HON'BLE SRI JUSTICE NOOTY RAMAMOHANA RAO

AND

HON'BLE DR. JUSTICE B. SIVA SANKARA RAO

WRIT PETITION No.7205 of 2016

ORDER: *(Per Hon'ble Sri Justice Nooty Ramamohana Rao)*

The petitioner, a borrower of the 1st respondent/State Bank of Hyderabad has offered to enter into a compromise with the Bank for purpose of liquidating the outstanding liability in his loan account. He offered Rs.7.5 crores for entering into a compromise with the Bank. The Bank has found the same as inadequate. Hence, he raised his offer to Rs.8.5 crores. The Bank seems to have suggested to the petitioner to deposit 15% of the offered amount for purpose of processing the compromise suggested by him for consideration of the appropriate authority of the Bank at its Head Office. As against the requirement to make a deposit of nearly Rs.1.22 crores, the petitioner has deposited only Rs.65.00 lakhs in the account of a third party for purpose of demonstrating his *bona fides* behind the compromise offered. On 20.02.2016, the Bank has written back to the petitioner bringing to its notice that amount of Rs.65.00 lakhs does not even represent 10% of the compromise amount offered and hence, ordered the petitioner to deposit 15% of the compromise amount offered by him for purpose of processing its case for consideration of such an offer by its Head Office. We are now informed that a further sum of Rs.15 lakhs and odd has been deposited after the aforementioned letter dated 20.02.2016 and today, the amount that was lying in the third party account was around Rs.80+ lakhs, and still Rs.43 lakhs have got to be deposited by the petitioner for purpose of processing the compromise offer.

Sri Raghavan, learned counsel for the petitioner would submit that the petitioner would deposit a sum of not less than Rs.20 lakhs before 29.03.2016 with the 1st respondent/Bank and the remaining amount, to make good the 15% of the compromise offer would be deposited before 30.04.2016, so that the 1st respondent/Bank may take up for consideration the compromise offered by the petitioner. But, however, measures of securitization initiated by the Bank by issuing the sale notice on 02.02.2016 cannot be interdicted by us for, the petitioner herein answers the description ‘borrower’, the 1st respondent/Bank answers the description ‘Bank’ and the property over which mortgage has been created answers the description ‘security interest’ as defined under the SARFAESI Act and the SARFAESI Act being a special piece of legislation made by the Parliament for the purpose of securitization of outstanding dues to secured creditor and provided for the necessary measures to be adopted by such secured creditor under Section 13 of the Act, we can only direct the 1st respondent/Bank not to confirm the sale in favour of the best bidder till 02.05.2016. In case the petitioner complies with the order to deposit as suggested and recorded by us supra, the 1st respondent/Bank may take up its offer for a compromise and settle the terms of compromise in a quick time. For any reason, the compromise terms cannot be worked out by and between the parties, it shall be open to the 1st respondent/Bank to take all further action from the stage where it has stopped after accepting 25% of the bid amount from the best bidder(s) without any further reference to this court.

With this observation, this writ petition stands disposed of.

Consequently, miscellaneous petitions, if any shall stand closed. No costs.

JUSTICE NOOTY RAMAMOHANA RAO

JUSTICE Dr. B.SIVA SANKARA RAO

04.03.2016
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