

NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI

Item No. P1.
C.P. (IB)/1298(MB)2025

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED **15.06.2026**

NAME OF THE PARTIES:

HDFC BANK LIMITED

Vs

BANSI PULP AND PAPER MILLS PRIVATE LIMITED

Under Section 7 of the IBC.

ORDER

The case is fixed for pronouncement of the order. The order is pronounced in the open court, *vide* separate order. Detailed order is being uploaded on the NCLT portal today.

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)

//S.DUBEY//

Sd/-
SAMEER KAKAR
MEMBER (TECHNICAL)

IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH-VI

C.P. (IB)/1298/MB/2025

*[Under Section 7 of the Insolvency and Bankruptcy Code,
2016 r/w Rule 4 of the Insolvency and Bankruptcy
(Application to Adjudicating Authority) Rules, 2016]*

HDFC Bank Limited

[CIN No. L65920MH1994PLC080618]

HDFC Bank House Senapati Bapat

Marg Lower Parel W, Mumbai,

Maharashtra, India, 400013.

...Financial Creditor

V/s

Bansi Pulp And Paper Mills Private Limited

[CIN No. U21099PN1996PTC096746]

Gat Nos. 655 and 657, Samdoli Road,

Kasba Digraj, Taluka Miraj, District

Sangli, Maharashtra, India - 416305.

...Corporate Debtor

Pronounced: 15.06.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

Appearances: Hybrid

For Applicant: Adv. Ms. Aditi Biswas i/b Vidhii Parteners

For Respondent: Adv. Mr. Omkar Deosthale a/w CS Yogendra Sharma

ORDER

[PER: CORAM]

1. BACKGROUND

1.1. C.P. (IB) No.1298/MB/2025 (Application) was filed on 05.09.2025 by **HDFC Bank Limited** the Financial Creditor (FC), having CIN No.: L65920MH1994PLC080618 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC), read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, for initiating Corporate Insolvency Resolution Process (hereinafter referred to as "CIRP") in respect of **Bansi Pulp And Paper Mills Private Limited** the Corporate Debtor having CIN No. U21099PN1996PTC096746.

1.2. This Application has been affirmed by one Mr. Rupesh Waghe, authorised signatory of the Applicant vide Board Resolution dated 28.07.2023.

1.3. As per Part IV of the Application, the amount claimed to be in default is Rs.17,84,91,870.63/- (Rupees Seventeen crore And Eighty-Four Lakh, Ninety-One Thousand and Eight Hundred Seventy and Sixty-Three Paisa Only).

1.4. The date of default is stated as 17.04.2025 and the date of NPA is stated as 05.02.2025, in respect of the Corporate Debtor, which is the Corporate Guarantor in respect of debts of the Principal Borrower.

1.5. Part V of the application the Financial Creditor has proposed the name of Mr. Pankaj Bhattad, an Insolvency Professional, having Registration No. IBBI/IPA-001/IP-P-02841/2023-2024/14362, to act as the Interim Resolution Professional (IRP) (having valid Authorisation for Assignment up to 31.12.2026) (as per IBBI site), in case the Application is Admitted.

2. CONTENTIONS OF APPLICANT (FC)

2.1. The present Petition has been filed by the Financial Creditor under Section 7 of the Insolvency and Bankruptcy Code, 2016 seeking initiation of Corporate Insolvency Resolution Process against the Corporate Debtor, namely, HDFC Bank Limited and M/s Bansi Pulp and Paper Mills Private Limited respectively. The Financial Creditor has averred that, at the request of the Principal Borrower namely Sampada Paper Industries Private Limited, various credit facilities were sanctioned and disbursed from time to time under sanction letters dated 09.09.2021 and 10.12.2021.

2.2. It is the case of the Financial Creditor that pursuant to the sanction of the aforesaid credit facilities, the Principal Borrower executed the requisite finance and security documents in favour of the Financial Creditor, including Master Facility Agreement and various Term Loan Agreements, all dated 09.09.2021 and 10.12.2021. The Financial Creditor has further submitted that the Corporate Debtor executed a Letter of Continuing Guarantee dated 09.09.2021 and Supplementary Letter of Continuing Guarantee dated 10.12.2021, thereby irrevocably and unconditionally

guaranteeing repayment of the dues and liabilities of the Principal Borrower.

2.3. The Financial Creditor has further averred that the credit facilities initially sanctioned to the extent of Rs. 29,99,55,799/- were subsequently enhanced aforementioned sanctioned credit facilities to an amount of Rs. 33,73,55,799/- at the request of the Principal Borrower. It has been submitted that despite availing the said facilities, the Principal Borrower failed to adhere to the repayment obligations in terms of the financing documents executed in favour of the Financial Creditor.

2.4. The Financial Creditor has stated that owing to persistent defaults committed by the Principal Borrower in servicing the loan accounts, the accounts of the Principal Borrower came to be classified as Non-Performing Asset on 05.02.2025 in accordance with the applicable guidelines and norms governing banking transactions.

2.5. It is further averred that in acknowledgment of the subsisting liability, the Principal Borrower along with the Corporate Debtor and other guarantors executed an Acknowledgment of Debt dated 01.07.2024 in favour of the Financial Creditor acknowledging the outstanding dues payable under the credit facilities.

2.6. The Financial Creditor has submitted that consequent upon the occurrence of default, a Recall Notice dated 18.03.2025 was issued to the Principal Borrower recalling the outstanding dues and simultaneously invoking the guarantees furnished by the guarantors including the Corporate Debtor. Thereafter, another Recall Notice dated 07.04.2025

was issued specifically to the Corporate Debtor calling upon it to discharge the outstanding liability under the deeds of guarantee. However, despite service of the said notices, the Corporate Debtor failed and neglected to liquidate the outstanding dues.

2.7. The Financial Creditor has further placed reliance upon the Record of Default issued by National E-Governance Services Limited (NeSL), statements of accounts, certificates under the Banker's Books Evidence Act, 1891 and other financial documents in support of the occurrence of default and the debt due and payable by the Corporate Debtor as guarantor.

2.8. As per Part-IV of the Petition, the Financial Creditor has claimed that an amount of Rs. 17,84,91,870.63/- remained due and payable as on 31.03.2025 and that the default in respect thereof occurred on 13.04.2025, being seven days from the date of invocation notice issued to the Corporate Debtor.

2.9. The Financial Creditor has submitted that the debt and default stand duly established from the documentary material placed on record and that the Corporate Debtor, having failed to honour its obligations under the deeds of guarantee, has committed default within the meaning of Section 3(12) of the Insolvency and Bankruptcy Code, 2016. On the aforesaid basis, the Financial Creditor has prayed for admission of the present Company Petition and initiation of CIRP against the Corporate Debtor under Section 7 of the Code.

2.10. It is stated that the Corporate Debtor had executed, inter alia, the following documents in favour of HDFC Bank Ltd.:

- a. Copy of the Loan Application Form dated 12.08.2021.
- b. Copy of the First Sanction Letter dated 09.09.2021 issued by the Financial Creditor.
- c. Copy of the Master Facility Agreement dated 09.09.2021.
- d. Copy of Term Loan Agreement dated 09.09.2021.
- e. Copy of the Second Sanction Letter dated 10.12.2021.
- f. Copy of Term Loan Agreement dated 10.12.2021.
- g. Copy of the Supplementary Letter of Continuing Guarantee dated 10.12.2021.
- h. Copy of General undertaking/indemnity for commercial Letters of Credit dated 10.12.2021.
- i. Certificate of Bankers Book Evidence Act, 1891.
- j. Copies of Statement of Accounts of the Loan account.
- k. Copies of recall notice dated 18.02.2025 and 07.04.2025.
- l. Copy of Acknowledgement of debt dated 01.07.2024.
- m. Copy of Record of Default (Form D) NeSL.
- n. Copy of acknowledgement of intimation to the IBBI.
- o. Copy of the master data of the Corporate Debt
- p. Copies of the written commination of the proposed IRP in Form-2.
- q. Copy of Board Resolution dated 28.07.2023

3. REPLY BY CORPORATE DEBTOR

3.1. The Corporate Debtor has contended that it is a guarantor to the loan facilities sanctioned by the Financial Creditor to Sampada Paper Industries Private Limited, both the borrower as well as the Corporate Debtor are registered Micro, Small and Medium Enterprises falling under the category of Small Unit under the provision of the MSMED Act, 2006. Copy of the certificates evidencing that the Borrower and Corporate Debtor are registered under the MSMED Act, 2006 are annexed at Exhibit II (Colly).

3.2. It is stated that the present petition filed by the Financial Creditor bank is premature. The Borrower and Corporate Debtor are MSMEs registered under the MSMED Act, and as such, it is incumbent upon the Financial Creditor Bank, in line with RBI Circulars and Guidelines, to first attempt restructuring of the stressed account rather than initiating coercive actions such as the present petition. In this instance, however, the Financial Creditor has approached this Tribunal under Section 7 of the IBC against the Corporate Debtor, without adhering to the RBI Guidelines. The Financial Creditor is obligated to consider restructuring the MSME's stressed account prior to pursuing any recovery action, which should only be initiated if restructuring efforts are unsuccessful. Therefore, this petition warrants dismissal with appropriate costs awarded to the Corporate Debtor.

3.3. The Corporate Debtor states that the Borrower has been availing certain Credit Facilities from HDFC Bank since 2021. Initially, the Borrower's

financial exposure was Rs. 29.99 crore, which was subsequently increased by the Financial Creditor Bank to Rs. 41.31 crore. This enhancement in credit exposure was approved by the Financial Creditor due to the Borrower's satisfactory banking operations. Over time, the Borrower has reduced its outstanding liability to Rs. 21,68,20,400/- through a substantial repayment of Rs. 19.28 crore along with interest at the mutually agreed rate since 2021. The significant repayments made by the Borrower reflect the transparent conduct of both the Borrower and the Guarantor in their dealings with the Financial Creditor.

3.4. The Corporate Debtor states that the Credit facilities sanctioned by the Financial creditor are secured by following properties which are herein after referred to as Securities. The Corporate Debtor states that the Financial creditor Bank is also claiming its alleged security interest over the following properties by initiating actions under the SARFAESI Act, 2002. Description of the properties:

- a. Industrial Property: Gat no. 656, Samdoli Road, Village Kasbe Digraj, Taluka Miraj, District Sangli — 416305 owned by the Borrower.
- b. Residential Property: Plot No. 15, Chandragupta Co-op. Housing Society, Behind Maharaja Complex, S. No. 81/5B/2, Kothrud, District Pune - 411038 Owned by Mr. Ravindra Babulal Tapdiya and Mrs. Mangal Ravindra Tapdiya.
- c. Commercial Property: Office No. 405C, 4th Floor, Mangalmurti Complex, CTS 990, Shukrawar peth, Hirabaug Chowk, Tilak Road,

District Pune — 411002 Owned by Mrs. Nikita Ankkeet Malu, Mr. Sagar Ravindra Tapdiya and Mr. Swapnil Ravindra Tapdiya.

3.5. The Corporate Debtor stated that since August 2024 and even prior to that the Borrower started facing financial crunch due to stagnant market conditions and reduced prices of their products. Hence, in August 2024, the Borrower communicated through an E-mail to the Financial creditor informing the Financial creditor about the financial condition of the Borrower. By the said E-mail, the Borrower also requested the Financial creditor to allow them to raise loan against the residential Bungalow and commercial office of the Guarantors so that the proceeds of the loan can be appropriated towards the principal outstanding amount of the Borrower with the Financial creditor. The said request was made to reduce the burden of EMI payable by the Borrower towards their loan liability. In addition to that a request was also made by the Borrower to the Financial creditor to allow the Borrower to utilize the CC Limit in full viz. to the extent of Rs. 10 Cr. On or about 04.09.2024, Borrower again made the similar request to the Financial creditor (Bank) by their E-mail of the even date. That a copy of said E-mails dated 30.08.2024 and that of 04.09.2024 is enclosed as Exhibit III.

3.6. The Corporate Debtor stated that, the Borrower did not receive any response from the Financial creditor, Borrower again sent an E-mail on 06.09.2024. By the said E-mail, the Borrower also requested the Financial creditor to reschedule all their facilities and stop the drop line of CC Limit from the said month onwards. The request for restructuring was again

reiterated by the Borrower by their E-mail dated 16.12.2024. In the said E-mail, the Borrower specifically mentioned that setback in the Business Operations was temporary and to overcome the said temporary' setback, restructuring of their loan liability was very much required which would enable the Borrower to repay the dues of the Financial creditor (Bank) in a timely manner. That a copy of said E- mails dated 06.09.2024 and 16.12.2024 is enclosed as Exhibit IV (Colly).

3.7. It is stated that the no response was received from the Financial Creditor, the Borrower sent reminder on 21.12.2024 which was annexed at Exhibit V. After much follow up on 31.12.2024, the Financial Creditor by its Email of the even date, informed the Borrower that restructuring of the loan is not possible till the account is standard. By the said E-mail, the Financial Creditor also raised certain issues regarding the operations of CC Limit of the Borrower. A copy of said E-mail dated 31.12.2024 is annexed at Exhibit VI.

3.8. The Corporate Debtor stated that on 04.01.2025, the Financial Creditor sent an alleged Caution Notice to the Borrower for making the payment of overdue amount payable by the Borrower and for submission of renewal documents since, renewal of the facilities was due on 20.01.2025. The said documents for renewal were in fact submitted before due date and therefore, there was no difficulty for the Financial Creditor to renew the facilities. A copy of communication dated 04.01.2025 as annexed at Exhibit VII. The Borrower responded the said Notice through their Advocate on 08.02.2025. In the reply dated

08.02.2025, the Borrower again requested the Financial Creditor to restructure their facilities in the context of the Judgment of the Hon'ble Supreme Court in the matter of M/s. Pro Knits V/s Canara Bank. A copy of reply dated 08.02.2025 as annexed at Exhibit VIII. It is further stated that the prior to that, on 06.01.2025, the Borrower sent an E-mail to the Financial Creditor to consider the difficulties faced by the Borrower and restructure their loan liabilities immediately. Similar E-mail was also given by the Borrower on 14.01.2025. A copy of email dated 06.01.2025 as annexed at Exhibit IX.

3.9. It is respectfully submitted that, instead of extending a helping hand to the Borrower, which is the responsibility of the Financial Creditor vide RBI Guidelines / Circular, the Financial Creditor put a hold on debit operations to the CC Limit of the Borrower. Because of this unexpected and sudden debit freeze, the Borrower could not make the payment to Vendors, Statutory Dues, Govt. Dues and salaries to the employees. A copy of E-mails dated 14.01.2025 as annexed at Exhibit X.

3.10. The Corporate Debtor stated that on 06.03.2025, the Financial Creditor replied the communication of the Advocate of the Borrower on 08.02.2025. In the said Reply, the Financial Creditor again refused to consider the request of the Borrower to restructure their facilities. Further, the Financial Creditor also refuted all the contentions raised by the Borrower. That copy of said reply dated 06.03.2025 as annexed at Exhibit XI. On dated 06.03.2025, the Borrower again sent an E-mail as a follow-up of their earlier communications to the Financial Creditor which is

annexed at Exhibit XII. It is stated that in the meantime, the Financial Creditor issued a Recall Notice dated 18.03.2025 the Borrower calling upon it to regularize and repay the alleged outstanding dues. The said Recall Notice came to be replied by the Borrower through its Advocate on 26.03.2025. A copies of the both the communication dated 18.03.2025 and 26.03.2025 as annexed at Exhibit XIII (Colly).

3.11. It is further stated that instead of considering their genuine request of restructuring, the Financial Creditor by its E-mail dated 27.02.2025 and 31.03.2025 called for the information relating to the amount of subsidy of Rs. 5,48,15,500/- received by the Borrower. The Borrower gave due reply to the same by its E-mail on 06.04.2025. That copies of E- mails dated 27.03.2025, 31.03.2025 and 06.04.2025 are annexed at Exhibit XIV (Colly).

3.12. In the light of the above communications between the Borrower and the Financial Creditor, the Financial Creditor was supposed to restructure the facilities of the Borrower as per the guidelines of Reserve Bank of India. However, surprisingly, on 07.04.2025, the Financial Creditor invoked the provisions of Securitization Act against the Borrower and issued notice U/S 13(2) of Securitization Act thereby calling upon the Borrower to make a payment of Rs. 22,00,77,227/- within a period of 60 days from the date of receipt of notice by the Borrower. Even though, the Borrower acknowledged the said notice, the Financial Creditor in an illegal and arbitrary manner published the said notice in Indian Express and Loksatta in their edition on 23.04.2025. The Borrower immediately objected the

said act of publication of notice in the News Papers by the Financial Creditor by a notice through their Advocate dated 28.04.2025. The Financial Creditor replied to the notice dated 28.04.2025 through their letter on 07.05.2025. The Borrower also objected the referred notice dated 07.04.2025 of the Financial Creditor through their Advocate on 06.06.2025. A copy of communications dated 07.04.2025, 28.04.2025, 07.05.2025 and 06.06.2025 along with notice published in News Papers dated 23.04.2025 are annexed at Exhibit XV (Colly).

3.13. The Corporate Debtor stated that in the reply given by the Borrower through their advocate to the notice u/s 13(2), the Borrower has specifically mentioned that since, Borrower is a Registered MSME Unit, it is obligatory on the part of the Petitioner Bank to restructure the loan liability of the Borrower without proceeding against the provisions of Securitization Act. In the said Reply, the borrower also pointed out other illegalities committed by the Financial Creditor and requested the Financial Creditor to withdraw their notice U/S 13(2) of the Act by restructuring the facilities of the Borrower. However, surprisingly, instead of withdrawing the said notice, the Financial Creditor proceeded further and issued notice u/s 13(4) of Securitization Act to the Borrower bearing date 27.12.2025. By the said notice, the Financial Creditor informed the Borrower that the possession of the referred Mortgaged Properties shall be taken on 15.01.2026 and 16.01.2026 respectively. That copy of said notice dated 27.12.2025 is annexed at Exhibit XVI.

- 3.14. It is submitted that the apart from above actions, the Financial Creditor filed the present petition under section 7 of the Insolvency and Bankruptcy Code, 2016 against the Corporate Debtor.
- 3.15. The Corporate Debtor stated that as a result of the above action of the Financial Creditor, the Borrower was constrained to file a Writ Petition bearing No. 169/2026 to redress its grievance by claiming appropriate reliefs to serve the ends of justice. However, the same was withdrawn to file an Application u/s 17 of Securitization Act before the Hon'ble Debt Recovery Tribunal. Accordingly, the Borrower has filed the Securitization Application before the Hon'ble Debt Recovery Tribunal, Pune Bench.
- 3.16. It is stated that the Financial Creditor had threatened to take the possession of the suit properties at Pune on 15.01.2026, it did not take such possession on the said date. Similarly, the Corporate Debtor stated that the Financial Creditor did not take the possession of the property at Kasbe Digraj on 16.01.2026.
- 3.17. It is submitted that on 20.01.2026, without giving any prior notice / intimation, which is must and mandatory, the Financial Creditor all of a sudden, took the symbolic possession of the properties at Pune and published the possession notice thereof in the Daily Indian Express in its Edition dated 23.01.2026. Similarly, the Corporate Debtor was shocked to notice that without taking possession of the property at Village Kasbe Digraj, the Financial Creditor has published the possession notice thereof in Daily Indian Express in its Edition dated 22.01.2026. That copies of

both the notices published on 22.01.2026 and 23.01.2026 are annexed to Exhibit XVII.

3.18. It is also submitted that in order to challenge the above action of the Financial Creditor, the Borrower and Corporate Debtor approached the Hon'ble Debt Recovery Tribunal. The Copy of the Securitisation Application is annexed as Exhibit XVIII to this reply without exhibits.

3.19. It is further submitted that considering the above facts, it can be seen that the Financial Creditor is acting high handedly, arbitrary, unjust and showing complete disregard to the guidelines / circulars issued by the Reserve Bank of India which is the regulatory body for the Banks. The Notification clearly records the mechanism and manner in which the stressed account of the MSME must be restructured. The said circular binds the Bank to first consider restructuring instead of taking arbitrary actions like securitization action against the Borrower and the Insolvency Petition against the Corporate Debtor. Therefore, it is clear that the present petition is filed prematurely and seemingly for purposes other than the insolvency resolution of the Respondent, which is disallowed and therefore, the Petition deserves nothing but dismissal. In fact, Hon'ble Supreme Court has also held that the Bank must first follow the procedure laid down in the RBI Circular. The Bank has turned deaf ears to the requests of the Borrower and Respondent to consider the restructuring proposal. Therefore, it is just and proper case for this Tribunal to exercise its discretionary jurisdiction and dismiss the petition.

- 3.20. It is contended that the borrower being a Micro Small Medium Enterprises (MSME), classified as a Small Unit under the MSMED Act, 2006 is entitled to protections under notification S.O. 1432(E) dated. 29.05.2015. The Borrower has consistently raised the issue of restructuring of their facilities since 30.08.2024 till today when the account of the Borrower was performing and it was quite possible for Financial Creditor to restructure the loan liabilities of the Borrower in August / September 2024. However, instead of doing the needful in the matter as per the above notification dated 29.05.2015, the account of the Borrower has been classified as NPA by the Petitioner Bank on 05.02.2025.
- 3.21. It is stated that the Financial Creditor has failed to constitute a Committee for resolution of stress prior to classifying the Borrower's Loan Account as a Non- Performing Asset on 05.02.2025 as mandated by the above notification. This failure on the part of the Financial Creditor renders the NPA Classification done by the Financial Creditor of the loan liability of the Borrower and invoking the provisions of SARFAESI Act against the Borrower and also filing the present petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 void-ab-initio and nonest in the eyes of law. In fact, this action of the Financial Creditor goes on to exhibit its disregard for the regulations and law.
- 3.22. It is submitted that the Financial Creditor is refusing to restructure the loan liabilities of the Borrower without any justifiable reason. In the E-mail dated 31.12.2024, the Financial Creditor has stated that the restructuring of the loan accounts of the borrower is not possible till the account is

standard. Whereas, subsequently, the Financial Creditor has taken a stand that restructuring of the loan account of the Borrower is not possible till the account is regularized i.e. it is identified as Standard Account. Thus, the Financial Creditor is taking different stand on different occasions for the simple reason that it does not want to restructure the loan facilities of the Borrower, even though; it is the responsibility of the Financial Creditor. It is also stated that the Financial Creditor are invoking the provisions of Securitization Act and filing the present petition against the Corporate Debtor is not only premature but also illegal, void, invalid and improper.

4. REJOINDER BY THE FINANCIAL CREDITOR

- 4.1. The Rejoinder is filed by on Mrs. Trupti Surve stated to be authorised officer of the Applicant vide Board Resolution dated 21.08.2025.
- 4.2. It is submitted that the Financial Creditor repeat, reiterate, and rely upon the contents of the company petition.
- 4.3. It is also submitted that business and location of the Corporate Debtor as well as that the Corporate Debtor is a guarantor to the loan facilities sanctioned by the Financial creditor to Sampada Paper Industries Private Limited ('Principal Borrower') is a matter of record. Further, only the certificate evidencing that the Principal Borrower is registered under the MSMED Act, 2006, forms part of the Affidavit in Reply and no documents evidencing the same for the Respondent/Corporate Guarantor are produced by the Respondent.

4.4. It is submitted that the Financial Creditor had advanced certain credit facilities to the principal borrower, against which the Corporate Debtor had executed a guarantee. On default of repayment of the facilities by the Principal Borrower the Financial Creditor had recalled the credit facilities granted to it by way of recall notice dated 18.02.2025, and thereafter invoked the guarantee of the Corporate Debtor by way of guarantee invocation notice dated 07.04.2025, calling upon the Corporate Debtor to pay the amounts due to the Financial Creditor by way of this Guarantee, which the Corporate Debtor had failed to pay. On receiving no response or payment from the Corporate Debtor, after providing it with enough time, the Financial Creditor proceeded to file the subject Company Petition seeking initiation of corporate Insolvency Resolution Process against it.

4.5. Further it is stated that the Financial Creditor had sanctioned certain credit facilities to the Principal Borrower amounting to Rs 29,99,55,799/-, which had been modified and renewed in 2021 to the tune of Rs. 33,73,55,799/, and repaid partially to the extent of the outstanding amount of Rs. 23,59,55,198/- as on 13.08.2024 (evidenced by Acknowledgement of Debt annexed at Exhibit V to the Company Petition). Thereafter, the Principal Borrower defaulted on repayments of the credit facilities, owing to which the Financial Creditor had proceeded with taking legal action against the Principal Borrower, and thereafter, the Corporate Debtor.

4.6. The Financial Creditor state that the Principal Borrower mortgaged certain immovable properties as security against the credit facilities, which the

Petitioner holds valid charge over and has recourse under the SARFAESI Act, 2002 to proceed against.

4.7. Further it is stated that the email dated 30.08.2024 addressed by the Principal Borrower did not provide any concrete restructuring proposals to the Financial Creditor, and instead, simply sought for release of validly secured properties and raising of utilization of the Cash Credit limit and the Principal Borrower did not propose any investors, or potential Buyers, or creditors, for which they sought the release of these securities. It is also stated that after defaulting on EMI repayments of the credit facilities and being 60 days overdue on their EMI payments, vide their email dated 16.12.2024, the Principal Borrower sought an extension of their repayment term to 10 years, which had initially been sanctioned for a tenor of only a year, and at the time of the said request was upto 2026 only and the Financial Creditor clearly conveyed to the Principal Borrower vide their email dated 31.12.2024 that their account cannot be restructured till the account is standard according to internal Bank policy. The Financial Creditor also raised concerns regarding the operations of the Cash Credit limit sanctioned to the Principal Borrower via the same email. The Financial creditor also pointed out that the proposed sale of the securities that the Principal Borrower had been seeking release of, was not being proposed to be routed to the HDFC Bank account and through the Borrower's other firm (i.e. Corporate Debtor herein) which was considered as a breach of contract due to the potential alienation of properties validly secured with the Financial Creditor.

4.8. It is stated that with reference to the contents of paragraph 10 of the Affidavit in reply, the Financial Creditor was within its legal rights to caution the Principal Borrower regarding their repeated default in repayments and for submission of renewal documents. The Financial Creditor relied upon the judgment of the Hon'ble Supreme court in Pro Knits v Board of director, Canara Bank (2024) 10 SCC 292. Further state that the notification detailing the framework elaborated upon in the judgment, more particularly paragraph 1 and its sub-paragraphs, have to be read together to make its terms and meaningful. In terms of sub-paragraph 2, any micro, small and medium enterprise may choose to voluntarily initiate proceedings under the framework if it "reasonably apprehends failure of its business or its inability or likely inability to pay det and before the accumulate losses of the enterprise equals to half or more of its entire net worth". It is stated that the obligation of the micro , small and medium enterprise does not end here and for initiation of proceedings under the framework, the application has to be verified by an affidavit of an authorized person and upon receipt of such a request, the lending bank/secured creditor is bound to proceed in terms of the framework and to constitute a committee to identify incipient stress in the account, which was lacking from the Principal Borrower in the present scenario. A copy of the circular outlining the framework published by the Ministry of Micro, Small, and Medium Enterprises dated 29.05.2015 as annexed at Exhibit A of the rejoinder.

4.9. It is stated that as per communication dated 31.12.2024 the Financial Creditor had already clarified its stand with regards to restructuring of accounts as vaguely proposed by the Principal Borrower and vide email dated 06.01.2025, no restructuring proposal was provided by the Principal Borrower, making only a reference to a "request for loan restructuring".

4.10. It is stated that the risk of repetition that as per communication dated 31.12.2024, the Financial Creditor had already clarified its stand with regards to restructuring of accounts as vaguely proposed by the Principal Borrower. Furthermore, despite an email dated 14.01.2025, no concrete restructuring proposal was provided by the Principal Borrower, only vague assurances that "it is temporary and that the industry will recover soon". It was further stated that the Principal Borrower made assurances regarding making monthly payments of Rs. 15 Lakh. However, as none of the EMI payments had been made since November 2024, and due to the lack of a concrete restructuring proposal, the Financial Creditor could not oblige the same.

4.11. The Financial creditor stated that with reference to the contents of paragraph 13 of the Affidavit in Reply, the communication addressed by the Bank dated 06.03.2025 appropriately addressed the contents of the letter dated 08.02.2025 addressed by the Advocate for the Principal Borrower and that the simple denials made by the Advocate of the Principal Borrower in the communication dated 26.03.2025 were not sufficient to dispute the debt or the default on the part of the Principal Borrower.

4.12. It is stated that the contents of this paragraph are a matter of record and that the clarification provided by the Principal Borrower dated 06.04.2025 did not automatically entitle it to restructuring by the Financial Creditor, which was subject to internal policy. Further stated that no proper restructuring proposal was provided by Principal Borrower since before the date of default, after the date of default, or after the date of NPA classification and the only reference to restructuring remained the Principal Borrower's request for the Financial Creditor to release their securities, and extend the repayment term to 10 years, which would be highly unwise and impractical for protecting the interests of the Financial Creditor.

4.13. The Financial creditor further stated that the terms of the framework or the communication relied upon by the Corporate Debtor did not prohibit the Financial Creditor from classifying the account of the principal borrower as a Non-performing Asset. It is stated that without prejudice to any of the Financial creditor's other contention, that this is not an appropriate forum to challenge NPA classification. It is further submitted that classification of an account as NPA is not subject to judicial review by this Tribunal or even the Hon'ble High Court and that the appropriate remedy available to a party aggrieved by such a declaration or further action under Section 13(4) of the SARFAESI Act, 2002, would be to file an application under Section 17 of the SARFAESI Act, 2002, before the Debts Recovery Tribunal.

4.14. Further it is stated that the subject matter of the Writ Petition No. 169 of 2026 or the Securitisation Application filed by the Principal Borrower before the DRT, Pune, are not relevant to the present petition, as the

liability of the Corporate Debtor is elaborated within the previous paragraph.

4.15. The Financial Creditor also stated that the symbolic possession of the secured property was taken by the Financial Creditor with proper compliance of the SARFAESI Act and its underlying Rules. And the appropriate remedy available to a party aggrieved by action taken by a secured creditor under the SARFAESI Act, 2002, is to approach the DRT with the appropriate application, and that this Tribunal is not the appropriate forum to adjudicate upon those issues.

4.16. It is stated that the reliefs under the MSMED Act and related RBI frameworks cannot override the operation of the Insolvency and Bankruptcy Code, 2016. And documents have been produced by the Corporate Debtor regarding its own MSME status. Further stated that after defaulting in repayments on the part of the Principal Borrower, the guarantee of the Respondent was validly invoked by notice dated 07.04.2025 (delivered on 09.04.2025). Petitioner is pursuing the legal remedies available to it against the Guarantor, i.e., the Respondent herein. I say that at no point has the Respondent denied the execution of the guarantee, the invocation of its guarantee, its liability, or its default after invocation of its guarantee. The Financial Creditor stated that the IBC is a self-contained Code for insolvency resolution, and CIRP can be validly initiated against MSME's once default is established and the date relevant for the purpose of the admission of the petition is the date of default and not the date of NPA. It is stated that any alleged and unfounded procedural

non-compliance in NPA does not negate the right of a financial creditor to approach this Tribunal under Section 7 of the IBC so long as the financial creditor is able to establish the date of default. The Financial Creditor further stated that once debt and default are established, this Tribunal must admit the petition.

5. WRITTEN SUBMISSIONS BY FINANCIAL CREDITOR

5.1. The written submission was filed by the Financial Creditor on 07.04.2026.

5.2. The Financial Creditor has relied on the following judgment.

- i. Syndicate Bank v. Channaveerappa Baleri [(2006) 11 SCC 506]
- ii. Pooja Ramesh Singh v. State Bank of India and Ors. [2023 SCC OnLine NCLAT 193]
- iii. Innoventive Industries v ICICI Bank and Anr.(2018) 1 SCC 407
- iv. Vijay Kumar Singhania v Bank of Baroda (2024) SCC OnLine NCLAT 2320

5.3. The written submission filed by the Financial Creditor are in conformity with the pleadings already on record. Hence, the same are not restated herein to avoid duplication.

6. WRITTEN SUBMISSIONS BY CORPORATE DEBTOR

6.1. The Corporate Debtor has also filed brief synopsis/ written statement of its arguments which has been considered while passing this order.

7. ANALYSIS AND FINDINGS

7.1. We have perused the documents as placed before us and have heard the Ld. Counsels for the Applicant. Our findings in the matter are as under:-

7.2. It is observed that the present Company Petition has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 by the Financial Creditor seeking initiation of Corporate Insolvency Resolution Process against the Corporate Debtor in its capacity as Corporate Guarantor to the credit facilities sanctioned in favour of Sampada Paper Industries Private Limited, the Principal Borrower.

7.3. As per the material on record, it is observed that various credit facilities were sanctioned by the Financial Creditor in favour of the Principal Borrower pursuant to sanction letters dated 09.09.2021 and 10.12.2021. Initially, the Financial facilities to the extent of RS.29,99,55,799/- were sanctioned, which were subsequently enhanced and modified to RS. 33,73,55,799/-.

7.4. As per Part-IV of the Petition, the Financial Creditor has claimed that an amount of Rs.17,84,91,870.63/- (Rupees Seventeen Crore Eighty-Four Lakh Ninety-One Thousand Eight Hundred Seventy and Sixty-Three Paise Only) remained due and payable as on 31.03.2025. The Financial Creditor has further stated that the default occurred on 17.04.2025 consequent upon failure of the Corporate Debtor to honour the invoked guarantee obligations.

7.5. It is further observed that the Corporate Debtor had executed Letter of Continuing Guarantee dated 09.09.2021 and Supplementary Letter of Continuing Guarantee dated 10.12.2021 in favour of the Financial Creditor thereby irrevocably and unconditionally guaranteeing repayment

of the dues and liabilities of the Principal Borrower towards the Financial Creditor.

7.6. The Financial Creditor has placed on record copies of the sanction letters, Master Facility Agreement, Term Loan Agreements, guarantee documents, acknowledgment of debt, statements of account, Banker's Books Evidence Act Certificate and Record of Default issued by National E-Governance Services Limited (NeSL).

7.7. On perusal of the NeSL report the status of the Authentication of default is "AUTHENTICATED" and the date of default mentioned therein is 05.02.2025.

7.8. This Tribunal has also relied on the judgment of Hon'ble NCLAT in ***Vijay Kumar Singhania v Bank of Baroda in Company Appeal (AT) (INS) No. 1058/2023***. The relevant abstract of the Judgment is reproduced below: -

"20. We need to look into the statutory scheme of the IBC, Rules and Regulations framed thereunder for answering the aforesaid question. Section 7 of the IBC deals with 'initiation of corporate insolvency resolution process by financial creditor'. Section 7(2) provides that Financial Creditor shall make an application under sub-section (1) in such form and manner and accompanied with such fee as may be prescribed. Sub-section (3) of Section 7 provides that the financial creditor shall, along with the application furnish record of the default recorded with the information Company

Appeal (AT) (Insolvency) No.1058 of 2023 30 utility or such other record or evidence of default as may be specified. Sub-sections (2) and (3) are as follows: -

“7. Initiation of corporate insolvency resolution process by financial creditor. - (2) The financial creditor shall make an application under subsection (1) in such form and manner and accompanied with such fee as may be prescribed. (3) The financial creditor shall, along with the application furnish – (a) record of the default recorded with the information utility or such other record or evidence of default as may be specified; (b) the name of the resolution professional proposed to act as an interim resolution professional; and (c) any other information as may be specified by the Board.”

26. *Clause (a) of sub-section (3) of Section 7 of the Code deals with record of the default recorded with the information utility or such other record or evidence of default as may be specified. When we read Section 7(3)(a) of the Code, Regulation 2A of the ‘Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016’ and Rule 4 of ‘The Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016’, it is clear that for purposes of proving a default, financial creditor is entitled to furnish certified copies of entries to the*

*relevant account in the bankers' book as defined in clause (a) of Section 2 of the Bankers' Book Evidence Act, 1891 which is one of the evidences mentioned for proving the default. The provision of Section 7 and the 'Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016' with regard to requirement which financial creditor has to fulfil before filing Section 7 application has also come for consideration before the Hon'ble Supreme Court. The Hon'ble Supreme Court in "**Swiss Ribbons (P) Ltd. v. Union of India, (2019) 4 SCC 17**" while referring to information available with information utility has observed that there are other sources which evidences a financial debt. Paragraphs 54 and 55 of the judgment are as follows:-*

"54. It is clear from these sections that information in respect of debts incurred by financial debtors is easily available through information utilities which, under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 (Information Utilities Regulations), are to satisfy themselves that information provided as to the debt is accurate. This is done by giving notice to the corporate debtor who then has an opportunity to correct such information.

55. Apart from the record maintained by such utility, Form I appended to the Insolvency and Bankruptcy (Application

to Adjudicating Authority) Rules, 2016, makes it clear that the following are other sources which evidence a financial debt: (a) Particulars of security held, if any, the date of its creation, its estimated value as per the creditor; (b) Certificate of registration of charge issued by the Registrar of Companies (if the corporate debtor is a company); (c) Order of a court, tribunal or arbitral panel adjudicating on the default; (d) Record of default with the information utility; (e) Details of succession certificate, or probate of a will, or letter of administration, or court decree (as may be applicable), under the Indian Succession Act, 1925; (f) The latest and complete copy of the financial contract reflecting all amendments and waivers to date; (g) A record of default as available with any credit information company; (h) Copies of entries in a bankers book in accordance with the Bankers Books Evidence Act, 1891.”

7.9. It is further observed that the Principal Borrower committed defaults in repayment of the loan facilities and consequently the account was classified as Non-Performing Asset on 05.02.2025.

7.10. The Financial Creditor has also placed on record Recall Notice dated 18.03.2025 issued to the Principal Borrower and Guarantee Invocation Notice dated 07.04.2025 issued to the Corporate Debtor. Despite invocation of the guarantee, the Corporate Debtor failed to discharge its liability. The Corporate Debtor has not denied execution of the guarantee

documents nor has it denied invocation of the guarantee by the Financial Creditor. The principal defence raised by the Corporate Debtor is that both the Principal Borrower and the Corporate Debtor are MSMEs entities and therefore the Financial Creditor was obligated to consider restructuring of the stressed account under the relevant RBI Circulars and MSME Guidelines before resorting to proceedings under Section 7 of the Code.

7.11. The Corporate Debtor has further contended that the Financial Creditor failed to constitute a committee for resolution of stress prior to classification of the account as NPA and therefore the NPA classification and consequential proceedings are illegal and void.

7.12. In the present case, the Financial Creditor has successfully established disbursement of financial facilities to the Principal Borrower and execution of guarantee by the Corporate Debtor. The Financial Creditor has also established occurrence of default through documentary evidence including statements of account and Record of Default issued by NeSL. The acknowledgment of debt dated 01.07.2024 executed by the Principal Borrower along with the Corporate Debtor and other guarantors further establishes acknowledgment of the subsisting liability.

7.13. We find that the Corporate Debtor has nowhere denied the outstanding liability or its obligations arising out of the guarantee documents executed in favour of the Financial Creditor.

7.14. The contention of the Corporate Debtor regarding alleged non-compliance of RBI Guidelines and MSME framework pertains to issues beyond the limited jurisdiction exercised by this Tribunal while adjudicating an

Application under Section 7 of the Code. It is observed that the communications relied upon by the Corporate Debtor merely indicate requests seeking restructuring and extension of repayment timelines. However, on the other hand the Applicant has stated that no concrete or viable restructuring proposal appears to have been submitted before the Financial Creditor.

7.15. The Financial Creditor has specifically contended that the requests made by the Principal Borrower were vague in nature and did not contain any feasible restructuring mechanism. The Financial Creditor further clarified that the requests largely pertained to release of secured assets and extension of repayment period without any concrete revival proposal.

7.16. We are of the considered view that alleged procedural irregularities in classification of the account as NPA or disputes relating to SARFAESI proceedings cannot defeat the statutory remedy available to a Financial Creditor under Section 7 of the Code once debt and default stand established. The pendency of proceedings under the SARFAESI Act or proceedings before the Debts Recovery Tribunal also do not bar initiation of CIRP under the Insolvency and Bankruptcy Code. It is well settled that remedies under the SARFAESI Act and the Insolvency and Bankruptcy Code are independent and can proceed simultaneously.

7.17. This Tribunal refers to Section 238 of the IBC 2016, which is reproduced herein below:

“238. Provisions of this Code to override other laws– The provisions of this Code shall have effect, notwithstanding anything

inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of law.”

7.18. Further, reliance is placed on the judgment of Hon'ble NCLAT in *State Bank of India v. Abhijeet Ferrotech Ltd., (2024) ibclaw.in 428 NCLAT*, wherein the Hon'ble Court has held that,

“19. The learned Counsel for the Appellant has also relied on judgment of Hon'ble Supreme Court in A. Navinchandra Steels Pvt. Ltd. vs. SREI Equipment Finance Ltd. – (2021) 4 SCC 435. In the above case, the Hon'ble Supreme Court had occasion to notice few fundamentals with regard to IBC legislation. The observation was also made that Companies Act, 2013 is the general statute as compared to IBC. In paragraph 16, 17 and 18, following was held:

“16. Having heard the learned counsel for all the parties, it is important to restate a few fundamentals. Given the object of the IBC as delineated in paras 25 to 28 of Swiss Ribbons (P) Ltd. v. Union of India [Swiss Ribbons (P) Ltd. v. Union of India, (2019) 4 SCC 17] [“Swiss Ribbons”], it is clear that the IBC is a special statute dealing with revival of companies that are in the red, winding up only being resorted to in case all attempts of revival fail. Vis-à-vis the Companies Act, which is a general statute dealing with companies, including companies that are in the red, the IBC is not only a special statute which must prevail in the event of conflict, but has a non-obstante clause contained in Section 238, which makes it even clearer that in case of conflict, the provisions of the IBC will prevail.”

(Emphasis supplied)

7.19. The Corporate Debtor has also failed to place any material on record demonstrating that the guarantee liability stood discharged or extinguished in law.

7.20. Upon overall consideration of the pleadings, documents and submissions advanced by the parties, this Bench is satisfied that the Financial Creditor has successfully established existence of financial debt and occurrence of default in the sum of Rs.17,84,91,870.63/- within the meaning of Section 3(12) of the Insolvency and Bankruptcy Code, 2016.

7.21. Accordingly, this Bench is of the considered opinion that the present Company Petition deserves to be admitted under Section 7 of the Insolvency and Bankruptcy Code, 2016.

7.22. The present Application is filed on 05.09.2025. which is well within the period of three years from the date of default and therefore we hold that the Application is well within the limitation period.

7.23. Further, the Corporate Debtor has failed to pay the outstanding amount, which is way above the threshold limit of Rs One Crore as stipulated under Section 4 of the Code and that the Applicant has established the existence of debt and default exceeding the threshold with the help of documents attached with the Application.

7.24. In view of the above, the Applicant has successfully demonstrated the existence of a financial debt, as the transaction involves money borrowed against the payment of interest under section 5(8)(a) of IBC 2016, the occurrence of default which is way above the threshold as stipulated under Section 4 of the Code, and continuing nature of such default supported by clear documentary evidence. The application is complete, the debt is within limitation.

7.25. Financial Creditor has also proposed the name of an Insolvency Professional i.e. Mr. Pankaj Bhattad, an Insolvency Professional, having Registration No. IBBI/IPA-001/IP-P-02841/2023-2024/14362 and Authorization for Assignment (AFA) which is valid upto 30.12.2026 as per IBBI portal as the proposed IRP and as per the Form 2 attached along with the Application, no disciplinary proceedings are going on against the said

IP. Further, this Application is complete as all the required documents have been attached along with the Application. Accordingly, the present Application is fit for admission under Section 7 of the IBC, 2016.

7.26. We make it clear that at this stage we have not crystallised the amount as claimed in this Application; the same is left to be collated by the IRP.

ORDER

In view of the aforesaid findings, this Application bearing C.P. (IB) 1298/MB/2025 filed under Section 7 of IBC, 2016, by HDFC Bank Limited., the Applicant (FC), for initiating CIRP in respect of Bansi Pulp and Paper Mills Private Limited, the Corporate Debtor, is **Admitted**.

We further declare a moratorium under Section 14 of IBC, 2016 with consequential directions as mentioned below:

I. We prohibit:

- a) the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, including the 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, and;
- d) 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 supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.
- III. That the order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Tribunal approves the resolution plan under Section 31(1) of the IBC or passes an order for the liquidation of the Corporate Debtor under Section 33 thereof, as the case may be.
- IV. That the public announcement of the CIRP shall be made immediately as specified under Section 13 of the IBC read with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other Rules and Regulations made thereunder.
- V. That this Bench hereby appoints, Mr. Pankaj Bhattad, having Registration No. **IBBI/IPA-001/IP-P-02841/2023-2024/14362** and **e-mail address:** rppankajbhattad@gmail.com having valid Authorisation for Assignment up to 31.12.2026 (as per IBBI site) as the IRP to carry out the functions under the IBC.
- VI. That the fee payable to IRP/RP shall be in accordance with such Regulations/Circulars/ Directions as may be issued by the 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 the IBC. The officers and managers of the Corporate Debtor are directed to provide all assistance to the IRP as and when he takes charge of the assets and management of the Corporate Debtor. Coercive steps will follow against them under the provisions of the IBC read with Rule 11 of the NCLT Rules for any violation of law.

VIII. That the IRP/IP shall submit to this Tribunal monthly 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 (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, Pune Maharashtra, for updating the Master Data of the Corporate Debtor.

XI. The IRP is directed to issue notice of Admission upon all the statutory authorities of Corporate Debtor without Fail

XII. A copy of the Order shall also be forwarded to the IBBI for record and dissemination on their website.

XIII. The Registry is directed to immediately communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by way of Speed Post, e-mail and WhatsApp.

XIV. **Compliance report of the order by Designated Registrar is to be submitted today.**

Sd/-

**NILESH SHARMA
MEMBER (JUDICIAL)**

//S.Dubey//

Sd/-

**SAMEER KAKAR
MEMBER(TECHNICAL)**