

## LEGAL UPDATES

### **DELHI NCLAT: NCLAT REJECTS RP'S PLEA SEEKING RESTORATION OF SUB-LEASED PLOT**

An appeal was made by a Resolution Professional before the NCLAT seeking quashing of the NCLT order dismissing the Appellant's plea to restore the possession of a sub-leased portion on account of the lease deed being void ab initio. The bench comprised Justice Jarat Kumar Jain and Dr. Ashok Kumar Mishra. The RP contended that the Corporate Debtor sub-leased a portion of the site to a project developer ('Respondent 1') based on fraudulent misrepresentation of facts with the intention of depriving the original allottees of their rights over the towers, and thereby requested the restoration of the possession of the sub-leased portion so that he can include it as a component of the Corporate Insolvency Resolution Process. The respondent argued that the RP lacks jurisdiction to file the application. The Tribunal noted that Resolution Professional's plea that he had applied to protect the rights of homebuyers was untrue, pointing out that the homebuyers' association had already arrived at a settlement with the Corporate Debtor and had not claimed any relief for cancellation of the sub-lease deed. The Tribunal also noted that the RP had made an untrue statement that he had received the claim of 161 homebuyers. Thereby, the Tribunal imposed a cost of Rs.50,000/- on the RP by concluding that the RP was in no place to file the application and had unnecessarily dragged the Corporate Debtor into litigation. Therefore, the appeal was rejected.