

Fair Order



IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI

DATED THIS 19th DAY OF JUNE 2026

PRESENT: SEEMA SINHA
[PR. DISTRICT & SESSIONS JUDGE - Retd]
PRESIDING OFFICER

SA No. 30/2023 &
Connected SA No. 763/2025

1. M/s. Dhanalakshmi Timbers,
Rep. by its Managing Partner,
Mr. Shenbaga Raman,
No. 1/506, Tenkasi-Shencottai Road,
Piranoor Border, Shencottai,
Tenkasi District.
 2. Mr. Shenbaga Raman, S/o. Sri. Ganapathi,
 3. Mrs. Mallika, W/o. Shenbaga Raman,
 4. Mrs. Shanmugathaiammal,
W/o. Chellaiah,
Applicants 2 to 4 are residing at,
D.No.26, Karbagavinayagar Kovil Street,
Kadayanallur, Tirunelveli - 627 751
- Applicants

-Vs-

1. The Authorized Officer,
Karur Vysya Bank Ltd.,
Asset Recovery Branch,
R.S.No.170/9, Uthangudi Village,
Near Mattuthavani Bus Stand,
Madurai - 625 023
 2. The Branch Manager,
Karur Vysya Bank Ltd.,
Tenkasi Branch, D.No.139, South Masi Street,
Tenkasi - 625 811
- 1st Defendant
- 2nd Defendant

3. The Chief Judicial Magistrate,
Tenkasi --- 3rd Defendant
4. K.N.L. Subbiah,
S/o. Lakshmanan,
No.21, Poonkudi Vinayagar Kovil Street,
Tenkasi --- 4th Defendant

Appearance of Advocates:

M/s. H.Arumugam --- ***Counsel for the Applicants***
Mr. V.Sukumar --- ***Counsel for the 1st & 2nd Defendant Bank***
The 3rd Defendant is none other than the Ld. CJM, Tenkasi District
Mr.R.Iyappan --- ***Counsel for the 4th Defendant/ Auction Purchaser***

These both SAs were heard together in the presence of the Counsels for the Applicants, the 1st & 2nd Defendants Bank and 4th Defendant and both SAs have been fixed for passing final orders before me, as both cases arose out of the same cause of action, and upon hearing the arguments of the Counsels and having stood over for consideration till this day, this Tribunal delivers the following:

ORDER

1. a. SA No. 30/2023: This Application has been filed under Sec. 17(1) of the SARFAESI Act, 2002 by the Applicants praying that this Hon'ble Tribunal may be pleased to set aside the impugned Sale Notice issued by the Defendant dated 04.01.2023 and the Sale Certificate issued in favour of the 4th Defendant on 21.04.2023 in respect of Item No. 2 of the Schedule Property, and thus render justice.

Further in

b. SA 763/2025: To set aside the impugned order passed by the 3rd Defendant in Crl.M.P. No. 07 of 2024, dated 23.09.2024 and thus render justice.

2. The brief averments of the Application filed by the Applicants are as follows:-

a) It is submitted that, the 1st Applicant is a partnership firm, and Applicants 2 to 4 are its partners, with the 2nd Applicant being the Managing Partner. Applicants 2 and 3 are husband and wife, and Applicants 3 and 4 are daughter and mother, respectively. The Applicants' family has been carrying on business in the name and style of M/s. Dhanalakshmi Timber for several decades and has earned goodwill among its customers. Apart from the 1st Applicant firm, they have two sister concerns, namely, Prakash Saw Mill, which is also a partnership firm, and SPS Timbers Private Limited, which is a private limited company.

b) It is further submitted that, the 2nd Defendant extended financial assistance for running the business. Originally, the following credit facilities were sanctioned in respect of Prakash Saw Mills:

- ✓ Letter of Credit – Rs. 15,00,00,000/-.
- ✓ Cash Credit – Rs. 1,25,00,000/-.

Subsequently, the Letter of Credit was reduced to Rs. 4,20,00,000/- by converting it into a Working Capital Term Loan, and the Cash Credit limit was reduced to Rs. 25,00,000/-.

c) It is further submitted that, insofar as SPS Timbers Private Limited is concerned, the Karur Vysya Bank, Mogappair Branch, Chennai, extended credit facilities to the extent of Rs. 11,00,00,000/-. However, the said account was closed by way of a full settlement for Rs. 4,00,00,000/- on 21.12.2021 as against the outstanding amount of Rs. 4,15,00,000/-. The Prakash Saw Mill account was classified as NPA on 09.09.2021, and the bank issued a demand notice under Section 13(2) of the SARFAESI Act for an outstanding amount of Rs. 4,11,61,625.28/-. Subsequently, following the possession notice, a

sale notice was also issued on 31.03.2022, fixing the date of sale as 09.05.2022, for an outstanding amount of Rs. 1,79,23,542.92/-.

- d) It is further submitted that, in view of the admitted fact that a major portion of the loan amount had been settled by the Applicants, they were constrained to challenge the sale notice dated 31.03.2022 issued against the sister concern, namely Prakash Saw Mill, before the Hon'ble Madurai Bench of the Madras High Court in W.P.(MD) No. 8786 of 2022, wherein the Hon'ble High Court was pleased to grant an interim order on the condition that a sum of Rs.40,00,000/- be paid on or before 06.05.2022 and a further sum of Rs.40,00,000/- be paid on or before 08.06.2022.
- e) It is further submitted that, the first instalment was paid within the stipulated time, and the second instalment was paid within the extended time granted by the Hon'ble High Court. Consequently, on 11.07.2022, the Hon'ble High Court was pleased to dispose of the writ petition, appreciating the conduct of the Applicants in reducing more than 40% of the outstanding amount by complying with the conditional stay order. The Hon'ble High Court was further pleased to direct the Defendants to regularize or reschedule the account if the Applicants made an application within a period of six weeks. The Applicants have also submitted an application for rescheduling, and the process is still pending.
- f) It is further submitted that, in respect of Dhanalakshmi Timbers, the 2nd Defendant extended credit facilities by way of Overdraft (OD) to the extent of Rs. 1,00,00,000/-, Working Capital Term Loan to the extent of Rs. 2,57,00,000/-, Funded Interest Term Loan to the extent of Rs. 29,81,000/-, and WCTL-GECL to the extent of Rs. 75,00,000/- aggregating to Rs. 4,61,81,000/-.

- g) It is further submitted that, though the Applicants' firm had a substantial business turnover, due to competition in the trade and various restrictions imposed on the transportation of timber, the business gradually declined and worsened during the COVID-19 period, resulting in the classification of the accounts as NPA on 26.12.2021. Accordingly, the 1st Defendant issued a Demand Notice under Section 13(2) of the SARFAESI Act on 10.02.2022 for the outstanding amount of Rs. 4,61,81,000/-. Subsequently, a possession notice was issued on 04.05.2022 and, thereafter, a sale notice was issued on 17.06.2022, fixing the date of sale as 27.07.2022.
- h) It is further submitted that, the Applicants challenged the said sale notice dated 17.06.2022 before the Hon'ble Madurai Bench of the Madras High Court in W.P.(MD) No. 16392 of 2022, wherein the Hon'ble High Court was pleased to grant an interim stay on 26.07.2022, subject to the condition that a sum of Rs. 12,00,000/- be deposited on or before 12.08.2022 and a further sum of Rs. 5,00,000/- be deposited on or before 08.09.2022. Upon compliance with the said conditions, the Bank was directed to consider the request for release of one of the secured assets so as to enable the Applicants to sell the same and settle the accounts. The Applicants deposited the said amounts and complied with the order, and the same was duly recorded by the Hon'ble High Court. The Applicants also requested the Bank to release the property through their representation dated 10.12.2022; however, the said request was rejected on 17.12.2022.
- i) It is further submitted that, aggrieved by the rejection of their request, the Applicants filed a writ petition in W.P.(MD) No. 29088 of 2022, wherein the Hon'ble High Court was pleased to direct the Applicants to bring the prospective purchasers directly to the

Defendant Bank within a period of one week from the date of receipt of a copy of the order. The Hon'ble High Court further directed that, upon such compliance, the Defendant Bank shall consider the proposal for sale of the property without resorting to auction proceedings. The Applicants have applied for a certified copy of the order; however, till date, the copy has neither been made ready nor delivered to them.

- j) It is further submitted that, in the meanwhile, the said writ petition came up for final disposal, and the Hon'ble High Court was pleased to dispose of the writ petition by directing the Applicants to pay the remaining outstanding amount in six equal instalments. The first instalment was directed to be paid on or before 09.12.2022, and the successive instalments were to be paid on the 9th day of every succeeding month.
- k) It is further submitted that, though the Hon'ble High Court was pleased to direct the Defendant Bank to consider the request of the Applicants for release of the property to enable them to settle the entire outstanding dues, the Bank did not consider the request positively or favourably in light of the prevailing business conditions, particularly the adverse impact caused by the COVID-19 pandemic. The Applicants were therefore advised to file a petition seeking extension of time for the payment schedule.
- l) It is further submitted that, all of a sudden, the Defendant Bank issued the impugned sale notice dated 04.01.2023, fixing the date of sale as 31.01.2023, for an outstanding amount of Rs. 4,43,44,556.89/-. The same has been challenged before this Hon'ble Tribunal in S.A. No. 30 of 2023, wherein an interim stay order was granted on the condition of payment of Rs. 2 crores in two instalments, i.e., Rs. 1 crore each, with regard to the confirmation of

sale, if any, held on the scheduled date of auction, i.e., 31.01.2023. The first instalment of Rs. 1 crore was to be paid on or before 24.02.2023 and the second instalment of Rs. 1 crore on or before 24.03.2023, failing which the stay would stand vacated automatically.

- m) It is further submitted that when the Applicants made arrangements to deposit Rs. 50 lakhs, they were informed that there was no bidder and, therefore, the auction did not materialize. In fact, the Applicants have filed an appeal against the said order before the DRAT, Chennai, in A.I.R. No. 95 of 2023. The Applicants have also filed a petition for extension of time in I.A. No. 348 of 2023, specifically stating that, although the auction did not take place, they were prepared to deposit the amount within the extended time, and the same is pending.
- n) It is further submitted that on 27.04.2023 at 07:00 p.m., the Applicants received an SMS on their mobile phone, which reads as follows:

*"Your request for NEFT Transfer A/c No:XX00264
INR:2,31,000.00 Settled with Beneficiary Bank: K N L
SUBBAIAH, Ref No: N117230186862916", Avl Bal INR
2,28,69,000.00 - KVB"*

Immediately, the Applicants contacted Mr. Iyappan, Assistant Manager, Tenkasi Branch, and he informed them that the message had been received from some other account. Thus, on 28.04.2023, in the morning, the 2nd Applicant went to the Branch and enquired about the details, but was not given a proper reply on the ground that the Manager was not available. To the shock and surprise of the Applicants, they received a registered post containing a notice dated 24.04.2023 stating that the sale had taken place on 31.01.2023, that the highest

bid was Rs. 2.31 crores, and that the successful bidder/3rd Defendant had also deposited the sale consideration and had been issued a sale certificate on 21.04.2023.

- o) It is submitted that, on seeing the notice, the Applicants were greatly shocked, as they had earlier been informed that there was no bidder and that the sale had not taken place. In fact, the property, which is worth about Rs. 9 crores, was said to have been sold for a sum of Rs. 2.31 crores in collusion between the purchaser and the officers, with an intention to defeat the Applicants' rights and cheat them. The intention to cheat is evident from the fact that, when the 2nd Applicant approached the Bank, he was informed that there was no bidder.
- p) As stated above, when the 2nd Applicant made arrangements to deposit Rs. 50 lakhs, he, along with one Senthilkumar, who was the proposed purchaser, came to the Bank. At that time, Mr. Dhandapani, Senior Manager, Asset Recovery Branch, Madurai, informed the Applicants that no sale had taken place and advised the 2nd Applicant to submit a proposal for a One Time Settlement (OTS). Accordingly, the 2nd Applicant submitted an OTS proposal for a sum of Rs. 4,10,00,000 on 25.01.2023. Thereafter, whenever the 2nd Applicant met the Branch Manager and Recovery Officer, he was informed that his OTS proposal had been forwarded to the Zonal Office and was pending consideration.
- q) But, to the shock and surprise of the Applicants, they received the said letter dated 24.04.2023. Immediately thereafter, the Applicants sent a representation dated 28.04.2023 requesting the 1st Defendant to furnish the sale certificate and other details, including the dates of deposit of 25% and 75% of the sale price. However, the 1st Defendant did not furnish a copy of the sale certificate or the

other details for reasons best known to them. Hence, on 02.05.2023, the 2nd Applicant again approached the Bank and sought the particulars mentioned above and also sent a representation by post. On 02.05.2023, the Applicants were advised to submit an OTS proposal for a sum of Rs. 4,64,60,307.27, and the Applicants submitted the proposal apart from sending the same by post. However, neither was there any fruitful result nor was a copy of the sale certificate and other details provided.

- r) It is further submitted that, having no other alternative remedy, the Applicants filed a writ petition in W.P. (MD) No. 11804 of 2023 before the Hon'ble High Court of Madras, Madurai Bench, seeking a direction to issue a copy of the sale certificate. The same came up for admission on 10.05.2023, and at that time, the Bank's counsel furnished a photocopy of the impugned sale certificate to the Applicants' counsel. In fact, the other particulars regarding the deposit of the sale amount were not furnished, as the same had not been made within the time provided under Rule 9(4). However, in order to gain illegally from the said sale transaction, the Respondent Bank confirmed the sale instead of cancelling the same and forfeiting the amount as required under the said Rule. Hence, challenging the same, the Applicants filed a writ petition in W.P. (MD) No. 13142 of 2023 before the Hon'ble Madurai Bench of the Madras High Court, and the same was dismissed on 05.08.2025 on the ground of availability of an alternative remedy.
- s) It is further submitted that subsequently the OTS proposal was accepted by the 1st Defendant for a sum of Rs. 2,63,00,000, and a sum of Rs. 2,50,00,000 was paid on 23.02.2024. However, the 1st Defendant, suppressing the above facts, approached the 2nd Defendant. Further, the 1st Defendant Bank did not return the original documents or come forward to execute the discharge receipt,

but insisted that the Applicants withdraw this appeal and hand over possession of the property sold in favour of the 3rd Defendant, though no such condition had been imposed at the time of the OTS. The Bank took advantage of the fact that the OTS order had not been furnished to the Applicants.

- t) Thereafter, the Applicant made representations and issued a legal notice, and also filed a complaint in C.C. No. 181 of 2024 before the District Consumer Disputes Redressal Forum, Tirunelveli. Thereafter, the 1st Defendant Bank took a "U-turn" and stated that no such proposal had been given and that a sum of Rs. 13 lakhs was still due. In the said circumstances, the Applicant filed a writ petition in W.P. (MD) No. 23821 of 2024, and on 14.10.2024, the Hon'ble Madurai Bench of the Madras High Court was pleased to direct the 1st Defendant Bank to furnish the outstanding amount as on 04.10.2024, so that the Applicant could pay the entire amount. However, the 1st Defendant Bank did not furnish the same. Nevertheless, the Applicant obtained one demand draft for Rs. 13,00,000 and another demand draft for Rs. 7,50,000 by self-calculating the interest for the remaining period, totalling Rs.20,50,000, and presented the same to the Bank. However, the Bank did not accept them. Hence, the demand drafts were produced before the Court on 14.10.2024, and at that time, the Bank furnished the outstanding amount as Rs. 20,49,087, which was less than the amount covered by the demand drafts obtained by the Applicant.
- u) In the said circumstances, recording the full payment of the amount, the said writ petition was allowed, directing the Bank to execute the discharge and return the documents. Accordingly, the Bank also returned all the parent documents, except the properties fraudulently sold to the 4th Defendant, and executed the discharge

receipt of mortgage and registered the same on 21.10.2024. In the meantime, the Applicants received a copy of the impugned order passed under Section 14 of the SARFAESI Act in Crl.M.P. No. 7 of 2024 by the 3rd Defendant through the Advocate Commissioner, stating that, as per the order dated 23.09.2024, they were going to take possession of the property.

v) It is pertinent to note that, as stated above, the entire outstanding dues were settled by the Applicants, and the filing of the Criminal Miscellaneous Petition itself is misconceived and vitiated by fraud played by the 1st Defendant. Hence, challenging the same, the Applicants filed a writ petition in W.P. (MD) No. 23249 of 2024, and the Hon'ble Madurai Bench of the Madras High Court, after recording a prima facie case of fraud, was pleased to grant an order of interim stay. However, when the writ petition came up for final hearing on 04.08.2025, the same was dismissed on the ground of availability of alternative remedy. Aggrieved over the same, the Applicants filed an appeal before the Hon'ble Supreme Court of India, and the same was disposed of on 29.08.2025 by granting liberty to file an appeal before this Hon'ble Tribunal within a fortnight and, in the meantime, directing that no coercive action shall be taken pursuant to the order of physical possession for a period of three weeks or until further orders passed by this Tribunal, whichever is earlier. Hence, the Applicants file the present Application challenging the impugned order of the 3rd Respondent in Crl.M.P. No. 7 of 2024 dated 23.09.2024 as illegal, unlawful, and non est in the eye of law, and the same is liable to be set aside on the following, among other, grounds:-

- The Defendant Bank failed to consider that the time granted by the Hon'ble High Court to the Applicants for procuring a purchaser and settling the dues would commence only upon receipt of a copy of the

order. The Applicants could secure a prospective and willing purchaser only after the copy of the order was delivered. However, as stated above, the copy of the order had not been made ready. In such circumstances, the impugned sale notice was issued without considering the directions of the Hon'ble High Court contained in its order dated 02.01.2023.

- The Defendant Bank failed to consider that the Applicants had settled dues exceeding Rs. 4,00,00,000/- in respect of SPS Timbers Private Limited. Further, insofar as Prakash Saw Mill is concerned, the original loan sanction of Rs. 11,00,00,000/- was reduced to Rs. 4,45,00,000/-, out of which a sum of Rs. 4,00,00,000/- had already been paid, and a further sum of Rs. 80,00,000/- was paid pursuant to the orders of the Hon'ble High Court.
- It is most pertinent to submit that the total loan borrowings and credit facilities availed amounted to Rs. 36,25,00,000/-. As of now, the outstanding liability of the petitioner firm is only Rs. 4,43,44,556/-, and in respect of Prakash Saw Mill, the outstanding is Rs. 99,00,000/-. Therefore, the Respondent Bank ought to have taken into consideration the prompt repayments made by the Applicants and should not have resorted to coercive measures to bring the secured property to sale, particularly in disregard of the directions of the Hon'ble High Court that no such coercive steps shall be taken until the loan account is rescheduled.
- It is pertinent to note that, during the COVID-19 period, the outstanding dues in all the three firms of the Petitioners were as follows:-

Company Name	Date of Default	Amount
S.P.S Timbers Pvt Ltd	30.07.2019	Rs.3,67,00,00/-

Prakash Saw Mill & Wood Industries	09.09.2021	Rs.4,41,00,000/-
Dhanalakshmi Timbers	10.02.2022	Rs.3,58,00,000/-

The repayment made during that period is as follows

Date	Company Name	Amount Repaid
21.12.2021	S.P.S Timbers Pvt Ltd	Rs.4,00,00,000/- (Including Interest)
21.12.2021	Prakash Saw Mill & Wood Industries	Rs.4,00,00,000/-
03.09.2021	Dhanalakshmi Timbers	Rs.53,60,000/- (deposit deducted)
05.05.2021	Prakash Saw Mill & Wood Industries	Rs.40,00,000/-
07.07.2022	Prakash Saw Mill & Wood Industries	Rs.40,00,000/-
11.07.2022	Dhanalakshmi Timbers	Rs.10,00,000/-
11.08.2022	Dhanalakshmi Timbers	Rs.2,00,000/-
01.09.2022	Dhanalakshmi Timbers	Rs.5,00,000/-
	Total	Rs.9,50,60,000/-

Thus, the remaining outstanding as on the date of the COVID-19 pandemic was only Rs.2,15,40,000/-. The present outstanding amount primarily consists of interest accrued after the COVID-19 period. Be that as it may, the outstanding amount after repayment during the COVID-19 period was only Rs. 2,15,40,000/-. Hence, the Applicants have been bona fide in making repayments; however, the Defendant Bank failed to take the same into consideration and proceeded with coercive action.

- It is pertinent to note that the valuation of the property is not in accordance with law, and its value has been drastically reduced from the prevailing market value. The upset price fixed by the Defendant Bank in respect of the property is grossly inadequate, as the property proposed to be brought to auction would fetch a price far in excess

of the upset price and is worth many times the value fixed by the Bank.

- It is also pertinent to point out that the term deposit of Rs. 50,00,000/- available with the Bank was adjusted by the Bank without any prior notice. However, the Applicants are not raising any grievance in that regard, as they have always been willing to settle the loan amount rather than retain the deposit. Nevertheless, without considering all these facts and circumstances, the Defendant Bank proceeded to issue the present impugned sale notice.
- It is pertinent to note that the properties furnished as security in respect of Prakash Saw Mill are worth approximately Rs. 25,00,00,000/-. However, as per the sale notice, the outstanding amount was only Rs. 1,79,00,000/-, which stood reduced by Rs. 80,00,000/- pursuant to the directions of the Hon'ble High Court. Thus, the remaining outstanding amount is only Rs. 99,00,000/- together with accrued interest. Nevertheless, the properties have not been released till date for reasons best known to the Defendant Bank. If any one of the secured properties is released, the Applicants would be in a position to settle the entire outstanding amount immediately.
- The classification of the loan account as a 'Non-Performing Asset (NPA)' is not in accordance with law and the directions and guidelines issued by the Reserve Bank of India.
- It is submitted that the Defendant Bank has arbitrarily levied higher rates of interest and penal interest and has also capitalized the interest by adding it to the principal amount, which is not permissible under law.

- It is submitted that the interest calculated by the Defendant Bank is contrary to the guidelines issued by the Reserve Bank of India and the law laid down by the Hon'ble Supreme Court of India. Therefore, the Defendant Bank is not entitled to claim exorbitant interest from the Applicants.
- The Defendant Bank failed to consider that the Applicants were prompt in repayment up to the year 2019, which clearly demonstrates that they are not wilful defaulters. Therefore, reasonable breathing time ought to have been granted to the Applicants to enable them to repay the loan and regularize the account.
- Despite the request dated 07.05.2023 to redeem the mortgage property and to furnish the particulars of the sale along with the expenses incurred, the Respondent Bank did not come forward to provide the said information, which lends credence to the allegation of collusion, as there was nothing preventing the Bank from furnishing the details regarding the deposit of the sale consideration by the 3rd Respondent. While the fact remains that the Applicant had obtained four demand drafts aggregating to Rs. 2.31 crores, namely, a demand draft dated 05.05.2023 for Rs.1,71,00,000/-, a demand draft dated 06.05.2023 for Rs. 35,00,000/-, a demand draft dated 12.05.2023 for Rs. 15,00,000/-, and a demand draft dated 13.05.2023 for Rs. 10,00,000/-, the Applicant was not even permitted to redeem the mortgage property, though the right of redemption was still available under Section 13(8) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- When the Applicant brought a prospective purchaser in compliance with the directions of the Hon'ble High Court, the said purchaser,

namely Mr. Senthilkumar, also sent an email expressing his willingness to purchase the property for a sum of Rs. 6.50 crores. However, the Respondent Bank proceeded to sell the property for only Rs. 2.31 crores, causing substantial loss to the Applicant.

- It is submitted that, as per Rule 8(5) of the Security Interest (Enforcement) Rules, 2002, the Authorised Officer is required to obtain a valuation report from an approved valuer before fixing the reserve price of the secured asset. However, the said procedure was not properly followed, as the value fixed for the property was grossly inadequate and far below its actual market value. The reserve price appears to have been deliberately fixed at a low level with the intention of facilitating the confirmation of the sale within a single round of online bidding. In fact, the property is situated in a prime locality, and the substantial appreciation in its value can be reasonably inferred. Nevertheless, the reserve price fixed by the Respondent Bank was disproportionately low and does not reflect the true market value of the property.

- It is submitted that the impugned sale was conducted at a grossly undervalued price by the Authorised Officer, acting arbitrarily and on his own whims and fancies, with the intention of favouring the 3rd Respondent. The Authorised Officer falsely represented to the Applicant that no sale had taken place in the auction conducted on 31.01.2023, at a time when the Applicant was prepared to deposit a sum of Rs. 50,00,000/- and had also filed a petition seeking extension of time for payment of the balance amount. Such conduct on the part of the Authorised Officer has caused serious prejudice to the Applicant and casts doubt on the fairness and transparency of the sale proceedings.

- Though the Hon'ble High Court, in its order passed in W.P.(MD) No. 16392 of 2022, directed the Bank to consider the request of the Applicants for release of one of the secured assets so as to enable them to sell the same and settle the loan account upon compliance with the conditional order, the said request was unjustifiably rejected. Aggrieved by the same, the Applicants filed W.P.(MD) No. 29088 of 2022, wherein the Hon'ble High Court was pleased to direct the Applicants to bring a prospective purchaser directly to the Bank within a period of one week from the date of receipt of a copy of the order and further directed the Bank to consider such proposal for sale of the property without resorting to auction proceedings. However, even this direction was not complied with by the Bank, despite the Applicants producing a prospective purchaser, namely Mr. Senthilkumar, who had expressed his willingness through email to purchase the property for a sum of Rs. 6.50 crores, as stated above. The conduct of the Bank in ignoring the said proposal clearly indicates its intention to proceed with its predetermined course of action, to the detriment of the Applicants.

- When the Bank had sanctioned a loan of Rs. 9 crores after accepting properties worth approximately Rs. 50 crores as security, the sale of Property No. 2 of the Schedule Property for a mere sum of Rs. 2.31 crores, followed by the issuance of a further sale notice dated 31.01.2024 for the remaining outstanding amount of Rs.2,63,46,409.07/-, by valuing the remaining secured assets, namely Property Nos. 1, 3, and 4 of the Schedule Property, at substantially lower values as detailed below, clearly demonstrates the mala fide intention of the Bank.

Item	Upset Price Rs.	EMD (10% of Upset Price) Rs.	Bid Multiplier Rs.
1	1,14,00,000.00	11,40,000.00	1,00,000.00
2	1,31,50,000.00	13,15,000.00	1,00,000.00
3	1,97,00,000.00	19,70,000.00	1,00,000.00

- Even assuming, without admitting, that the property already sold was worth only Rs. 2.31 crores, the remaining properties were worth at least Rs. 12 crores even at the time of sanction of the loan in the year 2011, i.e., about 13 years ago. By a simple assessment of the appreciation in land value over the years, it can easily be concluded that the properties would presently fetch not less than Rs. 50 crores, particularly because they are situated directly opposite to Shri Parasakthi Women's College at Courtallam, a renowned tourist destination in the State of Tamil Nadu, known for its natural waterfalls located in the Western Ghats. The fact remains that properties in the said locality are rarely available for purchase, yet the secured asset was brought to sale for recovery of merely Rs. 2.31 crores, even as per the Bank's own records. These circumstances clearly indicate a fraudulent and mala fide exercise of power, which is apparent on the face of the record and does not require any roving enquiry or detailed investigation.
- The impugned Sale Certificate is non-est in the eye of law due to non-compliance with Rules 8 and 9 of the Security Interest (Enforcement) Rules, 2002, in as much as the balance 75% of the sale consideration was not deposited within 15 days from the date of sale. The fact remains that, despite the representations submitted by the Applicant on 28.04.2023 and 02.05.2023 seeking particulars regarding the date of deposit of the balance sale consideration, the Bank failed to furnish the same. This clearly indicates that the balance sale

consideration was not deposited within the time prescribed under Rule 9(4) of the Rules. However, the Bank, with a view to conceal the true facts, issued a reply dated 10.05.2023 as though all the particulars had been furnished and as if the Applicant was adopting dilatory tactics.

- The very fact that the total borrowings under the three loan accounts amounted to Rs. 38 crores, whereas on the date of issuance of the sale notice the outstanding liability was only about Rs. 4 crores in one account and Rs. 99 lakhs in another account, while the third account had already been fully settled, clearly demonstrates the arbitrary and disproportionate nature of the action taken by the Bank.
- The fact remains that any extension of time for payment of the balance sale consideration can be granted under Rule 9(4) only on the basis of a written agreement between the parties. However, the Bank did not obtain any such written consent from the Applicant and, therefore, had no authority or jurisdiction to extend the time for payment of the balance sale consideration. Consequently, any extension granted in the absence of a written agreement is contrary to the mandatory provisions of Rule 9(4) of the Security Interest (Enforcement) Rules, 2002, rendering the sale proceedings and the consequential Sale Certificate legally unsustainable.

SCHEDULE OF IMMOVABLE PROPERTY

Property 1: (Standing in the name of Mrs.S.Mallika, W/o. Shenbaga Raman.G)

Item No.1:

All the piece and parcel of residential land situated at Tenkasi Registration District, Tenkasi Joint-II, Sub-Registrar Jurisdiction all that piece and

parcel of lands in Tenkasi Municipal Limit Tenkasi Village Survey No. 120/1, Central 5.37 cent vacant house site out of 81 cents Admeasuring: East-West 117 feet, South-North 20 feet, With Total Extent of 2340 Sq.ft, vacant site within the following Boundaries :

North By: Mariappan Land

East by: Chellammal @ Vairaval Land (Now Mrs. Mallikab Land Item No.II land in Property No.1)

West by: Housing Board Colony Common Pathway

South by: Mariappan Punjai

Item No.2:

In this same Village Survey No. 120/2 cent 81 vacant site within the following Boundaries:

North by: Alagarisamy Naidu Punjai

East by: Krishna Konar Punjai

West by: Mariappan Punjai

South by: Sudalaimuthu Konar Punjai

Total Extent - 86.37 Cents

Property 2: (Standing in the name of Mr.G.Shenbaga Raman, S/o. Ganapathi and Mrs. Mallika, W/o.G.Shenbaga Raman)

Item No.1:

All the piece and parcel of residential land and building situated at Tenkasi Registration District, Tenkasi Joint Registrar II. Jurisdiction all that piece and parcel of lands in Melagaram Panchayat Ward No. 12, Courtallam Road, Melagaram Village, Survey No.556B/4, Central 21 Cents out of 90 cents. Now as per New Sub-Division Survey No.556B/4B (0.08.5 Hectare) 21 cents of vacant House site with the following Boundaries

North by: Subramanian Chettiar Lands

East by: South-North Cannal

West by: Courtallam Main Road

South by: Item II. 21 cents land in Survey No.556 B-4C in the Name of Sri.G.Shenbagaraman

Item No.2:

In this same Village 21 cents in the southern side out of 90 cents in Survey No.5568/4 and in New Sub-Division Survey No.556B/4C 0.05.5 Hec. Or 21 cents of land in the following Boundaries:

North by: Item - 1 lands in Survey No. 556B/4B 21 cents in the name of Sri. G. Shenbagaraman

East by: South-North Cannal

West by: Courtallam Road

South by: Thirupathur Christkula Ashramam Lands

With a Building in 1023 Sq.ft of and out of 21 cents in S.No.556B/4C D.No. 18/1.

Total Extent - 42.00 Cents.

Property 3: (Standing in the name of Mr. G.Shenbaga Raman)

Item No.1:

All the piece and parcel of residential land situated at Tenkasi Registration District, Tenkasi Joint Registrar-1, Jurisdiction all that piece and parcel of lands in Tenkasi Taluk, Ilanji Panchayat, Ilanji Village Survey No.513 Northern Acre 1 cents 26 out of Total Extent of 2 Acre 53 Cents.

Boundaries

North by: Graveyard

East by: Muthusamy Thevar Vahayara Punjai Thoppu

West by: Sekar Vahayara Punjai and Graveyard

South by: Applicant G.Shenbagaraman Punjai Thoppu

Item No.2:

In this same Survey No. 153 northern side 57 cents (24829 sq.ft) in the southern half 1 Acre 27 cents out of the Total Extent of 2 Acre 53 cents

Boundaries:

North by: C.G.Rajan Punjai

East by: Arunachala Thevar Property

West by: Arunachala Pillai Punjai

South by: Arumuga Asari & Seeni Mudalaiar Vahaiyaras Punjai & South North Car-Pathway.

Total Extent - 183 cents

Property 4: (Standing in the name of Mr.G.Shenbaga Raman)

Item No.1(A):

All the piece and parcel of industrial land and building situated at Tenkasi Registration District, Tenkasi Joint Registrar II Jurisdiction all that piece and parcel of lands in Tenkasi Taluk, Kuthukalvalasai Village, Survey No. 120/1 Acre 2 Cent 20 in which Northern Acre 41 cents within the following Boundaries:

North by: Railway line

East by: Survey No. 120/2 Punja

West by: South North Road

South by: Smt. Somasundari Thoppu

Item No.1(B):

In the same Village Survey No. 124/2B cents 47

Item No.II:

In the same Village Survey No. 122 Cents 62 with Two Houses in Door No. 10/173 & 174 and with Electricity Connection therein in

Item No.III (A):

In the same Village Survey No.275A cents 75 (0.30.0 Hectare) within the following Boundaries:

North by: Railway Line

East by: Courtallam Madurai Road

West by: Venkatachala Mudalian Thoppu

South by: Kanthiah Pillai Vahayara Thoppu

Item No.III(B):

In the same Village Survey No.275B cents 16 (0.06.5 Hectare) within the following Boundaries:

North by: Ramalakshmi Ammal Nanjai

East by: South-North Road,

West by: Duraisamy Nadar Vahayara Thoppu

South by: Railway Line

Total extent 2.41 acres.

The Applicants have filed the following List of documents in support of their claim in the SA, which are as follows: (SA No.30 of 2023)

S.No.	Date	Description
1.	10.02.2022	Demand Notice issued by the 1 st Defendant
2.	31.03.2022	Sale Notice issued by the 1 st Defendant to the sister concern Prakash Saw Mill
3.	29.04.2022	Interim Order passed by the Hon'ble High Court in W.M.P.(MD) No. 6399 of 2022 in W.P.(MD) No. 8786 of 2022
4.	04.05.2022	Possession notice issued by the 1 st Defendant
5.	17.06.2022	Sale Notice issued by the 1 st Defendant
6.	11.07.2022	Final Order passed by the Hon'ble High Court in W.P.(MD) No. 8786 of 2022
7.	26.07.2022	Interim Order passed by the Hon'ble High Court in W.M.P.(MD) No. 11843 of 2022 in W.P.(MD) No. 16392 of 2022
8.	16.08.2022	Compliance recorded in W.P.(MD) No. 16392 of 2022

9.	09.11.2022	Final order passed by the Hon'ble High Court in W.M.P.(MD) No. 16392 of 2022
10.	10.12.2022	Representation given to the Defendants to furnish the statement of accounts and to grant NOC for selling property to the private buyer
11.	17.12.2022	Request was rejected by the 1 st Defendant
12.	02.01.2023	order passed by the Hon'ble High Court in W.M.P.(MD) No. 29088 of 2022
13.	04.01.2023	Impugned Sale Notice issued by the 1 st Defendant

The Applicants have submitted the following List of documents in support of their claim in the SA, which are as follows: (SA No. 763 of 2025).

S.No.	Date	Documents
1.	29-04-2015	Memorandum of Deposit of Title Deed in Doc. No. 2283 of 2015
2	08-01-2021	Memorandum of Deposit of Title Deed in Doc. No. 128 of 2021
3	10-02-2022	Demand Notice issued by the 1st Defendant
4	29-04-2022	Interim order passed by the Hon'ble High Court in W.M.P. (MD) No.6399 /22 in W.P.(MD)No.8786/22
5	04-05-2022	Possession Notice issued by the 1st Defendant
6	07-06-2022	Affidavit filed in CrI.M.P.No.7397 of 2022, on the file of the Chief Judicial Magistrate Court, Tirunelveli transferred and renumbered as CrI.M.P.No.07 of 2024 on the file of the Chief Judicial Magistrate, Tenkasi
7	17-06-2022	Sale Notice issued by 1st defendant
8	11-07-2022	Final order passed by the Hon'ble High Court in W.P. (MD)No.8786/22
9	26-07-2022	Interim order passed by the Hon'ble High Court in W.M.P. (MD) No.11843 of 2022 in W.P. (MD) No. 16392/22
10	16-08-2022	Compliance recorded in W.P.(MD) No. 16392 of 2022
11	09-11-2022	Final Order passed by Hon'ble High Court in W.P. (MD)No. 16392/2
12.	10-12-2022	Representation given to the Defendants to furnish the statement of accounts and to grant NOC for selling property to the private buyer
13.	17-12-2022	Request was rejected by the 1st Defendant
14.	-12-2022	Affidavit and Petition in W.P.(MD)No.29088 of 2022
15.	02-01-2023	Order passed by the Hon'ble High Court in W.P.(MD)No.29088/22

16.	04-01-2023	Sale Notice issued by the 1st Defendant
17.	23-01-2023	Application in S.A.No.30 of 2023
18.	27-01-2023	Email Sent by the prospective purchaser to the 2nd Defendant
19.	27-01-2023	Interim Stay in S.A.No.30/23
20.	24-02-2023	Affidavit and Petition for extension of time in I.A.No.348 of 2023 in S.A.No.30 of 2023
21.	21-04-2023	Sale Certificate issued in favour of the 3rd Defendant
22.	24-04-2023	Communication sent by the 1st Defendant
23.	28-04-2023	Representation sent to the Defendants 1 & 2
24.	02-05-2023	Representation sent to the Defendants 1 & 2
25.	02-05-2023	Representation sent to the Defendants seeking OTS proposal
26.	09-05-2023	Affidavit and Petition in W.P.(MD) No. 11804 of 2023
27.	10-05-2023	Order passed in in W.P. (MD) No. 11804 of 2023
28.	10-05-2023	Reply sent by the 1st Defendant
29.	10-05-2023	Rejection of OTS proposal by 1st Defendant
30.	---	Copy of Demand Drafts
31.	29-05-2023	Affidavit and Petition in W.P. (MD) No. 13142 of 2023
32.	31-01-2024	Sale notice issued by the 1st Defendant
33.	22-02-2024	Email sent by the petitioner to the Defendants 1 and 2
34.	22-02-2024	Representation given by the petitioner to the 1st Defendant
35.	07-03-2024	Representation sent by the petitioner to the 1st Defendant seeking return of original document
36.	10-04-2024	Legal notice issued to the 1st Defendant to return the original documents
37.	20-04-2024	Reply notice given by the 1st Defendant
38.	23-04-2024	Representation sent to the 1st Defendant
39.	23-04-2024	Reply notice sent by the bank
40.	20-05-2024	Rejoinder notice sent by the petitioner
41.	18-06-2024	Notice issued in O.A.No. 142/24
42.	02-08-2024	Complaint filed by the petitioner in C.C.No.181 of 2024, on the file of the District Consumer Disputes Redressal Forum, Tirunelveli
43.	23-09-2024	Impugned order in Crl.M.P.No.07 of 2024 on the file of the Chief Judicial Magistrate, Tenkasi
44.	25-09-2024	Affidavit and Petition W.P.(MD)No.23249 of 2024
45.	29-09-2024	Affidavit and Petition W.P.(MD)No.23821 of 2024
46.	14-10-2024	Order passed W.P.(MD)No.23821 of 2024

47.	04-08-2025	Order passed W.P.(MD)No.23249 of 2024
48.	05-08-2025	Order passed W.P.(MD)No. 13142 of 2023
49.	26-08-2025	Memo filed by the 2nd Respondent in CrI.M.P.No. 7/2024
50.	29-08-2025	Order passed in SLP (C)No.23957 of 2025

Additional typed set of papers filed by the Applicants, on 08.12.2025 in SA No. 763 of 2025

S.No.	Date	Documents
1.	28.11.2025	Notice issued by the advocate Commissioner along with Warrant.

3. On the other hand, the Counsel for the 1st & 2nd Defendants Bank appeared before this Tribunal and filed Vakalat, Reply Statement, Written Arguments, Counter, Typed set of papers and combined Typed set of papers in which they have submitted that

a) The Defendant Bank processed the loan request submitted by the Applicants and sanctioned various credit facilities, which are the subject matter of the present Securitisation Application. In this regard, the Defendant Bank issued a sanction letter dated 23.07.2019. The particulars of the loan facilities sanctioned to the Applicants are as follows:

Nature of Loan facility	Limit in Rs	Margin (%)	MCL Rate (%)	Loan rate of Interest (%)
SOD-Renewal	1,00,00,000/-	40	9.55	11.60
WCTL-Fresh	2,57,00,000/-	Nil	9.55	11.60
FITL-Fresh	29,81,000/-	Nil	9.55	11.60

b) It is further submitted that, for securing the aforesaid loan facilities, the Applicants executed the necessary loan documents, agreements,

and Memorandum of Deposit of Title Deeds (MODTD), and created security interests over the secured assets in favour of the Defendant Bank in accordance with the provisions of the SARFAESI Act. The Applicants accepted and agreed to abide by all the terms and conditions stipulated in the loan documents and other related agreements executed in respect of the said loan facilities.

Nature of Loan facility	Limit in Rs	Margin (%)	Loan rate of Interest (%)
WC TL-GECL	75,00,000/-	Nil	8.20

- c) It is further submitted that, for the said loan facility, the applicants executed various loan documents, agreements and MODTS, and created security as provided under the SARFAESI Act. The applicants agreed to all the terms and conditions of the said loan documents.of the loan facility.
- d) It is further submitted that, the applicants defaulted in repayment of the said loan facilities. Consequently, their loan accounts were classified as Non-Performing Assets on 26.12.2021.
- e) It is also submitted that, a demand notice dated 10.02.2022 under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) was issued to the applicants. The same was received by the applicants. Even thereafter, the applicants did not repay the outstanding loan amount along with interest.
- f) It is further submitted that, therefore, the statutory possession notice dated 04.05.2022 under the SARFAESI Act was also issued, and the same was delivered to the applicants and was also duly served by affixture at the schedule property/secured assets. Even

thereafter, the applicants did not repay the outstanding loan amount. The same was also duly published in vernacular newspapers as provided under the SARFAESI Act.

- g) It is further submitted that, the Bank issued an E-auction sale notice dated 17.06.2022 in respect of the schedule property. Challenging the said proceedings, the applicants filed W.P.(MD) No.16392 of 2022 before the Madurai Bench of the Madras High Court. The Hon'ble High Court disposed of the writ petition by a conditional order. but, the applicants failed to pay the five instalments as directed by the Hon'ble Madurai Bench of the Madras High Court.
- h) It is further submitted that, the Bank issued another E-auction sale notice dated 04.01.2023 in respect of the schedule properties, fixing the auction date as 31.01.2023 and
- i) the applicant filed the present S.A.No.30 of 2023 before this Tribunal, challenging the said E-auction sale notice dated 04.01.2023 and in this case, by an order dated 27.01.2023, this Hon'ble Debt Recovery Tribunal granted conditional order. but, the applicants failed to comply with the condition imposed by this Hon'ble Tribunal. However, the applicants preferred an appeal before the Debt Recovery Appellate Tribunal, Chennai, in AIR No. 95 of 2023 challenging the conditional order passed by this Hon'ble Tribunal.
- j) It is further submitted that, in the meantime, owing to the non-compliance with the conditional order passed by this Hon'ble Tribunal, one Subbiah, S/o. Lakshanan, residing at No. 21, Poongudi Vinayagar Kovil Street, Tenkasi, was declared the successful bidder in respect of one of the scheduled properties, namely Property No. 2, comprised in Survey No. 556B/4B measuring

an extent of 21 cents and Survey No. 556B/4C measuring an extent of 21 cents, situated at Melagaram Village, Tenkasi District. The said auction purchaser paid the entire bid amount. Consequently, a Sale Certificate dated 31.05.2023 was issued and registered as Document No. 2237 of 2023 before the Sub-Registrar (Joint-II), Tenkasi, in favour of the auction purchaser, Subbiah.

- k) It is further submitted that, In the said circumstances, the Hon'ble Debt Recovery Appellate Tribunal passed a conditional order dated 08.09.2023 in I.A. No. 189 of 2023 in A.I.R. No. 95 of 2023. The Hon'ble Debt Recovery Appellate Tribunal, Chennai, passed a final order dated 30.10.2023 in A.I.R. No. 95 of 2023.
- l) It is further submitted that, after the registration of the Sale Certificate, the applicants challenged the same by filing W.P.(MD) No. 13142 of 2023 before the Madurai Bench of the Madras High Court. The said writ petition is pending adjudication before the Hon'ble High Court.
- m) It is further submitted that, the Defendant Bank submits that it had taken various measures under the provisions of the SARFAESI Act, as stated above. Subsequently, the Bank issued an E-auction sale notice dated 31.01.2024 in respect of the remaining secured properties for the recovery of the outstanding amount of Rs.2,63,46,409.07/-. Challenging the said sale notice, the applicants submitted a One Time Settlement (OTS) proposal. By submitting the said OTS proposal, the applicants acknowledged their liability towards the Bank and also accepted the auction sale and the Sale Certificate issued in favour of the auction purchaser, Subbiah.
- n) Further, the Defendant Bank denies the averments contained in Paragraph Nos. 1 to 13 of Part V of the application. It is submitted

that the Bank had extended various loan facilities to the applicants from time to time in accordance with its policies and guidelines. The other loan accounts referred to by the applicants are separate accounts and do not form part of the subject matter of the present Securitisation Application. The Bank further submits that no action was initiated abruptly; rather, all measures were taken only after following the due process of law and in accordance with the provisions of the SARFAESI Act. Considering the impact of the COVID-19 pandemic and upon the applicants' request, the Bank sanctioned a WCTL loan facility for a sum of Rs.75,00,000/-. Therefore, the applicants cannot continue to rely upon the pandemic as a justification for their defaults. The applicants also failed to comply with the directions issued by the Hon'ble High Court, this Hon'ble Tribunal, and the Hon'ble Debt Recovery Appellate Tribunal. In view of the substantial outstanding dues, the Bank could not be compelled to release the secured properties, as it is duty-bound to safeguard public funds and protect its financial interests. Consequently, upon the applicants' failure to comply with the judicial orders, the secured assets were brought to auction and a Sale Certificate was duly issued in favour of the successful auction purchaser.

- o) The Defendant Bank further denies the averments contained in Grounds (a) to (p) of Part V of the application as false and untenable. The Bank submitted that it duly complied with the orders passed by the Hon'ble High Court and this Hon'ble Tribunal. As the applicants failed to comply with the conditional order dated 27.01.2023 passed by this Hon'ble Tribunal, the auction sale was confirmed in favour of the successful auction purchaser, Subbiah. The Bank further submits that the Hon'ble High Court, by order dated 02.01.2023, merely observed that any settlement proposal submitted by the applicants could be considered by the Bank, and no mandatory

direction was issued. The applicants failed to take note of this aspect and also failed to comply with the conditional orders subsequently passed, resulting in confirmation of the auction sale. The Bank acted strictly in accordance with law and followed the due process prescribed under the SARFAESI Act.

- p) The Bank further submitted that the loan accounts referred to in Grounds (c) to (f) are distinct and separate accounts, in respect of which independent proceedings were also initiated under the SARFAESI Act. It was only after such proceedings were initiated, the applicants came forward with proposals for repayment. The allegation regarding undervaluation is also denied. The Bank conducted the valuation process through the prescribed procedure and fixed the market value and upset price in accordance with the applicable rules. The contention regarding adjustment of amounts is equally untenable, as the applicants had defaulted in repayment of the loan facilities and the Bank adjusted the amounts towards the outstanding dues in accordance with law.
- q) The allegations contained in Grounds (i) to (l) are also denied. The Bank has at all times followed the due process of law in recovering the loan dues and has lawfully exercised its banking lien. The applicants' accounts were classified as Non-Performing Assets only upon default, and the subsequent measures, including the issuance of the sale notice, were undertaken strictly in compliance with the provisions of the SARFAESI Act and the rules framed thereunder. There was no illegality or procedural irregularity in the recovery proceedings. The allegations regarding excessive interest are also denied. The Bank charged and calculated interest strictly in accordance with the guidelines issued by the Reserve Bank of India and the terms agreed upon by the applicants. The Bank further submits that several opportunities were granted to the applicants to

regularise and repay the outstanding dues; however, despite such opportunities, the applicants failed and neglected to discharge their liabilities.

- r) It is further submitted that, the applicants have made false contentions before this Hon'ble Tribunal. As stated above, one of the properties was auctioned, and the sale proceeds were adjusted in the loan accounts. The applicants also proposed to pay the entire remaining outstanding amount, as stated in the E-auction sale notice dated 31.01.2024 (which was issued after adjustment of the above auction sale proceeds), by way of OTS. The said request is pending before the Defendant Bank. In view of the said request made by the applicants, they have accepted the impugned auction sale and the consequent Sale Certificate. Thus, nothing survives in the present S.A., and the same is liable to be dismissed.
- s) It is further submitted that, the Defendant deny the averments contained in Paragraph Nos. 1 to 17 of the application as false. Most of the allegations relate to Prakash Saw Mills, which is not the subject matter of this S.A. The petitioners had earlier filed S.A. No. 30 of 2023 challenging the E-auction Sale Notice dated 04.01.2023, for which this Hon'ble Tribunal granted a conditional order on 27.01.2023. As the petitioners failed to comply with the said condition, the interim protection stood vacated automatically and the 3rd respondent was declared the successful bidder in the auction. The allegations that the Bank furnished false information, acted in collusion, or committed any fraud are baseless and have been made only to sustain the present proceedings. The Bank had obtained a proper valuation report and conducted the auction in accordance with law, pursuant to which the schedule property was sold for Rs.2,31,00,000/-. The petitioners cannot compel the Bank to accept any One Time Settlement proposal, and no OTS was

sanctioned in their favour. The writ petition filed by the petitioners in W.P.(MD) No.11804 of 2023 was closed at the admission stage, and the 3rd respondent paid the entire sale consideration within the time prescribed under the SARFAESI Act. The petitioners have not challenged the Sale Certificate issued in favour of the 3rd respondent before this Tribunal. Subsequently, upon payment of the balance dues by the petitioners, after adjustment of the sale proceeds, discharge deeds were executed in respect of the unsold properties. Since the subject property had already been sold to the 3rd respondent, the Bank initiated proceedings under Section 14 of the SARFAESI Act by filing CrI.M.P. No.7397 of 2022 before the Chief Judicial Magistrate, Tirunelveli, which was later transferred to the Chief Judicial Magistrate, Tenkasi, as CrI.M.P. No.7 of 2024. Though the Advocate Commissioner initially issued notices relating to both sold and unsold properties without instructions from the Bank, the Bank subsequently clarified through its letter dated 19.09.2025 that possession should be taken only in respect of the sold property. The allegation that the Hon'ble High Court granted any stay on the ground of fraud is wholly false. The Bank is only seeking to deliver possession of the sold property to the auction purchaser, has complied with the orders of the Hon'ble Supreme Court in S.L.P. (Civil) No.23957 of 2025, and has throughout acted in accordance with the due process of law.

- t) It is further submitted that, the Petitioners sought to compel the Bank to accept their OTS proposal in respect of the property purchased by Subbiah, the 3rd Respondent herein. Since there was a substantial outstanding amount, the Respondent Bank was unable to consider the said OTS request. In the meantime, the Petitioners filed W.P.(MD) No. 23281 of 2024 before the Hon'ble Madurai Bench of the Madras High Court seeking execution of a discharge receipt in

respect of the properties mortgaged with the Bank. The Hon'ble High Court, by order dated 14.10.2024, passed the following order:

2. The amount due as on 04.10.2024 is Rs.20,49,087/-. The learned counsel for the petitioner has produced two demand drafts, one dated 04.10.2024 for Rs.13,00,000/- and another dated 14.10.2024 for Rs.7,50,000/-, totalling Rs.20,50,000/-. The demand drafts were handed over to the counsel for the Bank. The entire debt stands discharged as of today. Hence, the Bank is directed to return the original documents in its possession in respect of the unsold properties only, as well as discharge the Memorandum of Deposit of Title Deeds by way of a registered instrument within a week from today. This is without prejudice to the contentions of the parties before the Consumer Forum as well as the S.A. pending before the Debts Recovery Tribunal."

u) It is further submitted that, the Petitioners paid the entire remaining outstanding amount after adjustment of the auction sale proceeds received from the 3rd Respondent. After registration of the Sale Certificate in favour of the 3rd Respondent, the Petitioners challenged the same by filing W.P.(MD) No. 13142 of 2023 before the Madurai Bench of the Madras High Court, which came to be dismissed on 05.08.2025. The 1st Respondent Bank had earlier filed Crl.M.P. No. 7397 of 2022 before the Chief Judicial Magistrate, Tirunelveli, on 07.06.2022. Upon the bifurcation of Tenkasi District, the said proceedings were transferred to the file of the Chief Judicial Magistrate, Tenkasi, and renumbered as Crl.M.P. No. 7 of 2024. The learned Chief Judicial Magistrate, Tenkasi, appointed an Advocate Commissioner on 23.09.2024. Challenging the said order, the Petitioners filed W.P.(MD) No. 23249 of 2024 before the Madurai Bench of the Madras High Court, which was dismissed on 04.08.2025. Aggrieved by the said order, the Petitioners preferred S.L.P. (Civil) No. 23957 of 2025 before the Hon'ble Supreme Court. The Hon'ble Supreme Court granted time to the Petitioners and directed them to approach this Hon'ble Tribunal. The Bank complied with the directions of the Hon'ble Supreme Court by granting the time so ordered, and thereafter physical possession was taken in accordance with law.

- v) It is further submitted that, the Applicants have contended in the SAs that they have discharged the liabilities pertaining to certain other loan accounts belonging to their sister concerns, namely M/s. S.P.S. Timbers and Prakash Saw Mill & Wood Industries. The said contention is wholly irrelevant to the present SAs. Merely because the Applicants have repaid one or more loan facilities, they cannot evade or avoid repayment of the outstanding dues arising under the loan facilities that are the subject matter of the present SAs. Each loan transaction gives rise to an independent and enforceable obligation, and repayment of one loan does not absolve the Applicants of their liability under any other loan facility.
- w) It is further submitted that, in respect of the schedule-mentioned property, one Premkumar filed O.S. No. 246 of 2019 on the file of the learned District Judge, Tirunelveli, and obtained an order of attachment before judgment.
- x) In view of the attachment entry reflected in the Encumbrance Certificate, the Defendant Bank filed W.P. (MD) No. 19629 of 2023 before the Hon'ble Madurai Bench of the Madras High Court seeking removal of the said attachment entry by invoking the priority conferred upon secured creditors under Section 26E of the SARFAESI Act.
- y) By order dated 19.09.2024, the Hon'ble High Court held that the said attachment would not affect or override the rights of the secured creditor under the SARFAESI Act and that the SARFAESI proceedings would prevail notwithstanding the said attachment. The said order has been filed as Document No. 20 in the Combined Typed Set dated 04.06.2026.

- z) The filing of the aforesaid writ petition and the steps taken thereunder demonstrate the bona fide efforts made by the Defendant Bank to remove all legal impediments and recover the legally enforceable debt in accordance with law.

Typed set filed by the Defendant Bank on 23.09.2025

S.No.	Date	Particulars
1.	09.11.2022	Order in W.P(MD) No. 16392 of 2022 registered on the file of the Hon'ble High Court of Madras Madurai Bench
2.	27.01.2023	Order in SA No 30 of 2023 passed by this Hon'ble Tribunal
3.	08.09.2023	Order in IA No.189 of 2023 in AIR no.95 of 2023 passed by the DRAT
4.	30.10.2023	Order in AIR No.95 of 2023 passed by the DRAT
5.	19.09.2024	Order in W.P(MD) No. 19629 of 2023 passed by the Hon'ble High Court of Madras Madurai Bench
6.	14.10.2024	Order in W.P(MD) No. 23821 of 2024 passed by the Hon'ble High Court of Madras Madurai Bench
7.	04.08.2025	Order in W.P(MD) No. 23249 of 2024 passed by the Hon'ble High Court of Madras Madurai Bench
8.	05.08.2025	Order in W.P(MD) No. 13142 of 2023 passed by the Hon'ble High Court of Madras Madurai Bench

Combined common Typed set filed by the Defendant Bank on 04.06.2026

S.No.	Date	Particulars
1.	24.04.2021	Valuation Report
2.	10.02.2022	Demand Notice issued by the Respondent Bank under SARFAESI Act
3.	04.05.2022	Possession Notice issued by the Respondent Bank under SARFAESI Act
4.	07.05.2022	Possession Notice published in The Hindu Newspaper (Tamil) - Tirunelveli
5.	07.05.2022	Possession Notice published in The Hindu Newspaper (English) - Tirunelveli
6.	07.05.2022	Possession Notice Affixture
7.	17.06.2022	1 st e-Auction Sale Notice issued by the Respondent Bank
8.	13.09.2022	Valuation Report
9.	13.09.2022	Valuation Report

10.	09.11.2022	Order in W.P(MD) No. 16392 of 2022 passed by the Hon'ble High Court of Madras Madurai Bench
11.	04.01.2023	2 nd e-Auction Sale Notice issued by the Respondent Bank
12.	04.01.2023	Sale Notice affixture in the subject property
13.	07.01.2023	2 nd Sale Notice published in The Hindu Newspaper (Tamil) - Tirunelveli
14.	07.01.2023	2 nd Sale Notice published in The Hindu Newspaper (English) - Tirunelveli
15.	27.01.2023	Order in SA No 30 of 2023 passed by this Hon'ble Tribunal
16.	07.02.2023	Time extension request letter given by the Auction Purchaser
17.	09.02.2023	Time Extension granted communication of the Defendant Bank
18.	31.05.2023	Sale Certificate issued by the Defendant Bank
19.	19.09.2024	Order in W.P(MD) No. 19629 of 2023 passed by the Hon'ble High Court of Madras Madurai Bench
20.	23.09.2024	Order in Crl.M.P.No. 07 of 2024 passed by the learned Chief Judicial Magistrate, Tenkasi
21.	14.10.2024	Order in W.P(MD) No. 23821 of 2024 passed by the Hon'ble High Court of Madras Madurai Bench
22.	04.08.2025	Order in W.P(MD) No. 23249 of 2024 passed by the Hon'ble High Court of Madras Madurai Bench
23.	05.08.2025	Order in W.P(MD) No. 13142 of 2023 passed by the Hon'ble High Court of Madras Madurai Bench

4. The 4th Defendant/Auction Purchaser also appeared before this Tribunal and filed Vakalat, Reply Statement, Typed Set in which he submitted that the above Securitisation Application was filed with a prayer to set aside the impugned sale notice dated 04.01.2023 issued by the Defendant Bank. Subsequently, the said prayer was amended by the applicants by including an additional prayer to set aside the sale and the Sale Certificate issued in favour of the 3rd Defendant on 21.04.2023 in respect of Property No. 2 of the schedule property, along with other consequential reliefs.

- a) It is submitted that, he denies all the averments contained in the above Securitisation Application except those specifically admitted herein. He came to know, through the website of the 1st Defendant Bank, about the public auction of Property No. 2 of the schedule

property mentioned in S.A. No. 30 of 2023, measuring an extent of 42 cents comprised in Survey No. 556B/4, situated at Melagaram Village, Tenkasi District. The 1st Defendant Bank had issued a sale notice dated 04.01.2023 for the auction of the schedule properties, fixing the auction on 31.01.2023.

- b) It is further submitted that, he participated in the public auction conducted by the 1st Defendant Bank and emerged as the highest and successful bidder for Property No. 2 of the schedule property, measuring an extent of 42 cents comprised in Sub-Division Survey Nos. 556B/4B and 556B/4C, situated at Melagaram Village, Tenkasi District, for a bid amount of Rs.2,31,00,000/- (Rupees Two Crores and Thirty-One Lakhs only). Pursuant to the auction, the 3rd Defendant paid the entire sale consideration of Rs.2,31,00,000/-. Consequently, the 1st Defendant Bank issued a Sale Certificate dated 21.04.2023 in favour of the 4th Defendant.
- c) It is further submitted that, in pursuant to the said sale, the Sale Certificate dated 21.04.2023 was registered in his favour in respect of Property No. 2 of the schedule property, measuring an extent of 42 cents comprised in Sub-Division Survey Nos. 556B/4B and 556B/4C, situated at Melagaram Village, Tenkasi District, as Document No. 2237 of 2023 on the file of the Joint-II Sub-Registrar Office, Tenkasi.
- d) It is also submitted that, for taking physical possession of the S.A. schedule-mentioned properties, the 1st Defendant Bank filed an application under Section 14 of the SARFAESI Act before the learned Chief Judicial Magistrate, Tenkasi District. The learned Chief Judicial Magistrate, Tenkasi District, passed an order dated 23.09.2024 in CrI.M.P. No. 7 of 2024. However, the 1st Defendant Bank did not take immediate steps to implement or execute the said

order dated 23.09.2024. The Applicants challenged the said order by filing S.A. No. 763 of 2025 before this Hon'ble Tribunal and also filed I.A. No. 3815 of 2025 seeking interim stay.

- e) It is further submitted that, this Hon'ble Tribunal dismissed the stay petition in I.A. No. 3815 of 2025 by order dated 11.12.2025.
- f) It is further submitted that, he is a bona fide auction purchaser for valuable consideration and that his rights are protected under law. The 4th Defendant invested a substantial amount for the purchase of the S.A. schedule-mentioned property. Prior to the purchase, the 4th Defendant availed a loan of Rs.2,00,00,000/- (Rupees Two Crores only) from HDFC Bank Ltd., Tenkasi Branch, by mortgaging his family properties. Therefore, the applicants cannot question the validity of the sale effected in favour of the 3rd Defendant in respect of the said property. The 3rd Defendant further submits that the amended prayer sought in the S.A. is barred by limitation.
- g) It is further submitted that, the Hon'ble Supreme Court of India, in the case of **M. Rajendran & Others vs. M/s. KPK Oils and Proteins India Pvt. Ltd. & Others** in Civil Appeal Nos. 12174 and 12175 of 2025, has held as follows:

“VI. FINAL CONCLUSION

194. During the course of hearing, it was brought to our notice that third-party rights were being attempted to be created over the secured asset by the borrower, to the prejudice and detriment of the auction purchaser herein, in order to bypass the sanctity of the auction conducted and in blatant disregard of the dignity of the proceedings before this Court.

195. We make it abundantly clear that if any third-party rights have been created over the said secured asset, the same would be non est in view of this judgment. If at all we come to learn about any obstruction or resistance in handing over possession of the secured asset to the auction purchaser herein, either at the behest of the borrower or anyone else, we will proceed to take the strictest action against such person.”

Hence, it is prayed that this Hon'ble Tribunal may be pleased to dismiss the above SARFAESI Application with cost and thus render justice.

Typed Set Filed by the 3rd Defendant on 04.06.2026 in

SA No. 30 of 2023

S.No	DATE	DESCRIPTION
01.	07.02.2023	Request Letter given by the 3 rd Defendant to the Authorized Officer of the Defendant Bank
02.	09.02.2023	Extension Reply Letter given by the Authorized Officer of the Defendant Bank to the 3 rd Defendant

Typed Set Filed by the 3rd Defendant on 15.10.2025 in

SA No. 763 of 2025

S.No	DATE	DESCRIPTION
01.	31.03.2023	MOD executed by the 3 rd Defendant and his wife in favour of HDFC Bank Ltd., Tenkasi Branch for a loan value of Rs.2 crores.
02.	31.05.2023	Sale Certificate registered in favour of the 3 rd Defendant vide Doc No. 2237/2023

5. On the basis of the above pleadings, now the points which arise for consideration are:-

- i) Whether the Applicants are entitled to get the reliefs as prayed for?
- ii) Whether the Applicants have been able to prove their case in their favour?

6. Having heard the parties, perused the entire records available on file, and after considering the submissions made by the learned counsel appearing on either side, I find that, it is admitted fact that, the Applicants had availed various credit facilities from the 1st Defendant Bank by mortgaging the schedule-mentioned properties. It is not in dispute that the Applicants were initially regular in servicing the loan accounts in accordance with the agreed terms. The Applicants themselves have admitted in their pleadings that, owing to increased competition in the timber business, restrictions on the transportation of timber, and the

impact of the COVID-19 pandemic, they were unable to repay the loan dues. Consequently, the 1st Defendant Bank classified the loan account as a Non-Performing Asset (NPA) on 26.12.2021 and initiated measures under the SARFAESI Act. In the facts and circumstances of the case, this Tribunal does not find any illegality in the classification of the loan account as NPA. However, it is observed that neither the Applicants nor the 1st Defendant Bank has produced the statement of accounts relating to the loan facilities before this Tribunal.

7. Thereafter, the Defendant Bank issued a Demand Notice dated 10.02.2022 under Section 13(2) of the SARFAESI Act to the borrowers, demanding a sum of Rs.4,11,61,625.28/- (**Rupees Four Crores Eleven Lakhs Sixty-One Thousand Six Hundred Twenty-Five and Twenty-Eight Paise only**) as on 31.01.2022. The said notice was sent by Registered Post with Acknowledgement Due. I perused the documents produced by the Defendant Bank. The Bank has filed the original Demand Notice along with the postal acknowledgement cards as proof of service upon the Applicants, which are found at pages 01 to 09 of the common typed set of papers filed by the Bank. One of the acknowledgement cards pertaining to Mrs. S. Mallika, the 3rd Applicant, indicates that the notice was received and acknowledged by the 2nd Applicant, who is her husband. It is further seen that the Applicants have neither submitted any representation nor raised any objection in response to the Demand Notice under Section 13(3-A) of the SARFAESI Act. Thus, I find that the Defendant Bank has strictly followed the procedures under the SARFAESI Act while issuing the Demand Notice to the Applicants.

8. Thereafter, the Defendant Bank issued Possession Notice and has filed the original copy of the Possession Notice dated 04.05.2022 issued under Section 13(4) of the SARFAESI Act, demanding a sum of Rs.4,23,68,185.03/- (**Rupees Four Crore Twenty-Three Lakhs Sixty-Eight Thousand One Hundred and Eighty-Five and Three Paise only**),

along with acknowledgment (AD) cards as proof of service upon the Applicants, which are annexed at pages 10 to 18 of the common typed set filed by the Bank. It is further observed that the Bank has not produced the AD card in respect of one of the borrowers, namely Mrs. Shanmugathaiammal, and the AD cards in respect of the other borrowers appear to have been signed by some other person. I also find that the Bank has produced the original copies of the paper publications of the Possession Notice in two newspapers, one in English and another in Tamil, which are annexed at pages 27 to 28 of the common typed set filed by the Bank. Further, the Bank has filed original photographs at pages 19 to 26 of the common typed set as evidence of affixture of the Possession Notice on a conspicuous part of the property. However, no details regarding the date and place of affixture are visible. It is admitted by the Applicants in their pleadings that the Possession Notice was issued, and the Applicants have also produced the said Possession Notice. Hence, this Tribunal finds that the Defendant Bank has followed the procedures under the SARFAESI Act while issuing the Possession Notice to the Applicants.

9. Thereafter, the Defendant Bank issued the first Sale Notice dated 17.06.2022 for a sum of Rs.4,28,47,230.41 (**Rupees Four Crore Twenty Eight Lakhs Forty-Seven Thousand Two Hundred Thirty and Forty One Paise only**) to the borrowers, fixing the sale of the secured properties on 27.07.2022. I also find that the Defendant Bank has filed the Xerox copy of the Sale Notice dated 17.06.2022 which is annexed at pages 44 to 52 of the combined common typed set filed by the Bank. It is further observed that the Bank has not produced the AD cards, paper publications and affixture of the Sale Notice on a conspicuous part of the property. However, It is admitted by the Applicants in their pleadings that the Sale Notice was issued, and the Applicants have also produced the said Sale Notice.

10. Thereafter, the borrowers filed W.P.(MD) No. 16392 of 2022 and W.M.P.(MD) No. 11843 of 2022 before the Hon'ble High Court of Madras (Madurai Bench) on 26.07.2022 against the Sale Notice dated 17.06.2022, wherein orders were passed directing the borrowers to comply with the conditional order. I find that the borrowers complied with the conditional order of the Hon'ble High Court and paid the required amount to establish their bona fides, which was recorded by the Hon'ble High Court on 16.08.2022. Thereafter, by final order dated 09.11.2022, the Hon'ble High Court recorded that the borrowers were ready to pay the entire outstanding amount as on that date in six consecutive equal monthly instalments. However, I find that the Applicants failed to comply with the said order of the Hon'ble High Court due to loss of business on account of the COVID-19 pandemic and frequent lockdowns, resulting in delay in compliance with the said directions. Subsequently, a representation dated 10.12.2022 was submitted to the Defendant Bank seeking the statement of accounts and issuance of NOC for sale of the property. The Defendant Bank, by reply dated 17.12.2022, stated that the conditional order had not been complied with and that, in the event of settlement of the loan account, NOC would be issued in consultation with its Central Office at Karur. Thereafter, the borrowers filed W.P.(MD) No. 29088 of 2022 and W.M.P. Nos. 23091 and 23092 of 2022 before the Hon'ble High Court of Madras (Madurai Bench) on 02.01.2023 against the Defendant Bank's reply notice dated 17.12.2022, wherein it was observed that the petitioners may approach the respondent Bank along with the intending purchaser and that the respondent Bank shall consider the same in accordance with law, and the writ petition was disposed of accordingly.

11. The Defendant Bank thereafter issued the impugned second Sale Notice dated 04.01.2023 for a sum of Rs.4,43,44,556.89/- (**Rupees Four Crore Forty-Three Lakhs Forty-Four Thousand Five Hundred Fifty-Six and Eighty-Nine Paise only**) and proceeded to sell the impugned property in favour of the 4th Defendant on 31.01.2023. I also find that the

Defendant Bank has filed the original copy of the Sale Notice dated 04.01.2023 along with acknowledgment (AD) cards as proof of service upon the Applicants, which are annexed at pages 29 to 42 of the common typed set filed by the Bank. It is further observed that the Bank has not produced the AD card in respect of one of the borrowers, namely M/s. Dhanalakshmi Timber, and the AD cards in respect of the other borrowers appear to have been signed by Mrs. Shanmugathiammal (4th Applicant). I also find that the Bank has produced the original copies of the paper publications of the Sale Notice in two newspapers, one in English and another in Tamil, which are annexed at pages 45 to 48 of the common typed set filed by the Bank. Further, the Bank has filed original photographs at pages 43 to 44 of the common typed set as evidence of affixture of the Sale Notice on a conspicuous part of the property. However, no details regarding the date and place of affixture are visible. It is admitted by the Applicants in their pleadings that the Sale Notice was issued, and the Applicants have also produced the said Sale Notice. Hence, this Tribunal finds that the Defendant Bank has followed the procedures under the SARFAESI Act while issuing the Sale Notice to the Applicants. However, in the proceedings before this Hon'ble Tribunal, the borrowers were directed, vide order dated 27.01.2023, to comply with the conditional order by paying Rs.2,00,00,000/- **(Rupees Two Crores only)** in two instalments. Meanwhile, the Defendant Bank issued the Sale Certificate in favour of the 4th Defendant, namely Mr. K.N.L. Subbaiah. The Defendant Bank, in its letter dated 24.04.2023, informed that the property was sold to the highest bidder for Rs.231.00 lakhs and that the Sale Certificate had been issued. However, in the reply dated 28.04.2023, the Applicants stated that they were informed that there was no bidder and that the auction did not materialize.

12. The Applicants have also preferred an appeal against the order dated 27.01.2023 before the DRAT, Chennai. I find that the DRAT, by order dated 30.10.2023 in AIR No. 95 of 2023, rejected the appeal for non-compliance

with the conditional orders dated 08.09.2023 and 25.09.2023. Thereafter, the borrowers filed W.P.(MD) No. 11804 of 2023 before the Hon'ble High Court of Madras (Madurai Bench) on 10.05.2023 challenging the Sale Certificate dated 21.04.2023, which was disposed of.

13. It is further noted that, as per proceedings dated 03.10.2023, the Applicants' counsel sought extension of time for payment of instalments. However, the Tribunal's conditional order was not complied with by the Applicants. On the other hand, the Defendant Bank stated in its submission dated 02.01.2024 that the sale was not held for want of bidders, whereas it is also recorded that the Sale Certificate was issued in favour of the 4th Defendant on 21.04.2023, which creates an ambiguity regarding the stand of the Bank as to the genuineness and sequence of events.

14. Thereafter, the Applicants approached the Hon'ble High Court on 10.05.2023 in W.P.(MD) No. 11804 of 2023, seeking a direction to the Respondent to furnish a copy of the Sale Certificate issued on 21.04.2023 pursuant to the sale held on 31.01.2023. The Defendant's counsel furnished a copy of the Sale Certificate to the counsel for the Petitioners, and the writ petition was disposed of. On the other hand, the Defendant sent a reply letter dated 10.05.2023 (the same day), wherein there was no whisper regarding the Sale Certificate in response to the Applicants' letter dated 28.04.2023.

15. Thereafter, the Defendant Bank again issued the Sale Notice dated 31.01.2024, demanding a sum of Rs.2,63,46,409.07 (**Rupees Two Crore Sixty-Three Lakh Forty-Six Thousand Four Hundred and Nine and Seven Paise only**). Subsequently, the Applicants sent an email dated 22.02.2024 regarding a One-Time Settlement proposal for Rs.2.50 crores, a representation letter dated 07.03.2024, and a legal notice dated 10.04.2024 for the return of the original documents. On the other hand, a

reply notice dated 20.04.2024 was issued to the Applicants, calling upon them to hand over physical possession of Property No. 2, which had been sold to the Auction Purchaser/4th Defendant. Again, the Applicants made a representation to the Defendant vide letter dated 23.04.2024, and a reply was given by the Defendant on the same day, i.e., 23.04.2024, calling upon the Applicants not to make any false allegations and to hand over peaceful possession of the Kutralam property to the Bank/Auction Purchaser. The rejoinder notice dated 20.05.2024 was sent to the Defendant Bank's counsel seeking the handover of the property documents. Later, the Applicants filed a complaint in C.C. No. 181 of 2024 before the District Consumer Disputes Redressal Forum, Tirunelveli.

16. Following the same, the Applicants filed a writ petition in W.P.(MD) No. 23821 of 2024. On 14.10.2024, the Hon'ble High Court recorded that the petitioners had produced two Demand Drafts totalling Rs.20,50,000/- **(Rupees Twenty Lakh Fifty Thousand only)** which were handed over to the Bank's counsel. The Hon'ble High Court further observed that the entire debt stood discharged as on that date and, accordingly, directed the Bank to return the original documents in its possession relating to the unsold properties and to discharge the MOD by way of a registered instrument within one week from the date of the order.

17. In the meantime, the Defendant Bank obtained the impugned order dated 23.09.2024 passed by the 3rd Defendant in Cr.M.P. No. 07/2024 for taking physical possession of the secured asset. However, the Applicants received the Advocate Commissioner's notice on 28.11.2025 for taking physical possession on 12.12.2025. Challenging the same, the Applicant filed this SARFAESI Application. I also perused the order of the Ld. CJM dated 28.11.2022 in CrI.M.P. No. 07/2024 and the Advocate Commissioner's notice dated 28.11.2025 but, I do not find any irregularities in passing the said orders. So, I find that the Defendant Bank

has fully complied with the provisions mentioned under Section 14 of the SARFAESI Act.

18. The Applicants further contended that, after the sale, the balance 75% of the sale consideration was not paid within 15 days from the date of confirmation of sale. However, I find that the 4th Defendant had requested the Defendant Bank for an extension of time vide letter dated 07.02.2023, and the Bank had sent a proper reply to the auction purchaser vide letter dated 09.02.2023. Copies of the said letters are annexed at pages 93 to 96 of the Bank's Combined Common Typed Set. Hence, I do not find any irregularity in this regard, and it is evident that the parties subsequently complied with Rule 9(4) of the SARFAESI Rules, 2002.

19. On scrutiny of the Valuation Reports dated 24.04.2021 and 13.09.2022 (pages 01 to 15 and 53 to 54 of the Defendant Bank's combined common typed set of papers) filed by the Defendant Bank, the following observations are brought on record:

Valuation Report dated 24.04.2021

- i) Guideline Value of the property – Rs.94,71,100/-
- ii) Market Value of the property – Rs.1,93,62,700/-

Valuation Report dated 13.09.2022

- i) Guideline Value of the property – Rs.1,37,41,566/-
- ii) Market Value of the property – Rs.1,96,87,506/-

The Valuation Report dated 09.05.2022, filed by the Applicants in the Additional Typed Set at pages 1 to 7, shows the following:

- i) Present Market Value of the property – Rs.5,56,50,000/-

From the above valuation reports, it is evident that there has been a substantial reduction in the valuation of the property during the relevant period, as the market value has significantly declined from Rs.5,56,50,000/- (**Rupees Five Crore Fifty-Six Lakh Fifty Thousand only**) in 2022 to Rs.1,96,87,506/- (**Rupees One Crore Ninety-Six Lakh Eighty-Seven Thousand Five Hundred and Six only**) in 2022. Ordinarily, the value of landed property tends to appreciate over time; however, the valuation reports filed by the Bank indicate a drastic reduction in value. Further, I find that although the Valuation Report has been filed by the Bank, there is nothing on record to show that it was prepared in consultation with the secured creditor, as the report does not bear the signature of the secured creditor. Further, the date of inspection has not been mentioned in the Valuation Report dated 13.09.2022, and no supporting document has been filed to substantiate the same. Therefore, the said Valuation Report cannot be considered reliable and raises serious doubts regarding its authenticity. These irregularities in the Valuation Reports filed by the Defendant Bank indicate non-compliance with the prescribed procedure and demonstrate that the Bank has failed to establish strict adherence to Rule 8(5) of the Security Interest (Enforcement) Rules, 2002, which clearly provides as follows:

"(5) Before effecting sale of the immovable property referred to in sub-rule (1) of rule 9, the authorized officer **shall obtain valuation** of the property from an approved valuer and **in consultation with the secured creditor**, fix the reserve price of the property and may sell the whole or any part of such immovable secured asset by any of the methods provided therein".

20. The contention of the 4th Defendant/Auction Purchaser that he is a bona fide purchaser for valuable consideration has also been considered by this Tribunal. It is found that the sale procedure, as such, has been conducted in accordance with the prescribed procedure under the SARFAESI Act and the Rules framed thereunder. However, the defects and irregularities noticed in the valuation reports raise serious concerns

regarding the determination of the reserve price and compliance with Rule 8(5) of the Security Interest (Enforcement) Rules, 2002. Therefore, while no material irregularity is found in the conduct of the auction sale itself, the deficiencies in the valuation process cannot be overlooked and require due consideration. Moreover, in the Sale Notice, the terms and conditions of the sale have not been provided; only a link has been given, making it difficult to verify whether the terms and conditions of the sale were complied with by the auction purchaser.

21. The Applicants have no doubt being defaulters are liable to pay the loan amount to the Defendant Bank and the Bank has been given ample power to recover the outstanding loan amount from the borrowers by invoking the SARFAESI Act and without the intervention of any Court. But it shall not allow the Bank to take the possession & to sell of the property of the Applicants without following the due process of law strictly.

In view of the above discussion, I find that though the Bank has proceeded under the SARFAESI Act and rules for recovery of money from the Applicants but they have not followed the procedure as mentioned in the SARFAESI Act & Rules strictly and failed to rebut the allegations made by the Applicants successfully. Therefore, this Tribunal holds that the Applicants are entitled to get the reliefs as prayed for in **SA No. 30/2023 & SA No. 763/2025**.

In the result,

- (a) S.A. No. 30 of 2023 is allowed. Consequently, the Sale Notice dated 04.01.2023 and the Sale Certificate dated 21.04.2023 are hereby set aside.
- (b) Registered Sale Certificate Document No. 2237 of 2023 dated 31.05.2023 is also hereby set aside by this Tribunal.

- (c) The Defendant Bank is directed to refund the entire sale consideration amount paid by the Auction purchaser along with 4% of interest to the Auction purchaser from the date of deposit of money till the refund within one month from the date of receipt of copy of the Order.
- (d) The Applicants shall make the payment of the amount incurred by the Auction Purchaser towards the Stamp duty and Registration charges within one month from the date of receipt of copy of the Order.
- (e) The Applicants are also directed to pay the interest at the rate of 4% of the sale price to the Defendant Bank from the date of payment of Sale price by the Auction Purchaser till the date of refund to the Auction Purchaser by the Bank within one month from the date of receipt of copy of the Order.
- (f) SA No.763/2025 is also allowed. The Impugned Order passed by the Ld. Chief Judicial Magistrate, Tenkasi District in Cr.MP.No. 07 of 2024 dated 23.09.2024 is also hereby set aside.
- (g) All the expenditures incurred in issuance of Impugned Order passed by the Ld. Chief Judicial Magistrate, Tenkasi District in Cr.MP.No. 07 of 2024 dated 23.09.2024 and further all the expenditures incurred in respect of All Sale Notices & Registered Sale Certificate dated 31.05.2023 shall not be included in the loan account of the Applicants.
- (h) The Defendant Bank is at liberty to initiate fresh action against the Applicants for recovery of loan amount following strictly the SARFAESI Acts & Rules.

- (i) The Registry is directed to communicate this order to the Tenkasi Sub-Registrar Office for cancellation of the registration of the Sale Certificate dated 21.04.2023, registered as Document No. 2237 of 2023 on 31.05.2023.

Consequently, all pending IAs (if any) are also disposed of. No costs.

Dictated to LDC (KK), taken down, transcribed, typed by him, corrected and pronounced by me, in the Open Court in this the 19th June 2026.

Sd/-
(SEEMA SINHA)
PRESIDING OFFICER