

IA No. GA/1/2025
In
CS/33/2025
IN THE HIGH COURT AT CALCUTTA
ORDINARY ORIGINAL CIVIL JURISDICTION

DURGAPUR ISPAT UDYOG PRIVATE LIMITED AND ORS.
VS
CENTRAL BANK OF INDIA

BEFORE:

The Hon'ble JUSTICE ARINDAM MUKHERJEE

Date: 8th July, 2025.

Appearance:
Mr. Ishaan Saha, Adv.
Ms. Akansha Singhania, Adv.
For plaintiffs
Mr. Mainak Bose, Sr. Adv.
Ms. A. Rao, Adv.
For defendant

The Court:- After hearing the plaintiffs and the defendant bank the brief facts in respect whereof there is no dispute are as follows:-

On 10th June, 2011 the plaintiff company availed a loan from the defendant bank for a sum of Rs. 60 crores. There was a default on the part of the plaintiffs in repaying the loan amount as a consequence whereof the plaintiff's account was classified as a 'non performing asset (in short NPA) on and from 22nd December, 2015. The outstanding amount as per the bank as on 22nd December, 2015 was Rs. 23,64,35,006.65p. The bank initiated an

original proceedings under Section 19 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 in short (DRT Act) for a sum of Rs. 32,45,92,142/-. The original application was numbered as O.A. No. 448 of 2017. During the pendency of the proceedings before the Debts Recovery Tribunal in short (DRT) and One Time Settlement in short (OTS) scheme was approved for settlement of the dues of the plaintiffs. The settlement amount was Rs. 32 crores against which the plaintiffs were required to pay only Rs. 12 crores in four installments within one year. The first installment was fixed for Rs. 4 crores. The second and third installments were of Rs.3 crores and the fourth installment was of Rs.2 crores. On the basis of such settlement, the original proceedings being O.A. No.448 of 2017 was settled by recording the terms of the settlement and by issuance of a certificate in respect thereof. The settlement took place on 1st March, 2019 and the certificate was issued on 29th June, 2019. The OTS provided for recovery of rent interest in case of default by the plaintiff. The plaintiff paid the first installment of Rs. 4 crores.

It is the case of the plaintiffs that the plaintiffs brought purchasers to purchase its secured assets for a sufficient consideration money to be paid directly to the bank for being adjusted against the money under 2nd to 4th installment but the bank did not allow such sale. This happened more than once as a consequence whereof, the plaintiffs could not pay the balance sum of Rs. 8 crores as payable under the 2nd, 3rd, and 4th installments as agreed upon between the parties.

The defendant bank alleging that due to default on the part of the plaintiffs, the bank has become entitled to recover the original amount settled through OTS i.e., Rs.32 crores, the bank had put the securities of the plaintiffs available with it for sale through auction and have realized a sum of Rs.2,94,15,000/- and a sum of Rs.5,00,56,000/-. The bank has filed a recovery proceedings before DRT-II, Kolkata, for recovery of the balance amount after adjusting Rs. 4 crores, Rs.2,94,15,000/ at Rs.5,00,56,000/- from Rs.32 crores.

This suit has been filed by the plaintiffs for damages alleged to have been suffered on the refusal by the bank to allow the sale of the securities to the purchasers brought by the plaintiffs. The bank has disputed the fact that the plaintiffs having suffered any loss and damages on the ground of any act on the part of the bank. The plaintiffs also dispute that on default Rs.32 crores became realizable from the plaintiff but the bank has struck to such stand.

Instead of going into any further hearing, it appears to this Court that the parties can negotiate amongst themselves to arrive at a reasonable figure payable by the plaintiffs to the bank for settlement of the banks residual claim against the plaintiffs. This Court has observed that the bank may think in the following line to arrive at a reasonable recoverable amount.

Admittedly, there has been a default in paying Rs.8 crores as per the OTS which culminated into the certificate. The bank is entitled to claim and realize penal interest on the amounts of default in respect of OTS which

culminated into the certificate. The bank, therefore, can compute the penal interest of Rs. 8 crores up to the date of sale of the two securities and adjust the sale proceeds received from auction sale against its debt comprising of principal sum of Rs. 8 crores and the penal interest. There has been a delay in the bank in realizing the difference between unpaid principal amount of Rs. 8 crores with accrued interest thereon at penal rate after deducting the sale proceeds receipt. The bank may treat the difference amount to be the principal sum and compute penal interest on the same from the date of adjustment of the sale proceeds till actual payment and can invite the plaintiffs to pay the same in the event the bank is agreeable to such settlement. The plaintiffs if a proposal in the like nature as discussed hereinabove is given by the bank may agree to accept the same and pay the money towards full and final settlement of the debts owed by it to the bank.

This mechanism suggested by the Court is without prejudice to the rights and contentions of the parties and will not create any equity in favour of either of the parties. The matter will be heard on merits if no settlement cannot be arrived at.

In order to give the parties sufficient time, let this matter be adjourned and shall appear on 8th August, 2025.

(ARINDAM MUKHERJEE, J.)