WEB COPY

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 10.06.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.No.5707 of 2026
and WMP Nos.23006, 6209, 8699, 6213 and 6210 of 2026

1. R.Mallika,
   W/o.VPR Ramesh,
   No.10, Sivaji Street, T.Nagar,
   Chennai-600 017.

2. VPR Ramesh,
   S/o.Rangasamy Nadar,
   No.10, Sivaji Street, T.Nagar,
   Chennai-600 017.

Petitioner(s)

Vs

1. The Authorized Officer,
   IDBI Bank Ltd,
   Retail Recovery, Regional Office,
   No.37, First Floor, P.M.Towers,
   Greams Road, Chennai-600 006.

2. The Authorized Officer/
   Sale Officer,
   IDBI Bank Ltd, No.115,
   Anna Salai, P.B.No.805,
   Saidapet, Chennai-600 015.

Respondent(s)

https://www.mhc.tn.gov.in/judis

WEB COPY

PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorarified mandamus calling for the entire records relating to the impugned order passed by the Debt Recovery Appellate Tribunal, Chennai in I.A.1338 of 2025 (Waiver) in AIR (SA) 2060 of 2025,dated 28.11.2025 and impugned Sale Notice (CIN):L65190MH2004GO/148838, dated 07.02.2026 issued by the second respondent and quash the same and consequently direct the respondent not to bring the petitioners property situated in Plot No.PK.19, 20 and 21, Thiru.Vi.Ka. Industrial Estate, Ekkatuthangal, Chennai-600 031, Mambalam-Guindy Taluk and Madras District measuring extent of 12588 Sq.Ft and Town Survey No.14 Part, Block No.II of Alandur Village, extent area in Guindy-Mambalam Taluk within Sub Registration District of Alandur and bounded on the North by:20 Ft Road, South by:Road, East by:Plot No.PK.22 and West by:Nallah.

For Petitioner(s): Mr.T.R.Rajagopalan
Senior Counsel
for Mr.C.Prakasam

For Respondent(s): Mr.S.Parthasarathy
for R1 and R2
(Through Video Conferencing)

ORDER

(Order of the Court was made by the Hon'ble Chief Justice)

This writ petition has been instituted under Article 226 of the Constitution of India seeking a writ of certiorarified mandamus to call for the records relating to the order dated 28.11.2025 passed

https://www.mhc.tn.gov.in/judis

WEB COPY

by the Debt Recovery Appellate Tribunal (DRAT), Chennai, in I.A.No.1338 of 2025 (Waiver Application) in AIR (SA) No.2060 of 2025 and the Sale Notice dated 07.02.2026 issued by the second respondent and quash the same and to restrain the respondent/ Bank from bringing the secured asset measuring 12,588 sq. ft. at Plot No. PK.19, 20 and 21, Thiru.Vi.Ka. Industrial Estate, Ekkatuthangal, Chennai, to public auction.

2.1. The facts essential to dispose of this petition are detailed as follows: The petitioners approached the respondent/bank for term loan facilities to support their business operations. The Bank sanctioned an initial amount of Rs.3,00,00,000/- on 26.09.2014. Subsequently, an additional loan facility of Rs.2,95,00,000/- was sanctioned on 25.06.2021, aggregating to a total limit of Rs.5,95,00,000/-. To secure due repayment of the credit facilities, the first petitioner created an equitable mortgage by depositing title deeds in respect of the immovable property situated at Plot No. PK.19, 20 and 21, Thiru.Vi.Ka. Industrial Estate, Ekkatuthangal, Chennai. The second petitioner stood as a personal guarantor for the entire debt.

https://www.mhc.tn.gov.in/judis

WEB COPY

2.2. The petitioners allege that prompt repayments were made initially. However, financial disruptions caused by the COVID-19 lockdown, coupled with severe medical setbacks—specifically, the first petitioner being diagnosed with a malignant neoplastic disease (cancer) and the second petitioner suffering from chronic liver illness—led to business losses and defaults.

2.3. In view of the default in repayment, the respondent/bank declared the loan account as a Non-Performing Asset (NPA) on 09.12.2023 and issued a Demand Notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI Act] on 09.02.2024. This was followed by a Possession Notice under Section 13(4) of the SARFAESI Act on 30.04.2024. The respondent/bank obtained physical possession order dated 24.10.2024 in Crl.M.P.No. 55094 of 2024 under Section 14 of the SARFAESI Act.

2.4. Aggrieved, the petitioners preferred a Securitisation Application, numbered S.A. No. 65 of 2025, before the Debts

https://www.mhc.tn.gov.in/judis

WEB COPY

Recovery Tribunal-II (DRT-II), Chennai. On 03.10.2025, the DRT-II passed a conditional interim order granting status quo subject to the petitioners depositing 15% of the claimed amount within one week, and a further 15% within a month thereafter.

2.5. Challenging the conditional order of the DRT-II, the petitioners preferred an appeal before the DRAT, Chennai, along with a waiver application numbered I.A.No.1338 of 2025 (Waiver) in AIR (SA) No. 2060 of 2025. On 15.10.2025, the DRAT directed the petitioners to make a statutory pre-deposit of 25% of the asserted debt of Rs.4,01,75,837/- within a period of six weeks. On 28.11.2025, due to total non-compliance with the pre-deposit directive, the DRAT dismissed the waiver application (I.A. No. 1338/2025) and consequently rejected the main appeal. Following this dismissal, the respondent/bank issued an E-Auction Sale Notice on 07.02.2026, fixing the auction date for 12.03.2026 at a Reserve Price of Rs.15,36,00,000/-.

3. Learned Senior Counsel appearing on behalf of the petitioners vehemently contended that:

https://www.mhc.tn.gov.in/judis

WEB COPY

(i) The primary statutory measures under Sections 13(4) and 14 of the SARFAESI Act are inherently flawed because the respondent/bank failed to issue correct descriptions of the property across the security documents and possession notices.

(ii) The respondent/bank violated Rule 8(2) of the Security Interest (Enforcement) Rules, 2002, by publishing the possession notice in the *Financial Express*, which lacks wide regional circulation.

(iii) The DRAT acted mechanically by failing to consider the severe medical and financial hardships of the petitioners as valid grounds for an absolute waiver of the pre-deposit.

4. On the contrary, learned counsel appearing for the respondent/bank argued that the right to appeal under Section 18 of the SARFAESI Act is strictly tethered to the mandatory pre-deposit criteria. He further submits that the DRAT has no statutory authority to completely waive this threshold, and since the petitioners failed to clear even the minimum reduced standard of 25%, the DRAT was legally bound to reject the appeal.

https://www.mhc.tn.gov.in/judis

WEB COPY

5. The core issue that demands adjudication before this Court is whether a High Court, exercising its extraordinary jurisdiction under Article 226 of the Constitution, can completely waive or reduce the statutory pre-deposit below the limits prescribed under Section 18 of the SARFAESI Act on grounds of financial hardship, equity, or medical distress.

6. To answer this question, we place reliance on a decision of the Supreme Court in *Kotak Mahindra Bank Pvt. Ltd. v. Ambuj A. Kasliwal*[1]*,* wherein interpreting Section 21 of the Recovery of Debts and Bankruptcy Act, 1993 it is held thus:

> *"17. Therefore, in the facts and circumstances arising herein, when further amount is due and payable in discharge of the decree/recovery certificate issued by the DRT in favour of the appellant Bank, the High Court does not have the power to waive the pre-deposit in its entirety, nor can it exercise discretion which is against the mandatory requirement of the statutory provision as contained in Section 21, which is extracted above.* ***In all cases fifty per cent of***

1 *(2021) 3 SCC 549*

https://www.mhc.tn.gov.in/judis

WEB COPY

the decretal amount i.e. the debt due is to be deposited before the DRAT as a mandatory requirement, but in appropriate cases for reasons to be recorded the deposit of at least twenty-five per cent of the debt due would be permissible, but not entire waiver. Therefore, any waiver of pre-deposit to the entire extent would be against the statutory provisions and, therefore, not sustainable in law. The order of the High Court is, therefore, liable to be set aside."

[emphasis supplied]

7. The Supreme Court in *Kotak Mahindra Bank (supra)* emphatically held that:

(i) The DRAT is a creature of the statute and possesses absolutely no power to grant a complete, 100% waiver of the pre-deposit. Its discretionary domain is explicitly capped between 50% and 25% of the debt amount.

(ii) Crucially, even the High Court, while exercising its extraordinary writ jurisdiction under Article 226 of the Constitution of India, does not have the power to completely waive the pre-deposit requirement, nor can

https://www.mhc.tn.gov.in/judis

WEB COPY

it execute judicial discretion that directly conflicts with the express mandatory provisions of the statutory law.

8. Section 18 of the SARFAESI Act unambiguously mandates that no appeal preferred by a borrower shall be entertained by the DRAT unless the borrower deposits fifty percent of the debt due. The third proviso permits the Appellate Tribunal, for reasons to be recorded in writing, to reduce the deposit to a minimum threshold of twenty-five percent. The statute uses the strict phrase *"no appeal shall be entertained,"* making the pre-deposit a non-negotiable jurisdictional prerequisite.

9. Equity and compassion, regardless of how genuine the medical illnesses or financial grievances of the borrowers may be, cannot override an express statutory mandate passed by the legislature. When the statute defines a baseline requirement (25%), any judicial order circumventing or diluting that threshold amounts to rewriting the legislation, which is impermissible.

https://www.mhc.tn.gov.in/judis

WEB COPY

10. In the instant matter, the total debt claimed stood at Rs.4,01,75,837/-. The DRAT invoked its statutory discretion under the third proviso of Section 18 of the SARFAESI Act to its absolute legal maximum by reducing the pre-deposit requirement down from 50% to the statutory floor of 25%. It afforded the petitioners a clear window of six weeks to deposit this sum.

11. The petitioners chose not to comply with this order and failed to deposit even a single rupee before the Appellate Tribunal. Consequently, the DRAT was left with no statutory alternative but to dismiss the waiver application and reject the appeal. Since neither the DRAT nor this High Court under Article 226 of the Constitution of India possesses the legal power to alter the threshold or grant total exemption from pre-deposit, the impugned order dated 28.11.2025 passed by the DRAT, Chennai, suffers from no legal infirmity, jurisdictional error, or perversity. It merely enforces the mandatory text of the SARFAESI Act in conformity with the law of the land laid down by the Apex Court.

https://www.mhc.tn.gov.in/judis

WEB COPY

12. As the main appeal before the DRAT stood legally extinguished for non-compliance with a condition precedent, the subsequent measures executed by the respondent/bank, specifically the issuance of the E-Auction Sale Notice dated 07.02.2026, cannot be halted by this Court.

For the reasons stated above, this court finds no valid legal grounds to interfere with the impugned order of the DRAT, Chennai. The writ petition is devoid of merits and is hereby dismissed sans costs. All connected interim applications stand closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
10.06.2026

Index : Yes/No
Neutral Citation : Yes/No
sasi
To:
1. The Authorized Officer,
IDBI Bank Ltd,
Retail Recovery, Regional Office,
No.37, First Floor, P.M.Towers,
Greams Road, Chennai-600 006.

2. The Authorized Officer/
Sale Officer,
IDBI Bank Ltd, No.115,
Anna Salai, P.B.No.805,
Saidapet, Chennai-600 015.

https://www.mhc.tn.gov.in/judis

WEB COPY

THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(sasi)

W.P.No.5707 of 2026

10.06.2026

https://www.mhc.tn.gov.in/judis