

IN THE NATIONAL COMPANY LAW TRIBUNAL
PRINCIPAL BENCH, NEW DELHI



Company Petition (IB) No. – 648(PB)/2025

(Under Section 9 of the Insolvency and Bankruptcy Code, 2016, read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority), Rules, 2016)

IN THE MATTER OF:

M/S VIDEOMAX INTERNATIONAL PRIVATE LIMITED

... OPERATIONAL CREDITOR / APPLICANT

VERSUS

M/S. ZAZZ TECHNOLOGY CONNECT PRIVATE LIMITED

.... CORPORATE DEBTOR / RESPONDENT

ORDER RESERVED ON: 21.07.2026
ORDER PRONOUNCED ON: 29.07.2026

CORAM:

JUSTICE ANUPINDER SINGH GREWAL
HON'BLE PRESIDENT

SHRI RAVINDRA CHATURVEDI
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Applicant : : Ms. Deepika Mittal, Adv.
For the Respondent: : Mr. Karmveer, Mr. Ajay Kumar, Mr. Nikhil
Kumar Singh, Advs.

ORDER



1. The instant Petition has been filed by **M/s Videomax International Private Limited (“Applicant” / “Petitioner” / “Operational Creditor” / “OC”)** on 28.11.2025 before this Adjudicating Authority under Section 9 of the Insolvency and Bankruptcy Code, 2016 (**“IBC” / “Code”**) read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, (**Adjudicating Authority Rules, 2016**), for initiating the Corporate Insolvency Resolution Process (**“CIRP”**), declaring moratorium and for appointment of Interim Resolution Professional (**“IRP”**) for M/s Zazz Technology Connect Limited, the Corporate Debtor (**“Respondent” / “CD”**) on the ground that the Respondent has failed to pay the outstanding amount due to the Applicant to the tune of Rs. 2,39,80,653.72/- (Rupees Two Crore Thirty-Nine Lakhs Eighty Thousand Six Hundred Fifty Three and Seventy Two Paise only) as on 30.08.2025.

Brief details about the parties:

2. The Applicant /OC, M/s Videomax International Private Limited, bearing CIN: U51909DL2020PTC362017, is a company incorporated under the provisions of the Companies Act, 2013, and is engaged in the business of manufacturing and supplying loudspeakers, headphones, earphones and electric sound amplifier sets. The registered office of the Operational Creditor is at Plot No. 232, First Floor, Block-B, Derawal Nagar, North Delhi, India, 110009.
3. The Respondent /CD, M/s Zazz Technology Connect Limited, bearing CIN: U13909DL2018PTC337097 is a company incorporated under the provisions of the Companies Act, 2013, having its registered office at 1st Floor, 10F/F, National Park, Lajpat Nagar IV, New Delhi, Delhi, India 110024 and also at 66, Block E1, 2nd Floor, Sector-11, Faridabad, Haryana-121006 and is engaged in the business of manufacturing



Telephone sets, Microphones, Electrical Transformers, Static Converters and Inductors. Since the registered office of the Corporate Debtor is in Delhi, this Adjudicating Authority has the jurisdiction to deal with this Application.

Submissions by the Applicant/Operational Creditor:

4. The Corporate Debtor had approached the Operational Creditor for manufacturing and supply of various speaker products, and on 23.03.2021 the Operational Creditor commenced supply of goods to the Corporate Debtor in accordance with mutually agreed terms.
5. Between March 2021 and August, 2025, the Operational Creditor supplied Gizmore Power Banks, Gizmore GIZ Wheel T1220 Trolley Speakers, and Gizmore Party Speakers GIZ MS520 (VMI-1688) to the Corporate Debtor, and raised invoices from time to time. Computer-generated invoices for the same are placed on record at Annexure-A3 of the application.
6. It is submitted that the goods were duly received, accepted, and utilised by the Corporate Debtor without any dispute regarding quality or quantity. Various post-dated cheques were also issued by the CD, all of which were dishonoured, and despite repeated follow up/reminders the CD failed to make any payment.
7. Time and again, the Operational Creditor demanded payment of the outstanding sum but received no payment. Accordingly, the Operational Creditor issued a Demand notice u/s 8 of the Code on 09.09.2025 demanding payment of Rs. 2,56,62,700.22/- (Rupees Two Crores, Fifty-Six Lacs, Sixty-Two Thousand, Seven Hundred and Twenty Two Paise only).
8. The Corporate Debtor replied to the same on 22.09.2025, raising dispute to the payment demanded, and no payment was made on behalf of the CD.



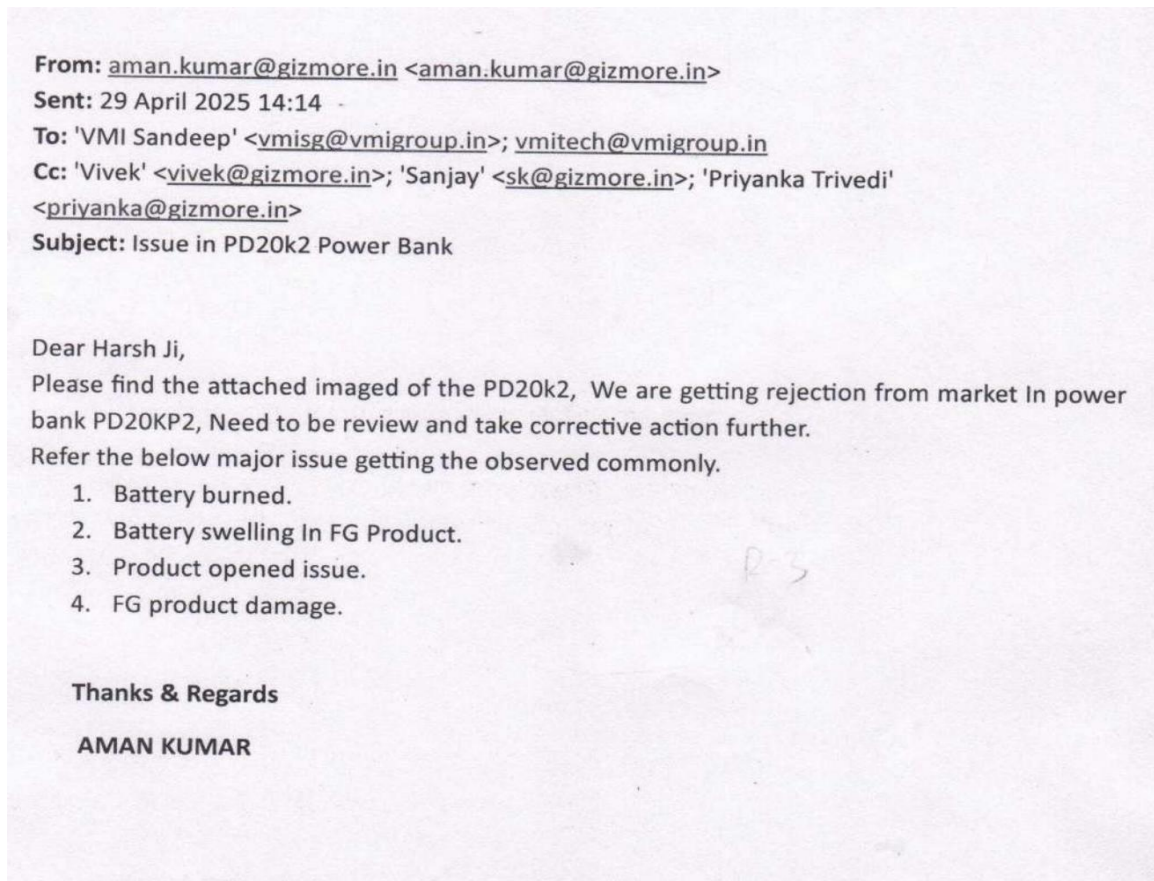
9. Hence, the present Application was filed under Section 9 of the IBC on 28.11.2025. Notice was directed to be issued in the petition vide order dated 19.01.2026, and the reply was filed on 15.04.2026. The objections raised by the respondent are captured as below.

Submissions by the Respondent/Corporate Debtor:

10. The Respondent/Corporate Debtor submits that the present Application is wholly misconceived and is liable to be dismissed at the threshold as there existed a bona fide pre-existing dispute between the parties much prior to the issuance of the demand notice under Section 8 of the Code. According to the Corporate Debtor, the present proceedings have been initiated only as an arm-twisting measure to recover a seriously disputed claim by invoking the provisions of the Code, which is impermissible in law.
11. The Corporate Debtor had placed various purchase orders with the Operational Creditor on the assurance that the products supplied by the OC would conform to the agreed specifications and would be free from manufacturing defects.
12. It is the case of the Corporate Debtor that contrary to assurances given by the Operational Creditor, the products supplied suffered from serious manufacturing defects, quality deficiencies, Dead-on-Arrival (**DOA**) issues and exceptionally high product failure rates, rendering the goods commercially unsuitable for sale in the market.
13. Under the terms of the purchase orders, the parties had specifically agreed upon a DOA Warranty, which provides for 3 months DOA replacement in respect of products found to be dead on arrival or otherwise defective at the time of delivery. In addition, the Purchase Order also provides for 12 months warranty on spares, whereby replacement of such defective spares is to be provided by the OC as per field rejection requirements.



14. According to the Corporate Debtor, the defective goods were returned to the Operational Creditor from time to time; however, the Operational Creditor neither accepted the returned materials nor issued corresponding credit notes. Consequently, the accounts between the parties remained unreconciled, and no crystallised or undisputed operational debt ever came into existence.
15. The Corporate Debtor submits that communications evidencing such disputes were exchanged between the parties much prior to the issuance of the demand notice. Multiple emails dated 29.04.2025, 07.05.2025, 16.05.2025, 26.05.2025, 13.06.2025, 24.06.2025, 27.06.2025, 09.07.2025, 18.07.2025, 21.07.2025 and 25.07.2025, along with various WhatsApp communications exchanged between April and August 2025, clearly demonstrate that disputes regarding manufacturing defects and quality issues had arisen and were continuously being pursued by the Corporate Debtor much before issuance of the demand notice. The relevant extracts of the communications relied upon by the Corporate Debtor are reproduced below:





From: aman.kumar@gizmore.in <aman.kumar@gizmore.in>
Sent: 07 May 2025 16:56
To: 'VMI Sandeep' <vmisg@vmigroup.in>; vmitech@vmigroup.in
Cc: 'Vivek' <vivek@gizmore.in>; 'Sanjay' <sk@gizmore.in>; 'Priyanka Trivedi' <priyanka@gizmore.in>
Subject: Software Upgrade In T3000 & T300

Dear Harish Ji,

Please find the attached video for T3000, Refer the below point for T3000 and T300.

1. **For T300**, Volume function:- Need to change we required controls by master volume and phone only, need to improve in upcoming lots.
2. **For T300**, We would to know in upcoming lots charging changed into fast charging??, Need to improve in upcoming lots.

Please confirm above point and let us know after impalement.

From: aman.kumar@gizmore.in <aman.kumar@gizmore.in>
Sent: 16 May 2025 12:25
To: 'VMI Sandeep' <vmisg@vmigroup.in>; vmitech@vmigroup.in
Cc: 'Vivek' <vivek@gizmore.in>; 'Sanjay' <sk@gizmore.in>; 'Priyanka Trivedi' <priyanka@gizmore.in>
Subject: Sound issue in MS 520 BEAT BOX

Dear Sir,

Please find the attached video For **(MS 520 BEAT BOX NO SOUND ISSUE)**.

We are getting the continuously rejection from market In MS 520 BEAT BOX, Refer the below major issue getting the observed commonly.

1. Dry soldering in volume control and connector.
2. Mic not working.
3. Speaker dead issue.

Thanks & Regards
AMAN KUMAR
#8130701752



From: aman.kumar@gizmore.in <aman.kumar@gizmore.in>
Sent: 16 May 2025 14:33
To: 'VMI Sandeep' <vmisg@vmigroup.in>; vmitech@vmigroup.in
Cc: 'Vivek' <vivek@gizmore.in>; 'Sanjay' <sk@gizmore.in>; 'Priyanka Trivedi' <priyanka@gizmore.in>
Subject: RE: Issue in PD65KP Power Bank

Dear sir,

Please find the attached **(PD65KP Top Cover Open)** Image again We are getting rejection from market In power bank PD65KP.

Thanks & Regards
AMAN KUMAR
#8130701752

From: aman.kumar@gizmore.in <aman.kumar@gizmore.in>
Sent: 26 May 2025 14:42
To: 'VMI Sandeep' <vmisg@vmigroup.in>; vmitech@vmigroup.in
Cc: 'Vivek' <vivek@gizmore.in>; 'Sanjay' <sk@gizmore.in>
Subject: Issue in PD10KP4 Power Bank

Dear sir,

Please find the attached imaged, We are getting rejection from market In power bank PD10KP4, Need to be review and take corrective action further.

Refer the below major issue getting the observed commonly.

1. Battery swelling In FG Product.
2. Main Key Button Damage .

Thanks & Regards
AMAN KUMAR
#8130701752



From: aman.kumar@gizmore.in <aman.kumar@gizmore.in>
Sent: 13 June 2025 13:04
To: 'VMI Sandeep' <vmisg@vmigroup.in>; vmitech@vmigroup.in
Cc: 'Vivek' <vivek@gizmore.in>; 'Sanjay' <sk@gizmore.in>
Subject: RE: Issue in PD20k2 Power Bank

Dear Sir,

Please find the attached image of the PD20k2. We are getting rejection from market in power bank PD20KP2. Need to be reviewed and take corrective action further.

Refer the below major issue getting observed commonly.

1. Battery burned.
2. Battery swelling in FG Product.
3. Product opened issue.
4. FG product damage.
5. Power button damage

Thanks & Regards
AMAN KUMAR
#8130701752

On Tue, 24 Jun 2025 at 4:59 PM, Vivek Srivastava <vivek@gizmore.in> wrote:

Dear Sir,

Would like to share with you product failure data model wise sale vs complaints/DOA/failure/Damages included we have received so far, if you go through with failure % it's very high in all models.

Since beginning most of the time we do have informed to you whenever complaints we getting in all below models in DOA/Fault/Damage cases in market or major parts, process failure observed in any lots (majorly due to dead, Battery Issue, charging cable issue, initial packaging not up to mark etc), you may also review why such amount of spares we are getting from you regularly only because of parts failure.

For every complaint we logged in our system, the service engineer must have to visit to customer to check physically product to understand the fault, if not get solved immediately must have to revisit with required spare parts for complaint closure. So minimum 1 visit is mandatory otherwise 2nd visit also if part replacement. If your cases most of the time part replacement attempted due to high part failure.

This transaction also involve visiting charges is involved INR 700-1200/- per visit as per the complaint location apart of travelling expenses in remote locations.

In Speaker Business if failure higher which will lead to impact our customer experience and actually it is the loss of customer base as these products purchased for longer terms but if customer received DOA/Issues within short period of time it will lose trust & future references.

These kind of failure % is not acceptable in any model and you must have to own this failure partially and must have to compensate INR 500 per service call for which failure % is higher than 5%.



We came to know that MS520 model have dry soldering issues in all pcs due to that new pcs not getting power on, we are analysing it, we do check FG stock 10-15pcs tomorrow and if % higher than we will send back stock whichever lying with us for repair and proper checking. Will feedback tomorrow on this.

Category	Model	JAN 23 TO FEB 25	SRN/CRM APRIL 23 TO MAY 25	Failure%
TROLLEY SPEAKER	GIZMORE T300 THUNDER DJ TLY SPEAKER 300W	934	188	20.13%
TROLLEY SPEAKER	GIZ T220 DJ TROLLEY SPEAKER 220W	615	68	11.06%
TROLLEY SPEAKER	GIZ T3000 PORTABLE SPEAKER 60W	2602	245	9.42%
TROLLEY SPEAKER	GIZ T160 THUNDER TROLLEY SPEAKER 160W	1054	93	8.82%
PORTABLE SPEAKER	GIZ MS520 BEATBOX SPEAKER 20W	1906	98	5.14%

For analysing the above insights, i have taken service head Mr. Abhai in email for all relative queries & clarifications.

Regards

Vivek





5:28 📶 78

< 191 📶 VMI Gizmore develo... 📺
Aman, Anurag, Manish Gu...

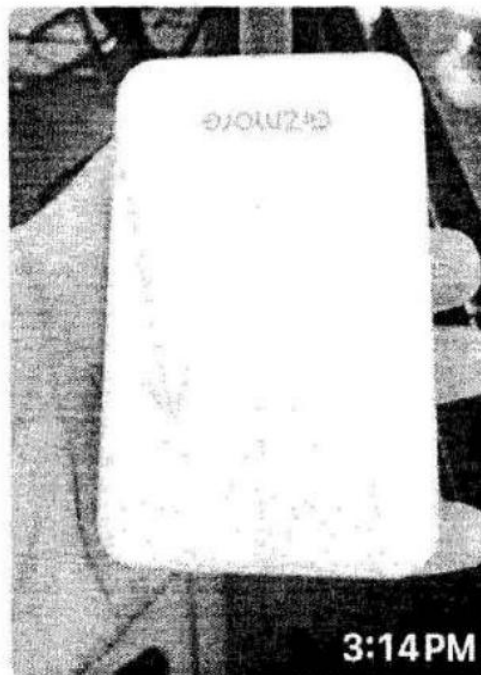
3:13 PM

No revert and feedback
received on any reported
issues so far.

3:13 PM

Vivek Srivastava Pro...

✈ Forwarded



✈ Forwarded

MagSafe pD10kp5pro 📺
5nc like this in Roorkee





5:28

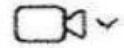
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99
-08/15

VMI Gizmore develo...

Aman, Anurag, Manish Gu...



Forwarded



Ms 520 no sound

5:16 PM

Sir, Kindly suggest how to
deal with these in the
market..

5:17 PM

Vivek Srivastava Pro...



Forwarded







16. The Corporate Debtor has contended that several categories of products supplied by the Operational Creditor suffered from recurring manufacturing defects. With regard to the Power Bank models, the Corporate Debtor complained of battery swelling, opening of the top cover, malfunctioning of charging protocol, battery burn, power button damage and damage to finished goods. Similar complaints were also raised in respect of speaker products, including dry soldering, malfunctioning microphones, damaged connectors, dead speakers and mic pasting defects, which resulted in continuous market rejection of the products.
17. Moreover, on 24.06.2025 the Corporate Debtor furnished detailed model-wise failure data to the Operational Creditor demonstrating abnormally high failure percentages across various products. According to the Corporate Debtor, the failure percentage reached as high as 20.13% in certain models, while other speaker models also recorded substantially high failure rates. The Corporate Debtor contends that such extensive product failures constituted "*epidemic failure*" within industry standards and clearly established systemic manufacturing defects in the goods supplied by the Operational Creditor.

Sl No.	Category of the products	Model no of the products	Supplied from Jan 23 to Feb 25	SRN/CRM April 23 to May	Failure %
1.	Trolly Speaker	Gizmore T300, Thunder DJ TLY Speaker 300W	934	118	20.13%
2.	Trolly Speaker	GIZ T220 DJ Trolley Speaker 220W	615	68	11.06%
3.	Trolly Speaker	GIZ T300 Portable Speaker 60W	2602	245	9.42%
4.	Trolly Speaker	GIZ T160 Thunder Trolley Speaker 160W	1054	93	8.82%
5.	Portable Speaker	GIZ MS520 Beatbox Speaker 20W	1906	98	5.14%



18. The Corporate Debtor states that because of the aforesaid manufacturing defects, it was required to attend to customer complaints repeatedly, replace defective products, incur service costs and undertake repeated visits by service engineers, thereby causing substantial financial losses and adversely affecting its goodwill and reputation in the market. Despite repeated requests, the Operational Creditor allegedly failed to take effective corrective measures or compensate the Corporate Debtor for the losses suffered.
19. Further, immediately upon receipt of the demand notice dated 09.09.2025, the Corporate Debtor issued a detailed notice of dispute under Section 8(2) of the Code to the OC, specifically referring to the manufacturing defects, DOA products, high failure rates, pending warranty claims, return of defective materials and the requirement of reconciliation of accounts. According to the Corporate Debtor, the notice merely reiterated disputes which had already arisen through the communications exchanged between the parties prior to the issuance of the demand notice.
20. The demand notice dated 09.09.2025 is stated to be legally unsustainable. It is contended that though the demand notice purports to have been issued in Form-3 under Section 8 of the Code, the same was neither accompanied by any Board Resolution nor any authority letter authorising its issuance by the authorised representative of the Operational Creditor. It is, therefore, submitted that in the absence of proper authorisation, the demand notice is invalid and the present petition founded thereon is liable to be rejected.



21. It is also contended that the demand notice itself suffers from material defects and that the Operational Creditor has relied upon incorrect invoices while suppressing the pending adjustments arising out of defective goods, warranty claims and issuance of credit notes. It is also submitted that the Operational Creditor itself issued certain credit notes after issuance of the demand notice, thereby demonstrating that the accounts between the parties were yet to be reconciled and that the alleged operational debt was not crystallised.
22. Furthermore, the Operational Creditor had invoked pre-institution mediation under the Commercial Courts Act in respect of the same claim prior to initiating the present proceedings (Annexure R-25 of the reply). According to the Corporate Debtor, the very invocation of mediation establishes that the disputes between the parties were commercial in nature and required adjudication in appropriate civil proceedings through a trial rather than through a summary manner under the Code.
23. Placing reliance upon the judgments of the Supreme Court in *Mobilox Innovations Private Limited v. Kirusa Software Private Limited* and of the National Company Law Appellate Tribunal in *Karpara Project Engineering Private Limited v. BGR Energy Systems Limited*, the Corporate Debtor submits that once a plausible pre-existing dispute is shown to exist prior to the issuance of the demand notice, an application under Section 9 of the Code is not maintainable. It is accordingly prayed by the Respondent that the present petition be dismissed with costs.
24. Vide order dated 09.06.2026 liberty was given to file a rejoinder, and on 21.07.2026 orders in the matter were reserved, and liberty was given to the parties to file short note if any. However, no further pleadings have been filed in this matter.

Findings and analysis:

25. We have heard the learned Counsels appearing for the parties and have perused the material available on record. The relevant proceedings of the case are briefly stated as below:

Sr. No.	Date	Particulars
1.	23.03.2021	The Operational Creditor commenced supply of speaker products and allied electronic goods to the Corporate Debtor pursuant to purchase orders placed from time to time
2.	09.09.2025	Aggrieved by the non-payment of its dues, the Operational Creditor issued a Demand notice u/s 8 of the Code for an amount of 2,56,62,700.22/-.
3.	22.09.2025	The Corporate Debtor replied to the Demand Notice raising disputes regarding manufacturing defects, warranty obligations, return of defective material and reconciliation of accounts.
2.	28.11.2025	A petition u/s 9 of the Code bearing no CP (IB)-648/2025 was filed by the Petitioner against the Corporate Debtor for payment of outstanding dues amounting to 2,39,80,653.72/- (Rupees Two Crore Thirty-Nine Lakhs Eighty Thousand Six Hundred Fifty-Three and Seventy Two Paise only) as on 30.08.2025.
3.	19.01.2026	This Adjudicating Authority directed the Petitioner to issue notice to the respondents.
4.	25.03.2026	The Corporate Debtor asked for a week's time to file a reply, and the same was granted by this Adjudicating Authority.
5.	15.04.2026	Reply was filed by the Corporate Debtor.



6.	09.06.2026	Petitioner sought time to file a rejoinder, the same was granted by this Adjudicating Authority. However, no such document has been uploaded on the DMS e-portal as of now.
7.	21.07.2026	Order in the matter was reserved.

26. In view of the above factual matrix, it is evident that upon requests made by the parties for completion of their pleadings, this Adjudicating Authority, in the interest of justice, granted opportunities to the parties to conclude their respective submission.

27. Before analysing the issues at hand, it would be pertinent to refer to the relevant provisions of law.

Section 5(21) defines **operational debt** as:

“operational debt” means a claim in respect of the provision of goods or services including employment or a debt in respect of the payment of dues arising under any law for the time being in force and payable to the Central Government, any State Government or any local authority;

Further, section 8 of the code reads as follows:

“8. Insolvency resolution by operational creditor. –

(1) An operational creditor may, on the occurrence of a default, deliver a demand notice of unpaid operational debtor copy of an invoice demanding payment of the amount involved in the default to the corporate debtor in such form and manner as may be prescribed.

(2) 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 –



(a) 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;

(b) the payment of unpaid operational debt-

(i) by sending an attested copy of the record of electronic transfer of the unpaid amount from the bank account of the corporate debtor; or

(ii) by sending an attested copy of record that the operational creditor has encashed a cheque issued by the corporate debtor.

Explanation. – For the purposes of this section, a “demand notice” means a notice served by an operational creditor to the corporate debtor demanding [payment] of the operational debt in respect of which the default has occurred.”

Section 5(11) defines initiation date as follows:

“initiation date” means the date on which a financial creditor, corporate applicant or operational creditor, as the case may be, makes an application to the Adjudicating Authority for initiating corporate insolvency resolution process or pre-packaged insolvency resolution process, as the case may be;”

Further, section 9 reads as follows:

“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 subsection (2) of section 8, the operational creditor may file an application before the Adjudicating Authority for initiating a corporate insolvency resolution process.



(2) The application under sub-section (1) shall be filed in such form and manner and accompanied with such fee as may be prescribed.

(3) The operational creditor shall, along with the application furnish-

(a) a copy of the invoice demanding payment or demand notice delivered by the operational creditor to the corporate debtor; (b) an affidavit to the effect that there is no notice given by the corporate debtor relating to a dispute of the unpaid operational debt;

(c) a copy of the certificate from the financial institutions maintaining accounts of the operational creditor confirming that there is no payment of an unpaid operational debt 1[by the corporate debtor, if available;]

[(d) a copy of any record with information utility confirming that there is no payment of an unpaid operational debt by the corporate debtor, if available; and

(e) any other proof confirming that there is no payment of an unpaid operational debt by the corporate debtor or such other information, as may be prescribed.]

(4) An operational creditor initiating a corporate insolvency resolution process under this section, may propose a resolution professional to act as an interim resolution professional.

(5) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (2), by an order-

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

(a) the application made under sub-section (2) is complete;

(b) there is no [payment] of the unpaid operational debt;



(c) the invoice or notice for payment to the corporate debtor has been delivered by the operational creditor;

(d) no notice of dispute has been received by the operational creditor or there is no record of dispute in the information utility; and (e) there is no disciplinary proceeding pending against any resolution professional proposed under sub-section (4), if any.

(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.

[Provided further that if the Adjudicating Authority has not passed an order under this sub-section within a period of fourteen days from the date of receipt of application under sub-section (2), it shall record the reasons for such delay in writing.]

(6) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (5) of this section.”



The scheme of Sections 8 and 9 therefore demonstrates that upon receipt of a demand notice, the Corporate Debtor is expected either to show that the debt is disputed or establish that payment has been made thereof. A failure to do so assumes significance while examining the existence and quantum of the debt claimed.

28. Moving further to the facts of the present case, the Corporate Debtor has placed reliance on the purchase orders governing the transactions between the parties. Under the terms of the purchase orders, the parties had specifically agreed upon a three-month DOA arrival in respect of products found to be dead on arrival or otherwise defective at the time of delivery. The purchase orders further contemplated replacement of defective spares during the stipulated warranty period. The relevant portion of the purchase order is extracted hereinbelow:

Purchase Order						
ZAZZ TECHNOLOGY CONNECT PRIVATE LIMITED						
B-65, SECTOR 60, BLOCK B, Noida, Gautam Buddha Nagar, Uttar Pradesh, 201301						
CIN : U31909DL2018PTC337097 GSTIN/ UIN : 09AABCZ2445C1ZH email : info@gizmore.in						
Party Details : VIDEOMAX INTERNATIONAL PVT. LTD. E116 & 117, Site B, Surajpur industrial area, Gautam budh nagar Uttar Pradesh 201306 GSTIN / UIN : 09AAHCV3220F1ZI Bank Name : HDFC Bank Ltd Account No- 59209315581232 IFSC Code- HDFC0004074 Branch Name Gujranwala Town, Delhi-9				PO No. : GIZ L/PO/2324-0338 PO Dated : 22.01.2024 PI NO : VM1044/2023-24 PI Dated : 13.01.2024		
We are pleased to place the order for the following items :						
S.No	Description of Goods	Model No.	HSN/SAC	Qty	Price	Amount in INR
1	TROLLEY SPEAKER GIZ WHEELZ T12000	GIZ WHEELZ T12000	85182910	500	4850.00	24,25,000
Total						24,25,000
CGST						9% 2,18,250
SGST						9% 2,18,250
Grand Total						28,61,500
PO VALUE IN WORDS: INR TWENTY EIGHT LAC SIXTY ONE THOUSAND AND FIVE HUNDRED ONLY						
Sr. No.	Terms And Condition					
1	Payment term- 15-20 Days PDC against Delivery at Warehouse					
2	On Actual Cost required with 1st lot shipment : Power AMP - 20 Pcs PCB, Battery - 10 Pcs, Gift Box - 20 Pcs, EP -20, Product Polybag - 20					
3	Inco term: FOB Noida					
4	Delivery Plan : FEB 2024					
5	Packaging Artwork: Design of packaging to be developed by Gizmore & given to VMI to follow.					
6	3 Month DOA replacement applicable and 12 Months warranty on spares as per field rejection requirement to be given by VMI on actual cost.					
8	Mass Production Based on Sample Approval					
9	Packaging Quality of each elements should be Approved by Gizmore					
10	Production Intimation Needed from Supplier Side to Gizmore					
11	Inspection of Goods by Gizmore Team based on Intimation					
12	ARBITRATION All disputes or difference arising out of this contract shall be settled amicably by mutual discussion and negotiation. If this fail, such dispute or difference shall be settled by arbitration as per the Provision of Arbitration & Conciliation Act-1996. The Venue of Such Arbitration is in New Delhi.					
13	JURIDICTIOWN Any unresolved dispute arising out of this contract shall be within the Jurisdiction of Court in Delhi Only.					
7	Taxes on Sales at Actual as applicable at the time of Delivery of Goods					
14	Please mentioned our PO No, GST Details in All correspondence documents issue by Supplier					



29. The OC had served the Demand Notice under Section 8 of the Code upon the Corporate Debtor on 08.08.2025. A perusal of the reply to the demand notice dated 22.09.2025 shows that the same is substantially in sync with the defence taken by the Corporate Debtor in the present proceedings.
30. The principal defence of the Corporate Debtor is that there existed a pre-existing dispute regarding the quality of products supplied by the Operational Creditor. This contention is supported by communications exchanged between the parties vide emails dated 29.04.2025, 07.05.2025, 16.05.2025, 26.05.2025, 13.06.2025, 24.06.2025, 27.06.2025, 09.07.2025, 18.07.2025, 21.07.2025 and 25.07.2025, together with WhatsApp communications exchanged between April and August 2025 all of which were sent much prior to the issuance of demand notice.
31. The Corporate Debtor has further relied upon the model-wise failure report dated 24.06.2025 (as extracted above), wherein extensive product failures were reported across various speaker and power bank models. According to the Corporate Debtor, certain products reflected failure percentages as high as 20.13%.
32. The Corporate Debtor has also placed material on record to show that defective goods were returned to the Operational Creditor from time to time and that corresponding adjustments remained pending. According to the Corporate Debtor, the Operational Creditor neither accepted the returned materials nor issued corresponding credit notes, resulting in reconciliation of accounts remaining incomplete.



33. The Operational Creditor has also contended that the goods were duly accepted, utilised by the Corporate Debtor and that that the issuance of cheques by the Corporate Debtor for part payment constitute an acknowledgement of liability. While such circumstances may have relevance, they do not by themselves obliterate an otherwise existing dispute if the material on record demonstrates that disputes regarding the quality of goods and reconciliation of accounts had already arisen prior to the issuance of the statutory demand notice.

34. The Supreme Court in **Mobilox Innovations Private Limited v. Kirusa Software Private Limited, (2018) 1 SCC 353**, has held that while examining an application under Section 9, the Adjudicating Authority is only required to determine whether there exists a “plausible contention” requiring further investigation and that the dispute is not a patently feeble legal argument or an assertion unsupported by evidence. The Court has categorically held that the Adjudicating Authority is not required to enter into the merits of the dispute or determine whether the defence is likely to succeed. If the dispute truly exists in fact and is not spurious, hypothetical or illusory, the application under Section 9 must be rejected. The relevant portion of the judgement is extracted below:

“40. 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.”

35. Thus, if the material on record discloses that prior to issuance of the demand notice there existed a real dispute regarding the quality of goods supplied, breach of contractual obligations, reconciliation of accounts or any other matter falling within the ambit of Section 5(6) of the Code, the application under Section 9 is liable to be rejected.
36. At this stage of considering an application under Section 9 of the Code, this Adjudicating Authority is not required to examine whether the allegations regarding defects are ultimately correct or whether the Operational Creditor would succeed in establishing that the goods were free from defects. Such issues necessarily require appreciation of evidence and are beyond the limited jurisdiction exercised under Section 9 of the Code. What is required to be examined is whether the material placed before this Adjudicating Authority discloses a genuine dispute existing prior to the issuance of the demand notice.
37. Applying the aforesaid principles to the facts of the present case, this Adjudicating Authority is satisfied that the material placed on record discloses a genuine dispute which existed between the parties prior to the issuance of the demand notice under Section 8 of the Code. The dispute cannot be said to be illusory, hypothetical or a mere afterthought.



38. Rather, the documents relied upon by the Corporate Debtor indicate that disputes regarding the quality of goods supplied, return of material and reconciliation of accounts were already subsisting between the parties. Upon perusal of the documents placed on record this Adjudicating Authority finds that the issues relating to quality of goods supplied, alleged manufacturing defects, return of material, withholding of payment and reconciliation of accounts had been raised and discussed between the parties much before the issuance of the demand notice under Section 8 of the Code.
39. Further, in the present case, this Adjudicating Authority is not resting its conclusion merely on the pendency of proceedings before the Mediation Cell. This decision of this Adjudicating Authority is founded upon the communications between the parties prior to issuance of the demand notice, which independently demonstrates the existence of disputes regarding the quality of goods supplied and the liability arising therefrom.
40. In view of the above, this Adjudicating Authority is of the considered view that the present petition is not maintainable under Section 9 of the Insolvency and Bankruptcy Code, 2016.
41. Accordingly, the Company Petition deserves to be dismissed. Since the petition fails on the ground of existence of a pre-existing dispute, this Adjudicating Authority does not consider it necessary to examine the remaining objections raised by the Corporate Debtor, including the objections relating to the quantum of debt, claim of interest and other ancillary issues.

ORDER



42. In view of the above facts and circumstances, the petition bearing **CP (IB)-648/2025** filed by the Petitioner under Section 9 of the Code r/w Rule 6 of the Adjudicating Authority Rules for initiating CIRP against the Respondent is hereby **dismissed**.

43. The registry is further directed to send a copy of the order to the IBBI also for their record. A certified copy of the order may be issued to all the concerned parties, if applied for, within four weeks.

Sd/-
(ANUPINDER SINGH GREWAL)
PRESIDENT

Sd/-
(RAVINDRA CHATURVEDI)
MEMBER (TECHNICAL)