

IN THE NATIONAL COMPANY LAW TRIBUNAL

BENCH – VI, NEW DELHI

C.P (IB)/178(ND)2025

An application 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:

JATINDER KUMAR JAIN,

PROPRIETOR OF M/S RACHIT KNITWEAR

Through Authorised Representative Mr. Chander Mohan Jain

Having its registered office at:

Khata No. 169/177, Village Noorwala, Near Hosiery Complex, Ram Ki Colony, Ludhiana, Punjab – 141007.

...APPLICANT/OPERATIONAL CREDITOR

VERSUS

MAYASHEEL RETAIL INDIA LIMITED

Having its registered office at:

5709, Gali No. 6, Subhash Mohalla, Gandhi Nagar,
East Delhi, New Delhi, Delhi — 110031.

... RESPONDENT /CORPORATE DEBTOR

Order Delivered on: 22.05.2026

CORAM:

JUSTICE JYOTSNA SHARMA

HON'BLE MEMBER (JUDICIAL)

MS. ANU JAGMOHAN SINGH

HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the Applicant : Adv. Shubham Gupta

For the Respondent :

ORDER

1. The instant application is filed by Mr. Jatinder Kumar Jain, Prop. of M/s Rachit Knitwear, through Authorised Representative Sh. Chander Mohan Jain, (hereinafter referred as 'Applicant'/ 'Operational Creditor') under Section 9 of the Insolvency and Bankruptcy Code, 2016 (for brevity 'the CODE/IBC') read with rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (for brevity 'the Rules') with a prayer to initiate Corporate Insolvency Resolution Process ("CIRP") against Mayasheel Retail India Limited (hereinafter referred as 'Respondent/Corporate Debtor'). The total amount due by the Corporate Debtor **Rs. 1,22,79,777/-** (One Crore Twenty Two Lakhs Seventy Nine Thousand Seven Hundred Seventy Seven only).
2. The Respondent Company "M/s. Mayasheel Retail India Limited" having its registered office situated at 5709, Gali No. 6, Subhash Mohalla, Gandhi Nagar, East Delhi, New Delhi -110031. Since the registered office of the Respondent/Corporate Debtor is in New Delhi, this Tribunal having territorial jurisdiction over the NCT of Delhi is the Adjudicating Authority in relation to the prayer for initiation of Corporate Insolvency Resolution Process in respect of Respondent/Corporate Debtor.

3. Averments of the Applicant:

- I. That the Operational creditor is engaged in the manufacturing and supply of all types of wearing apparels. The Operational Creditor is also registered as 'Micro' Enterprise within the meaning of Micro, Small & Medium Enterprise Development Act, 2006.
- II. That the Corporate Debtor is also engaged in the business of wholesale and retail trade of wearing apparels and allied goods.
- III. That against the purchase orders placed by the Corporate Debtor, the Operational Creditor had supplied various apparels to the Corporate Debtor, invoices were issued during the period of 07.10.2022 to 15.11.2022. However, the Corporate Debtor failed to make any payment against the invoices.

- IV. That the Operational Creditor was constrained to issue a Demand Notice under Section 8 of the Insolvency & Bankruptcy Code, 2016 dated 22nd November, 2024 calling upon the Corporate Debtor to prove either the payment of debt of Rs. 1,22,79,777/- (Rupees One Crore, Twenty-Two Lakhs, Seventy-Nine Thousand, Seven Hundred Seventy-Seven Only).
- V. The Demand Notice was delivered to the Corporate Debtor by email dated 23.11.2024. No response has been made by the Corporate Debtor to the Demand Notice.
- VI. That because the Corporate Debtor has defaulted in making the payment towards the Operational Debt, an application to initiate the Corporate Insolvency Resolution Process had been filed.

Analysis and Findings:-

4. Vide order dated 21.03.2025 notice was issued on the Corporate Debtor. The Affidavit with regard to proof service was also filed on 05.04.2025 by the Applicant. Despite Service of notice none appeared for the Corporate Debtor on 08.04.2025 nor any reply was filed. Consequently, the Corporate Debtor was proceeded *ex parte against the Corporate Debtor* vide order dated 05.05.2025. Thereafter, the matter was heard on several dates 06.06.2025, 21.07.2025, 29.08.2025, 08.10.2025, 14.11.2025, 16.12.2025, 04.02.2026 and 29.04.2026, however, none appeared on behalf of the Corporate Debtor on any of the said dates.
5. Heard the Learned Counsel for the petitioner and perused the material on record.
6. The present petition has been filed under Section 9 of the Code seeking initiation of CIRP against the Corporate Debtor on account of alleged operational debt arising out of supply of goods. The Applicant has claimed a principal outstanding amount of Rs. 83,13,954/- and has

further sought to include interest @ 24% per annum, allegedly payable in terms of conditions printed on the invoices, amounting to Rs. 39,65,823/-, thereby aggregating the total claim to Rs. 1,22,79,777/-.

7. Before we proceed to examine the claim on merits, it is necessary to determine whether the present application satisfies the minimum threshold requirement prescribed under Section 4 of the Insolvency and Bankruptcy Code, 2016. It is observed from the record that the principal operational debt claimed by the Applicant is Rs. 83,13,954/-, which is admittedly below the statutory threshold of Rs. 1 Crore. The Applicant has sought to cross the threshold limit by adding interest @ 24% per annum on the basis of a condition printed on the invoices amounting to Rs. 39,65,823/-.
8. The Hon'ble NCLAT in **Comet Performance Chemicals Pvt. Ltd. v. Aarvee Denims and Exports Ltd., Company Appeal (AT) (Insolvency) No. 1878 of 2024** (decided on 13.01.2025) has held that:-

“16. First, we look into the claims and counter claims of the threshold limit under Section 4 of the IBC. The Appellant's claims aggregates Rs 1,36,30,679/- (rupees one crore, thirty-six lakhs, thirty thousand, six hundred and seventy-nine only) including interest. Section 5 (21) of the IBC restricts claims to those arising from goods or services, and interest is recoverable only when expressly agreed upon by the parties. In the absence of such agreement, the interest component cannot be considered part of the operational debt. Consequently, without interest the outstanding principal amount alone is Rs 60,44,800/- (rupees sixty lakhs, forty-four thousand and eight hundred only) and is well below the threshold of Rs 1 crore specified under Section 4 of the IBC.

17. The Respondent relies upon Rishabh Infra Through Hari Mohan Gupta vs Versus Sadbhav Engineering Ltd [Company Appeal (AT) (Insolvency) No. 1881 of 2024] wherein it has been held that invoices with interest clauses, which were not part of the formal agreement, are unenforceable. This judgment supports the case of the Respondent.

18. Accordingly, we agree with the submissions of the Respondent and also the findings of the Adjudicating Authority that no interest can be charged against the supply of goods and services for delayed payments until and unless there is an express agreement between the parties. We find justification in the claim of the Respondent that the interest claim was unilaterally imposed and lacked any contractual basis.”

In view of the judgment of the Hon'ble NCLAT interest on delayed payment cannot form part of operational debt in the absence of an express agreement between the parties. Mere mention of interest in invoices does not create an enforceable claim. Therefore, where the principal amount is below the threshold prescribed under Section 4 of the IBC, a Section 9 application is not maintainable by adding unilateral interest charges.

- 9.** From the material available on record, this Adjudicating Authority does not find any agreement, between the parties regarding charging of Interest on delayed payment. The stipulation printed unilaterally on the invoices, in absence of any mutual agreement, cannot by itself create an enforceable contractual obligation upon the Corporate Debtor.
- 10.** In the present case, excluding the interest component, the principal operational debt admittedly remains below Rs. 1 Crore. Consequently, the present application does not satisfy the mandatory threshold requirement under Section 4 of the Code and is therefore not

maintainable.

- 11.** In view of the observations made herein above, and the judicial pronouncements, the instant application bearing CP (IB) No. 178/ND/2025 filed by, **Mr. Jatinder Kumar Jain, Prop. of M/s Rachit Knitwear, through Authorised Representative Sh. Chander Mohan Jain**, (Operational Creditor), under section 9 of the Code read with rule 6(1) of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating CIRP against **M/s. Mayasheel Retail India Limited** (Corporate Debtor) is liable to be dismissed and accordingly, the same stands **dismissed**.

Sd/-

**(ANU JAGMOHAN SINGH)
MEMBER (T)**

Sd/-

**(JYOTSNA SHARMA)
MEMBER (J)**