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Arb.Appln.No.473 of 2024



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G.K.ILANTHIRAIYAN, J.

This application has been filed for an order to appoint a Retired District Judge at Hubli as Receiver to receive the fees paid by the parents of the students studying in the school run by the first respondent society and remit 50% of whatever receivables collected into the applicant bank for appropriation towards the dues payable by the first respondent society to the applicant till the satisfaction of all the dues of the applicant under the all credit facilities and to seize and deliver the hypothecated vehicles, receivables and other movable properties which stood as security for the loan facilities executed vide memorandum of deposit of title deeds dated 28.05.2019 on the file of the sub-registrar as Doc.No.1762 of 2019.

2. The learned counsel appearing for the applicant would submit that the applicant had provided loans to the first respondent for takeover of their loans from other financial institutions and for fresh credit facilities for improving and developing infrastructure and also to meet the working capital requirement of the educational institutions run by the first respondent and as per sanction letter dated 01.03.2019 a total loan amount of Rs.7,56,00,000/- was granted as overdraft facility and term loans at the floating rate of interest @ 12.00% p.a. to the first respondent



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repayable in different tenures as per the terms and conditions contained therein. He would contend that the first respondent was irregular in repayment of loans and that inspite of repeated demands, the first respondent had failed to regularize the default and had continued not to pay the EMIs. He would further submit that considering the value of the amount to be recovered from the first respondent, the applicant had sought for an appointment of a party receiver which would minimize the expenditure to the applicant and the first respondent would also be benefited.

3. Upon considering the facts and circumstances of the case and the submissions made by the learned counsel for the applicant, this Court is satisfied with the prayer sought for in this application and in fine, Hon'ble Mr.Justice P.Krishna Bhat (Former Judge, High Court of Karnataka), having address at "Vasishta", No.4, near Ganesh Emerald, Judicial Layout, 3rd Phase, Hejjala Bidad, Karnataka - 562 109 is appointed as Receiver to receive the fees paid by the parents of the students studying in the school run by the first respondent society and remit 50% of whatever receivables collected into the applicant bank for appropriation towards the dues payable by the first respondent society to the applicant till the satisfaction of all the dues of the applicant under the all credit facilities and to seize and deliver the hypothecated vehicles,



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receivables and other movable properties which stood as security for the loan facilities executed vide memorandum of deposit of title deeds dated 28.05.2019 on the file of the sub-registrar as Doc.No.1762 of 2019.

4. Considering the fact that the first respondent had taken a loan for takeover of their loans from other financial institutions and for fresh credit facilities for improving and developing infrastructure and also to meet the working capital requirement of the educational institutions run by the first respondent, the applicant shall grant the first respondent a minimum period of four (4) weeks time to regularise the loan by payment of the defaulted amounts within the said period and if the first respondent regularised their loan within the period expected by them, then the applicant shall return the properties to the first respondent. This direction is issued considering the equity. It is made clear that the Party Receiver has to complete the above proceedings within a period of three months from the date of receipt of copy of this order, failing which the present application shall stand automatically closed. It is open to the Receiver to fix his fees and expenses in relation to the proceedings.

5. Accordingly, this application is ordered.

22.10.2024



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