IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH, COURT – III

IA/2398/2022
In
C.P.(IB)/2641(MB)/C-III-2019

(Under Section 60(5) of the Insolvency and Bankruptcy Code, 2016.)

Mr. Alok Kumar Agarwal, Liquidator
Liquidator for Sneh Sadan Traders & Agents Limited.
Cecil Court, 1st Floor, Landsowne Road, Mumbai, MH-400039.

……Applicant

Vs.

1. **National Stock Exchange of India Limited,**
   Listing Compliance, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai- 400051.

   ……Respondent No. 1

2. **Bombay Stock Exchange Limited,**
   Listing Compliance, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai- 400051.

   ……Respondent No. 2

In the matter of

Rattan India Finance Private Limited

……Financial Creditor

Vs.

Sneh Sadan Traders and Agents Limited

……Corporate Debtor

Order Pronounced on: 24.04.2024

CORAM:

SHRI CHARANJEET SINGH GULATI
HON'BLE MEMBER (T)

SMT LAKSHMI GURUNG
HON'BLE MEMBER (J)

Appearances:

For the Applicant : Adv. Shruti Singhi

For the Respondent 1: Adv. Nausher Kohli a/w Adv. Rudra Deosthali
i/b Parinam Law Associates

For the Respondent 2: Adv. Abhay Chavhan
i/b The Law Point

ORDER

Per- Charanjeet Singh Gulati, Member Technical

1. The present application is filed by Shri Alok Kumar Agarwal, Liquidator of Sneh Sadan Traders and Agents Limited ("Applicant") under Section 60(5) of the Insolvency & Bankruptcy Code, 2016 ("IBC, 2016") against National Stock Exchange of India Limited (NSE/Respondent No.1) and Bombay Stock Exchange Limited (BSE/Respondent No. 2), seeking following reliefs:

   a.) That this Hon'ble Tribunal be pleased to direct the Respondents to revoke the suspension placed on the Demat A/Cs bearing Client ID 18838056, held with IIFL Securities Ltd. bearing Depositary Participant ID IN 300394, and Client ID 10783098 with Yes Bank Ltd. bearing Depositary Participant ID- IN 303270.

   b.) To pass such Orders that this Hon'ble Tribunal may deem fit and appropriate in the facts and circumstances of the case.

Relevant Brief Facts:

2. A Petition being CP(IB)-2641/I&B/MB/2019 was filed by Rattan India Finance Private Limited under Section 7 of the IBC for initiation of Corporate Insolvency Resolution Process against the Sneh Sadan Traders and Agents Limited ("Corporate Debtor"), same was admitted by

this Tribunal vide Order dated 22.10.2019 and the Applicant was appointed as Interim Resolution Professional ("IRP") and subsequently as the Resolution Professional ("RP").

3. Subsequently, the Committee of Creditors, at its 4th meeting, approved the Liquidation of the Corporate Debtor and the same was allowed by this Tribunal vide order dated 05.07.2021 and the Applicant was appointed as Liquidator.

4. The Liquidator ascertained that the following Demat Accounts ("Demat Accounts") are in the Corporate Debtor's name:

   a. Demat A/c bearing Client ID 18838056 with IIFL Securities Ltd - Depositary Participant ID - IN 300394.
   b. Demat A/c bearing Client ID 10783098 with Yes Bank Ltd - Depositary Participant ID - IN 303270.

5. However, the Liquidator was unable to access them. The Liquidator proceeded to file a Complaint dated 13.05.2022 bearing registration no. EBIE/MH22/49895/D/1 with the Securities and Exchange Board of India ("SEBI") to seek information on the status of the Demat Accounts.

6. Vide email dated 20.05.2022, the National Securities Depository Limited ("NSDL"), informed the Applicant that the Demat Accounts have been "suspended for debits" in accordance with SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2018/77 dated 03.05.2018 and based on the PANs of Promoters/Promoter Group of non-compliant companies, being **Cox and Kings Financial Service Limited** and **Tulip Star Hotels Ltd** and, as received from National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE") respectively. The non-compliance pertains to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

7. Further, vide email dated 15.06.2022, the Applicant approached Respondent No. 1 and 2 informing them that the Corporate Debtor is undergoing Liquidation and the Applicant, being the Liquidator, is entitled to take possession of all assets of the Corporate Debtor including the shares in the Demat Accounts. It was also brought to their attention that operation of the said Demat Accounts is essential for completing the liquidation process. The Applicant requested the NSE and BSE to provide him with the process that can be undertaken to revoke the suspension of the accounts.

8. On 15.07.2022, Respondent No. 1 replied to the aforesaid email and informed the Applicant while Tulip Star Hotels Ltd. is not listed with NSE, Cox and Kings Financial Services Limited has been suspended from NSE due to non-compliance with Regulation 33 of the SEBI LODR Regulations. Respondent No. 1 informed the Applicant that for unfreezing/revoking suspension of the Demat Accounts, certain formalities shall have to be completed. A link was provided for downloading a checklist for the process of completing the revocation of suspension of the accounts.

Applicant's submission:

9. In such circumstances, the Applicant has filed the present petition and submitted that upon accessing the above-mentioned link, it is apparent that the exercise required to be undertaken for revocation of suspension of the Demat Accounts can only be done by the non-compliant Company and the same cannot be undertaken by the Applicant herein.

10. The Applicant further submitted that in terms of the provisions of the IBC, namely sections 35 and 36, the Liquidator is under a statutory obligation to take possession of the Demat Accounts and the Respondents are prohibiting the Applicant from performing his statutory duties.

11. The shares in the Demat Accounts form part of the Liquidation estate of the Corporate Debtor in terms of section 36 of the IBC and therefore, the Liquidator is under a statutory obligation to take possession of the Demat Accounts and access the shares in the said accounts. Sale of these shares held in the Demat Accounts during the course of liquidation proceedings is critical for successful completion of the liquidation process of the Corporate Debtor.

12. It is submitted that Liquidation Process is a time bound process for maximization of the value of the assets of the Corporate Debtor and balance the interest of all stakeholders. If the Liquidator is unable to take possession of all assets of the Corporate Debtor, it severely disrupts the Liquidation Process and restrains the Liquidator from performing his statutory duties. The success of an effective Liquidation Process is compromised and as an effect, the interests of all stakeholders are jeopardized.

Respondent No. 1/NSE Submissions:

13. The Respondent has stated that the Applicant has wrongly preferred the present Application under Section 60(5) of IBC whereas the appropriate remedy for the Applicant is to file an Application under Section 23(L) of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "SCRA") before the Hon'ble Securities Appellate Tribunal, Mumbai:

> *"Appeal to Securities Appellate Tribunal.*
> *23L. (1) Any person aggrieved,* ***by the order or decision of the recognised stock exchange*** *or the adjudicating officer or any order made by the Securities and Exchange Board of India under section 4B, may prefer an appeal before the Securities Appellate Tribunal and the provisions of sections 22B, 22C, 22D and 22E of this Act, shall apply, as far as may be, to such appeals...."*
>
> *(Emphasis Supplied)*

14. Further submitted that Section 23(L) of SCRA specifically provided that any person aggrieved by any order or decision of any recognised stock

exchange, in the present case NSE or BSE may approach the Hon'ble Securities Appellate Tribunal, Mumbai by way of filing an appeal. However, the Applicant has wrongly filed the present Application before this Tribunal.

15. In addition to this, the Respondent no.1 relied on ***M/s LML Ltd. v. SEBI Appeal No. 450 of 2023*** wherein the Securities Appellate Tribunal, Mumbai considered a similar issue, wherein considering the ratio laid down by the Hon'ble Supreme Court of India in "***Gujrat Urja Vikas Nigam Limited v Amit Gupta and Ors. [(2021) 7 SCC 209]***" it was observed that the legitimate jurisdiction of the Hon'ble Securities Appellate Tribunal is not ousted by considering the provision of Section 60(5) of IBC and the legitimate jurisdiction of the Hon'ble Securities Appellate Tribunal cannot be usurped where the dispute is one which does not solely arise from or relate to the insolvency of the Corporate Debtor. An application under Section 60(5) of IBC can only be entertained in cases arising solely out of or relating to the insolvency proceedings. Therefore, any issue de hors the insolvency proceedings cannot be adjudicated upon before this Hon'ble Tribunal.

16. The Respondent no.1 further submitted that it is an admitted fact that Corporate Debtor is a promoter of Cox & Kings Limited. SEBI in 2018 had issued a circular bearing reference no. SEBI/HO/CFD/CMD/CIR/P/2018/77 in order to ensure effective enforcement of the SEBI LODR. In terms of the 2018 Circular, it was obligated to intimate the depositories for freezing of the demat accounts of the non-compliant companies as well as the promoters of such non-compliant companies. Cox & Kings Limited was non-compliant with Regulation 33 of LODR. Considering which NSE send a notice to Cox & Kings Limited on 30.08.2019.

17. As Cox & Kings Limited had failed to comply with the notice dated 30.08.2019 issued by NSE. NSE in terms of 2018 Circular issued another

notice on 20.09.2019 to Cox & Kings Limited as well as its promoters including Corporate Debtor. By way of this notice NSE intimated Cox & Kings Limited as well as its promoters including Corporate Debtor that their demat account will be frozen if there is no compliance within 7 days. Considering the above and non-compliance on part of Cox & Kings Limited and its promoters, NSE by way of an email dated 03.10.2019 requested NSDL to initiate freezing of demat accounts of Cox & Kings Limited as well as its promoters including Corporate Debtor in terms of the 2018 Circular. It is pertinent to note that this action is prior to initiation of CIRP against the Corporate Debtor which was only on 22.10.2019.

18. NSE has also issued a guidance note for companies under CIRP bearing reference no. NSE/CML/2021/27 ("NSE Circular"). As per the NSE Circular it is the obligation of every insolvency professional to ensure that the company complies with the applicable laws, including SEBI LODR. Hence it is the duty of the Applicant to comply with all the applicable laws including SEBI LODR.

19. Present Application filed without prior permission of the Adjudicating Authority:

> Section 33(5) of IBC is as follows:
> "*33 (5) Subject to section 52, when a liquidation order has been passed, no suit or other legal proceeding shall be instituted by or against the corporate debtor: Provided that a suit or other legal proceeding may be instituted by the liquidator, on behalf of the corporate debtor,* ***with the prior approval of the Adjudicating Authority***".

20. A bare perusal of Section 33(5) of IBC makes it crystal clear that a company under liquidation is disbarred from initiating any proceedings without seeking prior approval of the Adjudication Authority. However, in the present case the liquidator has not sought any prior approval of

this Tribunal in terms of Section 33(5) of IBC before initiating the present Application against NSE, hence the Application ought to be dismissed.

21. In relation to this, the Respondent No.1 has relied in the matter of ***Birla Cotsyn (India) Limited Through its liquidator Mr. Anil Goel v Birla Global Corporate Private Limited -IA. NO. 80 of 2022*** – wherein this Tribunal has observed that Section 33(5) is mandatory in nature and ought to be followed prior to initiation of any kind of proceedings.

Respondent No. 2/BSE Submissions:

22. The Respondent no.2 has also raised similar objections which are as follows:

a. The relief sought by the Liquidator cannot be agitated before this Hon'ble Tribunal, as the said relief is beyond the purview of its residuary jurisdiction. The demat accounts of the Corporate Debtor were frozen by Respondent No. 2 in terms of the SOP Circular due to the non-compliances of the listed entities with provisions of LODR Regulations. The residuary jurisdiction vested with this Hon'ble Tribunal under the IBC is confined to facts and issues that arise solely out of, or in relation to the insolvency of the Corporate Debtor. The same was also the view taken by the Hon'ble Supreme Court in Gujarat Urja Vikas Nigam Limited v. Amit Gupta & Ors.

b. The present proceedings have been initiated by the Liquidator without obtaining the prior sanction or consent of this Hon'ble Tribunal.

c. Moratorium does not invalidate the act of freezing. There is no provision under the IBC that precludes the Exchange from carrying out its statutory duties under the SCRA and the LODR Regulations, which are at a great variance from the IBC. While provisions of IBC extensively deal with issues of debts due and payable by the Corporate Debtor and resolution thereof, the provisions of the SCRA and the various

Regulations framed thereunder, such as LODR Regulations are aimed at protecting the interest of investors and shareholders of the listed companies. The moratorium envisaged under IBC is on "suits and proceedings in relation to the debts payable" by the Corporate Debtor. The same cannot encroach upon the right of other authorities which have been duly empowered under a statute for a different objective. It is, therefore submitted that the freezing of demat accounts cannot be invalidated on account of the moratorium. In any case, it is evident from the timeline of events in the present case that the freezing of demat accounts was much before initiation of liquidation of the Corporate Debtor vide order dated 05.07.2021 of this Hon'ble Tribunal. Therefore, the onset of moratorium cannot invalidate such freezing.

d. Further submitted that since the action was taken in terms of the applicable SOP Circular, the process for de-freezing of demat account of the promoter/promoter group i.e., Corporate Debtor and the revocation of suspension of trading of securities of the listed entities thereof has also been laid down in the said applicable SOP Circular, which is required to be complied with. Further, Clause 27A of the Code of Conduct specified in the First Schedule to the Insolvency and Bankruptcy Board of India (Insolvency Professional) Regulations, 2016, inter alia, states that an insolvency professional shall, while undertaking assignment or conducting processes, exercise reasonable care and diligence and take all necessary steps to ensure that the corporate person complies with the applicable laws.

23. In view of this, the Respondents prayed to set aside the present Application.

Observations and Findings:

24. Heard the Parties for both the sides and perused the record.

25. SEBI issued a circular bearing reference no. SEBI/HO/CFD/CMD/CIR/P/2018/77 ("2018 Circular") in order to ensure effective enforcement of the SEBI LODR. Further, it was the obligation of all the recognized stock exchanges including NSE to intimate the depositories of non-compliance of SEBI LODR on part of any listed entity, and on receipt of such intimation, it is the obligation of the depositories to freeze or unfreeze, as the case may be, the entire shareholding of the promoter and promoter group in such non-compliant listed entity as well as all other securities held in the demat account of the promoter and promoter group.

26. Cox and Kings Financial Services Ltd. was not compliant of certain regulation of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015/SEBI LODR considering which several notices were issued to Cox and Kings Financial Services Ltd. to comply with the provisions of SEBI LODR.

27. In view of the aforesaid non compliances of SEBI LODR on the part of Cox and Kings Financial Services Ltd, NSE simultaneously addressed an email to the NSDL on 30.12.2019, thereby intimating NSDL of the non-compliance and further requesting them to take necessary steps in terms of 2018 Circular.

28. Taking cognizance of the intimation by NSE and in compliance with the 2018 Circular, NSDL simultaneously by way of letters dated 04.10.2019 and 26.11.2019 informed IIFL Securities Limited that in accordance to the 2018 Circular, the demat account has been suspended till further instructions from NSE.

29. It is clear from the NSE's submission that NSE addressed an email to the NSDL on 30.12.2019, intimating the non-compliance and requesting participant depositories to take necessary steps. Therefore, the NSDL would have taken action only and after such intimation which is on 30.12.2019 and not prior to the initiation of CIRP in the case of Corporate

Debtor, which was ordered on 22.10.2019 and simultaneous moratorium imposed under section 14 of IBC.

30. Further, the Respondent No. 1 has sent various notices on 30.08.2019, 20.09.2019, 02.12.2019, 06.02.2020, 24.02.2020, 18.02.2020, 12.02.2020, 03.03.2020 and 04.03.2020 and stated that it may freeze the demat accounts of the Corporate Debtor in the event certain fines are not paid. It is evident from the aforementioned notices that Demat accounts were not put to freeze prior to moratorium viz. 22.10.2019.

31. For ease of reference, para 3 of the abovementioned notices issued by the NSE to the Corporate Debtor after 22.10.2019 is reproduced hereinbelow:

> *"You are hereby notified to ensure compliance with respective regulation and/or make the payment of fine within 15 days from date of this notice, failing which the Exchange would initiate action of freezing the entire shareholding of the promoter and promoter group in the company as well as in other securities held in the demat account of the promoter and promoter group as per SEBI circular SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 03, 2018."*

32. Moreover, the Respondent no. 2 has also mentioned the date of Freezing in his submission at Annexure A. The Relevant timeline of Events are as following:

ANNEXURE A

Timeline of Events

Sneh Sadan Traders and Agents Pvt Limited (Liquidation w.e.f July 05,2021)

Entity	Cox and Kings Financial Services Limited	Cox and Kings Limited	Tulip Star Hotels Limited
Status	Promoter Group	Promoter	Promoter
Date of Freezing	November 19,2019	November 19, 2019	December 31, 2019

33. It is evident from the above mentioned chart that date of freezing of Demat Accounts with Client ID 18838056 and 10783098, provided by IIFL Securities Ltd. and Yes Bank Ltd. respectively, were during the moratorium period i.e. after 22.10.2019.

34. Section 14 stipulates that after the order of Corporate Insolvency Resolution Process of the Corporate Debtor from this Adjudicating Authority, a moratorium shall commence, which inter-alia prohibits encumbering assets of the Corporate Debtor.

35. For ready reference, Section 14 of IBC is reproduced here:-

> *"14(1) Subject to provisions of sub-sections (2) and (3), on the insolvency commencement date, the Adjudicating Authority shall by order declare moratorium for prohibiting all of the following, namely: —*
>
> *(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;*
> *(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.*
>
> *(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.*
> *(3) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.*
>
> *(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."

36. In the present case, the CIRP order was passed by this Adjudicating Authority on 22.10.2019, and the liquidation was ordered on 05.07.2021. Therefore, the moratorium under section 14 was applicable from 22.10.2019 to 05.07.2021. The Demat Accounts were freezed on 19.11.2019 and 31.12.2019, which was during the CIRP period, constituting a violation of the moratorium under section 14 of IBC.

37. Section 238 of the IBC provides that provisions of the Code would override other laws. For ready reference, Section 238 of IBC is reproduced here: -

"Provisions of this Code to override other laws. - The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law."

38. It can be seen from the above provisions that the provision of IBC shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force. In the instant facts of the case on account of SEBI (LODR) Regulations, the NSE and BSE have initiated actions which has resulted into suspension of debits of the Demat Account maintained by Corporate Debtor. This action of NSE/BSE are pursuant to the SEBI LODR Regulations and have taken place during the period when there was moratorium under Section 14 of the IBC and even subsequently it continued when the Corporate Debtor has been ordered to be liquidated and is in the process of liquidation. The very effect of suspension of the debits of the Demat account would mean that the shares/securities held therein by the Corporate Debtor cannot be sold and corresponding money cannot be realized by the

Liquidator. This effectively hinders the process of liquidation and therefore, the action by the NSE/BSE in terms of SEBI (LODR) Regulation during the period of moratorium/ Liquidation are inconsistence with the provisions of the Code and the objective that it seeks to achieve.

39. Also, the provision of Section 60(5) of IBC provides that this tribunal shall have jurisdiction to entertain or dispose of any application, any claim or any question of priority or question of law of facts as mentioned therein. For ready reference Section 60(5) is reproduced below: -

> *"Notwithstanding anything to the contrary contained in any other law for the time being in force, the National Company Law Tribunal shall have jurisdiction to entertain or dispose of –*
>
> *(a) any application or proceeding by or against the corporate debtor or corporate person;*
>
> *(b) any claim made by or against the corporate debtor or corporate person, including claims by or against any of its subsidiaries situated in India; and*
>
> *(c) any question of priorities or any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings of the corporate debtor or corporate person under this Code."*

It can be seen from the plain reading of the aforesaid provisions that this tribunal has powers to entertain and dispose of any application or proceedings against the Corporate Debtor including any question of priority arising out of insolvency resolution or liquidation proceedings of the Corporate Debtor as has been specifically mentioned in Clause 'a' and Clause 'c' of the aforesaid Section.

40. In the judgement of ***Gujrat Urja Vikas Nigam Limited v Amit Gupta and Ors. [(2021) 7 SCC 209],*** the Hon'ble Supreme Court has in the relevant para held as under:

> *"65. …Therefore, considering the text of Section 60(5)(c) and the interpretation of similar provisions in other insolvency related*

statutes, ***NCLT has jurisdiction to adjudicate disputes, which arise solely from or which relate to the insolvency of the corporate debtor.*** *However, in doing do, we issue a note of caution to the NCLT and NCLAT to ensure that they do not usurp the legitimate jurisdiction of other courts, tribunals and for a when the dispute is one which does not arise solely from or relate to the insolvency of the corporate debtor.* ***The nexus with the insolvency of the corporate debtor must exist.****"*

[Bold for Emphasis]

41. The harmonious interpretation of Section 238 and Section 60(5) of the Code, and decision of Hon'ble Supreme Court in the case cited above would bring out an inescapable conclusion that when there is a dispute, one which arises solely from or relate to insolvency of the Corporate Debtor then this Tribunal would have legitimate jurisdiction to deal with and decide such dispute. As has been mentioned hereinabove that in the facts, the action taken by the NSE/BSE are in teeth of provisions of Section 14 of IBC. Therefore, this tribunal shall have the jurisdiction to deal with and decide in respect of such issue/dispute. Further, such actions under SEBI (LODR) being inconsistent with the provision of the Code, the provision of the Code would apply.

42. Also, the reliance on ***M/s. LML Ltd. v. SEBI Appeal No. 450 of 2023*** by the respondents do not help their case as the Hon'ble Supreme Court in ***Gujrat Urja Vikas (Supra)*** have observed that if a nexus with the insolvency of the Corporate Debtor exists then this Tribunal have jurisdiction to decide the dispute. The CIRP or liquidation process is a time-bound process. The freezing of demat accounts during the moratorium/CIRP as is the issue in the present case would cause delay in the procedure, therefore, such action on the part of NSE/BSE are in consistent with the provisions of the Code. Accordingly, not only there is clear connection of the issue/dispute involved with insolvency of Corporate Debtor but also the action of NSE/BSE is inconsistent with the provisions and objective of IBC.

43. Further, in the matter of ***LML vs. SEBI (Supra)***, the Securities Appellate Tribunal has ordered to defreeze the demat accounts as SEBI's actions were found to be in contravention of the provisions of the IBC. Therefore, we don't foresee any difficulty or objection to deciding the issue in a similar matter. The relevant extract of the order is as follows:

> *"16. We further find that the Company went in liquidation in March, 2018 prior to the suspension of the securities of the VCCL Company which occurred on 26thNovember, 2018.* ***All subsequent action by SEBI would be in contravention to Section 52 of the IBC and direction (e) of NCLT order dated 23rd March, 2018 as extracted in the earlier part of the order.***
>
> *17. In view of the aforesaid and in view of the concession made by the respondents, the impugned communication issued by the respondent no.2 is quashed. The appeal is allowed. The misc. applications are also accordingly disposed of.*
>
> *18.* ***A direction is given to respondent nos.1 and 2 to defreeze the demat account of the appellant forthwith****. Further, the respondents will ensure and pass appropriate orders permitting the Liquidator to sell the shares of VCCL and shares of other listed companies held in its demat account. Such orders will be passed within two weeks."*
>
> ***[Bold for Emphasis]***

44. Regarding the contention that any suit or other legal proceeding may be initiated by the liquidator, on behalf of the Corporate Debtor, with the prior approval of this Adjudicating Authority, we are of the considered view that this is a procedural lapse. Additionally, the present application is currently before this Adjudicating Authority and the application has been argued at length from both the sides, and therefore, there would have no reason not to grant such permission separately under proviso to Section 33(5) of the Code.

45. In view of the above, we direct the Respondent No. 1 and 2 to revoke the suspension placed on the Demat A/Cs bearing Client ID 18838056, held with IIFL Securities Ltd. bearing Depositary Participant ID IN 300394,

and Client ID 10783098 with Yes Bank Ltd. bearing Depositary Participant ID- IN 303270.

46. Accordingly, the present application is **allowed**.

Sd/-

CHARANJEET SINGH GULATI
(MEMBER TECHNICAL)

Sd/-

LAKSHMI GURUNG
(MEMBER JUDICIAL)

Arpan, LRA