

NATIONAL COMPANY LAW TRIBUNAL
COURT-V, MUMBAI BENCH

1. IA/3866/2025 C.P. (IB)/738(MB)2024

IN THE MATTER OF

JRG Engineering Polymers Private Limited

Vs

Paradise Plastics Enterprises Limited

U/s 9 of the Insolvency and Bankruptcy Code, 2016

Order Delivered on 25.06.2026

CORAM:

SH. NILESH SHARMA
MEMBER (J)

SH. CHARANJEET SINGH GULATI
MEMBER (T)

Appearance through VC/Physical/Hybrid Mode:

For the Applicant: Adv. Gautam Singhal, Adv. Rajat Chaudhary (VC)

For the Respondent:

ORDER

IA/3866/2025: - The above IA is listed for pronouncement of the order. The same is pronounced in open court, vide a separate order.

Sd/-
NILESH SHARMA
Member (Judicial)
//ZAKIR//

Sd/-
CHARANJEET SINGH GULATI
Member (Technical)

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COURT-V, MUMBAI BENCH

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For the Applicant: Adv. Gautam Singhal, Adv. Rajat Chaudhary (VC)

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Member (Technical)

**NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, V**

CP (IB) NO. 738 OF 2024

Under Section 9 of the Insolvency and Bankruptcy Code, 2016 read with Sub -Rule 1 of Rule 6 of the Insolvency and Bankruptcy (Application to Adjudication Authority) Rule 2016.)

IN THE MATTER OF

JRG Engineering Polymers Private Limited

Registered office at: DSM 448-449, DLF
Towers Shivaji Marg, Delhi, 110015

... Operational Creditor/Petitioner

Versus

Paradise Plastics Enterprises Limited

Registered office at: 805, Dev Plaza, Plot N0.-
68, Opposite Andheri Fire Brigade, S V Road,
Mumbai City, Andheri West, Maharashtra,
400058

... Corporate Debtor

Along with

IA NO. 3866 OF 2025

Section 60(5) of Insolvency and Bankruptcy Code, 2016 read with Rule 11 of NCLT Rules, 2016

Paradise Plastics Enterprises Limited

... Applicant

Versus

JRG Engineering Polymers Private Limited

... Respondent

Order Delivered on: 25.06.2026

Coram:

Sh. Nilesh Sharma
Member (Judicial)

Sh. Charanjeet Singh Gulati,
Member (Technical)

Appearance through VC/Physical/Hybrid Mode:

For the Corporate Debtor: - Adv Gautam Singhal, Adv Rajat Chaudhary,
Adv Anjali Maurya, Adv Suraksha Mandhyan,
Adv Kriti Agrawal (VC)

For the Operational Creditor: - Mr. Apoorv Sarvaria, Ms Yashika Sarvaria,
Ms Khusboo Sharma (VC)

ORDER

CP (IB) NO. 738 OF 2024 along with IA NO. 3866 OF 2025

1. The CP and IA are interlinked; hence, the CP and IA were heard together and are being disposed of by this common order.

2. **CP (IB) NO. 738 OF 2024**

This Petition has been filed on 03.10.2024 by JRG Engineering Polymers Private Limited (**Operational Creditor/Petitioner**) to initiate Corporate Insolvency Resolution Process (**CIRP**) against M/s. Paradise Plastics Enterprises Limited (**Corporate Debtor**) under Section 9 of the Insolvency and Bankruptcy Code, 2016 (**the Code**) for the alleged default

on part of the Corporate Debtor in repayment of debt of **Rs. 3,01,19,688.50/-** from 03.10.2023.

3. IA NO. 3866 OF 2025

This application has been filed on 14.07.2025 by Paradise Plastics Enterprises Limited (**Applicant**) under section 60(5) of the Insolvency and Bankruptcy Code, 2016 (**the Code**) seeking following reliefs:

a. Allow the present application

b. Take on record the subsequent events after filing of the reply along with the documents as mentioned in Paragraph No. 12 of this application

c. Consider the said documents at the time of final hearing of the present matter.

And / Or

d. Pass any other order as may deem fit.

Particulars of the Parties;

4. The Applicant in Interlocutory Application i.e., M/ s Paradise Plastics Enterprises Limited is the Corporate Debtor in the main Company Petition bearing CP(IB)/738(MB)/2024, filed by M/s JRG Engineering Polymers Pvt. Ltd.
5. The Respondent in Interlocutory Application i.e., M / s JRG Engineering Polymers Pvt. Ltd is the Petitioner/Operational Creditor in the main Company Petition bearing CP(IB)/738(MB)/2024.

I. Brief Facts as per the Petition and the documents annexed thereto:

6. The Petitioner, a company incorporated under the Companies Act, 1956, is engaged in the business of trading in engineering plastic raw materials. The Corporate Debtor, also incorporated under the Companies Act, 1956, is

engaged in the business of injection moulding/toll manufacturing, surface decoration, and assembly for automotive and non-automotive Original Equipment Manufacturers (OEMs).

7. The Corporate Debtor approached the Petitioner during the period from July 2023 to April 2024 for the purchase of goods required for designing and manufacturing plastic components. Pursuant thereto, the Petitioner supplied the said goods and raised invoices from time to time in respect of such supplies during the aforesaid period. Copy of the purchase order and invoices raised are annexed herewith as '*Annexure A3 (Colly)*' and '*Annexure A4 (Colly)*', respectively.
8. It is submitted that, as per the terms of the invoices raised by the Petitioner, payment was required to be made within 45 days from the date of issuance of each invoice. However, the Corporate Debtor failed to make payment within the stipulated period. Consequently, an amount of Rs. 3,01,19,688.50/- remained outstanding as on 27.05.2024, excluding interest. Copy of computation of the default amount is annexed herewith as '*Annexure A5*'.
9. The Petitioner submits that no dispute was ever raised by the Corporate Debtor regarding the quantity or quality of the goods supplied, or with respect to the invoices raised. On the contrary, the Corporate Debtor made part payments from time to time towards the invoices raised by the Petitioner. Copy of ledger statement by the Petitioner is annexed herewith as '*Annexure A6*'.
10. It is further submitted that a demand notice under Section 8 of the Code, demanding outstanding amount of Rs. 3,01,19,688.50/- excluding interest was issued on 26.06.2024 by the Petitioner. In response thereto, the Corporate Debtor, vide reply dated 06.07.2024, did not raise any dispute

with respect to the transactions in question or the amount claimed. Instead, the Corporate Debtor made certain allegations against other group companies of the Petitioner. Copy of Demand Notice issued dated 26.06.2024 and Reply dated 06.07.2024 is annexed herewith as ‘**Annexure A7**’ and ‘**Annexure A9**’, respectively.

11. The Petitioner submits that a total of 59 invoices were raised during the period from July 2023 to April 2024, with the last invoice being issued on 11.04.2024, which fell due on 27.05.2024. Accordingly, the present Petition has been filed well within the period of limitation.

Reply of the Corporate Debtor, in brief:

12. The Corporate Debtor, in its Affidavit in Reply dated 20.03.2025, has submitted that the present petition is misconceived and has been filed with the sole intent to coerce and arm-twist the Corporate Debtor.
13. The Petitioner, JRG Engineering Polymers Private Limited, operates as part of a group engaged in the automotive components manufacturing sector, comprising entities such as JRG Automotive (India) Pvt. Ltd., JRG Holding Pvt. Ltd., and Performance Composites India Pvt. Ltd. The said entities are under common control and management of Mr. Rakshat Goyal and Ms. Jahanvi Goyal, who hold directorships across these companies, indicating a closely held and centrally managed group structure.
14. The Corporate Debtor submits that SVC Co-operative Bank Ltd. has certified that Paradise Plastics Enterprises Ltd. is availing working capital facilities, thereby evidencing its sound financial position. Such certification reflects the Corporate Debtor’s financial stability, credibility, and consistent ability to meet its operational and financial obligations.

15. It is submitted that the relationship between the parties commenced in 2019 when Mr. Pawan Goyal approached Late Shri Yogesh K. Gandhi with a joint venture proposal, which was declined. In 2021, discussions were revived with Mr. Parth Gandhi, pursuant to which, the Corporate Debtor engaged with JRG Group entities and executed an NDA dated 27.07.2023. In furtherance thereof, the Corporate Debtor shared confidential and proprietary information, including financial data and client details relating to Havells India Ltd., Singer India Ltd., Honda Power Products, and Amber Enterprises, involving revenue prospects exceeding Rs. 30 crores annually. Acting on such assurances, the Corporate Debtor transferred tools and machinery valued at Rs. 30,23,160/- on 20.10.2023 and 02.12.2023 and entered into a MoU/Term Sheet dated 10.09.2024 for proposed acquisition of 49% shareholding for approximately Rs. 37.5 crores, followed by execution of the Share Subscription and Shareholders' Agreements dated 08.12.2023.
16. Despite the Corporate Debtor fulfilling its obligations, the Petitioner and its group entities failed to infuse the committed investment of Rs. 30 crores and instead made fragmented payments aggregating approximately Rs. 3,25,00,000/-. Further, the Petitioner induced exclusive procurement arrangements and engaged in acts including diversion of business opportunities, breach of non-compete obligations, misuse of confidential information, and questionable financial transactions, including transfer of Rs. 50,00,000/- on 01.02.2024, which was immediately routed back to its group entity i.e., JRG Engineering Polymers Pvt. Ltd on 02.02.2024. Such conduct caused substantial financial and operational prejudice to the Corporate Debtor, including losses estimated at Rs. 1,50,00,000/-.
17. The Petitioner alleged default of Rs. 3,01,19,688.50/- based on invoices is intrinsically linked to the aforesaid arrangement and cannot be viewed in

isolation, as the invoices arise from a unilateral and improper substitution of investment obligations with material supplies. The same forms part of a larger pattern of misrepresentation, breach of trust, and misuse of confidential information by the Petitioner and its group entities.

18. It is further submitted that the Petitioner has suppressed material facts, including its failure to honour the agreed investment, and has manipulated its records, as evident from discrepancies such as misreporting of Rs. 50,00,000/- as Rs. 20,00,000/- in its statement of accounts which Applicant paid on 02.02.2024. The Corporate Debtor had already raised these disputes in its reply dated 06.07.2024 to the demand notice, thereby establishing the existence of pre-existing disputes. Upon continued non-compliance, the Corporate Debtor terminated the agreements vide notice dated 28.08.2024. The present petition is thus a mala fide attempt to misuse the provisions of the Code and exert undue pressure on the Corporate Debtor.
19. The Corporate Debtor submits that the present application is not maintainable and is liable to be dismissed as no “debt” under Section 3(11) of the Code is due or payable by the Corporate Debtor, and consequently no “default” under Section 3(12) has occurred. The alleged amount of Rs. 3,01,19,688.50/- has been wrongly inflated to meet the threshold under Section 4, and the purported date of default i.e. 03.10.2023 is incorrect and untenable. The Petitioner does not qualify as an “Operational Creditor” under Section 5(20) and is not entitled to initiate proceedings under Section 6 of the Code.
20. It is further submitted that the alleged debt is disputed, as evidenced by the Corporate Debtor’s reply dated 06.07.2024 to the demand notice dated 26.06.2024 (received on 02.07.2024), thereby establishing pre-existing

disputes under Section 8(1) read with Rule 5. The Petitioner has also failed to comply with the mandatory requirements under Sections 9(3)(c) and 9(3)(d) of the Code. Accordingly, the present application is liable to be dismissed.

Rejoinder to the Reply of the Corporate Debtor by Petitioner, in brief;

21. The Petitioner submitted the Affidavit in Rejoinder dated 30.05.2025 to object to the allegations made by the Respondent and the contentions and objections raised in the reply.

22. The Petitioner is an independent legal entity and not a party to any alleged SSA or SHA, which are admittedly executed between the Corporate Debtor and JRG Automotive Industries India Pvt. Ltd., and do not cast any obligation upon the Petitioner. Mere common directorship does not affect separate legal personality. The transactions in question are independent supply transactions supported by purchase orders and invoices with agreed credit terms of 45 days, and cannot be linked to any alleged investment of Rs. 30 crores or arrangements with third parties. The Corporate Debtor has admittedly made part payments, including Rs. 50,00,000/- (split as Rs. 20,43,274/- and Rs. 29,56,726/-), which have been duly accounted for in the Petitioner's ledger.

23. It is further submitted that the Corporate Debtor has raised belated and illusory disputes only after receipt of the demand notice dated 26.06.2024, which was replied to on 06.07.2024 without substantiating any genuine pre-existing dispute. No objection regarding quality or quantity of goods was raised at any stage prior thereto. Allegations of fraudulent transactions, alternative arrangements, or supply in lieu of investment are baseless and contrary to record, particularly when supplies commenced prior to the alleged agreements. The Corporate Debtor has attempted to rely on

unrelated transactions involving alleged amounts such as Rs. 30 crores, Rs. 3,25,00,000/-, and other dealings with third-party entities, which have no bearing on the present claim.

II. Brief facts as per the Interlocutory Application No. 3866 of 2025;

24. The Applicant submits that subsequent to completion of pleadings (i.e., filing of Reply and Rejoinder) in the main Company Petition, certain material developments have arisen which were not part of the record in the Section 9 proceedings and have a direct bearing on the issues involved.
25. It is submitted that FIR No. 0293 dated 24.05.2025 under Sections 419, 420 and 34 IPC has been registered at P.S. Moti Nagar, West Delhi against the Corporate Debtor, its group entities, and their directors/promoters in relation to the very transactions forming the basis of the alleged operational debt. The registration of the FIR demonstrates that the claim is under criminal investigation and is neither admitted nor undisputed for the purposes of summary insolvency proceedings. Its further evidences that the dispute raised is bona fide and substantive, and not a mere assertion. The said FIR arose subsequent to the filing of the Reply and could not have been placed on record earlier.
26. The Applicant submits that by order dated 27.05.2025 in Arb. Pet. No. 655/2025 under Section 11(6) of the Arbitration and Conciliation Act, 1996, the Hon'ble High Court of Delhi appointed a Sole Arbitrator to adjudicate disputes arising out of the Share Subscription Agreement and Shareholders' Agreement dated 08.12.2023. The said order records the existence of a valid arbitration agreement and refers the parties to arbitration, thereby initiating parallel adjudication on the merits of the disputes. It is further submitted that the Respondent filed its reply in the

said proceedings. This development also arose subsequent to the filing of the Reply in the present petition.

27. It is stated that the aforesaid proceedings clearly establish that the claim is neither admitted nor undisputed, but is the subject of a serious and bona fide dispute requiring adjudication upon full evidence, and therefore cannot be determined in summary insolvency proceedings. These developments further elucidate the nature of disputes between the parties and have a direct bearing on the maintainability and merits of the present petition.
28. It is submitted that the present Application is accordingly filed to bring on record the following documents:
- a. FIR dated 24.05.2025 (*Exhibit M*)
 - b. Order dated 27.05.2025 passed in Arb. Pet. No. 655/2025 (*Exhibit N*)
 - c. Copy of Arb. Pet. No. 655/2025 filed under Section 11, Arbitration and Conciliation Act, 1996 (*Exhibit O*)
 - d. Reply filed by M/s JRG Automotive Industries (India) Pvt. Ltd. in Arb. Pet. No. 655/2025 (*Exhibit P*)
 - e. Reply filed by M/s JRG Engineering Polymers Pvt. Ltd. in Arb. Pet. No. 655/2025 (*Exhibit Q*)

Reply of the Respondent, in brief;

29. The Respondent, in its Affidavit in Reply dated 29.12.2025, has submitted that the present application an attempt of the Corporate Debtor (referred as Applicant herein) to manufacture events after initiation of the insolvency petition to avoid admission rather than demonstrating any genuine pre-existing dispute.

30. It is submitted that anything/ any document that comes into existence after issuance of demand notice under Section 8 of the Code cannot retroactively be referred to constitute a dispute to defeat the petition. Further, the additional documents filed along with the application were not pre-existing and are therefore irrelevant to the present proceedings under Section 9 of the Code. These documents have no bearing on the existence of operational debt or default. None of the documents sought to be placed on record - refute delivery of goods, refute invoices, refute ledger confirmation, or refute default.
31. It is submitted that the invoices or purchase orders show no discernible link with the SSA or SHA executed between the Corporate Debtor and a third party. Likewise, the SSA or SHA, show no link whatsoever with the present transactions between the Operational Creditor and the Corporate Debtor. However, the Corporate Debtor made the Operational Creditor a party to the arbitration to show a purported dispute and avoid the present proceedings.
32. The Respondent submits that the present application was not even listed till 15.07.2025 when the matter was fully argued for the first time before this Tribunal. Even thereafter, when the IA was listed on 25.08.2025, the corporate debtor failed to appear clearly showing its lackadaisical approach in the matter. These documents were available with the corporate debtor much before 15.07.2025, however, it failed to file the same. It is only now when the matter has been relisted for final hearing, the corporate debtor has filed the present I.A. The present Application is also liable to be dismissed on account of inordinate delay.
33. In support of their submissions, the Respondent relied upon the following judgements of Hon'ble Supreme Court and Hon'ble NCLAT:

- i. Mobilox Innovations (P) Ltd. v. Kirusa Software (P) Ltd., (2018) 1 SCC 353*
- ii. Ahluwalia Contracts (India) Ltd. v. Raheja Developers Ltd., 2019 SCC OnLine NCLAT 942*
- iii. Dena Bank v. C. Shivakumar Reddy and Anr., (2021) 10 SCC 330*

Analysis and Findings

34. Heard the learned Counsel for the parties in Company Petition and the accompanying Interlocutory Application, and perused the record.
35. It is noted that the present Interlocutory Application and the main Company Petition are inter-connected, the Interlocutory Application shall be taken up and decided first, and the main Company Petition shall be adjudicated thereafter in light of the findings rendered therein.

IA No. 3866 Of 2025

36. Through the present Interlocutory Application, the Applicant (Corporate Debtor in the main CP) seeks to bring on record the additional documents asserting that such documents are necessary to establish certain material developments and the nature of disputes between the parties. The list of documents sought to be introduced is as follows:
- a. Exhibit M: FIR dated 24.05.2025
 - b. Exhibit N: Order dated 27.05.2025 passed in Arb. Pet. No. 655/
 - c. Exhibit O: Copy of Arb. Pet. No. 655/2025 filed under Section 11, Arbitration and Conciliation Act, 1996
 - d. Exhibit P: Reply filed by M/s JRG Automotive Industries (India) Pvt. Ltd. in Arb. Pet. No. 655/2025
 - e. Exhibit Q: Reply filed by M/s JRG Engineering Polymers Pvt. Ltd. in Arb. Pet. No. 655/2025

37. *Per contra*, the Respondent contends that the present I.A. is a belated and mala fide attempt by the Corporate Debtor to create a dispute after initiation of proceedings, as documents arising post Section 8 notice cannot establish a pre-existing dispute. The additional documents are irrelevant, having no nexus with the transactions or the alleged debt, and do not dispute the invoices, delivery, or default.
38. In respect of taking additional documents on record, we place reliance on judgement of Hon'ble NCLAT in case of ***Gannon Dunkerley & Company Ltd. v. RDC Concrete (India) Pvt. Ltd.*** (2025) ibclaw.in 647 NCLAT dated 22.08.2025, wherein the Hon'ble NCLAT has held as follows:

*“11. In the reply to demand notice, the Corporate Debtor has to bring to the notice of the Operational Creditor (a) existence of a dispute, if any, or record of the pendency of the suit or arbitration proceedings; (b) the payment of unpaid operational debt. Sub-section (2) of Section 8 does not contemplate filing of any other record or document except those referred to in sub-section (2). We do not subscribe to the view of the Adjudicating Authority that at the time of submitting reply to the demand notice Corporate Debtor had opportunity to place the documents which are sought to be filed along with the IA on record. It is true that at the time of filing of Affidavit-in-Reply, all necessary documents could have been filed but the question of submission of additional documents only arises when pleadings are complete and any document which may deem necessary by the parties has not been brought on the record. **Rule 55 of the NCLT Rules, 2016 empowers the Court to grant leave on such terms as the Tribunal may deem fit subsequent to filing of reply, thus, accepting additional documents after filing reply is contemplated by the rule itself.** Adjudicating Authority in the impugned order has referred to the judgment of the Hon'ble Supreme Court in **“Dena Bank vs. C. Shivakumar Reddy and Anr- (2021) 10 SCC 330”**. Adjudicating Authority has referred to paragraph*

144 of the judgment (paragraph 142 of the SCC). Another relevant paragraph of the judgment is paragraph 89. Paragraphs 89 and 142 of the judgment are as follows:-

“89. On a careful reading of the provisions of the IBC and in particular the provisions of Sections 7(2) to (5) IBC read with the 2016 Adjudicating Authority Rules there is no bar to the filing of documents at any time until a final order either admitting or dismissing the application has been passed.

142. There is no bar in law to the amendment of pleadings in an application under Section 7 IBC, or to the filing of additional documents, apart from those initially filed along with application under Section 7 IBC in Form 1. In the absence of any express provision which either prohibits or sets a time-limit for filing of additional documents, it cannot be said that the adjudicating authority committed any illegality or error in permitting the appellant Bank to file additional documents. Needless however, to mention that depending on the facts and circumstances of the case, when there is inordinate delay, the adjudicating authority might, at its discretion, decline the request of an applicant to file additional pleadings and/or documents, and proceed to pass a final order. In our considered view, the decision of the adjudicating authority to entertain and/or to allow the request of the appellant Bank for the filing of additional documents with supporting pleadings, and to consider such documents and pleadings did not call for interference in appeal.”

*12. In paragraph 89, the Hon’ble Supreme Court has categorically laid down that there is no bar to the filing of documents at any time until a final order either admitting or dismissing the application has been passed. Paragraph 89 has not been brought into the notice of the Court. **It is true that it***

is the discretion of the Court to accept or not to accept the additional documents but the discretion has to be exercised objectively and judicially.

...

14. We need to notice one more judgment of the Hon'ble Supreme Court in "**Sugandhi (Dead) by legal representatives & Anr. vs. P. Rajkumar- (2020) 10 SCC 706**" which was a case where document filed by Defendant in a suit was not accepted. Revision Petition before the Madras High Court was rejected against which the Appeal was filed. Allowing the Appeal in paragraphs 9, 10 & 11, following was held: -

*"9. It is often said that procedure is the handmaid of justice. Procedural and technical hurdles shall not be allowed to come in the way of the court while doing substantial justice. **If the procedural violation does not seriously cause prejudice to the adversary party, courts must lean towards doing substantial justice rather than relying upon procedural and technical violation. We should not forget the fact that litigation is nothing but a journey towards truth which is the foundation of justice and the court is required to take appropriate steps to thrash out the underlying truth in every dispute. Therefore, the court should take a lenient view when an application is made for production of the documents under sub-rule (3).***

10. Coming to the present case, the defendants have filed an application assigning cogent reasons for not producing the documents along with the written statement. They have stated that these documents were missing and were only traced at a later stage. It cannot be disputed that these documents are necessary for arriving at a just decision in the suit. We are of the view that the courts below ought to have granted leave to produce these documents.

11. Therefore, for the foregoing reasons, the appeal succeeds and it is accordingly allowed. The orders

impugned herein are set aside. The application (IA No. 551 of 2018 in OS No. 257 of 2014) filed by the appellant-defendants before the Principal Sub-Judge, Pudukottai, is accordingly allowed. Parties to bear their own costs. ””

39. In view of the facts and circumstances of the present case and in the view of the judgement of Hon'ble NCLAT, we are of the view that the documents at Exhibits M to Q, sought to be brought on record by the Applicant (Corporate Debtor in the main CP) should be taken on record and accordingly, are hereby taken on record, and the IA No. 3866 of 2025 is accordingly **allowed** and **disposed of**.

CP (IB) No. 738 OF 2024

40. In view of the foregoing discussion, the present Company Petition is now taken up for consideration.

41. It is noted that while the hard copy of the Reply filed by the Corporate Debtor is available on record, the Reply uploaded on the DMS Portal reflects a status of "defective document". It is further observed that the Corporate Debtor was given opportunity to cure the said defect, as directed vide interim order dated 28.04.2025, but has failed to do so. Accordingly, the matter is proceeded with for adjudication on the basis of the material available on record.

42. Through this Petition the Petitioner contends that it supplied certain goods essential for the designing and manufacturing of plastic components to the Corporate Debtor between July 2023 and April 2024 for designing and manufacturing plastic components, thereby raising 59 invoices aggregating to Rs. 3,01,19,688.50/- (excluding interest), each invoice payable within 45 days. The Corporate Debtor failed to make payment within the stipulated period and never raised any dispute as to the quality, quantity, or the invoices raised, having in fact made part payments from time to time.

A demand notice under Section 8 of the Code was issued on 26.06.2024, to which the Corporate Debtor replied on 06.07.2024 without disputing the transactions or the amount claimed.

43. *Per contra*, the Corporate Debtor contends that the alleged operational debt is linked to a broader arrangement involving proposed investment of around Rs. 30 Crores, joint venture negotiations, and shareholding agreements between the group entity. It is further contended that the alleged debt is disputed, having been raised in the reply dated 06.07.2024 to the demand notice, thereby establishing pre-existing disputes, and that no "debt" or "default" within the meaning of Sections 3(11) and 3(12) of the Code has occurred. The Corporate Debtor further contends that the Petitioner does not qualify as an "Operational Creditor" under Section 5(20) of the Code and has failed to comply with the mandatory requirements under Sections 9(3)(c) and 9(3)(d).
44. For the purpose of adjudicating the petition under Section 9, we need to first determine whether the demand notice or invoice was duly served upon the Corporate Debtor, whether a debt exceeding the threshold of Rs. 1 crore exists and a default has occurred, and secondly, whether any pre-existing dispute exists between the parties and whether the petition is complete and has been filed within the prescribed period of limitation.
45. It is undisputed fact that the demand notice alongwith invoices was issued on 26.06.2024 (received on 02.07.2024) by the Operational Creditor to the Corporate Debtor and Corporate Debtor replied to the said Demand Notice on 06.07.2024. Therefore, the demand notice as required under Section 8 of the Code was duly served to the Corporate Debtor.
46. To establish the existence of debt, the Petitioner has placed on record the purchase orders issued by the Corporate Debtor, copies of invoices raised

by the Operational Creditor along with the corresponding e-way bills, and the ledger statement and Bank statement of the Operational Creditor. As per Section 3(11) of the Code, “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. It is pertinent to note that “operational debt” has been defined under Section 5(21) of the Code as a claim in respect of the provision of goods or services, including employment, or a debt in respect of payment of dues arising under any law for the time being in force and payable to the Central Government, State Government, or any local authority.

47. In the present case, the liability of the Corporate Debtor arises from the supply of goods pursuant to purchase orders placed by it, and the same is evidenced by invoices, e-way bills, and the ledger statement reflecting the outstanding dues. Upon perusal of the said documents, it is noted that a total of 59 invoices from 24.07.2023 to 11.04.2024 were raised by the Operational Creditor against the Corporate Debtor towards supply of goods essential for the designing and manufacturing of plastic components, out of which 48 invoices remain unpaid, aggregating to an outstanding amount of Rs. 3,01,19,688.50/- (excluding 18% interest). Further the supply of goods essential for the designing and manufacturing of plastic components has not been disputed by the Corporate Debtor. Therefore, as per the definition of ‘operational debt’ laid down in the Code, the debt falls in the category of operational debt. Consequently, the Petitioner qualifies as an “Operational Creditor” under Section 5(20) of the Code.

48. It is the contention of Corporate Debtor that there is no default as per 3(12) of the Code. It is noted that the first invoice was issued on 18.08.2023 for an amount of Rs. 5,64,040/-, out of which a part payment of Rs. 1,79,950/- was made, leaving a balance of Rs. 3,84,090/- outstanding. The said

balance first became due and payable on 03.10.2023, being 45 days from the date of issuance of the said invoice. Under Section 3(12) of the Code, “default” means non-payment of a debt when it has become due and payable and is not paid. Therefore, since the outstanding balance of Rs. 3,84,090/- was not paid on or before 03.10.2023, the date of default in the present case is **03.10.2023**. We further note that the Petitioner has also annexed FORM D issued by NeSL wherein the status of default is stated as “**DEEMED TO BE AUTHENTICATED**”. In the said Form the date of default is mentioned as **03.10.2023** and the outstanding amount is Rs. 3,01,19,688.50/- (exclusive of 18% Interest).

49. As regards the contention of the Corporate Debtor that a pre-existing dispute exists between the parties, it is observed that the alleged dispute pertaining to the default of Rs. 3,01,19,688.50/-, based on the invoices raised by the Operational Creditor, is sought to be linked with a separate arrangement between the Corporate Debtor and a group entity, namely JRG Automotive Industries (India) Pvt. Ltd., which forms part of the JRG Group.

50. We note that the Operational Creditor had raised invoices against the supply of material to the Corporate Debtor between 24.07.2023 and 11.04.2024, and no such dispute was ever raised by the Corporate Debtor until the filing of the present Petition. Further, from perusal of the reply to the demand notice reveals that no dispute has been raised with respect to the supply of goods, the invoices raised, the ledger confirmation, or the occurrence of default. The only contention sought to be raised pertains to an alleged arrangement with JRG Automotive Industries (India) Pvt. Ltd., wherein the said entity was to invest approximately Rs. 30 Crores in the Corporate Debtor pursuant to a Share Subscription Agreement and Shareholders’ Agreement dated 08.12.2023 and a Tripartite Escrow

Agreement dated 26.12.2023, which investment allegedly did not materialize. Additionally, the Corporate Debtor has itself, in its Reply to the demand notice, stated as under:

“... Till such time, my client was paying all the invoices raised by JRG Engineering Polymers Pvt. Ltd. for the materials supplied after availing the credit period. It is only after Mr. Pawan Goyal instruction of not to make payment till first tranche monies are received by my client, subsequent invoices were not paid. That is how, the outstanding as on that date of Rs.25.00 Lakhs was not paid and JRG Engineering Polymers Pvt. Ltd. continued to supply further material without demanding payment of invoices which were raised by them knowing fully well that were to be paid from first tranche under Share Subscription Agreement by JRG Automotive Industries (India) Pvt. Ltd.”

51. The aforesaid extract from the Reply is itself an admission by the Corporate Debtor that subsequent invoices raised by the Operational Creditor were not paid, and that the Operational Creditor continued to supply goods notwithstanding such non-payment. Therefore, we are of the considered opinion that a contention, arising out of a separate and independent transaction with a sister concern of the Operational Creditor, does not give rise to a bona fide dispute between the Operational Creditor being a separate legal entity and the Corporate Debtor in relation to the operational debt claimed herein, and in any case it hasn't been demonstrated to be 'Pre-existing'.
52. Furthermore, upon perusal of the documents placed on record, particularly in IA No. 3866 of 2025, it is admitted position that FIR No. 0293 dated 24.05.2025 and the arbitration proceedings relied upon by the Corporate Debtor have arisen subsequent to the issuance of the demand notice dated 06.07.2024 and even after the filing of the reply in the Petition. Accordingly, such subsequent developments cannot be relied upon to

establish the existence of a pre-existing dispute as contemplated under the Code.

53. It is the contention of the Corporate Debtor that the Operational Creditor has manipulated its records, particularly by misreporting an amount of Rs. 50,00,000/-, which, according to the Corporate Debtor, was paid on 02.02.2024. However, it is observed that the Operational Creditor, in its rejoinder, has clarified that the Corporate Debtor has indeed made part payments, including the sum of Rs. 50,00,000/-, which has been duly accounted for in its books of accounts. The said amount is reflected as two separate entries, i.e., Rs. 20,43,274/- and Rs. 29,56,726/- on 02.02.2024, in the ledger of the Operational Creditor. Therefore, the contention of manipulation of records, appears to be untenable. In any event, even assuming, that the said amount of Rs. 50,00,000/- is to be excluded from the total outstanding, the remaining amount excluding the interest alone continues to exceed the minimum threshold of Rs. 1 Crore as prescribed under section 4(1) of the Code.

54. The Corporate Debtor further contends that the Operational Creditor has failed to comply with the mandatory requirements under Sections 9(3)(c) and 9(3)(d) of the Code. It is relevant to reproduce the portion of Section 9 (3) of easy reference:

“Section 9: Application for initiation of corporate insolvency resolution process by operational creditor

(3) The operational creditor shall, along with the application furnish—

(a) a copy of the invoice demanding payment or demand notice delivered by the operational creditor to the corporate debtor;

(b) an affidavit to the effect that there is no notice given by the corporate debtor relating to a dispute of the unpaid operational debt;

(c) a copy of the certificate from the financial institutions maintaining accounts of the operational creditor confirming that there is no payment of an unpaid operational debt [by the corporate debtor, if available];

(d) a copy of any record with information utility confirming that there is no payment of an unpaid operational debt by the corporate debtor, if available.

(e) any other proof confirming that there is no payment of any unpaid operational debt by the corporate debtor or such other information, as may be prescribed.”

55. Section 9(3)(c) and (d) of the Code stipulate that an Operational Creditor shall, along with the application, furnish a certificate from the financial institution maintaining its accounts confirming non-payment of the unpaid operational debt by the Corporate Debtor, or a copy of any record with an information utility to the same effect, as may be available. In this regards we place reliance on the Hon’ble Supreme Court judgement in case of *Macquarie Bank Ltd. v. Shilpi Cable Technologies Ltd*, (2017) ibclaw.in 14 SC dated 15.12.2017, wherein it has been held as under:

“14. When we come to sub-clause (c) of Section 9(3), it is equally clear that a copy of the certificate from the financial institution maintaining accounts of the operational creditor confirming that there is no payment of an unpaid operational debt by the corporate debtor is certainly not a condition precedent to triggering the insolvency process under the Code. The expression “confirming” makes it clear that this is only a piece of evidence, albeit a very important piece of evidence, which only “confirms” that there is no payment of an unpaid operational debt. This becomes clearer when we go to sub-clause (d) of Section 9(3) which requires such other information as may be specified has also to be furnished along with the application.

15. When Form 5 under Rule 6 is perused, it becomes clear that Part V thereof speaks of particulars of the operational

debt. There are 8 entries in Part V dealing with documents, records and evidence of default. Item 7 of Part V is only one of such documents and has to be read along with Item 8, which speaks of other documents in order to prove the existence of an operational debt and the amount in default. Further, annexure III in the Form also speaks of copies of relevant accounts kept by banks/financial institutions maintaining accounts of the operational creditor, confirming that there is no payment of the unpaid operational debt, only “if available”. This would show that such accounts are not a pre-condition to trigger the Code, and that if such accounts are not available, a certificate based on such accounts cannot be given, if Section 9 is to be read the Adjudicating Authority Rules and the Forms therein, all of which set out the statutory conditions necessary to invoke the Code.”

56. From the aforementioned judgment, it is clear that Section 9(3)(c) and (d) of the Code is directory and not mandatory in nature. It is further noted that both clauses include “if available”, and it is well settled that not furnishing of such certificate or record does not render an application under Section 9 incomplete or liable to rejection. However, even though both the clauses are not mandatory in nature, the Operational Creditor has, in fact, duly complied with the requirements of both provisions. As regards Section 9(3)(c), the Operational Creditor has placed on record the bank statement issued by the Bank which establishes non-payment of unpaid debt by Corporate Debtor. Further, with respect to Section 9(3)(d), the Operational Creditor has placed on record a certificate issued by the National e-Governance Services Limited (NeSL) evidencing the default of the Corporate Debtor, which reflects the status of the record of default as “DEEMED TO BE AUTHENTICATED”. Therefore, the Contention of the Corporate Debtor in this regard is untenable.

57. In view of the fact that existence of debt and default has been established, default amount is more than threshold limit of Rs. 1 crore. The Petition has been filed on 03.10.2024 and date of default mentioned in part IV of Form 5 is 03.10.2023, therefore, the Petition is well within limitation. Since there is no pre-existing dispute in this case, this Tribunal is satisfied that the present petition is maintainable and accordingly, the Company Petition bearing no. 738 of 2024 is **admitted** and ordered as follows:

ORDER

- i. The above Company Petition No. (IB) 738/ (MB)/2024 is hereby **allowed** and initiation of Corporate Insolvency Resolution Process (CIRP) is ordered against **M/s. Paradise Plastics Enterprises Limited.**
- ii. This Bench appoints **Mrs. Namrata Amol Randeri**, Registration No. **IBBI/IPA-001/IP-P01585/2019-2020/12495** as the Interim Resolution Professional (IRP) to carry out the functions as per the Insolvency & Bankruptcy Code, 2016.
- iii. The Operational Creditor shall deposit an amount of **Rs. 3,00,000/-** towards the initial CIRP costs by way of a Demand Draft drawn in favour of the Interim Resolution Professional (IRP) appointed herein, immediately upon communication of this Order. The IRP shall spend the above amount towards expenses and not towards fee till his fee is decided by the Committee of Creditors.
- iv. There shall be a moratorium under section 14 of the Code prohibiting 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;
 - d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.
- v. The supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.
 - vi. The provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
 - vii. The order of moratorium shall have effect from the date of pronouncement of this order till the 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 Corporate Debtor under section 33, as the case may be.

- viii. The public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the Code.
- ix. During the CIRP period, the management of the corporate debtor will vest in the IRP/RP in terms of section 17 of the Code. The suspended directors and employees of the corporate debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP/RP.
- x. The Registry shall send a copy of this order to the Registrar of Companies, Mumbai, for updating the Master Data of the Corporate Debtor.
- xi. The Registry is further directed to communicate this order to the Financial Creditor, the Corporate Debtor and the IRP immediately.
- xii. The Registry is also directed to send a copy of this order to the Insolvency and Bankruptcy Board of India (IBBI) for their record.
- xiii. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

58. The Company Petition No. 738 of 2024 is accordingly **admitted**.

Sd/-
Nilesh Sharma
Member (Judicial)
Saumya, LRA

Sd/-
Charanjeet Singh Gulati
Member (Technical)