NATIONAL COMPANY LAW APPELLATE TRIBUNAL
AT CHENNAI

(APPELLATE JURISDICTION)

Company Appeal (AT) (CH) (Ins) No. 330/2024
(IA No.897/2024)

IN THE MATTER OF:
State Bank of India, SAM Branch-1
Represented by its Assistant General Manager,
5th Floor, Rear Block of HMWSSB Compound,
D.No.6-2-915, Khairatabad,
Hyderabad-500 004. **… Appellant**

Vs

CS Dr.Ahalada Rao Vummenthala
Liquidator in Kadevi Industries Ltd.,
Flat No.113, Block-B, Sri Datta Sai Commercial Complex,
Opp. Sapthagiri Theatre, RTC 'X' Roads,
Beside Metro Station, Hyderabad – 500 002 **…Respondent No. 1**

Axis Bank
Southern Recovery Cell,
First Floor, Jawahar Tower,
New No.3, Old No.2, Club House Road,
Chennai-600 002. **…Respondent No. 2**

Present:

For Appellant	**:**	Ms. Susmithaa Shri, Advocate For Mr. Pranava Charan, Advocate
For Respondents	**:**	Mr. Nikhil Pathak, Advocate For Mr. Bendi Raviteja, Advocate for R1 Mr. VV Sivakumar, Advocate for R2

WITH

Company Appeal (AT) (CH) (Ins) No. 390/2024

IN THE MATTER OF:
CS Dr.Ahalada Rao Vummenthala
Liquidator in Kadevi Industries Ltd.,
Flat No.113, Block-B, Sri Datta Sai Commercial Complex,

Opp. Sapthagiri Theatre, RTC 'X' Roads,
Beside Metro Station, Hyderabad – 500 002 **… Appellant**

Vs

State Bank of India, SAM Branch-1
Represented by its Assistant General Manager,
5th Floor, Rear Block of HMWSSB Compound,
D.No.6-2-915, Khairatabad,
Hyderabad-500 004. **…Respondent No. 1**

Axis Bank
Southern Recovery Cell,
First Floor, Jawahar Tower,
New No.3, Old No.2, Club House Road,
Chennai-600 002. **…Respondent No. 2**

Present:

For Appellant	**:**	Mr. Nikhil Pathak, Advocate For Mr. Bendi Raviteja, Advocate
For Respondents	**:**	Ms. Susmithaa Shri, Advocate For Mr. Pranava Charan, Advocate for R1 Mr. VV Sivakumar, Advocate for R2

O R D E R
(Hybrid Mode)

26.02.2026:

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

In the matters of liquidation, as regards to M/s. Kadevi Industries Ltd, a proceedings was taken up before the Learned NCLT, Hyderabad Bench by the Liquidator by filing an Application in the shape of IA No. 794/2021, which was preferred in CP(IB) No.10/07/HDB/2017. In the said application, the Liquidator prayed for directing State Bank of India and Axis Bank to transfer the balance amount held in certain accounts of the corporate debtor together with interest to liquidation estate as per provisions of section 36(3)(g) of I&B Code and to provide the statement of accounts pertaining to the balances held from 01.01.2015 onwards while transferring the balances to the liquidation estate of the CD in order to facilitate the liquidator for his records.

2. The impugned order dated 25.06.2024, was passed on the said proceedings by Ld. NCLT, Hyderabad, partially allowing the application. In the same order, Ld. NCLT ordered SBI to transfer Rs. 58,13,829/- held in FD and Rs. 6,56, 629/- held in current account to the liquidation account. At the same time, it also held that the margin money of Rs. 69,29,360/- held by SBI towards BG provided by it will not form part of the liquidation state. It also held that the current account balance of Rs.38,73,342/- in Axis Bank will not form part of liquidation estate on account of the fact that this amount was to be paid to Income Tax department against pending tax arrears of the CD and therefore, it ceased to be owned by the CD prior to commencement of CIRP. The relevant conclusion derived at, by the Learned Tribunal in the impugned order of 25.06.2024 is extracted here under:

> *i) The amounts of Rs.58,13,829 in fixed deposits and Rs. 6,56,621 in the current account are to be paid into the liquidation account, by the Respondent SBI, along with the interest and further credits received, as the amounts continued to belong to the CD from the date prior to the initiation of CIRP.*
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> *ii) Margin money of Rs.69,29,360 (as on 20.03.2021) did not form part of the liquidation estate and hence cannot be*

transferred into the liquidation account. However, the claim of the SBI against the CD's default on account of invoked bank guarantees is to be adjusted accordingly

iii) The Current Account balance of Rs.38,73,342 in Axis Bank was subjected to a Garnishee order by the Income Tax Department under section 226(3) of the Income Tax Act before the CIRP date. Since this amount was to be paid to the Income Tax Department against the pending tax arrears of the CD, the ownership of these funds by the CD ceased on the date prior to the CIRP. Therefore, this amount does not form part of the liquidation estate and cannot be transferred to the liquidation account of the CD.

3. Part (i) of the said order as above is being challenged by SBI by filing Company Appeal (CA) (AT) (CH) (Ins) No. 330/2024 on the grounds that Ld. NCLT has erroneously classified these amounts as separate amounts whereas these were the part of the margin money of Rs. 69,29,360/- and hence should have been kept outside the liquidation estate.

4. The Liquidator has filed Company appeal (AT) (CH) (Ins) No. 390/2024, challenging part (ii) and (iii) of the impugned order as extracted above. It has contended that no evidence has been shown by SBI to support its contention that the LC/BG was still in force to justify the findings that the amount of Rs. 69,29,360/- is being held as margin money against such LC/BG. He has further contended that Axis Bank merely received notices from Excise and Income Tax departments and that amounts attached by these authorities will have no force once CIRP has been ordered to be commenced and the the provisions of I&B

Code will prevail. Based on such contentions, the Appellant / Liquidator has prayed for setting aside this part of the impugned order and for ordering for remittance of the amounts by the respective banks into liquidation estate.

5. In the aforesaid backdrop, when the two company appeals were taken up before this Tribunal, the Liquidator placed on record a memorandum on 09.02.2026, thereby placing on record the order of dissolution of Corporate Debtor, passed on 03.12.2025, which was rendered by the Tribunal in IA(IBC)/Dissolution/07/2025 in CP(IB) No.10/07/HDB/2017. As per the order of dissolution dated 03.12.2025, the Learned Tribunal has observed that the liquidation process has been completed, as per the procedures contemplated under the Code, dissolving the Corporate Debtor subject to the observations, which has been made, while exercising the powers conferred to the Adjudicating Authority under sub-section (7) of Section 59 of the Code.

6. The limited question, which now falls for consideration at this stage, is whether anything survives to be decided in the instant Company Appeals in view of the order of dissolution having been passed on 03.12.2025 and the corporate Debtor company having been since been dissolved with effect from the date of passing of the said order. Learned Counsel for the Liquidator while making reference to the order of 03.12.2025 of dissolving the Corporate Debtor, has contended that the controversy, which has been agitated by SBI in Company Appeal (AT) (CH) (Ins) No.330/2024, for all practical purposes, nothing survives

to be decided on merits, because the implication of the order dated 25.06.2024, that was passed in CP(IB) No.10/07/HDB/2017 has already been taken care of when the Learned Tribunal has proceeded to pass the order of dissolution. This contention raised by the Counsel for the Respondent / Liquidator on the basis of the memorandum dated 09.02.2026, that all the aspects flowing from the order dated 25.06.2024 would be deemed to have been considered when the Learned Tribunal passed the order, while exercising its powers under sub-section (7) of Section 59 of the Code, directing the dissolution of the Corporate Debtor, M/s. Kadevi Industries Ltd has not been denied by the Learned Counsel for SBI and the latter has accepted that, as a consequence of the dissolution, in fact no adjudication on merits would be required, for the reason that whatsoever the consequences were flowing from the impugned order, which was determined in the pleadings and the relief prayed for in IA No. 794/2021, have reached the finality with passing of order of dissolution of the Corporate Debtor.

7. Owing to the fact that, as of now since the liquidation process has already been completed, resulting into a consequential dissolution, the proceedings of the Company Appeal (AT) (CH) (Ins) No. 330/2024 has been admitted by the Counsels to have been rendered redundant, and would need no adjudication on merits because pursuant to the order of dissolution, all disputes would be taken to have been concluded and determined and thus owing to the order passed on 03.12.2025, the instant Company Appeal would stand disposed

of, in terms of the dissolution order and nothing much material is required to be considered and decided, owing to the facts which we have already dealt with in the preceding paragraph.

8. So far as the connected Company Appeal (AT) (CH) (Ins) No. 390/2024 is concerned, which has been preferred by the liquidator, as against the same impugned order, owing to the admission made by the Counsels for the parties, about the implications flowing from the order of dissolution, no detailed elaboration is required to be made on merits, as regards the controversy agitated by the liquidator in the said Company Appeal, because of the order of the dissolution dated 03.12.2025. Hence this Company Appeal too would stand closed, under the same conditions, which we have already dealt with, while dealing with the Company Appeal (AT) (CH) (Ins) No. 330/2024. Hence, these two Company Appeals would stand closed, subject to the aforesaid observations which has been made by us.

[Justice Sharad Kumar Sharma]
Member (Judicial)

[Jatindranath Swain]
Member (Technical)

YS/MS/AK