

IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH-I, CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING  
HELD ON **28.04.2026** THROUGH VIDEO CONFERENCING

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**CORAM:** HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)  
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

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**APPLICATION NUMBER** :  
**PETITION NUMBER** : CP(IB)/271(CHE)2024  
**NAME OF THE PETITIONER(S)** : Enmas India Pvt. Ltd.  
**NAME OF THE RESPONDENT(S)** : Sabash Engineering (Chennai) Pvt. Ltd.  
**UNDER SECTION** : Sec 9 Rule 6 of IBC, 2016

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**ORDER**

Present: Ms. Harimohana, Ld. Counsel for the Petitioner.  
Shri. Vikram P. Jain, Ld. Counsel for the Respondent.

Vide separate order pronounced in the Open Court, the petition is admitted.

CIRP is initiated against Sabash Engineering (Chennai) Pvt. Ltd.

Shri. K. J. Vinod is appointed as the IRP.

Sd/-  
**[VENKATARAMAN SUBRAMANIAM]**  
MEMBER (TECHNICAL)

Sd/-  
**[SANJIV JAIN]**  
MEMBER (JUDICIAL)

vs

Date: 28.04.2026

IN THE NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH – I, CHENNAI

**CP(IB)/271(CHE)/2024**

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

*In the matter of Sabash Engineering (Chennai) Pvt. Ltd.*

**Enmas India Pvt. Ltd.,**

(Formerly known as Enmas O&M Services Pvt. Ltd.)

EOM SQUARE, SP 107,

Ambattur Industrial Estate,

Ambattur, Chennai-600 058

*... Petitioner/Operational Creditor*

-Vs-

**Sabash Engineering (Chennai) Pvt. Ltd.,**

Door No. 37, Karuneeekar Street,

Nellikuppam Village, Thirupporur Taluk,

Kancheepuram, Chengalpattu

Tamil Nadu-603 108

*.... Respondent/Corporate Debtor*

**Present:**

*For Operational Creditor* : *Shri. V.M. Kannan, Advocate*

*Ms. Harimohana, Advocate*

*For Respondent* : *Shri. Vikram P Jain, Advocate*

**CORAM:**

**SANJIV JAIN, MEMBER (JUDICIAL)**

**VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)**

*Order Pronounced on 28th April, 2026*

**ORDER**

*(Heard through Hybrid Mode)*

This petition CP(IBC)/271(CHE)/2024 under Section 9 of the Insolvency and Bankruptcy Code, 2016 {"IBC"} r/w Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 has been filed by **Enmas India Pvt. Ltd.** (hereinafter referred to as "**Petitioner/Operational Creditor**") against **Sabash Engineering (Chennai) Pvt. Ltd.** (hereinafter referred to as ("**Respondent/Corporate Debtor**") for initiating Corporate Insolvency Resolution Process ("**CIRP**").

2. **Part-I** of the petition sets out the particulars of the Petitioner/Operational Creditor, Enmas India Pvt. Ltd. It has its Registered Office at EQM Square, SP-107, Ambattur Industrial Estate, Ambattur, Chennai-600 058. **Part-II** of the petition sets out the details of the Corporate Debtor, Sabash Engineering (Chennai) Pvt. Ltd. It was incorporated on 13.03.2008 with Authorised Share Capital of Rs.2,50,00,000/- and Paid-up Capital of Rs.2,35,50,000/-. Its Registered Office is situated at Door No. 37, Kanuneeekar Street, Nellikuppam Village, Thirupporur Taluk, Kancheepuram, Chengalpattu-603 108 within the jurisdiction of this Tribunal. In **Part-III** of

the petition, the Petitioner has proposed the name of M. Manohar having Registration No. IBBI/IPA-001/IP-P-02402/2022-2023/14268 as an Interim Resolution Professional. **Part-IV** of the petition contains the particulars of operational debt i.e., Rs.1,13,52,510/- and date of default as 18.10.2019.

3. The case of the Petitioner is that it is into the business of designing, engineering and manufacturing of engineering products. The Respondent/Corporate Debtor is also in the similar field of business. The Petitioner had supplied M.S. Plates, P.M. Plates and other materials to the Respondent. It also placed purchase orders on the Respondent/Corporate Debtor for manufacture and supply of engineering products for which it paid an advance to the Respondent. It is stated that the Corporate Debtor neither made the payments for the supplies made by the Petitioner nor supplied the engineering products for which it had received the advance from the Petitioner. The details are tabulated below :

<b>S. No.</b>	<b>Heads</b>	<b>Amount (Rs.)</b>
1	Towards outstanding against goods supplied	64,05,981
2	Towards advance paid towards PO	49,46,529
<b>Total</b>		<b>1,13,52,510</b>

4. It is stated that the ledger maintained by the Petitioner would demonstrate that the Corporate Debtor had made last payment on 18.10.2019. Thereafter, it neither made the payment nor supplied the engineering products, however, it acknowledged the debt vide confirmation letters dated 01.04.2019 and 28.02.2022. It is stated that the Petitioner issued demand notice on 23.07.2024 calling upon the Respondent to make the payments which was replied by the Respondent/Corporate Debtor on 31.07.2024 raising frivolous disputes. It is stated that the Respondent had also acknowledged the debt in its reply to the demand notice dated 31.07.2024. It is stated that the limitation period extends from the date of acknowledgment of debt and as such this petition filed on 09.09.2024 is within limitation.

5. The Petitioner has enclosed copy of the invoices for the period from 11.06.2018 to 01.10.2018 (23 Nos.), Purchase Orders dated 13.06.2016, 19.01.2017 and 18.09.2019 issued by the Petitioner to the Corporate Debtor, work sheet in respect of the amount due, bank account / ledger statement, demand notice, reply to the demand notice and Form-C issued by NeSL. It also placed copy of letter of confirmation of balance as on 01.04.2019 and 28.02.2022 vide S.R. No. 2105 dated 08.09.2025 issued by the Respondent in favour of the Petitioner.

6. On getting notice of the petition, the Respondent filed the reply wherein it denied the averments made in the petition and stated that the Corporate Debtor and the Operational Creditor were in business relationship since 2013. In the ordinary course of business, the Corporate Debtor had placed purchase orders with the Operational Creditor for supply of materials. Conversely, the Operational Creditor also placed purchase orders on the Corporate Debtor from time to time for supply of cement plant mechanical equipments. It is stated that in the petition, the Operational Creditor has clubbed both the amounts i.e. Rs.71,11,179/- due with respect to supply made by the Operational Creditor and Rs.49,46,529/- advance with respect to supply of goods making a total of Rs.1,13,52,510/- exceeding threshold limit of Rs.1.0 Crore as per Section 4 of IBC, 2016. It is stated that both the amounts cannot be clubbed together to satisfy the requirement of Section 4 of IBC, 2016. The advance paid is not a default under the provisions of IBC and it does not fall within the purview of operational debt as defined under Section 5(21) of IBC, 2016. At best, it is a financial debt. It is stated that the Respondent disputes the total amount of debts. It is stated that the financial difficulties arising out of industry specific slowdown and Covid-19 pandemic severely affected its ability to meet its financial obligations on time. Its business has come to a

standstill. It is taking step to revive the business. Nevertheless, it commits to settle the petition at the earliest.

7. **The Petitioner filed the rejoinder** wherein it denied the averments of the Respondent/Corporate Debtor and reiterated what was stated in the petition. It is stated that the Corporate Debtor has not disputed that Rs.1,13,52,510/- is due from the Corporate Debtor. It has committed to settle the same at the earliest. Hon'ble Supreme Court in the case of *Consolidated Construction Consortium Ltd. v. Hitro Energy Solutions Pvt. Ltd. (2022) 7 SCC 164* has conclusively held that advance paid for the supply of goods or services qualifies as an operational debt within the meaning of section 5(21) of IBC. This legal proposition has been reiterated by the Hon'ble NCLAT in *Sanam Fashion & Design Exchange Ltd. v. Ktex Nonwovens Pvt. Ltd., Company Appeal (AT) (Insolvency) No.1234 of 2023* where it clarified that it does not matter whether the creditor is a supplier or receiver of goods; the debt is operational if it has a nexus with the provision of goods or services. It is stated that in view of the above legal proposition, the Operational Creditor is well within its right to club both the amounts to meet the threshold under section 4 of IBC. It is stated that the amount was not advanced as a loan with

interest but purely in connection with supply of goods making it an operational debt.

**8. We have heard Ld. Counsels for the parties and perused the written synopsis along with the case laws.**

9. It is an admitted case of the parties that the parties had business relationship since 2013. The Corporate Debtor used to place purchase orders with the Petitioner for supply of materials such as channels, angles, plates and other components required for the manufacture of cement plant mechanical equipments. Conversely, the Petitioner/Operational Creditor also used to place purchase orders on the Corporate Debtor for supply of certain cement plant mechanical equipments. The Petitioner has placed the copy of the purchase orders dated 13.06.2016 at page 21, 19.01.2017 at page 26 and 18.09.2019 at page 31 and also the copy of the invoices raised on the Corporate Debtor for the period from 11.06.2018 to 01.10.2018 (23 Invoices). It has also placed the copy of the ledger accounts qua the advance payment and sales at page 57 and 67 and also the extract of bank statement at page 85 and 101. It has also placed the letter of confirmation of balance issued by the Respondent/Corporate Debtor on 01.04.2019 and 28.02.2022 acknowledging its liability confirming the outstanding balance of Rs.1,13,52,510/- as on

28.02.2022 due and payable by it. As per the ledger, the last payment was made on 18.10.2019. The acknowledgments have been made within limitation of three years as provided under section 18 of the Limitation Act, 1963. This petition has been filed on 09.09.2024 i.e. within three years from the date of last acknowledgment. Though the Respondent in reply to the notice had raised the dispute but the dispute was not in relation to quality or the quantity of the goods supplied. Further, the Respondent in reply to the petition has admitted its liability and stated that the financial difficulties arising out of industry specific slowdown and Covid-19 pandemic severely affected its ability to meet its financial obligations on time. Its business has come to a standstill. It has been taking steps to revive the business. Nevertheless, it commits to settle the petition at the earliest. This clearly amounts to acknowledgment of debt.

10. The only defence of the Corporate Debtor is that the advance paid for supply of goods does not fall under the category of operational debt as defined under section 5(21) of IBC and at best, it is a financial debt. In the petition under section 9 of IBC, 2016, financial debt cannot be clubbed with the operational debt to bring the petition within the threshold of Rs.1.0 Crore.

11. We do not find substance in the contention of the Corporate Debtor. Hon'ble Supreme Court in *consolidated consortium Limited* supra, has conclusively held that advance paid for the supply of goods and services qualifies as an operational debt within the meaning section 7(5) of the IBC, 2016. It was held :

*"43. First, Section 5(21) defines 'operational debt' as a "claim in respect of the provision of goods or services". The operative requirement is that the claim must bear some nexus with a provision of goods or services, without specifying who is to be the supplier or receiver. Such an interpretation is also supported by the observations in the BLRC Report, which specifies that operational debt is in relation to operational requirements of an entity. Second, Section 8(1) of the IBC read with Rule 5(1) and Form 3 of the 2016 Application Rules makes it abundantly clear that an operational creditor can issue a notice in relation to an operational debt either through a demand notice or an invoice. As such, the presence of an invoice (for having supplied goods or services) is not a sine qua non, since a demand notice can also be issued on the basis of other documents which prove the existence of the debt. This is made even more clear by Regulation 7(2)(b)(i) and (ii) of the CIRP Regulations 2016 which provides an operational creditor, seeking to claim an operational debt in a CIRP, an option between relying on a contract for the supply of goods and services with the corporate debtor or an invoice demanding payment for the goods and services supplied to the corporate debtor. While the latter indicates that the operational creditor should have supplied goods or services to the corporate debtor, the former is broad enough to include all forms of contracts for the supply of goods*

and services between the operational creditor and corporate debtor, including ones where the operational creditor may have been the receiver of goods or services from the corporate debtor. Finally, the judgment of this Court in *Pioneer Urban (supra)*, in comparing allottees in real estate projects to operational creditors, has noted that the latter do not receive any time value for their money as consideration but only provide it in exchange for goods or services. Indeed, the decision notes that "examples given of advance payments being made for turnkey projects and capital goods, where customisation and uniqueness of such goods are important by reason of which advance payments are made, are wholly inopposite as examples vis-à-vis advance payments made by allottees". Hence, this leaves no doubt that a debt which arises out of advance payment made to a corporate debtor for supply of goods or services would be considered as an operational debt.

12. This legal proposition has also been reiterated in *Sanam Fashion supra* wherein it was held :

"31. In the present case, the appellant had placed an advance with the respondent for supply of goods, it does not matter who is the supplier or the receiver of goods and services as laid down in the *M/s Consolidated Construction Consortium Ltd. (supra)*. The present case is squarely covered by the above discussed Judgment, as there is a clear nexus between payment made and supply of goods and services. Accordingly, we decide that the appellant is to be treated as Operational Creditor in the instant case."

13. In the light of the above legal proposition, the contention that the advance paid towards the purchase of the equipments would not fall within the definition of operational debt does not have any merit. We are of the view of that the debt in respect of the invoices amounting to Rs.64,05,981/- and the advance paid towards purchase amounting to Rs.49,46,529/- would be the operational debt and the total comes to Rs.1,13,52,510/- which exceeds the threshold of Rs.1.0 Crore for maintaining the petition under Section 9 of IBC, 2016.

14. For the foregoing discussions, we admit the petition and initiate Corporate Insolvency Resolution Process against the Corporate Debtor, Sabash Engineering (Chennai) Pvt. Ltd.

15. In the present case, vide memo filed by the Petitioner, the Petitioner has proposed the name of Mr. K.J. Vinod as the Interim Resolution Professional having Registration No. IBBI/IPA-003/ICAI-N-00291/2020-21/13451. His AFA is valid till 30.06.2026. He has also given his consent in Form-2. We therefore appoint **Mr. K.J. Vinod as the Interim Resolution Professional**. The IRP shall take forward the process of Corporate Insolvency Resolution of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of

Section 15,17,18 of the Code and file his 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.

16. 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 and 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.

17. 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(1) and as extracted hereunder shall follow in relation to the Corporate Debtor:

- 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;

18. 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.

19. 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.

20. Based on the above terms, the Petition CP/IB/271(CHE)/2024 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 who is figuring in the list of Resolution Professionals forwarded by IBBI 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.

**Sd/-**  
**VENKATARAMAN SUBRAMANIAM**  
MEMBER (TECHNICAL)

**Sd/-**  
**SANJIV JAIN**  
MEMBER (JUDICIAL)

*Suguna*