

**The receiver of goods who has made advance payments for the goods purchased is also an Operational Creditor**

The NCLT Chandigarh in the case of **Kiranakart Technologies Pvt Ltd. v/s Hyretail Technologies Pvt Ltd. [CP (IB) No. 301/CHD/HRY/2023]** dated May 09, 2025, has held that the receiver of goods who has made advance payments for the goods purchased is also an Operational Creditor.

As per the background of this case, the Kiranakart Technologies Pvt. Ltd. ("Operational Creditor") is engaged in the business of trading of consumer goods on a B2B (Business to Business) basis and is also known by its brand name "Zepto." On the other hand, Hyretail Technologies Pvt Ltd. ("Corporate Debtor") is engaged in logistics, warehousing, wholesale supply, and distribution of grocery and dairy products. The Operational Creditor entered into an agreement with the Corporate Debtor for procuring stock of fresh milk and other dairy products such as curd, yogurts, and paneer by issuing various Purchase Orders. However, the supply made by the Corporate Debtor was less than the Advance Payments given by the Operational Creditor through Purchase Orders, and as the Operational Creditor discontinued business with the Corporate Debtor, it demanded the amount back. However, the Operational Creditor did not make the due payment of its operational debt, and had stopped answering the calls and communications from the Operational Creditor.

Pursuant to the same, the Operational Creditor issued a demand notice to the Corporate Debtor under Section 8 of the Code, but no reply was given by the Corporate Debtor. Thereafter, Section 9 petition was filed by the Operational Creditor for initiation of Insolvency Proceedings against the Corporate Debtor, claiming an unpaid Operational Debt of Rs. 7,57,60,073/-.

The NCLT remarked that the Operational Creditor had made advance payments to the Corporate Debtor to procure fresh milk and other dairy products, and the Corporate Debtor (CD) had then raised invoices for the supply of these products to the Operational Creditor. The CD contended that it received Rs. 12.50 crore from Interropac Private Limited and Rs. 4.20 crore from Nehat Tech Solutions for the business expansion of the Operational Creditor. However, the Tribunal observed that the CD has not produced a balance sheet where this transaction is either shown as a loan or an equity investment.

The NCLT observed that there are many reconciliation statements available in records that show an excess amount paid by the Operational Creditor to the CD exceeding Rs. 1 crore, which has not been returned by the Corporate Debtor as yet, despite the discontinuation of business by the Operational Creditor with the CD. The Tribunal noted that the CD, from time to time, has admitted to having received funds from the Operational Creditor in advance against the supply of products, and amounts above Rs. 1 crore are still lying with the CD even after all the reconciliations as available on the records are taken into account.

Thus, the NCLT admitted the section 9 petition, holding that the amount admitted to be paid by the Corporate Debtor to the Operational Creditor meets the threshold limit for initiating insolvency proceedings.