NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Comp. App. (AT) (Ins) No. 1808 of 2026

IN THE MATTER OF:

LEEL Electricals Ltd. **...Appellant(s)**

Versus

Mahavir Ship Breakers & Ors. **...Respondent(s)**
Present:

For Appellant(s) : Mr. Chitranshul A. Sinha, Mr. Saikat Sarkar, Mr. Shivam Shorewala, Ms. Rakshita Bhargava, Advocates.
For Respondent(s) : Mr. Abhirup Dasgupta, Ms. Vagisha Tiwari, Ms. Surbhi Sachdeva, Advocates for R-3&4.

With
Comp. App. (AT) (Ins) No. 1884 of 2026

IN THE MATTER OF:

LEEL Electricals Ltd. **...Appellant(s)**

Versus

Mahavir Ship Breakers & Ors. **...Respondent(s)**
Present:

For Appellant(s) : Mr. Chitranshul A. Sinha, Mr. Saikat Sarkar, Mr. Shivam Shorewala, Ms. Rakshita Bhargava, Advocates.
For Respondent(s) : Mr. Abhirup Dasgupta, Ms. Vagisha Tiwari, Ms. Surbhi Sachdeva, Advocates for R-3&4.

With
Comp. App. (AT) (Ins) No. 1885 of 2026

IN THE MATTER OF:

LEEL Electricals Ltd. **...Appellant(s)**

Versus

Mahavir Ship Breakers & Ors. **...Respondent(s)**
Present:

For Appellant(s)	**:**	Mr. Chitranshul A. Sinha, Mr. Saikat Sarkar, Mr. Shivam Shorewala, Ms. Rakshita Bhargava, Advocates.
For Respondent(s)	**:**	Mr. Abhirup Dasgupta, Ms. Vagisha Tiwari, Ms. Surbhi Sachdeva, Advocates for R-3&4.

O R D E R
(Hybrid Mode)

[Per: Justice Mohd. Faiz Alam Khan, Member (Judicial)]

The above Appeals are preferred by LEEL Electricals Limited ("Appellant"), the Corporate Debtor against three connected orders pronounced on 05.08.2026 by the Adjudicating Authority. By the first order, the I.A. No. 558/2025 seeking impleadment of Appellant/LEEL in I.A. No. 51/2023 was dismissed. By the second order of the same date, I.A. No. 281/2026 seeking de-reservation of I.A. No. 51/2023 and hearing on impleadment was disposed of as no longer surviving. By the third order passed in I.A. No. 51/2023 filed by Respondent No. 1, also of the same date the same was dismissed, but findings prejudicial to LEEL's proprietary claim were recorded and the interim restraint protecting the disputed machinery from alienation or removal was vacated. All above appeals are connected with each other and are disposed of by passing this common order.

2. CA (AT) (Ins) No. 1808 of 2026 has been preferred by Appellant/LEEL Electricals Limited (LEEL), the Corporate Debtor itself acting through its new management, under Section 61 of the Insolvency and Bankruptcy Code, 2016 (Code) against the impugned order dated 05.08.2026 (Impugned Order) of the National Company Law Tribunal, Allahabad Bench (Adjudicating Authority) in I.A. No. 558 of 2025 in C.P. (IB) No. 189/ALD/2019, whereby the Adjudicating Authority dismissed LEEL's application for impleadment in I.A. No. 51/2023 on the ground that the rights acquired under the going-concern sale were confined to Block C and that LEEL had failed to show a direct, subsisting or legally enforceable interest in the disputed assets.

3. CA (AT) (Ins) No. 1884 of 2026 has been preferred by Appellant/LEEL Electricals Limited (LEEL), the Corporate Debtor itself acting through its new

management, under Section 61 of the Insolvency and Bankruptcy Code, 2016 (Code) against the impugned order dated 05.08.2026 ("Impugned Order") of the National Company Law Tribunal, Allahabad Bench ("Adjudicating Authority") in I.A. No. 51/2023 in C.P. (IB) No. 189/ALD/2019. By the order in I.A. No. 51/2023, the Adjudicating Authority dismissed Respondent No. 1's claim to additional assets, but recorded findings affecting LEEL's title and vacated the restraint order passed against alienation/removal.

4. CA (AT) (Ins) No. 1885 of 2026 has been preferred by Appellant/LEEL Electricals Limited (LEEL), the Corporate Debtor itself acting through its new management, under Section 61 of the Insolvency and Bankruptcy Code, 2016 (Code) against the impugned order dated 05.08.2026 ("Impugned Order") of the National Company Law Tribunal, Allahabad Bench ("Adjudicating Authority") in I.A. No. 281 of 2026 ("I.A. No. 281/2026") in C.P. (IB) No. 189/ALD/2019, whereby the Adjudicating Authority has held that the prayer for de-reservation of the order no longer survive as I.A. Nos. 51/2023 and 558/2025 has already been decided.

5. The case of the appellant, as is reflected from the appeal, is that between 27.12.2013 to March 2014 appellant LEEL purchased/imported the GEMA Electrostatic Powder Coating System, GEMA Reciprocator System and two YANGLI Power Presses. The dispute in the aforesaid appeals is pertaining to these four machines.

6. It is stated in the appeal that the CIRP was initiated against M/s Feeders Electrical and Engineering Limited (FEEL), which is a sister concern of the Appellant/LEEL and was also operating from the same Rudrapur plant premises, vide order dated 14 August 2019 passed in company petition (I.B.) No. 75/2019, on an application moved by the State Bank of India under Section 7 of the Code. The CIRP against the Appellant/LEEL was also initiated vide order dated 4 March 2020 passed in the company petition (I.B.) No. 189/2019 on a Section 9 application moved by MKM Technologies Private Limited.

7. It is further reflected that, in the CIRP of FEEL, the plan submitted by IM + Capital Limited was approved by the COC of FEEL on 16 June 2021 and

also by the Ld. Adjudicating Authority vide order dated 04.03.2020, passed in IA No. 198 of 2021.

8. It could also be inferred that in the CIRP of LEEL, an order was passed for liquidation of the CD/LEEL on 06.12.2021 and the CD/LEEL was directed to be liquidated in terms of Section 33(2) of the Code and on 04/08/2022, the liquidator conducted an auction of specified machinery in terms of the e-auction process document dated 08/07/2022 and M/s Mahavir Ship Breakers emerged as the successful bidder and was accordingly issued the sale certificate and letter of possession of the specified machinery.

9. It is also reflected that the successful auction purchaser, Mahavir, attempted to remove the aforesaid machineries from the Rudrapur plant. Upon resistance by FEEL, Mahavir filed IA No. 51/2023 to secure possession of the same and also to direct FEEL/IM + capitals from alienating or removing or transferring such assets/machinery.

10. It is further reflected that on 10/4/2023, the liquidator of the LEEL conducted an auction sale of the CD/LEEL as a going concern, wherein Krishna Ventures Limited (KVL) emerged as the successful auction purchaser and liquidator of the CD/LEEL issued letter of intent for sale of the LEEL/CD as a going concern in favour of Krishna Ventures on 30 April 2023. On 21/3/2024, approval of sale of the CD/LEEL as a going concern was granted to Krishna Ventures. The control of the CD/LEEL as a going concern was also transferred to the new management, and a sale certificate confirming the sale of the LEEL/CD as a going concern was also issued by the liquidator in favour of Krishna Ventures on 12 June 2024

11. It is also evident that in IA No. 51 of 2023 filed by the Mahavir the Appellant/LEEL filed IA No. 558 of 2025 seeking its implement and also IA No. 281 of 2026 to de-reserve IA No. 51 of 2023, so that the complaint application may be disposed of at first. However, the Ld. Adjudicating Authority simultaneously pronounced orders in all three applications, being IA No. 51 of 2023, IA No. 558 of 2025, and IA No. 281 of 2026, whereby the IA No. 558 of 2025 filed by the Appellant was dismissed holding that the Appellant's rights under Block C pertaining to the sale of the CD/LEEL as a

going concern did not confer a direct, subsisting, and legal interest in the disputed assets. I.A. No. 281 of 2026 has been dismissed in view of the disposal of I.A. No. 51 of 2023 and IA No. 51 of 2023, filed by the Mahavir, was dismissed on the ground that Mahavir failed to establish that the disputed assets were included in Annexure IX/Schedule I of the Block-B auction. However, in paragraph numbers 37-41, it was observed that the local commissioner's report dated 31 May 2024 and liquidator's report substantially supported the claim of the FEEL regarding the ownership of these assets. Appellant LEEL, being aggrieved by the disposal of the application IA No. 281 of 2026 and 558 of 2025 and observation of the adjudicating authority in the aforesaid paragraphs of the judgment passed in IA No. 51 of 2023, preferred these appeals.

12. We have heard Learned Counsel for the parties and have perused the record.

13. Learned Counsel for the appellant submits that the Appellant LEEL is represented by its new management, M/s Krishna Ventures Ltd. (Krishna Ventures), post approval of the going concern sale approved on 21.03.2024 and the dispute entails four items of machinery namely a GEMA Electrostatic Powder Coating System, a GEMA Reciprocator System and two YANGLI Power Presses being imported and installed by the CD/LEEL between December 2013 and March 2014 being at its Plant in Rudrapur.

14. It is further submitted that on 04.08.2022 the Liquidator auctioned the machinery listed in Annexure IX of the E-Auction Process Document dated 08.07.2022 and as a result of which M/s Mahavir Ship Breakers emerged as the successful bidder. During the inspection allowed to bidders between 11.07.2022 and 28.07.2022, the disputed assets were found lying at the Rudrapur Plant, however FEEL resisted their removal and M/s Mahavir Ship Breakers filed I.A. No. 51/2023 before the Ld. NCLT. Further on 10.04.2023 M/s KVL emerged as the successful purchaser in the auction of the CD as a going concern.

15. It was further submitted that Ld. NCLT went beyond the scope of I.A. 51/2023 by giving findings on ownership. Only question in that application

was with regard to "Whether M/s Mahavir Ship Breakers bought the disputed assets in the Block-B auction". Ld. NCLT itself in Para 36 held that the auction covered only the assets identified in Annexure IX/Schedule-I. Once it found the disputed assets were not covered, M/s Mahavir Ship Breakers' claim was answered. The enquiry from Para 37 onwards in respect to the identity and ownership of the assets went beyond the dispute before it, particularly as the CD, the party asserting title, was not allowed to take part. The Appellant does not ask this Tribunal for a declaration of title. The question of title between the CD and M/s FEEL should have been left open.

16. It was submitted that the place where a movable property is found, or who holds it, cannot by itself make decision on the title where there is documentary evidence as to how it was acquired, especially as the CD and M/s FEEL worked from common premises. The Local Commissioner's finding that the assets belonged to M/s FEEL came primarily from their being in M/s FEEL's portion and from M/s FEEL placards and signage. Neither the Local Commissioner nor the Liquidator decided on the title, upon the competing documents. The Liquidator's non-identification of an asset cannot result in transfer of the title to M/s FEEL or IM+ Capitals without any more findings.

17. It is next submitted that the order dismissing I.A. No. 558/2025 assumes that the new management failed to substantiate that the disputed assets were separately transferred to it under Block-C. This misreads the Appellant's case. The Appellant being CD itself, acting through the new management brought in by the going-concern sale. The substantial question here was "Whether the CD/LEEL had already lost the disputed assets and whether it could show a transfer of its own property to itself." The order passed on 21.03.2024 recognised that the CD continues as a legal entity and that its rights, title and interest remain vested in it, subject to specified exclusions. The reasoning in I.A. No. 558/2025 is also circular as the Appellant was refused impleadment for not having a direct interest, while being kept out of the very proceeding wherein adverse observations on its interest were made.

18. It is further submitted that the Ld. Adjudicating Authority has exceeded the scope of the application IA No. 51/2023 filed by Mahavir as the issue

before the Adjudicating Authority was whether the auction purchaser Mahavir acquired the machineries under the block-B auction and in the impugned order, in paragraph number 36, it is stated that the auction was confined to assets specifically identified in Annexure IX, Schedule I. Once it was found that the subject assets were not included therein, the claim of Mahavir should have failed. However, the adjudicating authority proceeded from paragraph number 37 onwards to inquire into the identity and ownership of the disputed assets, however, this inquiry was evidently unnecessary for disposal of the claim of Mahavir.

19. It is further submitted that the purpose of this appeal is not to seek any declaration of title of the CD. The object of this appeal is limited to the fact that, after the holding that the subject assets were not sold to Mahavir, the adjudicating authority should have left the independent question of title between the CD/LEEL and FEEL open for adjudication in appropriate proceedings.

20. It is further submitted that the Adjudicating Authority has further committed a mistake in relying on the report of the local commissioner as the only fact that machinery was found years later in the portion of the premises expected to be occupied by FEEL could, at the most, establish its location and custody on the date of inspection, but it could not establish the ownership.

21. It is also submitted that the Adjudicating Authority has failed in its duty to properly examine the title documents pertaining to the subject assets. The adjudicative authority acknowledges the invoices in favour of the LEEL/CD of the FY 2014 physical verification report dated 02/11/2019 and the fixed asset register. It observes that these documents may indicate that the subject assets were purchased by the CD/LEEL. Even after this, the claim of the appellant was not believed for want of machine-wise correlation. In this background, the proper exercise would have been to correlate the subject assets with their model and serial particulars, viz., devices placed by the appellant. Per contra, IM + Capitals did not produce any purchase invoices or import documents, etc.

22. It is further submitted that after the going-concern sale, the new management of the CD should have been heard in order to arrive at a correct conclusion. However, the I.A. No. 558 of 2025 was dismissed on the premise that the new management failed to show that the subject assets were separately transferred to it under Block C, while the, real inquiry was whether the LEEL/CD had already been divested of the subject assets. Therefore, the I.A. No. 558 of 2025 has also been dismissed on frivolous grounds. Moreover, the observations which have been made by the adjudicating authority in paragraph numbers 37 to 41 would affect the future proprietary remedies available to the appellant of approaching the other forums.

23. Ld. Counsel for the Respondent No. 2/Liquidator submits that in the process of e-auction under the Process Document dated 08.07.2022, Block A (LEEL as a going concern) failed in its first round. Block-B which entails, the plant, machinery and inventories at Rudrapur described in Annexure-IX, was sold to Mahavir Ship Breakers on 04.08.2022. The Sale Certificate and Letter of Possession dated 22.09.2022 are limited to Schedule I, which is identical to Annexure IX.

24. It is further submitted that LEEL was later sold as a going concern to Krishna Ventures in a fresh auction under Block-C, held on 10.04.2023, for a sum of ₹5.27 crores and this Block C covered only the assets as provided in Clause 9.1 of the E Auction process document, which only covers the name and logo, possession rights in the Rudrapur building, unlisted shares and book receivables. This document also recorded that the Rudrapur plant and machinery had already been sold and the Adjudicating Authority also approved the sale on 21.03.2024 “to the extent of the assets as mentioned in clause 9.1”.

25. It is submitted that Mahavir filed I.A. No. 51/2023 on 28.01.2023 claiming further machinery, including power presses, that did not form part in Annexure-IX. Additionally, the machinery was in the portion of the common premises occupied by FEEL, whose plan in favour of IM+ Capitals was approved on 06.10.2021. The disputed machinery was never in the Liquidator’s custody as per Section 35(1)(b), and it was never included in the

Asset Memorandum under Regulation 34, further, it was never valued and never offered for sale and the invoices and cash vouchers relied on by the Appellant were never verified by the Liquidator in relation to assets of the estate.

26. It is further submitted that under the orders of the Adjudicating Authority dated 01.02.2023, the Liquidator inspected the site on 09.02.2023, accompanied by FEEL's representative, Mr. N.K. Mishra, and filed his report. The disputed machinery was installed in the portion in FEEL's exclusive possession and was being used in FEEL's operations. Apart from one packet of GI sheets bore the stickers of both LEEL and FEEL stickers, none of it could be identified as that of LEEL. The Local Commissioner assisted by the Liquidator again inspected the site on 25.05.2024 and reported subject assets belong to FEEL and that all Schedule I assets had already been delivered to FEEL.

27. It is also submitted that the Liquidator's report records the "as is where is" and related terms of the Block-B sale as applying only to assets collated from the valuation reports and listed in the Process Document. Assets that were never valued or listed could not form part of the said sale. Annexure-C to the report is titled "List of Machineries in the FEEL Premises", records no item as LEEL's. The Block-B Sale Certificate and Letter of Possession also state that the land of the Rudrapur Plant belongs to FEEL. More over Rights of Appellant flow only from the Block-C sale, which was limited to Clause 9.1 assets. Bidders were told that the Rudrapur plant and machinery had already been sold to another H1 bidder. Excluded Asset (iv) states any asset not covered under Clause 9.1 is excluded from the going-concern sale. Ld. NCLT's order dated 21.03.2024 approved the sale only to the extent of Clause 9.1 assets and applied its vesting clause "excluding the assets" per the Process Information Document and the list of excluded assets and further the sum of ₹5.27 crores paid by LEEL were only with regard to the Clause 9.1 assets alone.

28. It was submitted that under caveat emptor, the purchaser had to satisfy itself on the nature, extent and ownership of the assets before bidding. Under

the Sale Certificate, KVL accepted the sale after its own due diligence and agreed not to raise any query or objection to the Liquidator in respect to ownership and now it cannot claim assets the Liquidator had never verified or sold.

29. It is further submitted that on liquidation, the management of the CD vests with the Liquidator, who holds the estate in a fiduciary to all creditors, and on sale under Regulations 32(e) and 32A only the identified and approved assets could pass over to the purchaser. Excluded Asset also requires the successful bidder to let the Liquidator sell excluded assets separately as part of the estate. Thus, even if the machinery belonged to LEEL, it would be an excluded asset and the appellant could not claim the same.

30. It was accordingly submitted that the disputed machinery was never in the Liquidator's custody and never formed part of the liquidation estate and was never sold under Block B or Block C, so the Appellant cannot claim any right on it.

31. Learned Counsel for the Respondent Nos. 3 and 4 on the other hand submits that Respondent No. 3 is M/s Fedders Electric & Engineering Ltd. (FEEL) and Respondent No. 4 is its Successful Resolution Applicant, IM+ Capitals Ltd. (now Fedders Holding Ltd.). The FEEL was admitted into CIRP on 14.08.2019 and subsequently, the Resolution Plan was approved on 06.10.2021.

32. It was submitted that LEEL was ordered into liquidation on 06.12.2021 and the E-Auction Process Document dated 08.07.2022 offered LEEL as a going concern under Block A and, separately, the identified plant and machinery at Rudrapur plant under Block-B. M/s Mahavir Ship Breakers (R-1) was the successful bidder for Block B. The sale was on an "as is where is", "as is what is", "whatever there is" and "without recourse" basis.

33. It is further submitted that R-1 filed I.A. No. 51/2023 on 28.01.2023, claiming machinery at Rudrapur plant was beyond what was listed in Annexure IX. Subsequent to which Adjudicating Authority on 01.02.2023 restrained FEEL and IM+ from removing or disposing of the disputed assets

and directed the Liquidator to inspect the premises and prepare an inventory and the restraint was only an interim protective measure.

34. It is also submitted that the Liquidator inspected the site and, at page 33 of his Report, listed the machinery in the FEEL's portion by serial number and date of manufacture. Apart from only one packet of GI sheets bearing stickers of both LEEL and FEEL, nothing on the list was identified as LEEL's. The Liquidator therefore concluded that the machines were FEEL's and never formed part of the liquidation estate. Further a Local Commissioner was also appointed over allegation of overlap made by R1 on 14.05.2024, who inspected premises on 25.05.2024 and submitted report on 31.05.2024 and also found machinery in the FEEL-occupied portion and only little leftover material in the LEEL portion, with LEEL's machinery already sold to and collected by R-1, he also came to the conclusion that there's no overlap between Annexure-IX and the assets at page 33 of the Liquidator's Report. Both reports, it was said, showed there was no real dispute over ownership.

35. It is submitted that the Appellant's whole claim rests on the idea that buying LEEL as a going concern meant buying & procuring everything lying at the Rudrapur plant. That is contrary to the terms of auction and to Sections 35 and 36 of the Code and Regulations 34 and 35 of the Liquidation Process Regulations, under which the liquidation estate must be identified through the Asset Memorandum before sale. Ld. NCLT only held that the assets outside the estate could not have transferred to the Appellant. This, it was said, does not prejudice the Appellant, and stands the Appellant's only grievance.

36. It is submitted, without prejudice, that the Appellant has not identified the machines it claims. It refers to one GEMA powder coating system, one GEMA reciprocator and two Yangli power presses, but fails to provide make, model or serial numbers, while the Liquidator's Report has identified the machines on site by those exact details. Ld. NCLT also found that the Appellant had failed to show that these assets were transferred to it under the going-concern sale.

37. It is further submitted that the machines were part of the Information Memorandum prepared in FEEL's CIRP. The Resolution Plan took FEEL's ownership of them into account and was approved by the CoC and the NCLT. So, they were treated as FEEL's well before the LEEL auction, and a later going-concern sale cannot turn them into LEEL's assets.

38. Lastly, it is submitted that the Appellant was buying a company whose assets were being sold in separate parcels and had to do its own due diligence on the parcel it bid for. It cannot widen the scope of the sale afterwards, and Ld. NCLT's findings do not calls for an interference.

39. We at the outset notice that LEEL Electricals Ltd. (LEEL) and Fedders Electric & Engineering Ltd. (FEEL) were sister concerns operating from the Rudrapur premises. The record as produced before us and as summarised in the impugned order, states that FEEL owned the land and LEEL was in possession of the building. Both companies underwent insolvency proceedings, with FEEL's CIRP commencing before LEEL's. During LEEL's liquidation, the Liquidator sold plant, machinery and inventory at Plot 24, Sector 2, IIE SIDCUL, Rudrapur, to Mahavir Ship Breakers under the second auction round, by reference to Annexure IX/Schedule I. Mahavir subsequently alleged that additional machinery at the premises had not been handed over. The NCLT dismissed IA 51/2023 and vacated the interim restraint. LEEL's subsequent management, Krishna Ventures Ltd., sought to be impleaded, asserting that certain Gema and Yangli machines belonged to LEEL. The applications moved by the LEEL were rejected and some observations were also made by the Adjudicating Authority in support of the ownership of machines and plant in favour of FEEL and appellant LEEL feels aggrieved by the same.

40. We further notice that the Ld. Adjudicating Authority in the impugned order with regard to IA No. 51 of 2023, has framed an issue to the following effect:

> *"20. We have heard the Ld. Counsel representing the Applicant and perused the material available on record. On examination of the submissions made and recorded as*

above, the issue that arises for determination is whether the alleged assets that are found situated at the Rudrapur Plant would form part of the e-auction conducted by the Liquidator of the Corporate Debtor on 04.08.2022 apart from the assets that are listed in Annexure IX of e-auction process document and then being part of sale certificate as Schedule-I."

41. Thereafter, the adjudicating authority has taken note of the undisputed factual position that the appellant-LEEL and FEEL were conducting their businesses from the same premises situated at Rudrapur plant, and the ownership of the land was with FEEL, and the position of the building was with Appellant-LEEL. It is also noticed by the adjudicating authority that the dispute between the parties has arisen out of the e-auction conducted by the liquidator of the LEEL on 4th August 2022 for the sale of the assets of the CD/Appellant/LEEL. It is also stated that, as defined in the e-auction notice dated 08/07/2022, the following assets of the CD/LEEL were to be auctioned:

Description	Date and Time of E-Auction	Reserve Price (INR)	EMD Amount & Documents submission deadline	Bid Incremental value
BLOCK A				
Sale of Corporate Debtor as a Going Concern **	01st August, 2022 Time: 12.00 PM to 2.00 PM (with unlimited extension of 5 minutes each)	**Rs. 29,21,11,000/-** (Rupees Twenty Nine Crore twenty one lakhs eleven thousand only)	Rs. 2,00,00,000/- on or before 28th July, 2022	Rs.10,00,000/-
OR				
BLOCK B				
Sale of Plant & Machinery and Inventories situated at Plot No. 24, Sector 2, IIE, SIDCUL Rudrapur, Uttarakhand	04th August, 2022 Time: 12.00 PM to 2.00 PM (with unlimited extension of 5 minutes each)	**Rs. 27,08,02,000/-** (Rupees Twenty Seven Crore Eight Lakhs Two Thousand five Hundred seventy five only)	Rs. 2,00,00,000/- on or before 29th July, 2022	Rs. 10,00,000/-

*Note-** Block consist of sale of LEEL Electricals limited as going concern including only plant situated at Plot No. 24, Sector 2, IIE, SIDCUL Rudrapur. Kindly refer to E-Auction Document dated 11th July 2022 for clarification on Going Concern.*

42. The Adjudicating Authority further stated that, in pursuance of the proposed e-auction with regard to the aforesaid property/assets, the liquidator circulated the e-auction process document. The assets which were proposed to be sold were described in the annexure IX of the same. Annexure IX of the e-auction process document has been reproduced by the adjudicating authority in paragraph number 23 of the impugned order. We also find it necessary to reproduce the same for the adjudication of the dispute between the parties, and therefore the said Annexure IX is reproduced as under:

ANNEXURE IX

DESCRIPTION OF THE ASSETS

BLOCK B

(Note: - The list attached herewith is for reference the physical condition may differ. The items mentioned below are provided on "as is where is basis", "as is what is basis", "whatever there is basis" and "no recourse" basis)

at

PANTNAGAR PLANT

Plot No. 24 & 29, Sector-2, IIE Pant Nagar, Industrial Area, Khasra No. 189, Village- Kalyanpur, Tehsil-Kichha, Rudrapur, Udham Singh Nagar District, Uttrakhand

LIST OF MACHINERIES - LEEL ELECTRICALS LIMITED, PANTNAGAR, UTTRAKHAND

Site	Section	Machinery	Qty
Pantnagar	Assembly Line	AC Assembly Line	1
Pantnagar	Assembly Line	AC IDU Assembly Line	1
Pantnagar	Assembly Line	Gas charging equipment	1
Pantnagar	Assembly Line	Stripping machine	1
Pantnagar	Assembly Line	vacuum machine	1
Pantnagar	Coil Shop	Auto Coil Brazing Machine	1
Pantnagar	Coil Shop	brazing	1
Pantnagar	Coil Shop	Coil Air Machine	1
Pantnagar	Coil Shop	Fin Press	1
Pantnagar	Coil Shop	Hair Pin Bender Machine	1
Pantnagar	Coil Shop	Oven	1
Pantnagar	Coil Shop	PFC Line	1
Pantnagar	Coil Shop	Power Press	1
Pantnagar	Coil Shop	Vertical Expander Machine	1
Pantnagar	Dies	Dies / Moulds / Tools	1
Pantnagar	Electrical	Electrical Installation	1
Pantnagar	Electrical	Electrical system	1
Pantnagar	Electrical	Transformer - 1250 KVA	1

Pantnagar	Header Shop	coil bending machine	1
Pantnagar	Header Shop	End forming machine	1
Pantnagar	Header Shop	Tube Bending Machine	1
Pantnagar	Header Shop	Tube Cutting Machine	1
Pantnagar	Header Shop	tube forming machine	1
Pantnagar	Plastic Moulding	Plastic Moulding Machines	1
Pantnagar	Testing	Testing Eqmt	1
Pantnagar	Utilities	Air Compressor	1
Pantnagar	Utilities	DG Set - 520 KVA	2
Pantnagar	Utilities	drilling machine	1
Pantnagar	Utilities	Forklift	1
Pantnagar	Utilities	Hydraulic Lifting	1
Pantnagar	Utilities	Utilities	1

LIST OF INVENTORY – LEEL ELECTRICALS LIMITED, PANTNAGAR, UTTRAKHAND.

Plant	Sub Loc	Type	Description	UOM	Qty	Unit Wt	Total Wt
					Nos	Kgs	Kgs
Pantnagar	Coil Shop	R/M	Cu Coils - Packed	Nos	70	600	42000
Pantnagar		R/M	Al Coils - Packed	Nos	30	1500	45000
Pantnagar		WIP	Al Coils - Lot	Nos	1	2000	2000
Pantnagar	O/S	R/M	Al Coils - Packed	Nos	29	1300	37700
Pantnagar	All Plant	R/M	Compressor Units	Nos	38000	1	38000
Pantnagar		WIP	COILS - Mix (S/G+F/G+WIP)	Nos	5000	2.5	12500
Pantnagar		Stock	IDU's - Mix (S/G+F/G+WIP)	Nos	5000	1	5000
Pantnagar		Stock	Outer Units - Mix (S/G+F/G+WIP)	Nos	3000	1	3000
Pantnagar		Stock	Plastic Covers - Mix (S/G+F/G+WIP)	Nos	500	1	500

Pantnagar		Misc	Misc Items / Spares / Scrap - Taken LumpSum	L/S		-	-
Pantnagar		Misc	Store Inventory	L/S		-	-

PLANT's PHOTOS - LEEL ELECTRICALS LIMITED, PANTNAGAR, and UTTRAKHAND.

43. We further notice that the adjudicating authority noticed that the auction purchaser, i.e. Mahavir Shipbreakers, participated in the auction process for Block- B assets and was declared the successful bidder. The Mahavir Shipbreakers, successful auction purchaser, has submitted that during the pre-bid inspection of the site, it found the existence of certain machineries belonging to the corporate debtor/LEEL (in addition to those specifically mentioned in the above Annexure IX of the E-auction process document).

44. Thereafter, the adjudicating authority, after noticing various clauses in the e-auction process document, held as under:

a. "28. Upon perusal of the aforesaid clauses, it is evident that the E-Auction Process Document i.e., Clause 5 "Background", expressly records that the e-auction was being conducted for the sale of assets forming part of the liquidation estate of the Corporate Debtor. The process document, therefore, identifies the subject matter of the auction itself as the assets comprising the liquidation estate and not every asset situated at the Rudrapur Plant.

b. 29. ..... Thus, the process of identifying the assets forming part of the liquidation estate necessarily precedes the auction, and the assets proposed for sale stand identified before the sale process is undertaken and include those assets only which are in the custody of the liquidator as per Section 36 of the Code for which custody is taken as per Section 35(1) (b) of the Code. In the present case, these assets have been listed in Annexure IX of the e-auction process document and the same have also been inspected by the Applicant to do the due diligence before bidding. After being declared successful auction purchaser, when the sale certificate was issued by the liquidator, the same assets as mentioned in Annexure IX of the e-auction process document, are mentioned in schedule I of the sale certificate, for which possession letter has also been issued by the Applicant without raising any query/ objection to liquidator. Thus, the assets under auction have been taken over by the Applicant after successful completion of auction without raising any dispute at the relevant time.

c. 34. The Sale Certificate as well as the Letter of Possession dated 22.09.2022 are also required to be read in conjunction with the E-Auction Process Document. Prior to analysing the aforesaid documents, it is observed that the Liquidator, in the Sale Certificate, has referred to "Annexure 5" of the EAuction Process Document while describing the list of assets sold in the e auction conducted on 04.08.2022. However, upon perusal of the record, it appears that the said reference has been wrongly made as the list of assets sold forms part of Annexure IX of the E-Auction Process Document. Accordingly, the reference to "Annexure 5" in the Sale Certificate shall be read as a reference to "Annexure IX" of the E-Auction Process Document.

d. 35. Upon perusal of the aforesaid document, the Sale Certificate records that the asset sold comprised the Plant and Machinery and Inventories, more particularly described in Schedule-I, and further stipulates that the sale was on an "as is where is" and "as is what is" basis. Upon examination, it is clear that the assets mentioned in

Schedule-I of the Sale Certificate are the same as detailed in Annexure IX of the E-auction process document, reproduced hereinabove. It also expressly records that the Liquidator does not make any representation or warranty regarding the correctness, validity or adequacy of the information pertaining to the assets, nor does he guarantee the ownership, condition or quality thereof. Simultaneously, the purchaser acknowledges that it had undertaken due diligence, satisfied itself regarding the assets prior to bidding, and accepted the sale after due inspection. The Letter of Possession likewise records the handing over of possession of the Plant and Machinery and Inventories with reference to the detailed list annexed as Schedule-I to the Sale Certificate; which corresponds to the list of assets set out in Annexure IX to the E-Auction Process Document.

e. 36. Therefore, upon a conjoint reading of the E-Auction Process Document, the Sale Certificate and the Letter of Possession, we are of the considered view that the subject matter of the e-auction conducted on 04.08.2022 was confined to the assets constituting the liquidation estate of the Corporate Debtor and identified for sale by the Liquidator as detailed by him in Annexure IX of the e-auction process document and corresponding to Schedule-I of the Sale Certificate. The transfer effected pursuant to the said e-auction extended to the Plant and Machinery and Inventories specifically identified in Annexure IX to the E-Auction Process Document, corresponding to Schedule-I of the Sale Certificate, possession whereof was delivered under the Letter of Possession dated 22.09.2022.

45. Therefore, it was crystal clearly observed by the adjudicating authority that perusal of the e-auction process document, sale certificate, and the letter of possession clearly suggest that the e-auction held on 4/8/2022 was confined to the assets which were part of the liquidation estate of the corporate debtor and identified for sale by the liquidator, as declared in Annexure (IX) of the e-auction process document, which are also described in Schedule-I of the sale certificate. It is further held that only those plant and machinery and inventories were transferred pursuant to the e-auction, which

have been specifically mentioned in Annexure (IX)of the e-auction process document as well as detailed in Schedule-I of the sale certificate.

46. We also notice that the Appellant LEEL is also not having any dispute with regard to the observations recorded by the adjudicating authority stated hereinbefore, whereby the claim of the successful auction purchaser Mahavir was not accepted by the adjudicating authority with regard to the subject plant and machinery. The appellant appears to be aggrieved by the observations of the learned adjudicating authority made thereafter, in the subsequent paragraphs i.e. 40 to 45 and 47, wherein the ownership with regard to the subject plant and machinery was decided by the adjudicating authority.

47. We further notice that by filing the instant appeal, the following reliefs have been prayed for by the appellant:

> ***"Final Relief(s)***
> *In the facts and circumstances, the Appellant humbly prays that this Hon'ble Appellate Tribunal may be pleased to:*
> *a) Allow the present Appeal;*
> *b) Set aside and/or expunge the findings contained in paragraphs 40–45 of the order dated 05.08.2026 in I.A. No. 51/2023, only insofar as they determine, prejudice or cast doubt upon LEEL's rights, title and interest in the LEEL Assets without hearing LEEL;*
> *c) Set aside paragraph 47 of the order in I.A. No. 51/2023 vacating the interim restraint dated 01.02.2023;*
> *d) Remand the limited issue concerning ownership, custody and entitlement to the LEEL Assets for fresh adjudication after impleading LEEL and permitting complete pleadings and machine-wise evidence;*
> *e) Alternatively, declare that the findings recorded in I.A. No. 51/2023 shall not bind or prejudice LEEL in proceedings concerning title, possession or recovery of the LEEL Assets;*
> *f) Continue protection against alienation, removal, dismantling or creation of third-party rights pending completion of the remanded adjudication; and*

g) Any other/further order(s) that this Hon'ble Appellate Tribunal may deem fit in the interest of justice, equity and good conscience."

48. We also notice that in paragraph numbers 40 to 45, and 47 of the impugned Judgment the Adjudicating Authority held that the e-auction conducted on 04.08.2022 was strictly confined to the assets of the Corporate Debtor explicitly identified in Annexure IX of the process document (corresponding to Schedule-I of the Sale Certificate) and also that based on the reports of the Liquidator and the Local Commissioner, the disputed assets were located in a portion of the Rudrapur Plant occupied by Respondent No. 2/ FEEL, with no physical overlap found between them and the auctioned assets already taken over by the Applicant.

49. The Adjudicating Authority rejected the argument that the disputed assets belonged to the Corporate Debtor and consequently formed part of the e-auction dated 04.08.2022, which was founded upon certain invoices of the year 2014 and it was observed that Applicant's reliance on invoices of the year 2014, physical verification records, and the Fixed Asset Register, noting that these documents merely prove past ownership but failed to establish that the specific disputed assets were ever part of the liquidation estate under the Liquidator's custody. Furthermore, the Tribunal clarified that the term "Slump Sale" only meant that the identified assets were sold for a lump-sum price without individual valuation, and it could not be used to bypass statutory requirements and could not enlarge the scope of the auction after its conclusion. Consequently, the Adjudicating Authority determined that all contractual obligations under the Sale Certificate dated 22.09.2022 stood fully performed and discharged in accordance with Section 31 of the Sale of

Goods Act, 1930. Since the Applicant had already accepted and removed all the scheduled assets from the site, they could not subsequently claim additional assets based on unclarified assumptions formed during pre-bid inspections. The Adjudicating Authority emphasized that allowing the subject matter of a transparent liquidation sale to be expanded after its completion would undermine the certainty and legality governing the IBC framework. It is also held that the Applicant- Mahavir failed to provide cogent material to establish any right over the disputed assets, the Tribunal dismissed the claims and officially vacated the interim restraining order dated 01.02.2023.

50. We also recall that the appellant challenged the observations of the Adjudicating Authority made in para-No. 40 to 45 on the following grounds;

> i- *That the adjudicating authority exceeded its scope by investigating the identity and ownership of the machinery (paragraphs 37–41) after already ruling in paragraph 36 that the assets were not part of Mahavir's Block-B auction.*
> ii- *That the appellant does not seek a title declaration here, but aims to set aside adverse findings that prejudice their right to pursue proprietary remedies at appropriate future forums.*
> iii- *That the adjudicating authority mistakenly relied on the Local Commissioner's report, confusing mere physical location and custody on the date of inspection with legal ownership.*
> iv- *That the adjudicating authority wrongly rejected the appellant's strong title proof (invoices, fixed asset register, and verification reports) for want of "machine-wise correlation," while ignoring that the opposing party (IM + Capitals) produced no ownership or purchase or import documents.*
>
> *v- That the new management's application was dismissed on the incorrect premise that they failed to show a Block-C transfer, whereas the actual inquiry should have been whether the CD/LEEL had already been divested of the assets.*

51. We notice that the adjudicating authority, in the process of recording the aforementioned observations, has considered the material which was available on record with respect to the identity and ownership of the disputed assets (i.e., plant and machines). It has also taken into consideration the reports submitted by the liquidator in compliance with the directions given by the adjudicating authority, and also the report of the Local commissioner.

52. We recapitulate that LEEL and FEEL were sister concerns and were managed by the same management, prior to commencement of the insolvency. M/s Feeders Electrical and Engineering Limited (FEEL) was also operating from the Rudrapur plant premises and its CIRP was initiated vide order dated 14 August 2019. The CIRP against the Appellant/LEEL was initiated vide order dated 4 March 2020. In the CIRP of FEEL, the Resolution plan was submitted by IM + Capital Limited, which was approved by the COC and also by the adjudicating authority on 04.03.2020.

53. However, it is reflected that an order for liquidation of the LEEL was passed on 6.12.2021. The E-Auction Process Document dated 08.07.2022, would reveal that the sale of LEEL was contemplated as a going concern under Block A and separate sale of identified plants and machinery at the Rudrapur Plant was contemplated under Block B. Respondent No. 1, M/s Mahavir Ship Breakers Ltd., emerges as the successful purchaser of Block B and Block B was sold to it through e auction. The sale certificate and letter of possession of the specified machinery was accordingly issued in favour of Mahavir. However, the Block A was not sold in this auction.

54. It is also reflected that the successful auction purchaser of block B i.e. Mahavir attempted to remove the subject machineries from the Rudrapur

plant, however, when resisted by FEEL, Mahavir filed IA No. 51/2023 to secure possession of the same and also for issuance of directions to FEEL/IM + capitals from alienating or removing or transferring such assets/machinery. In the IA No. 51 of 2023 filed by the Mahavir the Appellant/LEEL filed IA No. 558 of 2025 seeking its implementation and also IA No. 281 of 2026 to de-reserve IA No. 51 of 2023. As stated earlier the adjudicating authority pronounced orders simultaneously in all three applications i.e. IA No. 51 of 2023, IA No. 558 of 2025, and IA No. 281 of 2026, whereby the IA No. 558 of 2025 was dismissed on the ground that the purchase of Block C by the Appellant pertaining to the sale of the LEEL as a going concern did not confer any interest in the subject assets. I.A. No. 281 of 2026 has been dismissed in view of the disposal of I.A. No. 51 of 2023 and IA No. 51 of 2023, filed by the Mahavir, was dismissed on the ground that Mahavir failed to establish that the disputed assets were included in Annexure IX /Schedule I of the Block-B auction.

55. We also notice that at first the attempt to sell LEEL as a going concern was unsuccessful on 21.04.2022, however on 25.04.2022, six other plants—Bhiwandi, Haridwar, Kala Amb, Pantnagar, Ranipet and Tauru—were sold as separate units, the Rudrapur remained unsold. The assets of the LEEL were marked as Block A, described LEEL as a going concern and Block B comprising plant, machinery and inventory at Plot 24, Sector 2, IIE SIDCUL, Rudrapur, as listed in Annexure IX of the e auction process document. Mahavir become the highest bidder and on 22.09.2022, the Liquidator issued the Sale Certificate and Letter of Possession and further Mahavir was allowed six months, up to 22.03.2023, to remove the purchased assets.

56. The third auction round appears to have commenced with the notice dated 06.03.2023 and E-Auction Process Document dated 07.03.2023. Block C offered LEEL as a going concern, limited to the assets specified in Clause 9.1 of the same i.e. the name and logo of the company with manufacturing and design procedures, possession rights in the Rudrapur building (subject to IA 278/2020), unlisted shares and book receivables. Krishna Ventures won the Block C auction on 10.04.2023 for ₹5.27 crore against a reserve price of ₹3 crore. The Liquidator issued a letter of intent on 30.04.2023 and by order dated 21.03.2024 passed in IA 366/2023, the NCLT approved the sale "to the extent of the assets as mentioned in clause 9.1", directed payment of the balance consideration within 30 days, recorded that LEEL would survive as a legal entity and possession of the building was granted subject to the outcome of IA 278/2020.In IA 51/2023, the NCLT appointed Local Commissioner CA Deependra Mohan on 14.05.2024. He inspected on 25.05.2024 and submitted his report on 31.05.2024. The Liquidator issued the Sale Certificate to Krishna Ventures on 12.06.2024 and management of LEEL was handed over to Krishna Ventures on 01.07.2024.

57. We have noted above that in paragraph No's 37-41 adjudicating authority observed that the local commissioner's report dated 31 May 2024 and liquidator's report substantially supported the claim of the FEEL regarding the ownership of these assets, which is the basis of grievance of the appellant.

58. We, in the preceding paragraphs, have already recapitulated the reasoning and observations made by the learned adjudicating authority in order to arrive at a conclusion: that Mahavir does not have any right so far as the subject assets are concerned, as the same were not included in Annexure

(IX) of the e-auction process document. Since the Mahavir has not filed any appeal against those observations and findings, and the Appellant is not aggrieved by the same, we do not feel any need to assess the veracity of these observations and findings on the basis of which the claim of the Mahavir has been negated. Thus, we will confine ourselves to the observations made by the Ld. Adjudicating Authority in paragraph numbers 37 to 41 of the impugned order, whereby the claim of the FEEL regarding the ownership of the subject assets appears to have been supported and the conclusions drawn while rejecting the application bearing I.A. No. 558 of 2025, for impleadment.

59. We notice that the FEEL had been admitted into the insolvency resolution process on 14.08.2019, the Resolution Plan submitted by the Respondent No.4 was approved on 06.10.2021 and LEEL was auctioned as a going concern on 10.04.2023. Therefore, the CIRP of FEEL was concluded much prior to the sale of LEEL as a going concern. The Auction Notice dated 06.03.2023 and an E-Auction Process Document dated 07.03.2023, would further reveal that sale of the LEEL as a going concern was conducted expressly on an 'as is where is, 'as is what is,' 'whatever there is,' and 'without recourse' basis and was confined to the properties/ assets described in clause 9.1 of the E Auction Process Document. Here, we also recall that in this auction, the liquidator had divided the assets of the corporate debtor/LEEL into Block A, Block B and block C. It is Block C which was sold to the Krishna Ventures as Going Concern. We have already noticed that the contention of Mahavir with regard to the subject assets have been rightly negated by the Adjudicating Authority as the subject assets were not included in Annexure

(IX) of the e auction process document and were also not part of the liquidation estate of the LEEL.

60. Thus, the E auction process document and notice of sale of LEEL would clearly reflect that the LEEL was sold as a going concern to Krishna Ventures in a fresh auction under Block-C, held on 10.04.2023, for a sum of ₹5.27 crores and Block C covered only the assets described in Clause 9.1 of the process document, which covers the name and logo, possession rights in the Rudrapur building, unlisted shares and book receivables. Therefore, the subject Assets were never part of the process document and could not be transferred to the Appellant.

61. It may be recalled that the Appellant is claiming rights on the Subject Assets on the basis of sale of the CD as a going concern, but having regard to the exclusion clause and clause 9.1 of the E auction process information document, it could not claim more than what has been sold to it. It is not so that the CD has been sold to the Appellant as a going concern with all the assets, per contra the CD as a going concern has been sold with specified assets and also with exclusion clause in the process document. It may also be recalled that in the process document it was recorded that the Rudrapur plant and machinery had already been sold and the Adjudicating Authority also approved the sale on 21.03.2024 "to the extent of the assets as mentioned in clause 9.1 of the E auction process information document.

62. We also notice that the subject Assets were never part of the liquidation estate and were not in the Liquidator's custody as per Section 35(1)(b), and never included in the Asset Memorandum under Regulation 34, further, never valued and evidently never offered for sale. Nothing has been brought in our

knowledge which may reflect that the invoices and cash vouchers relied on by the Appellant were ever verified by the Resolution Professional/Liquidator of the LEEL in relation to the subject assets.

63. We are also of the considered view that on the commencement of the liquidation process the management's powers of the CD are vested with the Liquidator and on sale only the identified and approved assets would pass on to the purchaser and the excluded Asset, if any, also required to be sold in accordance with law. We reiterate, even on the accusation of repetition that the disputed Assets were never in the Liquidator's custody, and never formed part of the liquidation estate of the LEEL and was never sold either under Block B to Mahavir or under Block C to Krishna Ventures, so the Appellant cannot claim any right with regard to these assets.

64. We also notice that the adjudicating authority has taken pains in assessing the ownership of the subject assets. For this purpose, it has directed the liquidator to identify the properties which were being claimed by Mahavir, and when certain objections were raised with regard to the said report, the adjudicating authority again appointed a local commissioner, who visited the site along with the liquidator and submitted its report. These reports, in clear terms, suggest that the subject assets are lying in the portion of the FEEL. These reports submitted by the Liquidator and Local Commissioner coupled with the facts that the Assets were never included in the liquidation estate of the CD/LEEL and were not included in the E auction process information document under which the sale has taken place and also considering the fact that there was an exclusion clause in the E auction process information document along with clause 9.1 specifying in clear terms

the assets being sold to the appellant, we do not find any merits in the Appeal. The Appellant had failed to show any interest or right of him in the subject assets and therefore his application for impleadment has also been correctly rejected. We also place on record that the liquidators report assumes significance in the present scenario when some of the assets of the CD were sold as a going concern and some others in multiple blocks, on a slump sale basis and the same cannot be brushed aside lightly.

65. It is submitted by the Counsel for the Appellant that there was no occasion for the adjudicating authority to have commented about the ownership of the subject assets and the same should have been left for being decided at an appropriate time by an appropriate forum. We are not in agreement with the submissions advanced by Ld. Counsel for the appellant for the reason that IA No. 51 of 2023 was moved by the auction purchaser Mahavir, claiming the subject assets as owned by him. The same was objected to by the respondents, FEEL and its new management. Therefore, it was obligatory on the adjudicating authority to have adjudicated the dispute existing between the parties with regard to the ownership of the subject assets, and the same could not be left in a dilemma.

66. In result, in our considered opinion there is no good ground to interfere in the impugned orders passed by the Adjudicating Authority. The appeals lack merits and are **dismissed** as such.

67. There is, however, no orders as to costs. The pending IA if any is also disposed of.

[Justice Mohammad Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

New Delhi
20.11.2026
sr