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**IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**

*[Through Physical hearing/VC Mode (Hybrid)]*

**ITEM No.03**

**CP (IB) No.39/BB/2022**

**IN THE MATTER OF:**

SPML Infra Ltd

.... Petitioner

Vs

Cauvery Neeravari Nigam Ltd

.... Respondent

**Petition under Section 9 of the I & B Code 2016**

**Order delivered on: 10.12.2025**

**CORAM:**

**SHRI. SUNIL KUMAR AGGARWAL  
HON'BLE MEMBER (JUDICIAL)**

**SHRI. RADHAKRISHNA SREEPADA  
HON'BLE MEMBER (TECHNICAL)**

**PRESENT:**

For the Petitioner : Ms. Sirisha Shetty

For Respondent : Ms. Sunita Srinivas with Shri Pavan Srinivas

**ORDER**

1. Heard the Ld. Counsel for the parties.
2. The C.P is admitted and IRP is appointed vide separate order.
3. List on **25.02.2026 for IRP report.**

-Sd-

**RADHAKRISHNA SREEPADA  
MEMBER (TECHNICAL)**

-Sd-

**SUNIL KUMAR AGGARWAL  
MEMBER (JUDICIAL)**

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**IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**

*(Exercising powers of Adjudicating Authority under  
The Insolvency and Bankruptcy Code, 2016)  
(Through Physical Hearing/ VC Mode (Hybrid))*

**CP (IB) No. 39/BB/2022**

**U/s. 9 of the IBC, 2016 read with Rule 6 of the IBC (AAA) Rules, 2016**

**IN THE MATTER OF:**

**M/S. SPML INFRA LIMITED**

Formerly Subhash Projects and Marketing Limited)  
Registered Office: No. F-27/12, Okhla Industrial Area,  
Phase-II, New Delhi-110 026

**- Operational Creditor/Petitioner**

**VERSUS**

**M/S. CAUVERY NEERAVARI NIGAM LIMITED**

Registered Office: Cauvery Bhavan Complex, 4th Stage,  
Gokulam, Manjunathapura, Mysuru-570 020  
Head Office: WRDO Building, Ananda Rao Circle,  
Bengaluru-560 009

**- Corporate Debtor/Respondent**

**Order delivered on: 10.12.2025**

**CORAM: Shri Sunil Kumar Aggarwal , Hon'ble Member (Judicial)**

**Shri Radhakrishna Sreepada, Hon'ble Member (Technical)**

**ORDER**

1. The Petition has been filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("IBC") by **M/S. SPML INFRA LIMITED**, the Operational Creditor (OC), seeking initiation of Corporate Insolvency Resolution Process(CIRP) against **M/S. CAUVERY NEERAVARI NIGAM LIMITED**, the Corporate Debtor (CD), for alleged default in payment of operational debt of INR 9,36,49,145/- (Rupees Nine Crore Thirty Six Lakh Forty Nine Thousand One Hundred and Forty Five Only) together with further interest at 18% per annum from the date of default till 01.08.2020 and continuing interest thereon at the same rate.
2. The brief facts of the case, as submitted by the OC, are as follows:





- a. The Corporate Debtor, a State Government Company, through its Executive Engineer and Chief Engineer, Irrigation South, invited tender dated 01.01.1998 for Construction of Civil Works, Design, Supply, Erection, Testing & Commissioning of Mechanical & Electrical components for Nanjapura Lift Irrigation Scheme (NLIS). The Corporate Debtor awarded the aforesaid project work to the OC vide Agreement dated 05.05.1999 for a total Contract Value of Rs.2,310.76 Lakh. During the execution of the Project Work, the OC executed several Extra Items of works (EIRL Works) to the extent of Rs.400.61 Lakhs, which were approved by all concerned officials of the CD including the Executive Engineer, Superintending Engineer, and Assistant Executive Engineer, vide letter dated 18.08.2009. The debt fell due for the first time on 31.03.2009 as per the contractual terms, when the OC submitted bills towards the EIRL Works via RA Bill No. 31.
- b. The OC has since submitted multiple bills including the Final Bill dated 12.06.2013 for a sum of Rs. 4,08,19,403/- for the aforesaid EIRL Works. The CD, through various communications dated 02.06.2012, 12.06.2013, 14.09.2015, 24.05.2016, 17.10.2016, 27.05.2017, and 06.07.2019, has continuously admitted its liability and acknowledged the debt, yet has repeatedly failed to make payment on the pretext of obtaining approval for Extra Financial Implications (EFI), which is an internal administrative matter of the CD. The Chief Engineer of the CD issued an order dated 02.06.2012 under Clause 29 of the contract directing the Executive Engineer to expedite the submission of Extra Financial Implications for a sum of Rs. 404.55 Lakhs which had been pending for three years. Subsequently, the Superintending Engineer of the CD submitted a revised EIRL Proposal of Rs. 307.22 Lakh to the Chief Engineer for approval, and the Assistant Executive Engineer, vide letter dated 06.07.2019, confirmed the consolidated EIRL items amounting to Rs. 3,07,84,000/-.
- c. Despite continuous admissions of liability and multiple reminders by the OC, the CD has failed to make any payment. The total amount outstanding from the CD as on 01.08.2020 is Rs.9,36,49,145/- (comprising principal of Rs. 3,07,84,000/- and interest of Rs. 6,28,65,145/- calculated at 18% per





annum). The OC issued a statutory demand notice in Form 3 on 10.12.2019 under Section 8 of the IBC, to which no satisfactory response has been received. The CD has committed a default within the meaning of Section 3(12) of the IBC and there is neither any pending legal proceedings nor any bona fide dispute raised by the CD pertaining to the operational debt prior to receipt of the demand notice.

3. The Respondent has filed the Statement of Objections on 29.07.2022 , therein contending that:

i. The Petition has been filed without disclosing material facts and with malafide intention to harass the CD. The Respondent contends that the claimed debt is a disputed debt constituting a pre-existing dispute between the parties that has never been admitted by the CD. According to the Tender Agreement dated 05.05.1999, all disputes arising with regards to terms, conditions, and mode of payment are to be referred to arbitration, with the decision of the Chief Engineer Irrigation (South) being final and binding on both parties. The Respondent further states that it has deliberately suppressed the fact that disputes pertaining to this tender are pending before the Arbitrator, who was appointed by the Hon'ble High Court vide order dated 20.08.2004 in CMP 67/2004. The Respondent asserts that despite the appointment of the Arbitrator, the OC deliberately avoided arbitration proceedings, filed multiple writ petitions before the High Court (*WP No. 26120/2014 and WP No. 17369/2017*), and subsequently withdrew them, only to now approach this Tribunal in forum hunting, which is opposed to public policy.

ii. The Respondent categorically denies admission of the claimed amount of Rs. 9,36,49,145/-. It has already paid a total sum of Rs.29,04,08,213/- towards all running bills raised by the OC, which were accepted by the OC. The internal correspondence dated 18.08.2009 and 17.10.2016 cited by the OC are merely internal departmental communications and do not constitute admission of debt. Further in the letter dated 27.05.2017, it had asked the OC to sign the comparative statement and visit the office to execute the extra financial implication proposals, which the OC failed to do. The





Respondent maintains that the letter dated 06.07.2019 only requested resubmission of bills and did not amount to admission of debt. Upon receipt of the proposed petition in October 2020, it had explicitly denied liability vide letters dated 31.12.2020 and 08.02.2021, clearly stating that the claim has never been admitted.

iii. The OC's claim suffers from substantive defects as the work was completed on 01.03.2009 with the Defects liability period ended on 01.03.2010, yet the final bill was submitted only on 12.06.2013, nearly three years later, casting doubt on the legitimacy of the claim. The Respondent contends that as per the contractual terms, the OC was obligated to run the pumps for one year (120 days at 16 hours per day equalling 1920 hours), but the machinery stopped requiring repairs which the OC failed to rectify, resulting in loss to the Respondent. Its financial statements demonstrate that it is a going concern. The Respondent contends that the OC filed this Petition on 31.08.2020 but the matter came up only on 04.04.2022, thereby demonstrating malafide intention and lack of clean hands in approaching this Tribunal. The Respondent prays for rejection of the Petition with exemplary costs as it involves a pre-existing disputed debt with ongoing arbitration proceedings involving the same cause of action, which constitutes forum hunting and abuse of process.

4. The OC/Petitioner has filed rejoinder on 22.09.2022, where it is contended that:

i. The contentions raised by the Respondent in its Statement of Objections are totally misleading, false, and incorrect. The Respondent has not expressly stated that the subject matter of the operational debt claimed in the present Petition is also the subject matter of the dispute pending before the Arbitral Tribunal. The disputes which were referred to arbitration by the OC arose between the parties prior to 2004, whereas the subject matter of the operational debt in question is towards the Extra Item Rate List (EIRL) works, which were assigned to the OC based on the decision taken by the Chief Engineer on 21.10.2004, which is after the initiation of the arbitration. The EIRL works were completed prior to August 2009 as admitted by the CD in its letter dated 18.08.2009. Hence the scope of the





arbitration cannot and does not cover the admitted claim of the OC arising out of the subsequent assignment of EIRL works. The OC further submits that the definition of "dispute" under Section 5(6) of the IBC includes a suit or arbitration proceedings relating to the existence of the amount of debt, the quality of goods or service, or the breach of a representation or warranty. Since there is no dispute as to the existence of the amount of debt (EIRL Works) and no suit or arbitration proceedings pending relating to the operational debt, the quality of works, or breach of representation or warranty, there is no dispute, pre-existing or otherwise, between the parties within the definition of Section 5(6) of the IBC. Therefore, the contentions of the Respondent regarding the pendency of arbitration proceedings, which are unconnected to the present demand/debt, are liable to be rejected at the threshold.

- ii. The CD has failed to reply to the Demand Notice dated 10.12.2019 within 10 days from the date of receipt as mandated under Section 8(2) of the IBC. The CD sent a belated reply on 31.12.2020 *after more than one year*, merely stating that it required time to verify voluminous documents, and subsequently sent another vague reply on 08.02.2021 alleging that debts were disputed and should be settled by arbitration. The Petitioner contends that the CD has continuously admitted the EIRL bills and Final Bill in a series of communications, never disputed the amounts claimed, yet failed to make payment. The Chief Engineer, under Clause 29 of the contract, has passed a final and binding order dated 02.06.2012 directing the Executive Engineer to expedite the submission of Extra Financial Implications for payment of EIRL works. The Petitioner emphasizes that the series of letters issued by the CD from 2009 to 2019 requesting the OC to sign modified EIRL item bills and proposals for submission to higher authorities clearly constitutes admission of the work done and the corresponding pending payment. Since the CD has not complied with the Chief Engineer's order or made any payment despite these admissions, and the CD failed to provide a valid response to the statutory demand notice, the Petitioner submits that a





default has occurred and insolvency proceedings are required to be initiated against the CD as per the provisions of the IBC 2016.

iii. The CD's claim of contractual breach regarding the pump operation and repair is entirely false and misleading. The Petitioner has already successfully completed the project and completed the defect liability period, and any issues arising after the Defects liability period ended on 01.03.2010 are not the responsibility of the OC. The Petitioner submits that the CD has deliberately protracted the matter by repeatedly asking the OC to sign formats and visit offices since 2009, thereby forcing the OC to issue the Demand Notice and file the present Petition. The Petitioner categorically denies that the financial statements of the CD being a going concern negate the necessity for insolvency proceedings, and asserts that the CD's delay in coming before this Tribunal (Petition filed on 31.08.2020, heard on 04.04.2022) demonstrates the Respondent's malafide intention and lack of clean hands. The Petitioner submits that all contentions raised by the CD in its Statement of Objections are without basis and the Petition is liable to be allowed, with the CD being admitted to the CIRP.

5. We have heard Shri **Ms. Sirisha Shetty**, Advocate, on behalf of the petitioner and **Ms. Sunita Srinivas** with **Shri Pavan Srinivas**, Advocates on behalf of the respondent and carefully perused the file.

6. The core issue before this Authority is whether the CD has committed a default in payment of operational debt as defined under the IBC and whether there exists any bona fide pre-existing dispute as contemplated under Section 8(2) of the Code which would render the present petition not maintainable. The Respondent's primary contention centres on the argument that the operational debt in question is merely part of a larger disputed matter already pending before an Arbitrator appointed by the Hon'ble High Court in 2004, and therefore constitutes a pre-existing dispute within the scope of Section 5(6) of the IBC.

An examination of the statutory definition of "dispute" as provided under Section 5(6) of the IBC would reveal that for a dispute to qualify as "pre-existing" under





Section 8(2) of the Code, it must have been raised by the CD prior to the receipt of the statutory demand notice. In the present case, the CD has not raised any formal dispute regarding the existence or quantum of the EIRL works claimed or the payment due thereon until after the receipt of the demand notice dated 10.12.2019. The CD's letter dated 31.12.2020 merely made vague assertions that "disputes exist" without specifically identifying the basis of dispute pertaining to the EIRL debt. The subsequent letter dated 08.02.2021 attempted to characterize all disputes as being subject to arbitration, but this too lacks specificity regarding the EIRL works in question.

8. There are significant series of admissions made by the CD itself through its own officials over more than a decade. From 2009 to 2019, the CD repeatedly acknowledged the execution of EIRL works and the outstanding dues through official and internal communications. The Chief Engineer of the CD, in his order dated 02.06.2012 passed under Clause 29 of the contract, explicitly directed the expediting of Extra Financial Implications for release of Rs. 404.55 Lakhs, describing these as having been pending for three years. This order was never revoked or clouded by the CD and has become final and binding under the express terms of Clause 29 itself. Subsequently, the CD repeatedly requested the OC to sign modified EIRL item bills and proposals for submission to higher authorities, which is an admission of the work done and the corresponding payment obligation. These are not mere internal administrative communications, as the Respondent argues, but formal official correspondence acknowledging liability and the quantum of debt, particularly when their existence and authenticity has not been doubted. The CD cannot now conveniently characterize these admissions as non-committal when they were made repeatedly and consistently over a period spanning more than a decade.

9. Regarding the CD's response under Section 8(2) of the IBC, upon receipt of the statutory demand notice dated 10.12.2019, the CD, as with the claim of petitioner, remained in slumber for whole of a year and sent a belated response on 31.12.2020, merely requesting for time to verify voluminous documents! Such a response, devoid of any substantive engagement with the claims made in the demand notice, cannot be treated as an objection or dispute raised contemporaneously. The subsequent letter dated 08.02.2021 continues to remain





vague and does not specify any legitimate basis for denying the operational debt relating to EIRL works. The Respondent's contention that the debt has "never been admitted" is squarely contradicted by their own repetitive documentary evidence on record, which reflects regular and consistent admissions made by the CD's own officials over several years.

10. Addressing the Respondent's allegation of "forum hunting" and abuse of process. The doctrine of forum hunting is typically invoked when a party seeks to pursue identical claims through multiple concurrent forums, thereby multiplying proceedings. In the present case, the OC has not initiated proceedings in multiple forums simultaneously for the same cause of action. The prior writ petitions filed by the OC were specifically directed at obtaining mandatory orders to extend performance guarantees and were ultimately withdrawn or rendered infructuous. The present petition pertains to a statutory mechanism provided under the IBC for initiation of CIRP upon the occurrence of default, and this cannot be characterized as forum hunting in any legitimate sense. The delay in the proceedings (petition filed 31.08.2020, heard 04.04.2022) has not been occasioned by any act or omission of the OC but is attributable to the normal course of tribunal operations.
11. The Hon'ble Supreme Court in *Dena Bank Vs. C. Shivakumar Reddy, (2021) 10 SCC 330* has clarified that where there is an acknowledgement of debt within the period of limitation, with the intention to establish a jural relationship of debtor and creditor, such acknowledgement would extend the period of limitation for initiating proceedings under the IBC. The Court, therefore, concluded that Limitation would begin to run afresh from the date of such acknowledgement. As the Court aptly observed, "in law when time begins to run it can only be extended in the manner provided in the Limitation Act."
12. In the facts of the present case, the series of official letters issued by the CD from 2009 to 2019 requesting the OC to sign and execute the EIRL item bills and proposals constitute successive acknowledgements of debt. The most recent acknowledgement came from the Assistant Executive Engineer of the CD vide letter dated 06.07.2019, confirming the consolidated EIRL items amounting to Rs. 3,07,84,000/-. The statutory demand notice was thereafter issued on 10.12.2019





curtailing the original EIRL claim to said acknowledged amount and the present Petition was filed on 31.08.2020, well within three years. Therefore, the Petition is within the period of limitation as prescribed under the Limitation Act, 1963, read with Section 238-A of the IBC.

13. The Supreme Court of India, in the landmark judgment of *Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd.*, has laid down the legal principle that adjudicating authorities must apply rigorous scrutiny in examining whether a pre-existing dispute exists. The Court emphasized that mere assertions or patently feeble legal arguments unsupported by contemporaneous evidence cannot be treated as constituting a bona fide dispute. Applying this established jurisprudence to the facts of the present case, we find that the Respondent's reliance on the pendency of an unrelated arbitration and its vague characterization of the EIRL debt as "disputed" do not satisfy the threshold for establishing a genuine pre-existing dispute as contemplated under the IBC. The test is not whether some dispute exists between the parties in general, but whether a specific pre-existing dispute regarding the operational debt in question. The Respondent has patently failed to discharge this burden.
14. It hardly matters that the respondent is a going concern or a Govt undertaking when it is patently distancing itself from discharging its liabilities. The parties were referred for mediation in an effort to strive for ending the stalemate and finding solution to the issues but the endeavour did not end in resolution.
15. For the above reasons **CP (IB) No. 39 /BB/2022 is allowed** and the respondent **Cauvery Neeravari Nigam Ltd.** is admitted to undergo CIRP. Simultaneously moratorium is declared in terms of Section 14 of the Code imposing following prohibitions to be followed by all and sundry: -
  - a. The institution of suits or continuation of pending suits or proceedings against the CD 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 CD 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 CD 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 CD;
16. It is further directed that the supply of essential goods or services to the CD as may be specified, shall not be terminated or suspended or interrupted during the moratorium period.
17. 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 CD.
18. The order of moratorium shall have effect from the date of this order till completion of the CIRP or until approval of the Resolution Plan under sub-section (1) of Section 31 or passing of an order for liquidation of CD under Section 33 by this Authority as the case may be.
19. From the List of Bengaluru based Insolvency Professionals provided by the Insolvency & Bankruptcy Board of India, **Mr. Addanki Haresh** having Registration No IBBI/IPA-001/IP-P01064/2017-2018/11757. ,registered address: **36/1, 2nd Floor, Munivenkatappa Complex, Bellary Road, Ganganagar ,Bangalore, Karnataka, 560032** Contact No: 9886034643,e-mail: addanki.haresh@gmail.com is appointed as Interim Resolution Professional(IRP) of the CD to carry on the functions as contemplated under IBC and Rules/Regulations framed thereunder. The IRP shall file his written consent within one week from the date of receipt of order. The IRP shall be entitled to fee as per the provisions of IBBI Regulations/Circulars/Directions issued on this behalf.
20. Considering that the CD is a functioning Government Company, the IRP is hereby directed to ensure that the operations of the Corporate Debtor are continued as a going concern. The OC shall deposit a sum of **Rs 2,00,000/- (Rupees Two Lakhs Only)** with the IRP to meet the expenses arising out of issuing public notice and inviting claims. These expenses shall be subject to approval by the Committee of Creditors. The IRP shall give individual notices to all the statutory authorities to enable them to submit their claims, if any.



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21. The IRP shall after collation of all the claims received against **Cauvery Neeravari Nigam Ltd.** and the determination of the financial position of the CD constitute a CoC and shall file a report, certifying constitution of the Committee to this Authority on or before the expiry of **thirty days** from the date of his appointment and shall convene first meeting of the Committee within **seven days** for filing the report of Constitution of the Committee. The IRP is further directed to send regular **monthly** progress reports of CIRP to this Authority.
22. A copy of the order shall be communicated to both the parties. Learned Counsel for the Petitioner shall deliver a copy of this order to the IRP forthwith. The Registry is also directed to forward a softcopy of this order on the email address of the IRP.

-Sd-  
**(RADHAKRISHNA SREEPADA)**  
**MEMBER (TECHNICAL)**

-Sd-  
**(SUNIL KUMAR AGGARWAL)**  
**MEMBER (JUDICIAL)**

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*Mes C*  
*15/12/2025*  
**DEPUTY/ASST. REGISTRAR**  
**NATIONAL COMPANY LAW TRIBUNAL**  
**Bengaluru Bench**

