

Panjwani Electrical Engineers and Consultants v. Larsen And Toubro Ltd (Company Appeal (AT) (Insolvency) No.1399 of 2023)

Facts:

- This is an appeal filed by Panjwani Electrical Engineers and Consultants (appellant) against an order rejecting their application under Section 9 of the Insolvency and Bankruptcy Code 2016.
- The appellant had done some work for Larsen And Toubro Ltd (respondent) as per a work order. There was correspondence between the parties regarding payment owed to the appellant.
- The appellant issued multiple legal notices to the respondent demanding payment of around Rs. 1.8 crores.
- The respondent replied to a notice dated 28.02.2019, denying all claims and stating no amount was due.
- The appellant filed an application under Section 9 of the Code which was rejected by the NCLT, citing a pre-existing dispute.

Court's Elaborate Opinion:

- The NCLT took note of the respondent's letter dated 28.02.2019 which refuted the claims in detail.
- The termination of the work order on 02.01.2019 before the Section 8 notice dated 20.05.2019 also showed a dispute.
- The respondent clearly denied any liability to pay in its

reply dated 28.02.2019, hence a pre-existing dispute existed.

- Merely because emails did not show a dispute would not negate the existence of a pre-existing dispute.
- The NCLAT upheld the NCLT's order rejecting Section 9 application in view of the pre-existing dispute.

Sections:

- The appeal is filed under Section 61 of the Code against an order under Section 9.
- Section 9 allows operational creditors to file an application for initiating corporate insolvency resolution process.
- However, Section 9(5)(ii)(d) bars such an application if notice of dispute had been received by the operational creditor.

Referred Cases:

No specific cases have been referred to in the order.

The key points are the pre-existing dispute evidenced by the respondent's denial of all liability prior to the Section 8 notice, based on which NCLT and NCLAT rejected the Section 9 application. The order clarifies that correspondence showing no dispute would not override an express denial of liability demonstrating a pre-existing dispute.