



IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH, COURT-VI

COMPANY PETITION NO. (IB)-232(ND)/2024

Order under Section 7 of the Insolvency and Bankruptcy Code, 2016 and Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority), Rules, 2016.

IN THE MATTER OF:

DUKHBHANJAN SINGH,
Sole Proprietor
M/s Mobile Technology Company
Registered Office at:
Bengali Sweet House,
G-26,NDSE Part-1, Market
New Delhi-110049.

.... APPLICANT/FINANCIAL CREDITOR

Versus

IWORLD DIGITAL SOLUTIONS PRIVATE LIMITED
Registered Office At: 79, First Floor, Paschimi
Marg Vasant Vihar, South West Delhi,
New Delhi, India 110057
Email: accounts@iworld.co.in

...RESPONDENT/CORPORATE DEBTOR

Order Pronounced on: 09.05.2025

CORAM

SHRI MAHENDRA KHANDELWAL, HON'BLE MEMBER (JUDICIAL)

SHRI ATUL CHATURVEDI, HON'BLE MEMBER (TECHNICAL)



PRESENT

For the Applicant : Adv. Humraz Bir Singh

For the Respondent : Adv. Kushank Garg

ORDER

PER: MAHENDRA KHANDELWAL, MEMBER (JUDICIAL)

1. This is an application filed by Dukhbhanjan Singh, Sole Proprietor of "M/S Mobile Technology Company" (for brevity "Financial Creditor/Applicant") under Section 7 of Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the "Code/IBC") for initiating Corporate Insolvency Resolution Process "CIRP" against Iworld Digital Solutions Private Limited (for brevity "Corporate Debtor/Respondent") for the alleged default in repayment of loan of Rs. 4,52,45,292 (Rupees Four Crore Fifty Two Lakhs Forty Five Thousand Two Hundred and Ninety Two).
2. The Corporate Debtor is a Company having its registered office at 79, First Floor, Paschimi Marg Vasant Vihar, South West Delhi, New Delhi, India- 110057. Since the registered office of the respondent corporate debtor is in New Delhi, this Tribunal having territorial jurisdiction over the NCT of Delhi is the Adjudicating Authority in relation to the prayer for initiation of Corporate Insolvency Resolution Process in respect of



respondent corporate debtor under subsection (1) of Section 60 of the Code.

Averments of the Applicants:

3. The Financial Creditor is a sole proprietor of M/s Mobile Technology Company engaged in the business of class technology retailer and is a premium reseller of mobiles and other related products. In the year 2020, the Corporate Debtor availed a loan of Rs. 4,50,00,000/- (Rupees Four Crore Fifty Lacs) @12% interest per annum, from the Financial Creditor based on mutual understanding between them. It was further agreed between the parties that the Loan Amount along with interest, was to be repaid on or before 09.03.2024.
4. Applicant submitted that the Corporate Debtor failed to fulfill its obligations to pay the amount of Rs. 4,50,00,000/- which was due for payment as on 01.04.2021. Further, during the Financial Year 2021-2022, a provisional interest @12% accrued on the aforementioned outstanding amount resulting to which an amount of Rs. 5,22,45,968/- was due for payment by the Corporate Debtor.
5. Applicant further submitted that on 31.03.2022, the Corporate Debtor approached the Financial Creditor with an offer to sell certain electronic goods against setting off a part of the Loan Amount. It was represented by the Corporate Debtor that a part of the loan can be set-off against the



price of the said goods, and the balance payment of the Loan Amount will be made to the Financial Creditor within 6 months.

6. Applicant submitted that based on the aforementioned representations and assurances made by the Corporate Debtor, a purchase of goods worth Rs. 2,04,94,513.24/- was made by the Financial Creditor and the said amount was set off against the outstanding dues of Rs. 5,22,45,968/-. Therefore an amount of Rs. 3,17,51,454.76/- as closing balance was pending for payment on 31.03.2022 by the Corporate Debtor to the Financial Creditor.
7. Applicant submitted that despite the representations and assurances made, the Corporate Debtor failed to make any payment against the aforesaid outstanding loan amount. Therefore, as on date an amount of Rs. 4,52,45,292/- is due for payment by the Corporate Debtor to the Financial Creditor.
8. Applicant submitted that the Financial Creditor issued a Demand Notice dated 14.03.2024 demanding the unpaid Financial Debt of Rs. 4,52,45,292/- that is the outstanding loan amount along with provisional interest to be paid by the Corporate Debtor. In response to the Demand Notice 14.03.2024 the Corporate Debtor sent its reply on 18.07.2024 wherein the Corporate Debtor requested the Financial Creditor additional time to pay the remaining debt.



Reply of the Respondent/Corporate Debtor:

9. Consequent to the notice issued by this Tribunal, the Respondent filed its reply and submitted that all the averments, statements, submissions, grounds, contentions or allegations made by the Applicant are baseless, misconceived and false, and hence, are denied in entirety.
10. Respondent submitted that the Corporate Debtor is engaged in the business of retail of electronic goods and was also the authorized reseller of Apple products in India. Admittedly the Respondent submitted that in order to undertake its business operations and meet business requirements, in the year 2020, the Corporate Debtor availed unsecured loan facility from the Financial Creditor to tune of Rs. 4,50,00,000/- (Rupees Four Crore Fifty Lakh) @12% interest per annum, from the Financial Creditor based on mutual understanding between the parties herein. The said loan amount was to be repaid along with above-said interest on or before 09.03.2024.
11. Respondent further submitted that the Corporate Debtor was diligent in making monthly instalments in terms of repayment schedule agreed between the parties. However, on account of COVID 19 pandemic and its aftermath, the business and trade of the Corporate Debtor were severely impacted. Thus, the Corporate Debtor's business suffered gravely leading to Corporate Debtor being in financial distress.



- 12.** Respondent submitted that the Corporate Debtor by way of letter dated 18.07.2024 had issued reply to the demand notice dated 14.03.2024, explaining its inability to repay the outstanding debt as demanded by the Financial Creditor and requested the Financial Creditor additional time to pay the remaining debt. However, instead the Financial Creditor chose to file the instant Company Petition.

Analysis and Findings

- 13.** We have heard Ld. Counsels for the applicant as well as the Ld. Counsel for the Respondent and perused the averments made in the application, counter affidavit and rejoinder. The relevant documents annexed with the submissions have also been examined.
- 14.** In order to affirm that this petition falls within the ambit of Section 7, we need to see whether there is a “debt” owed to the Financial Creditor and whether there is a “default” with respect to such debt.
- 15.** Upon perusal of the para 3 (page no. 2) of the Reply filed by the Respondent, we observe that the Respondent herein admitted the fact that he has availed unsecured loan facility from the Financial Creditor to tune of Rs. 4,50,00,000/- at the rate of 12% interest per annum, based on mutual understanding between the parties herein.
- 16.** Vide order dated 08.05.2024, this Adjudicating Authority directed the Applicant to file necessary proof of disbursal and sufficient grounds to



show that the loan given to the Corporate Debtor was a financial debt.

The relevant portion of the order dated 08.05.2024 extract as below:

“Heard the Ld. Counsel on behalf of the Petitioner who sought time to file necessary proof of disbursal and sufficient grounds to show that it was a financial debt.”

- 17.** In compliance of the order dated 08.05.2024, the Applicant filed its reply on 04.09.2024 and stated that Corporate Debtor in response to the demand notice dated 14.03.2024 sent by the Applicant to the Respondent sent its reply on 18.07.2024 to the Applicant wherein the Respondent admitted that the Corporate Debtor availed a loan amount of Rs 4,50,00,000 from the Financial Creditor in 2020. The Relevant portion of the reply dated 18.07.2024 of the Demand notice dated 14.03.2025 extract as below:

“Our Client is engaged in the business of retail of electronic goods and was also the authorized reseller of Apple products in India. Hence, to undertake its operations and meet the business requirements, a loan amounting to Rs. 4,50,00,000/- (Rupees Four Crore Fifty Lakhs) was availed by Our Client from Mobile Technology Company ("MTC") in the year 2020.”

- 18.** Upon perusal of the above discussed fact, we observe that one essential ingredient with respect to Section 7, that there has been a “debt”, stands substantiated.



- 19.** The subsequent essential requirement of Section 7 of the IBC is to ascertain whether there is a 'default' with respect to such debt.
- 20.** In paragraph 3 (page no. 3) of its reply, the Respondent admitted that, as per the Loan Agreement entered into between the parties in 2020, the loan amount of Rs. 4,50,00,000/- along with interest at the rate of 12% per annum was to be repaid on or before 09.03.2024. Furthermore, upon perusal of paragraph 8 (page no. 3) of the Respondent's reply, it is observed that the Respondent admitted the financial distress of the Corporate Debtor leading to non-payment of Rs. 4,52,45,292 to the Financial Creditor
- 21.** Furthermore, the Financial Creditor issued a Demand Notice dated 14.03.2024, wherein the Applicant demanded the unpaid financial debt of Rs. 4,52,45,292/-, representing the outstanding loan amount along with interest, to be paid by the Corporate Debtor. In response to the Demand Notice dated 14.03.2024, the Corporate Debtor submitted a reply, wherein the Respondent admitted that the Corporate Debtor is under severe financial distress and, therefore, is unable to make the payment as demanded by the Financial Creditor.
- 22.** In view of the above, and taking into account the facts of the case and the admitted non-payment of the loan amount pursuant to the recall notice, we observe that the failure of the Corporate Debtor to make the



payment constitutes a default, as defined under Section 3(12) of the IBC.

Therefore, another major essential ingredient of Section 7 i.e., “default” with respect to the debt stand substantiated.

23. At this juncture, it is important to refer to landmarks judgment of the Hon’ble Supreme Court in “**Innoventive Industries Limited v. ICICI Bank and Another**” where it was held that once NCLT is satisfied that the default has occurred, there is hardly a discretion left with NCLT to refuse admission of the Application under Section 7 of I & B Code, 2016. The relevant extract of the said judgment is reproduced hereunder as:

30. On the other hand, as we have seen, in the case of a corporate debtor who commits a default of a financial debt, the adjudicating authority has merely to see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred. It is of no matter that the debt is disputed so long as the debt is “due” i.e. payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the adjudicating authority that the adjudicating authority may reject an application and not otherwise.

24. Hon’ble Supreme Court have reiterated in **Suresh Kumar Reddy v. Canara Bank & Ors. [Civil Appeal No. 7121 of 2022]** as under:-



“13. Thus, it was clarified by the order in review that the decision in the case of Vidarbha Industries was in the setting of facts of the case before this Court. Hence, the decision in the case of Vidarbha Industries cannot be read and understood as taking a view which is contrary to the view taken in the cases of Innoventive Industries and E.S. Krishnamurthy. The view taken in the case of Innoventive Industries still holds good.”

25. From the perusal of aforesaid facts, it is clear that the applicants are Financial Creditors and the debt owed to them by the Corporate Debtor is a Financial Debt, and there has been a default, as stipulated in Sections 3(12), 5(7) and Section 5(8) of the IBC.

26. The present petition made by the Financial Creditor is complete in all respects as required by law. The Petition establishes that the Corporate Debtor is in default of a debt due and payable and that the default is more than the minimum amount stipulated under Section 4(1) of the Code, stipulated at the relevant point of time. We are of the view that since this Petition was filed on 09.04.2024, and the debt owed to the Financial Creditor is an amount of Rs. 4,52,45,292/- meets the threshold of Rs. One Crore.

27. In light of the above observation, we admit the instant Application i.e CP No. (IB)-232/ND/2024 and initiates the Corporate Insolvency Resolution



Process against the Corporate Debtor i.e. Iworld Digital Solutions Private Limited with immediate effect.

- 28.** Sub-section (3) (b) of Section 7 mandates the Financial Creditor to furnish the name of an Interim Resolution Professional (“IRP”). In compliance thereof the applicant has proposed the name of Mr. Anurag Nirbhaya for appointment as Interim Resolution Professional having Registration No. IBBI/IPA-001/IP-P00870/2017-2018/11468. The Proposed IRP has a valid AFA which is valid upto 30.06.2025. Accordingly, this Adjudicating Authority, hereby appoints Mr. Anurag Nirbhaya to act as Interim Resolution professional. He shall take such other and further steps as are required under the statute, more specifically in terms of Section 15, 17 and 18 of the Code and file his report within 30 days before this Bench.
- 29.** In pursuance of Section 13 (2) of the Code, we direct that public announcement shall be made by the Interim Resolution Professional immediately (3 days as prescribed by Explanation to Regulation 6(1) of the IBBI Regulations, 2016) with regard to admission of this application under Section 7 of the Insolvency & Bankruptcy Code, 2016.
- 30.** 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, tribunal, 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.”

31. 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.

32. The Interim Resolution Professional shall perform all his functions contemplated, inter-alia, by Sections 15, 17, 18, 19, 20 & 21 of the Code and transact proceedings with utmost dedication, honesty and strictly in accordance with the provisions of the Code, Rules and Regulations. It is further made clear that all the personnel connected with the Corporate Debtor, its promoters or any other person associated with the Management of the Corporate Debtor are under legal obligation under Section 19 of the Code to extend every assistance and cooperation to the Interim Resolution Professional as may be required by him in managing the day to day affairs of the 'Corporate Debtor'. In case there is any violation committed by the ex-management or any preferential/undervalued/tainted/illegal transaction by ex-directors or anyone else, the Interim Resolution Professional shall make an application to this Adjudicating Authority with a prayer for passing an appropriate order. The Interim Resolution Professional shall be under duty to protect and preserve the value of the property of the 'Corporate Debtor' as a part of its obligation imposed by Section 20 of the Code and



perform all his functions strictly in accordance with the provisions of the Code, Rules and Regulations.

33. The office is directed to communicate a copy of the order to the Financial Creditor, the Corporate Debtor, the Interim Resolution Professional and the Registrar of Companies, NCT of Delhi & Haryana at the earliest possible but not later than seven days from today. The Registrar of Companies shall update its website by updating the status of 'Corporate Debtor' and specific mention regarding admission of this petition must be notified to the public at large.

34. Let copy of the order be served to the parties.

Sd/-
(ATUL CHATURVEDI)
MEMBER (TECHNICAL)

Sd/-
(MAHENDRA KHANDELWAL)
MEMBER (JUDICIAL)