



**IN THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH, COURT – III**

**C.P. (IB) 84/MB/2024**

Under Section 7 of the Insolvency and  
Bankruptcy Code, 2016 read with Rule  
4 of the Insolvency and Bankruptcy  
(Application to Adjudicating Authority)  
Rules, 2016

**In the matter of**

**IFCI Limited**

Having its registered address at:

IFCI Tower, 61 Nehru Place, New Delhi –  
110 019.

Having its office address at:

Earnest House, 7-9<sup>th</sup> Floors,  
Nariman Point, Mumbai – 400 021.

**... Petitioner/ Financial Creditor**

**Versus**

**Lokmangal Sugar Ethanol and  
Cogeneration Industries Limited**

[CIN: U24116PN2003PLC017746]

Lokmangal House 8356-A/11,  
Murarji Peth, Near Old Poona Naka,  
Solapur – 413 001.

**...Corporate Debtor/ Respondent**

**Order Pronounced on: 15.10.2024**

**Coram:**

Charanjeet Singh Gulati

Hon'ble Member (Technical)

Lakshmi Gurung

Hon'ble Member (Judicial)



***Appearances:***

For the Financial Creditor: Adv. Chinmay Bhojane i/b Apex Law Partners

For the Corporate Debtor: Adv. Rudresh Kawde and Adv. Ninad Deshpande

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***Per: MR. CHARANJEET SINGH GULATI, MEMBER (T)***

1. The present **Company Petition (IB)-84(MB)/2024** has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as '**Code**') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by IFCI Limited (hereinafter referred to as '**Financial Creditor**') for initiating Corporate Insolvency Resolution Process (hereinafter referred to as '**CIRP**') against Lokmangal Sugar Ethanol and Cogeneration Industries Limited (hereinafter referred to as '**Corporate Debtor**').

***Brief facts of the case:***

2. The Sugar Development Fund ('**SDF**'), maintained with Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Government of India (hereinafter referred to as '**original lender**') provides loans to *any* Sugar Factory or unit for facilitating its viability of bagasse-based cogeneration of power projects, in accordance with the provisions as laid under Sugar Development Fund Act, 1982 and the rules made thereunder.
3. The Corporate Debtor made a request for obtaining SDF loan facility by addressing a letter to the original lender dated 14.01.2009 for a sum of Rs. 5,86,00,000. The original lender upon considering such a request had extended financial assistance to the corporate debtor in accordance with sub-rule 10 Rule 23 of the Sugar Development Rules, 1983 vide Sanction (Distribution) Letter No. 7-5/2009-SDF dated 24.05.2012/25.05.2012 ('**said sanction letter**'). In accordance with



the said sanction letter an amount of Rs. 5,86,00,000/- (Rupees Five Crores Eighty-Six Lakhs Only/-) (**'said loan'**). The said loan was disbursed *in lumpsum to the corporate debtor* on 28.03.2014 (**'said date of disbursement'**) as referred to by the financial creditor in Exhibit- "N" – Working Computation of Amount in Default in its ledger ("Details of SDF Loan" - CCA A/c No.: IX-24) and Record of Default issued by NeSL at page no. 156, 161-166, respectively in the petition.

4. The said sanction letter provides for the following terms and conditions as follows:

a. **Period of Loan:**

The said loan was authorized for a period of maximum seven and a half years.

b. **Terms of Repayment:**

The said loan was to be repaid *after* expiry of three years from the date of disbursement of said loan in half-yearly instalments not exceeding ten in number.

c. **Interest:**

The corporate debtor was obliged to pay a simple interest of two percent below the Bank Rate as prevailing on the date of disbursement of the said loan or as may be decided by the Central Government from time to time (**'interest'**). The interest is payable annually for the first three years from the date of its disbursal, after which period the said interest is payable half-yearly along with instalment of the repayment of principal amount of the loan.

d. **Penalty:**

In case of default in repayment of instalment of sanctioned loan and interest, an additional interest of six percent per annum or the rate as



decided by the Central Government from time to time above the interest rate (as applicable) for the period of default (**‘penal interest’**).

5. The Financial Creditor is a Company incorporated under the Companies Act, 1956. A Tripartite Agreement was entered by the original lender with the financial creditor as its agent and the corporate debtor dated 27.08.2012 (**‘said Tripartite Agreement’**). The financial creditor in accordance with the said Tripartite Agreement was designated the role of disbursement, follow-up, overseeing/monitoring of the utilization and implementation of said loan by the corporate debtor for compensating deficit in promoter’s contribution for setting up 15 MW greenfield bagasse-based co-generation power project situated at village Bhandarkavather, Tal. South Solapur, District – Solapur, Maharashtra (**‘said project’**).
6. In order to avail the said loan, the original lender obtained *first charge/ pari-passu charge* over the fixed assets of the corporate debtor as *Sugar Plant (3200 TCD) and 15 MW bagasse-based co-gen power plant situated in 51 acres of plot of lands at Gat No. 588/ 1 & 2 (admeasuring 3H 63R & 2H 42R, respectively), 588/3A, 3B (admeasuring 2H 42R & 0H 96R, respectively), 589 (admeasuring 5H 08R), 590/A & B(admeasuring 1H 18R & 1H 17R, respectively), 592/1A (admeasuring 1H 61R) and 645 (admeasuring 1H 21R), village Bhandarkavathe, Tal. South Solapur, Maharashtra – 413 222* (**‘said creation of charge’**).
7. The said creation of charge was ceded by consortium of lenders headed by the State Bank of India (**‘said consortium’**) in favour of original lender with reference to its letter numbered LSECIL-PF/2012/11 dated 06.09.2012 for reducing corporate debtor’s liability towards the latter such that the total liability of corporate debtor is in proportion to the amount of money actually borrowed from all lenders after the disbursal of the said loan (**‘said No Objection Certificate’/ ‘said NoC’**). The



following are the details of the NOC granted by the latter as consortium of lenders-:

<b>Sr. No.</b>	<b>Details of Lenders</b>	<b>Name of Branch</b>	<b>Date of Granting NOC</b>
1.	Central Bank of India	Solapur Branch	26.11.2012
2.	Andhra Bank	Fort Branch	12.12.2012
3.	State Bank of India	Industrial Finance Branch	26.12.2012
4.	Indian Overseas Bank	Solapur Branch (1231)	08.04.2013
5.	Dena Bank	Chati Gali Branch, Solapur	<i>(Not given as on letter at page 38 of the said petition)</i>

The State Bank of India gave a confirmation for ceding first pari passu charge being the second charge holder on the assets of corporate debtor on 18.04.2013 with reference to the latter's request letter no. LAIL-PF/2013/40 dated 17.04.2013.

8. Further, as per the terms laid in the sanction letter, the corporate debtor executed a deed of hypothecation in favour of the original lender in respect of its movable assets (save and except book debts) situated at Bhandarkavathe, Tal. South Solapur, District. Solapur, Maharashtra – 413 222 by way of first charge/second charge dated 16.04.2023 (**'said deed of hypothecation'**).
9. The Corporate Debtor after receiving funds from original lender for facilitating the said project executed Memorandum of Entry for Extension of Equitable Mortgage as Collateral Security dated 28.02.2013, which was initially intended to deposit the title deeds of



immovable property of corporate debtor with the said consortium as a security until all debts and liabilities of said corporate debtor have been paid and satisfied in full (**‘said memorandum of entry’**).

10. Given are the details of term loan facilities extended to the corporate debtor from the said consortium and original lender is reproduced as follows:

<b>Name of Lenders/ Financial Creditors</b>	<b>Nature of Security</b>	<b>Term Loan (in Crores)</b>	<b>Remarks</b>
State Bank of India	Secured	65.00	
Andhra Bank	Secured	30.00	
Indian Overseas Bank	Secured	30.00	
Central Bank of India	Secured	10.55	
Dena Bank	Secured	36.00	
<b>Sugar Development Fund</b>	Secured	5.86	Term Loan Facility was secured on first pari-passu charge basis
		<b>177.41</b>	
State Bank of India	Secured	40.00	Term Loan Facility was secured on second charge basis

11. The Corporate Debtor accordingly has filed Form-8 with reference to Sections 125,126,127,128 and 130 of The Companies Act, 2013 for creation of charge as said hypothecation and said memorandum of entry over movable and immovable properties of the corporate debtor



till the said loan is repaid in full along with interest and charges due thereon (**'said certification of registration of mortgage'**).

The said certificate of registration of mortgage dated 22.04.2013 under Section 132 of the Companies Act, 1956 was issued against the said loan by the Registrar of Companies at Pune, Ministry of Corporate Affairs – Government of India.

12. The aggregate amount of default as on 30.09.2023 is Rs. 8,20,55,028/- (Rupees Eight Crores Twenty Lakhs Fifty-Five Thousand and Twenty-Eight Only/-) which includes principal amount, interest and penal Interest and date of default is 28.09.2018 (**'said default'**).

**Submissions of the Financial Creditor extracted in brief:**

13. The Financial Creditor relies on the Statement of SDF Loan Account as given under Exhibit - “N” of the petition. It states that as per the terms of repayment, the corporate debtor has paid interest cum penal interest before the schedule due date of payment of principal amount of said loan that is, repayable on the expiry of three years from the said date of disbursement. The important dates to be considered is as follows:

- a. Date of Disbursement: 28.03.2014,
- b. Due date of repayment: 28.03.2017,
- c. End date of repayment: 28.09.2021

The details of payment made by corporate debtor is given in Exhibit - “N” of the petition. Further, the Corporate Debtor has repaid a portion of principal amount of said loan in half-yearly instalments as commencing from 28.03.2017, 28.09.2017, 28.03.2018 till 28.09.2018 totalling an amount of Rs. 2,80,04,469 (inclusive of principal amount, interest and penal interest) towards the said loan.



14. That upon consequent defaults committed by the corporate debtor in payment of principal, interest and other monies as due in terms of said sanction letter and said tripartite agreement, the Financial Creditor issued a recall of loan letter serviced through RPAD-Acknowledgement Due to corporate debtor as on 03.09.2019 (**'said notice'**).
15. The Financial Creditor as being entitled to recall the entire outstanding principal amount calculates the dues payable as Rs. 4,68,80,000/- (principal outstanding) and Rs. 65,34,179/- (interest dues), totalling Rs. 5,34,14,179/- as of 31.07.2019 (inclusive of interest and further interest to be calculated at contractual rates with effect from 01.08.2019 till payment or realisation of dues) payable within *fifteen days* of the issue of said notice (**'said debt'**).
16. That in furtherance to the pendency of repayment of said debt, the Financial Creditor has filed a case of recovery before Hon'ble Debts Recovery Tribunal at Pune being Original Application No. 78 of 2020 (**'said recovery proceedings'**). The said recovery proceedings are pending for arguments as displayed on the website of Debts Recovery Tribunal, with next date of hearing as 06.11.2024.
17. The Corporate Debtor in its letter addressed to original lender (*CC. Office of Financial Creditor*) dated 02.08.2021 acknowledged its debts towards the said loan (**'said letter of acknowledgement of debt'**). The corporate debtor acknowledged repayment of 20% of principal portion of the said loan as Rs. 1,20,00,000/- and interest including penal interest is as Rs. 1,72,00,000/- was made till the date of issue of said letter of acknowledgement.

**Further**, it was specified that due to short crushing seasons on account of lower monsoons in past 4-5 consecutive seasons between November till February/March every year since the date of disbursement, the



corporate debtor is suffering from financial difficulties. Consequently, a request to not consider pursuing any legal/recovery proceedings against the corporate debtor by also considering restructuring of repayment schedule with respect to sugar season of year November 2021- February 2022 was made in the said letter of acknowledgement of debt.

18. In accordance with the Standalone Audited Financial Statement prepared by one DRP & Co for the year ended 31.03.2021., it is disclosed by the Financial Creditor that Rs. 4,54,20,376 loan is outstanding towards the said loan from the date of default as on 31.03.2021 that is, principal amount of Rs. 3.96 Crores and interest of Rs. 1.49 crores as due from 1095 and 912 days from the date of disbursement of the said loan, respectively (**said standalone audited financial statement**).
19. The Financial Creditor has issued a certificate under section 2A(b) of Banker's Book Evidence Act, 1891 dated 05.10.2023 thereby certifying the authenticity of data as disclosed in the petition. The Accounts of the Corporate Debtor bearing GOI Ledger No. IX-24 is stated to correctly represent the data derived from the system at the Financial Creditor's Officer situated at New Delhi (**said certificate under Banker's Book Evidence Act**).
20. Due to non-payment of said loan the Financial Creditor has filed the present Petition on 23.11.2023. Though, the said default occurred on 28.09.2018 but the corporate debtor acknowledged the said debt within three years of occurrence of default, that is, 02.08.2021. Hence, the financial creditor is entitled to benefit from a fresh period of limitation commencing from the date of acknowledgement of debt, that is, 21.08.2021. Thus, the financial creditor has filed the present petition on 23.11.2023 which is within limitation period.



21. The Record of Default as disclosed in Form-D of NeSL dated 24.01.2024 provides the date of default being 28.09.2018 and the total outstanding amount as against the said loan being Rs. 8,20,55,028 (Rupees Eight Crores Twenty Lakhs Fifty-Five Thousand and Twenty-Eight Only/-).

**Submissions made by the Corporate Debtor:**

22. The Corporate Debtor submits that they had approached the original lender for financial assistance vide its letter dated 14.01.2009 in carrying out its business operations and admits having availed the said loan facility.
23. The said loan is acknowledged to have been repaid to the extent of 20% of the principal amount till the operations of corporate debtor were normal vide letter dated 02.08.2021 addressed to the original lender (also, CC: to the Financial Creditor) with subject Request your office not pursue any legal/recovery actions under any law in the account of corporate debtor for overdue SDF loan disbursed for bagasse-based co-generation project.
24. Further, the Corporate Debtor laid emphasis on the following grounds as summarised hereinbelow:

**I. Discrepancy in calculation of Default Amount due**

The Corporate Debtor contends that the computation of total amount due as given in Exhibit – “N” of the petition towards repayment of said loan is miscalculated. It is asserted that the *penalty interest charges is exorbitant i.e, @4% and not as per the terms stipulated in the sanction letter i.e, of 2.5%*. It is alleged that the Financial Creditor failed to provide a Statement of Loan Account to this effect for verification of calculation despite constant follow-



up by the corporate debtor. Thus, the said default should be calculated as Rs. 7,92,29,678/- instead of Rs. 8,20,55,028/-.

**II. Reliance on assistance for Loan Restructuring as per Government Notification No. G.S.R.201(E) dated 24.03.2021 and granting requisite time for loan restructuring ('said notification')**

The Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Government of India issued the said notification with operational guidelines (*issued vide Letter No. 12-2/2021-SDF Accounts/168 dated 03.01.2022, amended vide Letter No. 12-2/2021-SDF Accounts/281 dated 04.10.2022 and revised operational guidelines for restructuring of SDF loans under SDF Rule 26 – reg. dated 28.02.2024*) concerning restructuring of SDF loans under Rule 26 of the SDF Rules, 1983 (as amended). The said notification applies to SDF loans availed from Co-Operative Society, Private Limited Company, Public Limited Company and Private Sector Company.

The Corporate Debtor upon relying on this notification states to receive assistance to repay its huge loan/liabilities to safeguard the sustainability and vitality of its operations. The operations of corporate debtor were impeded due to its dependency on raw sugarcane supplied by farmers, particularly from Government recognized draught-stricken districts of Maharashtra for in year 2016 (*reliance is placed on G.R. No. SCY-2016/M.N.219/M-7*), 2018 (*reliance is placed on Press Release, Times of India dated 31.10.2018*) and 2023 (*reliance is placed on Press Release, Times of India dated 31.10.2023*); further, the Covid-19 pandemic had caused severe disruptions in continuing with business operation



of the corporate debtor and hence these circumstances resulted in the said default. Thus, the Corporate Debtor contends to have not intended a wilful default.

Upon its request for restructuring, the Financial Creditor presented and received an acknowledgement to Letter of Offer dated 16.04.2024 concerning restructuring repayment of the said default of corporate debtor (**'said letter of offer'**). The corporate debtor in reference to the schedule of payment laid under the head Award of Mandate in the said letter of offer has paid Rs. 3,00,000/- on 26.04.2024.

As per the Written Arguments filed by the corporate debtor on 04.09.2024, it is stated that in furtherance to execution of said letter of offer towards restructuring of said loan, the financial creditor withdrew its assistance on account of conflict of interest towards preparing technical cum economic proposal thus, causing delay in restructuring of the said loan. Hence, the corporate debtor engaged Vasantdada Sugar Institute to assist in executing the necessary technical evaluation and viability reports for restructuring of said loan. It is asserted that the said technical evaluation and viability reports issued by the latter would be sufficient to receive approval for restructuring of said loan by the Competent Authority thus, ensuring repayment of said default in due course.

### **III. Multiplicity of Recovery Proceedings**

It is emphasised by the Corporate Debtor that recovery proceedings initiated as O.A. No. 78 of 2020 before the Debts Recovery Tribunal, Pune (**'DRT, Pune'**) filed on 27.01.2020 is unwarranted and unjustified leading to multiplicity of



proceedings. The corporate debtor pleads that the Hon'ble Tribunal take necessary action for preventing undue hardship on account of duplicative recovery proceedings as in DRT, Pune and ensure equitable resolution of the said default. As the initiation of insolvency proceedings would be in contravention to the corporate debtor's intention to satisfy the said default by way restructuring of said loan and also the Central Government's intent to provide relief and support to sugar mills as that of the corporate debtor.

A Corporate Insolvency Resolution Process (CIRP) is submitted by the corporate debtor to not yield significant results as it is unlikely to recover substantial portion of said default for not being a sole member of committee of creditors.

#### **IV. Discretion to admit or reject Section 7 Petition**

It is contended with reference to Hon'ble Supreme Court judgment in *Vidarbha Industries Power Limited versus Axis Bank Limited (Civil Appeal No. 4633 of 2021)* that the adjudicating authority has discretion to admit a Section 7 petition irrespective of existence of debt and default. Such discretion shall lay emphasis on viability and overall health of the corporate debtor.

Therefore, the corporate debtor pleads it being a viable entity and is eligible for loan restructuring as per the said notification and its underlying guidelines.

The Corporate Debtor in respect of the aforementioned submissions contends that the hearing in the given petition be deferred until conclusion of loan restructuring process.



### **Analysis and Findings**

25. We have considered submissions of learned counsel for both the parties and perused documents on record.
26. It is noted that the Corporate Debtor in its reply dated 04.09.2024 has not denied availing the said loan extended by the original lender in year 2012. The Corporate Debtor has also acknowledged the debt owed on Recall of Loan Letter dated 03.09.2019 for an amount of Rs. 5,34,14,179/- (Rupees Five Crores Thirty-Four Lakhs Fourteen Thousand and One Hundred and Seventy-Nine Only/-), including interest as of 31.07.2019. Therefore, the existence of the “debt and default” is not denied by the Corporate Debtor.
27. We consider the objections/ defence as raised by the corporate debtor in para 24 above as follows:
- I. Discrepancy in calculation of Default Amount due
  - II. Reliance on assistance for Loan Restructuring as per Government Notification No. G.S.R.201(E) dated 24.03.2021 and granting requisite time for loan restructuring (‘said notification’)
  - III. Multiplicity of Recovery Proceedings
  - IV. Discretion to admit or reject Section 7 Petition
28. In the present case, the financial creditor is an agent of the original lender in-charge of disbursing financial assistance from the Sugar Development Fund thus, also being responsible for initiating legal proceedings against borrower/ corporate debtor.
29. As regards discrepancy in calculation of default amount, it is stated that the same is not for us to examine or validate as long as the amount of debt exceeds the threshold limit of Rs. One Crore, which is not disputed here.



30. The Financial Creditor herein even provides financial advisory services for restructuring of SDF loans, however in this case offering such services would have been given rise to conflict of interest as its role of a lender. Accordingly, the contention of the corporate debtor to continue discussions on restructuring of said default/ said loan due to difficulty arising on account of Covid-19 or viability of its business due to insufficiency of monsoon, etc. in pursuance to the said notification does not anyways imply an explainable hypothesis other than the corporate debtor's default in paying the debt.
31. The Corporate Debtor also contended regarding multiplicity of legal proceedings against it. In this regard it is stated that any other legal remedy is not a bar for initiating insolvency proceeding under section 7 of IBC. We lay reliance to the Hon'ble Supreme Court's decision in ***Employees Organization versus Jaipur Metals and Electricals Limited, AIRONLINE 2018 SCC 1378***, wherein it was clarified that the petition under Section 7 is an independent proceeding which is unaffected by pendency of proceedings in other Court, which may be filed by the same financial creditor. Therefore, the corporate debtor's contention that proceedings under Section 7 be barred by any order passed by or pendency of proceedings before the Hon'ble DRT at Pune is not tenable. It is reiterated that the statute under the code never comprehends that proceedings under the code to await the outcome of any previously instituted proceedings under any other statute.
32. To examine whether the present petition is within limitation, we place reliance on ***Laxmi Pat Surana versus Union of India (Civil Appeal No. 2734 of 2020)*** wherein the Hon'ble Supreme Court has observed that acknowledgement of debt by the corporate debtor within three years of date of default would reinstate the cycle of limitation period for further three years from such acknowledgement of debt.



“40. ...The liability of the corporate debtor (corporate guarantor) also triggers when the principal borrower acknowledges its liability in writing within the expiration of prescribed period of limitation, to pay such outstanding dues and fails to pay the acknowledged debt. Correspondingly, right to initiate action within three years from such acknowledgment of debt accrues to the financial creditor. ....

42. .... Instead, we affirm the view taken by the NCLT and which commended to the NCLAT — that **a fresh period of limitation is required to be computed from the date of acknowledgment of debt by the principal borrower from time to time...**”

*(emphasis supplied)*

33. Further, upon considering the legal precedent in point no. 31, we refer to Exhibit – “I” at page number 80-81 of the petition, wherein the corporate debtor states in the said letter of acknowledgement of debt dated 02.08.2021:

“.....

**Subject: Request your office not to pursue any legal recovery actions under any law in the account of Lokmangal Sugar Ethanol and Co-generation Industries Limited, Bhandarkawate, South Solapur, Maharashtra for overdue SDF disbursed for Bagasse based co-generation project.**

.....

.....

We have repaid SDF loan including interest on timely basis in initial years and repaid 20% of principal portion till date till the time operations were normal. Company has paid INR 2.91 Crores till date including principal repayment of INR 1.20 Crores and interest including penal interest of INR 1.72 Crores.

.....

.....

**Requests:**



*We kindly request you for favourable consideration of following points.*

***A) We request you not to pursue any legal/recovery proceedings against our company under any law as it will adversely hamper our existing operations and repayment capacity of the company considering the quantum of SDF loan outstanding-***

***B) We assure to repay considerable amount during upcoming sugar season 2021-22 which is from November 2021 to March 2022.***

.....”

Therefore, it is sufficient to state that the corporate debtor has acknowledged the said debt vide said letter of acknowledgement of debt dated 02.08.2021 within three years of date of default, being 28.09.2018. Accordingly, a fresh period of limitation is calculated from the date of acknowledgement of debt. We observe that the Petition as filed on 23.11.2023 is well within the period of limitation.

34. With regards to the corporate debtor’s contention of its financial viability etc. and its reliance on Vidarbha Industries Power Limited versus Axis Bank Limited (Civil Appeal No. 4633 of 2021), it is stated that corporate debtor has against the said loan paid only 20% of the loan taken and remaining amount is outstanding. There is no dispute as regards this fact. If the Corporate debtor is solvent and is in capacity to pay, it could have done so, which is not the case. It is noted here that the debt is old and was fully payable in 2017 itself.

35. Further, it is a well-settled position that the Adjudicating Authority has to determine whether there is debt and default and if it is satisfied that a default has occurred, then the application under Section 7 of the Code must be admitted unless it lacks other necessities as mandated thereunder. We are supported by the decision of Hon’ble Supreme Court



in ***Innovative Industries Limited vs. ICICI Bank and Anr, (2018) 1 SCC 407***, wherein it was held as follows:

*“28. ... The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete, in which case it may give notice to the applicant to rectify the defect within 7 days’ receipt of a notice from the adjudicating authority.*

*30. ....On the other hand, as we have seen, in the case of a corporate debtor who commits a default of a financial debt, **the adjudicating authority has merely to see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred.** It is of no matter that the **debt is disputed so long as the debt is “due”** i.e. Payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the adjudicating authority that the adjudicating authority may reject an application and not otherwise.”*

*(emphasis supplied)*

36. From perusal of the record and the documents relied upon by the Petitioner, it is hereby proved that there has been a financial debt in respect of which default is committed by the Corporate Debtor and further the petition under Section 7 of the IBC is filed within the period of limitation period and the default amount is in excess of Rs. 1 Crore and is above the threshold limit mandated under Section 4(1) of the Code. Accordingly, we are satisfied that the present Petition is maintainable.



37. Given the facts and circumstances of the case and discussions hereinabove, the Company Petition (IB)/84(MB)/2024 is **admitted** and ordered as follows:

**ORDER**

- i. The petition bearing CP (IB) – 84 (MB)/2024 filed by the **IFCI Limited**, the Financial Creditor, under section 7 of the IBC read with Rule 4(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating Corporate Insolvency Resolution Process against **Lokmangal Sugar Ethanol and Cogeneration Industries Limited**, the Corporate Debtor, is **admitted**.
- ii. This bench hereby **appoints Mr. Ritesh R. Mahajan, Registration No. IBBI/IPA-003/IP-N00048/2017-18/10132 as the proposed Interim Resolution Professional (IRP)** having **e-mail riteshmahajancs@gmail.com** to carry out the functions as mentioned under the Insolvency and Bankruptcy Code, 2016. The proposed IRP has filed his Written Communication dated 23.11.2023 in Form 2 as required under Rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. The Written Communication is accompanied by Authorization for Assignment ('AFA') dated 23.11.2023 which is valid up to 22.11.2024.
- iii. There shall be a moratorium under section 14 of the IBC, in regard to the following:
  - i. 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;



- ii. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
  - iii. 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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002;
  - iv. The recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor
- iv. Notwithstanding the above, during the period of moratorium:
- i. The supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period;
  - ii. That the provisions of Sub-Section (1) of Section 14 of the Code shall not apply to such transactions as may be notified by the Central Government in consultation with any sectoral regulator;
- v. The order of moratorium shall have effect from the date of pronouncement of this 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 or passes an order for Liquidation of Corporate Debtor under section 33, as the case may be.
- vi. The public announcement of the Corporate Insolvency Resolution process shall be made immediately as specified under section 13 of the Code.



- vii. During the CIRP period, the management of the corporate debtor will vest in the IRP/RP in terms of Section 17 of the Code. The suspended directors and employees of the corporate debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP/RP.
- viii. The Registry shall send a copy of this order to the Registrar of Companies, Mumbai, for updating the Master Data of the Corporate Debtor.
- ix. The Registry is further directed to communicate this order to the Financial Creditor, the Corporate Debtor and the IRP immediately.
- x. The Registry is also directed to send a copy of this order to the Insolvency and Bankruptcy Board of India (IBBI) for their record.
- xi. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.
- xii. Accordingly, this Petition is **Admitted**.

Sd/-

**CHARANJEET SINGH GULATI**  
**(MEMBER TECHNICAL)**

Sd/-

**LAKSHMI GURUNG**  
**(MEMBER JUDICIAL)**

Akshita, L.R.A.