

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/VC Mode (Hybrid)]

ITEM No.02

I.A. (Plan) 03/2024, 543/2024 in

C.P. (IB) No.113/BB/2022

IN THE MATTER OF:

M/s. Apartment Buyers Consumer Association ... Petitioner

Vs.

M/s. Dreamz Infra India Limited ... Respondent

Petition under Section 7 of I & B Code, 2016

Order delivered on: 21.05.2026

CORAM:

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

**SHRI RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)**

COUNSELS PRESENT:

The Resolution Professional : Mrs. R. Bhuvaneshwari
For Resolution Professional : Mrs. P. Chithra Nirmala
For Intervenor in I.A.543/24 : Ms. Ragini Bundela

ORDER

1. Heard Ld. Counsel for the parties.
2. **I.A.No.543/2024 is dismissed** vide separate Order.

I.A. (Plan) No.03/2024:

1. Heard Ld. Counsel for the Applicant.

2. Ld. Counsel for the SRA is directed to file an affidavit stating that they are not acting as SRA in any other cases and that they are fully aware of Samhita Project lying attached by the Enforcement Directorate.
3. An application of RP for release of Project is pending consideration before concerned Special Court, dealing with ED matter. Ld. Counsel for the RP shall file a brief note in this behalf.
4. List the case on **12.06.2026 for orders.**

-Sd/-

**RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)**

-Sd/-

**SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)**

Shruthi

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

(Exercising powers of Adjudicating Authority under

The Insolvency and Bankruptcy Code, 2016)

(Through Web-Based Video Conferencing)

IA. No. 543/2024

in

C.P. (IB) No. 113/BB/2022

*(filed under Section 60 (5) of the Insolvency & Bankruptcy Code, 2016
read with Rule 11 of the National Company Law Tribunal Rules, 2016)*

IN THE MATTER OF:

M/s Dreamz GK Investors Welfare Association

No. 207, Prakruthi Enclave, Lakshmi Layout Main Road,

Via - Chikka Begur Gate, Bengaluru – 560068

Represented by its President Jawahar Singh

..... Applicant/ Intervenor

Versus

Ms. Ramanathan Bhuvaneshwari

Resolution Professional for

Dreamz Infra India Limited (Samhita Project),

Having registered address at C-006,

Pioneer Paradise, 24thMain Road,

7thPhase, JP Nagar, Bangalore – 560078

..... Respondent/Resolution Professional

IN THE MAIN MATTER OF:

Apartment Buyer's Consumer Association

No.31, II Main, Gururaja Layout,

Behind Vidyapeeta Temple,

Thyagarajanagar, Bengaluru – 560028

.....Petitioners/Financial Creditor

Versus

Dreamz Infra India Limited (Samhita Project)

577 /B, 2nd Floor, Outer Ring Road,

Teachers Colony, Konnangala,

Bangalore –560034

... Respondent/Corporate Debtor

Order Delivered on: 21.05.2026

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

Parties/Counsels Present:

For the Applicant: Ms. Ragini Bundela
For the Respondent: Ms. Chithra Nirmala

ORDER

1. The present Interlocutory Application has been filed by **M/s Dreamz GK Investors Welfare Association (Intervener Association/Applicant)**, a duly registered Association of depositors/investors under the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004 (KPID Act) represented by its President Jawahar Singh, under Section 60 (5) of the Insolvency & Bankruptcy Code, 2016 read with Rule 11 of the NCLT Rules, 2016 with following prayers:

INTERIM PRAYERS

- a) *Stay the operation of the order dated 24.08.2023 passed in C.P. (IB) No. 113/BB/2022 by this Hon'ble Bench, placed at Annexure-K, until matter in WA No. 1343/2021 connected to WA No. 207/2022 is decided finally by the Hon'ble High Court of Karnataka*

FINAL PRAYERS

- a) *Pass an order impleading the applicant herein as an Intervener in this Company Petition.*
b) *Pass any other order as deemed fit & proper to this Hon'ble Tribunal in the present circumstances of case*
2. The facts narrated in the application, in brief are following:
 - a) The Corporate Debtor had collected huge amounts from thousands of gullible investors/depositors across more than 60 projects, including the Dreamz Samhita Project, by promising delivery of apartments/shops. Several complaints were filed before Police authorities between 2016-2017 leading to CID investigation and filing of charge sheets.

- b) Pursuant to the said complaints, the Government of Karnataka issued Notification No. RD, 17 GRC 2017(P-2) dated 20.06.2019 attaching the properties of the Corporate Debtor, including the Dreamz Samhita Project, under the provisions of the KPID Act, 2004 and a Competent Authority was appointed and Misc. No.2/2020 was initiated before the KPID Special Court and thousands of depositors, including members of the Intervener Association, submitted their claim forms before the Competent Authority in November-December 2020.
- c) This Authority vide order dated 20.08.2019 in C.P. (IB) No. 84/BB/2019 admitted the Corporate Debtor into CIRP but vide order dated 04.09.2020 therein clarified that the CIRP in CP (IB) No.84/BB/2019 was limited only to the Dreamz Sumadhur Project.
- d) On 30.12.2019, competent authority submitted the report of deposit liabilities & assets of the company vide Misc. No. 2/2020 under section 7(1) of the KPID Act 2004 before KPID Special Court. When Misc. No. 2/2020 against the respondent company was pending before the KPID Court, no CIRP-Order was passed by this Tribunal for Dreamz Samhitha project belonging to the said company. In year 2020-21, the Competent Authority initiated total 49 miscellaneous petitions under section 5(2) of the KPID Act 2004 before the KPID Special Court for absolute attachment of the interim attached properties.
- e) The Dreamz Samhita real estate project, was admitted into CIRP on 24.08.2023 based on a separate Section 7 petition filed by Apartment Buyer's Consumer Association representing homebuyers of the project as the earlier CIRP proceedings in CP(IB) 84/BB/2019 was held confined only to Dreamz Sumadhur Project, and Ms. Ramanathan Bhuvaneshwari was appointed as the IRP and later confirmed as RP on 21.11.2023.
- f) Thereafter, the Resolution Professional, keeping in mind the timelines prescribed under the Code, started discussions with Committee of Creditors from the 1st meeting regarding the Resolution of the Corporate Debtor and in its 4th meeting

the resolution plans submitted by Four prospective resolution applicants, namely *Consortium of M/s Noida Holdings Private Limited & Bharat Hitech Builders Private Limited, H. K Kumaraswamy, Nir Nidhi Vyapaar Private Limited* and *Vijay Oswal* were discussed and deliberated in detail and the Resolution Plan submitted by Consortium of ***M/s Noida Holdings Private Limited & Bharat Hitech Builders Private Limited*** was approved with the vote share of 83.05% in its 5th meeting held on 14.02.2024. The Plan has been filed for approval of this Authority vide IA (Plan) 3/2024 on 18.02.2024 under Section 30(6) of the Code.

- g) The Applicant submits that the Hon'ble High Court of Karnataka vide order dated 07.11.2022 in WA No.1343/2021 had passed a stay order against the proceedings, protecting the assets of the Corporate Debtor except Sumadhur Project. However, despite the stay order and pre-existing attachment under KPID Act, the instant petition was admitted on 24.08.2023, which is contrary to law. The attachment under KPID Act had been done much prior to the filing of the instant petition and thus the property belonged to the Karnataka government and not to the Corporate Debtor. Much before the initiation of CIRP, Misc. No. 2/2020 had been initiated against the Corporate Debtor before the KPID Court which was seized of the matter and the properties including Dreams Samhitha project.
- h) The Applicant, therefore submitted that the Petition filed by Apartment Buyer's Consumer Association against the Corporate Debtor is not maintainable and admission order dated 24.08.2023 passed therein is perverse and without any jurisdiction in view of the stay-order dated 07.11.2022 passed in WA No. 1343/2021 & WA No. 207/2022 by division bench of Hon'ble High Court of Karnataka.
3. The Respondent /Resolution Professional, has filed the objections on 17.01.2025 claiming the application to be not maintainable and liable to be dismissed on the following grounds:

- a) **Applicant has no locus:** The Intervener Association and its members are not connected in any manner with the Dreamz Samhita Project. They are seeking to recover advance monies paid in respect of their respective projects from the property and assets pertaining to the purchasers of the Samhita Project. The Intervener has no direct stake or legal right to intervene in a project-specific CIRP concerning an entirely different set of homebuyers. The Application is wholly misconceived and frivolous and is filed only with an intention to extort money and obstruct the resolution process and deserves to be dismissed *in-limine* as the Intervener has no cause of action to file the present Application.
- b) **Order dated 24.08.2023 admitting the Dreamz Samhita Project into CIRP does not violate any of the orders passed by Hon'ble High Court of Karnataka:** The Applicant, with a malafide intention of scuttling the insolvency process, has also alleged violation of orders passed by the Hon'ble High Court of Karnataka .While the Hon'ble High Court vide its order dated 07.11.2022 in W.A. No. 1343/2021 had stayed the order passed by the Hon'ble Single Judge of the High Court that had quashed the miscellaneous proceedings initiated by the Competent Authority under the KPID Act, 2004. It effectively meant that the Competent Authority was permitted to proceed with the investigation relating to gullible homebuyers' complaints who had suffered at the hands of promoters. It was so clarified by Hon'ble High Court of Karnataka in an order passed in WP No 18811/2023 that when the litigants have chosen their forum created under the statutes like the Commercial Court Act, 2015, the Consumer Protection Act, 1986, the Prevention of Money Laundering Act, 2002 and Karnataka Protection of Interest of Depositors in Financial Establishment Act, 2004, it is not permissible for this court to push them all to the KPID Special Court, forcibly. Therefore, there is absolutely no stay in effect which prevented this Authority from admitting the CIRP. There is no embargo under the order dated 07.11.2022 passed in W.A. No. 1343/2021 preventing admission of Section 7 petition for the

Samhita Project. The Hon'ble High Court of Karnataka has permitted proceedings under different statutes including IBC. The admission order dated 24.08.2023 has not been stayed by any superior forum.

- c) **Project-wise Insolvency:** This Authority vide order dated 04.09.2020 in CP (IB) No.84/BB/2019 has already directed project-wise resolution by stating that the original admission order dated 20.08.2019 was limited to Dreamz Sumadhur project only. Therefore, the present CIRP pertains exclusively to the Samhita Project and is squarely covered by the said clarification and the Applicant's attempt to club all projects together is contrary to the order dated 04.09.2020 in CP(IB) No.84/BB/2019.
- d) **Regarding KPID Attachment:** The attachment under KPID Act dated 20.06.2019 and subsequent proceedings were challenged by the erstwhile IRP before the Hon'ble High Court. The Competent Authority's orders were quashed by the Single Judge and the matter is pending in WA No.1343/2021. The interim stay order dated 07.11.2022 does not impose any absolute bar on this Tribunal from admitting a Section 7 application in respect of the Samhita Project and the Hon'ble High Court itself has clarified in WP No.18811/2023 that homebuyers have the prerogative to choose their forum. Further, the stay order dated 07.11.2022 passed by the Hon'ble High Court in the matter of W.A 1343/2021 connected with W.P 7500/2020 and W.A 207/2022 is only against the operation of the order passed in W.P 13477/2020 and not an order of stay upon the CIR process of Dreamz Samhita project in CP (IB) 113/BB/2022. The continuation of CIRP in CP (IB) 113/BB/2022 is not halted until the CIRP is lifted upon Dreamz Samhita Project and the proceedings to be undertaken as per the provisions of KPIDFE Act, shall not be operational, until the CIRP is lifted from the Dreamz Samhita Project. Further, the Hon'ble High Court in WA 207/2020 and W.A 1343/2021, is yet to decide upon the predominance of IBC over KPID

Act which is pending for final hearing. In such scenario, where there is no operational stay on the ongoing CIRP in CP (IB) 113/BB/2022.

- e) **Abuse of Process:** The Intervener is indulging in gross abuse of process of law by filing repetitive applications with the sole intent to stall the resolution of the Samhita Project wherein homebuyers have been waiting for years. Hundreds of genuine homebuyers of the Samhita Project will be severely prejudiced if the present IA is entertained.
 - f) The Resolution Professional has been diligently conducting the CIRP as per the timelines prescribed under the Code, a Resolution Plan has already been approved by the CoC with requisite majority and the same is pending approval before this Authority and any interference at this stage would cause irreparable harm to the stakeholders who are the Homebuyers.
 - g) In light of the foregoing facts, legal findings, and documented contraventions, it has been stated that the Applicant through its actions has caused unnecessary hardship to homebuyers and obstructed the efficient and fair conduct of the CIRP and Respondent/Resolution Professional prayed for dismissal of application filed by the Intervener with exemplary costs.
4. The Applicant has filed his Rejoinder on 27.05.2024 and stated as under: -
- a) **On Locus Standi of the Intervener:** The Respondent's objection regarding Applicant's lack of locus standi is wholly misconceived as the Intervener Association is a registered welfare association of genuine investors/depositors who have invested in various projects of the Corporate Debtor, including those whose funds were diverted to the Samhita Project. Annexure-C to the main Application lists the members. The attachment under KPID Act, 2004 directly affects their rights to refund/restitution. Hence, the Intervener has every locus to be heard on the question of maintainability of CIRP in view of prior attachment and pending proceedings before the Hon'ble High Court of Karnataka.

- b) **Deemed Admissions by Respondent/RP:** The Respondent/RP has not replied to the crucial paragraphs of the Intervention Application, thereby admitting the same i.e. a) Properties of Dreamz Samhita Project were attached vide Notification dated 20.06.2019 under KPID Act and no objections were filed as there was no CIRP order at that time; b) Misc. No. 2/2020 was initiated and seized before the KPID Special Court prior to any CIRP order for Samhita Project; c) Thousands of depositors, including members of Intervener, submitted claims before the Competent Authority under KPID Act in November-December 2020; d) WP No. 11108/2020 filed by CoC against clarification order dated 04.09.2020 was dismissed as withdrawn without liberty to file project-wise petition.
- c) **On Primacy of KPID Attachment vs. IBC:** The attachment under KPID Act, 2004 was made by the Government of Karnataka on 20.06.2019, much prior to the admission of CIRP on 24.08.2023 and the properties stood attached and vested in the control of the Competent Authority. The Hon'ble High Court vide order dated 07.11.2022 in WA No. 1343/2021 and connected matters, has stayed the operation of Hon'ble Single Judge order quashing KPID proceedings which raises serious questions of law whether CIRP can be initiated and continued in respect of property attached prior to CIRP and the Respondent's reliance on project-wise insolvency does not override statutory attachment by the State Government. Further, the issue of primacy of IBC over KPID Act is sub-judice and is reserved for judgment before the Division Bench as on the date of filing of this Rejoinder.
- d) **On Alleged Lack of Connection with Samhita Project:** The contention that the Intervener has no connection with Samhita Project is false as the Funds collected from investors across projects (including members of Intervener) were diverted and commingled by the Corporate Debtor for development of Samhita Project

which is evident from the police complaints, CID investigation, charge sheets, ED press release and KPID attachment.

- e) **On High Court Orders:** The order dated 07.11.2022 in WA 1343/2021 passed by the Hon'ble High Court of Karnataka and other connected matters operates as a stay on proceedings affecting the attached properties and the clarification given in WP 18811/2023 does not permit overriding the attachment. Further, the issue relating to primacy of IBC, 2016 over KPID Act, 2004 is still pending before the Hon'ble High Court.
- f) **Counter to RP's Conduct and Other Objections:** The Respondent/RP has failed to disclose the complete status of KPID proceedings and High Court stay to this Authority and the Intervener is not seeking to obstruct CIRP of the Dreamz Samhita Project of the Corporate Debtor but seeking adjudication on the fundamental question whether CIRP of the Dreamz Samhita Project of the Corporate Debtor could have been initiated/continued on a property already attached under a State Act prior to CIRP and the doctrine of res judicata does not apply as the present Application raises distinct questions concerning the effect of pre-CIRP statutory attachment which were not decided in earlier proceedings.
5. The Applicant has filed extracts of following Judgements on 02.12.2025 in support of its arguments: -

- a) The Hon'ble Supreme Court in its judgement in ***National Spot Exchange Ltd. Vs. Union of India & Ors. 2025 INSC 694*** held that:

"5.The S.C. Committee addressing the said issue concluded vide the Order dated 10.08.2023 that given the overriding effect, the secured property being in the nature of proceeds of crime, as held by the Attachment orders, no priority of interest can be claimed by the Secured Creditors against such attached property. As regard the properties attached under the MPID Act, on which the Secured Creditors laid their claims, the S.C. Committee further concluded that the provisions of the MPID Act, would override any claim for priority of interest by the Secured creditors in respect of the property which has been attached under the MPID Act."

19.We do, therefore, find substance in the submissions made by the learned counsel appearing for the applicants-Secured Creditors that while exercising the

powers under Article 142, the express provisions in the other relevant Statutes should not be ignored, particularly when the exercise of powers under Article 142, would directly be in conflict with what has been express provisions in such Statutes. It is also true that when this Court passed the Order dated 04.05.2022, it had the potentiality of being in conflict with other Statutes like SARFAESI Act, RDB Act, IBC etc. as also the potentiality of adversely affecting the rights of the Secured Creditors for enforcing the security interest created in the properties of the borrowers (in the instant cases the defaulters of NSEL) under the SARFAESI Act and RDB Act. However, the said contentions raised by the Secured Creditors have lost its significance at this stage, when the said Order dated 04.05.2022 has already been implemented by constituting the S.C. Committee and all the proceedings mentioned in the order have already stood transferred to the said Committee for the execution of the decrees/orders/awards as directed therein. Also, we cannot be oblivious to the fact that such exercise of powers under Article 142 was for the speedy recovery of monies lost by the defaulters and investors, and for doing the complete justice to the aggrieved Traders. Nonetheless, the issues with regard to the interplay and the alleged conflict of the provisions of the said four statutes having been raised, and aptly decided by the S.C. Committee, and now again raised before this Court, we shall deal with those issues as elicited from the orders dated 10.08.2023 and 08.01.2024 passed by the S.C. Committee.”

- b) The Hon’ble Madras High Court in ***Deputy Superintendent of Police, Economic Offences Wing Vs. M/s Thiripura Chits Pvt Ltd***, WP No. 4731/2020 quashed the order dated 19.03.2019 of NCLT Chennai and held that IBC cannot override TNPID Act. The Court observed:

“(4) The core issue ... is whether the provisions of IB Code, 2016 override the provisions of TNPID Act ... and whether NCLT can declare the attachment made under the provisions of TNPID Act as null and void.”

“(10) As a result, the writ petition stands allowed and the impugned order of NCLT dated 19.03.2019 ... is quashed.”

- c) The Hon’ble NCLAT has at Para 44 of its judgement in ***Directorate of Economic Offences Vs. Binay Kumar Singhania & Ors. [Company Appeal (AT)(Ins) No. 935 of 2020]***, held that IBC cannot override West Bengal Protection of Interest of Depositors in Financial Establishment Act:

“44. ... Thus, admittedly, the properties of M/s Pincon Spirits Ltd. were seized and the registered office was sealed much prior to the initiation of CIRP. ... We hold that Section 14 of the IBC has no overriding effect on Section 3 of the WBPIDFE Act.”

- d) The Hon’ble Supreme Court has held at Para 201 of its judgement in ***Celir LLP Vs. Mr. Sumati Prasad Bafna & Ors. [2024 INSC 978]*** that:

“201. Thus, the mere conduct of parties aimed at frustrating the court proceedings or circumventing its decisions, even without an explicit prohibitory order, constitutes contempt. Such actions interfere with the administration of justice, undermine the respect and authority of the judiciary, and threaten the rule of law.”

- e) The Hon’ble Supreme Court has held in Para 2 of its judgement in ***Rohan Vijay Nahar & Ors. Vs. State of Maharashtra & Ors. [2025 INSC 1296]***, that:

“2. Appellate jurisdiction exists to correct errors and to settle the law so that like cases receive like outcomes. ... The maxim ‘interest reipublicae ut sit finis litium’ which literally means that it is in the public interest that litigation should come to an end, reminds us that the society has an interest in achieving finality, and finality from the apex court is the glue that holds a nationwide system of justice together.”

- f) Further in Para 28 of its Judgement in ***M/s Embassy Property Development Ltd. Vs. The State of Karnataka & Ors. [Civil Appeal No. 9170 of 2019]***, the Hon’ble Supreme Court has held that

“28. Therefore ... the decision of the Government of Karnataka ... is in the public law domain and hence the correctness of the said decision can be called into question only in a superior court ... The NCLT, being a creature of a special statute ... cannot be elevated to the status of a superior court having the power of judicial review over administrative action.”

6. The Respondent/Resolution Professional has filed a memo on 09.04.2026 in compliance of order dated 19.02.2026 giving a list of dates and events of Pending Litigations and stated as follows
- a) Presently, most of the Litigations have been closed, the predominant matters pending are before this Tribunal relating to Dreamz Infra group as a whole are the Company Petitions in CP(IB) 84/2019, CP(IB) 83/2021 and CP(IB) 113/2022.
- b) Writ Appeals WA 207/2020, WA1343/2021 deciding on the predominance of IBC over KPID Act are pending for final hearing before Hon’ble High Court and the Contempt petition in CCC483/2024 filed by erstwhile IRP in CP IB 84/2019 Mr. Ashok Kriplani for his CIRP costs is also pending for final hearing on maintainability, in which the Division Bench has already recorded their doubts on maintainability.

- c) Further, the proceedings of Enforcement Directorate on the Corporate Debtor for offences under PMLA are pending.
7. We have heard the submissions on behalf of the Applicant, the Resolution Professional and perused the materials on record and the written submissions and memos filed by the respective parties.
8. The present Interlocutory Application has been filed by the Applicant, which is an association of investors who have invested money in the Corporate Debtor i.e. Dreamz Infra India Private Limited as a whole and have prayed that this Authority Stay the operation of the order dated 24.08.2023 admitting the Dreamz Samhita Project of the Corporate Debtor into CIRP until matter in WA No. 1343/2021 connected to WA No. 207/2022 is decided finally by the Hon'ble High Court of Karnataka and impleading the applicant investors welfare association as an Intervener in this Company Petition.
9. The primary grievance of the Applicant is that the order dated 24.08.2023 admitting the Corporate Debtor's Dreamz Samhita Project into CIRP is contrary to the interim order dated 07.11.2022 passed by the Hon'ble High Court of Karnataka in WA No.1343/2021 (connected with WA No.207/2022) and without jurisdiction as the Hon'ble High Court had stayed the proceedings whereas the Respondent/Resolution Professional has argued that the stay operating in WA No.1343/2021 (connected with WA No.207/2022) is against the order dated 24.05.2021 in WP 13477/2020 passed by Hon'ble Single Judge of the High Court and in no manner affects the order dated 24.08.2023 admitting the Dreamz Samhita Project of the Corporate Debtor to CIRP. In view of the contrary assertions of both the parties it is necessary to refer to the relevant portion of Judgement dated 24.05.2021 in *M/s Dreams Infra India Pvt. Ltd Vs. The Competent Authority Dreamz Infra India Pvt. Ltd., And Other Allied Companies/Entities WP 13477/2020* passed by Hon'ble Single Judge of the High Court:

22. It is also important to note that the Apex Court in *Innoventive Industries Limited's* case had discussed with regard to the repugnancy of State law and in **Anand Rao Korada, Resolution Professional's** case, the Apex Court discussed with regard to Sections 14 and Section 238 of the Code in respect of the moratorium which has got overriding effect over other laws and so also in **Alchemist Asset Reconstruction Company Limited's** case, the Apex Court held that the IBC prevails over the State enactment. In the case on hand, already the matter has been seized before the NCLT before initiating the present proceedings. The Apex Court recently in **J. Manivannan's** case held that there cannot be any other civil proceedings when the matter has been ceased and already some homebuyers have approached the NCLT and so also the Resolution Professional was also appointed. Under the circumstances, I am of the opinion that there is a force in the contention of the petitioner's counsel that the provisions of the IBC is having overriding effect over other laws and the same would prevail in view of Section 238 of the Code. Hence, the petitioner has made out grounds to quash the proceedings initiated against the petitioner under Section 7(1) of the Act, 2004.

23. In view of the discussion made above, I pass the following: -

ORDER

- (i) The writ petition is hereby allowed.
- (ii) (ii) The proceedings initiated against the petitioner herein in Miscellaneous No.2/2020 are hereby quashed.
- (iii) The other reliefs sought to hand over the properties to Sri. Ashok Kriplani Resolution Professional does not arise as he has already been replaced by the NCLT vide its order dated 17.12.2019.
- (iv) The petitioner can seek appropriate order/orders from the NCLT where the matter is still pending.
- (v) The respondent can also proceed in accordance with law after the disposal of the matter pending before NCLT, if need arises.

10. The Division Bench of Hon'ble High Court of Karnataka in WA No.1343/2021 (connected with WA No.207/2022) has passed the following order on 07.11.2022:

WP NO. 7500/2020 Connected Cases: WA NO. 1343/2021, WA NO. 207/2022

Party-in-person in WP.No.7500/2020 is present before this Court

ORDER IN WA.Nos.1343/2021 & 207/2022

Heard learned Additional Government Advocate for appellant-competent authority.

Learned Government Advocate invited our attention to certain grounds raised in appeal memo particularly, paras-20, 21 and 22. He has also invited our attention to order passed by the National Company Law Tribunal (for short 'NCLT'), Bengaluru Bench dated 04.09.2022 placed on record at page 194 on interim applications. Vide order dated 04.09.2020, learned Member of NCLT dismissed the applications, but permitted the applicant to take appropriate action in accordance with extant provisions of Code and the Rules made thereunder and complete CIRP in respect of Corporate Debtor with reference to Dreamz Sumadhur Project. It seems that though oral submissions were advanced before the learned Single Judge, the competent authority had not filed any statement of objections or reply affidavit before the learned Single Judge. As the writ appeals are tagged along with the Public Interest Litigation in WP. No. 7500/2020 and considering the orders of

this Court in PIL dated 08.12.2020 as well as 31.03.2021, we deem it appropriate to grant stay to the order of the learned Single Judge dated 24.05.2021 except the project namely, Dreamz Sumadhur Project.

The matters be listed before this Court after three weeks.

The competent authority to submit a status report on the next day in respect of steps being taken by them.

Thus, a bare perusal of the judgements makes it evident that the interim stay granted by the Division Bench of the Hon'ble High Court of Karnataka on 07.11.2022 in WA No.1343/2021 (connected with WA No.207/2022) was limited to the operation of the order passed in WP No.13477/2020, which essentially dealt with the quashing of certain KPID proceedings and the larger question of interplay between the KPID Act, 2004 and the IBC, 2016 and no specific stay was granted against the CIRP proceedings concerning the Samhita Project as the Samhita project was admitted into CIRP on 24.08.2023 while the stay order was passed on 07.11.2022

11. The Applicant **Intervener** association through its President Mr. Jawahar Singh, had also filed Writ Petition No. 18811 OF 2023 (GM-RES) before the Hon'ble High Court of Karnataka praying for transfer all the cases District/State Forum, NCLT, CCH-90 and City Civil Court pending against Dreamz Infra India Ltd., to the Hon'ble KPID Special Court, Bengaluru for repayment to all the depositors through single window under KPID Act 2004 and to set aside the order dated 15/02/2023 passed by this Authority in C.P.(IB) no.83/BB/2021 admitting the Dreamz Sneh Project into CIRP amongst others. The said petition was rejected in limine by the Hon'ble High Court vide its Judgement dated 11.09.2023 in **Jawahar Singh vs State of Karnataka & Ors** of which relevant portion is reproduced below:

“3. We have heard the petitioner party-in-person and we have perused the petition papers. At the outset, this petition is liable to be rejected because admittedly the petitioner party-in-person happens to be one of the investors in the company in question. A petition brought with the personal interest cannot be treated as espousing the interest of the public at large. Secondly, there are no pleadings nor submissions in the course of hearing that would justify the espousal of interest of others who are not parties before the court. It is not that those who have been fighting the individual legal battles are not capable of doing it effectively. It is also not the case of the petitioner that those who have not taken up the proceedings are hapless persons.

4. The text of the petition in general and that in particular point out the pendency of proceedings taken up by several persons individually before the Commercial Courts, National Company Law Tribunal, Consumer Dispute Redressal Forums, KPID Special Court, PLMA Court, etc., None of the parties to these litigations have been arrayed as respondents to this PIL nor any explanation is offered for not arraying them. Any order we are going to pass in favour of the petitioner would prejudice the interest of others. A writ court cannot afford to do it.

5. When the litigants have chosen their Forum created under the statutes like the Commercial Courts Act, 2015, the Consumer Protection Act, 1986, the Prevention of Money Laundering Act, 2002 and Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004, it is not permissible to this court to push them all to the KPID Special Court, forcibly. The right of dominant litis would be affected if the prayers in the petition are granted. Added, the petition suffers from non-joinder of necessary parties and mis-joinder of plural causes of action that can otherwise be agitated elsewhere in independent proceedings in accordance with law.

[Emphasis Supplied]

In the above circumstances, this petition being thoroughly misconceived is liable to be and accordingly rejected in limine. This order shall not come in the way of petitioner taking up appropriate proceedings before the competent authority in accordance with law.

12. Thus, a careful reading of the afore-mentioned judgements placed on record reveals that the interim stay granted by the Division Bench was confined to the operation of the order passed in WP No.13477/2020, which primarily dealt with the quashing of certain proceedings initiated under the KPID Act, 2004 and the larger issue of interplay/conflict between the KPID Act and the IBC. There is neither any explicit nor implied stay against the CIRP of the Samhita Project. This position is further fortified by the order of the Hon'ble High Court in WP No.18811/2023, wherein it was categorically clarified that homebuyers and other stakeholders have the liberty to choose their forum under different statutes, which would invariably include the proceedings initiated under Insolvency and Bankruptcy Code, 2016. Had the Applicant genuinely believed that an effective and subsisting stay under WA No.1343/2021 barred the CIRP proceedings, it would have undoubtedly pleaded and agitated this issue before the Hon'ble High Court in WP No.18811/2023. The non-inclusion of alleged grievance against CIRP initiated in this case speaks in volumes that the Applicant itself understood that no such blanket stay exists against the CIRP of the Samhita Project. The Applicant has otherwise also completely failed to

produce any material or cogent evidence to establish that the said interim stay operates as a prohibition or embargo against the initiation or continuation of CIRP proceedings specifically in respect of the Dreamz Samhita Project.

13. Project-wise insolvency resolution in real estate cases involving multiple projects of the same corporate debtor is a well-accepted and recognised principle under the IBC to protect the interests of homebuyers of a particular project. After a detailed order dated 04.09.2020 in CP (IB) No.84/BB/2019 on this line clarifying and restricting the said CIRP only to the Dreamz Sumadhur Project. The present CIRP in CP (IB) No.113/BB/2022 came to be separately initiated by the homebuyers of the Samhita Project and pertains exclusively to the said project. Further, the Suspended Director of the Corporate Debtor had challenged the admission order dated 24.08.2023 passed by this Authority in **Company Appeal (AT) (CH) (Ins) No.27/2024** and the said appeal was dismissed by the Hon'ble NCLAT vide order dated 05.03.2024.
14. The Applicant Association represents investors/depositors who claim to have invested in various other projects of the Corporate Debtor. While their grievance is against the Corporate Debtor as a whole and their allegation of diversion of funds may be genuine, there is not an iota of project-specific evidence produced reflecting that the amount deposited by the members of the Applicant Association were actually utilised for the development of the Dreamz Samhita Project. In the absence of such clear and tangible evidence linking their funds to the Samhita Project, the Applicant cannot be permitted to stall the resolution process of an independent project.
15. We now deal with the judgments relied upon by the Applicant, which are clearly distinguishable and not applicable to the facts of the present case:
 - a) The judgment in **National Spot Exchange Ltd. Vs. Union of India & Ors. (2025 INSC 694)** has been rendered in an entirely different factual and statutory context and the facts of that case are different. Therein Commodity Exchange (NSEL), which was found to be a “financial establishment” under the Maharashtra Protection of Interest of Depositors (in Financial Establishments)

Act, 1999 (MPID Act), having collected money from the public in the form of deposits, triggered the jurisdiction of the Competent Authority under that legislation. In contrast, the present matter involves a real estate company where the amounts paid by home-buyers stem from builder-buyer agreements and do not fall under the definition of deposits under the KPIDFE Act. Further, the primacy of IBC over KPIDFE Act, is a subject matter still pending before Hon'ble High Court of Karnataka. Therefore, the judgment relied upon by the Applicant, having been rendered in different context, does not help the case of Applicant.

- b) The judgments of Hon'ble Madras High Court in *Deputy Superintendent of Police, Economic Offences Wing Vs. M/s Thiripura Chits Pvt Ltd.* and the Hon'ble NCLAT in *Directorate of Economic Offences Vs. Binay Kumar Singhania & Ors* also do not be apply to the facts of the present case as it does not involve decision over primacy between KPIDFE and IBC and a careful perusal of the said order dated 07.11.2022 in WA No.1343/2021 and reasons given in Para 12 of this Order make it clear that there was no embargo on this Authority to admit the application under Section 7 of the Code.
- c) The judgments in **Celir LLP Vs. Mr. Sumati Prasad Bafna (2024 INSC 978)** and **Rohan Vijay Nahar & Ors. Vs. State of Maharashtra (2025 INSC 1296)** deal with contempt of court and the principle of finality of litigation respectively. They have no relevance to the maintainability of the present IA or the validity of the CIRP admission as the stay given in WA No.1343/2021 was against the Single Bench Judgement dated 24.05.2021 in *M/s Dreams Infra India Pvt. Ltd Vs The Competent Authority Dreamz Infra India Pvt. Ltd., And Other Allied Companies/Entities in WP 13477/2020* and reasons given in Para 12 of this order make it clear that there was no embargo to admission of application under Section 7 of the Code.
- d) Reliance on **Embassy Property Development Ltd. Vs. State of Karnataka** is equally misplaced. That judgment only reiterates the limited scope of judicial

review available to NCLT in public law matters. It does not prevent this Authority from exercising its jurisdiction under Section 7 or Section 60(5) of the IBC when the application is otherwise maintainable.

16. It is also important to note that a Resolution Plan submitted by the Consortium of M/s Noida Holdings Private Limited & Bharat Hitech Builders Private Limited has been approved by the Committee of Creditors with a significant majority of **83.05%** and is pending approval before this Authority. At this advanced stage of the process, any interference on the basis of the present application would not only cause irreparable prejudice and hardship to hundreds of genuine homebuyers of the Samhita Project who have been waiting for resolution for several years, but also defeat the very object and purpose of the IBC, 2016 i.e., **time-bound resolution and maximisation of value of assets.**
17. Since neither any rights and interests of members of the Applicant are subject matter of petition nor being considered, there is no reason to implead a stranger to the project specific matter at this mature stage, in the face of stiff opposition of concerned parties by trampling their dominus-litis. The impleadment otherwise also will derail the entire process and side-track the matter, and thereby seriously prejudice the interested homebuyers besides violating the objects of enactment of IBC.
18. The present application appears to be a clear attempt to obstruct and delay the resolution process. The Applicant has not been able to make out any case for impleadment or for grant of stay.
19. **Thus, IA 543 of 2024 is devoid of merits and is dismissed.**

-Sd/-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd/-

SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)