NATIONAL COMPANY LAW APPELLATE TRIBUNAL,
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Insolvency) No.870 of 2026

[Arising out of Order dated 06.05.2026 passed by the Adjudicating Authority (National Company Law Tribunal), Mumbai, Court-VI in Company Petition (IB) No.669 of 2025]

In the matter of:

Salil Musale **...Appellant**

Vs.

Lintec India Pvt. Ltd. & Ors. **...Respondents**

For Appellant:	**Mr. Abhijeet Sinha, Sr. Advocate with Dr. Abhimanyu Chopra, Mr. Vivek Shetty, Mr. Asad Thangal, Ms. Sonali Jain, Advocates.**
For Respondents:	**Mr. Arun Kathpalia, Sr. Advocate with Ms. Garima Singh, Advocates for R1**
	Mr. Parikshit Poddar, Mr. Gaurav H. Sethi, Mr. Rahul Pawar, Mr. Rahul Kapoor, Advocates for IRP

J U D G M E N T

(25th May, 2026)

Ashok Bhushan, J.

This Appeal by a Suspended Director of the Corporate Debtor has been filed challenging the order dated 06.05.2026 passed by the Adjudicating Authority (National Company Law Tribunal) Mumbai Bench, Mumbai, Court VI in Company Petition (IB) No.669 of 2025 admitting Section 9 application filed by the Operational Creditor Respondent No.1

herein. Aggrieved by the order, this Appeal has been filed. On 12.05.2026, we have passed an interim order that IRP shall not take any steps in pursuance of the impugned order.

2. Brief facts of the case necessary to be noticed for deciding the Appeal are:-

2.1. The Corporate Debtor and the Operational Creditor had a long-standing commercial relationship. The Corporate Debtor issued multiple purchase orders to the Operational Creditor for supply of automobile-grade adhesive products for two-wheelers between February 2025 to April 2025. Operational Creditor supplied goods and raised invoices aggregating to Rs.9,74,86,143/-. The Operational Creditor sent an e-mail on 21.04.2025 alleging overdue payments. Corporate Debtor on 22.04.2025 released a payment of Rs.3,10,73,278/-. Operational Creditor instead of resuming supply, demanded a further sum of Rs.2,38,00,000/- before any supplies could be made. On 16.05.2025, the Operational Creditor responded with commercially unreasonable conditions for resuming supplies. On 19.06.2025, Corporate Debtor communicated to the Operational Creditor that there are pre-existing disputes between the parties. On 20.06.2025, the Operational Creditor issued a demand notice under Section 8 claiming an operational debt of Rs.9,74,86,143/-. On 30.06.2025, the Corporate Debtor sent reply to the demand notice disputing the claim and communicating the pre-existing dispute between the parties and breach of confidential information. The reply to demand notice also stated that the Corporate Debtor had suffered losses of Rs.35 Crores. On 02.07.2025, the Operational

Creditor filed CP (IB) No.669 (MB) of 2025 under Section 9. On 11.07.2025, the Corporate Debtor filed a Commercial Suit No.91 of 2025 before the High Court of Bombay praying for a decree of Rs.25,42,78,096/-. The Adjudicating Authority issued notice to the Corporate Debtor and directed the Operational Creditor to file the NeSL record of default. On 24.07.2025, the Operational Creditor caused a communication to be issued through NeSL demanding amount of Rs.9,74,86,143/- within 10 days. The Corporate Debtor raised a dispute on the NeSL Information Utility portal in respect of the alleged debt. The authenticated status on the NeSL portal was marked as 'disputed'. Corporate Debtor filed reply to Section 9 application. Operational Creditor filed rejoinder. Adjudicating Authority by the impugned order admitted Section 9 application.

3. We have heard Shri Abhijeet Sinha, Learned Senior Counsel for the Appellant and Shri Arun Kathpalia, Learned Senior Counsel for the Respondent.

4. Learned Counsel for the Appellant challenging the order submits that before issuance of demand notice, e-mail dated 19.06.2025 was sent by the Corporate Debtor which clearly informed about the pre-existing dispute between the parties. Demand notice issued thereafter was replied by reply notice which was notice of dispute within the meaning of Sections 8 and 9. There being notice of dispute issued by Corporate Debtor, Section 9 application could not have been admitted. It is further submitted that in the NeSL record of information, the status was authenticated as disputed. Status in the information utility record being disputed, Section 9 application

could not have been admitted. Learned Counsel for the Appellant, however, submitted that although the Appellant has discharged the disputed debt of the corporate debtor but the Appellant is challenging the order passed by the Adjudicating Authority on merits, Section 9 application being not maintainable.

5. Shri Arun Kathpalia, Learned Senior Counsel for the Respondent submits that the Commercial Suit was filed subsequent to 1st demand notice but prior to issuance of 2nd demand notice. 2nd demand notice was issued since the NeSL record of default in the NeSL was received after issuance of the 1st demand notice.

6. We have heard the Counsel for the parties and perused the record. Sections 8 and 9 of the IBC contain a statutory scheme for filing a Section 9 application. The Hon'ble Supreme Court in its judgment in ***"Mobilox Innovations (P) Ltd. v. Kirusa Software (P) Ltd., (2018) 1 SCC 353"*** has laid down the guiding principle for entertaining Section 9 application. In paragraphs 34 and 51 of the judgment, following was laid down:-

> *"**34.** Therefore, the adjudicating authority, when examining an application under Section 9 of the Act will have to determine:*
>
> *(i) Whether there is an "operational debt" as defined exceeding Rs 1 lakh? (See Section 4 of the Act)*
>
> *(ii) Whether the documentary evidence furnished with the application shows that the aforesaid debt is due and payable and has not yet been paid? and*

(iii) Whether there is existence of a dispute between the parties or the record of the pendency of a suit or arbitration proceeding filed before the receipt of the demand notice of the unpaid operational debt in relation to such dispute?

If any one of the aforesaid conditions is lacking, the application would have to be rejected. Apart from the above, the adjudicating authority must follow the mandate of Section 9, as outlined above, and in particular the mandate of Section 9(5) of the Act, and admit or reject the application, as the case may be, depending upon the factors mentioned in Section 9(5) of the Act.

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)(i)(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."

7. Reverting to the facts of the present case, the 1st demand notice which was issued by the Operational Creditor is dated 20.06.2025 demanding an amount of Rs.9,74,86,143/-. Prior to even issuance of demand notice, on 19.06.2025, communication was sent by the Corporate Debtor to the Operational Creditor which communication is as follows:-

*"**From:** Salil Musale <smusale@naxnova.com>*
***Sent:** Thursday, June 19, 2025 6:50:56 PM*
***To:** Junpei Odaka (小高淳平)<j-odaka@post.lintec.co.jp>; D.P. Joshi <rohitdalal@lintec.com.sg>; Tomohiro Sakamoto <t-sakamoto@lintec.com.sg>*
<joshi@naxnova.com>; Anand Barge <anand.barge@naxnova.com>
***Cc:** AnkitGupta@lintec.com.sg <AnkitGupta@lintec.com.sg>; Rohit Dalal*
***Subject: Re:** Lintec Out Standing Payment*

Dear Mr. Junpei Odaka,

I confirm receipt of your email. I deny the contents of your email and nothing contained in your email shall be deemed to be admitted.

I am in the process of collating relevant information and records, assessing the matter internally and preparing a detailed response. You are well aware that there are pre-existing disputes between the parties, and in any case, your demand is premature.

We will issue a detailed response to your email shortly and expressly reserve all our rights in this regard.

Regards,

Salil Musale
Managing Director

Website: naxnova.com"

8. The above facts make it clear that there was communication on behalf of the Corporate Debtor about dispute between the parties even before issuance of the demand notice. Demand notice was immediately replied by the corporate debtor on 30.06.2025 refuting the claim. It is useful to notice relevant paragraph of the reply to demand notice dated 30.06.2025 are as follows:-

> *"3. Our Client categorically denies and rejects the alleged claim of INR 9,74,51,167 in its entirety. No amount whatsoever is owed by our Client to Lintec India Pvt. Ltd. ("Lintec"). Lintec's demands are not only premature but wholly untenable, especially in light of its repeated breaches of the long-standing agreement / arrangement between the parties, abrupt and unjustified stoppage of supplies, and persistent quality failures. These actions have severely disrupted our Client's operations, damaged its long-standing relationships with key customers and its reputation and resulted in substantial financial losses. There are no dues payable by our Client; in fact, it is Lintec that is liable to pay our Client an amount of INR 35,00,00,000 for losses and damages directly caused by Lintec's breaches and misconduct. The Demand Notice is nothing but an attempt on the part of Lintec to avoid its liability to pay amounts due to our Client.*
>
> *6. In all these years, the parties have conducted their business relationship on oral confirmations, conditions stipulated in the Purchase Orders and Supplier Code of Conduct signed on March 21, 2025. Our Client has been raising Purchase Orders and receiving material/goods as per the Purchase Orders. The Terms and Conditions of the Purchase Orders clearly stipulates Lintec's obligations to continue supplies as follows:*
>
> > *"Conditions of Contract and Delivery Terms*
> >
> > *The Goods shall correspond with the description or the original specification there of in full details and must be delivered or dispatched within the stipulated time: otherwise, the same shall be liable to be rejected and the seller shall be deemed to have wrongfully neglected to deliver the goods according to the contract NAXNOVA TECHNOLOGIES PVT.LTD. shall in that event at their discretion be entitled*

either to purchase such goods from other roses on the seller's account in which case the seller shall liable to pay the buyer my [sic] difference between in [sic] the prize at which such good have been purchased and the price calculated at the rate set out in this order to hold the seller to pay the buyer damages for the non-delivery of good by such wrongful neglect"

Emphasis supplied

8. The above was in context of the fact that the quality of Lintec's products has significantly deteriorated in recent years, with multiple serious issues repeatedly raised by our Client Key instances include the internal rejection of LC 3080 LB film due to poor ink anchorage on July 12, 2022; rejection of 600 printed sheets caused by shiny particles on October 23, 2023; and blistering issues on ABS components reported on February 11, 2025 Additionally, on April 27, 2024, Quality Failure Report was issued due to persistent ink peel-off in HLS Bright Brush Chrome film, followed by a notification on May 16, 2024, confirming that all technical countermeasures had failed. A critical customer complaint concerning 25-micron film was recorded on March 10, 2025. Furthermore, on April 2 2025, Lintec supplied material with an incorrect logo liner in breach of our Client's specifications and refused to replace it, citing unavailability of stock. These recurring failures have caused significant disruptions to our Client's production schedules, delayed deliveries to key customers, and severely damaged our Client's reputation as a reliable "just-in-time" supplier to major customers. The resulting losses far exceed the amount Lintec now claims, which is not only unjustified but also reflective of a complete disregard for its obligations.

16. In view of the above, our Client hereby claims a sum of INR 35,00,00,000 as damages suffered directly on account of Lintec's continuous breach of its supply obligations, delivery of defective and substandard materials, imposition of arbitrary and commercially unviable conditions (including the unprecedented demand of 100% advance payment), and abrupt stoppage of supplies in clear violation of contractual terms and the parties' long standing commercial understanding. These breaches have led to production stoppages, loss of share of business, delayed deliveries, and loss of reputation with major clients who relied on our Client's "just-in-time" delivery commitments. The

financial loss includes cost overruns, customer penalties, resource underutilization, and loss of future business opportunities. Our client is currently in the process of assessing additional losses and reserves the right to revise and claim an updated amount accordingly."

9. The Operational Creditor issued 2nd Demand Notice after obtaining record from information utility. The suit was filed by the Corporate Debtor being Commercial Suit No.91 of 2025 on 11.07.2025 and the 2nd Demand Notice was issued on 24.11.2025 asking payment to be made within 10 days.

10. It is relevant to notice that the Corporate Debtor has raised a dispute on NeSL information utility portal and authenticated the status of NeSL portal was marked as disputed. NeSL issued a record of default in Form D on 06.10.2025 reflecting the disputed status. Section 9(5)(ii)(d) provides as follows:-

*"**9. Application for initiation of corporate insolvency resolution process by operational creditor. –** (5) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (2), by an order–*

(ii) reject the application and communicate such decision to the operational creditor and the corporate debtor, if -

(d) notice of dispute has been received by the operational creditor or there is a record of dispute in the information utility; or"

11. Section 9(5)(d)(ii) provides that the Adjudicating Authority shall reject the application when notice of dispute has been received by the Operational Creditor or there is a record of dispute in the information utility. Present is a case where notice of dispute was issued by the corporate debtor within 10 days from receipt of the demand notice and there was also record of dispute in NeSL record where status was mentioned as disputed. We may refer to the judgment of this Tribunal in Company Appeal (AT) (Insolvency) No. 557 of 2025- ***"Bhawani Prasad Mishra Versus Armaco Infralinks Pvt. Ltd. & amp; Anr."*** decided on 25.04.2025 where this Tribunal has held that when the status of NeSL record mention the dispute, Adjudicating Authority cannot proceed to admit Section 9 application. Relevant paragraphs of the judgment are as follows:-

> *"28. When we look into Section 9(5)(ii)(d) there are two circumstances under which Section 9 application deserves to be rejected i.e. (i) notice of dispute has been received by operational creditor or (ii) there is record of dispute in the Information Utility. In the present case, both the above clauses are fully met since notice of dispute has been received by operational creditor and there is record of dispute in the Information Utility. The record of dispute in the Information Utility as extracted above was information which was submitted by 'Armaco Infralinks Pvt. Ltd.' for authentication and authentication made on the same day by the corporate debtor disputing the information which is captured in the Information Utility information. The statutory condition as contained in Section 9(5)(ii)(d)*

was fully in existence, hence, Adjudicating Authority had to reject the application. Adjudicating Authority although in paragraph 31 has noticed the record of default in the Information Utility which paragraph 31 is as follows:-

> *"31. Further, upon perusal of record of default in the information utility namely National E-Governance Services Ltd. ('NeSL') produced by the Respondent vide its reply dated 18.01.2025, we notice the existence of prior dispute between the parties. The relevant screenshot is reproduced hereunder:*
>
> ****

31. Section 8(2)(a) is a provision which provides that the corporate debtor shall, within a period of ten days of the receipt of the demand notice or copy of the invoice mentioned in sub-section (1) bring to the notice of the operational creditor existence of a dispute, if any, or record of the pendency of the suit or arbitration proceedings filed before the receipt of such notice or invoice in relation to such dispute. Section 8(2)(a) does not in any manner dilute the requirement of Section 9(5)(ii)(d) The initiation of insolvency against the Corporate Debtor has a serious consequences and when there are sufficient material to indicate that condition as mentioned in Section 9(5)(ii)(d) are in existence, Adjudicating Authority cannot proceed to ignore the same. There can be no dispute to the proposition laid down by the Hon'ble Supreme Court in "Mobilox Innovations Private Limited vs. Kirusua Software Pvt. Ltd. (2018) 1 SCC 353" that dispute which is contemplated in Section 8(2)(a) has

to be a bonafide dispute. In paragraph 38 of the judgment of "Mobilox Innovations Private Limited" following was laid down:-

> *"38. It is, thus, clear that so far as an operational creditor is concerned, a demand notice of an unpaid operational debt or copy of an invoice demanding payment of the amount involved must be delivered in the prescribed form. The corporate debtor is then given a period of 10 days from the receipt of the demand notice or copy of the invoice to bring to the notice of the operational creditor the existence of a dispute, if any. We have also seen the notes on clauses annexed to the Insolvency and Bankruptcy Bill of 2015, in which "the existence of a dispute" alone is mentioned. Even otherwise, the word "and" occurring in Section 8(2)(a) must be read as "or" keeping in mind the legislative intent and the fact that an anomalous situation would arise if it is not read as "or". If read as "and", disputes would only stave off the bankruptcy process if they are already pending in a suit or arbitration proceedings and not otherwise. This would lead to great hardship; in that a dispute may arise a few days before triggering of the insolvency process, in which case, though a dispute may exist, there is no time to approach either an Arbitral Tribunal or a court. Further, given the fact that long limitation periods are allowed, where disputes may arise and do not reach an Arbitral Tribunal or a court for up to three years, such persons would be outside the purview of*

> *Section 8(2) leading to bankruptcy proceedings commencing against them. Such an anomaly cannot possibly have been intended by the legislature nor has it so been intended. We have also seen that one of the objects of the Code qua operational debts is to ensure that the amount of such debts, which is usually smaller than that of financial debts, does not enable operational creditors to put the corporate debtor into the insolvency resolution process prematurely or initiate the process for extraneous considerations. It is for this reason that it is enough that a dispute exists between the parties."*

12. It is relevant to notice that the Adjudicating Authority has also noted the fact that NeSL record claim is disputed. In paragraph 7.21 and 7.22, Adjudicating Authority noticed following:-

> *"7.21 The Applicant has placed on record the NeSL record of default in Form D. which reflects the Status of Authentication of default as 'Disputed with remarks that there exists a pre-existing dispute. The Applicant has relied on the judgment of Hon'ble NCLAT, in Rakesh Bhailalbhai Patel v. Vasundhara Seamless Stainless 4 Tubes (P) Ltd., 2025 SCC OnLine NCLAT 1669, vide Order dated 17.10.2025, has clarified the legal position regarding marking of dispute on NeSL portal. The relevant portion of the judgment is reproduced as under:*
>
> > *"79. The contention regarding the NeSL portal is also not convincing. The Code does not*

treat the NeSL information as determinative of the existence of a dispute. The mere marking of a debt as "disputed" on the portal, without supporting evidence, cannot override the underlying contractual documents and financial records".

7.22 The CD with regard to above, relied upon the judgment of Hon'ble NCLAT in Bhawani Prasad Mishra v. Aramco Infralinks Pvt. Ltd., Company Appeal (AT) (Insolvency) No. 557 of 2025 (Order dated 25.04.2025), wherein it was held that Section 9(5)(ii) (d) of the IBC is mandatory and that the application must be rejected if either notice of dispute is received or there is a record of dispute in the Information Utility. However, the said order has already been challenged before the Hon'ble Supreme Court in Civil Appeal Diary No. 26723 of 2025. In any event, in the present case, the Applicant has substantiated its claim through invoices, e-way bills and GSTR-1 filings, thereby establishing the operational debt and default."

13. Adjudicating Authority has ignored the notice of dispute issued which was given by the corporate debtor as well as the authenticated default in NeSL record by observing that the contention of pre-existing dispute raised by the corporate debtor is spurious, moonshine and mere bluster. The notice of dispute in detail has given the facts which cannot be said to be unsupported by any evidence. Observation of the Adjudicating Authority that the dispute raised is a moonshine. Learned Counsel for the Appellant has also relied on judgment of this Tribunal in ***Company Appeal (AT)***

(Insolvency) No. 115 of 2024- "Innovators Cleantech Private Limited vs. Pasari Multi Projects Private Limited" where this Tribunal held that the 2nd demand notice has to be treated as fresh demand notice and Civil Suit filed prior to issuance of 2nd demand notice shall qualify on pre-existing dispute. In paragraphs 15 and 16 of the judgment, following was held:-

> *"15. Given this factual backdrop that the demand notice of 12.02.2019 under Section 8 of the IBC was withdrawn, we now proceed to analyse whether the second demand notice of 25.04.2019 can be held to be in continuation of the first demand notice or a fresh notice. We find that that the second demand notice itself mentions of being a "fresh notice". The second demand notice also nowhere mentions that it was a continuation of the first demand notice. In such circumstances, there is force in the contention of the Corporate Debtor that the first demand notice having been withdrawn stood abandoned. When we look at the ground cited by the Appellant behind the revision of the first demand notice, it was claimed to have been actuated by clerical/typographical errors. However, the ground of clerical error lacks credence as we find that there were substantial changes in the second demand notice from the first demand notice with regard to amounts of default, date of default, date on which last payments was received etc. The Adjudicating Authority in paragraphs 12 and 13 of the impugned order has belaboured in outlining the modified particulars which has already been extracted at para 13 above. The second demand notice was clearly a novated demand notice with particulars of debt and default and date of default*

being at variance from the first demand notice. Hence the Adjudicating Authority did not commit any infirmity in adjudicating on the pre-existence of disputes from the perspective of the date of the issue of the fresh second demand notice. We would also like to add here that the reliance placed by the Appellant on the Dinesh Singh judgement supra does not come to the help of the Appellant since in that case the first Section 8 notice had been issued by the Advocate and therefore replaced by a demand notice issued by the Operational Creditor. Thus in that case the second demand notice was issued on purely technical grounds without modification of particulars unlike in the present facts of the case.

16. This brings us to the aspect of whether the civil suit qualified as a pre-existing dispute. It is also a well settled proposition of law that for a pre-existing dispute to be a ground to nullify an application under Section 9, the dispute raised must be truly existing at the time of filing a reply to notice of demand as contemplated by Section 8(2) of IBC or at the time of filing the Section 9 application. In the present case, the pre-existing dispute has been predicated on civil suit dated 16.04.2019. This civil suit was also highlighted in the Notice of dispute of the Corporate Debtor in response to the second demand notice. We have no doubts in our mind therefore that the civil suit had been filed prior to the issue of second Section 8 Demand Notice on 25.04.2019 and was a preexisting dispute and therefore there is no infirmity committed by the Adjudicating Authority in treating the civil suit to be a pre-existing dispute."

14. In view of the foregoing discussions, we are of the view that there being pre-existing dispute, the Adjudicating Authority committed error in admitting Section 9 application. Order admitting Section 9 application cannot be sustained.

15. In result, the Appeal is allowed. Impugned order passed by the Adjudicating Authority dated 06.05.2026 is set aside. Section 9 application CP (IB) No.669 (MB) of 2025 is rejected.

Parties shall bear their own costs.

[Justice Ashok Bhushan]
Chairperson

[Barun Mitra]
Member (Technical)

New Delhi

Anjali