







A. Suspicious financial transactions and inflation of claims of the Financial Creditor:

- i. It is submitted that as per the records available, it is indicated that there is a massive inflation of claims attributed to JCF, which was initially at Rs. 868 crores, but was subsequently escalated to claims of approximately Rs. 5,416 crores. During the 1<sup>st</sup> CoC meeting convened on 23.10.2025, it was revealed that JCF held 88.37% voting share on the basis of an admitted claim of Rs. 2,713.93 crores, while the homebuyers being represented through their Authorised Representative, were admitted only to the extent of Rs. 347.30 crores, i.e, 11.31% voting share. Such a drastic spike without transparent disclosure raises immediate suspicion of artificial inflation to secure absolute control over the CoC.*
- ii. It is submitted that this lack of transparency regarding the underlying transactions suggests the possibility of preferential or inflated claims to distort the CIRP. Without a thorough financial audit, these potentially fraudulent or artificially engineered figures will dictate the entire resolution process based on conflicting interests and compromised financial records.*
- iii. It is pertinent to mention that while a transaction audit has been approved by the Resolution Professional (“RP”), it is arbitrarily confined only to the years 2022 to 2024. This narrow scope ignores over a decade of active marketing and financial activity since the year 2013, during which substantial financial inflows from homebuyers occurred. Hence, a comprehensive forensic audit by a well-reputed independent agency is indispensable to trace the flow of*



*funds, verify the legitimacy of JCF's and other entities' claims, and ensure the transparency of the CIRP. This is in accordance with the well-settled principle laid down by the Hon'ble Supreme Court of directing a forensic audit to ascertain the flow of the funds, nexus between the funds collected from the homebuyers and financial institutions, and its utilisation.*

**B. Dual role of JFC as a Financial Creditor and a Joint Developer:**

- 1. It is submitted that pursuant to the termination of the Corporate Debtor as the developer of the projects, J.C. Flowers Asset Reconstruction Pvt. Ltd. ("JCF") acquired the financial exposure of the Corporate Debtor and currently holds a decisive voting share of approximately 93% within the Committee of Creditors, which allows JCF to exercise absolute control over all resolutions passed during the CIRP, effectively dictating the direction and outcome of the proceedings to the potential detriment of minority stakeholders, such as the homebuyers herein.*
- 2. Apart from being a Financial Creditor, JCF has positioned itself as a Joint Developer or Project Participant under the Slum Rehabilitation Authority's Amnesty Scheme. In this capacity, JCF has actively participated in the proceedings before the Amnesty Grievance Redressal Committee, which enables JCF to simultaneously function as the primary creditor overseeing the CIRP while acting as a joint developer seeking to appropriate the Corporate Debtor's only tangible project assets. Moreover, it allows JCF to derive direct commercial benefit from the projects of the Corporate Debtor, while using its voting power in the CoC, thereby*



*compromising the fairness and transparency required by the Insolvency and Bankruptcy Code, 2016.*

C. Premature issuance of Expression of Interest and exclusion of the Applicant as Creditor:

- 1. It is submitted that the RP issued the Expression of Interest (“EOI”) on 03.12.2025 for resolution plans for the Corporate Debtor. However, the said issuance was done despite the fact that only 456 out of 776 claims have been admitted, that is, nearly half of the total homebuyer claims remained unresolved or unverified. By issuing the EOI without the full creditor participation undermines the collective nature of the CIRP and dilutes the voting rights of genuine creditors, who stand at only 6.36% as the List of Creditors dated 21.11.2025.*
- 2. As per the records of the 27 CoC meeting convened on 26.11.2025, only 480 out of 800 homebuyer claims have been admitted, thereby excluding approximately 40% of the homebuyers or class of financial creditors from the decision-making process when the EOI was approved and issued. Proceeding with the EOI process in the absence of nearly half the creditor body raises serious questions about the legitimacy of the entire insolvency process.*
5. It is also submitted by the Ld. Counsel for the applicant that the erstwhile management of the corporate debtor sold units in the real-estate project developed by the corporate debtor premising that the land is owned by the corporate debtor, while it later transpired that the corporate debtor had only entitlement to the saleable area in the project, being developed by the corporate debtor under Letter of Intent (LOI) granted by Slum Rehabilitation Authority. Be that may be, the false representation made by the erstwhile management of the corporate debtor was a criminal act, and



the Applicants, though required to carry out due diligence while purchasing units in the project, have remedy under criminal law for such false representation and cheating, if any, committed by the erstwhile management. CIRP process under IBC mainly deals with revival of corporate debtor by settling civil liabilities owed by the corporate debtor to its creditors, and the provisions in relation to avoidance or fraudulent transactions under IBC seeks civil contribution or restoration of status so as to make available the rightful assets of the corporate debtor for settlement of creditor's claims. Hence, the issue in relation to false misrepresentation does not necessitate forensic examination of records of corporate debtor in CIRP process.

6. Nonetheless, Section 25(2)(j) of IBC requires Resolution Professional to file an application to the Adjudicating Authority in respect of an avoidance transaction or fraudulent or wrongful trading, and Regulation 35A(1) of CIRP Regulation mandates Resolution Professional to form an opinion whether the corporate debtor has been subjected to any transaction covered under sections [43](#), [45](#), [50](#) or [66](#) of IBC within 75 days of Insolvency Commencement date, and make a determination if the corporate debtor has been subjected to any transactions covered under sections [43](#), [45](#), [50](#) or [66](#) within 135 days of Insolvency Commencement date. As there is specific mandate under the law in relation to determination of transactions covered under sections [43](#), [45](#), [50](#) or [66](#) of IBC, we expect that the Resolution Professional shall discharge his duties accordingly, and also take note of allegations of funds misappropriations made by the Applicants herein.
7. As regards non-admission of claims of all home-buyers, this tribunal asked the Ld. Counsel for the Resolution Professional to explain the same, and it was told that the claims of remaining home-buyers are under verification, and the Resolution Professional is yet to receive response to the clarifications from such home-buyers for completing the verification



thereof. It is noted that CIRP is time bound process, and the Resolution Professional ought to have appreciated the same, hence the practice of keeping claims under verification by Insolvency Professional is not in sync with the stated objective of time-bound resolution. In our considered view, the Resolution Professional ought to have given definite time-lines to the claimants to respond, failing which he must have processed their claims on the basis of information before him. Accordingly, the Resolution Professional is directed to complete the verification of all claims within 15 days without fail.

8. As regards admission of inflated claim of JCFARC as alleged by the applicants, it is noted that the applicant's claims are classified under class of 'Home-buyers', accordingly, they are to be represented through authorised representative to be appointed in terms of Regulation 16A(1) of CIRP Regulations in CoC. It is their authorised representative who has the locus to challenge the claim of another creditor i.e. JCFARC in the present case. In case, such authorised representative is yet to be appointed, the Resolution Professional is directed to conclude the process within reasonable time. The applicants shall be, at liberty, to apprise such appointed authorised representative, if appointed so far. Nonetheless, the Resolution Professional shall examine the claim of JCFARC in the light of objections of the Applicant herein, and do the needful.
9. In terms of the above, IA(I.B.C)/364(MB)2026 is **allowed** and **disposed of**.

Sd/-  
**PRABHAT KUMAR**  
**MEMBER (TECHNICAL)**  
*Mohd Sarwar*

Sd/-  
**SUSHIL MAHADEORAO KOCHEY**  
**MEMBER (JUDICIAL)**