Fair Order

IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI
DATED THIS 11th DAY OF AUGUST 2026
PRESENT: SEEMA SINHA
[PR. DISTRICT & SESSIONS JUDGE - Retd]
PRESIDING OFFICER

SA No. 481/2025

1. S. Angammal Gurunathan
W/o Selvam Periyasamy
Residing at Door No. 136
Iyyar Kovil Pinpuram
Thathaneri, Madurai – 625 018 ..... **Applicant**

Vs

1. Home First Finance Company India Ltd.
Represented by its Authorized Officer
Mr. U. Arun Sankar
Brancha Office at No. 60, Sunrise Towers
2nd Floor, Kamarajar Salai
Near Arasamaram Pillaiyar Kovil
Madurai – 625 009 ..... **Defendant**

<u>Appearance of Advocates:</u>
Mr. T. Thevan ---- Counsel for the Applicant
M/s S. Babu ---- Counsel for the Defendant Finance Co.

This Application was heard in the presence of Mr. T. Thevan, Counsel for the Applicant and M/s S. Babu, Counsel for the Defendant Home First Finance Company India Ltd. 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 set aside the order of the Chief Judicial Magistrate, Madurai passed in Cr. M.P. No. 2568 of 2025 dated 06.05.2025 under section 14 of the SARFAESI Act, 2002.

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

- **A.** The Applicant submitted that, she approached the Defendant Financial Institution for financial assistance for the construction of a residential house. Considering her request, the Defendant sanctioned a Housing Term Loan of Rs.12,30,000/- (Rupees twelve lakhs thirty thousand only) on 23.06.2021. The Applicant executed the necessary loan and security documents in favour of the Defendant and created an equitable mortgage over the schedule-mentioned property as collateral security for the said loan. The Applicant further submits that, apart from the loan documents, the Defendant obtained her signatures on several blank papers and pre-filled forms without disclosing their purpose.
- **B.** The Applicant submitted that, she regularly repaid the loan instalments in accordance with the terms and conditions of the sanction. Subsequently, she suffered severe financial loss in her business, due to which she was unable to continue repayment as agreed.
- **C.** The Applicant submitted that, without prior notice, the Defendant issued a Possession Notice dated 09.01.2024 under Section 13(4) of the

SARFAESI Act demanding payment of Rs.13,28,190/- (Rupees thirteen lakhs twenty eight thousand one hundred ninety only) as on 03.11.2023, together with further interest and costs. Upon noticing the Possession Notice affixed on the secured asset, the Applicant approached the Defendant requesting restructuring or enhancement of the loan to enable her to regularise the account. The Defendant assured the Applicant that her request would be forwarded to the higher authorities for consideration.

D. The Applicant further submitted that, the Defendant obtained an order under Section 14 of the SARFAESI Act in Crl.M.P. No.526 of 2024 dated 18.04.2024 from the learned Chief Judicial Magistrate, Madurai, for taking physical possession of the secured asset. Aggrieved by the said order, the Applicant filed S.A. No.349 of 2024 before this Hon'ble Tribunal. By order dated 29.05.2024, this Hon'ble Tribunal granted conditional stay directing the Applicant to deposit a sum of Rs.1,58,000/- (Rupees one lakh fifty eight thousand only) in three monthly instalments. Though there was a delay, the Applicant complied with the said condition, whereupon the loan account was regularised. The said Securitisation Application is still pending adjudication.

E. The Applicant submitted that, while the earlier proceedings were pending, the Authorised Officer of the Defendant, accompanied by an Advocate Commissioner, visited the Applicant's residence on 17.06.2025, affixed the warrant on the property, and threatened to take physical possession of the secured asset with police assistance if the Applicant failed to vacate the premises.

F. The Applicant submitted that, neither the Demand Notice under Section 13(2) nor the Possession Notice under Section 13(4) was duly served upon her as mandated under the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002. The Applicant obtained copies of the notices only from other sources for the purpose of filing the present proceedings.

G. The Applicant further submitted that despite the earlier Section 14 order in Crl.M.P. No.526 of 2024 remaining in force and being under challenge before this Hon'ble Tribunal, the Defendant filed another application under Section 14 of the SARFAESI Act in Crl.M.P. No.2568 of 2025 before the learned Chief Judicial Magistrate, Madurai, in respect of the very same secured asset. The Defendant failed to disclose the pendency of the earlier proceedings and obtained the impugned order by suppressing material facts. Such conduct amounts to abuse of process and attracts the principle of *res judicata*.

H. The Applicant submits that the Possession Notice dated 08.02.2025, obtained subsequently, disclosed that the Defendant had issued a fresh Demand Notice dated 03.12.2024 under Section 13(2) of the SARFAESI Act demanding Rs.12,85,902/- (Rupees twelve lakhs eighty five thousand nine hundred two only). However, the Defendant had already initiated SARFAESI proceedings earlier by issuing the Demand Notice dated 03.01.2022 followed by the Possession Notice dated 09.01.2024. The initiation of a fresh SARFAESI proceeding without withdrawing the earlier one is contrary to law and vitiates the subsequent proceedings.

I. The Applicant further submitted that the Defendant has levied excessive interest and other charges contrary to the RBI guidelines and settled principles laid down by the Hon'ble Supreme Court. The Applicant also alleges that the Defendant's officials, accompanied by recovery agents, attempted to dispossess her forcibly without following the due process of law.

J. The Applicant submitted that the impugned order in Crl.M.P. No.2568 of 2025 was obtained by suppressing material facts and without filing a proper affidavit as required under Section 14 of the SARFAESI Act.

The learned Chief Judicial Magistrate passed the impugned order without issuing notice to the Applicant and without verifying the statutory requirements. The impugned order also fails to mention the outstanding loan amount and correctly describe the secured asset, thereby rendering its execution legally untenable.

K. Hence, being aggrieved by the illegal actions of the Defendant and the impugned order passed under Section 14 of the SARFAESI Act, the Applicant has approached this Hon'ble Tribunal by filing the present Securitisation Application.

GROUNDS OF APPLICATION

a) The impugned order dated 06.05.2025 passed by the learned Chief Judicial Magistrate, Madurai, in Crl.M.P. No.2568 of 2025 under Section 14 of the SARFAESI Act is illegal, arbitrary, contrary to law, unsupported by evidence, and liable to be set aside.

b) The Defendant Finance Company has failed to comply with the mandatory provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Security Interest (Enforcement) Rules, 2002, thereby vitiating the entire proceedings.

c) The measures initiated by the Defendant under Section 13(4) of the SARFAESI Act are without jurisdiction, arbitrary, unreasonable, violative of the principles of natural justice, and constitute a colourable exercise of power.

d) The Defendant Finance Company has wrongly classified the Applicant's loan account as a Non-Performing Asset (NPA) without strictly adhering to the prudential norms and guidelines issued by the Reserve Bank of India governing asset classification.

e) The Defendant Finance Company initiated proceedings under the SARFAESI Act without duly complying with the mandatory requirements of Section 13(2). The statutory Demand Notice was not duly served upon the Applicant before taking further measures under the Act.

f) The Defendant failed to comply with the mandatory requirements of Section 13(4) of the SARFAESI Act and Rule 8 of the Security Interest (Enforcement) Rules, 2002. The Possession Notice was neither served upon the co-applicant nor published in two leading newspapers, including one vernacular newspaper having sufficient circulation in the locality, as mandated under Rule 8(2).

g) The Applicant had already challenged the earlier order passed in Crl.M.P. No.526 of 2024 before this Hon'ble Tribunal in S.A. No.349 of 2024, which is still pending adjudication. During the pendency of the said proceedings, the Defendant obtained the impugned order in Crl.M.P. No.2568 of 2025 in respect of the very same secured asset by suppressing the earlier proceedings before the learned Chief Judicial Magistrate. Such action amounts to suppression of material facts and is hit by the principles analogous to res judicata under Section 11 of the CPC

h) The Defendant has failed to register the security interest with the Central Registry (CERSAI) as contemplated under Section 20 of the SARFAESI Act and the Rules framed thereunder, thereby rendering the recovery proceedings legally unsustainable.

i) The Authorised Officer, being a statutory authority exercising quasi-judicial functions under the SARFAESI Act, is required to disclose his name and designation in all statutory notices.

j) The Defendant has failed to furnish a complete and correct Statement of Account. Several credit entries are not reflected in the loan account, thereby preventing the Applicant from verifying the correctness of the outstanding amount claimed by the Defendant.

k) At the time of sanctioning the loan, the Defendant obtained the Applicant's signatures on several blank papers and pre-filled forms without disclosing their purpose. The Defendant is therefore liable to produce all original loan documents and records relied upon for creation of the mortgage and enforcement of the security interest.

l) The learned Chief Judicial Magistrate passed the impugned order without properly verifying the records and documents produced by the Defendant Finance Company and without satisfying himself regarding compliance with the mandatory requirements prescribed under Section 14 of the SARFAESI Act.

m) The Defendant has levied interest, penal interest and other charges contrary to the guidelines issued by the Reserve Bank of India and the settled principles governing charging of interest.

n) Neither the learned Chief Judicial Magistrate nor the Defendant Finance Company served any notice upon the Applicant before passing the order under Section 14 of the SARFAESI Act, thereby violating the principles of natural justice.

o) The impugned order does not disclose the actual outstanding amount payable by the Applicant and fails to correctly describe the secured asset. Such material omissions render the order legally defective and incapable of proper execution.

DESCRIPTION OF THE IMMOVABLE PROPERTY

In Madurai District, Madurai North Registration District, Chokkikulam Sub registration office, Madurai North Taluk, Thathaneri Village, Aruldaspuram at present corporation ward No. 08, survey ward No. 12, Block No. 09, Re-survey No. 83/6 part at present T.S. No. 281, to an extent of 34 cents. The said lands divided into several house site plots from the western side Thakku No.2, on the eastern portion an extend of 804 Sq.ft. out of 4 cent. The house site and along with proposed RCC house building Vahayaraha with the following boundaries

Boundaries :

North	:	East West Road
East	:	House site belongs to Karuppapillai
West	:	Western portion of Thakku No. 2
South	:	Land belong to Krishnan

The above descriptions land in measuring East-West Northern side 24 ft. Southern Side 24 ft. South-North Western Side 33 ½ ft. Eastern Side 33 ½ ft. totally 804 sq.ft. The house site along with Proposed RCC house building vahayaraha with common rights usual easements and in particular pathway to the said property, with all its fixture and fitting with all its fixture and fitting with all its appurtenances. Property situated at now Thathaneri Village, Chokkikulam Sub-Registrar office, in Madurai North taluk, and the Inspector of Police, Sellur also within jurisdiction of Madurai District.

List of Documents filed by the Applicant:

Sl. No.	Date	Particulars
1.	18.04.2024	1st order passed by the learned CJM, Madurai in Crl.M.P. No. 526/2024
2.	29.05.2024	Interim order passed in SA No. 349/2024 by this Hon'ble Tribunal against the Crl.M.P. No. 526/2024

3.	12.08.2024	Proceedings in SA No. 349/2024by this Hon'ble Tribunal in extension petition
4.	27.03.2025	Proceedings in SA No. 349/2024 by this Hon'ble Tribunal
5.	08.02.2025	Possession Notice issued under Sec.13(4) of the SARFAESI Act
6.	06.05.2025	Impugned order passed by the learned CJM, Madurai in Crl.M.P. No. 2568/2025
7.	17.06.2025	Notice affixed by the advocate commissioner on the mortgaged property

3. On the other hand, the Defendant Finance Company appeared and filed Reply Statement along with typed set wherein it has been submitted that the applicant availed a Housing Loan for a sum of Rs. 12,30,000/- (Rupees twelve lakhs thirty thousand only). The Applicant executed the necessary loan and security documents in favour of the Defendant and created an equitable mortgage over the schedule-mentioned property as collateral security for the said loan.

- The Defendant Finance Company submitted that, save and except those averments which are specifically admitted herein, each and every allegation, averment, contention and statement contained in the Securitisation Application is specifically denied. The allegations made by the Applicant are false, frivolous, baseless, and constitute a deliberate misrepresentation of facts. The Securitisation Application is therefore liable to be dismissed.
- At the outset, it is submitted that the Applicant is a chronic and habitual defaulter. The Applicant's loan account was earlier classified as a Non-Performing Asset (NPA) on 03.11.2023, and the said action

was challenged before this Hon'ble Tribunal by filing S.A. No. 349 of 2024.

- It is submitted that the Applicant and her husband, who is the principal borrower, approached the Defendant Finance Company and availed a Home Loan under Loan Account No. LAI-00161952 for a sum of Rs.12,30,000/- (Rupees twelve lakhs thirty thousand only). At the time of availing the loan, they executed all necessary loan documents in favour of the Defendant, agreeing to abide by the terms and conditions of the loan sanction.

  The repayment of the loan was secured by creating an equitable mortgage through the deposit of the original title deeds relating to the secured asset. The Applicant also executed a Registered Memorandum of Deposit of Title Deeds (MODT) vide Document No.3534 of 2021 dated 23.06.2021 in favour of the Defendant Finance Company. The Applicant expressly undertook to repay the loan without default and accepted all the terms and conditions contained in the loan agreement. Consequently, the Defendant became the Secured Creditor, the Applicant became the Borrower/Secured Debtor, and the mortgaged property became the Secured Asset within the meaning of the SARFAESI Act.

- The Defendant submitted that the Applicant failed to adhere to the repayment schedule despite repeated reminders and demands. Consequently, the loan account was classified as a Non-Performing Asset (NPA) on 03.12.2024 in accordance with Section 2(o) of the SARFAESI Act and the prudential norms and guidelines issued by the Reserve Bank of India. It is further submitted that the loan account had earlier been classified as NPA on 03.11.2023, which was challenged by the Applicant in S.A. No.349 of 2024. Since the loan account was subsequently regularised, no further recovery measures were pursued in respect of the earlier NPA. Accordingly, the said Securitisation Application was dismissed by this Hon'ble Tribunal on 23.07.2025 as having become infructuous.

- The Defendant submitted that despite repeated requests and reminders to clear the overdue amount, the Applicant deliberately failed to regularise the loan account. Consequently, the Defendant issued a Demand Notice under Section 13(2) of the SARFAESI Act on 03.12.2024, calling upon the Applicant to discharge the entire outstanding liability within sixty days.

  The said Demand Notice was duly served upon the Applicant and was also published in Makkal Kural (Tamil) and Trinity Mirror (English) on 09.12.2024. Despite receipt of the notice, the Applicant failed to discharge the outstanding dues. Further, the Defendant lawfully took symbolic possession of the secured asset on 08.02.2025, and the Possession Notice was duly affixed on the secured property in accordance with law. The Possession Notice was also published in Makkal Kural (Tamil) and Trinity Mirror (English) on 13.02.2025, strictly complying with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002.

- The Defendant submitted that the Applicant was fully aware of the statutory demand notice, the legal consequences of default, and her obligation to repay the outstanding dues. Nevertheless, the Applicant wilfully failed to discharge her liability within the statutory period.
- The Defendant submitted that, being a Secured Creditor, it is legally entitled to invoke the measures contemplated under Section 13(4) of the SARFAESI Act upon the Applicant's failure to comply with the Demand Notice issued under Section 13(2) of the Act.

- The Defendant further submitted that under Section 14 of the SARFAESI Act, a Secured Creditor is entitled to seek the assistance of the Chief Judicial Magistrate or the District Magistrate for taking physical possession of the secured asset whenever necessary. Accordingly, the Defendant initiated proceedings under Section 14 of the Act in accordance with law for obtaining possession of the secured asset.
- The Defendant submitted that every statutory requirement contemplated under the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002 has been strictly complied with. The allegations made by the Applicant are wholly false, vexatious and motivated solely to delay the recovery proceedings and prevent the Defendant from taking lawful possession of the secured asset.
- The Defendant submitted that the present Securitisation Application is not maintainable either in law or on facts and is liable to be dismissed in limine.
- The Defendant has strictly complied with all applicable provisions of the SARFAESI Act, the Rules framed thereunder and the relevant guidelines issued by the Reserve Bank of India. All statutory notices were duly issued and served upon the Applicant.
- It is submitted that the Applicant had also filed an Interlocutory Application seeking interim stay along with the present Securitisation Application. This Hon'ble Tribunal, by order dated 25.06.2025, granted conditional interim relief. However, the Applicant failed to comply with the conditions imposed within the stipulated time and consequently filed an application seeking condonation of delay for compliance. The conduct of the Applicant clearly demonstrates a lack of bona fides.

<u>Documents filed by the Defendants:</u>

Sl. No.	Date	Particulars
1.	24.03.2021	Application Form
2.	13.06.2021	Sanction Letter
3.	21.06.2021	Loan agreement
4.	21.06.2021	Demand Promissory Note
5.	23.06.2021	Angammal executed the Extention of memorandum of deposit of title deeds through Registered Extension memorandum of deposit of title deed in favour of Home First Finance Company India Limited in the Document No. 3534/2021 dated 23.06.2021
6.	03.12.2024	13(2) Demand Notice / Statutory Notice to the Respondents along with its receipts and Tracking
7.	09.12.2024	13(2) Demand Notice Paper Publication in Makkal Kural Tamil Newspaper
8.	09.12.2024	13(2) Demand Notice Trinity Mirror English Newspaper
9.	08.02.2025	13(4) Possession Notice to the Respondents along with its receipts and Tracking
10.	13.02.2025	13(4) Possession Notice paper publication in Makkal Kural Tamil Newspaper
11.	13.02.2025	13(4) Possession Notice Trinity Mirror English Newspaper
12.	18.04.2024	Order passed by Chief Judicial Magistrate in Crl.M.P. No. 526/2024
13.	06.05.2025	Order passed by Chief Judicial Magistrate in Crl.M.P. No. 2568/2025

4. ***ON THE BASIS OF ABOVE PLEADINGS THE POINT WHICH ARISES FOR CONSIDERATION IS:-***

WHETHER THE APPLICANT IS ENTITLED TO GET THE RELIEFS AS PRAYED FOR?

5. Having heard the parties and after going through the entire documents available on the records, this Tribunal find that there is no dispute between the parties with regard to the availment of loan facilities. In this case, I find that the Applicant has availed Housing Loan for a sum of Rs. 12,30,000/- (Rupees twelve lakhs thirty thousand only) which was sanctioned on 23.06.2021. The Applicant executed the necessary loan and security documents in favour of the Defendant and created an equitable mortgage over the schedule-mentioned property as collateral security for the said loan. The Applicant states that she regularly repaid the loan instalments in accordance with the terms and conditions of the sanction. Subsequently, she suffered severe financial loss in her business, due to which she was unable to continue repayment as agreed. Hence the Defendant Finance Company classified the Applicant's loan account as Non-Performing Assets (NPA) on 03.11.2023, was subsequently regularised pursuant to the interim orders passed by this Tribunal in SA 349/2024 and consequently the earlier recovery proceedings became infructuous. Thereafter, on account of fresh defaults committed by the Applicant, the loan account was again classified as NPA on 03.12.2024 and fresh proceedings under the SARFAESI Act were initiated strictly in accordance with law by issuing a fresh Demand Notice dated 03.12.2024 under Section 13(2) of the SARFAESI Act were issued demanded a sum of Rs. 12,85,902/- (Rupees twelve lakhs eighty five thousand nine hundred two only). The said notice sent to the Borrower and the Guarantor by Registered Post with Track consignment. I perused the documents produced by the 1st Defendant Finance Company and I find that the Defendant Finance Company has filed a copy of the Demand Notice relating to the Loan along with Track consignment (**annexed at pages 18 to 26 of the Defendant's typed set of papers)**. Further, I find that the Applicant neither sent any reply to the Demand Notices under Section 13(3A) of the SARFAESI Act nor made any representation to the Defendant Finance Company in respect of the loan account. Further, I find that the Defendant Finance Company has published the Demand Notice in two newspapers, namely, "Trinity Mirror" (English) and "Makkal Kural" (Tamil), xerox copies of newspapers which are **annexed at pages 27 and 28 of the Defendant's typed set of papers**.

Thereafter, the Defendant Finance Company issued a Possession Notices dated 08.02.2025 under Section 13(4) of the SARFAESI Act. The Possession Notice pertaining to the Loan demanded a sum of Rs.12,85,902/- (Rupees twelve lakhs eighty five thousand nine hundred two only), The said notice is sent to the Borrower and the Guarantor by Registered Post with Track consignment. I also perused the documents produced by the Defendant Finance Company and I find that the Bank has filed a xerox copy of the Possession Notice (**annexed at pages 29 to 35 of the Defendant's typed set of papers)** Further, I find that the Defendant Finance Company has published the Possession Notices in two newspapers, namely, "Trinity Mirror" (English) and "Makkal Kural" (Tamil) **(annexed at pages 36 & 37 of the efendant's typed set of papers)**. However, I observed that both the newspapers cannot be said to be leading newspapers having wide circulation in Madurai District because Trinity Mirror publishes a localized edition in Madurai, but it is not considered the leading newspaper in the city. The actual leading daily newspapers in Madurai are major Tamil and English regional publications like Dinamalar, Dinakaran, and The Hindu. While Trinity Mirror provides English language coverage of Tamil Nadu affairs and regional news, it operates on a much smaller circulation scale compared to the dominant local giants. The rule 8(2) of the Security Interest (Enforcement) Rules, 2002 clearly states that

> … "*The Possession Notice as referred to in sub-rule(1) shall also be published, as soon as possible but any case not later than seven day from the date of taking Possession**, in two leading news papers,** one in vernacular language having sufficient circulation in that locality, by the authorized officer"*

I further find that the Possession Notice has not been affixed on the conspicuous part of the secured asset and the Defendant Finance Company has not produced photographs evidencing the affixture of the Possession Notice on the conspicuous part of the secured property, as it is provided in the rule 8(1) of the Security Interest (Enforcement) Rules, 2002 clearly states that

> … "*Where the secured asset is an immovable property, the authorized officer shall take or cause to be taken possession, by delivering a possession notice prepared as nearly as possible in Appendix IV to these rules, to the borrower and by affixing the possession notice on the outer door or at such conspicuous place of the property*"

In view of the foregoing discussion, I hold that the Defendant Finance Company has failed to establish due compliance with the mandatory provisions of Rules 8(1) and 8(2) of the Security Interest (Enforcement) Rules, 2002. The Defendant has failed to produce satisfactory evidence to establish that the Possession Notice was duly affixed on the outer door or at any other conspicuous place of the secured asset as mandated under Rule 8(1). Further, the Defendant has also failed to establish that the Possession Notice was published in two leading newspapers, one in the vernacular language having sufficient circulation in the locality where the secured asset is situated, as required under Rule 8(2) of the Rules. Such non-compliance with the mandatory statutory requirements vitiates the measures taken under Section 13(4) of the SARFAESI Act and the consequential proceedings initiated pursuant thereto. I also find that the Defendant Finance Company failed to mention the complete description of the secured property in both the Demand Notice and the Possession Notice. Further, in the newspaper publications relating to the Demand Notice and the Possession Notice, the Defendant Finance Company also failed to publish the complete description of the schedule-mentioned property. The omission of the full description of the secured asset in the statutory notices as well as in the newspaper publications constitutes non-compliance with the mandatory requirements prescribed under the SARFAESI Act, 2002 and the Security Interest (Enforcement) Rules, 2002, as the notices and publications did not adequately identify the secured asset.

Thereafter, the Defendant Finance Company obtained the impugned order dated 06.05.2025 from the learned Chief Judicial Magistrate, Madurai, in Crl.M.P. No.2568 of 2025 under Section 14 of the SARFAESI Act for taking physical possession of the secured asset. Aggrieved thereby, the Applicant has filed the present Securitisation Application under Section 17 of the SARFAESI Act.

Since this Tribunal has held that the Defendant Finance Company failed to establish compliance with the mandatory requirements of Rules 8(1) and 8(2) of the Security Interest (Enforcement) Rules, 2002 while taking symbolic possession of the secured asset under Section 13(4) of the SARFAESI Act., the consequential order dated 06.05.2025 passed by the learned Chief Judicial Magistrate, Madurai, in Crl.M.P. No.2568 of 2025, granting assistance for taking physical possession of the secured asset under Section 14 of the SARFAESI Act, cannot be sustained in the eye of law and is accordingly liable to be set aside.

I also find that the Applicant has failed to comply the conditional stay order dated 25.06.2025 passed by this Tribunal. The Applicant has no doubt being a defaulter is liable to pay the loan amount to the Defendant Finance Company and the Finance Company has been given ample power to recover the outstanding loan amount from the borrower by invoking the SARFAESI Act and without the intervention of any Court. But, it shall not allow the Bank to take the Physical Possession of the property of the Applicant without following the due process of law.

Under the above facts and circumstances of the case, this Tribunal is of the considered view to allow the ARFAESI Application.

In the result,

1. S.A. No. 481/2025 is allowed. No costs.

2. The Impugned order passed by the Ld. Cief Judicial Magistrate, Madurai dated 06.05.2025 in Crl. M.P. 2568/2025 is hereby set aside.

3. All the expenditures incurred in obtaining the order passed by the Ld. Chief Judicial Magistrate, Madurai dated 06.05.2026 in Crl.M.P. No. 2568/2025 shall not be included in the loan account of the Applicant.

4. The Defendant Finance Company is at liberty to initiate fresh action against the Applicant for recovery of loan amount following strictly the SARFAESI Acts & Rules.

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 11th August, 2026).

Sd/-
(SEEMA SINHA)
PRESIDING OFFICER

Uploaded on 18.08.2026