

Moot Problem.

1. The Union of Vormir is home to many companies in the world. The country is famed for its ease of doing business and the flexible company and competition laws excite the business around the globe to expand their operation in Vormir.
2. Planet Now is a company based in Vormir which was founded by Mr. Mick and Mr. James in the year 2001, in accordance with the provisions of Companies act, 1956. The planet now is one of the biggest companies in Vormir famed for its expertise in the construction business. They excel in their field and are known for their quality work. The company has also worked on several projects along with side government and has helped the country achieve the sound infrastructure. The Planet Now was started with the motive of bringing innovations and technology together for embarking a benchmark in the construction business.
3. The Planet Now has its operation all over the Vormir for the sake of keeping the standards of the work high and for maintaining professional standards the company enters into various contracts. These contracts sometimes involve hiring the services of other companies in order to utilize the resources available at different places efficiently and effectively.
4. Company's commitment & perseverance towards the work makes them the number one construction company in one of the states of Vormir that is Bangarh. The company has contributed to a lot of infrastructural development in the state. The state government reverently takes the help of Planet now for many governmental projects.

5. As a matter of fact, the Bangarh's Metro project was also handled by Planet now after they were allotted the tender by the state government. The project cost was too high and it required a lot of labor, machinery, and concrete mixers. For the purpose of meeting the demands of the project and also to complete the project on time, Planet now on 26th June 2017 entered into an agreement with Window Construction private limited, for renting of 14 concrete mixers, 25 bulldozers, 75 rolls of high tensile strength wires and other machinery required to carry out the work with full force and most importantly to finish the work on time.
6. The terms and conditions of the agreement were as such; all the above-said machinery and tools would be hired for 2 years and the same shall be provided within 3 weeks of the agreement, the total amount of Rs. 2,60,00,000/- wherein the GST of 10% would be paid by Planet now for hiring the abovementioned for 2 years. This amount would be paid in 8 parts in 2 years. The bill for the same would be raised by Window Pvt. Ltd. from time to time. The said Agreement contained inter alia an option in favor of Planet now for the purchase of the abovementioned tools and machinery from Window Pvt. Ltd.
7. During the tenure of the said agreement, various services and activities were undertaken within the scope of the agreement. Thereafter Planet now vide its Letter dated 09th August 2017 exercised its option for the purchase of the tools and machinery.
8. After the purchase of the tools and machinery from Window Pvt. Ltd. as aforesaid by Planet now, both the companies, i.e. Planet

now and Window Pvt. Ltd. entered into termination agreement on 30th August 2017.

9. Planet Now made the payment of Rs. 1,80,05,000/- (Rupees one Crore eighty lakhs and five thousand) (inclusive of GST) in full and final settlement of Window's claims and the same was also duly acknowledged by Window Construction Pvt. Ltd. in the termination agreement dated 30th August 2017. Window received onetime payment of Rs. 1,80,05,000/- plus Goods and Services Tax (GST) of Rs. 20,00,000/- totaling to Rs. 2,00,05,000/-.
10. The same amount was paid by Planet Now, when invoices were raised, Windows mentioned its GST registration number as “31AMPYA0206RN” and told the officials of Planet Now that Windows had a valid and subsisting registration with the GST authorities and that upon payment of GST by Planet Now, they would deposit the same amount of GST to the concerned authorities and in liaison, with that, the Planet Now would be in the position to avail the benefit of input credit. On the basis of such representation made by Windows, Planet Now paid the entire amount from time to time.
11. On 15th September 2017, after releasing the amount for the final part of the payment to the Window, the accounts department of Planet now did a research on the GST registration number that was given by Windows. The accounts department and the officials at the company were bewildered after they realized that the GST registration number “31AMPYA0206RN” provided so in all of the Invoices was shown as “Cancelled.”

12. On 17th September 2017, The Planet now addressed the problem and issues faced by them to Windows via emails regarding the unpaid amount of GST to which they got no response. Many calls were made to the office of Windows and their queries were left unanswered.
13. Seeing the capricious attitude of Window Pvt. Ltd, the Planet now finally through their advocates served a legal recovery notice on 1st October 2017 to Window and its director Mr. Buda and Mr. Pest, alleging that the unpaid GST amount of Rs. 20,00,000/- is an outstanding amount which the company intentionally and willfully has not paid. Hence in order to avoid a dispute that will cause problems to both the parties the Window should pay the entire amount as expeditiously as possible. The Window Pvt. Ltd. did not reply to their legal recovery notice.
14. Thereafter on Planet now served a Form 3 notice to Window dated 15th October 2017 through their advocates and registered post again alleging that the total amount of Rs. 24,00,000/- including the amount of Rs. 2,00,000/- for machinery which was faulty and in addition the interest/penalty payable to the GST authorities of Rs 2,00,000/- totaling to Rs. 26,00,000/- is an operational debt that is overdue from the side of Window. The said amount is payable and due from the date of the final part of the payment i.e. on 15th September 2017. They also claimed that the said amount is not yet received. To which Window replied by saying that there is no such amount that is payable by them to Planet Now.
15. Frustrated by their acts and reply Planet now filed an application under section 9 of the Insolvency and Bankruptcy

Code to the NCLT for the initiation of the Corporate Insolvency Resolution Process. In their application, the abovementioned amount was termed as an operational debt which was overdue from 1st September 2017. The amount so due was coupled with interest/penalty payable to the GST authorities.

Hence the present case.

Note: The laws of Vormir are in Pari Materia with the laws of India. Participants need not make an exact application under section 9 of IBC, 2016. They are required to make customary memorials which will include arguments in relation to the facts.

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