O.P. No.690 of 2021

N.SATHISH KUMAR, J.

This Petition has been filed under Sections 31(A), 31 (1) (aa) and 32 of the State Financial Corporation Act, 1951 for directing the respondents to pay a sum of Rs.184,68,75,780/- to the petitioner Corporation with interest at the rate of 23% per annum from the date of the petition to till the date of realisation in full.

2. The first respondent is a Company applied for loan assistance with the petitioner corporation and the petitioner sanctioned a term loan of Rs.52.60 lakhs and Rs.43.70 lakhs to M/s.Standard Leather (P) Ltd and M/s.Champion Leather (P) Ltd respectively, which were taken over by the petitioner Corporation and a further short term loan of Rs.100 lakhs was also sanctioned. The first respondent hypothecated the factory. The respondents 1 and 2 executed a deed of continuing guarantee and deed of agreement on 25.04.1996. As the respondents failed to repay the loan amount which resulted in foreclosure of loan dues and the petitioner corporation took possession of the factory land, building and machinery,

auctioned and a sum of Rs.6,81,55,303 was received including the auction sale amount of Rs.500 lakhs. However, even as on 31.07.2021, there is balance of Rs.184,68,75,780/- payable by the respondents. Hence, this petition.

3. The respondents despite serving notice remained *ex parte*. The Loan Administrative Officer of the petitioner corporation is examined as P.W.1 and Exs.P1 to P8 were marked. P.W.1 in his evidence had narrated the terms and conditions of the sanction letter of loan, mortgage, hypothecation and guarantee deed executed by others. Ex.P.1 is the photocopy of the terms and conditions for short term loan dated 17.04.1996. Ex.P2 is the photocopy of the Deed of Agreement dated 25.04.1996. Ex.P3 is the photocopy of the Deed of Guarantee dated 25.04.1996. Ex.P4 is the photocopy of the Deed of Hypothecation dated 25.04.1996. Ex.P5 is the photocopy of TIIC Ledger. Ex.P6 & 7 are the paper publications.

4. The evidences of the PW1 clearly shows that the properties have been mortgaged after availing the loan, there are dues payable by the respondents and notice is also issued calling for repaying the loan.

5. Considering the above and the fact that the respondents remained *ex parte*, I am of the view that the petitioner has proved its claim and hence, the petitioner is entitled for recovery of amount.

6**.** Accordingly, this petition is allowed. The respondents are directed to pay a sum of Rs.184,68,75,780/- to the petitioner Corporation with interest at the rate of 23% per annum from the date of the petition to till the date of realisation in full. Further, the petitioner Corporation is also permitted to sell the schedule mentioned property by their authorised officer to realise the amounts. The parties shall bear their own costs.

01.11.2023

dhk

N.SATHISH KUMAR, J.

dhk

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