BEFORE THE DEBTS RECOVERY TRIBUNAL –II AT CHENNAI

Dated this 21st day of July, 2026

PRESENT: SHRI SHARANG DHAR UPADHYAY
PRESIDING OFFICER

IA No.612 of 2026 in Appeal No.01 of 2026
in MA. Dy No.96 of 2025 in DRC No.349 of 2024 (DRT-II)
in TA No.415 of 2022 (Old OA No.324/2019, DRT-I Chennai)

1. M/s Sri Vigneshwara Coir Industries
Rep. by its Proprietrix
Mrs. S. Kurunchimalar
No.229/3A2, Arunthavapuram
Ammapet Block, Papanasam Taluk
Thanjavur – 613 212

2. Mrs. S. Kurinjimalar
W/o P.P. Subramaniam
No.57, Kaveri Nagar, 3rd Street
Thanjavur – 613 004

Now at
No.60, 3rd Street, Manniar Nagar
Kattuthuttam, Thanjavur District – 613 501

3. Mr. P.P. Subramaniam
S/o Palanisamy
No.57, Kaveri Nagar, 3rd Street
Thanjavur – 613 004

Now at
No.60, 3rd Street, Manniar Nagar
Kattuthuttam, Thanjavur District – 613 501

4. M/s Sri Sakthi Coir Industries
Rep. by its Prop. Mr. P.P. Subamaniam
Papanasam Taluk, Thanjavur – 613 21

…Petitioners / Appellants / Certificate Debtors

Versus

Bank of Baroda
Thanjavur Branch
East Main Street
Thanjavur – 613 001 **…Respondent / Respondent / Certificate Holder**

ORDER

1. This application has been filed by the Petitioners praying to stay all further proceedings of the Respondent in pursuance to the auction held on 19.12.2025 till the disposal of the appeal.

Averments in the application

2. The Petitioners herein are the Petitioners in the impugned order passed in MA Dy No.96 of 2025 and Certificate Debtors in the above mentioned recovery proceedings and Original Application filed by the Respondent Bank.

3. In the above appeal in MA Dy. No.96 of 2025 in DRC No.349 of 2024, the Ld. Recovery Officer passed the impugned order on 13.01.2026 in his Chamber, directing the appellants to pay the entire outstanding on or before 14.01.2026 and also that in the event of failure the sale certificate will be issued in favour of the successful bidder.

4. The impugned order was not intimated / served either to the applicant or his Counsel, on the other hand after receiving the intimation from the

respondent bank regarding the sale confirmation the applicants came to know of the order dated 13.01.2026.

5. Unless the stay application is not allowed the respondent will proceed with the sale certificate already issued and get it registered and in which event the petitioners will be put to irreparable loss and hardship. The petitioners have a clear chance of succeeding in the appeal. The Respondent will not be put to any prejudice if the stay is granted.

Counter filed by the Respondent

6. The appeal is not maintainable either in law or on facts and is based on vague and inconsistent/bald pleas without any basis and without complying with the provisions of the Income Tax Rules by depositing the R.C. amount as determined by this Tribunal along with up-to-date interest/costs and therefore the above appeal is liable to be dismissed in liminie.

7. The above appeal is filed by the appellants to set aside the order of dated 13.01.2026 passed by the Ld. Recovery Officer of the Tribunal, who dismissed the petition in M.A. Dy.No.96/2025 filed by the appellants purportedly under Rule 60 of the Second Schedule to the Income-Tax Act, 1961 seeking to set aside the auction sale held by the Learned Recovery Officer of this Hon'ble Tribunal on 19.12.2025 in DRC No. 349 of 2024 and for "redemption and release" of the attached properties.

8. The facts leading into the filing of the above appeal are as follows:-

(a) The 2nd appellant and the 4th appellant are the wife and husband. The 1st appellant represented by the 2nd appellant as its Proprietrix and the 4th appellant represented by the 3rd appellant as its Proprietor have availed various credit facilities from the respondent bank as detailed in the above T.A. The 2nd & 3rd appellant being the owners/guarantors were liable to repay the dues. The Item No. 1 of the schedule property belonging to the 2nd appellant was secured to the above loans. As the appellants committed defaults, the accounts were classified as NPA on 30.06.2015 and the respondent bank was constrained to file the O.A. No.324/2019 before the DRT-I, Chennai.

(b) The summons were duly served on the appellants and the appellants entered their appearance through their counsel on 10.07.2019 and despite several opportunities were given to the appellants, they failed to file their reply statement and consequently they were set ex-parte on 23.06.2023.

(c) The OA was transferred to this Tribunal and was renumbered as TA No. 415/2022 and the same was allowed on 29.02.2024 and Recovery Certificate in DRC No. 349/2024 came to be issued and the demand notices were duly served on the appellants. The item Nos. 2 to 4 of the scheduled property was attached by the Ld. Recovery Officer since the security available in the accounts was insufficient to cover the entire dues.

(d) The earlier two attempts made to sell the property through e-auction was unsuccessful and it was successful only in the 3rd attempt in the auction held on 19.12.2025 by the Ld. Recovery Officer of the Tribunal.

(e) The sale was held on 19.12.2025 and the appeal scheduled properties were sold for Rs. 1,32,40,000/- in favour of one Mr. K. Ramadurai, the highest bidder. The above auction purchaser has paid entire sale price within the time as per Rules. In the meantime, the appellants filed a petition dated 30.12.2025 purportedly under Rule 60 of the Second Schedule to the Income Tax Act, 1961 seeking to set aside the auction sale held on 19.12.2025 and to release the non-mortgaged properties from attachment and to allow redemption of the mortgaged property. They filed the petition without making deposits and without complying with the relevant Income Tax Rules.

(f) The respondent bank has filed counter opposing the above petition and denying all the false allegations made therein. During the hearing held on 13.01.2026, the appellants counsel falsely represented before the learned Recovery Officer that they are ready to make payments but the respondent bank is not accepting the outstanding dues and the counsel for the appellants further undertook complete the payment and report compliance on or before 14.01.2026. Hence the appellants were given a last chance to redeem the property by paying the outstanding dues as specified by the bank in terms of the Recovery Certificate. The learned Recovery Officer informed the appellants counsel if the dues were not paid on or before 14.01.2026, the sale in favour of the auction purchaser Mr. K. Ramadurai would be confirmed on 19.01.2026 as per the Rules.

(g) The appellants failed to deposit the certificate dues as undertaken by their counsel during the hearing held on 13.01.2026 resulting in the Ld. Recovery Officer was issuing the Order of Confirmation of Sale dated 22.01.2026 after expiry of 30 days from the date of sale to the auction purchaser as per Income Tax Rules, since the auction purchaser has deposited the entire Sale Consideration plus Poundage within the time specified by the Tribunal and that no application under Rule 60, 61 & 62 of the Second Schedule to the Income Tax Act was filed by the appellants for setting aside the sale and thus, the sale held in favour of the auction purchaser Mr. K. Ramadurai has become absolute.

9. The appellants are required to deposit the amount specified in the proclamation of Sale along with interest thereon at the rate of 15% per annum from the date of proclamation of sale till the date of deposit and penalty amount @ 5 % of the purchase money u/s. 60 of the second

schedule of the Income Tax Act. But the appellants have not deposited aforesaid amounts while filing the above petition before the learned Recovery Officer.

10. The appellants have not shown any material irregularity or violation of the Income Tax Rules in conducting the sale by the learned Recovery Officer and also not shown/established that any substantial injury was caused to them. The appellants also neither alleged nor proved any prejudice caused to the appellants. The 3rd appellant claimed that due to his prolonged illness, he could not make effective representation before the Hon'ble Tribunal which resulted in ex-parte decree. Further no documents were produced to show the nature of his health issues and further period of the sickness was not stated in the appeal. Besides, there is no explanation about the role of the 2nd appellant who is a Doctor by Profession and the proprietrix of the 1st appellant in not attending the case.

11. The 1st item in the schedule/mortgaged asset is not sufficient to secure the entire outstanding and therefore the non-mortgaged properties belonging to the 3rd appellant was attached. It is therefore submitted that there is no violation of Rule 52 of the Income Tax Rules.

12. The pendency of the application filed by the appellants for setting aside the ex-parte Order and alleged pendency of the OTS proposal does not come

in the way of selling the property by the learned Recovery Officer. The appellants cannot claim OTS as a matter of right and the appellants have no vested right to claim OTS. The subject loan accounts have become NPA way back on 30.06.2015 and the appellants have evaded repayment for more than 11 years and therefore the recovery of the public money lent to the appellants cannot be postponed /delayed / deferred indefinitely, once the Tribunal determined the dues payable by the appellants.

13. It is false to state that the appellants were not aware of the impugned order dated 13.01.2026 and that it was passed by the Ld. Recovery Officer in his chamber. In fact, the orders were passed in the presence of the counsel for the appellants and the counsel for the appellants has signed the proceedings dated 13.01.2026. It is utter false to state that the counsel for the appellants submitted before the Ld. Recovery Officer that the appellants are ready and willing to pay only 50% of the outstanding dues and the remaining payment will be paid after subject to the outcome of the final order in the interim application M.A. Dy. No.96/2025. It is false to state that the impugned order was not communicated to the appellants. Under the Law, the appellants are to deposit the entire dues under the Recovery Certificate along with expenses of the sale together with the petition under Rule 60 of the Income Tax Rules. The appellants failed to show and

establish any specific procedural irregularity in publishing or conducting the sale.

14. The present dues as on 12.01.2026 is Rs. 1,72,05,718.12 is payable by the appellants and therefore there is no excess execution as alleged. The law consistently protects such bonafide purchasers in court conducted auctions. The Sale proceedings cannot be lightly disturbed after a third party purchaser has altered his position and deposited substantial amounts.

15. Setting aside the sale at this stage, in the absence of the mandatory deposit and without any proof of material irregularity and substantial injury, would cause serious prejudice to the auction purchaser and thereby undermine the sanctity of recovery proceedings under the Recovery of Debts and Bankruptcy Act framework.

16. The impugned order of the Ld. Recovery Officer is fair and legally valid, since the appellants did not make the mandatory deposit as required under the Rules & as undertaken by the appellants and further the appellants did not provide any proof of material irregularity in publishing & conducting the sale and the appellants have also not shown any substantial injury. Therefore the above appeal is not maintainable either in law or on facts

and the appellants has not established any grounds for grant of sale and therefore the stay petition may be dismissed as not maintainable.

17. The Respondent Bank is dealing with public money. I respectably submit that unless the money is recovered in the NPA Accounts, the Bank may not be in a position to lend money to the needy public. Admittedly, the loan transactions as well as the liability of the Petitioner were clearly admitted and not in dispute. When the Petitioners cannot deny their liability, they cannot seek the indulgence of this Tribunal to further delay the recovery of the public money. The petitioners/appellants are not entitled to any interim relief, since the appellants are not entitled to any relief.

18. The Respondent filed documents vide Dy No.3430 of 2026 dated 26.05.2026 viz., Extract of procedure for Recovery of Tax, Proceedings of this Tribunal dated 10.07.2019, 17.07.2019, 19.08.2019, 03.09.2019, 21.10.2019, Sale Proclamation dated 05.05.2025 and Dues as per Recovery Certificate dated 14.01.2026.

19. After hearing both the parties and perusing the records, the only point that arises for consideration is:-

Whether the application seeking grant of stay of all further proceedings pursuant to the in pursuance to the auction held on 19.12.2025 is liable to be allowed?

20. The present application has been filed seeking an order of stay of all further proceedings pursuant to the auction sale conducted on 19.12.2025, pending disposal of the appeal. The principal contention of the Petitioners is that the order dated 13.01.2026 passed by the Learned Recovery Officer was not communicated to them and that, unless further proceedings are stayed, the Respondent Bank would proceed with registration of the Sale Certificate, thereby causing irreparable loss. It is also contended that the Petitioners have a fair chance of succeeding in the appeal.

21. Per contra, the Respondent Bank has vehemently opposed the application contending that the appeal itself is not maintainable, that the Petitioners have failed to comply with the mandatory requirements prescribed under Rule 60 of the Second Schedule to the Income-tax Act, 1961, and that no case has been made out warranting grant of any interim protection.

22. The contention that the order dated 13.01.2026 was passed without notice also does not prima facie merit acceptance. The Respondent has specifically stated that the proceedings were conducted in the presence of the learned counsel appearing for the Petitioners and that the counsel had signed the proceedings. Whether the Petitioners were personally informed or otherwise is a matter to be examined in the appeal. At this interlocutory stage, the materials available on record do not disclose any prima facie

violation of principles of natural justice warranting stay of further proceedings.

23. Accordingly, this Tribunal is of the considered view that no grounds exist for grant of stay of further proceedings arising out of the auction sale dated 19.12.2025.

24. In view of the foregoing discussion, the following:

ORDER

This Interlocutory Application seeking stay of all further proceedings pursuant to the auction sale held on 19.12.2025 is dismissed. No order as to costs.

Sd/-
(SHARANG DHAR UPADHYAY)
PRESIDING OFFICER
DRT-II, CHENNAI

(Dictated to PS, who typed in the system directly, corrected, signed and pronounced by me in Open Court, on this 21st day of July, 2026)