DEBTS RECOVERY TRIBUNAL-III, CHANDIGARH

PRESIDED OVER: SH. MRIDULESH KUMAR SINGH

SECURITIZATION APPLICATION NO.409/2025

Date of Institution: 09.12.2025
Date of Decision: 01.09.2026

1. M/s Zee Knits & Weaves Pvt. Ltd., 169/7 Sector-2, Rohini, New Delhi-85, through its Directors Sh. Pawan Kumar Garg & Smt. Anju Garg
2. Sh. Pawan Kumar Garg S/o Sh. Ludhar Mall, Director & Guarantor Zee Knits & Weaves Pvt. Ltd., R/o B-XXXIV-6952, Sunil Park, Jassian Road, Haibowal Kalan, Ludhiana
   2nd Address:
   18-D, Rishi Nagar, Ludhiana
3. Smt. Anju Garg W/o Sh. Pawan Kumar Garg, Director & Guarantor Zee Knits & Weaves Pvt. Ltd., R/o B-XXXIV-6952, Sunil Park, Jassian Road, Haibowal Kalan, Ludhiana
   2nd Address:
   18-D, Rishi Nagar, Ludhiana

---Applicants

Versus

1. Punjab & Sind Bank, through its Authorised Officer, IDB Biller Gang, Ludhiana
2. District Magistrate, Mini Secretariat, Ludhiana
3. Smt. Anisha Bansal W/o Sh. Ishaan Bansal, R/o 662, Near Ramji Kariyana Store, Basant Avenue, Water Tank No.2, Basant Avenue, Ludhiana, Punjab-141013
4. Ms. Ritu Goel, Sh. Vaneet Goel, R/o 610, I Block, B Hai Randhir Singh Nagar, Near Gnip School, Ludhiana, Rajguru Nagar, Ludhiana, Punjab-141012
5. Sh. Lalit Aggarwal, S/o Sh. Brij Bhushan Gupta, R/o House No.5150, Urban Estate, Dugri, Phase 2, Flower Chonk, Ludhiana, Punjab-141001

---Respondents

Argued by: Sh. K.K. Goel, Advocate for Applicants **(through VC)**
Sh. Parunjeet Singh, Advocate for Respondent No.1 **(through VC)**
Respondent No.2 already ex parte vide order dated 17.12.2025

Ms. Arti Aman Arora, Advocate for Respondent Nos. 3 to 5

FINAL ORDER

(1) This Securitization Application was filed under Section 17(1) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as 'the Act' for brevity) to set aside demand notices under Section 13(2) of the Act dated 06.11.2017 & 21.04.2022, notice under Section 13(4) of the Act dated 27.07.2022, order dated 29.12.2023 under Section 14 of the Act, auction notice dated 08.11.2025 and all subsequent proceedings initiated under the Act may kindly be set aside being illegal, arbitrary and against the provisions of the Act.

(2) It was stated in the application that applicants had availed certain credit facilities from respondent No.1 by way of mortgage of assets; that applicants had repaying the loan amount with respondent No.1 as per terms and conditions of the sanction letter; that loan accounts of applicant was classified as NPA on 31.12.2016; that after classification of loan accounts as NPA, SARFAESI proceedings were initiated by respondent No.1 against applicants i.e., by way of issuance of multiple notices under Section 13(2) of the Act dated 06.11.2017 & 21.04.2022; that no reason whatsoever has been mentioned for withdrawal of the previous notice under Section 13(2) of the Act; that withdrawal of earlier notice by bank was admittance that all actions initiated by the bank against applicants under the Act in the past was *malafide*; that after receipt of fresh demand notice dated 21.04.2022, applicants had raised certain objections under Section 13(3-A) of the Act dated 18.06.2022 but respondent No.1 has not replied to the said objections; that thereafter, respondent No.1 issued notice under Section 13(4) of the Act dated 27.07.2022 and took the symbolic possession of the mortgaged property; that thereafter, respondent No.1 had filed number of applications before the District Magistrate, Ludhiana for taking the physical possession of the

mortgaged properties and for police help but the same were dismissed for one reason or other as mentioned in respective orders passed by District Magistrate/ADM Ludhiana; that lastly again an application was filed and the same was allowed by the ADM, Ludhiana vide order dated 29.12.2023; that thereafter, respondent No.1 issued different sale notices for sale of the mortgaged property on the basis of symbolic possession as well as presently issued an auction notice dated 08.11.2025 and as per that sale notice, one of the mortgaged property i.e., vacant plot has been sold by respondent No.1 on 28.11.2025; that no redemption notice has been issued by the respondent before putting one of the mortgaged property of the applicants for auction; that mortgaged property has been registered wrongly with Central Registry, which is clear cut violation of Section 26-D of the Act; that proceedings initiated by respondent No.1 under the Act are totally wrong, illegal and arbitrary as well as against the provisions of the Act. Therefore, it was prayed that present SA may kindly be allowed.

(3) Reply filed by Respondent No.1.

(4) It was stated in the reply that applicants had approached respondent No.1 for financial assistance i.e., Packing Credit Limit of Rs.05 Crores and FOUBP Limit of Rs.10 Crores; that these were secured by way of equitable mortgage of Industrial Property (Plot No.D-332) and Residential Property (Plot No.5023) situated at Ludhiana; that applicants were failed to adhere to financial discipline and the accounts were correctly classified as NPA on 31.12.2016 in accordance with the guidelines issued by Reserve Bank of India and notice under Section 13(2) of the Act dated 06.11.2017 was issued; that thereafter, applicants had approached Hon'ble High Court of Punjab and Haryana by way of filing CWP No.22234/2020 titled as M/s Zee Knits & Weaves Pvt. Ltd. & Another Vs. Punjab & Sind Bank; that the said CWP was disposed of on 09.12.2021 on account of withdrawal of demand notice dated 06.11.2017; that thereafter, respondent No.1 initiated fresh SARFAESI proceedings issuing demand notice under Section 13(2) of the Act dated 21.04.2022

demanding sum of Rs.14,51,01,585.27p (Annexure R-3 (Colly)); that applicants had failed to liquidate the dues therefore, respondent No.1 had obtained an order under Section 14 of the Act from the Additional District Magistrate, Ludhiana on 29.12.2023; that thereafter, respondent No.1 had served notice of redemption dated 01.10.2025 providing a final opportunity to clear the debt but applicants remained in default; that consequently, the bank conducted a valid e-auction on 28.11.2025, which culminate in the successful sale of the residential property situated at Plot No.5012, Urban Estate, Dugri, Ludhiana for a total consideration of Rs.2,27,25,000/-; that proceedings reached at finality on 07.01.2026 with the issuance of the Sale Certificate and the handover of possession to the successful Auction Purchasers; that all the actions taken by respondent No.1 under the Act are in accordance with law and there is no illegality in it.

(5) After service of notice upon respondent No.2, neither any one had appeared on behalf of respondent No.2 nor any reply to SA was filed on his behalf. Therefore, respondent No.2 was proceeded against ex parte vide order dated 17.12.2025.

(6) Reply filed by Respondent Nos. 3 to 5.

(7) It was stated in the reply that SA is not legally maintainable; that borrower company had filed the SA through its Directors applicant Nos. 2 & 3; that as per the mandate of law, the SA shall be supported by the affidavit of all the applicants but the same is not supported by the affidavits of all the applicants; that respondent Nos. 3 to 5 are *bonafide* purchasers in an auction sale for valuable consideration; that reserve price of the secured asset in question was fixed as Rs.191.25 Lacs and the highest bid given by the respondent Nos. 3 to 5 was Rs.2,27,25,000/- i.e., about 20% of the above reserve price; that in the SA, applicants have not challenged the process of sale of the secured asset in favour of the respondent Nos. 3 to 5; that in pursuance to the deposit of the entire sale consideration of Rs.2,27,25,000/-, the bank has issued the sale certificate in favour of respondent Nos. 3 to 5 on 07.01.2026; that respondent No.1 has complied

with all the legal requirements under the provisions of the Act and the Rules and there is no illegality in the action of the bank & the sale of the secured asset in favour of respondent Nos. 3 to 5. Therefore, it was prayed that the present SA may kindly be dismissed being devoid of merits and with exemplary costs.

(8) No replications filed by applicants to the replies filed by respondent No.1 as well as by respondent Nos. 3 to 5.

(9) I have heard arguments advanced by Sh. K.K. Goel, Advocate for Applicants, Sh. Parunjeet Singh, Advocate for Respondent No.1, Ms. Aarti Aman Arora, Advocate for Respondent Nos.3 to 5 and gone through the record carefully. None was present on behalf of respondent No.2 at the time of arguments.

(10) Sh. K.K. Goel, Advocate argued that applicants had moved representation under Section 13(3-A) of the Act dated 18.06.2022 (Annexure A-4), which was duly received by the respondent No.1 but no reply to this objection was ever given by the bank, which is clear cut violation of the Rules.

(11) *Per contra*, Sh. Parunjeet Singh, Advocate argued that the objections raised by applicants to the notice under Section 13(2) of the Act was never received by respondent No.1 therefore, respondent No.1 was unable to give any reply to the same.

(12) It reveals from record that copy of objections raised by applicants under Section 13(3-A) of the Act dated 18.06.2022 is annexed as Annexure A-4 to the SA. From perusal of the same, it reveals that no receipts of registered post or tracking reports were annexed along with it but a stamp of 'Punjab & Sind Bank' i.e., respondent No.1 as well as initials of one person along with date 18.06.2022 is affixed on the same with endorsement of 'Received', which shows that the representation was duly received by respondent No.1 through dasti. Therefore, it is incorrect to say that respondent No.1 had never received the representation. In fact, respondent No.1 was on fault for non-giving reply to the said objections for which bank was legally bound.

(13) Sh. K.K. Goel, Advocate further argued that possession notice dated 27.07.2022 under Section 13(4) of the Act was issued by respondent No.1, which has not been served upon applicants as per Rule 8 of the Rules.

(14) *Per contra*, Sh. Parunjeet Singh, Advocate argued that possession notice dated 27.07.2022 was issued and served strictly in accordance with law.

(15) Possession notice was required to be served through personal service, through pasting and through publication in two leading newspapers. It is also required that possession notice be also served through electronic mode of service in addition to the modes prescribed under sub-rule (1) and sub-rule (2) of Rule 8 of the Rules.

(16) In whole of the reply it was neither disclosed regarding the service of possession notice through personal service, through pasting, through publication as well as through electronic mode nor any proof of the same was annexed along with the reply, which clearly depicts that the said notice was not served upon applicants as per Rules.

(17) Sh. K.K. Goel, Advocate further argued that sale notice dated 08.11.2025 (Annexure A-1), whereby auction of the secured asset was fixed for 28.11.2025 was not served upon applicants as per Rules. It was further argued that in fact, respondent No.1 has filed sale notice as Annexure R-6 along with the reply to SA, in which date of sale notice was mentioned as 03.11.2025, therefore there is a discrepancy in the sale notice.

(18) *Per contra*, Parunjeet Singh, Advocate argued that sale notice dated 08.11.2025 was duly served upon applicants as per Rules. It was further argued that the said sale notice was also pasted on the secured asset and the same was duly published in the leading newspapers as per Rules and proof of the same are annexed as Annexure R6 (Colly). It was further argued that there is no illegality in the said sale notice.

(19) **As per Rule 8 of the Rules**, it is mandatory to serve sale notice by all three modes and the sale

notice has to be served upon all borrower, guarantor and mortgagor.

(20) It reveals from record that in the Index of the reply to SA, respondent No.1 has mentioned the date of sale notice as 08.11.2025 (Annexure R-6 (Colly)) but from perusal of the Annexure R-6, it appears that date of sale notice is 03.11.2025, whereby auction of the secured asset was fixed for 28.11.2025. Copy of the sale notice filed by applicants as Annexure A-1 was also annexed by respondent No.1 at page No.48 of the reply to SA in which date of sale notice reflects as 08.11.2025. It all shows that there is something black in the bottom. Issuance of two different sale notices, scheduling the date of auction as 28.11.2025 is a major discrepancy in it. Therefore, it appears that respondent No.1 has not complied with the Rules and issued the sale notice in a hurry manner without verifying the contents.

(21) In light of above, sale notice is defective and sale conducted on 28.11.2025 is liable to be set aside on this ground alone.

(22) Sh. K.K. Goel, Advocate further argued that no redemption notice under Section 13(8) of the Act was served upon applicants before issuance of sale notice as per Rules.

(23) *Per contra*, Parunjeet Singh, Advocate argued that redemption notice under Section 13(8) of the Act dated 01.10.2025 was validly issued and duly served upon applicants as per Rules. It was further argued that the said redemption notice was served through personal service and the same was also pasted on the secured asset and was duly published in the leading newspapers as per Rules and proof of the same are annexed as Annexure R7 (Colly).

(24) Copy of redemption notice dated 01.10.2025 is annexed as Annexure R7 (Colly) to the reply along with receipts of registered post as well as tracking reports. As per tracking reports, the said redemption notice was not served upon applicants because in the said reports, it was mentioned that 'Returned to Sender-No such person in the address,' 'Returned to Sender-Addressee Left without instructions, which

shows that the said redemption notice was not served upon applicants through registered post.

(25) Photographs of pasting (at page Nos. 67 & 68) shows that a photocopy of two notices/pages has been affixed on the wall and two persons are standing beside the wall/gate but date and description of the notices is not clear as well as it is not clear that the said wall/gate is of property in question.

(26) Copies of two newspapers are annexed at page Nos. 58 & 59 of the reply in which the redemption notice was published.

(27) In light of above factual position, it is clear that redemption notice was issued but not served upon applicants either through registered post or through affixation.

(28) Sh. K.K. Goel, Advocate further argued that respondent No.1 has not obtained fresh valuation report before putting the property on sale.

(29) *Per contra*, Parunjeet Singh, Advocate argued that respondent No.1 had duly obtained fresh valuation reports dated 31.01.2025 and 03.03.2025 from the approved valuer before putting the property on sale and the said reports are annexed as Annexure R8 (Colly).

(30) Copy of valuation reports dated 31.01.2025 and 03.03.2025 are annexed as Annexure R8 (Colly), which were obtained by respondent No.1 for the auction sale fixed for 28.11.2025, which shows that the said reports were obtained more than six months before the actual sale.

(31) Rule 8(5) of the Rules provides that before effecting sale of the immovable property the Authorized Officer shall obtain valuation of the property from an approved valuer and in consultation with the secured creditor fix the reserve price of the property. It means that there is a liability upon the Authorized Officer to obtain valuation of the property (secured asset) from an approved valuer before the sale. Valuation reports obtained more than six months before the actual sale cannot be said the compliance of Rule 8(5) of the Rules.

(32) In light of above, it shows that respondent No.1 had not obtained fresh valuation reports before putting the property on sale.

(33) Sh. K.K. Goel, Advocate further argued that respondent No.1 had never created its charge against the property in question with CERSAI as per Section 26-D of the Act.

(34) *Per contra*, Sh. Parunjeet Singh, Advocate argued that respondent No.1 had duly created its charge against the property in question with CERSAI and copies of CERSAI Certificates are annexed as Annexure R-5 to the reply.

(35) In the considered opinion of this Tribunal, as per CERSAI Certificate, the secured asset is duly registered with Central Registry as per Section 26-D of the Act.

(36) Sh. K.K. Goel, Advocate further argued that order dated 29.12.2023 was passed by Additional District Magistrate, Ludhiana under Section 14 of the Act without recording the satisfaction of the 09-point affidavit filed by the Authorized Officer. Therefore, the said order is liable to be set aside.

(37) *Per contra*, Sh. Parunjeet Singh, Advocate argued that order dated 29.12.2023 (Annexure R4) was passed by Additional District Magistrate, Ludhiana with due application of mind and after verifying the contents of the application as well affidavit filed along with the application under Section 14 of the Act by respondent No.1 and there is no illegality in it.

(38) Copies of applications under Section 14 of the Act dated 12.12.2022 & 29.05.2023, which were moved before the District Magistrate, Ludhiana by respondent No.1 are annexed as Annexures A-10 & A-11 respectively and copy of order dated 29.12.2023 passed by Additional District Magistrate, Ludhiana is annexed as Annexure A-8 with the SA and Annexure R-4 to the reply to SA.

(39) It is correct that Additional District Magistrate has not recorded any reasons regarding its satisfaction while passing impugned order. ADM has recorded the facts stated in the application and deposed in the 09-point affidavit. Learned Additional District Magistrate

had only narrated the facts mentioned in the application and recorded its order without mentioning any reason to reach on the conclusion. It is established law that any order without assigning any reason is no order in the eyes of law.

(40) Ms. Arti Aman Arora, Advocate argued that the present SA is not legally maintainable. It was further argued that borrower company had filed the SA through its Directors applicant Nos. 2 & 3 and as per the mandate of law, the SA shall be supported by the affidavit of all the applicants but the same is not supported by the affidavits of all the applicants. Therefore, this SA may be dismissed on this ground alone.

(41) *Per contra*, Sh. K.K. Goel, Advocate argued that applicant Nos. 2 & 3 are mortgagors and guarantors in the loan account in question. It was further argued that in fact, on page Nos.15 & 16 of the SA, applicant Nos. 2 & 3 both have signed the petition in their personal capacity and on behalf of applicant No.1 as well as verified the contents of the SA. It was further argued that affidavit of Smt. Anju Garg (applicant No.3) W/o Sh. Pawan Kumar Garg, Director & Guarantor of M/s Zee Knits & Weaves Pvt. Ltd. (applicant No.1) was filed in support of the SA, which was duly attested and verified. It was further argued that as per law, it is not required to be attached the affidavits of all the parties, who have filed the petition.

(42) There is force in the above argument of Sh. K.K. Goel, Advocate that affidavit of one party/person is sufficient to verify/support the contents of the petition.

(43) No other point was argued/pressed by the parties.

(44) After considering the above facts, circumstances and the arguments advanced by the parties as well as evidence on record, it appears that respondent No.1 has initiated the SARFAESI proceedings against applicants in contravention of the provisions of the Act and Rules made thereunder, therefore the present SA is liable to be allowed.

(45) **SA is allowed.** All SARFAESI proceedings including the sale conducted on 28.11.2025 initiated by

the respondent No.1 is hereby quashed. Respondent No.1 is directed to return the amount deposited by the Auction Purchaser within 30 days with interest at the rate of 4% from the date of deposit till the date of actual payment. It is made clear that if, respondent No.1 will not repay the total amount deposited by Auction Purchaser within 30 days then he will pay the said amount along with the interest @6.00 % for the total period. It is also made clear that respondent No.1 may again initiate fresh SARFAESI proceedings according to law. **Any other IA pending stands disposed of accordingly.**

Record be consigned to record room after due compliance.

Date: 01.09.2026

Pronounced by me in the open Tribunal.

(MRIDULESH KUMAR SINGH)
Presiding Officer,
DRT-III, Chandigarh