

**NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH
CP (IB) No.2/CB/2025**

*(An Application under Section 9 of the Insolvency and Bankruptcy
Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy
(Application to Adjudicating Authority) Rules, 2016.)*

IN THE MATTER OF:

M/S SREE UGCL PROJECTS LTD.

(Formerly known as United Global Corporation Ltd.)
Having its Registered Office at: E-07, 7th Floor, Solus Jain Heights
No. 2, 1st Cross JC Road, Opp. Jain University, Bangalore, Karnataka
- 560027

....OPERATIONAL CREDITOR/APPLICANT

VERSUS

M/S GEOSPHERE INDUSTRIES PVT. LTD.

(Formerly known as M/s Godawari Natural Resources Ltd.)
Having its Registered Office at: HDD 1/225, Phase 3, Kabir Nagar,
Raipur, Chhattisgarh, India - 492099.

....CORPORATE DEBTOR

AND

I.A. (IB) No. 83/CB/2025

(Under Section 60(5) of the Insolvency and Bankruptcy Code, 2016)

IN THE MATTER OF:

M/S GEOSPHERE INDUSTRIES PVT. LTD.

(Formerly known as M/s Godawari Natural Resources Ltd.)
Having its Registered Office at: HDD 1/225, Phase 3, Kabir Nagar,
Raipur, Chhattisgarh, India - 492099.

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M/S SREE UGCL PROJECTS LTD.

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No. 2, 1st Cross JC Road, Opp. Jain University, Bangalore, Karnataka
- 560027

....OPERATIONAL CREDITOR/RESPONDENT

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AND

I.A. (IB) No. 234(CB)/2025

*(Under Section 65 read with Section 60(5) of the Insolvency and
Bankruptcy Code, 2016)*

IN THE MATTER OF:

M/S GEOSPHERE INDUSTRIES PVT. LTD.

(Formerly known as M/s Godawari Natural Resources Ltd.)

Having its Registered Office at: HDD 1/225, Phase 3, Kabir Nagar,
Raipur, Chhattisgarh, India - 492099.

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M/S SREE UGCL PROJECTS LTD.

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Having its Registered Office at: E-07, 7th Floor, Solus Jain Heights
No. 2, 1st Cross JC Road, Opp. Jain University, Bangalore, Karnataka
- 560027

.... OPERATIONAL CREDITOR/RESPONDENT

DATE OF PRONOUNCEMENT: 17.10.2025

**CORAM: DEEP CHANDRA JOSHI, MEMBER (JUDICIAL)
BANWARI LAL MEENA, MEMBER (TECHNICAL)**

APPEARANCE:

FOR THE APPLICANTS : MR. SASWAT KUMAR ACHARYA,
ADV. MR. ABHIJEET AGARWAL,

FOR THE RESPONDENTS : ADV. MR. SUPRIYO RANJAN MAHAPATRA,
ADV. MR. PRAKASH CHANDRA MAHAPATRA,
ADV, MR. SARTHAK MISHRA,
ADV. MR. RAHUL PANDEY,

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ORDER

PER: BANWARI LAL MEENA, MEMBER (TECHNICAL)

1. This present Application has been filed by M/S Sree UGCL Projects Ltd. (hereinafter "Operational Creditor/Applicant") under Section 9 of the Insolvency and Bankruptcy Code, 2016 (hereinafter "IBC/the Code") read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter "Adjudicating Authority Rules") to initiate the Corporate Insolvency Resolution Process against M/S Geosphere Industries Pvt. Ltd. (hereinafter "Corporate Debtor/Respondent") for a default of a principal amount of Rs. 10,60,39,021/- (Rupees Ten Crores Sixty Lakhs Thirty-Nine Thousand Twenty-One Only) along with interest of Rs. 7,96,39,796/- (Rupees Seven Crore Ninety-Six Lakhs Thirty-Nine Thousand Seven Hundred and Ninety-Six Only) as on 20.05.2024, totalling **Rs. 18,56,78,817/-** (Rupees Eighteen Crores Fifty-Six Lakhs Seventy-Eight Thousand Eight Hundred and Seventeen Only).

2. THE AVERMENTS MADE BY THE OPERATIONAL CREDITOR IN HIS APPLICATION ARE AS FOLLOWS:

2.1. The Operational Creditor (hereinafter referred to as "OC") is a company incorporated under the Companies Act, 1956, formerly known as United Global Corporation Ltd.

2.2. The Corporate Debtor (hereinafter referred to as "CD") is also a company incorporated under the Companies Act, 1956, formerly known as Godawari Natural Resources Ltd.

2.3. It is averred that the CD was awarded work relating to mining, breaking, crushing and screening at Metabodeli Iron Ore Mine situated in Kankar District.

2.4. Pursuant thereto, the CD, vide its letter dated 14.03.2019, engaged the OC for execution of works involving

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reduction of size of boulder ROM, loading, shifting, stacking at crusher yard, deployment for screening and crushing of ROM with mobile crusher.

2.5. It is further averred that the CD issued various work orders in favour of the OC to execute the aforesaid works and to raise monthly invoices/bills upon execution. The particulars of the work orders are as under:

- i. *Work order dated 23.03.2019, bearing No. GNRL/Mines/2019/002. Copy annexed as ANNEXURE-A/5.*
- ii. *Work order dated 14.11.2019, bearing No. GNRL/Mines/2019/10. Copy annexed as ANNEXURE-A/6.*
- iii. *Work order dated 26.12.2019, bearing No. GNRL/Mines/2019/12. Copy annexed as ANNEXURE-A/7.*

2.6. As per Clause 11 of the General Terms & Conditions, invoices raised by the OC upon completion of work were required to be paid within 30 days of submission.

2.7. The OC raised invoices to the tune of ₹15,87,27,993/-, inclusive of TDS @ 2%, being the total cost incurred towards execution of the project. Out of the said amount, the CD made part payment of ₹4,99,98,667/-, leaving a balance unpaid.

2.8. The OC submits that, despite completion of the works, the CD failed to make payments as per agreed terms. The CD issued completion certificates acknowledging execution of work under the work orders dated 23.03.2019, 14.11.2019 and 26.12.2019, thereby admitting liability.

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2.9. It is the case of the OC that no dispute was raised by the CD in respect of the services rendered under the said work orders. Despite repeated follow-ups, the CD failed and neglected to discharge its admitted liability of ₹10,60,39,021/-.

2.10. The OC has further claimed interest @ 18% per annum on the outstanding principal, amounting to ₹7,96,39,796/- up to 20.05.2024.

2.11. Consequently, the OC issued a demand notice dated 19.09.2024 under Section 8 of the Code, demanding payment of the operational debt of ₹18,56,78,817/-.

2.12. The CD replied to the said notice on 11.10.2024. According to the OC, the reply did not disclose any genuine pre-existing dispute and was based only on false and frivolous allegations.

2.13. It is further averred that as per the terms of the work orders, the first invoice was raised on 17.12.2019 and became due on 17.01.2020.

2.14. The OC states that the debt was acknowledged by the CD vide email dated 03.03.2021, along with the signed ledger for the period 01.04.2019 to 01.03.2021.

2.15. The OC relies on the order dated 27.04.2021 of the Hon'ble Supreme Court in ***In Re: Cognizance for Extension of Limitation (Suo Moto Writ Petition (C) No. 3/2020***), whereby the period from 15.03.2020 to 28.02.2022 is excluded for computing limitation.

2.16. OC has also filed necessary Form GSTR-1 and Form GSTR-3B against the said supplies made to the CD. The OC contends that the CD has defaulted in making timely payments and has unreasonably delayed clearance of admitted dues. An affidavit under Section 9(3)(b) of the Code has also been filed.

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2.17. Accordingly, the OC claims an operational debt of ₹18,56,78,817/- comprising principal sum of ₹10,60,39,021/- and interest of ₹7,96,39,796/-. The date of default is stated as 17.01.2020.

3. The respondent in its reply, filed before this Tribunal, has contended as under:

3.1. At the outset, the Corporate Debtor ("Respondent/CD") submits that the Petitioner/Operational Creditor ("OC") has raised vague and incorrect allegations premised on assumptions and a misrepresentation of material facts. Unless the correct factual position is clarified and placed on record, there is a risk of miscarriage of justice and the Petitioner may take undue advantage of its own wrong. The submissions herein are without prejudice to one another.

Factual Background

3.2. The CD is a company incorporated under the Companies Act, 1956, having its registered office at Raipur, Chhattisgarh, and is engaged in mining, crushing, screening, mineral processing, etc. The CD was formerly known as Godawari Natural Resources Limited and is presently known as Geosphere Industries Private Limited.

3.3. The work comprising mining, breaking, crushing and screening at the Metabodeli Iron Ore Mine, Kanker District, Chhattisgarh, was awarded to the CD by Jayaswal Neco Industries Limited ("JNIL"). For executing the said work, the CD explored contractors and, vide letter dated 14.03.2019, invited the Petitioner to quote its best price, setting out the scope of work and the general terms and conditions to be adhered to during the contract period.

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3.4. Thereafter, the CD issued a Work Order dated 23.03.2019, subsequently amended on 14.11.2019 and 26.12.2019, inter alia for reduction of boulder ROM size, loading, shifting, stacking at the crusher yard of iron ore, and deployment for screening and crushing of ROM with a mobile crusher. At the time of issuance, it was made abundantly clear that strict adherence to performance specifications and contractual terms was mandatory. The Work Order expressly reserved the CD's right to impose penalty of any amount (to be deducted from the Petitioner's bills) and/or to terminate the contract in the event of non-compliance with the prescribed specifications. The relevant extracts of the clause from the Work Orders are extracted below for the sake of convenience:

"20. If any of the above conditions are not met because of sole reason of yours, the authority of GNRL reserves right to impose penalty of any amount which will be deducted from your bills with due information or terminate the contract in case of gross failure of performance/negligence."

(Emphasis Supplied)

3.5. The Respondent has further relied upon Clause 20 of the Work Orders, which categorically provides that if the stipulated conditions are not met for reasons attributable to the contractor, the Respondent reserves the right to impose penalties of any amount by deducting the same from the contractor's bills, or to terminate the contract in the event of gross failure of performance or negligence.

3.6. The Respondent submits that till 31.03.2020, the Petitioner raised monthly invoices aggregating to ₹54,32,77,044/- out of which a sum of ₹42,80,29,942/- was paid by the

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Respondent. However, during the subsistence of the contract, several disputes arose with respect to the quality and quantity of work performed by the Petitioner. In view of the persistent defaults and non-compliance, the Respondent withheld further payments by imposing penalties as per the Work Orders.

3.7. The Respondent has placed reliance on a series of contemporaneous communications exchanged with the Petitioner, which demonstrate continuous deficiencies in performance:

- i) Vide letter dated 19.08.2019 (Annexure-3), the Respondent for the first time raised disputes regarding the crushing activities of the Petitioner. It was pointed out that contrary to Clause 7 of the Work Order, the final product size was exceeding the prescribed maximum of 5% undersize, and instead, the products delivered contained 15-20% oversize. The Respondent further noted that the pre-screen was not functioning effectively as the analysis of pre-screen fines and crushed fines were identical, which implied that low-grade fines were getting mixed with crushed fines, thereby deteriorating the overall quality. The Petitioner was requested to address these deficiencies.
- ii) Vide letter dated 25.11.2019 (Annexure-4), the Respondent reiterated that the crushing activities were not in conformity with the Work Order specifications. It was highlighted again that undersize material exceeded the 5% limit and fines generation continued in the range of 15-20%, causing direct loss. The Respondent further noted that JNIL, the principal, had warned of penalties owing to deterioration in quality.

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The Petitioner was again called upon to rectify its operations immediately.

- iii) Vide letter dated 26.12.2019 (Annexure-5), the Respondent pointed out that despite prior notices, no improvement was observed in the Petitioner's performance. It was further noted that from December 2019 onwards, the Petitioner had reduced the breaking quantity and several breaking machines were dysfunctional, resulting in poor output. Additionally, JNIL was incurring additional costs because the royalty payable on non-broken material sent to Raipur was calculated at lump rates, while post-crushing, around 40% of fines were generated which attracted much lower royalty. Consequently, the Respondent cautioned the Petitioner that the costs would be debited to it and penalties imposed if the issues persisted.
- iv) Vide letter dated 11.01.2020 (Annexure-6), the Respondent once again reiterated its grievances. It emphasized that the size requirements were not being met, the pre-screen fines of low grade were being mixed with crushed fines, and the quality and quantity of output continued to be unsatisfactory.
- v) Vide letter dated 29.01.2020 (Annexure-7), the Respondent communicated that despite repeated communications, no improvement was forthcoming. The Respondent recorded that it was suffering continuous losses and warned that the same would be debited from the Petitioner's account on account of substandard quality of work.

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- vi) Vide letter dated 18.02.2020 (Annexure-8), the Respondent again intimated that there was no improvement in quality or quantity despite repeated notices. The Respondent categorically stated that if the issues were not addressed, it would be compelled to cancel the Work Orders and recover its losses from the pending bills of the Petitioner.
- vii) Vide letter dated 13.03.2020 (Annexure-9), the Respondent noted that even after several earlier reminders, there was no improvement in screening, crushing, and breaking of ROM. The actual output of the Petitioner had significantly diverged from the contractual specifications. It was recorded that JNIL had cautioned the Respondent that penalties would be levied due to the need to procure better quality iron ore/fines from the market. It was also reiterated that since December 2019, the Petitioner had reduced the breaking quantity and withdrawn some of its breaking machines, further lowering the output.

3.8. The Respondent submits that these communications, exchanged well within six months of the issuance of the Work Order, demonstrate continuous breaches by the Petitioner in relation to both quality and quantity, and justify the imposition of penalties and withholding of amounts under the contractual terms.

3.9. The Respondent submits that despite repeated notices and communications, the Petitioner failed to improve the quality and quantity of its output. Further, without any prior intimation, the Petitioner abandoned the site, causing heavy financial losses to the Respondent. Consequently, the Respondent was compelled

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to impose penalties on the Petitioner vide letter dated 24.07.2020. The penalties imposed were as follows:

- a) Penalty on account of excess generation of fines:
25,363.46 MT @ ₹525/MT = ₹1,33,15,816.50
- b) Penalty for low/short production of breaking & crushing of boulders: 1,15,981.18 MT @ ₹537.42/MT = ₹6,23,30,605.76
- c) Penalty for rejected stock at mines due to mishandling:
61,062.34 MT @ ₹625.72/MT = ₹3,82,07,927.38

Thus, the total penalty imposed amounted to ₹11,38,54,349.64 (Rupees Eleven Crores Thirty-Eight Lakhs Fifty-Four Thousand Three Hundred Forty-Nine and Sixty-Four Paise only).

3.10. The Respondent contends that from the perusal of the correspondence dated 19.08.2019, 25.11.2019, 26.12.2019, 11.01.2020, 29.01.2020, 18.02.2020, 13.03.2020, and 24.07.2020, it is evident that within six months of the Work Order dated 23.03.2019, disputes had surfaced concerning the quality and quantity of the Petitioner's work. Despite repeated reminders, the Petitioner failed to take corrective measures. Consequently, penalties aggregating to ₹11,38,54,349.64 were imposed. All such letters were duly received and acknowledged by the Petitioner without any demur or protest.

3.11. Thereafter, against the penalties imposed, the parties entered into discussions for settlement of the disputes. The Petitioner proposed a Memorandum of Understanding (MoU) dated 20.12.2021, whereby it offered to accept a sum of ₹1,11,00,000/- in three instalments as full and final settlement of all claims. However, the Respondent rejected the terms, and accordingly, the MoU was never executed by the Respondent though it was signed by the Petitioner.

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3.12. After further negotiations, the parties mutually decided that the Petitioner would issue a Credit Note dated 30.01.2023 for ₹10,60,39,018/- towards settlement of all disputes. The Petitioner accordingly issued the said Credit Note vide email communication dated 17.02.2023.

3.13. Upon issuance of the aforesaid Credit Note, the ledger account of the Respondent in the name of "United Global Corporation Ltd." reflected an opening balance of ₹10,60,39,019/- as on 01.04.2022, which was duly written off by a ledger entry on 31.03.2023.

3.14. On 15.06.2023, the Petitioner's Accountant contacted the Respondent through WhatsApp requesting a Work Completion Certificate for the Work Order dated 23.03.2019, specifically stating that such a certificate was required for Income Tax compliance. The Petitioner's Accountant also shared a draft certificate and requested the Respondent to issue the same.

3.15. Based on the draft so shared, the Respondent issued a Work Completion Certificate in 2023, solely for the limited purpose of enabling the Petitioner's compliance under the Income Tax Act, 1961. The said certificate was issued purely at the request of the Petitioner's Accountant and does not in any manner condone or negate the poor quality of work performed by the Petitioner.

3.16. After nearly a year, to the Respondent's surprise, the Petitioner issued a demand notice dated 19.09.2024 under Rule 5 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, demanding payment of ₹18,56,78,817/-, comprising a principal sum of ₹10,60,39,021/- and interest @18% per annum up to 20.05.2024 amounting to ₹7,96,39,796/-.

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3.17. The Respondent duly replied to the said demand notice, disputing and denying the claims and specifically pointing out that no amount was due and payable in light of the Credit Note issued by the Petitioner and the subsequent ledger write-off.

SUBMISSIONS ON MERITS

3.18. The Respondent respectfully submits that no operational debt, as alleged, is due and payable. On the contrary, there exist genuine pre-existing disputes between the parties arising out of the quality and quantity of work executed by the Petitioner. In view thereof, the Respondent prays for rejection of the present Petition filed under Section 9 of the Insolvency and Bankruptcy Code, 2016, on the following grounds, without prejudice to one another.

A. NO "DEBT" AND "DEFAULT" UNDER THE IBC

3.19. The Respondent has contended that the Petition is not maintainable as the requirements under Section 9 of the Code are not satisfied. It is submitted that while considering a petition under Section 9, the Adjudicating Authority is required to ascertain: **(i) whether there exists an operational debt exceeding ₹1 crore; (ii) whether such debt is due and payable and has not been repaid; and (iii) whether any pre-existing dispute exists prior to the receipt of the demand notice.** If any of these conditions are not fulfilled, the Petition is liable to be rejected.

3.20. In the present case, the Respondent submits that no undisputed operational debt is due or payable. The work awarded to the Petitioner under Work Order dated 23.03.2019 (as amended on 14.11.2019 and 26.12.2019) for breaking, crushing, screening, loading and shifting of ROM at Metabodeli Iron Ore Mine gave rise to serious disputes within six months. The

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Respondent has placed reliance on contemporaneous correspondence dated 19.08.2019, 25.11.2019, 26.12.2019, 11.01.2020, 29.01.2020, 18.02.2020, 13.03.2020, and 24.07.2020, wherein persistent deficiencies were recorded, namely: delivery of 15–20% oversize against the 5% limit under Clause 7; ineffective pre-screening leading to mixing of low-grade fines; reduction in breaking quantities from December 2019; breakdown of several machines; and overall low output despite repeated warnings.

3.21. As the Petitioner failed to rectify these deficiencies, penalties of ₹11,38,54,349.64 were imposed vide letter dated 24.07.2020. All such communications were duly received and acknowledged by the Petitioner without demur. Thereafter, following negotiations, the parties mutually agreed that the Petitioner would issue a Credit Note for ₹10,60,39,018/-, which was in fact issued on 30.01.2023 and forwarded by email dated 17.02.2023. Consequently, the Respondent's ledger account in the name of "United Global Corporation Ltd.", which reflected an opening balance of ₹10,60,39,019/- as on 01.04.2022, was written off on 31.03.2023. Thus, the alleged operational debt stood settled and closed between the parties.

3.22. Accordingly, the Respondent contends that no liability or obligation subsists towards the Petitioner, and that the present Petition is nothing but a device to exert pressure for recovery of amounts which were already settled. As initiation of proceedings under Section 9 arises only when a subsisting debt remains unpaid, and in the instant case the dues stood extinguished by the Credit Note and ledger write-off, there is no "debt" or "default" within the meaning of Sections 3(11) and 3(12) of the Code. The Petition, therefore, is misconceived, amounts to an abuse of

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process, and has been filed solely to coerce the Respondent in contravention of law, contract and equity.

B. EXISTENCE OF PRE-EXISTING DISPUTES BETWEEN THE PARTIES

3.23. The Respondent further submits that the Petition is liable to be rejected on account of genuine pre-existing disputes which arose long before issuance of the demand notice dated 19.09.2024. The record demonstrates that within six months of the Work Order dated 23.03.2019, the Respondent raised repeated objections concerning deficiencies in the Petitioner's performance. Communications dated 19.08.2019, 25.11.2019, 26.12.2019, 11.01.2020, 29.01.2020, 18.02.2020 and 13.03.2020 specifically recorded oversize products beyond the permissible 5% limit, ineffective pre-screening resulting in mixing of low-grade fines, reduced breaking quantities from December 2019, breakdown of machines, poor output, and losses suffered by JNIL.

3.24. Despite several reminders, the Petitioner failed to rectify its defaults and ultimately abandoned the site, whereupon penalties amounting to ₹11,38,54,349.64 were imposed vide letter dated 24.07.2020. All such letters were received by the Petitioner without protest. Thereafter, the Petitioner itself proposed a Memorandum of Understanding dated 20.12.2021, offering to settle its claims for ₹1.11 crore, which was not accepted. Ultimately, pursuant to further negotiations, the Petitioner issued a Credit Note dated 30.01.2023 for ₹10,60,39,018/-, which was duly acted upon by the Respondent by writing off the corresponding ledger balance on 31.03.2023.

3.25. The Respondent submits that the so-called Work Completion Certificate issued in 2023 was provided only on the repeated request of the Petitioner's accountant for income tax

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compliance, based on a draft supplied by the Petitioner itself, and cannot negate the existence of long-standing disputes. These facts, coupled with the proposed MoU, the penalty impositions, and the issuance of the Credit Note, conclusively establish that there were substantial and genuine disputes between the parties prior to the Section 8 demand notice. It is settled law that once such disputes exist, the Adjudicating Authority cannot entertain a petition under Section 9.

C. THE PRESENT PETITION IS FILED WITH MALA FIDE INTENT TO DRAG A SOLVENT COMPANY INTO INSOLVENCY

3.26. The Respondent also contends that the present Petition has been filed with mala fide intent, contrary to the object and scheme of the Code. It is well established that operational creditors cannot misuse Section 9 of the IBC as a substitute for debt recovery or as a coercive measure against solvent companies.

3.27. In the present case, all disputes were settled by the issuance of the Credit Note dated 30.01.2023 for ₹10.60 crore, which was duly reflected in the Respondent's accounts as a write-off on 31.03.2023. Nevertheless, the Petitioner has suppressed this fact and sought to initiate CIRP for an amount already extinguished. The Respondent has also placed on record its Net Worth Certificate issued by statutory auditors showing a positive net worth of ₹25.10 crore, demonstrating that it is a solvent and financially sound company.

3.28. By suppressing the material fact of settlement and ledger closure, and by relying on the Income Tax certificate issued only for statutory compliance, the Petitioner has attempted to arm-twist the Respondent into making payments not legally due. Such misuse of the Code attracts the bar under Section 65, of Code

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which penalises fraudulent and malicious initiation of insolvency proceedings.

3.29. Accordingly, the Respondent submits that the application is not filed for insolvency resolution but as a recovery tool, is a clear abuse of process, and deserves rejection with exemplary costs.

4. The applicant, in response to the reply, filed a rejoinder, wherein it has contended as follows:

4.1. The Operational Creditor, above named, most respectfully submits this Rejoinder in response to the Reply filed by the Corporate Debtor (hereinafter referred to as the “Answering Corporate Debtor”).

4.2. The Operational Creditor denies each and every allegation, assertion, averment and statement made in the Reply of the Corporate Debtor to the extent the same are inconsistent with the averments contained in this Rejoinder. Save and except those statements which are specifically admitted herein, no averment in the Reply shall be deemed to have been admitted merely for want of specific traverse.

PRELIMINARY SUBMISSIONS

A. CREDIT NOTE IS FORGED AND FABRICATED

4.3. The entire defence of the Respondent rests on an alleged Credit Note dated 30.01.2023 for ₹10,60,39,018/-, purportedly issued by the OC. The OC categorically denies having issued or authorised any such Credit Note. No Board Resolution, internal communication, contemporaneous record, or GST filing substantiates this claim.

4.4. The alleged Credit Note is forged and fabricated:

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- i. The signature purporting to be that of Mr. Vamsidhar Myeni, Managing Director, is forged and differs from his genuine signature on record.
- ii. The format is inconsistent with OC's standard format and lacks its customary watermark.
- iii. It mentions "Godawari Natural Resources Pvt. Ltd.", even though the CD's name was changed to *Geosphere Industries Pvt. Ltd.* w.e.f. 21.10.2022, raising serious suspicion.

4.5. Further, the document is alleged to have been transmitted from acctsdepartment1234@gmail.com , which never belonged to or was used by the OC. The OC's official email IDs are accounts@lpgroup.co.in and earlier accounts@lpgroup.in.

4.6. The Respondent's claim also contradicts Clause 6 of the MoU proposal dated 20.12.2021, which contemplated issuance of a credit note for only ₹9,49,39,019/- upon payment of ₹1,11,00,000/-. Since the MoU was rejected by the Respondent, no settlement was ever concluded, and it is implausible that a subsequent oral arrangement could result in a higher credit note without formal documentation.

B. LEDGER ENTRIES ARE UNILATERAL AND INCONCLUSIVE

4.7. The Respondent relies on a unilateral ledger entry dated 31.03.2023 showing write-off of dues. The OC never acknowledged such entry. It is well settled that unilateral book entries cannot extinguish a creditor's enforceable claim. No consideration flowed from the CD, and no mutual settlement was arrived at.

4.8. On the contrary, the CD's own ledger for the period 01.04.2020 to 31.03.2021 reflects an outstanding sum of ₹10,60,39,019/- payable to the OC. This ledger was maintained

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in the ordinary course of business and signed by the CD itself, amounting to an unequivocal admission of liability. The CD has not denied this ledger; rather, it annexed the same ledger in its reply as Annexure-13 in its Reply, confirming its authenticity. Such acknowledgment satisfies the threshold under Section 9 of the IBC.

4.9. Moreover, part payment of invoice dated 17.12.2019 by the CD itself establishes liability and belies its subsequent allegations of defective performance. Once part payment is made, later claims of deficiency cannot dilute the existence of an admitted debt.

C. NO PRE-EXISTING DISPUTE

4.10. The letters dated between August 2019 to March 2020 relied on by the Corporate Debtor are self-serving communications and do not constitute evidence of a pre-existing dispute under Section 8(2)(a) of the IBC. There is no record of arbitration, civil proceedings, or even a debt note issued by the Corporate Debtor during or after this period. By contrast, the Operational Creditor has submitted completion certificates, acknowledged invoices, and GST returns clearly evidencing delivery and acceptance of services.

D. COMPLETION CERTIFICATES CONFIRMS LIABILITY

4.11. It is submitted that the Corporate Debtor issued completion certificate in 2023 for the Work Orders, unequivocally admitting that the work as per the Work Order stood completed on the date of issuing the completion certificate. The relevant excerpt of the Completion Certificate issued by the Corporate Debtor has been provided below: -

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“Pursuant to the provisions of the Work Order, M/s United Global Corporate Limited has successfully completed the work as per technical specification and with terms & conditions of the contract to the satisfaction of engineer in charge. We hereby certify that the Works were completed on 31st Mar, 2020.”

4.12. Therefore, in view of the categorical admission of the Corporate Debtor in 2023 regarding the completion of works in terms of the Work Order, to the satisfaction of the Corporate Debtor by the Operational Creditor, the same cannot now be disputed by the Corporate Debtor. In any event, the Corporate Debtor. In any event, the Corporate Debtor has also admitted the issuance of the work completion certificate, in its reply affidavit before this Tribunal.

E. MOU WAS NEVER ACCEPTED

4.13. The MoU dated 20.12.2021 proposed by the OC was never signed or acted upon by the CD. An unsigned and unexecuted MoU has no legal force. Further, Clause 6 of the said MoU contemplated issuance of a credit note of ₹9,49,39,019/- only if the CD paid ₹1,11,00,000/-. Since the CD rejected the proposal, no credit note was ever issued. It is inconceivable that a subsequent oral settlement could require the OC to issue a higher credit note of ₹10.60 crore absent any written agreement or acknowledgment.

F. SOLVENCY OF RESPONDENT IS IRRELEVANT

4.14. The Respondent's reliance on its solvency and positive net worth is misconceived. Under the IBC, once default in payment of an operational debt is established, CIRP can be triggered regardless of financial standing. The defence under Section 65 IBC is untenable. The present Petition is a lawful invocation of

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statutory remedy, not a recovery proceeding, and has been instituted bona fide.

PARA-WISE REJOINDER ON BEHALF OF THE OPERATIONAL CREDITOR

4.15. The Operational Creditor reaffirms and reiterates the contents of the Application and preliminary submissions. It is submitted that the Petition is both legally and factually sound, supported by cogent documentary evidence, and no misrepresentation has been made therein.

4.16. The Operational Creditor submits that the letters annexed in the Reply alleging deficiencies in service or supply are forged and fabricated documents which were never received by the Operational Creditor. It is submitted that the allegations levelled by the Corporate Debtor are false, baseless, and devoid of merit. The work executed by the Operational Creditor was strictly in conformity with the specifications and standards prescribed under the Work Orders, and there was no deficiency in the quality of work carried out. The same was performed in accordance with the terms and conditions stipulated under the contract.

4.17. It is submitted that the MoU referred to was merely a one-sided proposal which was never mutually accepted by the Corporate Debtor and therefore holds no legal value. Furthermore, it is submitted that if the earlier MoU had been rejected by the Corporate Debtor, then any subsequent settlement or understanding between the parties, particularly one involving waiver of a substantial claim, would necessarily have been reduced to writing and executed formally. The absence of such documentation renders the plea of an oral or informal settlement wholly implausible and unsubstantiated. More importantly, a bare reading of Clause 6 of the purported MoU

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reveals that the Operational Creditor was to issue a credit note of ₹9,49,39,019/-, which proposal was admittedly rejected by the Corporate Debtor. Therefore, it is inconceivable that any subsequent oral settlement would compel the Operational Creditor to issue a credit note for a significantly higher amount of ₹10,60,39,018/-, especially in the absence of any formal agreement or acknowledgment.

4.18. The Operational Creditor respectfully submits that the entire case of the Corporate Debtor rests on a purported Credit Note dated 30.01.2023 allegedly issued by the Operational Creditor. The Operational Creditor unequivocally denies having issued or authorised any such document. No Board Resolution, internal communication, or contemporaneous record exists to support the existence or authenticity of the said Credit Note. Pertinently, the alleged Credit Note finds no mention in any statutory filing under the GST Act, thereby exposing the falsity of the Corporate Debtor's claim.

4.19. The Operational Creditor further submits that the said Credit Note is ex facie unilateral, forged, and fabricated, and devoid of any legal sanctity. There exists a glaring and demonstrable discrepancy between the signature appearing on the impugned Credit Note and the genuine signature of the Managing Director of the Operational Creditor, which has evidently been forged by the Corporate Debtor in a desperate attempt to evade its liabilities.

4.20. The Operational Creditor submits that its own ledger maintained for the period 01.04.2021 to 01.04.2025 reflects the outstanding principal amount of ₹10,60,39,021/- as due and payable. It is further submitted that the official email address of the Operational Creditor is accounts@lpgroup.co.in and no other

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email ID has ever been used for official correspondence. The email address from which the alleged Credit Note is claimed to have been sent does not exist in the records of the Operational Creditor. Accordingly, no such email could ever have been issued. The issuance of a Credit Note of such magnitude, without any contemporaneous written record, is specifically denied. The Operational Creditor categorically denies the existence of the alleged Credit Note dated 30.01.2023 and further states that its format materially deviates from the standard format employed by the Operational Creditor, rendering the document unauthentic.

4.21. The Operational Creditor submits that the Work Completion Certificate issued in 2023, though alleged by the Corporate Debtor to have been prepared only for tax compliance, was in fact issued upon confirmation of the satisfactory execution of work and not for any other purpose.

4.22. The Operational Creditor reaffirms the contents of the Application and preliminary submissions. It is submitted that the demand notice was validly issued and that the Corporate Debtor, in its reply thereto, failed to disclose any pre-existing dispute.

4.23. The Operational Creditor submitted that the reliance placed by the Corporate Debtor on a ledger entry dated 31.03.2023 purporting to show a write-off of dues is wholly misconceived. The Operational Creditor submits that such a unilateral entry made solely by the Corporate Debtor in its own books cannot in law extinguish the rightful and subsisting claim of the Operational Creditor. No payment was made pursuant to such entry, nor was there any mutual agreement or settlement between the parties. A mere internal accounting adjustment, in the absence of consideration or consent, has no legal effect and

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cannot override an enforceable contractual obligation arising under duly issued invoices.

4.24. The Operational Creditor further submits that the Corporate Debtor had made part payment against the invoice dated 17.12.2019, and thereafter acknowledged a debt of ₹10,60,39,019/-. This conduct alone is sufficient to establish that a debt was due and payable. Once part payment has been made under an invoice, any subsequent allegation of defects stands belied by the Corporate Debtor's own actions. The belated letters alleging deficiencies are clearly afterthoughts and cannot, either in law or on facts, dilute the existence of an acknowledged debt.

4.25. It is further submitted that the ledger placed on record by the Operational Creditor is the same ledger maintained by the Corporate Debtor in the ordinary course of business. Not only has the Corporate Debtor failed to deny this ledger in its Reply, but it has itself annexed the same ledger as Annexure-13 to its pleadings. This amounts to a clear and unconditional acceptance of its contents, which reflect the outstanding liability. In the absence of any objection or challenge to its accuracy or authenticity, this ledger constitutes a valid acknowledgment of debt under law. Such an admission, recorded in the books of the Corporate Debtor itself, satisfies the statutory requirement of a debt being due and payable under Section 9 of the Code, leaving no room for a sham or illusory defence.

4.26. The Operational Creditor submitted that the letters dated 19.08.2019, 25.11.2019, 26.12.2019, 11.01.2020, 29.01.2020, 18.02.2020, 13.03.2020 and 24.07.2020 relied upon by the Corporate Debtor are merely self-serving communications and do not constitute evidence of a pre-existing dispute under Section

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8(2)(a) of the IBC. There is no record of arbitration, civil proceedings, or even a debit note raised by the Corporate Debtor at any point. In contrast, the Operational Creditor relies upon completion certificates, acknowledged invoices, and GST returns which clearly establish the delivery and acceptance of services.

4.27. It is submitted that the financial position of the Corporate Debtor, including its solvency or alleged positive net worth, is wholly irrelevant to the maintainability of a petition under Section 9 of the IBC. The scheme of the Code makes it abundantly clear that once default in payment of an operational debt is established, the threshold for invoking CIRP stands satisfied. The objection raised under Section 65 IBC is misconceived, misplaced, and legally unsustainable, being an attempt to divert attention from the admitted default without producing any material to show abuse of process.

4.28. The Operational Creditor submitted that the Application under Section 9 IBC is maintainable in law, has been instituted bona fide, and is based on an admitted and outstanding operational debt. The Petition has been filed strictly in accordance with the provisions of the Code and deserves admission.

5. IA (IB) No. 83/CB/2025 DEMURRER / INTERIM APPLICATION (UNDER OBJECTION TO MAINTAINABILITY) FILED BY THE APPLICANT / CORPORATE DEBTOR IN C.P. (IB) NO. 02/(CB)/2025&IA (IB) No. 234/CB/2025 UNDER SECTION 65 OF THE IBC SEEKING DISMISSAL OF THE SECTION 9 PETITION WITH EXEMPLARY COSTS AND IMPOSITION OF PENALTIES UNDER SECTION 65(2)

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**CONSOLIDATED PLEADINGS IN IA(IB)NO.83/CB/2025 & IA(IB)NO.
234/CB/2025**

5.1. The Applicant/Corporate Debtor (“CD”) has filed two applications arising out of the same factual substratum. IA (IB) No. 83/CB/2025 is a Demurrer/Interim Application under objection to maintainability of C.P. (IB) No. 02/(CB)/2025, assailing the Section 9 Petition filed by the Respondent/Operational Creditor (“OC”) and praying for dismissal in limine. IA (IB) No. 234/CB/2025 is filed under Section 65 of the Insolvency and Bankruptcy Code, 2016 (“IBC”), seeking dismissal of the same Section 9 Petition with exemplary costs and imposition of penalties under Section 65(2), on the ground that the proceedings have been invoked fraudulently and maliciously, not for insolvency resolution but for coercive debt recovery.

5.2. Both applications are interlinked. IA (IB) No. 83/CB/2025 asserts that no operational debt exists, since the alleged claim stood extinguished by settlement through issuance of a Credit Note dated 30.01.2023, acknowledged by ledger write-off dated 31.03.2023, together with corresponding GST reversal. IA (IB) No. 234/CB/2025, on the same factual foundation, asserts that the Section 9 Petition has been filed with mala fide intent, by deliberately suppressing material documents and mischaracterising others, thereby abusing the process of this Tribunal in violation of Section 65 of the Code.

Common Facts

5.3. The Applicant/Corporate Debtor is a company incorporated under the Companies Act, 1956, originally under the name Godawari Natural Resources Limited, now carrying on business under the name Geosphere Industries Private Limited.

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with its registered office at Raipur, Chhattisgarh. The CD is engaged in mining, breaking, crushing, screening, and mineral processing.

5.4. The CD was awarded a contract by Jayaswal Neco Industries Limited (JNIL) in respect of mining and allied activities at the Metabodeli Iron Ore Mine, District Kanker, Chhattisgarh. To execute the work, the CD invited quotations from contractors, including the OC. Pursuant thereto, Work Order dated 23.03.2019 was issued to the OC, subsequently amended on 14.11.2019 and 26.12.2019, for the following scope: (i) size reduction of ROM boulders, (ii) loading, shifting and stacking at crusher yard, and (iii) crushing and screening through mobile crusher.

5.5. The Work Orders incorporated strict performance obligations. Clause 7 fixed a maximum 5% oversize tolerance. Clause 20 empowered the CD to impose penalties and deduct them from bills in case of underperformance, negligence, or non-compliance with specifications. The OC accepted these conditions unconditionally.

5.6. The OC raised monthly invoices totalling ₹54,32,77,044/- till 31.03.2020, of which ₹42,80,29,942/- was duly paid. However, within six months of the contract, the CD began issuing repeated notices highlighting deficiencies. These included:

- i. Letter dated 19.08.2019 recorded that crushing activities did not meet Clause 7 requirements; oversize material was 15-20%, against permissible 5%; analysis of pre-screen and crushed fines showed identical results, demonstrating that pre-screen was ineffective and causing quality deterioration. OC was asked to rectify.

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- ii.**Letter dated 25.11.2019 reiterated continuing deficiencies; oversize remained at 15–20%; fines unsuitable for plant usage; JNIL threatened penalties against CD; OC warned again.
- iii.**Letter dated 26.12.2019 stated that breaking quantities reduced; machines non-functional; royalty burden on JNIL increased due to dispatch of lumps instead of fines; losses quantified; OC warned of debit.
- iv.**Letter dated 11.01.2020 repeated warning; oversize persisted; fines mixing continued; quality not improved.
- v.**Letter dated 29.01.2020 noted continuing losses to CD; specific warning that losses would be debited to OC's account.
- vi.**Letter dated 18.02.2020 put OC to notice that unless deficiencies were remedied, CD would cancel Work Order and recover losses from pending bills.
- vii.**Letter dated 13.03.2020 highlighted divergence between actual output and contractual specifications; JNIL threatened penalties; OC's withdrawal of machines reduced output drastically.
- viii.**Letter dated 24.07.2020 imposed quantified penalties aggregating ₹11,38,54,349.64/- under three heads: (i) excess fines ₹1,33,15,816.50, (ii) low/short production ₹6,23,30,605.76, (iii) rejected stock due to mishandling ₹3,72,07,927.38.

All letters were duly received and acknowledged by OC, without protest.

5.7. Thereafter, the OC itself proposed a Memorandum of Understanding dated 20.12.2021, offering to accept ₹1,11,00,000/- in three instalments, against issuance of a credit

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note of ₹9,49,39,019/-. Clause 6 of the proposal made issuance of the credit note conditional upon receipt of ₹1.11 crore. The CD rejected the proposal; hence the MoU was never executed by the CD.

5.8. After further discussions, the OC allegedly issued a Credit Note dated 30.01.2023 for ₹10,60,39,018/-, communicated via email dated 17.02.2023. Consequent thereto, the CD's ledger under "United Global Corporation Ltd." (opening balance ₹10,60,39,019/- as on 01.04.2022) was written off on 31.03.2023, and GST benefit earlier availed was reversed.

5.9. On 15.06.2023, the Accountant of the OC contacted the CD's officials via WhatsApp, requesting a Work Completion Certificate specifically for compliance under the Income Tax Act, 1961. A draft certificate was forwarded by the OC's Accountant. Acting upon repeated requests, the CD issued a Work Completion Certificate in 2023 in the exact draft format, explicitly for tax compliance relating to work completed in 2019. The CD submits that the certificate had no bearing on the disputes regarding quality and quantity, nor did it condone deficiencies.

5.10. On 19.09.2024, the OC issued a statutory demand notice under Section 8 of the IBC, claiming ₹18,56,78,817/- (comprising principal ₹10,60,39,021/- and interest @18% up to 20.05.2024, being ₹7,96,39,796/-). The CD replied on 11.10.2024, categorically disputing the demand, relying on the Credit Note, ledger write-off, and the OC's own admissions of disputes in the 2021 MoU. Despite this, the OC filed the Section 9 Petition.

5.11. The CD submits that the Section 9 Petition is not maintainable under Section 9(5)(ii)(d) of the IBC as: (a) genuine pre-existing disputes existed since August 2019, well before the statutory notice, evidenced by letters acknowledged without

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protest; (b) the OC itself admitted disputes in the MoU proposal dated 20.12.2021; (c) the alleged operational debt stood extinguished by the Credit Note dated 30.01.2023 and ledger write-off dated 31.03.2023, with GST reversal; (d) the Work Completion Certificate was mischaracterised, in truth it was issued for tax compliance on OC's draft. In law, the IBC is not a substitute for recovery of disputed debts. In *Mobilox Innovations v. Kirusa Software* (2018) 1 SCC 353, the Hon'ble Supreme Court held that if a real dispute exists, the petition must be rejected. The present case involves genuine disputes, settlement, and extinguishment of liability; hence no default subsists.

5.12. The conduct of the OC in suppressing material documents, including the MoU proposal, Credit Note, and ledger write-off, and misrepresenting the Work Completion Certificate, amounts to fraud under Section 17 of the Indian Contract Act, 1872, and is hit by Section 65 of the IBC. As held in *K.D. Sharma v. SAIL* (2008) 12 SCC 481 and *Prestige Lights Ltd. v. SBI* (2007) 8 SCC 449, suppression of material facts disentitles a litigant from relief.

5.13. The CD further submits that its latest Net Worth Certificate records a positive net worth of ₹25,10,31,000/-. Thus, the company is solvent and a going concern. The OC's attempt to drag a solvent entity into CIRP is mala fide, coercive, and an abuse of the Code in terrorem.

5.14. It is well settled that the purpose of IBC is resolution, not recovery. A petition filed solely to pressurise a solvent debtor, in the face of admitted disputes and documented settlement, squarely falls within the mischief of Section 65.

5.15. In view of the above, the present Petition is speculative, harassing, mala fide, and vexatious. It constitutes a textbook

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abuse of the insolvency framework, filed not to resolve insolvency but to extract coercive payment on a settled and disputed claim. The Petition, therefore, deserves outright dismissal with exemplary costs and imposition of penalties under Section 65(2) of the Code.

5.16. In light of the facts and circumstances set out above, the Applicant/Corporate Debtor most respectfully prays that this Hon'ble Tribunal may be pleased to:

- a) Allow the present Consolidated Interlocutory Applications, namely IA (IB) No. 83/CB/2025 and IA (IB) No. 234/CB/2025, filed by the Applicant/Corporate Debtor;
- b) Dismiss the Company Petition, being C.P. (IB) No. 02/(CB)/2025, filed by the Respondent/Operational Creditor under Section 9 of the Insolvency and Bankruptcy Code, 2016, as not maintainable, in view of genuine pre-existing disputes, extinguishment of the alleged claim by issuance of the Credit Note dated 30.01.2023, ledger write-off dated 31.03.2023, and corresponding GST reversal;
- c) Hold and declare that the initiation of the present proceedings by the Respondent/Operational Creditor is fraudulent, malicious, and constitutes an abuse of the process of law within the meaning of Section 65(1) of the Insolvency and Bankruptcy Code, 2016;
- d) Impose exemplary costs upon the Respondent/Operational Creditor for suppression of material facts, misrepresentation of documents, and misuse of the insolvency framework, and award such costs to the Applicant/Corporate Debtor;
- e) Impose appropriate penalties on the Respondent/Operational Creditor under Section 65(2) of the Insolvency and

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Bankruptcy Code, 2016, for fraudulent and malicious initiation of insolvency proceedings;

- f) Grant such further and other orders, directions, and reliefs as this Hon'ble Tribunal may deem fit, just, and proper in the facts and circumstances of the present case.

OBSERVATIONS REGARDING IA (IB) No. 83/CB/2025 (THE DEMURRER PETITION) AND IA (IB) No. 234/CB/2025 (THE SECTION 65 APPLICATION).

6. Upon examination of the pleadings and filings placed on record, this Bench notes that the defence of the Corporate Debtor ("CD") against the present Section 9 Petition has been articulated through two separate applications, namely IA (IB) No. 83/CB/2025 (the demurrer petition) and IA (IB) No. 234/CB/2025 (the Section 65 application).

6.1. It is observed that both applications are premised on an identical factual foundation and seek to narrate the same series of events in different legal formats. The demurrer petition primarily seeks dismissal of the Section 9 Petition by asserting the existence of pre-existing disputes and claiming that the alleged operational debt stood extinguished through issuance of a Credit Note dated 30.01.2023.

6.2. Correspondingly, the Section 65 application places reliance on the same set of facts and documents to contend that the Petition has been filed with fraudulent and malicious intent, only for the purpose of coercive recovery of a claim already settled, and therefore amounts to an abuse of the process of law.

6.3. The record further reveals that in both applications the CD has relied upon the same chain of events, namely: (i)

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letters dated between August 2019 and July 2020 alleging deficiencies in the work performed by the Operational Creditor; (ii) the unexecuted MoU proposal of December 2021; (iii) the alleged Credit Note dated 30.01.2023; and (iv) the ledger entry recording a write-off dated 31.03.2023.

6.4. It is also noted that in support of these contentions, the CD has annexed an identical set of documents, which include the above letters, the MoU proposal, the Credit Note, the ledger extracts, and the reply to the Section 8 demand notice.

6.5. From the above, it is clear that both the demurrer petition and the Section 65 application substantially rest on the same set of facts, dates, and documents, differing only in the nature of reliefs sought, but otherwise presenting a common defence to the maintainability of the Section 9 Petition.

7. The applicant submitted/Operational Creditor a written note of submission on 15.10.2025:

7.1. The Operational Creditor was engaged by the Corporate Debtor under Work Orders dated 23.03.2019, 14.11.2019, and 26.12.2019 for mining, crushing, and screening operations at the Metabodeli Iron Ore Mine, Kanker. The works were duly executed to the complete satisfaction of the Corporate Debtor, as evidenced by Completion Certificates issued on 31.03.2020. Invoices totaling ₹15.87 crore were raised, of which only ₹4.99 crore was paid, leaving an admitted outstanding liability of ₹10.60 crore. This liability was expressly acknowledged by the Corporate Debtor in its signed ledger dated 01.03.2021.

7.2. The defences raised by the Corporate Debtor are illusory. The alleged Credit Note dated 30.01.2023 is forged,

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fabricated, transmitted from unauthorized e-mail IDs, and bears no legal sanctity. Similarly, unilateral ledger entries dated 31.03.2023 showing write-offs cannot extinguish enforceable contractual liabilities. The alleged MoU is unsigned, unexecuted, and without consideration, while fabricated e-mails relied upon are false and contrary to the admitted course of genuine correspondence.

7.3. The operational creditor states that *“The Corporate Debtor’s reliance on the judgment of the Hon’ble Supreme Court in Mobilox Innovations (P) Ltd. v. Kirusa Software (P) Ltd. (2018) 1 SCC 353 is misapplied and distinguishable on facts, as the said judgment makes it clear that while the Adjudicating Authority is not to examine the merits of the dispute, a “dispute” under Section 8(2)(a) must be real, bona fide and supported by contemporaneous evidence, and that a mere assertion of fact, unsupported by any material, cannot constitute a dispute; in the present case, the Corporate Debtor’s defense rests solely on fabricated documents, unilateral ledger entries and self serving letters, none of which are backed by any arbitration, suit, debit note, or contemporaneous record, and therefore the so-called dispute is illusory and sham, attracting the mischief deprecated by the Hon’ble Supreme Court in Mobilox (supra).”*

7.4. It is submitted that there exists no pre-existing dispute within the meaning of Section 8(2)(a) of the IBC. The letters of 2019–20 relied upon are self-serving and not backed by arbitration, suit, or debit notes. On the contrary, contemporaneous documents including completion certificates, GST filings, and the signed ledger prove the admitted debt beyond doubt. The so-called dispute raised is

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therefore sham, spurious, and an afterthought to evade liability.

7.5. As held by the **Hon'ble Supreme Court in Mobilox Innovations v. Kirusa Software and K. Kishan v. Vijay Nirman Company**, only genuine and bona fide disputes can bar admission under Section 9 IBC, whereas illusory or manufactured disputes cannot. In view of the admitted liability of ₹10.60 crore and the absence of any real dispute, the operational creditor prays this Hon'ble Tribunal may be pleased to admit the present petition under Section 9 of the IBC, 2016.

8. The respondent/Corporate Debtor submitted a written note of submission on 29.09.2025

8.1. The present petition under Section 9 of the IBC, 2016 is not maintainable, as no operational debt was due and payable on the date of the demand notice. Genuine disputes existed between the parties from as early as August 2019, when the Corporate Debtor consistently raised issues regarding poor quality, excessive fines, and low output of the Operational Creditor's work. These concerns were reiterated through a series of letters up to March 2020, culminating in the imposition of penalties worth ₹11.38 crore by letter dated 24.07.2020. Thus, the existence of bona fide disputes long before the demand notice stands conclusively established.

8.2. Further, the Operational Creditor itself proposed a Memorandum of Understanding dated 20.12.2021 admitting the disputes, and later issued a Credit Note dated 30.01.2023 for ₹10.60 crore, transmitted by e-mail on 17.02.2023. Relying on the said Credit Note, the Corporate Debtor wrote off the liability in its ledger on 31.03.2023.

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Accordingly, the alleged claim stood extinguished, and no default survived. The belated allegation of forgery raised by the Operational Creditor is an afterthought, contrary to the record, and in any case, lies outside the limited jurisdiction of this Hon'ble Tribunal under Section 9 of the Code.

- 8.3.** That reliance by the Operational Creditor on the Work Completion Certificate issued in 2023 is wholly misconceived, as the said certificate was procured at the specific request of the Operational Creditor's accountant for Income-tax compliance. The said certificate does not and cannot operate as an acknowledgment of liability or as a waiver of the disputes and penalties which had already been imposed.
- 8.4.** That the conduct of the Operational Creditor, in first admitting disputes, thereafter issuing a Credit Note in settlement, remaining silent for over a year, and suddenly invoking Section 9 of the IBC, demonstrates mala fide intent and abuse of process. The present petition is nothing but a coercive attempt to misuse the provisions of the IBC as a recovery mechanism, which is squarely barred by Section 65 of the Code.
- 8.5.** That it is well settled by the Hon'ble Supreme Court in **Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd. (2018) 1 SCC 353** and **K. Kishan v. Vijay Nirman Co. Pvt. Ltd. (2018) 17 SCC 662** that a Section 9 petition must be rejected where a genuine dispute exists prior to the demand notice, and that the IBC cannot be used in terrorem for recovery. The contemporaneous record in the present case leaves no doubt that genuine disputes existed and that the alleged debt was not "due and payable."

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8.6. That therefore, in light of the admitted disputes, the issuance of the Credit Note dated 30.01.2023, the corresponding ledger write-off dated 31.03.2023, and the mala fide intent of the Operational Creditor, this Hon'ble Tribunal may be pleased to dismiss the petition as not maintainable, declare the proceedings as malicious within the meaning of Section 65 of the IBC, and impose exemplary costs upon the Operational Creditor.

ANALYSIS & FINDINGS:

9. We have heard the Id. Counsel for the OC and the CD and perused the materials placed on record

9.1. This petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("IBC") has been filed by M/s Sree UGCL Projects Ltd. ("Operational Creditor") seeking initiation of Corporate Insolvency Resolution Process ("CIRP") against M/s Geosphere Industries Pvt. Ltd. ("Corporate Debtor") for default in payment of an operational debt. The Operational Creditor contends that pursuant to work orders issued in 2019, it rendered mining and crushing services and raised invoices aggregating to ₹15.87 crore, of which ₹4.99 crore was paid. The unpaid principal amount of ₹10,60,39,021/-, together with interest of ₹7,96,39,796, totals ₹18,56,78,817 as on 20.05.2024. A statutory demand notice under Section 8 was issued on 19.09.2024. The Corporate Debtor replied on 11.10.2024, denying liability on the basis of an alleged Credit Note dated 30.01.2023 and ledger write-off, and further contending that the petition was filed mala fide under Section 65 of the IBC.

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- 9.2.** On examination of the record, this Tribunal finds that the first invoice fell due on 17.01.2020. The claim is supported by work orders, invoices, completion certificates, statutory GST returns, and a signed ledger acknowledgment dated 03.03.2021 issued by the Corporate Debtor. The petition has been filed within limitation, as the acknowledgment of debt in 2021 extends the period, and the exclusion of time as directed by the Hon'ble Supreme Court in In Re: Cognizance for Extension of Limitation (Suo Motu W.P. (C) No. 3/2020) also applies. Accordingly, the claim is within limitation and default is established.
- 9.3.** The defence of the Corporate Debtor is: (i) that disputes existed regarding performance, as evidenced by letters exchanged between August 2019 and March 2020; and (ii) that the debt stood settled through a Credit Note allegedly issued on 30.01.2023.
- 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

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resolution, the Credit Note submitted by the Corporate Debtor cannot be relied upon.

9.5. In *Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd.*, (2018) 1 SCC 353, the Hon'ble Supreme Court held that only genuine, real, and bona fide disputes evidenced by contemporaneous records can defeat a Section 9 petition. Mere assertions or self-serving letters do not constitute such disputes. Applying this test, the disputes raised by the Corporate Debtor are found to have germinated from Clause 20 of the Work Order dated 23.03.2019 entered between the Corporate Debtor and the Operational Creditor, which are not supported or evidenced by any contemporaneous material against the supply of materials that were admittedly consumed by the Corporate Debtor.

9.6. The Corporate Debtor relied on several judgments, including *Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd.*, (2018) 1 SCC 353; *S.S. Engineers v. Hindustan Petroleum Corporation Ltd.*, (2022) 4 SCC 1385; *Sabarmati Gas Ltd. v. Shah Alloys Ltd.*, (2023) 3 SCC 229; *Shailendra Kumar Sharma v. DSC Ltd.*, 2019 SCC OnLine NCLAT 1274; and *Gokul Exim Pvt. Ltd. v. Grid India Power Cable Pvt. Ltd.*, 2022 SCC OnLine NCLAT 4834. These precedents have been perused. However, they pertain to cases where genuine disputes were supported by arbitration or contemporaneous proceedings. In the present matter, while the Corporate Debtor raised letters of protest, it simultaneously continued to avail services, issued completion certificates, and acknowledged liability in its ledger. The cited judgments are therefore distinguishable and do not aid the Corporate Debtor.

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9.7. IA (IB) No. 83/CB/2025 (challenging the maintainability of the petition) and **IA (IB) No. 234/CB/2025** (alleging that the petition was filed fraudulently and with a malicious intent under Section 65) are both based on the same arguments i.e., complaints about performance and the alleged Credit Note. Since this Tribunal has already found that the disputes are not genuine and the Credit Note cannot be relied upon, both applications have no merit. Therefore, IA 83/2025 is dismissed because the petition fully meets the requirements of Section 9(5). Similarly, IA 234/2025 is dismissed because the petition has been filed in good faith for recovery of an admitted debt, and not as a misuse of the insolvency process.

9.8. In view of the above:

- a) An operational debt of more than ₹1 crore stands established.
- b) Default in payment of the said operational debt is proved.
- c) The claim is within limitation.
- d) No genuine pre-existing dispute exists within the meaning of Section 8(2)(a).

9.9. The Applications, IA (IB) No. 83/CB/2025 and IA (IB) No. 234/CB/2025, are REJECTED.

9.10. The petition **CP(IB)/2/CB/2025** filed by the Operational Creditor under Section 9 of the IBC is **ALLOWED AND THE Corporate Debtor M/S GEOSPHERE INDUSTRIES PVT. LTD IS ADMITTED INTO CIRP.**

10. In view of the aforesaid observations, we hereby admit the application and pass the following orders:

10.1. The Petition bearing **CP(IB)No. 2/CB/2025** under Section 9 of the Code read with Rule 6 of the Insolvency & Bankruptcy

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(Application to Adjudicating Authority) Rules, 2016 for initiating CIRP of **M/S GEOSPHERE INDUSTRIES PVT. LTD**, Corporate Debtor is '**ADMITTED**' into CIRP.

10.2. The moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all the following in terms of section 14(1) of the Code –

- a. the institution of suits or continuation of pending suits or proceedings against the corporate debtor 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 corporate debtor 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 corporate debtor 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 corporate debtor.

10.3. The order of moratorium shall have effect from the date of this order till the completion of the Corporate Insolvency Resolution Process until this 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 of the Insolvency & Bankruptcy Code, 2016.

10.4. As the applicant has not proposed any name for the appointment of the IRP. Hence, IRP appointed from the IBBI

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Panel and **Mr. Ashutosh Khemani** having **Registration No. IBBI/IPA-002/IP-M01177/2021-2022/13902** and **E-mail Id: ashutosh.khemani@gmail.com** office at Office No. 1-C, 3rd Floor, Shyam Plaza ,Pandri ,Opp New Bus Stand ,Raipur,Chhattisgarh ,492001 is hereby appointed as Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the Code, subject to him possessing a valid Authorization for Assignment (AFA) in terms of 7A of the Insolvency and Bankruptcy Board of India (Insolvency Professional) Regulations, 2016.

10.5. The IRP so appointed shall make a public announcement of initiation of Corporate Insolvency Resolution Process (CIRP) and call for submission of claims under Section 15 as required by Section 13(1) (b) of the Code.

10.6. The supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended, or interrupted during the moratorium period. The corporate debtor to provide effective assistance to the IRP as and when he takes charge of the assets and management of the corporate debtor.

10.7. The IRP shall perform all his functions as contemplated, interalia, by sections 17, 18, 20 & 21 of the Code. It is further made clear that all personnel connected with Corporate Debtor, its Promoter or any other person associated with management of the Corporate Debtor are under legal obligation under section 19 of the Code extending every assistance and co-operation to the Interim Resolution Professional. Where any personnel of the Corporate Debtor, its Promoter or any other person required to assist or cooperate with IRP, do not assist or co-operate, the IRP is at liberty to make appropriate application to this Adjudicating Authority with a prayer for passing an appropriate order.

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10.8. The IRP shall be under duty to protect and preserve the value of the property of the 'Corporate Debtor' and manage the operations of the Corporate Debtor as a going concern as a part of obligation imposed by section 20 of the Insolvency & Bankruptcy Code, 2016.

10.9. The IRP/RP shall submit to this Adjudicating Authority periodical reports concerning the progress of the CIRP in respect of the Corporate Debtor.

10.10. The **Operational Creditor** shall deposit a sum of ₹ **2,00,000/-** (only) with the within two weeks from the date of receipt of this order for the purpose of smooth conduct of Corporate Insolvency Resolution Process (CIRP) and IRP to file proof of receipt of such amount to this Adjudicating Authority along with First Progress Report. Subsequently, IRP may raise further demands for Interim funds, which shall be provided as per Rules.

10.11. In terms of section 9(5)(i) of the Code, the Registry is hereby directed to communicate a copy of this order to the Financial Creditor, Corporate Debtor and to the Interim Resolution Professional and the concerned Registrar of Companies, within seven (7) working days and upload the same on website immediately after pronouncement of the order.

10.12. The IRP shall also serve a copy of this order to the various departments such as Income Tax, GST, State Commercial Tax, and Provident Fund etc. who are likely to have their claim against Corporate Debtor as well as to the trade unions/employee's associations so that they are informed of the initiating of CIRP against the Corporate Debtor timely.

10.13. The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.

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10.14. The Resolution Professional shall submit his periodic reports before this Adjudicating Authority as per rules/regulations.

The petition **CP (IB) No. 2/CB/2025** stands **"ALLOWED"**.

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BANWARI LAL MEENA
MEMBER (TECHNICAL)

Sd

DEEP CHANDRA JOSHI
MEMBER (JUDICIAL)