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C.A.No. 7784 OF 1997

ITEM NO.102

COURT NO. 6

SECTION XVI

SUPREME COURT OF INDIA
RECORD OF PROCEEDINGS

Civil Appeal No..7784 of 1997

Punjab National Bank Appellant (s)

Versus

K.R.Steel Union Ltd. & Ors. Respondent (s)

(With Office Report)

WITH

T.P.(C)No.378/1997

Dated:17/03/2004: These matters were called on for hearing today.

CORAM

HON'BLE MR. JUSTICE B.N. AGRAWAL

HON'BLE MR. JUSTICE D.M. DHARMADHIKARI

For Appellant (s) Mr. Gourab Banerji, Sr.Adv.

Mr. Saurav Agrawal, Adv.

Ms. Jasmine Dhanukwala, Adv.

Ms. Avantika Keshwani, Adv.

Mrs. M.Karanjawala, Adv.

For Respondent (s)Mrs. Meenakshi Arora, Adv.

Mr. Vikrant Singh, Adv.

Mr. Niraj Sharma, Adv.

Mr. SC. Ghosh, Adv.

Mr. MK. Mandal, Adv.

Mr. S. Mukherjee, Adv.Mr. Parijat Sinha, Adv.

Mr. Goodwill Indeevar, Adv.

Ms. Anamika Sinha, Adv.

Ms. Radha Rangaswamy, Adv.

UPON hearing counsel, the Court made the following

O R D E R

After hearing learned counsel for the parties for about half an hour, the Court dismissed the transfer petition and allowed the appeal. No costs.

(S. Thapar)
PS to Registrar

(V.P. Tyagi)
Court Master

The signed order is placed on the file.

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO.7784 OF 1997

Punjab National Bank Appellant (s)

Versus

K.R.Steel Union Ltd. & Ors. Respondent (s)

with Transfer Petition © No. 378 of 1997

O R D E R

Transfer Petition (C)No. 378/1997

Heard the parties.

The transfer petition is dismissed as having become infructuous.

Civil Appeal No. 7784 of 1997

This appeal by Special Leave has been preferred against the Order dated 20th August, 1997 rendered by Calcutta High Court whereby contempt proceeding has been initiated against the Chief General Managers of Punjab National Bank and State Bank of Indore. It appears that M/s K.R. Steel Union Ltd., Respondent No.5, made a reference under Section 15(1) of Sick Industrial Company (Special Provision) Act, 1985 (hereinafter referred to as the 'Act') to BIFR which was numbered as Case No.11/93. BIFR by order dated 7th September, 1994 came to the conclusion that prima facie respondent No.5 - Company should be wound up under Section 20 of the Act,

which order was confirmed on 19th April, 1995 making a recommendations thereunder for winding up of the Company. The recommendations was forwarded to the Registrar, Bombay High Court as the registered office of the company was within the jurisdiction of Bombay High Court. A writ application was filed being C.O.No.10213 of 1995 by Employees Union of the said company before the Calcutta High Court on 23.6.95 challenging the said recommendations whereupon on the same day the High Court passed an order directing that no further action shall be taken pursuant to the recommendations. Thereupon, the appellant - Bank filed a suit for realising its dues. State Bank of Indore, respondent No.9, also filed a suit for realising its dues. When the matter came up before the Calcutta High Court for confirmation of interim order, the High Court felt that filing of the two suits aforesaid, amounted to contempt of interim order passed by the High Court on 23rd June, 1995. As such, the Court initiated a proceeding for contempt against Chief General Managers of both the banks. Challenging the aforesaid order the present appeal has been filed by way of Special Leave.

Having heard the parties and perused the impugned order, we are of the view that merely because the two banks had filed suits before the Bombay High Court, the same, in the facts of the present case, would not amount to violation of interim order dated 23rd June, 1995 passed by the Calcutta High Court as action taken by the two banks with the approval of the Appellate Authority, in our opinion, was bona fide one. This being the position, the High Court was not justified in initiating the contempt proceeding in the present case.

Accordingly, the appeal is allowed and the impugned order initiating the contempt proceeding is hereby set aside. No costs.

.....J
(B.N. Agrawal)

.....J
(D.M. Dharmadhikari)

New Delhi,
March 17, 2004