

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
16-06-2026 AT 1:00 PM**

**CP(IB) No. 199/7/HDB/ 2019
AND
IA (IBC) 940/2025 in CP(IB) No. 199/7/HDB/ 2019
u/s. 7 of IBC, 2016**

IN THE MATTER OF:

IDBI Bank Ltd

...Financial Creditor

AND

Aster Pvt Ltd

...Corporate Debtor

C O R A M:-

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

O R D E R

IA (IBC) 940/2025

Orders pronounced, recorded vide separate sheets.

In the result, this application is allowed and disposed of.

**Sd/-
MEMBER (T)**

**Sd/-
MEMBER (J)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH - I**

IA (IBC) 940/2025

in

CP (IB) 199/7/HDB/2019

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

Between:

M/s. Ayaeka Ventures Private Limited
through its Authorized Representative
Mr. Laxmi Narayan Bhasin
412, B 08, GDITL Tower,
Netaji Subhash Place,
Pitampura, Delhi – 110034.
Email: ayaeka2024@gmail.com

.... Applicant

Versus

1. Mr. Naren Sheth
Liquidator
M/s.Aster Private Limited,
141/1, Phase II, BN Reddy Nagar,
Charlapally, Hyderabad,
Secunderabad, Telangana – 500 051.
2. Amdavad Municipal Corporation,
Central Zone Office, Sardar Patel Bhavan
Municipal Corporation, Danapith,
Khamasa, Ahmedabad – 380001.
Phone No. 079-25391811
Email: feedback@ahmedabadcity.gov.in
3. The Chairman/ Secretary,
Jayrath Complex Cooperative Housing Society,
Ramdev Nagar, Ahmedabad – 380015.

... Respondents

In the matter of:

IDBI Bank Limited

... Financial Creditor

Vs.

M/s. Aster Private Limited

... Corporate Debtor

Date of Order: 16.06.2026

Coram:

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri Sanjay Puri, Hon'ble Member (Technical)

Counsel present:

For the Applicant : Mr. Rajat Chaudhary, Advocate

For the Respondent 2 : Mr. Nandish Chudgar, Advocate

Respondents 1 & 3 : Ex-parte

1. This application is filed under Section 60 (5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016, inter alia, seeking the following reliefs:

- a. To allow the present application.
- b. To direct the Respondents to waive off any demand with respect to the property bearing B/101 Residential Apartment admeasuring approx. 810.52 sft. located in an apartment development viz. Jayrath Complex located in Ramdev Nagar, Ahmedabad (**hereinafter referred to as "subject Property"**) relating to period to sale confirmation.

- c. To direct the Respondent No.2 to waive off the demand of Rs.12,47,093/- with respect to the subject Property.
- d. To direct the Respondent No.2 to issue No Dues Certificate.
- e. To direct the Respondent No.2 to remove the seal affixed by it and de-attach the subject Property.
- f. To direct the Respondent No.2 to restore the physical possession of the subject Property.
- g. To direct the Respondent No.3 to waive off the demand of Rs.99,300/- towards Society dues and issue No Dues Certificate.
- h. Direction to the Respondents that all the past charges/ encumbrances, claims etc. relating to period prior to the purchase of the asset by the Applicant herein shall discharged, extinguished and shall stand lapsed.
- i. Direction to the Respondents that from the date of transfer of title of the Asset purchased in name of the Applicant no creditor, judicial or quasi- judicial authority shall be able to enforce any or execute any right against such asset.
- j. Direction to the Respondents that the property purchased by the applicant in the auction is free from any security interest, encumbrance, claim, counter claim or any demur.

- k. Direction that the Applicant shall be at liability to seek remedy if any available before this Hon'ble Tribunal to address any difficulties with respect to implementation of the reliefs/ waivers/ concessions.

2. APPLICATION

- 2.1 The Applicant herein is the Successful Auction Purchaser in respect of Residential Apartment admeasuring approx. 810.52 sft., situated at B/101, Jayrath Complex, Ramdev Nagar, Ahmedabad. which is mentioned in the Sale Notice dated 10.03.2024 issued by the Liquidator/Respondent No.1.
- 2.2 Respondent No.2 is the Amdavad Municipal Corporation.
- 2.3 Respondent No.3 is the Chairman/Secretary of Jayrath Complex Co-operative Housing Society, Ramdevnagar, Ahmedabad.
- 2.4 The Adjudicating Authority vide its Order dated 19.11.2019 admitted the Company Petition CP (IB) 199/7/HBD/2019 filed under Section 7 of the Insolvency & Bankruptcy Code, 2016 (**Code**) by IDBI Bank (**Financial Creditor/FC**) against M/s. Aster Private Limited (**Corporate Debtor/CD**) by appointing Mr. Naren Sheth as Interim Resolution Professional (**IRP**). Subsequently, the IRP was appointed as Resolution Professional (**RP**) by the Committee of Creditors (**COC**).

- 2.5 The Respondent No.1 issued Public Announcement dated 20.11.2019 calling upon the creditors of the Corporate Debtor to file their claims on or before 02.12.2019.
- 2.6 Since no Resolution Plan was received, the RP had filed an Application IA.No. 259/2021 seeking Liquidation of the Corporate Debtor, which was admitted by this Authority vide Order dated 22.09.2021 by appointing the RP as Liquidator of the Corporate Debtor.
- 2.7 Subsequently, the Liquidator issued public announcement in Form-B on 25.09.2021 inviting claims from the stakeholders of the Corporate Debtor by fixing the last date as 22.10.2021. On the basis of the claims received, the Liquidator constituted the Stakeholders' Consultation Committee (**SCC**). The SCC in its meeting held on 11.06.2023 resolved to sell the Corporate Debtor as a going concern, and in the event, there are no bids received to acquire the Corporate Debtor as a going concern, the Liquidator shall proceed with the sale of the Assets of the Corporate Debtor in piecemeal basis.
- 2.8 The Liquidator had issued a Public Notice dated 21.07.2023 requesting the Expressions of Interest (**EOIs**) from the Prospective Bidders for Sale of the Corporate Debtor as a going concern. Since, no EOIs were received, the Liquidator issued an E-auction Notice dated 10.03.2024, to sell the Assets of the Corporate Debtor on a piecemeal basis through E-auction scheduled on 08.04.2024.

2.9 Pursuant to the E-Auction Notice dated 10.03.2024, the Applicant had submitted EOI for the subject Property along with an EMD of Rs.2,00,000/- on 07.04.2024. The Liquidator conducted the E-Auction on 08.04.2024, in which, the Applicant participated and emerged as the Highest Bidder for the subject Property with a bid amount of Rs.35,00,000/-. The Respondent No.1 issued a Letter of Intent (**LoI**) to the Applicant on 09.04.2024.

2.10 The Applicant has paid the sale consideration in the following manner:

Description of Payment	Date of Payment	Amount in Rs.	Payment REF#
EMD – 10% of the Bid amount	07 th April 2024	1,00,000 80,000 20,000	#409813304466 #T24040713375562901 70800 #IBKLR9202404060006 3224
Tranche-I Payment – 15% of the Bid amount	24 th April 2024	5,25,000	NTBLH24115019515
Tranche-II Payment - Balance of the Bid amount	10 th July 2024	28,29,740	KKBKR5202407100070 4175
	Total Payment	35,54,740	

2.11 Upon receipt of the total sale consideration, the Liquidator issued a Sale Certificate dated 11.07.2024 in favour of the Applicant and handed over the physical possession along with a copy of title documents and keys of the subject Property to the Applicant. Pursuant thereto, the Applicant has been in peaceful and

uninterrupted possession of the Flat and have undertaken renovation works to make the property habitable.

2.12 It is averred that to the utter shock and surprise of the Applicant, on 20.03.2025 the Applicant found a Notice dated 20.03.2025 affixed on the property in question by Respondent No.2 wherein and whereby the Respondent No.2 has sealed the property in question to prevent occupancy/ use due to the alleged arrears of Rs.12,42,494/- on account of Municipal Property Tax.

2.13 Thereafter, the Applicant visited the Respondent No.2 and informed that the Applicant has purchased the Property in question in e-auction conducted by the Liquidator of the CD under the provisions of the Code and he is not liable to pay any old outstanding dues of the Property Tax relating to the period prior confirmation of the sale and requested the Respondent No.2 to remove their seal on the property in question and restore the possession to the Applicant. Despite request of the Applicant, the Respondent No.2 provided a copy of Bill dated 19.07.2024 for Rs.12,47,093/- payable by the Corporate Debtor towards Property Tax for billing year 2024-25.

2.14 Subsequently, the Applicant sent a Notice dated 05.04.2025 to the Respondent No.2 requesting to remove its seal and restore the physical possession of the property in question and to provide the No Dues Certificate (**NOC**) to the Applicant as the Respondent No.2 is not entitled to claim any dues from the Applicant for any period prior to the sale of the property in question and requested to do the needful within 7 days from the date of receipt of the Notice

dated 05.04.2025. The Respondent No.2 acknowledged the receipt of the Notice on 07.05.2025. However, despite receipt of the notice, the Respondent No.2 has failed to remove the seal and hand over the physical possession of the Property in question to the Applicant.

2.15 It is averred that the Respondent No.2 is allegedly claiming an amount of Rs.12,47,093/- as dues from the Corporate Debtor on account of Property Tax. It is evident that the said dues are not part of the claims collated by the Respondent No.1 during the CIRP and Liquidation process. Further, the Respondent No.2 sealed the property by affixing the Notice on 20.03.2025, whereas the sale with respect to the Property in question was completed much earlier on 11.07.2024 and Sale Certificate was issued in favour of the Applicant and possession of the Property was delivered to the Applicant.

2.16 It is submitted that any outstanding dues of the Property Tax relating to period to sale confirmation are thus dues that are similar to claim of an unsecured creditor and should be discharged in terms of the properties regarding distribution of assets given in Section 53 of IBC. The Auction Purchaser cannot be held liable to pay any such dues relating to period prior confirmation of the Sale.

2.17 The Applicant also received a Notice dated 01.04.2025 sent by the Respondent No.3 demanding an amount of Rs.99,300/- towards Society Dues. The Applicant sent a Letter dated 12.04.2025 to the Respondent No.3 informing about the purchase of the Property in question by the Applicant in auction conducted by the Respondent

No.1 denying any liability to pay any amount and requested the Respondent No.3 to withdraw the said notice forthwith and the Respondent No.3 is not entitled to claim any amount from the Applicant for the period prior to 11.07.2024.

2.18 The clean slate principle which is being reiterated time and again by the Hon'ble Supreme Court of India and Hon'ble NCLAT in various Judgments would stand negated if the demand of the Respondent No.2 is not set aside and the physical possession of property in question is not restored to the Applicant free from all the past charges/ encumbrances, claims etc., relating to the period prior to the purchase of the Asset by the Applicant.

2.19 It is averred that this Adjudicating Authority vide Order dated 29.11.2024 had already allowed an Application IA.No. 1964 of 2024 on the similar facts and circumstances filed by one of the Successful Bidder with respect to other Assets of the Corporate Debtor in the present Company Petition. The Applicant having no other alternative and efficacious remedy except to approach this Authority, is filing the present application before this Authority praying that the property tax, water tax, conservancy tax including such penalty or interest thereon pending on the subject Property as mentioned in this application and all the present or future charges/ encumbrances, claims etc. for the period prior to the purchase of the asset by the Applicant herein shall stand discharged, extinguished and lapsed.

3. COUNTER BY RESPONDENT NO.2:

3.1 It is averred that except the statements and averments made in the Application which are specifically admitted to be true and the rest of the statements and averments made in the petition are denied and not admitted by the Answering Respondents as if the same are specifically dealt with and traversed.

3.2 It is emphasized that Section 141 of the Gujarat Provincial Municipal Corporation Act, 1949 (**GPMC Act**), unequivocally states that Property Taxes are regarded as first charge on the premises on which the Tax is levied regardless of the owner/acquirer of the subject Property. Section 141 of the GPMC Act is reproduced as under:

“141. Property taxes to be a first charge on premises on which they are assessed.”

(1) Property-taxes due under this Act in respect of any building or land shall, subject to the prior payment of the land revenue, if any, due to the 3 [State) Government thereupon, be a first charge, in the case of any building or land held immediately from the 4 (Government), upon the interest in such building or land of the person liable for such taxes and upon the movable property, if any, found within or upon such building or land and belonging to such person; and in the case of any other building or land, upon the said building or land and upon the movable property, if any, found within or upon such building or land and belonging to the person liable for such taxes. Explanation – The term “property taxes” in this section shall be deemed to include charges payable under section 134 for water supplied to any premises and the costs of recovery of property-taxes as specified in the rules.

(2) In any decree passed in a suit for the enforcement of the charge created by subsection (1), the Court may order the payment to the Corporation of

interest on the sum found to be due at such rate as the Court deems reasonable from the date of the institution of the suit until realization, and such interest and the cost of enforcing the said charge, including the costs of the suit and the cost of bringing the premises or moveable property in question to sale under the decree; shall, subject as aforesaid, be a fresh charge on such premises and moveable property along with the amount found to be due, and the Court may direct payment thereof to be made to the Corporation out of the sale proceeds”.

It will be clear that the Property Taxes are considered a *first charge* on the building or the land itself irrespective of the owner/acquirer of the land. Therefore, this provision establishes that property taxes must be paid or settled before all other debts or obligations relating to the Property.

- 3.3 It is also averred that once the Corporate Debtor had been served with the warrant of attachment of the subject Property under Section 42 and 43 of the GPMC Act, then the said Property lawfully stood under the control and custody of the Answering Respondent. Therefore, the Respondent No.1 had no lawful authority to auction the subject Property and transfer the same to the Applicant. In other words, when the subject Property was already under attachment and thereby seized by operation of Law, any subsequent act of auctioning or transferring the subject Property in favour of the Applicant is considered to be illegal, null and void, being in contravention of the provisions of the GPMC Act and beyond the powers conferred upon Respondent No.1 under the IBC framework. Such an act is therefore non-est in law and null and void.

- 3.4 The Corporate Debtor has persistently defaulted in paying the Property Taxes for several years, resulting in substantial accumulation of outstanding dues towards the Property Taxes. Such continued and willful non-payment of statutory dues clearly establishes the negligent conduct and lack of bona fide on the part of the Corporate Debtor in fulfilling its obligation. The computation statement of the outstanding Property Tax payable by the CD is filed as **Annexure-R/1** of the counter.
- 3.5 The Respondent No.2, in 2023, issued a Notice calling upon the Corporate Debtor to make the payment of Rs.10,05,581/- towards the outstanding Property Tax for the year 2023-2024. Since the Corporate Debtor failed to respond or discharge its outstanding property tax, the Respondent No.2, on 25.08.2023 in exercise of powers conferred under Section 43 and 44 of the GPMC Act, 1949, issued a warrant of attachment and attached the subject Property in accordance with the Law. A copy of the Warrant of Attachment / Seizure (English translated copy) dated 25.08.2023 issued by Respondent No.2 is filed as **Annexure R2 @ pgs. 12A to 12C** of the Counter.
- 3.6 Again on 04.07.2024, the Respondent No.2 issued a Notice calling upon the Corporate Debtor to make the payment of Rs.10,98,757/- towards the outstanding Property Tax, failing which appropriate action would be initiated to secure the outstanding amount. A copy

of the Notice dated 04.07.2024 issued by the Respondent No.2 (English translated copy) is filed as **Annexure R3 @ pgs. 14A to 14C** of the Counter.

3.7 Upon receipt of the full sale consideration, the Respondent No.1 issued Sale Certificate dated 11.07.2024 in favour of the Applicant. However, it is pertinent to note that the said Sale Certificate was issued subsequent to and in the teeth of the notice dated 04.07.2024 issued by the Respondent No.2. Therefore, the sale of subject Property is deemed to be illegal, null and non-est in the eyes of Law. The Respondent No.1 did not disclose the said notices and the warrant of attachment issued with respect to the subject property during the liquidation proceedings. On the other hand, the Respondent No.1 also despite being duty bound under the IBBI Regulations, 2016 to exercise due diligence and examine the books of accounts/ records of the Corporate Debtor, willfully ignored the said notices and the warrant issued against the Corporate Debtor with respect to the subject property. The conduct on the part of the Corporate Debtor and the Respondent No.1 clearly indicates an attempt to mislead this Hon'ble Tribunal and to orchestrate a deliberate attempt to evade payment of the outstanding Property Tax due to the Respondent No.2.

3.8 It is averred that the Respondent No.1 not only failed to issue any formal notice to the Respondent No.2, nor any information has been received by the Respondent No.2 regarding the initiation of the

Liquidation Proceedings against the CD. The Respondent No.1 as IRP/RP and as Liquidator is duty bound under Regulation 4 of the IBBI Regulations, 2016 to examine and inquire into the accounts of the Corporate Debtor. The Respondent No.1 being in charge of the affairs of the Corporate Debtor would, on due diligence, which he is required to exercise, would be aware that the Corporate Debtor has not paid the statutory property taxes on the immovable properties of the Corporate Debtor. Regulation 4 of the IBBI Regulations, 2016 is reproduced as under:

“4. Access to books – (1) Without prejudice to Section 17(2)(d), the interim resolution professional or the resolution professional, as the case may be, may access the books of account, records and the relevant documents and information, to the extent relevant for discharging his duties under the Code of the Corporate Debtor held with-

- (a) Depositories of securities;*
- (b) Professional advisors of the Corporate Debtor;*
- (c) Information utilities;*
- (d) Other registries that records the ownership of assets;*
- (e) Members, promoters, partners, board of directors and joint venture partners of the Corporate Debtor; and*
- (f) Contractual counterparties of the Corporate Debtor;*

(2) The personnel of the Corporate Debtor, its promoters or any other person associated with the management of the Corporate Debtor shall provide the information within such time and in such format as sought by the interim resolution professional or the resolution professional, as the case may be,

(3) The creditor shall provide to the interim resolution professional or resolution professional, as the case may be, the information in respect of assets and liabilities of the Corporate Debtor from the last valuation report, stock statement, receivables statement, inspection reports of properties, audit report, stock audit report, title search report, technical officers report, bank account statement and such other information which shall assist the

interim resolution professional or the resolution professional in preparing the information memorandum, getting valuation determined and in conducting the corporate insolvency resolution process.

4-A Choice of authorized representative – (1) *On an examination of books of account and other relevant records of the Corporate Debtor, the interim resolution professional shall ascertain class(s) of creditors, if any, (2) For representation of creditors in a class ascertained under sub-regulation (1) in the committee, the interim resolution professional shall identify three insolvency professionals who are – (A) not his relatives or related parties; (aa) having their addresses, as registered with the Board, in the State or Union Territory, as the case may be, which has the highest number of creditors in the class as per their addresses in the records of the Corporate Debtor; Provided that where such State or Union Territory does not have adequate number of insolvency professionals, the insolvency professionals having addresses in a nearby State or Union Territory, as the case may be, shall be considered; (b) eligible to be resolution professional under Regulation 3; and (c) willing to act as authorized representative of creditors in the class. (3) The interim resolution professional shall obtain the consent of each insolvency professional identified under sub regulation (2) to act as the authorized representative of creditors in the class in Form 4B of the Schedule.”*

From the above, it is evident that it is a mandatory obligation upon the IRP/RP and the Liquidator to examine the Books of Accounts of the Corporate Debtor. However, in the present case, Respondent No.1 has failed to discharge his duty. Therefore, it is most respectfully submitted that there was no obligation on the party of the Respondent No.2 to lodge a claim in respect of the outstanding property taxes.

- 3.9 It is averred that the Corporate Debtor through the Respondent No.1 has played a fraud not only with the Respondent No.2 by evading away from paying the property taxes but also with the Hon’ble

Tribunal by not disclosing the outstanding property tax dues of the Corporate Debtor at the time of ongoing liquidation process.

3.10 It is averred that the outstanding Property Tax dues amounting to Rs.12,42,494/- as on 20.03.2025 constitutes public revenue, which the Respondent No.2 herein is legally and rightfully entitled to recover. Therefore, transferring the subject property to the Applicant, without issuance of a formal notice to the Respondent No.2, appears to be a device adopted by the defaulting party to circumvent payment of statutory dues, resulting into unlawful deprivation of the public funds.

3.11 The property tax on the said property is levied and collected under the provisions of GPMC Act, this Adjudicating Authority which is exercising its Jurisdiction and powers under the provisions of IBC having a limited Jurisdiction as provided in IBC, in the respectful submission of the answering Respondent, would not have jurisdiction to “waive” the amount of property tax accumulated on the said property. The property tax on the said property is levied in accordance with the provisions of Chapter XI of the GPMC Act and the Rules framed thereunder. Therefore, it will not be within the scope of jurisdiction of this Adjudicating Authority to pass orders waiving the said property tax and/or to pass a direction to Respondent No.2 which is a Statutory Local Authority under the GPMC Act, to issue a No-Due Certificate as prayed for by the Applicant.

4. Rejoinder to the Counter filed by the Respondent No.2:

4.1 The Applicant denied the allegations, averments and submissions made by the Respondent No.2 which is contrary to and/or inconsistent with what is stated in the application.

4.2 It is averred that the provisions of Section 141 of the GPMC Act is not applicable and the applicant has no liability to pay any property tax for the period prior to the sale in favour of the Applicant.

4.3 It is also averred that Section 141 of the GPMC Act cannot override the provisions of the Code. By virtue of Section 238 of the Code, the provisions of the Code have overriding effect over any inconsistent provision of other and relied on the judgment of the Hon'ble High Court of Gujarat, in re., *M/s Alpesh Gems vs Surat Municipal Corporation (R/Special Civil Application No. 4905 of 2022)* has held that a Municipal Corporation cannot claim any first charge or precedence over the subject Property by virtue of Section 141 of the GPMC Act once the asset is sold under IBC proceedings.

4.4 It is averred that the alleged attachment, even if any, cannot override the mandate of Section 238 of the IBC, which gives the Code an overriding effect over all other inconsistent laws, including local municipal enactments. Once the liquidation proceedings commenced under Section 33 of the IBC vide Order dated 22.09.2021, all assets of the Corporate Debtor vested in the Liquidator under Section 35 (1)(b), free from any prior control,

attachment or encumbrance. Therefore, the alleged warrant of attachment, even if issued, cannot invalidate a sale confirmed under Section 33 read with Regulation 32 of the Liquidation Regulations.

- 4.5 It is averred that once the Corporate Debtor entered into Liquidation under Section 33 of the IBC, all claims relating to any dues, including property tax arrears were required to be submitted to the Liquidator in accordance with regulation 16 of the IBBI (Liquidation Process) Regulations, 2016. No independent recovery action, notice or attachment can be pursued by any creditor including Statutory Authorities outside the IBC framework.
- 4.6 It is averred that Respondent No.2 admitted that the sealing action was undertaken only on 20.03.2025, after issuance of the Sale Certificate dated 11.07.2024, which is contrary to Section 238 of the IBC. It is also averred that once the sale was concluded and sale certificate issued, the property vested absolutely in the Applicant, free from all past dues, charges and encumbrances, as per the settled “clean slate” principle recognized in plethora of judgements passed by the Apex Courts.
- 4.7 It is submitted that Sale Certificate dated 11.07.2024 was issued pursuant to a valid e-auction conducted in accordance with Section 33 and 35 of the IBC and Regulation 32 of the Liquidation Process Regulations. Upon receipt of the entire sale consideration, the Applicant became the absolute owner of the property and the Liquidator was bound to issue the Sale Certificate to complete the sale process. The alleged existence of a Municipal Notice dated

04.07.2024 cannot vitiate or nullify the sale conducted under IBC as the IBC has an overriding effect under Section 238.

- 4.8 It is averred that the present case involves a judicially supervised sale conducted under the IBC in a transparent manner under public notice and therefore it cannot be equated with a private transfer intended to evade liabilities.
- 4.9 It is also averred that the reliefs fall squarely within the jurisdiction conferred upon this Adjudicating Authority under Sections 33, 35, 60(5)(c) and 238 of the IBC.
- 4.10 It is averred that there is no provision under Law or under the IBC Framework permitting the respondent to file an affidavit “for a limited purpose” and then reserve liberty to file a detailed reply later. The Respondent No.2 in filing an incomplete affidavit and seeking open ended liberty to supplement its stand later is contrary to Section 12 and object of the IBC and prayed this Adjudicating Authority may disregard the so-called limited affidavit as not maintainable and consider the instant application.
5. The Applicant filed Convenience Notes on 21.11.2025 reiterating the contents of the Application, and reliance is placed on the following Judgements:
- a. Order dated 29.11.2024 in IA.No. 1964 of 2024 in CP (IB) No. 199/7/HDB/2019 passed by this Hon’ble Tribunal between ***Ushodaya Supermarkets Private Limited Vs. Mr. Naren Sheth, Liquidator of Aster Private Limited [Para 4]***

- b.* Judgment passed by the Hon'ble High Court of Gujarat at Hyderabad, in re., ***M/s. Alpesh Gems Vs. Surat Municipal Corporation*** (R/Special Civil Application No. 4905 of 2022). ***[Para 27]***
- c.* Judgement dated 22.11.2021 passed by the Hon'ble NCLAT in Company Appeal (AT) (Ins) No. 714 of 2021 in re., ***Bhatpara Municipality Vs. Nicco Eastern Pvt. Ltd. [Paras 16 & 17].***
- d.* Order dated 12.03.2024 passed by the Hon'ble NCLT, Bench-1, Mumbai in IA.No. 1040 of 2023 in CP (IB) No. 977/MB/2019 in re., ***Melkar TTI Biofuels Limited vs. Gulshan Kumar Gupta & Others [Para 4.2]***
6. The Respondent No.2 filed Convenience Notes on 18.02.2026 reiterating the contents of the Preliminary Counter.
7. We have heard the Learned Counsel Mr. Rajat Chaudhary for the Applicant and Learned Counsel Mr. Nandish Chudgar for the Respondent No.2 and perused the records.

FINDINGS

8. The Corporate Debtor was admitted into Corporate Insolvency Resolution Process vide Order dated 19.11.2019 in CP (IB) No.199/7/HDB/2019. As no Resolution Plan was received, Liquidation Proceedings were initiated under Section 33 of IBC vide Order dated 22.09.2021 in IA No.259/2021 and Respondent No.1 was appointed as Liquidator of the Corporate Debtor.

9. After assuming charge as Liquidator, the Liquidator issued a Public Sale Notice on 10.03.2024 to sell the properties of the CD including the subject Property. As no EOIs were received, the Liquidator conducted e-auction on 08.04.2024, in which, the Applicant participated and emerged as the Highest Bidder in respect of the subject Property viz. Residential Apartment situated at B/101, Jayrath Complex, Ramdev Nagar, Ahmedabad, admeasuring approximately 810.52 sq.ft for a consideration of Rs.35,00,000/-. Upon receipt of the entire sale consideration, sale Certificate dated 11.07.2024 was issued in favour of the Applicant and physical possession of the property was also handed over to the Applicant on 16.07.2024.

10. It is the case of the Applicant that the subject Property was purchased through an e-auction conducted during the Liquidation Proceedings of the Corporate Debtor under IBC. However, the Respondent No.2 issued Demand Notice towards outstanding Municipal Property Tax dues pertaining to the period prior to the sale confirmation and sealed the subject property on 20.03.2025 by preventing the Applicant from enjoying the peaceful possession of the property. Further, the Respondent No.3 also raised Demand Notice dated 01.04.2025 towards Society dues of Rs.99,300/- pertaining to the period prior to the sale of the subject Property, for which, the Applicant informed vide letter dated 12.04.2025 about purchase of the subject Property in e-auction conducted by the Liquidator under IBC and denied to pay any amount as the Respondent No.3 is not entitled to claim any amount from the Applicant for the period prior to 11.07.2024 i.e. the date of Sale Certificate.

11. Learned Counsel for the Applicant contended that once liquidation proceedings commenced under Section 33 of the IBC, Section 35(1)(b) empowered the Liquidator to take custody and control of all assets, properties, effects and actionable claims of the Corporate Debtor. Therefore, the alleged warrant of attachment, even if issued, could not invalidate a sale confirmed under Section 33 read with Regulation 32 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016. It was further submitted that all creditors, including statutory authorities, were required to submit their claims before the Liquidator and could not continue with independent recovery proceedings. Once the sale was concluded and Sale Certificate was issued, the property vested absolutely in the Applicant free from past dues, charges and encumbrances in view of the settled “clean slate” principle recognized by various judicial pronouncements.

12. Respondent No.2 has opposed the instant Application mainly on the ground that Section 141 of the Gujarat Provincial Municipal Corporation Act, 1949 (**GPMC Act**), property Tax is regarded as first charge on the premises on which the Tax is levied regardless of the owner/acquirer of the subject Property, as such, property tax must be paid or settled before all other debts or obligations relating to the subject Property. Further, the subject Property had already been attached under Sections 43 and 44 of the GPMC Act prior to the Auction Sale and therefore the Liquidator had no Authority to auction / transfer the property.

13. At the outset, the contention of Respondent No.2 that the Liquidator lacked authority to conduct auction of the subject Property is not acceptable. Once liquidation proceedings are commenced under Section 33 of the Insolvency and Bankruptcy Code, the Liquidator derives powers under Section 35 of the Code to take into custody and control all the Assets of the Corporate Debtor and to sell the same in the manner prescribed under the Liquidation Process Regulations. The sale conducted by the Liquidator is a statutory sale under the supervision of this Authority and cannot be treated as illegal or void merely because statutory dues were outstanding against the Corporate Debtor.
14. The contention of Respondent No.2 that the attachment of the subject Property under the GPMC Act overrides the Liquidation Proceedings under the IBC also cannot be accepted in view of the overriding effect given to the provisions of the Insolvency and Bankruptcy Code under Section 238 thereof. Section 238 of the Code clearly provides that the provisions of the Code shall have effect notwithstanding anything inconsistent therewith contained in any other Law for the time being in force. Here, we also rely upon the decision in *M/s. Alpesh Gems supra*.
15. Admittedly, the subject property formed part of the assets of the Corporate Debtor in liquidation and has been purchased by the Applicant for valuable consideration through auction conducted by the Liquidator. The Sale Certificate was issued on 11.07.2024. It is also undisputed that Respondent Nos.2 and 3 did not lodge any claim

before the Liquidator in respect of the Property Tax Dues or Society Charges now sought to be recovered from the Applicant.

16. Once liquidation proceedings are initiated under the Insolvency and Bankruptcy Code, 2016, claims of Municipal Authorities and other Creditors are required to be dealt with strictly in accordance with the provisions of the Code, particularly the priority mechanism prescribed under Section 53 thereof. Municipal taxes and Society Charges pertaining to the Corporate Debtor constitute claims against the Corporate Debtor and are required to be dealt with in accordance with the statutory framework under the Code.
17. After the commencement of Liquidation Proceedings, all creditors, including Government Authorities and statutory bodies, are required to submit their claims before the Liquidator and cannot continue independent recovery proceedings under their respective statutes. In this regard, reliance is placed upon 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*. However, Respondent Nos.2 and 3 failed to lodge any claim before the Liquidator despite public announcement and opportunity available under the Code. Having failed to avail the statutory mechanism prescribed under the IBC, they cannot now seek to recover such dues directly from the Successful Auction Purchaser.
18. The Hon'ble Supreme Court as well as the Hon'ble National Company Law Appellate Tribunal in a catena of judgments have consistently reiterated the "clean slate" principle and the supremacy of

the Insolvency and Bankruptcy Code, 2016. One of the principal objectives of the Code is maximization of value of assets and facilitating resolution and liquidation processes free from historical liabilities so as to encourage participation by Resolution Applicants and Auction Purchasers. If Successful Auction Purchasers are burdened with undisclosed or unresolved liabilities of the Corporate Debtor, the very object of value maximization under the Code would stand frustrated. Reliance is placed upon *AI Champdany Industries Ltd. v. Official Liquidator & Anr.* (2009) 4 SCC 486 and *Bhatpara Municipality v. Nicco Eastern Pvt. Ltd. & Ors.* [2022] 235 Comp Case 311.

19. The outstanding Property Tax dues relating to the period prior to the confirmation of sale are claims against the Corporate Debtor and are required to be dealt with in accordance with the distribution mechanism contemplated under Section 53 of the Code. Such dues cannot be enforced against an Auction Purchaser after completion of sale. The Auction Purchaser cannot be held liable to discharge dues relating to the period prior to confirmation of sale, as held in *AI Champdany Industries Ltd. v. Official Liquidator & Anr.*, supra.
20. Similarly, the Hon'ble Gujarat of High Court in *M/s. Alpesh Gems v. Surat Municipal Corporation*, supra has held that Municipal Authorities cannot enforce pre-existing statutory dues against Auction Purchasers of Assets sold under proceedings governed by the Insolvency and Bankruptcy Code.

21. In the present case, the Sale Certificate was issued in favour of the Applicant on 11.07.2024 and possession of the subject Property was also handed over. However, the Respondent No.2 proceeded to seal the property only on 20.03.2025 i.e. after eight months of completion of the Auction Sale. Such action on the part of Respondent No.2 is clearly contrary to the object of the Insolvency and Bankruptcy Code and amounts to interference with the Liquidation Process conducted under Authority of Law.
22. We also find that Respondent No.2 has attempted to rely upon Section 141 of the GPMC Act to contend that Property Tax is a first charge on the property. However, once the provisions of the IBC are attracted, the waterfall mechanism under Section 53 of the Code governs the treatment of Statutory Dues. Statutory Dues owed to local authorities are operational debts and are required to be dealt with in accordance with the distribution mechanism provided under the Code. Such dues cannot survive independently against the assets sold during Liquidation in view of Section 238 of the Code.
23. The contention of Respondent No.2 that this Adjudicating Authority lacks jurisdiction under Section 60(5) of the IBC and also deserves rejection of the present application. The dispute raised in the present application directly arises out of the Liquidation Process and concerns the rights of an Auction Purchaser in respect of an asset sold during Liquidation Process. Therefore, this Adjudicating Authority has ample jurisdiction under Section 60(5)(c) of the Code to adjudicate the

present dispute and issue necessary directions to ensure proper implementation of the Liquidation Process.

24. We also note that this Authority in IA No.1964 of 2024 in the very same Liquidation Proceedings had already granted similar relief in respect of another Auction Purchaser of the Corporate Debtor. Judicial consistency also requires that similarly placed Auction Purchasers be extended similar protection under the Code.
25. Insofar as the dues claimed by the Respondent No.3 towards Society Charges are concerned, the same also pertains to the period prior to issuance of Sale Certificate dated 11.07.2024. Such past dues cannot be fastened upon the Applicant who is a bona fide Auction Purchaser under the Liquidation Process.
26. However, before parting with the matter, it is necessary to clarify that the aforesaid conclusion has been arrived at in the facts of the present case where no material has been placed on record to demonstrate that the terms and conditions of the Auction Sale, E-Auction Process Document, Sale Notice or Sale Certificate specifically cast liability upon the Applicant to discharge outstanding Municipal Taxes, Society Charges or other Statutory Dues relating to the period prior to issuance of the Sale Certificate. It is well settled that where the terms of auction expressly stipulate that certain taxes, charges, cesses, statutory dues or other liabilities are to be borne by the auction purchaser, such stipulations would bind the purchaser and the purchaser may be liable to discharge the same in accordance with the

terms of sale. However, in the absence of any such stipulation, pre-sale liabilities of the Corporate Debtor cannot be fastened upon a bona fide auction purchaser who has acquired the asset through a Liquidation Sale conducted under the provisions of the Insolvency and Bankruptcy Code, 2016.

27. In view of the foregoing discussion and considering the settled legal position governing Liquidation Sales under the Insolvency and Bankruptcy Code, 2016, we are of the considered opinion that the Applicant cannot be saddled with liability towards Municipal Tax Dues, penalties, interest, society dues or any other encumbrances relating to the period prior to the issuance of Sale Certificate dated 11.07.2024.
28. Accordingly, the Application deserves to be allowed.

ORDER

29. IA (IBC) No.940 of 2025 is allowed in the following terms:
- (i) The demands raised by Respondent No.2 towards property tax, water tax, conservancy charges, penalty, interest or any other municipal dues pertaining to the period prior to 11.07.2024 in respect of the Residential Apartment admeasuring approximately 810.52 sq.ft., situated at B/101, Jayrath Complex, Ramdev Nagar, Ahmedabad shall stand extinguished insofar as the Applicant is concerned.
 - (ii) Respondent No.2 is directed not to enforce or recover from the Applicant any dues relating to the period prior to issuance of the Sale Certificate dated 11.07.2024.

- (iii) Respondent No.2 is directed to forthwith remove the seal affixed on the subject Property and restore peaceful possession and enjoyment of the property to the Applicant.
 - (iv) Respondent No.2 is further directed to issue necessary 'No Dues Certificate' in respect of the pre-sale liabilities insofar as the Applicant is concerned within a period of four weeks from the date of receipt of this Order.
 - (v) The dues claimed by Respondent No.3 towards Society Charges relating to the period prior to 11.07.2024 shall not be recoverable from the Applicant and shall stand extinguished against the Applicant.
 - (vi) It is clarified that the Applicant shall be liable only for charges, taxes, levies and dues accruing from the date of issuance of Sale Certificate i.e. 11.07.2024 onwards.
 - (vii) All encumbrances, claims and liabilities pertaining to the period prior to transfer of the subject Property in favour of the Applicant shall stand extinguished against the Applicant.
30. Accordingly, the instant Application IA (IBC) 940/2025 in CP(IB) 199/7/HDB/2019 is allowed and stands disposed of.

Sd/-

(SANJAY PURI)
MEMBER (TECHNICAL)

Sd/-

(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)

Syamala