IN THE DEBTS RECOVERY TRIBUNAL – II AT CHENNAI

Dated this 7th day of October, 2026

PRESENT: **SHRI SHARANG DHAR UPADHYAY**
Presiding Officer

SA No.407 of 2023

1. V. Vijay Kumar
Son of Varadarajan
Plot No.948-B, H-Block, 17th Main Road
Anna Nagar West
Chennai – 600 040

2. Mrs. V. Aarthi
Wife of V. Vijay Kumar
Plot No.948-B, H-Block, 17th Main Road
Anna Nagar West
Chennai – 600 040 **…Applicants**

Versus

1. The Authorized Officer
Karnataka Bank Ltd.,
Asset Recovery Management Branch
No.324, Ground Floor, Thambu Chetty Street
Chennai – 600001

2. M/s Saravana Housing Private Limited
Represented by is Director
Mr. C. Madhavan
No.15, Ground Floor, New Giri Road
T. Nagar, Chennai – 600 017 **…Respondents**

Counsel on Record / Appeared

Applicants by : M/s K.A. Ramakrishnan
1st Respondent by : M/s Ramalingam & Associates
2nd Respondent by: Mr. G. Sanjeevi

ORDER

1. This petition is filed under Section 17(1) of the SARFAESI Act challenging the sale conducted on 17.08.2023 pursuant to e-auction sale notice dated 01.07.2023.

Brief facts of the case as averred in the application

2. The applicants had availed a Housing Term Loan of Rs.3,87,00,000/- from the respondent for purchase of residential plot and for construction of a building thereon. The said loan was repayable in 240 Equated Monthly Installments of Rs.4,24,000/-. To secure the said loan the applicant created equitable mortgage over the schedule mentioned property.

3. The applicants were making the remittances regularly till 2021 and thereafter due to COVID-19 pandemic the default had occurred. The 1st respondent classified the loan account as NPA without considering the remittances made by the applicants.

4. The applicants submitted a OTS proposal on 10.8.2023 for a sum of Rs.1,50,00,000/- towards full and final settlement of the claim but the same was rejected by the 1st Respondent. Subsequently, the 1st respondent bank issued sale notice dated 1.7.2023 fixing the sale on 17.8.2023 without following the mandatory provisions of SARFAESI Act and the Rules made thereunder and sold the property on 17.8.2023,

5. Inspite of request made by the applicants, the respondent failed to disclose the details of sale proceedings to the applicants, resulting in the applicants not being able to implead the auction purchaser in the present. Aggrieved by the sale held on 17.8.2023 the applicants have filed this SA praying to set aside the impugned sale held on 17.8.2023.

6. The following grounds are urged in the SA: -

(a) The respondent bank failed to serve the demand notice and possession notice on the applicants.

(b) The amount of Rs.3,48,15,618.64p mentioned in the second sale notice dated 1.7.2023 is exorbitant and the bank has charged exorbitant rate of interest.

(c) The 1st respondent failed to comply with Rule 8(1) of the Security Interest (Enforcement) Rules, 2002.

(d) The 1st respondent failed to register the secured assets with the Central Registry thereby contravening Section 26D of the SARFAESI Act.

(e) Several remittances made by the applicants were not given due credit to.

(f) The 1st respondent has failed to comply with Rule 8(1), 8(2), 8(5), 8(6), 9(7) and 9 of the Security Interest (Enforcement) Rules, 2002. The

1st Respondent bank has failed to publish the sale notice in two leading newspapers and also failed to affix the same on the secured asset.

(g) The respondent failed to obtain proper valuation before the same and fixed a very low reserve price when the market value of the property was more than Rs.8 crores and has sold the property at a throw away price.

(h) The 1st respondent has failed to give proper description of the secured assets in the sale notice.

(i) The auction purchaser has failed to deposit the entire sale consideration as per the terms and conditions of sale notice.

(j) The 1st respondent failed to consider the OTS offer letter dated 10.8.2023 for Rs.1,50,00,000/-

7. Along with the SA, the applicants had filed the due notice issued by the respondent bank dated 22.08.2022; Sale Notice dated 01.07.2023; OTS Letter dated 10.08.2023 submitted by the applicants; Reply of the bank dated 16.08.2023 and Statement of Accounts issued by the respondent bank.

Counter by 1st Respondent Bank

8. The 1st Respondent bank filed counter and documents denying the averments in the SA as devoid of merits. The applicants have filed the SA alleging non service of demand and possession notice, the security

is undervalued and would have fetched more price. Both these are usual contentions which any defaulter would make and the applicants are put to strict proof of the same.

9. The applicants further allege that the SARFAESI measures are initiated without considering the OTS offer. The said allegation is baseless as the applicant submitted a OTS offer of Rs.1.50 crores against the outstanding dues of Rs.3,48,15,618.64p, the same was duly rejected vide letter dated 16.8.2023 stating that the offer is too low.

10. The Respondent bank had complied all the procedures laid down by the law in bringing the secured asset to auction under SARFAESI Act and the above application challenging the said auction is only a malafide attempt to stall the SARFAESI measures by abusing the process of law.

11. The applicants challenged the sale held on 17.8.2023 and did not chose to challenge the sale notice dated 1.7.2023. To by pass the limitation the SA is filed challenging the sale held on 17.8.2023 and hence the same is not maintainable and is liable to be dismissed in limine.

12. The Hon'ble Supreme Court in CELIR LLP Vs. Bafna Motors (Mumbai) Pvt. Ltd., reported in 2023 SCC OnLine SC 1209 has held that it is the duty of the courts to protect the sanctity of any auction conducted and the courts ought to loath in interfering with auctions, otherwise, it would frustrate the very object and purpose behind auctions and deter public confidence and participation of the same.

13. In the year 2013, the applicants jointly approached the respondent bank seeking housing loan of Rs.3,87,00,000/- and the same was sanctioned on 23.10.2013. To secure the same the applicants deposited the title deeds relating to the schedule mentioned property and created equitable mortgage over the same by executing Memorandum of Deposit of Title deeds dated 14.2.2014 in favour of respondent bank registered as Doc. No.599/2014, SRO, Anna Nagar. In view of the default committed by the applicants, the loan account was classified as NPA on 22.07.2020. Thereafter, the respondent bank issued the demand notice under Section 13(2) of the Act on 26.09.2022. As the demand notice sent to the applicants returned unserved, the respondent personally handed delivered the demand notice to the applicants. Despite receipt of the notice, the applicants did not come forward to clear the dues and hence the respondent bank issued possession notice dated 27.01.2023 and took symbolic possession of the secured asset. The possession notice sent to the applicants returned unserved but the same was affixed on the secured asset, published in English daily “Financial Express” and Tamil daily “The Hindu Tamil” both dated 31.01.2023.

14. The respondent bank brought the secured assets for twice on 12.4.2023 and 17.5.2023. The sale notices were duly served on the applicants. But the applicants did not come forward to clear the dues. However,

the said sale were unsuccessful for want of bidders for the reserve price of Rs.5.50 crores.

15. The respondent again issued the sale notice dated 1.7.2023 fixing the auction sale on 17.8.2023 for the third time. The said sale notice was duly served to the applicants, published in Tamil daily “Dinakaran” dated 20.07.2023 and English daily “The Hindu” dated 20.07.2023. The sale notice was also affixed on the property. After this the applicants submitted a letter dated 10.08.2023 offering a OTS proposal for Rs.1.50 crores and the same was rejected by the respondent bank by letter dated 16.8.2023 as it was too low considering the outstanding dues.

16. In the auction held on 17.8.2023 one M/s Saravana Housing Private Limited was declared as a successful bidder for a bid of Rs.5,20,25,000/-. The auction purchaser deposited 25% of the bid amount of Rs.1,37,56,250/- on 17.8.2023 and thereafter the respondent issued sale confirmation letter dated 18.8.2023 in favour of the auction purchaser. While the recovery measures were at this stage the applicants filed the present SA and obtained an interim order of stay dated 21.9.2023 to register the sale certificate by misleading the Tribunal.

17. The ground of application are filed with baseless allegations and the respondent bank denied the same. The facts stated supra and the typed set of documents filed by the respondent bnak would prove that

the SARFAESI measures initiated by the bank is in accordance with law and the present SA is not maintainable either in law or on facts.

18. As on 3.10.2023, the outstanding dues is Rs.3,57,96,516.64p, with further interest to be charged from 23.09.2023. If the sale certificate is not registered immediately and outstanding due amount is not realized the bank would suffer great loss. It is prayed that the SA be dismissed with exemplary costs.

Documents filed by the Respondent Bank

19. The Respondent Bank filed the following documents viz., Memorandum of deposit of title deeds dated 14.2.2014, CERSAI registration Certificate, Demand Notice dated 26.9.2023 along with postal tracking reports and returned covers, Possession notice dated 27.01.2023 along with returned covers, Paper publication of the possession notice in English daily “Financial Express” and Tamil daily “The Hindu Tamil” both dated 31.1.2023, proof of affixture of possession notice, valuation report dated 13.02.2023, Sale notice dated 1.7.2023 along with postal tracking reports and acknowledgement cards, paper publication of sale notice in Tamil daily “Dinakaran” and English daily “The Hindu” both dated 20.07.2023, proof of affixture of sale notice, OTS letter dated 10.8.2023, reply letter of the respondent dated 16.8.2023 along with acknowledgement cards and sale confirmation letter dated 18.8.2023.

20. The respondent had also produced the sale certificate dated 16.11.2023 vide Memo Dy No.5534/2026, wherein the details of payments received are enumerated.

Counter by 2nd Respondent

21. The 2nd respondent filed its counter stating therein that the SA is liable to be dismissed in limini. It is submitted that the 2nd respondent has remitted a sum of Rs.5,50,25,000/- being the sale consideration and has made the payment within the time schedule as provided in the sale notice. The applicant has no locus standi to question the statutory right vested in favour of the 2nd respondent.

22. The 2nd respondent participated in the auction sale after noticing the publication of the sale notice dated 1.7.2023 fixing the sale on 17.8.2023 in "The Hindu". This respondent submitted a bid for Rs.5,50,25,000/- and remitted 25% of the bid amount on 17.8.2023, hence the sale was confirmed in favour of this respondent and this respondent had also remitted the balance sale consideration within time.

23. This respondent has made substantial investment by raising funds through various sources. None of the grounds averred by the applicant is sustainable in law and facts.

24. The applicants does not have a cause of auction to file this SA. The applicant approached the Tribunal only after the auction was conducted on 17.8.2023 and the 2nd respondent was declared as successful bidder and sale confirmation was issued on 18.8.2023. The present SA is devoid of merits and is liable to be dismissed with exemplary costs.

25. The 2nd respondent filed a copy of the sale certificate issued in its favour vide Dy No.578/2025 dated 29.01.2025.

Written submission filed by the Parties

26. The applicants filed its written submissions vide Dy No.926 of 2025 dated 11.2.2025 reiterating the contentions made in the SA and contended that the 1st respondent failed to serve the demand notice dated 26.9.2022 and possession notice dated 27.01.2023, the reserve price fixed is too low and does not reflect the correct market values and relied on the judgment of the Hon'ble Telangana and Andhra Pradesh High Court in M/s Pochi Raju Industries Ltd., Vs. Punjab Nationa Bank and others reported in 2019 (1) DRTC 904 and judgment of Hon'ble Supreme Court in J. Rajiv Subramaniyan and Ors Vs. Pandiyas and Ors reported on 2014 5 SCC P. 651, judgment of Hon'ble Supreme Court in re Ram Kishun Vs. State of Uttar Pradesh reported in 2012 11 SCC 411, Judgment of Hon'ble Supreme Court in re Lachman Dass reported in 2008 (1) SCC 125; the 2nd respondent failed to deposit the full

amount of sale price within time and the respondent bank has violated Section 26D of the SARFAESI Act.

27. The 1st Respondent filed its written submissions vide Dy No.829/2025 dated 6.2.2025 reiterating its contentions made in the counter affidavit. The 1st respondent relied upon the judgment of Hon'ble High Court of Madras in Dr. A.U. Natarajan and Anr. Vs. Indian Bank.

28. The 2nd respondent filed its written submissions vide Dy No948/2025 dated 11.02.2025 reiterating its submissions made in the counter affidavit and in additions submitted that the 1st respondent issue sale confirmation on 18.8.2023 to the 2nd respondent mentioning the balance payment to be made on or before 1.9.2023. The 2nd respondent requeste further time to make payment by letter dated 25.8.2023 through e-mail and the respondent bnak also extended time upto 25.9.2023 vide letter dated 28.8.2023. On 22.9.2023, the 2nd respondent request time up to 15.11.2023 and the 1st respondent extended the time up to 25.10.2023 vide letter dated 25.9.2023. The 2nd respondent requested time vide letter dated 20.10.2023 and the 1st respondent granted time up to 13.11.2023. On 9.11.2023, the 2nd respondent requested time upto 18.11.2023 and the 1st respondent stated that the payment was to be made on or before 13.11.2023. On 9.11.2023 finally requested time till 15.11.2023 and the 1st respondent accepted and by email dated 10.11.2023 granted time till 15.11.2023 and 2nd respondent made the entire payment on 15.11.2023. The 2nd

respondent completed payment within 3 months from the date of confirmation of sale of the subject property in accordance with Rule 9(4) of the Security Interest (Enforcement) Rules, 2002.

Judgments relied upon by the applicants

29. The applicants relied upon the following judgments in support of its contentions.

(a) Judgment of Hon'ble Supreme Court in the case of Kerala Finance Corporation Vs. Vincent Paul and Anr reported in 2011 AIR SC 1388 – In the matter of sale of public property, the dominant consideration is to secure the best price for the property to be sold.

(b) Judgment of the Hon'ble High Court of Madhya Pradesh in Anita Sadana Vs. Baljinder Kaur and Ors reported in 2013 AIR MP 125 – Right to hold property is a consequential right as well as human right. A person cannot be deprived of his property except in accordance with the provisions of the statute.

(c) Judgment of Hon'ble Supreme Court of India in Gajraj Jain Vs. State of Bihar & Ors reported in 2004 (5) SCC 548 – if publicity and maximum participation is to be attained then the bidder should know the details of the asset, in the absence of the proper mechanism the auction sale only become pretense.

(d) Judgment of High Court of Kerala in K.T. Unnikrishnan Vs. The Authorised Officer, UCO Bank, Ernakulam and Others reported in 2018 (1) KLJ 796 – Undoubtedly public money should have recovered and recovery should be made expeditiously, but it does not mean that the financial institutions which are concerned only with the recovery of loans, may be permitted to behalf like property dealer and be permitted further to dispose of the secured assets in any unreasonable or arbitrary manner in flagrant violation of statutory provisions.

(e) Judgment of Hon'ble supreme Court in Mathew Varghese Vs. M. Amritha Kumar & Ors reported in 2014 (2) SCALE 331 – The courts has to make clear that the recovery of public money should be expeditious and it should be done in accordance with law and it should not frustrate a constitutional right as well as a human right of a person to hold a property and that in the event of fundamental procedural error acquired, the sale can be set aside.

(f) Judgment of Hon'ble Supreme Court in the case of J. Rajiv Subramaniyan and Another Vs. Pandiyas and others reported in (2014) 5 SCC 651 – The secured creditor are expected to take bonafide measures to ensure that there is a maximum benefit for such secured asset for the borrower.

(g) Judgment of Hon'ble Supreme Court in the case of Vasu P. Shetty Vs. M/s Hotel Vandana Palace and Others – Civil Appeal No.35168 of 2011.

(h) Judgment of High Court of Punjab and Haryana in re Pal Alloys Vs. Metal India Private Ltd., Vs. Allahabad Bank and other – CWP No.6403 of 2019 (O & M)

Judgment relied upon by 1st Respondent Bannk

30. The 1st respondent bank relied upon the judgment of the Hon'ble Supreme Court in CELIR LLP Vs. Bafna Motors (Mumbai) Private Limited and Others reported in (2024) 2 SCC 1.

Point for Consideration

31. The matter is heard. In the wake of available material on record, the following points arise for consideration in the present SA:

"Whether the sale held on 17.08.2023 pursuant to the *sale notice dated 01.07.2023 is in accordance with the provisions of SARFAESI Act and the Rules framed thereunder and what order?*

Answers to Point for Consideration

32. I have heard the learned counsel appearing for the applicants, the learned counsel for the 1st respondent Bank and the learned counsel for the 2nd respondent / auction purchaser and carefully perused the

pleadings, documents and written submissions filed by the respective parties.

33. The applicants have challenged the sale conducted on 17.08.2023 principally on the grounds that the demand notice and possession notice were not served upon them, that the secured asset was undervalued and sold for a lesser price, that the mandatory provisions of Rules 8 and 9 of the Security Interest (Enforcement) Rules, 2002 were not complied with, that the secured asset was not registered with CERSAI, that certain payments made by the applicants were not given credit and that the auction purchaser had failed to remit the entire sale consideration within the stipulated period. The applicants have also contended that their OTS proposal dated 10.08.2023 was not properly considered by the Bank.

34. At the outset, it is to be noted that the applicants do not dispute the creation of security interest in favour of the 1st respondent Bank or the fact that they had availed the housing loan of Rs.3,87,00,000/-. The Memorandum of Deposit of Title Deeds dated 14.02.2014 produced by the Bank establishes the creation of equitable mortgage over the schedule mentioned property. The CERSAI registration certificate produced by the Bank also establishes that the security interest was registered with the Central Registry.

35. The applicants have contended that the demand notice issued under Section 13(2) of the SARFAESI Act was not served upon them. The Bank has produced the demand notice dated 26.09.2022 along with the postal records, returned covers and material to show that, upon the postal article being returned, the demand notice was personally handed over to the applicants. The Bank has specifically pleaded that despite receipt of the demand notice, the applicants failed to clear the outstanding dues. The mere fact that the postal article was returned unserved would not, by itself, establish that the statutory notice was not brought to the knowledge of the applicants, particularly when the Bank has produced material to establish personal delivery of the notice. The applicants have not produced any convincing material to discredit the said evidence. It is also significant that the applicants thereafter did not take any effective steps to challenge the measures within the period prescribed by law. Therefore, the contention of the applicants that the demand notice under Section 13(2) was not served cannot be accepted.

36. In so far as the non service of possession notice is concerned, the Bank has produced the possession notice dated 27.01.2023, the returned postal covers, proof of affixture and the newspaper publications in *Financial Express* and *The Hindu Tamil* dated 31.01.2023. The applicants have not placed any material before this Tribunal to establish that the possession notice was not affixed on the secured asset or that the statutory publication was not effected. Rule 8(1) of the Security

Interest (Enforcement) Rules, 2002 requires the authorised officer to deliver the possession notice to the borrower and also to affix the same on the outer door or at a conspicuous place of the property. Rule 8(2) further requires publication of the possession notice in two leading newspapers, one of which should be in the vernacular language having sufficient circulation in the locality. In the present case, the documents produced by the Bank demonstrate compliance with the aforesaid requirements. Hence, the contention of the applicants regarding non-compliance with Rule 8(1) and Rule 8(2) cannot be sustained.

37. In so far as the contention of the applicants that the secured asset is not registered with Central Registry is concerned, the applicants have contended that the Bank failed to register the secured asset with the Central Registry and thereby violated Section 26D of the SARFAESI Act. However, the 1st respondent has produced the CERSAI registration certificate relating to the security interest created over the schedule mentioned property. The said document remains uncontroverted. In view of the production of the CERSAI registration certificate, the contention that the secured interest was not registered with the Central Registry is liable to be rejected.

38. In so far as impugned sale notice is concerned, the Bank has produced the sale notice dated 01.07.2023, postal records evidencing service upon the applicants, the acknowledgement cards, proof of affixture and the publications in *Dinakaran* and *The Hindu* dated 20.07.2023. The

auction was fixed on 17.08.2023, thereby giving the requisite notice period contemplated under the Rules. The applicants have not produced any material to establish that the sale notice was not served upon them or that it was not affixed on the secured asset. The allegation that the Bank failed to publish the sale notice in two leading newspapers is also contrary to the documentary evidence available on record. It is therefore clear that the Bank has substantially complied with the requirements of Rules 8 and 9 of the Security Interest (Enforcement) Rules, 2002 in bringing the secured asset to sale.

39. In so far as the contention of the applicants with regard to the valuation and fixation of reserve price is concerned, it is to be stated that the applicants have contended that the property was worth more than Rs.8 crores and that the Bank had deliberately fixed a very low reserve price of Rs.5.50 crores, resulting in the property being sold for a throwaway price. It is well settled that merely because a borrower subsequently claims that the secured asset could have fetched a higher amount in the market, the auction sale cannot be set aside in the absence of cogent evidence establishing material irregularity, fraud, collusion or deliberate undervaluation on the part of the secured creditor. In the present case, the Bank has produced the valuation report dated 13.02.2023. The secured asset had earlier been brought to sale on 12.04.2023 and 17.05.2023 with a reserve price of Rs.5.50 crores, but the said auctions failed for want of bidders. Thereafter, the Bank issued the sale notice

dated 01.07.2023 fixing the auction on 17.08.2023. The fact that two earlier auctions had failed for want of bidders is a relevant circumstance to be taken into consideration while examining the reserve price fixed by the secured creditor. A mere assertion regarding the alleged market value, without any supporting material, cannot be accepted. The judgments relied upon by the applicants, including *Kerala Financial Corporation v. Vincent Paul*, *Gajraj Jain v. State of Bihar*, *J. Rajiv Subramaniyan v. Pandiyas* and *Mathew Varghese v. M. Amritha Kumar*, undoubtedly emphasize that the secured creditor must endeavour to obtain the best possible price and must conduct the sale in accordance with the statutory requirements. However, those decisions do not lay down a proposition that every auction sale can be interfered with merely because the borrower subsequently asserts that the property had a higher market value. In the present case, the Bank had obtained a valuation, conducted two earlier unsuccessful auctions and thereafter conducted the auction pursuant to the sale notice dated 01.07.2023. The auction was also duly published and an independent bidder participated in the auction. There is no material whatsoever to establish collusion between the Bank and the auction purchaser or any deliberate attempt to suppress the market value of the property. Hence, this Tribunal finds no ground to interfere with the reserve price fixed by the Bank or the sale conducted pursuant thereto.

40. In so far as the contention of the applicants to the effect that the descript of the secured asset is not proper, it is to be stated that the sale notice produced before this Tribunal contains the particulars of the secured asset and the applicants have not demonstrated any ambiguity which prevented prospective bidders from identifying the property. More importantly, the auction itself was conducted after publication of the sale notice and the 2nd respondent participated in the auction after inspecting and identifying the property.

41. In so far as the contention of the applicants with regard to the OTS proposal is concerned, the applicants have placed considerable reliance upon the OTS proposal dated 10.08.2023 offering a sum of Rs.1,50,00,000/- towards full and final settlement of the outstanding dues. The Bank, by its letter dated 16.08.2023, rejected the said proposal on the ground that the amount offered was substantially lower than the outstanding dues. As on 03.10.2023, the Bank has stated that the outstanding amount was Rs.3,57,96,516.64p, apart from further interest. The OTS offer of Rs.1.50 crores was therefore substantially below the amount due to the Bank. An OTS proposal does not confer any vested or enforceable right upon the borrower to insist that the secured creditor must accept the same. The consideration of an OTS proposal is a matter falling within the commercial decision of the secured creditor, subject, of course, to the requirement that such decision is not arbitrary or fraudulent. In the present case, the Bank

considered the proposal and rejected the same by communication dated 16.08.2023. The mere fact that the Bank did not accept the OTS proposal cannot invalidate the subsequent auction sale, particularly when the proposal was for an amount substantially below the outstanding dues and was made immediately before the scheduled auction.

42. In so far as the contention of the applicants that non-credit of the remittances made by the applicants, the applicants have alleged that several remittances made by them were not given due credit. However, except making a general allegation, the applicants have not produced sufficient material before this Tribunal to establish any specific payment which was received by the Bank but deliberately omitted from the loan account. On the other hand, the Bank has produced the statement of account and has explained the outstanding dues. In the absence of any specific and proved discrepancy in the statement of account, this Tribunal cannot proceed merely on the basis of a general allegation.

43. In so far as the contention of the applicants with regard to the payment of sale consideration by auction purchaser is concerned, it is the contention of the applicants that the 2nd respondent failed to remit the entire sale consideration within time frame stipulated in the sale notice. The material on record discloses that the 2nd respondent was declared the successful bidder on 17.08.2023 and paid 25% of the bid amount on the same day. The sale confirmation letter dated 18.08.2023 stipulated

the time for payment of the balance consideration. Thereafter, the auction purchaser sought extension of time by successive written communications and the Bank granted extension of time in writing. Ultimately, the entire balance sale consideration was paid by the 2nd respondent on 15.11.2023. Rule 9(4) of the Security Interest (Enforcement) Rules, 2002 provides for payment of the balance purchase price within the prescribed period, or within such extended period as may be agreed upon in writing between the purchaser and the secured creditor. In the present case, the extensions granted by the secured creditor were in writing and the entire consideration was ultimately paid on 15.11.2023. The period between the confirmation of sale on 18.08.2023 and the date of payment of the entire sale consideration on 15.11.2023 is less than three months. The record further establishes that the extensions were not unilateral or oral but were granted by the secured creditor in writing upon the requests made by the auction purchaser. Therefore, the contention that the sale stood automatically vitiated merely because the balance consideration was not paid on the original date mentioned in the sale confirmation letter cannot be accepted in the facts of the present case. The subsequent extensions having been granted in writing by the secured creditor and the entire sale consideration having been received within the permissible extended period, the requirement under Rule 9(4) stands substantially complied with. Further, the applicants have not established

that they suffered any prejudice on account of the extensions granted to the auction purchaser. The entire sale consideration was ultimately received by the Bank and the sale certificate has subsequently been issued.

44. The record discloses that the sale certificate dated 16.11.2023 was produced by the 1st respondent and a copy of the sale certificate issued in favour of the 2nd respondent has also been filed before this Tribunal. Thus, the auction purchaser has completed the payment of the sale consideration and the transaction has proceeded substantially beyond the stage of mere confirmation of the bid. This Tribunal is conscious that mere issuance of a sale certificate would not cure a fundamental statutory violation, if one is otherwise established. However, in the present case, after considering the entire material, this Tribunal finds that no fundamental or material violation of the SARFAESI Act or the Security Interest (Enforcement) Rules, 2002 has been established by the applicants.

45. The 1st respondent has also contended that the applicants did not challenge the sale notice dated 01.07.2023 and have approached this Tribunal only after the auction was conducted. Though the applicants are entitled to challenge a measure taken under the SARFAESI Act in accordance with Section 17, they must establish a legally sustainable ground for interference with the measures taken by the secured creditor. In the present case, the applicants were aware of the recovery

proceedings, the demand notice, possession proceedings and the earlier attempts to sell the secured asset. The sale notice dated 01.07.2023 was also served upon them. Despite such knowledge, the applicants did not clear the outstanding dues and instead submitted an OTS proposal for Rs.1.50 crores shortly before the auction, which was rejected by the Bank on 16.08.2023. The subsequent filing of the SA after the auction, by itself, may not render the application non-maintainable. However, the conduct of the applicants is certainly relevant while considering whether equitable or discretionary relief should be granted. The applicants cannot seek to defeat a completed statutory auction merely by raising general and unsubstantiated allegations after the conclusion of the sale.

46. The Hon'ble Supreme Court in *CELIR LLP v. Bafna Motors (Mumbai) Pvt. Ltd. & Ors.*, reported in (2024) 2 SCC 1, has reiterated the importance of maintaining the sanctity of auctions conducted pursuant to statutory recovery proceedings and has cautioned against interference with concluded auction sales in the absence of legally sustainable grounds.

47. The object of the SARFAESI Act is expeditious enforcement of security interest and recovery of public money. At the same time, the secured creditor is bound to comply with the statutory safeguards prescribed under the Act and the Rules. Therefore, the Tribunal has to balance the rights of the borrower with the legitimate interest of the secured creditor

and the rights of a bona fide auction purchaser. In the present case, the Bank has established that the loan account was classified as NPA; demand notice under Section 13(2) was issued; possession notice was issued and duly affixed and published; the secured asset was valued; earlier auctions were conducted unsuccessfully; thereafter the sale notice dated 01.07.2023 was served, affixed and published; the auction was conducted on 17.08.2023; the 2nd respondent participated in the auction and was declared the successful bidder; the sale consideration was thereafter paid pursuant to written extensions granted by the Bank; and the sale certificate was subsequently issued. The applicants have failed to establish any material irregularity, fraud, collusion, deliberate undervaluation or fundamental violation of the statutory procedure which would warrant setting aside the sale.

48. The judgments relied upon by the applicants lay down the salutary principle that a secured creditor cannot act arbitrarily and that a sale of secured property must be conducted fairly and in accordance with law. This Tribunal is in respectful agreement with the said principles. However, the facts of the present case, supported by the documents produced by the Bank, do not establish any such arbitrary or illegal action on the part of the secured creditor. The applicants have therefore failed to discharge the burden of establishing that the measures taken by the 1st respondent under the SARFAESI Act were illegal or contrary to the Security Interest (Enforcement) Rules, 2002. The sale conducted

on 17.08.2023 pursuant to the sale notice dated 01.07.2023 is consequently liable to be upheld.

49. In view of the foregoing, the following:

ORDER

(a) SA No.407 of 2023 is dismissed. The sale conducted by the 1st respondent on 17.08.2023 pursuant to the sale notice dated 01.07.2023 in respect of the schedule mentioned secured asset is hereby upheld and confirmed**.**

(b) The sale confirmation issued in favour of the 2nd respondent / auction purchaser and the sale certificate issued in respect of the secured asset are also upheld.

(c) The interim order, if any, granted by this Tribunal in the present SA shall stand vacated.

(d) No order as to costs.

Sd/-
(SHARANG DHAR UPADHYAY)
PRESIDING OFFICER
DRT-II, CHENNAI

(Dictated to PS, who typed in the system directly, corrected, signed and pronounced by me in Open Court, on this 7th day of October, 2026)