IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.302
C.P.(IB)/135(AHM)2026

Under Section 7 of IB Code, 2016

IN THE MATTER OF:

Indo Asia Copper Limited ....**Applicant**
V/s
Dautsons Copper Private Limited ....**Respondent**

Order delivered on: 24/07/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

O R D E R
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)

BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT–I, AHMEDABAD

CP (IB) No. 135/7/AHM/2026

(An application under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

In the Matter of: Dautsons Copper Private Limited

Indo Asia Copper Limited
(CIN: U27201GJ2021PLC122686)
Registered Office at:
7th Floor, Hasubhai Chamber,
Nr. Town Hall, Ellisbridge,
Ahmedabad – 380006.

...Applicant/Financial Creditor

VERSUS

Dautsons Copper Private Limited
(CIN: U28999GJ2021PTC120805)
Registered Office at:
602, Royal Trade Center,
Opp. Star Mall, Hazira Road,
Surat – 395009.

...Respondent/Corporate Debtor

...Respondent/Corporate Debtor

Order Pronounced On: 24.07.2026

C O R A M:

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

APPEARANCE:

For the Applicant/FC : Mr. Purav Shah, Advocate.

For the Respondent/CD: Mr. Kunan Naik, Adv, a.w. Ms Maithili Mehta, Advocate.

ORDER
Per Bench

1. This Company Petition is filed on 02.04.2026 by the Applicant Indo Asia Copper Limited (hereinafter referred to as the 'Financial Creditor') against the Respondent Dautsons Copper Private Limited (hereinafter referred to as the 'Corporate Debtor') under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC, 2016") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as "IB (AAA) Rules, 2016") for initiation of the Corporate Insolvency Resolution Process (CIRP), for having defaulted in repayment of the Financial Debt of **Rs.2,24,00,000/-** including interest.

2. On perusal of Part-I of Form-1 reveals that the Financial Creditor Indo Asia Copper Limited is a company incorporated on 18.05.2021 under the Companies Act, 2013, having Corporate Identification Number U27201GJ2021PLC122686, with its registered office at 7th Floor, Hasubhai Chamber, Nr. Town Hall, Ellisbridge, Ahmedabad–380006, Gujarat. This Petition is filed through its authorised representative **Mr. Nesal Shah**,

who has been authorised by a **Board Resolution** annexed with the Petition as **Annexure-A**.

3. On perusal of Part-II of Form-1 reveals that the Corporate Debtor is Dautsons Copper Private Limited having CIN No. U28999GJ2021PTC120805, a private limited company incorporated on 03.03.2021 under the Companies Act, 2013. The Corporate Debtor is having its registered office at 602, Royal Trade Center, Opp. Star Mall, Hazira Road, Surat–395009, Gujarat, India, with an authorised share capital of Rs.2,50,00,000/- and paid-up share capital of Rs.1,84,00,000/-, as per the Master Data available on the website of the Ministry of Corporate Affairs, which is annexed with the Petition as **Annexure-B**.

4. On perusal of Part-III of Form-1 reveals that the Financial Creditor has named Ms. Bhavi Shreyan Shah having Registration No. IBBI/IPA-001/IP-P00915/2017-18/11521, having address C-201, Embassy Apartment, Dr. V.S. Road, Ambawadi, Ahmedabad–380015 (e-mail: **ca.bhavishah@gmail.com**) under Section 16(3)(b) of the Code to act as the Interim Resolution Professional (IRP). She has filed her written communication in Form-2 dated 26.03.2026, which is annexed with the Petition as **Annexure-C**.

5. On perusal of Part-IV of Form-1 reveals that the total Financial Debt claimed by the Financial Creditor is Rs.2,24,00,000/-, consisting of Rs.2,00,00,000/- towards

principal and Rs.24,00,000/- towards interest calculated at 12.00% per annum up to 12.12.2025. The date of default is stated to be 12.12.2025

6. On perusal of Part-IV and Part-V of Form-1 reveals that the Financial Creditor has placed the facts though this Petition in the following manner: -

6.1 The case of the Applicant/Financial Creditor is that, at the request of the Respondent/Corporate Debtor, it sanctioned a financial loan of **Rs.2,00,00,000/-** under a **Loan Agreement dated 11.12.2024**. The loan was disbursed on **12.12.2024** and was repayable within **12 months** with interest at **12% per annum**, payable quarterly. The Loan Agreement is annexed as **Annexure-D**.

6.2 The Financial Creditor has stated that the loan amount of **Rs.2,00,00,000/-** was transferred to the account of the Corporate Debtor on **12.12.2024**. The disbursement is supported by the Financial Creditor's bank statement together with the certificate under the Bankers' Books Evidence Act, 1891, annexed as **Annexure-E**.

6.3 It is the case of the Financial Creditor that under the Loan Agreement, the Corporate Debtor was liable to pay interest at the rate of **12% per annum** on a quarterly basis. Despite expiry of the first two quarters, the Corporate Debtor failed to pay any interest in accordance with the agreed terms.

6.4 Owing to non-payment of interest, the Financial Creditor issued a **demand notice dated 19.06.2025** through e-mail and RPAD calling upon the Corporate Debtor to remit the outstanding interest. The Corporate Debtor neither replied to the demand nor cleared the outstanding dues. The said notice is annexed as **Annexure-F**.

6.5 Thereafter, the Financial Creditor issued a **notice dated 05.12.2025** calling upon the Corporate Debtor to repay the principal amount of **Rs.2,00,00,000/-** together with accrued interest of **Rs.24,00,000/-**, aggregating to **Rs.2,24,00,000/-**, on or before the maturity date **12.12.2025**. The said notice is annexed as **Annexure-G**.

6.6 According to the Financial Creditor, the Corporate Debtor failed to repay the loan together with accrued interest on the due date, namely **12.12.2025**, thereby committing default in repayment of the financial debt. The **date of default** has accordingly been stated as **12.12.2025**.

6.7 Consequent upon the aforesaid default, the Financial Creditor issued a **Loan Recall Notice dated 16.12.2025** recalling the entire loan facility and demanding payment of **Rs.2,24,00,000/-**. Despite receipt of the recall notice, no payment was made by the Corporate Debtor. The said notice is annexed as **Annexure-H**.

6.8 The Financial Creditor has claimed a total financial debt of **Rs.2,24,00,000/-**, comprising **Rs.2,00,00,000/-** towards principal and **Rs.24,00,000/-** towards contractual interest calculated at **12% per annum** up to **12.12.2025**. The computation of debt is annexed as **Annexure-I**.

6.9 The Financial Creditor has also filed **Form-D** being record of debt and default issued by National E-Governance Services Limited (**"NeSL"**) in which date of default is recorded as 12.12.2025 with status "**Deemed to be Authenticated**". A copy of the same is annexed with the Petition as **Annexure-J**.

6.10 In view of the aforesaid facts, the Applicant/Financial Creditor has sought admission of the present application under Section 7 of the IBC, 2016, initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor in accordance with law.

7. The Financial Creditor has relied upon the following documents which are as under: -

(a) Board Resolution dated **05.03.2026** authorising **Mr. Nesal Shah** to institute the present Company Petition, annexed as **Annexure-A**.

(b) Company Master Data of the Corporate Debtor obtained from the official website of the Ministry of Corporate Affairs, annexed as **Annexure-B**.

(c) Written Communication in **Form-2** dated **26.03.2026** submitted by the proposed Interim Resolution Professional, annexed as **Annexure-C**.

(d) Loan Agreement dated **11.12.2024** executed between the Financial Creditor and the Corporate Debtor, annexed as **Annexure-D**.

(e) Bank Statement of the Financial Creditor for the period **01.12.2024** to **31.12.2024** along with certificate under the Bankers' Books Evidence Act, 1891, annexed as **Annexure-E**.

(f) Copy of e-mail and letter dated **19.06.2025** issued by the Financial Creditor to the Corporate Debtor demanding payment of interest, annexed as **Annexure-F**.

(g) Copy of e-mail and letter dated **05.12.2025** issued by the Financial Creditor calling upon the Corporate Debtor to repay the loan with interest, annexed as **Annexure-G**.

(h) Copy of e-mail and letter dated **16.12.2025** issued by the Financial Creditor recalling the loan facility, annexed as **Annexure-H**.

(i) Working of computation of the total financial debt and days of default, annexed as **Annexure-I**.

(j) Record of Default (**FORM-D**) maintained with the National E-Governance Services Limited (NeSL), annexed as **Annexure-J**.

8. The Financial Creditor filed an Additional Affidavit on 15.04.2026, vide Inward No.D3259, pursuant to the order passed by this Adjudicating Authority, placing on record additional facts and documents to establish that the loan transaction in question was in compliance with the provisions of the Companies Act, 2013. The contents are mentioned hereafter: -

8.1 The Financial Creditor submitted that the Additional Affidavit was filed in compliance with the order dated 10.04.2026 passed by this Adjudicating Authority for placing on record the facts and documents demonstrating that the loan of Rs.2,00,00,000/- granted to the Corporate Debtor complied with the provisions of the Companies Act, 2013.

8.2 It was stated that under the Loan Agreement dated 11.12.2024, the Financial Creditor agreed to grant a loan of Rs.2,00,00,000/-, which was disbursed to the Corporate Debtor on 12.12.2024.

8.3 The Financial Creditor submitted that the Corporate Debtor was a related party of the Financial Creditor under the Companies Act, 2013, considering the relationship of the directors and shareholders of the Corporate Debtor with one of the directors of the Financial Creditor. Copies of Form MGT-7A for the financial years ended 31.03.2024 and 31.03.2025 were produced as Annexure-P1 and Annexure-P2.

8.4 It was further clarified that, notwithstanding the aforesaid relationship under the Companies Act, 2013, the Financial Creditor was not a related party of the Corporate Debtor within the meaning of Section 5(24) of the Insolvency and Bankruptcy Code, 2016, and therefore the present application under Section 7 of the Code was maintainable.

8.5 The Financial Creditor stated that Clause 3(b)(19) of its Memorandum of Association authorised it to advance or lend monies and that its Articles of

Association contained no restriction on such lending activity. Copies thereof were annexed as Annexure-P3 and Annexure-P4.

8.6 The Financial Creditor further submitted that its Board of Directors had passed resolutions dated 02.09.2024 under Sections 185 and 186 of the Companies Act, 2013, authorising grant of loans up to Rs.500,00,00,000/-, subject to shareholders' approval. The corresponding Form MGT-14 filings were annexed as Annexure-P5 and Annexure-P6.

8.7 The Financial Creditor relied upon its audited financial statements for the financial year ended 31.03.2025 and the certificate dated 13.04.2026 issued by its statutory auditor, V. D. Shukla & Co., to demonstrate its financial capacity to grant the loan. These documents were annexed as Annexure-P7 and Annexure-P8.

8.8 The Financial Creditor also produced its Axis Bank account statement for the period from 01.12.2024 to 10.04.2026, together with the certificate under the Bankers' Books Evidence Act, 1891, to establish the disbursement of Rs.2,00,00,000/- to the Corporate Debtor. The said documents were annexed as Annexure-P12.

8.9 The Financial Creditor further relied upon the judgments in *Kalpesh Ramniklal Shah v. Mundara*

Estate Developers Limited, 2023 SCC OnLine NCLAT 398, Pancham Studios Pvt. Ltd. v. Konark Aquatics & Exports Pvt. Ltd., 2025 SCC OnLine NCLAT 1148, Arun Kumar Kedia v. J.P. Financial Services Pvt. Ltd., 2025 SCC OnLine NCLAT 1372, Spenta Enclave Private Ltd. v. Spenta Sun City Pvt. Ltd., C.P. (IB) No.1066/MB/2023, Tulip Hotel Pvt. Ltd. v. J.C. Flowers Asset Reconstruction Pvt. Ltd., 2024 SCC OnLine NCLAT 482, and Lakshmi Ratan Cotton Mills Co. Ltd. v. J.K. Jute Mills Co. Ltd., 1956 SCC OnLine All 370 in support of its case.

8.10 On the basis of the aforesaid pleadings, documents and judicial precedents, the Financial Creditor contended that the loan transaction was duly authorised under the Companies Act, 2013, the disbursement of the loan stood established, the present application under Section 7 of the Insolvency and Bankruptcy Code, 2016 is maintainable.

9. That on issuance of the notice in the Petition, the Corporate Debtor has appeared and filed its reply on 03.07.2026, vide Inward No.D5060, denying various averments made in the Petition. The contentions of the Corporate Debtor are mentioned hereunder: -

9.1 The Respondent/Corporate Debtor has filed the present Reply through an Affidavit of **Mr. Samrat Sarkar**, Director of the Corporate Debtor, opposing the Company Petition and the Additional Affidavit filed by the Financial Creditor. It is stated that the Petition is liable to be dismissed and that all allegations inconsistent with the Reply are specifically denied.

9.2 The Respondent has raised a preliminary objection that the Financial Creditor has suppressed material facts and has not approached this Adjudicating Authority with clean hands. It is stated that the amount of **Rs.2,00,00,000/-** was transferred towards consideration under the **Work Order dated 16.04.2024** and not towards any loan transaction. The Work Order has been annexed as **Annexure-A**.

9.3 The Respondent has stated that it performed its obligations under the Work Order by providing technical know-how, training and techno-economic feasibility reports relating to the proposed copper project. It is further stated that the Financial Creditor accepted the work performed without raising any objection.

9.4 It is further stated that the Respondent forwarded technical documents and specifications to the Financial Creditor through letters dated **12.08.2024** and **18.11.2024**. The Respondent also submitted an acknowledgement dated **16.12.2024** regarding receipt of consideration under the Work Order. These documents have been annexed as **Annexure-R1**, **Annexure-R2** and **Annexure-R3**.

9.5 The Respondent has denied execution of the alleged **Loan Agreement dated 11.12.2024** and has contended that the signatures appearing thereon are forged. It is stated that the handwritten date appearing on the agreement is inconsistent with the alleged date of execution and indicates that the document was prepared subsequently.

9.6 The Respondent has further stated that its Director was at Surat on **21.03.2025** and travelled to Harare, Zimbabwe on **22.03.2025**, and therefore could not have executed the alleged Loan Agreement at Ahmedabad. In support thereof, the Respondent has relied upon its **PAN Card**, **Passport Extract** and **Complaint dated 06.06.2026**, annexed as **Annexure-R4**, **Annexure-R5** and **Annexure-R6**.

9.7 The Respondent has submitted that the amount paid by the Financial Creditor constitutes consideration under a commercial contract and does not satisfy the definition of **financial debt** under Section 5(8) of the Insolvency and Bankruptcy Code, 2016. It is also contended that the alleged loan transaction is contrary to the provisions of the Companies Act, 2013.

9.8 The Respondent has contended that in the absence of any financial debt, the Financial Creditor cannot claim the status of a Financial Creditor under the Code and the present Company Petition under

Section 7 is not maintainable. It is further stated that the amount in question is purely contractual and does not amount to debt under the Code.

9.9 The Respondent has denied the averments contained in **Part-IV of Form-1** relating to the financial debt and default. It is stated that the Financial Creditor has deliberately omitted to disclose the Work Order and has wrongly described the contractual consideration as a loan transaction.

9.10 The Respondent has further stated that no reply could be given to the notices issued by the Financial Creditor as its Director was outside India during the relevant period. It is also contended that the notices were not served upon the official e-mail address of the Respondent or upon any authorised officer of the Company.

9.11 The Respondent has disputed the Information Utility record by contending that the Financial Creditor registered the alleged default only on **19.12.2025**, although an earlier date of default has been pleaded. It is further stated that incorrect particulars were furnished to the Information Utility and that the official e-mail address of the Respondent was not provided. The homepage of the Respondent's website has been annexed as **Annexure-R7**.

9.12 The Respondent has submitted that the Additional Affidavit filed by the Financial Creditor deserves no reliance as its deponent is not the signatory to the alleged Loan Agreement. It is further stated that the Petition is based upon a fabricated transaction and has been filed only to initiate insolvency proceedings against the Respondent.

9.13 The Respondent has further contended that the alleged Loan Agreement came to its knowledge only upon service of the present Company Petition. It is stated that no such agreement had ever been executed, supplied or referred to in any prior correspondence and that it was subsequently created to convert a commercial transaction into a financial debt.

9.14 The Respondent has also disputed the reliance placed by the Financial Creditor upon its audited financial statements and statutory auditor's certificate to establish compliance with Sections 185 and 186 of the Companies Act, 2013. It is stated that unilateral accounting entries and audit certificates cannot validate a forged document. The Respondent has relied upon **Annexure-A** and **Annexure-R1 to Annexure-R7**. No judgment or precedent has been relied upon in the Reply.

9.15 In view of the aforesaid facts, the Respondent/Corporate Debtor has prayed that the present Company Petition be dismissed with costs on the ground that there is no financial debt, no default under the Insolvency and Bankruptcy Code, 2016, and that the disputes raised involve allegations of forgery, fabrication and contractual issues which cannot be adjudicated in proceedings under Section 7 of the Code.

10. The Financial Creditor has also filed a rejoinder on 03.07.2026, vide Inward No.D5519, denying most contentions raised by the Corporate Debtor in its reply. The contents of the Rejoinder are reproduced as follows: -

10.1 The Applicant/Financial Creditor has filed the present Rejoinder through an Affidavit of **Mr. Nesal Shah**, Chief Financial Officer and Authorised Representative, in reply to the Affidavit-in-Reply dated **16.06.2026** filed by the Respondent. The Applicant has denied all averments in the Reply which are contrary to the Company Petition and the Additional Affidavit and has reiterated the contents thereof.

10.2 The Applicant has stated that the Reply filed by the Respondent is based on incorrect facts and has been filed to avoid repayment of the financial debt. It is submitted that the defence based on the alleged **Work Order dated 16.04.2024** was raised only after filing of the present Company Petition and is contrary to the contemporaneous record.

10.3 The Applicant has submitted that the Respondent has raised two principal contentions, namely, that the **Loan Agreement dated 11.12.2024** is forged and that the payment of **Rs.2,00,00,000/-** was consideration under a work order. It is contended that both these pleas are contrary to the documentary evidence placed on record.

10.4 The Applicant has reiterated that the **Loan Agreement dated 11.12.2024** was duly executed by the parties and that the Respondent had full knowledge of the transaction. It is further submitted that the correspondence exchanged between the parties and the conduct of the Respondent establish the existence of the financial transaction.

10.5 The Applicant has disputed the genuineness of the alleged **Work Order dated 16.04.2024** relied upon by the Respondent. It is stated that no Techno-Economic Feasibility Report was prepared pursuant to the said document and that the Respondent has failed to establish performance of the alleged contract.

10.6 The Applicant has produced the **courier tracking report dated 21.12.2024** and the **delivery acknowledgement dated 23.12.2024** to establish that the Respondent had received the documents relating to the loan transaction. These documents have been annexed as **Annexure-P1** and **Annexure-P2**.

10.7 The Applicant has relied upon the **Work Order dated 12.10.2020** issued by **Kiri Industries Limited** in favour of **MECON Limited**, the **Work Orders dated 06.01.2025, 15.03.2025, 04.04.2026, 08.04.2026** and **22.04.2026** issued in favour of MECON Limited, to demonstrate the normal course of engagement of MECON Limited for preparation of Techno-Economic Feasibility Reports. These documents have been annexed as **Annexure-P3**, **Annexure-P4**, **Annexure-P6**, **Annexure-P9**, **Annexure-P10** and **Annexure-P11**.

10.8 The Applicant has further relied upon the **Updated Techno-Economic Feasibility Report dated March, 2025** prepared by **MECON Limited** to establish that the feasibility study for its proposed project was independently prepared by MECON Limited and not by the Respondent. The report has been annexed as **Annexure-P5**.

10.9 The Applicant has also relied upon extracts of the Respondent's official website showing its **completed projects** and **ongoing projects**. It is contended that none of the projects mentioned therein refers to the alleged work undertaken for the Applicant. These documents have been annexed as **Annexure-P7** and **Annexure-P8**.

10.10 The Applicant has relied upon the **appointment letter of Ms. Dinky Mistry**, the **ledger report**

containing salary details of Ms. Dinky Mistry and Mr. Zeel Patel, and the **resignation letter of Ms. Dinky Mistry** to dispute the Respondent's case regarding preparation of the alleged feasibility report. These documents have been annexed as **Annexure-P12**, **Annexure-P13** and **Annexure-P14**.

10.11 The Applicant has further stated that, upon discovering the alleged fabrication of documents, it lodged **criminal complaints dated 30.06.2026** before the **Police Commissioner, Shahibaug, Ahmedabad**, **Ellisbridge Police Station, Ahmedabad** and **Adajan Police Station, Surat**. These complaints have been annexed as **Annexure-P15**, **Annexure-P16** and **Annexure-P17**.

10.12 The Applicant has also relied upon the **statement of Mr. Suresh Gondalia dated 01.07.2026** recorded by the Police Inspector, Adajan Police Station, Surat, along with its English translation. The said document has been annexed as **Annexure-P18**.

10.13 The Applicant has reiterated that the amount of **Rs.2,00,00,000/-** was advanced as a financial loan under the **Loan Agreement dated 11.12.2024**, that the Respondent committed default in repayment, and that the defence based upon the alleged Work Order is an afterthought unsupported by the contemporaneous documents.

10.14 The Applicant has not relied upon any additional judicial precedent in the present Rejoinder. The Rejoinder is primarily supported by the contemporaneous correspondence and documents annexed as **Annexure-P1 to Annexure-P18**.

10.15 On the basis of the aforesaid pleadings and documents, the Applicant has prayed that the defences raised in the Reply be rejected, the Rejoinder and the documents annexed therewith be taken on record, and the Company Petition under **Section 7 of the Insolvency and Bankruptcy Code, 2016** be admitted by initiating the Corporate Insolvency Resolution Process against the Respondent/Corporate Debtor

11. The Registrar of Companies, Gujarat, has also filed the its Report respect of **Dautsons Copper Private Limited** on 14.07.2026, vide Inward No.R463, pursuant to the order of this Adjudicating Authority dated **15.04.2026**. The contents are mentioned hereafter: -

11.1 The Report states that the Corporate Debtor was incorporated on **03.03.2021** under the Companies Act, 2013 and its registered office is situated at 602, Royal Trade Center, Opp. Star Mall, Hazira Road, Surat-395009, Gujarat.

11.2 The Registrar of Companies has stated that, in compliance with the directions of this Adjudicating Authority, it has placed on record the list of statutory documents and e-forms filed by the Corporate Debtor together with their attachments as **Annexure-A**.

11.3 The Report further encloses the **V3 Master Data** of the Corporate Debtor as **Annexure-B**, showing the names of the existing directors, namely **Ananya Sanjay Sarkar, Puneet Saini, Samrat Sarkar and Suchandra Sanjay Sarkar**, their DIN status, designation and date of appointment as available in the records of the Ministry of Corporate Affairs.

11.4 The Registrar of Companies has also reported that, as per the records maintained by the Ministry of Corporate Affairs, two **open charges** in favour of **Axis Bank Limited** are registered against the Corporate Debtor. The Report contains the particulars of the charges, including the dates of creation, modification, amount and nature of the charges.

11.5 **Annexure-A** contains the details of statutory filings made by the Corporate Debtor before the Registrar of Companies, including **AOC-4, MGT-7A, DPT-3, PAS-3, CHG-1, ADT-1, MGT-14, INC-20A, SPICe forms, MOA, AOA** and other e-forms filed from time to time.

11.6 The Registrar of Companies has further reported that no prosecution, complaint, compounding proceedings or Section 3i matters are pending against the Corporate Debtor as per its records and has left it to this Adjudicating Authority to pass appropriate orders in accordance with law.

12. We have heard Ld. Counsel for the Financial Creditor, Ld. Counsel for the Corporate Debtor, and considered the submissions of both parties and perused the material available on record. Upon consideration of the pleadings of the Petition, Reply, Rejoinder, affidavit and documents placed on record, the following issues arise for determination: -

(i) **Issue No.1;** Whether the Applicant has established that the amount of **Rs.2,00,00,000/-** advanced to the Corporate Debtor constitutes a "**financial debt**" within the meaning of Section 5(8) of the Insolvency and Bankruptcy Code, 2016?

(ii) **Issue No.2;** Whether the Financial Creditor has established that the Corporate Debtor committed default in repayment of the said financial debt as contemplated under Sections 3(11), 3(12) and 7 of the Insolvency and Bankruptcy Code, 2016?

(iii) **Issue No.3;** Whether the defence raised by the Corporate Debtor regarding the alleged Work Order dated **16.04.2024**, the denial of execution of the Loan Agreement dated **11.12.2024**, and the allegations of fabrication are such as to disentitle the Financial Creditor from seeking admission of the present Petition under Section 7 of the Code?

(iv) **Issue No.4;** Whether the present Company Petition deserves to be admitted or rejected?

13. **Findings on Issue No. (1):** Whether the Applicant has established that the amount of **Rs.2,00,00,000/-**

advanced to the Corporate Debtor constitutes a "**financial debt**" within the meaning of Section 5(8) of the Insolvency and Bankruptcy Code, 2016?

13.1 Section 5(8) of the Code 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 –

(a) money borrowed against the payment of interest;

(b) any amount raised by acceptance under any acceptance credit facility or its de-materialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;

(e) receivables sold or discounted other than any receivables sold on non-recourse basis;

(f) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;

[3][*Explanation.* -For the purposes of this sub-clause, -

(i) any amount raised from an allottee under a real estate project shall be deemed to be an amount having the commercial effect of a borrowing; and

(ii) the expressions, "allottee" and "real estate project" shall have the meanings respectively assigned to them in clauses (d) and (zn) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);]

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account;

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution;

(i) the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in sub-clauses (a) to (h) of this clause;

13.2 The case of the Financial Creditor is that the corporate debtor borrowed money against the payment of interest.

13.3 The Financial Creditor has relied upon the Loan Agreement dated **11.12.2024**, bank statements, demand notices, Loan Recall Notice, NeSL Record of Default and the Additional Affidavit to contend that the amount of **Rs.2,00,00,000/-** was advanced as a financial loan carrying interest at **12% per annum**.

13.4 This Adjudicating Authority vide order of 15.07.2026 directed both the parties to submit copy of audited financial statement for FY 2024-25 to demonstrate accounting treatment for the transaction under reference.

13.5 The Applicant through an Affidavit filed on 20.07.2026, vide Inward No.D5953, has submitted that it advanced a sum of Rs 2,00,00,000 to the Respondent by way of a loan pursuant to the loan agreement dated 11.12.2024 and the transaction has been disclosed and recorded as a loan in the Applicant's audited financial statement for FY 2024-2025. A copy of auditor V.D. Shukla & Co.

dated 28.05.2025 for financial year ending 31.03.2025 shows a transaction of Rs 200 lakhs as loan given to Dautson Copper Pvt. Ltd under the heading Transactions with entities over which Directors/Key Management personnel and their relatives having control]. [Ref. page 83 of Affidavit]. The Audit Report also shows that the Applicant paid remuneration to Mr. Sanjay Sarkar and Ms. Ananya Sarkar.

13.6 The Respondent, Dautson Copper Private Limited, also filed an Affidavit on 22.07.2026, vide Inward No.D6071. The Respondent submitted that the amount was received on 11.12.2024 as advance. The audited financial statement signed on 30.09.2025 (S Gandhi and Associate) shows an amount of Rs 2,00,00,000 against the name of Indo Asia Copper Limited under the heading advance from customers (page 48 of the Affidavit). Ananya Sarkar is one of the directors who was also a salaried person in Indo Arya during FY 2024-2025.

13.7 The above facts demonstrate that both the parties have recorded the transaction differently.

13.8 Pleadings show that loan agreement is dated 11.12.2024. The debit entry for payment of Rs 2,00,00,000 is on 12.12.2024 (Axis Bank Account).

13.9 The Respondent claimed that the amount received is advance in connection with the work order dated

16.04.2024 issued by Indo Asia Copper Limited to Dautson Copper Private Limited. The work order price was Rs 4,00,00,000 and 50% was payable on or before 31.12.2024.

13.10 The Respondent has also filed copy of letter dated 12.08.2024 attaching Techno Economic Feasibility Report along with the Reply.

13.11 The Corporate Debtor has denied execution of the Loan Agreement and has specifically pleaded that the payment represented consideration under the **Work Order dated 16.04.2024** relating to consultancy and technical services. It has further alleged that the Loan Agreement is fabricated.

13.12 The Additional Affidavit filed by the Financial Creditor principally seeks to establish compliance with Sections **185 and 186 of the Companies Act, 2013**. Such compliance, assuming it exists, does not by itself establish that the underlying transaction was in fact a loan accepted by the Corporate Debtor.

13.13 The Financial Creditor has relied upon *Kalpesh Ramniklal Shah v. Mundara Estate Developers Ltd., 2023 SCC OnLine NCLAT 398, Pancham Studios Pvt. Ltd. v. Konark Aquatics & Exports Pvt. Ltd., 2025 SCC OnLine NCLAT 1148, Arun Kumar Kedia v. J.P. Financial Services Pvt. Ltd., 2025 SCC OnLine NCLAT 1372, Tulip Hotel Pvt. Ltd. v. J.C. Flowers*

Asset Reconstruction Pvt. Ltd., 2024 SCC OnLine NCLAT 482, and Lakshmi Ratan Cotton Mills Co. Ltd. v. J.K. Jute Mills Co. Ltd., 1956 SCC OnLine All 370. These decisions recognise that an authorised loan may constitute a financial debt, but they proceed on facts where the existence of the loan transaction itself was not under the same nature of challenge as in the present case.

13.14 In the present matter, the very nature of the transaction is disputed. Both parties have different version of the transaction and they supported their version with supporting documents. The Court exercising jurisdiction under Section 7 cannot determine disputed questions relating to execution of documents and allegations of fabrication by conducting a detailed trial.

13.15 Accordingly, **Issue No. (i) is answered against the Financial Creditor.** On the material presently available, the Financial Creditor has not established that the transaction constitutes an undisputed financial debt within the meaning of Section 5(8) of the Code.

14. Findings on Issue No. (2): Whether the Financial Creditor has established that the Corporate Debtor committed default in repayment of the said financial debt as contemplated under Sections 3(11), 3(12) and 7 of the Insolvency and Bankruptcy Code, 2016?

14.1 Default under Section 3(12) of the Code necessarily presupposes the existence of a legally enforceable financial debt. Once the very existence of such debt is seriously disputed, the allegation of default requires corresponding scrutiny.

14.2 The Financial Creditor has relied upon the NeSL Record of Default showing the date of default as **12.12.2025**. The Corporate Debtor has disputed the correctness of the information furnished to the Information Utility and has questioned the circumstances in which the record was generated.

14.3 The Information Utility record constitutes relevant evidence under the Code. However, where the foundational transaction itself is disputed on grounds supported by documentary material, such record cannot by itself conclude the controversy.

14.4 The demand notices and Loan Recall Notice relied upon by the Financial Creditor are unilateral communications. The Corporate Debtor disputes both the underlying liability and effective service of such communications.

14.5 Consequently, the Financial Creditor has not discharged the burden of establishing default in respect of an undisputed financial debt within the meaning of Sections 3(12) and 7 of the Code.

15. **Findings on Issue No. (3):** Whether the defence raised by the Corporate Debtor regarding the alleged Work Order dated 16.04.2024, the denial of execution of the Loan Agreement dated 11.12.2024, and the allegations of fabrication are such as to disentitle the Financial Creditor from seeking admission of the present Petition under Section 7 of the Code?

15.1 The Corporate Debtor has produced the Work Order dated **16.04.2024**, correspondence, technical documents, travel records to dispute the signing of loan agreement, PAN Card, Passport Extract, police complaint and other documents in support of its defence.

15.2 The Financial Creditor has attempted to rebut the defence by producing further material through the Rejoinder including courier records, MECON documents, employment records and criminal complaints.

15.3 The rival pleadings disclose substantial factual disputes regarding execution of the Loan Agreement, existence of the Work Order, preparation of the feasibility report and the character of the payment of **Rs.2,00,00,000/-**.

15.4 The transaction is between related parties as Dautson is managed (directors) by son (Samrta Sarkar) and daughter (Ananya Sarkar) of Mr. Sanjay Sarkar who was the CEO and KMP of Indo

Arya. Ms. Ananya Sarkar was also getting remuneration from Indo Arya. These relationships and cross involvement of persons in both entities who are shown as signing persons for the disputed documents also make the facts complex and disputed.

15.5 Such disputes require appreciation of oral and documentary evidence and cannot appropriately be adjudicated within the summary jurisdiction exercised by this Adjudicating Authority under Section 7 of the Insolvency and Bankruptcy Code.

15.6 The Report submitted by the Registrar of Companies merely places statutory records of the Corporate Debtor before this Tribunal. It neither authenticates the Loan Agreement nor determines the legal character of the transaction between the parties.

15.7 **Issue No. (iii) is answered in favour of the Corporate Debtor.**

16. **Findings on Issue No. (4):** Whether the present Company Petition deserves to be admitted?

16.1 The Insolvency and Bankruptcy Code is intended to resolve insolvency arising from established financial or operational debts. It is not intended to substitute proceedings requiring adjudication of complex contractual disputes involving allegations of fabrication and disputed execution of documents.

16.2 Admission of a petition under Section 7 requires the Adjudicating Authority to be satisfied regarding the existence of a financial debt and occurrence of default. Such satisfaction cannot be recorded where the foundational transaction itself remains seriously disputed.

16.3 Having considered the pleadings, documentary material, Additional Affidavit, Rejoinder and the Report of the Registrar of Companies, this Adjudicating Authority is unable to record satisfaction that the statutory requirements of Section 7 of the Code stand fulfilled.

16.4 The Financial Creditor is at liberty to pursue such remedies as may be available before the competent forum for adjudication of the disputes arising out of the alleged transaction.

16.5 Consequently, the present Company Petition does not warrant admission under Section 7 of the Insolvency and Bankruptcy Code, 2016 and is liable to be rejected.

17. In view of the foregoing discussion, this Adjudicating Authority is of the considered view that the Applicant/Financial Creditor has failed to establish, on the basis of the material placed on record, the existence of an undisputed financial debt and the occurrence of default within the meaning of Sections 3(11), 3(12), 5(8) and 7 of the Insolvency and Bankruptcy Code, 2016. The rival pleadings disclose substantial disputes regarding the nature of the transaction, the execution of the Loan Agreement dated **11.12.2024** and the defence founded upon the **Work Order dated 16.04.2024**, which require adjudication on evidence and cannot be conclusively determined in the summary jurisdiction exercised under Section 7 of the Code.

18. The Registry is directed to send a copy of this order to the Principal Chief Commissioner of Income Tax, Ahmedabad and Principal Commissioner of Income Tax, Surat, for taking necessary action regarding taxability of advance of Rs.2,00,00,000/-, if any, received by Dautsons Copper Private Limited.

19. Accordingly, **CP (IB) No. 135/7/AHM/2026** is **dismissed**. This order shall not preclude either party from pursuing such other remedies as may be available to them in accordance with law before the competent forum. No order as to costs.

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)