ix. Following that the Operational Creditor has preferred the present petition under Section 9 of the IBC.

4. In the Context, the defence placed by the Corporate Debtor in its affidavit in reply and submissions made by them and as presented/argued by the learned Counsel LD. Adv. Mr. Yogesh Hemnani is summarized hereunder:

i. The Corporate Debtor is a Micro Small Medium Enterprise (hereinafter referred to as an 'MSME'), engaged majorly in the business of Real Estate, Infrastructure, and Construction projects.

ii. The Corporate Debtor faced some wrongful Income Tax recoveries during the year 2014-2017, as the bank accounts of the company were freezed. The Corporate Debtor challenged the recovery raised by the Income Tax Department before the Appellate Tribunal, wherein the Appellate Tribunal after adjudicating the financial documents quashed the recovery raised by the Department.

iii. Another unpredicted misfortune faced by the Corporate Debtor was the rollout of the Goods and Services Tax regime (hereinafter referred to as 'GST'), resulting in additional working capital requirements. Further, the Corporate Debtor, being into Real Estate, was derailed from the recovery path by demonetization and sudden slag in the sector. The payments cycle from the customers and further payments to the vendors and laborers were disrupted due to demonetization.

iv. Due to the spread of COVID 19, the Corporate Debtor faced huge losses due to the pandemic which initiated a chain reaction leading to loss of new bookings, excessive financial interest burned from the bankers, and shortage of working capital. The Corporate Debtor faces difficulty in commencing the work at the project site due to excessive



shortage of workers, labours skilled professionals for completion of pending work.

v. The Corporate Debtor trying to bring the operations of the company on track sought financial assistance under a Central Government Scheme, SWAMIH Investment Fund (Special Window for Affordable and Mid-Income Housing Projects). The SWAMIH Investment Fund was formed to complete the construction of stalled, brownfield RERA registered residential developments that are in the affordable housing/Mid-income category, and the net worth is positive, and requires last mile funding to complete the construction. The aforesaid funds were being processed for sanctioning, but the Real Estate Regulatory Authority on a wrongful interpretation of provisions revoked the RERA Registration Number of the Corporate Debtor Projects Named Aqua City. The acute financial crisis being faced by the Corporate Debtor the Real Estate Regulatory Authority based on a misinterpretation of legal provisions initiated a *suo-moto* inquiry without issuing show cause notice and directing freezing of the designated bank accounts of the Corporate Debtor and restraining from allotment/Registry of the units in all the on-going projects the Corporate Debtor is contesting the orders before the Appellate Tribunal to explain the wrongful actions directed by the Ld. Authority based on a misinterpretation of certain provisions of the Real Estate (Regulation & Development) Act, 2016.

vi. In spite of that, the Corporate Debtor made several attempts to revive its business operations. Due to restraining imposed by the Real Estate Regulatory Authority, the Corporate Debtor was not in a position to repay the loan amounts, rents, salaries, etc.

vii. The Real Estate Regulatory Authority due to faulty interpretation of the provision of the Act of 2016 has revoked RERA Registration of two more projects, namely, Aakrity Business Arcade and Aakriti Kolar City in the month of March & April 2022. The revocation orders have



caused excessive loss of business and goodwill in the market. It is pertinent here that Authority has passed a revocation order based on a faulty interpretation of provisions under the Act 2016, which are being challenged before the Appellate Tribunal and High Court. The order passed by the Real Estate Regulatory Authority is annexed as Annexure R-7 is placed on record.

viii. The Corporate Debtor made innumerable attempts to bring back its business operations but became incapable to repay the debts, loan amounts, rents, salaries, etc. as all the designated accounts of the projects were frozen by the MP Real Estate Regulatory Authority. Even as on date, the Corporate Debtor is ready and has all good intentions to repay the Operational Creditors, Financial Creditors, Vendors, Employees, etc.

ix. The Corporate Debtor had a thriving business but certain hardships beyond the control of the Corporate Debtor including the outcome of the Covid pandemic have been highly detrimental, leading to huge loss in business making the Corporate Debtor incapable of timely repayment of the debts owed to its creditors including the applicant.

x. The Corporate Debtor is willing to repay the admitted principal amount of Rs 5,25,89,000/- as and when the company has sufficient funds available to keep the brand of the Corporate Debtor alive but, denying payment of interest over the admitted amount.

5. We heard the Learned Counsels for both sides and perused the material available on record. It is noted that there was a business relationship between the Operational Creditor and Corporate Debtor for which they have entered into barter agreements. Further, in Compliance with those agreements, the Operational Creditor has duly provided the services to the Corporate Debtor from time to time. Admittedly, the Corporate Debtor had paid the cash component to the Operational Creditor, as per those agreements but failed to



transfer the part of the units (barter Component) to the value aggregating to Rs 5,25,89,000/- as per Section 4 of the Code.

6. The Demand Notice was sent on 30.12.2021. However, the Corporate Debtor neither disputed nor replied to the said Demand Notice. The Corporate Debtor admitted the debt to the extent of Rs 5,25,89,000 due to the Operational Creditor in its affidavit in reply filed in response to Section 9 petition but expressed its inability to pay due to its financial constraints which arose because of demonetization, Covid-19, and other legal action taken by the Income Tax Department, Real Estate Regulatory Authority, etc. It is further submitted that the decision of the Real Estate Regulatory Authority is still pending before the Appellate Authority/High Court. Be as it may, in the facts of the case, there is a demand above the threshold limit and the Corporate Debtor has defaulted in paying that demand. As the date of default is 13.02.2020 and this application was filed on 10.03.2022 it is within the limitation. As per section 4 of the Code, this application meets the threshold limit. This application is complete and defect-free. Hence, we pass the following orders:

### **ORDER**

1. Corporate Debtor of M/s. AG8 Ventures Limited is admitted in CIRP. and the moratorium is declared for prohibiting all of the following in terms of Section 14(1) of the Code.

- (i) 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;



(ii) transferring, encumbering, alienating, or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;

(iii) 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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(iv) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

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

3. The Operational Creditor has not proposed the name of the Interim Resolution Professional (IRP). Therefore, this Adjudicating Authority

hereby appoints **Mr. Ishwar Lal Kalantri having Registration No. IBBI/PA-001/IP-P01448/2018-2019/12439** to act as an IRP under Section 13(1) (c) of the CODE.

4. The IRP shall perform all his functions as contemplated, inter-alia, by Sections 17,18,20 & 21 of the Code. It is further made clear that all personnel connected with the Corporate Debtor, its Promoter, or any other person associated with the management of the Corporate Debtor 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 Debtor, its Promoter, or any other person required to assist or co-operate with IRP, do not assist or co-operate. IRP is at liberty to make the



appropriate application to this Adjudicating Authority with a prayer for passing an appropriate order.

5. This Adjudicating Authority directs the IRP to make public announcements 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.

6. It is further directed that the supply of goods/services to the Corporate Debtor Company, it continues, shall not be terminated or suspended, or interrupted during the moratorium period.

7. The IRP shall be under a duty to protect and preserve the value of the property of the 'Corporate Debtor Company' and manage the operations of the Corporate Debtor Company as a going concern as a part of an obligation imposed by Section 20 of the Insolvency & Bankruptcy Code, 2016. The Operational Creditor is directed to pay an advance of Rs. 2,00,000/- (Two Lakh Rupees Only) to the IRP within one week from the date of receipt of this order for the purpose of smooth conduct of the Corporate Insolvency Resolution Process (CIRP) and IRP to file proof of receipt of such amount to this Adjudicating Authority along with First Progress Report within 30 days.

8. The Registry is directed to communicate a copy of this order to the Operational Creditor, Corporate Debtor and to the Interim Resolution Professional, and the concerned Registrar of Companies, after completion of necessary formalities, within seven working days and upload the same on the website immediately after pronouncement of the order.

9. Accordingly, CP(IB)/26/IND/2022 is allowed.

-Sd-

**Kaushalendra Kumar Singh  
Member (Technical)**

-Sd-

**Madan B Gosavi  
Member (Judicial)**

Abhijit - PS