

305

**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH – I, CHENNAI**

**CP/IB/323(CHE)/2021**

*(Filed under Section 10 of the Insolvency and Bankruptcy Code, 2016 r/w Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)*

*In the matter of **Fashion Equations Private Limited***

**Fashion Equations Private Limited**

Door No. 6, Plot No. 1,  
1<sup>st</sup> Cross Street Lakshmi Nagar,  
Porur,  
Chennai- 600106.

*... Corporate Applicant*

*Order Pronounced on **28<sup>th</sup> April 2022***

CORAM:

**R. SUCHARITHA, MEMBER (JUDICIAL)  
SAMEER KAKAR, MEMBER (TECHNICAL)**

*For Corporate Applicant: A Prabhakar Reddy, Advocate*

**ORDER**

**Per: SAMEER KAKAR, MEMBER (TECHNICAL)**

Under Consideration is an Insolvency & Bankruptcy Application filed u/s 10 of the Insolvency & Bankruptcy Code, 2016 ("**the Code**") by one **Fashion Equation Private Limited** (in short, "**the Corporate Applicant**") for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (for brevity, '**I&B Rules 2016**'), following a default in meeting the financial obligations to its Financial Creditors (Secured/Unsecured

Creditors) and Operational Creditors and other Creditors as shown in the Company Petition filed in Form-VI.

2. From Part-I of the application, it is seen that the Corporate Applicant is a Private Limited company incorporated under the Companies Act, 2013 on 11.05.2017 bearing CIN: U74999TN2017PTC116486 and the Registered Office of the Corporate Applicant as per the application is stated to be situated at Door No. 6, Plot No. 1, 1st Cross Street Lakshmi Nagar, Porur, Chennai- 600106.

3. From Part-II of the application, it is seen that the Operational Creditor has proposed one Ms. Satyadevi Alamuri as the IRP and has also filed his written consent in Form-2.

4. From Part-III of the application, which discloses the details of the total amount of default of Rs. 5,96,00,000/- as on 23.03.2021. The list of documents to prove the existence of debt and default are as follows:

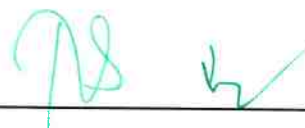
- a) Canara Bank notice u/s 13 (4) of SARFAESI Act.
- b) Details of outstanding to Financial and Operational Creditors.
- c) Certificate issued by MCA regarding charge id no. 100275003 for charge of Rs. 3,86,63,000/-.

5. In compliance of Annexure-III, this Corporate Applicant has filed written communication dated 23.11.2021 given by the Insolvency Professional as contemplated in Form-2 of the IBC, 2016. Also, the

Applicant has filed audited financial statements for the year ended 2019-2020 and 2020-2021 and unaudited provisional financial statement for the period 01.04.2021 to 30.09.2021 reflecting the default of payment to the Financial Creditor.

6. The Applicant Company has also placed on record that the Company had passed a resolution on 25.11.2021 at the Annual General Meeting for initiating Corporate Insolvency Resolution process under Section 10 of the Code. It is stated that there are only two shareholders, who are also directors of the company and that both shareholders were present in the AGM held on 25.11.2021.

7. From the documents filed along with the type set of documents, more particularly the Notice u/s 13 (2) of SARFAESI Act dated 26.03.2021 issued by Canara Bank and Notice u/s 13 (4) of SARFAESI Act dated 23.08.2021 issued by Canara Bank it appears that the Corporate Debtor has committed default in repayment of amount to Canara Bank. The amount demanded is Rs. 3,96,16,582.17. Further, it is pertinent to note here that the default arising out of the present Application has occurred much prior to the advent of Covid – 19 and as such it shall not attract Section 10A of IBC, 2016 and also the default amount exceeds the minimum threshold limit of Rs.1 Crore. It is also pertinent to note that the said Canara



Bank is holding security by way of mortgage of immovable properties which are owned by the guarantors and not by the Corporate Debtor.

8. In view of the same, we are of the view that this Company application is required to be admitted u/s 10 of the Code.

9. The Corporate Applicant has proposed the name of **Ms. Satyadevi Alamuri having Registration No. IBBI/IPA-002/IP-N00071/2017-18/10205 (AFA valid upto 9.12.2022)** as the Interim Resolution Professional (IRP) who has also filed his written consent in Form 2 of the Insolvency and Bankruptcy Board of India (Application to Adjudicating Authority) Rules, 2016 which is placed at page 24 to 25 of the typed set filed along with the Application. The proposed IRP who is appointed shall take forward the process of Corporate Insolvency Resolution of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of Section 15,17,18 of the Code and file his report within 20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

10. As a consequence of the Application being admitted in terms of Section 10 of the Code, moratorium as envisaged under provisions of

Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor;

- a. The institution of suits or continuation of pending suits or proceedings against the respondent 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 respondent 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 respondent 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 an owner or lessor where such property is occupied by or in the possession of the respondent.

*Explanation.*-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the

use or continuation of the license or a similar grant or right during moratorium period;

11. However during the pendency of moratorium period in terms of Section 14(2) and 14(3) as extracted hereunder;

(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;

(b) a surety in a contract of guarantee to a corporate debtor.



12. The duration of period of moratorium shall be as provided in Section 14(4) of the Code which is reproduced below for ready reference;

(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:

Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be.

13. The IRP is directed to take charge of the Corporate Debtor's management immediately. The IRP is also directed to cause public announcement as prescribed under Section 15 of the IBC, 2016 within three days from the date the copy of this Order is received, and call for submissions of claim by the creditors in the manner as prescribed under Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

14. The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of Section 15, 17, 18 of the IBC, 2016 and file his report within 30 days before this Bench. The powers of the Board of Directors of the Corporate Debtor

shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

15. The IRP shall comply with the provisions of Sections 13 (2), 15, 17 & 18 of the Code. The Directors of the Corporate Debtor, its Promoters or any person associated with the management of the Corporate Debtor are/is directed to extend all assistance and cooperation to the IRP as stipulated under Section 19 of IBC, 2016 for the purpose of discharging his functions under Section 20 of IBC, 2016.

16. The IRP shall conduct the Corporate Insolvency Resolution Process in respect of the Corporate Debtor as stipulated under Chapter VIII of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

17. Based on the above terms, the Petition stands **admitted** in terms of Section 7 of the Code and the Moratorium shall come into effect as of this date. A copy of the Order shall be communicated to the Financial Creditor as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named shall also be furnished with copy of this Order forthwith by the Registry, who will communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.



18. The IRP is directed to file the 1<sup>st</sup> Progress Report before this Tribunal on or before the 45<sup>th</sup> day of initiation of CIRP by this Adjudicating Authority.

19. Post this CP(IB)/323/CHE/2021 for hearing on **17.06.2022**.

-Sd-

**SAMEER KAKAR**  
MEMBER (TECHNICAL)

-Sd-

**R. SUCHARITHA**  
MEMBER (JUDICIAL)