DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

SA No. 209 of 2025

M/s Dream Land Builders

Versus

Jammu and Kashmir Bank Limited and another

Dated: 16.06.2026

Item No. (Supplementary-1)

Argued by: Mr. SK Dahiya, Counsel for the Applicant.
Mr. Vivek Verma and Mr. Sanjay Sagar, Counsel for Respondent No. 1/Bank.
Mr. Shobhit Phutela and Ms. Arundhati, Counsel for Respondent No. 2/Auction Purchasers.

M/s Dream Land Builders, through its proprietor Manzoor Ahmad Mir (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 Jammu and Kashmir Bank Limited and another (Respondents).

2. Alongwith the SA, Applicant has moved an application under Section 5 read with Section 14 of the Limitation Act for condoning the delay of 57 days in filing the present SA.

3. I will come to the impugned Securitization Application a little later. Some background facts be noticed first.

4. Admittedly, on 19.07.2017, Jammu and Kashmir Bank Limited sanctioned a loan of Rs. 4.50 crores to the Applicant. To secure the loan, Applicant created security interest in respect of three storied building with basement, along with a piece of land measuring 02 Kanal 13 Marlas falling under Khasra No.850, Khewat No. 686, Khata No. 1104, situated at Imambada Mohalla in Estate Bemina, Tehsil and District Budgam, by executing a registered mortgage deed, in favour of the Bank. Applicant did not make the repayment as per the repayment schedule. Accordingly, on 31.03.2021, Bank classified the account NPA. On 03.08.2022, Bank served the notice under

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

Section 13(2) of the SARFAESI Act upon the Applicant. On 29.09.2022, Applicant filed the objections. However, the Bank rejected the same *vide* reply dated 11.10.2022 (Annexure R-3). On 11.11.2024, Bank served the possession notice upon the Applicant and took the physical possession of the property. On 12.11.2024, Bank issued the redemption notice and granted thirty days time to the Applicant (Annexure R-7) to make the payment. On 07.12.2024, Bank issued the auction notice. The auction was fixed up for 08.01.2025. Applicant filed WP(C) No. 13 of 2025 before the Hon'ble Jammu and Kashmir High Court. *Vide* order dated 02.01.2025, the Hon'ble High Court directed the Applicant to deposit Rs. 1.50 crores within eight weeks from 02.01.2025 and further ordered that in the meantime no coercive action shall be taken against him (Annexure R-9). However, Applicant did not make the payment and filed CM No. 943 of 2025 in WP(C) No. 13 of 2025 for extension to time to comply with the order dated 02.01.2025. The said CM was listed for hearing in the Hon'ble High Court on 05.03.2025. On 05.03.2025, Applicant submitted before the Hon'ble High Court that he had not been able to arrange Rs. 1.50 crores. However, he had arranged Rs. 80 lacs. Accordingly, the Hon'ble High Court ordered that in case Applicant deposits Rs. 80 lacs by 10:00 am by 07.03.2025, the direction for no coercive action shall stand extended. Hon'ble the High Court further ordered that the remaining sum shall be paid before 11.03.2025. On 11.03.2025, the case was adjourned to 12.03.2025. On 12.03.2025, counsel for the Applicant prayed for time to comply with the orders dated 02.01.2025 and 05.03.2025 passed by the Hon'ble High Court. However, the Hon'ble High Court rejected the prayer of the Applicant for grant of additional time. The Hon'ble High Court also granted liberty to the Bank to proceed against the Applicant in a manner it deems fit in accordance with law (A copy of order dated 12.03.2025 is Annexure R-11). The case was put up before the Hon'ble High Court on 28.04.2025, on which date nobody appeared on behalf of the Applicant before the Hon'ble High Court.

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

Accordingly, the Hon'ble High Court dismissed the writ petition for failing to comply with the earlier orders passed by the Hon'ble High Court (A copy of order dated 28.04.2025 is Annexure R-12). Applicant again approached the Hon'ble High Court by filing an application for restoration of WP(C) No. 13 of 2025. *Vide* order dated 07.07.2025, the Hon'ble High Court restored WP(C) No. 13 of 2025, subject to the payment of Rs. 2.00 crores by the Applicant within a period of two weeks and adjourned the case to 29.07.2025. The Hon'ble High Court also ordered that in case the sum of Rs. 2.00 crores is not deposited within the stipulated time, the Bank would be free to take the action (A copy of order dated 07.07.2025 is Annexure R-13). Thereafter, Bank filed an application in WP(C) No. 13 of 2025, for modification of the order dated 07.07.2025 passed by the Hon'ble High Court. *Vide* order dated 22.07.2025, the Hon'ble High Court dismissed WP(C) No. 13 of 2025. On 17.04.2025, Bank issued the auction notice for the sale of above property at the reserve price of Rs. 5.50 crores. The auction was fixed up for 06.05.2025. In the auction, Respondent No. 2 (two persons) were the highest bidders, who deposited the whole of the sale consideration by 25.07.2025. Bank also issued the sale certificate in their favour on 25.07.2025.

5. With this background, I come to the impugned Securitization Application filed by the Applicant and the application under Section 5 read with Section 14 of the Limitation Act.

6. In the SA, Applicant has alleged that he had availed CC Limit from the Bank. However, on account of abrogation of Article 370 of the Constitution of India, followed by Covid, he could not make the payment. Applicant alleged that though RBI had introduced funded interest Term Loan facility, yet, the Bank initiated action against him and declared the account NPA. He further alleged that he was not served with the notice under Section 13(2) of the SARFAESI Act. As such, he was deprived of his right to file the objections

under Section 13(3A) of the SARFAESI Act. Similarly, Bank did not serve the notice under Section 13(4) upon him. The Bank did not refer the matter to the Designated Committee and thus, violated the directions of RBI contained in the circular dated 17.03.2016. Again, the Bank violated the RBI guidelines dated 23.05.2020. Applicant alleged that there were many meetings between the parties. He had also written many letters to the Bank reiterating restructuring/revival of the loan account. The Hon'ble Supreme Court in Pro Knits case has held that the Banks are bound by RBI guidelines. The Bank had not got registered the security interest with the Central Registry. Thus, the Bank has violated the provision of Section 26-D of the SARFAESI Act. He was not served with any auction notice. The auction was conducted in violation of Rule 8 and 9 of Security Interest (Enforcement) Rules, 2002. The authorized officer did not affix the sale notice on the conspicuous part of the immovable property. Bank did not publish the auction notice in two leading newspapers, giving thirty days notice to the general public. Again, the Bank did not obtain the valuation of the secured asset from an approved valuer. The authorized officer did not fix the reserve price in consultation with the secured creditor. The Bank also gave more than 90 days time to the auction purchaser to make the payment.

7. On these facts, Applicant filed the present SA and prayed that the auction notice dated 17.04.2025 be set aside; the notices under Section 13(2); 13(4) as well as Section 14 of the SARFAESI Act be set aside; the issuance of sale certificate in pursuance to the auction 06.05.2025 be stayed; further the operation of any action under the SARFAESI Act be stayed; Bank be directed to constitute a committee for rehabilitation as per RBI circular dated 17.03.2016 and all measures taken by the Bank under the SARFAESI Act be set aside; Bank be directed to place on record its OTS policies; it be held that the Bank has no security interest over the property etc.

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

8. Bank, in reply to the SA, has denied the case of the Applicant. The Bank has alleged that the SA is time-barred. Bank has alleged that it had complied with all the provisions of the SARFAESI Act. The account was rightly declared NPA on 31.03.2021. On 03.08.2022, Bank issued the notice under Section 13(2) of the SARFAESI Act. On 11.11.2022, it had taken the physical possession of the property. On 12.11.2024, it had issued the redemption notice. On 17.04.2025, Bank had issued the auction notice. The auction was fixed up for 06.05.2025. The last date for submission of bid was 05.05.2025. The reserve price was fixed at Rs. 5.50 crores. On 25.07.2025, Bank issued the sale certificate in favour of the auction purchasers. On 06.08.2024, Bank had filed OA No. 1657 of 2024 for the recovery of Rs. 6,10,74,594.80p against the Applicant. The Bank further alleged that the application under Section 5 read with Section 14 of the Limitation Act is not maintainable. The auction dated 06.05.2025 was not the subject matter of proceedings before the Hon'ble High Court in WP(C) No. 13 of 2025. Accordingly, the time spent by the Applicant before the Hon'ble High Court cannot be excluded in computing the period of limitation. Accordingly, it is stated that there is no merit in the present SA and the same be dismissed.

9. The auction purchasers, in reply, have alleged that they are *bona fide* purchasers. They had participated in the auction on the basis of publication in the newspapers. They have deposited the whole of the sale consideration. Accordingly, there is no merit in the present SA and the same be dismissed.

10. I have heard Mr. SK Dahiya, counsel for the Applicant; Mr. Vivek Verma, counsel for the Respondent Bank and Mr.Shobhit Phutela, counsel for auction purchaser.

11. Mr. Dahiya, counsel for the Applicant has argued that the whole of the SARFAESI action by the Bank is illegal, *null and void*. Bank has not complied with any provision of law. It had not served the notices under Section 13(2)

and 13(4) of the SARFAESI Act upon the Applicant. Bank had also not served any auction notice on the Applicant. Bank did not constitute the rehabilitation committee. It did not obtain valuation from an approved valuer, before putting up the property for auction. Bank has granted more time to the auction purchaser than permissible under the law. The Bank has sold the property at a throwaway price. Accordingly, the present SA be allowed and the auction be set aside.

12. *Per contra*, Mr. Verma, counsel for the Respondent Bank has argued that the Bank had granted the loan to the Applicant in the year 2017. Applicant did not make the payment as per the repayment schedule and on 31.03.2021, Bank declared the account NPA. On 03.08.2022, Bank issued the notice under Section 13(2) of the SARFAESI Act. Applicant had filed the objections on 29.09.2022, which were disposed of by the Bank on 11.10.2022. On 11.11.2024, Bank took the physical possession of the property. Bank had put up the property for auction for 09.01.2025. However, Applicant filed WP(C) No. 13 of 2025 before the Hon’ble High Court. The writ petition was dismissed on 22.07.2025. On 30.07.2025, Applicant filed the present SA. Drawing my attention to the SA, Mr. Verma submitted that in the SA, Applicant has challenged the auction notice dated 17.04.2025. The property was sold on 06.05.2025. Applicant had come to know of the fact that the Bank has sold the property on 06.05.2025. Despite that, the Applicant did not challenge the auction dated 06.05.2025. Taking me through the writ petition, Mr. Verma submitted that the writ petition did not contain any ground to challenge the auction. Applicant has alleged that the Bank had not got the property valued. On the other hand, the Bank has produced on the record the material to show that it had got the property valued from three valuers and the authorized officer fixed the reserve price in consultation with the Bank. Bank had served the notices to the Applicant. Mr. Verma submitted that in fact, this SA is time-barred as it was filed on 30.07.2025, impugning the auction notice

dated 17.04.2025. Applicant has also moved an application under Section 5 read with Section 14 of the Limitation Act. In the application under Section 5 of the Limitation Act, it is alleged that the Applicant was pursuing his remedy before the Hon'ble High Court. Mr. Verma submitted that the Applicant had challenged the SARFAESI action before the Hon'ble High Court, including the notices under Section 13(2), 13(4) and auction notice dated 07.12.2024. Mr.Verma submitted that the Hon'ble J&K High Court has held that it has concurrent jurisdiction with DRT to entertain a petition under Section 17 of the Securitization Application. Applicant had made the choice by invoking the jurisdiction of the Hon'ble J&K High Court. However, the Hon'ble High Court dismissed the writ petition. Accordingly, Applicant now cannot invoke the jurisdiction of this Tribunal in respect of all the actions taken by the Bank, which he had challenged before the Hon'ble J&K High Court. Mr.Verma also submitted that in the present SA, Applicant can only challenge those actions, which were taken by the Bank after the auction notice dated 17.04.2025. In fact, Applicant has only challenged the auction notice dated 17.04.2025. Accordingly, it is submitted that there is no merit in the present SA and the same be dismissed.

13. Mr. Phutela, counsel for the auction purchasers endorsed the contentions of Mr. Verma, counsel for the Respondent Bank and submitted that the auction purchasers are *bona fide* purchasers. Auction Purchasers have made whole of the sale consideration to the Bank and the Bank has issued the sale certificate in their favour. Mr.Phutela submitted that the Hon'ble Supreme Court in *Contempt Petition No. 158-159 of 2024, titled Celir LLP versus Mr. Sumati Prasad Bafna and others, decided on 13.12.2024* has held that a concluded auction should not be set aside lightly. He submitted that a concluded auction should be set aside only when there is a collusion or fraud. In the case in hand, the auction was conducted online. Auction Purchasers had participated in the auction and submitted the EMD well in time. They had also

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

deposited the remaining sale consideration within a period of 90 days from the date of confirmation of the auction. Mr. Phutela submitted that there is no merit in the present SA and the same be dismissed.

14. I have considered the rival contentions.

15. I have already given the chronology of events in the opening part of the judgment.

16. Admittedly, in the year 2017, Jammu and Kashmir Bank had sanctioned a loan of Rs. 4.50 crores to the Applicant. The secure the loan, Applicant had created security interest in respect of above property, by executing registered mortgage deed, in favour of the Bank. Applicant did not make the payment as per the repayment schedule. Accordingly, on 31.03.2021, declared the account NPA. On 03.08.2022, it issued the notice under Section 13(2) of the SARFAESI Act. On 29.09.2022, Applicant filed the objections, which were disposed of by the Bank on 11.10.2022. Bank issued the auction notice dated 07.12.2024. Applicant filed WP(C) No. 13 of 2025 before the Hon'ble High Court. *Vide* order dated 02.01.2025, the Hon'ble High Court directed the Applicant to deposit Rs. 1.50 crores within eight weeks and stayed the coercive action. However, the payment was not made. Applicant had filed CM in WP(C) No. 13 of 2025 and prayed that he be allowed to deposit Rs. 80 lacs, which the Hon'ble High Court granted. Applicant did not deposit Rs. 80 lacs even. *Vide* order dated 28.04.2025 the writ petition filed by the Applicant was dismissed. Applicant had filed an application for restoration of WP(C) No. 13 of 2025, which was allowed by the Hon'ble High Court *vide* order dated 07.07.2025. However, on 22.07.2025, the Hon'ble High Court again dismissed the WP(C) No. 13 of 2025.

17. The first and foremost question which arises for consideration is, 'Whether the SA is within limitation' ?

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

18. The law is well settled that in order to see whether the Applicant has approached the Court within time, the averments made in the petition should be looked into. Though, in the SA Applicant has alleged that the SA is within limitation, yet, Applicant has also moved an application under Section 5 read with Section 14 of the Limitation Act for condoning the delay of 57 days in filing the SA. It appears that the Applicant has computed the limitation from the date of auction notice which was served upon him. The auction notice is dated 17.04.2025 and it was dispatched on 19.04.2025. Accordingly, the Applicant filed the application under Section 5 read with Section 14 of the Limitation Act. However, a reading of the SA would show that Applicant has challenged not only the auction notice dated 17.04.2025 but has also challenged pre and post action of the Bank to the auction notice dated 17.04.2025. It is abundantly clear from the averments of the SA.

19. Applicant in para No. 4 of the SA has alleged that he is challenging the impugned sale notice dated 17.04.2025 alongwith all pre and post action of the Respondent Bank under the SARFAESI Act, 2002.

20. Again, in para No. 4 of the SA, Applicant has mentioned that he came to know of the auction on 14.07.2025 when Bank filed an application for rectification/modification in the order dated 07.07.2025 before the Hon'ble High Court. Though, this SA is not happily worded, yet, from the same it is clear that the Applicant has challenged not only the auction notice but the auction also. Applicant in para No. 3.12 of the SA has mentioned that the Respondent Bank is in violation of Rule 8(6), 8(7) and Rule 9(1) as the auction notice was never served upon him and neither it was affixed on the property nor published in terms of the Act and the rules framed thereunder. Again, Applicant in para No. 3.13 has alleged that the Respondent Bank scheduled the auction of the mortgage property of the Applicant in gross violation of Rule 8 and 9 of the Security Interest (Enforcement) Rules, 2002.

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

21. It is again mentioned in para No. 3.17 that the Respondent Bank has not published clear 30 days notice in two leading newspapers. Hence, no clear 30 days sale notice as mandated under Rule 8(6), 8(7) and 9(1) of the Rules was ever published/affixed/issued upon the Applicant in gross violation of the SARFAESI Act and the rules framed thereunder.

22. Finally, in relief clause, Applicant has prayed for setting aside of the auction notice dated 17.04.2025; the notices under Section 13(2); 13(4) and Section 14 of the SARFAESI Act and to stay the issuance of sale certificate.

23. It is abundantly clear from the above that the Applicant has challenged not only the auction notice but the auction also. This also deserves to be mentioned that after the auction, Bank did not send any letter/intimation to the Applicant that the property has been sold. In the SA, Applicant has alleged that he had come to know that the property has been auctioned on 14.07.2025 when Bank filed an application for recalling/modification of the order dated 07.07.2025 passed by the Hon'ble High Court.

24. That apart, the auction purchasers had deposited the balance sale consideration on or before 25.07.2025 and the sale certificate was issued in favour of the auction purchasers on 25.07.2025.

25. In view of this, I am of the considered view that the present SA filed by the Applicant on 30.07.2025 is within time.

26. The next question which arises for consideration is, 'Whether Applicant has been able to make out a case for setting aside the auction' ?

27. It is apparent from the record that the Bank had taken the physical possession of the property on 11.11.2024. On 12.11.2024, it had issued the redemption notice to the Applicant. Again, it appears that the Bank had put up the property for auction on three occasions. The Bank had issued the first

auction notice on 07.12.2024 and had fixed up the auction for 09.01.2025 (Annexure R-8). Bank has produced on the record postal receipt dated 10.12.2024. Even if it is assumed that the notice dated 07.12.2024 was served upon the Applicant on 10.12.2024 i.e. the day on which it was dispatched, it would not amount to 30 days clear notice.

28. Again, the Bank had issued the second sale notice on 13.03.2025, fixing the auction for 03.04.2025. The said notice was dispatched on 17.03.2025. Though, the Bank has not attached any acknowledgment of the service of this notice, yet, it can be assumed that 15 days notice was given.

29. Now, coming to the auction which was conducted on 06.05.2025. The notice for the same was issued on 17.04.2025 and it was dispatched on 19.04.2025. Bank has produced on the record acknowledgment and track reports which states that it was served upon the Applicant on 22.04.2025. Thus, there was no 15 days notice to the Applicant.

30. That apart, I am of the considered view that the Bank did not give proper description of the property in the auction notice. The auction notice states that three storey building with basement exist on the property. The notice did not give the number of rooms which exist on the property. In the auction publication the carpet or covered area has not been mentioned. The exact location of the property has also not been mentioned. In the valuation report, it is mentioned that it is a hotel building. However, in the auction notice, it has not been mentioned that the property was originally constructed as a hotel. I am of the considered view that the Bank gave a very vague description of the property which materially affected its sale price.

31. Again, I am of the considered view that the Bank did not value the property properly. As per valuation report dated 30.03.2022 filed by the Bank, the market value was Rs.6,88,10,687/-, realizable value was Rs. 6,46,82,046/-

and distress value was Rs. 5,84,89,084. Again as per valuation report dated 05.07.2024, market value was Rs. 6,69,20,795.12p, realizable value was Rs. 6,02,28,715.61p and distress value was Rs. 5,01,90,596.34p. Again as per valuation report dated 12.07.2024, the market value was assessed at Rs. 6,89,91,003/-, realization value at Rs. 6,48,51,543/- and distress value was Rs. 5,86,42,353/-. However, the Bank fixed the reserve price at Rs. 5,50,00,000/-.

32. Again, in the first auction notice dated 07.12.2024, Bank had fixed the reserve price at Rs. 648.51 lacs. Again, the Bank fixed the reserve price in the second auction notice dated 13.03.2025 at Rs. 583.66 lacs. However, in the third auction notice dated 17.04.2025, it fixed the reserve price at Rs. 5,50,00,000/-. This also deserves to be mentioned that the property was sold for Rs. 5,50,00,000/-. It appears that the auction purchasers were the only persons who had given the bid in this case.

33. I am of the considered view that the conduct of the Bank in reducing the reserve price from Rs. 648.51 lacs to Rs. 5,50,00,000/- in a short span of time creates doubt that the Bank had fixed the reserve price properly.

34. For all the afore-mentioned reasons, I am of the considered view that the auction conducted on 06.05.2025 is liable to be set aside. The same is hereby set aside. The auction purchasers are directed to restore the possession of the secured asset to the Bank within 15 days from today. The auction purchasers would return all the documents which have been given by the Bank to them. The Bank would also cancel the sale certificate. The Bank would return the sale consideration to the auction purchaser alongwith interest @ 6% per annum from the date of deposit, till the date of payment. Needless to mention, the bank would be free to auction the property again. However, before putting up the property for auction, it would obtain a fresh valuation

DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

from eminent approved valuer. It would also give proper description of the property in the auction notice clearly stating the covered area and the location of the property. Lest there may be any complication in future, Bank would give 30 days' clear notice to the Applicant; affix the auction notice on the property 30 days prior to the auction and would also publish the auction notice in leading newspapers having wide circulation.

35. The upshot of the entire discussion is that the SA is **allowed**. All the pending IAs, if any are also stand disposed off 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: 16.06.2026
Manoj