IN THE NATIONAL COMPANY LAW TRIBUNAL
PRINCIPAL BENCH, NEW DELHI
IN
CP(IB)/170(PB)/2026

(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 Garnet Veneer & Decors Limited .... Applicant/Operational Creditor

Vs.

M/s Hours Overseas Pvt Ltd .... Respondent/Corporate Debtor

Order Reserved On: 04.08.2026
Order Pronounced On: 12.08.2026

CORAM:

JUSTICE ANUPINDER SINGH GREWAL
HON'BLE PRESIDENT

SHRI RAVINDRA CHATURVEDI,
HON'BLE MEMBER (TECHNICAL)

Appearances*:*

For the Petitioner:	Ms. Shankari Mishra, Advocate along with Mr. Rajat Srivastava, Advocate
For the Respondents	Mr. Amit Dhall, Advocate

ORDER

1. The instant petition has been filed by **M/s Garnet Veneer & Decors Ltd.** (“**Applicant**” / “**Petitioner**” / “**Operational Creditor**” / “**OC**”) on 06.04.2026 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 an Interim Resolution Professional (“**IRP**”) for **M/s Hours Overseas Pvt. Ltd.**, the Corporate Debtor (“**Respondent**” / “**CD**”), on the ground that the Respondent has failed to pay/refund the outstanding amount due to the Applicant to the tune of **Rs. 1,07,75,000/-** (Rupees One Crore Seven Lakhs Seventy-Five Thousand only) as on 28.02.2026, along with interest @ 18% per annum.

<u>Brief details about the parties:</u>

2. The Applicant/OC, M/s Garnet Veneer & Decors Ltd., bearing CIN: U36100DL1994PLC057932, is a company incorporated under the provisions of the Companies Act, and is engaged in the business of manufacturing, processing, seasoning and trading of wood and articles of wood, bags of different kinds, blockboard, flush doors, panel doors, shutter doors, resins, veneers and allied products. The registered office of the Operational Creditor is at Harsha Bhawan, E-13/29, 1st Floor, E Block, Connaught Place, New Delhi-110001.

3. The Respondent/CD, M/s Hours Overseas Pvt. Ltd., bearing CIN: U52300DL2015PTC279401, is a company incorporated under the provisions of the Companies Act, having its registered office at 136, Badli Village, Near MCD Public School, Badli, Delhi-110042, and also works at Plot No. 344, Udyog Vihar, Phase-VI, Sector-37, Gurugram-122001, Haryana. 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 Operational Creditor placed an order with the Corporate Debtor for supply of cotton bags under Code No. 42022220 for a total quantity of 50,000 pieces at a fixed price of Rs. 520/- per bag, aggregating to a total contract value of Rs. 2,60,00,000/-. Pursuant thereto, the Corporate Debtor issued a Proforma Invoice dated 27.10.2025 bearing No. PI/25-26/053 amounting to Rs.2,73,00,000/-. Based on the said Proforma Invoice, the Operational Creditor issued a Purchase Order dated 11.11.2025 for procurement of 50,000 cotton bags at the agreed rate. It was agreed between the parties that the Corporate Debtor would first procure the requisite raw materials and accessories, and only thereafter would payments be released by the Operational Creditor. The relevant communications exchanging the Proforma Invoice and Purchase Order are reproduced below:

ANNEXURE - (J)

4/2/26, 5:29 PM Gmail - PI for Supply of Cotton Bags – 50,000 pcs (Garnet Veneer and Decors Ltd)

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Gmail Garnet Veneer And Decors Limited <garnet.1099@gmail.com>

PI for Supply of Cotton Bags – 50,000 pcs (Garnet Veneer and Decors Ltd)

Shivam Aggarwal <shivam@hoursoverseas.com> 27 October 2025 at 11:15
To: Garnet Veneer And Decors Limited <garnet.1099@gmail.com>
Cc: Raghaav Mahajan <rm@hoursoverseas.com>

Dear Sir,

Greetings of the day!

Please find attached the PI for the supply of 50,000 pieces of cotton bags as per your requirement.

Kindly review the same and confirm your acceptance by issuing the Purchase order so that we may proceed with order processing at the earliest.

--
Best Regards,

Shivam Aggarwal
Director
Hours Overseas Pvt. Ltd.
Blending Design, Material & Craftsmanship
Manufacturer & Exporter of Bags & More
M: +91 9953061875

PI-GVD-53.pdf
99K

Hours Overseas Pvt. Ltd.

136, Badli Village, Near MCD Public School, Badli, Delhi 110042

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PERFORMA INVOICE

Also Works at:
Plot No. 344, Udyog Vihar, Sector-37
Gurugram-122001, Haryana
GSTIN/UIN: 06AADCH6021J1ZS
State Name : Haryana, Code : 06

DATE	27-10-2025
PI NO.	PI/25-26/053

REGISTERED ADDRESS

Garnet Veneer and Decors Ltd,
E-13/29, First Floor Harsha Bhawan,
Connaught Place,
New Delhi - 110001

DELIVERY ADDRESS

Garnet Veneer and Decors Ltd,
Khewat No : 859/2 and 861/704,
Khatoni No 959/2 and 962, Quilla no 133,
Village - BARHANA, Jhajjar, Haryana-124107
GSTIN: 06AAACF0096N1ZI

Sr. No.	DESCRIPTION	QTY	UNIT PRICE	TOTAL
1	Cotton Bag	50000	520.00	2,60,00,000.00
	HSN Code : 42022220			

Amount in Words (in Rs)

Two Crore Seventy Three Lakhs only.

TAXABLE	2,60,00,000.00
IGST 5%	-
SGST 2.5%	6,50,000.00
CGST 2.5%	6,50,000.00
TOTAL	₹ 2,73,00,000.00

Terms & Conditions:

1. 50% Each of the advance payment shall be made at the time of confirmation.
2. 25% of the amount shall be further paid by the party after 30 days. Remaining 25% of the amount shall be paid 15 days prior to the despatch of goods.
3. If the payment is not made as per the terms & conditions, as mentioned above, there shall not be any supply of goods.
4. In case of delay in making any payment, the raw material shall not be procured as the payment has to be made to various suppliers/ investors for procuring the raw material from different places and our company shall not be liable for any losses

For Hours Overseas Pvt Ltd

For Hours Overseas Pvt. Ltd.

Authorised Signatory

Director

4/2/26, 5:31 PM Gmail - PI for Supply of Cotton Bags – 50,000 pcs (Garnet Veneer and Decors Ltd)

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Gmail

Garnet Veneer And Decors Limited <garnet.1099@gmail.com>

" for Supply of Cotton Bags – 50,000 pcs (Garnet Veneer and Decors Ltd)

Garnet Veneer And Decors Limited <garnet.1099@gmail.com> 11 November 2025 at 15:31
To: Shivam Aggarwal <shivam@hoursoverseas.com>
Cc: Raghaav Mahajan <rm@hoursoverseas.com>

Dear Sirs,

Thank you for sharing the PI for the supply of 50,000 cotton bags.

We have reviewed the details and are pleased to confirm our acceptance of the same.

Please find attached the PO copy for your reference and kindly proceed with the order processing as per the terms and conditions mentioned in the PO.

Also, share the expected production and delivery schedule.

We look forward to a smooth and timely execution of the order.

ıashi Ranjan
(M/s Garnet Veneer & decors Ltd.)
Director
[Quoted text hidden]

PO - HOPL.pdf
66K

GARNET VENEER AND DECORS LIMITED

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PURCHASE ORDER

DATE 11-11-25
PO # GV/25-26/345

SUPPLIER ADDRESS
Hours Overseas Private Limited
136, Badli Village, Near MCD Public School
Badli, Delhi-110042
GSTIN: 07AADCH6021J1ZQ

Also Works at:
Plot No. 344, Udyog Vihar, Phase-6, Sector 37
Gurugram, Haryana -122001
GSTIN: 06AADCH6021J1ZS

BUYER ADDRESS
Garnet Veneer and Decors Ltd,
E-13/29, First Floor Harsha Bhawan,
Connaught Place,
New Delhi - 110001

Delivery Address
Khewat no : 859/2 and 861/704,
Khatoni no 959/2 and 962, Quilla no 133,
BARHANA, Tehsil Beri (Haryana) -124107
GSTIN: 06AAACF0096N1ZI

HSN CODE	DESCRIPTION	QTY	UNIT PRICE	TOTAL
42022220	Cotton Bag	50000	520.00	26,000,000.00
			SUBTOTAL	26,000,000.00
			IGST 5%	-
			SGST 2.5%	650,000.00
			CGST 2.5%	650,000.00
			TOTAL	₹ 27,300,000.00

Terms & Conditions:
1. 50% as an advance payment upon the confirmation.
2. Balance payment of the purchase order shall be made within 7days thereafter.
3. In case of delay in making supply of the goods the concession of 5% against the each invoice shall be entitled to be adjusted and credit of the same shall be effected in the account/ revise order shall be generated with the credit of 5% of the invoice amount.
4. Supply of Goods to be completed within 100 days with grace days of 10 days.

For Garnet Veneer And Decors Ltd.
Sd/-
Director

CIN: U36100DL1994PLC057932

Regd. Office: Harsha Bhawan, E13/29, 1st Floor, E Block, Connaught Place, New Delhi - 110001 INDIA
Works: Sampla Beri Road, Vill.: Barhana, Distt.: Jhajjar, Haryana - 124107 INDIA
Email: garnet.1099@gmail.com **Website:** www.garnetply.com **Toll Free No.:** 9569 984 984

5. In furtherance of the said understanding, the Operational Creditor made an advance payment of Rs. 20,00,000/- by cheque. Thereafter, relying upon repeated assurances of the Corporate Debtor and its Director, including the email dated 12.12.2025that 15,000 pieces of cotton bags would be dispatched on or before 15.01.2026, and thereafter 10,000 pieces would be sent against the sale invoice before the 30th of that month, the Operational Creditor proceeded to release further payments to the Corporate Debtor. The relevant extract of the said emails dated 28.11.2025 and 12.12.2025, as placed on record are reproduced below:

3/9/26, 2:23 PM Gmail - Supply of Cotton Bags - 50000 Pcs

Gmail

Garnet Veneer And Decors Limited <garnet.1099@gmail.com>

Supply of Cotton Bags - 50000 Pcs

Garnet Veneer And Decors Limited <garnet.1099@gmail.com> 28 November 2025 at 11:01
To: Shivam Aggarwal <shivam@hoursoverseas.com>
Cc: Raghaav Mahajan <rm@hoursoverseas.com>

M/s. Hours Overseas Pvt. Ltd.
Plot No- 344, Udyog Vihar, Phase VI
Sector 37- Gurugram -122001

Dear Sirs,

1. Reference to the Performa Invoice issued by your company and the Purchase Order, we had categorically fixed the price of the cotton bags for an amount of Rs.520/- for each bag and our company had placed an order for the quantity of 50000 pcs. of cotton bags.

2. The cotton bags which were to be supplied, were as per the specification mentioned in the Performa Invoice, which had been duly confirmed from our company and our company had issued the cheque of Rs.20 Lacs as the advance payment against the total quantity of 50000 pieces of cotton bags. We have not heard any development from your side even after a visit by our Chief Executive Officer to the factory premises at Plot No.344, Udyog Vihar, Ph.VI, Sector 37, Gurugram, Haryana -122001.

As per the purchase order, we shall abide by the payment schedule only after your confirmation.

Thanking you,

Shashi Ranjan
(M/s.Garnet Veneer & Decors Ltd.)
(Director)

3/9/26, 2:23 PM Gmail - Supply of Cotton Bags - 50000 Pcs 56

Gmail Garnet Veneer And Decors Limited <garnet.1099@gmail.com>

Supply of Cotton Bags - 50000 Pcs

Shivam Aggarwal <shivam@hoursoverseas.com> 12 December 2025 at 10:08
To: Garnet Veneer And Decors Limited <garnet.1099@gmail.com>
Cc: Raghaav Mahajan <rm@hoursoverseas.com>

Dear Sir,

Greetings of the day!

1. We acknowledge your email dt. 28.11.2025 and concern in respect to the sale of the cotton bags as per the specifications with a total quantity of 50000 pcs,. Is required to be supplied within a period of 100 days.

2. Our company shall be dispatching the first lot of 15000 pieces of cotton bags after due quality verification from your side i.e. on or before 15.1.2026 and thereafter 10000pcs. shall be sent against the sale invoice before 30th of the month.

3. We are also simultaneously concerned that our company has to procure the raw material from different vendors including the accessories, therefore, there shall not be any delay on your part to remit the payment in advance, as discussed.

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Best Regards,

Shivam Aggarwal
Director
Hours Overseas Pvt. Ltd.
Blending Design, Material & Craftsmanship
Manufacturer & Exporter of Bags & More
M: +91 9953061875
[Quoted text hidden]

6. Pursuant to the aforesaid assurance, the Operational Creditor had released further payments of Rs. 18,00,000/- (14.02.2026), Rs. 21,75,000/- (23.02.2026), Rs. 21,80,000/- (24.02.2026) and Rs. 26,20,000/- (25.02.2026), taking the total amount disbursed to the Corporate Debtor to Rs. 1,07,75,000/- (Rupees One Crore Seven Lakhs Seventy-Five Thousand only).

7. Despite receipt of the aforesaid substantial advance, the Corporate Debtor failed to supply the said cotton bags. The Operational Creditor, vide emails dated 02.02.2026 and 26.02.2026, repeatedly called upon the Corporate Debtor to either complete the supply or, in the alternative, refund the advance, and fixed 28.02.2026 as the final date for compliance, failing which the Corporate Debtor would be deemed to be in default. No goods were supplied even within the extended timeline, and the date of default has accordingly been determined as 28.02.2026. The above-mentioned emails are extracted below:

3/9/26, 2:24 PM Gmail - Supply of Cotton Bags - 50000 Pcs 57

Gmail Garnet Veneer And Decors Limited <garnet.1099@gmail.com>

Supply of Cotton Bags - 50000 Pcs

Garnet Veneer And Decors Limited <garnet.1099@gmail.com> 02 February 2026 at 15:23
To: Shivam Aggarwal <shivam@hoursoverseas.com>
Cc: Raghaav Mahajan <rm@hoursoverseas.com>

Dear Sirs,

1. Your company has not supplied the 15000 pcs quantity of cotton bags till date against the total quantity of 50000 cotton bags.

2. Our company has not received any confirmation from your side, as we have also obtained the orders from the renowned brands for supply of the total quantity of 50000 pcs to various branded stores. In case, if your company is not able to sell the finished cotton bags as per the specification duly packed, you are requested to refund the amount of Rs.20.Lakhs immediately as there has not been any effort from your side to execute the order.

If this situation occurs, we shall be even constrained to take legal action against your company, which may please note.

Thanking you,

Shashi Ranjan
(M/s.Garnet Veneer & Decors Ltd.)
(Director)

[Quoted text hidden]

3/9/26, 2:24 PM Gmail - Supply of Cotton Bags - 50000 Pcs 58

Gmail Garnet Veneer And Decors Limited <garnet.1099@gmail.com>

Supply of Cotton Bags - 50000 Pcs

Garnet Veneer And Decors Limited <garnet.1099@gmail.com> 26 February 2026 at 13:05
To: Shivam Aggarwal <shivam@hoursoverseas.com>
Cc: Raghaav Mahajan <rm@hoursoverseas.com>

M/s. Hours Overseas Pvt. Ltd
Plot No: 344, Udyog Vihar Phase VI,
Sector 37, Gurugram - 122001

Kind Attention: MR. RAGHAV MAHAJAN & MR. SHIVAM AGGARWAL.

Dear Sirs,

1. It has been very surprising factor that even after the receipt of the amount of Rs.1.07 Crores (Approx) , there has not been any response from your side and thereafter our company had agreed to remit the further amount after due confirmation from your side that your company shall be honouring the commitment for the supply of cotton bags as per specifications.

2. Our concern is towards the timeline, as we had already conveyed i.e. 28.02.2026 which cannot be missed in any manner, as our Contract/ Guarantee shall be invoked. We have been assured by the key managerial person of your company that the cotton bags as per the specification of different sizes shall be supplied to our company within the time schedule. Failure on your part shall attract penal consequences which may also be detrimental to the interest of our company, for which we shall be entitled to seek appropriate recovery against your company along with marketable interest. We expect that your company shall promptly meet the timeline for supply of the cotton bags in two tranches only.

Kindly note in case there is no supply of the cotton bags of 50000 pcs, our company shall raise the claim, damages and refund of the entire amount with marketable rate of interest.

Thanking you,

Shashi Ranjan
(M/s.Garnet Veneer & Decors Ltd.)
(Director)
[Quoted text hidden]

8. Constrained by the continued default, the Operational Creditor issued a Demand Notice dated 03.03.2026 under Section 8 of the Code, claiming the operational debt of Rs. 1,07,75,000/- together with interest @ 18% per annum from the date of default, and calling upon the Corporate Debtor to make payment within the statutory period. The said notice, along with the enclosed ledger account, stood duly delivered upon the Corporate Debtor, as is borne out from the Speed Post tracking records annexed with the Application.

9. Despite receipt of the said notice, the Corporate Debtor neither made any payment nor raised any notice of dispute within the statutory period of ten days, which expired on 14.03.2026. Accordingly, the present Application came to be filed under Section 9 of the Code on 06.04.2026, along with the requisite affidavit under Section 9(3)(b) of the Code affirming that no notice of dispute had been received from the Corporate Debtor.

Submissions by the Respondent/Corporate Debtor:

10. Notice was issued by this Adjudicating Authority vide order dated 25.05.2026, pursuant to which the Respondent entered appearance on 08.07.2026. On the said date, the following order was passed:

> 1. Ld. Counsel for the Respondent submits that the reply has been filed but is not reflecting on the DMS portal as it is lying in defects. He undertakes to cure the defects.
>
> 2. Ld. Counsel for the parties submits that they will also explore the possibility of an amicable settlement.
>
> 3. List **on 04.08.2026.**

11. The Reply was filed on the DMS e-portal on 29.07.2026. The Respondent in the reply filed submits that no amount is due and payable within the meaning of Section 3(11) and Section 8(1) of the Code, inasmuch as the accounts between the parties, both towards the principal advance and the interest claimed, remain the subject matter of a pending settlement/reconciliation. It is submitted that the legitimate dues pertaining to the advance taken by the Respondent stand duly adjusted and accounted for against (i) the cost of raw materials and accessories procured by the Respondent from its vendors, (ii) part-manufacture and production undertaken pursuant to the Purchase Order, and (iii) other legitimate dues arising out of the transaction, the reconciliation whereof is stated to remain pending.

12. The Respondent further submits that the emails dated 02.02.2026 and 26.02.2026 relied upon by the Operational Creditor itself demonstrate that the parties were engaged in settlement discussions and reconciliation of accounts, and that the claim of interest @ 18% per annum is unilateral and unsubstantiated by any underlying contract, and has been added only to inflate the claim beyond the statutory threshold of Rupees One Crore as prescribed under Section 4 of the Code. Reliance is placed on Mobilox Innovations Private Limited v. Kirusa Software Private Limited, (2018) 1 SCC 353, and Innoventive Industries Ltd. v. ICICI Bank & Anr., (2018) 1 SCC 407, to contend that the IBC is not a substitute for a recovery mechanism, and that the present Application has been instituted only to pressurise a solvent Corporate Debtor in respect of a disputed and partly-settled claim. It is accordingly prayed that the Application be dismissed.

13. The Applicant filed its Rejoinder dated 29.07.2026, denying the existence of any genuine pre-existing dispute or reconciliation. It is submitted that the Reply discloses no particulars whatsoever of the alleged "reconciliation of accounts", the manner of adjustment against the admitted advance of Rs. 1,07,75,000/-, or any evidence showing that reconciliation was ever proposed, discussed or accepted.

14. It is further submitted that this defence was never reduced to writing prior to the reply, not even in the response to the Demand Notice dated 03.03.2026, which went unanswered, and nor through any prior communication and is being raised for the first time in the Reply. The same thus cannot constitute a "pre-existing dispute "within the meaning of Section 8(2) of the Code.

15. As far as Annexure C-2 of the reply is concerned, it is submitted by the Applicant that the invoices annexed therein only reflect the Respondent's general procurement of raw materials and accessories, and bear no nexus with the Purchase Order or the advance received. The emails dated 12.12.2025, 02.02.2026 and 26.02.2026 highlight that there was no discussion for settlement between the parties, but a demand for

performance or refund in the face of continued default. It is lastly submitted that, even excluding interest altogether, the principal sum independently exceeds the threshold under Section 4 of the Code, rendering the argument on maintainability of the application futile.

16. The matter was listed on 04.08.2026, wherein the Ld. Counsel appearing for the parties argued at length and orders were reserved in the matter.

Findings and Analysis:

17. 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.	27.10.2025	Corporate Debtor issued Proforma Invoice No. PI/25-26/053 for 50,000 cotton bags amounting to Rs. 2,60,00,000/-,
2.	11.11.2025	Operational Creditor issued Purchase Order No. GV/25-26/345 for 50,000 cotton bags at the agreed rate of Rs. 520/- per bag.
3.	21.11.2025	Operational Creditor made an advance payment of Rs. 20,00,000/- by cheque, duly acknowledged by the Corporate Debtor.
4.	12.12.2025	Corporate Debtor, vide email, acknowledged the Operational Creditor's communications and assured dispatch of the first lot of 15,000 cotton bags on or before 15.01.2026.
5.	14.02.2026 to 25.02.2026	Operational Creditor made further payments of Rs. 18,00,000/-, Rs. 21,75,000/-, Rs. 21,80,000/- and

Sr. No.	Date	Particulars
		Rs. 26,20,000/- respectively, taking the total amount disbursed to Rs. 1,07,75,000/-.
6.	26.02.2026	Operational Creditor issued a communication to the Corporate Debtor recording the continued non-supply of goods and fixing 28.02.2026 as the final date for delivery.
7.	28.02.2026	Final date for delivery expired without any supply of goods by the Corporate Debtor - date of default.
8.	03.03.2026	Operational Creditor issued a Demand Notice under Section 8 of the Code claiming Rs. 1,07,75,000/- along with interest @ 18% p.a.
9.	11.03.2026	Demand Notice stood delivered upon the Corporate Debtor (as borne out by the Speed Post tracking record placed on record).
10.	14.03.2026	Statutory period of ten days under Section 8(2) of the Code expired without any reply or notice of dispute being sent by the Corporate Debtor.
11.	06.04.2026	Present Company Petition bearing CP(IB) No. 170(PB)/2026 was filed by the Operational Creditor under Section 9 of the Code.
12.	25.05.2026	Notice was issued by this Adjudicating Authority.
13.	08.07.2026	This Adjudicating Authority recorded that the Reply had been filed but was lying in defects on the DMS portal, and directed the Respondent to cure the defects; parties were also permitted to explore an

Sr. No.	Date	Particulars
		amicable settlement. The matter was listed for 04.08.2026.
14.	29.07.2026	Reply-cum-Objections were filed on behalf of the Respondent/Corporate Debtor.
15.	29.07.2026	Rejoinder was filed on behalf of the Applicant/Operational Creditor.
16.	04.08.2026	Order in the matter was reserved.

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, had granted various opportunities to the parties to conclude their respective submissions.

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

Section 5(21) of the Code 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;"

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 9 of the Code, insofar as relevant, provides as under:

"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 sub-section (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."

19. The scheme of Sections 8 and 9 of the Code therefore demonstrates that upon receipt of a demand notice, the Corporate Debtor is expected either to demonstrate the existence of a pre-existing dispute or establish that payment of the debt has been made. A failure to do either assumes significance while examining the existence and quantum of the debt claimed.

20. The Hon'ble Supreme Court in Mobilox Innovations Private Limited v. Kirusa Software Private Limited, (2018) 1 SCC 353, has held that at the stage of admission, 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 relevant portion of the judgment is extracted below:

“24. …..What is important is that the existence of the dispute and/or the suit or arbitration proceeding must be pre-existing – i.e. it must exist before the receipt of the demand notice or invoice, as the case may be. In case the unpaid operational debt has been repaid, the corporate debtor shall within a period of the self-same 10 days send an attested copy of the record of the electronic transfer of the unpaid amount from the bank account of the corporate debtor or send an attested copy of the record that the operational creditor has encashed a cheque or otherwise received payment from the corporate debtor (Section 8(2)(b)). It is only if, after the expiry of the period of the said 10 days, the operational creditor does not either receive payment from the corporate debtor or notice of dispute, that the operational creditor may trigger the insolvency process by filing an application before the adjudicating authority under Sections 9(1) and 9(2). This application is to be filed under Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 in Form 5, accompanied with documents and records that are required under the said form. Under Rule 6(2), the applicant is to dispatch by registered post or speed post, a copy of the application to the registered office of the corporate debtor. Under Section 9(3), along with the application, the statutory requirement is to furnish a copy of the invoice or demand notice, an affidavit to the effect that there is no notice given by the corporate debtor relating to a dispute of the unpaid operational debt and a copy of the certificate from the financial institution maintaining accounts of the operational creditor confirming that there is no payment of an unpaid operational debt by the corporate debtor. Apart

from this information, the other information required under Form 5 is also to be given. Once this is done, the adjudicating authority may either admit the application or reject it. If the application made under sub-section (2) is incomplete, the adjudicating authority, under the proviso to sub-section 5, may give a notice to the applicant to rectify defects within 7 days of the receipt of the notice from the adjudicating authority to make the application complete. ***Once this is done, and the adjudicating authority finds that either there is no repayment of the unpaid operational debt after the invoice (Section 9(5)(i)(b)) or the invoice or notice of payment to the corporate debtor has been delivered by the operational creditor (Section 9(5)(i)(c)), or that no notice of dispute has been received by the operational creditor from the corporate debtor or that there is no record of such dispute in the information utility (Section 9(5)(i)(d)), or that there is no disciplinary proceeding pending against any resolution professional proposed by the operational creditor (Section 9(5)(i)(e)), it shall admit the application within 14 days of the receipt of the application, after which the corporate insolvency resolution process gets triggered.*** *..... "*

21. Applying the aforesaid test to the facts of the present case, we find that the factum of receipt of Rs. 1,07,75,000/- by the Respondent from the Applicant stands admitted in explicit terms on the face of the Reply-cum-Objections itself, towards the advance payments. This admission is further fortified by the Respondent's own email dated 26.02.2026, whereby the Respondent acknowledged receipt of "the total payment of approx Rs 1.07 crore" and furnished, in confirmation thereof, its own Account Ledger reflecting the said amount as received. The relevant extract of the said email dated 26.02.2026 & relevant portion of the Reply-cum-Objection filed by the Respondent is reproduced below:

ANNEXURE- A

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Gmail

Shivam Aggarwal <shivam@hoursoverseas.com>

Supply of Cotton Bags - 50000 Pcs

Shivam Aggarwal <shivam@hoursoverseas.com> 26 February 2026 at 17:02
To: Garnet Veneer And Decors Limited <garnet.1099@gmail.com>
Cc: Raghaav Mahajan <rm@hoursoverseas.com>

Dear Sir,

Greetings of the day!

We acknowledge receipt of your email dated 26 February 2026. We confirm the receipt of the total payment of approx Rs 1.07 crore. Please find the attached account ledger for your reference.

We are currently working towards the supply of the first batch of 25,000 pieces of cotton bags and confirm delivery within the timeline.

Please feel free to reach out in case of any further clarification.

Thank you.

--

Best Regards,

Shivam Aggarwal
Director
Hours Overseas Pvt. Ltd.

Blending Design, Material & Craftsmanship
Manufacturer & Exporter of Bags & More
M: +91 9953061875

[Quoted text hidden]

Ledger - GVD.pdf
66K

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Hours Overseas Pvt. Ltd.
Works at: Plot No. 344, Udyog Vihar-6, Sector-37
Gurugram-122001, Haryana-122001

Garnet Veneer and Decors Limited
E-13/29, First Floor Harsha Bhawan,
Connaught Place, New Delhi - 110001

Ledger Account
1-Apr-25 to 31-Mar-26

Date		Particulars	Vch Type	Vch No.	Debit	Credit
21-Nov-25	By	**Via Chq No 000338**	**Receipt**			**2000000.00**
14-Feb-26	By	**AXIS Current A/c - 57577**	**Receipt**	1899		**1800000.00**
23-Feb-26	By	**AXIS Current A/c - 57577**	**Receipt**	1941		**2175000.00**
24-Feb-26	By	**AXIS Current A/c - 57577**	**Receipt**	1949		**2180000.00**
25-Feb-26	By	**AXIS Current A/c - 57577**	**Receipt**	1956		**2620000.00**
						10775000.00
	To	**Closing Balance**			10775000.00	
					10775000.00	**10775000.00**

8. That the averments regarding payment of ₹20,00,000/- acknowledged on 22.11.2025, and the further payments aggregating ₹87,75,000/- made between 14.02.2026 and 25.02.2026 (totalling ₹1,07,75,000/-), are matters of record and are not disputed insofar as the factum of receipt of the said amounts is concerned. It is, however, denied that the said amount, or any part thereof, remains outstanding and payable by the Respondent as an undisputed operational debt in default. It is submitted that the said amount stood duly adjusted/accounted for against (i) the cost of raw materials and accessories procured by the Respondent from its vendors on behalf of the Petitioner's order, (ii) part-manufacture and production undertaken pursuant thereto, and (iii) other legitimate dues arising out of the transaction, the reconciliation whereof remains pending between the parties as on date.

22. The Respondent's plea of "adjustment" cannot be accepted. Significantly, Annexure C-2, on which the Respondent seeks to rely, is the proforma invoice issued by the Operational Creditor and does not evidence any procurement, expenditure, adjustment, or appropriation by the Respondent. Far from substantiating the Respondent's case, Annexure C-2 merely records the commercial terms between the parties and is wholly incapable of proving that the advance amount was ever adjusted. Further, this defence was never reduced to writing prior to the Reply. The Demand Notice dated 03.03.2026 went unanswered, the statutory period under Section 8(2) expired on 14.03.2026 without any notice of dispute, and there is no record of dispute in any information utility. A defence raised for the first time in the Reply, without particulars or antecedent communication, cannot be treated as a "pre-existing dispute" within the meaning of Section 8(2) of the Code.

23. We are also unable to accept the Respondent's characterisation of the correspondence dated 02.02.2026 and 26.02.2026 as evidencing “settlement discussions”. A plain reading of the said correspondence shows that the Applicant, faced with the Respondent's continued non-performance despite receipt of the full advance, called upon the Respondent either to complete the supply of the contracted goods or, in the alternative, to refund the advance in its entirety, a course of conduct wholly inconsistent with any suggestion that the advance already stood adjusted and consumed against costs incurred by the Respondent. Such a demand for performance or refund, made in the face of admitted non-supply, cannot be equated with a negotiation as to the quantum of an alleged set-off, so as to manufacture a dispute where none genuinely exists.

24. As regards the claim of interest @ 18% per annum is concerned, we find that even if the said claim were to be excluded in its entirety, the admitted principal amount of Rs. 1,07,75,000/- (Rupees One Crore Seven Lakhs Seventy-Five Thousand only) independently exceeds the statutory threshold of Rupees One Crore prescribed under Section 4 of the Code.

The dispute, if any, with respect to the rate of interest or the entitlement thereto is not germane to the issue of maintainability of the instant Application, and in any event, does not constitute a pre-existing dispute concerning the principal debt, which stands independently admitted by the Respondent.

25. Insofar as the Respondent's contention regarding its solvency and the consequences of admission into CIRP is concerned, it is well settled, as held by the Hon'ble Supreme Court in Innoventive Industries Ltd. v. ICICI Bank & Anr., (2018) 1 SCC 407, that once debt and default stand established, the Adjudicating Authority is bound to admit the application and has no discretion to decline admission on the ground of the Corporate Debtor's alleged solvency or the consequences of admission.

26. We are, therefore, of the considered view that the defence set up by the Respondent is unsupported by any particulars or documentary material, and is raised for the first time in its Reply, and is not a plausible, real or substantial dispute within the meaning of Section 8(2) of the Code as explained in Mobilox Innovations (supra). It is, at best, a moonshine and illusory defence, insufficient to defeat an otherwise well-founded Application under Section 9 of the Code.

27. We further find that the Application is complete in all respects; a copy of the Demand Notice, along with proof of delivery, has been placed on record; an affidavit under Section 9(3)(b) of the Code affirming that no notice of dispute has been received is filed; no payment of the unpaid operational debt has been shown to have been made by the Respondent; there is no record of dispute in any information utility; and there is no disciplinary proceeding pending against the proposed Interim Resolution Professional. The requirements of Section 9(5)(i) of the Code, thus, stand satisfied.

28. Hence, the present Application under Section 9 of the Code is complete and satisfies all the requirements under Section 9 of the Code and the Rules made thereunder, and thus, deserves to be admitted.

ORDER

29. Having regard to the conspectus of the present case (as discussed above), we are inclined to ADMIT the present petition bearing No. CP(IB) 170(PB)/2026 filed under Section 9 of the IBC, 2016, and pass the following order:

    a. Accordingly, the petition bearing No. CP(IB) 170(PB)/2026 filed by the Petitioner under Section 9 of the IBC, 2016 for initiating CIRP against the Corporate Debtor, i.e., M/s Hours Overseas Pvt. Ltd., is hereby ADMITTED and this Adjudicating Authority orders the commencement of the Corporate Insolvency Resolution Process. The commencement of the CIRP shall be effective from the date of this order.

    b. As a consequence thereof, the petition being admitted in terms of Section 9 of the IBC, 2016, the moratorium as envisaged under the provisions of Section 14(1) of the IBC, 2016 shall follow in relation to the Corporate Debtor as per clauses (a) to (d) below:

        i. the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

        ii. transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;

        iii. any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property, including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

iv. the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.

The order of moratorium shall be effective from the date of this order till the completion of the Corporate Insolvency Resolution Process or until this Adjudicating Authority approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for liquidation of the Corporate Debtor under Section 33 of the Code, as the case may be. It is clarified that the supply of essential goods or services to the Corporate Debtor, as may be specified, shall not be terminated or suspended or interrupted during the moratorium period, in terms of Section 14(2) of the Code.

c. The Petitioner has proposed the name of Mr. Dev Vrat Rana as the Interim Resolution Professional. His written consent in Form-2 under Rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, along with his Certificate of Registration, is annexed at Annexure-C of the application. Accordingly, this Adjudicating Authority appoints Mr. Dev Vrat Rana as the Interim Resolution Professional (IRP) of the Corporate Debtor. The details of the IRP are as under:

Name	Mr. Dev Vrat Rana
Registration No.	IBBI/IPA-001/IP-P-02567/2021-2022/13936
Email Id	cadevrana@gmail.com
Address	Shop No. 5, B.S.M Tiraha Roorkee, Hari Singh Market, Haridwar, Uttarakhand - 247667

d. In pursuance of Section 13(2) of the IBC, 2016, we direct the IRP to make public announcement immediately with regard to the admission of this application under Section 9 of the Code. The expression "immediately" means within three days, as clarified by the Explanation to Regulation 6(1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

e. During the CIRP period, the management of the Corporate Debtor shall vest in the IRP/RP, who shall perform all functions as contemplated, inter-alia, under Sections 17, 18, 20 and 25 of the Code. It is further made clear that all personnel connected with the Corporate Debtor, its promoters, or any other person associated with the management of the Corporate Debtor are under a legal obligation, as per Section 19 of the Code, to extend every assistance and cooperation to the IRP/RP is at liberty to make an appropriate application to this Adjudicating Authority for passing an appropriate order.

f. The IRP is expected to take full charge of the Corporate Debtor's assets and documents without any delay whatsoever. He is also free to take police assistance, and this Adjudicating Authority hereby directs the Police Authorities to render all assistance as may be required by the IRP in this regard.

g. The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority periodical reports with regard to the progress of the CIRP in respect of the Corporate Debtor and the action taken in compliance with Sections 17, 18, 20 and 25 of the Code and Regulations 3A and 4 of the IBBI (CIRP) Regulations, 2016.

h. The Petitioner shall deposit a sum of Rs. 3,00,000/- (Indian Rupees Three Lakhs Only) with the IRP to meet the expenses arising out of issuing public notice and inviting claims. These expenses are subject to the approval of the Committee of Creditors (CoC). This amount shall be adjusted towards the fees and expenses payable to the IRP/RP.

i. The Registry is hereby directed to communicate a copy of the order to the petitioner, the Corporate Debtor, the IRP and the Registrar of Companies, NCT of Delhi, by Speed Post and by email, at the earliest but not later than seven days from today, and upload the same on the website immediately after pronouncement of the order. The Registrar of Companies shall update its website by updating the status of the Corporate Debtor, and specific mention regarding admission of this petition must be notified.

j. The Registry is further directed to send a copy of the order to the IBBI for their record.

k. The IRP shall also serve a copy of this order to the various departments, such as Income Tax, GST (Centre), State Trade Tax, Provident Fund, etc., who are likely to have claims against the Corporate Debtor, as well as to the trade unions/employees' associations, so that they are timely informed of the initiation of CIRP against the Corporate Debtor.

l. A certified copy of the order may be issued to all the concerned parties, if applied for, upon compliance with all requisite formalities. The IRP is to report compliance within four weeks.

Sd/-
(ANUPINDER SINGH GREWAL)
PRESIDENT

Sd/-
(RAVINDRA CHATURVEDI)
MEMBER (TECHNICAL)