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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 19-01-2026

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THE HON'BLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

**A No. 4472 of 2024
in C.S.(Comm.Div) No.77 of 2024**

State Bank of India,
SME Siruthozhil Branch – Chennai,
Represented by its Assistant General Manager,
No.1, 5th Floor, KRM Towers, Harrington Road,
Chetpet, Chennai-600 031.

..Applicant/Defendant

Vs

M/s. NPT Offset Press Private Limited,
Represented by its Managing Director
Mr.Vivek Sachdev, No.17, 4th lane,
Nungambakkam High Road, Chennai-600 034.

..Respondent/Plaintiff

Prayer : Application is filed under Order XIV Rule 8 of the Original Side Rules Read With Order VII Rule 1 of the CPC Read With Section 11 of the Commercial Courts Act, 2015, to reject the suit in C.S.(Comm.Div) No.77 of 2024 since there is a direct bar under Section 11 of the Commercial Courts Act, 2015.

For Applicant:

Mr. M.L.Ganesh

For Respondent:

Mr.V.Raghavachari, Senior Advocate
for Mr.Sai Srujan Tayi



ORDER

The plaintiff had availed of credit facilities from the defendant bank. It is common ground between the parties that the account became a Non-Performing Asset (NPA) on 31.12.2008. The defendant instituted proceedings before the Debts Recovery Tribunal – I, Chennai (DRT- I) under the Recovery of Debts and Bankruptcy Act, 1993 (the RDB Act) on 23.01.2015 for recovery of a sum of Rs.21.76 crores as on 21.01.2015 with further interest from the date of the original application. The said original application was heard and an order dated 30.07.2018 was issued holding that a sum of Rs.9,63,29,570/- was due and payable as on 30.07.2018 and directing that interest be applied on the said sum. The defendant herein was directed to file a fresh statement of account by applying interest at 11% per annum from the date of filing of the original application till the date of realisation.

2. An application was filed by the plaintiff herein alleging non-compliance with the direction to submit the statement of account. The said application was disposed of by order dated 14.09.2020 directing the bank to furnish copies of the statement of accounts. Upon receipt of the statement of accounts pursuant to the said order, the plaintiff was dissatisfied with such statement and consider the same to be erroneous and inflated. Therefore, another miscellaneous application (MA.No.26 of 2020) was filed. This application was disposed of by order dated 29.07.2021 taking note of the



remittance made in terms of an OTS scheme by the plaintiff. The said order was carried in appeal before the Debts Recovery Appellate Tribunal (DRAT). A conditional order was passed by the DRAT in the said appeal. It appears that such conditional order was not complied with by the plaintiff. The present suit was instituted in the above mentioned facts and circumstances seeking multiple remedies, including declaration that the reckoning of the interest after the NPA date is invalid and illegal and a declaration that the ledger outstanding amount of Rs.425.44 crores is in violation of the SBI OTS 2017 scheme. The plaintiff has also prayed for consequential monetary remedies.

3. After entering appearance in the suit, the defendant bank has applied for rejection of the plaint.

4. The contentions of Mr.M.L.Ganesh in support of the application to reject the plaint may be summarised as under:

(i) The suit is barred under Section 11 of the Commercial Courts Act, 2015 (the Commercial Courts Act) read with Section 18 of the RDB Act.

(ii) The plaintiff seeks enforcement of the SBI OTS 2017 scheme. Neither a suit nor a writ petition is maintainable for enforcement of an OTS scheme, which is contractual. The judgment of the Supreme Court in *The Bijnor Urban Cooperative Bank Limited, Bijnor & others v. Meenal Agarwal & others*, Comp.A.No.7411 of 2021, dated 15.12.2021 is relied upon in support of this



contention.

(iii) Being dissatisfied with the statement of account filed by the defendant bank, the plaintiff filed M.A.No.26 of 2020 before the DRT-I. The request for relief was declined by order dated 29.07.2021. The plaintiff carried the matter in appeal before the DRAT and failed to comply with the conditional order issued therein. In those circumstances, the plaintiff cannot re-agitate the matter before this Court.

(iv) The plaintiff did not avail of the SBI OTS scheme 2017 and availed of the SBI OTS scheme 2018. Therefore, the plaintiff cannot seek relief in respect of the SBI OTS scheme 2017.

(v) After availing of the SBI OTS scheme 2018 and making payments in terms thereof, the defendant bank filed a full satisfaction memo and proceedings in O.A.No.22 of 2015 were terminated. Consequently, the defendant bank did not enforce the order dated 30.07.2018 of the DRT-I. The present suit is, therefore, not maintainable as there was a full and final settlement.

5. The contentions of Mr.V.Raghavachari, learned senior counsel for the plaintiff, in response may be summarised as under:

(i) The order dated 30.07.2018 of the DRT-I records categorically that the fulfilment or non-fulfilment of the terms and conditions of OTS schemes does not fall within the scope of adjudication of the debt and that it is left open to the parties to agitate the same before the competent forum.



(ii) The order dated 30.07.2018 of the DRT-I recognised that the defendant bank had not filed a proper statement of account and, therefore, directed the bank to do so within 15 days.

(iii) The bank disclosed that it had charged interest for the period after the account became NPA only in October & November, 2018. The cause of action for the suit arose only upon the plaintiff becoming aware of the manner in which interest was computed by the defendant bank.

(iv) Order XXIII Rule 3-A of the Code of Civil Procedure, 1908 (the CPC) applies to a consent decree issued by a civil court and not to orders of the DRT.

6. The question that falls for consideration on the basis of the rival contentions is whether the plaint is liable to be rejected on any of the applicable grounds under Order VII Rule 11 of the CPC. In relevant part, Order VII Rule 11 CPC reads as under:

“11. Rejection of plaint— The plaint shall be rejected in the following cases:—

(a) where it does not disclose a cause of action;

....

(d) where the suit appears from the statement in the plaint to be barred by any law;”



As is evident from the text of Order VII Rule 11, the applicant should establish that the plaint does not disclose a cause of action or that the suit appears to be barred by law on the basis of a statement in the plaint. The settled legal position is that an application under Order VII Rule 11 is, therefore, required to be adjudicated by examining the plaint and documents filed therewith and not with reference to the written statement or the defences raised therein.

7. On perusal of the application for rejection of plaint, it is evident that the application was filed primarily on the ground that the suit is barred by law. The said contention has been raised by relying on Section 11 of the Commercial Courts Act, which reads as under:

“11. Bar of jurisdiction of Commercial Courts and Commercial Divisions.—Notwithstanding anything contained in this Act, a Commercial Court or a Commercial Division shall not entertain or decide any suit, application or proceedings relating to any commercial dispute in respect of which the jurisdiction of the civil court is either expressly or impliedly barred under any other law for the time being in force.”

The language of Section 11 reveals that the Commercial Court or the Commercial Division should not entertain or decide a suit, if the jurisdiction of the civil court is either expressly or impliedly barred by any other law. Hence, it becomes necessary to examine whether the present suit is barred by any other law.



8. The proceedings before the DRT were instituted under the RDB Act.

Section 18 thereof prescribes a bar on the jurisdiction of courts, other than the Supreme Court and the High Court exercising jurisdiction under Article 226 and 227 of the Constitution of India. The said provision, in relevant part, reads as under:

“18. Bar of jurisdiction.—On and from the appointed day, no court or other authority shall have, or be entitled to exercise, any jurisdiction, powers or authority (except the Supreme Court, and a High Court exercising jurisdiction under articles 226 and 227 of the Constitution) in relation to the matters specified in section 17.”

It is clear from the text of Section 18 that the ouster of jurisdiction applies to matters falling within the remit of Section 17 of the RDB Act. Section 17(1) is relevant and is set out below:

*“17. Jurisdiction, powers and authority of Tribunals.—
(1) A Tribunal shall exercise, on and from the appointed day, the jurisdiction, powers and authority to entertain and decide applications from the banks and financial institutions for recovery of debts due to such banks and financial institutions.”*

Thus, the Tribunals constituted under the RDB Act are empowered to entertain and decide applications from banks and financial institutions for the recovery of debts due to such banks and financial institutions.



9. In this case, on perusal of the plaint, it follows that the grievance of the plaintiff and the remedies requested pertain to the alleged erroneous computation of interest after the account turned NPA while computing the amount due and payable under the SBI OTS 2017 scheme; the alleged unlawful cancellation of the OTS offer; and the alleged consequential monetary losses incurred by the plaintiff. While considering contentions pertaining to the alleged non-compliance with the terms of the SBI OTS 2017 scheme, DRT-I recorded as under in paragraph 22.8 of order dated 30.07.2018:

“22.8 I have carefully perused the aforesaid rulings. The issue involved in the cases above, was non-consideration of OTS Scheme by the Bank of Financial Institution, unlike the present case, where the issue involved is whether or not the defendants have complied the terms of OTS schemes. That apart, the fact situation referred to in the aforesaid rulings and the case on hand are entirely different. In the considered opinion of the Tribunal, the question involved in this OA is not the refusal to enforce OTS schemes, supra, by the applicant bank despite the alleged compliance, but the very compliance of the terms of OTS by the defendants. Any enquiry as regards fulfilment or non-fulfilment of terms and conditions of OTS Schemes by the parties, in the considered opinion of the Tribunal, do not fall within the scope of adjudication of debt, given the scheme of RDB Act. Therefore, the Tribunal is not inclined to express any opinion on the respective contentions of both sides, insofar as they relate to



*compliance of the terms of SBI-OTS Schemes 2016 and 2017
and it is left open to the parties to agitate the same before a
competent Forum, if they are so advised. ”*

10. The above extract reveals that DRT-I concluded that fulfilment or non-fulfilment of the terms and conditions of the OTS scheme by the parties does not fall within the scope of adjudication under Section 17 of the RDB Act. Therefore, the DRT expressly left it open to the parties to agitate the matter before the competent forum. Considering the ambit of Section 17, the above conclusion of the DRT-I and the nature of the suit, including remedies claimed therein, I conclude that the suit is not barred on account of Sections 17 and 18 of the RDB Act read with Section 11 of the Commercial Courts Act.

11. Learned counsel for the defendant also contended that the plaintiff availed of the SBI OTS 2018 scheme and that remittance was made in terms thereof. Upon receipt of remittance from the plaintiff, he pointed out that a full satisfaction memo was filed before the DRT-I and proceedings in O.A.No.22 of 2015 were terminated. Having opted for this course of action, learned counsel contended that the suit is not maintainable. Order XXIII Rule 3-A of the CPC incorporates an express bar to a suit to set aside a decree on the ground that the compromise was not lawful. The said provision is applicable only in relation to the compromise of a suit under Order XXIII Rule 3 of the CPC, and not to a settlement recorded by the DRT.



12. In response to a question as to whether an analogous provision exists in the RDB Act or the rules framed thereunder, learned counsel for the defendant referred to Rule 12(8) of the Debts Recovery Tribunal (Procedure) Rules, 1993 and the same reads as under:

*“12. Filing of written statement and other documents
by the defendant and by the applicant as a reply to the written
statement:*

.. ..

*(8) Where a defendant makes an admission of the full
or part of the amount of debt due to a bank or financial
institution, the Tribunal shall order such defendant, to pay
such amount, to the extent of the admission, by the applicant
within a period of thirty days from the date of such order,
failing which the Tribunal may issue a certificate in
accordance with section 19 of the Act to the extent of amount
of debt due admitted by the defendant. ”*

As is evident from the language of the sub-rule, it prescribes that the Tribunal shall direct the defendant to pay the amount admitted as the debt due to the bank or financial institution concerned and further enables the Tribunal to issue a certificate to the extent of the debt admitted by the borrower. Rule 12(8) does not incorporate a bar on the institution of proceedings pursuant to the issuance of an order or certificate thereunder. Undoubtedly, even in the absence of a provision analogous to Order XXIII Rule 3-A of the CPC, it is open to the



defendant to plead accord and satisfaction as a defence to an action. Such defence, however, cannot form the basis of an application to reject the plaint on the ground that the suit is barred by law.

13. A brief discussion on whether the plaint discloses or fails to disclose a cause of action is warranted. In the plaint, at paragraph 71 thereof, the plaintiff has set out in detail the cause of action. At paragraph 67 thereof, the plaintiff has set out the basis of computation of the monetary claim made in consequence of the declaratory relief claimed in the suit.

14. In substance, it appears that the plaintiff's grievance is that it would not have been liable to make any further payment if its dues had been computed in accordance with the SBI OTS 2017 scheme. By virtue of failing to comply with the terms of the said scheme, the plaintiff's case is that it had suffered a monetary loss of Rs.11.92 crores + 2.62 crores along with interest thereon. At this juncture, one is not concerned with the sustainability of either the declaratory or monetary remedies claimed by the plaintiff. The contentions of learned counsel for the defendant that these claims relate to a proposed contractual arrangement; that the SBI OTS 2017 scheme was not followed through on account of the plaintiff's failure to adhere to the terms thereof; that accord and satisfaction was reached under the SBI OTS scheme 2018; and that, in the circumstances, the plaintiff cannot claim remedies for alleged losses on



account of alleged non-compliance with the terms of the SBI OTS scheme 2017 would warrant close consideration while determining the sustainability of the suit. Considering the fact that the sustainability of the action is not material while considering and disposing of an application to reject the plaint, the said contentions do not carry the defendant far.

15. Therefore, the defendant has failed to establish that the plaint does not disclose a cause of action or that the suit is barred by law. Consequently, the application fails. For the avoidance of doubt, it is clarified that the dismissal of this application will not stand in the way of the defendant filing applications under other provisions of law, including but not limited to Order XIII-A of the Commercial Courts Act.

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SENTHILKUMAR RAMAMOORTHY J.

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