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NCLAT Limits Ansal Properties' Insolvency To Sushant Golf City and Rajasthan Projects

The National Company Law Appellate Tribunal (NCLAT) at New Delhi refused to overturn the insolvency proceedings against Ansal Properties and Infrastructure Limited.

However, it restricted the process to Sushant Golf City in Lucknow and three Rajasthan projects: Ansal Royal Plaza, Orchid Plaza, and Tulip Plaza. The tribunal said extending the insolvency process to projects not linked to the loan securities was “uncalled for” and would disrupt unrelated real estate projects.

A coram of Judicial Member **Justice Ashok Bhushan** and Technical Member **Barun Mitra** said the insolvency process cannot be stretched across dozens of unrelated developments.

“When the securities and receivables are specified in the Loan Agreement, we are of the view that the CIRP has to be confined to only those projects, which form part of the securities/receivables, and extending the CIRP to projects, which are not contemplated or referred to in the Loan Agreements, is uncalled for,” the tribunal said.

The case goes back to two term loans of Rs150 crore taken by Ansal Properties from IL&FS Financial Services Limited in 2016. The loans were meant for developing hi-tech township projects, mainly the Mother City development in Lucknow. After defaults in repayment, IL&FS claimed dues of over Rs 257 crore and moved the National Company Law Tribunal in Delhi.

On February 25, 2025, the NCLT admitted the insolvency plea and imposed a moratorium across the entire company. That decision immediately caused anxiety among homebuyers and development authorities, who feared construction would stop even in projects that were financially sound.

Appeals were filed by suspended director Pranav Ansal and homebuyer Gagan Tandon. They told the appellate tribunal that Ansal has more than 90 registered projects in Lucknow alone, along with large townships in Agra, Ghaziabad, and Mohali. Putting the whole company into insolvency for a default tied to specific projects, they argued, would freeze viable developments and punish buyers who had already paid and were waiting for possession.

IL&FS opposed any dilution of the insolvency order. It argued that the loans were sanctioned for general corporate purposes and infrastructure development of the “Mother City.” On that basis, it said the insolvency should cover the entire company and not be limited to a few projects.

The appellate tribunal did not accept the request to cancel the insolvency altogether. It noted that the existence of debt and default was not in dispute. But it relied on the “reverse CIRP” approach used in real estate cases, where insolvency is confined to the defaulting project so that other projects can continue without disruption.

After examining the loan agreements, the tribunal found that the securities were clearly tied to specific projects. These included the Mother City township at Lucknow and certain identified projects in Rajasthan. It said there was no justification to extend the moratorium beyond these.

The NCLAT ruled that the insolvency process would apply only to Sushant Golf City in Lucknow and the Rajasthan projects Ansal Royal Plaza, Orchid Plaza, and Tulip Plaza. All other projects in Agra, Ghaziabad, Mohali, and elsewhere were kept outside the insolvency process. Construction and possession handovers in those projects can continue under the existing management.

The tribunal also directed that the Lucknow Development Authority be added as a party to the insolvency proceedings. It allowed the authority to place its position on record by filing an affidavit.

Case Title: Gagan Tandon & Ors. v. IL & FS Financial Services Ltd. & Ors.

Citation: 2026 LLBiz NCLAT 6

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