NATIONAL COMPANY LAW APPELLATE TRIBUNAL
AT CHENNAI

(APPELLATE JURISDICTION)

Company Appeal (AT) (CH) (Ins) No. 510/2026
(IA Nos. 1436 & 1437/2026)

In the matter of:

Pasam Laxmi Srinivas Reddy **… Appellant**

Vs

State Bank of India & 2 Ors. **… Respondents**

Present :

For Appellant : Mr. Kumarpal Chopra, Mr. Chiron Singhi & Mr. Ravikumar, Advocates

For Respondents : Mr. Yash Vardhan & Ms. Sushmithaa, Advocates for R1

ORDER
(Hybrid Mode)

05.10.2026:

This appeal is preferred by the personal guarantor challenging an order of the Adjudicating Authority directing the initiation of bankruptcy proceedings against the appellant.

The short question is whether, owing to the failure of the appellant to submit a repayment plan pursuant to an application which he himself has taken under Section 94 of the IBC, a bankruptcy proceedings can be initiated at the instance of the lender.

2. The learned counsel for the appellant submitted that he is not a promoter of the corporate debtor, but he has offered personal guarantee to the loan obtained by the corporate debtor. He said besides the contention he has taken in the appeal, he

has made a proposal to the bank for settling the dues to the extent of his liability.

3. Mr. Yash Vardhan takes notice for the 1st respondent. The learned counsel submitted earlier that the corporate debtor came out with an OTS proposal which included the personal guarantee offered by the personal guarantor, and that has been rejected by the CoC, in the 2nd meeting of CoC.

4. Eventually, the bank is after the appellant only for the realisation of the debt, and it need not always hinge on certain proceedings.

5. Issue notices to other respondents.

6. Since the appellant says that he has made a proposal, he only requires the 1st respondent to consider the proposal. In the meantime, we direct the bankruptcy trustee not to sell any of the assets of the appellant. We also direct the appellant to cooperate with the bankruptcy trustee and share such information which the appellant is statutorily bound to share with him.

7. Both sides are required to submit their pointed notes of submission. List this appeal on **30.10.2026**, under the caption, 'For Orders'.

[Justice N Seshasayee]
Member (Judicial)

[Jatindranath Swain]
Member (Technical)

DD/AA/AK