

Big Relief to 25K Jaypee Homebuyers, SC. Opens Gate for homebuyers

Big relief, to over 25K homebuyers who have invested their hard earned money in Jaypee Infratech Limited (JIL) but **facing uncertainty** due to **Insolvency Proceedings** against the company, the Apex Court has **“paved the way for them to approach consumer courts against the parent company Jaypee Associates Limited (JAL) for the refund or possession of their flats”**.

A bench of Justices **A M Khanwilkar** and **Ajay Rastogi** refused a plea of JAL to stay the proceedings against it on batch of petitions filed by homebuyers in National Consumer Disputes Redressal Commission (NCDRC) which held that JIL's homebuyers can approach consumer forum against its parent JAL to seek compensation and possession of flats.

Contention:

That JAL was only acting as agent of JIL for marketing, construction and sale of apartments and plots and it could not be punished for delay in construction of flats by JIL.

NCDRC Observation

- That JAL is the holding company of the JIL and as stated in the Red Herring Prospectus issued by JIL, in public domain, it was ***largely dependent on its promoters not only for financial support but also for execution expertise.***
- Not only had the allotment letters issued by JAL, the entire residential project was been to be planned, executed and marketed by JAL, which also committed a particular time line for delivery of possession to the buyers. ***Had the JAL not promoted JIL and not undertaken the aforesaid obligation including rendering a host of services to the buyers, they might not have booked apartments/plots in the project.***

Supreme Court Observation

- That the consumer commission will examine all contentions available to both sides (home buyers and JAL) regarding the rights and obligations of the parties on the merits in accordance with law. ***Consumers were left in all proceedings against JIL after initiation of insolvency proceeding against the company.***
- ***Therefore, JAL cannot be permitted to say at this stage that the buyers were consumer only of JIL.***

- Mr. Ravi Mediratta (Senior Counsel) And Mr. Akhilesh (Legal Consultant/ Advisor)

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