DEBTS RECOVERY TRIBUNAL-I, CHANDIGARH

SA/105/2023
M/S AIIA CORPORATION AND OTHERS
VERSUS
AUTHORIZED OFFICER, BANK OF MAHARASHTRA AND OTHERS

19.08.2026
Supplementary Item No.1

Argued by: Mr. Vivek Verma and Mr. Sanjay Sagar, Counsel for the Applicants.
Mr. R.S. Badhran and Ms. Deepal Tamang, Counsel for respondent Bank.
Ms. Shina Sehgal, Counsel for Auction Purchaser (on VC).

M/s AIIA Corporation and others (Applicants) have filed this Securitization Application under Section 17 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), against the Authorized Officer, Bank of Maharashtra and others (Respondents).

2. In brief, the case of the Applicants, as set up in the Securitization Application, is that Applicant No.1 is a partnership firm engaged in the business of manufacturing drinking water and soda. On 22.01.2014, they had approached the Bank for a term loan of Rs.290.00 lacs for the purpose of construction of building and purchase of plant and machinery. Bank sanctioned the same against the primary security of land measuring 672 sq. yards, bearing Private Plot Nos.3003 and 3004, situated in Village Vallah, Mehta Link Road, Tehsil and District Amritsar. The said loan facility was covered under the Credit Guarantee Fund Trust for MSME units. No collateral security was required to be furnished. The loan was repayable in 72 monthly instalments with effect from 01.04.2015. The partners of the said firm were the guarantors. In March 2015, Applicant No.1 availed

a CC limit of Rs.25.00 lacs from the Bank. The CC limit was not secured by any collateral security. The CC limit was enhanced to Rs.45.00 lacs. There was restructuring vide sanction letter dated 28.01.2019. Pursuant to the restructuring, the CC limit of Rs.45.00 lacs and a Term Loan of Rs.116.71 lacs were sanctioned. There was again restructuring in December 2020. On 12.05.2021, Bank issued a notice under Section 13(2) of the SARFAESI Act, stating that the account had turned NPA on 31.03.2021 and demanded a sum of Rs.1,87,04,811/-. Applicant No.2 made a detailed representation on 01.07.2021 under Section 13(3A) of the SARFAESI Act. Applicant No.2 stated that Applicant No.1 was an MSME unit and, accordingly, its case should be referred to the designated committee for rehabilitation. It was also stated that the account was neither in default nor overdue. On 21.07.2021, Applicants also submitted an application to the committee for a corrective action plan under the Revival and Rehabilitation (Annexure A-9). However, the Bank, without replying to the objections, took physical possession of the secured asset on 02.03.2023. On 01.04.2023, Bank issued the auction notice, fixing the reserve price at Rs.1,45,04,000/- and fixing the e-auction for 04.05.2023. The auction notice was sent through WhatsApp by Ms. Yangchan Dolma, Chief Manager, Asset Recovery Branch, Bank of Maharashtra (Annexure A-12). In the WhatsApp message, only the land and building were mentioned as the secured asset and the reserve price was fixed at Rs.91,71,000/-. However, in the auction notice published in the newspaper and uploaded on the website, the land and building as well as the plant and machinery were mentioned, and the reserve price was mentioned as Rs.1,45,04,000/-. Again, in the demand notice dated 12.05.2021 and possession notice dated 14.01.2022, only the land and building were mentioned as the secured asset. The Bank never served a clear 30-day notice under Rule 8(6). Accordingly, the sale notice dated 01.04.2023 and the subsequent proceedings are liable to be set aside. Applicants alleged that the SARFAESI proceedings were illegal, null and void. Bank did not refer the matter to the designated committee. The notice under Section 13(2) was not served upon the Applicants. The account was not properly declared NPA. No prior notice was given to the Applicants before declaring the account NPA. The account was declared NPA in violation of the RBI guidelines. There was no proper CERSAI registration. On these facts, Applicants filed the present SA on 03.05.2023 and prayed that the SARFAESI action be set aside.

3. During the pendency of the SA, the Bank again put up the property for auction. The auction was successful. On 07.02.2025, the application filed by the Applicants for impleading the auction purchaser was allowed by this Tribunal, subject to all just exceptions. Notice of the SA was given to the auction purchaser, who appeared in person. Applicants also filed an application for amendment of the SA, which was allowed by this Tribunal vide order dated 22.07.2025.

4. Bank and Auction Purchaser have filed reply to the amended SA and have denied the case of the Applicants.

5. Mr. Verma, counsel for the Applicants, has submitted that the whole of the SARFAESI action taken by the Bank is illegal, null and void. The account was declared NPA on 31.03.2021. The Bank issued the notice under Section 13(2) on 12.05.2021. In the notice under Section 13(2), Bank had mentioned only the land and building and

had not mentioned the plant and machinery. Applicants had filed objections. However, the Bank did not dispose of the same. On 14.01.2022, Bank allegedly issued the notice under Section 13(4). However, there is no proof of service of the said notice. Bank had taken the physical possession on 02.03.2023. Earlier, the Bank had issued the auction notice on 01.04.2023, fixing the auction for 04.05.2023. However, in the auction notice, not only the land and building but plant and machinery were also mentioned. The Bank did not give clear 30-days' notice. Bank has not got the security interest registered. The earlier auction, which was scheduled for 04.05.2023, did not materialize. However, during the pendency of the SA, the Bank had issued another auction notice, and this time the auction was successful. However, this auction is liable to be set aside, as the Bank had never issued a clear 30/15-day notice to the Applicants. Applicant No.1 is an MSME unit and had also made a request to the Bank to refer the matter to the designated committee. However, the matter was not referred to the designated committee. The Bank also did reply to the objections. Though, in the notice under Section 13(2), Bank had not mentioned the security interest in respect of the plant and machinery, yet the Bank issued the auction notice and sold the plant and machinery also. Mr. Verma, submitted that, on these facts, the SA be allowed and the SARFAESI action and the auction be set aside.

6. *Per contra*, Mr. Badhran, counsel for the Bank, has argued that the whole of the SARFAESI action is legal and valid. Applicants were duly served with the notices under Sections 13(2) and 13(4). Applicants were dispossessed on 02.03.2023. However, they filed the present SA on 03.05.2023, i.e., beyond the period of 45 days.

Applicants did not move any application for condonation of delay. Again, the auction notice was issued by the Bank on 16.12.2024. The auction was fixed for 22.01.2025. Applicants had moved an application for amendment of the SA in May 2025. Despite the fact that the Applicants had come to know on 07.01.2025 that the property had been sold, they did not take any action till 28.05.2025. They moved an application for amendment of the SA only thereafter. Accordingly, the SA filed by the Applicants be dismissed.

7. Ms. Shina Sehgal, counsel for the Auction Purchaser endorsed the contentions raised by Mr. Badhran, counsel for the Bank, and submitted that the SA is time-barred. She further submitted that the Applicants had also not approached this Tribunal within the prescribed period to challenge the auction. Accordingly, the SA be dismissed.

8. I have considered the rival contentions.

9. Admittedly, Applicants were dispossessed on 02.03.2023. However, they filed the present SA on 03.05.2023. Accordingly, the SA, on the face of it, is time-barred. However, Mr. Verma, counsel for the Applicants, argued that the Bank had issued the auction notice on 01.04.2023 and the Applicants had challenged the same. Accordingly, the SA filed on 03.05.2023 was within the prescribed period of limitation. It is admitted on the record that the Bank did not receive any bid in pursuance to the auction notice dated 01.04.2023. Since the Applicants were dispossessed on 02.03.2023 and did not challenge this measure taken by the Bank until 03.05.2023, I am of the considered view that the SA challenging the dispossession is also time-barred.

10. Coming to the auction which was conducted by the Bank during the pendency of the SA. The Bank had issued the auction notice on 28.11.2024, fixing the auction for 16.12.2024. This auction was successful, and Mr. Jobin Nagpal was declared the highest bidder. Though, on 22.01.2025, counsel for the Applicants made a request to direct the Bank to provide the particulars of the auction purchaser, on 29.01.2025, counsel for the Applicants admitted that he would move an application for impleading the auction purchaser and for challenging the sale. On 07.02.2025, counsel for the Applicants stated that he had moved an application for impleading the auction purchaser as a party. This application was allowed by this Tribunal on 07.02.2025, as the counsel for the Bank made a statement that she had no objection to the same. Notice was issued to the auction purchaser. On 28.05.2025, counsel for the Applicants stated that he had moved an application for amendment of the SA. Vide order dated 22.07.2025, the application for amendment of the SA was allowed, subject to all just exceptions that may be available to the parties. The Applicants ultimately filed the amended SA on 12.08.2025. From the above facts, it is amply clear that, though on 29.01.2025 the Applicants had come to know that the Bank had sold the secured asset on 22.01.2025, they did not file an application for amendment of the SA to challenge the auction till 28.05.2025. In view of the fact that the Applicants had come to know of the sale on 29.01.2025 and had also been supplied with the particulars of the auction purchaser, they did not move an application for amendment of the SA till 28.05.2025. Accordingly, their challenge to the auction dated 22.01.2025 is also time-barred.

The upshot of the entire discussion is that the SA is **dismissed**. All the pending IAs, if any, are also stand disposed of accordingly.

Registrar is directed to send a copy of this order to all the parties, as per rule. File be consigned to record room after due compliance.

(A S Narang)
Presiding Officer
DRT-I, Chandigarh

Pronounced in open court
Dated: 19.08.2026
PANKAJ