Fair Order

IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI

DATED THIS 07th DAY OF AUGUST, 2026

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

SA No. 262/2025

1. S. Ramuthai
W/o M. Seenivasan
Plot No. 2, Maruthupandiar Nagar
4th Street, Sri Ram Nagar
Anupanadi, Madurai 625 009

2. M. Seenivasan
S/o R.N. Mahalingam
Plot No. 2, Maruthupandiar Nagar
4th Street, Sri Ram Nagar
Anupanadi, Madurai 625 009 **.... Applicants**

Vs

1. Tamilnad Mercantile Bank
Rep. by its Authorized Officer
Madurai Main Branch
51, East Avanai Moola Street
Madurai – 625 001

2. Tamilnad Mercantile Bank
Rep. by its Recovery Officer
Madurai Main Branch
51, East Avanai Moola Street
Madurai – 625 001

3. P. Anitha
W/o Pvathap Kannan
D/o Ayyamperumal
Door No. 317, Marudhupandi Nagar 2nd Street
Anuppaannadi, Madurai South
Madurai – 625 009 **.... Defendants**

Appearance of Advocates:

M/s R. Aravindan	***---- Counsel for the Applicants***
Mr. ARM. Ramesh	***---- Counsel for the 1st & 2nd Defendant Banks***
M/s S. Thangaraj	***---- Counsel for the 3rd Defendant***

This SARFAESI Application was heard in the presence of Counsels for the Applicant, the Defendant Bank and the Auction Purchasers fixed for passing final order before me and upon hearing the arguments of both the Counsels and having stood over for consideration till this day, this Tribunal delivered the following:

O R D E R

1. This Application has been filed under Section 17 of the SARFAESI Act, 2002 by the Applicant praying that this Hon'ble Tribunal may be pleased to pass an order to set aside the Sale held on 20.01.2022, issued by the Defendant under the SARFAESI Act, 2002.

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

FACTS OF THE CASE

A. The Applicants submitted that she availed an Overdraft facility of Rs.13,00,000/- **(**Rupees thirteen lakhs only**)** from the 1st Defendant Bank for her family grocery business under Account No. **002700050900853**. As security for the said credit facility, she deposited the title deeds relating to the schedule-mentioned property with the 1st Defendant Bank and created an equitable mortgage. The 1st Applicant also availed two Housing Loan facilities under Loan Account Nos. **002700950100394** and **002700950100415** for construction purposes, for which the 2nd Applicant stood as guarantor. The loan facilities were sanctioned on **01.11.2019**.

B. The Applicants submitted that due to the unprecedented financial hardship caused by the COVID-19 pandemic and the consequent loss in business, the Applicants could not repay the loan instalments as agreed. However, they contend that they were not willful defaulters and that several payments made by them were not properly accounted for by the 1st Defendant Bank.

C. The Applicants submitted that the Overdraft account was classified as a Non-Performing Asset (NPA) on 31.03.2021, following which the 1st Defendant issued demand notices dated 08.04.2021 under Section 13(2) of the SARFAESI Act demanding Rs.13,28,411.81/- **(**Rupees thirteen lakhs twenty eight thousand four hundred eleven and eighty one paise only**)** in respect of the Overdraft account and Rs.9,20,150.13/- **(**Rupees nine lakhs twenty thousand one hundred fifty and thirteen paise only**)** in respect of the Housing Loan account. According to the Applicants, the alleged default related only to the Overdraft facility and there were no overdue EMIs in the Housing Loan accounts. Consequently, the action initiated against the Housing Loan accounts is stated to be illegal and contrary to law.

D. Thereafter, the 1st Defendant issued possession notices dated 19.07.2021 and 07.09.2021 under Section 13(4) of the SARFAESI Act. The Applicants approached the Bank requesting reasonable time to regularise the loan accounts, and they were allegedly assured that no coercive action would be taken.

E. Subsequently, by letter dated 03.02.2022, the 1st Defendant informed the Applicants that the secured asset had been sold in an e-auction held on 20.01.2022 for Rs.62,50,000/- **(**Rupees sixty two lakhs fifty thousand only**)** against an upset price of Rs.51,80,000/- **(**Rupees fifty one lakhs eighty thousand only**)**, and that the successful bidder had remitted the sale consideration. The Applicants contend that no particulars relating to the auction proceedings or the successful bidder were furnished to them.

F. The Applicants further submitted that the Bank failed to comply with the mandatory provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002, inasmuch as:

- the valuation of the secured asset was not conducted by an approved valuer;
- no opportunity was given to raise objections regarding the valuation;
- no proper notice was issued prior to the alleged second auction; and
- the objections submitted by the Applicants regarding the accounts and payments were not duly considered.

G. The Applicants submitted that the market value of the secured property was approximately **Rs.1.25 Crores**, whereas it was sold for a substantially lesser amount, despite the outstanding liability being comparatively small. According to them, the sale was conducted in violation of the statutory provisions and is therefore illegal, arbitrary and liable to be set aside.

H. The Applicants further submitted that physical possession of the residential property was never taken, portions of the property were under occupation of tenants, and the hypothecated stock was not first realised before proceeding against the mortgaged property. They also contend that the auction conducted during the COVID-19 pandemic was contrary to the relief measures and regulatory guidelines then in force.

GROUNDS

a) The impugned e-auction sale dated 20.01.2022 and all consequential measures initiated under the SARFAESI Act are arbitrary, illegal, contrary to the provisions of the Act and the Security Interest (Enforcement) Rules, 2002, and are therefore liable to be set aside.

b) The Defendants failed to comply with the mandatory statutory procedure prescribed under the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002 while enforcing the security interest.

c) The secured asset was not valued by an approved valuer in accordance with law, nor were the Applicants afforded an opportunity to raise objections to the valuation before the sale, rendering the auction proceedings invalid.

d) The classification of the loan account as a Non-Performing Asset (NPA) is contrary to the RBI guidelines and statutory provisions, as the alleged default pertained only to the Overdraft account while the Housing Loan accounts were not in default. Consequently, the initiation of SARFAESI proceedings against the Housing Loan accounts is illegal.

e) The Applicants' objections and requests for regularisation were not considered in accordance with Section 13(3A) of the SARFAESI Act, and the payments made by the Applicants were not properly accounted for.

f) The secured property was sold without following the mandatory procedure for conducting a second auction after the earlier auction allegedly failed, thereby vitiating the sale proceedings.

g) The details of the auction proceedings, including the particulars of the successful bidder, were not furnished to the Applicants, resulting in a lack of transparency and violation of the statutory requirements.

h) The sale price is grossly disproportionate to the prevailing market value of the property and demonstrates arbitrariness and non-compliance with the statutory safeguards governing sale of secured assets.

i) Physical possession of the secured asset was never lawfully taken, the property being a residential dwelling partly occupied by tenants, and therefore the sale proceedings are contrary to law.

j) The Bank failed to appropriate the value of the hypothecated stock before proceeding against the immovable property, thereby causing prejudice to the Applicants.

k) The auction conducted during the COVID-19 pandemic was contrary to the relief measures and regulatory framework then prevailing and is therefore liable to be interfered with by this Tribunal.

Points for consideration submitted on the side of the Applicant along with citations

- The sale proceeds realized from the hypothecated movable assets were not appropriated towards the loan account. Consequently, the statement of account forming the basis of the demand under Section 13(2) of the SARFAESI Act is incorrect.
- The housing loan account had not been classified as a Non-Performing Asset (NPA) as on the date of sale.
- No valuation report was prepared by the Bank or furnished to the borrower as mandated under Rules 8 and 9 of the Security Interest (Enforcement) Rules, 2002. Reliance is placed on *Vasu P. Shetty v. M/s. Hotel Vandana Palace & Ors.*, AIR 2014 SC 1947, and *Mrs. Leelamma Mathew v. Indian Overseas Bank & Ors.*
- Under the SARFAESI Act, the Bank is empowered to sell only the secured asset. Proceedings against unsecured property can be initiated only through a regular civil suit and not by invoking the SARFAESI Act. Therefore, the sale of any unsecured portion of the property is without jurisdiction. A jurisdictional defect can be raised at any stage of the proceedings, and the sale certificate issued in respect thereof is void, as held by the Hon'ble Supreme Court in *Ranganayakamma & Anr. v. K.S. Prakash (D) by LRs & Ors.*, (2008) 15 SCC 673.
- The mortgage covers only the ground floor building measuring 675 sq. ft. and the first floor building measuring 475 sq. ft.

- ❖ The buildings situated on the second and third floors are not specifically described in the schedule of the mortgaged property. Consequently, the Bank had no authority to sell the portion beyond 475 sq. ft. on the first floor or the buildings on the second and third floors.
- ❖ The Bank is legally bound to furnish a proper and complete description of the secured asset in the sale notice as required under Rule 9(1) of the Security Interest (Enforcement) Rules, 2002. Failure to provide an accurate description vitiates the sale proceedings. In the present case, the existence of the three-storeyed building and the occupation of the premises by several tenants were intentionally suppressed. Such suppression amounts to a violation of Rule 9(1) and Section 54 of the Transfer of Property Act, as held in *Mrs. Chhabi Kar Ray v. State Bank of India*, *Jai Logistics v. Authorised Officer, Syndicate Bank*, *State Bank of India v. Satheesh Babu*, and *Mathew Varghese v. M. Amritha Kumar & Ors.*
- ❖ The mandatory 30 days' sale notice was not issued prior to the sale, rendering the sale proceedings invalid, as held in *Mathew Varghese v. M. Amritha Kumar & Ors.*
- ❖ The Bank had no authority to seek possession under Section 14 after the sale had been concluded and the loan account stood closed.
- ❖ The Bank is not entitled to sell the secured asset for a price lower than the value determined in the valuation report.
- ❖ The entire property was not taken into consideration while determining the market value, resulting in an improper valuation.
- ❖ The fact of the sale was not disclosed in the petition filed under Section 14 of the SARFAESI Act.
- ❖ The Bank deliberately suppressed the fact that the property was occupied by tenants. Such suppression amounts to fraud, as held in *Ram Kumar v. State of Uttar Pradesh.*

- Whether tenants in occupation of the secured asset are entitled to notice in proceedings initiated under Section 14 of the SARFAESI Act is a question requiring consideration.
- The Bank has no authority to sell any property not covered by the mortgage, as held in *Sheodhyan Singh v. Musammat Sanichara Kaur.*
- The Bank was not entitled to close the housing loan account without the borrower's consent, particularly when the housing loan account had not been classified as an NPA.
- After confirmation of the sale, an application under Section 14 for taking possession can be filed only by the auction purchaser and not by the Bank.
- By virtue of Section 37 of the SARFAESI Act, the provisions of other enactments, including the Code of Civil Procedure, are applicable to proceedings before the Debts Recovery Tribunal.

  (a) Under Order XXI Rule 90 CPC, a sale may be set aside not only on the ground of fraud but also where the sale has caused substantial injury to the proprietary rights of the applicant protected under Article 300A of the Constitution of India.

  (b) The Bank sold the entire property for recovery of an outstanding amount of approximately Rs.13,00,000/-. If the sale of a portion of the property was sufficient to satisfy the debt, the entire property ought not to have been sold, as contemplated under Order XXI Rule 64 CPC. Reliance is placed upon *Takaseela Pedda Subba Reddy v. Pujari Padmavathamma & Ors.*, *Ajay Kumar v. State of Uttarakhand & Ors.*, and *Ambati Narasayya v. M. Subba Rao & Anr.*

- The Bank had no authority to sell the buildings situated on the second and third floors, as they did not constitute secured assets. Consequently, such property could not have been sold under the SARFAESI Act, as held in *Indian Overseas Bank, Asset Recovery*

Management Branch, Coimbatore v. Assistant Commissioner of Central Excise & Service Tax, Salem & Ors.

- The affidavit filed before the Chief Judicial Magistrate in Crl.M.P. No.443 of 2022 failed to disclose that the property had already been sold on 03.02.2022. Such suppression amounts to a fraudulent act and vitiates the proceedings.

Additional Points for consideration submitted on the side of the Applicant along with citations

- ✓ The sale effected under the SARFAESI Act is liable to be declared invalid since the entire property sold in favour of the 3rd Respondent was not mortgaged as security for the loan. Consequently, the entire property cannot be treated as a "secured asset" within the meaning of the SARFAESI Act.
  - The newspaper publication dated 20.01.2022 disclosed the existence of a building on the property. However, the sale certificate issued in favour of the 3rd Respondent omitted any reference to the building. On the other hand, the Bank's letter dated 31.10.2019 (Document No.19-27 in the Petitioners' List of Documents) clearly establishes that only the ground floor measuring 572 sq. ft. and the first floor measuring 475 sq. ft. were mortgaged under the registered mortgage deed.
  - The contradictions between the registered mortgage deed, the sale proclamation, and the sale certificate demonstrate deliberate undervaluation and improper valuation of the property. Consequently, the sale is vitiated for non-compliance with the mandatory provisions of the SARFAESI Act, as held by the Hon'ble Supreme Court in *Union Bank of India v. Rajat Infrastructure Pvt. Ltd.*
  - These material contradictions amount to suppression of material facts, rendering the transaction fraudulent and invalid. The issuance of a sale certificate does not extinguish

the Petitioners' right to challenge the validity of the sale, as held in *Ram Kumar v. State of Uttar Pradesh.*

- The Bank intentionally suppressed the fact that several tenants were in occupation of the building while filing the application under Section 14 before the Chief Judicial Magistrate, Madurai. The letters dated 08.06.2023 and 21.08.2023 (Pages 30 and 31 of the Petitioners' Typed Set) addressed to the 3rd Respondent establish the existence of such tenants. Therefore, the order obtained under Section 14 is vitiated by suppression of material facts.
- The valuation report prepared in the year 2018 has not been produced by the Bank despite a specific application in I.A. No.5396 of 2025 seeking its production. Accordingly, an adverse inference is liable to be drawn against the Bank. The valuation report would have established that the existence of the building was acknowledged during inspection and that construction had extended beyond the portion covered by the registered mortgage.
- Therefore, the entire building cannot be treated as a secured asset. The Bank had no authority to sell the portion not covered by the mortgage, and its remedy, if any, was to institute a regular civil recovery suit. Reliance is placed on *Kaniz Ahmed v. Sabuddin & Ors.*

✓ The validity of the impugned sale is amenable to judicial review by this Hon'ble Tribunal. Reliance is placed upon *Muthurathina Sabapathy & Ors. v. M/s. Sri International & Ors.*, SLP (Civil) No.8850 of 2023, and *Om Shakthi Sekar v. V. Sukumar & Ors.*, Civil Appeal No.3362 of 2026.

✓ In view of the foregoing submissions, this Hon'ble Tribunal may be pleased to set aside the sale conducted by the 1st Respondent, declare the sale certificate issued in favour of the 3rd Respondent as illegal, invalid, and not binding on the Petitioners, and consequently allow S.A. No.262 of 2025 with costs and pass such further or other orders as this Hon'ble Tribunal may deem fit and proper in the interests of justice.

LIST OF DOCUMENTS

Sl. No.	Date	Documents
1.	16.10.2018	Registered Memorandum of title deeds bearing Doc No. 7651/2018 executed in favour of the defendant Bank
2.	01.11.2019	Registered Memorandum of the title deeds bearing Doc No. 8701/2019 executed in favour of the defendant Bank
3.	17.12.2024	Judgement of the Hon'ble Apex Cout in Rajendran Kumar Barjatya and Another –Vs- U.P. Avas Evam Vikas Parishad & Ors.
4.	30.04.2025	Judgement of the Hon'ble Apex Cout in Kaniz Ahmed –vs- Sabudding & Ors.
5.	04.10.2023	Judgement of the Hon'ble Apex Court in Union Bank of India –Vs- Rajat Infrastructure Pvt. Ltd.

Judgement filed on the side of Applicant

Sl. No.	Date	Description of Documents
1.	09.01.2013	Order passed by the Hon'ble Apex Court in the case of State Rep by Inspector –Vs- N.S. Gnaneswaran
2.	31.10.2018	Order passed by the Hon'ble Andhra Pradesh High Court in the case of Kwality Agro Products –Vs- Canara Bank
3.	09.06.2026	Ordr passed by the Hom'b Apex Court in the case of M.R. Vasumathi –Vs- The Authorized Officer and Ors.

SCHEDULE OF PROPERTY

All the piece and parcel of immovable property, Madurai District, Madurai South Registration District, Madurai Joint Sub District, Madurai Town Survey Ward No. 1, Block 48, Anuppanadi Village, House Plot No.2 in Anuppanandi, Sri Ram Nagar comprised in T.S. No. 2347, East to West on the North 30 Feet, on the South 30 Feet, North to South on the West 34

Feet, on the East 34 Feet to an extent of 1020 Sq.ft., (excluding road area 572 Sq.Ft.,).

Boundaries:-

North	:	16 Feet wide Road
East	:	House Site in Plot No. 1
West	:	16 Feet wide Road
South	:	Plot No. 3 belonged to R. Bamini

The Applicant has submitted the following List of documents in support of his claim in the SA :-

S.No.	Date	Description of Documents
1.	24.08.2011	Sale Deed executed in favour of the 1st Applicant
2.	12.11.2014	Title Deeds executed by the 1st Applicant in favour of the 1st Defendant
3.	15.06.2013	Sanction of Housing Loan
4.	30.10.2014	Sanction of Housing Loan
5.	06.10.2020	Account Statement
6	08.04.2021	Demand Notice in respect of 2 Housing Loans
.7.	08.04.2021	Demand Notice in respect of Over Draft Account
8.	19.07.2021	Possession Notice in respect of 2 Housing Loans
9.	07.09.2021	Possession Notice in respect of Over Draft Account
10.	19.11.2021	Sale Notice
11.	03.02.2022	Letter issued by the 1st defendant bank to the applicants

3. On the other hand, the Counsel for the 1st Defendant Bank appeared before this Tribunal and filed a Vakalatnama, Reply Statement, and Typed Set, in which he has submitted that the averments made in the application are wrong. As the applicant did not pay the loan amount in proper manner, these loan accounts had been classified as NPA on 31.03.2021, and the applicant was duly informed. Even thereafter, the applicant did not repay the loan amount in proper manner. The respondents did not come forward to regularize their loan accounts. The Respondent Bank had issued a separate Demand Notice dated 08.04.2021 amounting to Rs. 13,28,411.81/- and Rs. 9,20,150.13/- under Sec. 13(2) of the SARFAESI Act, demanding the applicant to pay the loan amounts within 60 days.

- The 1st Defendant submitted that, the applicant did not pay the loan amount as demanded in the Demand Notice to the Respondent Bank. So, without alternative, after 60 days, this Respondent had taken possession of the secured property by way of issuing a Possession Notice under Sec. 13(4) of the SARFAESI Act dated 19.07.2021 amounting to Rs. 13,64,158.81/- and another dated 07.09.2021 amounting to Rs. 9,54,798.13/-.
- The 1st Defendant submitted that the Securitisation Application is unsustainable on facts, in law, and in equity. The application does not disclose any valid ground warranting the setting aside of the auction sale held on 20.01.2022.
- The 1st Defendant submitted that although the auction sale notice was issued on 27.12.2021, the Applicants did not challenge the same before the auction was successfully conducted on 20.01.2022. The Applicants deliberately chose to remain fence-sitters, hoping that there would be no bidders for the property, as had occurred in the earlier auction scheduled on 23.12.2021. A reading of the Securitisation Application reveals that the Applicants have remained completely silent regarding the earlier unsuccessful auction. It is pertinent to note that neither the earlier sale notice nor the subsequent sale notice dated 27.12.2021 was challenged by the Applicants. Consequently, the principle of estoppel squarely applies, and the Applicants cannot now be permitted to question the validity or reasonableness of the sale notice, particularly with regard to the valuation of the property. Having failed to challenge the sale notice dated 27.12.2021, the scope of the present S.A. No. 262 of 2025 is confined only to the validity of the auction proceedings conducted on 20.01.2022, if any infirmity therein is established. Since no such

infirmity exists, even on the grounds pleaded by the Applicants, the Securitisation Application is liable to be dismissed.

- The 1st Defendant submitted that the Applicants have admitted the sanction and availing of the credit facilities and have also admitted the creation of an equitable mortgage over the secured asset in favour of the 1st Defendant Bank. Further, in paragraph 1 of the facts of the case, the Applicants have admitted their inability to service the loan accounts. In view of these admissions, there is no scope for challenging the classification of the loan accounts as Non-Performing Assets (NPAs).
- The 1st Defendant submitted that the Applicants never challenged the validity of either the Demand Notice issued under Section 13(2) of the SARFAESI Act or the Possession Notice issued under Section 13(4). Likewise, they did not challenge the sale notice dated 27.12.2021 or the earlier sale notice.
- Further it is submitted that the contention of the Applicants that only the Overdraft Loan account was classified as an NPA, while the Housing Loan account was not, is factually incorrect and legally untenable. Once the Overdraft Loan account was classified as an NPA on 31.03.2021, the Housing Loan account also automatically became an NPA in accordance with the applicable RBI prudential norms, and both loan accounts were accordingly classified as NPAs on 31.03.2021. It is further submitted that the Applicants never challenged the NPA classification even after receipt of the Demand Notice, Possession Notice, and the successive sale notices.
- The 1st Defendant submitted that the secured asset was duly valued by a qualified valuer under the valuation report dated 10.08.2021, and the valuation determined therein was fair and proper. The allegation that the property was undervalued is false and baseless. It is relevant to note that the earlier auction held on 23.12.2021 failed for want of bidders, which itself demonstrates that the property was not undervalued. Consequently, after the failure of the earlier

auction, the reserve price was rightly revised and fixed at Rs.51.80 lakhs for the auction held on 20.01.2022, in accordance with law.

- Further it is submitted that the Applicants never questioned either the valuation reflected in the earlier sale notice dated 19.11.2021 or the valuation mentioned in the subsequent sale notice dated 27.12.2021 clearly establishes that they had accepted the valuation at the relevant point of time. Accordingly, they are estopped from subsequently challenging the valuation or the reserve price fixed on the basis of such valuation.
- The 1st Defendant submitted that the allegations and submissions contained in paragraph 2 of the facts of the case, to the effect that the secured asset could not have been taken possession of, are legally untenable and wholly misconceived. The conduct of the Applicants clearly demonstrates an attempt to obstruct the lawful proceedings initiated under the SARFAESI Act by resorting to frivolous and vexatious litigation.
- In the circumstances stated above, the application filed under Section 17 of the SARFAESI Act is devoid of merit and is unsustainable on facts, in law, and in equity. The same is therefore liable to be dismissed with costs.

Typed set of Papers filed by the 1st Defendant Bank

SI.No.	Date	Particulars
1.	08.04.2021	Demand Notice issued by the bank under Sec. 13(2) of the SARFAESI Act with AD Cards
2.	19.07.2021	Possession Notice issued by the bank under Sec. 13(4) of the SARFAESI Act with AD Cards
3.	25.07.2021	Possession Notice - publication effected in “Thinathanthi” Tamil Daily
4.	25.07.2021	Possession Notice – Publication effected in “The Hindu” Tamil – English daily
5.	19.11.2021	1st Sale Notice issued by the Bank
6.	27.12.2021	The present impugned Sale Notice issued by the bank with AD Cards

7.	28.12.2021	Sale Notice – publication effected in “Thinathanthi” Tamil Daily
8.	28.12.2021	Sale Notice – publication effected in “The Hindu” Tamil –English daily
9.	10.08.2021	Valuation report

Additional Typed set of Papers filed by the 1st Defendant Bank

SI.No.	Date	Particulars
1.	24.02.2010	Building plan approval of the applicant
2.	25.03.2013	Building plan approval of the applicant
3.	28.12.2021	Sale Notice – English paper publication – The Hindu
4.	28.12.2021	Sale Notice - Tamil paper publication – The Thinathanthi

Index to Typeset filed by the 1st Defendant Bank

SI.No.	Date	Particulars
1.	12.11.2014	Memorandum of Deposit of title deeds vide Doc. No. 7215/2014
2.	08.06.2013	Valuation report given by the Engineer Mr. Sivakumar
3.	22.08.2018	Valuation report given by the Engineer Mr. Appaswamy
4.	25.03.2013	Building plan approval
5.	16.10.2018	Memorandum of Deposit of title deeds vide Doc. No. 7651/2018
6.	01.11.2019	Memorandum of Deposit of title deeds vide Doc. No. 8701/2019

Notes of Arguments submitted on behalf of the Defendant Banks

Point No.1 – Alleged Undervaluation of the Property

The allegations are factually incorrect. Even the first sale notice dated 19.11.2021 was never challenged on the ground of undervaluation, as the applicant was fully aware that there was no undervaluation. Had the property truly been undervalued, the applicant, being the owner of the property, would necessarily have challenged the sale notice. Further, the absence of any bidder pursuant to the first sale notice itself demonstrates that the property was not undervalued. It is relevant to note that Paragraph F of the grounds of the application records that no one came forward to purchase the property. Again, when the present sale notice dated 28.12.2021 was duly served upon the applicant with the very same upset price as fixed under the first sale notice, she did not challenge the valuation or the upset price. She chose to remain a fence-sitter, hoping that there would be no bidder, since the property had been fairly valued and was not undervalued.

Only after the auction sale was successfully concluded did the applicant belatedly file the present application challenging only the auction proceedings and not the sale notice. Therefore, the issue relating to valuation, which pertains exclusively to the sale notice, cannot now be raised. In any event, the valuation was fair and proper for the reasons stated above. The applicant further contended during the course of arguments that the valuation report was not served upon her and that such non-service amounted to a violation of Rule 8(6) of the Security Interest (Enforcement) Rules, 2002. This contention is wholly untenable. Neither Rule 8(6), Rule 9(1), nor any provision of the SARFAESI Act mandates service of the valuation report upon the borrower or mortgagor. Service of the sale notice, which contains the upset price based on the valuation, constitutes sufficient compliance with the statutory requirements.

Point No.2 – Allegation that Only a Portion of the Property Was Mortgaged

The allegation is factually incorrect and legally unsustainable. The nature of the mortgage was clearly understood between the borrower and the secured creditor and is specifically recorded in the security particulars (refer to Page No. 41 of the applicant's typed set), which state *"On equitable mortgage of land and the residential building to be constructed thereon."*

This clearly signifies that the mortgage extends to the land together with any construction existing or subsequently put up thereon and is not restricted to any particular floor. Any contrary interpretation would defeat the very object of the mortgage, as a mortgagor could otherwise construct additional floors and seek to exclude them from the mortgage, thereby defrauding the secured creditor. It was repeatedly argued on behalf of the applicant that the building consisted of three floors above the ground floor. However, as a matter of fact, the building comprises only the Ground Floor, First Floor, and Second Floor, as is evident from the photograph annexed to the Sale Certificate.

Further, the second-floor construction itself is unauthorized, as the approved building plan extends only up to the first floor. Acceptance of the applicant's contention would encourage unauthorized construction and reward defaulting borrowers by enabling them to defeat enforcement proceedings under the SARFAESI Act. In any event, the intention of both the mortgagor and the mortgagee was unequivocally that the mortgage would cover the site together with all constructions put up thereon, as evidenced by Page No. 41 of the applicant's typed set. Moreover, Section 63 of the Transfer of Property Act, 1882, dealing with accession to mortgaged property, clearly provides that any accession to the mortgaged property becomes subject to the mortgage.

Point No.3 – Non-adjustment of Sale Proceeds of Movable Assets

The allegation is false and factually incorrect. In Paragraph 2 of the facts of the case, the applicant herself has admitted that the hypothecated stock was yet to be sold. Having made such an admission, it is wholly inconsistent for the applicant to contend that the sale proceeds of the hypothecated movable assets were not adjusted towards the loan account. It is submitted that the applicant had removed and disposed of the hypothecated movable assets without the knowledge of the bank, and the same are no longer traceable.

Point No.4 – Housing Loan Was Not Classified as NPA

The allegation is factually incorrect and legally untenable. The admitted classification of the Overdraft Loan Account as a Non-Performing Asset (NPA) automatically resulted in the classification of the Housing Loan Account as an NPA.

Point No.5 – Thirty Days' Notice Was Not Issued

The auction sale was conducted pursuant to the second sale notice dated 28.12.2021, issued after the failure of the first sale notice due to the absence of bidders. Therefore, in accordance with the applicable statutory provisions, only 15 days' notice was required.

Point No.6 – Bank Has No Right to Seek Physical Possession after Sale

The applicant has again contended that an application under Section 14 of the SARFAESI Act can be filed only by the auction purchaser and not by the bank. This contention is wholly untenable and unsupported by law. On the contrary, it is the responsibility of the secured creditor to secure physical possession of the property and deliver the same to the auction purchaser under Section 14 of the SARFAESI Act. Otherwise, no prudent purchaser would participate in an auction where only symbolic possession is available.

Point No.7 – Property Sold Below the Valuation Amount

The contention is factually incorrect. The valuation report (Pages 20 to 26 of the bank's typed set) assessed the market value of the property at Rs.51,78,500/-, rounded off to Rs.51,80,000/-. The upset price was accordingly fixed at Rs.51,80,000/-, whereas the successful bid amount was Rs.62,50,000/-, which is substantially higher than both the market value and the upset price.

Point No.8 – Entire Property Was Not Considered for Valuation

The allegation is incorrect. The valuation report (Pages 20 to 26, particularly Pages 23 and 24 of the bank's typed set) clearly demonstrates that the land was separately valued and that each of the three floors—Ground Floor, First Floor, and Second Floor—was independently assessed in arriving at the total market value of the property.

Point Nos.9, 10 & 11

- **i) Sale Not Disclosed in the Section 14 Proceedings**
- **ii) Occupancy of Tenants Suppressed**
- **iii) Tenants Entitled to Notice Under Section 14**

The above contentions are legally untenable and wholly irrelevant to the present SARFAESI application, which is confined to challenging the auction proceedings. It is pertinent to note that the applicant had earlier challenged the order passed under Section 14 of the SARFAESI Act, and the said challenge was dismissed by this Hon'ble Tribunal by order dated 13.03.2025 in S.A. (S.R.) No.296/2023.

Point No.12 – Bank Sold Property Not Covered by the Mortgage

The allegation is wholly incorrect. The bank has sold only the mortgaged property.

Point No.13 – Housing Loan Closed Without Consent of the Borrower

The issue has already been addressed above. The Housing Loan Account was duly classified as a Non-Performing Asset on 31.03.2021, and the consequential actions were taken strictly in accordance with law.

Point No.14 – Valuable Property Sold for a Meagre Outstanding Amount

The contention is based on the doctrine of excess execution. The mortgaged property was indivisible, and therefore there was no possibility of bifurcating the property for the purpose of sale. It is significant to note that it is not even the applicant's case that the property was capable of being divided into separate saleable portions.

Point No.15 – Bank Had No Right to Sell the Second and Third Floors

The allegation is factually incorrect. The building consists only of the **Ground Floor, First Floor, and Second Floor**. There is no third floor, as repeatedly and erroneously alleged by the applicant. As already submitted, the mortgage covers the site together with all constructions standing thereon or subsequently erected thereon, as specifically recorded at Page No. 41 of the applicant's typed set.

4. The Counsel for the 3rd Defendant appeared before this Tribunal and filed Vakalat, Reply Statement in which it is submitted that the above S.A. has been filed by the borrower challenging the Sale held on 20.01.2022, the sale was confirmed and the Sale Certificate was issued in favour of the 3rd Defendant on 03.02.2022 in pursuance of the sale conducted as per the Sale Notice dated 27.12.2021.

- The 3rd Defendant submitted that the 1st Defendant published the auction sale notice in respect of the petition-mentioned property in the newspapers. The auction notice clearly specified that the auction would be conducted on 20.01.2022, along with the time of auction, the earnest money deposit (EMD), and the reserve price.
- The 3rd Defendant submitted that after seeing the auction notification, the 3rd Defendant deposited a sum of Rs.5,18,000/-

(Rupees five lakhs eighteen thousand only), being 10% of the bid amount, through Demand Draft dated 20.01.2022, and participated in the public auction. Upon completion of the auction proceedings, the 3rd Defendant was declared the successful bidder on 20.01.2022, and the 1st Defendant issued a Sale Confirmation Letter confirming the sale in her favour.

- It is further submitted that the successful bid amount was Rs.62,50,000/- (Rupees sixty two lakhs fifty thousand only). On 20.01.2022, the 3rd Defendant paid a further sum of Rs.10,44,500/- (Rupees ten lakhs forty four thousand five hundred only), representing 15% of the sale consideration. Thereafter, on 02.02.2022, the 3rd Defendant paid the balance amount of Rs.46,25,000/- (Rupees forty six lakhs twenty five thousand only). Thus, the entire sale consideration of Rs.62,50,000/- (Rupees sixty two lakhs fifty thousand only) was paid to the 1st Defendant Bank.
- The 3rd Defendant further submitted that upon receipt of the entire sale consideration, the 1st Defendant issued a Sale Certificate dated 03.02.2022 in favour of the 3rd Defendant in respect of the petition-mentioned property. Thereafter, the Authorised Officer of the 1st Defendant executed a registered Sale Deed dated 04.02.2022, registered as Document No.1173/2022, in favour of the 3rd Defendant, namely Mrs. Anitha, W/o. Prathap Kannan. The public auction notification was also annexed to the Sale Deed.
- The above facts clearly establish that the Bank strictly complied with the provisions of the SARFAESI Act, 2002 and the Security Interest (Enforcement) Rules, 2002, before conducting the sale. Accordingly, the 3rd Defendant is a bona fide purchaser for valuable consideration, having acquired valid title over the property.
- The 3rd Defendant submitted that the principal allegation of the Applicants is that no notice was issued by the 1st Defendant in respect of the second auction held on 20.01.2022. The said allegation is wholly false and devoid of merit. The 1st Defendant duly issued the

sale notice and also effected publication of the auction sale in the newspapers in accordance with law. The Applicants have deliberately suppressed these material facts and have falsely alleged that no notice was served. The present application has therefore been filed with mala fide intention solely to delay and defeat the rights of the auction purchaser.

- The 3rd Defendant submitted that the 1st Defendant strictly followed all the mandatory provisions of the SARFAESI Act, 2002 and the Security Interest (Enforcement) Rules, 2002 while conducting the auction sale. Consequently, upon issuance of the Sale Certificate and execution of the registered Sale Deed, the 3rd Defendant became the absolute owner of the petition-mentioned property.
- The 3rd Defendant submitted that the Authorised Officer of the 1st Defendant filed Cr.M.P. No.443 of 2022 before the learned Chief Judicial Magistrate, Madurai, seeking assistance under Section 14 of the SARFAESI Act for taking possession of the secured asset. The learned Chief Judicial Magistrate allowed the petition by order dated 17.05.2022 and appointed an Advocate Commissioner to take possession of the property, with liberty to seek police assistance and, if necessary, to break open the premises for taking possession.
- It is further submitted that the pursuant to the said order, the Advocate Commissioner addressed a communication to the Commissioner of Police, Madurai City, seeking police protection for taking possession of the property. Thereafter, the Commissioner of Police directed the Assistant Commissioner of Police, Temple Range, Madurai, to provide the necessary police protection.
- The 3rd Defendant submitted that, in compliance with the order of the learned Chief Judicial Magistrate, the Advocate Commissioner, along with the police officials, made several attempts to take physical possession of the property. However, the Applicants failed to cooperate. On 23.01.2023, when possession was sought to be taken, the 1st Applicant allegedly attempted to commit suicide, making it

extremely difficult for the Bank authorities to execute the order of possession. Consequently, the Bank once again approached the Commissioner of Police for further assistance. The said developments were duly intimated to the 3rd Defendant by the Bank through communications dated 08.06.2023 and 21.08.2023.

- The 3rd Defendant submitted that the Applicants had earlier filed W.P.(MD) Nos.15148 and 15350 of 2022 before the Hon'ble Madurai Bench of the Madras High Court against all the Defendants herein. The 3rd Defendant entered appearance through counsel and contested the writ petitions. By common order dated 18.10.2022, the Hon'ble High Court disposed of the writ petitions by directing this Hon'ble Tribunal to entertain S.A. S.R. No.1660 of 2022 and dispose of the same on merits in accordance with law, preferably within a period of three months from the date of receipt of the order.
- It is further submitted that the above writ proceedings the 3rd Defendant was impleaded as the 3rd Respondent. However, while filing the present S.A. No.262 of 2025, the Applicants deliberately omitted to implead the 3rd Defendant, despite being fully aware that she was the auction purchaser. Only after filing I.A. No.1531 of 2025 did the Applicants seek to implead the 3rd Defendant. Such conduct clearly demonstrates the mala fide intention of the Applicants.
- The 3rd Defendant submitted that the Applicants were fully aware of the order dated 17.05.2022 passed by the learned Chief Judicial Magistrate, Madurai, and were also aware that the property had already been sold to the 3rd Defendant. Nevertheless, they deliberately filed the present Securitisation Application without impleading the auction purchaser. Such conduct is contrary to law and intended only to protract the proceedings.
- It is well settled that any person challenging an auction sale must implead the auction purchaser within the period prescribed under law. In the present case, although the Applicants had knowledge of the auction sale, they failed to implead the 3rd Defendant for more

than three and a half years. Therefore, the present Securitisation Application is hopelessly barred by limitation.

- It is submitted that the Sale Certificate was issued in favour of the 3rd Defendant on 03.02.2022. The Applicants have challenged the auction sale only after the expiry of the statutory period prescribed under law. Accordingly, the challenge to the auction sale is wholly barred by limitation and is liable to be dismissed on this ground alone.
- The 3rd Defendant submitted that this Hon'ble Tribunal had directed the Applicants to deposit a specified amount before this Tribunal. However, the Applicants have failed to comply with the said direction and have violated the order of this Hon'ble Tribunal. Their conduct clearly indicates that the present proceedings have been initiated only to protract the litigation.
- The 3rd Defendant submitted that the Applicants have failed to comply with the conditional order passed by this Hon'ble Tribunal requiring deposit of the amount. Having failed to comply with the said order, the Applicants have no locus standi to seek any further relief before this Hon'ble Tribunal.
- The Hon'ble Madras High Court had directed that the proceedings be disposed of within three months. However, the Applicants themselves have failed to diligently prosecute the matter, thereby causing undue delay and serious prejudice to the rights of the 3rd Defendant.
- The 3rd Defendant submitted that she has invested more than Rs.70,00,000/- (Rupees seventy lakhs only) in the purchase of the petition-mentioned property. In order to mobilize the funds, she borrowed substantial amounts from third parties at a high rate of interest. Despite making the entire payment and obtaining the Sale Certificate and registered Sale Deed, the 3rd Defendant has not been able to obtain physical possession of the property due to the obstructive conduct of the Applicants.

- Further it is submitted that the Applicants have instituted the present proceedings merely to delay the inevitable and to use the pendency of the proceedings as a shield against the lawful rights of the auction purchaser. As a result, the 3rd Defendant has been continuously paying interest to the persons from whom she borrowed money while deriving no benefit whatsoever from the property. Her investment has remained unproductive, causing severe financial hardship. The prolonged litigation has subjected the 3rd Defendant to immense financial loss, mental agony, and unnecessary hardship. Unless the present application is dismissed, the 3rd Defendant will continue to suffer irreparable loss and prejudice.

List of Documents on the side of the 3rd Defendant

Sl. No.	Date	Particulars
1.	20.01.2022	Paper publication in respect of 2nd Auction
2.	20.01.2022	Confirmation letter issued by Bank officials
3.	03.02.2022	Sale Certificate issued by Bank Officials in favour of 3rd Defendant
4.	04.02.2022	Registered sale deed executed by Bank Officials in favour of 3rd defendant in respect of property in Document No. 1173/2022
5.	17.05.2022	Order passed by the Hon'ble Chief Judicial Magistrate, Madurai in Cr.M.P. No. 443/2022
6.	06.07.2022	Intimation letter issued by Commissioner of Police, Madurai City
7.	08.06.2023	Letter sent by the Bank Officials regarding take over the Physical Possession of property
8.	21.08.2023	Letter sent by the Bank Official regarding take over the physical possession of property
9.	18.10.2022	Common order passed by Hon'ble High Court in W.P. (MD) No. 10841/2022

5. *ON THE BASIS OF ABOVE PLEADINGS THE POINT WHICH ARISES FOR CONSIDERATION IS:-*

I. Whether the Applicant has been able to prove his case in his favour?

II. Whether the Applicant is entitled to get the reliefs as prayed for?

6. Having heard the parties and upon perusal of the entire records, this Tribunal finds that there is no dispute between the parties with regard to the availment of an Over Draft facility with the 1st Defendant Bank for the family grocery business with a tune of Rs. 13,00,000/- **(**Rupees thirteen lakhs only**)**. Further she has availed Housing Loan under two Loan Account, the credit facility was availed by the 1st applicant on 01.11.2019. For that purpose, she has deposited the Title Deeds pertaining to the property more particularly described in the schedule of property. Because of the extraordinary situation and the financial loss incurred in the business, the applicants could not pay the dues as per the agreement. The Defendant Bank, on the other hand, submitted that despite being duly informed and afforded sufficient opportunities, the borrower failed to regularize the loan account by repaying the outstanding dues. Consequently, the loan account was classified as a Non-Performing Asset (NPA) on 31.03.2021.

7. The Defendant Bank issued a Demand Notice under Section 13(2) on 08.04.2021 demanding a sum of Rs.13,28,411.81/- **(**Thirteen lakhs twenty eight thousand four hundred eleven and eighty one paise only**)** as on 31.03.2021 to the Applicant by registered post. This Tribunal has also perused the documents filed by the Defendant Bank. The Bank has produced a photocopy of the Demand Notice dated 08.04.2021 along with the copy of postal acknowledgment (AD) cards as proof of service on the Applicants, **(annexed at pages 01 to 05 of the Bank's typed set of papers)**. As per the Applicants' pleadings at page No. 5 of the Securitisation Application, another Demand Notice dated 08.04.2021 was issued by the 1st Defendant Bank demanding a sum of

Rs.9,20,150.13/- (Rupees Nine Lakhs Twenty Thousand One Hundred Fifty and Thirteen Paise Only) as on **31.03.2021**. However, upon perusal of the Index to the Typed Set of Documents filed by the 1st Defendant Bank, I find that no such document has been produced by the 1st Defendant Bank in respect of 2nd Demand Notice. Therefore, the said contention remains unsupported by any documentary evidence. Further, I find that the Applicants neither sent any reply to the Demand Notices under Section 13(3A) of the SARFAESI Act nor made any representation to the 1st Defendant Bank in respect of either of the loan accounts.

8. Thereafter, the 1st Defendant Bank issued a Possession Notice under Section 13(4) of the SARFAESI Act on 19.07.2021 demanding a sum of Rs.13,64,158.81/- (Rupees Thirteen Lakhs Sixty-Four Thousand One Hundred Fifty-Eight and Eighty-One Paise Only) as on 30.06.2021. Upon perusal of the Index to the Typed Set of Documents filed by the 1st Defendant Bank, I find that the index indicates that the Possession Notice along with the Acknowledgment Due (AD) Cards are **annexed at pages 6 to 9**. However, on verification of the record, I find that only a copy of the Possession Notice dated 19.07.2021 is available at page 6. The documents purportedly placed at pages 7 to 9, namely the postal records/AD Cards, are not found in the typed set. However, there is no denial by the Applicant that he has received the Possession Notice. As per the Applicants' pleadings at page No. 5 of the Securitisation Application, another Possession Notice dated 07.09.2021 was issued by the 1st Defendant Bank demanding a sum of **Rs.9,54,798.13/- (Rupees nine lakhs fifty four thousand seven hundred ninety eight and thirteen paise only)** as on **31.08.2021**. However, upon perusal of the Index to the Typed Set of Documents filed by the 1st Defendant Bank, I find that no such document has been produced by the 1st Defendant Bank in respect of the 2nd Possession Notice dated 07.09.2021. Therefore, the said contention remains unsupported by any documentary evidence. The 1st Defendant Bank has also filed photo copies of the newspaper publications pertaining to the Possession Notice dated 19.07.2021, **annexed at pages 10 and 11 of its typed set of papers**. Upon perusal of the records, I find that the said photo copies have been adjusted and reproduced only to display the name of the newspaper, locality and the date of publication. The copies do not enable this Tribunal to verify whether the Possession Notice was published in accordance with the requirements prescribed under the Security Interest (Enforcement) Rules, 2002. I further find that no photographs evidencing the affixture of the Possession Notice dated 19.07.2021 on the conspicuous part of the secured asset have been annexed to the 1st Defendant Bank's typed set of papers. In the absence of newspaper publications and proof of affixture, the 1st Defendant Bank has failed to establish compliance with the mandatory requirements relating to publication and affixture of the Possession Notice. Further I find that the 1st Defendant Bank not produce any documents relating to another Possession Notice Dated 07.09.2021. In view of the above Provision, I find that the Defendant Bank has not followed the above provision in issuance of Possession Notice.

9. Thereafter, the Defendant Bank issued a First Sale Notice dated 19.11.2021 fixing the e-auction for sale of the secured assets for a sum of **Rs.14,14,750.81/- (Rupees fourteen lakhs fourteen thousand seven hundred fifty and eighty one paise only)** as on 31.10.2021 but the sale not held due to want of bidders. The 1st Defendant Bank issued Second Sale Notice dated 27.12.2021 fixing the e-auction for sale of the secured assets for a sum of Rs. 14,27,499.81/- **(**Rupees fourteen lakhs twenty seven thousand four hundred ninety nine and eighty one paise only**)** and proceeded to sell the secured assets in favour of the auction purchasers. This Tribunal has also perused the photocopies of the Sale Notice and AD cards, which are **annexed at pages 14 to 17 of the Bank's typed set of papers** and produced Sale Notice dated

27.12.2021 original paper publication which are **annexed at pages 09 and 10 of the Bank's additional typed set of papers.**

10. The applicant contended that the impugned sale notice dated 27.12.2021 was not issued by the 1st Defendant bank, I find that the AD card proves that the applicant received the impugned sale notice dated 27.12.2021 on 29.12.2021. Further I find that the 1st Defendant Bank has not produced any material or documents in respect of affixture of the impugned sale notice on a conspicuous part of the property. It is pertinent to mention here that when a matter has been challenged before a court of law against the Defendant Bank regarding the proceedings initiated by him under the SARFAESI Act, he has to adduce substantive evidence to rebut the allegations of the Applicant. Therefore, this Tribunal finds that the Defendant Bank has failed to prove that they have complied with Rules 8(7) of the Security Interest (Enforcement) Rules, 2002, which clearly provide that:

"**Rule (7) in the Security Interest (Enforcement) Rules, 2002**:-

"(7) *[Every notice of sale* ***shall be affixed on the conspicuous part*** *of the immovable property and the authorised officer shall upload the detailed terms and conditions of the sale, on the web- site of the secured creditor, which shall include;*

(a)the description of the immovable property to be sold, including the details of the encumbrances known to the secured creditor;

(b)the secured debt for recovery of which the property is to be sold;

*(c)**reserve price of the immovable secured assets below which the property may not be sold**;*

(d)time and place of public auction or the time after which sale by any other mode shall be completed;

(e)deposit of earnest money as may be stipulated by the secured creditor;

(f)any other terms and conditions, which the authorized officer considers it necessary for a purchaser to know the nature and value of the property.]"

11. Thereafter, the Defendant Bank issued a Sale Certificate dated 03.02.2022 in favour of 3rd Defendant and has produced a photocopy of the same. The Sale Certificate was subsequently registered on

04.02.2022 as Document No. 1173/2022, a copy of which has been produced by the 3rd Defendant and **annexed at pages 04 to 24 of the list of documents on the side of the 3rd Defendant**.

12. On the contrary, the registered sale certificate document bearing No. 1173/2022, produced by the 3rd Defendant and **annexed at Pages 04 to 24 of the list of Documents on the side of the 3rd Defendant**, clearly shows that the Sale Notice was issued on 27.12.2021 and that the e-auction was conducted on 20.01.2022.

13. The Applicants has further contended that the present market value of the schedule-mentioned property is approximately Rs.1.15 Crores and, therefore, there was no necessity for the 1st Defendant Bank to bring the property to sale for recovery of the comparatively meagre outstanding amount of Rs.14.14 lakhs. However, upon perusal of the records, I find that the Applicant has not produced any material, valuation report, guideline value, sale deed of comparable properties, or any other documentary evidence to substantiate. In the absence of any cogent evidence in support of such assertion, the said contention is untenable.

14. The contention of 3rd Defendants that she is a bona fide purchasers for valuable consideration has also been duly considered by this Tribunal. However, it is well settled that where an auction sale is vitiated due to non-compliance with the mandatory provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002, such sale cannot be sustained merely on the ground that the purchasers are bona fide purchasers for value. The plea of bona fide purchase cannot validate an auction conducted in violation of the mandatory statutory requirements.

15. 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 the property of the Applicant without following the due process of law strictly.

In view of the above discussions, I find that the 1st Defendant has proceeded under the SARFAESI Act and rules for recovery of money from the Applicant but they have not followed the procedure as mentioned in the SARFAESI Act & Rules strictly and failed to rebut successfully the allegations made by the Applicant. Therefore, this Tribunal holds that the Applicants are entitled to get the reliefs as prayed for in **SA No. 262/2025**.

In the result,

a) **SA No. 262/2025 is allowed**. Sale held on 20.01.2022 in pursuant to the Sale Notice dated 27.12.2021 are hereby set aside. Consequently the Scale Certificate dated 03.02.2022 is also not sustainable in the eye of law.

b) The Defendant Bank is directed to refund the entire sale consideration amount paid by the Auction purchaser along with 4% of simple interest to the Auction purchaser from the date of deposit of money by the Auction Purchaser till the refund within one month from the date of receipt of copy of the Order.

c) The Applicants shall make payment of the amount, if any, incurred by the Auction Purchaser towards stamp duty and registration charges within one month from the date of receipt of a copy of this Order.

d) The Applicants are also directed to pay the interest at the simple 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 Defendant within one month from the date of receipt of copy of the Order.

e) All the expenditures incurred in issuance of Sale Notice dated 27.12.2021 shall not be included in the loan account of the Applicant.

f) The Defendant Bank is at liberty to initiate fresh action against the Applicant for recovery of loan amount following strictly the SARFAESI Acts & Rules.

g) The Registry is directed to inform the Sub Registrar No. II, Madurai (South) Office about this order so as to cancel the registration of the Sale Certificate dated 03.02.2022 vide Doc. No: 1173/2022 dated 07.02.2022.

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

Dictated to KKN taken down, transcribed typed by him, corrected and pronounced by me in the Open Court in this the 07th August, 2026.

Sd/-

(SEEMA SINHA)

PRESIDING OFFICER

Uploaded on 13.08.2026