IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.07
C.P. (IB) No. 184/BB/2025

IN THE MATTER OF:

French Motor Car Company Limited ... Petitioner

Vs.

V&RO Hospitality Private Limited ... Respondent

Petition under Section 9 of I & B Code, 2016

Order delivered on: 17.07.2026

CORAM:

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

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Shri Joy Saha Sr. Adv. *(through VC)*
For the Respondent : Ms. Hithaishi Murthy (*through VC)*

ORDER

1. The Respondent is **admitted** to CIRP vide separate order and RP is appointed.
2. **For RP report, list the case on 08.09.2026.**

-Sd-	**-Sd-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

BL

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

(Exercising powers of Adjudicating Authority under The Insolvency and Bankruptcy Code, 2016)

(Through Physical Hearing/ VC Mode (Hybrid))

CP (IB) No. 184/BB/2025

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

IN THE MATTER OF:

French Motor Car Company Limited
A Company incorporated under the
provisions of the Companies Act, 2013
Having its Registered Office at
234/3A, A.J.C. Bose Road,
Kolkata - 700020 - Operational Creditor/Petitioner

VERSUS

V&RO Hospitality Private Limited
A Company incorporated under the
provisions of the Companies Act, 2013
Having its Registered Office at
3rd Floor, Municipal No. 2211,
HAL 3rd Stage,
Bengaluru - 560008 - Corporate Debtor/Respondent

Order delivered on: 17.07.2026

CORAM:

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

Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

COUNSELS PRESENT

For the Petitioner	:	Shri Joy Shah, Senior Advocate & Ms. Swathi Dalmia
For the Respondent	:	Shri Prasanth VG, Advocate

O R D E R

1. The present Company Petition has been filed by French Motor Car Company Limited (hereinafter referred to as the "Operational Creditor"/"OC") under Section 9 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the "Code") read with Rule 6 of the Insolvency and Bankruptcy (Application to

Adjudicating Authority) Rules, 2016 seeking initiation of Corporate Insolvency Resolution Process ("CIRP") against V&RO Hospitality Private Limited (hereinafter referred to as the "Corporate Debtor"/"CD") in respect of an alleged operational debt of **Rs.2,33,26,272/-** with date of default being 28.02.2025.

2. The brief facts of the case, as submitted by the OC, are as follows:

   a. The OC is a company incorporated under the provisions of the Companies Act, 2013 having its registered office at 234/3A, A.J.C. Bose Road, Kolkata - 700020. The CD is a company incorporated under the provisions of the Companies Act, 2013 having its registered office at 3rd Floor, Municipal No. 2211, HAL 3rd Stage, Bengaluru - 560008 and is stated to be engaged in the hospitality business and in the business of running and operating hotels and restaurants.

   b. The OC is the owner of commercial premises situated at FMC Fortuna, A.J.C. Bose Road, Kolkata. According to the OC, the CD approached it for operating a restaurant under the name and style of "**Taki Taki**" from the said premises. Pursuant thereto, the parties had entered into a registered Lease Deed dated 29.07.2022 whereby the premises were leased to the CD for a period of nine years. On the same date, the parties also entered into a Revenue Sharing Agreement under which the OC had agreed to invest a sum of Rs.2,25,00,000/- towards construction and purchase of tangible and movable assets required for establishment of the restaurant and bar business proposed to be operated by the CD.

   c. In terms of the Revenue Sharing Agreement and based on the requirements communicated by the CD from time to time, it made payments towards construction activities and purchase of furniture, fixtures, equipment and other tangible assets necessary for operation of the restaurant. According to the OC, an amount of approximately Rs.2,25,00,000/- was invested by it for acquisition of such assets and the same is reflected in its books of account and financial statements.

d. Due to breaches committed by the CD, the Lease Deed and Revenue Sharing Agreement came to be terminated on 08.12.2024. Since it was not engaged in the restaurant business and had no independent use for the assets purchased for operation of the restaurant, it was agreed between the parties that the tangible assets already being utilized by the CD would be sold to it.

e. Pursuant to such understanding, the parties had entered into an Agreement dated 12.12.2024 for sale of the aforesaid tangible assets. It is stated that the assets sold under the said agreement were described in six invoices, all dated 12.12.2024, raised by the OC in favour of the CD. The CD acknowledged receipt and possession of the assets and accepted the said invoices.

f. Thehe parties had agreed that the consideration payable under the six invoices would be discharged in two instalments. In terms thereof, the CD had issued two post-dated cheques bearing Nos. 085443 and 085444 for **Rs.1,28,17,797/-** and **Rs.1,05,08,475/-** respectively in favour of the OC. The due date for payment of the first instalment was agreed as 28.02.2025 and the due date for payment of the second instalment was agreed as 31.05.2025.

g. The cheque bearing No. 085443 for a sum of Rs.1,28,17,797/- was presented for encashment. However, the same was returned unpaid on 12.03.2025 with the endorsement "***payment stopped by drawer***". Reference has been made to an email dated 11.03.2025 sent by a representative of the CD wherein it was stated that the expected funds had not been received into the account of the CD and that the cheque would not be realized.

h. Thereafter the OC got issued a legal notice dated 17.03.2025 calling upon the CD to pay the entire outstanding amount of Rs.2,33,26,272/- together with interest but the CD neither made payment nor responded to the said notice.

i. A demand notice dated 22.03.2025 under Section 8 of the Code was issued to the CD in Form-3 demanding payment of the aforesaid operational debt. The CD is stated to have issued a response dated 03.04.2025 indicating that a detailed reply would be furnished at a later stage but no substantive dispute was raised in the said response and no payment has been made towards the outstanding dues.

j. Accordingly, alleging default in payment of operational debt arising out of supply and sale of tangible assets under the Agreement dated 12.12.2024 and the invoices raised thereunder, the OC has filed the present petition seeking initiation of CIRP against the CD.

3. The CD has filed its Statement of Objections stating:

a. That the present petition is false, frivolous, vexatious and constitutes a gross abuse of the insolvency process. The OC has suppressed material facts, including the detailed reply dated 02.05.2025 issued by the CD to the demand notice, and has approached this Tribunal without making a full and fair disclosure of the disputes existing between the parties.

b. The CD is engaged in the business of food and beverages and operates several restaurants and bars under various brand names including "Taki Taki". In the year 2022 it intended to expand its operations to Kolkata and was in search of suitable premises for such purpose. The OC, which owned commercial premises in Kolkata, offered the same on lease to the CD. The OC was engaged in the automobile business and was not authorized under its constitutional documents to undertake food and beverage activities.

c. The parties had executed a registered Lease Deed dated 29.07.2022 and simultaneously entered into two unregistered side agreements dealing with capital expenditure and revenue sharing arrangements. While the OC had agreed to make certain investments for making the premises suitable for restaurant operations, it sought not only monthly rent but also a percentage of the revenue generated from the restaurant business.

d. That the restaurant commenced operations in August 2023 after the CD obtained all requisite licences and permits. Although the OC made certain investments in the premises, a substantial portion of such expenditure was towards structural and building-related works rather than movable assets. The CD had independently invested substantial amounts towards furniture, fixtures and other movable assets required for operation of the restaurant. In support thereof, a calculation sheet prepared on the basis of records available with CD has been filed.

e. The arrangement between the parties was in substance an attempt by the OC to participate in the restaurant business through a revenue-sharing mechanism, despite allegedly being restricted to the automobile business under its constitutional documents. The OC began questioning the restaurant's financial performance and sought returns akin to those of a business partner despite there being no assurance of any minimum revenue or profit.

f. That all payments towards rent and revenue sharing were made without default until November 2024. However, due to poor sales and operational losses, the CD decided to discontinue its Kolkata operations and vacate the leased premises. It is contended that disputes thereafter arose regarding the alleged lock-in period under the Lease Deed, the demand for continued payment of rent and revenue share, and the failure of the OC to refund the security deposit. After termination of the arrangement, the OC subsequently leased the premises to another tenant.

g. In view of the disputes between the parties, the OC proposed a settlement. The Agreement dated 12.12.2024 relied upon by the OC was not a genuine sale transaction but merely a settlement arrangement intended to provide a mechanism for recovery of the OC's alleged investment-related claims. It is specifically contended that no goods were ever sold, supplied or delivered by the OC to the CD pursuant to the said agreement.

h. That although certain post-dated cheques were issued pursuant to the aforesaid understanding, the same were issued in anticipation of performance under the arrangement. According to the CD, since no goods were ever delivered, no liability arose under the purported agreement. It is stated that upon obtaining legal advice regarding the nature and enforceability of the transaction, the CD instructed its bank to stop payment and informed the OC by email dated 11.03.2025 not to present the cheques.

i. That upon receipt of the demand notice issued under Section 8 of the Code, it furnished a detailed reply dated 02.05.2025 disputing the claim in its entirety. According to the CD, the invoices relied upon by the OC do not evidence any genuine operational transaction and no supporting documents such as purchase orders, delivery challans, transport documents, proof of delivery or acknowledgements of receipt have been produced.

j. That there exists a long-standing and bona fide dispute between the parties concerning the validity and enforceability of the arrangements entered into between them, the nature and extent of investments allegedly made by the OC, the legality of the lock-in provisions, and the very existence of any sale transaction under the Agreement dated 12.12.2024. According to the CD, these disputes existed much prior to the issuance of the demand notice under Section 8 of the Code.

k. The CD claims to be a solvent company with a sound financial foundation and that there is no financial distress or default warranting invocation of the insolvency process. It is therefore prayed that the present petition be dismissed with costs as being an abuse of the provisions of the Code.

4. The OC has filed following rejoinder denying the allegations made in the Statement of Objections and reiterating the contents of the petition.

a. The Statement of Objections does not disclose any genuine defence to the claim made in the petition. According to the OC, the principal documents relied upon in the petition, namely the Lease Deed dated 29.07.2022, the Revenue Sharing Agreement dated 29.07.2022, the Addendum dated

25.03.2024 and the Agreement for Sale of Tangible Assets dated 12.12.2024, have not been denied by the CD and consequently the CD is estopped from taking any stand contrary to the terms contained therein.

b. The Lease Deed and the Revenue Sharing Agreement specifically recorded that the CD lacked adequate funds for purchase of tangible assets required for operating the restaurant and that the OC had invested approximately Rs.2.25 Crores towards such assets. According to the OC, the ownership of such assets always remained vested in the OC and the existence and execution of the Revenue Sharing Agreement have never been disputed by the CD.

c. The CD has not denied the investment of Rs.2.25 Crores made by the OC. Such investment is duly reflected in the books of account and financial statements of the OC and that the CD has failed to controvert the same.

d. The unchallenged Addendum dated 25.03.2024 clearly distinguished the assets belonging to the CD from those belonging to the OC and installed at the leased premises.

e. The Lease Deed and Revenue Sharing Agreement were terminated by email dated 08.12.2024 and that such termination was expressly accepted by the CD by its email dated 09.12.2024. According to the OC, the acceptance of termination without raising any claim against the OC demonstrates that the termination occurred on account of breaches and defaults committed by the CD.

f. With regard to the Agreement for Sale of Tangible Assets dated 12.12.2024, the OC submits that the existence, execution and validity of the agreement have not been denied by the CD. Thereunder the OC had sold and the CD purchased tangible assets for a total consideration of **Rs.2,33,26,272/-.** According to the OC, six invoices dated 12.12.2024 were issued in respect of the sale transaction and each invoice was acknowledged and accepted on behalf of the CD by its authorised representative.

g. Further, the Board Resolution dated 09.12.2024 passed by the CD, authorised Mr. Nemaraji S., Director (Projects), to take delivery and possession of the movable assets from the OC. The existence of the said Board Resolution has not been disputed by the CD and therefore the CD cannot now deny receipt of the assets.

h. The Agreement dated 12.12.2024 provided for payment of the sale consideration in two instalments and two post-dated cheques were issued by the CD in discharge of such liability. One of the cheques was presented for encashment and dishonoured with the endorsement "*payment stopped by drawer*". According to the OC, the stop-payment instructions issued by the CD does not extinguish the liability arising under the agreement.

i. Relying upon the email dated 11.03.2025 sent by the CD, it is contended that the said communication constitutes an acknowledgment of liability. The email merely requested the OC to keep the cheque on hold as the expected funds were not received into the CD's account and did not dispute the underlying liability.

j. Pursuant to directions of this Tribunal the OC has filed a supplementary affidavit placing on record GST returns pertaining to the sale transaction. It is contended that GST amounting to approximately Rs.35.51 Lakhs was deposited by the OC in respect of the sale of the tangible assets, thereby corroborating the genuineness of the transaction.

k. As regards delivery of the assets, the OC contends that Clause 5 of the Agreement dated 12.12.2024 expressly records that the CD had inspected the goods, accepted their quality and value, and had already received delivery and possession thereof. According to the OC, upon termination of the lease the CD removed its own assets from the premises and simultaneously took possession of the tangible assets sold by the OC. It is further submitted that no complaint, legal proceeding or objection regarding non-delivery of assets was raised by the CD at any point between 12.12.2024 and issuance of the demand notice under Section 8 of the Code.

l. The OC has disputed that it was not authorised to engage in activities connected with restaurants and hospitality. In this regard, the OC relies upon its Memorandum of Association and contends that its object clauses expressly permit activities relating to restaurants, food courts, catering, bars and allied commercial operations.

m. The OC denies that the Agreement dated 12.12.2024 was a sham, a settlement arrangement or a device created to convert a disputed claim into an operational debt. According to the OC, the agreement represents a genuine sale transaction, the assets were delivered to the CD, invoices were duly accepted, GST was paid and the liability was acknowledged through issuance of post-dated cheques as well as subsequent correspondence.

n. There is no pre-existing dispute regarding the sale transaction forming the subject matter of the present petition. According to the OC, the disputes sought to be raised by the CD relate to the earlier lease and revenue-sharing arrangements and are wholly unconnected with the claim arising under the Agreement dated 12.12.2024 and the six invoices raised thereunder.

o. The OC therefore reiterates that an operational debt is due and payable by the CD, default stands established and that the defence raised by the CD is illusory, unsupported by contemporaneous documents and liable to be rejected.

5. We have heard the Learned Senior Counsel for the OC, Learned Counsel for the CD and perused the pleadings, documents and judicial precedents relied upon by the parties.

6. The present petition has been filed under Section 9 of the Code, seeking initiation of CIRP against the CD on the basis of an alleged operational debt of Rs.2,33,26,272/- arising from the Agreement for Sale of Tangible Assets dated 12.12.2024 and six invoices of even date raised by the OC.

7. The principal contention of CD is that the Agreement dated 12.12.2024 did not represent a genuine sale transaction but was merely a settlement mechanism

intended to resolve disputes arising out of the earlier Lease Deed and Revenue Sharing Agreement executed between the parties. It is further contended that no independent supply or delivery of goods took place as would reflect from non-filing of delivery challans/lorry receipts and therefore no operational debt within the meaning of Section 5(21) of the Code has arisen.

8. The OC, on the other hand, has relied upon the Agreement dated 12.12.2024, six tax invoices raised pursuant thereto, issuance of two post-dated cheques by the CD towards discharge of the sale consideration, the email dated 11.03.2025 exchanged between the parties, the NeSL Record of Default and the GST returns and statutory filings made in respect of the transaction.

9. At the outset, it is pertinent to note that the CD has not denied either the execution of Agreement for Sale dated 12.12.2024 or issuance of six invoices pursuant thereto as well as post-dated cheques bearing Nos. 085443 and 085444 towards payment of the sale consideration mentioned therein. The correspondence exchanged between the parties is also not disputed. The defence raised by the CD is essentially directed towards documents precursor to agreement dated 12.12.2024, character of transaction and not towards the existence of the underlying documents.

10. The material placed on record indicates that upon termination of the Lease Deed and Revenue Sharing Agreement, the parties had entered into an Agreement dated 12.12.2024 whereby certain tangible assets installed and utilized in the restaurant business were agreed to be sold by the OC to the CD for a total consideration of Rs.2,33,26,272/-. Having come that far and effected the terms of agreement by issuing two cheques against six invoices describing the assets forming part of the transaction, CD cannot take somersault and seek to question the validity of revenue sharing agreement well after its termination. It needs to be appreciated that no question whatsoever, prior to this case, was raised by the CD including at the time of instructing the bank to stop payment of cheque, from where dent to its liability can be discerned.

11. Particular significance must be attached to the conduct of the parties subsequent to execution of the agreement. One of the cheques issued by the CD was presented for encashment and was dishonoured with the endorsement "Payment Stopped by Drawer". Prior to such dishonour, the CD addressed an email dated 11.03.2025 stating that expected funds have not been received into its account and requesting that the cheque not be presented. Significantly, the communication did not an inkling of dispute qua Agreement dated 12.12.2024, the invoices raised or the liability sought to be enforced. The contents of the email are more consistent with an acknowledgment of the obligation to pay rather than refutation of liability itself.

12. The OC has also produced the record of default generated by the NeSL indicating the existence of debt and default. Though record maintained by an Information Utility may not conclusively prove liability yet given the process of collection of documents, verification thereof, collation/filtration generates confidence in its transparency and genuinity. This makes Form D issued by NeSL to be a trusted corroborative evidence supporting the existence of the debt and occurrence of default.

13. The CD has contended that no goods were delivered and that there are no transportation records or delivery challans evidencing supply. However the terms of the Agreement acknowledge that material specified in the invoices had been delivered at site and accepted/received by the CD based on the Board Resolution passed in this behalf. The assets forming subject matter of the transaction were admittedly installed in the restaurant premises from where the CD was carrying on business.

14. The OC has also placed on record GST returns, GSTR-1 filings, GSTR-3B filings and proof of discharge of GST liability in respect of the six invoices issued on 12.12.2024. The invoices contain detailed descriptions of the assets sold and the OC has demonstrated that the transaction was disclosed to statutory authorities and corresponding tax liability was discharged. These contemporaneous statutory compliances lend considerable support to the genuineness of the transaction and negate the stance that the transaction was merely a paper arrangement brought into existence for purposes of initiating insolvency proceedings.

15. The averment that the Agreement dated 12.12.2024 is merely a settlement arrangement but it does not find support from any contemporaneous material placed by the CD. While dispute has been raised regarding the earlier lease and revenue-sharing arrangements, no document has been produced showing that the parties treated the sale agreement as a sham transaction or that the consideration reflected therein did not represent the value of transferred assets. Mere assertion that the agreement was intended as a settlement mechanism, unsupported by contemporaneous evidence, cannot constitute a bona fide dispute for purposes of Section 9 of the Code.

16. The law is well settled that while examining an application under Section 9, the Adjudicating Authority is required to ascertain whether there exists a genuine pre-existing dispute and not merely a feeble legal argument or unsupported assertion. The defence raised must be supported by plausible material demonstrating that the dispute is real and not illusory. Upon consideration of the record as a whole, we are unable to find any material demonstrating the existence of a bona fide dispute in relation to the debt claimed under the Agreement dated 12.12.2024 and the invoices raised thereunder.

17. Accordingly, the OC has been able to establish the existence of an operational debt arising from sale and supply of tangible assets to the CD, that default has occurred in payment thereof and that the CD has failed to establish any genuine pre-existing dispute warranting rejection of the petition.

18. For the foregoing reasons, **CP (IB) No.184/BB/2025 is allowed** and the Respondent/CD, **M/s. V&RO Hospitality Private Limited, is admitted into CIRP** under Section 9 of the Code.

19. Simultaneously, moratorium is declared in terms of Section 14 of the Code imposing the following prohibitions, which shall be effective from the date of this order:

    (i) The institution of suits or continuation of pending suits or proceedings against the CD including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

(ii) Transferring, encumbering, alienating or disposing of by the CD any of its assets or any legal right or beneficial interest therein;

(iii) Any action to foreclose, recover or enforce any security interest created by the CD in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(iv) The recovery of any property by an owner or lessor where such property is occupied by or in possession of the CD.

20. It is further directed that the supply of essential goods or services to the CD, if continuing, shall not be terminated or suspended or interrupted during the moratorium period. The provisions of Section 14(3) of the Code shall, however, apply to such transactions as are exempted thereunder.

21. The order of moratorium shall have effect from the date of this order till completion of the CIRP or until approval of a Resolution Plan under Section 31(1) of the Code or passing of an order for liquidation of the CD under Section 33 of the Code, as the case may be.

22. In Part III of Form-5, the OC has proposed the name of ***M/s. Klass Insolvency Resolution Professionals Private Limited***, ***IBBI/IPE-0024/IPA-1/2024-25/50083***, with its office at 2/7, Sarat Bose Road, Vasundhara Apartment, 2nd Floor, Kolkata -700020, Email: **jitulohia@knjaineo.com**, Phone no. **9874044000** for appointment as Interim Resolution Professional. The written communication in Form-2 dated 04.04.2025 furnished by the proposed Interim Resolution Professional has been placed on record.

23. Accordingly, in exercise of powers conferred under Section 16 of the Code, M/s. Klass Insolvency Resolution Professionals Private Limited, is hereby appointed as Interim Resolution Professional ("IRP") to carry out the functions contemplated under the Code and the Regulations framed thereunder.

24. The IRP shall make a public announcement with respect to initiation of CIRP concerning the CD and invite claims from all creditors in accordance with Section 15 of the Code read with the applicable Regulations. The IRP shall be entitled to fee and expenses in accordance with the applicable provisions, Regulations, Circulars and Directions issued by the IBBI from time to time.

25. The OC shall deposit a sum of **Rs.2,00,000/- (Rupees Two Lakhs Only)** with the IRP within one week from the date of receipt of this order towards initial CIRP expenses. The said amount shall be subject to ratification by the Committee of Creditors ("CoC") and adjusted in accordance with law.

26. The IRP shall issue individual notices to the concerned Income Tax Authorities, GST Authorities, Employees' Provident Fund Organisation, Employees' State Insurance Corporation, Registrar of Companies and such other statutory authorities as may be necessary and place proof of service on record along with the first progress report.

27. The IRP shall take control and custody of the assets and records of the CD, collate all claims received, determine the financial position of the CD and constitute the CoC in accordance with the provisions of the Code. A report certifying the constitution of the CoC shall be filed before this Adjudicating Authority within the period prescribed under the Code and Regulations.

28. The suspended Board of Directors, Key Managerial Personnel, officers and employees of the CD shall extend full cooperation and assistance to the IRP/RP in discharge of duties under the Code. Any obstruction or non-cooperation shall be viewed seriously and dealt with in accordance with law. The IRP/RP shall submit monthly progress reports regarding conduct of CIRP before this Adjudicating Authority.

29. Upon taking over management of the CD, the IRP shall ensure that appropriate notice boards are displayed at the registered office and principal place of business of the CD indicating that the CD is undergoing CIRP together with details and contact information of the IRP for submission of claims by stakeholders.

30. A copy of this order shall be communicated to the OC, the CD, the IRP and the Registrar of Companies. The Registry is directed to forward a copy of this order through electronic mode to all concerned.

-Sd-	**-Sd-**
(RADHAKRISHNA SREEPADA)	**(SUNIL KUMAR AGGARWAL)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**