NATIONAL COMPANY LAW TRIBUNAL, CHANDIGARH BENCH

SKV secures landmark ruling on project-wise insolvency in SRS Insolvency; Westend Retreat excluded

SKV Law Offices represented Westend Retreat Residents Welfare Association ("**RWA**") before the NCLT, Chandigarh Bench, securing exclusion of the Westend Retreat Farms Project ("**Westend Retreat Project**") of SRS Real Infrastructure Limited ("**Corporate Debtor**") from its CIRP. The Corporate Debtor had been admitted into insolvency under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") on a petition by Panchkula homebuyers, yet the Resolution Professional ("**RP**") sought custody of the Corporate Debtor's other, distinct projects, including the Westend Retreat Project, treating the admission as covering the Corporate Debtor as a whole. By order dated 17.09.2026, the NCLT excluded Westend Retreat Project and clarified the CIRP's scope, applying the settled principle of project-wise insolvency.

Background

The Corporate Debtor was admitted into Corporate Insolvency Resolution Process ("**CIRP**") on 16.08.2022 ("**CIRP Order**") on a Section 7 petition by 77 allottees of the SRS Residency Project, Panchkula alone, testing the requirement of Section 7 only *qua* SRS Residency. Westend Retreat, 109 farmhouses abandoned by the Promoters and completed by the RWA, was debt-free, with purchasers having paid full consideration and taken possession. The Adjudicating Authority under the Prevention of Money Laundering Act ("**PMLA**") had already excluded their *bona fide* units from attachment proceedings against the Promoters. The RP sought historical payment records dating to 2011-12 to question ownership, though the RWA maintained Westend Retreat was distinct and fell outside the CIRP Order.

Our role

The RWA was represented by SKV Law Offices, led by Mr. Parag Tripathi, Senior Advocate, who argued that Section 7 of the IBC contemplates project-wise insolvency, and that the Section 7 petition here was founded exclusively on SRS Residency. It was settled by NCLAT and Supreme Court decisions that real estate insolvency shall proceed project-wise. It was further argued that the CIRP Order's findings are, by law, limited to the facts before it, and that the Explanation to Section 18(f) of the IBC excludes third-party-owned assets, even if in the Corporate Debtor's possession, from the CIRP. The RP therefore had neither the power nor the cause of action to take custody of any project's assets other than SRS Residency's.

Decision of the Tribunal

The CIRP Order examined debt, default, locus and threshold solely with reference to SRS Residency. The allottees of other projects, neither before the Tribunal nor counted towards the threshold, could not form the basis of admission. The phrase "in the given facts and circumstances" in paragraph 13 had to be read with the preceding findings, and the RP's contention that admission automatically brought every project within the CIRP was rejected, the Tribunal determining the admission order's project-wise scope rather than reviewing it.

Relying on Section 18(f) and Regulation 46A of the CIRP Regulations, the Tribunal held that units with full consideration paid and possession delivered before CIRP ceased to be assets of the Corporate Debtor, a status a pending conveyance deed could not reverse. Endorsing the Haryana Real Estate Regulatory Authority’s (“**HRERA**”) view, it held execution of such a deed a ministerial act unbarred by the moratorium. Financial creditors' security interests could not revive such units into the CIRP, remedy lay against the Corporate Debtor alone and Westend Retreat was found fully sold and handed over.

The Tribunal accordingly confined the CIRP to SRS Residency, excluding all other projects irrespective of completion or possession status. Finding that the RP had misdirected the process for over four years pursuing projects outside the Section 7 foundation, it replaced him with Stalwart Resolution Professional LLP, directed reconstitution of the Committee of Creditors (“**CoC**”) for SRS Residency only, and ordered completion within 90 days.

Significance

The order reaffirms project-wise insolvency in real estate matters, holding that the "same real estate project" requirement defines not merely the Section 7 threshold but the CIRP's scope itself. It settles that full payment with lawful possession vests ownership in homebuyers, that pending conveyance deeds fall outside the moratorium, and that neither the RP's custody powers nor lenders' security interests can be deployed against such allottees, with the RP's replacement and the 90-day timeline enforcing the CIRP's time-bound character against process misdirection.

SKV Team

The SKV team was led by Mr. Suhael Buttan (Partner), Mr. Vineet Kumar (Senior Associate) and Ms. Drishti Rathi (Associate), who appeared for the Applicant (Westend Retreat).

FOR FURTHER INFORMATION PLEASE CONTACT

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