DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

SA No. 392 of 2024

M/s Super Video Tronics

Versus

The Authorized Officer, SBI and another

Dated: 06.05.2026

Item No. 10

Argued by: Mr.Manish Jain, Senior Advocate alongwith Mr.Tejinder Singh, Counsel for the Applicant.
Mr.Vivek Verma and Mr.Sanjay Sagar, Counsel for Respondent No.1/SBI.
Mr.Vipul Dharmani, Counsel for Respondent No.2/Auction Purchaser.

M/s Super Video Tronics (Applicant) has filed this Securitization Application under Section 17 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), against the Authorized Officer, SBI and another (Respondents).

2. Initially, Applicant had filed the present SA on 16.09.2024, against the Authorized Officer, SBI, wherein it had challenged the auction notice dated 04.09.2024, fixing the auction for 24.09.2024, issued by the Respondent Bank. However, the Bank did not receive any bid on 24.09.2024. In the meanwhile, Bank issued another auction notice on 20.11.2024, fixing the auction for 10.12.2024. The auction fixed up for 10.12.2024 was successful. Accordingly, Applicant moved an application for amendment of SA to challenge the auction conducted on 10.12.2024, which was allowed by this Tribunal *vide* order dated 19.12.2024 and Applicant filed the amended SA.

3. With this background, I come to the present SA.

4. The case of the Applicant as set up in the Securitization Application is that the Applicant was a partnership firm, comprising Rajat Goyal and Geeta Goyal, as partners. However, on 11.06.2019, both the partners resigned from the partnership firm. Thereafter, Rakesh Kumar Goyal and Kanav Goyal became partners. It is alleged that sometime in 2015, one M/s Opes Chem

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DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

Corporation Private Limited availed a loan from SBI, which was enhanced to Rs. 6 crores. To secure the same, Applicant had created security interest in respect of the following properties:-

Village Katha, Tehsil Nalagarh, Himachal Pradesh, having total plot area of 5 Bigha, 3 Biswa and Built Up Area of 3850.25 sq.mt.
Comprised as under:

Akas Tatima Khasra # 174/2/5 (1-0), 176/1 (1-12)	*:*	*2-12*
Akas Tatima Khasra # 143/1 (-18)	*:*	*0-18*
Akas Tatima Khasra # 145/2 (1-13)	*:*	*1-13*
TOTAL	*:*	*5-03*

5. Since, the principal borrower failed to service the loan, on 27.09.2019, SBI declared the account NPA. On 03.10.2019, SBI issued the notice under Section 13(2) of the SARFAESI Act, demanding a sum of Rs. 6,30,65,0986/- due as on 01.10.2019 (demand notice is Annexure A-2). On 25.06.2020, Bank took the symbolic possession of the secured asset (Annexure A-3). The possession notice was published in 'Business Standard' (English and Hindi Editions), on 26.06.2020. After more than four years, SBI took the physical possession of the secured asset and prepared an inventory and panchnama on 19.01.2024 (Annexure A-4). The Bank caused an inspection and valuation of the movable asset lying in the property in question as per which the value was assessed at Rs. 3,78,700/-. On 09.02.2024, Bank forwarded the symbolic possession notice dated 25.06.2020. On 10.04.2024, Bank issued the auction notice for 31.05.2024. The principal borrower immediately wrote a letter dated 30.04.2024, to the Bank apprising it about the ground reality with respect to the status of the secured asset (Annexure A-7). However, for the reasons best known to the Bank, the said sale notice was withdrawn. It is stated that the secured asset is located in the State of Himachal Pradesh. It is agricultural land and requires various government approvals for change of land use to industrial land as well as permission under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972. In the State of Himachal, a Non-

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

Himachali cannot buy land. It is stated that *vide* letter dated 30.04.2024, the principal borrower informed the Bank about the status of the land. It was followed by another letter dated 03.06.2024 by the principal borrower. Instead of responding to the said letters, the Bank issued auction notice dated 04.09.2024 and 05.09.2024, whereby the auction was fixed up for 24.09.2024. As mentioned earlier, the auction fixed for 24.09.2024, did not materialize. On 20.11.2024, Bank issued yet another auction notice, fixing the auction for 10.12.2024. The sale notice was published in 'Times of India', dated 20.11.2024 (Annexure A-9). It is alleged that the auction notice was preceded by a letter dated 16.11.2024 (Annexure A-10) by the Bank stating that the auction would be held on 10.12.2024. However, the auction notice was not served upon the Applicant in terms of Rule 9(1) (Annexure A-11). It is further alleged that *vide* letter dated 11.06.2024 (Annexure A-11), the Bank intimated that the outstanding dues are Rs. 12.26 crores as on 31.05.2024. However, *vide* the impugned auction notice, the Bank mentioned that the outstanding dues as on 14.11.2024 are Rs. 15,75,65,871/- i.e. increase of Rs. 3.49 crores within five months. It is stated that the auction fixed up for 10.12.2024 was successful and M/s Bauji Industries Private Limited was declared the highest bidder. On 16.12.2024, the sole bidder deposited 25% of the sale consideration and the Bank straightway granted three months time to the auction purchaser to deposit the balance sale consideration. Applicant in the present SA has challenged the auction conducted on 10.12.2024. It is stated that no valuation was obtained by the Bank before putting the property for auction. It is stated that the market value of the property is around Rs. 8.50 crores. However, the Bank fixed up the reserve price at Rs. 3.97 crores, which is much less than the market price. The sale notice does not refer to any valuation which may have been conducted by the Bank. Accordingly, the sale is illegal. It is further stated that the valuation report was prepared in January 2024 i.e. more than six months ago and cannot be relied upon. Further, the possession notice was not

served upon the Applicant. It is stated that the possession notice dated 09.02.2024 (indicating possession was taken on 25.06.2020) would reveal that it is not addressed to the Applicant. The only address mentioned in the same is of M/s Opes Chem Corporation Private Limited. The said notice is not addressed to the Applicant. Accordingly, subsequent action in pursuance thereto must necessarily fail. Again, it is stated that the auction notice was published in English newspapers i.e. Times of India, Chandigarh/Mohali/Panchkula/Patiala/Ambala Edition. The said newspaper does not have circulation in Nalagarh where the secured asset is located. In the absence thereof, it cannot be said that the publication has been made in accordance with the provisions of Rule 8(6) of the Security Interest Enforcement Rules. Again, the auction notice was not served upon the Applicant. Further, there was no consultation between the Applicant and the Bank regarding fixation the reserve price. It is stated that this consultation is necessary before fixing the reserve price. Again, it is stated that the auction notice states that the bids alongwith EMD can be submitted 'before closing of e-auction'. In other words, a bidder need not submit EMD in advance and can submit the bid by observing the proceedings and participate depending upon the bidding. This process is highly unusual and can be misused by an unscrupulous bidder and the entire process can be rigged and misused. Again, Bank has failed to affix the possession notice as well as sale notice on the secured asset. Applicant alleged that the physical possession was taken on 18.01.2024, while the symbolic possession notice dated 09.02.2024 was sent to the borrower (except the Applicant) reflects that the possession was taken on 25.06.2020. Since, the intimation of symbolic possession having been taken on 25.06.2020 and was sent after four years (on 09.02.2024), the subsequent action stands vitiated and must be quashed. Admittedly, the notice was not addressed to the Applicant and for this reason alone the possession cannot be stated to be legal. Again the Bank has failed to disclose an encumbrance on the

property sought to be sold in terms of the impugned sale notice. It is stated that Rule 7(a) clearly mandates that the sale notice must disclose the encumbrances known to the secured creditor. It is stated that the secured asset is agricultural land and requires permission under Section 118 of Himachal Pradesh Tenancy and Land Reforms Act, 1972 from the competent authority. In the absence thereof, no buyer would be able to purchase the property. However, such disclosure is conspicuous by its absence. Again, it is stated that the new partners have not signed any documents on its behalf and as such it cannot be said that there is any liability upon the Applicant. It is stated that the sale notice deserves to be quashed on the ground of non-compliance of the proviso to Rule 9(1), which *inter alia* contemplates service of sale notice upon the borrower. Again, no fresh valuation was obtained before putting the property for auction. The reserve price was fixed at Rs. 3.97 crores, which was the reserve price fixed in the earlier sale notice dated 04.09.2024. However, that sale did not fructify and the Bank issued the fresh sale notice. Accordingly, it can be safely assumed that no fresh valuation has been carried out. It is stated that the as per Rule 8(5), the valuation of the secured asset prior to sale is mandatory and the sale without conducting valuation is *per se* illegal. Any old valuation more than six months before sale cannot be relied upon. It is stated that the valuation report is bogus and is an armchair report and totally not as per the ground reality. Again, the Bank indicated the outstanding amount at Rs. 12.26 crores due as on 31.05.2024. However, in the sale notice it is mentioned that the outstanding dues as on 14.11.2024 are Rs. 15,75,65,871/-. In other words, the dues swelled by 3,49,65,871/- within a period of five months. Further, the Bank has levied higher rate of interest than agreed between the parties. It is stated that the market value is around Rs. 8.50 crores, which is much higher than the reserve price. The Bank deliberately undervalued the property and sold the same at a throwaway price to an interested party. Again, the sale notice did not mention about the pendency of

the present SA, though, the authorized officer was fully aware of the present SA. The auction notice was not published in the newspapers, having wide circulation in the locality. Applicant has alleged that it has every intention to pay the dues of the Bank. Further, as per the judgment in Central Bank of India versus Ravindra, the Bank is bound by the guidelines issued by RBI. It is stated that the Applicant intends to repay the dues as crystallized under the OTS.

6. On these facts, Applicant filed the present SA and prayed that the auction notice dated 20.11.2024 be also set aside and the auction held on 10.12.2024 be set aside.

7. SBI, in reply to the Securitization Application, has denied the case of the Applicant. It is alleged that M/s Opes Chem Corporation Private Limited is running the business of trading of shirting/women fabrics. Its manufacturing unit is situated at Baddi and Ludhiana. Presently, Mr.Rakesh Kumar Goyal and Mr.Kanav Goyal are the Directors of M/s Opes Chem Corporation. Mr. Kanav Goyal; Rajat Goyal; Geeta Goyal; Rakesh Kumar Goyal and M/s Super Video (Applicant) had stood guarantors for the said facilities sanctioned by SBI to M/s Opes Chem Corporation Private Limited. Applicant is a partnership firm which had guaranteed the loan of M/s Opes Chem Corporation Private Limited. Earlier, Mr.Kanav Goyal and Ms.Geeta Goyal were the partners. Later, Geeta Goyal resigned and in her place Mr. Rakesh Kumar Goyal became the partner of the firm. As per record, presently Mr. Kanav Goyal and Mr. Rakesh Kumar Goyal are the partners. *Vide* lease deed dated 01.07.2016, Applicant firm had leased out the secured asset to M/s Opes Chem Corporation Private Limited. Since, March 2015, the borrower company was availing working capital limit of Rs. 4.40 crores, which was subsequently enhanced to Rs. 6 crores, *vide* sanction letter dated 05.10.2016. The CC limit of Rs. 6 crores was secured by first and exclusive hypothecation charge over

entire current assets i.e. stocks (including in transit/consignment) of the company and receivables. Further, to secure the interest of the Bank, Applicant firm, through its partners, had created equitable mortgage in respect of the properties, fully detailed in para No. 7(h) of the reply filed by the Bank. Since, the borrower company did not submit the stock statement since August 2018, the Bank requested the borrower company about routing of the transactions through CC account and asked the borrower company for submission of closure certificate of the account maintained with other Banks. In the year 2019, SBI asked the borrower many a time to regularize the irregularity in the CC account. As there was continuous default in servicing the interest and due to non-submission of stock statements, on 27.09.2019, SBI declared the account NPA. On 03.10.2019, it issued the notice under Section 13(2) of the SARFAESI Act, demanding a sum of Rs. 6,30,65,096/- due as on 01.10.2019 to the borrower and other guarantors. Again possession notice dated 25.06.2020 was issued with acknowledgment by the Applicant and others. Further, on 26.06.2020, the borrower company sent a reply to the possession notice dated 25.06.2020. To recover the dues of the Bank, on 31.05.2024, the authorized officer put up the property for auction at the reserve price of Rs. 3.97 lacs. The sale notice was published in leading newspapers i.e. 'Dainik Jagran' and 'Times of India', both dated 14.04.2024. On 11.06.2024, Bank sent a reply to the borrower company wherein the Bank informed the Applicant that the reserve price has been fixed as per the provisions of the SARFAESI Act and the rules framed thereunder. Again, the authorized officer issued the auction notice dated 31.08.2024 for sale of mortgage property along with machinery and other movable assets. The auction was fixed up for 24.09.2024 at the reserve price of Rs. 3.97 crores. The sale notice dated 31.08.2024 was published in five newspapers i.e. 'Dainik Jagran-Himachal Edition', 'Dainik Jagran-Punjab Edition', 'Times of India-Chandigarh Edition', 'The Economic Times', all dated 05.09.2024. It is stated that the

mortgage property is duly registered with CERSAI. The Bank had got the property valued properly. As per valuation report dated 28.03.2024 prepared by Perfect Valuers, the market value of the property was assessed at Rs. 3.93 crores, realizable value at Rs. 3.34 crores and guideline value at Rs. 3,81,48,800/-. It is stated that the Bank has also filed OA No. 449 of 2020, for the recovery of Rs. 6,30,65,096/- due as on 01.10.2019, before DRT-I, Delhi. Presently, a sum of Rs. 12,09,82,859/- is due from the borrowers and the Applicant, after appropriating the sale consideration of the auctioned property. It is stated that an equitable mortgage was created by the Applicant by way of deposit of three original title deeds, in favour of the Bank. Further, Applicant has also submitted a letter dated 24.05.2024 to the Bank regarding the permission granted to the Applicant for the construction of an industrial unit. As per letter dated 24.05.2024, issued by the Financial Commissioner and Secretary (Revenue), Government of Himachal Pradesh, permission was duly granted to the Applicant under Section 118(2)(h) of the Himachal Pradesh Tenancy and Land Reforms Act, 1972. It is submitted that the Applicant never approached the Bank with any concrete proposal. The issue of OTS is out of the preview of Section 17 of the Act. Bank has denied the case of the Applicant and submitted that there is no merit in the present SA and the same be dismissed.

8. The auction purchaser in its reply has also denied the case of the Applicant. The auction was fixed at the reserve price of Rs. 3.97 crores. It is stated that it had participated in the auction and in pursuance to the auction notice, it had given the bid of Rs. 3.99 crores. It had deposited 10% of the reserve price i.e. 39,70,000/- on 06.12.2024 (receipt is attached). *Vide* letter dated 10.12.2024 (Annexure R-2/2), SBI intimated that it was declared the highest bidder and the bid has been accepted. It was asked to deposit Rs. 60,05,000/-within one working day. Auction Purchaser had again deposited Rs. 60,05,000/- on 11.12.2024. *Vide* letter dated 11.12.2024 (Annexure R-2/3),

it had sought time from the Bank till 28.02.2025 to make the payment of remaining 75% i.e. Rs. 2,99,25,000/-. However, on 24.12.2024, it had deposited 75% of the bid amount. *Vide* sale certificate, dated 02.01.2025, Bank had issued the sale certificate in its favour. It is also stated that it is a *bona fide* purchaser. The Bank had followed proper procedure for conducting the auction. The property was valued properly. There is no merit in the present SA and the same be dismissed.

9. I have heard Mr.Manish Jain, Senior Advocate, counsel for the Applicant; Mr.Vivek Verma, counsel for the Respondent Bank and Mr.Vipul Dharmani, counsel for auction purchaser.

10. Assailing the auction, Mr.Jain, counsel for the Applicant has argued that the whole of the auction process is illegal, *null and void*. Mr.Jain submitted that the Bank undervalued the property. Again, the date of inspection of the property by the valuer and the date of report are same. No documents were made available to the valuer. Mr.Jain submitted that there is a glaring mistake in the auction notice. Drawing my attention to the auction notice, Mr.Jain submitted that as per the auction notice, EMD could be given till the closure of auction. Mr.Jain submitted that this is strange and he has not come across any such stipulation in any of the auction notices. Mr.Jain submitted that this means that the auction purchaser can submit the documents for EMD even while the auction is going on. Mr.Jain submitted that this means auction purchaser could join the auction proceedings at the eleventh hour before the auction is closed. It is submitted that this is wholly unheard of. Mr.Jain submitted that the dimensions of the property in the two valuations reports are different. The description of the property is incorrect. The property is situated at Nalagarh. However, the valuation report was prepared at Delhi. The building plan was not made available to the valuer. Mr.Jain submitted that the property was also not valued soon before the auction. As per law, the

property should be valued soon before the auction. Again, the sale notice did not mention about any encumbrances. Drawing my attention to Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, Mr.Jain submitted that the permission from the Government will have to be taken before the property is sold to the auction purchaser. However, this fact was not mentioned in the sale notice. Winding up his arguments, Mr.Jain submitted that for all these reasons, the auction is liable to be set aside.

11. *Per contra*, Mr.Verma, counsel for the Respondent Bank argued that the Bank had conducted the auction properly. The Bank had got the property valued from two approved valuers. Applicant was asked to regularize the account. However, it did not make the repayment. Whereas, Applicant is a partnership firm, comprising Kanav Goyal and Rakesh Kumar Goyal; M/s Opes Chem Corporation Private Limited is a Company. The partners of the Applicant firm are Directors of M/s Opes Chem Corporation Private Limited. In fact, Applicant and the borrower Company are one and the same thing. Mr.Verma argued that the Bank had put up the property for auction on many occasions. However, it did not receive any bid. Ultimately, Bank issued the auction notice dated 20.11.2024, fixing the auction for 10.12.2024. The reserve price was fixed at Rs. 3.97 crores. M/s Bauji Industries Private Limited gave the highest bid of Rs. 3.99 crores. Mr.Verma submitted that the auction notice was published in the newspapers having wide circulation in the locality and was also affixed on the property. The Bank had got the property valued from the approved valuers and after inspecting the property, the valuers had prepared the report. Mr.Verma submitted that the Government of Himachal Pradesh has issued a letter dated 07.06.2021, stating that no permission is required under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act in case the property is sold by auction under the SARFAESI Act. Mr.Verma submitted that there is no merit in the present SA and the same be dismissed.

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

12. Mr.Dharmani, counsel for the auction purchaser endorsed the contentions of Mr.Verma, counsel for the Respondent Bank and submitted that there is no merit in the present SA and the same be dismissed. Mr.Dharmani submitted that the auction purchaser has made payment of the whole of the sale consideration. In fact, the auction purchaser is suffering financial loss as the auction purchaser has taken a loan from another Bank to finalize his project at the site. Mr.Dharmani submitted that the present SA be dismissed.

13. I have considered the rival contentions.

14. Applicant has challenged the auction on many grounds. One of the grounds raised by the Applicant is that the auction purchaser is a Non-Himachali. The secured asset is agricultural land. The auction purchaser cannot buy this land without the permission from the State Government. No such permission was obtained from the State Government. On the other hand, the case of the Bank is that this is not agricultural land. In fact, it is industrial land. The Applicant had sought permission from the State Government at the time of purchasing the land and had given an undertaking that the land would be used for industrial purpose. The auction purchaser has produced on the record a copy of letter, dated 07.06.2021, issued by the Additional Chief Secretary-FC (Revenue), Government of Himachal Pradesh, which states that no permission under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972 is required for transfer of land to non-agriculturist by way of auction conducted by the Financial Institutions under the provisions of SARFAESI Act, 2002. In view of this letter, I am of the considered view that no permission for sale of this property was required from the State Government.

15. Again it was argued by Mr.Jain, counsel for the Applicant that the Bank should have mentioned this fact in the auction notice that the secured

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asset is agricultural land and can be used only for agricultural purpose. However, I am of the considered view that this ground is not available to the Applicant. Had this contention been raised on behalf of the auction purchaser, this could be considered. Since, the auction purchaser has no objection to this and would use the property for industrial purpose, I am of the considered view that there is no force in the contention raised on behalf of the Applicant.

16. Mr.Jain, counsel for the Applicant again argued that the auction notice stated that a person can participate in the auction by depositing the earnest money even while the auction is being carried out. Mr.Jain submitted that this is again unheard of. In fact, an unscrupulous auction purchaser may jump into the auction bidding at any time before the auction is concluded. However, I am of the considered view that there is no force in this contention of the counsel for the Applicant. In the case in hand, the auction was conducted online. As per procedure, no person can participate in the auction till he has deposited the EMD and has got himself registered with the portal which is conducting the auction. Even in the present case, the auction purchaser had deposited 10% as earnest money of the reserve price on 06.12.2024. I am of the considered view that the mere circumstance that the prospective vendee could participate in the auction even during the currency of auction is not fatal to the case of the Bank or auction purchaser.

17. Be that as it may, Applicant has also raised the contention that the Bank had granted straightway three months time to the auction purchaser to deposit the balance sale consideration. However, it is factually incorrect. The auction purchaser in its reply has stated that it had deposited 10% of the reserve price on 06.12.2024. The Bank had sent him a letter dated 10.12.2024 stating that it has been declared the successful bidder. Thereafter, it had deposited 15% of the bid amount on 11.12.2024 and again the balance 75% on 24.12.2024. The bank issued the sale certificate on 02.01.2025. From this it is abundantly clear that the auction purchaser has deposited the money within time.

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

18. Mr.Jain, again argued that the Bank had not published the auction notice in the newspapers having wide circulation in the locality. On the other hand, the Bank has alleged that it had published the auction notice in five newspapers. That apart, the auction in this case was conducted on four occasions. The notices were published in 'Times of India' and other newspapers. I am of the considered view that there is no force in the contention of counsel for the Applicant that the Bank had not published the auction notice in the newspapers having wide circulation in the locality.

19. Mr.Jain, again argued that the Bank had not served the auction notice to the Applicant. On the other hand, the Bank has produced on the record a copy of auction notice, dated 20.11.2024 alongwith tracking reports. In these circumstances, it cannot be said that the auction notice was not delivered to the Applicant.

20. Mr.Jain further argued that the Bank has not valued the property properly. In fact, the value of the property is much more. On the other hand, Mr.Verma submitted that the Bank had got the property valued from two approved valuers. The valuation was carried out in March, 2024. After satisfying itself about the value of the land and the building, the Bank had issued the publications. I have perused the valuations reports produced by the Bank which state as to how the valuation was carried out by the valuers. Applicant has not produced on record any valuation report. I am of the considered view that no fault can be found with the valuation reports and the Bank has valued the property properly. Mr.Jain again tried to find fault with the valuation reports and submitted that in one of the valuation reports, the dimensions of the property are not clear and this shows that the valuer had not visited the spot. However, I feel that there is no substance in this plea.

21. As per the materials produced on the record by the Bank, the auction notice was duly published in the newspapers, having wide circulation in the

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locality. The auction notice was also affixed on the property and duly served upon the Applicant.

22. Having considered all the aspects of the matter, I am of the considered view that there is no merit in the present SA. The same is hereby **dismissed**. All the pending IAs, if any, are also disposed of, accordingly.

Registrar is directed to send a copy of this order to all the parties, as per rule. Thereafter, file be consigned to record room after due compliance.

(A S Narang)
Presiding Officer
DRT-I, Chandigarh

Pronounced in open court
Dated: 06.05.2026
Manoj