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The **Jaipur Bench of the National Company Law Tribunal (NCLT)** in the case of **Bank of Maharashtra vs Ashiana Ispat Limited [CP No. (IB) - 73/07/JPR/2025]** dated **June 22, 2026**, has held that financial debt under Section 5(8) of the IBC requires disbursement against the consideration for time value of money. In the present case, there was no disbursement made to the corporate debtor, and there was no element of consideration for time value of money between the bank and the corporate debtor. Since the bank had merely financed the suppliers of the corporate debtor, any recovery from the corporate debtor was in lieu of its operational dues payable to those suppliers. Therefore, the debt remained an operational debt under Section 5(21), and the bank, as assignee of such receivables, could not maintain a petition as a financial creditor under Section 7 of the Code.

The Tribunal referred to the NCLAT decision in judgment in *Canbank Factors Ltd. v. Brijesh Singh Bhaduria* [(2026) ibclaw.in 73] and noted that where invoice discounting/factoring transactions on a Trade Receivables Discounting System (TReDS) platform arise from sale and purchase of goods, and no disbursement is made to the corporate debtor, the transaction cannot be treated as financial debt.

The Tribunal identified the core issue as whether the amount paid or disbursed towards reverse factoring could be treated as a financial debt. It examined the Master Buyer Agreement and noted that reverse factoring meant acquisition of receivables due and payable by the buyer to the seller by assignment or endorsement to the financier in consideration of funds advanced by the financier to the seller, with the process initiated by the buyer. The Tribunal also explained that, in such an arrangement, once the buyer approved the invoice on the TReDS platform, the financier paid the supplier immediately and thereafter became entitled to collect the invoice amount from the buyer on the due date.

The Tribunal further referred to Clauses 3.3 and 3.4 of the Master Agreement and observed that these clauses placed the primary responsibility for payment on the buyer once an invoice had been financed, required the buyer to maintain sufficient funds for automatic debit, and made the financier's recovery rights enforceable directly against the buyer on a non-recourse basis against the seller. It observed that these clauses created a direct and enforceable payment obligation of the buyer towards the financier, while insulating the seller from any later default by the buyer.

At the same time, the Tribunal held that the entire basis of the bank's claim stemmed from trade payables owed by the corporate debtor to its suppliers. It observed that the bank had made payment to the suppliers after placing bids on the invoices, and the corporate debtor was only obliged to repay amounts which were originally due to those suppliers. On this reasoning, the Tribunal found that the debts discharged by the bank on behalf of the corporate

debtor were squarely operational in nature, and that mere assignment of such operational debts to a third party did not convert their character into financial debt.