ALBA LAW OFFICES

CASELINE: THE LEGAL BRIEF

The Hon'ble Supreme Court, in **Alpha Corp Development Private Limited v. Greater Noida Industrial Development Authority (GNIDA) & Ors.**, delivered a significant ruling concerning insolvency proceedings in the real estate sector and examined the extent to which leasehold and development rights held through subsidiary/SPV entities may be dealt with during the Corporate Insolvency Resolution Process ("CIRP") of a holding company under the Insolvency and Bankruptcy Code, 2016, particularly in the context of large stalled housing projects affecting homebuyers.

The judgment underscores complex intersection between insolvency law, real estate regulation, and contractual rights arising from statutory leasehold arrangements. It reflects a pragmatic and resolution-oriented approach adopted by the Supreme Court in dealing with large-scale stalled housing projects affecting thousands of homebuyers. The ruling also brings into focus the responsibilities of statutory development authorities (Greater Noida Authority in the present case) in monitoring projects and safeguarding interests of homebuyers, particularly where prolonged inaction contributes to escalation of disputes and financial distress. At a broader level, the decision reinforces the importance of project-specific insolvency mechanisms, procedural flexibility, and equitable balancing of stakeholder interests in complex real estate insolvency proceedings.

ALBA LAW OFFICES

Core Legal Findings Included –

- In exceptional factual circumstances, courts may lift the corporate veil in insolvency proceedings where subsidiary entities/SPVs effectively function as alter egos or project vehicles of the corporate debtor.
- Insolvency resolution in real estate matters may proceed on a project-specific basis to preserve viable projects and protect interests of homebuyers and other stakeholders.
- Leasehold ownership of statutory development authorities remains unaffected notwithstanding continuation or revival of projects through successful resolution applicants.
- Resolution plans may permit continuation of possession and development rights for completion of projects without transferring ownership of the underlying leasehold land.
- Delayed participation, prolonged inaction, or failure to monitor projects by statutory authorities may disentitle them from claiming penal interest, penal charges, or time-extension penalties.
- Insolvency jurisprudence under the IBC adopts a pragmatic and resolution-oriented approach aimed at revival and completion of stalled real estate projects rather than frustrating the resolution process on technical grounds.

ALBA LAW OFFICES

- Resolution mechanisms under the IBC require balancing of contractual rights, statutory powers, insolvency objectives, and protection of homebuyers.

- Projects having no nexus with the concerned statutory authority or disputed leasehold arrangements cannot ordinarily be disturbed merely because they form part of a broader insolvency process.

- The judgment reinforces the importance of procedural flexibility, stakeholder balancing, and equitable considerations in complex real estate insolvency proceedings under the Insolvency and Bankruptcy Code, 2016