IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02-03-2026

CORAM

THE HON'BLE MR JUSTICE KRISHNAN RAMASAMY

WP No. 2885 of 2022
and
WMP.Nos.3009, 3011 and 3012 of 2022

1.M.Sailaja
W/o. Late Mr.M. Lakshmi Narayana Choudhary,

2.Selvi. M.Niyathi Raam Choudhary
D/o. Late Mr.M. Lakshmi Narayana Choudhary,
Minor, Rep. by their Mother and sole surviving
natural Guardian 1st Petitioner.

3.Selvan M.Nihar Mohan Choudhary
S/o. Late Mr.M. Lakshmi Narayana Choudhary,
Minor, Rep. by their Mother and sole surviving
natural Guardian 1st Petitioner.

..Petitioners

Vs

State Bank of India,
Commercial Branch, represented by its Assistant
General Manager,
Stressed Assets Recovery Branch,
Red Cross Building, II Floor,
No.32, Montieth Road, Egmore,
Chennai-600 008.

..Respondent

Prayer: Writ Petition filed under Article 226 of Constitution of India seeking for issuance of Writ of Certiorarified Mandamus calling for the records of the Respondents order dated 27.01.2022 in Ref. No. SARB / AJI / 589 to quash the same and consequently direct the appropriate authority of the respondent bank to favourably consider the petitioner's application dated 15.01.2022 under clause 12(a) at Page No.12 of the respondents SBI OTS Scheme 2021.

For Petitioner:	Mr.B.Ravi Raja
For Respondent:	Mr.C.Mohan and Ms.A.Rexy Josephine Mary for M/s.King and Patridge

ORDER

This Writ Petition has been filed challenging the order of the Respondents dated 27.01.2022 in Ref. No. SARB / AJI / 589 and to quash the same and consequently direct the appropriate authority of the respondent bank to favourably consider the petitioner's application dated 15.01.2022 under clause 12(a) at Page No.12 of the respondents SBI OTS Scheme 2021.

2**.** The case of the petitioner in the nutshell is as follows:

(i) The Petitioners are the widow and minor twin children of late Mr.Lakshmi Narayana Choudhary, who unfortunately purchased the lease hold rights of 354 sq.f.t. of specified land area at No.672/476, Anna Salai, Chennai from a Company viz., Sethuram Thyagarajan Engineers Pvt. Ltd., (STEPL). He also caused to be put up a entire superstructure on the 5th floor admeasuring about 3600 sq.feet in an office complex known as Temple Towers. It comprised of a single module with a single entry and exit and all the toilets and wash rooms are situated on one side only.

(ii) It is further stated that the aforesaid M/s.Sethuram Thyagarajan Engineers Pvt. Ltd. faced winding up proceedings and was ultimately ordered to be wound up in 10.12.1999. The Respondent-Bank had filed a Civil Suit before this Court for recovery of its dues from STEPL and the said Suit later came to be transferred to the Debt Recovery Tribunal at Chennai which passed a decree erroneously on the aforesaid office premises without notice to late Lakshmi Narayana Choudhary. The Respondent-Bank staked a claim based on the order of the DRT-I, Chennai, wherein the lease hold right of the 99 years was said to be mortgaged to the said Bank. Admittedly the original title deed evidencing the lease is not with the Respondent Bank and is now not traceable.

(iii) The Petitioners filed C.A.No.125 of 2011 in C.P.No.103 of 1993 before this Court for validation of the transfer of the lease hold right which took place during the winding up proceedings. The same was disallowed and the appeal filed against the said order in OSA.No.222 of 2013 was also dismissed by order dated 19.03.2020.

(iv) In order to buy peace, the 1st petitioner made several offers to the Respondent Bank. However, the officers of the Respondent-Bank though purportedly wanted to recover some amounts for the Bank could not consent for any viable and amicable settlement. The Respondent-Bank has admitted the existence of private property within the single module.

(v) That by circular dated 15.01.2022 the Respondent-Bank has come out with the present SBI OTS 2021 scheme. The scheme mentions how even "ineligible borrowers" can be considered by the appropriate authority at page No.12 clause 12(a) of the SBI OTS Scheme 2021. Therefore, the petitioner on behalf of the estate of late M.Lakshmi Narayana Choudhary approached the Respondent- Bank by letter dated 15.01.2022 along with cheque dated 15.01.2022 for a sum of Rs.4,52,116/-(which being 10% of the outstanding amount of Rs.49,21,160/-) to avail the scheme and retain the property in memory of late M.Lakhsmi Narayana Choudhary. The Respondent-Bank vide letter dated 27.01.2022 rejected the same by stating that under Clause 2.1(a)(iv) of the OTS scheme, units under liquidation will not be eligible and therefore the borrower company which is under liquidation cannot be covered under the scheme. That apart as per Clause 2.1.(a)(v) of the said Scheme, Units where the decree awarded by DRT will not be eligible. Challenging the said order, the present writ petition has been filed by the Petitioners.

3. The learned counsel for the Petitioners would submit that the order of liquidation against M/s.Sethuram Thiagarajan Engineers Pvt. Ltd will not be a bar to the Petitioners from availing SBI OTS Scheme 2021. Further, he would submit that the Respondent-Bank erred in rejecting the petitioner's proposal by purportedly relying on clause 2.1(a)(iv) of the OTS scheme which states that the units under liquidation will not

be eligible under SBI OTS Scheme 2021 and the said clause is not applicable to the petitioners as there is no possibility of an order of winding up against the petitioners who are individuals and not corporate entities. He further contended that impugned order came to be passed citing untenable reasons and therefore the same is liable to be set aside.

4. The learned counsel appearing for the Respondent-Bank would submit that subject property was already brought into auction and the Petitioners are neither borrowers nor guarantors and they are no way connected with the Bank and they are the only the 3rd parties. Therefore, they are not eligible to avail the benefit of OTS Scheme. That apart, as per Clause 2.1(a)(iv) of the said scheme, units under liquidation will not be eligible and therefore the borrower company which is under liquidation cannot be covered under the scheme. That apart as per Clause 2.1(a)(v) of the said Scheme, Units where the decree awarded by DRT will not be eligible. Hence, the Petitioners are not eligible to claim the benefit of the OTS scheme.

4.1. She would further submit that Clause 12(a) of the said scheme states that if the borrowal accounts is not eligible for settlement under OTS Scheme 2021, the same can be considered under the Banks extant policy, In this regard, the Bank's extant compromise policy is advised under circular dated 18.01.2020, whereby under Clause(xiii) it has been clearly stated that the operating units/branches are advised to deal directly with the borrowers/guarantors only for the settlement of dues through compromise and the 3rd parties should not be entertained and involved in this process and therefore the Respondent-Bank has rightly rejected the application of the petitioner. She therefore prays for dismissal of this Writ Petition.

5. Heard both sides and perused the records.

6. In the case on hand, the grievance of the Petitioners is that the Respondent-Bank vide order dated 27.01.2022 rejected the application of the Petitioners dated 15.01.2022 submitted for availing the benefit of OTS Scheme, citing the reason that Petitioners are not eligible and they are neither a borrower nor a guarantor. From the records, it is seen that the subject property was mortgaged with the Respondent-Bank on 30.01.1991 by M/s.Sethuraman Thiayagarajan Engineers Pvt. Ltd., and thereafter the said Company went under liquidation. Subsequently the Respondent-Bank filed a suit. before this Court in C.S.No.2117 of 1995 (transferred to DRT-1 numbered as T.A.No.426 of 1998, later re-transferred to DRT-II re-numbered as T.A.No.532 of 2001) against M/s.Sethuraman Thiayagarajan Engineers Pvt.Ltd as well as its directors and guarantors, seeking for recovery of money and an interim order prohibiting the Company in liquidation from alienating its assets, came to be passed on 23.04.1996. Despite the same, the aforesaid Company transferred their leasehold rights in favour of the 1st petitioner for a period of 999 years vide Deed of Transfer of Lease dated

30.01.1997. Therefore, there is no legal sanctity on the aforesaid Deed. Subsequently, the said company went into liquidation on 10.12.1999. Therefore, as rightly contended by the learned counsel for the Respondent-Bank, the Petitioners are neither borrowers nor guarantors and is not entitled to claim the benefit of OTS Scheme.

7. The Petitioners herein prays for a direction to the Respondent-Bank to favourably consider the Petitioners application under Clause 12(a) of the OTS Scheme 2021, as they are eligible to claim the benefit under the said Clause. At this juncture, it would be relevant to extract clause 12(a) of the said Scheme and the same is extracted hereunder:

> "*12.a. In respect of borrowal accounts, ineligible for settlement under SBI OTS SCHME 2021, the approval for compromises will continue to be accorded by the Appropriate Authority as per the Bank's extant policy.*"

8. A reading of the aforesaid clause makes it clear that though the Petitioners are eligible to claim benefit under OTS scheme, Clauses 2.1 (a)(iv) and (a)(v) stands as a bar. For the sake of convenience, it would be relevant to extract the aforesaid clauses

> ***2.1. Cases not eligible to be covered under the scheme.***
> ***a(i)………..***
> ***(ii)……..***
> ***(iii)……..***
> ***(iv) Units under Liquidation will not be eligible.***
> ***(v) Units where Decree awarded by DRT will not be eligible.***

9. A reading of the aforesaid clauses makes it clear that the Company under Liquidation and where the decree awarded by DRT will not be eligible and therefore the borrower company which is under liquidation cannot be covered under the scheme. Therefore, the Petitioners are not entitled to avail the said benefit. That apart, as rightly contended by the learned counsel for the Respondent, since the Petitioners are neither borrowers nor guarantors, they are totally the 3rd parties, the benefits of OTS scheme could not be extended to them. There is no error in the order passed by the Respondent-Bank.

10. In the light of the above, this Writ Petition sans merit and therefore liable to be dismissed and accordingly dismissed. No costs. Consequently, WMP.Nos.3011 and 3012 of 2022 is closed.

11. WMP.No.3009 of 2022, filed to permit the petitioners to file a single writ petition is ordered subject to payment of separate court fee.

02-03-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
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Note: Issue order copy only after ensuring the payment of court fee as ordered by this Court.

To

State Bank of India,
Commercial Branch, represented by its Assistant General Manager,
Stressed Assets Recovery Branch,
Red Cross Building, II Floor,
No.32, Montieth Road, Egmore,
Chennai-600 008.

KRISHNAN RAMASAMY, J.

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