



**IN THE NATIONAL COMPANY LAW TRIBUNAL,
SPECIAL BENCH – II, CHENNAI**

INV.P/(IBC)/5/CHE/2025

In

I.A.(IBC)(PLAN) 11(CHE)/2024

IN

CP(IB)/124/CHE/2023

*(Filed under Section 60(5) of Insolvency and Bankruptcy Code, 2016 Read with Rule 11 of the
National Company Law Tribunal Rules, 2016)*

Navneet Kumar Ranka,
Door No.70, T Block, 10th Street,
Anna Nagar West,
Chennai – 600 040.

Babulal Ranka & Sons (HUF),
Represented by Karta Babulal Ranka,
No.103, Broadway, Gerogre Town,
Chennai – 600 001.

... Applicants

Vs.

Ramakrishnan Sadasivan,
Resolution Professional of
Lokaa Developer Private Limited,
Old No.22, New No.28, Menod Street,
Purasawalkam, Chennai – 600 007.

M One Flat Owners Association (MOFOA),
71, G.N.T. Road, Erukkancheri, Moolakadai,
Chennai – 600 118.

... Respondents

Order Pronounced on 24th July 2025

CORAM:

Shri. SANJIV JAIN, MEMBER (JUDICIAL)

Shri. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)



Present:

For Applicant : S Kishandan.

For Respondents : Ravi Rajagopalan Advocate.

ORDER
(Physical Hearing)

This application has been filed by Navneet Kumar Ranka and others under Section 60(5) of Insolvency and Bankruptcy Code 2016 r/w Rule 11 of NCLT Rules 2016 against Mr. Ramakrishnan Sadasivan Resolution Professional of M/s. Lokaa Developer Pvt. Ltd. & Another seeking the following reliefs,

- i) To Pass an Order granting leave to the Applicants to intervene in IA(IBC) (PLAN)/11(CHE)2024 filed by the Respondent No.1/RP for approval of the said Resolution Plan submitted by the Respondent No.2/Resolution Applicant and to object to the approval of said Resolution Plan on the reasons particularly set forth in this instant application.*
- ii) To Pass an order to remand back the said Resolution Plan filed by the Respondent No. 2/Resolution Applicant and to include and treat the Intervenor/ Applicants as the same status on par with other allottees.*

2. APPLICANT SUBMISSIONS:

2.1 The Applicants have stated that they had entered into a Sale and Construction Agreement with the Corporate Debtor and paid ₹50,00,000/- for a flat. It is stated that the Corporate Debtor failed to meet their obligations, hence the Applicants approached the Tamil Nadu Real Estate Regulatory Authority (TNRERA) and vide order dated 25.10.2023 in RCP/103/2023 TNRERA ordered the Corporate Debtor to refund ₹50,00,000 along with interest at 10.70% and ₹50,000/- as compensation, and to intimate the encumbrance created by the charge in the order to the sub registrar who created an encumbrance on the flat.

2.2 The Applicants have stated that vide order dated 07.06.2023 CIRP was initiated against the corporate debtor and the applicant filed the claim for Rs 82,60,000/- on 24.06.2024 to the Resolution Professional (RP), The applicants



contend that the RP treated the claim as a "refund on cancellation" and misclassified the claims in the Information Memorandum (IM) and in plan documents. The Applicants submit that there was no voluntary cancellation of the flat and their rights arise out of a binding TNRERA order, which has not been challenged by the Corporate Debtor.

2.3 The applicants contend that as per the order, TNRERA provided a protective measure for the Applicants by creating an encumbrance over the flat in question, to remain in force until the Corporate debtor refunds the amount due.

2.4 It is stated that in the resolution plan submitted by "M one Flat owners Association" the payment qua the Applicants has been treated as contingent in nature, which the Applicants may realize only in the event of a successful outcome in the avoidance application filed by the Resolution Professional (RP). The applicants contend that the allottees under the RERA cannot be equated with the operational creditor hence they have filed the present application to place their objection on record and assert their rights over the encumbered flat.

3. RESPONDENT SUBMISSIONS:

3.1 It is stated that the Corporate Debtor Lokaa Developer Pvt Ltd ("CD") was admitted to CIRP by this Tribunal vide an Order dated 07.06.2024 in CP(IB)/124(CHE)/2023. The CD is involved in the development of real estate project. It is stated that the Apartment Buyers themselves formed an Association and have submitted a Resolution Plan which has been approved by the CoC.

3.2 It is submitted that the present Intervention application has been filed by Navneet Kumar Ranka & Babulal Ranka & Sons (HUF), purporting to be "Allotees" under an unregistered "Agreement of Sale" and an unregistered "Construction Agreement" both dated on 16.11.2017 in relation to Apartment No 1906. It is stated that the applicants had filed their claim to the RP on



24.06.2024 in Form CA for a principal sum of Rs.50,00,000/- Interest of Rs. 32,10,000/- and compensation of Rs.50,000/- total aggregating to Rs. 82,60,000/-.

3.3 It is stated that the applicant have relied on the order of TRERA dated 25.10.2023 in RCP no 103 of 2023 therefore the claim was classified as the “refund” in CIRP.

3.4 It is stated that the Resolution Professional has moved an Application IA/ 865/2025 bringing on record new facts and documents seeking directions from this Adjudicating Authority to set aside/annul the claims of the applicant.

3.5 It is stated that the Intervenor herein had voluntarily acquiesced to all the actions taken all along and at this stage they have no locus to intervene, nor do they have any ground to oppose the Plan.

4. FINDINGS OF THIS TRIBUNAL

4.1 We have heard Learned counsels for the parties and perused the document placed on record.

4.2 The applicants have sought for intervention in IA(IBC)(PLAN)/11(CHE)/2024 in CP(IB)/124(CHE)/2023, The applicants state that the applicants had entered into a sale and construction agreement with the corporate debtor, and paid a sum of Rs 50,00,000/- towards purchase of the flat.

4.2 The applicants have stated that the corporate debtor did not fulfil the obligations hence the applicants approached TNRERA, and TNRERA vide dated 25.10.2023 ordered as follows,



7. Answer for the Point No.(ii): -

(a) Therefore, the complainant is entitled for refund amount of Rs.50,00,000/- from the respondent with interest.

(b) As per Rule 18 of the TNRERA Rules, the rate of interest payable shall be the current highest marginal cost of lending rate of Interest of State Bank of India (SBI) plus 2% per annum. Hence, the complainant is entitled for the interest at the rate of 8.70% per annum which was the marginal cost of lending rate of interest of SBI at the time of filing the complaint plus 2% per annum, i.e., 10.70% p.a for the entire amount paid from the date of respective payment till repayment by the respondents.

(c) A penalty under section 61 of the RERA Act for Rs.50,000/- is imposed on the respondent for violation section 3 of the RERA Act.

8. In the result, the respondent are directed as follows: -

- (i) The respondent shall pay the entire amount at the interest rate and cost as per the findings in answer for Point No. (ii) in Para No. 7 of this order within 30 days of issue of this order.
- (ii) The charge of the aforesaid amount as encumbrance, if any, shall be on the flat booked by the complainant till repayment of the claim as per this order. The office of this Forum is directed to intimate the encumbrance created by charge in the order to the Sub-Registrar concerned.
- (iii) On repayment of the claim as per the order, the complainant shall execute the cancellation of the construction agreement and sale agreement, as the case may be, at the expense of the respondents.

4.3 On perusal of TNRERA order dated 25.10.2023 in RCP No 103 of 2023, it is seen that it is an ex-parte order, where the direction has given to the corporate debtor to refund Rs 50,00,000/- along with interest.

4.4 Subsequently the applicants filed the claim for Rs 82,60,000/- on 24.06.2024 to the resolution professional. The relevant portion of the claim submitted is extracted below,



FORM CA

SUBMISSION OF CLAIM BY FINANCIAL CREDITORS IN A CLASS

(Under Regulation 8A of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016)

[Date: 24.06.2024]

From

1. Navneet Kumar Ranka
Address: Door No.70, T Block, 10th Street,
Anna Nagar West, Chennai – 600 040
2. Babulal Ranka & Sons (HUF)
Represented by its Karta Babulal Ranka
Address: No.103, Broadway, George Town,
Chennai – 600 001

To

Mr. Ramakrishnan Sadasivan
The Interim Resolution Professional of M/s. Lokaa Developer Private Limited
Reg No. IBB1/PA-001/IP-P0010R/2017-2018/10215
Address: Old No.22, New No.28, Menod Street, Purasawalkam, Chennai - 600007
E-mail: sadasivanr@gmail.com, lokaa.cirp@gmail.com

Subject: Submission of proof of claim in respect of the CIRP of M/s. Lokaa Developer Private Limited under the Insolvency and Bankruptcy Code, 2016.

Madam/Sir,

We, Navneet Kumar Ranka and Babulal Ranka & Sons (HUF), Represented by its Karta, hereby submits this proof of claim in respect of the Corporate Insolvency Resolution process of M/s. Lokaa Developer Private Limited. The details for the same are set out below:

RELEVANT PARTICULARS	
1. Name of the financial creditor	1. Navneet Kumar Ranka 2. Babulal Ranka & Sons (HUF), Represented by its Karta Babulal Ranka
2. Identification number of the financial creditor	Navneet Kumar Ranka: PAN No: AADPR5350D (Attached herewith)

	(If an incorporated body, provide identification number and proof of incorporation. If a partnership or individual, provide identification records of all the partners or the individual)	Babulal Ranka & Sons (HUF) PAN No: AAAHIB0972L (Attached herewith)
3.	Address and e-mail address of the financial creditor for correspondence.	Door No.70, T Block, 10th Street, Anna Nagar West, Chennai – 600 040 Email Id: navneethomeaway@yahoo.com
4.	Total amount of claim (in Rs.)	On 25.10.2023- The total amount of Principal and Interest was Rs.76,75,000/- Further 8 months has lapsed from the date of the order so now the calculations are as follows: Principal : Rs. 50,00,000/- Interest : Rs. 32,10,000/- Compensation : Rs.50,000/- RERA order provides that the interest shall continue till the time it is paid to the aggrieved person. Thereby the total amount is Rs. 82,60,000/- (Eighty Two Lakhs Sixty Thousand Only) which is inclusive of principal and interest as per order of RERA calculated up-till the start of CIRP of the Corporate Debtor (Interest Currently calculated uptill start of CIRP).
5.	Details of documents by reference to which the debt can be substantiated	1. Agreement for sale dated 16.11.2017 2. Construction Agreement dated 16.11.2017 3. Order dated 25.10.2023 passed by the Real Estate Regulatory Authority



6.	Details of how and when debt incurred	The debt fell due to on the account of non-refund of the amount paid to the tune of Rs.50,00,000/- as per the payment schedule for the purchase of Apartment and at the time of failure to hand over the possession of the apartment with the said period as mentioned in the construction agreement.
7.	Details of any mutual credit, mutual debts, or other mutual dealings between the corporate debtor and the creditor which may be set-off against the claim	NA
8.	Details of any security held, the value of the security, and the date it was given	Encumbrance on the property created in favour of claimants by virtue of order passed on 25.10.2023 by Real Estate Regulatory Authority
9.	Details of the bank account to which the amount of the claim or any part thereof can be transferred pursuant to a resolution plan	BANK NAME: HDFC Bank A/C NO. : 12371000014656 IFSC: HDFC0001237 BANK BRANCH: Broadway branch
10.	List of documents attached to this claim in order to prove the existence and non-payment of claim due	1. Agreement for sale dated 16.11.2017 2. Construction Agreement dated 16.11.2017 3. Order dated 25.10.2023 passed by the Real Estate Regulatory Authority

4.5 It is seen that the applicants had filed the claim to RP in form CA giving the details of the debt which fell due i.e non-refund of the amount paid to the tune of Rs 50,00,000/- as per the payment schedule for the purchase of the apartment and as a consequence of failure to hand over the possession.

4.6 The RP categorised the claim filed by the applicants under the category of homebuyers who seek refund of the amounts paid by them against the cancellation of flat. The relevant portion is extracted below,

B. Claims of Homebuyers who seek a refund of the amounts paid by them as against the cancellation of their flat										
Sl. No	Name of creditor	Flat No	Details of claim received			Details of claim admitted			Claim rejected	Claim rejection remarks
			Amount claimed - Principal	Amount claimed - Interest	Total Claim received	Amount admitted - Principal	Amount admitted - Interest	Total Claim admitted		
193	Navreet Kumar Ranka & Babulal Ranka & Sons HUF, Represented by its Karta Babulal Ranka	1906	50,00,000.00	32,60,000.00	82,60,000.00	50,00,000.00	32,60,000.00	82,60,000.00		Home Buyer has sought for cancellation and has obtained a Refund Order from TN RERA

4.7 The most critical aspect of this intervention lies in the Intervenor's claim of being 'Home Buyers' and classification under the refund category, It is seen that the classification of the Intervenor into a "Refund Category" by the RP is based on claim filed by the applicant, for an amount of Rs 82,60,000.



4.8 On perusal of the resolution plan, it is seen that the Homebuyers in the refund category are dealt in the resolution plan as follows,

3 Claims received under cancellation category also shall be considered for settlement on realisation of amount, if any, through avoidance transactions being filed by the Resolution Professional under the provisions of IBC.

4.9 The RP that the RP has filed an application IA/865/2025 bringing on record the documents seeking direction from this tribunal for setting aside/annulling the claim of the applicants, stating that the amount paid by the applicant herein was not paid to the Corporate debtor instead it was paid to the suspended director.

4.10 In the instant case the Intervener have filed the claim relaying on TNRERA order and on the unregistered documents.

4.11 Applicants have placed reliance on the decision of Hon'ble supreme court, In the case of *Vishal Chelani & Others vs. Debashis Nanda, Civil Appeal No. 3806 of 2023* and stated that allottees are to be treated as financial creditors and should not be subjected to undue classification, merely due to the existence of a RERA order. The relevant portion of the Hon'ble supreme court's decision is extracted below,

The Resolution Professional's view appears to be that once an allottee seeks remedies under RERA and opts for return of money in terms of the order made in her favour, it is not open for her to be treated in the class of home buyer. This Court is unpersuaded by the submission. It is only home buyers that can approach and seek remedies under RERA – no others. In such circumstances, to treat a particular segment of that class differently for the purposes of another enactment, on the ground that one or some of them had elected to take back the deposits together with such interest as ordered by the competent authority, would be highly inequitable. As held in Natwar Agarwal (HUF) (Supra) by the Mumbai Bench of National Company Law Tribunal the underlying claim of an aggrieved party is crystallized in the form of a Court order or decree. That does not alter or disturb the status of the concerned party - in the present case of allottees as financial creditors. Furthermore, Section 238 of the IBC contains a non obstante clause which gives overriding effect to its provisions. Consequently, its provisions acquire primacy, and cannot be read as subordinate to the RERA Act. In any case, the distinction made by the R.P. is artificial; it amounts to "hyper classification" and falls afoul of Article 14. Such an interpretation cannot, therefore, be countenanced.

9. In view of the foregoing reasons, the impugned order is hereby set aside; the appellants are declared as financial creditors within the meaning of Section 5(8)(f) (Explanation) and



entitled to be treated as such along with other home buyers/financial creditors for the purposes of the resolution plan which is awaiting final decision before the adjudicating authority.

4.12 The decision of the Hon'ble supreme court lays down a proposition that once the allottee seeks recourse under RERA and secures an order in his favour, the allottee should be treated as homebuyers and not in any other category of financial creditor.

4.13 Facts of the present case are distinguishable from the facts of the case referred supra. In the present case, the agreement to sale and construction agreement are the unregistered documents. The payment was made to the suspended director and not to the corporate debtor meaning thereby that there was no privity of contract, between the applicant and Corporate debtor as the consideration was not paid to the corporate debtor, A per the Indian Contract Act 1872 a contract without consideration is void under section 10 & 25.

4.14 It is seen that in the suit filed before TNRERA, the applicants had made Corporate Debtor as the respondent, but since it was set ex-parte, the facts couldn't have been brought to the notice of the Corporate debtor. Further there was no NOC from LIC, and the allotment was cancelled, The apartment no 1906 was encumbered with LIC Housing and couldn't have been sold to the applicants without the NOC from LIC Housing. Prior to TNRERA order, the apartment was sold and registered in the name of another homebuyer, Hence RP classified the claim filed by the applicants under the refund category. The Intervenor do not have valid allotment as against the apartment no 1906. There is no NOC from LIC housing, It was sold to third party which fact was not brought to the knowledge of TNRERA, It was submitted to TNRERA that they wanted refund of the amount paid, This Tribunal also takes note of the fact that the applicants have no title to the allotted property as they have not complied with the process of allotment and registration of the property, Further the intention of the applicant to approach



TNRERA was to obtain refund for the money paid which has been challenged by RP in IA/865/2025.

4.15 It is to note that consequent to CIRP of the Corporate debtor there cannot be any encumbrance on the assets of CD and all the claims are to be dealt as per section 53 of IBC.

4.16 In the present case after issuing of NOC the flat was sold to the other buyer, who has been treated as homebuyer in the plan. We are of the view that the applicants cannot be categorised as financial creditor. Further the RP has filed an application for nullifying the claim of the Applicants. That being the position, the Applicants cannot be allowed to intervene in the Resolution plan.

4.17 For the above-mentioned reasons, we don't find tenable reasons for applicants to intervene in IA(IBC)(PLAN)/11(CHE)/2024 in CP(IB)/124(CHE)/2023. Therefore INV.P.(IBC)/5/2025 is Dismissed and disposed of, No order as to costs.

-SD-

RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-SD-

SANJIV JAIN
MEMBER (JUDICIAL)

Rannika