



W.P.No.11343 of 2017

IN THE HIGH COURT OF JUDICATURE AT MADRAS

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RESERVED ON : 10.09.2025

PRONOUNCED ON : 18.09.2025

CORAM:

THE HONOURABLE MR. JUSTICE G.K.ILANTHIRAIYAN

W.P.No.11343 of 2017

and

W.M.P.Nos.12286 & 26664 of 2017

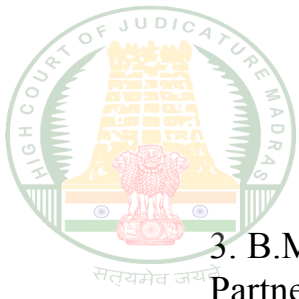
Chengalpet Steel Rolling Mill,
Rep. by its Partner M.Ugamraj
19/7, Thiru Nagar, Phase III,
Near Nathamuni Theatre
Villivakkam,
Chennai – 600 049.

.... Petitioner

Vs

1. The Sub Registrar,
Chengalpattu Joint-II,
Kancheepuram High Road,
Natham,
Chengalpattu – 603 001
Kancheepuram District.

2. State Bank of India,
Chengalpattu Branch,
No.9, Vardha Reddy Street,
Vedachalam Nagar,
Chengalpattu,
Kanchipuram District – 603 001.



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3. B.Mahaveer,
Partner,
M/s.Harman Industries,
No.35/32, Olympic Colony,
Near D.A.V.Boys School,
Anna Nagar West, Chennai – 600 050. Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India for issuance of a Writ of Certiorarified Mandamus, praying to call for the records of the 1st respondent comprised in the entry pertaining to the registration of the Award dated 02.09.2016 passed in Case No.LSP 1604 of 2015 by the Lok Adalat, District Legal Services Authority, Chengalpattu and the consequent sale certificate issued by the 2nd respondent in favour of the 3rd respondent dated 09.09.2016, as Document No.3 of 2017 on 08.03.2017 on the file of the 1st respondent and quash the same as arbitrary, illegal and without application of mind and consequently direct the 1st respondent to delete the entry relating thereto in Book-I maintained by him under the Indian Registration Act. **(Prayed amended vide Court order dated 31.10.2018 made in WMP.26663 of 2017 in WP.No.11343 of 2017)**

For Petitioner : Mr.Sathish Parasran
Senior Counsel
for Rahul Balaji

For Respondents
For R1 : Mr.Abhishek Murthy
Government Advocate
For R2 : Mr.M.L.Ganesh
For R3 : Mr.K.V.Babu



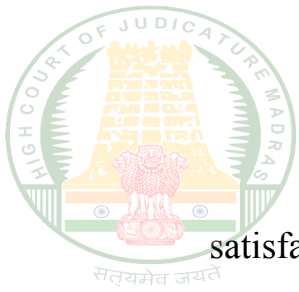
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ORDER

This Writ Petition has been filed challenging the Award dated 02.09.2016 passed in LSP No.1604 of 2015 by the Lok Adalat, District Legal Services Authority, Chengalpattu and the consequential Sale Certificate issued by the second respondent in favour of the third respondent dated 09.09.2016.

2. The petitioner owned property to an extent of 2 acres 33 cents comprised in Survey Nos.407/11A, 407/8, 401/A, 407/10C, situated at Chettpunyam Village, No.71, Chengalpattu Taluk, Kanchipuram District. The said property was mortgaged by the petitioner by way of deposit of title deeds with the second respondent and availed loan. Thereafter, the petitioner was not able to repay the said loan amount and he had committed default. Therefore, the second respondent filed a suit in O.S.No.25 of 1979 for foreclosure of the mortgage. The suit was decreed on 08.03.1982. Pursuant to the said decree, the second respondent filed E.P.No.32 of 1985 in O.S.No.25 of 1979 for execution of the decree. In the said execution proceedings, full



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satisfaction of the decree was recorded, and the execution petition was closed by order dated 25.09.1997. It appears that such satisfaction was recorded on account of settlement of the entire decree amount by the third respondent herein, who claimed to be an agreement holder in respect of the subject property.

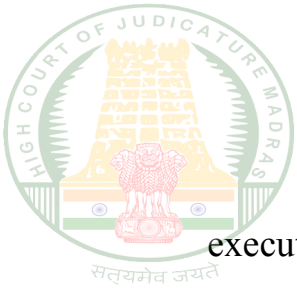
3. Even after realising the entire decree amount, the second respondent failed to return the original title deeds to the petitioner. However, the second respondent colluded with the third respondent and handed over the original title deeds pertaining to the subject property to the third respondent. It has also been brought to the notice of this Court that the property was never subjected to auction sale. Thereafter, the third respondent filed a complaint before the Lok Adalat and entered into a compromise with the second respondent and submitted the same before the Lok Adalat. Pursuant thereto, the Lok Adalat passed an award dated 02.09.2016 in LSP No.1604 of 2015. Subsequently, the second respondent issued a sale certificate in respect of the subject property on 09.09.2016 and presented before the first respondent for registration. The first respondent registered the same and released the sale certificate



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in favour of the third respondent. Hence, the award passed by the Lok Adalat and the sale certificate are under challenge in this writ petition.

4. The learned Senior Counsel appearing for the petitioner submitted that the third respondent was not a party to the suit filed by the second respondent. The petitioner had never entered into any agreement with the third respondent. The petitioner had entered into an agreement with the eighth defendant in the suit, and subsequently, the eighth defendant made over the agreement in favour of ninth defendant. Pursuant to the decree passed in the suit, the second respondent herein filed an execution petition against the petitioner, and thereafter, the third respondent was impleaded as a party to the execution proceedings. Though the ninth defendant, through a lodgement schedule, paid the entire decree amount to the second respondent, the suit property was never brought for auction sale. On receipt of the decree amount, on the filing of a full satisfaction memo filed by the second respondent, the execution proceeding were closed on 25.09.1997. After a lapse of 19 years from the termination of execution proceedings, the third respondent herein filed a pre-litigation complaint on 02.09.2016 seeking



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execution of a sale deed by the second respondent. On the very same day, the second and third respondents entered into a settlement, and the Lok Adalat passed an award dated 02.09.2016.

5. Based on the award passed by the Lok Adalat, the said award was communicated to the first respondent. The second respondent raised no objection and agreed to issue a sale confirmation letter in favour of the third respondent herein. Further, the second respondent issued a “No Objection” letter confirming that it had no right over the subject property, stating that the entire suit claim had already been settled in the execution proceedings through the third respondent.

6. Being the purchaser under a tripartite arrangement, the third respondent requested the Lok Adalat to record the settlement between them and pass order to the effect in the form of sale certificate and to communicate the same to the first respondent. Pursuant to which, when the sale certificate was presented for registration, the petitioner raised objections. The petitioner also filed a writ petition before this Court and he was at liberty to challenge the Lok Adalat award



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and the consequential sale certificate. In the meanwhile, the third respondent has now sought for issuance of patta in respect of the subject property.

7. The learned Senior Counsel for the petitioner submits that the petitioner had already entered into an agreement for sale with the eighth defendant in the suit. Thereafter, the said agreement was made over in favour of the third respondent herein, who was the ninth defendant in the suit. As per the agreement for sale, the eighth defendant agreed to purchase the entire property for a total consideration of Rs.9,00,000/-, out of which a sum of Rs.1,00,000/- was paid as advance. It was further agreed that a sum of Rs.10,46,000/- would be paid towards the decretal amount to the second respondent. Subsequently, the eighth defendant nominated the third respondent herein to remit the balance amount of Rs.9,46,000/-. Accordingly, the third respondent paid the said amount and filed a full satisfaction memo, pursuant to which the Execution Court terminated the execution proceedings by order dated 25.09.1997.



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8. In fact, the third respondent had paid the entire decretal amount by way of lodgment schedule, in which the petitioner was also a party. Therefore, the petitioner was fully aware of the payment made by the third respondent herein only with the agreement to purchase the property. Consequently, the second respondent raised no objection to issue sale certificate in favour of the third respondent. The sale certificate was issued and registered by the first respondent. After the lapse of several years, the petitioner has now challenged the Lok Adalat award and the sale certificate.

9. A perusal of the counter filed by the third respondent and the submissions of the learned counsel for the third respondent reveal that the third respondent was impleaded as the ninth defendant in the suit as well as the ninth respondent in the execution proceedings. The entire decree amount was settled by the third respondent, and as such, the second respondent had no objection to the issuance of sale certificate in respect of the subject property in favour of the third respondent. Accordingly, the Lok Adalat rightly passed an award by recording the compromise entered into between the second respondent and the third



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respondents. Thereafter, the sale certificate was registered vide document No.3 of 2017 dated 08.03.2017 by the first respondent and now it is reflected in the encumbrance certificate pertaining to the subject property. Hence, the present writ petition itself is not maintainable. Further, the Civil Court had already granted a mortgage decree followed by execution proceedings and the third respondent was rightly issued the sale certificate and registered vide document No.3 of 2017.

10. Heard the learned counsel appearing on either side and perused the materials available on record.

11. On the submissions made by the learned counsel appearing on either side, the following issues arise for consideration in this writ petition :

(i) Whether the award passed by the Lok Adalat is in accordance with law.

(ii) Whether the second respondent can execute the sale certificate in respect of the subject property in favour of the third respondent without bringing the suit property for auction sale.



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12. Admittedly, the petitioner mortgaged the property by depositing the title deeds and availed loan from the second respondent. Thereafter, the petitioner committed default and as such, the second respondent filed a suit, which was decreed as follows :

“(3) That in default of clause 2 said supra the plaintiff be at liberty to file an application for sale of the 'C' Schedule property for realisation of the decree amount.

(4) That if the sale proceeds from the 'C' Schedule properties happens to be insufficient the plaintiff be at liberty to proceed against the defendants 2 to 6 personally for the balance due.

(5) and that the plaintiff be and hereby entitled the sell the pledged machinery described in schedule A and B hereunder in case if the sale proceeds from C Schedule property happen to be insufficient the realise the decree amount.”

13. Thus, it is clear that if the petitioner failed to make the decree amount, the second respondent was at liberty to file an application for sale of the subject property for realisation of the decree amount. The judgment was passed on 22.07.1980. Pursuant to the decree, since the petitioner failed to pay the decree amount, the second respondent filed an execution petition in E.P.No.32 of 1985. The said execution petition was



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filed seeking an order for sale of subject property for the realisation of the decree amount of Rs.12,49,145/- and for payment of the amount so realised to the second respondent towards satisfaction of the decree.

14. Pending execution petition, the third respondent was impleaded as ninth respondent on the ground that the eighth respondent had nominated the ninth respondent to remit the decree amount after deducting the amount already paid by the eighth respondent. Accordingly, the third respondent paid the decree amount, and the second respondent filed a full satisfaction memo. On recording the full satisfaction memo, the Execution Court terminated the execution proceedings on 25.09.1997. Thereafter, on 20.12.1997, the third respondent filed an application before the Trial Court seeking return of the original title documents of the subject property. The second respondent consented to such return of documents, which were marked as Exs.A15 to A26, before the Trial Court relating to the subject property. Accordingly, the said application was ordered and all the original documents were returned and handed over to the third respondent.



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15. Thereafter, the third respondent kept quiet till 14.09.2015, i.e., nearly 19 years, and then issued notice to the second respondent, thereby called upon to issue sale certificate or to execute the sale deed in respect of the subject property. Thereafter, on 02.09.2016, the third respondent lodged a Pre-litigation complaint with respect to the execution of the sale deed before the Lok Adalat, Chengalpet. On the same day, both the second and third respondents entered into a compromise and filed a settlement memo before the Lok Adalat. Accordingly, the Lok Adalat passed an award on 02.09.2016 and also communicated the same to the first respondent. As per the settlement arrived between the second and third respondents, the second respondent issued a sale certificate dated 08.03.2017 in favour of the third respondent and the same was registered vide document No.3 of 2017.

16. Therefore, the subject property was not at all brought to the auction sale. Pursuant to the remittance of the decree amount, the third respondent was returned the original title deeds of the subject property. Thereafter, on the basis of the settlement arrived between the second and third respondents, a sale certificate was issued directly in



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favour of the third respondent. However, such sale certificate was not issued by a competent authority and the banker, being the second respondent, could not have issued the same without bringing the subject property for auction sale. Though the decretal amount was paid by the third respondent through lodgement schedule, it does not mean that the property was purchased by the third respondent. If the decree amount is not paid, then the property should have been brought to the auction sale. Since the decree amount was paid by the third respondent and on the full satisfaction memo filed by the second respondent, the Execution Court terminated the execution proceedings.

17. In this regard, the learned Senior Counsel relied upon the Judgment of the Hon'ble Supreme Court of India ***reported in (2008) 2 SCC 660***, in the case of ***State of Punjab and another Vs. Jalour Singh***, wherein it was held as follows :-

“8. It is evident from the said provisions that the Lok Adalats have no adjudicatory or judicial functions. Their functions relate purely to conciliation. A Lok Adalat determines a reference on the basis of a compromise or settlement between the parties at its instance, and puts its seal of confirmation by making an



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award in terms of the compromise or settlement. When the Lok Adalat is not able to arrive at a settlement or compromise, no award is made and the case record is returned to the court from which the reference was received, for disposal in accordance with law. No Lok Adalat has the power to “hear” parties to adjudicate cases as a court does. It discusses the subject matter with the parties and persuades them to arrive at a just settlement. In their conciliatory role, the Lok Adalats are guided by the principles of justice, equity and fair play. When the LSA Act refers to “determination” by the Lok Adalat and “award” by the Lok Adalat the said Act does not contemplate nor require an adjudicatory judicial determination, but a non-adjudicatory determination based on a compromise or settlement, arrived at by the parties, with guidance and assistance from the Lok Adalat. The “award” of the Lok Adalat does not mean any independent verdict or opinion arrived at by any decision making process. The making of the award is merely an administrative act of incorporating the terms of settlement or compromise agreed by parties in the presence of the Lok Adalat, in the form of an executable order under the signature and seal of the Lok Adalat.”



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18. Thus, it is clear that the Lok Adalat has no adjudicatory or judicial functions. In the award, the second respondent endorsed “no objection” and accepted to issue sale confirmation letter. Accordingly, the petition filed by the third respondent was recorded and accepted. The pre-litigation petition filed by the third respondent was awarded with legal sitting cost of Rs.2,000/- to the Legal Aid, Chengalpattu. Therefore, the Lok Adalat just recorded the settlement entered between the second and third respondents and passed the award. Therefore, it can be very well challenged under Article 226 of the Constitution of India.

19. In the Lok Adalat proceedings, the petitioner was not a party. Though the suit was decreed, if the debtor failed to pay the decretal amount, then the Judgment holder ought to have brought the property for auction sale. If the decree amount is being released by any party, then the property cannot be brought for auction. Further, though the eighth defendant entered into an agreement for sale with the petitioner herein, subsequently, the ninth defendant agreed to pay the balance decree amount. It does not mean that the eighth defendant made



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over the agreement in favour of the ninth respondent in respect of the subject property.

20. Even assuming that the eighth defendant made over the sale agreement in favour of the ninth defendant, and after settling the entire decree amount, the ninth defendant did not take any steps to purchase the subject property either from the Court or from the petitioner herein and simply lodged the pre-litigation complaint before the Lok Adalat. On the same day, they produced the settlement agreement and obtained award for issuance of sale certificate. Therefore, the award passed by the Lok Adalat itself cannot be sustained and it is non-est in the eye of law.

21. Admittedly, the subject property was not brought to the auction sale and as such, the second respondent, being the banker, do not have any authority to issue sale certificate without bringing the property for auction sale. Therefore, the sale certificate issued by the second respondent cannot be sustained and is liable to be set aside. Hence, the consequential registration of the sale certificate is also set aside.



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22. In view of the above, the Award dated 02.09.2016

passed in LSP No.1604 of 2015 by the Lok Adalat, District Legal Services Authority, Chengalpattu and the consequential sale certificate issued by the second respondent in favour of the third respondent dated 09.09.2016 are hereby set aside. However, the third respondent is at liberty to approach the Execution Court for appropriate relief for execution of sale deed in his favour.

23. In the result, this Writ Petition stands allowed.

Consequently, connected miscellaneous petitions are closed. There shall be no order to costs.

18.09.2025

Index : Yes/No
Speaking/Non Speaking order
Neutral Citation : Yes/No
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To

The Sub Registrar,
Chengalpattu Joint-II,
Kancheepuram High Road,
Natham,
Chengalpattu – 603 001
Kancheepuram District.



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G.K.ILANTHIRAIYAN. J.

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order in
W.P.No.11343 of 2017
and
W.M.P.Nos.12286 & 26664 of 2017

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