Fair Order

IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI

DATED THIS 17th DAY OF AUGUST, 2026

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

SA No.1128/2025

1. J. Nahomi Kalpana Devi
W/o Jayakumar D
2/83 F, Behind Telc Auditorim
Telc Compound, Mengles Road
Nagal Nagar
Dindigul – 624 003 **... Applicant**

Vs

1. The Authorized Officer
Canara Bank
ARMB, Gujarat Samaj Building
661 – 1, Mettupalayam Road
R.S. Puram
Coimbatore – 641 002.

2. Canara Bank
Rep. by its Branch Manager
Nagal Nagar – II Branch
No. 73, Railway Station Road
Nagal Nagar, Dindigul – 624 003 **... Defendants**

Appearance of Advocates:

M/s Vastlaw Associates ... ***Counsel for the Applicant***
Mr. R. Pandivel ... ***Counsel for the 1st Defendant Bank***

This SARFAESI Application has heard in the presence of Counsels for the Applicant and the 1st Defendant Bank and fixed for passing final order before me and upon hearing the arguments of the Counsels and having stood over for consideration till this day, this Tribunal delivered the following:

O R D E R

1. This Application has been filed under Sec. 17(1) of the SARFAESI Act, 2002 by the Applicant praying that this Hon'ble Tribunal may be pleased to set aside the impugned Sale Notice dated 18.11.2025 by the 1st Defendant for the Schedule Mentioned Property and declare the same as illegal; And to set aside the impugned Sale Notice 18.11.2025 by the 1st Defendant, and to quash the entire SARFAESI Proceedings, and to restore the encumbrance free possession back to the Applicant.

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

A. The Applicant submitted that she is the owner of the schedule-mentioned house property. The Applicant stood as a guarantor for a loan of Rs.10,00,000/- availed by M/s. JK Foods, a proprietary concern run by the Applicant's husband, and created a Memorandum of Deposit of Title Deeds (MODT) dated 20.05.2019 in favour of the 2nd Defendant. Earlier, the said proprietary concern had availed a loan of Rs.20,00,000/-, for which the borrower's property was mortgaged on 22.06.2017. The Applicant contends that, at the time of sanction of the loan, the Defendants obtained her signatures on several pre-filled forms and blank papers without explaining the nature or purpose of such documents.

B. It is submitted that the borrower subsequently committed default in repayment of the loan, whereupon the 2nd Defendant classified the loan account as a Non-Performing Asset (NPA) and initiated recovery proceedings under the provisions of the SARFAESI Act, 2002.

C. It is submitted that the Applicant came to understand that the secured asset belonging to the borrower had already been sold in an e-auction for a sale consideration of Rs.9,94,150/- and that a Sale Certificate had been issued in favour of the auction purchaser.

D. It is submitted that the Applicant was thereafter shocked to receive the impugned Sale Notice dated 18.11.2025, fixing the e-auction sale of the Applicant's mortgaged property on 30.12.2025 for recovery of a sum of Rs.30,81,603.74/-. Aggrieved by the said Sale Notice and the measures initiated by the Defendants under the SARFAESI Act, the Applicant has filed the present Securitisation Application on the following, among other, grounds.

GROUNDS

a) The impugned Sale Notice dated 18.11.2025 and the consequential measures initiated by the Defendants under the SARFAESI Act are arbitrary, illegal, contrary to the provisions of law, unsupported by evidence, and therefore liable to be set aside.

b) The Defendants have failed to comply with the mandatory provisions of the SARFAESI Act, 2002 and the Security Interest (Enforcement) Rules, 2002 while initiating and pursuing the recovery proceedings.

c) The measures taken under Section 13(4) of the SARFAESI Act are without jurisdiction, arbitrary, unreasonable, violative of the principles of natural justice, and constitute a colourable exercise of statutory power.

d) **Wrongful Classification of NPA:** The 2nd Defendant wrongly classified the loan account as a Non-Performing Asset (NPA) without adhering to the applicable guidelines issued by the Reserve Bank of India.

e) **Non-compliance with Section 13(2):** The Defendants failed to serve the Demand Notice upon the Applicant and other concerned parties and are put to strict proof of such service. Further, the Demand Notice was not issued by an Authorised Officer as contemplated under the SARFAESI Act. Consequently, the statutory demand is invalid.

f) **Non-compliance with Section 13(4):** The Defendants failed to serve the Possession Notice upon the Applicant and other concerned parties and are put to strict proof of such service. The Defendants also failed to:

   a. publish the Possession Notice in two leading newspapers having wide circulation within the statutory period;

   b. affix the Possession Notice on the outer door or a conspicuous part of the secured asset;

   c. serve the Possession Notice through electronic modes, wherever applicable under the Rules; and

   d. ensure that the Possession Notice was issued by an Authorised Officer as required under the Act.

g) **Non-compliance with Rule 9(1):** The Sale Notice dated 17.03.2025 fixing the sale on 11.04.2025 was neither published in two leading newspapers having wide circulation nor affixed on the secured asset in accordance with law. Further, the detailed terms and conditions relating to the sale proposed to be held on 30.12.2025 were not

uploaded on the official website of the Defendants as required under the Rules.

h) The impugned Sale Notice has not been issued by an Authorised Officer as contemplated under the SARFAESI Act and is therefore without jurisdiction.

i) **Undervaluation of the Property:** The Defendants have grossly undervalued the secured asset and fixed an arbitrary reserve price without obtaining a fresh valuation in accordance with law. The failure to secure the best possible price is contrary to the provisions of the Act and the Rules and has caused serious prejudice to the Applicant.

j) The Defendants have proceeded against the secured assets in excess of their lawful entitlement and have thereby committed excess execution.

k) **Non-furnishing of Statement of Account:** The Defendants have failed to furnish a complete and correct statement of account. Certain credits are not reflected in the loan account, and since the borrower's property has already been sold, the outstanding amount claimed is seriously disputed. The Defendants may therefore be directed to produce the complete statement of account.

l) The Defendants have failed to register the security interest with the Central Registry as mandated under Section 20 of the SARFAESI Act.

m) The interest charged by the Defendants is contrary to the applicable Reserve Bank of India guidelines. The levy of penal interest is illegal and liable to be set aside.

n) The Defendants initiated the impugned recovery proceedings without considering the financial hardship caused by the COVID-19 pandemic, the nationwide lockdowns, and the various relief measures, circulars,

and guidelines issued by the Reserve Bank of India and the Ministry of Finance relating to loan repayment and classification of accounts during the pandemic period.

Description of Immovable Property

In Dindigul Registration District, Dindigul Joint II Sub Registration District, Dindigul East Taluk, Thottanoothu Village, bearing Survey No. 531/1B, and 542/2, the property situated within the boundary

East - Property in S.No. 531/1C
West - Property in S.No. 542/1
South- Property in S.No. 531/1A and 633
North - 20 ft wide East West road in Abirami Nagar and Plot No. 36

On the Western side in the said boundary 1st part, measuring an extent of east west on the Northern Side 50.3/4 feet, Southern side 52 feet and North South on the western side 79.3/4 feet and eastern side 82 feet, totaling an extent of 4155 sqft.

On the Eastern side in the said in the said boundary as 2nd part, measuring an extent of East West on the Northern Side 240.1/2 Feet, Southern Side 233 feet, North South on the western side 128 Feet and Eastern Side 146 Feet, totaling an extent of 32435 Sq.ft

Total extend of 1st and 2nd part 36950 Sq.ft., along with all the pathway rights and other usual rights thereon.

LIST OF DOCUMENTS SUBMITTED BY THE APPLICANT

S.No.	Date	Description of documents
1.	20.05.2019	MODT executed by the applicant
2.	05.08.2023	Sale certificate issued by the 1st defendant for the borrower property
3.	18.11.2025	Impugned Sale Notice

3. On the other hand, the 1st Defendant bank appeared and filed Vakalath, Reply Statement along with type set of papers wherein it has been submitted that the allegations contained in the Securitisation Application, except those specifically admitted herein, are false, incorrect, and therefore denied. The Defendant Bank submits as follows:

A. The 1st Defendant Bank submitted that the averments made in the Securitisation Application are false, frivolous, baseless and devoid of merits. The Applicant is not entitled to any of the reliefs sought in the Securitisation Application. Hence, the Securitisation Application is liable to be dismissed in limine. Save and except those allegations which are specifically admitted herein, all other averments contained in the Securitisation Application are denied as false, incorrect and misleading. The Applicant is put to strict proof of each and every allegation made therein.

B. The 1st Defendant Bank submitted that, under the heading "Facts of the Case", the Applicant has admitted the availing of the loan, execution of the loan documents, creation of the mortgage, default in repayment and receipt of the impugned Sale Notice. These admitted facts require no further proof.

C. The 1st Defendant Bank specifically denies all the allegations made under the headings "Facts of the Case" and "Grounds of Application", except those expressly admitted herein. The allegations are vague, unsupported by evidence and are denied in toto. Without prejudice to the above, the 1st Defendant Bank submits as follows:

- The borrowers and guarantors executed only duly filled-in loan documents after fully understanding their contents. No signatures were obtained on blank papers or blank forms.

- The Demand Notice, Possession Notice and Sale Notice were duly issued and served upon all the concerned parties in accordance with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002.
- The secured asset was never undervalued. The Bank obtained a valuation report from an approved valuer and fixed the reserve price on the basis of such valuation in accordance with law.
- Every measure taken by the Bank under the SARFAESI Act was strictly in conformity with the provisions of the Act and the Security Interest (Enforcement) Rules, 2002.
- The actions of the Bank are neither arbitrary nor illegal, nor without jurisdiction, nor unreasonable, nor violative of the principles of natural justice, nor a colourable exercise of power.
- The loan account was classified as a Non-Performing Asset (NPA) strictly in accordance with the applicable Reserve Bank of India guidelines and circulars.
- The Demand Notice, Possession Notice and Sale Notice were issued by the duly authorised officer of the Bank as contemplated under the SARFAESI Act.
- The Possession Notice and Sale Notice were duly affixed on the secured asset and were also published in English and Tamil newspapers having wide circulation, as required under the Rules.
- There is no statutory requirement to serve the Possession Notice through electronic mode.
- The Sale Notice, together with its terms and conditions, was duly uploaded on the official website of the Bank.

- ❖ The Bank has not committed any excess execution.
- ❖ The Bank furnished the statement of account whenever requested by the Applicant. All payments received from the borrowers were duly credited and the outstanding amount claimed is correct.
- ❖ The security interest was duly registered with the Central Registry in accordance with law.
- ❖ Interest has been levied strictly in accordance with the loan agreement and the applicable Reserve Bank of India guidelines.
- ❖ Consequently, the impugned Sale Notice is valid and is not liable to be set aside.

D. The 1st Defendant Bank submitted that the Demand Notice issued under Section 13(2) of the SARFAESI Act was duly served upon the Applicant in accordance with law.

E. The 1st Defendant Bank further submitted that symbolic possession of the secured asset was taken in accordance with Section 13(4) of the SARFAESI Act. The Possession Notice was duly served upon the Applicant, affixed on a conspicuous part of the secured asset and published within the prescribed time in one English daily and one Tamil daily having wide circulation.

F. It is further submitted that the 1st Defendant Bank obtained a valuation report from an approved valuer and fixed the reserve price after due consultation with the secured creditor, strictly in accordance with the applicable Rules.

G. The 1st Defendant Bank submitted that, the Sale Notice was duly served upon the Applicant, affixed on the secured asset and published in one

English daily and one Tamil daily as required under the Security Interest (Enforcement) Rules, 2002.

H. It is further submitted that the Applicant has categorically admitted receipt of the Sale Notice in Paragraph 4 of the "Facts of the Case". It is a settled principle of law that admitted facts need not be proved.

I. The 1st Defendant Bank submitted that, the Applicant did not submit any representation or objection to the Demand Notice issued under Section 13(2) of the SARFAESI Act. The failure to avail the statutory remedy available under Section 13(3A) is fatal to the Applicant's case.

J. The 1st Defendant Bank submitted that, the Applicant has not challenged the Possession Notice within the period known to law. Consequently, the Applicant is precluded from questioning the validity of the Possession Notice at this belated stage.

K. Further it is submitted that, having failed to challenge the Possession Notice despite full knowledge of the proceedings, the Applicant has waived the right to question the same and is estopped from raising any allegations relating thereto. The belated challenge is barred by the principles of waiver, acquiescence and estoppel.

L. The 1st Defendant Bank submitted that, the Applicant has admitted that the borrower's property was sold through e-auction and that a Sale Certificate has already been issued. The Applicant has not challenged those proceedings. In the absence of any challenge to the earlier sale proceedings, the Applicant cannot indirectly question the Demand Notice or Possession Notice.

M. The 1st Defendant Bank submitted that, the impugned Sale Notice dated 18.11.2025 has become infructuous since no auction sale was conducted pursuant thereto. If the Bank intends to proceed with the

sale, it will necessarily issue a fresh Sale Notice in accordance with law. Therefore, the present Securitisation Application has become infructuous and is liable to be dismissed.

N. The 1st Defendant Bank submitted that, there has been no procedural irregularity whatsoever in the issuance of the Demand Notice, taking of symbolic possession, issuance of the Possession Notice or issuance of the Sale Notice. Every step has been taken strictly in accordance with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002. The allegations of procedural violations are factually incorrect and legally unsustainable.

O. The 1st Defendant Bank submitted that, if the relief sought by the Applicant is granted, the Bank will suffer irreparable loss and serious prejudice in recovering public money, whereas no prejudice will be caused to the Applicant by dismissal of the present Securitisation Application. The balance of convenience is entirely in favour of the 1st Defendant Bank.

P. The 1st Defendant Bank submitted that, the Applicant is a chronic and wilful defaulter who has deliberately failed to discharge the loan liability despite sufficient opportunity. The present proceedings have been initiated solely to delay and obstruct the lawful recovery proceedings initiated by the Bank. The amount due is public money and the Applicant, having sought equitable relief, is bound to do equity by repaying the outstanding dues. The Applicant is therefore not entitled to any discretionary relief from this Hon'ble Tribunal.

Typed set & Additional Typed set of papers filed by the 1st Defendant Bank

S.No.	Date	Description of documents

1.	18.07.25	Original Demand Notice with return covers
2.	18.07.25	Demand Notice paper publication in English daily "The New Indian Express" published on 07.08.25
3.	18.07.25	Demand Notice paper publication in Tamil daily "Dhinamani" published on 07.08.25
4.	13.10.25	Original Possession Notice with return covers
5.	13.10.25	Possession Notice paper publication in English daily "The New Indian Express" published on 18.10.25
6.	13.10.25	Possession Notice paper publication in Tamil daily "Dhinamani" published on 18.10.25
7.	13.10.25	Original Photography showing affixture of Possession Notice
8.	18.11.25	Original Sale Notice with AD Cards & return cover
9.	18.11.25	Sale Notice paper publication in English Daily "The Hindu" published on 25.11.25
10.	18.11.25	Sale Notice paper publication in Tamil Daily "Dhinathanthi" published on 25.11.25
11.	23.09.25	Valuation Report
12.	---	CERSAI Report

4. On the basis of the above pleadings, the following issues have been framed:

(i) Whether actions initiated by the Respondent Bank in respect of the schedule mentioned property under the SARFAESI Act are illegal, void and contrary to the settled principles of Law?

(ii) Whether the applicant is entitled for relief as claimed for?

5. Having heard the parties and after going through the entire documents available on the records, This Tribunal finds that there is no dispute with regard to the availment of the loan facilities by the Applicant. The Applicant

had created a Memorandum of Deposit of Title Deeds (MODT) dated 20.05.2019 in favour of the 2nd Defendant by mortgaging his property as security for the loan. It is an admitted fact that the Applicant failed to repay the loan amount in accordance with the terms and conditions of the loan, resulting in the loan account being classified as a Non-Performing Asset (NPA). The learned counsel for the Defendant Bank contended that, after availing the loan facilities, the Applicant committed default in repayment of the outstanding dues. The Applicant has also admitted the default in repayment, though it is contended that the default was not wilful.

I further find that the Defendant Bank classified the loan account as NPA on 10.04.2021 and thereafter issued a Demand Notice under Section 13(2) of the SARFAESI Act dated 18.07.2025 demanding a sum of Rs.29,22,252.57 **(**Rupees twenty nine lakhs twenty two thousand two hundred fifty two and fifty seven paise only**)**. On perusal of the records, I find that the 1st Defendant Bank has produced the original Demand Notice dated 18.07.2025 along with the undelivered postal covers, **which are annexed at Pages 1 to 10 of the Additional Typed Set of Papers.** The 1st Defendant Bank has also produced the original newspaper publications of the Demand Notice in two leading newspapers, one in English and the other in Tamil, both dated 07.08.2025, **which are annexed at Pages 11 and 12 of the Additional Typed Set of Papers.** Further, I find that the Applicant did not send any reply to the Demand Notice under Section 13(3A) of the SARFAESI Act and failed to make any representation to the Defendant Bank.

6. Thereafter, the Defendant Bank issued a Possession Notice dated 13.10.2025 under Section 13(4) of the SARFAESI Act demanding a sum of Rs.30,44,013.14 (Rupees thirty laks forty four thousand thirteen and fourteen paise only). On perusal of the records, I find that the 1st Defendant Bank has produced the original Possession Notice dated 13.10.2025 along

with the undelivered postal covers, **which are annexed at Pages 13 to 20 of the Additional Typed Set of Papers.** The 1st Defendant Bank has further produced the original newspaper publications of the Possession Notice in two leading newspapers, one in English and the other in Tamil, published on 13.10.2025, **which are annexed at Pages 21 and 22 of the Additional Typed Set of Papers**. I further find that the 1st Defendant Bank has also produced the original photographs evidencing the affixture of the Possession Notice dated 13.10.2025 on the conspicuous part of the schedule-mentioned secured property, **which are annexed at Page 23 of the Additional Typed Set of Papers.**

7. The Applicant further contention is that he was shocked to receive the impugned Sale Notice dated 18.11.2025 fixing the e-auction sale on 30.12.2025 for recovery of a sum of Rs.30,81,603.74 (Rupees thirty lakhs eighty one thousand six hundred three and seventy four paise only). On the other hand, I find that the 1st Defendant Bank has filed the original Sale Notice dated 18.11.2025, the undelivered postal cover, and the postal acknowledgment cards, **which are annexed at Pages 24 to 35 of the Additional Typed Set of Papers.** Further, the 1st Defendant Bank has produced the original newspaper publications of the Sale Notice in two leading newspapers, one in English and the other in Tamil, published on 18.11.2025, **which are annexed at Pages 36 and 37 of the Additional Typed Set of Papers**. Regarding the affixture of the Sale Notice dated 18.11.2025, the Applicant himself has admitted in the pleadings that he was shocked to receive the impugned Sale Notice dated 18.11.2025, fixing the e-auction sale on 30.12.2025. This admission itself indicates that the Applicant had due notice of the proposed auction proceedings. Accordingly, I find that the records produced by the 1st Defendant Bank prima facie establish that the statutory measures contemplated under Sections 13(2) and 13(4) of the SARFAESI Act, 2002, as well as the publication requirements prescribed

under the Security Interest (Enforcement) Rules, 2002, were duly complied with in respect of the Demand Notice, Possession Notice, and Sale Notice.

8. The Applicant contended that the 1st Defendant Bank has undervalued the property and brought the same for sale. On perusal of record I find that the 1st Defendant Bank has filed Valuation Report dated 23.09.2025, **which are annexed at pages 36 to 60 of the Typed set of papers.** And also produced CERSAI report **which are annexed at pages 61 to 64 of the Typed set of papers.** The applicant fail to produce any document or report that the valuation submitted by the 1st Defendant Bank is false.

9. The Applicant contended that the 1st Defendant Bank had conducted the e-auction sale of the secured property for a sale consideration of Rs.9,94,150/- **(**Rupees nine lakhs ninety four thousand one hundred fifity only**)** and had issued a Sale Certificate in favour of the auction purchaser. On the other hand, the 1st Defendant Bank, in its proceedings dated 11.06.2026, has categorically stated that the e-auction sale was not held due to want of bidders. Thus, the Applicant's contention that the property was sold and a Sale Certificate was issued is contrary to the records produced by the 1st Defendant Bank. In view of the proceedings dated 11.06.2026 recording that the e-auction sale was not held for want of bidders.

In view of the above facts and circumstances of the case and also in the light of provisions mentioned in the SARFAESI Act, I find that the Defendant Bank has strictly followed the procedure mentioned in the SARFAESI Act and Rules.

However, in this case, I also find that this Tribunal has granted an Ad-Interim Stay Order dated 24.12.2025 and the Applicant has also complied with the conditions imposed by this Tribunal and paid a total sum of Rs. 12,33,000/- **(**Rupees twelve lakhs thirty three thousand only**)** to the

Defendant Bank and showed their bona-fide. In this case I also find sale was not held due to want of bidders.

In the result,

(a) SA No. 1128/2025 is disposed off but no cost.

(b) The 1st and 2nd defendant banks are at liberty to initiate fresh action against the applicants for recovery of loan amount as per the SARFAESI Acts & Rules. Consequently, all pending IAs (if any) are also disposed of. No costs.

(Dictated to KKN taken down, transcribed, typed by him, corrected and pronounced by me in the Open Court in this the 17th August, 2026).

Sd/-
(SEEMA SINHA)
PRESIDING OFFICER

Uploaded on 25.08.2026