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IBC AU-COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



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Updates on Insolvency and Bankruptcy Code

➤ **Yes Bank Files Plea For Insolvency Proceedings Against Zee Learn**

Private sector lender Yes Bank Ltd has moved National Company Law Tribunal (NCLT) seeking initiation of insolvency proceedings against Zee Learn, according to a regulatory filing. The company said that Yes Bank Ltd has allegedly claimed that the total amount in default with respect to a financial facility is Rs 468 crore.

Zee Learn has received a notice from the Mumbai bench of the NCLT over Yes Bank's petition and is in the process of compiling information to verify the facts, the filing said on Monday.

"A petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 has been filed by Yes Bank Limited to initiate Corporate Insolvency Resolution Process (CIRP) of the Company, before the NCLT, Mumbai," it added.

The company has received a notice over the petition on April 25.

Zee Learn, an Essel group company, mainly operates in the education segment. It has a chain of K-12 schools, Mount Litera Zee School and a pre-school network Kidzee.

Source: Outlook

Read Full news at:

<https://www.outlookindia.com/business/yes-bank-files-plea-for-insolvency-proceedings-against-zee-learn-news-193218>

➤ CIRP Cannot Be Initiated Over Undecided Claims Or Unstamped And Unregistered Agreements: NCLT Cuttack

The National Company Law Tribunal ("NCLT"), Cuttack Bench comprising of Shri P. Mohan Raj (Judicial Member) Shri Satya Ranjan Prasad (Technical Member), while adjudicating a petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("IBC") filed in the matter of Smarkworks Coworking Spaces Pvt. Ltd. v Turbot HQ India Pvt. Ltd., has held that Corporate Insolvency Resolution Process ("CIRP") cannot be initiated based on undecided claims and/or unstamped and unregistered agreements, which otherwise require compulsory registration in law. The order was passed on 08.04.2022.

Smarmworks Coworking Spaces Pvt. Ltd. ("Petitioner") was engaged in the business of co-working and shared office spaces. On 17.08.2018, the Petitioner entered into an agreement with Turbot HQ India Pvt. Ltd. ("Respondent"), whereby it agreed to provide serviced office space consisting of 44 works stations at a monthly fee of Rs. 3,52,000/ - (plus taxes) to the Respondent in its centre situated in Kolkata.

The Petitioner submitted that the Agreement had a clause mentioning that the lock-in period was 36 months. The Agreement came into force on 01.10.2018 and on 04.06.2019 the Respondent had intimated that it intends to terminate the Agreement in first week of September 2019. It was further submitted that the Petitioner had reminded the Respondent about the lock-in-period clause, nonetheless, the Respondent vacated the co-working centre on 01.09.2019 and made a part payment only up to July 2019. Thereafter, the Petitioner had sent a demand notice to the Respondent under Section 8 of the IBC, claiming an amount of Rs. 1,28,95,402/-, however, the Respondent responded to the notice and denied payment. Hence, the Petitioner had filed a petition under Section 9 of the IBC before NCLT Cuttack Bench ("Adjudicating Authority") seeking initiation of CIRP against the Respondent.

The Respondent contended that though the Agreement mentions "pay-as-you-use" service, but in actual it contains all essentials of a lease agreement as per Section 105 of the Transfer of Property Act, 1882. Further, as a lease agreement for more than eleven months is compulsorily registrable document under Section 17(1)(d) of the Registration Act, 1908, the Agreement being unregistered cannot be considered by the Adjudicating Authority as being barred by Section 49(c) of the Registration Act, 1908.

It was further submitted that realization of rent is not covered under definition of 'operational debt' under Section 5(21) of the IBC and lease of immovable property cannot be considered as a supply of goods or rendering of any service to attract Section 9 of the IBC. The Respondent also contended that the lease Agreement was executed on unstamped papers. The Petitioner had attached ante dated stamp paper before filing petition before the Adjudicating Authority. The absence of signature of the Respondent in the stamp paper established that it was subsequently appended with Agreement in order to avoid defect being pointed out by the Respondent.

Source: Live Law

Read Full news at:

<https://www.livelaw.in/news-updates/nclt-cuttack-section-9-of-the-insolvency-and-bankruptcy-code-corporate-insolvency-resolution-process-cirp-197511>

➤ **Future Retail's fate lies entangled in legal quagmire**

The fate of Future Retail lies entangled in a legal quagmire as banks are set to fight it out in the insolvency tribunal amid a pending arbitration in Singapore, a case in the Supreme Court and another pending in the debt recovery tribunal.

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Source: Mint

Read Full news at:

<https://www.livemint.com/companies/news/future-retail-s-resolution-gets-stuck-in-legalquagmire-11650910944145.html>



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