

॥ सत्ये सर्व प्रतिष्ठितम् ॥



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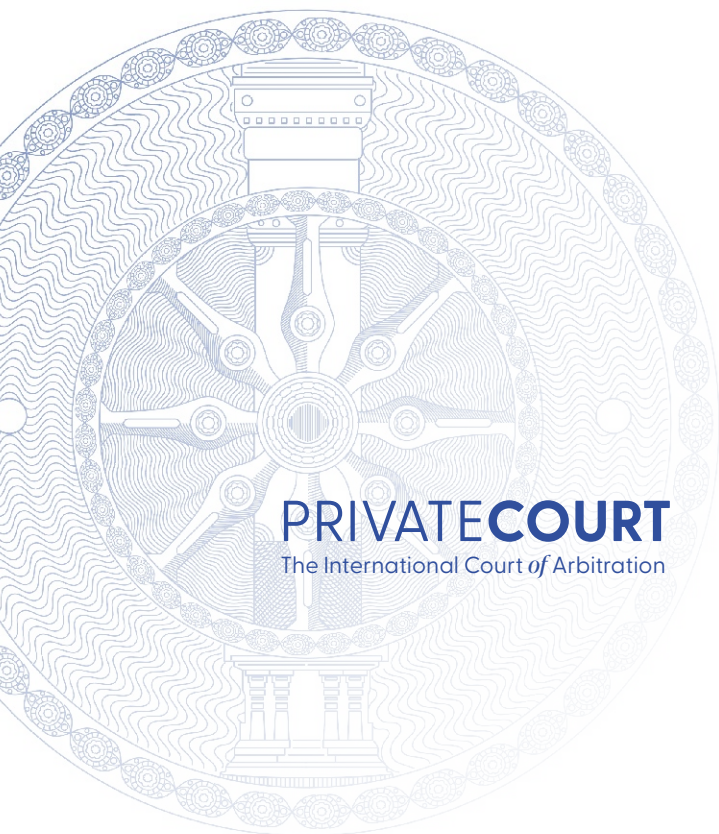
PrivateCourt is building a place of trust that can ensure that everything will be established in truth.

PrivateCourt is building a place of trust that can ensure that everything will be established in truth. India's first "Indic Privatecourt" working on a robust digital system and infrastructure for effective dispute resolution and efficient enforcement.

PREFACE

Case studies are a crucial tool for comprehending how theories and concepts are applied in real-world situations. They illustrate the process of problem-solving while offering a thorough study of a real-life scenario. Case studies in the context of dispute resolution aid in comprehending how disagreement can be settled without resorting to drawn-out and expensive litigation by using alternative dispute resolution methods including arbitration, conciliation, mediation, and negotiation.

The case studies offered by PrivateCourt give readers a hands-on understanding of how the company has facilitated amicable conflict resolution without jeopardising the parties' commercial relationships. These hand-picked case studies provide a practical understanding of how the organization has helped resolve disputes amicably, without straining the business relationship between the parties involved.



Preface Contd..

CASE STUDIES

The case studies cover various aspects of dispute resolution, including negotiating tactics, vetting processes, and settlement agreements.

CASE SUMMARY

The Case Summary provides a backdrop of the case and what led to its submission to PrivateCourt. It helps understand the problem's context and the issues that the parties involved face.

THE ISSUE

The Issue highlights the situation that led to the default of payments or other problems, such as breach of contract, non-performance, etc. Understanding the issue is essential in identifying the root cause of the problem and coming up with a suitable solution.

THE RESOLUTION

The Resolution Process section explains how the PrivateCourt team comes up with a resolution to the dispute. It covers the entire dispute resolution process, including pre-arbitration steps, arbitration, conciliation, mediation, and negotiation.

THE SETTLEMENT

The Settlement Agreement is the final outcome of the dispute resolution process. It outlines the terms and conditions agreed upon by the parties involved and provides a roadmap for future business relationships.

THE INFERENCE

The Inference section provides the final understanding of the case and highlights the key takeaways. It helps in understanding the importance of dispute resolution through alternate means and how it can help maintain business continuity.

We all agree case studies are an essential tool in understanding the practical applications of theories and concepts. PrivateCourt's case studies provide valuable insights into how alternate dispute resolution mechanisms can help resolve conflicts amicably, without straining the business relationship between the parties involved.

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CASE STUDIES

NBFC
(IInd Tier City)

V

Transport
Company Owner
as Respondent



Synopsis

This dispute is between an NBFC as the Claimant and the owner of a small-sized transport company as the Respondent. While the Claimant is in the business of providing small ticket-size loans to the blue-collar industry, the respondent owns a private limited transport company. The respondent approached the claimant company to avail of a loan amounting to eight lakhs as he was falling short of this value to add another pair of service cabs to the existing fleet.

Facts

The claimant in this case is an RBI-certified non-banking finance company (NBFC) enabling direct, faster and easier credit access to the blue-collared workers in India. It provides small-sized loan amounts to customers whose requirement is genuine and who exhibit the intention to pay.

If the borrower maintained a clean history of repayments, the claimant NBFC could grant them an opportunity to increase their credit limit which would further improve their credit score and chance to avail of larger loan amounts. The claimant company is now foraying to provide a digital credit card experience for the same target customers through their financial products.

The respondent, a cab driver and now the owner of a private limited company ventured into business by setting up his transport cab service company. The company's growth plan was to add a pair of cabs to the existing fleet every six months.

For about three years, the business proceeded as per the plan on paper. From starting with three cabs, the company now had a fleet of 15 cars under its ownership. The time had come to add another pair to keep up with this plan.

However, the company faced a huge business crisis when the lockdown struck in the Corona-pandemic phase. There was a sudden shortage of drivers who had to flee town without intimation securing shelter in their hometown. Revenue generation was cut to one-third and even lower and the additional maintenance cost added financial pressure.

It was during the post-pandemic phase when things started getting back to normal that business picked up once again. The

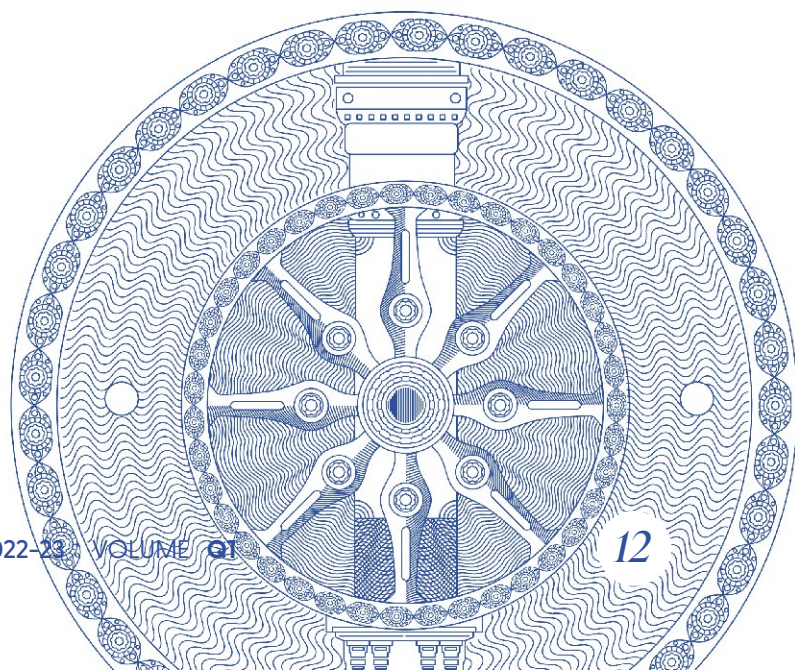
respondent with a sharp business acumen realised that demand for private travel would increase and decided to add two more cabs. He fell short of a few lakhs in spite of borrowing from a number of business community friends, and relatives and drawing from personal savings.

Not to compromise on the opportunity, the respondent approached the Claimant company for a loan amounting to 8 lakhs. He was accepted by the Claimant company within 24 hours as he had a very clean financial record and part borrowings showed a clear repayment track.

The repayment plan was structured, and the loan was sanctioned.

The Respondent company paid EMIs per the loan structure and managed to clear the loan amounting to Rs. 6,43,186 plus the corresponding interest. However, payments stopped suddenly and there was no response from the respondent company despite being served several notices and reminders by the claimant.

PrivateCourt was approached by the Claimant by invoking the arbitration clause per the agreement signed between the parties.



OUR PHILOSOPHY

संधिविग्रहयोस्तुल्यायां वृद्धौ संधिमुपेयात्।

Transliteration

sandhivigrahayostulyāyāṃ vṛddhau sandhimupeyāt।

English Translation

If there is an equal benefit in peace or war,
he (the king) should choose peace.

Hindi Translation

यदि शांति या युद्ध में समान वृद्धि हो तो उसे
(राजा को) शांति का सहारा लेना चाहिए।

PrivateCourt Proceedings

The PrivateCourt team set to work immediately after receiving the invocation notice from the respondent. All aspects of the case were thoroughly vetted by the panel of experts by requesting and reviewing all the relevant documents, including the loan agreement, email exchanges, bank account details, bank statements, WhatsApp notifications, etc.

It was clear that the claimant had complied and taken all the measures required to screen the loan applicant, in this case, the respondent, before sanctioning the loan.

A discussion with the respondent was initiated by the PrivateCourt Case manager. At this stage, it was discovered that the Respondent was kept blinded by his team about the loan repayment and the reminders and notices sent.

On further investigation as advised by PrivateCourt Team, an internal fraud was caught at the respondent's end. A corrupt accounts official was held responsible and held for siphoning the company's money, manipulating the account documents, and masking the communication from the owner.

While vetting and scrutinizing the documents, the PrivateCourt team empathised with the respondent and the predicament he was facing. Holding a reputed name in the market, the respondent immediately agreed to settle the matter and requested to pay the outstanding amount with interest in three equal installments.

After a detailed and in-depth discussion with PrivateCourt, the Claimant agreed to restructure the outstanding loan repayment.

PrivateCourt made the Claimant NBFC clear about the respondent's intention to pay, and a clause was added to the new repayment agreement that with the clearance of this due without any default, the respondent would not be barred from applying for larger loans in the future.

The agreement was gladly accepted and entered into.

The Settlement Agreement

The Respondent agreed to pay the dues of Rs. 1,56,814/- plus 18 percent interest p.a. in three equal instalments on or before 22 November 2022.

Movie Studio V. Production House (2021)

Case Number

PVT CRT/CD/120

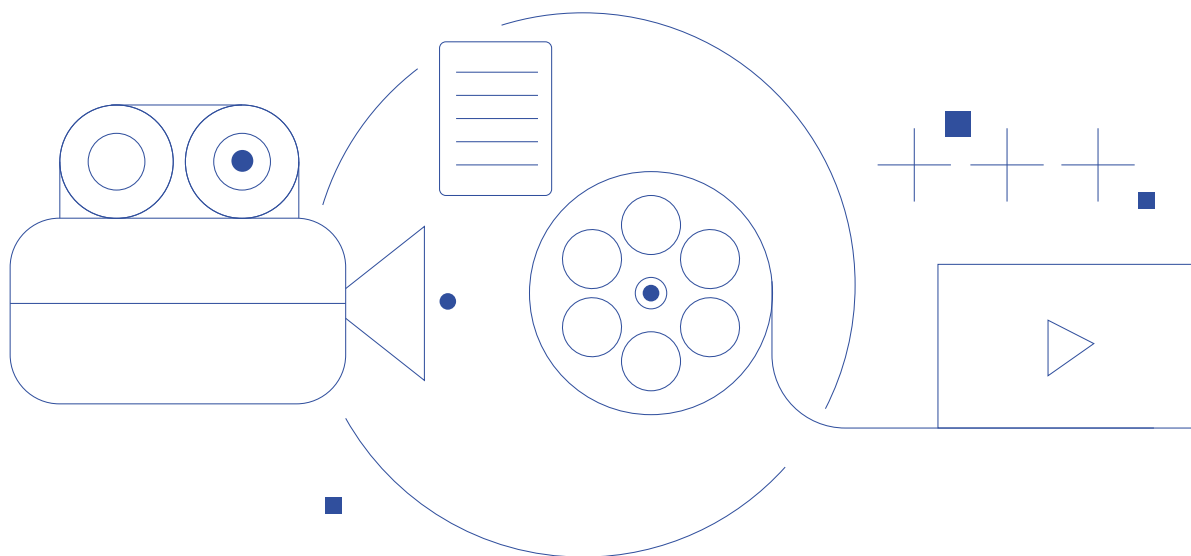
Claim Raised Date

08/06/2021

Conciliation Date

23/06/2021

Digest

Mediation/Conciliation/Dispute/
Claimant/Respondent/Invoice/Settlement

Case Summary

The claimant in this case is a movie studio based in Mumbai offering services of private screening and post-production works like editing, sound recording, etc. The Respondent is a movie production house with quite a few successful productions under its belt. The Claimant approached PrivateCourt to mediate in this case. The base facts of the case are that the respondent had used the services of the claimant basis standard industry practice without an agreement in place. PrivateCourt took cognizance of this fact and offered to mediate as there could not be an Arbitration sans an agreement. The claimant had raised an invoice of Rs. 4,61,348/- on 30/05/2021, to which a dispute was raised by the respondent, who denied payment of the invoice amount.

The representatives of the claimant initially tried to negotiate and convince the respondent to accept the dues and make the payments and failed to do so. The respondent, on his part, argued that the calculation of dues wasn't based on the agreed terms. The reason for this was emails and other communications between individuals on both sides that were at times not centrally shared. The main challenge for PrivateCourt, in this case, was to consolidate all the communications and determine the accuracy of the claim. Once the authenticity was established and invoices matched the claimant's emails and approvals from the respondent, PrivateCourt initiated the Mediation process on 23/06/2021.

The Issue

Arbitrations happen based on Agreements entered between parties; the movie industry still seems to work generally on Purchase Orders and string mails. This case highlights how conciliation and negotiation can ensure both parties hold up to their side of the bargain even in scenarios with no formal agreement.

The claimant, in this case, calculated receivables basis on hourly rentals for the facility and man hours consumed for post-production works. Due to the lack of an agreement, these calculations were made and an invoice was raised based on trail mail exchanged between both parties. The Negotiator (Mr. Ankit Verma) here had to establish if the communication had been read and acknowledged by the respondent.

The dispute arose after the claimant raised the invoice worth Rs. 4,61,348 to the respondent. The respondent denied payment of the invoice citing issues with documentation and deliverables.

The claimant requested PrivateCourt for Mediation and provided copies of purchase orders and email exchanges between the two parties.

In August of 2021, the claimant commenced the Conciliation proceedings which gave rise to this case.

The Process/ Undertaking/Action

The negotiator, in his capacity post examining the details submitted, determined whether the consent of activity on both parts was documented and clarified. Once the negotiation process was initiated the negotiator heard both sides and walked them through the communications as and when each issue was discussed. Several meetings were conducted over a 20-day period. The negotiator played a neutral role and managed to show the respondent how he was responsible to pay the invoice amount. With the claimant ready to waive off some part of the said invoice voluntarily (Rs. 60,000), the amount of **liability to be settled was reached in the few first meetings.**

(Documents submitted by the claimant: Ledger accounts, Outstanding invoices, Email conversation, Purchase order.)

The Settlement Agreement

The consent terms agreed upon were as follows:

- The respondent agreed to pay an amount of Rs. 4,00,000/- via bank transfer in 2 equal instalments.
- The first instalment to be paid within 60 days of acceptance of terms and the second instalment within 120 days.

The Inference

Dispute resolution was achieved easily as both parties were made to understand their obligations under any contract even where there is no formal or absolute agreement signed. This judgement was completely based on natural justice and there was a realisation on both sides of the time and money expended in case of a long legal battle.

Case Study

3

Case Number

PVTCRT/CD/130

Claim Raised Date

20/07/2021

Conciliation Date

02/08/2021

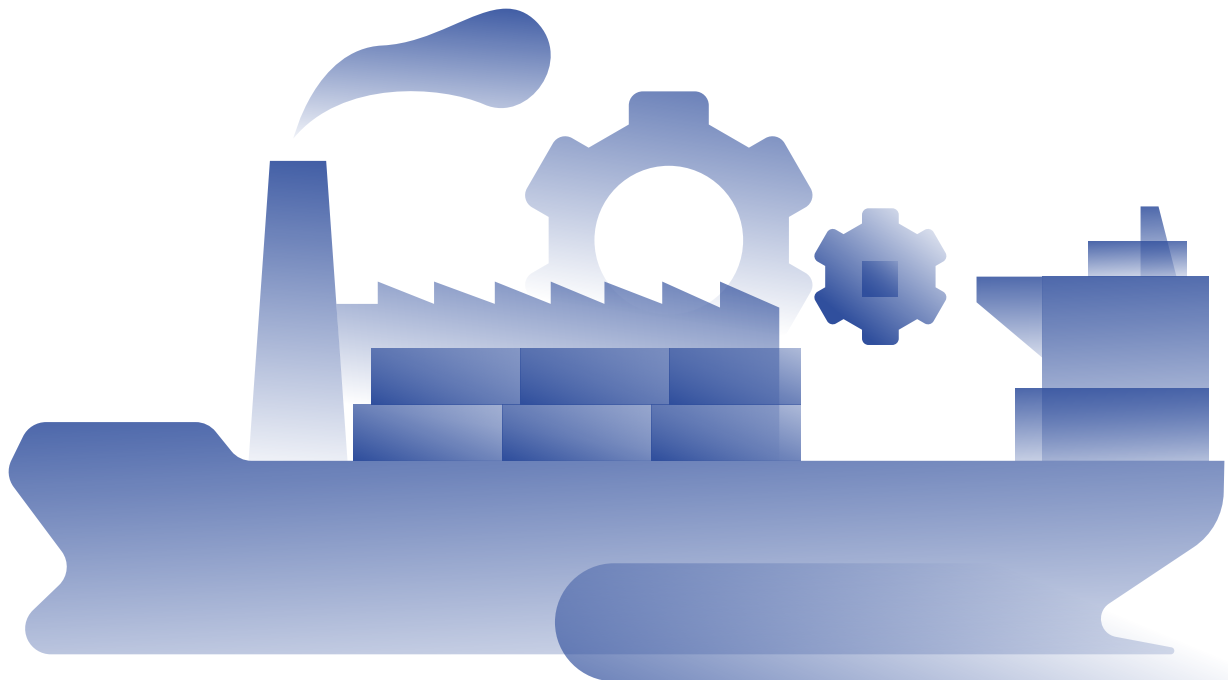
Digest

Dispute/Invoice/
Conciliation Hearing/
Claimant/Respondent/
Inference/Dispute

*Shipping
Company*



*Manufacturing
Business*



SUMMARY

Brief facts giving rise to this dispute of Non-payment of the invoice: a dispute arose between the parties, who were having the relationship of buyer and seller, with the Claimant, a Private Limited Company engaged in the Shipping Business, being the seller, and the Respondent, engaged in Manufacturing Products, the buyer.

After a dispute arose between them, the parties agreed to settle the matter out of court through Conciliation. PrivateCourt played the role of a Sole Conciliator based on an agreement that the parties had reached for mediation mutually. Mumbai was the place of Conciliation as both parties were based there. The goal of the mediation was to help the parties avoid confusion and misappropriation of the disputed amount and to confirm future payment dates.

THE ISSUE

The case was between a shipping company headquartered in Mumbai- the claimant and a manufacturing company based here again- the Respondent. The shipping company owns a fleet and operates in the Southeast Asian region. It generally operates in cargo shipments as container loads or as barges. The company, over a decade old, has created a trustworthy name in the marine transport industry. The respondent is a manufacturer of capital goods, mainly for exports and inter-port trades. Manufacturing machines and tools for the plastic industry, it has been exported to countries in Southeast Asia. Both the claimant and respondent have had business tie-ups and transactions for quite a while and seem to have never had any disputes and have handled business as a private limited in their nature of incorporation.

As a result of this longstanding business relationship, there was an accrued receivable from the respondent of Rs. 1,45,155/-, which was informed to them by the claimant. A dispute arose when the respondent denied acceptance of this claim despite efforts to convince him with invoices and payment receipts thereof. The final negotiations between both parties ended in a stalemate, and the claimant approached PrivateCourt for mediation.

THE PROCESS

PrivateCourt reconciled all documentary evidence available to establish the authenticity of the claim. After scrutiny of Ledger accounts, Email conversation, Purchase orders, Outstanding invoices, Whatsapp chats and bank receipts submitted by both parties as evidence, PrivateCourt managed to set the first **Conciliation Hearing** as 02/08/2021. The process started with bridging gaps of understanding between the account teams of both parties. A signoff on the figures between these teams was achieved and presented to the respective business heads. As the process was documented, it was made clear to the respondent that the claim stands valid, and a penalty for nonpayment of @18% could be levied. However, considering the longstanding relationship between both parties, the claimant was keen to avoid such measures.

THE CONSENT TERMS

- The Respondent agreed to pay the outstanding amount of Rs. 1,45,155/- by bank transfer to the Claimant's bank account on or before 31/12/2021.
- Failure to pay within the above date would attract an 18% interest p.a. with a retrospective effect.

INFERENCE

This case was peculiar because the respondent, in this case, was a valuable customer, and the claimant was keen to retain the business. Here PrivateCourt managed to settle the dispute amicably, handling the case with a stern but compassionate hand.

Post Production Studio

V

Entertainment Company

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case No:

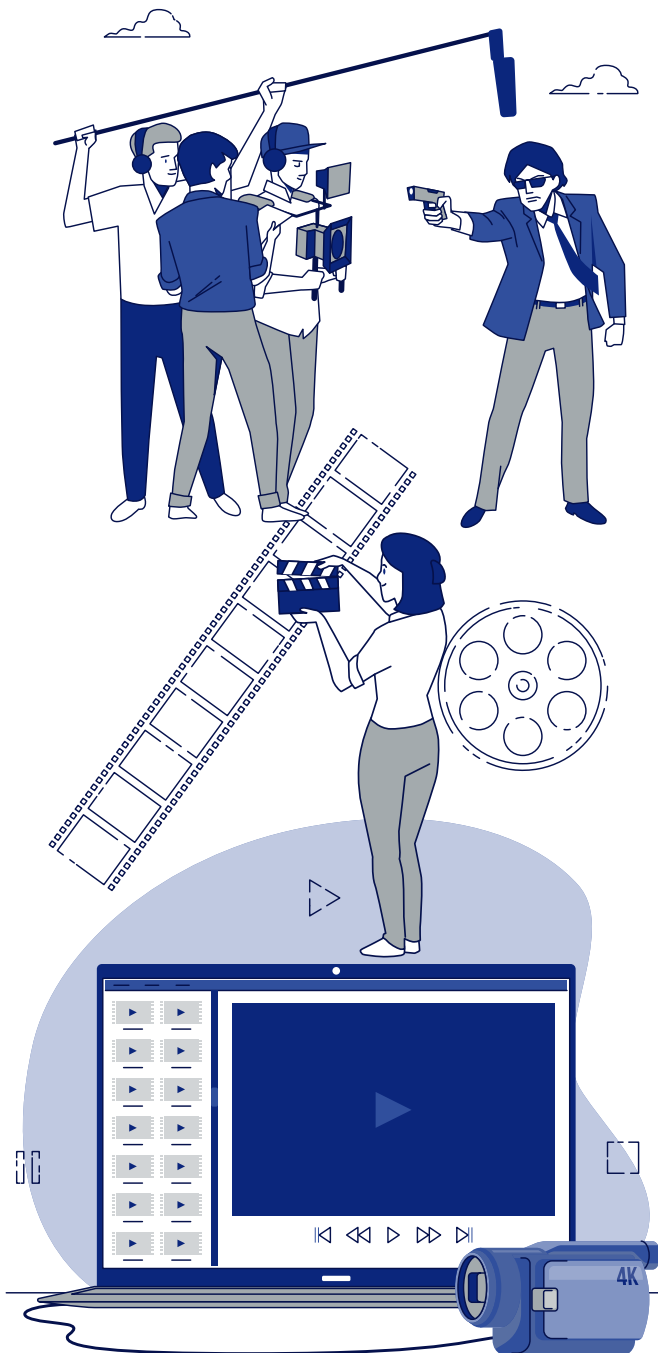
PVTCRT/CD/126

Claim Raised on

08/06/2021

Conciliation Date

25/06/2021



Case Summary

In June of 2021, **PrivateCourt** was approached by a movie studio, referred to herein as the Claimant, in Mumbai, to negotiate a dispute arising out of nonpayment of an invoice by an entertainment company referred to herein as the Respondent. The claimant providing post-production and private screening of movies as one of its services was engaged by the respondent to provide movie screenings for its special audience and review panels for their upcoming release. The movie studio was also requested to hold a small after-party with food and beverages for the guests at the theatre. Three such screenings were scheduled to be held over a period of 2 weeks.

It is apparently common practice in the movie industry where a private movie theatre is hired to have small releases to audiences who have a positive impact on the marketing of the film.

Also, there is no practice of any formal agreement being signed.

The Issue

While there was absolute clarity on the rentals to be paid for the screening of the movie, there remained ambiguity in the invoice amount quoted for the after-party event. Since the claimant was not in the business of catering to such after-party events, a third-party vendor was hired by the claimant to cater to the after-party request.

The claimant raised two invoices: one for the studio rentals and the other for the hospitality charges. **While the studio rentals were duly accepted and paid for, a major dispute arose to settle the invoices raised for the party hosted.**

Mr. Ankit Verma, the chief negotiator in this case, along with his team, assessed all communications submitted by both parties as evidence: Ledger accounts, Outstanding invoices, Email conversations, Purchase Orders, and Whatsapp chats. The team also had to closely review all the interaction material

submitted as evidence that the claimant had with the third-party vendor **and made a big discovery.** While the disputed invoice amount for the after party was quoted as Rs. 2,68,020/- by the vendor, the team realised that the claimant was overcharged by the vendor. The claimant then got a revised invoice after pointing out this fact to the vendor.

The respondent was then approached with a corrected invoice amount of Rs. 1,00,000/- (rounded down for convenience). The respondent reacted with a bit of resistance and reluctance to accept due to his earlier experience and was unsure of the accuracy of the invoice amount.

The negotiator, owing to his experience and expertise, ironed out all doubts that were raised on the respondent's end, explained the details, and a settlement was agreed upon.

The Negotiation

The respondent agreed to pay the outstanding amount of Rs. 1,00,000/- by bank transfer to the Claimant's bank account in two equal instalments.

- The first instalment of Rs. 50,000/- the very next working day dating 26/06/2021.
- The second instalment of Rs.50,000/- in the subsequent 20 days dating to 17/07/2021.

The Inference

This case is peculiar as the negotiator also became an auditor and saved both the claimant and the respondent a large chunk of money. This also helped in holding up the reputation of the claimant and ensured continual business from his client.

Claimant

NBFC
(IInd Tier City)

Respondent

Interior
Decorator

V



Synopsis

An interior decorator, the Respondent in this case, based out of Ahmedabad, Gujarat, borrowed Rs. 3,00,000 from an NBFC to increase his inventory of furniture and decorative items. The loan was taken on the basis of a business plan that projected increased sales due to the expanded inventory. However, the Respondent was unable to repay the loan within the stipulated time period due to unforeseen circumstances that impacted his business.

This brought the matter into the hands of PrivateCourt when the Claimant invoked the Arbitration clause.

Facts

Two months after the disbursement of the loan, the Respondent was hit by a major setback when a fire broke out in an adjacent shop, damaging his inventory and disrupting his business. In addition, a big order that he had been expecting got canceled at the last minute, causing a dip in his revenue. These events impacted his ability to generate enough cash flow to make the loan payments.

As a result, the Respondent defaulted on the loan, and the NBFC initiated legal proceedings against him. The matter was referred to a mediator from PrivateCourt, a dispute resolution platform that provides alternative methods of resolving disputes.

PrivateCourt Proceedings

The Mediator from PrivateCourt asked both parties to submit documentation to support their claims. The NBFC submitted copies of the loan agreement, invoices for the disbursed amount, and bank statements showing the non-repayment of the loan.

The Respondent submitted emails and messages exchanged with the NBFC, along with invoices for the damaged inventory, and a report from the fire department confirming the extent of the damage.

The Mediator conducted a thorough vetting of the documentation and interviewed both parties to understand their perspectives. It was clear that the Respondent had genuinely suffered from the fire and the canceled order, which had caused a significant decline in his revenue.

However, the NBFC argued that the Respondent had not been transparent about his financial position when applying for the loan. They claimed that he had inflated his revenue projections to secure the loan, and had failed to provide any collateral to back up the loan.

After reviewing all the evidence, the Mediator proposed a settlement agreement that would be acceptable to both parties. The NBFC agreed to waive the interest and late payment fees on the outstanding loan amount, and allow the Respondent to repay the principal amount in instalments over a period of one year.

OUR PHILOSOPHY

**सत्येन धार्यते पृथ्वी सत्येन तपते रविः।
सत्येन वाति वायुश्च सर्व सत्ये प्रतिष्ठितम्॥**

English Translation

The earth is supported by the power of truth;
it is the power of truth that makes the sunshine
and the winds blow; indeed all things rest upon truth.

Hindi Translation

सत्य ही पृथ्वी को धारण करता है।
सत्य से ही सूर्य तपता है। सत्य से ही वायु बहती है।
सब कुछ सत्य में ही प्रतिष्ठित है।

The Settlement Agreement

The Respondent agreed to provide a post-dated cheque for each instalment and to pay the first instalment within 30 days of the agreement being signed. He also agreed to provide regular updates on his business revenue to the NBFC, to demonstrate that he was on track to meet his repayment obligations.

Both parties signed the settlement agreement, and the Mediator from PrivateCourt ensured that it was legally binding and enforceable. The matter was resolved amicably, without the need for protracted legal proceedings.

Inference

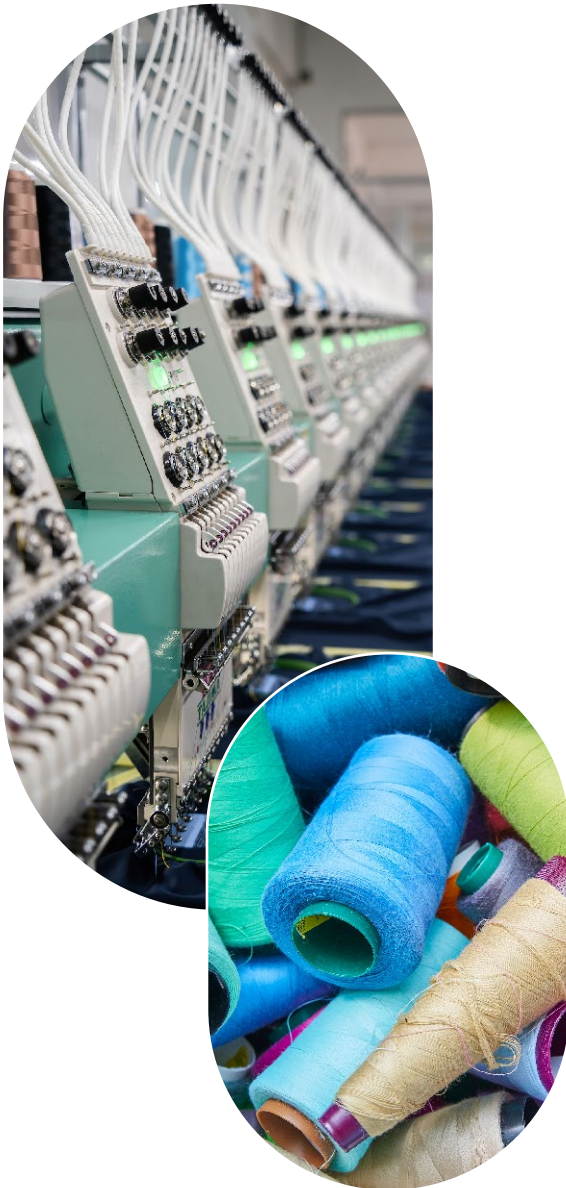
The case study highlights the importance of having a Mediator to resolve disputes between borrowers and lenders. Mediators can help both parties to arrive at a mutually beneficial agreement, based on a thorough understanding of the facts and the legal framework.

PrivateCourt provides a transparent and efficient platform for resolving disputes, helping borrowers and lenders to avoid the costs and delays associated with traditional litigation.

Textile Manufacturer

V.

Wholesaler of Textile

**Case Number****PVTCRT/CD/150****Claim raised on****22/06/2021****Conciliation Date****06/08/2021****Digest**

**Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement**

Case Summary

Financial disputes need to be resolved as quickly as possible. The claimant (a Private Limited Company engaged in the manufacturing of Textile Business) claimed Rs. 1,01,478/- owed by the defendant (a wholesaler of Textiles) for failure to pay an outstanding invoice with respect to the textile materials supplied.

The defendant contended that the invoice was incorrect and that he was willing to pay a percentage of the bill, which he felt was valid. The defendant discerned that the remainder should be waived as he was given verbal assurance by the claimant that costs would be kept to a minimum contrary to which he was being billed for, a large amount he felt he could have gotten supplied at a discounted rate through another vendor.

The Issue/Dispute/ Argument/Claim/ Discourse/ Disagreement/ Scenario

Through the negotiations, both parties had a chance to put their points across. The claimant put forth that there was constant communication, though verbal, regarding the price changes of raw materials and the effect of the same on the cost of finished products. He also acclaimed that maybe a small percentage could have been reduced by alternate sourcing of goods. This, however, was not possible due to the short delivery time expected by the respondent.

The respondent in turn came back with some alternate quotes received from other vendors at prices that were much lower than the ones given by the claimant.

The Negotiator, Mr. Ankit Verma, first carefully scrutinized details submitted by both parties, which included the following: Ledger accounts, Outstanding invoices, Email conversations, Purchase Orders, and Whatsapp chats.

He then reviewed the price tabs of raw materials quoted at the time of the order being furnished and brought to the notice of the respondent that the same are not comparable as there was a steep fall in the prices later. The documentary evidence provided by the negotiator was a convincing explanation.

The Process/Undertaking/ Action

The negotiator, in this case, had to listen to arguments from both sides, and the pain points of both sides were listed. Documentary evidence, including third-party quotes from other vendors, was examined to understand where the respondent's assessment of cost came from. The negotiator had to indulge in a bit of research to establish cost differences during the time elapsed between the order processing and this day.

The Settlement Agreement

The respondent agreed to the claim, and the case was settled on 06/02/2022.

The outstanding amount of Rs.1,01,478/- was to be transferred via a bank transfer to the Claimant's bank account on or before February 2022.

The schedule of payment is as below:

30/08/2021	Rs.15,000/-
30/09/2021	Rs.15,000/-
30/10/2021	Rs.15,000/-
30/11/2021	Rs.15,000/-
30/12/2021	Rs.15,000/-
30/01/2022	Rs.15,000/-
28/02/2022	Rs.11,478/-

The Inference

Differences of opinion may occur due to certain misconstrued market information. Negotiation, in this case, helps by bringing perspective to the disconnect and, at times, explaining actions to either party.

Claimant

NBFC

(*IIIrd* Tier City)

Respondent

Freelance Website Designer

V



Synopsis

This dispute is between a renowned NBFC as the Claimant based in Mumbai and an individual working as a freelance website designer based out of Pune. The claimant company has over two decades of establishment as one of the pioneer NBFCs catering to small to large-ticket-sized loans. The respondent, on the other hand, had switched to a freelancing profile after taking

a break from a corporate job, taking a year off work due to maternity reasons, and restarting work from home as a freelancer. Certified and trained from one of the top website designing academies, and having received many rewards and recognition and client appreciation at the workplace, the respondent was confident of being successful as a freelancer too.

Since savings were next to mere and not pursuing a corporate job or collateral that could help avail a bank loan, the respondent approached the claimant for a loan amount of Rs 3 lakhs to procure and set up a basic office, including a top-end workstation, license & app procurement, and social media marketing to fetch clients, etc.

Compared to a salaried person, availing loan is not as easy for a freelancer. Due to the lack of a steady income, banks and other financial lenders also remain vary of this category when it comes to repayment. But the respondent had qualitative proof to clear her

KYC and to show her capability to repay the loan, which in fact boosted her chance of getting a loan sanctioned in her name as a freelancer with the Claimant company.

The claimant company had to issue reminders, notices, and warnings when the respondent defaulted on paying three consecutive payments.

PrivateCourt issued an Arbitration notice addressed to the respondent as soon as receiving the invocation request from the Claimant.

Facts

The loan amount was credited to the respondent's bank account after clearing all the screenings and approvals.

The market saw an upswing in digital presence especially post-pandemic when many individuals decided to be masters of their faith and dived into self-employment opportunity. This got good business for the respondent as request for website designing for these business went up. Social media marketing, client testimonials, portfolio and word of mouth publicity got work in for the respondent.

This well-planned freelancing gig took off smoothly for almost a year and a half, and the respondent managed to clear all the EMIs scheduled. However, a major hurdle cropped up when the respondent landed up cancelling one mega project midway, which was in fact a chance to make it big and also a chance for her to close the loan on foreclosure grounds!

PrivateCourt received an arbitration invocation request from the Claimant NBFC when the respondent defaulted on paying three EMIs consecutively with an outstanding of Rs. 2,13,494.

PrivateCourt Proceedings

The respondent reverted immediately and agreed to abide by the entire procedure as described in the notice.

OUR PHILOSOPHY

नास्ति सत्यसमो धर्मो न सत्याद्विद्यते परम्।
न हि तीव्रतरं किञ्चिद् नृतादिह विद्यते।।

Transliteration

Nāsti Satyasamo Dharmo Na Satyādividyate Paraṁ.
Na hi Tivrataram Kiñchid Nṛtādih Vidyate.

English Translation

There is no other religion like truth. nothing but the truth.
Nothing is more intense than a lie.

Hindi Translation

सत्य जैसा अन्य धर्म नहीं। सत्य से पर कुछ नहीं।
असत्य से ज्यादा तीव्रतर कुछ नहीं।

PrivateCourt requested the respondent to furnish all necessary documents, bank account details, invoice copies, business Whatsapp chats, emails, etc.

Our panel of Neutrals closely vetted this case. Both parties were requested to join a discussion call to analyse the situation with a transparent approach.

The respondent reasoned out that she had to drop out the one and only project she was handling because her just a-year-old baby had developed an unforeseen lump on the back that needed to be operated immediately. This resulted in her canceling the project because the client wasn't ready to compromise on the delivery deadline.

She further had to devote the next two months to taking care of her child.

This drained her financially, and emotionally and brought a complete standstill to her work. She had no time, no money, and no courage to reply to the default notices or emi reminders sent by the claimant.

On receiving a PrivateCourt notice and being advised by our case managers that there was a way out of this without facing any major legal liabilities, the respondent agreed to connect.

Our panel of experts listed a number of reasons why the Claimant Company should not only restructure the repayment plan but look at the matter more empathetically and give some monetary relief as well. Moreover, since the respondent was successful in starting and running the business as a freelancer, and having business inquiries flooding her DMs was a positive sign of success.

The Settlement Agreement

The Claimant Company restructured the outstanding loan amount of **Rs. 2,13,494 to be paid in 10 equal instalments** without adding any late penalties or interest.

*In case of no defaults, the respondent would be eligible to avail of a higher loan amount without being disbarred because of the current loan repayment default.

Private Limited Company V. Textile Wholesaler

Cast Number

PVT CRT/CD/145

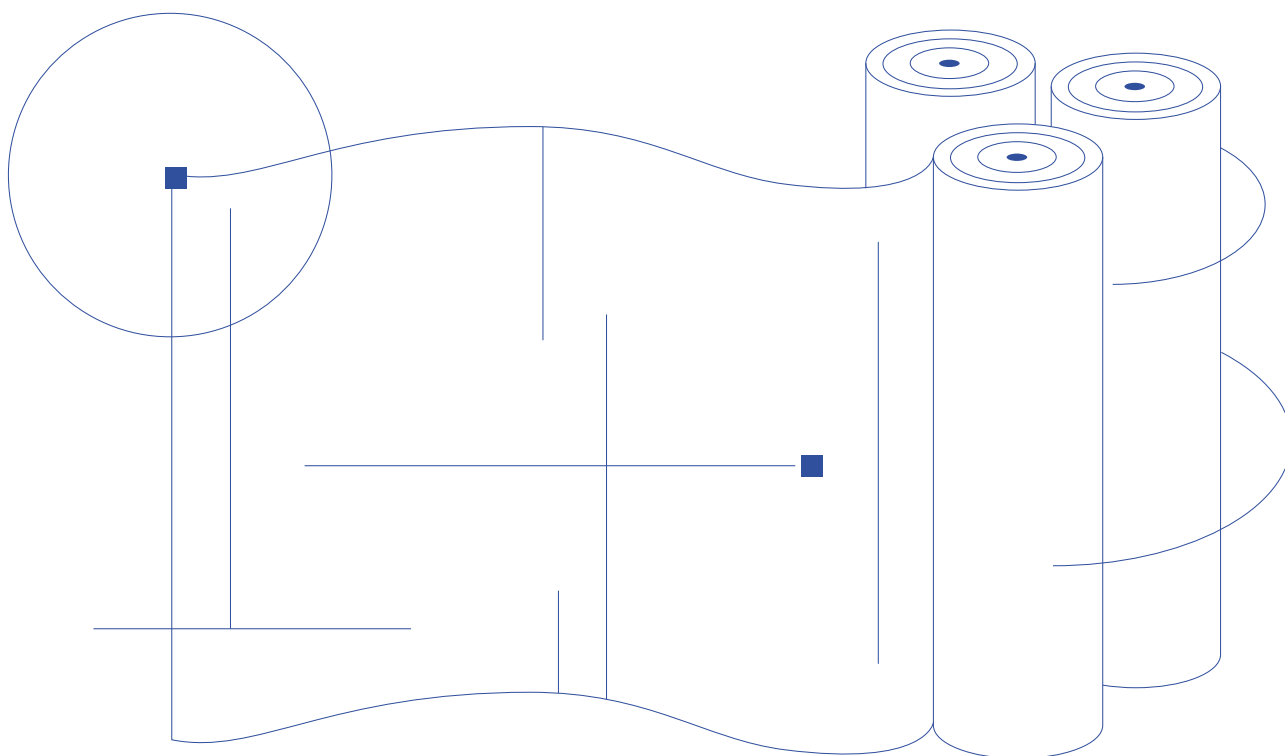
Claim Raised Date

12/07/2021

Conciliation Date

06/08/2021

Digest

Mediation/Conciliation/Dispute/
Claimant/Respondent/Invoice/Settlement

Case Summary

Invoice Settlement Mediation was entered into by the claimant, a Private Limited Company engaged in manufacturing of Textile Business, who supplied Rs. 1, 38,920/- worth of textile to the Defendant, a wholesaler of Textiles. A verbal agreement to pay the invoice in four instalments was entered into between the claimant and defendant, with no witnesses, each payment corresponding to Rs. 34, 730/-. The parties had known and worked alongside each other for years and had done deals like this previously; therefore, this sort of arrangement was not uncommon.

The defendant cleared the first three instalments as agreed; however, he defaulted in clearing the last payment, the timeline for which was set within 3 months after the 3rd instalment payment. When it came to paying the fourth and last payment, the defendant defaulted, and he completely denied the existence of any such verbal contract. The claimant sent constant payment reminders to the defendant, but there was no response from the defendant's end.

The Issue

Proceedings were instigated, and the parties decided to try mediation by appointing **PrivateCourt** as the mediating party. To achieve this and find the best possible solution, PrivateCourt first initiated a few meetings and then discussed the problem at hand.

The defendant admitted that his business took a severe beating due to the cancellation of orders and advised that his company was financially nowhere close to paying the disputed amount immediately or as a one-time payment; he also requested not to levy any interest or penal charges considering their long term relationship. The claimant alleged he was under no obligation to abide by this request as there was a loss of trust and faith in this matter. Neither party was willing to move, wanting their emotional side to do more of the decision-making rather than their minds.

Several options were presented to both sides on how they could resolve this matter. PrivateCourt **assisted both parties to arrive at a settlement.**

The Process/ Undertaking/Action

After a careful review of details submitted by both parties, which included Ledger accounts, Outstanding invoices, Email conversations, Purchase order, and Whatsapp chats, a solution was arrived at to favour their position which would also help to continue the business relationship.

During the meetings and discussions, PrivateCourt was unbiased and neutral.

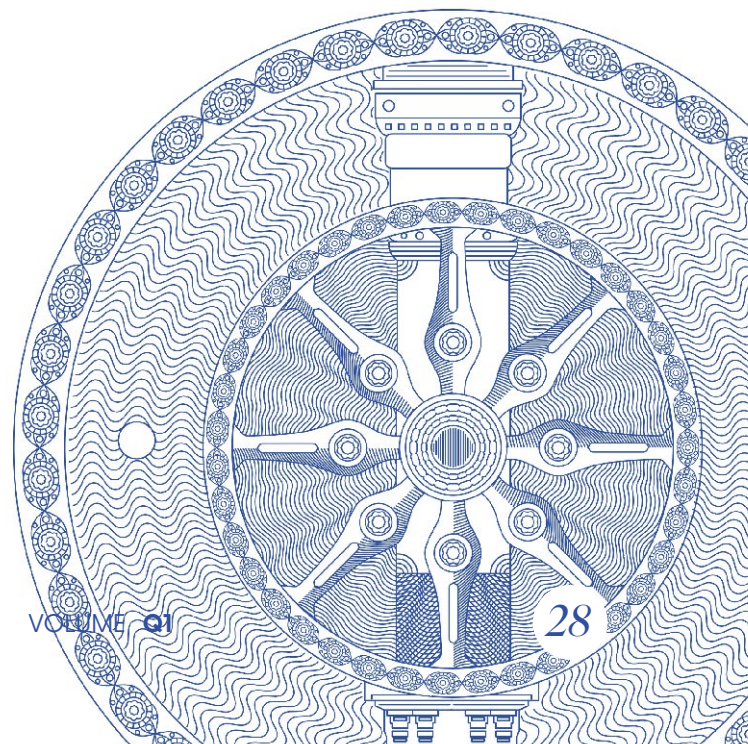
The Settlement

The Respondent agreed to pay the outstanding amount of Rs. 34,730/- by a bank transfer to the Claimant's bank account on or before February 2022. The schedule of payment is as follows:

30/08/2021	Rs. 5,000/-
30/09/2021	Rs. 5,000/-
30/10/2021	Rs. 5,000/-
30/11/2021	Rs. 5,000/-
30/12/2021	Rs. 5,000/-
30/01/2021	Rs. 5,000/-
28/02/2021	Rs. 4,730/-

The Inference

- The Negotiation took 1 day compared to the 8 months this invoice dispute had already gone on.
- The Negotiation cost each party a negligible amount saving them thousands they had to spend on legal fees and the thousands had they continued with Court action.



Case Study

9

Case Number

PVTCRT/CD/122

Date of Claim raised

08/06/2021

Date of Conciliation

23/06/2021

Date of Settlement

23/06/2021

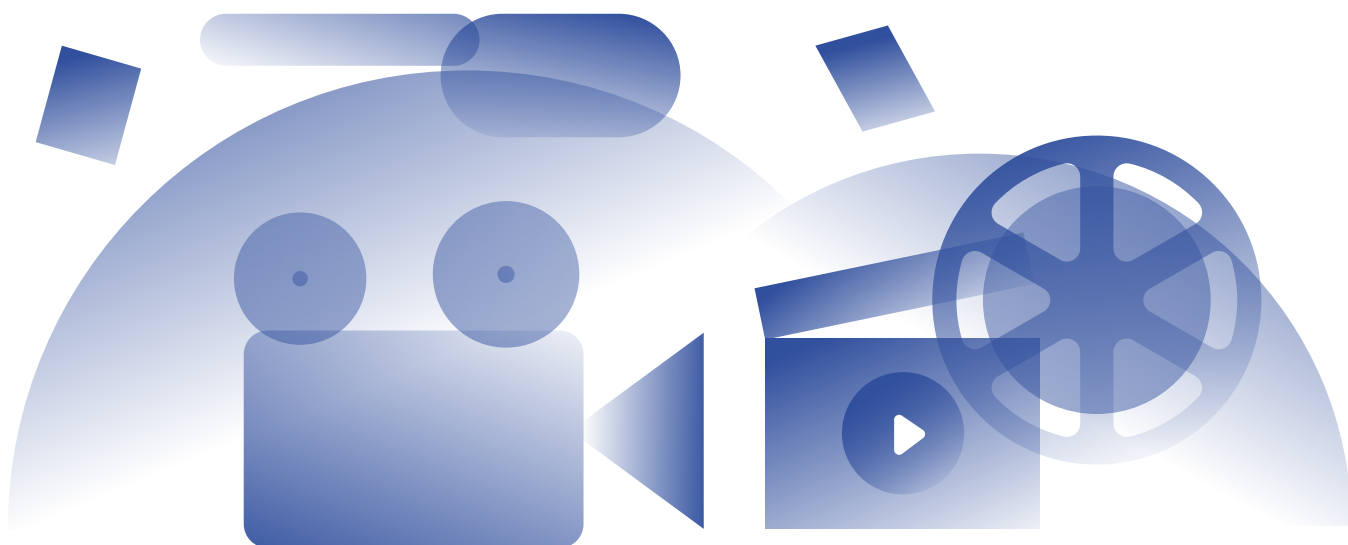
Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement

Movie Studio



*Movie
Production
House*



CASE SUMMARY

This case of disagreement is between a Private studio based in Mumbai and a Movie production house based in Mumbai too. Both these are private limited companies with over a decade of business history. Being regular clients, the Production house, who in this case are respondents, used the post-production services offered by the studio (Claimant). The total bills due, which are calculated as man-hours consumed, amount to Rs. 1,13,750/-. The bill was raised as an invoice after the submission of the completed works. However, the production house deferred the payment, which was to be made within 14 days of raising the invoice, and was not willing to clear the dues. There were some cash flow issues that the respondent was facing due to delays in receivables from their previous production forays. The case was then taken up by PrivateCourt, which has been on a retainer with the claimant.

THE ISSUE/DISPUTE/ARGUMENT/ CLAIM/DISCOURSE/ DISAGREEMENT/SCENARIO

In this case, as there was no dispute in the invoice amount; the discussions were based solely on the intention of the respondent to make payments. The negotiator explained to the respondent that if they had not paid or agreed on a deadline to complete the payment, it might affect their reputation in the industry as the claimant was also an established player in the very closely-knit movie-making industry. This finally did affect the respondent, who requested that they be given time to make the complete payment.

THE PROCESS/UNDERTAKING/ ACTION

After consulting with the claimant, the respondent was given 90 days to complete the payments. The liberty to pay in instalments or as a single payout was given to the respondent. However, the outstanding amounts would attract an interest of 18% p.a. to which the respondent agreed.

THE SETTLEMENT AGREEMENT

The Respondent has agreed to pay the outstanding amount of Rs.1,13,750/- by bank transfer to the Claimant's bank account in two equal instalments.

- The first instalment of Rs. 56,875/- shall become payable by the Respondent on 10th August 2021.
- The 2nd instalment of Rs. 56,875/- shall become payable by the Respondent on or before 20th September 2021.

INFERENCE

In many cases, especially with established business houses, any news that can be damaging to their image is a considerable threat. However, a third-party professional negotiator is more equipped to put this through without spoiling ongoing business relations.

Private Ltd.
Company

V

Plastic
Manufacturer

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case Number

PVTCRT/CD/140

Date of Claim raised

13/07/2021

Date of Conciliation

27/07/2021



Case Summary

This dispute arose between a Private Limited company that was engaged in the manufacturing of plastic products, referred to herewith as the Claimant, and a proprietary concern that was engaged in distribution referred to herewith as the Respondent. The business relations of these firms have been over a few years old, and it had been common practice for the company to supply materials on credit. Generally, there was a 30-day payment credit extended to the distributor, and on most days, these dates were met, or the claimant extended a few days. However, a consignment of products delivered on 10/05/2021 was not paid for within the stipulated time period.

The claimant had billed an amount of Rs. 63,800.80/-, which remained outstanding.

The Issue

The issue was that the Respondent, being a proprietary concern and the proprietor having run into some health issues, had a cash flow crunch and was unable to pay the dues.

This is a risk that many businesses run with small family-owned operations. Post 60 days, the claimant sought the help of PrivateCourt to settle the issue.

The Process

The negotiator, after going through all the documents submitted by both parties viz: Ledger accounts, Outstanding invoices, Email conversations, Purchase orders, and Whatsapp chats, established the claim and approached the respondent for the payment of dues. On understanding the issue and establishing that the respondent has the will to pay, the negotiator agreed on a deferred payment date.

It was also observed that the non-supply of products further by the company had almost brought the respondent's business to a halt and made things further complicated for him. The Negotiator thus asked the company to continue the relationship as it was earlier on with credit limits reduced to 15 days

The Settlement Agreement

The following terms were agreed upon for settlement:

The Respondent has agreed to pay-

Rs. 15,000/-
(Fifteen Thousand)
on or before the 27th of August 2021

Rs. 15,000/-
(Fifteen Thousand)
on or before the 27th of September 2021

Rs. 15,000/-
(Fifteen Thousand)
on or before the 27th of October 2021

Rs. 18,800/-
(Eighteen Thousand Eight Hundred)
on or before the 27th November 2021

The Inference

This case is peculiar as this was a case where the human angle to the issue was also to be considered. It was also a long-standing and honest relationship between 2 entities that needed to be managed. The negotiator addressed both issues here through a dialogue.

Textile Manufacturer

Wholesaler

V.



Case Number

PVTCRT/CD/160

Date of Claim raised

22/06/2021

Date of Conciliation

06/08/2021

Date of Conciliation

06/08/2021

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case Summary

This dispute arose between a Pvt. Ltd. company, referred to herewith as the Claimant, based in Mumbai, engaged in textile manufacturing, and a wholesaler based in West Bengal, referred to herewith as the Respondent, engaged in wholesale trade.

Credit-based sales are a norm in the industry, and payments are received 30 to 60 days post-delivery of products. The parties involved in the dispute have had a long-standing business relationship and have been transacting for a few years now. The respondent has been reasonably responsible for paying dues on time with give or take a few days. This dispute occurred as the respondent tried his hand at exporting the products with not much payment securities and lost the consignment putting a wrench in his cash flow. The claimant approached PrivateCourt to settle this issue.

The Issue

The respondent saw an opportunity at exploring a new market overseas, and without too much thought and plan at hand, he tried to export products abroad. The dispute arose when the respondent got duped in his export order and did not receive payments from his buyer. Things got worse for the respondent as he had not insured the deal and had no way of getting his money from the buyer. The claimant now had no other way but to look at litigation or hope that the dispute be settled via mediation.

The Process

The negotiator ascertained the basis of the dues by closely reviewing documents submitted by both parties. The documents included the Bill of lading, Ledger accounts, Outstanding invoices, Email conversations, Purchase orders, Whatsapp chats, etc.

The liability on the part of the respondent was established, and his intention to almost delay payments indefinitely was established. The negotiator, in this case, explained to the respondent how this can lead to litigation and more so, tarnishing his image in the market would restrict his ability to procure any credit from the manufacturers in the future. The respondent, after explaining his predicament, asked for a differential payment option. The same was extended to him post consultation with the claimant, following which the terms of settling the payment were agreed upon.

Terms of Settlement

The Respondent has agreed to pay the outstanding amount of Rs. 51,713/- by a bank transfer to the Claimant's bank account on or before 06/10/2021. The schedule of payment is as below:

Rs. 25,000/-
on or before 06th September 2021

Rs. 26,713/-
on or before 06th October 2021

The terms also included: If the Respondent breached the above-mentioned terms, then he shall be labelable to pay the entire amount from the date of default along with 18% interest p.a.

The Inference

The negotiator here could bring sense to the respondent that avoiding payments can be damaging for his business as manufacturers' associations can take cognisance of his default and make business difficult for him. The negotiator also advised him to go to organisations like the ECGC to ensure payment guarantees in the future if he undertook any export orders.

Claimant

NBFC
(*IInd* Tier City)

Respondent

Mumbai-based
Rickshaw Driver

V



Synopsis

This case was of a dispute between an auto rickshaw driver based in the suburbs of Mumbai who was funded by an NBFC to purchase a rickshaw. While the RBI-approved entity has been in the field of providing business loans to small businesses and low-income individuals, the borrower had been an auto-rickshaw driver for over a decade and aspired to purchase and run a service through an online aggregator.

While the borrower had approached the NBFC, the loan was approved basis of the projections of business that he had received

from the aggregator, and the affordability of the EMIs was established.

The loan advance was 80% of the ex-showroom price of the vehicle, and also, the cost of upholstery, which in the case of auto-rickshaws, needed to be completed post-delivery of the vehicle.

The biggest reason for the loan approval was the fact that the borrower had managed to get a license for a rickshaw which in recent times has been difficult to come by.

Facts

In due course, after the loan was sanctioned, all payments were made directly to the dealer and the upholstery maker, and the borrower was pretty regular in the repayment of the loans.

The borrower also had let the auto be driven by another driver for the night shift at a cost, and through the first one and a half years of the loan tenure, managed to repay the loan on time.

Problems occurred when the driver who had been driving at night started attracting customer complaints, and eventually, the services of his vehicle were terminated by the aggregator. This also meant that a week's payments, which were to be received by the borrower from the aggregator, were also stuck. This sent him into disarray, and he sought time for repayment of EMIs which the NBFC agreed to for the first month of default. However, he was unable to make any payment in subsequent months, and eventually, the loan became an NPA which also led the bank to initiate the repossession of the vehicle.

Repossession of a commercial vehicle and resale of the same is generally tedious and time-consuming, and as the borrower also was in a state of disarray as his sole source of income would be taken away from him, the NBFC entrusted PrivateCourt to negotiate a settlement.

OUR PHILOSOPHY

**श्लोकेन वा तदर्धेन तदर्धार्धाक्षरेण वा।
अबन्ध्यं दिवसं कुर्याद्दानाध्ययनकर्मभिः॥ ०२-१**

English Translation

Let not a single day pass without your learning a verse, half a verse, or a fourth of it, or even one letter of it; nor without attending to charity, study and other pious activity.

Hindi Translation

ऐसा एक भी दिन नहीं जाना चाहिए जब आपने एक श्लोक, आधा श्लोक, चौथाई श्लोक, या श्लोक का केवल एक अक्षर नहीं सीखा, या आपने दान, अभ्यास या कोई पवित्र कार्य नहीं किया।

PrivateCourt Proceedings

The case and the documents related to the same were quite simple to understand, and the next step was to initiate a discussion with the respondent. This discussion was initiated in person, and the respondent, who was barely educated, was almost on his knees asking to be given a chance to pay back the loans. The borrower barely seemed to understand the legal logic of the case and needed to be explained his liabilities and penalties in as much detail as possible.

The negotiator tried to break down his daily income now that he was driving the rickshaw as a stop-and-hail model completely detached from the aggregator. What came through was that while he may not be able to pay the same amount of EMI, if he put away a small sum into a savings account daily, he would be able to manage almost 90% of his EMIs

The Settlement Agreement

It was agreed by the NBFC that a complete waiver of all penalties would be given, and the loan would be restructured with an extra 8 months for repayment of the loan.

The borrower agreed to the lowered EMI and also agreed to make a daily

payment into his savings account, which was allocated to the ECS clearance.

The total outstanding due on his loan was Rs. 2,35,683/-, which was to be paid over three years; the same was now extended to an extra eight months with a lowered EMI.

FMCG Manufacturer V. Distributor

Case Number	Date of Claim raised	Date of Conciliation	Date of Settlement
PVTCRT/CD/170	24/06/2021	23/06/2021	02/07/2021

Digest
Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement



Case Summary

The parties to this dispute are a Pvt. Ltd company (the Claimant) involved in manufacturing FMCG products, largely frozen foods and ready-to-serve food products, and a distributor (the Respondent) for West India based in Gujarat. While the business is largely cash-and-carry, the long-standing relationship and the sheer volume of products that the respondent pushed warranted supplies of goods on credit. The credit period extended was 15 days from the date of delivery, and often, overlapping supplies were made. The dispute came up when there was a continuous default on 3 bulk orders back to back when the claimant was forced to halt further supplies to mitigate risks. The respondent was offended by this and stopped making any further payments. PrivateCourt was approached when all efforts of discussions failed between both parties.

The Issue

The payment defaults by the respondent put the claimant at risk as two further deliveries were expected post the invoice default. The supply was done in good faith considering the long-standing relationship and the market demand. The default in payments and the subsequent halt of supply meant that both the company and the distributor stand to lose business.

The Process

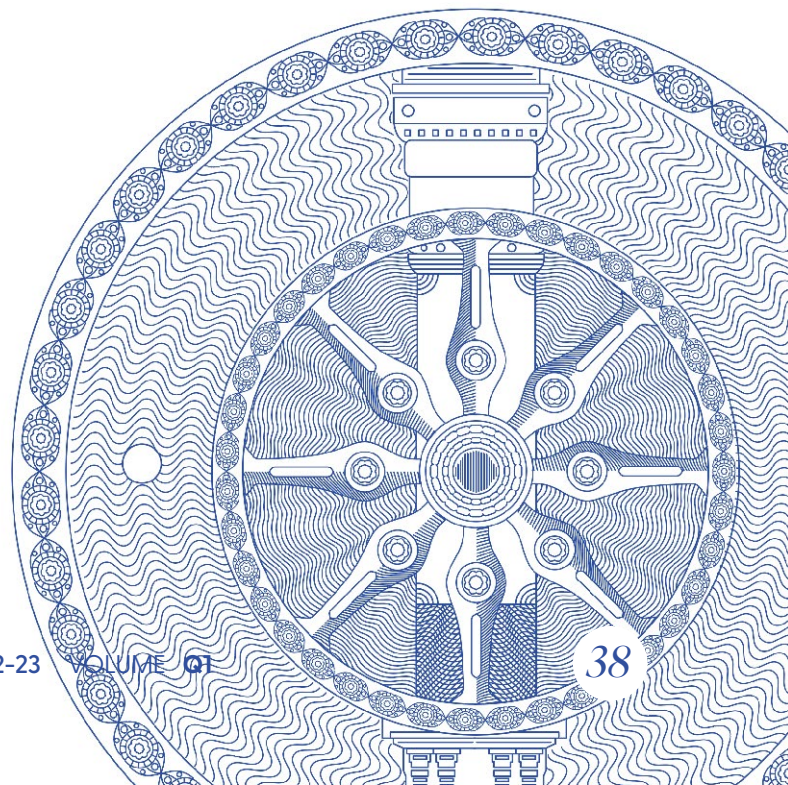
The Bills, Ledger accounts, Outstanding invoices, Email conversations, and Purchase orders, including the acceptance of delivery records, were examined in-depth by the Negotiator to establish the legitimacy of the claims. Once the negotiation began, the negotiator addressed the issue of the feeling of being offended by the distributor by explaining how overexposure of credit was a risk the claimant was not ready to take, and how it was only a business call. It was also explained to the respondent that the Brand of products now had an established market, and the claimant would be forced to go to his competition to make sure that the distribution channel was kept alive. The respondent, over the course of negotiations, did seem to soften his stand and agreed to settle payments.

The Settlement Agreement

The Respondent agreed to pay the outstanding that is due for a long time and has agreed to settle the amount of Rs. 2,76,910/- by a bank transfer in four instalments starting from 16th August 2021 till the end of November 2021.

The Inference

At times, there needs to be an undertone of a threat of loss of business to remedy payments. Here, the negotiator was able to establish that while there might be a loss in the short term to the claimant, the respondent stands to lose a market that would otherwise benefit him immensely.



Case Study

14

Case Number

PVTCRT/CD/138

Date of Claim raised

17/07/2021

Date of Conciliation

02/08/2021

Date of Settlement

02/08/2021

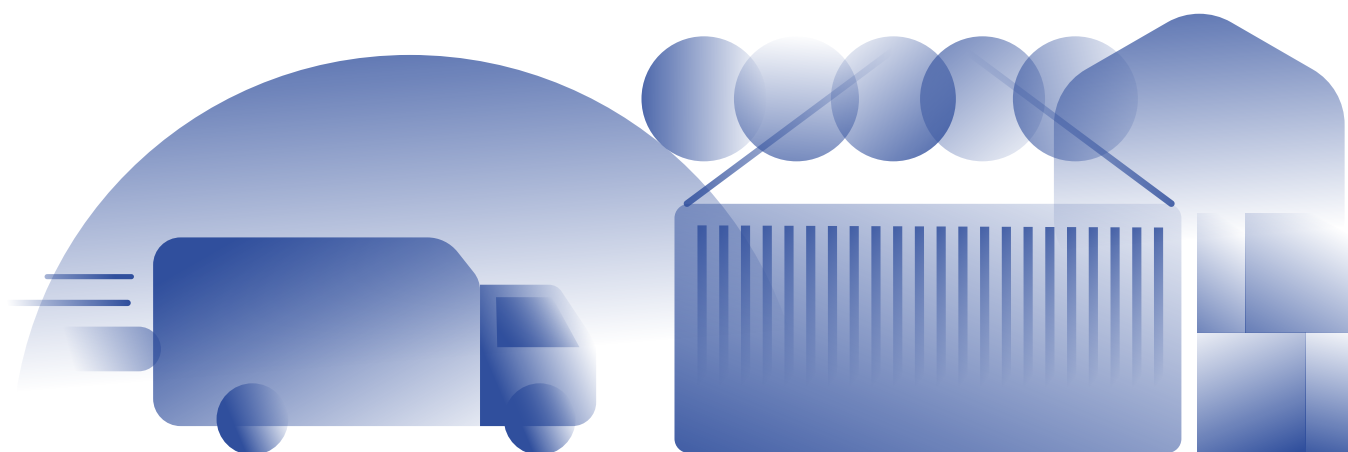
Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement

*Transport
Company*



*Logistics
Management
Company*



CASE SUMMARY

This case is a dispute between a transport company (the Claimant) and a Logistics management company (the Respondent). In this case, the respondent had engaged the services of the transport company for accessing its services in the northern regions of India for supply chain management for its client.

The contract included the pickup and delivery of raw materials from the railway depot to the factory over 3 months. The agreement included the payment of a lump sum charge and a variable charge to cover the incidental expenses, which may arise due to delays in schedule like accommodation and food for the drivers, delivery boys, etc. The agreement, though made over emails, was a very complicated affair as these expenses would be levied if the same arose due to delay from the side of the client. Emails and text messages were the medium of communication for such delays, and accounting for them was quite a task. While the respondent paid the basic amount of transportation cost, the incidental expenses were not paid for due to the lack of evidence as per their assumption.

THE ISSUE

This deal being highly dependent on the functioning of the respondent's client had many clauses which were open to interpretation. The claimant had to bear the out-of-pocket expenses and then raise an invoice for the same and the quantification of the same was in the form of emails or messages between various parties on all three sides. This made the accounting process a bit haphazard and created a disagreement.

THE PROCESS

The negotiator, in this case, painstakingly went through every communication and inspected every invoice corresponding to establishing authenticity. This case was assigned to PrivateCourt after a complete breakdown of communication between both parties. The negotiator had to now get to the bottom of the origin and destination of each communication and explain each of these to the respondent. While this unfolded, it was becoming quite evident that each claim of invoices made by the claimant had been endorsed by representatives of the respondent. Once this was done, there was no argument from the respondent's end to not make the payment. An agreement to settle the dues was reached and the following was agreed

SETTLEMENT TERMS

The Respondent has agreed to pay the outstanding amount of Rs. 4,32,630/- by bank transfer to the Claimant's bank account on or before 05/09/2021. If the Respondent breaches the above-mentioned terms, then he shall be liable to pay the entire amount from the date he received the same from the claimant along with 18% interest p.a.

THE INFERENCE

At times, organisations lack the manpower and expertise required to reconcile and technically explain their stance. PrivateCourt, in this case, helped the claimant to do so, and in the process, cut losses and delay from long-drawn litigation.

Case Study

15

Chemical
Manufacturer

V

Food
Processing
Company

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case Number

PVTCRT/CD/PVC 27-765

Date of
Claim raised

08/04/2022

Date of
Conciliation

15/04/2022

Date of
Settlement

15/06/2022

Case Summary

This is a case of a dispute between a Chemical manufacturer (the claimant) and a food processing company (the respondent). The companies in question here are both Private limited in their constitution and are based out of Madhya Pradesh.

The claimant is a chemical manufacturing company that supplies chemical preservatives of food grade required for preservatives. The respondent is a food processing company, which is in the business of frozen food products.

The relationship between the two was quite recent, and this dispute occurred on the third batch of deliveries that were against a purchase order. The respondent, defending his stance, states that the chemical supplier has overcharged and double-charged for orders, has not met chemical grade specifications, and has then charged again when the supply of the food preservatives was corrected. The total invoice value of delivery was Rs. 1,30,000/-, which the respondent refused to pay; the claimant threatened legal action if the outstanding isn't paid.



The Issue

The Claimant accepted that there was a mistake in the calculation of the amount of the invoice and had raised a credit note for adjustment of the amount. Though this meant an overall reduction of the invoice by Rs. 10,000/- the respondent remained unconvinced on the same. The respondent in fact claims that he would like to revisit earlier invoices as they accused the claimant of malpractice.

The parties agreed to mediate through PrivateCourt and provided a large number of documents to justify their positions. These included: Invoices, E-mails, WhatsApp chats, Purchase orders, Food Grade Specification list, purchase orders, etc.

The Process

After the first round of discussions with the respondent, the mediator took it upon himself to look at all the invoices that were raised and found no discrepancies. The same was presented to the team of the respondent including the final corrected invoice post consideration of the credit note. The respondent was assured that no intentional malpractice was in play and it was only a clerical error. With these facts in play, both parties agreed to settle

Settlement Terms

The Respondent has agreed to pay the settled amount of Rs.1,20,000/- to the Claimant on or before 15th June 2022, in three equal instalment of Rs. 40,000/- each to be payable as below:

The first instalment on or before 15th April 2022, amounting to **Rs. 40,000/-**

The second instalment on or before 15th May 2022, amounting to **Rs. 40,000/-**

The third instalment on or before 15th June 2022, amounting to **Rs. 40,000/-**

Failing to comply with the same would attract a penal interest of 18% p.a. for the outstanding amount post the last date of payment.

The Inference

In certain cases, an audit and explanation given by a third party like a mediator assure both parties of the fairness of the settlement. Though the mediator in this case only communicated what the claimant had been saying, the fact that there was an audit and explanation by a third party helped in settling the issue.

Digital Marketing Company

V.

Online Maid Service Provider

Case Number

PVTCRT/CD/PVT/132/5548

Date of Claim raised

23/02/2022

Date of Conciliation

02/03/2022

Date of Settlement

31/03/2022

Digest

Mediation
 Conciliation
 Dispute
 Claimant
 Respondent
 Invoice
 Settlement



Case Summary

This dispute arose between a digital marketing company based in Bangalore and an online maid service provider based out of Hyderabad. While the respondent, in this case, the service provider, entailed the services of the digital marketing company for lead generation and online promotions, they in turn provided services directly to customers with local maid assistance. The respondent had gone through their seed funding round and had ambitious plans of expansion for which they needed digital marketing assistance. The claimant agreed to provide these services, which included digital

marketing, online product placements, and an increase in web traffic through SEO and SEM services as a complete package. Specific service levels for each activity were agreed upon with weekly, monthly, and quarterly reviews. The total contract value of the project was to be Rs. 75,00,000/- where there was to be a 25% advance. The dispute occurred, when post delivery of services, the respondent was given an invoice of Rs. 24,13,242/- towards lead generation charges. The respondent denied payment of this invoice entirely, citing a breach of service levels.

The Issue

While there were service levels agreed upon for various activities conducted, there were reviews conducted periodically for any amendments or changes that would be needed for improvements if any no major objections were brought up by the claimant through the service period.

In the case of the invoice in question, the ratio of contactability of willing customers @ 65% to the leads generated was the only service criteria defined. However, when the invoice was raised, the claimant denied the payment saying that the conversion of leads to customers post-contact was too low and that they would not make the payments. The cost of lead generation being very high with no credit lines as industry standards are, the denial of such an invoice would send the claimant into a difficult situation. PrivateCourt was approached to settle this issue.

The Process

The mediator, in this case, went through all the SLAs agreed upon and looked at all review documents exchanged. Finding that there was no red flag raised through the period of the service offered, the respondent was approached. The mediator explained how all markers on the service levels, especially in the case of the lead generation activity, had been met and how the respondent had not raised any objection to the functioning of this activity through the service period was brought to their notice. Meeting with some reluctance to accept the claim, the mediator explained how negative publicity would hamper the operations of a startup and how that might prove detrimental in going into round “a” of funding.

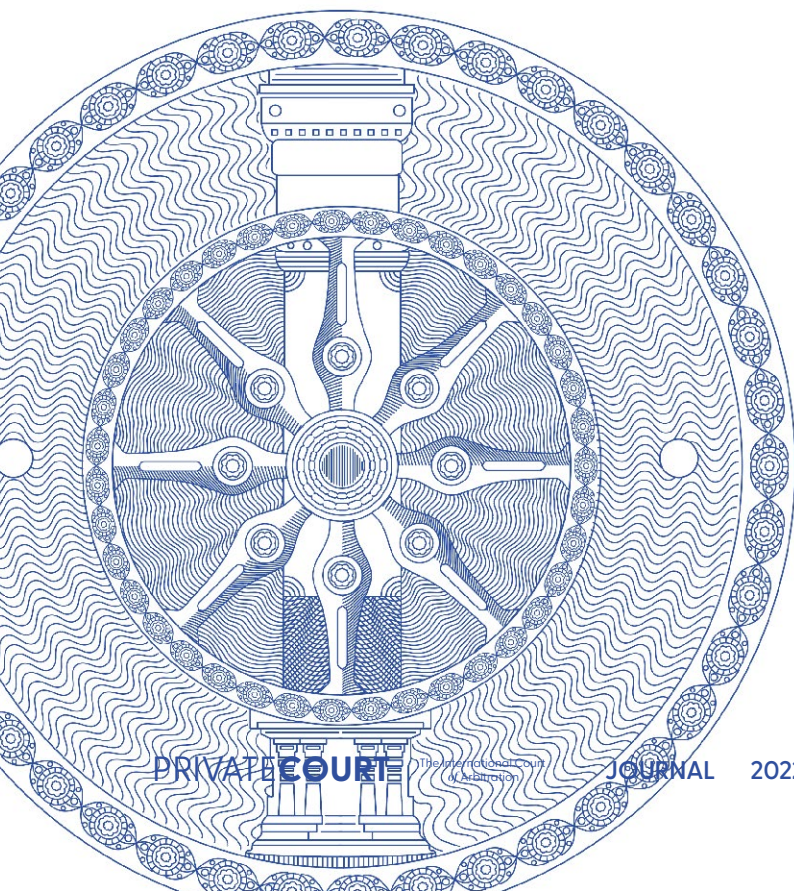
The respondent agreed to settle the invoice in its entirety.

The Settlement Agreement

The respondent agreed to settle the entire outstanding amount of Rs. 24,13,242/ on or before March 31, 2022, failing which the claimant would charge a penal interest of 21% p.m till such outstanding is cleared.

The Inference

Settlements are often a matter of perspective, and professional mediation helps bring the consequences of breach of agreements to the fore and settle disputes with fewer hassles.



Claimant

NBFC

(IInd Tier City)

Respondent

Small-Sized Laundry Owner

V



Synopsis

This is a dispute between a laundry owner and an NBFC which has been involved in small loans advanced to NBFCs. The borrower, in this case, a migrant from north India, had been operating a small laundry and press service for half a decade in the suburbs of Mumbai and aspired to grow his business.

He approached a few lenders but was unsuccessful in getting the loan as he had not been filing returns due to sheer ignorance. The NBFC in question, however, was ready to fund him basis his business turnover and sent an observer to his shop to look at daily transactions for a week. Satisfied with his business acumen, a loan for the purchase of commercial appliances was sanctioned. The total loan amount advanced was Rs. 3,25,000/- for a tenure of 5 years. A rate of

interest of 13% was to be levied as the loan was considered a high-risk loan.

The relationship was nurtured well as subsequent visits showed that the money advanced was utilized for the purchase of the appliances, and there was also an increase in the staff. For almost 2 years, the borrower paid the EMIs on time. The issues started when certain EMIs were missed, and ECS returned unpaid, however, were then paid along with late fees and charges. The situation worsened as EMIs completely started being missed, and there was not much of a response from the borrower to reminder calls and messages. Personal visits from the NBFCs also were futile as the borrower seemed to be not present at the address.

Facts

The problem that came up at the borrower's end was that the shop that he had rented out was to be demolished for redevelopment, and this meant that he would have needed to move to a new location and would very likely lose his captive customer base. He had been frantically looking for a place to move to, and being a sole proprietor was not really focused on the business as he was mentally quite disturbed.

While the relationship managers of the NBFC were very sympathetic to this issue, they were unsure of how to get around the situation and had to now go in for confiscation of his appliances for recovery of the loan.

His appeals to prevent the same led to the case being handed over to PrivateCourt for settlement and negotiations.

OUR PHILOSOPHY

kālah pacati bhūtāni kālah saṃharate prajāḥ |
kālah supteṣu jāgarti kālo hi duratikramaḥ || 06-07

English Translation

Time perfects all living beings as well as kills them;
it alone is awake when all others are asleep.
Time is insurmountable, rest upon truth.

Hindi Translation

काल सभी जीवों को निपुणता प्रदान करता है।
वही सभी जीवों का संहार भी करता है।
वह जागता रहता है जब सब सो जाते हैं।
काल को कोई जीत नहीं सकता।

PrivateCourt Proceedings

The negotiator, after studying the case and also looking at the repayment behaviour of the customer, found that there was a clear pattern, and the default did not look to be of a wilful nature.

A dialogue with the borrower was initiated, who had lost possession of the premises and was totally out of business for almost a fortnight.

The negotiator then had a discussion with the NBFC officers, and what came through in this discussion was that there was another customer in the vicinity who had an extra unused area on his premises. The officers then set up a conversation between the borrower and the client, and a deal to lease out a part of the premises for the operation of the laundry was worked out.

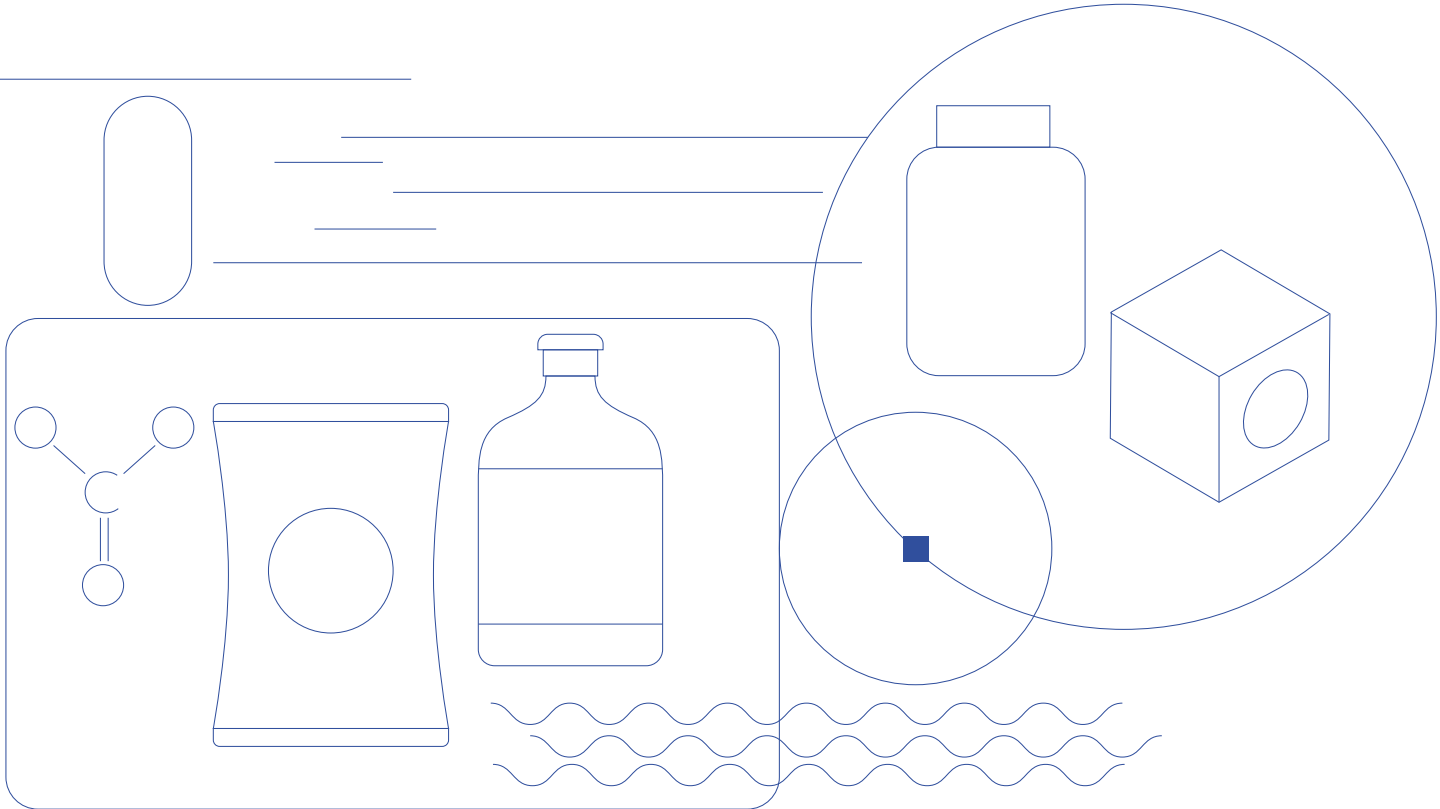
The Settlement Agreement

Now that the laundry could be reopened, the borrower could easily settle into the business and retain his customer base. The other good thing that happened for him was that there was a significant gap between the deposit amount of his earlier landlord and that of the new premises.

This enabled the borrower to use the deposit that was returned to pay off the amount that was due, and a moratorium of 3 months was given to him before he restarted the EMIs.

Trading Company V. NBFC

Case Number	Date of Claim raised	Date of Conciliation	Date of Settlement	Digest
PVTCRT/CD/003/043	15/02/2022	10/03/2022	16/04/2022	Mediation/Conciliation/ Dispute/ Claimant/ Respondent/Invoice/ Settlement



Case Summary

This dispute arose between a trading company and an NBFC, both based in Uttar Pradesh. The Claimant is an NBFC in the business of providing packing credit and bill discounting services to SMEs. The Respondent is a trading company, which is in the business of distributing sodium bicarbonate to plastic product manufacturers in the north of India. The respondent had borrowed an amount of Rs. 1,63,000/- from the claimant for a consignment imported against a purchase order of Rs. 2,86,000/-. While the credit was given for a period of 90 days, the respondent failed to pay back, stating reasons for the non-receipt of payments from his buyer. Courtesy of another 30 days extension was given by the claimant, which again was breached.

The Issue

The claimant, in good faith, had agreed not to levy any extra penal interest for the credit line extension for 30 days. Despite this gesture, the respondent did not make good on his promise and defaulted further with only a part payment of Rs. 30,000/- with a further request for an extension, with no clear date of closure.

The Claimant approached PrivateCourt for settlement.

The Process

The negotiator, in this case, went through all agreed terms and conditions between the parties and concluded that the respondent had indeed overshot all deadlines of payment and did not have a clear plan for repaying his debts. The loan being unsecured had also aided in his complacency. The negotiator, in his conversation with the respondent, made it clear to him that there could be an impact on his credit scores in the future, and the claimant could inform his other creditors, where he enjoyed credit limits, to make his account substandard. This, in the long run, would affect his ability to procure any credits from the market, which is essential in his line of business. The respondent was asked to settle the amount in full, which he agreed to.

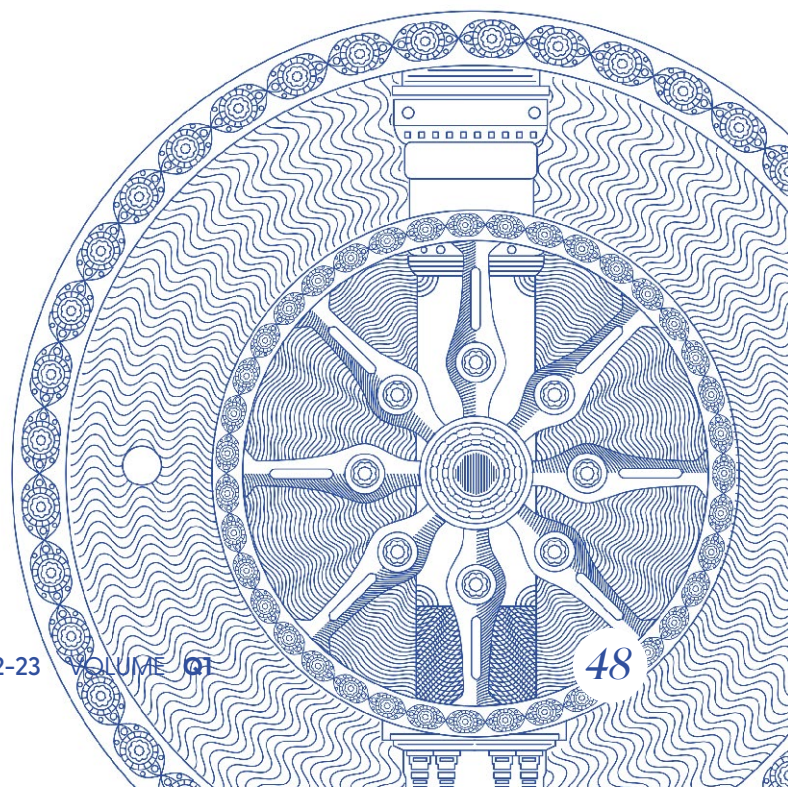
The Settlement Terms

The following terms were agreed upon:

The respondent to pay the remainder i.e. Rs. 1,33,000/- of the amount in two equal instalments of Rs. 66,500/- each on 16th March 2022 and on 16th April 2022 respectively.

The Inference

At times, effectively communicating the ill effects of payment default to respondents with legal and business precedents helps settle issues effectively and quickly.



Case Study

19

Cast Number

PVTCRT/CD/PVC/3321/0950

Date of Claim raised

15/02/2022

Date of Conciliation

02/03/2022

Date of Settlement

15/04/2022

Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement

NBFC



*Small Business
Owner*



CASE SUMMARY

This case is a dispute between an NBFC and an individual based out of Delhi. The Claimant is an NBFC, which is in the business of giving unsecured loans to small business owners, and the Respondent is an individual running a grocery shop in the northern part of the city. While the loan of Rs. 5,00,000/- was given to the respondent basis his turnover for a period of 5 years in 2019, he stopped paying his EMI's in late 2021 as he ran into some health issues. The NBFC had approached him for repayment, and post three missed EMI payments, the loan got marked as a Non-Performing Asset. The NBFC did give him some respite as he was hospitalised and did not charge a penal interest during the period of his hospitalisation. However, post six months of non-payment of EMI's, the company had no option but to move into legal litigation, and PrivateCourt was approached to mediate a settlement before moving to court.

THE ISSUE

While the borrower had every intent to pay, he had been struggling with his health and had to go into long-drawn therapy for recovery. While both parties had genuine consideration for each other, no midway could be achieved.

THE PROCESS

In this case, there were very minimal interactions required with parties, and the mediator had to come up with a way to resolve the issue. What the mediator established was that unless the repayment started quickly, the loan would become bad debt and would affect the books of the NBFC and its standing, therefore. The respondent had every intention to pay and had requested some reprieve. The mediator suggested some changes, and an agreement was reached.

THE SETTLEMENT TERMS

The NBFC agreed to write off all interest charges and only collect the remaining principal amount. Hence, the agreed amount to be repaid was Rs. 1,60,000/- instead of Rs. 2,23,325/-, the same to be paid in two equal instalments on or before 15th April 2022, and the dues to be written off in the books.

The first instalment of
Rs. 80,000/-
payable on 15th March 2022

The second instalment of
Rs. 80,000/-
payable on 15th April 2022

THE INFERENCE

In this case, writing off a bad debt meant that the loan would be substandard at even 50% of the principal value, and it would have been a bane on the respondent's side as well. The Mediator understood this and made sure that both parties came out of the deal with minimum losses.

Case Study

20

Private Limited Company



Marketing Company

Digest

- Mediation
- Conciliation
- Dispute
- Claimant
- Respondent
- Invoice
- Settlement

Case Number

PVTCRT/CD/PVC/2216/9342

Date of Claim raised

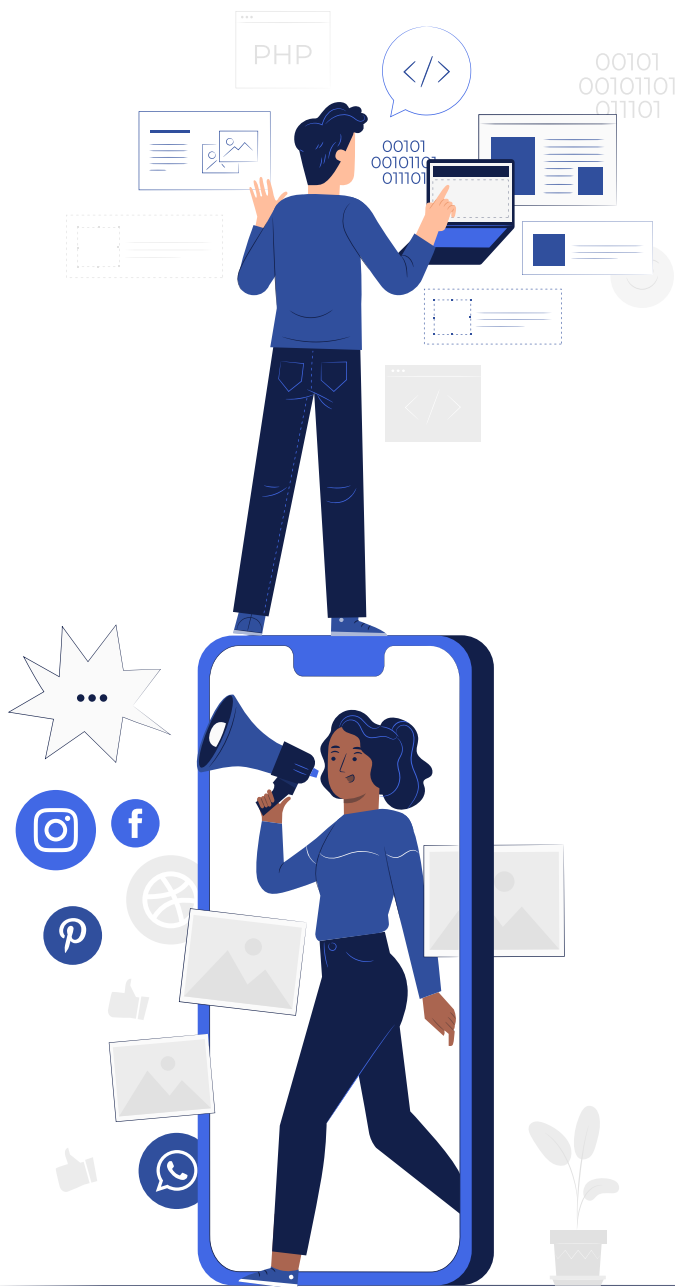
15/02/2022

Date of Conciliation

23/02/2022

Date of Settlement

23/05/2022



Case Summary

This dispute was between a Private Limited company based in Bangalore (the Claimant), which is in the business of IT solutions, and a marketing company (the Respondent) based out of Delhi. The claimant had supplied the hardware required to host a server that would help in the broadcasting of IVR and SMS content on a large scale.

The deal was that the respondent would pay a total of Rs. 6,05,032/- for the supply of the equipment of which 50% was to be paid as an advance, and the remaining after the commissioning of the project. While the advance was received, the remainder of the amount was not paid even after 30 days of kickstart leading to a total outstanding of Rs. 4,34,672/-.

The Issue

While there was an advance received and equipment delivered, the respondent claimed that the supplied hardware was not up to the specification, and hence, there needed to be a price reduction. Despite repeated appeals from the claimant and various communications where they did prove the concurrence of the product delivered to the purchase order, the respondent denied budging from his stand.

The Process

While PrivateCourt was involved in the settlement, the mediator went through all the communication and established that the claimant had a valid stand.

In the first discussion with the respondent, it was clear that there was malicious intent to avoid payment. In subsequent rounds of negotiation, the mediator clearly put across to the respondent that since there was a breach of agreed terms from their end and the next step that would be taken would be to repossess the hardware in question, which would send their business plans into a tizzy. Besides, this news being spread on social media would also create a bad reputation for their business. With these threats looming large, the respondent agreed to come around and make good on their end of the bargain.

The Settlement Terms

It was agreed that the Respondent would pay the remainder of the payments i.e. Rs. 4,34,672/- in three equal instalments of Rs. 1,44,890/-, on or before 23rd May 2022, each to be payable as below:

The first instalment of
Rs. 1,44,890/-
on or before 23rd March 2022

The second instalment of
Rs. 1,44,890/-
on or before 23rd April 2022

The third instalment of
Rs. 1,44,890/-
on or before 23rd May 2022

Failing to make this payment would draw an immediate forfeit of the articles sold with no refund to the 50% already paid.

The Inference

Most business houses have to trust their customers, and business is mostly conducted on a good faith basis. When there is an intention to cheat, third-party negotiations with clear directives of swift legal action can often turn things around.

NBFC

V.

Business Owner

Case Number

PVTCRT/CD/1139-6734

Date of Claim raised

15/02/2022

Date of Conciliation

23/02/2022

Date of Settlement

15/03/2022

Digest

Mediation
 Conciliation
 Dispute
 Claimant
 Respondent
 Invoice
 Settlement



Case Summary

This is a dispute between an NBFC and its borrower based in Uttar Pradesh. The Claimant is a private NBFC in the business of providing unsecured loans to individuals. The borrower, in this case, is an individual who was salaried and working for a manufacturing house. The loan was for a period of 5 years, and the principal amount lent was Rs. 3,00,000/-. The EMIs were paid on time for about two years, and then there was a default with a total outstanding amounting to Rs. 1,77,156. The loan was marked NPA and became substandard in January 2022. While the loan was to be marked as bad debt and assigned to litigation, the claimant approached PrivateCourt for mediation.

The Issue

The issue was that the respondent had lost his job and was employed at a much lower salary and could not manage all his debts as he focused on paying off the secured loans. Despite repeated reminders and personal visits from the Claimant's representatives, the respondent did not respond, and the case had to be sent for litigation.

The Process

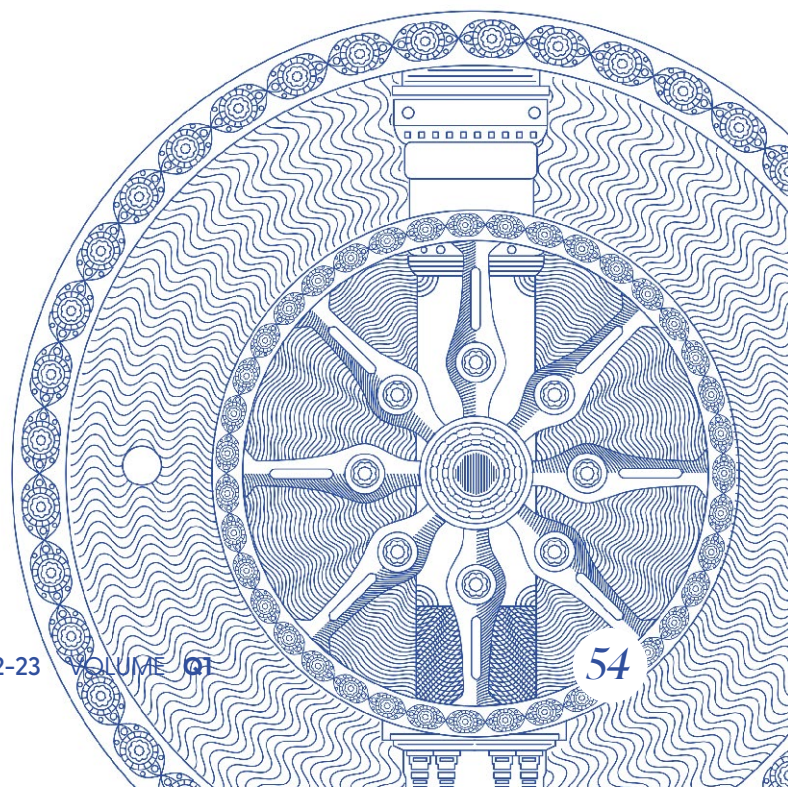
After understanding the case, the mediator concluded that the respondent had not taken paying this unsecured loan seriously, and needed to be reminded of his responsibilities. During the course of the negotiations, the guarantors of the loan were also invited and were explained the repercussions of such default. The parties were made to understand that the claimant was willing to waive the penal interest if the respondents were ready to settle immediately. A time for discussion was allowed between the respondent and the guarantors and a settlement was arrived at.

The Settlement Agreement

Between the respondent and the guarantors, it was agreed that they would pay an amount of Rs. 1,20,000/- on or before 15th March 2022, in lieu of the total outstanding of Rs. 1,77,000/-, and this would be considered a full and final settlement. Failure to adhere to this would invoke legal action, which may amount to a lien on the accounts of the respondent, and the guarantors' bank accounts through a court order.

The Inference

At times, a third party with a legal understanding of the responsibilities of all individuals to a contract helps in resolving issues quickly.



Claimant

NBFC
(IInd Tier City)

Respondent

Educational
Academy
Owner

V



Synopsis

This dispute was between an educational academy owner and an NBFC. A teacher, who had been taking tuition and was quite successful at it, decided to upgrade to opening an academy. While banks were not really open to the idea of funding such a venture, the NBFC, based on the income details filed by the individual, decided to fund the project.

The venture was timed perfectly to open just before the start of the academic year 2020-21. The premise was identified and readied, and the venture was set rolling. The financing was done in two parts i.e. one part for capital expenditure and another part for working capital, but both clubbed into term loans.

While the capex was entirely used up, the working capital was not fully withdrawn as the inflow of fees from students made up for the gap. The total loan amount was now reduced from the initially sanctioned amount, and the EMIs were set accordingly. A total loan of Rs. 3,25,000/- was allocated to the project, and EMIs were allocated.

The account was well managed and was serviced without a hitch for the first year and almost half of the subsequent year. Things took a turn for the worse when the borrower failed to make payments regularly, and then eventually missed three consecutive EMIs and was marked as NPA.

Facts

While the loan had become NPA and the respondent was approached by the NBFC, it was learned that the borrower had been detected with cancer and was hospitalized for a few months. As the academy was completely run on the basis of his reputation as a teacher, they were facing issues of students withdrawing from the classes, and hence, the operations were in complete disarray.

While there was an extension given on health grounds and some payments were made towards the loan, there seemed to be no improvement in the regularity of EMI repayment of the loans. The case was now handed over to PrivateCourt for settlement.

OUR PHILOSOPHY

*karṇaṇyevādhikāraṣṭe mā phaleṣu kadācana |
mā karmaphalaheturbhūrmā te saṅgo'stvakarmaṇi || 2-47*

English Translation

To work alone you have the right, and not to the fruits.
Do not be impelled by the fruits of work.
Nor have an attachment to inaction.

Hindi Translation

कर्म करने मात्र में तुम्हारा अधिकार है, फल में कभी नहीं।
तुम कर्मफल के हेतु वाले मत होना और
अकर्म में भी तुम्हारी आसक्ति न हो।

PrivateCourt Proceedings

In this case, the PrivateCourt team of experts looked at all the documentation and also studied the replies filed by the respondent to the previous communications. It was clearly evident that the respondent himself was not in the best of health to be attending a negotiation discussion.

What made the issues even more difficult was the fact that the loan was not secured by any asset that would pay off the loan in case of liquidation, and the Claimant's team was appraised of this fact. This resulted in a series of brainstorming sessions between the PrivateCourt team and the Claimant company representatives.

While inspecting all the options, PrivateCourt negotiating experts came up with a plan of finding out if the NBFC had any other client who was into a similar business and would be interested in taking up this venture for expansion. As luck would have it, they managed to find a prospect, and an approach was made, which was accepted in a few rounds of discussions.

The Settlement Agreement

An agreement was entered into between the respondents' side and the third-party buyers. A valuation was arrived upon, and a part of the same was paid to the respondent. The loans were now to be taken over by the third-party company.

This solution not only ensured that the loans of the Claimant were paid for it also helped the respondent in his time of crisis and brought him some much needed cashflow.

Digital Marketing Service Company V. Tech startup

Case Number

PVT CRT/CD/PVT769-0042

Date of
Claim raised

15/01/2022

Date of
Conciliation

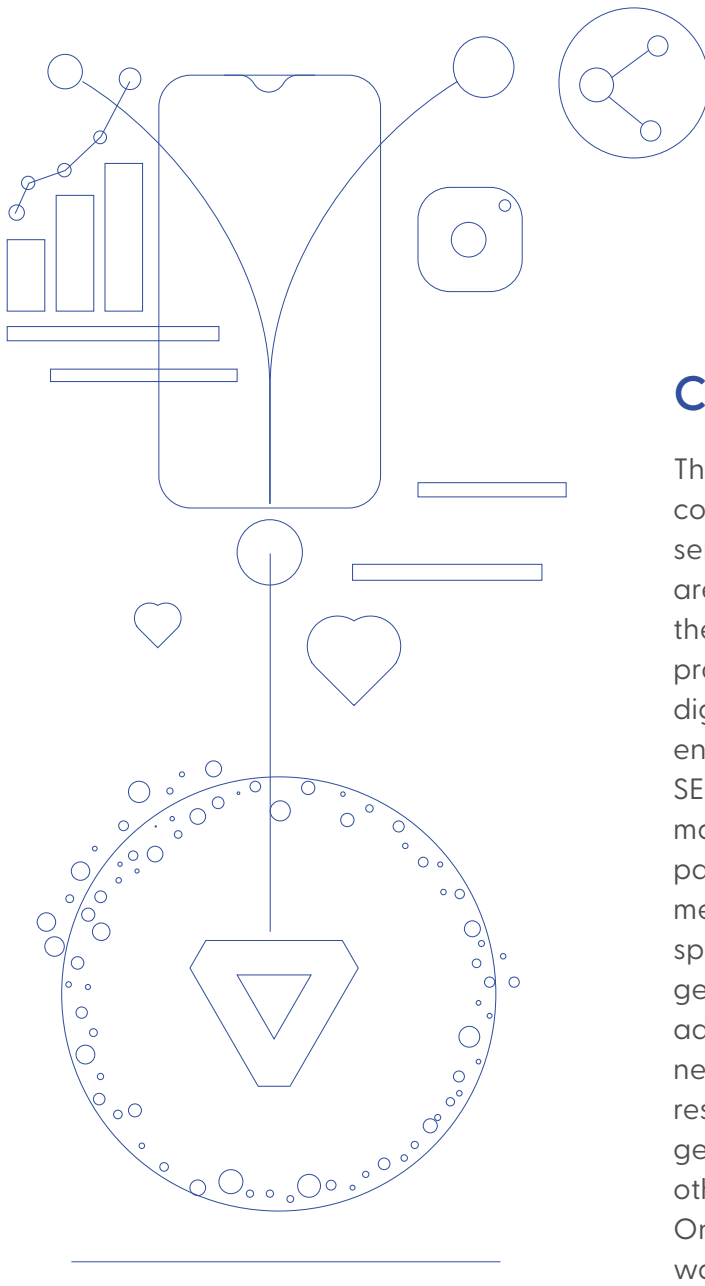
22/01/2022

Date of
Settlement

21/02/2022

Digest

Mediation/Conciliation/
Dispute/ Claimant/
Respondent/Invoice/
Settlement



Case Summary

The dispute was between a technology company providing Digital Marketing services and a Tech startup in the e-learning arena. The tech startup (Respondent) hired the technology company (Claimant) for providing digital marketing services. The digital marketing company was to provide end-to-end marketing solutions, including SEO/SEM services, website content management, and lead generation. Both parties being based out of Bangalore, many meetings were held in person and, at times, sparsely documented. Payments for lead generation services were to be made in advance, but other marketing activities needed to be billed every month. While the respondent made payments for the lead generation activity, invoices raised for the other marketing activities were partially paid. On being approached, the argument given was that they needed to see the impact of the activities over a period of time to decide the effectiveness.

The Issue

The bone of contention was that the cost of marketing, which was borne by the claimant, had to be settled by the respondent in 30-day cycles as it would help the activity to be continued. The delay in payment not only meant that the respondent lost money but also meant that the activities could not be continued, and the online properties that were developed started losing their positioning. While the respondent kept paying for the lead generation activity and was satisfied with the results thereof.

The Process

The negotiator established the claims after an in-depth review of the evidence and documentation submitted by both parties. These included email communications, WhatsApp chats, invoice records, minuted meeting records, etc. Once the claim was established, the Negotiator then had a detailed discussion with the respondent on how the nonpayment was affecting not only the claimant but also the activities that were being conducted online for his business as well. The respondent was also informed that the nonpayment of dues would result in the claimant forfeiting the amount paid towards lead generation activity, and that would also compound the troubles for the respondent. An amicable settlement needed to be reached for the outstanding amount of Rs. 10,50,000/, and the same was agreed by the respondent.

Terms of Settlement

The Respondent agreed to pay the settled amount of Rs. 10,50,000/- to the Claimant as per the below-mentioned schedule:

The first payment, amounting to
Rs. 4,00,000/-
on or before 07/03/2022

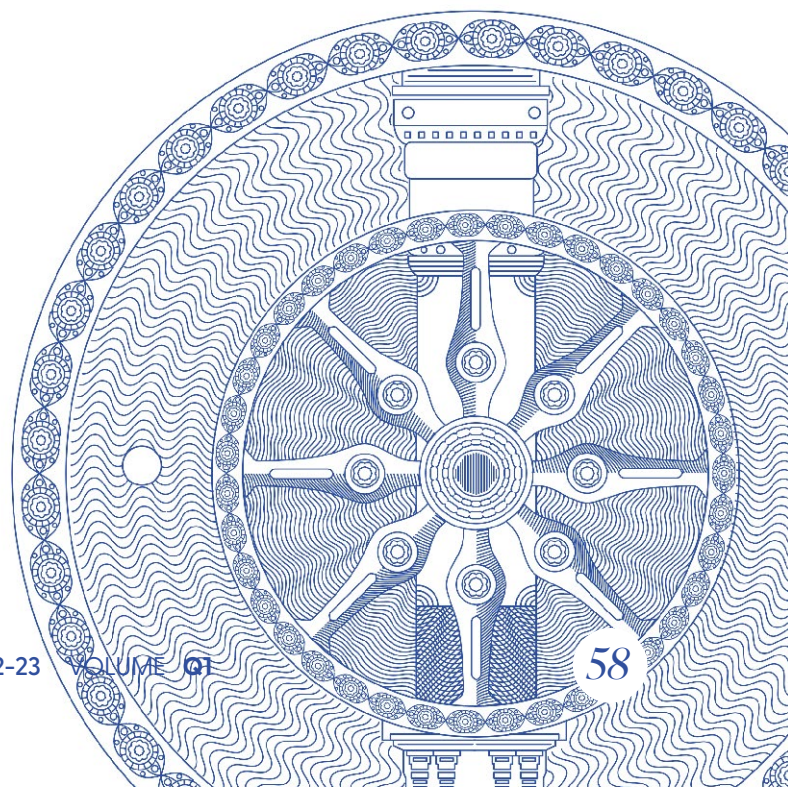
The second payment, amounting to
Rs. 2,25,000/-
on or before 07/04/2022

The third payment, amounting to
Rs. 2,25,000/-
on or before 01/05/2022

The fourth payment, amounting to
Rs. 2,00,000/-
on or before 31/05/2022

The Inference

The Negotiator's ability to explain the



Case Study

24

Case Number

PVTCRT/CD/PVT-1189-4428

Date of Claim raised

15/02/2022

Date of Conciliation

23/02/2022

Date of Settlement

16/02/2022

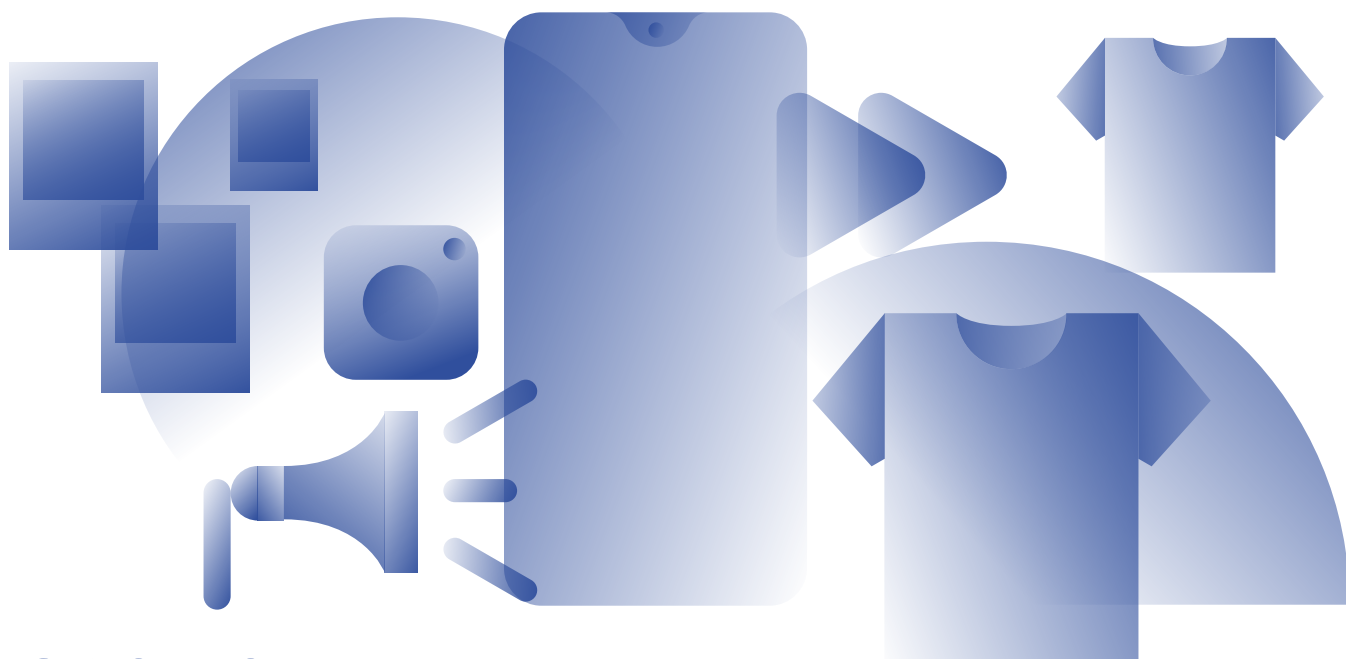
Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement

*Digital
Marketing
Company*



*Online
Apparel
Brand*



CASE SUMMARY

This was a dispute that came up between a digital marketing company based in Mumbai and a Delhi based online apparel brand. While the digital marketing company (Claimant) was in the business of brand promotions and the online apparel brand (respondent) was an online startup in the business of selling customised T-shirts online. Being a typical startup the apparel brand needed to have a good online presence and needed the help of the digital marketing company to help them with the same. The digital marketing company was hired to create online properties and to increase website traffic. This was a long-term engagement and was to be a continuous process for a period of one year. The claimant was supposed to raise invoices for all the separate activities and there would be a rolling credit of 15 days for each invoice. The dispute occurred after 3 months of the project when the respondent started delaying payments of invoices raised.

THE ISSUE

The respondent, being a startup, was in the market looking for funding and had started the activity based on certain promises of funds coming through. Though they were making good headway in developing an online market for their product, they were not able to secure the first round of funding on time. Though they had the funds to support the operations, they now decided to divert it towards order fulfilment and creation of further stockpiles and ignored the payments to be made to the Claimant. As the digital marketing activities were a constant process, the receivables mounted to a sum of Rs. 5,49,000/-. The claimant approached PrivateCourt to negotiate for a settlement.

THE PROCESS

The Negotiator looked through all the documentation and established the credibility of the claim. Once he was satisfied with the accuracy, a discussion with the respondent was initiated. Understanding the issues of fund flow at the respondent's end, the negotiator also explained how the activities conducted by the claimant were important for the online business to continue on the right path. The negotiator also explained that the online property that was built over the past few months would drop in value if the activities were discontinued. Realising the problem at hand, the respondent asked for deferred payment options for the accrued invoices and also promised to pay any new invoices basis the originally agreed terms. The request was run through with the claimant, and a settlement was arrived upon.

TERMS OF SETTLEMENT

The respondent would settle the accrued invoices in 5 equal parts of Rs. 1,09,800/- paid within the 15th of every calendar month. Failing to do this would prompt an immediate stop to all activities conducted by the claimant and there would be an 18% p.a. penalty charged on all outstanding amounts.

The first payment, amounting to
Rs. 1,09,800/-
on or before 15/03/2022

The second payment, amounting to
Rs. 1,09,800/-
on or before 15/04/2022

The third payment, amounting to
Rs. 1,09,800/-
on or before 15/05/2022

The fourth payment, amounting to
Rs. 1,09,800/-
on or before 15/06/2022

The fifth payment, amounting to
Rs. 1,09,800/-
on or before 15/07/2022

THE INFERENCE

Though there was a delay in payment, the negotiator, in this case, was not only able to get the settlement but also ensure that both parties continued their business relationship.

NBFC

V

Small Loan
Borrower

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case Number

PVT CRT/CD/PVT-PV-1154-9539

Date of
Claim raised

15/02/2022

Date of
Conciliation

23/02/2022

Date of
Settlement

23/05/2022



Case Summary

This case is a dispute between an NBFC and a small loan borrower. The Claimant is an NBFC who lent Rs. 1,00,000/- to a small borrower based on his salary for a tenure of 2 years. While the respondent paid his EMIs for almost a year and 3 months, he started defaulting on payments and made part payments to EMIs for the subsequent 6 months. There was an interest accrual on his account for a period of 9 months, and the dispute occurred when a total outstanding of Rs. 23,422/- was reached, and the account was deemed substandard.

The Issue

The claimant had lost his job and had to take up a smaller remuneration in his new job as a compromise, and he could not manage to pay all his EMIs. This issue was compounded by the fact that his wife fell ill and needed long-standing treatment. While the default was not willful and he did manage to pay part EMIs, the lender had no option but to tag the account NPA and proceed with litigation.

The Process

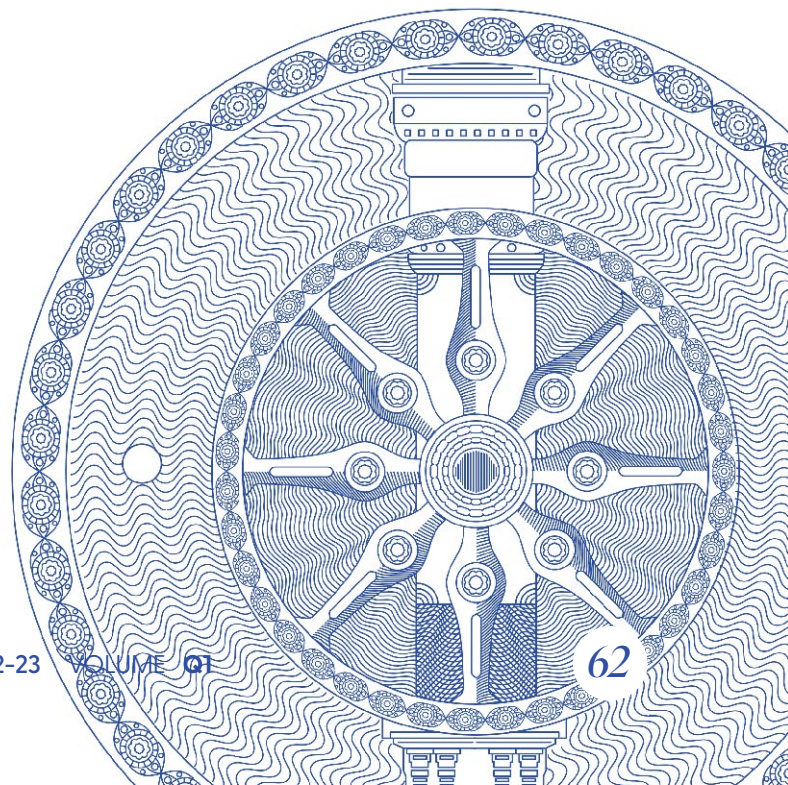
The negotiator, in this case, looked at the loan statement and the payment history, and after establishing the authenticity, he went ahead and discussed the issue with the respondent. The negotiator established that the respondent had a clear intention of settling the issue; thus, in consideration with the claimant, made the offer to waive all penal interest and allow the respondent three equal instalments to settle the outstanding.

The Settlement Terms

The respondent would be given a waiver of Rs. 3,422/-, and the amount of Rs. 20,000/- to be paid in 3 instalments of Rs. 10,000/- as the first and Rs. 5000/- in the next 2 consecutive ones. The final payment to be made on or before 16th March 2022.

The Inference

Human angle to the negotiation helped both parties to achieve an amicable settlement.



NBFC

V.

Private Business Individual

Case Number

PVTCRT/CD/123-PVT-6629

Date of Claim raised

15/02/2022

Date of Conciliation

25/02/2022

Date of Settlement

23/05/2022

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement



Case Summary

This is a dispute between an NBFC and a private individual. The case is unique as the mediation was requested by the borrower. The claimant, in this case, the borrower, had taken a personal loan of Rs. 2,50,000/- for a period of 3 years. He had paid the EMIs for the loans for almost the entire tenure, barring 4 months just post the covid phase. He was charged a penal interest for the same, which he claims to have settled. This dispute occurred when there was an outstanding amount of Rs. 20,000/- added to the loan, which he believed was erroneously levied.

The Issue

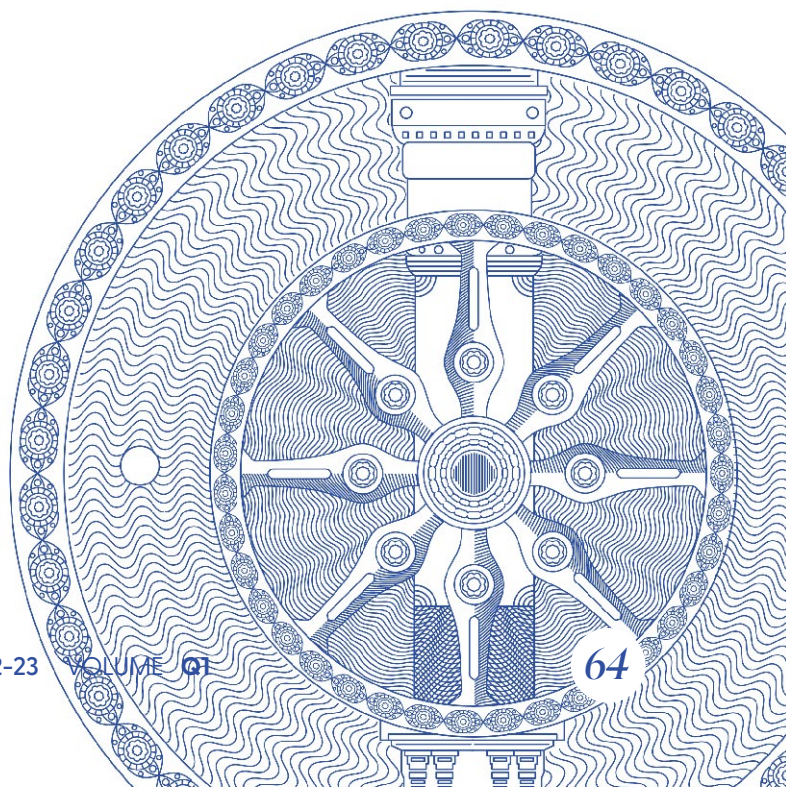
The bank had charged a penal interest on the delayed payment that had occurred for 4 non-consecutive months and levied the same, and the demand notice was sent to the borrower post the payment of his last instalment. The borrower claims that the same was paid off during the period of the loan as an extra EMI and was erroneously charged. The NBFC; however, denied his claim, and the same had been charged to him. The borrower then approached PrivateCourt for mediation

The Process

The mediator inspected all bank statements and compared the same to the loan outstanding statement issued by the bank. While all the entries in both these statements were concurrent, the one document entry that was missing was a cash receipt from a third-party collection agency. Apparently, the bank had engaged a third party to collect the outstanding EMI from the borrower and was paid in cash. Due to some clerical error, the NBFC had not captured that entry and had charged penal interest on the same. Once the mediator produced this as a piece of evidence, the NBFC dug into the paperwork at their end and stood corrected and issued a no-due certificate.

The Settlement Agreement

The agreement was crystalized for the above-mentioned loan at Rs. 18,550/-, by Cash/Demand Draft /Cheque, payable on or before 7th March 2022.



Claimant

NBFC

(IInd Tier City)

Respondent

T. Nadu Textile Manufacturer

V



Synopsis

This dispute case is between a textile manufacturer and an NBFC. The manufacturer of textiles from the southern state of Tamil Nadu had borrowed a bridge loan for business expansion from an NBFC. The textile company had a long-standing business and had been doing business locally. However, there was an opportunity for them to export shirts through a merchandiser, and they needed funds to supply their first order.

As this was their first venture, the banks were not very keen on furnishing their need.

However, the NBFC allowed them a packing credit against LC with a 90-day window, which was a part of the agreement. The dispute occurred when the respondent could not complete the manufacturing process within the stipulated time period, and the order was canceled.

Facts

The respondent was unable to complete the orders and was not able to honour the deadline of the contract, and hence, lost the validity of the LC terms.

The problem he faced was an unforeseen power outage in the area of his business, which meant that he had to now rely on heavy generators which were suddenly in short supply. Though this situation lasted only for a week, the respondent was unable to make up for the lost time as he had already moved to work a rotational shift to ensure timely delivery.

The issue had now become critical as the NBFC had not mortgaged any collateral, and it was done at the discretion of the senior credit manager, considering the urgency of the transaction and the low turnaround time.

While the respondent had the stock in hand as completed work, he could not pay back the amount as he did not have orders to fulfill.

PrivateCourt Proceedings

PrivateCourt, who was now committed to coming up with a resolution, engaged the parties involved. After studying the entire transaction, no stone was left unturned to explore all options.

While litigation was a very obvious route, it would mean a lengthy legal battle and also run a risk of liquidation of business or attachment of assets for the respondent, who was very keen to not take the matter in that direction.

The negotiating team, in this case, decided to take a different route and invited the merchandiser who had placed the order in the first place for a discussion.

While the resolution team explained the predicament of the respondent to the merchandiser, he also (with the permission of the respondent) offered a 15% reduction of cost in case they could manage to carry out the order. The merchandiser agreed to have a quality audit done and respond in case they found the products good for delivery.

OUR PHILOSOPHY

**तस्मादसक्तः सततं कार्यं कर्म समाचर।
असक्तो ह्याचरन्कर्म परमाप्नोति पूरुषः॥ ३-१९**

Transliteration

tasmādasaktaḥ satataṃ kāryaṃ karma samācara |
asakto hyācarankarma paramāpnoti pūruṣaḥ || 3-19

English Translation

Go on efficiently doing your duty at all times without attachment.
Doing work without attachment man attains the Supreme

Hindi Translation

तुम अनासक्त होकर सदैव कर्तव्य कर्म का सम्यक आचरण करो क्योंकि
अनासक्त पुरुष कर्म करता हुआ परमात्मा को प्राप्त होता है।

The Settlement Agreement

As the quality of the products was found satisfactory, the merchandiser agreed to take away the material in a week's time and magnanimously agreed to a 12% discount.

This meant that all parties involved would be benefited, and even after paying the late fees, the respondent would stand to make a small profit.

Steel Trading Company V. Business Client

Case Number

PVT CRT/CD/PVC-187-8890-276

Date of
Claim raised

05/07/2021

Date of
Conciliation

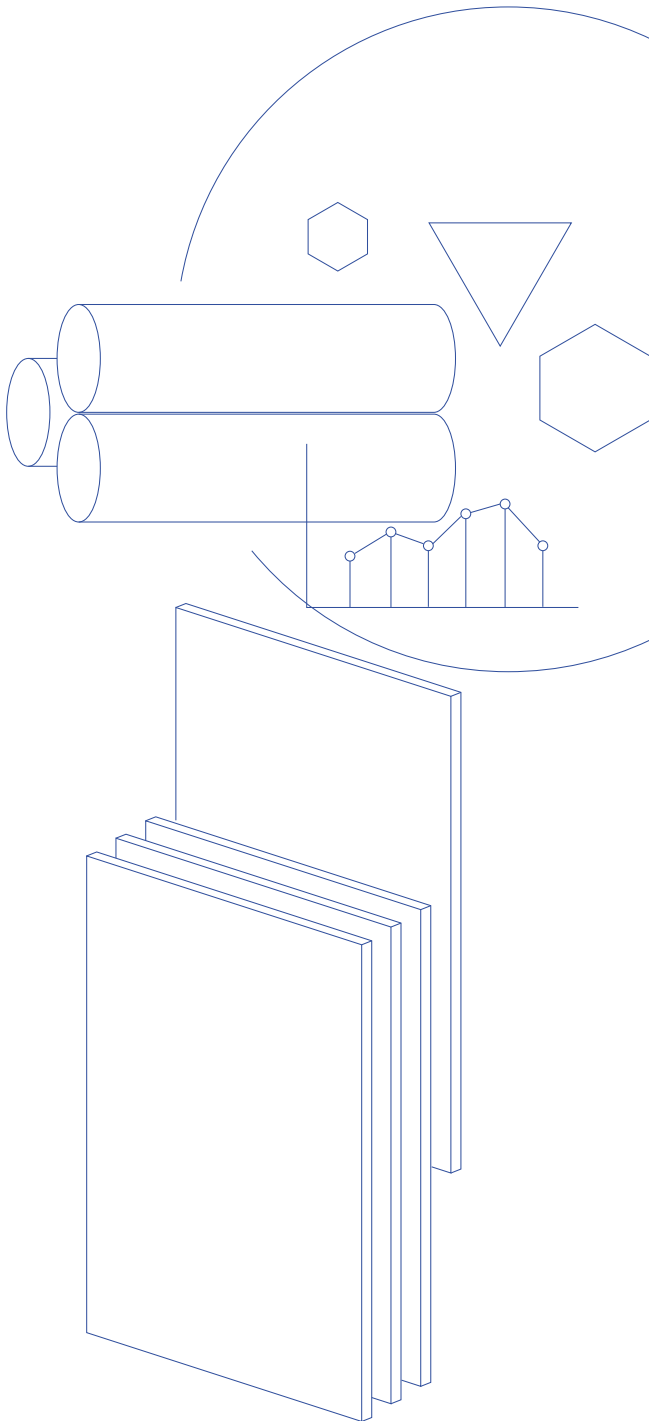
13/08/2021

Date of
Settlement

13/08/2021

Digest

Mediation/Conciliation/
Dispute/ Claimant/
Respondent/Invoice/
Settlement



Case Summary

This Negotiation involves an invoice settlement claim filed by a steel trading company seeking Rs. 35,472/- from its client because of non-payment of an invoice raised in May 2021. The two parties involved have a reputed and successful name in the industry. The Claimant has successfully made its mark in the field of the steel trading industry, and the Respondent is a leading name in the nonmanufacturing flooring and protective coating industry having been established in the early 1990s. The two parties decided to settle the dispute through negotiation as each had the opinion that a simple and minor dispute should not be the reason to expend resourceful time and money on litigation. Each party also felt that this dispute could tarnish their image in the market, which could hamper their future business and long-standing reputation.

PrivateCourt was approached to settle the dispute amicably.

The Issue

The claimant and respondent shared a healthy business relationship since late 2010, and each owed their success because of their interdependency. Every invoice that was sent to the respondent was paid until the last invoice, raised in May 2021. The respondent refused to pay the invoice amount stating that it was raised falsely and further denied placing such an order. They even refused to acknowledge the delivery challans, disputing that it didn't have any foundation. This led to a breach of contract, and the claimant halted further business till things got sorted.

The Resolution

Both parties voluntarily submitted documents termed as evidence to support their statement, which included Purchase orders, WhatsApp Chats, delivery challans, CCTV footage, and email conversations. After going through this, the Negotiator realised this was an open and shut case. All the evidence submitted clearly pointed to the fault on the respondent's end.

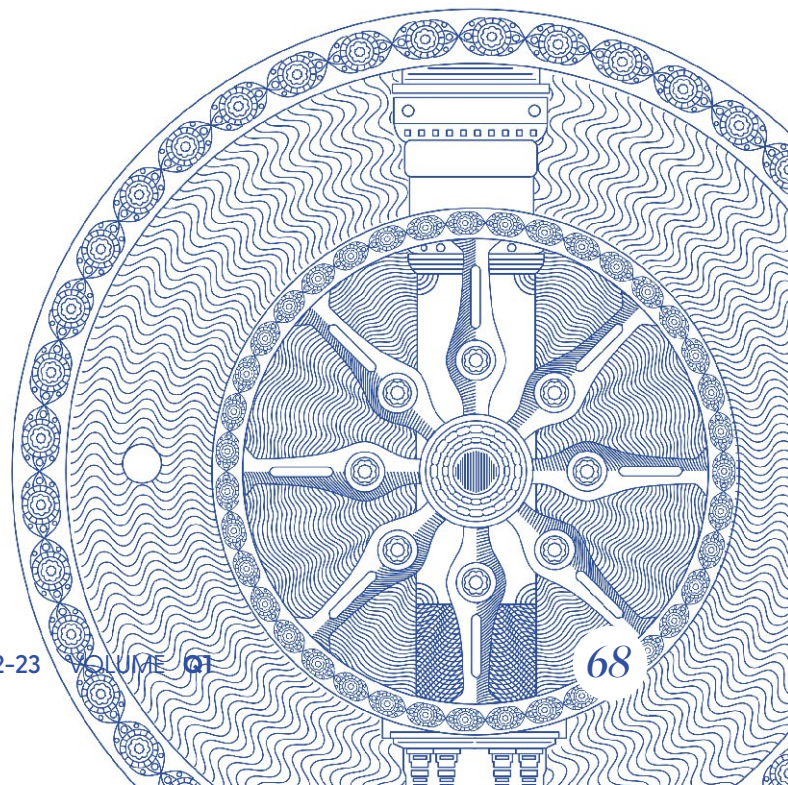
The discussion went on smoothly where the negotiator played a very impartial and neutral role and explained to the Respondent that the case would be a hands-down win for the claimant had this been challenged in court. Further, the amount in question was minuscule compared to the cost each party would have to bear in litigation. It was only ego that was playing on the respondent's mind that didn't let him accept such a despicable incident. However, listening to the claimant and the negotiator, the respondent finally agreed to settle the matter.

Terms of Settlement

It was agreed that the respondent would pay the amount of Rs. 35,472/- in 7 instalments on or before March 20, 2022. The first six equal instalments of Rs. 5,000/- beginning September 9, 2021, and the seventh instalment of Rs. 5,472/- on or before 20th March 2022.

The Inference

At times, certain deals are entered into in not such good faith. A calm and composed third party, with a clear knowledge of the law, generally helps resolve even such disputes.



Claimant

NBFC
(*IInd* Tier City)

Respondent

Toy Store
Owner

V



Synopsis

The Respondent, a toy store owner, had been running her business for over five years. She had a small shop in the market, and her business was doing reasonably well. However, she wanted to expand her business by setting up a kiosk in the nearby shopping mall. The kiosk would give her more visibility and attract more customers, which would ultimately help her business grow. But, to set up the kiosk, she needed a loan of Rs. 2,50,000/-. She approached the Claimant NBFC, and her loan application was approved.

Facts

The Respondent started the kiosk with high hopes and expectations. She invested the loan amount in setting up the kiosk, purchasing inventory, and marketing the business. However, things did not go as planned, and her business did not generate the expected revenue. She started facing financial difficulties and struggled to repay the loan. As a result, she defaulted on her loan payments.

Upon further investigation, it was found that there were several reasons for the default. The Respondent had invested a significant portion of the loan amount in marketing the business, which did not yield the expected results. Additionally, she had underestimated the costs of running the kiosk, including rent, utilities, and staff salaries. She had also failed to implement proper financial management practices and had not maintained proper records of her expenses and revenue.

PrivateCourt Proceedings

The Claimant NBFC had been sending reminders to the Respondent regarding the outstanding loan amount, but she had not been able to make any payments. The Claimant NBFC then decided to take legal action against her to recover the loan amount. However, instead of going to court, the Claimant NBFC suggested mediation through PrivateCourt, an online dispute resolution platform.

The parties agreed to mediate the dispute, and a mediator was appointed by PrivateCourt. The mediator first met with the Claimant NBFC's representatives and the Respondent separately to understand their perspectives on the matter. The mediator then conducted joint sessions, where both parties

were able to express their concerns and suggest possible solutions.

The PrivateCourt Mediator helped the parties identify the underlying issues that led to the default and explored various options to resolve the dispute. The mediator suggested that the Claimant NBFC could provide the Respondent with an extension on the loan repayment period and waive the interest and penalty charges.

The mediator also suggested that the Respondent could implement proper financial management practices and seek the help of a financial advisor to manage her business finances better.

The Settlement Agreement

After several rounds of discussions and negotiations, the parties were able to reach a settlement agreement. The Claimant NBFC agreed to provide the Respondent with an extension on the loan repayment period for six months and waive the interest and penalty charges.

In return, the Respondent agreed to implement proper financial management practices and seek the help of a financial advisor to manage her business finances better. She also agreed to make regular payments towards the outstanding loan amount during the extended repayment period.

The settlement agreement was documented and signed by both parties, and the mediator provided a copy to each party. The settlement agreement was enforceable under the Indian Arbitration and Conciliation Act, and the parties agreed to abide by its terms.

Conclusion

The case study highlights the challenges faced by a toy store owner who failed to repay a loan amount borrowed to set up a kiosk. The reasons for defaulting were attributed to professional and personal factors, including underestimating the costs of running the kiosk and failing to maintain proper financial records. The dispute was resolved through mediation by PrivateCourt, which helped the parties identify the underlying issues and explore possible solutions. The settlement agreement provided a win-win solution for both parties, and the case was resolved amicably without going to court.

Interior
Furnishing
Company

V

Handloom
Manufacturer

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case Number

PVT CRT/CD/1167-PVT-6543

Date of
Claim raised

29/07/2021

Date of
Conciliation

02/08/2021

Date of
Settlement

26/08/2021



Case Summary

This was a dispute that came up between an interior furnishing company and a handloom manufacturer and showroom owner. The Respondent, a handloom producer and showroom owner, contacted the furnishing company (the Claimant) for furnishing his new showroom. The parties, along with the design architect, agreed on the furniture and fixtures to be supplied, and a purchase order was released. The total value of products was agreed to at Rs. 12,85,000/-, which involved display units, cashier's desks and other furniture and fixtures. The claimant was to only supply the materials, and the architect's team was entrusted with the installation of the same. The payment terms agreed upon were 50% advance and the rest on delivery. A time period of 45 days was allowed for the final delivery of goods.

The Issue

While the respondent had paid the advance and the products were delivered, there was a dispute in the sizes of some lamp shades supplied, and the payment for the same was held back. The complaint was based on the objection raised by the carpenters assigned to mount the shades as they felt that the design brief and the sizes mentioned were not adhered to. Despite efforts made by the claimant, an agreement could not be reached; hence, PrivateCourt was entrusted with the task of negotiating a consensus.

The Process

The negotiator, in this case, went through all the correspondence and the design briefs submitted. While all looked in order on paper, there seemed something amiss in the objections raised by the carpentry team. The negotiator now called in the carpenter for a discussion along with the architect's representative to understand the concern. What became evident while discussing was that the carpentry team had, in fact, made a mistake in the frame sizes made to mount the shades as there was a gap in communication between them, and it was not really the folly of the claimant. The documented minutes of the discussion was sent to the respondent, and a settlement was arrived at.

The Settlement Terms

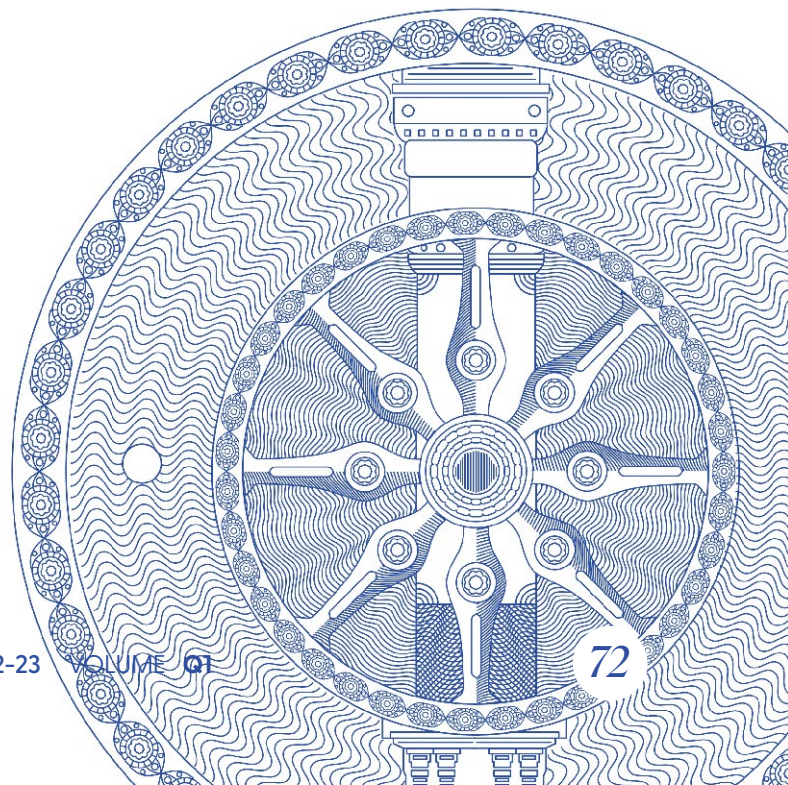
The outstanding amount of Rs. 25,273/- was to be paid in two instalments as follows:

The first instalment of
Rs. 10,000/-
on or before 20th September 2021

The second instalment of
Rs. 15,273/-
on or before 20th October 2021

The Inference

At times, bringing all parties to a dispute together achieves much more than just discussing with the contending sides.



Cycle Manufacturing Company

V.

Cycle Distributor

Case Number

PVTCRT/CD/PVT-1778-9907-276

Date of Claim raised

15/08/2021

Date of Conciliation

14/09/2021

Date of Settlement

20/09/2022

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement



Case Summary

This is a dispute between a cycle manufacturing company and a distributor. The claimant here is the manufacturer who regularly supplied bicycles to the distributor. The agreed terms of sale involved a 90-day credit period for batches of supplies. The payments were made almost on time every time till the manufacturer started supplying battery-operated bicycles, which came along with a one-year warranty. The first batch of cycles that was supplied was to be sold to customers, and many of them were returned for malfunctioning defects. Due to the high number of returns, which were only from this particular dealer, the manufacturer took time to service his warranties, leaving the distributor to have some trouble managing his customers.

The Issue

The contention between the parties was that the distributor was complaining about the quality of the goods supplied; hence, his loss of face with his customers, and the manufacturer contended that they were the only distributor in the country facing these issues. Bicycles worth Rs. 2,33,582/- had been supplied in this batch, and they were not paid for over a period of almost 120 days. The negotiations had reached a dead end, and PrivateCourt was engaged to Mediate.

The Process

The mediator, in this case, had to assess the reason for the mass complaints from this specific dealer; he also had to compare the same with the data of other dealers. The negotiator then had to assess the reason for the anomaly, for which he analysed the delivery process to the end customer. What came up was there was a bit of assembling required that was handled by the staff of the distributor.

The negotiator then put the technical staff from the manufacturer's end and compared the assembling process understanding of the distributor's staff. What came out was that the person who was trained initially by the manufacturer had left the distributor, and the assembly done by the new staff was barely optimal, and this caused the burning out of the motor coil on the bicycle. Once this was ascertained and explained to the distributor, he consented to pay off the outstanding invoices. However, since he had faced a lot of refunds to customers, he requested a longer deferred payment option, which the claimant was ready to accept.

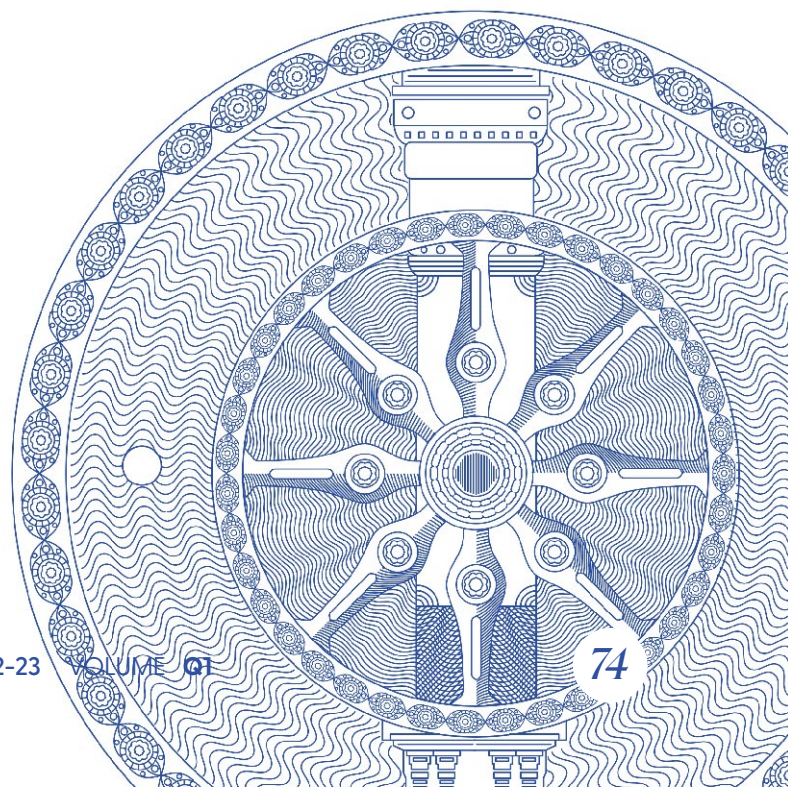
The Settlement Agreement

The following terms were agreed upon:

- The Respondent to pay 11 equal instalments of Rs. 20,000/-, on or before 20th October 2021 till 20th August 2022.
- The 12th instalment of Rs. 13,582/-, on or before 20th September 2022.

The Inference

At times, processes not being followed are a reason for loss on either side, and arguments on financial matters often overlook these reasons. Trained negotiators tend to look at the cause of such damages and rectify them, as in this case.



Claimant

NBFC
(IInd Tier City)

Respondent

Furniture
Emporium
Owner

V



Synopsis

This dispute arose between a furniture emporium owner and an NBFC. The owner of the furniture emporium had both a retail front and a manufacturing unit, and both units were involved in B2B and B2C activities.

While the B2C part ran completely on a cash-and-carry model, the B2B activity involved a lot of credit-based trading. The company had availed certain credit lines line OD/CC and some non-fund-based limits from some banks. A recent influx in the order sent them looking for more credit. The company had bagged an order to furnish a large

commercial complex that was in the vicinity, and they found themselves short on credit to complete the order.

The company then approached the NBFC for a bill discounting approach and after thorough vetting, received approval. Though the entire order was running into almost 5 million rupees, the discounting facility was extended to a maximum of Rs. 5,00,000/-. With a rolling credit to this count, the manufacturer was confident that he could complete the project and set out to deliver the order.

Facts

The manufacturer, who now started manufacturing, started delivering the products as ordered and did not have a problem making payments against the matured invoices on time.

The agreed terms were that the approved invoice would be submitted to the NBFC, which in turn would make a claim from the buyer and would then credit the differential amount to the respondent's account. The lean time given according to the agreement was 30 days from the date of invoice. The entire project was to be completed over a period of 8 months.

The issue started with the dishonouring of an invoice in the fourth month when the buyer's bank denied payments and informed the NBFC of certain irregularities in the buyer's account. The situation only worsened as another two batches of material were delivered, and invoices for the same were raised. When approached by the NBFC, the buyer's bank informed them that the accounts of the buyer were frozen due to some irregularities in GST payments.

This meant that a total outstanding of Rs. 2.68 lacs was pending payments and worse for the respondent as his total billing amount through other credit lines was higher. While there were claims raised on the bank accounts both by the borrower and the NBFC, the situation seemed to be too bleak.

As an empanelled agency, the NBFC contacted PrivateCourt to look at options to negotiate with the buyer and arrive at a settlement.

OUR PHILOSOPHY

aprāpyaṃ nāma nehāsti dhīrasya vyavasāyinaḥ।

English Translation

There is nothing unattainable to the one
who has courage and who works hard.

Hindi Translation

जिसके पास साहस है और जो मेहनत करता है,
उसके लिए कुछ भी अप्राप्य नहीं है।

PrivateCourt Proceedings

PrivateCourt's negotiating team looked at all the paperwork and the invoices raised and accepted. The payment track record of the buyer also was inspected and found satisfactory, which also showed a clear intent to pay the dues on time.

The negotiator then reached out to the buyer, who explained how the GST payments issue had affected him, and he was unsure of when the same could be resolved. It was quite obvious that there were other vendors who also were approaching him with all their ferocity.

As this was a case where there was a claim by the government, and there was no way to get around, the negotiating team had to come up with a solution that was more definite and had a clear timeline.

What came to light was that the builder had completed the project almost entirely and had only the finishing that needed to be completed. A part of the business complex had also received its Occupation Certificate. It was also known that there was a part of the property that was still not sold and was yet to be registered.

The resolution team, post discussion with the borrower, offered to take over a part of the property in lieu of the outstanding payments, which with a bit of persuasion, the builder agreed to.

The Settlement Agreement

The property, which was now in the custody of the borrower, was disposed to a third party, and the proceeds were used to settle all dues to the banks as well as the NBFC. The borrower also made sure to deliver the remainder of the project using the monetary gap, which was positive, and this ensured that the builder could deliver the project as promised to its buyers despite the legal trouble.

Timely action and out-of-the-box thinking created a solution that would bring around 360-degree satisfaction.

Cycle manufacturing company V. Distributor

Date of
Claim raised

08/08/2021

Date of
Conciliation

14/09/2021

Date of
Settlement

14/09/2021

Digest

Mediation/Conciliation/Dispute/ Claimant/
Respondent/Invoice/Settlement

Case Summary

This dispute occurred between a cycle manufacturing company based out of Kolkata and a distributor based in Uttar Pradesh. The Claimant, in this case, the manufacturer, supplied cycles to the distributor, who is the respondent. The dealer was a fairly new entrant into the business and had approached the company to supply him with cycles and had asked for a 45 day credit period for payments to which the manufacturer had agreed to reluctantly. While the first consignment was small and was paid for within the stipulated time, a large subsequent order was placed with a total invoice of Rs. 1,82,000/-. This invoice became overdue, and there was no payment made despite repeated reminders from the claimant.

The Issue

The respondent being a new player in the industry, had taken stock from multiple companies, and the larger ones had denied him credit. In his enthusiasm, the respondent had overestimated the demand and blocked all his liquidity in stock. While he had the intention to continue and try to salvage the business, his inability to pay was the reason he could not honour his commitment.

The Resolution

The negotiator studied the communications and looked at all documents, and found the claimant's side to be justified. Through the rounds of discussions that ensued, the negotiator understood the respondent's predicament and the fact that though the respondent intended to pay, his over-exposure to the stocks held was what caused the hindrance. In discussion with the claimant, the negotiator then offered that the respondent, at his cost, return 50% of the stocks he held so that the claimant could reroute the same to other possible distributors. The same was agreed upon, and the parties entered a settlement.

The Settlement Agreement

The parties agreed that while the respondent would return 50% of the goods to the claimant and deliver it at his own cost to a location of the claimant's choosing, the remaining 50%, amounting to Rs. 2,82,531/- to be paid by a bank transfer on or before the end of December 2021.

The Inference

Experienced negotiators can look at out of the box solutions that can help solve disputes.

Case Study

34

Case Number

PVTCRTAD/032/1120

Date of
Claim raised

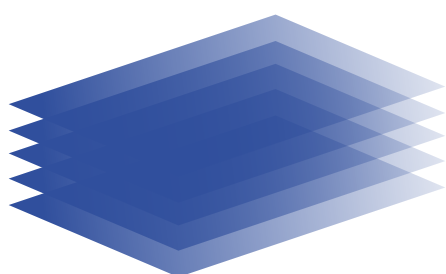
19/10/2020

Conciliation / Arbitration
Date 1st Hearing

25/11/2020

Date of order /
Settlement

07/05/2021

NBFC*A self-employed
resident of India*

CASE SUMMARY

Arbitration is a part of any dispute arising between parties to an agreement. Courts also encourage this practice like this, to some extent, as it helps issues and disputes to be resolved without clogging the already burdened legal system. PrivateCourt, in this case, goes even further to help the cause as the courts do not have to even appoint an Arbitrator.

In this case, the claimant is a Private Limited Company incorporated under the Companies Act, 1956; it is registered as an NBFC as per the provisions of the Reserve Bank of India Act, 1934. The business revolves around giving out secured and unsecured loans to individuals and businesses. Arbitration arises mid-way, especially in cases of loan defaults as this is where even the borrower gets to put through his points and access his records and see the charges or penalties levied on him.

The respondent, in this case, is an individual resident of India who is self-employed. The NBFC lends him an unsecured loan of Rs. 5,00,000/- for a period of 5 years @10.99%/year. The respondent had managed to pay EMIs regularly for most of the loan tenure but, as in many cases post-pandemic, could not manage to keep up, leading to an unpaid dispute amount of Rs. 48,468/-. In this case, the individual had also opted for the moratorium extended by RBI during the lockdown. While he had been avoiding calls and all initiations from the NBFC's side to come to a settlement, he was avoiding all such advances. It is also noteworthy that he had missed 3 previous dates for arbitration on this case, even with PrivateCourt.

THE PROCESS

The Arbitrator looked at all documents submitted in this case, viz. the statement of claim, loan agreement, board resolution, statement of accounts, and notice of invocation of arbitration. Once the claim was established and the respondent made himself available, the arbitrator explained the details to him. He was made to understand the repercussions of not paying his dues and the compounding interest, which he would have to pay. In 3

THE PROCESS

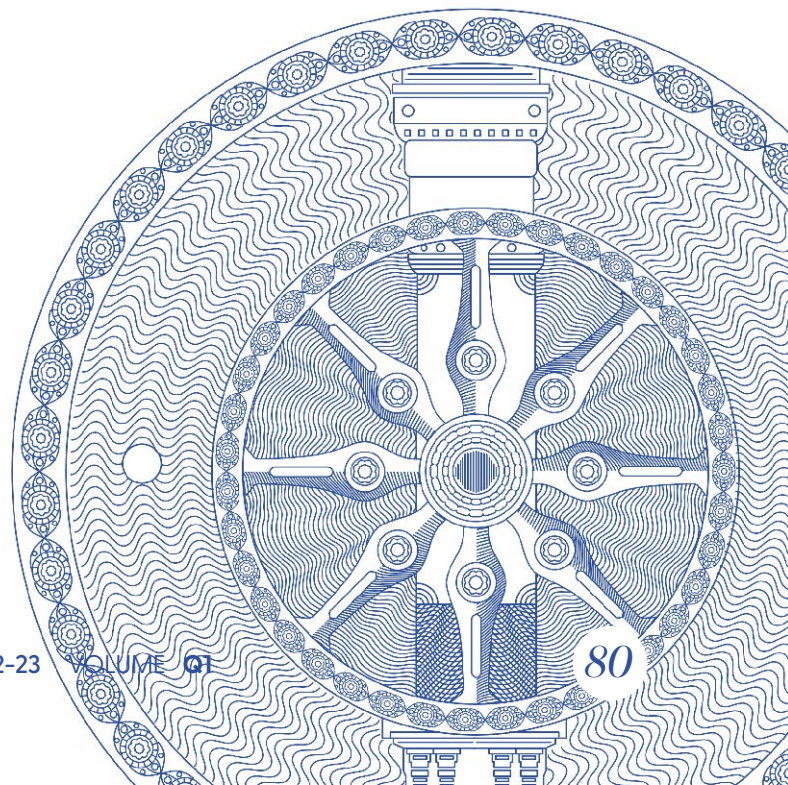
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THE AWARD

The NBFC's claim being accurate, the claim was awarded 18% interest p.a. with a penalty @0.5% p. a. Also, Rs. 15,500/- as the cost of arbitration proceedings was added to the outstanding amount. However, considering the request of the respondent, he was allowed to pay the total outstanding in 3 equal instalments with no additional levy for this period.

THE INFERENCE

This case, if it had proceeded to the legal system, would have been dragged on for months, and special courts that are set up for such disputes are also generally overcrowded, especially in this post-pandemic phase. The arbitrator here was able to resolve the matter quickly, helping the claimant reduce the cost and time for the same.



Furniture
Manufacturer

V

Trader

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Date of Claim raised

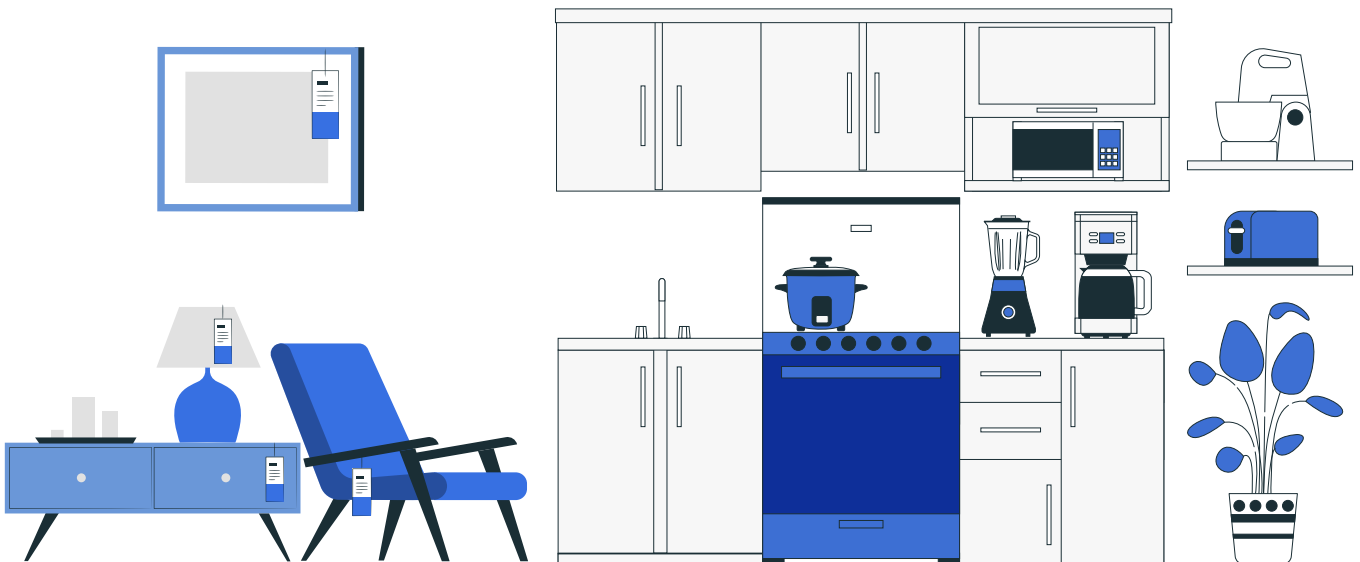
08/07/2021

Date of Conciliation

15/07/2021

Date of Settlement

06/08/2021



Case Summary

This dispute is between a furniture manufacturing company based out of Thane and a trader based out of Mumbai. While the manufacturer, in this case, the claimant, regularly supplied furniture to the trading company and had a long-standing relationship, there was a disagreement in the payments that needed to be made for one of the consignments. The two parties had an agreed 45-day credit period for any materials supplied, and most often, the invoices were settled within the stipulated time period. The disputed consignment was supplied on the 10th April of 2021, and a total invoice of Rs. 1,28,000/- was raised. The respondent made a payment of Rs. 1,08,000/- and refused the payment of Rs. 20,000/- and demanded that a few chairs that were supplied be accepted as a return.

The Issue/Dispute/ Argument/Claim/ Discourse/Disagreement/ Scenario

The respondent, while asking for a return, had breached the agreed 15 day return period and had not communicated the same to the claimant within that time period. The respondent claimed that the chairs supplied were not up to the specifications that were discussed, and he will need to return the same. The claimant's stand was that the delivery was accepted by the respondent, and no complaints were made till the due date of the invoice.

The Process/ Undertaking/Action

The negotiator, in this case, looked at the purchase orders and the specs given along with the same. Once the authenticity of the claim was established, a discussion with the respondent was arranged, and the negotiator tried to understand his side of the story. What came to fore was that as the goods were delivered to the respondent, the handover of the same was taken by one of his new employees who was not aware of the specs of the order. The same came to fore when the respondent, in turn sold it to his customer, which had a delay of approximately 35-days, by which time the 15-day return period had expired. Through the discussions with both sides the negotiator convinced the respondent that while the claimant understood his predicament, he would need to honour his side of the agreed terms, and in turn, the claimant agreed to supply new chairs with the actual specs with an extended credit period of 60 days.

The Settlement Terms

The Respondent agreed to pay the amount of Rs. 20,000/- in two equal of Rs. 10,000/- .

The first instalment of
Rs. 10,000/-
on or before August 25, 2021

The second instalment of
Rs. 10,000/-
on or before September 29, 2021

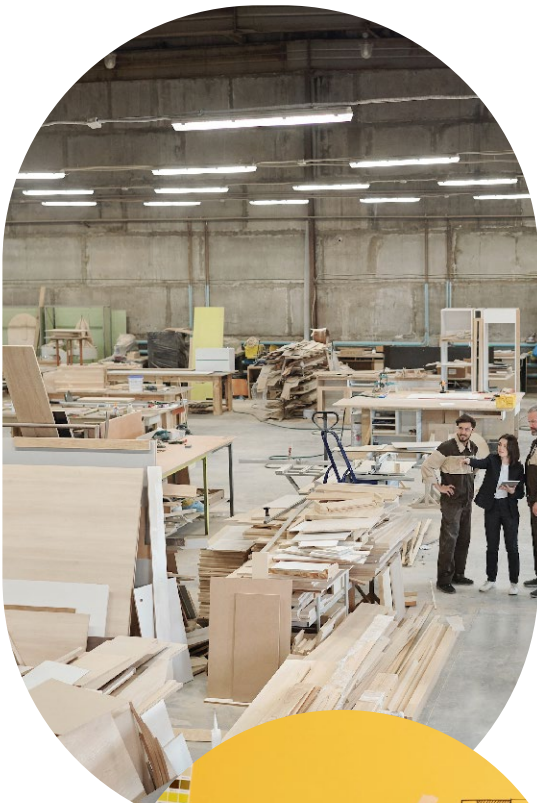
The Inference

Ensuring business continuity along with settling disputes is a necessary part of the goal in negotiations involving long standing and mutually beneficial relations.

Furniture Manufacturer

V.

Interior Design Company



Date of Claim raised

05/08/2021

Date of Conciliation

06/08/2021

Date of Settlement

06/08/2021

Digest

Mediation
 Conciliation
 Dispute
 Claimant
 Respondent
 Invoice
 Settlement

Case Summary

The dispute in question is between a furniture manufacturer and an interior design company. While the manufacturer (the Claimant) is a Pvt. Ltd. Company based in Thane, Maharashtra, the respondent is a firm based in Goa. The claimant was to supply custom designed furniture to the respondent, who in-turn was under contract with his client to design an office space. The terms agreed upon were 25% as advance and the remaining to be paid seven days from the delivery date. The total supply was to be in three chunks over a period of 3 months.

The Issue/Dispute/ Argument/Claim/ Discourse/Disagreement/ Scenario

While the respondent had honoured all payments in the first two deliveries made, the third parcel was delivered and not paid for as agreed in the week that succeeded. With repeated requests, a small part of the outstanding was paid; thenceforth, there was hardly any communication between the parties, and the respondent avoided all approaches from the claimant. While the only outcome was to go for litigation as a final measure, PrivateCourt was approached for initiating a settlement.

The Resolution

After studying all the documents on hand and establishing that the claimant had a rightful claim, the negotiator reached out to the respondent. After an in-depth discussion, the negotiator understood that the reason for nonpayment had been that the budget approved for his contract was overshot, and his client had denied clearing his invoices which in turn rendered him helpless in paying the claimant. The negotiator then requested an audience with the client of the respondent and explained the issue at hand to them. The respondent's client, understanding the issue, agreed to honour his payments which amounted to the value of the furniture supplied.

The Settlement Agreement

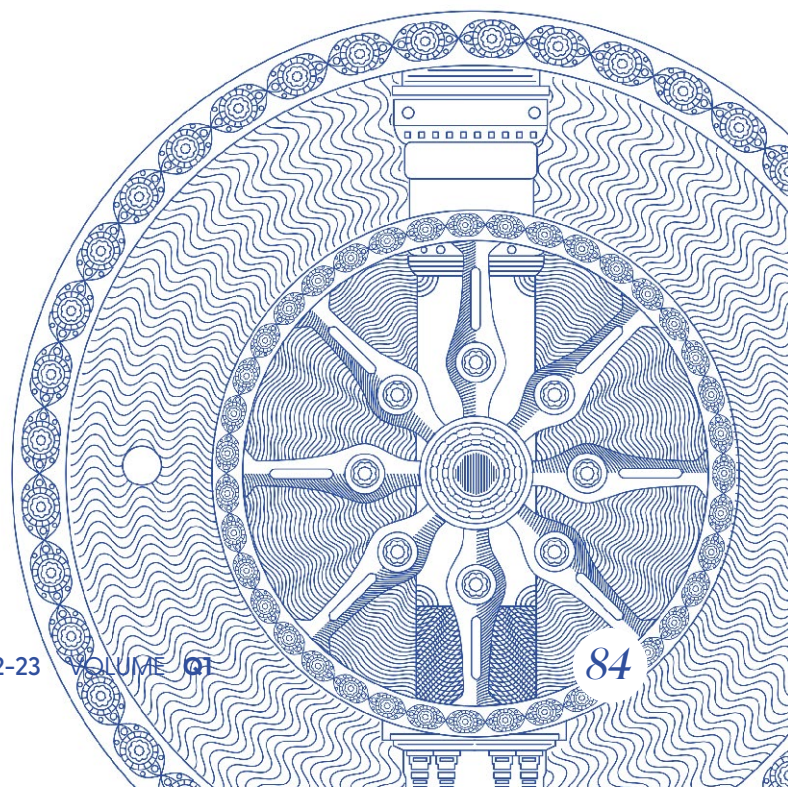
The total outstanding amount of Rs. 51,713/- was to be paid by a bank transfer to the respondent in two instalments as follows:

The first instalment of
Rs. 25,000/-
on or before September 6, 2021

The second instalment of
Rs. 26,713/-
on or before October 6, 2021

The Inference

Experienced negotiators can look at out of the box solutions that can help solve disputes.



Claimant

NBFC
(IInd Tier City)



Respondent

e-Cycle
Manufacturer



Synopsis

This is a dispute between an NBFC and a Cycle manufacturer. While the borrower, in this case, a partnership concern, has been into the manufacturing and distribution of cycles in small cities of Northern India for over two decades, they had mostly carried on their business supplying their material to small dealers in semi-urban and rural areas. The younger generation of the family then took over this business, and they aspired to enter into a bigger space and get into license-based manufacturing for some of the larger players in the market.

This meant that they needed to have a larger facility and also meant that they needed to modernize their manufacturing to meet the demands of modern trade. They had been in negotiations with a few cycle brands and got lucky with one of the top brands, who agreed to give them an opportunity to manufacture e-cycles on a decent scale.

The problem this company faced is that over the years, though they had managed their cash flow well, they had not built any major assets that could, in turn, help them in raising capital. The company managed to raise some capital from friends and family but still needed money to upgrade machinery and also to hire better-skilled labor.

The NBFC, in this case, after looking at the contract, allowed them a line of credit with the types of equipment that were purchased and used as collateral. The stock in hand of the existing business was also logged in, and proceeds from the sales of these were to be used to service the EMIs.

While non-fund-based limits would have been the safest route to take in the financing, the lender, being an NBFC, could comply with this.

Facts

The manufacturer took up the project and the stock in hand, and the sales of the same managed to pay for the EMIs for the first few months of business.

However, the company started running into trouble as the summer months saw a lack of power supply, and hence, increased cost of production, which they had not accounted for.

The factory that was laid out was not exactly in a business district, and hence, faced a lot of problems with power and water supply. The company also lost one of its subject matter experts as he found a better opportunity in the city. This slowly started crippling the operations. While the company did manage the EMIs through delayed payments, they voluntarily approached the NBFC to give them some respite

OUR PHILOSOPHY

न हि सुप्तस्य सिंहस्य प्रविशन्ति मुखे मृगाः।

English Translation

Any work is accomplished by hard work,
not just by thinking. In the same way,
As the deer does not enter the mouth
of the sleeping lion.

Hindi Translation

कोई भी काम उद्यम (मेहनत) से ही पूरा होता है,
बैठे-बैठे हवाई किले बनाने से नहीं अर्थात सिर्फ सोचने
भर से नहीं। ठीक उसी प्रकार सोते हुए
शेर के मुँह में हिरण खुद नहीं चला जाता।

PrivateCourt Proceedings

The case was now allocated to PrivateCourt to negotiate a settlement and find a mid-way.

As in this case, there was no default there, and there were quite a few options that were explored by the team within the NBFC, PrivateCourt's negotiating team had to come up with a solution that was a win-win for both parties.

An open discussion with the borrowers revealed that they had to have solutions for their production issues and cost management. What also came to the fore was that their margins were still good enough, and if they could manage their deliveries, they would be able to generate revenues on time to service the loan.

The suggestion that the negotiating team came up with was that the borrower should hire a third-party consulting firm on a retainer to provide the production expertise and also have a redundancy plan built in for the transfer of knowledge.

For the power issue, the negotiating team tracked down a solar farm that could provide cheap power if the borrower could spend some capital to lay down the basic connectivity required, which meant that they could reduce their dependency on generators and hence save a lot of costs.

At the end of the NBFC, the skilled negotiators suggested a reduced EMI for a quarter so that the borrower may be given some time to settle into the new plan and increase output.

The Settlement Agreement

The company agreed to the terms, and the negotiating team from PrivateCourt was made a part of the negotiations with the solar farm and the consulting firm. The NBFC agreed to the restructuring of the loan, and this ensured that the business relationship was profitable on all ends.

Cycle Manufacturer V. Sporting Goods Company

Date of
Claim raised

25/08/2021

Date of
Conciliation

14/09/2021

Date of
Settlement

14/09/2021

Digest

Mediation/Conciliation/Dispute/Claimant/
Respondent/Invoice/Settlement

Case Summary

The dispute here was between a Cycle manufacturer as the Claimant and a Sporting goods company as the Respondent. The claimant, though has been into manufacturing cycles for over a decade, had been into contract manufacturing for brands that white labelled his product. The claimant then ventured into making his own brand and supplied the same to a renowned sporting goods store. The cycles supplied by the claimant were top of the line and had a competitive price. Being a new entrant, the claimant supplied the materials on a 90-day credit with a rider to take back unsold goods over a period of 6 months. With his first consignment being successful, two subsequent orders were placed with a total invoice value of Rs. 1,82,000/-. With the success of the test phase, the claimant was more than happy to supply the products as required.

The Issue

The sporting goods store, which was a large multi-brand store, refused to honour its 90-day credit deadline and also did not return the goods as agreed. The explanation given while contacted by the claimant was that there was an accounting issue; hence, the payments were delayed. The news was also circulating in the industry that the respondent's company was in a possible takeover phase and was holding off payments to many creditors till there was clarity.

The Process

In the case being entrusted by the claimant to PrivateCourt, the mediator understood the agreed terms and looked at all documents exchanged. During the discussions that were subsequently undertaken, it was clear that the intention of the respondent was to stall the payments till the time there was clarity on the takeover bid. Once this was clear, the negotiator had to explain to the respondent that the only measure left for the claimant was to go for litigation and also publish the same on social media, which would in turn, harm the reputation of the respondent's company and also reduce its goodwill valuation. In the final round of negotiations, the respondent agreed to pay off the amount due with immediate effect.

Terms of Settlement

It was agreed that the respondent would pay the total amount of Rs. 1,82,000/- via bank transfer on or before the end of December 2021, and the claimant would ensure that the issue would not be discussed in the common marketplace.

The Inference

At times, a strong professional negotiator can bend the will of parties to a fair settlement.

Case Study

39

Date of Claim raised

25/08/2021

Date of Conciliation

06/10/2021

Date of Settlement

06/10/2021

Digest

Mediation/Conciliation/
Dispute/Claimant/
Respondent/Invoice/
Settlement

*Computer
Peripherals
Supplier*



*Importer of
Computer
Products*



CASE SUMMARY

This is a dispute between a computer peripherals supplier as the Claimant and an importer of computer products as the Respondent, both based in Maharashtra. The importer was given an order for some peripherals like printers and monitors by the claimant, and a delivery window of 15-days was accepted. While the total order value was Rs. 1,82,000/-, the same was demanded as advance, and the claimant complied with it. The dispute occurred when certain products ordered were not up to the specs, and the respondent denied replacing them. Leading to Rs. 20,000/- as an outstanding invoice amount.

THE ISSUE

The order came with certain technical specifications and needed to be a certain particular size. While the delivery was made on time, on closer inspection of the products delivered, it was clear that the sizes of some of the monitors ordered were not up to the agreed specs. While the respondent was approached with this issue, he simply started ignoring the issue and stated a non-return policy. PrivateCourt was approached to settle this issue through Mediation.

THE RESOLUTION

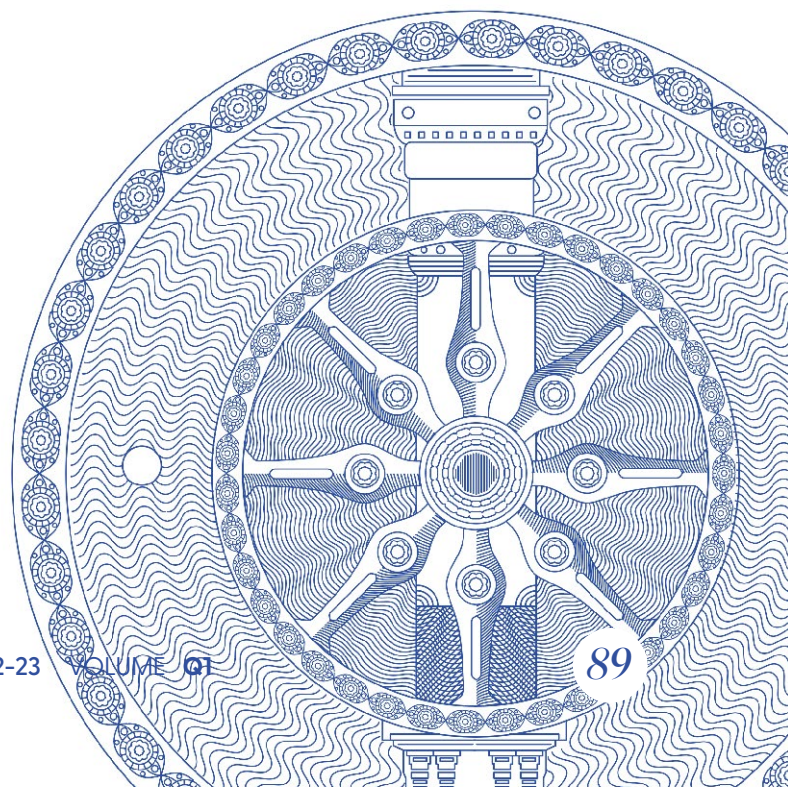
While the mediator looked at the communication, it was clear that the purchase order had clear specifications on all products ordered. While the mediator discussed this issue with the respondent, it was clear that he was avoiding the return of the product as he did not have a buyer who could sell the product and would have cash flow issues. The claimant, however, being a larger company with a bigger customer base, would be able to sell off the products to his natural market. The mediator here suggested that instead of the products being returned, the respondent pays the difference in the product pricing and settles the issue. The same was gladly accepted by both sides.

THE SETTLEMENT AGREEMENT

The Respondent agreed to refund the entire amount of Rs. 20,000/- on or before the 10th of October 2021.

THE INFERENCE

At times, trying to understand what is at stake for both sides is key to a successful settlement.



Digital
Marketing
Company

V

Health &
Fitness
Company

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Date of
Claim raised

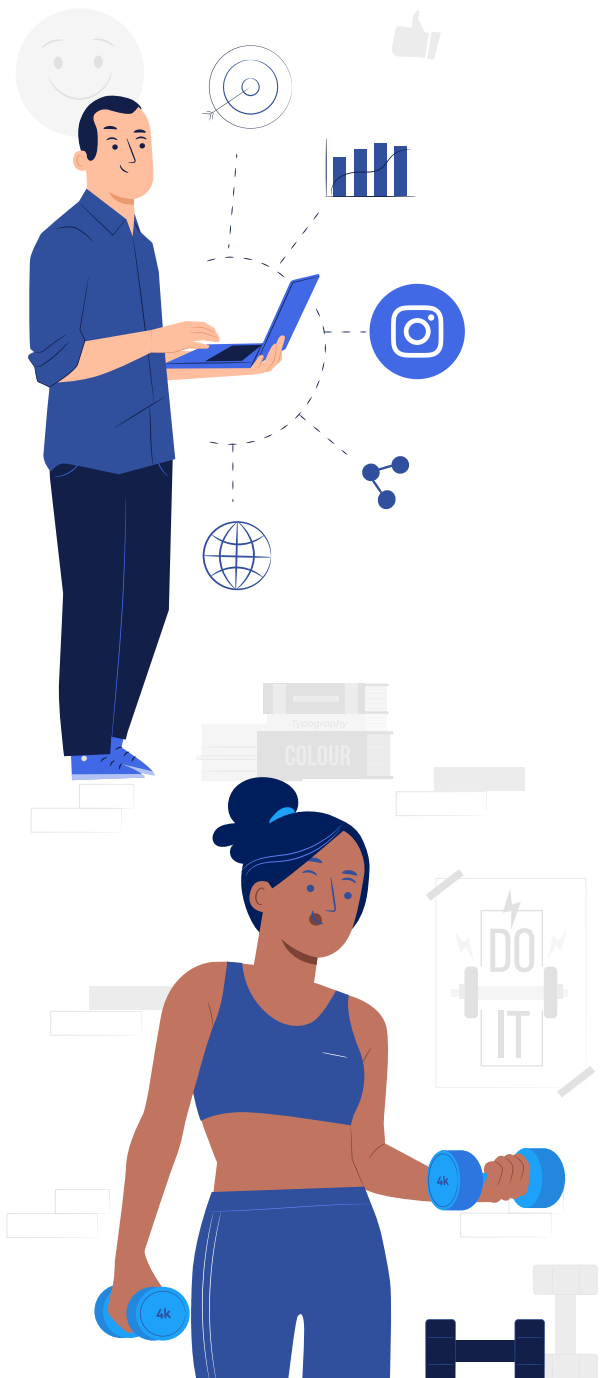
15/08/2021

Date of
Conciliation

06/08/2021 20/09/2021 16/10/2021

Date of
Settlement

16/10/2021



Case Summary

The dispute was between a Digital Marketing company based out of Bangalore and a nationwide health and fitness company headquartered in Mumbai. The claimant, in this case, the digital marketing company, was hired by the health and fitness company (the Respondent) to create and maintain their digital presence and generate leads. The agreed terms were a total budget spend of Rs. 17,50,000/-, which would be split as 12,00,000/- towards creating online properties and the remaining Rs. 5,50,000/- towards digital marketing and lead generation. On the basis of the agreed terms, the first part of the deal was executed. However, the dispute occurred while the invoice for the lead generation campaigns was raised.

The Issue

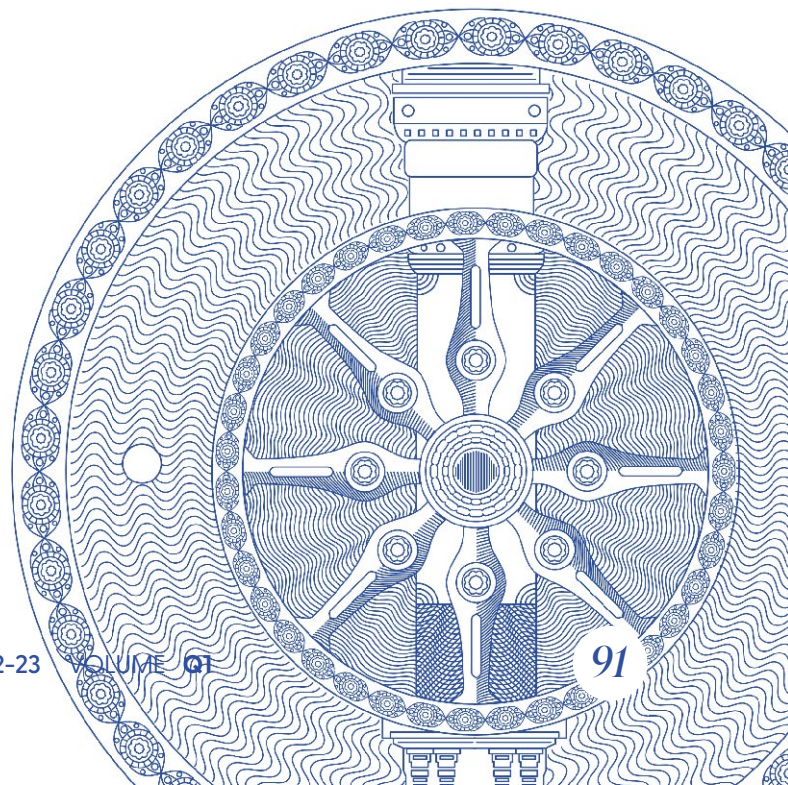
While the creation of digital content was agreeable, according to the respondent, they denied payment of Rs. 3,75,794/- of the total invoice of Rs. 5,50,000/- raised. The argument given was that they were unhappy with the quality of leads generated and the conversion thereof. This created a standoff on both ends, and a final attempt at negotiation was attempted before litigation.

The Resolution

After going through all the documentation for the deal, the mediator established the authenticity of the claim. A discussion with the respondent was initiated, and his side of the story was heard. The respondent, while appreciating the work undertaken on the creation of digital content, expressed absolute displeasure at the lead generation conducted, claiming very poor conversion ratios and poor walk-ins generated. The mediator here tried to understand the process flow at the respondent's end once the leads were delivered to understand the gaps' if any. After interviewing the relevant teams, what came forth was that the leads that were generated were not centrally managed but moved to relevant geographies across the country. This created a lag of a day or two before these leads were attempted to be connected and lost their value. Post explaining the same to the respondent's management team, the claimant's team also suggested that they would help in improving the

The Settlement Agreement

The respondent agreed to pay the entire outstanding amount of Rs. 3,75,794/- on or before 31 January 2022.



NBFC

V.

Businessman

Case Number

PVT CRTAD/032/1130

Date of Claim raised

19/10/2020

Conciliation / Arbitration
Date 1st Hearing

25/11/2020

Date of order / Settlement

07/05/2021

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement



Case Summary

A self-employed businessman (the respondent) from Andhra Pradesh, India, entered into a financial loan agreement with a Mumbai-based NBFC (claimant). A Personal loan for financial assistance was taken by the respondent from the claimant, following which a dispute regarding the non-execution of the agreement and related financial loss cropped up; the parties initiated mediation, and PrivateCourt was appointed as the mediation channel due to their strong experience in financial contracts mediation.

The Covid wave has shown a spike in the number of defaults in loan repayments and more so in cases of unsecured loans. Though the NBFC has been cognizant of the fact that most people are struggling and have been compassionate regarding the imposition of the penal charges, the respondent seems inclined to not pay the amount back.

The Issue

Despite repeated reminders and, at times, personal visits by the company's employees, the respondent did not respond. There was an offer from the company to restructure the balance due, which was accepted by the respondent and yet remained unpaid.

The claimant approached PrivateCourt to arbitrate the issue for the loan to be settled soon as this case was lingering for over a year and a half.

PrivateCourt, in this case, had to coax the respondent to make himself available for the discussion. The dates were set, and the arbitrator made himself available post-working hours to make sure that the respondent did not have a reason not to attend.

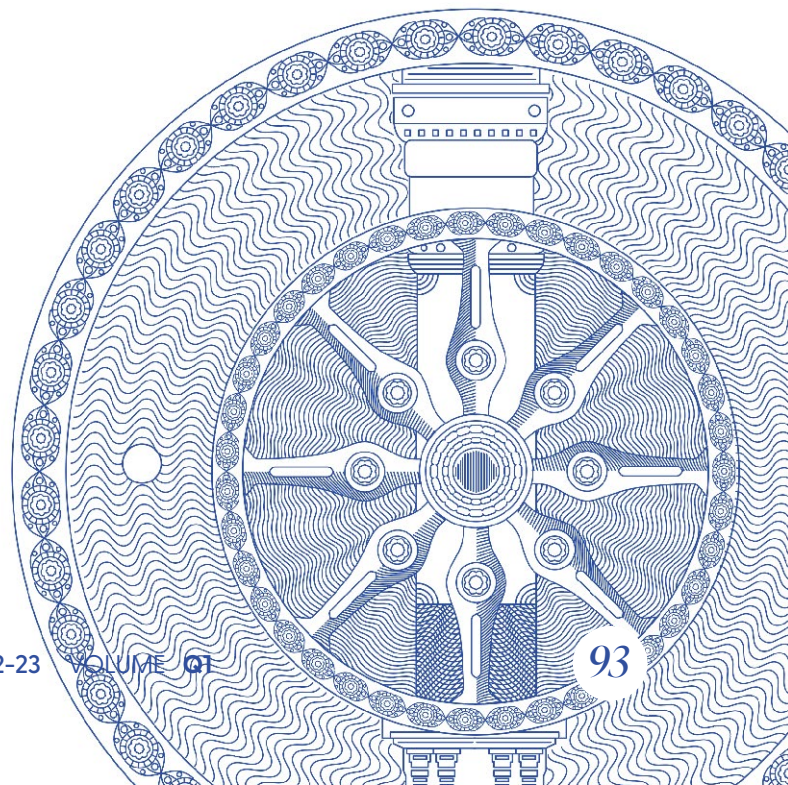
The respondent started the discussions with his appeal for a time as he was apparently trying to come out of his downfall due to the pandemic, which the arbitrator did take cognizance of. He explained the dues, and all calculations of the loan statements were explained; a total outstanding of Rs. 2,23,554/- was also explained, including the break-up of the principal amount, interest and penalties.

The Award

The arbitration concluded that the claimant had done everything in his power to be considerate towards the respondent, and no further leeway could be given. It was agreed that the respondent would pay the total dues i.e. a sum of Rs. 2,23,554/- together with 18% interest p.a. till realization of the dues, and additionally, Rs.15,000/- towards charges of arbitration in three equal installments failing which the respondent would face legal charges under willful default. The first payment was to be due immediately, and the remaining within 30 and 60 calendar days from the same.

The Inference

In most cases of unsecured loans, the borrowers tend to ignore advances from the employee/collection agents of lenders as they feel there would not be much of a legal impact on them. However, arbitration documents, all communication, and



Manufacturer of Chemical Products V. Reseller

Date of Claim raised

16/08/2021

Date of Conciliation

20/09/2021

Date of Settlement

20/09/2021

Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement

Case Summary

This dispute was between a manufacturer of Chemical products as the Claimant and a reseller as the Respondent, both based in Madhya Pradesh. The claimant, a Private Limited company, supplied chemical products to the respondent. The credit terms agreed upon were 30-days from the date of delivery. The respondent, in turn, was in the business of reselling these products in India and abroad. The respondent's legal status was that of a proprietary entity. While the transactional relationship was fairly new between the two entities, their past business transactions were always honoured as agreed by both parties. Unfortunately, this dispute occurred as the respondent fell ill and took to the bed, and his son stepped in to run the business.

The Issue

While it was thought that the management change would be a temporary arrangement, the hospitalisation remained an extended affair, and the son who now took to running the business was really unaware of many transactions. The overdue to this account had now reached the 90-day period, and when approached by the claimant, the respondent's son rather sidestepped the issue claiming that he was unaware of the promises to pay. The dispute involved an unpaid amount of Rs. 74,000/-. Despite the claimant's representatives providing all documentary evidence, a settlement was not reached. PrivateCourt was asked to step in to mediate a settlement as the claimant did not wish to drag an unwell man into litigation.

The Process

The Mediator, once convinced of the claim, approached the respondent's representative and tried to understand his side of the story. What was evident was that, as the respondent took to the bed, the business had come to a halt, and the son who now took over was grappling in the dark trying to understand his receivables. It was also understood, while inspecting the invoices and the materials in stock, the goods supplied by the claimant had not been shipped out further. Understanding this and post approval by the claimant, it was agreed that the materials in question be returned and the cost of transport be borne by the respondent.

Terms of Settlement

The respondent agreed to return all materials received from the claimant and agreed to pay the difference in value of Rs. 74,000/-, in case of any depreciation on or before the 20th October 2021.

The Inference

Professional negotiators usually ask the right questions and manage to come up with solutions that are a win-win.

Claimant

NBFC
(IInd Tier City)



Respondent

Real Estate
Agency Owner



V

Synopsis

PrivateCourt was named as the designated resolution party in a business loan contract signed between an NBFC and a real estate agency owner in case disagreements, conflicts, or disputes arose during the term of the contract.

The real estate agency owner was based in Jaipur, Rajasthan, and was involved in the selling, renting, or management of commercial properties. He operated his business from a small rental space situated at the heart of the city where most of the business community was based. The entire business was managed between him and eight staff members whom he had appointed on a commission basis. The condition of the building where his office was located was worsening by the day, and soon, the city municipal had declared it unsafe for the

accommodation of any kind. With a notice of less than a month to move out, the estate agency owner had to find a quick fix.

With little savings that he had managed to accrue with past earnings, he thought it was the right time to purchase his own office space which he thought would add more credibility and trust to his name and business. Having identified a perfect property that suited his budget, he approached a well-established NBFC to fund his loan request.

The NBFC that was involved in this case primarily lent to infrastructural projects aiming at higher returns in the future coming from property investments, including giving credit to small businesses and the unorganized sector.

After a series of quick paperwork and express loan approval requests, the estate broker soon inaugurated his new office.

The principal and interest amounted to approximately 15 lacs with a monthly EMI of Rs. 25,000 till loan completion.

The Arbitration clause was invoked by the NBFC as the Claimant, calling upon PrivateCourt to settle the dispute involving non-payment of Rs. 1, 89,000/- by the estate broker, now the respondent.

Facts

For the first two years, the respondent's business grew, and he managed to meet most of the projected benchmarks. All the employees received their dues on time and overheads were cleared timely.

Business took a big beating when a big well-established competitor took up a huge office space right next to the respondent's premises, with a common office wall running right through.

With big sums of money spent on online as well as offline marketing, the competitor drained all the potential customers. The walk-ins were impressed by the impressive office set-up and landed up knocking on the competitor's door.

The respondent managed to clear all the expected dues for three months in a row with the savings he had managed. Next, he borrowed from reliable friends, family and small-time lenders. However, the dry spell continued and business came to a complete standstill.

Just when the tail-end of the loan was pending to be repaid, the respondent started defaulting on his payments and the matter was passed on to PrivateCourt.

PrivateCourt Proceedings

The team managed to conduct an in-depth discussion with the respondent to propose a solution to resolve the dispute.

Implementing and adhering to our unique and goal-oriented resolution process, PrivateCourt immediately identified in the first stage that this was a clear-cut case where there was an intent to pay, but the means to achieve it was difficult.

The entire situation had to be reevaluated on humanitarian grounds. The team was successful in coming up with a diverse set of proposals to tackle the issue.

The Claimant was updated about the situation and problem at hand. Keeping the larger goal in mind, the Claimant agreed to restructure the loan.

The PrivateCourt team managed to work on alternate ways the Respondent could generate income to repay the loans and sustain his business too.

The Settlement Agreement

The Respondent agreed to clear the loan of Rs. 2,86,750/- in 10 equal instalments on or before December 2022.

Case Study

44

Date of Claim raised

16/08/2021

Date of Conciliation

15/09/2021

Date of Settlement

15/09/2021

Digest

Mediation/Conciliation/
Dispute/Claimant/
Respondent/Invoice/
Settlement

*Cycle
Manufacturing
Company*



Distributor



CASE SUMMARY

This dispute was between a Cycle manufacturing company based in Kolkata and its distributor based in the same region. The manufacturing company (the Claimant) had been engaged in manufacturing and supplying bicycles to the Distributor (the Respondent) for a period of over a year, and the credit period was extended from an initial 30 days to 60 days. The business relationship had been cordial through most of the times; however, the distributor's shop was engulfed in a huge fire, which led to major losses.

THE ISSUE

There was an accrued outstanding of Rs. 1,76,949/-, which was yet to be settled, and despite extended timelines, the debt was not settled. The initial argument made by the respondent was that he would need to wait for the insurance claim to be paid, and a window of further 60-days was agreed upon. The dispute was headed to litigation when this timeline as well was overshoot with no clear indication of a final date of closure. PrivateCourt was entrusted with the task of trying to mediate a settlement.

THE RESOLUTION

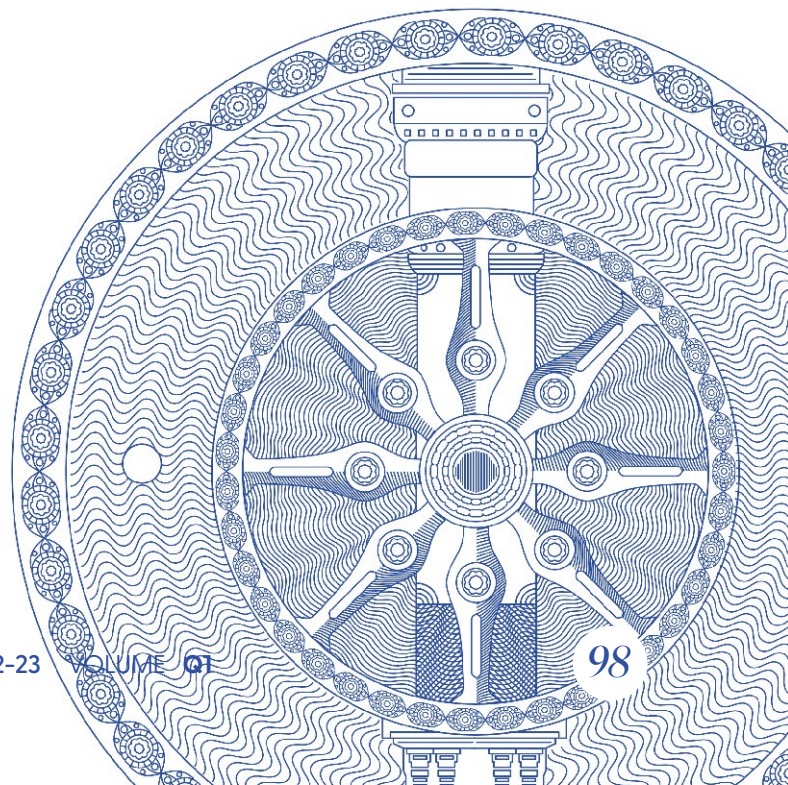
The mediator, after going through the overall exchanges of communication and establishing the credibility of the claim, approached the respondent for a discussion. Through the various arguments put forth by the respondent, the mediator established that the insurance company had only approved a part of the claim; thus, the respondent was trying to shun away his responsibility to pay parts of debts, which were not against any collateral. Once this was established, the mediator explained to the respondent how breach of this contract could have serious repercussions to his comeback as he would lose his credibility in the market and lose all credit facilities offered not only by the claimant but from every manufacturer as a whole. To this, the respondent requested for a deferred payment option, and in consultation with the claimant, a settlement was agreed upon.

THE SETTLEMENT AGREEMENT

The Respondent agreed to pay Rs. 30,000/- on or before 27th September 2021, and the remaining Rs. 1,46,949/- amount in 5 equal instalments of Rs. 29,389/- each between from 27th October 2021 till 27th February 2022.

THE INFERENCE

A third party professional with a strong sense of natural law can bring about positive solutions even in cases where there is malice in intent.



Computer Peripherals Supplier



Importer

Digest

- Mediation
- Conciliation
- Dispute
- Claimant
- Respondent
- Invoice
- Settlement

Date of Claim raised

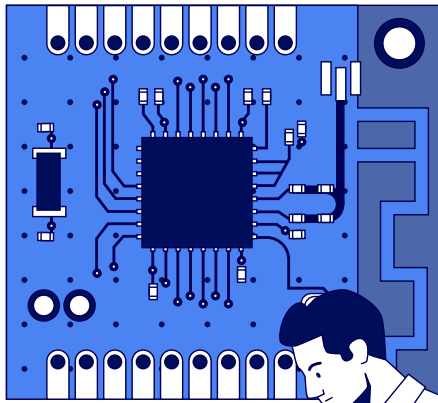
01/10/2021

Date of Conciliation

06/10/2021

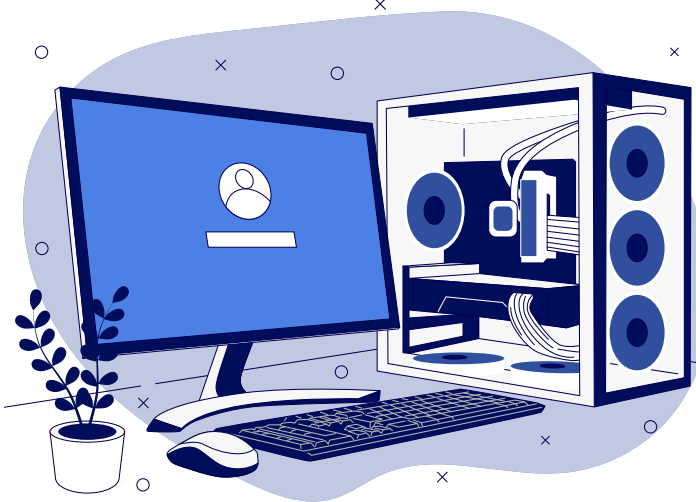
Date of Settlement

06/10/2021



Case Summary

This dispute occurred between a Computer Peripherals supplier based in Maharashtra as the Claimant and an Importer of specific goods as the respondent. The claimant had placed an order to import 3D printing solutions with the respondent and paid an advance of Rs. 5,41,649/-. The agreed time period for import was 45 days, and the same had to be delivered at the location of the claimant. The claimant had paid the advance, which included the cost of the product, the shipment cost as well as the insurance charges. The dispute occurred when the respondent failed to deliver the products even after 60 days from the date of order.



The Issue

The owner of the respondent's company had met with an accident and was unable to dispense off his order within the time period, and his team was not really capable of making the required contacts to execute the order. While this happened, the claimant's company had lost its customer, who in turn, had to supply. This created a major loss of business, and with the failing of the various attempts to complete the process, even post the 45 day period failed, the case was headed for litigation, and PrivateCourt was asked to step in as a last ditch effort.

The Process

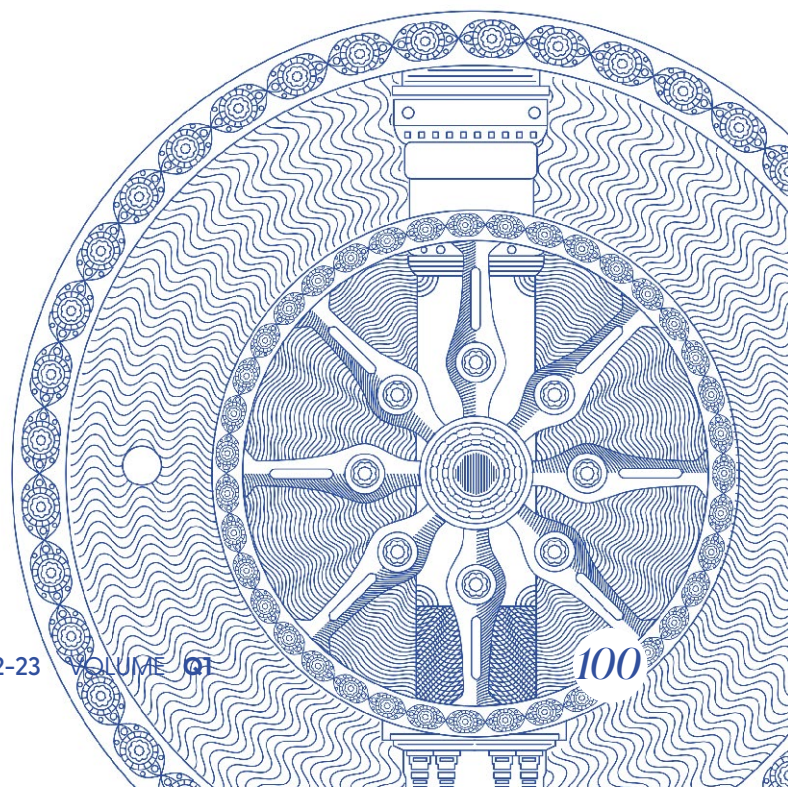
The mediator studied all the aspects of the case at hand and realised that the inability on the respondent side was legitimate and was not intentional. While the owner still remained under treatment, it was impossible for the respondent to execute the deal and needed to be given time to resolve the issue. With multiple rounds of discussion with the claimant and the agents of the respondent, it was agreed that the respondent would be given time to refund the amount on humanitarian grounds.

The Settlement Agreement

The Respondent agreed to refund the entire amount on or before 18 months from the date of settlement agreement. The respondent further agreed to deposit a minimum amount of Rs. 15,000/- per month from October 2021.

The Inference

While meditating, following the natural law and human angle needs to be considered.



Chemical Manufacturing Company

V.

Trader



Date of Claim raised

01/09/2021

Date of Conciliation

20/09/2021

Date of Settlement

20/09/2021

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case Summary

This dispute was between a chemical manufacturing company based in Madhya Pradesh as the Claimant and a trader based in Gujarat as the Respondent. While claimant had supplied materials of a specific dye type to the respondent as they had a working relationship with each other over the past few years, the materials were supplied on a 90-day credit term. The dispute came up when a part of the payment amounting to Rs. 3,09,419/- was not paid even post the credit period.

The Issue

The deal was that the claimant would supply the chemicals of specific specs to the respondent, the order was placed with the purchase order with the particulars and the quantity to be supplied. While the claimant had supplied the materials within the stipulated time period, the respondent denied part of this payment, citing reasons that the specifications to certain parts of the order were not met. Despite several rounds of discussions between the parties, there was no head way, and PrivateCourt was entrusted with the mediation.

The Process

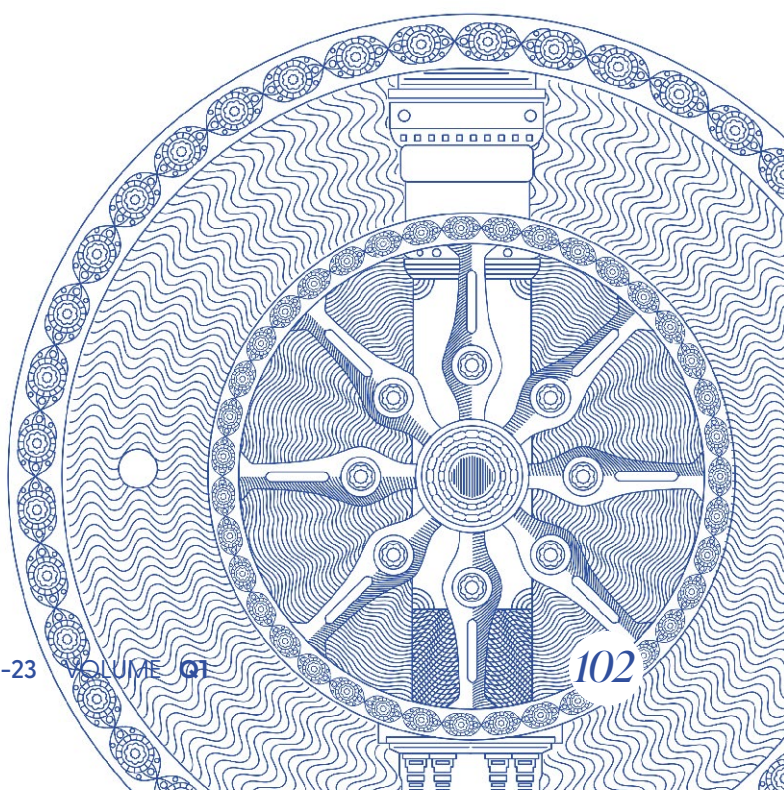
The Mediator studied the documents and established the authenticity of the claim. While discussing the issue with the respondent, what came forth was that the team had overlooked a small nuance in the order, which actually was a clerical error from the side of the respondent in the order form. Somehow, in the whole deal, both the sides had missed out on checking the same, and this, as established by the Mediator, proved that the goods supplied were up to standards, and the onus now lay on the respondent to honour the deal. However, this error also created a loss for the business on the respondent's side as he could not supply the materials further ahead. Considering these facts, an extended deferred payment term was granted on mutual agreement.

The Settlement Agreement

The Respondent agreed to pay the outstanding amount of Rs. 3,09,419/- by a bank transfer, to be paid on or before April 2022, in 8 monthly instalments.

The Inference

A trained eye of a professional can bring forth what many times people miss in the heat of arguments.



Claimant

NBFC
(IInd Tier City)

Respondent

Grocery Shop
Owner

v



Synopsis

This case is a dispute between a grocery shop owner and an NBFC. The borrower, in this case, is a local grocery store owner who had been running the store for almost half a century. Due to age and health conditions, the store was now being run by the second generation of owners.

As the world started shifting to online stores, they also started facing the heat of depletion of order size and numbers. To turn things around, they decided to upgrade the store to a supermarket and also decided to add Stock Keeping Unit like organic vegetables and better brands of chocolates and much better products.

In this attempt, they did manage to upgrade the look and feel of the store through existing credit lines but had a shortage of working capital. Through their chartered accountant, they managed to convince the NBFC to provide a term loan to plug this financing gap.

With the money raised, they added the SKUs that they planned and tried to expand their business through POP ads and using modern systems like SMS and WhatsApp-based broadcasting offers and discounts from time to time. Though there was an initial rush and business picked up, there seemed to be a flattening of sales in a while.

Facts

The borrowers, without too much research, decided to add many SKUs that were possibly not what the local market was not looking for. While the first half of the year post upgradation looked good, and the borrower did pay the EMIs on time, there was an issue with the piling up of dead stock. The problem also increased as the borrower did not have "return to manufacturer agreements" with many of these high-end brands.

Eventually, the borrower started defaulting on his payments and ended up being an NPA. The issue that made things more complicated was that they had offered a part of their new shop as collateral, and the annexation of that part would mean that their entire business would be impacted.

While the NBFC and the borrowers had a few rounds of discussions, there was no clear idea of how this issue could be resolved.

PrivateCourt was now contacted to try and resolve the matter

PrivateCourt Proceedings

The PrivateCourt Negotiating team, during the assessment, went through the documentation and also understood the decision-making process at the NBFC end during the pre-disbursal period.

What was clear was that the team at the NBFC believed in the borrowers' capabilities and his intent. They also seemed to be quite sympathetic to their ordeal and were open to an amicable solution.

The Negotiating team now took up the discussions with the borrower, and, after a few rounds of discussions, realised that they seemed to have understood the issue and now understood the stock management requirements, though a bit late.

What was also established was that if the tenure of the loan was increased, the respondents would be capable and willing to service the loan and honour their commitments. Having established this, PrivateCourt experts now suggested the restructuring of the loan with an increase of term for 8 months, which would take care of both the missed EMIs and the interest and other charges levied.

The same was presented as a solution to the NBFC and was accepted

OUR PHILOSOPHY

नास्ति सत्यसमो धर्मो न सत्याद्विद्यते परम्।
न हि तीव्रतरं किञ्चिद् नृतादिह विद्यते॥

Transliteration

Nāsti Satyasamo Dharmo Na Satyādvīdyate Paraṁ.
Na hi Tīvratarāṁ Kiñchid Nṛtādih Vidyate.

English Translation

There is no other religion like truth.
nothing but the truth.
Nothing is more intense than a lie.

Hindi Translation

सत्य जैसा अन्य धर्म नहीं। सत्य से पर कुछ नहीं।
असत्य से ज्यादा तीव्रतर कुछ नहीं।

The Settlement Agreement

The total outstanding loan of Rs. 3,85,000/-, which was to be paid off within the next 3 years, was now extended further by 8 months, and interest and penalty of Rs. 64,000/- was added on to the same with an increase in EMI of Rs. 4680/- per month.

Furniture Manufacturing Company V. Showroom Owner

Date of Claim raised

05/10/2021

Date of Conciliation

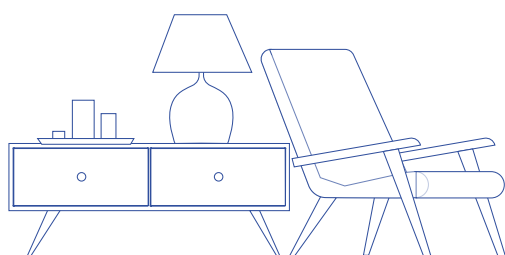
13/10/2021

Date of Settlement

13/10/2021

Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement



Case Summary

The dispute came up between a furniture manufacturing company as the claimant and a showroom owner, both based in Mumbai. The manufacturer had supplied designer furniture to the showroom with an agreement to take back unsold goods in 90 days, and the credit period extended was the same. The total order value of the goods sold was Rs. 2,35,000/-. While the respondent made regular payments against sales to the claimant through the 90-day period, he did not pay for one of the items delivered, which was a designer dining table worth Rs. 34,600/-; the issue worsened when the return of the product also did not happen post the 90 days.

The Issue

While the deal overall went smoothly; however, one item was not paid for, which led to a dispute between parties. The argument worsened as there was no clarity given on the status of the article in question by the respondent, and it got to a point where relations went really sore. A case of fraud was about to be lodged against the respondent before which PrivateCourt was approached for a final settlement attempt.

The Process

The mediator, after establishing the claim and its authenticity, approached the respondent for a discussion. What came to the fore was that the respondent had sold the article on credit to a local politician, and he did not receive the payment as promised. However, he was reluctant to give this fact out to the claimant as there were some mutual acquaintances that he had with the party. The mediator then ensured that the details of the discussions would be private and would be communicated effectively with the respondent. The same was conveyed to the claimant, and a settlement was arrived at based on this understanding.

The Settlement Agreement

The Respondent agreed to refund part payment of Rs. 34,650/- by paying off Rs. 15,000/- immediately, i.e., on 14/10/2021, and the balance on or before 13 December 2021. Furthermore, the Respondent agreed to return the entire material on or before 21 October 2021.

The Inference

At times, a third-party negotiator who is experienced can bring about transparency and hence solutions

Case Study

49

Case Number

PVTCRTAD/004/1120

Date of Claim raised

16/10/2020

1st Conciliation / Arbitration Date

25/11/2020

Date of order / settlement

03/05/2021

NBFC



*Small
Businessman*



CASE SUMMARY

PrivateCourt has been impanelled as the Arbitrator for a Pvt. Ltd. incorporated under the Companies Act, 1956 also it is registered as NBFC as per the provisions of the Reserve Bank of India Act, 1934. This company is in the business of lending under the licence issued by the RBI. The NBFC being operational for over a decade has been running profitably for as many years. But the pandemic and post-pandemic phases have shown a rise in repayment defaults by many borrowers, especially in the unsecured vertical.

This case is peculiar as the customer or respondent, as he might be referred to in this case, had almost completed his repayment on his first borrowing and had been refinanced by the company for a Personal loan for financial assistance for Home Decor purposes. Post this refinance, the respondent maintained his EMI payment records for a 6-month period, after which he defaulted and stopped paying the EMIs entirely amounting to a disputed amount of Rs. 92,570/-.

On being approached by the employees of the company, the respondent cited poor health as a reason for his inability to pay and requested to extend his repayment period. The NBFC, looking at his track record, considered giving him a longer rope, but the respondent defaulted to the extended timelines.

The claimant NBFC then handed over the issue to PrivateCourt for negotiation and settlement.

THE ARGUMENTS

PrivateCourt sent notice to the respondent, and 3 dates for the initial discussion were given with a choice for the respondent to pick a convenient time for Arbitration. The respondent made himself available, and the Arbitrator, after looking through all documents like the statement of claim, loan agreement, board resolution, statement of accounts, and notice of invocation of arbitration, impressed upon the respondent his dues. The respondent was also shown the impact this nonpayment had on his credit scores and how it would affect his future borrowing abilities.

The arbitrator, in the course of the discussions, coaxed the respondent to close the loan with an offer to waive off the penal charges applied to him so that the amount would reflect as closed and not settled on his credit report.

Overall, the Arbitrator explained the principle of Natural Justice basis which, the respondent failed to repay the amount and was bound to clear the dues along with the interest and arbitration proceedings cost.

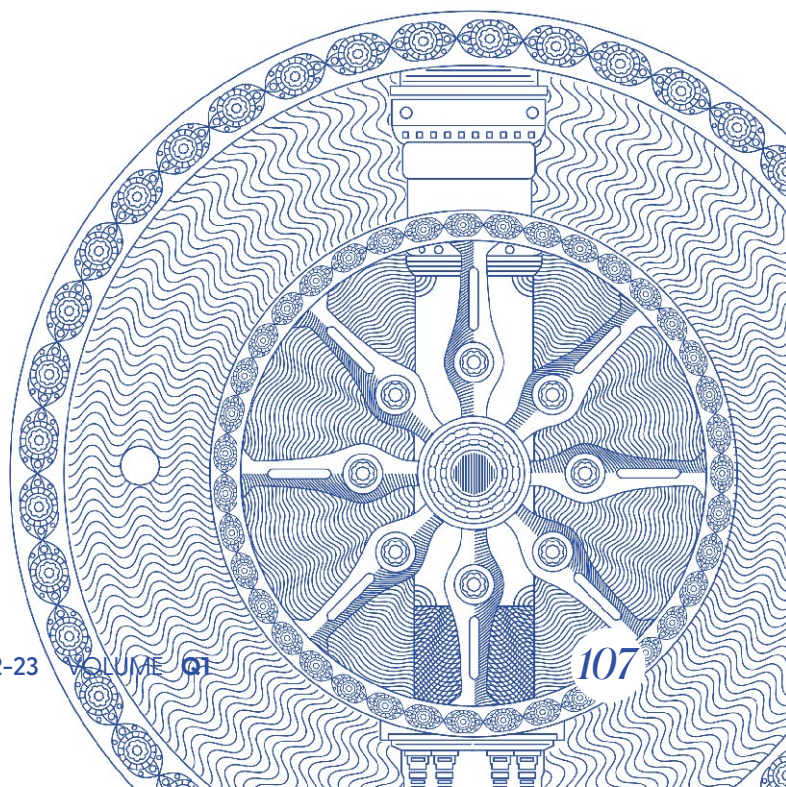
THE SETTLEMENT AGREEMENT

The respondent was made to agree to the following terms:

- Rs. 92,570/- The Principal outstanding is to be closed with immediate effect
- An additional levy of Rs. 15,000/- towards arbitration charges is to be added to the same.
- The interest amount payable is to be paid within 60 days, failing which a compound interest of 18 % is to be charged till the complete payoff is made.

THE INFERENCE

While most settlements are done by selling bad debts at a fraction of the actual outstanding, Arbitration allows lenders to



Furniture Manufacturer V. Distributor

Date of Claim raised

25/09/2021

Date of Conciliation

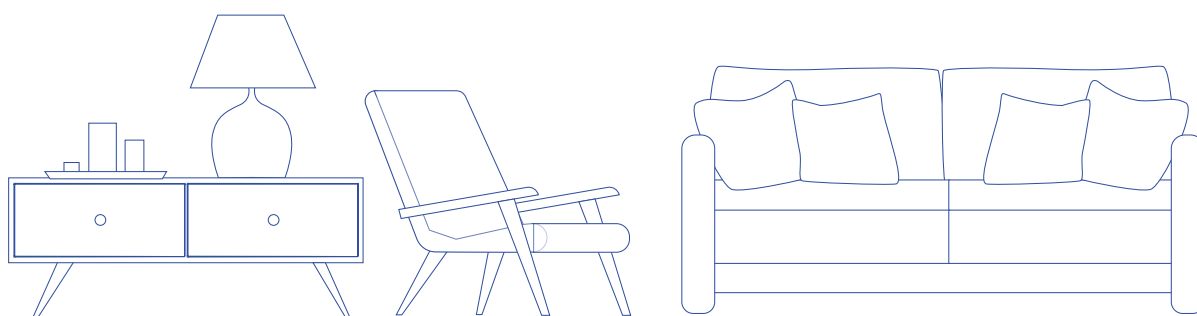
01/10/2021

Date of Settlement

01/10/2021

Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement



Case Summary

This dispute occurred between a furniture manufacturer and a distributor, both based in the suburbs of Mumbai. The respondent, in this case, the distributor, was into the retail of handloom products and handicrafts and placed an order for handmade chairs and tables that he, in turn, planned to supply to a restaurant. The credit period agreed was 60 days. The delivery of products was accepted as 25 days from the date of order, and the total value of products sold was Rs. 1,58,726/-. The dispute occurred when the 60-day period had elapsed, and the commitments of payment were not honoured.

The Issue

The respondent had an incident of fire in his godown, and the same was only partially insured. In turn, he also could not supply the entire lot delivered to him by the claimant; thus, he could not fulfil his commitments. However, this was a cash loss for the claimant that needed closure. The claimant also had levied a penalty on the delay of payments with an interest of 21% p.a. The dispute was handed over to PrivateCourt for settlement.

The Process

The Mediator, once the claim was established, took up the issue with the respondent; after a few discussions, the Mediator understood that the respondent was strapped for cash flow and a single such payment would render him out of business. After a few further rounds of discussion, on humanitarian grounds, it was agreed that the penal interest would be waived off, and a deferred payment would be offered to the respondent.

The Settlement Agreement

The claimant agreed to pay the entire amount of Rs. 1,58,726/- by paying Rs. 10,000/- on the 15th of every month starting October 2021 until the entire outstanding is cleared.

The Inference

Human considerations are often the better way to resolve issues and also ensure long business relations.

Case Study

51

Date of Claim raised

25/09/2021

Date of Conciliation

04/10/2021

Date of Settlement

04/10/2021

Digest

Mediation/Conciliation/
Dispute/Claimant/
Respondent/Invoice/
Settlement

*Furniture
Manufacturer*



*Interior
Decoration
Company*



CASE SUMMARY

The dispute here is between a furniture manufacturer and a company in the business of interior decoration. The claimant, in this case, supplied custom furniture to the respondent for a project the respondent had undertaken. While the total cost of the order was Rs. 58,000/-, an advance of Rs. 37,486/- was paid with an agreement that the remaining would be paid on delivery. While the goods were delivered within the agreed time frame of time, the payment was not made, and a request for a 10-day extension for payment was made and accepted. Alarms were raised when the payments were not made even after a fortnight.

THE ISSUE

The problem here was that the project that had been undertaken by the respondent, had been stuck for funds, and the extension request was made based on the promise made by the respondent's clients. Eventually, the project had to be decommissioned, and the payments receivable from the client's end did not materialise. It was also not possible to return the goods as the same was soiled in the work environment. This was handed over to PrivateCourt for a possible settlement.

THE PROCESS

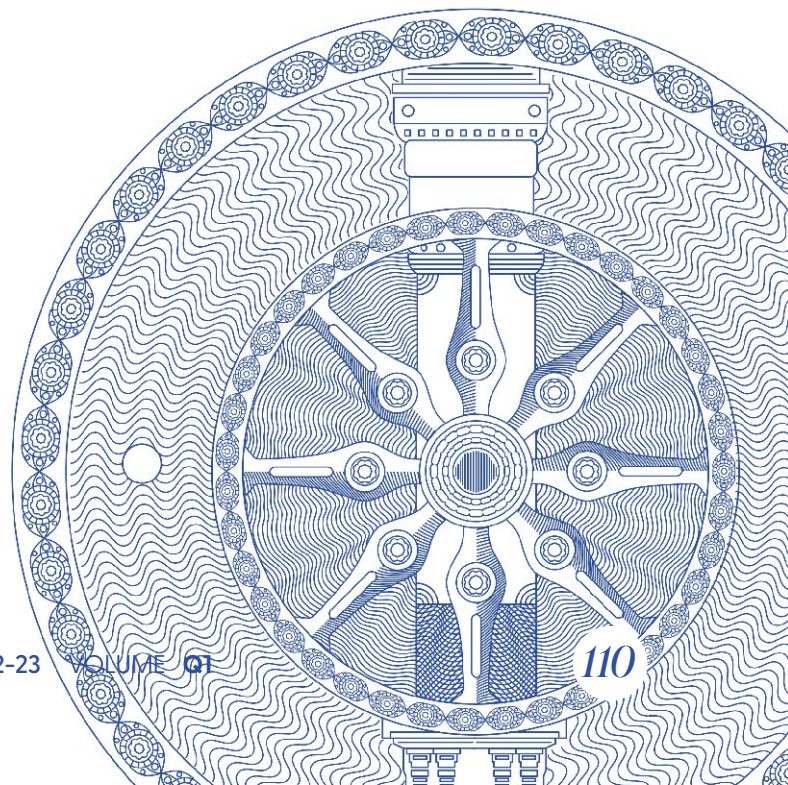
The Mediator, after going through the documentation, initiated a discussion with the respondent and explained to them the fact that the non-payment by their client had no bearing on the transaction with the claimant. After some push and pull during discussions, the mediator drew the respondent's attention to the fact that litigation would be a long and costly affair and would also damage their reputation in the market. It was finally agreed that the remaining amount would be settled with no penalties in 2 instalments.

THE SETTLEMENT AGREEMENT

The respondent agreed to pay the entire amount in two instalments: Rs. 10,000/- on 30th October 2021 and Rs. 10,514/- on 30th November 2021.

THE INFERENCE

At times, arm twisting with the right motivation brings about quick settlements.



Cycle
Manufacturer

V

Distributor

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Date of Claim raised

18/09/2021

Date of Conciliation

30/09/2021

Date of Settlement

30/09/2021



Case Summary

This is a dispute between a cycle manufacturer and a distributor, both based in West Bengal. While the manufacturer (Claimant) and the Distributor (Respondent) have had a working business relationship for years and have had set credit patterns that were never disrupted, the post lockdown phase saw constant defaults in payments from the respondent with no new orders being placed. The total outstanding value of products had reached Rs. 2,43,995/- post which no further payments were being made.

The Issue

The distributor had faced major losses due to the lockdown during which he and his family had also been affected by the disease. Being a proprietary concern, they were finding it difficult to keep the business afloat and were mulling a windup. Though they did pay a part of the outstanding, post lockdown they were unable to continue making payments. The dispute got worse when the payments completely stopped for a quarter, and the claimant got worried about the receivables. PrivateCourt was approached for mediation at this phase.

The Process

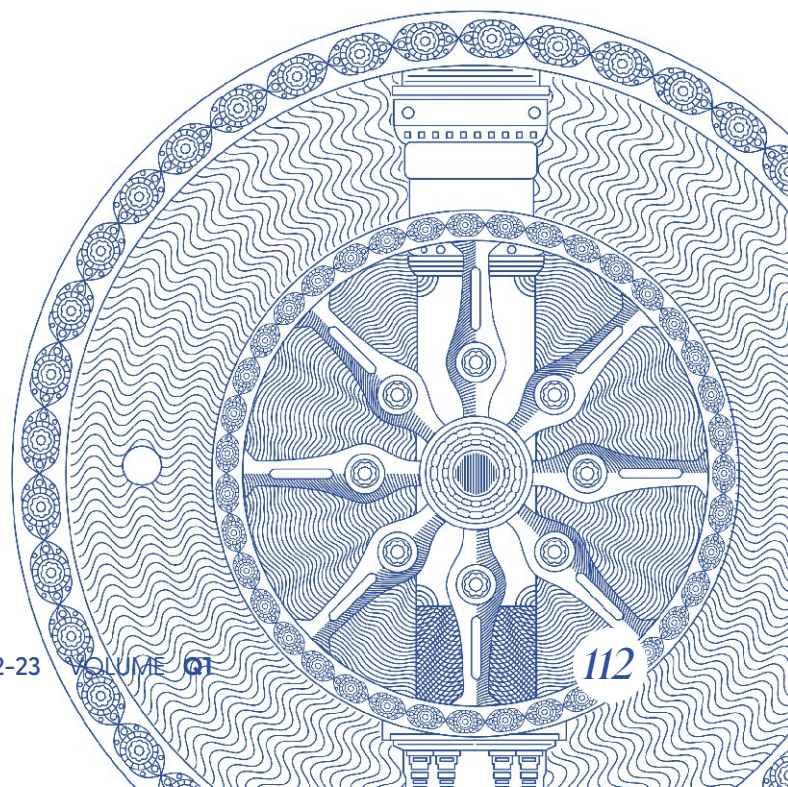
The Mediator, post establishing the facts of the claim, approached the respondent for a discussion and what came to the fore was that they were reluctant to divulge their financial state to the claimant and were making promises to pay, which they could not honour. The mediator then informed the situation to the claimant, and considering the long and healthy relationship that they shared, the claimant agreed to a really lenient settlement, which might aid the respondent to stay in business.

The Settlement Agreement

The Respondent agreed to pay Rs. 5000/per month for 12 months beginning October 2021 and Rs. 10,000/- per month, subsequently, till the entire amount is paid off from October 2022.

The Inference

An active and empathetic approach to an issue can not only resolve disputes but also create healthy business relations and goodwill.



Furniture Manufacturer

Furnishing Store

V.



Date of Claim raised

28/10/2021

Date of Conciliation

03/11/2021

Date of Settlement

03/11/2021

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Case Summary

The dispute is between a furniture manufacturer based in Mumbai as the claimant and a furnishing store based in Jaipur, Rajasthan, as the respondent. The concerned parties were dealing for the first time, and an order was placed by the furnishing company to be supplied with dining room furniture sets, which were to be branded with their label and also customised. The total order value was Rs. 2,50,000/- of which an advance of 50% was paid. The delivery time was to be 30 days from the date of order and was based on agreed designs, which were exchanged over emails. While the delivery was made, of the outstanding amount, all but Rs. 30,000/- was held back.

The Issue

While the delivery was made within the agreed time period, there seemed to be a disagreement in the specifications of one of the pieces supplied. The respondent did not make the payment, and the article in question, which was a set of dining chairs, was also not returned. While this dispute was debated by both parties, they could not make any headway as the respondent was adamant that the specifications were not met, and he was ready to return the product, but it could not be accepted back as it was branded for the respondent's company. The dispute was handed over to PrivateCourt at this juncture for settlement.

The Resolution

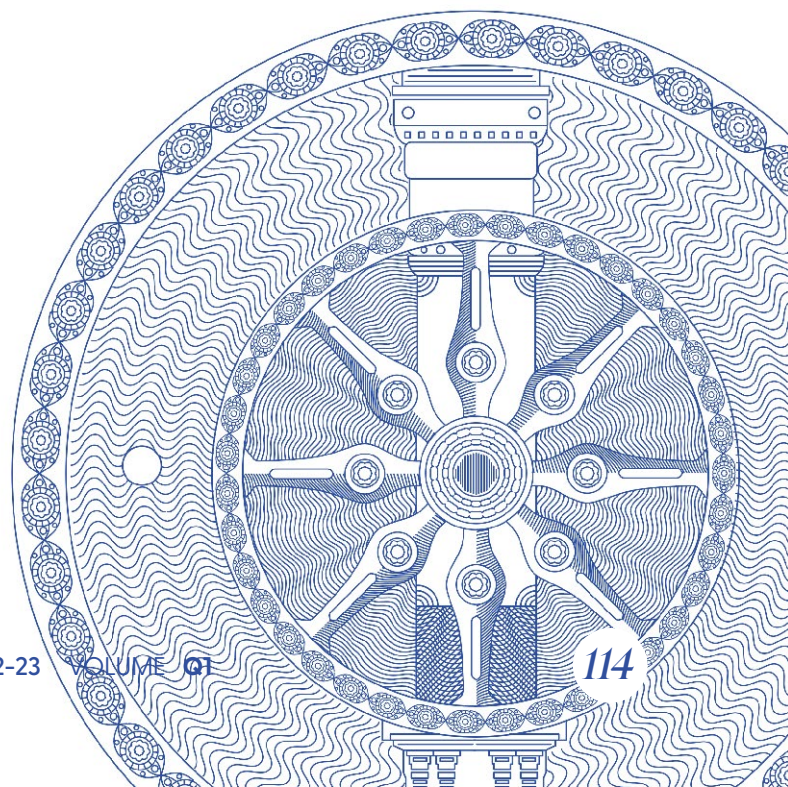
While the Mediator tried to establish the claim, he went through all documents exchanged, and in trying to determine the contention, the Mediator stumbled upon the fact that the respondent had made an error in the marking of inches and centimetres in the final purchase order approved that led to the alteration in the size of the product. While initiating discussion with the respondent, this fact was made clear to them, and it was established that the onus of the measurements being sent accurately laid squarely on the respondent. The same was accepted, and a settlement arrived.

The Settlement Agreement

The Respondent agreed to pay the outstanding amount of Rs. 30,000/- on or before 15th November 2021.

The Inference

A keen eye on details of a seasoned professional can often bring to light small details that can generally be missed.



Claimant

NBFC
(IInd Tier City)

Respondent

Shoe Shop
Proprietor

V



Synopsis

The proprietor of a shoe store, the Respondent, in this case, had borrowed Rs. 2,00,000/- from a reputed NBFC (the Claimant) to grow his enterprise. After some time, he was unable to pay back the loan, which resulted in a disagreement between him and the Claimant NBFC. Both sides agreed to resolve the dispute using Alternate Dispute resolution means to help them reach an agreement.

PrivateCourt was thus approached to help the parties reach an amicable solution.

Facts

The shoe store proprietor requested a loan from the Claimant NBFC for Rs. 2,00,000/- to expand his shoe store. To improve his business, he intended to increase his inventory and hire more employees. Nonetheless, despite his best efforts, he failed to produce the anticipated earnings. Due to the fierce rivalry from the neighbouring shoe stores and the negative impacts of the COVID-19 epidemic, his sales were fewer than expected. Due to the lockdown, the respondent was forced to close his store for a few weeks, which had an even greater impact on his revenue.

The Respondent was unable to pay back the loan on time as a result, and the Claimant NBFC had already begun legal proceedings against him. But, after the Respondent described his predicament to the Claimant NBFC, they both decided to use mediation to settle their differences.

OUR VISION & MISSION

We endeavor to redefine industry benchmarks and create standards of excellence to commit to our vision: From our first shake hand to the final outcome, we stand by you!

PrivateCourt Proceedings

Both sides presented their cases to the mediation party, in this case, PrivateCourt, at the start of the mediation process. The Respondent gave an explanation of his financial condition and the factors that prevented him from repaying the loan. The PrivateCourt team confirmed the financial statements he supplied, which showed the fall in his company's revenue.

The Claimant's representative, on the other hand, outlined the loan agreement's details, including the interest rates and repayment timetable. The Claimant NBFC claimed that the Respondent had broken the terms of the loan by failing to make timely loan repayments as well as interest payments.

PrivateCourt mediator advised looking at solutions after listening to both parties' arguments. The mediating team urged the parties to come to an amicable agreement that would be advantageous to both parties. A settlement would save both parties time, money, and resources, they highlighted.

The mediating team then aided the parties in their negotiations by assisting them in identifying points of agreement. The chief mediator proposed that the Claimant NBFC modify the loan repayment schedule to take into account the Respondent's financial circumstances, such as by lengthening the payback time or lowering the interest rate. Further, the mediating team also recommended that the Respondent offer the Claimant NBFC some kind of security or collateral as a way to guarantee the repayment of the loan.

Following numerous rounds of discussions and brainstorming, the parties came to a settlement accord. The Claimant NBFC consented to alter the repayment schedule for the loan, extending the time frame and lowering the interest rate. The Respondent consented to offer the Claimant NBFC a piece of real estate he owned as security. Both parties and PrivateCourt all signed the settlement agreement.

The Settlement Agreement

- According to the arrangement, the Respondent would pay back the loan in installments over the course of the following five years, with the interest rate dropping from 12% to 8%.
- The Claimant NBFC will get monthly statements from the Respondent detailing the financial condition of his company. The agreement also specified that after the loan was fully repaid, the Claimant NBFC would release the collateral.

Conclusion

The mediation process assisted both parties in reaching a mutually beneficial settlement, sparing them the time and money that would have been required for a court battle. The PrivateCourt team guided discussions between the parties and assisted them in identifying points of agreement. Both sides benefited from the settlement agreement since The Respondent could repay the loan without being put under undue pressure and the Claimant NBFC would be able to recoup the amount with interest.



Digital Marketing Solution Providers V. Infotech Company

Date of Claim raised

05/11/2021

Date of Conciliation

18/11/2021

Date of Settlement

18/11/2021

Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement

Case Summary

The case is about a disagreement between a company in the business of Digital Marketing Solutions based in Bangalore and an Infotech company based in Delhi. The claimant, in this case, the Digital Marketing solution provider, was approached by the IT company to create a 3D model walk through of an upcoming apartment complex for one of its clients. The project was to be delivered for a Virtual Reality platform, which would enable prospective buyers to have a feel of the final property once constructed. The delivery time for this project was 120 days. While there was an advance demanded, the claimant agreed to being paid on the completion of the project at the request of the respondent. The project was delivered within the stipulated time period, but the respondent did not honour his payment promises.

The Issue

While the project was delivered and the clients had signed off on the acceptance letter, they did not honour the pay on delivery commitment. The issue occurred as their client in turn had got a quote from one of their competitors and had purchased the said walk through from them without informing or cancelling the order placed with the respondent. Now that the product had been delivered, the respondent was in a fix as its clients denied payment, leading to an outstanding amount of Rs. 7,88,279/-. After much debate between the two parties, PrivateCourt was asked to take up the matter for settlement.

The Resolution

While the Mediator went through all the documents, the legitimacy of the claim was established and a discussion was initiated. While the mediator heard and understood the predicament, the suggestion that he made was that the respondent's team use the project as a marketing tool for future clients as virtual reality walk-throughs have now become an integral part of the real estate business. The same, as a suggestion, was accepted. Considering the loss that the respondent's company had incurred a deferred payment term was agreed upon.

Terms of Settlement

The Respondent agreed to pay the outstanding amount i.e. Rs. 7,88,279/- within five months, beginning December 21, 2021 till April 22, 2022, in five instalments with not a single instalment amounting to less than Rs. 1,50,000/-.

The Inference

Human consideration and creative solution providing can help resolve issues quicker.

Case Study

56

Date of Claim raised

05/11/2021

Date of Conciliation

09/11/2021

Date of Settlement

09/11/2021

Digest

Mediation/Conciliation/
Dispute/Claimant/
Respondent/Invoice/
Settlement

*Agro Products
Manufacturing
Company*



*Food
Exporter*



CASE SUMMARY

This dispute is between an Agro Products manufacturing company (Claimant) and a food exporting company (Respondent), both based in Rajasthan. While the Claimant is in the business of agro-based food production, the respondent is a distributor for the same in the local and foreign markets. The deal that was struck between the two companies was that the claimant would supply the respondent with export quality material, which in turn would be white labelled by the claimant for the foreign market. A third-party company was assigned to approve quality while packing at the claimant's premises. The produce was to be supplied in three batches, and the total value of the products ordered was worth Rs. 1,00,00,000/-. While there were no advances paid and no letter of credit raised, the payments were to be made 15 days past the delivery of products at the respondent's address. While the first couple of batches arrived and were paid for, the third batch was delivered but not paid for even post 30 days from the date of delivery.

THE ISSUE

The respondent had placed the order with the claimant based on the LC received from his overseas buyer. This LC was to be encashed Freight On Board that would take him a period of 10 days from the date of procurement of materials. The issue happened when the materials of the last batch that were stored at his facility went bad, and the produce was rejected by his buyer. The initial objection that he raised was that the product was not up to standards; hence, he denied the payment. While countered with the fact that there was a 3rd party quality approval given on his behest, the respondent ducked the discussions. The issue was addressed to PrivateCourt for settlement.

THE PROCESS

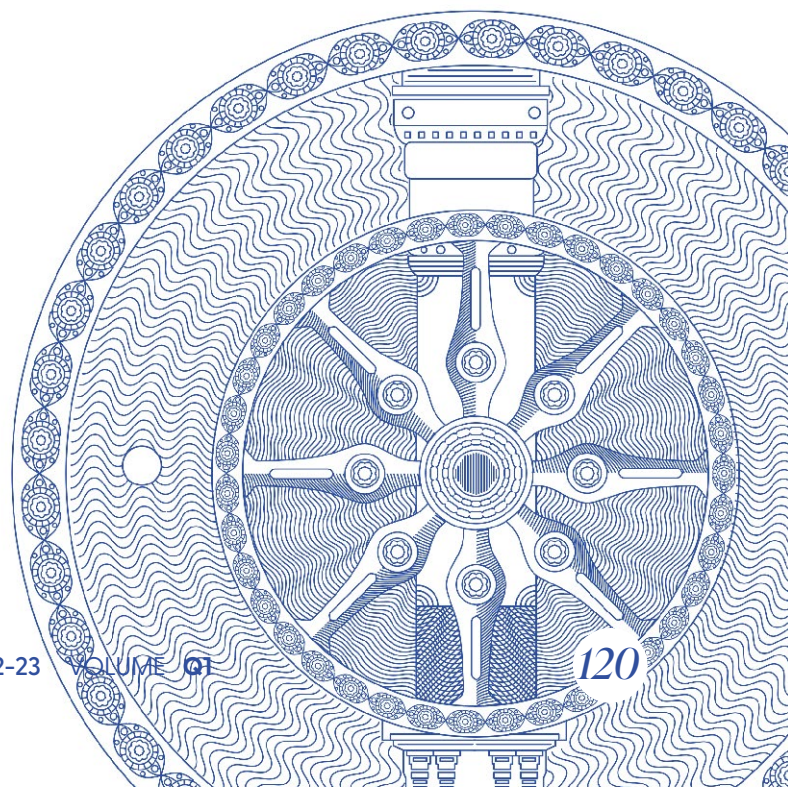
The Mediator established the legitimacy of the claim; while the discussions were initiated, the malice in the respondent's approach was evident. The mediator then explained to the respondent that the claimant could approach the Exim bodies and lodge a formal complaint and also alert the supplier's cooperatives, and this would be detrimental to the image of the respondent's company and hamper further business. Realising the difficulties that he could face, the respondent requested a deferred payment term to which the claimant agreed.

THE SETTLEMENT AGREEMENT

The Respondent agreed to pay the outstanding amount Rs. 61,54, 041/- within 6 months from December 2021 on or before the end of June 2022.

THE INFERENCE

Understanding the intentions of parties involved in a negotiation and then manipulating a settlement at times can be tricky and made possible only by a seasoned negotiator.



Cycle
Manufacturer

V

Dealer

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Date of Claim raised

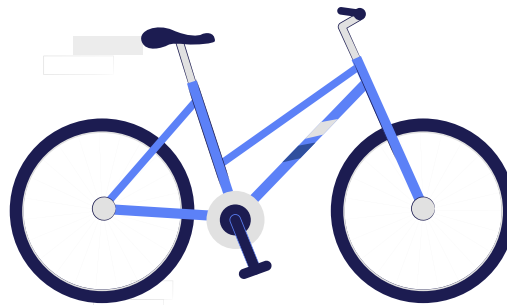
18/09/2021

Date of Conciliation

24/09/2021

Date of Settlement

24/09/2021



Case Summary

This was a dispute which occurred between a cycle manufacturer (Claimant) based in West Bengal and a dealer (Respondent) based in Mumbai. This was a unique case as the parties involved were related to each other through family, and the business relationship was also quite old. The dispute occurred when the respondent seized paying the outstanding credit amounts for the products supplied.

The Issue

The distributor's shop was in an old building, and a part of this building had collapsed, which completely destroyed his shop and all the products within it. The unfortunate part was that the insurance was not renewed in time, and there was no way the respondent would have been able to raise any money to pay the claimant. As there was a family relationship through which this cash flow problem would affect the claimant, he was reluctant to talk to the respondent directly so as to avoid any family dispute in his times of difficulty. Considering this, PrivateCourt was approached to handle this sensitive matter.

The Process

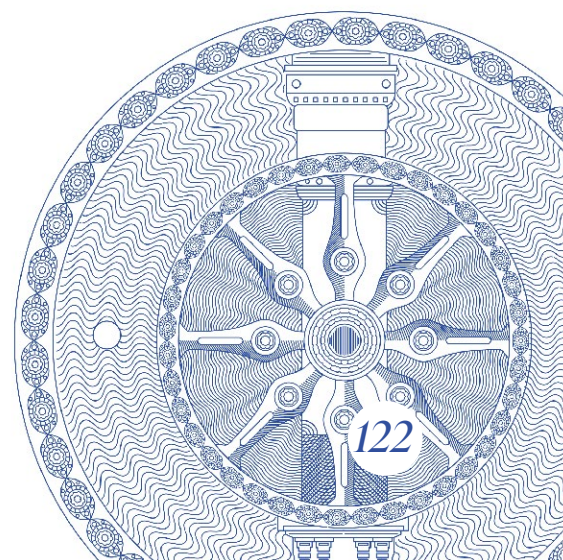
Taking cognizance of the situation, the Mediator approached the respondent and tried to understand his situation and also understand his vision of what he intends to do to rectify the matter at hand. Post deliberations, it was established that the respondent would need to be helped to come back into business, and to do so, the claimant was more than happy to help. The respondent had identified a shop in nearby vicinity, and the claimant was happy to help him restock his shop with goods. Post joint deliberation, an agreement was arrived upon.

The Settlement Agreement

An agreement was entered into where the respondent agreed to pay the entire amount of Rs. 4,57,406/- in 12 months. Out of every payment made, 50% would be written off towards old outstanding, and the claimant also agreed to supply goods worth the remaining 50% amount to help the claimant stay in business. The claimant also agreed to set off 10 % from the entire outstanding amount if the respondent would successfully refund the entire outstanding amount from the date of conciliation.

The Inference

Intervention from a professional 3rd party can be useful in avoiding uncomfortable discussions and bringing out positive outcomes for both sides.



Engine Oil Super Stockist

Distributor



Case Summary

This dispute is between a super stockist of engine oils and a distributor, both based out of Maharashtra. While the claimant, in this case, the super stockist, had been supplying engine oil and such products to the distributor over the past few years, and payments had been made against goods given on credit fairly regularly, there was an issue with payments made at the end of Calendar year of 2021. This was a sudden turn of events, and the supplied stockpile was worth Rs. 18,37,381/-, this amount being stuck created a huge cash flow for the claimant, and a dispute ensued.

The Issue

There was a major fire in the godown where the distributor had stored its materials. Though the place was insured, the respondent had failed to comply with a few fire safety norms; hence, his claim was put under review. Since the investigation was a time-consuming process, the respondent was now unable to pay his dues. The dispute was handed over to PrivateCourt court for settlement.

Date of Claim raised

02/12/2021

Date of Conciliation

03/12/2021

Date of Settlement

03/12/2021

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

The Process

After establishing the accuracy of the claims, the mediator now proceeded to discuss the issue with the respondent. During the discussion, the intent to pay was clear, and the mediator, after checking the facts with the insurance company, established the truth in the matter. Post discussion with the claimant, a deferred payment term was agreed upon to ensure that the respondent also got a chance to come back to business and make a fresh start.

The Settlement Agreement

The Respondent agreed to settle the entire dues amounting to Rs. 18,37,381/-, within eleven instalments of Rs. 1,67,035/- beginning February 2022 to December 2022.

The Inference

At times, ensuring that a good client is treated with a bit of leniency goes a long way in improving business relations.

Claimant

NBFC
(IInd Tier City)

Respondent

Wellness
Spa Centre
Owner

V

Synopsis

This dispute arose when a Bangalore-based spa owner failed to repay the outstanding loan amount borrowed from an NBFC in 2019. The NBFC, in this case, the Claimant, was approached by the Wellness Spa owner to avail of a loan amounting to Rs. 3,50,000/-.

The wellness spa owner, in this case, the respondent, saw an opportunity as an entrepreneur to open a Wellness Center as a particularly alluring business option. She, the respondent and wellness spa owner, was driven by the opinion that the timing to open a wellness center was just perfect as around the nation, the acceptance and demand for such centers had expanded dramatically. She opined there was a great need for health experts who could provide their clients with high-quality, personalised services.

Because they would provide personal services, hygiene and high-quality equipment were crucial when setting up such a place. To satisfy the quality standards and client expectations, adequate cash was necessary. This required her to spend a sizeable sum on the newest, in-demand products and equipment in addition to renting or owning the space for the business.

Finding the term loan offered by the Claimant NBFC suitable for her requirements, she applied for a short-term loan thinking it would be the most suitable financing option to purchase the necessary equipment as planned out.

Having cleared the eligibility criteria of Loans: age eligibility, credit history, experience, and revenue generation plan, the respondent saw the loan amount credited to her current account in the expected timeline.

To rush and facilitate things further, the respondent included the wellness centre property as collateral. As a woman applicant, the respondent got additional benefits of discounted interest rates.

All-in-all, the Claimant NBFC sanctioned a loan of Rs. 3,50,000/- to the respondent for a term of 3 years at 14 % interest per annum.

PrivateCourt received a notice from the Claimant company requesting invocation of the Arbitration clause against the respondent to settle the dispute regarding the outstanding loan amount of Rs. 1,25,000/-.

Facts

While all the payments were made as per the loan agreement, the respondent's business was badly affected when two of the major pieces of equipment that were the star attraction and capital puller broke down turning out to be a revenue dropper.

The respondent's daily walk-ins dropped drastically, appointments were canceled, and half the staff was sitting idle for days hoping for business to pick up.

The respondent failed to replace or rectify the parts of the equipment that were causing the trouble. Moreover, she got into a heated argument with the equipment manufacturer who refused to replace or refund the amount.

For the initial months, the EMLs were cleared being funded from the earnings plus some personal savings. However, due to personal reasons faced on the homefront, the last few EMLs defaulted.

In spite of receiving several reminders, payment notices, & registrations from the Claimant company, the respondent failed to fulfil the repayments resulting in the invocation of the Arbitration clause from the Claimant company.

PrivateCourt Proceedings

The case was assigned to one of the many able case managers of PrivateCourt, who plunged head-on to work on this dispute. Following the protocol, the respondent was sent a notice of arbitration.

The team got an immediate response from the respondent, who was ready to show up in person and discuss the matter.

The case manager requested copies of all the communication from both parties including all email copies, SMSs, WhatsApp reminders, Registration notices, etc.

The team chartered the exact timeline after receiving the documents.

After meeting the Respondent, during the Conflict Resolution stage:

1. Complex tactics were brainstormed to comprehend the relevant requirements
2. Reevaluation of the situation from a humanitarian perspective was implemented
3. A wide range of solutions were listed.

The team explained to the respondent that she was a new entrant in the market, and it would be detrimental for her cause to not pay the Claimant, it would result in the loan being declared NPA and the seizure of the property at a future date.

As a consideration, the respondent was allowed to run the wellness centre at no extra cost that would help her clear the pending EMLs. It was also agreed that the Claimant would waive off the interest for the entire outstanding amount.

The Settlement Agreement

An agreement was drafted after three rounds of intense discussion with both parties. Per the agreement, the respondent agreed to pay the outstanding amount of Rs. 1,25,000/- in 10 equal instalments with zero interest, to be settled on or before 31st October 2022.

Chemical Manufacturer V. Distributor

Date of
Claim raised

07/07/2022

Date of
Conciliation

14/07/2022

Date of
Settlement

14/07/2022

Digest

Mediation/Conciliation/Dispute/Claimant/
Respondent/Invoice/Settlement

Case Summary

The dispute is between a Chemical Manufacturer based out of Indore as the claimant and a distributor of chemicals based in Khargaon, Madhya Pradesh, as the respondent. While the parties had a long working relationship, there was a particular order placed by the distributor for a specialised dye that had to be imported. The order was to be delivered in 30 days, and the same was to be paid for 15 days from the date of delivery. This was a back-to-back order placed by the respondent, who in turn, had a client who would purchase the same in bulk. The total amount payable was Rs. 2,00,000/- including freight charges.

The Issue

While the product was delivered, there was a delay in customs clearance, and the product was delivered late by 5 days. While the respondent showed his unhappiness at the delay, still he accepted the consignment and signed the airway bill for the same. The dispute occurred when the payment was not made post the 15 days. The argument put forth was that due to the delay, he had a cancellation of the order; hence, he could not pay the amount to the claimant. While there were several rounds of discussions, no headway could be made in the case, and the same was handed over to PrivateCourt for settlement.

The Process

The mediator, in this case, established the facts of the claim and then approached the respondent for a discussion. While the same argument was put forth of the loss of business, what impressed upon them was the fact that despite the delay, they not only accepted the consignment but also did not appraise any issues till the end of the 15-day period, which showed malice in their intent. Also, it was discussed that the claimant, being a very large manufacturer, losing credit lines in supply would disrupt the respondent's business. Once the impact of this was impressed upon him, the respondent requested a deferred payment option. Considering the business loss he had made and in consultation with the claimant, an agreement was reached.

The Settlement Agreement

The Respondent agreed to pay the total dues of Rs. 2,00,000/- on or before four months from the date of settlement i.e. on or before the end of November 2022.

The Inference

Bringing into perspective the possible loss of business often brings out solutions.

Case Study

61

Case Number

PVTCRT/CD/PVCT-1187-7679-990

Date of Claim raised

15/07/2021

Date of Conciliation

14/08/2021

Date of Settlement

16/08/2021

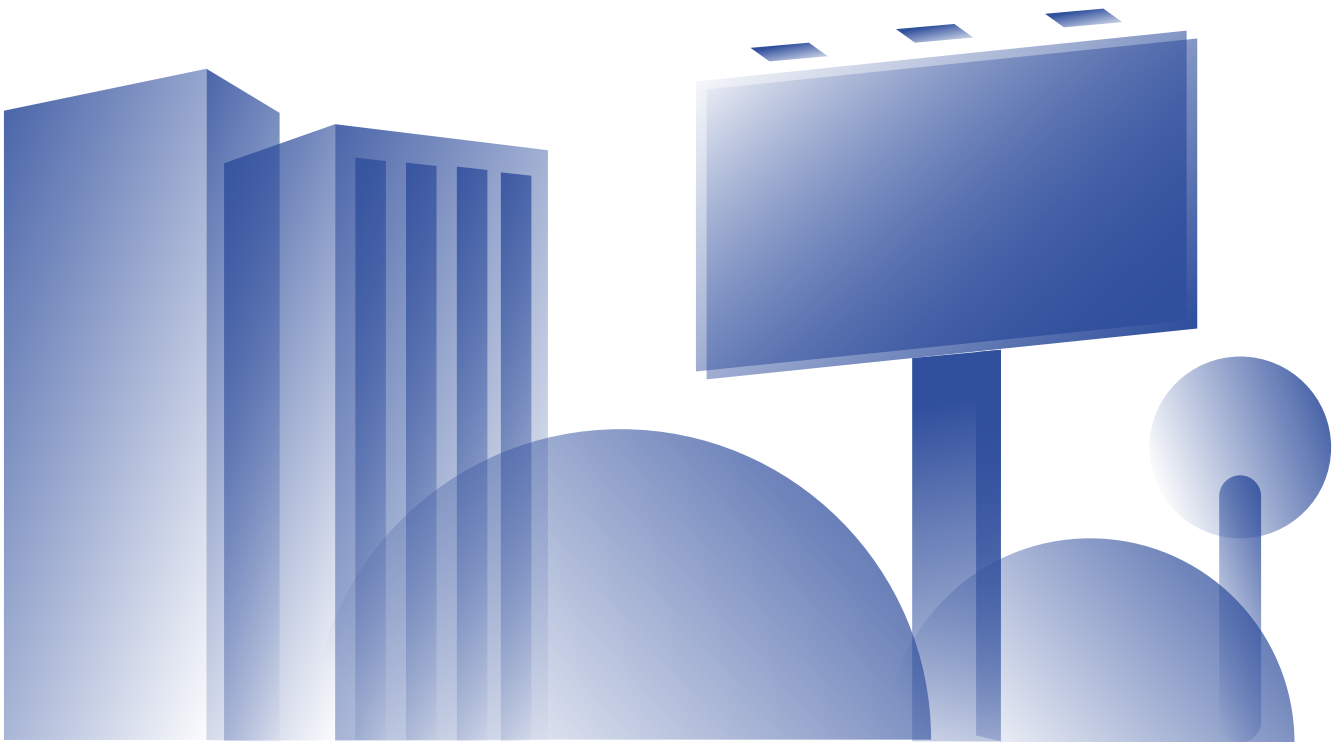
Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement

*Printing
Solution
Provider*



*Construction
Company*



CASE SUMMARY

The dispute was between a Printing Solution provider as the Claimant and a construction company as a Respondent, both being based in Mumbai. Both parties are Private Limited in the nature of their incorporation. The respondent had asked for flex prints for their upcoming property advertising project in the suburban areas of Mumbai. The contract value was for a total of Rs. 15,35,000/-. The respondent had shared the measurements of the various flex boards that they were intending to put up and the artwork along with the same. The claimant was supposed to supply the printed flex over a period of 20 days, which corresponded to a priority list. The claimant was to be paid an advance of 25% and the remaining to be paid 10 days post delivery of each consignment.

THE ISSUE

While the claimant had received the advance and supplied the orders according to the priority list and raised invoices accordingly, there was a disagreement in the sizes of certain flex that were supplied. An invoice of Rs. 2,76,910/- was held back. However, the claimant, in good faith, completed the project, and the remaining flex was supplied as per the agreed terms. However, the respondent denied payment of the same and held up the invoice citing inaccuracies. Despite multiple rounds of discussions, there was no agreement reached, and the claimant approached PrivateCourt for a settlement.

THE PROCESS

The negotiator went through all the communications and delivery notes and also compared all dimensions mentioned in the purchase orders vis-a-vis the delivery challans. The one thing that stood out was that there was a change of personnel at the respondent's end on the team of people managing the project, and with further discussions, during the negotiation, it was clear that the initial communications were not explained to the person who took over the process. This caused confusion at an approval level; hence, the denial to pay the invoice. The negotiator was able to establish this fact and also convince the respondent that the deliveries were as per the agreed list and needed to be paid for in their entirety.

THE SETTLEMENT TERMS

The total outstanding amount of Rs. 2,76,910/- was to be paid in four equal instalments beginning from 16th August 2021 to 16th November 2021.

THE INFERENCE

At times, certain facts are not ascertained during regular discussions between parties. This is one of the cases where the presence of the mind of a trained negotiator brought out a gap in the information flow.

Claimant

NBFC

(IInd Tier City)



Respondent

Proprietor of a Pharmacy

V



Synopsis

The Respondent, in this case, the proprietor of a pharmacy, had gotten a Rs. 3,75,000/- loan from the Claimant NBFC to grow his enterprise. He was, however, unable to pay back the loan on time for a number of reasons, which resulted in a disagreement between him and the Claimant NBFC. Both sides agreed to use a mediator to help them reach an agreement.

It was agreed by both parties that a neutral third party would be used to help mediate the conflict.

The PrivateCourt team was thus contacted to settle the dispute amicably.

Facts

The Respondent had gotten the financing to stock his pharmacy with more supplies and equipment. But soon after taking out the loan, he ran into a number of problems. Initially, the COVID-19 epidemic had a negative impact on his company and reduced revenues. Second, the emergence of online pharmacies had heightened competition, which further decreased sales. Finally, the Respondent had personal difficulties when his wife became ill and required pricey medical care.

These challenges made it difficult for the Respondent to make the loan repayment on schedule. He had asked the Claimant NBFC for a longer period of time to repay the debt, but the Claimant NBFC had rejected him and had already begun legal proceedings against him.

PrivateCourt Proceedings

Both sides presented their cases to the PrivateCourt Negotiating team at the start of the mediation. The Respondent gave an explanation of his financial condition and the factors that prevented him from repaying the loan. In order to demonstrate the drop in his company's revenue and the increased costs brought on by his wife's illness, he also submitted financial figures.

The Claimant NBFC representative, on the other hand, outlined the loan agreement's details, including the interest rates and repayment timetable. The Claimant NBFC claimed that the Respondent had broken the terms of the loan by failing to make timely loan instalments as well as interest payments.

PrivateCourt protocol makes it mandatory to listen to both sides' arguments before considering potential solutions. The chief mediator urged the parties to reach a mutually beneficial agreement in good faith. The mediator pointed out that a settlement

would conserve time, money, and resources for both sides.

The team then assisted the parties in finding areas of agreement to help them in their discussions. The proposed solution states that the Claimant NBFC should adjust the loan repayment schedule to take into account the financial situation of the Respondent, maybe by stretching the payback period or reducing the interest rate. The mediator further mentioned that in order to ensure loan repayment, the Respondent could provide the Claimant NBFC with some form of security or collateral.

After several rounds of negotiations, the parties reached an accord. The claimant NBFC agreed to change the loan's repayment plan, lengthening the period and lowering the interest rate. The Respondent agreed to provide a portion of the pharmacy's stock as collateral to the Claimant NBFC.

The Settlement Agreement

Both parties signed the settlement agreement. According to the terms of the arrangement, the Respondent would pay back the loan in instalments over the course of the following five years, with a decreased interest rate from 18% to 12%. The Claimant NBFC will receive monthly statements from the Respondent detailing the financial health of his company. The contract also said that if the Respondent failed to make his loan repayments, the Claimant NBFC would be permitted to sell the inventory he had provided.

Conclusion

Both sides were helped by the mediation process to reach a win-win agreement, saving them the time and money that would have been needed for a court battle. The mediator team facilitated the parties' discussions and helped them find areas of agreement. The settlement agreement benefited both parties because it allowed the Respondent to repay the debt without being put under excessive pressure and allowed the Claimant NBFC to recover the debt's principal plus interest.

In order to resolve disputes and reach agreeable settlements, it is essential to look for alternative dispute resolution techniques, as the mediation process made evident. It also showed how important it is to be flexible and willing to compromise in order to reach a win-win outcome.

Manufacturer
of chemicals

V

Distributor

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Date of Claim raised

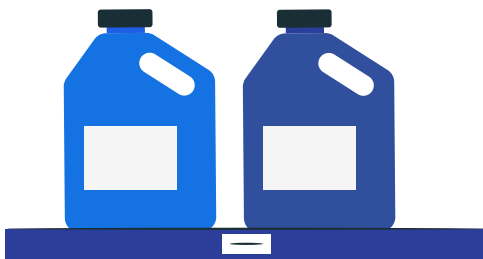
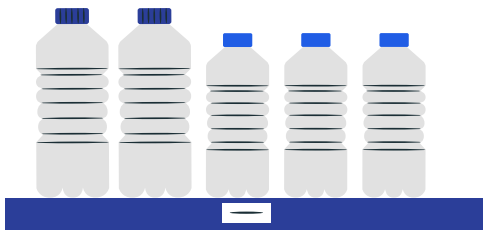
02/07/2022

Date of Conciliation

14/07/2022

Date of Settlement

14/07/2022



Case Summary

This is a case between a manufacturer of chemicals (Claimant) and a distributor (Respondent), both based in Madhya Pradesh. In this case, the dealer was a new entrant into the market and was a first-generation entrepreneur who had been in business just for under a year. The respondent had approached the claimant for a supply of materials for a rather large order worth Rs. 15,00,000/-. As this was his very first large order, the respondent could not raise the funds to pay in advance. Considering the fact that he was young and had been paying in advance for almost a year for his purchases, the claimant agreed to supply products with a partial advance. While the same was adhered to and the remaining needed to be paid 7 days post delivery of the products, the respondent could not pay the entire amount and managed to leave a deficit of Rs. 3,15,400/-.

The Issue

While the respondent had paid a 20% advance and also paid in time for the 1st few consignments, the last consignment was not paid for. The reason given was that his client, in turn, cancelled the order; hence, he could not recover the amount. When an amicable solution could not be reached, the negotiation was handed over to PrivateCourt for settlement.

The Process

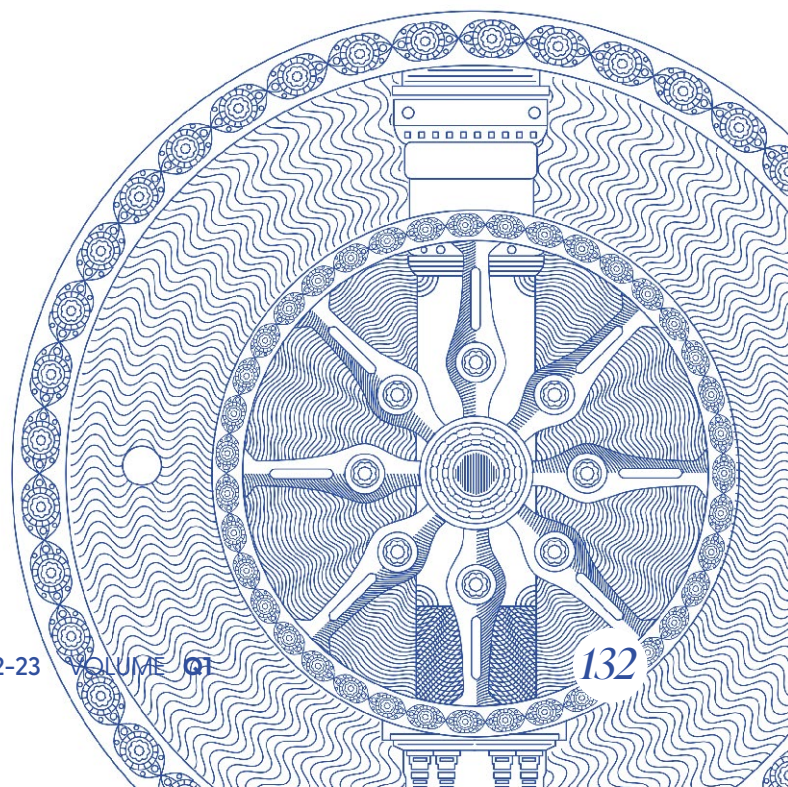
After establishing the authenticity of the claim and initiating the discussion with the respondent, the mediator was clear that the respondent had the intention to pay the dues but did not have a way to sell the products that the client had cancelled well within time. Post a few rounds of discussions with both parties, what came out was that the claimant could help him get a few customers who might be interested in buying the products, provided he was willing to give some discounts. The respondent was happy to do the same, and these leads were passed on to him, and a settlement was reached.

The Settlement Agreement

The Respondent agreed to pay the dues on or before three months from the date of settlement i.e. on or before the end of October 2022.

The Inference

Proposing a win-win bargain, in many cases, can benefit all parties involved.



Importer of Tiles

Dealer

V.

Date of Claim raised

01/07/2022

Date of Conciliation

07/07/2022

Date of Settlement

07/07/2022

Digest

Mediation
 Conciliation
 Dispute
 Claimant
 Respondent
 Invoice
 Settlement

Case Summary

This is a dispute between an importer of tiles (the Claimant) based in West Bengal and a dealer (the Respondent) based in Gujarat. While an order for a consignment of imported tiles was placed by the respondent, an advance of 50% was demanded and paid for. The remaining was to be paid on delivery post inspection of quality specifications. While the tiles were delivered within the stipulated period, there was a delay in the processing of the payment and even approving the quality of the product.

The Issue

The respondent's clients had appointed a 3rd party consultant for approving the quality of the products, and the same was delayed as they were travelling from a different city. On arrival, they disagreed with the sizes of a large chunk of the products citing issues with the size, which rendered Rs. 4,50,010/- worth of products untenable for supply. While the remaining amount was paid, this amount remained disputed, and the products could not be returned as they were custom ordered. The discussions between both parties were futile, and the same was handed over to PrivateCourt for settlement.

The Process

Once the mediator had gone through all the correspondence in this matter, what became clear was that the product supplied by the claimant was exactly according to the specs in the purchase order. However, there was a clerical error, and the sizes were not in sync with the original order placed by the respondent. The mediator clearly explained how the onus of the same was squarely the respondent's, and all that could be done was that there be some time be extended to make the entire payment. A consensus was reached, and an agreement was entered into

The Settlement Agreement

The respondent agreed to pay the entire amount of Rs. 4,43,990/- in 2 parts, viz. Rs. 1,50,000/- on 31/07/2022 and Rs. 2,43,990/- on 31/08/2022.

The Inference

Taking a deep dive to get to the root cause can often clear ambiguities.

Claimant

NBFC
(IInd Tier City)

Respondent

Scrap
Dealer

v



Synopsis

In 2019, a scrap dealer, in this case, the Respondent, approached a small-sized NBFC the Claimant NBFC for a loan of Rs. 1,50,000/- to purchase a go-down/storage area to expand his business. The Claimant NBFC agreed to lend the money with an interest rate of 12% per annum, and the Respondent agreed to repay the loan within 18 months.

However, after a few months, the Respondent started facing financial difficulties and was unable to repay the loan. The Claimant NBFC approached PrivateCourt, a dispute resolution organisation, to resolve the matter.

Facts

During the course of the proceedings, the Respondent cited several reasons for his inability to repay the loan. Firstly, he explained that due to the outbreak of Covid-19 in early 2020, his business was severely affected, and he was unable to generate enough revenue to repay the loan.

Secondly, he mentioned that he had incurred significant medical expenses due to his wife's illness, which further impacted his finances.

Lastly, he stated that he had defaulted on a few other loans, both professional and personal, which had made it difficult for him to manage his finances effectively.

The Settlement Agreement

Following the arbitrator's ruling, PrivateCourt facilitated negotiations between the parties to arrive at a mutually agreeable settlement. Eventually, the Respondent agreed to repay the loan amount along with interest in instalments over a period of 12 months.

The Claimant NBFC agreed to waive off a portion of the interest amount, and both parties signed a settlement agreement to that effect.

PrivateCourt Proceedings

PrivateCourt assigned the dispute to one of its negotiating teams to facilitate negotiations between the parties. The mediating team first sought to understand the issues faced by both parties and suggested various options for resolving the matter.

During the mediation phase, the Respondent agreed to repay the loan in instalments, and the Claimant NBFC agreed to waive off a portion of the interest amount.

However, both parties were unable to reach a mutually agreeable settlement.

The PrivateCourt mediating team then suggested that the matter be referred to an arbitration proceeding, which is a formal legal process for resolving disputes outside of court. The parties agreed to the suggestion, and an arbitrator was appointed by PrivateCourt.

The arbitrator heard the case and examined the evidence presented by both parties. After a thorough review of the facts and evidence, the arbitrator made a ruling in favour of the Claimant NBFC and ordered the Respondent to repay the loan amount along with interest.

Conclusion

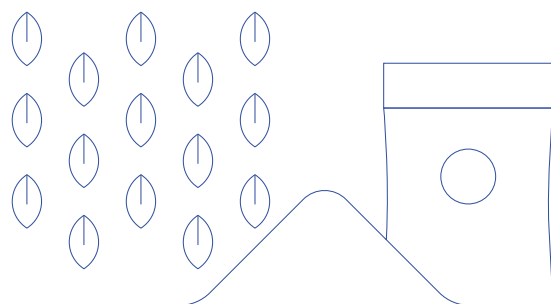
In this case, the borrower, the Respondent, faced financial difficulties due to Covid-19, medical expenses, and other loans. However, with the help of PrivateCourt, the matter was resolved through negotiations and arbitration, and the parties arrived at a mutually agreeable settlement. This case highlights the importance of alternative dispute resolution mechanisms such as mediation and arbitration, which can help parties resolve disputes in a cost-effective and timely manner.

Supplier of Food Grains V. Distributor

Date of Claim raised	Date of Conciliation	Date of Settlement
15/07/2022	20/07/2022	20/07/2022

Digest

Mediation/Conciliation/Dispute/Claimant/Respondent/Invoice/Settlement



Case Summary

The Claimant, a supplier of food grains, supplied products to the Respondent, a distributor in the local markets of West Bengal, on a 15-day credit. This had been a practice that had been followed for over a period of 3 years, and the respondent had been fairly consistent with his payments. However, the last consignment was not paid for even after a few weeks since it became overdue. On contact, the representative of the respondent avoided discussion, citing the unavailability of the owner.

The Issue

The issue, which was not communicated to the respondent, was that there was a theft in the storage unit, and the claimant had lost a lot of his produce, which rendered him helpless to pay the outstanding amounts. While there were many a discussion that happened between the two parties, the only communication that came from the respondent's side was the promise to pay and then the extension of these dates. The case was now handed over to PrivateCourt for settlement.

The Process

While the Mediator studied the case and all the documents related to it and prepared to approach the respondent, his attention was drawn to the similarity of the name of the respondent to a small piece of news that he had read regarding a robbery in the wholesale market. While initiating a discussion with the respondent, the mediator enquired about the link of the case to the respondent's company, to which he replied in affirmative. The issue was that the respondent was afraid that the disclosure of the same would impact his supplies overall; hence, he did not want to divulge this information to his suppliers. This issue was brought to the attention of the Claimant, who agreed to further supply produce on extended credit of 30 days provided the current outstanding was settled.

The Settlement Agreement

The Respondent agreed to pay the entire amount of Rs. 2,00,000/- on or before the 10th of September 2022, by paying Rs. 25,000/- each week.

The Inference

A keen eye on relevant market information can help resolve issues during a negotiation.

Case Study

67

Date of Claim raised

15/06/2022

Date of Conciliation

29/06/2022

Date of Settlement

29/06/2022

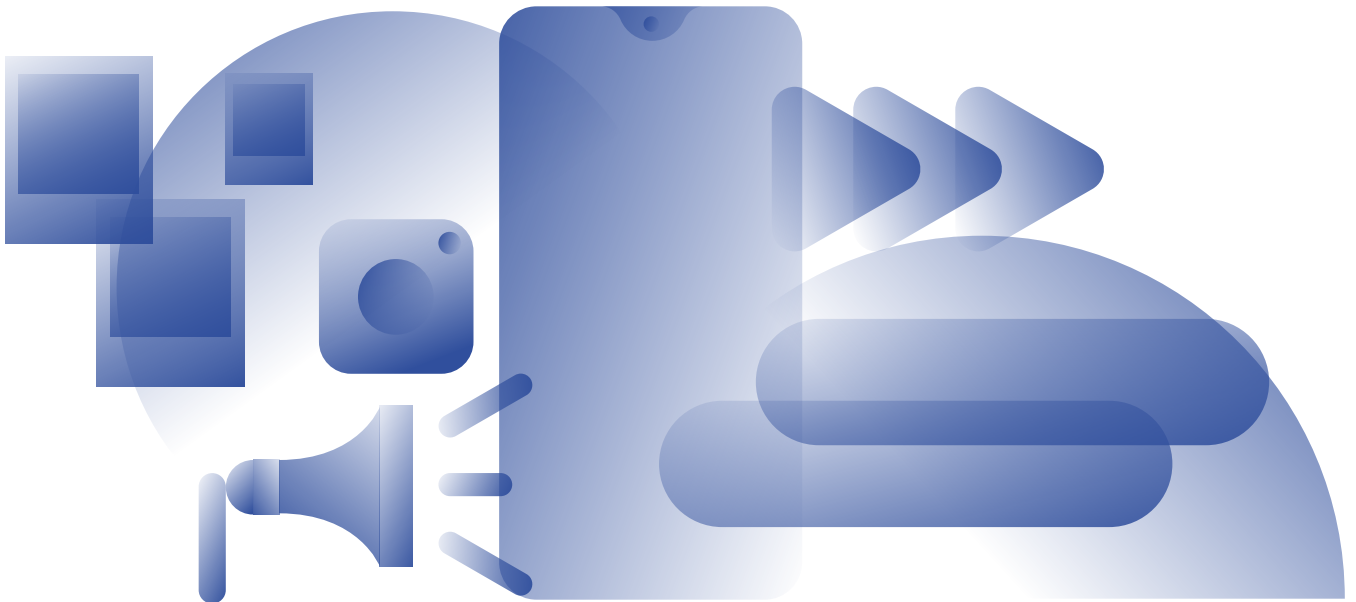
Digest

Mediation/Conciliation/
Dispute/Claimant/
Respondent/Invoice/
Settlement

*Digital
Marketing*



*Digital Services
provider*



CASE SUMMARY

This is a dispute between a Digital Marketing company based out of Bangalore and a Digital Services provider based out of Hyderabad. Positioned as an aggregator, the digital marketing company's (the Claimant) services were hired by the service provider (the Respondent) for providing qualified leads to one of their clients. A sample of the leads was provided, and the quality of the same was approved before the order was placed. Though the general industry practice is to raise a monthly invoice for leads provided, a quarterly invoicing system was accepted in this case, considering the fact that the promoters of both companies were acquainted.

THE ISSUE

While the leads were delivered through a real-time digital transfer, and the same was accepted by the respondent, there seemed to be some discord with its clients, which it did not inform the claimant about. The invoice for the leads supplied was raised as agreed at the end of the quarter; however, the same was not paid for even post the agreed 15 days of time. A dispute ensued as the respondent agreed to pay only a part of the invoice claiming that their clients were unhappy and did not agree to pay the whole amount. The matter was handed over to PrivateCourt for settlement considering the relationship of both parties.

THE PROCESS

After going through all documentation of the deal, the mediator initiated a discussion. What came forth was that the respondent did not wish to take the complete onus of the failure on his part to communicate any issues with the claimant on time. With no options remaining, the mediator explained to the respondent that the claimant could also go on to press for litigation, or he could also use social media to negatively impact the brand of the respondent's company, which would damage their reputation, which would have a major detrimental impact considering the fact that they were a fairly new venture. After a few further rounds of discussions, an agreement was reached, and the respondent agreed to pay the entire amount in three instalments.

THE SETTLEMENT AGREEMENT

The Respondent agreed to settle the matter and pay the entire amount in three instalments. The following payment schedule was accepted:

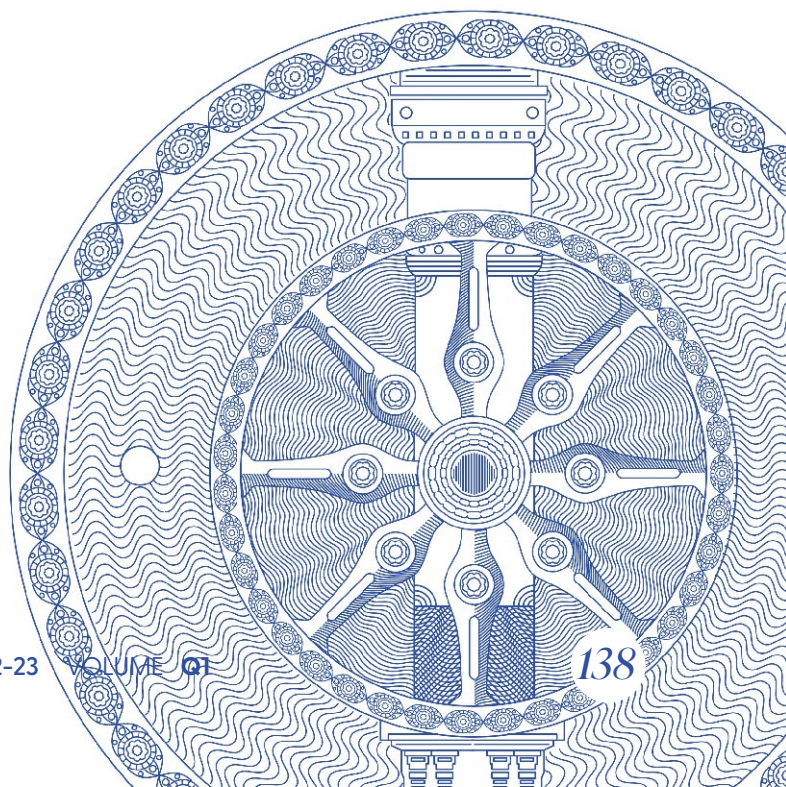
Rs. 5,00,000/-
on or before 29/06/2022

Rs. 50,80,866/-
on or before 30/07/2022

Rs. 50,80,866/-
on or before 30/08/2022

THE INFERENCE

At times, a third party is required to intervene



Sugar Mill
Owner

V

Product
Distribution
Company

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Date of Claim raised

09/07/2022

Date of Conciliation

11/07/2022

Date of Settlement

11/07/2022



Case Summary

This dispute is between a Sugar Mill owner (the Claimant) and a Product Distribution company (the Respondent). While the purchase order was placed by the respondent to purchase unpolished sugar from the claimant, the same needed to be supplied over a period of 3 months, and the agreed term of credit was 15 days from the date of delivery. While the first part of the deal went smoothly, the deliveries made in the 1st week of the third month were not made even after the stipulated time period, and subsequent deliveries were unpaid. This brought the process to a halt.

The Issue

The Respondent, though a Private Limited company, was managed by a family, and the entire operation depended on the Managing Director, who was the head of the family. He suddenly fell ill and was hospitalised with a serious condition, and this meant that the operations of the company were hindered. His team was unaware of the complete functioning, and they, in turn, ended up with a stockpile of produce and not many customers. This inability to pay meant that they could not pay the claimant the dues. The issue was referred to Private Court for settlement.

The Process

The Mediator, in understanding the facts of the case, realised that there was a need to understand the business model of the Respondent's company, and in turn, offered to help figure out their receivables. This exercise proved fruitful, and the mediator was also able to guide the respondent's team to certain clients who could be possible buyers from their existing client list. This was a breakthrough that was achieved, and the company had a clear view of the cash flow for the coming months. Considering their situation, the respondent agreed to a broken-up payment schedule, and the matter was settled.

The Settlement Agreement

The Parties agreed to the following settlement agreement to settle the Disputed Amount of Rs. 4,78,651/-:

The Respondent to pay the Claimant the entire amount in the following schedule:

Date	Amount
20/07/2022	Rs. 50000
11/08/2022	Rs. 71441
11/09/2022	Rs. 71441
11/10/2022	Rs. 71441
11/11/2022	Rs. 71441
11/12/2022	Rs. 71441
11/01/2023	Rs. 71441

The Inference

Getting industry specialists to look at cases helps in creating a clear picture and possible resolution.

Chemical Products Supplier V. Wholesaler of Food Products

Date of
Claim raised

08/07/2022

Date of
Conciliation

14/07/2022

Date of
Settlement

14/07/2022

Digest

Mediation/Conciliation/Dispute/Claimant/
Respondent/Invoice/Settlement



Case Summary

This case is between a Chemical Products supplier and a Wholesaler of Food Products. In this case, the chemical products supplier, the claimant, supplied food colours to the Respondent, the food products wholesaler. The dispute came about when the respondent stopped paying the claimant for the product delivered, citing poor quality and customer complaints as a reason. The move took the claimant by surprise as the products supplied were of standard, and there was no complaint received from any other party.

The Issue

While the respondent stopped payments citing this reason, there was a quality audit conducted on products manufactured in the same batch, and no degradation of quality was found. The aggressive nature of the respondent and his complete unhappiness with the product also perplexed the claimant, who was unsure of his response. The case was handed over to PrivateCourt for mediation.

The Process

The Mediator, in this case, employed the services of a chemical expert who reverified the test results of the claimant, then Mediator invited the respondent for a discussion in the presence of the expert. Through the discussion, a physical visit to the respondent's premises and a quality audit were agreed upon. On this visit and the subsequent sample testing, what came forth was there there was a mold infestation in the warehouse where the products were stored, and this affected the quality of the produce. The results of the test were made available to the respondent, who had no option but to agree to his mistake. Since there was a loss that he had borne in the whole ordeal, a deferred payment option was extended, and the case was settled.

The Settlement Agreement

The Respondent agreed to pay the total amount of Rs. 4,82,028/- within 3 months from the date of agreement i.e. on or before 20th July 2022.

The Inference

Getting to the root cause of any issue is vital to dissolve a dispute.

Claimant

NBFC

(IInd Tier City)

Respondent

Fashion Designer

v



Synopsis

This case involves a fashion designer as the Respondent who has been running her own business for the past 7 years. She has been creating designer clothes for both men and women and has a loyal customer base. Though her business was doing well, she lacked the funds to set up her own workshop. In order to fulfil her dream, she decided to borrow a loan of Rs. 4,00,000 from a private lender, in this case, the Claimant NBFC. The arrangement was she had to repay the loan amount in 12 months with an interest rate of 10%. The loan was sanctioned, and the Respondent used the funds to set up her workshop.

Facts

The Respondent was unable to repay the loan amount within the stipulated time frame. The Claimant NBFC tried to contact her multiple times to remind her of the outstanding dues, but the Respondent failed to respond. Finally, after several attempts, the Claimant NBFC decided to invoke the arbitration clause against the Respondent with PrivateCourt for the recovery of the loan amount.

During the proceedings, it was revealed that the Respondent had defaulted on the loan due to various reasons. Firstly, the Respondent had overestimated her business's profitability, and as a result, she was unable to generate sufficient revenue to repay the loan. Additionally, the Respondent had also taken up multiple projects simultaneously, which led to a delay in completing the orders, causing a delay in payments.

Another factor that led to the defaulting on the loan was the Respondent's marriage. She got married during the repayment period and had to bear the expenses of the wedding, which led to a significant financial strain. Moreover, the Respondent had overstocked materials, thinking that the upcoming season would bring in more orders, but unfortunately, there was a dip in sales during the off-season, leading to a significant financial loss.

Personal factors also contributed to the non-repayment of the loan. The Respondent's father was diagnosed with a severe illness, and she had to bear the medical expenses, which added to her financial strain. All these factors combined led to the Respondent being unable to repay the loan.

PrivateCourt Proceedings

PrivateCourt's team of experts went through each and every detail meticulously that was presented as evidence from both parties. The appointed Mediator suggested that both parties should come to a mutually agreed settlement. The mediator suggested that the Claimant NBFC should waive off the interest amount as the Respondent had been going through a tough time.

During the negotiation phase, following the set protocol, the PrivateCourt team thoroughly vetted all important documents submitted by both parties as evidence, including payment reminders sent via SMS, emails, postal mail, and messaging apps like WhatsApp. In addition, documents such as loan agreements, medical files, dead stock inventory lists, debt records, and invoices were also reviewed.

The Mediator gave both parties a chance to present their side of the story and express their concerns. During this process, the Mediator asked the parties to focus on business continuity and the potential business impact of the dispute.

Keeping in mind the ultimate goal of the negotiation phase was to reach a mutual settlement that is satisfactory to both parties, the Mediator suggested potential solutions and encouraged the parties to compromise in order to achieve a resolution. It is important for both parties to remain open-minded and willing to negotiate in order to reach a successful outcome.

The mediator suggested that the lender could recover the principal amount in instalments over a period of 12 months. The Claimant NBFC agreed to the proposal, and a settlement agreement was signed between the parties.

OUR PHILOSOPHY

संधिविग्रहयोस्तुल्यायां वृद्धौ संधिमुपेयात्।

Transliteration

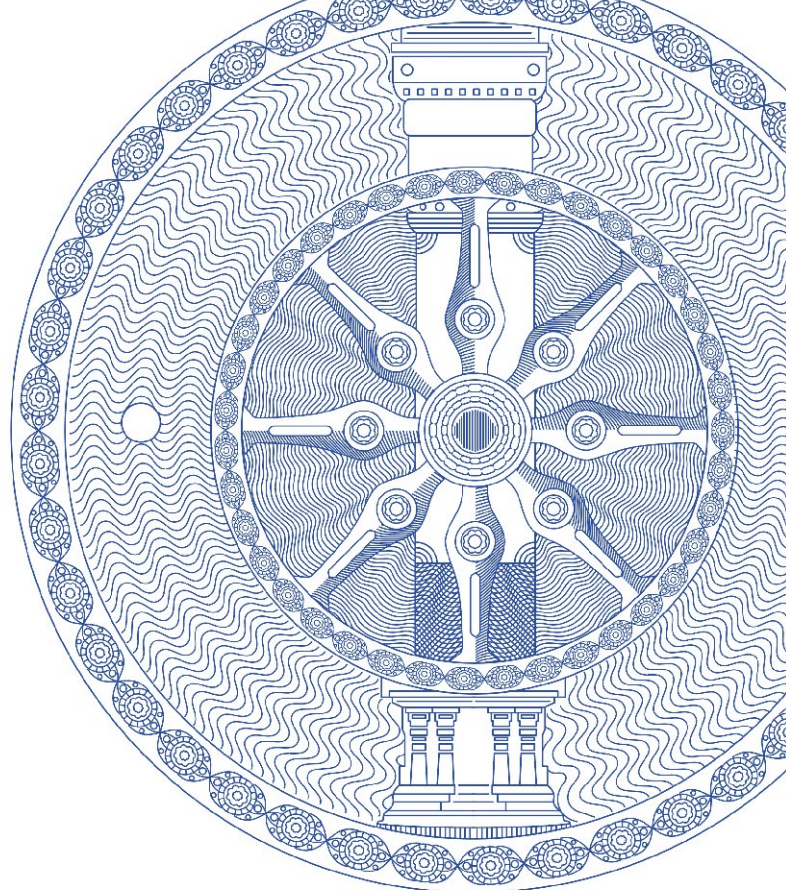
saṁdhivigrahayostulyāyāṁ vṛddhau saṁdhimupeyāt।

English Translation

If there is an equal benefit in peace or war,
he (the king) should choose peace.

Hindi Translation

यदि शांति या युद्ध में समान वृद्धि हो तो उसे
(राजा को) शांति का सहारा लेना चाहिए।



The Settlement Agreement

As per the settlement agreement, the Respondent would repay the principal amount of Rs. 4,00,000 in 12 equal monthly instalments, starting from the 1st of the next month. The first installment would be due on the 1st of the next month, and subsequent instalments would be due on the same date each month.

Both parties agreed to waive off the interest amount, and no penalty charges would be levied on the Respondent. She would also provide the Claimant with a post-dated check for each instalment. The Claimant agreed to not initiate any further legal proceedings against the Respondent, provided she adheres to the terms of the settlement agreement.

Inference

In conclusion, the Respondent defaulted on the loan due to various reasons, including overestimating her business's profitability, overstocking materials, a dip in sales during the off-season, and her marriage expenses. Personal factors like her father's illness added to the financial strain. The dispute was resolved by a mediator from PrivateCourt, who suggested a mutually agreed settlement that involved the Respondent repaying the principal amount in instalments over a period of 12 months, and the lender waiving off the interest amount. Both parties agreed to the terms of the settlement agreement.

Case Study

71

Date of Claim raised

06/07/2022

Date of Conciliation

14/07/2022

Date of Settlement

14/07/2022

Digest

Mediation/Conciliation/
Dispute/Claimant/
Respondent/Invoice/
Settlement

*Chemical
Manufacturer*



Distributor



CASE SUMMARY

The case of disagreement is between a Chemical Manufacturer as the Claimant based in Indore, Madhya Pradesh, and a Distributor as the respondent based in Rajasthan. The dispute was regarding an outstanding amount that had accrued as a result of short payments made over a period of a few years against orders delivered. While this was not debated on over a period of time, it became a cause of concern when an audit objection was raised at the board meeting of the claimant's company. The matter was asked to be closed urgently, and the sales and accounts team were deemed responsible for the same.

THE ISSUE

Since the business relationship was a very old one and the orders and supplies were very regular, the sales team was happy to overlook the accumulation of short payments made against invoices made over a period of time. When approached by the company's representatives, the Respondent was reluctant to accept the claims and also pay them all at once. Fearing the situation and following the CFO's orders, the case was handed over to PrivateCourt for settlement.

THE PROCESS

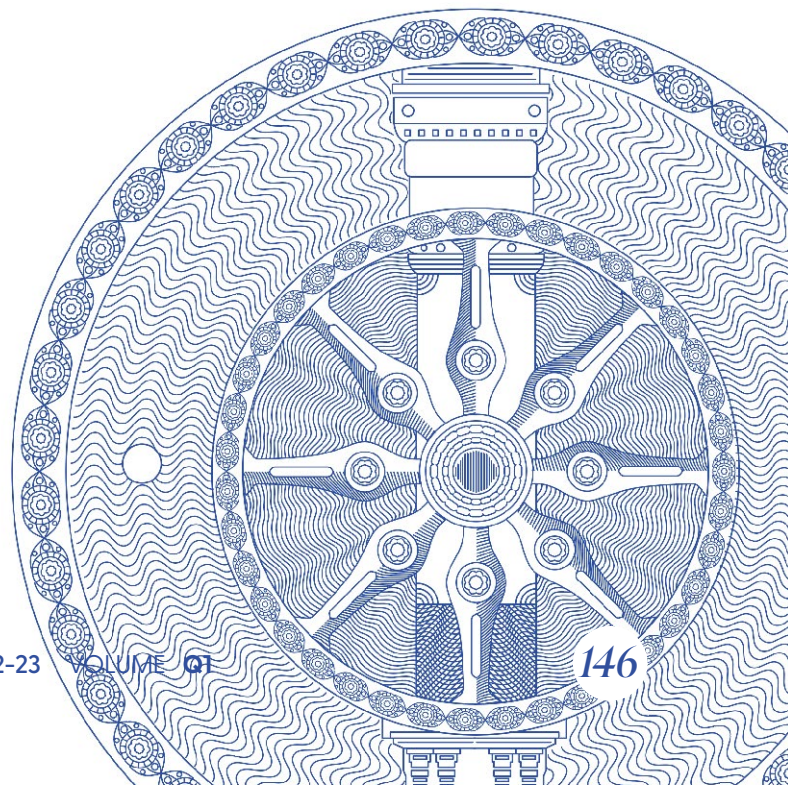
The Mediator painstakingly inspected every invoice, compared it to receipts, and established the validity of the claim. While initiating a discussion with the respondent, the mediator explained the loss that this delay was creating for the claimant. The mediator also urged the respondent to consider the human angle, the blame that was now being laid on the sales staff of the claimant's company, and the adverse effects it had on them. The respondent agreed to communicate with the management of the claimant and take responsibility for the mishap; he also agreed to pay the dues within the next 3 months.

THE SETTLEMENT TERMS

The Respondent agreed to settle the entire outstanding amount of Rs. 3,15,400/- on or before three months from the date of settlement, i.e. on or before the end of October 2022

THE INFERENCE

Clear explanations of an issue and its impact on



Case Study

72

Food
Grain
Supplier

V

Wholesale
Distributor

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

Date of Claim raised

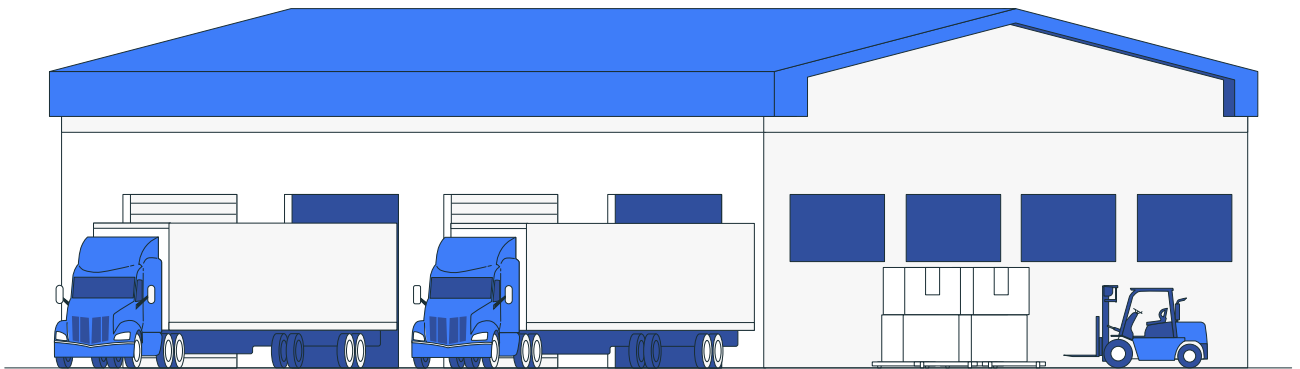
08/07/2022

Date of Conciliation

15/07/2022

Date of Settlement

06/08/2022



Case Summary

This case is a dispute between a Food Grain supplier from Punjab (the Claimant) and a Wholesale Distributor based out of Maharashtra (the Respondent). The deal was that the claimant would supply wheat to the respondent for a period of 3 months, the ordered quantity would be paid for with an advance of 50%, and the remaining would be paid 15 days from the date of delivery. The products were to be delivered to three different locations in Maharashtra. While the advance payments were made and the payments for the 1st week of deliveries were made on time, there was a delay in the subsequent payments, and the supply had to be halted.

The Issue

The claimant had to halt the supply of materials as the amount of products delivered had also overshoot the advance paid, and there was a fear of loss. While the respondent agreed that there was a delay in payment, his issue was that the halt in the supplies meant he lost his customers and blamed the claimant's side for not cooperating. This became a bone of contention between the two parties, and the case was referred to PrivateCourt for settlement.

The Process

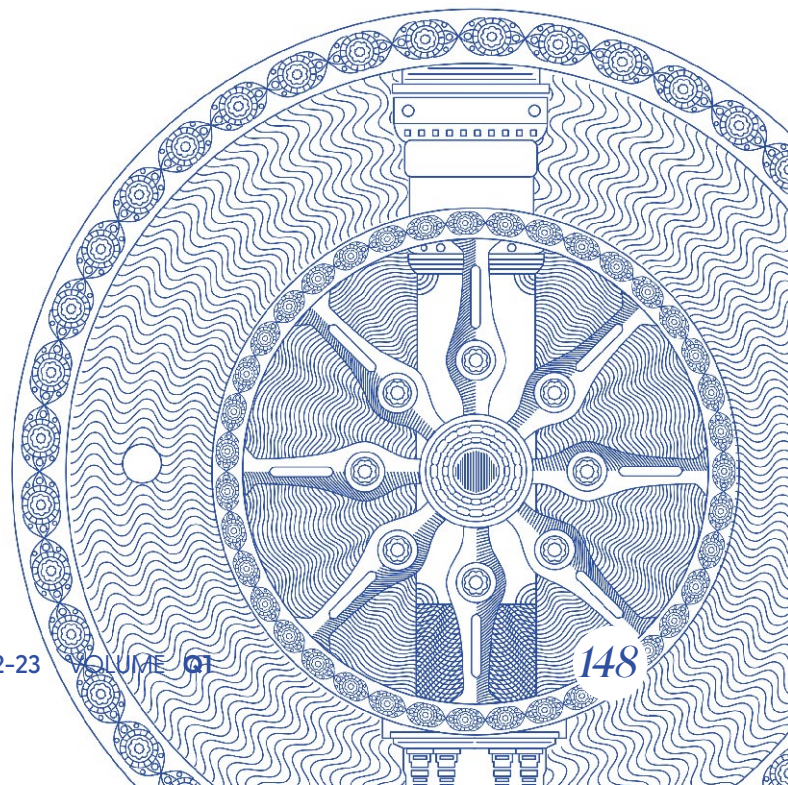
While both parties worked in a very unorganised formats, the Mediator had to study and analyse the invoices and receipts. While discussing with both sides, it was also clear that the parties were forced by their egos; hence, a settlement became difficult. The Mediator initiated a discussion with the respondent, and he claimed that though there was a delay if the supply could have been kept going, there would have not been a loss that he made. Despite trying to explain to him that the same was done as per the agreed terms, he was refusing to understand the same. The mediator then explained to the respondent that losing the claimant as a supplier would mean that he would lose one of the cheapest and the largest suppliers of wheat in the market, which would lead to losing out on business. This seemed to have an impact on the respondent, and they eventually came to an agreement.

The Settlement Agreement

The Respondent agreed to settle the entire amount of Rs. 4,92,000/- in three equal instalments of Rs. 1,64,000/- beginning from the date of Settlement Agreement till end of October 2022.

The Inference

A negative impact on business is a great reason to settle.



NBFC

V.

Small Business Owner



Case Summary

This dispute is between an NBFC as the claimant and a small business owner as the respondent, both based in Mumbai. The respondent borrowed an unsecured business loan of Rs. 3,00,000/- for a period of 5 years, and he was regular in paying his EMIs till the end of 2021. The dispute occurred when he started defaulting on payments and eventually stopped paying the EMIs, rendering the loan as an NPA.

The Issue

The reason for default was that the Respondent's son had fallen ill, and the hospitalisation had sapped him off his funds. The bank and its recovery agents did try to visit and talk to the respondent with little headway in the issue. The case was headed for litigation and was handed over to PrivateCourt for settlement.

Date of Claim raised

08/08/2021

Date of Conciliation

14/09/2021

Date of Settlement

14/09/2021

Digest

Mediation
Conciliation
Dispute
Claimant
Respondent
Invoice
Settlement

The Resolution

The Mediator established the accuracy of the claim, including interest and penalties levied. Once a discussion was initiated, it was clear that the respondent had all the intentions to pay but was not able to do so due to his family situation. Understanding this and also the fact that the loan being an insecure one litigation would take a long time, the mediator proposed restructuring for the same. The total outstanding amount was Rs. 65,000/-, which he suggested being restructured and the time period be extended.

The Settlement Agreement

The Bank agreed to restructure the loan with a reduced EMI with a one-year extension on the repayment time, and the same was gladly accepted by the Respondent.

The Inference

Out-of-the-box solutions are often useful in cases where the outcome is uncertain and distant.

*ENDS
HERE*

OFFICES

DELHI

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3rd street, Laxmi Nagar,
Delhi - 110092

BENGALURU

3rd Floor,
Akshay Tech Park,
Plot No. 72 & 73, EPIP Zone,
Whitefield, Bengaluru,
Karnataka 560066

HYDERABAD

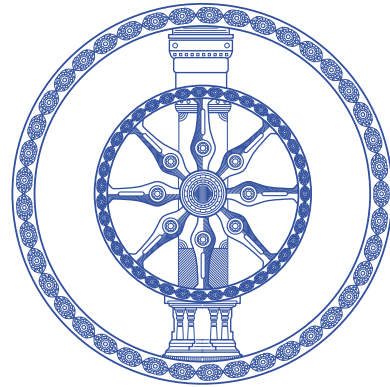
F.No. 205, Hiline Complex,
Road No. 12,
Banjara Hills, Hyderabad,
Telangana 500034

THANE 1

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Globe Business Park,
Ambarnath West,
Near Railway station,
Ambarnath - 421505

THANE 2

SB 18, 2nd Floor,
Highland Corp Centre,
Majiwada, Thane West,
Thane-400607



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