IN THE NATIONAL COMPANY LAW TRIBUNAL,
NEW DELHI SPECIAL BENCH (COURT – II)
IN
CP (IB)-633/ND/2025

IN THE MATTER OF CP (IB)-633/ND/2025

(Under Section: 9 of IBC, 2016)

M/s Lawraga Metals Pvt. Ltd.

Authorised Representative
Mr. Ghanshyam Lal Agarwal 05,
Vanaja Layout, Near Church Adarsha Nagar,
Malur town, Bangalore,
Karnataka, India, 563130 **... Applicant/ Operational Creditor**

Versus

M/s V.B. Holdings Pvt. Ltd.
Through Its Director
A-65, Ground Floor, Block A,
Lajpat Nagar II,
New Delhi-110024 **... Respondent/ Corporate Debtor**

Order delivered on 20.08.2026

CORAM:

SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)

SH. BANWARI LAL MEENA, HON'BLE MEMBER (T)

PRESENT:

For the Respondent	**:**	Adv. Prabhat Kumar Adv Ritika Verma
For the Operational Creditor:		Adv. J. Priyadarshni

ORDER

PER: ASHOK KUMAR BHARDWAJ, MEMBER (J)

The Application has been preferred under Section 9 of the Insolvency and Bankruptcy Code, 2016 (**hereinafter referred as IBC**), initiating Corporate Insolvency Resolution Process (**hereinafter referred as CIRP**) against V.B. Holdings Pvt. Ltd., (**hereinafter referred as Corporate Debtor/CD**), by Lawraga Metals Pvt. Ltd., through its Director, Mr. Ghanshyam Agarwal. As per the stand taken by the Applicant (Operational Creditor) it is engaged in the business of secondary lead smelting and had supplied lead ingots/blocks (RML) to the Corporate Debtor from time to time against various purchase orders and invoices. Further during the period from 01.04.2024 to 30.11.2024, an amount of ₹42,666/- remained outstanding and was carried forward to the December 2024 ledger. Thereafter, further supplies were made against various purchase orders and invoices, aggregating to ₹2,04,80,625/-. The Applicant has relied upon its running ledger and various invoices and purchase orders in support of its claim.

2. According to the Applicant, the Corporate Debtor made several part-payments from time to time, which were duly adjusted against the invoices. Despite such payments, a sum of ₹2,04,80,625/- allegedly remained outstanding and payable by the Corporate Debtor. The Part -IV of the application reads thus:

PARTICULARS OF OPERATIONAL DEBT
1. TOTAL AMOUNT OF DEBT, DETAILS OF TRANSACTIONS ON ACCOUNT OF WHICH DEBT FELL DUE, AND THE DATE FROM WHICH SUCH DEBT FELL DUE
Amount of Debt: The outstanding debt/liability owed by the Corporate Debtor is to the tune of Rs.2,04,80,625/- ((Rupees Two Crores Eighty Lakhs Six hundred Twenty Five only) pertaining to the sales made in the month of march, 2025. Since, the running ledger account was being maintained it is pertinent to show the invoices pertaining from 14.12.2024 till 12.03.2025. **Date from which such debt fell due:** Table showing details of outstanding amounts. Between 14.12.2025-12.03.2025. Certified Copy of statement of Bank Account where deposits are made or credits received normally by the Operational Creditor in respect of the debt of the Corporate Debtor is annexed as **Annexure 'P-5'. (COLLY)** **Factual Matrix:** 1. The Operational Creditor is the business of secondary lead smelting industry bearing CIN No. U27205KA2022PTC160176 incorporated on 19.04.2022 company limited by shares. The Corporate Debtor had approached the Operational Creditor intimating its intention of sourcing lead ingots/blocks (RML). Thereafter, the Operational Creditor has been supplying the said material.

2. During the period of 01.04.2024-30.11.2024 there were multiple orders made by the Corporate Debtor to the Operational Creditor wherein the balance which was left was of Rs. 37,667/- (Thirty Seven Thousand Six Hundred Sixty Seven) which was carry forwarded to December, 2024. The Corporate Debtor failed to make a part payment of Rs. 37,667/- which was carry forwarded to the ledger of December, 2024. 3. Sales of Rs. 64,18,822/- dated 14.12.2024 bearing no. LM785/24-25 were made by the Operational Creditor to the Corporate Debtor. 4. Sales of Rs. 52,88,807/- dated 16.12.2024 bearing no. LM790/24-25 were made by the Operational Creditor to the Corporate Debtor. 5. That the Operational creditor received two payments amounting to Rs. 57,52,629/- and Rs. 52,84,325/- from Corporate Debtor on 24.12.2024 & 26.12.2025. So, the part payments have done in reference to the aforesaid sales made. 6. Sales of Rs. 85,44,427/- dated 14.12.2024 bearing no. LM814/24-25 were made by the Operational Creditor to the Corporate Debtor. 7. Purchase order dated 03.01.2025 bearing no. VBH/PO/2024-25/096 were issued by Corporate Debtor in reference to LM819/24-25 amounting to Rs. 65,07,039/-. Purchase order bearing no. VBH/PO/2024-25/096 dated 06.01.2025 were issued by Corporate Debtor in reference to LM821/24-25 amounting to Rs. 63,18,003/-. Payment bearing ref. no. 788 and 789 of Rs. 25,00,000/- (Rupees Twenty Five lakhs) and Rs. 60,37,186/- (Rupees Sixty Lakhs Thirty Seven Thousand One hundred eighty six) was received to the Operational creditor. Purchase order bearing no. VBH/PO/2024-25/105 dated

07.01.2025 were issued by Corporate Debtor in reference to LM824/24-25 amounting to Rs. 92,10,803/-. Payment bearing ref. no. 792 of Rs. 20,00,000/- (Rupees Twenty lakhs) was received to the Operational creditor. Payment bearing ref. no. 794 of Rs. 27,00,000/- (Rupees Twenty Seven lakhs) was received to the Operational creditor. Purchase order bearing no. VBH/PO/2024-25/105 dated 09.01.2025 were issued by Corporate Debtor in reference to LM827/24-25 amounting to Rs. 91,51,431/-. Payment bearing ref. no. 798 of Rs. 70,00,000/- (Rupees Seventy lakhs) was received to the Operational creditor. Purchase order bearing no. VBH/PO/2024-25/106 dated 11.01.2025 were issued by Corporate Debtor in reference to LM830/24-25 amounting to Rs. 90,01,978/-. Payment bearing ref. no. 801 of Rs. 60,00,000/- (Rupees Sixty lakhs) was received to the Operational creditor. Purchase order bearing no. VBH/PO/2024-25/106 dated 12.01.2025 were issued by Corporate Debtor in reference to LM830/24-25 amounting to Rs. 73,35,476/-. Payment bearing ref. no. 803 of Rs. 60,00,000/- (Rupees Sixty lakhs) was received to the Operational creditor. Payment bearing ref. no. 898 of Rs. 10,00,000/- (Rupees Ten lakhs) was received to the Operational creditor. Payment bearing ref. no. 901 of Rs. 20,00,000/- (Rupees Twenty lakhs) was received to the Operational creditor. As per the calculation and adjusting amounts of the payment done by the corporate debtor only the invoices dated 03.03.2025 (part payment), 06.03.2025, 10.03.2025 and 12.03.2025 are pending as due. But since the dues has to be established the invoices from 14.12.2025 till 12.03.2025 are being annexed to establish the dues pending.

True copies of invoice of period 14.12.2025-12.03.2025 is annexed and marked as **ANNEXURE P-6. (COLLY).**

True copies of E-Way bills of period 14.12.2025-12.03.2025 is annexed and marked as **ANNEXURE P-7. (COLLY).**

8. The Corporate Debtor has itself admitted its dues to the tune of Rs.2,08,59,364/- ((Rupees Two Crores Eight Lakhs Fifty-Nine Thousand Three Hundred Sixty-Four only) vide the aforesaid payments done to the Operational Creditor and thereafter issuing an Email dated 01.05.2025 alongwith its ledger to the Operational creditor, the amount admitted is on a higher side which is being claimed.

True copy of confirmation mail dated 01.05.2025 alongwith ledger of corporate debtor is annexed herewith and marked as **ANNEXURE P-8.**

True copy of ledger of Corporate Debtor maintained by Operational Creditor is annexed herewith and marked as **ANNEXURE P-9.**

9. Notice dated was sent by the Operational creditor to the Corporate Debtor to pay the outstanding dues. But all efforts went in vain as the same has neither been replied in any form of communication.

True copy of notice dated 28.08.2025 sent by Operational creditor to the Corporate Debtor alongwith proof is annexed herewith and marked as **ANNEXURE P-10**.

10. The Operational Creditor got issued a Notice dated 12.09.2025 in Form 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 whereby highlighting the default/non-payment by the Corporate Debtor and calling upon it to inform of a pending "dispute" or make payment against the default commenced since

14.12.2024. The said notice was also sent through Counsel's Email dated 17.09.2025. In regard to the said notices sent via speed post returned back unserved stating "NO SUCH PERSON" and the mails has also not been answered to resolve the issue.

True copy of Notice in Form 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 alongwith proof is annexed herewith and marked as **ANNEXURE P-11.**

11. As such, the Corporate Debtor is unable to pay its admitted dues and is in default. The management of the Corporate Debtor has been lacking in running the affairs of the Corporate Debtor and hence, it is liable to be admitted to CIRP.

12. The Operational Creditor states and submits that, in the aforesaid circumstances, it is in the interest of justice that this Hon'ble Adjudicating Authority may be pleased to order and direct the initiation of Corporate Insolvency Resolution Process against die Corporate Debtor for the purposes of maximization of its value and protection of the stakeholders from its management. It is submitted that the Corporate Debtor, therefore, is liable to be admitted to CIRP. Hence, the present Petition.

13. Till date, no one from the Corporate Debtor has contacted the Operational Creditor. It may be stated that the Operational Creditor despite multiple opportunities and passing of substantial time, the Corporate Debtor never resorted to resolve the issue raised. he Operational Creditor has held numerous conversations via WhatsApp chats with the Corporate Debtor requesting payment of outstanding dues.

Print out of the Email and Whatsapp messages are annexed herewith and collectively marked as **ANNEXURE P-12 (COLLY).**

14. That the fact that the alleged "dispute" tried to be raked up as an afterthought is patently spurious, hypothetical, illusory and misconceived is clear from the following facts. The Corporate Debtor had itself confirmed dues to the tune of Rs.2,04,80,625/- ((Rupees Two Crores Eighty Lakhs Six hundred Twenty Five only) via Balance confirmation mail wherein the amount due is on a higher side, difference of about Rs. 4lakhs.

15. That as on date the Corporate Debtor is still liable to pay Operational Creditor Rs.2,04,80,625/- ((Rupees Two Crores Eighty Lakhs Six hundred Twenty Five only) as mentioned in the Invoice.

2	AMOUNT CLAIMED TO BE IN DEFAULT AND THE DATE ON WHICH THE DEFAULT OCCURRED (ATTACH THE WORKINGS FOR COMPUTATION OF AMOUNT AND DATES OF DEFAULT IN TABULAR FORM)	As on date the Corporate Debtor is still liable to pay the Operational Creditor: **Amount claimed to be in default:** Rs.2,04,80,625/- ((Rupees Two Crores Eighty Lakhs Six hundred Twenty Five only) including Rs. 37,667/- (amount carry forwarded) **Principal Amount:** Rs.2,04,80,625/- ((Rupees Two Crores Eighty Lakhs Six hundred Twenty Five only) including Rs. 37,667/- (amount carry forwarded) **Date on which default occurred:** 15.03.2025 (last part payment made)

		<u>Table showing details of the outstanding amounts is annexed hereto and marked as ANNEXURE P-4</u> Between 14.12.2024-12.03.2025 as detailed in ANNEXURE P-5. That the Operational Creditor has duly filed GSTR -1 and GSTR-3B returns for the above transactions for the period from A copy of the said GSTR–1 and GSTR-3B is annexed herewith and marked as "**Annexure A-13". (COLLY)** Thus, petitioner has complied with Regulation 2B of CIRP Regulations, 2016. That defaults in payment by the Corporate Debtor began and despite repeated reminders and communications from the Operational Creditor, no satisfactory response or payment was received. That the Corporate Debtor failed to clear the operational debt arising out of the aforementioned supplies despite repeated follow-ups. The Operational Creditor has held numerous conversations via WhatsApp chats with the Corporate Debtor requesting payment of outstanding dues. It is a running ledger as continuous supplies were being made, which were duly received by the corporate debtor and payments
		were made not on an invoice basis which shows that running ledger was being maintained between the parties. Accordingly, the present petition under Section 9 of the Insolvency and Bankruptcy Code, 2016, is being filed before this Hon'ble Adjudicating Authority having proper jurisdiction, and the same is well within the limitation period. **Date of Default: 15.03.2025** The Hon'ble NCLAT in the case of ***"Shri Abhinandan Jain Versus Tanaya Enterprises Private Limited bearing CA(AT)(Ins) No. 1017 of 2020 decided on 22.03.2021"*** where in Para 29, it has been held that any case where the parties were maintaining a running account/ledger, last payment received by the Operational Creditor can be treated to be date of default. That the Applicant is attaching a judgement passed by the Hon'ble NCLAT in the matter of ***"Vijay Kumar Singhania versus Bank of Baroda and Anr. Bearing CA(AT)(Ins) No. 1058 of 2023"*** wherein it was held that record of default not filed with the information utility cannot

		be a ground to reject a petition. A copy of the judgement is being annexed herewith as **Annexure A-14.**

3. Reliance has also been placed upon the email dated 01.05.2025, whereby, according to the Operational Creditor, the Corporate Debtor acknowledged its outstanding liability of ₹2,08,59,364/-. It is therefore contended that the Corporate Debtor committed default in payment of the operational debt.

4. On the issue of limitation, the Operational Creditor has submitted that the last part-payment was made on 15.03.2025 and that the Application is within the period of limitation prescribed under Section 238A of the Code.

Reply by CD

5. The Corporate Debtor contends that the alleged Operational Debt is disputed and uncrystallised, owing to disputes regarding reconciliation of accounts, GST reversals and debit notes, which arose prior to issuance of the demand notice. It is further contended that the ongoing statutory investigations concerning the Operational Creditor have implications for ITC and statutory compliance. Accordingly, the Corporate Debtor espoused that a pre-existing dispute existed, attracting Sections 8 and 9 of the IBC. According to CD around 2023, it approached the Operational Creditor for sourcing lead ingots/blocks (RML), pursuant to which the parties entered into a principal-to-principal commercial arrangement for supply as and when required. The parties thereafter undertook transactions in the ordinary course of business through a running and mutual open account.

6. The Corporate Debtor had longstanding commercial dealings with the Operational Creditor involving purchase of lead and lead alloy materials aggregating to approximately ₹50 Crores. The parties maintained a running account, with payments being made against invoices subject to reconciliation, deductions and adjustments.

7. Upon reconciliation for the period from 01.04.2024 to 30.11.2024, only approximately ₹37,667/- remained outstanding. Thereafter, further supplies were made and substantial payments were regularly made by the Corporate Debtor through banking channels up to March 2025.

8. In March 2025, the premises of the Operational Creditor were subjected to GST investigation and its Director was arrested. Subsequently, the Operational Creditor's electronic credit ledger was blocked under Section 86A of the CGST/KGST Act and the Corporate Debtor was also summoned to furnish details of its transactions with the Operational Creditor.

9. In view of the aforesaid proceedings and the consequent uncertainty regarding the ITC availed on the Operational Creditor's invoices, the Corporate Debtor states that it had bona fide concerns regarding its statutory and financial exposure and accordingly withheld further payments. It is therefore contended that the withholding was not an admission of liability, but arose from pre-existing disputes concerning reconciliation, statutory compliance and ITC, prior to issuance of the demand notice.

10. The Corporate Debtor relies upon the decision of this Tribunal in ***Gaurav Gupta v. J.V. Industries Pvt. Ltd.*, CP (IB) No. 382/(ND)/2023**, wherein a Section 9 application was dismissed in circumstances involving GST investigation, arrest of the Operational Creditor and consequent apprehension regarding reversal of ITC. The Corporate Debtor contends that the said decision supports its case that such circumstances, coupled with the resulting dispute regarding the liability, constitute a bona fide pre-existing dispute rendering the alleged debt unsuitable for adjudication under Section 9 of the IBC.

11. The Corporate Debtor has further disputed the quantum claimed by the Operational Creditor. In terms of the demand notice the OC/Applicant claimed ₹2,08,59,364/-, while in terms of the present petition it claimed ₹2,04,80,625/-. The Corporate Debtor has also relied upon a payment of ₹13,00,000/- made on 09.01.2025, GST reversal of approximately ₹30,00,000/- and debit notes aggregating to ₹2,98,174/-, which, according to it, were not duly accounted for by the Operational Creditor.

12. The Corporate Debtor has relied upon the email dated 01.05.2025 and subsequent correspondence to contend that the accounts were under reconciliation and that the said communication did not constitute an unconditional admission of liability. It has also relied upon the email exchanges dated 09.06.2025 and 11.06.2025 concerning the disputed inclusion of approximately 1,000 kg of iron hooks in the RML consignments and the consequential demand for a credit note of ₹1,49,000/-.

13. It is further contended on behalf of CD that vide communications dated 27.05.2025 and 28.05.2025, the Corporate Debtor sought an undertaking and indemnity from the Operational Creditor concerning GST compliance and ITC, in view of the ongoing statutory proceedings. According to the Corporate Debtor, the aforesaid correspondence evidences that disputes concerning the transactions and statutory consequences existed prior to issuance of the demand notice.

14. The Corporate Debtor has relied upon ***Mobilox Innovations (P) Ltd. v. Kirusa Software (P) Ltd.,*** wherein the Hon'ble Supreme Court ruled that where a plausible contention requiring further investigation exists and the dispute is not spurious, hypothetical or illusory, the application under Section 9 is liable to be rejected. Reliance has also been placed upon ***S.S. Engineers v. Hindustan Petroleum Corpn.,*** wherein the Hon'ble Supreme Court reiterated that the IBC is not a debt recovery forum and that CIRP cannot be initiated where the operational debt is genuinely disputed.

15. It is thus the case of the Corporate Debtor that the alleged debt is neither crystallised nor undisputed, the accounts require reconciliation, and material disputes regarding GST implications, ITC, payments, debit notes and the quantum claimed existed prior to the demand notice. It is accordingly contended that the present Petition is not maintainable under Section 9 of the Code.

WRITTEN SUBMISSIONS -OPERATIONAL CREDITOR

16. The Operational Creditor submits that an amount of ₹2, 04, 80,625/- remains due and payable towards supplies made during March 2025, supported by invoices, E-way bills and the running ledger. It is further submitted that the Corporate Debtor acknowledged its dues in its ledger shared by email dated 01.05.2025 and, in its original reply dated 17.02.2026**,** admitted its liability and stated that it was making payment of ₹50 lakh and arranging funds to clear the balance. The Operational Creditor contends that the subsequent attempt of the Corporate Debtor to replace the original reply and delete the admission was rejected by the Tribunal, and therefore the Corporate Debtor cannot resile from its categorical admission.

Decision and Analysis

17. We have considered the rival submissions and perused the material placed on record. It is not in dispute that the parties had a longstanding commercial relationship and that supplies of lead/lead alloy material were made by the Operational Creditor to the Corporate Debtor against invoices and purchase orders. The Corporate Debtor has also not disputed that the amount was payable in the ordinary course of such transactions. The dispute, however, pertains to the precise quantum and liability arising from the running account maintained between the parties.

18. The Operational Creditor has relied upon the ledger and the correspondence dated 01.05.2025 to contend that the Corporate Debtor had acknowledged the outstanding amount. The said correspondence does lend support to the case of the Operational Creditor. However, the said correspondence cannot be considered in isolation. The record contains subsequent correspondence prior to issuance of the demand notice wherein the Corporate Debtor raised specific objections concerning the invoiced quantity/weight and sought adjustment/credit, and the Operational Creditor itself contemplated issuance of a credit note subject to payment. The record further contains debit notes raised in respect of specific transactions.

19. The aforesaid material demonstrates that the controversy concerning the running account and the amount ultimately payable was not raised for the first time in the proceedings under Section 9 of the Code, but had its genesis in correspondence exchanged between the parties prior to issuance of the demand notice. The dispute is supported by contemporaneous documentary material and therefore cannot, at this stage, be characterised as a patently feeble, spurious, hypothetical or illusory defence.

20. At the stage of consideration of an application under Section 9 of the Code, this Adjudicating Authority is not required to adjudicate upon the correctness of the debit notes, the entitlement to credit notes, the ultimate effect of GST/ITC issues or undertake a detailed reconciliation of the running account. The enquiry is confined to determining whether there exists a plausible dispute requiring further investigation. In view of the documentary material available on record, we are satisfied that such a dispute existed prior to issuance of the demand notice.

21. The law laid down by the Hon'ble Supreme Court in ***Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd., [2017] 10 S.C.R. 1006*** requires rejection of a Section 9 application where a genuine pre-existing dispute exists in relation to the operational debt. The subsequent decisions of the Hon'ble Supreme Court have reiterated that the Adjudicating Authority is not required to determine whether the defence is ultimately likely to succeed; it is sufficient if the defence raises a plausible contention requiring investigation. The relevant excerpt of the judgment reads thus:

> *"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."***

(Emphasis Supplied)

22. Accordingly, in view of the pre-existing dispute concerning the reconciliation and quantum of the operational debt, the present application under Section 9 of the Code is not maintainable. Thus, the same is rejected. However, the rejection of the present application shall not preclude the Operational Creditor from resorting such other remedies as may be available to it in accordance with law.

Sd/-
(BANWARI LAL MEENA)
MEMBER (T)

Sd/-
(ASHOK KUMAR BHARDWAJ)
MEMBER (J)