

**IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT-I**

CP (IB)/ 903 (MB) 2019

Under section 7 of the Insolvency and
Bankruptcy Code, 2016 read with Rule 4
of the Insolvency and Bankruptcy
(Application to Adjudicating Authority)
Rules, 2016

In the matter of

Stressed Assets Stabilization Fund

[Identification number: PAN no.
AAETS8709G]

... Applicant/Financial Creditor

Versus

Krystal Stone Exports Ltd.

[CIN: U26960MH1995PLC088708]

... Respondent/Corporate Debtor

Order Pronounced on 03.05.2024

Coram:

Hon'ble Member (Judicial): Justice V. G. Bisht (Retd.)

Hon'ble Member (Technical): Sh. Prabhat Kumar

Appearances:

For the Financial Creditor : Mr. Shashank Deo,
Advocate

For the Corporate Debtor : Mr. Mohit Nandwani,
Advocate

ORDER

Per: Sh. Prabhat Kumar, Hon'ble Member (Technical)

Brief facts:

1. This Company Petition was filed under section 7 of the Insolvency and Bankruptcy Code, 2016 (“**IBC/Code**”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by **Stressed Assets Stabilization Fund** ("hereinafter referred to as Applicant/ Financial Creditor"), seeking to initiate Corporate Insolvency Resolution Process (CIRP) against **Krystal Stone Exports Ltd** ("hereinafter referred to as Respondent/Corporate Debtor").
2. This Tribunal vide order dated 24.09.2019 admitted the Corporate Debtor into the CIRP process after noting that the Corporate Debtor chose not to appear or file an objection against the admission of this application. Thereafter, the Corporate Debtor was admitted into the liquidation vide order dated 07.09.2023 passed in IA 1708/2023 after no resolution plan could be received in the case of the Corporate Debtor. However, The order dated 24.09.2019 was set aside by Hon’ble NCLAT vide its order dated 26.09.2023 holding that “*sufficient cause was made out by the Appellant for recall of the Order dated 24.09.2019 in result we allow the Appeal, set aside the Order dated 21st June, 2023, allow I.A. No. 522 of 2020. The result is CP(IB) No. 903(MB)/2019 is revived before the Adjudicating Authority to be heard and decided at an early date. We further allow the Appellant to file a Reply to Section 7 Application within two weeks from today and thereafter Adjudicating*”

Authority may fix a date after two weeks and may decide the matter expeditiously as the same is pending for last several years”.

Facts of the Case:

3. The Applicant is a Financial Institution under Sec.2(h)(ii) of Recovery of Debts due to Bank & FI Act, 1993 and is a special purpose vehicle in the form of trust vide Trust Deed dated 24.09.2004. Under the Transfer deed dated 30.09.2004 IDBI unconditionally and irrevocably sold, assigned, transferred and released to and unto Financial Creditor the loan/facility sanctioned by IDBI, inter alia, with the intent that Financial Creditor shall be absolute legal owner and the only person to receive the amounts due and payable by the Corporate Debtor no.1 to IDBI. Hence the Financial Creditor is a secured creditor of the Corporate Debtor no.1 in place of IDBI.
4. The present Application is filed by Mr. Nitesh Singh as an authorized representative of the Financial Creditor having his address at 5th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005.
5. The Corporate Debtor is a company incorporated on 24.05.1995 under Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai. Its registered office being situated at Office no.8, Blasian Building, 1st Floor, Amboli Naka, S. V. Road, Andheri West, Mumbai – 400 058. Therefore, this Bench has jurisdiction to deal with this Petition. The nominal share capital of the Corporate Debtor is 4500000 equity shares of Rs. 10 each (Rs. 45000000/-).
6. Between 1996-98 IDBI Bank granted loan facilities to the Respondents. Various Documents Loan were executed by the Director/Guarantors B. D. Agarwal, L. D. Agarwal, Rajeev Agarwal and Sangeeta Agarwal in favour of Financial Creditor

for credit of Rs. 488 Lacs. On 20.05.1996 Rupee Term Loan of Rs. 100 Lacs was granted by Financial Creditor. The following documents were executed in this relation:

- a. On 20.05.1996 Deed of Hypothecation for Rupee Loan Agreement for Rs. 1,00,00,000/-.
 - b. On 20.05.1996 Deed of Hypothecation for Foreign Currency Loan Agreement for 3,88,00,000/-.
 - c. On 06.08.1996, Registration of Charge with ROC U/s 130,135,137 and 138 for Rs. 100 Lacs and Rs. 388 Lacs.
 - d. On 13.08.1998 Deed of Hypothecation for Rupee Loan Agreement for Rs. 1,25,00,000/-.
 - e. On 13.08.1999, Deed of Hypothecation for Rupee Loan Agreement for Rs. 42,00,000/.
 - f. On 17.01.2000 Agreement for Pledge of Shares for deposition of Original Shares bearing Shares 110000 under Certificate Nos. 119, Shares 240000 under Share Certificate No. 122, and Shares 74480 under Share Certificate No. 120.
7. After occurrence of the default in the repayment of debt, a Notice was sent on 16.12.1999 for Disclosure and publishing the names of defaulting Borrowers and Guarantors and on 06.07.2001 Notice for cancellation of disbursement of loan was sent by Financial Creditor. Date of NPA is stated to be 30.06.2001.
 8. By Recall Notice dated 27.07.2001, the Financial Creditor demanded and called upon the Debtors to pay a sum of Rs.9,44,47,364 as on 30th June 2001. Notice U/s. 13(2) of Securitisation dated 13.02.2007 was issued for Rs. 27,94,07,863 for the security of hypothecation and Mortgage.
 9. Original Application Number 131 of 2001 was filed in DRT on 16.08.2002, Jaipur which issued a Recovery Certificate in favour of IDBI for an amount of Rs. 9,71,36,998/- and other damages. Corporate Debtor had filed a reference before BIFR. The

reference filed by Corporate Debtor was rejected by BIFR. Then, Financial Creditor issued Demand Notice dated 13.02.2007 U/s. 13(2) of SARFAESI Act. The Corporate Debtor then filed Appeal No. 176 with AAIFR. AAIFR dismissed the said appeal. Corporate Debtor filed a WP No. 4258 of 2007 in High Court, New Delhi. The DHC vide its order dated 11.02.2008 remitted back to AAIFR for fresh decision in accordance with law. On 15.07.2016, DHC dismissed the Writ Petition. Further, on 18.04.2023, the Corporate Debtor's SLP against the DHC order was dismissed by Hon'ble Supreme court.

10. Statutory Demand Notice dated 30.06.2008 for Dishonour of Cheques u/s 138 of Negotiable Instruments Act, 1881 was issued by Financial Creditor to Corporate Debtor.
11. The Corporate Debtor filed Application on 08.10.2009 before AAIFR for hearing of the Appeal as afresh. AAIFR admitted Appeal, however on the ground that the Director of Corporate debtor has been adjudicated as an insolvent in some other case, the Appeal before AAIFR was dismissed on the ground that the said appeal is signed by unauthorised person.
12. Corporate Debtor by letter dated 15.04.2014 offered a proposal of Settlement of Rs. 200 Lacs. Further Corporate Debtor again issued another proposal for settlement of Rs. 310 lacs. Since the proposal offered by the Corporate Debtor was on lower side comparing to the outstanding dues, the Financial Creditor by Letter dated 08.05.2014 rejected the proposal and intimated to the Corporate Debtor to that effect. Corporate Debtor by letter dated 04.05.2016 marginally increased settlement amount to Rs. 350 Lacs, which was rejected by the Financial Creditor by Letter.
13. The Corporate Debtor filed Application for hearing before DRT Jaipur. DRT Jaipur dismissed the Application filed by the

Corporate Debtor by an Order. By an Order, AAIFR Bench dismissed the Appeal of the Corporate Debtor.

14. It is submitted by the Financial creditor that CD charge is registered and subsisting.
15. IA 522/2020 was filed by the Applicant, Krystal Stone Exports Ltd. who is the corporate debtor in this case praying that this Tribunal be pleased to set aside/recall the orders dated 24.09.2019 in the interest of justice, which was rejected vide order dated 21.06.2023.
16. IA 1879/2024 was filed by the Financial Creditor under Rule 11 of the NCLT Rules, 2016 seeking change of proposed Insolvency Professional, which was allowed.

Submissions made by the Learned Counsel of the Applicant:

17. Loan was granted to the Corporate debtors under Sanction Letters subject to Terms and Conditions mentioned therein including rate of interest, penal interest and damages.
18. The Corporate Debtors unconditionally accepted the Terms and Conditions, passed Resolution for the payment of interest, penal interest and damages.
19. Security Interest U/s 3(31) of I B Code was created by way of Hypothecation, Pledge of Shares, Mortgage and ROC charge is duly registered.
20. Hence, Default U/s. 3(12) of I B Code committed by the Corporate Debtor is clearly established as the Instalments are not paid regularly and the Interest was not serviced. Moreover, the Respondent Committed breach of Terms and Conditions of sanction Letters.
21. The Respondent has also Manipulated the accounts/ produced fake and forged balance Sheets which amounts to Siphoning. The Corporate Debtor has admitted its liability. The Financial

Creditor had filed Complaint before CBI. Debt Recovery Tribunal passed Recovery Certificate in favour of the Corporate debtor.

22. Moreover, BIFR, AAIFR and High Court proceedings were filed in 2002 and ended over 2016. While passing the Orders, BIFR, AAIFR and High Court held that default has been committed by the Corporate Debtor. Corporate Debtor indulged in manipulating accounts, committed various breaches. In view of Sec 22 of SICA Act Proceedings were stayed from 2002 to 2016.
23. The Applicant has relied upon the decision given in *Real Value Appliances Ltd. Etc. vs Canara Bank & Ors. Etc. (Civil appeal 2572/1998)* & *KSL Industries ltd. v. Arihant trade ltd. & Ors. (Civil appeal 5225/2008)*

Submissions made by the Learned Counsel of the Respondent:

24. On the issue of maintainability under Section 7 of IBC, 2016 the Respondent has contested the petition on the ground of Non-issuance of notice prior to filing of the Company Petition.
25. On the issue of maintainability under Limitation clause the Respondent has contested the petition on the ground that the Applicant has submitted new and additional facts as purported balance sheets. The respondent has submitted that the new and additional facts of alleged balance sheets filed on behalf of the Financial Creditor in mode of Rejoinder, were never a part of pleading in main Company Petition CP (IB) 903 (MB) of 2019. The purported balance sheets were not even considered by the AAIFR as balance sheets pertained to the year 2006 only, even though the balance sheets from year 2003 to 2006 (four years of balance sheets) were signed on same day i.e. 14.11.2006 on insistence of AAIFR to prove as to whether the company was working. Hence, the defective balance sheets which were signed

on same date i.e. 14.11.2006 for the consecutive four years cannot be said to be an actual balance sheets in the eye of law. Moreover, none of the balance sheet were adopted/ passed by AGM. Thus, it cannot be termed as balance sheet under section 137 of the Companies Act 2013. It is further submitted that Hon'ble Supreme Court of India has held at para 32 in Civil Appeal No.4221 of 2020 case titled as *Reliance Asset Reconstruction Company Ltd Versus M/s Hotel Poonja International Pvt. Ltd* that "*In the present case, reliance ought not to be placed on the balance sheet dated 16th August 2017 and letter dated 23rd April 2019 primarily for two reasons. First, there is no evidence or material to show that the documents were signed before the expiry of the prescribed period of limitation. There is no pleading to the said effect in the application under Section 7 of the IBC filed by the appellant in the statutory form. In fact, the two documents were never relied upon*". Further, the OTS proposals are not maintainable for the purpose of computation of limitation period and the benefits under section 18 of the Limitation Act 1963 and insolvency process cannot be initiated under Section 7 of IBC 2016, where the period of limitation is 3 years from the date of default of alleged debt.

26. The Respondent further contends that the Company Petition is clearly hit by the principle of Res-judicata as alleged default on the part of Corporate Debtor had already been decided on 16.08.2002 by Ld. DRT. However, the Financial Creditor has deliberately misuse this Tribunal for revival of already decided issue.

27. Regarding the issue of Maintainability under non-applicability of SICA Act 1985 the Respondent has submitted that there is no question of applicability of section 22 of SICA Act 1985 as Corporate Debtor's application before BIFR has never been registered and on the first date itself the reference was rejected.

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28. In 1999 a dispute arose between both parties on account of arbitrary act of financial creditor by raising principal amount to 45% against the spirit of loan agreement, and when agitated by Corporate Debtor, the Financial Creditor had recalled the loan amount within the moratorium period of the agreement.
29. The alleged loan amount was recalled on 27.07.2001 and alleged default had been made prior to the recalling of the loan amount by the Financial Creditor on 30.06.2001. Hence, there is suppression of disputed issue between the parties on account of alleged loan which is evident from order dated 16.08.2002 of Ld. DRT.
30. The Financial Creditor had fallen short to disclose the specific dates towards arbitrary conversion of loan type of different segment (i.e. Italian Lira (foreign currency) to US Dollar) and resultantly the spike of the total alleged loan amount following the said arbitrary conversion which rendered the entire project of Corporate Debtor non-starter. It is further submitted that cryptic description in respect of alleged loan amount has also been suppressed by the Financial Creditor in order to hide the entire loan amount disbursed to the Corporate Debtor and also the said alleged loan amount which was supposed to be disbursed for setting-up the project of Corporate Debtor at operative standard has not been disclosed.
31. Also, the alleged loan amount and subsequent applicable bank charges indulging interest are not at all consistent with true facts as the statement of account annexed at Annexure-K in captioned Company Petition from Page No. 200 to 277 of SASF (Assignee Company), seems to have been interpolated as the existence of the Assignee Company i.e. SASF came in to picture only in year 2004. All the details towards the alleged transactions are exaggerated in order to mislead this Tribunal.

32. It is submitted that the Company Petition is not maintainable before this Tribunal, on the ground of limitation where the alleged debt had become time barred primarily on 26.07.2004 (three years from the date of default of alleged date i.e. 27.07.2001) and further on 15.08.2005 (three years from Ld. DRT order/recovery certificate dated 16.08.2002). Therefore, the alleged debt is hopelessly time barred as prescribed for three (03) years under Article 137 of the Limitation Act 1963. It is pertinently submitted that the issue relating to applicability of the law of limitation is no longer res- integra and three years period as envisaged under Article 137 of the Limitation Act 1963, shall be applicable under section 238A of IBC 2016 upon all the proceedings under Section 7 of IBC 2016. Therefore, the Financial Creditor has misused the provisions of IBC Act 2016, by filing this Company Petition under section 7 of IBC 2016 much beyond the prescribed period of limitation on 04.03.2019, just for the purpose of recovery of alleged debt from Corporate Debtor, which is contrary to the intent of legislature in enacting the IBC 2016.
33. That the financial creditor has suppressed the very fact about the limitation of time barred alleged debt of this case by not annexing the decree order dated 16.08.2002 passed by the Ld. DRT Jaipur in OA No. 131 of 2002. Had the Financial Creditor annexed the said order of Ld. DRT Jaipur, which discloses the fact of limitation and time barred as well as res- judicata, then this Tribunal would have not entertained this CP (IB) 903 (MB) of 2019 and same would had dismissed under section 3 of the limitation Act and on the principle of res- judicata clause.
34. As per Rule 42 of NCLT Rule 2016, the Financial Creditor is barred from filing additional documents, in absence of any additional/new facts submitted in reply (on behalf of Corporate

Debtor) to the Company Petition, which will otherwise be construed as amendment to the main Company Petition.

35. The averment regarding the purported bunch of balance sheets filed in Rejoinder of the Financial Creditor for the purpose of computation of period of limitation is also misdirected as there is no averment in the main application filed under section 7 of IBC 2016 by the Financial Creditor. In fact, the plea of balance sheets had been deliberately parachuted in the said rejoinder to cover up the limitation period without the leave of this Hon'ble Court
36. The Respondent has relied upon the decisions given in *Babulal Vardharji Gurjar Vs. Veer Gurjar Aluminium Industries Pvt. Ltd.* ((2020) 15 SCC 1) & Anr, *M/s Reliance Asset Reconstruction Co. Ltd. v. M/s Hotel Punja International pvt. ltd.* (Civil appeal no. 4221/2021) & *Vipul Appliances v. Kumar Engineering Kamgar Sangh.*

Submissions made by the Applicant vide its rejoinder:

37. Acknowledgement under Section 18 of the Limitation Act:

The Respondent has acknowledged its liability towards the Applicant in its Balance sheets from the FY 2003-2013. The Applicant has relied upon the decision given in the case of *Shesh Nath Singh & Anr. vs. Baidyabati Sheoraphuli Co-operative Bank Ltd. & Anr., Dena Bank vs. C. Shivakumar Reddy & Anr., and Gaurav Hargovindbhai Dave.* Moreover, the Respondent had also proposed One Time Settlement (OTS) on 12.03.2008, 15.04.2014 & 04.05.2016, hence it is an acknowledgement of debt.

38. Exclusion of Period of Limitation as per Section 22 of The Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"):

The Respondent has sought remedy in various forums including DRT (Debt Recovery Tribunal), BIFR (Board for Industrial and

Financial Reconstruction), AAIFR (Appellate Authority for Industrial and Financial Reconstruction), Hon'ble High Court and Supreme Court due to which the Applicant could not proceed with any action against the Respondent even after having a decree in its favor. The Ld. AAIFR vide its order and judgment dated 18.01.2016 dismissed the appeal of Respondent and imposed costs on the Respondent for gross misuse of provisions of SICA with ulterior motives for the last many years.

Further, the Applicant has relied upon the decision given in *Real Value Appliance Limited vs. Canara Bank*, Civil Appeal No. 2572/1998, *KSL & Industries Limited vs. Arihant Threads Limited & Ors.*, Civil Appeal No. 5225/2008 and *Sabarmati Gas Limited vs. Shah Alloys Limited*, Civil Appeal No. 1669 of 2020. In light of the above-mentioned judgments, and the fact that the reference was made before BIFR on 23.09.2002 and the appellate proceedings got finally concluded on 18.04.2023 the said period from 23.09.2002 to 18.04.2023 should be excluded while computing period of limitation in the present case in terms of Section 22(5) of SICA.

39. Condonation of delay under section 5 of Limitation Act, if any

: The Applicant has relied upon the decision given in *B. K. Educational Services Private Limited vs. Parag Gupta and Associates*, (2019) 11 SCC 633, and *Sabarmati* (supra)

40. Date of default: The Applicant has enlisted the following dates of default:

- i. DRT Decree dated **16.08.2002** in favour of IDBI Bank/Financial Creditor. No payment made by the Corporate Debtor.

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- ii. Financial Creditor issued 13(2) Notice dated 13.02.2007 demanding the outstanding dues from the Corporate Debtor. No payment made.

The Applicant has relied upon the decision given in *Bishal Jaiswal vs. Asset Reconstruction Company (India) Ltd. & Anr.*'

41. **Amount of default is more than threshold limit:** The Respondent has failed to highlight the discrepancy in the statement produced by the Applicant. Neither has the Corporate Debtor produced its statement of account to allege any dispute/discrepancy. These issues have been adjudicated by DRT and DRAT. The Respondent is only trying to reopen the issues which have no merit on the present proceedings as the threshold limit is crossed.

Findings and Decision:

1. Heard learned Counsel for the Applicant & Respondent and perused the material available on record.
2. One Restoration Application 6/2024 was filed by the Respondent through its director namely Mr. B. D. Agarwal for restoration of Interlocutory Application I. A. No. 4676 of 2023 filed for rejection of C. P. (IB) No. 903 of 2019 on the ground of maintainability as being time-barred. IA 4676/2023 was disposed of by this bench vide order dated 18.10.2023 in view of NCLAT order dated 26.09.2023 setting aside the admission order dated 24.09.2019, since the Petition was to be decided by this bench afresh and the issue of maintainability is necessarily to be decided by this bench. Nonetheless, the objections raised in IA 4676/2023 have been taken into consideration while deciding this Petition. Accordingly, nothing survives in this IA and is disposed of accordingly.

3. It is pertinent to note that the Respondent had filed an appeal before the Hon'ble Principal Bench, NCLAT bearing no. Company Appeal (AT) (Insolvency) No. 661 of 2024 & I.A. No. 2374 of 2024 challenging the tenability of Affidavit in rejoinder filed by the Applicant contending that the Financial Creditor subsequently introduced financial statements of the Corporate Debtor and OTS related documents through the said Rejoinder and such Rejoinder in Reply to the Reply of Applicant/ Corporate Debtor cannot be permitted and should not have been accepted by this Tribunal. However, the Hon'ble Principal Bench, NCLAT held that, "*The mere fact that the said documents were not referred to in the Section 7 application cannot disentitle the Financial Creditor to bring on record the said documents when plea was raised in the Reply by the Corporate Debtor that application is barred by time. When the issue of limitation is raised, it is duty of the Court to decide the question of limitation even if no defence is raised and for deciding the question of limitation party are at liberty to file relevant documents. When the Corporate Debtor questioned the application as barred by time, it was open for the Financial Creditor to bring on record the relevant documents claiming acknowledgment of the Corporate Debtor.*" The Appeal has been dismissed. Accordingly, we proceed to rely upon the documents placed on record before us by way of rejoinder. Nonetheless, the annual records of the company are available in public domain which the Adjudicating authority can access to for determination of the limitation aspect.
4. On perusal of the audited financial statement for the year ended on 31.03.2013, we note that there is a specific acknowledgement of sum Rs. 8,77,70,765/- due to SASF assignee of IDBI and this balance sheet has been signed on 21.03.2014. Prior to this the debt to the Financial Creditor or its predecessor is duly acknowledged in the financial statement for the year ended

31.03.2003 and with corresponding amounts of previous year ending on 31.03.2012. Accordingly, since the balance sheet has been signed each year thereby acknowledging the debt and the last balance sheet having been signed on 21.03.2014, the period of limitation had expired on 20.03.2017. Besides this, the Corporate Debtor had submitted OTS proposal vide letter dated 15.04.2014 and 04.05.2016, which is within the earlier extended limitation period, and the Corporate Debtor has acknowledged the existence of debt unequivocally vide this letter. This OTS proposal further extends the Limitation period, accordingly, the limitation period expires on 03.05.2019 on account of this further extension. The petition has been filed on 04.03.2019, accordingly, this petition is within the limitation period. Nonetheless, the Applicant has made out a case for condonation of delay and exclusion of time as well contending that proceedings in terms of SICA before BIFR and thereafter before its appellate authorities i.e. AAIFR remained in place from 23.09.2002 till 18.04.2023 when finally, the Corporate Debtor's appeal came to be dismissed before the Hon'ble Supreme Court. We also note that a decree was issued by DRT on 16.08.2002 prior to institution of reference before BIFR. In view of these facts also we find it a fit case to exercise our discretion to condone the delay in filing of present petition.

5. The Corporate Debtor has also disputed the quantum of debt. However, on perusal of financial statement for the year ended 31.03.2013 as well as OTS proposal dated 04.04.2016 we find that there is an express acknowledgement of debt of more than Rs. 1 crore and said financial debt is in default. Accordingly, we do not find any merit in this contention so long as the debt due and in default exceeds Rs. 1 Crore.

6. The application made by the Financial Creditors is complete in all respects as required by law. It clearly shows that the Corporate Debtor is in default of a debt due and payable and the default is in excess of minimum amount stipulated under section 4(1) of the IBC. Therefore, the debt and default stands established and there is no reason to deny the admission of the Petition. In view thereof, this Adjudicating Authority admits this Petition and orders initiation of CIRP against the Corporate Debtor.
7. The essential ingredients required to initiate Corporate Insolvency Resolution Process ("CIRP") against the Corporate Debtor such as Financial Debt as defined u/s 5(8) & Default as defined u/s 3(12) of the Code are proved by the Financial Creditor beyond reasonable doubt in the present case.
8. The Financial Creditor has proposed the name of **Mr. Suman Kumar Verma**, Registration No. **IBBI/IPA-003/IP-N00342/2021-22/13657**, as the Interim Resolution Professional of the Corporate Debtor. He has filed his written communication in Form 2 as required under rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.
9. It is, accordingly, hereby ordered as follows: -
 - (a) The petition bearing **CP(IB)/903(MB)/2019** filed by Stressed Assets Stabilization Fund [PAN no. AAETS8709G], the Financial Creditor, under section 7 of the IBC read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating Corporate Insolvency Resolution Process (CIRP) against Krystal Stone Exports Ltd. [CIN: U26960MH1995PLC088708], the Corporate Debtor, is **admitted**.
 - (b) There shall be a moratorium under section 14 of the IBC, in regard to the following:

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- (i) 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;
 - (ii) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - (iii) 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 (SARFAESI) Act, 2002;
 - (iv) The recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.
- (c) Notwithstanding the above, during the period of moratorium:-
- (i) 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;
 - (ii) That the provisions of sub-section (1) of section 14 of the IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any sectoral regulator;
- (d) The moratorium shall have effect from the date of this order till the completion of the CIRP or until this Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 of the IBC or passes an order for liquidation of

Corporate Debtor under section 33 of the IBC, as the case may be.

- (e) Public announcement of the CIRP shall be made immediately as specified under section 13 of the IBC read with regulation 6 of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- (f) **Mr. Suman Kumar Verma**, Registration No. **IBBI/IPA-003/IP-N00342/2021-22/13657**, having registered address at Plot no. WZ-D-9, Kh. No. 83/14, Gali No. 5, Mahavir Enclave, Sulabh International, New Delhi – 110045; Email ID : ipskverma@gmail.com is hereby appointed as Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the IBC. The fee payable to IRP or, as the case may be, the RP shall be compliant with such Regulations, Circulars and Directions issued/as may be issued by the Insolvency & Bankruptcy Board of India (IBBI). The IRP shall carry out his functions as contemplated by sections 15, 17, 18, 19, 20 and 21 of the IBC.
- (g) During the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of section 17 of the IBC. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP within a period of one week from the date of receipt of this Order, in default of which coercive steps will follow.
- (h) The Financial Creditor shall deposit a sum of Rs.3,00,000/- (Rupees Three Lakhs only) with the IRP to meet the expenses arising out of issuing public notice and inviting

claims. These expenses are subject to approval by the Committee of Creditors (CoC). The remuneration of the IRP shall be such as is fixed by the Applicant till constitution of CoC and thereafter the constituted CoC shall decide the remuneration payable to the IRP.

- (i) The Registry is directed to communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by Speed Post and email immediately, and in any case, not later than two days from the date of this Order.
- (j) IRP is directed to send a copy of this Order to the Registrar of Companies, Maharashtra, Mumbai, for updating the Master Data of the Corporate Debtor. The said Registrar of Companies shall send a compliance report in this regard to the Registry of this Court **within seven days** from the date of receipt of a copy of this order.

Sd/-

Prabhat Kumar
Member (Technical)

MK

Sd/-

Justice V. G. Bisht (Retd.)
Member (Judicial)