IN THE DEBTS RECOVERY TRIBUNAL – II AT CHENNAI

Dated this 15th day of June, 2026

PRESENT: **SHRI SHARANG DHAR UPADHYAY**
Presiding Officer

MA No.132 of 2024 in
NDN TA No.2579 of 2023

1. M/s Vintage Resorts & Clubs P Ltd.,
No. 89 Santhome High Road
R.A. Puram, Chennai – 600 028

2. Mr. Manpreet Chadha
S/o Charanjit Singh Chada
No.6, Green Park Main
New Delhi – 106

3. Mrs. Nisha Kakumanu Chadu
W/o Manpreet Chada
No.6, Green Park Main
New Delhi – 106

4. Mrs. T.S. Shanthi
No.16/13, Krishapuri 18 Street
R.A. Puram, Chennai – 600 028

5. Mr. Sarath Kakumanu
S/o Late K. Subbiah
No.29, Bishop Garden
R.A. Puram, Chennai – 600 028

6. Mrs. Sheela K. Sarath
No.29, Bishop Garden
R.A. Puram, Chennai – 600 028

7. M/s Skyscape Properties (P) Ltd.,
Rep. by its Managing Diretor
No.89, Santhome High Road
R.A. Puram, Chennai – 600 028 ….Petitioner / Certificate Debtors

Versus

Union Bank of India
(Erstwhile Andhra Bank)
Asset Recovery Branch
No.9, Elcanso Complex
Casa Major Road, Egmore
Chennai – 600 008 …Respondent / Certificate Holder

ORDER

1. This MA is filed praying to record full satisfaction and terminate the recovery proceedings initiated in TRC No.432 of 2022.

2. The facts of the case, in brief, as averred in the application are as follows:-

(a) The erstwhile Andhra Bank filed OA No.1 of 2012 for recovery of a sum of Rs.4,85,54,271.30p together with further interest. The Tribunal by its order dated 31.8.2017 allowed the OA and directed issuance of Recovery Certificate for a sum of Rs.4,85,54,271.30p with interest at the rate of BPLR+1% from 27.11.2012 till date of realization and further to give due credit the amount paid by the defendants pursuant to the order in SA No.156/2012 dated 27.11.2012 and the other payments, if any, made by the defendants and the balance amount only shall be claimed.

(b) Pursuant to the same, Recovery Certificate came to be issued on 20.01.2019 ordering for recovery of a sum of Rs.3,63,64,311.30p.

(c) Thereafter, MA No.14/2019 was filed by the Petitioner to amend the Recovery Certificate issued on 20.01.2019. The Respondent also filed counter conceding to the same. The Tribunal allowed the application by its order dated 27.9.2019 and in pursuance of the same amended Recovery Certificate as follows: -

"*It is ordered that the applicant bank is entitled for a Recovery Certificate to recover a sum of Rs.4,85,54,271.30p with interest BPLR+1% from 1.1.2011.*

The amount paid by the defendants pursuant to the order in SA No.156 of 2012 dated 01.01.2011 and the other payments, if any, made by the defendants shall be given due credit and the balance amount only shall be claimed"

As per the above order, the respondent can claim only the remaining amount and nothing more.

(d) The Recovery Officer, DRT-I contrary to the final order issued a demand notice dated 29.10.2019 claiming a sum of Rs.4,85,54,271.30p without giving due credit to the amounts paid by the Applicant in SA No.156 of 2012. The Recovery Certificate dated 20.01.2019 issued prior to the order of amendment was for Rs.3,63,64,311.30p and after the order dated 27.9.2019, the amount would further reduce. Hence immediately the certificate debtors sent a letter dated 19.11.2019 explaining the facts and also filed affidavit in SR No.12958 to issue demand notice as per the final order. No orders have been passed by the Recovery Officer on the said affidavit and the same is still pending.

(e) In the year 2012, the erstwhile Andhra Bank brought the property for sale under SARFAESI Act and challenging the same the petitioners filed SA No.156 of 2012 and interim stay was granted on 27.11.2012. During the hearing the bank agreed to received the outstanding amount with interest at the rate of BPLR+1% from 01.01.2011. Inspite of compliance of the conditional order the sale was confirmed and sale certificate was issued and registered in one day. Hence SA No.5 of 2013 was filed to set aside the sale and the same was allowed on 8.12.2015. In the said SA the petitioners deposited the entire outstanding amount with the Respondent Bank and the bank confirmed the same during the hearing held on 4.3.2013. Recording the said submission the Tribunal vide order dated 8.12.2015 set aside the sale and allowed the SA No.5 of 2013.

(f) Challenging the said order appeal was filed by the bank before DRAT and CRP. The writ petition filed by the purchaser before the Hon'ble High Court of Madras was dismissed on31.5.2017 and 08.11.2018 respectively. The appeal filed by the purchaser in RA(SA) No.107 of 2017 before Hon'ble DRAT seeking for stamp duty was partly allowed on 12.03.2020 by directing the petitioners to pay 50% of the stamp duty and the said order was confirmed by the Hon'ble High Court in CRP No.1341 of 2020 and 1375 of 2020 on 5.8.2021. The defendants have also paid the amount.

(g) In the meantime, Andhra Bank got merged with Union Bank of India and after the merger the Union Bank of India filed statement of accounts along with memo dated 19.5.2022 claiming a sum of Rs.2,35,47,906.30p which is totally contrary to the final order passed by the Tribunal. The petitioners filed objections to the statement of accounts filed by the bank stating that the defendants are liable to pay only Rs.57,89,769/-.

(h) The Recovery Officer vide order dated 8.8.2022 directed the petitioners to pay the admitted amount of Rs.57,89,769/- and the said amount was paid by the petitioners by demand draft dated 22.8.2022.

(i) In the meantime the case was transferred from DRT-I to DRT-II owing to pecuniary jurisdiction and before the Ld. Recovery Officer, DRT-II Chennai the bank filed another statement of accounts dated 19.6.2023. The petitioners filed objections. The petitioners filed an affidavit before the Ld. Recovery Officer to record full satisfaction memo as the entire amount has been paid. The Ld. Recovery Officer returned the application stating that he has no powers and 'matter pertains to registry'. Hence the present petition is filed praying for recording fully satisfaction.

3. The Respondent Bank filed its counter stating that: -

(a) The first petitioner / Applicant Bank had approached the applicant bank for credit facilities for their business purpose. The Respondent /

Applicant bank had Sanctioned Cash Credit of Rs.5 Crores, Term Loan of Rs. 89 Lakhs on04.01.2008, the second to seventh petitioners/Certificate Debtors had executed the Guarantee Agreement dated 27.03.2008 and 19.03.2008 in favour of the respondent/ applicant Bank for the due repayment of the said facilities. The applicant had renewed the Cash Credit facility of Rs. 390 Lakhs on 06.09.2009. The fifth and seventh defendant had created mortgage of their properties to secure the above dues and repayable by the first petitioner. The petitioner had committed default to repay the said facilities. Hence, the first petitioner's account was declared as NPA on 31.12.2010 as per the guidelines issued by RBI. The Respondent Bank had issued Demand Notice to the Petitioners under Section 13 (2) of SARFAESI Act on 10.02.2011.the petitioner failed to discharge the liability, the applicant Bank had filed OA against the petitioner for recovery of dues of Rs. 5,95,75,187.30 as on 28.12.2011 before the Hon'ble DRT-I, Chennai.

(b) In the meantime, the respondent Bank had initiated SARFAESI Action against the secured assets in Vacant Land an extent of 31.75 Cents in Kottivakkam Village, and another property vacant land an extent of 8.6 cents in Kottivakkam property by issuing Sale Notice dated 22.10.2012 auction held on 28.11.2012, the Petitioners had challenged the said Sale Notice before the Hon'ble DRT-I, Chennai vide S.A. No.156 of 2012, The Hon'ble DRT-I, Chennai vide order dated 27.11.2012 as follows:-

i. the Borrower to deposit Rs.1 Crores within 30 days from27.11.2012, if the borrower deposit of Rs.1 Crores then they have to make payment of the balance amount with interest charged as per BMPLR+1% to be paid on or before 28.02.2013. if the borrower fail to deposit the balance amount, the Bank may confirm the sale in favour of the highest bidder on 01.03.2013.

ii. if the borrower fails to deposit the initial amount of Rs.1 Crores on or before 26.12.2012, the Bank is at liberty to confirm the sale on 27.12.2012.

(c) The respondent had sold the vacant land an extent of 8.6 cents in Kottivakkam property for sale amount of Rs.2,60,40,000/-to one M/s. Vinplex Pvt Ltd., however the respondent could not confirmed the sale in favour of the successful bidder in term of the said order, the first petitioner had failed to comply the first conditional on 26.12.2012 and hence, the Respondent Bank had confirmed the sale in favour of the auction purchaser on 27.12.2012, the sale proceeds were also appropriated towards part payment of the petitioner loan account and the sale Certificate has been issued in favour of the auction purchaser on 31.12.2012, the petitioner had also challenged the said sale before the Hon’ble DRT-I, Chennai in S.A.No.5 of 2013.

(d) The petitioner had filed an application for extending the time for compliance of the first conditional order in S.A. No.156 of 2012 before the Hon’ble DRT-I, Chennai, and obtained order of extension on

04.01.2023 without notice to the respondent. The respondent had confirmed the sale in view non-compliance the first conditional order dated 27.11.2012 by the petitioner, the Hon'ble DRT-I, Chennai has disposed the SA No.156 of 2012 with direction to the petitioner to pay the balance amount as per 13(2) Notice dated 10.02.2011 with interest charged at BPLR plus 1% on or before 28.02.2013.

(e) Similarly the SA No.5 of 2013 against the auction sale filed by the petitioners was allowed by the Hon'ble DRT-I, Chennai on 08.12.2015 with direction to the respondent Bank to return the sale consideration to the auction purchaser with interest. The respondent Bank had preferred an appeal before the Hon'ble DRAT, Chennai in R.A. (SA) No.2 of 2016 as against the order dated 08.12.2015 in S.No.5 of 2013 passed by the Hon'ble DRT-I, Chennai, The Hon'ble DRAT had dismissed the said appeal on 31.05.2017 and confirmed the order of DRT-I, Chennai. Aggrieved by the said order, the Respondent Bank had preferred the Civil Revision Petition before the Hon'ble High Court of Madras in CRP (NPD)No.3780 of 2017 and the same was dismissed by the Hon'ble High Court vide order dated 08.11.2017. Then, the applicant bank has returned the sale proceeds of Rs.2,60,40,000/- along with interest of Rs.1,03,20,003/- totalling Rs.3,63,60,003 to the auction purchaser on 20.04.2018.

(f) The auction purchaser had also filed an appeal before the Hon'ble DRAT, Chennai in R.A. (SA) No.107 of 2017 as against the order dated 08.12.2015 in S.No.5 of 2013 passed by the Hon'ble DRT-I, Chennai. The Hon'ble DRAT had partly allowed the said appeal on 12.03.2020 with direction to the respondent to refund of Rs.11 Lakhs (Half of the stamp duty), to the auction purchaser and the Bank will recover this amount from the borrower in due course according to law. Aggrieved by the said order, the auction purchaser had preferred the Civil Revision Petition before the Hon'ble High Court of Madras in CRP No.1375 of 2020 and the petitioner had filed appeal in CRP No.1341 of 2020 before the Hon'ble High Court of Madras. The above CRPs were disposed on 05.08.2021 by the Hon'ble High Court of Madras confirming the order dated 12.03.2020 passed by the Hon'ble DRAT, Chennai.

(g) After disposal of R.A. (SA) No.2 of 2016 by the Hon'ble DRAT, Chennai, the Hon'ble DRT-I, Chennai has allowed OA No.1 of 2012 filed by the respondent vide order dated 31.08.2017 that:-

a. the applicant Bank is entitled for a Recovery Certificate against the defendant jointly and severally for a sum of Rs.4,85,54,271.30 with interest of BPLR +1% from 27.11.2012 till date of realization,

b. the amount paid by the defendants pursuant to the order in SA No.156/2012 dated 27.11.2012 and the other payments, if any, made by the defendants shall be given due credit and the balance amount only shall be claimed.

c. it is further ordered that in case of default of payment by the defendants, the applicant bank is at liberty to sell the schedule B mentioned properties and appropriate the sale proceeds towards the decreetal dues.

(h) As per Final order dated 31.08.2017 in O.A.No.1 of 2012, the Recovery Certificate has been issued by the Hon'ble DRT-I, Chennai for Rs.3,63,64,311.30 on 22.10.2019 in DRC No. 30 of 2019 under Sec. 19 (7 & 22) of RDB Act after deducting payment made by the petitioners. The execution of the recovery certificate had been initiated by issuing Demand Notice dated 29.10.2019 demanding a sum of Rs.3,66,24,505.85 as on 21.10.2018 with subsequent interest as per the said Final order.

(i) The sale proceeds of Rs.2,60,40,000/- paid by the auction purchaser has been credited to the borrower loan account and the loan account was closed on 03.03.2013. As per direction of the Hon'ble DRT-I, Chennai in S.A. No.5 of 2013, the bid amount was returned to the auction purchaser along with interest of Rs.1,03,20,003/- total amount of Rs.3,63,60,003/- on 20.04.2018. Accordingly, the Certificate Debtors are liable to pay the remaining unpaid amount as per Final order dated 31.08.2017 in O.A.No.1 of 2012 passed by Hon'ble DRT-I, Chennai. The Certificate Debtors failed to challenge the said final order, the Certificate Holder had obtained on 22.10.2019 in DRC No. 30 of 2019 for Rs.3,63,64,311.30 as against the Certificate Debtors.

(j) It is incorrect to state that the petitioner has remitted a sum of Rs.1 Crores in the Loan account on 02.03.2013. All the payments made by the borrower ware credited to their operative current account initially and thereafter, the said amount has to be transferred to the loan account. The borrower has remitted a sum of Rs.1 Crores to their Current account No.022711100001440 on 02.03.2013, however, the bank has not appropriated the said amount to the loan account, since the respondent bank has already adjusted the sale amount in the borrower loan account, after adjusting the said sale amount a sum of Rs.8,48,922/- was due and payable by the borrower, whereas the said amount had been deducted from the current account from Rs.1 Crores, the remaining amount were lying in the current account. After dismissal of appeal in R.A. (SA) No. 2 of 2016 filed by the Bank before the Hon'ble DRAT, Chennai, the Bank has returned the sale amount with interest to the auction purchaser on 20.04.2018 as per order dated 08.12.2015 in S.A.No.5 of 2013. Thereafter, the remaining amount of Rs.91,51,390.70 on 02.06.2018 has been adjusted to the loan account from the current account.

(k) The petitioners are aware that the loan account was closed on payment of sale amount paid by the auction purchaser, because the sale amount has been returned to the auction purchaser the same was debited to the borrower account. It is stated that as per final order dated 31.08.2017 in O.A.No.1 of 2012, the interest has to be calculated from

27.11.2012, the Petitioner has mentioned the interest calculation table in the affidavit calculating from 01.01.2011, which is not correct. The Petitioners/ Certificate Debtors had enjoyed the sale amount during the period from 31.12.2012 to 20.04.218 paid by the auction purchaser. Further the bank had not charged any interest during the said period from 31.12.2012 to 20.04.2018. If the Bank has not credited the auction amount of Rs.2,60,40,000/- paid by the auction purchaser on 31.12.2012, the borrower account would be liable for Rs.2,65,92,967/- as on 02.03.2013 plus interest thereon. Therefore, the present petition filed by the Certificate Debtors is without any merit and is liable to be dismissed.

(l) Further, as per Final order dated 31.08.2017 in O.A.No.1 of 2012, the Bank has calculated the interest and all the payment made by the petitioner has been duly credited to the account. The petitioner had already filed an affidavit to amend the DRC as per interest calculation sheet worked out by them and the same has been rejected by the Learned Recovery Officer. As per the statement of account as on 17.06.2023 enclosed herewith a sum of Rs.1,79,16,082.43p are due and payable by the petitioner.

(m) If the appellant prayer is granted, the respondent bank would be put to irreparable loss, damage and hardship. However, if the petition is not allowed, no loss, damage or hardship would be caused to the appellant. It is submitted that this respondent being a Banking company must recover its legitimate dues to serve the persons. It is submitted that for the development of the economy of the country, financial liquidity is essential.

4. Heard the Ld. Counsels appearing on behalf of both the parties.

5. Ld. Counsel for the Petitioners relied upon the judgment of Hon'ble High court of Madras in Mrs. B. Rajarajeshwari Vs. The Presiding Officer, Debts Recovery Tribunal-II, Chennai reported in (2017) 2 LW1 in support of her contentions and also filed dates and events.

6. The point that now arises for consideration is: -

"Whether the applicants have established that the Recovery Certificate issued in DRC No.30 of 2019 stands fully satisfied and consequently whether the recovery proceedings in TRC No.432 of 2022 are liable to be terminated?"

7. Admittedly, OA No.1 of 2012 came to be allowed by order dated 31.08.2017. While granting recovery, the Tribunal specifically directed that the applicant bank shall be entitled to recover a sum of Rs.4,85,54,271.30 together with interest at BPLR + 1% and further directed that due credit shall be given to the amounts paid by the defendants pursuant to the order passed in SA No.156 of 2012 and other payments, if any, made by them and only the balance amount shall be claimed.

8. Subsequently, MA No.14 of 2019 was allowed on 27.09.2019 and the Recovery Certificate stood amended. The amended Recovery

Certificate reiterated the direction that all payments made by the defendants pursuant to the orders passed in the securitisation proceedings and other payments made by them shall be duly credited and only the balance amount shall be recoverable.

9. Thus, the Recovery Certificate itself does not authorise recovery of the decretal amount simpliciter. The entitlement of the certificate holder is confined only to the balance amount remaining due after giving credit to all payments made by the certificate debtors. Therefore, the real controversy is not regarding the decretal amount but regarding the correctness of the accounting exercise undertaken by the bank while arriving at the balance allegedly due.

10. The applicants contend that the entire liability stood discharged by reason of the payments made during the proceedings in SA No.156 of 2012 and SA No.5 of 2013, the adjustment of amounts lying in the current account, and the subsequent payment of Rs.57,89,769/- made pursuant to the order dated 08.08.2022 of the Recovery Officer. According to them, after giving effect to all such payments and adjustments, no amount survives for recovery.

11. Per contra, the respondent bank disputes the said calculations. According to the bank, the sale proceeds received from the auction purchaser were credited to the loan account resulting in closure of the account on 03.03.2013. However, after the sale was set aside and the

sale consideration together with interest was refunded to the auction purchaser on 20.04.2018, corresponding debit entries were necessarily effected. According to the bank, after giving credit to all payments made by the borrowers, a sum of Rs.1,79,16,082.43 remained due as on 17.06.2023.

12. Therefore, there is a serious dispute between the parties regarding appropriation of payments, treatment of the auction sale proceeds, and adjustment of the amount lying in the current account, commencement of interest liability and the actual balance due under the Recovery Certificate. Resolution of such issues would necessarily require examination of accounts and determination of disputed questions of fact.

13. The applicants have heavily relied upon the decision of the Hon'ble High Court of Madras in Mrs. B. Rajarajeshwari Vs. The Presiding Officer, Debts Recovery Tribunal-II, Chennai, reported in (2017) 2 LW 1. There can be no quarrel with the proposition laid down therein that once the certificate debt stands discharged, coercive recovery proceedings cannot continue and the Recovery Officer is bound to act in accordance with the Recovery Certificate as issued by the Tribunal.

14. However, the said judgment does not dispense with the requirement of establishing, on the basis of acceptable accounts and records, that the certificate debt has in fact been fully discharged. In the present case,

the very factum of full satisfaction is seriously disputed by the certificate holder bank. The bank has placed on record statements of account asserting substantial dues even after giving credit to payments made by the applicants.

15. This Tribunal finds that the materials presently available do not conclusively establish that the Recovery Certificate stands fully satisfied. Equally, the Tribunal is unable to accept the figures furnished by the respondent bank without an independent reconciliation in view of the specific directions contained in the final order dated 31.08.2017 and the amended Recovery Certificate dated 27.09.2019.

16. In the interest of justice, it is necessary that a proper statement of account be prepared strictly in conformity with the final order in OA No.1 of 2012 and the amended Recovery Certificate by giving item-wise credit to all payments made by the certificate debtors, including payments made pursuant to orders passed in SA No.156 of 2012, SA No.5 of 2013, payments adjusted from the current account, amounts realised through SARFAESI proceedings and the payment of Rs.57,89,769/- made on 22.08.2022.

17. Accordingly, the respondent bank is directed to file, within four weeks, a comprehensive reconciliation statement duly certified by a responsible officer showing - (i) all credits given pursuant to the final order dated 31.08.2017; (ii) the manner in which the sale proceeds received from

and refunded to the auction purchaser have been accounted for; (iii) the treatment of the amount of Rs.1 crore deposited by the borrowers and subsequent adjustments therefrom; (iv) the basis for calculation of interest; and (v) the exact amount claimed as due as on date. The applicants shall be at liberty to file objections thereto within two weeks thereafter.

18. Since the question whether the Recovery Certificate stands fully satisfied cannot be determined on the present record, the prayer for recording full satisfaction and termination of recovery proceedings is kept pending for consideration after filing of the reconciliation statement and objections.

19. Post on 10.07.2026 for further proceedings.

Sd/-
(SHARANG DHAR UPADHYAY)
PRESIDING OFFICER
DRT-II CHENNAI

(Dictated to PS, who typed in the system directly, corrected, signed and pronounced by me in Open Court, on this 15th day of June, 2026)