NATIONAL COMPANY LAW TRIBUNAL
SPECIAL BENCH, COURT – II
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 14.08.2026 AT 12.00 P.M. THROUGH VIDEO CONFERENCING:

CORAM: SHRI. SANJIV JAIN, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER	**: --**
PETITION NUMBER	**: CP (IB)/140(CHE)2024**
NAME OF THE PETITIONER	**: Stride Steels Pvt Ltd**
NAME OF THE RESPONDENT(S)	**: Meenashi Steels Pvt Ltd**
UNDER SECTION	**: Sec 9 Rule 6 of IBC, 2016**

ORDER

Present: None for the Petitioner.

None for the Respondent.

Vide separate order pronounced in open court, petition is admitted. CIRP is initiated against the Corporate Debtor Meenashi Steels Private Limited. Shri. Kanhaiya Maheshwari is appointed as IRP.

Sd/-	**Sd/-**
RAVICHANDRAN RAMASAMY	**SANJIV JAIN**
Member (Technical)	**Member (Judicial)**

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IN THE NATIONAL COMPANY LAW TRIBUNAL, SPECIAL BENCH – II, CHENNAI

CP(IB)/140(CHE)/2024

(Filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 r/w Rule 6 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

Stride Steels Private Limited,
A-7/E, Sipcot Industrial Complex,
Gummudipoondi – 601201.

… Applicant/Operational Creditor

-Vs-

Matsayanayagi Steels And Foundries Private Limited,
No.17, Chittorentham Village,
Gummudipoondi – 601201.
Presently known as:
Meenashi Steels Private Limited,
No.91/111, Buchammal Street,
Tondiarpet, Chennai – 600081.

… Respondent/Corporate Debtor

Order Pronounced on ***14th August 2026***

CORAM

SHRI SANJIV JAIN, MEMBER (JUDICIAL)
SHRI RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

For Applicant	*: Ld. Counsel Mr. Vivekanandan,*
For Respondent	***:** Ld. Counsel Mr. Syed Afridi.*

O R D E R

(Heard Through Hybrid Mode)

1. This Application has been filed under Section 9 of the Insolvency and Bankruptcy code, 2016 (“*IBC*”) read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by **Stride**

Steels Private Limited, (hereinafter referred to as 'Applicant' / '*Operational Creditor*') seeking to initiate Corporate Insolvency Resolution Process against **Meenashi Steels Private Limited** (hereinafter referred to as 'Respondent' / '*Corporate Debtor*').

2. Part-I of the Application sets out of the details of the Operational Creditor. **Stride Steels Private Limited** is engaged in the business of selling of Iron and Steel. The registered office of the Operational Creditor is situated at A-7/E, Sipcot Industrial Complex, Gummidipoondi - 601201.

3. Part-II of the Application sets out the details of the Corporate Debtor. The company was originally incorporated with the name **Matsayanayagi Steels Private Limited** on 07.12.2017, changed as **Matsayanayagi Steels and Foundries Private Limited** on 01.03.2018, later changed the name as **Meenashi Steels Private Limited** on 17.10.2023, with an Authorised Share Capital of Rs. 6,50,00,000/- and the Paid-up Share Capital of Rs. 6,50,00,000/- having its registered office at the No.91/111, Buchammal Street, Tondiarpet, Chennai – 600 081.

4. In Part-III of the Application the Operational Creditor has proposed Mr. Kanhaiya Maheshwari having Registration No. IBBI/IPA-001/IP-P01291/2018-2019/12005 to act as a Resolution Professional of the Corporate Debtor.

5. Part-IV of the Application states that the total outstanding Debt is Rs.1,20,85,226/- (Rupees One Crore Twenty Lakhs Eighty-Five Thousand Two Hundred and Twenty Six Only), out if which Rs.1,03,15,002/- (Rupees One Crore Three Lakhs Fifteen Thousand and Two Only) is payable as principal amount and Rs.17,70,724/- (Rupees Seventeen Lakhs Seventy Thousand Seven Hundred and Twenty Four Only) is payable towards the interest at the rate of 18% per annum. The Date of Default is stated as 02.05.2023.

6. Part-V of the Application describes the Particulars of the Operational Debt, documents, records and evidence of the default as below:

- Demand Notice dated 06.04.2024,
- Postal tracking and acknowledgement for delivery of the letter,
- Advocate Notice dated 16.04.2024,
- Returned postal cover of Advocate notice with postal tracking dated 17.04.2024,
- Demand Notice as per IBC dated 03.05.2024,
- Returned postal cover of demand notice under IBC with postal tracking dated 04.05.2024,
- Consolidated customer statement report of the Operational Creditor,
- Tax invoices.

7. **<u>SUBMISSIONS OF THE OPERATIONAL CREDITOR:</u>**

7.1 It is stated that the Operational Creditor is engaged in the business of selling iron and steel. The corporate debtor had placed an order for the supply of steel.

7.2 It is stated that the Operational Creditor sold and delivered M S Shredded Steel Scrap and M S Scrap as per the orders placed by the Corporate Debtor and raised the sales invoices from time to time in respect thereof. Upon verification of the statement of accounts, the Operational Creditor found that a sum of Rs.1,03,15,002/- was outstanding and payable by the Corporate debtor.

7.3 It is stated that the Operational Creditor sent a Demand letter dated 06.04.2024 to the known address of the Corporate debtor and letter was delivered to the Corporate Debtor on 12.04.2024. However, the corporate debtor did not send any reply to the said letter. Subsequently, from the records available in the Ministry of Corporate Affairs (MCA) portal, the Operational Creditor came to know that the name and address of the corporate debtor had been changed to Meenashi Steels private Limited.

7.4 It is stated that the Operational Creditor sent a legal notice dated 16.04.2024 to the corporate debtor, which was returned with the postal endorsement "Not Delivered-Refused".

7.5 It is stated that subsequently, the Operational Creditor sent a Demand Notice to the Corporate Debtor under the provisions of the IBC on

03.05.2024, which was also returned with the postal endorsement "Refused Return".

7.6 It is stated that the Operational Creditor approached the Corporate Debtor several times, both over the phone and in person, seeking for repayment of the outstanding operational debt. At no point did the Corporate Debtor deny its liability to make the said payments. However, despite repeated requests, no action was taken by the corporate debtor towards payment of the outstanding dues.

8. <u>SUBMISSIONS OF THE CORPORATE DEBTOR:</u>

8.1 The Respondent was set ex parte vide Order dated 07.02.2025. Subsequently, the order was set aside vide order dated 12.03.2026 and the Respondent/Corporate Debtor filed its Reply.

8.2 It is stated that the Corporate Debtor denies the averments made in the application and avers that a substantial bonafide dispute exists between the parties concerning the quality and viability of the goods supplied. This dispute arose prior to the demand notice, so the Section 9 application is not maintainable. In ***Mobilox Innovations Private Limited vs. Kirusa Software Private Limited***, 2018, 1 SCC 353, the Hon'ble Supreme Court has held that *"if a genuine dispute existed before the demand notice, the Adjudicating Authority must reject the Section 9 application".*

8.3 It is stated that the Operational Creditor failed to comply with agreed contractual terms (*Specifications of scrap metal quality*) and delivered demonstrably sub-standard goods. Under the law of contract and the Sale of Goods Act, the Respondent was entitled to reject goods not conforming to agreed specifications.

8.4 It is stated that in any event CIRP under the IBC is not a debt-collection process and cannot be used to penalise a solvent company for disputed dues. The IBC focuses on genuine financial distress. The Hon'ble Supreme Court emphasized that the IBC *"is not like that of a debt-collecting forum"* and cannot be used to recover dues where a pre-existing dispute exists.

8.5 It is stated that the respondent sourced imported scrap metal from the operational creditor under a continuous supply agreement. It was agreed that the scrap bundles would contain at most 20% non-metallic waste. The Operational Creditor repeatedly assured this specification in pre-contractual negotiations. However, upon delivery the scrap consignments were found to contain 60-65% non-metallic waste (rubber, foam,plastic, upholstery, etc), grossly exceeding the agreed limit. The goods delivered in tightly bound bundles could not be inspected or unpacked at the time of delivery and their defective quality became apparent only when the bundles were finally opened for processing.

8.6 It is stated that the massive quality breach had immediate and severe consequences, the production came to a halt, the Respondent manufacturing operations stood still for 18-20 months and the company suffered heavy financial losses. The disputes concerning quality, specifications, rejection of goods and loss of viability were raised well before any demand notice was issued.

8.7 It is stated that the respondent communicated its grievances and attempted reconciliations in writing prior to the default. Thus, on the very facts, the Operational Creditor's claim founded on the goods which the respondent never accepted as per contract is not maintainable.

8.8 It is stated that the respondent relies upon the case of ***East India Udyog Ltd vs. SPML Infra Ltd (Company appeal (AT) (Insolvency) No. 256 of 2023)*** where the Appellate Tribunal upheld the dismissal of a Section 9 petition where prior to the demand notice, the corporate debtor had notified the Operational Creditor about delays and defective goods. The Hon'ble NCLAT observed that emails from the Debtor showed *"non-supply of goods, delay in supplies and supply of defective goods, which were clear signs of pre-existing disputes"*. In the present case, the Debtor own correspondence seeking reconciliation of accounts demonstrated counterclaims and a dispute on the amount due by parity of reasoning, the Respondent's persistent complaints about excessive waste and non-conforming scrap manifest a pre-existing dispute that invalidates the Section 9 application.

8.9 It is stated that in ***Law & Kenneth Saatchi & Saatchi vs. Patanjali Paridhan*** ((2024) ibclaw.in 739 NCLAT), the Hon'ble Appellate Tribunal reaffirmed Mobilox Innovations (supra) by rejecting an insolvency petition where the Operational Creditor failed to fulfil a critical contractual requirement. In that case, the Hon'ble NCLAT noted that *"documented exchanges, including emails and legal notices prior to the issuance of the Section 8 demand notice, demonstrated a legitimate dispute"*. The Appellate Authority emphasized that any dispute existing before the demand, even if not adjudicated suffices to bar the petition. It further held that disputes at the admission stage "*need not be absolutely established but should appear to the court to be credible and supported with evidence*". Here, the Respondent's contemporaneous objections about the scrap quality accompanied by supporting communications constitute a credible pre-existing dispute.

8.10 It is stated that Section 9 application is not maintainable since a bona fide dispute over quality and compliance predates the demand notice and the Respondent was entitled to reject the sub-standard scrap. The law directs that, such disputes must be resolved in appropriate civil forums, not via insolvency proceedings.

9. REJOINDER OF THE OPERATIONAL CREDITOR

9.1 It is stated that the respondent failed to place on record any credible evidence to substantiate the alleged "pre-existing dispute" or any rejection of goods prior to the statutory demand notice.

9.2 It is stated that the goods supplied were strictly in accordance with contractual specifications, and each consignment was accepted without protest at the time of delivery and the respondent subsequently continued to retain and use the goods in its operations.

9.3 It is stated that the claim made by the Corporate Debtor that the scrap contained “60-65% non-metallic waste” is false and unsupported by any inspection certificate, weighment record, or third-party survey report. The allegation that the bundles could not be inspected at delivery is contrary to normal commercial practice in the scrap trade, where random checks are routine. The allegations of a “massive quality breach” and the respondent’s production halted for 18-20 months are wholly unsubstantiated and unsupported by any documentary evidence such as production of records, financial statements, GST returns, or correspondences.

9.4 It is stated that the Applicant categorically denies the averments raised in para 5, that there was pre-existing dispute between the parties before the issuance of the statutory demand notice. At no time before the Applicant's demand letter dated 06.04.2024 or the statutory demand notice dated 03.05.2024 did the respondent raise any allegation regarding defective quality or viability of the goods supplied.

FINDINGS OF THE TRIBUNAL

10. We have heard the learned Counsels for both the parties and perused the documents on record.

11. Before we dwell into the facts of the case it is relevant to refer Article 137 of the Limitation Act 1963, where the prescribed limitation period for recovery of a debt is three years. In the present case, the date of default is 02.05.2023. This Application has been filed on 31.05.2024. Hence, the Application filed is within the period of three years from the date of default.

12. As per the Application, the debt amount is Rs.1,03,15,002/- (Rupees One Crore Three Lakhs Fifteen Thousand and Two Only) which is more than the threshold limit of Rs. 1 Crore.

13. The short point for consideration is whether any operational debt against the Corporate Debtor has been proved and become due and payable, whether the corporate debtor has defaulted in the payment and whether there is any pre-existing dispute between the parties. This examination would be in line with the test which has been laid down by the

Hon'ble Supreme Court in ***Mobilox Innovations (P) Ltd. v. Kirusa Software (P) Ltd. (2018) 1 SCC 353*** ('Mobilox' in short) which is extracted below:

> *"34. Therefore, the adjudicating authority, when examining an application under Section 9 of the Act will have to determine:(i) Whether there is an "operational debt" as defined exceeding Rs. 1 lakh? (See Section 4 of the Act) (ii) Whether the documentary evidence furnished with the application shows that the aforesaid debt is due and payable and has not yet been paid? And (iii) Whether there is existence of a dispute between the parties or the record of the pendency of a suit or arbitration proceeding filed before the receipt of the demand notice of the unpaid operational debt in relation to such dispute? If any of the aforesaid conditions is lacking, the application would have to be rejected. Apart from the above, the adjudicating authority must follow the mandate of Section 9, as outlined above, and in particular the mandate of Section 9(5) of the Act, and admit or reject the application, as the case may be, depending upon the factors mentioned in Section 9(5) of the Act."*

14. For ready reference relevant provisions are extracted:

> ***Section 3(11****) of IBC "****debt****" means a liability or obligation in respect of a claim which is due from any person and includes a financial debt and operational debt*
>
> ***Section 5 (21) 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 3(12) Default****" means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not [1][paid]by the debtor or the corporate debtor, as the case may be;*

15. To decide on the question whether the applicant has proved that there is a debt that is due and payable which is defaulted by the corporate debtor, we would refer to the judgement of Hon'ble Supreme Court in

Macquarie Bank Limited v. Shilpi Cable Technologies Limited 2018 where it was held as follows:

> *"Section 9(1) contains the conditions precedent for triggering the Code insofar as an operational creditor is concerned. The requisite elements necessary to trigger the Code are: (i) occurrence of a default; (ii) delivery of a demand notice of an unpaid operational debt or invoice demanding payment of the amount involved; and (iii) the fact that the operational creditor has not received payment from the corporate debtor within a period of 10 days of receipt of the demand notice or copy of invoice demanding payment, or received a reply from the corporate debtor which does not indicate the existence of a pre-existing dispute or repayment of the unpaid operational debt. It is only when these conditions are met that an application may then be filed under Section 9(2) of the Code in the prescribed manner, accompanied with such fee as has been prescribed ..."*

16. It is an admitted fact that the Corporate Debtor and the applicant are in business relationship as the parties were engaged in continuous business transactions. The Operational Creditor has placed on record Demand letter dated 06.04.2024, legal notice dated 16.04.2024, demanding payment from the corporate debtor and details of supplies made by the applicant to the corporate debtor, Demand Notice dated 03.05.2024, consolidated customer statement report of the Operational Creditor, and tax invoices, which establish that the outstanding debt is due and payable by the Corporate Debtor. The applicant has also placed the NeSL certificate as to the Record of default, as deemed authenticated.

17. We find that once the Operational Creditor extinguishes its burden of proof, then the onus to prove that the debt is "disputed", shifts upon the

corporate debtor, who may do so, by adducing documentary evidence to establish the same. It is to note that the onus on the corporate debtor is not to prove that it will succeed in such dispute, but to merely show that such a dispute exists and such dispute is not moonshine or spurious.

18. In the present case, there is no document evidencing the existence of any pre-existing dispute between the Operational Creditor and the Corporate Debtor. Further, the Respondent as stated above has not placed any documentary evidence to substantiate the alleged pre-existing dispute.

19. The allegations of the Respondent regarding a "massive quality breach" and consequent stoppage of its production for 18-20 months are wholly unsubstantiated and unsupported by any documentary evidence such as production of records, financial statements, GST returns, or correspondences.

20. As held in the case of ***Mobilox Innovations Pvt. Ltd. vs. Kirusa Software Pvt. Ltd.,*** supra if there is a debt and default, and there is no pre-existing dispute the Application filed under Section 9 of IBC has to be admitted.

21. Taking into consideration the facts and circumstances of the case, as well as the position of Law, we are of the view that the Application filed by the Operational Creditor, is to be **Admitted** under Section 9(5) of the IBC, 2016. **We order accordingly.**

22. In the present case, the operational creditor has proposed Mr. Kanhaiya Maheshwari, having Registration No. IBBI/IPA-001/IP-P01291/2018-2019/12005 to act as a Resolution Professional and hence this Tribunal appoints ***Mr. Kanhaiya Maheshwari having Reg No: IBBI/ IPA-001/IP-P01291/2018-2019/12005, (Email: kanhaiya_maheshwarica@yahoo .com***) whose AFA is valid till **30-06-2027** as the "Interim Resolution Professional" (IRP) in respect of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Code, more specifically in terms of Section 15, 17, 18 of the Code and file the report within 20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

23. As a consequence of the Application being admitted in terms of Section 9 (5) of the Code, the moratorium as envisaged under the provisions of Section 14 shall apply in relation to the Corporate Debtor as under:

> *"(1) Subject to provisions of subsections (2) and (3) on the insolvency commencement date the Adjudicating Authority shall by order declare prohibiting all of the following namely:*
>
> *a. The institution of suits or continuation of pending suits or proceedings against the respondent including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;*

b. Transferring, encumbering, alienating or disposing of by the respondent any of its assets or any legal right or beneficial interest therein;

c. Any action to foreclose, recover or enforce any security interest created by the respondent in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

d. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the respondent.

Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license or a similar grant or right during moratorium period;

(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has

not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;

(b) a surety in a contract of guarantee to a corporate debtor.

(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:

Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be."

24. However, during the pendency of the moratorium period in terms of Section 14(2) (2A) and 14(3) as extracted hereunder:

"(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;

(b) a surety in a contract of guarantee to a corporate debtor."

25. The duration of the period of moratorium shall be as provided in Section 14(4) of the Code and for ready reference reproduced as follows:

"(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:
Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be."

26. The Operational Creditor is directed to pay a sum of **Rs.3,00,000/- *(Rupees Three Lakhs only)*** to the Interim Resolution Professional to meet out the expenses to perform the functions assigned to him in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

27. Based on the above terms, the Application stands **admitted** in terms of Section 9(5) of IBC, 2016 and the moratorium shall come in to effect as of this date. A copy of the Order shall be communicated to the Operational Creditor as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named be also

furnished with copy of this Order forthwith by the Registry, who will also communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

28. Accordingly, Company Petition **CP(IB)/140(CHE)/2024** stands admitted**.**

-Sd-	**-Sd-**
RAVICHANDRAN RAMASAMY	**SANJIV JAIN**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)