DEBTS RECOVERY TRIBUNAL-III, CHANDIGARH

PRESIDED OVER: SH. MRIDULESH KUMAR SINGH

SECURITIZATION APPLICATION NO.22/2020

Date of Institution: 04.07.2020
Date of Decision: 01.09.2026

1. M/s Jolly Creations, a Partnership Firm at Bawa Colony, Bahadur Key Road, Mahaveer Ji Industrial Estate, Ludhiana (Punjab) in Possession of Bank, now at #455, The Mall, Opposite Telephone Exchange, Bharat Nagar Chowk, Ludhiana (Punjab) through its Partners Sh. Rajneesh Kumar Vatsa S/o Late Sh. Satpal and Smt. Saahniaa Vatsa W/o Sh. Rajneesh Kumar Vatsa.
2. Sh. Rajneesh Kumar Vatsa S/o Late. Sh. Satpal C/o M/s Jolly Hosiery Factory Pvt. Ltd. #455, The Mall, Opposite Telephone Exchange, Bharat Nagar Chowk, Ludhiana (Punjab)
3. Smt. Saahniaa Vatsa W/o Sh. Rajneesh Kumar Vatsa C/o M/s Jolly Hosiery Factory Pvt. Ltd. #455, The Mall, Opposite Telephone Exchange, Bharat Nagar Chowk, Ludhiana (Punjab)

--Applicants

Versus

1. Authorised Officer, Punjab National Bank erstwhile Oriental Bank of Commerce, RRL Cluster, Ferozepur Road, Ludhiana (7647) Third Floor 2439/1-2, Dhanraj Complex, Near PAU Gate No.1, Ferozepur Road, Ludhiana-141001 (Punjab)
2. Authorised Officer, Punjab National Bank erstwhile Oriental Bank of Commerce, Chaura Bazar Branch, Ludhiana (Punjab)
3. Sh. Subhash Chander S/o Sh. Ram Chand, R/o House No.63, Green Park, Ward No.54, Civil Lines, Ludhiana (Punjab) – 141001
4. Sh. Veer Parkash S/o Sh. Mathra Das, R/o House No.109, Green Park, Civil Lines, Ludhiana (Punjab) – 141001

--Respondents

Argued by: Sh. Vivek Verma, Advocate for Applicants
Sh. Ravi Kumar, Advocate for Respondent Nos. 1 & 2 **(through VC)**
Sh. A.S. Gagrah, Advocate for Respondent Nos. 3 & 4 **(through VC)**

FINAL ORDER

(1) This Securitization Application was filed under Section 17 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 sale notices dated 08.02.2020, 11.02.2020, 10.06.2020, 11.06.2020, publications dated 08.02.2020, 10.06.2020, auction sale dated 28.02.2020 including Sale Certificate, if any, and proposed auction proceedings dated 14.07.2020 and all subsequent proceedings as well as other served/unserved notices issued under the Act.

(2) It was stated in the application that applicant No.1 is a partnership firm and applicant Nos. 2 & 3 are its partners, who are husband and wife also; that applicant No.3 is the owner of the properties detailed in the notices annexed with the SA and the applicants are aggrieved by the illegal action initiated by respondent Nos. 1 & 2 under the Act; that in the year 1954, the late father of applicant No.2, Sh. Satpal started the business of winter wear hosiery products at Ludhiana by the name and style of "Jolly Creations"; that to run their day to day business, applicants have availed credit facilities from Oriental Bank of Commerce now Punjab National Bank; that due to satisfactory regular operations in the loan account, the bank enhanced the credit facilities granted to the applicants from time to time; that on March, 31, 2014 the bank renewed the credit facilities granted to the applicants; that Cash Credit Hypothecation Limit was renewed to the extent of Rs.450 Lakhs and the Term Loan of Rs.278.49 Lakhs was continued; that in order to secure the credit facilities granted by the bank, applicants had mortgaged two properties i.e., land measuring 4 Kanals 19 Marlas i.e., 2994.75 sq. yards situated at Bahadur Key Road, Ludhiana on which the unit of applicant No.1 has been set up and a vacant plot measuring 2925 sq. yards situated at Village Daad Thakur Colony, Pakhowal Road, Ludhiana and hypothecated the stocks; that in February 2013, applicant No.2 suffered from various serious physical ailments due to which he was confined to bed rest for most of the time till March, 2015; that

applicants falls under the SME Sector, therefore the applicants requested the bank to rehabilitate and restructure the loan account by giving additional Working Capital; that on 24.09.2014, respondent Nos. 1 & 2 restructured the repayment schedule of the credit facilities; that as per restructuring, the Cash Credit Hypothecation Limit was reduced to Rs.3.50 Crores and the balance amount of Rs.01 Crore was converted into Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) was restructured to Rs.60 Lacs; that however, the respondent Nos. 1 & 2 did not grant any additional Working Capital to the applicants as per their request; that due to the details given above, applicant No.1 was suffered huge losses, therefore the accounts of applicants becomes bad and respondent Nos. 1 & 2 classified the accounts as NPA on 13.06.2015 and initiated the action under the Act; that thereafter, respondent Nos. 1 & 2 issued demand notice under Section 13(2) of the Act dated 01.07.2015 for sum of Rs.3,88,15,128.94p, Rs.37,31,026/-, Rs.1,03,18,544/-, Rs.2,32,12,095/-, Rs.51,58,812/-, Rs.7,26,465/- and Rs.13,83,032/- due as on 30.06.2015 to be paid within 60 days; that thereafter, respondent Nos. 1 & 2 issued possession notice dated 15.09.2015, as per that notice respondent Nos. 1 & 2 has taken the symbolic possession of the property i.e., Factory Land and Building on 15.09.2015; that respondent Nos. 1 & 2 also published the said notice in the newspaper dated 19.09.2015; that applicants feeling aggrieved by the various actions of the respondent Nos. 1 & 2 by which they have rejected the proposal of the applicants for rehabilitation of the Unit, filed CWP No.19755/2015 before Hon’ble High Court and the said CWP was ordered to be dismissed as withdrawn vide order dated 17.09.2015 and the liberty was granted to the applicants to pursue their request regarding re-scheduling of the account; that learned DM passed order dated 19.08.2016, which was issued on 26.10.2016 regarding the permission granted to the bank to take possession of the property of the applicants; that instead of considering the various request made by the applicants, respondent Nos. 1 & 2 in haste manner again served possession notice dated

19.11.2016 and as per that notice, respondent Nos. 1 & 2 has taken the symbolic possession of the property i.e., Factory Land and Buildings on 19.11.2016; that thereafter, applicants filed SA No.400/2017 before this Tribunal and the said SA was ordered to be dismissed vide order dated 19.05.2017; that on 18.11.2019 the so called Authorized Officer took actual physical possession of the property in the chilling winter season; that thereafter, applicants had filed another SA No. 156/2019 before this Tribunal and the said SA was ordered to be disposed of vide order dated 29.01.2020 and it was ordered by this Tribunal that all the expenses on publication of newspapers borne by the bank for conducting this auction will not be adjusted in the account of borrower but will be recovered from the Authorized Bank Officer personally; that till now, respondent Nos. 1 & 2 did not provide any information to the applicants with regard to compliance of order dated 29.01.2020; that thereafter, respondent Nos. 1 & 2 issued sale notice dated 08.02.2020 under Rule 8(6) of the Security Interest (Enforcement) Rules, 2002 (hereinafter referred to as 'Rules' for brevity); that as per said sale notice, reserve price has been fixed at Rs.06 Crores and the date of auction was fixed as 28.02.2020; that the said sale notice was not published in two leading newspapers; that respondent Nos. 1 & 2 without following the procedure as enumerated in the Act, illegally sold the property in question to respondent Nos. 3 & 4; that thereafter, respondent Nos. 1 & 2 issued illegal notice dated 11.06.2020 under Annexure VII for the movable assets, which was posted on 15.06.2020 and delivered to applicants on 16.06.2020; that as per said sale notice the separate reserve price has been fixed for all movables total Rs.10,69,425/- and the date of auction was fixed as 14.07.2020, which is before the expiry of clear 30 days; that the said notice was also not published in two leading newspapers, which has wide circulation in the locality; that applicants had filed the present SA in view of the fresh cause of action arisen by sale of the property on 28.02.2020 and the proposed illegal sale notice dated 14.07.2020; that the action taken by respondent Nos. 1 & 2 under the Act are in violation of the provisions of

the law and Rules made thereunder. Therefore, it was prayed that present SA may kindly be allowed.

(3) Reply filed by respondent Nos. 1 & 2.

(4) It was stated in the reply that since this Tribunal had restrained the bank from going ahead with the proposed auction on 14.07.2020, SA becomes infructuous qua the issues raised regarding the said auction dated 14.07.2020; that applicants have challenged the auction of the mortgaged property conducted on 28.02.2020, whereby the property was put to auction; that two bids were received for that auction sale given by respondent Nos. 3 & 4 Sh. Subhash Chander & Sh. Anil Kumar Jain respectively submitted a bid of Rs.6,20,00,000/- against the reserve price of Rs.6,00,00,000/-; that being the highest bidders, their bid was accepted and accordingly, sale was confirmed vide sale confirmation letter dated 28.02.2020 (Annexure R-1), EMD amounting to 10% of reserve price was deposited by the highest bidder on 27.02.2020 i.e., at the time of submission of bid and balance 75% of the bid amount was paid on 21.05.2020; that all compliances stipulated under the relevant provisions of the Act and Rules framed thereunder pertaining to the auction of property have been strictly complied with as per details given; that the account of applicants was classified as NPA on 30.06.2015 and accordingly, notice under Section 13(2) of the Act dated 01.07.2015 (Annexure R-2) calling upon the borrowers/applicants to discharge their liability in full and final within 60 days of the receipt of the notice was issued; that having failed to receive any response from the applicants in this regard, symbolic possession of the property was taken and possession notice under Section 13(4) of the Act was served on 15.09.2025 (Annexure R-3); that thereafter, an application under Section 14 of the Act was moved by respondent Nos. 1 & 2 before District Magistrate concerned, which was allowed and accordingly, physical possession of the property was taken over by the Tehsildar Ludhiana on 18.11.2019 and handed over to the Authorised Officer; that applicants had also filed 03 SAs earlier on flimsy grounds and delaying tactics on one pretext or the other but the same were disposed

of/dismissed; that thereafter, sale notice was issued by respondent Nos. 1 & 2, which was duly served upon applicants as per Rules and the same was duly served through registered post, through affixation as well as through publication in leading newspapers; that the said sale notice was served providing 15 days time since the sale was being conducted for the 3rd time (Previous auctions were conducted on 28.12.2017, 26.06.2018, 31.07.2019 & 31.08.2019 but the same were not materialized); that all the actions taken by respondent Nos. 1 & 2 under the Act was strictly as per the provisions of the law and there is no illegality in it. Therefore, it was prayed that present SA may kindly be dismissed.

(5) Reply filed by respondent Nos. 3 & 4.

(6) It was stated in the reply that SA applicants have raised vague and baseless allegations with regard to non-compliance of statutory provisions qua the auctioned property measuring 2994.75 sq. yards (4K-19M) situated at Bahadur Key Road, Near Octroi Post, Ludhiana standing in the name of Smt. Sahnia Vatsa; that action of the secured creditor bank upto the stage of the taking physical possession of the property has already held legal by this Tribunal observing that bank can proceed further under the Act for recovery of its dues vide orders dated 19.05.2017, while dismissing the earlier SA No.400/2017 and order dated 20.01.2020 passed in SA No.156/2019 filed by applicants themselves, which are already annexed as Annexures A-3 & A-4 to the SA; that respondent Nos. 3 & 4 came to know about the sale in question from publication dated 08.02.2020 got conducted in the newspapers and had participated in the auction proceedings conducted on 28.02.2020 as per terms of sale notice; respondent Nos. 3 & 4 being the highest bidders in the said e-auction proceedings qua the property in question was declared successful bidders; that 10% of the reserve price as EMD was deposited on 27.02.2020 and remaining 15% was also deposited within stipulated period on 28.02.2020; that balance 75% of the sale proceed was deposited within the extended stipulated period granted to the respondent Nos. 3 & 4 due to curfew/lockdown imposed in the state

of Punjab because of spread of pandemic disease of Covid-19; that sale was confirmed and sale certificate was issued in favour of respondent Nos. 3 & 4 on 01.06.2020 after deposit of whole of the consideration amount; that physical possession of the property has also been delivered on same day i.e., 01.06.2020; that transaction of the sale has also been completed; that even sale deed no. 2020-21/101/2019 dated 17.07.2020 required under the provision of Transfer of Property Act and Registration Act has also been executed in favour of respondent Nos. 3 & 4. Therefore, it was prayed that present SA may kindly be dismissed being devoid of any merits.

(7) No replications were filed by applicants to the reply to SA filed by respondents.

(8) I have heard arguments advanced by Sh. Vivek Verma, Advocate for Applicants, Sh. Ravi Kumar, Advocate for Respondent Nos. 1 & 2 and Sh. A.S. Gagrha, Advocate for Respondent Nos. 3 & 4 and gone through the record carefully.

(9) It was not argued by learned counsel for applicants that notices under Section 13(2) & 13(4) of the Act were not received by applicants as per Rules. In the relief para, no relief was prayed regarding notices under Section 13(2) & 13(4) of the Act, therefore adjudication on those grounds is not required.

(10) Sh. Vivek Verma, Advocate argued that sale notice dated 08.02.2020 was not served upon applicants providing 30 days clear time as per Rule 8(5) & 8(6) of the Rules.

(11) *Per contra*, Sh. Ravi Kumar, Advocate argued that the said sale notice was duly served upon applicants provided clear 15 days time because the said sale notice was a subsequent sale notice, whereby auction of the secured asset was fixed for 28.02.2020. It was further argued that previous auctions were conducted on 28.12.2017, 26.06.2018, 31.07.2019 & 31.08.2019 but the same were not materialized. It was further argued that as per settled law, there is no need for issuance of subsequent notice providing 30 days time on the subsequent sales.

(12) Since the sale notice dated 08.02.2020 was issued for subsequent sale, whereby action of the

secured asset was fixed for 28.02.2020 therefore there was no need for issuance of 30 days sale notice and 15 days sale notice is sufficient as per legal principles of law. Therefore, there is no substance in the argument of Sh. Vivek Verma, Advocate.

(13) Sh. Vivek Verma, Advocate further argued that the said sale notice was not published in leading newspapers as per Rules.

(14) *Per contra*, Sh. Ravi Kumar, Advocate argued that the said sale notice was duly published in two leadings newspapers i.e., one in 'The Poineer Chandigarh' (English) and one in 'Rozana Suraj (Ludhiana)' (Vernacular) both dated 08.02.2020, which are annexed as Annexures R-5 & R-6 to the reply to SA.

(15) In light of above, it is incorrect to say that the said sale notice was not served in the leading newspapers because the said newspapers are published in the Chandigarh & Ludhiana editions and as mentioned in the SA, secured asset was situated in the locality of Ludhiana. Therefore, it appears that publication was done by respondent Nos. 1 & 2 as per the provisions of the law and Rules made thereunder.

(16) Sh. Vivek Verma, Advocate further argued that Auction Purchasers have not made payment of balance 75% purchase price to the Authorised Officer within the prescribed period of 15 days. It was further argued that the Authorised Officer has granted extension of time to the Auction Purchasers to make the balance 75% even after the expiry of 15 days, which extension was not stipulated in given terms and conditions of the auction.

(17) *Per contra*, Sh. Ravi Kumar, Advocate argued that property was sold strictly in compliance of the Rules and Auction Purchasers have deposited the amount of auction as per the time mentioned in the Rules and there is no illegality in it.

(18) Sh. A.S. Gagrah, Advocate argued that 10% the reserve price as EMD was deposited on 27.02.2020, remaining 15% was also deposited within stipulated period on 28.02.2020 and balance 75% of the sale proceeds was deposited within extended stipulated period granted to the respondent Nos. 3 & 4 due to

curfew/lockdown imposed in the state of Punjab because of spread of Pandemic disease of COVID-19. It was further argued that sale was already confirmed and sale certificate dated 01.06.2020 was issued and possession was also handed over to Auction Purchasers on the same day.

(19) In the present case, sale was conducted on 28.02.2020. It is admitted fact that 25% amount was deposited as per Rules but rest 75% amount was deposited within extended period. This 75% amount was deposited on which date is not on record. However, sale certificate was issued on 01.06.2020. Therefore, it can safely be presumed that the rest 75% amount was also deposited before 01.06.2020. If calculated from 28.02.2020 (date of auction) then rest 75% amount was to be deposited by 15.03.2020 because 15 days time can be extended by the secured creditor as per Rules.

(20) **Hon'ble Supreme Court of India in Suo Motu Writ Petition (Civil) No.3 of 2020 IN RE: COGNIZANCE FOR EXTENSION OF LIMITATION** has passed order dated 08.03.2021 and the relevant part is as under:

"*In computing the period of limitation for any suit, appeal, application or proceeding, the period from 15.03.2020 till 14.03.2021 shall stand excluded. Consequently, the balance period of limitation remaining as on 15.03.2020, if any, shall become available with effect from 15.03.2021*."

(21) In light of above, the time to deposit the 75% amount was deemed extended till 14.03.2021 but issuance of sale certificate on 01.06.2020 shows that the 75% amount was deposited on or before 01.06.2020.

(22) After hearing the above submissions, extension of limitation period by Hon'ble Apex Court and after perusal of record, it appears that total sale consideration was deposited by Auction Purchasers within the stipulated period and the time extended by respondent Nos. 1 & 2 due to the curfew/lockdown.

(23) No other point was argued/pressed.

(24) After the consideration of all facts and circumstances as well as evidence on record, there is

no illegality or irregularity shown in the proceedings initiated by respondent Nos. 1 & 2 under the Act and no case is made out in favour of applicants and this SA deserves to be dismissed.

(25) Accordingly, **SA is dismissed.**

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