



WEB COPY



W.P.No.1771 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 28.01.2026

CORAM:

THE HONOURABLE MR. JUSTICE **R.SURESH KUMAR**

AND

THE HONOURABLE MR. JUSTICE **V. LAKSHMINARAYANAN**

W.P.No.1771 of 2026

Sreedharan Subramanian

... Petitioner

Vs.

1. Reserve Bank of India,
Fort Glacis, 16, Rajaji Road,
Fort St. George, Chennai – 600 001.

2. National Housing Bank,
Rep. by its Regional Manager,
Department of Regulations and Supervision,
Core 5A, 4th Floor,
India Habitat Centre, Lodhi Road,
New Delhi – 110 003.

3. The Repco Home Finance Ltd.,
Rep. by its Chief General Manager,
Alexander Square, Third Floor, No.2,
Sardar Patel Road,
Guindy, Chennai – 600 032.

... Respondents

PRAYER: Writ Petition filed under Section 226 of the Constitution of India seeking Writ of Mandamus directing the respondents 1 and 2 to consider and pass orders on the representation dated 27.11.2025 and 22.12.2025 to initiate appropriate action on the third

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respondent/bank for gross violation of the first respondent norms and guidelines and the regulations prescribed by the second respondent / Bank in disbursement and consequential recovery of the same from the petitioner with respect of Housing Loan expeditiously and in accordance with law.

For Petitioner

:Mr.D.S.Rajasekaran

ORDER

(ORDER MADE BY V.LAKSHMINARAYANAN, J.)

I heard Mr.D.S.Rajasekaran for the petitioner.

2. The petitioner is the promoter of an apartment situated in S.No.730/1 and 730/2 of Kalapatti Town, Coimbatore. The petitioner had availed loans to an extent of Rs.2,55,00,000/- from the third respondent. The purpose of the loan was to put up constructions over the aforesaid area. As a security for the said loan, he mortgaged the property situated at No.5/1, Aishvarya Residency, Ramalakshmi Nagar, Goldwins, Coimbatore. He claims that he was generating an income of Rs.10,00,000/- per month to service the loans till March 2015.

3. Unfortunately, the petitioner lost his employment and the tenant also vacated the premises. Hence, he was not in a position to



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service the loans. Therefore, he decided to sell 6 flats out of 12 flats in the project and settle the account with the third respondent. He made a proposal to the said effect and requested the issuance of a 'No objection certificate' from the third respondent. The same was not considered. As the loan was not serviced, the third respondent classified the loan account as Non-Performing Asset.

4. The petitioner states that the outstanding amount as on 30.06.2015 was Rs.2,28,45,941/-. The petitioner pleads that though he found buyers for six flats, since the third respondent has not given the 'No Objection Certificate' to alienate the same and hence, he was not in a position to sell them and repay the loans.

5. The petitioner states that the first respondent had issued a circular declaring that no loan should be provided for commercial project for NRIs, nor should a loan be provided by Housing Finance Company for more than two houses or flats to an individual. He pleads that the third respondent had violated the norms laid down by the first respondent, and had suppressed the above facts before the first respondent. He states that the third respondent had split the loan into six different accounts to a maximum of Rs.50,00,000/- and disbursed only Rs.10,00,000/- in order to be within the permissible limits per



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the guidelines issued by the respondents 1 and 2. On account of such limited disbursement, the project was delayed resulting in heavy loss to the petitioner. He urges that the third respondent should have apportioned the total loan account in accordance with the Undivided Share ratio. Instead, the third respondent had treated the entire project as a single individual home loan, which resulted in a loss.

6. With the alienation rendered not possible, the petitioner states that on the advice of the officials of the third respondent, he converted the apartment project into a service apartment, so that it will generate income and he will be in a position to service the EMIs. Since such conversion requires substantial investments, he requested yet another NOC from the third respondent in order to generate further funds. The third respondent granted the NOC, and the petitioner mortgaged the property with the Karur Vysya Bank and generated funds for the purchase of gadgets and furniture for developing the service apartments. According to the petitioner, due to the delay and issues in the issuance of the NOC, he incurred huge loss. Hence, he sought for restructuring of the loan.

7. With the passage of time, the third respondent was constrained to issue a notice invoking Section 13(2) of the



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Securitisisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as the 'SARFAESI Act') demanding the payment of Rs.2,39,76,156/- together with interest from 21.10.2016. This was followed up with a possession notice under Section 13(4) of the SARFAESI Act.

8. Thereafter, a sale notice was issued by the third respondent. The petitioner challenged the sale notice before the Debt Recovery Tribunal at Coimbatore. As there were no bidders in the auction, the sale did not take place. Consequently, the SARFAESI proceedings came to be dismissed. Yet again, another sale notice was issued on 05.03.2018. The petitioner challenged it before the Debt Recovery Tribunal. This proceeding too, was rendered infructuous as no sale took place pursuant to the notice.

9. The petitioner states that after the second sale notice was issued on 05.03.2018, he approached the third respondent with a proposal for one time settlement. He also paid a sum of Rs.30,00,000/- in the loan account to prove his bonafides. Thereafter, he proceeded to make certain allegation regarding the manner in which the Bank had proceeded pursuant to the sale notice.



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10. The petitioner states that the Bank moved the District Collector and obtained an order to take physical possession of the property. He challenged the same by way of a Securitisation Appeal in SA.No.291 of 2020 on the file of the Debt Recovery Tribunal, Coimbatore, and states that the same is pending consideration. The petitioner states that yet again, a sale notice was issued on 29.09.2025 and he has again moved the Debt Recovery Tribunal, Coimbatore, challenging the same. This proceedings too, came to be dismissed as there were no bidders.

11. Pointing out to all the aforesaid aspects, including the wrong statement on the extent of the property, he submitted a representation to the respondents 1 and 2, calling upon them to investigate into the fraudulent and negligent practices of the officials of the third respondent, and to hold them accountable for regulatory violations, financial misconduct and also prayed for compensation.

12. The petitioner adds that the Corporation of Coimbatore had issued a lock and seal notice, as the property concerned was constructed in deviation of the permission issued. He states that the matters are pending before the Debt Recovery Tribunal, Coimbatore in S.A.No.291 of 2020 and also before this court in W.P.No.10681 of



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2024. He also states that third party rights had been created pursuant to the NOCs that had been issued by the third respondent and even those properties are sought to be brought for sale. As he did not get any response from the respondents 1 and 2, he has preferred the present writ petition.

13. We have carefully considered the submission of Mr.D.S.Rajasekaran and have gone through the records.

14. The plea of the petitioner that the third respondent should have classified the loan as a housing loan instead of a project loan, cannot be accepted by us. The petitioner is admittedly a person who is worldly-wise and who has had exposure abroad. The loans were disbursed and the petitioner had availed the benefit of the said loan to a tune of Rs.2.25 crores. Out of this amount, the petitioner has admittedly repaid only 1.38 crores. Hence, this leaves a substantial amount to be repaid to the third respondent.

15. The assertion that there has been a violation to the guidelines issued by the first and second respondents at the time of issuance of loan, does not lie on the mouth of the petitioner. The petitioner had availed the loan for the purpose of construction, and



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the construction was not for a part. Thereof, but for the building in its entirety. The fact that subsequently NOCs had been issued permitting alienation of three flats will not have the effect of conversion of the original loan into a project loan.

16. The bank, at the request of the petitioner and in order to reduce its liability, had given the NOCs to enable the petitioner to alienate the same and reduce his liability to it. The petitioner cannot take advantage of the same. When a person executes documents being well aware of the purpose for which the document had been executed, and had admittedly been servicing the same for sometime, he cannot now turn around and plead that the disbursement itself is improper and contrary to the guidelines issued by the respondents 1 and 2.

17. Furthermore the petitioner intended to avail the loan for the purpose of putting up residential units. It was at his request that the loan was disbursed. Having received the amounts and put up the superstructure, albeit, in the deviated manner, the petitioner cannot plead that such issuance is invalid. The point remains that the petitioner is a mortgagor and the third respondent is a mortgagee. Amount had been paid to the petitioner. It is his duty to repay the said amount. Instead of discharging his liability to the third respondent



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and redeeming his property, the petitioner is now stating that the disbursement of the loan itself is improper. In our view, this is an attempt by the petitioner to create records for the purpose of utilising the same in the proceedings pending before this court and before the Debt Recovery Tribunal.

18. If the petitioner was of the view that the loans had been given in an improper manner, he would not have approached the third respondent bank for restructuring of the very loans. He has been attempting one means or the other in order to delay the recovery of the amounts by the mortgagee. The representation and the present writ petition is yet another attempt in that direction. It is the duty of the court to ensure that the larger public interest of protecting the financial system is served. The process of the court should prevent defaulting borrowers from exploiting legal loopholes that indefinitely results in delay in repayment. Courts should not come to the rescue of such bank dodgers and defaulters.

19. The petitioner is unable to show any statutory provision by which the respondents 1 and 2 can decide the manner in which the third respondent has been proceeding under the SARFAESI Act. The petitioner has rightly approached the forums created under the



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SARFAESI Act, and it is for him to demonstrate before the said forum

that the proceedings initiated do not answer the requirements of law.

An indirect attempt to stultify of the process of recovery cannot be encouraged by this Court. When admittedly several crores of rupees are due, to entertain this writ petition and grant the prayer that the petitioner seeks for would only amount to encouraging persons like the petitioner to avail loans from banks and not repay them and resort to legal process to delay and defeat the rights of secured creditors.

20. In the light of the above discussion, we are not inclined to entertain the writ petition. It is dismissed. No costs.

R.S.K., J. V.L.N., J.
28.01.2026

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Neutral Citation : Yes



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