IN THE NATIONAL COMPANY LAW TRIBUNAL

ALLAHABAD BENCH, PRAYAGRAJ

CP (IB) NO.75/ALD/2025 with IA NO.295/2026

(Application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016)

IN THE MATTER OF:

1. **M/S. JYOTI KUMAR ARYA (HUF)**
   Address-1-208, Upper Ground Floor,
   Major Sudesh Marg, Rajouri Garden,
   J-6 West Delhi, Delhi-110027

2. **MR. VINEET GUNWANI**
   Address-405, Four Story QTR,
   Tagore Garden Extension, Vishal Enclave
   Near Chinu Chaat Bhandar,
   Shiv Mandir, Delhi-110027

……Financial Creditors

Versus

MEGMA RFID AND LABELS PRIVATE LIMITED
Address-A-4, Phase-II Noida,
Gautam Budh Nagar, Uttar Pradesh-201305

.....Corporate Debtor

AND IN THE MATTER OF:

M/S MEGMA RFID AND LABELS PRIVATE LIMITED
Regd. Office: A-4, Phase-II, Noida, Gautam Budh Nagar,
Uttar Pradesh-201305

……. Applicant

Versus

1. **M/S JYOTI KUMAR ARYA (HUF)**
   Rio J-208, Upper Ground Floor, Major Sudesh Marg,
   Rajouri Garden, J-6, West Delhi, Delhi-110027

2. **VINEET GUNWANI**
   Rio 405. Four Story Qtr., Tagore Garden Extension,
   Vishal Enclave, near Chinu Chaat Bhandar,
   Shiv Mandir, Delhi-110027

……. Respondents

Order Pronounced on: 26.10.2026

Coram:

Sh. Praveen Gupta	:	Member (Judicial)
Sh. Ashish Verma	:	Member (Technical)

Appearances:

Sh. Harish Taneja with Sh. Gaurav Raj Grover Advs. :	*For the Financial Creditors & Res. in IA No.295/2026*
Ms. Shalini Nair with Sh. Shashank Kumar Advs. :	*For the Corporate Debtor & Applicant in IA No.295/2026*

ORDER

1. This instant application has been filed on 06.06.2025, by M/s Jyoti Kumar Arya (HUF) and Mr. Vineet Gunwani (hereinafter collectively referred to as "***Financial Creditors/Applicants***") under Section 7 of Insolvency and Bankruptcy Code, 2016 (hereinafter referred as **"*IBC/Code*"**) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules 2016 seeking to initiate Corporate Insolvency Resolution Process (hereinafter referred to as **"*CIRP*")** against Megma RFID and Labels Private Limited (hereinafter referred to as '***Corporate Debtor/Respondent'***).

2. Part I of the Application contains details of the Financial Creditors/Applicants comprising HUF and an individual residing in Delhi.

3. Part II of the Application contains details of the Corporate Debtor/Respondent, and it is a company incorporated under the provisions

of the Companies Act, 2013 with date of incorporation as 27.01.2015 bearing CIN: U22222UP2015PTC068469. The Address of the registered office of the Corporate Debtor is A-4 Phase II Noida, Nepz Post Office, Gautam Budh Nagar, Noida, Uttar Pradesh, India 201305.

4. In Part – III of the application, the Financial Creditor/Applicant has proposed Mr. Rajiv Bajaj, having Registration No. IBBI/IPA-002/IPN00276/2017-18/10834 to act as the Interim Resolution Professional ("*IRP*").

5. In Part – IV of the Application, the Financial Creditor/Applicant stated that the amount in default is Rs. 1,71,24,115/-. The Date of Default is mentioned as 02.03.2025.

6. In Part V of the application, the following documents have been referred to substantiate the debt disbursed to the Corporate Debtor/Respondent.

a. Copy of legal notice dated 20.02.2025.
b. Copies of the bank statements of both the Applicants showing proof of disbursement of the loan amount to the Corporate Debtor.
c. Copies of the Form 26AS of the Applicants.
d. Copies of the WhatsApp chats depicting the acknowledgement of debts by one of the directors, i.e., Mr. Manikant Lawania of the Corporate Debtor
e. Copy of status of authentication of record of financial information (Form- C) with NeSL.

7. It is submitted that the Financial Creditors/Applicants, considering the financial distress faced by the Corporate Debtor/Respondent, extended financial assistance to it in the form of a friendly loan to enable the latter to meet its existing financial commitments, including repayment obligations towards the financial institutions. The details of the loan disbursed by both the Financial Creditors/Applicants respectively are as follows:

i. M/s Jyoti Kumar Arya HUF

S. No.	Loan Amount (In INR.)	Date of Disbursement	Mode of Transfer
1.	25,00,000	05.10.2022	TPT-TFR ref. no. 332078531
2.	20,00,000	06.10.2022	TPT-TFR ref. no. 137376907
3.	5,00,000	07.10.2022	TPT-TFR ref. no. 165442733
4.	10,00,000	28.12.2022	TPT-TFR ref. no. 209033787
5.	15,00,000	29.12.2022	TPT-TFR ref. no. 215451887

ii. Mr. Vineet Gunwani

S. No.	Loan Amount (In INR.)	Date of Disbursement	Mode of Transfer
1.	25,00,000	14.11.2022	RTGS ref. no. HDFCR52022111459751629
2.	25,00,000	21.12.2022	NEFT ref. no. N355222256906131

8. The aforesaid loan availed by the Corporate Debtor/Respondent was for a specific tenure based on mutually agreed verbal terms, thereby creating a clear obligation for the Corporate Debtor/Respondent to pay regular interest. The Applicant further relies on the judgment passed by the Hon'ble NCLAT in the matter of *M/s Agarwal Polysacks Limited vs M/s. K. K. Agro Foods*

and Storage Limited [CA(AT)(Ins.) No. 1126 of 2022], wherein it was established that a written financial contract is not a prerequisite for proving financial debt under the Code.

9. Later, the Corporate Debtor/Respondent defaulted on its repayment obligations, resulting in a financial default. Further, various amicable settlements were attempted in good faith to recover the outstanding dues. Several reminders were sent through phone calls, letters, and WhatsApp messages to Mr Manikant Lawania, the Director of the Corporate Debtor/Respondent. However, these efforts were met with false assurances and unfulfilled commitments.

10. Despite repeated demands and reminders issued by the Financial Creditors/Applicants, the Corporate Debtor/Respondent defaulted in repaying the outstanding debt, however it gave two security cheques against the loan advanced but the said cheques were dishonoured and returned unpaid with the reason stated as "*Signature Not as Per the Mandate / No Funds*", as per the bank memo dated 12.02.2025. Consequently, the Financial Creditors/Applicants issued legal notices dated 06.03.2025 under Section 138 of the Negotiable Instruments Act, 1881. However, neither any payment nor any reply was received from the Corporate Debtor/Respondent.

11. Meanwhile, on persistent defaults, the Financial Creditors/Applicants issued a legal notice dated 19.02.2025 demanding payment of the outstanding sum

of Rs. 1,62,49,115/-, along with interest at the rate of 21 % per annum, within 10 days from the date of receipt of the notice. The said legal notice was duly dispatched through registered post on 19.02.2025 and was further communicated through email dated 20.02.2025, addressed to the Directors of the Corporate Debtor/Respondent. However, despite the receipt of the notice, the Corporate Debtor/Respondent neither responded nor made any bona fide attempts to discharge its liabilities.

12. The Financial Creditors/Applicants further fortified their claims of debt by attaching their respective bank statements for the period from 01.04.2022 to 31.03.2023, clearly reflecting the transfer of funds to the Corporate Debtor's account. It is further submitted that the continued failure of repayments of loan disbursed, unequivocally establishes the Corporate Debtor's failure to its financial obligations. Also, entries in Form 26AS confirm the existence of the debt as well as payment of interest thereon, as they indicate that the Corporate Debtor deducted Tax at Source (TDS) on the interest payments, thereby acknowledging its liability.

13. In light of the continuing default, the Financial Creditors/Applicants has filed the present application seeking initiation of the CIR Process against the Corporate Debtor/Respondent.

REPLY ON BEHALF OF THE CORPORATE DEBTOR/RESPONDENT.

14. The Corporate Debtor/Respondent filed a Reply dated 15.09.2025 and made the following submissions in response to the averments made:

a. It is contended that the present petition is unsupported by primary documentary evidence, including loan agreement, promissory note, board resolution, sanction letter, repayment schedule, or any contemporaneous document evidencing disbursal of funds to the Corporate Debtor against consideration for the time value of money. On the contrary, the reliance of the Applicants on selective WhatsApp messages, unauthenticated NeSL printouts, and self-generated computations fails to satisfy the evidentiary requirement for proving the existence of a financial debt.

b. With respect to the WhatsApp messages relied upon by the Applicants/Financial Creditor, it is contended that from the perusal of the bank statements, there were several transactions made between Mr. Manikant Lawania and the Applicants. However, the WhatsApp communications fail to clarify the amounts given to Mr. Manikant Lawania.

c. With respect to the Applicant's computation of debt, it is contended that the same includes large interest heads and ancillary charges which are not supported by any contractual clause or judicial award.

d. It is also contended that such heads appear to have been used to inflate the claimed outstanding and to cross the statutory threshold. Interest may be considered for threshold computation

only to the extent it is contractually due or crystallised by agreement/decree. Consequently, the Applicants' failure to demonstrate contractual entitlement to the claimed interest renders those heads unauthorised for the purpose of establishing the threshold.

e. The Respondent contends that the date of default as pleaded is not corroborated by the ledger extracts, promissory notes, demand letters or correspondence that would show the debt became due on the said date. Further, the unauthenticated Information Utility records annexed indicate dates such as 15.05.2023 and 01.01.2024 for alleged defaults. Additionally, the Legal Notice relied upon bears dates in February 2025, creating an irreconcilable chronology. The date on which a debt became due and payable is a material fact and inconsistent dates on the face of the Petition vitiate the claims of the Petitioner.

f. The Respondent contends that since it is the Financial Creditors/Applicants case that the loan advanced was friendly advance with no contractual date being agreed for repayment, no amount becomes due and payable merely by passage of time since no maturity or instalment schedule exists and no valid demand has been proved to demonstrate that any sum was legally due and unpaid. The Respondent further placing reliance on section 5(8) of the Code submits that wherein the Applicant has failed to produced loan agreement, promissory note, board resolution or contemporaneous record evidencing the time value of money, repayment schedule or interest agreed and neither has relied on any material showing the

acknowledgement of liability of the Corporate Debtor/Respondent, the alleged sums do not qualify as financial debt.

g. With respect to claim of 21% interest, the Corporate Debtor/Respondent contends that the same is s wholly unfounded and unsupported by any contractual or statutory basis. A bald assertion of 21% interest, without a written stipulation or acknowledgment, amounts to an arbitrary inflation of the alleged liability and is an attempt to cross the pecuniary threshold under Section 4 of the Code.

h. The Respondent further avers that the audited books of account of the Corporate Debtor reflect a materially different picture from that sought to be presented by the Applicants. The audited financial statements, duly adopted by the Board and signed by statutory auditors, record the sums due to both the Financial Crediotrs/Applicants are as Rs. 55,89,083/- and Rs. 39,14,740/- , respectively as on 31.03.2024 which amounts to about Rs. 95 Lakhs and does not meet the threshold as prescribed by the Code.

i. Subsequently, the claims of the Financial Creditors/Applicants are inflated and inconsistent in figures ranging from Rs. 1,62,49,115/- to Rs. 1,71,24,115/- without reconciling the same with the Corporate Debtor's audited accounts.

j. The Respondent also states that the Financial Creditors/Applicants have supressed material facts and submits that the present Petition has been orchestrated at the behest of Mr. Manikant Lawania, who is a disgruntled director of the

Corporate Debtor/Respondent. The Financial Creditors/Applicants, in collusion with him, have sought to dress up personal transactions and internal disputes as a 'financial debt' of the Corporate Debtor/Respondent.

k. The Respondent also contends that the present petition is defective for want of proper authorization for invocation of Section 7 proceedings before this Tribunal.

l. It is lastly contended that the Code is not a substitute for debt recovery proceedings, and its object is to resolve genuine insolvency, not to pressurise companies into paying disputed or inflated sums.

15. The Respondent/Corporate Debtor finally prayed for the dismissal of the present application under section 7 as being not maintainable in light of the facts and circumstances as contended in the reply discussed above.

REJOINDER FILED BY THE FINANCIAL CREDITOR/APPLICANT

16. The Financial Creditor/Applicant, in response to the Reply, filed a Rejoinder dated 07.11.2025, denying the contentions of the respondents in entirety and further made submissions countering all the contentions raised by the Respondent/Corporate Debtor in the reply, as discussed below:

a. With regard to the existence of an express agreement for establishing a loan and its disbursement, it is submitted that it is not necessary that a financial debt can be proved only by a written agreement. In support of their contentions, reliance is placed on the following judgments:

i. **"*BDH Industries Ltd. vs. Mars Remedies Pvt. Ltd.*" [Company Appeal (AT) (Ins) No. 936/2020] passed by Hon'ble NCLAT, wherein it has been observed as follows:**

> *" 24. Thus it is considered sufficient for admission of a section 7 application that the Applicant/Petitioner is able to establish the existence of a 'Debt' and the Corporate Debtors default, and if the 'Application' is complete in all aspects, the Application ought to be admitted by the Adjudicating Authority.* ***In this judgment the NCLAT relied on the order passed by the NCLT, Mumbai Bench in Anchor Leasing Pvt. Ltd. v. Euro Ceramics Ltd. (CP No. 66/IBCINCLTIMBIMAH/2018) wherein it was observed and held that "IBC nowhere prescribed the compulsory existence of an express agreement to prove the loan and its disbursement.*** *The statement of accounts produced on record were held enough to prove the disbursement of loan amount. "* ***Hence, in our opinion, and based on the above mentioned judgment o{NCLAT. we infer that even in the absence of an explicit agreement to provide loan/financial assistance if the documents can show the existence of a loan they can he considered as an adequate evidence of the existence of loan."***

ii. ***Agarwal Polysacks Ltd. vs. K.K. Agro foods and Storage Ltd.*** **[Company Appeal (AT) (Insolvency) No. 1126/2022] passed by Hon'ble NCLAT, wherein it has been observed as follows:**

> *"31. The Adjudicating Authority, however, took a view that there should be financial contract between the parties which elucidate the rate of interest and date of repayment. The Adjudicating Authority took a view that there is no written agreement to establish the nature of transaction between the parties, hence, Appellant failed to prove the debt.* ***We have already held that requirement of written financial contract is not a pre-condition for proving debt.*** *When Adjudicating*

Authority itself given finding in Para 5-6 the disbursement was with interest and repayment was on demand, two essential conditions of financial debt were present with regard to time value of money. When the financial statement indicate amount with interests since the loan of Rs. 7 5, 00, 000 increased in the FY 2017-18 and amount due was shown as Rs. 79,70,250/-, which clearly was after adding the interest, disbursement has to be held for time value of money. We, thus, are satisfied that all preconditions for establishing financial debt are proved by the Financial Creditor and the order of the Adjudicating Authority rejecting Section 7 application is not sustainable."

iii. Further, in another judgment passed by Hon'ble NCLAT in the matter of *Jaiprakash Agarwal vs Alka Prakash Agarwal & Anr. CA(AT) (Ins.) No. 292 of 2023,* wherein it was observed that where a loan is disbursed pursuant to an oral agreement and is admittedly repayable on demand, there is no requirement to issue a written notice to the Corporate Debtor demanding repayment. The relevant excerpts of the said judgment are reproduced hereinbelow:

"22. At this stage it may be useful to note that the judgement of this Tribunal in Pawan Kumar supra does not come to the aid of the Appellant in view of the clear findings of this Tribunal in the case ***of Agarwal Polysacks Ltd. vs K. K. Agro Foods & Storage m CA(AT)(Jns)No.1126 of 2022*** *wherein the facts of the two cases have been distinguished and held that the judgement of this Tribunal in Pawan Kumar supra was applicable only in the context of a Non-Banking Financial Corporation. After going into Regulation 8(2) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and Rule 3(l)(d) and Rule 4(1) of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 which regulates filing of application by the Financial Creditors, it has been held in Agarwal Polysacks supra* ***that***

written financial contract is not a pre-condition or an exclusive requirement for proving existence of debt. It has been further amplified that the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 and CIRP Regulations makes it is clear that financial debt can be proved from other relevant documents and it is not mandatory that written financial contract can be the only basis for proving the financial debt*. If disbursement of loan was with interest and repayment was on demand, the two essential conditions of financial debt stand established with regard to the time value of money.* ***Since the loan had been given on the basis of an oral agreement and was admittedly repayable on demand, there was no need to issue any written notice on the Corporate Debtor seeking repayment."***

b. It is further submitted that the sums advanced by the Financial Creditors/Applicants to the Corporate Debtor/Respondent were genuine financial transactions made in the ordinary course of business. The funds were disbursed and have been duly reflected in the financial records of the Corporate Debtor/Respondent, thereby establishing both the disbursal and the liability to repay. Consequently, the absence of an express interest clause cannot take the transaction outside the ambit of "*financial debt*" under Section 5(8) of the Code.

c. With regard to the non-establishment of a precise date of default, it has been submitted that, in terms of Section 7 of the Code, what is relevant is the debt and the occurrence of default. The factum of default is clearly evidenced by cheque dishonour memos from the bank, legal notices dated 19.02.2025, and statutory demand notices under Section 138 of the Negotiable Instruments Act, all of which collectively demonstrate the failure of the Corporate Debtor/Respondent to discharge its admitted financial liability.

Therefore, the Applicant Financial Creditors justified the date of default taken in Part IV of the Section 7 application mentioned as on 02.03.2025 based on the legal notice dated 19.02.2025 sent through email dated 20.02.2025 after two security cheques given by the Corporate Debtor against the loans advanced were dishonoured and returned unpaid through the bank memo dated 12.02.2025, giving 10 days' time to repay from the date receipt of notice. In support of its contentions, further reliance is placed on the judgment passed by the Hon'ble NCLAT in the matter of *Edelweiss Asset Reconstruction Co. Ltd. v. Perfect Engine Components Pvt. Ltd. CA(AT) (Ins.) No. 840 of 2021*.

d. It is further submitted that the trigger for insolvency is the occurrence of default and not the fixation of any precise date of default in a repayment schedule or the declaration of an account as NPA. In the present case, the dishonour of cheques, continuous non-payment of agreed monthly interest, and repeated legal and statutory notice and acknowledgement of debt by directors of the Corporate Debtor clearly demonstrate such defaults.

e. With regard to seeking 21% interest, it is submitted that from the statutory records, it is clear that the Corporate Debtor itself has deducted TDS on interest amounts at the agreed rate, which is reflected in statutory Form 26AS of the Petitioners. Having acknowledged and acted upon such liability in statutory records, the Corporate Debtor cannot now approbate and reprobate. The liability to pay interest is thus admitted and enforceable. It is also emphasised that after depositing TDS on interest payment @ 21% and acknowledging and acted upon such liability in Income Tax

records, the Corporate Debtor cannot now be permitted to turn around and dispute the very liability which it has acknowledged in official and statutory records. In this regard, the Applicant relies upon *Jaiprakash Agarwal* ***(Supra)*** wherein the same issue was there as in the present case as the financial statements of the respondent as well as Form 26AS shows that the payment was made towards interest on which TDS was also deducted. Further it was contended that there was no written contract between the parties regarding any agreed rate of interest.

f. With regard to the inclusion of interest @ 21% in the financial debt sought in Part-IV of the petition, the Applicant submits that the Corporate Debtor has duly acknowledged the debt of Rs. 95 Lakhs in books of accounts and amounts reflected in the audited balance sheets of the Corporate Debtor represent only the principal sums outstanding. It is further submitted that Section 5(8) of the Code, explicitly includes within the definition of "financial debt", "*interest, if any, which is disbursed against the consideration for the time value of money.*" Hence, while determining whether the minimum threshold under Section 4 of the Code is met, both the principal amount and the accrued interest are to be considered together. The settled legal position is that the interest component is a constituent part of the financial debt and cannot be excluded for the purpose of computing the threshold limit for initiating CIRP under Section 7.

g. With regard to reliability of information submitted before the NeSL by the Corporate Debtor, it is submitted that under Regulation 21 of the IBBI (Information Utilities) Regulations, 2017, when the debtor confirms the information of default, status

is shown as authenticated, when debtor disputes the information of default-status is shown as disputed & when debtor does not respond even after three reminders- status is shown as deemed to be authenticated. Accordingly, the objection raised by the Corporate Debtor is untenable and contrary to the express provisions of the Code and the Regulations. The IU record, whether authenticated or pending authentication, remains a statutory record evidencing the existence of financial debt and default, corroborated further by the Corporate Debtor's own books and acknowledgments.

h. With regard to the present petition being defective, it is submitted that Mr Jyoti Kumar Arya, being the Karta and representative of the Hindu Undivided Family (HUF), is legally competent to act and represent the HUF in all financial and legal matters, including institution of proceedings under Section 7 of the Code. Under settled principles of Hindu law, the Karta has inherent authority to represent the HUF in respect of its property, business, and legal affairs, even without a formal written authorisation or resolution.

17. It has also been noted that an IA 295 of 2026 had been filed by the Respondent/Corporate Debtor wherein it places on record certain additional documents which as per the Respondent was necessary for adjudication of the S.7 petition. It is the case of the Respondent that recently, the Financial Creditors herein have instituted complaints under Section 138 of the Negotiable Instruments Act, 1881 before the Ld. Tis Hazari District Court (West), Delhi, alleging dishonour of cheques and certain averments have

been made which are material and deserve to be brought to the attention of this Tribunal. The relevant extract of the averments is reproduced below:

> *"4. That as a matter of fact, the complainant had extended financial assistance of Rs.2.50 Crores @ 21% pa interest. Out of this amount, Rs. 1.50 crores was given to Mr. Manikant Lavanya (Accused No.2), Rs.50.00 Lacs were given to Mrs. Laxmi Lavanya (Accused No.3) and Rs.50.00 Lacs were given to Accused No.l company.* ***However, the accused person used to pay the entire interest dues from the account of Accused No. l only. As such monthly interest of Rs.4,37,500 including TDS, used to paid by Accused No.l to the complainant on monthly basis.*** *The individual loan account of Accused No.2 was settled in November 2023. At that time, accused No.2 promised to clear the outstanding dues of personal loan of accused No.3 and pending interests, and loan of accused No.1 which stood at Rs.50 Lacs and pending interests, shortly. However, no payment was made thereafter."*
>
> *(emphasis supplied)*

18. The Respondent further submits that the mere fact that interest payments, including TDS deductions, were routed through the account of the Corporate Debtor/Respondent cannot, in law, convert personal loans advanced to third parties into a "*financial debt*" of the Corporate Debtor within the meaning of Section 5(8) of the Code. It is also submitted that financial assistance with a view to bringing the Company out of its financial distress and ensuring its continued solvency, the Corporate Debtor has approached its majority shareholders and subsequently funds were infused by them in the year 2024; thus, in these circumstances, the claim of the Financial Creditors/Applicant seeking return of monies is wholly misconceived, without any basis in law,

and unsupported by any cogent evidence.

19. In response to the averments made in the said application, the Financial Creditors/Applicants have filed a reply dated 06.06.2026, wherein, at the outset, the Financial Creditors/Applicants have contended that placing additional records on record through the present application at a belated stage is liable to be dismissed. However, without prejudice to the aforesaid contention, the Financial Creditors/Applicants have also submitted that the balance loan amount due and payable to the Financial Creditors/Applicants stands duly reflected in the audited balance sheet of the Corporate Debtor for FY 2022–23. However, the said liability has intentionally been wrongly reflected in the financial statements for FY 2023–24. The interest, as provided for and paid by the Corporate Debtor in FY 2022–23, was not recorded in the financial statements for FY 2023–24. Further, the discrepancies and manipulation in the financial statements had already been specifically pointed out by the erstwhile management to the present/new management of the Corporate Debtor/Respondent vide email dated 05.09.2024 wherein it has been pointed out that there are some discrepancies in the "Balance Amount" against the accounts of both Financial Creditors i.e. Jyoti Kumari and Vineet Gunwani, which are reduced, whereas they would be increased due to ongoing interest.

FINDINGS AND ORDER

20. We have heard the submissions of Ld. Counsels of both the parties and perused the documents on record. After considering the arguments advanced by the respective Ld. counsels, the main issues to be decided are as follows:

I. Whether the application is filed within the period of limitation.

II. Whether there is debt and default within the meaning of Section 7 of the Code.

21. With respect to Issue I, upon consideration of the material placed on record, it is observed that the present Petition has been filed on 06.06.2025.Though as per the "Record of Financial Information" submitted to National E-Governance Services Limited (NeSL) in "*Form C*", date of default submitted by Jyoti Kumar Arya HUF and Mr. Vineet Gunwani are 15.05.2023 and 01.01.2024 respectively, however, no record of default (RoD) in "*Form-D*" has been issued by NeSL till now, as no reply is submitted by the Corporate Debtor on these information. Meanwhile, after two security cheques issued by the Corporate Debtor against the said loans were got dishonoured on being presented to concerned bank on 12.02.2025 and returned unpaid, as per the bank memo dated 12.02.2025 stating the reason as "*signature not as per the mandate/, no funds*", a legal notice stated 19.02.2025 was issued and duly served through email dated 20.02.2025 to the Corporate Debtor asking it to pay outstanding sum of Rs. 1,62,49,115/-

within 10 days of receipt of the said notice. However, as no payment was made by the Corporate Debtor within the notice period, the fresh cause of action has arisen after the expiry of this legal notice as no RoD was issued by the NeSL in Form D.

22. The date of default, giving rise to the cause of action for filing the present Application, is 02.03.2025, when the Corporate Debtor/Respondent failed to repay the loan amount despite the expiry of the 10-day notice period stipulated in the legal notice dated 19.02.2025, which was delivered on 20.02.2025. Thus, reckoning the period of limitation from the date of default, i.e., 02.03.2025 as mentioned in Part IV of the Application, the present Application has been filed well within the period of three years prescribed under Article 137 of the Limitation Act, 1963.

23. Even otherwise, the said debts are shown in the Balance Sheets of the Corporate Debtor for financial year 2022-23 as well as for financial year 2023-24, therefore, the present application filed on 06.06.2025 is well within the limitation period as per the decision of the Hon'ble Supreme Court in *Dena Bank vs. C. Shivakumar Reddy and Another (2021) 10 SCC 330*.

24. With respect to Issue II, we have considered the cumulative submissions advanced by both parties, together with the documents and material placed on record. The Applicants have submitted that, in the absence of a formal

written loan agreement, the existence of the financial debt and the occurrence of default are established through the contemporaneous documentary evidence, including their respective bank statements reflecting the disbursement of funds to the Corporate Debtor on various dates, as earlier reproduced hereinabove. It is further their case that the transactions were not gratuitous advances but interest-bearing financial arrangements, as evidenced by the entries in Form 26AS reflecting deduction of Tax at Source (TDS) by the Corporate Debtor/Respondent on interest payments. The Applicants have also relied upon subsequent communications and follow-ups seeking repayment, the cheques issued by the Corporate Debtor towards securing repayment and their subsequent dishonour, as well as the proceedings initiated under Section 138 of the Negotiable Instruments Act, 1881, which support their contention that the amounts advanced were in form of loan and remained unpaid.

25. Per contra, the Respondent has disputed the Applicants' claim on several grounds. It has contended that, in the absence of a written loan agreement or other formal documentation stipulating the terms of the alleged loans, the Applicants have failed to establish that the amounts claimed constitute a financial debt within the meaning of Section 5(8) of the Code. It has further contended that no definitive date of default has been established. The Respondent has also disputed the claim for interest at the rate of 21% per

annum, asserting that the rate has been claimed arbitrarily and is unsupported by any written agreement. The Respondent has also questioned the reliance placed upon the proceedings under Section 138 of the Negotiable Instruments Act, pointing out that such proceedings were initiated by the Financial Creditor and, therefore, cannot independently establish the entire debt claimed in the present joint application. In substance, the Respondent disputes both the legal characterisation and the quantum of the amounts claimed, and maintains that the material relied upon by the Applicants is insufficient to establish the requisite financial debt and default under the Code.

26. Upon perusal of the material documents placed on record, we proceed to examine whether the amounts advanced by the Applicants to the Corporate Debtor constitute a "financial debt" within the meaning of Section 5(8) of the Code. At the outset, we observe that the present application has been instituted by two Financial Creditors/Applicants jointly. Accordingly, the transactions undertaken by each of them and the respective amounts advanced, have been considered collectively to determine the nature and existence of the alleged financial debt, as Section 7(1) of the Code permits financial creditors either singly or jointly, to file an application thereunder to initiate the CIRP against a corporate debtor when a default has occurred.

27. Coming to Section 5(8) of the Code, which defines "financial debt" to mean

a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes the transactions enumerated in clauses (a) to (i) thereof. Thus, the essential elements for establishing a financial debt are the disbursal of money and the existence of consideration for the time value of money. The determination of whether a transaction constitutes a financial debt must, therefore, depend upon its substance, the circumstances in which the funds were advanced, the purpose for which they were utilised, and the contemporaneous documentary material evidencing the transaction, rather than merely the nomenclature assigned to it by either party on being supported by some written agreement. It has been held by the Hon'ble NCLAT in Jaiprakash Agarwal ***(Supra)*** that the written financial contract is not a pre-condition or an exclusive requirement for proving existence of debt. It has been further amplified that the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 and CIRP Regulations makes it is clear that financial debt can be proved from other relevant documents and it is not mandatory that written financial contract can be the only basis for proving the financial debt.

28. Further taking into consideration the legal principles settled in the matter of *BDH* Industries *Ltd. v. Mars Remedies Pvt. Ltd*., (***Supra***), wherein the Hon'ble NCLAT emphasised that, for a Section 7 application, the material inquiry is whether the existence of debt and default has been established and

whether the application is complete in accordance with law. The principle recognised in the said decision, read with the authorities considered therein, is that the absence of an express written agreement does not invariably defeat a claim where the documentary material otherwise establishes the advancement and character of the loan. Similarly, in *M/s Agarwal Polysacks Limited v. M/s K.K. Agro Foods and Storage Limited* (***Supra***), the Hon'ble NCLAT held that a written financial contract is not a precondition for proving financial debt where the material on record establishes disbursal, repayment on demand and consideration for the time value of money. The aforesaid decisions support the proposition that the substance of the transaction, as evidenced by the record, is determinative and that the absence of a formally executed agreement cannot be treated as conclusive against the Financial Creditors.

29. This principle, however, does not dispense with the statutory requirements of Section 5(8). The Applicants have to still establish that the amounts were disbursed to the Corporate Debtor and that the transaction was in the nature of a financial arrangement involving consideration for the time value of money. The foregoing determination must also be undertaken in the context of Section 7 of the Code, which enables a financial creditor to initiate the corporate insolvency resolution process upon the occurrence of a default in respect of a financial debt. In terms of Section 7(3), the financial creditor is

required to furnish the record of the default recorded with an information utility or such other evidence of default as may be specified. Further, Regulation 2A of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, read with the applicable form and procedural requirements, recognises the furnishing of records and other evidence to establish default. The statutory scheme, therefore, contemplates an examination of the material evidencing the debt and default; it does not make the production of a written loan agreement the sole permissible mode of proof.

30. In the present case, the Financial Creditors/Applicants have primarily relied upon their respective bank statements for the period from 01.04.2022 to 31.03.2023 to establish the disbursal of funds to the Corporate Debtor. Upon examination of the said statements, it is observed that the Applicants have placed on record entries of transactions evidencing the transfer of funds to the account of the Corporate Debtor/Respondent. In particular, the statement of account of one of the Applicants, who is an individual, i.e., Mr. Vineet Gunwani records the relevant transactions with the narration "*loan*" for disbursement of Rs. 25,00,000/- on 14.11.2022 and Rs. 25,00,000/- on 21.12.2022 to the Corporate Debtor, M/s Megma RFID and Labels Private Limited. The bank statements also reflect subsequent repayments made by the Corporate Debtor to the Applicants. These transactions assume

significance because they indicate not merely the movement of funds between the parties but also subsequent dealings consistent with the existence of a lending arrangement. The entries evidencing repayments lend support to the Financial Creditors/Applicants' case that the amounts advanced were not gratuitous payments but formed part of a financial arrangement under which the Corporate Debtor was expected to discharge its repayment obligations.

31. The case of the Financial Creditors receives further support from the Corporate Debtor's own audited financial statements. In its reply, the Corporate Debtor has relied upon its audited financial statements for the financial years 2022–23 and 2023–24 and has contended that the sums recorded as payable to Applicant No. 1 and Applicant No. 2 were Rs. 55,89,083/- and Rs. 39,14,740/-, respectively, as on 31.03.2024, aggregating to approximately Rs. 95 lakhs. The relevant submission of the Corporate Debtor reads as follows:

> *"The audited financial statements, duly adopted by the Board and signed by statutory auditors, record the sums due to Applicant No.1 as Rs. 55,89,083/- and to Applicant No.2 as Rs. 39,14,740/- as on 31.03.2024 which amounts to about Rs. 95 Lakhs and does not meet the threshold as prescribed by the Code."*

32. The aforesaid submission assumes significance, as it categorically acknowledges that certain amounts aggregating to Rs. 95 Lakhs were due

and payable to both the Financial Creditors/Applicants as on 31.03.2024, as reflected in its own audited financial statements. The Corporate Debtor has merely disputed the quantum of the claim raised by the Financial Creditors/Applicants and contended that the amount reflected in its books of accounts falls below the threshold prescribed under Section 4 of the Code.

33. Thus, the objection raised by the Corporate Debtor is primarily with respect to the extent of its liability and the computation of the outstanding amount, rather than a complete denial of the existence of any debt. Such an acknowledgement, when read in conjunction with the bank statements evidencing disbursal and subsequent some repayments, as well as the classification of the amounts as unsecured loans under the head of "*Long-term borrowings*" in the audited financial statements, lends substantial support to the Applicants' case regarding the existence of a debt. Accordingly, the Corporate Debtor's own financial records and the stand taken in its reply constitute material evidence establishing the existence of a liability in form of the outstanding debt towards the Financial Creditors/Applicants, notwithstanding the dispute regarding the precise amount of outstanding amount and the interest claimed thereon.

34. It is also relevant that the amounts advanced by the Applicants have been reflected in the Corporate Debtor's audited financial statements as unsecured loans under the head of "*Long-term borrowings*". Such

classification is significant material evidence in assessing the character of the transactions, particularly when read together with the bank entries evidencing disbursal and the subsequent repayments. The Financial Creditors/Applicants have disputed the correctness of the financial statements for the financial year 2023–24 and further alleged that the outstanding liability and interest were not correctly reflected therein. The Applicants have also referred to the financial statements for the preceding financial year and the correspondence exchanged between the erstwhile and the present management concerning the alleged discrepancies. At this stage, without entering into the allegation of the manipulation of accounts for not showing the interest due on the outstanding debt amount, it is relevant to consider the outstanding amount shown in financial account as principal amount of outstanding debt as contended by the Applicants in their rejoinder and in view of the fact that the Corporate Debtor is denying for any interest liability and not providing for in the loan accounts of Financial Creditors, and then payment of interest as evidenced from Form 26AS in Income Tax Record is to be taken into the account, and thus the amount legally to be considered for the threshold purpose is to be determined.

35. The Corporate Debtor/Respondent has disputed the Applicants' claim of interest at the rate of 21% per annum on the ground that no written agreement stipulating such rate has been placed on record. However, the

Financial Creditors/Applicants have relied upon the entries in Form 26AS, which evidence the deduction of tax at source by the Corporate Debtor on interest payments made in respect of the amounts advanced by the Applicants.

36. The said statutory records assume significance when considered in conjunction with the fact that the present application has been jointly instituted by two Financial Creditors. Upon a cumulative consideration of the interest attributable to the respective Applicants, the deductions reflected in Form 26AS of both the Applicants lend corroborative support to the Applicants' contention that the transactions were interest-bearing and that the Corporate Debtor had been discharging interest liability in respect thereof. The aggregate interest reflected in the statutory records is also relied upon by the Applicants as being consistent with the rate of 21% per annum claimed by them. Thus, the absence of a written stipulation, by itself, cannot be a sufficient ground to discard the interest component where the Corporate Debtor's own statutory records evidence deduction of tax on interest payments.

37. We are, therefore, of the view that the entries in Form 26AS, read with the bank statements and the Corporate Debtor's audited financial statements recording amounts payable to both Applicants, constitute material corroborative evidence of a lending arrangement involving consideration for

the time value of money. Accordingly, we are of the considered opinion that the Applicants' claim cannot be rejected merely for want of a written financial contract and that the transactions must be assessed on the basis of the cumulative documentary evidence and the statutory requirements of Section 5(8) of the Code. The precise quantum of financial debt, including the entitlement to interest at the claimed rate of 21% per annum, must nevertheless be determined with reference to the evidence establishing the relevant principal amounts, interest liability and repayments.

38. With regard to the levy of interest at the rate of 21% per annum, as set out in Part IV of the Petition, and the inclusion of such interest for the purpose of determining whether the threshold prescribed under Section 4 of the Code is satisfied, we observe that the additional documents placed on record pursuant to IA No. 295 of 2026 by the Corporate Debtor itself materially corroborates the Financial Creditor's claim of interest being paid @21% of the said loans. In particular, the proceedings initiated by one of the Financial Creditors, Mr. Vineet Gunwani, under Section 138 of the Negotiable Instruments Act, 1881, against the Corporate Debtor and its directors, assume significance when read alongside the Corporate Debtor's own submissions, reproduced earlier in this order. The Corporate Debtor's submissions expressly acknowledge that, out of the total financial assistance of Rs.2.50 crore extended by Mr. Vineet Gunwani at an interest rate of 21%

per annum, a sum of Rs. 50,00,000/- was advanced to the Corporate Debtor itself, while the remaining amounts were advanced to its directors in their individual capacities. Significantly, the Corporate Debtor's own account further records that the interest liability on the aggregate financial assistance was serviced by the Corporate Debtor alone, which paid monthly interest of Rs. 4,37,500/-, inclusive of TDS, to the Financial Creditor. This supporting admission is material because it establishes not merely the Corporate Debtor's direct borrowing of Rs. 50,00,000/-, but also its actual conduct in servicing interest at the stipulated rate of 21% per annum which comes to Rs. 87,500/- of interest per month payable to Mr. Vineet Gunwani by the Corporate Debtor [(4,37,500* 0.5)/2.5] as also shown in Form 26AS. Accordingly, the claim for interest at the rate of 21% is not an arbitrary or unilateral computation by the Financial Creditor; rather, it finds material support from the document filed by the Corporate Debtor itself in IA No. 295 of 2026.

39. Applying the aforesaid rate of interest to the principal sum of Rs.50,00,000/- advanced directly to the Corporate Debtor, the interest liability at 21% per annum works out to be Rs. 87,500/- per month, calculated on a simple-interest basis. The monthly interest component reflected in the computation sheet forming part of the Petition is, therefore, mathematically consistent with the contractual rate claimed by the Financial Creditor. The relevant

computation sheet forming part of the Petition is reproduced below for ready reference:

OUTSTANDING AMOUNT CALCULATION AS ON 17.05.2025 (VINEET GUNWANI)							
S. No.	Month	Opening	Amount Given	Interest for the month	Total	Amount Paid	Balance
1	Apr-23	47,65,990	-	87,500	48,53,490	-	48,53,490
2	May-23	48,53,490	-	87,500	49,40,990	3,93,750	45,47,240
3	Jun-23	45,47,240	-	87,500	46,34,740	-	46,34,740
4	Jul-23	46,34,740	-	87,500	47,22,240	3,00,000	44,22,240
5	Aug-23	44,22,240	-	87,500	45,09,740	-	45,09,740
6	Sep-23	45,09,740	-	87,500	45,97,240	-	45,97,240
7	Oct-23	45,97,240	-	87,500	46,84,740	-	46,84,740
8	Nov-23	46,84,740	-	87,500	47,72,240	-	47,72,240
9	Dec-23	47,72,240	-	87,500	48,59,740	1,57,500	47,02,240
10	Jan-24	47,02,240	-	87,500	47,89,740	-	47,89,740
11	Feb-24	47,89,740	-	87,500	48,77,240	-	48,77,240
12	Mar-24	48,77,240	-	87,500	49,64,740	-	49,64,740
13	Apr-24	49,64,740	-	87,500	50,52,240	-	50,52,240
14	May-24	50,52,240	-	87,500	51,39,740	-	51,39,740
15	Jun-24	51,39,740	-	87,500	52,27,240	-	52,27,240
16	Jul-24	52,27,240	-	87,500	53,14,740	-	53,14,740
17	Aug-24	53,14,740	-	87,500	54,02,240	-	54,02,240
18	Sep-24	54,02,240	-	87,500	54,89,740	-	54,89,740
19	Oct-24	54,89,740	-	87,500	55,77,240	-	55,77,240
20	Nov-24	55,77,240	-	87,500	56,64,740	-	56,64,740
21	Dec-24	56,64,740	-	87,500	57,52,240	-	57,52,240
22	Jan-25	57,52,240	-	87,500	58,39,740	-	58,39,740
23	Feb-25	58,39,740	-	87,500	59,27,240	-	59,27,240
24	Mar-25	59,27,240	-	87,500	60,14,740	-	60,14,740
25	Apr-25	60,14,740	-	87,500	61,02,240	-	61,02,240
26	May-25	61,02,240	-	87,500	61,89,740	-	61,89,740

40. In view of the aforesaid facts and circumstances, it is quite clear that the computation of interest at the rate of 21% per annum merits acceptance. The present Petition under Section 7 of the Code has been jointly instituted by the two Financial Creditors, whose claims arise from financial assistance extended to the Corporate Debtor. In this regard, the Corporate Debtor's own submissions, read with the additional documents placed on record pursuant to IA No. 295 of 2026, substantiate the levy and computation of interest at the rate of 21% per annum in respect of the financial assistance extended by Mr. Vineet Gunwani. Once the said rate and the corresponding computation stand corroborated by the Corporate Debtor's own admissions and the admitted course of interest payments, the computation of the other Financial Creditor, claiming interest at the same rate under corresponding loan terms, merits acceptance on the same basis. Accordingly, interest at the rate of 21% per annum ought to be taken into account while determining the amounts due and payable to the Second Financial Creditor also, namely Jyoti Kumar Arya, HUF.

41. In case of second Financial Creditor, Jyoti Kumar Arya, HUF, the total amount of loan disbursed is Rs. 75,00,000/- as reflected from the bank statement. On applying the interest rate of 21%, the monthly interest comes to Rs. 1,31,250/- and the same amount of interest has been shown in the Computation sheet of the amount of debt filed by the Financial Creditor,

Jyoti Kumar Arya HUF as reproduced below:

OUTSTANDING AMOUNT CALCULATION AS ON 17.05.2025 (JYOTI KUMAR ARYA HUF)							
S. No.	Month	Opening	Amount Given	Interest for the month	Total	Amount Paid	Balance
1	Oct-22	-	50,00,000	27,042	50,27,042	27,042	50,00,000
2	Nov-22	50,00,000	-	87,500	50,87,500	78,750	50,08,750
3	Dec-22	50,08,750	25,00,000	1,92,500	77,01,250	1,92,500	75,08,750
4	Jan-23	75,08,750	-	1,31,250	76,40,000	1,31,250	75,08,750
5	Feb-23	75,08,750	-	1,31,250	76,40,000	1,31,250	75,08,750
6	Mar-23	75,08,750	-	1,31,250	76,40,000	-	76,40,000
7	Apr-23	76,40,000	-	1,31,250	77,71,250	-	77,71,250
8	May-23	77,71,250	-	1,31,250	79,02,500	1,18,125	77,84,375
9	Jun-23	77,84,375	-	1,31,250	79,15,625	-	79,15,625
10	Jul-23	79,15,625	-	1,31,250	80,46,875	-	80,46,875
11	Aug-23	80,46,875	-	1,31,250	81,78,125	-	81,78,125
12	Sep-23	81,78,125	-	1,31,250	83,09,375	-	83,09,375
13	Oct-23	83,09,375	-	1,31,250	84,40,625	-	84,40,625
14	Nov-23	84,40,625	-	1,31,250	85,71,875	-	85,71,875
15	Dec-23	85,71,875	-	1,31,250	87,03,125	-	87,03,125
16	Jan-24	87,03,125	-	1,31,250	88,34,375	-	88,34,375
17	Feb-24	88,34,375	-	1,31,250	89,65,625	-	89,65,625
18	Mar-24	89,65,625	-	1,31,250	90,96,875	-	90,96,875

19	Apr-24	90,96,875	-	1,31,250	92,28,125	-	92,28,125
20	May-24	92,28,125	-	1,31,250	93,59,375	-	93,59,375
21	Jun-24	93,59,375	-	1,31,250	94,90,625	-	94,90,625
22	Jul-24	94,90,625	-	1,31,250	96,21,875	-	96,21,875
23	Aug-24	96,21,875	-	1,31,250	97,53,125	-	97,53,125
24	Sep-24	97,53,125	-	1,31,250	98,84,375	-	98,84,375
25	Oct-24	98,84,375	-	1,31,250	1,00,15,625	-	1,00,15,625
26	Nov-24	1,00,15,625	-	1,31,250	1,01,46,875	-	1,01,46,875
27	Dec-24	1,01,46,875	-	1,31,250	1,02,78,125	-	1,02,78,125
28	Jan-25	1,02,78,125	-	1,31,250	1,04,09,375	-	1,04,09,375
29	Feb-25	1,04,09,375	-	1,31,250	1,05,40,625	-	1,05,40,625
30	Mar-25	1,05,40,625	-	1,31,250	1,06,71,875	-	1,06,71,875
31	Apr-25	1,06,71,875	-	1,31,250	1,08,03,125	-	1,08,03,125
32	May-25	1,08,03,125	-	1,31,250	1,09,34,375	-	1,09,34,375

42. Upon aggregating the respective financial debts, including the admissible outstanding interest, the total amount in default comes to Rs. 1,71,24,115/- (Rs. 61,89,740 + Rs. 1,09,34,375), which exceeds the minimum threshold prescribed under Section 4 of the Code. The threshold requirement for maintaining the present joint Petition under Section 7 is, therefore, satisfied apart from there being an established debt and default as it has already been discussed in foregoing paras of this order.

43. Even otherwise, if balance shown in the Balance Sheet of the Corporate Debtor for F.Y. 2023-24 at Rs. 55, 89,083/- for Jyoti Kumar Arya HUF and Rs. 39,14,740/- for Vineet Gunwani is taken as being provided without

accounting for interest as stated by the Financial Creditor in support of which an email dated 05.09.2024 sent by the previous management to present management of the Corporate Debtor is also attached in which balance amounts of these two accounts were sought to be corrected by providing for interest and acknowledged by the present management to be looked into, and further in the proceeding before us, the Corporate Debtor has disputed paying of any interest on such loan but as per our findings from the records presented before us, interest on such loan had been found chargeable @ 21% p.a., therefore, if such interest is added to the above balances shown in the Balance Sheet of F.Y. 2023-24, it would come as under:

Name of the Financial Creditors	Balance as per Balance Sheet for F.Y. 2023-24	Interest for 2023-24	Total
Jyoti Kumar Arya H.U.F.	55,89,083	15,75,00 (computed on loan of Rs. 75,00,000/-)	71,64,083
Vineet Gunwani	39,14,740	10,50,000 (computed on loan of Rs. 50,00,000/-)	49,64,740
	95,03,823	26,25000/-	1,21,28,823

44. From the above computation, we find that even if the total amount of loan is considered to have reduced from original Rs.1,25,00,000/- (75,00,000 by Jyoti + 50,00,000 by Vineet) to Rs. 95,00,000/-, at present the reduced

amount of interest on reducing balance of loan would come to approx. Rs. 20,00,000, which is if added to the balance amount of Rs. 95,00,000 shown in Balance Sheet of F.Y. 2023-24 of Corporate Debtor without accounting for the interest for the year 2023-24, the aggregate amount of outstanding debt would far exceed the threshold of Rs. 1 Crore.

45. Another contention of the Respondent's regarding the non-definitive date of default, we are of the view that the trigger for initiation of the CIRP by a Financial Creditor under Section 7 of the Code is the occurrence of a "default", i.e., the failure of the Corporate Debtor to pay a debt when the same has become due and payable. In the present case, although no written agreement stipulating the repayment terms is available on record, the Financial Creditors/Applicants issued a legal notice dated 19.02.2025, calling upon the Corporate Debtor to repay the outstanding amounts within ten days of receipt of the notice. Admittedly, no payment was made pursuant to the said notice. Accordingly, upon expiry of the stipulated period for repayment, the amount became due and payable, and the date of default has been found to be correctly stated by the Applicants as 02.03.2025 in Part IV of the Application.

46. We, therefore, find that the date of default specified by the Applicants is referable to the expiry of the period granted under the legal notice and the consequent failure of the Corporate Debtor to discharge its repayment

obligation. Further, the Respondent's reliance on the date reflected in Form C of the NeSL records does not, by itself, conclusively determine the date of default, as the said form pertains to the record of financial information, whereas the record of default is maintained separately in Form D. Accordingly, the date reflected in Form C cannot, in isolation, be treated as determinative of the date of default in the present proceedings.

47. With respect to the proceedings initiated under Section 138 of the Negotiable Instruments Act, 1881, it is observed that the same have been instituted by one of the Financial Creditors in respect of the dishonour of cheques issued in connection with the financial transactions in question. Significantly, the Corporate Debtor itself has been arrayed as one of the accused in the said proceedings, as the complaint pertains, inter alia, to the loan amount of Rs. 50,00,000/- advanced to the Corporate Debtor. Therefore, the initiation of the said proceedings cannot be viewed as a matter being wholly unrelated to the financial transactions forming the subject matter of the present application. At the same time, the proceedings under Section 138 of the Negotiable Instruments Act and the proceedings under Section 7 of the Code operate in distinct statutory fields, and the former cannot, by itself, be treated as conclusive proof of the existence of a financial debt or default for the purposes of the Code. Nevertheless, the circumstances surrounding the issuance and dishonour of the cheques, when considered

alongside the bank statements evidencing disbursal, the Corporate Debtor's audited financial statements recording amounts payable to both Applicants, and the other material on record, constitute relevant corroborative evidence in determining the existence of the debt and the failure to discharge the repayment obligation.

48. It is further observed that the present application has been jointly instituted by both Financial Creditors, each asserting a claim in respect of the amounts advanced to the Corporate Debtor. The fact that proceedings under Section 138 of the Negotiable Instruments Act have been initiated by only one of the Financial Creditors does not preclude this Tribunal from considering the claims of both Applicants in the present proceedings. The maintainability of the joint application and the applicability of the threshold prescribed under Section 4 of the Code must be determined with reference to the qualifying financial debt in default owed by the Corporate Debtor to both Financial Creditors together, as established from the record. Accordingly, where the debt attributable to both Applicants is established and the aggregate amount in default satisfies the applicable statutory threshold, the fact that only one Applicant has initiated proceedings under Section 138 of the Negotiable Instruments Act cannot, by itself, constitute a ground to reject the joint application under Section 7 of the Code.

49. After considering the entire facts and circumstances of the case so far

discussed and taking into account the decision of the Apex Court in the case of *Innoventive Industries Ltd. v. ICICI Bank (2018) 1 SCC 407* in which it has been already held that a petition under Code has to be admitted if there is clear debt and default, we are of the considered opinion that in the present case, default on repayment of the debt has occurred, which is more than the threshold limit of Rs. 1 crore applicable at present. The registered office of the Corporate Debtor is located in Noida, and hence this Tribunal has jurisdiction to decide this matter. The application u/s 7 is also filed within limitation period and is complete in all aspects providing all the details of debt and default as required in Part IV of the Application in Form 1 and attaching all the necessary supporting documents as required in Part V of the Application and a Resolution Professional is also proposed as per Section 7(3)(b). Considering that all the above criteria are fulfilled as required under the Section 7(5) (a) of the Code, we find that this Application deserves to be admitted u/s 7 for initiating CIRP against the Corporate Debtor/Respondent. Accordingly, this Tribunal admits this petition and orders to initiate the Corporate Insolvency Resolution Process against the Corporate Debtor i.e., M/s Megma RFID and Labels Private Limited.

50. We note that the Financial Creditors/Applicants have proposed the name of Insolvency Professional ("IP") i.e., Mr Rajiv Bajaj, having Registration No. IBBI/IPA-002/IP-N00276/2017-18/10834, Email ID: rbajajip@gmail.com

as the IRP, who has also filed his consent annexed at Pages 105-109 of the main petition. The Law Research Associate of this Tribunal, Ms Kriti Kaushal, has checked the credentials of Mr Rajiv Bajaj, and found that there are no disciplinary proceedings pending against the proposed Insolvency Professional, and also that there is nothing adverse against him. Upon verification from the website of IBBI, it is found that the IP holds valid authorisation till 31.12.2026. As the Authorisation of the IRP appointed herein is valid only up to 31.12.2026, the IP will ensure that its authorisation is renewed after 31.12.2026, failing which, necessary action may be taken by the Committee of Creditors as per law for appointment of a new IRP. After considering these details, we appoint Mr Rajiv Bajaj, having Registration No. IBBI/IPA-002/IP-N00276/2017-18/10834, as IRP.

51. Accordingly, this application is admitted u/s 7 of the Code, 2016, under the following terms and conditions.

i. The Application filed by the Financial Creditor under Section 7 of the Code for initiating the Corporate Insolvency Resolution Process against the Corporate Debtor i.e., M/s Megma RFID and Labels Private Limited is hereby admitted.

ii. We hereby declare a moratorium and public announcement in accordance with Sections 13 and 15 of the Code.

iii. This Adjudicating Authority hereby appoints Mr. Rajiv Bajaj to act as the IRP under Section 13(1)(c) of the Code as decided by us in earlier paras of this order.

iv. The IRP shall cause a public announcement for the initiation of the CIRP against the Corporate Debtor and call for the submission of claims under Section 15. The public announcement referred to in clause (b) of sub-section (1) of Section 15 of the Code shall be made immediately.

v. Moratorium under Section 14 of the Code has commenced from the date of this order prohibiting the following:

a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

b. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;

c. Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);

d. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.

vi. Apart from above prohibitions in respect of the corporate debtor, it is further directed that the supply of essential goods or services to the corporate debtor as may be specified, shall not be terminated or suspended or interrupted during the moratorium period.

vii. The provisions of Section 14(3) shall, however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a corporate debtor.

viii. The order of moratorium shall have effect from the date of this order till completion of the CIRP or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the corporate debtor under Section 33 as the case may be.

ix. The IRP is directed to take steps as mandated under section 13 and 15 of the Code for making public announcement about the commencement of CIRP against the Corporate Debtor and moratorium against it u/s 14, and also take necessary actions as per sections 17, 18, 20 and 21 of Code, 2016.

x. The IRP shall after collation of all the claims received against the Corporate Debtor and the determination of the financial position of the Corporate Debtor and to constitute a Committee of Creditors (hereinafter referred as "COC") and shall file a report certifying the constitution of the COC to this Tribunal on or before the expiry of thirty days from the date of his appointment, and shall convene the first meeting of the COC within seven days of filing the report of the constitution of the COC.

xi. The COC in its first meeting shall appoint a Resolution Professional (hereinafter referred as "RP") as per the provisions of section 22(2).

xii. The Suspended Board of Directors of the corporate debtor is directed to give to IRP/RP complete access to the Books of Accounts of the corporate debtor maintained under section 128 of the Companies Act. In case, the books are maintained in the electronic mode, the Suspended Board of Directors are to share with the IRP/RP all the information

regarding maintaining the Backup and regarding service provider kept under Rule 3(5) and Rule 3(6) of the Companies Accounts Rules, 2014 respectively as effective from 11.08.2022, especially the name of the service provider, the internet protocol of the service provider and its location, and also address of the location of the Books of Accounts maintained in the cloud. In case, accounting software for maintaining the books of accounts is used by the corporate debtor, then IRP/RP is to check that the audit trail in the same is not disabled as required under the notification dated 24.03.2021 of the Ministry of Corporate Affairs.

xiii. The Statutory Auditor is directed to share with the RP the audit documentation and the audit trails, which they are mandated to retain pursuant to SA-230 (Audit Documentation) prescribed by the Auditing and Assurance Standards Board ICAI.

xiv. The IRP/RP is directed to take custody and control of all the records of information relating to assets of the Corporate Debtor, its Books of Account in physical form or the computer systems storing the electronic records at the earliest in accordance with the provision of Regulation 3A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (hereinafter referred to as "CIRP Regulations, 2016").

xv. The Financial Creditor shall also provide necessary assistance to IRP/RP in obtaining the necessary information about the Corporate Debtor as envisaged in Regulation 4(3) of the CIRP Regulations, 2016.

xvi. In case of any non-cooperation by the Suspended Board of Directors or the Statutory Auditors, IRP/RP may take the help of the police authorities to enforce this order. The concerned police authorities are directed to extend help to the IRP/RP in implementing this order for the retrieval of relevant information from the systems of the corporate debtor.

xvii. The IRP/RP may take the assistance of Digital Forensic Experts empanelled with this Bench/IBBI/MCA for this purpose.

xviii. The Suspended Board of Directors is also directed to hand over all user IDs and passwords relating to the corporate debtor, particularly for government portals, for various compliances.

xix. The IRP/RP is also directed to make a specific mention of non-compliance, if any, in this regard in his status report filed before this Adjudicating Authority immediately after a month of the initiation of the CIRP.

xx. The IRP/RP is directed to approach the Government Departments, Banks, Corporate Bodies and other entities with requests for information/documents available with those authorities'/institutions/others pertaining to the Corporate Debtor which would be relevant in the CIR proceedings.

xxi. The IRP/RP is directed to approach all the concerned Government Departments and authorities as discernible from the books of account of the Corporate Debtor requesting them to file claims if any amount is outstanding against the Corporate Debtor.

xxii. The Government Departments, Banks, Corporate Bodies and other entities are directed to render the necessary information and cooperation to the IRP/RP to enable him to conduct the CIR Proceedings as per law.

xxiii. The IRP/RP shall collate the data obtained from (a) the claim(s) made before it and (b) information gathered from the records including those maintained by the Corporate Debtor.

xxiv. The IRP/RP is further directed to send regular progress reports to this Tribunal every month.

52. We direct the Financial Creditor to deposit a sum of Rs. 1,00,000/-with the IRP, to meet out the expenses to perform the functions assigned to him in accordance with Regulation 6 of CIRP Regulations, 2016. The amount, however, is subject to adjustment by the CoC as accounted for by the IRP on the conclusion of CIRP.

53. A certified copy of the order shall be communicated to both the Financial Creditor/Applicant and the Corporate Debtor/Respondent. The Ld. counsel for the Financial Creditor/Applicant shall deliver a certified copy of this order to the IRP forthwith. The Registry is also directed to send a certified copy of this order to the IRP at his e-mail address forthwith.

54. Accordingly, **CP (IB) No. 75/ALD/2025** stands admitted for initiating CIRP against the Corporate Debtor i.e., M/s Megma RFID and Labels Private Limited and IA No. 295 of 2026 stands disposed of.

55. List the matter on 30.11.2026 for filing of the progress report/further proceeding.

-Sd-	***-Sd-***
(Ashish Verma)	**(Praveen Gupta)**
Member (Technical)	**Member (Judicial)**

Date: 26.10.2026