

**IN THE COMMERCIAL COURT AT CHENNAI**

**Present: Dr. L.S. SATHIYAMURTHY, M.A.,M.L.,Ph.D.,  
District Judge**

**Tuesday, the 31<sup>st</sup> day of October, 2023**

**C.O.S. S.R. No. 988 of 2023**

**Integrated Digital Info Services Limited.,**

(Formerly known as ICNET Limited)

Plot No. 163, Dr. Vikram Sarabhai Industrial Estate,  
Perungudi, Chennai - 600 096.

Rep. by its Director - Mrs. Vijayam Padmanabhan

**... Plaintiff**

*Versus*

**1. The Tamil Nadu Industrial Investment Corporation,**

Represented by its Chairman,

692, Anna Salai, Nandanam,

Chennai - 600 035.

**2. The Tamil Nadu Industrial Investment Corporation,**

Represented by the Branch Manager,

Special Recovery Branch,

692, Anna Salai, Nandanam,

Chennai - 600 035.

**... Defendants**

**Counsel for the Plaintiff:** M/s. Madhan Babu, Vishnu Mohan, Rekha.S and  
Tanushree Arvind

**O R D E R**

Heard, the learned counsel appearing for the plaintiff.

This plaint has been presented through online / e-filing mode, before this Court.

The plaintiff claimed to be a mortgagee has presented this plaint for redemption of mortgage and for other reliefs. The plaint averments reveals that the plaintiff had created an equitable mortgage by deposit of title deeds and the defendant

had extended four loans on 02.08.1991 - Rs. 12,00,000/-, 17.03.1993 - Rs. 73,00,000/-, 29.03.1996 - Rs. 85,00,000/-, 29.04.1996 - Rs. 2,50,00,000/- respectively. Therefore, Rs. 4,20,00,000/- ( Rupees Four Crore Twenty Lakh only) is the total due under the mortgage, as stated in para 7 of the plaint.

### **Prior Litigation among the parties**

The plaintiff already filed a Writ Petition No. 36495 of 2004 and challenged the cancellation of allotment dated 03.11.2004 issued by the defendant. The Hon'ble High Court, Madras by an order dated 19.10.2006 set-aside the said order dated 03.11.2004 and directed the defendant herein to issue a fresh notice.

Subsequently, another notice dated 31.01.2012, under Sec. 29 of State Financial Corporation Act, 1951 was issued by the defendant to the plaintiff herein to bring the mortgaged property for auction. The plaintiff again filed a writ petition No. 4970 of 2012. After hot contest, the Hon'ble High Court, Madras by an order dated 28.11.2022 dismissed the writ petition and observed as follows:

*"Viewed from that perspective, there is nothing reflected in the affidavit filed in support of this Writ Petition by which this Court could interfere with the impugned notice, which merely calls upon the Petitioner to pay the dues, as otherwise it would necessitate action for recovery by auction sale of the mortgaged property that has been conferred under Section 29 of the State Financial Corporation Act, 1951. In such circumstances, it is not possible to grant any of the reliefs as sought in the Writ Petition, though it would not preclude the Petitioner from seeking redemption of the mortgage on making full payment of the debt due claimed by the Third Respondent before auction sale of the mortgaged property takes place. In the upshot, the Writ Petition, which is devoid of merits is dismissed. Consequently, the connected Miscellaneous petitions are closed. No Costs."*

In the above order the Hon'ble High Court, Madras granted liberty to the plaintiff herein to seek the redemption of mortgage on making full payment of debt

due claimed by the defendant. The Defendant in its notice dated 11 September, 2023 has claimed a sum, as due which exceeds the pecuniary limits of this court. But, in this plaint the debt due mentioned in the notice dated 31.01.2012 is disputed as incorrect.

While so, the second defendant herein has issued another notice, dated 11.09.2023, under sec. 29 of State Financial Corporation Act, 1951. The contents of the said notice are relevant and extracted hereunder.

*"You have mortgaged the factory at Plot No. 163, Developed plot, Electrical & Electronic Estate Perungudi measuring 71 cents byt the Deed of Mortgage, dated 01.12.1993. Due to default, we took possession of the factory on 05/06/1997. You have approached Hon'ble High Court and obtained an order of interim injunction on 01.03.2012 restraining the Corporation from bringing the property in question for sale by auction, until further orders. On 28.11.2022 the writ petition which is devoid of merits, is dismissed. Consequently the connected Miscellaneous petitions also are closed. Hence we propose to auction the factory under Section 29 of the SFC Act 1951. You are given an opportunity of 15 days time to settle the loan account. If not the Corporation is forced to bring the primary property for auction u/s 29 of the SFC's Act 1951".*

Therefore, the defendants herein, as mortgagor have already took possession of the factory as early as on 05.06.1997 and after the dismissal of writ petition number 4970/2012, dated 28.11.2022, the subject matter of mortgage deed proposed to be auctioned.

Under these circumstances the plaintiff claimed to be a mortgagee has presented this plaint.

### **Territorial Jurisdiction of this Court in the case of Redemption of Mortgage**

As per the notification VII in G.O. (MS) No. 555, Home (Courts - II) Department, dated 06.12.2021, the Governor of Tamil Nadu after consultation with the Hon'ble High Court, Madras Constituted a Commercial Court at the District level within the entire judicial district of Chennai, as its local limits with pecuniary

jurisdiction of not less than Rs. 3 Lakh and not more than Rs. One Crore under Sec. 3(3) of Commercial Court Act, 2015.

The instant plaint has been presented before this Commercial Court, Chennai to pass a decree for redemption of mortgage (as per the relief claimed in para 49(b), of plaint). In the schedule of property described in page 21 of plaint, the subject matter of mortgage described as follows:

*"All that piece and parcel of land together with factory / workshop building and more clearly indicated in Plan A annexed herto, on plot, no. 163 the land admeasuring North - South 186 feet on the west side and 171.5 feet on the east side on the east - west 164 feet on the north and 182 feet on the south and on the aggregate an extent of 0.710 acres within the villages of Seevaram, Neelankarai and Palavakkam bounded on the east by Buckingham canal throughout the length and on the west by Old Mahabalipuram road throughout the length  
On North by private loands in S.F. No. 126  
On South by 40' road  
On East by 40' road  
On West by private land in S.F. No. 140  
And situated at Perungudi, Chennai - 600 096, Kancheepuram District within the Sub - registration district of Neelankarai and within the registration district of Madras."*

The above description would make it clear that the subject matter of mortgage situate at Perungudi, Kanchipuram District.

At this juncture, it would be extremely relevant to refer Part I, Section 16 CPC, 1908. It reads as follows:

"16. Suits to be instituted where subject matter situate - Subject to the pecuniary or other limitations prescribed by any law, suits -  
(a) for the recovery of immovable property with or without rent or profits,  
(b) for the partition of immovable property,  
(C) for foreclosure, sale or **redemption in the case of a mortgage** of or charge upon immovable property,  
**shall be instituted in the Court within the local limits of whose jurisdiction the property is situate:"**

The above provision section 16(C) CPC is crystal clear that a suit for redemption of mortgage shall be instituted in the court within the local limits of whose jurisdiction the property is situated.

This Court (as per the G.O. cited supra) has territorial jurisdiction with the entire judicial district of Chennai. But in the present plaint the subject matter of mortgage situate at Perungudi, Kanchipuram District. Therefore, this Court lacks territorial jurisdiction to try or entertain the dispute brought forth through this plaint, on hand.

### **Pecuniary Jurisdiction**

As per the notice dated 11.09.2023 (Doc. No 54) the defendants claimed a sum of Rs. 29,13,635.34 towards interest and Rs. 195.48 Lakh towards principle due under the mortgage. The plaintiff claimed that the calculation of amount is incorrect. The Hon'ble High Court, Madras in its order in W.P. No. 4970 of 2012, dated 28.12.2022 observed that (Para 5) it could be agitated only in a properly framed suit for accounts and / or redemption of mortgage before the jurisdictional Civil Court. Further, it is also observed that plaintiff had offered to remit Rs. 465.00 Lakh as one time payment of settlement (OTS) loan account. But in this plaint, it is claimed that only a sum of Rs. 87,44,062/- due under the said mortgage. The statement of account from the plaintiff or receipt for repayment of loan amount by the plaintiff are indispensable documents to arrive the said of balance loan amount, as calculated by the plaintiff, under the mortgage. The plaintiff has neither produced the statement of account nor produced any receipts to show the repayment to justify its calculation of due amount of Rs 87,44,062. In such circumstance it is not clear how the plaintiff arrived or calculated Rs. 87,44,062/- is due to the defendant. In the absence of concrete proof in support of the calculation arrived by the plaintiff, the balance amount of a sum of Rs. 29,13,635.34 claimed towards interest and Rs. 195.48 Lakh towards principal under the notice dated 11.09.2023 (D. No. 54) cannot be disputed, at this preliminary stage Hence, the mortgage amount/balance exceeds one crore and this court has no pecuniary jurisdiction to adjudicate this commercial dispute.

**Conclusion**

For the discussions and reasons given above, this court is of the view that the subject matter of the mortgage is situated outside the territorial jurisdiction of this Commercial Court. Further the amount due under mortgage claimed by the defendant in its notices exceeds the pecuniary limits of this Court.

In the result, this plaint is returned under Order VII Rule 10 CPC for representation before proper forum of law, in which the suit should have been instituted, as per law. Time for representation is six weeks.

Dictated to Steno typist, typed by him directly, corrected and pronounced by me in the open Court this the 31<sup>st</sup> day of October, 2023.

District Judge,  
Commercial Court,  
Egmore, Chennai – 08.

**Draft/Fair/Order**  
**C.O.S. S.R.No. 988/2023**  
**Dt:31.10.2023**

**Commercial Court,**  
**Egmore,**  
**Chennai – 08.**