

**NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH (COURT-II), CHANDIGARH**

CP(IB) No.212/Chd/Hry/2024

(An Application under Section 9 of the Insolvency and Bankruptcy Code, 2016)

IN THE MATTER OF:

West-In Avo Private Limited

(Formerly known as West-In Avo Nurseries Private Limited)

Registered Office at: 401, Vimbri Boulevard Hills, Hyderabad,

Khairatabad, Telengana, India- 500034.

CIN: U01100TG2019PTC136303

E-mail : prateek@jvkassociates.com

.....Applicant/Operational Creditor

Versus

Workin Business Private Limited

Registered Office at: SF-205 & 205A, JMD Regent Plaza,

Mehrauli Gurgaon Road, Sector 26, DLF QE,

Gurgaon, Haryana, India - 122002.

Also at : 3rd Floor, 320 NA, Sector 47, Gurugram, India

CIN: U74999HR2016PTC065061

E-mail : info@iavocado.in

.....Respondent/Corporate Debtor

Order delivered on: 22.05.2026

**Coram: MR. KAUSHALENDRA KUMAR SINGH, HON'BLE MEMBER
(TECHNICAL)**

MR. KHETRABASI BISWAL, HON'BLE MEMBER (JUDICIAL)

Present:

For the Applicant

: Mr. Prateek Khanna, Ms. Rumella Jain,
Advocates

For the Respondent

: Ms. Munisha Gandhi, Senior Advocate
along with Ms. Salina Chalana, Ms. Pooja
Singh, Mr. Karan Tomar, Advocates

ORDER

1. The present Petition is filed by an Authorised Representative on behalf of **West-In Avo Private Limited** (formerly known as West-In Avo Nurseries Private Limited) (hereinafter referred to as “**Operational Creditor**”) under Section 9 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “Code”) seeking initiation of Corporate Insolvency Resolution Process (CIRP) against **Workin Business Private Limited** (hereinafter referred to as “**Corporate Debtor**”), for the default amount of Rs. 1,43,15,524/- (Rupees One Crore Forty Three Lakhs Fifteen Thousand Five Hundred and Twenty-Four Only). The date of default, as mentioned in the Application is 02.01.2024.

FACTS AND SUBMISSIONS OF THE APPLICANT:

2. Brief averments of the case as stated in the Application by Applicant/Operational Creditor and presented/argued by its Counsel are summarised hereunder:

(i) The Corporate Debtor is a non-government company limited by shares, incorporated on 08.07.2016 under the Companies Act, 2013, having its registered address at SF-205 & 205A, JMD Regent Plaza, Mehrauli Gurgaon Road, Sector 26, DLF QE, Gurgaon, Haryana, India - 122002.

(ii) The Applicant/Operational Creditor is also a non-government company limited by shares, incorporated on 23.10.2019 under the Companies Act, 2013, having its registered office at 401, Vimbri Boulevard Hills, Hyderabad, Khairatabad, Telengana, India- 500034.

(iii) The Applicant appointed the Corporate Debtor as one of its distributors for the supply and distribution of avocados imported into India. The avocados were delivered by the Applicant to a designated cold storage facility, namely Supreme Fresh, a unit of Aimjay Agro Fresh LLP, situated at Navi Mumbai. The Corporate Debtor duly accepted the goods from the cold storage facility without any protest or demur.

(iv) The details of invoices and quantity of avocados delivered and duly accepted by Corporate Debtor through Supreme Fresh, during the relevant period are as follows:

Sr. No.	Invoice No.	Date	Quantity Delivered (Avocados)	Invoice Amount (Rs.)	Adjustments (Rs.)	Net Payable Amount (Rs.)
(a)	INV-01074	21.11.2023	2,899	40,02,898.90	3,21,298.60 (A amount of Rs. 3,21,298.60 was adjusted from the invoice against Credit Note No. CN-00179 dated 31.12.2023 issued against damaged fruits.)	36,81,600.30
(b)	INV-01078	22.11.2023	1,846	25,86,984.00	-	25,86,984.00
(c)	INV-01086	30.11.2023	3,168	44,39,635.20	-	44,39,635.20
(d)	INV-01095	12.12.2023	1,083	14,38,437.00	-	14,38,437.00
(e)	INV-01096	12.12.2023	1,556	21,68,866.70	-	21,68,866.70

(v) The total outstanding operational debt payable by the Corporate Debtor to the Applicant amounts to **Rs. 1,43,15,524/-** (Rupees One Crore Forty-Three Lakhs Fifteen Thousand Five Hundred and Twenty-Four Only), which became due and payable on 12.12.2023.

The Corporate Debtor, vide email dated 06.01.2024, confirmed the outstanding balance and shared its ledger statement with the Applicant.

(vi) Despite repeated reminders and follow-ups by the Applicant, the Corporate Debtor has failed to clear the outstanding dues and has demonstrated its financial inability to discharge its operational debt. Consequently, the Applicant issued a demand notice dated 07.06.2024 under the provisions of the Insolvency and Bankruptcy Code, 2016, in Form 3 of the Rules framed thereunder. The said notice was duly served upon the Corporate Debtor via email on 07.06.2024 and via Speed Post on 10.06.2024. But, the Corporate Debtor has neither replied to the said demand notice nor made any payment towards the outstanding dues till date.

SUBMISSIONS BY THE RESPONDENTS

3. The Application has been opposed by the Corporate Debtor by filing a Reply dated 06.12.2024, and as further argued by their counsel. The defense as taken in the reply and also argued by their counsel are briefly summarised as under;

(i) The Corporate Debtor is a private limited company incorporated on 18.07.2016, is engaged in the business of importing and marketing premium quality avocados to various customers including retail chains, wholesalers, hotels and consumers. During the course of business, the parties maintained a running account with reciprocal obligations. The record shows that the Applicant frequently supplied

rejected, repacked, or substandard goods. The Corporate Debtor made payments only for goods meeting agreed quality standards and issued debit notes for deficiencies such as substandard quality, short supply, and rate differences. These debit notes were duly communicated and, in several instances, acknowledged by the Operational Creditor through issuance of corresponding credit notes.

(ii) The Corporate Debtor has made substantial payments amounting to ₹26,98,25,712.72, demonstrating its bona fide conduct. However, the Operational Creditor filed the present Application without completing reconciliation of accounts and failed to account for legitimate adjustments. Notably, in an email dated 12.01.2024, the Operational Creditor itself admitted that reconciliation was pending. Therefore, no crystallized liability or default existed at the time of filing. The balance confirmations relied upon are non-binding and pre-date final reconciliation.

(iii) Pertinently, Respondent has never acknowledged the alleged outstanding amount of ₹1,43,15,523/- as has been alleged by the Petitioner in the present Petition.

(iv) It is submitted that in response to the email of statutory auditor of the Petitioner dated 12.1.2024, seeking confirmation of outstanding balance of the Petitioner as on 31.12.2023, the Respondent stated that reconciliation was in progress and will confirm the balance in the next 15 days but it got delayed further due to unforeseen circumstances. Upon proper reconciliation, it is evident

that ₹1,05,74,466.53 is in fact recoverable by the Respondent from the Petitioner in the form of credit notes, as detailed below. Detailed breakup of Rs. 1,05,74,466.53 is in the table below:

S.No.	Amount (In Rs.)	Particulars
1.	Rs. 14,78,186.83/-	<p><u>Accepted Debit Notes</u> Between 04.07.2022 and 25.10.2023, the Respondent issued debit notes totaling Rs. 78,24,863.53 which came to duly accepted by the Applicant. However, Credit notes were issued only for an amount of Rs. 63,46,676.70. Hence, Rs. 14,78,186.83 is liable to be adjusted towards the accepted Debit Notes. (Reference debit notes at pages 55-192 of the reply)</p>
2.	Rs. 39,97,639.84/-	<p><u>Unsettled Debit Notes</u> The Respondent issued debit notes totaling Rs. 39,97,639.84 (including Rs. 36,76,339.84 issued via emails dated between 28.7.2022 and 3.8.2023) which the Applicant was duly informed about, however, the Applicant has not made such adjustments. (Reference debit notes at pages 193-241 of the reply)</p>
3.	Rs. 48,30,075/-	<p><u>Quality Dispute Unresolved</u> The Respondent, via emails dated 26.4.2022, 13.10.2022, 25.3.2023 and a WhatsApp message on 7.7.2023, raised complaints about the avocados' quality, including damaged trays, shortages, black spots, small sizes, and overall poor condition of Avocados. The Applicant acknowledged the quality issues and hence was liable to issue corresponding credit notes for such debit notes totaling Rs. 48,30,075/-. However, the Applicant has not made such adjustments. (Reference emails and whatsapp chat at pages 242-248)</p>
4.	Rs. 268564.86/-	<p><u>Discrepancy Between Invoiced Amount and Actual Value of Avocados Supplied</u> A discrepancy of Rs. 2,68,564.86 arose between invoiced amount and actual value of supplied avocados. The Petitioner is liable to adjust for this difference.</p>

(v) It is further submitted that there exists a clear and undisputed pre-existing dispute between the parties, which arose much prior to the issuance of the demand notice dated 07.06.2024. The Corporate Debtor had consistently raised disputes regarding quality issues,

shortages, and rate differences, and had issued debit notes in respect thereof well before the said date. Such debit notes are liable to be adjusted from the account maintained between the parties. It is submitted that debit notes amounting to Rs 2,08,48,168.3/- were raised by WBPL against WIAPL, out of which credit notes of only Rs. 1,05,42,266.6/- were issued and no efforts were made by the Petitioner to resolve the dispute relating to remaining debit notes with respect to supply of inferior quality of Avocados. Pertinently, there existed a dispute (prior to the issuance of demand notice dated 7.6.2024) between the parties pertaining to the amount to be paid by WBPL.

(vi) The Respondent submits that it maintained a running account with WIAPL, and payments were not made on an invoice-to-invoice basis, contrary to the Petitioner's allegations. Copy of ledger of Corporate Debtor for the period 1.4.2023 to 31.3.2024 maintained with Respondent is annexed as Annexure – R11 to the Reply. While Petitioner has alleged an outstanding amount of ₹1,43,15,523/- as on 31.12.2023, upon reconciliation, an amount of ₹1,05,74,466.53 is payable to the Respondent in the form of credit notes. After accounting for the same, the net outstanding reduces to ₹37,41,057.07, which is significantly below the minimum threshold of ₹1 crore prescribed under Section 4 of the Insolvency and Bankruptcy Code, 2016. and the same is made out from the Ledger up till 31.03.2024 filed by the Respondent.

(vii) The Respondent further submits that the conduct of Petitioner demonstrates an attempt to misuse the IBC as a recovery mechanism without establishing insolvency. It is well settled that the Code is intended for resolution of insolvency and not for recovery of disputed dues. The Respondent has further relied upon the judgment of the Hon'ble Supreme Court in *Dena Bank v. C. Shiva Kumar Reddy*, reported in (2021) 10 SCC, along with various decisions of the Hon'ble NCLAT, to contend that proceedings under the Insolvency and Bankruptcy Code, 2016 are not intended to be used as a recovery mechanism.

(viii) The present matter involves complex and disputed questions of fact, including reconciliation of accounts, assessment of quality of goods, verification of supplies, and adjudication of debit and credit entries. Such issues require detailed examination of evidence and cannot be decided in summary proceedings under the IBC. Any determination of the sums allegedly recoverable by either party requires adjudication on merits in a trial. Accordingly, the present Application is liable to be dismissed.

(ix) Further, The Corporate Debtor had raised genuine and bona fide quality issues in respect of the goods supplied, including defects in ripening, internal and external damage, fungal contamination, and other deficiencies. Given the perishable nature of avocados, proper assessment of quality necessarily requires a period of 10–20 days, and such defects cannot reasonably be detected within 48 hours as

alleged by the Operational Creditor. There was no agreement between the parties mandating that complaints be raised within such a restricted timeframe. Notably, the Credit Note dated 31.12.2023 itself acknowledges that quality issues could not have been identified within 48 hours of receipt (Ref: Credit Note dated 31.12.2023 against Invoice dated 21.11.2023 at page 43 of the Petition). In these circumstances, the Operational Creditor was liable to issue appropriate credit notes for defective supplies but failed to do so.

(x) It is further submitted that there is no valid date of default as alleged in the Application. The credit note acknowledged under invoice dated 21.11.2023 was issued on 31.12.2023. Hence, there can be no date of default being 12.12.2023. The Credit Note dated 31.12.2023 also acknowledges that performa invoices were sent but finalization of invoice only took place later post accounting for deductions. Hence, without accounting for adjustments there can be no finalization of invoices and consequently, there can be no default as is being alleged.

(xi) It has been alleged by the Petitioner that Respondent has suppressed the email dated 22.10.2022 sent by the accounts department of the Respondent wherein revised debit notes for the period of 1.8.2022 to 22.10.2022 were provided which correspond to the credit notes issued by the Petitioner. The debit notes (at page 59-69 of the rejoinder) in question are only 11 in number and the Petitioner has very clandestinely tried to deceive this Tribunal by not

disclosing its Statement of Account for the FY 2022-23 which will reveal the true nature and contents of these debit notes. The Respondent, for the sake of clarity and transparency, provides a detailed explanation of these debit notes herein below:

Sr No.	Details of alleged revised debit note	Details of debit note in the record of the Respondent (relied upon in its reply)	Clarification / Remark
1.	Debit Note No. 64 Date: 26.9.2022 Amount - Rs. 3,29,819.33 (at page 59 of rejoinder)	Debit Note No. 64 Date: 26.9.2022 Amount - 5,49,698.88 (debit note at page 135 of reply) Credit Note given - Rs. 3,29,819.33 (CN No. 115 dated 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	Remarks - Amount of debit note decreased by Rs. 2,19,879.55.
2.	Debit Note No. 29 Date: 11.8.2022 Amount - Rs. 2,14,200.00 (at page 60 of rejoinder)	Debit Note No. 29 Date: 13.8.2022 Amount - Rs. 47,817.00 (debit note at page 91 of reply) Credit Note given - Rs. 47,817.00 (CN No. 72 dated 13.8.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	It appears that date of both these debit notes are different and the Petitioner had issued credit note of the said amount to the Respondent suggesting that these two debit notes are different from each other and not a revised version of the later. Further, credit note amount do not match with amount of the revised debit note as alleged by the Petitioner. (Remarks- Amount of debit note increased by Rs. 1,66,383.00)
3.	Debit Note No. 36 Date: 21.8.2022	Debit Note No. 36 Date: 21.8.2022	It appears that both these debit notes are different

	Amount - Rs. 1,54,980.00 (at page 61 of rejoinder)	Amount - Rs. 3,06,900.00 (debit note at page 99 of reply) Credit Note given - Rs. 1,84,140.00 (CN No. 115 dated 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	as the credit note amount do not match with amount of the revised debit note as alleged by the Petitioner.
4.	Debit Note No. 35 Date: 21.8.2022 Amount - Rs. 1,40,400.00 (at page 62 of rejoinder)	Debit Note No. 35 Date: 21.8.2022 Amount - Rs. 3,34,050.00 (debit note at page 98 of reply) Credit Note given - Rs. 2,14,200.00 (CN No. 60 dated 11.8.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	It appears that both these debit notes are different as the credit note amount do not match with amount of the revised debit note as alleged by the Petitioner.
5.	Debit Note No. 37 Date: 21.8.2022 Amount - Rs. 2,00,430.00 (at page 63 of rejoinder)	Debit Note No. 37 Date: 21.8.2022 Amount - Rs. 2,00,430.00 Credit Note given - Rs. 2,00,430.00 (CN No. 115 dated 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	Amounts corresponds to the credit note suggesting that debit note was never revised.
6.	Debit Note No. 38 Date: 21.8.2022 Amount - Rs. 1,84,140.00 (at page 64 of rejoinder)	Debit Note No. 38 Date: 21.8.2022 Amount - Rs. 74,700.00 (debit note at page 101 of reply) Credit Note given - Rs. 74,704.98.00 (CN No. 79 dated 21.8.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	It appears that both these debit notes are different as the credit note amount do not match with amount of the revised debit note as alleged by the Petitioner. (Remarks- Amount of debit note increased by Rs. 1,09,440.00)
7.	Debit Note No. 57 Date: 13.9.2022 Amount - Rs. 2,38,054.20 (at page 65 of rejoinder)	Debit Note No. 57 Date: 13.9.2022 Amount - Rs. 3,96,757.00 (debit note at page 126 of reply)	Remarks - Amount of debit note decreased by Rs. 1,58,703.8.

		Credit Note given - Rs. 10,200 and Rs. 2,38,054.20 - Total 2,48,254.20 (CN No. 100 dated 21.9.2022 and 115 dated 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	
8.	Debit Note No. 51 Date: 6.9.2022 Amount - Rs. 1,81,469.16 (at page 66 of rejoinder)	Debit Note No. 51 Date: 6.9.2022 Amount - Rs. 3,02,448.60 (debit note at page 117 of reply) Credit Note given - Rs. 1,81,469.16 (CN No. 115 dated 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	Remarks - Amount of debit note decreased by Rs. 1,20,979.44.
9.	Debit Note No. 61 Date: 18.9.2022 Amount - Rs. 1,06,952.98 (at page 67 of rejoinder)	Debit Note No. 61 Date: 18.9.2022 Amount - Rs. 1,78,254.96 (debit note at page 131 of reply) Credit Note given - Rs. 1,06,952.98 (CN No. 115 dated 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	Remarks - Amount of debit note decreased by Rs. 71,301.98.
10.	Debit Note No. 68 Date: 7.10.2022 Amount - Rs. 72,450.00 (at page 68 of rejoinder)	Debit Note No. 68 Date: 7.10.2022 Amount - Rs. 1,20,750.00 (debit note at page 141 of reply) Credit Note given - Rs. 72,450.00 (CN No. 115 dated 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	Remarks - Amount of debit note decreased by Rs. 48,300.00
11.	Debit Note No. 45 Date: 2.9.2022 Amount - Rs. 2,11,834.15 (at page 69 of rejoinder)	Debit Note No. 45 Date: 2.9.2022 Amount - Rs. 3,53,050.00 (debit note at page 109 of reply) Credit Note given - Rs. 2,11,834.15 (CN No. 115 30.9.2022) Credit entry in statement of account of the Petitioner for FY 22-23.	Remarks - Amount of debit note decreased by Rs. 1,41,215.85.

(xii) The Corporate Debtor submits that debit notes under entry dated 31.12.2023 amounting to ₹1,73,600/- and ₹1,47,700/- were duly recorded in the ledger of West In Avo Private Limited (Petitioner) maintained with the Respondent and were not communicated separately via email or WhatsApp. The said ledger was duly shared with the Petitioner on 06.01.2024, and no objections were raised thereafter. However, corresponding credit notes were not issued by the Petitioner.

(xiii) The Corporate Debtor submits that entries bearing Nos. 3584 (₹2,12,102.30), 3585 (₹3,21,298.60), 2504 (₹12,00,000/-), and 2522 (₹8,50,679.05) pertain to debit notes raised through telephonic communication and acknowledged by the Petitioner through corresponding credit entries in its ledger. However, as the Petitioner shared its final ledger only on 05.03.2024, these entries could not be incorporated prior to final reconciliation of its accounts and before sharing its own ledger with the Petitioner on 06.01.2024. The acknowledgements of the above debit notes are reflected in the Petitioner's ledger vide credit notes dated 31.08.2023 (CN – 00166), 14.09.2023 (CN – 00170), 30.11.2023 (CN – 00177), and 31.12.2023 (CN – 00179).

(xiv) The Corporate Debtor submits that the said entries represent legitimate debit adjustments on account of quantity shortages and quality issues raised from time to time via email and WhatsApp. Further, certain debit notes pertaining to FY 2022–23, amounting to

₹28,91,746.72, were either unacknowledged or partially acknowledged and remain outstanding, and are now being considered for final reconciliation.

(xv) The Corporate Debtor submits that the entries recorded under Nos. 2624 (₹2,68,564/-) pertain to quantity shortages in supply, while entries bearing Nos. 3587 (₹2,85,000/-), 3588 (₹3,10,800/-), 3599 (₹30,07,875/-) and 3590 (₹12,26,400/-) relate to quality issues raised from time to time through emails and WhatsApp communications.

(xvi) Further, entry No. 3586 (₹28,91,746.72/-) represents debit notes pertaining to FY 2022–23, which were either not acknowledged or only partially acknowledged (with the remaining amounts outstanding) during the financial year 2022-23 by the Petitioner.

(xvii) It is further submitted that the Petitioner exerted pressure on the Corporate Debtor to enter into an exclusive distribution arrangement. In furtherance of such coercive tactics, the Petitioner threatened that the supply of Avocados to the Respondent would be stopped if the Respondent attempted to import from other exporters. Ultimately, under the pretext of certain unpaid invoices, the Petitioner unilaterally ceased all supplies and disconnected the Respondent from other exporters, thereby causing substantial disruption to the Respondent's business and adversely affecting its commercial operations. Pertinently, no such exclusive agreement was ever executed between the parties.

(xviii) Now that the business relationship between the parties has come to an end, the Respondent is duty bound to consider and place on record the unresolved debit notes raised during the financial year 2022-23, which remain outstanding and are being brought forward for the purpose of final account reconciliation. (Details of the debit notes are at pages 56-192 - Ann. R6 and pages 193-241 - Ann. R7)

(xix) It is submitted that the Corporate Debtor is a financially sound and profit-making entity with a healthy balance sheet and consistent revenue generation. Its audited financial statements clearly negate any allegation of insolvency. The present Application, therefore, is not based on insolvency but is a mere attempt to recover disputed dues through the coercive mechanism of the IBC.

REJOINDER BY THE APPLICANT

4. The Applicant filed Rejoinder dated 10.04.2025 in response to the reply of Corporate Debtor which is briefly summarized as under:-

(i) It is pertinent that the Corporate Debtor has not denied the five Pending Invoices listed in the Application, and for which demand notice dated 07.06.2024 (*Annexure A-2 to the Application*) was sent to the Corporate Debtor (received on 10.06.2024), (hereinafter referred to as "**Pending Invoices**")), thereby clearly establishing the existence of operational debt and default.

(ii) The Corporate Debtor has sought to raise a defence of a purported pre-existing dispute; however, no dispute was ever raised by the Corporate Debtor at the time of supply of goods, upon receipt

of invoices, or even in response to the demand notice dated 07.06.2024. The alleged dispute has been raised for the first time in the Reply and is unsupported by any contemporaneous evidence, and therefore does not satisfy the requirement of a genuine pre-existing dispute under the Code.

(iii) It is denied that an amount of Rs. 1,05,74,466.53/- is due to be released from the Operational Creditor to the Corporate Debtor in the form of credit notes. Pertinently, the debit notes corresponding to the aforesaid amount have been rejected by the Operational Creditor and such rejection was duly accepted by the Corporate Debtor and accordingly, except the Pending Invoices, all payments have been cleared by the Corporate Debtor. This position is also clear from the balance confirmations for 31.12.2022 and 31.03.2023 provided by the Corporate Debtor wherein the claim/debit notes rejected by the Operational Creditor have been excluded. Further, the ledger appended by the Corporate Debtor (Annexure R-11) itself shows the afterthought of the Corporate Debtor in as much as reagitating debit notes with effect from 01.01.2024, despite accepting the rejection of such debit notes. The contention of the Corporate Debtor that any amount is payable by the Operational Creditor is wholly false and devoid of merit. All prior claims between the parties stood reconciled, settled, or rejected, and no such claim subsisted at the time of issuance of the demand notice. The Corporate Debtor has deliberately suppressed material facts, including revised debit notes,

corresponding credit notes, and balance confirmations, and has instead relied upon inconsistent and self-serving ledger entries to mislead this Tribunal.

(iv) It is also denied that the parties maintained a running account in the manner alleged by the Corporate Debtor. It is submitted that examination of the bank statements relied upon by the Operational Creditor as well as by the Corporate Debtor, itself show that payments were made by the Corporate Debtor to the Operational Creditor based on invoices issued by the Operational Creditor. The conduct of the parties clearly demonstrates that payments were made on an invoice-to-invoice basis, and all invoices except the Pending Invoices were duly paid without any protest or demur.

(v) The Operational Creditor, by way of additional submissions dated 16.03.2026, has alleged discrepancies in the Corporate Debtor's ledger records, particularly highlighting inconsistencies in voucher numbers for identical entries across two versions of the ledger for the period April 2023 to December 2023 and April 2023 to March 2024. It is contended that such inconsistencies raise serious concerns regarding the reliability and authenticity of the Corporate Debtor's records.

(vi) It is further alleged that the Corporate Debtor has falsely claimed amounts on the basis of old debit notes while deliberately concealing revised debit notes. According to the Operational Creditor, these revised debit notes had already been acknowledged and settled

through corresponding credit notes issued by it. The Operational Creditor also points out that the Corporate Debtor's own ledger reflects acceptance of the revised debit note amounts, thereby contradicting its present claims based on superseded figures. On this basis, it is alleged that the Corporate Debtor has overstated its claim by an amount of ₹ 9,37,839 due to such concealment and misrepresentation.

Analysis and Findings

5. We have considered the submissions made by the Learned Counsel for Applicant Operational Creditor as well as the Respondent Corporate Debtor and have gone through the material available on record carefully, along with the extant provisions of the Code and the settled position of law on the subject issue.

6. From the material placed on record, it is evident that the claim of the Operational Creditor arises from supply of goods (avocados) to the Corporate Debtor under a commercial arrangement. The existence of business transactions between the parties is not in dispute. However, the core issue for determination are

(A) Whether there exists an operational debt and default exceeding the threshold prescribed under Section 4 of the Insolvency and Bankruptcy Code, 2016??

(B) Whether there existed a genuine pre-existing dispute between the parties prior to the issuance of the demand notice under Section 8 of the Code?

Issue (A): Whether there exists an operational debt and default exceeding the threshold prescribed under Section 4 of the Insolvency and Bankruptcy Code, 2016?

7. The Corporate Debtor has consistently contended that the parties maintained a running account and that payments were not made on an invoice-to-invoice basis. It is further submitted that substantial payments amounting to ₹26.98 crores have already been made. The Corporate Debtor has also relied upon various debit notes raised on account of quality issues, shortages, and rate differences, many of which were acknowledged through issuance of corresponding credit notes by the Operational Creditor. The material on record, including correspondence, emails, and ledger entries, indicates that reconciliation of accounts between the parties was ongoing and had not attained finality at the time of issuance of the demand notice.

8. The Corporate Debtor has disputed the quantum of debt and asserted that, upon reconciliation, an amount of ₹1,05,74,466.53 is in fact recoverable from the Operational Creditor in the form of credit notes. After giving effect to such adjustments, the alleged outstanding reduces to ₹37,41,057.07, which is below the minimum threshold prescribed under Section 4 of the Code. In contrast, the Operational Creditor has questioned the correctness of such reconciliation by alleging discrepancies in the Corporate Debtor's ledger, including inconsistencies in voucher numbers and concealment of revised debit notes. In view of these competing claims, the exact quantum of debt and default remains disputed and unascertained.

Issue (B): Whether there existed a genuine pre-existing dispute between the parties prior to the issuance of the demand notice under Section 8 of the Code?

9. It is observed that disputes relating to quality of goods, such as defects in ripening, internal and external damage, and fungal contamination, were raised by the Corporate Debtor prior to the issuance of the demand notice. These disputes are supported by contemporaneous communications and issuance of debit notes, some of which were acknowledged by the Operational Creditor through credit notes. This demonstrates that disputes regarding quality and corresponding financial adjustments existed between the parties prior to invocation of the Code.

10. Further, the rival contentions relating to ledger discrepancies, debit and credit notes, reconciliation of accounts, and quantum of liability give rise to complex and disputed questions of fact requiring detailed examination of evidence. Such issues cannot be adjudicated in summary proceedings under Section 9 of the Code. The material on record prima facie establishes the existence of a genuine dispute, which is neither spurious nor illusory, and which arose prior to the issuance of the demand notice.

11. In terms of the law laid down by Hon'ble Supreme Court in the case of ***Mobilox Innovative Private Limited vs. Kirusa Software Private Limited, Civil Appeal No. 9405 of 2017***, has held that:

“Therefore, all 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. It is important to separate the grain from the chaff and to reject a spurious defence which is mere bluster. However, in doing so, the court does not need to be satisfied that the defence is likely to succeed. The court does not at this stage examine the merits of the dispute except to the extent indicated above. So long as a dispute truly exist in fact and is not spurious, hypothetical or illusory, the adjudicating authority has to reject the application.”

12. Applying the ratio in Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd. (supra), the test is whether there exists a “plausible contention” requiring adjudication, and not a patently spurious or illusory defence. In the present case, the material on record demonstrates that the disputes raised by the Corporate Debtor in relation to quality of goods, reconciliation of accounts, and adjustment of debit and credit notes are supported by contemporaneous correspondence and cannot be said to be a mere sham or moonshine defence. The disputes are real and substantial, requiring adjudication on merits. Therefore, the requirement of Section 9(5)(ii)(d) of the Code is attracted.

13. In light of the above findings, this Adjudicating Authority is of the considered view that the present Application does not satisfy the requirements for initiation of Corporate Insolvency Resolution Process under Section 9 of the Code. The existence of a genuine pre-existing dispute between the parties, coupled with the absence of a crystallized and undisputed operational debt above the statutory threshold, renders the

Application not maintainable. Accordingly, the present petition is liable to be rejected.

14. Accordingly, the Company Petition bearing **CP(IB)No.212/Chd/Hry/2024** stands **rejected** and **disposed of**.

Sd/-
Khetrabasi Biswal
Member (Judicial)
Inderjeet

Sd/-
Kaushalendra Kumar Singh
Member (Technical)