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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Judgment reserved on: 17.12.2025
Judgment pronounced on: 09.01.2026

+ **W.P.(C) 8071/2025 and CM APPL. 35319/2025**

**MS DHIR INTERNATIONAL PRIVATE LIMITED AND
OTHERS**Petitioners

Through: Mr. M. Dutta, Sr. Adv. along
with Mr. Ravi Krishna Chandna,
Mr. Aditya Guha, Mr. Anand
Kumar Soni and Mr. Aayush
Goyel, Advs.

versus

KARNATAKA BANK LIMITEDRespondent

Through: Mr. Sanjay Bajaj and Mr. Rajat
Prakash, Advs.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR

JUDGMENT

HARISH VAIDYANATHAN SHANKAR, J.

1. The present Writ Petition, filed under Article 226 and Article 227 of the **Constitution of India**¹, assails the **Judgment dated 03.04.2025**² passed by the learned **Debts Recovery Appellate Tribunal, Delhi**³, in Appeal No. 451/2018.

2. By way of the Impugned Judgment, the learned DRAT set aside the judgment dated 27.06.2018 passed by the learned **Debts Recovery**

¹ the Constitution

² Impugned Judgment

³ DRAT



Tribunal-II, Delhi⁴, in S.A. No. 90/2017, whereby the learned DRT held that the declaration of accounts of Petitioner No. 1 as **Non-Performing Assets⁵** was illegal and consequently quashed the proceedings under Sections 13(2) and 13(4) of the **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002⁶** initiated by the Respondent.

3. For the sake of convenience and clarity, Petitioner No. 1 herein shall henceforth be referred to as “**Petitioner-Company**”, and Respondent herein shall be referred to as “**Respondent-Bank**” where ever it is found to be relevant. Petitioner-Company along with the other Petitioners shall be hereinafter collectively be referred to as “**Petitioners**”.

BRIEF FACTS:

4. Petitioner No. 1 is a company engaged in the manufacture and export of garments and allied products and has been maintaining a long-standing banking relationship with the Respondent herein, Karnataka Bank Limited, spanning over two decades. The credit facilities availed by the Petitioner-Company included, *inter alia*, a **Working Capital Term Loan⁷**, Overdraft Facility, Pre-shipment Facility and Post-shipment Facility. Additionally, Petitioner Nos. 2 to 4 are the Directors of the Petitioner-Company and Petitioner No. 5 is arrayed as a Promoter of the Petitioner-Company.

5. On 08.09.2016, the Respondent-Bank classified the loan accounts of the Petitioner-Company as NPAs and issued a demand notice dated 11.11.2016 under Section 13(2) of the SARFAESI Act.

⁴ DRT

⁵ NPA

⁶ SARFAESI Act

⁷ WCTL



6. A reply dated 12.01.2017 was submitted on behalf of the Petitioners, disputing the classification of Petitioner-Company's accounts as NPA on the grounds that the accounts were not continuously irregular for a period of 90 days, as required by the **Reserve Bank of India⁸** Guidelines.

7. The relevant RBI guidelines as found in ***Master Circular- Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances RBI/2015-16/101 DBR. No. BP.BC.2/21.04.048/2015-16⁹*** dated 01.07.2015 are extracted as follows:

“2.1 Non performing Assets

2.1.1 An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank.

2.1.2 A non performing asset (NPA) is a loan or an advance where;

- i. interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- ii. the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC),
- iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- iv. the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- v. the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,
- vi. the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
- vii. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

2.1.3 In case of interest payments, banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

2.1.4 In addition, an account may also be classified as NPA in terms of paragraph 4.2.4 of this Master Circular.”

⁸ RBI

⁹ Master - Circular



8. By reply dated 27.01.2017, the Respondent-Bank rejected the objections raised by the Petitioners and thereafter issued a possession notice dated 17.04.2017 under Rule 8 of the Security Interest (Enforcement) Rules, 2002 in respect of the secured properties.

9. Aggrieved by the said measures, the Petitioners filed a Securitisation Application, being S.A. No. 90/2017, under Section 17 of the SARFAESI Act, before the learned DRT.

10. In the said application, Petitioners challenged the legality of the declaration of Petitioner-Company's accounts as NPA, and contended that the accounts had not remained irregular continuously for a period of 90 days as per the RBI guidelines.

11. By final judgment dated 27.06.2018, the learned DRT allowed S.A. No. 90/2017 and held that the Respondent-Bank had failed to establish that the accounts of the Petitioner-Company were irregular in accordance with the RBI guidelines, and found the declaration of the accounts as NPA to be illegal. Consequently, the learned DRT quashed the notice issued under Section 13(2) of the SARFAESI Act and all subsequent measures taken by the Respondent- Bank.

12. Aggrieved by the said judgment, the Respondent-Bank preferred Appeal No. 451/2018 under Section 18 of the SARFAESI Act before the learned DRAT.

13. In the *interregnum*, the Respondent-Bank filed W.P.(C) 16385/2023 before this Court, seeking expeditious disposal of Appeal No. 451/2018. By order dated 05.01.2024, this Court directed the learned DRAT to dispose of the appeal within a period of three months.



14. Resultantly, Appeal No. 451/2018 was heard on 18.07.2024, and on 03.04.2025 by way of the judgment impugned herein, the learned DRAT allowed the appeal in favour of the Respondent-Bank and set aside the judgment dated 27.06.2018 passed by the learned DRT, thereby restoring the SARFAESI measures initiated by the Respondent-Bank.

15. Aggrieved by the Impugned Judgment passed by the learned DRAT, the Petitioners have approached this Court by way of the present writ petition, challenging the legality, correctness and sustainability thereof.

CONTENTIONS OF THE PETITIONERS:

16. Learned counsel for the Petitioners would contend that the Impugned Judgment passed by the learned DRAT in Appeal No. 451/2018 is vitiated on account of gross and inordinate delay in pronouncement. It would be submitted that final arguments were concluded on 18.07.2024, whereas the Impugned Judgment came to be delivered on 03.04.2025, after a lapse of more than eight months, which is in violation of Order XX Rule 1 of the **Code of Civil Procedure, 1908**¹⁰, and the settled principles governing the timely delivery of judgments.

17. In support of the aforesaid contention, learned counsel for the Petitioners would place reliance on the decisions of the Hon'ble Supreme Court in *Anil Rai v. State of Bihar*¹¹, *Balaji Baliram Mupade v. State of Maharashtra*¹² and *State of Punjab v. Jagdev*

¹⁰ CPC

¹¹ (2001) 7 SCC 318

¹² (2020) 18 SCC 823



Singh Talwandi¹³, to submit that abnormal delay in pronouncement of judgments undermines litigant confidence and infringes upon Article 21 of the Constitution.

18. Learned counsel for the Petitioners would further submit that the learned DRAT has exceeded the permissible limits of Appellate Jurisdiction by reversing the well-reasoned Judgment of the learned DRT dated 27.06.2018, which had categorically held that the declaration of the Petitioner-Company's accounts as NPA was illegal and contrary to the RBI Guidelines. It would be urged that the findings of the learned DRT were founded upon detailed examination of account statements and export bills and were not shown to be perverse.

19. It would further be urged by the learned counsel for the Petitioners that the Respondent Bank has been impermissibly allowed to raise new pleas and introduce fresh documents at the Appellate stage, which were neither pleaded nor proved before the learned DRT. Learned counsel for the Petitioners would place reliance upon the written submissions dated 02.05.2018 filed by the Respondent Bank to submit that several contentions raised therein are *de-hors* the pleadings and in violation of settled law that pleadings constitute the foundation of a case.

20. Learned counsel for the Petitioners would further submit that the Respondent-Bank had failed to specifically deny the material averments made by the Petitioners regarding the regularity of accounts and extension of export bills up to 360 days. The learned DRT, therefore, had rightly accepted the Petitioners' case. However, the Impugned Judgment has failed to consider these pleadings and

¹³ (2021) 12 SCC 538



findings and has instead placed reliance upon seven export bills, which were neither pleaded nor argued before the learned DRT. It would be submitted that the Impugned Judgement thus suffers from non-application of mind and travels beyond the pleadings, rendering it unsustainable.

CONTENTIONS OF THE RESPONDENT:

21. Learned counsel for the Respondent would contend that the present writ petition is not maintainable at the very threshold, as it has been jointly filed by five petitioners but has been signed, verified and authorised only by Petitioner No. 2, who has no legal authority to do so.

22. Learned counsel for the Respondent would submit that Petitioner No. 2 is himself undergoing liquidation proceedings and, therefore, could not have instituted or authorised the filing of the petition either on his own behalf or on behalf of Petitioner-Company and Petitioner No. 5. It would further be pointed out that Petitioner-Company was, in fact, represented before the learned DRAT through the Official Liquidator, and Petitioner No. 5 has been admitted into the Corporate Insolvency Resolution Process by the NCLT by order dated 24.05.2021, pursuant where to a Resolution Professional has been appointed to manage its affairs.

23. In these circumstances, it would be urged that the petition, having been instituted without due authorisation from the competent statutory representatives, is not maintainable in law and is liable to be dismissed at the outset.

24. Learned counsel for the Respondent would also submit that the plea of delayed pronouncement is an afterthought, inasmuch as the



Petitioners did not avail the remedy of approaching the relevant forum for appropriate directions. On the contrary, it was the Respondent Bank which approached this Court by filing W.P.(C) No. 16358/2023, pursuant to which, this Court, by order dated 05.01.2024, directed expeditious disposal of the appeal pending before the learned DRAT.

25. Learned counsel for the Respondent would submit that in terms of the RBI Master Circular, NPA classification is borrower-wise and not facility-wise. Consequently, once the borrower's account had slipped into NPA on account of default in the WCTL facility and export bills, all facilities availed by Petitioner No.1 would be liable to be treated as NPA as on 08.09.2016.

26. Learned counsel for the Respondent would further contend that the borrower's account was irregular on two independent counts, namely, non-payment of instalments and interest in the WCTL account and non-realisation of proceeds of export bills for more than ninety days from their respective due dates, even after extensions up to the maximum permissible period of 360 days. The flow statement and statements of account on record demonstrate that the instalment due on 06.05.2016 in the WCTL account remained unpaid and that the seven export bills financed by the Bank continued to remain overdue well beyond their extended due dates. In view of such defaults, the Respondent was mandatorily required, under the RBI prudential norms, to classify the account as NPA as on 08.09.2016.

27. Learned counsel for the Respondent would submit that the learned DRAT has rightly appreciated the materials on record and has rightly applied the RBI norms while reversing the learned DRT's order. Thus it would be contended that Impugned Judgment does not



suffer from any perversity, illegality or jurisdictional error warranting interference by this Court.

ANALYSIS:

28. We have heard the learned counsel appearing for both parties and, with their able assistance, examined the relevant records.

29. At the outset, we find it apposite to reproduce the findings of the learned DRAT as set out in the Impugned Judgment. The relevant excerpts of the Impugned Judgment are extracted below:

"62. I have considered the rival submissions. The short question to be considered is whether the appellant bank has rightly declared the accounts of respondent no.1 as NPA on 08.09.2016.

63. Perusal of the record reveals that there were seven export bills of respondent no.1 company financed by the appellant bank and these were overdue for a period of over 90 days payment as on thereof and, therefore, the accounts of the respondents cannot be said to have been wrongly declared as NPA. The details as to how their bills were overdue for a period of 90 days are given in the next paras.

64. Ld. Counsel has relied upon Annexure 59. This Tribunal has carefully gone through the said Annexure filed by the appellant bank, which refers to various export bills along with extensions granted by the bank. One of the bills referred therein is Bill No. DD1510957. The lodging date of the said bill was 20.05.2015 and the due date was 18.07.2015. Its shipment date was 19.05.2015 and the tenure was for 60 days. The first extension regarding this bill was granted on 09.09.2015 and it was extended up to 10.10.2015. Thereafter, the tenure of this bill was further extended up to 10.01.2016 at the request of respondent no.1. This bill also finds mentioned at serial no.3 in the letter dated 08.12.2015 written by respondent no.1 to the appellant bank for extension of tenure of the bills. The words 'extended the bills upto 10.01.2016' appears at the bottom of this letter along with signature and stamp of the bank. Perusal of the appeal paper book shows that a letter of request dated 05.02.2016 was sent by Dhir International Pvt. Ltd. to the bank and pursuant to the same, the bank had extended the tenure of this bill. However, there is no formal order/noting from the bank extending the tenure. The Ld. counsel for the appellant has, however, fairly admitted that though there is no noting on record, however, the tenure of that bill was extended. Thereafter, on 02.05.2016 a request was again made by respondent to the bank



and tenure of the bill was extended up to 360 days, i.e. up to 13.05.2016.

65. In the opinion of this Tribunal, the appellant bank has not committed any illegality as the tenure of the abovementioned bill could only have been extended up to 360 days. The date from which extension is to be reckoned is the date of shipment and not from the date when the last extension was granted. In case 360 days are reckoned from the last extension, as argued by the Ld. Sr. Counsel for the respondent then total extension period would exceed 360 days and the bill will stand extended to 1.5.2017 which cannot be the case since it will be against the RBI Circular No.RBI/FED/2015-16/11 dated 01.01.2016 relating to '**Master Direction —Export of Goods and Services**' which clearly lays down the criteria for extension of time under **heading C-18** and it contemplates that any extension beyond stipulated period of realisation is at the discretion of the bank subject to satisfaction of certain terms and conditions provided therein. It further stipulates the conditions, which are required to be fulfilled for extension of bills beyond one year from the date of export. However, it is clear that the same will be subject to the satisfaction the of the bank. It is also clear that it was not mandatory for the bank to keep on granting time for collection of the amount against the bills unless the exporter has filed suits abroad against the buyer. However, no such plea was set up by respondents that they have filed suit against the buyer and, therefore, no extension was granted to the respondents. As per the correspondence filed on record, it is evident that time and again the respondents herein expressed their inability to pay the amount and sought further time without any cogent basis and, therefore, the bank rightly refused the extension after a period beyond 360 days.

66. Similarly, in respect of Bill No.NDD1510978, a request was received by the bank from respondent no.1 for extension of the tenure of this bill vide letter dated 09.09.2015 and the same was extended upto 15.10.2015. Subsequently also a request was received from respondent no.1 vide its letter dated 05.02.2016 for extension of the tenure. Further perusal of record reveals that thereafter another request was made by respondent no.1 vide letter dated 02.05.2016 and the tenure of the bills mentioned therein was extended upto 360 days, i.e. upto 15.05.2016 (since the total period of 360 days was to be reckoned from the date of shipment date) and after expiry of ninety days thereafter the account was rightly declared as NPA on 08.09.2016

67. So far as Bill No.NDD1511185 is concerned, the final due date for payment with respect to this bill was 04.06.2016 and if 90 days are reckoned from the said date, the bill was to be paid by 03.09.2016 and since it was not paid by that time, the account was rightly declared NPA on 08.09.2016.



68. Tenure of the Bill bearing no.NDD1511013 was also extended. As per record a request was received by the bank from respondent no.1 vide letter dated 09.09.2015 for extension of its tenure, and the bank had extended the tenure up to 15.10.2015. Its tenure was further extended up to 12.01.2016 upon the request of respondent no.1 vide letter dated 11.12.2015. The record reveals that the tenure of this bill was again extended pursuant to the request dated 05.02.2016 of respondent no.1. According to the bank, the tenure of this bill was extended even thereafter upto 360 days from 16.05.2016 as per the request of respondent no.1 dated 02.05.2016. Therefore, the final due date of this bill was 17.05.2016. Since no payment was made, after expiry of 90 days, the account was rightly declared NPA on 08.09.2016.

69. The tenure of Bill No. NDD1511100 was also extended multiple times at the request of respondent no.1, first up to 20.10.2015 (as per request dated 09.09.2015) and then upto 12.01.2016 (as per request dated 11.12.2015). Extension of tenure of this bill was further extended for the third time at the request of respondent no.1, vide letter dated 05.02.2016. At the request of respondent no.1 vide its letter dated 02.05.2016, the tenure of the bill was further extended up to 360 days on 24.05.2016 and the final due date of this bill was 27.05.2016 and since no payment was received, the account was rightly declared NPA on 08.09.2016.

70. Tenure of Bill bearing no. NDD1511172 has been extended at the request of respondent no.1. Its tenure was first extended by the bank on the request of respondent no.1, vide letter dated 04.11.2015, and then upto 30.11.2015. The further extension of tenure of this bill was granted upto 31.01.2016 pursuant to the letter dated 31.12.2015 of respondent no.1. It is clear from the record that another extension of its tenure was granted by the bank consequent upon the request of the respondent no.1, vide its letter dated 05.02.2016. Thereafter another extension was given by the bank in respect of the said bill and its tenure was extended up to 360 days on 24.05.2016 at the request of respondent no.1 vide its letter dated 02.05.2016. The final due date of payment of this bill was 02.06.2016. However, since no payment was made account was rightly declared NPA on 08.09.2016.

71. The tenure of Bill No.1511053 was extended up to 15.10.2015 as per the request dated 09.09.2015 of respondent no.1. Tenure of this bill was again extended till 12.01.2016 at the request of the respondent no.1, vide letter dated 11.12,2015. Respondent no.1 again made a request vide its letter dated 02.05.2016 for extension of tenure of this bill. The final extension of tenure of this bill was granted up to 360 days on 16.05.2016 at the request of respondent no.1 vide its letter dated 02.05.2016. The final due date of this bill was 20.05.2016 and since no payment was made, the account of



respondent no.1 was rightly declared as NPA on 08.09.2016.

72. So far as the Working Capital Term Loan (WCTL) is concerned, Ld. counsel has drawn the attention of this Tribunal to Annexure-54, which is Flow Details of the Account, and submitted that payment towards principal amount to be made up to 06.05.2016 was Rs.30,31,500/-, however, the amount received from respondent no. 1 was only Rs.1,320.17 and the said amount was adjusted against the principal amount, and no payment, either towards interest or towards principal, was received thereafter and, therefore, the account was rightly declared NPA on 08.09.2016.

73. Perusal of record reveals that there is a Master Circular dated 01.07.2015 issued by RBI regarding '**Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances**'. Sub-clause (i) of Clause 2.1.2 of the said Master Circular defines a non-performing asset (NPA) as a loan or an advance where interest and/or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan. According to sub-clause (iii) of the same clause, a non performing asset (NPA) is a loan or an advance where the bill remains overdue for a period of more than 90 days. In view of the above circular, the account of the respondent no.1 was rightly declared NPA since the instalment and interest remained overdue for 90 days.

74. Further, Article 4.2.7(i) of the aforementioned Circular dated 01.07.2015 contemplates that the asset classification is to be borrower-wise and not facility-wise. Perusal of the above circular clearly reveals that at when one facility to a borrower/one investment in any of the securities issued by the borrower becomes the problem credit/investment and not others, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular. Sub-clause (iii) of the said Article contemplates that the bills discounted under LC favouring a borrower may not be classified as a Non-Performing Asset (NPA), when any other facility granted to the borrower is classified as NPA. However, in case documents under LC are not accepted on presentation or the payment under the LC is not made on the due date by the LC issuing bank for any reason and the borrower does not immediately make good the amount disbursed (which has not been done in the present case) as a result of discounting of concerned bills, the outstanding bills discounted will immediately be classified as NPA with effect from the date when the other facilities had been classified as NPA. In view of above RBI Circular, this Tribunal is of the opinion that both the accounts of respondent no.1 have rightly been classified as NPA.

75. Ld. Counsel for the appellant has next argued that the Ld. DRT has wrongly held that the appellant bank has filed evasive reply to



the S.A. though there were specific averments made in the S.A. that the account was wrongly declared as NPA. Ld. Sr. Counsel for the respondents, on the other hand, has submitted that in view of the evasive reply given by the bank and as per Order VI, Rule 2, since there is no specific denial by the appellant bank, the facts narrated by the respondent will be deemed to have been admitted by the bank and the bank has, therefore, wrongly declared the accounts of the respondents as NPA

76. In this regard, this Tribunal has perused the reply filed by the bank to the S.A., particularly paras 5, 7, 15, 59, 60, 63, 64-68 & 70 i.e. the relevant paras on which the respondent has relied upon and these are reproduced below for the sake of ready reference and analysis of the same:

"5. That the contents of para 5 of the SA are absolutely wrong and denied.s It is denied that the alleged facts narrated in the SA establishes the gross negligence, arbitrariness, casualness, contractual breach are the alleged wrongs committed by the Respondent Bank as alleged. In reply to the rest of the para it is submitted that the account of the Applicant was declared NPA strictly in terms of the guidelines of the RBI as the Applicant despite regular support in fiancé by the Respondent Bank, failed to maintain its financial discipline."

"7. That the contents of par 7 of the SA are absolutely wrong and denjed, It is denied that the Respondent is exclusively responsible for the failure and destruction of the Petitioner Company by the alleged acts as detailed in the para under reply. It is further denied that the Respondent is directly fiable or responsible for any alleged action or the Petitioner could claim any such relief as alleged in the para under reply. It is submitted that it is the Respondent bank who had been continuously extending all permissible support to the Applicant in terms of requirement of the Applicant No.1. However, it is the Applicant No.1 company who failed to perform well due to its own negligence and now putting the blame on the Respondent Bank. From the record it is very clear that all type of support was extended to the Petitioner by the Respondent Bank. Due to failure on the part of the Petitioner Nol, its account was declared as Non-Performing Assets and, thus, the Respondent Bank was within its right to Initiate the legal action against it which the Respondent Bank has taken in terms of the SARFAESI Act as well as in terms of Recovery of Debts Due to bank and Financial Institutions Act, 1993 by filing an OA before this Hon'ble Tribunal, since the Respondent Bank is to recover huge amount from the Applicants."



"15. That the contents of para 15 of the brief facts are absolutely wrong and denied. It is denied that the petitioner company has been subjected to any various wrongs and illegalities routinely/continually perpetrated by it or which led to their complete decimation/demise. It is further denied that the Respondent Bank is responsible for declaring the account of the Applicant No.1 as Non-Performing Assets. It is further denied that the action of the Respondent Bank declaring the petitioner 'non performing' on 08.09.2016 is illegal, unlawful and contrary to the RBI Guidelines. It is submitted that since the Applicant No.1 failed to maintain its account regularly and pay the amount due against it the account of Applicant No.1 was declared NPA strictly in terms of the guidelines. However, it is the Applicant who have failed to perform and are trying to but the blame of their failure in business, on to the Respondent Bank. Rest of the contents are denied."

"59. That the contents of para 59 of the SA are wrong and denied. It is denied that the petitioner was wrongly declared NPA for the reason that much prior to the expiration of the prescribed / 90 days under the RBI guidelines, the respondent proceeded to declare the petitioner Non-Performing Asset. It is submitted that the account of the Petitioner no.1 was declared NPA strictly as per the RBI guidelines."

"60. That the contents of par 60 of the SA are wrong and denied. It is denied that the perusal of the statement of accounts of the Respondent bank emphatically establishes that the account was all regular / within permissible limit during the prescribed 90 days period. It is further wrong and denied that prior to declaration of the accounts as NPA, all accounts had witnessed deposit/or were within the RBI Limits. It is further denied that despite such record, the petitioner was declared NPA ultra-vires the applicable RBI guidelines as alleged. It is submitted that the Petitioner no.1 was maintaining various account with the Respondent Bank And in case one of the account is overdue/irregular for a period of 90 days, all the account are declared as Non-Performing Assets. It is further submitted that the account of the applicant slipped into NPA because of export bill financed became overdue beyond 90 days from the respective due dates."

'63. That in reply to the contents of para 63 of the petition, it is submitted that most of the exports bills against which the bank has extended finance were irregular more than 90 days and once the once of the account of the petitioner was declared as NPA all the accounts are declared as Non- Performing Assets on



08.09.2016.”

"64-68. That in reply to the contents of para 64-68 of the petitioner it is submitted that in case one of the accounts is declared NPA all the accounts against which the bank has financed, all the accounts are declared as NPA which as been declared NPA in terms of the guidelines of the Reserve Bank of India."

"70. That the contents of para 70 of the SA it is correct that the respondent bank declared the Petitioner's account as NPA on 08.09.2016. However, it is denied that such declaration of NPA is wrong, incorrect and contrary to the RBI/NPA guidelines. It is submitted that the accounts of the Petitioner No.1 were declared NPA strictly after following with the RBI guidelines."

77. Perusal of the contents of the above paras reveals that it is specifically submitted by the appellant bank that the account in question was irregular and the said fact has been specifically mentioned in the reply. It was specifically stated by the appellant bank that account was declared NPA for the reason that the same was irregular for over 90 days as per the RBI guidelines. Therefore, it cannot be held that bank has wrongly declared the accounts of the respondents NPA and the bank has not filed specific reply to the facts alleged in the SA.

78. Ld. Sr. Counsel for the respondent has next relied upon the judgement of the Hon'ble Supreme Court in **Keshavlal Khemchand and Sons Private Limited & Ors. Vs. Union of India & Ors.** (supra). This Tribunal has perused the said judgment and is of the opinion that there is no quarrel with the proposition of law laid down therein. The judgment contemplates that the bank has to declare the account NPA in accordance with the rules and guidelines and thereafter only recourse can be taken to SARFAESI Act. Since as discussed in detail in the earlier paras of this judgment, the bank has declared the accounts NPA in accordance with law and guidelines issued by RBI, the above judgment, therefore, does not come to the rescue of the respondent no.1 borrower.

79. This Tribunal has also gone through the judgments titled **Standard Chartered Bank Vs. Andhra Bank Financial Services Limited & Ors.**, (2016) 1 Supreme Court Cases 207 and **Gian Chand and Brothers & Anr. Vs. Rattan Lal alias Rattan Singh**, (2013) Supreme Court Cases 606, which have been referred to by respondent no.1, wherein it has been held that allegations made in the plaint have to be specifically denied in written statement and general denial of facts in plaint is not sufficient and new facts cannot be pleaded in appeal.



80. In the opinion of this Tribunal, there is no quarrel with the proposition of law laid down in the above judgments. The perusal of the reply filed by the bank to the S.A. reveals that the bank has specifically denied the facts alleged by the respondent borrower and reiterated the fact that account was declared NPA as per RBI guidelines, as it was irregular for a period of more than 90 days and has not set up new facts in the appeal. Moreover, flow details of account (Annexure-57) as well as details of the bills (Annexure-59) of which tenure had been extended from time to time at the request of the respondent no.1 but the amount of the same still remained overdue, clearly demonstrate the fact that the accounts were rightly declared NPA.

81. In view of above discussion, this Tribunal is of the opinion that accounts of the respondent no.1 were rightly declared NPA as the same were irregular for more than 90 days. In these circumstances, this Tribunal is of the opinion that the order passed by the Ld. DRT is not in accordance with law and the same is, therefore, set aside and the appeal, thus, stands allowed. The appellant is at liberty to proceed further under the SARFAESI Act in accordance with law.

83. All pending I.As also stands disposed of.”

30. This Court deems it appropriate to first advert to the contention raised on behalf of the Petitioners with regard to the delay in pronouncement. It is contended that the impugned Judgment rendered by the DRAT, having been delivered after an inordinate delay of nearly nine months, is vitiated and, therefore, deserves to be set aside.

31. We, however, are of the considered view that mere delay in the pronouncement of a judgment, by itself, is not sufficient to invalidate the decision of the learned DRAT. Appellate fora such as the learned DRAT are known to be heavily burdened with work, and some degree of delay, though undesirable, is often inevitable. Such delay cannot, *ipso facto*, be treated as demonstrative of any bias, arbitrariness or illegality in the decision-making process.

32. Unless the party alleging is able to show that the delay has materially affected the reasoning of the judgment or has caused serious prejudice to its case, delay alone cannot be a ground to set



aside an otherwise reasoned order. What is of significance is whether the impugned judgment reflects due application of mind and contains cogent reasons in support of the conclusions reached.

33. Upon perusal of the above extracted findings of the Impugned Judgment, we find that the learned DRAT has devoted due consideration to the material placed on record, noticed the contentions advanced on behalf of both sides, and has returned findings supported by reasons in respect of the facilities which formed the basis for classification of the account as NPA. Thus, the reasoning of the learned DRAT cannot be characterised as perfunctory or illusory so as to warrant interference on the ground of delay alone.

34. Further, in support of the above-stated contention, the learned counsel for the Petitioners has, *inter alia*, placed reliance on the decision of the Hon'ble Supreme Court in **Anil Rai** (*supra*) to contend that the delayed pronouncement of judgments is impermissible in law. However, a bare reading of the said decision does not advance the Petitioner's case in the manner suggested.

35. The Apex Court, while emphasising the salutary principle that judgments ought to be pronounced within a reasonable time, has carved out a remedial mechanism and expressly permitted parties to move appropriate applications before the Court or before the Chief Justice of the relevant High Court where the judgment is reserved and has not been pronounced within the stipulated period. The relevant paragraph of **Anil Rai** (*supra*) is extracted below:

“10. Under the prevalent circumstances in some of the High Courts, I feel it appropriate to provide some guidelines regarding the pronouncement of judgments which, I am sure, shall be followed by all concerned, being the mandate of this Court. Such guidelines, as for the present, are as under:

(i) The Chief Justices of the High Courts may issue appropriate directions to the Registry that in a case where the judgment is



- reserved and is pronounced later, a column be added in the judgment where, on the first page, after the cause-title, date of reserving the judgment and date of pronouncing it be separately mentioned by the Court Officer concerned.
- (ii) That Chief Justices of the High Courts, on their administrative side, should direct the Court Officers/Readers of the various Benches in the High Courts to furnish every month the list of cases in the matters where the judgments reserved are not pronounced within the period of that month.
 - (iii) On noticing that after conclusion of the arguments the judgment is not pronounced within a period of two months, the Chief Justice concerned shall draw the attention of the Bench concerned to the pending matter. The Chief Justice may also see the desirability of circulating the statement of such cases in which the judgments have not been pronounced within a period of six weeks from the date of conclusion of the arguments amongst the Judges of the High Court for their information. Such communication be conveyed as confidential and in a sealed cover.
 - (iv) Where a judgment is not pronounced within three months from the date of reserving it, any of the parties in the case is permitted to file an application in the High Court with a prayer for early judgment. Such application, as and when filed, shall be listed before the Bench concerned within two days excluding the intervening holidays.
 - (v) If the judgment, for any reason, is not pronounced within a period of six months, any of the parties of the said lis shall be entitled to move an application before the Chief Justice of the High Court with a prayer to withdraw the said case and to make it over to any other Bench for fresh arguments. It is open to the Chief Justice to grant the said prayer or to pass any other order as he deems fit in the circumstances.”

36. In the present case, however, it is not in dispute that the Petitioner did not avail this remedy as contemplated in *Anil Rai* (*supra*). No application was ever filed before the learned DRAT seeking an early pronouncement of the judgment, nor was any attempt made to approach the appropriate authority in terms of the guidelines laid down by the Hon'ble Supreme Court. Rather, it was the Respondent-Bank who filed W.P. (C) 16385/2023 before this Court, seeking expeditious disposal of the appeal pending before the learned DRAT.



37. Having consciously chosen not to invoke that remedy at the relevant time, the petitioner cannot now be permitted to contend that the delay in pronouncement, by itself, vitiates the impugned judgment. It is also evident that the petitioner was fully aware of the relevant legal position governing the issue of delayed pronouncement of judgments, yet remained supine and took no steps to seek appropriate relief while the matter was reserved for an extended period. The plea is now sought to be raised only after the impugned judgment has gone against the Petitioner.

38. A litigant who is conscious of the law is expected to be vigilant and pursue the remedies available in law, instead of remaining passive and raising such a plea at a later stage. Thus, in accordance with the aforementioned reasons, this Court is of the considered view that the plea of delay in pronouncement is wholly misconceived.

39. The Petitioners, having failed to invoke the remedies available at their disposal at the relevant time, as envisaged by *Anil Rai* (*supra*), cannot now be permitted to assail the Impugned Judgement on the ground of inordinate delay in the pronouncement of the judgment. The said contention is, therefore, rejected.

40. In respect of the export bills, this Court finds that the learned DRAT has examined the issue in considerable detail and returned clear findings that, even after the grant of extensions up to the maximum permissible period of 360 days, the amounts in respect of as many as seven export bills were not realised and that the said bills continued to remain overdue for a further period exceeding 90 days thereafter, prior to the declaration of the account as NPA on 08.09.2016, which can be referred to from the above extracted impugned judgment, specifically paragraph nos. 63 to 71.



41. In view of the aforesaid factual findings borne out of the statement of accounts placed on record by the Respondent Bank, and upon our perusal of the same, we find no infirmity in the findings of the Appellate Tribunal in treating the account of the Petitioners as NPA in accordance to the RBI guidelines.

42. Learned counsel for the Petitioners, with regard to the accounts being held NPA, contends that prior to the declaration of NPA and within the 90 days period, all accounts of the Petitioner had witnessed deposits or were within the RBI limits. However, even if the Court were to assume, for the sake of argument, the correctness of the Petitioners' contention that the other facilities, including the WCTL account, were regular, our conclusion does not differ. The **Master Circular** (*supra*) expressly mandates that asset classification is to be borrower-wise and not facility-wise, which is extracted as under:

“4.2.7 Asset Classification to be borrower--wise and not facility-wise

- i) It is difficult to envisage a situation when only one facility to a borrower/one investment in any of the securities issued by the borrower becomes a problem credit/investment and not others. Therefore, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.
- ii) If the debits arising out of devolvement of letters of credit or invoked guarantees are parked in a separate account, the balance outstanding in that account also should be treated as a part of the borrower's principal operating account for the purpose of application of prudential norms on income recognition, asset classification and provisioning.
- iii) The bills discounted under LC favouring a borrower may not be classified as a Non-performing assets (NPA), when any other facility granted to the borrower is classified as NPA. However, in case documents under LC are not accepted on presentation or the payment under the LC is not made on the due date by the LC issuing bank for any reason and the borrower does not immediately make good the amount disbursed as a result of discounting of concerned bills, the outstanding bills discounted



will immediately be classified as NPA with effect from the date when the other facilities had been classified as NPA.”

43. A plain reading of the aforesaid provision leaves no manner of doubt that where a borrower has been granted multiple facilities by a bank, irregularity in any one of such facilities would entail classification of all the facilities as NPA. Once the export bill facility of Petitioner-Company had become non-performing, the other facilities extended to the said Borrower-Company were liable to be classified as NPA, basis the said Master Circular.

44. The learned DRAT has rightly applied the aforesaid principle and has concluded that the account of the Petitioner-Company was correctly classified as NPA on account of default in realisation of the export bills. The said finding is based on proper appreciation of the material on record and a correct application of the RBI prudential norms, and does not warrant interference by this Court.

45. Another contention raised by the learned counsel for the Petitioners, insofar as the export bills are concerned, is that the learned DRAT erred in placing reliance upon seven export bills which, according to the Petitioners, neither formed part of the pleadings of the Respondent Bank nor its recorded submissions before the DRT.

46. At the outset, it is noticed that the learned DRAT has not founded its conclusions on any extraneous considerations or *dehors* material. The Impugned Judgment demonstrates that the Appellate Tribunal has examined the statements of account and documents pertaining to the export bills, which were already available on record and formed the basis of the action taken by the Respondent Bank in classifying the account as NPA. The exercise undertaken by the learned DRAT is thus one of appreciation and evaluation of the



material already placed before it, in order to determine whether the declaration of NPA was in conformity with the RBI guidelines.

47. It is equally important to bear in mind the nature and object of the learned DRT and the learned DRAT. Such fora are specialised adjudicatory bodies constituted with the avowed object of ensuring expeditious recovery of dues of banks and financial institutions, which constitute public money. The legislative intent underlying their constitution is to ensure that recovery proceedings are not thwarted by procedural wrangles and technicalities, but are decided in a manner that advances the larger public interest in maintaining the health of the economy.

48. In this context, it would be apposite to notice Section 22(1) of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, which expressly provides that the DRT and the DRAT shall not be bound by the procedure laid down by the Code of Civil Procedure, 1908, but shall be guided by the Principles of Natural Justice and shall have the power to regulate their own procedure. The statutory provision is extracted hereinunder:

“22. Procedure and powers of the Tribunal and the Appellate Tribunal.—(1) The Tribunal and the Appellate Tribunal shall not be bound the procedure laid down by the Code of Civil Procedure, 1908 (5 of 1908), but shall be guided by the principles of natural justice and, subject to the other provisions of this Act and of any rules, the Tribunal and the Appellate Tribunal shall have powers to regulate their own procedure including the places at which they shall have their sittings.”

49. Further, relevance is also placed on the decision of the Bombay High Court in *Maharashtra State Financial Corporation v. Debts Recovery Appellate Tribunal*¹⁴, wherein, after noticing the judgment of the Supreme Court in *Standard Chartered Bank v. Dharminder*

¹⁴ 2016 SCC OnLine Bom 1785



*Bhohi*¹⁵, it was similarly observed that the learned DRT and the learned DRAT are not bound by the rigid procedure prescribed under CPC and are, rather, guided by the Principles of Natural Justice. The relevant paragraph of the judgment is extracted as follows:

“16. In *Standard Chartered Bank v. Dharminder Bhohi*, 2013 (12) Scale 124, the Hon'ble Supreme Court has held that intendment of the said Act is for speedy recovery of dues to the banks. In this backdrop the Tribunals are expected to act in quite promptitude regard being had to the nature of the lis and to see to it that an ingenious litigant does not take recourse to dilatory tactics. The principal purpose is to see that the recovery of dues which is essential function of any banking institution does not get halted because of procrastinated delineation by the tribunal. It is worthy to note that the legislature by its wisdom under section 22 of the said Act has provided that DRT and DRAT shall not be bound by the procedure laid down by the Civil Procedure Code, but shall be guided by the principles of natural justice, subject to the rules framed. The tribunals have been conferred powers to regulate their own procedure, so as to expedite disposal of the applications and appeals before them. They have the character of specialized institutions with expertise and conferred jurisdiction to decide the lis in speedy manner so that the larger public interest, that is, the economy of the country does not suffer.”

50. The aforesaid exposition makes it clear that proceedings before the learned DRAT are not to be constrained by rigid or hyper-technical rules of pleadings, and that the Appellate Tribunal is entitled to examine the material placed on record in order to arrive at a just conclusion consistent with the statutory object of recovery of public money.

51. In the present case, the export bills in question formed part of the Respondent-Bank's record and were relied upon as the basis for declaring the account as NPA in terms of the RBI guidelines. The learned DRAT has merely undertaken an examination of such material and returned findings on whether the said export bills had remained

¹⁵ (2013) 15 SCC 341



overdue beyond the permissible period. The Impugned Judgment, therefore, cannot be faulted on the ground that the learned DRAT has exceeded its jurisdiction or acted contrary to law by examining the said documents while adjudicating the appeal.

52. It is relevant to note that this contention too was never raised in the original reply filed before the learned DRAT. The first reply came to be filed on 17.10.2018 and note that the contents thereof did not traverse the averments made in the grounds in detail, Instead, the response to the grounds taken in the appeal were consolidated in two paras under the heading, “*Parawise Reply to Grounds:*”, followed by generic denial in two bunches as “*i)-vii)*” and “*vii-xiv)*”. The objection now sought to be raised is not even articulated in the original response to the averments in the Appeal in respect of the seven bills.

53. The Appellant thereafter, on 18.12.2018, filed a “*Supplementary Reply Affidavit*” and there too did not specifically traverse the Grounds taken by the Bank in the Appeal. It instead, took a technical plea that the grounds/pleas taken in the Appeal had not been taken by the Bank before the DRT. A similar stand was articulated by the Appellants in the submissions filed by the DRAT on 06.05.2024.

54. At no point in time did the Appellant chose to specifically traverse the Grounds taken in the Appeal in respect of these Seven Bills. The Appellant deliberately and consciously chose not to respond specifically to the said contentions and maintained an obstinate technical stand that the said pleas could not be considered. The Appellant also preferred bald denials without any details thereof. Surely, after having maintained such a stand, the Appellant cannot now seek to foist upon the DRAT an allegation, that it has taken into



consideration, something that was not raised before the DRT.

55. When the Respondent Bank has specifically raised these contentions and the Appellant has of its own volition, chosen not to respond specifically to any of the said averments, we fail to understand how the learned DRAT can be faulted for according consideration to the same.

56. This Court is, therefore, of the considered view that the reliance placed by the learned DRAT on the seven export bills, which were already on record, does not suffer from any procedural impropriety so as to warrant the interference of this Court.

57. The Court shall now advert to the issue with regard to the period of irregularity in the accounts, specifically WCTL account, of the Petitioner-Company. The material placed on record by the Respondent Bank, including the flow details of the WCTL account, being 6427001600067901, shows that while interest was serviced up to 30.04.2016, the instalment of principal due on 06.05.2016, in the sum of ₹30,81,500/-, was not paid in full.

58. The only credit thereafter was on 16.07.2016, which, as reflected from the statement of account, was adjusted primarily towards overdue interest for the month of April 2016, and only a negligible amount of ₹1,320.17/- was appropriated towards the said principal instalment due on 06.05.2016. It is not in dispute that no further credits were made in the WCTL account thereafter.

59. However, learned counsel for the Petitioners would contend that the WCLT account was never irregular between the period 01.06.2016 - 30.09.2016, due to which the account should not have been declared NPA on 08.09.2016.

60. In this context, the Court finds that beyond stating the aforesaid



period during which the WCTL account is claimed to have been regular, the learned counsel for the Petitioners has not pleaded any material particulars explaining how such regularity was achieved or maintained. No details have been furnished as to the nature of the payments made, the specific dues outstanding as on the relevant dates, or the manner in which the alleged deposits discharged the instalments or interest that had already fallen due. In particular, there is no pleading or material to demonstrate that the instalment of principal due on 06.05.2016 was fully paid so as to cure the default and regularise the account in accordance with the RBI guidelines.

61. The mere assertion that the account was never irregular during the period 01.06.2016 to 30.09.2016, without disclosing the underlying factual basis or demonstrating compliance with the contractual and regulatory repayment obligations, cannot be accepted at face value.

62. The records do not make it apparent that the WCTL account stood regularised in accordance with the RBI prudential norms. In the absence of specific pleadings and supporting material, the Petitioners cannot be permitted to assail the classification of their account as NPA on the basis of such broad and unsubstantiated assertions. A borrower challenging an NPA declaration is required to plead and establish, with clarity and precision, how the account was regularised. That burden has not been discharged in the present case.

63. Furthermore, and as is apparent, the payment of monies in the account, in the month of July 2016, was on account of monies that were due and payable for an earlier period of time, i.e., for April 2016, meaning thereby, that the said payment could not have been taken into account for the purpose of calculation of the period of 90 days.



DECISION:

64. In view of the foregoing discussion and findings, this Court finds no merit in the present Writ Petition. The challenge laid to the Impugned Judgment passed by the learned DRAT is unsustainable, and is, accordingly rejected.

65. The present Writ Petition, along with pending application(s), if any, is dismissed.

66. No order as to costs.

ANIL KSHETARPAL, J.

HARISH VAIDYANATHAN SHANKAR, J.
JANUARY 09, 2026/her