

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
30.04.2026 AT 10:30 A.M.**

**IA (IBC)/1412/2023, IA (IBC)/804/2023, IA (IBC)/343/2025 in
CP (IB) No. 402/7/HDB/2020
U/s 7 of IBC**

IN THE MATTER OF:

Export-Import Bank of India

...Petitioner

AND

DQ Entertainment (International) Ltd

...Respondent

C O R A M:-

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

ORDER

IA (IBC)/1412/2023

Orders pronounced, recorded vide separate sheets. In the result, the IA (IBC)/1412/2023 is dismissed.

IA (IBC)/804/2023

Orders pronounced, recorded vide separate sheets. In the result, the IA (IBC)/804/2023 is dismissed.

IA (IBC)/343/2025

Orders pronounced, recorded vide separate sheets. In the result, the IA (IBC)/343/2025 is dismissed.

Sd/-

MEMBER (T)

Sd/-

MEMBER (J)

IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH, COURT-II

I.A (IBC) No. 1412 of 2023

in

C.P (IB) No. 402/7/HDB/2020

[Under Section 17(2)(d), 19(2) and 60(5) of Insolvency and Bankruptcy Code, 2016]

IN THE MATTER OF EXPORT IMPORT BANK OF INDIA vs. DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

Between:

Mr. Venka Reddy Bathina

Liquidator, DQ Entertainment
(International) Limited, Aurora Colony,
Road No. 3, Banjara Hills,
Hyderabad-500034.

.....Applicant

AND

- 1. Metropolitan Commissioner,
Hyderabad Metropolitan Development Authority,
Swarna Jayanti Complex, Sanjeeva Reddy Colony,
Srinivasa Nagar, Ameerpet, Hyderabad-500038.**

.....Respondent No. 1

- 2. Principal Secretary, Information Technology,
Electronics & Communications Department,
3rd Floor, Telangana Secretariat, Hyderabad,
Telangana-500022.**

.....Respondent No. 2

- 3. Principal Secretary, Municipal Administrations
And Urban Development Department, Telangana**

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in

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Date of the Order: 30.04.2026

Secretariat, Commissioner and Director of Municipal
Administration, 640, AC Guards, Masab Tank, Opp.
PTI Building, Hyderabad-500004.

.....Respondent No. 3

Date of Order: 30.04.2026

Coram:

Hon'ble Shri Rajeev Bhardwaj, Member (Judicial)

Hon'ble Shri Sanjay Puri, Member (Technical)

Counsels Present

For Applicant : M. Maharshi Viswaraj, Ld. Advocate.

For Respondents : A. Sudharshan Reddy, Ld. Advocate General on
behalf of G. Sumathi, Ld. Advocate

1. The present Application was initially filed by Mr. Ahalada Rao Vummenthala, Resolution Professional (**RP**) of M/s. DQ Entertainment (International) Limited (**Corporate Debtor/CD**), and is presently being pursued by Mr. Venka Reddy Bathina, Liquidator of the Corporate Debtor.

2. The Applicant seeks the following relief:

“To Declare the Corporate Debtor as the rightful Lease Holder of the Property situated at Plot Number 9 Sy Nos. 239 & 240, Plot No.9, Kokapet, Rajendra Nagar, Mandal, Ranga Reddy District.”

Application

3. It is submitted that this Adjudicating Authority admitted the Corporate Insolvency Resolution Process (**CIRP**) of the Corporate Debtor vide order dated 17.06.2022 in C.P. (IB) No. 402/7/HDB/2020 and appointed Mr.

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Madhusudhan Rao Gonugunta as the Interim Resolution Professional **(IRP)**. Subsequently, in the first meeting of the Committee of Creditors **(CoC)**, the IRP was replaced by Mr. Ahalada Rao Vummenthala as the Resolution Professional, whose appointment was confirmed by this Authority vide order dated 15.09.2022 in I.A. (IBC) No. 943 of 2022.

4. It is submitted that the Corporate Debtor had taken land admeasuring Ac. 2.87 guntas in Sy. Nos. 239 & 240, Plot No. 9, Kokapet, Rajendra Nagar Mandal, Ranga Reddy District from Hyderabad Metropolitan Development Authority **(HMDA/Respondent No. 1)** under a registered lease deed dated 06.10.2008 for a period of 33 years, which continues to subsist. It is further submitted that the Encumbrance Certificate reflects the Corporate Debtor as the lessee even as on date.
5. The Applicant submitted that requests were made to the Respondents seeking relevant information and documents pertaining to the leased property, however, the Respondents failed to furnish the same. It is submitted that such information is essential for the conduct of the CIRP and for proper valuation of the assets of the Corporate Debtor.
6. The Applicant submitted that Respondent No. 1, vide letter dated 24.01.2023, directed the Applicant to approach Respondent No. 2 (IT & C Department). However, despite approaching Respondent No. 2, no information was furnished.
7. It is contended that under Section 17(2)(d) of the Insolvency and Bankruptcy Code, 2016, the Resolution Professional is entitled to access all records and documents relating to the Corporate Debtor available with governmental and statutory authorities.

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8. It is submitted that the Hyderabad Metropolitan Development Authority **(HMDA/Respondent No. 1)** was formed by an Act (G.O.Ms.No.570 MA & UD (11) Dept., dt.25.08.2008) of the then combined State of Andhra Pradesh. Thus, the Respondent No. 2 comes under purview of section 17(2) (d) of IBC, 2016.
9. It is submitted that in view of the above submissions the indulgence of this Authority is imperative by way of directing all the Respondents to cooperate with the RP and provide the information required for the CIRP of the CD. It is further submitted that in the absence of information regarding the leased property, it may result in loss of valuation of the CD and will hinder the Insolvency Resolution of the CD.

Counter by Respondents

10. The Respondents submitted that the Government had allotted land admeasuring Ac. 2.87 guntas in Sy. Nos. 239 & 240 to the Corporate Debtor for IT/ITES purposes, and a lease deed was executed vide document No. 3886 of 2008. It is submitted that a No Objection Certificate **(NOC)** was issued solely for the purpose of mortgaging the leasehold rights and did not confer any additional rights.
11. It is submitted that the Respondent No. 1 issued intimation letter dated 24.01.2023 to the Resolution Professional to obtain information from IT&C Department because the Special Economic Zone **(SEZ)** permission was not renewed by the Government.
12. It is submitted that the Applicant had sought information regarding:
- 12.1 Status of lessee/co-developer of the land lease agreement.
 - 12.2 Payment made by the Company.
 - 12.3 If any related documents except lease deed.

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It is further submitted that the Respondent No. 1 issued another letter dated 15.07.2023 intimating the RP to obtain the existing documents form the IRP.

13. It is further submitted that subsequent to the commencement of liquidation proceedings vide order dated 20.12.2023, the Liquidator again sought similar information from Respondent No. 1:
 - 13.1 Communication/Show Cause Notice or any other notice issued by HMDA with DQ Entertainment (International) Limited subsequent to the execution of the agreement dated status of the Lessee/Co-Developer of the land and lease agreement.
 - 13.2 What are the conditions to be fulfilled.
 - 13.3 Details of payments made by M/s. DQ Entertainment (International) Limited, and
 - 13.4 Any other information or document you would like to share in terms of the provisions of IBC, 2016 and other statues.
14. The Respondents submit that the Ministry of Commerce and Industry issued a show cause notice dated 19.08.2024 to the Corporate Debtor for failure to seek extension of the Letter of Approval (**LOA**), to which no reply was submitted.
15. It is further submitted that Ministry of Commerce and Industry (office of the Development Commissioner, Visakhapatnam Special Economic Zone) has also issued a letter dated 30.09.2024 to the CD cancelling the LOA, LOA NO. SEZ(IT/ITES)/DQE/HMDAK/(HYD0/0029/2009-10 dated 10.05.2009 issued to the CD with respect to Plot No. 9 Sy. No. 239 & 240 allotted to the CD which accepted the terms and conditions of the LOA but failed to execute the Bond-cum-Legal undertaking and the unit has not approached the Ministry of Commerce and Industry for extension of validity of the LOA.

16. It is submitted that the lease deed interests of the CD on the said land was extinguished as per clause 11(z)(c) and other clauses of the lease deed. It is also submitted that the current possession of the land is with Respondent.
17. It is submitted that as per Rule 11(5) of the Special Economic Zone Rules, 2006, upon liquidation, the company's lease rights within the SEZ processing area automatically stand terminated. It is further submitted under condition no. 29 of the Provisional Allotment, the liquidation of DQ Entertainment constitutes a fundamental breach of allotment conditions warranting immediate cancellation of its allotment. Furthermore, under Section 33(7) of the IBC, 2016, the liquidation order triggers an automatic cessation of the CD's operations and rights, making the continuation of the SEZ allotment untenable and hence the allotment of land to DQ Entertainment (International) Ltd. stands cancelled.
18. In light of the above, it is asserted that the present Application is liable to be dismissed.

Findings

19. We have heard the counsels of the all the parties and perused the entire record.
20. The material on record shows that the Corporate Debtor had obtained land admeasuring Ac. 2.87 guntas, situated at Plot No. 9 in Sy. Nos. 239 & 240, Kokapet, Rajendra Nagar Mandal, Ranga Reddy District, from Respondent No. 1 vide registered Lease Deed bearing Document No. 3886 of 2008 dated 06.10.2008 for a period of 33 years.

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21. It is an undisputed fact that the Corporate Debtor was admitted into the Corporate Insolvency Resolution Process (CIRP) by this Authority on 17.06.2022. Upon commencement of CIRP, the Resolution Professional (RP), in discharge of his statutory duties, addressed an email dated 10.12.2022 to Respondent No. 1 seeking, inter alia, details regarding the status of the lessee/co-developer, conditions of the lease, payments made, and other relevant documents pertaining to the subject property.
22. The record further demonstrates that the RP made sustained and repeated efforts to obtain the requisite information by way of communications dated 13.12.2022, 06.02.2023, 31.03.2023, 10.04.2023, 26.06.2023, and 18.07.2023 addressed to Respondent No. 1 and other concerned departments. However, Respondent No. 1, vide its letter dated 24.01.2023, merely redirected the RP to approach the Information Technology & Communications Department, citing issues relating to non-renewal of SEZ status, and subsequently, vide letter dated 15.07.2023, advised the RP to obtain documents from the erstwhile Interim Resolution Professional.
23. In the meantime, this Authority, vide order dated 20.12.2023 in I.A. (IBC) No. 1485 of 2023 in C.P. (IB) No. 402/7/HDB/2020, ordered liquidation of the Corporate Debtor and appointed Mr. Venka Reddy Bathina as the Liquidator.
24. From the above, it is evident that despite multiple requests, the Respondents failed to furnish the information sought and instead adopted a non-committal approach by redirecting the Applicant to various authorities. While such conduct is noted, the issue for consideration is whether any enforceable right subsists in favour of the Corporate Debtor over the subject property.

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25. In this regard, the record indicates that a show-cause notice dated 19.08.2024 was issued by the Office of the Development Commissioner, Ministry of Commerce and Industry, Government of India, calling upon the Corporate Debtor to explain why the Letter of Approval (LOA) should not be cancelled for failure to seek extension of its validity, which had expired on 09.05.2011 (**pg. 52 of the Counter**). The relevant extract of the Cancellation of the Letter of Approval is reproduced below:

*“M/s. DQ Entertainment (International) Ltd was issued Acres in Plot No. 9, Sy. No. 239 & 240, M/s HMDA, IT/ITES SEZ at Kokapet Village, Rajendra Nagar Mandal, SEZ(IT/ITES)/DQE/HMDAK/(HYD)/0029/2009-10 dated 10.05.2010 for setting up of a unit in an area of 2.87 Ranga Reddy District, Telangana. **The unit has not yet commenced operations and the LOA has expired on 09.05.2011.***

Whereas the unit had accepted the terms and conditions of their LoA and did not execute Bond-cum-Legal Undertaking.

Whereas the unit has not approached this office for extension of validity of their LOA.

VSEZ vide letter dated 19.08.2024 Issued Show Cause Notice to the unit as to why LoA should not be cancelled suo-moto for not seeking extension of validity of their LoA.

No reply has been received from the unit as on date.

VSEZ vide letter dated 19.09.2024 issued Order-in-Original recommending to place for cancellation of the Letter of Approval dated 10.5.2010 granted to M/s. DQ Entertainment (International) Ltd in the Approval

Committee meeting, as per Section 16 (1) of SEZ Act, 2005.

As per the decision of the Unit Approval Committee, LoA No. SEZ(IT/ITES)/DQE/HMDAK/(HYD)/0029/2009-10 dated 10.05.2010 Issued to M/s. DQ Entertainment (International) Ltd is hereby cancelled, in terms of Section 16 (1) of SEZ Act, 2005.”

26. The cancellation order demonstrates that the Corporate Debtor neither commenced operations nor sought extension of the LOA, and no reply was submitted to the show-cause notice. Pursuant thereto, the competent authority, vide communication dated 30.09.2024, cancelled the Letter of Approval granted to the Corporate Debtor in terms of Section 16(1) of the SEZ Act, 2005. From the said communication, it is evident that the LOA had already expired on 09.05.2011 and the subsequent cancellation merely formalized the consequence arising from such expiry.
27. At this juncture, it is relevant to refer Rule 11(5) of the Special Economic Zone Rules, 2006, which provides as follows:
- “11. Processing and non- processing area.**
- (5) The land or built up space in the processing area or Free Trade and Warehousing Zone shall be given on lease only to the entrepreneurs holding a valid Letter of Approval issued under rule 19 and the lease period shall not be less than five years but notwithstanding any other condition in the lease deed, “[the lease rights would cease to exist in case of the expiry or cancellation of the Letter of Approval].*
- Provided that the Developer may, with the prior approval of the Approval Committee, grant on lease land or built up space, for creating facilities such as canteen, public telephone booths, first aid centres, crèche and such other facilities as may be required for the exclusive use of the Unit.”*
28. A plain reading of the above provision makes it clear that leasehold rights in respect of land situated within an SEZ are contingent upon the existence of a valid Letter of Approval, and such rights automatically cease upon its expiry or cancellation.

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29. In the present case, as the Letter of Approval expired on 09.05.2011, the leasehold rights of the Corporate Debtor stood extinguished upon such expiry, and the subsequent cancellation merely affirms that position. The Applicant has not placed any material on record to demonstrate that any extension of the Letter of Approval was either sought or obtained thereafter, nor that any steps were taken to preserve or continue the said approval.
30. It is pertinent to note that during the CIRP, the objective of the Code is to resolve the Corporate Debtor as a going concern, with preservation and potential transfer of its assets under a resolution plan. However, upon commencement of liquidation, such objective no longer survives, and the Corporate Debtor does not continue as a going concern except to the limited extent necessary for beneficial liquidation. In the present case, the land in question was allotted specifically for establishment and operation of an SEZ unit, which admittedly never commenced. In the absence of a valid Letter of Approval, the very purpose of the allotment stands frustrated, and consequently, no subsisting or enforceable right over the subject property can be recognized in favour of the Corporate Debtor. Accordingly, the relief sought by the Applicant, seeking a declaration of continuing leasehold rights, is devoid of merit and cannot be granted.

Accordingly, the present Application **I.A (IBC) No. 1412 of 2023** in C.P (IB) No. 402/7/HDB/2020 stands **dismissed** and disposed of.

Sd/-

SANJAY PURI
MEMBER (TECHNICAL)

Sd/-

RAJEEV BHARDWAJ
MEMBER (JUDICIAL)