IN THE NATIONAL COMPANY LAW TRIBUNAL

NEW DELHI SPECIAL BENCH (COURT – II)

IN

CP (IB)-136/ND/2026

IN THE MATTER OF CP (IB)-136/ND/2025

(Under Section: 9 of IBC, 2016)

M/s Dura-Line India Pvt. Ltd.
Unit No. 308-B, 3rd Floor, Southern Park,
Saket District Centre, Saket,
South Delhi, New Delhi-110017 **... Applicant/ Operational Creditor**

Versus

M/s Presto Info Solutions Pvt. Ltd.
A-32, Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi 110044

... Respondent/ Corporate Debtor

Order delivered on 20.08.2026

CORAM:

SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)

SH. BANWARI LAL MEENA, HON'BLE MEMBER (T)

PRESENT:

For the Applicant	**:** CS Niraj Trivedi
For the Respondent	**:** Sr. Adv. Rashmi Chopra, Mohd. Shahrukh Qureshi

ORDER

PER: ASHOK KUMAR BHARDWAJ, MEMBER(J)

Stating succinctly, the short issue arises to be determined in the present petition is, "whether the present proceedings have been instituted genuinely to put the CD back to its feet or is just used as a mechanism to recover the debt. To prologue, M/s. Dura-Line India Pvt. Ltd. **(hereinafter referred to as the 'Petitioner/ Operational Creditor')** has preferred the present petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 (for brevity, the 'IBC, 2016') read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 **(for brevity 'the Rules')** with a prayer to initiate the Corporate Insolvency Resolution Process qua M/s. Presto Info Solutions Pvt. Ltd. **(hereinafter referred to as 'Respondent/Corporate Debtor').**

2. The Corporate Debtor issued Purchase Order No. PIPL/2024-25/D/G/078 dated 16.05.2024 to OC for supply of goods valued at ₹ 1,76,43,360/- (inclusive of GST). Pursuant thereto, the Operational Creditor supplied the goods and raised 16 tax invoices between 23.05.2024 and 04.06.2024. The Corporate Debtor accepted the supplies without any protest or dispute and made part payments aggregating to ₹64,93,705/-, leaving an outstanding operational debt of ₹1,12,13,377.08/-. As per the agreed credit terms of 60/90 days, the last invoice became due on 02.09.2024, and the default was committed thereafter. Despite repeated demands and assurances, the Corporate Debtor failed to liquidate the outstanding dues.

3. Part IV of the Petition reads thus:-

PARTICULARS OF OPERATIONAL DEBT

1. TOTAL AMOUNT OF DEBT, DETAILS OF TRANSACTIONS ON ACCOUNT OF WHICH DEBT FELL DUE, AND THE DATE FROM WHICH SUCH DEBT FELL DUE

Total Amount of Debt – The total Operational Debt amounts to ₹1,12,13,377 (Rupees One Crore Twelve Lakh Thirteen Thousand Three Hundred Seventy-Seven).

Details of Transactions on Account of which Debt Fell Due – The debt arises out of Purchase Order No. PIPL/2024-25/D/G/078 dated 16th May 2024 placed by the Corporate Debtor upon the Operational Creditor for supply of goods worth ₹1,49,52,000/- plus 18% GST totaling to ₹1,76,43,360/-. Against this PO, the Operational Creditor duly supplied the goods and raised the following invoices:

Invoice No.	Date	Amount (₹)
IN240172 0685	23rd May 2024	11,76,224.00
IN240172 0690	24th May 2024	11,76,224.00
IN240172 0691	24th May 2024	11,76,224.00
IN240172 0695	24th May 2024	11,76,224.00
IN240172 0696	24th May 2024	11,76,224.00
IN240172 0697	25th May 2024	11,76,224.00
IN240172 0701	25th May 2024	11,76,224.00
IN240172 0702	27th May 2024	11,76,224.00
IN240172 0712	27th May 2024	11,76,224.00
IN240172 0729	30th May 2024	11,76,224.00
IN240172 0731	30th May 2024	11,76,224.00
IN240172 0735	31st May 2024	11,76,224.00
IN240172 0749	3rd June 2024	11,76,224.00
IN240172 0750	3rd June 2024	11,76,224.00
IN240172 0756	3rd June 2024	11,46,818.00
IN240172 0757	4th June 2024	29,406.00
Total		1,76,43,360.00

The Operational Creditor has received full payment for the Invoice Nos. IN2401720685, IN2401720690, IN2401720691, IN2401720695 and IN2401720696; and a part-payment of ₹5,48,862.92/- for Invoice No. IN2401720697. Therefore, total payment received by the

Operational Creditor against the Purchase Order under reference is ₹64,93,705/-.

The total payment received from M/s Presto for Purchase Order No. PIPL/2024-25/D/G/078 is ₹64, 93,705/-.

Particulars	Amount (in Rs.)
Opening balance recoverable at the time of receipt of Purchase Order	63,722
Invoices raised under the Purchase Order	1,76,43,360
Total amount receivable	1,77,07,082
Part-payment received	64,93,705
Balance receivable	**1,12,13,377**

Thus, total invoices raised were of ₹1,76,43,360/- with an Outstanding (after part-payments) of ₹1,12,13,377.08/- as stated above.

The Date from which such Debt Fell Due - The debt fell due upon expiry of the credit period stipulated under the PO / invoices, and in any event, has remained unpaid since 2nd September 2024 (being the latest due date as per invoices and the final extension acknowledged in email correspondence.

AMOUNT CLAIMED TO BE DEFAULT AND DATE ON WHICH THE DEFAULT OCCURRED (ATTACH THE WORKINGS FOR COMPUTATION OF AMOUNT AND DATES OF DEFAULT IN TABULAR FORM)	**1) Amount Claimed to be default** - The Corporate Debtor is in default of an amount of **₹1,12,13,377.08 (Rupees One Crore Twelve Lakh Thirteen Thousand Three Hundred Seventy-Seven and Eight Paise)** being the unpaid consideration for supply of goods against the Purchase Order No. PIPL/2024-25/D/G/078, dated 16th May 2024, despite repeated reminders and written commitments. **2) Date on which the Default Occurred** - The **default** commenced from the respective due dates of the invoices, the **first** of which **became due on 24th July, 2024**, and the **last** of which became **due on 02nd September, 2024**, and continues to subsist till date. **3) Working of Computation of Default Amount** - The computation of default is as under:

Sr. No.	Invoice No.	Invoice Date	Amount (₹)	Due Date (60/90 days from invoice)	Paid (₹)	Outstanding (₹)
1.	IN2401720685	23/05/2024	1,176,224	22/07/2024	1,176,224	0.00
2.	IN2401720690	24/05/2024	1,176,224	23/07/2024	1,176,224	0.00
3.	IN2401720691	24/05/2024	1,176,224	23/07/2024	1,176,224	0.00

4.	IN240172 0695	24/05/ 2024	1,176,22 4	23/07/20 24	1,176, 224	0.00
5.	IN240172 0696	24/05/ 2024	1,176,22 4	23/07/20 24	1,176, 224	0.00
6.	IN240172 0697	25/05/ 2024	1,176,22 4	24/07/20 24	5,48,8 62.92	6,27,361.08
7.	IN240172 0701	25/05/ 2024	1,176,22 4	24/07/20 24	0.00	1,176,224.00
8.	IN240172 0702	27/05/ 2024	1,176,22 4	26/07/20 24	0.00	1,176,224.00
9.	IN240172 0712	27/05/ 2024	1,176,22 4	26/07/20 24	0.00	1,176,224.00
10.	IN240172 0729	30/05/ 2024	1,176,22 4	28/08/20 24	0.00	1,176,224
11.	IN240172 0731	30/05/ 2024	1,176,22 4	28/08/20 24	0.00	1,176,224.00
12.	IN240172 0735	31/05/ 2024	1,176,22 4	29/08/20 24	0.00	1,176,224.00
13.	IN240172 0749	03/06/ 2024	1,176,22 4	01/09/20 24	0.00	1,176,224.00
14.	IN240172 0750	03/06/ 2024	1,176,22 4	01/09/20 24	0.00	1,176,224.00
15.	IN240172 0756	03/06/ 2024	1,146,81 8	01/09/20 24	0.00	1,146,818.00
16.	IN240172 0757	04/06/ 2024	29,406	02/09/20 24	0.00	29,406.00
	Total Amount Unpaid					1,12,13,377. 08

4. The Operational Creditor issued a Demand Notice under Section 8 of the IBC in Form-3 dated 03.09.2025, which was duly served upon the Corporate Debtor on 08.09.2025. In response, vide email dated 12.09.2025, the Corporate Debtor acknowledged the liability and proposed to settle the outstanding amount in six equated monthly instalments commencing from October 2025 till March 2026. However, despite the said commitment, no payments were made. The Operational Creditor has espoused that the record of default has been filed with the National E-Governance Services Ltd. (NeSL) Information Utility and duly registered. It is also stated that no suit, arbitration, or other dispute is pending between the parties in respect of the operational debt.

5. As has been noted hereinabove, the factual development gives rise to the issue as to whether the present proceedings have been instituted as debt recovery process or to put the CD back to its feet. On 12.06.2026, the learned Sr. counsel for the CD submitted that the settlement talks between the parties was in progress. A copy of e-mail dated 10.06.2026 was handed over by the CD across the bar to buttress that the settlement was acceptable by the OC. The learned counsel for the OC also did not deny the settlement talk, but submitted that only an amount of Rs, 40 lakhs, on account of settlement was received by the OC. If the amount of Rs. 40 Lakhs is deducted from the amount of operational debt allegedly defaulted to be paid, the defaulted amount as on date would be less than the threshold limit viz. Rs. 1 Cr. We are conscious that the breach of settlement by debtor would restore the amount of debt to the position as it was, de horse the settlement and the amount paid on account of settlement would be deducted from the total amount of default. However, in the present case, the settlement was not for any lessor or reduced amount, but was for total amount of debt allegedly defaulted to be paid. Thus, even if the total amount of default is also restored, currently the defaulted amount would be less than Rs. 1 Cr. Thus, apparently, the threshold limit as on date would not be met. From the demeanours of the OC it writs large that it has resorted to the present proceedings as a debt recovery process and during the course of hearing, ld. counsel for the OC questioned the schedule of repayment only. It is unfortunate that mostly the OCs resort to CIRP either as debt recovery process or as a collusive process to benefit the CD for the purpose of moratorium.

6. It is trite that the object of the IBC is not recovery of debt as such, but resolution of insolvency and revival of the Corporate Debtor as a going concern. The jurisdiction under Section 9 is therefore not intended to be exercised as an alternative mechanism for recovery of money simpliciter.

7. In the present case, notwithstanding the alleged default, the material on record does not disclose circumstances warranting invocation of the insolvency resolution mechanism. The tenor and substance of the proceedings indicate that the principal object sought to be achieved by the Operational Creditor is recovery of the outstanding amount. Such recovery-oriented proceedings cannot be permitted to be converted into insolvency proceedings merely because a debt has remained unpaid.

8. The object and purpose of initiating insolvency proceedings under the IBC is to facilitate the revival and rehabilitation of the Corporate Debtor through a collective resolution process and, where necessary, by vesting the management of the Corporate Debtor in a resolution professional. Upon commencement of the CIRP, the proceedings acquire the character of proceedings in rem, as the insolvency process operates for the benefit of the creditors and stakeholders as a whole and not merely for determination of inter se disputes between the contracting parties.

9. In ***Swiss Ribbons Pvt. Ltd. & Anr. v. Union of India & Ors. reported in (2019) 4 SCC 17*** the Hon'ble Supreme Court, viewed that IBC is not a mere recovery legislation for the creditors but rather a beneficial legislation intended to revive and rehabilitate the corporate debtor. The relevant observations read as under:-

> *"28. It can thus be seen that the primary focus of the legislation is to ensure revival and continuation of the corporate debtor by protecting the corporate debtor from its own management and from a corporate death by liquidation. The Code is thus a beneficial legislation which puts the corporate debtor back on its feet, not being a mere recovery legislation for creditors. The interests of the corporate debtor have, therefore, been bifurcated and separated from that of its promoters/those who are in management. Thus, the resolution process is not adversarial to the corporate debtor but, in fact, protective of its interests. The moratorium imposed by Section 14 is in the interest of the corporate debtor itself, thereby preserving the assets of the corporate debtor during the resolution process. The timelines within which the resolution process is to take place again protects the corporate debtor's assets from further dilution, and also protects all its creditors and workers by seeing that the resolution process goes through as fast as possible so that another management can, through its entrepreneurial skills, resuscitate the corporate debtor to achieve all these ends."*

(Emphasis supplied)

10. Further in **M/s S.S. Engineers Versus Hindustan Petroleum Corporation Ltd. & Ors., Civil Appeal No. 4583 Of 2022,** the Hon'ble Supreme Court ruled thus:-

> *"31. 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 penalize solvent companies for non-payment of disputed dues claimed by an operational creditor."*

11. Also in **M/s HPCL Boifuels Ltd. vs Shahaji Bhanudas Bhad, Civil Appeal No. 12233 of 2024** reiterated that the IBC was not debt recovery legislation and called on creditors to curb this practice of debt recovery through the IBC.

> *"103. What can be discerned from aforesaid decisions is that insolvency proceedings are fundamentally different from proceedings for recovery of debt such as a suit for recovery of money, execution of decree or claims for amount due under arbitration, etc. The first distinguishing feature that sets apart ordinary recovery proceedings from insolvency proceedings is that under the former the primary relief is the recovery of dues whereas under the latter the primary concern is the revival and rehabilitation of the corporate debtor. No doubt both proceedings contemplate an aspect of recovery of debt, however in insolvency proceedings, the recovery is only a consequence of the rehabilitation/resolution of the corporate debtor and not the main relief.*
>
> *104. The second distinguishing feature is that although both proceedings entail recovery of debt to a certain extent, however they are different inasmuch as when it comes to recovery proceedings it is the individual creditor's debt which is sought to be recovered,*

whereas in insolvency proceedings it is the entire debt of the company which is sought to be resolved. The former is only for the benefit of the individual creditor who initiates the recovery proceedings whereas the latter is for the benefit of all creditors irrespective of who initiates insolvency.

105. The last distinguishing feature is that, a recovery proceeding be it a suit or arbitration is initiated by a creditor where an amount is due and is unpaid by a debtor, in other words the intention behind initiating a recovery proceeding is simpliciter for the full recovery of amount which is unpaid to it. However, in an insolvency proceeding there is no guarantee of recovery of the entire debt. A creditor opts for insolvency where an amount of such threshold is unpaid, that the creditor has an apprehension that the debtor in its current state and under the existing management in all likelihood will be unable to repay that debt in the future i.e., there is no likely prospect of any recovery, and thus it would be beneficial to take the risk of initiating insolvency which even though does not guarantee full recovery, in order for a new management to take over the corporate debtor and to recover at least some amount of debt before it is too late. Thus, the underlying intention behind initiating insolvency is not with the intention of recovering the amount owed to it, but rather with the intention that the corporate debtor is resolved / rehabilitated through a new management as soon as possible before it becomes unviable with no prospect of any meaningful recovery of its dues in the near future.”

12. In view of the aforesaid settled legal position, this Adjudicating Authority is required to examine whether the invocation of Section 9 in the present case is in furtherance of the object of the Code or is essentially intended to secure recovery of the outstanding dues. The jurisdiction under Section 9 cannot be invoked merely as a coercive mechanism for recovery of an unpaid debt, as the object of the Code is resolution of insolvency and revival of the Corporate Debtor and not debt recovery simpliciter.

13. In the present case, though the Operational Creditor has alleged default in payment of the outstanding operational debt, the material on record does not disclose circumstances warranting initiation of the insolvency resolution process against the Corporate Debtor. The proceedings, in substance, seek enforcement of the monetary claim of the Operational Creditor. The mere existence of an unpaid operational debt, therefore, cannot by itself justify invocation of the insolvency resolution mechanism, particularly when the jurisdiction of this Adjudicating Authority is not that of a debt recovery forum.

14. Accordingly, having regard to the object and scheme of the Code and the law laid down by the Hon'ble Supreme Court, this Adjudicating Authority is of the considered view that the present Application does not warrant admission and is liable to be rejected.

15. Ordered accordingly. The **IB/136/ND/2026 stands rejected.**

Sd/-
(BANWARI LAL MEENA)
MEMBER (T)

Sd/-
(ASHOK KUMAR BHARDWAJ)
MEMBER (J)