NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI

Item No. P2

C.P.(IB)/512(MB)2025

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED **06.10.2026**

NAME OF THE PARTIES**: -** **IT Source Technologies Limited,**
(Through its Resolution Professional Mr. Kailash T Shah)
V/s
M/s. LA Technologies Private Limited

Under Section 9 of IBC,2016

ORDER

The case is fixed for pronouncement of the order. The order is pronounced in the open court, *vide* separate order. Detailed order is being uploaded on the NCLT portal today.

Sd/-

NILESH SHARMA
MEMBER (JUDICIAL)

Sd/-

SAMEER KAKAR
MEMBER (TECHNICAL)

//Sumant//

IN THE NATIONAL COMPANY LAW TRIBUNAL MUMBAI BENCH-VI

CP (IB) No.512/MB/2025

[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:

IT Source Technologies Limited,
(Through its Resolution Professional
Mr. Kailash T Shah),
CIN No. U74910DL1998PTC097404
Regd. Off. Unit 403, 4th Floor, Skyline Icon,
Chimatpada, Marol, Andheri — Kurla Road,
Mumbai, Maharashtra — 400 059.

&

Address for Communication: 505, 21st Century
Business Centre, Near World Trade Centre,
Ring Road, Surat, Gujarat — 395 002.

…Operational Creditor/Applicant

V/s

M/s. L A Technologies Private Limited
CIN No.: U72900MH2010PTC209195
having its registered office at
101 - B, Pinnacle Corporate Park, B - Wing,
1st Floor, Near Trade Centre, Bandra Kurla
Complex, Mumbai, Maharashtra - 400 051.
Email: finance@la-technologiesindia.com.

...Corporate Debtor/Respondent

Pronounced:06.10.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

Appearances: Hybrid

Operational Creditor: Adv. Mr. Aniruth Purusothaman a/w Adv. Mr. Anand Shaw.

Corporate Debtor: Adv. Mr. Rohit Gupta, Adv. Mr. Yash Badkur, Adv. Mr. Sikandar Kunda i/b Actus Lit Partner

ORDER

[PER: BENCH]

1. **BACKGROUND**

1.1 This is an Application filed under Section 9 of Insolvency and Bankruptcy Code, 2016 by ***IT Source Technologies Limited,*** (hereinafter referred to as **"the Operational Creditor"**) against ***M/s. L A Technologies Private Limited*** (hereinafter referred to as **"the Corporate Debtor"**) seeking commencement of CIRP, appointment of IRP and declaration of moratorium upon the Respondent. The Application has been affirmed by Mr. Kailash T. Shah, Resolution Professional of the Applicant.

1.2 Perusal of the Part I of the Application reveals that the Applicant is one ***IT Source Technologies Limited,*** (hereinafter referred called as **"the Operational Creditor"**).The registered office of the Operational Creditor is located at Unit 403, 4th Floor, Skyline Icon, Chimatpada, Marol, Andheri - Kurla Road, Mumbai, Maharashtra - 400 059, & Address for Communication is 505, 21st Century Business Centre, Near World Trade Centre, Ring Road, Surat, Gujarat — 395 002, and is having CIN No. U74910DL1998PTC097404.

1.3 Part II of the application reveals that the Corporate Debtor is one ***M/s. L A Technologies Private Limited,*** registered under CIN No. U72900MH2010PTC209195 and was incorporated on 20.10.2010. The registered office of the Corporate Debtor is located at 101 - B, Pinnacle Corporate Park, B - Wing, 1st Floor, Near Trade Centre, Bandra Kurla Complex, Mumbai, Maharashtra - 400 051.

1.4 Perusal of the Form III reveals that the applicant has proposed the name of **Mr. Kailash T. Shah (ipktshah@gmail.com) having registration No. IBBI/IPA-001/IP-P00267/2017-2018/10511** as the IRP.

1.5 Perusal of the Form IV reveals that the total amount of debt claimed in this Application is **Rs.7,06,00,586/- (Rupees Seven Crore, Six Lakh, Five Hundred. Eighty-Six only).**

1.6 It is stated that M/s. L A Technologies Private Limited (hereinafter referred to as the "Corporate Debtor") is involved in the business/services of providing information technology-based products.

1.7 It is stated that IT Source Technologies Limited (hereinafter referred to as the "Operational Creditor") is a Company undergoing Corporate Insolvency Resolution Process with its Resolution Professional being Mr. Kailash T Shah and is in the business of supply of various IT products (i.e. hardware as well as software) and services to various customers.

1.8 It is stated that the Operational Creditor & the Corporate Debtor had entered into a Business Agreement dated 01.04.2022 (hereinafter referred to as the "said Agreement") wherein it was agreed between the parties that the Corporate Debtor (acting as the distributor of the Operational Creditor) for the supply of various hardware & software products to customers on a commission basis. Hereto annexed and marked as Exhibit — "D" is a copy of the Business Agreement dated 01.04.2022.

1.9 It is stated that the Corporate Debtor issued various orders to the Operational Creditor, from time to time, to which the Operational Creditor had raised its Invoices upon to Corporate Debtor. Annexed and marked as Exhibit — "E" Colly are the copies of the various invoices raised by the Operational Creditor upon the Corporate Debtor.

1.10 It is stated that since 09.01.2024, none of the invoices raised by the Operational Creditor were paid by the Corporate Debtor. Therefore, the officers of the Operational Creditor continuously followed up with the officers in charge of the Corporate Debtor

and made several reminders through phone calls and personal meetings regarding the payment of outstanding dues.

1.11 It is stated that thereafter the Operational Creditor was admitted into Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”) vide Order dated 06.09.2024 passed by the Hon’ble Tribunal in a Petition filed by Rutu Computer, bearing No. C.P.(IB) No.331/MB/2024 and the present Resolution Professional was appointed as the Interim Resolution Professional of the Operational Creditor. Annexed and marked as Exhibit — “F” is a copy of the Order dated 06.09.2024 passed by the Hon’ble Tribunal in C.P. (IB) No.331/MB/2024.

1.12 It is stated that thereafter, on 11.10.2024 and or 19.10.2024 the Resolution Professional of the Operational Creditor sent a Letter to the Corporate Debtor, informing that while going through the Books of Accounts of the Operational Creditor, it was noticed that an amount of Rs.8,90,51,675/- (Rupees Eight Crore, Ninety Lakh, Fifty One Thousand, Six Hundred Seventy Five only) was outstanding and requested the Corporate Debtor to make the payment and clear the dues at the earliest.

1.13 It is stated that, thereafter on 25.10.2024, the Resolution Professional of the Operational Creditor had sent a Letter to the Corporate Debtor, informing that while going through the Books of Accounts of the Operational Creditor, it was noticed that an amount of Rs.7,06,00,586/- (Rupees Seven Crore, Six Lakh, Five Hundred Eighty Six only) was outstanding and requested the Corporate Debtor to make the payment and clear the dues at the earliest. Further, the balance confirmation of the account was also sought from the Corporate Debtor.

1.14 It is stated that thereafter the Resolution Professional of the Operational Creditor had sent an email dated 18.11.2024 to the Corporate Debtor, in order to set up a meeting with the Management of the Corporate Debtor, to discuss the recovery of dues. In

response, the Corporate Debtor vide its email dated 19.11.2024, had agreed to the same. Therefore, on 27.11.2024, the Representative of the Resolution Professional of the Operational Creditor had a meeting with the team of the Corporate Debtor and requested them to provide certain additional documents.

1.15 It is stated that thereafter, the Corporate Debtor sent its Reply to the Letters dated 11.10.2024, 19.10.2024 & 25.10.2024, vide Letters dated 12.12.2024 & 17.12.2024 and for the first time CD raised the dispute that the service provided by the Operational Creditor never worked and therefore the amount claimed to be due and payable was withheld by them.

1.16 It is stated that since the Corporate Debtor had failed to pay the outstanding invoices of the Operational Creditor the Operational Creditor sent a Demand Notice dated 17.03.2025 under FORM 3, under Rule 5 of the Insolvency and Bankruptcy Rules, 2016, to the Corporate Debtor to its Registered Address for repayment of an outstanding amount of Rs.7,06,00,586/- (Rupees Seven Crore, Six Lakh, Five Hundred Eighty Six only) consisting of principal amount payable by the Corporate Debtor to the Operational Creditor.

1.17 It is stated that, in response to the Demand Notices sent, the Corporate Debtor vide its Reply dated 21.03.2025 has raised baseless and invalid contentions, in order to avoid payment of its outstanding liability. The allegations raised by the Corporate Debtor are illusory, fictitious and nothing but moonshine.

1.18 It is stated that the Corporate Debtor failed to make the entire payment till date. Therefore, considering the aforesaid facts and circumstances, the Operational Creditor states that the Corporate Debtor is liable to discharge the outstanding debt duly acknowledged and payable to the Operational Creditor amounting to Rs.7,06,00,586/- (Rupees Seven Crore, Six Lakh, Five Hundred Eighty-Six only).

1.19 It is seen that along with Application NeSL form – C was submitted which is appended at page no. 204-205 of the Application

2. **The Applicant has relied on the following documents:**

i. Copy of the Master Data of IT Source Technologies Limited from the online portal of the Ministry of Corporate Affairs.

ii. Copy of the Master Data of M/s. L A Technologies Private Limited from the online portal of the Ministry of Corporate Affairs.

iii. Copy of Written Communication by the proposed Interim Resolution Professional in Form-2, Certificate of Registration issued by IBBI & Authorization for Assignment.

iv. Copy of the Business Agreement dated 01.04.2022.

v. Copies of the invoices raised by the Operational Creditor upon the Corporate Debtor.

vi. Copy of the Order dated 06.09.2024 passed by the Hon'ble Tribunal in C.P.(IB) No.331/MB/2024.

vii. Copy of the Letter dated 11.10.2024 sent to the Corporate Debtor by the Operational Creditor.

viii. Copy of the Letter dated 19.10.2024 sent to the Corporate Debtor.

ix. Copy of the Letter dated 25.10.2024 sent to the Corporate Debtor.

x. Copies of the emails dated 18.11.2024 & 19.11.2024.

xi. Copy of the Reply Letters dated 12.12.2024 & 17.12.2024.

xii. Copy of the Demand Notice dated 17.03.2025, sent to the Corporate Debtor alongwith tracking receipts.

xiii. Copy of the Reply to the Demand Notice (without annexures) dated 21.03.2025 sent by the Corporate Debtor.

xiv. Copy of the calculation sheet showing workings for computation of default.

xv. Copy of the Record of default with the Information Utility in Form C created on 17.03.2025.

xvi. Copy of the letter dated 29.03.2025 issued by the Charted Accountant of the Operational Creditor certifying that the Operational Creditor has not received, in the specified bank accounts, the claim amount from the Corporate Debtor.

3. REPLY BY CORPORATE DEBTOR

3.1 Notice was issued to the Respondent by this Tribunal vide order dated 18.06.2025.

3.2 Affidavit in reply dated 15.07.2025 was filed by Mr. Lawrence Albert, aged 47 years, authorised representative of the Corporate Debtor above named by virtue of Board Resolution dated 11th July, 2025.

3.3 The salient features of the reply filed by the Corporate Debtor are as under:

(i) There is pre-existing dispute between the parties

3.4 It is submitted that the present Company Petition is liable to be dismissed at the threshold on the ground that there exists a genuine and bona fide dispute between the Respondent and the Applicant which arose much prior to the issuance of the statutory demand notice dated 17th March 2025 and has continued ever since. The said dispute pertains not merely to the quantum of dues claimed, but goes to the root of the liability itself, i.e., whether any amount was at all payable to the Applicant under the said Agreement. The Respondent states that the entire foundation of the alleged claim has been under dispute for over a year and was well within he knowledge of the Applicant and its Resolution Professional prior to filing the present Petition. Moreover, the

Applicant vide its own letter has acknowledged that the Respondent is not liable to pay the same.

3.5 As stated hereinabove, under the terms of the said Agreement dated 1st April 2022, it was categorically agreed between the parties that the Respondent was to place orders with the Applicant for hardware and NMAS, and that payment would only be made after successful implementation and satisfactory performance of NMAS, in accordance with Clause 3 read with Clause 6(c) and 6(d) of the Agreement. Further, the Respondent was expressly entitled to withhold payment in the event of any failure by the Applicant to implement the NMAS.

3.6 It is submitted that from December 2022 onwards, the Applicant persistently failed to implement the NMAS despite repeatedly raising invoices on the Respondent for the same. The Respondent, on multiple occasions, both verbally and in writing, pointed out the non-performance by the Applicant and made its position abundantly clear that the said amounts were not due and payable. The dispute was first formally communicated vide Respondent's letter dated 15th June 2023, followed by the Applicant's reply dated 26th June 2023 admitting to technical incapability resulting in the delayed implementation of the network software module. Despite repeated assurances, the issues were not resolved, leading the Respondent to issue further written communications dated 19th October 2023, 10th November 2023, 15th January 2024, 2nd February 2024 and 27th February 2024 calling upon the Applicant to either rectify the issues or issue credit notes for amounts equivalent to the NMAS invoices. The disputes raised by the Respondent were never denied by the Applicant, in fact, the Applicant vide its letter dated 5th March 2024 admitted that it had failed to implement the NMAS and Agreed to issue credit notes worth Rs. 7,02,81,347/-

(Rupees Seven Crore Two Lakhs Eighty-One Thousand Three Hundred and Forty - Seven Only) in favour of the Respondent.

3.7 Additionally, the Respondent raised disputes with respect to certain hardware products supplied under Invoice Nos. PR/2324/10/003, PR/2324/10/006, PR/2324/10/007, PR/2324/10/010, PR/2324/12/001, PR/2324/12/002, and PR/2324/12/003. These products were found to be defective, and the same was communicated to the Applicant vide letter dated 10th January 2024. The Applicant again, vide its letter dated 10th April 2024, admitted that the said hardware was indeed defective and agreed to issue credit notes of Rs. 44,87,392/- (Rupees Forty-Four Lakhs Eighty Seven Thousand Three Hundred and Ninety Two Only). These acknowledgments by the Applicant form part of the record and were communicated much prior to the Demand Notice dated 17th March 2025 and/or Demand Notice dated 18th December 2024.

3.8 It is therefore evident that as on the date of issuance of the said demand notice, a serious ongoing and well-documented dispute existed between the parties not only with respect to the quality of goods supplied and services provided, but more importantly with respect to whether any amount at all was payable by the Respondent to the Applicant. The present Petition is therefore nothing but an abuse of the process of the law filed by the RP of the Applicant even after there being an admission in the face of clear contractual breaches and admissions by the Applicant itself.

3.9 Further, it is pertinent to bring to the attention of this Hon’ble Tribunal that the Applicant's own Affidavit under Section 9(3)(b) of the IBC, 2016, annexed at pages 214-215 of the Company Petition, confirms the existence of the pre-existing dispute before the Parties. In the said Affidavit, the RP of the Applicant has unequivocally stated that the Respondent had raised disputes in its reply dated 21st March 2025 and that the Respondent had raised objections to the quality and non-performance of

the services. The Resolution Professional describes these objections as fictitious, but does not deny their existence. In doing so, the Applicant has admitted that it was fully aware of the disputes prior to filing the Petition.

3.10 It is stated that vide the said 6th Demand Notice - Form 3 and above Company Petition, the Applicant has claimed an amount of Rs. 7,06,00,586/- (Rupees Seven Crore Six Lakh Five Hundred and Eighty-Six Only) as outstanding under 17 invoices produced in the above Company Petition. However, it has failed to take into consideration that in reality an amount of Rs. 7,02,81,347/- (Rupees Seven Crore Twenty-Eight Lakh Three hundred and Forty- Seven Only) out of the said amount of Rs. 7,06,00,586/- (Rupees Seven Crore Six Lakh, Five Hundred and Eighty-Six Only) is towards the NMAS which was though invoiced by the Applicant to the Respondent from December 2022 until December 2023 but in reality, was never implemented by the Applicant. Further, the Applicant has vide letters dated 5th March 2024 and 10th April 2024 had also agreed to issue credit notes for the said amount in favour of the Respondent. Therefore, the above Company Petition is not maintainable and liable to be dismissed.

3.11 There is no Admission of Debt by the Respondent as claimed in the Application.

3.12 The Applicant has issued multiple demand notices to the respondent details of which have been provided in para 67 of the reply, which is reproduced below: -

i. Demand Notice in Form 4 dated 23rd December 2024;
ii. Demand Notice in Form 3 dated 23rd December 2024;
iii. Demand Notice in Form 4 dated 17 February 2025:
iv. Demand Notice in Form 3 dated 24th February 2025; and
v. Demand Notice in Foam 3 dated 7th March 2025

4. **REJOINDER BY THE APPLICANT**

4.1 An Affidavit in Rejoinder dated 04.08.2025 was filed by the Applicant, wherein the Applicant raised the following contentions: -

4.2 Some of the documents presented by the Respondent are fabricated. It is stated that the said communication is not through email and no postal receipt of proof of delivery is attached.

4.3 The Applicant admits multiple demand notices were issued on the Corporate Debtor and states that the same was due to the fact that the complete information was not available with the Applicant/Resolution Professional and some information was received by the Applicant post filing the Application under Section 19(2) from the Applicant's management.

4.4 The Applicant reiterates that alleged dispute as regards the deficiency is in the software services. In para 23.2 of the Rejoinder, the Applicant has stated that the Operational Creditor is liable to pay an amount of Rs.5,29,07,288.58 (Rupees Five Crores Twenty Nine Lakhs Seven Thousands Two Hundred Eighty Eight Fifty Eight Paise Only) towards the hardware provided by the Operational Creditor.

4.5 For the sake of the brevity the others paragraph are not reproduced here under.

5. **Additional Affidavit dated 07.05.2026 filed by the Applicant**

5.1 Additional Affidavit was filed by the Applicant which is dated in response to the order dated 06.04.2026. Along with the said Additional Affidavit, the Applicant has attached emails addressed to NeSL requesting for issue of Form-D and produced the ledger account of the Corporate Debtor in Applicant's books of account.

6. **Additional Affidavit dated 10.07.2026 filed by the Respondent**

6.1 The Respondent has filed an Additional Affidavit dated 10.07.2026 annexing therewith communication from NeSL dated 06.04.2026.

6.2 The said communication email dated 04.04.2025 is reproduced below: -

Monday, April 6, 2026 at 8:37:46 PM India Standard Time

Subject: FW: NeSL - Intimation of Dispute on Submitted Default information for Debt No. PR/2324/09/008
Date: Saturday, 5 April 2025 at 11:38:47 AM India Standard Time
From: Janraj Pendekar
To: Vinayak Tiwari

From: NESL <nesliu@nesl.co.in>
Sent: Friday,April 04,2025 7:56 PM
To: Janraj Pendekar <finance@la-technologiesindia.com>
Subject: NeSL - Intimation of Dispute on Submitted Default information for Debt No. PR/2324/09/008

Dear L A Technologies Private Limited,

Greetings from National E-Governance Services Limited (NeSL), India's first Information Utility!

This is to bring to your attention that the financial information of Default submitted by ITSOURCE TECHNOLOGIES LIMITED has been disputed by L A Technologies Pvt Ltd on 04-04-2025 19:48:24.You may login to the NeSL portal to find additional information about the dispute.

Particulars of Default disputed information	
Unique Debt ID	AABCB3675L_PR/2324/09/008
Submission ID	1
Loan Status	Active
Authentication status	DISPUTED
Reason For Dispute	• No such debt existed. • Pre-existing Dispute. Remarks - The debt allegedly claimed to be due and payable by LA Technologies to IT Source is non-existent, as the latter has vide several letters itself admitted that no amounts are payable by LA Technologies, rather, it was incumbent upon IT Source to issue credit notes for an amount of Rs. 7,06,00,586 in favour of LA Technologies.

You are requested to take it up with the concerned party for resolution of the dispute.

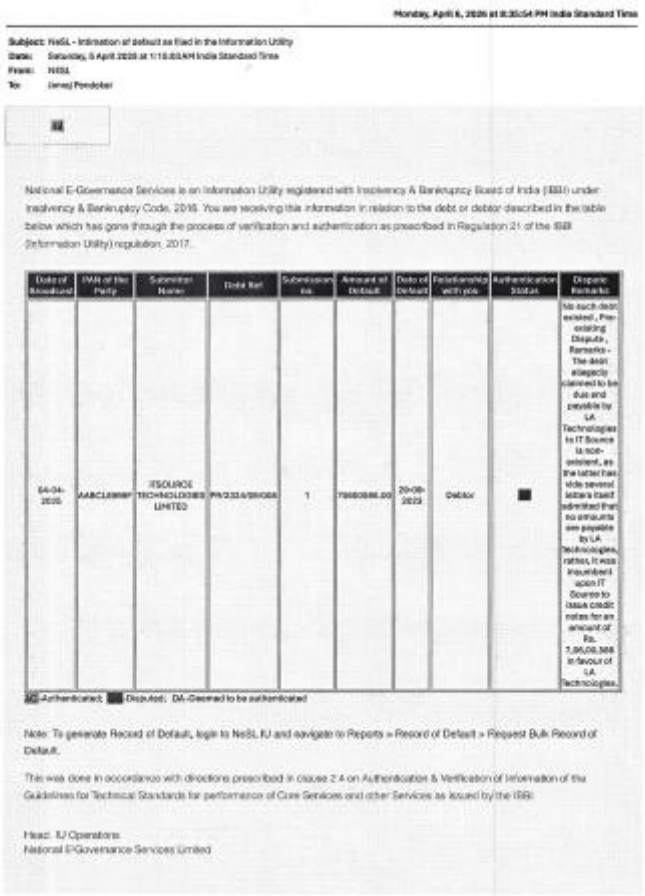
In case you need any clarification/support, we would be glad to assist you, please feel free to call us on Toll Free No. 1800 599 2345. You can also email us at helpdesk@nesl.co.in.

To raise any grievance Click here (Input grievance category, description, upload docs if required and submit).

Thanks and Regards,
Information Utility
National E-Governance Services Ltd.

ANNEXURE B

6



Monday, April 6, 2026 at 8:35:54 PM India Standard Time

Subject: NeSL - Intimation of default as filed in the Information Utility
Date: Saturday, 5 April 2026 at 1:19:03 AM India Standard Time
From: NeSL
To: [redacted]

National E-Governance Services is an Information Utility registered with Insolvency & Bankruptcy Board of India (IBBI) under Insolvency & Bankruptcy Code, 2016. You are receiving this information in relation to the debt or debtor described in the table below which has gone through the process of verification and authentication as prescribed in Regulation 21 of the IBBI (Information Utility) regulation, 2017.

Date of Broadcast	PAN of the Party	Submitted Name	Order Ref.	Submission no.	Amount of Default	Date of Default	Relationship with you	Authentication Status	Dispute Remarks
04-04-2026	[redacted]	ITSOURCE TECHNOLOGIES LIMITED	[redacted]	1	[redacted]	20-08-2023	Debtor	[redacted]	No such debt existed , Pre-existing Dispute , Remarks - The debt allegedly claimed to be due and payable by LA Technologies to IT Source is non-existent, as the latter has vide several letters itself admitted that no amounts are payable by LA Technologies, rather, it was incumbent upon IT Source to issue credit notes for an amount of Rs. 7,96,08,368 in favour of LA Technologies.

AC-Authenticated, [redacted] Disputed, DA-Deemed to be authenticated

Note: To generate Record of Default, login to NeSL IU and navigate to Reports » Record of Default » Request Bulk Record of Default.

This was done in accordance with directions prescribed in clause 2.4 on Authentication & Verification of Information of the Guidelines for Technical Standards for performance of Core Services and other Services as issued by the IBBI.

Head, IU Operations
National E-Governance Services Limited

7. This Tribunal vide order dated 30.07.2026 directed the the Applicant to go through the judgment of Hon'ble NCLAT in the matter of Salil Musale Vs. Lintec India Pvt. Ltd. & Ors., Company Appeal (AT) (Insolvency) No. 870 2026, and in view of the same, explain why CP No. 512 of 2025 is liable/not liable to be dismissed.

8. **Additional Affidavit dated 11.08.2026 filed by the Applicant**

8.1 The Applicant has filed an Additional Affidavit dated 11.08.2026 in response to the said order dated 13.07.2026.

8.2 The salient points as raised in the Additional Affidavit are as under: -

a. *I say that the documents which form the purported basis for the "Disputed" status on the NeSL portal are themselves seriously disputed by the Operational Creditor as fabricated and unreliable. The alleged correspondence is not supported by contemporaneous email communication, postal receipts, courier records or other independent evidence demonstrating that the alleged communications of pre-existing dispute exists before filing of the Captioned petition. The alleged communications relied upon by the Corporate Debtor were actually issued in connivance with suspended directors and received on the dates claimed. Further, the discrepancies appearing in the documents and letterheads relied upon by the Corporate Debtor materially affect their authenticity and evidentiary value.*

b. The Applicant has based his contentions on the following judgments.

   i. *Dheeraj Wadhawan v. Yes Bank Ltd. & Anr., Company Appeal (AT) (Insolvency) No. 953 of 2021.Wherein it was held by Hon'ble NCLAT*

   "31. As noted above, there being no default by the principal borrower on 01.08.2019, all subsequent action by the Bank on the alleged default dated 01.08.2019 are unsustainable. Hence, information recorded in the information utility on the strength of loan recall notice dated 18.11.2019 in no manner can be read as material to prove that default was committed by the Bank on 01.08.2019. Under the statutory scheme, the record of information utility is relevant but record of information utility is not conclusive proof of any default and a Corporate Debtor is always at liberty to disapprove the statement as contained in the information utility record.

   (This Judgment was delivered by 3 members Bench of Hon'ble NCLAT on 16.03.2022).

ii. *Rakesh Bhailalbhai Patel v. Vasundhara Seamless Stainless Tubes Pvt. Ltd., Company Appeal (AT) (Insolvency) No. 1695 of 2024 and order dated 30.01.2026 passed by the Hon'ble Supreme Court.*

iii. *National Insurance Company Limited v. Pranay Sethi and others.*

Relying on National Insurance Company Limited (Supra) Judgment delivered by Hon'ble Supreme Court Applicant has referred to the following paragraph:-

"27. We are compelled to state here that in Munna Lal Jain, the three-Judge Bench should have been guided by the principle stated in *Reshma Kumari disagreement, it should have been well advised to refer the case to a larger Bench. We say so, as we have already expressed the opinion that the dicta laid down in Reshma Kumari* being earlier in point of time would be a binding precedent and not the decision in *Rajesh.*

28. In this context, we may also refer to Sandeep Kumar Bafna v. State of Maharashtra which correctly lays down the principle that discipline demanded by a precedent or the disqualification or diminution of a decision on the application of the per incuriam rule is of great importance, since without it, certainty of law, consistency of rulings and comity of courts would become a costly casualty. A decision or judgment can be per incuriam any provision in a statute, rule or regulation, which was not brought to the notice of the court. A decision or judgment can also be per incuriam if it is not possible to reconcile its ratio with that of a previously pronounced judgment of a co-equal or larger Bench. There can be no scintilla of doubt that an earlier decision of co-equal Bench binds the Bench of same strength. Though the judgment in Rajesh case was delivered on a later date, it had not

apprised itself of the law stated in Reshma Kumari but had been guided by Santosh Devi. We have no hesitation that it is not a bindings precedent on the co-equal Bench."

As such the applicant is pleading the "precedent" value of a judgment and decision by a co-equal bench.

c. In Rakesh Bhailalbhai Patel (Supra) the Applicant pleads that it was held that the record of default is relevant but is not conclusive proof of the fact recording therein and as such NeSL record in "default" disputed status does not bar the admission of the present Application.

d. *It was stated that Salil Musale Vs. Lintec India Pvt. Ltd. & Ors., Company Appeal (AT) (Insolvency) No. 870 2026, (Supra) did not consider the judgment of three-member bench of Hon'ble NCLAT in Dheeraj Wadhawan v. Yes Bank Ltd. & Anr. and Rakesh Bhailalbhai Patel v. Vasundhara Seamless Stainless Tubes Pvt. Ltd.,*

e. The Ld. Counsel for the Applicant thereafter has placed others Judgments on stare decisis and on the law propounded by Hon'ble Supreme Court as to the judgment in case of difference of opinion between two benches of a higher forum. For the sake of brevity, we are not reproducing the same.

9. **Written submissions of the Corporate Debtor**

9.1 The Respondent has filed written submissions and has relied upon the following judgments.:-

i. Morex Corporation Ltd. Vs. Jindal Poly Films Ltd, - 2025 SCC OnLine NCLAT 1189 NCLAT New Delhi

ii. *First WalkIn Technologies v. Coffee Day Pvt. Ltd. 2022 SCC OnLine NCLAT 4436 NCLAT Chennai*

iii. *Mobilox Innovations Pvt. Ltd. v. Kirusa Software (P) Ltd., (2018) 1 SCC 353 – Supreme Court,*

iv. *Ruchira Green Earth Pvt. Ltd. v. KLB Komaki Pvt. Ltd 2025 SCC OnLine NCLAT 1256 NCLAT New Delhi, paras 10,15,16,22-24.*

v. *Transmission Corporation of A.P. Ltd. v. Equipment Conductors & Cables Ltd., (2019) 12 SCC 697*

vi. *S.S. Engineers v. Hindustan Petroleum Corp. Ltd., 2022 SCC OnLine SC 1385*

vii. *Rajratan Babulal Agarwal v Solartex India Pvt. Ltd. & Ors (2023) 1 SCC 115*

viii. *Sandeep Behl vs Nirmal Trading Company & Ors Company Appeal (AT) (Insolvency) No. 36 of 2024*

ix. *K.D. Sharma v. SAIL [(2008) 12 SCC 481*

9.2 Respondent has also referred to the judgment of Hon'ble NCLAT passed in the matter of Salil Musale Vs. Lintec India Pvt. Ltd. & Ors., Company Appeal (AT) (Insolvency) No. 870 of 2026 delivered on 25.05.2026.

10. The main controversy in the this matter in our considered view is whether this adjudicating authority can admit petition filed under Section 9 of the code where the record of default is in a "disputed" status.

11. Flagging the above issue this Application has been decided by this adjudicating authority on this preliminary issue.

12. **Analysis and Findings**

12.1 We have heard the Ld. Counsels for the Operational Creditor and the Corporate Debtor and have perused the records as placed before us. Our findings in the matter are as under: -

12.2 At the outset this Bench takes notes of the fact that the Corporate Debtor in its Additional Affidavit dated 10.07.2026 has sought to rely upon the alleged "dispute' reflected in the record of default with the information utility. The relevant portion of the NeSL ROD is reproduced below: -

Monday, April 6, 2026 at 8:37:46 PM India Standard Time

Subject: FW: NeSL - Intimation of Dispute on Submitted Default information for Debt No. PR/2324/09/008
Date: Saturday, 5 April 2025 at 11:38:47 AM India Standard Time
From: Janraj Pendekar
To: Vinayak Tiwari

From: NESL <nesliu@nesl.co.in>
Sent: Friday,April 04,2025 7:56 PM
To: Janraj Pendekar <finance@la-technologiesindia.com>
Subject: NeSL - Intimation of Dispute on Submitted Default information for Debt No. PR/2324/09/008

Dear L A Technologies Private Limited,

Greetings from National E-Governance Services Limited (NeSL), India's first Information Utility!

This is to bring to your attention that the financial information of Default submitted by ITSOURCE TECHNOLOGIES LIMITED has been disputed by L A Technologies Pvt Ltd on 04-04-2025 19:48:24.You may login to the NeSL portal to find additional information about the dispute.

Particulars of Default disputed information	
Unique Debt ID	AABCB3675L_PR/2324/09/008
Submission ID	1
Loan Status	Active
Authentication status	DISPUTED
Reason For Dispute	• No such debt existed. • Pre-existing Dispute. Remarks - The debt allegedly claimed to be due and payable by LA Technologies to IT Source is non-existent, as the latter has vide several letters itself admitted that no amounts are payable by LA Technologies, rather, it was incumbent upon IT Source to issue credit notes for an amount of Rs. 7,06,00,586 in favour of LA Technologies.

You are requested to take it up with the concerned party for resolution of the dispute.
In case you need any clarification/support, we would be glad to assist you, please feel free to call us on Toll Free No. 1800 599 2345. You can also email us at helpdesk@nesl.co.in.

12.3 It is important to not here that even dispute based on which, the dispute status has been stated by the NeSL is also recorded in the above NeSL ROD. The said dispute is reproduced herein.

- *No such debt existed.*
- *Pre-existing dispute*

  Remarks-the debt allegedly claimed to be due and payable by LA Technologies to IT Source is non-existent, as the latter has vide several letters itself admitted that no amounts are payable by the LA Technologies, rather, it was incumbent upon IT Source to issue credit notes for an amount of Rs. 7,06,00,586/- in favour of LA Technologies.

12.4 The Corporate Debtor has pleaded that the status of default, which has been reflected as "disputed" in the NeSL record of default, requires this Adjudicating Authority to reject the Application as per the provisions of Section 9 (5)(ii)(d) of IBC, 2016. Section 9(5)(ii)(d) of IBC, 2016 is reproduced hereunder: -

***"(5)** The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (2), by an order—*

(i) admit the application and communicate such decision to the operational creditor and the corporate debtor if,—

……...

(ii) reject the application and communicate such decision to the operational creditor and the corporate debtor, if—

(a) the application made under sub-section (2) is incomplete;

(b) there has been payment of the unpaid operational debt;

(c) the creditor has not delivered the invoice or notice for payment to the corporate debtor;

(d) ***notice of dispute has been received by the operational creditor or there is a record of dispute in the information utility; or***

(e) any disciplinary proceeding is pending against any proposed resolution professional

……"

12.5 This Tribunal relies upon the judgement of Hon'ble NCLAT in Company Appeal (AT) (INS) No. 557 of 2025 in the matter of Bhawani Prasad Mishra v/s Armaco Infralinks Pvt. Ltd. & Anr., wherein it was held that: -

"28. When we look into Section 9(5)(ii)(d) there are two circumstances under which Section 9 application deserves to be rejected i.e. (i) notice of dispute has been received by operational creditor or (ii) there is record of dispute in the Information Utility. In the present case, both the above clauses are fully met since notice of dispute has been received by operational creditor and there is record of dispute in the Information Utility. The record of dispute in the Information Utility as extracted above was information which was submitted by 'Armaco Infralinks Pvt. Ltd.' for authentication and authentication made on the same day by the corporate debtor disputing the information which is captured in the Information Utility information. ***The statutory condition as contained in Section 9(5)(ii)(d) was fully in existence, hence, Adjudicating Authority had to reject the application.*** *Adjudicating Authority although in paragraph 31 has noticed the record of default in the Information Utility which paragraph 31 is as follows:-*

"31. Further, upon perusal of record of default in the information utility namely National E-Governance Services Ltd. ('NeSL') produced by the Respondent vide its reply dated 18.01.2025, we notice the existence of

prior dispute between the parties. The relevant screenshot is reproduced hereunder:"

****

12.6 As such, in the above judgment, Hon'ble NCLAT has held that in case the statutory condition as contained in Section 9(5)(ii)(d) is in existence, i.e., if either notice of dispute is received or there is a record of dispute in the information utility, Adjudicating Authority has to reject the Application.

12.7 Hon'ble Supreme Court in K. Kishan v. Vijay Nirman Company Pvt. Ltd., (2018) 17 SCC 662, cautioned against permitting insolvency proceedings to become a substitute for ordinary debt enforcement mechanisms. Likewise, in Transmission Corporation of Andhra Pradesh Limited v. Equipment Conductors and Cables Ltd., (2019) 12 SCC 697, the Hon'ble Supreme Court reiterated that where a pre-existing dispute exists, the insolvency process cannot be invoked as a means of exerting pressure for recovery of contested claims. The rationale underlying these decisions is that insolvency proceedings are intended to address genuine insolvency and not to resolve complex contractual disputes.

12.8 The aforesaid conclusion also finds support from the recent judgment of the Hon'ble NCLAT, New Delhi, in Salil Musale Vs. Lintec India Pvt. Ltd. & Ors. (Company Appeal (AT) (Insolvency) No.870 of 2026) dated 25.05.2026, where in while setting aside the admission order in CP (IB) No. 669 (MB) of 2025, which was admitted by this Bench of NCLT, the Hon'ble Appellate Tribunal has held as below:

"11. Section 9(5)(d)(ii) provides that the Adjudicating Authority shall reject the application when notice of dispute has been received by the Operational Creditor or there is a record of dispute in the information utility. Present is a case where notice of dispute was

*issued by the corporate debtor within 10 days from receipt of the demand notice and there was also record of dispute in NeSL record where status was mentioned as disputed. We may refer to the judgment of this Tribunal in Company Appeal (AT) (Insolvency) No. 557 of 2025- "**Bhawani Prasad Mishra V/s Armaco Infralinks Pvt. Ltd. & Anr**." decided on 25.04.2025 where this **Tribunal has held that when the status of NeSL record mentions the dispute, Adjudicating Authority cannot proceed to admit Section 9 application**. Relevant paragraphs of the judgment are as follows:-*

> ***"28.** When we look into Section 9(5)(ii)(d) there are two circumstances under which Section 9 application deserves to be rejected i.e. (i) notice of dispute has been received by operational creditor or (ii) there is record of dispute in the Information Utility. In the present case, both the above clauses are fully met since notice of dispute has been received by operational creditor and there is record of dispute in the Information Utility. The record of dispute in the Information Utility as extracted above was information which was submitted by 'Armaco Infralinks Pvt. Ltd.' for authentication and authentication made on the same day by the corporate debtor disputing the information which is captured in the Information Utility information. **The statutory condition as contained in Section 9(5)(ii)(d) was fully in existence, hence, Adjudicating Authority had to reject the application**. Adjudicating Authority although in paragraph 31 has noticed the*

record of default in the Information Utility which paragraph 31 is as follows:-

> *"31. Further, upon perusal of record of default in the information utility namely National EGovernance Services Ltd. ('NeSL') produced by the Respondent vide its reply dated 18.01.2025, we notice the existence of prior dispute between the parties. The relevant screenshot is reproduced hereunder:"*
>
> *……..*
>
> *31. Section 8(2)(a) is a provision which provides that the corporate debtor shall, within a period of ten days of the receipt of the demand notice or copy of the invoice mentioned in sub-section (1) bring to the notice of the operational creditor existence of a dispute, if any, or record of the pendency of the suit or arbitration proceedings filed before the receipt of such notice or invoice in relation to such dispute. Section 8(2)(a) does not in any manner dilute the requirement of Section 9(5)(ii)(d)* ***The initiation of insolvency against the Corporate Debtor has a serious consequence and when there are sufficient material to indicate that condition as mentioned in Section 9(5)(ii)(d) are in existence, Adjudicating Authority cannot proceed to ignore the same.****……*
>
> ***13. Adjudicating Authority has ignored the notice of dispute issued which was given by the corporate***

debtor as well as the authenticated default in NeSL record by observing that the contention of pre-existing dispute raised by the corporate debtor is spurious, moonshine and mere bluster. The notice of dispute in detail has given the facts which cannot be said to be unsupported by any evidence."

12. *It is relevant to notice that the Adjudicating Authority has also noted the fact that NeSL record claim is disputed. In paragraph 7.21 and 7.22, Adjudicating Authority noticed following:-*

"7.21 The Applicant has placed on record the NeSL record of default in Form D. which reflects the Status of Authentication of default as 'Disputed with remarks that there exists a pre-existing dispute. The Applicant has relied on the judgment of Hon'ble NCLAT, in Rakesh Bhailalbhai Patel v. Vasundhara Seamless Stainless 4 Tubes (P) Ltd., 2025 SCC OnLine NCLAT 1669, vide Order dated 17.10.2025, has clarified the legal position regarding marking of dispute on NeSL portal. The relevant portion of the judgment is reproduced as under:

"79. The contention regarding the NeSL portal is also not convincing. The Code does not treat the NeSL information as determinative of the existence of a dispute. The mere marking of a debt as "disputed" on the portal, without supporting evidence, cannot override the underlying contractual documents and financial records".

7.22 The CD with regard to above, relied upon the judgment of Hon'ble NCLAT in Bhawani Prasad Mishra v. Aramco Infralinks Pvt. Ltd., Company Appeal (AT) (Insolvency) No. 557 of 2025 (Order dated 25.04.2025), ***wherein it was held that Section 9(5)(ii) (d) of the IBC is mandatory and that the application must be rejected if either notice of dispute is received or there is a record of dispute in the Information Utility****. However, the said order has already been challenged before the Hon'ble Supreme Court in Civil Appeal Diary No. 26723 of 2025. In any event, in the present case, the Applicant has substantiated its claim through invoices, e-way bills and GSTR-1 filings, thereby establishing the operational debt and default."*

13. Adjudicating Authority has ignored the notice of dispute issued which was given by the corporate debtor as well as the authenticated default in NeSL record by observing that the contention of pre-existing dispute raised by the corporate debtor is spurious, moonshine and mere bluster. *The notice of dispute in detail has given the facts which cannot be said to be unsupported by any evidence. ……..*

…*……..*

14. In view of the foregoing discussions, we are of the view that there being pre-existing dispute, the Adjudicating Authority committed error in admitting Section 9 application. Order admitting Section 9 application cannot be sustained.

15. *In result, the Appeal is allowed. Impugned order passed by the Adjudicating Authority dated 06.05.2026 is set aside. Section 9 application CP (IB) No.669 (MB) of 2025 is rejected. Parties shall bear their own costs."*

(emphasis supplied)

12.9 It is important to note that in CP(IB) No. 669 of 2025 (in the matter of Lintec India Private Limited vs. Naxnova Technologies Private Limited), this Bench while admitting the company petition for initiation of CIRP in respect of the said CD, vide order dated 06.05.2026, had recorded the finding that the disputes raised by the CD therein were spurious, moonshine and mere bluster. The relevant portion of the said order is reproduced hereunder:-

> *"7.26 In light of the aforesaid settled position of law and the facts in the present case**, we are of the view that the contention of pre-existing dispute raised by the CD is spurious, moonshine and mere bluster.** Stoppage of supply by the Applicant due to not genuine and bona fide and merely a feeble and illusory defence. Therefore, the question posed above in the analysis is answered accordingly. Stoppage of supply by the Operational Creditor due to non-payment of due invoices for past supplies, that too in terms of the purchase orders issued by the CD, in order to safeguard its financial interests, can never be termed as dispute. ……....*
>
> *……..*
>
> *7.28 In view of the above findings, it is clear that the Applicant has placed on record the necessary evidences and materials to demonstrate the existence of the operational debt exceeding the minimum threshold of Rs.1 Crore prescribed under Section 4 of the Code due and*

payable by the CD as well as the default in payment thereof by the CD. The Applicant has served the Demand Notice upon the CD, and that the ***CD has failed to establish the existence of any pre-existing dispute.*** *The Application is complete as all the relevant documents have been attached by the Applicant along with the Application."*

(emphasis supplied)

12.10 However, in appeal against the above referred order of this Adjudicating Authority, Hon'ble NCLAT in Salil Musale smatter (supra) has, in the light of provisions of Section 9(5)(ii)(d) of IBC, 2016, held that if the NeSL record of default is reflecting the "disputed status", the AA is mandated to reject the Application.

12.11 It is important to note that the judgment of Hon'ble NCLAT in Bhawani Prasad Mishra (Supra) was passed by a 3 member Bench of Hon'ble NCLAT on 25.04.2025 whereas, the judgment in case of Rakesh Bhailalbhai Patel (Supra) was passed by a two member bench of Hon'ble NCLAT on 17.10.2025 and upholding the ratio as laid down by Hon'ble Supreme Court in ***Central Board of Dawoodi Bohra Community & Anr. v. State of Maharashtra & Anr., (2005) 2 SCC 673***, we hold that judgment in case of Bhawani Prasad Mishra (Supra) will hold good since passed by a 3 member bench of Hon'ble NCLAT. Moreover, the Judgment in Bhawani Prasad Mishra was prior in time than the Judgment in Rakesh Bhailalbhai Patel v. Vasundhara Seamless Stainless Tubes Pvt. Ltd., Company Appeal (AT) (Insolvency) No. 1695 of 2024 case was subsequent in time Dheeraj Wadhawan v. Yes Bank Ltd. & Anr., Company Appeal (AT) (Insolvency) No. 953 of 2021 judgment and by 3 member NCLAT Bench on 16.03.2022 but issue in this Judgment was not in regard to 9(5)(ii)(d).

12.12 To summarize, the Hon'ble NCLAT in Salil Musale v. Lintec India Pvt. Ltd. & Ors. (supra), based on the Judgment in Bhawani Prasad Mishra (Supra) reiterated that Section 9(5)(ii)(d) of the IBC mandates rejection of a Section 9 application where either.

i. a notice of dispute has been received by the Operational Creditor, or

ii. there exists a record of dispute in the Information Utility.

12.13 It is however noted that in the judgment of Hon'ble Supreme Court in Civil Appeal No. 12261 of 2024 being M/s. Saraswati Wire and Cable Industries v. Mohammad Moinuddin Khan & Ors., 2025 INSC 1410, the facts were different as the order of Hon'ble Supreme Court did not state that the status of authentication of default as per NeSL record of default was "disputed". However, in this matter the issue is as to whether in a matter where the NeSL record of default reflects a "disputed" status of the debt, the application has to be rejected in view of provisions of Section 9(5)(ii)(d) or the adjudicating authority has to go into further details regarding the genuineness or otherwise of the disputes raised.

12.14 Having considered the totality of the material placed on record, we are of the view that considering the provisions of section 9(5)(ii)(d) of IBC, 2016, this adjudicating authority is bound to reject an application in case the record of default as issued by the information utility reflects the status of authentication of default as "disputed". The recent judgments of Hon'ble NCLAT as referred to above including the judgments in the matter of Bhawani Prasad Mishra and in the matter of Salil Musale have clearly confirmed the above view and, therefore, this Adjudicating Authority is left with no alternative but to reject the application.

12.15 In these circumstances, we are satisfied that the CD has successfully demonstrated that there exists a record of dispute with the information utility and

therefore, the present Petition CP(IB)/512/MB/2025 is rejected under Section 9(5)(ii)(d) of the IBC as non-maintainable.

12.16 Needless to mention here that rejection of the present CP does not preclude the Applicant to recover its dues, if any, through methods as known to law.

Sd/-

NILESH SHARMA
MEMBER (JUDICIAL)

Sd/-

SAMEER KAKAR
MEMBER (TECHNICAL)

// **frk** //