

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH -I**

CP (IB) No. 242/MB/2023

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

In the matter of

ROVER FINANCE LIMITED

CIN: U65999MH1993PLC304765

129-B, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Mumbai-400072

...Applicant / Financial Creditor

Versus

MPF SYSTEMS LIMITED

[CIN: U51900MH1990PLC057967]

136, B-Wing, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Mumbai-400072

...Corporate Debtor / Respondent

Order Delivered on : 08.11.2023

Coram:

Hon'ble Member (Judicial) : Justice V.G. Bisht, (Retd.)
Hon'ble Member (Technical) : Sh. Prabhat Kumar

Appearances:

For the Financial Creditor : Mr. Siddha Pamecha Advocate
For the Corporate Debtor : Mr. Vaibhav W, Advocate

ORDER

Per: Justice V.G. Bisht (Judicial)

1. This is a Company Petition filed under section 7 ("the Petition") of the Insolvency and Bankruptcy Code, 2016 (IBC) by **ROVER FINANCE LIMITED** ("the Financial Creditor"), seeking to initiate

Corporate Insolvency Resolution Process (CIRP) in the matter of **MPF SYSTEMS LIMITED** ("the Corporate Debtor").

2. The Corporate Debtor is a company incorporated on 02.07.1993 under the Companies Act, 1956, with the Registrar of Companies, Maharashtra, Mumbai.

3. **Facts:**

4. The present Company Petition is filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 by ROVER FINANCE LIMITED ("Financial Creditor/Applicant") against the MPF SYSTEMS LIMITED ("Corporate Debtor/Respondent"). The default arose when the Corporate Debtor failed to repay the principal amount from 1st April 2022 of Rs.106,22,890/-. The principal amount as of 30th September 2022 amounts Rs 1,10,50,666/-. Further, the interest calculated from 1st April 2022 amount to Rs.4,90,656.

5. Both the parties have entered into a Loan Agreement executed on 30th August 2021 ("Loan Agreement"), whereby the loan amount of Rs. 1,00,00,000/- was repayable on or before 31st March 2022, and the interest at the rate of 10% per mensem was payable quarterly. In case of default the further interest of Rs 2% Per month for the period the repayment of the loan and interest thereon or any part thereof remains in arrears.

6. On 15 October 2022, the Financial Creditor issued a Demand notice to the Corporate Debtor by demanding payment of an unpaid financial debt due from M/s MPF Systems Limited and failing to which a Corporate Insolvency Resolution Process will be initiated against the Corporate Debtor.
7. Vide letter dated 15th May 2023, the Corporate Debtor had made a proposal for payment of an amount of INR 40,00,000/- (Rupees Forty Lakhs Only) towards full and final settlement payable within three years in equal instalments, however, vide dated letter 5th June 2023, the Financial Creditor refused to accept the same.
8. The Corporate Debtor in the reply to the applicant stated that default in repayment of the said Loan is not deliberate and the same has been caused due to the circumstances beyond the control of the Corporate Debtor especially finding suitable financier and business avenues. It is submitted that Corporate Debtor is a BSE listed Company. As per the financial Statement of the Corporate Debtor for the year ended 31st March 2022, it is apparent that the accumulated losses of the Corporate Debtor are Rs. 1,38,55,000. To revive the Company, the Financial Creditor had given a loan of more than Rs. 1,00,00,000/-. The management of the Corporate Debtor changed through a process of takeover code in FY 2015 and

the new management was not able to infuse funds for revival as the product line failed to meet the requirements.

9. We have heard the counsel and perused the matter on record.

9.1. We find that the corporate debtor defaulted on several terms as stipulated in the Sanction Letter and Loan Agreement and also failed to repay the outstanding due amount and the Applicant issued a Demand notice email dated 15 October 2022 on account of the occurrence of an event of default under the Loan Agreement and recalled the entire loan amount being an aggregate sum of INR 1,15,41,322/- - (Rupees One Crore Fifteen Lacs Forty Thousand Three Hundred and Twenty Rupees Only) outstanding as on 30th September, 2022, together with additional/ further interest, legal charges, cost incurred thereafter till the date of repayment of the entire liability within 10 (Seven) days from the date of the said notice. Through this notice, the deed of personal guarantee was also invoked.

9.2. We also find that the Corporate Debtor has not disputed the existence of fact and clearly admitted that the company owes to the financial creditor, sum of Rs. 1,10,50,666/- (Rupees One Crore Ten Lacs Fifty Thousand Six Hundred Sixty-Six Only) as on 31.3.2023. The Corporate Debtor early pleaded that it is not

able to generate any business, sufficient to pay the debts and is willing to approach the stakeholders and shareholders to consider Capital Restructuring.

9.3. It is clear from the records that the amount was disbursed to the Corporate Debtor by the Applicant. This Bench is of the considered opinion that Learned Counsel for Petitioner through his arguments articulated the existence of debt and default which are corroborated from the records annexed to the Petition. The application made by the Financial Creditor is complete in all respects as required by law. It clearly shows that the Corporate Debtor is in default of a debt due and payable and the default is more than the minimum amount stipulated under section 4(1) of the IBC. Therefore, the debt and default stand established and there is no reason to deny the admission of the Petition. In view of this, this Adjudicating Authority admits this Petition and orders initiation of CIRP against the Corporate Debtor.

9.4. The Financial Creditor has proposed the name of Ms. Raghunath S. Bhandari, having registration no. IBBI/IPA-002/IP-NO. 1023/2020-2021/13276 as the Interim Resolution Professional to take charge of the Respondent company assets, affairs, and books of account and to conduct the affairs of the

Respondent Company's / Corporate Debtor's as per the provisions of the Insolvency & Bankruptcy Code, 2016 of the Corporate Debtor. The written communication in Form 2 is filed as required under rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

1. It is, accordingly, hereby ordered as follows: -

- (a) The Petition bearing **CP (IB) 242/MB/2023** filed by, **Rover Finance 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 (CIRP) against, **MPF SYSTEMS LIMITED [CIN: U51900MH1990PLC057967]** the Corporate Debtor, is **admitted**.
- (b) There shall be a moratorium under section 14 of the IBC, regarding 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.
- (c) 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) The provisions of sub-section (1) of section 14 of the IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any sectoral regulator;
- (d) The moratorium shall have effect from the date of this order till the completion of the CIRP or until this Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtor under section 33 of the IB Code.
- (e) Public announcement of the CIRP shall be made immediately as specified under section 13 of the IBC read with regulation

6 of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

- (f) M/s. Raghunath S. Bhandari (IP Regn No. IBBI/IPA-002/IP-NO. 1023/2020-2021/13276-23/50032, having address at Flat No.501 Raj Atlantis 2, Opp. SVP High School, Kanakia, Mira Road, Thane, Maharashtra ,401107 is hereby appointed as Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the IBC. He shall be paid a consolidated remuneration of Rs.2,00,000/- (Rupees Two Lacs only) for the period from the commencement of CIRP till the Constitution of CoC as fee, in addition to the expenses incurred in relation to CIRP process. The fee payable to IRP or, as the case may be, the RP shall be compliant with such Regulations, Circulars and Directions issued/as may be issued by the Insolvency & Bankruptcy Board of India (IBBI). The IRP shall carry out his functions as contemplated by sections 15, 17, 18, 19, 20 and 21 of the IBC.
- (g) During the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or the RP in terms of section 17 of the IBC. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP within a period of one week from the date of receipt of this Order, in default of which coercive steps will follow.
- (h) The Financial Creditor shall deposit a sum of Rs. 3,00,000/- with the IRP to meet the expenses arising out of issuing public

notice and inviting claims. These expenses are subject to approval by the Committee of Creditors (CoC).

- (i) The Registry is directed to communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by Speed Post and email immediately, and in any case, not later than two days from the date of this Order.
- (j) IRP is directed to send a copy of this Order to the Registrar of Companies, Maharashtra, Mumbai, for updating the Master Data of the Corporate Debtor. The said Registrar of Companies shall send a compliance report in this regard to the Registry of this Court **within seven days** from the date of receipt of a copy of this order.

Sd/-

SH. PRABHAT KUMAR
Member (Technical)

Sd/-

JUSTICE V.G. BISHT
Member (Judicial)