



IN THE NATIONAL COMPANY LAW TRIBUNAL

NEW DELHI BENCH, COURT -III

IB-109(ND)/2025

Order 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:

Utsav Securities Limited

Having its registered office at:

1208, 12th Floor, Vikrant Tower,
Rajendra Place, Patel Nagar,
New Delhi - 110008.

.... Applicant/ Financial Creditor

Versus

Regency World Consulting Limited

Having its registered office at:

C-36 Basement Friends Colony,
East, New Delhi - 110065.

.... Respondent/ Corporate Debtor

Order Pronounced On: 30.06.2025

CORAM:

SHRI BACHU VENKAT BALARAM DAS, HON'BLE MEMBER (JUDICIAL)

SHRI DR. SANJEEV RANJAN, HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For Applicant : Mr. Arjun Maheshwari, Ms. Kavya Singh, Advs.

For Respondent : Ms. Shashi Pratap Singh, Ms. Muskaan Garg,
Advs.

ORDER

PER: BACHU VENKAT BALARAM DAS, MEMBER (JUDICIAL)

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Date of Order: 30.06.2025



1. This Application has been filed by Utsav Securities Limited, the Applicant/Financial Creditor before this Adjudicating Authority under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“IBC” or “Code”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, (“Adjudicating Authority Rules”), for initiating the Corporate Insolvency Resolution Process (“CIRP”), against Regency World Consulting Limited, the Respondent/Corporate Debtor on the ground that the Corporate Debtor has defaulted/failed to clear the outstanding principal amount of Rs.3,15,00,000/- plus interest @10% p.a. amounting to Rs. 12,89,343/- aggregating to Rs.3,27,89,343/-. The date of default in the present matter is 01.12.2024.
2. It is submitted that the Corporate Debtor had approached Utsav Securities Limited to seek financial assistance of Rs. 3,50,00,000/- for expansion of its business vide request for loan letter dated 15.07.2024. In view of the same, Utsav Securities Limited sanctioned an Unsecured Business Loan amounting to Rs. 3,15,00,000/- (Rupees Three Crores Fifteen Lacs) vide sanction letter dated 17.07.2024 and loan agreement dated 19.07.2024 was also entered into between the Corporate Debtor and Utsav Securities Limited.
3. Inter-alia following were the terms of the said loan agreement:
 - a) That Utsav Securities will disburse an amount of Rs. 3,15,00,000/- (Rupees Three Crores Fifteen Lacs).
 - b) That the said loan amount was repayable the Corporate Debtor within 2 months.
 - c) The rate of interest in respect of the said loan was 10% per annum.
 - d) Utsav Securities could charge a penal interest @ 2% per annum on the overdue amount after the due date i.e., 20.09.2024.
 - e) That if the Corporate Debtor were to default on its repayment and fail to cure the default within a reasonable amount of time, Utsav Securities had the option to declare the entire outstanding amount of principal and any accrued interest immediately due and payable.

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- f) The parties agreed that the said loan agreement shall be governed by the State in which both the parties reside/do business i.e., Delhi.
4. In terms thereof, an amount of Rs. 3,15,00,000/- was disbursed to the Corporate Debtor by Utsav Securities vide various RTGS on 19.07.2024. Despite the Corporate Debtor's assurance, representations and warranties, the Corporate Debtor defaulted in repayment of the loan amounts of Rs. 3,15,00,000/- due and payable by the Noticee on 20.09.2024 along with interest. Therefore, Utsav Securities issued a Reminder Notice dated 30.09.2024 to the Corporate Debtor demanding an amount of Rs. 3,20,74,767/- (inclusive of interest) in terms of the loan agreement dated 19.07.2024.
 5. It is contended that by letter dated 01.10.2024, the Corporate Debtor requested additional time of 2 months for repayment of the loan. Since Corporate Debtor failed to clear the outstanding amounts as undertaken in its letter dated 01.10.2024, Utsav Securities issued Final Loan Demand and Recall Notice dated 05.12.2024 to the Corporate Debtor demanding an amount of Rs. 3,25,48,562/- (inclusive of interest) in terms of the loan agreement dated 19.07.2024.
 6. Since the Corporate Debtor failed to clear the outstanding amounts and despite receipt of the reminder notices and undertaking to re-pay the loan, the Corporate Debtor was given a last and final opportunity vide demand notice dated 14.01.2025 to clear the outstanding principal amount of Rs. 3,15,00,000 along with interest upto 31.12.2024 of Rs. 12,89,343/- within 7 days. However, the Corporate Debtor has till date failed to make the payment.
 7. Therefore, in light of the Corporate Debtor's failure to make the admitted payments, the Financial Creditor prays that this Adjudicating Authority may be pleased to admit the present application and initiate Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor.
 8. The Respondent/ Corporate Debtor filed a reply affidavit denying the allegations made by the Applicant and sought dismissal of the present



Application as the present Application has been premature and not maintainable. The Respondent submitted that the Financial Creditor agreed to disburse an amount of Rs. 3,15,00,000/- out of Rs. 3,50,00,000/- and entered into a loan agreement dated 19.07.2024.

9. It is submitted that the Respondent was in touch with the Financial Creditor for the disbursement of the balance Rs.35,00,000/- as the disbursement of the entire loan amount was not completed by the Financial Creditor and therefore, there can be no default of the loan.
10. It is contended that the entire loan amount was disbursed on 19.07.2024, contrary to the terms of the loan agreement, and the Respondent/Corporate Debtor had to repay the entire loan amount within 60 days, i.e., within 2 months. The Respondent also contended in the reply affidavit that the Respondent was incorporated in the year 1985 and has been successfully running its business operations.
11. The Respondent is a Financially Solvent Company with several employees working. The Respondent has placed on record the balance sheet for the Financial Year 2023-24, to substantiate the fact that it is a Financially Solvent Company.
12. It is also submitted that the initiation of CIRP against the Respondent would severely prejudice the Respondent, its stakeholders, partners, and employees.
13. We have heard the submissions of the Ld. Counsel appearing for both Parties and also perused the record.
14. Before proceeding further, it would be necessary to refer to the loan agreement dated 19.07.2024 and the relevant clauses thereto.
 - a. The loan agreement dated 19.07.2024 was entered into between Utsav Security Ltd. (the “Lender”) and Regency World Consulting Ltd. (the “Borrower”).
15. The initial recitals of the said agreement make it clear that Utsav Security Ltd., the lender, is a registered Non-Banking Financial Company with the Reserve Bank of India, having RBI certificate No. B-14.01629 and is



engaged in the business of providing interest-bearing loan and advances, financial Services, and the sale/purchase of equity shares to Indian customers and borrowers in India at an affordable rate of interest.

16. The Borrower is a Company dealing in the trading of consumer herbal products that require funds for their business expansion purpose. The Borrower approached the Lender Company for sanction of interest bearing loan for an amount of Rs. 3,50,00,000/- to be disbursed on an as-and-when-required basis.
17. The Relevant definition, terms, and conditions agreed by the parties are mentioned hereunder.

***1. Loan Amount.** The Parties agree the Lender will loan to the Borrower upto Rs.3,15,00,000/- (the "Loan"), as and when required basis.*

***2. Interest Rate.** The Parties agree the Interest Rate for this loan shall be 10% P.A. to be accrued monthly.*

***3. Loan Term.** This Loan shall be for a period of 2 months (Clear 60 days).*

***4. Repayment.** The Parties agree the Borrower shall pay the Lender all the dues along with interest thereon by the due date, which shall be 20th September 2024.*

***5. Late Payments.** Payment shall be considered late if received by the Lender after its due date. The Lender may have the option to charge a penalty fee of 2% on outstanding dues.*

***6. Default.** If the Borrower defaults on its repayments and fails to cure said default within a reasonable amount of time, the Lender will have the option to declare the entire remaining amount of principal and any accrued interest immediately due and payable.*

***7. Prepayment.** The Borrower will not be penalized for early payment or foreclosure.”*

18. A bare reading of the abovementioned terms/clauses of the agreement makes it clear that the loan up to Rs. 3,50,00,000/- is to be disbursed on

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an as-and-when-required basis. The repayment clause makes it clear that the borrower shall pay the lender all the due along with interest by the due date, i.e., 28.09.2024.

19. The loan was sanctioned for a period of 2 months vide sanction letter dated 17.07.2024. Unfortunately, the said sanction letter has not been placed on record. The Applicant has placed on record a copy of the reminder notice dated 30.09.2024, A copy of the letter dated 01.10.2024 of the Respondent/Corporate Debtor, along with the balance confirmation, and A copy of the final demand and recall notice dated 05.12.2024. The Applicant has also placed on record a copy of the final demand notice dated 14.01.2025, and the Bank statement of the Financial Creditor for the period 01.07.2024 to 28.07.2024.
20. At this stage, it is pertinent to refer to the definition of the expression “Financial Creditor” in sub-section 7 of Section 5 of the Code.

Section 5 of sub-section 7 reads as follows:

“Financial Creditor” means any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to;”

21. At this stage, it is also pertinent to refer to the definition of the expression “Financial Debt” in sub-section 8 of Section 5 of the Code.

Section 5 of sub-section 8 “Financial Debt” reads as follows:

“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) *****
- (c) *****
- (d) *****
- (e) *****



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

*(g) ******

*(h) ******

*(i) *****”*

22. On perusal of the various clauses of the Loan Agreement dated 19.07.2024, it makes amply clear that there is an element of financial debt that has been extended to the Corporate Debtor, as well as the transactions in question involved a commercial effect of borrowing.
23. From the perusal of the records and the contentions raised by the Ld. Counsel appearing for the Applicant, it emerges that the Corporate Debtor owes a financial debt aggregating to Rs.3,27,89,343/-. Due to default in repayment, a final demand and recall notice dated 05.12.2024 and a final demand notice dated 14.01.2025 were issued by the Financial Creditor to the Corporate Debtor.
24. The outstanding 'Financial Debt' surpasses ₹1 Crore, satisfying the threshold requirement under Section 4 of the IBC. Additionally, the Application has been filed within the prescribed three-year limitation period, thereby meeting all essential criteria of debt and default under Section 7 of the IBC.
25. On the basis of the above analysis, we are of the considered view that the amount involved in the present case should be considered as a Financial Debt within the definition of sub-section 8 of Section 5 of the Code.
We are of the opinion that the Applicant is a Financial Creditor holding financial debt which is in default of payment by the Corporate Debtor, and the present Application under Section 7 of the Code is maintainable.
It is settled law that the prerequisites for an application under Section 7 of the Code are the existence of 'financial debt' and a 'default'.
26. Thus, the existence of debt and default has been reasonably established by the Applicant as a major constituent for admission of the Application



under Section 7 of the Code. Therefore, the Application under sub-section (2) of Section 7 is taken as Complete.

27. Therefore, the present Section 7 Application filed by the Financial Creditor deserved to be admitted and CIRP needs to be initiated against the Corporate Debtor.

28. **Order**

In light of the above facts and circumstances, it is hereby ordered as follows: -

- i. The Application bearing **IB-109(ND)/2025** filed by the Applicant, under Section 7 of the Code read with Rule 4 of the Adjudicating Authority Rules for initiating CIRP against the Respondent is **admitted**.
- ii. We also declare a moratorium in terms of Section 14 of the Code. The necessary consequences of imposing the moratorium flow from the provisions of Section 14(1)(a), (b), (c) and (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.



[Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concession, clearances or a similar grant or right during the moratorium period;]”

- iii.** It is made clear that the provisions of the 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 the 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.
- iv.** The Applicant has proposed the name of Mr. Deepak Arora as the Interim Resolution Professional (“IRP”) having address: 17 Basement Defence Enclave, Vikas Marg, Near Preet Vihar Metro Station, Delhi-110092. His Email id is ipdeepakarora@gmail.com. His registration number is IBBI/IPA-003/ICAI-N-00418/2022-2023/14120. The Applicant filed a copy of the Consent Issued by Mr. Deepak Arora in Form 2, Written Communication by proposed IRP, as per the requirement of Rule 9(1) of the Adjudicating Authority Rules, along with the Certificate of Registration and Authorization for Assignment in Form B.



Accordingly, Mr. Deepak Arora is appointed as IRP.

- v. In pursuance of Section 13(2) of the Code, we direct the IRP, as the case may be, to make a public announcement immediately with regard to the admission of this application under Section 7 of the Code. The expression immediately means within three days as clarified by the Explanation to Regulation 6(1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- vi. During the CIRP period, the management of the Corporate Debtor shall vest in the IRP/RP, in terms of Section 17 of the IBC. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish all information within their knowledge to the IRP within one week from the date of receipt of this order, in default of which coercive steps will follow. There shall be no future opportunity given in this regard.
- vii. The IRP is expected to take full charge of the Corporate Debtor's assets and documents without any delay whatsoever. He is also free to take police assistance, and this Court hereby directs the Police Authorities to render all assistance as may be required by the IRP/RP in this regard.
- viii. The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority a periodical report with regard to the progress of the CIRP in respect of the Corporate Debtor.
- ix. The Financial Creditor shall deposit a sum of Rs 2,00,000/- (Rupees Two Lakh Only) with the IRP to meet the expense to perform the functions assigned to him in accordance with Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The needful shall be done within one week from the date of receipt of this order by the Financial Creditor. The amount, however be subject to adjustment by the Committee of Creditors, as accounted for by IRP, and shall be paid back to the Financial Creditor.



- x.** In terms of Section 7(7) of the Code, the Registry is hereby directed to communicate a copy of the order to the Financial Creditor, the Corporate Debtor, the IRP and the Registrar of Companies, NCT of Delhi and Haryana, by Speed Post and by email, at the earliest but not later than seven days from today.
- xi.** The Registrar of Companies shall update his website by updating the status of the Corporate Debtor, and specific mention regarding admission of this application must be notified.
- xii.** The Registry is directed to send a copy of this order to the Insolvency and Bankruptcy Board of India (“IBBI”) for their record.
- xiii.** A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.
No order as to cost.

Sd/-

(DR. SANJEEV RANJAN)
MEMBER (TECHNICAL)

Sd/-

(BACHU VENKAT BALARAM DAS)
MEMBER (JUDICIAL)