NATIONAL COMPANY LAW APPELLATE TRIBUNAL
AT CHENNAI
(APPELLATE JURISDICTION)
Company Appeal (AT) (CH) (Ins) No.220/2026
(IA Nos. 617, 618 & 619/2026)

In the matter of :

MR. KRISHNA PABSETTI,
Son of P. Venkat Rao,
Aged about 53 years,
Resident of G1-403, G1 Block,
Indu Aranya Pallavi,
Survey No.117, Tattiannaram Village,
Hayathnagar Mandal,
Ranga Reddy District-500068, Telangana **… APPELLANT NO.1**

MR. G. UDAY SIMHA,
Son of Late GBK Sarma,
Aged about 48 years,
Resident of B1-403, Indu Aranya Pallavi, Tattiannaram,
GSI Post, Hayathnagar Mandal,
Ranga Reddy District-500068, Telangana **… APPELLANT NO.2**

V

KONCEPT NIRMAN PRIVATE LIMITED
Registered office at
2nd Floor, Sir Ganesh Magnum Opus,
Plot No.25, Opp State Bank of India,
Jayabheri Enclave, Gachibowli,
Hyderabad-500 032, Telangana **… RESPONDENT NO.1**

INDU EASTERN PROVINCE PROJECTS PRIVATE LIMITED
Registered Office at 1009,
Indu Fortune Fields, 13th Phase,
KPHB Colony, Hyderabad-500 072,
Telangana. **… RESPONDENT NO.2**

Present :

For Appellants : Mr. Nitish Bandary, Advocate

JUDGMENT
(Hybrid Mode)

[Per: Justice Sharad Kumar Sharma, Member (Judicial)]

This company appeal is accompanied with a Condone Delay Application, being IA No. 617/2026, where the Appellant sought a condonation of 1 day of delay that, has chanced in preferring the company appeal. Having considered the grounds taken therein we feel that the 1 day delay that has chanced in preferring the appeal since has been satisfactorily explained, the same deserves to be condoned. Delay is condoned. Accordingly, **IA No. 617/2026** would stand disposed of.

2. We proceeded to hear the Appellant on merits of the company appeal In any judicial proceedings the basic principles in respect of a prayer for an impleadment or an intervention and the grant of the same by the Courts are primarily restricted to be governed by the governing principles laid down under Order I Rule 10 of the CPC. Even though the said provision is not directly applicable over the proceedings under the I & B Code, the said principle can always be used as a guiding force, to decide as to who would be the necessary and proper party to be introduced in a proceedings for an effective adjudication of the controversy, in which an intervention or an impleadment is being sought.

3. The underlying framework of law, provides that introducing a party to the proceedings, it lies under the exclusive prerogative of the Courts who will determine, under the given set of facts and circumstances, and particularly in the context of the issue or the subject involved, as to whether at all the presence of a person seeking to be impleaded or seeking to intervene, in a proceedings is necessary for an effective adjudication.

4. There is yet another prospective on this issue of intervention, that the Applicant to the main proceedings is the master of it and no outsider, who at the relevant point of time when the application has been preferred, is not likely to be affected by any orders to be passed in it, cannot impose upon himself to be made as a party, particularly when the Applicant or the Petitioner or the Plaintiff, has never chosen him to be made as a party. This is backed by the principles of *Dominus Litis*. It's a settled law that a party or person cannot impose itself to be mandatorily impleaded in a proceedings, where the Petitioner, according to his/her own conception, feels that the said person would not be the necessary party.

5. The justification behind this concept is that, in any proceedings which determines a certain right, if a party has not been chosen as to be a party by the Applicant or Petitioner to the proceedings, any consequences which would be flowing from the orders that would be passed on the same, would not be having any binding effect on the said person, even if he is not impleaded or permitted to be intervene in the proceedings.

6. Such is the issue involved in the instant company appeal, where the Appellant / Applicant, to the intervention application puts a challenge to the impugned order of 02.02.2026, as it was passed by the Ld. NCLT Hyderabad Bench, on Intervention Petition (IBC) NO.2/2026, preferred in CP(IB) NO. 290/7/HDB/2022.

7. These were the proceedings, which were drawn by the Financial Creditor, as against the Corporate Debtor under Section 7 of the Code, which prescribes for a prior satisfaction of certain conditions in order to enable the Financial Creditor, as defined under the Code to initiate proceedings under Section 7 of the Code, for the purposes of initiation of CIRP. The Code itself has specifically defined for the purposes of Section 7 of the Code, as to who would be the Financial Creditor, which has been defined under Section 5(7) of the Code. Similarly, the Corporate Debtor too, has been defined under Section 3 (8) of the Code, which is that it would be a person who owes a debt to any person. Both the definitions of Financial Creditor and Corporate Debtor is extracted hereunder: -

> ***"5……..***
> ***(7)*** *"**financial creditor**" means any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to;"*
>
> ***"3……..***
> ***(8)*** *"**corporate debtor**" means a corporate person who owes a debt to any person;"*

8. If that determination is taken into consideration, when the Financial Creditor decides to initiate a proceeding under Section 7 of the Code, he is only required to implead a person or a party, who owes a debt to the Financial Creditor. That is why the definition of Financial Creditor, as given under Section 5(7) of the Code, it restricts to mean a person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned.

9. In the instant case, the Appellant herein doesn't owe a financial debt, at the behest of the Financial Creditor, nor there is any direct legal assignment of any loan or a debt to the present proposed intervener by the Financial Creditor. In that eventuality, when the Financial Creditor invokes Section 7 of the Code, for initiation of the CIRP, he is required to file an application against the Corporate Debtor and that too, on an occurrence of an event of default. If a logical interpretation is given to Section 7, the entitlement of the Financial Creditor to initiate Section 7 of the Code, is being restricted to be against the Corporate Debtor as defined under the Code. This expression of "Corporate Debtor" as given under Section 7 of the Code, will in itself act as a bar as against present Applicant to be impleaded as a party to the proceedings under Section 7 of the Code.

10. For the said purpose, if we go through the application that has been preferred by the Applicant for intervention, which has been rejected by the impugned order, the solitary ground, which has been taken therein, is that he has sought an intervention in the capacity of being a proposed purchaser of flat from

the Corporate Debtor. The source of purchase of the flat, is on the basis of an unregistered agreement for sale. In that eventuality, the Appellant, being a prospective home buyer, cannot be classified as to be a purchaser of a flat until and unless a deed of conveyance as per the provisions of the Transfer of Property Act is executed in his favour and a right in the immovable property comes into existence in the light of the provisions contained under the Registration Act. Both these conditions are not available to the Applicant.

11. If there happens to be any right or liability of the Applicant herein, that would be qua the Corporate Debtor and not qua the Financial Creditor, who is the initiator of proceedings under Section 7 of the Code. Hence, the Applicant cannot force upon the Financial Creditor to choose him as an opponent to the proceedings, when the Financial Creditor does not intend to implead the Applicant as one of the parties to the proceedings under Section 7 of the Code. Even otherwise also, the home buyers who may be multiple in number, may have an occasion to abuse the process and that too, in a proceedings in, which they would not have any effective say, since neither being a Financial Creditor nor a beneficiary of a debt extended by the Financial Creditor nor they acquire a status of being the Corporate Debtor for whom alone the proceedings under Section 7 are to be initiated as per the provisions of the Code itself.

12. Thus, merely because there happens to be an agreement for sale in his favour, will not be an exclusive reason to make the Applicant as to be a necessary party who is required to be impleaded in a proceeding under Section 7 of the

Code for the reason that his presence in the proceedings may not be relevant or necessary as in his absence too, the proceedings under Section 7 of the Code, could still be effectively decided.

13. Hence, he is neither a necessary nor a proper party to the proceedings under Section 7 of the Code, even if we attract the principles as envisaged by provisions contained under Order I Rule 10 of the CPC, to be read with the exercise of inherent powers by the Ld. NCLT under Rule 11 of the NCLT Rules.

14. Thus, the conclusion drawn by the Ld. Tribunal, while passing the impugned order that the provisions under the statute does not stipulate for the home buyers to be made as the party, and that in the capacity of being a proposed purchaser of a flat, the Appellant doesn't even acquire the status of being a home buyer under the eyes of law does not appear to be contrary to law. Further, when the Appellant doesn't have any legal status with whom the right has been created under law, he doesn't become the necessary party to the proceedings who is required to be impleaded.

15. Thus, the view taken by the Ld. Tribunal that, the Appellant being a holder of agreement for sale, which is unregistered, and in the absence of there being any deed of conveyance, and particularly in context of the proceeding under Section 7 of the Code, in the light of the language of the provisions contained, under Section 7, which mandates for initiation of proceedings against the Corporate Debtor only, the Appellant does not become a necessary party to be

impleaded. Thus, the rejection of the Intervention Petition (IBC)/2/2026 by the impugned order cannot be faulted of in any manner whatsoever.

Hence, the 'company appeal' lacks 'merit' and the same is accordingly 'dismissed'. All pending interlocutory applications would stand closed.

[Justice Sharad Kumar Sharma]
Member (Judicial)

[Jatindranath Swain]
Member (Technical)

22/04/2026
SN/MS/AK