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LEARNING CURVE-11/2026

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"Corporate Veil Must Be Lifted When Group Companies Are 'Inextricably Connected' & Form One Concern."

CASE TITLE	Alpha Corp Development Pvt. Ltd. Vs. Greater Noida Industrial Development Authority & Ors
CITATION	Civil Appeal No. 1526 of 2023
DATE OF ORDER	5th May, 2026
COURT/ TRIBUNAL	Supreme Court of India
STATUTES/RULES INVOLVED	Section 7, Section 18, Section 21(6A), Section 25, Section 25A(3A), Section 60(5), Section 61 and Section 62 of Insolvency and Bankruptcy Code, 2016. Section 3 of Uttar Pradesh Industrial Area Development Act, 1976 IBBI (CIRP) Regulations, 2016
BENCH	Hon'ble Justice Sh. Sanjay Kumar and Hon'ble Justice Shri Alok Aradhe

Brief Facts of the Case:

The present matter arose from the Corporate Insolvency Resolution Process ("CIRP") initiated against Earth Infrastructures Limited ("EIL"), a real estate developer engaged in multiple housing and commercial projects in Greater Noida and Gurugram. The CIRP was initiated under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC") before the National Company Law Tribunal ("NCLT"). Several projects including Earth Towne, Earth Tech One and Earth Sapphire Court were situated on lands leased by the Greater Noida Industrial Development Authority ("GNIDA"). Although the leasehold rights formally vested with the subsidiaries of EIL, the actual development, construction, marketing and financial control of the projects remained with EIL. Thousands of homebuyers invested substantial amounts in these projects, which eventually became stalled. During the CIRP, project-wise resolution plans were invited. Roma Unicon's resolution plan was approved for the Earth Towne project, whereas Alpha Corp Development Private Limited's resolution plan was approved for Earth TechOne, Earth Sapphire Court and Earth Copia. GNIDA challenged the approval of these plans before the National Company Law Appellate Tribunal ("NCLAT"), contending that the leased lands belonging to its subsidiary companies could not be transferred or dealt with without its consent.

The NCLAT accepted GNIDA's objections and set aside the approved resolution plans. Aggrieved by the said judgment, Alpha Corp, homebuyers' associations and other stakeholders approached the Supreme Court under Section 62 of the IBC.

Issue for consideration:

- **Whether assets and leasehold rights vested in subsidiary companies could be considered during the insolvency proceedings of the holding company by lifting the corporate veil?**
- **Whether the corporate veil can be lifted to treat group companies as a single economic unit?**

Contentions of Parties:

Appellants (Alpha Corp Development Pvt. Ltd.).

The appellants contended that EIL was the real developer behind all the projects and the SPVs were merely incorporated to comply with GNIDA's builder scheme requirements. It was argued that EIL exercised complete economic and financial control over the projects and therefore the doctrine of lifting the corporate veil ought to be applied. They submitted that rigid adherence to separate corporate identity would defeat the very objective of insolvency resolution and adversely affect thousands of homebuyers waiting for possession for several years.

Respondents (Greater Noida Development Authority and Ors.)

GNIDA contended that the lands were leased to separate legal entities and not to EIL. Therefore, the assets of subsidiary companies could not be treated as assets of the Corporate Debtor during CIRP proceedings. GNIDA argued that the leasehold rights could not be transferred without its prior consent under the terms of the lease deeds.

Lower Court's Ruling

The NCLAT adopted a strict corporate law approach and held that the assets of subsidiary companies could not be treated as assets of the Corporate Debtor merely because EIL exercised control over them. It further held that GNIDA's consent was mandatory before any transfer of leasehold rights under the resolution plans. Consequently, the NCLAT set aside the approved resolution plans and directed fresh invitations for resolution plans after settlement of GNIDA's dues.

Decision of the Supreme Court:

The Supreme Court set aside the judgment of the NCLAT and restored the approved resolution plans. The Court adopted a pragmatic and commercially realistic approach while dealing with the issue of corporate veil. The Court observed that although the leasehold rights formally vested in separate subsidiaries or SPVs, the actual development, management and financial control of the projects rested substantially with EIL. The SPVs had been created primarily to satisfy GNIDA's builder scheme requirements. Therefore, the Court held that the doctrine of lifting the corporate veil could be invoked to look at the economic substance of the transactions rather than their mere legal form.

Significance of the Case:

This judgment is a landmark ruling in India's insolvency jurisprudence, particularly concerning stalled real estate projects and protection of homebuyers. The decision strengthens the principle that insolvency law must prioritize economic realities over rigid corporate formalism. The Supreme Court clarified that courts may lift the corporate veil even in the absence of fraud where public interest, commercial practicality and stakeholder protection require such intervention. The ruling also reinforces project-specific insolvency resolution in real estate matters and prevents viable projects from collapsing due to technical corporate structures.

Link of the Order:

https://api.sci.gov.in/supremecourt/2023/8392/8392_2023_12_1501_70789_Judgement_05-May-2026.pdf