IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI SPECIAL BENCH (COURT – II)
IN
CP (IB)-228/ND/2026

IN THE MATTER OF CP(IB)-228/ND/2026
(Under Section: 9 of IBC, 2016)

Elite Design Private Limited
Plot No. 04, 2nd Floor, Sector 6,
Industrial Area, Faridabad (Haryana) **... Petitioner/ Operational Creditor**

Versus

Colorbar Cosmetics Private Limited
4, Community Centre,
New Friends Colony,
New Delhi-110065 **... Respondent/ Corporate Debtor**

Order delivered on: 21.07.2026

CORAM:
SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)
SH. BANWARI LAL MEENA, HON'BLE MEMBER (T)

PRESENT:

For the Applicant	**:**	Sr. Adv. Ashish Mohan, Adv. Ankur Singh, Mr. A. Mukherjee for OC/Petitioner
For the PG	**:**	Adv. Rajesh Bohra and Adv. Sangeeta Bohra

ORDER

PER: SHRI ASHOK KUMAR BHARDWAJ, MEMBER (J)

The captioned application has been preferred under Section 9 of IBC, 2016. The brief conspectus of the case as stated in the application is that the operational creditor (applicant) is into business of manufacturing, merchandising counters, maintenance & services of display counters, and other promotion of products. The CD is into business of cosmetics. Both the business entities came into contact with each other and it was understood between them that the applicant will supply articles to the CD as per its need and requirement.

2. As per the understanding, the CD places purchase order(s) specify the retails of articles and its prices in favour of the operational creditor. Operational creditor supplies requisite articles to the CD on credit basis through tax invoice(s). According to the OC, the CD defaulted to make payment of an amount of Rs. 1,43,82,868/- to the OC. Part-IV of the application reads thus:-

PART - IV

PARTICULARS OF OPERATIONAL DEBT

1. (a)	Total Amount of Debt	Rs. 1,43,82,868/-
(b)	Details of Transactions on Account of which debt fell due	1) That the operational creditor is into the business manufacturing merchandising counters, maintenance & services of display counters, and other promotional products. Copy of the Certificate of Incorporation is annexed herewith as **Annexure A1** 2) That Sh. Hitesh Sharma is director cum authorised representative of the operational creditor and he has been duly authorised vide board resolution dated 10.04.2026 to institute the instant petition. Copy of said board resolution is annexed herewith as **Annexure A2**

3) That the corporate debtor is a company duly incorporated under the Companies Act and is into the business of Cosmetics. Printout of corporate debtor's master data taken from the official website of ministry of corporate affairs is annexed herewith as **Annexure A3**

4) That both the business identities came in contact with each other and it was finalised that operational creditor will supply articles to the corporate debtor as per their need and requirements.

5) That as per the understanding, corporate debtor places the purchase order(s) specifying the details of articles and its prices in favour of the operational creditor. Operational creditor supplied requisite articles to the corporate debtor on credit basis through Tax Invoice(s). In consideration of the same, corporate debtor uses to make on account running payments to the operational creditor.

6) That the corporate debtor issued the purchase orders from 20.02.2025 to 16.04.2025 in favour of the operational creditor.

7) That the operational creditor supplied requisite articles to the corporate debtor on credit basis through 109 Tax Invoices from 01.03.2025 till 12.01.2026 on the basis of 109 purchase orders from 20.02.2025 to 16.04.2025. Although, corporate debtor has duly received said articles from the operational creditor but the payments of said 109 Tax Invoices are lying due and payable. Copies of the said purchase orders, Tax Invoices alongwith e-way bills are annexed herewith as **Annexure A4 (colly.)**

8) That the corporate debtor had duly received said articles from the operational creditor.

9) That the operational creditor deposited IGST @ 18%, which has been mentioned in the said 109 Tax Invoices, in the GST account of corporate debtor. Simultaneously, corporate debtor has taken Input Tax Credit of the said GST amount.

10) As per the understanding, payments of the said 109 Tax Invoices was to me made within the period of 30 days.

11) In view of the aforesaid running business model, there always remained a credit balance payable by the corporate debtor in the ledger account maintained by the operational creditor. Accordingly, operational creditor, in accordance with standard accounting practices, followed the 'First In First Out' (FIFO) method for adjustment of payments, whereby payments received from the corporate debtor, irrespective of the date on which they were made, were adjusted against the oldest outstanding unpaid Tax Invoices.

12) Operational creditor has been maintaining running ledger account statement in respect of the transactions executed with the corporate debtor in due course of its business, whereby, operational creditor mentioned details of all the tax invoices as well as the amount received from the corporate debtor. As per the said ledger account statement sum of Rs. 1,43,82,868/- is lying due and payable by the corporate debtor to the operational creditor. Copies of the said ledger account statements are annexed herewith as **Annexure A5 (colly.)**

13) Operational creditor rigorously followed the

		corporate debtor by demanding the said outstanding amount by sending the e-mails on regular interval, but corporate debtor failed to pay the said outstanding amount to the operational creditor. Copies of the said e-mails are annexed herewith as **Annexure A6 (colly.)** 14) That the operational creditor issued demand notice to the corporate debtor at its registered address, through e-mail on 16.04.2026 as well as through speed post under section 8 of the Insolvency and Bankruptcy Code 2016 read with Rule 5 of the Insolvency and Bankruptcy (Application to Adjudicating Authorities) Rules 2016 and the same was duly served. Copy of the said demand notice, e-mail, postal receipt and tracking report are annexed herewith as **Annexure A7 (Colly.)** 15) That the corporate debtor replied to the said notice vide reply dated 22.04.2026 alleging the false, frivolous and moonshine defences. The same has been made only to avoid the debt which is admittedly due and payable and there is no bonafide dispute with regard to the debt due. Copy of the said reply is annexed herewith as **Annexure A8**
(c)	The date from which such Debt fell due	01.04.2025. Debt falls due after 30 days from the date of said 109 Tax Invoices.
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)	Rs. 1,43,82,868/-, as per the ledger account statement.

3. In the reply filed by it, the CD espoused thus:-

i. The application is not maintainable and is liable to be dismissed, since there is already a pre-existing dispute between the parties, as would be evidenced by reply dated 22.04.2026 given by the CD to OC in response to demand notice 16.04.2026, wherein besides denying the claim raised by the applicant, the CD claimed an amount of Rs. 1,90,04,690/-, due and recoverable from the applicant. Further, CD had categorically informed the applicant about pendency of investigation into fraudulent misconduct committed by erstwhile employees of CD in connivance with various vendors including the applicant, which action of the applicant caused huge financial losses to CD. In the light of pendency of pre-existing dispute between the parties, the petition is liable to be dismissed.

ii. The applicant obtained purchased orders illegally, in collusion with erstwhile employees of CD and generated fake invoice upon it, without delivering any product or services to CD. No product or services have been rendered or supplied by applicant to CD w.e.f. April, 2025 and the applicant has raised fake invoices upon it.

iii. The petition is liable to be rejected in view of pendency of criminal investigation initiated by CD in terms of the compliant dated 06.02.2026 made to SHO, New Friends Colony Police Station, South-East District, New Delhi. The complaint alleges that Vinay Kumar, Vice President-Brand Activation and Rohit Jaggi, Sr, Manager, Brand Activation had colluded with the applicant and illegally and wrongfully help the applicant in procuring fake and bogus purchase orders from

CD, resulting in causing huge financial losses to the applicant. The independent investigation agency M/s Emst & Young engaged by CD for investigating the alleged misconduct on the part of vendors and erstwhile employees of CD had revealed that said employees of CD have received commission/kick-backs for issuing purchase orders to applicant and that too at an inflated price.

iv. The CD had appointed a reputed external agency proficient in carrying audits and transaction of fraud within the organization and during the investigation, the agency submitted its report dated 16.01.2026 and 11.05.2026 affirming various acts of illegalities committed by erstwhile employees and various vendors including the applicant. While conducting the investigation, E & Y found that in lieu of purchase orders, Mr. Vinay Kumar was using a Ford Endeavour car registered in the name of Vista Retail an entity owned and controlled by promoters of the applicant and was registered vendor of the CD until the applicant requested the CD to close the books of Vista Retail and create new vendor i.e. the applicant. Besides the Ford Endeavour car, the ex-employees who had colluded with the applicant were also getting/commissions/kick-backs to the extent of 30%-50% of the invoice amount, from the applicant and its group companies.

4. We heard the counsels for the parties and perused the record. It is noticed that much before Demand Notice dated 16.04.2026, served by the applicant upon the respondent, the CD had lodged a complaint dated 06.02.2026 against Mr. Vinay Kumar for committing fraud in connivance with the various vendors in creating false liability on the CD. In para 5 of reply to

Demand Notice, the CD categorically denied the supplied products by the OC. Paras 3 to 7 of the reply to Demand Notice reads thus:-

> "**3.** *Your attention is brought to the fact that there are pre-existing disputes amongst the parties, wherein your client and M/s Vista Retail (both having same official address i.e. Khasra No. 342, Sultanpur Village, New Delhi-110030) in connivance with one of the erstwhile employees of my Client namely Mr. Vinay Kumar who was serving as Vice President (Brand Activation) and other employees of Colorbar have committed acts of fraud and mis-representation for obtaining purchase order(s) at a higher value from my Client than the prevalent market rates. Your Client, in return had given kick-backs/commission to Mr. Vinay Kumar and other employees of Colorbar to the extent of 50% of invoice value, as admitted by Mr. Vinay Kumar during an internal enquiry initiated by my Client. Further, a Ford Endeavour car having registration No. HR26CZ3642 which was owned by M/s Vista Retail was being used and possessed by Mr. Vinay Kumar for his personal use i.e, given as a commission/kickback towards raising fake and inflated invoices by your Client and M/s Vista Retail w.e.f. April, 2025 till January, 2026.*
>
> **4.** *The internal investigations by our Client also establishes that your Client had raised inflated invoices by paying bribes, commissions and kick-backs to employees of my Client prior to April, 2025. Further, services claimed to have been rendered w.e.f. April, 2025 were not even received by my Client but only a superfluous approval and acceptance given by Mr. Vinay Kumar in collusion with your Client. The services of Mr. Vinay Kumar were terminated on 15.10.2025.*
>
> **5.** *Your Client has not rendered any services or supplied any product to My Client pursuant to 01.04.2025. The Purchase Orders and invoices etc. are legally and factually inadmissible,*

as the same were raised only for obtaining wrongful gains at the cost of my Client, pursuant to the conspiracy between your Client and Mr. Vinay Kumar, wherein, your Client has raised fake invoices upon my Client without rendering any services. Further, no amount against invoices raised after April, 2025 was released to your Client, since invoices raised after April, 2025 are found to be fake and without any work being performed by your Client. Thus, amount claimed in the notice under reply is baseless and not payable.

6. *You may note that internal enquiry by my Client have also surfaced various other acts of fraud committed by Mr. Vinay Kumar in connivance with various other vendors also, which have resulted in huge financial losses on account of unlawful and illegal conduct of various vendors including your client.*

7. *My Client has already filed a police complaint dated 06.02.2026 against Mr. Vinay Kumar for offences inter-alia including criminal breach of trust, cheating, data theft, criminal conspiracy and breach of privacy etc before P.S. New Friends Colony, New Delhi and the said complaint is pending investigations. My Client further reserves its rights to initiate appropriate civil and criminal actions against your Client once the final report is submitted by the police authorities.*

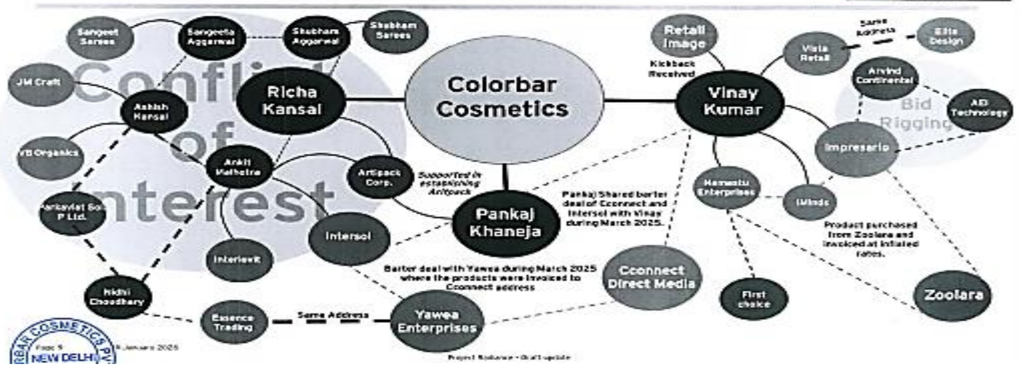
In the light of the aforesaid facts, I hereby call upon your Client to immediately withdraw the Demand Notice under reply, otherwise, any action taken in pursuance of the same shall be at your Client's own risk and costs.

A copy of this Reply is kept in my office for further necessary action."

5. It is seen from the complaint dated 06.02.2026 made to SHO, New Friends Colony Police Station, South East District, New Delhi allegations were made against Mr. Vinay Kumar for entering into malpractices in conduct of business by the CD and extending unethical benefits to a group company of an applicant. Para 17 of the complaint reads thus:-

> *"17. In a separate instance, a contract was awarded to Retail Image, whose proprietor transferred an amount of Rs. 95000/- to Mr. Vinay Kumar as kickbacks. Additionally, the complainant company's vendor, Vista Retail, provided Mr. Vinay Kumar with a Ford Endeavour (registration number [redacted]) for his unrestricted personal use over an extended period. Such arrangements underscore Mr. Vinay Kumar's practice of conferring unethical benefits on favoured vendors. It is also establish that with said unethical/corrupt practices Accused Vinay kumar has cumulated huge disproportionate assets and wealth."*

6. When the employee of CD created its false liability in favour of a group company of applicant, the CD is not unjustified in suspecting the claim of the applicant, particularly, when its invoices mention the name of Mr. Vinay Kumar. Annexure R-2 to the reply indicate the nexus of employees of CD with vendors. The applicant has also placed on record a diagram to indicate the nexus between applicant and Vista Retail. We may also not ignore the fact that the applicant and vista retail is operate from same office. The diagram/chart placed on record reads thus:-



7. On perusal of the record, we are satisfied that the pre-existing dispute alleged by the CD is not a moon shine defense but is based on substantial material.

8. In view of the fact that the applicant has questioned the supply of the goods and has raised a dispute in this regard. As also regarding the liability of the CD viz. amount of debt, a due deference to the provisions of Section 5(6) r/w Section 9(5)(2) of IBC, 2016, **we reject the application and dispose of the same.**

Sd/-	**Sd/-**
(BANWARI LAL MEENA)	**(ASHOK KUMAR BHARDWAJ)**
MEMBER (T)	**MEMBER (J)**