**IN THE NATIONAL COMPANY LAW TRIBUNAL**
**DIVISION BENCH, COURT – 1, AHMEDABAD**

**ITEM No.301**
**C.P.(IB)/155(AHM)2026**

**Under Section 9 of IB Code 2016**

**IN THE MATTER OF:**

Bharati Trading Enterprises Pvt. Ltd ........**Applicant**
V/s
Tecso Project Limited ........**Respondent**

**Order delivered on: 28/07/2026**

**C O R A M:**

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

**O R D E R**
**(Hybrid Mode)**

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

Sd/-
**SANJEEV SHARMA**
**MEMBER (TECHNICAL)**

Sd/-
**SHAMMI KHAN**
**MEMBER (JUDICIAL)**

# BEFORE THE ADJUDICATING AUTHORITY NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH, COURT–I, AHMEDABAD

## CP (IB) No.155/9/AHM/2026

*(Petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)*

**In the Matter of: Tecso Project Limited**

**Bharati Trading Enterprises Private Limited**
**(CIN:** U74900GJ2012PTC070640**)**
Registered office at Suite: 401,
Mauryansh Elanza,
Behind Parekh Hospital, Shyamal
Cross Road, Satellite, Ahmedabad,
Gujarat-380 015.

**...Applicant/Operational Creditor**

**VERSUS**

**Tecso Project Limited**
**(CIN:** U77300GJ2010PLC061411**)**
Registered office at Block-D,
8th Floor, Notus IT Park,
Sarabhai Campus, Vadiwadi,
Subhanpira. Vadodara - 390023,
Gujarat.

**...Respondent/Corporate Debtor**

**Order Pronounced On: 28.07.2026**

**C O R A M:**

**SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)**
**SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)**

**A P P E A R A N C E:**

For the Applicant/OC : Hem Buch, Advocate.
For the Respondent/CD : Mr. Nishit Raj, Advocate.

**ORDER**
**Per Bench**

1. This Company Petition, registered on 13.05.2026, has been filed by the Applicant, Bharati Trading Enterprises Private Limited (hereinafter referred to as the "Operational Creditor") against the Respondent, Tecso Project Limited (hereinafter referred to as the "Corporate Debtor") under Section 9 of the Insolvency and Bankruptcy Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor, on account of the alleged default in payment of operational debt amounting to Rs.18,91,94,417.06ps, including contractual interest, arising out of the supply of goods by the Operational Creditor to the Corporate Debtor.

2. On Perusal of Part-I of the Form-5, shows that Operational Creditor - **Bharati Trading Enterprises Private Limited** is a company incorporated on 07.12.2012 under the

Companies Act, 1956, with CIN No. U74900GJ2012PTC070640, registered office at Suite: 401, Mauryansh Elanza, Behind Parekh Hospital, Shyamal Cross Road, Satellite, Ahmedabad, Gujarat-380015. This Petition is filed through its Director and Authorised Signatory by one Mr. Atul Jain, son of Satish Jain, authorised by Board Resolution dated 23.04.2025 which are annexed with the Petition as **Annexure-A & C**.

3. On perusal of Part-II of the Form-5, shows that the Corporate Debtor is one **Tecso Project Limited** having CIN No. U77300GJ2010PLC061411 a company incorporated on 01.07.2010 under the Companies Act, 1956. The registered office is at Block-D, 8th Floor, Notus IT Park, Sarabhai Campus, Vadiwadi, Subhanpura, Vadodara, Gujarat–Pin 390023, India, with an authorized share capital Rs.8,00,00,000/- and paid-up share capital Rs.5,51,99,980/-, as per Master Data from Ministry of Corporate Affairs website which is annexed with the Petition as **Annexure-B.**

4. On perusal of Part-III of the Form-5, shows that the Operational Creditor has named **Mr. Rathin Amishbhai**

**Majmudar** having Registration No. IBBI/IPA-001/IP-P-02576/2021-2022/13928, (**e-mail:** info@carathin.com) to act as IRP under Section 13(1)(c). Written communication in Form-2 dated 06.11.2025, is annexed as **Annexure-D.** AFA is valid up to 31.12.2026 in compliance with Rule 9(1) of IB (AAA) Rules, 2016.

**5.** On perusal of Part-IV of the Form-5, shows that total operational debt as claimed by the Operational Creditor arising from the supply of goods to Corporate Debtor is Rs.18,91,94,417.06ps. consisting of Rs.8,49,36,671.31ps. being principal and amount of Rs.10,42,57,745.75ps. as interest component in terms of the sales purchase contract up-to 15.10.2025. The date of default is stated to be 13.07.2025.

**6.** Upon perusal of Part-IV and Part-V of Form-5, it is observed that the Operational Creditor has pleaded the following facts in support of the present petition: -

6.1 The Operational Creditor states that it was engaged in the business of supply of goods to the Corporate Debtor under various Sales Purchase Contracts executed between the parties from time to time.

Pursuant to the contracts, goods were supplied and tax invoices were raised. Copies of the Sales Purchase Contracts are annexed as **Annexures-R, S, T, U, V, W, X, Y, Z, A-1 and A2**, and copies of invoices are annexed as **Annexure-F (Colly).**

6.2 It is stated that the Corporate Debtor accepted the goods supplied without raising any dispute regarding quantity, quality or specifications. The transactions were regularly recorded in the books of account of the Operational Creditor and the outstanding dues were reflected in the ledger accounts. Chartered Accountant certified outstanding invoice wise ledger and ledger accounts from the years 2016 to 2025 of the Corporate Debtor maintained by the Operational Creditor are annexed as **Annexures-E (Colly)** and **O (Colly).**

6.3 The Operational Creditor submits that the amount payable by the Corporate Debtor remained outstanding despite repeated requests for payment. The statement of account, Chartered Accountant certified outstanding balance and certificate confirming the outstanding dues have been filed as **Annexures-N** and **A13 (Colly).**

6.4 The Petition states that the Corporate Debtor acknowledged its liability from time to time by executing Balance Confirmation Letters and Confirmation of Accounts covering the transactions between the parties. Copy of six balance confirmation letters from the financial years 2016-2017 to financial year 2019-2020 as acknowledged and executed by the Corporate Debtor are annexed as **Annexures-P (Colly)** and **Q**.

6.5 It is further stated that the Corporate Debtor also acknowledged the outstanding dues through various e-mail communications and requested the Operational Creditor not to present the Post-Dated Cheques issued by it due to financial constraints. Copies of the e-mail correspondence are annexed as **Annexures A11 (e-mail dated 14.04.2025), A14 and A15 (Colly).**

6.6 The Operational Creditor has also relied upon Commercial Interest Claim Notes raised in accordance with the contractual terms for delayed payment and has filed a Chartered Accountant certified computation of interest. The Interest Claim Notes ( 1 to 8) are annexed as **Annexures-A3 to A10**, while the chartered accountant certified interest computation sheet is annexed as **Annexure-G**.

6.7 The Petition further states that the supplies made by the Operational Creditor are reflected in the statutory GST records and that corresponding Input Tax Credit was availed by the Corporate Debtor. GSTR-1 Outward Supply Returns relied upon by the Operational Creditor are annexed as **Annexure-A12 (Colly).**

6.8 It is submitted that the Post-Dated Cheques issued by the Corporate Debtor could not be realised and the Operational Creditor has relied upon the communication issued by the State Bank of India in support of its case. The relevant bank communication is annexed as **Annexure-A16**.

6.9 The Operational Creditor issued Demand Notice in **Form-3** along with copy of invoice in **Form-4** dated **02.07.2025** under Section 8 of the Code demanding payment of the outstanding operational debt. The Demand Notices are annexed as **Annexures-H** and **I**, while proof of dispatch through post and e-mail is annexed as **Annexures-J (Colly)** and **K**.

6.10 The Corporate Debtor sent a reply dated **10.07.2025** to the Demand Notice. The Operational Creditor states that the reply does not disclose any pre-existing dispute regarding the operational debt and relies upon the same in support of the present Petition. The reply is annexed as **Annexure-L**.

6.11 The Operational Creditor has filed **Form-D** issued by National E-Governance Services Limited dated **25.11.2025**, wherein the debt has been recorded with the status "**Deemed to be Authenticated**" and the date of default is recorded as **13.07.2025**. The said Form-D is annexed as **Annexure-M**.

6.12 The Operational Creditor has also filed the affidavit under Sections **9(3)(b)** and **9(3)(c)** of the Insolvency and Bankruptcy Code, 2016 declaring service of the Demand Notice and stating that no notice of dispute, as contemplated under Section 8(2) of the Code, was received within the prescribed period. Further, the Operational Creditor has pleaded that the Reply dated 10.07.2025 did not disclose any genuine pre-existing dispute.

6.13 The Operational Creditor has pleaded that an operational debt of **Rs.18,91,94,417.06**, comprising **Rs.8,49,36,671.31** towards principal and **Rs.10,42,57,745.75** towards interest up to **15.10.2025**, remains due and payable by the Corporate Debtor on account of the supply of goods, and that the debt is supported by the invoices, contracts, ledgers, confirmations, GST records and other documents filed with the Petition.

6.14 On the basis of the above facts, the Operational Creditor has sought admission of the Petition under Section 9 of the Insolvency and Bankruptcy Code, 2016, commencement of the Corporate Insolvency Resolution Process against the Corporate Debtor.

**7.** The Operational Creditor has relied upon the following documents :

(a) Certificate of Incorporation of the Operational Creditor annexed as **Annexure-A**.

(b) Company Master Data of the Corporate Debtor downloaded from the MCA Portal annexed as **Annexure-B**.

(c) Board Resolution dated **23.04.2025** authorising institution of the present Petition annexed as **Annexure-C**.

(d) Written Communication in Form-2 of the proposed IRP dated **06.11.2025** annexed as **Annexure-D**.

(e) Chartered Accountant certified invoice-wise outstanding ledger annexed as **Annexure-E (Colly).**

(f) Copies of outstanding invoices raised by the Operational Creditor annexed as **Annexure-F (Colly).**

(g) Chartered Accountant certified interest computation sheet annexed as **Annexure-G**.

(h) Demand Notice in Form-3 dated **02.07.2025** annexed as **Annexure-H**.

(i) Copy of Invoice in Form-4 dated **02.07.2025** annexed as **Annexure-I**.

(j) Postal receipts evidencing dispatch of Demand Notices annexed as **Annexure-J (Colly).**

(k) E-mail dated **02.07.2025** evidencing service of Demand Notice annexed as **Annexure-K**.

(l) Reply dated **10.07.2025** issued by the Corporate Debtor annexed as **Annexure-L**.

(m) **Form-D** issued by National E-Governance Services Limited dated **25.11.2025** annexed as **Annexure-M**.

(n) Statement of Account of the Operational Creditor annexed as **Annexure-N**.

(o) Chartered Accountant certified ledger accounts for Financial Years **2016 to 2025** annexed as **Annexure-O (Colly).**

(p) Balance Confirmation Letters for Financial Years **2016-17 to 2019-20** annexed as **Annexure-P (Colly).**

(q) Confirmation of Accounts for Financial Years **2020-21 and 2021-22** annexed as **Annexure-Q**.

(r) Sales Purchase Contract dated **01.10.2016** acknowledged by the Corporate Debtor annexed as **Annexure-R**.

(s) Sales Purchase Contracts executed between the parties from **01.10.2016** to **01.01.2020** annexed as **Annexures-S to A2**.

(t) Commercial Interest Claim Notes for Financial Years **2020-21 to 2025-26** annexed as **Annexures-A3 to A10**.

(u) E-mail dated **14.04.2025** acknowledging the outstanding dues annexed as **Annexure-A11**.

(v) GSTR-1 Outward Supply Returns evidencing corresponding Input Tax Credit availed by the Corporate Debtor annexed as **Annexure-A12 (Colly).**

(w) Chartered Accountant Certificate confirming the outstanding balance as on **01.04.2025** annexed as **Annexure-A13 (Colly).**

(x) E-mail correspondence exchanged between the Corporate Debtor and the Operational Creditor acknowledging liability and requesting deferment of presentation of Post-Dated Cheques annexed as **Annexure-A14**.

(y) E-mail correspondence regarding Post-Dated Cheques annexed as **Annexure-A15 (Colly).**

(z) Letter dated **15.06.2025** issued by the State Bank of India relating to the Post-Dated Cheques annexed as **Annexure-A16**.

(aa) Ledgers maintained by the Corporate Debtor and supplied along with its letter dated **10.07.2025** annexed as **Annexure-A17 (Colly).**

**8.** That on issuance of the notice in the Company Petition and after due service of notice, the Respondent/CD has appeared and filed reply to the Company Petition on 03.07.2026 vide Inward No. D-5416, denying various averments made in the Company Petition. The contentions of the Respondent/CD are mentioned hereunder: -

8.1 The Corporate Debtor submits that the present Petition is not maintainable as there existed a dispute between the parties much prior to the filing of the Petition. It is stated that a Notice of Dispute dated **10.07.2025** was issued within the period prescribed under Section 8(2)(a) of the Insolvency and Bankruptcy Code, 2016 denying the operational debt. A copy thereof is annexed as **Exhibit-B**.

8.2 It is stated that the amount claimed by the Operational Creditor is disputed as the Operational Creditor has unilaterally created Commercial Interest Claim Notes and passed accounting entries without any contractual authority or acceptance by the Corporate Debtor. The Corporate Debtor contends that such unilateral entries do not constitute operational debt under the Code.

8.3 The Corporate Debtor further submits that various ledger entries relating to deferred receivables, commercial interest, TDS adjustments and other debit entries made after **01.04.2021** are disputed as they do not arise from any supply of goods or services and were never acknowledged by the Corporate Debtor. Copies of the ledgers are annexed as **Exhibit-C**.

8.4 It is further pleaded that no agreement executed between the parties authorised the Operational Creditor to levy commercial interest or issue Commercial Interest Claim Notes. The Corporate Debtor disputes the contractual basis of the interest claim and submits that the interest component has been added unilaterally by the Operational Creditor.

8.5 The Corporate Debtor also disputes the authenticity of certain Sale Purchase Contracts relied upon by the Operational Creditor and states that several contracts do not bear the signatures of any authorised representative of the Corporate Debtor. It is stated that the Corporate Debtor has reserved its right to initiate appropriate proceedings in accordance with law regarding such documents.

8.6 It is submitted that the Corporate Debtor made payments aggregating to **Rs.6,57,03,700.00** through banking channels between **12.03.2021** and **01.03.2025** and the same have been reflected in the ledger of the Operational Creditor. The Corporate Debtor contends that after giving credit to these payments, the admitted principal outstanding is only **Rs.2,19,22,037.00**. Copies of the ledger and bank transaction details are annexed as **Exhibits-C** and **D**.

8.7 The Corporate Debtor further submits that by e-mail dated **15.04.2026**, it expressed its willingness to pay the admitted principal amount, subject to reconciliation of accounts, while disputing the commercial interest claimed by the Operational Creditor. A copy of the said e-mail is annexed as **Exhibit-E**.

8.8 It is stated that disputes between the parties were also pursued before the competent forum under the Commercial Courts Act. The Corporate Debtor has relied upon the Non-Starter Report dated **15.11.2025** and Pre-Institution Mediation proceedings bearing No. **400 of 2026** to contend that the disputes require adjudication before the competent Commercial Court. Copies thereof are annexed as **Exhibits-J** and **K**.

8.9 The Corporate Debtor submits that the insolvency process cannot be invoked as a substitute for recovery of disputed contractual dues and that the present dispute relates to reconciliation of accounts, contractual entitlement to interest, validity of ledger entries, computation of liability and authenticity of documents, which require adjudication on evidence before the competent forum.

8.10 The Corporate Debtor has relied upon the judgment of the Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited***, *Civil Appeal No. 9405 of 2017, (2018) 1 SCC 353*, to contend that where a plausible pre-existing dispute exists prior to the Demand Notice or the filing of the Petition, an application under Section 9 of the

Insolvency and Bankruptcy Code, 2016 is liable to be rejected under Section 9(5)(ii)(d).

8.11 It is further contended that the Notice of Dispute was duly served upon the Operational Creditor before institution of the present Petition and that the Operational Creditor failed to disclose the same while seeking admission of the Petition. The Corporate Debtor therefore submits that the statutory requirements under Section 9 of the Code are not satisfied.

8.12 The Corporate Debtor has also relied upon the Board Resolution dated **13.08.2024** authorising its Director to file the Reply on behalf of the Company, which is annexed as **Exhibit-A**, along with correspondence, notices, e-mails and other supporting documents annexed as **Exhibits-F to I** in support of its defence.

8.13 On the basis of the above facts, the Corporate Debtor has prayed that the present Company Petition be rejected as not maintainable under Section 9 of the Insolvency and Bankruptcy Code, 2016 on the ground of existence of a pre-existing dispute and for grant of such other reliefs as may be deemed fit in the facts and circumstances of the case.

**9.** The Operational Creditor has also filed an affidavit in rejoinder to reply filed by the Respondent/CD, on 09.07.2026 vide inward No. D5683, denying contentions raised by the Respondent/CD in its reply. The Operational Creditor has placed the following facts through the Rejoinder as follows: -

9.1 The Operational Creditor submits that the Reply filed by the Corporate Debtor is not maintainable and denies all the averments made therein except those specifically admitted. It reiterates the contents of the Company Petition and states that the Reply is contrary to the documentary record.

9.2 It is stated that the Corporate Debtor has deliberately avoided dealing with the documents forming the basis of the operational debt and has attempted to create an impression of a pre-existing dispute after receipt of the statutory Demand Notice under Section 8 of the Code.

9.3 The Operational Creditor submits that the Reply itself admits the commercial relationship between the parties, supply and acceptance of goods, continuous business transactions, maintenance of running accounts and part payments made towards the invoices, thereby acknowledging the underlying operational debt.

9.4 It is further submitted that the Corporate Debtor has admitted that a principal amount of **Rs.2,19,22,037.00** remained due and payable, and therefore the principal liability and default stand admitted even according to the Reply filed by the Corporate Debtor.

9.5 The Operational Creditor states that the statutory Demand Notice dated **02.07.2025** was issued together with complete supporting documents including Sale Purchase Contracts, invoices, running ledger accounts, balance confirmation ledgers, Commercial Interest Claim Notes and other correspondence. It is contended that the Reply to the Demand Notice did not disclose any dispute regarding supply of goods or principal invoices.

9.6 It is submitted that the Corporate Debtor did not identify any defective supply, rejected goods, breach of contract or deficiency in performance and merely made general allegations regarding fabrication of documents without furnishing any supporting material or initiating any proceedings in relation thereto.

9.7 The Operational Creditor contends that no contemporaneous document has been produced by the Corporate Debtor to establish that any dispute regarding the transactions, invoices or quality of goods existed prior to issuance of the statutory Demand Notice and that the alleged dispute has been raised only after receipt of the Demand Notice.

9.8 It is further submitted that issuance of a Notice of Dispute under Section 8(2)(a) does not by itself establish a pre-existing dispute and that the relevant consideration is whether a genuine dispute supported by contemporaneous material existed before issuance of the Demand Notice.

9.9 The Operational Creditor states that the Reply contains admissions that commercial transactions continued over several years, goods were supplied and accepted, payments were made from time to time and running accounts were maintained between the parties, which are inconsistent with the plea of a pre-existing dispute.

9.10 It is submitted that the allegations regarding fabrication of Sale Purchase Contracts are unsupported by any complaint, forensic report, judicial finding or other evidence. The Operational Creditor contends that such allegations have been made only after filing of the Company Petition.

9.11 The Operational Creditor submits that the contractual interest has been calculated strictly in accordance with the Sale Purchase Contracts and is also reflected in the Balance Confirmation Ledgers duly executed between the parties. It is stated that the Commercial Interest Claim Notes merely quantify the contractual interest and do not create an independent liability.

9.12 It is further contended that the ledger accounts maintained by the Operational Creditor have been duly certified by a Chartered Accountant and that the Corporate Debtor has itself relied upon the same ledger accounts while computing the admitted principal outstanding amount.

9.13 The Operational Creditor submits that the challenge raised by the Corporate Debtor is confined only to the Commercial Interest Claim Notes and that no dispute has been raised regarding the Sale Purchase Contracts, invoices, delivery of goods or principal amount arising from the commercial transactions.

9.14 It is stated that the proceedings under the Commercial Courts Act and the Pre-Institution Mediation relied upon by the Corporate Debtor were initiated only after issuance of the statutory Demand Notice and therefore cannot constitute a pre-existing dispute under the Insolvency and Bankruptcy Code, 2016.

9.15 The Operational Creditor further submits that the Corporate Debtor has failed to produce any contemporaneous correspondence, arbitration proceedings, civil suit or other material existing before **02.07.2025** to establish any genuine dispute in relation to the operational debt.

9.16 It is submitted that the repeated reliance placed by the Corporate Debtor upon ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited***, *Civil Appeal No.9405 of 2017, (2018) 1 SCC 353*, is misplaced as the ratio of the said judgment requires existence of a real and bona fide pre-existing dispute supported by contemporaneous evidence, which according to the Operational Creditor is absent in the present case.

9.17 The Operational Creditor also contends that the admissions made by the Corporate Debtor regarding the commercial relationship, admitted supplies, admitted payments and admitted principal outstanding amount support the existence of an operational debt and default exceeding the statutory threshold prescribed under the Code.

9.18 It is further submitted that the documents filed with the Company Petition, including the Sale Purchase Contracts, invoices, ledger accounts, Balance Confirmation Ledgers, Chartered Accountant Certificates, bank transaction records and correspondence, establish the operational debt and default and remain uncontroverted by any contemporaneous evidence.

9.19 The Operational Creditor submits that the Reply has not disclosed any legally sustainable ground for rejection of the Company Petition and that the defence raised by the Corporate Debtor does not satisfy the test of a genuine pre-existing dispute under Section 9 of the Insolvency and Bankruptcy Code, 2016.

9.20 On the above grounds, the Operational Creditor has prayed that the Reply filed by the Corporate Debtor be rejected, the objections raised therein be dismissed, the Company Petition be admitted under Section 9 of the Insolvency and Bankruptcy Code, 2016, the Corporate Insolvency Resolution Process be initiated against the Corporate Debtor.

**10.** This Adjudicating Authority vide order of 13.07.2026 directed both sides to declare their relationship with each as well as to place on record their balance sheets for last three financial years for examining the accounting treatment of the alleged operational debt and commercial interest. The Operational Creditor filed Affidavit of Declaration with audited annual reports for financial years 2022-2023, 2023-2024, and 2024-2025 on 27.07.2026 vide inward No. D-6173. The Respondent filed Affidavit of Declaration with copy of the financial statements for financial years 2023-2024 to 2025-2026 on 27.07.2026 vide inward No. D-6148. Therein they inter-alia declared being not "related party" within the meaning of Section 5(24) of the Code, 2016.

**11.** We have heard the arguments of Ld. Counsel for the Applicant/Operational Creditor as well as Ld. Counsel for the Respondent/Corporate Debtor and perused the material available on record. We have considered the pleadings, the documents placed on record, the Reply, the Rejoinder, Additional Affidavits and the submissions advanced on behalf of the parties.

**12.** The present Company Petition has been filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 seeking initiation of Corporate Insolvency Resolution Process against the Corporate Debtor on account of default in payment of operational debt amounting to **Rs.18,91,94,417.06** (Rupees Eighteen Crore Ninety-One Lakh Ninety-Four Thousand Four Hundred Seventeen and paise Six only), comprising principal of **Rs.8,49,36,671.31** and contractual interest of **Rs.10,42,57,745.75** (calculated @ 24% p.a. compounded monthly) up to 15.10.2025.

**13.** The Operational Creditor has placed on record documentary evidence including Sales Purchase Contracts, tax invoices, CA-certified running ledgers and outstanding statements, Balance Confirmation Letters, Confirmation of Accounts, GSTR-1 returns evidencing ITC availed by the Corporate Debtor, e-mail acknowledgments, Post-Dated Cheque details, and Form-D issued by National E-Governance Services Limited dated 25.11.2025, recording the debt as "Deemed to be Authenticated" and the date of default is recorded as 13.07.2025.

**14.** The Corporate Debtor has claimed existence of a dispute and contended that the alleged operational debt is not an admitted debt but is the subject matter of serious and bonafide disputes, both on facts and in law, which had arisen much prior to the filing of the present Insolvency Application.

**15.** Before analyzing and deciding on the claims of the Corporate Debtor, we summaries the relevant facts of the case in the following sub-paragraphs: -

15.1 Various Sales Purchase Agreements between the Operational Creditor and Corporate Debtor were entered into during financial years 2016-2017 to 2019-2020. The first contract is of 01.10.2016 and the last of 01.01.2020.

15.2 The operational creditor supplied goods during 2016 to 2021 and raised invoices. The last invoice for supply of goods was dated 30.04.2021 for Rs 52,06,198.

15.3 The Corporate Debtor executed various balance confirmation letters starting from the year 2016 to 2022.

15.4 The corporate debtor made last payment of Rs 10,00,000 on 01.03.2025.

15.5 The Corporate Debtor issued various cheques towards the payment/part payments.

15.6 The Corporate Debtor vide email dated 14.04.2025 has confirmed the outstanding debts.

15.7 Demand notice under section 8 was issued by the Operational Creditor on 02.07.2025 and Corporate Debtor replied on 10.07.2025.

15.8 The Operational Creditor determined total outstanding debt of **Rs 18,91,94,417** on 15.10.2025.

**16.** Based on the prayers in the Petition, facts of the case, pleadings on record, we frame the following issues for our consideration: -

**(i)** **Issue No. 1:** Whether the claim of contractual interest amounting to Rs.10,42,57,745.75 forms part of the operational debt within the meaning of Section 5(21) of the Insolvency and Bankruptcy Code, 2016 and is supported by the terms of the Sales Purchase Contracts, invoices and regular books of account?

**(ii)** **Issue No. 2:** Whether the Operational Creditor has established default in payment of the principal operational debt of Rs.8,49,36,671.31 on the basis of the pleadings and documentary evidence placed on record?

(iii) **Issue No. 3:** Whether there is substance in the claim of the Corporate Debtor about pre-existing dispute.

(iv) **Issue No. 4:** Whether the Petition satisfies the requirements of Sections 8 and 9 of the Insolvency and Bankruptcy Code, 2016?

(v) **Issue No. 5**: Whether the present Company Petition has been initiated fraudulently or with malicious intent for a purpose other than the resolution of insolvency within the meaning of Section 65 of the Insolvency and Bankruptcy Code, 2016?

**17.** Now, we deal with each issue framed by us.

**Findings on Issue No. (1): Whether the claim of contractual interest amounting to Rs.10,42,57,745.75 forms part of the operational debt within the meaning of Section 5(21) of the Insolvency and Bankruptcy Code, 2016 and is supported by the terms of the Sales Purchase Contracts, invoices and regular books of account?**

17.1 The operational creditor has claimed that as per terms and conditions of the Sales Purchase Contracts, the amounts mentioned in the invoices were payable on immediate basis with a zero-day credit period and in case of defaults in payments an interest at the rate of

24% was to be charged per annum which was to be compounded on monthly basis.

17.2 The Sales Purchase Contracts relied upon by the Operational Creditor provide that in case of delayed payment, interest at the rate of **24% per annum** shall be payable by the purchaser. The Operational Creditor has relied upon this contractual clause to claim delayed payment interest (page 934 of the Petition).

17.3 The Operational Creditor has relied upon Commercial Interest Claim Notes prepared (Non-tax Invoice), for example page 936, is dated 27.03.2025 (accounted in FY 2024-25 and claim period FY 2022-2023). Due date of payment is stated to be 30.04.2025. Interest on delayed payment of Rs 1,93,52,539.71 is worked out. TDS of Rs 19,35,253.97 is worked out. The TDS note states that, "TDS must be deducted only if the corresponding payment is being made, in case of non-payment, any TDS deduction shall be treated as wrongful, and the liability to rectify and compensate shall rest with the deductor. The working for the interest for this note is given on pages 937 to 945 of the Petition. This is unsigned by Bharati Trading Enterprises (P) Ltd.

17.4 Page 936 notes that this interest is being claimed now based on delayed payment obligations and historic SPAs, confirmed ledgers under BCL FY 2018-2019, 2019-2020. It is raised for accounting compliances purposes only, not as a GST-taxable invoice. "Based on past dues but raised now for accounting compliances (cash-based system). No GST is charged as the amount has not yet been received and is not being treated as taxable consideration at this stage.

17.5 We have discussed above some facts concerning Annexure A-3 of the Petition (Pages 936 to 945). This concerns financial year 2022-2023. Similar seven more notes computing interest are attached to the Petition (Annexures A-4 to A-10). Commercial Interest Claim Note is prepared on 01.06.2025 (Rs 2,30,10,836), Note 3 is prepared on 16.06.2025 for Rs 3,16,83,758, Note 4 is prepared on 16.06.2025 for Rs 3,58,25,3035, Note 5 is prepared on 23.06.2025 for Rs 78,28,395, Note 6 is prepared on 01.08.2025 for Rs 3,26,83,043, Note 7 is prepared on 01.10.2025 for Rs 1,35,08,592.88, and Note 8 is prepared on 16.01.2026 for Rs 1,45,47,276. All these notes are addressed to the Corporate Debtor and are due for payment after 15 days of issue. We note that the Notes for interest working by the Chartered Accountant contains explanatory notes and qualifications and the purpose is stated to be for accounting purposes only. The total interest working as per all the Notes amount to Rs 15,69,36,306.

17.6 The Notes explicitly state that the interest computation is for accounting purposes only and No GST is charged and not being treated as a taxable consideration.

17.7 On being directed by this Adjudicating Authority, the Operational Creditor has filed copy of audited financial statements for financial years 2023-2024 to 2025-2026. Page 91 shows that the computed interest has not been accounted in the audited financial statement for financial year ending 31.03.2024. It is not accounted in financial year ending 31.03.2025 (page 112). It is also not accounted in FY 2022-2023 (page 60). It is noted that the Notes are raised in the financial year 2024-2025 and 2025-2026 but no interest is accounted as income in the audited financial statement for FY 2024-2025.

17.8 The Petitioner has not charged interest on yearly basis in different years as provided in the Sales-Purchase Contract and eight interest working Notes are prepared in the period 27.03.2025 to 16.01.2026, much after the due dates for payment had passed in the years up to 2021, and neither GST is charged, nor considered as taxable income, nor TDS is applied, nor accounted in the regular books of account. The Corporate Debtor did not accept or agreed to these Notes. These circumstances support the contention of the Corporate Debtor that the interest component itself is disputed and requires adjudication by a competent civil forum.

17.9 Further, the Corporate Debtor vide Notice bearing reference number L11062025 dated 07.06.2025 and email dated 07.06.2025 had disputed the unilateral commercial interest claims. As noted above, Note Nos. 3 to 8 were prepared after the objections were already raised by the Corporate Debtor.

17.10 Therefore, we are of the view that the contention of the Corporate Debtor that the interest included in the total outstanding amount is disputed has substance and such a contention was raised by the Corporate Debtor prior to the issue of demand notice and therefore the dispute qualifies to be of category of pre-existing dispute in terms of Section 9(5)(ii)(d) of the Insolvency and Bankruptcy Code, 2016. Accordingly, the inclusion of interest in the outstanding amount is not undisputed.

17.11 Accordingly, we decide this issue against the Petitioner.

**18. <u>Findings on Issue No. (2)</u>: Whether the Operational Creditor has established default in payment of the principal operational debt of Rs.8,49,36,671.31 on the basis of the pleadings and documentary evidence placed on record?**

18.1 Part IV of Form I filed with the Petition states that the total amount of debt comprises of Rs 8,49,36,671.31 as principal and Rs 10,42,57,745.75 as interest. The Computation Sheet is attached as Annexure E to the Petition (Pages 43 to 144).

18.2 The last sale on 30.04.2021 is shown on Page 45 of the Petition for Rs 52,06,198. As on 15.03.2021, the outstanding amount was Rs 8,50,76,919 and after that the Corporate Debtor has made payments of Rs 6,57,03,700 from FY 2021-2022 and last payment of Rs 10,00,000 was made on 01.03.2025 (Pages 45 to 51 of the Petition). The Operational Creditor passed journal entries (pages 47, 49) for interest. The ledger shows various entries for deferred receivables, interest claims etc. and these entries distorted the figure of correct principal amount due. The ledger produced by the Operational Creditor indicates that the payment made by the Corporate Debtor has first been adjusted against the interest and that leads to higher figure of principal amount.

18.3 The Corporate Debtor has submitted that the principal amount outstanding as on 30.03.2020 was Rs 7,56,72,158. During FY 2020-2021 additional purchases of Rs 1,19,53,579 were made. The amount due became Rs 8,76,25,737 and then it made payments of Rs 6,57,03,700 (during 12.03.2021 to

01.03.2025) and therefore net outstanding amount is Rs 2,19,22,037 only.

18.4 The Operational Creditor has placed reliance on email dated 14.04.2025 to support its claim of acceptance of outstanding amount by the Corporate Debtor. This email appears on pages 1023 to 2017 of the Petition. This is an email from the CD to OC and sates that as requested, we have reconciled the total payable amount as of today. The details are provided in the attached ledger, which has been jointly reconciled between the books of account of Bharati Trading Enterprise and Tecso Projects Limited. The summary of outstanding is given as per that total payable as on 31.03.2020 was Rs 7,56,72,158.52 and total payment made by TPL to date was Rs 4,75,70,126.00 and final payable as on date was Rs 2,81,02,032.

18.5 The Petitioner has not established the computation of Principal Amount of Rs 8,49,36,671.31 claimed in the Petition. It appears that the Petitioner adjusted all the payments made by the CD against the interest that was for the first time claimed in FY 2024-2025 and 2025-2026, which is also disputed by the CD. Accordingly, we decide this issue against the Petitioner.

**19. <u>Findings on Issue No. (3)</u>: Whether there is substance in the claim of the Corporate Debtor about pre-existing dispute?**

19.1 On careful examination and analysis, we find that the Corporate Debtor has not disputed the supply of goods and the agreement between the parties but has disputed the correctness of the principal amount as well as the interest charged that led to inflated outstanding amount as stated in the Petition and is not an admitted debt. The notice of dispute was given within the statutory period prescribed under Section 8(2)(a) of the Code. It had claimed that the amount claimed is incorrect, inflated and seriously disputed. We are of the opinion that the Corporate Debtor has established that there exists a pre-existing dispute about the amount being claimed as in default. The same meets the requirements of the test of a real, bona fide and plausible dispute as laid down by the Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited***, (2018) 1 SCC 353 wherein held that the Adjudicating Authority is not required to examine the merits of the dispute but only whether there exists a plausible contention requiring further investigation. Further, in ***Kay Bouvet Engineering Ltd. v. Overseas Infrastructure Alliance (India) Pvt. Ltd.***

(2021) 10 SCC 483, inter-alia held that IBC is not a substitute for recovery proceedings.

19.2 We note that Form D issued by the NeSL shows that the default is "deemed to be authenticated". We have taken note of the same but based on the facts of the case and pleadings we have held that the computation of the alleged operational debt and the default amount claimed in the Petition is disputed. NeSL authentication by itself does not dispense with the requirement of examining the existence of a pre-existing dispute. Hence, NeSL authentication does not conclude existence or quantum of debt.

19.3 The Corporate Debtor has also disputed the genuineness and authenticity of various documents. This issue was also raised in the Notice of Dispute. Considering that the main issue is decided in favour of the Corporate Debtor and that helps in deciding the fate of this Petition, we do not intend to deal with each contention of the Corporate Debtor.

19.4 Accordingly, we hold that a notice of dispute was received by the Operational creditor and therefore considering the provisions of Section 9(5)(ii)(d), we hold that the application is not maintainable and is liable to be rejected under Section 9(5)(ii)(d) of the Code filed by the Operational Creditor.

19.5 The Corporate Debtor has also claimed that it has consistently admitted only the principal outstanding amount of Rs 2,19,22,037 and has repeatedly expressed its willingness to pay the said amount. The Corporate Debtor vide email dated 15.04.2026 has offered to pay Rs 2,19,22,037 towards the principal outstanding amount but as per the Corporate Debtor, the Operational Creditor refused to accept the principal amount and insisted upon payment of disputed commercial interest.

19.6 We state that though the Petition filed by the Operational Creditor is rejected under the provisions of IBC, 2016 but the Parties retain rights to pursue litigation before a competent Civil/Commercial Court.

19.7 We note that the Petition does not specifically disclose the material facts about the working of principal amount outstanding in Part IV of the Petition. The pleading from the Operational Creditor also explicitly does not explicitly show that the interest was not computed on yearly basis, and it was not accounted in the regular books of account and tax is not paid on the same. The Notice of Dispute dated 10.07.2025 clearly stated that correct outstanding amount is Rs 2,71,28,234 which it regularly paying in instalments. It also did not state that the Corporate Debtor kept regularly paying to the Operational Creditor. The petition also does not refer to the email of 15.04.2026 from the Corporate Debtor expressing its willingness to pay Rs 2,19,22,037. There are many relevant facts which though given in the attachments but not stated in the Application.

19.8 The Corporate Debtor vide email dated 15.04.2026 informed the operational creditor of its willingness to pay admitted principal sum of Rs 2,19,22,037. Therefore, its role in not agreeing to acceptance of Rs 2,19,22,037 is also not explicitly disclosed.

**20. Findings on Issue No. (4): Whether the Petition satisfies the requirements of Sections 8 and 9 of the Insolvency and Bankruptcy Code, 2016?**

20.1 Section 9 of the Insolvency and Bankruptcy Code, 2016 requires the Adjudicating Authority to satisfy itself that an operational debt is due and payable, that a default has occurred, that the Demand Notice under Section 8 has been duly served and that no notice of dispute has been received by the Operational Creditor before filing of the application.

20.2 In the present case, it is not in dispute that the Operational Creditor issued the Demand Notice in Form-3 dated **02.07.2025** and that the Corporate Debtor submitted a Reply dated **10.07.2025** disputing the computation of the operational debt, contractual interest, ledger entries and the documents relied upon by the Operational Creditor.

20.3 From the material placed on record, we have already held while deciding Issues No.1 to 3 that the dispute regarding the commercial interest component, computation of the principal outstanding amount and supporting documents existed prior to filing of the present Company Petition and constitutes a plausible pre-existing dispute within the meaning of Section 9(5)(ii)(d) of the Insolvency and Bankruptcy Code, 2016.

20.4 The Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited, Civil Appeal No.9405 of 2017, (2018) 1 SCC 353***, has held that while considering an application under Section 9, the Adjudicating Authority is only required to examine whether there exists a genuine dispute requiring further investigation and is not required to adjudicate the merits of such dispute.

20.5 The Hon'ble Supreme Court in ***Transmission Corporation of Andhra Pradesh Ltd. v. Equipment Conductors and Cables Ltd., (2019) 12 SCC 697***, has also held that the provisions of the Insolvency and Bankruptcy Code, 2016 cannot be invoked as a substitute for recovery proceedings where the claim itself is disputed and requires adjudication before the competent forum.

20.6 In view of the foregoing findings and the law laid down by the Hon'ble Supreme Court, we hold that the present Company Petition does not satisfy the conditions prescribed under Sections 8 and 9 of the Insolvency and Bankruptcy Code, 2016 for admission of an application under Section 9. Accordingly, Issue No.4 is decided against the Operational Creditor.

21. **Findings on Issue No. (5): Whether the present Company Petition has been initiated fraudulently or with malicious intent for a purpose other than the resolution of insolvency within the meaning of Section 65 of the Insolvency and Bankruptcy Code, 2016?**

21.1 Section 65 of the Insolvency and Bankruptcy Code, 2016 empowers the Adjudicating Authority to impose a penalty where any person initiates insolvency proceedings fraudulently or with malicious intent for a purpose other than the resolution of insolvency. The provision is intended to prevent abuse of the insolvency process and to ensure that the jurisdiction under the Code is invoked only for genuine insolvency resolution.

21.2 In the present case, we have already held while deciding Issues No.1 to 4 that the disputes regarding the contractual interest, computation of the operational debt, ledger accounts and supporting documents existed prior to filing of the present Company Petition and constituted a pre-existing dispute within the meaning of Section 9(5)(ii)(d) of the Insolvency and Bankruptcy Code, 2016.

21.3 The material placed on record further shows that the Operational Creditor had knowledge of the Reply dated **10.07.2025** disputing the claim and the supporting documents before institution of the present proceedings. Despite such knowledge, the Operational Creditor continued to invoke the insolvency jurisdiction for enforcement of a disputed claim instead of pursuing the remedies available before the competent forum.

21.4 The Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited,*** Civil Appeal No.9405 of 2017, (2018) 1 SCC 353, and ***Kay Bouvet Engineering Ltd. v. Overseas Infrastructure Alliance (India) Pvt. Ltd.,*** (2021) 10 SCC 483, has held that the provisions of the Insolvency and Bankruptcy Code, 2016 are not intended to be used as a substitute for recovery proceedings or adjudication of disputed contractual claims. The conduct noticed in the present case is contrary to the object of the Code.

21.5 Having regard to the pleadings, documentary evidence and findings recorded hereinabove, we are satisfied that despite having knowledge of the substantial disputes raised by the Corporate Debtor prior to institution of the present Petition, the Operational Creditor invoked and continued to prosecute the insolvency jurisdiction primarily for recovery of a disputed claim instead of seeking resolution of insolvency. Such conduct amounts to abuse of the insolvency process and attracts the provisions of Section 65 of the Insolvency and Bankruptcy Code, 2016.

21.6 Accordingly, Issue No.5 is answered against the Operational Creditor. In exercise of the powers conferred under Section 65 of the Insolvency and Bankruptcy Code, 2016, the Operational Creditor is held liable to pay a penalty of **Rs.2,00,000.00**, which shall be deposited with the ***Prime Minister's National Relief Fund*** within **10 days** from the date of this Order.

**22.** In view of the findings recorded on Issues No.1 to 5, this Company Petition being **CP (IB) No.155/9/AHM/2026** is **dismissed** under **Section 9(5)(ii)(d)** of the Insolvency and Bankruptcy Code, 2016.

**23.** The Operational Creditor shall deposit the penalty of **Rs.2,00,000.00**, as directed in Paragraph 21.6 above, with the ***Prime Minister's National Relief Fund*** within **10 days** from the date of this Order and shall file an affidavit of compliance, along with proof of deposit, before the Registry within **3 days** thereafter.

**24.** In the event of failure to comply with the aforesaid direction within the stipulated period, the Registry shall place the matter before this Bench for passing appropriate orders in accordance with law.

**25.** The Registry is directed to send a copy of tis order to the Principal Chief Commissioner of Income Tax, Ahmedabad for information and necessary action, if any.

**26.** List the matter on **17.08.2026** for reporting compliance of the direction contained in Paragraph 23.

Sd/-

**SANJEEV SHARMA**
**MEMBER (TECHNICAL)**

Sd/-

**SHAMMI KHAN**
**MEMBER (JUDICIAL)**