



## INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

### IBC Case Law Capsule

Number 249

(November 10, 2025)



**Amit Jain (Suspended Director of Mahagun (India) Pvt. Ltd.) vs. IDBI Trusteeship Services Ltd. & Anr.**  
**Company Appeal (AT) (Insolvency) No. 1186 of 2025 & I.A. No. 4981, 5133 of 2025**  
**Date of NCLAT Judgement: 6 November 2025**

#### Facts of the Case: -

The present appeal was filed against the order dated 05.08.2025 passed by National Company Law Tribunal, New Delhi, Court-III ("NCLT") in C.P. (IB) No. 112(ND)/2025. By the impugned order, the Adjudicating Authority had admitted Section 7 petition for default in redemption of Non-Convertible Debentures ("NCDs") aggregating to ₹256.48 crores filed by IDBI Trusteeship Services Ltd. ("financial creditor/respondent") against Mahagun (India) Pvt. Ltd. ("the Corporate Debtor/CD/appellant"). Aggrieved by the above order, the appeal(s) were filed.

Pursuant to the issuance of notice by the NCLT, the CD had sought time to file a detailed reply but submitted only a short response contesting maintainability of the Section 7 petition. Thereafter, without granting further extension, the AA vide order dated 05.08.2025, admitted the Section 7 petition. Aggrieved by this, the suspended director and other stakeholders, including Aditya Birla Capital Ltd. and the Manorialle Social Welfare Society representing 195 homebuyers, challenged the order before the NCLAT, contending that the default pertained solely to the Mahagun Manorialle project financed under the Debenture Trust Deed, by which the CD has obtained NCDs from the debenture holder, and not to other independent, performing projects. The appellant argued that insolvency of real-estate project is to be held project-specific independent of other projects of CD, which were distinct in terms of financing and no defaults existing for lenders of those projects.

The respondent submitted that the Section 7 petition was filed on account of default committed by the CD with regard to redemption of debentures. However, after filing the present appeal, the CD approached the Financial Creditor and both parties entered into a settlement agreement. Additionally, multiple Interlocutory Applications ("IAs") were filed by various stakeholders, including homebuyers' associations and individual allottees from different Mahagun projects. While some applicants sought restriction of the CIRP solely to the Mahagun Manorialle project or supported the settlement between the CD and the Financial Creditor, others opposed any withdrawal, urging continuation of the CIRP to safeguard homebuyers' interests and ensure completion of pending projects.



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### NCLAT's Observations

After considering the factual position and submissions of all parties, the question that arose before the NCLAT was whether the Adjudicating Authority was justified in admitting the Section 7 application against the appellant without granting adequate opportunity to file a detailed reply, and whether the CIRP should extend to all projects or be confined to the defaulting Mahagun Manorialle project.

The Appellate Tribunal observed that while the Adjudicating Authority had granted one week's time to file a reply, the real estate nature of the Corporate Debtor's business, involving multiple ongoing projects, warranted a more comprehensive consideration of the potential impact of insolvency on homebuyers and other secured lenders. Referring to the Supreme Court's ruling in *Mansi Brar Fernandes v. Shubha Sharma (2025)* and *Indiabulls Asset Reconstruction Co. Ltd. v. Ram Kishore Arora (2023)*, the NCLAT emphasized that insolvency proceedings in real estate companies should, as a rule, proceed on a project-specific basis rather than encompassing the entire corporate entity, unless exceptional circumstances exist.

Accordingly, the NCLAT noted that the financing by the respondent related exclusively to the Mahagun Manorialle project under the Debenture Trust Deed, and that solvent and performing projects should not be dragged into insolvency. The appellate tribunal thus remitted the matter to the Adjudicating Authority to reconsider the issue of project-specific CIRP, while also noting the subsequent settlement between the parties.

**Order/Judgement:** The NCLAT remitted the matter back to the NCLT for fresh adjudication. Further, it also granted the CD a week's time to file a detailed reply to the Section 7 petition along with the status report before the NCLT. Similarly, all other applicants were also granted liberty to file fresh applications before the NCLT.

**Case Review:** *Appeal disposed off. Matter remitted back to NCLT for fresh adjudication.*