

**DEBTS RECOVERY TRIBUNAL PATNA**

Presiding Officer :Shri Kaushalendra Yadav

SA- 241 of 2024

1. M/s Joysri Enterprises, through its Partner, Alok Taukdar, 159 Sevayan Gali, Subhash Nagar, Neelam Road, Munger, Bihar 811201. (Borrower)
2. Alok Taukdar, S/o Late Radha Vallabh Talukdar, 159 Sevayan Gali, Subhash Nagar, Neelam Road, Munger, Bihar 811201. (Guarantor-cum-Mortgagor)
3. Smt. Jolly Talukdar, W/o Sri Alok Talukdar, 159 Sevayan Gali, Subhash Nagar, Neelam Road, Munger, Bihar 811201. (Guarantor-cum-Mortgagor)
4. Mr. Somnath Karmakar, S/o Sri Badal Chandra Karmakar, 159 Sevayan Gali, Subhash Nagar, Neelam Road, Munger, Bihar 811201. (Guarantor)
5. Mr. Pradip Mazumdar, S/o Late Mrs. Sabita Mazumdar, 159 Sevayan Gali, Subhash Nagar, Neelam Road, Munger, Bihar 811201. (Guarantor)

.....Applicants

Versus

1. The Authorized Officer, Indian Bank, Munger Branch, Rampur Bhikari, Neelam Road, Munger 811201.
2. Sri Kailash Yadav, S/o Puneet Yadav, R/o Nandlalpur, Benigir, Nandlalpur, Munger 811202. (Auction Purchaser)

--respondents

Present:

For the Applicant : Sh. Sanjiv Ranjan, Advocate alongwith  
Sh. S.K. Srivastava, Advocate

For the respondents Bank : Sh. Sanjay Singh Thakur, Advocate  
alongwith Sh. S.K. Tiwari, Advocate

For the Respondent No.2 : Sh. Shubham Saurav, Advocate

Dated: 23.06.2026

**JUDGMENT**

1. Present application has been filed with a prayer to quash the sale held on

*Kaushalendra Yadav*  
23/6/26

- 28.03.2024 of the property in question in pursuance of sale notice dated 19.02.2024 issued by the respondent bank.
2. During pendency of the SA, IA 285/2024 has been filed by the applicant for condonation of delay in filing of present SA. Further, IA 448/2025 filed by the applicant with the prayer to stay the operation of letter dated 14.07.2025 vide which applicants were directed to vacate the premises in question.
  3. The brief facts of the case are that the applicants availed Credit Facility to the tune of Rs.1.45 Crores from the respondent bank. On default in repayment of the dues of the bank, the account of the applicant was declared as NPA on 14.09.2020. Subsequently, the bank initiated SARFAESI Action against the borrower and issued demand notice u/s 13(2) dated 23.04.2021 calling upon the applicant to make the payment of Rs.1,47,55,382/-. Further, the respondent Bank issued Possession Notice dated 09.07.2021 u/s 13(4) of the SARFAESI Act. Aggrieved from the possession notice, the applicant filed SA 156/2021 before this Tribunal which was decided and dismissed on 09.01.2024 finding no infirmity in the action of respondent bank till possession notice. Against the order dated 09.01.2024, applicant approached the Hon'ble DRAT, Prayagraj by filing Appeal which is still pending. In the meantime, the respondent bank issued an auction sale notice dated 08.08.2024 fixing the date of auction sale on 11.09.2024. Aggrieved from the Sale Notice, the applicant filed this SA.
  4. It is submitted by the Ld. Counsel of applicant that the sale dated 11.09.2024 which was challenged by filing this SA, could not be materialized for want of bidders. During pendency of present SA, the respondent bank issued fresh auction sale notice dated 18.02.2025 fixing the date of auction sale on 20.03.2025 and subsequently, auctioned the said property on 20.03.2025 to the respondent no.2, auction purchaser for a song, as the valuer who conducted the valuation failed to consider the two earlier valuations conducted by the respondent bank while ascertaining the value to the property. At the time of sanction of loan i.e on 07.05.2014, the value of land was assessed for Rs.1,25,91,600 by fixing the rate of land at Rs.12.00 lacs per decimal. Taking into consideration the cost of building

Kavman  
23/6/26

and its land, the value of the property was assessed by the respondent bank's valuer for Rs.2,26,70,430/-. Subsequently, at the time of enhancement of loan on the same security, the respondent bank again obtained the value of the property from its another approved valuer who assessed the value of the land and building for Rs.2,67,20,000/- as on 03.02.2017 by fixing the rate of land at Rs.15.50 lacs per decimal and its distress value has been assessed as Rs.2,27,12,000/-. Moreover, the applicants have also obtained the value of the property from 02 registered valuer who assessed the value of the property in question for Rs.5,25,30,500/- and Rs.5,35,50,500/- respectively as on 18.08.2022.

Despite the having above facts, the respondent bank has fixed the reserve price of the property in question for Rs.1.41 Crore taking into consideration of current valuation report obtained from its two approved valuer on 19.04.2024 and 31.07.2024 but on perusal of above said two valuation reports it appear that valuation report has been prepared without proper physical inspection of the property. The valuer has reduced the Govt. Circle rate by fixing Rs.5 lacs per decimal while at the time of sanction of loan the Govt. Circle rate of the land was Rs.7.5 lacs per decimal without any supportive documents. Such improper fixation of reserve price vitiates the sale and gives rise to a reasonable interference of collusion and fraud.

It is further submitted that the respondent bank also failed to comply with the mandatory provisions of section 26D of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. In the present matter, the respondent bank relied upon an asset based CERSAI report dated 18.02.2015 which reflects creation of security interest only over 2,680 sq. fit of land and does not cover the entire secured asset, including the building and the full extent of land comprised in plot no. 4992, 4993, 4994 and 4995. The respondent bank proceeded to put to auction and sell a larger extent of 4,586 sq. fit of land along with the building constructed thereon.

It is further submitted that the auction purchaser failed to deposit 75% of the auction amount within the stipulated period and did not seek any extension within the stipulated period for the payment of balance amount.

Kaumar  
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22/6/26

The grant of extension, in the absence of any express stipulation in the sale notice, is illegal and without jurisdiction. The auction purchaser, in collusion with the respondent Bank, subsequently brought on record a letter dated 19.04.2025, purportedly granted extension of time for payment till 18.06.2025 while the stipulated period was already over on 04.04.2025. The matter was reserved for judgment on 05.08.2025 till then no records were brought with regard to extension of time during 05.04.2025 to 18.04.2025. Thereafter, the auction purchaser filed an application for recall and rehearing and, upon recall, sought to introduce a letter dated 04.04.2025, allegedly granting extension of time upto 19.04.2025 which is a false and fabricated, and subsequently created brought into existence solely to overcome the statutory consequences flowing from Rule 9(5).

5. On the contrary, Id. Counsel of the respondent bank submits that despite the dismissal of earlier SA 156/2021, the applicants failed to liquidate the dues of the Bank therefore, the respondent Bank got the valuation of the properties from its two board approved empanelled valuer who assessed the value of the properties as per existing market rate. Further, the reserved price has been fixed and the property situated at Munger measuring an area 10.483 decimal was put on auction sale by issuing sale notice dated 28.02.2025 fixing the date of auction sale on 20.03.2025 which was fifth attempt for auction sale of the property in question. The said sale notice was sent to the applicants through post on 01.03.2025 which was duly delivered to the applicants. The sale notice was also published in "Hindustan" and "Hindustan Times" on 02.03.2025. The impugned sale notice has also been challenged by the applicants before Hon'ble DRAT, Allahabad in pending Appeal by filing Interlocutory Application No. 243/2025 which was pending. The property was auctioned on 20.03.2025 Kailash Yadav being declared highest bidder for Rs.1.43 Crore. The auction purchaser on confirmation deposited the 25% amount within the stipulated period. Further, the auction purchaser submitted an application on 03.04.2025 for extension of 15 days time under Rule 9(4) of SARFAESI Act. Hence, the time was granted by the authorized officer.

It is further submitted that the creation of charge with CERSAI was

*Kanwar Singh*  
23/6/26

made on 31.03.2011 bearing Asset Id No. 200001156776 in respect of the 4566.39 sq. ft. Subsequently, the charge with CERSAI created on 29.05.2014 will not make any difference because both the charges are still existing on date.

6. It is submitted by the Id. Counsel of the auction purchasers that the auction purchaser on seeing the publication of sale notice in the newspapers on 02.03.2025 deposited the EMD on 02.03.2025 for Rs.14.10 lacs and participated in E-auction sale held on 20.03.2025 to purchase the property in question. Further, the auction purchaser has been declared a successful bidder with the bid amount of Rs.1.43 Crores. Accordingly, the letter of acceptance was issued by the respondent bank to the auction purchaser with the direction to remit the 25% amount of bid on or before 21.03.2025. Accordingly, the auction purchaser deposited the same within time. Further, the auction was directed to deposit the rest 75% of bid amount before 04.04.2025 but due to some personal issue the auction purchaser requested from the bank vide letter dated 03.04.2025 to extend the further 15 days time to deposit the balance amount. Accordingly, the respondent bank extended the same and directed to deposit the balance amount on or before 19.04.2025. Again the auction purchaser requested from the bank to extend the period for further 60 days which was granted by the bank to deposit the same on or before 18.06.2025. In compliance with the letter dated 19.04.2025, the auction purchaser deposited the remaining amount on 18.06.2025.

It is further submitted that the applicants have also approached to Hon'ble High Court of Patna vide CWJC No.2533 of 2024 which was disposed of on 29.01.2024 with the liberty to avail his remedies in accordance with law but this fact has been concealed by the applicant in its application.

7. I have heard Ld. Counsel for the parties and gone through the record.
8. It is alleged that the respondent bank auction sold the property on 20.03.2025 in pursuance of sale notice dated 18.02.2025 on very low price i.e. for Rs.1.43 Crores while the value of property in question is having more

*Kaumar*  
23/6/26

than Rs.5 Crores. The respondent bank as well as its valuer did not taken into consideration that at the time of sanctioning the loan the valuer of the respondent bank itself assessed the value of the property worth Rs.1,25,91,600 as on 07.05.2014 by fixing the rate of land at Rs.12.00 lacs per decimal. Subsequently, at the time of enhancement of loan on the same security, the respondent bank had again obtained the value of the property from its another approved valuer who assessed the value of the land and building for Rs.2,67,20,000/- as on 03.02.2017 by fixing the rate of land at Rs.15.50 lacs per decimal and its distress value has been assessed as Rs.2,27,12,000. But in the present sale, the respondent bank without considering the above facts and with the collusion of auction purchaser, fixed the reserve price of the property in question for Rs.1.41 Crore only.

9. On perusal of records it appears that the issue regarding demand notice as well as possession notice was already decided by this Tribunal in SA 156/2021 finding no infirmity in the SARFAESI action of respondent bank vide order dated 09.01.2024. The present SA has been filed challenging the auction sale held on 20.03.2025 in pursuance of sale notice dated 18.02.2025.
10. The sale notice dated 18.02.2025 was issued by the respondent bank fixing the date of auction sale on 20.03.2025 with the reserve price of ₹1.41 Crores. The said sale notice was sent to the applicants through post on 01.03.2025 which was delivered to the applicants on 03.03.2025 as appears from the postal receipt and its tracking report annexed with counter affidavit of bank as annexure - 7 series, page 62-68. The sale notice was affixed on the secured asset. To prove its publications, the respondent bank annexed the photocopy of publication of sale notice which shows the sale notice was published in "Hindustan" and "Hindustan Times" on 02.03.2025.
11. The subject auction sale was conducted on 20.03.2025, pursuant to the sale notice dated 28.02.2025, wherein Respondent No. 2, Kailash Yadav, was declared the successful bidder for a consideration of Rs. 1,43,00,000/-. While the timely deposit of the initial 25% of the bid amount is an admitted fact, the respondent bank remained silent regarding the details of deposit of remaining 75% in its counter affidavit as well as in its supplementary

*Kaumar*  
23/6/26

- counter affidavit and also failed to produce documentary evidence of such payment.
12. However, the Auction Purchaser relied upon a purported extension of time granted by the Bank. It is observed that while the statutory period for payment expired on 04.04.2025, the Auction Purchaser initially in its counter affidavit at para 11 pleaded that extension was granted on 19.04.2025 well after the time had already lapsed. A subsequent supplementary affidavit stated that, before the above extension, a 15-day extension dated 03.04.2025 had already been granted. However, the authenticity of this document is highly doubtful. The letter dated 03.04.2025 appears to have been created later as an afterthought. The reference details in the letter are deliberately faint and illegible reference details. This conduct shows a lack of bona fides on the part of the parties. It also indicates a collusive attempt to mislead the Court and bypass the mandatory provisions of the auction sales.
13. It is further important to mention here that the extension of time for payment by the Auction Purchaser can be granted by the Secured creditor. But in the present case the alleged extension has been granted by the Authorized Officer and not by the Secured Creditor as provided under the Rules. Had it been so the chances of creating Ante dated letters could have been avoided.
14. So far allegation regarding valuation of property in concerned, the auction sale dated 20.03.2025 was the fifth attempt by the Respondent Bank to dispose of the secured asset. The respondent bank tried to justify a reduction in the reserve price due to repeated failed auctions; such a reduction cannot be arbitrary or result in a gross undervaluation.
15. In the present case, the property was sold for Rs. 1.43 Crores. The valuation report 07.05.2014 as annexed with the S. application as annexure - 8 indicates that the property was valued at Rs. 1,25,91,600/- at the time of sanctioning loan, which was subsequently revised upward to a market value of Rs. 2,67,20,000/- (and a distress value of Rs. 2,27,12,000/-) on 03.02.2017 at the time of sanctioning the enhancement of loan amount (annexure -9 of S. application) which have not been denied by the

*V. Kumar*  
23/6/26

respondent bank. Despite the passage of eight years and the logical appreciation of land rates, the Bank fixed the reserve price at a meager Rs. 1.41 Crores. Even in a fifth auction attempt, the Bank is not absolved of its duty to obtain a fair price. By fixing a reserve price significantly below even the 2017 distress value. Such a drastic undervaluation suggests that the repeated auction attempts were used as a pretext to justify a collusive sale at a throwaway price, thereby causing irreparable financial injury to the borrower under the garb of "04 failed auction". It is common knowledge that real estate prices generally increase over time. However, in the present case, the Respondent Bank fixed a reserve price in 2025 that was substantially lower than the distress value recorded in 2017.

16. Admittedly the valuation report is not Contemporaneous to the auction sale notice. It is about nine months prior to the date of sale under challenge. There is no evidence on record to show that any consultation has been made with the secured creditor by the Authorised Officer as provided under the Rule 8(5) of Security Interest (Enforcement) rules 2002.
17. With regard to the alleged non-compliance with the mandatory statutory requirements under Section 26D of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, on perusal of record it is observed that the respondent bank, via its counter affidavit, initially relied upon a CERSAI registration certificate (Annexure 11, Page 94), which reflects a registration date of 18.02.2015 pertaining to Plot Nos. 4992, 4993, 4994, and 4995 having area of 2,680 sq. ft. However, by way of a subsequent supplementary counter affidavit, the respondent bank brought on record an earlier CERSAI registration dated 12.07.2012, describing the subject property as Plot No. 3710/2005 with an area of 4,566.39 sq. ft. In view of these conflicting disclosures regarding the creation of the security interest in the central registry, it is evident that the respondent bank has failed to demonstrate strict adherence to the mandatory provisions of Section 26D of the SARFAESI Act. Consequently, such a procedural lapse goes to the root of the matter, rendering the current enforcement proceedings unsustainable in the eyes of the law
18. In view of the above discussion, the respondent could not prove the

*Kanwarinder*  
23/6/26

Registration with CERSAI, The sale notice was issued fixing Reserve price based on stale valuation Report. Also the Fixation of Reserve price in consultation with secured creditor and the extension of time for payment to the Auction purchaser by Secured Creditor as provided under the Rules could not be proved. As such the present application deserves to be allowed.

ORDER

The application SA 241 of 2024, is with costs.

The SARFAESI Action in question against applicants, including auction sale 28.03.2024 is hereby quashed. The respondent Bank shall refund the amount deposited by the auction purchaser with 12% simple interest, subject to the condition.

The respondent will also not be entitled for the expenses and the recovery charges/cost.

*Kaushalendra*  
23/6/26

[KaushalendraYadav]

Presiding Officer

Debts Recovery Tribunal, Patna

Judgment signed, sealed, dated and pronounced in the open court on this 23<sup>rd</sup> Day of June, 2026.

*Kaushalendra*  
23/6/26

[KaushalendraYadav]

Presiding Officer

Debts Recovery Tribunal, Patna