

CONSUMER GRIEVANCE REDRESSAL FORUM NORTHERN REGION, KOZHIKODE.

(Formed under section 42(5) of Electricity Act 2003.)
Vydyuthibhavan, Gandhi Road, Kozhikode -673011
Telephone Number -0495 2367820 Email.cgrfkzd@kseb.in

PRESENT

SANDHYA DIVAKAR : CHAIRPERSON
RAJU C. K. : MEMBER (LICENSEE)
FRANCIS A. C. : MEMBER (LAW)

OP 83/2025-26

PETITIONER :-

Sri. SARATH BABU P.N.
DIRECTOR, M/s SARADAS BUSINESS Pvt Ltd,
PLOT No.33A, KINFRA INDUSTRIAL PARK
SEETHANGOLI, MAYIPADY P.O.,
KASARAGOD- 671 124.

R/at

JASMINE APARTMENT
OPP. EDNAD BANK
PUTHIGE, SOORAMBAIL
EDNAD (P.O), KASARAGOD
KERALA

RESPONDENTS :-

- 1. THE ASSISTANT EXECUTIVE ENGINEER,
ELECTRICAL SUB DIVISION,
KSEB LTD, KASARAGOD
KASARAGOD DISTRICT**
- 2. THE ASSISTANT ENGINEER,
ELECTRICAL SECTION, SEETHANGOLI,
KSEB LTD, KASARAGOD DISTRICT- 671 321**

ORDER

Background of the case:-

Sri. Sarath Babu, Director of M/s Sarada Business Pvt. Ltd., filed a grievance against a Revenue Recovery Demand Notice dated 28/02/2026 issued by KSEB for Rs. 88,014/- under Consumer No. 11681890 13844. The petitioner contends that the demand is unjust as Canara Bank had already taken physical possession of the MSME unit and he had no access or operational control over the premises during the relevant period. Therefore, he argues that any statutory and utility liabilities should not be attributed to him but to the party in possession.

Argument of the Petitioner :-

➤ The Petitioner states that he had been issued with a Revenue Recovery demand notice (RRC No. : 2025/ 1432/ 14 dated 28.02.2026) for Rs.88,014/-. This is unjust as Canara Bank had already taken physical possession of his MSME unit on 12th October 2023 and he had no access or operational control since that date. Therefore, the statutory and utility liabilities arising after 12.10.2023 rest with the lawful custodian (Canara Bank).

➤ **Loss of physical possession to Canara Bank:**

His MSME unit, M/s Saradas Business Pvt. Ltd, is under hypothecation with Canara Bank, Bank Road Branch, Kasaragod. The Petitioner had promptly remitted all electricity bill up to September 2023. However, the bank initiated SARFAESI proceedings and forcibly took physical possession of the property and the unit on 12th October 2023. Since that date, the Petitioner had no access to, control over or beneficial use of the premises.

➤ **Legal submission Regarding Post - Possession Liability:**

It is respectfully submitted that Canara Bank, having taken physical possession of the secured asset on 12.10.2023 Section 13(4) of the SARFAESI Act, 2002, assumed exclusive control, custody and dominion over the property. Upon such dispossession, the Petitioner completely divested of physical access, operational control and beneficial use of the premises.

In law, possession carries with it the corresponding duty of preservation, maintenance and management of the secured asset, as contemplated under the security

interest (Enforcement) Rules, 2002. Therefore, any statutory or utility liabilities arising after 12.10.2023, including electricity charges, minimum demand charges or other usage-related dues, cannot legally be fastened upon him, as he neither occupied nor utilized the premises thereafter.

The party in actual and lawful possession, namely the secured creditor (Canara Bank), is responsible for maintaining the property and ensuring that no recurring liabilities accrue due to continued connection or non-disconnection of utilities. Accordingly, the Petitioner can not be held liable for any electricity dues generated subsequent to the date of physical possession, as liability must follow possession and control in accordance with settled principles of property law and custodial responsibility.

➤ Illegal Seizure by Canara Bank and Fraudulent NPA: The Petitioner further submits that the very foundation of Canara Bank taking physical possession of his property is fraught with severe statutory violations and financial fraud, which are currently under legal dispute.

➤ **Illegal NPA classification (Violation of RBI IRAC Norms)** : The alleged NPA classification by the Bank is ex-facie illegal and void ab initio. As per the RBI Master Circular on prudential Norms on income recognition, asset classification and provisioning (IRAC Norms), an account can be classified as NPA only when interest or installment remains overdue for more than 90 days. The bank illegally shifted the default from a GECL account to an OD account that was regularized a mere 34 days prior to the alleged NPA date. Any action under the SARFAESI Act based on such a fabricated and invalid NPA is legally unsustainable.

➤ **Fraudulent Suppression of NCGTC Guarantee claim**: The bank completely failed to rebut the RTI reply issued by NCGTC (Ref:0878/NCGTC/RTI), which undeniably confirms their officials' negligence in non-lodging the guarantee claim. The Bank's failure to invoke a valid, sovereign-backed credit guarantee and their malicious attempt to instead shift the liability onto the borrower amounts to a gross breach of fiduciary duty, suppression of material facts and actions contrary to public finance scheme guidelines. This deliberate suppression actively attracts

sections 405 and 409 of the IPC (Criminal Breach of Trust by a Public Servant)

➤ **Illegal “Account Swapping” & Post-Facto CBS Manipulation:** The Bank has previously admitted in writing that the account-customer relationship was modified “Years after the alleged NPA classification. This post facto alteration of core banking system (CBS) data to manufacture evidence is a severe corporate crime that attracts Sections 43 & 66 of the Information Technology Act (Data manipulation), Section 463, 465 & 471 of the IPC (Forgery and use of forged electronic records) and violation of the Banker’s Books Evidence Act. It is highly pertinent to note that till date, Canara Bank has not produced any solid, tamper-proof evidence to prove that their NPA claim is true. Consequently the entire matter regarding the legality of their actions and physical possession is currently sub-judice and under the active consideration of the Hon’ble DEBT Recovery Tribunal(DRT)-1, Ernakulam with immediate effect.

➤ **Pendency of Dispute before the KSEB CGRF:** The Petitioner has already filed a formal complaint (Form A) before the Consumer

Grievance Redressal Forum (CGRF), KSEB Kozhikode, on 12.11.2024. In that petition, the Petitioner explicitly challenged the arrear notices and requested a stay on RR proceedings. Initiating RR proceedings while the matter is under review by higher grievance authorities is procedurally unjust.

➤ **Unauthorised Damage and Theft at the Premises:** The Petitioner has previously notified KSEB and respective authorities that while the property has been under the bank's possession, valuable copper strips connected to the DC generator were stolen due to the bank's custodial negligence. Furthermore, KSEB ground staff caused unauthorized damage to his property by unprofessionally cutting the service connection wires from the pole to the meter panel board, violating chapter VII, Section 73 of KSEB Regulations.

➤ **Prayer/ Relief Sought by the Petitioner is as follows:**

The Petitioner legally dispossessed of the property and considering that formal litigation regarding custodial liability and illegal possession is actively pending before the Hon'ble DRT Ernakulam-

1 and the KSEB CGRF, the Petitioner humbly requests as follows:

1. Immediately stay/ keep in abeyance the Revenue Recovery proceedings (RRC No. 2025/1432/14) against him pending final orders from the respective legal forums.

2. Direct KSEB to seek recovery of the electricity arrears from the current lawful custodian of the property, ie., Canara Bank, Bank Road Branch, Kasaragod.

Lists of documents (Copies) enclosed by the Petitioner:-

- Exhibit P1:- E-mail dated 12-11-2024.**
- Exhibit P2:- E-mail dated 01-08-2024.**
- Exhibit P3:- Form 24 Dated 03-07-2025**
- Exhibit P4:- RR notice Dated 28-02-2026.**
- Exhibit P5:- Disconnection of power connection and dismantling of service wire**

Argument of the Respondent:-

The Respondent's version is as follows:

- The Petitioner having Consumer No.11681890 13844 had been effected in the name of Sri. Sarath Babu P.N., under Electrical Section, Seethangoli in LT IVA tariff with a connected load**

of 36.94 kW. The date of connection was 08.06.2017 and the current charge up to 10/2023 was remitted. Current charge from 01.11.2023 had been pending to this consumer number. Since the current charges was pending from 01.11.2023, the service connection was disconnected on 05.03.2024 and after six months the service connection was dismantled on 12.09.2024. The arrear current charges accumulated is Rs.77,408/- as on 12.09.2024.

- Since the consumer had not remitted the arrear current charges, the Assistant Engineer, Electrical Section, Seethangoli recommended for RR action against the consumer and the Executive Engineer, Electrical Division, Kasaragod recommended to the District Collector, Kasaragod to proceed RR action against Sri Sarath Babu as on 03.07.2025.**
- Accordingly, the Tahasildhar (RR), Kasaragod proceeded against the consumer for recovering the arrear.**
- The Consumer had not informed KSEBL about the attachment of Canara Bank. KSEBL and Canara bank have no relation in settling the Electricity arrears of this consumer.**

- **The staff of KSEBL disconnected the supply and dismantled the connection as per rules and no damage occurred to the consumer premises.**

Lists of document by the Respondent :-

- **Exhibit R1:- Details of Bill and Consumption.**

Observation and analysis of the Forum :-

The hearing in the OP was convened on 07-04-2026 FN at the court hall of CGRF (NR), Kozhikode in which both th parties were present. The Petitioner informed that the Canara Bank took possession of industry and premises on 23-10-2023. The KSEBL may have served regular bills since then. But he didn't get the bills as he had no access to his plot. However he admitted that SMS regarding monthly bill has been received in his registered Phone.

Forum enquired whether the Petitioner has informed the Licensee about taking over off the plot by the Canara Bank and had given request for disconnection of the electric connection in his name. The Petitioner informed that he had given mail to many persons including Assistant Engineer, Assistant Executive Engineer, Executive Engineer, Electricity Minister, Inspector of Factories and

Boilers, Industrial Minister, Directorate of Industries and Commerce, Ministry of MSME etc regarding on the forceful possession by Canara Bank. But he hadn't given request for disconnection as he was not aware of such formalities and assumed that he could retain his service connection once custody of the Canara Bank is vacated.

The Respondent informed that the Petitioner is a regular paying consumer with no back lags. From Nov 2023 onwards, no consumption is observed and hence charged FC only. After waiting for 4 months, the service connection was disconnected on 5-03-2024 and dismantled on 12-09-2024. Hence the consumer is liable to pay regular bill with interest upto 05-03-2024 and minimum charge with interest up to 12-09-2024.

Then the Petitioner produced his E-mail dated 24-02-2024 regarding disconnection and dismantling of service connection, subsequent to a disconnection message from the Licensee received as SMS which is marked as Exhibit -P5.

In this E-Mail, it was informed that the Petitioner's premises was forcefully locked by the Canara Bank and he had requested to adjust arrear bill amounting to Rs.26949/- against the caution

deposit of Rs.50,000/- Also the Petitioner has demanded the breakup of total outstanding amount. Forum verified the genuinity of the E-mail and found correct. Further the 1st Respondent also admitted that this mail has been received to the office of the 2nd Respondent, but somehow they failed to address the concern of the Petitioner.

The Respondent submitting the bill details and consumption for the period 03/2023 to 09/2024 informed that even before possession by Canara Bank, the consumption of the Petitioner was very low and hence outstanding CD against the consumer after refunding the additional CD is only around Rs.6000/-. Further the Respondent informed that as the premises was locked, they have dismantled the service wire at the post and has not retrieved the energy meter and they are not liable for the loss of copper bar or any other items with in the locked premises. Forum observed that the Petitioner primarily failed to inform the Licensee about possession change and subsequent disconnection required for the service connection registered in his name. In his E-mail dated 24-02-2024, he has not requested for dismantling of the connection. The Petitioner failed to produce his intimation to the Licensee, prior to this date. It is assumed that the

disconnection was made 05-03-2024, on receipt of the Petitioner's e-Mail dated 24-02-2024. Hence the Petitioner is liable to pay the energy charge till the date of disconnection. Further the dismantling was done on 12-09-2024. But date of dismantling after 6 month from the date of disconnection is 04-09-2024. Hence consumer is liable to pay fixed charge up to 04-09-2024. The available caution deposit should be deducted from this CC+FC. But the Licensee is not eligible for any interest till date as the request of the Petitioner was not entertained and addressed by the Licensee. Hence the Petitioner was forced to file an OP in this Forum.

Having examined the Petition and the Statement Of Facts of the Respondents and considering all the documents submitted and deliberations during the hearing, the Forum has come to the following conclusions leading to the decision.

Decision:-

1.The OP is admitted.

2.The Licensee is directed to prepare a new arrear bill covering the energy charges up to 05-03-2024 and minimum fixed charges for 6 months up to 04-09-2024 deducting the balance cash deposit and

without any interest. The Respondent may serve the final bill to the Petitioner within 5 days on receipt of this order.

3.The Petitioner is directed to remit this bill amount with in 15 days on receipt of this fresh arrear bill.

4.On remittance of this fresh arrear bill, the Respondents are directed to drop the RR procedure initiated against the Petitioner.

5.If the Petitioner fails to remit the bill amount within the stipulated time, the Respondents are free to initiate RR proceedings for this fresh arrear bill amount.

6.The compliance of this order may be intimated to the Forum by 15-05-2024

The petition is disposed accordingly.

Dated this 7th day of April 2026,

Sd/-	Sd/-	Sd/-
FRANCIS A.C.	RAJU C.K.	SANDHYA DIVAKAR
Member(LAW)	Member(LICENSEE)	CHAIRPERSON

Endt.on CGRF-NR/OP 83/2025-26/ 11

Dt.17 /04/2026

Forwarded to:

1) Sri. SARATH BABU P.N
PLOT No.33A, KINFRA
INDUSTRIAL PARK
SEETHANGOLI, MAYIPADY P.O.
.KASARAGOD- 671 124.

If the petitioner is not satisfied with the above order of this Forum, he is at liberty to prefer an appeal before the State Electricity Ombudsman, D.H. Road, Forshore Road Junction, Gandhi Square, Eranakulam, Kerala-

R/at

JASMINE APARTMENT
OPP.EDNAD BANK
PUTHIGE,SOORAMBAIL
EDNAD (P.O), KASARAGOD
KERALA

682016.(Ph: 0484 2346488)
within 30 days from date of receipt of
this order.

2. THE ASSISTANT EXECUTIVE ENGINEER,
ELECTRICAL SUB DIVISION,
KSEB LTD, KASARAGOD
KASARAGOD DISTRICT
3. THE ASSISTANT ENGINEER,
ELECTRICAL SECTION, SEETHANGOLI,
KSEB LTD, KASARAGOD DISTRICT- 671 321

Copy submitted to:

1. THE SECRETARY, KSEB Ltd,
VYDYUTHI BHAVANAM, THIRUVANANTHAPURAM.
(By Post)
2. THE DEPUTY CHIEF ENGINEER, TRAC, KSEBL,
VYDYUTHI BHAVANAM, THIRUVANANTHAPURAM.
(By Email)

Forwarded

Sd/-

Chairperson.