

**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**DIVISION BENCH, COURT-1, AHMEDABAD**

ITEM No.302  
IA/454(AHM)2021  
In  
CP(IB) 625 of 2018

**Under Section 60(5) of IBC 2016**  
**IN THE MATTER OF:**

Ajit Kumar RP of  
K-Lifestyle & Industries Ltd

...Applicant

V/s

Maharashtra Industrial Development Corporation & Ors

...Respondents

**Order delivered on: 27/04/2026**

**CORAM:**

MR. SHAMMI KHAN, HON'BLE MEMBER (J)  
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

**ORDER**  
**(Hybrid Mode)**

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

— SP —

**SANJEEV SHARMA**  
**MEMBER (TECHNICAL)**

— SD —

**SHAMMI KHAN**  
**MEMBER (JUDICIAL)**



**BEFORE THE ADJUDICATING AUTHORITY  
NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH, COURT - I, AHMEDABAD**

**IA/454(AHM)2021**

**In**

**CP(IB) 625 of 2018**

*[Application filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016]*

**In the matter of:**

**Mr. Ajit Kumar**

Resolution Professional of  
K-Lifestyle & Industries Ltd

Having its office at:

83, National Media Centre,  
Shankar Chowk,  
Near Ambiance Mall,  
DLF Cyber City,  
Gurugram, Haryana -122002

**...Applicant**

**Versus**

**1. Office of Executive Engineer**

Having its office at:

Maharashtra Industrial  
Development Corporation  
MIDC Division Dombivili,  
Thane, Maharashtra-400093

**2. Suspended Board of Directors**

Represented through:

i. Narayan Ramchandra Ghumatkar

Having Address at:

1/19, 676, Jariwala Building,  
N.M. Joshi Marg, Byculla Station,  
V J B Udyan, BYC Mumbai-400027



ii. Pravinkumar Mohanlal Parekh

Having Address at:

Vraj Darshan Complex,  
Khanwel Road, Near Gram  
Panchayat, Samarvani,  
Dadar & Nagar Haveli,  
Silvassa-396230

iii. Mr. Jaiprakash Atmaram Mishra

Having Address at:

A-801, Royal Residency,  
Puna Link Road, Vitthalwadi Station,  
Katemanivali, Kalyan East,  
Kalyan- 421306

.... Respondents

**Order Pronounced On: 27.04.2026**

**CORAM:**

**SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)**

**SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)**

**APPEARANCE:**

For the Applicant : Mr. Atul Sharma, Advocate a/w  
Mr. Ajit Kumar, RP in Person

For the Respondents : None

**ORDER**  
**(Per: Bench)**

1. This application has been filed on 22.06.2021 (through e-mode) by the Resolution Professional, **Mr. Ajit Kumar** (hereinafter as, "the **Applicant**") of M/s. K-Lifestyle & Industries Ltd (hereinafter as, "the **Corporate Debtor**")



under Section 60(5) of the Insolvency and Bankruptcy Code of 2016 (hereinafter as, "**the Code**") seeking following reliefs: -

- a. *Allow the present application of the Applicant;*
  - b. *direct the Respondent/MIDC not to demolish or take any action against the property of the Corporate Debtor during the CIRP;*
  - c. *Any other relief or relief as this Hon'ble tribunal deems fit and proper in light of the facts and circumstances of the case and in the interest of justice;*
2. The Applicant has placed the facts through the I.A. and documents in the following manner: -

2.1. It is submitted that the present Interlocutory Application has been filed by the Resolution Professional under Section 60(5) of the Insolvency and Bankruptcy Code, 2016, seeking necessary directions against the Respondent, inter alia, to restrain it from demolishing the property bearing Plot Nos. A-164, A-164 (Part), A-165, A-166 and A-166 (Part), situated at MIDC, Dombivli Industrial Area, during the subsistence of the moratorium period.

2.2. It is further submitted that the Corporate Insolvency Resolution Process ("CIRP") against the Corporate Debtor commenced pursuant to order dated 05.02.2020 passed by this Tribunal in CP (IB) No. 625/2018, whereby the petition under Section 7 of the



Code was admitted and the Applicant herein was appointed as the Interim Resolution Professional.

- 2.3. It is submitted that in compliance with the provisions of the Code, a public announcement was made on 20.02.2020 inviting claims from creditors, with the last date for submission being 03.03.2020.
- 2.4. Thereafter, on 19.02.2020, the Applicant addressed communications to the suspended Board of Directors seeking requisite information and documents; however, despite repeated reminders, the suspended management failed to extend cooperation and did not furnish complete details of assets and affairs of the Corporate Debtor.
- 2.5. It is submitted that the Applicant convened the 3<sup>rd</sup> meeting of the Committee of Creditors on 25.08.2020 and apprised the members regarding the properties of the Corporate Debtor, including the subject property.
- 2.6. It is further submitted that the said property had earlier been subject matter of proceedings before the Hon'ble High Court of Bombay in Writ Petition No. 9151 of 2010 and SARFAESI proceedings in 2002, and was ultimately put to auction, wherein the Corporate Debtor, Krishna Lifestyle Technologies, was declared the successful bidder.
- 2.7. Owing to non-cooperation of the suspended Board, the Applicant intimated MIDC vide letter dated



13.08.2020 regarding commencement of CIRP and sought details of the subject property.

2.8. It is submitted that the Respondent, vide letter received subsequent thereto, rejected the proposal submitted by the Corporate Debtor in respect of the said property, and further apprised that unauthorized constructions had been carried out.

2.9. It is further submitted that despite the subsistence of moratorium and the powers of the Board vesting in the Resolution Professional, the suspended directors continued to interfere and failed to obtain prior approval of the Applicant.

2.10. The Applicant thereafter received a letter dated 23.01.2021 from MIDC stating that the construction at the site had been undertaken without requisite approvals and was liable to be demolished.

2.11. It is submitted that the Applicant, vide letters dated 09.02.2021 and 26.02.2021, informed MIDC about the initiation of CIRP and the statutory moratorium under Section 14 of the Code, and requested the Respondent to refrain from taking any coercive steps, including demolition.

2.12. However, despite the same, the Applicant received an undated letter on 02.06.2021 and thereafter a final notice dated 10.06.2021 from MIDC directing

40

2



demolition of the alleged unauthorized structures within 35 days.

2.13. It is submitted that the actions of the Respondent are in contravention of Section 14 and Section 238 of the Code, which impose a moratorium prohibiting any action to foreclose, recover or enforce any security interest or to alienate or dispose of the assets of the Corporate Debtor during CIRP.

2.14. In these circumstances, the Applicant has approached this Tribunal seeking appropriate directions to restrain the Respondent from proceeding with demolition and to preserve the assets of the Corporate Debtor during the moratorium period.

3. Furthermore, the Applicant filed an additional affidavit on 10.07.2021 vide Inward No. 29175 stating the following: -


3.1. It is submitted that the Applicant has filed the present affidavit in continuation of the Interlocutory Application, placing on record subsequent developments and additional facts arising after the filing of the application.

3.2. It is submitted that the Applicant has already filed an application under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 being I.A. No. 454 of 2021 in CP (IB) No. 625 of 2018, seeking directions against the Respondent/MIDC to restrain it from taking any



coercive action, including demolition, in respect of the property bearing Plot Nos. A-164, A-164 (Part), A-165, A-166 and A-166 (Part), situated at MIDC, Dombivli Industrial Area, during the subsistence of the moratorium.

- 3.3. It is further submitted that during the pendency of the said application, the Applicant received a termination letter from MIDC, which has been annexed to the affidavit.
- 3.4. It is submitted that the said termination notice dated 22.06.2021 (as reflected at page 3 of the affidavit) pertains to the allotment of the aforesaid plots and records various alleged breaches on the part of the Corporate Debtor, including unauthorized construction, non-compliance with MIDC regulations, and failure to obtain requisite approvals.
- 3.5. The notice further alleges that the Corporate Debtor carried out construction beyond permissible limits and in deviation of sanctioned plans, and accordingly seeks to terminate the lease agreements and resume possession of the plots.
- 3.6. It is submitted that the termination notice also traces the history of the subject plots, including their earlier allotment to M/s Rotex Textiles Mills Pvt. Ltd., subsequent auction by Bank of India, and eventual transfer to M/s Krishna Lifestyle Technologies Pvt. Ltd.




3.7. It further records that multiple notices had been issued in the past regarding unauthorized construction and violations, including notices dated 18.03.2009, 17.10.2013 and 17.07.2014, as well as proceedings before the Hon'ble High Court of Bombay, wherein certain directions were issued regarding regularization and compliance.

3.8. It is submitted that the termination notices further details discrepancies in the building plans submitted in the years 2014 and 2016, including excess built-up area, inadequate marginal spaces, absence of required approvals, and construction of additional floors and structures without sanction.

3.9. The notice also records that the Corporate Debtor failed to comply with conditions of lease, did not obtain building completion certificates, and continued unauthorized use of the premises.

3.10. It is submitted that on account of the aforesaid alleged breaches, MIDC has purported to terminate the lease agreements in respect of the subject plots and has called upon the Corporate Debtor to hand over vacant and peaceful possession, failing which penalties and further action would ensue, as specifically set out in the termination notice (pages 16-17 of the affidavit).

3.11. It is submitted that in view of the issuance of the aforesaid termination notice during the pendency of CIRP and despite the subsistence of moratorium



under Section 14 of the Code, the Applicant has been constrained to approach this Tribunal by way of the present affidavit, seeking urgent interim reliefs to restrain the Respondent from acting upon the termination notice and from taking any coercive steps against the property of the Corporate Debtor, in order to preserve the assets and maintain the status quo during the CIRP period.

4. That, the Respondent No. 01 filed its reply on 01.12.2021 vide Inward No. D-908 stating the following: -

4.1. It is submitted that the present reply has been filed by the Respondent, Maharashtra Industrial Development Corporation ("MIDC"), opposing the Interim Application filed by the Resolution Professional and justifying the actions taken by it in respect of the subject property.

4.2. It is submitted that the Respondent is a statutory authority constituted under the Maharashtra Industrial Development Act, 1961, with the object of securing and assisting the orderly establishment and development of industries in the State of Maharashtra.


4.3. In furtherance of its statutory functions, the Respondent allots industrial plots subject to terms and conditions, including the obligation upon the

allottee to commence and continue industrial activity on the allotted land.

4.4. It is submitted that the present reply has been filed in response to the Interim Application seeking restraint against demolition, and the Respondent has specifically contended that the Agreement to Lease and Lease Deed in respect of Plot Nos. A-164, A-164 (Part), A-165, A-166 and A-166 (Part) have been terminated on account of repeated breaches of the terms and conditions by the Corporate Debtor. The details of the same are as follows:

4.5. It is further submitted that notices under Section 53 of the Maharashtra Regional and Town Planning Act, 1966 had also been issued directing demolition of

Sr. No.	Description	Plot No.				
		A-164, A-165	A-164(Part)	A-166	A-166 (Part)	A-164 (Part)
1	Plot Area	1500 SqM	500 SqM	750 SqM	625 SqM	270 SqM
2	Date of Possession	23/01/1979	15/05/1980	02/05/1990	27/11/1991	18/10/1993
3	Date of A to L	12/01/1979	15/05/1980	23/04/1990	26/11/1991	18/10/1993
4	Plan Approval Date	30/05/1980		12/03/1998	No	No
5	Approved BUA	1864.00 Sq.M.		704.00 Sq.M.	No	No
6	Approved FSI	0.932		0.939	No	No
7	BCC issued No & Date	661, Dt. 10/02/1993		No	No	No
8	Activity allotted	Knitting of Fabrics				



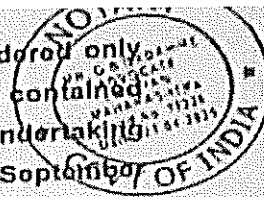
unauthorized construction.

- 4.6. It is submitted that the subject plots were originally allotted to M/s Rotex Textiles Mills Pvt. Ltd., and thereafter came to be transferred to M/s Krishna Lifestyle & Industries Ltd. pursuant to auction conducted by Bank of India.
- 4.7. The Respondent submits that upon inspection, it was observed that unauthorized construction activities were being carried out on the said plots without obtaining requisite approvals, and despite issuance of notices, such violations continued.
- 4.8. It is submitted that multiple notices were issued to the Corporate Debtor, including notice dated 18.03.2009, followed by further notices dated 17.10.2013 and 17.07.2014, directing demolition of unauthorized construction.
- 4.9. It is further submitted that proceedings were also initiated before the Hon'ble High Court of Bombay, wherein certain undertakings were recorded vide its order dated 22.09.2014; however, the Corporate Debtor failed to comply with the conditions stipulated therein. The snapshots of the order dated 22.09.2014 passed by the Hon'ble High Court of Bombay are as follows:

ORDER OF HON'BLE HIGH COURT AT BOMBAY

- a) Court accept the statements made by the learned counsel appearing for the Petitioner on instructions which have been recorded in Paragraphs 2 & 3 above. We accept the undertakings of Shri Narayana Ramchandra Ghumatkar as the undertakings of the Petitioner. The affidavits-cum-undertakings of the Petitioner. The affidavits-cum-undertaking of all the other Directors shall be filed in this Court within a period of one week from today;
- b) It will be open for the Petitioner to make an Application under Sub-Section (3) of Section 53 of the Maharashtra Regional and Town Planning Act, 1966 to the appropriate authorities of the second Respondent;
- c) The said Application shall be made within a period of six weeks from today;

- d) The said Application shall be processed and considered only after the Petitioner complies with the undertakings contained in Clause (A) of Paragraph 3 of the affidavit-cum-undertaking of Shri Narayan Ramchandra Ghumatkar dated 15<sup>th</sup> September 2014;
- e) We grant time of three months to the Petitioner to comply with the said undertakings. No further time shall be granted;
- f) The Application for regularization which may be made by the Petitioner shall be considered by the second Respondent only after compliance is made by the Petitioner with the undertakings as aforesaid. The order passed on the said Application be communicated to the Petitioner or to the Petitioner's licensed Architect;
- g) Till the date of communication of the order passed on the said Application to the Petitioner or to the Petitioner's licensed Architect, whichever is earlier, the ad-interim relief granted on 2<sup>nd</sup> November 2012 shall continue to operate subject to compliance with the terms and conditions of the undertakings;
- h) If the order be adverse to the petitioner, the ad-interim relief shall continue to operate for a period of four weeks from the date of communication of the order passed on the said Application as aforesaid subject to condition of the Petitioner complying with the Clause (B) of Paragraph 3 of the said affidavit-cum-undertaking;





- l) On failure of the Petitioner to make an Application for regularization within a period of six weeks from today, the protection granted under this order shall come to an end it will be open for the second and third Respondents to take action of demolition in terms of the impugned notice;
- j) In the event the Petitioner fails to comply with the Clause (A) of Paragraph 3 of the said affidavit-cum-undertaking within a period of three months from today, it will be open for the second and third Respondents to apply to this Court for vacating protection granted as aforesaid to the Petitioner;
- k) Even in the case of breach of the Clause (B) of Paragraph 3 of the said affidavit-cum-undertaking, it will be open for the second and third Respondents to apply to this Court for vacating protection granted as aforesaid to the Petitioner;
- l) We make it clear that the Application for regularization will be decided on its own merits. The Application shall be decided on its own merits notwithstanding the fact that the plots in question have not been formally transferred by the second and third Respondents in the name of the petitioner;

m) We make it clear that as the Petitioner has accepted that the structure described in the schedule to the notice dated 12<sup>th</sup> February 2014 is illegal and unauthorized, the Application for regularization shall relate to the entire structure which is described in the schedule to the said notice;

The Petition is disposed of on above terms.




4.10. It is submitted that the Respondent has pointed out several discrepancies in the construction carried out on the subject plots, including excess built-up area, deviation from sanctioned plans, insufficient marginal open spaces, absence of approvals from competent authorities, and construction of additional floors beyond permissible limits.

4.11. As reflected in the comparative table at pages 10–13 of the reply, the actual construction on site significantly deviates from the plans submitted and approved, thereby constituting gross violations of MIDC Development Control Regulations.

4.12. It is submitted that the Respondent has further contended that the Corporate Debtor failed to obtain Building Completion Certificate, unlawfully changed the user of the premises, sub-let portions of the property without permission, and defaulted in payment of water and service charges, thereby breaching the terms of the lease agreement.

4.13. It is submitted that in view of the aforesaid violations and continued non-compliance, the Respondent issued Show Cause Notice and thereafter terminated the lease agreements and issued final notice dated 10.06.2021 directing demolition of unauthorized structures.



4.14. It is further submitted that the Resolution Professional failed to provide any satisfactory response to the said notice.

4.15. It is submitted that the Respondent has specifically contended that the provisions of the Insolvency and Bankruptcy Code, 2016 do not grant protection to illegal constructions or violations committed by the Corporate Debtor, and that the moratorium cannot be invoked to perpetuate illegality.

4.16. It is further submitted that since the Corporate Debtor has failed to cure the breaches and continues to be in violation of statutory provisions, the Respondent is entitled to proceed in accordance with law.

4.17. It is therefore submitted that, in the facts and circumstances of the case, the Respondent has justified the issuance of termination and demolition notices and has prayed for dismissal of the Interim Application filed by the Applicant.

5. That, this Tribunal vide order dated 07.04.2026 decided to hear and decide the matter on the basis of pleadings available on record since the order dated 09.03.2026 was duly served upon the Respondent No. 01 vide e-mode on 25.03.2026 and despite this advance intimation none appeared on the behalf of the Respondent No. 01.



6. Further, in compliance of order dated 07.04.2026, only the Applicant/RP also filed Written Submissions on 17.04.2026 vide inward diary no. D-3332 which are not reproduced here for sake of repetition of facts.
7. This Tribunal has heard the submissions advanced on behalf of the Applicant, perused the pleadings, documents placed on record, and the material available in the present Interlocutory Application as well as the additional affidavit filed by the Resolution Professional. The present Application has been preferred under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 seeking protection of the assets of the Corporate Debtor and appropriate restraint against the Respondent/MIDC from proceeding with demolition and termination of lease during the subsistence of CIRP.
8. This Tribunal derives jurisdiction under Section 60(5)(c) of the Insolvency and Bankruptcy Code, 2016 to adjudicate any question of law or fact arising out of or in relation to the insolvency resolution process of the Corporate Debtor.



9. At the outset, it is an undisputed position that the Corporate Insolvency Resolution Process against the Corporate Debtor commenced vide order dated 05.02.2020 passed by this Tribunal in CP (IB) No. 625/2018. Consequent upon admission of the petition, moratorium under Section 14 of the Code came into effect.
10. The scope and ambit of Section 14, particularly Section 14(1)(d), is well settled, inasmuch as it prohibits recovery of property occupied by the Corporate Debtor, including any action that would result in dispossession or diminution of its asset value.
11. It is observed from the record that the Resolution Professional, upon his appointment, undertook steps in accordance with the provisions of the Code, including issuance of public announcement on 20.02.2020 inviting claims and seeking information from the suspended Board of Directors.
12. However, it has been specifically pleaded that despite repeated communications, the suspended management



failed to cooperate and did not furnish complete details of assets and affairs of the Corporate Debtor.

13. This non-cooperation assumes significance inasmuch as the Resolution Professional was constrained to independently identify and secure the assets of the Corporate Debtor, including the subject property.

14. It is further borne out from the record that the subject property forms a significant asset of the Corporate Debtor and had earlier been acquired pursuant to auction proceedings conducted by Bank of India, following earlier litigation including proceedings before the Hon'ble High Court of Bombay. The Resolution Professional has placed on record that the said property was duly brought to the notice of the Committee of Creditors in its 3rd meeting held on 25.08.2020. Thus, the subject property forms part of the asset pool which is required to be preserved during CIRP.

15. The record further reflects that the Resolution Professional, upon becoming aware of issues pertaining to the said property, addressed a communication dated



13.08.2020 to the Respondent/MIDC informing about the commencement of CIRP and seeking relevant details. It is not in dispute that subsequent communications dated 09.02.2021 and 26.02.2021 were also addressed by the Resolution Professional specifically intimating the Respondent about the statutory moratorium under Section 14 and requesting it to refrain from taking any coercive action.

16. Despite the aforesaid intimation, it is observed that the Respondent proceeded to issue an undated communication received on 02.06.2021 followed by a final notice dated 10.06.2021 directing demolition of alleged unauthorized structures within a stipulated period. Thereafter, during the pendency of the present Application, the Respondent further issued a termination notice dated 22.06.2021 terminating the lease agreements in respect of the subject plots.

17. The sequence of these events clearly establishes that the impugned actions of demolition and termination have been



initiated after commencement of CIRP and during the operation of moratorium.

18. The Respondent has, in its reply, sought to justify its actions by contending that the Corporate Debtor committed repeated and continuing breaches of the terms and conditions of the lease, including unauthorized construction, deviation from sanctioned plans, excess built-up area, absence of requisite approvals, non-obtaining of completion certificates, change of user, sub-letting without permission, and non-payment of dues. It has also been contended that notices were issued from time to time since 2009 and that even undertakings recorded before the Hon'ble High Court of Bombay were not complied with.

19. This Tribunal has given thoughtful consideration to the aforesaid contentions. There is no gainsaying that statutory authorities such as MIDC are empowered to enforce compliance with applicable laws and development control regulations. However, the crucial issue for determination is not the existence of alleged violations, but



whether the Respondent could have proceeded to terminate the lease and take coercive steps including demolition during the subsistence of moratorium. It appears that these actions got precipitated only after the intimation of the commencement of CIRP by Resolution Professional to the MIDC vide letter of 13.08.2020.

20. The Hon'ble Supreme Court in ***Rajendra K. Bhutta vs. Maharashtra Housing and Area Development Authority, (2020) 13 SCC 208*** has held that once moratorium is in force, statutory authorities are restrained from taking actions resulting in dispossession of the Corporate Debtor. The Hon'ble Apex Court emphasized that the object of the Code is to preserve the Corporate Debtor as a going concern and to maximize the value of its assets. The relevant extract of the said order is as follows:

*"25. There is no doubt whatsoever that important functions relating to repairs and re-construction of dilapidated buildings are given to MHADA. Equally, there is no doubt that in a given set of circumstances, the Board may, on such terms and conditions as may be agreed upon, and with the previous approval of the Authority, handover execution of any housing scheme under its own supervision. However, when it comes to any clash between the MHADA Act and the Insolvency Code, on the plain terms of Section 238 of the Insolvency Code, the Code must prevail. This is for the very good reason that when a moratorium is spoken of by Section 14 of the Code, the idea is that, to alleviate corporate sickness, a statutory status quo is pronounced under Section 14 the moment a petition is*



admitted under Section 7 of the Code, so that the insolvency resolution process may proceed unhindered by any of the obstacles that would otherwise be caused and that are dealt with by Section 14. The statutory freeze that has thus been made is, unlike its predecessor in the SICA, 1985 only a limited one, which is expressly limited by Section 31(3) of the Code, to the date of admission of an insolvency petition up to the date that the Adjudicating Authority either allows a resolution plan to come into effect or states that the corporate debtor must go into the liquidation. For this temporary period, at least, all the things referred to under Section 14 must be strictly observed so that the corporate debtor may finally be put back on its feet albeit with a new management.”

21. Similarly, the Hon’ble NCLAT in ***Maharashtra Industrial Development Corporation vs. Santanu T. Ray, Resolution Professional & Anr., Comp. App. (AT) (Ins.) No. 1004 of 2021*** dealing specifically with MIDC, has held that termination of lease and resumption of possession during moratorium is impermissible and such actions would be hit by Section 14 of the Code. The relevant extract of the said order is as follows:

“29. After considering the facts on the record and arguments of the parties, we are of the considered opinion that in view of the fact that Moratorium has kicked in w.e.f. 11.03.2019 due to currency of Moratorium, the Appellant could not have taken possession of the leased property by virtue of restrain under Section 14(1)(d). Further continuation or initiation of any other proceeding under Section 14(1)(a) which also prohibited the Appellant to cancel the lease during currency of the Moratorium. Although after CIRP is over, there is no fetter on the right of the Appellant to take proceeding for breach of terms of the lease by the Corporate Debtor.”

22. Applying the aforesaid settled principles to the facts of the present case, this Tribunal finds that the demolition notice dated 10.06.2021 and termination notice dated



22.06.2021 have been issued during the currency of CIRP and in the face of express intimation of moratorium by the Resolution Professional. The effect of these actions, if permitted, would be to divest the Corporate Debtor of a valuable asset and thereby frustrate the CIRP.

23. The contention of the Respondent that the moratorium cannot be used as a shield to protect illegality has been duly considered and to perpetuate illegality. While the said proposition is correct in principle, the same cannot override the statutory mandate of Section 14. Even assuming the existence of violations or unauthorized constructions, enforcement actions leading to dispossession, demolition, or deprivation of possession must remain in abeyance during the subsistence of CIRP.

24. It is also pertinent to note that the termination of lease in the present case is intrinsically linked to the right of possession of the property. Once the lease is terminated, the inevitable consequence would be resumption of possession and demolition, which would directly fall

Ho



within the mischief sought to be prevented under Section 14 of the Code.

25. This Tribunal further observes that the Resolution Professional is statutorily obligated under Section 25 of the Code to preserve and protect the assets of the Corporate Debtor and to maintain it as a going concern till the insolvency is resolved or proceedings conclude. Any action by a third party, including a statutory authority, which results in depletion or destruction of such assets, would run contrary to the scheme and object of the Code.

26. In the facts of the present case, it is evident that the Respondent, despite having knowledge of the CIRP and moratorium, has proceeded to issue demolition and termination notices. Such action, in the considered view of this Tribunal, is in teeth of Section 14 read with Section 238 of the Code, the latter having an overriding effect over other laws.

27. Therefore, while the Respondent may have legitimate grievances regarding alleged violations by the Corporate Debtor for long, it cannot be permitted to take unilateral



coercive steps during the moratorium period. The appropriate remedy for the Respondent would be to approach this Adjudicating Authority for necessary directions.

28. This Tribunal further deems it appropriate to advert to the significance of Section 238 of the Insolvency and Bankruptcy Code, 2016, which provides that the provisions of the Code shall have an overriding effect notwithstanding anything inconsistent contained in any other law for the time being in force. Section 238 of IBC reads as follows:

*“238. The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.”*

29. The said provision is a cornerstone of the statutory framework of the Code and ensures that the objectives of insolvency resolution are not defeated by recourse to parallel or conflicting legal regimes.

30. In the present case, even though the Respondent has invoked powers under the Maharashtra Industrial Development Act, 1961 and the Maharashtra Regional and



Town Planning Act, 1966, such actions, to the extent they are inconsistent with the moratorium imposed under Section 14 of the Code, cannot be sustained in view of the overriding effect of Section 238.

31. The Hon'ble Supreme Court in ***Innoventive Industries Ltd. v. ICICI Bank Ltd., Civil Appeal Nos. 8337-8338 OF 2017***, affirmed that the IBC overrides any inconsistent provisions in other enactments, specifically highlighting that the Maharashtra Relief Undertakings Act could not stop the IBC process.
32. Therefore, the Respondent cannot take shelter under any other statute to justify actions which would result in diminution of the assets of the Corporate Debtor during CIRP, as the provisions of the Code shall prevail in such circumstances.
33. In view of the detailed discussion hereinabove, this Tribunal is of the considered opinion that the impugned actions of the Respondent in issuing demolition and termination notices during the subsistence of CIRP are unsustainable in law and liable to be interdicted, in order



to preserve the assets of the Corporate Debtor and to ensure that the CIRP proceeds in accordance with the provisions of the Code.

34. In view of the foregoing observations and findings, and considering the facts and circumstances of the present case, this Tribunal is of the considered opinion that the present Interlocutory Application deserves to be allowed in order to preserve the assets of the Corporate Debtor and to ensure that the Corporate Insolvency Resolution Process proceeds in accordance with law.

35. Accordingly, the present Application being **IA/454(AHM)2021 in CP (IB) No. 625 of 2018** is **allowed.**

36. The Respondent No. 1, Maharashtra Industrial Development Corporation (MIDC), is hereby restrained from taking any coercive action against the property of the Corporate Debtor bearing Plot Nos. A-164, A-164 (Part), A-165, A-166 and A-166 (Part), situated at MIDC, Dombivli Industrial Area, including demolition, dispossession, or any action affecting possession, title, or enjoyment of the



property of the Corporate Debtor, during the subsistence of the moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016.

37. The demolition notice dated 10.06.2021 and the termination notice dated 22.06.2021, issued by the Respondent, shall remain in abeyance and shall not be given effect to during the currency of the Corporate Insolvency Resolution Process.

38. It is further directed that the Respondent shall **maintain status quo** with respect to the subject property and shall not interfere with the possession, use, or management of the said property by the Resolution Professional.

39. The Resolution Professional is directed to ensure that the subject property is properly maintained and safeguarded and that no further unauthorized construction or third-party interest is created during the subsistence of CIRP. The Resolution Professional shall also ensure compliance with applicable laws to the extent feasible, without prejudice to the rights of the Respondent to take action in accordance with law upon cessation of moratorium.



40. It is further clarified that the protections granted herein are co-terminus with the moratorium period, and the Respondent shall be at liberty to proceed in accordance with law after cessation of moratorium, subject to orders that may be passed in the main Company Petition.
41. **IA/454(AHM)2021 in CP (IB) No. 625 of 2018** is hereby **allowed**. No order as to costs.
42. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

\_\_\_\_\_ SD \_\_\_\_\_

**SANJEEV SHARMA**  
**MEMBER (TECHNICAL)**  
Jeel/LRA

\_\_\_\_\_ SD \_\_\_\_\_

**SHAMMI KHAN**  
**MEMBER (JUDICIAL)**