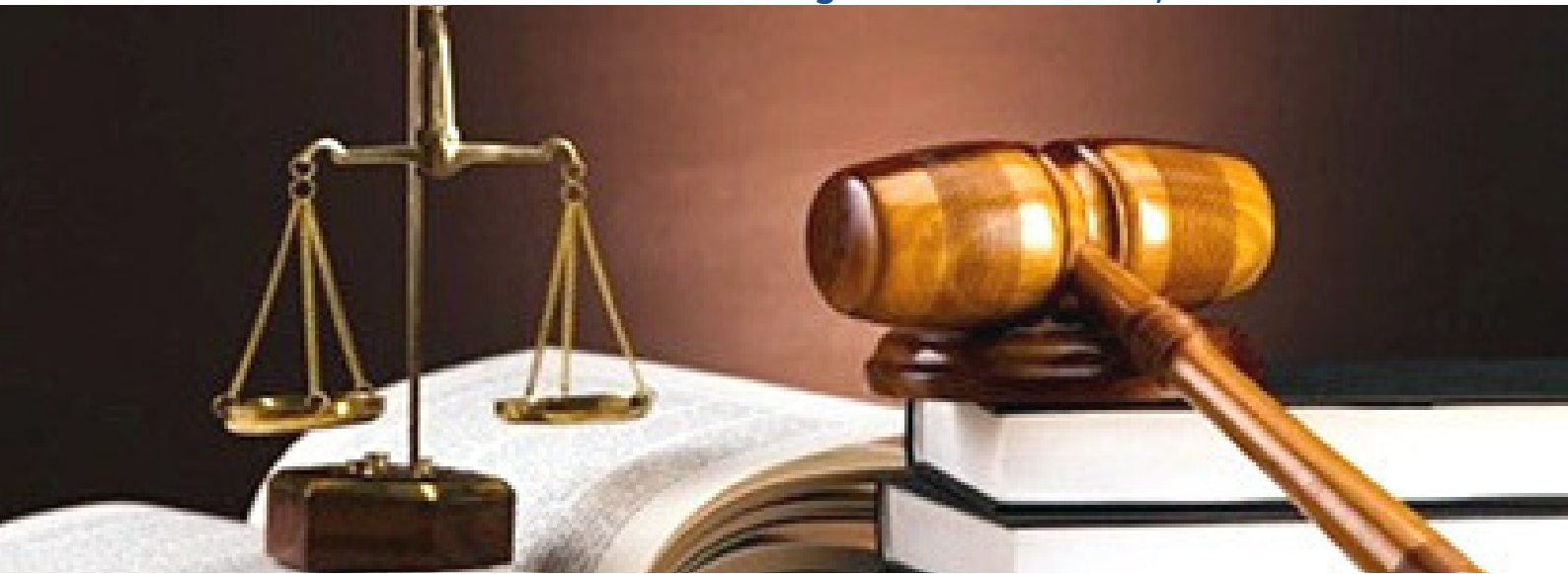


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A Bulletin on Landmark Judgements under IBC, 2016



STATE BANK OF INDIA V/S. M/S. METENERE LTD COMPANY APPEAL (AT) (INSOLVENCY) NO. 76 OF 2020

Brief Facts

State Bank of India (“SBI”) filed an application under Section 7 of IBC, 2016 before NCLT, Principal Bench to initiate corporate insolvency resolution process against M/s. Metenere Ltd. (“Metenere”) thereby proposing one of its ex-employee (worked with SBI for 40 years) who is a duly registered Insolvency Professional with IBBI as an Interim Resolution Professional (“IRP”) for the said case.

Metenere objected to the appointment of the ex-employee of SBI as an IRP who at present is also withdrawing pension from SBI which in turn might result in biasness and unfair in running the insolvency process and apprehension that IRP may act majorly in accordance with SBI.

Accordingly NCLT, Principal Bench through its order directed SBI to appoint any other IRP in lieu of the existing proposed IRP, giving regard to the past loyalty and long service that proposed IRP has offered to SBI. Aggrieved by the order, SBI preferred an appeal before NCLAT seeking to have the impugned order set aside.



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Decision

Hon'ble NCLAT refused to entertain the Appeal since it lacks merit of the case. NCLAT stated that the apprehension of biasness expressed by Metenere on appointment of an IRP who is ex-employee of SBI (financial Creditor) cannot be dismissed offhand and the Adjudicating Authority stands justified in seeking its replacement even though proposed IRP was not disqualified or ineligible to act as an IRP as per the provisions of the Code and its allied regulations.

NCLAT also stated that SBI should not have been aggrieved of the impugned order as the same did not cause any prejudice to it.

Link to the Order

<https://ibbi.gov.in/uploads/whatsnew/a6affffb4aa79c442f56ab3d767a55b3.pdf>

