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

ITEM No.308
IA/1349(AHM)2026
in
C.P.(IB)/195(AHM)2025

Under Section 60(5) IBC r/w Rule 11 NCLT Rules, 2016

IN THE MATTER OF:

Keshav Khaneja RP of Gensol Engineering Limited **........Applicant**
V/s
Mufin Green Finance Limited **........Respondent**

Order delivered on: 14/09/2026

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)

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

-SD-	**-SD-**
SANJEEV SHARMA	**SHAMMI KHAN**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

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

IA No. 1349 of 2026
IN
C.P. (IB) No. 195/AHM/2025

(Application under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016)

In the matter of: **Gensol Engineering Limited**

Mr. Keshav Khaneja
Resolution Professional of
Gensol Engineering Limited
C-7, Parth Apartment, Ramdev Nagar,
Satellite, Ahmedabad-380015, Gujarat.

… **Applicant/RP**

VERSUS

Mufin Green Finance Limited
Reg. Address: 202, 2nd Floor,
Best Sky Tower, Netaji Subhash Place,
Delhi, India-110034.

… **Respondent**

Order delivered on: 14.09.2026

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/RP : Mr. Monark Gehlot, Adv. a.w
: Mr. Aditya Bihani, Advocate

For the Respondent : Mr. Arun Saxena, Advocate

O R D E R
(Per Bench)

1. This Interlocutory Application has been filed on 03.08.2026 by the Applicant/RP under 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016 Seeking necessary directions against the Respondent with following prayers: -

a. *Allow the present Application*

b. *Direct the Respondent, Mufin Green Finance Limited, to forthwith refund the Security Deposit of lNR 1,34,14,800/- (Rupees One Crore Thirty-Four Lakhs Fourteen Thousand and Eight Hundred only) to the Corporate Debtor, Gensol Engineering Limited, along with interest thereon at the prevailing rate from the date of adjustment, i.e., July 21, 2025, till the date of actual refund; and*

c. *Direct the Respondent to file a revised I amended Fom1 C before the Resolution Professional, duly reflecting the correct outstanding amount after giving full credit for the Security Deposit amount of INR 1,34,14,800/- already received and retained by the Respondent;*

d. *Pass such other and further order(s) as this Hon'ble Tribunal may deem fit and proper in the facts and circumstances of the present Application and in the interests of justice.*

2. The Applicant/RP has placed the facts through the I.A. and documents in the following manner: -

2.1 The Applicant states that the Tribunal admitted the Section 7 petition on 13.06.2025, commenced CIRP of Gensol Engineering Limited, and appointed Mr. Keshav Khaneja as IRP, who was later confirmed as Resolution Professional.

2.2 The Applicant states that on 24.03.2023 the Corporate Debtor and Mufin executed the Electric Vehicles Services Agreement and Purchase Agreement for 100 electric vehicles and services. Copies are annexed as Annexure A-1 and Annexure A-2.

2.3 The Applicant states that the Corporate Debtor paid Rs. 1,34,14,800 as Security Deposit under Clause 5(d), being 10% cash collateral of funded asset value. The Lease Agreement records its expiry as 07.04.2028.

2.4 The Applicant states that after CIRP commenced and moratorium under Section 14 came into force on 13.06.2025, Mufin filed Form C on 10.07.2025 claiming Rs. 1,95,05,916. The Form C and email are annexed as Annexure A-3.

2.5 The Applicant states that Mufin appropriated Rs. 1,34,14,800 on 21.07.2025 during moratorium. The Resolution Professional sought claim details on 06.11.2025, annexed as Annexure A-4, and Mufin responded on 13.11.2025 with claim breakup of Rs. 1,95,22,187, annexed as Annexure A-5.

2.6 The Applicant states that on 25.11.2025 the Resolution Professional sought details of the deposit and adjustment notice, annexed as Annexure A-6. On 06.12.2025 Mufin disclosed the adjustment and relied on the Lease Agreement, with email and Excel sheet annexed as Annexure A-7.

2.7 The Applicant states that on 23.12.2025 the Resolution Professional disputed the adjustment as contrary to Section 14, sought refund and stated that the claim could not be verified until restoration. The email is annexed as Annexure A-8.

2.8 The Applicant states that on 20.03.2026 Mufin stated that the deposit was non-refundable and revised its claim from Rs. 1,95,05,916 to Rs. 10,73,83,824. The email and Excel sheet are Annexure A-9 and revised Form C with Excel sheet is Annexure A-10.

2.9 The Applicant states that on 31.03.2026 the Resolution Professional sought reversal within 7 days, relied on *Central Transmission Utility of India Ltd. v. Sumit Binani & Ors.*, Civil Appeal Nos. 2216-2217 of 2025, and requested correction of Form C. The communication is annexed as Annexure A-11.

2.10 The Applicant relies upon *Superintending Engineer v. Shri Sivarama Prasad Bhamidi*, Company Appeal (AT) (CH) (Ins) No. 104 of 2023, regarding refund of security deposit adjusted during moratorium, and *Central Transmission Utility of India Ltd. v. Sumit Binani & Ors.*, Civil Appeal Nos. 2216-2217 of 2025, regarding reversal of adjustment against pre-CIRP dues.

2.11 The Applicant submits that Clause 5(d)(iii) permits return or adjustment only after expiry of the Lease term. It therefore submits that adjustment on 21.07.2025 was contrary to the contract and Section 14, while Sections 18 and 25 require custody and protection of Corporate Debtor assets.

2.12 In view of the above-narrated facts, the Applicant has sought allowance of the I.A., refund of Rs. 1,34,14,800 with interest at the prevailing rate from 21.07.2025 till actual refund, a revised or amended Form C after giving credit for the Security Deposit, and such further orders as this Tribunal may deem fit

3. That on issuance of the notice in the Interlocutory Application, the Respondent has appeared and filed its reply on 02.09.2026 vide inward diary no. D-7416 denying various averments made in the Interlocutory Application. The contentions of the Respondent are mentioned hereunder: -

3.1 The Respondent states that it does not seek to file a para-wise reply and submits that the Reply is a response to the Application as a whole. It states that the claim of Rs.1,34,14,800/- as a refundable security deposit or asset of the Corporate Debtor is not supported by the Lease Agreement.

3.2 The Respondent states that under the Operating Lease Agreement dated 24.03.2023, the Corporate Debtor furnished Rs.1,34,14,800/- as non-refundable payment security under Clause 5(d)(i). It relies upon Clause 5(d)(ii), under which Mufin could encash and appropriate amounts due under the Agreement.

3.3 The Respondent states that the payment security was provided to secure the obligations of the Corporate Debtor and could be adjusted against amounts due under the Agreement. It further states that the Agreement permitted return or adjustment of any amount remaining after expiry of the term, subject to the terms recorded therein.

3.4 The Respondent states that the lease rentals were invoiced at about Rs.29,13,216/- per month and were substantially paid up to February 2025. It states that payment defaults commenced from March 2025 and the Corporate Debtor did not discharge the lease obligations.

3.5 The Respondent states that it issued communications requiring payment of the outstanding amounts and that the communication dated 13.04.2025 gave 10 days to regularise the account. The said communication is annexed as Annexure R-2.

3.6 The Respondent states that the defaults continued and the Lease Agreement was terminated by communication dated 21.04.2025 and termination letter dated 22.04.2025. The said documents are annexed collectively as Annexure R-3.

3.7 The Respondent states that, after termination, the Corporate Debtor was required to hand over the leased vehicles. Out of 100 vehicles covered by the transaction, 92 vehicles were repossessed, and some vehicles were returned with damage or without accessories and equipment.

3.8 The Respondent states that it incurred amounts towards repossession, transportation, restoration, repairs, diminution in asset value and other expenses arising from the defaults. It states that the payment security was therefore adjusted under the Lease Agreement.

3.9 The Respondent states that the payment security was adjusted on 16.04.2025, before termination of the Lease Agreement and before the Insolvency Commencement Date of 13.06.2025. The adjustment is stated to be recorded in the Respondent's books and ledger, annexed as Annexure R-4.

3.10 The Respondent states that after credit for the repossessed vehicles and adjustment of the payment security, Rs.8,07,81,475/- remained outstanding from the Corporate Debtor. It states that a claim for the outstanding amount was filed with the Resolution Professional.

3.11 The Respondent states that the adjustment did not result in unjust enrichment because the Corporate Debtor continued to owe Rs.8,07,81,475/-. It therefore states that, on 13.06.2025, no unadjusted and refundable security deposit of Rs.1,34,14,800/- was held by the Respondent.

3.12 The Respondent states that the Applicant relies upon an email dated 06.12.2025 and the reference therein to 21.07.2025 to contend that the adjustment took place after commencement of CIRP. The Respondent states that the date 21.07.2025 was a clerical error made during claim verification.

3.13 The Respondent states that the refund prayer assumes that the Corporate Debtor had, on 13.06.2025, an enforceable right to receive Rs.1,34,14,800/-. It states that no such right existed because of the terms of the Lease Agreement and the adjustment made before commencement of CIRP.

3.14 The Respondent further states that, even if the accounting entry were treated as having been recorded after commencement of CIRP, its contractual entitlement to appropriate the payment security would remain. It states that the judgment relied upon by the Applicant concerns adjustment or appropriation of a security deposit during moratorium or after commencement of CIRP and does not concern a non-refundable payment security adjusted on pre-CIRP events. No separate precedent has been relied upon by the Respondent in the Reply.

3.15 In view of the above facts, the Respondent has sought dismissal of the Application, a finding that the non-refundable security deposit does not form part of the assets of the Corporate Debtor and that the Applicant has no claim over it, and such further orders as the Tribunal may deem fit in the interest of justice.

4. The Applicant has also filed a rejoinder on 09.09.2026 vide inward diary no. D-7725, denying most contentions raised by the Respondent in his reply. The contents of the Rejoinder are reproduced as follows: -

4.1 The Applicant, Resolution Professional of Gensol Engineering Limited, has filed the Rejoinder pursuant to the liberty granted by the Tribunal on 02.09.2026, and refers to the said order as Annexure

A. The Applicant reiterates the Application and denies the Reply except to the extent expressly admitted.

4.2 The Applicant states that the Corporate Debtor had entered into an Operating Lease Agreement dated 24.03.2023 with Mufin Green Finance Limited and had furnished a security deposit of Rs. 1,34,14,800. The Applicant refers to the Lease Agreement as Annexure A-1 to the Application.

4.3 The Applicant submits that the security deposit is refundable under Clause 5(d) of the Lease Agreement. Clause 5(d)(iii) permits Mufin to return the amount or adjust it against dues after expiry of the term, and therefore the Applicant contends that the deposit remained property of the Corporate Debtor and was held as payment security.

4.4 The Applicant submits that the expression "non-refundable" in Clause 5(d)(i) cannot be read separately from Clause 5(d)(iii). According to the Applicant, it means that return could not be demanded during the lease term and did not transfer absolute title in the deposit to the Respondent.

4.5 The Applicant states that CIRP commenced on 13.06.2025 and the moratorium under Section 14 of the Code came into force. The Respondent filed its Form C claim on 10.07.2025, and in an email dated

06.12.2025, referred to as Annexure A-7 to the Application, stated that the security deposit had been adjusted on 21.07.2025.

4.6 The Applicant submits that the Respondent has changed its position in the Reply by stating that the deposit was adjusted on 16.04.2025 and by describing the reference to 21.07.2025 as an inadvertent clerical error. The Applicant states that the earlier statement was made in response to the RP's specific query dated 25.11.2025 concerning the date of adjustment.

4.7 The Applicant contends that the Respondent's case of termination and adjustment is not supported by Clause 10(b) of the Lease Agreement. The default notice dated 13.04.2025, referred to as Annexure R-2 in the Reply, provided ten days instead of the contractual fifteen-day cure period.

4.8 The Applicant further submits that the termination communication dated 21.04.2025 and termination letter dated 22.04.2025, referred to as Annexure R-3 (Colly.) in the Reply, were issued before expiry of even the ten-day period. The Applicant therefore contends that no contractual right to adjust the security deposit had accrued on 16.04.2025.

4.9 The Applicant also challenges service of the termination communication under Clause 18(c). It states that the email dated 21.04.2025 was not addressed to the Corporate Debtor or its notified representative, referred to a "Financial Lease Agreement" and multiple entities, and the Respondent has not produced proof that the letter dated 22.04.2025 was received by the Corporate Debtor.

4.10 The Applicant states that the Respondent's ledger extract, referred to as Annexure R-4 in the Reply, is prepared by the Respondent and is not independent verification of the date of adjustment. The Applicant also refers to the SEBI interim order dated 15.04.2025 and submits that the alleged adjustment on 16.04.2025 requires verification.

4.11 The Applicant submits that the date of adjustment determines whether the transaction occurred before or after commencement of the moratorium. It relies upon Central Transmission Utility of India Ltd. v. Sumit Binani & Ors., Civil Appeal Nos. 2216-2217 of 2025, and invokes the principle that a party cannot approbate and reprobate by changing its position after the legal consequence of its earlier admission becomes relevant.

4.12 The Applicant refers to the proceedings concerning Gensol EV Lease Limited in IA/574(AHM)2026 and the Tribunal's order dated 27.08.2026, annexed as

Annexure B. The Applicant states that the same Respondent had relied upon a ledger and later-filed compliance records containing different voucher particulars in relation to the adjustment of another security deposit.

4.13 The Applicant states that, in IA/574(AHM)2026, the Tribunal found that the date and manner of creation and recording of the ledger entries required verification from underlying accounting records and the electronic audit trail. The Tribunal appointed an Independent Forensic Auditor to examine the books, ledgers, vouchers and electronic records and to verify creation or modification of the relevant entries.

4.14 On the basis of the above, the Applicant submits that the same type of factual verification is required in the present matter because the Respondent's earlier admission, subsequent ledger and stated date of adjustment are disputed. The Applicant further reiterates that any adjustment of the security deposit after 13.06.2025 would, according to its case, be void ab initio and contrary to Section 14 of the Code.

4.15 In view of the above facts, the Applicant has sought allowance of the Application, a declaration that the purported termination of the Lease Agreement is void and inoperative, appointment of an Independent Forensic Auditor to verify the date and time of creation or modification of the relevant entries concerning the Rs. 1,34,14,800 security deposit and their reconciliation with supporting records, and such other orders as the Tribunal may deem fit.

5. We have heard the Learned Counsel appearing for the Applicant and the Respondent and perused the Application, Reply, Rejoinder and documents placed on record. We have considered Annexures A-1 to A-11 to the Application, Annexures R-1 to R-4 to the Reply and Annexures A and B to the Rejoinder. The present Application under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("Code") concerns the Security Deposit of ₹1,34,14,800/- allegedly appropriated by the Respondent.

6. The Applicant relies upon the Electric Vehicles Services Agreement dated 24.03.2023 and the Purchase Agreement dated 24.03.2023, marked as **Annexures A-1 and A-2**, respectively. It is stated that the Corporate Debtor had deposited ₹1,34,14,800/- with the Respondent and that CIRP of the Corporate Debtor commenced on 13.06.2025.

7. The Applicant particularly relies upon the Respondent's email dated 06.12.2025, forming part of **Annexure A-7**, wherein the Security Deposit was stated to have been adjusted on 21.07.2025. The Respondent now states that the reference to 21.07.2025 was an inadvertent clerical error and that the adjustment had taken place before commencement of CIRP.

8. The Respondent relies upon its communication dated 13.04.2025, termination correspondence dated 21.04.2025 and

22.04.2025, and the ledger produced as **Annexures R-2, R-3 (Colly.) and R-4**, respectively. The Respondent contends that the Security Deposit had already been adjusted before 13.06.2025 and that no refundable amount remained with it on commencement of CIRP.

9. The Applicant, in the Rejoinder, disputes the explanation that the date 21.07.2025 was merely a clerical error. The Applicant also disputes the evidentiary conclusiveness of the ledger relied upon by the Respondent and submits that the actual date and manner of adjustment require verification from the underlying books, vouchers, accounting records and electronic audit trail.

10. The Respondent relies upon Clause 5(d) of the Agreement and contends that the Security Deposit was a non-refundable payment security capable of appropriation towards amounts due under the Agreement. The Applicant, on the other hand, contends that the contractual provision cannot authorise appropriation contrary to the statutory moratorium and relies upon the Respondent's communication dated 06.12.2025.

11. The Applicant has relied upon *Central Transmission Utility of India Limited v. Sumit Binani & Ors.*, 2026 INSC 284, Civil Appeal Nos. 2216-2217 of 2025, decided on 23.03.2026, wherein the Hon'ble Supreme Court held that appropriation of a security deposit towards pre-CIRP dues after commencement of CIRP is impermissible and contrary to the moratorium under Section 14 of the Code. The judgment also recognises that recovery of pre-CIRP dues has to be pursued in accordance with the insolvency process.

12. The Applicant has also relied upon *The Superintending Engineer, Operations-Nellore Circle, Southern Power Distribution Company of A.P. Ltd. v. Shri Sivarama Prasad Bhamidi*, Company Appeal (AT) (CH) (Ins) No. 104 of 2023, decided on 02.08.2023, wherein the NCLAT upheld refund of a security deposit adjusted during the insolvency process and declined interest in the absence of an agreement providing for interest.

13. The Applicant has placed on record, as **Annexure B to the Rejoinder**, the order dated 27.08.2026 passed by this Tribunal in IA/574(AHM)2026 and has relied upon the procedural course adopted therein. We clarify that the facts, pleadings, documents and accounting records of the said proceeding are not being taken into consideration for deciding the present Application.

14. On consideration of the present record, we find that the question requiring factual verification is the actual date and manner of adjustment of the Security Deposit, particularly in view of the Respondent's email dated 06.12.2025 and its subsequent explanation. Such verification would appropriately require examination of the underlying books of account, ledger entries, vouchers, accounting records and electronic accounting and e-mail trail.

15. Accordingly, **CA Anmol Bindra (Email: anmolbindra28@gmail.com)** is appointed as an **Independent Forensic Auditor** to examine the relevant books of account, ledger entries, vouchers, accounting records and underlying electronic/computerised data and email trail concerning the Security Deposit of ₹1,34,14,800/-. He shall specifically verify the date and time of creation or modification of the relevant accounting entries and reconcile the same with the supporting records and documents produced before him.

16. The Respondent shall extend full cooperation and provide access to the relevant books, accounting software/data, vouchers and electronic records, while the Applicant shall furnish the Application, Reply, Rejoinder and relevant documents to the Independent Forensic Auditor. The Auditor shall submit his consent and declaration regarding absence of conflict within **3 days** and submit his report within **10 days**; his fee shall be **₹75,000/-** plus applicable taxes and actual expenses, to be borne **50:50** by the Applicant/RP and the Respondent.

17. The Independent Forensic Auditor shall confine his examination to factual verification and shall not express any opinion on the legal merits of the rival contentions. The matter is accordingly listed for further consideration on **30.09.2026.**

-SD-	**-SD-**
SANJEEV SHARMA	**SHAMMI KHAN**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**