



**IN NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT- V**

C.P. 1135/IB/MB/2021

Under Section 7 of the Insolvency and
Bankruptcy Code, 2016 read with Rule 4
of the Insolvency and Bankruptcy
(Application to Adjudication Authority)
Rule 2016)

In the matter of

State Bank of India

State Bank Bhavan, Madame Cama
Road, Nariman Point, Mumbai – 400021

**..... Financial Creditor/
Petitioner**

Vs

Shri Tradco Deesan Private Limited

26, Anantwadi, 4th Floor, Bhuleshwar,
Mumbai – 400002

..... Corporate Debtor

Order Reserved On: 22.12.2022

Order Pronounced On: 15.02.2023

Coram:

Hon'ble Shri. Kuldip Kumar Kareer, Member (Judicial)

Hon'ble Smt. Anuradha Sanjay Bhatia, Member (Technical)

Appearances: -

For the Petitioner: Adv. Sagar Pathak a/w Adv. UC Nayak and Adv. Yash
Pandya i/b NV Kinit Law Firm.

For the Respondent: Sr. Adv. Gaurav Joshi a/w Adv. Ranjeev Carvalho a/w
Adv. Tejas Agarwal a/w Panit Agarwal i/b IC Legal



Per: Shri. Kuldip Kumar Kareer, Member (Judicial)

ORDER

1. The above Company Petition is filed by State Bank of India hereinafter called as the ("**Financial Creditor**") seeking to initiate Corporate Insolvency Resolution Process (**CIRP**) against Shri Tradco Deesan Private Limited hereinafter referred to as the ("**Corporate Debtor**") by invoking the provisions of Section 7 Insolvency and Bankruptcy Code (hereinafter called "**Code**") read with Rule 4 of the Insolvency & Bankruptcy (Application to Adjudication Authority) Rules, 2016 for a Resolution of Financial Debt of Rs. 147,86,14,870/.
2. Succinctly put, the case of the Petitioner is that the Corporate Debtor is a wholly owned subsidiary of Shri Tradco Deesan Private Limited and is engaged in the manufacturing of Maize Based Food, Feed and Industrial Derivatives Products. A total amount of Rs.105.62 Crores was granted as loan to the Corporate Debtor. Initially, the Corporate Debtor was sanctioned credit facilities aggregating to Rs. 56.50 Crores vide sanction Letter No. ADV/12/13 dated 25.10.2012 as per the following details.

Sr No.	Credit Facility/ies	Sanctioned Limit (INR in Crs)
1.	Cash Credit	30.00
2.	Stand by Line of Credit	4.50
3.	Corporate Term Loan	20.00
4.	Bank Guarantee	2.00
Total		56.50



3. Subsequently, the credit limits were renewed and reviewed from time to time. Certain fresh limits were also sanctioned on three or four occasions between the years 2013 to 2018. The details of the subsequent renewal/enhancement in the sanctioned credit limits are as follows: -

Date of Sanction	Sanction Reference	Total Limit (INR in Crs)
13.11.2013	AGM/SEEPZ/2013-14/566	97.40
17.03.2015	AGM/SEEPZ/CR/2014-15/186	123.35
03.04.2017	AGM/SEEPZ/AMT/2017-18/002	115.58
10.04.2018	DGM/SEEPZ/AMT-II/2018-19/19	106.98

4. Thereafter, in the year 2019, on the request of the Corporate Debtor, the Financial Creditor enhanced the cash credit limit from the present level of INR 45 crores to INR 55 crores and to review/renew all other credit limits sanctioned to it at its existing levels as per the following details: -

Sr No.	Credit Facility/ies	Sanctioned Limit (INR in Crs)
1.	Cash Credit	55.00
2.	Stand by Line of Credit	7.50
3.	Bank Guarantee	5.00



4.	Term Loan I	14.31
5.	Term Loan II	23.81
Total		105.62
Sanction Reference: DGM/SEEPZ/AMT-I/2018-19/946 dated 12.03.2019.		

5. To avail the loan facilities, the Corporate Debtor executed various documents in favour of the Financial Creditor hypothecating all the stocks, plant and machinery and other movable assets and also executed registered mortgage of factory and building situated at Dhule Mumabi-Agra Highway, Maharashtra and in respect of Commercial NA Plot No. 15 to 38 at Gat No. 861 B located at Hupari Hatkanangale, District Kolhapur admeasuring 4643.52 sq. mts. The Corporate Debtor further executed registered Mortgage of Gala No. 265, Building No. 10, Plot No. 85 located at Ichalkaranji Powerlook Kapad Market Co-op Housing Society, Ichalkaranji Tal Hatkanangale, District Kolhapur and Flat No. 265 Building No. 10, Plot No. 85 located at Ichalkaranji Powerlook Kapad Market Co-op Housing Society, Ichalkaranji Tal Hatkanangale, District Kolhapur. The Financial Creditor has annexed CA Certificate dated 23.11.2020 confirming Registration of Charge on assets of the Corporate Debtor is annexed as Annexure 4. The Corporate Debtor duly accepted copy of letter arrangement dated 25.10.2012, copy of loan agreement for overall limit dated 25.10.2012 and hypothecation of goods & assets and Deed of Guarantee for overall limit dated 25.10.2012, sanction letter dated 13.11.2013, Memorandum for Creation of Equitable Mortgage dated 19.12.2013 and other documents are annexed in the Petition.
6. The Petitioner/ Financial Creditor has further claimed that from the year 2019 onwards, the Corporate Debtor was facing shortage of raw materials and certain problems with regard to realization of its receivables from its group



companies. As a result, many irregularities happened in the operation of the accounts. Despite there being a continuous follow up from the Financial Creditor, the Corporate Debtor failed to regularize the accounts, with the result that the accounts was classified as NPA with effect from 26.08.2019 in accordance with the guidelines of the Reserve Bank of India. Subsequent to that, the Authorized Officer of the Financial Creditor issued Notice under Section 13(2) of SARFAESI Act, 2002 to the Corporate Debtor as well as Guarantors on 03.06.2021. The Financial Creditor also issued Recall Notice dated 15.07.2021 and the Guarantors recalling the entire Credit facilities sanctioned to the Corporate Debtor. No positive response to the notice under Section 13(2) of Notice and the Recall Notice were received from the Corporate Debtor. As on 31.08.2021, a total amount of default and payable by the Corporate Debtor stood at INR 147,86,14,870 plus further interest and costs from 01.09.2021. It has further been claimed that the account was declared NPA and the date of default is also reflected as 29.05.2019 in the NeSL portal. Since the Corporate Debtor has failed to repay the aforesaid loan facilities availed by from time to time and has committed default, the CIRP be initiated against the Corporate Debtor under Section 7 of the Code.

Reply filed by the Corporate Debtor

7. The Corporate Debtor has opposed the application tooth and nail. In the reply filed, it has been pleaded by the Corporate Debtor that the Petition is wholly misconceived and untenable in law as no amount is due or payable to the Petitioner. On the contrary, the Petitioner is liable to pay more than the sum of Rs. 200 Crores to the Corporate Debtor for the losses and damages suffered by it on account of irresponsible and malafide conduct of the Petitioner. According to the Corporate Debtor vide order dated 16.07.2020 passed in Company Petition No. 2631 of 2019, CIRP was initiated against the Corporate Debtor by NCLT Mumbai. Thereafter, an Appeal was filed before the Hon'ble NCLAT by the Managing Director of the Corporate Debtor against the order dated 16.07.2020. During the time, the Corporate Debtor was in CIRP, widespread



robberies, theft, burglaries, destruction took place in the factory and office of the Corporate Debtor at Dhule. In this regard, the Corporate Debtor has lodged complaint before the Police Authorities for registering a case and the same is under investigation. Owing to the said circumstances, the complete records are not available with the Corporate Debtor. The incidents of theft and robberies were duly reported to the Petitioner-Bank.

8. It has further pleaded in the reply that vide order dated 15.03.2021, the Hon'ble NCLAT set aside the order dated 16.07.2020. During the CIRP period, the Petitioner-Bank did not avail the theft insurance in respect of the factory of the Corporate Debtor resulting in acute loss to the latter. The Petitioner-Bank was the majority CoC member during the CIRP Process when the thefts and burglaries of goods machineries and equipments worth Rs. 53 Crores took place in the factory and in the process, entire machinery factory equipment was damaged and broken down increasing the overall loss to the extent of Rs. 100 Crores.
9. It has further pleaded that the Corporate Debtor that in the month of July 2019, the Corporate Debtor had entered into agreement with one Cargill Group of USA which had agreed to infuse working capital of around Rs. 200 Crores into the Corporate Debtor and the Corporate Debtor had entered into a profit sharing in the agreement in the ratio of 50-50 with the said group. However, in the meantime, the accounts of the Corporate Debtor were frozen, and the Petitioner Bank neglected to grant permission to the Corporate Debtor to resume operations with the result that the factory was practically shut down. Even now, the Cargill group is ready and willing to invest money into the business of the Corporate Debtor which would save the business of the Corporate Debtor and also secure the interest of the small industries workers and farmers who are getting business from the Corporate Debtor, but the Petitioner is bent upon putting the Corporate Debtor through the rigors of the CIRP. The Corporate Debtor never denied the lawful dues, but the Petitioner never co-operated nor considered any plan or proposal of the Corporate Debtor.



10. The Respondent/ Corporate Debtor has further claimed that it availed benefit of incentives scheme of Government of India under which it was entitled to subsidy funded by the Government of India for a sum of Rs. 110 crores which was to be paid out of SGST refund by the State Government. Electricity Duty Refund and Octroi/LBT refund were also sanctioned. The Corporate Debtor produced and used 20,000 cubic meters of Biogas per day and on this ground, the Corporate Debtor was incentivized by the Government of India with subsidy of Rs. 1.66 Crores and Rs. 4 crores. The Petitioner Bank was aware of all these facts and despite that, is bent upon pushing the Corporate Debtor into CIRP with an ulterior motive knowing fully well that a sum of Rs. 129 crores was receivable by the Corporate Debtor as Operational Debts.
11. It has further been pleaded that the Petitioner Bank has suppressed material facts while filing the instant petition. Moreover, the accounts provided by the Petitioner-Bank are incomplete, improper and blank material particulars. In this regard, the Corporate Debtor has filed an IA 1059 of 2022 which was partly allowed vide order dated 06.09.2022. The Petitioner-Bank has also been indulging in forum shopping as previously the Petitioner had filed an original Application No. 638 of 2021 seeking recovery certificate under the SARFAESI Act before the Hon'ble Debt Recovery Tribunal, Mumbai where the Petitioner is yet to prove its claim. Therefore, it is not open for the Petitioner to seek initiation of CIRP. Even otherwise the Petition is not maintainable as the alleged default took place during the period which is covered under Section 10A of the Code. The Corporate Debtor has further pleaded that even otherwise, the discretionary relief under Section 7 of the Code cannot be granted in this case as the current management account of the Corporate Debtor has been successfully running the factory and its operations from 2010 onwards and never committed default until the alleged default in 2019. Moreover, the business of the Corporate Debtor can be sustained as entities like Cargill Group are ready to invest working capital of Rs. 200 crores in the business of the Corporate Debtor. Therefore, the present petition is nothing but a gross abuse of the process of law and is liable to be dismissed.



Rejoinder filed by the Petitioner-Bank

12. The Petitioner-Bank filed rejoinder reiterating the averments made in the Petition and controverting those made in the reply filed by the Corporate Debtor. According to the Petitioner, after the CIRP was initiated against the Corporate Debtor vide order dated 16.07.2020, the suspended Board of Directors of the Corporate Debtor did not hand over the control of the factory to the IRP nor the IRP visited the factory located at Dhule, Maharashtra. The COC Members were kept in the dark regarding the alleged theft which could have been avoided if the promoters of the Corporate Debtor had lawfully and dutifully handed over the control of the factory premises to the IRP. Thereafter, the RP appointed by the COC visited the factory for the first time on 01.01.2021 after receiving calls from few ex-employees and till the time, the COC members were not aware about the alleged theft which was attributable to the fact that a security guards had not been deployed at the concerned factory premises for a significant period of time by the promoters. It was also found that the erstwhile guards of the premises had abandoned their post in the month of March owing to non-payment of their wages and prior to their departure had also written a letter to the police on 05.10.2019 that they should not be held accountable for any untoward incidents which might occur in the premises subsequent to their departure.

13. The Corporate Debtor also filed reply to the rejoinder reiterating and supplanting its position as set forth in the reply.

Findings: -

14. We have heard the Parties and gone through the records.

15. During the arguments, the Counsel for the Petitioner has argued that it is a fit case for initiation of CIRP against the Corporate Debtor and according to the Counsel for the Petitioner, different credit facilities amounting to Rs. 105.62 Crores was granted to the Corporate Debtor from the year 2012 onwards.



However, from 2018 onwards the Respondent failed to regularize the account, with the result that the account was classified as NPA on 26.08.2019. Thereafter, a notice dated 03.06.2021 was also served upon the Corporate Debtor under Section 13(2) of SARFARSI Act, 2002 and a recall notice dated 15.07.2021 was further issued as no positive response was received from the Corporate Debtor, the Petitioner issued another legal notice dated 16.09.2021 upon the Corporate Debtor and its Guarantors for repayment of the total due amount of Rs. 147.86 crores. The Counsel for the Petitioner has further pointed out that at the instance of one of the Operational Creditors of the Corporate Debtor, CIRP process was initiated by the NCLT, Mumbai vide order dated 16.07.2020. Though, in Appeal preferred before the Hon'ble NCLAT, the order dated 16.07.2020 was set aside on 15.03.2021 but in the process, during the subsistence of CIRP, considerable time was lost which could otherwise be utilized for the revival of the Corporate Debtor by entrusting the management to some competent Resolution Professional. Moreover, the promoters of the Corporate Debtor did not cooperate in the said CIRP inasmuch as they did not hand over the control of the factory to the IRP. Besides, the IRP himself was negligent and did not perform his duty carefully and also kept the COC in dark about some theft allegedly took place in the factory premises and the Petitioner Bank came to know only when a regular RP was appointed who visited the premises on 01.01.2021. The Counsel for the Petitioner has further pointed out that the Corporate Debtor's Dhule factory had ceased the productions on the month of March 2019 onwards with the result that account was classified as NPA and therefore, there is no possibility of revival of the business under the present management and the CIRP is the only solution available. The Counsel for the Petitioner has further requested that since the Corporate Debtor has failed to sustain the business and pay the outstanding dues to the Petitioner-Bank, the petition is liable to be admitted.

16. On the other hand, the Counsel for the Corporate Debtor has argued that the Petitioner- Bank has miserably failed to make out a case for initiation of CIRP against the Respondent/Corporate Debtor. The Counsel for the



Respondent/Corporate Debtor has argued that the Petitioner Bank has not established either the debt or the default which are mandatory conditions while filing the Petition under Section 7 of the Code. According to the Counsel for the Petitioner, the record of debt has not been produced on record. No statement of account of the alleged credit facilities has also been placed on record which might prove the disbursement of the debt as well as the default. The Counsel for the Petitioner has further pointed out that there are serious discrepancies in the accounts and the entries made therein which have been placed on record and relied upon by the Petitioner-Bank. The said discrepancies have not been cogently explained which makes the entire record produced by the Petitioner Bank suspicious and manipulated.

17. It has also been pointed out by the Corporate Debtor that the Petitioner Bank has been instrumental in causing loss to the Corporate Debtor. In this regard, it has been pointed out during the pendency of the CIRP process initiated by order dated 16.07.2020, the Petitioner Bank being one of the primary members of the COC through its IRP/ RP could not protect and safeguard the factory premises of the Corporate Debtor with the result that thefts and burglaries took place in the factory premises resulting in a loss of more than Rs. 53 Crores to the Corporate Debtor. In this regard, the Corporate Debtor has filed a counter claim against the Petitioner Bank before the DRT, Mumbai claiming compensation and damages against the Petitioner Bank and the said counter-claim is pending for adjudication. In this regard, it has further been pointed out that the Corporate Debtor had entered into profit sharing agreement with one Cargill Group based in USA and the said Group was willing to infuse investment of around Rs. 200 Crores in the business of the Corporate Debtor but due to acts and omissions of the Petitioner-Bank as the accounts of the Corporate Debtor were illegally frozen by the Petitioner-Bank, the deal being struck with the Cargill Group could not fructify.

18. The Counsel for the Corporate Debtor has further submitted that the Corporate Debtor was entitled to various incentives and subsidies in the shape of GST



Refund amounting to Rs. 110 crores, Electricity Duty Refund of Rs. 5 Crores, Octroi/ Local Body Tax Refund of Rs. 5/6 Crores. Apart from that, the Corporate Debtor was also entitled to receive an investment in the form of subsidy from the Government Bank of India of Rs. 110 crores and also entitled to Bio diesters subsidy of Rs. 1.66 crores and Biogas subsidy of Rs. 4 crores. Apart from the subsidies, the Corporate is also entitled to receive more than a sum of Rs. 129 crores from its Operational Debtors and this fact has been in the knowledge of the Petitioner Bank. Therefore, according to the Counsel for the Corporate Debtor, the business of the Corporate Debtor can be sustained and under the facts and circumstances of the case, the CIRP process cannot be initiated.

19. It has also been argued by the Counsel for the Corporate Debtor that the Petitioner Bank has been indulging in forum shopping inasmuch as it has simultaneously initiated proceedings under the SARFAESI before the Hon'ble Debt Recovery Tribunal against the Corporate Debtor where the latter has also filed a counter-claim which is sub-judice and is most likely to succeed and, therefore, under the circumstances the petition under Section 7 should not be allowed and be dismissed in support of his arguments.

20. The Counsel for the Corporate Debtor has relied upon: "**The Pullangoda Rubber Produce Co. Ltd. Vs. State of Kerala and Another (1972) 4 SCC 683**"

- (i) Whereby it has been held that entries in books of account are not conclusive and are rebuttable.
- (ii) The Counsel for the Corporate Debtor has further relied upon "**Vidharba Industries Power Limited Vs. Axis Bank Limited (2022) 8 SCC 352**" whereby it has been held by the Hon'ble Supreme Court that ordinarily NCLT would have to exercise its discretion to admit an Application under Section 7 and initiate CIRP on satisfaction of the existence of the financial debt and default on the part of the Corporate Debtor in payment of debt



unless there are good reasons not to admit the Petition. It was further held that it is not mandatory for NCLT to admit the Petition filed under Section 7 by the Financial Creditor even when there is existence of debt and default in payment.

- (iii) The Counsel for the Corporate Debtor has further relied upon **"Dheeraj Wadhawan Vs. Yes Bank and others in Company Appeal (AT) (Ins.) No. 953 of 2021"** whereby Hon'ble NCLAT has held that for initiating proceedings under Section 7, the Financial Creditor has to prove the default has occurred and the crucial question for admitting Section 7 application is whether a default has been committed by the Corporate Debtor. It was further held that without returning any finding that default was committed on a particular date, the admission order cannot be passed and the Bank cannot be allowed to take benefit of its own ground.

21. We have thoughtfully pondered over the contentions raised by the Counsel for the Parties and have also gone through the case law cited by the Counsel for the Corporate Debtor in support of his contentions.

22. In the present Petition, the Petitioner Bank has claimed that Cash Credit Facilities/Term loans were availed of by the Corporate Debtor from 25.10.2012 onwards and as per the detail provided in Part IV of the Petition, the Corporate Debtor had availed loan facilities, cash credit facilities to the tune of Rs. 105.62 Crores sanctioned vide sanction letter dated 12.03.2019. It has also been claimed that as on 31.08.2021, a total sum of Rs. 147,86,14,870/- was outstanding against the Corporate Debtor. In Part IV of the Petition itself, it has been unequivocally claimed that the account was classified as NPA with effect from 26.08.2019 in accordance with the guidelines of Reserve Bank of India and it came to be reflected in the NeSL portal whereas the date of default was reflected as 29.05.2019. It can be made out that the account became irregular with effect from 29.05.2019 and was accordingly reflected in the NeSL portal.



It cannot be disputed that as per RBI guidelines, an account can be treated as NPA only after a period of 90 days from the date it becomes irregular. Therefore, it cannot be said to be any discrepancies if the date of default is 29.05.2019 following which the account was classified as NPA on 26.08.2019. It has also been held that Hon'ble Supreme Court in "**Laxmi Pat Surana Vs. Union of India & Anr. in SCC Civil Appeal No. 2734 of 2020**" that upon declaration of the loan account/debt as NPA can be reckoned as the date of default to enable the Financial Creditor to initiate action under Section 7 of the Code. It was further held that Section 7 comes into play when the Corporate debtor commits default. Section 7 consciously uses the expression "default" and not the date of notifying the loan account of the Corporate Debtor as NPA. It was further observed that expression "default" has been defined in Section 3 (12) to mean non-payment of debt when whole or any part of instalment of the amount of debt has become due and payable and is not paid by the Debtor. Therefore, it is abundantly clear that the date of default is correctly claimed as 29.05.2019 when the account became irregular and was also so reflected in the NeSL portal. Simply because the account was declared NPA on 26.08.2019 cannot be made a ground to claim the declaration of the account as NPA was the date of default. In the given circumstances, the contention that the date of default mentioned in Part IV is wrong or untenable cannot be said to be correct.

23. During the course of argument, the Counsel for the Corporate Debtor has pointed out certain discrepancies in the accounts statements of the Corporate produced on record by the Petitioner Bank. The Counsel for the Corporate Debtor has highlighted that there are discrepancies in the statements of Account No. 32622172772 at many pages and as many as 12 pages are missing. It has also been pointed out that there are more discrepancies in the statement of Account No. 31179826283 produced by the Petitioner Bank. It has also been pointed out that many pages in the account statements have been manipulated and on certain pages, last entry of the page does not match with the first entry of the subsequent page. It has further been pointed out by the Counsel for the Corporate Debtor that at certain places, statements of certain



period are altogether missing which shows that the accounts are fudged or manipulated and on the basis of such defective and faulty statements of account, no inference can be drawn with a huge debt of Rs. 147.86 crores is outstanding against the Corporate doctor. In support of his contentions, the Counsel for the Corporate Debtor has relied upon "**The Pullangoda Rubber Produce Co. Ltd. Vs. State of Kerala and Another (supra)**", whereby it was held that though the entries in books of account, the same are not conclusive and are rebuttable.

24. We have thoughtfully considered the above contention raised by the Counsel for the Corporate Debtor. It is not the case of the Corporate Debtor that loan/cash credit facilities and term loan to the tune of Rs. 105.62 crores were not availed by the Corporate Debtor. Moreover, this Authority while dealing with Petition under Section 7 of the Code is not to determine the exact amount of the outstanding dues of the Corporate Debtor. It cannot be disputed that proceedings under Section 7 of the Code are summary in nature. This Authority has simply to see as to whether the outstanding dues in respect of which the default has been committed by the Corporate Debtor is above the threshold limit of Rs. 1 Crore. Therefore, even if in the statement of accounts, which are quite voluminous, there are minor discrepancies, as pointed out by the Counsel for the Corporate Debtor, the same cannot be made a ground to outrightly reject the Petition especially when there is overwhelming prima-facie evidence of the fact that the Corporate Debtor is in default of dues of more than Rs. 100 crores. The law laid down in the above citation, cannot also applied to the facts and circumstances of the present case as it is not a court where suit for recovery has been filed by the Petitioner Bank.

25. As regards, the contentions raised by the Counsel for the Corporate Debtor that in the light of the law laid down in "***Vidharba Industries Vs. Axis Bank Limited***" by the Hon'ble Supreme Court discretion of initiating CIRP against the Corporate Debtor should not be exercised, in our considered view, it can be discerned from the record that the Corporate Debtor has been in default



since the year 2019 and even the factory of the Corporate is not operational ever since. That being so, coupled with the fact that the Corporate Debtor is under a huge debt of burden, it cannot be said that it is not a fit case where the petition under Section 7 of the Code should not be admitted.

26. As a result of above discussion, we are of the considered view that since the Petitioner has been able to reasonably proof on record that there is a debt of more than Rs. 140 crores in respect of which the default has been committed by the Corporate Debtor, the petition under Section 7 deserves to be admitted. It is ordered accordingly in the following terms.

ORDER

- A. The above Company Petition No. (IB) 1135 of 2021 is hereby allowed and initiation of Corporate Insolvency Resolution Process (CIRP) is ordered against ***Shri Tradco Deesan Private Limited.***
- B. Since the Financial Creditor has suggested the name of IRP to perform the duties of the Interim Resolution Professional (IRP) in the petition, this Bench hereby appoints ***Mr. Harshad Shamkant Deshpande,*** Insolvency Professional, Registration No: IBBI/IPA-001/IP-P00166/2017-18/10335, having Email id harshad_de@hotmail.com as the Interim Resolution Professional to carry out the functions as mentioned under the Insolvency & Bankruptcy Code, 2016.
- C. The Financial Creditor shall deposit an amount of Rs. 5 Lakhs towards the initial CIRP costs by way of a Demand Draft drawn in favour of the Interim Resolution Professional appointed herein, immediately upon communication of this Order. The IRP shall spend the above amount only towards expenses and not towards his fee till his fee is decided by COC.



- D. That this Bench hereby prohibits 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; transferring, encumbering, alienating or disposing of by the Corporate debtor any of its assets or any legal right or beneficial interest therein; 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 Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.
- E. 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.
- F. 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.
- G. That the order of moratorium shall have effect from the date of pronouncement of this order 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.



- H. That the public announcement of the Corporate Insolvency Resolution Process shall be made immediately as specified under Section 13 of the Code.
- I. During the CIRP period, the management of the Corporate debtor will vest in the IRP/RP. The suspended directors and employees of the Corporate debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP/RP.
- J. Registry shall send a copy of this order to the Registrar of Companies, Mumbai, for updating the Master Debtor of the Corporate Debtor.
- K. Accordingly, the C.P.(IB) 1135 of 2021 is '**admitted**'.
- L. The Registry is hereby directed to communicate this order to both the parties and to IRP immediately.

Sd/-
ANURADHA SANJAY BHATIA
MEMBER (TECHNICAL)

Sd/-
KULDIP KUMAR KAREER
MEMBER (JUDICIAL)