IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 17-02-2026

CORAM

THE HON'BLE MR JUSTICE R. SURESH KUMAR

AND

THE HON'BLE MR.JUSTICE SHAMIM AHMED

WA No. 376 of 2026
AND
CMP NO. 3284 OF 2026

1. VetrivelKumaran Modern Rice Mill
   Rep. by its Proprietor Srinivasan
   S/o.Late Subramaniam
   NO.50/7-A, Mailam Road,
   Tindivanam-604001

2. Srinivasan

..Appellant(s)

Vs

1. The Sub Registrar
   Tindivanam joint-II
   373, Nehru veedhi, Taluk office Campus
   Tindivanam-604001

2. Asset Reconstruction Company (India) ltd.
   Acting in its capacity as Trustee of
   Arcil-Arcil-SBPS 073-I Trust-Trust
   Rep. by its Authorized Officer
   NO.1-E, 1st Floor, NOs.560-562
   century Plaza
   Teynampet, Anna salai
   Chennai-600018

3. Amutha

4. S.Pavanambal

5. R.Saraswathi

6. S.Santha

7. A.Chandra

..Respondent(s)

Prayer:- Appeal filed under Clause 15 of the Letters Patent, to allow the Appeal by setting aside the order passed in WP No.39045/2025 dt. 16.12.2025, High Court of Madras.

For Appellant(s): Mr,B.Gurumurthy

For Respondent(s): Mr.P.Harish, GA for R.1
Mr.P.Mano Rajan for R.2

JUDGMENT

(Judgment of the Court was delivered by R.Suresh Kumar J.)

The intra-court appeal is directed against the order dated 16.12.2025 passed by the Writ Court in W.P. No. 39045 of 2025.

2. The present appellant had availed a loan from Lakshmi Vilas Bank, which was subsequently merged with DBS Bank India Limited. As the loan

account became a Non-Performing Asset (NPA), the first respondent initiated proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 by issuing a notice under Section 13(2) of the Act, followed by a possession notice under Section 13(4) of the Act. Thereafter, an e-auction sale was conducted by the Bank. The second respondent, being the Asset Reconstruction Company entrusted with the proceedings under the SARFAESI Act by the Bank, conducted the sale. The private respondent, a third parties, emerged as the successful bidder in the auction. Consequently, the sale was confirmed in his favour and a sale certificate was issued to him.

3.When the said sale certificate was presented by the 2nd respondent who was the writ petitioner along with the auction purchaser to the 1 st respondent – Sub Registrar for registration before the office of the Sub-Registrar, the Sub-Registrar informed them that a Settlement Deed dated 29.07.2015 had already been registered in respect of the subject property, by the borrower, who is the owner of the property and therefore, an encumbrance since had been created and was reflecting, the sale certificate cannot be registered.

4.Only at that juncture, the second respondent had moved a writ by filing the said writ petition, seeking issuance of a writ of mandamus directing the registering authority to delete the entries relating to the Settlement Deed dated 29.07.2015, registered as Document Nos. 1576 of 2015, 1577 of 2015, and 1578 of 2015, along with all consequential transactions, and consequently to register the sale certificate issued by the first respondent in favour of the auction purchaser. The auction purchaser is one R. Anbazhagan.

5.The learned Writ Court, having gone through the facts, has recorded the factual matrix to the effect that after the loan had been advanced by Lakshmi Vilas Bank, it was subsequently merged with DBS Bank India Limited and a Memorandum of Deposit of Title Deeds was executed on 16.09.2010 by the present appellant/borrower in favour of the Bank.

6.Despite the creation of the said equitable mortgage by deposit of title deeds in the year 2010, the appellant/borrower, after a lapse of five years, i.e., on 29.07.2015, executed a Settlement Deed in favour of the private respondents herein, unmindful of the subsisting Memorandum of Deposit of Title Deeds in favour of the Bank.

7. Referring to the above factors, the learned Writ Court came to the conclusion that since the Memorandum of Deposit of Title Deeds dated 16.09.2010 executed in favour of the Bank was subsisting, the subsequent Settlement Deed executed in the year 2015 would in no way control or curtail the rights of the secured creditor to proceed further in accordance with the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

8.The Court further observed that, pursuant to the issuance of notice under Section 13(2) of the Act, followed by a possession notice under Section 13(4), the secured asset was brought to sale and a sale certificate was issued. When that being the position, the sale certificate issued by the Asset Reconstruction Company on behalf of the Bank is liable to be registered by the registering authority, notwithstanding the encumbrance created by the borrower, namely the Settlement Deed dated 29.07.2015.

9.Insofar as cancellation of the said Settlement Deed is concerned, the learned Writ Court held that such cancellation cannot be undertaken by the Sub-Registrar on his own, and appropriate legal proceedings would have to be initiated by the Asset Reconstruction Company or by the auction purchaser.

Challenging the said order passed by the learned Writ Court, the borrower has filed the present writ appeal.

10.Mr. B. Gurumurthy, learned counsel appearing for the appellants, contended that the very sale certificate issued by the Bank or the reconstruction company is itself an illegal one. Therefore, such an illegal sale certificate cannot be directed to be registered by the registering authority pursuant to the direction issued by the Writ Court through the impugned order.

11.He further submitted that, as against the sale proceedings initiated under the SARFAESI Act, the appellant, being the aggrieved person and the owner of the property in question, has already approached the Debt Recovery Tribunal (DRT) by filing a SARFAESI application, which is presently pending consideration. Therefore, according to him, since the borrower/owner of the property has a presentable case and grounds to be urged before the DRT in the pending SARFAESI application, and as the sale itself is liable to be set aside, and at this juncture, before the proceedings being concluded before the DRT, the sale certificate issued by the reconstruction company on behalf of the Bank, pursuant to the alleged illegal sale, ought not to be registered at this stage.

12.He further contended that if such registration is effected before the proceedings are concluded before the DRT, it would create unnecessary third-party rights in favour of the auction purchaser, thereby causing serious prejudice to the appellant.

13.We have given our anxious consideration to the submissions made by the learned counsel appearing for the appellant and have also heard Mr. P. Harish, learned Government Advocate, appearing for the first respondent, the Sub-Registrar.

14.The two grounds urged by the learned counsel appearing for the appellant are liable to be rejected for the simple reason that, insofar as the first ground, namely, that the sale certificate is illegal, is concerned, the same cannot be accepted. As rightly held by the learned writ Court in the impugned order, the sale certificate was issued only after following the due process contemplated under the provisions of the SARFAESI Act, including the issuance of notice under Sections 13(2) and 13(4), followed by the conduct of an e-auction. Therefore, it cannot be stated to be illegal.

15.Insofar as the second ground relating to the pendency of the SARFAESI application before the Debt Recovery Tribunal (DRT) is concerned, it is prerogative to pursue the said application before the DRT. If ultimately he succeeds and obtains an order setting aside the sale already effected, even if the sale certificate has been registered, the same can be set aside or cancelled in the manner known to law. Therefore, that kind of situation would never give rise to the present appellant to seek the indulgence of this Court against the order passed by the learned writ Court, whereby a simple mandamus has been issued to the registering authority to register the sale certificate issued by the Bank/reconstruction company which is purely based on the process adopted by the Bank or the reconstruction company under the provisions of the SARFAESI Act.

16.With regard to the removal of encumbrance pursuant to the alleged settlement deed, the learned writ court did not grant specific relief in that regard. Therefore, the order passed by the writ court on 16.12.2025, issuing a direction to the registering authority, is perfectly justifiable and therefore, it is to be sustained.

17.In that view of the matter, we are not inclined to interfere with the order passed by the writ court and thereby, the present appeal is liable to be rejected and is accordingly dismissed. However, there shall be no order as to costs. Consequently, connected miscellaneous petition is closed.

(R.S.K.,J.) (S.S.A.,J.)

17-02-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

SHA/MSR

To

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   Tindivanam joint-II
   373, Nehru veedhi, Taluk office Campus
   Tindivanam-604001

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   Acting in its capacity as Trustee of
   Arcil-Arcil-SBPS 073-I Trust-Trust
   Rep. by its Authorized Officer
   NO.1-E, 1st Floor, NOs.560-562
   century Plaza
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