

NATIONAL COMPANY LAW TRIBUNAL
INDORE BENCH
COURT NO. 1



ITEM No.202
CP(IB)/34(MP)2022

Order under Section 7 IBC

IN THE MATTER OF:

Gautam Rai Rally and Anr
V/s
Manasavi Infracon Pvt Ltd

.....Applicants

.....Respondent

Coram:

Mr. Brajendra Mani Tripathi, Hon'ble Member(J)
Mr. Man Mohan Gupta, Hon'ble Member(T)

PRONOUNCEMENT ORDER

Delivered on 12/12/2025

The case is fixed for pronouncement of the order. The order is pronounced in open Court *vide* separate sheet.

Sd/-

**MAN MOHAN GUPTA
MEMBER (TECHNICAL)**

Neeraj

Sd/-

**BRAJENDRA MANI TRIPATHI
MEMBER (JUDICIAL)**



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
INDORE BENCH

C.P.(IB) No. 34 of 2022

*{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:
MANASAVI INFRACON PRIVATE LIMITED

- 1. Gautam Rai Rally**
- 2. Priya Rally**

Address: Shanti Prakashan, Sadar Bazar,
Morar, Gwalior, Madhya Pradesh.

...Applicants/Financial Creditors

Vs.

Manasavi Infracon Private Limited

Address: 17, Shri Ram Colony, Jhansi Road,
Gwalior, Madhya Pradesh - 474002

...Respondent/Corporate Debtor

Order pronounced on: 12.12.2025

Coram:

Mr. Brajendra Mani Tripathi, Hon'ble Member (J)

Mr. Man Mohan Gupta, Hon'ble Member (T)



Appearance:

For the Applicant : Ms. Natasha Dhruvan Shah, Adv
For the Respondent : Mr. Hussain Ali, Adv

J U G D E M E N T

1. This Company Petition has been filed on 07.05.2022 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“**the IBC, 2016**”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (“**the Rules**”), by Gautam Rai Rally and Priya Rally (“**the Financial Creditors**”), seeking to initiate Corporate Insolvency Resolution Process (“**the CIRP**”) against Manasavi Infracon Private Limited (“**the Corporate Debtor**”) for having committed a default in payment of its outstanding debts amounting Rs.2.33 Crore including interest.

2. **Perusal of Part I of the Form 1** indicates that the Financial Creditors are individuals named Gautam Rai Rally, PAN No. ABPPR6654P (“**the Applicant No.1**”) and Priya Rally, PAN No. AFGPR2901G (“**the Applicant No.2**”), having an address at Shanti Prakashan, Sadar Bazar, Morar, Gwalior, Madhya Pradesh. The Applicant No 2, vide Letter of Authorisation dated 10.01.2022, authorised the Applicant No 1 to act on her behalf in all matters pertaining to the CD, including representation, signing of documents, and filing of applications before the appropriate authorities or fora.



(Copy of Authority Letter dated 10.01.2022 authorizing Shri Gautam Rai Rally to submit application of behalf of Priya Rally is annexed under **ANNEXURE A** of the application.)

3. **Perusal of Part II of the Form 1** indicates that the Corporate Debtor is M/s Manasavi Infracon Private Limited having CIN No. U45201MP2016PTC041053. The registered office of the CD is situated at 17, Shri Ram Colony, Jhansi Road, Gwalior, Madhya Pradesh - 474002. Further, as per the master data of the Company dated 05.02.2022, there were three Directors, as given below:

S. No.	DIN/PAN	Name	Designation	Begin Date
i.	00021921	Reeta Gandhi	Director	27.12.2021
ii.	00050974	Sunil Gandhi	Director	27.12.2021
iii.	06759663	Dhruv Gandhi	Director	27.12.2021

(Copy of the master data of Manasavi Infracon Private Limited, Corporate Debtor is annexed under **ANNEXURE B** of the application.)

4. **Perusal of Part III of the Form 1** indicates that the applicant has nominated Shri Sanjeev Chaudhary, Insolvency Professional, having Registration No. IBBI/IPA-001/IP-P01892/2019-2020/12911 to act as Interim Resolution Professional (“IRP”). The proposed IRP has given written communication as per the requirement of Rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules,2016.

(Written consent in Form 2 issued by Mr Sanjeev Chaudhary is annexed under **ANNEXURE C** of the application.)



5. **Perusal of Part IV of the Form 1** reveals that the Applicants/Financial Creditors have granted unsecured loans in the Financial Year 2016-17 to the Respondent, and the total amount in default is claimed to be Rs.2,33,34,356/- (Rupees Two Crore Thirty-Three Lakh Thirty-Four Thousand Three Hundred Fifty-Six Only), including interest.

(Working computation is annexed under **ANNEXURE D on page no 20A** of the application.)

6. **The Applicants/Financial Creditors case in brief, as submitted in the legal demand notice dated 15.12.2022, is:**

a) The Applicants/Financial Creditors submit that during the period commencing from March 2017, they had extended an aggregate sum of Rs. 1,17,35,000/- to the Respondent/CD as unsecured financial assistance, for the purpose of meeting its business requirements and for expansion of its operations. The particulars of the said unsecured loans are detailed hereunder:

Sr. No.	Name of Financial Creditor	Amount Disbursed
i.	Gautam Rai Rally	95,70,000/-
ii.	Priya Rally	21,65,000/-
	Total Debt	1,17,35,000/-

b) The Applicants/Financial Creditors submit that in or about February 2021, present shareholders of the Respondent/CD (Mr. Sunil Gandhi, Mrs.



Reeta Gandhi, and Mr. Dhruv Gandhi) approached the Applicants/Financial Creditors with a proposal for taking over the working of the Respondent/CD and for purchasing the shareholding held by the Applicants/Financial Creditors at a fair value. The Applicants/Financial Creditors submit that, pursuant to the said proposal, they were offered a fair value consideration of Rs. **3,43,00,000/-** and, accordingly, agreed to transfer their shares in the name of Respondent/CD, as desired by the present shareholders, while also calling upon them to simultaneously effect payment of the unsecured loan amounts outstanding in favour of the Applicants/Financial Creditors. In these circumstances, the following amounts became due and payable to the Applicants/Financial Creditors, the details whereof are set out here in below:

Sr. No.	Arrangement	Amount
1.	For consideration of 10,000 shares.	2,25,65,000/-
2.	For the payment of the outstanding unsecured loan.	1,17,35,000/-
	Total Amount Due	3,43,00,000/-

c) The Applicants/Financial Creditors further submit that although an amount of Rs. 1,16,00,000/- (Rupees One Crore Sixteen Lakh Only) was paid towards partial consideration for the said shares. The Applicants, in bonafide belief and in exercise of good faith, transferred the entire shareholding based on the assurance that the Respondent/CD through Mr.



Sunil Gandhi, Ms. Reeta Gandhi, and Mr. Dhruv Gandhi, the entire outstanding consideration amount, as well as the unsecured loan, would be duly paid. However, it is most respectfully stated that neither the payment towards the share consideration has been made in full, nor has the outstanding unsecured loan amount been settled by the Respondent/CD. Consequently, the Applicants have been deprived of their rightful dues.

7. The CD failed to discharge its dues, with the date of default occurring on 27.12.2021 as per the particulars furnished in the instant petition. A legal demand notice dated 15.12.2022 was duly issued to the Respondent/CD, whereby acknowledging the subsisting debt and liability, demanding repayment of Outstanding Debt of Rs. 1,17,35,000/- (Unsecured Loan) and Rs. 1,09,65,000/- (Share Consideration) together with interest within a period of 7 (seven) days from receipt thereof. Upon the Respondent/CD failure to comply with the said demand notice despite service thereof, the Applicants/Financial Creditors filed the present application before the Adjudicating Authority under section 7 of the IBC, 2016 for recovery of a default amount of Rs.2,33,34,356/- (principal amount Rs 2,27,00,000/- together with interest amounting to Rs. 6,34,356/-).

8. **The Respondent's/Corporate Debtor case in brief is:**

a) The Respondent submits that the Applicants/Financial Creditors were original directors and shareholders of the Respondent/CD and had extended an unsecured loan amounting to Rs. 1,17,35,000/- to the Respondent/CD. It is further submitted that Mr. Sunil Gandhi, Mrs. Reeta



Gandhi, and Mr. Dhruv Gandhi collectively purchased the shareholding held by the Applicants/Financial Creditors.

b) The Respondent submits that it is not liable to pay any Share Value consideration and therefore, the amount claimed by the Applicants/Financial Creditors as "default" in the present application ought to be restricted solely to the outstanding unsecured loan. Out of the claimed unsecured loan of Rs. 1,17,35,000/-, the Respondent has already paid Rs. 1,14,20,000/-, leaving only a sum of Rs. 3,15,000/- (Rupees Three Lakhs Fifteen Thousand Only) unpaid. Accordingly, the present application is liable to be dismissed for non-maintainability as it fails to meet the increased minimum threshold of default mandated under Section 4 of the IBC, 2016 by Notification dated 24.03.2020, which requires the default amount to be at least Rs. 1 crore.

c) The Respondent submits that the Share Value Consideration represents a personal obligation of the shareholders and not a liability of the Respondent. Consequently, the Respondent disclaims any liability to repay any amount relating to the Share Value Consideration.

d) The Respondent submits that the Applicants/Financial Creditors do not qualify as Financial Creditors, as the present dispute arises solely from a straightforward agreement for the sale and purchase of shares between the Applicants and the shareholders, and does not involve a financial debt.

Furthermore, the transaction lacks the essential element of consideration



for the time value of money, which is a fundamental requirement for classifying any debt as a “Financial Debt” under Section 5(8) of the Code. Consequently, the Applicants cannot claim the status of Financial Creditors in the present matter.

e) The Respondent submits that the Shareholders are not Corporate Debtors under Section 3(7) read with Section 3(8) of the IBC, 2016.

f) The Respondent submits that the Hon’ble Supreme Court in *Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd., (2018) 1 SCC 353*, has held that the IBC, 2016 is not intended as a substitute for a debt recovery forum, being meant solely to address insolvency and financial distress, and cannot be invoked where genuine disputes exist between parties. Further relies on the Hon’ble Supreme Court’s recent observations in *M/s. S.S. Engineers v. Hindustan Petroleum Corporation Ltd.*, wherein it was held that “the NCLT, exercising powers under Section 7 or Section 9 of IBC, is not a debt collection forum. The IBC tackles and/or deals with insolvency and bankruptcy. It is not the object of the IBC that CIRP should be initiated to penalise solvent companies for non-payment of disputed dues”. The Applicants/Financial Creditors legal notice dated 15.02.2022 clearly evidences an intent to recover alleged dues and liable to dismissed.

9. **The Applicants/Financial Creditors rejoinder is:**



- a) The Applicants filed its rejoinder in affidavit on 23.11.2022 and submits that only partial consideration i.e. Rs. 1,16,00,000/- towards purchase of shares has been received, while the entire consideration towards unsecured loans remains unpaid.
- b) The Applicants submits that the total amount of dues payable by the Respondent is Rs. 2,33,34,356 which includes Rs. 1,17,35,000/- towards unsecured loans and Rs. 18,47,500/- and Rs. 91,17,500/- as partial unpaid share consideration towards Applicant No. 1 and Applicant No. 2 respectively, thereby satisfying the minimum threshold under Section 4 of the IBC, 2016.
- c) The Applicants submits that though the Respondent claims to have paid Rs. 1,14,20,000/-, it has failed to produce any supporting evidence.
- d) The Applicants submit that, by way of bank statement, the Applicants have demonstrated receipt of amounts from the Respondent, which should be treated as partial payment towards share consideration, as the Respondent has not communicated any contrary intention to treat such payments as loan repayments, a principle consistent with established legal doctrines granting creditors the discretion to appropriate payments.
- e) The Applicants submit that the ledger produced by the Respondent is an unsigned, unaudited, and self-created document, which cannot be relied upon.



10. The Respondent, in compliance with the order dated 22.03.2024, filed an affidavit on 03.04.2024 placing on record the Financial Statements of the Respondent for the financial years 2022 and 2023. Further, pursuant to the order dated 04.04.2024, the Respondent filed a compliance affidavit on 24.04.2024, submitting documents evidencing payments made by Mr. Sunil Gandhi, Ms. Reeta Gandhi, and Mr. Dhruv Gandhi towards the share value consideration of the Applicants.

11. The order dated 09.07.2025 of this Adjudicating Authority noted that the Respondent's reply at page 11 records a payment of Rs. 28,00,000/- from an ICICI Bank account towards discharge of financial debt liability to the Applicant/Financial Creditor. However, the additional affidavit dated 23.04.2024 at page 8 reflects an identical payment of Rs. 28,00,000/- from the same ICICI Bank account towards share consideration. The Learned Counsel for the Applicant contends that both entries represent a single transaction of Rs. 28,00,000/-, which the Respondent has misrepresented as two separate payments. The ledger merely indicates ICICI Bank as the source, without clarifying if the entries pertain to a single or multiple transactions on the said date. Further directed Respondent/CD to file an additional affidavit enclosing the account statement of the ICICI Bank account for the relevant date, clearly reflecting the both transactions of Rs. 28,00,000/- in question.

12. **Compliance Affidavit of the Respondent pursuant to the order dated 09.07.2025 and 04.08.2025 is:**



a) The Respondent submits that the payment of Rs. 28,00,000/- was reflected at page 11 of its reply dated 16.08.2022, evidencing discharge of part of the unsecured loan due to Applicant No. 1 by Mr. Sunil Gandhi on behalf of the Respondent, as corroborated by his personal ledger and the corresponding ICICI Bank statement. The inclusion of the ledger extract and ICICI Bank statement pertaining to the transaction of Rs. 28,00,000/- dated 01.10.2021 in the additional affidavit was inadvertent and without any intention to mislead this Adjudicating Authority.

b) The Respondent submits that, contrary to the Applicants' claims, a substantial portion of the alleged financial debt stands discharged, comprising Rs. 86,20,000/- paid through the Respondent's two bank accounts and Rs. 28,00,000/- paid personally by Mr. Sunil Gandhi on behalf of the Respondent. Particulars tabulated hereunder for ready reference:

Sr. No.	Date	Amount	Paid Through	Annexure
1.	08.04.2021	20,00,000	Nagrik Sahahari Bank	Annexure A-3
2.	16.07.2021	6,00,000	Nagrik Sahahari Bank	Annexure A-3
3.	20.07.2021	20,000	Nagrik Sahahari Bank	Annexure A-3
4.	01.10.2021	28,00,000	Sunil Gandhi	Annexure A-2 (Colly)
5.	01.01.2022	8,35,000	Bandhan Bank	Page No. 25 of the present Petition (C.P. (IB) No.



				34/2022)
6.	01.01.2022	21,65,000	Bandhan Bank	Page No. 25 of the present Petition (C.P. (IB) No. 34/2022)
7.	01.01.2022	30,00,000	Bandhan Bank	Page No. 25 of the present Petition (C.P. (IB) No. 34/2022)
Total Amount Paid by the Respondent Company out of the total financial debt owed of Rs. 1,17,35,000/-			Rs. 1,14,20,000/-	

13. **The Applicants affidavit in response to compliance affidavit dated 19.08.2025 filed by the respondent is:**

a) The Applicants submit that the Respondent's defiant and contemptuous conduct warrants initiation of the CIRP against the CD to liberate it from the present defrauding management and entrust its control to a fair, transparent, and competent Resolution Professional for safeguarding all stakeholders interests.

b) The Applicants further submit that the Respondent's affidavit undisputedly admits duplicating the Rs. 28,00,000/- entry once towards unsecured debt and once towards share consideration, thereby perpetrating a false claim of Rs. 56,00,000/- payment when only Rs.



28,00,000/- was made.

c) The Applicants furthermore submit that even assuming arguendo that Mr. Sunil Gandhi's payment of Rs. 28,00,000/- was towards the Corporate Debtor's unsecured debt, it confirms the Corporate Debtor's involvement in the tripartite oral agreement with Mr. Sunil Gandhi, Mrs. Reeta Gandhi, and Mr. Dhruv Gandhi for share purchase and loan repayment, as evidenced by an individual discharging the Corporate Debtor's obligation. Accordingly, the Applicants have appropriately appropriated Rs. 1,16,00,000/- as partial share consideration following full share transfer.

Analysis and Observation

14. We have heard the arguments advanced by Ld. Counsel of both the parties and have meticulously perused the records placed before us. The Petitioners claim disbursal of unsecured loans totalling Rs. 1,17,35,000/- during Financial Year 2016-17 for the Corporate Debtor's business needs, alongside a 2021 oral consideration for share sale at the Market value of Rs. 3,43,00,000/- (which includes unsecured debts of Rs. 1,17,35,000/- & share value of 10,000 shares of Rs. 2,25,65,000/-).

15. We have noted that the primary issue for adjudication is the maintainability of the present petition vis-à-vis the minimum threshold of default stipulated under Section 4 of the IBC, 2016. Determination of this issue



necessitates prior consideration of the following ancillary questions:

- i) *Whether an oral agreement for the disbursement of an unsecured loan amount, along with share consideration, constitutes a “financial debt” within the meaning of Section 5(8) of the Insolvency and Bankruptcy Code, 2016?*
- ii) *Whether any payments have been made by the CD towards the unsecured loan, and if so, whether the amount of ₹1,17,35,000/- remains outstanding and unpaid?*

QUESTION NO 1:

16. The question for determination is whether an oral agreement for disbursement of unsecured loan, coupled with share consideration, constitutes a “financial debt” within Section 5(8) of the Code. For this we have observed that an agreement that combines (a) disbursal of an unsecured loan and (b) payment of share subscription/consideration may qualify as “financial debt” under section 5(8) IBC, 2016, but only to the extent the transaction satisfies the twin tests of (i) “disbursement” and (ii) “consideration for the time value of money”.

17. The Hon'ble Supreme Court in *Pioneer Urban Land and Infrastructure Limited and Anr. vs. Union of India and Ors. (2019) 8 SCC 416* had occasion to consider the concept of 'financial debt' and the meaning of the 'financial debt' as contained in the IBC. Sub-clause (f) of Section 5(8) would subsume within it amounts raised under transactions which are not necessarily loan transactions so long as they have the commercial effect of a borrowing. In paragraph 76, the Hon'ble Supreme Court had quoted with approval the meaning of expression



"borrow" and "commercial" from Collins English Dictionary. The condition which is essentially required to be fulfilled is disbursement against the consideration for the time value of money. When we come to sub-clause (f), the transaction has to have a commercial effect of a borrowing.

18. Before we delve into the facts of the case, we may first note the statutory provisions under the IBC, which define financial debt and, for this purpose, refer to Section 5(8) of the IBC, which is as reproduced under:

Section 5(8) “financial debt” means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes-

(a) money borrowed against the payment of interest;

(b) any amount raised by acceptance under any acceptance credit facility or its de-materialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;

(e) receivables sold or discounted other than any receivables sold on non-recourse basis;

(f) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;

[Explanation. -For the purposes of this sub-clause,- (i) any amount raised from an allottee under a real estate project shall be deemed



*to be an amount having the commercial effect of a borrowing; and
(ii) the expressions, “allottee” and “real estate project” shall have
the meanings respectively assigned to them in clauses (d) and (zn)
of section 2 of the Real Estate (Regulation and Development) Act,
2016 (16 of 2016);]*

*(g) any derivative transaction entered into in connection with protection
against or benefit from fluctuation in any rate or price and for calculating
the value of any derivative transaction, only the market value of such
transaction shall be taken into account;*

*(h) any counter-indemnity obligation in respect of a guarantee, indemnity,
bond, documentary letter of credit or any other instrument issued by a
bank or financial institution;*

*(i) the amount of any liability in respect of any of the guarantee or
indemnity for any of the items referred to in sub-clauses (a) to (h) of this
clause;*

19. From the principal clause of the above statutory construct, it becomes clear that the basic ingredients which are required to be met for a debt to become ‘financial debt’ are that there must be a disbursement against the consideration for time value of money. Further sub clauses (a) to (i) of Section 5(8) delineates the various transactions which are included in the ambit of ‘financial debt’. Prima facie, the amounts paid towards share consideration is not expressly covered in the transactions covered by sub clauses (a) to (i) of Section 5(8) of the IBC, 2016 because it normally treated as equity capital and not “debt”, and there is no obligation to repay and the objective is to acquire an ownership stake, not to earn a return as a creditor.



20. In *Promod Sharma Vs M/S Karanaya Heartcare Private Limited* (Comp. App. (AT) (Ins.) No. 426 of 2022), the Hon'ble NCLAT held that-

"We are of the view that the Adjudicating Authority rightly took the view that the amount which was given by the Appellant as Share Application Money cannot be treated to be a financial debt so as to enable the Appellant to trigger the Insolvency Process under Section 7 of the Code."

It was observed in the aforesaid precedent that Share Application Money does not come under the ambit of a Financial Debt in accordance with Section 7 of the IBC 2016.

8. It can be concluded that the requirements of section 7 of the Code are not fulfilled. Therefore, this Adjudicating Authority dismisses the Petition filed by the Petitioner."

21. In the present petition, the Financial Creditors have disputed Rs. 3,43,00,000/-, computed by aggregating Rs. 1,17,35,000/- towards outstanding unsecured loans and Rs. 2,25,65,000/- towards unpaid share value consideration (10,000 shares). However, the share value consideration of Rs. 2,25,65,000/- constitutes a shareholder dispute inter se the Petitioners and the individual buyers (Mr. Sunil Gandhi, Ms. Reeta Gandhi and Mr. Dhruv Gandhi), and does not qualify as "financial debt" under Section 5(8) of the Code, being non-actionable against the Corporate Debtor. Consequently, the claim crystallises solely at Rs. 1,17,35,000/- qua the unsecured loan portion. Therefore, in view of the foregoing discussion, we hold that the alleged share consideration does not constitute financial debt under Section 5(8) of the Code. Question No.1 is accordingly answered in negative.



QUESTION NO 2:

22. Upon consideration of Question No.1, the next question that arises for consideration is whether any payments have been made by the Corporate Debtor towards the unsecured loan and whether the amount of Rs.1,17,35,000/- remains outstanding.

23. It is observed that a debt amounting to Rs. 1,17,35,000/- stands reflected under the head “Long term borrowings” in the balance sheet of the Respondent/CD for the period ending 31st March 2021. Long term borrowings, classified as non-current liabilities payable beyond 12 months, *represent financial obligations such as loans disbursed for business purposes by related parties, namely Gautam Rally and Priya Rally (the Applicants)*, as duly acknowledged in the CD audited financial statements. The relevant particulars are detailed hereunder:

NOTE 3	LONG TERM BORROWINGS	AS ON 31.03.2021	AS ON 31.03.2020
	Long Term Borrowing consists of the following:		
	Unsecured Loans from Related Parties		
	Gautam Rally	9,537,500.00	9,505,000.00
	Priya Rally	2,197,500.00	2,165,000.00
	TOTAL LONG TERM BORROWINGS	11,735,000.00	11,670,000.00



MANASVI INFRACON PRIVATE LIMITED CIN No: U45201MP2016PTCO-11053 SHANTI PRAKASHAN, SADAR BAZAAR, MORAR, GWALIOR BALANCE SHEET FOR THE PERIOD ENDING 31ST MARCH 2021			
LEQUITY AND LIABILITIES	NOTE	FIGURES AS AT THE END OF 2021	FIGURES AS AT THE END OF 2020
1) Shareholder's Funds			
a) Share capital	1	100,000.00	100,000.00
b) Reserves and surplus	2	(66,000.00)	(66,000.00)
c) Money received against share warrants		-	-
2) Share application money pending allotment		-	-
3) Non Current Liabilities			
a) Long term borrowings	3	11,735,000.00	11,670,000.00
b) Deferred tax liabilities (Net)		-	-
c) Other long term liabilities		-	-
d) Long term provisions		-	-
4) Current Liabilities			
a) Short term borrowings		-	-
b) Trade payables		-	-
c) Other current liabilities		-	-
d) Short term provisions	4	15,000.00	65,000.00
TOTAL		11,784,000.00	11,769,000.00
II: ASSETS	NOTE	FIGURES AS AT THE END OF 2021	FIGURES AS AT THE END OF 2020
1) Non Current Assets			
a) Fixed assets		-	-
i) Tangible assets		-	-
ii) Intangible assets		-	-
iii) Capital work in progress		-	-
iv) Intangible assets under development		-	-
b) Non current investments		-	-
c) Deferred tax assets (Net)		-	-
d) Long term loans and advances		-	-
e) Other non current assets		-	-
2) Current Assets			
a) Current Investments		-	-
b) Inventories	5	11,776,322.00	11,760,260.00
c) Trade receivables		-	-
d) Cash and cash equivalents	6	7,679.00	8,740.00
e) Short term loans and advances		-	-
f) Other current assets		-	-
TOTAL		11,784,000.00	11,769,000.00
The significant accounting policies and notes to accounts form part of the above financial statements For and on behalf of the Board As per our report attached			
PLACE: GWALIOR DATE : 18-11-2021 DIN No		FOR R. TRIPATHI & CO. CHARTERED ACCOUNTANTS Chartered Accountants M. No. 407991 FSN 00001 (S. P. TIWARI) GWALIOR PARTNER M.No : 407091 FIRM NO 00303BC	

23. However, the balance sheet of the Respondent/CD as at 31st March 2023 reflects a debt of Rs. 1,17,50,000/- (Rs. 11,750 x 1,000) under the head “Long term borrowings”, evidencing a substantial alteration from the principal obligation of Rs. 1,17,35,000/- previously acknowledged as at 31st March 2021. *Notably, the representation of the financial obligations—originally attributable to related parties, namely Gautam Rally and Priya Rally (the*



Applicants)—stands modified to Gautam Rally (nil), Priya Rally (Rs. 3,15,000/-), and Sunil Gandhi (Rs. 1,14,35,000/-). The relevant extracts from the Respondent’s compliance affidavit dated 03.04.2024 are reproduced hereunder:

Note No. 3 : Long-Term Borrowings		
Particulars	As at 31.03.2023	As at 31.03.2022
Long Term Borrowings		
(a) Gautam Rai Rally		
(b) Priya Rally		
(c) Sunil Gandhi	315.00	315.00
Total	11,435.00	11,435.00
	11,750.000	11,750.000

MANASVI INFRACON PRIVATE LIMITED
 (CIN: U45100MP2015PT00418576)
 Registered Office : 17, SHRI RAM COLONY, SHANKI ROAD, GWALIOR - 474002
 Balance Sheet as at 31st March 2023

Particulars	Note No.	IN ALPAGES Thousands	
		As at 31.03.2023	As at 31.03.2022
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Share capital	1	100.00	100.00
(b) Reserves and surplus	2	(95.44)	(90.60)
(c) Money received against share warrants			
(2) Share application money pending allotment			
(3) Non-current liabilities			
(a) Long-term borrowings	3	11,750.00	11,750.00
(b) Deferred tax liabilities (net)	4		
(c) Other long term liabilities	5		
(d) Long-term provisions	6		
(4) Current liabilities			
(a) Short-term borrowings	7		
(b) Trade payables	8		
(c) Total outstanding dues of micro enterprises and small enterprises; and			
(d) Total outstanding dues of creditors other than micro enterprises and small enterprises			
(e) Other current liabilities	9		
(f) Short-term provisions	10	36.90	30.00
Total		11,785.46	11,787.40
II. Assets			
Non-current assets			
(1) Property, Plant & Equipment and intangible assets			
(a) Property, Plant & Equipment	11		
(b) Intangible assets	11		
(c) Capital work-in-progress			
(d) Intangible assets under development			
(2) Non-current investments	12		
(3) Deferred tax assets (net)			
(4) Long-term loans and advances	13		
(5) Other non-current assets	14		
(6) Current assets			
(a) Current investments			
(b) Inventories			
(c) Trade receivables	15	11,776.32	11,776.32
(d) Cash and cash equivalents	16	19.14	21.08
(e) Short-term loans and advances	17		
(f) Other current assets	18		
Total		11,785.46	11,787.40
Contingent liabilities and commitments	19		
Company's contingent liabilities and commitments are disclosed in the accompanying notes forming integral part of these financial statements along with our Report of even date attached.			

For S. TRIPATHI & CO. Chartered Accountants Firm No. 022177 (Fajwara Tripathi) Partner M.No. - 022177

For and on Behalf of Board of Directors of MANASVI INFRACON PRIVATE LIMITED
 Sunil Gandhi Director DIN: 00093074
 Priya Gandhi Director DIN: 06756643

UDIN No. Date: 18.03.2023 Place: Gwalior



24. It is observed that the transaction for sale and purchase of shares was between the Applicants and the individual buyers, namely, Mr. Sunil Gandhi, Ms. Reeta Gandhi, and Mr. Dhruv Gandhi, in their personal capacity. Any alleged dues arising therefrom cannot be fastened upon the Corporate Debtor. It is an admitted fact that a sum of Rs.1,14,20,000/- was paid by the Respondents/Corporate Debtor. Then how it can be treated as a payment made by the individual buyers towards purchase of shares. Consequently, the contention that the said amount represents part payment of share consideration is untenable.

25. It is noted that payments totalling Rs 60,00,000/- & 6,20,000/- effected through the Corporate Debtor's bank accounts (Bandhan Bank and Nagrik Sahakari Bank). The details are given below:

Sr. No.	Date	Amount	Paid Through	Remarks
1.	01.01.2022	8,35,000	Bandhan Bank	Withdrawal Transfer to Mr Gautam Rai Rally
2.	01.01.2022	21,65,000	Bandhan Bank	Withdrawal Transfer to Mr Gautam Rai Rally
3.	01.01.2022	30,00,000	Bandhan Bank	Withdrawal Transfer to Mr Gautam Rai Rally
Total Rs. 60,00,000/-				
2.	16.07.2021	6,00,000	Nagrik Sahahari Bank	RTGS/Gautam Rai Relly
3.	20.07.2021	20,000	Nagrik Sahahari	Gautam Rai Rally



			Bank	
Total Rs. 6,20,000/-				

26. It is noted that it is an admitted fact on the part of the Applicants that a sum of Rs.1,16,00,000/- was paid by the Respondent, which corresponds with the entries recorded in the Respondent's ledger statement. The issue that arises is whether the said amount can be construed as payment towards sale of shares. Its answer is certainly negative, as the sale and purchase of shares is a personal contract between the Applicants and the individual buyers, namely, Mr. Sunil Gandhi, Ms. Reeta Gandhi, and Mr. Dhruv Gandhi. There exists no privity of contract between the Applicants and the Respondent/CD in this regard, the CD being a distinct legal entity possessing its own separate legal personality. Accordingly, Question No.2 is answered in the negative.

Order

28. In view of the foregoing discussion, and having regard to the facts and circumstances of the case as well as the judicial precedents cited, upon exclusion of the share value consideration, the default crystallises solely at the balance unsecured loan liability, which falls below the minimum threshold of Rs. 1 Crore mandated under Section 4 of the IBC, 2016. The petition is, therefore, not maintainable in the absence of aggregation with any distinct financial debts satisfying the threshold requirement.

29. Accordingly, the Company Petition CP(IB) 34 of 2022, **stands**



dismissed, as not maintainable under Section 4 of the IBC, 2016.

Sd/-

MAN MOHAN GUPTA
(MEMBER TECHNICAL)

Harsh-LRA

Sd/-

BRAJENDRA MANI TRIPATHI
(MEMBER JUDICIAL)