IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

THURSDAY, THE TWENTY EIGHTH DAY OF AUGUST
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE SMT JUSTICE TIRUMALA DEVI EADA

CITY CIVIL COURT APPEAL NO: 143 OF 2019

Appeal filed under section 96 r/w Order 41 rule 1 & 2 of CPC against the judgment and decree dated 11.09.2018 made in O.S.No.651 of 2012 on the file of the II Additional Chief Judge, City Civil Court, Hyderabad.

Between:

1. UCO Bank, Rep. by its Asst. Gen. Manager. S.D.Road Branch., 9-1-38, YMCA Complex., S.P.Road, Secunderabad-500 003.
2. UCO Bank, Rep. by its Zonal Manager, 8-2-624, Ground Floor, Road No.10, Banjara Hills, Hyderabad - 500 034

...DEFENDANST/APPELLANTS

AND

A.V.S.V.Prasada Raju, S/o. Late Sri Venkatapathi Raju. Aged about 68 years. Occ - Business. R/o Flat No. 304. Royal Court. Road No.11. Banjara Hills. Hyderabad - 500 034

...PLAINTIFF/RESPONDENT

IA NO: 3 OF 2019

Petition under Order 41 Rule 5 R/w 151 of CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the judgment and decree dated 11.09.2018 passed in O.S.No. 651 of 2012 on the file of the II Additional Chief Judge, City Civil Court, Hyderabad pending disposal of the appeal.

Counsel for the Appellants: Sri N. V. Subba Raju

Counsel for the Respondent: M/s. Keerthi Prabhakar

The Court made the following: ORDER

THE HON'BLE SMT. JUSTICE TIRUMALA DEVI EADA

CITY CIVIL COURT APPEAL No.143 OF 2019

JUDGMENT:

This is an appeal filed by the appellants, being aggrieved by the judgment and decree, dated 11.09.2018 passed in O.S.No.651 of 2012 by the learned II Additional Chief Judge, City Civil Court at Hyderabad (for short "the trial Court").

2. The appellants herein are the defendants and the respondent is the plaintiff before the trial Court. The parties herein are referred to as they were arrayed in the suit before the trial Court for the sake of convenience and clarity.

3. The case of the plaintiff before the trial Court is that the plaintiff executed certain works for the Government of AP under a Contract and that during the execution of contract certain disputes arose between the Government and the plaintiff and consequently the contract was terminated, thus, he filed a suit in O.S.No.421 of 1992 on the file of V Senior Civil Judge, City Civil Court., Hyderabad for declaration that the proceedings issued by the Superintendent Engineer are null and void. He further filed another suit in O.S.No.326 of 1995 seeking recovery of money. The V

Senior Civil Judge, City Civil Court, Hyderabad passed common judgment in both the suits wherein the suit in O.S.No.326 of 1995 was partly decreed for a sum of Rs.3,65,60,989/-, against which the Government of Andhra Pradesh has filed CCCA No.19 of 2002 and the High Court has granted interim stay in the said appeal vide orders dated 30.01.2012 in CMP No.1289 of 2002 directing the State to deposit 35% of the decreetal amount and permitting the plaintiff to withdraw half of the deposited amount by furnishing security. The said order became final as the Hon'ble Supreme Court refused to interfere with the order. In obedience to the orders of the High Court, the plaintiff approached the defendants bank with a request to furnish the bank guarantee in favour of the Court and upon scrutinizing the orders, the defendant bank has issued Bank Guarantee No.4 of 2002 for a sum of Rs.1,02,81,817/- on 11.07.2002 and another Bank Guarantee bearing No.22 of 2003 for a sum of Rs.12,26,000/- on 06.01.2004 in favour of V Senior Civil Judge, City Civil Court, Hyderabad, initially for a period of two years.

4. It is his case that the said Bank Guarantees were valid and were extended by the defendants at the instance of the plaintiff till 10.07.2008 and 05.01.2009 respectively. Subsequently, by virtue

of the orders of the High Court dated 29.01.2009, the matter was referred to mediation and as a result of the conciliation, the State Government issued G.O.Ms.No.17, dated 18.02.2010 for settlement of the case. On receiving the copy of the said G.O., the plaintiff addressed a letter dated 23.02.2010 to the defendant informing about the final settlement and requested to cancel the bank guarantees and release the margin money deposit and interest accrued and to credit the same into his housing loan account with the defendants. The above said case was disposed by the High Court vide orders dated 12.04.2010 by recording the amicable settlement in terms of G.O.Ms.No.17. The said fact was also informed to the defendants by the plaintiff vide its letter dated 06.08.2010 by enclosing the orders of the High Court and once again requested the defendant bank to transfer all the margin money and interest thereon to his housing loan account lying with the defendants bank and to return the collateral security documents.

5. It is the case of the plaintiff that the defendants have not extended the bank guarantee from the date of expiry i.e. on 10.07.2008 and 05.01.2009 respectively. Thus, he is not supposed to pay any commission to the defendants, as the defendants have

admitted that the bank guarantees expired on respective dates. The first defendant addressed a letter to the plaintiff refunding the margin money to the plaintiff by unilaterally deducting the commission and issued a demand draft for Rs.9,44,880/-. The plaintiff received the demand draft by recording his protest.

6. It is the grievance of the plaintiff that the deduction of commission by the defendants is arbitrary and that it has to be refunded to him with interest and that he is entitled for return of the margin money at least from the date of expiry of bank guarantees and that the plaintiff is claiming interest from 12.04.2010, the date on which the High Court passed orders finally disposing of the case in CCCA No.19 of 2002 and that the defendants are liable to refund the margin money with interest from the date of disposal of appeal i.e. 12.04.2010, till the date of payment, which works out to Rs.18,79,980/- and that the plaintiff is also entitled to interest on the said amount @ 24% per annum with quarterly rests from 13.04.2010 to 28.11.2011, on which day the defendants have released part amount of Rs.9,44,880/- and after collecting the interest @24% with quarterly rests, the plaintiff worked out the amount to Rs.27,49,203/- and after deducting Rs.9,44,880/- from the said amount, the balance amount claimed by the plaintiff is

Rs.18,04,423/- with interest from 29.11.2011 to the date of filing of the suit i.e. 24.08.2012 @ 24% and that the said sum comes to Rs.21,43,431/-. Hence, the suit.

7. The defendants 1 and 2 filed written statement admitting the case of the plaintiff about the issuance of two bank guarantees for a period of two years initially or till such a period extended by the bank from time to time and till the disposal of said CCCA No.19 of 2002 and also that they have extended the same up to 10.07.2008 and 05.01.2009 respectively but they have denied all the other averments made by the plaintiff. It is further contended by the defendants that they have sent a communication on 08.12.2009 to the V Senior Civil Judge, City Civil Court, Hyderabad stating that the Bank Guarantees have been expired with certain clauses which read as follows:

> "i) "No claim(s) and/or any action to enforce claim under the said guarantee(s) has/have been made against us within the stipulated period and in terms of the above guarantee(s) the bank is released and discharged from its liabilities under the said guarantee(s). We, therefore, request you to return to us the original guarantee(s) (including amendments, if any) for cancellation of confirm to us that the/these original guarantee(s) cancelled at your end.

ii) If we do not hear from you within a fortnight from the date hereof, we shall take it that the said guarantee(s) stand(s) cancelled at your end. Please acknowledge receipt of this letter."

8. That the said Bank Guarantees are subject to the decision in the above said appeal and that the said guarantees shall be alive and cannot be cancelled and will be in force subject to the decision in the above appeal on the file of the High court. It is their case that the settlement was arrived on 12.04.2010 in terms of G.O.Ms.No.17 and the above said bank guarantees furnished by the plaintiff were duly discharged. Thus, they have submitted that they are not in fault for renewing the above Bank Guarantees automatically and keeping them alive and in force because the said bank guarantees were issued subject to the final decision in the appeal held on the file of the High Court and as such the consent of the plaintiff specifically for a renewal of the Bank Guarantee is implicit, since he failed to serve any notice for cancellation. Therefore, they are entitled to recover commission from the plaintiff till such time the guarantees are alive and in force or till the duly discharged original bank guarantees are surrendered to the bank. It is further submitted by the defendants that they are not entitled to cancel the guarantees in the absence of a written notice from the plaintiff or

the beneficiary i.e. V Senior Civil Judge, City Civil Court, Hyderabad and without returning the original bank guarantees which are issued in favour of the Court and that the plaintiff has never given any such notice to the bank for cancellation of bank guarantees. The defendants have further submitted that they have addressed a letter in reply to the plaintiff, promptly to the letter of plaintiff dated 01.08.2011 by enclosing the Demand Draft No.8331/69/2113585, dated 28.11.2011 for Rs.9,44,880/- towards final settlement of the margin money taken and also advised the plaintiff to collect and take back the documents held under mortgage with the bank as a security in connection with the issuance of the said two bank guarantees and that the plaintiff has received the demand draft under protest on 28.11.2011. It is their case that they considered the letter dated 01.08.2011 addressed by the plaintiff without enclosing the original discharge bank guarantees as a special case and refunded the due amount after deducting the legitimate commission due to the bank.

9. It is further submitted by the defendants that the V Senior Civil Judge, City Civil Court, Hyderabad, has addressed a letter dated 14.06.2011 directing the defendant No.1 i.e. bank that since the bank guarantees furnished by them to the plaintiff is discharged,

you are at liberty to take further action in returning the monies due and payable to the plaintiff by the said bank or return back the document if any furnished by the plaintiff while obtaining the bank guarantee to this Court. Thus, the defendants contented that since they received the intimation from the V Senior Civil Court, Hyderabad it is clear that the bank guarantees are alive till the appeal was decided and that they are entitled for the said commission. Therefore, their contention is that the claim of the plaintiff is false and denied any liability to pay the same.

10. Based on the above pleadings, the trial Court has framed the following points for consideration:

> "1. Whether the plaintiff is entitled for the relief of declaration that action on the part of the defendant in collecting commission upto 17.06.2011 and not making payments at commercial rate of interest @24% per annum from the date of disposal of the Appeal in CCCA No.19 of 2002 is arbitrary and illegal and entitled for recovery of a sum of Rs.21,43,431/-?
>
> 2. To what relief?"

11. At the time of trial, plaintiff got examined PW1 and got marked Exs.A1 to A10, while the defendants got examined DWs 1 and 2 and got marked Exs.B1 and B2.

12. Based on the evidence on record, the trial Court has partly decreed the suit for a sum of Rs.14,08,602/- with costs with future interest at 12% per annum from the date of the suit till the date of decree and thereafter at 6% per annum till the date of realization against the defendant Nos.1 & 2 jointly and severally. Aggrieved by the said judgment and decree, the present appeal is preferred by the bank/defendants.

13. Heard the submissions of Sri N.V.Subbaraju, learned counsel for the appellants and Sri Keerthi Prabhaker, learned counsel for the respondent.

14. The learned appellants counsel has submitted that the trial Court has not appreciated the evidence on a proper perspective. He further argued that the trial Court failed to see that the bank guarantee issued by the defendants i.e. Ex.B1 was obtained by the plaintiff by virtue of the orders of the High Court in favour of City Civil Court who is the beneficiary and that the beneficiary never discharged the bank guarantee till 14.06.2011 and hence the bank guarantee was in force till 28.11.2011 the date on which it was cancelled, therefore, the bank is entitled for commission on the bank guarantee. He further argued that the bank cannot cancel the

bank guarantee unless the plaintiff requests so by producing the original bank guarantees. He further argued that the bank guarantee is an independent contract between the bank and the beneficiary and that it is subject to the final outcome and further orders passed in the matter as it was furnished only pursuant to the orders of the High Court. He further argued that the bank guarantee was extended from time to time until further orders are received from the Court of law and that the plaintiff is liable to pay necessary charges and commissions to the bank till communication is issued by the court discharging the bank guarantee. He further argued that the trial Court failed to appreciate a fact that the V Senior Civil Judge, City Civil Court, Hyderabad has issued a letter to the bank on 14.06.2011 informing the bank that in view of the orders passed in CCCA No.19 of 2002, the bank guarantees furnished by the plaintiff were discharged and that in compliance of the said communication, the bank has acted upon and therefore, the plaintiff is liable to pay commission on the bank guarantees till the said date.

15. The learned respondent counsel, on the other hand, has submitted that he has furnished certain documents as security to the bank and they were lying with them till they released the bank

guarantee. He further argued that the bank is not supposed to charge commission till the disposal of CCCA No.19 of 2002 as the bank has not renewed the bank guarantees till then. He further argued that he is entitled to his margin money and the interest thereon and that the trial Court has rightly appreciated his case and has awarded the amount in his favour, he therefore, prayed to uphold the judgment and decree passed by the trial court.

16. Based on the above rival submissions, this Court frames the following points for consideration:

1. Whether the plaintiff is entitled to recover any amount from the defendant, if so to what extent?
2. Whether the judgment and decree of the trial Court is sustainable in law and under the facts?
3. To what relief?

17. **POINT NO.1**:

a) The contention of the plaintiff is that his bank guarantees got expired on 10.07.2008 and 05.01.2009 and that his margin money and the security filed by him was lying with the bank till the conclusion of the appeal in the High Court and that he is entitled for the interest on his margin money.

b) In support of his case, he got examined himself as PW1. In his cross examination he admitted that the bank guarantee is issued in favour of V Senior Civil Judge, City Civil Court in O.S.No.326 of 1995 on behalf of PW1. He further admitted that the bank guarantee shall be in force for a period of two years initially and the said period extended by the bank from time to time and till the disposal of CCCA No.19 of 2002 on the file of High Court and that the bank guarantee is subject to the decision of the above appeal. He further admitted that the bank guarantee for a sum of Rs.12,26,000/- was surrendered to the bank, while the bank guarantee No.4 of 2002 was not surrendered to the said bank and he added that it is misplaced in the Court. He further admitted that in Ex.A1 the bank has advised him to obtain original bank guarantee.

c) A perusal of Ex.A1 shows that it is the letter addressed by the Bank Manager to the V Senior civil Judge, CCC asking to produce original bank guarantee and that if they don't hear over a period of fortnight, the said guarantee(s) stand(s) cancelled at the end of the beneficiary and has asked to acknowledge the said letter.

d) PW1 further admitted that as per Ex.A5, the bank has released Rs.9,44,880/- by way of DD. He also admitted that pursuant to the orders of High Court he has approached the bank and obtained the bank guarantees and that the said CCCA was disposed on 12.04.2010 and the same was informed to the bank on 06.08.2010. He further admitted that the Court has advised the bank on 14.06.2011 to take further action in returning the money to the plaintiff or return back the documents if any furnished by the plaintiff while obtaining and furnishing the bank guarantee. He further admitted that as per Ex.B2 the Court advised the bank about the discharge of the two guarantees based on the orders passed by the High Court. He denied the suggestion that the bank guarantees are in force till 14.06.2011.

e) A perusal of Ex.B2 reveals that it is the letter addressed by the V Senior Civil Judge, City Civil Court to the Senior Manager of the Defendant Bank intimating that the bank guarantee furnished by the bank is discharged and that the bank is at liberty to take further action in returning the moneys due and payable to the petitioner or return back the documents if any furnished by the plaintiff.

f) On the other hand, the contention of the defendants is that their bank guarantees got extended till the date of final disposal of the CCCA i.e. 12.04.2010 and the said fact is admitted by PW1 during his cross examination. DW1 in his cross examination has admitted that the plaintiff has not requested the bank to extend the bank guarantees beyond their initial period of validity i.e. until 10.07.2008 and 05.01.2009 and beyond that period they have not received any request from the plaintiff. He further admitted that as per Ex.A3 a letter dated 23.02.2010 to the Bank duly enclosing a copy of G.O.Ms.No.17 dated 18.02.2010 was communicated and that the plaintiff has requested the bank officials to release margin money and other accrued interest and the same may be deposited towards his housing loan vide the said letter. He further admitted that the plaintiff has also requested to return the title deeds given as collateral security for the bank guarantees and he feigned ignorance as to the action taken by the department pursuant to Ex.A3. He further admitted that as per Ex.A3, the plaintiff has requested the defendants to cancel the bank guarantees and have also admitted that the original bank guarantee was issued in favour of V Senior Civil Judge, City Civil Court, Hyderabad and that the original bank guarantee is not with the plaintiff but it is in the custody of V Senior Civil Judge. He further admitted that in Ex.A1 at para No.3 they mentioned that if they do not hear from the beneficiary within a fortnight from the date thereon, the bank guarantees shall stand cancelled and also that they have not received any letter pursuant to Ex.A1 from the V Senior Civil Judge, City Civil Court. He further admitted that the defendants, as per Ex.A1 have informed the Court that the bank guarantees have expired on 10.07.2008 and 05.01.2009 and requested to return the original bank guarantees. Thus, he admitted that as per Ex.A1, the bank guarantees expired on 10.07.2008 and 05.01.2009. It is further elicited from him that there is no mention in Ex.A1 with regard to the revival of the bank guarantees in future and further they have not communicated any letter to the plaintiff or the beneficiary that the bank guarantee is revived after issuing Ex.A1.

g) DW1 has further admitted that vide Ex.A9 certain recommendations were made with regard to the settlement of plaintiff's account including the closure of bank guarantees and return of margin money without charging commission subsequent to the date of expiry of bank guarantees and that according to Ex.A9, the bank guarantees expired on 10.07.2008 and 05.01.2009 and that the said view was also expressed in Ex.A8. He further admitted that in ordinary circumstances, the bank guarantee cannot be extended without any requisition from the party. It is also elicited from DW1 that no letters were addressed by them to the plaintiff or the beneficiary informing that the bank guarantees will be extended till the disposal of the appeal in the High Court. He also admitted that in ordinary course the bank will not charge the commission charges on the expiry of bank guarantees. He has admitted that they have collected commission up to 12.04.2010.

h) A perusal of Ex.A8 reveals that it is a letter addressed by the Manager of UCO Bank, Secunderabad to Zonal Manager, CAD, UCO Bank, Zonal Office, Hyderabad wherein he has requested to permit him for release of the documents and margin money to the applicant without charging commission subsequent to the date of expiry of the bank guarantee and it is further mentioned in the said letter that the bank guarantee No.04 of 2002 dated 11.07.2002 for Rs.1,02,81,817/- is due on 10.07.2008 and No.22/03 (92/03/2004) dated 06.01.2004 for Rs.12,26,000/- is due on 05.01.2009.

i) Ex.A9 is the letter addressed by the Manager of UCO Bank, Secunderabad to Zonal Office and it is recommended under Ex.A9 to close the bank guarantees and return of margin money and title deed without charging commission subsequent to the date of expiry of bank guarantees.

j) The admission of defendant as DW1 shows that the bank guarantees stood cancelled on 10.07.2008 and 05.01.2009 as per the letter addressed under Ex.A1. It is also an admitted fact that there was no communication received pursuant to Ex.A1 and failing which after the fortnight the bank guarantees stood cancelled as per the letter addressed by the defendants and admittedly, there was no such communication. Once the bank guarantees got cancelled, the bank is not supposed to charge any commission on the same and the plaintiff is not liable to pay any commission. It is also an admitted fact that the plaintiff has furnished certain security and has paid the margin money while obtaining the bank guarantees, thus, the defendant was duty bound to return the same without charging commission on the bank guarantees from the date of their expiry. Though the defendant contended that the bank guarantees were extended from time to time till the disposal of the CCCA No.19 of 2002 on 12.04.2010, no such evidence was placed on record by the defendant.

k) On the other hand, the case of plaintiff stood proved that the bank guarantees got expired on 10.07.2008 and 05.01.2009 vide Ex.A1 which is the letter addressed by the defendant bank. The admissions of DW1 further strengthen the case of the plaintiff. Exs.A1, A8 and A9 further prove the case of the plaintiff that the defendant bank also has addressed letters to its Zonal Office requesting them not to charge commission on the bank guarantees after the date of expiry. Admittedly, the date of expiry is 10.07.2008 and 05.01.2009 and the plaintiff is not supposed to pay commission on the said bank guarantees. It is elicited from Ex.A5 that the defendant has paid the amounts after deducting the commission to the plaintiff.

l) Admittedly the CCCA got disposed on 12.04.2010 and the plaintiff has claimed refund of margin money i.e. Rs.18,79,535/- and interest @24% from 12.04.2010. Considering the facts and circumstances and the evidence let in by the parties, the trial Court has granted 12% of interest on the margin money of Rs.18,79,535/- after deducting the amount paid by the defendants i.e. Rs.9,44,880/- from 13.04.2010 till the date of filing of the suit.

m) The trial court has rightly calculated the amount as Rs.14,08,602/- as on the date of suit. Therefore, there is no infirmity in the orders passed by the trial Court. It is held that the plaintiff is entitled to an amount of Rs.14,08,602/- with interest @12% per annum from the date of suit till the date of decree and thereafter @6% per annum till the date of realization. Point No.1 is answered accordingly.

18. **POINT NO.2:**

In view of the reasoned findings arrived at point No.1, it is held that the judgment and decree passed by the trial Court are found to be well reasoned and hence, they are held to be sustainable in law and under the facts and circumstances of the case.

19. **POINT NO.3:**

In the result, the appeal is dismissed upholding the judgment and decree, dated 11.09.2018 passed in O.S.No.651 of 2012 by the learned II Additional Chief Judge, City Civil Court at Hyderabad. No costs.

Miscellaneous Applications, if any, pending in this appeal shall stand closed.

SD/- P.GOWRI SHANKAR
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The II Additional Chief Judge, City Civil Court, Hyderabad.(with records, if any)
2. One CC to Sri N. V. Subba Raju, Advocate [OPUC]
3. One CC to M/s. Keerthi Prabhakar, Advocate [OPUC]
4. Two CD Copies

VH/PSL

HIGH COURT

DATED: 28/08/2025

HIGH COURT FOR THE STATE OF TELANGANA
17 DEC 2025
DESPATCHED

JUDGMENT+DECREE

CCCA.No.143 of 2019

DISMISSING CCCA
WITHOUT COSTS

10/12/25

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IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THURSDAY, THE TWENTY EIGHTH DAY OF AUGUST
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE SMT JUSTICE TIRUMALA DEVI EADA

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2. UCO Bank, Rep. by its Zonal Manager, 8-2-624, Ground Floor, Road No.10, Banjara Hills, Hyderabad - 500 034

...DEFENDANTS/APPELLANTS

AND

A.V.S.V.Prasada Raju, S/o. Late Sri Venkatapathi Raju. Aged about 68 years. Occ - Business. R/o Flat No. 304. Royal Court. Road No.11. Banjara Hills. Hyderabad - 500 034

...PLAINTIFF/RESPONDENT

Appeal filed under section 96 r/w Order 41 rule 1 & 2 of CPC against the judgment and decree dated 11.09.2018 made in O.S.No.651 of 2012 on the file of the II Additional Chief Judge, City Civil Court, Hyderabad.

This appeal coming on for hearing and upon perusing the grounds of appeal, the Judgment and Decree of the Court below and the material papers in the case and upon hearing the arguments of Sri N.V. Subba Raju, Advocate for the appellants and M/s. Keerthi Pabhakar, Advocate for the Respondent.

This Court doth Order and Decree as follows:

1. That the appeal be and hereby is dismissed upholding the judgment and decree, dated 11.09.2018 passed in O.S.No. 651 of 2012 by the learned II Additional Chief Judge, City Civil Cout at Hyderabad; and
2. That there shall be no order as to costs in this appeal.

SD/- P.GOWRI SHANKAR
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The II Additional Chief Judge, City Civil Court, Hyderabad.
2. Two CD Copies

VH/PSL

HIGH COURT

DATED: 28/08/2025

DECREE

CCCA.No.143 of 2019

DISMISSING CCCA
WITHOUT COSTS