DEBTS RECOVERY TRIBUNAL-III, CHANDIGARH

PRESIDED OVER: SH. MRIDULESH KUMAR SINGH

SECURITIZATION APPLICATION NO.237/2025

Date of Institution: 06.08.2025
Date of Decision: 11.05.2026

1. Sh. Rohit Verma S/o Sh. Raj Kumar Verma, R/o House No.58, Sunview Enclave, Ayali Kalan, District Ludhiana, Director of M/s Meharban Industries Pvt. Ltd.
2. Smt. Rajni Verma W/o Sh. Rohit Verma, R/o House No.58, Sunview Enclave, Ayali Kalan, District Ludhiana, Director of M/s Meharban Industries Pvt. Ltd.

--Applicants

Versus

1. Authorized Officer, Karnataka Bank Ltd. Asset Recovery Management Branch, 8-B, First Floor, Rajendra Park, PUSA Road, New Delhi
2. Sh. Manav Sohal S/o Sh. Puneet Sohal, R/o House No.337-D, Bhai Randhir Singh Nagar, Near Baba Isher Singh Public School, Ludhiana
3. M/s Balaji Fertilizer, through its proprietor Basant Kumar Goel, R/o House No. B-11/246, Band Street, Barnala, Punjab

--Respondents

Argued by: Sh. Akhilesh Vyas, Advocate for Applicants
Sh. S.K. Dhir, Advocate for Respondent No.1
Respondent Nos. 2 & 3 already ex parte vide order dated 15.09.2025

FINAL ORDER

(1) This Securitization Application was filed under Section 17 (1) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as 'the Act' for brevity) to set aside demand notice under Section 13(2) of the Act dated 23.03.2018 (Annexure A-1), possession notice dated 13.11.2018 (Annexure A-2), e-auction sale notice dated 06.01.2022 (Annexure A-3), whereby alleged sale was took place on 10.02.2022 and Sale Certificates dated 30.03.2022 & 29.06.2022 (Annexures A-8 & A-9) or

quashing any other proceedings arising under the Act related to the properties in dispute.

(2) It was stated in the application that applicants had availed PS Overdraft Facility to the tune of Rs.2 Crores from the respondent No.1 by mortgaging the immovable properties i.e.,

(i) All that part and parcel of vacant industrial property measuring 10013 Sq. yards, situated at Village Meharban, Hadbast No.71, Rahon Road, Ludhiana

(ii) All that part and parcel of residential flat no.18 measuring 1738.78 Sq. ft (193.19 Sq. yds) situated at 4th Floor, Block-A, Vivekanand Enclave Bhai Randhir Singh Nagar, Ludhiana

It was further stated that after availing the above said credit facility, applicants had regularly deposited the installments in the loan account but unfortunately, temporary default in the loan account has occurred due to which, loan account of applicants was classified as NPA illegally without giving any intimation regarding the classification of loan account as NPA and respondent No.1 had issued demand notice under Section 13(2) of the Act dated 23.03.2018 (Annexure A-1); that thereafter, respondent No.1 had issued possession notice dated 13.11.2018 to the applicants and thereafter, sale notice dated 06.01.2022, whereby mortgaged properties were sold out by the respondent No.1 in the e-auction on 09.02.2022 by adopting wrong and illegal procedure; that thereafter, applicants had sent a representation dated 25.05.2025 through registered post to respondent No.1 for providing details of the Sale Certificate or to whom the property has been sold so that applicants can challenge the said sale, which was conducted by respondent No.1 wrongly and illegally; that respondent No.1 had replied to the above said representation of applicants vide its reply dated 05.06.2025 in which respondent No.1 has replied by providing details of Auction Purchasers but not annexed the copy of Sale Certificates along with it; that thereafter, respondent No.1 again sent its reply dated 18.06.2025 by amending its earlier reply dated 05.06.2025; that sale notice dated 06.01.2022 was not published in two leading newspapers having sufficient circulation in the locality; that applicants had received the said sale notice much later stage as there is no procedure of affixation has been adopted by

respondent No.1; that applicants had made various requests to respondent No.1 to provide the documents regarding the auction sale but the same was not provided by respondent No.1; that later on, vide letter dated 05.06.2025 it was informed by respondent No.1 that the property was sold and thereafter, on 18.06.2025 the exact details were provided by the respondent No.1 but the sale certificates were still not provided to the applicants; that applicants had also filed writ petition seeking sale certificates and it was then sale certificates dated 30.03.2022 and 29.06.2022 were provided by the bank and liberty was given to avail any statutory remedy available to him under the Act; that after pursuing the sale certificate, it reveals that respondent No.1 has committed wrong while selling the properties as the property bearing Residential Flat was sold to Auction Purchaser on 10.02.2022 for sum of Rs.73,26,000/-; that the earnest money of Rs.6.50 Lacs was deposited on 08.02.2022 and after auction, Rs.12 Lacs (inclusive 15% of the amount) was made on 10.02.2022 through cheque; that thereafter, remaining final amount was to be paid within 15 days of the auction, which reflected from the sale notice and the said amount i.e., Rs.54.76 Lacs was deposited by Auction Purchaser on 19.03.2022; that respondent No.1 has wrongly given the benefit to Auction Purchaser as 15 days time was ended on 24.02.2025, whereas the payment was paid on 10.03.2025, which is after a delay of time provided by respondent No.1; that similarly, respondent No.1 has also committed wrong while selling the properties as the property bearing vacant industrial property measuring 10013 Sq. Yards was sold to auction purchaser on 17.03.2022 for sum of Rs.1,25,50,000/-; that earnest money of Rs.12.50 Lacs as 10% was deposited on 15.03.2022 and after auction, Rs.19,00,000/- (inclusive 15% of the amount) was deposited on 17.03.2022 through cheque; that thereafter, the remaining final amount was to be paid within 15 days of the auction, which reflected from the sale notice and the said amount i.e., Rs.10 Lacs and Rs.82,74,500/- was deposited by Auction Purchaser on 30.03.2022 & 15.06.2022; that respondent No.1 has wrongly given the benefit to Auction Purchaser as 15 days time was ended on 30.03.2022, whereas the payment was made on 30.03.2022 and

15.06.2022, which is after a delay of time provided by respondent No.1; that respondent No.1 had sold both the properties at a very low price; that mortgaged properties were not registered under the Central Registry as per Section 26-D of the Act by respondent No.1. Therefore, it was prayed that the present SA may kindly be allowed.

(3) Reply filed by respondent No.1.

(4) It is stated in the reply that applicants had not approached this Tribunal with clean hands; that applicants had availed PS Overdraft facility of Rs.02 Crores from respondent No.1 after executing the necessary documents and in order to secure the repayment of said loan facility, applicant had mortgaged two immovable properties i.e., vacant industrial property and residential property; that applicants had failed to maintain the financial discipline as envisaged in the loan documents executed between them and respondent No.1, therefore loan account of applicants was classified as NPA on 29.01.2018 by respondent No.1 strictly in accordance with law; that therefore notice under Section 13(2) of the Act dated 23.03.2018 was issued, which was duly served upon applicants; that applicants had raised certain objections under Section 13(3-A) of the Act dated 23.07.2018; that respondent No.1 duly replied to the above said objections vide its reply dated 08.08.2018; that since the objections raised by applicants were vague and baseless, therefore the same has been rejected by respondent No.1; that thereafter, respondent No.1 had issued possession notice 13.11.2018 under Section 13(4) of the Act; that applicants had failed to repay the dues or raise valid objections within the statutory period; that thereafter, sale notice dated 06.01.2022 was issued, whereby auction of the secured asset was fixed for 10.02.2022; that the said sale notice was duly published in two leading newspapers as per Security Interest (Enforcement) Rules, 2002 (hereinafter referred to as 'Rules' for brevity), which have wide circulation in the locality as well as the said sale notice was also affixed on the conspicuous place of the property; that the said sale notice was also sent to applicants through registered post on 24.02.2022; that after due compliance of Rules, the sale was conducted and properties were sold out and accordingly, sale certificates dated 30.03.2022 and 29.06.2022 were issued in favour of Auction Purchasers

and possession was also handed over to the Auction Purchasers; that Auction Purchasers had duly deposited the earnest money and part consideration within the stipulated period and the balance amount was received within the time extended by the bank under its discretionary powers in terms of Rule 9(4) of the Rules, which expressly permits the secured creditor to extend the time for payment beyond 15 days, provided such extension does not excess three months; that the reserve price of the secured assets were fixed strictly on the basis of such professional valuation reports and in accordance with the prevailing market conditions; that the secured assets were duly registered with the Central Registry as per Section 26-D of the Act and the CERSAI Certificates are annexed as Annexure R-5 to the reply. Therefore, it was prayed that the present SA may kindly be dismissed being devoid of any merits.

(5) After service of notices upon respondent Nos. 2 & 3, no one has appeared on their behalf and no reply to SA was filed. Therefore, respondent Nos. 2 & 3 were proceeded against ex parte vide order dated 15.09.2025.

(6) No replication was filed by applicants to the reply filed by respondent No.1.

(7) I have heard arguments advanced by Sh. Akhilesh Vyas, Advocate for Applicants and Sh. S.K. Dhir, Advocate for Respondent No.1 and gone through the record carefully. None was present on behalf of respondent Nos. 2 & 3.

(8) Sh. Akhilesh Vyas, Advocate argued that respondent No.1 has wrongly classified the account of applicants as NPA on 29.01.2018 as mentioned in the notice under Section 13(2) of the Act and no intimation/notice was given by respondent No.1 regarding the classification of loan account as NPA.

(9) *Per contra*, Sh. S.K. Dhir, Advocate argued that the account of applicants was classified as NPA in strict compliance of Rules and there is no illegality in it. It was further argued that there is no requirement under any law to issue advance notice to borrowers, mortgagors and guarantors regarding the classification of account as NPA.

(10) Sh. Akhilesh Vyas, Advocate could not explained as to how loan account was wrongly classified as NPA. There is nothing on record, which can show that loan account can be classified as NPA only after

continuous default of 90 days. In the considered opinion of this Tribunal, if borrower defaults in payment of three installments on due dates and whenever there is default of total 90 days then secured creditor is entitled to classify the loan account as NPA, if there is no legal impediment.

(11) There is nothing on record to show that loan account of applicant was classified as NPA illegally.

(12) It was not argued by Sh. Akhilesh Vyas, Advocate that notice under Section 13(2) of the Act dated 23.03.2018 (Annexure A-1) and notice under Section 13(4) of the Act dated 13.11.2018 (Annexure A-2) were not served upon applicants rather it was mentioned in the reply to SA by respondent No.1 that applicants had raised certain objections under Section 13(3-A) of the Act dated 23.07.2018 and respondent No.1 had duly replied to the above said objections vide its reply dated 08.08.2018, which shows that the said notice was duly served upon applicants. Since no arguments regarding service of above said notices was raised by applicants, therefore adjudication on the service of notices under Section 13(2) & 13(4) of the Act are not required.

(13) Sh. Akhilesh Vyas, Advocate further argued that sale notice dated 06.01.2022 (Annexure A-3), whereby auction of the secured assets were fixed for 10.02.2022 was not published in the two leading newspapers, which have wide circulation in the locality as per Rules.

(14) *Per contra*, Sh. S.K. Dhir, Advocate argued that sale notice dated 06.01.2022 was duly published in two leading newspapers as per Rules. It was further argued that copy of sale notice along with copy of publication of said notice in two newspapers were annexed as Annexure R-2 to the reply.

(15) In light of above factual position and evidence on record, this Tribunal is of the considered opinion that the sale notice was prepared and served upon applicants as per Rules. Nothing is on record which can show that sale notice was defective or not served according to Rules. Service of sale notice through other modes was not disputed by Sh. Akhilesh Vyas, Advocate.

(16) Sh. Akhilesh Vyas, Advocate further argued that Auction Purchasers had not deposited the amount to

Authorised Officer of respondent No.1 within the prescribed period of 15 days.

(17) *Per contra*, Sh. S.K. Dhir, Advocate argued that Auction Purchasers had duly deposited the earnest money and part consideration within the stipulated period and the balance amount was received within the time extended by the bank under its discretionary powers in terms of Rule 9(4) of the Rules, which expressly permits the secured creditor to extend the time for payment beyond 15 days, provided such extension does not excess three months.

(18) No replication to the reply filed by respondent No.1 was filed by applicants and respondent No.1 stated that sale proceedings were concluded strictly in accordance with law as well as sale certificates were issued and registered. It was also stated that possession of the properties in question were also handed over in favour of Auction Purchasers.

(19) In the present matter, in terms of sale notice dated 06.01.2022, Auction Purchasers (respondent Nos. 2 & 3) had participated in e-auction and respondent Nos. 2 & 3 being the highest bidders purchased the mortgaged properties from respondent No.1 and paid the entire sale price well within the specified time as per terms and conditions of the sale notice as stated by learned counsel for respondent No.1 and accordingly sale certificates were issued by respondent No.1 on 30.03.2022 & 29.06.2022 and further sale deeds were executed by respondent No.1 in favour of respondent Nos. 2 & 3 and possession of the sold properties was also delivered to respondent Nos. 2 & 3.

(20) Sh. Akhilesh Vyas, Advocate further argued that secured assets were not registered by respondent No.1 with the Central Registry as per Section 26-D of the Act.

(21) *Per contra*, Sh. S.K. Dhir, Advocate argued that secured assets were duly registered by respondent No.1 with the Central Registry as per Section 26-D of the Act. It was further argued that copy of CERSAI Certificates were annexed as Annexure R-5 to the reply.

(22) Copy of CERSAI Certificates annexed as Annexure R-5 to the reply shows that respondent No.1 had created its charge under the Central Registry as per Section 26-D of the Act.

(23) Sh. S.K. Dhir, Advocate argued that Rs.25,78,68,043.56p was outstanding due as on 31.01.2025 and applicants had never deposited even a single penny in their loan account after classification of loan account as NPA. It was further argued that applicants are chronic defaulters. Therefore, they are not entitled to get any relief from this Tribunal in their favour.

(24) In the SARFAESI Act nowhere it is provided that applicants have any right not to deposit their outstanding dues. It appears applicants are not interested in deposit of their dues (public money) rather they are interested in the One Time Settlement and for that purpose this SA was filed without showing any *bonafide* as well as applicants are only interested in dragging the Bank in the litigations.

(25) No other point was argued/pressed.

(26) After the consideration of all facts, circumstances as well as after perusal of record, there is no case made out in favour of applicants. No illegality/irregularity was shown in the proceedings initiated by respondent No.1 against applicants under the Act and this SA deserves to be dismissed.

(27) **SA is dismissed.**

Record be consigned to record room after due compliance.

Date: 11.05.2026

Pronounced by me in the open Tribunal.

(MRIDULESH KUMAR SINGH)
Presiding Officer,
DRT-III, Chandigarh