

WEB COPY

W.P. No.22088 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 11.06.2026

PRONOUNCED ON : 22.06.2026

CORAM :

THE HONOURABLE MR.SUSHRUT ARVIND DHARMADHIKARI,  
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P. No.22088 of 2026

AND

W.M.P.Nos.23973 & 23974 of 2026

Reji Abraham  
Promoter and Erstwhile Managing Director  
of Aban Offshore Limited,  
Janpriya Crest, 113, Pantheon Road,  
Egmore, Chennai-600 008

Petitioner(s)

Vs

Punjab National Bank  
Head Office, Plot No.4, Sector 10,  
Dwarka, New Delhi-110 075  
and having a Branch at  
Zonal SASTRA Centre  
No.46-49, 4<sup>th</sup> Floor, PNB Towers,  
Royapettah, Chennai-600 014

Respondent(s)

PRAYER: Petition filed under Article 226 of the Constitution of India  
seeking issuance of a writ of certiorarified mandamus calling for the



W.P. No.22088 of 2026

entire records relating to the public Notice dated 06.06.2026 issued by the respondent for Swiss Auction, in relation to proposed transfer of the loan exposure of Aban Offshore Limited and quash the same.

For Petitioner(s): Mr. R.Sankaranarayanan  
Senior Counsel  
for Mrs.Hema Srinivasan

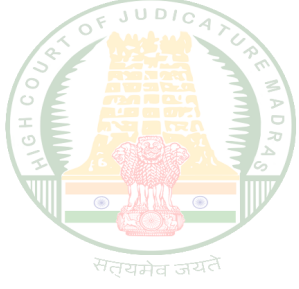
For Respondent(s): Mr. M.L.Ganesh  
and Mr.S.Arun Kumar

ORDER

G.ARUL MURUGAN, J.

The writ petition is filed challenging the public notice dated 06.06.2026 issued by the respondent bank for the proposed transfer of the loan exposure of M/s.Aban Offshore Limited through Swiss Challenge Method.

2. According to the petitioner, M/s.Aban Offshore Limited is a listed public company engaged in offshore drilling operations in India and abroad. The respondent bank had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016, as amended by the Amendment Act 31 of 2016 (hereinafter referred to as "the Code"), and an order initiating Corporate Insolvency Resolution Process (CIRP) was passed on 01.09.2025.



W.P. No.22088 of 2026

WEB COPY

3. It is stated that the petitioner is an erstwhile Managing Director of the company and in the appeal preferred by the company before the National Company Law Appellate Tribunal (NCLAT), considering the One Time Settlement (OTS) proposal submitted to the respondent, NCLAT had stayed the insolvency proceedings and the appeal is still pending.

4. It is further stated that the impugned auction would affect the consideration and viability of the settlement process. NCLAT had also, by order dated 26.09.2025, taken note of the OTS proposal submitted and considering that no effective action was taken by the respondent bank, by further order dated 21.01.2026, directed the respondent bank to place on record the memorandum containing the decision taken on the OTS proposal and also granted interim protection.

5. Without submitting the actual memorandum on record, a reply was submitted by the respondent bank rejecting the OTS proposal and now the appeal is adjourned for final hearing. While so, the respondent bank is proceeding with the impugned auction which is



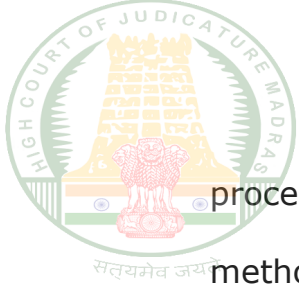
W.P. No.22088 of 2026

violative of the fundamental rights guaranteed under Articles 14, 19 and 21 of the Constitution of India.

WEB COPY

6. It is the further case of the petitioner that the respondent bank failed to comply with the provisions of the Reserve Bank of India (Commercial Banks - Resolution of Stressed Assets) Directions, 2025 and the Reserve Bank of India (Commercial Banks - Transfer and Distribution of Credit Risk) Directions, 2025, which is arbitrary and illegal. When the RBI's Directions regulate the transfer of stressed assets and require banks to follow a board-approved policy and a structured decision making process, the respondent bank had not disclosed about the policy, and particularly, when the appeal is pending before the NCLAT, the impugned auction notified by the respondent bank is illegal and unsustainable. Under these circumstances, the petitioner has come up with the present writ petition.

7. Mr.R.Sankaranarayanan, learned Senior Counsel appearing for the petitioner, submitted that when the company is prepared to settle the dues through an OTS, the respondent bank ignoring the same,



W.P. No.22088 of 2026

proceeded to transfer the loan exposure through Swiss auction method, which is in complete violation of the RBI's Directions.

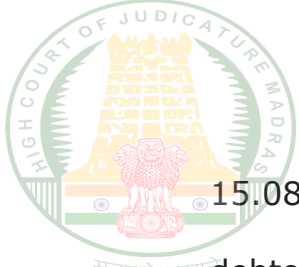
WEB COPY

8. The learned Senior Counsel further submitted that when the reserve price is fixed and put for auction, the debtor company should be allowed to match the highest bid and secure their interest. By placing reliance on Clause 12 of the RBI (Commercial Banks - Resolution of Stressed Assets) Directions, 2025, he submitted that the respondent bank shall put in place the board-approved policies while entering into compromise settlement with the borrower and follow the conditions set out therein, which the respondent bank miserably failed, and, therefore, the impugned auction notified by the respondent suffers from arbitrariness and cannot be allowed to be proceeded.

9. The learned Senior Counsel further submitted that since it is not possible for the NCLAT to adjudicate these issues in the pending appeal, the petitioner had assailed the auction notice before this Court.

10. Contending contra, Mr.M.L.Ganesh, learned counsel appearing for the respondent bank, submitted that when a huge outstanding loan of more than Rs.1,000 crores is due as on

Page 5 of 16



W.P. No.22088 of 2026

15.08.2024, in spite of affording ample opportunities, the corporate debtor has not bonafidely repaid the dues. He further submitted that the corporate debtor had come up only with proposals to repay meager amounts towards the outstanding huge loan and also not offered any outright payment in spite of bringing the properties to sale/transfer, prior to the issuance of the impugned notice.

11. Learned counsel for the respondent Bank further submitted that the claim made by the corporate debtor that the corporate debtor should be allowed to match the highest bid for settling the loan through OTS is baseless and unsustainable, in view of the specific bar contained in Section 29A of the Code. He also submitted that the impugned notice for transfer of the loan exposure through the Swiss Challenge Method has been issued strictly in accordance with the policies of the respondent bank.

12. In support of his contention, learned counsel placed reliance upon the judgment of a Division Bench of this Court in ***Sri. Devi Karumariamman Educational Trust v. Central Bank of India***, reported in ***[2020 SCC OnLine Mad 21516]***, wherein, following the



W.P. No.22088 of 2026

decision of the Hon'ble Supreme Court in **Ravi Development v. Shree Krishna Prathisthan and Others [(2009)7 SCC 462]**, it

WEB COPY

was held that adoption of the Swiss Challenge Method by a bank does not violate Article 14 of the Constitution of India. The said decision in **Sri. Devi Karumariamman Educational Trust** (cited *supra*) has been confirmed by the Hon'ble Supreme Court, by order dated 28.09.2021, in SLP (C) No.5220 of 2021.

13. Further, by placing reliance on a decision of the Hon'ble Supreme Court in the case of **Bijnor Urban Coop. Bank Ltd. v. Meenal Agarwal**, reported in **[(2023) 2 SCC 805]**, learned counsel submitted that the issue as to whether the benefit of OTS is to be granted or not should be left to the ultimate decision and commercial wisdom of the bank, whose amount is involved, and it is for the bank to take a prudent decision, having regard to the public interest and other factors involved and the borrower cannot insist the bank to enter into an OTS.

14. It was further submitted that even before the NCLAT, the corporate debtor had raised the issue relating to the OTS proposal,



W.P. No.22088 of 2026

where it has been clearly recorded in the order that the OTS proposal has been rejected by the respondent Bank and there is no further possibility of settlement and the corporate debtor has been repeatedly seeking adjournments and now attempting to parallelly prosecute the same before this Court to stall the auction.

WEB COPY

15. Learned counsel also brought to the notice of this Court that the auction process is scheduled to be held today (i.e., on the date of hearing) and the time slot for auction is fixed from 11.00 A.M. to 12.00 Noon. By the time the matter was taken up for hearing, the bidding process had already commenced, and bids have been received. It was, therefore, submitted that the auction process has been completed and the relief sought has become infructuous.

16. Heard the rival submissions and considered the materials available on record.

17. M/s.Aban Offshore Limited, a public limited company engaged in offshore drilling operations in India and abroad, had availed various credit facilities from the respondent Bank. Due to



W.P. No.22088 of 2026

defaults in repayment of the outstanding dues, the loan account of the company was classified as NPA on 02.05.2017. Following the default, the respondent bank initiated proceedings under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as "SARFAESI Act") and a notice dated 07.05.2018 under Section 13(2) of the SARFAESI Act followed by a possession notice dated 08.07.2021 under Section 13(4) of the SARFAESI Act, came to be issued and thereafter, several sale notices were also issued, which ended in failure of sale. As on 15.08.2024, the outstanding balance is stated to be Rs.1062,86,03,208.45/-.

18. Thereafter, the respondent Bank had filed an insolvency petition before NCLT, Chennai, under Section 7 of the Code. The NCLT, Chennai, by order dated 01.09.2025, admitted the insolvency petition, initiating CIRP and appointed an Interim Resolution Professional. Aggrieved by the order, the corporate debtor preferred an appeal in Company Appeal (AT)(CH)(Ins.)No.477/2025, before the NCLAT, Chennai. The order of NCLT was stayed by the Appellate Tribunal, where the respondent Bank was directed to take a decision on the OTS



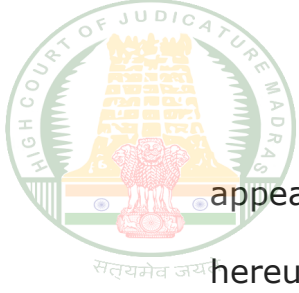
W.P. No.22088 of 2026

proposal submitted by the corporate debtor as expeditiously as possible.

WEB COPY

19. Subsequently, by order dated 21.01.2026, after recording the submissions of the counsel for the respondent bank that OTS proposal had already been rejected, the NCLAT directed the Bank to place on record the memorandum containing the decision taken on the OTS proposal. The primordial contention of the learned Senior Counsel is that when the appeal is pending, and the OTS proposal has been taken note of and the respondent bank was directed to submit the memorandum, the impugned proceedings undertaken by the respondent bank is arbitrary and cannot be sustained.

20. However, it is to be noted that, NCLAT in the order dated 27.03.2026, took note of the proceedings of the respondent bank rejecting the OTS proposal and had specifically recorded that, as on that date, there was no possibility of settlement between the parties. The Appellate Tribunal further observed that the issue relating to acceptance or rejection of the OTS proposal, no longer survives for consideration and that there was no impediment to proceed with the



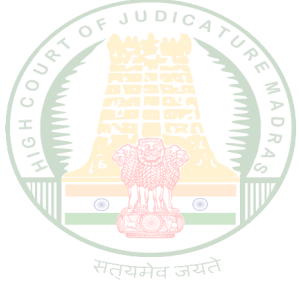
W.P. No.22088 of 2026

appeal on its merits. The relevant portion of the said order is extracted hereunder:

WEB COPY

*"Looking into the argument extended by learned counsel for the Respondent No.1, Mr. M.L. Ganesh, along with the typeset of documents, which has been filed by him including the correspondence made on 22.01.2026, as regards to turning down the OTS proposals, we are of the opinion that, as of now there is no possibility of settlement between the parties on the basis of the acceptance of the proposal. Hence, the controversy pertaining to the acceptance or rejection of the proposal is no more in subsistence, which can create any impediment in proceeding with the Appeal on merits."*

21. It is also seen from the records that the appeal was listed for hearing on 10.04.2026, but the matter was adjourned at the instance of the learned counsel appearing for the corporate debtor. Thereafter, on 02.06.2026, upon a submission made on behalf of the corporate debtor that there are certain subsequent developments which would have relevance for adjudicating the appeal on merits, the NCLAT adjourned the matter to 13.07.2026.



W.P. No.22088 of 2026

WEB COPY

22. In such circumstances, the contention of the learned Senior Counsel for the petitioner that the respondent bank should not proceed with the impugned transfer process, without first considering the OTS proposal, and that the pendency of the appeal before the NCLAT constitutes a bar to such auction, cannot be accepted. The materials on record clearly indicate that the OTS proposal had already been rejected by the respondent bank and that such rejection has been taken note of by the NCLAT and now the appeal is to be decided on its own merits with regard to the order admitting the CIRP. The appeal is not a bar from proceeding with the impugned transfer and such proceedings cannot, in any way, affect or enjoin the respondent bank from proceeding with the impugned auction.

23. As rightly contended by the learned counsel appearing for the respondent bank, though the corporate debtor had ample opportunities to repay its dues or enter into a settlement by submitting a viable proposal, it merely continued to protract the proceedings in respect of the earlier sale notices, which ultimately did not materialize. Further, Section 29A of the Code, specifically disqualifies certain

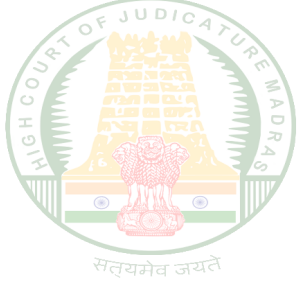


W.P. No.22088 of 2026

persons, including the erstwhile management of the corporate debtor, from participating in the resolution process. As such, the submission made that the corporate debtor should be permitted to match the highest bid received in the auction process cannot be sustained.

WEB COPY

24. Insofar as the challenge to the impugned notice proposing transfer of the loan exposure through the swiss challenge method is concerned, already the issue was considered by the Division Bench of this Court, in **Sri. Devi Karumariamman Educational Trust** (cited *supra*), wherein after placing reliance upon the judgment of the Hon'ble Supreme Court in **Ravi Development (cited supra)**, held that the adoption of swiss challenge method is not violative of Article 14 of the Constitution of India and further held that in exercise of jurisdiction under Article 226 of the Constitution of India, the Court cannot interfere with each and every decision taken by the financial institutions based on commercial consideration, unless it is arbitrary or illegal. The decision of the Division Bench in **Sri. Devi Karumariamman Educational Trust** (cited *supra*) was affirmed by the Hon'ble Supreme Court by order dated 28.09.2021 in SLP (C) No.5220 of 2021.

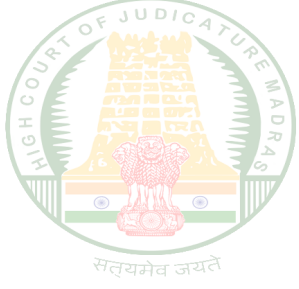


W.P. No.22088 of 2026

WEB COPY

25. Insofar as the contention of the petitioner that the respondent bank failed to follow the mandate under Clause 12 of the RBI (Commercial Banks - Resolution of Stressed Assets) Directions, 2025, is concerned, it is to be noted that the instant writ petition is not assailing the rejection of the OTS by the respondent bank. The materials placed before this Court indicate that the respondent bank considered the OTS proposal in accordance with the prevailing policy and, ultimately, rejected the same. Such rejection has also been taken note of by the NCLAT in the pending appeal proceedings.

26. When the respondent bank had proceeded with the impugned auction based on its policies and resolution, only a vague allegation is made by the corporate debtor that the auction is not proceeded with a valid board-approved policy and a consequential resolution. At this juncture, it is also relevant to note that the date and time of auction has been fixed on 11.06.2026 between 11.00 A.M. and 12.00 Noon i.e., on the date and time of hearing of the present writ petition. By this time, the bidding process had already concluded and the auction proceedings had come to an end.



W.P. No.22088 of 2026

WEB COPY

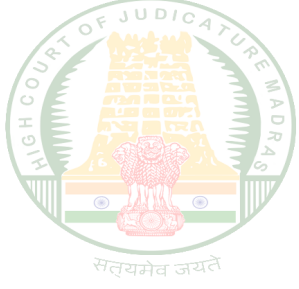
27. Given the fact that the auction has already concluded, the writ petition challenging the impugned notice dated 06.06.2026 has rendered infructuous.

28. Be that as it may, in view of the above deliberations, we find no merit in the contentions raised by the petitioner and the Writ Petition is liable to be dismissed.

29. Accordingly, the writ petition stands dismissed. There shall be no order as to costs. Connected interim applications are closed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ) (G.ARUL MURUGAN, J)  
22.06.2026

Index : Yes  
Neutral Citation : Yes  
gya



WEB COPY

W.P. No.22088 of 2026

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

gya

To  
Punjab National Bank  
Head Office, Plot No.4, Sector 10,  
Dwarka, New Delhi-110 075  
and having a Branch at  
Zonal SASTRA Centre  
No.46-49, 4<sup>th</sup> Floor, PNB Towers,  
Royapettah, Chennai-600 014

W.P. No.22088 of 2026

22.06.2026