IN THE DEBTS RECOVERY TRIBUNAL – II AT CHENNAI

Dated this 23rd day of October, 2026

PRESENT: **SHRI SHARANG DHAR UPADHYAY**
Presiding Officer

SA No.42 of 2023

Logambal
W/o Natarajan
T.S. No.5511, Marthandapuram
1st Street, Pudukottai …**Applicant**

Versus

1. The Authorised Officer
State Bank of India
Pudukottai Main Branch
Keelaraja Veedhi, Pudukottai District

2. The Branch Manager
State Bank of India
Pudukottai Branch
T.S. No.2664, East Main Street
Pudukottai – 622 001 …**Respondents**

Counsel on Record / Appeared

Applicant by : M/s P. Tamilavel
Respondent by : M/s M.L. Ganesh

ORDER

1. This petition is filed under Section 17(1) of the SARFAESI Act challenging the measures initiated by the respondent bank pursuant to the order of the Learned Chief Judicial Magistrate,Pudukottai in Crl. M.P. No.914 of 2022 dated 26.10.2022.

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2. The facts leading the impugned order is that the applicant and her husband running a company in the name and style M/s Nataraja Motors Pvt. Ltd., approached the respondent for grant of Cash Credit Facility and considering the request of the applicant the respondent sanctioned a limit of Rs. 60,00,000/-. It is also stated that the respondent had also granted a housing loan of Rs.75,00,000/-, ABL facility of Rs.19,56,700/-, FITL facility of Rs.1,23,408, FITL facility of Rs.7,20,507/- and Educational Loan of Rs.12,00,000/- and the same was availed by the applicant, her husband and also the company wherein they were the Directors.

3. It is stated that in so far as the Educational Loan is concerned the person is not yet employed and the moratorium period is also not over, therefore recalling the said loan is not warranted. It is also stated that in so far as the other loans are concerned the applicant and her husbands are servicing the interest regularly. While so, due to COVID-19 pandemic the applicant's company suffered huge loss.

4. It is also stated that the respondent bank issued the demand notice under Section 13(2) of the SARFAESI Act on 20.02.2020 demanding a sum of Rs.1,72,74,576/-. It is further stated that the respondent issued the Possession Notice on 18.11.2021, wherein the date of demand notice is mentioned on 13.7.2021. It is stated that the applicant was not served with the demand notice and there is a contradiction in the date of the demand notice.

5. It is stated that the applicant had made remittances in all the loan accounts and despite the same the respondent has recalled all the loans including the educational loan which is highly illegal. It is also stated that the action of the respondent in issuing one single notice clubbing all the loan accounts is bad in law.

6. It is also the case of the applicant the respondent also issued e-auction sale notice dated 27.4.2022 scheduling the auction on 30.05.2022 fixing the reserve price of the secured asset as Rs.1,73,00,000/-, when the value of the property is more than Rs.3.50 crores. It is stated that the applicant's husband challenged the possession notice as well as the e-auction sale notice before this Tribunal by filing SA No.209 of 2022. It is submitted that when the said SA is pending the respondent has proceeded under Section 14 of the SARFAESI Act and has obtained the impugned order.

7. It is stated that the applicant challenged the order of the Ld. Chief Judicial Magistrate, Pudukottai in Crl. M.P. No.914 of 2022 before the Madurai Bench of the Hon'ble High Court by filing W.P. (MD) No.27474 of 2022 and the Hon'ble High Court was pleased to pass an interim order 2.12.2022 ordering a conditional payment of Rs.15,00,000/- to be paid on or before 19.12.2022 and the same was complied with. It is also stated that the Hon'ble High Court was pleased to dismiss the writ petition on 4.1.2023 giving liberty to the applicant to approach the Debts Recovery Tribunal.

8. It is stated that the respondent bank visited the property which is the dwelling house of the applicants on 9.1.2023 for taking physical possession and they behaved in an inhuman nature. It is also stated that the respondent has not spelt about the pendency of the SA No.209 of 2022 before this Tribunal in the affidavit filed before the Ld. Chief Judicial Magistrate. It is also the case of the applicant that the Authorised Officer cannot be authorized to proceed with the case as the secured creditor and the Authorised Officer are one and the same.

9. The following grounds are urged in the SA: -

(a) The respondent bank without disclosing the pendency of the case i.e., SA No.209 of 2022 before this Tribunal in the affidavit filed before the Ld. Chief Judicial Magistrate.

(b) No notice has been issued by the Ld. Chief Judicial Magistrate before passing orders in Crl. M.P. No.914/2022 dated 26.10.2022.

(c) The respondent has failed to issue the demand notice under Section 13(2) of the SARFAESI Act.

(d) The date of the demand notice and the date mentioned in the notice are different.

(e) The respondent has failed to comply with Rule 8(1) and 8(2) of the Security Interest (Enforcement) Rules, 2002.

(f) The loan account has been wrongly classified as NPA against the RBI guidelines.

(g) The respondent has charged interest contrary to the contractual rates.

10. The applicant filed various documents viz., Notice issued by the respondent bank dated 20.02.2020; Possession Notice dated 18.11.2021; Order passed in Crl. M.P. No.914 of 2022 on the file of Ld. Chief Judicial Magistrate, Pudukottai; interim order passed by the Hon'ble High Court of Madras in W.P. (MD) No.27474 of 2022; final order passed by the Hon'ble High Court of Madras in W.P. (MD) No.27474 of 2022 and proof of payments.

11. The applicant filed additional document i.e., CERSAI Report vide Dy No.2876 of 2026.

Counter by Respondent Bank

12. Upon notice, the defendant bank filed its counter denying the averments in the SA and submitted that the SA is liable to be dismissed on the ground that the applicant has misled this Tribunal and obtained interim order without disclosing the earlier legal proceedings initiated before Madurai Bench of Hon'ble Madras High Court and DRT proceedings, besides giving an undertaking letter dated 9.1.2023 to the bank. On this score, the SA deserves to be dismissed.

13. It is stated that the applicant had earlier filed SA No.621 of 2022 before DRT-I Chennai and obtained conditional order and the same was not complied with. Subsequently, when the Respondent Bank had obtained an order under Section 14 of the SARFAESI Act, the applicant had moved a writ petition in W.P. (MD) No.27474 of 202 before Madurai Bench of Hon'ble High Court of Madras and vide order dated 2.12.2022 the Hon'ble High Court directed the applicant to remit a sum of Rs.15 lakhs on or before 19.12.2022 and the same was complied with.

14. It is also stated when the Advocate Commissioner had proceeded with taking physical possession of the secured property on 9.1.2023 the applicant had given a letter of undertaking that the balance outstanding loan amount shall be paid on or before 30.1.2023, however, the said commitment was not honoured instead proceeded to file the above SA. It will be relevant to notice the husband of the applicant, Mr. Natarajan also has given an undertaking letter but not honoured their commitment. It is not out of place to mention that instead of handing over vacant possession of the property, the applicant had made a payment of Rs.15 lakhs as against the outstanding loan amount of more than Rs.2.14 crores together with interest, by way of cheque which was arranged and issued by Mr. Vairamanickam, the father in law of Mr. Natarajan. It is also stated that the said Mr. Vairamanickam had also given an undertaking letter that if the borrower fails to repay the balance amount,

vacant possession shall be handed over to the Authorised Officer of the bank.

15. It is stated that the applicant has not made out a prima facie case to sustain the above SA and was only forum shopping to buy time and thwart the SARFAESI action initiated by the respondent as against the secured asset.

16. It is also stated that the applicant, her husband Mr. Natarajan and daughter Ms. Mahalakshmi availed various credit facilities from the respondent bank viz., Housing Loan of Rs.75 lakhs sanctioned on 18.10.2016 availed by Mr. Natarajan; ABL Credit facility of Rs.34 lakhs sanctioned on 20.01.2017 availed by Mr. Natarajan; FITL facility of 1,23,408/- sanctioned on 27.08.2020 by Mr. Natarajan; Educational Loan of Rs.12 lakhs sanctioned on 24.10.2016 availed by Ms. Mahalakshmi; Cash Credit Facility of Rs.60 lakhs sanctioned on 6.2.2017 availed by M/s Natarajan Motors Pvt. Ltd., and a FITL Loan of Rs.7,20,507/- sanctioned on 27.08.2020. It is stated that the applicant offered the subject property as collateral security for the aforesaid credit facilities. The applicant had defaulted in repaying the loan and hence funded interest term loan (FITL) facilities were extended for Cash Credit ABL credit facilities on 27.8.2020. It is stated that the account was irregular ever since from the year 2020 for want of servicing of principal and interest.

17. It is stated that the applicant's husband and failed and neglected to recuperate the loan accounts by remitting the overdue amount, the loan accounts finally slipped into NPA on 18.6.2021, 28.05.2021, 30.04.2021 for the aforesaid facilities.

18. The respondent has meticulously followed the SARFAESI measures before proceeding with taking physical possession of the secured property in terms of an order passed under Section 14 of the SARFAESI Act viz., Demand Notice dated 13.07.2021, Acknowledgement dated 24.7.2021; Possession Notice dated 18.11.2021, Acknowledgement dated 20.11.2021; affixture of possession notice dated 18.11.2021; publication of possession notice dated 24.11.2021; sale notice dated 27.4.2022, acknowledgement of sale notice dated 30.04.2022; sale noticed published on 9.5.2022 in Tamil and English daily and Section 14 order passed on 26.10.2022.

19. The respondent submits that the applicant had earlier filed W.P. No.27474/2022 before the Madurai Bench of Hon'ble High Court of Madras and the same was dismissed on 4.1.2023 as not maintainable.

20. The borrower and the guarantors are jointly and severally liable to pay a sum of Rs.1,87,69,986/- as on 14.02.2023 after appropriating the conditional order amount imposed by Hon'ble High Court of Madras and this Tribunal in the above SA. It is prayed that the SA be dimissed.

21. The respondent bank filed documents viz., Demand Notice dated 13.07.2021 along with postal acknowledgement; Possession Notice dated 18.11.2021 along with postal acknowledgements; Proof of Affixture of Possession Notice; sale notice dated 27.04.2022 along with acknowledgement of sale notice, proof of publication of sale notice in Tamil and English dailies; Order of the Ld. Chief Judicial Magistrate dated 26.10.2022 in Section 14 proceedings.

22. The respondent bank filed additional documents viz., CERSAI Registration dated 30.04.2026; Memorandum relating to deposit of title deeds dated 26.03.2017 and Notification with regard to Section 26D of SARFAESI Act dated 26.12.2019.

23. The applicant filed written submissions and relied upon the following orders in support of its contentions:

(a) Order of Hon'ble DRAT, Chennai in Corporation Bank & Anr. Vs. Yojaka India Pvt. Ltd., & Ors reported in IV (2025) BC 18 (DRAT).

(b) Judgment of the Hon'ble Supreme Court in Mathew Varghese Vs. M. Amritha Kumar & Ors reported in 2014 (2) SCALE 331.

(c) Order of the Hon'ble DRAT, Mumbai in IDFC First Bank Ltd., Vs. Tristar Cars Pvt. Ltd. & Anr reported in II (2020) BC 97 (DRAT)

(d) Order of the Hon'ble High Court of Madhya Pradesh in Union Bank of India Vs. Rajendra Wadhwa & Ors. Reported in IV (2015) BC 291 (DB) (MP)

(e) Order of Hon'ble DRAT Chennai in Bank of Baroda Vs. S. Mohan Velu reported in IV (2023) BC 25 (DRAT).

24. The matter is heard. In the wake of available material on record, the following points arise for consideration in the present SA:

"Whether the impugned order of Ld. Chief Judicial Magistrate, Pudukottai dated 26.10.2022 in Crl. M.P. No.914 of 2022 suffers from any illegality or impropriety rendering it void in law?"

Answers to Point for Consideration

25. It is to be noted that the Hon'ble Supreme Court in "***NKGSB Co-operative Bank Limited Vs. Suber Chakravarty"*** and "***R.D. Jain and Company Vs. Capital First Limited CA 1755 of 2022 dated 27.07.2022***" ruled that no adjudicatory powers are vested while deciding the application under Section 14. In the matter of ***"Indian Bank Vs. Vishalakshi and Another CA 6295/2015 dated 23.09.2019"***, the Hon'ble Supreme Court had further held that the proceedings under Section 14 is a procedural step and purely an administrative order and there is no adjudicatory process involved. Keeping in mind the above rulings, this Tribunal can only examine whether there was compliance of

the provisions by the defendant bank before the Learned CMM as mandated under Section 14(1) of the SARFAESI Act.

26. As per Section 14(1) of the SARFAESI Act, on a request being made by the by the secured creditor, the Chief Metropolitan Magistrate or the District Magistrate as the case be take possession of such asset and documents relating thereto and forward such assets and documents to the secured creditor. The financial institutions are to declare under the affidavit the aggregate sum of financial assistance and dues payable as on the date of the application. It should be averred that the borrower / guarantor having created security interest over the property and that the borrower had committed default; upon such default the account must have been classified as NPA. It is also mandatory to aver in the affidavit regarding the issuance of demand notice, the reply thereof and the response of the secured creditor and that the borrower had not made any repayment and therefore entitled to take possession and that the other provisions of the Act have been complied.

27. This Tribunal is aware of the Ruling of the Hon'ble Supreme Court **in "Authorised Officer, Indian Bank Vs. Vishalakshi and another CA No.6295/2015 disposed on 23.09.2019"** holding that the spirit of Section 14 of the SARFAESI Act is only a procedural step. It is purely an administrative order and no adjudication is involved. The orders of the Ld. CMM / DM is only an aid to the proceedings initiated u/s.13(4) of the Act.

28. It is only to be looked into whether the provision of section 14(1) of the Act is complied or not. From the impugned order it is seen the necessary details to be furnished u/s.14(1) of the Act has been complied.

29. However, this Tribunal has also considered the documents filed by the defendant. This includes the documents produced at S. No. 1 and 2 of the typed set which is the demand notice dated 13.07.2021 and the postal acknowledgements (Pages 1 to 12), the same clearly reveals that the demand notice is duly served on the applicant.

30. As regards the contention of the applicants that the respondent has failed to comply with the Rule 8 (1) and 8(2) of the Security Interest (Enforcement) Rules, 2002 is concerned the respondent has filed the possession notice dated 18.11.2021 at Sl. No.3 (Pages 13), the postal acknowledgement of having received the possession notice on 18.11.2021 at Sl. No.4 (Pages 14 to 18), the proof of affixture of the possession notice at Sl. No.5 (Page 19 to 21) and the proof of publication of the possession notice in two newspapers viz., Daily Thanthi and The Indian Express at Sl. No. 6 (Page 22 and 23) which clearly evidence that the possession notice has been served, published and affixed on the secured asset. Therefore, this ground of the applicants fall to the ground.

31. In so far as the contention of the applicant that the secured creditor has initiated the proceedings by clubbing all the loan accounts in a single demand notice is concerned, it is to be noted that the applicant, her husband and their daughter had availed various credit facilities from the respondent bank and the subject property had been offered as collateral security for the said facilities. The respondent bank has stated that the borrowers and guarantors are jointly and severally liable for the outstanding dues. In the absence of any material to establish that the secured asset was not validly offered as security for the facilities in question or that the demand notice was otherwise vitiated on this ground, the mere fact that the liabilities arise out of different credit facilities would not, by itself, render the proceedings under Section 14 of the SARFAESI Act illegal. Hence, this contention does not merit acceptance in the present proceedings.

32. The applicant has further contended that the loan accounts were wrongly classified as Non-Performing Assets and that the respondent bank had charged interest contrary to the contractual terms. It is to be observed that the proceedings under Section 14 of the SARFAESI Act are not intended to adjudicate upon disputes relating to the correctness of the outstanding amount, the computation of interest or the validity of the classification of the loan accounts as NPA. As already discussed, the scope of scrutiny in the present matter is confined to examining whether the statutory requirements under Section 14(1) of the

SARFAESI Act were complied with by the respondent bank while seeking assistance for taking possession of the secured asset. In view of the material available on record, this Tribunal finds no sufficient ground to hold that the impugned order is vitiated on these counts.

33. The contention of the applicant that the Learned Chief Judicial Magistrate, Pudukkottai ought to have issued notice to the applicant before passing the order dated 26.10.2022 in Crl. M.P. No.914 of 2022 is also not sustainable. In view of the principles laid down by the Hon'ble Supreme Court in Authorised Officer, Indian Bank v. D. Visalakshi and Another, the proceedings under Section 14 of the SARFAESI Act are essentially administrative in nature and are intended to facilitate the secured creditor in taking possession of the secured asset in accordance with law. The said proceedings do not contemplate an adjudication of the rival claims of the borrower and the secured creditor. Therefore, the absence of notice to the borrower before passing the order under Section 14, by itself, does not render the impugned order illegal.

34. As regards the contention that the respondent bank failed to disclose the pendency of S.A. No.209 of 2022 before this Tribunal in the affidavit filed before the Learned Chief Judicial Magistrate, it is to be noted that the pendency of proceedings challenging the measures initiated under Section 13(4) of the SARFAESI Act does not, by itself, operate as a bar against the secured creditor seeking assistance under Section 14 of the

Act, in the absence of any specific order restraining the respondent bank from proceeding further. The applicant has not established that any order of stay or injunction was in force as on the date of passing of the impugned order. Hence, the said contention, in the facts and circumstances of the present case, does not warrant interference with the order passed by the Learned Chief Judicial Magistrate.

35. The applicant has further contended that the respondent bank fixed an inadequate reserve price for the secured asset in the e-auction sale notice dated 27.04.2022, despite the property allegedly being worth more than Rs.3.50 crores. In this regard, it is to be noted that the fixation of the reserve price and the compliance with the statutory requirements governing the sale of the secured asset are distinct matters from the question as to whether the order under Section 14 of the SARFAESI Act was passed in accordance with law. The applicant has not placed sufficient material before this Tribunal in the present proceedings to establish that the impugned order is liable to be set aside on this ground.

37. The applicant has also raised a contention regarding the authority of the Authorised Officer to proceed on behalf of the secured creditor. However, no material has been placed before this Tribunal to establish that the person who initiated the proceedings under Section 14 lacked the requisite authority under the applicable provisions of the SARFAESI Act.

38. This Tribunal has also taken note of the additional documents filed by both parties, including the CERSAI report, the memorandum relating to the deposit of title deeds and the relevant notification concerning Section 26D of the SARFAESI Act. The said documents have been considered to the extent relevant to the controversy involved in the present proceedings. On an overall consideration of the materials available on record, this Tribunal finds no sufficient basis to conclude that the respondent bank failed to comply with the statutory requirements applicable to the proceedings under Section 14 of the SARFAESI Act.

39. It is well settled that the assistance contemplated under Section 14 of the SARFAESI Act is intended to facilitate the taking of possession of the secured asset in furtherance of the measures initiated by the secured creditor under the Act. The jurisdiction of this Tribunal in the present proceedings cannot be enlarged to undertake an adjudication beyond the scope of the statutory requirements governing the impugned order. Having examined the affidavit filed by the respondent bank before the Learned Chief Judicial Magistrate, Pudukottai, together with the documents produced by the parties, this Tribunal is of the considered view that the requirements of Section 14(1) of the SARFAESI Act have been substantially complied with and that no illegality or impropriety warranting interference with the impugned order has been established.

40. In view of the foregoing discussion, this Tribunal holds that the applicant has failed to establish that the order dated 26.10.2022 passed by the Learned Chief Judicial Magistrate, Pudukottai, in Crl. M.P. No.914 of 2022 suffers from any illegality or impropriety warranting interference by this Tribunal. Consequently, the point for consideration is answered against the applicant.

41. In the result, the following:

ORDER

(i) The SA stands dismissed. The orders of the Ld. Chief Judicial Magistrate, Pudukkottai dated 26.10.2022 in Crl. M.P. No.914 of 2022 is hereby affirmed. All other pending IAs thus stand disposed of. Parties to bear their own costs.

(ii) A copy of this order be communicated to the parties concerned.

Sd/-
(SHARANG DHAR UPADHYAY)
PRESIDING OFFICER
DRT-II, CHENNAI

(Dictated to PS, who typed in the system directly, corrected, signed and pronounced by me in Open Court, on this 23rd day of October, 2026)