



IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.08
C.P. (IB) No.190/BB/2025

IN THE MATTER OF:

Mr. Ramareddy Devraj ... Petitioner

Vs.

M/s. IC India Pvt. Ltd. ... Respondent

Petition under Section 10 of IBC, 2016

Order delivered on: 27.05.2026

CORAM:

SHRI SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For the Petitioner : None
For the Respondent : Shri Shrikar A.J.

ORDER

Since 28.05.2026 has been declared as holiday on the occasion of Id-ul-Zuha (Bakrid), the matter listed on that date have been preponed to be taken up today in compliance of Order dated 25.05.2026 (File No.10/03/2026-NCLT) of Hon'ble Principal Bench, NCLT, New Delhi.

1. Heard Ld. Counsel for the Respondent.
2. **C.P. is dismissed vide separate Order.** File be consigned to Record Room.

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)



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. 190/BB/2025

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

IN THE MATTER OF:

Mr. Ramareddy Devraj
Proprietor of **M/s Rama Enterprises**
Having office at No. 2, 2nd Floor,
Surabhi Sahakari Sadana,
13th Cross Road, Banashankari II Stage,
Bengaluru – 560070.

- Operational Creditor/Petitioner

VERSUS

IC India Pvt Ltd
Having registered office at
No. 565, 30th Main Road, Sy No. 17,
Kattaruguppe, Banashankari 3rd Stage,
Bengaluru – 560085

- Corporate Debtor/Respondent

Order delivered on: 27.05.2026

CORAM:

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

Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

COUNSELS PRESENT

For the Petitioner : Shri Anirudh

For the Respondent : Shri Shrikar A.J.



ORDER

1. The present Company Petition has been filed by Mr. Ramareddy Devraj, Proprietor of M/s Rama Enterprises (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 IC India Pvt Ltd (hereinafter referred to as the “Corporate Debtor”/“CD”) for alleged default in payment of operational debt amounting to **Rs.4,05,48,464/-**.
2. The brief facts of the case, as submitted by the OC, are as follows:
 - a. The OC is a proprietorship concern engaged in works contracts, service contracts and other business supplies to various customers. The CD is a company incorporated on 26.06.2013 under the provisions of the Companies Act bearing CIN No. U45201KA2013PTC069844 and engaged in the business of providing interior decoration, design services, product designing, supply of furniture and furnishings, electrical designing and civil construction works.
 - b. The OC and the CD have been in business relationship for several years. The CD had issued seven Purchase Orders and one Work Order in relation to eight different projects, namely: **(i)** Continuation work of Engineers Bhavana in Shivamogga City (Project 1 - NGO Bhavan); **(ii)** Providing sound and lighting system to Samskruthika Bhavana at Sorabha in Shivamogga (Project 2 - EBS Shivamogga); **(iii)** Work Order for Electrification and other services for renovation of office at Samskrutika Bhavan at Sorabha in Shimoga (Project 3- Soraba); **(iv)** Minor Irrigation Department works in the premises of Public Works Department KR Circle, Bangalore (Project 4 -STC); **(v)** Supply and Installation of Desk cum Benches at various Residential Schools functioning under the Karnataka Residential Educational Institutions Society across Karnataka (Project 5- KRIES); **(vi)** Renovation of meeting hall and other works in



the office of Chief Engineer, Minor Irrigation Department (Project 6- MI);
(vii) Installation of Fire Protection Work at District Hospital, Chamarajanagar (Project 7 -Chamarajanagar) and (viii) Development work of KSHIP Office on different dates (Project 8- KSHIP).

- c. Pursuant to the aforesaid Purchase Orders and Work Order, it provided services and supplies to the CD and raised invoices from time to time, which were accepted without dispute or demur. The transactions between the parties were maintained as a running account. The invoices aggregating to Rs.55,05,09,029.46/- were raised during the period from 01.04.2020 to 24.02.2025, out of which the CD has paid a sum of Rs.48,98,22,791/48. A balance amount of Rs.6,06,86,237/98 remained due and payable by the CD towards the invoices raised for all eight projects.
- d. The invoices became payable upon completion of work and the CD, being the principal contractor, had raised invoices upon the respective Government departments and received payments in respect of the projects executed by the OC. However, despite receipt of payments from the concerned departments, the CD failed to clear the dues of the OC.
- e. The OC issued a demand notice dated 27.02.2025 under Section 8 of the Code demanding payment of Rs.6,06,86,237.98/-. It was served on the CD through registered email and speed post and a reply dated 07.03.2025 was received wherein disputes and allegations in respect of certain projects have been raised. Nevertheless, after issuance of the demand notice, the CD made payments of Rs.17,82,000/- on 17.03.2025 and Rs.77,34,285/- & Rs.50,76,689/- on 19.03.2025. After adjusting the said payments and a fresh invoice raised for another project on 15.03.2025, the outstanding amount stood reduced.
- f. In view of the disputes sought to be raised by the CD with respect to certain projects, the present petition has been confined only to Project 5 -



KRIES, namely “Supply and Installation of Desk cum Benches at various Residential Schools functioning under the Karnataka Residential Educational Institutions Society across Karnataka”, in respect whereof an amount of Rs.4,05,48,464/- is claimed to be due and payable. The OC has relied upon invoices, reconciliation statements, ledger account statements, calculation sheets and other supporting documents in support of his claim.

- g. It is further contended that the Karnataka Residential Educational Institutions Society has issued a Project Completion Certificate dated 30.09.2024 in favour of the CD, wherein the supply and quality performance relating to Project 5- KRIES is recorded as satisfactory. The concerned Government department has also cleared the dues of CD under the said project and therefore no dispute survives in relation to the said project.
- h. Accordingly, alleging occurrence of default in payment of operational debt in respect of Project 5 - KRIES, the OC has filed this petition seeking initiation of CIRP against the CD.

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

- a. At the outset, the petition is not maintainable and liable to be dismissed as the claim itself is disputed and the proceedings under Section 9 of the Code have been initiated only as a pressure tactic in relation to personal disputes between the parties. It is stated that the petitioner was formerly a director and continues to be a shareholder of the Respondent Company, is attempting to use insolvency proceedings as a substitute for recovery proceedings and for settlement of inter-se disputes amongst shareholders.
- b. The CD is a solvent company possessing sufficient assets and receivables to discharge its liabilities and the present proceedings cannot be invoked for claiming certain disputed amounts by the petitioner. The Respondent is a reputed Government contractor having substantial receivables from



the Government of Karnataka and has not admitted inability to pay any lawful dues. According to the CD, payments were withheld on account of deficiencies and disputes relating to the work executed by the petitioner and the Company had received communications from Government departments regarding defects and incomplete work.

- c. There exists a pre-existing dispute between the parties much prior to issuance of the demand notice. Immediately upon receipt of demand notice dated 27.02.2025, the CD had issued a reply dated 07.03.2025 contradicting the claim and setting out various disputes relating to the transactions between the parties. The disputes raised in the reply were not an afterthought but related to issues already existing prior to the issuance of the demand notice, including disputes regarding to execution of works, pending works, improper completion of projects and claims raised by Government departments against the CD in relation to the petitioner's work. The CD has relied upon notices and communications exchanged prior to issuance of the demand notice to contend that the disputes were already in existence.
- d. The petitioner had substantial control and influence over the affairs of the Company. He was a Director of the Respondent Company from its inception and became a shareholder in the year 2021. After the demise of then Managing Director, Mr. Naveen Kumar in October 2023, the petitioner had assumed greater control over day-to-day operations of the Company and began approving contracts, vendors and invoices. The petitioner, by virtue of his position, allotted several projects to his own proprietorship concern, namely M/s Rama Enterprises, without following the procedure prescribed under the Companies Act, 2013 for related party transactions.
- e. It is specifically contended that Project No. 5 -KRIES, which forms the subject matter of the present petition, was allotted by the petitioner to his own proprietorship concern while he was functioning as Director of the



Company. The relevant Purchase Order relating to Project No. 5 was signed and approved by the petitioner himself in his capacity as Director of the Respondent Company. The said transaction constituted a related party transaction requiring approval under Section 188 of the Companies Act, 2013, which was never obtained. The petitioner acted in breach of his fiduciary duties and approved inflated quotations and invoices for his own benefit.

- f. Further, the petitioner had procured desks under Project No. 5 at substantially lower prices while obtaining purchase orders from the Respondent Company at much higher rates, thereby earning exorbitant profits through his proprietorship concern. In support of the said contention, the CD has annexed copies of purchase orders, invoices and comparative documents showing the rates at which the furniture was procured and supplied. It is alleged that the petitioner had siphoned funds from the CD through such transactions making them voidable at the instance of the Board and shareholders.
- g. The ledger account relied upon by the petitioner does not segregate the transactions project-wise and the accounts between the parties were always maintained as a common running account covering several projects. Due to the manner in which the petitioner himself had managed the accounts and operations of the Respondent Company, it cannot conclusively identify the amounts outstanding towards Project No. 5 alone. After reconciliation of accounts and making payments of Rs.17,82,000/-, Rs.77,34,285/- and Rs.50,76,689/-, no further amount remains due and payable to the petitioner.
- h. The CD has objected to the maintainability of the petition on the ground that the claim made in the demand notice materially differs from the claim made in the petition. The demand notice dated 27.02.2025 claimed an amount of Rs.6,06,86,237.98/- in respect of multiple projects, whereas the present petition has been restricted only to Project No.5-KRIES for an



amount of Rs.4,05,48,464/-. The demand notice and the petition thus proceed on different causes of action and therefore the petition is liable to be rejected.

- i. Lastly, the present proceedings amount to an abuse of process of law since the disputes between the parties arise out of internal disputes amongst shareholders and former management personnel of the Company and cannot be adjudicated in proceedings under Section 9 of the Code. Accordingly, the CD has prayed for dismissal of the petition with costs.
4. The OC has filed Rejoinder denying the allegations made in the Statement of Objections and reiterating the contents of the petition. The Objections filed by the CD are stated to be false, frivolous and intended to avoid payment of legitimate dues.
 - a. The OC had provided goods and services strictly in terms of the work orders and purchase orders issued by the CD and is therefore entitled to payment for the work executed. The Government Department has already released payments in respect of Project No. 5 KRIES, which forms the subject matter of the present petition. After the demise of erstwhile Managing Director, Mr. Naveen Kumar, the affairs of the CD came under the control of his wife, who according to the OC lacks knowledge regarding the operations and transactions of the Company.
 - b. The OC has denied the existence of any dispute in relation to Project No. 5-KRIES and contended that although the demand notice originally referred to eight projects, the present petition has consciously been confined only to Project No. 5 so as to avoid complications arising from disputes sought to be raised in relation to certain other projects. According to the OC, the notices and disputes relied upon by the CD pertain to projects other than Project No. 5 and therefore cannot constitute a pre-existing dispute in respect of the claim made in the present petition.



- c. The OC has further contended that its status as shareholder or erstwhile Director of the CD has no bearing on the present operational debt claim. It is submitted that the transactions between the parties were carried out with the knowledge and consent of the erstwhile Managing Director, Mr. Naveen Kumar, and the CD is at liberty to initiate any proceedings under law if it believes there has been any contravention of the Companies Act.
- d. In response to the allegations regarding inflated pricing and breach of fiduciary duties, the OC has contended that there is nothing improper in the CD sub-contracting works while retaining a limited margin for itself. The OC submits that such subcontracting arrangements constituted the regular modus operandi of the CD in several projects. In support thereof, the OC has produced documents relating to other government contracts allegedly obtained by the CD and sub-contracted to third-party vendors at rates only marginally lower than the rates quoted by the Government authorities. The sub-contracting pattern was followed in Project No. 5 KRIES therefore consistent with the ordinary business practice adopted by the CD.
- e. The allegations of siphoning of funds and breach of fiduciary obligations are denied. It is contended that the petitioner had stopped drawing salary from the CD since the year 2022 and the purchase order relating to Project No. 5 was not approved solely by the petitioner but was signed by multiple persons in managerial capacity. It is asserted that the balance sheets of the CD acknowledge the debt payable to the OC and that same have been signed by both the petitioner and the present management of the CD.
- f. The OC has lastly contended that the difference between the amount mentioned in the demand notice and the amount claimed in the petition stand sufficiently explained in the petition itself on account of payments subsequently received from the CD and issuance of a fresh invoice during the intervening period. According to the OC, there is no legal bar against



maintaining a petition for a lesser amount than what was originally demanded in the Section 8 notice.

5. We have heard the Learned Counsels for the parties and carefully perused the material available on record.
6. The present petition has been filed under Section 9 of the Code, 2016 seeking initiation of CIRP against the CD for alleged operational debt arising out of supply and installation works executed under various Government projects. Though the demand notice dated 27.02.2025 was issued for a consolidated operational debt of Rs.6,06,86,237.98/- relating to eight projects, the petition is subsequently sought to be confined only to Project No. 5 KRIES in respect whereof a sum of Rs.4,05,48,464/- is claimed.
7. The principal defence raised by the CD is regarding the existence of a pre-existing dispute. The law governing Section 9 proceedings has been settled by the Hon'ble Supreme Court in *Mobilox Innovations Private Limited v. Kirusa Software Private Limited (2018) 1 SCC 353*, holding that the Adjudicating Authority is only required to determine whether there exists a plausible contention requiring investigation and that the dispute raised is not a patently feeble legal argument or an assertion unsupported by evidence. It is equally settled that the Adjudicating Authority does not enter into adjudication of disputed questions of fact in proceedings under Section 9 of the Code.
8. In the present case, the material on record discloses that immediately upon receipt of the demand notice under Section 8 of the Code, the CD issued a detailed reply dated 07.03.2025 disputing the claim and alleging deficiencies in execution, disputes concerning payments and reconciliation of accounts, and irregularities in the transactions between the parties. The CD has also relied upon communications and notices relating to execution of projects and disputes concerning commercial dealings between the parties.
9. Significantly, the OC is not an independent third-party vendor, but a shareholder of the CD and had been its Director drawing salary till May, 2025 during the



relevant period of transactions. The copy of Form DIR-11 and the correspondence relating to his resignation, disclose that the OC continued as Director of the CD even after issuance of the demand notice and has resigned only on 06.05.2025 citing “Management Dispute” as the reason for resignation.

10. The CD has specifically alleged that the purchase orders relating to Project No. 5-KRIES were issued in favour of the proprietorship concern of the OC when he himself was functioning as controlling Director of the CD and participating in operational and financial affairs of the Company after the demise of then MD Sh. Naveen Kumar in October, 2023. Allegations of conflict of interest, breach of fiduciary obligations and related party transactions have consequently been raised by the CD. Whether such allegations are ultimately sustainable or not is not required to be adjudicated in the present proceedings. We however, cannot overlook that such disputes arise out of the very substratum of the transactions forming the subject matter of the petition and are supported by contemporaneous documents and surrounding circumstances.
11. The contention of the CD that the accounts between the parties were maintained as a common running account covering multiple projects, *prima-facie* has merit. The ledger statements and reconciliations relied upon by the OC itself pertain to continuous commercial dealings involving multiple projects executed over a period of time. The Petitioner from his unique apex position at the relevant time being at the helm of affairs on both sides was fully aware that the accounts are not being maintained project-wise on either side. The demand notice and Record of Default generated through the Information Utility corroborate this proposition. Manifestly only for the purposes of this petition the petitioner has unilaterally chosen to segregate the Project No. 5-KRIES, on realising lingering pre-existing disputes raised by the CD by asserting that a single consolidated running account is maintained by the parties.
12. Though reduction or modification of claim amount by itself may not always render a petition defective, the present case is not merely one involving adjustment of payments or reduction of quantified dues. The OC has effectively



segregated one component from an admittedly interconnected running account after disputes had arisen regarding the broader commercial relationship between the parties. Such segregation itself requires examination of reconciliation of accounts, allocation of payments, project-wise liabilities and contractual arrangements, all of which involve disputed questions of fact incapable of adjudication in summary insolvency jurisdiction, including the question of awarding contract from respondent/CD by the Petitioner as its Director (of course with two company officials) to his proprietorship at grossly inflated rates (when compared to the rate at which supply contract was given to another concern for the same item, previous year). The allegation of the Petitioner having thus carried practically the entire profit margin to his proprietorship taking benefit of his crucial position after demise of Sh. Naveen Kumar and before his legal heirs taking charge on acquiring his shareholding, also cannot be lost sight of.

13. The OC has strongly relied upon the Completion Certificate dated 30.09.2024 relating to Project No. 5- KRIES to contend that the concerned Government authority had accepted the work and released payments to the CD. Prima facie, the said document may indicate completion of the physical execution of work. However, the disputes raised by the CD are not confined merely to physical completion of work of one project but extend to questions relating to his comprehensive entitlement in respect of all the projects, internal approvals, pricing, reconciliation of accounts, alleged related party dealings and fiduciary obligations arising from the relationship between the parties. Even from his previous dealings, if any with CD, the Petitioner has not shown clearance of project-wise payments. Such issues necessarily require detailed examination of evidence and cannot be conclusively determined in proceedings under Section 9 of the Code.
14. The Petitioner chose to maliciously file this petition against the respondent after parting ways due to 'management dispute' forgetting that the financial statements of respondent for the years 2022-23 and 2023-24 filed by him with his petition, both bear his signatures as Director of the Company and specifying his



proprietorship concern/OC, to be ‘a related party having significant influence on the company’ on page 460, 471 and 492 respectively of the paper-book and the subject transactions to be ‘related party transactions’.

15. The OC has also relied upon the Record of Default generated through the Information Utility (NeSL). While the said document may prima facie support the assertion regarding existence of debt and default, it is well settled that proof of debt and default alone is insufficient for admission of a petition under Section 9 where a genuine pre-existing dispute exists. The jurisdiction of the Adjudicating Authority under Section 9 remains subject to satisfaction regarding absence of a real dispute between the parties. In the present case, the disputes raised by the CD cannot be termed illusory, moonshine or unsupported by relevant material.
16. The Hon’ble Supreme Court in *Mobilox Innovations Private Limited v. Kirusa Software Private Limited (2018) 1 SCC 353*, and subsequently in *Transmission Corporation of Andhra Pradesh Limited v. Equipment Conductors and Cables Limited CIVIL APPEAL NO. 9597 OF 2018* has consistently held that the Code is not intended to be invoked as a substitute for debt recovery or for adjudication of seriously disputed contractual and commercial claims. The insolvency process cannot be permitted to become a forum for determination of complex questions involving reconciliation of accounts, internal management disputes, fiduciary obligations and disputed commercial transactions.
17. The OC has also relied upon the fact that the CD made certain payments post issuance of the demand notice under Section 8 of the Code and contended that the same constitutes acknowledgment of liability. This Adjudicating Authority is of the view that such payments prima facie indicates existence of commercial transactions and admission of certain liabilities between the parties. However, mere part-payments or reconciliation payments by themselves do not conclusively establish absence of dispute in respect of the entire operational debt claimed in the present petition, particularly when the transactions between the parties arise out of a continuous running account involving multiple projects but



the quantum of liability itself remains disputed. Therefore, the said payments do not dilute the existence of bona fide disputes raised by the CD prior to initiation of the present proceedings.

18. In the considered opinion of this Adjudicating Authority, the present dispute arises out of a broader breakdown of commercial and managerial relationship between the parties and involves substantial questions requiring detailed adjudication before a competent Civil/Commercial forum. The material placed on record sufficiently establishes the existence of bona fide and plausible disputes prior to initiation of the present proceedings.
19. As a corollary, the OC having failed to establish that the alleged operational debt is free from genuine pre-existing disputes within the meaning of Sections 8 and 9 of the Code, the **petition to seek initiation of insolvency proceedings against the Corporate Debtor is dismissed.**

-Sd-
(RADHAKRISHNA SREEPADA)
MEMBER (TECHNICAL)

-Sd-
(SUNIL KUMAR AGGARWAL)
MEMBER (JUDICIAL)