

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

CWP No.3616 of 2022 (O&M)

SUDHIR BAJAJ AND ANOTHER

.....Petitioners

Versus

INDIAN BANK AND OTHERS

.....Respondents

CWP No.5941 of 2025 (O&M)

M/S VALUE ONE RETAIL PVT. LTD.

.....Petitioner

Versus

INDIAN BANK SAM LARGE BRANCH AND OTHERS

.....Respondents

1.	Date when Order was reserved	18.03.2026
2.	Date of Pronouncement of Order	24.04.2026
3.	Date of uploading order	28.04.2026
4.	Whether operative part or full order is pronounced	FULL
5.	Delay, if any, in pronouncing of full order, and reasons thereof	Not Applicable

CORAM : HON'BLE MR. JUSTICE SUVIR SEHGAL
HON'BLE MR. JUSTICE DEEPAK MANCHANDA

Present: Mr. Anand Chhibbar, Senior Advocate
Mr. Deepinder Singh, Senior Advocate with
Ms. Ateevraj Sandhu, Advocate
Mr. Vaibhav Sahni, Advocate and
Mr. Inderjeet Singh, Advocate,
for the petitioners in CWP-3616-2022 and
for respondents No.2 and 3 in CWP-5941-2025.

Mr. Amit Jhanji, Sr. Advocate with
Mr. Rishabh Gupta, Advocate and
Mr. Shashank Shekhar Sharma, Advocate
for the petitioner in CWP-5941-2025 and
for respondent No.4 in CWP-3616-2022.

Mrs. Munisha Gandhi, Sr. Advocate with
Ms. Salina Chalana, Advocate
Mr. Harit Narang, Advocate and
Mr. K.K. Goyal Advocate, for respondent-Bank.

Mr. Deepak Bhardwaj, Addl. Advocate General, Haryana.

SUVIR SEHGAL, J.

1. This singular order shall dispose of both the above noted writ petitions as they are interconnected.

2. Brief background leading to litigation may be noticed. M/s RKB Healthcare Private Limited (hereafter referred to as ‘the borrower’) was sanctioned a financial assistance in shape of term loan of Rs.12 crores vide letter dated 09.08.2011 (Annexure P-2) by the then Allahabad Bank (hereafter referred to as ‘the Bank’) for setting up a Healthcare and Wellness Unit in District Gurugram by creating a mortgage charge on borrowers’ properties as well as on land in the name of Sudhir Bajaj, falling in village Shikhopur, District Gurugram. Due to default in repayment of installments, loan account was classified as non-performing asset (NPA) on 01.05.2016 and proceedings were initiated under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereafter referred to as ‘the SARFAESI Act’). By orders dated 15.05.2018 and 02.08.2019 (Annexures P-10 and 15 respectively), District Magistrate ordered delivery of physical possession of mortgaged land to bank. Borrowers approached this Court by filing a writ petition and by order 27.09.2019 (Annexure P-16), this Court restrained the bank from taking possession of property mentioned in order, Annexure P-15. Bank floated a One-Time Settlement (OTS) and on an application submitted by borrowers, letter dated 21.02.2020 (Annexure P-17) was issued by bank accepting OTS for an amount of Rs.6.17 crores. Borrowers made a part payment under OTS but due to outbreak of the pandemic, a request was made for extension of time which was rejected by bank on 07.11.2020 (Annexure P-25). Writ petition filed by borrowers were disposed of by this Court on 26.11.2020 (Annexure P-24). Bank again approached the District Magistrate and under

order dated 11.01.2022 (Annexure P-32), possession of mortgaged land was taken and handed over to bank. A sale notice dated 03.02.2022 (Annexure P-37) was issued by bank under the Security Interest (Enforcement) Rules, 2002 (hereafter referred to as 'the 2002 Rules') for sale of secured asset. After making some more payment, borrowers again approached this Court by filing CWP No.3616 of 2022, which was entertained and following order was passed by a Division Bench of this Court on 03.03.2022:-

“Having heard learned counsel for the parties at length, it is clear that the petitioners have paid Rs.3,12,50,000/- to the respondent-Bank of which Rs.2 crores had been paid on 24.02.2022. According to him, this amounts to a substantial payment towards the OTS of Rs.6.17 crore sanctioned on 21.02.2020 leaving the balance of Rs.3,12,50,000/-. He states that the petitioners are willing to pay a further amount of Rs.50 lakhs today. According to him, there was an order passed by the District Magistrate, Gurugram which was reviewed by the said Officer without having jurisdiction to do so and this point was specifically raised in CWP-27941-2019 but the same was not considered and the said Writ Petition came to be disposed of on 26.11.2020 (P24). He submits that the petitioners are entitled to raise the said issue apart from the petitioner’s contention of extension of time for payment of OTS amount can be favourably considered by this Court.

Mrs. Munisha Gandhi, learned senior counsel for the respondent-Bank contends that there was a rejection of the OTS granted to the petitioners on 07.12.2020 but the same has been challenged only now by the petitioners keeping quiet for almost a year. It is also contended that the OTS granted on 21.02.2020 cannot be taken as being ‘live’ as on date and the dues

payable to the Bank as of now is Rs.12.79 crores.

Counsel for the petitioners disputes the said figure and insists that the amount payable is only Rs.7.84 crores and that the respondent-Bank itself had informed the petitioners of the said fact recently.

Having regard to the said issues arising in the said Writ Petition, subject to the petitioners' paying a further amount of Rs.50 lakhs today, the sale of secured assets proposed to be held on 15.03.2022 shall go on but the same shall not be confirmed.

List on 12.05.2022.

Written reply be filed by the respondents by the said date with advance copy to the counsel opposite.

The said amount being deposited today by the petitioners shall be adjusted towards the dues of the petitioners including the earlier amounts paid. This order will not preclude the parties from discussing the issues in the Writ Petition without prejudice to their respective rights.”

3. M/s Value-One Retail Private Limited (for brevity hereinafter referred to as ‘the auction purchaser’) was highest bidder in auction proceedings. An acceptance letter dated 15.03.2022 was issued in its favour by bank and a deposit of 25% of sale consideration of Rs.15.98 crores was made by it. Borrower made another offer to bank as has been noticed by this Court in order dated 30.09.2024, which is reproduced hereunder:

“During the course of hearing, it is submitted that petitioners in order to show their bonafide have brought a demand draft for Rs.10 crores. They are ready to match the offer made by respondent No.4 as well as compensate respondent No.4.

Learned counsel for respondent-Bank submits that proposal as set-forth by petitioners can be

considered by the competent authority and amount in question can be kept in 'No Lien Account' till then. Final decision on the proposal, if submitted, shall be taken by the competent authority before the next date of hearing. The demand draft has been handed over to learned counsel for respondent No.1. Photocopy thereof is taken on record, subject to just exceptions.

Learned counsel for respondent No.4 prays for time to seek instructions.

At request, adjourned to 14.11.2024.”

4. Auction purchaser unsuccessfully challenged this order before the Supreme Court by filing SLP(C) No.26459 of 2024 which was dismissed on 11.11.2024 with following observations:

“We are not inclined to interfere with the impugned order, which is in the nature of an interim order.

The petitioner, M/s Value-One Retail Pvt. Ltd., may raise all pleas and contentions before the High Court.

Recording the aforesaid, the special leave petition is dismissed.

Pending application(s), if any, shall stand disposed of.”

5. Pursuance to order dated 30.09.2024 passed by this Court, an OTS for Rs.12.84 crores was sanctioned by bank in favour of borrower vide letter dated 18.12.2024, which has been impugned by auction purchaser in CWP No.5941 of 2025.

6. Mr. Anand Chhibbar, senior counsel for borrower has stated that entire amount under OTS has been paid to bank. He asserts that auction purchaser cannot challenge the auction proceedings as no right has vested in

him as auction proceedings never became final and petitioners can redeem the mortgaged property. He has placed reliance upon **Ajmal K.V. and others Versus Union Bank of India and others, Law Finder Docket Id #2520719.**

7. Mrs. Munisha Gandhi, senior counsel for bank, has argued that sale notice made a specific reference to interim orders passed by this Court and auction purchaser participated in proceedings at his own risk and cost. She states that although 25% of bid amount has been deposited by auction purchaser but sale has neither been confirmed nor a sale certificate has been issued. She has confirmed the deposit of entire amount under OTS and has supported the borrower.

8. Mr. Amit Jhanji, senior counsel for auction purchaser, urges that borrower has colluded with the bank who sanctioned OTS during pendency of litigation and after property was put to auction. A strong reliance has been placed by him upon the observations of the Supreme Court in **Celir LLP Vs. Bafna Motors (Mumbai) Private Limited and others, (2024) 2 SCC 1.**

9. We have given a thoughtful consideration to arguments addressed by counsel for the parties as well as examined the documents and judicial precedents referred to by them.

10. Pursuant to order dated 03.03.2022 passed by this Court, bank conducted auction of mortgaged property on 15.03.2022 wherein auction purchaser made highest bidder at Rs.15.98 crores. Auction purchaser was issued a letter of acceptance on same day wherein bank clearly stated that sale has been conducted subject to confirmation by bank and subject to outcome of proceedings before the High Court in CWP No.3616 of 2022. It was further stipulated that further steps to confirm the sale will be taken only after remittance of 25% amount which was duly deposited by auction purchaser. It is not the case of auction purchaser that he was not aware of

pendency of writ petition at the hands of borrowers or of interim orders passed therein. Though, auction purchaser did deposit 25% of bid amount, but he did so at his own risk. The issuance of acceptance letter or deposit of 25% of bid amount will not vest any right in auction purchaser, who had bid for a property which was under litigation. There is no material before this Court to establish that borrower or bank had colluded with each other to defeat the claim of intending purchaser.

11. Interpreting the amended provisions of Section 13 (8) of the SARFAESI Act, Supreme Court in *Celir LLP's case* (supra) has held that right of borrower to redeem secured asset stands extinguished on the date of publication of notice for public auction under Rule 9 (1) of the 2002 Rules. It has been further observed that confirmation of sale by bank under Rule 9(2) of the 2002 Rules invests successful auction purchaser with a vested right to obtain a certificate of sale of immovable property in prescribed form. When examined in light of factual position of present cases, it is evident that auction purchaser had participated in auction proceedings upon being fully aware of interim orders passed by this Court. A conditional acceptance letter had been issued to him. Sale in favour of auction purchaser would conclude only when bank issues a sale certificate. Although, auction purchaser deposited 25% of bid amount, but bank did not conclude auction sale due to interim orders passed by this Court. There is nothing to stop the bank from entering into an OTS with borrower as long as auction sale is not concluded by issuance of a sale certificate. As long as the sale is not confirmed in favour of auction purchaser, he does not acquire any right or interest in auctioned property. Reliance in this regard can also be placed upon the observations of the Kerala High Court in *Ajmal K.V.'s case* (supra). In a recent judgment in *E. Muthurathinasabathy & others Vs. M/s. Sri*

International & others, Law Finder Docket Id # 2875966, Supreme Court has held that when sale process has not attained finality in the manner contemplated under the statute and the borrower discharges the entire debt, he is entitled to redeem the mortgaged property. This judgment fortifies the stand of the borrower.

12. Auction purchaser has deposited an amount of Rs.3,99,50,000/- pursuant to acceptance letter dated 15.03.2022 which is lying deposited with bank. The amount is being utilized by bank since the date of deposit, and bank is liable to refund it to auction purchaser along with interest at the rate of 7.5% per annum from the date of deposit, within a period of one month from today.

13. As a result of above discussion, notice of sale dated 03.02.2022 and acceptance letter dated 15.03.2022 issued in favour of auction purchaser are quashed. Bank shall restore the physical possession of mortgaged property to borrower upon its redemption in accordance with law.

14. With the above directions, both the writ petitions are disposed of.

15. All pending miscellaneous application(s) shall stand disposed of.

(SUVIR SEHGAL)
JUDGE

(DEEPAK MANCHANDA)
JUDGE

24.04.2026
sandeep

Whether Speaking/Reasoned :	Yes/No
Whether Reportable :	Yes/No