Fair Order

IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI
DATED THIS 28th DAY OF APRIL, 2026
PRESENT: SEEMA SINHA
[PR. DISTRICT & SESSIONS JUDGE - Retd]
PRESIDING OFFICER

SA No. 805/2025

M/s. Susee Automobiles (P) Limited,
Represented by its Director,
J.Rajiv Subramanian,
25, Tamil Sanga Road,
Madurai – 625 001. .... Applicant

Vs

1. Axis Bank Limited,
   Represented by its Authorized Officer,
   Axis Bank – Legal Team, Door No.31,
   Old No.14, South Mada Street,
   Mylapore, Chennai – 600 004. .... 1st Defendant Bank

2. M/s. Siva Automotive Trading Private Limited,
   Represented by its Director,
   No.2C,Gatelock Road,
   Madurai – 625 009. .... 2ndDefendant/Auction Purchaser

3. R.Suseen,
   S/o S.Rajasekaran,
   No.96, Theni Road,
   Madurai – 625 016. .... 3rdDefendant/Auction Purchaser

Appearance of Advocates:
Mr.Y.Prakash ---- Counsel for the Applicant
Mrs.Sowmya Sitaram ---- Counsel for the 1st Defendant Bank
2nd Defendant & 3rd Defendant/Auction Purchaser sets ex-parte

This SARFAESI Application was heard in the presence of Counsels for the Applicant, 1st Defendant Bank and fixed for passing final order before me and upon hearing the arguments of the Counsels and having stood over for consideration till this day, this Tribunal delivered the following:

O R D E R

1. This Application has been filed u/s. 17 of the SARFAESI Act, 2002 by the Applicant praying that this Hon'ble Tribunal may be pleased to call for the entire records relating to the initiation of proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, culminating in the e-auction sale of the Applicant's secured assets pursuant to the impugned sale notice dated 13.08.2025 and the auction held on 03.09.2025, and to quash the same, and direct restoration of encumbrance-free possession of the secured assets to the Applicant.

2. The brief averments of the Application filed by the Applicant is as follows:-

a) That the Applicant is part of the well-known Susee Group engaged in automobile dealership and service business and a prominent dealer of Mahindra & Mahindra in Madurai since 2005, initially maintained credit facilities with HDFC Bank, Madurai, and Tata Capital. In August 2013, the Applicant shifted its banking relationship to the Respondent, Axis Bank Limited, to avail larger facilities for working capital and expansion of its dealership operations. Pursuant to this shift, the Bank sanctioned to the Applicant various credit facilities, namely a Term Loan of Rs.200 lakhs, Channel Finance (Inventory Funding) of Rs.1,000 lakhs, and Mpower Overdraft (Working Capital) of Rs.450 lakhs, aggregating to

a total sanctioned limit of Rs.1,650 lakhs. In addition, the Bank extended credit to two of the Applicant's group concerns - Susee Automotive Private Limited and Susee Premium Automobiles Private Limited - each to the tune of Rs.500 lakhs, bringing the total sanctioned limits across the Susee Group to Rs.2,650 lakhs. These facilities were secured by immovable properties of the Applicant and its group companies, collectively valued at about Rs.3,500 lakhs.

b) The Applicant further submitted that he made substantial repayments amounting to approximately Rs.1,550 lakhs out of the Rs.1,650 lakhs originally sanctioned. However, the Bank appropriated significant portions of these payments towards late-payment charges, penal interest, and processing fees, and nevertheless claimed an outstanding of about Rs.950 lakhs. On 16.03.2017, the Bank classified the Applicant's account as a Non-Performing Asset (NPA), in violation of the Reserve Bank of India (RBI) prudential norms and guidelines, and issued a Demand Notice under Section 13(2) of the SARFAESI Act on 07.07.2017, demanding a payment of Rs.9,21,84,681.20 within 60 days, followed by a Possession Notice under Section 13(4) dated 26.10.2017.

c) It is submitted that the Applicant's business suffered serious financial stress during this period, including the closure of major dealerships of the Applicant's group companies, compelling them to consider selling secured assets to clear the Bank's dues. The Applicant approached the Bank for One-Time Settlement (OTS) and made further payments in anticipation of release of secured assets. Despite the Applicant's substantial repayments and bona fide settlement efforts, the Bank failed to assure release of the entire collateral even as significant amounts were paid. After receiving the

SARFAESI notices, the Applicant again sought OTS terms, specifically requesting waiver of penal interest and late-payment charges and adoption of a diminishing rate of interest. Despite these genuine efforts, the Bank issued a Sale Notice dated 20.03.2018 for e-Auction on 25.04.2018, fixing a reserve price far below the market value of the secured assets. The Applicant has, in fact, paid over ₹31 crores against a total sanction of ₹26.5 crores during the entire banking relationship, yet the Bank continued to demand further amounts, seeking to leverage the high market value of the collateral far beyond its legitimate dues.

d) The Applicant also submitted that in order to protect its assets, the Applicant was constrained to file a writ petition before the Hon'ble Madurai Bench of the Madras High Court challenging the Auction Notice. The Hon'ble Court granted an interim stay subject to a deposit of ₹2.5 crores, which the Applicant duly complied with. Even after full settlement of the dues of the two sister concerns - Susee Automotive Private Limited and Susee Premium Automobiles Private Limited - the Bank failed to release the mortgaged properties pertaining to those loans. At the Bank's insistence, the Applicant consented to use funds from its No-Lien Account to close the loan accounts of the two sister concerns, and the entire dues of those companies were paid. Yet the Bank has not released the collateral securities even after such closure, continuing to cause serious prejudice and financial distress to the Applicant.

e) The Applicant submitted that throughout this period, the Applicant consistently acted in good faith and repeatedly submitted OTS proposals, making substantial part-payments in the genuine expectation of an amicable resolution. The Bank, however, failed to consider or accept any reasonable settlement and instead sought to exploit the high value of the secured assets far beyond its legitimate

dues. It is significant that one of the secured properties—namely the industrial plot at Kappalur allotted by the Tamil Nadu Small Industries Development Corporation (SIDCO) to the Applicant's sister concern, M/s Susee Auto Plaza Private Limited—was offered only as additional collateral for a limited guarantee of ₹50 lakhs, while several other immovable properties of the Applicant and its group companies stood as the primary securities for the enhanced facilities. The Respondent was fully aware that SIDCO continues to assert ownership of the Kappalur property and has not executed any sale deed in favour of the allottee, and that writ appeals on SIDCO's additional demand and conveyance are still pending before the Hon'ble High Court.

f) The Applicant further submitted that despite these serious defects and the ongoing OTS negotiations, the 1st Respondent issued the impugned e-Auction Sale Notice dated 13.08.2025 and conducted the auction on 03.09.2025, which is now challenged in this Application. Both the earlier 2018 Notice and the Notice dated 05.08.2025 had lapsed without any auction, and the impugned Notice must therefore be treated as the first effective Auction Notice, attracting the mandatory requirement of thirty clear days' public notice under Rule 8(6) of the Security Interest (Enforcement) Rules, 2002. By allowing barely twenty days between publication and sale, the Bank violated this statutory mandate. The Bank's attempt to sell a property still subject to SIDCO's claims, while ignoring ongoing settlement efforts and the fact that only a limited guarantee was ever created, is arbitrary, collusive, and without jurisdiction, warranting interference by this Hon'ble Tribunal. The Auction Notice misleadingly declared the property as free of encumbrances despite well-known public domain defects such as SIDCO's continuing title, the pending writ appeals, the lapse of the SIDCO NOC, and even the existence of a tenant who has

independently litigated to protect possession. These defects chilled competitive bidding, discouraged genuine purchasers, and enabled the Bank and the successful bidder to effect a collusive sale for a grossly undervalued price.

g) The Applicant further submitted that moreover, the Bank has not followed the mandatory procedure prescribed under the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002, including proper service of possession notices, obtaining and disclosing a fresh independent valuation, and transparent conduct of the auction. The reserve price of ₹9.25 crores for a prime industrial property worth more than ₹15 crores demonstrates gross undervaluation and a colourable exercise of power. In view of the short time available to meet the Respondent's actions, the Applicant reserves its right to place on record such further facts and grounds as may be necessary at the time of final hearing of this application.

h) The Applicant further submitted that the entire recovery exercise culminating in the impugned e-Auction is vitiated by a series of fundamental defects in the manner in which the Respondent Bank proceeded under the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002. Despite repeated demands, the Bank failed to furnish a full and accurate statement of accounts reflecting all credits and debits and did not disclose the exact outstanding liability as required before initiating measures under Section 13(2). The Demand Notice itself omitted essential particulars such as the precise date of NPA classification and the name of the Authorised Officer, and the Possession Notice under Section 13(4) was never properly served, nor was it affixed on the property or published in two leading newspapers within the time prescribed.

i) The Applicant further submitted that the valuation of the Kappalur property and the other secured asset at Virattipathu was grossly inadequate and not supported by an independent approved valuer's report as mandated by Rule 8(5) of the Security Interest (Enforcement) Rules, 2002. For the Kappalur industrial property, the reserve price was fixed at only ₹9.25 crores despite a market value well in excess of ₹15 crores. Likewise, the Virattipathu property was arbitrarily pegged at a reserve price of merely ₹3.70 crores, far below its prevailing market value. No fresh or updated valuation was undertaken after the failure of the earlier auction attempts, even though binding judicial precedents and the statutory Rules require a fresh valuation and re-fixation of the reserve price before any subsequent sale. The Respondent Bank's omission to obtain and disclose fair, current valuations for both properties chilled competitive bidding and deprived the Applicant of a genuine market-driven sale price.

j) The Applicant further submitted that the sale is further tainted by collusion between the Respondent Bank and the second Respondent/Auction Purchaser. The hurried issuance of the impugned notice barely a week after the withdrawal of the 05.08.2025 notice, the acceptance of the second respondent's bid despite the known title defects, and the striking undervaluation of the property all give rise to a strong inference of a collusive arrangement calculated to secure the property for a throw-away price. Genuine bidders were deterred because the title remained in SIDCO's name, the SIDCO NOC had lapsed, writ appeals over the sale deed were pending, and SIDCO had formally objected to any sale until its dues were cleared—facts that, though well known and easily verifiable in the public domain, were not disclosed in the auction notice, which misleadingly declared the property free of encumbrances.

k) The Applicant further submitted that other secured assets in Virattipattu village were also sold in a similar manner for prices far below market value, without adequate disclosure or proper notice to the Applicant. The Bank has not provided particulars of these sales or the amounts realised, leaving the Applicant without knowledge of how the sale proceeds were appropriated or whether the outstanding liability was correctly reduced. This lack of transparency, combined with the Bank's failure to release collateral securities even after full settlement of sister-concern loans, demonstrates a pattern of oppressive conduct aimed at exploiting the high value of the Applicant's assets far beyond the legitimate dues.

l) The Applicant further submitted that these cumulative defects—deficient statutory notices, absence of a fresh independent valuation, suppression of material title defects and existing encumbrances, failure to disclose prior sales and credits, and the collusive circumstances surrounding the sale to the second respondent—render the impugned auction a nullity in law. The Bank's actions violate the mandatory provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, the Reserve Bank of India's prudential norms, and the principles of natural justice, and they have resulted in grave prejudice to the Applicant's proprietary and constitutional rights.

Grounds of Application

- The impugned e-Auction Sale Notice dated 13.08.2025 and the consequential auction held on 03.09.2025 are wholly unsustainable in fact and in law and are liable to be set aside.

- The Respondent acted without jurisdiction in issuing the impugned notice and conducting the auction because the Applicant's account was wrongly classified as a Non-Performing Asset in violation of Reserve Bank of India guidelines. The Demand Notice issued under Section 13(2) of the SARFAESI Act was defective, as it failed to disclose essential particulars including the date of NPA classification and the name of the Authorised Officer. The Respondent also failed to comply with the statutory requirements of Section 13(4) and the Security Interest (Enforcement) Rules, in that the Possession Notice was neither properly published in two leading newspapers within the prescribed time, nor affixed on the schedule property, nor duly served on all concerned.

- The Respondent has never furnished a complete and accurate statement of account and has failed to give credit to several payments made by the Applicant. The repeated One-Time Settlement proposals were arbitrarily rejected. The Bank's levy of penal interest and other charges is usurious and contrary to RBI directions, which is evident from the fact that an alleged outstanding of about ₹9.2 crores mentioned in the 2017 demand notice has been inflated to over ₹27 crores, demonstrating exorbitant and illegal post-NPA interest.

- The entire course of conduct of the Respondent—including wrongful NPA classification, defective and incomplete statutory notices, failure to credit payments properly, arbitrary rejection of OTS proposals, suppression of SIDCO's continuing title and pending litigation, and gross undervaluation of the property—violates the SARFAESI Act, the Security Interest (Enforcement) Rules, Reserve Bank of India guidelines, principles of natural justice, and the Applicant's constitutional right to property

under Article 300-A of the Constitution of India. The impugned e-auction sale and all related measures are therefore illegal, arbitrary, and liable to be quashed by this Hon'ble Tribunal.

- The Defendant bank failed to strictly comply with Rule 8(6) of the Security Interest (Enforcement) Rules, 2002, in that the public notice of sale did not clearly specify the amount due, the time and place of the sale, or the description of the property in the prescribed manner. Any sale conducted in violation of Rule 8(6) is void.

- No proper service of the 13(2) demand notice was effected on all persons who had an interest in the property, including co-obligors and guarantors. Non-service of the mandatory Demand Notice vitiates all subsequent steps under the Act.

- The Respondent failed to maintain and produce proof of the valuation process and the reserve price fixation as required by Rule 8(5). There is no evidence that an "approved valuer" was actually engaged or that the Applicant was furnished with the valuation report, which is a mandatory safeguard.

- The Respondent failed to consider the Applicant's representation under Section 13(3-A) of the Act and to communicate reasons for non-acceptance within the statutory 15 days, rendering the subsequent measures void as per settled law.

- The Respondent accepted bids and conducted the auction without ensuring that bidders deposited the required earnest money and without recording the bid process transparently as required by Rule 9(2) and (3), thereby vitiating the sale.

- The Respondent failed to issue a sale certificate in the prescribed Form No. 10 immediately upon completion of the auction and to register the same as required under Rule 9(6) and (7). Non-compliance with these provisions renders the sale incomplete and voidable.

- The Respondent levied compound and penal interest after classification of the account as NPA, contrary to the Reserve Bank of India's Master Circular on Prudential Norms on Income Recognition and Asset Classification, resulting in an exaggerated and unlawful claim.

- The Respondent did not provide the Applicant an opportunity to redeem the secured asset by tendering the dues at any time before the date of sale as guaranteed under Section 13(8) of the Act. The Applicant's statutory right of redemption was thereby illegally curtailed.

- There is internal inconsistency even as to the date of NPA classification. The Applicant was informed on 24.03.2017 that the account stood classified as NPA on 16.03.2017, while the Section 13(2) notice dated 07.07.2017 states the date of NPA as 31.03.2017. Such contradiction violates the RBI Prudential Norms which mandate objective, uniform and consistent asset classification and renders the Section 13(2) notice invalid.

- The reserve price for the Kappalur property was arbitrarily reduced from ₹10.55 crores in 2018 to ₹9.25 crores in August 2025 despite lapse of seven years and appreciation in values. No fresh independent valuation as contemplated by Rule 8(5) was obtained or disclosed before the subsequent sale. The

omission to commission a current approved valuer's report and to re-fix the reserve price chilled bidding and depressed price realisation.

- The public notice of 13.08.2025 stated "known encumbrances (if any) - Nil" although the title stood in SIDCO's name, writ appeals on SIDCO's demand and execution of sale deed were pending, and SIDCO had requested the Bank not to proceed. Non-disclosure of these material facts amounts to suppression and fraud on power; the sale is liable to be set aside on this ground alone.

- The Bank has also failed to release title documents of properties belonging to the Applicant's promoters that secured facilities of sister concerns which were fully settled in 2019, as evidenced by no-due certificates. The unlawful retention of those documents prevented refinancing and impaired the Applicant's ability to regularise dues, compounding interest accruals; this conduct is inequitable and should weigh against the Bank in the discretionary reliefs sought.

SCHEDULE OF PROPERTY

1. In Madurai South Registration District, Thirumangalam Sub-Registration District, Uchapatti Village, R.S. No. 126 bearing Plot No. H-4, SIDCO Industrial Estate, Madurai to Virudhunagar Highway, Uchapatti, Kappalur, Madurai - 625 008, and which lands are delineated in black colour on the map marked and annexed hereto and which lands are bounded as follows:

On the East – Road

On the West - Private Road

On the North - Plot No. H-5

On the South - Plot No. H-3.

The land measuring North to South on the East - 55.90 mtr, North to South on the West - 55.90 mtr, East to West on the North - 86.80 mtr, East to West on the South - 71.90 mtr, and situated in the Industrial Estate at Kappalur within the Sub-Registration District of Thirumangalam and Registration District of Madurai. Along with all easementary rights and other rights and interests in respect of the said lands. All that entire Ground Floor admeasuring 1.072 acres, admeasuring 2406.90 sq. mtrs. = 25,898.33 sq. ft., vacant area admeasuring 1964.06 sq. mtrs. = 21,133.30 sq. ft., total site area admeasuring 4370.96 sq. mtrs. = 47,031.63 sq. ft., of the ground + 2 storeyed building constructed on the said land described in detail herein.

2.Property-1:

Item:1

In Madurai District, Madurai Registration District, Arasaradi Sub-Registration District, Madurai South Taluk, Kochadai Village, Hamlet of Viratipathu Village, land in R.S. No. 122/6 totally measuring 1 acre 24 cents. In that, the northern side measures 81 cents, and in that, the western side land measuring 13 cents, situated within the following boundaries:

West of - Land allotted to M. Subramanian

North of - Item No. 2 property mentioned hereunder

South of - Usilampatti Road

East of - Land in Survey No. 122/6 left for pathway.

Item:2

In Madurai District, Madurai Registration District, Arasaradi Sub-Registration District, Madurai South Taluk, Kochadai Village, Hamlet of Viratipathu Village, land in R.S. No. 122/6 totally measuring 1 acre 24 cents. In that southern side, 43 cents, and in that, 9 cents on the northern side, situated within the following boundaries:

North of - Land allotted to N. Subramanian

East of - Land owned by Arasappa Kone and others

South of - Item No. 1 property and land allotted to N. Subramanian

West of - Land allotted to Mr. Masana Naicker.

Item No. 1 & 2 totally measuring 22 cents, now situated within Madurai City Corporation limits.

Property-2

Item:1

In Madurai District, Madurai Registration District, Arasaradi Sub-Registration District, Madurai South Taluk, Kochadai Village, Hamlet of Viratipathu Village, land in R.S. No. 122/6 totally measuring 1 acre 24 cents. In that, the northern side measures 81 cents, and in that, 13 cents in the middle, situated within the boundaries of:

North of - Land of K. Masana Naicker

East of - Land sold by N. Subramanian

South of - Usilampatti Road

West of - Land of N. Chinnappa Pillai.

Item:2

In Madurai District, Madurai Registration District, Arasaradi Sub-Registration District, Madurai South Taluk, Kochadai Village, Hamlet of Viratipathu Village, land in R.S. No. 122/6 totally measuring 1 acre 24 cents. In that southern side, 43 cents, and in that, 4 cents in the middle, situated within the boundaries of:

West of - Land of K. Masana Naicker

East of - Land of N. Chinnappa Pillai

South of - Land of Arasappa Kone

North of - Land sold by N. Subramanian.

Item No. 1 & 2 totally measuring 17 cents, now situated within Madurai City Corporation limits.

The Applicant has submitted the following List of documents in support of their claim in the SA, which are as follows:

S.No.	Date	Details of Documents
1.	11.10.2013	No-Objection Certificate issued by SIDCO
2.	07.07.2017	Demand notice issued under Section 13(2) of SARFAESI Act, 2002.
3.	04.05.2018	E-auction sale notice issued in 2018.
4.	19.02.2019	Order copy in W.P.(MD) No.24683/2016, W.P.(MD) No.20606/2017 passed by the Hon'ble High court, Madurai.
5.	****	Copy of Writ Appeals (WA(MD) Nos.1028 & 1032 of 2019).
6.	03.10.2019	Lease agreement between the Applicant and AMPL Pvt Ltd.
7.	18.03.2024	SA filed by AMPL before DRT Madurai.
8.	20.03.2024	Possession notice issued under Section 13(4) of SARFAESI Act,2002
9.	02.06.2025	Correspondence evidencing One-Time Settlement (OTS) given by the Applicant to the 1st respondent..
10.	23.06.2025	Correspondence evidencing One-Time Settlement (OTS) given by the Applicant to the 1st respondent.
11.	05.08.2025 & 13.08.2025	Impugned-auction sale notices dated 05.08.2025 and 13.08.25 (original).
12.	05.08.2025	Withdrawal communication of the 05.08.2025 notice issued by the 1st Respondent.
13.	****	Ministry of Corporate Affairs charge satisfaction filings.
14.	****	Encumbrance Certificates for the Kappalur and Virattipathu property.

In the above-mentioned index, the Applicant has mentioned the original Sale Notice dated 05.08.2025 & 13.08.2025 but has not enclosed the Sale Notice dated 05.08.2025; instead, only a xerox copy of the Sale Notice dated 13.08.2025 has been furnished.

Additional Typed set of Paper

S.No.	Date	Particulars
1.	16.02.2016	Valuation report
2.	31.01.2019	High Court Order
3.	02.10.2025	Valuation Report

3. On the other hand, the Counsel for the 1st Defendant Bank appeared before this Tribunal and filed Vakalat, Reply Statement, Typed Set, and Written Submission, in which the Defendant denies the entire averments made by the Applicant in this S.A., except those specifically admitted herein, and the Applicant is put to strict proof of his contentions and averments.

a) It is submitted that, M/s Susee Automobiles Private Limited, the Applicant, was sanctioned by the Defendant herein an Overdraft facility of Rs.500 lakhs on 10.07.2013, and additional facilities of Cash Credit facility of Rs.1000 lakhs and Term Loan facility of Rs.200 lakhs on 31.07.2013, which facilities were modified to Overdraft facility of Rs.450 lakhs, Cash Credit facility of Rs.1000 lakhs, and Term Loan facility of Rs.200 lakhs on 24.12.2014, which facilities were further modified and reduced to Rs.1298.76 lakhs on 21.10.2016, for the purpose of meeting the working capital requirements of the Applicant herein, on the collateral security of three items of immovable properties, belonging respectively as hereunder:

i) One property belonging to M/s Susee Auto Plaza Private Limited (a sister concern of the Applicant herein);

ii) One property belonging to a Director, Sri Rajiv Subramanian;

iii) One property belonging to the sister of the above said Director, Smt. Bina Balaji.

The said sister concern, M/s Susee Auto Plaza Pvt. Ltd., has also extended its corporate guarantee for the facilities availed by the Applicant.

b) It is submitted that, the repayments by the borrowers became very irregular, and the account was classified as a Non-Performing Asset on 31.03.2017, and the Defendant Bank resorted to recovery actions under Section 13 of the SARFAESI Act, 2002. Copies of the Demand

Notice, Possession Notice, Postal Acknowledgements/Returned Covers, and Paper Publications are filed.

1) Demand Notice under Section 13(2) was issued on 07.07.2017, which, though received by the Directors/borrowers, **no reply/objections were submitted** by the borrowers under Section 13(3A) of the SARFAESI Act, thereby accepting and admitting the claim of the Defendant Bank.

2) Symbolic Possession Notice under Section 13(4) was issued on 26.10.2017, which was again served on all the borrowers. Even after the said notices, no payments have been made by the borrowers towards their dues to this Defendant Bank.

3) The 1st Sale Notice dated 20.03.2018 was issued to the borrowers, fixing the date of e-auction sale of all the three secured properties on 25.04.2018, which notice was duly served, affixed, and published as mandated by the Act. The borrowers filed W.P.(MD) No. 7667 of 2018 and W.M.P. (MD) No. 7281 of 2018 before the Hon'ble High Court at Madras (Madurai Bench). However, since the Respondent Bank withdrew the Sale Notice, the Writ Petition was dismissed as infructuous on 25.04.2018.

4) Again, the Defendant Bank issued a fresh Sale Notice dated 04.05.2018 fixing the date of e-auction on 11.06.2018, which notice was duly served, affixed, and published as mandated by the Act. The said Sale Notice was challenged by the borrowers before the Hon'ble High Court at Madras (Madurai Bench) in a Writ Petition, wherein orders were passed directing the borrowers to pay a conditional sum of Rs.2.5 crores for redeeming their property. The conditional order was complied with by the borrowers; however, the sale did not take place for want of bidders and was thus rendered infructuous.

5) Again, the Defendant Bank issued a fresh Sale Notice dated 10.07.2018 fixing the date of e-auction on 31.07.2018. The said Sale Notice was challenged by the borrowers before the Hon'ble High Court at Madras (Madurai Bench) in W.P. (MD) No. 16159 of 2018. However, the sale did not take place for want of bidders and was thus rendered infructuous. On the petitioner seeking permission to withdraw the Writ Petition, orders were passed on 31.01.2019 dismissing the W.P. as withdrawn.

Meanwhile, the Defendant Bank also filed O.A. No. 735/2018 for recovery of dues of Rs.11,02,40,964.64 as on 25.06.2018 before the Hon'ble Debts Recovery Tribunal, Madurai, which O.A. is still pending adjudication, wherein the borrower has not entered appearance and has been called absent and set ex parte as early as on 27.02.2020.

c) It is further submitted that, thereafter, the Defendant Bank filed an application under Section 14 of the SARFAESI Act, 2002, before the Hon'ble Chief Judicial Magistrate, Madurai, in March 2023 in Crl.M.P. No. 590/2023. Orders for physical possession by an Advocate Commissioner were passed in Crl.M.P. No. 590/2023 on 30.08.2023, which orders are filed. In pursuance of the said order, the date for taking physical possession of the S.A. mentioned properties was fixed on 20.03.2024 by the Advocate Commissioner, and for the said exercise, the help of the Police Department and the Revenue Authorities has been sought and permissions obtained.

d) It is further submitted that, at this stage, a third party, as the lessee of the guarantor, had come up with S.A. No. 209/2024 before this Hon'ble Tribunal, challenging the execution of the orders of the Hon'ble Chief Judicial Magistrate, Madurai, with respect to Item I petition property belonging to M/s Susee Auto Plaza Pvt. Ltd. On the directions of

the Hon'ble Tribunal, this Defendant Bank, on 20.03.2024, went ahead with taking physical possession of the other two secured properties, viz., the properties belonging to Sri Rajiv Subramanian and Smt. Bina Balaji, leaving aside the property belonging to M/s Susee Auto Plaza Pvt. Ltd. (till orders are passed in I.A. No. 7234/2024 in S.A. No. 209/2024). Thus, out of the three secured properties, two properties are already in the possession of the Defendant Bank, viz., Items 2(i), 2(ii), 3(i), and 3(ii) of the Petition. The photographs of the Advocate Commissioner handing over physical possession of Items 2(i), 2(ii), 3(i), and 3(ii) of the petition properties to the Defendant Bank official are filed. As regards the other property, viz., Item 1 property in the petition, which is the subject matter of S.A. No. 209/2024, orders were passed on 10.04.2024, whereby the Hon'ble Tribunal rejected the stay application filed by the purported lessee. The said S.A. is still pending adjudication. Again, the Applicant, as the borrower, filed an application in S.A. No. 215/2024, seeking a stay of the execution of the orders dated 30.08.2023 of the Hon'ble CJM, Madurai. This S.A. is also pending adjudication.

e) It is further submitted that, the Defendant Bank issued the 2nd Sale Notice dated 13.08.2025, fixing the e-auction sale on 03.09.2025, which notice was duly served on the Applicant borrower and guarantors, and the said notice was also duly published in the dailies "Times Nation" and "Daily Thanthi" dated 16.08.2025. The e-auction was successful, and both the secured properties were sold. A Sale Certificate with respect to the Item 1 property was issued to the highest bidder on payment of the entire sale consideration, and with respect to the Item 2 property (which consists of two properties), though the entire e-auction consideration has been paid by the highest bidder, for the reason that he has not paid the TDS, the Sale Certificate is yet to be issued in his name. However, the sale consideration amounts received from both the purchasers have been appropriated towards the Applicant borrower's account on 18.09.2025. The Statement of Accounts relating to the

account of the Applicant borrower is filed. After the sale of both the secured properties, the Applicant borrower filed this SARFAESI Application on 26.09.2025, seeking to quash the sale held on 03.09.2025 and to direct repossession of the secured properties to the Applicant.

f) It is further submitted that the following allegations of the Applicant's grounds are denied by the Defendant;

- The averments in paras 1 and 2 are matters of record and require no comments, and the facts are set out in para 3 above. The allegation that the NPA classification is contrary to RBI guidelines is denied, as the Defendant Bank has followed all applicable norms. As per the prudential guidelines, an account becomes NPA if interest remains overdue for more than 90 days or there is no credit for that period. The Applicant failed to service interest from December 2016 and no credits were made for over 90 days; accordingly, the account was classified as NPA on 16.03.2017 in compliance with the guidelines. Upon such classification, the Defendant Bank was bound to proceed under the SARFAESI Act, as continued default in repayment rendered the account liable for recovery action.

- The allegations in para 3 of the Facts of the Case that the Defendant Bank failed to accept the Applicant's OTS proposal on their terms are denied as incorrect and unfounded. The said proposal was not in conformity with the extant guidelines of the RBI and the Head Office of the Defendant Bank, and as the Applicant did not improve the offer, it could not be considered; the same was duly communicated to the Applicant. The allegation that the reserve price fixed for the secured property in the e-auction scheduled on 25.04.2018 is low is also denied, as the property was valued by two independent professional valuers

and the reserve price was fixed accordingly. The further allegation that the Applicant has paid Rs.31 crores against a sanctioned limit and that the Defendant Bank sought additional amounts is untrue, as the facilities availed since 2013 carry interest obligations along with repayment of principal, and the Bank has claimed only the amounts due. The statement of accounts filed herewith clearly reflects the facilities availed, repayments made, and the outstanding dues, which as on date stand at Rs.15,89,04,200.60.

- The allegations in para 4 of the Facts of the Case are misconceived and unfounded. Only the properties secured for this account are being proceeded against, and not otherwise as alleged by the Applicant. The financial facility availed by the Applicant was secured by three properties, as stated in para 3(a), and the said secured properties are being proceeded against to recover the dues of the Defendant Bank. Once properties are offered as security for the loan, they cannot be released unless the entire dues are repaid, irrespective of whether the dues of the sister concerns have been settled.

- The allegations in para 5 that the Applicant made substantial part payments to secure acceptance of the OTS proposal are false, as no payments were made by the Applicant / borrower from the date the account was classified as NPA. The OTS proposals were not accepted as they did not conform to the guidelines prescribed by the RBI, and the Applicant cannot claim acceptance of OTS as a matter of right. The Defendant Bank, being a regulated financial institution, is bound to follow applicable rules, regulations, and audit requirements, and must act uniformly with all customers. The further allegations in para 5 are untenable. The borrowers/guarantors, having offered the

property as security for a loan of Rs.2,650 lakhs, cannot now dispute their title. It is submitted that the Guarantor executed an Affidavit-cum-Indemnity dated 19.11.2013, a Power of Attorney dated 19.11.2013, and a Simple Registered Mortgage dated 26.11.2013, based on the SIDCO allotment letter dated 23.07.2007 and the Memorandum of Understanding dated 30.07.2007 with TNSIDCL, along with an NOC issued by TNSIDCL in favour of the Defendant Bank. These documents, filed as Annexures B10 to B15, clearly establish the intention to secure the property for the financial facilities availed. The allegation that Item 1 of the secured property was offered for a limited guarantee of Rs.50 lakhs is also false. The Registered Simple Mortgage Deed dated 26.11.2013 clearly records that the Bank granted or agreed to grant credit facilities up to Rs.5,00,00,000/- by way of overdraft for working capital requirements, to be secured, inter alia, by a simple mortgage of the said property in favour of the Bank.

- The allegations in para 6 of the Facts of the Case that the present Sale Notice should be treated as the first effective auction notice merely because the earlier two sale notices were unsuccessful are misconceived and without basis. If such had been the intent of the statute, there would have been no requirement for issuance of a 15-day notice for subsequent sales. All other allegations in the said paragraph are repetitive and unfounded, and are therefore denied. It is further reiterated that Item 1 petition property was secured with the Defendant Bank in accordance with the terms and conditions stipulated by SIDCO, which had issued an NOC for the same, and hence, the Applicant cannot now contend that the Bank is acting without jurisdiction.

- The allegations in para 7 of the Facts of the Case are denied as incorrect and unwarranted. All mandatory procedures have been duly followed, and there are no infractions as alleged by the Applicant, who has made only vague and general accusations without specifying any violation. It is reiterated that:

  (a) The account of the Applicant borrower, M/s Susee Automobiles Pvt. Ltd., was classified as a Non-Performing Asset on 31.03.2017;

  (b) The Demand Notice under Section 13(2) of the SARFAESI Act was issued on 07.07.2017;

  (c) The Demand Notice was published in "Times of India," "The Hindu Tamil," "New Indian Express," and "Andhra Prabha" on 27.08.2017;

  (d) The Possession Notice under Section 13(4) of the SARFAESI Act, 2002 was issued on 26.10.2017 and published in "New Indian Express" and "Dinamani" on 28.10.2017.

These facts clearly establish that all recovery procedures were carried out strictly in accordance with statutory requirements.

- The allegation of undervaluation of the secured properties is denied as baseless and without any foundation. The properties were valued by two independent, approved valuers, and the valuation was fixed based on their reports. The further allegation that the Respondent Bank is attempting to sell the property at a low price without following due process is a misrepresentation. The Applicant is put to strict proof of such allegations. The Respondent Bank has acted strictly in compliance with the

directives of the Government of India, the Reserve Bank of India, and the Hon'ble Supreme Court of India.

- The allegations in paras 8 and 9 are repetitive in nature and have already been dealt with in the earlier paragraphs. The Statement of Accounts has been furnished to the Applicant from time to time, and the Applicant was duly cautioned by the Defendant Bank regarding mismanagement and diversion of funds, with advice to rectify the same before the account was classified as a Non-Performing Asset.

- The allegations in paras 10 and 11 of the Facts of the Case are denied as false and a misrepresentation. The value of the properties was fixed only after valuation by an approved professional, and the allegations to the contrary are baseless. The valuation by the Defendant Bank is supported by reports of approved professionals, whereas the values suggested by the Applicant are unsupported by any professional valuation and are therefore untenable.

- Any amount of wrongful accusations by the Applicant against the legal steps taken by the Defendant, couched in high-profile or technical language, cannot obscure the fact that a valid mortgage was created over the property with the consent of SIDCO for the financial facilities availed by the Applicant.

- The Applicant has neither paid the dues nor handed over possession of the secured assets, which necessitated the Defendant Bank to approach the Hon'ble CJM for taking physical possession of the petition-mentioned properties and to hand over the same to the successful auction purchaser. Orders for physical possession were passed by the Hon'ble Chief Judicial

Magistrate on 30.08.2023 in Crl.M.P. No. 590/2023, and the same have been duly executed with respect to Items 2(i), 2(ii), 3(i), and 3(ii) of the petition properties.

- It is further submitted that, in addition to the above objections, the following points may also be considered before passing any orders in this S.A.:

  a) The Mortgagor, M/s Susee Auto Plaza Private Limited, entered into a purported Lease Deed dated 03.10.2019 with M/s Automotive Manufacturers Private Limited in respect of Item 1 of the petition property, which was already secured for the financial facility availed by the Applicant;

  b) The said Lease was executed after the Applicant's account had been classified as NPA on 31.03.2017;

  c) The Lease was entered into without the knowledge of the secured creditor, i.e., the Defendant Bank;

  d) The alleged lease deposit of Rs.1,00,00,000/- paid by the lessee to the lessor, M/s Susee Auto Plaza Pvt. Ltd., was not deposited in the loan account for which the property was secured; and

  e) The lease rentals purportedly paid for the past 4½ years have also not been credited to the said loan account.

- All allegations of the Applicant mentioned in the Grounds of Application are denied as misconceived and unwarranted. The allegations are repetitive in nature and have already been dealt with

in detail in the earlier paragraphs and denied as baseless and a concocted tale.

Therefore, it is prayed that this Hon'ble Tribunal may be pleased to dismiss the Application with cost and thus render justice.

TYPED SET OF DOCUMENTS FILED BY THE 1st DEFENDANT BANK

S.No	Date	Particulars
1.	07.07.2017	Copy of Demand notice u/s 13(2) of SARFAESI Act issued by the Applicant to the Borrowers
2.	15.07.2017 & 18.07.2017	Acknowledgements received from borrowers & unserved cover received from 1 borrower
3.	27.08.2017	Publication of notice u/s 13(4) of SARFAESI Act issued in the dailys 'Times of lndia' (Trichy/Madurai Edition) & 'The Hindu Tamil' (Madurai Edition).
4.	26.10.2017	Copy of notice u/s 13(4) of SARFAESI Act issued by the Applicant to the borrowers
5.	31.10.2017	Acknowledgements received from borrowers
6.	28.10.2017	Publication of notice u/s 13(4) of SARFAESI Act issued in the dailys 'The New lndian Express' & 'Dinamani' (Madurai Edition)
7.	30.08.2023	Orders passed by the Hon'ble Chief Judicial Magistrate u/s 14 of the SARFAESI Act.
8.	20.03.2024	Photographs of the Physical possession of the items 2 & 3 petition properties
9.	****	Statement of Accounts
10.	19.11.2013	Affidavit cum lndemnity executed by D-5
11.	19.11.2013	Power of attorney executed by D-5
12.	26.11.2013	Simple Mortgage Deed executed by defendant 5 (doc.No.8076/2013)
13.	23.07.2007	Allotment Letter issued by TANSIDCO
14.	30.07.2007	Memorandum of Understanding
15.	11.10.2013	'NOC' issued by TNSIDCL to the Defendant Bank
16.	13.08.2025	Sale Notice issued under Rule 8 of the Security lnterest (Enforcement) Rules, 2002.
17.	****	Postal Acknowledgements received from the borrowers/guarantors/mortgagor.
18.	16.08.2025	Paper Publication of the Sale Notice issued in the dailys 'The Times of lndia' (Trichy/Madurai Edition) & 'Dinathanthi' (Madurai Edition)
19.	20.09.2025	Sale Certificate issued with respect to item 1 of the Petition Property

20.	07.10.2025	Sale Certificate issued with respect to items 2 & 3 of the Petition Property
21.	05.06.2024 & 26.12.2024	Valuation of Item 1 property by Two Valuers
22.	05.06.2024 & 26.12.2024	Valuation of Items 2 & 3 properties by Two Valuers

4. On the other hand, the Counsels for the 2nd Defendant and 3rd Defendant/Auction Purchaser have not appeared before this Tribunal. They were called in open court, found absent, and set ex parte on 05.01.2026.

5. On the basis of the above pleadings, now the points which arise for consideration are:-

i) Whether the Applicant is entitled to get the reliefs as prayed for?

ii) Whether the Applicant has been able to prove their case in their favour?

6. Having heard the parties and upon perusal of the entire documents available on record, I find that the Applicant availed various credit facilities from the 1st Defendant Bank by mortgaging the schedule-mentioned properties. It is further stated that, initially, the Applicant was regular in repayment as agreed with the 1st Defendant Bank. It is also admitted in the pleadings that, due to financial stress and closure of major dealerships of the Applicant's group companies, the Applicant was unable to repay certain loan dues. Consequently, the 1st Defendant Bank classified the loan account as NPA on 31.03.2017 and proceeded under the SARFAESI Act. Though the Applicant has contended that such classification is in violation of RBI prudential norms and guidelines, the Defendant Bank has denied the same, stating that the classification was in accordance with RBI norms. I find that the Applicant has not placed any material on record to substantiate his claim. It is also observed that neither the Applicant nor the 1st Defendant Bank has submitted the statement of accounts in respect of the loan account to verify this issue.

7. Thereafter, the 1st Defendant Bank issued a Demand Notice under Section 13(2) of the SARFAESI Act on 07.07.2017 to the borrowers for a sum of Rs.9,21,84,681.20/- **(Rupees Nine Crore Twenty-One Lakhs Eighty-Four Thousand Six Hundred Eighty-One and Twenty Paise only)** as on 06.07.2017. I also perused the documents filed by the 1st Defendant Bank. The Bank has submitted a xerox copy of the Demand Notice along with receipts of written acknowledgements, which are annexed at pages 1 to 11 of the Bank's typed set of papers. However, out of five borrowers, the Bank has produced only four xerox copies of the AD cards, out of which the AD card of the 4th borrower, Mrs. Beena Balaji, is incomplete, as it does not contain any written acknowledgement and only bears strikes. Further, the AD card of the 5th borrower has not been produced. Moreover, the available AD cards indicate that the notices were received and signed by another person. Further, the 1st Defendant Bank has made a paper publication of the Demand Notice **(page Nos. 12-15 of the 1st Defendant Bank's typed set of papers);** however, the name of the newspaper, date, and place are not available, and the copies produced are not legible to verify the genuineness of the publication. In view of the above, the Defendant Bank has failed to prove that the Demand Notice dated 07.07.2017 was duly served upon the borrowers in accordance with the provisions of the SARFAESI Act and Rules. The 1st Defendant Bank has also not filed the original documents despite directions.

8. Thereafter, the 1st Defendant Bank issued a Possession Notice dated 26.10.2017 to the borrowers for a sum of Rs.9,98,54,551.53/- **(Rupees Nine Crore Ninety Eight Lakhs Fifty-Four Thousand Five Hundred Fifty-One and Fifty Three Paise only)** as on 24.10.2017 and also filed, the typed set, for AD cards and paper publications of the Possession Notice **(pages 16–22 of the 1st Defendant Bank's typed set of papers)**. The Bank has also filed xerox copies of the Possession Notice and AD cards purportedly showing service of the Possession Notice on

the Applicant; however, the Bank has produced only four xerox copies of the AD cards, which are incomplete. Out of these, the AD card of the 4th borrower, Mrs. Beena Balaji, is incomplete, as it does not contain any written acknowledgment and only bears strikes. Further, the Bank has failed to produce the AD card in respect of one of the borrowers, viz., Mr. S. Jeyabalan. Moreover, the available AD cards indicate that the notices were received and signed by another person. Additionally, in the filed xerox copies of the paper publications, the date and place of publication are not available. Further, the Bank has failed to produce evidence showing the affixture of the Possession Notice on a conspicuous part of the schedule-mentioned property. Since there are material irregularities in the documents filed by the 1st Defendant Bank with regard to the AD cards, paper publication and affixture of the Possession Notice, this Tribunal holds that the said Possession Notice is not sustainable in the eye of law. It is also pertinent to note that the 1st Defendant Bank has failed to produce the original documents despite specific directions. The Rule 8(1) & (2) of Security Interest Enforcement Rules, 2002, clearly says that

> ***"8. Sale of immovable secured assets.***
>
> *(1) Where the secured asset is an immovable property, the authorized officer shall take or cause to be taken possession, by delivering a possession notice prepared as nearly as possible in Appendix IV to these rules, to the borrower and by affixing the possession notice on the outer door or at such conspicuous place of the property."*
>
> *(2) The possession notice as referred to in sub-rule (1) shall also be published in two leading newspaper, one in vernacular language having sufficient circulation in that locality, by the authorized officer.*

In view of the above Provision, I find that the 1st Defendant Bank has not followed the above provision in issuance of Possession Notice.

9. Thereafter, the 1st Defendant Bank issued the first Sale Notice dated 20.03.2018 to the borrowers, fixing the sale of all three secured properties on 25.04.2018, which notice was duly served, affixed, and

published as mandated by the Act. The borrowers filed W.P.(MD) No. 7667 of 2018 and W.M.P.(MD) No. 7281 of 2018 before the Hon'ble High Court at Madras (Madurai Bench). However, since the Respondent Bank withdrew the Sale Notice, the Writ Petition was dismissed as infructuous on 25.04.2018. Again, the Defendant Bank issued a fresh Sale Notice dated 04.05.2018, fixing the date of e-auction on 11.06.2018, which was duly served, affixed, and published as mandated by the Act. The said Sale Notice was challenged by the borrowers before the Hon'ble High Court at Madras (Madurai Bench) in a Writ Petition, wherein orders were passed directing the borrowers to pay a conditional sum of Rs.2.5 crores for redeeming their property. The borrowers complied with the conditional order; however, the sale did not take place for want of bidders and was thus rendered infructuous. Subsequently, the Defendant Bank issued another Sale Notice dated 10.07.2018, fixing the date of e-auction on 31.07.2018. The said Sale Notice was challenged by the borrowers before the Hon'ble High Court at Madras (Madurai Bench) in W.P.(MD) No. 16159 of 2018. However, the sale did not take place for want of bidders and was thus rendered infructuous. Upon the petitioner seeking permission to withdraw the Writ Petition, orders were passed on 31.01.2019 dismissing the Writ Petition as withdrawn. Further, I find that, although it is stated and admitted by the 1st Defendant Bank's in their written submissions (page No. 2), the Bank has failed to produce any evidence such as AD cards, paper publications, or proof of affixture of the Sale Notices. Neither the Defendant Bank nor the Applicant has produced the said Sale Notices or the High Court orders, except for the copy of the Hon'ble High Court order dated 31.01.2019 in W.P.(MD) No. 16159 of 2018 filed by the Applicant in the Additional Type Set of Papers at pages 17 to 18. Moreover, I find that the borrowers complied with the High Court's order and paid the conditional amount to prove their bona fides.

10. Thereafter, the 1st Defendant Bank obtained an order dated 30.08.2023 passed by the learned Chief Judicial Magistrate, Madurai, in Cr.M.P. No. 590 of 2023, for taking physical possession of the schedule-mentioned properties, and an Advocate Commissioner was appointed to take physical possession of the secured assets. However, I find that, in the schedule-mentioned properties, there is a discrepancy in the boundaries of Item No. 1 **(property standing in the name of M/s. Susee Auto Plaza Pvt. Ltd., D-5)** and Item No. 1 **(property standing in the name of Mr. J. Rajiv Subramanian, D-2)** as found on page No. 24 of the Bank's typed set of papers, which has been discussed in Point No.15 hereunder.

11. Thereafter, the 1st Defendant Bank allegedly issued a fresh Possession Notice dated 20.03.2024. However, I find that only the Applicant has filed the said Possession Notice dated 20.03.2024 for a sum of Rs.22,33,84,506.84 **(Rupees Twenty-Two Crores Thirty-Three Lakhs Eighty-Four Thousand Five Hundred Six and Eighty-Four Paise only)** as on 31.01.2023 **(pages 70 to 71 of the Applicant's SARFAESI Application)**. On the other hand, there is no whisper regarding this Possession Notice dated 20.03.2024 by the Defendant Bank either in its counter or in its arguments. Further, I find that on the same date, i.e., 20.03.2024, pursuant to the order of the Chief Judicial Magistrate dated 30.08.2023, the Advocate Commissioner took physical possession of the property **(xerox copy at page No. 29 of the Defendant Bank's typed set)**. Moreover, I find that the copy of the Chief Judicial Magistrate's order dated 30.08.2023 mentions the Demand Notice dated 07.07.2017, whereas the copy of the Possession Notice dated 20.03.2024 furnished by the Applicant mentions the Demand Notice date as 27.09.2018. Hence, the Defendant Bank has failed to prove that it had actually issued the Possession Notice dated 20.03.2024 to the borrowers under the SARFAESI Act and Rules.

12. The 1st Defendant Bank thereafter issued the Sale Notice dated 05.08.2025. However, the said Sale Notice was later withdrawn **(page No. 80 of the Applicant's SARFAESI Application)** by the 1st Defendant Bank due to an inadvertent omission in the Sale Notice, wherein details of another property intended to be included were not mentioned, and the date on the Sale Notice was wrongly stated as 05.07.2025 instead of the correct date, 05.08.2025. Subsequently, the 1st Defendant Bank issued the impugned Sale Notice dated 13.08.2025 for a sum of Rs.26,77,00,000/- **(Rupees Twenty-Six Crores Seventy-Seven Lakhs only)** and proceeded to sell the impugned property in favour of the 3rd Defendant on 03.09.2025. I find that the 1st Defendant Bank has filed xerox copies of the Sale Notice, track consignment records, and paper publications. The Bank has submitted xerox copies of the track consignment records evidencing the dispatch of the Sale Notice to the Applicant at pages 72 to 82 of the Bank's typed set of papers. Further, the Bank has not filed any photograph showing the affixture of the Sale Notice on a conspicuous part of the property. Additionally, the Bank has filed xerox copies of paper publications made in both Tamil and English newspapers; however, the same are illegible and cannot be verified for their genuineness **(pages 83 to 84 of the Bank's typed set of papers)**. Moreover, in the Sale Notice, the terms and conditions of the sale have not been provided; only a link has been given, making it difficult to verify whether the terms and conditions of the sale were complied with by the auction purchaser. The 1st Defendant Bank has also failed to file the original documents to verify the authenticity of the documents, despite directions of this Court. Thus, I find that the Defendants Bank have not followed the Rule 8(6) & (7) of the Security Interest (Enforcement) Rules 2002, which clearly says that,

"Rule 8(6) & (7) in the Security Interest (Enforcement) Rules, 2002:-

*"(**6**) The authorized officer shall serve to the borrower a notice of thirty days for sale of the immovable secured assets, under sub-rule (5):*

*[Provided that if the sale of such secured asset is being effected by either inviting tenders from the public or by holding public auction, the secured creditor **shall** cause a public notice in the Form given in Appendix IV-A to be published in two leading newspapers including one in vernacular language having wide circulation in the locality.]"*

"(**7**) *[Every notice of sale shall be affixed on the conspicuous part of the immovable property and the authorised officer shall upload the detailed terms and conditions of the sale, on the web- site of the secured creditor, which shall include;*

(a)the description of the immovable property to be sold, including the details of the encumbrances known to the secured creditor;

(b)the secured debt for recovery of which the property is to be sold;

(c)reserve price of the immovable secured assets below which the property may not be sold;

(d)time and place of public auction or the time after which sale by any other mode shall be completed;

(e)deposit of earnest money as may be stipulated by the secured creditor;

(f)any other terms and conditions, which the authorized officer considers it necessary for a purchaser to know the nature and value of the property.]"

13. On scrutiny of the Valuation Reports dated 05.06.2024 and 26.12.2024 **(pages 92 to 122 of the 1st Defendant Bank's typed set of papers)** filed by the 1st Defendant Bank, the following observations are brought on record:

Valuation Report dated 05.06.2024

Virattipathu Property:

i) Guideline Value of the property – Rs.1,19,02,800/-

ii) Present Market Value of the property – Rs.4,29,00,000/-

Kappalur Property:

i) Guideline Value of the property – Rs.38,78,786/-

ii) Present Market Value of the property – Rs.9,06,33,185/-

Valuation Report dated 26.12.2024

Virattipathu Property:

i) Guideline Value of the property – Rs.1,19,00,000/-

ii) Present Market Value of the property – Rs.4,10,00,000/-

Kappalur Property:

i) Guideline Value of the property – Rs.5,67,96,000/-

ii) Present Market Value of the property – Rs.8,92,00,000/-

The Valuation Reports dated 16.02.2016 and 02.10.2025 (Kappalur Property), filed by the Applicant in the Additional Typed Set at pages 1 to 16 and 19 to 34, show the following:

Valuation Report dated 16.02.2016

i) Guideline Value of the property – Rs.5,63,21,089/-

ii) Present Market Value of the property – Rs.9,52,75,600/-

Valuation Report dated 02.10.2025

i) Guideline Value of the property – Rs.4,87,48,000/-

ii) Present Market Value of the property – Rs.15,18,05,000/-

From the above valuation reports, it is evident that there has been a substantial fluctuation in the valuation of the properties during the relevant period. The Market Value of the Kappalur property, for instance, reduced from **Rs.9,52,75,600**/- (Rupees Nine Crores Fifty-Two Lakhs Seventy-Five Thousand Six Hundred only) in **2016** to **Rs.9,06,33,185**/- (Nine Crore Six Lakh Thirty Three Thousand One Hundred Eighty Five Rupees Only) and **Rs.8,92,00,000**/- (Eight Crore Ninety Two Lakh Rupees Only) in **2024**, and a similar trend is observed in the Virattipathu Property. However, in **2025**, the Market Value of the Kappalur property increased significantly to **Rs.15,18,05,000**/- (Fifteen Crore Eighteen Lakh Five Thousand Rupees Only). Ordinarily, the value of landed property tends to appreciate over time; however, the valuations filed by the Bank show a drastic reduction during the relevant period. Further, I find that the signature of the secured creditor is absent in the valuation reports, raising questions regarding their authenticity. These irregularities in the Valuation Reports filed by the 1st Defendant Bank indicate non-

compliance with the prescribed procedures and demonstrate that the Bank has failed to establish strict adherence to Rule 8(5) of the Security Interest (Enforcement) Rules, 2002. which clearly says:-

> *"(5) Before effecting sale of the immovable property referred to in sub-rule (1) of rule 9, the authorized officer shall obtain valuation of the property from an approved valuer and* ***in consultation with the secured creditor****, fix the reserve price of the property and may sell the whole or any part of such immovable secured asset by any of the methods provided therein".*

14. Thereafter, the 1st Defendant Bank issued a Sale Certificate dated 20.09.2025 in favour of the 2nd Defendant and also filed a xerox copy of the same. On perusal of the records, it is observed that at page No. 85 of the 1st Defendant's typed set, the Sale Certificate mentions payment of 75% of the bid amount on 19.09.2025. Similarly, the Sale Certificate issued in favour of the 3rd Defendant, filed at page No. 89, mentions payment of 75% of the bid amount on 07.10.2025. In both cases, the payments were beyond the 15-day period prescribed under Rule 9(4) of the Security Interest (Enforcement) Rules, 2002 and no proof has been filed by the Defendant Bank that there is any written agreement between Defendant Bank and Auction Purchaser for extension of time. Such non-compliance goes to the root of the matter and renders the sale as invalid. Thus, I find that the Defendant Bank has not followed the Rule 9(4) of the Security Interest (Enforcement) Rules 2002, which clearly says that,

> *"(4) The balance amount of purchase price payable shall be paid by the purchaser to the Authorised Officer on or before the fifteenth day of confirmation of sale of the immovable property or such extended period [as may be agreed upon in writing between the purchaser and the secured creditor, in any case not exceeding three months]*

Whereas, I find that the 1st Defendant Bank, in its counter statement filed in open court on 07.11.2025, stated that "though the entire e-auction consideration has been paid by the highest bidder, for the reason that he has not paid the TDS, the Sale Certificate is yet to be issued in his name." However, the Sale Certificates were issued to the 2nd and 3rd Defendants on 20.09.2025 and 07.10.2025, respectively, and the TDS

amounts were paid on 19.09.2025 and 07.10.2025. Additionally, it is pertinent to note that the reserve price of the Kappalur property, fixed by the 1st Defendant Bank, was drastically reduced from **Rs.10,55,00,000/-** (Ten Crore Fifty Five Lakh Rupees Only) in **2018** to **Rs.9,25,00,000/-** (Nine Crore Twenty Five Lakh Rupees Only) in **2025**. (Kappalur Property was sold to **Rs.9,25,25,000/-**(Nine Crore Twenty Five Lakh Twenty Five Thousand Rupees Only) to the 3rd Defendant) Such a substantial reduction, without any proper justification, further raises serious doubts regarding the fairness and transparency of the sale process.

15. I also find that there are certain discrepancies between the schedule of property given in the Sale Notice dated 13.08.2025, the Sale Certificate dated 07.10.2025, and the Chief Judicial Magistrate's order dated 30.08.2023. In particular, the boundary mentioned for Property No. 1, standing in the name of Mr. J. Rajiv Subramanian, Item No. 1, as "North of: Item No. 3 property hereunder" in the Sale Notice dated 13.08.2025 and the Sale Certificate dated 07.10.2025, is identically described. However, in the Chief Judicial Magistrate's order dated 30.08.2023, the property standing in the name of M/s. Susee Auto Plaza Pvt. Ltd., Item No. 1, is described on the northern side as "Plot No. H-4," which, when compared with the other notices and the valuation report filed by the Applicant and the Defendant, reveals inconsistencies. Hence, there is a clear discrepancy in the description of the boundaries of the secured asset. It is evident that the particulars relating to the boundaries do not tally and are inconsistent in material aspects. Such mismatch in the description of the property creates serious ambiguity regarding the identity of the secured asset and affects the legality of the possession as well as the subsequent sale. The secured asset must be clearly identified and consistently described in all statutory proceedings, and any such discrepancy, especially in the Sale Certificate, vitiates the entire process.

16. Since the 1st Defendant Bank has failed to strictly comply with the mandatory provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002 in the issuance and service of the Possession Notices dated 26.10.2017 and 20.03.2024, the very foundation of the measures taken under Section 13(4) stands vitiated. Consequently, the order dated 30.08.2023 passed by the learned Chief Judicial Magistrate, Madurai District, in Crl.M.P. No. 590 of 2023, which is based on such defective proceedings, is also not sustainable in the eye of law. I also find that the 1st Defendant Bank has issued the Sale Certificates dated 20.09.2025 and 07.10.2025 based on the Sale Notice dated 13.08.2025 and the sale held on 03.09.2025, without strictly following the SARFAESI Act and Rules. Hence, the Sale Certificates dated 20.09.2025 and 07.10.2025 are liable to be set aside.

17. The Applicant has no doubt being defaulters are liable to pay the loan amount to the Defendant Bank and the Bank has been given ample power to recover the outstanding loan amount from the borrowers by invoking the SARFAESI Act and without the intervention of any Court. But it shall not allow the Bank to take the possession & to sell the property of the Applicant without following the due process of law strictly.

18. In view of the above discussions, I find that the 1st Defendant has proceeded under the SARFAESI Act and rules for recovery of money from the Applicant but they have not followed the procedure as mentioned in the SARFAESI Act & Rules strictly and failed to rebut successfully the allegations made by the Applicant. Therefore, this Tribunal holds that the Applicant is entitled to get the reliefs as prayed for in **SA No. 805/2025**.

In the result,

(a) **SA No. 805/2025** is allowed. The Possession Notice dated 26.10.2017 and 20.03.2024 issued by the 1st Defendant is hereby set aside. Sale held on 03.09.2025 is not in accordance with law and since there is violation the Sale Notice dated 13.08.2025, it is hereby set aside.

(b) Sale Certificates dated 20.09.2025 and 07.10.2025 is also hereby set aside by this Tribunal.

(c) The 1st Defendant is directed to refund the entire sale consideration amount paid by the Auction purchaser along with 4% of interest to the Auction purchaser from the date of deposit of money till the refund within one month from the date of receipt of copy of the Order.

(d) The Applicant shall make payment of the amount, if any, incurred by the Auction Purchaser towards stamp duty and registration charges within one month from the date of receipt of a copy of this Order.

(e) The Applicant is also directed to pay the interest at the rate of 4% of the sale price to the 1st Defendant from the date of payment of Sale price by the Auction Purchaser till the date of refund to the Auction Purchaser by the 1st Defendant within one month from the date of receipt of copy of the Order.

(f) The Impugned Order passed by the Chief Judicial Magistrate, Madurai in Crl.M.P.No.590 of 2023 dated 30.08.2023 is also hereby set aside.

(g) All the expenditures incurred in issuance of Possession Notice dated 26.10.2017 and 20.03.2024, and for obtaining Impugned Order passed by Chief Judicial Magistrate, Madurai in Crl.M.P.No.590 of 2023 dated 30.08.2023 and further all the expenditures incurred in respect of All Sale Notices & Sale Certificates dated 20.09.2025 and 07.10.2025 shall not be included in the loan account of the Applicant.

(h) The 1st Defendant is at liberty to initiate fresh action against the Applicant for recovery of loan amount following strictly the SARFAESI Acts & Rules.

(i) The Registry is directed to inform the Thirumangalam Sub Registrar Office about this order so as to cancel the registration of the Sale Certificate dated 20.09.2025 vide Doc. No : 01 of 2026.

Consequently, all pending IAs (if any) are also disposed of. No costs.

Dictated to MTS (KK), taken down, transcribed,typed by him, corrected and pronounced by me in the Open Court in this the 28th April 2026.

Sd/-

(SEEMA SINHA)

PRESIDING OFFICER

Uploaded on 04.05.2026