

THE HON'BLE SRI JUSTICE P.NAVEEN RAO

WRIT PETITION No.4605 OF 2019

Dated : 07.03.2019

Between:

M/s.Laxmi Padmavathi Agro Industries .. Petitioner

And

State Bank of India,
18 & 19, Devdaskamlleg Block,
Synergy Building, Bandrakurla Complex,
Bandra East, Mumbai – 400051,
Maharashtra rep. by its
Chairman and Managing Director.

.. Respondents



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ORDER:

Heard both sides.

2. The petitioner obtained loan from the respondent Bank for the purpose of conducting rice mill business by creating security interest in various properties. Admittedly, the petitioner defaulted in making payments, resulting in initiation of proceedings under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, demanding a sum of Rs.3,93,80,344/-. The Bank took possession of the assets, went before the Debts Recovery Tribunal for issuance of recovery certificate by filing O.A.No.67 of 2017 and the said O.A. was allowed by the Tribunal. After the relief granted by the Tribunal against the petitioner, he made an application on 26.09.2018, for One Time Settlement, for the total amounts due. The request of the petitioner for One Time Settlement was accepted by the Bank vide letter dated 29.09.2018, imposing certain conditions i.e., the One Time Settlement amount fixed was at Rs.1,41,97,325/-, 20% of the amount quantified was to be deposited within thirty days from the date of that letter and the balance amount within six months from 29.03.2019. Clause 3 of the letter clearly indicates that failing to deposit 20% of the amount quantified within the time granted would render the sanction infructuous. Admittedly, the petitioner did not comply with condition No.3. At this stage, the petitioner comes forward for payment of the entire amount due including balance amount indicated in the letter.

Representation was made by the petitioner soliciting favourable orders by granting relaxation of condition in Clause 3, but the respondent Bank did not accept the offer made by the petitioner. Alleging the said inaction, the petitioner filed the present Writ Petition seeking indulgence of this Court.

3. In other words, claim of the petitioner is to extend the time limit prescribed for the One Time Settlement understanding arrived between the petitioner and the respondent Bank.

4. The said issue came up for consideration before the Division Bench in W.P.No.46017 of 2018. In the said Writ Petition, two issues were considered by the Court. First issue relates to extension of time limit prescribed in One Time Settlement condition and the second with reference to the sale of property in issue. On the first issue, the Division Bench held as under:

“On the first prayer, we have no doubt that it is not the duty of the Court to tamper with the terms and conditions of an OTS. A scheme for OTS is offered by the Banks, partly due to the inability of the Bank to recover the whole of the amount due and partly to put an end to further litigation and salvage the whole issue. Therefore, by its very nature, an OTS is a commercial decision. The same cannot be tinkered with by a legal decision. Therefore, the first part of the prayer for grant of extension of time to comply with the condition stipulated in the OTS letter cannot be sustained.”

5. In view of the above, the direction as prayed for by the petitioner cannot be granted. The Writ Petition is accordingly dismissed.

6. However, it is to be seen that as the agreement was reached between the parties, it is for the parties to vary the conditions with mutual consent. Apparently, the application granting relaxation of the time limit prescribed in condition 3 is pending consideration from the

respondent –Bank. If the petitioner shows the *bonafides* of payment of the amount and if the Bank intends to consider it favourable, the same may be considered. It is made clear that this order does not come in the way of such consideration.

7. As a sequel thereto, Miscellaneous Petitions, if any, pending, shall stand closed. There shall be no order as to costs.

JUSTICE P.NAVEEN RAO

07.03.2019

vhb

