



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 01.09.2025

CORAM

THE HON'BLE MR. JUSTICE M.DHANDAPANI

**W.P. No.23859 of 2018
and WMP. No.27813 and 27814 of 2018**

1. Arun Rajkumar Fredrick
2. Minnie R Fredrick

... Petitioners

-VS-

1. The District Collector,
Singaravelar Maligai,
32, Rajaji Salai, Chennai-1.

2. The Tahsildar,
Purasawalkam Taluk,
Chennai-3.

3. The District Collector,
Medak District, Sangareddy,
Andhra Pradesh.

4. Andhra Pradesh State Financial Corporation
Ramachandrapur Branch,
H.O.5-9-194, Chirag Ali Lane,
Hyderabad – 500 001, AP.

5. M/s.Synergetics Ltd.,
Registered office at
Apurva Road No.3,
Banjara Hills, Hyderabad-34.
Adhra Pradesh.

... Respondents

Prayer:- Writ Petition filed under Article 226 of the Constitution of India, 1950, praying to issue a Writ of Certiorari calling for the records relating to impugned proceedings in ROC. No.B4/2614/2018 dated 23.08.2018 and demand notice dated 23.08.2018 on the file of the second respondent and quash the same.



WEB COPY



For Petitioner(s) : Mr. C.R.Prasannan
For Respondent(s) : Mr.G.Velu, AGP for RR1 & 2
RR3 & 4 – No appearance
R5 – Not ready notice

ORDER

The petitioners, mother and son, have filed this writ petition seeking to quash the proceedings dated 23.08.2018 issued by the second respondent herein and also the consequential, demand notice are on the same date.

2. It is the case of the petitioners that the 5th respondent obtained a term loan on 01.06.1979 for a sum of Rs.29,00,000/- from the 4th respondent. The 5th respondent mortgaged certain properties in favour of the 4th respondent. Since the loan amount was not repaid, the 5th respondent realized the principal amount by auctioning the properties. Towards the interest portion, the 4th respondent made a claim against the petitioners since they were the directors of the company viz., M/s. Coramendal indag Products Private Limited. The said company had sought permission from the 4th respondent to take over the management of the 5th respondent company and to purchase promoters entire equity share holding of Rs.7,00,000/- and another sum of Rs.3,50,000/- of IDBI in the company at par value under a purchase programme duly approved by the institution for survival of the unit.



WEB

3. According to the petitioners, though they are directors of M/s. Coramendal indag Products Private Limited, no personal guarantee of any of the Directors, has been executed in faovur of the 4th respondent for any loan obtained by the 5th respondent. Therefore, the impugned order passed by the second respondent on the basis of the letter written by the 4th respondent to the Commissioner of Chennai is bad in law. The petitioners have also stated that the 4th respondent never made a claim against the petitioners in their personal capacity.

4. It is a case of the petitioner that the petitioners have not executed any guarantee letters, guaranteeing payment personally to the 4th respondent APSFC. It is also averred in the petition that no notice had been sent to the third respondent to the petitioners for invocation of Andhra Pradesh Revenue Recovery Proceedings by the third respondent against the petitioners.

5. While so, the petitioners received an undated notice addressed to the father and brother of the first petitioner herein. In the said notice, a demand for Rs.28,51,872/- was made. The said father of the first petitioner were directed to pay a fake sum by way of demand draft by one lumsum to the 4th respondent. The petitioners sent reply on 06.08.2018 through their Advocate stating that no



WEB

information had been provided as to how they were liable to pay the said amount to the 4th respondent. While the matter stood thus, the second respondent issued impugned proceedings dated 23.08.2018 along with a consequential letter on the same day requiring the petitioner to pay a sum of Rs.1,28,51,872/-. Challenging the same, the present writ petition has been filed.

6. The second respondent has filed a counter wherein it is stated that the Assistant General Manager, Andhra Pradesh State Finance Corporation, Ramachandrapur Branch in his letter dated 18.06.2003 had addressed the District Collector, Medak at Sangareddy stating that to recover a sum of Rs.1,28,51,872/- from the Directors/guarantors of M/s.Synergetics Ltd., Pantanchery under the Revenue Recovery Act. Since the defaulters were living within the jurisdiction of District Collector, Chennai, the District Collector, Medak at Sangareddy in his letter dated 14.8.2003 has requested the District Collector, Chennai to arrange for recovery of the said amount and send the amount through Demand Draft directly to the District Collector, Medak at Sangareddy. The second respondent had repeatedly stated that the petitioners have failed to challenge the demand notice issued by the 4th respondent. Therefore, the second respondent has prayed for rejecting the prayer of the writ petition.



WEB COPY 7. Heard both sides and perused the materials available on record.

8. As rightly pointed out by the learned counsel for the petitioner, the petitioners were neither the share holders of the 5th respondent company nor its Directors. It is also to be noted that the petitioners have not executed any personal guarantee for any loan in favour of the 4th respondent. As rightly submitted by the learned counsel for the petitioner, the Directors of M/s. Coramendal indag Products Private Limited, cannot be held liable in the personal capacity for the liability of the company. The petitioners were also not served with any notice before conducting any enquiry under Andhrapradesh Revenue Recovery Act. The petitioners have also taken a specific stand that they were not served with any notice in any proceedings alleged to have been initiated under Section 29 of the State Financial Corporation Act 1959 by the 4th respondent. Therefore, any action taken behind the back of the petitioners is not sustainable.

9. Despite the respondents 3 & 4 have not filed counter affidavit in response to the averments raised by the petitioners in the affidavit filed in support of this writ petition. Therefore, this Court is left with no other



alternative than to proceed on the basis of the statement made by the petitioners in the affidavit. This Court is of the view that when the petitioners are fixed with liability to the tune of more than Rs.1/- Crore, it is only just and proper that they are heard before taking any action. In a proceeding which involves civil consequences, the authorities ought to have given an opportunity of hearing to put forth their case. In the absence of the same, the entire proceedings looks vitiated. This court has no hesitation to hold that the principle of natural justice have not been followed.

10. In view of the above discussion, the impugned order passed by the second respondent is set aside. However, the respondents 3 & 4 are given liberty to initiate fresh proceedings. The petitioner may be given an opportunity of hearing and produce all the relevant materials in support of their case. Thereafter, the respondent shall take action as per law.

11. In the result, the writ petition stands allowed. No costs. Consequently, connected miscellaneous petitions are closed.

01.09.2025

rli

6/8



To

1. The District Collector,
Singaravelar Maligai,
32, Rajaji Salai, Chennai-1.

2. The Tahsildar,
Purasawalkam Taluk,
Chennai-3.



WEB COPY



M.DHANDAPANI, J.

Rli

W.P. No.23859 of 2018

01.09.2025