

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH  
C.P.(IB) 527(MB)/2018**

**Under Section 7 of IBC, 2016**

In the matter of

Andhra Bank                      .... Petitioner/Financial Creditor  
  
vs.  
  
Project Master Electricals Pvt Ltd.... Corporate Debtor.

Order delivered on 10.09.2018

Coram: Hon'ble Shri B.S.V. Prakash Kumar, Member (Judicial)  
          Hon'ble Shri Ravikumar Duraisamy, Member (Technical)

For the Financial Creditor: Mr. Rohan B Agrawal, i/b MDP & Partners

For the Corporate Debtor: None present.

*Per B S V Prakash Kumar, Member*

**ORDER**

**Oral order dictated in Open Court on 07.09.2018**

It is a Company Petition filed by Andhra Bank u/s 7 of Insolvency and Bankruptcy Code, 2016 (IB Code) against the Corporate Debtor, namely Project Master Electricals Pvt Ltd, stating that the Corporate Debtor herein defaulted in making repayment of ₹10,55,03,953 despite this Financial Creditor repeatedly demanded this Corporate Debtor saying that this account has become NPA on 29.12.2016, thereafter, the Petitioner/Financial Creditor filed this Company Petition for initiation of Insolvency Resolution Process against this Corporate Debtor.

**Historical facts of the case:**

2. The Petitioner submits that on the request made by this Corporate Debtor, this Petitioner issued a sanction letter on 24.3.2014 granting the following facilities to the Corporate Debtor:

- a. Open Cash Credit – ₹9,00,00,000
- b. Sub limit against book debts – ₹4,50,00,000

- c. Letter of Credit – ₹3,00,00,000
- d. Bank Guarantee – ₹3,00,00,000.

In pursuance thereof on 22.4.2014, the charge was registered with Registrar of Companies. Later on 24.9.2015, these limits were renewed as request by the Corporate Debtor.

3. In pursuance of these sanctioned limits provided by the Petitioner herein, on 7.11.2015, this Corporate Debtor executed various documents, viz. Demand Promissory Note (at Page No.115 of the Petition), Composite Agreement (at Page no.116), Counter Guarantee (Page No.132), Confirmation Letter for recording creation of mortgage by deposit of Title Deeds (Page No.136).

4. Thereafter, since this loan has become irregular, this Account has been notified as NPA on 29.12.2016. For there being no repayment even it has become NPA, the Petitioner on 3.1.2017 issued notice under Section 13(2) of the SARFAESI Act (Page No.140).

5. In support of these documentation, the Petitioner has also filed CIBIL Report dated 6.3.2018 reflecting this debt obligation noted by CIBIL. The Petitioner has also filed statement of account as on 28.2.2018, reflecting the due outstanding against this Corporate Debtor as ₹10,55,03,953/-

6. To prove that this debt is within the limitation period, this Petitioner has also filed an acknowledgement of debt issued by the Corporate Debtor on 12.12.2015.

7. In addition to the material papers mentioned above, the Petitioner has also filed the consent letter of the Resolution professional agreeing to be appointed as IRP in the event of the admission of this Company Petition.

8. On this Company Petition being served upon this Corporate Debtor, the Counsel on behalf of the Corporate Debtor also appeared before this Bench on 31.7.2018 but whereas today none has appeared on behalf of the Corporate Debtor. Since the opportunity given to this Corporate Debtor not being availed by the Corporate Debtor to make their submissions, this Bench having seen the Corporate Debtor not made use of the opportunity given to them to defend this case, we are of the view that it is deemed situation to hold that the Corporate Debtor failed to avail the opportunity given to this Corporate Debtor for making submissions before this Bench.

9. For having the Counsel appearing on behalf of the Petitioner reminded this Bench of the Affidavit of the Authorised Representative of the Corporate Debtor, viz. Mr. S. Raju stating that "the Company was expecting to close this deal in the time span of 3-4 weeks from 31.7.2018 and the Company will receive ₹5.00 crores as token money from the said deal and the same would be used to repay the loan of the Bank". Though such an Affidavit came before this Bench, since today none has appeared on behalf of this Corporate Debtor before this Bench and no money has come to the Bank within 3-4 weeks as stated by the Authorised Representative of the Corporate Debtor, this Bench at least inferred from this Affidavit an admission from the side of the Corporate Debtor in respect to the debt liability payable to the Petitioner herein.

10. On perusal of the various documents regarding this loan transaction, in addition to the Affidavit filed by the Authorised Representative of the Corporate Debtor, we are of the view that this Corporate Debtor availed the loan facility, defaulted in making repayment to the Petitioner herein which is reflective of the debt and default in existence whereby this Company Petition is hereby admitted with the reliefs as follows:

- I (a) that 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 the 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 10.09.2018 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. Jitendra Kumar Yadav, 11 Singh House, 2<sup>nd</sup> Floor, 23 Ambalal Doshi Marg, Besides BSE, Fort, Mumbai - 400 001, Registration No. IBBI/IPA-003/IP-N00022/2017-18/10169 as Interim Resolution Professional to carry out the functions as mentioned under Insolvency & Bankruptcy Code.

9. Accordingly, this Petition is admitted.

10. The Registry is hereby directed to communicate this order to both the parties and IRP immediately and even by way of email.

SDI-

**RAVIKUMAR DURAISAMY**  
Member (Technical)

SDI-

**B. S. V. PRAKASH KUMAR**  
Member (Judicial)