IN THE DEBTS RECOVERY TRIBUNAL-III, CHENNAI

Dated this the 28th day of September, 2026

Present: SMT. S.V. GOWRAMMA
Presiding Officer

SARFAESI APPLICATION No. 388 of 2026

Mr. B. Muthukumar,
S/o. Balasubramaniyan,
No.2A, Agragarm Street,
Kodakkam Village,
Tharangambadi – 609 001. ….Applicant

-Vs-

The Authorized Officer
Indian Overseas Bank,
No.80A, Pattamangalam Street,
Mayiladuthurai, Nagapattinam District-609 001. ….Respondent

Counsels on record / appeared:

Counsel for Applicant : M/s. N. Muthukrishnan, V.P. Parivallal

Counsel for respondent : M/s. Rahul Jain, Anand Jain

ORDER ON SA 388/2026

1. The applicant as guarantor has challenged Sec.14 order dated 27.11.2025 in C.M.P. No.2985 of 2025 passed by Chief Judicial Magistrate, Mayiladuthurai and the outstanding amount due as per Sec.14 order is Rs.24,74,204.59/-

2. The applicant stood as guarantor for the loan facility sanctioned by the respondent bank in the year 2017 for a sum not exceeding Rs.15,00,000/- and had mortgaged the property with the respondent bank by way of deposit of title deeds and contends that the applicant was made to sign many blank papers, contents of which are not known to the applicant and same are not binding on the applicant.

Uploaded on 28.09.2026 at 05.00 PM

IBC Laws | www.ibclaw.in

3. It is contended that the borrower made regular payments towards the loan without any default, regularly serviced the interest portion had paid a sum of Rs.10,00,000/- towards interest in respect of the said loan account as per the loan agreement, promptly on the respective due dates. However, due to Covid-19 pandemic, Applicant was unable to make the payments due to the respondent Bank as agreed.

4. The applicant had repaid a sum of Rs.10,00,000/- out of the total credit facility of Rs.15 Lakh which the respondent bank failed to give due credit for the payments made, without considering the applicant's genuine grievances, the respondent bank issued a Demand Notice u/s.13(2) of the SARFEASI Act, demanding payment of the alleged loan dues within 60 days from the date of the notice and threatening to enforce the security interest over the scheduled immovable property, owned by the applicant.

5. The respondent failed to properly classify the loan account as NPA before issuing the demand notice which was not served on all the parties. It is mandatory on the part of the respondent to classify the loan account as NPA as per Section 2(o) of the SARFAESI Act and in accordance with the RBI guidelines.

6. The applicant came to know that the secured asset situated at Thirukuvalai village had been sold by way of public e-auction under the Act and major loan amount had been recovered by the respondent bank. However, the respondent bank failed to inform the applicant about the sale of the property and the amount adjusted towards the loan account from

the sale proceeds. Therefore, the Applicant immediately approached the Respondent Bank for an amicable settlement.

7. The applicant submitted an OTS request to the respondent bank, but the respondent failed to give any reply to the letter. Meanwhile, certain unknown person visited the applicant's residence, claiming to have purchased the properties, and threatened the applicant to vacate the premises. Therefore, the applicant verified the status of the property through an Encumbrance certificate and approached the respondent bank, but the bank failed to provide any information to date. The respondent bank intends to sell the residential property to the auction purchaser at an undervalued price.

8. The Applicant received a notice dated nil on 11.06.2026 from the Advocate Commissioner informing the applicant about the order dated 27.11.2025 passed by Ld. CJM Mayiladuthural, in C.M.P.No.2985 of 2025, and further informing the Applicant that the Applicant would be evicted from the property on 20.06.2026. The applicant submits that the act of the respondent in obtaining the said order from the Ld. CJM is clearly illegal and therefore, the said order is liable to be set aside.

9. In the grounds it is contended that the respondent did not serve Sec.13(2) notice there by impaired the statutory rights vested with the applicant under Sec.13(3-A) of the Act, has not served, affixed or published the possession notice. The respondent bank has failed to satisfy the

statutory requirements under the SARFAESI Act and the relevant rules framed there under.

10. It is further contended that the Authorized Officer failed to provide any details regarding the sale of the properties in the Schedule. Therefore, proceeding with the sale without providing the borrower with the necessary information is illegal. Hence, the proceedings initiated by the respondent bank are liable to be set aside.

11. It is submitted that the Authorized Officer has failed to follow the mandatory procedure prescribed under the Act and therefore, the order passed by the Ld. CJM is bad in law and liable to be set aside, the Respondent failed to file a proper affidavit before the Ld. CJM in C.M.P.No.2985 of 2025. Hence, applicant prays to set aside the Sec.14 order passed by the Ld. CJM, Mayiladuthurai.

12. The Respondent has filed a detailed counter contending that the Applicant had availed a credit facility of Rs.15.00 Lakhs from the Respondent bank. Subsequent to availing the said credit facility, the applicant had failed to service the principal and interest in compliance with the terms and conditions of the sanction letter. Consequently, the loan account has slipped into NPA on 31.12.2020.

13. In view of the non-regularization of the loan accounts, the Respondent Bank initiated SARFAESI proceedings against the Applicant by issuing a Demand Notice dated 27.04.2021 U/s.13(2) of the SARFAESI Act,

demanding recovery of the outstanding dues payable by the applicant to the Respondent Bank.

14. Thereafter, the Respondent issued a Possession Notice dated 13.04.2023 U/s.13(4) of the Act to the Applicants. Further, in compliance with Rules 8(1) and 8(2) of the SIE Rules, the Respondent affixed the Possession Notice on the outer door of the Schedule property on 13.04.2023, also published in two leading newspapers, One in English "The New Indian Express" and another one in Tamil "Dinamalar" both dated 15.04.2023.

15. Despite providing sufficient time and opportunities, the Borrower failed to come forward to discharge the outstanding dues payable to the Respondent Bank. Consequently, the Respondent was constrained to issue a Sale Notice dated 05.10.2023, thereby placing the Schedule property for Auction Sale on 30.10.2023. Pursuant to the auction, a successful bidder was fetched for the schedule property. After receiving the entire sale consideration, the Respondent Bank had issued a Sale Certificate in favour of the Auction purchaser.

16. The respondent denies the averments in the SA contending as the Borrower failed to regularize the loan account, the Respondent had classified the loan account as NPA on 31.12.2020 as per the RBI norms. Thereafter, the Respondent issued a Demand Notice dated 27.04.2021 u/s.13(2) of the SARFAESI Act, demanding payment of the outstanding dues of Rs.16,99,270.09/ as on 31.03.2021, payable by the applicant to

the Respondent Bank. The Demand Notice was duly received and acknowledged by the Applicant.

17. It is submitted that the Respondent Bank issued a Possession Notice dated 13.04.2023 u/s.13(4) of the Act, thereby taking Symbolic possession of the Scheduled property. Further, in compliance with Rule 8(1) and 8(2) of the SIE Rules, the respondent bank affixed the Possession Notice on the outer door of the property on 13.04.2023. Thereafter, the said Possession Notice was published in two newspapers one in English "The New Indian Express and another one in Tamil "Dinamalar" both dated 15.04.2023.

18. It is submitted that the Respondent Bank had earlier issued sale notices on 27.06.2023, 05.07.2023, and 14.09.2023, however, no bidder came forward for the Schedule Property. Despite providing sufficient time and opportunity, the Borrower failed to come forward to discharge the outstanding dues payable to the Respondent Bank. Consequently, the respondent bank once again constrained to issue a Sale Notice dated 05.10.2023, thereby placing the Schedule property for Auction Sale on 30.10.2023. Further, the Respondent had also affixed the Sale Notice at a conspicuous place on the property on 10.10.2023.

19. Thereafter, the Sale Notice was also published in two newspapers one in English "The New Indian Express" and another one in Tamil Dinamani both dated 09.10.2023. During the said Auction, a successful bidder was fetched for the property. After receiving the entire sale consideration, the

Respondent Bank issued a Sale Certificate in favour of the Auction purchaser.

20. The respondent bank has relied on the following judgments; The Hon'ble Supreme Court in *Celir LLP v. Bafna Motors Pvt. Ltd.*, (2023) SCC OnLine SC 1209, and *Sri Sai Annadhatha Polymers v. Canara Bank*, (2018) SCC OnLine Hyd 178. The Hon'ble Supreme Court, in *Sanjay Sharma v. Kotak Mahindra Bank Ltd. & Ors.*, has also held that. The present Application has been filed with a malafide intention to stall and frustrate the recovery proceedings initiated by the Respondent Bank and therefore, the respondent bank prays for dismissal of the SA.

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

21. It is evident from the records that the Applicant stood as the guarantor to the credit facility of Rs.15,00,000/- from the Respondent Bank. The applicant had agreed to repay the said loan as per the terms and conditions of the sanction and also mortgaged the property as security towards the credit facility. Mr. B. Muthukumar has executed the Memorandum of Deposit of Title Deeds, registered vide Doc.No.218 of 2017 dated 20.02.2017 on the file of the SRO, Mayiladuthurai, which is seen from the Sec.14 Petition.

22. The contention that the applicant was made to sign blank papers would not come to aid of the applicant, as the applicant admits loan availed, mortgage of the property by deposit of title deeds and execution of loan

documents. Further the applicant did not complain to authorities of the bank about signing of blank papers and no evidence is produced in support of such a contention.

23. In fact the applicants do not dispute the availing of the credit facility and mortgage of the property including the default in the repayment. Due to continuous default in the repayment, the loan account of the applicants was classified as NPA on 31.12.2020 in accordance with RBI guidelines.

24. The bank has issued S.13(2) Demand Notice dated 27.04.2021 claiming an amount of Rs.16,99,270.09/- due as on 31.03.2021 along with other charges. The demand 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.

25. The Sec.13(2) Demand Notice was sent through RPAD. The borrowers and guarantors have received the Demand Notice, as evidenced by the Acknowledgement Cards which is produced at Pg.5-7 of the counter. The contention of the applicants that the Demand Notice was not served is disproved by the respondent bank by producing the Acknowledgement Cards evidencing due service of the Demand Notice on the borrower, guarantor and mortgagor. Accordingly, the contention of the applicants with regard to the issuance of the Demand Notice fails.

26. 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.

27. The respondent bank issued the Sec.13(4) Possession Notice dated 13.04.2023, which was sent to the borrowers and guarantors by RPAD. However, the said notices were returned undelivered with the postal endorsement "Left" as evidenced at Pg.10-13 of the counter. In particular, in the case of M/s. Angalaparameswari Agencies (Borrower), the notice was returned with the postal endorsement "Addressee Left" as evidenced at Pg.14 and 15 of the counter.

28. The Possession Notice is published in two newspapers one in English "The New Indian Express" and another one in Tamil "Dinamalar" both dated 15.04.2023 and the Possession Notice is affixed on the property as per the photograph of affixture produced at Page No.16 of respondent bank's typed set. Thus the service of Possession Notice is complete as contemplated under the Act and Rules made thereunder.

29. The contention of the applicants that Possession Notice was neither served nor published is disproved by the respondent bank by producing the acknowledgement cards, evidencing that the Possession Notice was duly issued and sent to the borrower, guarantor and mortgagor and by producing proof that the notice was published in two newspapers which is produced at Pg.17 and 18 of the counter. Accordingly, the contention of the applicants regarding the non-service, non-publication and affixture of the Possession notice fails.

Uploaded on 28.09.2026 at 05.00 PM

IBC Laws | www.ibclaw.in

30. Despite sufficient time and opportunity, the borrowers failed to clear the outstanding dues. Consequently, the respondent was constrained to issue a Sale Notice dated 05.10.2023, thereby placing the schedule property for auction on 30.10.2023. Pursuant to the auction, a successful bidders was fetched for the schedule property. After receiving the entire sale consideration, the bank had issued a Sale Certificate in favour of the Auction Purchaser.

31. It is seen from the records that the Sale Notice dated 05.10.2023 was sent to the borrower and guarantors through RPAD. The Sale Notice was duly served upon the borrower and guarantor, as evidenced by the Acknowledgement Cards produced at Pg.26 and 27 of the counter. However, in the case of M/s. Angalaparameswari Agencies (Borrower), the notice was returned with the endorsement "Addressee Left without instruction" as evidenced by the documents produced at Pg.24 and 25 of the counter.

32. The Sale Notice is published in two newspapers one in English "The New Indian Express" and another one in Tamil "Dinamani" both dated 09.10.2023 and the Sale Notice is affixed on the property as per the photograph of affixture produced at Page No.32 and 33 of respondent bank's typed set.

33. The respondent bank has established the due compliances of the procedures as contemplated under the Act and Rules with supporting documents and have countered all the contention raised by the applicant

in the SA. On the other hand, the applicant has failed to make out a case for interference of this Tribunal.

34. As the applicants failed to repay the entire outstanding amount the bank has approached the Ld. CJM, Mayiladuthuri in u/s 14 of the SARFAESI Act. The Ld. CJM after perusal of the application and the loan documents produced by the respondent bank allowed the S.14 application on 27.11.2025.

35. Thus, it is evident that the Ld. Magistrate on examination of the pleadings in the S.14 application supported by the documents, have passed an order dated 27.11.2025 directing the Advocate Commissioner to take the possession of the property. Though the applicant has filed the present SA impugning the Sec.14 order dated 27.11.2025 passed by Ld. CJM, Mayiladuthurai has not pointed out any irregularity in the measures taken by the respondent herein.

36. On the other hand, it is seen that the statutory notices, the Demand Notice dated 27.04.2021 and Possession Notice dated 13.04.2023 are issued to the applicants in accordance with the Act and Rules made thereunder.

37. Now considering the challenge to S.14 Order, it is appropriate to mention the declaration of the Hon'ble Supreme Court and various Hon'ble High Courts in various judgments has held that the power of Designated Court under Section 14 SARFAESI Act, 2002 is ministerial and non-adjudicatory in nature and the process to be followed under Section 14 does

not involve any element of quasi-judicial function nor it requires any application of mind.

38. The Supreme Court in the judgment of **Authorized Officer, Indian Bank v D Visalakshi and other,** has held that a Chief Judicial Magistrate is equally competent to deal with the application moved by the secured creditor under Section 14 of the SARFAESI Act. Hence, the Sec.14 dated 27.11.2025 in C.M.P. No.2985/2025 passed by the Hon'ble CJM, Mayiladuthurai is a valid Order.

39. Additionally, Section 14(3) of the SARFAESI Act statuses that no action taken by the Chief Judicial Magistrate or District Magistrate (or any officer authorized by them) under S.14 can be challenged in court or before any other authority. This provision ensures that the authority of these officials in enforcing security interests is final and not subject to further review.

40. Thus, the Sec.14 order 27.11.2025 in C.M.P. No.2985/2025 passed by the Hon'ble CJM, Mayiladuthurai is after due consideration of the application, affidavit in support of compliance of procedures along with documents is an execution Order issued where no adjudication is required. The Order is passed considering the due compliance of the provisions of the S. 14 [i-ix].

41. On examination of pleadings and documents produced by respective parties, the Tribunal comes to conclusion that the respondent bank as

secured creditor has initiated measures under the Act after classifying the account as NPA.

42. Consequent to classification of account as NPA has issued S.13[2] Demand Notice followed by Possession Notice and have complied all the procedures as contemplated under the Act and the Rules with supporting documents. Thus it is held that the Demand Notice u/s S.13[2] dated 27.04.2021 and S.13[4] Possession Notice dated 13.04.2023 are held as valid notices issued under the Act.

43. 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 28th day of September, 2026)*

ANNEXURES

LIST OF DOCUMENTS PRODUCED BY THE APPLICANT

Sl. No.	Description of Documents	Documents No.
1.	Petition filed in Crl.M.P.No.45/25.	A-1
2.	Notice issued by the Advocate Commissioner with Postal Cover dated 10.06.2026.	A-2
3.	Impugned Order in Cr.M.P.No.45/2025 passed by CJM, Tiruvarur dated 27.11.2025.	A-3

LIST OF DOCUMENTS PRODUCED BY THE RESPONDNET

Sl. No.	Description of Documents	Documents No.
1.	Demand Notice issued by the respondent to the applicant dated 27.04.2021.	R-1
2.	Acknowledgement cards issued by the postal authority,	R-2
3.	Possession Notice issued by the respondent to the applicant dated 13.04.2023.	R-3
4.	Postal covers issued by the Postal Authority.	R-4
5.	Affixture of the possession notice by the respondent dated 13.04.2023.	R-5
6.	Publication of the possession notice issued by the respondent dated 15.04.2023.	R-6
7.	Sale Notice issued by the respondent dated 05.10.2023.	R-7
8.	Acknowledgement cards and postal covers issued by the postal authority.	R-8
9.	Publication of the Sale Notice issued by the respondent dated 09.10.2023.	R-9
10.	Photographs of affixture of the sale notice by the respondent dated 10.10.2023.	R-10

SCHEDULE OF SECURED ASSET

Description of Property :-

In Nagapattinam District, Mayiladuthurai Registration District, Mayiladuthurai Joint No.2, Sub-Registry, Tharangambadi Taluk, Kadakkam Revenue Village, Kadakkam Village, Agraharam Street, the terraced building bearing door No.2/219 situate in

Item - 1:-

R.S.No.133-1 (New R.S. No.259/5) Nathamjari A 0.08 Cents (or) 3488 Sq.ft equal to 324.05 Sq.Mtr.,

Item -2:-

R.S. No.142-9 Dry A 0.07 Cents (or) 3052 Sq. ft equal to 283.54 Sq.Mtr., Total A 0.15 Cents (or) 6540 Sq.ft Equal to 607.59 Sq.Mtr.,

Item 1 & 2 Boundaries :-

East of Street.

West of Wet Land,

North of Manai of Kannu Padayachi.

South of Manai of Dheenadayalu Nadiu.

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