



INSOLVENCY PROFESSIONAL AGENCY
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IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"The future belongs to those who believe in the beauty of their dreams."

➤ 'Floodgates' Would Open: NCLT Bengaluru Rejects Third-Party Homebuyers' Bid To Intervene Before CIRP Admission

The National Company Law Tribunal (NCLT) at Bengaluru has recently held that allowing a group of homebuyers to intervene in a developer's insolvency petition at the pre-admission stage would "amount to opening the floodgates" for objections on extraneous considerations.

It reiterated that its inquiry at that stage is confined to examining the existence of a financial debt and default. A coram of Judicial Member Sunil Kumar Aggarwal and Technical Member Radhakrishna Sreepada dismissed an impleadment application filed by a group of homebuyers seeking to intervene in an insolvency petition against Frontier Shelters Pvt Ltd.

Relying on the NCLAT judgment in Surinder Pal Singh & Ors. Vs. Spaze Towers Pvt. Ltd., The tribunal held, "Allowing intervention at this stage would amount to opening the floodgates for every homebuyer to oppose or support the petition on extraneous considerations, which is wholly impermissible under the scheme of the IBC." The application was filed by a group of homebuyers of the Frontier Heights project. They sought to be impleaded in an insolvency petition filed by M.P. Krishnan against Frontier Shelters Pvt Ltd.

The applicants contended that disputes over ownership of the project land were already pending before a civil court. They also relied on a Karnataka High Court order restraining the sale of 54 flats in the project until disposal of the suit. They further alleged that Krishnan was not a genuine allottee or homebuyer.

According to them, his claimed allotment arose from an external arrangement. They also alleged that he had taken inconsistent factual positions before different forums in collusion with the corporate debtor. According to the applicants, this was intended to bypass subsisting court orders and leave the company without assets.

Source: Live Law Biz

Read Full News: ['Floodgates' Would Open: NCLT Bengaluru Rejects Third-Party Homebuyers' Bid to Intervene Before CIRP Admission](#)

➤ **NCLT Ahmedabad Holds Sales Incentive Property Promise Not Operational Debt Under IBC, Dismisses Section 9 Plea**

The Ahmedabad Bench of the National Company Law Tribunal (NCLT) on 23 June 2026 dismissed an insolvency petition filed by Green Consultancy against Jhaveri Spices Pvt. Ltd., holding that a claim arising from a sales incentive scheme promising transfer of immovable property does not qualify as “Operational Debt” under the Insolvency and Bankruptcy Code, 2016 (IBC), and therefore cannot sustain proceedings under Section 9.

Judicial Member Chitra Hankare and Technical Member Dr Velamur G Venkata Chalapathy held that the dispute did not arise from the supply of goods or services but from an alleged contractual promise linked to sales performance.

Source: Live Law Biz

Read Full News: [NCLT Ahmedabad Holds Sales Incentive Property Promise Not Operational Debt Under IBC, Dismisses S.9 Plea](#)

➤ **Mere Allegations of Fraud Cannot Become A Vehicle To Reopen Every Concluded CIRP: NCLT Bengaluru**

The National Company Law Tribunal at Bengaluru has reiterated that mere allegations of fraud cannot be permitted to become a vehicle for reopening every concluded Corporate Insolvency Resolution Process, especially when such allegations are founded on materials that were already available during the insolvency proceedings. A coram of Judicial Member Sunil Kumar Aggarwal and Technical Member Radhakrishna Sreepada dismissed an application seeking to reopen CIRP and recall an already approved resolution plan.

“We are conscious of the settled principle that fraud vitiates all judicial proceedings. However, allegations of fraud cannot be permitted to become a vehicle for reopening every concluded CIRP.” it held

Source: Live Law Biz

Read Full News: [Mere Allegations Of Fraud Cannot Become A Vehicle To Reopen Every Concluded CIRP: NCLT Bengaluru](#)



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