

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
AT CHENNAI

(APPELLATE JURISDICTION)

(IA No. 1089 / 2025)

in

Company Appeal (AT) (CH) (Ins) No. 362 / 2025

(IA No. 1088 / 2025)

In the matter of:

State Bank of India

A Banking Institution established under the State Bank of India Act, 1955 having its Corporate Office at State Bank Bhavan, Madam Cama Road, Nariman Point Mumbai Maharashtra - 400 021 having Branches across India and abroad with one Branch office, interalia , at Prabhath Towers, Gunfoundry, Hyderabad - 500 001 called as Stressed Asset Management Branch, Secunderabad Branch represented by AGM Sri. P. Prashanth Kumar

...Appellant

V

Smt. Nandamuri Meenalatha

W/o. Potluri Mohana Murali Krishna
Aged about 50 years, Occ: Business
R/o. H.No.2-48, R/o. H.No.2-52,
Gundupalem, Machilipatnam Mandal,
Krishna District, Andhra Pradesh

... Respondent No. 1

M/s. Vantage Spinners Pvt. Ltd.

Represented by its Managing Director,
Potluri Mohana Murali Krishna,
Having its registered office at 1st floor,
Siri Arcade, Bus Stand Road,
Nizvid, Krishna Dist. Andhra Pradesh -521201

...Respondent No. 2

Present :

For Appellant : Mr. K. Chandrasekaran, Advocate
For Respondent : No Appearance

WITH

Company Appeal (AT) (CH) (Ins) No. 383 / 2025
(IA No. 1125 / 2025)

In the matter of:

State Bank of India

A Banking Institution established under the State Bank of India Act, 1955 having its Corporate Office at State Bank Bhavan, Madam Cama Road, Nariman Point Mumbai Maharashtra - 400 021 having Branches across India and abroad with one Branch office, interalia , at Prabhath Towers, Gunfoundry, Hyderabad - 500 001 called as Stressed Asset Management Branch, Secunderabad Branch represented by AGM Sri. P. Prashanth Kumar

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Having its registered office at 1st floor,
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... Respondent No. 2

Present :

For Appellant : Mr. K. Chandrasekaran, Advocate

For Respondent : No Appearance

ORDER

(Hybrid Mode)

16.09.2025:

Oral Judgment : Justice Sharad Kumar Sharma, Member (Judicial):

These are two Company Appeals.

A) Company Appeal (AT) (CH) (INS) No. 362 / 2025:

1. The Company Appeal (AT) (CH) (INS) No. 362 / 2025, is accompanied with a Condone Delay Application, being IA No. 1089 / 2025 where the Appellant has sought a condonation of 11 days of delay that, has chanced in preferring the Appeal being aggrieved as against the impugned order of 23.04.2025, that was passed by the Ld. NCLT, Amaravati Bench in CP (IB) / 11 / 95 / AMR / 2023.

2. When the Company Appeal was taken up on 11.08.2025, we had issued notices to the Respondent and directed to take steps in that regard, steps was taken by the Appellant and according to the report of service, the Respondent could not be served with the notice.

3. However, since by virtue of the impugned order dated 23.04.2025, the Ld. Tribunal has proceeded to pass an order in a proceeding under Section 95 of I & B Code, 2016, observing thereof that, the Counsel who was representing the cause of the Financial Creditor, since has failed to discharge his professional responsibilities i.e. having filed the Company Petition, without invocation of the Bank Guarantee and relevant supporting

documents rendering the Company Petition to be defective and was made liable for dismissal, due to non-disclosure of cause of action.

4. The Bench observed that, the Counsel for the Financial Creditor as well as the Officials of the Bank had displayed negligent and casual approach in filing the Petition, consequently the Ld. NCLT had imposed a cost of Rs.50,000/- and had directed that the said order to be communicated to the Chairman and Managing Director (CMD) of State Bank of India and the General Manager (GM) of the Stressed Asset Management Branch (SAMB) to ensure proper supervision and compliance in the conduct of the proceedings before the Tribunal.

B) Company Appeal (AT) (CH) (INS) No. 383 / 2025:

5. In the connected Company Appeal being Company Appeal (AT) (CH) (INS) No. 383 / 2025, the Appellant has put a challenge to the impugned order of 06.05.2025 that, was passed by the Ld. Tribunal on IA (IBC) / 129 / 2025 that, was an application preferred in CP (IB) / 11 / 95 / AMR / 2023, where the Appellant has sought for a recall of the order dated 23.04.2025, as detailed above.

6. The said Application for recall came up for consideration before the Ld. Tribunal, who after observing that, apparently a negligence is being established to have been conducted at the behest of the Creditor and their Counsel having failed to invoke the Bank Guarantee and other observation

as made therein, the Ld. Tribunal declined to recall the order dated 23.04.2025, which was passed in CP (IB) / 11 / 95 / AMR / 2023 which is presently subject matter of challenge in the connected matter i.e. in Company Appeal (AT) (CH) (INS) No. 362 / 2025.

7. A similar nature of orders came up for consideration before this Tribunal earlier in Company Appeal (AT) (CH) (INS) No. 363 / 2025 in the matters of State Bank of India V. Mr. Potluri Mohana Murali Krishna & Anr. and in other connected Company Appeal (AT) (CH) (INS) No. 364 / 2025 in the matters of State Bank of India V. Mr. Potluri Dhana Vara Laxmana Prasad Rao & Anr., and while considering the rival contentions, we had passed a judgment on 12.08.2025. This judgment of 12.08.2025 was subsequently followed by us in other Company Appeal, being Company Appeal (AT) (CH) (INS) No. 381 / 2025 decided along with Company Appeal (AT) (CH) (INS) No. 382 / 2025. The same was also disposed of, in the light of the judgment of 12.08.2025.

8. Since the issue involved in these instant Company Appeals are factually being the same, we dispose of these Company Appeals, closing it on the basis of the directions which has been given by this Appellate Tribunal in the judgement of 12.08.2025 as rendered in the leading Company Appeal (AT) (CH) (INS) No. 363 / 2025. The relevant part as passed in Company Appeal (AT) (CH) (INS) No. 363 / 2025 is extracted hereunder:

“ *Heard counsel for the Appellant. So far, as the issue pertaining to the adverse remarks made as against the counsel and the officials of the bank who were conducting the proceedings before the learned NCLT is concerned, we are of the view that before any stigmatic remark is made as against the professionals i.e. the counsel or the officials, which can affect their professional career and may cause a future impediment in the career progression ample opportunity will have to be provided to the affected persons to raise the defence, as to under what unforeseen circumstances the alleged negligence has chanced. In the absence of there being any such exercise undertaken by the Tribunal of having provided an effective opportunity to the counsel and to the officials of the bank to defend themselves in the face of accusation of negligence. The observation of the Tribunal made therein in the Order, since being stigmatic in nature, ought not to have been made. Hence, as far as the observation made in para 2 of the impugned order is concerned, the same would stand ‘expunged’.*

The Tribunal, by virtue of the impugned order, had granted a week's time to the Appellant to comply with the directions as contained therein to file the details of invocation of the guarantee and all other related documents. The said time period has already lapsed. Since the learned counsel for the Appellant makes the statement that, the directions given for furnishing of the relevant document has already been complied with, no further time is required to be granted. As far as the imposition of cost is concerned, since it has got a direct nexus with regards to the observations made regarding the functioning of the officials of the bank, we do not see any justification as of now to impose the cost of Rs. 50,000. The same would also stand ‘expunged’.

So far as the directions to communicate the order of Tribunal to the Chairman / Managing Director of The State Bank of India and General Manager of the Stressed Asset Management Branch is concerned, we modify the said directions to the extent that the copy of today's order passed by us would be sent to the aforesaid two officials with an observation that, they will ensure that, the subordinates working under them would be diligently and promptly assisting learned NCLT, Amaravati in the proceedings that are to be conducted before it henceforth. Subject to aforesaid modification granted by us,

the two company appeals would stand 'partially allowed'. Pending interlocutory applications, if any, will stand 'closed'.

9. Accordingly, the Company Appeal (AT) (CH) (INS) No. 362 / 2025 and Company Appeal (AT) (CH) (INS) No. 383 / 2025, would stand disposed of, under the same terms and conditions as extracted above. Pending Interlocutory Applications, if any, would stand closed.

[Justice Sharad Kumar Sharma]
Member (Judicial)

[Jatindranath Swain]
Member (Technical)

SR/MS/RS