

**NATIONAL COMPANY LAW TRIBUNAL**  
**MUMBAI BENCH COURT II**

Item No. 104

**C.P.(IB)/602(MB)2025**

CORAM

**SHRI SANJIV DUTT**  
**HON'BLE MEMBER (TECHNICAL)**  
**(JUDICIAL)**

**SHRI ASHISH KALIA**  
**HON'BLE**

**MEMBER**

ORDER SHEET OF HEARING (HYBRID) DATED **12.03.2026**

NAME OF THE PARTIES: **HDFC Bank Limited**

**Vs.**

**Bagh Bahar Appliances Private Limited**

**Appearance:**

**For Applicant :** Adv. Sameer Pandit a/w Adv. S, Khambati i/b M/s  
Wadia Ghandy & Co.

**For Respondent :** None

**U/s 7 of (IBC)**

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**ORDER**

**C.P.(IB)/602(MB)2025**

The present petition stands admitted. A detailed order shall follow.

**Sd/-**  
**SANJIV DUTT**  
**MEMBER (TECHNICAL)**  
Shubham

**Sd/-**  
**ASHISH KALIA**  
**MEMBER (JUDICIAL)**



**IN THE NATIONAL COMPANY LAW TRIBUNAL MUMBAI BENCH-II**

**CP (IB) No.602/MB/2025**

*[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**

**HDFC Bank Limited**

**[CIN: L65920MH1994PLC080618]**

HDFC Bank House, Senapati Bapat Marg,  
Lower Parel (West), Mumbai – 400 013

**...Financial Creditor**

Vs.

**Bagh Bahar Appliances Private Limited**

**[CIN: U29305PN1997PTC108822]**

SYSKA House, Office No. S-4, 4th Floor,  
S. No. 2, Sakorenagar, New Airport Road,  
Near Anand Residency, Pune,  
Maharashtra, India – 411014

**...Corporate Debtor**

**Pronounced: 12.03.2026**

**CORAM:**

**HON'BLE SHRI ASHISH KALIA, MEMBER (JUDICIAL)**

**HON'BLE SHRI SANJIV DUTT, MEMBER (TECHNICAL)**

**Appearances: Hybrid**

**Financial Creditor:** Adv. Sameer Pandit a/w Adv. S, Khambati i/b M/s Wadia  
Ghandy & Co.

**Corporate Debtor:** None

**ORDER*****[PER: CORAM]*****1. BACKGROUND**

- 1.1 This Company Petition bearing C.P. (IB) No.602/MB/2025 (hereinafter referred to as “the Application”) was filed on 17.05.2025 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “the Code”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as “the AAA Rules”) by HDFC Bank Limited, the Financial Creditor (hereinafter referred to as “the Financial Creditor”), through Ms. Priyanka Kapadia, Assistant Vice President of the Financial Creditor, authorized vide Board Resolution dated 22.11.2023, for initiating Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”) in respect of Bagh Bahar Appliances Private Limited (hereinafter referred to as “the Corporate Debtor”).
- 1.2 The total amount claimed to be in default Rs.64,95,69,884.10/- (Rupees Sixty Four Crore Ninety Five Lakh Sixty Nine Thousand Eight Hundred Eighty Four and Ten Paise only) including principal debt of Rs. 55,98,25,525.52 /- along with interest of Rs.7,87,71,108.79 /- and penal interest of Rs.1,09,73,249.79/- up to 30.04.2025.
- 1.3 The date of default as mentioned in Part-IV of the Application is 28.12.2023, i.e., the date on which the Corporate Debtor defaulted in the payment of the aforementioned loans. Since the Corporate Debtor defaulted in payment of its outstanding dues, the Financial Creditor prays that CIRP may be initiated in respect of the Corporate Debtor under Section 7 of the Code.

**2. AVERMENTS OF FINANCIAL CREDITOR**



- 2.1 The Financial Creditor sanctioned and disbursed various credit facilities in favour of the Corporate Debtor for the purpose of its business operations vide Sanction Letters dated 08.03.2018, 30.12.2020 and 27.12.2022. The said facilities were in the nature of Cash Credit Facility, Working Capital Demand Loan, Short Term Loan and Guaranteed Emergency Credit Line, aggregating to Rs.1,10,57,60,000/- along with agreed rates from 11% to 11.90% per annum and 18% per annum to the respective facilities, along with penal interest @ 2% per annum on default.
- 2.2 Pursuant to the sanction of the aforesaid facilities, the Corporate Debtor executed various financing and security documents in favour of the Financial Creditor, including Facility Agreements, Deeds of Hypothecation and Deeds of Mortgage. The charges so created were duly registered with the Registrar of Companies.
- 2.3 The Corporate Debtor availed and utilized the aforesaid credit facilities and acknowledged its liability from time to time, including by way of Acknowledgment of Debt dated 16.11.2022. However, the Corporate Debtor failed to adhere to the repayment obligations as per the agreed terms and committed default in repayment of the loan facilities on 28.12.2023.
- 2.4 Pursuant to the said default, the Financial Creditor issued a Demand Notice dated 04.06.2024 under Section 13(2) of the SARFAESI Act, 2002, followed by a Recall Notice dated 14.06.2024, thereby recalling the entire loan facilities and calling upon the Corporate Debtor to repay the outstanding dues. Despite receipt of the aforesaid notices, the Corporate Debtor failed to make payment of the outstanding amount.
- 2.5 It is submitted that as on 30.04.2025, an amount of Rs.64,95,69,884.10/- remained due and payable by the Corporate Debtor.



2.6 The Financial Creditor has also placed on record the authenticated report of default dated 25.03.2025 issued by the Information Utility (NeSL) by way of an Additional Affidavit, thereby further substantiating the occurrence of default on the part of the Corporate Debtor.

2.7 Since the Corporate Debtor has failed to pay the aforesaid outstanding amount till date despite receipt of loan recall notices, the Financial Creditor prays that the present Application be allowed and CIRP may be initiated in respect of the Corporate Debtor.

### **3. CONTENTIONS OF CORPORATE DEBTOR**

3.1 The present Application filed under Section 7 of the Code is not maintainable in law or on facts and is liable to be dismissed at the threshold. The Financial Creditor has failed to establish the existence of a legally enforceable financial debt and the occurrence of default, which are sine qua non for admission of a petition under Section 7 of the Code.

3.2 The Financial Creditor has not placed on record any duly executed loan agreement, credit facility agreement, or term loan agreement governing the alleged transaction. Mere reliance on a sanction letter, without substantiating the disbursement and agreed terms, does not constitute proof of a binding financial contract. In absence of such foundational documents specifying repayment terms, tenure, and rate of interest, the essential element of "time value of money" as envisaged under Section 5(8) of the Code is not satisfied, and thus, the alleged claim cannot be treated as a financial debt.

3.3 The Financial Creditor has selectively relied upon a sanction letter dated 30.12.2020 while failing to produce other relevant sanction letters pertaining to facilities allegedly granted in 2018 and 2022.

3.4 In view of the above, the present Application is devoid of merit, lacks necessary



documentary substantiation, and has been filed as a recovery mechanism rather than for resolution of insolvency, which is contrary to the object and scheme of the Code. Accordingly, the present petition deserves to be dismissed.

#### **4. REJOINDER OF FINANCIAL CREDITOR**

- 4.1 The Financial Creditor submits that the Affidavit in Reply dated 25.11.2025 filed by the Corporate Debtor is misconceived, erroneous and devoid of merit and reiterated the averments made in the Application.
- 4.2 The Corporate Debtor has, in paragraph 7 of its Reply, expressly admitted that it had availed various financial facilities from the Financial Creditor and that irregularities in repayment occurred on account of financial difficulties. Such admission clearly establishes the existence of debt and default, and in view thereof, the Petition deserves to be admitted.
- 4.3 The credit facilities were initially sanctioned and subsequently reviewed and renewed from time to time. In particular, the Sanction Letter dated 08.03.2018 (Exhibit I) and the Annual Review and Revision Letter dated 27.12.2022 (Exhibit S) clearly record the sanctioned limits, applicable rate of interest, additional penal charges, tenure and other material terms. The Corporate Debtor has accepted the said terms and availed the facilities thereunder without any demur.
- 4.4 The Corporate Debtor has also, vide its written communication dated 16.11.2022 (Exhibit W), acknowledged and confirmed its outstanding liability towards the Financial Creditor. Such acknowledgment constitutes a clear admission of debt and further extends the period of limitation. In view thereof, the contention that there is no enforceable debt is wholly untenable.
- 4.5 All relevant and material documents have been duly annexed to the Petition, including sanction letters dated 08.03.2018, 30.12.2020 and 27.12.2022, the



executed Facility cum Hypothecation Agreement dated 05.02.2021, and the acknowledgment of debt dated 16.11.2022.

- 4.6 It is submitted that the account of the Corporate Debtor was classified as Non-Performing Asset (NPA) on 28.03.2024 in accordance with the applicable Reserve Bank of India guidelines and prudential norms governing asset classification.
- 4.7 In view of the aforesaid facts and the documents on record, the Financial Creditor has conclusively established the existence of a financial debt and the occurrence of default. The defense raised by the Corporate Debtor is illusory, unsupported by evidence and is only intended to delay the proceedings.

## **5. ANALYSIS AND FINDINGS**

- 5.1 We have heard the Learned Counsel for the applicant and perused the materials available on record and upon careful consideration of the pleadings, documents placed on record and submissions advanced by the Learned Counsel for the Financial Creditor, the following issues arise for determination in the present case: (i) whether the Financial Creditor has established the existence of a financial debt and default in repayment thereof; (ii) whether the requirement of "time value of money" is satisfied; and (iii) whether there is any suppression of material documents;
- 5.2 As regards the contention of the Corporate Debtor that the Financial Creditor has failed to furnish copies of duly executed loan agreements, it is observed from the record that the Financial Creditor has placed on record the Facility cum Hypothecation Agreement dated 05.02.2021 along with Sanction Letters dated 08.03.2018, 30.12.2020 and 27.12.2022. The said documents clearly record the sanction of credit facilities, rate of interest, penal charges, repayment obligations and security created by the Corporate Debtor. Further, the disbursement of the loan



facilities stands duly established from the statement of accounts of the Corporate Debtor maintained by the Financial Creditor, which have been placed on record and duly certified under the provisions of the Bankers' Books Evidence Act, 1891. Thereafter, the Financial Creditor issued Demand Notice dated 04.06.2024 under Section 13(2) of the SARFAESI Act, 2002 followed by Recall Notice dated 14.06.2024 recalling the entire loan facilities.

5.3 The Financial Creditor has also placed on record the Record of Default issued by the Information Utility (NeSL) dated 25.03.2025, which is duly authenticated in accordance with the provisions of the Code. It is a settled position of law that at the stage of admission under Section 7 of the Insolvency and Bankruptcy Code, 2016, the Adjudicating Authority is required to examine whether a financial debt exists and whether default has occurred. In view of the documentary evidence including sanction documents, certified bank statements evidencing disbursement, classification of account as NPA, recall notices and authenticated record of default, we are satisfied that the Financial Creditor has successfully established the existence of a legally enforceable financial debt and occurrence of default. Accordingly, Issue (i) is decided in favour of the Financial Creditor and against the Corporate Debtor.

5.4 With respect to the contention that the alleged transaction does not satisfy the requirement of "time value of money" under Section 5(8) of the Code, it is observed that the sanction letters and facility documents clearly stipulate interest ranging from 11% to 11.90% per annum and 18% per annum, along with penal interest @ 2% per annum upon default. The Hon'ble Supreme Court in **Anuj Jain vs. Axis Bank Limited- (2020) 8 SCC 401** "emphasized that for a debt to qualify as financial debt, it must be a disbursal against the consideration for the time value of money. This means the debt must arise from money lent or disbursed with the expectation



*of repayment with compensation for the time during which the money is lent, typically in the form of interest or an equivalent commercial effect”*

In the present case, since the disbursed amounts carry agreed interest and penal charges, the essential ingredient of time value of money is clearly satisfied. Thus, the contention of the Corporate Debtor is without merit and is rejected. Consequently, Issue (ii) is also decided in favour of the Financial Creditor and against the Corporate Debtor.

5.5 As regards the allegation of suppression of material documents, it is observed from the record that the Financial Creditor has placed on record copies the sanction letters, financing documents, statement of accounts and other supporting material in compliance with **Section 7(3)(a) of the Code**, which mandates furnishing of record of default and such other evidence as may be specified. The documents relied upon are in consonance with **AAA Rules**, particularly Part V thereof, which requires the Financial Creditor to annex copies of all relevant records and evidence of default. It is further observed that the Corporate Debtor has failed to identify any specific document which has been deliberately withheld or suppressed. Mere bald allegations without substantiation cannot be accepted in summary proceedings under the Code.

5.6 In this regard, it is well settled that the proceedings under Section 7 are summary in nature, wherein the Adjudicating Authority is required to ascertain the existence of debt and default on the basis of records placed before it. Accordingly, in absence of any material to substantiate the allegation of suppression of documents and in view of statutory compliance by the Financial Creditor, the contention raised by the Corporate Debtor is found to be devoid of merit and is rejected. Thus, Issue (iii) is also decided in favour of the Financial Creditor and against the Corporate Debtor.

5.7 It is well settled that at the stage of admission, the Adjudicating Authority is only



required to examine whether there exists a financial debt and whether default has occurred. Upon satisfaction of these twin requirements, the Adjudicating Authority is obligated to admit the application, unless it is shown that the debt is not legally due or is barred by any law in force.

- 5.8 The Financial Creditor has proposed the name of **Mr. Rajeev Mannadiar** a registered Insolvency Professional having Registration Number- **IBBI/IPA-001/IP-P00212/2017-2018/10412** as the Interim Resolution Professional (hereinafter referred to as “IRP”), to carry out the functions as mentioned under the Code. It has also provided valid AFA of the proposed IRP in Form B and given its written consent in Form 2 dated 14.04.2025, *inter alia*, stating that no disciplinary proceedings are pending against them.
- 5.9 In view of above discussions, we find that all pre-requisites of Section 7(5)(a) of the Code are fulfilled and, accordingly, we are satisfied that the instant Application is fit for admission under Section 7 of the Code.

### **ORDER**


In the result, this Application bearing **C.P. (IB) No.602/MB/2025** under Section 7 of the Code read with Rule 4 of the AAA Rules, filed by the Applicant (**HDFC Bank Limited**), the Financial Creditor, for initiating CIRP in respect of Respondent (**Bagh Bahar Appliances Private Limited**), the Corporate Debtor is **admitted**. We further declare moratorium under Section 14 of the Code, with consequential directions as follows:

- I. We prohibit-
  - 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; 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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- c) the recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.
- II. That the order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Bench approves the resolution plan under section 31(1) of the Code or passes an order for the liquidation of the Corporate Debtor under section 33 thereof, as the case may be.
- III. Notwithstanding the above, during the period of moratorium: -
- (a) The supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period;
- (b) That the provisions of sub-section (1) of Section 14 of the Code shall not apply to-
- (i) Such transactions as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;
- (ii) A surety in a contract of guarantee to a corporate debtor.
- IV. That the public announcement of the CIRP shall be made in immediately as specified under Section 13 of the Code read with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations,

2016 and other Rules and Regulations made thereunder.

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- V. That this Bench hereby appoints **Mr. Rajeev Mannadiar**, a registered Insolvency Professional having **Registration No. IBBI/IPA-001/IP-P00212/2017-2018/10412** and **e-mail address [rajeev@integroip.com](mailto:rajeev@integroip.com)** and valid Authorisation for Assignment up to **30.06.2027** as the IRP to carry out the functions under the Code.
- VI. The fee payable to IRP/Resolution Professional (hereinafter referred to as “RP”) shall be in accordance with the Regulations/Circulars issued by the Insolvency and Bankruptcy Board of India (hereinafter referred to as “IBBI”).
- VII. That during the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of Section 17 or Section 25, as the case may be, of Code. The officers and managers of the Corporate Debtor are directed to provide effective assistance to the IRP as and when he takes charge of the assets and management of the Corporate Debtor. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP/RP within a period of one week from the date of receipt of this Order and shall not commit any offence punishable under Chapter VII of Part II of the Code. Coercive steps will follow against them under the provisions of the Code read with Rule 11 of the National Company Law Tribunal Rules, 2016 (hereinafter referred to as “NCLT Rules”) for any violation of law.
- VIII. That the IRP/IP shall submit to this Tribunal periodical reports with regard to the progress of the CIRP in respect of the Corporate Debtor.
- IX. In exercise of the powers under Rule 11 of the NCLT Rules, 2016, the



Financial Creditor is directed to deposit a sum of Rs.3,00,000/- (Three Lakh Rupees) with the IRP to meet the initial CIRP cost arising out of issuing public notice and inviting claims, etc. The amount so deposited shall be interim finance and paid back to the Financial Creditor on priority upon the funds becoming available with IRP/RP from the Committee of Creditors (hereinafter referred to as "CoC"). The expenses incurred by IRP out of this fund are subject to approval by the CoC.

- X. A copy of this Order be sent to the Registrar of Companies, Mumbai Maharashtra, for updating the Master Data of the Corporate Debtor.
- XI. A copy of the Order shall also be forwarded to the IBBI for record and dissemination on their website.
- XII. Registry is directed to immediately communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by way of e-mail and WhatsApp, not later than two days from the date of this Order.
- XIII. **Compliance report of the order by Designated Registrar is to be submitted today.**

**Sd/-**  
**SANJIV DUTT**  
**MEMBER (TECHNICAL)**

//LRA-Khyati Sachdev//

**Sd/-**  
**ASHISH KALIA**  
**MEMBER (JUDICIAL)**