IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.301
C.P.(IB)/160(AHM)2025

Proceedings under Section 9 IBC

IN THE MATTER OF:

Haresh Dharmani Sole Propreitor of M/s.Haresh Trading Company ....**Applicant**
V/s
Deep Seals India Limited ....**Respondent**

Order delivered on: 28/07/2026

Coram:
Mrs. Chitra Hankare, Hon'ble Member(J)
Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet.

Sd/-
DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

Sd/-
CHITRA HANKARE
MEMBER (JUDICIAL)

SJ/AD/AP

BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
COURT NO.2

CP (IB)160(AHM) 2025

[An Application under Section 9 of the Insolvency and Bankruptcy Code, 2016]

In the matter of:

Haresh Dharmani Sole Properitor of
M/s. Haresh Trading Company
6/A4 Basant Park,
Opp. Chembur Police Station,
R.C. Marg, Chembur, Mumbai-400071

....Operational Creditor

Versus

Deep Seals (India) Limited
Plot No. 264 GIDC Dediasan Mahesana,
Mehesana, Gujarat -384002

....Corporate Debtor

Order pronounced on 28/07/2026

Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

MR. VELAMUR G VENKATA CHALAPATHY
HON'BLE MEMBER (TECHNICAL)

Appearance:

For the Applicant : Mr. Rohan Agarwal, Advocate
Mr. Sunil Bhavsar, Advocate

For the Respondent: Ms. Priyal Parikh, Advocate

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JUDGMENT

1. This Application is filed on 06.09.2024 under Section 9 of Insolvency and Bankruptcy Code, 2016 (for brevity 'IBC, 2016') read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (for brevity 'the Rules') by **Mr. Haresh Dharmani**, Sole Prop. of Company (for brevity 'Petitioner') with a prayer to initiate the Corporate Insolvency Process (CIRP) against (for brevity 'Corporate Debtor'). The total amount in default is Rs. 1,03,25,000/- (Rupees One Crore Three lakh twenty Five thousand only) towards Principal amount and Rs. 27,87,750/- (Rupees twenty Seven lakhs eight seven thousand seven hundred fifty only) towards interest. The date of default is mentioned to be 05.08.2024.

Brief facts of the case

2. The Operational Creditor engaged in the business of manufacturing of Arcwelded, LSAW, Spiral, EFSW and ERW pipes and also in trading of all types of Iron and

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Steel materials. The Corporate Debtor is incorporated on 23.08.2013 having registered address at: Plot No. 264 GIDC , Dediasan, Mahesana, Gujarat-384002. The Authorised share capital of Rs. 5,00,00,000 and paid up Capital (Rs) 4,99,90,000.

3. The Corporate Debtor in the month of August , 2021 approached to the Operational Creditor and requested the Operational Creditor to give on lease following equipment which were owned by the Operational Creditor viz, Coil Car assembly, Coil De-coiler assembly, Strip leveller, Strip clamp table, forming table etc., The Operational Creditor on 8th September 2021 forwarded the draft Equipment Leasing Agreement to the Corporate Debtor. Thereafter, on 9th September 2021, the Corporate Debtor had confirmed the Draft Leasing Agreement by his email dated 9th September 2021. After executing the agreement, the Operational Creditor forwarded the executed copy of the agreement to the Corporate Debtor. On 10th September 2021, the Corporate Debtor forwarded the executed copy of the agreement to the Operational Creditor.

4. The Lease Equipment Agreement dated 9th September

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2021 ("the said Lease") was executed for leasing equipment as more specifically mentioned in Schedule- I of the Equipment Leasing Agreement. The said Lease was for a period of two years i.e., from 9th September 2021 to 8th September 2023. The monthly consideration fixed was Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) Plus Applicable rate of Goods and service Tax. The Corporate Debtor was responsible to furnish the information of the said equipment on the GST portal and thereafter, generate E-way bills. After the expiry of the said agreement, the Corporate Debtor was liable to re-deliver the said equipment to the Operational Creditor.

5: The Corporate Debtor has for all the nine consignments issued nine letters stating that the Corporate Debtor is receiving the said equipment on rental basis on returnable basis. The said letters also mention the delivery challan number, the date , the vehicle number, name of the transporter and the lorry receipt number.

6. The Corporate Debtor has been using the said Equipment since the date of the delivery. However, even after continuous telephonic follow-up the Corporate Debtor has failed and neglected to pay the consideration as

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mentioned in the said Lease Agreement. Even after the expiry of the lease agreement, the Corporate Debtor is still continuing to use the said equipment without payment of any lease rentals.

7. It is pertinent to note that the term for the said lease was for two years i.e. 9th September, 2021 to 8th September, 2023, however even after expiry of the said lease the Corporate Debtor is still continuing to use the said equipment without payment of any lease rentals. The equipment given on lease are still with the Corporate Debtor and therefore the Corporate Debtor is liable to pay lease rental for period after the lease expired i.e. 9th September, 2023.

8. It is submitted that in view of default committed by the Corporate Debtor the Operational Creditor on 12th August, 2024 was issued a Demand Notice under Section 8 of the IBC 2016. The said notice was served upon the Corporate Debtor by Email and RPAD.

9. The Corporate Debtor, vide its reply dated 22nd August 2024, responded to the Demand Notice issued by the Operational Creditor. Thereafter, the Operational Creditor, vide its reply dated 4th September 2024,

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responded to the aforesaid reply of the Corporate Debtor and placed on record the true and correct facts and circumstances of the present case. Hence, this application.

Reply of the Corporate Debtor

10. It is respectfully submitted that the present application is not maintainable either in law or on facts. The statutory demand notice is defective for non-compliance with the mandatory provisions of the Insolvency and Bankruptcy Code and the applicable Rules. The alleged claim does not constitute an "operational debt" under the Code and, in any event, the amount claimed does not meet the statutory threshold limit of Rs. 1 Crore after giving due credit to the payments and security deposit already made by the Corporate Debtor.

11. Further, there exists a genuine and longstanding pre-existing dispute between the parties regarding the supply of equipment, the termination of the lease agreement, and the alleged outstanding dues. These disputed questions of fact cannot be adjudicated in proceedings under the Insolvency and Bankruptcy Code, which are not intended to be used as a debt recovery mechanism. In

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view of the above, the present application deserves to be dismissed with costs.

Rejoinder of Operational Creditor

12. The defence raised by the Corporate Debtor is a mere afterthought and does not disclose any genuine pre-existing dispute. The Demand Notice was duly received and replied to on merits; therefore, objections regarding non-annexure of invoices or other documents are purely technical and cannot invalidate the proceedings. The liability arises directly from the Equipment Lease Agreement, which itself stipulates the monthly lease rentals, GST, and interest, making separate invoices unnecessary.

13. The Corporate Debtor's contention regarding the threshold amount is also misconceived. The security deposit of Rs.25,00,000/- has already been duly accounted for, and even after giving such credit, the outstanding operational debt exceeds the statutory threshold.

14. The alleged Lease Termination Agreement is a fabricated and disputed document, never exchanged or communicated to the Operational Creditor. On the

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contrary, the contemporaneous record, including the E-way Bills and GST documents, establishes delivery of the leased equipment and the Corporate Debtor's acceptance thereof. The alleged dispute has been raised only after receipt of the demand notice and is not a bona fide pre-existing dispute under the Code. In these circumstances, the defence deserves to be rejected, and the Company Petition be admitted with consequential reliefs.

15. The Operational Creditor submitted NeSL report which shows status "Disputed". In pursuance of order dated 10.11.2025, the Operational Creditor has filed bank statement as proof with certificate on the payments made by the Respondent.

16. The Operational Creditor relied upon the judgment of Hon'ble Supreme Court in Mobilox Innovations (P) Ltd. v. Kirusa Software (P) Ltd. (2018) 1 SCC 353.

17. Heard Ld. Counsels for both the sides and perused written submissions and material available on record.

Observations & Conclusion:

a. The debt arises out of a lease agreement between both the parties in terms of agreement which was confirmed by the Respondent Corporate Debtor vide

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-SD-email dated 9th September, 2021. The rate was fixed at rs. 2,50,000 plus applicable rate of GST and certain equipment/s were given to the Corporate Debtor in 9 different consignments. The validity period is from 09.09.2021 to 08.09.2023 unless extended specifically in writing. Any delay in payment of rental entitles interest@ 18% p.a. on the said monthly lease amount. A deposit was placed by the Corporate Debtor to the Applicant of Rs. 25.00 lakhs which the applicant was entitled in invoke at any time and encash in case of breach in contract.

b. The Applicant has in exhibit C claimed a principal amount due of Rs. 2.95 lakhs per month from 05.10.2021 to 05.08.2024 for an amount of Rs. 1,03,25,000 and interest of Rs. 27,87,750, total sum amounting to Rs. 1,31,12,750. As per the notice issued the Corporate Debtor was using the equipment without paying the rent and the total amount due claimed is from the start date till the date of issue of notice.

c. The Respondent has in reply submitted that even though he Corporate Debtor had paid an advance of

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Rs. 10 lakhs and Rs. 15 lakhs on 14.09.2021 and 16.09.2021, but the applicant had only sent 9 out of 25 items in the Schedule-I of the lease agreement which is evident from the e way bills. It is submitted that the Corporate Debtor had reminded the applicant repeatedly, and even the goods supplied were of interior quality and out of no use due to short supply and after knowing about credentials of the applicant and terminated the lease agreement on June 2022. Further, it is alleged that the Corporate Debtor had given a loan of Rs. 15 lakhs to the wife's account of the proprietor of applicant as the amount of Rs. 25,00,000 was not sufficient due to financial difficulties expecting that the pending goods will be also supplied. It is submitted that both the amounts are not repaid. The respondent has enclosed the equipment leasing termination agreement dated 19th June, 2022 between Mr. Haresh Dharmani, Sole Proprietor of Haresh Trading Company (Applicant) and the Respondent M/s. Deep Seals (India) Limited mentioning that the Corporate Debtor does not need the rented equipments and decide to

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terminate the lease agreement with immediate effect and all such clauses from No. 1 to 16 of the Agreement shall be considered null and void.

d. There is not only dispute on the quantum of goods, the applicant being a sole proprietor has been given certain funds either in the same contract or other arrangements , but both the parties seems to have executed a equipment leasing termination agreement which is stamped document dated 21.06.2022. NeSL Form D also shows dispute. As there is pre –existing dispute the application is liable to be rejected. In view of the above, we pass following order:

ORDER

CP(IB) 160(AHM)2025 is rejected and stands disposed of.

Sd/-

DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

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CHITRA HANKARE
MEMBER (JUDICIAL)

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