



C.R.P(MD)Nos.2098 & 2099 of 2025

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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

RESERVED ON : 30.01.2026

PRONOUNCED ON : 12.02.2026

CORAM:

THE HONOURABLE MR JUSTICE G.K. ILANTHIRAIYAN

AND

THE HONOURABLE MS.JUSTICE R. POORNIMA

C.R.P(MD)Nos.2098 & 2099 of 2025

and

C.M.P(MD)Nos.12199 & 12205 of 2025

C.R.P(MD)No.2098 of 2025

Mr.D.V.Vijay Anand

... Petitioner/Appellant/Applicant

Vs.

1.The Authorized Officer,
Central Bank of India,
Raja Muthaiah Mandram,
First Floor, Dr.Ambedkar Road,
Madurai-625 020.

... 1st Respondent/Respondent/
Respondent

2.Central Bank of India,
Through its Branch Manager,
Cotton Market Branch,
Rajapalayam,
Virudhunagar District.



C.R.P(MD)Nos.2098 & 2099 of 2025

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3.M.Shanmugaraj

... Proposed 2nd & 3rd Respondents/
3rd Parties/3rd Parties

PRAYER:- Petition filed under Article 227 of the Constitution of India, to set aside the order passed by the Debts Recovery Appellate Tribunal, Chennai passed in RA(SA)95 of 2018, dated 18.05.2022 confirming the order dated 16.11.2017 passed in S.A.No.408 of 2016, on the file of the Debts Recovery Tribunal, Madurai and to cancel the Sale Certificate dated 08.08.2022 issued by the first respondent registered as Document No.859 of 2023 at Sethur Sub-Registrar Office, Virudhunagar District.

For Petitioners : Mr.E.Om Prakash
Senior Counsel
for Mr.M.Senthil Kumar
For R1 & R2 : Mr.N.Dilip Kumar
For R3 : Mr.Anil Rdwani
for Mr.R.Niresh Kumar

C.R.P(MD)No.2099 of 2025

Mr.R.V.Vinothkumar ... Petitioner/Appellant/Applicant

Vs.

1.The Authorized Officer,
Central Bank of India,
Raja Muthaiah Mandram,
First Floor, Dr.Ambedkar Road,
Madurai-625 020. ... 1st Respondent/Respondent/
Respondent



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2. Central Bank of India,
Through its Branch Manager,
Cotton Market Branch,
Rajapalayam,
Virudhunagar District.

3. M. Shanmugaraj

... Proposed 2nd & 3rd Respondents/
3rd Parties/3rd Parties

PRAYER:- Petition filed under Article 227 of the Constitution of India, to set aside the order passed by the Debts Recovery Appellate Tribunal, Chennai passed in RA(SA)94 of 2018, dated 18.05.2022 confirming the order dated 16.11.2017 passed in S.A.No.407 of 2016, on the file of the Debts Recovery Tribunal, Madurai and to cancel the Sale Certificate dated 08.08.2022 issued by the first respondent registered as Document Nos.1433, 1434 and 1435 of 2022 at Vasudevanallur Sub Registrar Office, Thenkasi Registration District.

For Petitioners	: Mr.E.Om Prakash Senior Counsel for Mr.M.Senthil Kumar
For R1 & R2	: Mr.N.Dilip Kumar
For R3	: Mr.Anil Rdwani for Mr.R.Niresh Kumar



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COMMON ORDER

(Order of the Court was made by G.K.ILANTHIRAIYAN, J.)

These Civil Revision Petitions are directed as against the order passed by the Debts Recovery Appellate Tribunal, Chennai passed in RA(SA) Nos.95 & 94 of 2018, dated 18.05.2022, thereby, confirming the order passed by the Debts Recovery Tribunal, Madurai in S.A.No.408 & 407 of 2016, thereby dismissing the appeal challenging the sale certificates issued by the first respondent herein registered vide document No.859 of 2023 at Sethur Sub Registrar Office, Virudhunagar District and document Nos.1433, 1434 and 1435 of 2022 at Vasudevanallur Sub-Registrar Office, Tenkasi Registration District.

2. Both the petitioners applied for Over Draft facility for their business with the second respondent to the tune of Rs.2,00,00,000/- (Rupees Two Crores) each, for which, the petitioner in C.R.P(MD)No. 2098 of 2025 had mortgaged his agricultural properties situated at Zamian Kollan-kondan Village, Rajapalayam Taluk, Virudhunagar

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District to an extent of 62 cents of Punja land in R.S.No.156/7 and an extent of 1.04 acres of Punja land in R.S.No.156/8 and another agricultural land at Seithur Village, Rajapalayam Taluk, Virudhunagar District measuring 30 cents of punja land in R.S.No.433/72E and the petitioner in C.R.P(MD)No.2099 of 2025 had mortgaged his agricultural properties situated at Nelkattumseval Village, Vasudevanallur Panchayat Union, Vasudevanallur-Nelkattumseval Road, Sivagiri Taluk, Tirunelveli District measuring an extent of 1.75 acres of punja land in R.S.No.87/2 and an extent of 1.64 acres of punja land in R.S.No.92/1, an extent of 1.18 acres of punja land in R.S.No.95/3 and another agricultural land situated at Vasudevanallur Village, Sivagiri Taluk, Tirunelveli District measuring an extent of 1.63 acres of punja land in R.S.No.21/1A. The second respondent had verified the value of the properties after inspection by the Panel Valuer for ascertaining the market value and the nature of the properties. Accordingly, the panel valuer of the second respondent had visited the properties and submitted a valuation report to the second respondent, thereby, valued the properties in C.R.P(MD)No. 2098 of 2025 at Rs.4,04,40,000/- (Rupees Four Crores Four Lakhs and



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Forty Thousand only) and valued the properties in C.R.P(MD)No.2099 of 2025 at Rs.4,28,62,000/- (Rupees Four Crores Twenty-eight Lakhs and Sixty-two Thousand only). All the properties are classified as agricultural properties. On the basis of the legal opinion and also the valuation report, the second respondent had sanctioned an Over Draft facility of Rs.2 crores to each of the petitioner at 13.75% interest for a period of one year. The said facility has to be reviewed annually by the Bank. The petitioners have mortgaged their agricultural properties in favour of the second respondent by depositing the title deeds registered vide document Nos.3293 of 2013 and 2740 of 2013, dated 12.12.2023. After memorandum of deposit of title deeds were executed in favour of the second respondent, the second respondent had sanctioned Over Draft Credit Facility to the tune of Rs.2 Crores to each of the petitioner. At the time of sanction itself, the second respondent has also compelled the petitioners to take Insurance policy for the said loan amount to the tune of Rs.13,25,000/-. Accordingly, though a sum of Rs.2 Crores were credited to the Savings Bank account of the petitioners, the petitioners were only allowed to withdraw a sum of Rs.13,25,000/- each, that too,

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for the purpose of taking insurance policy to safeguard the loan amount.

Subsequently, the second respondent had taken back the remaining amount. Thereafter, the petitioners sustained heavy loss in their business and defaulted in the repayment of the said loan amount. Therefore, the second respondent initiated the Recovery proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as 'SARFAESI' Act) by issuing the Demand Notice under Section 13(2) of the SARFAESI Act on 28.04.2015, thereby, calling upon the petitioners to repay the Over Draft amount with interest. However, the petitioners did not comply with the Demand Notice and therefore, the second respondent proceeded with the SARFAESI proceedings against the properties, which were mortgaged in favour of the second respondent, in O.A.No.150 of 2016, on the file of the Debt Recovery Tribunal, Madurai for recovery of Over Draft amount. While pending the said O.A., the first respondent issued possession notice under Section 13(4) of the SARFAESI Act, 2002 and thereby, had taken the symbolic possession of the mortgaged agricultural lands. Thereafter, the first respondent also issued sale notice dated



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15.09.2016 thereby fixing the E-Auction sale of the mortgaged agricultural lands on 26.10.2016. Therefore, the petitioners had challenged the said notice in S.A.Nos.408 and 407 of 2016, on the file of the Debt Recovery Tribunal, Madurai (hereinafter referred to 'DRT'). The DRT, Madurai after considering the facts and circumstances, granted interim stay on condition that the petitioners shall deposit a sum of Rs. 9,00,000/- each (Rupees Nine lakhs only) and stayed the E-Auction proceedings. The petitioners duly complied with the said condition. The petitioners raised the specific grounds before the DRT that the entire lands, which were mortgaged in favour of the second respondent, are agricultural lands and as such, the second respondent cannot proceed as against the agricultural lands. That apart, the said lands were cultivated by the petitioners with maize crops. However, the respondents filed an objection that the mortgaged properties are not agricultural lands and they had produced a certificate as if it was issued by the Tahsildar stating that the mortgaged properties are not agricultural lands. According to the petitioners, it was fabricated one and it was not issued by the concerned Jurisdictional Tahsildar since the Village Administrative Officer, being



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the foundational revenue official at the village level, responsible for land record maintenance, is competent person to issue Adangal. Though the Tahsildar is the Superior Officer, only on receipt of the relevant report from the concerned Village Administrative Officer, Adangal has to be issued by the Tahsildar in respect of the said lands. Without considering the grounds raised by the petitioners, the DRT, Madurai dismissed the S.A.Nos.408 and 407 of 2016 by an order dated 16.11.2017 on the ground that the subject lands which were mortgaged to the second respondent are not agricultural lands as per the certificate issued by the Tahsildar. Therefore, the second respondent can very well proceed with the properties for recovery of the loan amounts. Aggrieved by the said dismissal order, the petitioners preferred an appeal before the Debt Recovery Appellate Tribunal, (hereinafter referred to as 'DRAT') Chennai in RA(SA)Nos.95 and 94 of 2018. The petitioners also deposited a sum of Rs.3,50,000/- each (Rupees Three Lakhs and Fifty Thousand only) towards pre-deposit for filing the appeals. After hearing the appellants, the DRAT, Chennai also dismissed the appeals by an order dated 18.05.2022. The DRAT, Chennai also observed that the Village



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Administrative Officer is not a competent authority to issue a certificate showing the character of the lands. Hence, the present Civil Revision Petitions.

3. The learned Senior Counsel appearing for the petitioners raised the following grounds:-

(i) The subject properties, which were mortgaged in favour of the second respondent cannot be subjected to any SARFAESI proceedings since properties are agricultural lands. It is further evident from the Adangal issued by the Village Administrative Officer that the respondents have produced a fabricated certificate, purportedly issued by the Tahsildar, falsely stating that the subject lands are non-agricultural in nature. Even at the time of executing the memorandum of deposit of title deeds, the mortgaged lands were described as *Punja* lands, clearly indicating that they are agricultural in nature. Even in the sale notice, the first respondent had set very low upset price for auction. As per the valuation report submitted by the valuer of the second respondent, the property was valued at Rs.4,04,40,000/- and Rs.4,28,62,000/- during the

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year 2013. The second respondent sanctioned the overdraft credit facility of Rs.2 Crores solely on the basis of the valuation report. Even so, the first respondent fixed the upset price at a very meagre amount of Rs. 24.10 lakhs for dues of Rs.18,29,668/-, and Rs.24.35 lakhs for dues of Rs.18,01,196/-. The total extent of the properties, which were auctioned by the respondents 1 & 2 are 62 cents in R.S.No.156/7 in Irishnapuram-Murampoo Road, Zaminkottankondaan Village, an extent of 104 cents in Krishnapuram-Murambo Road, Zaminkottankondaan Village, an extent of 1.75 acres in R.S.No.87/2 Vasudevanallur-Thalavankottai Road, Nelkattumseval Village, Vasudevanallur Panchayat Union, Sivagiri Taluk, 1.64 Acres in R.S.No.92/1 Vasudevanallur-Nelkattumseval Road, Nelkattumseval Village, Vasudevanallur Panchayat Union and 1.18 acres in R.S.No.95/3, Vasudevanallur-Nelkattumseval Road, Nelkattumseval Village, Vasudevanallur Panchayat Union, Sivagiri Taluk. Therefore, the respondents 1 & 2 failed to follow any of the procedure as contemplated under SARFAESI Act while auctioning the subject properties. Hence, the entire sale is illegal and arbitrary. It is a clear violation of principles of fair market value under Rule 8(5) of the Security Interest



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(Enforcement) Rules, 2002, which requires the Authorized Officer to obtain valuation from an approved valuer and to fix the reserve price prior to the sale. Therefore, the sale certificate issued in favour of the third respondent, who is the auction purchaser, registered vide Document No.859 of 2023 at Sethur Sub-Registrar Office, Virudhunagar District and document Nos.1433, 1434 and 1435 of 2022 at Vasudevanallur Sub-Registrar Office, Tenkasi District is liable to be set aside.

(ii). The learned counsel for the petitioners further submits that there is an exemption clause under Section 31(i) of the SARFAESI Act. Even as per the memorandum of deposit of title deeds, the subject lands are classified as 'Punja lands' and as such, there is a clear bar under Section 31(i) of the SARFAESI Act. Further, Section 31(j) is very clear that the recovery proceedings under the SARFAESI Act can be initiated only when the borrower commits default of more than 20% of the loan amount, which was borrowed by the borrower. In the case on hand, admittedly, the respondents 1 & 2 though had sanctioned Rs.2 Crores as Over Draft credit facility, the petitioners were allowed to withdraw only a



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sum of Rs.13,25,000/- each, that too, for the purpose of taking insurance policy to protect the entire Over Draft facility granted in favour of the petitioners to the tune of Rs.2 Crores each. Further, as per the Demand Notice issued under Section 13(2) of the SARFAESI Act, the outstanding dues are only Rs. 14,11,250/- and Rs. 13,84,886/-. The said amounts are less than 20% of the Overdraft credit facility of Rs.2 crores sanctioned in favour of the petitioners. Therefore, the entire proceedings initiated by the respondents 1 & 2 under the SARFAESI Act is vitiated and the sale certificates issued in favour of the third respondent is liable to be set aside.

(iii) He further points out that the properties' description completely differs from that of the notice issued under Section 13(2) of the SARFAESI Act. Therefore, it causes serious prejudice to the borrowers. He further submits that on the date of execution of memorandum of deposit of title deeds, there was no debt. The memorandum of deposit of title deeds were made in favour of the second respondent on 07.12.2013, whereas, Over Draft credit facility was



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sanctioned in favour of the petitioners only on 16.12.2013. Therefore, on the date of memorandum of Over Draft credit facility, there was no debt and the properties cannot be subjected for any auction under the SARFAESI Act.

4. Per contra, the learned counsel appearing for the respondents 1 & 2 submits that the valuation of the properties were falsely increased and an Over Draft facility was availed to the tune of Rs.2 Crores. The original values of the properties are at Rs.24,10,000/- lakhs for dues of Rs.18,29,668/-, and Rs.24,35,000/- lakhs for dues of Rs.18,01,196/-. As per the valuation report, sale proceedings were initiated as against the subject properties by fixing the upset price as Rs.24,10,000/- and Rs. 24,35,000/. In fact, the petitioners colluded with the then Manager of the second respondent's Bank and fixed the market values at Rs. 4,04,40,000/- and Rs.4,28,62,000/-. Consequently, disciplinary proceedings were initiated against the said Manager, and he has since been dismissed from service. Therefore, the remaining amount was withdrawn from the Savings Bank of the petitioners and the petitioners



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were not permitted to avail Over Draft credit facility. He further submits that, Section 31(i) is very clear that the agricultural properties cannot be subjected to SARFAESI Proceedings. At the same time, he pointed out Section 2(zf) of the SARFAESI Act. It defines the form 'Security Interest'. It means right, title or interest of any kind, other than those specified in Section 31, upon property created in favour of any secured creditor. If it is an agricultural land, the Security Interest cannot be created in favour of any secured creditor as per Section 31(i) of the SARFAESI Act. But, the subject lands cannot be considered as agricultural lands. There is no proof to show that the petitioners cultivated the subject lands. Furthermore, even before the Debt Recovery Tribunal (DRT) and the Debt Recovery Appellate Tribunal (DRAT), the petitioners did not raise the argument that SARFAESI proceedings cannot be initiated when the outstanding demand, including interest, is less than 20% of the loan amount. Therefore, all of a sudden, the petitioners cannot raise such a grounds before this Court. He further submits that now the entire properties had been auctioned and the third respondent had duly purchased the properties after depositing the entire



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sale consideration. Therefore, nothing survives in these Civil Revision Petitions and it is liable to be dismissed.

5. The learned counsel for the third respondent, who is the auction purchaser, submits that Section 58 of the Transfer of Property Act, 1882 says that the mortgage can be made for future loan. Therefore, it cannot be said that on the date of execution of title deed, there was no debt. Though the petitioners were at liberty to raise objections after receipt of notice under Section 13(3-A) of the SARFAESI Act, , the petitioners failed to raise any objections for the demand notice issued under Section 13(2) of the SARFAESI Act. Further, under Section 17 of SARFAESI Act, any proceedings initiated under SARFAESI Act can be challenged, but the sale or sale certificate was not challenged by the petitioners so far. Further, the third respondent is a bonafide purchaser and at any costs, the purchase of the subject properties by the third respondent cannot be nullified. Admittedly, the petitioners were sanctioned to avail Over Draft credit facility to the tune of Rs.2 Crores each from the second respondent while mortgaging their respective



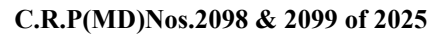
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subject properties by executing the memorandum of deposit of title deeds in favour of the second respondent.

6. All the counsel for the respondents submit that the Civil Revision Petitions have been filed after a period of three years from the date of the order passed by the DRAT. Therefore, the Civil Revision Petitions are liable to be dismissed on the ground of laches. Absolutely, there is no valid explanation for the delay in filing the Civil Revision Petitions.

7. Heard the learned counsels appearing on behalf of the all the parties and perused the materials available on record.

8. In order to protect the Over Draft credit facility, on the insistance of the second respondent, the petitioners had taken a insurance policy for the said loan amount to the tune of Rs.13,25,000/- each. On perusal of the statements of accounts produced by the petitioners revealed that a sum of Rs.2 Crores was available for the petitioners to



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reserved price for the subject property as Rs.24,10,000/- for the amount due of Rs.18,29,668/- and issued 'E-auction' sale notice dated 15.09.2016 in C.R.P(MD)No.2099 of 2025 thereby fixing the reserved price for the subject property as Rs.24,35,000/- for the amount due of Rs.18,01,196/-. As on the date of E-auction sale notice i.e., on 16.09.2016, if the amount due is less than 20% of the total loan amount, the respondents 1 & 2 cannot initiate any SARFAESI proceedings as against the secured properties. It is relevant to extract the provision under Section 31 and 31(j) of the SARFAESI Act.

“31.Provisions of this Act not to apply in certain cases:- The provisions of this Act shall not apply to;-

(j) any case in which the amount due is less than twenty per cent of the principal amount and interest thereon.”

It shows that the provision of SARFAESI Act shall not apply to any case in which the amount due is less than 20% of the price amount and interest therein. As stated supra, the amount due as on 16.09.2016 + interest and other charges were Rs.18,29,668/- and Rs.18,01,196/-. It is admittedly, lesser than 20% of the total loan amount received by the



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borrower. The second respondent had sanctioned Rs.2 Crores as Over Draft credit facility, in which, the petitioners were allowed to withdraw only Rs.13,25,000/- each and the entire remaining amount was re-transferred to the bankers account.

9. The learned Senior Counsel appearing for the petitioners vehemently contended that the subject properties are agricultural properties and as such, there is a bar under Section 31(i) of the Act. Therefore, this Court is inclined to analyse whether the subject properties are agricultural properties or not.

10. On perusal of the deposit of title deeds executed in favour of the second respondent, it is revealed that the said properties are shown as Punja lands and agricultural properties. Section 31(i) of SARFAESI Act shows that the provisions of SARFAESI Act shall not apply to any security interest created in agricultural lands. In this regard, the learned counsel for the respondents 1 & 2 rely upon the provision under Section 2(zf) it defines security interest. However, the memorandum of deposit

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of title deeds were executed in favour of the second respondent by describing the subject property as Punja lands. Therefore, knowingly or unknowingly the mortgage deed was executed in favour of the second respondent by way of memorandum of deposit of title deeds. Therefore, after registration of the mortgage deed in favour of the second respondent, the petitioners cannot now take a stand that no security interest can be taken against an agricultural land. Further, the learned counsel for the second respondent also relied upon the judgment of the Hon'ble Supreme Court of India reported in **(2023) 11 SCC 169** in the case of ***K.Sreedhar vs. Raus Constructions Private Ltd., and others***, in which, the Hon'ble Supreme Court of India held as follows:-

“33. Now, so far as with respect to remaining properties / secured assets viz. Item Nos.3 and 9 to 12 and the submission on behalf of the borrowers that as the said scheduled properties were agricultural properties, therefore the said properties were exempted from the provisions of the [SARFAESI Act](#) in view of [Section 31\(i\)](#) of the SARFAESI Act is concerned, at the outset, it is required to be noted that



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except the revenue records, the borrowers did not file any evidence to show that the agricultural work was being done in the said properties. On the contrary, the secured creditor produced the photographs to show that there was no agricultural activities being done and no agricultural activity was going on.

34.The High Court has observed and held that the scheduled properties in question were exempted from the provisions of [SARFAESI Act](#) in view of [Section 31\(i\)](#) of the SARFAESI Act on the ground that the revenue records and Pattadar pass-books and the title deeds show that the properties were agricultural properties / lands and that no evidence is produced by the secured creditor that these properties are non- agricultural lands and have been put to non-agricultural use after obtaining permission from the competent authorities. Therefore, the High Court has shifted the burden upon the secured creditor to prove that the properties are non-agricultural lands.



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35. *The view taken by the High Court is just contrary to the two decisions of this Court in the case of [Blue Coast Hotels Limited and Others](#) (Supra) and K. Pappireddiyar and Another (Supra). In both the aforesaid decisions, this Court has specifically observed and held after considering the object and purpose of [Section 31\(i\)](#) of the SARFAESI Act that merely because in the revenue records the secured properties are shown as agricultural land is not sufficient to attract [Section 31\(i\)](#) of the SARFAESI Act. In the aforesaid decision, it is specifically observed and held that for the purpose of attracting [Section 31\(i\)](#) of the SARFAESI Act, the properties in question ought to be actually used as agricultural lands at the time when the security interest was created.*

36. *In the case of [Blue Coast Hotels Limited and Others](#) (Supra), it is also further observed by this Court that since no security interest can be created in respect of agricultural lands and yet it was so created, goes to show*



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that the parties did not treat the land as agricultural land and that the debtor offered the land as security on this basis.”

11. As stated above, the Hon'ble Supreme Court of India cited several judgments and held that since no security interest can be created in respect of agricultural lands and yet it was so created, goes to show that the parties did not treat the land as agricultural land and that the debtor offered the land as security on this basis. Further, it was held that, considering the object and purpose of [Section 31\(i\)](#) of the SARFAESI Act, mere revenue records of the secured properties indicating that it is an agricultural land is not sufficient to attract [Section 31\(i\)](#) of the SARFAESI Act. For the purpose of attracting [Section 31\(i\)](#) of the SARFAESI Act, the properties in question ought to be actually used as agricultural lands at the time when the security interest was created.

12. The above judgment is not applicable to the case on hand for the simple reason that the petitioners produced the Adangal extract



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issued by the Village Administrative Officer. Per contra, the learned counsel for the respondents 1 & 2 produced the certificate dated 05.06.2014, issued by the Tahsildar stating that the subject property is industrial area / house plots as there were no agricultural activities carried out in the subject properties. The memorandum of deposit of title deeds were executed in favour of the second respondent on 12.12.2013. On the date of execution of the said deeds, the subject land was used as agricultural lands and the petitioners were cultivating crops such as maize. Even thereafter, the petitioners were continuously carrying out agriculture in the subject properties. The petitioners applied for Adangal certificate before the concerned jurisdictional Village Administrative Officer ie., Jameen Kottankulam Village, Rajapalayam Taluk and issued Adangal extract and it clearly revealed that the subject lands are agricultural lands and it is never classified as industrial area or house plots. That apart, the certificate which was produced by the respondents 1 & 2 is not genuine. Even on the face of record, it is not in the form of any certificate, rather it has been issued simply with the signature of the Tahsildar and the Government emblem. Further, the Tahsildar is not the



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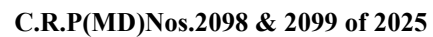
first officer to know about the nature of the lands and the present status of the lands. The Village Administrative Officer is the first officer and he is the custodian of any village land. Normally, Adangal extract is issued only by the Village Administrative Officer and it is instrumental in knowing the nature of the land and about the crop which is cultivated by the land owners for all purpose. Even, if someone applies for Adangal extract before the jurisdictional Tahsildar, the Tahsildar shall ask for the report from the concerned Village Administrative Officer and only on receipt of such report, the Tahsildar can certify whether a particular land is agricultural land or whether it comes under other classification. On perusal of the certificate dated 05.06.2014, which was issued by the Tahsildar, Rajapalayam, it is revealed that it does not refer any such report from the Village Administrative Officer or any such Village Officer or the Revenu Inspector or the Revenue Assistant. Therefore, it is a bogus one. Whereas, on perusal of the adangal extract issued by the Village Administrative Officer, it can be seen that it is issued from the extract of the Village Account as per the format and is duly signed by the Village Administrative Officer with seal. Even assuming that the



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certificate issued by the Tahsildar is a genuine one, there is no other piece of evidence produced by the respondents 1 & 2 to show that the subject lands are classified as industrial area or house plots. Further, the learned counsel for the respondents 1 & 2 submits that there was a collusion between the petitioners and the Manager of the bank at the time of registration of memorandum of deposit of title deeds in respect of the properties, which were classified as Punja lands. Further, the value of the properties were also shown as Rs.4,04,40,000/- and Rs.4,28,62,000/- and the same was mortgaged in favour of the second respondent by way of registration of memorandum of deposit of title deeds. Therefore, disciplinary proceedings were initiated as against the Manager and he was dismissed from service.

13.The said contention cannot be countenanced to, as if the borrower and the bank's Manager had indeed colluded to overstate the value of the property, it would constitute a serious allegation and result in a loss to the exchequer, therefore, definitely, the second respondent could have lodged a complaint as against the Manager and the borrower.



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14. Further, the petitioners were never issued any notice regarding the alleged fraud committed by the second respondent's Manager, who is claimed to have colluded with the petitioners before returning the loan amount to the petitioners' Savings Bank account. The petitioners were never issued any notice and they were abruptly stopped from avail Over Draft credit facility. Therefore, the petitioners were not able to develop their business and sustained heavy loss. In fact, the petitioners did not utilize a single paise from the Overdraft credit facility, and the only amount due to the second respondent is the sum prescribed under the insurance policy intended to secure the loan. When the loan amount itself was returned to the Bank without permitting the petitioners to avail Over Draft credit facility, nothing survives in the policy which was prescribed only on the instance of the second respondent. However, the petitioners were issued demand notice as if they were due of Rs. 14,11,250/- as on 31.03.2025 and Rs.13,84,886 as on 31.03.2015. The said dues are nothing but the amount which were prescribed for insurance policy. Though, the insurance policy was issued in favour of



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the petitioners, it covers the life risk of borrower only for a period of one year. However, after completion of one year, it got expired and it cannot be reimbursed. While challenging the sale auction notice, the DRT granted a stay on condition that the petitioners shall deposit a sum of Rs. 9,00,000/- lakhs and the same was duly complied with by the petitioners. At the time of filing the appeal before the DRAT, the petitioners also deposited a sum of Rs.3,00,000/- each as a mandatory deposit.

15. That apart, at the time of granting stay in C.M.P(MD)No. 12205 of 2025 in C.R.P.No.2099 of 2025, this Court granted an interim injunction on condition to deposit a sum of Rs.30,00,000/- lakhs to the account of the second respondent. It was also duly complied with. Further, fixation of value of the subject properties was also very low. The total extent of the properties, which were auctioned are 1 acre and 64 cents and the reserved price was fixed at Rs.24,10,000/- and 3 acres and 157 cents and the reserved price was fixed at Rs.24,35,000/-. It is nothing but a throwaway price as it is much lower to the market price. Even at the time of depositing the title deeds, the market value was fixed



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by the valuer of the second respondent itself as Rs.4,04,40,000/- and Rs. 4,28,62,000/- for the subject properties, respectively. After four years, the reserved price was fixed at Rs.24,10,000/- and Rs.24,35,000/-. The third respondent, who is the auction purchaser purchased the subject properties for a sum of Rs.24,35,000/-. Therefore, the upset price filed by the respondents 1 & 2 is very low for the subject properties and as such, the entire proceedings against the subject properties is vitiated under Section 31(i) and 31(j) of the SARFAESI Act.

16. Both the learned counsel for the respondents contended that these Civil Revision Petitions are filed belatedly after a period of three years and as such, it is liable to be dismissed on the ground of laches. Now this Court is inclined to see whether the delay by the petitioners has caused prejudice to the respondents and whether there is a sufficient cause or not.

17. On perusal of the records, it is revealed that both the petitioners are brother and they along with their parents availed Over



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Draft credit facility loan at Rs.2 Crores each, however, no one was permitted to avail such facility and cancelled the loan. Further, though the possession of the properties were taken by the auction purchaser, it is lying vacant and the third respondent did not take any steps to meet out the revenue records. In over all circumstances, this Court is satisfied that there is no prejudice caused to the respondents 1 to 3. Therefore, the above contention cannot be countenanced to and this Court entertained the Civil Revision Petition and granted interim injunction on condition that the petitioner in C.R.P(MD)No.2099 of 2025 shall deposit a sum of Rs.30,00,000/- and the said condition is also duly complied with by the petitioner. The respondents 1 & 2 are directed to refund the amount, which was deposited towards sale consideration by the third respondent within a period of two weeks from the date of receipt of a copy of this order.

18. In view of the above, both the Civil Revision Petitions are allowed and the notice dated 28.04.2015 under Section 13(2) of the SARFAESI Act and possession notice dated 07.06.2016 and 18.08.2015



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under Section 13(4) of the SARFAESI Act are set aside and the subsequent sale certificated dated 08.08.2022 issued by the first respondent in favour of the third respondent registered vide document Nos.859 of 2023 and documents Nos.1433, 1434 and 1435 of 2022 are cancelled. No costs. Consequently, connected miscellaneous petitions are closed.

**[G.K.I.J.,] & [R.P.J.,]
12.02.2026**

NCC :Yes/No
Index :Yes/No
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G.K. ILANTHIRAIYAN, J.

AND

R. POORNIMA, J.

am

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12.02.2026