IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 23.06.2026

CORAM :

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

W.P.No.23294 of 2026
and W.M.P.No.25267 of 2026

K.Raja
Proprietor,
Rajalakshmi Exports,
Old No.14, New Door No.29,
Singachari Street, Thiruvallikeni,
Chennai – 600 005.

Petitioner

Vs

1.The Authorised Officer
Indian Overseas Bank,
Asset Recovery Management Branch,
Central Office, Annexe Building
3rd Floor,
763, Anna Salai, Chennai – 600 002.

2.The Senior Manager
Indian Overseas Bank,
Nehru Park Branch,
Poonamallee High Road,
Chennai – 600 084.

Respondents

PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorarified mandamus calling for records relating to letter dated 04.06.2026 and consequential letter dated 11.06.20266 by the 1st respondent and quash the same and consequently direct the respondent bank to accept the One Time Settlement proposal.

For Petitioner: Mr.K.Sakthivel

ORDER

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

Heard on admission.

2. Challenging the impugned letters dated 4.6.2026 and 11.6.2026 issued by the respondent bank, the petitioner has filed the present writ petition under Article 226 of the Constitution of India. In the writ petition, the petitioner has also sought direction to the respondent bank to accept the One-Time Settlement (OTS) proposal.

3.1. Learned counsel for the petitioner submitted that the petitioner had availed packing credit facilities from the first respondent bank to the tune of Rs.39,75,000/- in the year 2007 by mortgaging his immovable property and, due to severe business loss suffered in the year 2010, the petitioner could not regularise his loan account and the same was classified as NPA. Thereafter, the respondent bank had initiated proceedings under the Recovery of Debts and Bankruptcy Act, 1993 by filing O.A.No.74 of 2010 before the DRT, Chennai and subsequently obtained recovery certificate in DRC No.69 of 2011.

3.2. Learned counsel for the petitioner further submitted that the petitioner had approached the respondent bank for OTS and the respondent bank also sanctioned OTS during the year 2020. However, owing to Covid-19 pandemic and the financial constraints, the petitioner could not comply with the terms of the OTS. Thereafter, despite continued efforts made by the petitioner to settle the dues, the respondent bank proceeded against the secured asset.

3.3. It is the submission of learned counsel for the petitioner that, while proceedings have already been initiated under the RDB Act, the issuance of sale notice without complying the mandatory procedures contemplated under the provisions of the SARFAESI Act, is arbitrary. In fact, aggrieved by the said action of the respondent bank, the petitioner had attempted to challenge the same before the DRT by filing S.A.SR No.4496 of 2025.

3.4. Learned counsel for the petitioner would submit that the issuance of impugned letter dated 4.6.2026 stating that possession of the secured asset had already been taken and that the property had been sold under the provisions of the SARFAESI Act and calling upon the petitioner to remove his household articles lying in the premises, followed by the impugned reminder letter dated 11.6.2026, is illegal and without jurisdiction. The respondent bank itself admits that the petitioner's household articles continue to remain inside the premises, thereby exposing the complete absence of due process while taking possession of the property.

4. We have considered the submissions made by learned counsel for the petitioner and also perused the materials available on record.

5. The impugned letters record that the bank had invoked the provisions of SARFAESI Act against the secured assets and possession has already been taken and the bank had sold the property under the SARFAESI Act and sale proceeds adjusted in the account of Rajalakshmi Exports. In order to handover possession of the property

to the bidder, the premises is to be vacated and there were certain items which were not removed from the premises at the time of taking physical possession of the property.

6. It is admitted by the petitioner that challenging the sale, which was held on 18.10.2025, Rajalakshmi Exports had filed SA on 29.11.2025 before the jurisdictional DRT and the same is still unnumbered. No explanation is forthcoming from the side of the petitioner why the SA is still unnumbered. Anyhow, when the respondent bank had initiated SARFAESI proceedings against the secured asset and the property had been sold in the auction and the auction-purchaser's interest is created, the remedy to challenge the proceedings issued in furtherance of the sale lies elsewhere and not by filing a writ petition. It is for the petitioner to avail and/or workout his remedy in accordance with law.

7. Coming to the prayer of the petitioner to direct the respondent bank to accept the OTS proposal, the law is well settled that no writ of mandamus can be issued by the High Court in exercise of powers under Article 226 of the Constitution of India directing a financial institution and/or bank to positively grant the benefit of OTS

to a borrower.

8. In ***Bijnor Urban Cooperative Bank Limited, Bijnor and another v. Meenal Agarwal and others***[1], the Supreme Court held as under:

> *"14. The sum and substance of the aforesaid discussion would be that* ***no writ of mandamus can be issued by the High Court in exercise of powers under Article 226 of the Constitution of India, directing a financial institution/bank to positively grant the benefit of OTS to a borrower.*** *The grant of benefit under the OTS is always subject to the eligibility criteria mentioned under the OTS scheme and the guidelines issued from time-to- time. If the bank/financial institution is of the opinion that the loanee has the capacity to make the payment and/or that the bank/financial institution is able to recover the entire loan amount even by auctioning the mortgaged property/secured property, either from the loanee and/or guarantor, the bank would be justified in refusing to grant the benefit under the OTS scheme. Ultimately, such a decision should be left to the commercial wisdom of the bank whose amount is involved and it is always to be presumed that the financial institution/bank shall take a prudent decision whether to grant the benefit or not under the OTS scheme, having regard to the public interest involved and having regard to the factors which are narrated hereinabove.*

[1](2023) 2 SCC 805

*15. In view of the aforesaid discussion and for the reasons stated above, **we are of the firm opinion that the High Court, in the present case, has materially erred and has exceeded in its jurisdiction in issuing a writ of mandamus in exercise of its powers under Article 226 of the Constitution of India by directing the appellant Bank to positively consider/grant the benefit of OTS to the original writ petitioner.** The impugned judgment and order, Meenal Agarwal v. State of U.P., 2021 SCC OnLine All 989, passed by the High Court is hence unsustainable and deserves to be quashed and set aside and is accordingly quashed and set aside."*

(emphasis supplied)

9. In light of the above, we are of the view that the writ petition is devoid of merits and, therefore, the same is dismissed. There shall be no order as to costs. Consequently, W.M.P.No.25267 of 2026 is closed.

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

23.06.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(bbr)

W.P.No.23294 of 2026

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