# MR. JAGDISH PRASAD SHARMA VS M/S SILVERLINE GRAPHICS PRIVATE LIMITED & ORS.

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Summary of the Case

#### Details of the Parties

- Appellant: Mr. Jagdish Prasad Sharma, Suspended Management of M/s India Offset Printers Private Limited (Corporate Debtor).
- Respondents:
  - M/s Silverline Graphics Private Limited (Operational Creditor).
  - Mr. Vikram Sharma, Interim Resolution Professional (IRP) of the Corporate Debtor.
- Counsel for the Appellant: Mr. Atul Sharma, Advocate.
- Counsel for the Respondents: Mr. Rachit Mittal, Mr. Parish Mishra, Mr. Kanishk Raj, Mr. Adarsh Srivastava, and Mr. Abhishek Sinha, Advocates for the IRP.

#### Facts of the Case

- The Appellant challenged the 11.09.2024 order of the National Company Law Tribunal (NCLT), Delhi Bench, admitting a Section 9 petition under the Insolvency and Bankruptcy Code (IBC), 2016, filed by M/s Silverline Graphics Private Limited against the Corporate Debtor.
- The Operational Creditor supplied printing and allied materials to the Corporate Debtor and claimed an unpaid operational debt of ₹2,41,15,076.
- 3. The Appellant contended:

- The invoices relied upon by the Operational Creditor were outdated and barred by limitation.
- The transactions were part of a complex running account, involving disputes over rental payments and other interrelated transactions between the promoters of both parties.
- Pre-existing disputes existed, including pending litigation in the Delhi High Court regarding rental agreements.

### **Issues Involved**

- Pre-Existing Dispute: Whether disputes between the promoters and interrelated transactions invalidated the Section 9 petition.
- 2. **Running Account Transactions:** Whether the alleged debt stemmed from a running account involving both supply of goods and unrelated financial adjustments.
- 3. Limitation: Whether the Operational Creditor's claim was time-barred under the Limitation Act, 1963.

## Judgment

- Pre-Existing Dispute: The NCLAT found sufficient evidence of pre-existing disputes between the parties, including disputes over rental agreements and adjustments involving promoters of both entities. These disputes extended beyond the Corporate Debtor's supply of goods.
- Running Account: The transactions were not limited to the supply of goods but included unrelated adjustments, such as rental payments and cash transfers. This complexity invalidated the classification of the debt as solely operational debt.
- 3. Limitation: Although the Adjudicating Authority held the claim was within limitation due to part-payments made in 2022, the NCLAT emphasized that the existence of disputes took precedence over the limitation argument.

4. The NCLAT allowed the appeal, holding that the presence of a pre-existing dispute and the complex nature of transactions made the Section 9 petition unsustainable under the IBC.

## Conclusion

The NCLAT set aside the Section 9 proceedings initiated against the Corporate Debtor, citing the existence of preexisting disputes, intertwined financial transactions, and the need to pierce the corporate veil to fully understand the transactions. The case underscores the importance of clear and uncontested claims for Section 9 petitions under the IBC.