IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.304

IA/281(AHM)2023 in CP(IB)/6(AHM)2021

Proceedings under Section 45, 49, 68, 69, 70(a), (b) & (e) & 236 IBC r.w Reg 35(a) of IBBI (Insolvency Resolution Process for Corporate Person) Reg. 2016

IN THE MATTER OF:

Jaykishan R Rathi Liquidator Of Baid Industries Private Limited ....**Applicant**

Vs.

Ashok Kumar Baid Suspended Board Of Director Of Baid Industries Pvt. Ltd.& Ors. ....**Respondent**

Order delivered on: 13/07/2026

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)
Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet.

Sd/-

DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

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CHITRA HANKARE
MEMBER (JUDICIAL)

AD/AP

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD (COURT - II)

IA No. 281 of 2023
In
CP (IB) No. 6/NCLT/AHM/2021

(An Application filed under Section 45, 49, 68, 69, 70(a), (b) & (e) and 236 of IBC, 2016 read with Regulation 35A of IBBI (Insolvency Resolution Process For Corporate Persons) Regulations, 2016 and Rule 11 Of NCLT Rules, 2016)

IN THE MATTER OF:

Mr. Jaykishan R Rathi
Liquidator of Baid Industries Pvt. Ltd.
3040, 3rd floor, Near Rushabh Petrol Pump
Surat, Gujarat- 395002

...Applicant

Versus

1. Mr. Ashok Kumar Baid
Suspended Board of Directors
Baid Industries Private Limited
Plot No. 8, G.I.D.C. Panoli
Ankleshwar - 384116
Bharuch, Gujarat

2. Mr. Hemanth Kumar Baid
Suspended Board of Directors
Baid Industries Private Limited
Plot No. 8, G.I.D.C. Panoli
Ankleshwar - 384116
Bharuch, Gujarat

3. Gujarat Industrial Development Corporation
Udyog Bhavan
Section No. 11
Gandhinagar - 382010

4. Kryptos Speciality, a partnership firm

Sd/-   -SD-

404, Omkar Residency
Near Manav Mandir, GIDC
Ankleshwar - 393002
Dist. Bharuch, Gujarat, India
Through its authorised partner
Balkrishna Bhanushankar Teraiya
B-64 Garden City, 500 Quarter, GIDC
Ankleshwar - 393001

5. Shree Vallabh Industries, a proprietary concern
Through its proprietor
Gadhiya Harshad Rameshbhai
Plot No. X-137, Sainath Society, GIDC
Ankleshwar - 393002

6. Veer Pharma, a partnership firm
Plot No. 8/4 & 8/5
Opposite Sun Pharma
GIDC Panoli - 394115
Through its authorised partner
Dilip Maganbhai Patel
601-C, Vedant Ganesh Co-op Hsg Society Ltd.
Off. M.G. Road, Near Panvelkar Hospital
Unnat Nagar, Goregaon (West)
Mumbai - 400062

7. Prayosha Chemical, a proprietary concern
Plot No. H-3129
Flat No. A-4012, White House, GIDC
Ankleshwar - 393002
Through its proprietor
Ketankumar Dulabhai Savaliya
16 Ekta Raw House
Lajamni Chowk, Mota Varaccha
Surat - 394101

8. Mishri Biochem, a proprietary concern
Through its proprietor
Chimanlal Laljibhai Chikalia
204/A, Pushparaj Apartment
Near Ruchi Bunglow, Vastrapur

Sd/-   -SD-

Judges Bunglow Road, Bodakdev
Ahmedabad - 380054

9. Mercury Terra Firma, a partnership firm
502, Crystal Avenue, Wing-A
Opposite Thakur Complex, WE Highway
Kandivali East, Mumbai - 400101
Through its authorised partner
Himmatbhai Balubhai Sheladia
1105/9, Harsimruti, GIDC Ankleshwar
Bharuch, Gujarat - 393002

10. Dhanlaxmi Pigments Pvt. Ltd., a company
Plot No. 3019/20-21
3rd Phase, GIDC Estate
Panoli - 394116
Through its director
Yash Chaturbhai Ramolia
74/5-6, New Colony
Opposite Suflam Apartment
GIDC Ankleshwar – 393001

11. Tirth Chemicals, a partnership firm
Through its authorised partner
Vishal Narayanbhai Patel
A/2302, Tulsi Tower
PHN Compound, MG Road
Behind City Centre, Goregaon (West)
Mumbai – 400104

12. Siddhi Fine Chem Unit - II, a proprietary concern
Through its proprietor
Anitaben Maheshkumar Patel
B/20, Abhilasha Bunglows
Opposite National School, GIDC
Ankleshwar – 393001

13. Nivaan Chemical, a partnership firm
Plot No. 8/13, Shop No. 2
Ground Floor, GIDC
Taluka Ankleshwar
Dist. Bharuch

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Panoli - 394116
Through its authorised partner
Nasit Mihit Pratapbhai
Fategadh - 365640
Amreli, Gujarat

14. Mercury Terra Firma, a partnership firm
502, Crystal Avenue, Wing-A
Opposite Thakur Complex, WE Highway
Kandivali East
Mumbai - 400101
Through its authorised partner
Himmatbhai Balubhai Sheladia
1105/9, Harsimruti, GIDC Ankleshwar
Bharuch, Gujarat – 393002

15. Kuki Enterprise, a proprietary concern
Through its proprietor
Bhupendrakumar Ganeshlal Jain
Flat No. 302, Sahjanand Apartment
Near Jaldhara Chokadi, GIDC
Ankleshwar – 393001

16. Onyx Pigment Pvt. Ltd., a company
Plot No. CB 5507
GIDC Estate
Ankleshwar - 393002
Through its director
Dhaval Liladhar Patel
401/17-B, Alkapuri Society
Near Gattu School, GIDC
Ankleshwar – 393001

17. Devnandan Industries, a partnership firm
Through its authorised partner
Thumar Ashokkumar Madhubhai
C/o Madhubhai
Resi Plot No. X-120
Sainath Society
Near 500 Quarters, GIDC
Ankleshwar – 393002

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18. Hetu Industries, a partnership firm
X-120, Sainath Society
Near 500 Quarters
Near Manav Mandir, GIDC
Ankleshwar - 393002
Through its authorised partner
Viradiya Sanjay Kalubhai
Plot No. 1305, Residential
Near Gayatri Bunglows
Near Patel Samaj Vadi
GIDC Ankleshwar, Bharuch, Gujarat – 393002

19. Chromient Colors, a proprietary concern
Through its proprietor
Shyam Ghanshyambhai Patel
B-18, Pavitra Row House
Gate No. 1, A.M. Road
Adajan, Surat – 395009

20. Maruti Dychem, a proprietary concern
Through its proprietor
Pratik Bhupatbhai Raiyani
10, Tulsi Row House
Yogi Chowk, Chorasi
Surat – 395010

21. Detox Industries, a proprietary concern
Through its proprietor
Mohammed Zulfeqar Ali Maqsud
A-1-G/F, Gulasn-E-Faiz
Near Babarnath ni Chali
Ankleshwar – 393001

22. Enviro Care Industries, a partnership firm
Through its authorised partner
Khan Mohammedazam Mohammed Ismail Khan
Plot No. 1, Amardeep Society
Near GEB Motala Compound
Ankleshwar – 393001

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23. Astro Fine Chem, a partnership firm
Plot No. 229/B, GIDC
Ankleshwar - 393002
Through its authorised partner
Vivek Kishorbhai Kamani
101, Sukhdham Apartment
Plot No. 21, Jain Derasar Road
Near Joggers Park, GIDC
Ankleshwar – 393002

24. Shree Pharma, a partnership firm
Through its authorised partner
Ashok Parsottambhai Ramani
Plot No. 1302/A, "Subham"
Opposite Shanti Niketan Society
Jaldhara Chokdi, GIDC
Ankleshwar, Gujarat - 393001

....Respondents

Order pronounced on 13.07.2026

Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

MR. VELAMUR G VENKATA CHALAPATHY
HON'BLE MEMBER (TECHNICAL)

Present:

For the Applicant	: Mr. Nipun Singhvi, Adv and Mr. Vishal J Dave, Adv.
For the Respondent 1 & 2	: A.R. Gupta, Adv, Neeta Pandit, Adv and Aditya A. Gupta Advocate

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For the Respondent No.3/GIDC: Mr. Aman A Mir, Adv.
For the Respondent No. 4 to 24: Mr. Ravi Pahwa, Adv.
For SBI : Ms. Dharmishtha Raval, Adv.
For Meliora ARC : Mr. Shubham K Prajapati, Adv.

JUDGEMENT

1. This application is filed under Section 45, 49, 68, 69, 70(a), (b) & (e) and 236 of IBC, 2016 read with Regulation 35A of IBBI (Insolvency Resolution Process For Corporate Persons) Regulations, 2016 and Rule 11 of NCLT Rules, 2016 by the Resolution professional (further pursued by liquidator) of the Corporate Debtor (hereinafter refer to as "CD")- Varia Aluminium Private Limited *inter alia* seeking following reliefs;

   a. *to pass appropriate Order against the Respondent(s) under Section 45, 49, 68, 69, 70(a), (b) & (e) and 236 of the IBC, 2016;*
   b. *to pass an appropriate directions/order in terms of Section 67 including for recovery/restoration of legitimate amounts dues based on transactions which allegedly appears to be defrauding transactions on the basis of transaction audit report;*
   c. *to direct Respondents to pay an amount of Rs.5,14,24,288/- to the Corporate Debtor.*

2. The CD is in the business of yarn with operations at GIDC. It entered into CIRP *vide* order dated 07.12.2022. The CoC

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was constituted comprising of State Bank of India and Meliora Asset Reconstruction Company Ltd, Vishakhapattanam. Subsequently, vide order dated 19.04.2024 liquidation was initiated and the applicant was appointed as liquidator.

3. It is the case of the applicant that GIDC, Ankaleshwar i.e. Respondent No.3 allotted a land measuring 51039.7 Sq Mtr at plot 8 in Panoli Industrial estate on lease for a period of 99 years (renewable at the end of lease term) to the CD vide Allotment Letter No. GIDC/DM(CG)/ANK/ALT/PLT/5140 dated 29.08.2007 & Final Transfer Order No. GIDC/RM/ANK/ALT/570 dated 18.01.2010 & Final Transfer Order No. GIDC/RM/ANK/ALT/6436 dated 17.09.2010. It is submitted that GIDC has executed License Agreement in favor of the Corporate Debtor(s) vide Lease Deed on 25.05.2011 which is registered with the Office of Sub-Registrar Ankleshwar under Sr. No. 4250.

4. The Corporate Debtor had availed various credit facilities of Rs.30.24 Crore from State Bank of India and Rs.13.11 Crore from Dena Bank under consortium finance wherein

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State Bank of India was the Lead Bank of the consortium. The subject land was mortgaged as security in respect of the said credit facilities under various composite agreements including Registered Memorandum of Deposit of Title Deeds No. 4309 dated 03.06.2014 and No. 2900 dated 23.05.2015 and Supplemental Deed of Hypothecation dated 20.03.2015.

5. The Applicant has further submitted that the charges created over the land were duly registered with MCA/ROC from time to time and the same were also mutated in the revenue records/Village Forms. According to the Applicant, the Corporate Debtor committed defaults in repayment of loan instalments and interest and consequently the loan account came to be classified as Non-Performing Asset by Dena Bank on 28.02.2015. It is further averred that Dena Bank assigned the debt of the Corporate Debtor to Meliora Asset Reconstruction Company Ltd. vide Assignment Agreement dated 21.01.2017. Thereafter, Meliora Asset Reconstruction Company Ltd. initiated proceedings under

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Section 7 of the IBC, 2016 by filing CP No. 6 of 2021 on 31.12.2020 against the Corporate Debtor.

6. The Applicant has further submitted that during pendency of the said proceedings, State Bank of India, pursuant to a Settlement Agreement and OTS arrangement, released its charge over part of the land admeasuring 37,104 Sq. Mtrs. and granted partial No Objection Certificate to the Corporate Debtor. According to the Applicant, after such release by State Bank of India, Dena Bank/Meliora ARC retained exclusive charge over the said land admeasuring 37,104 Sq. Mtrs., whereas the remaining land admeasuring 13,935.74 Sq. Mtrs. continued to remain under consortium charge.

7. It is the further submitted that this Tribunal admitted CP No. 6 of 2021 vide order dated 07.12.2022. The Applicant has submitted that upon inquiry made by the IRP with GIDC, it was revealed that Corporate Debtor had applied for subdivision of the plot and the same was approved by GIDC vide order dated 22.03.2022. It is alleged that the land over which Dena Bank/Meliora ARC had exclusive

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charge, the suspended directors of the Corporate Debtor transferred the subdivided plots through various Deeds of Assignment executed between July, 2022 and August, 2022 in favour of Respondent Nos. 4 to 24. The Applicant contended that GIDC was fully aware of the charge over the leasehold land in as much as permission under Clause 2(r) of the Lease Deed No. GIDC/RM/ANK/2793 dated 03.07.2014 had earlier been granted by GIDC in favour of State Bank of India and Dena Bank for creation of charge over the subject land.

8. The Applicant has placed reliance upon the clauses contained in the consortium finance documents and the Mortgage Deed to contend that release of charge by one consortium lender upon receipt of its dues would operate only to the extent of the releasing lender's interest and would not extinguish or release the charge of the remaining consortium member(s). It is submitted that State Bank of India, upon receiving payment of Rs.16.00 crores under the consent terms before the DRT, Ahmedabad in OA No. 192 of 2018, merely released its own charge over the land

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admeasuring 37,104 Sq. Mtrs. on the basis of Sanction of OTS dated 13.09.2021, whereas Dena Bank/Meliora ARC continued to retain exclusive charge over the said land.

9. The Applicant submitted that despite the subsistence of mortgage and charge, the Corporate Debtor with an intent to defraud the claim of secured creditor, entered into fraudulent sale transactions of secured asset without obtaining written consent from the secured creditors and without clearing the outstanding dues.

10. In support of the allegation of fraudulent transactions, the Applicant has submitted that the mortgage documents being registered documents constituted deemed notice to all purchasers and therefore the purchasers were deemed to have knowledge of the mortgage and charge of the Banks over the properties. Reliance has been placed upon 2019 (3) GLR 1996 and 2013 (1) GLR 398. The Applicant further submitted that the charges were also registered with MCA/ROC and mutated in the revenue records/Village Forms and therefore the purchasers cannot claim to be bona fide purchasers without notice. It has also been

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stated that the transactions were taken place without issuance of any public notice and the properties were sold in favour of small group of persons without wide publicity, which according to the Applicant indicates fraudulent intention behind the transactions. The Applicant has further relied upon the principle of "buyer beware" and has submitted that the buyers did not remain beware and vigilant to verify revenue records and details of encumbrances from the financial institutions before purchasing the property.

11. According to the Applicant, the purchasers as well as the suspended directors acted in collusion with each other with an intention to frustrate recovery of public money and to delay the proceedings initiated by the creditors. The Applicant has also submitted that the impugned sale/assignment transactions are void under Section 53 of the Transfer of Property Act, 1882. The Applicant has therefore submitted that the purchasers did not acquire valid title over the subject properties.

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12. Respondent Nos. 1 and 2 have opposed the present Application and submitted that the Corporate Debtor had originally availed consortium credit facilities from State Bank of India and Dena Bank aggregating to Rs.43.35 Crores, which were subsequently enhanced to Rs.54.39 Crores. According to the Respondents, State Bank of India held 75.91% share in the consortium whereas Dena Bank held 24.09% share. The Corporate Debtor had submitted a One Time Settlement proposal before State Bank of India on 20.07.2021 which came to be sanctioned on 13.09.2021. As per the terms of the OTS, the Corporate Debtor was required to pay Rs.35 Crores to SBI within one year. It is stated that under the terms of the OTS, upon payment of Rs.14.25 Crores, SBI agreed to release its charge over certain secured assets including the land admeasuring 37,104 Sq. Mtrs. out of 51039.74 Sq. Mtrs. situated at Plot No. 8, GIDC Panoli. SBI had agreed to phased release of properties while being fully aware that the funds for repayment would be generated through sale of the properties.

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13. The Respondents have further submitted that in order to arrange funds for repayment under the OTS, the Corporate Debtor entered into an agreement dated 08.10.2021 with Respondent No. 9, under which Respondent No. 9 to provide Rs.9,28,71,312/- to the Corporate Debtor which will subsequently be transferred to SBI. The Corporate Debtor agreed to assign rights over the land in question. It is further submitted that the Corporate Debtor received an aggregate amount of Rs.17,77,56,118/- from Respondent No. 9, inclusive of expenses towards transfer charges and sub-plotting expenses, out of which Rs.17,15,00,000/- was paid to State Bank of India. Subsequently, SBI released its charge over the properties in terms of clause no. 2 of OTS and issued NOC in respect thereof. It is submitted that only thereafter, the Corporate Debtor, at the behest of Respondent No. 9, assigned/sold the property to other Respondents by dividing the property into smaller plots.

14. A principal contention raised by the Respondents is that State Bank of India being the lead bank of the consortium and holding 75.91% share in the consortium, its decision

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to issue NOC and release charge would be binding upon the other consortium member namely Meliora ARC. It is submitted that the transactions undertaken pursuant to such NOC cannot be termed as fraudulent or illegal. It further submitted that it was the duty of SBI to proportionately share the monies received from the Corporate Debtor with Meliora ARC.

15. It is also submitted that Meliora ARC was aware of the fact that the Corporate Debtor was generating funds through sale and assignment of the properties for repayment of consortium dues, and despite such knowledge no objection was raised. According to the Respondents, allegations regarding fraud and breach of mortgage have been raised subsequently only because SBI refused to proportionately share the monies received under the OTS. The Respondents have denied the allegation that the properties were transferred with intent to defraud secured creditors. It is contended that the sale proceeds generated from the transactions were in fact utilized towards repayment of debts due to the secured creditor namely SBI. It is further

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-SD-submitted that even otherwise, transfer of mortgaged property does not extinguish the mortgage and a purchaser merely acquires the property subject to such mortgage. Therefore, no prejudice has been caused to Meliora ARC.

16. So far as the provisions invoked in the Application are concerned, the Respondents have submitted that Sections 45 and 49 of the Insolvency and Bankruptcy Code would apply only in cases of undervalued transactions. It is submitted that the Applicant has not established that the impugned transactions were undervalued in nature. The Respondents have further submitted that Sections 68, 69 and 70 of the Code related to the penalties against officers of the Corporate Debtor for misconduct and fraudulent acts and the said provisions have no application in the facts of the present case.

17. Respondent No. 3/GIDC has filed its reply and stated that all actions concerning subdivision and subsequent transfer of the land were undertaken strictly in accordance with law applicable GIDC regulations. It is stated that the plot in question was initially allotted to Jaylon Impex India Pvt.

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Ltd. on 29.08.2007 and after subsequent transfers, the same came to be transferred in favour of M/s. Baid Industries Private Limited on 17.09.2010 for industrial manufacturing purposes. The total area of the plot admeasured 51,039.74 Sq. Mtrs.. Respondent No. 3 has further stated that during pendency of the Section 7 proceedings, State Bank of India issued No Objection Certificate dated 02.12.2021 releasing its charge over land admeasuring 37,104 Sq. Mtrs. and thereafter the subdivision process was finalized vide order dated 22.03.2022 whereby the released land was subdivided into various sub-plots. The sub-plots were then transferred to third parties in accordance with GIDC regulations and after following due procedure prior to admission of Section 7 petition on 07.12.2022. It has also been pointed out that the remaining portion of land continues to remain in the name of the Corporate Debtor.

18. Respondent No. 4 to 24 has filed common reply and submitted that the Application invokes Section 45 of the Insolvency and Bankruptcy Code without any allegation or

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-SDmaterial pertaining to the transactions within the meaning of Section 45(2) of the Code where the Corporate Debtor enters into a transaction with a person which involves the transfer of one or more assets by the Corporate Debtor for a consideration of value of which is significantly less than the value of consideration. The Respondents have further submitted that they are bona fide transferees of the plots acquired through Deeds of Assignments executed in July-August 2022 upon payment of sale consideration. It is submitted that the transfers were made prior to admission of the Corporate Debtor into CIRP on 07.12.2022 and that the present Application is filed subsequently on 15.02.2023.

19. The Respondents submitted that prior to commencement of CIRP the Corporate Debtor had submitted an OTS proposal for Rs.10.75 crores dated 28.04.2019 to Meliora Asset Reconstruction Company for settlement of dues. In response, Meliora ARC vide letter dated 28.05.2019 acknowledged that the promoters had identified surplus/non-core land admeasuring about 39,000 Sq.

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Mtrs. out of the total land situated at Plot No. 8, GIDC Panoli, Ankleshwar and were exploring sale of the said land by subdividing it into smaller plots for better realization. The Financial Creditor had consented to the proposed sale and subdivision subject to receipt of its share from the sale proceeds in terms mentioned in the said communication.

20. It further submitted that the amounts received from the Respondents were being utilized by the Corporate Debtor towards repayment obligations under the OTS arrangement. The Respondents have submitted that once the Financial Creditor had consented to subdivision and transfer of the plots, the Resolution Professional cannot subsequently challenge the same as fraudulent transactions. It is also stated that the Applicant itself has admitted that State Bank of India had released its charge over the subject land and that Meliora ARC alone retained charge over the properties, for which consent for sale had been granted.

21. The Respondents have further submitted that the impugned transactions do not fall within the ambit of

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preferential or fraudulent transactions under the Code and is not in relation to insolvency resolution process and that the present dispute pertains to transfer of leasehold rights effected prior to commencement of CIRP. Further, relying upon the judgments of the Hon'ble Supreme Court, the Respondents submits that this Adjudicating Authority cannot exercise jurisdiction to adjudicate the dispute in relation to execution of the Lease Deed, which took place prior to the initiation of CIRP.

22. Meliora ARC stated that pursuant to Assignment Agreement dated 21.01.2017, Dena Bank assigned its debt in favour of Meliora ARC, since the loan account had already been classified as NPA on 28.02.2015, it became entitled to enforce the securities created in its favour. It is submitted that caution notices were issued in newspapers on 05.10.2022 informing the public regarding the mortgage and charge over the properties. Further, Meliora ARC addressed letter dated 01.11.2022 to the Sub-Registrar, Ankleshwar and letter dated 01.02.2023 to Regional Manager, GIDC requesting them to record its exclusive

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charge on 37104 Sq. Mtrs. and not to permit any transfer without NOC. It is submitted that Meliora ARC came to know that the Corporate Debtor had applied to GIDC for subdivision of the plot being Industrial Land of 51039.74 square meters of Plot No. 8, GIDC, Panoli and assigned the sub-plots to different parties. Thereafter, the ARC issued letter dated 12.05.2023 to the assignees to stop development on the ground that Meliora ARC has the charge over the said properties and proceedings under Sections 45, 49, 68, 69 and 70 of the Code had already been initiated before this Tribunal. It is further alleged that despite knowledge of the pending proceedings and charge over the properties, the assignees continued with construction and development activities upon the sub-plots.

23. The ARC, vide its additional affidavit dated 17.03.2026 submitted that Respondent No. 1 offered an OTS for an amount of Rs.10,75,00,000/- dated 28.04.2019 to settle its outstanding loan accounts. The said proposal was conditionally accepted by the ARC vide letter dated

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28.05.2019, wherein a specific and binding payment schedule was prescribed, subject to strict compliance by Respondent No. 1. It is further submitted that Respondent No. 1 failed to comply with the payment schedule under the OTS despite repeated reminders and consequently, the OTS came to be cancelled vide letter dated 30.06.2020. It is stated that NOC was never issued by the ARC in favour of Respondent No. 1, GIDC, or any third party for sub-plotting or transfer of the secured property. The OTS acceptance letter dated 28.05.2019, being conditional in nature, cannot be construed as NOC.

24. In compliance of order dated 24.09.2025 and 27.10.2025, SBI filed an affidavit dated 01.11.2025 stating that proceedings were initiated before the Hon'ble Debt Recovery Tribunal, Ahmedabad, for recovery of dues of the SBI alone. During the pendency of the said proceedings, the Corporate Debtor requested SBI for settlement of its dues, pursuant to which a compromise settlement was arrived at exclusively between SBI and the Corporate Debtor, and consent terms were recorded by the Hon'ble

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Debt Recovery Tribunal vide order dated 25.11.2021. It is clarified that the compromise settlement was entered into with SBI alone. Another consortium member was not part of compromise.

25. It is further submitted that under the settlement terms, the Corporate Debtor was required to pay Rs.35 Crores to SBI, out of which Rs.16 Crores was received by SBI. Upon receipt of the said amount, as per the consent terms SBI issued an NOC dated 02.12.2021 limited to release of its charge over 37,104 Sq. Mtrs. out of the total land admeasuring 51,039.74 Sq. Mtrs., while retaining mortgage over the remaining land. SBI submitted that the said release was only in respect of its own charge and not on behalf of the consortium. Further NOC does not specify SBI was acting on behalf of consortium or Meliora ARC. It is further submitted that the Corporate Debtor failed to comply with the remaining payment obligations under the settlement and dues of Rs.160.66 crores are still outstanding. SBI has also clarified that the charge of erstwhile Dena Bank, now assigned in favour of Meliora

Sd/- -SD-

Asset Reconstruction Company Limited, was never released by SBI and has no right to release as charge of Dena bank or Meliora ARC and therefore the mortgage and security interest of the said entity or any other entity to whom the property has been charged continue till it is released by them.

26. It is stated that GIDC had initially granted permission to corporate debtor vide letter dated 30.06.2011 for creation of charge in favour of SBI over the land admeasuring 51,033.74 Sq. Mtrs. It is further submitted that thereafter SBI, being the lead bank of the consortium, informed GIDC regarding the pari passu charge of Dena Bank over the said property, pursuant to which GIDC also granted permission on 05.06.2014 for creation of charge in favour of Dena Bank along with SBI. The said permissions were subsequently extended vide letters dated 03.07.2014 and 27.02.2015. Therefore, GIDC was fully aware of the charges created over the subject land in favour of State Bank of India and Dena Bank.

27. Observations:

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a. The mortgaged property is by way of deposit of title deeds for creation of charge for availing facilities is dated 19 March 2015 mentions a consideration of Rs.54.39 crores, mentioning property schedule and the charge of the property (exclusive) in certain properties and pari passu charge with SBI and Dena Bank. The pari passu charge on the property of factory land admeasuring 51039.74 sq mtrs at Panoli Industrial Estate, GIDC Panoli with SBI and Dena Bank. The Schedule 3 also refers to the various facilities availed (sanctioned and outstanding) with SBI and Dena Bank under consortium lending. Also the CD has created a charge under the provisions of Sec 77, 78 and 79 and pursuant to Sec 384 read with 77, 78 and 79 of the Companies Act, 2013 and Rule 3(1) of the Companies (registration of charges) Rules 2014 dated 20.03.2015 where in the stated property of assets is mentioned at the same address Panoli Industrial Estate, Ankleswar District Bharuch, Gujarat adm 51039.74 sq mtrs. This evidence suffices that the both deposit of title deeds and registration of

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charge under companies Act has been complied in favour of the two financial creditors namely SBI and Dena Bank. If it is Pari passu charge, on ceding of charge by one of the creditor, SBI, the Dena Bank assumes the charge if the amount of debt is due to it. Hence, the residual charge passed on to the other secured creditor is pro rata to retain the amount of charge originally held. In such ideal situations, a modification charge requires to be made or fresh sanction letter issued. It appears that the SBI allowed OTS and released its hold on the security to the CD proportionately. It is also observed that Dena Bank had classified the loan as NPA on 28.02.2015 which precedes the registration of memorandum of deposit of title deeds on 2900 dated 23.05.2015.

b. Dena Bank assigned the loan facility granted to the CD to M/s Meliora Asset Reconstruction Company on 21.01.2017 vide assignment agreement No.2905. A copy of the assignment deed is submitted. M/s Meliora Asset Reconstruction Company filed an application under Sec

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7 of IBC 2017 on 31.12.2020 to initiate CIRP process against CD. During the pendency of CIRP, SBI through a settlement released their charge on part of the land admn 37,104 sq mts and gave partial NOC to the CD. Hence, the applicant submits that the Meliora Asset Reconstruction (on assignment) holds the exclusive charge on land adm 37104 and on balance of 13,935.74 sq meters the consortium members are still having charge. It is also submitted that on 07.12.2022 this Tribunal had admitted CP No.6 into CIRP. The suspended management has transferred the sub plot vide various Deed of Assignment during the period from July 2022 to August 2022 even though these were under charge of Meliora Asset Reconstruction Co. It is seen from the letter issued by GIDC – R 3 dated 16 Dec 2022 (Annex A/13) that the sub division of plot was allowed stating that the allottee (CD) had applied and the same was allotted in names of R4-R24.

c. It is observed from the Letter of SBI dated 13.09.2021 that the bank arrived at an OTS (to settle the DRT and

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SARFAESI Action) (page 196 – Annex 1/10) which states certain terms and conditions for settlement of the dues by paying Rs.35 crores to it on which the bank's charge will be released from 37,104 sq.mt out of 51,039.74 sq meters of Plot No.8, GIDC Panoli and factory land and building. It also states that NOC to GIDC Panoli will be issued for sub plotting after due payment of final (residual) Rs.19.00 crores. These terms were accepted by the CD and its guarantors. SBI also issued only to CD vide its letter dated 02.12.2021 release of charge over properties mentioning industrial land of 37,104 sq mts out of 51,039.74 mts of the stated property and further stated that mortgage release letter is limited to 37104 sq mts of plot No.8, GIDC Panoli and their mortgage charge will continue over the remaining land of Plot No.8 of GIDC Panoli. Apparently, these letters are not marked or not issued in consonance with the other creditor with whom Pari Passu is created as SBI while releasing a section of the property has also stated that the mortgage charge continues with the other sections of the property,

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this is in terms of the compromise settlement dated 13.09.2021.

d. In terms of letter dated 3 July 2014 the GIDC has allowed the CD to create charge on the assets leased wherein both SBI and Dena Bank are mentioned to have sanctioned loans to the lessee (CD) and certain terms and conditions are specified regarding rights (enforcement by the FI) of the lessor and it is observed that such permission has already been granted on 04.03.2014 as required by clause-2 of the said lease deed. GIDC has by affidavit dated 28 Oct 2025 stated that based on SBI letter (NOC) the sub division was finalised by GIDC vide its order dated 22.03.2022. It is also submitted that the CD has on line submitted a letter dated 4.10.2021 for the sub division of Plot No.8 in to 28 plots. SBI is observed to have the largest exposure with the CD. While pari passu means in a way equal footing of the security the repayment from realisable value is on pro rata basis based on the outstanding and

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the largest creditor has arrived at an independent settlement (OTS) and released the CD.

e. The Assignment deed agreement signed on 21 Jan 2017 between Dena Bank and Meliora Asset Reconstruction Co Limited is assigning its individual debt mentioning that it has 1st pari passu charge on all piece and parcel of the all immovable property of Plot No.8 in the Panoli Industrial Estate, GIDC Panoli admeasuring 51,039.74 sq metres. The assignment does not mention exposure of SBI and is a hive off assignment of the debt. It is also noted that the Meliora Asset Reconstruction Co Ltd moved the CIRP application under Section 7 without consent of the consortium members (SBI) which was an objection raised by respondents despite which the application was admitted and the CD was placed in CIRP.

f. One of the financial creditors during pendency of the application for CIRP ceded some of the mortgaged property to the CD. The GIDC has filed by affidavit dated 20 March 2026 that the CD submitted a

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declaration dated 21 March 2022 (prior to admission in to CIRP) to GIDC that the loan of SBI is being settled through one time settlement and that of Dena Bank has handed over the pending loan amount to Meliora Asset reconstruction CO (MARC) which has offered a One Time Settlement offer dated 28.05.2019 and in both cases the first instalment has been paid. They also produced the No objection certificate of SBI to release charges from their sub divided plots No.8/02 to 8.28 admeasuring total area 37,104 Sq Mt. It is mentioned in its letter dated 15.04.2022 that NOC of SBI is issued dated 02.12.2021 and the MARC has accepted one time settlement of loan and issued letter dated 28.05.2019. However, no NOC was produced by MARC due to default in the payment schedule by the CD but the GIDC has released the charge on the plots on the letter of SBI (NOC) and on line filing during the period when the CD was under CIRP by the management (sub plotting). However, the MARC which was assigned the loan has submitted by affidavit that it had never approved ceding

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of the charge and has in fact cancelled the OTS proposal on 30.6.2020. GIDC without consent of the joint charge holder (Dena Bank/MARC) has gone ahead with the sub plotting. As per the affidavit filed by GIDC dated Dec 25, 2025 it has based on the NOC of SBI sub plotted all the 27 plots in names of respondents retaining only 13,936.1 in the name of SBI as charge holder. This also appears to be not correct as the whole property had the charge of both the creditors for which the MARC was entitled to hold its charge.

g. It also appears that even though Dena Bank assigned the debt to MARC which filed the Sec 7 application under IBC 2016, the change of name of the lender/assigner was not notified to the GIDC. However, GIDC should not have ignored the charge and sub plotted the area wherein there was also a charge of Dena Bank, whether it was pari passu or an agreement to hold on the entire property by agreement between the lender/s and borrower which are recorded in the affidavit submitted by purshish dated 21 April 2026

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wherein the detailed dates and events are summarised from 16.05.2007 & 29.08.2007 when the GIDC offered the plot to one M/s Jaylon Impex India ltd which was transferred to the CD on 20.11.2009. As confirmed Dena Bank did not intimate the assignment of debt even though it executed the documents on 21.01.2017. The CD is stated to have vide letter dated 21.03.2022 submitted a duly notarised declaration on 21.03.2022 and allocation of charge to Meliora ARC by Dena Bank.

h. We observe laxity on the part of SBI to have ceded the charge and even agreed to sub plot the released security even though it was a consortium leader and joint documents were executed, irrespective of whether it went for a OTS with the CD. Ceding of charge without consent/information of other lender is not in the proper course and cannot be considered admissible under any law and practice having created the Memorandum Of Title Deeds (Joint lenders) and also charge of documents. The Dena Bank failed to notify the GIDC and did not see whether the CD complied with the same

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and MARC did not ensure that charge was created properly on the NPA account acquired with assets of the stated property which are leased by GIDC. GIDC did not go by appropriate procedure, even there is a violation of its own circular by noting the no objection based on the letter of the CD for sub plotting and the same was done prior to admission of CIRP on 7.12.2022. In fact GIDC informed the IRP on 16.12.2022 when the IRP enquired the position. The fact remains that such removal of charge and sub plotting has been done without ensuring that Dena Bank/MARC also gives its approval and during the CIRP process, knowing very well a CIRP application is pending adjudication, both the SBI and the suspended management have executed the release of charge and sub plotting through GIDC. This clearly is done during the look back period at the cost of the other creditor, namely MARC, which was already before this Tribunal through a Section 7 application for insolvency against the CD.

-SD- Sd/-

i. Even though SBI and MARC were not parties, in the interest of the matter, they were directed to present their case before us as it is not a matter where it was an irregularity only committed by Suspended Management and GIDC. This opens up not only the credit discipline and recovery mechanism followed by lenders and the suspended management availing parallel process of law when the matter was before this Tribunal for admission in to CIRP. Since, the properties have been sold it has to be made good to the MARC by the respondent suspended management which entered in to OTS and also sold the sub plots. The liquidator being the applicant to ensure the realisation if authorised by MARC to recover the secured assets, or MARC as per compliance to provisions of Sec 52 of IBC may proceed for execution of this order through appropriate course of law against the suspended management/any of the parties.

j. From the submissions by additional affidavit dated 8 Nov 2023 by the applicant, we observe that an amount

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of fraud identified of Rs.5,14,24,288/- is specifically due to Meliora Assets Reconstructions Company Private Limited (Lending under Consortium Lending with Dena Bank by SBI) on assignment of debt by Dena Bank. It is submitted that the transaction auditor has arrived at his calculation on the total value of land being sold minus the amount which has already been distributed to SBI. As per IBC provisions, there is a responsibility of the co lender under paripassu or under consortium lender to realise the property as per the agreement, but SBI has been paid off on release of charge by the respondent 1 and 2 to reduce the amount of loan outstanding. The property is subsequently sold to third parties.

k. The applicant has also submitted in his pleadings that the CD(s) in collusion with the Respondent Nos. 4 to 24 including Respondent No. 3 (GIDC) is intentionally and dishonestly damaging the prospect of the Creditor(s) bank to recover public money causing wrongful loss to the creditor(s) Bank. Further, even though SBI was not a party, but notice was issued to ascertain the position

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has got the charge released on a part of the property and given no objection without consent of the other lender under consortium arrangement (Dena Bank which subsequently assigned it to Meliora Asset Reconstruction). GIDC is directed that they should not modify or create any charge on assets when the property without NOC from other creditor who has also created an equivalent charge under pari-passu arrangement as a joint lender in the facility. This has enabled the suspended management to sell off these assets subsequently while the underlying charge was not released. This has been substantiated but we are not passing any adverse order against Respondent No. 3 and SBI.

1. Since GIDC has already sub plotted and a sale has taken place, we do not wish to reverse the order and pass any adverse order/s on the respondents. We under Rule 11 of IBC 2016, exercise our powers to penalise both SBI and GIDC for release of the charge/security by compromising the interest of the other secured creditor.

Sd/- -SD-

m. In view of the above, we order as follows:

ORDER

I. IA No. 281 of 2023 in CP (IB) No. 6 of 2021 is allowed.

II. Respondent Nos. 1 and 2 are directed to restore the amount of Rs.5,14,24,288/- with interest @ 12% simple interest (being the amount realised from release of charge from SBI and the asset sold) to the liquidator.

III. The liquidator will accordingly adjust the amount from the claims paid/to be paid to both SBI and the Meliora ARC.

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DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

CHITRA HANKARE
MEMBER (JUDICIAL)

PH-LRA