

**NATIONAL COMPANY LAW APPELLATE TRIBUNAL**  
**PRINCIPAL BENCH, NEW DELHI**

**Comp. App. (AT) (Ins) No. 375 of 2024 & I.A. No. 1278 of 2024**

**(Arising out of the Order dated 22.12.2023 passed by the National Company Law Tribunal, Mumbai Bench in C.P. (I.B.) No. 534/MB/2023)**

**IN THE MATTER OF:**

**Mrs. Leena Salot,  
Proprietor Of Riddhim Textiles**

Having address at: 108, 1st floor, Panchratna, Near  
Roxy Cinema, Opera House, M.P. Road, Chami  
Road- West, Mumbai - 400004

**...Appellant**

**Versus**

**Ridham Synthetics Private Limited**

Having Address at: Shree Mahalaxmi Woolen Mills  
Compound Dr E Moses Road, Mahalaxmi,  
Mumbai - 400011

**...Respondent**

**Present**

**For Appellants:** Mr. Sandeep Bajaj, Mr. Mayank Biyani, Mr. Ashish O.  
Lalpuria, Mr. Gaurav Gdodia, Advocates.

**For Respondents:** Mr. Arnav Kumar & Ms. Gitanjali Vohra, Advocates.

**J U D G E M E N T**

**(03.07.2025)**

**NARESH SALECHA, MEMBER (TECHNICAL)**

1. The present This present Appeal has been filed by the Appellant under Section 61(1) of the Insolvency and Bankruptcy Code, 2016 (“**Code**”) against the Impugned Order dated 22.12.2023 passed by the National Company Law Tribunal, Mumbai Bench (“**Adjudicating Authority**”) in C.P. (I.B) No. 534/MB/2023.

2. Ridham Synthetics Private Limited, who is the Corporate Debtor, is the Respondent herein.

3. The Appellant/Operational Creditor submitted that a Petition under Section 9 of the Code, was filed for initiation of the Corporate Insolvency Resolution Process (“**CIRP**”) against the Respondent, on account of the Respondent’s failure to pay the outstanding operational debt amounting to Rs. 1,36,06,646.70.

4. The Appellant submitted that he operates under the Proprietorship Firm “Riddhim Textiles” and is engaged in the trade and supply of diverse textile goods, constituting the core of its commercial operations and the Respondent has been engaged in the business of trading in textiles, including cotton fabric dyeing, polyester fabric dyeing services, and viscose fabric dyeing services.

5. The Appellant submitted that the Respondent had approached the Appellant around the year 2015 with a proposal to purchase various textile materials and the Appellant and the Respondent Debtor mutually agreed to enter into a business relationship for the supply and purchase of such textile goods. The Appellant submitted that, pursuant to the business arrangement, the Respondent placed various purchase orders with the Appellant from the financial year 2015-16 onwards and made ad hoc payments against the invoices raised. In compliance with the said orders, the Appellant duly sold and delivered the textile goods, which were received by the Respondent without any objection or dispute regarding the quality, quantity, or merchantability of the goods and accordingly, the Appellant raised the requisite tax invoices in respect of the goods supplied.

6. The Appellant submitted that, upon receipt of the goods duly supplied by the Appellant, the Respondent verified the materials and, in the event of any discrepancy in quantity or rate, raised debit notes, which were duly accounted for by the Appellant in its books of accounts. Subsequent to such adjustments, the Respondent did not raise any further dispute regarding the goods and proceeded to utilize the said goods for its business purposes. Furthermore, the Respondent availed the benefit of Input Tax Credit under the CGST Act, 2017, in respect of the GST paid by the Appellant on the supplied goods. The Respondent also made ad hoc payments towards the invoices raised, thereby clearly indicating its satisfaction with the goods supplied and unequivocally acknowledging its liability to pay the outstanding amounts under the said invoices.

7. The Appellant submitted that no notice of dispute, either with regard to the quality of the products or the invoice amounts, was raised by the Respondent within the stipulated period as per the invoices or at any subsequent time. No valid or specific dispute has ever been raised by the Respondent concerning any particular product or invoice.

8. The Appellant submitted that, after duly adjusting all ad hoc payments made by the Respondent, as well as accounting for all debit notes raised by the Respondent and debit notes pertaining to transportation charges raised by the Appellant, the total outstanding amount due and payable by the Respondent stands at Rs. 1,36,06,646.70 exclusive of interest at the rate of 24% per annum.

**9.** The Appellant submitted that the Respondent has made part payments towards its outstanding liabilities subsequent to the last date of sales, i.e., 18/08/2018, on the various dates i.e. 05/08/2018, 30/08/2019, 30/01/2021, 27/04/2022, and 15/10/2022. The Appellant has accordingly taken the date of default as 16/10/2022, being the day immediately following the last ad hoc payment received on 15/10/2022. The Appellant further submitted that the Respondent did not specify the particular invoices against which the said payments were made. In the absence of any such communication or intimation, the payments have been treated as ad hoc payments towards the total outstanding liability.

**10.** The Appellant submitted that the Respondent had provided account confirmation by sharing its ledger with the Appellant in the years 2019 and 2022. As per the most recent ledger statement shared by the Respondent on 23rd June 2022, the outstanding liability has been duly admitted and acknowledged to the extent of Rs. 1,39,85,901.02. The Appellant further submitted that an ad hoc payment of Rs. 25 lakh was received by the Appellant on 15th October 2022. Accordingly, after deducting the said amount from the previously admitted liability, the outstanding amount due and admitted by the Respondent stands at Rs. 1,14,85,901.02.

**11.** The Appellant submitted that, despite repeated follow-ups, the Respondent has failed to pay the outstanding balance. The Appellant issued a notice under the Arbitration and Conciliation Act, 1996 seeking recovery of the said dues. The

Respondent, however, chose to ignore the said notice, failed to respond to the correspondence, and did not make any payment towards the admitted liability.

**12.** The Appellant submitted that, upon realizing that the Respondent either lacked the capacity to pay or was willfully avoiding payment, the Appellant issued a notice dated 18th April, 2023 under Section 8 of the Code calling upon the Respondent to pay the outstanding dues. The said notice was duly received by the Respondent via email on 18th April, 2023, while the notice sent by post was returned undelivered with the remark “addressee left.” In response to the demand notice, the Respondent sought to raise a frivolous and unsubstantiated dispute regarding the quality of goods supplied, without furnishing any evidence or substantiation in support of such claim.

**13.** The Appellant submitted that the Adjudicating Authority has erred in holding that there is no crystallized debt in the present case. The Respondent, except for two invoices—namely, Invoice Nos. RT/207/17-18 and RT/228/17-18 dated 01.03.2018 and 31.03.2018 respectively—has admitted all other invoices and transactions, as reflected in the ledger.

**14.** The Appellant submitted that the Adjudicating Authority has failed to appreciate that the threshold of Rupees One Crore under the Code, is clearly satisfied even without including Invoice Nos. RT/207/17-18 and RT/228/17-18 dated 01.03.2018 and 31.03.2018, respectively, in the total claim. The Appellant further submitted that the Adjudicating Authority did not consider that the

Respondent is estopped from denying the said invoices, as the Respondent has availed input GST credit on these invoices.

**15.** The Appellant submitted that the Adjudicating Authority further erred in discrediting Invoice Nos. RT/207/17-18 and RT/228/17-18 dated 01.03.2018 and 31.03.2018, solely on the basis of a mere assertion by the counsel for the Respondent that no delivery was received, without any supporting proof from the Respondent, despite the fact that the Respondent has availed the benefit of Input Tax Credit under Section 16 of the CGST Act, 2017, in respect of all the invoices raised by the Appellant.

**16.** The Appellant submitted that this Appellate Tribunal, in the matter of *Paramjeet Singh vs. Maxim Tubes Company Pvt. Ltd. & Another* (Civil Appeal No. 9571 of 2018) has categorically held that any dispute must be raised in response to the demand notice issued under Section 8 of the Code, failing which it shall be deemed that no pre-existing dispute exists.

**17.** The Appellant submitted that the Adjudicating Authority has failed to appreciate that the Respondent did not raise any objection to the ledger of the Appellant in its reply to the Demand Notice issued under Section 8 of the Code, and therefore could not have belatedly raised such an issue at the stage of reply to the Insolvency Petition. The Appellant further submitted that the Adjudicating Authority erred in treating the WhatsApp message dated 24.07.2018 as a dispute, despite the fact that the said message does not indicate that any material was supplied by the Appellant or specify the invoice to which it pertains. Moreover,

the Respondent continued to engage in business transactions with the Appellant and made part payments even after the date of the alleged WhatsApp message.

**18.** The Appellant submitted that the Adjudicating Authority has failed to consider that the alleged WhatsApp message dated 24.07.2018 was not sent by any Director of the Respondent, nor has any averment been made regarding the authority or designation of the individual who sent the said message. In the absence of proof of authority of the sender, the Tribunal ought not to have treated the said message as constituting a dispute in relation to the goods supplied in the present case. The Appellant further submitted that the Adjudicating Authority erred in not providing any cogent reasons to disbelieve the case of the Appellant, while accepting the Respondent's contentions regarding the validity and effect of the WhatsApp message as evidence of a pre-existing dispute.

**19.** The Appellant submitted that the Adjudicating Authority has erred in relying upon Delivery Challan No. G S04 dated 24.08.2022, as the said delivery challan pertains to a different entity, namely "Virchand Gowerdhan LLP," which is clearly indicated on the face of the challan. Moreover, the date of the delivery challan is 24th August 2022, whereas the outstanding amount claimed by the Appellant relates to a period approximately four years prior to this date. The Appellant pointed that there were no transactions between the parties during the intervening period, with the last invoice, being Invoice No. RT/054/18-19, having been raised on 18th August 2018 at least four years before the date of the said delivery challan.

**20.** The Appellant submitted that, in the present case, the Respondent has merely made a general and unsubstantiated assertion regarding the alleged unsatisfactory quality of goods, attempting to establish a frivolous dispute through a WhatsApp message that is vague and does not specify the exact invoice or product to which the purported dispute pertains. Furthermore, in its pleadings before the Adjudicating Authority, the Respondent has failed to identify the specific invoice(s) or product(s) in relation to which the alleged dispute is raised.

**21.** The Appellant submitted that the Adjudicating Authority, having concluded that any dispute pertained only to Invoice No. RT044, failed to recalculate the total admitted and undisputed default amount, which remains well above the statutory threshold of Rupees One Crore. Even after excluding the sum of Rs. 85,285/- (allegedly disputed), the admitted default stands at Rs. 1,14,00,616.02, as acknowledged by the Respondent in its e-mail dated 23rd June 2022. This figure is further substantiated by the subsequent payment of Rs. 25,00,000/- on 25th October 2022, reducing the admitted liability to Rs. 1,14,85,901.02. The Adjudicating Authority has erroneously disregarded this clear e-mail acknowledgment of debt and instead relied on an earlier WhatsApp message dated 24th July 2018, which is neither relevant nor substantiated.

**22.** The Appellant submitted that the Respondent has clearly acknowledged a debt exceeding Rupees One Crore, and as per Form 5A, the defaulted amount remained unpaid as of the petition date. The Adjudicating Authority erred in concluding that the debt was not crystallized, despite its limited role under



Section 9 of the Code, which is not to adjudicate the quantum of debt but to assess whether the default exceeds the statutory threshold. Upon being satisfied that the default was above Rupees One Crore, the Adjudicating Authority ought to have admitted the matter into CIRP. The Appellant submitted that the Adjudicating Authority also failed to provide the Appellant an opportunity to rectify any authorization defect in accordance with the proviso to Section 9(5)(ii) of the Code, which mandates granting seven days to cure such defects before passing an order.

**23.** Concluding his arguments, the Appellant requested this Appellate Tribunal to set aside the Impugned Order and allow his appeal.

**24.** Per contra, the Respondent denied all averments made by the Appellants as misleading and baseless.

**25.** The Respondent submitted that, in several instances, the Appellant raised invoices without actually supplying any goods against the corresponding Purchase Orders, as evidenced by invoices RT/207/17-18 and RT/228/17-18 dated 01.03.2019 and 31.03.2018, for which no goods were delivered. The Appellant has failed to provide any proof of supply in support of its claims for payment in its Section 9 application. Additionally, in cases where goods were supplied, some consignments were found to be defective, as demonstrated by the Respondent's Quality Test Reports, and therefore, the Appellant is not entitled to payment for such defective goods.

**26.** The Respondent submitted that the issue of defective goods supplied by the Appellant was promptly brought to the Appellant's attention, including through text messages sent on 24.07.2018, wherein the Respondent specifically highlighted the inferior quality of the goods received. The Respondent also communicated multiple customer complaints regarding the substandard goods on several other occasions. In response, the Appellant assured the Respondent that it would either rectify the defects or replace the faulty goods; however, despite these assurances, the Appellant failed to take any remedial action.

**27.** The Respondent submitted that the Appellant attempted to deliver a batch of goods on 24.08.2022 through its sister concern, Virchand Govardhan LLP,; however, these goods were rejected due to the presence of iron particles, rendering them unsuitable for textile processing. Furthermore, the Respondent independently sold processed textile goods to the Appellant and its affiliates, for which the Appellant has not made full payment to date. Accordingly, a proper reconciliation of all mutual transactions would reveal that it is, in fact, the Appellant who owes money to the Respondent, and not vice versa, with the Respondent having already paid for all defect-free materials supplied by the Appellant.

**28.** The Respondent submitted that, notwithstanding the factual position outlined above, the Appellant, by letter dated 24.03.2023, unexpectedly demanded a sum of Rs. 1,13,91,147/- from the Respondent and sought reference of the alleged disputes to arbitration under the Rules of the Mumbai Textile

Merchants' Mahajan, thereby acknowledging the existence of genuine pre-existing disputes regarding the goods in question. Despite having already invoked arbitration, the Appellant subsequently, on 18.04.2023, issued a fresh and malafide Demand Notice under Section 8 of the Code, claiming an increased and unsubstantiated amount of Rs. 1,36,06,646/-. The Respondent submitted that he replied to the Appellant's Demand Notice on 26.04.2023, denying the alleged claims and reiterating the existence of pre-existing disputes regarding the goods supplied, for which arbitration had already been invoked by the Appellant. Despite this, in June 2023, the Appellant filed an application under Section 9 of the Code seeking initiation of CIRP against the Respondent, disregarding the settled legal principle that such proceedings are not maintainable where genuine disputes and ongoing arbitration exist.

**29.** The Respondent submitted that the Appellant's reliance on the Respondent's emails dated 21.11.2019 and 23.06.2022, as well as the GSTR-1 returns, to allege an admission of debt is wholly misplaced and erroneous. It is well established that the filing of GSTR-1 returns is a statutory requirement under the CGST Act and does not constitute an admission of liability or acknowledgment of a jural relationship between the parties. Similarly, the sharing of ledgers via the referenced emails cannot be construed as confirmation of balances or accounts, as these ledgers merely reflect orders placed and invoices raised, without accounting for critical factors such as defective goods sold as scrap, amounts due from the Appellant for processed goods supplied by the

Respondent, instances of non-supply, and various credit/debit notes issued by the Appellant. The ledgers were expressly subject to verification, reconciliation, and adjudication, which is precisely why the Appellant invoked arbitration to resolve the disputes. Accordingly, there is no admission of liability in the said emails or GST returns.

**30.** The Respondent submitted that the ledger account relied upon by the Appellant, being unsigned and undated by the Respondent Company, cannot serve as strict proof of the transactions in question, and no liability can be imposed solely on the basis of such ledger entries without corroborating evidence.

**31.** The Respondent denied that the date of default is 16.10.2022 and further denied having made ad hoc payments towards any outstanding liabilities. The Respondent reiterated that all payments have been duly made for defect-free goods received, and no amount is due or outstanding. The Respondent denied that there was no communication regarding the invoices for which payments were made, or that payments were made on an ad hoc basis. The Respondent stated that the parties maintained a running account is also false and is contradicted by the Appellant's own letter dated 24.03.2023, wherein interest was claimed from seven days after receipt of invoice or goods.

**32.** The Respondent submitted that the issue of inferior quality material supplied under Invoice No. RT044 was promptly disputed by the Respondent through a WhatsApp message dated 24.07.2018, immediately notifying the Appellant of the defect. Rather than addressing the concern, the Appellant, on

24.08.2022, attempted to supply a test batch of goods, which the Respondent rejected, specifically noting that the goods contained iron particles and were therefore unsuitable for use in clothing.

**33.** The Respondent submitted that the statutory threshold of Rupees One Crore is not met when the accounts are properly reconciled and adjudicated, as the Appellant has failed to consider the value of defective goods and amounts owed by the Appellant to the Respondent for goods sold by the Respondent.

**34.** The Respondent submitted that it is incorrect and misleading for the Appellant to dispute the authenticity and relevance of the WhatsApp messages dated 24.07.2018, which clearly evidence the Respondent's objection to the quality of materials supplied. The Respondent has consistently disputed the alleged claim amount, and the Adjudicating Authority rightly dismissed the Section 9 Application, finding no crystallized debt between the parties in light of the pre-existing dispute. The assertion that the Tribunal could not consider the WhatsApp message as evidence of a dispute is unfounded, as WhatsApp is a valid mode of communicating such objections. The Respondent also denied that the Adjudicating Authority failed to provide reasons for its decision; on the contrary, it correctly applied the legal principle that the Code cannot be invoked where a pre-existing dispute exists, and thus properly dismissed the Appellant's application.

**35.** Concluding his pleadings, the Respondent requested this Appellate Tribunal to dismiss the present appeal with cost

## **Findings**

36. Heard Counsel for the parties and perused the records made available.

37. We note that the Adjudicating Authority has rejected the section 9 application on the ground that there has been pre-existing dispute.

38. At this stage, we would like to go into the reasoning given by the Adjudicating Authority as contained in the Impugned Order which are evident from para 5 onwards which reads as under :-

*“5. We have taken into consideration the invoices No RT /207 / 17- 18 and RT/228/17-18, dated 1.03.2018 and 31.03.2018 respectively placed on record. As per the contention of the Respondent, material was never supplied by the Operational Creditor against these invoices but the amounts of these invoices have been added in the claim amount by the Petitioner. Additionally, the goods supplied against the invoice no. RT044 dated 21.05.2018 by the Operational Creditor was of inferior quality and the same was conveyed to the Operational Creditor via whatsapp messages dated 24.07.2018. The Operational Creditor rather than taking ... remedial action tried to deliver test products, the same was rejected by the Respondent with specific mark on Delivery Challan No. G S04 dated 24.08.2022. The challan is reproduced below: -*

**DELIVERY CHALLAN**

**ANJAANA CREATION**  
Mfrs. Of: SUITING & SHIRTING  
GST No.: 27ACWPC6783G1Z7

Works: G-19/2, M.I.D.C., Tarapur (BOISAR) Mob: 9820544712, 8600312613, 9820544712

Delivery Challan No: **255** C.V. 504 Date: **24/02/2022**

To, M/s: **Riddham Synthetics Pvt. "Virendra Chowdhary LLP"**

Address: **Plot No. B, 22/24, Sangam Village, Phase-2, MIDC, Gombikali (B), GST No. 27ABD VFX 1376 L1ZB**

Dear Sir, Please receive the following Grey for dyeing **47**

Quantity: **50/2 x 30 Cotton chambray** Width

Sr. No.	Pcs No.	Meters	Shade	Sr. No.	Pcs No.	Meters	Shade	Sr. No.	Pcs No.	Meters	Shade
1	4876	102/00		15				29			
2	7913	102/50		16				30			
3				17				31			
4	Notes: 50/2 x 30			18				32			
5	50/2 x 30			19				33			
6				20				34			
7				21				35			
8				22				36			
9				23				37			
10				24				38			
11				25				39			
12				26				40			
13				27				41			
14				28				42			
Total Pcs: <b>02</b>				Total Mtrs: <b>216/50</b>				Avg. G WT:			

Prepared by: \_\_\_\_\_ Authorised by: \_\_\_\_\_ Receiver's Signature: \_\_\_\_\_

Hence, this bench is of considered view that there exists a preexisting dispute with regards to the due amount and otherwise also there is no proper crystallization of the debt as the respondent have disputed the amount claimed in the present petition.

6. In addition, the counsel for the Corporate Debtor also submitted that the petition is not filed by duly authorized person and the authority placed on record is not a proper and legal authorization of Mr. Jaisukh Salot. By taking into view the above submission and the fact that the submitted Authority letter is neither properly attested nor notarized makes it clear that there is no proper authorization given to the Operational Creditor to file this petition. Hence, this petition deserves dismissal on this ground as well.

7. Further this Tribunal has thoughtfully considered the fact that the Corporate Debtor is a Financially Solvent Company with the ability to discharge its lawful debt. The Hon'ble Supreme Court in M/S S.S. Engineers V. Hindustan Petroleum Corporation Ltd & Ors., Civil Appeal No. 4583/2022 has held "The NCLT, exercising powers under Section 7 or Section 9 of IBC, is not a debt collection forum. The IBC tackles and/ or deals with the insolvency and bankruptcy. It is not the object of the IBC that CIRP should be initiated to penalize solvent companies for non-payment of disputed dues claimed by an operational creditor"

8. In the view of the above stated C.P. No. 534/MB/2023 deserves to be dismissed.”

(Emphasis Supplied)

39. From para 5 of the Impugned Order, we note that the Adjudicating Authority has taken into account invoice No. RT/207/17-18 dated 01.03.2018 and RT/228/17-18 dated 31.03.2018, according to which, the goods were never supplied by the Appellant but the amount was claimed by the Appellant.



Similarly, the Adjudicating Authority has mentioned invoice No. RT/044/18-19 against which the material supplied by the Appellant is stated to be inferior quality and the same was communicated by the Respondent to the Appellant via whatsapp message dated 14.07.2018.

Based on above three invoices, the Adjudicating Authority concluded that the debt has not been crystalized and there has been pre-existing dispute.

In Para 7, the Adjudicating Authority has recorded that the Respondent is financial solvent company and referred to judgment of the Hon'ble Supreme Court of India in the matter of *M/s S.S. Engineers & Ors. vs. Hindustan Petroleum Corporation Limited* passed in *Civil Appeal No. 4583 of 2022*.



Thus, based on the three invoices detailed in Impugned Order as alleged by the Respondent/ Corporate Debtor and that the Corporate Debtor is treated as financially solvent company, the Adjudicating Authority dismissed the Section 9 application of the Appellant.

**40.** Since three invoices has been referred to in the Impugned Order, which according to the Adjudicating Authority becomes root for the pre-existing dispute, we will go into these three invoices. The first two invoices are with reference to non-delivery of goods and third invoice is with relation to inferior quality.

The first two invoices reads as under :-

**Invoice No. RT/207/17-18 dated 01.03.2018 (related to non delivery of goods)**

Annexure - I.

<b>RIDDHIM TEXTILES</b> 2004, 20th floor, Panchsheel Bldg, near Ravi Cinema, Charni Road, Mumbai - 400041 E-mail : rakesh@riddhim.com; Phone : 40711221							
<b>TAX INVOICE</b>				GST NO		Original Receipt	
				27AAGP5361RAZT			
Details of Receiver				Invoice No		RT/207/17-18	
				Date		01.03.2018	
Bill to Party		Ship to Party		Industry & Address to		Market Category & Payment	
RIDDHAM SYNTHETICS PVT LTD		RIDDHAM SYNTHETICS PVT LTD		Industry & Address to		Market Category & Payment	
Enter details in bills, invoices, etc. in accordance with the provisions of the Income Tax Act, 1961.		Enter details in bills, invoices, etc. in accordance with the provisions of the Income Tax Act, 1961.		Industry & Address to		Market Category & Payment	
GSTIN: 27AAGP5361RAZT		GSTIN: 27AAGP5361RAZT		Invoice No		RT/207/17-18	
State: MAHARASHTRA-400011		State: MAHARASHTRA		Date		01.03.2018	
Ch NO	Product Description	HSN CODE	COLOR	Quantity (finished meters)	Rate per meter	UOM	Amount (Rs.)
424	100% COTTON	63" width	GREIGE				
	80*80/92*88	plain S-9262		11,918.40	60.00	mts	7,15,104
	Courier Charges				1.00		11,918
<b>SURTOTAL</b>				<b>11,918.40</b>		<b>MTS</b>	<b>7,27,022</b>
<b>OUR BANK DETAILS</b>				<b>Taxable Value of service</b>			
RIDDHAM TEXTILES				CGST			
Bank Name: Kotak bank - Opera House				2.50%			
A/c No: 06372010000211				SGST			
IFSC Code: KKBK0000626				2.50%			
				IGST			
				3.00%			
				<b>Net Value</b>			
				<b>7,63,374</b>			
Amount Charged (in words): <b>SEVEN LAKH SIXTY THREE THOUSAND THREE HUNDRED AND SEVENTY FOUR</b>							
Declaration: 1) THE TRANSACTION IS SUBJECT TO THE DISPUTES & ARBITRATION RULES OF THE MUMBAI TEXTILE MERCHANTS' ASSOCIATION & INDUSTRIAL CHAMBER OF COMMERCE, MUMBAI. SAID PROCEEDINGS SHALL BE SUBJECT TO COURTS OF MUMBAI. PRIOR TO THIS. 2) INTEREST WILL BE RECOVERED @24% P.A. ON OVERDUE UNPAID INVOICES. 3) NO CLAIM WILL EVER BE ENTERTAINED AFTER CLOSING OF GOODS. 4) IF YOU HAVE ANY DISCREPANCY, IT HAS TO BE INTIMATED WITHIN 72 HOURS OF RECEIPT, FAILING WHICH NO DISCUSSION WILL BE ENTERTAINED.							
				RIDDHIM TEXTILES  Authorised Signatory			
				TRUE COPY  ASHISH O LALPURIA & CO. COMPANY SECRETARIES			

Skip to Main Content

## Goods and Services Tax

Leena Jaysukh Salot  
27AAGPS3638A12T

Dashboard &gt; Returns &gt; GSTR-1 &gt; B2B

English

GSTIN - 27AAGPS3638A12T  
Legal Name - Leena Jaysukh Salot  
Trade Name - Riddhim Textiles  
FY - 2017-18  
Return Period - March  
Status - Filed

4A, 4B, 6B, 6C - B2B, SEZ, DE Invoices

Document wise details

HELP 0 3

## Processed Records

27AAACR2823H1ZK RIDHAM SYNTHETICS PVT LTD.

Display/Hide Columns:



Records Per Page :

10

Q Search...

Invoice no.	Invoice date	Total invoice value (₹)	Total taxable value (₹)	Integrated Tax (₹)	Central tax (₹)	State/UT Tax (₹)	Cess (₹)	Source	#
RT/227/17-18	31/03/2018	1,092.00	1,040.00	0.00	26.00	26.00	0.00		
RT/212/17-18	20/03/2018	4,63,865.00	4,41,776.56	0.00	11,044.41	11,044.41	0.00		
RT/215/17-18	24/03/2018	5,80,711.00	5,53,058.28	0.00	13,826.46	13,826.46	0.00		
RT/207/17-18	01/03/2018	7,63,373.00	7,27,022.00	0.00	18,175.55	18,175.55	0.00		
RT/223/17-18	31/03/2018	6,80,301.00	6,47,906.04	0.00	16,197.65	16,197.65	0.00		

\* 1 2 \*

BACK

2018-19 Goods and Services Tax Network

Site Last Updated on 28-03-2023

Top

TRUE COPY

ASHISH O LALPURA & CO.  
COMPANY SECRETARIES

RIDHAM TEXTILES



**Invoice No. RT/228/17-18 dated 31.03.2018 (related to non delivery of goods)**

<b>RIDDHIM TEXTILES</b> 2004, 20th floor, Panchsathi Bldg. near Raza Cinema, Chhatrapati Road, Mumbai - 400004 E-mail : akshay@miklam.com, Phone - 49711221							
TAX INVOICE				GST NO		Original for Recipient	
Details of Receiver				Invoice No.		RT/228/17-18	
				Invoice Date		31-03-2018	
Bill to Party		Ship to Party		Delivery Challan no		Mode/Term of Payment	
RIDDHAM SYNTHETICS PVT LTD		RIDDHAM SYNTHETICS PVT LTD		458		IMMEDIATE	
Isam wading mills estate, dr. n. masani, mahabaleshwar Mumbai		Plot No. B-23/24, Village Sagar, Malabar (W) Mumbai		Buyer's Order No.		1905	
				Description		1549813x10	
				Despatch No.		1549813x10	
				Despatch (V/V/S)		SUPREME TRANSPORT	
GSTIN: 27AAACR2223H127		GSTIN: 27AAACR2223H127		Terms of Delivery		COCR	
State: MAHARASHTRA-400011		State: MAHARASHTRA		Destination		DOMESTIC	
				Destination		THANE DIST	
CH NO	Product Description	HSN CODE	COLOR	Quantity (finished meters)	Rate per mtr	UOM	Amount (Rs.)
	100% COTTON		GREIGE				
	80*80/92*88	63" width					
		plain S-924 12		15,140.00	52.00	mts	7,87,280
	Courier Charges /transport				1.00		15,140
SUBTOTAL				15,140.00	MTS		8,02,420
OUR BANK DETAILS				Taxable Value of service			
RIDDHIM TEXTILES				8037			
Bank Name - Kotak bank - Open House				SGST			
A/c No. - 06372010000211				IGST			
IFSC Code - KKBK0000638				Net Value			
				8,42,541			
Amount Chargeable (in words) <b>EIGHT LAKH FORTY TWO THOUSAND FIVE HUNDRED AND FORTY ONE ONLY</b>							
Declaration 1) THIS TRANSACTION IS SUBJECT TO THE DISPUTES & ARBITRATION RULES OF THE MUMBAI TEXTILE MERCHANTS' ASSOCIATION & HINDUSTAN CHAMBER OF COMMERCE, MUMBAI. DISPUTE PROCEEDING SHALL BE SUBJECT TO COURTS OF MUMBAI JURI SECTION. 2) INTEREST WILL BE RECOVERED @24% P.A. ON OVER DUE UNPAID INVOICES. 3) NO CLAIM WILL EVER BE ENTERTAINED AFTER CUTTING OF GOODS. 4) IF YOU HAVE ANY DISCREPANCY, IT HAS TO BE INTIMATED WITHIN 72 HOURS OF RECEIPT. 5) IF YOU HAVE ANY DISCREPANCY, IT HAS TO BE INTIMATED WITHIN 72 HOURS OF RECEIPT. 6) IF YOU HAVE ANY DISCREPANCY, IT HAS TO BE INTIMATED WITHIN 72 HOURS OF RECEIPT.							
				RIDDHIM TEXTILES <i>(Signature)</i> Authorised Signatory			



TRUE COPY

 ASHISH O LALPURIA & CO.  
 COMPANY SECRETARIES

## Goods and Services Tax

Leena Jaysukh Salot  
27AAGPS3638A1ZT

Dashboard &gt; Returns &gt; GSTR-1 &gt; B2B

English

GSTIN - 27AAGPS3638A1ZT  
Legal Name - Leena Jaysukh Salot  
Trade Name - Riddhim Textiles  
FY - 2017-18  
Return Period - March  
Status - Filed

4A, 4B, 6B, 6C - B2B, SEZ, DE Invoices

Summary Table

Document wise details

HELP



## Processed Records

27AAACR2823H1ZK RIDHAM SYNTHETICS PVT LTD.

Display/Hide Columns:



Records Per Page :

10

Q Search

Invoice no.	Invoice date	Total invoice value (₹)	Total taxable value (₹)	Integrated Tax (₹)	Central tax (₹)	State/UT Tax (₹)	Cess (₹)	Source	#
RT/213/17-18	20/03/2018	5,77,993.00	5,50,469.52	0.00	13,761.74	13,761.74	0.00		
RT/228/17-18	31/03/2018	8,42,542.00	8,02,420.00	0.00	20,060.50	20,060.50	0.00		
RT/205/17-18	01/03/2018	8,43,177.00	8,03,025.60	0.00	20,075.64	20,075.64	0.00		
RT/206/17-18	01/03/2018	1,52,740.00	1,45,466.28	0.00	3,636.66	3,636.66	0.00		
RT/210/17-18	11/03/2018	80,238.00	76,417.50	0.00	1,910.44	1,910.44	0.00		
RT/226/17-18	31/03/2018	1,46,619.00	1,39,636.98	0.00	3,490.92	3,490.92	0.00		
RT/214/17-18	20/03/2018	4,81,454.00	4,58,527.23	0.00	11,463.18	11,463.18	0.00		
RT/216/17-18	24/03/2018	2,95,852.00	2,81,764.04	0.00	7,044.10	7,044.10	0.00		
RT/218/17-18	26/03/2018	5,28,421.00	5,03,258.31	0.00	12,581.46	12,581.46	0.00		


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COMPANY SECRETARIES

Top



From these two above invoices, we note that the amount of these invoices is Rs. 7,63,374/- and Rs. 8,42,541/- respectively i.e., totally Rs. 16,05,915/-

**41.** The third invoice according to which the material was inferior quality which reads as under :-

<b>RIDDHIM TEXTILES</b> 2004, 20th floor, Panchratna bldg. near Roxy Cinema, Charni Road, Mumbai - 400004 E-mail : rkskshay@ankitiam.com, Phone -49711221									
<b>TAX INVOICE</b>						GST NO <b>27AAGP53638A1Z</b>		Original for Recipient	
Details of Receiver						Invoice No.:		<b>RT/044/ 18-19</b>	
Bill to Party						Date:		<b>11.06.2018</b>	
RIDHAM SYNTHETICS PVT LTD						Delivery Chalan No		<b>30</b>	
Plot No.B-23/24, Village Segson, Malasani(W),Mumbai						Buyer's Order No.		<b>PO 3020</b>	
RIDHAM SYNTHETICS PVT LTD						Dispatch Order No.		<b>IMMEDIATE</b>	
GSTIN: 27AAACR2823H1ZK						Terms of Delivery		<b>DOOR</b>	
State: MAHARASHTRA						Destination		<b>DOMBIVALI</b>	
REF NO						Quantity ( finished meters)		Rate per mtr	
Product Description						UOM		Amount (Rs.)	
100% COTTON						GREIGE-60/1X60/1		5,108.00	
132/104						73.84		MTS	
SUBTOTAL						5,108.00		MTS	
OUR BANK DETAILS						Taxable Value of service		3,77,175	
RIDDHIM TEXTILES						CGST		2.50%	
Bank Name- Kotak bank - Opera House						SGST		2.50%	
A/c No. - 06372010000211						IGST		5.00%	
IFSC Code - KKBK0000838						Net Value		3,96,033	
Amount Chargeable (in words)									
<b>THREE LAKH NINETY SIX THOUSAND &amp; THIRTY THREE ONLY</b>									
Declaration									
1) THIS TRANSACTION IS SUBJECT TO THE DISPUTES & ARBITRATION RULES OF THE MUMBAI TEXTILE MERCHANTS' MAHAJAN									
& HINDUSTAN CHAMBER OF COMMERCE, MUMBAI. SAID PROCEEDING SHALL BE SUBJECT TO COURTS OF MUMBAI JURISDICTION.									
2) INTEREST WILL BE RECOVERED @24% P.A. ON OVERDUE INVOICE.									
4) NO CLAIM WILL EVER BE ENTERTAINED AFTER CUTTING OF GOODS.									
5) IF YOU HAVE ANY DISCREPANCY, IT HAS TO BE INTIMATED WITH IN 72 HOURS OF RECEIPT,									
FAILING WHICH NO DISCUSSION WILL BE ENTERTAINED.									
						RIDDHIM TEXTILES Authorised Signatory			

This is a Computer Generated Invoice

For RIBBON TEXTILES

For RIDDHIM TEXTILES

24

**Replicator**

Proprietor

---

TONE 

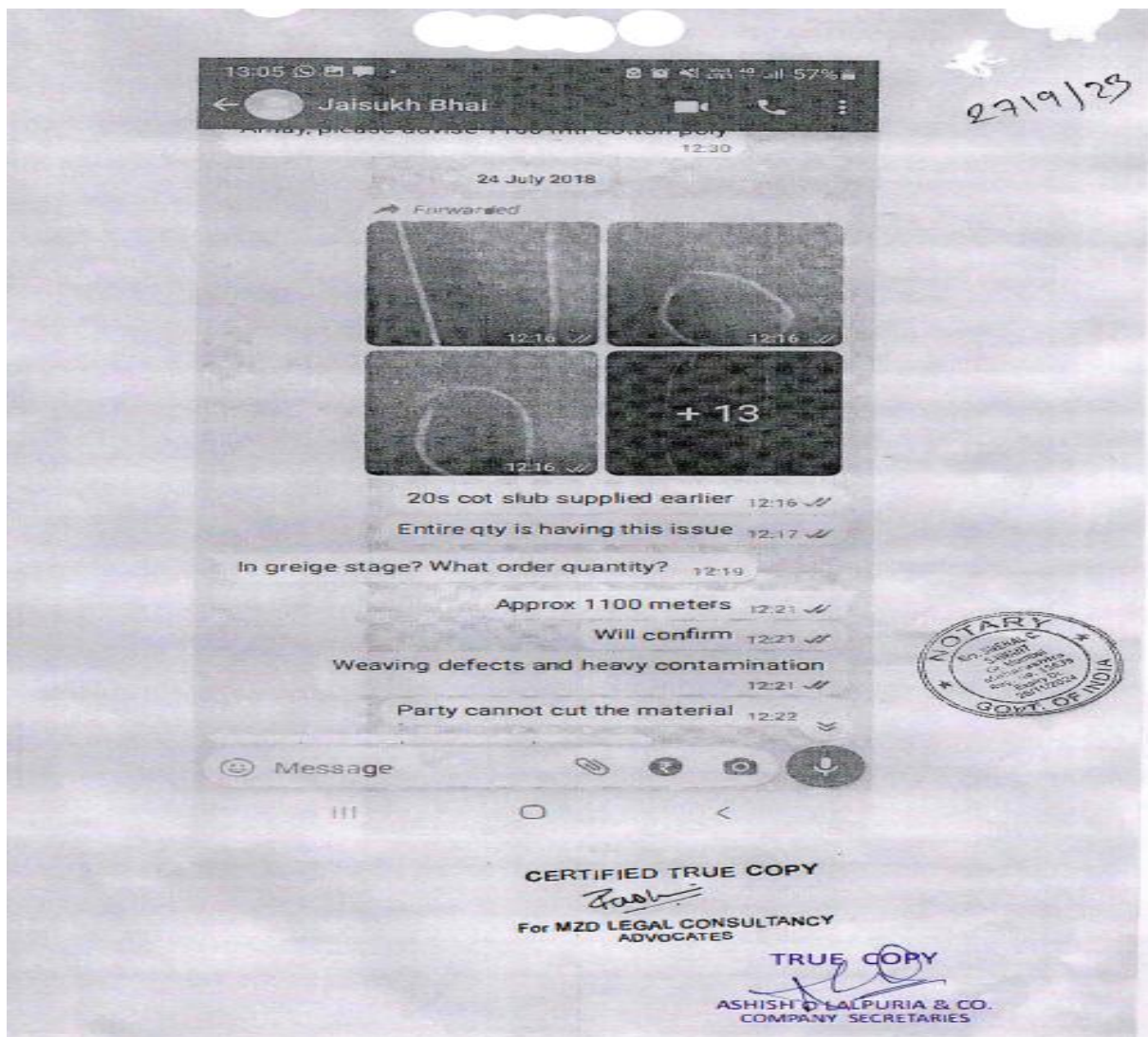
PAGE 2



COMPANY S1

From above invoice, it indicates that the total amount of the goods is Rs. 3,96,033/-.

**42.** We note that the same has been stated to have been brought to the notice of the Appellant by the Respondent vide whatsapp message dated 24.07.2018 which reads as under :-



From above whatsapp message, we note that no details of the specific invoices against which the above whatsapp message has been sent containing some generic point as mentioned in whatsapp messages, without even referring to any



specific invoices dates. Be that as it may, we note that the amount of this invoice is Rs. 3,96,033/-.

43. At this stage, we would like to take into consideration, the demand notice issued by the Appellant under Section 8 of the Code to the Respondent dated 18.04.2023, which reads as under :-

**CS Ashish O. Lalpuria & Co.**  
Practising Company Secretaries

204, Zee Square, M.G. Road, Opp. Bank of Baroda, Vile Parle (East), Mumbai - 400 057, INDIA.  
Tel. : 2612 1371 • Fax : 2611 1371 • Cell : 98204 73652 • Email : ashishlalpuria@yahoo.co.in

**Annexure - L**

**FORM 3**  
(See clause (a) of sub-rule (1) of rule 5)

**FORM OF DEMAND NOTICE / INVOICE DEMANDING PAYMENT UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**  
(Under rule 5 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

Date: 18/04/2023

To,  
Ridham Synthetics Private Limited  
Shree Mahalaxmi Woolen Mills compound  
Dr E Moses Rd  
Mahalaxmi Mumbai 400011

From  
Mrs. Leena Salot,  
carrying out business in the name and style of Riddhim Textiles,  
2004, 20<sup>th</sup> Floor, Panchratna Bldg, Near Roxy Cinema,  
Charni Road, Mumbai 400 004

**Subject: Demand notice / Invoice demanding payment in respect of unpaid operational debt due from RIDHAM SYNTHETICS PRIVATE LIMITED. (Corporate Debtor) under the Code.**

Madam/Sir,

- This letter is a demand notice/invoice demanding payment of an unpaid operational debt due from RIDHAM SYNTHETICS PRIVATE LIMITED, the Corporate Debtor.
- Please find particulars of the unpaid operational debt below:

PARTICULARS OF OPERATIONAL DEBT	
1. TOTAL AMOUNT OF DEBT, DETAILS OF TRANSACTIONS ON ACCOUNT OF WHICH DEBT FELL DUE, AND THE DATE FROM WHICH SUCH DEBT FELL DUE	Rs. 1,36,06,646.70 (Rupees One Crore Thirty-Six Lacs Six Thousand Six Hundred and Forty-Six and Seventy Paise only) excluding Interest @ 24% p.a. from the date of delay till the date of payment and realization.  Details of transactions on account of which debt fell due:

EN16964211209 IN:6077169642112  
SP VILEPARLE RAILWAY STATION S.O.  
Counter No:18/04/2023, 17:03  
to:LEENA SALOT, SHREE RIDDHIM TEXTILES  
P.O:400011, Charni Circle S.O.  
From:ASHISH O LALPURIA, 204 ZEE SQUARE  
M:98204  
Net:29.56(Cash)Fax:4.50  
(Track at www.indiapost.gov.in)

**RIDDHIM TEXTILES BOMBAY**

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ASHISH O LALPURIA & CO.  
COMPANY SECRETARIES



		<p>Riddhim Textiles (Operational Creditor) is in the business of supplying textile goods to various entities. Riddhim Synthetics Private Limited (Corporate Debtor) have raised several orders with the Operational Creditor for various kinds of textile goods which were duly sold and delivered to the Corporate Debtor from time to time. The Operational Creditor raised Tax invoices for the delivery and supply to the Corporate Debtor. The Corporate Debtor duly received the goods and has never raised any dispute in relation to quality and quantity of the goods and have accepted the goods without any demur, whatsoever. Thereby, raising the liability of the Corporate Debtor to pay the outstanding Invoices raised by the Operational Creditor. The Corporate Debtor has failed and neglected to pay the Outstanding amount due and payable to the Operational Creditor till date thereby raising the liability of the payment of invoices to the Operational Creditor.</p>
2.	AMOUNT CLAIMED TO BE IN DEFAULT AND THE DATE ON WHICH THE DEFAULT OCCURRED (ATTACH THE WORKINGS FOR COMPUTATION OF DEFAULT IN TABULAR FORM)	<p>Rs. 1,36,06,646.70 (Rupees One Crore Thirty-Six Laes Six Thousand Six Hundred and Forty-Six and Seventy Paise only) excluding Interest @ 24% p.a. from the date of delay till the date of payment and realization.</p> <p>Date of default – 16.10.2022</p>
3.	PARTICULARS OF SECURITY HELD, IF ANY, THE DATE OF ITS CREATION, ITS ESTIMATED VALUE AS PER THE CREDITOR. ATTACH A COPY OF A CERTIFICATE OF REGISTRATION OF CHARGE ISSUED BY THE REGISTRAR OF COMPANIES (IF THE CORPORATE DEBTOR IS A COMPANY)	NIL
4.	DETAILS OF RETENTION OF TITLE ARRANGEMENTS (IF ANY) IN RESPECT OF GOODS TO WHICH THE OPERATIONAL DEBT REFERS	NIL

*Handwritten signature*

*Handwritten signature*

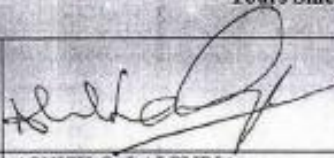


TRUE COPY  
*Handwritten signature*  
 ASHISH O LALPURA & CO.  
 COMPANY SECRETARIES

5. RECORD OF DEFAULT WITH THE INFORMATION UTILITY (IF ANY)	NIL
6. PROVISION OF LAW, CONTRACT OR OTHER DOCUMENT UNDER WHICH DEBT HAS BECOME DUE.	1. Indian Contract Act, 1872. 2. Sale of Goods Act, 1957 3. Tax invoices raised from time to time 4. Ledger Statements of the Operational Creditor and Corporate Debtor.
7. LIST OF DOCUMENTS ATTACHED TO THIS APPLICATION IN ORDER TO PROVE THE EXISTENCE OF OPERATIONAL DEBT AND THE AMOUNT IN DEFAULT	1. Ledger Account of the Operational Creditor showing Outstanding Amount till 31 <sup>st</sup> March, 2023. 2. Email dated 23 <sup>rd</sup> June, 2022 sent by the Corporate Debtor containing ledger confirmation for the period 2018-19 to 2022-23. 3. Pending Tax Invoices.

3. If you dispute the existence or amount of unpaid operational debt (in default) please provide the undersigned, within ten days of the receipt of this letter, of the pendency of the suit or arbitration proceedings in relation to such dispute filed before the receipt of this letter/notice.
4. If you believe that the debt has been repaid before the receipt of this letter, please demonstrate such repayment by sending to us, within ten days of receipt of this letter, the following:
- an attested copy of the record of electronic transfer of the unpaid amount from the bank account of the corporate debtor or
  - an attested copy of any record that M/s. RIDDHIM TEXTILE, has received in payment
5. The undersigned request you to unconditionally repay the unpaid operational debt (in default) in full within ten days from the receipt of this letter failing which we shall initiate corporate insolvency resolution process in respect of Ridham Synthetics Private Limited.

Yours Sincerely

Signature of person authorized to act on behalf of the operational creditor	
Name in block letters	ASHISH O. LALPURIA
Position with or in relation to the operational creditor	Authorised Representative
Address of person signing	204, Zee Square, M. G. Road, Opp. Bank of Baroda, Vile Parle (East), Mumbai-400 057




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ASHISH O LALPURIA & CO.  
COMPANY SECRETARIES


**44.** From above demand notice, we note that the amount claimed to be in default is Rs. 1,36,06,646.70/- excluding interest @ 24% per annum. Further, the demand notice as enclosed the documents in order to proof the existence of operational debt and default. These documents includes :- (a) ledgers accounts of the Operational Creditor showing outstanding amount till 31.03.2023, (b) e-mail dated 23.06.2022 sent by the Corporate Debtor containing ledger confirmation for the period 2018-19 to 2022-23 and (c) pending tax invoices.

From above, it is clear that the Appellant has mentioned the specific amount of default as well as the documents relied upon.

**45.** Now, we will look into the reply sent by the Respondent to above demand notice which is dated 26.04.2023 and reads as under :-



Amnerum - N



**Ridham Synthetics Pvt. Ltd.**

REGD. OFF. : SHREE LAXMI WOOLLEN MILLS COMPOUND, SHAKTI MILL LANE, OFF. DR. E. MOSES ROAD, MAHALAXMI (W), MUMBAI - 400 011  
Tel : 3494 2081 E-mail : info@ridham.com Web site : www.ridham.com

APPROVED  
2454 4521

April 26, 2023

To,  
Ashish O. Lalpuria & Co.,  
Authorised Representative of Mrs. Leena Salot  
204, Zee Square, M.G Road,  
Opp. Bank of Baroda, Vile Parle (East),  
Mumbai 400 057


Sir,

Re: Demand Notice dt. 18.04.2023 issued under Section 8 of Insolvency  
and Bankruptcy Code, 2016

Sub: Response to the demand notice.


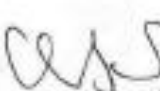
We are in receipt of the captioned demand notice issued by you on behalf  
of Mrs. Leena Salot claiming a sum of Rs. 1,36,06,646.70 (Rupees One Crore  
Thirty-Six Lakh Six Thousand Six Hundred and Forty-Six Only and Seventy  
Paise). In this regard, we submit as follows:

1. At the outset we deny each and every averment, contentions and  
insinuations contained in the captioned demand notice.
2. We state that nothing contained in the present reply shall deemed to  
be admitted for want of specific traverse. We also reserve our rights  
to furnish and place reliance upon such additional information and  
documents, as and when the need arises.
3. We state that we have been in the textile industry including cotton  
fabric dyeing, polyester fabric dyeing services & viscose fabric

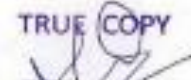


**AN ISO-9001-2008 COMPANY**  
**IN HOUSE NABL ISO-17025 : 2005 LABORATORY**

WORK NO. 1 : PLOT NO. B-333A, VILLAGE SHILCHON, PHASE II, MUMBAI, DISTRICT, THANE. TEL : 2524 1100 FAX : 2524 1101  
WORK NO. 2 : PLOT NO. B-333A, VILLAGE SHILCHON, PHASE II, MUMBAI, DISTRICT, THANE. TEL : 2524 1100 FAX : 2524 1101



**TRUE COPY**

  
**ASHISH O. LALPURIA & CO.**  
**COMPANY SECRETARIES**

TEL : 022 - 2446 0985  
2446 0986  
2446 0987  
2446 4021




**Ridham Synthetics Pvt. Ltd.**

REGD. OFF. : SHREE LAXMI WOLLEN MILLS COMPOUND, SHAKTI MILL LANE, OFF. DR. E. MOSES ROAD, NARAYAN (RD), MUMBAI - 400 011  
Ph: 2446 0985 Email: info@ridham.com Web site: www.ridham.com

**Ridham Synthetics Pvt. Ltd.**


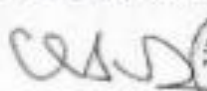
dyeing services since 1979. We have an impeccable track record in making payment for the services availed and have never been arraigned of such grave allegations contained in the demand notice.

4. We deny that any amount as claimed in demand notice is due and payable by us. It appears that the captioned demand notice has been issued with a *mala fide* intent to coerce us to pay unreasonable amount, which is not legally recoverable by your client. Thus, we submit that the demand notice is illegal, untenable and deserves to be withdrawn.
5. The amount claimed by your client in the demand notice appears to be incorrect, illusory, and spurious. The amounts claimed in the demand notice and the amounts claimed *vide* the invoices do not match and your client is therefore put to a strict proof thereof.
6. We further state that you have issued the present demand notice without disclosing the deficiencies in the quality of product supplied by your client. In fact, we had informed your client through WhatsApp that the goods supplied by your client are of an inferior quality and your client was therefore asked to return the same.
7. With regards to the invoices, we state that the amount claimed by your client through these purported invoices is clearly beyond the period of limitation. Thus, it does not amount to a legally recoverable

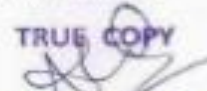


**AN ISO-9001-2008 COMPANY  
IN HOUSE NABL ISO-17025 : 2005 LABORATORY**

HOUSE NO. 1 - FLAT NO. 2ND FLOOR, VILLAGE BODKHA, ROAD NO. 10/10, BORIVALI (E) DIST. - THANE - 401 301, MAHARASHTRA TEL. : 022 - 257096 08/0909  
HOUSE NO. 2 - FLAT NO. 2ND FLOOR, VILLAGE BODKHA, ROAD NO. 10/10, BORIVALI (E) DIST. - THANE - 401 301, MAHARASHTRA TEL. : 022 - 257096 08/0909



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**ASHISH O. LALPURA & CO.  
COMPANY SECRETARIES**



## Ridham Synthetics Pvt. Ltd.

REGD. OFF. : THREE LAKSH WOODEN MILLS COMPOUND, SHIATI HILL LANE, OFF. OF. 8, MOSES ROAD, WAKHURAN (W), MUMBAI - 400 211.  
Fax : 2494 2885 E-mail : info@ridham.com Web site : www.ridham.com

TEL : 022 - 2494 2885  
2494 2301  
2494 2302  
2494 4821

debt

8. We are also informing you that there exists an arbitration clause in the invoices raised by you. It clearly states that '*the transaction is subject to Disputes and Arbitration rules of Mumbai Textile Merchant's Mahajan*'.  
*Mahajan*'.
9. It is pertinent to mention that any dispute arising from the transaction must be settled amicably through arbitration. Despite being aware of this, your client has issued a demand notice under Insolvency and Bankruptcy Code, 2016 (IBC, 2016/the code). Thus, it is quite evident issuance of the present notice is nothing but a gross abuse of process of law.
10. It is well settled principle of law that the code is not intended to be a substitute to a recovery forum. Whenever there is existence of real dispute, the provisions of the code cannot be invoked. It cannot be used whenever there is existence of real dispute and also when there exists a mala fide intention to invoke provisions of the code as a means for chasing of payment or building pressure for releasing the payments.
11. In this context, we wish to draw your attention to the letter invoking arbitration dt. 24.03.2023 issued by your client, through her advocate. By virtue of this letter, your client has invoked the arbitration clause



AN ISO-9001-2008 COMPANY  
IN HOUSE NABL ISO-17025 : 2005 LABORATORY

WORKING : 1. PLANT NO. 02/24, WOODEN MILLS COMPOUND, PHASE 8, M.I.D.C., OPERATING : 24/24 HOURS. THREE : 412 206, WAKHURAN (W), TEL : 022 - 24942885 - 24942301  
2. PLANT NO. 02/24, WOODEN MILLS COMPOUND, PHASE 8, M.I.D.C., OPERATING : 24/24 HOURS. THREE : 412 206, WAKHURAN (W), TEL : 022 - 24942885 - 24942301



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ASHISH QALPURI & CO.  
COMPANY SECRETARIES





## Riddham Synthetics Pvt. Ltd.

HEAD OFFICE: SHREE LAXMI WOOLLEN MILLS COMPOUND, SHIVAJI NELL LANE, OFF DR. B. WODES ROAD, MARLAGANI (W), MUMBAI - 400 011  
Tel.: 2684 2020 Email: info@riddham.com Web site: www.riddham.com

TEL.: 022 - 2404 2020  
2404 0091  
2404 0092  
2404 0071

purportedly contained under Invoices claimed by your client. Hereto annexed and marked as Exhibit "A" is a copy of the letter invoking arbitration issued on 24.03.2023

12. A bare perusal of this letter confirms that there exists a plausible and genuine dispute regarding the purported debt claimed by your client through the letter invoking arbitration clause. In fact, the code mandates a noticee to highlight existence of any dispute, to avoid filing of frivolous case like the present one which is sought to be filed on extraneous grounds.
13. In the above circumstances, we state that the demand notice issued by you on behalf of your client is unsubstantiated, arbitrary, and untenable. Thus, we call upon your client through you to withdraw the captioned demand notice issued by you.
14. Thus, we deny that any operational debt is due and recoverable from us. In any case, if your clients proceed to file any frivolous proceedings against us, we will defend the same at your cost and consequences. Also, we will be constrained to adopt appropriate legal proceedings against your client.

**Riddham Synthetics Pvt Ltd.**

*Kamlesh K.*

Authorised Representative



**AN ISO-9001-2008 COMPANY  
IN HOUSE NABL ISO-17025 : 2005 LABORATORY**

WORKING UNIT - PLOT NO. 8, 2ND FLOOR, YASHWANTH NAGAR, PHASE II, MID C, CHANDRA NAGAR, DURGAM CHOWK, HYDRABAD - 500 082  
WORKING UNIT - PLOT NO. 10, 1ST FLOOR, SHIVAJI NAGAR, PHASE II, MID C, TARIK, DURGAM CHOWK, HYDRABAD - 500 082



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*Ashish D. Lalpuria*  
**ASHISH D. LALPURIA & CO.  
COMPANY SECRETARIES**

**RUTUJA R. MAHADIK**

Phone : 9820940538

ADVOCATE HIGH COURT

Add: 39A/14, Mavji Mansion,  
Elphinstone Road,  
Mumbai- 400 013

REGISTERED A.D.

To,  
1. Ridham Synthetics Pvt. Ltd.,  
Plot No. B-23/24,  
Village Segaon,  
Mahalaxmi (W),  
Mumbai - 400 011

And also at

(i) Ridham Synthetics Pvt. Ltd.,  
Shree Mahalaxmi Woolen Mills Compound  
Dr. E Moses Road, Mahalaxmi, Mumbai - 400 011

(ii) Ridham Synthetics Pvt. Ltd.,  
632X + C24 Dombivli, MIDC,  
Segaon Manpada Road, Dombivli (E)  
Thane 421 203

(iii) Ridham Synthetics Pvt. Ltd.,  
342/343, A to Z Industrial Estate,  
Ganpatrao Kadam Marg, Lower Parel (W),  
Mumbai - 400 013

2. Kamlesh Vimalchand Bafna  
Director of Ridham Synthetics Pvt. Ltd.,  
632X + C24 Dombivli, MIDC,  
Segaon Manpada Road, Dombivli (E)  
Thane 421 203



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ASHISH O'LAHLURIA & CO.  
COMPANY SECRETARIES



-2-

3. Kaushik Ishwarlal Desai  
Director of Ridham Synthetics Pvt. Ltd.,  
632X + C24 Dombivli, MIDC,  
Sagar Manpada Road, Dombivli (E)  
Thane 421 203

4. Jasna Kamlesh Bafna  
Director of Ridham Synthetics Pvt. Ltd.,  
632X + C24 Dombivli, MIDC,  
Sagar Manpada Road, Dombivli (E)  
Thane 421 203

Date: 24-03-2023

Sir,

Under instructions from my clients M/s. Riddhim Textiles of  
2004, 20<sup>th</sup> Floor, Panchratna Building, Near Roxy Cinema, Charni  
Road, Mumbai -400 004, I have to address you as under

1. My clients state that you No. 1 is the Private Limited Company  
and you No. 2, 3 and 4 are the Directors of you No. 1. My clients  
state that you No. 2, 3 and 4 are looking after day to day business  
affairs of you No. 1 and as such you No. 2, 3 and 4 are liable and  
responsible at the relevant time for the day to day business  
transaction of you No. 1.



TRUE COPY  
  
ASHISH O LAL PURIA & CO.  
COMPANY SECRETARIES

-3-

2. My clients state that pursuant to your orders my clients have sold and delivered to you Textiles goods under my clients invoices from time to time and there is still due and payable by you to my clients a sum of Rs. 1,13,91,147/- being the Principal amount plus Rs. 1,94,84,754/- being the interest at the rate of 24% per annum total due amount Rs.3,08,75,901/-. My clients state that you have admitted the delivery of the said goods and admits your liability to pay the said amount plus interest thereon at the rate of 24% per annum after the credit of 2 days from the date of the invoices.

2. Please note that my clients have waited sufficiently long for the said amount and now they are not prepared to wait for any further time. You have all the times made false promises for the payment to my clients. You are required to pay the entire amount forthwith of the receipt of this letter.

3. My clients state that said goods were sold and delivered to you as per the terms and conditions more particularly mentioned on the invoice raised by my clients upon you. My clients state that you have accepted, retained and acted upon the said invoices and thereby accepting the terms and conditions more particularly mentioned on the invoices. My clients state that the invoices also



TRUE COPY  
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COMPANY SECRETARIES

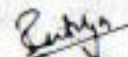
-4-

contained a clause that dispute if any relating to this transaction shall be subject to the Arbitration rules of Mumbai Textile Merchants' Mahajan only and the award shall be final and binding on the parties.

4. My clients state that you have by raising false dispute have avoided making the payments to my clients, hence compelling my clients to refer the dispute to Mumbai Textile Merchants' Mahajan, as it was more particularly agreed between you both. My clients hereby invoke the arbitration clause.

5. In the circumstances, you are finally called upon to pay to my clients or to me as their Advocate the sum of Rs. 3,08,75,901/- plus further interest thereon at the rate of 24% per annum by demand draft within seven days from receipt hereof by you failing which my clients shall be compelled to refer the dispute before the Arbitration Bench of Mumbai Textile Merchants' Mahajan at Mumbai under its Arbitration rules and the decision given by them shall be binding upon both and/or shall initiate appropriate legal action against you to recover the said amount at your entire risks, as to costs and consequences thereof, which please note carefully.

Yours faithfully,

  
(Rutuja R. Mahadik)  
Advocate, High court.

  
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COMPANY SECRETARIES

**46.** From above reply dated 26.04.2023 to the demand notice dated 18.04.2023, we note that no reference to any of three disputed invoices have been referred at all. The reply is in general tone, denying averments made by the Appellant in the demand notice dated 18.04.2023. The reply also mentioned that since the Appellant has raised arbitration it tantamount to pre-existing disputes.

**47.** After recording all facts and taking into consideration the reasoning of the Adjudicating Authority dismissing the Section 9 application as well as taking into consideration the demand notice dated 18.04.2023, Respondent's reply dated 26.04.2023, the relevant three invoices along with alleged whatsapp message, we shall examine the issues in detail.

**48.** We note that in Para 7 of the Impugned Order, the Adjudicating Authority has treated Corporate Debtor as financial solvent company, however we also take note of the fact that no details, whatsoever, has been recorded by the Adjudicating Authority for concluding the same based on the ratio of *S.S. Engineers & Ors. (Supra)*.

In this regard, we would take into consideration, other judgement of the Hon'ble Supreme Court of India passed in *HPCL Bio Fuels Ltd. Vs. Shahji Bhanudas Bhad*, [(2024) SCC OnLine SC 3190], where the Hon'ble Supreme Court of India has categorically differentiated from proceedings of recovery of debt vis-à-vis resolution of Corporate Debtor. The present case falls more in ratio of *HPCL Bio Fuels (Supra)* rather than *S.S. Engineers & Ors. (Supra)*.

**49.** We also would like to refer to another judgment of Hon'ble Supreme Court of India as given in the matter of *Vidarbha Industries Power Limited vs. Axis Bank Limited [(2022) SCC OnLine SC 841]*, where the Hon'ble Supreme Court of India has given in details, the principals where the financial solvency of the Corporate Debtor can be treated as a valid ground to reject application for CIRP of the Corporate Debtor under the Code. Since, the facts and the ratio of the *Vidarbha Industries Power Limited (Supra)* are well known, we shall not repeat here for sake of brevity. It is sufficient to note that in *Vidarbha Industries Power Limited (Supra)*, clear principles were laid down and the facts in that case were tested against such principles before dismissing application filed for CIRP against the Corporate Debtor. None of such elements have been discussed or analysed by the Adjudicating Authority in the Impugned Order and thus on this aspect at least, the Impugned Order is found to be a non-speaking order and cannot be allowed to be sustained.

**50.** Now, we shall take up other point of pre-existing dispute discussed by the Adjudicating Authority in the Impugned Order while dismissing Section 9 application of the Appellant which are based on three invoices i.e., two invoices relating to non delivery of goods and third invoice regarding alleged inferior quality.

**51.** It may be noted that the Adjudicating Authority is required to admit Section 9 application if debt and default is established and there is no pre-existing dispute. In the present case, debt and default has been established to the extent that the

same has been acknowledged in the ledgers accounts. The fact of the debt and default is further strengthened taking into consideration the fact that both the parties have factored into consideration the GST benefits in their respective entities based on the goods supplied by the Appellant to the Respondent.

**52.** For the pre-existing dispute, the Hon'ble Supreme Court of India has laid down clear guidelines in the case of *Mobilox Innovations Pvt. Ltd. vs. Kirusa Software Pvt. Ltd. [(2018 1 SCC 353)]* where the disputes under Section 8(2)(a) of the Code has been elaborated. The Hon'ble Supreme Court of India has categorically mentioned that it is not for the Tribunal to go into details of the pre-existing dispute however at the same time the pre-existing disputes should not be Moon Shine defence.

**53.** We observe that pre-existing dispute, can relate to quality of goods or quantity of goods or counter claims by the Corporate Debtor which have been raised by the Corporate Debtor prior to demand notice has been issued by the Operational Creditor, like the Appellant in the present case.

**54.** We need to appreciate that the admission of an application filed under Section 9 of the Code may sometimes containing some minor or illusionary disputes in the view of the Corporate Debtor, however a significant portion of debt may remain undisputed. In *Mobilox Innovations Pvt. Ltd. (Supra)* the Hon'ble Supreme Court has stated that dispute must be "plausible contention which requires further investigation and not patently feeble legal argument or

assertion of fact unsupported by evidence”. The relevant extract of the judgement is below:

*“...It is clear that such notice must bring to the notice of the operational creditor the “existence” of a dispute or the fact that a suit or arbitration proceeding relating to a dispute is pending between the parties. Therefore, all that the adjudicating authority is to see at this stage is whether there is a plausible contention which requires further investigation and that the “dispute” is not a patently feeble legal argument or an assertion of fact unsupported by evidence.”*

In the present case, we have seen that demand notice dated 18.04.2023 has categorically stated the default amount and the supporting documents, however, the reply of the Respondent dated 26.04.2023 does not negate the same nor the reply to demand notice dated 26.04.2023 mention to any specific invoices relating to any pre-existing disputes. As such, we may be inclined to treat the defence taken by the Respondent in his reply dated 26.04.2023 as Moon Shine defence.

**55.** We note that the Respondent/Corporate Debtor vide its Email dated 21.11.2019 acknowledged the Operational Debt to the tune of Rs.1,76,35,029/-. We further note that the Respondent vide e-mail dated 23.06.2022 once again shared Ledger while admitting and acknowledging the outstanding liability of an amount of Rs.1,39,85,901/-. Both these acknowledgements were exclusive of the 2 Invoices, being Invoice No.207 and 228, which were subsequently disputed by the Corporate Debtor. Therefore, admittedly, in any case, the total admitted outstanding was above the threshold limits of Rs.1,00,00,000/-



Thus, we hold that the Respondent, indeed has acknowledged the debt.

**56.** We take into consideration that the Corporate Debtor made ad-hoc payments from time to time on 05.08.2018, 30.08.2019, 30.01.2021, 27.04.2022, 15.10.2022 and on 15.10.2022, the Respondent made last of the part payments of Rs.25,00,000/-. Thus, total outstanding remained of Rs. 1,14,85,901/- above the requisite threshold limits excluding the Invoice No. 207 and 228 which the Respondent disputed during the Original Petition.

**57.** We find merit in the arguments of the Appellant that the defence of pre-existing dispute dating back to Year 2018, as raised by Respondent however that the Respondent himself has not only Acknowledged its Debt in Year 2019 and Year 2022 but has also made Part Payments to the Appellant/Operational Creditor on 05.08.2018, 30.08.2019, 30.01.2021, 27.04.2022 and lastly on 15.10.2022. Thus, we find arguments of the Respondent as not convincing on these grounds.

**58.** Now, we shall also look into to alleged pre-existing dispute for inferior quality of the goods as stated to be pointed out by the Respondent to the Appellant through a whatsapp message dated 24.07.2018. We have already noted the whatsapp message in earlier discussion. We reiterate that this whatsapp message does not reflect any details as to invoices for which the dispute was raised or the amount thereof and the name of the party against which dispute has been raised.

We have seen the various invoices brought to our notice in the appeal and the foot note no. 5 stipulates “if you have any discrepancy, it has to be intimated within 72 hours of receipt failing which no discussion will be entertained”. It has



been brought to our notice that no such dispute was raised by the Respondent within the stipulated period and even the whatsapp message is vague. We also observe that only one whatsapp message pertain to period 2018 which cannot create a foundation for treating whole series of transactions as pre-existing disputes. Thus, we are not inclined to accept the reasoning of the Respondent as well as the Adjudicating Authority as contained in the Impugned Order on this account of alleged whatsapp message.

**59.** We have noted from submissions of the Appellant that though the Appellant had issued the Arbitration Invocation Notice, however, the same was never proceeded with Adjudicating Authority has observed in the Impugned Order. As such, we find that this cannot be treated as pre-existing dispute. We observe that the Adjudicating Authority also has not adjudicated on this issue.

**60.** We need to emphasis that while general rule is that any genuine dispute can and should lead to rejection of Section 9 application, however, if the undisputed portion of the debt is significantly above the minimum threshold limit of Rs. 1 Crore and the dispute pertains to a very relatively non-significant part of the claim, the Tribunal ought to have admitted the application of the Appellant under Section 9 of the Code especially if the disputes appears frivolous. We note that the similar stand was taken by this Appellate Tribunal in Company Appeal (AT ) (Ins.) No. 583/ 2024 dated 13.11.2024.

**61.** It need to be appreciated that the burden to prove the pre-existing disputes lies on the Corporate Debtor like the Respondent herein, by producing critical

evidence for same and general denying the claims of the Operational Creditor like Appellant herein may not suffice to reject application filed under Section 9 of the Code.

**62.** We also need to take into account the acknowledgement of debt by way of ledger accounts and other documentary evidence like GST Forms also proves the claim of the Appellant as Operational Creditor as seen in the present case where both the parties have taken into account the GST impact for their respective transactions.

**63.** We have noted that the claims of the Appellant as per part IV of Section 9 application is Rs.. 1,36,06,646/- and even three invoices amount is excluded (the all three invoices which have been mentioned by the Adjudicating Authority) (total amounting to Rs. 20,01,948/-), the remaining residual amount of default is still is Rs. 1,16,04,698/- which is more than the threshold limit of Rs. 1 Crores.

**64.** Based on above detailed analysis and taking into consideration the judgments of the Hon'ble Supreme Court of India as well as this Appellate Tribunal and further taking into consideration the various records discussed earlier, we find that the Adjudicating Authority clearly erred in rejecting the application filed under Section 9 of the Code of the Appellant.

**65.** In fine, the appeal succeeds and the Impugned Order is set aside. The original petition bearing in C.P. (I.B) No. 534/MB/2023 is restored back. Both the parties are directed to appear before the Adjudicating Authority on **14.07.2025**, who shall take further action in accordance with law.

**66.** No cost. I.A., if any, are closed.

**[Justice Rakesh Kumar Jain]**  
**Member (Judicial)**

**[Mr. Naresh Salecha]**  
**Member (Technical)**

**[Mr. Indavar Pandey]**  
**Member (Technical)**

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