

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Insolvency) No. 1964 of 2024

IN THE MATTER OF:

Mahesh Satishchnadra Deshmukh
(Suspended Director of
Lokmangal Sugar Ethanol and
Cogeneration Industries Ltd.)

...Appellant

Versus

IFCI Ltd. & Ors.

...Respondents

Present:

For Appellant : Mr. Abhijeet Sinha, Sr. Advocate with Mr. Anuj Tiwari, Mr. Saurabh Mishra, Ms. Prachi Wazalwar, Mr. Aditya Shukla, Mr. Girijapati Kaushal, Ms. Aroshi Pal, Ms. Monika and Ms. Bandita, Advocates.

For Respondents : Ms. Aakash Lodha, Advocate for R-2.

Mr. Rohit Gupta and Mr. Divyank Dutt Dwivedi and Mr. Madan, Advocates for Union Bank of India.

O R D E R
(Hybrid Mode)

22.10.2024: This Appeal has been filed challenging the Order dated 15.10.2024, by which Section 7 Application has been admitted filed by the IFCI Ltd.

2. Counsel for the Appellant submits that IFCI Ltd. was a Monitoring Agency for the Sugar Development Fund under which the loan was given by the Central Government and under Rules framed under the Sugar Development Fund Act 1982, Rule 25(7) provides that in case of two consecutive default in regard to Sugar Development Fund, Central Government may initiate proceedings under the provision of the Insolvency and Bankruptcy Code, 2016.

3. Appellant's case is that IFCI is not a Central Government whereas Learned Counsel Mr. Rohit Gupta, appearing for the Respondent submits that they have obtained approval from Central Government for initiating the Section 7 Application.

4. Counsel for the Appellant further submitted that Central Government has already notified a Sugar Development Restructuring Scheme for Sugar Development Fund debt on 24.03.2023 under which the Corporate Debtor has requested the IFCI to provide services for submitting the restructuring proposal and IFCI communicated that they have conflict of interest and they will not pursue the restructuring proposal.

5. Appellant's case is that thereafter they engage Vasant Dada Sugar Institute for preparing a DRP and they have uploaded the DRP on the website.

6. It is submitted that Central Government has to be consider the restructuring proposal and hence the Application under Section 7 ought not to have been admitted pending restructuring proposal consideration.

7. Learned Counsel for the Respondent No. 1 submits that Corporate Debtor was sent a Letter in 2021 itself for making a payment of dues and nothing was done for such a long time.

8. Learned Counsel for the Union Bank of India submits that Union Bank of India be granted time to file an Intervention Application since they have also dues on the Corporate Debtor.

9. Learned Counsel for the Appellant further submitted that the amount under Section 7 was only Rs.5.86 Crores with interest and Appellant shall also endeavour to settle the dues of Central Government.

10. Considering the aforesaid submissions, we are of the view that ends of justice be served in giving two weeks' time to the Respondent to obtain instructions regarding the stage of restructuring proposal submitted by the Appellant.

11. Learned Counsel for the Union Bank of India also granted liberty to file Intervention Application.

List this Appeal on **07th November, 2024.**

In the meantime, no further steps shall be taken in pursuance of the Order dated 15.10.2024.

**[Justice Ashok Bhushan]
Chairperson**

**[Barun Mitra]
Member (Technical)**

**[Arun Baroka]
Member (Technical)**

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