IN THE DEBTS RECOVERY TRIBUNAL-2, KERALA
AT ERNAKULAM

PRESENT: SRI.SOVAN KUMAR DASH
PRESIDING OFFICER

Dated this the 16th day of July, 2026

SECURITIZATION APPLICATION No.257/2021

Between

Manuel Mohandas,
S/o.C.Yesudasan Nadar,
Kevin's,
Thillery Nagar 20,
Thillery,
Kollam – 691 001. …Applicant

And

1. The Authorised Officer,
Bank of Baroda,
Hospital Road,
Kollam 691 001.

2. Bank of Baroda,
Kollam Branch,
Parameswaran Pillai Building,
Hospital Road,
Kollam 691 001,
Represented by its Manager. …Defendants

This Securitization Application having been heard on 17.06.2026 in the presence of Advocate Ms.Adithya A Shenoy representing counsel for Advocate Ashok B. Shenoy for the applicant and Advocate Mr.Dileep Chandran for the defendants and stood over to this day for consideration, the Tribunal delivered the following:

F I N A L O R D E R

Challenging the securitization proceedings initiated by the defendants under the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as 'the SARFAESI Act'), the applicant/borrower has filed this SA under S.17(1) of the SARFAESI Act seeking relief to set aside the possession notice with further relief to set aside the entire securitization measure.

Brief facts of the case:

2.1 The applicant availed a housing loan of ₹15,00,000/- from the 2nd defendant on 21.11.2017 by mortgaging 8.09 Ares of land described in detail in the SA. He also availed mortgage loan of ₹5,00,000/- from the defendant on 23.11.2017, by mortgaging another piece of land of an extent of 4.31 Ares of land described in the SA. It is claimed by the applicant that he was regularly repaying the loan. But due to irregular repayment in two loan accounts, the defendant No.2 issued letter dated 20.03.2019 marked Annexure A3 and Annexure A4 to him asking to repay the overdue amount. The applicant acknowledged the debts by letter dated 29.09.2020 marked Annexure A6 and the letter of acknowledgement is produced as Annexure A7 and repaid the overdue amount.

2.2 Subsequently, the defendant No.1 issued a demand notice under sce.13(2) of the SARFAESI Act on 25.01.2021 calling the applicant to repay total outstanding of ₹16,25,429-22 in the two loan accounts within 60 days from receipt of the notice. Again, the defendant has served another demand notice on 25.02.2021 withdrawing the earlier demand notice claiming the applicant to repay the outstanding amount of ₹15,87,262-16 within 60 days from receipt of notice marked Annexure A9.

2.3 The applicant raised objection stating that there is no default in repayment of installments or interest and the loans were classified as NPA illegally without following guideline of the Reserve Bank of India. On receipt of such objection, the defendants issued a reply dated 27.04.2021 justifying the classification of the loans as NPA as per the circular issued by the Reserve Bank of India.

2.4. Thereafter, the 1st defendant issued a possession notice u/s.13(4) of the SARFAESI Act. Hence the SA is filed challenging the possession notice with a prayer to set aside the securitization measure.

3. The defendants filed written statement denying the averments. It is stated that the applicant, being the proprietor of M/s.Kevin Cashews had availed credit facility of ₹4,75,00,000/- on

03.11.2015 from the defendant bank for business purpose and the limit of credit facility was enhanced to ₹5,50,00,000/- on 15.07.2017. Besides the above two loans, the applicant availed another term (Housing) loan facility of ₹15,00,000/- and another term loan facility of Rs.5,00,000/- on 21.11.2017 on execution of relevant documents. His wife Sunimol Manuel stood as a guarantor to the above said credit facilities. As both the borrower and guarantor committed defaults in repayment of the business loan, consequently, the other loans were also classified as NPA as per the circular of the Reserve Bank of India. Hence such classification cannot be treated as illegal. All the statutory measures in issuing demand notice and possession notice u/s.13(4) of the SARFAESI Act were duly complied. In absence of any illegality, the SA, being devoid of any merit, may be dismissed.

4. From the respective case of the applicant and defendants, the following points emerged for adjudication in this case:

(i) Whether the securitization proceedings initiated by the defendants suffer from any illegality to intervene with the same?

(ii) Whether the applicant is entitled to get any relief in this case?

FINDINGS:

Point Nos.(i) & (ii):

5. Only question is raised by the applicant in this SA regarding illegality in classification of the loan as NPA by the defendants before proceeding in the securitization proceeding. It is claimed that both the loans i.e housing loan and additional term loan are regular at the time of classifying the same as NPA. Hence the securitization proceeding is illegal.

6. On the other hand, the learned counsel for the defendants would contend that besides the above two loans applicant availed other loans from the defendant bank. The said loans turned as NPA. Consequently, as per the circular of the Reserve Bank of India, there is no illegality in classifying the present loan accounts as NPA. In absence of any illegality, the SA may be dismissed.

7. There is no dispute that applicant availed other business loan from the defendant bank and the classification of the said account as NPA is also not disputed.

8. Clause 4.2.7 under the head 'Asset Classification to be borrower-wise and not facility-wise' RBI Master Circular – Prudential

norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated 01.04.2025 reads as follows:

> *4.2.7 Asset Classification to be borrower-wise and not facility-wise:*
>
> *4.2.7.1 It is difficult to envisage a situation when only one facility to a borrower/one investment in any of the securities issued by the borrower becomes a problem credit/investment and not others. Therefore, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.*
>
> *4.2.7.2 If the debits arising out of devolvement of letters of credit or invoked guarantees are parked in a separate account, the balance outstanding in that account also should be treated as a part of the borrower's principal operating account for the purpose of application of prudential norms on income recognition, asset classification and provisioning.*
>
> *4.2.7.3 The bills discounted under LC favouring a borrower may not be classified as a Non performing assets (NPA), when any other facility granted to the borrower is classified as NPA. However, in case documents under LC are not accepted on presentation or the payment under the LC is not made on the due date by the LC issuing bank for any reason and the borrower does not immediately make good the amount disbursed as a result of discounting of concerned bills, the outstanding bills discounted will immediately be classified as NPA with effect from the date when the other facilities had been classified as NPA.*

In view of this master circular, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular. In such situation as the other loans of the applicant turned NPA, the defendant bank has not committed any illegality in classifying the present two loans of the applicant as NPA and the contention raised by the learned counsel for the applicant, having no sufficient force, is not accepted.

9. The applicant has not raised any other dispute regarding compliance of the statutory requirement as prescribed under the statute. In absence of proof of illegality in the securitization proceeding, interference with the securitization proceeding is not warranted. Hence, both the points are answered against the applicant.

Hence it is ordered:-

ORDER

10. In view of the foregoing reasons, the SA, being devoid of any merit, is hereby dismissed but in the circumstances without costs.

(Dictated to my Steno, corrected and pronounced by me in the open Tribunal on this the 16th day of July, 2026)

[SOVAN KUMAR DASH]
PRESIDING OFFICER

Documents on the part of the applicant

Annexures	Date	Particulars of documents
A1	21.11.2017	True copy of Loan Sanction Letter No.BOB/ADV/ issued by 2nd defendant to applicant.
A2	23.11.2017	True copy of Loan Sanction Letter No.BOB/ADV/ issued by 2nd defendant to applicant.
A3	20.03.2019	True copy of Letter No.BOB:QLN/ADV/2019/124 issued by 2nd defendant to applicant.
A4	20.03.2019	True copy of Letter No.BOB:QLN/ADV/2019/125 issued by 2nd defendant to applicant.
A5	Nil	True copy of letter issued by 2nd defendant to applicant in September, 2020.
A6	29.09.2020	True copy of letter sent by applicant to 2nd defendant.
A7	09.09.2020	True copy of letter sent by applicant to 2nd defendant.
A8	25.01.2021	True copy of Notice issued by 1st defendant to applicant.
A9	25.02.2021	True copy of Notice issued by 1st defendant to applicant.
A10	19.04.2021	True copy of letter submitted by applicant to 1st defendant.
A11	27.04.2021	True copy of Reply letter issued by 1st defendant to applicant.
A12	07.09.2021	True copy of Possession Notice issued by 1st defendant to applicant.
A13	15.09.2021	True copy of Statement of Accounts in respect of a/c.No.05580600016410 for the period from 23.11.2017 to

		26.05.2021 maintained by 2^{nd} defendant in the name of applicant.
A14	15.09.2021	True copy of Statement of Accounts in respect of a/c.No.05580600016411 for the period from 23.11.2017 to 26.05.2021 maintained by 2^{nd} defendant in the name of applicant.

<u>Documents on the part of the defendants</u>

Nil

PRESIDING OFFICER

IN THE DEBTS RECOVERY TRIBUNAL- 2
KERALA AT ERNAKULAM

PRESENT: SRI.SOVAN KUMAR DASH
PRESIDING OFFICER

Dated the 16th July, 2026

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