



S.No.1

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
09.03.2026 AT 10:30 A.M.**

**Intervention Petition (IBC)/8/2022 in
Company Petition IB/290/7/HDB/2022**

**IN THE MATTER OF:
Koncept Nirman Pvt Ltd**

...Petitioner

AND

Indu Eastern Province Projects Pvt Ltd

...Respondent

C O R A M:-

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

O R D E R

Intervention Petition (IBC)/8/2022

Orders pronounced, recorded vide separate sheets. In the result, the Intervention Petition (IBC)/8/2022 is dismissed.

**Sd/-
MEMBER (T)**

**Sd/-
MEMBER (J)**



IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH, COURT-II

INTERVENTION PETITION (IBC) No. 8 of 2022

IN

C.P (IB) No.290/7/HDB/2022

**[Under Section 60(5) of Insolvency and Bankruptcy Code, 2016 r/w
Rule 11 of NCLT Rules]**

**IN THE MATTER OF M/s. KONCEPT NIRMAN PVT. LTD. vs. INDU
EASTERN PROVINCE PROJECTS PVT. LTD.**

Between:

**M/s. Telangana Housing Board
(Formerly Andhra Pradesh Housing Board)**

Vice Chairman & Housing Commissioner,
Telangana Housing Board, Gruhakalpa,
MJ Road, Nampally, Hyderabad-500001.

.....Applicant

AND

1. M/s. Konzept Nirman Private Limited,

2nd Floor, Sri Ganesh Magnum, Opus,
Plot No. 25, Opp State Bank of India,
Jayabheri Enclave, Gachibowli,
Hyderabad-500032.

.....Respondent No. 1

2. M/s. Indu Eastern Province Project Pvt. Ltd.,

1009, Indu Fortune Fields, 13th Phase,
KPHB Colony, Hyderabad-500072.

.....Respondent No. 2

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Coram:

Hon'ble Shri Rajeev Bhardwaj, Member (Judicial)

Hon'ble Shri Sanjay Puri, Member (Technical)

Counsels Present

For Applicant : Mr. DVAS Ravi Prasad, Advocate for Additional
Advocate General & Mr. S. Rahul, Special
Government Pleader.

For Respondent No. 1: Mr. Pavan Kumar, Advocate

For Respondent No. 2: Ex-parte vide Order dated 12.06.2023

1. The present Application has been filed by the Telangana Housing Board seeking permission of this Authority to implead it as Respondent in Company Petition, being C.P. (IB) No. 290/7/HDB/2022 consequently, permit the Applicant/proposed Respondent to file his detailed counter in the above C.P.

2. **Application**

- 2.1 It is submitted that a Petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 (**IBC**) has been filed against M/s. Indu Eastern Province Projects Private Limited (**Corporate Debtor/CD**), the Developer of a Joint Venture project in respect of 50 acres of land belonging to the Telangana Housing Board at Bandlaguda, by M/s. Konzept Nirman Pvt. Ltd. (**Financial Creditor/FC**) for recovery of its alleged dues.
- 2.2 It is submitted that the erstwhile Andhra Pradesh Housing Board, the predecessor of the Telangana Housing Board, being the owner of approximately 50 acres of land situated in Sy. No. 42(P) of Bandlaguda



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and Sy. Nos. 117 & 127/1 of Tatti Annaram, entered into a Development Agreement dated 22.03.2006 with M/s. Indu Projects Limited, the lead member of the Indu Embassy Consortium, pursuant to a competitive bidding process. Under Clause 2.1 of the Development Agreement, the Developer was obligated to design, finance, develop, operate, and manage the project strictly in accordance with its terms. The said Development Agreement was subsequently assigned to a Special Purpose Vehicle, namely the Corporate Debtor, incorporated by M/s. Indu Projects Limited.

2.3 It is submitted that despite extensions of time and substantial assistance from the Housing Board, including the grant of a Power of Attorney and facilitation of statutory approvals, the Corporate Debtor failed to complete the project. It is further alleged that the Corporate Debtor misappropriated properties, derived undisclosed gains, failed to remit the Applicant's share, and that several purchasers have instituted writ petitions against both the Corporate Debtor and the Applicant on account of the defaults of the Corporate Debtor.

2.4 It is submitted that inquiries were initiated by the Vigilance & Enforcement Department and the Central Bureau of Investigation (CBI) into the alleged irregularities and money laundering in relation to the Joint Venture project with M/s. Indu Projects Limited. The Vigilance & Enforcement Directorate, vide Report No. 102 dated 30.05.2014, submitted to the Government, highlighted various acts of omission and default on the part of the Developer and recommended termination of the Development Agreement, resumption of the unutilized land including the unauthorizedly developed school, and initiation of criminal proceedings against the concerned officials/individuals.



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- 2.5 It is further submitted that pursuant to investigation under the Prevention of Money Laundering Act, 2002, the Enforcement Directorate issued Provisional Attachment Order No. 01/2018 dated 03.01.2018 attaching 8.008 acres out of the total 50 acres of project land, comprising portions earmarked for commercial development, apartments, and lifestyle villas, on the ground that the same constituted proceeds of crime. Thereafter, the Telangana Housing Board addressed a letter dated 21.02.2019 to the Enforcement Directorate seeking restoration of possession of the said land, asserting that it belongs to the Housing Board.
- 2.6 It is submitted that pursuant to the recommendations of the Cabinet Sub-Committee, any further extension of time was made conditional upon payment of Rs. 6 Crores shortfall revenues, LIG Bank Guarantee for Rs. 41.47 Crores and submission of an explanation regarding the unauthorized loan obtained from Indiabulls, along with an indemnity against any loss arising from the CBI inquiry.
- 2.7 It is submitted that the Corporate Debtor initiated arbitration proceedings under Clause 20 of the Development Agreement before a duly constituted Arbitral Tribunal and pleadings were completed and the matter was reserved for Award.
- 2.8 It is submitted that a reading of the Development Agreement and the Power of Attorney makes it clear that the Corporate Debtor was merely a Power of Attorney holder for the purpose of development and was not the owner of the land. The right to transfer title vests exclusively with the Housing Board. The 50 acres of land does not constitute an asset of the Corporate Debtor, either as a fixed asset or as stock-in-trade.



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2.9 It is submitted that the Construction & Marketing Agreement dated 19.06.2017 between the Corporate Debtor and M/s. Konzept Nirman Pvt. Ltd. was executed without the knowledge or consent of the Applicant and was not disclosed during arbitration proceedings. It is further alleged that the Corporate Debtor had earlier obtained an unauthorized loan of Rs.124 crores from Indiabulls by mortgaging the project land without consent, in violation of the Development Agreement, though an earlier loan from HDFC Bank had been obtained with prior approval. The Corporate Debtor had addressed multiple notices for the aforesaid violation and has been asked for repayment of the said loan and for submission of NOC to Housing Board as per conditions prescribed in the Cabinet Sub-Committee meeting held on 11.11.2016.

2.10 It is submitted that even though the Apartments/Commercial/Villas plans have not been approved or forwarded by the Housing Board for approval to the competent authorities for sanction, the CD entered into construction and marketing Agreement with M/s. Konzept Nirman Private Limited for execution of Project and also obtained advances of Rs. 31 Crores as Performance Guarantee. The Corporate Debtor has not right to transfer or assign the land or development agreement or other rights/interest, to the third parties without the consent of the Telangana Housing Board.

2.11 It is submitted that the Financial Creditor was aware of these facts, which were in the public domain, and nevertheless entered into the transaction. Even assuming the agreement, the advances given pursuant to a Construction & Marketing Agreement do not constitute financial debt. At best, the creditor may be an Operational Creditor. Merely because interest is claimed, the same cannot be treated as Financial Debt under Section 7 of the IBC. The transaction is a fraud



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and a step towards creating encumbrances over State property and purchaser's interests.

2.12 The It is submitted that the Applicant filed I.A. (IBC) No. 317 of 2025 placing additional facts relating to arbitration proceedings and the Award dated 31.07.2024 on record. Arbitration Case No. 68 of 2019 was filed before the Hon'ble High Court of Telangana, and by order dated 09.06.2020, Hon'ble Justice G.V. Seethapathy (Retd.) was appointed as Arbitrator on behalf of the Telangana Housing Board, Hon'ble Justice K.C. Bhanu (Retd.) was nominated by the Corporate Debtor, and the two Arbitrators appointed Hon'ble Justice P. Venkatrama Reddy (Retd.), former Judge of the Supreme Court of India, as the Presiding Arbitrator. The Arbitral Tribunal passed its Award on 31.07.2024.

2.13 It is submitted that the Arbitral Tribunal upheld the validity of the termination notice dated 28.02.2019 and confirmed the right and title of the Telangana Housing Board over the unutilized extent of 8.008 acres. Pursuant thereto, the Telangana Housing Board resumed possession of the said land under Panchanama dated 29.11.2024.

2.14 It is submitted that the Corporate Debtor filed C.O.P. No. 165/2014 before the Commercial Court, Hyderabad, challenging the Award and seeking stay of its operation. The Telangana Housing Board also filed C.O.P. No. 14 of 2025 challenging certain findings adverse to its interests.

3. Counter by Respondent No. 1

3.1 It is submitted that M/s. Konzept Nirman Private Limited (**Respondent No. 1/R1**) denied all allegations made by the Applicant as false, baseless, and illegal and puts the Applicant to strict proof of its claims.



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- 3.2 It is submitted that a petition filed under Section 7 of the Insolvency and Bankruptcy Code, 2016, the scope of enquiry before the Adjudicating Authority is confined to determining, whether a financial debt exists and whether there has been a default in respect of such debt.
- 3.3 It is submitted that the intervention application is alleged to be a deliberate tactic to delay adjudication of the bona fide Section 7 application filed by the Financial Creditor on account of an outstanding financial debt of Rs. 61,93,83,261/-.
- 3.4 The Financial Creditor, being the petitioner in the main Section 7 application, is the dominus litis and cannot be compelled to implead any person against whom it does not want to contest. The Applicant has failed to demonstrate how it is either a necessary or proper party for adjudication of the Section 7 petition.
- 3.5 It is submitted that the IBC does not provide for impleadment of other creditors or third parties in a Section 7 proceeding. Further, mere incidental impact of an order does not entitle a party to be impleaded. Reliance is placed on the decision of the Hon'ble NCLAT in ***Chinna Rao v. V. Venkatasivakumar*** (I.A. No. 584 of 2022, dated 23.08.2022).
- 3.6 Even assuming the Applicant has grievances, they arise out of its relationship with the Corporate Debtor and not with the Financial Creditor. Such grievances can be addressed, if necessary, only after admission of the Section 7 petition and through separate legal proceedings. Hence, the intervention application is premature.



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4. **Written Submissions by the Applicant**

4.1 The Housing Board/Applicant reiterated the facts in the Application and in I.A No. 317 of 2025 highlighting certain terms of the Development Agreement, Supplementary Agreement and Power of Attorney.

4.2 Further, the Housing Board/Applicant stated that the Financial Creditor instituted the Company Petition showing entire Ac. 50.00 gts that was entrusted for development out of which even by the date of alleged agreement entered with the Corporate Debtor and only Ac. 8.008 extent is unutilized. The Housing Board/Applicant relied on the Judgements of the Hon'ble Supreme Court in ***re, Ramesh Hiranand Kundanmal vs. Municipal Corporation of Greater Bombay, 1992 SCR (2) 1, Suraj Lamp vs. State of Haryana, (2012) 1 Supreme Court Cases 656, Beacon Trusteeship Ltd. vs. Earthcon Infracon Pvt. Ltd., 2020 SCC Online SC 1233 and Embassy Property Development Pvt. Ltd. vs. State of Karnataka, 2019 SCC Online SC 1542.***

5. **Written Submissions by the Respondent No. 1**

5.1 The Financial Creditor/Respondent reiterated the contentions made in the counter relating to the scope of section 7 of the IBC and dominis litis principle. Further, the Respondent No. 1/Financial Creditor placed reliance on the Judgement of the Hon'ble Supreme Court in ***Elegna Co-Op. Housing and Commercial Society vs. Edelweiss Asset Reconstruction Company Limited (2026 SCC OnLine SC 82)*** and decision of the Hon'ble NCLAT in ***Chinna Rao Vs. V. Venkatasivakumar I.A No. 584 of 2022.***



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6. This Authority had granted opportunity to the Respondent No. 2/Ms. Indu Eastern Province Projects Pvt. Ltd. to file its counter. However, in the absence of any representation on its behalf, this Authority, vide Order dated 12.06.2023, proceeded to set the Respondent No. 2 ex-parte. Thereafter, Respondent No. 2 neither filed any application seeking to set aside the ex-parte Order dated 12.06.2023 nor filed its counter in the present matter.
7. We have heard the Counsels of all the parties and perused the entire record.
8. **Findings**
 - 8.1 The erstwhile Andhra Pradesh Housing Board (now Telangana Housing Board/Applicant) entered into a Development Agreement (***Exhibit-1, pages 16 to 58 of the Application***) dated 22.03.2006 with M/s. Indu Projects Limited, the lead member of the Indu Embassy Consortium, for development of land admeasuring Ac. 50.00 guntas situated in Sy. No. 42(P) of Bandlaguda Village and Sy. Nos. 117 & 127/1 of Tatti Annaram Village. The development envisaged construction of villas, residential flats, and commercial spaces, including housing for low-income groups.
 - 8.2 Thereafter, a Power of Attorney (***Exhibit-2, pages 59 to 62 of the Application***) dated 26.02.2008 was executed by the Andhra Pradesh Housing Board (**Housing Board/Applicant**) in favour of M/s. Indu Eastern Province Projects Pvt. Ltd. (**Corporate Debtor/CD**), a Special Purpose Vehicle incorporated for execution of the project at the instance of M/s. Indu Projects Limited. Clause 4 of the said Power of Attorney, governing the raising of finance, stipulates that:



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“4. To raise necessary finance for execution of the scheme for development of the Land by construction of the Project as and how the Company may deem fit and for that purpose with the prior approval of APHB create mortgage or any other lien over the Land and/or the Project in favour of financial institutions and/or Banks and/or other bodies, provided however that the Company shall repay such liabilities at the earliest opportunity and shall at all times keep the APHR saved and harmless against any claim, loss or damages that the APHB may have to face in relation to or arising out of such mortgage.”

8.3 Subsequently, a Supplementary Agreement dated 02.12.2009 was executed between the Housing Board and the Corporate Debtor extending the time for completion of the project until 30.06.2011. The Vigilance & Enforcement Department and the Central Bureau of Investigation (**CBI**) initiated investigations into the affairs of the Corporate Debtor and its holding company, M/s. Indu Projects Limited. Pursuant thereto, Report No. 102 in C.C. No. 26 of 2014 dated 30.05.2014 was submitted to the Government, pointing out various acts of omission and default on the part of the Developer and recommending termination of the Development Agreement, resumption of unutilized land including the school constructed without authorization, and initiation of criminal proceedings.

8.4 The Enforcement Directorate (**ED**) attached unutilized land admeasuring 8.008 acres on the ground that the same constituted proceeds of crime and was involved in offences under the Prevention of Money Laundering Act. Out of the total Ac. 50.00 guntas, the Corporate Debtor had developed approximately Ac. 39.50, leaving Ac. 2.41 earmarked for LIG units and Ac. 8.008 for apartments, villas, and commercial space undeveloped.



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- 8.5 Initially, the Corporate Debtor availed loan of Rs. 75 Crores from HDFC Bank with prior permission of the Housing Board vide letter dated 17.03.2008. It subsequently availed financial assistance from M/s. Indiabulls Housing Finance Limited after duly intimating the Housing Board vide letter dated 25.07.2011.
- 8.6 The Housing Board, vide notice dated 21.04.2015, sought certain clarifications from the Corporate Debtor, which were furnished vide reply dated 26.05.2015. Thereafter, by letter dated 31.10.2015, the Housing Board directed the Corporate Debtor not to proceed with further construction. A further notice dated 08.06.2016 was issued proposing termination of the Development Agreement. The Corporate Debtor, by letter dated 30.06.2016, refuted the allegations and contended that the project had been substantially implemented and that any delay in a minor portion of the project was attributable to non-fulfilment of reciprocal obligations by the Housing Board.
- 8.7 In these circumstances, the Corporate Debtor filed W.P. No. 22032 of 2016 before the Hon'ble High Court challenging the notice dated 08.06.2016. By order dated 20.09.2016, the Hon'ble High Court directed the Housing Board to consider the representation of the Corporate Debtor. The Corporate Debtor also addressed representations to the Principal Secretary, Housing Department, Government of Telangana, seeking a meeting with the Cabinet Sub-Committee and submitted a proposal dated 10.10.2016 for resolution of disputes, extension of time for completion of the project, and resumption of registrations in favour of third parties.
- 8.8 Pursuant thereto, the Corporate Debtor was called upon to attend a meeting on 11.11.2016. After the meeting, the Housing Board sought



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revised plans, implementation schedule, loan particulars, and details of collateral security for consideration by the Cabinet Sub-Committee. The Corporate Debtor furnished the requisite information vide letters dated 23.11.2016 and 14.12.2016.

8.9 According to clause 11 of the Development Agreement, the Corporate Debtor was required to construct LIG units on 5% of the total area and specifications are mentioned thereunder. The Housing Board vide letter dated 24.01.2017 sought item wise specifications to be adopted for construction and development of LIG units. The Housing Board vide letter dated 30.01.2017 addressed to GHMC sought the approval of the drawings for LIG portions under a copy to the Corporate Debtor. The Corporate Debtor vide letter dated 06.05.2017 addressed to the State Level Environmental Impact Assessment Authority which examined the proposal for residential apartments (LIG) construction and prior environmental clearance was accorded to the project. The Corporate Debtor also informed the Housing Board vide letter dated 15.09.2017 the project has been registered under the RERA, Telangana and sought for the extension of time for the completion of the project as the last extension had expired in 2011 and the project was required to registered under RERA.

8.10 In the interregnum, the Corporate Debtor entered into a Construction and Marketing Agreement dated 19.06.2017 (***Annexure-4 of C.P. (IB) No. 290/7/HDB/2022***) with M/s. Koncept Nirman Private Limited (***Financial Creditor/Respondent No.1***), pursuant to which an amount of Rs. 31 crores was paid as Performance Guarantee.

8.11 The Housing Board, by letter dated 17.11.2017, sought certain details relating to total amount of VAT, registration charges, worker cess paid, detailed statement of payments made to the concerned departments,



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information on loan of Rs. 124 Crores secured by the Corporate Debtor by mortgaging the land. The Corporate Debtor vide letter dated 30.11.2017, informed the Housing Board that Rs. 124 Crores was availed from M/s. India Bulls Finance Services Limited and out of it, an amount of Rs. 70 Crores was sanctioned in the year 2011 and was repaid in the year 2013 while the remaining Rs. 54 Crores was sanctioned in the year 2013 and repaid the same in full by 30.09.2017. M/s. Indian Bulls Limited thereafter issued a no objection certificate in favour of the Corporate Debtor on 23.01.2019 and 08.05.2019.

8.12 The Corporate Debtor vide letter dated 24.01.2018 addressed a letter to GHMC submitting revised drawings pertaining to the LIG residential apartments and requested that the same be approved at the earliest. Subsequently, vide letter dated 25.06.2018, the Corporate Debtor once again pursued the matter with GHMC seeking approval of the revised drawings of the LIG residential apartments. Thereafter, vide letter dated 31.12.2018, the Corporate Debtor requested the Housing Board to intervene and take up the matter with GHMC to facilitate expeditious approval.

8.13 Thereafter, the Housing Board issued proceedings dated 28.02.2019 (***Exhibit 5 & 6 of the Application at page 81 to 88***) terminating the Development Agreement dated 22.03.2006 and directing the Corporate Debtor to hand over the unused/undeveloped land to the Housing Board. On the very same day, the Housing Board issued a separate communication imposing certain conditions for concluding a Supplementary Development Agreement and for resuming registration of units in favour of the purchasers.

8.14 Consequently, the Corporate Debtor instituted Arbitration Case No. 68 of 2019 before the Hon'ble High Court of Telangana. The Hon'ble High



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Court vide order dated 09.06.2020, Hon'ble Justice G.V. Seethapathy (Retd.) was appointed as Arbitrator on behalf of the Telangana Housing Board, and Hon'ble Justice K.C. Bhanu (Retd.) was nominated by the Corporate Debtor. The said Arbitrators appointed Hon'ble Justice P. Venkatrama Reddy (Retd.), formerly of the Supreme Court of India, as the Presiding Arbitrator. The duly constituted Arbitral Tribunal rendered its Award on 31.07.2024.

8.15 In the said Award, Issue No. 8(a) was framed as follows:

“whether the notice dated 28.02.2019 as regards the termination of development agreement and seeking to resume the undeveloped land of 8 acres in invalid and unjustified, as contended by the Claimant?”

The Arbitral Tribunal held:

“311. In view of the Findings recorded above under issue No. 7 that the Claimant has committed several acts which constituted events of default in terms of Clause 17.1.1 of the development agreement Ex.C-3, the Respondent is certainly entitled to terminate the said agreement in the light of Clause 17.1.3. The notice Ex.R-22-A dated 28.02.2019 issued by the Respondent duly terminating the development agreement to the extent of 8.008 acres and seeking to resume the said undeveloped land cannot, therefore, be questioned by the Claimant in the face of events of default committed by the Claimant and more particularly in view of the attachment of the said land by the Enforcement Directorate. The issue is answered accordingly.”

8.16 Further, Issue No. 10 was framed as follows:

“whether the Claimant is entitled to seek for declaration that it is entitled to the subject land as absolute owner?”

The Arbitral Tribunal held:



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“319. In these circumstances and for the reasons stated supra, the Claimant cannot under any circumstances lay any claim of ownership over any part of the subject land nor can they resist the resumption of 8.008 acres of land by the Respondent from out of the subject land which resumption has, in fact, been effectuated by duly terminating the contract to that extent. A letter to the Joint Director of Enforcement Directorate to release the said land in favour of the Respondent has also been addressed.”

8.17 The Arbitral Tribunal further held that the Housing Board is liable to pay a total sum of Rs. 32,88,88,496/-, and that the Corporate Debtor is liable to pay a total sum of Rs. 26,86,51,792/-. Pursuant to the adjudication by the Arbitral Tribunal, possession of 8.008 acres was handed over and resumed under a Panchanama dated 29.11.2024 (Exhibit-3 of I.A No. 317 of 2025 at page 433 to 447). Thereafter, the Corporate Debtor filed C.O.P. No. 165/2024 before the Commercial Court, Hyderabad, challenging the Award of the Arbitral Tribunal. The Housing Board has also filed C.O.P. No. 14/2025 challenging the admission of select claims of the Corporate Debtor.

8.18 It is not in dispute that the land admeasuring Ac. 50.00 guntas situated at Bandlaguda and Tatti Annaram belongs to the Telangana Housing Board and that the Corporate Debtor was merely a Developer under the Development Agreement. The Power of Attorney executed in favour of the Corporate Debtor expressly stipulates that any mortgage or creation of charge over the land or project could be undertaken only with the prior approval of the Housing Board and subject to safeguarding its interests. The Arbitral Tribunal, in its Award dated 31.07.2024, has categorically held that the Corporate Debtor has no



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ownership rights over the subject land and that the termination dated 28.02.2019 to the extent of 8.008 acres is valid and justified.

8.19 From the findings of the Arbitral Tribunal, particularly under Issue Nos. 8(a) and 10, it is evident that the title in respect of the project land vests exclusively with the Telangana Housing Board and that the Corporate Debtor/ M/s. Indu Eastern Province Projects Pvt. Ltd. cannot claim any proprietary right over the same. The resumption of 8.008 acres by the Housing Board pursuant to the termination has also been effectuated and recorded under Panchanama dated 29.11.2024. The said award, though under challenge before the Commercial Court, continues to be in operation as on date.

8.20 In the aforesaid background, it is clear that the Applicant/Telangana Housing Board is admittedly not a party to the Construction and Marketing Agreement dated 19.06.2017, which forms the basis of the claim of the Financial Creditor in the Section 7 Petition. The Applicant seeks impleadment in C.P. (IB) No. 290/7/HDB/2022 contending that the said agreement entered into between M/s. Indu Eastern Province Projects Pvt. Ltd. and M/s. Konzept Nirman Pvt. Ltd. (Respondent No. 1) is illegal, void ab initio and in violation of the Development Agreement, and that the Corporate Debtor had no authority to create or assign any rights in respect of the project land without the consent of the Housing Board.

8.21 In this regard, it is the settled position of law that in a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016, the scope of enquiry of this Adjudicating Authority is limited to examining (i) whether there exists a financial debt, and (ii) whether a default has occurred in respect of such debt. The Hon'ble Supreme Court in



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Innoventive Industries Ltd. v. ICICI Bank (2017) ibclaw.in 02 SC
has held:

“It is at the stage of Section 7(5), where the adjudicating authority is to be satisfied that a default has occurred, that the corporate debtor is entitled to point out that a default has not occurred in the sense that the “debt”, which may also include a disputed claim, is not due. A debt may not be due if it is not payable in law or in fact. The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete, in which case it may give notice to the applicant to rectify the defect within 7 days of receipt of a notice from the adjudicating authority. Under sub-section (7), the adjudicating authority shall then communicate the order passed to the financial creditor and corporate debtor within 7 days of admission or rejection of such application, as the case may be.”

8.22 In view of the law as explained above, the issues raised by the Applicant/Telangana Housing Board relating to the legality of the Construction and Marketing Agreement, alleged violation of the Development Agreement, and the authority of the Corporate Debtor/ M/s. Indu Eastern Province Projects Pvt. Ltd. to enter into such transactions involve contractual disputes which do not fall for determination in the limited enquiry contemplated under Section 7 of the Insolvency and Bankruptcy Code, 2016.

8.23 Further, the Applicant/Telangana Housing Board has also failed to establish that it would be put to any loss, legal prejudice, or irreparable injury if it is not impleaded as a party to the present proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 and if its objections are not independently heard at the pre-admission stage. No



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material has been placed on record to demonstrate that its proprietary or contractual rights would stand extinguished or adversely affected merely by adjudication of the limited issues of existence of financial debt and occurrence of default between the Financial Creditor and the Corporate Debtor. In the absence of such demonstrable prejudice, the Applicant cannot claim a right of impleadment.

8.24 Above all, the proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 do not ordinarily contemplate impleadment of third parties at the pre-admission stage. In such proceedings, the Financial Creditor and the Corporate Debtor constitute the necessary parties, unless the presence of a third party is indispensable for determining the existence of financial debt and occurrence of default.

8.25 In view of the foregoing discussion, we are of the considered opinion that the Applicant/Telangana Housing Board is not a necessary party and without its impleadment the dispute under Section 7 of the Insolvency and Bankruptcy Code, 2016 can be effectively decided.

Accordingly, the present Application seeking impleadment as Respondent in C.P. (IB) No. 290/7/HDB/2022 is **dismissed** and disposed of.

Sd/-

SANJAY PURI

MEMBER (TECHNICAL)

Sd/-

RAJEEV BHARDWAJ

MEMBER (JUDICIAL)



S.No.5

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
09.03.2026 AT 10:30 A.M.**

**Company Petition IB/290/7/HDB/2022
U/s 7 of IBC**

**IN THE MATTER OF:
Koncept Nirman Pvt Ltd**

...Petitioner

AND

Indu Eastern Province Projects Pvt Ltd

...Respondent

C O R A M:-

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

O R D E R

Company Petition IB/290/2022

Present: Ms. Aanchal, Ld. Counsel for the Petitioner.
Mr. Ashwin, Ld. Counsel for the Respondent.

At the request of the Ld. Counsel for the Petitioner, **matter is adjourned to
19.05.2026.**

**Sd/-
MEMBER (T)**

**Sd/-
MEMBER (J)**