Fair Order

**IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI**
DATED THIS 13th DAY OF AUGUST 2026
**PRESENT: SEEMA SINHA**
**[PR. DISTRICT & SESSIONS JUDGE - Retd]**
**PRESIDING OFFICER**

**SA No. 732/2025**

**1.** P. Chandrasekar
S/o Palanisamy
No. 4/262, Chandragiripuram
Pavali Post
Virudhunagar – 626 001

**-Vs-**

**1.** Bank of India
Rep. by its Authorized Officer
No. 103, Madurai Road
Virudhunagar – 626 001

**<u>Appearance of Advocates:</u>**

| | |
|---|---|
| **M/s R. Rajamohan** | **---- Counsel for the Applicant** |
| **Mr. R. Pandivel** | **---- Counsel for the Defendant Bank** |

This Application was heard in the presence of M/s R. Rajamohan, Counsel for the Applicant and Mr. R. Pandivel, Counsel for the Defendant Bank in the aforesaid case and upon hearing the arguments of both sides Counsels and having stood over for consideration till this day, this Tribunal delivered the following:

## ORDER

**1.** This Application has been filed under Section 17(1) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 with a prayer to setaside the Impugned Possession Notice dated 11.08.2025 issued by the Defendant Bank under section 13(4) of the SARFAESI Act, 2002.

**2.** The brief averments of the Application filed by the Applicant are as follows:-

**FACTS OF THE CASE**

**A.** The Applicant has filed the present Securitisation Application challenging the Possession Notice dated 11.08.2025 issued by the Respondent Bank under Section 13(4) of the SARFAESI Act. The Applicant is the proprietor of M/s. J.K. Industries, a manufacturing unit engaged in the production of M.S. Bolts & Nuts with Washers, Stay Sets, Clamps, Cross Arms, 11 KV and 22 KV HG Fuse Sets, L.T. Open Fuse Sets, G.I. Earth Pipes and other materials required for TANGEDCO/TNEB transmission lines. In the year 2015, the Applicant availed financial assistance from the Respondent Bank comprising a Term Loan of Rs.14,40,000/- (Rupees fourteen lakhs forty thousand only) and a Cash Credit facility of Rs.23,00,000/- (Rupees twenty three lakhs only), aggregating to Rs.37,40,000/- (Rupees thirty seven lakhs forty thousand only), by creating an equitable mortgage through a Registered Memorandum of Deposit of Title Deeds dated 05.08.2015.

**B.** The Applicant submitted that he regularly serviced the loan account without default. Owing to his satisfactory repayment history, the Respondent Bank sanctioned a Housing Loan of Rs.11,70,000/- (Rupees eleven lakhs seventy thousand only) in the year 2018 and subsequently granted a Star GECL facility of Rs.4,60,000/- (Rupees four lakhs sixty thousand only). The Applicant also fully discharged the Term Loan of Rs.14,40,000/- (Rupees fourteen lakhs forty thousand only) availed in 2015.

**C.** The Applicant further submitted that, in the year 2023, the Applicant obtained an additional credit facility of Rs.20,00,000/- (Rupees twenty lakhs only) for execution of supply contracts awarded by the Tamil Nadu Electricity Board. However, the said tender was subsequently cancelled, resulting in severe financial hardship and disruption of the Applicant's business operations. Consequently, the Applicant defaulted in payment of only two monthly instalments. Nevertheless, the Applicant paid a sum of Rs.85,348/- (Rupees eighty five thousand three hundred forty eight only) on 04.08.2025, demonstrating his bona fide intention to regularise the loan account.

**D.** The Applicant contends that, despite his long and satisfactory repayment record since 2015, the Respondent Bank arbitrarily classified his loan account as a Non-Performing Asset (NPA) on 11.05.2025 without complying with the mandatory provisions of the SARFAESI Act, the Security Interest (Enforcement) Rules, 2002, and the applicable RBI guidelines. According to the Applicant, no proper communication regarding the NPA classification was served upon him.

**E.** The Applicant further submitted that the Respondent Bank issued a Demand Notice dated 20.05.2025 under Section 13(2) of the SARFAESI Act without effecting valid service upon the Applicant and thereafter issued the impugned Possession Notice dated 11.08.2025 under Section 13(4) without adhering to the mandatory statutory procedure. The outstanding amount mentioned in the Possession Notice is

Rs.77,32,026.24 **(**Rupees seventy seven lakhs thirty two thousand twenty six and twenty four paise only**)**.

**F.** The Applicant submitted that he continued to repay the loan even during the COVID-19 pandemic and that the temporary financial setback arose solely due to the unexpected cancellation of the TNEB contract. The Applicant asserts that he is not a chronic defaulter and that the Respondent Bank acted in undue haste without granting reasonable time to regularise the account.

**G.** The Applicant further submitted that he repeatedly requested the Respondent Bank to waive the penal and excessive interest, restructure the loan account, and grant reasonable time for repayment. However, the Respondent Bank failed to consider such requests and proceeded with coercive measures under the SARFAESI Act. The secured asset is stated to be worth more than Rs.3 Crores, whereas the outstanding dues are substantially lower.

**H.** Aggrieved by the illegal classification of the account as NPA and the issuance of the Possession Notice dated 11.08.2025, the Applicant has approached this Hon'ble Tribunal seeking appropriate relief.

**GROUNDS**

**a)** The Possession Notice issued by the Respondent taking symbolic possession of the schedule-mentioned immovable properties is illegal, arbitrary, and contrary to the settled principles of law. Hence, the same is liable to be set aside.

**b)** The Demand Notice issued under Section 13(2) of the SARFAESI Act was not served upon the Applicant. Consequently, the entire proceedings initiated pursuant thereto are illegal, void, and liable to be set aside.

**c)** The Respondent failed to communicate the decision declaring the Applicant's loan account as a Non-Performing Asset (NPA), thereby depriving the Applicant of the statutory period of sixty days to discharge the outstanding dues.

**d)** The impugned Possession Notice is liable to be set aside for non-compliance with Rule 8(2) of the Security Interest (Enforcement) Rules, 2002, as the Respondent failed to publish the Demand Notice and the Possession Notice in two leading newspapers within the prescribed period.

**e)** The impugned Possession Notice is not in conformity with Rule 8(1) of the Security Interest (Enforcement) Rules, 2002, as it does not specify the exact amount due but merely refers to interest, charges, and costs without quantifying the same. Further, the loan account particulars furnished therein are vague and ambiguous.

**f)** The impugned Possession Notice is vitiated as it refers to an incorrect Demand Notice issued under Section 13(2) of the SARFAESI Act and is therefore liable to be quashed.

**g)** The Respondent failed to classify the Applicant's loan account as a Non-Performing Asset (NPA) in accordance with Clause 2.1.5 read with Annexure I of the RBI Master Circular governing prudential norms on asset classification.

**h)** The impugned Possession Notice is bad in law as the description of the immovable properties therein is not in conformity with the properties described in the Demand Notice issued under Section 13(2) of the SARFAESI Act.

**i)** The Applicant was denied the statutory opportunity to submit objections and representations under Section 13(3A) of the SARFAESI

Act. Consequently, the proceedings initiated by the Respondent Bank are illegal, arbitrary, and void.

**j)** The Respondent Bank failed to furnish the details of the principal amount, accrued interest, and the actual outstanding dues as on the date of issuance of the Possession Notice. Hence, the proceedings are liable to be declared void ab initio.

**k)** The Respondent has adopted erroneous calculations by charging interest at an incorrect rate and by capitalizing the same contrary to the terms of the loan agreement and without the consent of the Applicant.

**l)** The Authorised Officer failed to consider the Applicant's request for regularisation of the loan account and for permitting repayment of the outstanding dues in instalments and arbitrarily rejected the same.

**m)** The Respondent issued the impugned notice without adhering to the mandatory provisions of the SARFAESI Act, the Security Interest (Enforcement) Rules, 2002, and the binding judicial precedents governing the exercise of powers under the Act.

**n)** The Respondent has failed to disclose the authority under which the Authorised Officer was appointed to exercise the powers of the secured creditor under the SARFAESI Act. The details of such appointment ought to have been disclosed to the borrowers and reflected in the Demand Notice.

**o)** The impugned proceedings are arbitrary and motivated inasmuch as the Respondent has proceeded against the secured asset despite the existence of primary security worth several crores of rupees, which ought to have been considered before initiating the impugned recovery proceedings.

**p)** The Respondent Bank has made an inflated, illegal, and fanciful demand in the Possession Notice, which is contrary to the actual amount due. Therefore, the proceedings initiated by the Respondent Bank are liable to be set aside.

**q)** The outstanding amount shown in the Possession Notice under various heads is imaginary, arbitrary, and unsupported by the records. The said figures have not been arrived at in accordance with the RBI Guidelines, and the amounts claimed are highly excessive and illusory.

**r)** The Respondent is not entitled to claim exorbitant interest. The claim made by the Respondent is erroneous, particularly when the Applicant never agreed to pay such exorbitant interest. Further, the Respondent has no authority to charge interest in violation of the applicable RBI norms after the account was classified as a Non-Performing Asset.

**s)** The Respondent Bank failed to furnish the correct description of the secured asset by properly mentioning its extent, survey number, and four boundaries. Consequently, the impugned Possession Notice is not in conformity with the Security Interest (Enforcement) Rules, 2002, and is liable to be set aside.

**SCHEDULE OF PROPERTY**

All that part and parcel of the land, Industrial and Residential building and all amenities situated at Door No. 4/262 & Door No. 4/262/1, Patta No. 1086, Survey No. 182/10, Chandragiripuram Pavali Village and Panchayat, Virudhunagar Taluk, Virudhunagar District to the extent of 0.16.5 hec i.e. 41 cents with in the following boundaries:

**Boundaries:**

| | | |
|---|---|---|
| North | : | The Punja land of Ramasamy Chettiyar |
| East | : | The Punja land of Subba Naickar |
| West | : | South to North odai |
| South | : | Watrap road |

**List of Documents filed by the Applicants:**

| Sl.No. | Date | Documents particulars |
|---|---|---|
| 1. | 31.12.2021 | Memorandum of Deposit of Title Deeds in Doc No. 8375 of 2021 |
| 2. | 20.05.2025 | 13(2) Demand Notice issued by the Respondent Bank |
| 3. | 11.08.2025 | 13(4) Possession Notice issued by the Respondent Bank |
| 4. | 01.04.2021 to 31.03.2022 | Statement of Account |
| 5. | 01.04.2022 to 31.03.2023 | Statement of Account |
| 6. | 01.04.2023 to 31.03.2024 | Statement of Account |
| 7. | 01.04.2024 to 31.03.2025 | Statement of Account |
| 8. | 01.04.2025 to 06.09.2025 | Statement of Account |

**2.** On the other hand, the Defendant bank appeared and filed his Reply Statement along with typeset of papers wherein it has been submitted that the claim of the applicant is false & frivolous & baseless and the applicant is not entitled to any relief as claimed in the SARFAESI Application. Hence the SARFAESI Application has to be dismissed inlimine and save those that are here-in-after expressly admitted all other allegations mentioned in the SARFAESI Application are denied as absolutely false & totally misleading and the applicant is put to strict proof of every one of the said allegations.

- The allegations made in the Securitisation Application are false, frivolous, vexatious, and devoid of merit. The Applicant is not entitled to any of the reliefs sought in the Securitisation Application. Hence, the Securitisation Application is liable to be dismissed in limine.
- Save and except those averments that are specifically admitted herein, each and every allegation contained in the Securitisation Application is denied as false and misleading. The Applicant is put to strict proof of all the allegations made therein.
- The Defendant Bank submitted that, under the heading "**Facts of the Case**" in the Securitisation Application, the Applicant has categorically admitted the availing of the loan, execution of the loan documents, creation of the equitable mortgage, default in repayment of the loan, and receipt of the statutory notices issued under the SARFAESI Act.
- The Defendant Bank specifically denies all allegations contained under the headings "**Facts of the Case**" and "**Grounds**", except those expressly admitted herein. The allegations are unsupported by any valid or acceptable evidence and are denied in toto. The Applicant is put to strict proof of every allegation.
- The Defendant Bank submitted that the Applicant is a chronic and wilful defaulter. Despite having sufficient means, the Applicant failed to discharge the loan liability. The reasons assigned for the default are untenable and unacceptable.
- The Defendant Bank submitted that the loan account was rightly classified as a Non-Performing Asset (NPA) strictly in accordance with the provisions of the SARFAESI Act, the Security Interest (Enforcement) Rules, 2002, the applicable RBI Master Circulars,

and the Prudential Norms. The classification is fully in conformity with Section 2(o) of the SARFAESI Act. There is no statutory requirement that the Bank should separately intimate the borrower regarding the declaration of the account as NPA. It is sufficient if the Demand Notice states that the account has been classified as NPA.

- Further it is submitted that the Defendant Bank issued the Demand Notice under Section 13(2) of the SARFAESI Act and, only upon expiry of the statutory period, proceeded to issue the Possession Notice under Section 13(4). Adequate opportunity was afforded to the Applicant to discharge the dues and redeem the secured asset. The Applicant failed to avail the said opportunity. The allegation that the Bank intended to grab the secured asset is false and baseless.
- The Defendant Bank submitted that the account particulars were correctly furnished in the statutory notices. The Bank has charged interest strictly in accordance with the loan agreement and the applicable RBI guidelines. The allegation that interest cannot be charged after classification of the account as NPA is legally unsustainable.
- The Applicant is not entitled to any rescheduling or restructuring of the loan account as a matter of right. Despite sufficient opportunities, the Applicant failed to regularise the loan account.
- The Possession Notice was issued strictly in accordance with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002. The same is neither illegal, arbitrary, nor contrary to law.

- The Demand Notice and the Possession Notice were duly published in accordance with law. The statutory period of sixty days prescribed under Section 13(2) was fully complied with, and the Applicant was afforded an opportunity to submit objections under Section 13(3A). However, the Applicant failed to avail the said opportunity.
- The schedule of the secured property has been correctly described in the statutory notices by furnishing the survey number, extent, boundaries, and all other material particulars.
- The quantum of the outstanding dues was correctly specified in both the Demand Notice and the Possession Notice. There is no statutory requirement to separately specify the principal amount and the interest component. Mentioning the total outstanding dues is sufficient compliance with law.
- The Possession Notice was issued strictly in conformity with the provisions of the SARFAESI Act, the Rules framed thereunder, and the settled principles of law. Therefore, it is neither illegal nor void.
- The outstanding dues were correctly calculated, and only the actual amount payable by the Applicant has been reflected in the statutory notices.
- There is no legal requirement that the Authorised Officer should intimate the borrower regarding his appointment or disclose the internal process relating to such appointment in the statutory notices. The appointment of the Authorised Officer is an internal administrative matter of the Bank.
- The Defendant Bank has not made any inflated, illegal, arbitrary, or fanciful demand. The outstanding amount reflected in the

statutory notices is based entirely on the Bank's records and the statement of accounts.

- The Defendant Bank has furnished the statement of accounts whenever the same was requested by the Applicant.
- In view of the above, the Possession Notice is perfectly valid and is not liable to be set aside.
- The Defendant Bank submits that the Applicant cannot reserve any liberty to raise additional grounds at a later stage. Any such grounds, if raised, would be an afterthought. Without prejudice, the Defendant Bank reserves its right to file an additional reply, if necessary.
- The Defendant Bank submits that the Demand Notice was duly issued to the Applicant. The Applicant deliberately avoided service of the notice, resulting in the postal cover being returned unserved. Thereafter, in compliance with the statutory requirements, the Defendant Bank published the Demand Notice in two leading newspapers.
- The Defendant Bank further submits that it took symbolic possession of the secured asset in accordance with law. The Possession Notice was duly served upon the Applicant, affixed on the conspicuous part of the secured asset, and published in one English daily and one Tamil daily within the prescribed time.
- The Defendant Bank submits that, in paragraph 6 of the Securitisation Application under the heading "**Facts of the Case**", the Applicant has categorically admitted receipt of the Possession Notice. It is a settled principle of law that admitted facts need not be proved.

- The Defendant Bank submits that the Applicant did not submit any representation or objection in response to the Demand Notice issued under Section 13(2) of the SARFAESI Act. Such failure disentitles the Applicant from raising belated objections to the proceedings initiated by the Defendant Bank.
- The Defendant Bank submits that there has been no procedural irregularity whatsoever in the initiation or continuation of the proceedings under the SARFAESI Act. The Demand Notice, Possession Notice, and all consequential measures were taken strictly in accordance with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002. The allegations of procedural irregularity are factually incorrect and legally untenable. If the relief sought by the Applicant is granted, the Defendant Bank would suffer irreparable loss and prejudice, whereas no prejudice would be caused to the Applicant. The balance of convenience is overwhelmingly in favour of the Defendant Bank.
- The Defendant Bank reiterates that the Applicant is a chronic and wilful defaulter who has deliberately failed to repay the loan despite having sufficient means. The present Securitisation Application has been filed only to delay the recovery proceedings and to defeat the lawful rights of the Defendant Bank. The outstanding dues represent public money, and the Applicant cannot invoke the equitable jurisdiction of this Hon'ble Tribunal without first demonstrating bona fides. It is a settled principle that a person seeking equity must do equity. Therefore, in the interest of justice and to safeguard public funds, the Securitisation Application deserves to be dismissed.

- The Defendant Bank submits that the Applicant's only statutory remedy to prevent further measures under the SARFAESI Act is to tender the entire outstanding dues together with all lawful charges and expenses in accordance with Section 13(8) of the SARFAESI Act. Having failed to do so, the Applicant is not entitled to any of the reliefs claimed in the present Securitisation Application.

**Typeset of documents filed by the Defendant Bank:**

| S.No | Date | Particulars |
|---|---|---|
| 1. | 20.05.25 | Original Demand Notice with Original Postal Receipts & Original Return Covers |
| 2. | 20.05.25 | Demand Notice Original Paper Publication in English Daily “The New Indian Express” published on 04.06.25 |
| 3. | 20.05.25 | Demand Notice Original Paper Publication in Tamil “Dinamani” Published on 04.06.25 |
| 4. | 11.08.25 | Original Possession Notice with endorsement of acknowledgement of receipt of Possession Notice by defaulters |
| 5. | 11.08.25 | Possession Notice Oriinal Paper Publication in English Daily “The New Indian Express” Published on 14.08.25 |
| 6. | 11.08.25 | Possession Notice Oriinal Paper Publication in Tamil Daily “Dinamani” Published on 14.08.25 |
| 7. | 11.08.25 | Original Photography showing affixture of Possession Notice |

**4. On the basis of the above pleadings, the following issues have been framed:**

**(i) Whether actions initiated by the Respondent Bank in respect of the schedule mentioned property under the SARFAESI Act are illegal, void and contrary to the settled principles of Law?**

**(ii) Whether the applicant is entitled for relief as claimed for?**

**5.** Having heard the parties and upon perusal of the entire records, I find that the Applicant is the proprietor of M/s J.K. Industries which is a manufacturing unit for Bolts & Nuts etc., he availed Term Loan Rs. 14,40,000/- (Rupees fourteen lakhs forty thousand only) and Cash Credit Loan Rs. 37,40,000/- (Rupees thirty seven lakhs forty thousand only) during the year 2015 for his business purpose from the Respondent Bank by creating an Equitable Mortgage and executed Registered Memorandum of Deposit of Title Deed dated 05.08.2015. Further the Respondent Bank sanctioned a sum of Rs. 11,70,000/- (Rupees eleven lakhs seventy thousand only) as Housing Loan for his business purposes in the year 2018 and Star GECL (Guaranteed Emergency Credit Line) for a sum of Rs. 4,60,000/- (Rupees four lakhs sixty thousand only) in the year 22020. The applicant has closed the entire term loan availed during the year 2015. Further the applicant enhanced the loan amount of Rs. 20,00,000/- (Rupees twenty lakhs only) during the year 2023 for his business purpose.

**6.** It is submitted that the Applicant was initially regular and prompt in repayment of the loan. However, owing to business losses, the Applicant was unable to mobilize sufficient funds to repay the loan instalments. It is the contention of the Applicant that he is not a chronic defaulter and that his repayment of the loan from the year 2015 onwards is sufficient to establish his bona fides and intention to discharge the loan liability. The Respondent Bank, on the other hand, has disclosed that the loan account became irregular and was classified as a Non-Performing Asset (NPA) on 11.05.2025. Thereafter, the Defendant Bank issued a Demand Notice dated 20.05.2025 under Section 13(2) of the SARFAESI Act demanding a sum of Rs.77,32,026.24 (Rupees seventy seven lakhs thirty two thousand twenty six and twenty four paise only). Upon perusal of the records, I find that the Defendant Bank has produced the original Demand Notice dated 20.05.2025, the original postal receipts, and the original returned postal covers **(Bank's typed set of papers, pages 1 to 13)**, evidencing that the Demand Notice was duly dispatched to the Applicants. I further find that the Defendant Bank has published the Demand Notice dated 20.05.2025 in two leading newspapers, namely, *The New Indian Express* (English) and *Dinamani* (Tamil). Upon perusal of the records, I find that the Defendant Bank has produced the original newspaper publications evidencing such publication **(Bank's typed set of papers, pages 14 and 15)**. I further find that the Applicant has not submitted any representation or objection to the Demand Notice under Section 13(3A) of the SARFAESI Act. Accordingly, the contention of the Applicant that he was denied an opportunity to raise objections to the Demand Notice is not borne out by the records.

**7.** Further, I find that the Defendant Bank has issued Possession Notice U/s 13(4) of SARFAESI Act on 11.08.2025 and has filed Original Possession Notice with endorsement of acknowledgement of receipt of possession notice by defaulters **(Bank's typed set of papers, pages 16 to 19)** I also find the Defendant Bank has produced the original copy of newspaper publications dated 14.08.2025 in the English daily "The New Indian Express" and the Tamil daily "Dina Mani" **(Bank's typed set of papers, pages 20 & 21)** and photographs original copy evidencing affixture of the Possession Notice on the secured asset **(Bank's typed set of papers, page 22 & 23)**. Thus, I find that the Defendant Banks has strictly followed the SARFAESI procedures, while publishing the Possession Notice to the Applicants.

**8.** Further, the Applicant has not placed any material evidence before this Tribunal to substantiate his claim that the classification of loan account as NPS was wrong and rate of interest has been charged excessively against the guidelines of RBI. Further, the Applicant has not produced any chit of paper to that they made representations to the Defendant Bank to furnish the copy of Statement of Accounts.

**9.** I also find that during the pendency of the case, this Tribunal has granted a conditional stay order dated 15.09.2025 for a sum of Rs.27,07,500/- **(**Rupees twenty seven lakhs seven thousand five hundred only**)** to be paid in three instalments by the Applicant, the Applicant has also complied with the conditional order and proved his bona-fide.

**10.** In view of the above, this Tribunal is of the considered view that Applicant has failed to prove his case and on the other hand, I find that the Bank has followed the procedures strictly for recovery of loan amount under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 Act as such I do not find any merit in the above SARFAESI Act, 2002 Application.

**11.** In the result SA No. 732/2025 stands dismissed with no costs. However, the Applicant has complied with this Tribunal's conditional order dated 15.09.2025. Hence the Defendant Bank can settle the dispute amicably as the Applicant has shown his bonafide. Consequently, all pending IAs **(**if any**)** are also disposed of. No Costs.

(Dictated to KKN taken down, transcribed, typed by him, corrected and pronounced by me in the Open Court in this the 13th August, 2026).

Sd/-
**(SEEMA SINHA)**
**PRESIDING OFFICER**

Uploaded on 19.08.2026