



IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.01
I.A No.520 /2024 in
C.P (IB) No. 160/BB/2023

IN THE MATTER OF:

Mr. Doddaballapur Nagarajachar Prahlad ... Petitioner
Vs
M/s Biofi Medical Healthcare India Pvt Ltd ... Respondent

Petition under Section 7 of the I & B Code, 2016

Order delivered on: 14.08.2026

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Shri Deepak Bhaskar
For I.A No.520/2024 : Shri Sachin Jhankal
Mr. Ana Aaranth

ORDER

1. Heard the Ld. Counsel for the parties.
2. **I.A No.520 of 2024 is dismissed vide separate order.**
3. **The Corporate Debtor is admitted to CIRP vide separate order.**
4. List the case on **30.10.2026** for IRP report.

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)



IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

**(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)**

CP (IB) No.160/BB/2023

(Application u/s. 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:

Doddaballapur Nagarajachar Prahlad

Residing at No. 1, Setlur Street,
Langford Town, Bengaluru,
Karnataka- 560025.

... Petitioner/Financial Creditor

VERSUS

M/s Biofi Medical Healthcare India Private Limited

Plot 208, Bommasandra Jigani Link Road,
Industrial Area, Bommasandra,
Bangalore- 560105.

... Respondent/Corporate Debtor

Order delivered on: 14.08.2026

Coram: Shri. Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
Shri. Radhakrishna Sreepada, Hon'ble Member (Technical)

ORDER

1. The present Petition was e-filed on 10.11.23 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'IBC/Code') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating Corporate Insolvency Resolution Process ('CIRP') against M/s Biofi Medical Healthcare India Private Limited (hereinafter referred to as 'Respondent/Corporate Debtor') for an outstanding debt of **INR 2,06,67,998.46/-** (Rupees Two Crores Six Lakhs Sixty-Seven Thousand Nine Hundred Ninety- Eight Only) of which **Date of Default is 17.07.2023.**



2. The Corporate Debtor was incorporated on 03.08.2018 with CIN: U33100KA2018PTC115236 having registered office Plot 208, Bommasandra Jigani Link Road, Industrial Area, Bommasandra, Bangalore -560105.
3. Brief facts of the case as narrated in the Petition are as under:
 - i. The Corporate Debtor had approached Julius Baer Capital (India) Private Limited ('Lender/ Julius Baer') for financial assistance. Pursuant thereto, the Lender had, vide sanction letter dated 30.03.2021, sanctioned a Loan of up to ₹2,00,00,000/- (Rupees Two Crores only) ('Facility') to it. The Facility was secured by pledge of approved securities, together with guarantees including the one furnished by the petitioner and other security documents.
 - ii. The salient terms of the sanction letter *inter alia* provided that: (i) the facility was in the nature of a Loan Against Securities up to ₹2 Crores; (ii) the loan was repayable on demand; (iii) the purpose of the Facility was general investment; (iv) the security for the Facility was pledge of approved securities in favour of Julius Baer/Lender; and (v) Mr. D.N. Prahlad/Petitioner acted as Guarantor for the facility.
 - iii. Pursuant to the sanction letter, the Corporate Debtor along with the petitioner/Guarantor had executed a Master Loan-cum-Guarantee-cum-Pledge Agreement dated 30.03.2021 in favour of the Lender. As per the Loan Agreement, the Borrowers undertook to repay the Facility together with interest at the rate of 7.5% per annum, payable on a quarterly basis or on loan repayment with annualised interest of 7.71%. The Agreement further stipulated that, upon occurrence of an event of default or delay in payment, the Borrowers would be liable to pay default interest at the rate of 2% over and above the agreed rate of interest from the due date till actual payment.
 - iv. In furtherance of the Loan Agreement, the Petitioner had pledged securities owned by him in favour of the Lender in order to secure the facility availed by the Corporate Debtor. He had executed an irrevocable and unconditional Power of Attorney in favour of the Lender authorising it to undertake and perform acts in relation to the pledged securities and demat account operations, on 30.03.2021. Thereafter, the Lender disbursed the loan amount to the Corporate Debtor in multiple tranches under the Loan Agreement.



- v. Upon failure of the Corporate Debtor to service the Facility in accordance with the agreed terms, the Lender had issued several demand notices and email communications dated 28.04.2023, 03.05.2023, 11.05.2023, 31.05.2023 and 08.06.2023 calling upon the Borrower/Corporate Debtor and Guarantor to regularise the outstanding dues. Owing to the continued default committed by the Corporate Debtor, the Petitioner/Guarantor had agreed to discharge the outstanding liability on behalf of the Corporate Debtor and had accordingly entered into a Settlement Agreement dated 28.06.2023 with the Lender.
 - vi. Under the Settlement Agreement, it was agreed that: **(i)** the outstanding liability of the Corporate Debtor as on 30.06.2023, amounting to ₹2,06,67,998.46/- together with accrued interest, would be paid; **(ii)** the pledged securities of the Guarantor would be unpledged upon payment; and **(iii)** the irrevocable Power of Attorney issued in favour of the Lender would stand revoked. In terms thereof the Petitioner, on 30.06.2023, paid a sum of ₹2,06,67,998.46/- to the Lender on behalf of the Corporate Debtor, thereby fully discharging their dues under the Facility.
 - vii. Consequent upon such payment and upon discharging the liability of the Corporate Debtor, the Applicant/Guarantor became subrogated to all the rights and remedies available to the Lender against the Corporate Debtor by virtue of Section 140 of the Indian Contract Act, 1872 and entitled to recover the said amount from the Corporate Debtor.
 - viii. Accordingly, the Applicant had issued demand notices dated 07.07.2023 and 18.07.2023 calling upon the Corporate Debtor to repay the amount discharged by him on its behalf. Despite receipt of the same, the Corporate Debtor failed and neglected to repay the outstanding dues to the Applicant, thereby committing default in repayment of the debt due and payable under the Loan Agreement. Hence, the present Petition.
4. Notice of the Petition, along with a copy of Petition paper-book was issued to the Respondent/Corporate Debtor at its registered office address available on the Ministry of Corporate Affairs website. The Petitioner has placed on record an Affidavit of Service to the effect that the notice dated 05.01.2024 was served upon the Corporate Debtor through electronic mail. The postal tracking report annexed to the affidavit of



service reflects the movement of the article through the postal system, including dispatch, receipt and delivery attempts. The postal article however had returned with an endorsement “**Addressee left without instructions**”.

5. Though Vakalath had been filed on behalf of the Respondent vide Dy. No.976 dated 13.02.2024 which was taken note by this Authority on 12.03.2024, yet neither had anybody appeared on behalf of the Corporate Debtor nor reply/objections filed despite adequate opportunity being afforded.
6. On 22.05.2024, the learned Counsel for the Respondent had submitted that there is no requirement for filing objections in the matter but sought to file an affidavit on record. On the same date, the Counsel appearing for the proposed Intervenor (Mr. Ravikumar Rajendraprasad) submitted that he has filed two applications, one under Section 60(5) of the Code for intervention/ impleadment and another under Section 65(1) of the Code alleging fraudulent and collusive initiation of the CIRP. As the said applications were not listed on that date, the Registry was directed to list them after scrutiny.
7. On 01.07.2024, Counsel for the Respondent stated that she intends to withdraw from the matter and sought to file a Memo of Retirement.
8. On 15.07.2025, the Ld. Counsel for the Petitioner and Ld. Senior Counsel for the Respondent were heard, and both sides were directed to file written submissions by directly exchanging copies.
9. Pursuant thereto the Petitioner filed the Synopsis on 27.10.2025 therein dealing with the maintainability of the Petition to meet the objections raised in **I.A. Nos. 520 and 525 of 2024** which, filed by the intervenor, had come on board by then, and *of course* the contentions regarding the existence of debt and default. However, no written submissions/objections on behalf of the Respondent/Corporate Debtor were submitted. The said applications have been dealt with separately.
10. We have carefully perused the material on record. The material on record shows that Julius Baer Capital (India) Private Limited had sanctioned the loan facility of up to ₹2,00,00,000/- to the Corporate Debtor under the Sanction Letter dated 30.03.2021. The Corporate Debtor and the Petitioner as its guarantor had executed the Master



Loan-cum-Guarantee-cum-Pledge Agreement dated 30.03.2021. The loan was thereafter disbursed to the Corporate Debtor in terms of the said arrangement. The original liability was thus a ‘financial debt’ arising out of a transaction involving disbursement of funds against consideration for the time value of money.

11. The record further establishes that upon the Corporate Debtor committing defaults in servicing the said facility, Julius Baer/Lender had issued demands through multiple communications to the Corporate Debtor and invoked the guarantee of the Petitioner. The Petitioner then had entered into a Settlement Agreement dated 28.06.2023 with Julius Baer and, pursuant thereto had paid a sum of ₹2,06,67,998.46/- towards the outstanding liability of the Corporate Debtor to the Lender on 30.06.2023. The payment made by the Petitioner is supported by the documents placed on record and is not shown to have been reversed or refunded.
12. Section 140. Section 140 of the Indian Contract Act, 1872 recognises the right of subrogation of a surety and provides that where a guaranteed debt has become due and the surety makes payment thereof, the surety is invested with all the rights which the creditor had against the principal debtor. Thus, upon discharge of the loan liability of the Corporate Debtor towards Julius Baer/Lender, the Petitioner stepped into the shoes of the original creditor to the extent of the amount paid by him.
13. The same principle has been considered by the National Company Law Tribunal, Kolkata Bench, in ***Orbit Towers Private Limited v. Sampurna Suppliers Private Limited***, C.P. (IB) No. 2046/KB/2019, order dated 27.06.2022, wherein, on facts involving a guarantor who had discharged the liability of the principal borrower, the Adjudicating Authority held that upon discharge of the principal borrower's liability, the rights of the original creditor stood subrogated in favour of the guarantor and that the guarantor was entitled to proceed against the principal borrower under Section 7 of the Code. The said decision squarely applies to the present factual situation. The character of the underlying liability as a financial debt is not altered on the debt changing hands by virtue of law.
14. Under Section 5(7) of the Code, a “Financial Creditor” means a person to whom a financial debt is owed. In the present case, after the Petitioner having discharged the liability of the Corporate Debtor, a corresponding liability became due and payable by



the Corporate Debtor to the Petitioner by virtue of the statutory right of subrogation. The Petitioner has accordingly established the existence of a financial debt due from the Corporate Debtor.

15. As regards default, the Petition records 17.07.2023 as the date of default. The Petitioner had, after making payment to the Lender on 30.06.2023, had issued demand notices dated 07.07.2023 and 18.07.2023 calling upon the Corporate Debtor to reimburse the amount paid on its behalf. The amount remained unpaid. The documentary record establishes that the liability claimed by the Petitioner was due and payable and that the Corporate Debtor has failed to discharge the same. The Corporate Debtor has also not filed any objections to the petitioner's claim.
16. The scope of enquiry under Section 7 of the Code is limited to ascertainment of the existence of a financial debt and occurrence of default on the basis of the material placed before the Adjudicating Authority. The Hon'ble Supreme Court has held in *Innovative Industries Ltd. v. ICICI Bank & Anr.*, (2018) 1 SCC 407, that where the Adjudicating Authority is satisfied that there is a debt and default has occurred, the application is liable to be admitted, subject to the statutory requirements being fulfilled.
17. In the present case, the Sanction Letter, Master Loan-cum-Guarantee-cum-Pledge Agreement, demand communications issued by Julius Baer, Settlement Agreement dated 28.06.2023, proof of payment of ₹2,06,67,998.46/- by the Petitioner on 30.06.2023 and the subsequent demand notices issued by the Petitioner establish a clear and continuous chain of the underlying financial transaction, discharge of the Corporate Debtor's liability by the Petitioner as guarantor, acquisition of the right of recovery by subrogation and the subsequent failure of the Corporate Debtor to repay the Petitioner.
18. The Petition was filed on 10.11.2023, whereas the date of default is 17.07.2023. The Petition is, therefore, clearly within the period of limitation. The threshold prescribed under Section 4 of the Code is also satisfied, the amount of default being ₹2,06,67,998.46/-.



19. Accordingly, Company Petition bearing **CP (IB) No. 160/BB/2023** is hereby allowed thereby **directing the Corporate Debtor, M/s Biofi Medical Healthcare India Pvt. Ltd. to undergo the CIRP** and moratorium in terms of Section 14 of the Code is declared imposing following prohibitions to be complied with by all concerned:
- a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
 - b. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - c. Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
 - d. The recovery of any property by an owner or lessor, where such property is occupied by or in the possession of the Corporate Debtor;
20. It is further directed that the supply of essential goods or services to the Corporate Debtor as may be specified, shall not be terminated or suspended or interrupted during the moratorium period in accordance with sub-section (2) of Section 14 of the Code;
21. The provisions of Section 14(3) shall however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a Corporate Debtor.
22. The order of moratorium shall be effective from the date of this order till completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33 of the IBC as the case may be;
23. **Ms. B Akhila**, IBBI/IPA002/IP-N01259/2023-2024/14315 has been proposed by the financial Creditor as Interim Resolution Professional (IRP). Form No.2 Written Communication by the IRP has been filed along with the memo dated 17.09.24. In view thereof we, hereby appoint **Ms. B Akhila**, email id: **ip.akhilabolla@gmail.com**, registered address: 17-7-465/550, Brahmanwadi, Yakutpura, Hyderabad, Near



Community Hall, Hyderabad, Telangana -500023 as the IRP. The IRP is directed to take steps as mandated under the IBC, especially under Sections 15, 17, 18, 20 and 21 of IBC, 2016 and strive to complete the process within prescribed timeline.

24. The Financial Creditor shall deposit a sum of **Rs.3,00,000/-** (Rupees Three Lakhs Only) with the IRP to meet the expenses arising out of issuing public notice and inviting claims. These expenses are subject to approval by the Committee of Creditors. The Fee and other expenses of IRP/RP shall be finalised by the CoC in the light of relevant IBBI Regulations. **The RP shall issue individual notices to Jurisdictional Income Tax Authority; Principal Commissioner of Income Tax (Judicial), Bengaluru; Regional Provident Fund Commissioner; GST Commissioner; Commercial Tax Authority; recognized Labour Unions, ESI, etc** and submit proof of service with his first progress report.
25. The Interim Resolution Professional shall after collation of all the claims received against Corporate Debtor and the determination of the financial position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying constitution of the committee on or before the expiry of thirty days from the date of her appointment, and shall convene first meeting of the Committee within seven days for filing the report of Constitution of the Committee. The Interim Resolution Professional is further directed to send **monthly progress** reports to this Authority along with inside & outside photographs of office, installations, project and equipment etc. of the Corporate Debtor. On taking control of assets and management of Corporate Debtor, the IRP/RP shall affix a Board of suitable size as to be easily visible to the public, outside the premises of CD specifying that the CD is undergoing CIRP with number and title of this case; complete name and particulars including contact details of IRP/RP to enable them to make enquiry and/or to lodge their claims, if any, within specified timelines. A photograph of the displayed board along with those of office, land/building, equipment, gadgets, from various angles inside and outside be also filed.
26. The IRP/RP shall enquire from time to time about the recoveries, if any made in the pending proceedings against the principal borrower and calibrate the claim against Corporate Debtor accordingly.



27. A copy of the order shall be communicated to the parties. Learned Counsel for the Petitioner shall deliver a copy of this order to the Interim Resolution Professional forthwith. **The Registry to also forward a softcopy hereof to the Interim Resolution Professional as well as RoC at their respective e-mail id.**

**-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)**

**-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)**