



Karuturi Global Limited

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url: karuturi.com • CIN : L01122KA1994PLC016834

Date: 02-01-2020

To,

National Stock Exchange of India Limited,
Exchange Plaza C-1, Block –G,
Bandra Kurla Complex,
Bandra (E), Mumbai- 400 051
NSE script code: KGL ISIN: INE299C01024

BSE Limited,
25th Floor, P J Towers,
Dalal Street,
Mumbai 400 001.
BSE script code: KGL | 531687

Subject: Disclosure under Regulation 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Dear Madam/Sir,

We refer to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Regulations**”) and other applicable provisions.

Pursuant to the SEBI Regulations, we hereby provide case update concerning the Corporate Insolvency Resolution Process of M/s Karuturi Global Limited (“**KGL**”) as a matter of mandatory compliance. The summary of the court order received in respect to I.A.No.422 / 2019 in C.P.(IB) No.216/ BB/ 2018 is provided below. It should be noted that the summary of the order is for reference only and it should not be construed as a holistic encapsulation of the order passed by Hon’ble National Company Law Tribunal (“**NCLT**”), Bengaluru.

Case no. I.A.No.422 / 2019 in C.P. (IB) No.216/ BB/ 2018 (Order date 17/12/2019): The summary of the order passed by Hon’ble NCLT, Bengaluru is as follows:

I.A.No.422 / 2019 In C.P. (IB) No .216/ BB/ 2018 is disposed of with the following directions:

- i. The Applicant is granted liberty to submit a representation along with relevant evidence, to the Resolution Professional within a period of 2 (two) weeks from the date of the receipt of the Copy of the order mentioned herein.
- ii. After receipt of Representation as mentioned supra, the Resolution Professional is directed to examine and consider the issue in detail, and to pass speaking order, in accordance with law, within a period of 3 (three) weeks thereafter, and communicate the same to the Applicant.
- iii. The meanwhile, both the parties are directed to maintain status quo in respect of the schedule property.

The order copy has been annexed as **Annexure A** for your reference.

We request you to kindly take the same on record and treat this information as a disclosure in compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Thanking you,
Yours truly,

For Karuturi Global Limited,

Ghanshyam Das Mundra

(Karuturi Global Limited is under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016 by National Company Law Tribunal ("NCLT"), Bengaluru Branch order dated august 2, 2019. Its affairs, business and assets are being managed by the Resolution Professional, Mr. Ghanshyam Das Mundra, appointed under the provisions of the Code.)

IP Regn. No.: IBBI/IPA001/IP-P00248/2017-18/10477

Email ID: cirp.kgl@mytemple.co.in



**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

I.A. No.422/2019 in
C.P. (IB)No.216/BB/2018
U/s. 60 (5) (c) and other Applicable
Provisions of the IBC, 2016
R/w Rules 11 of I&B (AAA) Rules, 2016

In the matter of:

Shri Anil Tumu
R/a. No.90/1,
Narayanahalli Village,
Doddabelavengala Hobli,
Bengaluru District. - Applicant

Versus

Shri Ghanshyam Das Mundra
Resolution Professional of
M/s. Karuturi Global Limited
R/o. at E-204, Ashok Garden,
T.J.Road, Sewree,
Mumbai – 400 015 - Respondent/RP

Date of Order: 17th December, 2019

Coram: 1. Hon'ble Shri Rajeswara Rao Vittanala, Member (Judicial)
2. Hon'ble Shri Ashutosh Chandra, Member (Technical)

Parties/Counsels Present:

For the Applicant : Shri Akshay Gosavi
For the Respondent : Shri S. S. Naganand, Senior Counsel
With Shri Shreyas Jayasimha,
Shri Aakash Sherwal, Shri Aman N.L,
& G. D. Mundra, R.P.

ORDER

Per: Rajeswara Rao Vittanala, Member (J)

1. I.A.No.422/2019 in C.P.(IB)No.216/BB/2018 is filed by Shri Anil Tumu ('Applicant'), U/s. 60 (5) (c) and other Applicable Provisions of the IBC, 2016 R/w Rules of I&B (AAA) Rules, 2016, by inter alia, seeking to permit the Applicant to impleading himself to Company Petition; to restrain Interim Resolution Professional from taking possession of the subject property more fully described in the schedule being EXHIBIT "1" and to pass ad-interim orders in terms of prayer.
2. Brief facts of the case, as mentioned in the Application, which are relevant to the issue in question, are as follows:
 - (1) Initially, C.P.(IB)No.216/BB/2018 was filed by Axis Bank Limited (Petitioner/Financial Creditor) to initiate CIRP in respect of M/s. Karuturi Global Limited (Respondent/Corporate Debtor), which it was admitted by the Adjudicating Authority vide order dated 02.08.2019, by appointing Shri Ghanshyam Das Mundra as IRP, imposing moratorium, suspending the Board of Directors etc. On receipt of the said Order, IRP had accordingly made the Public Announcement (Public Announcement in Form A) to give intimation to the creditors of Corporate Debtor regarding initiation of Corporate Insolvency Resolution Process (CIRP) and to receive the claims from them within the prescribed time limits as prescribed under the provisions of the Code. The said order dated 02.08.2019 was questioned before Hon'ble NCLAT by way of an Appeal



vide Company Appeal (AT) (Insolvency) No.125 of 2019 filed by the Corporate Debtor, which was ultimately disposed of.

- (2) Shri Anil Tumu (herein after referred as Applicant) is an individual carrying on the business of agriculture. In pursuance to the above order, the IRP/RP by acting in a high handed manner, proceeded to take possession and control of the Applicant's land bearing Survey No.103, admeasuring 4 Acres 4 Guntas; Survey No.28/12, admeasuring 1 Acre 21 Guntas; Survey No.95/2, admeasuring 73 guntas; Survey No.95/1, admeasuring 1 Acres 12 guntas; Survey No.94, admeasuring 2 acres 21 guntas; Survey No.96, admeasuring 1 Acres 14 guntas; Survey No.90/1, admeasuring 1 Acres 26 Guntas; Survey No.95.20, admeasuring 31 Guntas; collectively admeasuring to 16 Acres and 22 Guntas of the said property, which is hereinafter referred to as Schedule Property. It is contended that the Applicant, by virtue of a legal and valid title, has purchased these lands from various farmers by way of an Absolute Deeds of Sale. The name of Applicant as the owner of the said lands has been duly mutated in the records as per the Karnataka Land Revenue Code, pertaining to the said lands showing the Applicant's status as an owner as well as the cultivator of the said Land. The said documents are public documents, effectively proving the Applicants ownership as well as his exclusive settled possession over the said lands. Therefore, the property cannot come under the assets of Corporate so as to take possession of the same by the IRP, and he has no locus standi to interfere in the peaceful possession of schedule property.



- (3) The Applicant relied upon the order dated 31.07.2019 passed by the Hon'ble Appellate Tribunal judgment in the case on "Srei Infrastructure Finance Ltd. Vs. Sundresh Bhatt, Resolution Professional Sterling Biotech Ltd." Company Appeal (AT) (Insolvency) No.781 of 2018, in support of his case, where the Hon'ble Appellate Tribunal has inter alia held as under:

"7. Although 'A' and 'B' Wings premises of Lakshmi Towers do not belong to the 'Corporate Debtor', in view of Section 14(1) (d), the 'Corporate Debtor' cannot be ejected or disturbed from the premises, in question, during the 'Moratorium'.

8. For the said reasons, we hold that the Adjudicating Authority has rightly directed the Appellant to hand over the possession of 'B' Wing premises of Lakshmi Towers and rightly prohibited the Appellate from evicting the 'Corporate Debtor' from 'A' Wing premises of Lakshmi Towers.

9. So far as the question as to who is the owner of 'A' and 'B' Wings premises of Lakshmi Towers and whether the Appellate has any right over the said property, such questions are not required to be determined in the proceedings under the I&B Code'. If the 'Corporate Debtor' is saved during the liquidation proceeding pursuant to Section 230 of the Companies Act, 2013 or if it is sold to a third party along with the employees then, in such case, one may move before the Competent Court of law for appropriate decision.



10. On the other hand, if action is taken under Section 53 of the 'I&B Code', the Liquidator cannot sell the assets of the premises in question.

Therefore, it is contended that the Corporate Debtor is not exclusive owner of the schedule property, then neither it can be ejected or disturbed from the said property nor can the liquidator sell the said property or even the assets inside the said premises. Hence, if the IRP approaches and tries to take control of the flower beds and greenhouses, which are not owned by the Corporate Debtor, the same would be in gross violation of the scheme of the Code and it is illegal, which will cause irreparable harm to the Corporate Debtor.

- (4) It is stated that the Applicant has already file a police complaint bearing No. I.P.S.G No.29/2019 with the Doddabelavangala P.S, Kannmangala, Bangalore against the IRP – Mr. Ghanshyam Das and Axis Bank team.
- (5) It is reiterated that the Scheduled lands had been leased to the Corporate Debtor in the year 1995 for a period of 25 years. The said lease was determined in the year 2000 and the scheduled lands were reverted back to the Applicant. The Corporate Debtor has not been in possession of the said lands since the determination of lease due to default in rents payable. The Scheduled Property was handed over to the Applicant along with the greenhouses set up by the Corporate Debtor in lieu of the unpaid rents, when loan taken on it by Corporate Debtor was repaid. The Scheduled Property was offered by the Applicant as third party security



in consideration of the long term mutually beneficial relationship between the Applicant and the Corporate Debtor. The said loan was used to develop the greenhouses installed/established on the property. And the Scheduled property was not mortgaged or provided/offered as security to any subsequent loans raised by the Corporate Debtor since 2000 when there ceased to exist any legal relationship between the Applicant and the Corporate Debtor.

- (6) It is submitted that assuming without admitting that the Applicant has entered and executed various documentation with the Corporate Debtor with regard to the rights over the scheduled property, the ownership over it would be subject to the provisions of the Transfer of Property Act, and so long as the documents/instruments/conveyance with regard to the ownership of the impugned lands does not meet requirements of the Transfer of Property Act, the ownership vests with the Applicant and not with the Corporate Debtor. The rights/ownership over an immovable property is not in consonance with the prevailing laws of the land and specific the Transfer of Property Act is void ab initio and unenforceable in law. The farm is not the land itself but the greenhouses, which the Corporate Debtor has installed/established over the scheduled property and it should not be construed to be the farm/agricultural/impugned land. The green houses are established/installed over the impugned land by agreeing to pay a fixed rental which due and payable. Further, the Applicant is not being a part of the Corporate Debtor is not bound by the annual report of



the Corporate Debtor. Admittedly, the Applicant has ceased to be a Director in the Corporate Debtor from 26.09.2008 onwards. Neither is the Applicant a shareholder in the Corporate Debtor.

- (7) It is submitted that the allegation that the Applicant has entered into an agreement of sale with the Corporate Debtor for consideration with regard to the Scheduled property are categorically denied and the Respondent is put to strict proof of the same. Even alleged Sale agreement relied upon by Resolution Professional would only create an interest of the intended purchaser over the immovable property and cannot be construed as the intended purchaser having ownership rights over the particular immovable property. In fact, going by the same logic as the Respondent contends in its objections, the Corporate Debtor will be the ostensible owner and the Applicant would be the actual and real owner of the Scheduled property. There is specific bar for purchasing/owing agricultural lands in the state of Karnataka by a Company such as the Corporate Debtor. Therefore, transactions, if any, over agricultural lands would be void abinitio.
- (8) It is stated that all the outstanding with NHB has been settled as per the order of the Hon'ble High Court of Karnataka in RFA 2184 of 2006. The Applicant being the absolute owner of the scheduled property, has executed registered sale deeds dated 03.01.2018 for the impugned lands in favour of Mr. M.R.Narayanswamy and Mr. M.R.Venkatesh Murthy. As such, the scheduled Property cannot be taken possession by RP.



3. The Application is opposed by the Respondent/RP, by way of filing the statement of objections dated 20.09.2019, by inter-alia contending as follows:

- (1) It is respectfully submitted that the allegations made by the Applicant are frivolous, vexatious and intended to delay the CIRP of the Corporate Debtor. The title of the properties, whose possession is yet to be taken by the Resolution Professional under the Insolvency and Bankruptcy Code, 2016, belongs to the Corporate Debtor. .
- (2) The Applicant has been the Director of the Corporate Debtor from 26.12.1994 to 26.09.2008, and the official records with the MCA are indicative of it. Various Annual Reports of the Corporate Debtor classifies the Applicant as a relative of the Key Management Personnel ("KMP"). The Applicant has entered into the Agreement to Sell with the Corporate Debtor for total consideration of Rs. 22,44,000 for the transfer for land. The details of the land that was the subject of the agreement is detailed below:

Lands bearing Survey No. 103, admeasuring 4 acres 4 guntas, Survey No. 28/12, admeasuring 1 Acre 21 guntas, Surveys No. 95/2, admeasuring 62 guntas, Surveys No. 95/1, admeasuring 62 guntas, Survey No. 94 admeasuring 4 acres 43 guntas, Survey No. 96, admeasuring 1 Acre 14 guntas, Survey No. 90/1 admeasuring 1 Acre 26 guntas ("**Schedule Property**"). Out of these lands, loans obtained from NHB except the land in Survey No. 28/12. Additionally, the Applicant has provided undertakings, which in essence indicate that, the schedule



property was being held by the Applicant only as the nominee of the Corporate Debtor. The loan obtained from NHB is still outstanding and NHB has been confirmed as a Creditor.

- (3) The schedule property has been used as collateral/security for the loans that have been obtained by the Corporate Debtor from NHB and this loan is still unpaid and remains on the books of the Corporate Debtor. Therefore, it is contended that the Applicant only holds ostensible ownership in schedule property, pending its transfer to the Corporate Debtor. The Applicant has executed various documents on behalf of the Corporate Debtor and also in favor of the Corporate Debtor indicating that it will not interfere in any way with regards to the rights in the schedule property and the Annual Reports of the Corporate Debtor, in no uncertain terms, indicate that the ownership rights in the schedule property effectively rests with the Corporate Debtor and not with the Applicant. The farm situated on the schedule property is the only establishment in India that is making any kind of profits. If the Resolution Professional is prevented from taking possession of the plant and the related schedule properties, there is a grave risk of keeping the Corporate Debtor as a going concern. It is necessary for the Resolution Professional to have possession over the schedule property, if the CIRP is to remain effective and successful.
- (4) The Corporate Debtor has availed of term loan of Rs. 225 Lakh and Foreign Currency Loan of US \$ 859,375



(equivalent to Rs 275 Lakh) from IDBI vide loan agreement dated 4th September 1995 and Rs 100 Lakh from National Horticultural Board vide agreement dated 26.07.1996 ("Lenders"). The schedule property was provided as security for loan and a Pari Passu agreement was entered into between IDBI and NHB for joint enforcement of security to share the proceeds from the enforcement of joint securities. In essence, the schedule property was mortgaged for both loans that was obtained by the Corporate Debtor. The Managing Director has written a letter to IDBI indicating the deposit of the title deeds for the loan with IDBI. On the full and final settlement of the loan obtained from IDBI, it indicated to the Corporate Debtor vide letter dated 2nd December 2003, the return of title documents which had been deposited as additional security. However, the title deeds provided as primary security for loan obtained from NHB was withheld by IDBI on behalf of NHB. For the loans obtained from NHB, the security provided has been equitable mortgage freehold land, building, plant and machinery at Naranahalli, Doddaballapur. This is the land the schedule property and this loan is still outstanding with NHB. NHB in their claim to the Resolution Professional has indicated that the schedule property has been provided as a security for the loan obtained by the Corporate Debtor.

- (5) As per the Board Resolution of the Corporate Debtor dated 16th December 1996, it is clearly indicated that the Corporate Debtor was in need of financial assistance due



to which it sought to avail loans from the lenders. And for such loans, it is resolved that the *“Company request Shri Anil Kumar to create mortgage by deposit of title deeds, in his personal capacity and also as the Director of the company, in favour of IDBI by depositing with the IDBI, IDBI acting for itself and as agent of National Horticultural Board (NHB), all documents of title, evidences, deeds and writings (hereinafter called “the said title deeds”) in order to create a security on the said immovable properties...”*. The resolution also indicates that *“Shri Anil Kumar be and is hereby authorized to deliver to and deposit the said title deeds for the aforesaid purpose with the IDBI, IDBI acting for itself and as an agent of NHB.”*

- (6) It is submitted that the schedule property being claimed by the Applicant as the sole owner is being held ostensibly for the use of the Corporate Debtor. Over correspondence between the Corporate Debtor and the Lenders, it is being indicated that the schedule property is registered under the Applicant's name since the existing framework of laws i.e., Karnataka Land Reforms Act, 1961 did not permit a company ownership of the land in question directly. Vide letter dated 31st August 1995, the Applicant conveys to IDBI that the *“existing framework of the law in the state of Karnataka does not permit the company to hold the land directly. So the land has been purchased in my name pending transfer to the company...”*. Vide Annexure D the Corporate Debtor also conveys to IDBI that the property held in the name of the Applicant would be transferred to the Corporate Debtor at the earliest opportunity when the



Government grants approval. These correspondences indicate that the schedule properties were being held by the Applicant only for the sake of convenience and that the schedule property effectively belonged to the Corporate Debtor.

- (7) As the Karnataka Land Reforms prohibit ownership by person other than individuals, he is holding the same as nominee of the company. The Applicant has also provided a Declaration and Undertaking to IDBI and NHB on 19.12.1996 by virtue of which he proposes to create a mortgage on the schedule properties for the loans obtained from IDBI and NHB. The Applicant also undertakes to execute the necessary sale deed pursuant to Agreement to Sell within a period of 12 months of concluding the Agreement to Sell. The loan obtained from IDBI was repaid but the loan obtained from NHB is still outstanding. A suit for recovery of the loan amount with 4% service charge and 18% percent penal interest was filed which came to be decreed for Rs. 1,46,64,364/- with interest at 12% p.a. This was assailed in Appeal before the Hon'ble High Court of Karnataka in RFA No.2184/2006 which ordered, on 20th July 2011, the repayment of the loan amount with service charge at 4% p.a. from 25.07.1996 till realization. Accordingly, a memo was submitted to the Hon'ble Court by NHB calculating the outstanding amount to be Rs.42,25,524/-.
- (8) As Per Section 18(f) of the Code, IRP shall perform duties amongst which he shall *"take control and custody of any asset over which the corporate debtor has ownership rights*

as recorded in the balance sheet of the corporate debtor, or with information utility or the depository of securities or any other registry that records the ownership of assets". By virtue of the agreement to sell executed between the Applicant and the Corporate Debtor for a consideration and the indications provided in the surrounding documents as indicated above, it can be reasonably ascertained that the ownership rights in the property is held by the Corporate Debtor. As per Section 101 of the Indian Evidence Act, 1872, burden of proof on the existence of a fact lies on the person asserting the fact. The Applicant in this situation has not produced any documentation whatsoever to the contentions made by him and has therefore not discharged the burden of proving those factual submission. The burden not having been discharged the contentions of the Applicant are not tenable.

- (9) The Applicant has also provided incorrect information to the Tribunal on 23rd September, 2019 with regards to the alleged change in ownership of the Schedule Property. The Applicant contends that he being the absolute owner of the Schedule Property has executed registered sale deed dated 03.01.2018 for the Schedule Property in favor Mr. M.R. Narayanswamy and Mr. MR Venkatesh Murthy. The Applicant withheld this crucial information, in its pleadings and in their submission before this Tribunal.
- (10) In view of the above, it is submitted that the as on the date of the initiation of the CIRP, the Corporate Debtor was in the possession of the schedule properties. By virtue of the



initiation of the CIRP the custody of the schedule vests with the Resolution Professional acting on behalf of the Corporate Debtor. As per Section 17(a) of the Insolvency and Bankruptcy Code, 2016, the management of the Corporate Debtor vests with the Resolution Professional with the possession having vested with the Resolution Professional, there cannot be any transfer of its assets. Hence the Applicant without the consent of the Resolution Professional cannot divest or retain the possession of the schedule property as the same would be illegal under law. The Applicant by virtue of this Application is seeking transfer of the Corporate Debtor's assets during the period of moratorium and this is not maintainable.

4. Heard Shri Akshay Gosavi, learned Counsel for the Applicant and Shri S. S. Nagaland, learned Senior Counsel for the Respondent/Resolution Professional. We have carefully perused the pleadings of both the parties and extant provisions of the Code and the Rules made thereunder.
5. Shri Akshay Gosavi, learned Counsel for the Applicant, while reiterating various averments made in the Company Petition and also in synopsis, as briefly stated supra, has further submitted that by virtue of the order of the Adjudicating Authority initiation of CIRP, imposed moratorium etc., in respect of the Corporate Debtor, the Resolution Professional is encroaching upon the rights of the Applicant even without affording opportunity the Applicant to put forth his case for consideration. There are several disputed questions of facts and law involved which are required to be decided by



Competent Authority under Law. However, the Resolution Professional even without following principles of natural justice is proceeding arbitrarily in the respect of Scheduled Property. When Corporate Debtor do not have legal title over the Schedule Property, the Resolution Professional cannot take possession of the property in question. He has also relied upon the Section 18 of the Code, which reads as under:

“18..... Duties of Interim Resolution Professional. -

(1) The interim resolution professional shall perform the following duties, namely: -

(a) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor, including information relating to -

(i) business operations for the previous two years;

(ii) financial and operational payments for the previous two years;

(iii) list of assets and liabilities as on the initiation date; and

(iv) such other matters as may be specified;

(b) receive and collate all the claims submitted by creditors to him, pursuant to the public announcement made under sections 13 and 15;

(c) Constitute a committee of creditors;

(d) Monitor the assets of the corporate debtor and manage its operations until a resolution professional is appointed by the committee of creditors;

(e) file information collected with the information utility, if necessary; and

(f) take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the balance sheet of the corporate debtor, or with information utility or the depository of



securities or any other registry that records the ownership of assets including –

- (i) assets over which the corporate debtor has ownership rights which may be located in a foreign country;*
- (ii) assets that may or may not be in possession of the corporate debtor;*
- (iii) tangible assets, whether movable or immovable;*
- (iv) intangible assets including intellectual property;*
- (v) securities including shares held in any subsidiary of the corporate debtor, financial instruments, insurance policies;*
- (vi) assets subject to the determination of ownership by a court or authority;*
- (g) to perform such other duties as may be specified by the Board.*

Explanation. – *For the purposes of this 1 [section], the term “assets” shall not include the following, namely: -*

- (a) assets owned by a third party in possession of the corporate debtor held under trust or under contractual arrangements including bailment;*
- (b) assets of any Indian or foreign subsidiary of the corporate debtor; and*
- (c) such other assets as may be notified by the Central Government in consultation with any financial sector regulator”.*

Therefore, the learned Counsel for the Applicant urged the Adjudicating Authority that the Schedule Property cannot be property of Corporate Debtor and Resolution Professional cannot interfere with peaceful possession of schedule property by the Applicant and the subsequent Transferee.



6. Shri S. S. Naganand, learned Senior Counsel for the Respondent/Resolution Professional, while reiterating the various averments made in the reply, as briefly stated supra, has further submitted and pointed out various documents to show that the property in question was not registered in the name of the Corporate Debtor, it must be deemed to be property/asset of the Corporate Debtor by deeming to be Ostensible owner as the Corporate Debtor enjoying it without having any interruption from the Applicant for several years. Therefore, the contentions and the law as relied upon by the Applicant are not all tenable and liable to be rejected.
7. It is settled position of law that proceedings initiated under the provisions of Code are summary in nature. The Adjudicating Authority hardly has jurisdiction over serious disputed questions of fact and law. More so, when Resolution Professional has not considered the issue in question and pass an order by detailing the justification for impugned order. By perusal of the documents produced by the parties, the Respondent has not claimed that it is absolute owner of Schedule property, but claims that it is Ostensible Owner of it. In the normal course, in the light of duties of Resolution Professional as mentioned under Section 18 of the Code, all the assets of Corporate Debtor can be taken possession of. The Resolution Professional tried to defend the impugned action by relying upon corroborating evidence, that too without passing a detailed order as to how the property in question belongs to the Corporate Debtor, in the light of serious objections raised by the Applicant.



8. As pointed out by the learned Counsel for the Applicant that, Resolution Professional cannot act mechanically and to take the advantage of the moratorium imposed by the Adjudicating Authority and cannot act arbitrarily without following principles of natural justice. He has to examine the issue whether the property in question belongs to the Corporate Debtor or not and if disputes exists, he has to take into consideration of contentions raised by other side and then pass appropriate order(s). However, the Resolution Professional failed to pass any order but tried to defend the impugned action by raising several contentions/ grounds. Therefore, without prejudice to rival contentions of the parties as raised in the instant Application, it would be just and proper that the Applicant can be given liberty to submit a representation along with supported documents to the Resolution Professional, within stipulated period, and thereafter, the Resolution Professional can consider the same in accordance with law, and pass a speaking order.
9. In the result, I.A.No.422/2019 in C.P.(IB)No.216/BB/2018 is hereby disposed of with the following directions:
- (1) The Applicant herein, hereby granted liberty to the Applicant to submit a representation along with relevant evidence, to the Resolution Professional within a period of 2 (two) weeks from the date of the receipt of the Copy of this order.
 - (2) After receipt of Representation as mentioned supra, the Resolution Professional is directed to examine and consider the issue in detail, and to pass speaking order, in accordance with law, within a period of 3 (three) weeks thereafter, and communicate the same to the Applicant.



- (3) In the meanwhile, both the parties are directed to maintain status quo in respect of the schedule property.
- (4) We make it clear that this order is passed without prejudice to the rights of respective parties over the Scheduled Property, and we have not expressed any opinion on merits of the issue.
- (5) No order as to costs.



(ASHUTOSH CHANDRA)
MEMBER, TECHNICAL



(RAJESWARA RAO VITTANALA)
MEMBER, JUDICIAL

Shruhi