



INSOLVENCY & BANKRUPTCY

Invoice Date as the Anchor: NCLT Ahmedabad on Foreign Currency Debt Conversion Under IBC Section 4

AUTHOR Rahul Sundaram

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The National Company Law Tribunal, Ahmedabad Bench, in *PM Copper Wire & Cables SDN BHD v. Relicab Cable Manufacturing Ltd.* (CP (IB) No. 63/AHM/2026, decided on 17th April 2026), held that for determining the statutory threshold under Section 4 of the Insolvency and Bankruptcy Code, 2016, foreign currency operational debt must be converted into Indian Rupees at the exchange rate prevailing on the date of invoice the point when liability crystallizes and not on the date of default or any subsequent date.

The Parties and Transaction

PM Copper Wire & Cables SDN BHD, a Malaysian company engaged in manufacturing and trading copper wires and cables, entered into a Sales Contract dated 7th September 2019 with Relicab Cable Manufacturing Ltd., an Indian public limited company incorporated on 23rd February 2009 and engaged in manufacturing electrical cables. Under the contract, the operational creditor supplied 24.384 Metric Tons of 1.60 MM Annealed Copper Wire on CIF Nhava Sheva basis at USD 6,100 per Metric Ton, aggregating USD 1,48,742.40. The goods were invoiced on 19th September 2019 and shipped the same day from Port Klang, Malaysia to Nhava Sheva, India. Payment was due within 45 days from the Bill of Lading date, making 3rd November 2019 the due date.

The corporate debtor paid a refundable security deposit of USD 20,000 on 4th October 2019, and a price settlement credit of USD 5,145.02 was adjusted. After these adjustments, USD 1,23,597.38 remained outstanding. The default commenced on 3rd November 2019.

The Earlier Section 9 Petition

The operational creditor previously filed CP(IB)/129(AHM)/2021 on 18th June 2021, which was dismissed on 12th June 2023 solely because the converted value at the then exchange rate of INR 75.47 per USD fell below the INR 1 Crore threshold under Section 4. The Tribunal did not adjudicate on merits, limitation, or dispute. Liberty was granted to revive the petition subject to the outcome of *Jumbo Paper Products v. Hansraj Agrofresh Pvt. Ltd.* (Civil Appeal No. 7032/2021) pending before the Supreme Court.

The Current Petition

The present petition was filed on 9th February 2026 under Section 9 of the IBC, 2016 read with Rule 6 of the IB (AAA) Rules, 2016, seeking CIRP initiation for Rs. 1,12,43,715.46, equivalent to USD 1,23,597.38. This figure was arrived at by applying the RBI Reference Rate as on 19th January 2026. A Section 8 demand notice dated 20th January 2026 was issued, and the corporate debtor replied on 28th January 2026 raising objections on authority, res judicata, limitation, and alleged insurance receipts.

The operational creditor contended the reply disclosed no preexisting dispute under Section 8(2), as objections were belated and unrelated to the underlying transaction. The insurance proceeds assertion, it argued, acknowledged the debt without extinguishing liability. On limitation, the operational creditor relied on COVID19 exclusion from 15th March 2020 per the Supreme Court's Suo Motu order, and Section 14 of the Limitation Act, 1963 for the period the earlier petition remained pending.

The Central Issue

The Tribunal framed the principal issue: whether conversion of foreign currency debt into Indian Rupees for Section 4 threshold determination is to be reckoned with reference to the date of invoice, date of default, or any subsequent date.

The Tribunal's Analysis

The Tribunal held that the invoice date constitutes the point where liability stands quantified and crystallized, reflecting the true transaction value when the debt was incurred. Relying on *Forasol v. ONGC*, 1984 (Supp) SCC 263, it held that conversion must be fixed to a definite, legally justifiable point and the invoice date is that point.

Applying the exchange rate on 19th September 2019 (approximately INR 70.71 per USD), the converted value fell below INR 1 Crore. The Tribunal rejected the operational creditor's reliance on *Mosco International Commodities Pvt. Ltd. v. SBEC Sugar Ltd.*, (2026) ibclaw.in 224 NCLAT, distinguishing it as dealing with part payment reducing debt below threshold not with foreign

exchange conversion dates. The Tribunal noted Mosco did not address the specific issue of determining the relevant date for forex conversion for Section 4 purposes.

The Tribunal emphatically rejected applying the RBI Reference Rate of 19th January 2026 nearly seven years post invoice as this would render Section 4 threshold determination uncertain and contingent on external economic variables, defeating the Code's object and certainty. It held that jurisdiction cannot be created where none existed at the relevant time through subsequent currency fluctuation.

The Tribunal also relied on *Ramesh Kymal v. Siemens Gamesa Renewable Power Pvt. Ltd.*, (2021) 3 SCC 224, reiterating that Section 4's minimum default requirement is jurisdictional and must exist at the relevant point in time. While the threshold is examined at the filing stage, determination cannot be based on artificially enhanced figures from subsequent exchange rate movements.

The operational creditor's reliance on other judgments *Karan Chand Thapar & Bros. v. MMTC Ltd.*, *Tramm AG v. MMTC Ltd.*, and *DLF Ltd. v. Koncar Generators & Motors Ltd.* was also rejected as none dealt with the specific issue of forex conversion dates for Section 4 threshold.

The Tribunal clarified that liberty granted in earlier proceedings cannot permit overcoming the statutory threshold by adopting subsequent exchange rates. The present petition must independently satisfy jurisdictional requirements based on the real and crystallized debt value.

Final Decision

The Tribunal held that conversion of foreign currency into Indian Rupees for Section 4 threshold must be at the invoice date exchange rate. Applying this, the operational debt fell below INR 1 Crore. CP (IB) No. 63 of 2026 was dismissed as not maintainable, with no costs. The Bench comprised Judicial Member Mr. Shammi Khan and Technical Member Mr. Sanjeev Sharma.

Significance

This judgment establishes that cross border operational creditors cannot exploit currency fluctuations over extended periods to manufacture jurisdiction. The invoice date rule provides certainty, aligning with the IBC's timebound resolution framework and preventing threshold determination from becoming hostage to exchange rate volatility.

Case Citation: *PM Copper Wire & Cables SDN BHD v. Relicab Cable Manufacturing Ltd.*, CP (IB) No. 63/AHM/2026, NCLT Ahmedabad Bench, decided on 17th April 2026; (2026) ibclaw.in 1108 NCLT.

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