

**NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH  
COURT HALL NO: II**

**Hearing Through: VC and Physical (Hybrid) Mode**

**CORAM: SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (J)**

**CORAM: SHRI. SANJAY PURI, - HON'BLE MEMBER (T)**

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,  
HYDERABAD BENCH, HELD ON 02.02.2024 AT 10:30 AM

|                                  |                                               |
|----------------------------------|-----------------------------------------------|
| TRANSFER PETITION NO.            |                                               |
| COMPANY PETITION/APPLICATION NO. | IA (IBC)/191/2024 in CP(IB) No.166/7/HDB/2019 |
| NAME OF THE COMPANY              | Suryajyothi Spinning Mills Ltd                |
| NAME OF THE PETITIONER(S)        | State Bank of India                           |
| NAME OF THE RESPONDENT(S)        | Suryajyothi Spinning Mills Ltd                |
| UNDER SECTION                    | 7 of IBC                                      |

**ORDER**

**IA (IBC)/191/2024**

Orders pronounced, recorded vide separate sheets. In the result, the Petition is allowed.

**Sd/-**

**MEMBER (T)**

**Sd/-**

**MEMBER (J)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH - II, HYDERABAD**

**I.A. No.191 of 2024 in  
C.P. (IB) No.166/7/HDB/2019**

**Under Section 35(1)(n) read with Section 60(5) of  
Insolvency and Bankruptcy Code, 2016**

**In the matter of M/s.Suryajyoti Spinning Mills Limited**

**Between:**

Mr.G.Madhusudhan Rao,  
Liquidator of M/s.Suryajyoti Spinning Mills Limited,  
Flat No.1209, 11<sup>th</sup> Floor,  
Vasavi MPM Grand,  
Yellareddyguda Road,  
Ameerpet,  
Hyderabad – 500 073.

**...Applicant/Liquidator**

**In the matter of :**

State Bank of India,  
SAM Branch,  
H.No.5-9-76, 2<sup>nd</sup> Floor,  
Alcazar Plaza & Towers,  
Road No.1, Banjara Hills,  
Hyderabad – 500 034.

**...Financial Creditor**

**Versus**

M/s.Suryajyoti Spinning Mills Limited,  
Burgul Village, Farroqnagar Mandal,  
Mahbubnagar District – 509 020,  
Telangana.

**...Corporate Debtor**

**Date of Order: 02.02.2024**

**Coram:**

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)  
Sri Sanjay Puri, Hon'ble Member (Technical)

**Counsel/Parties present:**

For Applicant : Ms.Mummaneni Vazra Laxmi,  
Advocate.

**Heard on : 30.01.2024**

**Per: Rajeev Bhardwaj, Member (Judicial)**

**ORDER**

1. Facing difficulty in getting access to the industrial unit of the Corporate Debtor and consequently selling it to the prospective buyer, the liquidator approached this Authority seeking police protection.
2. The Corporate Debtor is engaged in the business of spinning cotton, polyester and PV Blends, having 4 units located at the following places in the District of Mahabubnagar, Telangana.

| S.No. | Unit              | Location                                                 |
|-------|-------------------|----------------------------------------------------------|
| 1     | Makthal Village   | Makthal – Narayanpet Road, Makthal Village, Mahabubnagar |
| 2     | Burgul Village    | National Highway No.7, Burgul Village, Mahabubnagar      |
| 3     | Rajapur Village   | National Highway No.7, Hyderabad                         |
| 4     | Kucherkal Village | National Highway No.7, Kucherk                           |

- 2.1 The Corporate Insolvency Resolution Process (CIRP) was started against the Corporate Debtor vide order dated 05.09.2019. When no resolution plan was received, the Corporate Debtor went into liquidation vide order dated 18.04.2023. The present liquidator replaced the earlier one vide order dated 30.07.2023.
- 2.2 The first notice for the sale of the Corporate Debtor as a going concern was issued on 06.08.2023, but it was unsuccessful. Subsequently, the second notice was issued on 19.11.2023 and the liquidator received expression of interest and EMD for Burgul unit of the Corporate Debtor. However, the prospective bidder withdrew from the bidding process

because of hindrance created by some vested interests, particularly in relation to have access to this unit.

- 2.3 The approach road to the Burgul unit was from the sub way/National Highway No.7, which was being used by the Corporate Debtor as well as the resolution professional and former liquidator.
- 2.4 Blocking of the passage was discussed by the SCC members in 12<sup>th</sup> SCC Meeting and it was also brought to the notice of Mr.Arun Agarwal, Promoter, Suspended Board member and shareholders, who informed that the land over which the said passage exists is owned by a temple and earlier they had arrangements with the owners of the land since 90's to use it.
- 2.5 Keeping in view the hindrances created on the passage, the liquidator and the SCC members decided to break some portion of the boundary wall of the Corporate Debtor on the north side to get access to the unit. When on 23.12.2023, the liquidator made all arrangements to break the wall and erect gate, the retired/ex-workmen/employees started dharna, erected tent and started shouting slogans. They did not allow the liquidator and his team to break the wall.
- 2.6 The employees and workmen have not only physically stopped the work, but also filed two IAs 908 of 2023 and 1288 of 2023 to stop the third sale notice dated 22.12.2023 and further praying for status quo on the liquidation process.
- 2.7 As the liquidation process is to be completed in a time bound manner, the liquidator approached this Authority for getting police help so that the obstruction on the passage leading to the Burgul unit of the Corporate Debtor is cleared.
3. We have heard the submissions of the liquidator and also gone through the entire records.
4. One of the important objectives of the Code is to bring the insolvency law in India under a single unified umbrella with the object of speeding up of the insolvency process for maximization of value of assets. This avowed objective will be defeated if the situation like the present one is

Date of Order: 02.02.2024

allowed to be continued with impunity. To achieve the goal set by the Parliament, the hooliganism created by vested interests is to be dealt with iron hands.

5. There was no problem until Burgul unit was under the control of the Corporate Debtor or RP or the previous liquidator. The trigger was when the present liquidator started the process of selling the property by issuing sale notice in the newspaper. The first sale notice was unsuccessful because no bid was received. In pursuance of the second sale notice, the prospective bidder withdrew because of issue relating to approach to the Burgul unit of the Corporate Debtor. When the third sale notice was issued, the matter became open as the retired/ex-workmen/employees stopped the liquidator from entering into the premises of the Corporate Debtor on one pretext or the other. They even filed 2 IAs for stopping the liquidation process and further stopping the sale of the Corporate Debtor.
6. In democracy, it is not Jungle Law but Rule of Law which prevails. Rule of Law means that all entities, including the government, must adhere to the supremacy of the law. Nobody has any right to take the law in his own hands by creating obstacles in the lawful activities. After the CIRP was initiated, it is for this Authority to see what is best in the interest of the stakeholders. The RP or liquidator only steps into the shoes of the previous management. Therefore, new regime can't be asked to use some other passage and if somebody has any right to such passage, it is to be decided by this Authority whenever interested party raises such issue. Suddenly, access to such passage can't be denied on 'whims and fancies' of certain individuals.
7. The purpose behind stopping the liquidator or his team to enter the Burgul unit is to stop the sale of the Corporate Debtor. Therefore, persons with vested interests first dug the passage by putting up a board that 'this land belongs to some third person' and when the liquidator started looking for alternative passage by breaking the wall of the unit, their henchmen etc, got the work stopped.
8. Having regard to the facts and circumstances, we are of the considered view that granting police help necessary for the ends of justice or to

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prevent abuse of process of law. Every court/tribunal is constituted for the purpose of doing justice according to law and must be deemed to possess, as a necessary corollary, and as inherent in its very constitution, all such powers as may be necessary to do the right and to undo the wrong in the course of the administration of justice. Unless this is done, the rule of law will not prevail and orders would not be effectively implemented.

9. The situation objectively warrants such an exercise of power. Granting of police assistance in implementing the order of this Authority would uphold the dignity and effectiveness of law. The special procedure for police help is required in the circumstances because there are reasonable grounds to suppose/believe that the execution of order of this Authority will not be effected without serious danger to public peace, apprehension of violence or obstruction from vested interests.
10. To behold the majesty of law, it is decided that police protection be provided to the liquidator to have access to the Burgul unit of the Corporate Debtor in one of the two ways:
  - a) To remove any obstruction from the existing passage of the Burgul unit of the Corporate Debtor; or
  - b) To break open the wall from National Highway 7 on the North side of the Burgul unit of the Corporate Debtor as shown in the site plan. However, the access from the National Highway is subject to rules and regulations of the National Highway Authority. In such cases, the authority concerned shall decide the matter within 7 days of moving the application by the liquidator.
11. The Superintendent of Police and Station House Officer, Shadnagar Police Station # 3695+534, Shadnagar, Telangana – 509 216 are directed to ensure compliance of the above directions.
12. With the above directions, **IA No.191/7/HDB/2024 in CP(IB) No.166/7/HDB/2019** is allowed.

**SD/-**  
**SANJAY PURI**  
**MEMBER (TECHNICAL)**

**SD/-**  
**RAJEEV BHARDWAJ**  
**MEMBER (JUDICIAL)**

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