08.07.2026

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Securitisation Application No.659 of 2025 stands dismissed vide separate order.

Presiding Officer

IN THE DEBTS RECOVERY TRIBUNAL - 1, KARNATAKA
AT BENGALURU

PRESENT: SRI IMTIAZ ALI
PRESIDING OFFICER

Dated the 8th day of July, 2026

SECURITISATION APPLICATION NO.659 OF 2025

Between

Vijaya Kumar R,
S/o Ranganath V,
Aged about 64 years,
No.140, Sai Prashanth Layout,
Near Spoorthy College,
Chandapura Anekal Road,
Bangalore-560099. .... Applicant

And

1. Canara Bank,
Rep by the Authorised Officer/Chief Manager,
HSR Layout Branch, No.1083,
Ground Floor, Sector 3, HSR Layout,
Bengaluru-560102.

2. Prabhakar R
S/o Ranganath V,
Aged about 56 years,
Yashoranga Nilayam,
#2, 4th A Cross 31st Main,
Tank Shore Road, BTM Stage-II,
Bangalore-560076.

3. Brihadeeshwaram,
S/o Prabhakar R,
Aged about 25 years,
Yashoranga Nilayam,
#2, 4th A Cross 31st Main,
Tank Shore Road, BTM Stage-II,
Bangalore-560076.

4. Anil Kumar,
S/o Krishna Deo Chaudhary,
6H/24, Bhootnath Road P O,
Bahadurpur Housing Colony,
Sampatchak, Sampatchak,
B H Colony, Patna,
Bihar-800026.

5. Chaudhary Amaresh Kumar,
S/o Khagendra Chaudhary,
61, Pushp Cottage,
Meghpar (Borichi), Anjar,
Kach, Gujarat-370110.

6. Sudheer Kumar Jha,
S/o Babu Naravan Jha,
Grambenipur, Benipur,
Darbhanga,
Bihar-847103.

7. Kumar Venkatesh,
S/o Arun Kumar,
Jhandapur House, Chakkar Chowk,
Ras Ulpur Zilani,
Muzaffarpur, Musahri,
Bihar-842001. .... Defendants

This Securitisation Application having been heard on 12.02.2026 in the presence of Advocates M/s M Mohamed Ibrahim and Ehtesham Ibrahim for the applicant, and Advocate Sri Ranjan Kelkar for the 1st defendant, and Advocate M/s Praveen Kumar G S and Akshara Hegde for the 5th to 7th defendants, and stood over to this day for consideration, the Tribunal delivered the following: -

FINAL ORDER

The applicant filed the above Securitisation Application (SA) on 29.12.2025 under S.17(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended from time to time – hereinafter referred to as 'the Act' – praying to set aside the sale notice dated 27.11.2025 issued under S.13(4) of the Act r/w R.8(6) of the Security Interest (Enforcement) Rule,2002 by the authorised officer of the defendant bank proposing the sale of the schedule immovable property on 30.12.2025 as against the reserve price of ₹17.38crores. The applicant is the guarantor of a financial assistance availed by the 2nd and 3rd defendant from the 1st defendant bank.

2. The case set out by the applicant in the SA in brief is as follows: - The 1st defendant bank sanctioned two mortgage loans of ₹108 lakh and ₹175 lakh in the year

2018 to M/s V R Automats, represented by its proprietor 2nd defendant and an education loan of ₹1 crore to the 3rd defendant in the year 2019. Applicant is a guarantor. The applicant was not fully aware of the loans borrowed by 2nd and 3rd defendants. Out of good faith and affection towards his brother, the applicant mortgaged the schedule property. The loans were fully enjoyed by the 2nd and 3rd defendant. However, 2nd and 3rd defendant defaulted in repayment of the loans. The 1st defendant bank has classified the loan accounts as NPA not in accordance with the RBI circular. The 1st defendant bank has failed to issue a proper demand notice under S.13(2) and proceeded to take measures under S.13(4) without serving possession notice to the applicant and other borrowers/guarantors. The 1st defendant bank has failed to comply with statutory obligations regarding issuance, service, affixing and publication of the sale notice and other notices. The impugned sale notice dated 28.11.2025 is not in the format prescribed under the Act and Rules. The 1st defendant bank has failed to follow mandatory procedures. The 1st defendant bank has undervalued the property and attempting to sell in haste without serving any notice to the applicant. The 1st defendant bank has violated provisions in affixing and publication of the sale notice. The reserve price fixed at ₹17.38 crore is grossly undervalued whereas the fair market value of the schedule property is estimated at more than ₹32 crores. The undervaluation of property and hurried sale indicates malafide intention to benefit a pre-identified buyer. The applicant being only a guarantor and he is suffering disproportionate hardship while the principal borrowers are financially sound. On the above grounds, the applicant prayed for setting aside the sale notice dated 27.11.2025.

3. The 1st defendant filed a statement of objection refuting the prayer and contending as follows: - The applicant is a guarantor to the loan availed by the 2nd defendant and executed guarantee agreement and mortgaged the schedule immovable property in favour of the defendant bank. However, there was no satisfactory transactions

in the loan account. Hence the account was classified as non-performing asset on 05.08.2025 and initiated recovery proceedings as per the Act. Thereafter, the authorised officer of the defendant bank issued a demand notice dated 14.08.2025 under S.13(2) of the Act to all the parties including the applicant calling upon them to pay the outstanding dues which was served to all. Further the authorised officer of the defendant bank issued a possession notice dated 24.10.2025 under S.13(4) of the Act which was served to all. The said possession notice was affixed to the secured property and published in newspapers on 30.10.2025. Since the borrowers and guarantor did not respond to the statutory notices, the 1st defendant bank has issued the sale notice dated 27.11.2025. The said sale notice sent and served to the borrower and guarantor. The sale notice was published in newspapers dated 29.11.2025 and also affixure done on 29.11.2025. Thus, the schedule immovable properties were sold on 30.12.2025 for a sale consideration of ₹26,56,00,000/- as against the reserve price of ₹17,38,00,000/-. The sale was confirmed and sale certificate issued in favour of the 4th to 7th defendants/auction purchasers. On the above contentions, the 1st defendant bank prayed for dismissal of the SA with costs.

4. The 7th defendant filed a statement of objection refuting the prayer and contending as follows: - The applicant has challenged the sale notice dated 27.11.2025 which has already been concluded as the auction was conducted on 30.12.2025 and the sale certificate has already been issued. The applicant has lost the right of redemption and the redemption of mortgage is not permissible after the publication of sale notice. This defendant is a bonafide purchaser who participated in the auction wherein the reserve price was fixed at ₹17,38,00,000/-. The 4th to 7th defendants were declared as successful bidders and full amount was deposited and hence sale certificate was issued on 15.01.2026. Hence, prayed to dismiss the application.

5. The applicant did not take any steps against the 2nd to 4th defendants. The applicant produced a document along with the SA, which are for convenience referred to

as Annexure A1. Thereafter, the applicant produced seven more documents at the time hearing, which are for convenience referred to as Annexures A2 to A8. The 1st defendant along with its statement objection produced twenty-five documents in support of his contentions and the same are referred to as Annexures B1 to B25. Thereafter, the 1st defendant produced two more documents at the time of hearing, which are for convenience referred to as Annexures B26 and B27.

6. The only issue arises for consideration is as to whether the applicant is entitled to the relief prayed for?

7. The Issue- The applicant has assailed the measures taken by the defendant bank under the SARFAESI Act on several grounds, namely; (i) that the sale notice was not in format prescribed under Rule 8(6) of the Security Interest (Enforcement) Rules, 2002; (ii) that the reserve price was not separately fixed for each property and the secured asset was grossly undervalued; (iii) that the loan account was not classified as a non-performing asset (NPA) in accordance with the applicable guidelines of the Reserve bank of India; (iv) that the statutory demand notice, possession notice and sale notice were not duly served upon all the borrowers, guarantors and mortgagors; (v) that the defendant bank illegally included excessive interest, compound interest, penal interest and other charges in the outstanding dues; (vi) that the bank failed to proceed against the hypothecated machinery and instead targeted the mortgaged property of the applicant; (vii) that the defendant bank ignored a higher purchase proposal and failed to sell only a portion of the secured asset though the outstanding dues were much lower than the market value of the property; and (viii) that the sale of the entire property was disproportionate to the amount due.

8. The defendant bank denied all the allegations and submitted that the borrowers/guarantors/mortgagors had executed the necessary loan and security documents, valid security interest was created over the secured assets, the loan account

was classified as NPA strictly in accordance with the RBI prudential norms after persistent defaults in repayment, and all subsequent measures were taken in compliance with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002.

9. The defendant bank has produced copies of the demand notice under Section 13(2) together with postal receipts and postal acknowledgements evidencing its service. It has also produced the possession notice along with postal receipts, postal acknowledgments, records evidencing affixure on the secured asset and publication in newspapers. Likewise, copies of the sale notice, postal receipts, postal tracking reports, postal acknowledgements, newspaper publications and records of affixure have been produced to establish compliance with the statutory requirements. The applicant has not produced any cogent material to rebut the documentary evidence adduced by the defendant bank. A mere denial of service, in the face of such documentary evidence, cannot be accepted. This Tribunal is therefore satisfied that the defendant bank has substantially complied with the statutory requirements relating to issuance and service of the demand notice, possession notice and sale notice.

10. The contention that the sale notice was not in the prescribed format and that separate reserve prices were not specified for each property also does not merit acceptance. The sale notice substantially contains the particulars required under the Security Interest (Enforcement) Rules, 2002. The applicant has failed to demonstrate any prejudice occasioned by the alleged deviation in the format or by the fixation of a common reserve price. Mere technical deviations, in the absence of proof of prejudice or violation of any mandatory statutory requirement, do not vitiate the auction proceedings.

11. The applicant has further alleged that the loan account was not classified as NPA in accordance with the RBI guidelines. However, except making a bald allegation, the applicant has not identified any specific guideline that was violated nor produced any

material to demonstrate that the classification was contrary to the applicable prudential norms. On the other hand, the records disclose persistent defaults in repayment and the defendant bank has categorically asserted that the account was classified as NPA only after due assessment in accordance with the RBI guidelines. In the absence of any material to the contrary, this contention is liable to be rejected.

12. The applicant has also challenged the valuation of the secured assets and fixation of the reserve price by contending that the defendant bank failed to obtain valuation reports from two approved valuers and that the reserve price of ₹17.38 crores was grossly undervalued as against the alleged market value of ₹32 crores. In support of its case, the defendant bank has produced Annexure B10 and B11, being the valuation reports on the basis of which the reserve price was fixed. The records further disclose that the reserve price attracted competitive bidding and the secured assets were ultimately sold for ₹26.56 crores, substantially higher than the reserve price. During pendency of the Securitisation Application, the applicant produced Annexure A2, a valuation report indicating the value of the property at ₹32 crores. However, the said report admittedly existed even prior to filing of the Securitisation Application and no satisfactory explanation has been offered for its non-production along with the application. Consequently, the belated production of the document diminishes its evidentiary value. Even otherwise, the said report is only an opinion of a private valuer and cannot, by itself, invalidate the valuation adopted by the 1st defendant bank, particularly when the auction fetched ₹26.56 crores through competitive bidding. The applicant has thus failed to establish that the reserve price was arbitrary or that the auction suffered from under valuation.

13. The records also reveal that the Authorised Officer extended the time for remittance of the Earnest Money Deposit up to 6.00 PM and the successful bidder deposited the EMD at 15:52:14 hours, well within the extended time. The applicant has

neither challenged the competence of the Authorised Officer to grant such extention nor established that the extention conferred any undue advantage or prejudiced the fairness of the auction. No material irregularity affecting the transparency of the auction process has been established.

14. The applicant has further relied upon a copy of a letter allegedly addressed to the defendant bank enclosing a proposal from a third party to purchase a portion of the secured asset at the rate of ₹2,750/- per sq. feet. The defendant bank has disputed the service of the said letter and produced the envelope received from the applicant together with the communication actually enclosed therein, which relates only to the objections submitted under Section 13(3A) of the SARFAESI Act. The applicant has failed to establish that the alleged purchase proposal was ever served upon the bank. Even otherwise, the proposal is merely an expression of interest by a third party and does not constitute a concluded or binding offer capable of invalidating an auction otherwise conducted in accordance with law.

15. The applicant has also produced a sketch during the pendency of the proceedings contending that the secured asset could have been proportionately divided and only a portion thereof sold for realisation of the outstanding dues of about ₹5crores. The defendant bank has rightly pointed out that the sketch is an unauthorised drawing without approval or authentication of any competent authority. The secured asset is an industrially converted property, comprising land with buildings and other structures, making its division neither practical or legally established by any material placed on record. The applicant has not produced any expert report, sanctioned layout or approval demonstrating that the property could conveniently and lawfully subdivided. Consequently, the contention that only a portion of the property ought to have been sold cannot be accepted.

16. The applicant has further contended that the defendant bank ought to have first proceeded against the hypothecated machinery instead of enforcing the mortgage over the immovable property. This contention is equally without merit. Once the applicant has voluntarily created mortgage over the subject property as security for the loan, the defendant bank being the secured creditor, was entitled to enforce any of the secured assets available as security. There is no statutory provision or contractual stipulation requiring the secured creditor to first exhaust the remedy against the hypothecated machinery before proceedings against the mortgage immovable property.

17. The contention regarding charging of excessive interest, compound interest, penal interest and other charges is also unsupported by any material. The applicant has not produced any statement of account or calculation demonstrating that the 1st defendant bank has acted contrary to the contractual terms or the applicable law. The 1st defendant bank has maintained that the dues have been computed in accordance with the loan documents and the applicable banking norms. In the absence of any evidence establishing illegality in the computation of the outstanding dues, the said contention is liable to be rejected.

18. The applicant has lastly contended that the outstanding dues were about ₹5 crores whereas the market value of the property was around ₹32 crores and therefore, the sale of the entire secured asset is disproportionate and violative of the doctrine of proportionality. This contention cannot be accepted. The applicant voluntarily created a mortgage over the entire secured property as security for the loan. He has failed to establish that the property was capable of lawful and practical subdivision or that the 1st defendant bank acted arbitrarily in bringing the entire secured asset to sale.

19. On the contrary, the auction was conducted transparently and the property fetched ₹26.56 crores through competitive bidding. The mere fact that the value of the secured asset exceeds the amount due does not, by itself, invalidate the sale or compel the

secured creditor to sell only a part of the security, particularly when the property constitutes one integrated industrial unit and no statutory violation or malafides have been established.

20. In view of the foregoing discussion, this Tribunal finds that the applicant has failed to establish any illegality, procedural irregularity or violation of the provisions of the SARFAESI Act or the Security Interest (Enforcement) Rules, 2002, in the classification of the loan account as NPA or in the measures adopted by the defendant bank, including the valuation of the secured assets, fixation of reserve price, issuance and service of statutory notices, conduct of the auction sale and confirmation thereof. The grounds urged by the applicant are devoid of merit and are accordingly rejected.

21. In view of the foregoing discussion and findings, this Tribunal holds that the 1st defendant bank has acted in accordance with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002, while classifying the loan account as NPA and while taking measures under Section 13(2) and 13(4) of the Act. The applicant has failed to establish any illegality, material irregularity, procedural impropriety or violation of the statutory provisions warranting interference by this Tribunal under Section 17 of the SARFAESI Act.

22. The applicant has also failed to prove that the valuation of the secured asset, fixation of reserve price, issuance and service of the statutory notices, conduct of the auction proceedings, acceptance of the highest bid or confirmation of the sale suffered from any legal infirmity. The allegations regarding non-service of notices, improper valuation, non-compliance with RBI guidelines, charging of excessive interest, failure to proceed against the hypothecated machinery, non-consideration of alleged private purchase proposal, feasibility of sale of a portion of the secured asset and violation of the doctrine of proportionality are devoid of merit and stand rejected.

23. Accordingly, the SA No.659 of 2025 is dismissed. Consequently, all pending IAs, if any, also stand disposed of. In the facts and circumstances of the case, there shall be no order as to costs.

24. Let a copy of this order be furnished to the parties as per law. The case records be consigned to the Record Room after due compliance.

[Dictated to my PA directly on the computer, corrected and pronounced by me in the open Tribunal on this the 8th day of July, 2026]

[IMTIAZ ALI]
PRESIDING OFFICER

APPENDIX

Applicant's Exhibits

Annexure A1	27.11.2025	Sale notice issued under the SARFAESI Act r/w Rule 8(6) of the Rules, 2002 by the defendant bank in respect of the schedule immovable properties proposing the sale of the same on 30.12.2025
Annexure A2	27.11.2025	Photocopy of the valuation report
Annexure A3	05.11.2025	Photocopy of the letter addressed to Mr. R Vijay Kumar
Annexure A4	05.11.2025	Photocopy of the letter addressed to Canara Bank along with postal tracking report and acknowledgment
Annexure A5	01.07.2025	Photocopy of the sanction letter
Annexure A6		Photocopy of the plan showing the subdivision of the Industrial land located at Sy.No.10 & 11 of Giddenahalli Village, Attibele, Hobli, Anekal Taluk, Bangalore Urban District
Annexure A7		Photocopy of the Writ petition No.13695/2025 filed before the Hon'ble High Court of Karnataka
Annexure A8	02.05.2025	Photocopy of the order passed by the Hon'ble High Court of Karnataka

1st Defendant's Exhibits

Annexure B1	14.08.2025	Photocopy of the demand notice issued under S.13(2) of the Act along with postal receipts and postal acknowledgments
Annexure B2	24.10.2025	Photocopy of the possession notice issued under S.13(4) of the Act along with postal receipts and postal acknowledgments
Annexure B3	30.10.2025	Newspaper publication in New Indian express of Annexure B2
Annexure B4	30.10.2025	Newspaper publication in Samyuktha Karnataka of Annexure B2
Annexure B5	24.10.2025	Affixure of photo of Annexure B2
Annexure B6	27.11.2025	Photocopy of the sale notice issued under the SARFAESI Act by the defendant bank in respect of the schedule immovable properties proposing the sale of the same on 30.12.2025 as against reserve price of ₹17.38 crores
Annexure B7	29.11.2025	Newspaper publication in New Indian express of Annexure B6
Annexure B8	29.11.2025	Newspaper publication in Samyuktha Karnataka of Annexure B6
Annexure B9	27.11.2025	Affixure of photo of Annexure B6
Annexure B10	26.09.2025	Photocopy of the valuation reports
Annexure B11	26.11.2025	Photocopy of the valuation reports
Annexure B12		Successful EMD payment report
Annexure B13		Photocopy of the bid sheet of the auction
Annexure B14		Photocopy of the auction result declared by the portal
Annexure B15	30.12.2025	Photocopy of the sale intimation
Annexure B16	31.12.2025	Photocopy of the sale confirmation letter

Annexure B17	05.01.2026	Photocopy of the sale certificate
Annexure B18	16.10.2018	Photocopy of the mortgage deed
Annexure B19	20.11.2020	Photocopy of the mortgage deed
Annexure B20	30.01.2019	Photocopy of the mortgage deed
Annexure B21	28.11.2018	Photocopy of the mortgage deed
Annexure B22	20.11.2020	Photocopy of the mortgage deed
Annexure B23	23.11.2020	Photocopy of the CERSAI report
Annexure B24	18.06.2001	Photocopy of the sale deed
Annexure B25	22.06.1993	Photocopy of the Partition Deed
Annexure B26	29.10.2025	Letter
Annexure B27		Photocopy of the postal envelope

8.7.26

PRESIDING OFFICER

SCHEDULE PROPERTIES

SCHEDULE-A:

Converted Industrial lands situated with the limits of Giddenahalli villag , Attibele Hobli, Anekal Taluk bearing (a) Suryvey No. 10 Measuring 3 Acres 22 (untas (b) Survey No.11 Measuring 1 acre 39 Guntas and (c) Survey No.17 measur ig 1 Acre 5 Guntas in all measuring 6 Acres and 26 Guntas and bounded on the east y survey no.9. West by Katte S. Nos 18, 15, 16 and 14, Northy by Bangalore, Hos r Road and Katte South by S.Nos 14,6,12.

SCHEDULE- B

An extent of 3 Acres and 13 Guntas of Industrial converted land partly ying in Survey no.10 and also in survey no.11 of Giddenahalli village, attibele hobli Anekal Taluk with all round barbered wire fencing with stone pillars

Item no.1 Survey no. 10 measuring 1 acre 17 guntas bounded by

East by: Survey No.9 of Giddenahalli Village

West by: Land Alloted to Mr. M. S Sudhindra and M.S. Sriharsha

North by: Bangalore Hosur Road

South by: S.No 11 of Giddenahalli Village

Item No.2 Survey no 11 an extent of 1 acre 36 guntas bounded by

East by: Survey no.9 of Giddenahalli village

West by: Land allotted to Mr. M S Sudhindra and remaining land in Su vey no.11.

North by: Survey no 10 of Giddenahalli Village belonging to Mr.B Ran anathan.

South by: Survey no 14, 6 and 12 of Giddenahalli Village

8.7.26.

PRESIDING OFFICER

IN THE DEBTS RECOVERY TRIBUNAL - 1,
KARNATAKA AT BENGALURU

PRESENT: SRI IMTIAZ ALI
PRESIDING OFFICER

Dated the 8th day of July, 2026

SECURITISATION APPLICATION NO.659 OF 2025

Between
Vijaya Kumar R,
S/o Ranganath V,
Aged about 64 years,
No.140, Sai Prashanth Layout,
Near Spoorthy College,
Chandapura Anekal Road,
Bangalore-560099. ……..Applicant

And
Canara Bank,
Rep by the Authorised Officer/Chief Manager,
HSR Layout Branch, No.1083,
Ground Floor, Sector 3, HSR Layout,
Bengaluru-560102 and six others. ….Defendants

FINAL ORDER

8.7.26