



IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI - BENCH-VI

CP (IB) No. 509/MB/2025

*[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:

INVENTIVE SYSTEMS & AUTOMATION PVT LTD

[CIN No. U45209MP2020PTC052748]

Registered Office: Bungalow No. 2, Shivika Enclave
Bawadiya Kalan, Bhopal, Madhya Pradesh- 462026.

...Operational Creditor/(OC)

Vs.

PROLIFIC SYSTEMS & TECHNOLOGIES PVT LTD

[CIN: U30007MH1997PTC109461]

Registered Office: Plot No. A-267, MIDC, Near ESIS
Hospital Road No. 16-A, Wagle Industrial Estate,
Thane (W), Maharashtra- 400604.

...Corporate Debtor/(CD)

Pronounced On: 26.08.2025.

CORAM:

SHRI NILESH SHARMA, MEMBER (JUDICIAL).

SHRI SAMEER KAKAR, MEMBER (TECHNICAL).

Hearing: Hybrid.

Appearances:

Operational Creditor: Adv. Ms. Krushi Shah

Corporate Debtor: Adv. Mr. Tejas Madhavi

ORDER**[PER: BENCH]****1. BACKGROUND**


1.1 This Company Petition No. C.P. (IB) 509/MB/2025 (Application) was filed on 30.03.2025 under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 ('AA Rules') by Inventive Systems & Automation Private Limited, the Operational Creditor (OC), for initiating Corporate Insolvency Resolution Process (CIRP) of Prolific Systems & Technologies Private Limited, the Corporate Debtor (CD).


1.2 The total amount of default alleged is Rs. 5,41,66,039/- (Rupees Five Crore Forty-One Lakh Sixty-Six Thousand and Thirty-Nine only) (including Security Deposit of Rs. 50,32,152/- i.e., amount paid against margin money for Bank Guarantee) is the amount of debt outstanding against the invoice raised by the Operational Creditor on the Corporate Debtor.

1.3 As stated in Part IV of the application, the default occurred on 12.01.2024 i.e., immediate next date from receipt of last payment from the Corporate Debtor.

2. CASE OF THE OC:

2.1 The Operational Creditor is a private limited company. The Corporate Debtor is a private limited company incorporated under the provisions of the Companies Act, 2013. The Corporate Debtor is a first-generation technocrat-led MSME engaged in turnkey electrical, instrumentation, automation solutions, and government-supported skill development programs.

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- 2.2 In October, 2020, the Corporate Debtor approached the Operational Creditor for purchase of products in respect of electrical testing and automation goods being switches, voltage test kits, ambient temperature measurement system, winding resistance metre, insulation resistance tester, ratio metre and more (“goods”).
- 2.3 Further, on 12.10.2020, the Corporate Debtor issued purchase order for the purchase of variety of goods from the Corporate Debtor.
- 2.4 Accordingly, the Operational Creditor supplied the goods to the Corporate Debtor and raised commercial invoices during the period from 11.03.2021 to 31.08.2024. Copies of the invoices are annexed to the petition as Annexure A.
- 2.5 The Operational Creditor received part payments from the Corporate Debtor against the invoices raised and goods supplied, with the last payment received on 11.01.2024. However, substantial amount towards the invoices raised remained unpaid by the Corporate Debtor. Copies of Outstanding invoices & statement of pending invoices are annexed as Annexure B and Annexure C respectively.
- 2.6 As no further payments were made, the Operational Creditor issued a demand notice dated on 03.01.2025 for an outstanding amount of Rs. 5,41,66,039/-, inclusive of a Security Deposit of Rs. 50,32,152/- towards margin money for a Bank Guarantee. The said demand notice was delivered to the CD on 05.01.2025.
- 2.7 Despite receipt of the demand notice, the Corporate Debtor failed to repay the dues. Accordingly, the Operational Creditor filed this Company Petition.
- 2.8 The Applicant has attached the following documents with the Application:
- I. Copy of list of invoices raised by the Operational Creditor.

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- II. Copies of the outstanding invoices raised by the Operational Creditor.
 - III. Copy of the statement of outstanding invoices.
 - IV. Copy of the Ledger Account of the Corporate Debtor in the books of the Operational Creditor.
 - V. Copy of the demand notice dated 03.01.2025.
 - VI. Copy of the purchase order dated 12.10.2020 issued by the Operational Creditor.
 - VII. Copy of NESL report.
 - VIII. Balance Confirmation statement of the Corporate Debtor.


2.9 There was an additional affidavit dated 07.05.2025 filed by the applicant, vide which copy of NeSL Form-D – Record of default has been brought on record. The said Form-D states that the status of authentication of default is “Deemed to be Authenticated”, date of default is 12.01.2024 and default amount is Rs. 5,41,66,039.00/-.

2.10 Copy of a letter issued by the Corporate Debtor to the Operational Creditor has also been placed on record along with additional affidavit.

3. REPLY BY THE CORPORATE DEBTOR:

3.1 Mr. Ganesh Ballamar, has filed an affidavit-in-reply on behalf of the Respondent, which was solemnly affirmed, notarised and verified on 04.07.2025. The contentions of the Respondent in the aforesaid Affidavit are summarised hereinbelow:

3.2 The Corporate Debtor faced financial distress due to disruptions caused by the Covid-19. During the financial year 2021-2022, the operations of the Corporate Debtor were hampered resulting in substantial revenue loss and inability to



meet financial obligations including debt servicing, vendor payments and staff salaries. The Corporate Debtor's largest project from MPPCL (approx. Rs. 53 Crore) faced execution delays due to COVID-19 restrictions and resultant cash flow issues, leading to penalties of Rs. 2.3 Crore (deducted) and encashment of bank guarantees worth Rs. 1.57 Crore, thereby aggravating liquidity constraints. The Skill Development vertical, being a fixed-cost model, suffered losses of approx. Rs. 2.5 Crore due to complete suspension during the lockdown. The DDU-GKY program was halted due to the pandemic, resulting in non-achievement of revenue-linked milestones. Overseas project commissioning was delayed due to travel bans, and the Corporate Debtor was unable to secure fresh orders as the capital-intensive nature of the testing solutions business could not be supported amidst the liquidity crisis.

3.3 Between FY 2021 and FY 2024, the Corporate Debtor incurred continuous losses, resulting in negative net worth by FY 2022–23 and cash flow insolvency. As on March 31, 2024, contingent liabilities stood at Rs. 27.05 Crore. Notwithstanding financial distress, the promoters infused Rs. 3 Crore from personal or borrowed sources to maintain minimal operations.

3.4 The Corporate Debtor's net worth turned negative in FY 2022–23 due to substantial losses from FY 2020–21 to FY 2022–23. The Corporate Debtor is currently exploring smaller projects with low working capital requirements to revive operations and discharge its outstanding liabilities.

3.5 It is submitted that the Operational Creditor, in Part IV of Form 5 (Page 9 of the Additional Affidavit), has alleged an outstanding amount of Rs. 5,41,66,039/- against the Corporate Debtor. This includes a sum of Rs.

50,32,152/- towards security deposit, which has been incorrectly classified as operational debt.

3.6 It is submitted that the Operational Creditor has erroneously included an amount of Rs. 50,32,152/-, purportedly towards security deposit, as part of the alleged operational debt.

3.7 It is submitted that the security deposit does not fall within the definition of "operational debt" under the Code. The essential requirement is that the claim must have a nexus with the provision of goods or services, irrespective of the supplier or recipient. The security deposit in question was not made towards any such provision and therefore cannot be treated as operational debt.

3.8 Accordingly, it is submitted that Form 5 filed by the Operational Creditor is defective, and Company Petition No. 509 of 2025 is liable to be dismissed.

3.9 It is submitted that the Operational Creditor, in Form 5 at Page 14 of the Additional Affidavit, has alleged default on account of non-payment of invoices, identifying the date of default as the day following the date of the invoices.

3.10 However, the Operational Creditor has stated 12.01.2024, the day after receipt of the last payment as the date of default.

3.11 It is submitted that there can be only one clear and consistent date of default in the captioned Company Petition. The Operational Creditor cannot rely on differing dates of default in separate parts of Form 5, rendering the petition defective.

3.12 It is further submitted that the payment terms are not identified neither in the purchase order dated 12.10.2020 issued by the Corporate Debtor and nor mentioned in the invoices raised by the Operational Creditor. therefore, this Company Petition deserves to be dismissed.

4. ANALYSIS AND FINDINGS

- 4.1 Opportunity to file rejoinder was closed as per order dated 07.07.2025.
- 4.2 We have perused all the documents and pleadings of both the parties, considered the Written Submissions of the CD.
- 4.3 The Applicant has placed on record copies of relevant tax invoices for the period from 11.03.2021 till 31.08.2024.
- 4.4 On perusal of the tax invoices it is observed that the Applicant had supplied “goods” to the Corporate Debtor.
- 4.5 The Operational Creditor has claimed a total debt of Rs. 5,41,66,039/- arising out of the supply of electrical and automation goods during the period 11.03.2021 to 31.08.2024. Commercial invoices were raised against such supplies, and part payments were admittedly made by the Corporate Debtor, with the last payment received on 11.01.2024. The default is claimed to have occurred on 12.01.2024, being the next day after the last payment.
- 4.6 The Applicant has also annexed relevant documents, including:
Copies of invoices, ledger account of the Corporate Debtor, Statement of outstanding invoices, demand notice dated 03.01.2025, NESL record of default.
- 4.7 Upon perusal of the records and in absence of any serious challenge to the supply of goods or receipt of invoices, the existence of operational debt and default stands established.
- 4.8 The Operational Creditor issued the demand notice under Section 8 on 03.01.2025, which was duly served and received by the Corporate Debtor. The Corporate Debtor did not respond to the said notice within the statutory period of 10 days as mandated under Section 8(2).

4.9 The Corporate Debtor has issued balance confirmation letter dated 31.12.2024 confirming outstanding balance of Rs. 4,19,10,151/-.

4.10 Though the Corporate Debtor has raised certain objections in its reply affidavit, including classification of security deposit does not fall within the definition of the Operational Debt and non-disclosure of payment terms in the tax invoices.

4.11 The Corporate Debtor contends that the amount of Rs. 50,32,152/- forming part of the claim, pertains to a security deposit (margin money for a Bank Guarantee), and hence, does not qualify as operational debt.

4.12 While the classification of such deposits may warrant scrutiny at a later stage, for the purpose of admission, the primary requirement is satisfaction of existence of operational debt exceeding Rs. 1 Crore and occurrence of default, which stands satisfied independently of the disputed component. Therefore, any dispute as to the nature of the security deposit is not material at the stage of admission and can be adjudicated upon during the CIRP process or by the Resolution Professional. Moreover, CD is not denying receipt of goods or of security deposit.

4.13 The Application reflects two dates of default:

- I. One, being the next day from the date of invoices;
- II. Another, being 12.01.2024, the day after the last payment.
- III. It is noted that the Operational Creditor has relied upon 12.01.2024 as the final date of default, and the last payment date of 11.01.2024 is supported by the ledger.

4.14 This Tribunal finds this to be a reasonable and supported date of default for the purpose of determining limitation.



4.15 The Petition has been filed on 30.03.2025, well within the three-year limitation period from the admitted date of default i.e., 12.01.2024, and is therefore not barred by limitation.

4.16 Based on the documents filed, pleadings, and arguments advanced, this Adjudicating Authority is satisfied that:

- I. The Operational Creditor has established the existence of an operational debt exceeding the threshold of Rs. 1 Crore;
- II. There is a default in payment of such debt;
- III. A valid demand notice under Section 8 was issued;
- IV. No pre-existing dispute is found that would bar admission under Section 9.


4.17 Accordingly, the Company Petition No. C.P. (IB) 509/MB/2025 is admitted under Section 9 of the Insolvency and Bankruptcy Code, 2016.


4.18 We make it clear that at this stage, we have not crystalized the amount as claimed in this application, the same is left to be collated by the IRP.

4.19 Further, Mr. Raghunath Bhandari having registration no. **IBBI/IPA-002/IP-N01023/2020-2021/13276** is appointed as Interim Resolution Professional of the Corporate Debtor as proposed by the Applicant in its Application to conduct Insolvency Resolution Process as mentioned under Insolvency and Bankruptcy Code, 2016. The consent of the proposed IRP in Form 2 has been attached along with the Application. The email address of the Interim Resolution Professional is raghunathsb@yahoo.com and his AFA is valid till 31.12.2025.

ORDER

- i. The Respondent/Corporate Debtor- **Prolific Systems & Technologies Private Limited** [CIN: U30007MH1997PTC109461], is admitted into the Corporate Insolvency Resolution Process under Section 9(5) of the Code.
- ii. As a consequence thereof, moratorium under Section 14 of Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all of 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;
 - e. The provisions of sub-section (1) shall however, not apply to such transactions, agreements as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to the Corporate Debtor.

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- iii. The order of moratorium shall have effect from the date of this order till the completion of the Corporate Insolvency Resolution Process or 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 IBC, 2016, as the case may be.
 - iv. It is further directed that the supply of essential goods/services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period as per provisions of sub-sections (2) and (2A) of Section 14 of IBC, 2016.
 - v. We hereby appoint **Mr. Raghunath Bhandari**, a registered Insolvency Professional having (Email:) raghunathsb@yahoo.com registration no. **IBBI/IPA-002/IP-N01023/2020-2021/13276**, as the IRP of the Corporate Debtor.
 - vi. The IRP shall perform all his functions as contemplated, inter-alia, under Sections 17, 18, 20 & 21 of the IBC, 2016. It is further made clear that all personnel connected with the Corporate Debtor, its Promoters or any other person associated with the management of the Corporate Debtor are under legal obligation under section 19 of the IBC, 2016 for extending assistance and co-operation to the IRP. Where any personnel of the Corporate Debtor, its Promoter or any other person required to assist or co-operate 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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- vii. This Adjudicating Authority directs the IRP to make a public announcement for the initiation of CIRP and call for the submission of claims under Section 15, as required by section 13(1)(b) of the IBC, 2016.
 - viii. The IRP is expected to take full charge of the Corporate Debtor's assets, and documents without any delay whatsoever.
 - ix. The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority periodical reports with regard to the progress of the CIRP in respect of the Corporate Debtor.
 - x. 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, to the extent possible, as a part of obligation imposed by Section 20 of the IBC, 2016.
 - xi. The Operational Creditor is directed to pay an advance of **Rs. 2,00,000/-** (Rupees Two Lakhs Only) to the IRP within a period of 7 days from the date of this order **to meet the cost of CIRP** arising out of issuing public notice and inviting claims etc. till the CoC decides about his fees/expenses.
 - xii. The Registry is directed to communicate a copy of this order to the Operational Creditor, Corporate Debtor and to the IRP and the concerned Registrar of Companies, after completion of necessary formalities, within seven working days and upload the same on the website immediately after the pronouncement of the order. The Registrar of Companies shall update its website by updating the Master Data of the Corporate Debtor in MCA portal specifically mentioning

regarding admission of this Application and shall forward the compliance report to the Registrar, NCLT.

- xiii. The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.
- xiv. **Accordingly, CP (IB)/509(MB)2025 stands admitted.** A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-
SAMEER KAKAR
MEMBER (TECHNICAL)

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)

//Sarkar. C, LRA//