NATIONAL COMPANY LAW TRIBUNAL
INDORE BENCH
COURT NO. 1

ITEM No.201
CP(IB)/60(MP)2024

Order under Section 7 IBC

IN THE MATTER OF:

Tanay Securities & Sevices Pvt Ltd ....**Applicant**
V/s
Organic World Pvt Ltd ....**Respondent**

Coram:

Hon’ble Shri Brajendra Mani Tripathi, Member (J)
Hon’ble Shri Man Mohan Gupta Member (T)

PRONOUNCEMENT OF ORDER
Delivered on 03/08/2026

The case is fixed for pronouncement of the order.

The order is pronounced in open Court *vide* separate sheet.

Sd/-	Sd/-
MAN MOHAN GUPTA **MEMBER (TECHNICAL)**	**BRAJENDRA MANI TRIPATHI** **MEMBER (JUDICIAL)**

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

INDORE BENCH, AT INDORE

CP (IB) No. 60/2024

[*Under Section 7 of the Insolvency and Bankruptcy Code, 2016, read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016]*

IN THE MATTER OF:

Tanay Securities & Services Private Limited
13, Gujarati Society, Nehru Road,
Vile Parle (East), Mumbai-400057 …Applicant/Financial Creditor

Versus

Organic World Private Limited
45/1/4 Gram Malikhedi, Nemawar Road,
Indore, Madhya Pradesh-452006 …Respondent/Corporate Debtor

C O R A M:

HON'BLE SH. BRAJENDRA MANI TRIPATHI, MEMBER (J)

HON'BLE SH. MAN MOHAN GUPTA, MEMBER (T)

Order Pronounced on 03.08.2026

Appearance:

For the Applicant : Mr. Kunal Tandon, Sr. Adv a.w.
Mr. Sinha Shrey Nikhilesh, Adv
Mr. Parth Davar, Adv
Mr. Swastik Verma, Adv
Mr. Md. Faraaz Khan, Adv
Ms. Natasha Singh, Adv

Ms. Shreni Taran, Adv
For the Respondent : Mr. Vijayesh Atre, Adv a.w.
Ms. Aarya Chhangani, Adv

<u>O R D E R</u>

This Company Petition has been filed by Tanay Securities & Services Private Limited ("Financial Creditor") seeking to initiate Corporate Insolvency Resolution Process (CIRP) against Organic World Private Limited ("Corporate Debtor") under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, for having committed default in repayment of an amount of Rs. 2,24,97,222/- (Rupees Two Crore Twenty-Four Lakh Ninety-Seven Thousand Two Hundred and Twenty-Two only), inclusive of interest.

Perusal of Part-I of Form-1 indicates that the Financial Creditor is a company incorporated on 03.01.2011 under the Companies Act, 1956, bearing CIN U74120MH2011PTC211734, engaged in the business of legal, accounting, book-keeping and finance management services, having its registered office at 13, Gujarati Society, Nehru Road, Vile Parle (East), Mumbai-400057, Maharashtra.

Perusal of Part-II of Form-1 indicates that the Corporate Debtor, Organic World Private Limited, bearing CIN U01114MP2020PTC051205, was incorporated on 19.03.2020, having its registered office at Survey No. 145/1/4 Gram Malikhedi, Nemawar Road, Indore, Madhya Pradesh-452006, engaged in the business of farming, market gardening and horticulture.

Perusal of Part-III of Form-1 indicates that the Applicant has proposed Shri Prakul Thadi, Insolvency Professional, bearing Registration No. IBBI/IPA-002/IP-N01149/2021-2022/13806, to act as Interim Resolution Professional ("IRP"). The AFA of the proposed IRP is valid upto 30.06.2027.

A. CASE OF THE APPLICANT/FINANCIAL CREDITOR

Perusal of Part-IV of Form-1 read with the Synopsis and List of Dates reveals the following case set up by the Financial Creditor:

i. That the Corporate Debtor approached the directors of the Financial Creditor for funding, citing operational requirements, and an unsecured loan of Rs. 2,00,00,000/- was disbursed on 16.09.2020 at an interest rate of 2% per annum. It is pertinent to note that no written agreement was executed between the Applicant and the Respondent. However, the transactions between the parties were carried out pursuant to an oral understanding and verbal communications.

ii. That further sums of Rs. 49,00,000/- and Rs. 11,00,000/- were disbursed on 15.01.2021 and 16.01.2021 respectively, at the same rate of interest, taking the total principal disbursed to Rs. 2,60,00,000/-.

iii. That the Corporate Debtor repaid a sum of Rs. 45,00,000/- on 29.01.2021.

iv. That the said unsecured loan stands acknowledged by the Corporate Debtor in its Auditor's Reports for Financial Years

2020-21, 2021-22 and 2022-23, and further, the Corporate Debtor deposited TDS of Rs. 43,000/- for FY 2022-23 in lieu of interest of Rs. 4,30,000/-, taking the total amount payable to Rs. 2,18,87,000/- as on 31.03.2023.

v. That interest accrued for FY 2023-24 amounting to Rs. 4,51,521/- was added to the principal, taking the total to Rs. 2,30,27,567/-, and interest further accrued from 01.04.2024 to 20.08.2024 brought the total amount in default to Rs. 2,24,97,222/-.

vi. That the Financial Creditor issued a recall notice dated 21.08.2024 calling upon the Corporate Debtor to discharge the said debt, which the Corporate Debtor failed to honour, resulting in default having occurred on 28.08.2024.

vii. That the amount so disbursed, being a loan carrying interest, constitutes "Financial Debt" within the meaning of Section 5(8) of the IBC, and the Financial Creditor is entitled to invoke Section 7 thereof.

B. CASE OF THE RESPONDENT/CORPORATE DEBTOR

The Corporate Debtor filed its Reply dated 07.01.2025, raising, inter alia, the following contentions:

i. That the Applicant company is promoted by CA Rajeev Dak and his son CA Shreyansh Dak.

ii. That the Respondent company is promoted by Yash Mittal and Akansha Mittal. Further, as per the balance sheet as on 31.03.2023, the shareholding pattern of respondent company is as follows:

Name of Shareholder	No. of Shares	%
Smt. Akansha Mittal	2,31,700	32.72
Shri Rajeev Dak	2,12,590	30.02
Smt. Shashi Jain	1,41,180	19.94
Shri Yash Mittal	1,22,590	17.31
Total	**7,08,060**	**100.00**

iii. That the Dak and Mittal families jointly promoted the Respondent Company's soya extraction plant and extended personal guarantees/collateral security to State Bank of India for the secured credit facilities availed by the Respondent Company; that Smt. Shashi Jain and Shri Rajesh Jain furnished personal guarantees on behalf of the "Dak family".

iv. That the plant became technologically obsolete and had to be closed and was subsequently sold for Rs. 3,01,00,000/- (plus GST), the proceeds whereof were directly adjusted by SBI against its secured dues; that the Mittal family alone has infused Rs. 3,27,90,000/- as unsecured loans to service the secured debt, and a sum of Rs. 1,21,46,080/- is still payable to the Bank.

v. That since secured dues remain payable to the Bank, the Respondent Company cannot repay the Applicant's unsecured loan, and therefore there is "no default" in the legal sense, as repayment is contingent upon repayment of the secured facility.

vi. That the Applicant and its promoters, being also promoters/shareholders of the Respondent Company, are liable to be treated as one entity with the Respondent by lifting the corporate veil, and the present application, being for recovery of unsecured loans by a quasi-promoter, is not maintainable and amounts to misuse of the IBC.

vii. That two petitions under Sections 241-242 of the Companies Act, 2013 (CP No. 25 of 2023 and CP No. 9 of 2024) are pending between the parties (against M/s Mittal Soya Proteins Private Limited), demonstrating a pre-existing dispute between the parties.

C. CASE OF THE APPLICANT IN REJOINDER

The Financial Creditor filed a Rejoinder, essentially denying the averments in the Reply and reiterating the following:

i. That the Applicant company has only two promoters, namely Rajeev Dak and Shreyansh Dak, and Smt. Shashi Jain (sister of Rajeev Dak) has no relation whatsoever to the Applicant company.

ii. That the Respondent Company has only two directors, namely Yash Mittal and Akansha Mittal, as reflected in its own balance sheet, and the Applicant was never a director, promoter or guarantor of the Respondent Company nor involved in its day-to-day management; that Annexure R-3 relied upon by the Respondent itself does not show that the Applicant provided any collateral/security to SBI.

iii. That the shareholding pattern is not "equal", as the Respondent itself has diluted Smt. Shashi Jain's shareholding, and the Company is essentially a Mittal family-run business.

iv. That money advanced by a promoter/director/shareholder as a stakeholder, carrying interest, evidenced by consistent deposit of TDS and acknowledgments in the Auditor's Reports, has the "commercial effect of a borrowing" under Section 5(8)(f) of the IBC and constitutes Financial Debt, relying upon Sanjay D. Kakade v. HDFC Ventures Trustee Co. Ltd. & Ors., Company Appeal (AT) (Insolvency) No. 481 of 2023 and Shilesh Sangani v. Joel Cardoso & Ors., Company Appeal (AT) (Ins) No. 616 of 2018 (NCLAT).

v. That the doctrine of indoor management squarely applies, and a party which has merely extended a loan cannot be saddled with liability for the internal affairs/management of the Corporate Debtor, relying upon Tulip Hotels Private Limited v. JC Flowers Asset Reconstruction Pvt. Ltd. & Ors., Company Appeal (AT) (Insolvency) No. 1146 of 2023 (NCLAT).

vi. That proceedings under Sections 241-242 of the Companies Act, 2013 are independent proceedings, dealing with allegations of oppression/mismanagement against a different entity (M/s Mittal Soya Proteins Pvt. Ltd.), and have no bearing on the present Section 7 petition; that the special statute (IBC) prevails over the Companies Act by virtue of Section 238 thereof, relying upon Innovative Industries Ltd. v. ICICI Bank, (2018) Civil Appeal Nos. 8337-8338 of 2017 (Supreme Court); and that the plea of "pre-existing dispute" raised is a mere camouflage to evade repayment.

vii. That the Respondent's own communication dated 05.09.2024 (Annexure R-9/A-13), in response to the recall notice, admits the existence of the unsecured loan and merely seeks time for repayment, which amounts to an admission of debt and default.

D. ANALYSIS AND OBSERVATIONS

We have heard the counsel for the parties and perused the record, including the Application, the Reply and the Rejoinder. The following issues arise for determination:

Issue No. 1: Whether the amount disbursed by the Financial Creditor to the Corporate Debtor constitutes "Financial Debt" within the meaning of Section 5(8) of the IBC?

On a conjoint reading of the Application, Annexures A-2 to A-11 (bank transaction details, Auditors' Reports for FY 2020-21, 2021-22, 2022-23, TDS certificate and ledger account) and the Corporate Debtor's own Reply at paragraphs 9, 10 and 17, it emerges that the Corporate Debtor does not dispute the factum of disbursement of the principal sums of Rs. 2,00,00,000/-, Rs. 49,00,000/- and Rs. 11,00,000/- by the Financial Creditor, or the repayment of Rs. 45,00,000/- thereagainst. The Corporate Debtor's own e-mail dated 05.09.2024 (Annexure R-9) explicitly acknowledges the "unsecured loan from promoters" and merely seeks deferment of repayment pending settlement of secured dues to the Bank — this is an unambiguous admission of the debt itself. The disbursement, having been made against payment of interest at the rate of 2% per annum, evidenced by consistent deposit of

TDS and reflection in the audited financial statements of the Corporate Debtor for three consecutive years, squarely falls within Section 5(8)(f) of the IBC, being "any amount raised under any other transaction... having the commercial effect of a borrowing". The submission of the Corporate Debtor that the amount was extended "as an equal promoter" rather than as an independent creditor does not detract from its character as Financial Debt; the source or motivation of the lender is immaterial once money has been disbursed against consideration for time value of money, as held by the Hon'ble NCLAT in Shilesh Sangani v. Joel Cardoso & Ors. and Sanjay D. Kakade v. HDFC Ventures Trustee Co. Ltd. & Ors. We accordingly hold that the amount claimed constitutes Financial Debt, and the Applicant is a "Financial Creditor" within the meaning of Section 5(7) of the IBC.

Issue No. 2: Whether "default" has occurred within the meaning of Section 3(12) of the IBC?

The Corporate Debtor's defence that "there is no default" because repayment of the unsecured loan is contingent upon prior repayment of secured dues to the Bank does not withstand scrutiny. No document has been placed on record — and none is even alleged — to show that the Bank has imposed any covenant or negative lien prohibiting repayment of unsecured dues to third parties. The Corporate Debtor's own admission of liability, coupled with the recall notice dated 21.08.2024 and the failure to make payment thereafter, establishes default in terms of Section 3(12) of the IBC, which occurred, at the latest, on 28.08.2024. The plea of an internal understanding subordinating repayment of the

Applicant's dues to the Bank's dues, even if assumed to be true, is a unilateral arrangement asserted by the Corporate Debtor and cannot be read into the loan transaction so as to defeat an admitted debt; nor is any such subordination reflected in any document executed between the Financial Creditor and the Corporate Debtor.

In view of above observation, it is observed that "default" in repayment of the said Financial Debt has occurred and is not disputed on any bona fide or substantial ground.

Issue No. 3: Whether the alleged common promoters/shareholders between the Applicant and Respondent, or the pendency of proceedings under Sections 241-242 of the Companies Act, 2013, constitute grounds to reject the Application under Section 7 of the IBC?

The Corporate Debtor's principal defence is founded on the premise that the Applicant's promoters (through Smt. Shashi Jain, said to be the sister of one of the Applicant's directors) are also promoters/shareholders of the Respondent Company, and that the corporate veil ought to be lifted to treat both entities as one. We find this contention unpersuasive for the following reasons:

i. It is an admitted position, as recorded at paragraph 7 of the Reply itself, that the Applicant/its promoters were never members of the Board of Directors of the Respondent Company, nor involved in its day-to-day management or decision-making. The Respondent Company's own record shows only two directors, namely Yash Mittal and Akansha Mittal.

ii. The doctrine of indoor management operates to protect a third party who has dealt with a company at arm's length (here, by extending an unsecured loan) from being saddled with liability for that company's internal governance or its dealings with its secured lenders, as held by the Hon'ble NCLAT in Tulip Hotels Private Limited v. JC Flowers Asset Reconstruction Pvt. Ltd. & Ors. Even if it is assumed, for the sake of argument, that Smt. Shashi Jain (said to be related to a director of the Applicant) holds shares in the Respondent Company in her individual capacity, that fact, without more, does not convert the Applicant company into a "promoter" of the Corporate Debtor, nor does it disentitle the Applicant, an independent corporate entity, from enforcing an admitted debt owed to it.

iii. Insofar as reliance is placed on the pendency of the applications filed under Sections 241-242 of the Companies Act, 2013 being Company Petition No. 25 of 2023 which is pending adjudication and Company Petition No. 9 of 2024 in which the Tribunal has passed an order dismissing the application vide order dated 23.03.2026, we find that the said proceedings, on the Corporate Debtor's own showing, are directed against a different entity, namely M/s Mittal Soya Proteins Private Limited, and relate to allegations of oppression and mismanagement — a subject matter entirely distinct from, and having no bearing upon, the existence of the admitted Financial Debt owed by the Corporate Debtor to the Financial Creditor herein. A dispute of an entirely different genre, involving different parties and different reliefs, cannot be pressed into service to defeat an otherwise complete application under Section 7. As held by the Hon'ble Supreme Court in Innovative Industries Ltd. v. ICICI Bank, the IBC being a special statute takes precedence, by virtue of Section 238 thereof, over any general or conflicting legislation, including the Companies Act, 2013, in matters covered by the Code.

We are, therefore, of the considered view that the defences raised by the Corporate Debtor do not constitute a genuine any dispute qua the Financial Debt in question, but are, at best, collateral disputes unconnected with the debt and default that are the subject matter of the present proceedings.

Issue No. 4: Whether the Application is complete and satisfies the requirements of Section 7 of the IBC read with Rule 4 of the Adjudicating Authority Rules, 2016?

On perusal of Form-1 and the annexures thereto, we find that the Application discloses the particulars of the Applicant, the Corporate Debtor and the proposed IRP, and is accompanied by record of default in the form of bank statements, the ledger account, Auditors' Reports acknowledging the debt, the TDS certificate and the recall notice along with the Corporate Debtor's reply thereto.

We further observe that although Shri Rajeev Dak, one of the promoters/directors of the Applicant company, holds 30.02% of the shareholding in the Respondent Company, and Smt. Shashi Jain, said to be the sister of one of the Applicant's directors, also figures in the shareholding pattern of the Respondent, this fact alone does not detract from the completeness or maintainability of the present Application, nor does it affect the genuineness of the underlying transaction. The Applicant and the Respondent are admittedly separate and distinct corporate/legal entities, incorporated under the Companies Act and governed by their own respective Boards of Directors, with no commonality of directorship between the two companies. The disbursement of the loan amount, evidenced by bank transaction records, ledger accounts, Auditors' Reports and TDS certificates spanning multiple financial years, demonstrates a genuine, real and traceable transaction between the parties, and there is nothing on record to suggest that the said transaction is a sham, collusive or engineered arrangement designed to circumvent the provisions of the Code. Mere overlap of shareholding interest, without more, cannot lead to an inference of collusion, particularly when the transaction has been consistently reflected and acknowledged in the statutory records and financial statements of the Corporate Debtor itself. We are, therefore, satisfied that the subject transaction, notwithstanding the aforesaid shareholding pattern, has taken place in the ordinary course of commercial dealings and bears the character of a bona fide credit transaction between two independent corporate entities, and does not detract from the completeness of the Application under Section 7 of the IBC.

The proposed IRP, Shri Prakul Thadi, has furnished his written communication in Form-2 as required under Rule 9(1) of the Rules, and there is nothing on record to show pendency of any disciplinary proceedings against him. We are satisfied that the Application is complete in all respects.

E. CONCLUSION

In view of the aforesaid discussion, we hold:

a) That the amount of Rs. 2,24,97,222/- claimed by the Applicant constitutes "Financial Debt" within the meaning of Section 5(8) of the IBC;

b) That "default" in repayment of the said Financial Debt has occurred and is not disputed on any bona fide or substantial ground;

c) That the defences of common promotership/shareholding and pendency of proceedings under Sections 241-242 of the Companies Act, 2013 do not constitute a genuine pre-existing dispute so as to disentitle the Financial Creditor from invoking Section 7 of the IBC; and

d) That the Application is complete and fulfils all the requirements of Section 7 of the IBC read with Rule 4 of the Rules.

Accordingly, the present application filed under Section 7 of the IBC is fit to be admitted.

ORDER

i. Corporate Debtor **Organic World Private Limited** is admitted into Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code, 2016.

ii. We appoint **Shri Prakul Thadi**, Registration No. IBBI/IPA-002/IP-N01149/2021-2022/13806, as the Interim Resolution Professional ("IRP") under Section 13(1)(c) of the Code.

Name of IRP : Shri Prakul Thadi
IBBI Reg. No. : IBBI/IPA-002/IP-N01149/2021-2022/13806
Address : Flat No. 1405, J Block, Rainbow Vistas, Green Hills Road, Moosapet, Hyderabad-500018, Telangana

iii. The Moratorium under Section 14 of the Code shall come into effect from the date of this order till completion of the Corporate Insolvency Resolution Process, or until this Bench approves the Resolution Plan under Section 31(1), or passes an order for liquidation under Section 33, as the case may be.

iv. The Adjudicating Authority hereby prohibits: 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; transferring, encumbering, alienating or disposing of any asset or legal/beneficial interest of the Corporate Debtor; any action to foreclose, recover or enforce any security interest created by the Corporate Debtor, including any action under the SARFAESI Act, 2002; and the recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.

v. The IRP shall cause a public announcement of the CIRP to be made immediately, as specified under Section 13 of the Code, calling for submission of claims under Section 15 of the Code.

vi. The IRP shall, upon collation of claims and determination of the financial position of the Corporate Debtor, constitute a Committee of Creditors ("CoC") and file a report certifying the constitution of the CoC before this Tribunal within thirty days from the date of his appointment, and shall convene the first meeting of the CoC within seven days of filing the said report.

vii. The IRP shall perform all functions contemplated under Sections 17, 18, 20 and 21 of the Code. All personnel connected with the Corporate Debtor, its promoters, 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 full assistance and cooperation to the IRP. In case of non-cooperation, the IRP is at liberty to approach this Adjudicating Authority for appropriate orders.

viii. The IRP shall protect and preserve the value of the property of the Corporate Debtor and manage its operations as a going concern in terms of Section 20 of the Code.

ix. The Applicant is directed to deposit a sum of Rs. 1,00,000/- with the IRP within one week from the date of receipt of this order, to meet the expenses for performing his functions, in accordance with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

x. The Registry is directed to communicate this order to the Applicant/Financial Creditor, the Corporate Debtor and the IRP, and to the concerned Registrar of Companies, within three working days, and to upload the order on the website immediately upon pronouncement.

xi. The commencement of the CIRP shall be effective from the date of this order.

xii. A copy of this order shall also be forwarded to the IBBI for its records and to the RoC for updating its Master Data; the RoC shall send a compliance report to the Registrar, NCLT.

xiii. Accordingly, CP(IB) No. 60 of 2024 stands allowed.

Sd/-

MAN MOHAN GUPTA
(MEMBER TECHNICAL)

Sd/-

BRAJENDRA MANI TRIPATHI
(MEMBER JUDICIAL)

Vanshika-LRA