



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

**I.A. No.2479 of 2023
In
CP(IB) No. 248/Chd/Chd/2019
(Admitted)**

*[Application under section 60(5) of
the Insolvency and Bankruptcy
Code, 2016 R/w Rule 11 of the
National Company Law Tribunal
Rules, 2016]*

IN THE MATTER OF I.A. No.2479 of 2023:

1. Sandeep Kumar
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2. Poonam Nirankari
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...Applicants

VERSUS

M/s Chandigarh Overseas Pvt. Ltd.
Through its RP, Mr. Mohit Chawla
Address: SCO 26, Shri Balaji Complex, Old Ambala Road,
Himmatgarh, Dhakauli, Sub Tehsil Zirakpur,
Sahibzada Ajit Singh Nagar, Punjab ,140603
Reg. No. IBBI/IPA-001/IP-P00524/2017-2018/10949
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...Respondents

**AND IN THE MAIN MATTER OF CP(IB) No. 248/Chd/Chd/2019
(Admitted):**

KONE ELEVATOR INDIA PVT. LTD.

... Petitioner/Operational Creditor

VERSUS

CHANDIGARH OVERSEAS PRIVATE LIMITED

...Respondent/Corporate Debtor

Order delivered on: 05.06.2026

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

Present:

For the Applicant : Mr. Anand Chhibbar, Senior Advocate
Mr. Ashwani Sharma, Advocate
Ms. Swati Vashisth, Advocate

For the RP : Mr. Atul V. Sood, Advocate
Mr. Rohan Sood, Advocate
Mr. Arora Vishwas Kumar, Advocate

ORDER

1. The present Application has been filed by the Applicants, namely Sandeep Kumar, Poonam Nirankari and Naveen Bansal, under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("Code"), read with Rule 11 of the National Company Law Tribunal Rules, 2016, for, inter alia, seeking:

“(i) A direction to the Resolution Professional to exclude the land parcel situated at Village Lakhnour, Sector-90, Mohali, admeasuring 15 Kanal 16 Marla comprised in Khasra Nos. 13//6/1(4-18), 6/2(3-2) and



7(7-16) as per Jamabandi 1998-99 ("Subject Land"), from the inventory of assets of the Corporate Debtor, the Information Memorandum and the Resolution Plan, till the decision of the civil suit pending between the Applicants and the Corporate Debtor before the Ld. Civil Courts at Mohali;"

BRIEF FACTS

2. The brief facts of the case, as stated by the Applicants, are summarised as follows:

(i) The Corporate Debtor was incorporated on 22.04.2004, under the erstwhile Companies Act, having its registered office at S.C.O. 196-197, 4th Floor (Top Floor), Sector 34-A, Chandigarh - 160022, with the main object of developing a real estate project styled "Industrial Knowledge (Fashion Technology) Park" ("Project") on 13.75 acres of land at Sector-90, Mohali, SAS Nagar, Punjab. The Government of Punjab issued an Eligibility Certificate dated 18.01.2005 under the Industrial Policy 2003. Subsequently, vide Notification dated 04.02.2005, the Department of Housing and Urban Development granted a Change of Land Use (CLU) for the 13.75-acre land parcel, officially converting its permitted classification from its prior existing use to an "industrial" use.

(ii) In 2004-05, the Corporate Debtor approached the Applicants seeking investment in the Project. Pursuant thereto, the Applicants paid a sum of Rs. 25,00,000/- (Rupees twenty five lakhs only) to the Corporate Debtor vide Agreement to Sell dated 01.01.2005, against which the Corporate Debtor promised delivery of residential flats, commercial booths/showrooms and industrial plots within six months. In 2006, the Corporate Debtor took additional investment of Rs. 10,62,500/- from the



Applicants on the same terms. Despite the passage of over 42 months, no meaningful construction was undertaken.

(iii) The Applicants thereafter sought a refund of their investment along with applicable interest. The Corporate Debtor, instead of refunding, offered to execute a Sale Agreement (Full and Final) in respect of the Subject Land measuring 15 Kanal 16 Marla in favour of the Applicants, with a request that registration of the sale deed be deferred till completion of the Project, for which a further period of 5 years was sought (i.e., till 31.07.2013). It was agreed that, in the event of a breach of this condition, the Applicants would be at liberty to have the sale deed independently registered. Accordingly, a Sale Agreement (Full and Final) dated 21.07.2008 was executed at Chandigarh, whereunder the Corporate Debtor transferred rights, title and interest in the Subject Land in favour of the Applicants, delivered physical possession thereof, and received the full and final sale consideration of Rs. 35,62,500/-.

(iv) The Corporate Debtor failed to honour its commitment and did not execute the registered sale deed even after 31.07.2013. The Applicants issued legal notices dated 06.10.2014 and 12.11.2015 calling upon the Corporate Debtor to appear before the Sub-Registrar for registration, but the Corporate Debtor failed to comply on both occasions.

(v) The Applicants being left with no alternative, filed Civil Suit bearing CS-75-2016 before the Ld. Civil Judge (Senior Division), SAS Nagar, Mohali, seeking specific performance of the Sale Agreement dated 21.07.2008 and permanent injunction against the Corporate Debtor. The



Ld. Civil Court, vide order dated 20.02.2017, granted an ad-interim stay restraining/directing the Corporate Debtor from alienating or transferring the Subject Land in favour of any other person until the final decision of the suit. The said stay order was duly entered in the revenue record. The suit was subsequently amended to one for specific performance and was at the stage of final arguments when CIRP was initiated.

(vi) The Corporate Debtor was admitted into CIRP vide order dated 27.02.2023 of this Adjudicating Authority and Mr Arvind Kumar was appointed as the Interim Resolution Professional. The RP issued Form-G dated 16.09.2023, inviting Expressions of Interest, in which the Subject Land was included in the asset pool of the Corporate Debtor. Despite multiple legal notices dated 13.07.2023, 08.09.2023, 14.09.2023, and 20.09.2023 by the Applicants to the RP seeking exclusion of the Subject Land from the CIRP in view of the subsisting stay order and the pending civil suit, the RP did not respond substantively. Documents sought by the RP vide email dated 21.09.2023 were duly furnished by the Applicants. Thereafter, at the insistence of the RP, the Applicants filed their claim in Form-F on 14.10.2023, specifically seeking exclusion of the Subject Land and execution of the sale deed.

(vii) The RP, however, admitted the Applicants' claim at a nominal value of Re. 1/- and proceeded to include the Subject Land in the Information Memorandum ("IM") and the Resolution Plan. Aggrieved thereby, the present Application has been filed.



3. The Reply has been filed on behalf of the Resolution Professional opposing the Application, the contents of which are summarised as under:

(i) The Corporate Debtor was incorporated on 22.04.2004 and acquired 13.76 acres of land at Sector-90, Mohali for the development of the Fashion Technology Park. The Project was approved in three categories: Industrial (60%), Residential (30%) and Commercial (10%) and was registered with RERA, Punjab, on 17.10.2017 as a mixed-use project. The Corporate Debtor's Audited Balance Sheet as on 31.03.2023 reflects Work-in-Progress of Rs. 63,38,39,134.95. The residential blocks are in a depleted condition, and the commercial construction is not as per the approved plan. The RP has received claims from 292 Financial Creditors in a Class (home buyers). The entire 13.75 acres constitutes an integrated, contiguous and gated project land, and no portion of it can be lawfully sold contrary to the layout plan. The resolution of the Corporate Debtor is possible only if the entirety of the project land is protected.

(ii) The Applicants have not approached this Tribunal with clean hands and have concealed and misrepresented material facts.

(iii) The Agreement to Sell dated 01.01.2005 does not describe any specific property.

(iv) Admittedly, no sale deed has been executed or registered under the Registration Act, 1908, and the title of the Subject Land as per the records of the Corporate Debtor as well as the Sub-Registrar vests with the Corporate Debtor as on the date. Reliance is placed on Sections 17 and 49 of the Registration Act, 1908, to submit that an unregistered



document cannot affect immovable property or be received as evidence of a transaction affecting such property. The Applicants, at best, can only file a claim before the RP in accordance with the provisions of the Code.

(v) The Agreement to Sell dated 21.07.2008 itself contemplates compensation to the Applicants in case of non-transfer of the land. The Applicants' remedy is, therefore, monetary and not proprietary.

(vi) Upon admission of the Corporate Debtor into CIRP, by virtue of Section 238 of the Code, all claims have to be dealt with exclusively under the provisions of the Code, which overrides any other law or instrument.

(vii) The project land is gated and the RP is in physical possession of the entire 13.75 acres with security personnel deployed. The Applicants' claim of physical possession since 2008 is denied.

(viii) The RP has collated the claim and as per the books of accounts of the Corporate Debtor, a sum of Rs. 6,80,000/- is due from the Applicants to the Corporate Debtor. Since the matter pertaining to the alleged Agreements is sub judice, no monetary value for the claim can be ascribed under the Code. Accordingly, the claim filed in Form-F has been admitted at Rs. 1/-, rendering the present petition infructuous. The acceptance of the claim vide email dated 31.10.2023 and the ledger account are annexed as Annexures R-5 and R-6.

(ix) The Application is liable to be dismissed on the ground of non-joinder of necessary parties.

(x) On merits, it is submitted that the title of the Subject Land indisputably stands in the name of the Corporate Debtor and has not



passed to the Applicants. Reliance is placed on the judgment of the Hon'ble Supreme Court in Committee of Creditors of ***Essar Steel India Ltd. v. Satish Kumar Gupta & Ors., (2020) 8 SCC 531*** ("Essar Steel"), wherein it has been held that upon admission of a corporate debtor into CIRP, all claims must be decided by the RP and the approval of a Resolution Plan constitutes a clean slate, extinguishing all claims not forming part thereof. The judgment of the Hon'ble NCLT Ahmedabad Bench in ***Satish Kumar Aggarwal RP of Essar Steels India Ltd. v. Odisha Slurry Pipeline Infrastructure Limited, IA-419/2017***, relied upon by the Applicants, has been set aside by the Hon'ble Supreme Court in ***Essar Steel (supra)***. Reliance is also placed on ***Ghanashyam Mishra & Sons Pvt. Ltd. v. Edelweiss Asset Reconstruction Co. Ltd., (2021) 9 SCC 657***, for the doctrine of clean slate.

4. The Rejoinder has been filed on behalf of the Applicants to the Reply filed by the Resolution Professional, the contents whereof are summarised as under:

(i) The Applicants are in possession of the Subject Land admeasuring 15 Kanal 16 Marla in view of the part performance of the contract dated 21.07.2008 and the title rights are pending for final arguments before the Ld. Addl. Civil Judge (Sr. Division), Mohali.

(ii) The Applicants have approached this Tribunal with clean hands seeking indulgence in order to safeguard their rights regarding the Subject Land, which is owned and possessed by them, wherein only part performance of the sale agreement i.e., the due execution of the



conveyance deed, is pending, for which the suit for specific performance is already sub-judice before the Ld. Civil Court at Mohali.

(iii) The Applicants have relied upon the Sale Agreement dated 21.07.2008, wherein the full and specific description of the property in question is duly mentioned. The averments of the Respondent in this regard are evasive, misleading and contrary to the actual facts.

(iv) The Corporate Debtor itself failed to get the Sale Agreement registered despite having expressly waived its right to object in the very same Sale Agreement dated 21.07.2008. The Applicants were therefore constrained to approach the Ld. Civil Court at Mohali. The reliance placed by the Respondent on Section 17 of the Registration Act is highly misplaced since under the Agreement of Sale, the entire sale consideration stands received and physical possession stands transferred in favour of the Applicants, and only registration of the sale deed is pending at the end of the Corporate Debtor.

(v) A bare perusal of the Sale Agreement dated 21.07.2008 would reveal that the said Agreement provides for transfer of the specific 15 Kanal 16 Marla land parcel to the Applicants in the event the Corporate Debtor fails to complete the project within the time stipulated therein. Since the Corporate Debtor admittedly failed to complete the project, physical possession of the aforesaid land parcel was handed over to the Applicants in terms of the Sale Agreement dated 21.07.2008, which act has attained finality between the parties. The only issue pending before the Ld. Civil



Court is the specific performance of the Sale Agreement for registration of the sale deed.

(vi) Section 238 of the Code cannot affect the pendency of the civil suit in view of Section 18(f)(vi) of the Code, which limits the RP's power to take custody to assets subject to ownership determination by a court or authority. This case falls squarely within that exception.

(vii) It is specifically denied that the Respondent/RP is in physical possession of the entire project land and especially the Subject Land. It is submitted that the Applicants are in physical possession of the Subject Land with effect from July 2013 as duly envisaged in the Sale Agreement dated 21.07.2008, and the Applicants are the possessory title holders in view of Section 53A of the Transfer of Property Act, 1882.

(viii) It is submitted that the RP has acted beyond its jurisdiction in deciding the claim of the Applicants and the ledger account relied upon by the Corporate Debtor is totally incorrect and manipulated by making fictitious journal entries after the legal notice dated 06.10.2014. The Applicants have paid a net amount of Rs. 74,95,000/- to the Corporate Debtor, the details of which are annexed as Annexure A-13.

(ix) The claim admitted at Re. 1/- is arbitrary, illegal and without any basis. The Subject Land (15 Kanal 16 Marla / 9559 Sq. Yds.) has a value of Rs. 71.69 Crore as per the prevalent Commercial Circle Rate/Collector Rate. The claim of the Applicants is not res integra for the RP to decide since the RP has no jurisdiction to adjudicate ownership or possession rights over property whose title is sub-judice before the Civil Court.



Neither the RP nor the CoC has power to decide what is, at its core, a civil property dispute pending adjudication before a court of competent jurisdiction.

(x) The judgments of the Hon'ble Supreme Court in the matter of **Essar Steel** and **Ghanashyam Mishra** relied upon by the Respondent are distinguishable, as those decisions deal with distribution of claims after a resolution plan is approved and not with ownership disputes over property sub-judice before civil courts at the pre-resolution stage. Reliance is placed on **SICOM Ltd. v. Kitply Industries Ltd., (2023) ibclaw.in 236 NCLAT**, for the proposition that NCLT and Hon'ble NCLAT have no jurisdiction to interpret contracts executed long before CIRP.

5. Both sides filed their Written Submissions. It is noted that by this stage, a Resolution Plan has been approved by the Committee of Creditors under Section 30(4) of the Code on 19.03.2024 and is pending approval of this Adjudicating Authority. The Applicants have also filed **IA No. 1819/2024** seeking disclosure of the relevant portion of the Resolution Plan pertaining to how the pending civil suit CS-75-2016 has been addressed by the Successful Resolution Applicant ("SRA"). The following additional submissions were made by both sides.

On behalf of the Applicants:

(i) It is submitted that challenges to sale deeds or objections relating to the transfer of property prior to the initiation of CIRP do not fall within the scope of IBC proceedings, and the Applicants' civil suit must be allowed to proceed to its final outcome. Reliance is placed on the recent judgment of



the Co-ordinate Bench of this Tribunal in **Jasmeet Singh Marwah v. Nuway Organic Naturals India Ltd.**, IA(I.B.C.)/2626(CH)2024 and IA(I.B.C.)/1290(CH)2025 in CP(IB) No. 517/Chd/Pb/2019, decided on 19.02.2026 ("Jasmeet Marwah").

(ii) It is submitted that the RP acted mischievously in admitting the claim at Re. 1/- since the Form-F claim was not a money claim but a claim for exclusion of land and execution of sale deed, and no bank account details were furnished. The property has a market value of Rs. 71.69 Crore at the Circle Rate. Reliance is placed on the case of **Fourth Dimension Solutions Ltd. v. Ricoh India Ltd. & Ors., (2022) ibclaw.in 06 SC**, to submit that the RP cannot put the claim as "NIL" and pending proceedings must be decided on their own merits before the relevant forum.

(iii) It is submitted that the Resolution Applicant takes only those rights which were possessed by the Corporate Debtor and various pending proceedings shall be decided in accordance with law unhindered by the approval of the Resolution Plan. Reliance is placed on the Board of **Trustees for Syama Prasad Mookerjee Port v. Sanjai Kumar Gupta & Ors., Company Appeal (AT)(Insolvency) No. 1009 of 2023.**

(iv) It is submitted that the RP's power under Section 18(1)(f) of the Code to take control of assets is subject to the determination of ownership by a court or authority. Reliance is placed on the case of **Embassy Property Developments Pvt. Ltd. v. State of Karnataka, (2019) SCC OnLine SC**



**1542, and *Kolkata Municipal Corporation v. Union of India,*
2021(220) AIC 595.**

(v) It is further submitted that the civil suit for specific performance filed on 05.02.2016 is not being heard due to the moratorium. The Applicants also draw attention to the fact that in IA No. 1819/2024, the relevant portion of the Resolution Plan addressing the treatment of the pending Mohali civil suit has not been disclosed, and appropriate directions are sought in that regard as well.

On behalf of the Respondent/RP:

(i) It is submitted that the Corporate Debtor is the absolute owner of the 13.75-acre project land, which is currently wall-fenced, gated and under the exclusive custody and control of the RP. Admittedly, no registered sale deed exists in favour of the Applicants and therefore, as per the Registration Act, 1908, no title has passed to them, and the CD remains the legal owner. Reliance is placed on ***Suraj Lamp & Industries Pvt. Ltd. v. State of Haryana & Anr., (2012) 1 SCC 656***, for the proposition that immovable property can be legally transferred only by a registered deed of conveyance.

(ii) It is submitted that the Sale Agreement dated 21.07.2008 in Clause 2 itself acknowledges that the CLU approval has been granted for the entire 13.74375-acre project, and removing any portion thereof would lead to cancellation of the entire project approval. Further, Clause 8 of the Agreement recognises that in case the sale deed cannot be executed due to any technical reason, legal objection, inconsistency or statutory act,



the Applicants will be entitled only to damages and no absolute right vests in the Applicants.

(iii) It is submitted that the Applicants have submitted their claim in Form-F, designating themselves as "Other Creditors," thereby acknowledging that their claim is contingent upon the outcome of the pending civil suit CS-75-2016. No specific monetary value was mentioned in the Form-F. The RP admitted the claim at Re. 1/- in conformity with the judgment of the Hon'ble Supreme Court in **Essar Steel**, which expressly upheld the admission of disputed claims at a notional value. The Applicants have not challenged this admission in the present Application.

(iv) It is submitted that the RP has duly and transparently discharged statutory obligations under Sections 18(1)(f) and 25(2)(a) of the Code by including the Subject Land in the CIRP estate and the IM, disclosing therein the full details of the pending civil suit CS-75-2016 and the interim stay order dated 20.02.2017. The SRA submitted its Resolution Plan, having conducted independent due diligence on the basis of the Information memorandum, with full knowledge of the pending litigation and has undertaken to pursue and continue the same subject to its outcome.

(v) It is submitted that the prayer for exclusion is contrary to Section 31 of the Code which mandates that the Resolution Plan is binding on all stakeholders. A successful Resolution Applicant cannot be faced with "hydra-headed" undecided claims after the plan is approved. All claims



must be submitted to and decided by the RP. Reliance is placed on ***Essar Steel, Ghanashyam Mishra v. Edelweiss, (2021) ibclaw.in 54 SC, Electrosteel Steel Ltd. v. Ispat Carrier Pvt. Ltd., (2025) ibclaw.in 135 SC, Arun Kumar Jagatramka v. Jindal Steel and Power Ltd., (2021) ibclaw.in 46 SC***, and ***Vaibhav Goel and Anr. v. DCIT and Anr., (2025) ibclaw.in 90 SC***.

(vi) It is submitted that the Subject Land is part of an integrated 13.75-acre project with a unified CLU and RERA registration. Fragmenting the project land by excluding the Subject Land would cause demonstrable value leakage, jeopardise regulatory approvals and prejudice the interests of 292 home buyers who are financial creditors in the CIRP.

(vii) It is submitted that Section 238 of the Code contains an overriding non-obstante clause granting the Code primacy over all other laws, and the CIRP must remain a self-contained and efficient mechanism. Permitting external civil proceedings to dictate the terms of the CIRP would collapse the statutory timelines and defeat the collective nature of the insolvency process.

(viii) It is submitted that even a decree for specific performance of a property sale has to be valued by the RP as a "claim" under the Code. Since the Applicants do not even have a decree, only a pending suit, their claim, having been filed and admitted at Re. 1/-, stands fully dealt with under the Code.



6. We have heard at length the learned counsels for both sides and have carefully perused the material placed on record.

Issues

7. Having heard the learned counsels for both sides at length and having perused the documents placed on record carefully, the following issues arise for consideration:

(i) Whether this Adjudicating Authority has jurisdiction to grant the relief of exclusion of the Subject Land from the CIRP estate, and whether, in the facts and circumstances of the present case, such relief can be granted at a stage when the question of title and specific performance in respect of the Subject Land is sub-judice before the Ld. Civil Court at Mohali and the Resolution Plan has already been approved by the Committee of Creditors under Section 30(5) of the Code and is pending approval of this Adjudicating Authority.

ii) Whether the admission of the Applicants' claim at a notional value of Re. 1/- (rupee one only) was legally valid?

Analysis and Findings

8. The main question that falls for our consideration is whether this Adjudicating Authority, exercising jurisdiction under Section 60(5) of the Code, can adjudicate upon the Applicants' prayer for exclusion of the Subject Land from the CIRP estate, given that the underlying question of title and the right to specific performance of the Sale Agreement dated 21.07.2008 is sub-judice before the Ld. Civil Judge (Senior Division), Mohali in CS-75-2016. It is well settled that this Adjudicating Authority exercises summary jurisdiction under the Code and is not the appropriate forum for



adjudicating complex civil rights, title disputes or suits for specific performance of 'agreements to sell' immovable property. The Hon'ble Supreme Court in ***Embassy Property Developments Pvt. Ltd. v. State of Karnataka, (2019) SCC OnLine SC 1542***, while interpreting Section 18(1)(f)(vi) of the Code, held that the Resolution Professional's power to take control and custody of an asset is itself fundamentally subject to determination of ownership by a court or authority, and that the Corporate Debtor cannot, through the Resolution Professional, bypass the Civil Court's domain to enforce rights that fall outside the purview of the Code. The Hon'ble NCLAT in ***SICOM Ltd. v. Kitply Industries Ltd., (2023) ibclaw.in 236 NCLAT***, it has also categorically held that disputes regarding the breach or execution of an agreement to sell, which arose prior to the initiation of CIRP, can only be adjudicated by the court of competent jurisdiction. In the present case, the rights and obligations arising under the Sale Agreement dated 21.07.2008, including the question of physical possession, part performance, and the entitlement to a registered sale deed, are all matters squarely within the domain of the Ld. Civil Court in CS-75-2016, and this Authority neither can nor ought to usurp that jurisdiction.

9. The Co-ordinate Bench of this Tribunal in ***Jasmeet Singh Marwah v. Nuway Organic Naturals India Ltd.***, disposing of IA(I.B.C.)/2626(CH)2024 and IA(I.B.C.)/1290(CH)2025 in CP(IB) No. 517/Chd/Pb/2019, decided on 19.02.2026, has recently affirmed this position on materially identical facts. In that case, the applicant claimed independent ownership of an immovable



property alleged to be not belonging to the corporate debtor, which was sub-judice before the Hon'ble High Court of Delhi with status quo orders in force, and sought its exclusion from the scope and ambit of the Resolution Plan on the ground that the Resolution Professional had illegally taken symbolic possession of the same. The Co-ordinate Bench, held at Para 13 that the allegations raised by the applicant relating to the disputed sale deed, manipulation of books of accounts, absence of proof of payment, and the wrongful assumption of symbolic possession by the Resolution Professional despite the ownership being sub-judice before the civil court, are matters which undoubtedly require detailed examination of evidence and adjudication by the competent civil court, and are not incidental to the CIRP but relate to the underlying title over immovable property, which is a subject traditionally and statutorily reserved for adjudication by civil courts. The relevant observations are reproduced hereunder:

"...allegations raised by the Applicant, with respect to the disputed sale deed dated 02.12.1998, manipulation of the Corporate Debtor's books of accounts and balance sheets, absence of proof of payment or original title documents, and the wrongful assumption of symbolic possession by the Resolution Professional despite the ownership being sub-judice before the Hon'ble High Court of Delhi, are matters which undoubtedly require detailed examination of evidence and adjudication by the competent civil court. These issues are not incidental to the CIRP but relate to the underlying title over immovable property, which is a subject traditionally and statutorily reserved for adjudication by civil courts."

10. The Co-ordinate Bench further relied upon the judgment of the Hon'ble NCLAT in **SICOM Ltd. & Anr. v. Kitply Industries Ltd., (2023) ibclaw.in 236 NCLAT CA (AT)(INS) 849/2021**, and held at Para 16 that the challenges to sale deeds, allegations of fraud in execution, or objections relating to transfer of property prior to the initiation of CIRP do not fall



within the scope of IBC proceedings. The relevant observations are reproduced hereunder:

"The Hon'ble NCLAT has categorically held that challenges to sale deeds, allegations of fraud in execution, or objections relating to transfer of property prior to the initiation of CIRP do not fall within the scope of proceedings under the Insolvency and Bankruptcy Code, 2016. The ratio of the said judgment applies with full force to the facts of the present case."

11. Critically, the Co-ordinate Bench at Para 17 dismissed the exclusion prayer, holding that the Adjudicating Authority cannot grant the relief of exclusion as sought, particularly when the Resolution Plan itself duly records the pendency of the civil litigation and the Successful Resolution Applicant has undertaken to pursue the same and abide by its final outcome, thereby safeguarding the applicant's interest and leaving the rights of the parties to be determined by the competent civil court. The relevant observations are reproduced hereunder:

"This Adjudicating Authority cannot grant the relief of exclusion as sought, particularly when the Resolution Plan itself duly records the pendency of the civil litigation and the Successful Resolution Applicant has undertaken to pursue the same and abide by its final outcome, thereby safeguarding the Applicant's interest and leaving the rights of the parties to be determined by the competent civil court. It is further noted that upon approval of the Resolution Plan by this Adjudicating Authority, the management and control of the Corporate Debtor shall vest in the Successful Resolution Applicant, who has undertaken to pursue and continue the pending litigation concerning the said disputed property and to abide by its ultimate outcome."

12. We now turn to the question of whether, in the facts and circumstances of the present case, the relief of exclusion of the Subject Land from the CIRP estate can be granted at a stage when the CoC has already approved the Resolution Plan under Section 30(5) of the Code and the same is pending approval of this Adjudicating Authority. In this regard, it is



pertinent to note that vide order dated 27.04.2026, this Adjudicating Authority directed the learned counsel for the RP to submit to the Court Officer, in a sealed cover, the relevant extracts of the Information Memorandum disclosing the details with respect to the Subject Land and the civil suit filed in that regard. In compliance of the said order, the RP placed on record the relevant extracts of the IM, which establish that the pendency of the civil suit CS-75-2016 before the Ld. Civil Judge (Senior Division), Mohali, and the interim stay order dated 20.02.2017 restraining the Corporate Debtor from alienating or transferring the Subject Land, were duly disclosed to the Prospective Resolution Applicants in the IM, who therefore had full knowledge of the disputed status of the Subject Land prior to submitting their resolution plans.

13. Having noted the aforesaid factual position, it is necessary to appreciate that the resolution framework of the Code is a collective and time-bound process, and the grant of such a prayer at this advanced stage would amount to this Authority prejudging the civil suit, a course that would be wholly inconsistent with the summary jurisdiction exercised by this Adjudicating Authority, and would also run counter to the settled principle that questions of title over immovable property are reserved for adjudication by the competent civil court.

14. What is however determinative in the present case is that the SRA, having conducted its independent due diligence on the basis of the IM, submitted the Resolution Plan with full knowledge of the pending litigation, the subsisting stay order, and must therefore be taken to be stepping into



the shoes of the Corporate Debtor with open eyes, insofar as the Subject Land is concerned. This position finds support in the observations of the Hon'ble NCLAT in **Board of Trustees for Syama Prasad Mookerjee Port, Kolkata v. Sanjai Kumar Gupta & Ors., Company Appeal (AT)(Insolvency) No. 1009 of 2023**, wherein it was affirmed that the Resolution Applicant takes only those rights which were possessed by the Corporate Debtor, and that issues pending before civil courts shall proceed and be determined in accordance with law, unhindered by the approval of the Resolution Plan. The observations of the Co-ordinate Bench of the NCLT Mumbai in **Shri Jayesh Krushnakant Parekh v. Orion Resolution and Turnaround Pvt. Ltd., (2026) ibclaw.in 45 NCLT**, are also apposite and are reproduced hereunder:

"11. In the present case, the subject property undeniably originated from the Corporate Debtor and its transfer is under judicial scrutiny. Therefore, the Corporate Debtor continues to have a contingent and disputed interest in the subject property, which warrants disclosure in the Information Memorandum.

12. The Resolution Professional has duly disclosed the disputed status of the subject property along with details of pending litigations. The Resolution Plan itself expressly addresses the consequences of the outcome of such proceedings. Once the Resolution Plan has been approved by the Committee of Creditors and is pending approval before this Tribunal, permitting exclusion of the subject property from the Information Memorandum would unsettle the resolution process.

13. The apprehension of the Applicant that inclusion of the subject property is misleading is unfounded, as complete disclosures have been made and no resolution applicant can claim ignorance of the disputed nature of the asset."

Conclusion

15. In view of the foregoing, the SRA, having submitted the Resolution Plan with full knowledge of the pending civil litigation and the subsisting



stay order as disclosed in the IM, must be taken to be stepping into the shoes of the Corporate Debtor with open eyes insofar as the Subject Land is concerned, and shall accordingly be bound by the final outcome of CS-75-2016 before the Ld. Civil Court at Mohali, which shall proceed unhindered by the approval of the Resolution Plan in the present proceedings.

16. Having observed that this Authority lacks the jurisdiction to adjudicate the underlying ownership dispute, the related question that falls for consideration is whether the RP was correct in admitting the Applicants' claim at a notional value of Re. 1/- (*rupee one only*). It is noted at the outset that the Applicants themselves chose to file their claim in Form-F as "Other Creditors," without specifying any monetary value and without furnishing bank account details, specifically seeking exclusion of the Subject Land and seeking execution of the sale deed. The RP, faced with a claim whose value was entirely contingent upon the outcome of the pending civil suit, admitted the same at a notional value of Re. 1/-. This approach finds direct support in the judgment of the Hon'ble Supreme Court in ***Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta & Ors., (2020) 8 SCC 531***, wherein the Hon'ble Supreme Court, while dealing with an identical situation of disputed claims pending before various authorities, expressly upheld the action of the Resolution Professional in admitting such claims at a notional value. The relevant observations of the Hon'ble Supreme Court at Para 102 are reproduced hereunder:

"102. So far as Dakshin Gujarat Vij Co., State Tax Officer, Gujarat Energy Transmission Corporation Ltd. and Indian Oil Corporation Ltd. are



concerned, the resolution professional admitted the claim of the abovementioned respondents notionally at INR 1 on the ground that there were disputes pending before various authorities in respect of the said amounts. However, the NCLT through its judgment dated 08.03.2019 directed the resolution professional to register the entire claim of the said respondents. The NCLAT in paragraphs 43 and 196 of the impugned judgment upheld the order passed by the NCLT as aforesaid and admitted the claim of the abovementioned respondents. We therefore hold that this part of the impugned judgment deserves to be set aside on the ground that the resolution professional was correct in only admitting the claim at a notional value of INR 1 due to the pendency of disputes with regard to these claims."

17. The Applicants' contention that the claim ought to have been valued at Rs. 71.69 Crore on the basis of the prevalent Circle Rate cannot be accepted, since the value of the claim is entirely dependent upon the outcome of the pending specific performance suit. Until the Civil Court adjudicates upon the rights of the parties, no precise monetary value can be ascribed to the claim under the Code. It is also relevant that the Applicants have not challenged this admission in the present Application, which is confined solely to the prayer for exclusion. We must, however, pause to record one important caveat, i.e., the admission of the claim at Re. 1/- (*rupee one only*) is a procedural necessity within the framework of the Code to ensure the CIRP progresses without being paralysed by unresolved contingent claims, and it does not, and cannot, extinguish the Applicants' substantive rights before the Civil Court.

18. Accordingly, **I.A. No. 2479 of 2023** is ***dismissed and disposed of***.

Sd/-
(SHISHIR AGARWAL)
MEMBER (TECHNICAL)

Yuvraj

Sd/-
(KHETRABASI BISWAL)
MEMBER (JUDICIAL)