



**IN THE NATIONAL COMPANY LAW TRIBUNAL
SPECIAL BENCH – II, CHENNAI**

CP(IB)/120/(CHE)/2023

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

*In the matter of **Lare Fibc & Energies Private Limited***

CANARA BANK

Tuticorin Branch, Tuticorin – 628 001

Also at:

ARM Branch, 1st Floor, St. Mary's Campus,
East Veli Street, Madurai – 625 001.

... Applicant/ Financial Creditor

-Vs-

LARE FIBC & ENERGIES PRIVATE LIMITED

(Formerly known as M/s. Techsun Energies Private Limited)

No. 111N/2G, State Bank Colony,
South II Street, Tuticorin – 628 002.

... Respondent/ Corporate Debtor

Order Pronounced on 23rd November, 2023

CORAM

SHRI SANJIV JAIN, MEMBER (J)

SHRI RAVICHANDRAN RAMASAMY, MEMBER (T)

Present: -

For Applicant: Mr. R. Umasuthan, Mr. K. Bhaska, Advocates

For Respondent: Ex-Parte (vide order dated 07.08.2023)

ORDER

(Hearing conducted through VC)

1. **M/s. Canara Bank**, Applicant / Financial Creditor herein has filed an Application under Section 7 of IBC, 2016 against **Lare Fibc & Energies Pvt. Ltd**, Respondent/Corporate Debtor



herein for initiating Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor.

2. In part-I of the Application, details of the Applicant/Financial Creditor have been given as per which the Applicant/Financial Creditor was incorporated on 01.07.1906 having Identification Number AAACC610G.PAN CARD and the registered office at Tuticorin Branch, Tuticorin – 628 001. Part-II of the Application contains the particulars of the Corporate Debtor as per which it was incorporated on 22.03.2012 having Identification Number U74900PN2012PTCO85082 and registered office at No. 111N/2G, State Bank Colony, South II Street, Tuticorin – 628 002 with authorized / paid up capital as Rs.15 crores. Part-IV of the Application provides the particulars of the financial debt.
3. As per the averments made in the application, the Financial Creditor had sanctioned and disbursed an aggregate financial capital of Rs.36,31,02,000/-, as additional Working Capital by way of Term Loan dated 29.09.2021 to the Corporate Debtor in the following manner.

Sl.No.	Date	Nature of facility	Amount sanctioned in Rs.
1	04.05.2018	Term Loan Facility-I	17.40,00,000.00
2	17.09.2019	Term Loan Facility-II	7,60,00,000.00
3	07.09.2020	Working Capital Term Loan	5,00,00,000.00
4	01.06.2021	OCC Facility	3,00,00,000.00



5	26.08.2021	Funded Interest Term Loan Facility	81,02,000.00
6	29.09.2021	Additional Working Capital Term Loan	2,50,00,000.00
		Total amount sanctioned	36,31,02,000.00

4. The above facilities were due and liable to be repaid by the Corporate Debtor together with interest calculated at the rate of 12.50% per annum compounded with monthly rests, 12.35% per annum (on floating basis) compounded with monthly rests, 9.25% per annum compounded with monthly rests, 11.70% per annum compounded monthly rest, 10.40% per annum compounded with monthly and 7.05% compounded with monthly rests respectively. The amounts were repayable in installments as detailed in para 9, 10 and 11 of the application. To acknowledge the aforesaid financial facilities from the Financial Creditor, the Corporate Debtor executed the loan and security documents in favour of the Financial Creditor and gave the collateral security. The Corporate Debtor also hypothecated the stocks and receivables / book debts and created first charge in and over the same in favour of the Financial Creditor. It also created mortgage on lease hold land along with factory building standing thereon, admeasuring an extent of 5.35 acres situated at Plot No.B-4, SIPCOT Industrial Estate, Gangaikondam, Tirunelveli in favour of the Financial Creditor.



5. It is alleged that the Corporate Debtor committed default in repayment of both the principal and interest to the Financial Creditor towards the aforesaid financial facility since 31.10.2022. Its loan account was classified as NPA on 29.10.2022. The Financial Creditor recalled the loan by sending notice dated 31.10.2022 issued under Section 13(2) of the SARFAESI Act calling upon the Corporate Debtor and the guarantors jointly and severally to pay a sum of Rs.36,37,58,516.80 together with further interest, incidental charge and cost thereon but despite that the Corporate Debtor failed and neglected to discharge its liability to the Financial Creditor. The Financial Creditor then filed O.A.No.199 of 2023 before the DRT Madurai for the recovery of the said sum from the Corporate Debtor and its guarantors which is pending adjudication. It is alleged that as on date, the Corporate Debtor defaulted on a total sum of Rs.39,31,64,185.60 together with further interest, incidental expenses and cost accrued thereon, being the financial debt due under the financial facilities referred above.

6. With the application in part-IV, the Applicant has given the particulars of financial debt (documents records and evidence of default) enclosing certificate of charge created by the ROC Tamil Nadu in favour of the Applicant / Canara Bank.



7. Notice of the application was given to the Respondent/Corporate Debtor. Despite service as seen from the affidavit of service vide SR.3140 dated 26.07.2023, the Respondent/Corporate Debtor neither appeared nor filed any reply/counter and it was set as ex-parte vide order dated 07.08.2023.

8. We have heard Ld. Counsel for the Applicant and perused the records. The records show that the Respondent/Corporate Debtor had availed various financial facilities for an aggregate sum of Rs.36,31,02,000/- on various dates as detailed above vide sanction letters dated 04.05.2018, 17.09.2019, 07.09.2020, 01.06.2021, 26.08.2021 and 20.09.2021 respectively. The financial facilities carried the interest as detailed above and were liable to be repaid by the Corporate Debtor together with interest in installments. The Corporate Debtor acknowledged the financial facilities and signed the loan and security documents in favour of the Financial Creditor. Towards collateral securities, the Corporate Debtor hypothecated its stocks and receivable / book debts and created first charge in and over the same and also created mortgage of a leasehold land as detailed above in favour of the Financial Creditor.

9. Records show that the Corporate Debtor committed default in debt repayable of both principal and interest to the Financial



Creditor under aforesaid financial facilities since 31.07.2022 as a result the loan accounts of the Corporate Debtor was classified as NPA on 29.10.2022. Despite SARFAESI notice vide dated 31.10.2022 recalling the loan amount, the Corporate Debtor did not discharge its liability to the Financial Creditor.

10. In the instant case, the Applicant/Financial Creditor has filed Form-D / Record of Default relating to the aforesaid financial facilities vide SR.3139 dated 27.07.2023, perusal of which shows that the default was duly authenticated. The default amount and date of default in respect of the various facilities have been stated as Rs.18,26,69,157.36/- dated 31.10.2022, Rs.5,29,08,689.44/- dated 07.08.2022; Rs.78471788.42 dated 31.07.2022; Rs.3,35,26,849.00/- dated 31.07.2022; Rs.2,64,33,699.00/- dated 08.08.2022 and Rs.79,00,931.00/- dated 27.08.2022 respectively. The Application has been filed on 22.05.2023 i.e., within a limitation period of three years from the date of default or the amount became due / repayable.

11. Since, in the instant case, despite service none for the Respondent/Corporate Debtor appeared, the submissions of the Applicant / FC and the documents annexed with the application remained uncontroverted / unassailed.

12. In the instant case, the Applicant/Financial Creditor has proved the debt and the default which are the requisites for



initiating the CIRP against the Corporate Debtor under Section 7 of the IBC, 2016. The debt is more than Rs.1 crore i.e., above the threshold limit prescribed under Section 4 of the IBC, 2016. We therefore **allow** the application and initiate the CIRP against the Corporate Debtor i.e., ***Lare Fibc & Energies Private Limited.***

13. The Financial Creditor has proposed the name of **Mr. Muthuiah Thevar Rajapandian**, having **Reg. No. [IBBI/IPA-003/IP-P00090/2017-2018/10854]; Email ID: rajapandian1955@gmail.com** as the Interim Resolution Professional (IRP) who has also filed his consent in Form – 2 and also upon verification from the IBBI website, it is seen that the said person hold valid Authorization for Assignment (page No.589, Vol.II) till 30.11.2023. **Mr. Muthuiah Thevar Rajapandian**, is appointed as 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. As a consequence of the Application being admitted in terms of Section 7 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;

15. 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;

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

16. 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.

17. 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.

18. 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.

19. 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.

20. The IRP shall take custody of the records of information relating to the assets, finances and operations of the Corporate Debtor referred in clause (a) of section 18 and such other information required under regulation 36; and also the assets recorded in the balance sheet of the Corporate Debtor or in any other records referred in clause (f) of section 18 of IBC, 2016 and the personnel of the Corporate Debtor, its promoters or any other person associated with the management of the Corporate Debtor shall provide to the IRP, the list of assets in terms of Regulation 3A of the IBBI (Insolvency Resolution Process of Corporate Persons) Regulations, 2016.



21. 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.

22. 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.

23. Accordingly, **CP(IB)/120/(CHE)/2023** stands **admitted**.

RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

SANJIV JAIN
MEMBER (JUDICIAL)

*Order pronounced under Rule 151 of NCLT Rules 2016, by Hon'ble Technical Member **Ravichandran Ramasamy** on behalf of the Bench Comprising of **Sanjiv Jain, Member (Judicial)** and **Ravichandran Ramasamy, Member (Technical)***

Court Officer