IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH (COURT– I) CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **02.07.2026** THROUGH VIDEO CONFERENCE

CORAM: HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)
HON'BLE SHRI VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

Application No	:	
Petition No	:	CP(IB)/191(CHE)/2024
Name of Petitioner & Name of Respondent	:	Arpith Jain Vs Tharun Tex Spin Mills Pvt Ltd
Section	:	9 Rule 6 of IBC, 2016

ORDER

CP(IB)/191(CHE)/2024

Present: None for the Petitioner.
Mr. Krishna Dath, Ld. Counsel for the Respondent / Corporate Debtor.

Vide separate order pronounced in the open Court, Petition is admitted.

CIRP is initiated against the Corporate Debtor i.e. Tharun Tex Spin Mills Pvt Ltd.

CA Kathiresan Nachimuthu is appointed as the IRP.

-sd-
[VENKATARAMAN SUBRAMANIAM]
MEMBER (TECHNICAL)

-sd-
[SANJIV JAIN]
MEMBER (JUDICIAL)

MS

Date: 02.07.2026

IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – I, CHENNAI

CP(IBC)/191(CHE)2024

[filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 r/w Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016]

In the matter of ***Tharun Tex Spin Mills (P) Ltd.***

Arpith Jain G.
A Sole Proprietor of M/s. Mayiks Fabric,
No.19, Poongundranar Street,
Karungalpalayam,
Erode-638 003

… Petitioner/Operational Creditor

-Vs-

Tharun Tex Spin Mills (P) Ltd.,
Represented by its Directors
Mrs. Chandrasekar & Mrs. Baby Chandrasekar,
#2/467, Trichy Road,
K.N. Puram, Semmipalayam Post,
Palladam-641 664, Thirupur

… Respondent/Corporate Debtor

Present:

For Operational Creditor	:	*Ms. Menka Chinnathambi, Advocate*
For Corporate Debtor	:	*Shri. Krishna Dath, Advocate*
		Shri. M.S. Viswanathan, Advocate

CORAM :

SANJIV JAIN, MEMBER (JUDICIAL)
VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

Order Pronounced on 2nd July, 2026

ORDER

This petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 {"**IBC**") r/w Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 has been filed by **Arpith Jain G.** (hereinafter referred to as **"Petitioner/Operational Creditor"**) against **Tharun Tex Spin Mills (P) Ltd.** (hereinafter referred to as ("**Respondent/Corporate Debtor"**) for initiating Corporate Insolvency Resolution Process ("**CIRP"**).

2. **Part-I** of the petition sets out the particulars of the Petitioner/Operational Creditor, Arpith Jain G., Sole Proprietor of Mayuks Fabric. He has office at No. 19, Poongundranar Street, Karungalpalayam, Erode-638 003. **Part-II** of the petition sets out the details of the Corporate Debtor, Tharun Tex Spin Mills (P) Ltd. It was incorporated on 02.09.2013 with Authorized Share Capital of Rs.7,50,00,000/- and Paid-up Share Capital of Rs.5,78,06,000/-. Its Registered Office is situated at #2/467, Trichy Road, K.N. Puram, Semmipalayam Post, Palladam-641 664, Thirupur, Tamil Nadu within

the jurisdiction of this Tribunal. In **Part-III** of the petition, the Petitioner has proposed the name of CA. Kathiresan Nachimuthu having Registration No. IBBI/IPA-001/IP-P-01733/2019-2020/12795 as Interim Resolution Professional. **Part-IV** of the petition contains the particulars of operational debt i.e., Rs.3,71,22,356/- and date of default as 22.10.2022.

3. Briefly the facts are that the Operational Creditor Mayiks Fabric, a proprietary concern, represented by its Proprietor Arpith Jain G, is in the business textile manufacturing and supplying Rayon Fabric. The Corporate Debtor, Tharun Tex Spin Mills Limited is a Private Limited Company engaged in the business of manufacturing yarn and allied businesses. The Operational Creditor had been supplying rayon fabric to the Corporate Debtor for the past many years.

4. It is alleged that initially, the Corporate Debtor was prompt in its payments but from 2022, it has not paid anything to the Operational Creditor. There are 7 pending bills/invoices (Annexure-II(4), amounting to Rs. 3,71,22,356/-. It is stated that the Operational Creditor has been maintaining a running account in respect of the

transactions which it has with the Corporate Debtor which shows an outstanding sum of Rs.3,71,22,356/- due and payable by the Corporate Debtor. It is stated that the Corporate Debtor at any time has not objected/denied the business transactions with the Operational Creditor, however, it lamely questioned the invoices along with the reply as Annexure-II(5) which are backed by GST way bills as Annexure-II(6). The Operational Creditor has been maintaining a ledger extract as Annexure-II(7).

5. It is stated that since the Corporate Debtor failed to pay the outstanding, the Operational Creditor reminded the Corporate Debtor on several occasions to pay its legitimate debts in respect of the goods supplied by the Operational Creditor but despite that, the Corporate Debtor continued to delay the payments and kept making false commitments, thus eventually failed to clear the outstanding dues. It is stated that there was no dispute or demur with respect to the supply of rayon by the Operational Creditor to Corporate Debtor. The details of invoices payable by the Corporate Debtor are as follows

S1.No.	DATE	INVOICE	AMOUNT
1	12.03.2022	MT/105/21-22	Rs.51,15,899/-
2	14.03.2022	MT/107/21-22	Rs.50,93,198/-
3	15.03.2022	MT/109/21-22	Rs.50,62,765/-
4	21.03.2022	MT/114/21-22	Rs.50,98,978/-
5	22.03.2022	MT/117/21-22	Rs.50,40,120/-
6	27.03.2022	MT/127/21-22	Rs.50,73,818/-
7	22.10.2022	MT/017/22-23	Rs.13,32,128/-
Total			**Rs.3,71,22,356/-**

6. It is stated that the Corporate Debtor is liable to pay interest @ 18% per annum from the last date of supply of goods i.e. 22.10.2022 till the payment of the said amount. The Petitioner has filed the copy of lorry receipts of the dates from 12.03.2022 till 27.03.2022 (Annexure 1 to 12) vide S.R. No.2712 dated 07.07.2025 issued by Balotra Logistics Company regarding transportation of goods at the address of the Corporate Debtor. It has also filed online extract of GST portal showing returns for the Financial Years 2021-2022 and 2022-2023 vide S.R. No.698 dated 17.02.2026 in respect of the invoices.

7. **On getting notice of the petition, the Respondent/Corporate Debtor filed the reply/counter** wherein it denied the averments made in the petition. It is stated that the Corporate Debtor is MSME and has been doing business of spinning, weaving and finishing of textiles grey gada cloth. It had been doing business with the Petitioner for the past eleven years. The business transactions usually involved buying of cotton yarn, cotton fabrics, viscose yarn viscose (rayon) cloth by the Petitioner and selling the fabrics to the Respondent. It is stated that the claims are non-existent as the Respondent had not received any goods in respect of the 7 invoices raised by the Petitioner. The same was contested by the Respondent in its reply to the demand notice.

8. It is alleged that the Petitioner is using illegal means to score a personal vendetta against the Respondent for a separate issue altogether. It is stated that the Corporate Debtor is prompt in making payments and there is no debt payable to the Petitioner. The invoices raised during the fag end of the financial year, do not contain any proof of goods supplied. Since the goods were never supplied, the Petitioner never enquired about the payments against the alleged invoices prior to issuance of demand notice based on invoices. The

GST e-way bill relied upon by the Petitioner contains only Part-A. Part-B which evidences the supply is missing. As per CGST Act, 2017, Part-A captures the details of the consignment including the supplier, recipient, invoice value, HSN Code and reason for transportation while Part-B captures the transportation details such as vehicle number and mode of transport. The e-way bills produced by the Petitioner do not confirm the actual transfer/delivery. Reference is also made of the section 68 of the CGST Act, 2017 which provides for carrying the documents by the transporter while transporting the goods. It is stated that there is a pre-existing dispute with regard to non-delivery of goods against the invoices. Further, there is mismatch in the ledgers of the Petitioner and the Respondent relating to the business transactions for the period from 2021-2023 (difference of Rs.3,70,503/-). The Respondent has sought relevant documents to verify the transactions which took place between them. It has enclosed the copy of the ledger with regard to the Petitioner as Annexure-1. It is stated that the Respondent out of mutual respect, tried to contact the Petitioner to convey that the goods were not received but were accounted in the ledger with a belief in his promise of delivering the goods subsequently.

9. It is stated that the Respondent has come to know that the Petitioner was caught in relation to a loan from Bank of Maharashtra. The Respondent also initiated the process of reversal of e-way bills in March, 2024 which process was rejected vide Rejection mail (Annexure-2).

10. It is stated that the total aggregate of the invoices mentioned in Part-IV is Rs.3,18,16,906/- whereas the Petitioner has mentioned the amount as Rs.3,71,22,356/- without giving any explanation. The calculation is also inconsistent with the ledger. The Respondent had already set off three invoices during the period of 2022-23 – Rs.51,76,192/-, Rs.10,00,000/- and Rs.13,32,128/- through Voucher Nos. GST/0362, Receipt No.12 and GST/1979 on 17.05.2022, 20.05.20221 and 21.03.2023. The apparent error questions the validity of claim raised by the Petitioner. The Respondent vide reply had sought details from the Petitioner but no documents were provided. Instead, the Petitioner filed this petition.

11. It is stated that the Petitioner had raised the invoices during the end of FY 2021-2022 and requested that the goods be transferred in the next financial year 2022-23. The Respondent out of mutual respect, on the assurance that goods will be delivered, accounted the invoices in its books of account. It is stated that the goods were not delivered and the Respondent finding the frivolous e-way bills, requested for the reversal of e-way bills. The Respondent also initiated ITC reversal which was done through Form GST DRC-03 on 29.07.2024 for an amount of Rs. 28,82,129/- (Annexure-4). It is stated that the Respondent demonstrates a genuine and ongoing dispute regarding the alleged debt and in view of the judgment in the case of ***Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd. (2018 SCC online SC 354***, in the presence of a pre-existing dispute, an insolvency petition is not maintainable. The Respondent has also filed the copy of the F.I.R. dated 18.07.2025 against the Petitioner regarding the complaint filed by the Respondent in respect of fake lorry receipts (Annexure-1).

12. The Petitioner filed the rejoinder wherein he denied the averments made in the reply and reiterated what is stated in the petition. It is stated that due to longstanding business, the Petitioner

waited for more than two years and thereafter initiated the legal proceedings. The invoices have not been contested by the Respondent since March, 2022 nor the Respondent has produced any credit note that has been accepted by the Petitioner to establish that the invoices have been disputed and no goods have been delivered. He referred Rule 138(12) of GST Rules which provides that if any information is available to the person and he does not communicate, his acceptance or rejection within 72 hours of the details being made available on the common portal or at the time of delivery of goods, it shall be deemed that he has accepted the details. It is stated that the Respondent should have rejected the invoices within 72 hours and/or raised the credit notes and thus the Respondent is estopped from rejecting the invoices at this juncture. The GST reversal sought for by the Respondent in March, 2024 pertains to difference EWB's and not the EWB's by the Petitioner. It is stated that input tax credit has been claimed by the Respondent, TDS has been paid on the invoices. It is stated that there is no pre-existing dispute regarding the invoices. The dispute raised at this stage, is a patently feeble legal dispute. It is stated that in the case of ***Mobilox Innovations*** supra, it was held that existence of dispute must be pre-existing i.e. before the receipt of the demand notice or invoice. In the present case, the dispute has been raised for the first time in reply to legal notice. The Petitioner has also filed the copy of the order of Hon'ble High Court dated 17.10.2025 in Crl. O.P. No. 28563 of 2025 and Crl. M.P. No. 19306 of 2025 against the quashing of the F.I.R. where it was observed that the alleged dispute between the parties is set to have happened between 12.03.2022 and 31.03.2022 which is the subject-matter of NCLT proceedings. The Hon'ble High Court stayed the further proceedings in respect of the F.I.R.

13. We have heard Ld. Counsels for the parties and perused the documents.

14. A perusal of the documents reveals that the Petitioner was in the business of textile manufacturing and supplying rayon fabric. The Respondent had been doing the business of spinning, weaving and finishing of textiles grey gada cloth. They had business dealings for the past eleven years. Their business transactions usually involved buying of cotton yarn, cotton fabrics, viscose yarn viscose (rayon) cloth

by the Petitioner and selling the fabrics to the Respondent. Till 12.03.2022, everything was well. The Corporate Debtor was prompt in payments against the invoices.

15. The Petitioner has alleged that it had supplied the goods to he Corporate Debtor and raised the invoices for the period from 12.03.2022 to 22.10.2023 for a total sum of Rs.3,71,22,356/- against which, the Corporate Debtor did not make the payments. The Petitioner has placed the copy of the invoices (Annexure-II(4), GST way bills (Annexure-II(6), ledger extract (Annexure-II(7) and lorry receipts (Annexure-1 to 12) issued by the transporter in regard to transportation of goods against the invoices. It has also filed online extract of GST portal showing returns for the financial years 2021-2022 and 2022-2023. The Respondent has also claimed input tax credit on the invoices. TDS was also paid on the invoices.

16. According to the Respondent, the goods were never supplied, the Petitioner never enquired about the payments against the alleged invoices prior to issuance of demand notice based on invoices, GST e-way bill contains only Part-1 and Part-II is missing. The e-way bills

do not confirm the actual transfer or delivery, there is mismatch in the ledgers relating to the business transactions for the period from 2021-23 for an amount of Rs.3,70,503/-, the Petitioner did not provide the documents for verifying the transactions as sought. It was stated that in fact, the goods were not received but were accounted in the ledger with a belief in the promise of the Petitioner that he will deliver the goods subsequently. The Respondent had already set off three invoices during the period 2022-23. It was pleaded that the Petitioner had raised the invoices during the end of FY 2021-22 and requested that the goods would be transferred in the next financial year 2022-23. The Respondent out of mutual respect, on the assurance that the goods will be delivered, accounted the invoices in its books of account.

17. In this case, the Respondent has not placed any such document or correspondence to substantiate this fact. This petition has been filed on 23.07.2024. The demand notice was issued on 05.06.2024. Had the Petitioner not supplied the goods as alleged above, what made the Respondent not making any correspondence with the Petitioner that since the above goods have not been supplied against the invoices, the same be accounted for. The Petitioner on the contrary, has denied the

said averment and stated that the goods were supplied against the invoices and the Respondent is liable to make the payments against the invoices. For the sake of argument, if the contention of the Respondent is believed, why there was set off against the invoices during the period 2022-23 through the vouchers and receipts dated 17.05.2022, 20.05.2022 and 21.03.2023. The complaint/FIR lodged against the Petitioner was only after the receipt of the demand notice and not before.

18. In the present case, the Respondent never raised dispute prior to receipt of the demand notice in Form 3 under section. 8 and raised the dispute for the first time in reply to the demand notice and by filing the F.I.R. The Respondent has not placed any material to substantiate the dispute or to show that the dispute was existing prior to the demand notice. As regards contention that the Petitioner has not submitted Part-B of the e-way bill to show the proof of delivery of goods, the documents i.e. lorry receipts placed by the Petitioner show that the goods were transported to the Respondent at the destination of the Respondent. The Petitioner has also filed the extract of the GST

portal showing the returns. As regards allegation that the bills/invoices are the forged one, there is no material in support of the same.

19. The Respondent has alleged that the Petitioner has been using illegal means to score a personal vendetta against the Respondent for a separate issue altogether. It has failed to place any document as to what was the personal vendetta which the Petitioner had against the Respondent.

20. As regards contention that the Petitioner did not seek payments against the alleged invoices in two years after the invoices were issued and issued the demand notice in 2024, the Petitioner has explained that there was longstanding relations between them. He had reminded the Corporate Debtor on several occasions to pay his legitimate debts in respect of the goods supplied but the Corporate Debtor kept on delaying the payments by making false commitments. When it eventually failed to clear the outstanding dues, he sent the demand notice and filed the petition.

21. In the instant case, there is evidence to show existence of pre-existing dispute between the parties prior to issuance of demand notice. It was held in the case of ***Mobilox Innovations*** supra that existence of dispute must be pre-existing i.e. it must exist before the receipt of the demand notice or invoice. In the absence of any existence of a dispute between the parties before receipt of the demand notice, the petition cannot be rejected under section 9 of IBC. There shall be a genuine dispute. The dispute should not be a just denial of due payment. It was held in the case of ***Deepak Modi v. Shalfeyo Industries Pvt. Ltd. (2023) ibclaw.in 215 NCLAT*** that dispute raised after the issue of demand notice which lacks evidence, cannot stop insolvency.

22. As regards the contention that the total aggregate of the invoices mentioned in Part-IV is Rs.3,18,16,906/- whereas the Petitioner has mentioned the aggregate as Rs.3,71,22,356/-. On perusal, we find substance in the contention. The aggregate of the invoices is Rs.3,18,16,906/- and not Rs..3,71,22,356/-. This itself would not demolish the case of the Petitioner since the amount in default or the debt amount exceeds the threshold limit of Rs.1,00,00,000/- for

initiating the CIRP proceedings against the Corporate Debtor under section 9 of IBC.

23. It was contended on behalf of the Respondent that the demand notice was issued by an advocate and not by the party, on perusal we find that it was given on the instruction of the Petitioner who was the Proprietor of Mayukh Fabric and there is no Board in the Proprietary concern for passing a resolution for initiating insolvency proceedings against the Respondent.

24. In the light of aforesaid discussions, we are of the view that the petition meets the threshold of Rs. 1.0 Crore and is within limitation. It is a fit case to initiate CIRP against the Corporate Debtor.

25. For the foregoing reasons, we admit the petition and initiate Corporate Insolvency Resolution Process against the Corporate Debtor, Tharun Tex Spin Mills (P) Ltd.

26. The Operational Creditor has proposed the name of CA. Kathiresan Nachimuthu having Registration No. IBBI/IPA-001/IP-P-01733/2019-2020/12795 as Interim Resolution Professional. **Therefore, we appoint CA. Kathiresan Nachimuthu having Registration No. IBBI/IPA-001/IP-P-01733/2019-2020/12795, Email: ID** kathir.fca@outlook.com as Interim Resolution Professional (IRP). Upon verification from IBBI website, it is seen that his AFA is valid upto 30.06.2027. The proposed IRP who is appointed shall take forward the process of Corporate Insolvency Resolution of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of Section 15,17,18 of the Code and file his 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.

27. The Operational Creditor is directed to pay a sum of **Rs. 3,00,000/- (Rupees Three Lakhs only)** to the Interim Resolution Professional to meet out the expenses and to perform the functions

assigned to him in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

28. 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;

29. 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 mange 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.

30. 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.

31. Based on the above terms, the Petition **CP/IB/191(CHE)/2024** 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 who is figuring in the list of Resolution Professionals forwarded by IBBI 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.

-Sd-	-Sd-
VENKATARAMAN SUBRAMANIAM	**SANJIV JAIN**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)

Suguna