



NATIONAL COMPANY LAW TRIBUNAL
INDORE BENCH
COURT NO. 1

ITEM No.201
CP(IB)/41(MP)2025

Order under Section 7 IBC

IN THE MATTER OF:

State Bank of India
V/s
Dadda Ji Hospitals Pvt Ltd

.....Applicant

.....Respondent

Coram:

Hon'ble Shri Brajendra Mani Tripathi, Member (J)
Hon'ble Shri Man Mohan Gupta Member (T)

PRONOUNCEMENT OF ORDER
Delivered on 17/09/2026

The case is fixed for pronouncement of the order.

The order is pronounced in open Court *vide* separate sheet.

Sd/-

Sd/-

MAN MOHAN GUPTA
MEMBER (TECHNICAL)

Tomar

BRAJENDRA MANI TRIPATHI
MEMBER (JUDICIAL)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
INDORE BENCH**

CP(IB)/41(MP)2025

[Application under Section 7 of the Insolvency and Bankruptcy Code, 2016, read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016]

IN THE MATTER OF:

STATE BANK OF INDIA

Registered office Situated at: SME Branch

Jabalpur Main Branch Campus,

Opp. Hotel Rishi Regency, Civil Lines,

Jabalpur (M.P.)- 482001

...Petitioner/Financial Creditor

Versus

M/S DADDA JI HOSPITAL PRIVATE LIMITED

(CIN: U93000MP2017PTC042941)

Registered office Situated at Plot No. 11-18/1,

Aagha Chowk in Front of Bus Depot, Jabalpur,

Madhya Pradesh, India, 482002

...Respondent/Corporate Debtor

Order Pronounced on: **17.09.2026**

CORAM:

Hon'ble Mr. Brajendra Mani Tripathi, Member (Judicial)

Hon'ble Mr. Man Mohan Gupta, Member (Technical)

APPEARANCE:

For the Applicant: Mr. Rohit Dubey, Adv (Physical)



For the Respondent: Mr. Vijayesh Atre, Adv (Physical) a.w.
Ms. Aarya Chhangani, Adv (Physical)

O R D E R

A. NATURE OF THE APPLICATION

1. This is a company petition filed by **State Bank of India** (“Applicant”/“Financial Creditor”) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“Code”/“IBC”), read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, in Form-1 of the Schedule thereto, seeking initiation of Corporate Insolvency Resolution Process (“CIRP”) against **M/s Dadda Ji Hospital Private Limited** (“Respondent”/“Corporate Debtor”), on the ground of default committed by the Corporate Debtor in repayment of a financial debt.

B. FACTS OF THE CASE

2. **On perusal of Part I of Form-1**, it is noted that the Applicant/Financial Creditor is State Bank of India, having a branch office at Stressed Assets Management Branch-II, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400021, acting through its Authorised Representative, Mr. Rajendra Kumar, pursuant to an authority letter dated 21.03.2025 executed by a Deputy General Manager of the Applicant.
3. **On perusal of Part II of Form-1**, it is noted that the Respondent/Corporate Debtor is **M/s Dadda Ji Hospital Private Limited** (CIN: U93000MP2017PTC042941),



incorporated on 22.03.2017, having its registered office at Plot No. 11-18/1, Aagha Chowk in front of Bus Depot, Jabalpur, Madhya Pradesh – 482002, with an authorised share capital of INR 9,00,00,000/- and a paid-up share capital of INR 6,97,50,200/- (approx.). It is also on record that the Corporate Debtor holds Udyam Registration No. UDYAM-MP-24-0011840, and stands classified as a “Small” enterprise for the years 2021-22, 2022-23 and 2023-24.

4. **On perusal of Part III of Form-1**, it is noted that the Applicant has proposed the name of Mr. Sanjay Kumar Gupta, Insolvency Professional, to be appointed as the Interim Resolution Professional (“IRP”), and has placed on record his written consent together with a valid Authorisation for Assignment.
5. **On perusal of Part IV of Form-1**, it is stated that amount claimed to be in default is **23,07,06,812.03** and **date of default is** 16.11.2023, subsequent to which account of corporate debtor was classified as non-performing asset (NPA) on 13.02.2024.
6. It is further noted that the Corporate Debtor was sanctioned various credit facilities by the Applicant from time to time, at its own request, to meet its working capital and other business requirements, i.e., on 30.06.2017, 30.05.2019, 18.10.2019, 16.04.2020, 05.06.2020, 12.02.2021, 26.11.2021, and lastly on 12.04.2022. The last sanction, dated 12.04.2022 (Ref. RMME/AL/2C22-23/02), reorganised the outstanding exposure into the facilities aggregating INR 22,55,00,000/-



tabulated below, secured by Hypothecation Agreement, Guarantee Agreement and Mortgage related documents executed by the Corporate Debtor and its personal guarantors. The amount sanctioned is as follows:

Sl. No.	Facility	Loan Account No.	Sanctioned Amount (INR Crore)	Outstanding as on 27.02.2025 (INR Crore)
1	Cash Credit	37782862528	1.50	1.49
2	Term Loan-1	37119830876	12.92	14.59
3	Term Loan-2 (Medical Equipment)	38906548083	3.27	3.37
4	Guaranteed Emergency Credit Line (GECL)	39763470072	2.69	1.44
5	GECL – Extension	40597615245	2.17	2.17
	Total		22.55	23.07

7. **On perusal of Part V of Form-1** and the annexures thereto, it is noted that the Applicant claims a total financial debt of INR 23,07,06,812.03 as on 01.03.2025, and relies upon, inter alia, the sanction letters and executed loan/security documents (Annexure A-3), the statement of accounts (Annexure A-4), the notice dated 31.05.2024 under Section 13(2) of the SARFAESI Act, 2002 (Annexure A-5), and the Record of Default with the Information Utility, authenticated on 30.08.2024 (Annexure A-6), as also the securities held – both primary (hypothecation of



current assets, plant, machinery and medical equipment) and collateral (equitable mortgages over the hospital land and building and certain other immovable properties, together with personal guarantees of certain directors/third parties).

C. SUBMISSIONS OF THE APPLICANT / FINANCIAL CREDITOR

8. Learned counsel for the Applicant submits that the existence of financial debt and default stands duly established from the documents referred to in Part V of Form-1 above, and that the application, being complete in all respects and accompanied by the consent and Authorisation for Assignment of the proposed IRP, is liable to be admitted under Section 7 of the Code.

9. It is submitted that the debt claimed is well above the threshold of INR 1,00,00,000/- prescribed under Section 4 of the Code

D. REPLY /OBJECTIONS OF THE RESPONDENT-CORPORATE DEBTOR

10. The respondent has denied the averments made in the petition and raising the following objections, which may be conveniently grouped under eight heads:

(i) Want of authority to file the petition

11. It is contended that the petition has been filed and signed by Mr. Rajendra Kumar as “Authorised Representative” of the Applicant on the strength of an authority letter dated 21.03.2025 executed by a Deputy General Manager (DGM), and that the DGM has not been shown to possess the requisite



authority to execute such further delegation. Invoking the maxim **delegatus non potest delegare**, the Respondent contends that a delegate cannot sub-delegate, and that the authority letter – and consequently the petition itself – is void and unauthorised.

(ii) Defective affidavit and improper verification

12. It is contended that the verifying affidavit dated 24.03.2025 does not separately verify the annexures filed with the petition, and that in the absence of such verification, the annexures (being photocopies) amount to secondary evidence which cannot be relied upon; reliance is placed on Rule 10 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 read with Rules 23 and 26 of the NCLT Rules, 2016, to contend that non-compliance is incurable and vitiates the petition.

(iii) Absence of a formal loan agreement and no proof of disbursal

13. It is contended that no duly executed, stamped or registered loan agreement exists between the parties, and that the Applicant seeks to sustain the petition merely on the strength of a sanction letter, which cannot substitute a binding loan agreement. It is further submitted that the existence of a formally executed and adequately stamped loan agreement, duly setting out the amount availed, interest, repayment schedule and other binding terms, is a pre-requisite for establishing a financial relationship. Such a document is



indispensable in proceedings under Section 7 of the IBC, 2016, which have far-reaching consequences and cannot be ignored.

(iv) No proof of disbursal

14. It is a settled position that disbursal against consideration for time value of money is the *sine qua non* of “financial debt” under Section 5(8) of the Code. The proof of disbursal is an essential ingredient to establish a “financial debt” under Section 7 of the IBC, 2016. In the absence of such proof, the very foundation of a Section 7 application is incomplete and the Petition becomes unsustainable.
15. The Respondent submits that, firstly, there is no formal loan agreement between the parties and, therefore, the terms in the sanction letter are not binding on the Respondent; and secondly, the Applicant has not produced any bank statements, ledger extracts, or even basic particulars such as dates and amounts of disbursal.
16. The Applicant, in Part V at Point No. 8 of the Application, has stated that a statement of the Financial Creditor showing disbursement is attached and marked as Annexure-4. However, upon perusal of the said annexure, it is evident that Annexure-4, which is claimed to contain disbursal details, contains no such statement. The Respondent submits that this is not a mere irregularity but a fundamental defect, and that the representation in the Application that such proof was annexed is a misstatement on oath intended to mislead this Hon’ble Tribunal.



17. The Respondent relies upon the judgment of the Hon'ble Supreme Court in **Anuj Jain, IRP for Jaypee Infratech Ltd. v. Axis Bank Ltd.**, wherein it was categorically held that disbursal against consideration for the time value of money is the essential requirement for a transaction to qualify as a "financial debt" under Section 5(8) of the Code. Accordingly, as the Applicant has failed to furnish any documentary proof of disbursal of the alleged facilities, its claim remains unsubstantiated, unreliable and fatally defective. The Petition is therefore liable to be rejected *in limine*.

(v) Bank statement not in conformity with the Bankers' Books Evidence Act, 1891

18. It is contended that the statement of account filed by the Applicant at pages 195–331 of the petition is not accompanied by the certificate mandated under Section 2(8) read with Section 2A of the Bankers' Books Evidence Act, 1891, and that in the absence of such statutory certification, the statement is inadmissible in evidence and cannot form the basis for a claim under Section 7 of the Code.

(vi) Invalidity of the NPA classification

19. It is contended that the Corporate Debtor, being a registered "Small" enterprise under the MSMED Act, 2006, was entitled to the protection of the RBI's "Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs)" dated 17.03.2016, under which an account must first be categorised as SMA-0, SMA-1 or SMA-2 and referred to



a Committee for a Corrective Action Plan before it can be classified as an NPA.

20. The premature classification of the Respondent's account as NPA has deprived it of the opportunity to revive operations and benefit from the statutory rehabilitation framework designed specifically for MSMEs.
21. The Hon'ble Supreme Court in ***M/s Pro Knits v. Canara Bank & Ors (SLP (C) No. 7898 of 2024; 2024 INSC 565)*** has affirmed that the RBI's MSME Framework has statutory force and is binding on all banks. The Court further held that identification of incipient stress and categorisation under SMA prior to NPA declaration is a crucial and mandatory stage.

(vii) Erroneous and unreliable date of default

22. The Respondent submits that, in Part IV, Point 2 of the Application, the Applicant has stated that the Date of default is 16.11.2023 when the EMI was defaulted and NPA as 13.02.2024. The assertion is vague, ambiguous and unsupported by any documentary evidence. The Applicant has failed to produce any contractual clause showing that an EMI was due on 16.11.2023 or on the 16th of any month. In the absence of a formal loan agreement, such bald assertions are unfounded.
23. The Respondent further submits that the alleged date of default is unreliable as it is unsupported by evidence, based on an invalid and premature NPA declaration, and lacks any



contractual or documentary basis. The facilities, if any, availed by the Respondent were distinct in nature - separate amounts, separate purposes, separate accounts and different repayment terms. Despite this, the Applicant has clubbed all facilities into one consolidated figure with a single date of default. The Applicant was duty-bound to specify the repayment schedule, bifurcate the loans and identify the specific default in respect of each facility.

24. The Applicant has also failed to produce any repayment schedule or bank statements showing that an EMI was due or missed on 16.11.2023. Neither the sanction letter nor any other document annexed records 16.11.2023 as a due date, nor has the specific loan account in which the alleged default occurred been identified. On a perusal of the sanction letter itself, it becomes clear that the repayment terms are distinct for each loan and no fixed due date is specified. The RBI Circular dated 12.11.2021, according to the Respondent, mandates that exact due dates for repayment, breakup of principal and interest, and NPA classification norms must be clearly stipulated in the loan agreement. The absence of such specification makes the alleged default date baseless.
25. The Respondent submits that the Applicant appears to have mechanically treated the account as NPA and retrospectively back-calculated 90 days to manufacture a date of default. As the repayment schedule itself is uncertain in the absence of a formal loan agreement, and no EMI was shown to be due on 16.11.2023, the alleged date of default is without foundation.



Consequently, the NESL Certificates annexed with the Application, being premised on an arbitrary date, are also vitiated and cannot be relied upon.

26. On the contrary, the Respondent states that it has made substantial payments in November and December 2023, as reflected in its bank statements, and hence cannot be said to have committed default. The bank account statements for the said period, annexed as Annexure-4, clearly negate the Applicant's assertion of default on 16.11.2023.

(viii) Corporate Debtor as a going concern rendering essential services

27. It is contended that the Corporate Debtor is a fully functional multi-speciality hospital rendering essential healthcare services, and that initiation of CIRP would severely disrupt patient care and adversely affect public health and welfare; that the present proceedings have been initiated with a recovery motive rather than a bona fide intent of resolution, attracting Section 65 of the Code; and that the balance of convenience lies in permitting the Corporate Debtor to continue as a going concern.
28. Section 7(5)(b) gives discretionary powers and empowers this Hon'ble Tribunal to reject the application if it is incomplete or is satisfied that the default has not occurred; The provisions of section 7(5) have been modified with prospective effect from 22nd May, 2026 and the present application was filed on 27th April, 2025 and therefore, the present application shall be



adjudicated as per the law prevailing as on 27th April, 2025, and not as per the amended provision of section 7(5).

29. On the above grounds, the Respondent has prayed for dismissal of the petition as not maintainable in law and on facts.

E. REJOINDER OF THE APPLICANT-FINANCIAL CREDITOR

30. In reply to the objections raised by the Respondent, the Applicant has filed a Rejoinder dated 02.12.2025, verified by affidavit, together with fresh documents – namely, the internal circular delegating signing authority (Annexure R1), a certificate under Section 2A of the Bankers' Books Evidence Act, 1891 (Annexure R2), and copies of subsequent correspondence exchanged between the parties evidencing acknowledgment of debt (Annexure R3). Ground-wise, and without repeating the facts already set out in Section B above, the Applicant's response is as follows:
31. On **authority**, it is submitted by the Applicant that Mr. Rajendra Kumar has been duly authorised to be the "Authorised Representative" of the Applicant State Bank of India. Moreover, the authority is derived on the basis of the authority letter dated 21.03.2025 executed by the Deputy General Manager (DGM). Furthermore it is pertinent to note that the Applicant State Bank of India, is a statutory body constituted under the State Bank of India Act, 1955 (SBI Act), and this organisation functions through its officers who are



duly empowered under the internal circulars, administrative instructions and statutory delegation of powers.

32. That in this regard the Deputy General Manager has been duly authorised to further execute the authority letter in favour of any person vide the circular and therefore the Repondent's reliance on the principle *Delegatus Non Postest Delegare* is misplaced, as such delegation is supported by the statutory scheme of SBI Act and long standing internal authorisation structures Therefore this objection of the Respondent is liable to be rejected in limine.
33. **On defective affidavit and improper verification**, it is submitted that the affidavit dated dated 24.03.2025 filed in support of the petition duly verifies the entire petition along with its annexures, and the subsequent Rejoinder filed by the Applicant further re-verifies the facts, narrative and annexures on record in petition as well. There is, therefore, no infirmity whatsoever in the verification of the petition.
34. **On the loan agreement and disbursal**, it is submitted that the sanction letters and executed loan documents (Annexure A-3), read with the statement of accounts (Annexure A-4), the SARFAESI notice (Annexure A-5) and the authenticated Information Utility record (Annexure A-6), collectively establish the lender-borrower relationship, disbursal, and default; the loan documents are duly signed by the Corporate Debtor's directors.



35. **On the Bankers' Books Evidence Act certificate**, it is submitted that the omission is a procedural irregularity going only to the mode of proof, now cured by the certificate placed on record as Annexure R2 of rejoinder filed by the applicant.
36. **On the NPA classification/MSME framework**, it is submitted that the Code is a complete and self-contained legislation, and that the RBI's SMA/CAP framework does not restrict a financial creditor's independent statutory right to invoke Section 7 once "default", as defined under Section 3(12) of the Code, is otherwise established.
37. **On the date of default**, it is submitted that 16.11.2023 is the date the EMI was defaulted; the account was thereafter classified as NPA on 13.02.2024 in the ordinary course; and the authenticated Record of Default in Form-D with the Information Utility (Annexure A-6), completed on 30.08.2024, is itself and such an authentication is itself a proof of debt and default.
38. **On the going-concern/essential-service contention**, it is submitted that numerous CIRP proceedings have been validly initiated in the past against hospitals and other entities rendering essential services, that no recovery motive attaches to the present petition, and that the Corporate Debtor has, time and again, acknowledged its debt towards the Applicant, as evidenced by the correspondence annexed as Annexure R3.
39. Further that the inquiry under section 7(5) is confined to whether a default has occurred and the debt is "due," and does



not require determination of the exact date of default with mathematical precision. once the Adjudicating Authority is satisfied that the debt is due and unpaid, the application is liable to be admitted, notwithstanding any ambiguity or absence of an exact default date in the pleadings. The Hon'ble Supreme Court in ***M. Suresh Kumar Reddy v. Canara Bank and Ors.***, ***MANU/SC/0561/2023***. "once NCLT is satisfied that the default has occurred, there is hardly a discretion left with NCLT to refuse admission of the application Under Section 7."

FURTHER WRITTEN SUBMISSIONS

40. The Applicant has, in brief, relied on ***Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan & Ors.*** [2026 INSC 166], ***M. Suresh Kumar Reddy v. Canara Bank & Ors.*** [(2023) 8 SCC 387], ***Laxmi Pat Surana v. Union Bank of India & Anr.*** [(2021) 8 SCC 481] and ***Vijay Kumar Singhania v. Bank of Baroda & Anr.*** [NCLAT, Company Appeal (AT)(Ins) No. 1058 of 2023], and has placed on record an updated outstanding figure of INR 22,76,25,762.18/- as on 21.04.2026.
41. The Respondent has, in brief, relied on ***Vidarbha Industries Power Ltd. v. Axis Bank Ltd.*** [(2022) 8 SCC 352] and AIR 1952 SC 317 (State of Bombay v. Purushottam Jog Naik), and has placed on record its Affidavit dated 15.04.2026 claiming payment of INR 9.95 crore between 13.11.2023 and 31.03.2026 and profitability for FY 2024-25, in support of its objections as to authority, verification, the NPA classification, and the discretionary nature of Section 7(5). These



submissions are taken up along with the other pleadings in the analysis below.

H. ANALYSIS AND FINDINGS

42. We have heard the learned counsel appearing for the Applicant and the Respondent and have perused the Application, the Reply, Rejoinder, and the documents placed on record. The question before this Adjudicating Authority is whether the Applicant has established the existence of a financial debt and occurrence of default within the meaning of the Code, and whether the present Application satisfies the requirements prescribed under Section 7 of the Code.
43. At the outset, it is relevant to note upon perusal of record that the Corporate Debtor has availed financial facilities from the Applicant. The record shows that various credit facilities were sanctioned to the Corporate Debtor from time to time, culminating in the sanction dated 12.04.2022, whereby the outstanding exposure was reorganised into facilities aggregating to ₹22.55 Crores.
44. The Applicant has placed on record the sanction letters, executed facility/security documents, statements of account, SARFAESI notice and the Record of Default maintained with the Information Utility.

Existence of Financial Debt

45. The Respondent has contended that there is no formal loan agreement and that the Applicant has failed to produce satisfactory proof of disbursal. It is further submitted that the



sanction letters, by themselves, cannot establish the financial debt. The Applicant, in reply, has submitted that the sanction letters and executed documents, read with the statement of accounts and other documents, establish the lender-borrower relationship, disbursal and the liability of the Corporate Debtor.

46. We find substance in the Applicant's submission. The record cannot be examined by isolating the sanction letters from the other documents forming part of application together with the statement of accounts. The documents placed on record disclose the sanction and availing of the facilities by the Corporate Debtor, the execution of security documents and the subsequent conduct of the parties in relation thereto. Significantly, the Corporate Debtor itself has placed on record particulars of substantial payments made towards the Applicant's facilities and has subsequently proposed settlement of the outstanding liability. Such conduct is inconsistent with the contention that there was no financial transaction or that the Corporate Debtor had not availed the facilities in question.
47. The requirement under Section 5(8) of the Code is that the debt should arise from a transaction having the commercial effect of borrowing and should involve disbursal against consideration for the time value of money. On consideration of the sanction documents, executed facility documents, statement of accounts and the subsequent conduct of the parties, we are satisfied that the transaction in question falls



within the ambit of “financial debt” as defined under Section 5(8) of the Code. The objection that the absence of a document described by the Respondent as a “formal loan agreement” by itself defeats the Application, therefore, cannot be accepted.

48. The objection regarding the certificate under the Bankers' Books Evidence Act also does not affect the conclusion reached above. The Applicant has subsequently placed the requisite certificate on record as Annexure R-2. Further, the existence of financial debt in the present case does not rest upon the statement of account alone but is supported by the sanction documents, executed facility/security documents and the other contemporaneous material on record.

Whether Default is Established

49. The more substantial objection raised by the Respondent concerns the date of default. The Applicant has stated in Part IV of Form-1 that the date of default is 16.11.2023, whereas the account was classified as NPA on 13.02.2024. The Respondent contends that there is no document demonstrating that any instalment became due on 16.11.2023, that no particular loan account or repayment schedule has been identified and that the Applicant has retrospectively derived the date of default from the subsequent NPA classification.
50. The contention requires consideration in the context of Section 3(12) of the Code. “Default” means non-payment of a debt when the whole or any part or instalment of the amount of debt



has become due and payable and remains unpaid. Therefore, the relevant question is whether the material on record establishes that an amount which had become due and payable remained unpaid by the Corporate Debtor.

51. In the present case, the Applicant has placed on record the authenticated Record of Default recorded with the Information Utility. Significantly, the said record was authenticated by the Corporate Debtor itself. Thus, the default recorded therein is not merely a unilateral assertion of the Applicant Bank. The Respondent has not disputed the authenticity of the said record and has instead questioned the basis of the date of default recorded therein. The Applicant has also placed on record the statement of accounts and the SARFAESI notice dated 31.05.2024. These documents, when considered together, support the occurrence of default pleaded by the Applicant.
52. The subsequent conduct of the Corporate Debtor also lends support to the subsistence of the financial liability. The record contains correspondence from the Corporate Debtor acknowledging the outstanding liability and, subsequently, its settlement proposal for ₹22.76 Crores, which was rejected by SBI vide letter dated 28.07.2025. The details are as follows:



भारतीय स्टेट बैंक
भारतीय स्टेट बैंक
STATE BANK OF INDIA

Regd. AD
Without Prejudice

M/S Daddaji Hospitals Private Limited
Aaga Chowk, near Beldeobagh
Jablapur MP 482001

SBI/SAMB – II/MUM/TEAM 7/2026-27/248

Date: 28.07.2026

Dear Sir,

M/s Daddaji Hospitals Pvt Ltd
Your proposal Dated 20.07.2026 for repayment of Bank's dues

We acknowledge receipt of your letter dated 20.07.2026 wherein you have submitted a proposal for repayment of the Bank's outstanding dues.

The said proposal has been examined by the Competent Authority. However, after due consideration of the facts and circumstances of the case, the Bank regrets its inability to accept the proposal for, inter alia, the following reasons:

- Your proposal is not supported by any upfront payment towards the outstanding dues. In the absence of any immediate financial commitment, the proposal does not provide sufficient assurance regarding its implementation.
- The proposal contemplates repayment only of the principal outstanding and does not provide for liquidation of the Bank's entire dues, including accrued interest, contractual charges, expenses and other applicable liabilities.

Past conduct and non-fulfillment of commitments: The Hon'ble National Company Law Tribunal, Indore Bench, vide its order dated 11.05.2026, had granted you approximately two months' time to liquidate the Bank's dues. Despite the indulgence extended by the Hon'ble Tribunal, only Rs.16.30 lakh has been remitted towards the outstanding dues till date. It is further observed that during the current financial year, aggregate credits of approximately Rs. 8.79 crore were received in your current account-OD No 40010262274 and 40084087816. However, no substantial repayment was made towards the Bank's outstanding dues.

Further, vide your letter dated 07.10.2025, you had undertaken to repay Rs.12 crore by December 2025. The said commitment has also not been honoured.

The repeated failure to adhere to commitments voluntarily made by you has materially impaired the credibility of the assurances now being extended.





53. The subsequent acknowledgment of the outstanding liability by the Corporate Debtor and the payments made by it after 16.11.2023 do not, by themselves, negate the occurrence of an earlier default. Such payments may reduce the outstanding amount, but they do not, by themselves, wipe out a default which had already occurred. Similarly, the settlement proposal of ₹22.76 Crores made subsequently is relevant to show that the financial liability continued to remain outstanding.
54. Thus, the subsequent payments and the acknowledgment of liability relied upon by the Respondent do not, by themselves, disprove the occurrence of default. The relevant question is whether the material on record establishes that the debt or instalment had become due and payable and remained unpaid on 16.11.2023. In the present case, the authenticated Record of Default, which was also authenticated by the Corporate Debtor, read with the statement of accounts and the other material placed on record, establishes the occurrence of default. Accordingly, we are satisfied that the default pleaded by the Applicant stands established.

Effect of MSME Status and NPA Classification

55. The Respondent has further contended that it is a registered “Small” enterprise and that the Applicant was required to comply with the applicable MSME/SMA/CAP framework before classifying the account as NPA. The Respondent has relied upon *M/s Pro Knits v. Board of Directors of Canara Bank & Ors.*, 2024 INSC 565, to contend that the applicable MSME framework has binding force.



56. There can be no dispute with the proposition that the applicable RBI/MSME framework is binding upon the concerned banking institution. The Supreme Court in *M/s Pro Knits* has held that the relevant instructions/directions issued under the statutory framework have binding force. However, the question before us is not whether the Applicant correctly classified the account as NPA under the applicable regulatory framework. The question is whether a **“default” within the meaning of Section 3(12) of the Code had occurred** so as to attract Section 7.
57. In the present case, the finding of default is not based solely upon the NPA classification dated 13.02.2024. The default has been considered on the basis of the financial documents, the statement of account, the authenticated Record of Default and the subsequent conduct and acknowledgments of the Corporate Debtor. Therefore, even assuming that the Corporate Debtor may have a grievance regarding compliance with the MSME/SMA/CAP framework, such grievance does not, in the facts of the present case, displace the independent finding of default under Section 3(12) of the Code. The issue of regulatory compliance with the applicable MSME framework, if otherwise maintainable, is distinct from the existence of default for the purpose of Section 7.

[Limitation](#)

58. The Applicant has pleaded the date of default as 16.11.2023. The present Application was instituted in April 2025. Accordingly, reckoning limitation from 16.11.2023, the



Application falls within the period of three years prescribed under Article 137 of the Limitation Act, 1963. The Application is, therefore, within limitation.

Authority and Verification

59. The Respondent has also questioned the authority of the person who instituted the proceedings on behalf of the Applicant and has raised an objection regarding verification of the affidavit. The Applicant has placed on record the authority letter dated 21.03.2025 and has explained the source of authority of the officer concerned. The objection is substantially founded on the proposition that the authority could not have been further delegated. The Applicant, being a banking institution, acts through its duly empowered officers in accordance with its governing regulations and internal authorisations. The objection, therefore, does not persuade us to hold that the present proceedings are not duly instituted.
60. Similarly, the objection regarding defective affidavit and improper verification does not go to the existence of the underlying financial debt or default. The Applicant's Rejoinder has also reaffirmed and verified the facts and documents relied upon. In the facts of the present case, the objection is procedural in nature and does not justify rejection of an otherwise maintainable Section 7 Application.

Subsequent Payments, Profitability and Status as a Going Concern

61. The Respondent has relied upon the payments allegedly made after the date of default, its profitability during FY 2024-25 and



the fact that the Corporate Debtor is a functioning multi-speciality hospital providing essential healthcare services. It is submitted that initiation of CIRP would adversely affect patient care and that the Application has been filed with a recovery motive.

62. We are unable to accept the said contention as a ground for refusing admission. The fact that the Corporate Debtor is a going concern or is engaged in providing healthcare services does not, by itself, create an exemption from the applicability of the Code. On the contrary, the insolvency resolution framework is intended to facilitate the continuation of the Corporate Debtor as a going concern during CIRP. The Code also contains statutory safeguards in respect of essential goods and services during the moratorium.
63. The allegation that the present proceedings have been instituted merely for recovery is also not borne out from the material on record. The Applicant has established a financial debt and occurrence of default, while the Corporate Debtor itself has acknowledged the subsisting liability and has made a settlement proposal. The mere fact that the Applicant may ultimately recover its dues through the insolvency resolution process cannot, by itself, convert an otherwise maintainable Section 7 proceeding into a proceeding instituted for an improper purpose.



Section 7(5) and *Vidarbha Industries*

64. The Respondent has placed reliance upon **Vidarbha Industries Power Ltd. v. Axis Bank Ltd., (2022) 8 SCC 352**, to contend that the Adjudicating Authority possesses discretion even where debt and default are established. The subsequent jurisprudence of the Supreme Court has clarified the limited application of *Vidarbha*, particularly where the peculiar facts which weighed with the Court in that case are absent. In ***Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan & Ors., 2026 INSC 166***, the Supreme Court has reiterated the limited scope of inquiry at the admission stage of a Section 7 proceeding.

65. In the present case, no exceptional circumstance comparable to that in *Vidarbha Industries* has been demonstrated. There is no subsisting adjudicated or crystallised receivable in favour of the Corporate Debtor which would make the initiation of CIRP inappropriate despite the established default. The Corporate Debtor's financial condition, profitability or its desire to settle the dues cannot, in the facts before us, be treated as a ground to decline admission once the statutory requirements under Section 7 stand satisfied.

Section 65 and Overall Finding

66. The Respondent has also invoked Section 65 of the Code on the ground that the proceedings have allegedly been initiated with a recovery motive. Section 65 would require material indicating that the insolvency proceedings have been initiated fraudulently or with malicious intent for a purpose other than



resolution of insolvency. No such material has been placed before us. On the contrary, the record demonstrates the existence of a substantial financial liability, occurrence of default and continuing outstanding dues.

67. We therefore hold that the Applicant has established the existence of a financial debt owed by the Corporate Debtor, the occurrence of default and the maintainability of the Application within limitation. The objections raised by the Corporate Debtor, whether individually or collectively, do not dislodge these findings. The statutory requirements for admission of the Application under Section 7 of the Code are accordingly satisfied.

I. OPERATIVE ORDER

68. For the reasons recorded above, **Company Petition (IB) No. 41/2025** filed by State Bank of India under Section 7 of the Insolvency and Bankruptcy Code, 2016 against M/s Dadda Ji Hospital Private Limited (CIN: U93000MP2017PTC042941) is admitted, and Corporate Insolvency Resolution Process is hereby initiated against the Corporate Debtor, for the financial debt of INR 23,07,06,812.03 as on 01.03.2025 as pleaded in the petition (subject to updation/verification in the claims process for any part-payments received thereafter, including those referred to in the parties' further submissions).
69. A moratorium under Section 14(1) of the Code is declared, prohibiting: (a) institution or continuation of suits or proceedings against the Corporate Debtor, including execution



of any judgment, decree or order; (b) transferring, encumbering, alienating or disposing of any asset or any legal right or beneficial interest therein by the Corporate Debtor; (c) any action to foreclose, recover or enforce any security interest created by the Corporate Debtor, including any action under the SARFAESI Act, 2002; and (d) recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor. The supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended during the moratorium period, in terms of Section 14(2) of the Code.

70. We hereby appoint the (Interim Resolution Professional) IRP as proposed by applicant **Mr. Sanjay Kumar Gupta** (IBBI Registration No. IBBI/IPA-003/ICAI-N-00417/2022-23/14117), **AFA Valid till 31.12.2026**, having furnished his written consent in Form 2 (Annexure P/2) and having disclosed no pending disciplinary proceedings against him, stands appointed, in terms of Section 16(2) of the Code, as the Interim Resolution Professional. He shall take charge of the management of the Corporate Debtor forthwith and exercise all powers contemplated under Sections 17 to 20 of the Code.
71. The IRP shall make a public announcement forthwith under Section 15 read with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, calling for submission of claims, and shall proceed to constitute the Committee of Creditors in accordance with law.



72. This Adjudicating Authority directs the IRP to also serve a copy of this order to the various Government Departments such as EPFO department, Income Tax, GST, VAT, etc., who are likely to have any claim upon the corporate debtor so that the authorities concerned are informed of the CIRP order timely.
73. The order of moratorium shall have effect from the date of this order till completion of the Corporate Insolvency Resolution Process, subject to the provisions of the Code.
74. With effect from this order, the powers of the Board of Directors of the Corporate Debtor shall stand suspended and shall vest in the Interim Resolution Professional. The officers and managerial personnel of the Corporate Debtor shall report to and provide all assistance and cooperation to the Interim Resolution Professional, and shall forthwith hand over all records, registers, assets, bank accounts and statutory documents of the Corporate Debtor to him.
75. The Applicant is directed to deposit a sum of **INR 1,00,000/- (Rupees One Lakh only)** with the Interim Resolution Professional, within one week of this order, towards initial CIRP costs, which amount shall be recovered as part of the CIRP costs in terms of the Code and the Regulations made thereunder.
76. A copy of this order be communicated to the Applicant, the Respondent, and the Interim Resolution Professional forthwith. The Registry is further directed to forward a copy of this order to the Insolvency and Bankruptcy Board of India



and to the Registrar of Companies, Madhya Pradesh, for records and necessary compliance.

77. CP (IBC)/41(MP)2025 is accordingly admitted in the above terms. No order as to costs.

SD/-

SD/-

**MAN MOHAN GUPTA
MEMBER (TECHNICAL)**

**BRAJENDRA MANI TRIPATHI
MEMBER (JUDICIAL)**

Chandni – L.R.A