NATIONAL COMPANY LAW TRIBUNAL
COURT-V, MUMBAI BENCH

1. IA/5674/2025 IN C.P. (IB)/787(MB)2021

IN THE MATTER OF

Nippon Life India AIF Management
Limited & Anr
VS
Lake District Realty Private Limited

U/s 7 of the Insolvency and Bankruptcy Code, 2016

Order Delivered on 18.11.2026

CORAM:

SH. NILESH SHARMA
MEMBER (J)

SH. CHARANJEET SINGH GULATI
MEMBER (T)

Appearance through VC/Physical/Hybrid Mode:

For the Applicant: - Adv. Ayush Rajani a/w Khushbooo Rajani i/b AKR Legal (PH)

For the Respondent: - Adv. Yahya Batatawala R-1, (VC) Adv. Abhijit Singh R-2 (VC)
Adv. Akshit Vats i/b IV Merchant & Co. for R-15
a/w. Akshita Jain a/w Adv/Tjaralesj D.

ORDER

IA/5674/2025

The above IA/5674/2025 is listed for pronouncement of the order. The same is pronounced in open court, vide a separate order.

Sd/-
NILESH SHARMA
Member (Judicial)

Sd/-
CHARANJEET SINGH GULATI
Member (Technical)

//Sunil (PS)//

NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH - V

IA (IBC) No/5674/2025

IN

CP (IB) No. 787 of 2021

(Under Section 60 (5) of the Insolvency and Bankruptcy Code, 2016)

Pune Kondhwa Realty Private Limited,

Sr. No. 25, Hissa No. 29/1, Meghdoot Society, The Business Hub, Office 312, Kothrud, Pune-411038

... Applicant

Versus

Mr. Kedar Mulye

(Resolution Professional of Lake District Realty Private Limited)

1301, Chaitanya Residency, Jay Prakash agar, Road Goregaon (E), Mumbai 4000

... Respondent

IN THE ORIGINAL MATTER OF

Nippon Life India AIF Management Limited & Anr

...Operational Creditor

Versus

Lake District Realty Private Limited

... Corporate Debtor

Order Delivered on: 18.11.2026

Coram:

Sh. Nilesh Sharma, Member (Judicial)

Sh. Charanjeet Singh Gulati Member (Technical)

Appearances:

For the Applicant: Adv. Rohit Gupta a/w Adv. Mansi and Adv. Abhishek Rajan

For the Respondent: Adv. Yahya Batatawala.

Per: Bench

ORDER

IA(IBC) No/5674/2025

1. The present application has been filed by Pune Kondhwa Realty Private Limited, (**"Applicant"**), under *Section 60(5) of the Insolvency and Bankruptcy Code, 2016*, (**"IBC/ the Code"**) against Mr. Kedar Mulye, the Resolution Professional (**"Respondent"**) of Lake District Realty Private Limited ("**Corporate Debtor**"), seeking following reliefs:

> *"i. This Hon'ble Tribunal be pleased to declare that the Impugned Decision being the Impugned August Email dated 23rd August 2025 and Impugned October Email dated 10th October 2025 of the Respondent holding that the Applicant is a 'related party' of the Corporate Debtor, as communicated by the Respondent vide the Impugned August Email and Impugned October Email is illegal, arbitrary, bad in law and contrary to the provisions of the IBC and, consequently, this Hon'ble Tribunal be pleased to set aside the Impugned Decision;*
>
> *ii. This Hon'ble Tribunal be pleased to declare and hold that the Applicant is a financial creditor to the Corporate Debtor, and is consequently entitled to be a part of the COC and participate and exercise its voting rights in the meetings of the COC of the Corporate Debtor;*

iii. That pending the hearing and final disposal of the present Application, this Hon'ble Tribunal be pleased to restrain the Respondent / RP from conducting any voting for passing any agenda and / or resolution plans at the meetings of the COC of the Corporate Debtor;

iv. That pending the hearing and final disposal of the present Application, this Hon'ble Tribunal be pleased to stay the hearing in the interlocutory application being Interlocutory Application No. 101 of 2025 filed by the Respondent/ RP.

v. For ad-interim relief in terms of prayer clause (iii and iv) above;

vi. For costs of the present Application"

Facts as per the Application, in brief:

2. The Applicant challenges the Respondent's i.e. Resolution Professional's (RP) emails dated 23.08.2025 and 10.10.2025 ("Impugned Emails"), which excluded the Applicant, an admitted financial creditor, from the Committee of Creditors (**"CoC"**) on the ground that it is a "related party" of the Corporate Debtor.
3. The Applicant and the Corporate Debtor entered into a registered Joint Development Agreement dated 27.06.2016 ("**JDA**") for developing land at Village Yeolewadi, Pune, admeasuring 67,272 sq. m. ("**said Land**"), owned by the Applicant. A power of attorney was also executed in the Corporate Debtor's favour. From 2017 the Applicant extended deposits to the Corporate Debtor to support development, and Rs. 42,46,23,801/- is stated to be outstanding. By letter dated 15.09.2021, it called upon the Corporate Debtor to repay the deposits, failing which interest at 18% compounded quarterly would be levied.
4. The CIRP of the Corporate Debtor commenced on 02.11.2023. The Applicant filed claims on 30.11.2023 and 26.11.2024 in Form F, but inadvertently under an erroneous head. It filed a revised claim in Form C on 02.05.2025 for Rs. 42,46,23,801/-, which the RP admitted on 20.08.2025.

5. On 14.01.2025, the Applicant issued a Termination Notice terminating the JDA with immediate effect, since the Corporate Debtor had failed to commence development on the said Land. The RP replied on 05.04.2025, asking for withdrawal of the termination as illegal and contrary to the Code. The Applicant reiterated the termination by letter dated 08.04.2025 and informed the RP that it was sharing the notice with the CoC and prospective resolution applicants.
6. On 24.04.2025, the RP filed IA No. 2424 of 2025 to quash and set aside the Termination Notice. The Applicant filed its reply dated 28.08.2025 on 01.09.2025. By order dated 02.09.2025, this Tribunal gave the RP two weeks to file a rejoinder. The RP also filed IA No. 101 of 2025 for approval of a resolution plan, and on 16.09.2025 it was submitted by the ld. Counsel of the RP that he would not proceed with it until IA No. 2424 of 2025 is decided.
7. On 22.08.2025, the Applicant asked the RP to (i) reconstitute the CoC to include it, (ii) give it access to all CoC meetings, documents and minutes, (iii) provide copies of resolution plans received, (iv) not allow voting in its absence, and (v) inform the resolution applicants of its inclusion as a financial creditor.
8. On 23.08.2025, by the Impugned August Email, the RP refused all of this, stating that a related party has no right of representation, participation or voting in the CoC. On 11.09.2025, the Applicant replied that it is not a related party and that the RP had given no explanation for classifying it as one. It asked for the details of the classification and reserved its right to seek relief.
9. By the Impugned October Email dated 10.10.2025, the RP stated that, on review of the documents and agreements, the Applicant qualifies as a related party because (a) it owns the said Land, the Corporate Debtor's sole revenue-generating asset, and (b) the JDA was entered into between the Applicant and the Corporate Debtor in respect of that land. The RP did not identify any sub-clause of Section 5(24) of the Code.
10. In the Applicant's view, the classification is arbitrary and unreasoned. Its case is that:

a. no commercial relationship, control or influence exists between the parties, and the JDA is an arm's-length, principal-to-principal contract (Clauses 2.2, 5.9, 5.30 and 9.1);
b. the Corporate Debtor has not entered the said Land since mid-2018 and has not developed it in nine years, so the land cannot be its "sole revenue-generating asset";
c. there is no common management, shareholding or directorship;
d. the deposits were loans to be repaid with appreciation or interest, not a means of gaining control; and
e. the JDA was terminated for the Corporate Debtor's breach.

11. Therefore, the Applicant prays that, the Impugned Emails be declared illegal and set aside; the Applicant be declared a financial creditor entitled to be on the CoC and to vote.

Reply by the Respondent, in brief:

12. The Respondent submits that the Applicant and the Corporate Debtor entered into a Joint Development Agreement (JDA) for the joint development of Phase II of the project, including the construction of common facilities and amenities. Under Clause 11 of the JDA, the parties were to share the profits and benefits arising from the sale of units and villas, thereby establishing a significant commercial relationship and shared economic interests. The Respondent further submits that the terms of the JDA conferred certain rights and obligations upon the Applicant concerning the development of the project, including the exercise of control over the manner in which the development was to be undertaken.

13. The Respondent further relies upon the shareholding and directorship structure of the Corporate Debtor and its connection with PRA Realty (India) Private Limited. The Corporate Debtor has only two shareholders, namely, Mr. Zubin Bharucha, holding 19.36% voting shares, and Mr. Rustom Bharucha, holding 80.64% voting shares. Mr. Rustom Bharucha, who is a suspended Director of the Corporate Debtor and holds 80.64% of its voting shares, is also the Managing Director and a 40% shareholder of PRA Realty (India) Private Limited. Further, PRA Realty (India) Private Limited holds 3.72% voting shares

in the Applicant, while Mauritius Investors Limited holds the remaining 96.28%. The Respondent also points out that Mr. Rustom Bharucha was formerly a Director of the Applicant and resigned on 31.03.2016. According to the Respondent, these shareholding and directorship links establish the interconnection between the Applicant, the Corporate Debtor and PRA Realty (India) Private Limited. The Respondent relies upon the financial statements, shareholding patterns and other records of the Corporate Debtor, the Applicant and PRA Realty (India) Private Limited to substantiate the said interconnection.

14. The Respondent further contends that the JDA constituted the sole asset of the Corporate Debtor and that the Applicant's purported termination of the JDA by notice dated 14.01.2025, during the subsistence of the moratorium, was improper and has been challenged by the Respondent in I.A. No. 2424 of 2025, which is pending adjudication. It is also submitted that the Applicant filed its claim in Form C only on 02.05.2025, despite the last date for submission of claims being 30.11.2023, and that its subsequent conduct raises concerns regarding its participation in the CIRP.
15. Accordingly, the Respondent maintains that, upon examination of the relevant records and the commercial relationship, shared interests and interconnections between the parties, the Applicant was rightly classified as a related party under Section 5(24) of the Code and excluded from participation and voting in the Committee of Creditors. The Respondent denies that the impugned decision is arbitrary, illegal or prejudicial to the Applicant and submits that the present Application is devoid of merit and liable to be dismissed.

Analysis and Findings

16. We have heard the Ld. Counsels for the parties and perused the record.
17. The Applicant contends that the Impugned Emails of the Respondent are unreasoned, as the Respondent has not specified the particular sub-clause of Section 5(24) under which it has been classified as a related party. It submits that the JDA is an arm's-length, principal-to-principal arrangement that confers no control over the Corporate Debtor. It further contends that there

is no common shareholding, directorship or management between the parties and that its status as a financial creditor arises from the deposits extended to the Corporate Debtor.

18. Per contra, the Respondent submits that the JDA, particularly Clause 11 concerning the sharing of profits and benefits, creates a significant commercial relationship and shared economic interest between the Applicant and the Corporate Debtor. The Applicant also has rights and obligations concerning the development and implementation of the project. The Respondent further relies upon the shareholding and directorship links between the Applicant, the Corporate Debtor and PRA Realty (India) Private Limited, to contend that the Applicant has rightly been classified as a related party. During the course of arguments, Ld. Counsel specifically stated that the Applicant is hit by clause (m) of subsection 24 of Section 5 of IBC.

19. As per the submissions of the Respondent, the following circumstances are relevant, though not independently conclusive, in assessing the relationship between the parties:

    (i) Mr. Rustom Bharucha, who holds 80.64% of the shares in the Corporate Debtor and is a suspended director thereof, was formerly a nominee director of the Applicant;

    (ii) Mr. Rustom Bharucha is the Managing Director and a 40% shareholder of PRA Realty, which holds 3.72% of the Applicant's shares; and

    (iii) PRA Realty is disclosed as a related party in the Corporate Debtor's financial statements for FY 2021–22, at page 149 of the Application.

20. We attach limited weight to these circumstances, as the connections are indirect. However, they do not even support the Applicant's contention that the parties are wholly unconnected and such circumstances are noted and may be considered alongside the substantive rights created under the JDA.

21. Now, we proceed to examine whether the Applicant is a 'related party' of the Corporate Debtor within the meaning of Section 5(24) of the Code, and is consequently disentitled from representation, participation and voting in the CoC under the first proviso to Section 21(2) of the Code.

22. The first proviso to Section 21(2) of the Code provides that a financial creditor who is a related party of the corporate debtor shall not have any right of

representation, participation or voting in a meeting of the CoC. The exception under the second proviso, concerning a regulated financial creditor that became a related party solely on account of conversion of debt into equity, is neither invoked nor attracted in the present case.

23. As, Ld. Counsels for the Applicant and Respondent have submitted their arguments in respect of clause (m)(i) of Section 5(24) of the Code, therefore, to understand whether the Applicant is a related party of the Corporate Debtor, it is necessary to refer the definition of Related party as provided section 5(24)(m)(i) of the code, which is as follows:

> *"**related party**, in relation to a corporate debtor, means—*
>
> ***(m) any person who is associated with the corporate debtor on account of—***
>
> ***(i) participation in policy making processes of the corporate debtor**; or*
>
> *…."*

24. The definition of "related party" under Section 5(24) is exhaustive. The provision in Section 5(24)(m)(i) of the Code specifically provides that a person may be considered a related party of the Corporate Debtor if the person is associated with it on account of participation in its policy-making processes. Under clause (i), the relevant consideration is whether the person participates in decisions shaping the Corporate Debtor's policies or business direction, rather than merely having a contractual or commercial relationship with it. Accordingly, this Tribunal shall now examine the material on record to determine that the Applicant falls within Section 5(24)(m)(i) of the Code, namely, whether it is associated with the Corporate Debtor on account of participation in its policy-making processes.

25. On a conjoint reading of the relevant provisions of the JDA, we find that the relationship between the parties extends beyond that of a mere landowner and a lender. The Applicant owns the land in question and has granted the Corporate Debtor a power of attorney to develop the same. Under Clause 11 of the JDA (Realisations), the parties share the profits and benefits of the project, and the Applicant has specified rights and obligations concerning its development, including common facilities and amenities.

26. Of particular significance is the fact that the project undertaken under the JDA constitutes the sole revenue-generating asset of the Corporate Debtor. Consequently, the decisions concerning its development, financing, construction, sale and commercial implementation directly affect the principal business activity and revenue generation of the Corporate Debtor. The nature and extent of the Applicant's contractual rights must, therefore, be assessed in this context.

27. The Applicant itself relies upon Clauses 5.9 and 9.1 of the JDA, under which project costs and the Business Plan are shared with it and specified actions require its prior consent. Clause 9.1 identifies matters concerning the project in respect of which PKRPL's prior consent is required, while Clause 9.2 reserves to the Corporate Debtor the discretion to undertake other actions, subject to the terms of the JDA. Further, under Clause 9.1, the parties have subjected specified decisions concerning the project to the Applicant's consent, and Clause 20.1(vi) treats the undertaking of such actions without the Applicant's prior written consent as an event of default. These provisions confer upon the Applicant a contractual say in specified decisions affecting the development and commercial direction of the Corporate Debtor's principal asset.

28. Further, Clause 12.1(c) provides for joint signatories of the parties in respect of Master Accounts 1, 2 and 3, with the consent of both parties required for activities other than distributions of realisations in accordance with the Escrow Agreement. Clause 6.8 also contemplates that the construction-finance disbursement schedule is agreed between the parties and that changes thereto require the Applicant's prior written consent. These provisions, when read with the Applicant's rights under Clause 9.1, indicate that its involvement is not confined to the receipt of its share of realisations or the protection of its proprietary interest in the land; it extends to specified financial and operational decisions concerning the project.

29. We are conscious that Clause 9.2 permits the Corporate Debtor to take decisions on matters not expressly reserved for the Applicant's consent and that the Corporate Debtor continues to bear responsibility for the construction and development of the project. However, the issue before us is

to determine whether the Applicant participates in policy-making concerning the Corporate Debtor's business as per section 5(24)(m)(i). In this regard it is noted that, the reserved consent rights over specified project decisions, the joint-signatory arrangement for designated accounts and the consent requirement concerning construction financing assume particular significance because the project is the Corporate Debtor's sole revenue-generating asset.

30. The interpretation of the expression "related party" must be guided by the statutory language and the substance of the relationship between the parties. In ***Phoenix Arc Pvt. Ltd. v. Spade Financial Services Ltd. & Ors., (2021) ibclaw.in 03 SC***, the Hon'ble Supreme Court observed that:

> ***"93****. In this regard, it is relevant to note the observations in the Insolvency Law Committee Report of 2020 clarifying the eligibility of third-party assignees of the debt of a related party creditor, to be members of the CoC. It was observed:*
>
> > *"11.09 … As a third-party assignee, who by itself is not a related party, would not have any such conflict of interest, it should not be disabled from participating in the CoC.* ***Further, the aforesaid disability is not related to the debt itself but is based on the relationship existing between a related party creditor and the corporate debtor. Therefore, as the disability imposed under the first proviso to Section 21(2) pertains to the related party financial creditor and not to the debt it is owed****, the Committee agreed that it is clear that when a related party financial creditor assigns her debt to a third party in good faith, such third party should not be disqualified from participating, voting or being represented in a meeting of the CoC.*
> >
> > *…."*
>
> ***94****. Thus****, it has been clarified that the exclusion under the first proviso to Section 21(2) is related not to the debt itself but to the relationship existing between a related party financial creditor and the corporate debtor.*** *As such, the financial creditor who in praesenti is not a related party, would not be debarred from being a member of the CoC. However, in case where the related party financial creditor divests itself of its shareholding or ceases to become a related party in a business capacity with the sole intention*

> *of participating the CoC and sabotage the CIRP, by diluting the vote share of other creditors or otherwise, it would be in keeping with the object and purpose of the first proviso to Section 21(2), to consider the former related party creditor, as one debarred under the first proviso.*
>
> ***95**. Hence, while the default rule under the first proviso to Section 21(2) is that only those financial creditors that are related parties in praesenti would be debarred from the CoC, those related party financial creditors that cease to be related parties in order to circumvent the exclusion under the first proviso to Section 21(2), should also be considered as being covered by the exclusion thereunder. Mr Kaul has argued, correctly in our opinion, that if this interpretation is not given to the first proviso of Section 21(2), then a related party financial creditor can devise a mechanism to remove its label of a 'related party' before the Corporate Debtor undergoes CIRP, so as to be able to enter the CoC and influence its decision making at the cost of other financial creditors."*
>
> [**Emphasis supplied**]

31. The Hon'ble Supreme Court has in the above case, examined the scope and purpose of the related-party provisions under the Code and emphasised that the exclusion under the first proviso of section 21 is not related to the debt itself but the relationship existing between the parties. It further specified the need to consider the real nature of the relationship in determining whether a person falls within the statutory definition. The inquiry under Section 5(24)(m)(i) is, therefore, not confined to formal shareholding or directorship links; it also requires examination of whether the contractual arrangement gives the person a substantive role in the Corporate Debtor's policy-making process.

32. Applying the aforesaid principle to the facts of the present case, we find that the Applicant's rights under the JDA, considered cumulatively and in the context of the project constituting the Corporate Debtor's sole revenue-generating asset, provide a sufficient basis to conclude that the Applicant participates in decisions concerning the project's direction and commercial affairs. Section 5(24)(m)(i) of the Code does not require day-to-day management or a controlling shareholding in the Corporate Debtor. The relevant consideration is whether the Applicant participates in the policy-

making processes of the Corporate Debtor, which, in the present case, is established by its contractual rights under the JDA.

33. With respect to the Applicant's submission that the JDA is stated to be an arm's-length, principal-to-principal agreement, it is noted that such a submission does not, by itself, exclude the Applicant from the ambit of Section 5(24)(m)(i). The question is whether the rights conferred by the agreement result in participation in the Corporate Debtor's policy-making process, irrespective of the commercial character attributed to the arrangement.

34. Further, the fact that the project is the Corporate Debtor's sole revenue-generating asset strengthens the significance of the Applicant's consent and decision-making rights concerning that project. The Corporate Debtor's alleged non-performance or non-entry upon the land does not, by itself, negate the association arising from the JDA. It is noted that the precise consequences of such alleged non-performance by the Corporate Debtor of its obligations under the JDA, are not required to be determined for deciding the issue before us. Moreover, the Applicant's purported termination of the JDA by notice dated 14.01.2025, after commencement of the insolvency proceedings and during the moratorium, is disputed and is the subject matter of IA No. 2424 of 2025. We express no opinion on the validity or effect of the said termination here. In any event, the disputed termination does not alter the basis on which the Respondent's classification, founded on the relationship and rights under the JDA, is examined in the present proceedings.

35. As regards the Applicant's contention that the Impugned Emails are unreasoned for not specifying the particular sub-clause of Section 5(24), we note that the basis of the classification was communicated and the Respondent has elaborated upon it in the reply filed before this Tribunal. The issue has been examined on the basis of the material on record, and the Applicant has had a full opportunity to address the same. Nevertheless, we observe that a Resolution Professional, while classifying a creditor as a related party, ought to record the reasons for such determination and identify the relevant statutory provision under the Code.

36. In view of the foregoing discussion, we hold that the Applicant is a related party of the Corporate Debtor within the meaning of Section 5(24)(m)(i) of the Code, on account of its participation in the policy-making processes concerning the Corporate Debtor's principal business. Consequently, the Applicant is not entitled to representation, participation or voting in the CoC under the first proviso to Section 21(2) of the Code. The decision of the Respondent communicated through the Emails dated 23.08.2025 and 10.10.2025 is, accordingly, upheld. We find no ground to interfere with the said classification. Therefore, prayers (i) and (ii) are **rejected** and no order in respect of prayer (v) regarding cost of present Application is passed. The other prayer clauses are for interim reliefs and become inconsequential when the IA is being finally disposed of.
37. It is clarified that this determination does not affect the admission of the Applicant's claim, nor does it express any opinion on the issues pending consideration in IA No. 2424 of 2025.
38. The present **IA (IBC) No/5674/2025** is **dismissed** and **disposed of**.

Sd/-

Sh. Nilesh Sharma
Member (Judicial)

Sd/-

Sh. Charanjeet Singh Gulati
Member (Technical)

Rashmi, LRA.