

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH**

CP (IB) -381/I&BP/MB/2018  
Under Section 7 of the I&B Code, 2016

In the matter of

IDBI Bank Limited,  
IDBI Tower, W.T.C. Complex, Cuffe  
Parade, Mumbai-400005

.... Petitioner

Vs.

Cyclo Transmissions Limited  
19-20, Renukanagari, Pune-Satara Road,  
Dhankawadi, Pune, Maharashtra-411043  
.... Respondent

Order delivered on: 18.12.2018

**Coram:**

Hon'ble Bhaskara Pantula Mohan, Member (J)  
Hon'ble V. Nallasenapathy, Member (T)

For the Petitioner: Nisha Kaba a/w Mr. Athul Laji i/b Link Legal India Law.

For the Respondent: Suhas Joshi i/b Legal Logic Consulting.

*Per: V. Nallasenapathy, Member (T)*

**ORDER**

1. IDBI Bank Limited (hereinafter called 'Petitioner') has sought the Corporate Insolvency Resolution Process of Cyclo Transmissions Limited (hereinafter called the 'Corporate Debtor') on the ground, that the Corporate Debtor committed default in repayment of the loan to the extent of Rs. 15,09,66,064/-, under Section 7 of Insolvency and Bankruptcy Code, 2016 (hereafter called the 'Code') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.
2. The Petition reveals that, Fund based limit of 2.5 crores and Non Fund based limit of 1 crore, both put together for Rs. 3.50 crores was sanctioned by the Petitioner to the Corporate Debtor on 20.12.2006. Subsequently on 20.03.2007 the Non Fund based facility was also converted into Fund Based Facility and accordingly the Fund Based Limit stood at Rs. 3.50 crores. On 12.02.2008, on the application of the Corporate Debtor, the Fund Based Limit (Cash credit) of Rs. 3.50 crores were enhanced to Rs. 6 crores. On 11.04.2009, by way of renewal and restructure of the limits, the cash credit

limit of Rs. 6 crores was revised to 3.5 crores, a fresh Working Capital limit of Rs. 2.5 crores and Short Term loan of Rs. 0.5 crores were sanctioned.

3. In support of the loan the Petitioner enclosed the following documents:-

- a. Sanction letter dated 20.12.2006 sanctioning fund based facility of Rs. 2.5 crores and non fund based facility of Rs. 1 crore. Further an amendment was carried out on 26.03.2007 for converting non fund based facility to fund based facility aggregating to Rs. 3.5 crores.
- b. A facility agreement dated 20.03.2007 in respect of the credit facilities amounting to Rs. 3.5 crores.
- c. A sanction letter dated 12.02.2008 for enhancement of credit facilities to Rs. 6 crores.
- d. A Supplemental Loan Agreement dated 19.12.2008 for the said enhancement to Rs. 6 crores.
- e. A Renewal and Restructuring Sanction letter dated 11.04.2009 wherein credit facility of Rs. 6 crores was restructured to cash credit facility of Rs. 3.5 crores ("Cash Credit Facility") and working capital term loan of Rs. 2.5 crores ("Working Capital Term Loan").
- f. A Supplemental Loan Agreement dated 30.10.2009 in respect of the restructuring of the credit facilities of Rs. 6 crores.
- g. Statement of accounts reflecting total dues for Cash Credit Facility of Rs. 11,47,63,579.33/-
- h. Statement of accounts reflecting total dues of Working Capital Term Loan of Rs. 3,59,53,496.27/-.
- i. Statement of accounts reflecting total dues towards expenses of Rs. 2,48,988.52/-.
- j. Certificate under Bankers Book Evidence Act, 1891 dated 05.03.2018.
- k. Recall notice dated 05.04.2011 issued by the petitioner to the Corporate Debtor.
- l. CIBIL report dated 01.03.2018.
- m. Registration of charge in favour of the Petitioner vide instrument dated 05.03.2008 creating a first charge on the current assets and a first mortgage and charge on all the immovable properties of the Corporate Debtor securing the Working Capital facility of Rs. 6 crores.
- n. Registration of charge in favour of the Petitioner vide instrument dated 14.12.2007 creating a first charge on the current assets and a first mortgage and charge on all the immovable properties of the

Corporate Debtor securing the Working Capital facility of Rs. 3.5 crores.

- o. Registration of charge in favour of the Petitioner vide instrument dated 19.02.2008 creating a charge on the book debts and other movable property of the Corporate Debtor securing the Cash Credit facility of Rs. 6 crores.
- p. Registration of charge in favour of the Petitioner vide instrument dated 30.10.2009 creating a charge on the book debts, movable property and immovable property of the Corporate Debtor securing a facility of Rs. 6 crores.
- q. The Balance Sheet of the Corporate Debtor for the year ending 31.03.2017 shows Cash Credit and working capital loan facility granted by the Petitioner was shown under the heading "Short Term Borrowing" of Rs. 4,64,65,154/- which is a clear acknowledgment of liability by the Corporate Debtor.

4. On 24.01.2011, the Petitioner addressed a letter to the Corporate Debtor requesting to clear the principal overdue in the term loan account for Rs. 13.67 lakhs. On 15.02.2011, the Petitioner while rejecting the request of the Corporate Debtor for restructuring of the credit facilities, advised the Corporate Debtor to clear the overdues amounting to Rs. 34.67 lakhs as on 31.01.2011. Subsequently the petitioner vide letter dated 05.04.2011, recalled the entire loan and demanded the Corporate Debtor to pay a sum of Rs. 6,06,46,867/- together with further interest.

5. The above facts clearly show that there is debt and the Corporate Debtor committed default in repayment of the loan.

6. This Adjudicating Authority, on perusal of the documents filed by the Creditor, is of the view that the Corporate Debtor defaulted in repaying the loan availed and also placed the name of the Insolvency Resolution Professional to act as Interim Resolution Professional and there being no disciplinary proceedings pending against the proposed resolution professional, therefore the Application under sub-section (2) of Section 7 is taken as complete, accordingly this Bench hereby admits this Petition prohibiting all of the following of item-I, namely:

- (I) (a) 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;

(b) transferring, encumbering, alienating or disposing of by the Corporate Debtor 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 Corporate Debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act);

(d) The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.

- (II) That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.
- (III) That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- (IV) That the order of moratorium shall have effect from 18.12.2018 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.
- (V) That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the Code.
- (VI) That this Bench hereby appoints Mr. Vijendra Kumar Jain, 1507, B-Wing, One BKC, Plot No. C-66, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051, Email:- vkj310@gmail.com, having Registration No. IBBI/IPA-001/IP-P00721/2017-18/11253 as Interim Resolution Professional to carry the functions as mentioned under Insolvency & Bankruptcy Code.

10. Accordingly, this Petition is admitted.

11. The Registry is hereby directed to communicate this order to both the parties and the Interim Resolution Professional within seven days from the date order is made available.

Sd/-

V. NALLASENAPATHY  
Member (T)

Sd/-

BHASKARA PANTULA MOHAN  
Member (J)