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When Two Become One: The Supreme Court on Group Insolvency in Real Estate

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Introduction

In a significant ruling delivered on January 2, 2026, a two-judge bench of the Supreme Court of India comprising Justice Sanjay Kumar and Justice K. Vinod Chandran authoritatively settled several contested questions arising under Section 7 of the Insolvency and Bankruptcy Code, 2016. The judgment in Satinder Singh Bhasin v. Col. Gautam Mullick & Ors. addresses the maintainability of a joint insolvency petition against two interlinked corporate entities, the interpretation of the statutory threshold for allottee-creditors, and the legal efficacy of possession letters issued without fulfilment of mandatory statutory formalities.

Background and Genesis of the Dispute

The dispute arose from a composite real estate project launched in 2005 on land leased by the Uttar Pradesh State Industrial Development Authority to M/s. Bhasin Infotech and Infrastructure Private Limited. The integrated development branded Grand Venezia Commercial Tower encompassed luxury office spaces, a shopping mall, and a cineplex, with possession contractually promised to allottees by May 2013. In 2009, Bhasin Ltd. granted exclusive marketing rights over the project to M/s. Grand Venezia Commercial Towers Private Limited, a company incorporated barely one month prior to that agreement, raising material questions about its independence.

The allotment framework mandated execution of tripartite sublease deeds between UPSIDA, the developer, and each allottee as a precondition to legal delivery of possession. Neither the tripartite deeds were executed for any allottee, nor was a final completion certificate ever obtained. By January 2014, the corporate debtors ceased payment of assured returns a default that persisted at the time of the Supreme Court's adjudication.

Proceedings Before the NCLT and NCLAT

In July 2021, 145 individuals filed a company petition before the National Company Law Tribunal, New Delhi, seeking initiation of the Corporate Insolvency Resolution Process against both corporate entities under Section 7 of the Code. Although the petition was initially filed by 145 individuals on 07.07.2021, some were joint allottees and had to be counted as one per unit; after curing defects, 12 allottees were removed and 8 were added, and on registration on 22.10.2021, 141 allottees figured as petitioners. Following rectification of defects, the petition was registered with allottees of 103 units as petitioners and was admitted on December 4, 2023. The NCLT found that payment receipts established the financial debt, that no documentary proof of pre-petition settlements had been produced, and that the two companies were so intrinsically linked as to warrant a joint insolvency proceeding.

The erstwhile directors challenged the admission order before the NCLAT. During the appellate proceedings, the NCLAT appointed an independent Observer whose site inspection report of May 2025 disclosed that the commercial tower was only partially constructed floors three through eight remained bare-shell structures devoid of basic amenities, while floors nine through fifteen had not been constructed at all. The NCLAT dismissed both appeals on October 29, 2025, prompting the present civil appeals before the Supreme Court.

Key Legal Issues and the Court's Analysis

The first issue concerned whether the statutory threshold of one hundred allottees under the second proviso to Section 7(1) was fulfilled. Relying on Manish Kumar v. Union of India, (2021) 5 SCC 1, the Court reaffirmed that this threshold must be assessed as on the date of filing of the petition, not its admission. Since allottees of 103 units had filed the petition, the requirement stood satisfied. The absence of documentary proof for the appellants' claims of pre-petition settlements rendered those arguments

legally untenable.

The second issue pertained to alterations made to the list of petitioners after initial filing. The Court examined Rules 28 and 29 of the NCLT Rules, 2016, and held that formal registration of a petition occurs only upon the cure of defects and acceptance of the refiled document. Amendments effected prior to registration are permissible and do not constitute an abuse of process. The ratio in Gurdial Singh v. Raj Kumar Aneja, (2002) 2 SCC 445, relied upon by the appellants, was distinguished as inapplicable to pre-registration alterations under the NCLT's procedural framework.

On the maintainability of a single petition against two corporate entities, the Court found compelling evidence of operational and financial interdependence: common directors, interchangeable correspondence with allottees, shared payment receipts, a joint venture agreement, and Grand Venezia Ltd.'s subsequent purchase of 1,114 units from Bhasin Ltd. for Rs. 218 crores. Affirming the principles in Edelweiss Asset Reconstruction Co. Ltd. v. Sachet Infrastructure Pvt. Ltd. and Mamatha v. AMB Infrabuild P. Ltd., the Court held that a joint insolvency petition is maintainable where corporate entities are closely connected to the same real estate project, as separating the proceedings would prejudice allottees and impede value maximisation.

The Court also categorically rejected the appellants' claim that construction had been completed and possession legally delivered. It held that, under the governing allotment letter and lease deeds, physical possession could not be validly transferred without execution of the tripartite sublease deeds a condition never fulfilled. Part-completion certificates and notional possession letters were held to carry no legal import. This finding was corroborated by the Commissioner's Report of 2018, the Interim Resolution Professional's Status Report of 2024, and the NCLAT Observer's comprehensive site report of May 2025.

Conclusion and Practical Significance

The Supreme Court's judgment in Satinder Singh Bhasin v. Col. Gautam Mullick & Ors. is a landmark in the development of group insolvency jurisprudence in India. By giving judicial sanction to the principle that a single petition under Section 7 of the IBC can be maintained against two intrinsically linked corporate debtors involved in a common real estate project, the Court has filled a critical gap in the Code's architecture and provided much-needed certainty to financial creditors, particularly homebuyers and commercial allottees.

The judgment reflects the broader philosophy of the IBC that the law must serve the economic realities of the corporate world rather than be held hostage to formal legal structures. Corporate groups that collectively raise funds from the public and jointly execute projects cannot be permitted to use their structural complexity as a shield against collective accountability in insolvency. The Bhasin ruling firmly forecloses that possibility.

As India's insolvency law matures, the time is ripe for Parliament to translate this judge-made doctrine into a comprehensive statutory framework, ensuring that group insolvency resolution in India is not merely judicially tolerated but legally structured, procedurally clear, and internationally aligned.

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