



**IN THE NATIONAL COMPANY LAW TRIBUNAL
ALLAHABAD BENCH, PRAYAGRAJ**

CP (IB) No.01/ALD/2026

(Application under Section 9 of the Insolvency and Bankruptcy Code, 2016, read with Rule 6 of the Insolvency and Bankruptcy Rules, 2016.)

IN THE MATTER OF:

M/S S K Enterprises

Through its Proprietor: Shri Harsh Singhal
Address:- 73, Dwarkapuri, Muzaffarnagar,
Uttar Pradesh - 251001

.....Operational Creditor

Versus

M/s Cosmos Ferrous Private Limited

(CIN: U28910UP2015PTC072740)
Registered Office: Rana Chowk,
Meerut Road, Muzaffarnagar,
Uttar Pradesh – 251003

.....Corporate Debtor

Order pronounced on: 11.06.2026

Coram:

Sh. Praveen Gupta : Member (Judicial)
Sh. Ashish Verma : Member (Technical)

Appearances:

Sh. Krishna Dev Vyas, Adv. : *For the Operational Creditor*

Sh. Prashant Katara with : *For the Corporate Debtor*
Sh. Soin Khan Advs.

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ORDER

1. The present Application was filed on 20.12.2025 under Section 9 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred as “the Code/IBC”) read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred as “the Rules”) by M/s S. K. Enterprises (hereinafter referred as "Applicant/Operational Creditor") to initiate the Corporate Insolvency Resolution Process (hereinafter referred as "CIRP") against M/s Cosmos Ferrous Private Limited (hereinafter referred as "Corporate Debtor") due to its failure to pay the total outstanding operational debt of Rs. 1,38,90,383.60/- to the Operational Creditor. The date of default is shown as 15.03.2025 in the demand notice dated 18.04.2025.

2. The brief facts leading to the present application are that a Seller & Purchase Agreement dated 13.01.2025 was entered into between Corporate debtor and the Applicant/ Operation Creditor, wherein the Operational Creditor agreed to sell 300 Mt. of M.S. Scrap and M.S. Sponge of desired and mutually agreed quality to the Corporate Debtor. The rates applicable on such sale was contemplated to be decided on the date of actual sale of goods in accordance with the rates prevailing in the market. The Agreement also provided that the Operational Creditor shall raise running invoices on each transaction and the Corporate Debtor will disburse the payment within 7

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days after receiving such invoice, once it is approved by the representatives of the Corporate Debtor. The copy of said agreement is annexed as Annexure-3 with the Application.

3. In furtherance thereof, the Operational Creditor supplied the materials and raised several invoices ranging from date 12.02.2025 to 08.03.2025. A copy of Ledger Account maintained by the Operational Creditor and Invoices raised are annexed as Annexure 4 and 5 with the application respectively. The details of the invoices raised by the Operational Creditor are as follows:

Sr. No.	Date	Invoice No.	Amount raised (in Rs.)
1.	12.02.2025	SK/24-25/-001	11,07,349
2.	12.02.2025	SK/24-25/-002	11,20,037
3.	16.02.2025	SK/24-25/-003	11,08,874
4.	18.02.2025	SK/24-25/-004	11,10,324
5.	18.02.2025	SK/24-25/-005	6,14,055
6.	21.02.2025	SK/24-25/-006	10,94,011
7.	22.02.2025	SK/24-25/-007	10,94,560
8.	23.02.2025	SK/24-25/-008	18,75,595
9.	24.02.2025	SK/24-25/-009	19,10,615
10.	25.02.2025	SK/24-25/-010	16,78,810
11.	26.02.2025	SK/24-25/-011	6,17,831
12.	26.02.2025	SK/24-25/-012	10,99,720
13.	01.03.2025	SK/24-25/-013	10,77,737
14.	08.03.2025	SK/24-25/-014	10,68,320

4. It is submitted by the Operational Creditor that the Corporate Debtor has only made part payment of Rs. 26,87,454/- in respect of these invoices and also have not raised any dispute over the quality of supply of the material.

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5. It is further submitted that the Corporate Debtor also acknowledged the debt of Rs. 1,27,46,145.60/- as was outstanding on 28.02.2025 vide letter dated 28.02.2025. A copy of this letter is annexed as Annexure 6 with the Application.
6. Due to non-payment of dues, the Operational Creditor on multiple occasions requested the Corporate Debtor to pay the outstanding amount of Rs. 1,38,90,383.60 as on 15.03.2025, however, did not receive any response or payment from the Corporate Debtor. The emails dated 15.03.2025, 07.04.2025 and 11.04.2025 substantiating the same are annexed as Annexure-7 with the Application.
7. The Applicant/ Operational Debtor thereafter issued a Demand Notice in Form 3 as per Sec 8(1) of the Code read with Rule 5(1)(a) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 vide letter dated 18.04.2025 thereby requesting the Corporate Debtor to pay the debt amount of Rs. 1,38,90,383.60 as on 15.03.2025 within ten days. It is however, submitted by the Applicant that Corporate Debtor verbally assured the Applicant to make the payments in tune of the aforesaid amount within 6 months.
8. The Applicant/ Operational Creditor sent a final reminder vide email dated 05.12.2025 calling upon the Corporate debtor to settle the outstanding

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amount within 3 days. The email further noted that the Corporate Debtor had failed to make payment within 6 months as verbally assured.

9. In response to the Demand notice, the Corporate Debtor vide its reply dated 08.12.2025 stated that the furnace/scrap industry are undergoing their worst phase and all other suppliers including the Applicant are requested for giving extensions of time period up to 18 months for payment. The Corporate Debtor further alleged that the materials delivered by the Applicant/Operational Creditor were of inferior and poor quality and therefore falls within the ambit of pre-existing dispute.
10. As payment of demand raised vide notice dated 18.04.2025 in Form 3 was not made by the Corporate Debtor, the present application u/s 9 has been filed by the Applicant Operational Creditor with prayer to initiate CIRP against the Corporate Debtor for default on payment of operational debt.

Reply on behalf of Corporate Debtor.

11. The Corporate Debtor has filed its reply vide diary no 335 dated 10.02.2026 and admitted that certain materials were supplied by the Applicant/Operational Creditor. However, it is alleged by the Corporate Debtor that the material supplied was of inferior quality and was rejected and returned by the Corporate Debtor. The Corporate Debtor also alleged that the supply of the materials was erratic in nature thereby violating the terms and condition

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of the agreement wherein it is stipulated that supply of the material should be done within reasonable time.

- 12.** Reliance was placed on the judgement of Hon'ble Supreme Court titled Mobilox Innovation Pvt. Ltd. vs Kiusa Software Pvt. Ltd. to submit that in view of the aforesaid erratic supply of inferior materials, there exist plausible circumstances requiring investigation and thus the application is liable to be rejected.
- 13.** Against the reply filed by the Corporate Debtor, no rejoinder has been filed by the Operational Creditor and matter has been argued based on the material available on record.

Finding and Order

- 14.** We have heard the Ld. Counsels for parties and perused the record. As per the present Application filed by the Operational Creditor in Form 5, seeking initiation of CIRP against the Corporate Debtor is based on outstanding dues mentioned in Part IV of the Application amounting to Rs. 1,38,90,383.60 claiming a further interest @ 12% p.a. till the date of actual payment.
- 15.** The basis for filing the present application is a Seller & Purchase agreement dated 13.01.2025 executed between Applicant and Corporate, pursuant to which the Applicant supplied the agreed materials to the Corporate Debtor and raised invoices thereafter.

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16. On perusal of Part IV of the Application and Annexure 4 and 5 annexed with the application, we find that the Applicant has issued several invoices to the Corporate Debtor ranging from date 12.02.2025 to 08.03.2025, however received only a part payment of Rs. 26,87,454/- till 15.03.2025, and thus default occurred on 15.03.2025. Thereafter, the Applicant issued a demand notice dated 18.04.2025 under Section 8 of the code requesting for the payment of the outstanding amount, however no payment was received by the Applicant. It is submitted that verbal assurance was received from the Corporate Debtor for making the payment in tune of the aforesaid amount, however such assurances were not honoured by the Corporate Debtor. The Applicant sent another reminder vide email dated 05.12.2025 and eventually filed the present application before this Tribunal on 20.12.2025. In view of these facts, we find that the present application is well within the limitation period of three years from the date of default.

17. Further, on perusal of the records, exhibits/annexures, and after considering the argument advanced by respective Learned Counsel, we find that the following issues are for consideration to be decided for admissibility or otherwise of this Application u/s 9 of the Code.

- i. Whether there is a Debt and Default
- ii. Whether there is any pre-existing dispute

Debt and Default

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- 18.** As per the Seller & Purchase agreement dated 13.01.2025, the rate to be charged for the supplied material is agreed to be decided in accordance with the rate prevailing on the date of actual sale of goods. It is further stipulated that the seller i.e. Applicant will issue running invoice on each supply of stipulated materials and the buyer i.e. Corporate Debtor will disburse the payment within 7 days after receiving each invoice except if the supplied material is rejected.
- 19.** In accordance with these stipulations, the Applicant has duly raised several invoices ranging from date 12.02.2025 to 08.03.2025 which are annexed as Annexure 5 with the application. A bare perusal of the Ledger Account of the Applicant attached as Annexure 4 with the application shows that the Applicant has supplied all the material mentioned in the bills duly accepted by the Corporate Debtor but only received the part payment of Rs. 26,87,454/- from the Corporate Debtor in respect of these invoices, and there still remains an outstanding amount of Rs. 1,38,90,383.60. The said Ledger Account is also consistent with the letter dated 28.02.2025 written by the Operational Creditor duly confirmed by the Corporate Debtor affirming the existence of debt upto the extent of Rs. 1,27,46,145.60/- as on 28.02.2025.
- 20.** Considering the above facts and circumstances, we are of the view that the Ledger account of the Applicant and the admission of the Corporate debtor vide letter dated 28.02.2025 clearly evidences the existence of a legally

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enforceable operational debt. Further, the continued non-payment against the duly raised invoices, coupled with failure to act in accordance with its verbal assurances by the Corporate Debtor, substantiates the occurrence of default.

- 21.** As per section 4 of the Code, the minimum threshold of debt for initiating a CIRP against the Corporate Debtor is Rs. 1 Crore. In the present case, the Applicant has placed sufficient documents on record to show that a debt of more than Rs. 1 crore, as also mentioned in Part IV of the Application, is due and payable and that there has been a default in payment on the part of the Corporate Debtor. Therefore, we are satisfied that there is a debt of more than Rs. 1 Crore and also a default has occurred on the part of the Respondent to pay this debt.

Pre-existing dispute:

- 22.** As regards there being any pre-existing dispute in respect of the claim made by the Operational Creditor, we find that the Corporate Debtor had replied to the demand notice dated 18.04.2025 vide letter dated 08.12.2025 thereby stating that the material supplied was of inferior and poor quality and the same was intimated to the Applicant orally. In this regard, the Corporate Debtor has also filed a Reply vide diary no 335 dated 10.02.2026, wherein the Corporate Debtor has again reiterated the dispute regarding quality of material and submitted that these issues were raised orally even prior to the

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issuance of demand notice. The Corporate Debtor has further relied on the judgement of Hon'ble Supreme Court in *Mobilox Innovations Pvt. Ltd. vs Kirusa Software Pvt. Ltd.* to submit that there exist a plausible contention requiring investigation and hence the application under Sec 9 must be rejected.

23. With regard to material supplied being of inferior and poor quality, we do not find any written correspondences having been made by the Corporate Debtor with the Operational Creditor. Also, there is no evidence of rejection of any material supplied by the Operational Creditor. All the materials supplied by the Operational Creditor through invoice have been accepted by the Corporate Debtor. Therefore, we find that the Corporate Debtor has failed to substantiate its claim of material supplied being of inferior and poor quality as alleged in the reply and could not establish about existence of any pre-existing dispute.

24. During the course of proceeding on 17.03.2026, the Ld. counsel representing the Corporate debtor has placed emphasis on para no 3 and 7 of the aforesaid Reply to submit that economic conditions pertaining to Metal Furnace Industry are volatile thereby leading to such defaults. The relevant portion of the order dated 17.03.2026 is reproduced below:

“5. Ld. Counsel representing the Corporate Debtor on the other hand refers to Para No. 3 & 7 of its replies to the effect that due

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to some recession in this sector of the industry, the amount due to the Operational Creditor could not be paid. He further submits that apart from these two paras of the reply, he has no other ground to raise in defence on behalf the Corporate Debtor.”

25. Para 3 and 7 of the Reply Affidavit filed by the Corporate Debtor are further reproduced below for the sake of convenience:

“3. That the abovesaid averment further gains strength from the fact that the “furnace/ferrous industry” is possible going through its worst phase, due to which all vendors/creditors have granted 6 months to one year to companies to repay the dues. That the OC itself has also granted the same/said benefit to various other furnaces/companies, however has selectively not granted the same to the corporate debtor/CD.

7. That it is of common knowledge that Metal furnace industry underwent its toughest phase during the year 2025 experiencing significant fluctuations driven by increasing pressure for decarbonization and sustainability, and supply chain disruptions caused by geopolitical tensions and tariffs, due to which all creditors/vendors have pushed repayments by 6 months to a year.”

26. The primary objection taken in these para pertains to non-granting of the time period of 6 to 12 months for the repayment by the Operational Creditor which, even if assumed to be prima facie true, in no manner amounts to pre-existing dispute in terms of Section 8(2) of the Code.

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27. After considering the entire facts of the case in totality and taking into account the averments made on behalf of the Corporate Debtor in reply as well as oral argument put up by its Ld. Counsel,, we are of the considered view that, the contention of the Corporate Debtor pertaining to oral objections claimed to have been raised on quality of materials supplied lacks any merit in view of the fact that no evidence or prior communication is placed on record to demonstrate the existence of dispute regarding quality of material supplied. This is further substantiated by the specific reliance placed by the Corporate Debtor on para 3 & 7 of the reply affidavit to the exclusion of other paragraphs of the reply and further submissions made by the Ld. Counsel for the Corporate Debtor as duly recorded in order dated 17.03.2026 of this Tribunal. Further, the plea of Corporate Debtor in respect of raising the dispute orally is also inconsistent with their admission of the debt vide letter dated 28.02.2025.

28. We are also of the view that reliance placed on the judgement of Hon'ble Supreme Court in Mobilox Innovations Pvt. Ltd. vs Kirusa Software Pvt. Ltd. is misplaced as no real dispute could be established by the Corporate Debtor. In view of the admission of the debt by the Corporate Debtor to the extent of Rs.1,27, 46,145.60/- vide letter dated 28.02.2025, therefore, we are of the considered opinion that there does not exist any pre-existing dispute in respect of the goods supplied as per the agreement.

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- 29.** It is due to this reason and in view of the admission of the debt by the Corporate Debtor to the extent of Rs.1,27, 46,145.60/- vide letter dated 28.02.2025, we are of the opinion that there does not exist any pre-existing dispute in respect of the goods supplied as per the agreement.
- 30.** After finding that in the present case, the present Application is filed within limitation period, there is debt more than the threshold limit of Rs. 1 crore, there is a default in repayment of the said debt and there is no pre-existing dispute with respect to this debt, further, all other conditions for admission of application under Section 9(5)(i) of the I & B Code 2016 against the Corporate Debtor, have also been found to be fulfilled, we find this application as being fit for admission under Section 9(5)(i) of the I & B Code, 2016 for starting CIRP against the Corporate Debtor.
- 31.** The Applicant in Part III of the Application has proposed the Insolvency Professional Ms. Bhavna Bansal having Registration No. IBBI/IPA-001/IP-P-02716/2022-2023/14150 for being appointed as Interim Resolution Professional and the written consent of the proposed IRP along with Authorisation for Assignment is attached as Annexure 15 with the Application. The LRA of this Tribunal, Mr. Prayash Mishra has checked the credentials of the proposed resolution professional and found that no disciplinary proceedings are pending against him and also there is nothing

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adverse against him. Therefore, we do hereby appoint Ms. Bhavna Bansal to be the IRP of the Corporate Debtor.

32. Accordingly, this application is admitted u/s 9 of the Code, 2016, under the following terms and conditions.

- i.** The application filed by the Operational Creditor under Section 9 of the Insolvency & Bankruptcy Code, 2016 for initiating the Corporate Insolvency Resolution Process against the Corporate Debtor i.e., M/s Cosmos Ferrous Private Limited is hereby admitted.
- ii.** We hereby declare a moratorium and public announcement in accordance with Sections 13 and 15 of the I & B Code, 2016.
- iii.** Moratorium under Section 14 of the Insolvency & Bankruptcy Code, 2016 prohibits the following:
 - a.** 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;
 - b.** Transferring, encumbering, alienating or disposing of by the Corporate Debtor 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 Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
 - d.** The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate

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Debtor.

- iv. This Adjudicating Authority hereby appoints Ms. Bhavna Bansal to act as the IRP under Section 13(1)(c) of the Code as decided by us in para 27 above.
- v. The IRP shall cause a public announcement for the initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor and call for the submission of claims under Section 15. The public announcement referred to in clause (b) of sub-section (1) of Section 15 of the Insolvency & Bankruptcy Code, 2016 shall be made immediately.
- vi. Apart from above prohibitions in respect of the corporate debtor, it is further directed 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.
- vii. The provisions of Section 14(3) shall, however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a corporate debtor.
- viii. The order of moratorium shall have effect from the date of this order till completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the corporate debtor under Section 33 as the case may be.
- ix. The IRP is directed to take steps as mandated under section 13 and 15 of the IBC for making public announcement about the commencement of CIRP against the Corporate Debtor and moratorium against it u/s 14, and also take necessary actions as per sections 17, 18, 20 and 21 of IBC,

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2016.

- x.** The IRP shall after collation of all the claims received against the Corporate Debtor and the determination of the financial position of the Corporate Debtor and to constitute a Committee of Creditors (hereinafter referred as “COC”) and shall file a report certifying the constitution of the COC to this Tribunal on or before the expiry of thirty days from the date of his appointment, and shall convene the first meeting of the COC within seven days of filing the report of the constitution of the COC.
- xi.** The COC in its first meeting shall appoint a Resolution Professional (hereinafter referred as “RP”) as per the provision of section 22(2) and file an application before this Tribunal for confirmation of the appointment of the RP.
- xii.** The Suspended Board of Directors of the corporate debtor is directed to give to IRP/RP complete access to the Books of Accounts of the corporate debtor maintained under section 128 of the Companies Act. In case, the books are maintained in the electronic mode, the Suspended Board of Directors are to share with the IRP/RP all the information regarding maintaining the Backup and regarding service provider kept under Rule 3(5) and Rule 3(6) of the Companies Accounts Rules, 2014 respectively as effective from 11.08.2022, especially the name of the service provider, the internet protocol of the service provider and its location, and also address of the location of the Books of Accounts maintained in the cloud. In case, accounting software for maintaining the books of accounts is used by the corporate debtor, then IRP/RP is to check that the audit trail in the same is not disabled as required under the notification dated 24.03.2021 of the Ministry of Corporate Affairs

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- xiii.** The Statutory Auditor is directed to share with the Resolution Professional the audit documentation and the audit trails, which they are mandated to retain pursuant to SA-230 (Audit Documentation) prescribed by the Auditing and Assurance Standards Board ICAI.
- xiv.** The IRP/RP is directed to take custody and control of all the records of information relating to assets of the Corporate Debtor, its Books of Account in physical form or the computer systems storing the electronic records at the earliest in accordance with the provision of Regulation 3A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (hereinafter referred to as “CIRP Regulations, 2016”).
- xv.** The Operational Creditor shall also provide necessary assistance to IRP/RP in obtaining the necessary information about the Corporate Debtor as envisaged in Regulation 4(3) of the CIRP Regulations, 2016.
- xvi.** In case of any non-cooperation by the Suspended Board of Directors or the Statutory Auditors, IRP/RP may take the help of the police authorities to enforce this order. The concerned police authorities are directed to extend help to the IRP/RP in implementing this order for the retrieval of relevant information from the systems of the corporate debtor.
- xvii.** The IRP/RP may take the assistance of Digital Forensic Experts empanelled with this Bench/IBBI/MCA for this purpose.
- xviii.** The Suspended Board of Directors is also directed to hand over all user IDs and passwords relating to the corporate debtor, particularly for government portals, for various compliances.
- xix.** The IRP/RP is also directed to make a specific mention of non-

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compliance, if any, in this regard in his status report filed before this Adjudicating Authority immediately after a month of the initiation of the CIRP.

- xx.** The IRP/RP is directed to approach the Government Departments, Banks, Corporate Bodies and other entities with requests for information/documents available with those authorities'/institutions/ others pertaining to the Corporate Debtor which would be relevant in the CIR proceedings.
- xxi.** The IRP/RP is directed to approach all the concerned Government Departments and authorities as discernible from the books of account of the Corporate Debtor requesting them to file claims if any amount is outstanding against the Corporate Debtor.
- xxii.** The Government Departments, Banks, Corporate Bodies and other entities are directed to render the necessary information and cooperation to the IRP/RP to enable him to conduct the CIR Proceedings as per law.
- xxiii.** The IRP/RP shall collate the data obtained from (a) the claim(s) made before it and (b) information gathered from the records including those maintained by the Corporate Debtor.
- xxiv.** The IRP/RP is further directed to send regular progress reports to this Tribunal every month.
- xxv.** We direct the Operational Creditor to deposit a sum of Rs. 1,00,000/- with the Interim Resolution Professional, to meet out the expenses to perform the functions assigned to him in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The amount,

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however, is subject to adjustment by the Committee of Creditors as accounted for by the Interim Resolution Professional on the conclusion of CIRP.

- 33.** A certified copy of the order shall be communicated to both the Applicant/ Operational Creditor and the Respondent Corporate Debtor. The learned counsel for the Applicant/ Operational Creditor shall deliver a certified copy of this order to the IRP forthwith. The Registry is also directed to send a certified copy of this order to the IRP at his e-mail address forthwith.
- 34.** List the CP (IB) 01/ALD/2026 on 15.07.2026 for filing of the progress report/further proceedings.

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Ashish Verma
Member (Technical)

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Praveen Gupta
Member (Judicial)

Date: 11.06.2026