

IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT CHENNAI

Dated the 09th of April, 2026

PRESENT: Hon'ble Mr. Justice G. Chandrasekharan
CHAIRPERSON

RA 25/2011

(Appeal No.4/2005 in DRC No.129/2004 in OA No.274/2002 on the file of DRT-II, Chennai)

Between

The Hongkong and Shanghai
Banking Corporation Ltd.,
No.30, Rajaji Salai
Chennai - 600 001.

... *Appellant*

And

1. Canara Bank
No.131, Audiappa Naicken Street
Chennai - 600 079.
2. M/s. Famtex Exports Pvt. Ltd.
Rep. by it's Director, Mr.Moosa Ahmed
No.33, Kalaimagal Nagar,
Guindy Industrial Estate,
Ekkattuthangal, Chennai – 600 097.
3. M/s. Edelweiss Asset Reconstruction Company Limited,
Acting in the capacity of SARC trust – SC-47,
Registered office at : 15th Floor, CST Road, Kalina,
Mumbai, Maharastra – 400098

.... *Respondents*

<i>Counsel for Appellant</i>	:	<i>Mr. R. Srinivasan for M/s. R & P Partners</i>
<i>Counsel 1st Respondent</i>	:	<i>Mr. S. Pandurangan</i>
<i>Counsel for 2nd Respondent</i>	:	<i>M/s. Ananda Gomathy</i>

ORDER

1. This Appeal is filed against the order passed by Learned Presiding Officer, DRT-II, Chennai, in Appeal No. 4/2005 in DRC No.129/2004 in O.A. 274/2002, on 18.11.2010.

2. It is the submission of Learned Counsel for Appellant that the proceedings before Recovery Officer, DRT-II, Chennai, in DRC No.129/2004 in the matter of Canara Bank, A.N. Street, Chennai Vs. Hanvit Bank, Seoul, South Korea and HSBC Bank, 452, Fifth Avenue, New York, USA, on 25.04.2005, Learned Recovery Officer rejected the contention of Appellant that HSBC Bank, USA and HSBC Bank, Chennai, are two different entities and directed the Appellant HSBC Bank, Chennai, to pay the amount demanded in Demand Notice. In the Appeal filed against the order of Recovery Officer, Learned Presiding Officer, DRT-II, Chennai dismissed the Appeal No. 4/2005 on 18.11.2010 confirming the order of Learned Recovery Officer. Therefore, this Appeal is filed.

3. When the matter is taken up today, Learned Counsel for 1st Respondent, Canara Bank submitted that Canara Bank had assigned its loan to M/s. Edelweiss Asset Reconstruction Company Limited. Thereafter, M/s. Edelweiss Asset Reconstruction Company Limited entered into settlement with the borrowers and filed a Memo with regard to settlement reached, and on that basis, DRC No. 139/2008 was recalled. It is his case that M/s. Edelweiss Asset Reconstruction Company Limited has not been impleaded as Respondent then and the 1st Respondent, Canara Bank has no say in this matter.

4. This Tribunal, on going through records, found that, in an order passed in I.A. 2019/2008 in URA No. 43/2008 on 27.02.2015, this Tribunal recorded as follows:-

“Against the recovery of a sum of Rs. 10,76,92,303.13p, the Defendants 1 to 6 approached the Respondent namely Edelweiss Asset Reconstruction Company Limited with an offer of Rs.8.10 Crores. The

said offer was accepted by Respondent and an upfront amount of Rs.25 Lakhs was received by Respondent and a Joint Compromise Memo was entered into between borrowers and the Bank with a default clause. In term of the Joint Compromise Memo, OA was dismissed as settled out of court on 26.05.2024. However, the borrowers did not adhere to the conditions stipulated in the Join Compromise Memo. Therefore, Bank filed an Application in IA No. 494/2004 invoking the default clause and to permit to proceed with OA 274/2002, claiming the entire amount with interest. This IA was allowed holding that the Bank is entitled to Recovery Certificate for a sum of Rs. 10,76,92,303.13p with interest at 17% p.a. with quarterly rests from the date of OA till the date of realization, after giving credit to Rs.25 Lakhs paid by borrowers. Against this order, the Appeal was filed. This Tribunal noting that the debt was assigned by the erstwhile creditors to M/s. Edelweiss Asset Reconstruction Company Limited on the basis of Assignment Deed dated 26.06.2014 and that no illegality

was found in order passed in IA No. 494/2004, dismissed the Appeal.”

5. Thereafter, it is seen from the notes of the proceeding of DRT dated 16.04.2015 that the Applicant Bank filed a Memo in SR No. 2637 dated 16.04.2015 stating that entire amount has been settled. DRC No. 139/2008 was recalled. The Memo dated 16.04.2015 is also available which is filed by M/s. Edelweiss Asset Reconstruction Company Limited informing that the payment was made by Defendant Nos.1 to 6 for a sum of Rs.7.63 Crores towards full and final settlement of the entire loan due, with a prayer to dismiss the O.A. No. 274/2002.

6. Learned Counsel for Appellant not satisfied with the dismissal of OA No. 274/2002, submits that there are two DRC numbers given. The order impugned reads the DRC No.129/2004, whereas the proceedings dated 16.04.2015 refers about recalling of DRC No. 139/2008 in OA 274/2002.

7. The perusal of the record shows that the DRT-II, Chennai, by order dated 19.05.2004 in IA 44/2004 in OA 274/2002, directed the issuance of Recovery Certificate, vide order dated 17.02.2004. Consequently, the interim DRC No. 129/2004 was issued. However, in terms of the compromise settlement, since no payment was made by the borrowers, the Bank filed IA 494/2004 invoking the default clause and seeking permission to proceed with OA 274/2002, for recovery of the entire suit claim along with interest. The said IA 494/2004 was allowed on 08.08.2008 empowering the Bank to recover the entire amount claimed in the OA. Accordingly, a Recovery Certificate No. 139/2008 was issued for a sum of Rs.10,76,92,303.13p with interest at 17% p.a. with quarterly rests, from the date of filing of the OA till the date of realization, after giving credit to Rs.25 Lakhs paid by borrowers. Thus, the DRC No. 139/2008 was issued against all the Defendants.

8. Aggrieved by the order dated 08.08.2008, passed by the DRT-II, Chennai in IA 494/2004 in OA 274/2002, the borrowers filed the Appeal in URA 43/2008 along with IA 2019/2008 seeking waiver of pre deposit. During the pendency of the IA 2019/2008 Waiver Application, this Tribunal, on going through the records found that Applicant, Canara Bank, had assigned the subject loan in favour of M/s. Edelweiss Asset Reconstruction Company Limited through Assignment Deed dated 26.06.2014. This Tribunal further found no infirmity in the order passed by Learned Presiding Officer, DRT-II, Chennai in IA 494/2004 in OA 274/2002, and accordingly, dismissed the Appeal itself on 27.02.2015, as referred in paragraph 4. Thereafter, on 15.04.2015, M/s. Edelweiss Asset Reconstruction Company Limited filed a Memo before the DRT stating that the Defendants 1 to 6 had paid Rs.7.63 Crores towards the loan account, on 31.03.2015 towards full and final settlement of the entire amount due to M/s. Edelweiss Asset Reconstruction Company Limited, and on that basis, prayed to dismiss the OA 274/2002. On the

basis of said Memo, Learned Presiding Officer, DRT-II, Chennai passed an order on 16.04.2015 as follows:-

“The applicant bank filed a memo vide SR No. 2637 dt. 16.04.2015 stating that the entire amount has been settled. DRC No. 139/2008 is recalled.”

Then, on the basis of the Memo filed by M/s. Edelweiss Asset Reconstruction Company Limited, all the original documents had been released to the Applicant.

9. In view of the said settlement, it is seen that DRC No.139/2008 in OA 274/2002 is no longer pending. The earlier interim DRC No. 129/2004 issued pursuant to the compromise entered, and upon failure to comply the terms, culminated in the issuance of a fresh Recovery Certificate in DRC No. 139/2008 as per order in IA 494/2004.

10. The Appeal was originally preferred against order dated 18.11.2010 passed in Appeal No.4/2005 in DRC No. 129/2004 in OA 274/2002, which was only against an interim Recovery Certificate. As on date, no Original Application is pending. On entire amount having been settled out of court, the Recovery Certificate had been recalled.

11. Under such circumstances, this Appeal filed against the order of Learned Presiding Officer, DRT-II, Chennai is devoid of merits, and accordingly, the Appeal in RA 25/2011 is dismissed with costs of the Respondents. All pending IAs, if any, stand closed.

[Dictated to Athistamani, PS, in open court, transcribed by her, corrected and signed by me this 09th of April, 2026]

[Justice G. Chandrasekharan]
CHAIRPERSON