

DRP

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, CHENNAI

IBA/908/2019

Under Section 7 r/w Rule 4 of the IBC, 2016

In the matter of M/s. Fast & Safe Transport Private Limited

M/s. JM Financial Asset Reconstruction Company Limited

---Financial Creditor

V/s

M/s. Fast & Safe Transport Private Limited

---Corporate Debtor

Order delivered on: 03.12.2019

Coram:

B. S.V. PRAKASH KUMAR, MEMBER (JUDICIAL)

S. VIJAYARAGHAVAN, MEMBER (TECHNICAL)

For the Financial Creditor : *Shri. T.K Bhaskar, Advocate*
Shri. P. Bhishek, Advocate

For the Corporate Debtor : Non-Present on the date of hearing

ORDER

Per: S. VIJAYARAGHAVAN, MEMBER (TECHNICAL)

Order Pronounced on: 03.12.2019

It is an Insolvency and Bankruptcy Application filed u/s 7 of the Insolvency and Bankruptcy Code ("the Code") by M/s. JM Financial Asset Reconstruction Company Limited (hereinafter referred to as "Financial Creditor") for initiation of Corporate



Insolvency Resolution Process (in short "CIRP") against M/s. Fast & Safe Transport Private Limited (hereinafter referred to as "Corporate Debtor") on the ground that it has defaulted in repaying an amount of ₹2,39,74,677 (Rupees Two Crores, Thirty Nine Lakhs, Seventy Four Thousand Six Hundred and Seventy Seven only) as on 14.05.2016 along with interest @ 12.93% with monthly rests.

2. The learned counsel for the Financial Creditor submitted that Federal Bank (original lender), at request, sanctioned cash credit facility of ₹1.65 crores and enhanced cash credit facility of ₹2 crores vide sanction letters dated 20.09.2010 and 12.12.2012 respectively under Loan Agreement executed by the Corporate Debtor in favour of Federal Bank. The aforesaid loan disbursed was primarily secured by documents, equitable mortgage by deposit of title deeds, personal guarantees, promissory note etc.

2.1 Since the Corporate Debtor defaulted repayment of the above credit facilities in violation of the agreed terms and account became Non-Performing Asset (NPA) on 31.12.2016, the



Federal Bank sent demand notice dated 23.05.2017 under Section 13(2) of the SARFAESI Act, 2002. Thereafter, by way of Assignment Agreement dated 30th June 2017, the Federal Bank Limited assigned entire debt to JM Financial Asset Reconstruction Company Limited (Applicant/ Financial Creditor herein). After scrutinizing the settlement proposal dated 19.02.2018 issued by the Corporate Debtor, the Financial Creditor herein rejected the settlement instructing the Corporate Debtor to improve the offer substantially for consideration. Admitting the outstanding dues, the Corporate Debtor sought time for repayment of dues till 31.01.2019.

2.2. To substantiate their claim, the Financial Creditor has filed dates and events disclosing existence of debt and occurrence of default, which are as follows:

S.No.	DATES	EVENTS
1.	20.09.2010 & 12.12.2012	Sanction letters issued by the Assignor (Federal Bank) in favour of Corporate Debtor
2.	23.05.2017	Demand Notice Under Section 13(2) SARFAESI Act sent to the Corporate Debtor
3.	30.06.2017	Debts assigned from Federal Bank to JM Financial Asset Reconstruction Co. Ltd.



3.	19.02.2018	Settlement letter issued by the Corporate Debtor
4.	23.02.2018	Letter issued by the Financial Creditor rejecting the settlement offer
5.	01.10.2018	Admission of outstanding dues by the Corporate Debtor
6.	13.06.2019	Outstanding due statement
7.	07.06.2017 to 23.08.2017	Statement of Accounts
8.	06.01.2018	Certificate of Bankers' Book Evidence Act

3. Looking at the dates and events as well as the annexure to the application, it is apparent that the Assignor (Federal Bank) has transferred its right by way of Assignment Agreement for recovery of credit facilities by Financial Creditor herein (JM Financial Asset Reconstruction Company Limited) as mentioned above but the Corporate Debtor defaulted in repaying the same.

4. On perusal of documents, it appears that till date this Corporate Debtor has not paid the outstanding debt. Moreover, the Corporate Debtor has failed to represent his case when the matter came up before this Bench for hearing on 24.09.2019, 14.10.2019, 22.10.2019, 23.10.2019, 5.11.2019 and 13.11.2019. The Financial Creditor has proved existence of debt and default and there being

no denial from the Corporate Debtor with respect to outstanding



due against the Corporate Debtor, we hereby admit this IBA/908/2019 by appointing Mr. Chandramouli Ramasubramaniam as Interim Resolution Professional (IRP) looking at the consent given by the Financial Creditor stating that this Financial Creditor would pay remuneration to the IRP and the expenditure thereto until constitution of CoC.

5. In view of the aforesaid reasons, this IBA/908/2019 is hereby admitted with the following directions:

I. that moratorium is hereby declared prohibiting all of the following actions, namely,

- (a) *the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;*
- (b) *transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;*
- (c) *any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;*



(d) *the recovery of any property by a owner or lessor where such property is occupied by or in the possession of the corporate debtor.*

II. That the supply of essential goods or services of the Corporate Debtor shall not be terminated or suspended or interrupted during moratorium period.

III. That the provisions of Sub-section (1) of Section 14 of IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

IV. That the order of moratorium shall have effect from the date of issue of order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of section 31 of IBC or passes an order for liquidation of Corporate Debtor under section 33 of IBC, as the case may be.

V. That the public announcement of the Corporate Insolvency Resolution Process shall be made immediately as specified under section 13 of IBC.



VI. That this Bench hereby appoints Mr. Chandramouli Ramasubramaniam, having Regn. No. IBBI/IPA-002/IP-N00052/2016-2017/10096 as Interim Resolution Professional, 'Raji' 3B1, 3rd Floor, Gaiety Palace, No.1L Blackers Road, Mount Road, Chennai-600 002, E-Mail: fcs.rms@gmail.com, Mobile: 9884068292, as Interim Resolution Professional (IRP), with his consent to carry the functions as mentioned under the Insolvency and Bankruptcy Code. Fee payable to IRP/RP shall be in compliance with the IBBI Regulations/ Circulars/Directions issued in this regard.

6. The Registry is hereby directed to immediately communicate this order to the Financial Creditor, Corporate Debtor and Interim Resolution Professional by way of e-mail.

S. Vijayaraghavan
(S. VIJAYARAGHAVAN)
MEMBER (Technical)

B.S.V. Prakash Kumar
(B.S.V. PRAKASH KUMAR)
MEMBER (Judicial)

TJS/KNP



Certified to be True Copy

7

9/12/18
N. SRIRAMASUBRAMANIAN
ASSISTANT REGISTRAR
NATIONAL COMPANY LAW TRIBUNAL
CHENNAI BENCH
CORPORATE BHAVAN, 3rd FLOOR
29, RAJAJI SALAI, CHENNAI-600001.

