In real estate insolvencies, although the IBC is generally entity-centric, a project-oriented approach is warranted where the debt, security and loan documentation are confined to a specific project

The **Mumbai Bench of the National Company Law Tribunal (NCLT)** in the case of **Union Bank of India vs Rashmi Realty Builders Pvt Ltd [IA (I.B.C) 514/MB/2026] dated June 19, 2026**, has held that where entries in a duly signed balance sheet acknowledge borrowings within the subsisting period of limitation, a fresh period of limitation commences under Section 18 of the Limitation Act, 1963, and such acknowledgment, read with subsequent written communications and settlement proposals, can sustain a Section 7 petition within limitation. It further held that, at the stage of admission of a petition under Section 7 of the IBC, the enquiry is confined to the existence of financial debt and occurrence of default, and technical objections concerning strict evidentiary compliance do not defeat admission where certified bank records and an authenticated Information Utility record establish debt and default.

The NCLT clarified that, in real estate insolvencies, although the IBC is generally entity-centric, a project-oriented approach is warranted where the debt, security and loan documentation are confined to a specific project. Since the sanction letter and mortgage documentation unmistakably established that the financial facilities were intrinsically linked to the project "Rashmi Starcity Phase II & III" alone, the CIRP was required to remain confined to that project and could not extend to unrelated projects of the Corporate Debtor.

The Tribunal observed that the sanction letter, loan agreements, security documents, mortgage deeds, statements of account, Bankers' Books Certificate and the Record of Default issued by NeSL collectively established that substantial financial facilities were extended by the Financial Creditor to the Corporate Debtor and that the liabilities remained unpaid. It observed that the principal defence of the Corporate Debtor was confined to technical objections.

The Tribunal also rejected the evidentiary objections raised by the Corporate Debtor, observing that proceedings under Section 7 of the IBC are summary in nature and that, at the admission stage, the Adjudicating Authority is confined to determining the existence of financial debt and the occurrence of default. It held that the certified statements of account, Bankers' Books Certificate and the authenticated Record of Default issued by the Information Utility were sufficient, and that hyper-technical objections regarding evidentiary formalities did not detract from the material establishing debt and default.