IN THE DEBTS RECOVERY TRIBUNAL-III, CHENNAI

Dated this the 12th day of June, 2026

Present: SMT. S.V. GOWRAMMA
Presiding Officer

SA No. 267 of 2023

Mr. S. Elamathy
S/o B. Shunmugam,
No.1, Muthu Irulandi Nagar,
2nd Street, Anakaputhur,
Chennai – 600 070.

…Applicant

-Vs-

1. M/s. Encore Asset Reconstruction Company Pvt. Ltd.,
   Rep. by its Authorized Officer,
   Caddie Commercial Tower,
   Regus Business Centre,
   5th Floor, Aerocity (Dial),
   New Delhi, India – 110 037.

M/s. Encore Asset Reconstruction Company Also, at:
No.101, Executive Zone, 756,
Sakhi Towers, Anna Salai,
Chennai – 600 002.

2. M/s. Perfect Tool & Die Makers Pvt. Ltd.
   Rep. by its Directors,
   Having Office at No.19 & 20, Saranya Nagar,
   Thirumudivakkam, Chennai – 600 044.

3. Karthikeyan,
   No.2, 5th Street, Kamatchi Nagar,
   Anagapathur, Chennai – 600 070.

…Respondents

Counsels on record / appeared:

Counsel for Applicant	:	M/s. Shraddha & Saburi
Counsel for 1st Respondent	:	M/s. R. Sivaraman
Counsel for 2nd Respondent	:	M/s. L. Dhamodharan

3rd Respondent was set ex-parte on 02.04.2026

Uploaded in E-Drt on 12.06.2026 at 12:35 p.m.,

ORDER ON SA 267/2023

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 25.04.2023 scheduling the property to be sold on 17.05.2023 and the outstanding amount due as per Sale notice is Rs.3,46,28,423/-

3. **Pleadings of the applicant:**

3.1 The applicant is the proprietor of M/s. Industrial Connections and M/s. La Moto dealer of TVS two-wheeler vehicles had availed loan of Rs.2,46,20,000/- from City Union Bank. Due to 2015 floods, the entire showroom was submerged and all the vehicles were damaged which resulted in capital loss and in the year 2018 M/s. La Moto had shut down its operations.

3.2 Though the applicants claimed insurance of Rs.2,00,00,000/-, the insurance company sanctioned only Rs.29,00,000/- which could not compensate for the applicant's loss. Further, due to Vardha storm Anakapathur factory was destroyed and building was demolished due to fire accident which resulted in heavy loss.

3.3 Due to the default in the repayment, the City Union bank has classified the loan account as NPA and assigned the debts to 1st respondent herein vide letter dated 23.11.2021. Though the applicants approached the respondent bank for a settlement under OTS, the respondent bank without considering the same have issued the Sale notice dated 25.05.2022 scheduling the property to be sold on 30.06.2022. The applicant had challenged the Sale notice dated 25.05.2022 in SA No.288 of 2022 and paid a sum of Rs.74,00,000/- in compliance of the Interim order passed by this Tribunal.

3.4 Further, the applicant sent OTS letter dated 01.12.2022 on 03.12.2022 which was accepted on upfront payment of Rs.11 lakhs, but applicant has paid only Rs.3 lakhs. However, the respondent refused to accept the balance payment and without considering any negotiation has issued the Sale notice dated 25.04.2023 scheduling the property to be sold on 17.05.2023 for recovery of Rs.2,55,62,775/- and Rs.75,11,446/- as on 20.04.2023 by fixing the Reserve Price of Rs.1,40,21,000/- and Rs.44,51,000/-.

3.5 In the grounds, it is contended that the respondent bank has failed to publish sale notice in two Newspapers as per Rule 8(6) and the notice issued by the Authorized is from Gurugram to which the schedule property is situated in Chennai and issued notice without proper description of property by violating Rule 8(7)(a) of SIE Rules. The respondent bank has not obtained the valuation report from an approved valuer and has fixed the low reserve price.

3.6 On these grounds, the applicant prays to set aside the Sale notice dated 25.04.2023 scheduling the property to be sold on 17.05.2023.

4. **Objections of the respondent bank:**

4.1 The respondent bank has filed a detailed counter along with supporting documents contending that applicant is the proprietor of M/s. La Moto and M/s. Industrial Connections had approached the City Union Bank for availing various loans. The applicant has executed Demand Promissory Note and other loan documents and also executed equitable mortgage by way of Memorandum of Deposit of Title Deeds in favor of the respondent bank which is also registered before the central registry under Section 26,

4.2 As the applicant defaulted in the repayment resulted in classification of loan account as NPA on 20.07.2018 in accordance with the RBI guidelines. The authorized officer of the Union Bank has proceeded further and issued Section 13(2) Demand Notice dated 29.10.2018 for recovery of Rs.2,60,06,291 as on 16.10.2018 to be repaid within the period of 60 days which was served to the applicant herein.

4.3 Even after the receipt of the Demand Notice, the applicant failed to liquidate entire liability and respondent has proceeded further and issued Section 13(4) Possession Notice dated 16.02.2019 took symbolic possession of the property on 16.02.2019 which is also served upon the applicant. The Possession notice is affixed and published in two Newspapers.

4.4 The original lender M/s. City Union Bank had assigned the debt to the 1st respondent herein on 29.10.2021 by way of assignment agreement dated 02.03.2022 which is registered as Doc.No.2883 of 2022 and supplementary assignment agreement dated 11.07.2022 registered as Doc.No.2311 of 2022. Subsequently, the authorized officer has issued Sale notice dated 25.04.2023 which is sent through RPAD.

4.5 The sale notice was sent to the applicants, duly published in two newspaper and affixture on the property is also annexed on the counter. Further, the respondent has obtained the valuation report for Schedule A and Schedule B on 10.04.2023 and 06.04.2023 before the issuance of the sale notice dated 25.04.2023 as per Rule 8(5) and Rule 9(1) of SIE Rules. The respondent has obtained the valuation report from an approved valuator and the valuator has considered the Government of Tamil Nadu Instructions of the guideline value on 01.04.2023. Further the schedule properties were also registered with EARC online E-Auction port on 25.04.2023.

4.6 The 2nd respondent is the highest bidder for Schedule A property and Sale certificate was registered on 31.05.2023 and 3rd respondent is the highest bidder for Schedule B property and Sale certificate was registered on 31.05.2023.

4.7 The applicant has filed SA No.288 of 2022 challenging the Sale notice dated 22.05.2022 scheduling the property to be sold on 30.06.2022 for a sum of Rs.3,68,63,186/-. As the sale didn't take place for want of bidders, SA was rendered as infructuous and came to be disposed of. The applicants though had liberty to approach the respondent bank for settlement by or before 31.03.2023, the applicants didn't settle the liability and failed to show any bonafides towards the settlement. Therefore, the respondent bank has proceeded in accordance with law.

4.8 It is submitted by the respondent bank that the applicant has filed the present SA with frivolous allegations which are baseless and the respondent bank has duly countered the allegations made in the present SA and prays to dismiss the present SA.

Objections of 2nd Respondent- auction purchaser:

4.9 The 2nd respondent is the successful bidder who participated in the sale held public auction on 17.05.2023 under SARFAESI Act for the property situated at Plot No.AC 31/29, SIDCO Industrial Estate, Thirumudivakkam, Sriperumbudur Taluk, Kanchipuram District.

4.10 The applicant is the borrower had availed credit facilities from City Union Bank and created equitable mortgage over schedule property, further the secured debt was assigned to 1st respondent herein vide Deed of Assignment dated 11.07.2022.

4.11 Pursuant to assignment of Deed, the 1st respondent has issued Sale notice dated 25.04.2023 fixing upset price of Rs.1,40,21,000/- scheduling the sale to be held on 17.05.2023. The 2nd respondent has emerged as highest bidder for Rs.1,58,21,000/- and paid the entire sale consideration on 29.05.2023 and also registered the sale certificate on 03.07.2023.

4.12 It is contended that the applicant has challenged the measures-initiated by the respondent in SA Diary No.4030 of 2023 challenged before Hon'ble High Court in CRP Nos.2658 and 2660 of 2023 where ad interim order was granted. Aggrieved by the same, the applicant has preferred SLP Nos.17485 and 17456 of 2023 before Hon'ble Supreme Court of India which came to be dismissed by not interfering with ad interim order.

4.13 The applicant has failed to deposit the entire sale consideration paid by the 2nd respondent and also filed W.P.No.11553 of 2024 to execute the order dated 25.07.2022 passed by Hon'ble CJM under Section 14 of SARFAESI Act. Further the physical possession of the property was handed over to the auction purchaser on 27.02.2025 which is severely damaged and dilapidated condition not withstanding "as is where is" clause. Further, the contention of applicant that the respondent bank has failed to obtain the valuation report of the schedule properties is only afterthought. Hence, the 2nd respondent being auction purchaser prays to dismiss the present SA.

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

5.1 It is discernible from the records that the 2nd applicant is the proprietor of M/s. Industrial Connections and M/s. La Moto had availed credit facilities of Rs.2,46,20,000/- and also executed several loan documents, created equitable mortgage by way of Memorandum of Deposit of Title Deeds which is not disputed by the applicant herein.

5.2 Due to default in the repayment, the respondent bank has classified the loan account as NPA for both M/s. Industrial Connections and M/s. La Moto loan accounts on 20.07.2018 and 24.07.2018 respectively which is un disputed fact and the same is admitted at Para No.2 and Page No.4 of the present SA.

5.3 After classifying the loan account as NPA, the respondent has proceeded and issued Section 13(2) Demand Notice dated 29.10.2018 which is sent through RPAD, is admittedly received by applicant as per the acknowledgement cards produced at Page No.24 of respondent's counter.

5.4 Even after the receipt of Section 13(2) Demand Notice, the applicants failed to liquidate the entire liability nor made any objections to the demand made within the period of 60 days. Hence, the respondent bank has proceeded further and issued Section 13(4) Possession Notice dated 16.02.2019 which is sent through RPAD, duly received by the applicants herein as per the acknowledgment produced at page No.39 to 42 of respondent's counter.

5.5 The Possession Notice was duly affixed on the conspicuous part of the property as per Rule 8(1) and published in two Newspapers as per Rule 8(2) of SIE Rules. It is pertinent to note that any challenge to measures initiated by the respondent bank in issuing the Section 13(2) Demand Notice and Section 13(4) Possession Notice is not challenged by the applicant within 45 days from the date of measure, hence the same is barred by limitation and not sustainable.

5.6 The original lender M/s. City Union Bank of India has assigned the debt to the 1st respondent herein on 29.10.2021 which is registered by way of Assignment agreement dated 02.03.2022 as Doc.No.2883 of 2022 and Supplementary Assignment Agreement dated 11.07.2022 registered as Doc.No.2311 of 2022. The 1st respondent herein has issued the Sale notice dated 25.05.2022 scheduling the property to be sold on 30.06.2022.

5.7 The applicants have challenged the Sale notice dated 25.05.2022 before this Tribunal in SA No.288 of 2022 which came to be dismissed on 09.02.2023 and relevant portion is extracted here under:

> *Accordingly, this SA stands dismissed, however without costs. However, applicant is at liberty to approach respondent institution for a negotiated settlement and settle the loan account by or before 31.03.2023, failing which respondent institution will be at liberty to proceed further in accordance to law beyond 31.03.2023. Interim stay, if any granted and subsisting till this day stands vacated and all other IAs, if any pending stand closed.*

5.8 The applicants as per the direction in SA approached the respondent for an OTS Settlement vide letter dated 01.12.2022 which was accepted by respondent bank on condition to pay Rs.11 lakhs as upfront amount but the applicants paid only Rs.3 lakhs out of Rs.11 lakhs as upfront payment.

5.9 Hence, respondent bank has proceeded further and issued another Sale notice dated 25.04.2023 scheduling the sale of schedule A and schedule B property on 17.05.2023 which is challenged in SA No.638 of 2023 and same pending for adjudication before this Tribunal. However, the applicant has challenged the Sale notice dated 25.04.2023 in the present SA, after losing their right of redemption under Section 13(8) of SARFAESI Act.

5.10 Before the issuance of Sale notice dated 25.04.2023, the respondent has obtained valuation reports dated 10.04.2023, 06.04.2023 for schedule A and B property from an approved valuator under Rule 8(5) of SIE Rules. The applicant has raised specific contention that the respondent bank has failed to obtain valuation report before the issuance of sale notice which is countered by the bank and have produced the valuation report of schedule A and B property and the relevant portion of valuation reports is extracted hereunder:

Valuation report 10.04.2023 for Schedule A:

Value of the land	Rs.1,07,65,000/-
Value of the building	Rs.32,56,800/-
Realisable value @85%	Rs.1,19,18,530/-
Forced Sale value @75%	Rs.1,05,16,350/-

Valuation report 06.04.2023 for Schedule B:

Value of the land	Rs.50,79,250/-
Total/ Final Value of Property	Rs.32,56,800/-
Realisable value @85%	Rs.43,17,362.50/-

5.11 Though the applicant contends that the valuation is low, but the bank has fixed the Reserve price by considering the value of the land and building and realizable value @85% and forced sale value @75%. It is also not the case of the applicant, that the valuation obtained is grossly undervalued is not supported by any documents by the applicant. The question of under valuation cannot sustain as the respondent bank as secured creditor has obtained the valuation report as required under Rule 8(5) and 9(1) and then fixed the reserve price.

5.12 Further it is also to be borne in mind that the present Sale notice is the 2nd sale notice and considering the attempts made by the bank to sell the property, the Authorized officer has fixed the reserve price considering the valuation report given by the valuator. On contrary, the applicant has not produced any iota of document to support the case of under valuation and the reserve price fixed is low. Further, contention that the property would fetch more than Rs.3.00 crores is not supported by any documents, a mere statement that the valuation is low to set aside the sale would not come to the aid of the applicant herein.

5.13 The contention that the sale notice is not issued by the Authorized officer is contrary to the documents and on perusal of the Sale notice, it is seen that the Sale notice is issued by the Authorized officer. Further, the sale notice is issued by the officer from Gurugram to the property situated at Chennai would not come to the help of the applicant herein as the secured creditor is represented by its Authorized officer and has issued the Sale notice which is in accordance with Acts and Rules. Further, there is no prejudice caused to the applicant that Authorized officer is sitting in Gurugram has issued the Sale notice to the property situated at Chennai, the Act mandates that the measures to be initiated by the authorized officer authorized by the secured creditor. In the instant matter, the notice is admittedly issued by the Authorized officer with the seal and signature and the name of Authorized officer who has issued the Sale notice.

5.14 The further contention that the property is not clearly mentioned or clearly described could not sustain, as on perusal of the description of the property in the sale notice for the Item No.1 and 2 property it is clearly describes the nature of the property, measurement of the property with the building which is registered in the South Chennai in the SRO, Padappai. Further, it describes the total extent of the building with clear description with clarity for identifying the property physically. Though the applicant has raised a vague contention that the property is not clearly described have not specifically mentioned description of the property to be vague in nature. On the other hand, the description of the property is as per the MODT executed by the applicant which is produced by the respondent bank in connected SA No.638 of 2023 and the said contention is not sustainable and fails.

5.15 The respondent bank has issued the Sale notice dated 25.04.2023 through RPAD which is served to the applicants as per the postal receipts, acknowledgment cards, postal tracking reports produced at Page No.194 to 206 of respondent’s counter. Further, the sale notice is affixed on the conspicuous part of the property as per Rule 8(7) and also published in two

Newspaper as per Rule 8(6) of SIE Rules, the photograph of affixture and paper publications are evident from Page No.207 to 212 of respondent's counter. Thus, the respondent bank has complied all the procedures as required under the Rule 8 and 9 of SIE Rules.

5.16 The applicant has filed IA No.1015 of 2025 seeking to call on records pursuant to the compliance of Rule 9(2) and 9(6) of SIE Rules. For better appreciation of facts, Rule 9(2) and 9(6) are extracted hereunder:

Rule 9(2):

The sale shall be confirmed in favor of the purchaser who has offered the highest sale price in his bid or tender or quotation or offer to the authorized officer and shall be subject to confirmation by the secured creditor:

Provided that no sale under this rule shall be confirmed, if the amount offered by sale price is less than the reserve price, specified under sub-rule (5) of [rule 8]

Provided further that if the authorized officer fails to obtain a price higher than the reserve price, he may, with the consent of the borrower and the secured creditor effect the sale at such price.

Rule 9(6):

On confirmation of sale by the secured creditor and if the terms of payment have been complied with, the authorized officer exercising the power of sale shall issue a certificate of sale of the immovable property in favor of the purchaser in the Form given in Appendix V to these rules.

5.17 It is seen from the counter filed by the respondent bank, that in compliance of Rule 9(2) and 9(6) of SIE Rules has produced the Sale confirmation and Sale certificate for item No.1 and 2 property which is evident from the documents produced at Page No.223 to 238 of respondent's counter. Hence, nothing for survives for further adjudication in IA No.1015 of 2025 and accordingly IA No.1015 of 2025 stands dismissed.

5.18 The challenge to the sale notice dated 25.04.2023 scheduling the sale to be held on 17.05.2023 is on the contention that the respondent bank has failed to obtain proper valuation report before the issuance of Sale notice dated 25.04.2023 which is not sustainable as the respondent bank as a secured creditor has obtained the valuation report from an approved valuator dated 06.04.2023 and 10.04.2023. Further the applicant has also challenged the Sale held on 17.05.2023 pursuant to the Sale notice dated 25.04.2023 in SA No.638 of 2023 before this Tribunal and is trying to thwart the proceedings taken by the bank under the Act.

5.19 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 issuance of Sale notice dated 25.04.2023 and sale held on 17.05.2023.

5.20 For the foregoing reasons, the present SA is only to be dismissed by upholding the Section 13(2) Demand Notice dated 29.10.2018 and Section 13(4) Possession Notice dated 16.02.2019 as valid statutory notices and the Sale notice dated 25.04.2023 and the sale held on 17.05.2023 as valid measures taken by the respondent bank under the provisions of SARFAESI Act and Rules made there under.

6. Resultantly the present SA dismissed. IA No.10145 of 2025 to produce the sale records is 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 12th day of June, 2026)

ANNEXURES

LIST OF DOCUMENTS PRODUCED BY THE APPLICANT

Sl. No.	Description of Documents	Document No.
1.	Sale notice issued by the respondent dated 25.05.2022	A-1
2.	Impugned Sale notice dated 25.04.2023	A-2

LIST OF DOCUMENTS PRODUCED BY THE RESPONDENTS

Sl. No.	Description of Documents	Document No.
1.	Demand Notice under Section 13(2) issued by City Union Bank Ltd., to the applicant and Others dated 29.10.2018	R-1
2.	Acknowledgement cards evidencing the service of Demand Notice under Section 13(2) to the applicant and others	R-2

3.	CERSAI Certificates	R-3
4.	Possession Notice under Section 13(4) of SARFAESI Act issued by City Union Bank Ltd., to the applicant and others dated 16.02.2019	R-4
5.	Service of Possession notice under section 13(4) physically to the applicant & others by way of obtaining their signatures dated 16.02.2019	R-5
6.	Photographs for having affixed the Possession Notice under Section 13(4) by the City Union Bank Ltd., dated 16.02.2019	R-6
7.	Newspaper advertisement of Possession Notice issued in the Deccan Chronicle (English daily) and Dinakaran (Tamil daily) dated 20.02.2019	R-7
8.	Assignment agreement registered as Doc.No.2883 of 2022 dated 02.03.2022	R-8
9.	Supplementary Assignment agreement registered as Doc.No.2311 of 2022 dated 11.07.2022	R-9
10.	Valuation report for the property 1 as per schedule mentioned in the SA dated 10.04.2023	R-10
11.	Valuation report for the property 2 as per schedule mentioned in the SA dated 06.04.2023	R-11
12.	Notice of Sale and public notice for e-auction by fixing the date of sale on 17.05.2023 dated 25.04.2023	R-12
13.	Postal receipts and postal tracking receipts evidencing the service of notice of sale to the applicant & others	R-13
14.	Photographs for having affixed the notice of sale and public notice for e-auction dated 25.04.2023	R-14
15.	Newspaper advertisement of auction issued in the New Indian Express (English daily) and Dinamani (Tamil daily) dated 25.04.2023	R-15
16.	Registration of schedule mentioned properties in EARC online E-auction portal dated 25.04.2023	R-16
17.	Letter & Sale certificate for property 1 as per schedule mentioned in the S.A in favour of M/s. Perfect Tool & Die Makers Pvt. Ltd. dated 17.05.2023 and 07.06.2023	R-17
18.	Letter & Sale certificate for property 2 as per schedule mentioned in the S.A in favour of Mr. G. Karthikeyan dated 17.05.2023 and 31.05.2023	R-18
19.	Order passed by the Hon'ble DRT III in SA No.288 of 2022 dated 09.02.2023	R-19

SCHEDULE OF PROPERTY

Property 1:

All that piece and parcel of land bearing Plot No.AC 31/29 in the SIDCO Industrial Estate, Thirumudivakkam, admeasuring acres 0.9.88 (9.88 cents) comprised in the Survey No.98/3 (Part) situate in Thirumudivakkam Village, Sripermbudur Taluk, Kanchipuram District bounded on:

North by: AC 31/28

South by: 9 Meter Road

East by: 9 Meter Road

West by: AC 31/30

In all admeasuring acres 0.9.88 (or 9.88 cents) together with building there on admeasuring 4272 sq.ft., and laying within the registration district of south Chennai and sub registration district of padappai.

Property 2:

Item 1:

All that piece and parcel of land measuring to the extent of 391 sq.ft., and building thereon land comprised in Survey No.200/5 situated at Old Door No.21, New Door No.22, Pillaiyar Koil Street, Pammal Village, Nagalkeni, Tambaram Taluk, Kancheepuram District bounded on the

North by: Property belonging to Kanakaraj

South by: Pillaiyar Koil Street

East by: Property belonging to Chellapa Naidu

West by: Kanagraj house and common pathway

East to west on the Northern side: 23 feet

East to west on the Southern side: 23 feet

North to south on the Eastern side: 17 feet

North to south on the Western side: 17 feet

In all admeasuring 391 sq.ft., and laying within the registration district of south Chennai and sub registration district of Pammal

<u>Item 2:</u>

All piece and parcel of land and building built of light roofing and measuring 1456 sq.ft., land comprised in Survey No.200/5, situated at Old No.21, New Door No.22, Pillayar Koil Street, Pammal Village, Nagalkeni, Tambaram Taluk, Kancheepuram, District bounded on

North by: Property belonging to Krishnamurthy

South by: Property belonging to S Elamathy

East by: Property belonging to C Kanagaraj

West by: 6 Feet Common Pathway

Linear Measurement:

East to west on the Northern side: 26 feet

East to west on the Southern side: 26 feet

North to South on the Eastern side: 56 feet

North to South on the Western side: 56 feet

In all admeasuring 1456 sq.ft., and lying within the registration district of south Chennai and sub registration district of pammal.

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

Uploaded in E-Drt on 12.06.2026 at 12:35 p.m.,