

**IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT  
CHENNAI**

Dated the 13<sup>th</sup> of February, 2026

**PRESENT: Hon'ble Mr. Justice G. Chandrasekharan  
CHAIRPERSON**

**M.A:47/2024**

(I.A. No. 1733 of 2024 in O.A. No. 281 of 2024 on *the file of DRT-III, Chennai*)

BETWEEN

HDFC Bank Limited  
Branch Office at  
No. 768 & 769, 5<sup>th</sup> Floor,  
“A” Wing, Phase III,  
Spencer Plaza, Mount Road,  
Chennai – 600 002,  
Tamil Nadu, India.  
Rep. by its Authorised Signatory  
Mr. Surendar Subramaniam

... Appellant

And

1. M/s. Right Health Platter Private Limited  
Represented by its Resolution Professional,  
M/s. R.S.G.D. Insolvency Professionals Services P. Ltd.,  
Having its Registered Office at  
No.115/63, Dr. Radhakrishnan Salai,  
3<sup>rd</sup> Floor, North Flat, Mylapore,  
Chennai- 600 004.

Also At

No.124, AL Block, 12<sup>th</sup> Main Road,  
2<sup>nd</sup> Street, Anna Nagar,  
Chennai – 600 040.

2. Mr. Ramnath Arumugam  
No. 115 / 63, Dr. Radhakrishnan Salai,  
3<sup>rd</sup> Floor, North Flat, Mylapore,  
Chennai – 600 004.

Also at,

Flat No. 2a, Shivalaya Apartments,  
No.33/38, Sarangapani Street,  
T.Nagar,  
Chennai – 600 017.

3. Mr. Yekulu Venkata Subbiah Murali Babu  
No. 115 / 63, Dr. Radhakrishnan Salai,  
3<sup>rd</sup> Floor, North Flat, Mylapore,  
Chennai – 600 004.

Also at,

85/33, M. S. Naidu Street,  
Old Washermenpet,  
Chennai – 600 021.

4. M/s. KPM Fortune Advisors LLP  
Having its Registered Office at  
Door No. 5115, TVH Apprt,  
Kazhipattur Village, Padur,  
Chengalpattu,  
Kanchipuram – 603 103.

5. Mr. Gopal Krishna Padia  
No. 81, Meyer Road, No. 07-02,  
Singapore – 437 908.

6. Mr. Pankaj Dalmia  
Plot No. 1816, New No. 130, Flat No.2,  
13<sup>th</sup> main Road, Anna Nagar West,  
Chennai – 600 040.

7. M/s. Zetwerk Manufacturing SG Pte Ltd.,  
Having its Registered Office at  
73, Upper Paya Lebar Road,  
No. 08-01L, Centro Bianco,  
Singapore – 534 818.

8. M/s. Zetwerk Manufacturing Businesses P. Ltd.,  
Having its Registered Office at  
No. 461, Oriental Towers, 17<sup>th</sup> Cross,  
4<sup>th</sup> Sector, 1<sup>st</sup> Floor, HSR Layout,  
Bangalore – 560 102,  
Karnataka.

... Respondents

*Counsel for Appellant* : *Learned Sr. Counsel Mr. A.L Somiyaji  
for M/s. B. Dhanaraj*

*Counsel for R1* : *M/s. V. Ponnappa Bharthi*

*Counsel for R3* : *M/s. Ramya Subramanian*

*Counsel for Respondent 7:* *Learned Sr. Counsel Mr. E.Omprakash  
for M/s. Deepika Murali*

*Counsel for Respondent 8:* *Learned Sr. Counsel Mr. Sathish Parasaran for  
M/s. Deepika Murali*

## ORDER

1. This Appeal is filed against the order passed in IA 1733/2024 in OA 281/2024 by Learned Presiding Officer, DRT-III, Chennai, on 04.12.2024.

2. OA 281/2024 is filed for recovery of an amount of Rs.52,08,33,089.21p from Respondents 1 to 6 and to lift the corporate veil of Respondents 7 and 8 and for other reliefs. When the OA is pending, the Appellant Bank filed IA 1733/2024 seeking permission to the Appellant to exercise lien on the sum of USD 44,06,616/- equivalent to Rs.36,77,19,766.68p from the various Fixed Deposit Accounts and cash flow available with current account maintained by Respondent No.8 with Appellant Bank, pending disposal of the OA.

2.1 Learned Presiding Officer initially ordered *status quo* to be maintained by the Bank as regards Fixed Deposits of Respondent No.8 to the extent of OA claim by order dated 11.09.2024. This order was passed *ex parte*. After Respondents entered appearance and filed counter

opposing the Application, Learned Presiding Officer passed an order on 04.12.2024 recalling the *status quo* dated 11.09.2024 with a rider that the contentions raised by Respondents 7 and 8, on material particulars, if found false during the course of trial, the liability against them is kept open. As against this Order, the present Appeal is filed.

3. The facts of the case, in brief, from the Appeal are that, 1<sup>st</sup> Respondent availed various financial assistance from the Appellant Bank from June, 2021 and necessary documents in this regard were executed by R1 to R6. First Respondent has business/commercial relationship with R7. Respondents 1 and 7 had entered into a Memorandum of Understanding dated 01.07.2022 for a supply of Organic Dairy Products. First Respondent availed the Foreign Bill Discounting facility with Appellant Bank by submitting the Invoices raised in the name of Respondent No.7. Appellant discounted the Invoices along with bill of lading and summary report issued by Customs Department directly to the Respondent No.7. Nineteen Bills / Invoices

had been discounted and necessary documents had been sent to Respondent No.7 through DHL courier. They were duly received and acknowledged by Respondent No.7. Respondent No.7 neither disputed the Invoices nor raised any disputes in relation to the goods stipulated in the Invoices. However, Respondent No.7 failed to clear the payments due to the first Respondent Company under the Invoices mentioned in para 9 of the Appeal, amounting to 44,06,616 USD. Nineteen Invoices were delivered directly to Respondent No.7 or the customers of the Respondent No.7. Respondent No.8 is the holding company of Respondent No.7, acted as the intermediary for supply. First Respondent executed various documents including Power of Attorney dated 16.12.2022 empowering the Bank to demand, sue for, recover and receive all sums receivables by the 1<sup>st</sup> Respondent. Appellant addressed a letter dated 09.10.2023 to Respondent No.8 requesting to make pending payments to Respondent No.1, Respondent No.7 gave an evasive reply dated 13.10.2023 stating that Respondents 7 and 8 are distinct legal entities. On 20.09.2023, Respondent No.8 requested Respondent No.1,

through an e-mail to confirm the balance payable by Respondent No.7. Though Learned Presiding Officer initially granted *status quo*, it was cancelled without giving reasonable time to the Appellant to file its reply to the counter and fair opportunity of hearing.

3.1 Reiterating the case of the Appellant, Learned Senior Counsel for the Appellant, Mr. A.L. Somiyaji, submitted that there is violation of principles of natural justice in hearing the case by Learned Presiding Officer. Counter of Respondent Nos. 7 and 8 was served to the Appellant on 03.12.2024 at 3.14 p.m. and the documents in support of the counter filed by Respondent No.7 were served at 4.34 p.m. on 03.12.2024. Interim counter affidavit of Respondent No.8 was served at 1.26 p.m. on 04.12.2024. During the hearing on 04.12.2024, Appellant sought a short accommodation to file the re-joinder. However, Learned Presiding Officer, without acceding to this request, passed the impugned order in gross violation of the principles of natural justice and equity.

3.2 The Invoices raised by Respondent No.7 are supported with bill of lading and customs clearance documents. Therefore, there is no question of doubting the genuineness of the Invoices and the goods supplied to these Invoices. The goods and these Invoices are directly delivered to Respondent No.7, or to the customers of the Respondent No.7, as directed by Respondent No.7, and it is not disputed by Respondent No.7. Respondent Nos. 7 and 8 vide e-mail dated 21.04.2023 informed the Appellant, with a copy to Respondent No.1, with regard to payment of Invoices i.e. EXP/22-23/0118, 0119 and 0120, within 120 days from the bill of lading date along with due dates, on which payment will be made by Respondent No.7. Through e-mails dated 22.08.2023 and 24.08.2023 attaching the Invoices and shipping bills sent to the common e-mail of Respondent No.7 and 8, and a reply was sent on 08.09.2023 stating that Zetwerk does not have any transaction with Respondent No.1 post April, 2023. However, out of 19 Invoices, 11 Invoices relates to the period upto April, 2023.

3.3 By e-mail dated 20.09.2023, Respondent No.8 requested Respondent No.1, for the balance confirmation payable by Respondent No.7, as of 30.06.2023. It was replied by Respondent No.1 vide e-mail dated 22.09.2023 extracting all the 19 Invoices. Only thereafter, Respondent No.8 gave a criminal complaint on 13.09.2023. Respondent No.1 and Respondent No.3 confirmed these transactions in their counter.

3.4 Respondent No.8 informed Hon'ble High Court of Karnataka in Crl. (P) No.4022 and 5002/2024 that Respondent No.8 Company was lured into entering into this project. Thus, the claim that Respondent Nos. 7 and 8 are the distinct entities, is clearly an afterthought, invented for the purpose of this case.

3.5 The prayer in the OA to lift the corporate veil in respect of Respondent No.7 and 8 is maintainable in law. The Bank has general lien over FDRs. The Appellant is not intended to press the Application for recalling the order dated 04.12.2024. The finding of Learned Presiding Officer

that the details of the purchase orders are not given in the Invoices and purchase orders are not produced for passing the impugned order, is not correct. In fact, no time was given to produce the relevant documents. Had sufficient time been given, the relevant documents would have been produced before DRT. None of the documents produced by the Appellant before the Tribunal was considered by Learned Presiding Officer. Learned Presiding Officer, without considering the documents and submissions on merits of the case of the Appellant, cancelled the interim order granted and disposed of the Application.

3.6 He pressed into service the decision of Hon'ble Supreme Court in **Syndicate Bank of India Vs. Vijay Kumar and Ors.**, reported in *AIR 1992 SC 1066*, for the proposition that the Bank is entitled to exercise general lien over the Fixed Deposits for recovery of its dues.

3.7 He also pressed into service the following decisions, which took a similar view:

- i. **C.R. Ramachary and Anr. Vs. Indian Overseas Bank &Ors.**, reported in *2018 SCC OnLine Mad 3298*,
- ii. **A.A. Associates Rep. by its Proprietrix Mrs. A. Teresa Juliet and Anr. Vs. Indian Overseas Bank**, reported in *2019 SCC OnLine Mad 783*,
- iii. **State Bank of India Vs. Chokkalingam and Ors.**, reported in *(2008) 1 MLJ1009*,
- iv. **Chandra Vs. Branch Manager, REPCO Bank and Anr.**, reported in *2022 SCC OnLine Mad 6925* and
- v. **The City Union Bank Ltd. Vs. C. Thangarajan**, reported in *2003 3 CTC 710*.

4. Learned Senior Counsel for Respondent No.7, Mr. E. Omprakash, submitted that the Appellant is not entitled to file this OA on the basis of Power of Attorney deed executed by Respondent No.1. The claim was made on the basis of 19 Invoices they are fake Invoices. Appellant sought to exercise a lien over the funds of Respondent

No.8, the substantial relief sought in the OA is confined to a prayer for lifting of corporate veil of Respondent 7 and Respondent 8, and there was no prayer for recovery of any amount. The *status quo* order was obtained behind the back of the Respondents, and on coming to know about the *status quo* order, Respondents 7 and 8 filed Counter. Only after hearing the parties, *status quo* order was cancelled. There is no violation of the principles of natural justice. The claim made against the Respondents cannot be considered as 'debt' within the meaning of Section 2 (g) of RDB Act, 1993. When an Application filed for recalling the impugned order is pending, suppressing that aspect, this Appeal is filed. It is a clear case of fraud by first Respondent in collusion with the Bank officials. That is the reason why there is no mention about the purchase orders and other details in the Invoices. Where a fraud is alleged, in the purchase order or in the Invoice, the bill of lading cannot be invoked to decide the issue. Appellant had failed to produce the purchase orders before the Tribunal. Fake purchase orders are produced, is an afterthought. Appellant has not investigated into the

authenticity of the fake Invoices. However, Respondent No.8 gave a complaint against Respondent No.1 and its accomplices. Respondent No.7 and Respondent No.8 are separate and distinct legal entities. Respondent No.8 cannot be mulcted with liability for the debts and obligations of the Respondent No.7. Mere ownership, apparent control and management of subsidiary company is not sufficient to lift the corporate veil. He stressed that fraud or improper conduct, which may involve elements of illegality, must be clearly pleaded and established. There is no *privity* of contract between Appellant and Respondent No.7 in respect of Bill Discounting facility availed by Respondent No.1. Appellant approached DRT with unclean hands. Original Application is still pending. The debt is not crystallized. There is no specific claim against the Respondent No.8. Only if the liability on disputed 19 Invoices is decided, the question of exercising lien over the deposits of Respondent No.8 would arise.

5. Learned Senior Counsel for Respondent No.8, Mr. Satish Parasaran, in addition to the submissions of

Learned Senior Counsel for Respondent No.7, reiterated that the amount claimed against Respondent Nos. 7 and 8, does not fall within the meaning of 'debt' defined under RDB Act, 1993. What cannot be done directly by the principal cannot be done indirectly by the agent, is the settled proposition of law, as held by Hon'ble Apex Court in **Firm of Pratapchand Nopaji Vs. Firm of Kotrike, (1975) 2 SCC 208**. Respondent No.7 and Respondent No.8 are distinct and separate legal entities. Respondent No.8 is an unrelated third party to the alleged transactions between Respondent No.1 and Respondent No.7. Respondent No.8 has maintained Fixed Deposits with Appellant in the normal course of its banking operations. It has not defaulted under any facility availed by it. Therefore, there is no right available to the Appellant Bank for exercising general lien over the Fixed Deposits of Respondent No.8 for the alleged loan due from Respondents 7 and 8. Respondent No.1 is undergoing CIRP proceedings before the NCLT. Appellant has 36.90 voting shares and its claim was duly admitted by Resolution Professional (RP). Unjustly and illegally the

Fixed Deposits of Respondent No.8 are sought to be withheld. There is no definite prayer against Respondents 7 and 8 in the Original Application. When Respondent No.7 disputes the genuineness of 19 Invoices, a criminal complaint was given and it is under investigation. The quash petition filed by Respondent No.1 was dismissed. When *prima facie* case is available to presume that 19 Invoices are fake Invoices and officials of the Bank and Respondent No.1 engaged in the criminal acts, no liability can be fastened against Respondent Nos.7 and 8, especially against Fixed Deposits of the Respondent No.8. Respondents 7 and 8 cannot be considered as a garnishee for the loan availed by Respondent No.1, and the relief, if any, can be claimed only after disposal of the Original Application and not while it is pending. It is prayed by Learned Senior Counsel for Respondents 7 and 8 that Learned Presiding Officer rightly cancelled the *status quo* order and disposed the IA.

6. After reserving the order and going through the records, this Tribunal wanted the clarification on the following issues from the Counsel for the Appellant:-

a. Whether the relief to exercise lien against the 7th and 8th Respondents can be claimed, particularly against the 8th Respondent, when there is no prayer in the main relief ?

b. Whether the lien can be exercised against the fixed deposits of the 8th Respondent, when the Appellant Bank is holding the fixed deposits as a debtor, especially, when there is no contract between the Appellant and the 7th and 8th Respondents ?

c. The fixed deposits of the 8th Respondent is not the goods bailed with the Appellant Bank.

7. Answering these queries, Learned Senior Counsel for Appellant submitted that without prejudice to the rights of the Appellant that Appellant had filed an Application seeking amendment of the main reliefs as an abundant

caution before DRT-III, Chennai. In the unamended prayer in OA 281/2024, there is a prayer of lifting of corporate veil of the 7<sup>th</sup> and 8<sup>th</sup> Respondent. Once such a prayer is made, interim reliefs against Respondent Nos. 7 and 8, including lien over deposits, are maintainable under Section 22 (2) (h) read with Section 19(25) of the RDB Act, 1993. It is further submitted that the settled proposition of law is that interim relief need not be identical to the final relief but should ancillary and in aid of the main relief as reiterated by Hon'ble Supreme Court in **Bharat Aluminium Company Vs. Kaiser Aluminium Technical Service**. The Appellant's prayer to exercise lien over the Fixed Deposits of the Respondent No.8 is directly connected to the ultimate relief and ancillary to the main prayer of lifting corporate veil. Thus, he answered the first query.

8. With regard to the second query, Learned Senior Counsel for Appellant submitted that Hon'ble Supreme Court in **Syndicate Bank Vs. Vijay Kumar & Ors.**, reported in *AIR 1992 SC 1066*, held that the Bank has a

general lien under Section 171 of the Indian Contract Act, 1872 over the securities, including Fixed Deposits, unless expressly excluded by contract. The relation between a Bank and its customers quo Fixed Deposits is dual; while the Bank is debtor to the depositors, the Fixed Deposit Receipts constituted a security in the hands of the Bank. The general lien extends to such securities, enabling the Bank to retain and appropriate the deposit towards the dues of the customers. Respondent No.8 is the holding Company of the Respondent No.7 owning 100% shares in the Respondent No.7. Both the Respondents 7 and 8 had functioned as a single economic unit, sharing common management, employees, e-mail in course of the business with Respondent No.1. Respondent No.8, through its representatives and common communication, mischievously created impression that Respondent No.7's office at Singapore is only an office for name's sake and all the business transactions and dealings are taken from Bangalore by Respondent 8, therefore, when the liability arises, they should not be allowed to plead that they are the different legal entities. Once the corporate veil is

lifted, Respondent Nos. 7 and 8 stand as a single entity and the Bank's right of lien extends to their deposits. Thus, Appellant's right to exercise the general lien under Section 171 of the Indian Contract Act, 1872, extends to Fixed Deposits of Respondent No.8 irrespective of debtor-creditor relationship.

9. As far the third query, it is submitted by Learned Senior Counsel for the Appellant that Fixed Deposits of the Respondent No.8 is not the goods bailed with Appellant Bank. Section 171 of the Indian Contract Act, 1872 confers the general lien upon Bankers, distinct from bailment under Section 148 of the Indian Contract Act, 1872. The lien of a Banker is not confined to goods bailed and extends to securities and deposits in the custody of the Bank. He pressed into service of the decisions, which were referred earlier, on the Petitioner's lien. Thus, it is submitted that Appellant is entitled to exercise the lien over the Fixed Deposits of Respondent No.8.

10. In reply, Learned Senior Counsel Mr. Satish Parasaran for Respondent No.8 submitted that the Bank had not sought any final relief against Respondent No.7 and Respondent No.8 for recovery of the purported debt. The pleadings in the OA and the prayer, confined to the debt and default of the Respondents 1 to 6 seeking issuance of Recovery Certificate against them. No substantive or final relief was sought against Respondents 7 and 8, and therefore, interim reliefs sought is not sustainable. He placed reliance on the decision in **State of Orissa Vs. Madan Gopal Rungta**, reported in AIR 1952 SC 1.

10.1 The Appellant's case is that Respondent Nos. 7 and 8 are merely in the nature of 'garnishees' and the amounts sought allegedly receivable only by Respondent No.1. Therefore, the scheme of RDB Act, 1993, does not permit issuance of a garnishee prohibitory order until the Recovery Certificate is issued. The prayer seeking lifting of corporate veil is *ex facie* untenable, being unsupported by

any exceptional circumstance or considerations of public interest.

10.2 In answering the second question, it is submitted by Learned Senior Counsel that the lien is exercisable only in respect of goods of another bailed to a Bank under Section 171 of Indian Contract Act, 1872. Money deposited with a Bank is neither 'goods' nor treated as bailment in law. The ownership in the deposit passes on to the Bank, and thus, the Bank cannot exercise lien on its assets. In support of this submission, the decision in **Radha Raman Choudhary Vs. Chota Nagpur Banking Assn. Ltd.**, reported in *1944 Patna 368*, is relied.

10.3 The lien can be exercised where there is mutuality, i.e., same parties and same relationship. There are no mutual obligations between the Bank and Respondent No.8 with respect to the fake Invoices. The Bank failed to satisfy the twin tests of mutuality for creating a lien over Fixed Deposits of Respondent No.8.

10.4 Clause 14 under the heading 'Bank Guarantee' in the Sanction Letter restricts withdrawal of Fixed Deposits only where liabilities under the corresponding BG subsists. In the absence of BG exposures, the Bank ought to have released the Fixed Deposits at the request of Respondent No.8. There is no order of the Tribunal or Court directing the creation of any lien over Fixed Deposits. The only reason for seeking lien was that Respondent No.7 is a 100% holding company of Respondent No.8, and therefore, it is *alter-ego*. However,

i. There exists no business relationship between the Bank, R7 and R8.

ii. R8 is not a party to the bill discounting arrangement between R1 and the Bank.

iii. R8 has not defaulted in making any payments to the R1 or the Bank.

iv. R8 has not given any promise or guarantee, personal or corporate, to repay the dues of the R7.

v. Bank has not produced any document to show that the liability of R7 was legally or contractually transferred to R8.

vi, Bank has failed to establish any grounds for lifting the corporate veil or show that public interest is at stake.

10.5 It is further submitted by Learned Senior Counsel that the Bank filed OA against the Respondents 7 and 8 in its capacity as power of attorney holder for Respondent No.1 and sought lien on the funds of Respondent No.8 based on the purported debt allegedly owed by Respondent No.7 to Respondent No.1. The Bank does not file any proceedings for the banking dues owed due to it in its own capacity. Even if it is established that the Bank is the power of attorney holder, it can be enforced only as an ordinary creditor, being a commercial and tortious nature and does not fall under purview of RDB Act 1993.

10.6 In reply to the third query, it is submitted that Fixed Deposits were created exclusively to secure specific credit

facilities under the Sanction Letter dated 10.08.2022. The Fixed Deposits are interest free deposits maintained for margin calls and to match exposure under the Bank guarantees. Reference in the Sanction Letter confirms the Fixed Deposits are tied to BG, CC and LC facilities. When there is no default in these facilities, the Fixed Deposits cannot be repurposed for unrelated debts. Fixed Deposits cannot be treated as goods or collateral outside their specific purpose under sanction letter. In support of this submission, the decision in **Union Bank of India Vs. K.V. Venugopalan and Ors.** reported in *AIR 1990 Kerala 223* is relied.

10.7 Clause 14 of the Sanction Letter empowers withdrawal of Fixed Deposits only to liabilities under corresponding BGs. Respondent No.8 complied with obligations under sanction letter. Thus, withholding of excess Fixed Deposits is informal injunction, not enforcement over goods. The Bank has no contractual or equitable basis to treat Fixed Deposits as bailed goods. Respondent No.8 is not a party to the bill discounting

arrangement between the Bank and Respondent No.1 and there is no *privity* of contract exists between Bank and Respondent No.8. Therefore, the Fixed Deposits of Respondent No.8 cannot be treated as collateral by Bank.

11. Considered the rival submissions and perused the records.

12. The Original Application was filed for recovery of a sum of Rs.52,08,33,089.21p with interest from Respondents 1 to 6, jointly and severally and for other reliefs.

12.1 In the typed set of papers, Appellant produced all the loan documents along with disputed 19 Invoices, the e-mail exchanged between the parties, legal notice issued, Power of Attorney executed by Respondent No.1 in favour of Appellant Bank empowering the Bank to ask, demand, sue for, recover and receive of and from all constituents of Respondent No.1's customers, agent and dealers and all

persons liable to pay, transfer and deliver all and every debts and sums of money goods, chattels and effects etc.

12.2 It is seen from the impugned order, Learned Presiding Officer, after finding that the Invoices did not contain buyers order number and dates, held that the Invoices, the bill of lading and consignment notes cannot be believed sacrosanct. Also found that there is no claim against Defendants 7 and 8 in the Original Application and that interim prayer should be in consonance with the main reliefs, and thus, cancelled the *status quo* order and disposed the IA.

12.3 The copy of the 19 Invoices along with the supporting documents like proof of delivery, bill of lading, supreme summery are produced at pages 186 to 376 of the type set. As per Memorandum of Understanding executed between the first Respondent and Respondent No.7, they agreed to work in collaboration with one another for exporting organic and wellness dairy products. Payments against each shipment have to be honored via TT wire, especially,

within six days from the date of bill of lading of each shipment. This Memorandum of Understanding is enforceable from 01.07.2022.

12.4 In pursuance of the facility arrangement between the Appellant and Respondent No.1, with regard to foreign bill discounting, the Appellant Bank would pay money to the first Respondent, in respect of money payable by the 7<sup>th</sup> Respondent, on the basis of Invoices and other related documents, and in turn, Respondent No.7 has to pay to the account of the 1<sup>st</sup> Respondent, the amount due to the Bank. Respondent No.7 claims that there was no business dealing with Respondent No.1, post April, 2023.

12.5 Appellant produced the details of 19 Invoices, of which, it is claimed by Appellant that 11 Invoices relate to the period ending April, 2023. Only the balance Invoices were after the April, 2023. Appellant has produced the copies of 19 Invoices along with connected documents to show that the Invoices had been properly raised and served on the Respondent No.7. The details of the 19

Invoices with Invoice number and dates, bill amount in US Dollars and total amount are given at para 9 of the Appeal.

12.6 As already stated, the Appellant has produced the copies of the 19 Invoices along with supporting documents like bill of lading, shipping bill summary and proof of delivery, at pages 186 to 376 of Volume II of typed set. Serial No.1, the Invoice referred in para 9 of the Appeal, Invoice No. Exp/22/0118 dated 14.03.2023 for 2,40,337 USD. Copy of this Invoice is at page 186 of the typed set shows that the exporter is the 1<sup>st</sup> Respondent, M/s. Right Health Platter Private Limited and the buyer is the Respondent No.7, M/s. Zetwerk Manufacturing SG Pte Ltd., and the consignee is the International for Modern Industries Company Jaddah, Saudi Arabia. The description of the goods shows that the property exported was Organic Probiotic Cow Ghee of 12750 kg at 18.85 USD per kg, for total amount of 2,40,337.50 USD.

12.7 It is true that buyer's order number and dates, are left blank in the Invoices. The letter from HDFC Bank Ltd.,

to Respondent No.7 about the delivery of shipment is produced in page No.187 of the typed set. Letter from Respondent No.1 dated 05.04.2023 informing to pay the bill of exchange for the aforesaid amount against the Invoice No. EXP/22-23/0118 is produced at page No.188 of the typed set. The bill of lading, for the same Invoices is produced at pages 189 to 192 of the typed set.

12.8 These documents clearly indicate that the 1<sup>st</sup> Respondent on the orders placed by Respondent No.7 delivered to consignee, International for Modern Industries Company. This was duly intimated to the Respondent No.7. For all other Invoices, from Serial No.2 to 19, copies of the Invoices and proof of delivery requesting R1 and R7 to clear the Invoice amounts and bill of lading have been produced from page Nos. 195 to 376 of the typed set of papers. Proof of delivery of Invoices and bill of lading to the 7<sup>th</sup> Respondent through DHL, is *prima facie* established beyond any doubt by Appellant. If these Invoices had been forged or fabricated, this issue should have been raised immediately, but that is not done in this case.

13. Coming to the issue of lifting the corporate veil, it is reiterated very strongly by the Learned Senior Counsel appearing for Respondent Nos.7 and 8 that Respondent No.7 and Respondent No.8 are separate and distinct legal entities, despite of the fact that Respondent No.8 owns 100% share in Respondent No.7 company. They share some common employees and common e-mail address. Merely on these grounds, it is claimed that the liability, if any, of the Respondent No.7, cannot be fastened on Respondent No.8 and the Fixed Deposits made by Respondent No.8, cannot be used for any other purpose than intended, especially, for realising the debt due from Respondent No.7 or Respondent No.1 to the Appellant. It is relevant here to refer to the decision on lifting of corporate veil.

In **Balwant Rai Saluja and Anr. Vs. AIR India Limited and Ors.**, reported in (2014) 9 SCC 407, the principles underlying lifting of corporate veil was discussed as follows:-

*“.....The doctrine of ‘piercing the corporate veil’ stands as an exception to the principle that a company is a legal entity separate and distinct from its shareholders with its own legal rights and obligations. It seeks to disregard the separate personality of the company and attribute the acts of the company to those who are allegedly in direct control of its operation. The starting point of this doctrine was discussed in the celebrated case of Salomon v. A Salomon & Co Ltd., [1897] AC 22. ....*

*.....*

*71 In recent times, the law has been crystallized around the six principles formulated by Munby J.in Ben Hashem v. Ali Shayif. The six principles, as found at paragraphs 159– 164 of the case are as follows-*

- (i) ownership and control of a company were not enough to justify piercing the corporate veil;*
- (ii) the Court cannot pierce the corporate veil, even in the absence of third party interests in the company, merely because it is thought to be necessary in the interests of justice;*

- (iii) the corporate veil can be pierced only if there is some impropriety;*
- (iv) The impropriety in question must be linked to the use of the company structure to avoid or concealliability;*
- (v) To justify piercing the corporate veil, there must be both control of the company by the wrongdoer(s) and impropriety, that is use or misuse of the company by them as a device or facade to conceal their wrongdoing; and*
- (vi) the company may be a 'façade' even though it was not originally incorporated with any deceptive intent, provided that it is being used for the purpose of deception at the time of the relevant transactions. The Court would, however, pierce the corporate veil only so far as it was necessary in order to provide a remedy for the particular wrong which those controlling the company had done.*

.....

.....

*74. Thus, on relying upon the aforesaid decisions, the doctrine of piercing the veil allows the Court to disregard the separate legal personality of a company and impose liability upon the persons exercising real control over the said company. However, this principle has been and should be*

*applied in a restrictive manner, that is, only in scenarios wherein it is evident that the company was a mere camouflage or sham deliberately created by the persons exercising control over the said company for the purpose of avoiding liability. The intent of piercing the veil must be such that would seek to remedy a wrong done by the persons controlling the company. The application would thus depend upon the peculiar facts and circumstances of each case.*  
.....”.

In **BRS Ventures Investments Limited Vs. Srei Infrastructure Finance Limited &Anr.**, reported in (2025) I SCC 456, it is held that, a holding company is not the owner of the assets of its subsidiary. Therefore, the assets of the subsidiaries cannot be included in the resolution plan of the holding company, because holding company and its subsidiary are always distinct and separate legal entities. In this decision, lifting of corporate veil is not considered.

14. Generally, a holding company is not liable for the debts for its subsidiary because they are separate legal entities. However, a holding company will be held liable if it is found to have exercised excessive control, if the subsidiary is considered to be its “alter ego”, corporate veil can be pierced to prevent the fraud and injustice.

15. The legal dictum “corporate veil” means that the courts disregard a company's separate legal identity to hold its owners or directors personally liable for the company’s actions, primarily, in cases of fraud or wrongdoing. It is an exception to the general rule of limited liability invoked when a company’s structure is being misused to deceive others, evade legal obligations, or commit a fraud. In these circumstances, courts will lift the veil to look beyond the corporate façade and hold individuals responsible for their actions.

16. The allegation against Respondent No.1 and the Appellant by Respondents 7 and 8 is that 1<sup>st</sup> Respondent had involved the Respondents 7 and 8 into this

transaction with sole object of robbing their money. Certain Bank officials have colluded with first Respondent to help achieving this object. In this regard, Respondent No.8 has given a complaint to the Station House Officer, HSR Police Station, Bangalore, against M/s. Avemore PTE Ltd., Mr. Gopal Padia, Mr. Dinesh Kumar, M/s. Right Health Platter Private Ltd., Mr. Ramanath Arumugam and Mr. Yekulu Venkata Subbiah Murali Babu for offences punishable under Sections 120A, 409, 417,419, 420, 465 and 468 of Indian Penal Code. Accordingly, the FIR came to be registered in Crime No. 0414/2023 on 13.09.2023 for the aforesaid offences.

17. Certain relevant portions from the complaint are extracted for understanding the deal among the Respondent Nos. 1, 7 and 8:-

- Zetwerk India is a renowned manufacturing and logistics company in the consumer product manufacturing sector alongside other industries.

- In January, 2022, Zetwerk India was approached by Mr. Dinesh Kumar representing himself as the top management and founder of M/s. Right Health Platter Private Limited.
- He represented that RHP had orders worth millions of dollars in the pipeline and deceitfully induced Zetwerk India and urged for support and invest in his business scheme.
- Zetwerk India, provided its services to RHP's operations by procuring raw materials from dairy plants for utilizing to craft the final products and aid the procurement of new equipment for the newly established facilities.
- He represented that end customers of RHP were based in Dubai and the monies would only be paid to Zetwerk India once the monies would be realized from the Dubai end customers. Since Zetwerk India was hesitant to enter into any commercial transaction

where payments were dependent on RHP getting paid by its end customers, an alternative plan was proposed and a meeting was set up with Mr. Gopal Padia, one of the directors of the RHP.

- Mr. Gopal Padia was the director of RHP and also served as Managing Director and proprietor of M/s. Avemore PTE Ltd., a company incorporated under the laws of the Republic of Singapore.

- Mr. Dinesh proposed that M/s. AvemorePTE Ltd. will take on the role of placing orders on M/s. Zetwerk India, and in turn, M/s. Zetwerk India should provide a certain number of days of credit to M/s. AvemorePTE Ltd., which will not be conditional on getting paid by M/s. Avemore's customers.

- From 12.01.2022 to 01.03.2023, total purchase orders worth USD 19,270,254.45 was placed by M/s. Avemore on M/s. Zetwerk. M/s. Zetwerk, in turn placed back to back purchase order on RHP. Certain

payments were made to RHP by M/s. Zetwerk on an immediate payment term basis.

- The payments stopped coming from M/s. Avemore for shipments that took place from February, 2023 onwards.
- When Zetwerk realized that payments are not being made as per terms, it stopped placing orders on RHP.
- M/s. Zetwerk raised Invoices for 16,406,168.62 USD and an amount of 4.7 million USD had been misappropriated through collusion between M/s. Avemore and RHP.
- In August, 2023, HDFC Bank contacted M/s. Zetwerk seeking information on certain list of Invoices raised by RHP on M/s. Zetwerk Singapore, for which RHP received funds from HDFC Bank by the Invoice discounting.

- On verification M/s. Zetwerk found that RHP has discounted the Invoices before and after April, 2023 by fabrication and forgery of documents.
- Mr. Gopal insisted on streamlining business transactions in United States Dollars, proposing that M/s. Avemore engage with M/s. Zetwerk's Singapore entity, which is a 100% subsidiary of M/s. Zetwerk India to enhance convenience and facilitate smoother transactions.
- Upon this representation and promises made by Mr. Dinesh and Mr. Gopal, M/s. Zetwerk Entities i.e. M/s. Zetwerk Manufacturing Businesses P. Ltd., and M/s. Zetwerk Manufacturing SG PTE Ltd., decided to collaborate with M/s. Avemore and RHP.
- In January, 2022, Zetwerk Singapore along with Zetwerk India began fulfilling its obligations, with communication and the transactions being managed by Zetwerk India.

- Accused persons had initially made certain payments to the Zetwerk entities in order to gain the trust of Zetwerk Singapore and Zetwerk India.
- From 2023, onwards, RHP, M/s. Avemore through Mr. Dinesh Kumar and Gopal Padia colluded and conspired to cheat and misappropriate a sum of approximately 4.7 Million USD payable to Zetwerk Entities and caused wrongful loss to Zetwerk Entities and made unlawful gains.
- They forged and fabricated documents to cheat Zetwerk Entities and HDFC Bank. The accused persons are habitual offenders and cheated many other entities.

From the aforesaid allegations made in the complaint detailed above, it is abundantly clear that the business transactions with M/s. Avemore and RHP had been initiated only by Respondent No.8, M/s. Zetwerk Manufacturing Businesses P. Ltd., and it has been in forefront in striking the business dealings and in fact

engaged in business dealings. E- mail communication available at pages 418 and 419 show that 7<sup>th</sup> and 8<sup>th</sup> Respondents use only one e-mail ID globally. E-mails available at pages 380 to 382 show that 8<sup>th</sup> Respondent sent a mail to the Bank on 20.09.2023 requesting the confirmation of balance receivable as of 30.06.2023 along with ledger. On 22.09.2023 receivable statement of 7<sup>th</sup> Respondent was sent to 8<sup>th</sup> Respondent. Respondent No.7 was used as face of Respondent No.8 for these business dealings to deal with another Singapore Entity M/s. Avemore PTE Ltd. In the complaint extracted above, Respondents 7 and 8 are referred as Zetwerk Entities meaning thereby there is close connection between them. Therefore, the submission of Learned Senior Counsel for Respondents 7 and 8 that Respondents 7 and 8 are separate and distinct legal entities and Respondent No.8 cannot be fastened with liability of Respondent No.7, cannot be accepted. Respondent No.7 is the creation of Respondent No.8 for its business dealings.

18. The business dealings between Respondent No.1 and 7 at the instance of Respondent No.8 is established beyond any doubt. Though the purchase order details are not given in the Invoices, the documents produced by the Appellant show that the Invoices with other connected documents as detailed above, had been sent to Respondent No.7. That is not validly denied by the 7<sup>th</sup> Respondent. Respondent No.7 states that it had no business dealing with Respondent No.1 after April, 2023, but 11 of the Invoices are prior to April, 2023 and in April, 2023. Thus, this Tribunal finds that the 8<sup>th</sup> Respondent is liable to pay the amount payable by the 7<sup>th</sup> Respondent to the 1<sup>st</sup> Respondent, if proved by evidence.

19. On lifting of corporate veil, Learned Senior Counsel for Respondent No.8 pressed into service the decision in **Vodafone International Holdings BV Vs. Union of India and anr.**, reported in (2012) 6 SCC 613 for the proposition that parent corporation is not liable for acts of its subsidiary and the corporate veil can be raised only where

special circumstances exists. The relevant portion is extracted hereunder:

*“259. The US Supreme Court in United States v. Best foods explained that it is a general principle of corporate law and legal systems that a parent corporation is not liable for the acts of its subsidiary, but the Court went on to explain that corporate veil can be pierced and the parent company can be held liable for the conduct of its subsidiary, if the corporate form is misused to accomplish certain wrongful purposes, when the parent company is directly a participant in the wrong complained of. Mere ownership, parental control, management, etc. of a subsidiary is not sufficient to pierce the status of their relationship and to hold parent company liable. In Adams v. Cape Industries Plc, the Court of Appeal emphasised that it is appropriate to pierce the corporate veil where special circumstances exist indicating that it is mere facade concealing true facts.”*

It is seen from this decision that a general principle of corporate law and legal system is that a parent corporation is not liable for the acts of its subsidiary, but the court can pierce corporate veil and the parent company can be held liable for the conduct of its

subsidiary, if the corporate form is misused to accomplish certain wrongful purposes, when the parent company is directly a participant in the wrong complained of.

19.1 In the decision in **Balwant Rai Saluja and Anr. Vs. Air India Limited and Ors.**, reported in (2014) 9 SCC 407, it is held that the doctrine of piercing the veil allows the court to disregard the separate legal personality of a company and impose liability upon the persons exercising real control over the said company. However, this principle should be applied in a restrictive manner, only where there is evidence to show that company was a mere camouflage or sham deliberately created by the persons exercising control over the said company for the purpose of avoiding liability. In a scenario such as the incorporation of the company as a camouflage and sham, deliberately created by the persons exercising control over the said company, for the purpose of avoiding liability, if made out by evidence, corporate veil of the company can be pierced. When the corporate form is misused to accomplish certain wrongful purposes and when the

parent company is direct participant in the wrong complained of, corporate veil can be pierced.

19.2 It has been discussed in detail and held that the submission of Learned Senior Counsel appearing for Respondents 7 and 8 that the Respondents 7 and 8 are separate and distinct legal entities and Respondent No.8 cannot be fastened with liability of Respondent No.7, is not acceptable and that Respondent No.7 is the creation of Respondent No.8 for the purpose of business dealings. Therefore, special circumstances exist in this case for lifting the corporate veil of the Respondents 7 and 8 and to hold that Respondent No.8 is accountable and liable for the amount payable by Respondent No.7, if proved.

19.3 Consequence of the lifting the corporate veil is that the company's distinct and separate personality is disregarded, and its directors and those who are in control and management of the company, are personally liable for the company's debts, fraud or illegal acts.

20. On the Bank's rights to exercise lien, as already referred by Learned Senior Counsel for the Appellant, Appellant produced the decision in **Syndicate Bank vs. Vijay Kumar and Ors.**, reported in *AIR 1992 SC 1066*, along with certain other decisions rendered mainly on the basis of the decision in **Syndicate Bank vs. Vijay Kumar** case. The facts of that case are that, the first Respondent in that case was a decree holder against Respondent No.2, the judgement debtor. The Respondent No.3 is the partner of the 2<sup>nd</sup> Respondent. The judgement debtor agreed to pay the decretal amount in instalments at Rs.5000/- per month. To ensure compliance, the executing court directed the judgement debtor to furnish a Bank guarantee for Rs.90,000/- in favour of High Court of Delhi. The judgement debtor requested the Appellant, State Bank to furnish a Bank guarantee for Rs. 90,000/- in favour of Registrar of High Court of Delhi. Appellant Bank agreed to furnish the Bank guarantee on the condition that the judgement debtor should deposit Rs.90,000/- as security for the guarantee. Respondent No.3, partner of the judgement debtor by way of two FDRs,

of Rs.65,000/- and Rs.25,000/- deposited after duly discharging them. As per the recital of the judgement debtor, he agreed that the deposits and renewals shall remain with Bank so long as any amount on any account is due to the Bank from him. The Division Bench of Hon'ble High Court discharged the Bank guarantee by an order passed in the Appeal by judgement debtor. The Bank guarantee was returned to the Appellant. The decree holder filed an Application in the Execution Petition for attachment of Rs.35,000/- out Rs.90,000/-. Learned Single Judge of the Hon'ble High Court passed an order of attachment. Appellant Bank raised the objection to the attachment and that was rejected and directed the Appellant Bank to deposit Rs.35,000/- in the court. Against the said order, an Appeal was filed before Hon'ble Supreme Court. The question involved in the Appeal before Hon'ble Supreme Court was that what is the meaning of 'Bank's lien' in the legal terminology and how it is understood and exercised in the banking system. In answer to this question, Hon'ble Supreme Court held that:-

“6. ....The above passages go to show that by mercantile system the Bank has a general lien over all forms of securities or negotiable instruments deposited by or on behalf of the customer in the ordinary course of banking business and that the general lien is a valuable right of the banker judicially recognised and in the absence of an agreement to the contrary, a Banker has a general lien over such securities or bills received from a customer in the ordinary course of banking business and has a right to use the proceeds in respect of any balance that may be due from the customer by way of reduction of customer's debit balance. Such a lien is also applicable to negotiable instruments including FDRs which are remitted to the Bank by the customer for the purpose of collection. There is no gainsaying that such a lien extends to FDRs also which are deposited by the customer.

7. Applying these principles to the case before us we are of the view that undoubtedly the appellant Bank has a lien over the two FDRs. In any event the two letters executed by the Judgment-debtor or 17.9.80 created a general lien in favour of the appellant Bank over the two FDRs. Even otherwise having regard to the mercantile custom as judicially recognised the Banker has such a general lien over all forms of deposits or securities made by or on behalf of

*the customer in the ordinary course of banking business. The recital in the two letters clearly creates a general lien without giving any room whatsoever for any controversy.”*

It was finally held that the Bank has the general lien over the FDRs. From this decision, it is made clear that the Bank has a general lien over all forms of securities or negotiable instruments deposited on behalf of customers in the ordinary course of banking business and even extend to the Fixed Deposit Receipts.

21. The decision in **Radha Raman Choudhary Vs. Chota Nagpur Banking Association Ltd.** reported in AIR 1944 Pat 368 is relied for the proposition that the whether the word “goods” appearing under Section 171 of the Contract Act, would also include money. It is held in the decision as follows:

*“..... Now I think it is unnecessary to consider in the present case whether the word “goods” in Section 171 of the Contract Act may include money because*

that section applies only to “goods, bailed.” Under Section 148 of the Act “bailment” is defined as follows :

“A ‘bailment’ is the delivery of goods by one person to another for some purpose, upon a contract that they shall, when the purpose is accomplished, be returned or otherwise disposed of according to the directions of the person delivering them. The person delivering the goods is called the ‘bailor’ and the person to whom they are delivered is called the ‘bailee’.”

Money deposited with a bank on current account or fixed deposit certainly does not come within this definition. Whatever criticism may have been offered of the decision in *In re Morris: Coneys v. Morris* on other points, there can be no criticism of the dictum of Molony, C.J., that

“The relation of banker to customer is that of debtor and creditor; when you lodge money on current account you give it to the bank subject to the right to draw against it a sum equal to what you have lodged.”

As per this decision, money deposited with a bank on current or Fixed Deposits certainly will not come under

the definition of 'goods'. Therefore, it is submitted that lien cannot be created under Section 171 of the Contract Act.

22. When there is a decision of Hon'ble Supreme Court in **Syndicate Bank Vs. Vijay Kumar** laying down the law that bankers can exercise its lien even against its Fixed Deposits, on the basis of the decision in **Radha Raman Choudhary Vs. Chota Nagpur Banking Association Ltd.** case, it cannot be held that Fixed Deposit amount would not come under the definition of the 'goods' under Section 171 of the Indian Contract Act.

23. The decision in **S. Ajitha Vs. The General manager, Indian bank and Anr.**, in Writ Petition in *WP No. 6726/2024* decided on 03.06.2025 by Hon'ble High Court of Madras is produced to impress that the Bank cannot take the property of one person to pay the debt of another person. Since it was already decided that Respondents 7 and 8 are not distinct legal entity, and Respondent No.7 is the face of the Respondent No.8, this decision cannot be applied to the facts of this case. For the same reason, the

reliance is placed on the decision in **Union Bank of India Vs. K. V. Venugopalan and Ors.**, reported in *AIR 1990 Kerala 223*, relied for the proposition that Fixed Deposits cannot be treated as 'goods' or collateral outside their specific purpose under the sanction letter cannot also be relied.

24. Yet another submission made by Learned Senior Counsel for the Respondent No.8 is that the very filing of Original Application by Appellant as power agent of the 1<sup>st</sup> Respondent for its dues recoverable from Respondent No.7, cannot be maintainable. Reason is that the jurisdiction of DRT under RDB Act, 1993 can be invoked by Banks and Financial Institutions only for recovery of its dues from the borrowers/guarantors and not on behalf of someone and recovery of its dues.

25. It is relevant to consider here the appointment and authority of the agents as dealt under the Indian Contract Act, 1872. Section 182 of the Indian Contract, 1872 defines an agent and principal as follows:-

*“Agent” and “principal” defined.—An “agent” is a person employed to do any act for another, or to represent another in dealings with third persons. The person for whom such act is done, or who is so represented, is called the “principal”.*

Section 183 of the Indian Contract Act, 1872 deals with a person entitled to employ an agent, which reads as follows:-

*“183. Who may employ agent.—Any person who is of the age of majority according to the law to which he is subject, and who is of sound mind, may employ an agent.”*

Section 184 of the Indian Contract Act, 1872 deals with who may be an agent, which reads as follows:-

*“184. Who may be an agent.—As between the principal and third persons, any person may become an agent, but no person who is not of the age of*

*majority and of sound mind can become an agent, so as to be responsible to his principal according to the provisions in that behalf herein contained.”*

Section 186 of the Indian Contract Act, 1872 says about the authority of an agent may be express or implied.

Section 188 of the Indian Contract Act, 1872, deals with extent of agent's authority. It reads as follows:-

*“188. Extent of agent's authority.—An agent, having an authority to do an act, has authority to do every lawful thing which is necessary in order to do such act. An agent having an authority to carry on a business, has authority to do every lawful thing necessary for the purpose, or usually done in the course, of conducting such business.”*

The combined reading of these Sections gives an understanding that an agent is a person employed to do any act for another and to represent another in dealing with 3<sup>rd</sup> person and any person who is of age of majority with sound mind may employ an agent. An agent may be any person, but not a person who did not attain majority

and has no sound mind. An agent has authority to do every lawful thing which is necessary to do an act.

Admittedly, in this case, first Respondent had executed a Power of Attorney in favour of Appellant empowering the Appellant to recover receivables of the first Respondent due from its business dealings with 3<sup>rd</sup> parties, including the Respondents 7 and 8. Therefore, this Tribunal is of the view that the borrower can appoint the Bank as Power of Attorney to recover borrower's receivables from 3<sup>rd</sup> parties for settling the debt payable by the borrower to the Bank.

26. As already held earlier, Respondents 7 and 8 are not separate legal entities and Respondent No.7 is the face or creation of the Respondent No.8. The trail of the money transaction also shows that Appellant Bank extended several financial assistances to the 1<sup>st</sup> Respondent including Foreign Bill Discounting facility. On submission of Invoices raised in the name of Respondent No.7, by 1<sup>st</sup> Respondent, Appellant discounted the Invoices. But,

Respondent No.7 failed to clear the payments due to the 1<sup>st</sup> Respondent. The relief against the Respondents 7 and 8 is restricted to those Invoices amounting to USD 44,06,616. Ultimately this amount is payable by Respondent No.7 to Respondent No.1 for the discounted bills. On failure to pay the amount by Respondents 1 to 6, the Original Application was filed on the basis of Power of Attorney executed by Respondents 1 to 6 in favour of Appellant. The Bank is prosecuting the Original Application only to recover its money paid to 1<sup>st</sup> Respondent on behalf of 7<sup>th</sup> Respondent, under bill discounting facility, on the 7<sup>th</sup> Respondent failure to pay this amount to the 1<sup>st</sup> Respondent. Respondent No.7 is the beneficiary of the goods supplied by first Respondent. Therefore, this Tribunal finds that the Original Application filed by the Appellant as power agent of the 1<sup>st</sup> Respondent is maintainable.

27. From the prayers in the Original Application, it is seen that the Appellant prayed for issuance of Recovery Certificate against Respondents 1 to 6 for recovery of a

sum of Rs,52,08,33,89,921/- along with interest detailed in the prayer; to pass an order for the sale of the mortgaged and hypothecated assets; to pass an order to proceed against the personal assets of the Respondent No.4 and for costs. The only relief asked in the main Original Application against Respondents 7 and 8 is to lift the corporate veil of Respondents 7 and 8. Only by way of interim relief, the issuance of partial Recovery Certificate for USD 44,06,616/- and a direction to furnish security and to execute lien on deposits and cash flow on the FDRs of the Respondent No.8 on the current account were prayed.

28. There is no doubt, lifting of corporate veil removes limited liability protection and enables the court to proceed against the holding company i.e. Respondent No.8. Without a main prayer in the OA, for recovery of the amount from Respondents 7 and 8, whether on the basis of an interim relief prayer, the relief asked in IA 1733/2024 to pass *ex parte* order to exercise lien on USD 44,06,616/-, on various Fixed Deposits account and cash flow available

with current account Dy. No. 50200039900190 of Respondent No.8, can be passed ? It is held in the decision in **Mrs. Akella Lalitha Vs. Sri Konda Hanumantha Rao and Anr.**, in Civil Appeal No. 6325-6326/2015 of Hon'ble Supreme Court that in the absence of the prayer, no relief can be granted. The facts of the case are that the Appellant married one Konda Balaji, son of Respondents, on 18.12.2003. A child was born on 27.03.2006 and Appellant's husband died on 14.06.2006. Thereafter, Appellant married Sri Akella Ravi Narasimha Sarma, and had a child. Respondents filed a Petition under Section 10 of the Guardian and Wards Act, 1890, for the following reliefs:

- a) To appoint the petitioners as Guardians to the Minor Child namely Ahlad Achintha, aged 2 years for their person.
- b) To grant visiting rights of the minor child pending disposal of O.P.
- c) For costs of the petitioner, and

d) For such other relief or reliefs as this Hon'ble Court deems fit and proper in the circumstances of the case and in the interest of justice.

However, the trial court dismissed the Petition but granted visitation rights. Hon'ble High Court disposed the Petition on 24.01.2014, taking note of the fact that child's surname was changed from Konda to Akella, among other directions, there was a direction to show the name of the natural father in the record, and if it is impermissible, the name of Ravi Narsimha Sarma should be shown as step-father. When it was challenged, Hon'ble Supreme Court found that no relief was ever sought by Respondents for the change of surname of the child and it is settled law that relief not found in the pleadings should not be granted.

29. In **Bharat Amratlal Kothari and Arn. Vs. Dosukhan Samadkhan Sindhi & Ors.**, reported in *AIR 2010 SCC 475*, it is was held that, it is incumbent on the petitioner to claim all reliefs he seeks from the court. Normally, the court will grant only those reliefs specifically prayed by the

petitioner. Though the court has very wide discretion in granting relief, the court, however, cannot, ignoring and keeping aside the norms and principles governing grant of relief, grant a relief not even prayed for by the petitioner.

30. Consequent to lifting of corporate veil, the Respondent No.8 is required to pay the amount due and payable by Respondent No.7 to Respondent No.1, and in turn, Respondent No.1 to Appellant, if the claim is proved. Therefore, there should have been a prayer, consequential in nature, against the Respondents 7 and 8 for recovery of that amount. Unfortunately for the Appellant, that prayer is absent.

31. Only if the claim is admitted, a partial decree or partial Recovery Certificate can be issued. If the claim of the Appellant is disputed, at best, Appellant can only claim relief of attachment before judgement under Section 19(13) of RDB Act, 1993. Attachment cannot be ordered under Section 19(13) of the RDB Act, 1993, directly without issuance of show cause notice to the Defendant to show cause as to why he should not be asked to furnish

security and only in the absence of furnishing security, the attachment can be effected. Such a prayer is missing in the Interlocutory Application filed.

32. The prayer in IA 1733/2024 is to pass an *ex parte* order permitting the Appellant Bank to exercise the lien on the sum of USD 44,06,616/- equivalent to Rs.36,77,19,766.68p, from the various Fixed Deposit accounts and cash flow available with current account Dy. No. 50200039900190 maintained by Respondent No.8 with Appellant Bank. It is already decided that the corporate veil of Respondent Nos. 7 and 8 can be lifted. It is also decided that without the prayer for recovery of the amount from Respondents 7 and 8, on failure of Respondents 1 to 6 to pay the amount, the relief of recovery of money from Respondents 7 and 8 cannot be ordered. Here in this case, the defence taken by Respondents 7 is that the disputed Invoices are fraudulently created by Respondent No.1 in collusion with Bank officials. Criminal case is filed and pending. Before this Appellate Tribunal, only xerox copies of the disputed

Invoices are produced. When the claim on the basis of the disputed Invoices is challenged, it is necessary for the Appellant to prove and establish that the Invoices are genuine Invoices, and on account of these Invoices, the Respondents are liable to pay. That proof is absent in this enquiry arose out of order passed against the Interlocutory Application. Only during the trial, the Appellant can establish that on the basis of the disputed Invoices, Appellant can succeed in claiming the amount.

33. In this view of the matter, this Tribunal finds that corporate veil of Respondents 7 and 8 can be pierced and Respondent No.8 can be held liable for the amounts due from Respondent No.7 to the 1<sup>st</sup> Respondent, if the claim is proved by evidence. Appellant Bank can exercise lien over Fixed Deposits held by Respondent No.8 and cash flow current account Dy. No. 50200039900190 subject to proof of claim supported by appropriate prayer.

34. It is informed during the course of the arguments that already an amendment Application is filed for amending the Original Application. If such amendment

Application is filed, then, it may be taken up for hearing by Learned Presiding Officer, DRT-III, Chennai, and dispose of the same, on merits and in accordance with law.

35. In the result, this Appeal in M.A:47/2024 is disposed holding that corporate veil of Respondents 7 and 8 can be pierced and Respondent No.8 can be held liable for the amounts due from Respondent No.7 to the 1<sup>st</sup> Respondent, if the claim is proved by evidence. The Appellant Bank can exercise lien over Fixed Deposits held by Respondent No.8 and cash flow available with current account Dy. No. 50200039900190 maintained by Respondent No.8 with Appellant Bank, subject to proof of claim supported by appropriate prayer. Both the parties shall bear their own costs. All pending IAs, if any, stand closed.

[Dictated to Athistamani, PS, transcribed by her, corrected and signed by me this 13<sup>th</sup> of February, 2026]

**[Justice G. Chandrasekharan]**  
CHAIRPERSON

