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WP-22342-2026

IN THE HIGH COURT OF MADHYA PRADESH
AT INDORE

BEFORE

HON'BLE SHRI JUSTICE SUBODH ABHYANKAR

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HON'BLE SHRI JUSTICE JAI KUMAR PILLAI

ON THE 25th OF JUNE, 2026WRIT PETITION No. 22342 of 2026*SHRI MURLI DAS AND OTHERS AND OTHERS**Versus**UNION OF INDIA AND OTHERS*

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Appearance:

Shri Imityaz Ahmad Behna - Advocate for the petitioners.

Dr. Amit Bhatia -GA for the respondents/State.

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ORDER

Per. Justice Jai Kumar Pillai:

1. The present writ petition has been instituted under Article 226 of the Constitution of India, invoking the extraordinary writ jurisdiction of this Court. The petitioners are fundamentally aggrieved by the coercive recovery measures initiated by the respondent financial institution (Respondent No. 2) under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as the "SARFAESI Act").

2. Specifically, the petitioners seek the issuance of a writ of certiorari or any other appropriate writ to quash and set aside the ex-parte order dated 11/11/2025 passed by the Additional District Magistrate (ADM), District Dewas in Case No. 360/Anya Vividh/2025 under Section 14 of the SARFAESI Act. The petitioners further challenge the consequential possession notice dated 09/01/2026, and the



impugned auction notice which has scheduled the auction of the petitioners' residential property for tomorrow, i.e., 26/06/2026, for an alleged inflated demand of Rs. 13,60,373/-.

3. The brief facts culminating in the present litigation, as pleaded by the petitioners, are that the petitioners had availed a housing loan facility amounting to Rs. 7,50,000/- (Rupees Seven Lakh Fifty Thousand only) from Respondent No. 2. It is submitted that the petitioners were diligently and regularly paying the equated monthly installments (EMIs) towards the repayment of the said loan. However, due to the outbreak of the COVID-19 pandemic and the subsequent nationwide lockdowns, the petitioners suffered severe financial distress, which inadvertently led to defaults in the payment of a few installments.

4. Consequent to the said defaults, the respondent bank classified the petitioners' loan account as a Non-Performing Asset (NPA) and issued demand notices under Section 13(2) and subsequently under Section 13(4) of the SARFAESI Act. The respondent bank further moved an application under Section 14 of the Act, leading to an initial order for physical possession.

5. Aggrieved by the said actions, the petitioners approached the Debts Recovery Tribunal (DRT), Jabalpur, by preferring a Securitization Application registered as SA No. 388/2022. During the course of the hearing on 18/05/2022, it was brought to the notice of the Tribunal that the petitioners had already repaid approximately 75% of the total outstanding loan amount. Acknowledging the bona fides of the petitioners, the DRT passed an interim protective order dated 18/05/2022, directing the petitioners to deposit a further sum of Rs. 2,00,000/- (Rupees Two Lakh only) in a single installment. Subject to this payment, the respondent bank was expressly restrained from taking physical possession of the secured asset. It is an undisputed position on record that the petitioners, in strict compliance with the



DRT's directive, deposited a sum of Rs. 1,99,990/- with the respondent bank.

6. The grievance of the petitioners stems from the subsequent conduct of the respondent bank. It is averred that despite the protective umbrella of the DRT's order dated 18/05/2022 and the petitioners' due compliance, the respondent bank, by allegedly concealing these material facts, instituted a fresh application under Section 14 of the SARFAESI Act before the ADM, Dewas. This resulted in the impugned order dated 11/11/2025, pursuant to which the bank illegally ousted the petitioners and took physical possession of the property on 09/01/2026.

7. Upon discovering this ex-parte action, the petitioners approached the ADM to apprise the authority of the true facts and the DRT's existing stay order, but to no avail. Left remediless, the petitioners approached this Court through Writ Petition No. 2932/2026. This Court, vide order dated 06/02/2026, took a serious view of the matter, restrained the respondents from auctioning the property, and directed the petitioners to approach the DRT within seven days, with a corresponding direction to the DRT to hear the matter expeditiously.

8. In compliance, the petitioners filed an appropriate application before the DRT, Lucknow (holding charge). On 24/03/2026, the DRT directed that any action taken by the bank would be strictly subject to the final outcome of the proceedings. However, at present, the DRT at Jabalpur is non-functional due to the non-availability of the Presiding Officer. The petitioners contend that the respondent bank is exploiting this institutional vacuum by raising a fresh, illegal demand of Rs. 13,60,373/- and rushing to auction the property on 26/06/2026, effectively attempting to non-suit the petitioners while they are handicapped by the Tribunal's non-functioning.

9. Upon a prima facie perusal of the record, it is evident that the petitioners have demonstrated bona fide intent throughout the litigation. They have not only



paid a significant bulk of the principal loan but have also readily complied with the conditional stay order passed by the DRT on 18/05/2022. The respondent bank's subsequent action of approaching the ADM under Section 14, without seemingly disclosing the DRT's protective order and the petitioners' compliance, raises serious questions regarding the procedural fairness adopted by the secured creditor.

10. Considering the peculiar facts and circumstances of the case, and considering the fact that almost 75% of the outstanding loan amount has been paid by the petitioners with a further payment of Rs. 2 Lakhs as directed by the DRT dated 18/05/2022, this Court is of the considered opinion that since the matter is seized by the DRT and in absence of its physical functioning at Jabalpur, and also the fact that substantial payment has been deposited by the petitioners against the outstanding loan, this Court deems it fit to intervene. The property in question is a residential house, and allowing it to be auctioned while the petitioners' application is pending before a non-functional Tribunal would cause grave prejudice and irreparable loss to the petitioners.

11. In view of the aforesaid observations, the operation, execution, and effect of the impugned order dated 11/11/2025 passed by the Additional District Magistrate, District Dewas (M.P.) in Case No. 360/Anyavividh/2025, as well as the subsequent possession notice, are hereby stayed.

12. Consequently, the respondent bank is strictly restrained from giving effect to the impugned auction notice. The scheduled auction for 26/06/2026 is hereby stayed, and the respondents are injuncted from creating any third-party rights, alienating, or transferring the subject property in any manner whatsoever.

13. It is hereby made categorically clear that this arrangement has been done till



the physical functioning of the DRT at Jabalpur is resumed. Once the Presiding Officer is available and the Tribunal commences its physical or virtual functioning, the petitioners shall pursue their pending applications before the DRT, and the Tribunal shall proceed to adjudicate the matter strictly on its own merits and in accordance with the law, uninfluenced by any interim observations made herein.

14. With the aforesaid directions and observations, the present writ petition is allowed and disposed of.

15. All pending interlocutory applications, if any, are also stand disposed of.

(SUBODH ABHYANKAR)
JUDGE

(JAI KUMAR PILLAI)
JUDGE

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