IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.301- C.P.(IB)/107(AHM)2026

Under Section 9 IBC

IN THE MATTER OF:

Conart Engineers Limited ....**Applicant**
V/s
Senores Pharmaceuticals Limited ....**Respondent**

ITEM No.302- IA/734(AHM)2026 in CP(IB)/107(AHM)2026

Under Sections 65 and 76 of IBC 2016 r.w. Rule 11 & 34 of NCLT Rules, 2016

IN THE MATTER OF:

Senores Pharmaceuticals Limited ...... **Applicant**
V/s.
Conart Engineers Limited ...... **Respondent**

Order delivered on: 30/07/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

O R D E R
(Hybrid Mode)

C.P.(IB)/107(AHM)2026 with IA/734(AHM)2026

The case is fixed for pronouncement of order. The common order is pronounced in the open court, vide separate sheet.

Sd/-
SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-
SHAMMI KHAN
MEMBER (JUDICIAL)

BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH, COURT-I, AHMEDABAD

CP (IB) No.107/9/AHM/2026

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

In the Matter of:

Conart Engineers Limited
(CIN: L45200MH1973PLC017072)
Registered Office at: 17, Ground Floor,
Jay Bharat Society, Near Solanki Palace,
3rd Road, Old Khar, Khar West,
Mumbai City, Maharashtra – 400052.

...Applicant/Operational Creditor

VERSUS

Senores Pharmaceuticals Limited
(CIN: L24290GJ2017PLC100263)
Registered Office at: 1101 to 1103,
11th Floor, South Tower, ONE 42,
Opp. Jayantilal Park, Ambali-Bopal Road,
Ahmedabad, Gujarat – 380054

...Respondent/Corporate Debtor

Order Pronounced On: 30.07.2026

C O R A M:

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

A P P E A R A N C E:

For the Applicant/OC	:	Mr. Nipun Singhvi, Advocate.
For the Respondent/CD	:	Mr. Sanjay Majmudar, CA with Mr. Hiten Parikh, CA.

ORDER
Per Bench

1. This Company Petition has been filed on 22.03.2026 by the Applicant, Conart Engineers Limited (hereinafter referred to as the "Operational Creditor") against the Respondent, Senores Pharmaceuticals Limited (hereinafter referred to as the "Corporate Debtor") under Section 9 of the Insolvency and Bankruptcy Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of the Corporate Insolvency Resolution Process, appointment of an Interim Resolution Professional and declaration of moratorium in respect of an alleged operational debt of **Rs.1,32,97,930/-** arising out of construction services rendered by the Operational Creditor.

2. On perusal of Part-I of Form-5, it is seen that the Operational Creditor, Conart Engineers Limited, is a company incorporated under the Companies Act, 1956,

having CIN: L45200MH1973PLC017072, with its registered office at 17, Ground Floor, Jay Bharat Society, Near Solanki Palace, 3rd Road, Old Khar, Khar West, Mumbai City, Maharashtra-400052. The present Petition has been filed through its Director, Mr. Jimish Jitendra Sura, duly authorised by a Board Resolution, which forms part of the Petition as Annexure-VIII.

3. On perusal of Part-II of Form-5, it is seen that the Corporate Debtor is Senores Pharmaceuticals Limited, having CIN: L24290GJ2017PLC100263, a public limited company incorporated on 26.12.2017 under the Companies Act, 2013. Its registered office is situated at 1101 to 1103, 11th Floor, South Tower, ONE 42, Opp. Jayantilal Park, Ambali-Bopal Road, Ahmedabad, Gujarat-380054. As per the Master Data of the Ministry of Corporate Affairs, the Corporate Debtor has an authorised share capital of Rs.59,00,00,000/- and a paid-up share capital of Rs.46,05,35,880/- which is annexed with the Petition as Annexure-II/7.

4. On perusal of Part-III of Form-5, it is seen that the Operational Creditor has proposed the name of Mr. Kashyap Ashwinbhai Shah, Insolvency Professional, bearing Registration No. IBBI/IPA-002/IP-N00367/2017-18/11035, having address at B-203, Manubhai Towers, Sayajigunj, Vadodara-390020 (e-mail: kashyap.cs@gmail.com) to act as the Interim

Resolution Professional under Section 13(1)(c) of the Code. His written communication in Form-2 is annexed with the Petition as Annexure-IV.

5. On perusal of Part-IV of Form-5, it is seen that the Operational Creditor has claimed an operational debt of Rs.1,32,97,930/-, comprising Rs.1,10,99,105/- towards dues allegedly payable by the Corporate Debtor and Rs.24,03,487/- pertaining to Ratnagene Lifescience Private Limited, which is stated to have merged with the Corporate Debtor. The Operational Creditor has not claimed any contractual or interest component separately. The date of default is stated to be 30 days from raising of each Invoice upon the Corporate Debtor.

6. Upon perusal of Part-IV and Part-V of Form-5, it is observed that the Operational Creditor has set out the following facts in support of the present petition: -

6.1 The Operational Creditor submits that it is engaged in the business of executing engineering and construction works. It states that it rendered construction services to Ratnagene Lifescience Private Limited and thereafter to the Corporate Debtor. The present claim arises from unpaid consideration for such services under the contracts executed between the parties.

6.2 It is submitted that Ratnagene Lifescience Private Limited issued a Letter of Award dated 30.04.2022 for construction work at its API Plant situated at Rajpur, Mehsana, Gujarat. Pursuant thereto, the Operational Creditor executed the work and raised invoices from 14.11.2022 to 02.02.2024. Copies of the Letter of Award and invoices are annexed as Annexure-II/3 (Colly.) and Annexure-II/4 (Colly.).

6.3 The Operational Creditor states that an amount of Rs.24,03,487/- remained unpaid under the aforesaid contract. It is further stated that Ratnagene Lifescience Private Limited stood amalgamated with the Corporate Debtor by order dated 20.06.2024, whereupon all its assets and liabilities vested in the Corporate Debtor. A copy of the merger order and MCA Master Data is annexed as Annexure-II/7.

6.4 It is further submitted that after the amalgamation, the Corporate Debtor issued Purchase Order No. PO/CM/AP12/45/2024-25 dated 12.09.2024 in favour of the Operational Creditor for construction services at its Rajpur Plant. A copy of the Purchase Order is annexed as Annexure-II/1.

6.5 The Operational Creditor states that it executed the work under the Purchase Order and raised six invoices dated 11.04.2025, 05.06.2025 (two invoices), 17.06.2025, 01.09.2025 and 15.10.2025. Copies of the invoices are annexed as Annexure-II/2 (Colly.).

6.6 According to the Operational Creditor, after giving credit to the payments received, an amount of Rs.1,10,99,105/- remained outstanding against the Corporate Debtor. Together with the liability of Rs.24,03,487/- relating to the merged entity, the total operational debt is stated to be Rs.1,32,97,930/-. The ledger account and computation of dues are annexed as Annexure-II/5 and Annexure-II/6.

6.7 It is submitted that the first default occurred on 02.10.2025. The Operational Creditor has relied upon the record of default generated through the Information Utility and its bank statement. Copies thereof are annexed as Annexure-II/9 and Annexure-III, respectively.

6.8 The Operational Creditor submits that a demand notice in Form-3 and Form-4 dated 05.11.2025 under Section 8 of the Code was issued to the Corporate Debtor demanding payment of the outstanding operational debt. Copies of the demand notice, postal receipts, tracking reports and proof of service are annexed as Annexure-I/1 (Colly.).

6.9 It is stated that the Corporate Debtor issued a reply dated 21.11.2025 alleging the existence of disputes. The Operational Creditor contends that no dispute regarding the quality, quantity or execution of the work had been raised prior to the issuance of the demand notice and has placed the said reply on record as Annexure-I/2.

6.10 The Operational Creditor further states that it has complied with the requirements of Section 9 of the Code by filing the affidavit under Section 9(3)(b), bank statement, consent of the proposed Interim Resolution Professional in Form-2, general affidavit, Board Resolution and other supporting documents annexed with the Company Petition as Annexures-IV to VIII.

6.11 The Operational Creditor has relied upon the provisions of Sections 8 and 9 of the Insolvency and Bankruptcy Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

6.12 On the basis of the above facts, the Operational Creditor has prayed for admission of the present Company Petition, initiation of the Corporate

Insolvency Resolution Process against the Corporate Debtor.

7. The Operational Creditor has relied upon the following documents which are as under: -

(a) Copy of Demand Notice in Form-3 and Form-4 along with postal receipts, tracking report and proof of service annexed as Annexure-I/1 (Colly.).

(b) Copy of reply dated 21.11.2025 to the Demand Notice issued by the Corporate Debtor annexed as Annexure-I/2.

(c) Copy of Purchase Order No. PO/CM/AP12/45/2024-25 dated 12.09.2024 issued by the Corporate Debtor annexed as Annexure-II/1.

(d) Copies of pending invoices dated 11.04.2025, 05.06.2025 (two invoices), 17.06.2025, 01.09.2025 and 15.10.2025 annexed as Annexure-II/2 (Colly.).

(e) Copy of Letter of Award dated 30.04.2022 issued by Ratnagene Lifescience Private Limited annexed as Annexure-II/3 (Colly.).

(f) Copies of invoices raised upon Ratnagene Lifescience Private Limited from 14.11.2022 to 02.02.2024 annexed as Annexure-II/4 (Colly.).

(g) Copy of statement of ledger showing debit balance of the Corporate Debtor in the books of the Operational Creditor annexed as Annexure-II/5.

(h) Working of computation of the outstanding operational debt annexed as Annexure-II/6.

(i) Copy of Master Data of the Corporate Debtor along with the order of amalgamation dated 20.06.2024 annexed as Annexure-II/7.

(j) Copies of Form GSTR-1 and Form GSTR-3B annexed as Annexure-II/8.

(k) Record of default issued by the Information Utility (NeSL) annexed as Annexure-II/9.

(l) Copy of the bank statement under Section 9(3)(c) of the Code annexed as Annexure-III.

(m) Consent-cum-Written Communication of the proposed Interim Resolution Professional in Form-2 annexed as Annexure-IV.

(n) General Affidavit verifying the Company Petition annexed as Annexure-V.

(o) Affidavit under Section 9(3)(b) of the Insolvency and Bankruptcy Code, 2016 annexed as Annexure-VI.

(p) Affidavit under Section 63 of the Bharatiya Sakshya Adhiniyam, 2023 annexed as Annexure-VII.

(q) Board Resolution authorising filing of the present Company Petition annexed as Annexure-VIII.

8. That on issuance of the notice in the Company Petition and after due service of notice, the Respondent/CD has appeared and filed reply to the Company Petition on 17.04.2026 vide Inward No. D-3352, denying various averments made in the Company Petition. The contentions of the Respondent/CD are mentioned hereunder: -

8.1 It is stated that the Corporate Debtor is a listed company and has denied the averments made in the Petition. It has contended that the proceedings under the Code are not maintainable as disputes regarding execution of work, certification, recoveries and contractual obligations had arisen before issuance of the demand notice.

8.2 The Corporate Debtor has relied upon its Reply dated 21.11.2025 to the demand notice, annexed as Annexure-B, and the tender documents, contract terms dated 17.03.2022, Notice Inviting Tender dated 30.03.2022, Letter of Award dated 30.04.2022 and Purchase Order dated 12.09.2024, annexed as Annexure-C, to submit that the rights and obligations of the parties were governed by contractual terms.

8.3 The Corporate Debtor has referred to email communications dated 04.08.2025, 11.08.2025, 18.08.2025, 16.09.2025, 22.09.2025, 27.09.2025, 27.10.2025 and 31.10.2025, annexed as Annexures D-1 to D-8, to contend that recoveries, pending work, defects, certification of bills and furnishing of bank guarantee were under correspondence before initiation of proceedings.

8.4 The Corporate Debtor has relied upon the courier envelope with tracking report, annexed as Annexure-G, the email dated 23.10.2025 proposing arbitration, annexed as Annexure-H, and the subsequent email dated 21.01.2026, annexed as Annexure-I, to submit that disputes continued between the parties and discussions for settlement were also undertaken.

8.5 It is further stated that disputes relating to delay, quality of work, contractual recoveries, certification of bills, additional claims and adjustment of amounts remained unresolved. According to the Corporate Debtor, these issues existed before issuance of the demand notice and therefore the ingredients of Section 9 of the Code are not satisfied.

8.6 In support of its submissions, the Corporate Debtor has relied upon the decision of the Hon'ble National Company Law Appellate Tribunal in *Innovators Cleantech Private Limited v. Pasari Multi Projects Private Limited*, Company Appeal (AT) (Insolvency) No. 115 of 2024, decided on 09.07.2025, annexed as Annexure-J.

8.7 The Corporate Debtor has also relied upon the judgment of the Hon'ble Supreme Court in *GLS Films Industries Pvt. Ltd. v. Chemical Suppliers*

India Pvt. Ltd., Civil Appeal No. 4019 of 2025, decided on 09.04.2026, annexed as Annexure-K, and the record obtained from the Information Utility, annexed as Annexure-L.

8.8 The Corporate Debtor has further relied upon the judgment of the Hon'ble National Company Law Appellate Tribunal in *Bhuvan Kumar Gupta v. Maverick Developers and Colonisers Pvt. Ltd.*, annexed as Annexure-M, in support of its objection regarding the maintainability of the proceedings under Section 9 of the Code.

8.9 The Corporate Debtor has also relied upon the judgment of the Hon'ble Supreme Court in *Mobilox Innovations Private Limited v. Kirusa Software Private Limited, (2018) 1 SCC 353,* annexed as Annexure-N, to contend that existence of a pre-existing dispute prior to issuance of the demand notice is sufficient to reject an application under Section 9 of the Code.

8.10 On the basis of the pleadings, correspondence, contractual documents and judicial precedents relied upon, the Corporate Debtor has contended that the dispute between the parties existed before issuance of the demand notice and that the Petition is therefore not maintainable under the Insolvency and Bankruptcy Code, 2016.

8.11 The Corporate Debtor has accordingly prayed for dismissal of the Company Petition under Section 9 of the Insolvency and Bankruptcy Code, 2016.

9. The Operational Creditor has also filed an affidavit in rejoinder to reply filed by the Respondent/CD, on 05.05.2026 vide Inward No. D-3842, denying contentions raised by the Respondent/CD in its reply. The contents of the Rejoinder are reproduced as follows:

9.1 The Operational Creditor has stated that the defence of fraud and dispute was raised only after issuance of the demand notice under Section 8 of the Insolvency and Bankruptcy Code, 2016 and therefore does not constitute a pre-existing dispute. Reliance has been placed upon *Mobilox Innovations Private Limited v. Kirusa Software Private Limited*, Civil Appeal No. 9405 of 2017, *(2018) 1 SCC 353.*

9.2 It is stated that the Corporate Debtor acknowledged the operational debt by making a part payment of Rs. 50,00,000 on 01.10.2025 and by certifying Running Account Bills. It is further stated that the deductions towards workmanship, electricity and structural steel were raised subsequently without supporting records. Copy of acknowledgement of payment is annexed as Annexure-R1.

9.3 The Operational Creditor has submitted that the Tender Agreement required timely certification of bills, settlement of measurements and issue of completion certificate, whereas the Corporate Debtor continued to utilise the completed project without complying with the contractual provisions. Copy of the Tender Document is annexed as Annexure-R2.

9.4 It is stated that the retention amount and the reconciled project balance became payable after completion of the work and subsequent reconciliation between the parties. Reliance has been placed upon the email dated 06.03.2025 and the email dated 21.01.2026, which are annexed as Annexure-R3 and Annexure-R4, respectively.

9.5 The Operational Creditor has submitted that the final invoices and Running Account Bills were certified through email communications exchanged during the execution of the project and that the subsequent denial of Invoice Nos. D048, D089 and D126 is not supported by the earlier conduct of the Corporate Debtor. Copies of the relevant emails, invoices and minutes of meeting are annexed as Annexure-R5, Annexure-R6, Annexure-R7 and Annexure-R8.

9.6 It is further stated that the entry of dispute in the Information Utility, the plea regarding financial soundness and the objections to the demand notice do not affect the existence of an operational debt and default under the Insolvency and Bankruptcy Code, 2016. Reliance has also been placed upon *Chemical Suppliers India Private Limited v. GLS Films Industries Private Limited*, Company Appeal (AT) (Insolvency) No. 157 of 2023.

9.7 The Operational Creditor has further submitted that no arbitration proceedings were commenced as there was no valid invocation of the arbitration agreement and that the communication dated 23.10.2025 did not amount to commencement of arbitration. Reliance has been placed upon *Regenta Hotel Private Limited v. Hotel Grand Central Point & Ors.*, Civil Appeal No. 90 of 2026 [arising out of SLP (Civil) No. 30212 of 2024] with Contempt Petition (Civil) No. 189 of 2025.

9.8 On the basis of the certified invoices, account reconciliation, part payment, contractual documents and email correspondence, the Operational Creditor has submitted that an operational debt exceeding the statutory threshold remains due and payable, that no pre-existing dispute exists, and has prayed for admission of the petition under Section 9 of the Insolvency and Bankruptcy Code, 2016.

I.A. No. 734 (AHM) of 2026

10. The Corporate Debtor also filed I.A. No. 734 (AHM) of 2026 on 05.05.2026 U/s 65 & 76 of the IBC, 2016 of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 and Rule 34 of the National Company Law Tribunal Rules, 2016.

- ***a.*** *Allow the present application;*
- ***b.*** *Impose the highest level of penalty/fine on the Respondent under the provisions of Section 65 and/or Section 76 of the Insolvency and Bankruptcy Code, 2016.*
- ***c.*** *Dismiss Company Petition No. 107 (AHM) of 2026 and pass appropriate order for the costs.*
- ***d.*** *Any such other and further reliefs as may be deemed fit in the interest of justice.*

11. The Corporate Debtor has placed the facts through this I.A. in the following manner: -

11.1 The Applicant/CD submits that the Respondent/OC was awarded the civil construction contract for the API facility under the contractual documents executed between the parties and that disputes regarding quality, delay, measurements, certification and execution of the work had arisen during the performance of the contract. A copy of the contract is annexed as Annexure-C, and the reply to the demand notice dated 21.11.2025 is annexed as Annexure-C-1.

11.2 The Applicant/CD states that the operational debt was disputed before issuance of the demand notice, the invoices were subject to certification under the contract, the demand notice was subsequently kept on hold, and the Section 9 petition was filed without issuing any fresh demand notice or notifying revival of the earlier demand notice.

11.3 The Applicant/CD further submits that the Section 9 petition is liable to be rejected as the alleged operational debt is disputed, the amount claimed is below the statutory threshold after adjustment of disputed invoices, retention money and contractual recoveries, material facts have been concealed, and pre-existing disputes were admitted by the Respondent/OC.

11.4 The Applicant/CD has relied upon contemporaneous correspondence comprising emails dated 04.08.2025, 11.08.2025, 18.08.2025, 16.09.2025, 22.09.2025, the meeting held on 26.09.2025 with email dated 27.09.2025, emails dated 27.10.2025 and 31.10.2025, email dated 23.10.2025, email dated 21.01.2026, and the courier tracking record relating to invoice dated 15.10.2025, annexed collectively as Annexure-D-1 to Annexure-D-11, to establish the existence of pre-existing disputes and negotiations between the parties.

11.5 The Applicant/CD submits that the Respondent/OC knowingly suppressed material documents and correspondence relating to the disputes, reconciliation, proposal for arbitration and the communication keeping the demand notice on hold, thereby initiating the proceedings by concealment of material facts in violation of Section 76 of the Insolvency and Bankruptcy Code, 2016. The Applicant/CD has also referred to the definition of "fraud" under Section 447 of the Companies Act, 2013.

11.6 The Applicant/CD further submits that the Adjudicating Authority is empowered under Sections 65 and 76 of the Insolvency and Bankruptcy Code, 2016 to examine fraudulent or malicious initiation of insolvency proceedings and concealment of pre-existing disputes.

11.7 The Applicant/CD has also relied upon the Report of the Bankruptcy Law Reforms Committee (Vishwanathan Committee) dated 04.11.2015 and the principle laid down by the Hon'ble Supreme Court that the Code is intended for resolution of insolvency and not as a recovery mechanism. No specific judgment with complete citation has been relied upon in the I.A.

11.8 The Applicant/CD submits that the Respondent/OC has misused the provisions of the Insolvency and Bankruptcy Code, 2016 to compel the Applicant/CD to settle disputed claims despite the existence of contractual disputes, and has abused the insolvency process by concealing material facts and documents from this Adjudicating Authority.

11.9 In view of the above facts, the Applicant/CD has sought allowing of the present I.A., imposition of penalty upon the Respondent/OC under Sections 65 and/or 76 of the Insolvency and Bankruptcy Code, 2016, dismissal of CP(IB)/107(AHM)/2026 with costs, and grant of such other reliefs as this Adjudicating Authority may deem fit and proper in the interest of justice.

12. The Operational Creditor filed the Reply to the I.A. on 22.06.2026 vide inward diary no. D-5036. The major contentions of the Operational Creditor are as follows: -

12.1 The Respondent/OC has submitted that the allegations of fraud, malicious intent and concealment are without basis as all material documents, including the Demand Notice, reply thereto, invoices, ledger account, computation of dues, GST records, Information Utility record and bank statements, were disclosed in the Section 9 Petition. It has further stated that the Corporate Debtor has incorrectly equated a plea of pre-existing dispute with the penal provisions of Section 65 of the Code.

12.2 The Respondent/OC has narrated the factual background commencing from the Letter of Award dated 30.04.2022, execution of construction works for Ratnagene Lifescience Private Limited and Senores Pharmaceuticals Limited, raising of invoices, amalgamation effective from 20.06.2024, issuance of subsequent purchase order, occurrence of defaults, service of Demand Notice dated 05.11.2025, reply dated 21.11.2025, and filing of the Section 9 Petition on 22.03.2026, asserting that the operational debt remained unpaid throughout.

12.3 The Respondent/OC has contended that the ingredients of Section 65 are not satisfied as the insolvency proceedings were initiated on the basis of invoices, statutory records and other contemporaneous documents evidencing debt and default. It has further submitted that commercial discussions, reconciliation of accounts and settlement efforts do not prohibit initiation of proceedings under Sections 8 and 9 of the Code.

12.4 The Respondent/OC has stated that the allegations under Section 76 are not sustainable as the said provision stands omitted with effect from 26.05.2026. It has further submitted that the Corporate Debtor's reply to the Demand Notice had already been filed with the Section 9 Petition, there was no concealment of any material fact and the payment of Rs. 50,00,000/- was only a part payment and not a full and final settlement.

12.5 The Respondent/OC has submitted that all relevant documents were placed before the Adjudicating Authority and that the dues of Ratnagene Lifescience Private Limited were lawfully included after its amalgamation with the Corporate Debtor. It has further contended that the part payment of Rs. 50,00,000/-, certified RA Bills and email correspondence acknowledging payable amounts establish subsisting liability and negate the allegation of fraudulent initiation.

12.6 The Respondent/OC has further stated that the exchange of emails and settlement discussions, including the communication dated 21.01.2026, were undertaken only for amicable resolution and did not amount to waiver of statutory remedies or admission that no operational debt existed. It has also alleged that the Corporate Debtor raised post-completion deductions and filed the present Application only to delay adjudication of the Section 9 Petition.

12.7 The Respondent/OC has submitted that the operational debt exceeds the statutory threshold of Rs. 1,00,00,000/- and has relied upon the email dated 18.08.2025, annexed as Annexure-R2, recording payable amounts.

12.8 It has further relied upon the decision of the Hon'ble NCLAT in *Chemical Suppliers India Private Limited v. GLS Films Industries Private Limited*, Company Appeal (AT) (Ins.) No. 157 of 2023, and the decision of the Hon'ble NCLT, Cuttack Bench in *Geosphere Industries Pvt. Ltd. v. Sree UGCL Projects Ltd.*, IA (IB) No. 83 of 2025 and IA (IB) No. 234 of 2025, to contend that a solvent company is not exempt from Section 9 proceedings and that unsupported allegations of dispute or fraud do not attract Section 65 of the Code.

12.9 The Respondent/OC has further submitted that no termination notice, breach notice or crystallised counterclaim was issued before the Demand Notice and that unilateral deductions relating to defect liability, retention money and liquidated damages cannot defeat the operational debt. It has also stated that the present Application is based on ordinary commercial correspondence and reconciliation issues which cannot constitute fraudulent initiation of insolvency proceedings.

12.10 In view of the above facts, the Respondent/OC has prayed that the Interlocutory Application under Section 65 of the Insolvency and Bankruptcy Code, 2016 be dismissed with costs, and that the Section 9 Petition be decided on its own merits in accordance with law.

13. We have heard the arguments of Ld. Counsel for the Applicant/Operational Creditor as well as Ld. Counsel for the Respondent/Corporate Debtor and perused the material available on record. We have considered the pleadings, the documents placed on record, the Reply, the Rejoinder and the submissions advanced on behalf of the parties.

14. The present Petition has been filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 for initiation of Corporate Insolvency Resolution Process on the basis of an alleged operational debt arising out of construction works executed by the Operational Creditor. The Corporate Debtor has opposed the Petition mainly on the ground of existence of a pre-existing dispute regarding execution of work, certification of bills, contractual recoveries and retention money.

15. The record shows that the relationship between the parties is governed by the Tender Documents, Contract Terms dated 17.03.2022, Notice Inviting Tender dated 30.03.2022, Letter of Award dated 30.04.2022 and Purchase Order dated 12.09.2024. The invoices relied upon by the Operational Creditor arise from the said contractual arrangement.

16. The material placed on record further shows that several email communications were exchanged between the parties prior to issuance of the Demand Notice. The correspondence pertains to certification of Running Account Bills, measurements, quality of work, recoveries, electricity charges, structural steel reconciliation, pending works and release of retention amounts.

17. The Reply dated 21.11.2025 to the Demand Notice specifically disputes the quantum of the claim, correctness of invoices, entitlement to retention money, contractual recoveries and the amount alleged to be due. The Corporate Debtor has also relied upon contemporaneous correspondence exchanged prior to the Demand Notice in support of such objections.

18. The minutes of meeting dated 26.09.2025, subsequent email dated 27.09.2025, emails dated 23.10.2025, 27.10.2025, 31.10.2025 and 21.01.2026 indicate that discussions regarding measurements, certification, deductions, settlement and possible arbitration were continuing between the parties before institution of the present proceedings.

19. The Operational Creditor has relied upon certification of certain Running Account Bills, part payment of Rs.50,00,000/- made on 01.10.2025, ledger account, Information Utility record and subsequent correspondence to contend that the liability stood acknowledged and that the disputes subsequently raised are only an afterthought.

20. During the course of final hearing of the case on 27.07.2026, counsel for both parties drew our attention to various communications exchanged between the parties and both provided different figures relating to outstanding amount. Both parties were directed to file their respective calculations of the amount payable clearly indicating the point of difference in their pleadings.

21. Both parties accordingly filed separate calculations indicating the admitted amount, disputed deductions and the amount claimed to be payable. The Corporate Debtor/Senores Pharmaceuticals Limited filed the calculation of amount payable through an Affidavit filed on 28.07.2026 and the portion showing calculation is extracted below: -

A) Due and Payable (undisputed)				
Sr. No.	Invoice No.	Invoice Date	Amount in Rs. payable (With GST)	Points of deferrence / Reference
1	D004/25-26	11-04-2025	32,61,513	No difference
2	D047/25-26	05-06-2025	21,17,178	Invoice Amount Rs. 22,17,423/- Certified Amount Rs. 21,17,178/- (Reference Page 10 read with Annexure D-2 Page No. 211 of our affidavit in reply)
3	D046/25-26	05-06-2025	6,75,721	No difference
4	D048/25-26	17-06-2025	6,71,990	Invoice Amount Rs. 9,19,375/- Certified Amount Rs. 6,71,990/- (Reference Page 10 read with Annexure D-2 Page No. 211 of our affidavit in reply)
	D126/25-26	15-10-2025	17,91,578	Invoice Amount Rs. 23,48,917/- (now certified after the date of our reply affidavit for Rs. 17,91,578/-) Page 10 of reply affidavit
6	TDS FY 2025-26	30-11-2025	(2,04,662)	TDS deducted and deposited with the Department - Ref Page 10 of our affidavit in reply)
	Sub-Total (i) - Gross		**83,13,318**	

Less: Recoveries from Conart			
a)	Recovery of Electricity expense (UGVCL) of our premises for the time when it was being used /	16,27,636	- Page 7 of the Affidavit in Reply - Para 2.6 of the Contract (Page 67) - Ann D-3 (Page 216 of affidavit in reply)
b)	Structural Steel	2,82,891	- Page 7 of the Affidavit in Reply - Ann D-3 (Page 216 of affidavit in reply)
c)	Workmanship Issues & Balance works	11,82,846	- Page 7 of the Affidavit in Reply - Para 2.6 of the Contract (Page 67) - Ann D-3 (Page 216 of affidavit in reply)
	Sub-Total (ii)	30,93,373	
	Net Amount Due (i) - (ii)	**52,19,945**	

	Less: Recoveries from Conart		
a)	Recovery of Electricity expense (UGVCL) of our premises for the time when it was being used /	16,27,636	- Page 7 of the Affidavit in Reply - Para 2.6 of the Contract (Page 67) - Ann D-3 (Page 216 of affidavit in reply)
b)	Structural Steel	2,82,891	- Page 7 of the Affidavit in Reply - Ann D-3 (Page 216 of affidavit in reply)
c)	Workmanship Issues & Balance works	11,82,846	- Page 7 of the Affidavit in Reply - Para 2.6 of the Contract (Page 67) - Ann D-3 (Page 216 of affidavit in reply)
	Sub-Total (ii)	30,93,373	
	Net Amount Due (i) - (ii)	**52,19,945**	

22. On the other hand, the Operational Creditor/Conart Engineers Limited filed the ledger of the CD and Ratnagene Lifescience Pvt. Ltd on 27.07.2026 and as per this ledger the receivable amount from Ratnagene Lifescience Pvt. Ltd as on 01.04.2026 was Rs 24,03,487. Further, receivable from Senores Pharmaceuticals Limited as on 01.04.2026 is Rs 1,08,94,443.

23. There exists a substantial variance between the calculations submitted by the parties. The CD claims as due and payable of Rs 83,13,318 as undisputed but claims recoveries of Rs 30,93,373 and that leads to net payable of Rs 52,19,373. The CD also disputed the payment of invoice no. D 089/25-26 of Rs 16,75,156 and retention money of Rs 24,03,487.

24. We have examined whether the CD had raised objections/disputes about the payables not accepted by it prior to the receipt of notice under section 8 of the Code issued on 05.11.2025. The Corporate Debtor had replied to the notice vide reply of 21.11.2025.

25. The Corporate Debtor has claimed a recovery of electricity expenses of Rs 16,27,636 based on paragraph 2.6 of the Contract.

26. The Corporate Debtor has claimed that retention money of Rs 24,03,487 is not due for payment and referred to paragraph 4.6 of the Contract. It has also referred to email dated 11.04.2022 and paragraph 6.15 of the Contract. It has claimed that the bank guarantee is not provided by the OC.

27. The Corporate Debtor has provided a copy of the Notice Inviting Tender dated 31.03.2022 and contract terms and fiscal aspects dated 17.03.2022 as part of its reply (Pages 36 to 187). Paragraph 2.6 of the Contract deals with power supply and states that the owner shall provide power at chargeable basis at one point 120 KVA.

28. Page 211 of the reply is a copy of email dated 11.08.2025 from the CD to OC that notes recoveries for UGVCL Electric Bill Recovery, Reinforcement short fall, structural steel and workmanship issues and balance works, and total recoveries are of Rs 38,00,919. On the retention money, paragraph 6.15 of the contract provides that the retention money shall be released: 50% upon issue of virtual competition certificate for the works against submission of bank guarantee for the same and valid for the defects liability period and balance 50% shall be released at the successful completion of the defect's liability period. Email of 11.08.2025 from the CD to OC also refers to defect liability period of 12 months from the virtual completion that can be considered 15.05.2025 and refers to bank guarantee of Rs 45 lacs to be submitted by CONART for DLP.

29. Based on the above discussion, we are of the view that the issues of recoveries and payment of retention money were being communicated between parties prior to the issue of notice under section 8 of the Code. The above communications indisputably preceded the Demand Notice dated 05.11.2025.

30. Mere part payment or exchange of settlement proposals, however, does not by itself conclude that no dispute existed. Equally, every contractual disagreement cannot automatically defeat an application under Section 9. The Tribunal is required to examine whether the dispute raised is real and existed prior to issuance of the Demand Notice and we are of the view that there exists a real dispute in substance between parties concerning correct payable amount.

31. The Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited, (2018) 1 SCC 353***, has held that while considering an application under Section 9, the Adjudicating Authority is only required to determine whether there exists a plausible contention requiring further investigation and that the dispute is not a patently feeble legal argument or unsupported assertion.

32. The principles laid down in **Mobilox** have subsequently been reiterated by the Hon'ble Supreme Court as well as the Hon'ble National Company Law Appellate Tribunal in the decisions relied upon by both parties. The jurisdiction under Section 9 is summary in nature and is not intended for adjudication of disputed contractual claims requiring detailed evidence.

33. Upon consideration of the pleadings and documents placed on record and discussed above, this Tribunal finds that the correspondence exchanged prior to the Demand Notice consistently refers to disputes relating to certification of bills, recoveries, quality of work, measurements, retention amount and contractual obligations. Such correspondence cannot be ignored while examining the maintainability of the present Petition.

34. The question whether the deductions claimed by the Corporate Debtor are ultimately justified, whether the recoveries are legally sustainable or whether the Operational Creditor is entitled to the entire amount claimed would necessarily require appreciation of contractual terms and evidence. Such adjudication lies beyond the limited jurisdiction exercisable under Section 9 of the Code.

35. The Information Utility record, ledger account, invoices and GST documents relied upon by the Operational Creditor constitute prima facie evidencesupporting its monetary claim. However, these documents by themselves do not override the contemporaneous correspondence showing that disputes regarding execution of the contract had already arisen before issuance of the statutory Demand Notice.

36. The Tribunal is therefore satisfied that the Corporate Debtor has been able to demonstrate the existence of disputes relating to execution of the contract and quantification of the alleged operational debt prior to issuance of the Demand Notice under Section 8 of the Code. Such disputes cannot be characterised as sham, hypothetical or illusory at this stage.

37. Consequently, the present Company Petition under Section 9 does not satisfy the conditions prescribed under Sections 8 and 9 of the Insolvency and Bankruptcy Code, 2016.

38. Coming to **I.A. No.734 (AHM) of 2026**, the Corporate Debtor has sought imposition of penalty under Sections 65 and 76 of the Code alleging fraudulent and malicious initiation of the insolvency proceedings.

39. Section 65 is a penal provision and its invocation requires clear material establishing that insolvency proceedings have been initiated fraudulently or with malicious intent for a purpose other than resolution of insolvency. The burden to establish such allegations lies upon the Applicant seeking action under the said provision. The mere dismissal of a petition under Section 9 on the ground of pre-existing dispute does not automatically attract Section 65 of the Code.

40. In the present case, the Operational Creditor had disclosed the Demand Notice, the reply thereto, invoices, ledger account, contractual documents and other relevant material along with the Company Petition. The mere fact that this Tribunal has found existence of a pre-existing dispute would not, by itself, establish fraudulent or malicious initiation within the meaning of Section 65.

41. The allegation of concealment of material facts is not borne out from the record, as the Operational Creditor has disclosed the relevant documents along with the Company Petition. Further, the provisions of Section 76 of the Code, as it then stood, do not assist the case of the Applicant/CD in the facts and circumstances of the present case.

42. This Tribunal is, therefore, not satisfied that the requirements for invoking Section 65 of the Insolvency and Bankruptcy Code, 2016 are made out. Accordingly, I.A. No.734 (AHM) of 2026 is liable to be dismissed.

43. In view of the foregoing discussion, **CP (IB) No.107/9/AHM/2026** filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 is **dismissed** on the ground of existence of a pre-existing dispute. **I.A. No.734 (AHM) of 2026** is also **dismissed**. There shall be no order as to costs.

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)