O.P. No.673 of 2019

N.SATHISH KUMAR, J.

This Petition has been filed under Sections 31 & 31 (1) (aa) of the State Financial Corporation Act, 1951 for directing the respondents 2 to 5 to pay a sum of Rs.1,64,73,681.05/- to the petitioner Corporation with interest at the rate of 15% per annum compounded quarterly from the date of the petition to till the date of realisation in full and permit the petitioner to sell the schedule mentioned property of the fifth respondent.

2. The first respondent is a Company applied for loan assistance with the petitioner corporation and the petitioner sanctioned a term loan of Rs.1.90 lakhs towards manufacture of steel aluminum tables and chairs. The first respondent hypothecated the machinery. The respondents 1 to 4 executed a Guarantee dated 22.04.1991. The fourth respondent created equitable mortgage on the scheduled property and deposited all the title deeds with the petitioner corporation. As the defendants failed to repay the loan amount which resulted in foreclosure of loan dues. The petitioner Corporation issued notice on 17.07.2003 and 10.11.2003 for clearance of

over dues and further, a notice on 16.05.2019 was issued for recalling the entire loan to the tune of Rs.1,64,73,681/-. As there was no response, this petition is came up before this Court.

3. The respondents despite serving notice remained *ex parte*. The Junior Officer of the petitioner corporation is examined as P.W.1 and Exs.P1 to P10 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.2 is the photocopy of the terms and conditions of the loan dated 28.02.1991. Ex.P3 is the photocopy of the Deed of Hypothecation dated 22.04.1991. Ex.P5 is the photocopy of memorandum of deposit of title deeds dated 23.04.1991. Ex.P8 are the photocopies of the petitioner's letter dated 28.01.2011. Ex.P10 is the photocopy of the statement of accounts.

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 2 to 5 are directed to pay a sum of Rs.1,64,73,681.05/- to the petitioner Corporation with interest at the rate of 15% per annum compounded quarterly 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 of fifth respondent by their authorised officer to realise the amounts. The parties shall bear their own costs.

01.11.2023

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N.SATHISH KUMAR, J.

dhk

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