NATIONAL COMPANY LAW TRIBUNAL
INDORE BENCH
COURT NO. 1

ITEM No.202
CP(IB)/41(MP)2026

Order under Section 9 IBC

IN THE MATTER OF:

Naksh Steel Ltd ....**Applicant**
V/s
Auri Grow India Ltd ....**Respondent**

Coram:

Hon'ble Shri Brajendra Mani Tripathi, Member (J)
Hon'ble Shri Man Mohan Gupta Member (T)

PRONOUNCEMENT OF ORDER
Delivered on 18/09/2026

The case is fixed for pronouncement of the order.

The order is pronounced in open Court *vide* separate sheet.

Sd/- Sd/-

MAN MOHAN GUPTA
MEMBER (TECHNICAL)

BRAJENDRA MANI TRIPATHI
MEMBER (JUDICIAL)

Tomar

THE NATIONAL COMPANY LAW TRIBUNAL

BENCH AT INDORE

C.P. (IB) No. 41/MP/2026

[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]

Naksh Steel Limited

(CIN: U28110GJ2021PLC121820)

Represented by its Director Mr. Kalpeshbhai Jamanlal Viroja

Registered Office: Block No. 225, Vehlala Bahiyal Road,

Nr. Ramnagar Chokdi, Kadadara,

Dehgam, Gandhinagar, Gujarat – 382305

...Applicant / Operational Creditor

Versus

Auri Grow India Limited

(Previously known as Godha Cabcon & Insulation Limited)

(CIN: L68100MP2016PLC041592)

Registered Office: 36-D, Sector B, Sanwer Road,

Industrial Area, Indore, Madhya Pradesh – 452006

...Respondent / Corporate Debtor

<u>C O R A M:</u>
Shri. Brajendra Mani Tripathi, HON'BLE MEMBER (J)
Shri. Man Mohan Gupta, HON'BLE MEMBER (T)

Order Pronounced on: 18.09.2026

Appearance:

For the Applicant : Mr. Swastik Verma, Adv.

For the Respondent : Ms. Prutha Bhavsar, Adv.

JUDGEMENT

1. This Company Petition has been filed by Naksh Steel Limited ("Operational Creditor") under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("IBC"/"the Code") read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of Corporate Insolvency Resolution Process ("CIRP") against Auri Grow India Limited ("Corporate Debtor"), alleging default in payment of an operational debt of Rs. 91,82,07,284/- (Rupees Ninety-One Crore Eighty-Two Lakhs Seven Thousand Two Hundred and Eighty-Four Only), comprising a principal amount of Rs. 78,01,30,374/- (Rupees Seventy-Eight Crore One Lakh Thirty Thousand Three Hundred and Seventy-Four Only) and interest of Rs. 13,80,76,910/- (Rupees Thirteen Crore Eighty Lakhs Seventy-Six Thousand Nine Hundred and Ten Only).

2. The Operational Creditor is a company incorporated under the provisions of the Companies Act, 2013, represented by its Director Mr. Kalpeshbhai Jamanlal Viroja, stated to be engaged in the business of steel manufacturing and trading of building material, having its registered office at Block No. 225, Vehlala Bahiyal Road, Nr. Ramnagar Chokdi, Kadadara, Dehgam, Gandhinagar, Gujarat – 382305.

3. The Corporate Debtor, previously known as Godha Cabcon & Insulation Limited, is a public limited company (CIN: L68100MP2016PLC041592) having an authorised share capital of Rs. 167,50,00,000/- and paid-up share capital of Rs. 93,62,39,998/-, having its registered office at 36-D, Sector B, Sanwer Road, Industrial Area, Indore, Madhya Pradesh – 452006.

4. On 16.12.2024, the parties entered into a Master Supply Agreement for supply of industrial and construction goods/material by the Operational Creditor to the Corporate Debtor, for onward shipment to M/s. Reliance Industries Limited at Meghpar Padana Gagva, Gujarat.

Submissions on behalf of the Operational Creditor/Applicant:

5. Pursuant to the Master Supply Agreement dated 16.12.2024, the Operational Creditor supplied goods to the Corporate Debtor and raised the following invoices between 22.01.2025 and 29.01.2025, aggregating a principal sum of Rs. 78,01,30,374/-.

   Payment for each supply is due immediately upon issuance of the Supplier's invoice (the "Invoice Date") and shall be made to the Supplier's designated bank account. If payment is not received within five (5) days from the Invoice Date, the Supplier shall be entitled to charge interest at **18% per annum** on the outstanding amount, calculated from the due date until the date of actual payment.

Invoice No.	**Date**	**Amount (Rs.)**
NSPL/280/24-25	22.01.2025	10,03,69,738/-
NSPL/292/24-25	25.01.2025	5,86,12,884/-
NSPL/295/24-25	25.01.2025	7,82,50,520/-
NSPL/296/24-25	26.01.2025	16,28,95,460/-
NSPL/298/24-25	26.01.2025	9,11,38,008/-
NSPL/299/24-25	26.01.2025	8,35,77,984/-
NSPL/303/24-25	29.01.2025	20,52,85,780/-

6. Post-dated cheques were given to the Applicant towards payment of outstanding and the corporate debtor vide letter dated 06-08-2025 has requested not to deposit the post-dated cheques issued to the Operational Creditor. The Operational Creditor has already given sufficient time to pay the dues.

7. Despite the Operational Creditor approaching the Corporate Debtor on numerous occasions, including telephonically, between March and December 2025, no payment was made towards the outstanding invoices.

8. On 20.01.2026, the Operational Creditor issued a Demand Notice in Form 3 and Form 4 under Section 8 of the Code, demanding payment of the unpaid **operational debt of Rs. 91,82,07,284/-** (principal of Rs. 78,01,30,374/- and interest of Rs. 13,80,76,910/-, computed at 18% per annum as stipulated under clause 6.3 of the Master Supply Agreement dated 16.12.2024). The Demand Notice was sent to the registered address of the Corporate Debtor on 20.01.26 and as per tracking report it has been duly delivered.

9. The **date of default is stated as 29.01.2025**, being the date of the last of the invoices referred to above. As per master supply agreement, the amount is due and payable immediately upon issuance of the invoice by the supplier. Despite receipt of the Demand Notice, the Corporate Debtor neither paid the outstanding amount nor raised any dispute in respect thereof, and hence the present petition.

10. The Operational Creditor has proposed Mr. Rajesh Jasti (IBBI Registration No. IBBI/IPA-001/IP-P02317/2020-2021/13469) as the Interim Resolution Professional. The proposed IRP has furnished a written communication in Form-2 dated 16.03.2026 consenting to act as the Interim Resolution Professional, disclosing that he has no assignments in hand and that no disciplinary proceedings are pending against him. It is noted that the AFA (Authorisation for Assignment) Certificate annexed with the Form-2 (Certificate No. AA1/13469/02/300626/108263) is stated to be valid only up to 30.06.2026. However, upon reviewing the IBBI website, it appears that the updated AFA of Mr. Rajesh Jasti is valid until 30.06.2027.

11. No security is held by the Operational Creditor in respect of the operational debt, and no order of any court, tribunal, or arbitral panel adjudicating on the default has been placed on record.

12. Record of Default (RoD) issued by the Information Utility on 07-03-2026 under Sub-Regulation (4) of Regulation 21 of the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017, in respect of the default committed by the Operational Creditor, M/s Naksh Steel Limited and the Status of Authentication of Default is recorded as **"AUTHENTICATED" with default date as 29.01.2025.**

Submissions on behalf of the Corporate Debtor/Respondent:

13. The Corporate Debtor has filed its Affidavit in Reply affirmed by Mr. Pratikkumar Ketanbhai Patel, Director, authorised by Board Resolution dated 03.07.2026 (Annexure-A). Save and except what is a matter of record and expressly admitted, the contents of the petition are denied, and nothing is to be deemed admitted for want of a specific traverse.

14. The Corporate Debtor states that it is a listed public company and a going concern, formerly known as Godha Cabcon & Insulation Limited and renamed pursuant to a fresh Certificate of Incorporation dated 17.09.2025 (Annexure-B), and relies on its Audited Annual Reports for FY 2022-23 and FY 2023-24 (Annexures-C and D) to demonstrate its going-concern status.

15. The Corporate Debtor does not dispute the business relationship under the Master Supply Agreement dated 16.12.2024, or that supplies were effected and invoices raised thereunder. It acknowledges the principal amount outstanding to the Operational Creditor, and disputes only the interest component of Rs. 13,80,76,910/-.

16. It is submitted that the Code is not intended to operate as a recovery mechanism, and that the summary jurisdiction of this Tribunal ought not to be invoked as a substitute for a recovery action or as a means of pressurising a functioning enterprise into payment.

17. The Corporate Debtor states that it has a substantial body of other creditors (Statement of Sundry Creditors, Annexure-E), and that it is conscious it ought not to prefer the Operational Creditor over other creditors. It accordingly seeks reasonable time to discharge its dues in an orderly manner, and denies any intent to avoid or evade payment.

18. Without prejudice, the Corporate Debtor has offered to discharge the principal amount by paying 10% thereof within six months and the balance in staggered instalments over a further period of twelve months, and seeks a short accommodation to place a formal proposal to this effect on record.

19. The claim of interest of Rs. 13,80,76,910/- is disputed on the following grounds:

(a) the Operational Creditor's invocation of the Micro, Small and Medium Enterprises Development Act, 2006 in Part V of the petition does not entitle it to claim interest under Section 16 of that Act in the present proceedings;

(b) the Operational Creditor is, on its own showing, engaged in trading, which does not fall within the ambit of the MSMED Act, 2006, and no Udyam registration has been placed on record;

(c) in any event, statutory interest under the MSMED Act does not form part of 'operational debt' within the meaning of Section 5(21) of the Code and cannot be imported into a Section 9 petition; and

(d) insofar as the claim is founded on clause 6.3 of the Master Supply Agreement dated 16.12.2024, the applicability of that clause, the rate adopted, and the computation of interest are each disputed, and the claim is neither crystallised nor admitted, being a contested claim not amenable to determination in the summary jurisdiction of this Tribunal.

20. The Corporate Debtor accordingly submits that the interest component of the claim ought not to be entertained by this Tribunal, and that it be permitted to discharge the principal amount in the manner undertaken above, in the interest of justice.

<u>Observation and Analysis:</u>

21. We have heard the learned counsel appearing for the Operational Creditor and the learned counsel appearing for the Corporate Debtor, and have perused the pleadings, documents and material placed on record.

22. The present application has been filed under Section 9 of the Code. The jurisdiction of the Adjudicating Authority under Section 9 is attracted only when there exists an operational debt which is due and payable, the occurrence of default is established, and no genuine pre-existing dispute exists in relation to such debt. The Adjudicating Authority is not required to conduct a detailed adjudication of the claim as would be undertaken in a civil suit. At the same time, it is required to examine whether the defence raised by the Corporate Debtor is a plausible contention requiring further investigation and is not a sham, moonshine or a mere assertion unsupported by evidence. It is a settled principle that, if any of the statutory requirements relating to operational debt, default or absence of dispute is not satisfied, the application under Section 9 is liable to be rejected.

23. In the present case, the Corporate Debtor has not disputed the Master Supply Agreement dated 16.12.2024, the supplies made pursuant thereto, or the invoices raised by the Operational Creditor between 22.01.2025 and 29.01.2025. The Corporate Debtor has also acknowledged debt vide letter dated 05/09/2025. The issuance of post-dated cheques and the subsequent request dated 06.08.2025 not to deposit the said cheques further corroborate the existence of the commercial transaction and the unpaid liability.

24. The record, including the invoices, the Master Supply Agreement, the correspondence between the parties and the Record of Default issued by the Information Utility, establishes that the Operational Creditor supplied goods to the

Corporate Debtor and that the principal consideration remained unpaid. The Record of Default is stated to have been authenticated with default date 29/01/25. The Corporate Debtor has not placed on record any material showing payment, adjustment, rejection of goods, deficiency in supply, or any other dispute concerning the principal invoices.

25. The objection that the Code cannot be used as a recovery mechanism is well settled in principle. Proceedings under the Code are not intended to be debt-recovery proceedings. However, the mere fact that the Corporate Debtor is a going concern, is a listed public company, or has other creditors does not extinguish or suspend a debt which has become due and payable. The object of the Code is resolution of insolvency and not protection of a corporate debtor from the consequences of an established default merely because it claims to be capable of making payment at a later stage.

26. The proposal of the Corporate Debtor to pay 10% of the principal amount within six months and the balance over a further period of twelve months is only an offer for future payment. It is not a payment of the debt, nor does it constitute a resolution plan approved in accordance with the provisions of the Code. The Adjudicating Authority cannot, in exercise of its jurisdiction under Section 9, compel an Operational Creditor to accept a unilateral instalment proposal or defer consideration of an otherwise maintainable application indefinitely. The Corporate Debtor’s willingness to pay in future, though relevant as a matter of conduct, does not displace the occurrence of default.

27. The principal operational debt is, therefore, established and is admittedly unpaid. The principal amount alone is substantially above the threshold prescribed under Section 4 of the Code. Consequently, the dispute raised by the Corporate Debtor

with respect to interest cannot, by itself, defeat the application insofar as the admitted principal operational debt is concerned.

28. The principal controversy relates to the claim of interest amounting to Rs. 13,80,76,910/-. The Operational Creditor relies upon clause 6.3 of the Master Supply Agreement and claims interest at the rate of 18% per annum. The Corporate Debtor disputes the applicability of the said clause, the rate of interest and the computation. It has also disputed the invocation of the MSMED Act, the alleged MSME status of the Operational Creditor, and the legal character of statutory interest.

29. However, the existence of a dispute regarding a portion of the operational debt does not automatically invalidate the entire Section 9 application where the principal debt is separately admitted and independently satisfies the statutory threshold. The question is whether the disputed interest has been included as part of the debt and whether the dispute is such that the Adjudicating Authority should decline admission of the application altogether.

30. The correspondence placed on record shows that, even before issuance of the Demand Notice dated 20.01.2026, the Corporate Debtor had failed to honour the post-dated cheques and had requested the Operational Creditor not to deposit them. The Corporate Debtor, however, has not demonstrated that, prior to the Demand Notice, it had raised a specific and genuine dispute regarding the contractual rate of interest, the applicability of clause 6.3, or the computation of interest. A dispute raised for the first time in the reply to the Section 9 application, without prior contemporaneous correspondence or supporting material, ordinarily cannot be regarded as a pre-existing dispute within the meaning of Sections 8 and 9 of the Code. The dispute must exist before receipt of the Section 8 demand notice and must be a plausible dispute requiring investigation.

In Mobilox Innovations Pvt. Ltd. Vs. Kirusa Software Pvt. Ltd. (2017) ibclaw.in 01 SC, Hon'ble Supreme Court held that:

***"40**. It is clear, therefore, that once the operational creditor has filed an application, which is otherwise complete, the adjudicating authority must reject the application under Section 9(5)(2)(d) if notice of dispute has been received by the operational creditor or there is a record of dispute in the information utility. It is clear that such notice must bring to the notice of the operational creditor the "existence" of a dispute or the fact that a suit or arbitration proceeding relating to a dispute is pending between the parties. Therefore, all that the adjudicating authority is to see at this stage is whether there is a plausible contention which requires further investigation and that the "dispute" is not a patently feeble legal argument or an assertion of fact unsupported by evidence. It is important to separate the grain from the chaff and to reject a spurious defence which is mere bluster. However, in doing so, the Court does not need to be satisfied that the defence is likely to succeed. The Court does not at this stage examine the merits of the dispute except to the extent indicated above. So long as a dispute truly exists in fact and is not spurious, hypothetical or illusory, the adjudicating authority has to reject the application."*

31. In the present case, the Corporate Debtor admits the principal liability and does not dispute the underlying transaction or supplies. Its objections to interest are primarily legal objections advanced after receipt of the Demand Notice. These objections may be relevant for determination of the exact amount ultimately recoverable, but they do not establish a pre-existing dispute concerning the underlying operational debt.

32. At the same time, this Tribunal is not required, at the stage of admission under Section 9, to finally adjudicate the entitlement of the Operational Creditor to claim

interest under the MSMED Act or to undertake a detailed computation under clause 6.3 of the Master Supply Agreement. The claim for interest shall remain subject to verification and determination in accordance with law during the CIRP. Admission of the petition is accordingly founded on the admitted principal operational debt and not on a final adjudication of the disputed interest component.

33. The Demand Notice dated 20.01.2026 was issued in the prescribed Forms under Section 8 of the Code and is stated to have been duly served at the registered office of the Corporate Debtor. No payment was made within the statutory period, and no credible pre-existing dispute relating to the principal debt has been established. The application is complete in all material particulars. The proposed Interim Resolution Professional has furnished the requisite consent in Form-2. The apparent discrepancy in the validity period of the AFA annexed to Form-2 stands clarified by verification of the updated AFA stated to be valid up to 30.06.2027.

34. In view of the foregoing, we are satisfied that the Operational Creditor has established the existence of an operational debt and default thereon, at least to the extent of the admitted principal sum of Rs. 78,01,30,374/-, that the objection raised by the Corporate Debtor as to interest does not amount to a pre-existing dispute so as to bar admission, and that the petition otherwise satisfies the requirements of Section 9 of the Code.

<u>ORDER</u>

35. In view of the above observations and analysis, the **Company Petition (IB) No. 41/MP/2026** filed by **Naksh Steel Limited** (“Operational Creditor”) 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, for initiation

of Corporate Insolvency Resolution Process against Auri Grow India Limited ("Corporate Debtor"), is **ADMITTED**, and it is accordingly ordered as follows:

I. The **Company Petition (IB) No. 41/MP/2026** is **admitted,** and Corporate Insolvency Resolution Process is initiated against the Corporate Debtor, **Auri Grow India Limited** (CIN: L68100MP2016PLC041592).

II. The Operational Creditor has proposed Mr. Rajesh Jasti (IBBI Registration No. IBBI/IPA-001/IP-P02317/2020-2021/13469) as the Interim Resolution Professional. It is noted that the AFA (Authorisation for Assignment) Certificate annexed with the Form-2 (Certificate No. AA1/13469/02/300626/108263) is valid up to 30.06.2027. The IRP appointed shall take in this regard such other and further steps as are required under the Code, more specifically in terms of Section 15, 17,18 of the Code and file the report within 20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016. As a consequence of the Petition being admitted in terms of Section 9 (5) of the Code, the moratorium as envisaged under the provisions of Section 14 shall apply in relation to the Corporate Debtor as under:

"(1) Subject to provisions of subsections (2) and (3) on the insolvency commencement date the Adjudicating Authority shall by order declare prohibiting all of the following namely:

a. *The institution of suits or continuation of pending suits or proceedings against the respondent 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 respondent 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 respondent in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;*

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

Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license or a similar grant or right during moratorium period;

(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium,

except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.
(3) The provisions of sub-section (1) shall not apply to
(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;
(b) a surety in a contract of guarantee to a corporate debtor.

4. The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:
Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be."

III. This Adjudicating Authority directs the IRP to also serve a copy of this order to the various Government Departments such as EPFO department, Income Tax, GST, VAT, etc., who are likely to have any claim upon the corporate debtor so that the authorities concerned are informed of the CIRP order timely.

IV. The Operational Creditor is directed to pay a sum of **Rs.1,00,000/-** ***(Rupees One Lakhs only)*** to the Interim Resolution Professional to meet out the expenses to perform the functions assigned to him in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

V. Based on the above terms, the Petition stands **Admitted** in terms of Section 9(5) of IBC, 2016 and the moratorium shall come in to effect as of this date.

A copy of the Order shall be communicated to the Operational Creditor as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named be also furnished with copy of this Order forthwith by the Registry, who will also communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

36. Accordingly, **CP(IB)/41(MP)2026** is **Admitted.** A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-	**Sd/-**
MAN MOHAN GUPTA **(MEMBER TECHNICAL)**	**BRAJENDRA MANI TRIPATHI** **(MEMBER JUDICIAL)**

Anushka Rawat- L.R.A.