IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

144 **CWP-7199-2026**
DATE OF DECISION: 11.03.2026

M/S BHAI INDUSTRIES PVT LTD **… Petitioner**

Versus

AUTHORIZED OFFICER, PUNJAB NATIONAL BANK AND ANOTHER **... Respondents**

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL
HON'BLE MR. JUSTICE DEEPAK MANCHANDA

Present: Mr. Sunil Chadha, Senior Advocate with
Mr. Tara Dutt, Advocate and
Mr. Akhilesh Vyas, Advocate for the petitioner.

Mr. C.S. Pasricha, Advocate and
Mr. Himanshu Sharma, Advocate for the respondent-Caveators.

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SUVIR SEHGAL, J.

1. This petition has been filed *inter alia* for issuance of a writ in the nature of certiorari for quashing order dated 24.02.2026 (Annexure P-12) passed by DRT-III, Chandigarh as well as for a writ of mandamus directing DRT-III to reconsider and decide interim relief regarding sale notice dated 17.01.2026 (Annexure P-11). A direction has also been sought to the respondent-bank not to issue sale certificate or hand over possession to the auction purchaser pursuant to the impugned e-auction.

2. Brief facts may be noticed. Petitioner is an MSME unit and is engaged in the business of production of 'Flour and Maida'. It availed Cash Credit limit of Rs.98,00,000/-, Working Capital Term Loan of Rs.5,02,00,000/- as well as FITL of Rs.1,22,94,000/- by mortgaging factory premises, including building as well as land in district Moga. There was a default in repayment and petitioner's accounts were declared as NPA on 10.06.2020. A demand notice dated 16.07.2020

(Annexure P-2) was issued under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (for short – SARFAESI). Petitioner filed a petition before the Debt Recovery Tribunal(DRT). By order dated 22.05.2024 (Annexure P-3), NPA declaration was held to be illegal and the SARFAESI proceedings initiated by the respondent-bank were quashed. Petitioner's accounts were again classified as NPA w.e.f. 30.03.2019. Another demand notice dated 17.09.2024 (Annexure P-4) was issued by the bank. Petitioner submitted objections under Section 13(3-A) of the SARFAESI Act which was rejected by the bank vide its reply dated 24.11.2025 (Annexure P-7). Petitioner approached this Court and by order dated 22.02.2021 (Annexure P-8), writ petition was dismissed as withdrawn with liberty to avail alternate remedy. Petitioner thereafter filed an SA before the DRT as well as approached this Court by filing a writ petition which was disposed of 05.10.2023 (Annexure P-10) with liberty to the petitioner to approach DRT. The SA filed by the petitioner was dismissed by the DRT as barred by time vide order dated 08.02.2024 (Annexure P-9). On 17.01.2026 (Annexure P-11), bank issued the impugned sale notice and petitioner again approached the DRT by filing SA No.77 of 2026. By impugned order dated 24.02.2026, DRT has declined to stay the sale notice.

3. Mr. Sunil Chadha, learned Senior counsel for the petitioner, who is assisted by Mr. Akhilesh Vyas, Advocate has argued that the bank has filed an appeal before the Debt Recovery Appellate Tribunal/DRAT assailing order Annexure P-3 which is pending and during its pendency, bank could not have initiated the SARFAESI proceedings. It is his argument that the bank cannot be permitted to invoke the provisions of the SARFAESI Act till the time appeal is decided by the Appellate Tribunal. Learned Senior counsel has argued that the

earlier classification of petitioner as NPA w.e.f. 10.06.2020 was quashed by the DRT vide order Annexure P-3 as the petitioner's accounts had been declared as a Non Performing Asset during the moratorium declared by the Reserve Bank of India. It is his argument that petitioner could not have been declared as NPA from a back date, and that too without referring the matter to the designated committee, as petitioner is an MSME unit. Still further, an argument has been raised that by notice dated 26.12.2025(Annexure P-13), petitioner was called upon to redeem the secured asset within a period of 30 days under Section 13(8) of the SARFAESI Act, but even before the expiry of the said period, impugned sale notice Annexure P-11 has been published. Learned Senior counsel asserts that the secured asset has not been properly evaluated and the valuation is a farce. He points out that evaluator was appointed by the bank on 13.01.2026 whereas the inspection of the property was carried out by the evaluator prior to the said date. When confronted with the maintainability of the writ petition, learned Senior Counsel has relied upon ***Hotel Sharada Paradise and others Vs. The Secretary to the Government of India, Department of Finance, New Delhi and others, Law Finder Doc Id #687159*** as well as ***K.T. Unnikrishnan Vs. The Authorized Officer, UCO Bank, Law Finder Doc Id #984703.*** Reliance has also been placed upon the observations made by a Division Bench of this Court in ***M/s Skytone Electricals (India) Limited Vs. Canara Bank and others***, (CWP-12301-2020, decided on 18.05.2022) to contend that when an allegation regarding violation of statutory provisions is raised, High Court should not compel the petitioner to avail an alternate remedy.

4. Per contra, counsel for the respondent No.1-bank has argued that pursuant to the sale notice, the secured asset has been sold for an amount of Rs.4,06,00,000/-. He states that total over due amount is more than Rs.12,00,00,000/- and the balance is still remain due from the petitioner. Counsel

has made a reference to communication dated 28.02.2026 (Annexure P-19) addressed to petitioner, whereby it has been informed that property has been auctioned. He urges that the auction purchaser has an interest in the secured asset and has deliberately not been impleaded as a party to the present proceedings. By placing reliance upon ***Canara Bank Vs. M. Amarender Reddy and another***, (2017) 4 SCC 735, it has been contended that it is permissible to simultaneously issue notice to the borrower about the intention to sell the secured asset as also to issue a public notice for sale of such secured asset by inviting tenders from the public or by holding a public auction. He urges that the only restriction is that there must be a 30 days' time gap between such notice and the date of sale of the immovable secured asset. Counsel asserts that there is no breach of the statutory provisions or rules framed thereunder. Supporting the valuation of the property as well as the auction, he submits that against reserve price of Rs.3,86,00,000/- the secured asset has been sold for a much higher amount. By placing reliance upon the judgments of the Hon'ble Supreme Court, he contends that the present petition is not maintainable and the petitioner has an alternate statutory remedy, which he has not availed.

5. Having heard counsel for the parties and giving our thoughtful consideration to the arguments addressed by them, this Court is of the view that the present writ petition cannot be entertained as the petitioner has an alternate remedy. In ***Varimadugu Obi Reddy Vs. B. Sreenivasulu and others, (2023) 2 SCC 168,*** Hon'ble Supreme Court has observed:-

> *"36. In the instant case, although the respondent borrowers initially approached the Debt Recovery Tribunal by filing an application under Section 17 of the SARFAESI Act, 2002, but the order of the Tribunal indeed was appealable under Section 18 of the Act subject to the compliance of condition of pre-deposit and without exhausting the statutory remedy of appeal, the respondent-borrowers approached the Court by filing the writ application under Article 226 of the*

> *Constitution. We deprecate such practice of entertaining the writ application by the High Court in exercise of jurisdiction under Article 226 of the Constitution without exhausting the alternative statutory remedy available under the law. The circuitous route appears to have been adopted to avoid the condition of pre-deposit contemplated under 2nd proviso to Section 18 of the 2002 Act."*

6. This position has been reiterated by the Hon'ble Supreme Court in ***PHR Invent Educational Society Vs. UCO Bank and others, 2024 AIR SC 1893.***

7. In ***South Indian Bank Limited and others Vs. Naveen Mathew Philip and another, (2023) 17 SCC 311,*** Supreme Court has made an observation that although the powers conferred under Article 226 of the Constitution are wide, but they are to be exercised only in extra-ordinary circumstances in commercial matters involving e-lenders and borrowers, where legislature has provided a specific mechanism for appropriate redressal. No such exceptional circumstance has been made out in the present case. Proceedings are pending before the DRT and remedy available to the petitioner is to challenge the action before the said forum. This Court therefore, does not intend to enter into the realm of the arguments raised by the petitioner and is not inclined to interfere in the exercise of extra-ordinary writ jurisdiction.

8. Writ petition is accordingly dismissed reserving liberty to the petitioner to take recourse to the remedy available to them in accordance with law. It is clarified that this Court has not expressed any opinion on the merits of the matter.

(SUVIR SEHGAL)
JUDGE

(DEEPAK MANCHANDA)
JUDGE

11.03.2026
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Whether speaking/reasoned : Yes / No
Whether reportable : Yes / No