NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Insolvency) No. 1940 of 2026

[Arising out of the Impugned Order dated 07.10.2026 passed by the Adjudicating Authority, National Company Law Tribunal, Ahmedabad Bench – Court I filed in C.P.(IB) No. 273/AHM/2026]

IN THE MATTER OF:

Bharat Ajay Jaisinghani
Suspended Director of Polycab India Limited
R/o 1301/B Beau Mond, Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400025 **...Appellant**

Versus
Asier Metals Private Limited
Registered Office: 7A/39 (14-First Floor),
WEA Channa Market,
Karol Bagh, New Delhi – 110005
Corporate Office: 602, 6th Floor,
BLA Business Park, Sonawala Cross Road,
Goregaon East, Mumbai – 400063
Email: arun.jain@asier.in **...Respondent No. 1**

Mr. Sunit Jagdishchandra Shah
Interim Resolution Professional of Polycab India Limited
IBBI Reg. No. IBBI/IPA-001/IP-00471/2017-2018/10814 801-802
Eight Floor, Abhijeet – 1, Opp Bhuj Mercantile Bank,
Mithakhali Six Roads, Navrangpura, Ahmedabad,
Gujarat – 380006
Email: sunit78@gmail.com **...Respondent No. 2**

Present:

For Appellant : Mr. Arun Kathpalia and Mr. Abhijeet Sinha, Sr. Advocates with Mr. Suhail Nathani, Mr. Anuj Tiwari, Mr. Dinesh Pednekar, Mr. Chanakya Knwani, Ms. Shubhangi Khandelwal, Ms. Diksha Gupta, Mr. Shivendra Nath Mishra, Ms. Heena Kochhar, Mr. Vaibhav Vats, Mr. Sameer Mishra, Advocates

For Respondents : Mr. Krishnendu Datta, Sr. Advocate with Mr. Anand Chhibbar, Mr. Mohit Chaudhary, Mr. Kanishk Khetan, Ms. Alina Merin Mathew, Ms. Jaishree Joshi, Advocates for R1

J U D G M E N T
(Hybrid Mode)

Per: Barun Mitra, Member (Technical)

The present appeal filed under Section 61 of the Insolvency and Bankruptcy Code, 2016 ('**IBC**' in short) by the Appellant-Suspended Director of Polycab India Ltd. arises out of the Order dated 07.10.2026 (hereinafter referred to as the '**Impugned Order**') passed by the Adjudicating Authority (National Company Law Tribunal, Ahmedabad Bench, Court-I) in C.P.(IB) No. 273/AHM/2026. By the said impugned order, the Adjudicating Authority has admitted the Section 9 petition filed by Asier Metals Private Limited-Operational Creditor admitting the Corporate Debtor into CIRP. Being aggrieved by the impugned order, the Appellant has come up in appeal.

2. Put briefly, a business relationship had been entered between the Corporate Debtor-Polycab India Ltd. around December, 2019 for supply of non-ferrous metals ingots by the Operational Creditor-Asier Metals Pvt. Ltd.. Basis this relationship, purchase orders were issued from time to time by the Corporate Debtor. The underlying business arrangement contemplated advance payments to be made by the Corporate Debtor to the Operational Creditor for monthly shipment of goods. Based on the purchase orders issued, provisional invoices were raised and the final price determined and given effect to through credit and debit notes. Moreover, it was also a given arrangement between the two parties that the goods were received in a staggered manner and reconciliation of accounts took place at timely intervals.

3. Pursuant to purchase orders issued by the Corporate Debtor, the Operational Creditor had supplied aluminium ingots. The Corporate Debtor after receiving the material had made part payments which were allegedly lower than the invoice amounts. The Operational Creditor claimed an outstanding operational debt of Rs. 2.78 Cr. Since the Operational Creditor did not receive the outstanding payments, a Section 8 demand notice was sent by them on 06.08.2026 claiming Rs. 2.78 Cr. alongwith purchase orders, invoices and ledger. The Corporate Debtor sent a without prejudice holding response to the Section 8 demand notice on 19.08.2026. As a follow-up to their earlier holding response dated 19.08.2026, the Corporate Debtor sent a detailed reply to the demand notice on 02.09.2026 denying the alleged debt besides raising pre-existing disputes arising out of account reconciliation and competing claims. However, before the detailed reply was sent by the Appellant, the Operational Creditor went ahead and filed the Section 9 petition on 24.08.2026. The Operational Creditor had also filed their claim on the NeSL portal in relation to the alleged operational debt on 09.09.2026 which was disputed by the Corporate Debtor on 11.09.2026. The Adjudicating Authority passed the impugned order on 07.10.2026 admitting the Section 9 petition filed by the Respondent No.1-Operational Creditor. Aggrieved by the impugned order, the present appeal has been preferred by the ex-Director of the Corporate Debtor.

4. Making submissions on behalf of the Appellant, Shri Arun Kathpalia and Shri Abhijeet Sinha, Ld. Sr. Counsel submitted that the Adjudicating Authority in the impugned order had itself recorded that prior to the issue of Section 8 demand notice, communications stood exchanged by email and

Whatsapp between the two parties relating to provisional billing, credit-note discounts, detention/demurrage and other points of account reconciliation. Reference was made to an email dated 22.07.2026 which was clearly a contemporaneous communication sent by the Corporate Debtor to the Operational Creditor disputing the amount claimed by them besides seeking further adjustments and reconciliation. This email evidencing pre-existing dispute despite being noted by the Adjudicating Authority in the impugned order was ignored without examination. Issue of credit notes was also assured by the Operational Creditor but subsequently not honoured by them leading to a dispute raised by the Appellant regarding the final amount claimed to be outstanding and payable by the Operational Creditor. It was contended that when the alleged debt had not yet crystallised and the amount claimed was not an undisputed amount, this was not a fit case for admission of Section 9 of the IBC. It was vehemently contended that the finding rendered by the Adjudicating Authority that no pre-existing dispute stood established is contrary to Section 5(6) read with Section 9(5)(ii)(d) of the IBC. Admission of the Section 9 application was not in accord with the test laid down by the Hon'ble Supreme Court in ***Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd. (2018) 1 SCC 353*** and deserved to be dismissed. It was added that the Corporate Debtor is a fully solvent and a listed company with substantial business operations besides having a large employee and share-holder base. Moreover, it was stoutly contended that being a financially sound company with a stand-alone revenue of Rs. 2,81,851.77 million during FY 2025-26 and its credit facilities with banks being regular and classified as

Standard Assets, subjecting the Corporate Debtor to CIRP would cause them irreparable injury and the Section 9 petition deserved to be rejected.

5. The Ld. Sr. Counsel for the Operational Creditor, Shri Krishnendu Datta submitted that while he had an answer to all the contentions and issues raised by the Corporate Debtor but, in the same breath, admitted that the communications preceding the Section 8 demand notice which have been relied upon by the Corporate Debtor to substantiate pre-existing disputes were not examined by the Adjudicating Authority in the impugned order.

6. We have heard Ld. Counsel for the parties and perused the records carefully.

7. The short question which needs to be answered is whether there were communications manifesting pre-existing disputes between the parties within the meaning of IBC and whether the Adjudicating Authority without dwelling upon the nuances of such communications committed an infirmity in passing the impugned order admitting the Section 9 application filed by the Operational Creditor.

8. Before we return our findings, we may quickly recapitulate the statutory scheme as outlined under Section 8 and 9 of the IBC. Section 8 of the IBC envisages that the Operational Creditor, on occurrence of a default by the Corporate Debtor, is required to deliver a Demand Notice in respect of the outstanding Operational Debt. Section 8(2) provides that Corporate Debtor within a period of 10 days of the receipt of the Demand Notice is required to bring to the notice of the Operational Creditor existence of dispute, if any. Thus, the existence of dispute and its communication to the

Operational Creditor within a time-frame by the Corporate Debtor is statutorily provided for in Section 8 of the IBC.

9. This now brings us to the statutory construct of IBC post issue of demand notice by the Operational Creditor as laid down in Section 9 of IBC. Under Section 9(1), if the Operational Creditor does not receive payment from the Corporate Debtor or notice of the dispute under sub-section (2) of Section 8, he may file an application under Section 9(1) of the IBC. However, Section 9(5)(ii) contemplates that Adjudicating Authority shall reject the application if notice of dispute has been received by the Operational Creditor or there is record of dispute in the Information Utility.

10. For convenience, we reproduce Sections 9(1) and 9(5)(ii) of IBC which is to the following effect:

> *"9. Application for initiation of corporate insolvency resolution process by operational creditor.- (1) After the expiry of the period of ten days from the date of delivery of the notice or invoice demanding payment under sub-section (1) of section 8, if the operational creditor does not receive payment from the corporate debtor or notice of the dispute under sub-section (2) of section 8, the operational creditor may file an application before the Adjudicating Authority for initiating a corporate insolvency resolution process."*

Section 9(5)(ii) reads as follows:

> *"(5) The Adjudicating Authority shall, within fourteen days of the receipt of the application under subsection (2), by an order—*
> *(i).....*
> *(ii) reject the application and communicate such decision to the operational creditor and the corporate debtor, if—*
> *(a) the application made under sub-section (2) is incomplete;*
> *(b) there has been payment of the unpaid operational debt;*
> *(c) the creditor has not delivered the invoice or notice for payment to the corporate debtor;*
> *(d) notice of dispute has been received by the operational creditor or there is a record of dispute in the information utility; or*

(e) any disciplinary proceeding is pending against any proposed resolution professional:
Provided that Adjudicating Authority, shall before rejecting an application under sub-clause (a) of clause (ii) give a notice to the applicant to rectify the defect in his application within seven days of the date of receipt of such notice from the adjudicating Authority."

11. From a plain reading of the above provisions, it is clear that the existence of dispute and its communication to the Operational Creditor by the Corporate Debtor is statutorily provided for in Section 8. The statutory scheme also contemplates rejection of Section 9 application when notice of dispute has been received by the Operational Creditor or there is a record of dispute in the information utility.

12. We are also guided by the well settled proposition of law laid down by the Hon'ble Supreme Court in ***Mobilox Innovations (P) Ltd. v. Kirusa Software (P) Ltd. (2018) 1 SCC 353*** which incidentally has also been relied upon by the Adjudicating Authority. In this landmark decision, it is held that:

"51. It is clear, therefore, that once the operational creditor has filed an application, which is otherwise complete, the adjudicating authority must reject the application under Section 9(5)(2)(d) if notice of dispute has been received by the operational creditor or there is a record of dispute in the information utility. 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. 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 exists in fact and is not spurious,

hypothetical or illusory, the adjudicating authority has to reject the application."

****** ***** *****

"56. Going by the aforesaid test of "existence of a dispute", it is clear that without going into the merits of the dispute, the appellant has raised a plausible contention requiring further investigation which is not a patently feeble legal argument or an assertion of facts unsupported by evidence. The defense is not spurious, mere bluster, plainly frivolous or vexatious. A dispute does truly exist in fact between the parties, which may or may not ultimately succeed, and the Appellate Tribunal was wholly incorrect in characterizing the defense as vague, got-up and motivated to evade liability."

13. From the above excerpts, it is clear that the law on the subject as has been categorically laid down by the Hon'ble Supreme Court in ***Mobilox judgement*** is that all that the Adjudicating Authority is to see is whether there is a plausible dispute which requires further investigation and satisfy itself that the purported dispute is not a patently feeble legal argument or an assertion of fact unsupported by evidence. So long as a dispute truly exists in fact and is not spurious, hypothetical or illusory, the Adjudicating Authority has no choice but to reject the Section 9 application.

14. Given this backdrop, it will now be useful to find out how the Adjudicating Authority has considered the spectrum of facts to admit the Section 9 application filed by the Operational Creditor by holding that there was no sufficient grounds of pre-existing dispute. The relevant portions of the impugned order are as extracted hereunder:

"30. The Corporate Debtor has referred to various correspondence (item (i) to (xvii) prior to issue of purchase orders of 8.6.2026 and 25.6.2026 those might be related to business relationships between parties but do not support in any way the transactions due which the amount outstanding is due. These documents/understanding might be exchanged between

parties to arrive at the purchase terms, but the PO and invoices have no reference to these understanding. Items (xviii) to (xxvi) does not refer to any dispute and the communication referred is normal found in any business relationship involving supplies.

31. Item xvii of the Reply refers to credit notes, indicating the OC was issuing the credit notes wherever required and the credit note pertained to Aluminum Ingots dispatched in Feb 2026.

32. We do not find any correspondence that disputes the quantity, quality, or charges for delayed supplies if any. No debit note is raised by the Corporate Debtor to support its position.

33. The Corporate Debtor has raised the issue of "Provisional Billing". We do not think it is a material issue because the CD has not submitted any final invoice that differed from the provisional invoice. It is not the case of the CD that the OC did not pay IGST based on the invoice shown as "Provisional Billing.

34. In view of the foregoing discussion, we are satisfied that the application is complete, an operational debt is due and payable, default has occurred, the statutory Demand Notice was duly delivered, and has been established so as to attract rejection under Section 9(5)(ii)(d)."

It is clear from the above extracts that the Adjudicating Authority arrived at the conclusion that there were no pre-existing disputes between the two parties and basis the debt and default claimed by the Operational Creditor, the Section 9 application was admitted.

15. In the present case, it is an undisputed fact that the Section 8 demand notice was issued by the Operational Creditor on 06.08.2026 to which a holding response was issued by the Corporate Debtor on 19.08.2026 though admittedly the detailed reply was sent only on 02.09.2026 which was subsequent to filing of the Section 9 application on 24.08.2026 by the Operational Creditor. It may be relevant to notice the contents of the holding response notice which is as reproduced below:

"WITHOUT PREJUDICE

ELP/2026-27/CK/356 *Date: 19.08.2026*

Dear Sir,

1. We are concerned for our client, M/s Polycab India Limited ("Our Client"), who has placed in our hands the subject Demand Notice.

2. Our Client is in the process of giving us the necessary details, information and instructions to enable us to adequately issue a detailed response to the Demand Notice.

3. In the interregnum, please note that nothing contained in the subject Demand Notice should be deemed to have been admitted by Our Client.

4. We further state that the present letter is being issued without prejudice to our Client's rights and remedies."

(Emphasis supplied)

16. We find from the content of the above preliminary holding response notice that the Corporate Debtor has categorically denied admitting any issue raised by the Operational Creditor in the Section 8 Demand Notice and also specified that it is a without prejudice notice. The related question is whether the Adjudicating Authority could have held that there were no pre-existing disputes merely on the ground that the Corporate Debtor had filed the detailed reply to the Section 8 Demand Notice after filing of the Section 9 application. This issue has been well settled by the judicial precedent laid down by this Tribunal in ***M/s Brand Realty Services Ltd. Vs M/s Sir John Bakeries India Pvt. Ltd. in CA(AT)(Ins) No. 958 of 2020*** wherein it was held that even if the Corporate Debtor for whatever reasons does not reply to the Section 8 Demand Notice, it can still bring to the notice of the Adjudicating Authority of pre-existing dispute thereafter. The relevant excerpts from the said judgment are as reproduced below:

"12…. Section 8(2) when read with Section 9(1), it is clear that Section 9(1) enables the Operational Creditor to file Section 9 application if no payment has been received by the Operational Creditor form Corporate

Debtor or no notice of the dispute under sub-section (2) of section 8 has been received. The statutory scheme under Section 8 and 9 does not indicate that in an event Reply to Notice is not filed within 10 days by Corporate Debtor or no Reply to Notice under Section 8(1) have been given, the Corporate Debtor is precluded from raising the question of dispute.

13….. . Further in Reply to Section 9 Corporate Debtor can bring the material to indicate that there are pre-existing disputes in existence prior to issuance of demand notice under Section 8. We thus are of the considered opinion that mere fact that Reply to notice under Section 8 (1) having not been given within 10 days or no reply to demand notice having been filed by the Corporate Debtor does not preclude the Corporate Debtor to bring relevant materials before the Adjudicating Authority to establish that there are pre-existing dispute which may lead to the rejection of Section 9 application….."

(Emphasis supplied)

17. Applying the ratio of the above judgment to the facts of the present case, we are therefore of the considered view that even though the Corporate Debtor had failed to reply to the Demand Notice within ten days, it did not extinguish the rights of the Corporate Debtor to bring forth relevant material to substantiate pre-existing dispute. Section 9(5)(ii)(d) of the IBC contemplates rejection of an application when a notice of dispute is received by the Operational Creditor and in the present case, undisputedly the Section 8 demand notice issued by the Operational Creditor had been replied to by the Corporate Debtor with a holding response notice denying the claims and assertions of the Operational Creditor. The preliminary reply by the Corporate Debtor in their without prejudice holding response to the Section 8 demand notice contains a statement denying the debt, which even though shorn of specific details, is nevertheless in the nature of a notice of dispute which attracted Section 9(5)(ii)(d) of the IBC.

18. This brings us to the finding returned by the Adjudicating Authority at para 26 of the impugned order that since the NeSL dispute entry was dated 11.09.2026, which date was subsequent to the Section 8 Demand Notice, it did not constitute a pre-existing dispute. It was contended by the Corporate Debtor that this finding of the Adjudicating Authority is flawed. The Operational Creditor had filed the financial records on the NeSL on 09.10.2026 and this date was clearly post issue of the Section 8 Demand Notice. That being the case there is logic in the argument canvassed by the Appellant that when the Operational Creditor themselves had filed the NeSL records after the issue of the Section 8 Demand Notice, how could the Corporate Debtor be expected to have dispute the NeSL records prior to Section 8 Demand Notice.

19. More significantly, it is the case of the Appellant-Corporate Debtor that the Adjudicating Authority has noted at paras 19 and 24 of the impugned order the submissions made by the Corporate Debtor regarding multiple communications issued by them reflecting disputes preceding the Demand Notice dated 19.01.2026, 02.02.2026, 03.02.2026, 04.06.2026, 11.06.2026, 16.06.2026, 30.06.2026 and 01.07.2026 and email dated 22.07.2026. It is further their case that these communications had clearly raised issues relating to provisional billing, credit notes, discounts, detention/demurrage costs and reconciliation. However, the Adjudicating Authority wrongly held that as these communications pertain to the transactions undertaken prior to the issue of Purchase Orders of 08.06.2026 and 25.06.2026 and have no bearing on the transaction basis which the Section 9 application for outstanding debt and default has been filed by the Operational Creditor.

However, the Adjudicating Authority without proper examination of the these dispute-related communications preceding the Section 8 demand notice took a contradictory stand at para 34 of the impugned order to hold that no pre-existing dispute had been established.

20. To return our findings as to whether or not sufficient and cogent reasoning had been made out by the Adjudicating Authority in holding that these communications do not reflect disputes which relate to transactions raised in the Section 8 demand notice, it would be germane to go through some of the relevant communications.

21. When we look at the exchange of WhatsApp communication between the Corporate Debtor and the Operational Creditor on 19.01.2026, we notice at page 747 of the Appeal Paper Book ('**APB'** in short) that the Corporate Debtor requested the Operational Creditor that Rs. 80 lakhs be deducted from the current payment against detention charges. The Operational Creditor gave their assurance that "this will be done", as is noticed at page 747 of the APB.

22. We also find that similar communications pertaining to detention and demurrage charges continued to be exchanged even thereafter which again preceded the Section 8 Demand Notice. The existence of these communications has not been controverted by the Operational Creditor. For easy reference, two of these correspondences are reproduced below:

From: Sameer Modi <Sameer.Modi@Polycab.com>
Sent: 02 February 2026 12:19
To: Anuj Bareja <anujbareja@asier.in>
Subject: RE: Pricing for Ingots

"Dear Anuj Sir,
We regret to inform you that we will not be able to proceed with any further purchases of ingots. In our last transaction, we made the advance payment

on 19th January 2026, and till date, we have not received the delivery. Due to this delay, we have already incurred a loss of USD 12 per ton.
Such delays adversely impact the commercial viability of the transaction, making it difficult for us to continue under these circumstances…..”

From: Anuj Bareja <anujbareja@asier.in>
Sent: 03 February 2026 14:24
To: Sameer Modi; Sanjeev Chhabra; Khurram Kamal; Dinesh Anbazhagan
Subject: RE: Pricing for Ingots

Dear Sameer
For Interest working for INR 15.00Cr we will abide with your working for working and this will be adjusted in this supply
Also detention and demurrage we will work out with Dinesh and try to resolve this ASAP in current supplies.”

(*Emphasis supplied*)

23. The above emails appearing at pages 761 and 758 of APB respectively depict that the Corporate Debtor had flagged the issue of delayed supply of the goods impacting the commercial viability of their business transactions besides causing them loss. The Operational Creditor is also found to have responded by agreeing to take care of the detention and demurrage charges arising out of the delay in supply. This is a clear admission by the Operational Creditor that they were trying to “*resolve*” and adjust detention and demurrage charges in “*the current supplies*”. These communications are a clear pointer that a dispute was existing between the two parties and the Operational Creditor had not only acknowledged the dispute but assured the Corporate Debtor that the disputes will be sorted out. Quite evidently therefore the Adjudicating Authority, without proper examination, has ignored the factum of dispute evidenced in these correspondences by summarily holding that the disputes were not related to transactions basis which Section 9 application has been filed by the Operational Creditor.

24. Going further, it was also pointed out by the Appellant that the request for detention/demurrage costs and discount credit notes raised in February 2026 did not stop there but continued even thereafter. Attention was adverted to the Whatsapp message dated 30.06.2026 from the Appellant to the Operational Creditor appearing at page 908 of APB seeking credit notes of detention/demurrage and premium discount. In their reply, we again notice that the Operational Creditor gave an assurance with the positive response of "*Yess*". When we see the subsequent Whatsapp messages dated 03.07.2026 and 07.07.2026 appearing at pages 910 and 911 of APB, we indubitably find that the Appellant had continued to chase the Operational Creditor for the credit notes besides having demanded account reconciliation statement which finally led to production of the working sheet by the Operational Creditor as placed at pages 916-918 of APB which indicate credit notes pending for issuance by the Operational Creditor which pendency has been the bone of contention between them.

25. Further, the email of 22.07.2026 appearing at page 943 of APB clinches the fact that there was an ongoing historical dispute between the parties over credit notes. For reasons of clarity, we would like to reproduce the email hereunder:

From: *Sameer Modi*
Sent: *22 July 2026 17:07*
To: *Arun Jain*
Cc: *Shinde Ganesh; Prajesh Vyas; Sukanta Chatterjee*
Subject: *RE: Payment Reminder-INR 2,78,70,157.22 Aluminium Ingots*
Attachments: FW: Calculation revised as per actual BOE & Debit advice

Dear Mr. Arun,
As discussed during June 2026 and in subsequent discussions with your team, there are certain credit notes that were mutually agreed upon to be

issued by your organization. Based on this understanding, the corresponding payments were processed in June 2026 and the values were adjusted against the purchase transactions for that period, so there is no value which is payable to Asier from Polycab side.

I have already shared the calculation sheet provided by Mr. Vibhor (Director at Asier) through WhatsApp, which details the credit notes that are pending issuance from Asier.

Further, we request you to issue the detention and demurrage credit note of INR 80 lakhs, which was agreed upon by Asier Metals and confirmed by you during your visit to our office in June 2026.

We would appreciate your support in resolving these pending matters without further complications by issuing the required documents, reconciling the ledgers, and closing the outstanding balances accordingly.

Please note that all of the above transactions form part of the mutually agreed commercial terms and conditions between Polycab India Limited and Asier Metals.

The above email expressly disputes the claims of the Operational Creditor; makes demand of Rs. 80 lakhs towards detention and demurrage credit note; seeks reconciliation of ledgers and credit notes pending issuance by the Operational Creditor.

26. We also notice that all this contemporaneous correspondence showing subsisting dispute over credit-note was brought on record before the Adjudicating Authority. That these records were available before the Adjudicating Authority has also not been controverted before us by the Ld. Counsel for the Operational Creditor. What needed to be looked into by the Adjudicating Authority is whether the defence had raised a dispute which truly exists in fact and not spurious, hypothetical or illusory and needed further adjudication by a competent court. To our minds, the disputes in the given factual matrix cannot be viewed upon as a patently feeble legal argument or an assertion of fact unsupported by evidence. We are therefore

compelled to observe that the Adjudicating Authority without making any effort to examine that the dispute with respect to credit note continued to remain under discussion between the two parties till as late as July 2026 simply brushed them aside on the unfounded premise that these credit notes did not co-relate with the transactions which find mention in the Section 8 Demand Notice.

27. At this stage, we would like to direct our attention to the judgment of the Hon'ble Supreme Court in ***Rajratan Babulal Agarwal v. Solartex India (P) Ltd. (2023) 1 SCC 115***, which has been placed before us by the Appellant. The relevant paragraphs of the said judgment are as reproduced below:

> *"75. When we speak about evidence, we must not overlook the law laid down in Mobilox that the court need not be satisfied that the defence is likely to succeed. The standard, in other words, with reference to which a case of a pre-existing dispute under IBC must be employed cannot be equated with even the principle of preponderance of probability which guides a civil court at the stage of finally decreeing a suit. Once this subtle distinction is not overlooked, we would think that NCLAT has clearly erred in finding that there was no dispute within the meaning of the IBC.*
>
> *79. Here, we must not be oblivious to the limited nature of examination of the case of the corporate debtor projecting a pre-existing dispute. Overlooking the boundaries of the jurisdiction can cause a serious miscarriage of justice besides frustrating the object of the IBC. NCLAT, has clearly erred in not appreciating the issue, bearing in mind the principles in the Act."*

28. Once the material is disclosed with a plausible dispute regarding reconciliation, credit notes, detention and demurrage, and final amount payable, all that the Adjudicating Authority was required to see was that a dispute truly existed before the receipt of demand notice and the statutory consequence outlined under Section 9(5)(ii)(d) of the IBC was required to have

been followed. Tested against the principles laid down by ***Mobilox*** and ***Rajratan Babulal Agarwal judgments supra***, the dismissal of the entire bunch of correspondence as not manifesting any dispute between the two parties at para 30 of the impugned order by the Adjudicating Authority without making any analysis thereof, in our considered view, suffers from patent infirmity and not found to be legally sustainable.

29. In result, we are of the considered view that the Adjudicating Authority has erroneously admitted the application under Section 9 of the IBC. We allow the Appeal and set aside the impugned order. The orders passed by the Adjudicating Authority initiating CIRP against the Corporate Debtor and all other orders pursuant to impugned order are also set aside. The Corporate Debtor company is released from the rigours of CIRP and is allowed to function independently through its board of directors with immediate effect. No order as to costs.

[Justice Yogesh Khanna]
Officiating Chairperson

[Barun Mitra]
Member (Technical)

[Ajai Das Mehrotra]
Member (Technical)

Place: New Delhi
Date : 30.10.2026
Sheetal/Farhan