NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – II
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 07.08.2026 AT 10.30 A.M. THROUGH VIDEO CONFERENCING:

CORAM : SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER	**: --**
PETITION NUMBER	**: CP(IB)/146(CHE)2024**
NAME OF THE PETITIONER	**: Bhanu Cerglaze Pvt Ltd**
NAME OF THE RESPONDENT(S)	**: Regma Ceramics Pvt Ltd**
UNDER SECTION	**: Sec 9 Rule 6 of IBC, 2016**

ORDER

Vide separate order pronounced in open court, **CP(IB)/146(CHE)2024** is allowed.

-SD-	**-SD-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
Member (Technical)	**Member (Judicial)**

kg

IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – II, CHENNAI
CP(IBC)/146(CHE)/2024

(Filed under Section 9 of the Insolvency and Bankruptcy Code, 2016, R/w, Rule 6 of the Insolvency and Bankruptcy Rules, 2016)

In the matter of ***Regma Ceramics Private Limited***

BHANU CERGLAZE PRIVATE LIMITED,
Rep. by its Director, P. Madhusudan Reddy
Having office at: 8-3-167D/231B, Simhapuri Mansion,
Kalyan Nagar, Hyderabad – 500 038, Telangana.

… Petitioner/ Operational Creditor

V/s

REGMA CERAMICS PRIVATE LIMITED
Having office at: Selllur Village, Agalankannu Road,
Thirunallar Commune, Karaikal, Pondicherry, India – 609 607.

… Respondent/ Corporate Debtor

Order pronounced on 7th August 2026

CORAM:

***SHRI.* JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)**

***SHRI.* RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

Present:
For Applicant: Aswin Sam G. R, R. N. Amarnath and G Bhupesh, Advocates
For Respondent: Dr.S.Sathyanarayanan & Lakshmi, Advocates

O R D E R

(Heard through Hybrid Mode)

This Application under Section 9 of IBC filed by **Bhanu Cerglaze Private Limited**, represented by its Director, P. Madhusudan Reddy, Petitioner/ Operational Creditor herein against **Regma Ceramics Private Limited**, Respondent / Corporate Debtor herein for initiating Corporate Insolvency Process (CIRP) against the Corporate Debtor.

2. SUBMISSIONS OF THE APPLICANT

2.1. Part I of the Application contains the particulars of the Applicant Bhanu Cerglaze Private Limited, represented by its Director, P. Madhusudan Reddy. Part II of the Application sets out the details of the Corporate Debtor. It was incorporated on 17.10.2000 with authorized share capital of Rs. 16,00,00,000/- and paid up share capital of Rs. 15,89,00,000/- and address at Selllur Village, Agalankannu Road, Thirunallar Commune, Karaikal, Pondicherry, India – 609 607, within the jurisdiction of this Tribunal. In Part III of the application, the Operational Creditor has proposed Mr. Naga Bhushan Bhagawati, having IBBI Registration Number IBBI/IPA-001/1P-P00032/2016-17/10085, as the IRP. Part IV of the application sets out the details of the debt being Rs. 1,26,98,561/- (Rupees One Crore Twenty Six Lakhs Ninety Eight Thousand Five Hundred and Sixty One only) including outstanding, additional supplies made, along with interest @ 24% p.a. for the period 01.08.2021 to 30.05.2024, with the date of default as 08.07.2021. This application has been filed on 24.06.2024.

2.2. It is submitted that the Corporate Debtor had, on various occasions during the period from 2017 to 2021, placed purchase orders upon the Operational Creditor for supply of ceramic glaze frits. Pursuant to the said purchase orders, the Operational Creditor supplied the materials from time to time and raised invoices in respect thereof. The total value of the goods supplied amounted to approximately Rs. 2,47,05,267/- and has relied upon the purchase orders, invoices and other supporting documents to establish the transactions between the parties.

2.3. It is further submitted that the Corporate Debtor made part payments towards the invoices on various occasions between the years 2017 and 2022, the aggregate amount of such payments being Rs. 1,72,39,911/-, with the last payment having been made on 08.07.2021. However, despite repeated demands and follow-up requests, the Corporate Debtor failed to clear the balance outstanding amount payable to the Operational Creditor.

2.4. It is contended that after giving credit to all payments received from the Corporate Debtor, a sum of Rs. 75,58,667/- remained outstanding towards the principal amount. In terms of the contractual understanding between the parties, interest at the rate of 24% per annum was claimed on the outstanding amount for the period from 01.08.2021 to 30.05.2024, amounting to Rs. 51,39,894/-, thereby aggregating the total operational debt in default to Rs. 1,26,98,561/-. The Applicant has also produced the ledger account and computation statement in support of the amount claimed.

2.5. It is submitted that the Operational Creditor issued a Demand Notice dated 31.05.2024 in Form-3 and Form-4 under Section 8 of the Code, calling upon the Corporate Debtor to discharge the outstanding operational debt. The said notice was duly served upon the Corporate Debtor; however, despite receipt thereof, neither was the outstanding amount paid nor was any notice of dispute or reply raising any pre-existing dispute received from the Corporate Debtor within the statutory period.

2.6. It is further submitted that the default occurred on 08.07.2021, being the date of the last part payment made by the Corporate Debtor. It is contended that the Petition has been filed well within the period of limitation, as the last acknowledgement of liability is reflected through the part payment made by the Corporate Debtor.

2.7. It is also submitted that there exists no security or retention of title in respect of the operational debt and the Operational Creditor has also produced the statement of its bank account evidencing that no further payment has been received from the Corporate Debtor towards the debt claimed in default.

2.8. It is further submitted that the Applicant has annexed copies of the purchase orders, invoices, ledger statement, bank statements, communications exchanged between the parties, demand notice along with proof of service, record of default and other relevant documents.

3. SUBMISSIONS OF THE RESPONDENT

3.1. The Respondent/ Corporate Debtor stated that the present Application is not maintainable as it is founded on incomplete and suppressed facts.

3.2. It is contended that the Operational Creditor has failed to disclose the true nature of the transactions between the parties and has deliberately omitted a material settlement arrived at between them, thereby rendering the Petition not maintainable.

3.3. It is stated that on 16.11.2018, the parties entered into a Memorandum of Settlement, whereby the Operational Creditor acknowledged that the outstanding amount due from the Corporate

Debtor as on that date was Rs. 16,33,886.11/- and agreed to accept a sum of Rs. 10,00,000/- towards full and final settlement of the said dues. In pursuance thereof, the Operational Creditor also issued a Credit Note for Rs. 6,33,886.11/- towards quality issues relating to the goods supplied to the Corporate Debtor and this material fact has been suppressed by the Applicant.

3.4. It is further stated that all invoices pertaining to the period prior to 16.11.2018 stood settled in terms of the Memorandum of Settlement and also contended that the invoices raised subsequent to the settlement were also duly discharged by the Corporate Debtor through payments made from time to time during the financial years 2020–2021 and 2021–2022, and that no amount remained outstanding thereafter.

3.5. It is stated that they have paid the entire outstanding amount of Rs. 16,78,019/- notwithstanding the issuance of the Credit Note, and that the Memorandum of Settlement together with the Credit Note conclusively establishes that the earlier liability had been settled. Copies of the Memorandum of Settlement and the Credit Note have been produced as exhibits in support of the defence.

3.6. It is further contended that the bank statement produced by the Operational Creditor is incomplete, inasmuch as it does not contain the transactions for the period between 11.10.2018 and 25.04.2019, which would disclose whether the cheques issued pursuant to the Memorandum of Settlement had been duly encashed. According to the Respondent, the omission of the said period prevents a proper appreciation of the actual payments made and the settlement arrived at between the parties.

3.7. It is stated that the claim made by the Operational Creditor is unfair, incomplete and unreasonable, as it has failed to disclose the Memorandum of Settlement, the Credit Note and the subsequent payments made by the Corporate Debtor.

4. SUBMISSIONS OF THE APPLICANT IN REJOINDER

4.1. The Applicant/ Operational Creditor, through its rejoinder, denied the averments made in the reply and reiterated that the present Petition has been filed under Section 9 of the Code in respect of an operational debt arising from the supply of ceramic glaze frits.

4.2. It is submitted that despite supply of goods, repeated reminders and issuance of demand notice under Section 8 of the Code, the Corporate Debtor failed to discharge the outstanding operational debt of Rs.1,26,98,561/-.

4.3. It is further submitted that the Memorandum of Settlement dated 16.11.2018 relied upon by the Corporate Debtor pertained only to certain invoices amounting to Rs.16,33,886/- settled for Rs.10,00,000/- and has no nexus with the invoices forming the subject matter of the present Petition.

4.4. It is contended that the outstanding principal of Rs.75,58,667/- remains unpaid and furnished the details of the invoices and computation of the debt in support thereof.

4.5. It is further denied the contention that all invoices stood settled and submitted that the Corporate Debtor has not produced any documentary evidence, including bank statements, to substantiate the alleged payments.

4.6. It is contended that the defence based on the Memorandum of Settlement is untenable and has been raised only to evade liability.

5. WRITTEN SUBMISSIONS OF THE APPLICANT

5.1. It is reiterated that the Corporate Debtor had placed purchase orders for supply of ceramic glaze frits during the period 2017–2021, against which the Operational Creditor supplied goods and raised invoices.

5.2. It is submitted that despite part payments made up to 08.07.2021, a sum of Rs.1,26,98,561/- (inclusive of interest) remained outstanding and payable and contended that the Petition is well within the period of limitation, the date of default being 08.07.2021, i.e., the date of the last part payment made by the Corporate Debtor.

5.3. It is further submitted that the defence founded upon the Memorandum of Settlement dated 16.11.2018 is wholly misconceived, as the said settlement related only to certain invoices and has no nexus with the invoices forming the subject matter of the present Petition.

5.4. It is further contended that the Corporate Debtor has failed to produce any documentary evidence establishing discharge of the operational debt claimed herein.

5.5. It is submitted that the balance confirmation email dated 30.04.2018, issued by the Corporate Debtor acknowledging an outstanding amount of Rs.95,73,556.64, constitutes a clear acknowledgment of liability.

5.6. It is contended that the Corporate Debtor had never disputed the authenticity of the said email in its reply and questioned it only after this Adjudicating Authority directed production of the relevant account statements.

5.7. It is further submitted that the varying and inconsistent stands taken by the Corporate Debtor regarding the alleged settlement, payments and balance confirmation clearly establish that no genuine dispute exists with respect to the operational debt.

6. WRITTEN SUBMISSIONS OF THE RESPONDENT

6.1. It is reiterated that the present Petition under Section 9 of the Code is liable to be dismissed as there exists neither an operational debt nor a default.

6.2. It is submitted that no amount is due and payable to the Operational Creditor and, in any event, the claim is barred by limitation and contended that the email dated 30.04.2018 does not constitute a valid acknowledgment of debt under Section 18 of the Limitation Act, 1963.

6.3. It is submitted that there was no master purchase agreement or agreed credit period between the parties and, therefore, the limitation period in respect of each invoice commenced from its respective invoice date.

6.4. It is further submitted that the Memorandum of Settlement dated 16.11.2018 novated the earlier liability by recording the outstanding amount at Rs.16,33,886.11/-, which was agreed to be settled for Rs.10,00,000/-, coupled with issuance of a credit note for Rs.6.33 lakhs. Consequently, the liability existing as on 16.11.2018 stood fully discharged.

6.5. It is further submitted that the purchases made after November 2018, amounting to Rs.16,78,019/-, were also fully paid by the Corporate Debtor and, therefore, no operational debt remained outstanding on the date of filing of the Petition.

6.6. It is also submitted that the Petition is barred by limitation, as the majority of the invoices pertain to the years 2017 and 2018, whereas the Petition was filed only in June 2024. As regards the two invoices of 2020, it is submitted that even assuming the benefit of the Supreme Court's orders extending limitation during the COVID-19 period, the corresponding dues had already been discharged.

6.7. It is further contended that the email dated 30.04.2018 cannot be treated as an acknowledgment of debt under Section 18 of the Limitation Act, as it bears neither a physical signature nor an electronic signature recognised under the Information Technology Act, 2000 and also submitted that the subsequent Memorandum of Settlement dated 16.11.2018 would prevail over the said email.

7. FINDINGS OF THE TRIBUNAL

7.1. We have heard the Learned Counsel for both the parties and perused the documents placed on record.

7.2. The present Company Petition has been filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 seeking initiation of Corporate

Insolvency Resolution Process against the Corporate Debtor on the ground that an operational debt arising out of supply of ceramic glaze frits has remained unpaid. The Operational Creditor has placed on record the purchase orders, invoices, ledger account, statutory demand notice issued under Section 8 of the Code and proof of service in support of its claim that an amount of Rs.1,26,98,561/-, inclusive of interest, remains due and payable.

7.3. The principal defence of the Corporate Debtor is that the parties entered into a Memorandum of Settlement dated 16.11.2018, whereby the outstanding liability as on that date stood settled and novated. It is further contended that the subsequent purchases were fully paid and, therefore, no operational debt survives. The Corporate Debtor has also questioned the reliance placed by the Operational Creditor on the balance confirmation email dated 30.04.2018 and has contended that the Petition is barred by limitation.

7.4. We are unable to accept the aforesaid contentions. A perusal of the pleadings would indicate that the Memorandum of Settlement admittedly pertains only to a limited outstanding amount of Rs.16,33,886.11/- existing as on the date of its execution. The Operational Creditor has consistently asserted that the present claim is founded upon various invoices, including supplies effected subsequent to the said settlement, and that the operational debt claimed in the present Petition is distinct from the amount covered under the Memorandum of Settlement. Except placing reliance upon the said settlement and a tabulated statement of payments, the Corporate Debtor has not produced cogent documentary material establishing that the invoices forming the subject matter of the present Petition stood fully discharged.

7.5. The contention that all subsequent invoices have been paid also does not inspire confidence. The Operational Creditor has produced the ledger account and computation of outstanding dues, whereas the Corporate Debtor has failed to produce satisfactory evidence demonstrating complete discharge of the invoices relied upon by the Operational Creditor. Mere denial of liability or production of self-serving ledger entries, in the absence of supporting documentary evidence establishing full payment, cannot by itself displace the documentary material produced by the Operational Creditor.

7.6. The objection regarding the balance confirmation email dated 30.04.2018 also does not advance the case of the Corporate Debtor. Significantly, the authenticity of the said email was not questioned in the original reply filed to the Company Petition and came to be disputed only subsequently after filing of the affidavit pursuant to the directions of this Adjudicating Authority. Such a belated challenge, unsupported by any material disproving the communication, does not create a bona fide dispute regarding the operational debt. Even otherwise, the claim of the Operational Creditor is substantially supported by the invoices, ledger account and other contemporaneous records placed before this Tribunal.

7.7. The plea of limitation is equally untenable. It is not in dispute that payments were made by the Corporate Debtor till 08.07.2021, which is also reflected in the ledger accounts relied upon by both parties. The present Company Petition having been filed in the year 2024 is therefore within the prescribed period of limitation. Consequently, the objection raised under the Limitation Act is liable to be rejected.

7.8. The scope of enquiry under Section 9 of the Code is confined to examining whether an operational debt exists, whether default has occurred and whether there exists a genuine pre-existing dispute. The Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited*** has held that the Adjudicating Authority is only required to ascertain whether there is a plausible contention requiring further investigation and not a patently feeble legal argument or unsupported assertion.

7.9. In the present case, the material placed before this Adjudicating Authority does not disclose any genuine pre-existing dispute regarding the debt claimed by the Operational Creditor. The defences raised by the Corporate Debtor are unsupported by convincing documentary evidence and appear to be an attempt to avoid payment of the outstanding operational debt rather than a bona fide dispute existing prior to the issuance of the statutory demand notice.

7.10. The Operational Creditor has complied with the mandatory requirements prescribed under Sections 8 and 9 of the Insolvency and Bankruptcy Code, 2016. The statutory demand notice was duly issued and served upon the Corporate Debtor. Despite receipt of the notice, the Corporate Debtor neither discharged the operational debt nor established the existence of any pre-existing dispute of the nature contemplated under the Code.

7.11. Therefore, this Adjudicating Authority is satisfied that an operational debt is due and payable by the Corporate Debtor, that default has occurred, that the Petition is within limitation and that the present case satisfies the conditions for admission under Section 9 of the Insolvency and Bankruptcy Code, 2016.

7.12. In the present case, the Operational Creditor has proposed Mr. Naga Bhushan Bhagawati, having IBBI Registration Number IBBI/IPA-001/1P-P00032/2016-17/10085, as the Insolvency Resolution Professional in Part – III of the Application. Hence, this Tribunal appoints **Naga Bhushan Bhagawati**, having Reg No: **IBBI/IPA-001/1P-P00032/2016-17/10085**, (email id: **bnagabhushan@yahoo.com**) who is having **AFA till 30.06.2027** as the "Interim Resolution Professional" (IRP) in respect of the Corporate Debtor. 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.

7.13. As a consequence of the Application being admitted in terms of Section 9 (5) of the Code, the moratorium as envisaged under the provisions of Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor:

> *"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;"

7.14. However, during the pendency of the moratorium period in terms of Section 14(2) (2A) and 14(3) as extracted hereunder:

"(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."

7.15. The duration of the period of moratorium shall be as provided in Section 14(4) of the Code and for ready reference reproduced as follows:

"(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."

7.16. The Operational Creditor is directed to pay a sum of Rs.2,00,000/- (Rupees Two lakh only) to the Interim Resolution Professional upon the Interim Resolution Professional filing the necessary declaration form as required under the provisions of the Code to meet out the expenses to perform the functions assigned to her in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

7.17. Based on the above terms, the Application 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.

7.18. Accordingly, **CP(IBC)/146/(CHE)/2024** is **allowed**.

-Sd-	-Sd-
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)