IN THE DEBTS RECOVERY TRIBUNAL-III, CHENNAI

Dated this the 07th day of July, 2026

Present: SMT. S.V. GOWRAMMA
Presiding Officer

SARFAESI APPLICATION No. 301 of 2024

Mr.N.Samsudeen
S/o Nalla Mohammed,
Plot No 7,7th street,
Eswaran Nagar,
Pammal Chennai-600 075. ….Applicant

-Vs-

The Authorized Officer,
Canara Bank,
Pammal Branch,
No.1, 5th Cross Street,
Krishna Nagar,
Pammal, Chennai -600 075. ….Respondent

Counsels on record / appeared:

Counsel for Applicant : M/s. J. Prince, K. Gayathri, R. Kannan, S. Paul Lordson Jebaraj.

Counsel for respondent : M/s. V. Jayanandakumar

ORDER ON SA 301/2024

1. The present Securitization Application [SA] is filed on 21.02.2024 under sub section [1] of S.17 of the Securitization And Reconstruction of Financial Asset and Enforcement of Security Interest Act,2002 (for short the 'Act') challenging the action and the measure taken by the secured creditor under the Security Interest Enforcement Rules, 2002 [for short the Rules].

2. The applicant has challenged the Sec.13(4) Possession Notice dated 06.01.2024 and the outstanding amount due as per Possession Notice is Rs.21,98,319.49/-

3. The Applicant is the partner of M/s. HI Tech Services, has availed a loan facility of Secured Overdraft (SOD) of Rs.20,00,000/- in the year 2009 and another facility GECL of Rs.2 Lakhs in the year of 2020. The applicant availed the said financial assistance after executing all the loan documents as required by the respondent.

3.1 The applicant was regular in repaying the loan without any delay or default. Due to the server impact on the Covid-19 pandemic, the business of the applicant suffered and applicant could not repay the interest portion. Due to some irregular payments, the accounts was classified as NPA.

3.2 The respondent has not registered the security interest before the central registry, hence cannot proceed under the SARFAESI Act. The respondent issued a demand notice dated 31.10.2023 under Sec.13(2) calling upon the applicant to pay a sum of Rs.21,98,319.49/-. The demand notice was not served on all the parties as required under the law. Further, the respondent had issued U/s.13(4) possession notice on 06.01.2024 under the SARFAESI Act, which is not served to all the parties.

3.3 The action of the respondent are being high handed and arbitrary as they charged heavy interest apart from the agreed interest and capitalized the penal interest, charged penal interest on monthly basis in contravention of the legal pronouncement of the Apex Court and RBI guidelines which is against the basic tenements of banking jurisprudence.

3.4 On the other hand, the bank have not produced the comprehensive bank statement of accounts even after the demands made by the applicant and the applicant is always willing to repay and settle the account if the respondent is giving the proper statement of account.

3.5 In the grounds it is alleged that the classification of the account as NPA is without any basis and devoid of the RBI norms and is not as per sec.2(o) of the SARFAESI Act. The sec.13(2) demand notice in not issued to all the parties and Sec.13(4) possession notice is not published in the two leading newspapers and nor affixed on the property. One these grounds, the applicant prays to set aside the Sec.13(4) possession notice dated 06.01.2024.

4. The Respondent Bank has filed the counter contending that the Applicant and his wife are partners of M/s Hitech Services had approached the Respondent Bank seeking a loan facility for the day-to-day financial operation of the firm. Upon consideration of the loan application, the Respondent Bank sanctioned a loan of Rs.2,00,000 on 25.08.2020. As security for the loan, the Applicant mortgaged the schedule-mentioned property measuring 366 sq. ft., comprised in Survey No. 105/3, situated at Pammal Village.

4.1 It is submitted that another loan of Rs.20,00,000 was sanctioned on 24.05.2022, with interest at 9.55% per annum and the firm M/s. Hitech

Services enjoyed both the loan facilities and the outstanding in the loan account as on 23.01.2024 is as under.

Facility	Limit Rs	Date of Loan document	Book O/S As on 23-1-2024	Un debited Interest Rs	Total due Including Interest Rs
Ac 61179160000128 And 61171250000080	20,00,000/- 2,00,000/-	24.05.2022 25.08.2020	19,86,282.55/- 1,34,609.94/-	Nil	19,86,282.55/- 1,34,609.94/-

4.2 The Applicant and his wife, Mrs. Parveen Fathima, committed defaults in repayment, consequently, the loan account was classified as NPA on 29.06.2022. Thereafter, in order to recover the mounting dues, the Respondent Bank issued a demand notice dated 31.10.2023 under Section 13(2) of the SARFAESI Act, demanding payment of Rs.21,67,916.95/- as on 31.10.2023 which the Applicant and his wife received the said notice on 02.11.2023, while the notice sent to M/s. Hi Tech Services returned with the endorsement "business closed."

4.3 It is submitted that the possession of the secured asset was taken on 06.01.2024. The possession notice was affixed on the property premises, and intimation was sent by Registered Post on the same day to the secured asset owner, Samsudeen, and his wife/guarantor, Parvin Fathima. Mrs. Parveen Fathima received the notice on 11.01.2024, and Mr. Samsudeen received the notice on 14.01.2024. The possession notice was also published in two newspapers one in the Indian Express and another one in Tamil Newspaper both dated 10.01.2024.

4.4 It is further submitted that the borrower firm M/s. Hitech Services or its partners Samusudeen and Parvin Fathima are not at all interested in repaying the loan and a sum of Rs.23,35,498.43/- is due as on 05/06/2024 recoverable from the borrower.

4.5 It is submitted that the above dues are payable to Government and the General public are interested in it. The parliament has formulated the speedy recovery mechanism for the Bank loan defaulters. The Application has been filed by the Applicant / Partner / Security owner Mr.Samsudeen with the ulterior motive of delaying the recovery of loan dues.

4.6 The averment that the security interest was not registered with the Central Registry is false, as this Respondent has duly registered the secured asset under ID No. 200051215623. The allegation regarding non-service of SARFAESI notices is also incorrect, since the Applicant was fully aware of the SARFAESI proceedings. Further, the averment that the Respondent charged penal interest is not correct. Hence respondent bank prays for dismissal of the SA.

Heard both sides of the Counsels and perused the records of the case

5. The records of the case reflects that the Applicant and his wife, being partners of M/s. Hi Tech Services, availed a loan of Rs.2,00,000/- on 25.08.2020 another loan of Rs.20,00,000/- which was sanctioned on

24.05.2022 with interest at 9.55% per annum. As security for the loan, the Applicant mortgaged the schedule-mentioned property measuring 366 sq. ft. comprised in S.No.105/3, situated at Pammal Village. The equitable mortgage is registered before the central registry dated 16.08.2023, and the respondent bank had filed CERSAI report duly evidencing registration of the security interest with the central registry which is produced at addition typed set of documents vide diary No.365.2024.

5.1 As the applicant and his wife, Mrs. Parveen Fathima, did not adhere to the repayment schedule and committed defaults in repayment, hence, the loan account was classified as NPA on 29.06.2022 which is wrongly mentioned in the bank counter. However, on verification with Sec.13(2) demand notice it is seen that the loan account has been classified as NPA on 29.10.2023. The bank has issued S.13(2) Demand Notice dated 31.10.2023, where the notice clearly describes the types of loan availed, the nature of facility and the documents executed by the borrowers. Further the description of the properties is clearly mentioned in the S.13(2) demand notice.

5.2 The Sec.13(2) Demand Notice is sent by RPAD which the applicant Mr. Samsudeen and his wife Mrs. Parveen Fathima have received the Demand Notice as per the Acknowledgement card produced at Pg.5-8 of counter. In spite of receipt of Sec.13(2) demand notice as the borrower and the guarantor did not liquated the liability within 60 days nor raised any objections to the demand made, the respondent bank has proceeded further under the Act.

5.3 The respondent issued the Sec.13(4) Possession Notice on 06.01.2024 sent through Registered Post with Acknowledgment, which the applicant Mr. Samsudeen and his wife Mrs. Parveen Fathima have received the possession notice as per acknowledgement cards produced at Pg.12-15, and photo of affixture of possession notice produced at pg.9 of respondent bank typed set, evidences due service of possession notice and possession notice is also published in two newspapers one in Tamil and another one in English both dated 06.01.2024.

5.4 It seen that the respondent has produced the copies of the S.13(2) demand notice and S.13(4) possession notice and its acknowledgement cards for due compliance of the measures taken.

5.5 It seen that sale notice dated 24.05.2024 is sent by RPAD which the applicant Mr. Samsudeen and his wife Mrs. Parveen Fathima have received the sale notice as per acknowledgement cards which is produced at Pg.23-26, and the notice sent to M/s. Hi Tech Services was returned, which is produced at pg.21 and 22.

5.6 Though the applicant has challenged the Sec.13(4) possession notice have not pointed out any illegalities in the measure taken by the bank in enforcing the security available to them. On the other hand, the respondent bank have established the procedures as contemplated under the Act in enforcing the security with supporting documents as required under the Act. Hence it is concluded that the Sec.13(2) Demand Notice dated 31.10.2023 and Sec.13(4) Possession Notice dated 06.01.2024 are valid notices issued by the secured creditor as per the procedure as described under the Act and rules made there under.

5.7 For the foregoing reasons, the present SA fails and accordingly SA stands dismissed. Interim Order granted, if any stands vacated, pending IAs are disposed of in terms of this final order. No order as to cost.

Sd/-

(S.V. GOWRAMMA)
PRESIDING OFFICER,
DRT-III, CHENNAI

(Dictated to Steno (Suriya), transcribed by him, corrected, signed and pronounced by me on this the 07th day of July, 2026)

ANNEXURES

LIST OF DOCUMENTS PRODUCED BY THE APPLICANT

Sl. No.	Description of Documents	Documents No.
1.	Impugned Possession Notice dated 06.01.2024.	A-1

LIST OF DOCUMENTS PRODUCED BY THE RESPONDNET

Sl. No.	Description of Documents	Documents No.
1.	Demand Notice under section 13(2) dated 31.10.2023.	R-1
2.	Postal Acknowledgement of Samsudden. N dated 02.11.2023.	R-2
3.	Postal Acknowledgement of Parveen Fathima.S dated 02.11.2023.	R-3
4.	Possession Photo dated 06.01.2024.	R-4
5.	Possession Notice English & Tamil Daily dated 06.01.2024.	R-5
6.	Possession Notice Acknowledge of Samsudeen.N dated 06.01.2024.	R-6
7.	Possession Notice Acknowledgement of Parveen Fathima.S dated 06.01.2024.	R-7
8.	Sale Notice dated 24.05.2024.	R-8
9.	Return Notice of Hi-Tech dated 25.05.2024.	R-9
10.	Postal Acknowledgement of Samsudeen.N dated 25.05.2024.	R-10

11.	Postal Acknowledgement of Parveen Fathima. S dated 25.05.2024.	R-11
12.	Statement of Account dated 23.01.2024.	R-12

SCHEDULE OF PROPERTY

All that pieces and parcel of land and building measuring 366 sq.ft situated on the southern side of Plot no.7, previously Meenakshi nagar, at present Easwaran nagar, Seventh Street comprised in Block no.D. Paimash nos.640, 641, 642, 643, 644, 645, 646/1, 646/2, 647, Re survey No.105/3 of old village nos, 129, 100, 88, New village No.23, Pammal Village. Tambaram Village, Tambaram Taluk, Kancheepuram District, bounded: on the North: Northern part of Plot no.7, on the south :25 feet wide common road, on the East: 20 feet wide common road, on the west : Lands of S.Viswanatha Iyer & Hussian Basha, admeasuring 366 sq.ft or thereabouts situated within the Registration District of Chennai south and Registration Sub-District of Pammal.

Sd/-
(S.V. GOWRAMMA)
PRESIDING OFFICER,
DRT-III, CHENNAI