NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH, COURT-I, CHANDIGARH

I.A. No.1064 of 2025
In
CP(IB) No. 98/Chd/Hry/2022
(Admitted)

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

I.A. No.1064 of 2025:

1. Mr. Vinod Bagai
House No. 87, Sector 7,
Panchkula, Haryana – 134109
E-mail: bagaivinod.svg@gmail.com

...Applicant No.1

2. Mr. Virender Bagai
House No. 87, Sector 7,
Panchkula, Haryana – 134109
E-mail: bagaivinod.svg@gmail.com

...Applicant No.2

Versus

1. Mr. Rahul Jindal
Resolution Professional of
M/s Samar Estates Private Limited
IBBI/IPA-001/IP-P-02649/2021-2022/14048
Address: 109, Surya Kiran Building,
19, Kasturba Gandhi Marg, Connaught Place,
New Delhi – 110001
E-mail: cirp.samarestates@gmail.com

...RESPONDENT NO.1

2. Punjab & Sind Bank
Through its Branch Manager
SCO No. 251, Sector 16,
Panchkula, Haryana
E-mail: p0735@psb.co.in
Telephone: 0172-5048380-81

...RESPONDENT NO.2

3. Mr. Prashant Gupta
Interim Authorised Representative for the
Class of Creditors/Allottees of the Real Estate Project
Samar Estates Private Limited
House No. 104, Sector 25,
Panchkula – 134116
E-mail: pgupta.rp@gmail.com

...RESPONDENT NO.3

IN THE MATTER OF CP (IB) No. 98/Chd/Hry/2022 (Admitted):

Punjab and Sind Bank

...Financial Creditor

Versus

Samar Estates Private Limited

...Corporate Debtor

Present:

For the Applicants	:	Mr. Manish Jain, Senior Advocate Mr. Rakshit Gupta, Advocate Ms. Divya Sharma, Advocate Mr. Siddhant Jain, Advocate
For the Resolution Professional	:	Mr. Aalok Jagga, Advocate

Ms. Vibhu Aggarwal, Advocate
Mr. A.P.S. Madaan, Advocate
Mr. Sahil Lohan, Advocate
Mr. Aryaman Jagga, Advocate
Mr. Rahul Jindal, RP (Online)

For Respondent No. 3 : Mr. Puru Gupta, Advocate

Order delivered on: 13.08.2026

Coram: SH. KHETRABASI BISWAL, HON'BLE MEMBER (JUDICIAL)
SH. SHISHIR AGARWAL, HON'BLE MEMBER (TECHNICAL)

ORDER

The present Application, bearing I.A. No. 1064 of 2025, has been filed by Mr. Vinod Bagai and Mr. Virender Bagai, the promoters, shareholders and suspended directors of M/s Samar Estates Private Limited ("Corporate Debtor"), under Section 60(5), read with Section 30 of the Insolvency and Bankruptcy Code, 2016 ("Code") and Rule 11 of the National Company Law Tribunal Rules, 2016 seeking, inter alia, a declaration that the Corporate Insolvency Resolution Process ("CIRP") conducted by Respondent No. 1/Resolution Professional stands vitiated; setting aside of the fair value and liquidation value determined during the CIRP; and rejection of I.A. (Plan) No. 19 of 2024 filed by the Resolution Professional under Section 30(6) of the Code for approval of the Resolution Plan.

Brief facts

2. The Brief facts of the case as stated by the Applicant are summarised as follows:

   (i) The case of the Applicants, as set out in the application, is that the CIRP of the Corporate Debtor was initiated pursuant to an order dated 12.01.2024 passed in the petition filed by Punjab and Sind Bank under Section 7 of the Code, whereupon Respondent No. 1, Mr. Rahul Jindal, was appointed as the Interim Resolution Professional and was subsequently confirmed as the Resolution Professional. The Applicants allege that, from the inception of the CIRP, Respondent No. 1 acted in disregard of the statutory framework and conducted the process in a manner prejudicial to the creditors, including the homebuyers, as well as the shareholders of the Corporate Debtor.

   (ii) The Applicants state that they had earlier filed I.A. No. 2148 of 2024 raising objections concerning the conduct of the CIRP. The said application was withdrawn on 10.03.2025 with liberty to file an application challenging the Resolution Plan and the conduct of the Resolution Professional. The present application is stated to have been filed in exercise of the liberty so granted.

   (iii) The first principal grievance of the Applicants concerns the alleged conduct of the CIRP without an Authorised Representative ("AR") for the class of creditors comprising the homebuyers. It is stated that the public announcement was made on 16.01.2024 and 17.01.2024 and that the last date for submission of claims was fixed as 26.01.2024, thereby providing only eight to nine days to the creditors for lodging their claims. According to the Applicants, the inadequate period resulted in a substantial number of homebuyers being unable to lodge their claims and participate in the selection of the AR.

(iv) The Applicants contend that Section 21(6A)(b) of the Code, read with Regulations 4A and 16A of the CIRP Regulations, mandates appointment of an AR for a class of creditors before the first meeting of the Committee of Creditors ("CoC"). Although an application was filed for appointment of Mr. Sachit Soni as the AR, the same remained pending. It is alleged that Respondent No. 1 nevertheless proceeded to convene and conduct the CoC meetings without an AR, thereby depriving the homebuyers of effective representation and informed participation in the decision-making process.

(v) Reliance is placed upon the order dated 09.02.2024 passed in I.A. No. 337 of 2024, whereby this Tribunal noticed that only a limited number of allottees had participated in the process for selection of the proposed AR, extended the period for submission of claims until 13.02.2024 and permitted the first CoC meeting to be held, while directing that its minutes would remain subject to the outcome of the said application. The Applicants contend that the permission was confined to the first

CoC meeting and did not authorise Respondent No. 1 to conduct all subsequent CoC meetings without an AR or without seeking further directions from this Tribunal.

(vi) It is further alleged that out of approximately 466 homebuyers, fewer than 300 had filed their claims and that at least 166 homebuyers remained outside the process. According to the Applicants, the absence of an AR resulted in the homebuyers not receiving proper assistance, information or guidance regarding the filing of claims, participation in the CoC and evaluation of the Resolution Plans.

(vii) The Applicants next question the selection of Respondent No. 3, Mr. Prashant Gupta, as the Interim Authorised Representative ("IAR"). It is stated that an additional agenda item concerning replacement of the proposed AR was introduced in the 10th CoC meeting held on 03.09.2024. Out of 262 homebuyers forming the class of creditors, only 97 participated in the voting and 74 voted in favour of Mr. Prashant Gupta. The Applicants contend that the votes cast in his favour constituted only a fraction of the entire class and could not be treated as the majority decision of the homebuyers.

(viii) The Applicants further allege that the homebuyers were not meaningfully involved in the negotiation or evaluation of the Resolution Plans. It is stated that the IAR himself was unaware of the manner in which negotiations with the prospective resolution applicants had taken place and that the homebuyers had not been provided complete, downloadable or printable copies of the Resolution Plans. According to the Applicants, the observation sheets and certain compliance documents were subsequently shared, but the Resolution Plans themselves were not made available to the class of creditors for an informed assessment.

(ix) Another objection relates to the evaluation matrix. The Applicants contend that, during the 13th CoC meeting, Respondent No. 1 introduced an additional agenda item for considering and approving the scoring of the qualitative parameters of the evaluation matrix, despite the same not having been included in the notice or agenda circulated before the meeting. It is alleged that the scoring methodology was modified after the Resolution Plans had already been submitted, thereby altering the basis on which the plans were to be evaluated.

(x) The Applicants also allege that the Information Memorandum, valuation reports, Resolution Plans and other relevant documents were not made available to the CoC members, homebuyers or suspended directors despite repeated requests and, in certain cases, execution of confidentiality undertakings. According to them, withholding such information deprived the stakeholders of the ability to exercise informed commercial judgment and rendered the deliberations and voting process deficient.

(xi) The valuation of the Corporate Debtor constitutes another substantial ground of challenge. The fair value and liquidation value determined during the CIRP are stated to be ₹347,75,70,637.22 and ₹294,99,43,328.05, respectively. The Applicants contend that these figures are grossly understated, having regard to the location, nature and extent of the land and partially constructed project owned by the Corporate Debtor in Sector 20, Panchkula.

(xii) It is asserted that the Corporate Debtor owns approximately 14.95 acres described as Pocket-A and 7.182 acres described as Pocket-B. According to the Applicants, the applicable collector or reserve rates for group-housing sites in Sector 20, Panchkula were not correctly adopted. Reliance is also placed upon the Section 7 petition filed by Punjab and Sind Bank, wherein the mortgaged property was allegedly valued at approximately ₹392.30 crore on the basis of an older valuation, and upon a subsequent Special Leave Petition filed by the Bank, wherein the project value was allegedly stated to be more than ₹600 crore. The Applicants contend that the CIRP valuation of approximately ₹347.75 crore, undertaken in 2024, is inexplicably lower than the values earlier asserted by the Bank.

(xiii) The Applicants further allege that Pocket-B, measuring approximately 7.182 acres, though owned by the Corporate Debtor, was excluded from the valuation on the ground that its development rights had been granted to Parsvnath Developers

Limited. It is contended that the mere grant of development rights did not divest the Corporate Debtor of its ownership and that the said asset ought to have been included in the Information Memorandum and valuation exercise.

(xiv) The Applicants also challenge the admission of the claim of Respondent No. 2/Punjab and Sind Bank at approximately ₹238.64 crore. On the basis of their own computation, they contend that the amount outstanding as on the insolvency commencement date was approximately ₹168.12 crore. It is alleged that the admission of the Bank's claim at a higher amount affected its voting share and the distribution contemplated under the Resolution Plan.

(xv) On these grounds, the Applicants seek annulment of the CIRP conducted by Respondent No. 1, setting aside of the valuations, rejection of the Resolution Plan placed for approval in I.A. (Plan) No. 19 of 2024 and appointment of another Resolution Professional to conduct the process afresh.

REPLY OF RESPONDENT NO.1

3. The Reply filed by Respondent No.1/Resolution Professional is summarised as follows:

(i) Respondent No. 1, in his reply, has raised a preliminary objection to the maintainability of the Application. It is submitted that the Applicants have misrepresented the events which occurred during the CIRP and have sought to challenge a

Resolution Plan unanimously approved by the CoC in exercise of its commercial wisdom. It is further contended that the application travels beyond the scope of I.A. No. 2148 of 2024, which was earlier withdrawn, and impermissibly introduces several new grounds.

(ii) Respondent No. 1 states that the CIRP commenced pursuant to the admission order dated 12.01.2024 and that a public announcement was issued in accordance with Sections 13 and 15 of the Code and Regulation 6 of the CIRP Regulations. The CoC was constituted on 03.02.2024, initially comprising Punjab and Sind Bank with a voting share of 78.86% and the class of homebuyers with a voting share of 21.14%. It is stated that, after further claims were admitted, the voting share of the Bank stood revised to 58.59% and that of the homebuyers to 41.41%.

(iii) It is stated that the application seeking appointment of Mr. Sachit Soni as the AR could not be decided because a substantial number of homebuyers had not participated in the initial selection process. Nevertheless, in view of the time-bound nature of the CIRP and Regulation 16A(3), the CoC meetings were validly continued. According to Respondent No. 1, the said regulation expressly provides that delay in appointment of an AR shall not affect the validity of any decision taken by the CoC.

(iv) Respondent No. 1 further submits that the homebuyers actively participated in the CoC meetings and were kept informed throughout the process. It is stated that more than 10% of the voting share of the homebuyers requested replacement of the earlier proposed AR, whereupon an agenda was placed before the 10th CoC meeting. Four eligible insolvency professionals were placed before the class and Mr. Prashant Gupta secured 75.41% of the votes cast, being the highest among the candidates. He was accordingly selected as the IAR, and an application for his formal appointment was filed before this Tribunal.

(v) It is submitted that the proviso inserted in Regulation 16A(2), with effect from 24.09.2024, specifically enabled the insolvency professional selected by the creditors to act as the interim representative while the application for formal appointment remained pending. Accordingly, Mr. Prashant Gupta participated in the subsequent CoC proceedings and possessed the rights and duties of an AR.

(vi) Respondent No. 1 denies that the homebuyers were excluded from the negotiation process. It is stated that the homebuyers were permitted to interact with the prospective resolution applicants and that their “wish list” was communicated to the prospective applicants for consideration while revising their plans. It is further stated that the homebuyers and the IAR had access to the Resolution Plans through the virtual data room and that the minutes of the meeting held on 29.10.2024 record that the homebuyers had gone through the final proposals of the prospective resolution applicants.

(vii) The allegation regarding non-supply of the Information Memorandum is denied. Respondent No. 1 submits that the Information Memorandum is primarily prepared for prospective resolution applicants and that the Applicants, being suspended directors and not members of the CoC, had no independent right to receive it. It is further stated that no member of the CoC, including the Bank or the homebuyers, raised any contemporaneous grievance regarding non-receipt of the Information Memorandum.

(viii) As regards the valuation, Respondent No. 1 submits that the assets were valued by duly appointed Registered Valuers in accordance with Regulation 35 of the CIRP Regulations. The valuation reports were placed before the CoC, which accepted the same in exercise of its commercial wisdom. It is argued that the Applicants, being suspended directors and having no voting rights in the CoC, cannot question the valuation exercise or seek disclosure of the confidential valuation reports.

(ix) Respondent No. 1 further states that all assets belonging to the Corporate Debtor were identified on the basis of its records and were duly considered by the Registered Valuers. In relation to Pocket-B, it is contended that the development rights over the said land had been transferred to Parsvnath Developers Limited under the Development Agreement dated 17.02.2006 and that the Corporate Debtor was left with no enforceable claim over the relevant development rights, apart from the contractual rights flowing from the agreement.

(x) The allegation regarding inflation of the Bank's claim is also denied. Respondent No. 1 submits that the claim was admitted after verification under Regulation 13 of the CIRP Regulations and that the Applicants did not raise any objection when the list of creditors was published on the website of the Insolvency and Bankruptcy Board of India. It is argued that an objection raised after approval of the Resolution Plan is belated and cannot be permitted to unsettle the CIRP.

(xi) Respondent No. 1 states that thirteen compliant Resolution Plans were initially placed before the CoC for voting and that the plan dated 03.10.2024, along with the addendum dated 21.10.2024, submitted by the consortium of Mr. Ghanshyam Garg and M/s Tricon Buildwell Private Limited, was approved with 100% voting share. The voting window for the homebuyers remained open from 10:00 a.m. on 02.11.2024 until 11:59 p.m. on 07.11.2024, while the voting window for the Financial Creditor and the IAR remained open until 11:59 p.m. on 08.11.2024, enabling the IAR to cast the vote of the class in accordance with the outcome of the voting by the homebuyers.

(xii) It is accordingly prayed that the application be dismissed as being devoid of merit, without locus and intended merely to obstruct the approval and implementation of the Resolution Plan.

REPLY OF RESPONDENT NO.2

4. The Reply filed by Respondent No.2/Punjab and Sind Bank is summarised as follows:

(i) Respondent No. 2 has filed a short reply, stating that the principal allegations in the application concern the acts and omissions of Respondent No. 1 in the conduct of the CIRP. The Bank has nevertheless opposed the application in its capacity as the Financial Creditor which initiated the CIRP and as a member of the CoC holding 58.59% voting share. According to the Bank, the application is belated, misconceived and intended to obstruct approval of the Resolution Plan unanimously approved by the CoC.

(ii) The Bank raises an objection to the locus of the Applicants, contending that, upon commencement of the CIRP and suspension of their powers under Section 17 of the Code, they ceased to have any right to interfere with the management of the Corporate Debtor or challenge the commercial wisdom of the CoC. It is submitted that the Applicants are not stakeholders of the nature contemplated under Section 31 of the Code and cannot question matters falling within the domain of the CoC.

(iii) Respondent No. 2 relies upon the settled principle that the feasibility and viability of a Resolution Plan, the manner of distribution and the commercial terms accepted by the financial creditors fall within the commercial wisdom of the CoC, which is not ordinarily amenable to judicial review except upon the limited grounds contained in Sections 30(2) and 31 of the Code.

(iv) It is stated that twelve compliant Resolution Plans were placed before the CoC during its 14th meeting held on 28.10.2024 and 29.10.2024. After examination of the mandatory compliance reports, evaluation matrix and the feasibility and viability of the plans, all twelve plans were put to simultaneous voting. The voting window for the homebuyers remained open from 02.11.2024 to 07.11.2024, while the voting window for the Bank and the IAR continued until 08.11.2024. The plan submitted by the consortium of Mr. Ghanshyam Garg and M/s Tricon Buildwell Private Limited received 100% of the CoC voting share, comprising 58.59% of the Bank and 41.41% of the homebuyers represented through the IAR.

(v) The Bank submits that the CIRP was conducted in accordance with the Code and the CIRP Regulations. Insofar as the AR is concerned, an application for appointment was duly filed and the CoC meetings were continued in view of Regulation 16A(3), which protects the validity of decisions taken during the pendency of the appointment. It is further stated that, after the 2024 amendment to Regulation 16A(2), Mr. Prashant Gupta validly acted as IAR while the application for his formal appointment remained pending.

(vi) It is stated that the IAR consulted the homebuyers in meetings held on 03.10.2024, 08.10.2024, 16.10.2024, 21.10.2024 and

29.10.2024 and thereafter cast the vote of the class in favour of the successful Resolution Plan. The Bank therefore contends that the homebuyers were adequately represented and that no prejudice was caused by the pendency of the formal appointment.

(vii) It is stated that the valuation was carried out by Registered Valuers under Regulation 35, applying recognised valuation methodologies after considering the nature and location of the assets, prevailing market conditions, encumbrances and other relevant factors. The valuation reports were shared with the CoC members after execution of confidentiality undertakings, and the Applicants had no statutory entitlement to demand their disclosure.

(viii) The Bank also denies that its admitted claim was inflated. It is stated that the claim was verified and admitted by the IRP/RP on the basis of the Bank's books of account, loan documents, sanction letters, account statements and the terms of the financial facilities extended to the Corporate Debtor. The computation prepared by the Applicants is characterised as being based upon assumptions and unsupported by the relevant banking and loan records.

(ix) Respondent No. 2 further states that, even assuming any dispute regarding the quantum of its claim, the same would not by itself invalidate the CIRP or the Resolution Plan, which was approved unanimously after considering its feasibility, viability, treatment of the various classes of creditors and the proposed completion of the project.

(x) The Bank states that the approved Resolution Plan contemplates investment of approximately ₹520.89 crore, payment of the CIRP costs, an upfront payment of ₹100 crore to the secured Financial Creditor, payment of the deferred amount with interest, delivery of possession to the homebuyers within fifteen months, payment to Operational Creditors and creation of a reserve fund of ₹1 crore. It is contended that the plan is in the interest of all stakeholders and that its delay or rejection would result in value erosion and prejudice, particularly to the homebuyers.

(xi) Respondent No. 2 accordingly seeks dismissal of the application with exemplary costs.

REPLY OF RESPONDENT NO.3

5. The Reply filed by the Respondent No.3/IAR is summarised as follows:

(i) Respondent No. 3, states that he is the duly appointed Authorised Representative of the class of creditors comprising the homebuyers/allottees of the Corporate Debtor, in terms of Section 21(6A)(b) of the Code read with Regulation 16A of the CIRP Regulations. The CIRP commenced pursuant to the order dated 12.01.2024, whereby Mr. Rahul Jindal was appointed as the IRP and was subsequently confirmed as the RP.

(ii) It is stated that, during the 10th CoC meeting held on 03.09.2024, Respondent No. 3 was selected as the Interim Authorised Representative in place of the earlier proposed AR and has since represented the homebuyers in the meetings of the CoC and of the class of creditors. According to him, the views, instructions and concerns of the homebuyers were duly conveyed to the RP and recorded in the CoC proceedings.

(iii) Respondent No. 3 relies upon Section 25A of the Code and Regulation 16A of the CIRP Regulations to submit that an authorised representative is required to participate and vote in accordance with the instructions of the creditors represented by him, and, in the case of creditors in a class, to cast the class vote in accordance with the decision of more than 50% of the voting share of those who have cast their vote. It is further stated that, while an application for formal appointment remains pending, the selected insolvency professional may act as the interim representative with the rights and duties of an AR, and that delay in appointment does not affect the validity of decisions taken by the CoC.

(iv) It is further submitted that Respondent No. 3 had no role in the earlier stages of the CIRP prior to his selection in September 2024, including issuance of Form-G, preparation of the Information Memorandum or RFRP, verification of claims and other acts falling within the domain of the IRP/RP. His statutory role was confined to representing the class of homebuyers, facilitating communication, assisting them in understanding the CoC proceedings and resolution plans, and voting in accordance with their instructions.

(v) Respondent No. 3 also submits that he had no role in valuation of the Corporate Debtor, formulation or evaluation of resolution plans, determination or admission of claims, or the conduct of the CIRP generally, these matters falling within the statutory functions of the IRP/RP and the CoC. He denies any misconduct, collusion or irregularity on his part and maintains that he acted within the limited mandate conferred by Section 25A and Regulation 16A.

(vi) On the aforesaid basis, Respondent No. 3 seeks dismissal of the application qua him as misconceived and not maintainable.

Rejoinder to the Reply of the Respondents

6. **Rejoinder of the Applicants to the reply of Respondent No. 1 is summarised as follows:**

(i) The Applicants reiterate that their challenge is directed not at the comparative commercial merits of one Resolution Plan over another, but at the legality of the CIRP itself. They contend that commercial wisdom cannot protect a process allegedly conducted in breach of mandatory provisions of the Code and the CIRP Regulations.

(ii) The Applicants deny that Respondent No. 1 furnished all documents required for meaningful participation in the CoC. It is alleged that the notices and agendas were not accompanied by the Information Memorandum, Resolution Plans, valuation reports and other material documents, thereby violating the requirement that the participants be supplied with the relevant material necessary for effective deliberation.

(iii) It is reiterated that the statutory mandate requiring representation of the homebuyers through an AR goes to the foundation of the CIRP. According to the Applicants, the order dated 09.02.2024 permitted only the first CoC meeting to be held in the absence of an AR and expressly made the minutes thereof subject to the outcome of the pending application. No permission, it is submitted, was granted to hold all subsequent meetings without representation of the class.

(iv) The Applicants contend that Regulation 16A(3) cannot be construed as authorising the RP to continue the entire CIRP without making meaningful efforts to secure appointment of an AR. It is stated that the provision merely protects bona fide decisions from being invalidated solely due to administrative delay, but does not dispense with the substantive statutory rights of the creditors in a class.

(v) In relation to the Resolution Plans and negotiation process, the Applicants state that no complete or downloadable copies of the plans were supplied to the homebuyers and that no collective negotiations were conducted through a duly appointed AR. It is alleged that the IAR himself acknowledged that he was unaware of the negotiations undertaken before his selection. The Applicants therefore contend that the class of creditors had no organised statutory voice during the material stages of negotiation and finalisation of the plans.

(vi) The Applicants further maintain that the evaluation matrix was altered after receipt of the Resolution Plans and that the relevant agenda was introduced without prior notice. According to them, this was not a minor procedural defect but affected the basis upon which the competing plans were assessed.

(vii) The objection regarding locus is denied. The Applicants contend that, as promoters, shareholders and members of the suspended Board, they are directly affected by the alleged suppression of the true value of the Corporate Debtor's assets and the approval of a plan founded upon an irregular process. They further submit that I.A. No. 2148 of 2024 was withdrawn with liberty and that the present application is within the scope of the liberty granted by this Tribunal.

(viii) The Applicants therefore reiterate that all subsequent acts founded upon the allegedly defective constitution and functioning of the CoC, including the voting upon and approval of the Resolution Plan, stand vitiated.

7. Rejoinder of the Applicants to the reply of Respondent No. 2 is summarised as follows:

(i) In their rejoinder to Respondent No. 2, the Applicants deny that the application is a challenge to the commercial wisdom of the CoC. It is submitted that they challenge the legality of the constitution and functioning of the CoC, the absence of a duly appointed AR, alleged undervaluation of the assets, non-sharing of relevant information and the admission of the Bank's claim. According to them, commercial wisdom cannot validate statutory or procedural illegality.

(ii) The Applicants contend that the Bank's reply does not furnish any documentary basis for the admission of its claim at ₹238.64 crore. It is stated that no statement of account, loan ledger, interest calculation sheet, sanction terms or break-up of principal, normal interest and penal interest has been produced. The Applicants therefore reiterate their computation that the outstanding liability was approximately ₹168.12 crore and seek an adverse inference against the Bank for non-production of the supporting records.

(iii) It is further submitted that the Bank has not specifically answered whether the valuation reports were actually shared with all CoC members or whether the IAR received and reviewed the reports before casting the vote of the homebuyers. The Applicants contend that a bare assertion that the valuation reports were shared, without disclosure of the date, mode of communication or supporting correspondence, is insufficient.

(iv) The Applicants reiterate that the Bank itself had relied upon a valuation of more than ₹600 crore in proceedings before the Hon'ble Supreme Court, whereas the CIRP valuation was approximately ₹347.75 crore. It is argued that the Bank has failed to explain this substantial difference or disclose the basis upon which the Registered Valuers arrived at the lower value.

(v) According to the Applicants, the Bank's commercial decision was influenced by the proposal in the Resolution Plan to pay its admitted claim and make an upfront payment of ₹100 crore. It is alleged that the Bank therefore overlooked procedural irregularities and undervaluation which adversely affected the other stakeholders. The Applicants further allege that the evaluation matrix was altered after the Resolution Plans had been submitted and circulated, thereby compromising the fairness and transparency of the process.

(vi) The Applicants also state that the Bank has not responded to their allegation concerning exclusion of Pocket-B, measuring approximately 7.182 acres, from the asset and valuation pool, nor to the objections concerning the rejection or non-admission of the claim of M/s SRV Investments. It is contended that these omissions distorted both the asset side and liability side of the Corporate Debtor and consequently affected the commercial decision of the CoC.

(vii) The Applicants accordingly reiterate that the application raises substantial questions regarding compliance with the Code and the CIRP Regulations and is not liable to be dismissed either on the ground of locus or commercial wisdom.

Analysis and Findings

8. We have heard the learned counsel for the parties and have carefully perused the material available on record. Although the Applicants have raised several objections to the conduct of the CIRP, the controversy may conveniently be considered under the following issues:

(i) Whether the Applicants have established sufficient legal standing to maintain the present challenge to the CIRP and the Resolution Plan?

(ii) Whether the CIRP stands vitiated on account of the manner in which the class of homebuyers was represented, informed and enabled to participate in the process? and

(iii) Whether the objections concerning valuation, exclusion of Pocket-B, admission of the Bank's claim and the conduct of the Resolution Professional disclose any material irregularity warranting interference with the CIRP or rejection of the Resolution Plan?

<u>Issue No. (i):</u>

9. We shall first deal with the core preliminary issue of the locus standi of the suspended directors to maintain the present Application challenging the Resolution Plan approved by the CoC. Under the

statutory scheme of the Code, once the CIRP is admitted, the powers of the board of directors stand suspended under Section 17, and are vested in the IRP/RP. The role of the suspended board of directors under Section 24 of the Code is strictly limited to participating in CoC meetings as participants to provide essential operational and historical information. They do not possess any voting rights, nor do they enjoy a statutory veto over the resolution process.

10. This legal position finds support in the observations of the Hon'ble Supreme Court in ***Piramal Capital and Housing Finance Ltd. v. 63 Moons Technologies Ltd. and Ors., (2025) ibclaw.in 120 SC***, wherein the Apex Court, examining the position of erstwhile directors of a superseded board, held that such directors, having vacated their offices upon supersession under Section 45-IE of the RBI Act, could not claim any right to attend meetings of the Committee of Creditors or to participate in the CIRP proceedings, and were entitled, at best, to a certified copy of the Resolution Plan only after its approval by the Adjudicating Authority. The Apex Court further reaffirmed that judicial review of a Resolution Plan approved by the Committee of Creditors remains strictly confined to the parameters of Section 30(2) of the Code and Section 61(3) in appeal, and cannot extend to scrutinising the commercial wisdom of the financial creditors.

11. The Applicants' reliance on the judgment of the Hon'ble Supreme Court in ***Vijay Kumar Jain v. Standard Chartered Bank, (2019) 20 SCC 455***, is entirely misplaced. The ruling in ***Vijay Kumar Jain***

(supra) merely establishes the right of suspended directors to receive copies of the resolution plans to facilitate their effective participation in the CoC meetings prior to approval. It does not vest them with a substantive right to challenge the commercial terms of the Resolution Plan once it has been approved by a 100% unanimous vote of the CoC. The right to participate under Section 24 does not translate into a right to veto or litigate against the collective commercial decision of the financial creditors under Section 31 of the Code.

12. A substantial part of the present application concerns the alleged deprivation of rights of the homebuyers, the inadequacy of their representation and the manner in which their vote was cast. The Applicants are not members of the said class and do not claim through any allottee whose individual voting instruction was disregarded. No homebuyer has joined the present proceedings to allege that his or her vote was incorrectly recorded or that the IAR acted contrary to the voting outcome of the class. Once the creditors in a class have expressed their decision through the statutory voting mechanism, the collective decision of the class cannot ordinarily be questioned by a person who does not belong to that class merely on the ground that, in his perception, the class ought to have taken a different decision. This distinction is also consistent with the principle noticed in ***Bhotika Trade and Services Private Limited v. Avinash EM Projects Private Limited, IB No. 598/ND/2022, in IA No. 5461 of 2023***, relied upon by the Respondents, that a suspended director

cannot maintain proxy litigation on behalf of a class of creditors to which he does not belong.

13. The Applicants have also invoked their status as shareholders and asserted a residual pecuniary interest in the assets of the Corporate Debtor. The Resolution Professional has, in our view, rightly objected that such an interest is necessarily contingent upon satisfaction of the claims ranking ahead of shareholders under the Code. It does not confer upon them an independent right to require the CoC to adopt a particular valuation or to prefer one Resolution Plan over another. Thus, while we have examined the objections on the merits, the Applicants cannot seek reconsideration of matters lying within the commercial domain of the CoC merely on account of their position as former promoters, directors or shareholders. Our Jurisdiction remains confined to examining whether the process suffers from a contravention of the Code, the Regulations or a material irregularity attributable to the Resolution Professional.

Issue No. (ii):

14. The Applicants' first substantive contention is that the entire CIRP stands vitiated because the voting on the Resolution Plans was conducted in the absence of a formally appointed Authorised Representative for the homebuyers. To evaluate this, we must examine the factual timeline and the applicable statutory regulations. It is on record that at the 10th CoC meeting held on 03.09.2024, upon

a valid request from more than 10% of the homebuyers, the RP placed an agenda item for the replacement of the then-proposed AR, Mr. Sachit Soni. In the e-voting conducted, Mr. Prashant Gupta, Insolvency Professional, received the highest percentage of votes, securing 75.41% of the votes cast by the class of homebuyers. Consequently, the RP filed an application (I.A. No. 2190 of 2024) before this Tribunal seeking formal approval for the replacement of the AR.

15. While the said application was pending adjudication, the Insolvency and Bankruptcy Board of India (IBBI) introduced a crucial amendment to the CIRP Regulations, which came into effect on 24.09.2024. By way of the IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2024, a proviso was inserted to Regulation 16A(2), which reads as under:

> ***'Provided that during the pendency of an application for appointment of the authorised representative for a class of creditors is under consideration before the Adjudicating Authority, the insolvency professional selected shall act as an interim representative for such class of creditors and shall be entitled to attend the meetings of the committee and shall have such rights and duties as that of an authorised representative.'***

This statutory proviso assails the Applicants' argument. By operation of law, from 24.09.2024 onwards, Mr. Prashant Gupta was legally vested with all the rights, duties, and responsibilities of a formally appointed AR during the pendency of the application before this Tribunal.

16. When the voting on the Resolution Plans was conducted between 02.11.2024 and 07.11.2024, Mr. Prashant Gupta was acting as the Interim AR under the mandate of the proviso to Regulation 16A(2). The class of homebuyers cast their electronic votes, and the Interim AR cast the collective vote of the class (41.41%) in accordance with the majority decision of those who voted, as mandated by Section 25A(3A) of the Code. The argument that there was no representation for the homebuyers is therefore legally and factually incorrect, and is rejected outrightly.

17. The Applicants' allegation that the homebuyers voted 'in the dark' is equally baseless. The records placed before us demonstrate that upon Mr. Prashant Gupta's selection, he actively and systematically consulted the homebuyers' class. Under the mandate of Regulation 16A, the Interim AR conducted five detailed online consultation meetings via video conferencing with the homebuyers on 03.10.2024, 08.10.2024, 16.10.2024, 21.10.2024, and 29.10.2024. During these meetings, the Interim AR shared the observation sheets of the final resolution plans, the evaluation matrix, the due diligence report, and the financial addendums uploaded on the Virtual Data Room (VDR). The minutes of these consultation meetings prove beyond doubt that the homebuyers were fully informed and actively participated in analyzing the qualitative scores and plan details.

18. The Applicants rely on the judgment of the Hon'ble NCLAT in ***Amit Goel v. Piyush Shelters*** to argue that the absence of a formally

appointed AR vitiates the plan approval. However, the facts of the said judgment are completely distinguishable. In that case, there was an absolute failure of the RP and the AR to share any plan documents or conduct any consultation meetings with the homebuyers, leaving the class entirely unrepresented and uninformed. In the present case, five separate class meetings were held, and the homebuyers had full access to the VDR files. A minor procedural delay in the formal approval of the AR's appointment by the Adjudicating Authority cannot override the express deeming fiction created by the proviso to Regulation 16A(2).

19. In any event, once the homebuyers as a class have voted in favor of the Resolution Plan with a 100% unanimous class vote, individual homebuyers or third-party promoters are legally estopped from challenging the collective decision. As held by the Hon'ble Supreme Court in ***Jaypee Kensington Boulevard Apartments Welfare Association & Ors. v. NBCC (India) Ltd. & Ors., (2022) 1 SCC 401***, and reiterated in Piramal Capital (supra), the individual members of a class of creditors are bound by the democratic majority vote of the class cast through their AR, and cannot maintain independent, fragmented challenges to stall the resolution.

20. Procedural fairness requires transparency and adequate opportunity for informed participation. It does not follow, however, that every alteration in the internal scoring or every addition to the discussion agenda necessarily vitiates the entire CIRP. For

interference to follow, the irregularity must be shown to have materially affected the evaluation, voting or outcome. Such causal prejudice has not been demonstrated in the present case. We, therefore, find that the delay in formal appointment of the AR, the selection of Mr. Prashant Gupta as IAR, the consultation process and the manner in which the class vote was cast do not disclose any infirmity of such nature as would invalidate the decisions taken by the CoC.

Issue No. (iii):

21. The Applicants challenge the fair value of ₹347,75,70,637.22 and the liquidation value of ₹294,99,43,328.05 determined during the CIRP. Their principal reliance is upon the value of approximately ₹392.30 crore referred to in the Bank's Section 7 petition and the statement in subsequent proceedings that the project was worth more than ₹600 crore. Valuation under the CIRP Regulations is required to be undertaken by Registered Valuers appointed in accordance with Regulation 27, with reference to the insolvency commencement date and in the manner prescribed by Regulation 35. A valuation made for lending, mortgage enforcement, litigation or any other purpose at a different point of time does not, merely by reason of being higher, establish that the CIRP valuation is erroneous.

22. The figures relied upon by the Applicants arose in a different context and were not shown to have been prepared as fair value and

liquidation value under Regulations 27 and 35. The time, purpose, assumptions, encumbrances and methodology underlying those estimates may materially differ from the statutory valuation undertaken during the CIRP. A comparison of the final figures alone is therefore insufficient to displace the valuation reports prepared by the appointed Registered Valuers. The note placed before us also refers to a private valuation report obtained after commencement of the present proceedings. The record, however, contains varying figures attributed to that report. In the absence of a consistent factual foundation, no finding can safely be based upon those figures. More importantly, a private report obtained subsequently by an interested party cannot, without demonstrating a patent defect in the statutory valuation process, substitute the exercise conducted by the Registered Valuers under the CIRP Regulations.

23. The grievance concerning Pocket-B, measuring approximately 7.182 acres, also requires consideration in this context. The record indicates that development, construction and marketing rights over the said parcel had been assigned to Parsvnath Developers Limited under the Development Agreement dated 17.02.2006 and that development and allotments had subsequently taken place pursuant thereto.

24. The valuation of the Corporate Debtor's present economic interest in an asset must take into account binding third-party rights created long before the insolvency commencement date and acted upon over

the years. The Corporate Debtor could not be valued as though Pocket-B remained free from the development rights and third-party interests arising under the agreement.

25. The Applicants have next disputed the admission of Punjab and Sind Bank's claim at approximately ₹238.64 crore and have placed their own computation of approximately ₹168.12 crore. The Bank's claim was verified by the IRP/RP with reference to its books of account, loan documents, sanction terms and account statements and was reflected in the list of creditors. The Applicants did not challenge the admission of the claim at the stage when the list of creditors was published and the CoC was functioning on that basis. A computation prepared by the Applicants, without the complete banking records, cannot by itself establish that the admitted claim was inflated. The Applicants have not placed any adjudicatory order setting aside or revising the Bank's admitted claim. Nor is the present application a proceeding for determination of the Bank's debt afresh.

26. In any event, the Resolution Plan was approved with the entire voting share of the CoC, comprising the Bank's 58.59% and the homebuyers' 41.41%. Thus, even if the voting share of the Bank were hypothetically reduced to some extent, the result of the voting would remain unaffected because the class of homebuyers also voted in favour of the Resolution Plan. The Applicants have therefore failed to establish any causal connection between the alleged error in the Bank's claim and the approval of the Plan.

27. The further allegation of the Applicants is that the Resolution Professional improperly restricted Resolution Applicants from offering amounts beyond admitted claims does not establish a material irregularity affecting the approved Plan. The matter was considered in the course of the CIRP and the relevant position was placed before the CoC. No Resolution Applicant has come forward tochallenged the process before us on the ground that it was unlawfully prevented from submitting or improving its plan. The jurisdiction of this Tribunal is not to reconsider the commercial terms which the CoC, after evaluating the compliant plans, accepted as feasible and viable.

28. It is also relevant to note here that multiple Resolution Plans were received and evaluated, and the instant Plan was approved by 100% voting share of the CoC. The unanimity of the vote does not cure a statutory violation, where one is established; it does, however, assume significance where the objections concern commercial valuation, comparative treatment and the wisdom of accepting one plan over another.

Conclusion

29. For the reasons stated above, we hold that:

(i) the Applicants cannot make proxy grievances on behalf of the homebuyers or seek reconsideration of the commercial assessment of the CoC merely by virtue of being former promoters, suspended directors or shareholders;

(ii) the delay in formal confirmation of the Authorised Representative did not invalidate the decisions of the CoC, and that the homebuyers were represented through the IAR, consulted and provided an opportunity to cast their votes before the class vote was recorded; and

(iii) the objections concerning valuation, Pocket-B, the Bank's claim, the claim of M/s SRV Investments and the conduct of negotiations do not establish any material irregularity or statutory non-compliance warranting annulment of the CIRP or rejection of the Resolution Plan.

30. This Order is subject to any order to be passed by the Hon'ble NCLAT in pending Company Appeal (AT) (Insolvency) No. 830 of 2026 filed by SRV Investments.

31. Accordingly, **IA 1064 of 2025** is ***dismissed and disposed of***.

SD/- SD/-

(SHISHIR AGARWAL)
MEMBER (TECHNICAL)

(KHETRABASI BISWAL)
MEMBER (JUDICIAL)

Yuvraj