



IN THE HIGH COURT OF MADHYA PRADESH  
AT JABALPUR

BEFORE

HON'BLE SHRI JUSTICE SANJEEV SACHDEVA,  
CHIEF JUSTICE

&

HON'BLE SHRI JUSTICE VINAY SARAF

ON THE 12<sup>th</sup> OF FEBRUARY, 2026

WRIT APPEAL No. 423 of 2026

*ADITYA BHATNAGAR AND OTHERS*

*Versus*

*BANK OF BARODA AND OTHERS*

.....  
Appearance:

*Shri Aditya Khandekar - Advocate for the appellants.*

*Shri Shreyas Dubey - Advocate for the respondents.*  
.....

ORDER

*Per. Hon'ble Shri Justice Vinay Saraf*

1. The appellants have challenged the order dated 14.11.2025 passed by the learned single judge in W.P.No.43139/2025, whereby the petition preferred by the appellants, seeking quashment of the notice issued on 17.10.2025 by the respondent/Bank under Rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process of Personal Guarantors to Corporate Debtors) Rules, 2019, was dismissed.

2. This case is having chequered history, however, the facts suffice for disposal of the present appeal are that M/s Extol Industries availed the financial assistance from respondent/Bank of Baroda, who sanctioned a term



loan to the Company on 30.04.2011, which was restructured on 26.03.2013 and thereafter on 14.01.2015. The company paid the installments and no over dues certificate was issued by the Bank on 16.01.2016 and earlier also a certificate was issued to the appellants on 30.10.2015, despite that the Bank issued the demand notice dated 28.04.2016 classifying the loan account as Non Performing Asset w.e.f. 31.03.2016. In the notice, the amount of future installments up to June, 2016 were also declared as outstanding amount. The company preferred W.P.No.9178/2016 before this Court, wherein by order dated 06.06.2016, the interim relief was granted and the petition was disposed of by order dated 23.08.2017 directing the respondent/Bank to consider and decide the objections raised by the Company. The Bank by order dated 23.11.2017 rejected the objections/representation and the said decision of Bank was also challenged by the Company in W.P.No.8446/2018, which was withdrawn with liberty to raise all the grounds in pending S.A.No.250.2018. Meanwhile, on 11.12.2017, a demand notice was issued and a sum of Rs.24,83,28,080.00 was demanded from the Company and guarantors. On receipt of the said notice, the objections were filed under Section 13(3-A) of the SARFAESI Act, which were rejected on 14.03.2018. Bank issued possession notice, which was assailed in S.A.No.250/2018, which was allowed by order dated 09.12.2024 and the DRT set aside the demand notice 11.12.2017 as well as classification of loan account as NPA w.e.f. 31.03.2016.

3. The Bank has preferred appeal against the order passed by the DRT, which is pending before the DRAT Allahabad. Bank has also filed the O.A.No.347/2018 before the DRT, which is also pending. The Bank moved



an application under Section 7 of the Insolvency Bankruptcy Code, 2016 against the corporate debtor before the learned adjudicatory authority, who by order dated 24.03.2025 admitted the petition. The company preferred an application recalling the order, which was dismissed by the adjudicating authority of NCLT Indore. The said order was challenged by the company before the NCLAT, however, the appeal was dismissed by order dated 30.05.2025. The appellant no.1 was also party in the said proceedings and SLP is still pending against the said order. By the impugned demand notice dated 17.10.2025 issued under Rule 7 of Rules, 2019, the Bank has demanded payment of due amount from the appellants, who had extended their personal guarantee to the corporate loan.

4. The said notice was challenged by the appellants in the subject writ petition mainly on the ground that the notice is time barred and once the DRT has set aside the classification of account as NPA, the notice is without jurisdiction. The appellants prayed for quashment of the notice. Learned Single Judge after considering the facts and circumstances of the case and the legal issues raised by the appellants, by impugned order dated 14.11.2025 dismissed the writ petition.

5. Heard Shri Aditya Khandekar, learned counsel for the appellants and Shri Shreyas Dubey, learned counsel for the respondents.

6. With the consent of the parties, the arguments heard for the purpose of final disposal of the case.

7. The undisputed facts of the case are that the appellants extended their personal guarantees to the loan advanced by the Bank of Baroda to M/s Extol Industries and even as per the appellants, no payment was made by the



corporate debtor or guarantors to the Bank after March, 2016 and since then the company and guarantors are in litigation with the Bank on technical issues. The Bank classified the account as NPA, which was challenged by the corporate debtor and the classification was turned down by DRT and the issue is still pending before DRAT. Meanwhile, the Bank has initiated the proceedings under Section 7 of the IBC, 2016 and instituted an application for initiation of corporate insolvency resolution process against the corporate debtor after issuance of demand notice. The adjudicating authority admitted the application and appointed Interim Resolution Professional. The corporate debtor as well as present appellant no.1 filed an application for recalling the admission order before the NCLT Indore, which was dismissed by order dated 24.03.2025. The said order was challenged by the corporate debtor as well as the present appellant no.1 before the National Company Law Appellate Tribunal, New Delhi, however, the appeal preferred by the corporate debtor and appellant no.1 was dismissed by NCLAT vide order dated 30.05.2025 and the matter is pending before the Supreme Court in SLP.

8. The core issue involved in the present case is that whether once classification of NPA is set aside by DRT, the corporate creditor is prohibited from taking action under the provisions of Insolvency & Bankruptcy Code, 2016. Learned Single Judge dismissed the petition after noticing the findings of NCLT, Indore in its order dated 24.03.2025 that a case before the DRT is not a bar to file a case before the adjudicating authority under the IBC Code, learned Single Judge relied on the order passed by the Supreme Court in Mohammad Enterprises (Tanzania) Ltd, Vs.



Faraq Ali Khan & Ors. in Civil Appeal No.48 of 2025 decided on 03.01.2025 whereby the Supreme Court has held as under:-

*“15, Apart from delay and laches. High Court should have noted that Insolvency and Bankruptcy Code is a complete code in itself, having sufficient checks and balances, remedial avenues — and appeals. Adherence of protocols and procedures maintains legal discipline and preserves the balance between the need for order and the quest for justice. The supervisory and judicial review powers vested in High Courts represent critical constitutional safeguards, yet their exercise demands rigorous scrutiny and judicious application. This is certainly not a case for the High Court to interdict CIRP proceedings under the Insolvency and Bankruptcy Code.”*

9. As we have noted hereinabove that after March, 2016 the corporate debtor and guarantors have stopped making payment to the Bank and as per the Bank as on today Rs.58,18,79,064.00 is due against the corporate debtor and the guarantors thus the Bank is entitled to take action against the guarantors, who have extended their personal guarantee and challenged the demand of said amount only on the ground that classification of loan account as NPA under the provision of SARFAESI Act was turned down by the DRT. The corporate debtor or the guarantors are not exempted from making payment of due amount to the Bank as the guarantee is permanent and continued. The arguments raised by the learned counsel for the appellants that the demand is time barred cannot be accepted. Similarly, as the IBC is completely independent code and provides the independent procedure, the action initiated under the provisions of IBC, 2016 cannot be quashed on the ground that issue of classification as NPA under the provisions of SARFAESI Act is still pending.

10. The corporate debtor and the appellants have not come with a



case that they want to liquidate the due amount, but they are just trying to avoid the payment of the due amount only on the technicalities. Learned Single Judge has correctly noticed that there is no connection between the action taken under the IBC, 2016 and SARFAESI Act and these are two different and separate proceedings, which can continue simultaneously. It is also correctly noted by learned single Judge that the petition is premature because as on today the Bank has only also issued notice under Rule 7 of the Rules, 2019 demanding payment of due amount and still no application has been moved by the Bank under Section 95 of IBC, 2016 and the complete procedure has been prescribed in IBC, 2016, which is a complete code to challenge the action taken by corporate creditor and therefore, at this stage, no case for interference is made out. We are in full agreement with the findings recorded by the learned Single Judge, which are based on the facts, circumstances and correct interpretation of law. The order passed by learned Single Judge is just and proper. The appellants are not entitled for any relief.

11. Consequently, the appeal being sans merit stands dismissed. There shall be no order as to costs.

(SANJEEV SACHDEVA)  
CHIEF JUSTICE

(VINAY SARAF)  
JUDGE

P/-