IN THE NATIONAL COMPANY LAW TRIBUNAL
COURT-V NEW DELHI BENCH

I.A. No. 5608/2025

AND

COMPANY PETITION (IB) NO. 543/ND/2025

An Application under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 and Rule 32 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 and an Application under Rule 11 of the National Company Law Tribunal Rules, 2016.

IN THE MATTER OF:

CP (IB) No. 543/2025

IIFL Home Finance Limited
(Formerly known as India Infoline Housing Finance Limited)
Corporate Office: Plot No. 98,
Udyog Vihar, Phase IV,
Gurugram.-122015

…Applicant /Financial Creditor

Versus

M/s MMC Realtech Solutions OPC Private Limited
G-7 & G-8, Ground Floor, Plot no.4&5
Ansal Utility Center, Near Mother Dairy,
New Delhi, Paschim Vihar,
Delhi, India, 110063

…Respondent/Corporate Debtor

AND

IN THE MATTER OF:
IA 5608/2025

IIFL Home Finance Limited …Applicant

Versus

M/s MMC Realtech Solutions OPC Private Limited … Respondent

Order Delivered on: 03.09.2026

CORAM:

SHRI MANNI SANKARIAH SHANMUGA SUNDARAM,
HON'BLE MEMBER (JUDICIAL)

MS. REENA SINHA PURI,
HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the Applicant: Mr. Kaushik Mishra, Mr. Shailesh K. Rajora, Advs. for IIFL.

ORDER

1. The C.P. (IB) No. 543/2025 has been filed under Section 7 of the Code[1] read with Rule 4 and Rule 32 of the IBC Rules 2016[2], by IIFL Home Finance Limited (hereinafter referred to as 'Applicant/Financial Creditor'), seeking to initiate Corporate Insolvency Resolution Process ("CIRP") against M/ s MMC Real tech Solutions OPC Private Limited ("Corporate Debtor"). The Applicant has also filed an I.A 5608/2025 under Rule 11 of the NCLT Rules[3], to bring on record Annexure A-1 to A-3, comprising copies of NeSL Form-D in respect of both loan accounts and Form-C in respect of Loan Account No. IL10420418. Since both applications have been filed by the same Applicant and involve similar issues, they will be considered together insofar as the issue of maintainability is concerned.

Regarding CP IB NO. 543/2025

2. It is the case of the Financial Creditor that the Corporate Debtor, along with other Co-borrowers, Mr. Deepanshu Madaan, Mr. Veena Madaan and MMC Enterprises availed two loan facilities comprising of Rs 2.96 crore, secured against units 501–504, 5th Floor of PP Tower, Netaji Subhash Place, Wazirpur, Pitampura, Delhi, being Loan Account No. 986603; and Rs 1.91 crore, secured against Unit No. A-3218, 2nd Floor, Paschim Vihar, Delhi, being Loan Account No. IL10420418. These Loan agreements[4] were executed on 02.03.2023 and 28.08.2023, and the

[1] Insolvency and Bankruptcy Code, 2016.
[2] Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.
[3] National Company Law Tribunal Rules, 2016.
[4] Annexure A4 and A5, Page 25 to 34 of the Application u/s 95

Corporate Debtor and co-borrowers were jointly and severally liable to repay the loans within 120 months. According to the Financial Creditor, the borrowers defaulted on their repayment obligations. Consequently, a Demand Notice dated 28.07.2025 was issued, demanding Rs 4,55,32,638.80, being the outstanding amount as of 25.07.2025, together with further interest and charges. It is further stated that despite service of the notice and repeated reminders, no payment was made or dispute raised. The Financial Creditor therefore filed the present petition and relied upon the Form-C filed with NeSL (Information Utility) in respect of Loan Account No. 986603 as evidence of the default.

3. The Adjudicating Authority, by order dated 30.04.2026, directed the Applicant to file an affidavit specifically addressing the maintainability of the Section 7 application. The issue arose because the Applicant is a Housing Finance Company, and the Authority questioned whether the loans were in substance personal loans granted to individual borrowers, with the Corporate Debtor merely being a co-borrower. The Authority further sought clarification on whether a Section 7 insolvency petition could be maintained against the Corporate Debtor, particularly where the principal loan disbursement was made jointly to the individual co-borrowers.

4. In compliance with the aforesaid direction, the Applicant, by way of affidavit, submitted that the subject loan facilities were not housing loans for residential self-occupation, but were sanctioned and disbursed as Loan Against Property (LAP) facilities. It was stated that the Corporate Debtor, along with the individual co-borrowers, namely Mr. Deepanshu Madaan, Mrs. Veena Madaan and M/s MMC Enterprises, availed the facilities for business purposes and commercial expansion in connection with the Corporate Debtor's real estate activities. It was claimed that the direct commercial nexus between the facilities and the Corporate Debtor establishes that the debt constitutes a Financial Debt, and not a personal loan advanced to an individual.

5. It was also submitted that the sanction letters[5] dated 28.08.2023 and 28.02.2023 expressly identify the Corporate Debtor as a co-borrower. Reliance was placed on

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[5] Annexure A8 and A9, Page no. 79-106 of the Petition.

Amit Narang[6], where it was held that the liability of the co-borrower and the primary borrower under a common loan agreement is co-extensive and co-terminus. Accordingly, it was contended that there is no legal impediment to initiating proceedings under Section 7 against a co-borrower having equal and co-extensive liability under the facility agreement. Reliance was also placed on *Maitreya Doshi*[7] which established that the Petitioner/ Financial Creditor is fully entitled to initiate and maintain Section 7 proceedings against the CD, notwithstanding that the loan was jointly advanced to the individual co-borrowers along with Corporate Debtor.

6. It was concluded that the Corporate Debtor was not merely a guarantor or a surety but a co-borrower under both the Loan agreements. The Loan agreements were jointly executed by the Financial Creditor and by the Corporate Debtor together with the individual co-borrowers, where the Corporate Debtor was acting through the authorized Director/ signatory. Thus, the Corporate debtor is a direct party to the principal financial instruments.

7. The Applicant finally submitted that the requirements of Section 5(8)(a) of the Code are satisfied, as the debt arose from money disbursed against consideration for the time value of money. The existence of the Financial Debt and the occurrence of default are supported by the Loan Agreements, Statements of Account and other documents annexed with the Application.

Regarding I.A. NO. 5608/2025

8. The Applicant received the Default Report with respect to both the Loan accounts from the NeSL[8] after Section 7 Application was filed. This Application is filed to bring on Form-D with respect to both the loan account[9] in the form of Annexure A-1[10] and A-2[11]. It is submitted that the Form - C with respect to the loan account

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[6] Amit Narang v. Aditya Birla Finance Limited & Anr. Company Appeal (AT) (Insolvency) No. 684 of 2024
[7] Maitreya Doshi v. Anand Rathi Global Finance Ltd. Civil Appeal No. 6613 of 2021
[8] National E-governance Services Ltd.
[9] Loan account No. IL10420418 and 986603
[10] Page No. 8-21 in the IA. 5608/2025
[11] Page No. 22-34 in the IA. 5608/2025

No. 986603 is already on record. The Applicant further seeks to bring on record Form-C in respect of Loan Account No. IL10420418, annexed as Annexure A-3[12].

Analysis & Decision

9. We have heard the Counsel for the Applicant and perused the averments made in the Petition, material placed on record and the Affidavit on maintainability presented by the Applicant. We have also perused the Loan agreements, Cheque Submission Forms, Disbursal Request Forms, Final Sanction Letters and Most Important Terms and Conditions. We have also perused the Annexures filed in IA 5608/2025.

10. The Financial Creditor seeks initiation of CIRP under Section 7 of the Code against the Corporate Debtor for alleged default in repayment of loan facilities under the aforementioned Loan Agreements. The jurisdiction under Section 7 of the Code can be invoked only upon establishment of a "Financial Debt" owned by the Corporate Debtor, namely, a debt disbursed against the consideration for the time value of money and referable to the Corporate Debtor as borrower within the meaning of Section 5(8) of the Code.

11. In the present case, though the Loan Agreements and Sanction letters mention the name of Mr. Deepanshu Madaan, Mrs. Veena Madaan, MMC Enterprises, MMC Real Tech Solutions OPC Private Limited, mere inclusion of the name of the Corporate Debtor in the Loan and Sanction documents cannot by itself conclude the issue. The true nature of the transaction must be gathered from the contract as a whole and the surrounding loan structure.

12. The loan products are expressly described as 'HOME EQUITY BALANCE TRANSFER'[13] and 'HOME EQUITY – SAMMAAN'[14] in the Final Sanction Letters. As evident from the Disbursal Request Forms[15], the loan amount of Rs 2.96 crores was disbursed thus: Rs 1.40 crores to Bajaj Housing Finance Ltd, Rs 1.50 crores to the personal HDFC Bank Account of Mr Deepanshu Madaan and Rs 6 lakhs to

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[12] Page No. 35-36 in IA. 5608/2025
[13] Page 80 of the Petition
[14] Page 94 of the Petition
[15] Pages 49 of the Petition

Bajaj General Insurance Company for insurance, which was a mandatory requirement under the terms and conditions of the loan. Similarly, as per the Disbursal Request Form[16], the loan amount of Rs 1.91 crores was disbursed thus: Rs 1.87 crores to the personal HDFC Bank Account of Mrs Anu Madan and Rs 4 lakhs to ICICI Prudential Life Insurance Company for insurance, which was a mandatory requirement under the terms and conditions of the loan. These terms unmistakably indicate that the transaction is in the nature of a secured personal home equity and not a borrowing raised for any business purposes and commercial expansion in connection with the Corporate Debtor's real estate activities.

13. For a debt to qualify as a financial debt against the Corporate Debtor, there must be cogent material to show that the funds were disbursed to or for the benefit of the CD in its corporate capacity, or that the CD assumed repayment liability through recognised corporate acts such as a Board Resolution approving the borrowing, reflection in its books of account, or demonstrable deployment of funds for its business activities. No such material is forthcoming in the present case. There is no Board Resolution, no financial statement entry, no business-purpose document, and no evidence showing that the facility formed part of the Corporate Debtor's commercial borrowings. The time value of money test under Section 5(8) must be satisfied vis-à-vis the Corporate Debtor itself, which is not established on the present record.

14. On the contrary, the express contractual terms show the borrowing to be a personal LAP / home equity facility centred around individual borrowers and mortgaged property security. The Master Data of the Corporate Debtor does not reflect any charge in its Index of Charges in respect of the mortgaged properties, from which it is evident that the said properties is not owned by the Corporate Debtor. Perusal of the loan agreement further reveals that the commercial property – Units 501–504, 5th Floor of PP Tower, Netaji Subhash Place, Wazirpur, Pitampura, Delhi is owned by Mrs. Anu Madan (wife of Mr. Deepanshu Madaan) and Mrs. Veena Madaan (mother of Mr. Deepanshu Madaan) and the residential

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[16] Page 72 of the petition

property, Unit No. A-3218, 2nd Floor, Paschim Vihar, Delhi was gifted by Mr. Deepanshu Madaan to Mrs. Anu Madan.

15. The aforesaid circumstances are required to be considered cumulatively, namely, the absence of corporate authorisation, disbursement and operation of the loan facilities in the name of Mr. Deepanshu Madaan, the nature and ownership of the securities, the absence of any asset of the Corporate Debtor being furnished as security, and the absence of any material showing that the Corporate Debtor received and utilised the loan proceeds. These circumstances do not establish that the Corporate Debtor itself undertook the borrowing in question.

16. The Applicant, by way of the present Application filed under Rule 11 of the NCLT Rules, 2016, sought to place on record Annexures A-1 to A-3. It is submitted that the Applicant has received the default report from the National e-Governance Services Limited (NeSL) in respect of the two loan accounts. It is observed that the Report contains an apparent inconsistency with regard to the identity of the Debtor in the NeSL Report. As per the Report, the Debtor was initially reflected as Mr. Deepanshu Madaan with effect from 13.04.2023. However, the Debtor was subsequently changed and reflected as M/s MMC Realtech Solutions OPC Private Limited from 10.06.2025, for both the Loan Accounts. The Report, therefore, does not present a consistent position regarding the identity of the Debtor during the relevant period. Further, the Master Data of the Corporate Debtor, enclosed with the petition, does not give any index of charges, further confirming that there is no record of outstanding loans being claimed here.

17. The insolvency jurisdiction under Section 7 cannot be permitted to be invoked merely because the name of a company appears in the sanction letter, absent clear evidence that the company itself is the real obligor in respect of the financial transaction. The provisions of the IBC cannot be employed as a substitute for enforcement of mortgage security or recovery of personal loan liabilities.

18. In this regard, reliance may be placed on the judgment of the Hon'ble Supreme Court in *Radha Exports (India) Pvt. Ltd. v. K.P. Jayaram & Anr.*[17], wherein the

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[17] Radha Exports (India) Pvt. Ltd. v. K.P. Jayaram & Anr., (2020 INSC 518).

Hon'ble Supreme Court considered the distinction between a personal loan advanced to a promoter/director and a financial debt of the corporate entity. It was held that personal borrowing of a promoter or director, merely by reason of his association with the company, cannot be treated as a financial debt of the company so as to trigger CIRP against it.

19. At best, the documents enclosed with the petition disclose a mortgage-backed personal lending transaction for which the Applicant may pursue such remedies as are otherwise available in law under the contractual documents and other recovery mechanisms.

20. Accordingly, we hold that the Applicant has failed to establish that the amount claimed constitutes a 'Financial Debt' owed by the Corporate Debtor within the meaning of Section 5(8) of the Code. Consequently, the Applicant does not qualify as a 'Financial Creditor' under Section 5(7) of the Code in respect of the Corporate Debtor. In the absence of the foundational requirement of a financial debt owed by the Corporate Debtor, the present Application under Section 7 of the Code is not maintainable.

21. Accordingly, the instant application filed under Section 7 of the Code, bearing **C.P. (IB) No. 543 (PB)/2025 stands dismissed. I.A. No. 5608 of 2025 also stands disposed.**

Sd/-	**Sd/-**
(REENA SINHA PURI)	**(MANNI SANKARIAH SHANMUGA SUNDARAM)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**