IN THE DEBTS RECOVERY TRIBUNAL
VISAKHAPATNAM

Present :- SHRI KRISHNA GOPAL DWIVEDI,
PRESIDING OFFICER

Dated 03rd September, 2026

S.A. No. 321 of 2022

Between:

1. M/s. Prabhakar Raw & Boiled Rice Mill, Rep. by its Managing Partner Sri. V.N.V. Prabhakara Rao, D.No.17/16-1, Nagayalanka Road, Challapalli, Krishna District, Andhra Pradesh.

2. Sri Vurimi Naga Venkata Prabhakara Rao, S/o. Late V. Venkata Satya Rama Rao, D. No. 7-154, Potti Sreeramulu Street, Challapalli -521 126, Krishna District. (Died)

3. Sri Vurimi Naga Venkata Anjaneya Ramesh Kumar, S/o. Late V. Venkata Satya Rama Rao, D. No. 7-154, Potti Sreeramulu Street, Challapalli-521 126, Krishna District.

4. Smt. Vurimi Raja Sulochana, W/o. Sri. Vurimi Naga Venkata Prabhakara Rao, D. No. 7-154, Potti Sreeramulu Street, Challapalli-521 126, Krishna District.

5. Smt. Vurimi Manikya Suvarchala Devi, W/o. Sri. Vurimi Naga Venkata Anjaneya Ramesh Kumar, D. No. 7-154, Potti Sreeramulu Street, Challapalli - 521 126, Krishna District.

.....Applicants

And

1. Maximus ARC Limited, Represented by its Vice President & CEO cum Authorized officer, D.No. 59A-18/1-5A, 3rd Floor, Sri Plaza, Teachers Colony, Patamata, Vijayawada-520 008, Andhra Pradesh.

2. Indian Overseas Bank, Rep. by its Authorized officer, Machilipatnam, Zilla Court Complex, Near Sai Baba Temple, Machilipatnam, Krishna District, Andhra Pradesh-521001 Rep. by its Authorized officer.

3. Indian Bank, Rep. by its Authorized officer-cum- Senior Manager, Challapalli Branch, Challapalli, Bundar Road, 10-86, Andhra Pradesh - 521 026, Lakshmi Complex, Krishna District.

4. M/s. Origin Projects, Rep. by its Managing Partner Mr. S.Kalyan Babu, S/o. Mr. S. Nehru, D.No.54-20/10-10,Samrat Apartment Road, Srinagar Colony, Vijayawada

5. M/s. P.V.R. Reddy Enterprises, Rep. by its Managing partner Mr. P.V. Raghava Reddy, S/o. Late P. Krishna Reddy, D.No. 11-44, Venkatagiri-I, Pidimgoyyi, Rajahmundry Rural, East Godavari District

6. M/s. Sri Murali Krishna Estates, Rep. by its Managing partner Vantiapalli Papa Rao, S/o. Krishna Murthy, Regd. Office at Flat NO. 502, D.No. 81-09003/9, Satya Residency, Venkateswara Nagar, Rajahmundry, East Godavari District

.....Respondents

Present:

Ld. Counsel for the Applicants : Shri K.S Shankar &
Shri K. Nageswara Rao
Ld. Counsel for Respondent FI : Shri A.S Ram Sarma
Ld. Counsel for Respondent No.4 & 6 : Shri S Appalaraju & Associates

ORDER

1. The applicants have filed the present appeal under Section 17(1) of SARFAESI Act 2002 dt. 08.08.2022

2. As per neat copy of SA dt. 06.07.2026. The 1st Applicant is a Partnership Firm and the Applicants 2 to 5 are its partners belongs to same family as such the Managing Partner is competent to file this Application. It is submitted that, 2nd Respondent Bank was the Original Lendor Bank and subsequently the Debt has been assigned to the 1st Respondent under Assignment Agreement dt.19-12-2017. Similarly the 3rd Respondent also assigned its debt to 1st Respondent.

The 1st Applicant availed loan facilities from the State Bank of India, Machilipatnam Branch which were taken over by 2nd Respondent Bank who sanctioned various credit facilities on 28-03-2009 and also on 02-07.2012.

It is submitted that, in the month of December, 2012 the officers of the 2nd Respondent Bank visited the Applicants business premises and after verifying the premises, godowns, stocks and records, had promised the Applicants for sanction of Rs.25 Crores, however, the 2nd Respondent Bank sanctioned only Rs.69.63 Lakhs in the nature of FITL Facility and the same was adjusted towards the existing loans. The 1st applicant firm with their own funds started the Rice Mill in an extent of Ac.0.88 cents Land and thereafter purchased Ac.10.54 cents land and acquired Automatic Machinery and expanded its production to 360 Metric Tons per 20 Hours and also purchased vehicles like Lorries and Tractors and for construction of godowns the applicants contributed nearly Rs. 25 Crores funds out of their own sources. Though the officials of 2nd Respondent promised to sanction the loan of Rs.25.00 Crores but did not sanction the same. At that time the Food Corporation of India credited huge amount in to the account of 1" Applicant, which amounts are payable to the farmers who supplied the Paddy but the 2nd Respondent Officials without any information and consent of Promoters transferred the entire amount to the loan account. The said transferred amount is three times higher than the payment schedule, which caused a big blow to the Applicant's business and consequently there was illegal declaration of account as NPA.

As per SA on 16-04-2013 the 2nd Respondent Bank issued Demand Notice under Section 13 (2) of SARFAESI Act. The 2nd Respondent Bank issued Possession Notice dt. 21-06-2013 under Section 13 (4) of SARFAESI Act, in violation of the provisions of the Act. The 2nd Respondent Bank issued Possession Notice dt. 21-06-2013 under Section 13 (4) of SARFAESI Act, in violation of the provisions of the Act. The 2nd Respondent Bank

without issuing Rule 8(5) & 8(6) Notices, issued a Sale Notice dated 22-11-2013 and conducted Auction for one property and sold for Rs.2,60,25,000/- and out of the said amount an amount of Rs.2,24,59,163/- was adjusted to MTL-IV Loan as a part payment and Rs.35,65,837/- towards full satisfaction of FITL Facility. It is submitted that, the 2nd Respondent Bank issued another sale notice dated 17-08-2014 and one property was sold for Rs.86.75.000/- and the said amount was appropriated to MTL-III Loan account as a part payment. The applicant prayed for OTS and the respondent bank granted OTS by its letter dt. 19.09.2016 for an amount of Rs.10,10,00,000/- and the applicants paid Rs.250.00 lakhs. Applicant could not pay the remaining amount and sought time from the 2nd Respondent Bank.

As per SA the 2nd Respondent bank sold the debt to the 1st Respondent for sum of Rs. 5,05,00,000/- under Assignment Agreement 19.12.2017 without following the guide lines issued by the RBI as per clauses 2.1.1 and 2.1.2 the assignor has no right to deal with the properties or asset and it is only the Assignee i.e., Respondent No.1 shall hereafter be deemed to be the full and absolute legal owner of the asset.

The applicant has further submitted that the 2nd Respondent had illegally without any authority took physical of the possession on 30-06-2018. The 2nd Respondent valued the schedule property for Rs. 26.50 Crores as per the Valuation Report dated 02-07-2012 and in the year 2017 the same property was assigned to 1st Respondent ARC for an amount of Rs. 5.05 Crores. The 1st Respondent illegally demanding crores of rupees of higher amounts. The 2nd Respondent Bank issued three Sale Notices in 1st sale notice the Reserve price of the property was Rs. 1775 Lakhs and

2nd Reserve price of the property was Rs. 1600 Lakhs and 3rd sale notice Reserve price of the property was fixed Rs. 1500 Lakhs. The schedule property was situated at Challapalli, Krishna District which is within the limits of Capital Region Development Authority (CRDA). The 1st Respondent illegally decrease property value. The classification of account as NPA is illegal against the guidelines of Reserve Bank of India.

The 1st Applicant filed SA 518/2018 which is allowed by this Tribunal dt. 04.11.2019 by declaring that taking physical possession by 2nd Respondent Indian Bank through Advocate Commissioner on 30-06-2018 is illegal and directed the Respondents to redeliver the Possession and declare that Sale Notice dated 12-12-2018 as illegal. It was further observed in the orders of the Tribunal that the assignment deed executed by 2nd Respondent in favour of 1st Respondent dated 19-12-2017 is not valid under law as the 2nd Respondent sustained heavy loss. After disposal of above S.A. the Respondents delivered the physical possession to the applicants and handed over the schedule property and the applicants are in possession of the same. The Respondent bank without giving fresh Section 13(2) Demand Notice straight away issued Possession Notice on 15-11-2019 where under they have mentioned that they have withdrawn the Possession Notice 21-06-2013 issued by Indian Bank and demanding payment of Rs.21,11,04,202/- as on 10-11-2019. The said possession notice was not published in the local papers. Again on 20-11-2019 another Possession Notice was issued that Possession Notice was not affixed by mentioning the Demand Notice dated 16-04-2013 issued by Indian Bank.

The 1st Respondent filed Crl.M.P.2/2020 in CF. No.2/20 on the file of CMM, Machilipatnam who appointed Advocate Commissioner to take physical possession of the property in which the 1" Respondent filed Demand Notice dated 16-04-2013 issued by the 2nd Respondent. The 1" Respondent took physical possession of the property in the absence of the applicants. Thereafter the Respondent No.1 issued e-action notice Under Rule 8(6) and 9(1) combining together for attempting to sell the schedule properties on 19-01-2022 by fixing the reserve price of Schedule A, B, properties at Rs.1015.00 Lakhs and the machinery in the Rice Mill and Plant belong to Indian Overseas Bank at Rs. 85.00 Lakhs and intending to sell the entire property together with Mill and Machinery for a total amount of Rs. 1100.00 lakhs. Whereas the market value of the property is more than Rs. 70.00 Crores and the Government value of the property will be around Rs. 36.32 Crores. The applicants filed S.A.463/2021 before this Tribunal and directed the payment of Rs.2.00 Crores and the Hon'ble High Court enhanced the same to Rs.2.70 Crores and the said amount was deposited by the applicants. Thereafter the 1st Respondent represented that they have refunded the amount deposited by auction purchaser and they are withdrawing the SARFAESI proceedings and accordingly on 29-06-2022 the Tribunal recorded that S.A. along with all I.A.'s are dismissed and disposed of by this Tribunal.

The Applicant has further submitted that out of the total schedule property an extent of Acs.0.25 cts., is outside the boundary wall of the Rice Mill which is used for agricultural purpose and even now agricultural operations are going on and therefore the 1st Respondent has no right to proceed against the said property under the provisions of Section 31(i) of

SARFAESI Act. Further an extent of Acs.0.49 cts., which is situated in the middle of the schedule properties was not mortgaged in favour of the bank therefore the 1ª Respondent has no right to proceed against the said property.

The 1st Respondent only paid amount of Rs. 5.5 Crores to the 2nd Respondent Bank and paid Rs. 1.10 Crores to 3rd Respondent Bank for assignment and thus a total amount of Rs. 6.15 Crores was paid and now claiming Rs.28.80 Crores by multiplying the interest on interest and other expenses and attempting to conduct the auction schedule properties for realization of Rs. 11.00 Cores even though the value of the property is more than Rs.60.00 to Rs. 70.00 Crores.

As per SA after withdrawal of entire SARFAESI proceedings the 1st Respondent has no right to issue e-auction on 01-07-2022 for conducting auction on 10-08-2022 by fixing a reserve price of Rs.11.00 Crores. Aggrieved by the action the applicants filed W.P.19515/2022 before the Hon'ble High Court of A.P. at Amaravathi and Hon'ble High Court on 04-08-2022 passed orders directing the 1ª Respondent to proceed with the auction but the same shall not be confirmed and further directed the applicants to approach the DRT, Visakhapatnam on or before 10-08-2022.

Now the 1st Respondent conducting sale on 10-08-2022 sending E-auction on 01.07.2022 in that fixing the reserve price of Rs. 11.00 Crores while the Government value of Rs. 36.32 Crores

The 1st Respondent/FI conducted auction on 10-08-2022 in which the Respondents 4 & 5 became the highest bidders and they paid 25% of the sale consideration.

As per SA during the Writ Petition 8750/2025 filed by the applicants, the applicants came to know that the third party by name M/s. Sri Murali Krishna Estates, represented by its Managing Partner Vantipalli Papa Rao participated in the auction on 24-03-2025 and became the successful bidder in whose favour the first respondent has executed the sale certificate on 26-05-2025 and alleged to have been delivered the possession on 09-06-2025. originally the 1st Respondent given the information that 5th respondent purchased the moveable machinery but the 1st respondent has not filed any record to show as to when the present 5th Respondent P.V.R.Reddy Enterprises withdrawn from the sale of the moveables and as to when notices were served on the applicants for conducting the auction of plant and machinery. No notice was ever served on the applicants for conducting sale of plant and machinery on 24-03-2025. Hence the sale notice dated 24-03-2025 and issuance of sale certificate in favour of 6th Respondent on 26-05-2025 and delivered the possession on 09-06-2025 is all illegal and they are liable to be set aside".

3. The applicants have sought the following relief in the SA:

(1) To declare that the Rule 8(6) and Rule 9(1) notice dated 01-07-2022 for conducting sale on 10-08-2022 in respect of the schedule properties as illegal, unsustainable and set aside the same.

(2) To declare that any further action consequent to the Sale Notice dated 01-07-2022 are also illegal and unsustainable.

(3) To declare that the Possession Notices dated 15-11-2019 and 20-11-2019 issued by 1st Respondent basing on Demand Notice dated 16-04-2013 are illegal, void and unenforceable.

(4) To declare that the 1st Respondent is not entitled to continue the Securitization Proceedings under the guise of Assignment Deed dated 19-12- 2017 which was held illegal in S.A.518/2018 before this Tribunal.

(5) To declare that all subsequent actions of the 1" Respondent are illegal. unenforceable and not binding on the applicants.

(6) To declare that the auction conducted on 10-08-2022 by the 1" Respondent/FI in respect of schedule properties in which Respondents 4 & 5 became the highest bidders as illegal and against the rules and against the Memo filed by the Respondent/FI and set aside the same".

(7) To set aside the sale certificate dated 01-02-2025 issued by the Respondent no.1 as per the letter dated 07-02-2025 sent by Respondent no.1 to the applicants in pursuance of the sale conducted on 10-08-2022"

(8) "To declare that the sale notice dated 24-03-2025 for conducting sale on 03-05-2025 issued by Ist Respondent and sale certificate was executed on 26-05-2025 and possession was delivered on 09-06-2025 by the 1st Respondent in favour of 6th Respondent are illegal and they are liable to be set aside",

4. The applicant has filed the following document along with SA:-

(a) Orders by the Tribunal in SA No. 518/2018 dt. 04.11.2019

(b) OTS Sanction Letter dt. 19.09.2016

© OTS extension Letter dt. 27.10.2017

(d) Possession Notice U/s. 13(4) of the SARFAESI Act issued by the 1st Respondent Bank dt. 15.11.2019

(e) Possession Notice U/s. 13(4) of the SARFAESI Act issued by the 1st Respondent Bank dt. 20.11.2019

(f) Publication made in Eenadu for conducting e-auction without terms and conditions dt. 14.12.2021

(g) Valuation of the property issued by Sub Registrar, Challapalli, Krishna District dt. 18.12.2021

(h) Sale Notice for Immovable properties for conducting sale on 19.01.2022 dt 08.12.2021

(i) Letter by 1st Respondent to auction purchaser refunding the 25% of the amount for immovable properties dt. 10.03.2022.

(j) Letter by 1st Respondent to auction purchaser refunding the 25% of the amount for movable machinery dt. 10.03.2022

(k) SA 463/2021- Order passed by the DRT, Visakhapatnam regarding withdrawal of SARFAESI proceedings dt. 29.06.2022

(l) Rule 8(6) and Rule 9(1) Notice for conducting sale on 10.08.2022

(m) Paper publication for Sale of Immovable properties on 10.08.2022. dt. 01.07.2022

(n) Orders in Writ Petition No. 19515/2022 directing applicants to approach the DRT, Visakhapatnam dt. 04.08.2022.

5. Applicant has also filed the following documents with additional written arguments:

(a) Sanction Letter by Indian Bank relying upon valuation report of M/s. Jagannath Associates dt. 29.12.2022

(b) Valuation Report of M/s. Jagannath Associates

(c) Market value certificate issued by the SRO, Challapalli in respect of Market value as on 01.08.2019

(d) Market value certificate as on the date of sale of property i.e prior to 10.08.2022 dt.18.12.2021

(e) Market value certificate issued by SRO, Challapall as on 09.06.2026 @ Rs. 50.00 Crores

(f) Photographs of the entire unit prior to taking physical possession by the Respondent No.1 during the year 2020

(g) A copy of the notice under which the Respondent No. 5 alleged to have been purchased movable machinery dt. 24.03.2025

(h) Summary of case law on behalf of applicants

6. The applicant has also filed the list of events on 13.08.2026, which is on record.

(1) Loan facilities were sanctioned by Indian Bank and Indian Overseas bank by taking over existing loan from SBI dt. 2803.2009 & 2.07.2012

(2) Sec. 13(2) Demand notice issued for Rs. 13,41,25,471-00 by Indian Bank dt. 16.04.2013

(3) Sec.13(4) Possession Notice was given by Indian Bank dt. 21.06.2013

(4) Rule 8(5) & 8(6) notice and sold one property of applicants for Rs.2,60,25,000-00 and adjusted the same for two loan accounts MTL IV, FITL facility dt. 22.11.2013

(5) Sale notice was given and sold one property for Rs.86,75,000-00 and appropriated to MTL-III loan account dt. 17.08.2014

(6) Applicants did not challenge the two sales and they became final.

(7) Sale Notice by Indian Bank fixing the Reserve Price at Rs. 1775 Lakhs in respect of SA schedule properties dt. 23.11.2013

(8) Sale Notice by Indian Bank fixing the Reserve Price at Rs.1600 Lakhs in respect of SA schedule properties. 24-03-2014

(9) Sale Notice by Indian Bank fixing the Reserve Price at Rs.1500 Lakhs in respect of SA schedule properties dt. 18.09.2014

(10) OTS was sanctioned for an amount of Rs.1010 lakhs and applicants paid Rs.250.00 Lakhs dt. 19.09.2016.

(11) Due to death of one partner in an accident they unable to pay balance and the Indian bank issued a letter extending the OTS upto 19-12-2017

(12) Indian bank assigned the loan to Ist Respondent Maximus ARC Ltd., only for Rs.5.05 crores when the property worth Rs.35.00 crores are lying in their hands, without following guidelines of RBI dt. 19-12-2017

(13) Indian Overseas Bank also assigned its asset in favour of 1st Respondent Maximus ARC Limited for Rs. 1.10 Crores. Dt. 02-02-2019

(14) The Indian Bank had taken the physical possession of the schedule property through the orders of CMM. Even though after assignment the Banks have no right over the schedule property dt. 30-06-2018

(15) Orders in S.A.518/2018 filed by Applicants challenging the SARFAESI action on the ground that the Banks dt. 04-11-2019 have no right to take possession and sale after assignment in favour of 1st Respondent Maximus ARC Limited which was allowed and property delivered back to applicants.

(16) Possession Notice issued by 1st Respondent without issuing the Demand Notice Dt 15.11.2019

(17) Another Possession Notice given by Maximus ARC Limited against the schedule property Dt. 20.11.2019

(18) 1st Respondent issued e-auction notice under Rule 8(6) and 9(1) to sell the schedule immovable properties for Rs.1015.00 lakhs and moveable machinery for Rs.85.00 Lakhs and for total amount of Rs. 1100.00 lakhs as against market value of Rs. 70.00 Crores and SRO Value of Rs. 36.32 Crores. Dt. 19.01.2022

(19) S.A.463/2021 was filed by applicant challenging the said auction to be conducted dated 19-01-2022 dt. 21.12.2021

(20) Interim Order passed by Hon'ble DRT for payment of Rs. 2.00 Crores

(21) Hon'ble High Court in W.P.1244/2022 enhanced payment of Rs. 2.70 Crores and the same was deposited by the applicants dt. 19-01-2022

(22) Respondent no.1 represented that they are withdrawing entire SARFAESI proceedings which was recorded by the Honourable Tribunal and dismissed the S.A. 463/2021 dt. 29.06.2022

(23) By virtue of withdrawal of entire SARFAESI Proceedings all earlier notices given by 1st Respondent ARC are non est in the eye of law.

(24) After withdrawing of entire SARFAESI proceedings the 1st Respondent ARC issued e-auction notice for conducting sale on 10-08-2022 dt, 01-07-2022

(25) Applicants filed W.P.19515/2022 before the Hon'ble High Court of A.P. challenging the Sale Notice dt, 06-07-2022.

(26) The Hon'ble High Court passed orders in W.P.19515/2022 that 1st Respondent may proceed with the auction but shall not be confirmed and directed applicants to approach DRT by filing S.A. dt 04-08-2022

(27) Accordingly applicants filed S.A.321/2022 challenging e-auction notice dated 01-07-2022 for conducting sale on 10-08-2022. Dt 08-08-2022

(28) The ARC i.e., Ist Respondent filed Review Petition in R.A. No. 4/2024 on the file of DRT, Visakhapatnam and the same was allowed. Dt 30-10-2024

(29) As Against the orders of Review R.A.4/2022, applicants filed W.P. 8750/2025 before the Hon'ble High Court of A.P. and the same was dismissed on 23-04-2026. Dt 23-04-2026.

(30) The applicants filed SLP before the Hon'ble Supreme Court and directions were given to dispose of the S.A. 321/2024 Dt 25-05-2026

(31) During the pendency of W.P.8750/2025, M/s. Sri Murali Krishna Estates, represented by its Managing Partner participated in the auction on 24-03-2025 for sale of moveable machinery and became successful bidder in whose favour sale certificate was issued on 26-05-2025. Dt 26-05-2025

(32) 1st Respondent ARC alleged to have been delivered physical possession of moveable machinery to 6th Respondent. Dt 09-06-2025

(33) The 5th Respondent PVR Reddy Enterprises became the successful bidder for moveable machinery withdrawn and the sale of moveable machinery was confirmed in favour of 6th Respondent. Dt. 24.03.2025

(34) The Managing Partner of Ist Applicant i.e., 2nd Applicant Mr. Prabhakara Rao died. Dt 16-02-2026

(35) The 1st Applicant Partnership was reconstituted and the 3rd Applicant became the Managing Partner Dt 16-03-2026

(36) Hon'ble DRT in SA 463/2021 passed orders on 21-12-2021 to deposit Rs.2.00 Crores on or before 18-01-2022 and interim stay of all further proceedings Dt 21.12.2021

(37) Orders in W.P.1244/2022 by the Hon'ble High Court of A.P., at Amaravathi directing Applicants to pay Rs.2.70 Crores on or before 27-01-2022 and extended the period in I.A.2/2022 in W.P.1244/2022 on or before 04-02-2022 and the amounts was deposited Dt 19-1-2022

(38) Letter by Respondent no.1 to Respondent no. 4 stating that Respondent no.4 became the highest bidder and directed to deposit 25% of the bid amount, else EMD will be forfeited Dt 10-08-2022

(39) Letter by Respondent no. 1 to Respondent no. 4 stating that they will issue confirmation of sale after obtaining specific order from DRT Dt 20-08-2022

(40) Letter by R-1 to R-4 for payment of 75% of the sale consideration within 15 days to issue sale certificate otherwise amount deposited will be forfeited DT 04-11-2024

(41) Letter by Respondent no. 4 seeking time to deposit 75% amount on or before 31-01-2025 DT 12-11-2024

(42) Letter by Respondent no. 1 to Respondent no. 4 the time is extended for payment of 75% on or before 31-01-2025 and pay the amount with interest at 12% from 18-11-2024. DT.13-11-2024

(43) Sale Certificate was issued by Respondent no.1 in favour of Respondent no. 4 in respect of immovable property DT01-02-2025

(44) Sale Notice for sale of moveable machinery (wrongly mentioned as immovable properties) for conducting sale on 03-05-2025 DT 24-03-2025

(45) Sale Certificate issued by 1st Respondent in favour of 6th Respondent M/s. Sri Murali Krishna Estates for a consideration of Rs. 1,02,00,000/- DT 26-05-2025

(46) Possession Receipt issued by 6th Respondent M/s. Sri. Murali Krishna Estates stating that they have taken possession of immoveable property (6th Respondent is auction purchaser of moveable machinery) DT 09-06-2026

(47) Stay Orders passed by the Honourable High Court in W.P.8750/2025 granting stay of all further proceedings in S.A.no.321/2022. DT 04-04-2025

7 The applicants have also filed the following documents with memo dt. 09.07.2026:

(a) Copy of the Reconstituted Deed dt.16.03.2026 along with Translation copy.

8. The applicants have also filed the following documents with IA3811/2026:

(a) Copy of Sale Notice for the sale of immovable properties along with postal receipts and acknowledgments dt. 24.03.2025

(b) Copy of paper publication (Sakshi) and (The New Indian Express dt. 28.03.2025

© Copy of Affixture

(d) Copy of letter addressed from Maximum ARC to Auction purchaser (Sree Murali Krishna Estates) dt 03.05.2025

(e) Copy of Certificate of Sale dt. 26.05.2025

(f) Copy of order passed by the Hon'ble High Court of AP, Amaravathi in W.P.No. 8750/2025 dt. 03.07.2025

(g) Copy of Memo submitted on behalf of the Respondent in SA No. 321 of 2022

(h) Copy of order passed by Hon'ble High Court of AP, Amaravathi in W.P.No. 8750/2025 dt. 04.04.2025

9. The applicants have filed the following documents with IA 797/2025:

(a) Letter issued by the Respondent No.1 to the Applicants (Sale of secured Assets in public E-Auction held on 10.08.2022) dt. 07.02.2025

(b) Letter issued by the Respondent No.1 to the Applicant No.1 for removal of vehicles dt. 08.02.2025

© Notice under Rule 8(6) of Security Interest (Enforcement) Rules, 2002 issued by the Respondent No.1 to the Applicants dt. 10.02.2025

10. The Respondent No.1 has filed reply on 02.09.2022. This Respondent has prayed to dismiss the SA with exemplary costs. As per reply this SA is not maintainable under law. As per reply this Tribunal has decided S.A's i.e. 286/2013, 518/2018, 100/2020, 99/2020 and 463/2021. As per reply the 1st applicant owes debt to the 3rd respondent /Indian Bank and that the same has been assigned by the 3rd respondent to the 1st respondent herein under the assignment agreement dt. 19.12.2017 as per See 5 of the SARFAESI Act. It is humbly submitted that assignment of debt means transfer of a debt for consideration along with all the associated rights and obligations attached to it. The applicants have not challenged the assignment of debt at the earlier stage. Notwithstanding, the applicants/borrowers have duly paid a sum of Rs.25,00,000/- to the 1st respondent. towards part payment of the amount due to the 1st respondent and said part payment leads to the irresistible inference that the applicants have accepted the status of the 1st respondent as the creditor of the 1st applicant. As such, the applicants are not entitled to blow hot and cold that assignment agreement dt. 19.12.2017 in favour of the 1st respondent is not valid and enforceable. Notwithstanding it may be reiterated that the contention of the applicants

in S.A.518/2018 is that after the assignment of debt in favour of the 1" respondent, the 3rd respondent/bank is not entitled to take physical possession of the property and the said contention was upheld by this Court by judgment dt. 04.11.2019. Only because the assignment of debt in favour of the 1st respondent is legally valid and enforceable, the Court came to a conclusion that the 1st respondent/bank is precluded from taking physical possession after such assignment. There is no force in the contention of the applicants that the Court found or held that the assignment agreement dt. 19.12.2017 in favour of the 1st respondent is illegal and invalid. This Court never gave any findings in the judgment dt. 04.11.2019 against the validity and enforceability of the said assignment agreement. The allegation regarding OTS and classification of account as NPA is already decided by DRT, Visakhapatnam in SA 518/2018 and SA 100/2020. As per rule debts was assigned to this respondent. Assignee respondent has every right to recover the entire assigned dues under the acquired debt from the applicants. Therefore, the consideration paid for acquiring the debt is of no consequence to the applicant. The Respondent tried to sell the property on 12.12.2018 but this respondent didn't receive any bids meaning thereby property value is less than the given reserve price.

As per reply as per the direction of this Tribunal physical possession of the schedule property was also handed over to the applicants. Again on 20.11.2019, this respondent has taken symbolic possession of the property by issuing section 13 [4] and rule 8[6] notice and the said factum has been published in the Andhra Jyothi and The Hindu papers on 22.11.2019. The 2nd and 3d respondent bank has issued a demand notice under section

13[2] of the SARFAESI Act, 2002. This matter is decided in the S.A.No. 99/2020 & 100/2020. The assignment of debt infavour of the 1st Respondent is duly registered and legal, valid and enforceable. The 1st Respondent is entitled to continue the proceedings by relying upon Section 13(2) demand notice dt. 03.12.2014 and 16.04.2013. As per reply after dismissal of SA 100/2020 and SA 99/2020 the 1st Respondent filed CRL. M.P 02/2020 before CJM Court, Machilipatnam for taking physical possession of the properties under Sec. 14 of the SARFAESI Act, 2002. 1st Respondent has obtained warrant vide CRL.M.P 02/2020 dated 09.09.2021 and Advocate Commissioner was appointed. Advocate Commissioner has issued a notice to the applicants by fixing date of physical possession and took physical possession of the schedule property.

The 1st Respondent issued Rule 8(6) notice on 16.12.2019 to the borrowers and guarantors . Therefore 1st Respondent has issued sale notice dated 08.12.2021 as per the provisions of the SARFAESI Act, 2002. This respondent has issued two separate notices under Rule 8(6) and 9(1). The valuation of the property was done by the approved valuer and Reserve price is fixed as per law.

In SA 463/2021 this Tribunal was pleased to grant stay subject to the condition that applicant is permitted to deposit Rs. 2 crores to the credit of their loan account by or before 18.01.2022, On compliance of the same, there shall be an interim stay of all further proceedings under SARFAESI including sale scheduled on 19.01.2022. The petitioners did not comply the order. Hence there is no stay. The 1st respondent has conducted the e-auction and received bids for Lot-1 & Lot-2. Upon receipt of 25% of the bid amount from the auction. purchasers, they have issued 'Confirmation of

Sale' to the auction purchasers. The applicant approached before Hon'ble High Court of Andhra Pradesh through W.P No. 1244/2022. The Hon'ble High Court has given direction to the applicant to deposit Rs.2.70 Crores by 27.01.2022 , The applicant did not comply with the orders of the Hon'ble High Court and filed a petition for an extension of time. The Hon'ble High Court of Andhra Pradesh vide their order dated 02.02.2022 has directed the borrower to deposit Rs. 2.70 Crores by 04.02.2022 with a direction that 1st respondent shall not accept any further amounts from the auction purchasers till 07.02.2022. Accordingly, the appellant has deposited Rs. 2.70 Crores on 04.02.2022 and the same was adjusted towards the loan account. Subsequently, the review petition filed by the appellant was disposed of by the Hon'ble High Court of A.P with a direction to 1st Respondent not to accept any further amount from the auction purchaser till 07.05.2022. After that the auction purchaser requested for return of the amount deposited. Accordingly, Respondent bank cancelled the auction on 10.03.2022 and returned the amount to the Auction purchaser. Accordingly this Tribunal disposed SA 463/2021.

As per reply the 1st Respondent issued sale notice dt. 01.07.2022 and published the same in Time of India Newspaper in Vijayawada Edition and Andhra Jyothi, Newspaper in Krishna District Edition on 05.07.2022. The 1st Respondent has not initiated any action against the property extent of 0.25 cents of agricultural land and Ac. 0.49 cents of non-mortgaged property as alleged by the petitioner. The valuation of the property was done by the Approved valuer and Reserve price is fixed as per law.

The Respondent bank has not withdrawn the entire SARFAESI Proceedings. The Respondent bank issued sale notice dt. 01.07.2022.

Valuation of the property was taken by the approved valuer and accordingly Reserve price was fixed. Applicant approached Hon'ble High court of Andhra Pradesh at Amaravthi filed W.P. No. 19515/2022. The petitioner filed SA 321/2022. DRT did not grant any stay on auction proceedings. Accordingly E-Auction conducted on 10.08.2022 and received bids for Lot-I Rs 10,17,00,000/- for Lot No.II Rs 1,01,50,555/-. The highest bidder paid 25% of the bid amount.

11. The Respondent No.1 has filed the following documents with reply:

(a) Demand Notice given by Indian Bank along with postal acknowledgments dt. 16.04.2013

(b) Demand notice given by Indian Overseas Bank along with postal acknowledgments dt. 03.12.2014

© Registered Assignment Agreement i.e Indian Overseas Bank dt. 02.02.2019

(d) SA No. 518/2018 Order dt. 04.11.2019

(e) SA No. 100 of 2020 Order dt. 30.07.2021

(f) SA No 99 of 2020 Order dt. 30.07.2021

(g) Delivery of physical possession of the schedule property dt. 07.11.2019

(h) Possession Notice for the debt secured by Indian Bank dt. 20.11.2019

(i) Photos for proof of affixture dt. 20.11.2019

(j) Postal Receipts with return covers dt. 21.11.2019

(k) Paper publication –The Hindu and Andhra Jyothi dt. 22.11.2019

(l) Possession notice for the debt secured by Indian Overseas Bank dt. 20.11.2019

Case Citation: (2026) ibclaw.in 705 DRT

(m) Photos for proof of affixture dt. 20.11.2019

(n) Postal Receipts with return covers dt. 21.11.2019

(o) Paper publication –The Hindu and Andhra Jyothi dt. 22.11.2019

(p) 8(6) Notice for the debt secured by Indian Bank dt. 16.12.2019

(q) Postal Receipts with return covers dt. 16.12.2019

® 8(6) Notice for the debt secured by Indian Overseas Bank dt. 16.12.2019

(s) Postal Receipts with return covers dt. 16.12.2019

(t) Warrant Crl.MP.No. 02/2020 dt. 09.09.2021

(u) Warrant Crl.MP.No. 03/2020 dt. 09.09.2021

(v) Sale Notice dt. 08.12.2021

(w) Photos for proof of affixture dt. 08.12.2021

(x) Postal Acknowledgments with return cover dt. 09.12.2021

(y) Publications Time of India and Eenadu dt. 14.12.2021

12. Respondent No.1 has also filed additional written arguments on 15.08.2026. In additional written the respondent has prayed to dismiss the SA with costs.

As per additional written arguments the property in question is Non-Agricultural land, upon which the Applicant has constructed an A.C. Sheet Roof Rice Mill Shed and two godowns, having a total built-up area of approximately 96,288 sq. ft., together with an RCC building admeasuring 14,391 sq. ft. As per the Report of the Registered and Empanelled Valuer construction of Shed-2 and Shed-3 remains incomplete. The said property was valued by the Valuer on 17.11.2021, arriving at a distress value of Rs. 917.22 Lakhs. Further, the Government value of the land admeasuring Ac.

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9.81 cents, computed at the prevailing rate of Rs. 42,00,000/- per acre, works out to Rs. 412.02 Lakhs, and the value of the building, as assessed by the Valuer, is Rs. 351.73 Lakhs. Accordingly, the total value of the property, in terms of Government rates, is Rs. 763.75 Lakhs.

The Respondent has further submitted that the applicants have misled this Hon'ble Court by relying on a market value certificate issued by the Sub-Registrar, which erroneously classified the property as Residential, with an extent of 48,642 sq. yds. and a two-floor structure comprising 1,20,789 sq. ft. of RCC construction and 14,610 sq. ft. of ACC/Madras terrace construction thereby treating even the A.C. Sheet sheds as RCC construction. On this basis, the certificate values the land at Rs. 21,64,56,900/- (at Rs. 4,450/-per sq. yd.) and the building at Rs. 14,67,57,660/-. By deliberately describing the A.C. Sheet sheds as RCC construction, the applicants have sought to artificially and dishonestly inflate the value of the structures several times over their actual worth. As per additional reply para 4 the applicants have further misrepresented the "Non Agriculture" character of the land, which is being used for industrial/rice mill purposes, as "Residential" property before this Hon'ble Court by relying upon a Market Value Certificate obtained from the Sub-Registrar's office. It is a matter of common knowledge that the guideline/market value of land classified as "Residential" is substantially higher than that of Non-Agricultural/Industrial land put to Rice Mill use. This mischaracterization was made with the sole object of showing an inflated valuation before this Hon'ble Court. As per additional reply para 5 the report of the Registered Valuer, the Shed-2 and Shed-3 structures are themselves incomplete constructions, and yet the applicants have sought to project the entire

extent of construction, including these incomplete sheds, as completed RCC structures, which is factually incorrect and a further attempt to mislead this Hon'ble Court.

In RA 04 of 2024 vide order dt. 30.10.2024 that SA No. 463/2021 was within time only on the point of E-auction notice. Other points were time barred.

The Review Applicant was allowed on 30.10.2024 and it was held that only auction proceedings are withdrawn and not the entire SARFAESI proceedings. Applicants filed writ petition No. 8750/2025 challenging the orders of the DRT dated 30-04-2024 passed in RA No. 4 of 2024 in SA No. 463 of 2021. After considering all aspects Hon'ble High Court vide its order dated 23-4-2026 held that the orders of Review are in order. The WP is dismissed.

The applicants filed SLP before the Hon'ble Supreme Court which declined to go into the issues. Status Quo was ordered against all the parties. AS per law whenever legal proceedings are closed and subsequently reopened the plaintiff stands in the same position as on the date of closure of proceedings. It is a settled principle of law that no litigant should suffer on account of a fault committed by the Court or a Tribunal.

13. The Respondent No. 1 has also filed the following documents with additional reply:

(a) Copy of Order passed by the Hon'ble DRT, Visakhapatnam in RA No. 04 of 2024 in SA No. 463 of 2021 dt. 30.10.2024

(b) Copy of Order passed by the Hon'ble High Court of Andhra Pradesh in WP No. 8750 of 2025 Dt 23-04-2026

(c) Copy of the order passed by the Hon'ble Supreme Court in SLP No. 18425 of 2026 Dt 22-05-2026

(d) Copy of the judgment passed by the Hon'ble Supreme Court in Vareed Jacob vs. Sosamma Geevarghese and Others. Dt 21-04-2004

(e) Copy of the judgment passed by the Hon'ble DRAT, Allahabad in Appeal No. R-39/2019. Dt 02-12-2019

(f) Copy of Some Judgments regarding valuation and SARFAESI Act.

14. Vide order dt. 06.02.2025 R2, R3 and R5 are debarred from filing counter and reply.

15. The Respondent No.4 has filed reply on 31.12.2024. This respondent has submitted the Tribunal has decided the matter adverse to Respondent No.1. Respondent N.4may not be made scape-goat in the process to loose funds, loose the interest on the funds and loose costs. This respondent also prayed to award return of amount /costs along 24% compound interest p.a. The respondent also supported the reply of Respondent bank. As per reply this Respondent perused the paper publication dt. 05.07.2022. This Respondent took par in the E-auction on 10.08.2022 and emerged as the highest bidder for the auction of property for Rs. 10,17,00,000/-. The respondent No.4 paid Rs. 1,01,50,000/- on 08.08.2022 and also paid an amount of Rs. 1,53,50,000/- on 11.08.2022. The Respondent No.1 has sent a reference dt. 20.08.2022 notifying the respondent No.4 that a writ petition filed by borrowers and also filed SA 321/2022 before DRT, Visakhapatnam. Respondent No. further notified

the Respondent No. 4 that the Respondent No.1 will be issuing a confirmation of sale to respondent No.4 after obtaining a specific order from the DRT, Visakhapatnam. Respondent N.4 remitted Rs. 50,00,000/- on 12.11.2024 and pleaded with Respondent No.1 by way of reference dt. 12.11.2024 for extension of time to pay the balance amount. Respondent No.1 extended time till 31.01.2025. Respondent No.1 further notified in their reference dt. 13.11.2024,

16. The 4th Respondent has filed the following documents with SA:

(a) The Times of India English Newspaper publication dt. 05.07.2022

(b) R1 communication declaring R4 as highest bidder dt. 10.08.2022

© R1 communication to R4 confirming payment of 25% of bid money + about pending litigation dt. 20.08.2022

(d) R1's Manager (legal) communication to R4 dt. 04.11.2024

(e) R1 communication about confirmation of sale and about payment of balance 75% bid money

(f) R4 communication to R1 for extension of time and about payment of Rs. 50 Lakhs dt. 12.11.2024

(g) R1 communication to R4 notifying extension of time for payment of balance bid amount dt. 13.11.2024

(h) Supreme Court of India citation "Govind Kumar Sharma Vs. Bank of Baroda dt. 18.04.2024.

17. The Respondent No.6 has filed reply on 10.07.2026. This respondent has also prayed to dismiss the SA with costs. As per reply this respondent took part in the process of E-auction taken place on 03.05.2025 and

emerged as the highest bidder for the auction of the property for Rs. 1,02,00,000/-. R6 paid an amount of Rs. 16 Lakhs on 03.05.2025. R6 paid the balance amount of Rs. 1,20,36,000/- within time.

18. The following documents are filed with IA 3488/2026:

(a) Copy of valuation report for the Land & building secure by Indian Bank dt. 17.11.2021

(b) Copy of valuation report for the Land & building secured by Indian Overseas Bank dt. 17.11.2021

© Copy of valuation report for the plant & machinery secured by Indian bank dt. 01.11.2024

(d) Copy of valuation report for the plant & machinery secured by Indian Bank dt. 01.11.2024.

19. The 6th Respondent has filed the following documents with SA:

(a) Sale information dt. 03.05.2025

(b) Payment proof dt. 16.05.2025

© Sale certificate dt . 26.05.2025

(d) Possession receipt dt. 09.06.2025

(e) Invoice issued by R1 dt. 26.05.2025

20. I have heard the Ld. Counsel of both the parties and perused the record. Before analyzing the facts and circumstance of the case I would like to refer the Judgment of Hon'ble Supreme Court of India passed in case of ***CELIR LLP Vs. BAFNA MOTORS (MUMBAI) PRIVATE***

LIMITED AND OTHERS Reported in (2024) 2 Supreme Court Cases 1 para 110.3

"However, the amended provisions of Section 13(8) of the SARFAESI Act, make it clear that the right of the borrower to redeem the secured asset stands extinguished thereunder on the very date of publication of the notice for public auction under Rule 9(1) of the 2002 Rules. In effect, the right of redemption available to the borrower under the present statutory regime is drastically curtailed and would be available only till the date of publication of the notice under Rule 9(1) of the 2002 Rules and not till the completion of the sale or transfer of the secured asset in favour of the auction-purchaser..

In Contempt Petition © Nos. 158-159 of 2024 in Civil Appeal Nos. 5542-5543 of 2023 CELIP LLR Vs. MR. Sumathi Prasad Bafna & Ors. With MA Nos. 600-601 of 2024 in Civil Appeal Nos. 5542-5543 of 2023 in para 213, of the above judgment Hon'ble Supreme Court of India have laid down the principle as follows:

However, in our opinion, entertaining objections after the sale is confirmed should not ordinarily be allowed, except on very limited grounds like fraud, otherwise no auction-sale will ever be complete.

In the above Judgment Hon'ble Supreme Court at para 218, have laid down the principle as follows:

" 218 Any sale by auction or other public procurement methods once already confirmed or concluded ought not to be set-aside or interfered with lightly except on grounds that go to the core of such sale process, such as either being collusive, fraudulent or vitiated by inadequate pricing or underbidding. Mere irregularity or deviation from a rule which does not have any fundamental procedural error does not take away the foundation of authority for such proceeding. In such cases, courts in particular should be mindful to refrain entertaining any ground for challenging an auction which either could

have been taken earlier before the sale was conducted and confirmed or where no substantial injury has been caused on account of such irregularity. Contempt Petition (C) Nos. 158-159 of 2024 Page 145 of 149

Demand Notice, Possession Notice

After the perusal of the record of this case I find that the applicant had earlier filed SAs 286/2013, SA 518/2018, SA 100/2020, SA 99/2020 and SA 463/2020 and also filed Writ petitions 2067/2014, 2217/2021, 26321/2021 & 1244/2022 before Hon'ble High Court of Andhra Pradesh at Amaravathi.

In SA 518/2018 vide order dt. 04.11.2019 this Tribunal has allowed the SA by declaring that taking physical possession by 2nd Respondent i.e Indian Bank through Advocate Commissioner on 30.06.2018 is illegal and accordingly 1st & 2nd respondents are directed to re-deliver the possession of schedule mentioned property to applicant herein forthwith also further declared that sale notice dt: 12.12.2018 issued u/r 8(6) & 9(1) of Security Interest (Enforcement) Rules, 2002 is illegal and therefore hereby set aside. But prayer B to D is not granted by this Tribunal in favour of the applicant . In that SA the relief of Schedule B to D where as follows:

(b) To declare that the 1st Respondent is entitled to recover Rs.5,05,00,000/- plus interest only on it from 19-12-2017 on which date the 1st Respondent purchased the debt

(c) To declare that 1st Respondent is not entitled to demand Rs. 18,90,30,301/- from the Applicant as mentioned in the Sale Notice dt: 12-12-2018

(d) To declare that the 1st Respondent is not entitled to continue the Securitization Proceedings initiated by the 2nd Respondent Bank as it being a Company registered under the Companies Act.

Hence on the above points this SA has become final on 04.11.2019. Hence there is no need to discuss on the above points. After perusal of the evidence I find that after disposal of the SA, the respondent bank delivered the physical possession to the applicants of schedule property.

The Respondent bank has also filed copy of order of SA 100/2020. As per final order SA 100/2020 is dismissed by this Tribunal. Hence on the point of demand notice dt. 16.04.2013, Rule 8(6) notice dt. 16.12.2019, appointment of Advocate Commissioner in Crl.MP.No. 02/2020 in CF. No. 02/2020 this SA has become final.

SA 99/2020 is also dismissed by this Tribunal. Hence the allegation alleged in the above SA has become final.

As per reply para 12, the Respondent bank again issued possession notice on 20.11.2019 and took symbolic physical possession of the property and published the same in the Andhra Jyothi and The Hindu papers on 22.11.2019. This notice is also published and this issue is discussed in S.A.No. 99/2020 & 100/2020.

After perusal of the record, I find that the assignment of debt infavour of the 1st Respondent is duly registered and valid and enforceable. The Respondent had also filed SA 463/2023 and in that SA a conditional stay order was passed by this Tribunal. The petitioner did not comply the order of this DRT. The 1st Respondent conducted E-Auction and received bids for Lot-I and II. The applicants filed writ petition before Hon'ble High Court. As per the order of Hon'ble High Court, the applicant deposited Rs.

2.70 Crores on 04.02.2022 and the same was adjusted towards the loan account. Subsequently, the review petition filed by the appellant in which Hon'ble High Court of A.P have directed 1st Respondent not to accept any further amount from the auction purchaser till 07.05.2022. At last as per request of the auction purchaser the Respondent bank cancelled the auction on 10.03.2022 and returned the amount to the Auction purchaser.

After scanning the record I find that on the point of demand notice, possession notice and assignment debt this SA has become final.

On the point of OTS /Compromise this Tribunal cannot give any direction to any of the parties. Both parties may compromise the case either under OTS or any other schemes as per their commercial view. The Respondent bank issued sale notice dt. 01.07.2022 to the borrower and guarantors fixing auction on 10.08.2022. The applicant has also filed paper publication of sale notice dt. 05.07.2022 in Time of India, Vijayawada Edition. The Respondent bank has also filed copy of sale notice dt. 10.07.2022. As per photographs filed by the Respondent bank this notice is affixed on the schedule property. The Respondent bank has also filed postal receipts. This notice is also published in the Newspapers. Hence it is clear that sale notice dt. 01.07.2022 is issued, served, affixed, published as per the principle laid down by the Hon'ble Supreme Court of India in the case of ***M. Rajendran & Ors. Vs. M/s. KPK Oils and Proteins India Pvt Ltd & Ors.***

The authorized officer of the Respondent bank has issued confirmation letter dt. 04.11.2024. As per confirmation letter, Respondent No.4 M/s. Origin Projects, Rep. by its Managing partner Mr. S. Kalyan Babu become the highest bidder for Lot –I land & building of M/s.

Prabhakar Raw and Boiled Rice Mill. As per confirmation letter auction purchaser has paid an amount 10% on 08.08.2022 and remaining amount of 25% on 11.08.2022. Hence payment of 25% of the amount is as per law.

22. The Ld. Counsel of the applicant submitted that auction purchaser has not paid the amount as per Rule 9(4) of Security Interest (Enforcement) Rules. Hence the Respondent bank and Auction purchaser has committed illegality in receiving the sale amount. The Ld. Counsel of the Respondent on this point submitted that Auction purchaser paid Rs. 50,00,000/- and requested to extent of time and the Respondent bank extended time till 31.07.2025 for payment of balance amount and the auction purchaser paid the entire amount within time. The Respondent bank issued sale certificate dt. 01.07.2025 and delivered the possession of the property to the Auction purchaser.

In this case SA 436/2021 was filed by the applicants and order dt. 29.06.2022 is passed by this Tribunal. In this SA this Tribunal has passed order as follows:

> *"The Ld. Counsel for the Respondent F.I. is submitted that the Respondent F.I. is withdrawing SARFAESI proceedings against the applicant. Hence, this SA along with all IAs are dismissed and disposed as the Respondent F.I. is withdrawing SARFAESI proceedings." On this point the Ld. Counsel of the Review Petitioner submitted that the Petitioner has not prayed to withdraw the SARFAESI proceeding. The Petitioner has only prayed to withdraw the auction conducted on 19-1-2022. The Ld.counsel for the Review Petitioner submitted that in reply*

dated 13-5-2022 the Review Petitioner has submitted as follows:- "Thereafter, as the case is getting delayed, auction purchasers have requested for return of the amount deposited by them. Accordingly, we have cancelled the auction on 10-3-2022 and returned the amount to the auction purchasers."

The Ld. Counsel of the Respondent bank submitted that Respondent bank has not prayed to withdraw the SARFAESI proceedings. The Respondent bank has only prayed to withdraw the sale conducted on 19.01.2022.

23. In RA 04/2024 in SA 463/2021 this Tribunal has ordered that due to clerical mistake in the order dt. 29.06.2022, it is typed that Respondent FI is withdrawing the SARFAESI proceedings against the applicant but it reveals that the Respondent bank has only with drawn the auction held on 10.03.2022 due to refund of the amount to the auction purchaser. Hence this Tribunal passed order in the light and prayer submitted by RFI. This Tribunal has allowed RA 04/2024 without costs. RA 04/2024 is decided on 30.10.2024 and after that the Respondent bank issued sale confirmation on 04.11.2024, subsequently bidder of Lot-I requested to extend time for payment of bid amount and in compliance bidder paid Rs. 50 Lakhs and requested to extend time till 31.01.2025 to pay the balance bid amount and the respondent bank extended time till 31.01.2025. In the extended period the Auction purchaser paid the entire amount. The Respondent bank issued sale certificate dt. 01.02.2025 after the order passed in RA

04/2024. The applicant filed W.P No. 8750/2025 before the Hon'ble High Court. Hon'ble High Court passed order on 23.04.2026 as follows:

"19. It is a settled principle of law that no litigant should suffer on account of a fault committed by the Court or a Tribunal. regard can be made to the legal maxim, Actus curiae neminem gravabit. What was done by the DRT, therefore, in these circumstances, was not only legally warranted but also justified.

20. Be that as it may, we find no merit in the present Writ Petition. which is accordingly dismissed."

24. The applicant filed Spl. Leave to appeal © No(s) 18425/2026 before Hon'ble Supreme Court of India in which Hon'ble Supreme Court have passed ordered ***" Suffice it to state that the proceedings before the DRT are still pending. In such view of the matter, we leave all the issues open.***

We request the DRT to conclude the proceedings within a period of four months from the date of receipt of a copy of this order.

In the meantime, status, quo. as on today, shall be maintained by the parties.

With the aforesaid directions, this Special leave petition stands disposed of.

25. In the present case the Respondent No.4 (Auction purchaser) has not paid amount within 90 days but due to clerical mistake SARFAESI proceedings was withdrawn which was corrected in Review petition and

since one mistake was occurred by this Tribunal and due to this reason till correction of this order in Review Petition the Respondent bank could not take amount from the Auction purchaser and after order in RA the respondent bank demanded the amount and Auction purchaser paid the amount in extended period as per law. Hence in this case Auction purchaser could not pay the amount due to the order passed in SA 463/2021 and RFI also could not take the amount. Due to clerical mistake occurred in SA 4632/2018 and after order in RA 04/2024 the Respondent bank issued letter to the Auction purchaser and Auction purchaser has paid the amount.

Later on the Respondent No.1 issued sale notice dt. 24.03.2025 fixing the auction on 03.05.2025 for properties described in Part-I(A) and Part-I (B). The Respondent bank has also filed postal receipts of this notice and acknowledgments. This notice is published as per rule in the Newspapers. The Respondent bank has also filed copy of affixture of notice and service of sale notice.

26. As per reply of Respondent No.6. Respondent No. 6 took part in the E-Auction conducted on 03.05.2025 and declared as the highest bidder for auction of the property for Rs. 1,02,00,000/-. R6 paid 25% of bid amount on 03.05.2025 and balance amount along with GST on 16.05.2025. Hence this auction notice is as per rule and it is served, affixed and published in the Newspapers as per Rules.

Valuation Report:

As per valuation report dt. 17.11.2021 the present market value of property for prevailing condition is Rs. 9,68,10,000/- realizable value of the

schedule property is Rs. 8,71,29,000/- and distress value of the property is Rs. 7,74,48,000/-. As per deed the total extent of plot is Ac. 8.415 cents and guidelines value as Registrar Office is Rs. 63,89,000/- per Acre. The valuer has adopted the rate of this schedule land Rs. 80,00,000/- per Ac. which is above the guide line rate fixed by the Andhra Pradesh, Government. As per valuer estimated value of the land is Rs. 8.415 cents x Rs. 80,00,000/- = Rs. 6,73,20,000/-. The valuer has also given the value of the building which is Industrial. It is Ac. Sheet Roof Shed, year of construction is 2012. It is rice mill, godowns and at the time of valuation the condition of the building was poor. As per valuation net value after depreciation is Rs. 2,85,90,000/- and value of the compound wall is Rs. 1,00,000/-.

The applicant has also filed valuation report dt. 18.12.2021 issued by Sub Registrar, Challapalli, Krishna District. This report is regarding land. This valuation report is for D.Nos. 83 and 84. In this report Survey No and Plot No. is not given. This report is regarding RCC, ACC building. In this report age of the building is "Zero"

As per this report the market value of schedule property is Rs. 36,32,14,560/-. As per valuation report the schedule property is R.S.NO. 135/1B, 135/2, 135/3A, 136/3B, 137/5, Old Door No. 17-84, New Door No. 17-16/1, Near Challapalli to Avanigada Road, Challapalli Village, Challapalli Mandal, Krishna District. After scanning the valuation report filed by the applicant I find that this valuation report is not relevant. Valuation report is regarding D.No. 83-84 and this is for RCC structure and ACC. As per this valuation report the stage of construction of the building is 'Zero'.

The applicant has also filed market value certificate issued on 09.05.2026. This report is for commercial property i.e D.No. 83-84, Survey No 135-2, 136/3B, 136/3B, 137/5,. This report is for Ac. 4864.23, total two floors, The age of the building is 'Zero', As per this report the market value of land and 8 other items is Rs. 50,04,74,150/- but it reveal that this report is regarding commercial property and finished RCC Building which age is 'zero'. Hence this report is also not relevant for the present case.

27. After scanning the record I find that Respondent Bank/FI tried to sell the property several times but could not succeed. The Borrower has also not paid total amount as per OTS. Several times auction failed. From long time recovery was pending. At last RFI sold the property. Hence according to the facts and circumstance of the case and as per the principle laid down by Hon'ble Supreme Court of India in the case of ***CELIP LLR Vs. MR. Sumathi Prasad Bafna & Ors.*** *this sale is as per law.*

At last the Respondent No.1 issued E-Auction notice fixing the sale on 03.05.2025 regarding property described in the schedule of the notice. As per applicant this property is movable property but the Respondent No.1 has issued notice for immovable properties. On this point the Ld. Counsel of the RFI submitted that movable described in the sale listed is fasted to earth at premises of M/s. Prabhakar Raw & Boiled Rice Mills. Hence it is described as immovable property.

28. As per sale notice dt. 24.03.2025 the Reserve price of Part-IA and Part-II B is Rs. 100 Lakhs. As per valuation report dt. 01.11.2024 the

valuation of the movable in rice mills section, boiling section, sotext unit, DC Set, Electricity transformer etc value is Rs. 80,00,000/-. The respondent bank has filed an other valuation report dt. 01.11.2024. As per this valuation the value of Double Sifter and 08 Other items is Rs. 16,00,000/-. The respondent bank has sold this property for value of Rs. 1,02,00,000/-. After scanning the valuations, facts and circumstances of the case I find that since long time due to different reasons the schedule property could not be sold. This valuation is just and proper.

29. The Ld. Counsel of the applicant submitted that during the pendency of stay order the Respondent No.6 purchased the movable machinery. Hence the sale of property to Respondent No.6 is illegal and against the order of Hon'ble High Court. As per Respondent on 03.05.2025 Respondent No.6 was declared as the highest bidder. He paid 25% of the bid amount and subsequently paid the balance amount on 30.01.2025 and sale certificate is issued on 03.06.2025. Hon'ble High court passes in W.P.No. 8750/2025 on 03.06.2025 passed order as follows;

"Status quo is directed to be maintained as it exists today on the site in the premises in question."

Respondent No.1 in written arguments dt. 13.08.2026 has submitted that the applicant filed W.P.No. 8710/2025 before Hon'ble High Court of Andhra Pradesh challenging the order dt. 30.04.2024 of this DRT passed in MA NO. 04/2021 in SA No. 463/2022. Hon'ble High Court dismissed the appeal filed by the applicant vide order dt. 23.04.2026. The applicant filed SLP No. 18425/2026 before Hon'ble Supreme Court of India, challenging

the order dt. 23.04.2026 issued by Hon'ble High Court of Andhra Pradesh. However Hon'ble Apex court not inclined to go into the same.

After perusal of the written arguments, facts and circumstance of the case I find that the Respondent bank has not initiated any sale against the property extended Ac. 0.25 cents agriculture land and 0.49 cents of non mortgage properties. The allegation against this property is baseless.

On the basis of above discussion I find that the respondent bank has sold the property as per SARFAESI Act and Security Interest (Enforcement) Rules 2002. There is no any illegality in the above case.

Accordingly SA 321/2022 is here by dismissed on contest with costs. All connected IAs if any are also closed.

[Dictated to the Steno, transcribed by her, corrected and pronounced by me in the open court on this 3rd September, 2026]

3.09.2026

PRESIDING OFFICER
DEBTS RECOVERY TRIBUNAL
VISAKHAPATNAM