NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – II
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 07.08.2026 AT 10.30 A.M. THROUGH VIDEO CONFERENCING:

CORAM : SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER	**: --**
PETITION NUMBER	**: CP(IB)/122(CHE)2024**
NAME OF THE PETITIONER	**: Industrial Commercial Business Corporation**
NAME OF THE RESPONDENT(S)	**: Medall Healthcare Pvt Ltd**
UNDER SECTION	**: Sec 9 Rule 6 of IBC 2016**

ORDER

Present : Ld. Counsel Mr. K. Sanjay for Ld. Counsel Mr. Vishnu Mohan for the Respondent.

Vide separate order pronounced in open court, **CP/(IBC)/122/CHE/2024** is dismissed.

-SD-	**-SD-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
Member (Technical)	**Member (Judicial)**

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IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH – II, CHENNAI
CP(IBC)/122(CHE)/2024

(Filed under Section 9 of the Insolvency and Bankruptcy Code, 2016, R/w, Rule 6 of the Insolvency and Bankruptcy Rules, 2016)

In the matter of ***M/s. Medall Healthcare Private Limited***

M/S. INDUSTRIAL COMMERCIAL BUSINESS CORPORATION (ICBC),
Rep. by its Sole Proprietor Mr. C. S. Ram
Having office at:
Old No 65 New no 18 3rd Main Road, Gandhi Nagar,
Adyar, Chennai – 600 020.

… Petitioner/ Operational Creditor

V/s

M/S. MEDALL HEALTHCARE PRIVATE LIMITED
Having office at: No. 191, Poonamallee High Road,
Kilpauk, Chennai, Tamil Nadu – 600 010.

… Respondent/ Corporate Debtor

Order pronounced on 7th August 2026

CORAM:

***SHRI.* JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)**

***SHRI.* RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

Present:
For Applicant: Rajagopalan N. R. & Abishek P., Advocates
For Respondent: Vishnu Mohan, Advocate

O R D E R

(Heard through Hybrid Mode)

This Application under Section 9 of IBC filed by **M/s. Industrial Commercial Business Corporation (ICBC)**, represented by its Sole Proprietor Mr. C. S. Ram, Petitioner/ Operational Creditor herein against **M/s. Medall Healthcare Private Limited**, Respondent / Corporate Debtor herein for initiating Corporate Insolvency Process (CIRP) against the Corporate Debtor.

2. SUBMISSIONS OF THE APPLICANT

2.1. Part I of the Application contains the particulars of the Applicant M/s. Industrial Commercial Business Corporation (ICBC), represented by its Sole Proprietor Mr. C. S. Ram. Part II of the Application sets out the details of the Corporate Debtor. It was incorporated on 24.10.1994 with authorized share capital of Rs. 2,11,00,00,050/- and paid up share capital of Rs. 2,09,32,08,000/- and address at No. 191, Poonamallee High Road, Kilpauk, Chennai, Tamil Nadu – 600 010, India, Tamil Nadu, within the jurisdiction of this Tribunal. In Part III of the application, the Operational Creditor has not proposed anyone as the IRP. Part IV of the application sets out the details of the debt being Rs. 1,43,14,464/- (excluding GST and interest as on 31.10.2023 and less amount paid Rs.35,12,608/-) total amount due as on 31.10.2023 is Rs.1,08,01,856/- (Rupees one crore eight lakhs one thousand eight hundred fifty six only) along with interest @ 12% p.a. until the payment of debts, with the date of default as 01.11.2023. This application has been filed on 06.01.2024.

2.2. It is submitted that the parties entered into a Lease Agreement dated 01.06.2019, pursuant to which the Operational Creditor leased out the scheduled premises to the Corporate Debtor for conducting its business. The Corporate Debtor occupied the premises and regularly paid rent initially. However, thereafter it committed persistent defaults in payment of monthly rent and other charges payable under the Lease Agreement, thereby giving rise to an operational debt.

2.3. It is submitted that though the Corporate Debtor issued communications dated 31.08.2020 and 15.04.2022 seeking termination of the Lease Agreement, the Operational Creditor promptly responded to the said communications disputing the manner of termination and repeatedly called upon the Corporate Debtor to clear the outstanding rental dues.

2.4. It is contended that several correspondences, including letters dated 08.09.2020, 08.12.2020, 14.02.2022, 18.05.2022 and e-mail communications dated 02.06.2022, were exchanged between the parties regarding the outstanding rent, but the Corporate Debtor failed to liquidate the admitted dues.

2.5. It is further submitted that the Operational Creditor maintained a ledger account and raised invoices from time to time in respect of the lease rentals payable by the Corporate Debtor. As per the books of account maintained by the Operational Creditor, after giving credit to the payments made by the Corporate Debtor, a sum of Rs.1,08,01,856/- remained due and payable as on 31.10.2023 towards unpaid rent, exclusive of GST and other applicable charges, constituting an operational debt within the meaning of Section 5(21) of the Code.

2.6. It is submitted that the Operational Creditor issued a demand notice in Form-3 dated 11.11.2023 under Section 8 of the Code demanding payment of the outstanding operational debt. Though the Corporate Debtor sent a reply dated 25.11.2023, it failed to discharge the outstanding liability.

2.7. It is also submitted that the reply does not raise any genuine or bona fide pre-existing dispute regarding the operational debt and has been issued only with a view to evade payment.

2.8. It is further submitted that the Corporate Debtor has committed default in payment of the operational debt despite repeated demands and sufficient opportunities. The debt has become due and payable, and the default continues. The Applicant has complied with all the statutory requirements prescribed under Sections 8 and 9 of the Code and the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by filing the requisite affidavit, supporting documents, ledger accounts, invoices and proof of service of the demand notice.

<u>3. SUBMISSIONS OF THE RESPONDENT</u>

3.1. The Respondent/ Corporate Debtor stated that the present Application is not maintainable as the alleged claim does not constitute an operational debt and is hit by the existence of a pre-existing dispute.

3.2. It is contended that the parties had entered into a Lease Agreement dated 01.06.2019 for a period of 60 months with a lock-in period of 36 months.

3.3. It is stated that due to the unprecedented impact of the Covid-19 pandemic, the Respondent's business suffered severely, compelling it to terminate the lease by notice dated 31.08.2020. Though the Applicant initially insisted on continuation of the lease till expiry of the lock-in period, he subsequently agreed to consider waiver of the lock-in period upon securing a new tenant.

3.4. It is stated that the Respondent ultimately vacated the premises on 31.10.2021 and, after expiry of the lock-in period, terminated the lease with effect from 31.05.2022. It was contended that the Applicant refused to accept vacant possession and unlawfully continued to demand rent thereafter.

3.5. It is further contended that by its reply to the demand notice dated 25.11.2023, it had specifically disputed the Applicant's claim, contending that the invoices were raised even after termination of the lease, that the claim included an unwarranted interest component not contemplated under the Lease Agreement, and that, after adjustment of the security deposit, only about Rs.14 lakh, if at all, could be payable.

3.6. It is further stated that the claim for rent beyond the period of occupation is in the nature of unadjudicated damages and cannot be treated as an operational debt under the Code.

3.7. It is stated that the Application is barred by Section 10A of the Code to the extent the alleged default arose during the Covid-19 period and is also barred by limitation. Relying upon the correspondence exchanged prior to the issuance of the demand notice and the judgment of the Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited***, it was submitted that a genuine pre-existing dispute existed between the parties.

<u>4. SUBMISSIONS OF THE APPLICANT IN REJOINDER</u>

4.1. The Applicant/ Operational Creditor, through its rejoinder, reiterated and submitted that except to the extent specifically admitted, all the averments contained in the counter filed by the Respondent are denied.

4.2. It is submitted that the existence of the Lease Agreement dated 01.06.2019, its tenure of 60 months with a lock-in period of 36 months, and the communications exchanged between the parties are admitted. However, the allegation that the Applicant compelled the Respondent to continue with the lease is specifically denied, it being contended that the rights and obligations of the parties are governed by the express terms of the Lease Agreement.

4.3. It is further submitted that the Respondent never handed over vacant and peaceful possession of the leased premises in its true sense, as several movables and machinery continued to remain in the premises and the keys were never handed over to the Applicant.

4.4. Relying upon the decision of the Hon'ble Madras High Court in ***Valiyakath Kaithakkal Kunhi Bara Haji v. Mahammad Haji (AIR 1953 Mad 996)***, it was contended that a tenant remains liable to pay rent until actual delivery of possession. Consequently, the Respondent cannot avoid its contractual liability towards rental arrears.

4.5. It is submitted the Respondent cannot unilaterally determine the rent payable contrary to the terms of the Lease Agreement and continues to remain in arrears.

4.6. It is further submitted that the plea regarding non-maintainability of the Application is misconceived, as arrears of rent constitute an operational debt under the Code, and the protection under Section 10A of the Code is inapplicable since the claimed rental arrears extend beyond 24.03.2021.

4.7. It is further submitted that the Respondent's own failure to vacate the premises completely prevented the Applicant from inducting a new tenant, and therefore the Respondent cannot attribute the delay or continuing liability to the Applicant.

4.8. It is also contended that there existed no pre-existing dispute between the parties and that the judgment of the Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited*** has no application to the facts of the present case.

4.9. It is further submitted that despite admitting its liability, the Respondent has deliberately prolonged payment of the rental dues by raising inconsistent pleas.

5. WRITTEN SUBMISSIONS OF THE RESPONDENT

5.1. It is reiterated that the Application is liable to be dismissed in view of the long-standing pre-existing disputes between the parties regarding the subsistence of the lease, termination thereof, adjustment of the security deposit, computation of the alleged dues, levy of interest and the period for which rent, if any, is payable.

5.2. It is submitted that these disputes arose much prior to the issuance of the demand notice under Section 8 of the Code and are borne out by the contemporaneous correspondence exchanged between the parties.

5.3. It is further submitted that the Applicant cannot unilaterally treat the lease as subsisting and claim rent beyond the expiry of the lock-in period. Placing reliance upon Sections 9 and 111 of the Transfer of Property Act, 1882 and the decision of the Hon'ble Supreme Court in ***Murlidhar Chiranjilal v. Harishchandra Dwarkadas (AIR 1962 SC 366)***, it was contended that the Applicant was under an obligation to mitigate its alleged loss and that any claim beyond the period of termination would, at best, amount to an unadjudicated claim for damages, which cannot be enforced in proceedings under Section 9 of the Code.

5.4. It is contended that the Applicant has artificially inflated the alleged operational debt by raising unilateral invoices for the period from June 2022 to October 2023, despite the lease having come to an end and the premises having been vacated.

5.5. It is submitted that after excluding the amounts barred under Section 10A of the Code, giving credit to payments already made and adjusting the refundable security deposit and electricity deposit, the amount, if any, payable falls well below the statutory threshold prescribed under Section 4 of the Code.

5.6. Relying upon the judgment of the Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited***, it was submitted that the disputes raised are real and substantial, requiring adjudication by a competent civil forum, and that the Insolvency and Bankruptcy Code cannot be invoked as a substitute for recovery of disputed contractual claims.

6. FINDINGS OF THE TRIBUNAL

6.1. We have heard the Learned Counsel for both the parties and perused the documents placed on record.

6.2. The present Application has been filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 seeking initiation of Corporate Insolvency Resolution Process against the Corporate Debtor on the ground that an operational debt arising out of a Lease Agreement dated 01.06.2019 remains unpaid. According to the Applicant, a sum of Rs.1,08,01,856/- is due towards unpaid lease rentals and allied charges.

6.3. The principal defence of the Respondent is that there existed genuine disputes between the parties much prior to the issuance of the demand notice under Section 8 of the Code. It is contended that the Respondent had sought termination of the lease during the Covid-19 period; that the Applicant had engaged in correspondence regarding waiver of the lock-in period, adjustment of the security deposit and settlement of accounts; that the premises had been vacated; that the Applicant refused to accept possession; and that the claim includes rent beyond the expiry of the lock-in period besides an interest component not contemplated under the Lease Agreement.

6.4. From the material placed before this Adjudicating Authority, it is evident that the parties have been exchanging correspondence since August, 2020 regarding termination of the lease, adjustment of the security deposit, liability to pay rent after vacation of the premises, the effect of the lock-in clause and reconciliation of accounts. The Applicant itself has placed these communications on record. The Respondent, in its reply to the statutory demand notice, reiterated the very same disputes. Thus, the disputes raised cannot be said to be an afterthought or a mere moonshine defence.

6.5. We further notice that there is serious divergence between the parties regarding the computation of the alleged liability. While the Applicant claims that more than Rs.1 crore is payable, the Respondent disputes the computation and asserts that after adjustment of payments already made, the refundable security deposit and electricity deposit, only a substantially lesser amount, if any, remains payable. The Respondent has also questioned the claim for interest as well as the liability to pay rent for the period subsequent to the alleged termination of the lease and vacation of the premises. These issues necessarily require adjudication on evidence and interpretation of the contractual terms governing the parties.

6.6. The scope of an enquiry under Section 9 of the Code is limited. This Adjudicating Authority is not expected to adjudicate disputed questions relating to contractual rights and obligations. The Hon'ble Supreme Court in ***Mobilox Innovations Private Limited v. Kirusa Software Private Limited, (2018) 1 SCC 353***, has held that if there exists a real dispute which is not spurious, hypothetical or illusory and which arose prior to the issuance of the demand notice, the application under Section 9 deserves to be rejected.

6.7. Applying the aforesaid principles to the facts of the present case, we are satisfied that the correspondence exchanged between the parties, much prior to the issuance of the statutory demand notice, discloses a plausible and genuine dispute regarding the subsistence of the lease, the liability of the Respondent after the alleged vacation of the premises, adjustment of the security deposit, computation of the outstanding dues and the claim for interest. These disputes cannot be adjudicated in summary insolvency proceedings under the Code.

6.8. Since a pre-existing dispute within the meaning of Section 8(2)(a) of the Code is clearly established, it is unnecessary for this Adjudicating Authority to enter into the merits of the rival contractual claims or determine the exact amount, if any, payable by either party. Such disputes are left open to be agitated before the appropriate forum in accordance with law.

6.9. In view of the foregoing discussion, this Adjudicating Authority is of the considered opinion that the present Application does not satisfy the requirements for admission under Section 9 of the Insolvency and Bankruptcy Code, 2016.

6.10. Accordingly, the Company Petition **CP(IBC)122/(CHE)2024 is dismissed**. However, it is made clear that this order shall not preclude the Applicant from pursuing such other remedies as may be available in law before the competent forum.

-Sd-	-Sd-
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)