S.No.3

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
07-09-2026 After Court-II

IA (IBC) 628/2025 & IA (IBC) 634/2025
in CP (IB) No.229/9/HDB/2021
u/s. 9 of IBC

IN THE MATTER OF:

M/s. Sunland Alloys **…Petitioner/s**

Vs

M/s. Castall Technologies Pvt Ltd., **…Respondent/s**

C O R A M:-
SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

O R D E R

IA (IBC) 628/2025
Orders pronounced. Recorded vide separate sheets.

In the result, IA (IBC) 628/2025 is allowed.

IA (IBC) 634/2025
Orders pronounced. Recorded vide separate sheets.

In the result, IA (IBC) 634/2025 is disposed of.

Sd/- **Sd/-**

MEMBER (T) **MEMBER (J)**

Apoorva

IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH – I

IA (IBC) No. 628 of 2025

in

CP (IB) No. 229 of 2021

(Under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016)

In the matter of M/s. Castall Technologies Pvt. Ltd.

Between:

M/s. Pride Pack Pvt. Ltd.,

Rep. by its Managing Director, Sri S. Janardhana Reddy,

Office at Plot No. 22, Co-operative Industrial Estate,

Gandhi Nagar, Balanagar, Hyderabad – 500 037.

.... Applicant / Successful Bidder

And

Mr. Madasa Kumar,

Liquidator, M/s. Castall Technologies Pvt. Ltd.,

IBBI/IPA-001/IP-01590/2019-2020/12465,

IDA, Kukatpally, Gandhi Nagar, Hyderabad – 500 037.

.... Respondent No.1 / Liquidator

Telangana Industrial Infrastructure Corporation Ltd.,

Industrial Area Local Authority (IALA), Quthubullapur,

Rep. by its Commissioner, Jeedimetla, Hyderabad – 500 055.

.....Respondent No.2

Date of Order: 07.09.2026

Coram:

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri Sanjay Puri, Hon'ble Member (Technical)

Parties/Counsels:

For the Applicant	:	Mr. C. Sunil Kumar Reddy, Advocate
Respondent No.1	:	Mr. Madasa Kumar, Liquidator
Respondent No.2	:	Mr. P. Mohith Reddy, Advocate & Ms. Hamsini, Advocate

ORDER

1. The present application is filed by M/s. Pride Pack Pvt. Ltd.[1] ("the Applicant"), the Successful Bidder of the land and building of M/s. Castall Technologies Pvt. Ltd.[2], under Section 60(5) of the Insolvency and Bankruptcy Code, 2016[3] read with Rule 11 of the National Company Law Tribunal Rules, 2016, against the Respondents, inter alia, seeking for the following reliefs:

   i) To direct Respondent No.1 to immediately address Respondent No.2 not to demand the property tax arrears that are to be paid by the Corporate Debtor, and to mutate the records in the name of the Applicant.

   ii) To direct Respondent No.2 to mutate the records in the name of the Applicant and not to demand the property tax arrears payable by the Corporate Debtor from the Applicant, and to

[1]"Applicant"
[2]"Corporate Debtor"
[3]"Code"

issue proceedings clearing the property tax to enable the Applicant to register the sale deed of the subject property.

Case of the Applicant:

2. The Applicant is the Successful Bidder for the land and building of the Corporate Debtor, sold in the course of liquidation. Respondent No.1 is the Liquidator of the Corporate Debtor. Respondent No.2 is the Telangana Industrial Infrastructure Corporation Limited, which administers the Industrial Area Local Authority, Quthubullapur, within whose jurisdiction the subject property is situated.

3. Pursuant to an Order of this Tribunal dated 10.02.2023, Respondent No.1 issued a Public Notification dated 23.10.2023 inviting bids for e-auction of the land and building of the Corporate Debtor. The e-auction was held on 20.11.2023. The Applicant participated, complied with all the terms and conditions of the auction, and emerged as the Successful Bidder.

4. In terms of the bid conditions and the Letter of Intent dated 22.11.2023, the Applicant paid a sum of Rs.12,61,00,000/- towards the sale consideration. Pursuant to such payment, Respondent No.1 issued a Sale Certificate dated 16.01.2024 in favour of the Applicant.

5. Following issuance of the Sale Certificate, Respondent No.1 addressed a letter dated 14.02.2024 to Respondent No.2, intimating that the property of the Corporate Debtor stood sold in favour of the Applicant under the liquidation process, and that the Corporate Debtor was not liable to pay the past dues in view of the provisions of the Code.

6. Despite receipt of this letter, Respondent No.2 neither mutated its records in favour of the Applicant nor took any corrective steps. On 26.04.2024, Respondent No.2 served a demand notice, addressed to the Corporate Debtor at the premises now in occupation of the

Applicant, raising a demand of Rs.65,67,684/- towards outstanding Municipal Property Tax.

7. The Applicant informed both Respondents telephonically of the sale in its favour and requested updation of records. Neither Respondent took any action pursuant to such intimation.

8. While the Applicant was carrying out minor modifications to the structure to suit its production and operational requirements, Respondent No.2 issued a notice dated 17.01.2025, addressed to the Corporate Debtor, directing that construction be stopped. This notice itself indicates that Respondent No.2 had, till that date, not mutated its records. On enquiry, officials of Respondent No.2 orally informed the Applicant that mutation would not be effected, and the sale would not be registered, unless the outstanding tax arrears were cleared.

9. The Applicant thereupon addressed a letter dated 15.02.2025 to Respondent No.1, requesting that the issue be taken up and resolved with Respondent No.2, and a separate letter of the same date to Respondent No.2, requesting updation of records in accordance with law. Neither Respondent responded to these letters.

10. On account of the continued non-mutation of records, the Applicant has been unable to register the sale deed of the subject property or to mortgage it for availing credit facilities towards further improvement of its industry, resulting in irreparable loss and injury.

COUNTER BY RESPONDENT NO.2:

11. Denying the averments made in the Application, Respondent No.2 had submitted that originally allotted Plot No. A-55, admeasuring 7,260 square yards, in IDA, Kukatpally, to M/s. Bhagyanagar Potteries and Refractories, vide registered Sale Deed No.8009/1992 dated 14.09.1992. Out of the said extent, 2,968 square yards was thereafter sold to the Corporate Debtor vide Sale Deed No.5870/1999 dated

04.10.1999, Sale Deed No.5917/1999 dated 05.10.1999, and Sale Deed No.3990/2007 dated 02.03.2007.

12. The Corporate Debtor defaulted in payment of property tax in respect of the subject property from the year 2014-15 onwards, and is stated to be liable to pay a sum of Rs.68,18,242/-, inclusive of interest, as on June 2025.

13. CP(IB) No.229 of 2021, filed by M/s. Sunland Alloys against the Corporate Debtor, was admitted by this Tribunal vide Order dated 19.04.2022, whereby the Corporate Debtor was placed under Corporate Insolvency Resolution Process. Upon the Committee of Creditors recommending liquidation, this Tribunal thereafter ordered initiation of liquidation proceedings against the Corporate Debtor.

14. Respondent No.2 issued a notice dated 17.01.2025 calling upon the Corporate Debtor to stop unauthorised construction on the subject property, and thereafter issued a Demand Notice dated 03.05.2025 calling upon the Corporate Debtor to pay Rs.68,18,242/- towards outstanding property tax.

15. Respondent No.2's case is that the subject property was sold on an "as is where is" basis, and that the Applicant is accordingly bound by all liabilities appertaining thereto, including the statutory dues and taxes payable in respect of the property.

16. It is stated that the Applicant ought to have conducted due diligence and ascertained the statutory dues payable on the subject property prior to participating in the auction, and having participated therein, must be deemed to have had knowledge of such liabilities, and cannot now avoid its obligation to discharge the property tax.

17. Permitting the Applicant to avoid payment of the outstanding statutory dues would, according to Respondent No.2, result in loss to the public exchequer.

18. During the pendency of the Application, the Applicant filed an application IA 903 of 2026 seeking leave to place additional documents on record, along with copies of the Sale Certificate dated 16.01.2024, the letter dated 14.02.2024 addressed by Respondent No.1 to Respondent No.2, and the document dated 03.05.2025.

19. We have heard Mr. C. Sunil Kumar Reddy, Learned Counsel for the Applicant, and Learned Counsel for Respondent No.2, and perused the material available on record.

Findings & Decision:

20. The Corporate Debtor, M/s. Castall Technologies Private Limited, was admitted into Corporate Insolvency Resolution Process vide Order dated 19.04.2022 in CP(IB) No.229/9/HDB/2021, on a petition filed under Section 9 of the Code by M/s. Sunland Alloys. Liquidation was ordered on 10.02.2023, and Respondent No.1 was appointed Liquidator.

21. Pursuant thereto, Respondent No.1 issued a Public Announcement dated 23.10.2023 for e-auction of Plot No. A-55, Block No.27, IDA, Kukatpally, Gandhinagar, Quthubullapur, admeasuring 3453.66 square yards, together with Industrial Shed-1 (5625 sft), Shed-2 (4950 sft), Shed-3 (1300 sft), an Office Building (4100 sft) and a Security Room (468 sft), at a reserve price of Rs.10,45,00,000/-. The e-auction was held on 20.11.2023. The Applicant was declared Successful Bidder, and upon payment of Rs.12,61,00,000/- pursuant to the Letter of Intent dated 22.11.2023, a Sale Certificate dated 16.01.2024 was issued in its favour.

22. It is the case of the Applicant that despite the sale having been completed, and despite Respondent No.1 having specifically communicated to Respondent No.2, by letter dated 14.02.2024, that the Corporate Debtor was not liable to pay past dues in terms of the Code, Respondent No.2 neither mutated its records in favour of the

Applicant nor withdrew its demand for property tax arrears, and instead proceeded to raise successive demands upon the Corporate Debtor at the premises now in possession of the Applicant, culminating in the demand notices dated 26.04.2024 and 03.05.2025.

23. Learned Counsel for the Applicant contended that once the sale stood completed and the Sale Certificate was issued, the Applicant is entitled to hold the subject property free of all dues, charges and encumbrances relating to the period prior to the sale, and that Respondent No.2 cannot decline mutation of records or insist upon clearance of dues that pertain exclusively to the Corporate Debtor.

24. Respondent No.2 has opposed the Application mainly on the ground that the subject property was sold on an "*as is where is*" basis, and that the Applicant, having failed to conduct due diligence prior to participating in the auction, must be deemed to have had knowledge of the outstanding property tax dues, and is accordingly liable to discharge the same, failing which the public exchequer would suffer loss.

25. At the outset, we observe that the property was sold through a bidding process, and on perusal of the E-Auction Process Information Document, it is evident that the terms and conditions of sale record the property as being sold on "*as is where is*" basis, and cast upon the E-Auction Process Applicant the responsibility to ascertain and bear local taxes outstanding on the asset. To that extent, the terms of sale did cast upon the Applicant an obligation of due diligence.

26. However, it is equally clear from the record that Sale Certificate dated 16.01.2024 issued by the Liquidator expressly records, inter alia, that the Scheduled Property was free from encumbrances, charges, liens, attachments, litigation and other prior claims and further records that the Vendor had full power and absolute authority to sell the Scheduled Property to the Vendee, as extracted below:

4. That the Scheduled Property hereby sold is free from all encumbrances, charges, prior sales, gifts, will, sureties, lien court attachments, family disputes, litigations, prior agreements, mortgages, leases, AGPA's, GPA's, etc., the Vendor have full power and absolute authority to sell the same to the Vendee.

27. Further, Respondent No.2 has placed no material on record to show that it lodged any claim towards the outstanding property tax before the Resolution Professional during the Corporate Insolvency Resolution Process, or before the Liquidator during liquidation. Even the Counter filed by Respondent No.2 is silent on this aspect, there is no averment that any such claim was ever submitted.

28. On perusal of the list of claims received by the Liquidator under Form-F, as available on the IBBI website, we find that under the head "Other Creditors - Government Dues" as on 05.04.2023, only two claims stand recorded, namely those of the Employees' State Insurance Corporation and the Employees' Provident Fund Organisation. Respondent No.2 does not figure in this list at all.

29. It is only after the sale stood completed, and after the Applicant addressed a request for mutation and commenced construction activity on the subject property, that Respondent No.2 issued its demand notice dated 26.04.2024, followed by the notices dated 17.01.2025 and 03.05.2025. As per Respondent No.2's own submissions, the Corporate Debtor is stated to be in default of property tax from the year 2014-15 up to 2025. The demand so raised therefore conflates dues relatable to the period well prior to the Corporate Insolvency Resolution Process, the period of the Corporate Insolvency Resolution Process itself, the period of liquidation prior to sale, and the period after issuance of the Sale Certificate, without Respondent No.2 drawing any such distinction.

30. Once liquidation proceedings are initiated, claims of statutory authorities are required to be dealt with strictly in accordance with the priority mechanism prescribed under Section 53 of the Code, and

cannot thereafter be enforced independently against a bona fide purchaser of the assets.

31. In this regard, we usefully refer to the judgment of the Hon'ble Supreme Court in ***Sundaresh Bhatt, Liquidator of ABG Shipyard Ltd. v. Central Board of Indirect Taxes and Customs, (2022) 7 SCC 540***, and to ***Al Champdany Industries Limited v. Official Liquidator & Anr., (2009) 4 SCC 486***, holding that dues of a company in liquidation, not lodged before the liquidator, are not recoverable from the auction purchaser. By virtue of Section 238 of the Code, the provisions of the Code have overriding effect notwithstanding anything inconsistent contained in any other law for the time being in force.

32. We may also refer to the order dated 16.06.2026 passed by this Tribunal in IA (IBC) No. 940/2025 in CP (IB) No. 199/7/HDB/2019 (*IDBI Bank Ltd. v. M/s. Aster Private Limited*), wherein, on materially similar facts, this Tribunal held that municipal property tax dues, not lodged as a claim before the Liquidator, could not be recovered from the Successful Auction Purchaser.

33. In these circumstances, the "*as is where is*" clause, though it does cast a general obligation of due diligence upon a bidder, cannot be read to fasten upon the Applicant. This is particularly so when the Sale Certificate itself records that the Scheduled Property was free from encumbrances, charges, liens, attachments, litigation and other prior claims, while Respondent No.2 neither disclosed, quantified nor lodged any claim towards such dues before the Resolution Professional or the Liquidator.

34. Therefore, the dues for the period up to the date of the Sale Certificate, i.e., 16.01.2024, being dues of the Corporate Debtor that ought to have been claimed through the statutory mechanism and were not, cannot be enforced against the Applicant. Dues accruing thereafter, however,

being referable to the period of the Applicant's own ownership and possession, remain the Applicant's liability.

35. In view of the foregoing, we are of the considered opinion that the Applicant cannot be saddled with liability towards the property tax dues of the Corporate Debtor for the period up to 16.01.2024, and that Respondent No.2 is not justified in declining to mutate its records in the name of the Applicant on that ground.

36. Therefore, the demands raised by Respondent No.2 towards property tax, penalty, interest or any other municipal dues pertaining to the period up to 16.01.2024, in respect of the subject property, shall stand extinguished insofar as the Applicant is concerned.

Accordingly, the IA (IBC) 628 of 2025 is allowed and disposed of.

Sd/-

SANJAY PURI

MEMBER (TECHNICAL)

Sd/-

RAJEEV BHARDWAJ

MEMBER (JUDICIAL)