O.P. No.862 of 2017

N.SATHISH KUMAR, J.

This Petition has been filed under Sections 31 & 31 (aa) of the State Financial Corporation Act, 1951 for directing the respondents 1 to 3 to pay a sum of Rs.3,47,84,219/- as on 31.05.2017 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 permit the petitioner to sell schedule mentioned property of the respondents 2 and 3.

2. The first respondent is a Company running a unit at lease hold premises at No.3, South Perumal Street, Vadapalani, Chennai applied for a term loan with the petitioner corporation and the petitioner sanctioned a term loan of Rs.4.55 lakhs towards purchase and erection of machinery. The first respondent hypothecated the machinery. The respondents executed a Guarantee deed on 31.03.1995. The loan is secured by the collateral properties of the respondents 2 and 3. 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 on 04.06.1997

and brought the factory assets in exercise of the powers conferred under Section 29 of the State Financial Corporations Act for public auctions and realised a sum of Rs.12,000/-. The petitioner Corporation issued a legal notice dated 19.02.2010 demanding to settle the loan account and there were no responses. Hence, again a notice was issued under one time settlement dated 31.10.2016 calling the respondents to settle the loan, no response. 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 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 Deed of Hypothecation dated 31.03.1995. Ex.P3 is the photocopy of the deed of guarantee dated 31.03.1995. Ex.P5 is the photocopy of the memorandum of deposit of title deeds dated 03.04.1995. Ex.P6 is the photocopy of the auction sale proceedings dated 07.01.2009. Exs.P7 & P9 are the photocopies of the legal notices. 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, a notice was issued on 19.02.2010 demanding to settle the loan account with interest and a notice under one-time settlement was issued on 31.10.2016 and further, a legal notice was sent on 14.06.2017.

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.3,47,84,219/- as on 31.05.2017 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 respondents 2 & 3 by their authorised officer to realise the amounts. The parties shall bear their own costs.

01.11.2023

dhk

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dhk

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