

Learning Curve-1003

October 31, 2023

Registration of Assignment of debt is not mandatory for initiation of CIRP u/s 7 of the IBC.

CASE TITLE	M/s Manavta Tradelink Private Ltd Vs M/s Manikaran Vincom Private Ltd
CASE CITATION	Company Petition (IB) No. 80/KB/2023
DATE OF ORDER	October 20, 2023
COURT/ TRIBUNAL	NCLT, Kolkata

BRIEF FACTS:

The Assignor disbursed loan to the CD. The debt was then assigned to M/s Manavta Tradelink Pvt. Ltd. The Assignor informed the CD about the assignment and requested direct payment to the Assignee. However, the CD did not make the payment as agreed upon. The Applicant filed an application under Section 7 of the IBC for non-payment of the dues. The Respondent argues that the assignment is invalid as it is not registered, and therefore, the application has no legal standing.

DECISION:

The Hon'ble NCLT, Kolkata, held that,

"We find that the total amount of debt along with the interest is not disputed by the respondent. The dispute is only with the legality of the assignment in the absence of the registration of the assignment. We hold that registration of assignment is not mandatory. Even otherwise the Corporate Debtor never disputed the assignment till date. The Corporate Debtor was in correspondence with the applicant seeking time to repay the loan with interest and therefore, at this stage, the Respondent cannot question the validity of assignment..."

In the light of the facts stated in the petition and the evidence placed on record and the discussion hereinabove, we allow this application filed under Section 7 of I&B Code, and accordingly, we order the initiation of Corporate Insolvency Resolution Process (CIRP) in respect of the Corporate Debtor."