IN THE NATIONAL COMPANY LAW TRIBUNAL

ALLAHABAD BENCH, PRAYAGRAJ

CP (IB) No.44/ALD/2025

(Under Section 9 of the Insolvency and Bankruptcy Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016).

IN THE MATTER OF:

M/S CAMPUS ACTIVEWEAR LIMITED,
D-1, Udyog Nagar, Main Rohtak Road,
New Delhi-110041.

.....Operational Creditor

Versus

M/S SHREESHYAM TRADE VENTURES PVT. LTD,
S-13/3, 13/35, Shri Ram Katra, Telia Bagh,
Varanasi, U.P.- 221002.

.....Corporate Debtor

Order Pronounced on: 26.10.2026

Coram:

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

Appearances:

Sh. Shashank Bharti with Sh. Prakhar Saran Srivastava, Advs.	:	*For the Operational Creditor*
Sh. Pramod Bhardwaj, Adv.	:	*For the Corporate Debtor*

ORDER

1. This Petition has been filed under Section 9 of the Insolvency and Bankruptcy code, 2016 ("IBC/the Code") read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by M/s

Campus Activewear Limited (hereinafter referred to as 'Operational Creditor/Applicant') seeking to initiate Corporate Insolvency Resolution Process ('CIRP') against M/s Shreeshyam Trade Ventures Private Limited (hereinafter referred to as 'Corporate Debtor/Respondent'). This petition has been filed on 11.03.2025 in Form-5, consisting of V parts.

2. Part-I of the Petition sets out of the details of the Operational Creditor. It is averred that the Operational Creditor is engaged in the manufacturing, sale, and distribution of casual and sports footwear and footwear accessories, having its registered office at D-1, Udyog Nagar, Main Rohtak Road, New Delhi-110041.

3. Part-II of the Petition sets out the details of the Corporate Debtor. As per the Distributor's Agreement, M/s Shreeshyam Trade Ventures Private Limited is a company which had been engaged by the Corporate Debtor for acquiring its products pursuant to the Distributor's Agreements and reselling them on its own account, having its registered office at 13/35 Shree Ram Market Teliabagh, Varanasi, Uttar Pradesh, India, 221002.

4. In Part-III of the Petition the Operational Creditor has not proposed the name of any Insolvency Professional to act as a Resolution Professional.

5. Part-IV of the Petition states that the total outstanding Debt is Rs. 1,38,06,250/- (One Crore Thirty-Eight Lakhs Six Thousand Two Hundred and Fifty Only) plus additional interest @18% per annum till the outstanding

amount is finally paid. The interest has accumulated to Rs. 59,10,083/- till date. Thus, the total claim amount along-with the interest is Rs. 1,97,16,333/- (Rupees One Crore Ninety-Seven Lakh & Sixteen Thousand Three Hundred Thirty-Three Only).

6. It is submitted that the date of default is 01.01.2023 when the Corporate Debtor failed to make a payment of Rs. 7,50,000/- twice every month as per the undertaking dated 29.01.2022 and only paid an amount of Rs. 29,50,000/- from 01.01.2023 to 30.07.2024.

7. Part-V of the Petition describes the particulars of the Operational Debt, documents, records and evidence of the default as below:

a. Copy of the Distributor Agreement; (Annexure-1).

b. A copy of the invoices raised by the Operational Creditor (Annexure-3).

c. Copy of demand notice dated 06.10.2021. (Annexure-4).

d. Copy of Corporate Debtors undertaking dated 29.01.2022 and amendment dated 09.03.2022 (Annexure-5).

e. Copy of demand notice dated 06.06.2023 (Annexure-6).

f. Corporate Debtors reply dated 20.06.2023 (Annexure-7).

g. Copy of demand notice dated 29.11.2024 (Annexure-8).

h. Copy of the reply dated 06.12.2024 of the Corporate Debtor (Annexure-9).

i. Details of cheques issued by the Corporate Debtor (Annexure-10).

j. Account of Ledger of the Operational Creditor (Annexure11).

8. As submitted, the Operational Creditor and the Corporate Debtor were doing business transactions for more than 6 years before entering into a Distributor Agreement dated 06.12.2018. The Operational Creditor had supplied required quantities of different shoes/footwear on different dates to Corporate Debtor, the receipts of which were duly acknowledged by the Corporate Debtor. Pursuant to the above-mentioned Distributor Agreement, the Operational Creditor (Campus Activewear Limited), supplied shoes/footwear to the Corporate Debtor and raised the bills:

9. As submitted, the Operational Creditor raised invoices to the Corporate Debtor amounting to a total sum of Rs. 5,57,31,510/- and the Corporate Debtor failed to make the payments for the invoices raised. On account of non-payment, the Operational Creditor served a demand notice dated 06.10.2021 (annexed as Annexure No. 4) under Section 8 of the Code, upon the Corporate Debtor, demanding the payment of Rs. 5,56,63,779/- (Rupees Five Crore Fifty-Six Lakh & Sixty-Three Thousand Seven Hundred Seventy-Nine Only). In response to the aforesaid demand notice, the Corporate Debtor sent a reply on 12.10.2021 stating that the Corporate Debtor is ready to pay the balance amount of Rs. 2,19,56,779/- in instalment.

10. It is further submitted that the Corporate Debtor signed an undertaking on 29.01.2022 followed by an amendment on 09.03.2022 (annexed collectively as Annexure No. 5), wherein the Corporate Debtor admitted a liability of Rs.

3,25,00,000/- (Rupees Three Crores Twenty-Five Lakhs Only). The relevant excerpts from the undertaking date 29.01.2022 are reproduced herein below:

"1. I, on behalf of the company, acknowledge and accept the liability of total outstanding amount of Rs. 3,25,00,000/- (Rupees Three Crore Twenty-Five Lakhs Only) towards M/s Campus Activewear Limited (Formerly known as M/s Campus Activewear Private Limited) (herein referred as "Campus").

2. Towards the payment of the aforesaid admitted liability of Rs. 3,25,00,000/-, the Company is herein issuing post-dated cheques for a total sum of Rs.3,25,00,000/ -. The company undertakes that the said cheques will be duly honoured upon their presentation. The particulars, including cheque number, date and amount, of said post-dated cheques are detailed and annexed herewith as Annexure - 'A'.

3. I, on the behalf of the company, undertake that the aforesaid payment of the Company's admitted liability of Rs.3,25,00,000/- will be initiated from 20.01.2022.

4. The present undertaking communicates the acceptance of the complete liability of Rs. 3,25,00,000/ -. The Company understands that Campus may use such acceptance in legal proceedings for recovery of the aforesaid acknowledged and admitted liability if the undertakings stated hereinabove are breached.

5. The Company undertakes that if any of the aforesaid post-dated cheques is dishonoured upon presentation, the Company shall issue a fresh cheque in favour of Campus against the dishonoured cheque within 5 days from the date of such dishonour as specified in the returning memo of such cheque, failing which, Campus shall be free to take legal action as per law in respect of such dishonoured cheques and Campus will also be at

liberty to take appropriate legal remedy as per law, for the recovery of the entire operational debt of Rs. 3,25,00,000/- (Rupees Three Crore Twenty-Five Lakhs Only) along with interest.

6. The Company also requests Campus to grant an extension for clearance of the aforementioned liability in the event of a complete lockdown of three or more consecutive months in view of the Covid-19 pandemic. Such request shall be made by the Company in writing upon the happening of the event described above and upon acceptance of this Undertaking, Campus consents to not withhold permission of such extension for any reason. The time period of such extension shall be determined mutually.

7. The present undertaking shall be binding, irrevocable and enforceable upon all concerned for all times to come."

11. The amendment to undertaking dated 09.03.2022, wherein the Corporate Debtor admitted to pay the remaining outstanding amount is reproduced as follows:

"1. Towards the payment of aforesaid admitted liability of Rs 3,25,00,000/-, the Company issued post-dated cheques for the total sum of Rs 3,25,00,000/- as mentioned in Annexure-'A' of the said Undertaking.

2. Towards the payment of the aforesaid amount, 4 (four) (i.e., i to iv) cheques have been cleared and 1 (one) (i:e., v) cheque is yet to be cleared-..

4. I, on behalf of Company, confirm that on account of this change in Bank, all the cheques issued by the Company as mentioned in Annexure - A of the Undertaking for the payment of abovementioned outstanding liability to Campus, apart from aforementioned 5 cheques, have been duly returned by Campus and the same have been received by the Company.

5. The Company herein is issuing post-dated cheques towards the payment of the remaining outstanding amount of Rs. 2,87,50,000/- (Rupees Two Crore Eighty-Seven Lakh Fifty Thousand) ("Remaining Amount"). The Company undertakes that the said cheques will be duly honoured upon their presentation. The particulars of the said cheques including the cheque number, date and amount of the said post-dated cheques are detailed herein below in Annexure A-1.

6. I, undertake and confirm that the said Amendment to the Undertaking is being made to record the change in the bank account and acceptance of returned cheques by Campus and new cheques being issued and all the other terms of the Undertaking dated 29.01.2022 shall remain in force.

7. The Undertaking dated 29.01.2022 and the Amendment to Undertaking dated 09.03.2022 is binding, irrevocable and enforceable upon all concerned for all times to come."

12. Thereafter, the Corporate Debtor sent a letter dated 13.12.2022 expressing its inability to clear two cheques in a month, the relevant excerpts are being reproduced below:

"Dear Sir. According to agreement of the payment of outstanding balance amount of Campus Activewear Limited by Shree Shyam Trade Venteures Private Limited. I have successfully clear 20 cheques amount Rs. 7,50,000/-each in 10 months (Jan 2022 to Oct 2022).

Dew to the position of market in present is very down and unsatisfactory, I am unable to clear two cheques in a month.

So, it's a humble request to the company to permit me to clear single cheque Rs. 7,50,000/- in a month until the position of market is up and satisfactory.

I promise when the position of market is up, and satisfactory, I switch to clear two cheques in a month as it is."

13. It is submitted that the Operational Creditor again sent a Demand Notice dated 06.06.2023 (annexed as Annexure No. 6) upon the Corporate Debtor demanding payment of Rs. 1,61,56,250/- (Rupees One Crore Sixty-One Lakh Fifty-Six Thousand Two Hundred and Fifty Only). The Corporate Debtor sent a reply dated 20.06.2023 (annexed as Annexure No. 7) to the notice dated 06.06.2023 where the Corporate Debtor admitted the liability of payment of Rs. 1,61,56,250/- (Rupees One Crore Sixty-One Lakh Fifty-Six Thousand Two Hundred and Fifty Only). The relevant excerpts from the Corporate Debtor's reply dated 20.06.2023 are reproduced herein below:

"That contents of the particulars of Operational Debt as narrated in the notice are admitted as far as it related to the amount of Rs. 1,61,56,250/- it is further submitted that dispute between the parties arose when the demand notice dated 6, oct. 2021 was served to the Answering Corporate Debtor and then by his reply dated 12-10-2021 answering Corporate Debtor explain each and every instance. The copy of the same is also annexed with this reply as Annexure No.1. After the service of aforesaid notice. Parties entered into the agreement that corporate Debtor has to pay Rs. 3,25,00000/- Three crores Twenty-five lacks admitted by the parties only Rs. 1,61,56,250/- is still left and answering corporate Debtor is ready to pay the same as per his letter dated 13-12-2022."

14. The Applicant submits that further, when the debt was not fully paid, the Operational Creditor again sent a demand notice dated 29.11.2024 (annexed as Annexure No. 8) for the payment of 1,38,06,250/- (Rupees One Crore

Thirty-Eight Lakh & Six Thousand Two Hundred and Fifty Only). In response, the Corporate Debtor sent a reply dated 06.12.2024 (annexed as Annexure No. 9), wherein the Corporate Debtor admitted liability of 1,38,00,000/- (Rupees One Crore Thirty-Eight Lakh), the relevant excerpts of the reply dated 06.12.2024 by the Corporate Debtor are reproduced as follows:

> *"That from the perusal of aforesaid payment list we have already paid near about 2 crore Rupees to M/S Campus Activewear Private Limited and now we are ready to pay Rs.1,38,00,000/- with in as early as possible as market is not upto the mark and my business health is also not good. It is further submitted that it is evident from the aforementioned reasons answering applicant is already paid major part of admitting amount inspite of the fact that there is no further business with the M/S Campus Active were Pvt. Ltd."*

15. It is also submitted that the Corporate Debtor had issued 44 post-dated cheques for a total sum of Rs. 3,25,00,000/-, out of which 23 cheques were honoured, 6 cheques were dishonoured and 15 cheques were not presented before the bank on the request of the Corporate Debtor. The details of all the post-dated cheques with status of payment are annexed as Annexure No. 10 and are being tabulated hereinbelow:

Total amount honoured	Rs. 1,67,50,000/-
Total amount dishonoured	Rs. 45,00,000/-
Received through Bank transfer	Rs. 19,50,000/-
Total Received amount	Rs. 1,87,00,000/-

TCS (Tax Collection at Source)	Rs. 6,250/-
Current Outstanding	Rs. 1,38,06,250/-
Interest that needs to be charged in INR	Rs. 59,10,083/-
Total	**Rs. 1,97,16,333/-**

16. The Applicant submits that it has received an amount of Rs. 1,87,00,000/- (Rupees One Crore Eighty-Seven Lakhs Only) against the total admitted liability of Rs. 3,25,00,000/- and the remaining outstanding amount of Rs. 1,38,06,250/- (Rupees One Crore Thirty-Eight Lakh & Six Thousand Two Hundred Fifty Only) is still due to be recovered from the Corporate Debtor. The remaining Outstanding amount also includes an TCS (Tax Collection at Source) of Rs. 6,250/-, levied from the payment of Operational Creditor, which in actual, to be borne by Corporate Debtor only and thus recoverable.

17. As stated, the debt fell due from 01.01.2023 when the Corporate Debtor failed to make a payment of Rs. 7,50,000/- twice every month as per the undertaking dated 29.01.2022 and only paid an amount of Rs. 29,50,000/- from 01.01.2023 to 30.07.2024. The details of the outstanding due as reflected in the ledger of account of the Operational Creditor is annexed as Annexure No. 11.

18. During the course of hearing held on 29.07.2025, the Operational Creditor stated that the notice in the present matter had been issued on 07.04.2025 and in pursuance thereof an affidavit of service has also been filed, and since there was no representation on behalf of the Corporate Debtor on the said

date the Corporate Debtor was granted two weeks' time to file the reply vide order dated 29.07.2025.

19. Further, during the course of hearing on 23.09.2025, there was again no representation on behalf of the Corporate Debtor, hence, again two weeks' time was granted to file the reply. Thereafter, when the matter again came up for hearing on 19.11.2025, since again there was no representation on behalf of the Corporate Debtor, hence its right to file reply was struck off vide order dated 19.11.2025. The order dated 19.11.2025 is reproduced herein below:

> *"1. In this case, there is no reply filed so far. We see from the previous order dated 23.09.2025 vide para no.3 that the time was granted to the Corporate Debtor to file the reply within a period of two weeks, failing which, the right to file reply shall be struck of without having to pass any specific order in this regard.*
>
> *2. Today also, there is no reply filed by the Corporate Debtor. Therefore, the right to file reply by the Corporate Debtor stands struck of."*

20. However, when the matter again came up for hearing on 02.09.2026, the Ld. Counsel representing the Corporate Debtor put in appearance and since the right to file reply already stood struck off, this Tribunal directed the Corporate Debtor to make the submissions based on the record already available.

21. During the course of hearing on 09.09.2026, the following submissions had been made by the Respondent/Corporate Debtor:

"1. Ld. Counsel representing the Operational Creditor states that in this case, there is a clear cut debt and default and the Section 8 notice was issued on 06.10.2021 & 29.11.2024, to which the reply has been given by the Respondent/ Corporate Debtor. The same has been attached with the paper book starting from page no.502. In the reply, at page no.511 the Respondent/ Corporate Debtor has submitted as under: -

> *"That from the perusal of aforesaid payment list we have already paid near about 2 crore Rupees to M/S Campus Activewear Private Limited and now we are ready to pay Rs.1,38,00,000/- with in as early as possible as market is not upto the mark and my business health is also not good."*

2. Today, when the matter came up for hearing, the Ld. Counsel representing the Respondent/ Corporate Debtor on instructions from the Corporate Debtor states that there is an outstanding amount of Rs.1.38 Crore, and he has instructions to pay the said amount to the Operational Creditor on easy payment terms, subject to the Operational Creditor agreeing to that.

3. On the basis of the submissions made by the Ld. Counsel representing the Respondent/ Corporate Debtor, the Ld. Counsel representing the Operational Creditor seeks a short accommodation to take instructions from the Operational Creditor in this regard.

4. Without adverting anything on the said settlement being proposed by the Respondent/ Corporate Debtor, or the instructions being sought by the Ld. Counsel representing the Operational Creditor from his client on this aspect, we deem it appropriate to adjourn this matter only on this limited purpose and be put up on 22nd September, 2026, at 12:30 PM."

22. Further on 22.09.2026, as regards submitting a proposal for settlement, the Ld. Counsel representing the Respondent/Corporate Debtor submitted as follows:

"1. Ld. Counsel representing the Respondent / Corporate Debtor fairly states that the liability is admitted by the Corporate Debtor, however he has instructions to settle the outstanding debt with the Operational Creditor.

2. He therefore seeks one week time to submit a proposal in this regard to the Operational Creditor.

3. Ld. Counsel representing the petitioner therefore states that in case, if there is any concreate proposal from the Respondent /Corporate Debtor, the same would be considered, otherwise the matter may be adjudicated on merits."

23. During the course of hearing held on 08.10.2026, the Applicant submitted that it was in receipt of a proposal from the Respondent/Corporate Debtor, which is not acceptable to them. The relevant excerpts from the order dated 08.10.2026 passed by this Tribunal are as follows:

"2. Today, the Ld. Counsel representing the Operational Creditor at the outset states that, the Operational Creditor is in the receipt of a proposal from the Respondent/ Corporate Debtor, which is not acceptable at all, and therefore he presses for his petition to be heard on merit.

3. There is no representation today on behalf of the Respondent/ Corporate Debtor, and it is also noted that the right to file reply by the Respondent/ Corporate Debtor has already been struck off in terms of an order dated 19.11.2025.

4. In view thereof, we have proceeded to hear the matter.

5. The Ld. Counsel representing the Operational Creditor has argued that in this case, there is a clear cut admission of debt and default. He states that the invoices were raised and only the partial amount out of these invoices has been paid. Even an undertaking earlier was furnished by the Respondent/ Corporate Debtor and an amendment to that undertaking has also been furnished, as a result of which, some post-dated cheques were also issued.

6. He further states that though some of the cheques have been paid, however the Respondent/ Corporate Debtor has instructed the Operational Creditor not to press for remaining cheques to be paid. He further submits that the demand notices were issued in the past to the Respondent/ Corporate Debtor, and one such demand notice was issued on 29.11.2024, where the Operational Creditor has reflected an outstanding amount of Rs.1.38 Crore paid by the Respondent/ Corporate Debtor to the Operational Creditor.

7. The Ld. Counsel representing the Operational Creditor also further submits that in response to the said demand notice issued by the Operational Creditor on 29.11.2024, a reply has been filed by the Respondent/ Corporate Debtor, though the said reply is undated, however in the first page itself, a reference has been made to the demand notice dated 29.11.2024 issued by the Operational Creditor.

8. He particularly refers to page no.511 of the petition, having the reply of the Respondent/ Corporate Debtor submitted in response to the aforesaid demand notice dated 29.11.2024, which reads as under: -

"That from the perusal of aforesaid payment list we have already paid near about 2 crore Rupees to M/s Campus Activewear Private Limited and

now we are ready to pay Rs.1,38,00,000/- with in as early as possible as market is not upto the mark and my business health is also not good."

9. He therefore submits that there is a clear admission on the part of the Respondent/ Corporate Debtor for the amount liable to be paid by them. He also further states that in view of this admission only, the Ld. Counsel representing the Corporate Debtor on instructions from the Respondent/ Corporate Debtor on the previous date has made a statement for submitting a proposal to the Operational Creditor. As already referred to above and as submitted by the Ld. Counsel representing the Operational Creditor that such a proposal has been received, however which is absolutely not acceptable at all.

10. He also further states that the continuance of admission on the part of the Respondent/ Corporate Debtor is also evident from the fact that during the pendency of the present petition, even some amount has been paid, which eventually results into an outstanding default amount of Rs.1.17 Crore. He therefore submits that nevertheless the default amount as on the date of filing of the petition and as up-to-date remains above threshold.

11. Ld. Counsel representing the Operational Creditor also points out that in the petition, there is no proposal made with respect to the IRP to be appointed, in case the petition is admitted.

12. He therefore prays that this matter may be admitted for commencing the CIRP against the Respondent/ Corporate Debtor.

13. Arguments heard. Order reserved."

FINDINGS OF THE TRIBUNAL

24. We have heard the submissions advanced by the Learned Counsel appearing for the Operational Creditor and the Corporate Debtor, as recorded during

the course of hearings, and have carefully perused the pleadings, records, documents and annexures placed on record in respect of the present petition.

25. Before delving into the specific issues concerning the admission or rejection of the present petition, it is noted that the petition under Section 9 of the Code was filed before this Tribunal on 11.03.2025. The date of default has been stated to be 01.01.2023, when the Corporate Debtor allegedly failed to adhere to the payment schedule stipulated as 'Annexure A' with the undertaking dated 29.01.2022 as per which an amount of Rs. 7,50,000.00/- was to be paid twice in a month. Accordingly, the present petition, having been filed within three years from the stated date of default, is within the period of limitation.

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

a. Whether there is a Debt and Default

b. Whether there is any Pre Existing Dispute

a. Whether there is debt and default.

27. As regards the first issue, we have carefully examined the Distributor's Agreement dated 06.12.2018, the invoices raised by the Operational Creditor, the demand notices dated 06.10.2021, 06.06.2023 and 29.11.2024,

the replies furnished by the Corporate Debtor, the undertaking dated 29.01.2022 along with its amendment dated 09.03.2022, the details of the post-dated cheques issued by the Corporate Debtor, and the ledger account maintained by the Operational Creditor. Upon consideration of these documents, it emerges that the parties had an established business relationship pursuant to which the Operational Creditor supplied footwear and related products to the Corporate Debtor against invoices raised in the ordinary course of business.

28. It is also relevant to note that the Corporate Debtor has not disputed the existence of the business relationship between the parties or the fact that the Operational Creditor had supplied goods to it. More importantly, the Corporate Debtor, through its undertaking dated 29.01.2022, expressly acknowledged its liability to the extent of Rs. 3,25,00,000/- towards the Operational Creditor and undertook to discharge the said liability through post-dated cheques. The undertaking further recorded that, in the event of dishonour of the cheques or breach of the stipulated terms, the Operational Creditor would be at liberty to pursue appropriate legal remedies for recovery of the acknowledged operational debt along with interest. The relevant excerpts of the undertaking dated 29.01.2022 are reproduced below:

> *"3. I, on the behalf of the company, undertake that the aforesaid payment of the Company's admitted liability of Rs.3,25,00,000/- will be initiated from 20.01.2022.*

4. The present undertaking communicates the acceptance of the complete liability of Rs. 3,25,00,000/ -. The Company understands that Campus may use such acceptance in legal proceedings for recovery of the aforesaid acknowledged and admitted liability if the undertakings stated hereinabove are breached."

29. The subsequent amendment dated 09.03.2022 also corroborates the subsistence of the admitted liability. The said amendment records that certain cheques had already been cleared and that fresh post-dated cheques were being issued towards the remaining outstanding amount of Rs. 2,87,50,000/- . The amendment further stipulated that the remaining terms of the original undertaking dated 29.01.2022 would continue to remain in force. These documents, read together, establish that the Corporate Debtor had expressly acknowledged the liability arising from the underlying business transactions and had agreed to a payment arrangement for its discharge. The relevant excerpts from the amendment dated 09.03.2022 are reproduced below:

"*5. The Company herein is issuing post-dated cheques towards the payment of the remaining outstanding amount of Rs. 2,87,50,000/- (Rupees Two Crore Eighty-Seven Lakh Fifty Thousand) ("Remaining Amount"). The Company undertakes that the said cheques will be duly honoured upon their presentation. The particulars of the said cheques including the cheque number, date and amount of the said post-dated cheques are detailed herein below in Annexure A-1."*

30. It is further observed that, by its letter dated 13.12.2022, the Corporate Debtor sought permission from the Operational Creditor to reduce the

frequency of payments from two cheques of Rs. 7,50,000/- each per month to one cheque of the same amount per month, citing adverse market conditions. This communication is significant inasmuch as the Corporate Debtor did not deny the outstanding liability but instead sought a relaxation in the agreed payment schedule on account of its financial difficulties.

31. The admission of liability is further reinforced by the reply dated 20.06.2023 furnished by the Corporate Debtor in response to the demand notice dated 06.06.2023. In the said reply, the Corporate Debtor expressly admitted the particulars of the operational debt to the extent of Rs. 1,61,56,250/- and stated that the parties had agreed upon the payment of Rs. 3,25,00,000/-, out of which the aforesaid amount remained outstanding. The Corporate Debtor further expressed its willingness to pay the outstanding amount in accordance with its earlier letter dated 13.12.2022.

32. We further note that, in response to the demand notice dated 29.11.2024, the Corporate Debtor, in its reply dated 06.12.2024, acknowledged that it had already paid approximately Rs. 2 crores to the Operational Creditor and expressed its readiness to pay the remaining amount of Rs. 1,38,00,000/- at the earliest, while referring to the prevailing market conditions and the financial health of its business. The relevant portion of the said reply, as reproduced in the record, reads as follows:

> *"That from the perusal of aforesaid payment list we have already paid near about 2 crore Rupees to M/S Campus Activewear Private Limited*

and now we are ready to pay Rs.1,38,00,000/- with in as early as possible as market is not upto the mark and my business health is also not good."

33. The aforesaid communication constitutes a material admission of the subsisting liability. The Corporate Debtor has not disputed the underlying transactions but has acknowledged the outstanding amount and expressed its willingness to discharge the same.

34. The particulars of the post-dated cheques placed on record further corroborate the existence of the liability. As per the details furnished by the Operational Creditor, 23 cheques were honoured, six cheques were dishonoured and 15 cheques were not presented for encashment at the request of the Corporate Debtor. The record also reflects receipts through bank transfers. The total amount received has been stated to be Rs. 1,87,00,000/-, against the admitted liability of Rs. 3,25,00,000/-. The failure to discharge the remaining liability, despite the issuance of post-dated cheques and the repeated assurances of payment, supports the Operational Creditor's case regarding the subsistence of unpaid operational debt.

35. It is also significant that, during the hearing held on 09.09.2026, the Ld. Counsel appearing for the Corporate Debtor, on instructions from the Corporate Debtor, acknowledged the outstanding amount of approximately Rs. 1.38 crore and expressed willingness to pay the same on instalment terms, subject to the Operational Creditor agreeing to such terms. On 22.09.2026, the Corporate Debtor again sought time to submit a settlement

proposal. However, as recorded in the order dated 08.10.2026, the Operational Creditor informed this Tribunal that the proposal received from the Corporate Debtor was not acceptable and pressed for adjudication of the petition on merits.

36. In this regard, it is relevant to consider that the willingness expressed by the Corporate Debtor to settle the outstanding liability, or its request for payment by instalments, cannot by itself be treated as a discharge of the existing debt or a valid defence against the initiation of proceedings under the Code. In the absence of an agreed settlement resulting in discharge of the liability, the mere submission of a settlement proposal does not extinguish the debt or negate the default already committed. Accordingly, the unsuccessful settlement discussions do not detract from the admissions of liability made by the Corporate Debtor.

37. We further take note of the submission recorded in the order dated 08.10.2026 that, during the pendency of the present petition, certain additional payments had been made and that the outstanding amount had consequently reduced to approximately Rs. 1.17 crore. Even if the outstanding amount is considered after taking into account such subsequent payments, the amount stated to remain unpaid continues to exceed the minimum threshold prescribed under Section 4 of the Code. Any payments made subsequent to the filing of the petition may be duly accounted for while determining the amount outstanding; however, such payments do not, by

themselves, negate the fact of default in respect of the unpaid operational debt.

38. As regards the amount claimed, Part IV of the petition specifies the principal outstanding amount as Rs. 1,38,06,250/-, together with interest claimed at the rate of 18% per annum, stated to have accumulated to Rs. 59,10,083/-. The Operational Creditor has, therefore, claimed an aggregate amount of Rs. 1,97,16,333/-. However, for determining whether the statutory threshold under Section 4 of the Code is satisfied, it is sufficient to examine the unpaid operational debt established by the record. In the present case, the admitted principal liability, even after accounting for the subsequent payments referred to during the hearings, remains above Rs. 1 crore.

39. Thus, upon a cumulative consideration of the aforesaid documents and submissions, we find that the existence of the operational debt and the default in payment thereof stand established by a series of contemporaneous and subsequent acknowledgments made by the Corporate Debtor itself which are as follows:

i. The reply dated 12.10.2021 furnished by the Corporate Debtor in response to the demand notice dated 06.10.2021, though containing certain objections regarding adjustments claimed against the customer ledger, is also relevant to the determination of the liability. In the said reply, the Corporate Debtor stated that it was "*ready to pay the balance amount of Rs. 2,19,56,779/- in instalment*", thereby acknowledging

that an amount remained payable even while disputing the computation of the total dues.

ii. The undertaking dated 29.01.2022 expressly acknowledges liability of Rs. 3,25,00,000/-;

iii. The amendment dated 09.03.2022 records the issuance of fresh cheques towards the remaining liability of Rs. 2,87,50,000/-;

iv. The letter dated 13.12.2022 acknowledges the clearance of 20 cheques and sought permission to reduce the payment frequency on account of adverse market conditions;

v. The reply dated 20.06.2023 admits the outstanding operational debt of Rs. 1,61,56,250/-, further acknowledging that, out of the liability of Rs. 3,25,00,000/- agreed upon between the parties, the said amount remained outstanding.

vi. The reply dated 06.12.2024 expresses readiness to pay Rs. 1,38,00,000/-; and

vii. The statements made during the hearings held on 09.09.2026 acknowledging an outstanding amount of approximately Rs. 1.38 crore and expressed willingness to pay the same on instalment terms, subject to the Operational Creditor's consent and on 22.09.2026 reiterate the Corporate Debtor's acknowledgment of the outstanding liability while seeking time to submit a settlement proposal.

viii. The submissions recorded on 08.10.2026 indicate that additional payments had been made during the pendency of the petition, reducing the outstanding amount to approximately Rs. 1.17 crore. The said subsequent payments, subject to verification and adjustment against the ledger, do not extinguish the default in respect of the remaining unpaid operational debt.

40. Hence, these admissions, when read alongside the invoices, cheque particulars, payment records and ledger account, establish that the liability

arose from the supply of goods in the ordinary course of business, that only part of the admitted liability has been discharged, and that the balance remains unpaid. The reasons advanced by the Corporate Debtor concerning adverse market conditions and its financial position explain its inability to adhere to the agreed payment schedule but do not negate the subsisting liability or the default committed in respect thereof.

41. In view of the foregoing facts and circumstances, we find that the Corporate Debtor has repeatedly and consistently acknowledged the liability and has failed to discharge the same in its entirety. We are, therefore, satisfied that the debt is due and payable and that a default has occurred within the meaning of the Code.

b. Whether there is any Pre-Existing Dispute

42. With regard to the second issue, it is necessary to examine whether any genuine dispute, within the meaning of Section 8(2)(a) of the Code, existed between the parties prior to the receipt of the demand notice dated 29.11.2024. It is well settled that, for the purposes of proceedings under Section 9 of the Code, the Adjudicating Authority must examine whether a dispute relating to the operational debt existed prior to the issuance of the demand notice and whether such dispute is supported by material indicating a genuine and substantial controversy. A mere assertion or an attempt to avoid payment does not, by itself, constitute a pre-existing dispute.

43. In the present case, the material placed on record does not disclose any substantive dispute concerning the supply of goods, the receipt of goods, the invoices raised, or the underlying business transactions. On the contrary, the Corporate Debtor expressly acknowledged the liability of Rs. 3,25,00,000/- under its undertaking dated 29.01.2022 and subsequently issued post-dated cheques under the amendment to undertaking dated 09.03.2022. The Corporate Debtor also sought a relaxation in the agreed payment schedule by its letter dated 13.12.2022, citing adverse market conditions, rather than disputing the underlying debt.

44. Further, the reply dated 20.06.2023 to the demand notice dated 06.06.2023 records an express admission of the outstanding amount of Rs. 1,61,56,250/. With regard to the contention of the Corporate Debtor, as reflected in its reply dated 20.06.2023 to the demand notice dated 06.06.2023, that a dispute had arisen between the parties upon service of the earlier demand notice dated 06.10.2021, we have perused the reply dated 12.10.2021 furnished by the Corporate Debtor in response to the said notice. The relevant excerpts from the Corporate Debtor's reply dated 20.06.2023 relying on its reply dated 12.10.2021 are being reproduced below:

> "*That contents of the particulars of Operational Debt as narrated in the notice are admitted as far as it related to the amount of Rs. 1,61,56,250/- it is further submitted that dispute between the parties arose when the demand notice dated 6, oct. 2021 was served to the Answering Corporate Debtor and then by his reply dated 12-10-2021 answering Corporate*

Debtor explain each and every instance. The copy of the same is also annexed with this reply as Annexure No.1. After the service of aforesaid notice. Parties entered into the agreement that corporate Debtor has to pay Rs. 3,25,00000/- Three crores Twenty-five lacks admitted by the parties only Rs. 1,61,56,250/- is still left and answering corporate Debtor is ready to pay the same as per his letter dated 13-12-2022."

45. In the said reply dated 12.10.2021, the Corporate Debtor disputed the correctness of the customer ledger for the period from 01.04.2020 to 26.08.2021, contending that the ledger did not account for goods worth approximately Rs. 1.25 crore lying in its godown, godown rent of approximately Rs. 16.80 lakh, interest allegedly payable in relation to the cash credit facility, and losses of approximately Rs. 70 lakhs on account of the sale of goods at reduced prices during the COVID-19 pandemic. On the basis of these claims, the Corporate Debtor sought adjustment of an aggregate amount of Rs. 3,36,80,000/- against the amount reflected in the ledger and stated that the balance amount of Rs. 2,19,56,779/- was payable in instalments.

46. However, it is pertinent to note that, subsequent to the aforesaid reply, the Corporate Debtor executed an undertaking dated 29.01.2022, expressly acknowledging its liability to the extent of Rs. 3,25,00,000/-, followed by an amendment dated 09.03.2022 recording the issuance of fresh post-dated cheques towards the remaining liability. Further, in its subsequent reply dated 20.06.2023, the Corporate Debtor itself acknowledged the outstanding

amount of Rs. 1,61,56,250/- and stated that the parties had agreed upon payment of the admitted liability of Rs. 3,25,00,000/-. The subsequent reply dated 06.12.2024 to the demand notice dated 29.11.2024 also records the Corporate Debtor's willingness to pay Rs. 1,38,00,000/-.

47. In these circumstances, although the reply dated 12.10.2021 contains certain objections concerning adjustments to the accounts, the subsequent unequivocal acknowledgment of liability under the undertaking and the subsequent replies assumes significance in determining whether any genuine dispute continued to subsist in respect of the operational debt forming the subject matter of the present petition. The Corporate Debtor has not demonstrated, by reference to any subsequent communication or supporting material on record, that the aforesaid claims for adjustment continued to remain unresolved or were maintained against the liability subsequently acknowledged by it.

48. The aforesaid communications, far from evidencing a pre-existing dispute, demonstrate continuity in the acknowledgment of liability and the failure to discharge the outstanding debt. Accordingly, on the basis of the material presently available on record, the objections raised in the reply dated 12.10.2021 do not, by themselves, establish the existence of a subsisting pre-existing dispute sufficient to defeat the present petition under Section 9 of the Code.

49. We have also considered the fact that the Corporate Debtor attributed its inability to pay to adverse market conditions and the poor financial health of its business. However, financial difficulties or an inability to adhere to an agreed payment schedule cannot, in themselves, constitute a dispute regarding the existence or enforceability of an operational debt. The Corporate Debtor has not placed any material on record demonstrating a genuine dispute concerning the quality or quantity of goods supplied, the correctness of the invoices, or the underlying liability acknowledged in its own communications.

50. It is also pertinent to note that, despite being granted opportunities to file its reply to the petition, the Corporate Debtor failed to do so, and its right to file a reply was struck off by this Tribunal vide order dated 19.11.2025. Although the absence of a reply to the petition does not, by itself, dispense with the requirement to independently examine the material on record, the Corporate Debtor has not demonstrated any genuine pre-existing dispute through the documents and submissions available for consideration. Rather, its own communications and the submissions made on its behalf during the hearings affirm the subsistence of the liability.

51. In this regard, we also take note of the settlement proposal made by the Corporate Debtor during the pendency of the petition. The proposal was not accepted by the Operational Creditor, as recorded in the order dated 08.10.2026. The making of a settlement proposal, particularly where the

Corporate Debtor has acknowledged the outstanding liability, cannot be construed as evidence of a pre-existing dispute. In the absence of any material demonstrating a genuine dispute regarding the operational debt prior to the issuance of the demand notice, the unsuccessful settlement discussions do not furnish a ground for rejecting the present petition under Section 9 of the Code.

52. In view of the foregoing, we find that no genuine or substantial pre-existing dispute is discernible from the material available on record. The Corporate Debtor has consistently acknowledged the outstanding liability and has sought time and relaxation in the payment schedule on account of financial difficulties. Admission of outstanding debt to the extent of Rs. 1,38,00,000/- has been made by the Corporate Debtor in replying to the Demand Notice dated 29.11.2024, which has been acknowledged by the Ld. counsel for the Corporate Debtor even in the hearing held on 09.09.2026 before this Tribunal as recorded in para 21 of this order. Thus, the debt under default exceeding the threshold is clearly undisputed. Accordingly, the requirement under Section 9 of the Code concerning the absence of a pre-existing dispute stands satisfied.

53. Taking into consideration the facts and circumstances of the case, the documents placed on record, the admissions made by the Corporate Debtor in its undertaking and replies to the demand notices, and the submissions recorded during the course of hearings, we are of the considered view that

the Operational Creditor has established the existence of an operational debt and a default in payment thereof. The outstanding principal debt, even after taking into account the subsequent payments referred to during the hearings, exceeds the minimum threshold of Rs. 1 crore prescribed under Section 4 of the Code. Further, no genuine pre-existing dispute has been established by the Corporate Debtor.

54. The Respondent Corporate Debtor has defaulted in the payment of operational debt which had clearly become due and payable above the threshold limit, and further in the absence of any credible or plausible pre-existing dispute, we find all requisite conditions necessary to trigger CIRP under Section 9 stands fulfilled with operational debt having been acknowledged and default committed thereto and there being no real pre-existing disputes discernible from the given facts and circumstances of the case. In view of the foregoing, we are of the view that the petition of the Operational Creditor filed under Section 9 of the Code deserves to be admitted as it has fulfilled all the conditions specified under section 9(5)(i) of the Code.

55. Thus, in view of our aforesaid findings and analysis, the Petitioner/ Operational Creditor has proved that there is a 'debt' and 'default' on the part of the Corporate Debtor and outstanding debt is more than the threshold limit of Rs. 1 crore. The petition is also filed within the limitation period and complete in all respect. The registered office of the Corporate Debtor is

located in Varanasi, Uttar Pradesh, and hence this Tribunal has jurisdiction to decide the matter. Accordingly, the present petition under Section 9, has been found fit fulfilling all the conditions for admissions of the petition and initiation of Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor i.e. M/s Shreeshyam Trade Ventures Private Limited, and hence this Tribunal allow this petition and order to initiate the CIRP against the Corporate Debtor.

56. We note that the Operational Creditor has not proposed the name of an Insolvency Professional to be appointed as Insolvency Resolution Professional ('hereinafter referred as 'IRP') in Part-III of the Petition. Therefore, we appoint Mr. Virendra Maurya as IRP having IBBI Registration Number: IBBI/IPA-001/IP-P-02627/2021-2022/14022, Email ID: virendramaurya.ip@gmail.com, R/o- E 1 / 145, Barra 8, Near KDMA School, Kanpur Nagar, Uttar Pradesh, 208022, Uttar Pradesh, 201012. The Law Research Associate of this Tribunal, Ms. Akshita Singh, has checked the credentials of Mr. Virendra Maurya, and found that there are no disciplinary proceedings pending against the proposed Insolvency Professional and there is nothing adverse against him. Upon verification from the website of IBBI, it is found that Insolvency Professional holds valid authorization till 30.06.2027. After considering these details, we appoint Mr. Virendra Maurya having registration No. IBBI/IPA-001/IP-P-02627/2021-2022/14022, as Interim Resolution Professional (IRP).

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

i. The Petition 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 Shreeshyam Trade Ventures Private Limited is hereby admitted.

ii. We hereby declare a moratorium and public announcement in accordance with Sections 13 and 15 of the Code.

iii. This Adjudicating Authority hereby appoints Mr. Virendra Maurya to act as the IRP under Section 13(1)(c) of the Code as decided by us in para 56 above.

iv. 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.

v. Moratorium under Section 14 of the Insolvency & Bankruptcy Code, 2016 has commenced from the date of this order 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 (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 Debtor.

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, 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. As the IRP appointed herein is proposed by this Tribunal, he will ensure that his written consent in Form-2 shall be duly submitted before this Tribunal.

xii. 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.

xiii. 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.

xiv. 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.

xv. 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").

xvi. The Operational Creditor and its personnel shall also provide necessary assistance to IRP/RP in obtaining the necessary information about the Corporate Debtor as envisaged in Regulation 3A and 4(3) of the CIRP Regulations, 2016.

xvii. 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.

xviii. The IRP/RP may take the assistance of Digital Forensic Experts empanelled with this Bench/IBBI/MCA for this purpose.

xix. 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.

xx. The IRP/RP is also directed to make a specific mention of non-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.

xxi. 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.

xxii. 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.

xxiii. 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.

xxiv. 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.

xxv. The IRP/RP is further directed to send regular progress reports to this Tribunal every month.

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

59. 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.

60. In view of our foregoing discussions, the CP (IB) No. 44/ALD/2025 accordingly stands admitted for initiating CIRP against the Corporate Debtor i.e., M/s Shreeshyam Trade Ventures Private Limited.

61. List CP (IB) 44/ALD/2025 on 30.11.2026 for filing of the progress report/further proceeding.

-Sd-
(Ashish Verma)
Member (Technical)

-Sd-
(Praveen Gupta)
Member (Judicial)

Date: 26.10.2026