IN THE DEBTS RECOVERY TRIBUNAL-III, CHENNAI

Dated this the 20th day of May, 2026

Present: SMT. S.V. GOWRAMMA
Presiding Officer

SA No. 234 of 2025

M/s Sinduja Modern Dall and Rice Mills,
Rep. by its Karth (HUF), Mr. M V Sesha Rao,
S/o late Venkateswarulu, Shop No. T/F 111,
Anna Fruit Wholesale Market, Koyambedu,
Chennai 600 092.

…Applicant

-Vs-

The Authorized Officer, UCO Bank,
Chennai Main Branch, 328,
Thambu Chetty Street,
Chennai 600 001.

…Respondent

Counsels on record / appeared:

Counsel for Applicant	:	Ms. V. Jayachandran
Counsel for Respondent	:	Ms. P.S. Ganesh

ORDER ON SA 234 /2025

The present Securitization Application [SA] is filed under sub section [1] of S.17 of the Securitization and Reconstruction of Financial Asset and Enforcement of Security Interest Act,2002 (for short the 'Act') challenging the action and the measure taken by the secured creditor under the Security Interest Enforcement Rules, 2002 [for short the Rules].

2. The applicant has challenged the Sale notice dated 07.03.2025 fixing the sale on 28.03.2025 and the outstanding amount due as per Sale notice is Rs.14,64,84,008/-

3. It is the case of the applicant that it is a MSME engaged in the business of trading Dhall varieties and doing agricultural activities in the schedule mentioned property had availed Working Capital loan of Rs.1,00,00,000/- and Term Loan of Rs.1,50,00,000/- in the year 2012 vide sanction letter dated 05.11.2012. The applicants have constructed a warehouse of 12,500 sq.ft., out of 1.91 acres, to store the Dhall and agricultural products.

3.1 As security towards the credit facilities, applicants have deposited the Original Title Deeds of the agricultural property in favor of the respondent bank and were regular in the repayment of loan till 2015. Due to heavy flood in December 2015, the applicants suffered loss and entire stocks were washed away and affected with fungus.

3.2 Though the stocks of the agricultural products were insured with Oriental Insurance Company Ltd., the Insurance company has repudiated the claims of applicant as could not file claim papers which were washed away. However, the applicants have paid an amount of Rs.78,33,724/- from November 2012 to December 2015 and the respondent bank has debited a sum of Rs.86,69,797/-, hence the classification of the loan account as NPA on 31.03.2017 is erroneous.

3.3 The respondent bank has failed to extend the relief package to applicants within 3 months and bank vide their letter dated 30.06.2016 has converted the limits and granted only 12 months moratorium period instead of 24 months. Further the respondent bank has classified the loan account as NPA on 31.03.2017 during the Moratorium period which was available till 30.06.2017.

3.4 The classification of the loan account as NPA on 31.03.2017 is in violation of RBI guidelines. The adangal report shows that the collateral security is an agricultural land which respondent bank is aware has initiated measures to sell the agricultural property in violation of Section 31(i) of the SARFAESI Act. Further the respondent bank has failed to register the security interest before the Central registry.

3.5 Further the respondent bank has issued Section 13(2) Demand Notice dated 19.04.2017 which was received by the applicant on 24.04.2017 and sent a representation to the respondent bank under Section 13(3)(A) on 03.05.2017 requested to convert the CC limits to WCTL and to withdraw the SARFAESI measures. The respondent bank has rejected the representation vide reply dated 15.05.2017 and issued recall notice dated 03.04.2017 for an outstanding due amount of Rs.4,96,08,815/- as on 31.03.2017 and the outstanding amount claimed in the Section 13(2) Demand Notice dated 19.04.2017 is Rs.5,05,23,859/- as on 31.03.2017. Hence, the Demand Notice was wrongly issued to Sindhuja Modern Dhall & Rice Mills represented by proprietor instead of Sindhuja Modern Dhal & Rice Mills (HUF) represented by its Kartha.

3.6 The applicants have suffered huge loss of Rs.2,50,00,000/- due to the delay in producing the statement of stocks. The Patta, Chitta, Adangal report produced by the applicants which clearly shows that lands are being cultivated periodically.

3.7 The respondent bank has classified the loan account as NPA during the period of moratorium which is in violation as per ***The Hon'ble Apex Court in Central Bank of India Vs. Ravindra.*** Further the applicants have given an OTS proposal of Rs.3,15,00,000/- towards M/s. Sindhuja Dhall and Rice Mills account on 03.01.2024 which was accepted by AGM of respondent bank and as per the direction of DRT – III, applicants have paid an amount of Rs.65,50,000/- under the OTS scheme.

3.8 The applicants have paid an amount of Rs.15,00,000/- through DD No.026330 in part compliance of the DRT III order dated 02.03.2024. After the issuance of Willful defaulter's notice dated 16.02.2024, the applicants have failed to pay the balance amount and only Rs.2,49,50,000/- was remaining towards the OTS scheme. The respondent bank has failed to value the property and sold at low price of Rs.5,00,00,000/- where the property is valued at Rs.14,00,00,000/-. Further the respondent bank has recovered a sum of Rs.8,00,00,000/- from the loan accounts of M/s. Sindhuja and Co.

3.9 In the grounds, it is contended that the Sale notice dated 11.09.2024 issued by the respondent bank is against the principles of natural justice. Though the applicants have made a payment of

Rs.1,65,03,521/- towards the principal and interest, the respondent bank has claimed two different outstanding due amount; an amount of Rs.4,96,08,515/- in Recall notice dated 03.04.2017 and Rs.5,05,23,859/- in Section 13(2) Demand Notice dated 19.04.2017. The terms and conditions in the sanction letter dated 28.09.2015 and 30.06.2015 was conflict in nature and respondent bank has failed to grant any moratorium period to the applicant herein.

3.10 The respondent bank has failed to obtain valuation report before bringing the schedule property for sale. The Possession Notice issued by the respondent bank is in violation of Rule 8(1) and (2) of SIE Rules and the Demand Notice is not published in two Newspapers.

3.11 The respondent bank has failed to affix the Sale notice in the schedule property and failed to serve on all the parties which is in violation of Rule 8(6) of SIE Rules. On these grounds, the applicants prays to set aside the Sale notice dated 07.03.2025 scheduling the property to be held on 28.03.2025.

4. The respondent bank has filed a detailed counter inter alia denied each and every allegation made in the SA. The auction sale was held on on 28.03.2025 and Mr. Murtaza B J, Mohammed B J were declared were declared as successful bidders for Rs.5,84,80,000/- who has paid Rs.1,46,20,000/- on the same date.

4.1 The respondent bank has taken physical possession of godown-1 and all the land in secured asset on 05.03.2025 as per the Order of District

Collector and District Magistrate Tiruvallur in K.Dis.No.12959/2018/M2 dated 01.03.2021. The Hon'ble High Court has granted liberty for M/s. Saibaba Polymers Technologies Pvt. Ltd. to continue the possession for godown-2 till June 2025 with a condition to pay Rs.2.50 lakhs for occupation and use of the premises vide order dated 26.02.2025 in W.P.No.6226/2025.

4.2 The applicants challenged the Section 14 order in TSA 67 of 2023 before this Tribunal which came to be dismissed on 13.03.2024 and aggrieved by the same the applicants have filed an A.I.R.No.625/2024 along with waiver application in IA No.416/2024 before Hon'ble DRAT Chennai which came to be rejected as the applicants failed to make the mandatory deposit, which is challenged before the Hon'ble High Court of Madras in W.P.No.9301/2025 which is pending for adjudication.

4.3 It is submitted that the applicant is the borrower and mortgagor, applicant and his wife were running 3 other firms, and availed following credit facilities:

i. M/s. Sindhuja Modern Dhall & Rice Mills (HUF), Rep. by Kartha – M.V. Sesha Rao availed a total amount of Rs.250.00 lakhs
ii. Sinduja Exports, Proprietor M.V. Sesha availed total amount of Rs.350.00 lakhs
iii. Sinduja & Co, Proprietor availed total amount of Rs.100.00 lakhs
iv. Sinduja Enterprises availed total amount of Rs.90.00 lakhs

4.4 Further the respondent bank has considered the representation of the applicant and restructured, rephased the loan account in the year 2016 as the applicant's firm was affected in flood. Therefore, the cash credit facility of Rs.200.00 lakhs was restructured to working term loan of Rs.148.00 lakhs and Cash credit facility of Rs.52.00 lakhs, hence the moratorium period of 12 months was given to only one working capital term loan of Rs.148.00 lakhs and the original terms and conditions has to be adhered by the applicant for all loan account.

4.5 The applicant had executed equitable mortgage of his property by way of memorandum of deposit of title deeds to the property situated at S.No.274/1 admeasuring 1 Acre along with land in S.No.274/2 admeasuring 0.91 Acre, totally 1.91 acres together with Godown admeasuring 12500 sq.ft., and the officer room of 2010 sq.ft, in Alamathi Village Ponneri Taluk, Alamathi Village redhills vide Doc.No.12301/2013 SRO Redhills, dated 02.11.2012 and supplementary mortgage by deposit of title deeds dated 09.12.2015 was executed and registered as Doc.No.12301/2013 to the limit of Rs.529.50 lakhs.

4.6 The security interest was duly registered before the central registry vide Asset ID No.200006763618. After restructuring of the loan facilities, the borrower has failed to repay the loan amount as per Terms and conditions of sanction, hence the loan account was classified as NPA on 31.03.2017 for all four accounts.

4.7 The respondent bank has proceeded further and issued Section 13(2) Demand Notice dated 19.04.2017 calling upon borrower to repay the outstanding amount of Rs.5,05,23,859/- which was duly served to the borrower. The borrower has made objection to the demand made vide letter dated 03.05.2017 which was considered and rejected by respondent bank vide reply dated 15.05.2017. As the borrower failed to liquidate the entire liability within 60 days, respondent bank has issued Possession Notice dated 06.09.2017 which was affixed, published in English and Tamil Newspapers as per SIE Rules.

4.8 Further the respondent bank has filed petition under Section 14 of SARFAESI Act on 27.06.2018 to take physical possession of the property. The authorized officer has filed Contempt Petition No.286 of 2021 as the District Collector Tiruvallur failed to comply with Order of Hon'ble High Court by not deciding the Section 14 petition filed by the authorized officer within 6 weeks as per the order dated 18.03.2019 in W.P.No.7856 of 2019. The District Magistrate cum District collector Tiruvallur has passed the order dated 01.03.2021. The 2nd respondent has filed the SA No.84 of 2021 challenging the order dated 01.03.2021 which was transferred to this Tribunal and renumbered as TSA No.67 of 2023 which was dismissed on 13.03.2024.

4.9 The applicant has filed an Appeal before DRAT Chennai in A.I.R.No.625 of 2024 and the Hon'ble DRAT has passed an order to deposit 50% of the Demand amount i.e., Rs.2,52,61,930/- in two instalments, the first instalment on or before 06.12.2024 and another instalment on or

before 20.12.2024, as the applicant failed to make the mandatory deposit AIR No.625/2024 was dismissed on 23.12.2024.

4.10 Further the respondent bank has filed a W.P.No.34588 of 2024 for a direction to take physical possession of the property and also filed the affidavit on 19.02.2025 which was pending for further adjudication. After, the dismissal of TSA No.67 of 2023, M/s. Saibaba Polymers Technologies Pvt. Ltd. based on unregistered Lease Agreement dated 01.04.2021 claimed to be a tenant of Godown 2 admeasuring 12500 Sq.ft., filed SA Diary No.3067 of 2024 before this Tribunal and obtained order of status quo on 09.12.2024.

4.11 It is pertinent to note that the unregistered Lease Agreement dated 01.04.2021 has been created after obtaining order of status quo on 10.03.2021 in TSA No.67 of 2023. The respondent bank has filed the MA 07 of 2025 before the Hon'ble DRAT challenging the interim order and the MA was allowed by setting aside the Interim Order, further M/s. Saibaba Polymers Technologies Pvt. Ltd. filed a W.P.No.6226 of 2025.

4.12 The Hon'ble High Court of Madras has granted liberty for M/s. Saibaba Polymers Pvt. Ltd. to continue their possession till June 2025 with a condition to pay a sum of Rs.2.50 lakhs for occupation of the premises vide order dated 26.02.2025 in W.P.No.6226 of 2025. The section 14 order of District Collector was executed on 05.03.2025 and physical possession of the property except Godown 2 was taken and handed over to the respondent bank. The respondent bank has obtained the valuation report

from an approved valuer and issued the Sale notice dated 07.03.2025 scheduling the sale to be held on 28.03.2025.

4.13 The Sale notice was issued to the applicants, affixed on the property, published in two Newspapers as mandated under SIE Rules. Further the sale was held on 28.03.2025 and Mr. Murtaza BJ and Mohammed BJ were declared as the auction purchasers for Rs.5,84,80,000/-. The contention of the applicant with regard to the classification of loan account as NPA and Moratorium have already been decided by DRT III in SA No.71 of 2018 dismissed on 18.03.2019 challenging earlier sale held on 13.03.2018.

4.14 Further the applicant has challenged the dismissal of SA No.71 of 2018 in RA (SA) No.6 of 2020 before Hon'ble DRAT and dismissed on 01.02.2021 which was challenged on CRP No.430 of 2021 which is also dismissed on merits. The applicants have also filed SLP No.4829 of 2021 and same was dismissed. Therefore, the contention with regard to NPA, Moratorium, Possession Notice and action of authorized officer in taking physical possession is already adjudicated. Further, the respondent bank has countered to all averments and grounds raised by the applicant and prays for dismissal of the present SA.

Heard both sides of the Counsels and perused the records of the case.

5. It is manifest from the records that the applicant has availed credit facilities of Rs.250 lakhs i.e., Term Loan of Rs.100 lakhs and Working capital of Rs.150 lakhs from the respondent bank during the year 2015 and

credit facilities are secured by equitable mortgage of *Land in S.No.274/1 admeasuring 1 Acre along with land in S.No.274/2 admeasuring 0.91 Acre, totally 1.91 acres together with Godown admeasuring 12500 sq.ft., and officer room of 2010 sq.ft., in Alamathi Village Ponneri Taluk, Alamathi Village Redhills* by way of Memorandum of Deposit of Title Deeds dated 24.10.2023 registered as Doc.No.12301/2013.

5.1 The mortgage is registered before the CERSAI (Central registry) vide Asset Id No.200006763618. Even after restructuring all the loan accounts in the year 2016, applicant defaulted in the repayment, hence loan accounts were classified as NPA on 31.03.2017. It is manifest from the records that the M/s. Sindhuja Modern Dhall & Rice Mills (HUF) is represented by its Kartha Mr. Shesha Rao, which is a group account consisting of 3 sister concerns, namely

1) M/s. Sindhuja Modern Dhall & Rice Mills (HUF), Rep. By Kartha, had availed three credit facility vide A/cNo:00410510000328; A/c No: 00410610014707 and A/c No: 00410610027844 TSA No.474/2023 16 12.08.2025

2) M/s. Sindhuja Exports, a Proprietary concern represented by proprietor M V Sesha Rao had availed two credit facilities vide A/c No:00410500002116(CC) and A/c No:00410610027851(WCTL)

3) M/s. Sinduja & Co Proprietorix concern represented by M Amareswari, W/o M.V. SeshaRao had availed credit facility vide A/c No:00410500002116(CC) and

4) M/s. Sindhuja Enterprises Proprietor: - M V Sesha Rao A/c No: 02710510000069 (CC)

5.2 The applicants as borrowers do not dispute the availing of the credit facilities, restructuring of the loans and also the default in the repayment due to flood. In fact, there is no dispute with regard to mortgage of the properties as collateral security towards the credit facilities availed by applicants. The contentions with regard to the classification of the loan account as NPA is due to the non-co-operation of the bank in perusing the insurance claim and not considering the Moratorium period during the restructuring working capital were all considered and adjudicated upon by this Tribunal in TSA No.67/2023. Hence needs no further adjudication of the same in the instant matter.

5.3 The averments as made in the present SA and the counter filed by the Respondent bank is also considered and adjudicated in TSA No.67/2023. It is pertinent to mention that the applicant here in had challenged the Section 14 order dated 01.03.2021 in TSA No.67/2023 and the Tribunal after considering the pleadings, arguments, a detailed order on merit is passed upholding the measures taken by the bank in issuing Demand Notice dated 19.04.2017 and Possession Notice dated 07.09.2017 and had also considered the claim of the applicant that the property is agricultural land.

5.4 Further any challenge to possession notice dated 07.09.2017 in the instant matter is not within the period of 45 days as required under S.17 of

the Act and the challenge to demand notice and possession notice is also adjudicated by this Tribunal.

5.5 On receipt of demand notice a reply/objection is also submitted under Section 13(3A) dated 03.05.2017 which came to be rejected vide bank letter dated 15.05.2017.

5.6 As the borrower/guarantors/mortgagor failed to liquidate the entire liability due in all the accounts within the period of 60 days, bank has proceeded and issued S13[4] Possession Notice dated 07.09.2017. Further issued Sale Notice dated 10.11.2017 fixing the sale on 14.12.2017 which is challenged by applicant in SA No.262 of 2017. Though the applicant obtained an interim order of stay of sale and did not comply the conditional order. Hence respondent bank sold the property of 2nd and 3rd applicant on 14.12.2017.

5.7 The respondent has issued another Sale notice dated 08.02.2018 and on receipt of the same the applicants have filed an SA No.71 of 2018 and as there is no stay was granted, the respondent bank has sold the remaining three properties on 13.03.2018.

5.8 It is a classic case of a borrower frustrating the measures taken by the respondent bank in recovery of the amount due and in enforcing the security available to them. The applicant has not liquidated the entire outstanding due though challenging each measure, obtaining the interim orders have dragged on the proceedings by filing multiple SA hindering the

secured creditor and the third parties [auction purchasers] interest without any Bonafede intention to clear the liability.

5.9 The Tribunal is mindful of the cases filed by the applicants challenging each measure initiated by the respondent bank from 2021 which are as under:

1. SA/197/2021(TSA/474/2023)-filed challenging the Section 14 order Dated 12/05/2020 in Crl.MP.No.6326/20 passed by Ld. CMM Egmore in respect of three shops in Koyembedu. However the respondent bank has sold the secured asset pursuant to sale notice Dated 08.02.2018. The applicant has challenged the sale in SA.71/18 which came to be dismissed. All the issues raised in SA.197/21 were adjudicated in SA.71/18. The appeal, CRP and SLP preferred by the Borrower/ Mortgagor were also dismissed. Hence on principles of Res judicata the present SA is liable to be dismissed.

2. SA/262/2017(TSA/507/2023) is filed to set aside the sale dated 3. 14.12.2017 of the vacant plot of 2530 Sq.ft. at Thiruverkadu.

3. SA/410/2021(TSA/448/2023)-is filed to call for records pertaining to Sale Certificate dated 17.02.2021 pursuant to the sale notice dated 08.02.2018 and set aside the same as null and void.

It is evident that the applicant has raised same contentions which is already considered and adjudicated upon in earlier SA's.

5.10 Further the physical possession of the property was handed over to respondent bank on 05.03.2025 except Godown – 2 which was occupied by M/s. Saibaba Polymers who had approached the High Court in W.P.No.6226 of 2025 and the High court vide Order dated 26.02.2025 disposed the writ petition. Thus, it is clear that the applicant has challenged the measures and have failed to succeeded in any of the matter either before the DRT, High Court and even before the Hon'ble Apex Court and are frustrating the measure taken by the bank.

5.11 The respondent bank as a secured creditor has obtained valuation report dated 17.01.2025 and issued sale notice dated 07.03.2025 which is duly sent through RPAD and duly served to applicant herein, and notice sent to Mr. Sesha Rao returned with an endorsement as "Unclaimed" which is a deemed service, the postal receipts, acknowledgment card, returned covers were evident from Page No.96 to 107 of respondent's counter.

5.12 The Sale notice dated 07.03.2025 was affixed on the conspicuous part of the property as per Rule 8(1) of SIE Rules, and also published in two Newspapers, one in "New Sunday Express" (English) and another in "Dhina Kadhir" (Tamil) as per Rule 8(2) of SIE Rules both dated on 09.03.2022, the paper publications and photograph of affixtures are evident from Page No.108 to 112 of respondent's counter. Hence, the contention of the applicant with regard to issuance of Sale notice, affixture and publication of sale notice is not sustainable and fails which is duly countered by the respondent bank by producing supporting documents.

5.13 Though the applicant has raised a specific contention with regard to valuation of the property and have also produced the valuation reports dated 27.06.2012, 05.11.2014, 08.08.2015, 25.04.2018, contending that the machineries are not valued and considered in the sale notice. However, it is seen that the machineries are not part of the auction in the sale notice dated 07.03.2025. On the other hand, the valuation of the bank produced at page 62 of the counter reflects that the secured asset is valued without the machinery on the property and valuation report is recent one dated 17.01.2025 and fixed the reserve price of Rs.584.30 lakhs and relevant portion of valuation report dated 17.01.2025 is extracted hereunder:

i.	The present fair market value of the above property in the prevailing condition with the aforesaid specifications of shed is	Rs.6,72,31,000/-
ii.	The realizable value of the property is estimated as 15% less than the present fair market value	Rs.5,71,46,000/-
iii.	The distress value of the property is estimated as 25% less than the present fair market value	Rs.5,04,23,000/-

Hence, the contention of the applicant that the respondent bank has failed to obtain valuation report fails.

5.14 The applicant has raised contention that respondent bank has failed to give statement of stocks for insurance claim which is duly countered by the respondent bank that they have produced the statement of stocks to the insurance company. It is pertinent to note that the applicant has not

produced any insurance claim rejection letter citing the respondent bank failure to give statement of stocks to support their contention. However, the applicant has produced premium receipt issued by Oriental Insurance at Page No.34 of additional documents by applicant. However, in case if the applicant is aggrieved by insurance claim, they have to execute their right before the appropriate court of law for repudiation of their claim. Hence, the contention of the applicant that the respondent bank has failed to furnish statement of stocks for insurance claim is not sustainable.

5.15 A specific contention is raised by the applicant that the respondent bank has violated Section 31(i) of SARFAESI Act and places reliance on the Adangal and payment receipt of Pasali to support his case that the land is an agricultural land. The Adangal reveals that it is a type of land record maintained by the Village Administrate Officer recording the details of the nature of land, its assessment, details of survey number but there are no details of agricultural activities being carried out in the documents as contended by the applicant.

5.16 Except for production of Adangal, the applicant has not produced any documents in support of his contention that the property is an agricultural land which is exempted under SARFAESI Act. The Tribunal places reliance of the Hon'ble Apex Court in the case of **Blue Coast Hotels Limited and Others** and **K. Pappireddiyar and Another**, where it is held that merely the agricultural property when the dominant part of the property was used as non agricultural and security interest was created over parcel of land, the presence of Godown measuring

12,500 sq.ft., which is not sufficient to classify the entire property as agricultural property where no substantial agricultural development exist, hence the overall property as agricultural property is decisive to claim exemption under SARFAESI Act. The relevant para 38 and 40 of the judgment is reproduced as under:

> *38. The purpose of enacting Section 31(i) and the meaning of the term "agricultural land" assume significance. This provision, like many others is intended to protect agricultural land held for agricultural purposes by agriculturists from the extraordinary provisions of this Act, which provides for enforcement of security interest without intervention of the Court. The plain intention of the provision is to exempt agricultural land from the provisions of the Act. In other words, the creditor cannot enforce any security interest created in his favour without intervention of the Court or Tribunal, if such security interest is in respect of agricultural land. The exemption thus protects agriculturists from losing their source of livelihood and income i.e., the agricultural land, under the drastic provision of the Act. It is also intended to deter the creation of security interest over agricultural land as defined in Section 2 (zf) 36. Thus, security interest cannot be created in respect of property specified in Section 31.*
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> *40. It is undisputed that these lands were mortgaged in favour of the creditor under a deed dated 26.02.2010. Obviously, since no security interest can be created in respect of agricultural lands and yet it was so created, goes to show that the parties did not treat the land as agricultural land and that the debtor offered the land as security on this basis. The undisputed position is that the total land on which the Goa Hotel was located admeasures 182225 sq. mtrs. Of these, 2335 sq. mtrs. are used for growing vegetables, fruits, shrubs and trees for captive consumption of the hotel. There is no*

substantial evidence about the growing of vegetables but what seems to be on the land are some trees bearing curry leaves and coconut. This amounts to about 12.8 % of the total area.

5.17 Additionally it is an admitted fact that the applicant is running dhall business and has constructed a warehouse of 12,500 sq.ft., out of 1.91 acres, to store the Dhall and agricultural products and carrying the business of commercial activities. In fact, the loan availed is for the business of Dall industries and the nature of the land is used for commercial purpose which cannot be considered as agricultural land. The Hon'ble Apex Court further held that since no security interest can be created in respect of agricultural lands and yet it was so created, goes to show that the parties did not treat the land as agricultural land and that the debtor offered the land as security on this basis

5.18 In the instant matter, the applicant has failed to establish that the property is actually being used for agricultural purpose even at the time when the security interest was created and agricultural activates are being carried on even now. There is no iota of documents produced by the applicant to show that the secured asset is put to use for agricultural purposes and there is agricultural activity going on the secured asset to avail the benefit/exempt under Section 31(i) of the SARFAESI Act.

5.19 The Tribunal further places reliance on the judgement of the Hon'ble Supreme Court in the case titled **K. SREEDHAR** *vs* **M/S RAUS CONSTRUCTIONS PVT. LTD. & ORS.** where it is held that the burden

is upon the borrower to prove that the secured properties were agricultural lands and actually being used as agricultural lands and/or agricultural activities were going on. As the applcaint has failed to establish that the secured asset is an agriculture land which is exempted under S.31[J] of the Act.

5.20 During the pendency of the SA, the applicant has filed IA 1930/25 on 08.07.2025 to raise additional grounds contended that the applicant is a MSME, admits availing of Term Loan of Rs.1.00 crores and Working Capital of Rs.1.5 crores. The main contention is with regard to the schedule asset being an agricultural land which is raised in the main SA at para 8 page 6 and has placed reliance on the letter dated 10.11.2023 issued by CMDA and it only reflects that the village Alamathi falls under Redhills catchment area restricted for development. The applicant has built a Godown/ Warehouse measuring 12500 sq.ft., which is admitted at para 3 pf page 4 in the SA, the averment about valuation was also raised at page 15 grounds 16 which is considered for adjudication.

5.21 Further contention that the Machineries are removed illegally and there is no description of the machineries on the schedule property as seen from the description of the secured asset. Further it is seen that M/s. Saibaba Polymers is a tenant on the secured asset on Godown No.2 of 12,500 sq.ft., on lease and as per the direction of the Hon'ble High Court they had undertaken to vacate the premises which is mentioned in

Sale notice dated 07.03.2025 and the relevant portion is extracted hereunder:

……As per order dated 26.02.2025, passed by the Hon'ble High Court of Madras in W.P.No.6226/2025 & W.M.P.No.6842 of 2025 M/s. Saibaba Polymers Private Limited has undertaken to the court to vacate the premises by 30.06.2025. Hence, the possession of the Godown-2 could be handed over after 30.06.2025 in compliance of the Hon'ble High Court of Madras order dated 26.02.2025 in W.P.No.6226/2025 & W.M.P.No.6842/2025.

5.22 The applicant also admits that the Machineries were not hypothecated to the respondent bank and relied on GO Ms.No.436 dated 20.12.2025 for availing various reliefs and concessions from respondent bank. It is pertinent to note that the applicant has relied on the valuation report of 24.06.2012 and 05.11.2014 and failed to give any justifiable reasons to produce the same at this stage and failed to make out a case for additional grounds.

5.23 It is pertinent to mention that the applicant though in receipt of S.13 [2] demand notice did not raise any such objection that the property is an agricultural land, nor challenged the S.13[4] notice about the nature of security as agricultural land. In fact, the applicant was silent spectator to the entire proceedings initiated by the bank and now raised a contention that the property is an agricultural land which cannot sustain.

5.24 Further, the applicant has raised a contention that the outstanding amount due is not mentioned correctly in the recall notice and demand notice is not supported by any documents. It is seen that the applicant being the borrower has failed to redeem the property as per Section 13(8) and allowed the property to be sold on 28.03.2025 in favor of Mr. Murtaza B J and Mohammed B J for a sale consideration of Rs.5,84,80,000/-.

5.25 The challenge to the sale notice dated 07.03.2025 is on the contention that the property is agricultural land which is exempted under the Act is duly considered and the Tribunal holds that the secured asset is not an agricultural land which is exempted under S.31[j] of the Act. Though the applicant has raised contentions in respect of floods, classification of NPA, amount claim in S.13[2] notice and in S.13[4] is already adjudicated in SA 71 of 2018. Further the applicant has also challenged the S.14 Order in TSA 474 of 2023 and in trying all efforts to thwart the proceedings taken by the bank under the Act.

5.26 On the other hand, the respondent bank has established the due compliances of the procedures as contemplated under the Act and Rules with supporting documents and have countered all the contention raised by the applicant in the SA. Hence the Tribunal concludes that the applicant has failed to make out a case for interference of this Tribunal in the sale held on 28.03.2025.

5.27 For the foregoing reasons, the present SA is only to be dismissed by upholding the Section 13(2) Demand Notice dated 19.04.2017 and

Section 13(4) Possession Notice dated 06.09.2017 as valid statutory notices and the Sale notice dated 07.03.2025 and the sale held on 28.03.2025 as valid measures taken by the respondent bank under the provisions of SARFAESI Act and Rules made there under. The respondent is at liberty to proceed further pursuant to sale held on 28.03.2025 in confirmation of sale and issuance of sale certificate in accordance with law.

6. Resultantly the present SA is dismissed. IA No.753/2025 for stay, IA No.1929/2025 for order of status quo are disposed of in terms of this final order. No order as to cost.

Sd/-
(S.V. GOWRAMMA)
PRESIDING OFFICER,
DRT-III, CHENNAI

(Dictated to Steno (Mogesh), transcribed by him, corrected, signed and pronounced by me on this the 20th day of May, 2026)

ANNEXURES

LIST OF DOCUMENTS PRODUCED BY THE APPLICANT

Sl. No.	Description of Documents	Document No.
1.	Impugned E-Auction Sale Notice issued by the respondent bank dated 07.03.2025	A-1
2.	Sanction letter dated 30.06.2016	A-2
3.	Legal Notice sent by respondent bank dated 19.04.2017	A-3
4.	Demand Notice sent by the respondent bank dated 19.04.2017	A-4

LIST OF ADDITIONAL DOCUMENTS I PRODUCED BY THE APPLICANT

Sl. No.	Description of Documents	Document No.
1.	Encumbrance Certificate dated 24.05.2012	A-1
2.	Valuation report dated 27.06.2012	A-2
3.	Valuation report dated 05.11.2014	A-3
4.	RBI Guidelines dated 25.03.2015	A-4
5.	The Oriental Insurance Receipt dated 16.06.2015	A-5
6.	Patta No.6186 dated 06.07.2015	A-6
7.	Notice of CMDA dated 23.11.2015	A-7
8.	Memorandum of Deposit of Title Deeds dated 09.12.2015	A-8
9.	Minutes of State Level Banker's Committee dated 14.12.2015 & 19.12.2015	A-9
10.	GO (Ms) No.436 dated 20.12.2015	A-10
11.	Certificate as small & medium enterprises dated 08.03.2016	A-11
12.	Letter given by Applicant dated 31.03.2016	A-12
13.	Sanction of Conversion of CC account to WCTL dated 30.06.2015	A-13
14.	The notice was issued by Respondent dated 03.04.2017	A-14
15.	The Notice under Section 13(2) of SARFAESI Act dated 19.04.2017	A-15
16.	Reply notice given by applicant dated 03.05.2017	A-16
17.	The letter given by applicant dated 22.06.2017	A-17
18.	The OTS letter of applicant dated 04.12.2017	A-18
19.	Report of VAO, Alamaathi Thiruvallur District dated 24.08.2018	A-19
20.	Report of Revenue Inspector Sozhavaram parka, Ponneri Taluk dated 24.08.2018	A-20
21.	Payment receipt of Pasali No.1428 & Adangal and Pasali dated 26.10.2018	A-21
22.	Patta & Payment Receipt of Pasali No.1428 & 1429 and pasali dated 20.01.201	A-22
23.	Payment receipt of Pasali No.1431 & Adangal & Pasali and Citta dated 01.02.2022	A-23
24.	Payment receipt of Pasali No.1432 & Citta and Pasali dated 05.01.2023	A-24
25.	The area plan unit issued by CMDA dated 10.11.2023	A-25

26.	A-Register and online guideline and Photos dated 01.01.2024	A-26
27.	Payment receipt of Pasali No.1433 & Citta and Pasali dated 12.01.2024	A-27
28.	The letter was given by applicant dated 29.01.2024	A-28
29.	The letter and Cheque Receipt was given by applicant dated 04.03.2024	A-29
30.	The order passed by High Court of Madras in W.P.No.9310 of 2025	A-30

LIST OF ADDITIONAL DOCUMENTS II PRODUCED BY THE APPLICANT

Sl. No.	Description of Documents	Document No.
1.	Valuation report Machinery dated 08.08.2015	A-1
2.	Valuation report Land and Building dated 08.08.2015	A-2
3.	Section 13(4) Notice of the SARFAESI Act dated 06.09.2017	A-3
4.	Sale notice dated 10.11.2017	A-4
5.	Valuation report dated 25.04.2018	A-5
6.	Sale notice dated 11.05.2018	A-6
7.	Sale notice dated 23.08.2018	A-7
8.	Visitor pass issued by respondent dated 20.03.2025	A-8
9.	Reply notice sent by applicant dated 27.05.2025	A-9
10.	Reply notice sent by applicant through advocate dated 27.05.2025	A-10
11.	Reply notice sent by applicant through advocate dated 28.05.2025	A-11
12.	Complaint letter dated 02.06.2025	A-12
13.	Online Acknowledgement receipt of complaint dated 02.06.2025 and 04.06.2025	A-13
14.	CSR copy dated 03.06.2025	A-14
15.	List of Machinery for pulses	A-15
16.	Certificate of income tax return from 2016-2017	A-16
17.	One Time Settlement letter dated 04.12.2017	A-17
18.	Notification regarding special SLBC meeting on MSME units affected by flood dated 14.12.2015	A-18

LIST OF DOCUMENTS PRODUCED BY THE RESPONDENTS

Sl. No.	Description of Documents	Document No.
1.	Order in SA 71/2018 by DRT III Chennai dated 18.03.2019	R-1
2.	Order in RA(SA) 6/2020 by DRAT Chennai dated 01.02.2021	R-2
3.	Order in CRP/430/21 by Hon'ble High Court dated 01.03.2021	R-3
4.	Order in SLP/4829/21 by Hon'ble Supreme Court dated 05.04.2021	R-4
5.	Order in TSA 67/2023 by DRT III Chennai dated 13.03.2024	R-5
6.	Valuation report dated 17.01.2025, 20.01.2025	R-6
7.	Order in WP/6226/25 filed by M/s. Saibaba Polymer Technologies Pvt. Ltd. dated 26.02.2025	R-7
8.	Sale notice with AD cards dated 07.03.2025	R-8
9.	Sale notice affixture photos dated 07.03.2025	R-9
10.	Paper publication of sale notice in English – New Sunday Express – Newspaper dated 09.03.2025	R-10
11.	Paper publication of sale notice in Tamil – Dhina Kadhir – Newpaper dated 09.03.2025	R-11

SCHEDULE OF PROPERTY

All that piece and parcel of land situated at Alamathi Village, Ponneri Taluk, Thiruvallur District comprised in S.No.274/1 an extent of 1 acre and in S.No.274/2 an extent of 0.91 acre measuring a total extent of 1.91 acre of land together with two Godowns and other constructions on it and bounded on the:

North by: Land in S.No.278/2

South by: Land in S.No.272

East by: Land in S.No.285 and passage coming to schedule property

West by: Land in S.No.277 and 275

Situated within the registration District of North Chennai and Sub-Registration District of Redhills.

Sd/-
(S.V. GOWRAMMA)
PRESIDING OFFICER,
DRT-III, CHENNAI