

**NATIONAL COMPANY LAW APPELLATE TRIBUNAL**  
**PRINCIPAL BENCH, NEW DELHI**

**Company Appeal (AT) (Insolvency) No. 1636 of 2025**

**IN THE MATTER OF:**

**Rahul Bhakat,**  
**(Ex-director of Geosphere Industries Pvt. Ltd.)** **...Appellant**

**Versus**

**Sree UGCL Projects Ltd. & Anr.** **...Respondents**

**Present:**

**For Appellant** : **Mr. Abhijeet Sinha, Sr. Advocate with Mr. Shivam Shukla, Mr. Rahul Pandey, Mr. Akshat Goel, Ms. Anjali Upadhyay, Advocates.**

**For Respondents** : **Mr. Sunil Fernandes, Mr. Anand Verma, Mr. Shreshth Arya, Mr. Shreyuss S. Joshi, Mr. Aditya K. Garg, Mr. Kailash Ram, Ms. Muskan Surana, Advocates.**

**O R D E R**  
**(Hybrid Mode)**

**28.10.2025:** Heard Shri Abhijeet Sinha, learned counsel for the Appellant and Shri Sunil Fernandes, learned counsel appearing for the Respondent – Operational Creditor. This appeal has been filed against order passed by the Adjudicating Authority dated 17.10.2025 by which Section 9 application filed by the Respondent – Operational Creditor has been admitted.

2. Learned counsel for the Appellant challenging the order submits that under the work contract the Respondents were given work to be performed and there was correspondence in the year 2019 itself which were letters written by the Corporate Debtor to the Operational Creditor pointing out deficiencies. It is submitted that as per the contract terms penalty can be

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imposed for deficiencies and penalty was imposed on 24.07.2020 on the Operational Creditor. It is submitted that an MOU dated 20.12.2021 was signed by the Operational Creditor and forwarded to the Appellant claiming to resolve ongoing business disputes relating to quality of material. It is pointed out that the said MOU was not signed by the Corporate Debtor and was unilaterally signed by the Operational Creditor. It is submitted that a Credit Note was given by the Operational Creditor to settle all disputes. Notice under Section 8 was issued on 19.09.2024 to which a reply was given by the Appellant on 11.10.2024 refuting the claim and referring to all earlier communications and other details including the acknowledgements given by the Operational Creditor. The reply to the Demand Notice noticed the dispute within the meaning of Section 9 of the I&B Code. It is submitted that the Adjudicating Authority although noticed in the impugned order that there were certain letters pertaining to deficiency in service but said has been ignored. Learned counsel for the Appellant submits that there being pre-existing dispute, which was reflected from the material on the record, Section 9 application ought not to have been admitted. It is submitted that Section 9 could not be used by the Operational Creditor to claim such amount which is already been disputed and were not admitted liability.

3. Shri Sunil Fernandes, learned counsel for the Respondent refuting the submissions of learned counsel for the Appellant submits that the entire case of the Corporate Debtor is based on the Credit Note dated 30.01.2023 which was not accepted by the Operational Creditor and in the Rejoinder Affidavit it

was stated that it was not even signed by the MD. The Credit Note came without there being any meeting or correspondence between the parties and such Credit Note could not have been relied and rightly ignored by the Adjudicating Authority while admitting Section 9 application. It is submitted that the dispute which was referred to by the Corporate Debtor is a moonshine and could not be basis for rejection of Section 9 application. He further referred to completion certificate which was issued by the Corporate Debtor which shows satisfactory completion of work. Respondent also referred to ledger statement of the year 2021 of the Operational Creditor.

4. We have considered the submissions of learned counsel for the parties and perused the record.

5. Only finding which has been returned by the Adjudicating Authority is in Para 9.4, which is as follows:

*“9.4. This Tribunal finds that while certain letters were exchanged alleging performance deficiencies, they were not followed by any contemporaneous debit notes, arbitral proceedings, or civil suits. On the contrary, the Corporate Debtor issued Work Completion Certificates in 2020 certifying satisfactory execution of the work and, in 2021, signed a ledger reflecting outstanding dues. The alleged Credit Note relied upon by the Corporate Debtor is categorically denied by the Operational Creditor. It is found irregular in format, inconsistent with the Operational Creditor's standard template, bearing disputed signatures, using an incorrect company name, and emanating from an*

*unauthorised e-mail address. In absence of contemporaneous authorization, statutory filings, or board resolution, the Credit Note submitted by the Corporate Debtor cannot be relied upon.”*

6. Learned counsel for the Appellant has referred to letters, reference of which is in Para 9.4, which letters are at page 114 to 123 of the paper book, which indicate that at the relevant time deficiencies in service including warning of penalty was issued and actual penalty was also imposed on 24.07.2020. All the said letters were acknowledged by the Operational Creditor which acknowledgment is contained in the said letters. The MOU dated 20.12.2021 which is claimed to be signed by the Operational Creditor and is part of the record itself in Para 1 states as follows:

*“1. Both the parties agree to resolve the ongoing business dispute relating to quality of material which has been raised and pointed out on timely basis by the Second Party to First Party.”*

7. The Appellant’s case is that the Corporate Debtor never signed the said MOU and it was signed unilaterally by the Operational Creditor and sent to the Corporate Debtor but it was noted in the said MOU that there is ongoing business dispute relating to quality of material which has been raised and pointed out. For the time being, if even Credit Note is not taken into consideration, there is sufficient material on the record to indicate that there was pre-existing dispute. We are of the view that the submissions raised by the parties require consideration.

8. Issue notice. Let Reply be filed by the Respondents within three weeks.  
Two weeks' time is allowed to file Rejoinder.
9. List this appeal on **08.12.2025**.
10. In the meantime, order dated 17.10.2025 shall remain stayed.

**[Justice Ashok Bhushan]**  
**Chairperson**

**[Barun Mitra]**  
**Member (Technical)**

*Archana/nn*