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"No one can make you feel inferior without your consent."

➤ **Business Arrangement Involving Joint Profit-Sharing, Exclusive Supply Agreement Does Not Establish Creditor-Debtor Relationship Under IBC: NCLT**

The National Company Law Tribunal (NCLT), Delhi, has held that a petitioner cannot initiate the Corporate Insolvency Resolution Process (CIRP) under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC) if the business arrangement between the parties involves joint participation and profit-sharing rather than a straightforward operational debt. The Tribunal ruled that such an arrangement does not establish a debtor-creditor relationship under the IBC.

A bench of Mahendra Khandelwal, Member (Judicial), and Dr. Sanjeev Ranjan, Member (Technical), held, "Had there been the relation of the Operational Creditor and the Corporate Debtor between the parties, there would have been no provision for the 'profit sharing' amongst them, as the same is not contemplated as per the definition of the 'Operational Debt' as laid down under Section 5(21) of the Code. Therefore, in view of the observations made hereinbefore, we are of the view that the nature of relation entered into between the Applicant and the Corporate Debtor is that of the 'joint suppliers' and the Applicant herein does not qualify to be considered as the 'Operational Creditor' within the meaning of Section 5(20) of the Code."

According to the factual matrix of the case, an application was filed by M/s Transline Technologies Limited (Operational Creditor) for initiating Corporate Insolvency Resolution Process (CIRP) against M/s Experio Tech Private Limited (Corporate Debtor). The dispute pertained to unpaid dues arising out of various transactions and an agreement which, according to the Corporate Debtor, were part of a joint venture and not in the nature of debt arising from a conventional debtor-creditor relationship. After going through the agreement and the facts, the Tribunal deliberated upon whether the relationship fell within the ambit of the IBC.

Source: Live Law

Read Full news: <https://www.livelaw.in/ibc-cases/nclt-business-arrangement-involve-joint-profit-share-exclusive-supply-agreement-not-establish-creditor-debtor-relation-ibc-283524>

➤ **Application U/S 7 Of IBC Must Be Decided First When Application U/S 54C Is Filed 14 Days After S.7 Application: NCLAT**

The NCLAT New Delhi bench of **Justice Ashok Bhushan (Judicial Member)** and **Mr. Barun Mitra (Technical Member)** has held that when an application under section 54C of the IBC is filed after 14 days from the date of the application filed under section 7 of the IBC, the application under section 7 must be decided first as per section 11A(3) of the code.

The corporate debtor defaulted in repaying the loan facilities extended by the consortium of banks comprising SBI, IDBI Bank and Bank of Baroda which led to its account being declared as an NPA in 2017.

Source: Live Law

Read Full news: <https://www.livelaw.in/ibc-cases/section-7-application-decide-first-when-application-us-54c-is-filed-after-14-days-from-section-7-applicationnclat-283608>

➤ **Constitution Of Project Management Committee Under Settlement Agreement Does Not Absolve Corporate Debtor From Repayment Obligations: NCLAT**

The NCLAT New Delhi bench of **Justice Ashok Bhushan (Judicial Member)**, **Mr. Barun Mitra (Technical Member)** and **Mr. Arun Baroka (Technical Member)** has held that any dispute even pending in the arbitration does not in any manner prohibit the financial creditor to take remedy under Section 7 of the code.

It also held that the constitution of a Project Management Committee comprising members of financial creditors and corporate debtor in pursuance of a Settlement Agreement does not absolve the CD from its repayment obligations.

Source: Live Law

Read Full news: <https://www.livelaw.in/ibc-cases/constitution-of-project-management-committee-in-pursuance-of-settlement-agreement-does-not-absolve-cd-from-its-repayment-obligationsnclat-283622>

