IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT CHENNAI

Dated the 18th of August, 2026

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

RA (SA) 38/2019
(SA No.298/2017 on the file of DRT-III, Chennai)

Between

1. MRS. M. B. THILAGAVATHI,
W/o. Mr. B. Kuamaran Krishna,
Old No.3 & 3A, New Door No. 7,
Sanjeevarayan Kovil Street,
Cuddalore Old Town – 607 003.

2. MR. B. KUAMARAN KRISHNA,
S/o. Mr.Balakrishna
Old No.3 & 3A, New Door No. 7,
Sanjeevarayan Kovil Street,
Cuddalore Old Town – 607 003.

Appellant

And

1. THE CATHOLIC SYRIAN BANK LTD.,
Zonal Office, Chennai,
7th Floor, Rani Seethai Hall,
Anna Salai, Chennai – 600 006.

2. THE CHIEF MANAGER
THE CATHOLIC SYRIAN BANK LTD.,
Avadi Branch,
Avadi, Chennai-94

…Respondent

Counsel for Appellants : *Mr. A. Periasamy*
Counsel for Respondents : *Ms. S. R. Sumathy*

ORDER

1. This Appeal is filed against the order passed by the Learned Presiding Officer, DRT-III, Chennai, in SA 298/2017.

2. Learned Counsel for the Appellants submitted that the Appellants filed SA 298/2017 to set aside the Possession Notice dated 19.09.2017. The main ground taken in the Securitization Application is that the Appellants applied for a loan of Rs.90,00,00/- under the scheme called "NEEDS" (New Entrepreneur cum Enterprise Development Scheme). As per this scheme, he was sanctioned loan of Rs.90,00,000/-, but, only Rs.55,50,000/- was disbursed. There had been unauthorized transfer of a sum of Rs.34,50,000/- from the account as detailed below:-

The following are the unauthorized entries:

23.10.2015 - Rs.9,50,000/- cash
23.10.2015- Rs.5,00,000/-Transfer to Gunavathi A/c.

23.10.2015-Rs.15,00,000/-transfer to Sri Sai Publication A/c.

23.10.2015- Rs.4,00,000/- Transfer to Sundarsan A/c.

23.10.2015-Rs.1,00,000/- transfer to Velan Loan A/c.

2.1 Appellants were also paying EMI regularly from November-2015 till 23rd September 2016 to the tune of Rs.11,17,600/- The details of payment are as follows:-

24.11.2015	-	Rs.1,16,803.00
31.12.2015	-	Rs.1,16,800.00
20.02.2016	-	Rs.2,33,600.00
23.05.2016	-	Rs.1,50,000.00
26.05.2016	-	Rs. 90,000.00
23.07.2016	-	Rs. 14,017.00
31.08.2016	-	Rs. 11,000.00
03.09.2016	-	Rs.1,16,800.00
03.09.2016	-	Rs.1,02,783.00
20.09.2016	-	Rs. 49,000.00
23.09.2016	-	Rs.1,16,800.00
Total		Rs.11,17,600.00

2.2 It is further submitted that despite regular payment of EMIs, the Bank issued a notice under Section 13 (2) of the SARFAESI Act on 05.04.2017 claiming a sum of Rs.95,80,280.50p as due, as on 31.03.2017. The date of classification of account as NPA is stated in this notice as 30.09.2016. When the Appellants made payment of four amounts in September 2016, the classification of account as NPA is against the provisions of the SARFAESI Act and the guidelines of Reserve Bank of India. After receiving the Demand Notice under Section 13 (2) of the SARFAESI Act, Appellants sent their objection dated 03.06.2017 raising all these grounds. The Bank sent a reply dated 07.07.2017 with bald denial and not justifying the classification of account as NPA in accordance with law. Thereafter, the Bank issued Possession Notice dated 19.09.2017 necessitating the filing of the Securitization Application.

2.3 It is further submitted that Securitization Application was dismissed not on merits, but, on the ground that despite availing sufficient opportunities, applicants have not reported settlement. Bald reason was given that applicants could not establish any infirmities in the issuance of Possession Notice and there are no merits in the grounds of Securitization Application. It is apparent that Securitization Application was not disposed by considering the grounds raised by the Applicants. Police complaint has been given against the Bank officials and the panel Advocate for cheating and committing fraud in this matter and the criminal complaint is still pending. Thus, the Learned Counsel for the Appellants prays for setting aside the orders passed by the Learned Presiding Officer, DRT-III, Chennai and allow this Appeal.

3. Despite giving sufficient opportunities to the Respondents for making their submissions, the Respondents did not make their submissions on 17.06.2026. It was recorded that this Appeal was pending primarily for the submissions of the Learned Counsel for the Respondents, despite that, there was no representation for the Respondents. Therefore, the matter was adjourned to 09.07.2026, for the appearance of the Learned Counsel for

the Respondents and for completing his submissions. It was made clear that, failure to make submissions on that day, the Appeal would be disposed of on the basis of the records available and submissions of the Learned Counsel for the Appellants. On 09.07.2026, it is seen that there was no sitting and the Appeal was adjourned to 11.08.2026. Even on 11.08.2026, there was no representation for the Respondents. Thus, the opportunity given to the Respondents for making their submissions was closed and order was reserved.

4. From the submissions of the Learned Counsel for the Appellants, it can be gathered that the Appellants' claim is that the loan amount of Rs.90 Lakhs was not fully disbursed and only a sum of Rs. 55.50 Lakhs was disbursed. The Bank officials committed fraud, and therefore, a criminal complaint was registered against the Bank officials. The SA was disposed of, not on merits, but on the ground that the Appellants had not reported settlement despite giving

opportunities. The impugned order of Learned Presiding Officer, DRT-III, Chennai reads as follows :-

> *"Junior counsel representing the counsel on record for the appellant and Ld. counsel for the respondent bank are present. This SA is filed challenging the Possession Notice dated 19.09.2017 issued by the respondent bank for recovery of sum of Rs.1,01,41,837.50p.*
>
> *This is a matter coming up for reporting settlement as it is represented that appellants had entered into a negotiated settlement with the respondent bank consequent to their allegations of fraud played against them by the bank staff and Advocate by misleading the appellants. Notwithstanding the above contentions, appellants had submitted in the earlier adjournments that they are willing to settle the amount as was received by them, however did not do so despite availing more than six adjournments. Ld. counsel for the appellant had availed substantial time during his absence in the country while on vacation but still did not report on any payments or the probable settlement that was undertaken to be concluded upon.*

In the circumstances, as appellants could not establish any infirmities in issuance of subject impugned possession notice, there are no merits in the ground of appeal for the appellant and therefore the same is liable to be dismissed.

Accordingly, this appeal stands dismissed, however without costs. Interim stay, if any granted and subsisting till this day stands vacated."

Reading of this order shows that the Learned Presiding Officer has not adverted to the grounds raised in the Securitisation Application, discussed the same and gave any finding. Notwithstanding the contentions raised in the Securitization Application, Appellants had submitted during the earlier hearings that they are willing to settle the amount received by them, but did not do so despite availing more than six adjournments. It is also held that Appellants could not establish any infirmities in the issuance of Possession Notice, and there are no merits in the grounds of Appeal. This order is cryptic, non-speaking and not a reasoned order. In the Securitisation Application, the Appellants have raised the grounds that the loan amount of Rs.90 Lakhs was not fully disbursed, a sum of Rs.34.50 Lakhs was siphoned off to various other accounts, fraud was committed by the Bank Manager in collusion with Mr. Ramachandran, the classification of account as NPA is bad, etc. It is not known as to whether Respondent had filed any counter to the Securitisation Application.

5. Learned Presiding Officer has not adverted to the grounds raised by the Appellants, the points that arose for consideration and then adjudicated the case. As already stated, the main reason for dismissal of the SA was that settlement was not reported despite granting more than six adjournments. Unless the grounds raised in the SA are considered and decided, the impugned order cannot be considered to be legally sustainable order. The Hon'ble Supreme Court of India has consistently held through long line of judgements such as **S. N. Mukherjee v. Union of India,** reported in *1990 (4) SCC 594* and **Assistant Commissioner, Commercial Tax & Anr. v. M/s. Glaxo SmithKline Healthcare** reported in AIR 2020 SC 2819, that

judicial, quasi-judicial and administrative authorities exercising determinative powers are legally bound to pass reasoned and speaking orders.

6. In this view of the matter, the order of the Learned Presiding Officer is set aside. The SA No. 298/2017 is ordered to be restored to file. Learned Presiding Officer, DRT-III, Chennai, is directed to restore the SA immediately on receipt of a copy of this order and dispose of the SA, on merits and in accordance with law, as expeditiously as possible.

7. In the result, the Appeal in RA (SA) 38/2019 is allowed. Both the parties shall bear their own costs. All pending IAs, if any, stand closed.

[Dictated to Athistamani, PS, transcribed by her, corrected and signed by me this 18th of August 2026]

[*Justice* G. Chandrasekharan]
CHAIRPERSON