

IN THE HIGH COURT OF ORISSA AT CUTTACK

WP(C) No.7000 of 2022

(Through Hybrid mode)

M/s. Agarwal Spices and Food Processors Pvt. Ltd. and another ***Petitioners***

Mr. S. S. Padhy, Advocate

-versus-

Bank of Baroda, Vadodara and others ***Opposite Parties***

Mr. K. M. H. Niamati, Advocate

CORAM: JUSTICE ARINDAM SINHA

ORDER
11.05.2022

Order No.

- 03.** 1. Mr. Padhy, learned advocate appears on behalf of petitioners and submits, his clients decided to take their business to some other bank. They squared up outstandings in their credit facilities accounts. Opposite party-bank however imposed processing and prepayment charges. He relies on **order dated 12th April, 2022** made by this Bench in **WP(C) no.6998 of 2022 (M/s. Salubrity Biotech Ltd. and another v. Bank of Baroda, Vadodara and others)** to submit, his clients' challenge is covered thereby. Said writ petition was tagged with this writ petition but de-tagged on submissions made on behalf of the bank that the facts are different. They are not. Processing and pre-payment charges were not informed in the terms and conditions of sanction.

2. Mr. Niamati, learned advocate appears on behalf of the bank and draws attention to annexure A/1 in his clients' counter being sanction letter dated 23rd November, 2018. He submits, the sanction letter was accepted with the terms and conditions of the sanction attached thereto. He refers to the attachment, in particular to clause 3 under heading 'Recovery of Charges and application of correct rate of interest'. Clause 3 is reproduced below.

"3. In case of any concession grant in applicable rate of interest, the fact that the same shall be valid for a period of -1- year or date of next review, whichever is less & that in case of taken over of facility, the Bank have right to recover the interest at applicable rate from first date of disbursement in addition to the pre payment charges, must be incorporated in the sanction letter advised to borrower. (Refer letter no BCC: SME:104:3308 dated 26.09.2012)."

3. Mr. Padhy in reply submits with reference to the detailed terms and conditions that processing charges was indicated as 'Nil' therein and also on review as would appear from page 25 in the writ petition. So far as pre-payment charges are concerned he points out, the charge was neither specified in the sanction letter nor in the detailed terms and conditions.

4. Mr. Padhy's submissions are accepted. The bank has simply enclosed the guidelines of terms and conditions without incorporating the pre-payment charge at the time of sanction. Naturally there was no otherwise intimation on review. What appears is that petitioners were told that processing charges

would be nil, both on sanction and on review. So far as pre-payment charges are concerned, the only information petitioners were given by that attachment was a guideline. The information of recovery guideline without incorporation with particulars is no information at all. No rate or amount was specified.

5. The writ petition succeeds as covered by **M/s. Salubrity Biotech Ltd.** (supra).

6. The charges are struck down. The bank is directed to forthwith return the security documents to petitioners, within two weeks of communication.

7. The writ petition is disposed of.

(Arindam Sinha)
Judge

RKS

