O.P. No.557 of 2017

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 1 to 3 to pay a sum of Rs.2,23,96,963/- as on 30.11.2016 to the petitioner Corporation with interest at the rate of 17% per annum compounded half yearly from the date of the petition to till the date of realisation in full and permitting the petitioner to sell the scheduled mentioned property of the second respondent.

2. The first respondent is the company. The respondents 2 and 3 are the guarantors. The first respondent Company applied for a term loan with the petitioner corporation for purchase of SIDCO Industrial shed at Kakalur for manufacturing of HDPE & PP Woven sacks. The petitioner sanctioned a term loan of Rs.4.45 lakhs and subsidy bridge loan of Rs.1.12 lakhs. The second respondents offered the collateral property situated at Plot No.903 and 904 in S.No.208/3, Nemili Village, Sriperumbudur Taluk, Kancheepuram District. As the defendants failed to repay the loan amount

which resulted in foreclosure of term loan dues and the petitioner Corporation took possession of the factory assets and brought the factory assets in exercise of the powers conferred under Section 29 of the State Financial Corporations Act for public auction on 07.06.2006, however, there was no offer. The respondents are liable to pay the balance dues of Rs.2,23,96,963/-. In this regard, legal notice is also sent on 30.01.2017. Hence, this petition.

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 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.2 is the photocopy of the terms and conditions of the agreement dated 13.03.1995. Ex.P3 is the photocopy of the Mortgage Deed dated 18.05.1995. Ex.P4 is the photocopy of the Deed of Hypothecation dated 18.05.1995. Ex.P5 is the photocopy of the deed of guarantee dated 18.05.1995. Ex.P6 is the photocopy of the letter of the deposit of title deeds dated 19.05.1995. Ex.P8 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, the collateral property situated at Nemili village was taken possession and brought for auction, however, there was no offer and further, a legal notice was also sent on 30.01.2017.

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 1 to 3 to pay a sum of Rs.2,23,96,963/- as on 30.11.2016 to the petitioner Corporation with interest at the rate of 17% per annum compounded half yearly 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 the second 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.

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