For the purpose of determining whether the minimum default threshold under Section 4 of the IBC is met in a case involving operational debt denominated in foreign currency, the foreign currency amount must be converted into Indian Rupees with reference to the exchange rate prevailing on the date of the invoice

The **Ahmedabad Bench of the National Company Law Tribunal (NCLT)** in the **PM Copper Wire & Cables BHD vs Relicab Cable Manufacturing Limited [C.P.(IB)/63(AHM)2026] dated April 17, 2026**, has held that for the purpose of determining whether the minimum default threshold under Section 4 of the Insolvency and Bankruptcy Code, 2016 is met in a case involving operational debt denominated in foreign currency, the foreign currency amount must be converted into Indian Rupees with reference to the exchange rate prevailing on the date of the invoice, being the date on which the liability stands quantified and crystallized, and not with reference to the date of default or any subsequent date.

The Tribunal observed that the principal issue was the relevant date for converting foreign currency debt into Indian Rupees for determining the statutory threshold under Section 4 of the IBC, namely whether such conversion should be made with reference to the date of invoice, date of default, or any later date adopted by the Operational Creditor.

The Tribunal held that where the operational debt arises from invoices denominated in foreign currency, conversion for the purpose of Section 4 must be undertaken on the basis of the exchange rate prevailing on the date of the invoice, since the invoice is the point at which the liability stands quantified and crystallized and reflects the true value of the transaction at the time the debt is incurred.

Further, the Tribunal observed that the Operational Creditor's attempt to apply the RBI reference rate prevailing on January 19, 2026 to an invoice dated September 19, 2019 amounted to an artificial enhancement of the rupee equivalent of the same debt based solely on subsequent currency fluctuations. It held that such re-computation is impermissible and cannot be allowed to create jurisdiction where none existed at the relevant time.

The Tribunal also observed that the statutory threshold under Section 4 IBC is a jurisdictional requirement and, although it is to be examined at the stage of filing of the application, such determination must be based on the real and crystallized value of the debt at the time when the liability was incurred and not on artificial enhancement arising from subsequent events.

Accordingly, the Tribunal held that conversion of the outstanding amount of USD 1,23,597.38 as on September 19, 2019 resulted in the debt falling below the statutory threshold of Rs. 1 crore under Section 4 of the Code, and therefore the Section 9 petition was not maintainable.