IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.10
IA(IBC) 637/2026
CP(IB) No. 170/BB/2025

IN THE MATTER OF:

M P Krishnan ... Petitioner

Vs.

M/s. Frontier Shelters Pvt. Ltd ... Respondent

Petition under Sec 7 of IBC 2016

Order delivered on: 30.07.2026

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For the Petitioner	:	Adv. Saji P John
For the Respondent	:	None

ORDER

1. Heard the Ld. Counsel appearing for the Petitioner.
2. Vide Separate order the Corporate Debtor has been admitted to CIRP.
3. The IRP has been appointed and moratorium imposed. List on **28.09.2026** for IRP report.

-SD-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-SD-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)

Jones

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
(Exercising powers of Adjudicating Authority under The Insolvency and Bankruptcy Code, 2016)

CP (IB) No.170/BB/2025
(Application u/s. 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.)

IN THE MATTER OF:

M P KRISHNAN
(*Representing Homebuyers*)
Residing at No. 785, 9th Main
1st Stage, 3rd Block, HBR Layout
Bengaluru North, Bengaluru-560043 … Petitioner/Financial Creditor

VERSUS

FRONTIER SHELTERS PRIVATE LIMITED
Regd. Office at. No 422,
2nd Floor, 80 Feet Road,
6th Block, Koramangala,
Bangalore. … Respondent/Corporate Debtor

Order delivered on: 30.07.2026

Coram: Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

O R D E R

1. This Petition has been filed on 25.06.25 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'IBC/Code') by **M P Krishnan** (hereinafter referred to as 'Petitioner/Financial Creditor'), a homebuyer having stake in two flats representing himself and similarly situated other homebuyers having allotments of 25 flats, as their Attorney, for initiating Corporate Insolvency Resolution Process ('CIRP') under the first proviso to Section 7(1) of

the Insolvency and Bankruptcy Code, 2016 against **Frontier Shelters Private Limited** (hereinafter referred to as 'Respondent/Corporate Debtor') in respect of an outstanding debt of **INR 14,85,13,500/-** (Rupees Fourteen Crores Eighty-Five Lakhs Thirteen Thousand Five Hundred Only) with Date of Default being **23.12.2021**.

2. Following are the brief facts of case stated by the Petitioner:

   a. The Applicants were owners of plots situated in Sy. Nos. 49/1 and 49/2, Haralur Village, Varthur Hobli, Bengaluru East Taluk, which had originally been purchased by them during the period 1997–1999. The Corporate Debtor had approached them with a proposal to develop the property into a residential apartment project. Accordingly, an Agreement of Understanding dated 27.03.2015 was executed between the plot owners and the Corporate Debtor, whereby the Applicants agreed to surrender their development rights in exchange for allotment of residential flats in the proposed project.
   b. Pursuant to the said Agreement, the Applicants executed a Power of Attorney in favour of Mr. C. Ananda, Promoter and Director of the Corporate Debtor, and the Corporate Debtor had issued Allotment Letters in favour of the Applicants specifying the flats allotted to them.
   c. It is submitted that gradually the Corporate Debtor had obtained the requisite approvals for the project namely "**Frontier Heights**", including the modified building plan and the Commencement Certificate issued by the BBMP on 23.06.2018.
   d. As per Clause 7 of the Agreement of Understanding dated 27.03.2015, the Corporate Debtor was required to complete the construction and hand over possession of the allotted flats to the allottees within three years from the date of the Commencement Certificate, with a grace period of six months. Accordingly, possession ought to have been delivered on or before 23.12.2021.

e. It is the case of the Applicants that despite expiry of the stipulated period, the Corporate Debtor failed to complete the project and deliver possession of the allotted flats thereby committing default on 23.12.2021 and continuing. The financial debt represented by the value of the allotted flats aggregates to Rs.14,85,13,500/- as detailed in the computation table annexed to the Petition. The project remains incomplete even as on the date of filing of the Petition and no Occupancy Certificate has been obtained.

f. Several proceedings are pending against the Corporate Debtor before various forums, including Karnataka RERA, Civil Court and the Hon'ble High Court of Karnataka. The Corporate Debtor has, through various communications, acknowledged delay in completion of the project while assuring the Homebuyers that the construction would be completed.

g. Aggrieved by the failure of the Corporate Debtor to complete the project and deliver possession of the allotted flats despite repeated assurances, the present Petition has been filed seeking initiation of CIRP under Section 7 of the Insolvency and Bankruptcy Code, 2016.

3. The Respondent in its reply dated 03.12.2025 has contended as under:

a. The Respondent does not dispute the existence of the financial debt claimed by the Applicants or the occurrence of default. It has expressly conveyed its consent to the initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code, 2016.

b. The Respondent claims to have suffered severe financial distress owing to mounting statutory and contractual liabilities, rendering it incapable of servicing its financial obligations and continuing its business operations.

c. It had availed a term loan of Rs.40,00,00,000/- from **LIC Housing Finance Limited** for development of the project "Frontier Heights". Owing to acute cash-flow constraints, it has failed to adhere to the repayment schedule, resulting in substantial outstanding dues.

d. Significant demands have been raised by the GST Authorities and Income Tax Department, together with interest and penalties, which have further aggravated its financial position and impaired its ability to meet its obligations.
e. Multiple proceedings initiated by allottees before the Karnataka Real Estate Regulatory Authority (RERA) have resulted in substantial financial liabilities on account of delay in handing over possession of the project.
f. The collection of sale proceeds from certain homebuyers has been withheld while they simultaneously insisted upon completion of the project, thereby causing further financial strain and resulting in a deadlock affecting the completion of the project.
g. According to the Respondent, the cumulative effect of the aforesaid liabilities has led to erosion of its working capital, inability to raise further funds, loss of business viability and failure to service its existing debts. In these circumstances, the commencement of CIRP would be in the interest of all stakeholders and has thus urged for admission of the present Petition and appointment of an Interim Resolution Professional.

4. Vide a Memo bearing Dy. No. 6955 dated 18.06.2026, 57 other homebuyers of project **Frontier Heights** lent support to the Petitioners case without seeking formal impleadment. Majority of them are parties to Consumer Complaint No. 57/2023 filed before Hon'ble National Consumer Disputes Redressal Commission, New Delhi which has been decided on 01.07.2026, a copy whereof has been filed by the Corporate Debtor vide Dy. No. 7653 dated 23.07.2026.
5. 44 homebuyers of project Frontier Heights had filed an Interlocutory Application 159/2026 seeking impleadment in the petition. The same was dismissed on 18.06.2026. It is pertinent to observe that the said applicants have independently filed a Section 7 IBC petition being CP (IB) No. 81/BB/2026 against the Corporate Debtor.

6. We have heard Ld. Counsel for Parties and perused the pleadings and material available on record.
7. On the issue of limitation, the present Petition was filed on 25.06.2025, whereas the date of default, as reflected in Form 1 Part IV, is 23.12.2021, the corporate debtor has not completed the project and obtained occupancy certificate from RERA. Possession has not happened in this case which is continuing as on date. Reference to the judgment of the Hon'ble NCLAT in the case of ***Shailendra Agarwal v. Asit Upadhyaya and Ors.***, *(2025) ibclaw.in 283 NCLAT*, is relevant in the context wherein it has been held that:

> *"**29.** We also note that the limitation period under the Limitation Act, 1963, is governed by Section 22, which provides that in the case of a continuing breach, limitation runs afresh with each successive instance of default. The Corporate Debtor's failure to hand over possession of the flats and its continuing default in refunding amounts to the allottees constitute a continuous cause of action……."*

8. In the instant case the date of default is 23.12.2021 but it is not in dispute that the Corporate Debtor has failed to handover the flats to the Homebuyers and the same has been acknowledged by the Corporate Debtor in its reply which is a continuing default. Accordingly, the present Petition has been filed well within the prescribed period of limitation.

9. Further as per the Records produced, *Frontier Shelters Pvt Ltd* consists of a total number of 262 Flats out of which 69 are unsold. The present Petition has been filed jointly by 6 allottees who are allotted with 27 Flats and accordingly have satisfied the threshold limit condition of 10% under section 7 of IBC, 2016. Details of the flat units allotted to each petitioner are marked as Annexure A to the Petition.

10. Under Section 7 of the Code, this Authority is required to be satisfied that a financial debt exists and that a default has occurred. The Hon'ble Supreme Court in ***Innoventive Industries Ltd. v. ICICI Bank & Ors.***, **(2018) 1 SCC 407**, has

held that at the stage of admission, the Adjudicating Authority is only required to ascertain the existence of a debt and default from the records placed before it. In the present case, the material on record that is acceptance and acknowledgement of debt by the Corporate Debtor in the reply clearly establishes the existence of a financial debt and the occurrence of default.

11. On behalf of unsuccessful impleading applicants, it has been stressed that the Petitioners primarily are land/plot owners and may not ultimately fall within the definition of Financial Creditors and that the initiation of proceedings by them is fraudulent. The contention however is fallacious as firstly, the project being 90% complete, there is no provision in Agreement of understanding or scope of the Petitioners falling back to claim their land rights. Secondly, there is no contention either from the Applicants or the Corporate Debtor that the project Frontier Heights is overbooked. Thirdly, the Petitioners having contributed their lands have specifically been recognized by the Corporate Debtor as allottees. The apprehensions about the intentions of Petitioners therefore are unfounded. There is no allegation of Petitioner having terminated the Agreement or sought to independently exploit their land rights. Nevertheless, it will be RP's call to decide the actual status of the Petitioners at appropriate stage.

12. In view of the foregoing, we are satisfied that a financial debt of the Homebuyers exists against the Corporate Debtor and default has occurred. The Application is complete and filed within the period of limitation. The amount of default being above the threshold prescribed under Section 4 of the Code, the Petition deserves to be admitted under Section 7 of the Insolvency and Bankruptcy Code, 2016.

13. Accordingly, Company Petition bearing **CP (IB) No. 170/BB/2025 is hereby allowed thereby directing the Corporate Debtor**, **Frontier Shelters Private Limited to undergo the Corporate Insolvency Resolution Process** and consequently declaring moratorium in terms of Section 14 of the Code imposing following prohibitions to be complied with by all concerned:

a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
b. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
c. Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
d. The recovery of any property by an owner or lessor, where such property is occupied by or in the possession of the Corporate Debtor;

14. It is further directed that the supply of essential goods or services to the Corporate Debtor as may be specified, shall not be terminated or suspended or interrupted during the moratorium period in accordance with sub-section (2) of Section 14 of the Code;

15. The provisions of Section 14(3) shall however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a Corporate Debtor.

16. The order of moratorium shall be effective from the date of this order till completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33 of the IBC as the case may be;

17. **Sh. Hari Babu Thota**, IBBI/IPA-002/IP-N00084/2017-2018/10225 has been proposed as Interim Resolution Professional (IRP) by the financial Creditor. Form No.2 Written Communication by the IRP has been filed along with the

petition as Annexure 4. In view thereof we, hereby appoint **Mr. Hari Babu Thota**, email id: csharibabuthota@gmail.com, registered address: #41/1, 2nd Floor, A Wing, 11th Cross, 8th Main 2nd Block, Jayanagar, Bangalore, Karnataka-560011 as the Interim Resolution Professional. The IRP is directed to take steps as mandated under the IBC, especially under Sections 15, 17, 18, 20 and 21 of IBC, 2016 including the actual status of the Petitioners and strive to complete the process within prescribed timeline.

18. The Petitioners shall deposit a sum of **Rs.2,50,000/-** (Rupees Two Lakh Fifty Thousand Only) with the IRP to meet the expenses arising out of issuing public notice and inviting claims. These expenses are subject to approval by the Committee of Creditors. The Fee and other expenses of IRP/RP shall be finalised by the CoC in the light of relevant IBBI Regulations. **The RP shall issue individual notices to Jurisdictional Income Tax Authority; Principal Commissioner of Income Tax (Judicial), Bengaluru; Regional Provident Fund Commissioner; GST Commissioner; Commercial Tax Authority; recognized Labour Unions, ESI, etc** and submit proof of service with his first progress report**.**

19. The Board of Directors of the Corporate Debtor stand displaced their position and be obliged to co-operate with the IRP/RP in smooth conduct of CIRP by handing over entire control management and custody of physical/virtual books of accounts, financial statements, property documents, information including various passwords, other assets of corporate debtor to the IRP/RP against receipt.

20. The Interim Resolution Professional shall after collation of all the claims received against Corporate Debtor and the determination of the financial position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying constitution of the Committee to this Tribunal on or before the expiry of thirty days from the date of his appointment, and shall convene first meeting of the Committee within seven days for filing the report of Constitution of the

Committee in accordance with the provisions of the Code and the applicable Regulations.

21. The Interim Resolution Professional is further directed to send **monthly progress reports** to this Authority along with inside & outside photographs of project, office, installations, equipment, etc. of the Corporate Debtor, outside of the registered office, warehouse, installations, project site, plant, machinery, equipment and other assets, if any, of the Corporate Debtor. Upon taking control of the assets and management of the Corporate Debtor, the IRP/RP shall display, at a conspicuous place outside the premises of the Corporate Debtor, a board indicating that the Corporate Debtor is undergoing the CIRP, mentioning the case number and title together with the name and contact particulars of the IRP/RP to facilitate enquiries and submission of claims by stakeholders within the prescribed timelines. Photographs of the displayed board and the assets of the Corporate Debtor from various angles shall also be filed along with the progress report. The IRP shall perform all duties and exercise all powers conferred under Sections 17, 18, 20, 21 and other applicable provisions of the Insolvency and Bankruptcy Code, 2016.

22. A copy of the order shall be communicated to both the parties. Learned Counsel for the Petitioner shall deliver a copy of this order to the Interim Resolution Professional forthwith. **The Registry is also directed to forward a softcopy the IRP and Registrar of Companies, Karnataka by e-mail for necessary action.**

-Sd-	**-Sd-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**