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

ITEM No.302
IA/427(AHM)2026
in
CP(IB) 179 of 2019

Under Section 60(5) IBC r/w Rule 11 NCLT Rules, 2016

IN THE MATTER OF:

Radhe Krishna Corporation RA of Telsar Industries Limited Through Propriector Dipak Gondalia **.....Applicant**

V/s

Gujarat Industrial Development Corporation & Anr. **.....Respondents**

Order delivered on: 08/09/2026

C O R A M:

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

O R D E R
(Hybrid Mode)

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

-Sd-

SANJEEV SHARMA
MEMBER (TECHNICAL)

-Sd-

SHAMMI KHAN
MEMBER (JUDICIAL)

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

I.A. No. 427/AHM/2026
IN
C.P. (IB) NO. 179/AHM/2019

(An application under Section 60(5)(c) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the NCLT Rules, 2016)

IN THE MATTER OF: Telstar Industries Limited

Radhe Krishna Corporation
Resolution Applicant of Telstar Industries Limited,
Through its Proprietor, Dipak Gondalia,
Plot No. 4311/12, Road No. 4,
Sachin Industrial Area, GIDC,
Surat-394230, Gujarat.

... **Applicant**

VERSUS

1. **Gujarat Industrial Development Corporation**
Unnati Building, Plot No. 5729,
Road No. 6, GIDC, Sachin,
Surat-394230, Gujarat,
and through its Regional Manager,
Plot Nos. 326 & 327, Bhatpor GIDC Fire Station Building,
Next to B.P.C.L., Bhatpor GIDC,
Surat-394510, Gujarat.

2. **Sachin Naveen Sinha**
(Amendment vide order dated 01.04.2026)
Liquidator of Telstar Industries Private Limited,
N-203, Parshwanath Metro City,
Near H.B. Kapdia School, T.P. 44, Chandkheda,
Ahmedabad-382424, Gujarat.

... **Respondents**

Order delivered on: 08.09.2026

C O R A M:

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

A P P E A R A N C E:

For the Applicant: Mr. Kunal Vahsnav, Advocate
For the Respondent: Mr. Aman Mir, Advocate for GIDC

For the Liquidator: None

O R D E R
Per Bench

1. This Interlocutory Application has been filed on 09.03.2026 by Radhe Krishna Corporation under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016, with the following prayers: -

a. *Direct the Respondent-GIDC to transfer the said property in Sachin GIDC, Surat in the name of Radhe Krishna Corporation and refund the amount so deposited by the Applicant.*

b. *During the pendency of the Application, permit the Applicant to take possession and start the work of construction and other activities without insisting for any prior dues of the Corporate Debtor.*

c. *Pass any such other and further orders that this Tribunal deems fit and proper in the facts of the present case.*

2. The Applicant purchased Plot No. 503, Sachin Notified Area, GIDC, Revenue Block No. 566/P, Village Talangpur, Taluka Choryasi, District Surat, from the liquidation

process of Telstar Industries Private Limited pursuant to the order dated 15.09.2023.

3. The Liquidator issued Sale Certificate dated 26.07.2024 in favour of the Applicant. The Sale Certificate records the property as leasehold and states that claims and liabilities relating to the period prior to 15.09.2023 shall stand extinguished against the purchaser.

4. The Applicant thereafter sought transfer of the plot in its name. GIDC issued Provisional Transfer Order dated 04.02.2026 in respect of Plot No. 503, admeasuring 2,662.50 sq. mtrs., subject to compliance with the transfer conditions and payment of the amounts stated therein.

5. Under the Provisional Transfer Order, GIDC required payment of Rs. 61,02,851 towards transfer fee including GST and Rs. 7,32,343 towards additional transfer fee including GST, besides compliance with the requirement of clearance of outstanding dues and other conditions.

6. The Applicant states that it paid Rs. 61,02,851 towards transfer fee, Rs. 7,32,343 towards additional transfer fee and Rs. 1,78,419 towards penalty under protest. The

Applicant disputes the demand of Rs. 31,03,894 towards past dues and Rs. 2,81,307 towards interest.

7. The Applicant relies upon *KRBL Limited v. State of Gujarat*, judgment dated 22.09.2023 in Special Civil Application No. 19804 of 2022, and *Paschimanchal Vidyut Vitran Nigam Ltd. v. Raman Ispat Private Limited & Ors.*, Civil Appeal No. 7976 of 2019, judgment dated 17.07.2023, in support of its submission regarding the effect of the liquidation sale and the clean slate principle.

8. GIDC states that it is a statutory body constituted under the Gujarat Industrial Development Act, 1962 and that the plot is leasehold property. It submits that the Applicant acquired the rights held by the Corporate Debtor and is required to comply with the lease and transfer conditions applicable to the plot.

9. GIDC submits that its demand was raised under its Transfer Policy dated 19.12.2025 and that the Applicant had invoked the transfer procedure. GIDC further submits that the Applicant paid the transfer fee and additional transfer fee and thereafter disputed the remaining conditions.

10. GIDC has also relied upon SEL Manufacturing Company Ltd. v. Punjab Small Industries & Export Corporation Ltd., 2024 SCC OnLine NCLAT 1749, wherein the NCLAT considered transfer of leasehold land by a public sector land authority and held that the successful resolution applicant cannot acquire a right beyond the right held by the Corporate Debtor and that transfer remains subject to the terms of the lease and transfer policy. The same principle is applicable to the leasehold rights involved in the present Application.

11. We have considered the rival submissions and the material placed on record. At the outset, it is necessary to distinguish between the ownership of the underlying land and the leasehold rights held by the Corporate Debtor. The material before us indicates that the land comprised in Plot No. 503 is owned by the Respondent-GIDC and that the Corporate Debtor held only leasehold rights therein. The liquidation sale, therefore, could not and did not convey ownership of the underlying land to the Applicant. At the highest, and subject to the terms of the lease and applicable law, the Applicant acquired the

right, title and interest of the Corporate Debtor in the leasehold rights which formed part of the liquidation estate.

12. The above position, however, does not mean that leasehold rights themselves cease to be assets of the Corporate Debtor merely because the underlying land is owned by a third party. The insolvency framework recognises rights and interests of the Corporate Debtor in property, including contractual and leasehold rights, to the extent legally transferable.

13. The Supreme Court in ***State Bank of India v. Union of India & Ors.,*** 2026 INSC 153, was concerned with spectrum licensing rights and the distinction between ownership of the underlying natural resource and the right to use the same. The said judgment cannot be read as laying down that every leasehold right of a Corporate Debtor is incapable of forming part of the liquidation estate. Its ratio is relevant only to the limited proposition that an insolvency process cannot confer upon the Corporate Debtor, or upon a purchaser from it,

ownership rights which the Corporate Debtor itself did not possess.

14. Consequently, the Sale Certificate dated 26.07.2024 issued by the Liquidator is required to be understood in its proper legal perspective. It transferred only such right, title and interest as vested in the Corporate Debtor in respect of the subject property and could not convey the ownership of the land belonging to GIDC. The Applicant cannot, by virtue of the liquidation sale, acquire a better or larger interest than that possessed by the Corporate Debtor. The transfer of the leasehold rights in favour of the Applicant would, therefore, remain subject to the governing lease, the applicable statutory provisions and the lawful conditions governing transfer of such leasehold rights.

15. The judgment of the Gujarat High Court in ***KRBL Limited v. State of Gujarat*,** R/Special Civil Application No.19804 of 2022, decided on 22.09.2023, does not alter this position. In that case, the auction purchaser had acquired land owned by the Corporate Debtor in liquidation and the controversy principally concerned a

Government tax claim/charge asserted against the property after the liquidation sale. The present case is materially different, inasmuch as GIDC is the owner/lessor of the underlying land and the Corporate Debtor itself did not possess ownership thereof. The said judgment, therefore, cannot be construed as extinguishing the proprietary or lessor rights of GIDC in land which was never owned by the Corporate Debtor.

16. Likewise, the judgment of the Hon'ble Supreme Court in ***Paschimanchal Vidyut Vitran Nigam Ltd. v. Raman Ispat Private Limited & Ors.,*** Civil Appeal No.7976 of 2019, decided on 17.07.2023, deals with the statutory scheme governing claims and distribution in liquidation and does not decide the distinct question as to whether a lessor/land-owning statutory authority can be compelled to transfer leasehold rights contrary to the terms of the lease or the applicable statutory framework. The said judgment, therefore, does not confer upon the Applicant an unconditional right to obtain transfer of the leasehold rights without compliance with lawful transfer requirements.

17. We also take note of the judgment of the Hon'ble NCLAT in ***SEL Manufacturing Company Ltd. v. Punjab Small Industries & Export Corporation Ltd.,*** Company Appeal (AT) (Insolvency) No.881 of 2022, decided on 20.03.2024. The said judgment, though rendered in the context of a resolution plan and a long-term lease, reinforces the principle that the insolvency process does not enlarge the rights held by the Corporate Debtor under the lease and that the rights of the public-sector lessor under the governing lease cannot be ignored merely because the leasehold property forms part of the insolvency process.

18. We further take note of the recent judgment of the Hon'ble NCLAT in ***Gujarat Industrial Development Corporation v. Zaveri & Co. Pvt. Ltd. & Ors.,*** Company Appeal (AT) (Insolvency) Nos.1557 & 1684 of 2023 and 626-628 of 2025, decided on 31.08.2026. The said case concerned leasehold land owned by GIDC and an approved resolution plan which proceeded on an unverified assumption regarding the future use/de-notification of the leased land. The Hon'ble Appellate

Tribunal held, inter alia, that the statutory and lessor rights of GIDC could not be displaced by an insolvency process and that the resolution plan could not proceed on a premise contrary to the governing statutory and lease framework. Though the factual matrix of that case concerns a resolution plan and is therefore distinguishable from the present liquidation sale, the judgment is relevant to the limited proposition that an insolvency process cannot, by itself, confer upon a successful applicant rights in GIDC-owned land beyond those lawfully available to the Corporate Debtor under the lease.

19. The decision of the Hon'ble Supreme Court in ***Alpha Corp Development Private Limited v. Greater Noida Industrial Development Authority & Ors***., 2026 INSC 449, also does not support an unconditional direction for transfer in the present case. The said judgment, rendered in the context of resolution plans concerning leasehold land, protected the statutory authority's entitlement to recover principal dues and directed that registration be undertaken with the participation of the authority after

compliance with the directions of the Court. The judgment therefore recognises that insolvency proceedings do not, in every circumstance, extinguish the lawful rights of the statutory land-owning authority. At the same time, the said judgment is fact-specific and cannot be understood as authorising a statutory authority to recover from a purchaser every liability of the Corporate Debtor irrespective of its legal character.

20. We are also unable to accept the submission that Section 60(5)(c) of the Code empowers this Tribunal to direct GIDC to waive or disregard statutory or contractual requirements applicable to transfer of leasehold rights. In ***Embassy Property Developments Pvt. Ltd. v. State of Karnataka & Ors.,*** (2020) 13 SCC 308, the Hon'ble Supreme Court has clarified that the jurisdiction under Section 60(5) cannot be utilised to exercise judicial review over matters falling within the public-law domain of a Government or statutory authority. At the same time, the present Application is maintainable to the limited extent of determining the effect of the liquidation sale, the nature and extent of the rights acquired by the Applicant

thereunder and whether the amounts demanded by GIDC are liabilities of the Corporate Debtor or charges arising from the Applicant's own request for transfer.

21. In the present case, the Provisional Transfer Order dated 04.02.2026 records transfer-related amounts payable in connection with the Applicant's request for transfer of the leasehold rights. The transfer fee of Rs.61,02,851/- and additional transfer fee of Rs.7,32,343/- are, on the material presently placed before us, charges arising from the transfer sought by the Applicant and not merely claims of GIDC against the Corporate Debtor for the period prior to the liquidation sale. The Applicant has not established any provision of the Code or any term of the Sale Certificate which would entitle it to recover these transfer-related amounts merely because the leasehold rights were acquired through liquidation proceedings. The prayer for refund of these amounts is, therefore, liable to be rejected.

22. As regards the disputed amount of Rs.31,03,894/- towards alleged past dues and Rs.2,81,307/- towards interest, the nature and period of accrual of such

amounts assume significance. A distinction must be maintained between a liability of the Corporate Debtor which arose prior to the liquidation sale and a charge or liability arising from the Applicant's own post-sale transfer, occupation or compliance obligations. The Applicant cannot be saddled merely by the liquidation sale with a liability which, in law, was a claim against the Corporate Debtor and stood to be dealt with in the liquidation process; equally, the liquidation sale cannot be construed as extinguishing a lawful transfer condition or post-sale liability arising independently upon the Applicant.

23. On the material placed before us, however, the Applicant has not established that the transfer fee and additional transfer fee already paid by it constitute pre-existing liabilities of the Corporate Debtor which stood extinguished by the liquidation sale. Nor has the Applicant established a legal right to obtain possession and commence construction in the absence of completion of the lawful transfer formalities applicable to the leasehold rights.

24. We, therefore, hold that the Applicant acquired only the leasehold rights/right, title and interest of the Corporate Debtor in the subject plot through the liquidation sale and not ownership of the land belonging to GIDC. The Applicant is not entitled, merely by virtue of the Sale Certificate, to compel GIDC to transfer the leasehold rights in its favour in disregard of the governing lease, applicable statutory provisions or lawful transfer requirements.

25. At the same time, GIDC cannot, merely by describing an amount as outstanding dues, treat every pre-liquidation liability of the Corporate Debtor as a fresh personal liability of the Applicant. The legal character of each demand has to be determined with reference to the lease, the date on which it accrued, the terms of the liquidation sale and the applicable transfer policy. The present order shall not be construed as adjudicating upon any amount which has not been specifically established before us as being a lawful post-sale/transfer liability of the Applicant.

26. In view of the foregoing, the Applicant has failed to establish a right to a direction compelling GIDC to transfer the leasehold rights without compliance with the applicable lawful transfer requirements or a right to refund the transfer-related amounts already paid. The prayer for permission to commence construction without completion of such lawful transfer requirements is also not made out.

27. Accordingly, **I.A. No.427/AHM/2026** is **dismissed**. The Applicant shall be at liberty to complete the lawful transfer formalities in accordance with the governing lease, the applicable statutory provisions and the applicable GIDC transfer policy. GIDC shall process the Applicant's request in accordance with law and shall not treat this order as adjudicating any disputed pre-liquidation claim of the Corporate Debtor as a fresh personal liability of the Applicant. No order as to costs.

-Sd-

SANJEEV SHARMA
MEMBER (TECHNICAL)

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SHAMMI KHAN
MEMBER (JUDICIAL)

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