

**THE NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH, CHANDIGARH
(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)
(through web-based video conferencing platform)**

CP (IB) No.9/Chd/Hry/2019

**Under Section 9 of the Insolvency
and Bankruptcy Code, 2016**

In the matter of:

Greymatter Entertainment Pvt. Ltd.

with its registered office at
B-802, Express Zone,
Western Express Highway,
Malad (East), Mumbai - 400097

...Petitioner/Operational Creditor

Versus

Pro Sportify Pvt. Ltd.

with its registered office at
Plot No.243, Near ACC Cement Factory,
Opp. Haldiram Khandasa Road,
Village Mohammadpur,
Jharsa, Gurugram - 122001

...Respondent/Corporate Debtor

Judgement delivered on: 27.07.2021

**Coram: HON'BLE MR. AJAY KUMAR VATSAVAYI, MEMBER (JUDICIAL)
HON'BLE MR. RAGHU NAYYAR, MEMBER (TECHNICAL)**

For the Petitioner : Mr. Abhishek Vikram, Advocate

For the Respondent : 1. Mr. Aalok Jagga, Advocate
2. Mr. APS Madaan, Advocate

Per: Ajay Kumar Vatsavayi, Member (Judicial)

JUDGEMENT

The petition has been filed by M/s. Greymatter Entertainment Pvt. Ltd. (**Operational Creditor**), under Section 9 of the Insolvency and Bankruptcy Code, 2016, (for short hereinafter referred to as '**Code**') read with Rule 6 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016

(for short hereinafter referred to as '**Rules**') for initiating Corporate Insolvency Resolution Process (**CIRP**) in the case of M/s Pro Sportify Pvt. Ltd. (**Corporate Debtor**). The registered office of the respondent-corporate debtor is at Gurugram, in the State of Haryana and therefore, the matter falls within the territorial jurisdiction of this Tribunal. The application has been filed in Form 5 as prescribed in Rule 6(1) of the Rules.

2. The facts of the case, briefly, as stated in the petition, are that the petitioner-operational creditor is a Limited Liability company and is one of the top sports/ entertainment production houses in India and is live production partner to many of India's new sports leagues whereas the corporate debtor is a LLP engaged in organising sports events all over India. The Operational Creditor provided services of live TV production of Season 1, Season 2 & Season 3 of the Pro Wrestling League (PWL) held in India in 2015 to the corporate debtor for total consideration of ₹2,23,29,790/- (inclusive of service tax) for Season 1, ₹1,20,00,000/- for Season 2 and ₹1,24,50,000/-(exclusive of taxes) for Season

3. It is stated that only for conducting TV production of Season 2 of PWL, the operational creditor entered into Live Production Agreement dt.29.01.2016 with the corporate debtor and for Season 3 for which total consideration was decided to be paid on work done basis. Copy of invoices for the three 3 PWL seasons are attached as Annexure D-F & I respectively.

3. It is stated that out of the total invoices issued by the operational creditor for all the 3 seasons of PWL, the corporate debtor failed to make the payment towards due invoices despite several mails and a legal notice dt.24.01.2017 was also issued to the corporate debtor. As per Part-IV of the Form 5, the total amount claimed to be in default is ₹65,41,590/- alongwith 12% interest

per annum and the date of default is stated as 10.01.2017. Season wise of break-up of the invoices raised and payment received by operational creditor is attached as Annexure M.

4. The petitioner-operational creditor sent a demand notice dated 20.09.2018 in terms of Section 8 of the Code to the respondent-corporate debtor claiming the outstanding amount of ₹65,41,590/- along with 12% interest out of which ₹30,95,590/- became due from F.Y 2016-17 and ₹34,46,000/- became due from F.Y. 2017-2018. Copy of the Demand Notice along with postal receipts and delivery report of the notice are at Annexure-I. The notice was sent to the respondent-corporate debtor in Form 3 and Form 4 as prescribed in Rule 5(1) of the Rules and the same was delivered on 22.09.2018 [Annexure A-I (Colly)]. Breakup of the invoices raised and payment received by the operational creditor are attached as Annexure M.

5. Notice of this petition was issued to the Corporate Debtor on 11.01.2019 to show cause as to why this petition be not admitted.

6. Accordingly, the respondent-corporate debtor filed reply dated 07.08.2019 (Diary No.3952 dt.07.08.2019) stating that the corporate debtor did not receive the demand notice at its registered office. Also the consideration fixed for PWL-1 was ₹1,75,00,000/- and not ₹1,95,02,000/-. Further, it is stated that the corporate debtor had made payment of ₹1,25,00,000/- for PWL Season-2 after signing Live Production Agreement dated 29.12.2016 for (Annexure R-2) and according to clause 30 & 31 of the agreement, the disputes arising out of the agreement shall be referred to Arbitration. The corporate debtor has made all the legitimate payments to the operational creditor and nothing has been left due and payable and for Season-3 of PWL no agreement was entered and payment was

decided to be made on the basis of work done. Also the invoices raised by the operational creditor are not in accordance with the work done and amount for the services was overcharged for which an amount of ₹1,00,00,000/- had been paid as full and final payment for the services rendered by the operational creditor.

7. We have heard the learned counsel for the operational creditor and have also perused the records.

8. The first issue to be decided is whether the statutory demand notice issued by the petitioner was valid and duly delivered on the respondent-corporate debtor. The petitioner stated that Annexure-I demand notice dated 20.09.2018 was sent to the Corporate Office address and Okhla address also in addition to the registered office address of the corporate debtor. Though, the demand notice sent to the registered office address was not delivered but the notices sent to Corporate Office address and Okhla address have been duly delivered and served on the respondent-corporate debtor. The respondent-corporate debtor while not denying the service of the demand notice at its Corporate Office address and Okhla office address submits that since the demand notice was not served at its registered office address, the same cannot be treated as valid service. The said submission cannot be accepted, in view of the settled position of law that service of demand notice at the Corporate Office address or any other address where the corporate debtor regularly is having its operations shall be deemed to be a valid and due delivery of notice. Accordingly, this issue is held in favour of the petitioner.

9. The second issue to be decided is whether the petitioner proved the debt and the liability of the respondent-corporate debtor to pay the same. As per the demand notice (Annexure-I) dated 20.09.2018 of the petitioner an

amount of ₹30,95,590/- pertaining to Season 2 was due and an amount of ₹34,46,000/- in respect of Season 3 was due totalling an amount of ₹65,41,590/- was due from the respondent-corporate debtor. In reply to the said contention, the respondent-corporate debtor in its reply stated that it has paid an amount of ₹1.25 crores as against the agreement requirement of ₹1.20 crores in respect of Season 2 and has paid ₹1 crore in full and final settlement in respect of Season 3 for which no agreement was entered into. The petitioner, inspite of the specific averments made by the respondent-corporate debtor in its reply, has not chosen to dispute the same by filing any rejoinder to the said reply. The petitioner has also not denied the contention of the corporate debtor that the invoices raised in respect of Season 3 were not in accordance with the work done and the amount for the service was over charged and accordingly, an amount of ₹1 crore has been paid in full and final settlement of all the claims in respect of Season 3. In the absence of specific denial of the averments made by the corporate debtor and since the petitioner failed to prove the debt and the liability to pay the same by the corporate debtor, this issue is held against the petitioner.

10. In these circumstances and for the aforesaid reasons, we do not find any merit in the CP (IB) No. 9/Chd/Hry/2019 and accordingly, the same is dismissed.

Sd/-
(Raghu Nayyar)
Member (Technical)

Sd/-
(Ajay Kumar Vatsavayi)
Member (Judicial)

July 27th, 2021
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