



WEB COPY



W.P. No.22983 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 14.08.2026

CORAM :

THE HONOURABLE MR.SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P. No.22983 of 2026

AND

W.M.P.Nos.24899, 24900 & 25337 of 2026

1.B.Thirugnanam
S/o.Bradhaba Sundaram

2.Jothi
W/o.Thirugnanam

3.T.Ganavigneshwar
S/o.Thirugnanam

All are residing at Plot No.3555
LIG-II, 76th Street, 2nd Main Road
MMDA Mathur, Chennai 600 068

Petitioner(s)

Vs

The Authorised Officer
M/s.Five-Star Business Finance Limited
New No.27, Old No.4, Taylor's Road
Kilpauk, Chennai 600 010

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.22983 of 2026

records of the order in I.A.No.674/2026 (waiver) in AIR.954/2026 dated 27.05.2026 passed by the Hon'ble Debt Recovery Appellate Tribunal (DRAT) at Chennai and modify the same.

For Petitioner(s): Mr. D.Yogeswaran
(thro' video conferencing)

For Respondent(s): Mr. T.Jayakumar
Standing Counsel

ORDER

(Made by G.ARUL MURUGAN, J.)

The present writ petition has been filed assailing the order of the Debts Recovery Appellate Tribunal (DRAT) dated 27.05.2026, whereby a 25% pre-deposit of a total sum of Rs.1,15,68,133/- was imposed.

2. Learned counsel for the petitioner submitted that a notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (in short "SARFAESI Act") was issued by the respondent/financial creditor on 23.11.2024, claiming an outstanding amount of Rs.37,17,800/- as of 20.11.2024. However, after adding delayed interest of Rs.58,81,815/-, and legal charges of Rs.24,000/-, the total outstanding amount was stated as Rs.96,23,615/- as of 20.11.2024. It

Page 2 of 8



W.P. No.22983 of 2026

is further submitted that when the petitioner filed an appeal before the DRAT, the DRAT, ought to have considered this amount of Rs.37,17,800/- as outstanding amount in imposing the pre-deposit. The pre-deposit amount imposed on a sum of Rs.1,15,68,133/- is excessive and arbitrary and not in consonance with third Proviso to Section 18 of the SARFAESI Act and seeks the indulgence of this Court.

3. Learned counsel for the respondent/financial creditor submitted that including the delayed interest, the outstanding amount as on the date of issuance of demand notice under Section 13(2) of the SARFAESI Act is Rs.96,23,615/- and the present outstanding amount stood at Rs.1,15,68,133/- as had been rightly taken note of by the DRAT as pre-deposit under Section 18 of the SARFAESI Act and therefore, the order passed is perfectly justified and needs no interference.

4. Heard the rival submissions and perused the materials available on record.



W.P. No.22983 of 2026

5. It is not in dispute that the petitioners availed financial facility from the respondent/financial creditor. The loan amount since not been repaid, the account was classified as Non-Performing Asset (NPA) and proceedings were initiated under the SARFAESI Act. Admittedly, a notice under Section 13(2) of the Act was issued on 23.11.2024, followed by a possession notice under Section 13(4) dated 19.02.2025.

6. The petitioners/borrowers have challenged the Section 13(4) notice before the DRT-III, in S.A.No.205/2026, is pending. While so, the respondent/ financial creditor also filed an application under Section 14 of the SARFAESI Act before the learned Chief Judicial Magistrate, Tiruvallur, to secure possession of the secured asset. By order dated 10.02.2026, the learned Chief Judicial Magistrate, allowed the petition filed under Section 14.

7. Challenging the order passed under Section 14 of the SARFAESI Act, the petitioners/borrowers filed a Securitisation Application before the DRT in S.A.No.205/2026 before the DRT. The DRT-III, Chennai, passed a conditional order of stay directing the petitioners to deposit a sum of Rs.30,00,000/- in two instalments.

Page 4 of 8



W.P. No.22983 of 2026

Aggrieved, the petitioners have filed an appeal before the DRAT under Section 18(1) of the SARFAESI Act along with the application seeking waiver of the statutory pre-deposit.

8. The DRAT considered the waiver application and by order dated 27.05.2026, directed the petitioners to make pre-deposit of 25% on a total sum of Rs.1,15,68,133/- in two equal instalments. The DRAT while imposing the pre-deposit, had considered that the amount due as on that date was Rs.1,15,68,133/- and therefore, had imposed pre-deposit on the amount due on that date by imposing 25%.

9. The demand notice under Section 13(2) of the SARFAESI Act was issued on 23.11.2024. A perusal of the demand notice reveals that as on 20.11.2024, there was an outstanding of Rs.19,63,028/- towards principal and Rs.17,54,772/- towards interest and there was a total outstanding of Rs.37,17,800/- as on 20.11.2024. The details given in the Section 13(2) notice is extracted below:

	<i>Total Due</i>	<i>Total Paid</i>	<i>Total outstanding as of 20.11.2024</i>
Principal	22,00,000.00	2,36,972	19,63,028
Interest	24,64,000.00	7,09,228	17,54,772
Total	46,64,000.00	9,46,200	37,17,800



WEB COPY

10. Further, after giving the above details, the notice reads that along with the outstanding sum of Rs.37,17,800/- towards principal and interest, a sum of Rs.58,81,815/- was included towards delayed interest/penal interest. Additionally, legal and other charges have been included and it is stated that the total foreclosure amount as of 20.11.2024 is Rs.96,23,615/-.

11. Considering the fact that a securitisation application is pending before the Tribunal and the DRT has already passed a conditional order directing the payment of a sum of Rs.30,00,000/- towards the grant of an interim order, we are of the considered opinion that, for calculating the pre-deposit, the amount of Rs.37,17,800/- which is stated to be the loan outstanding as on 20.11.2024 towards principal and interest in the Section 13(2) notice may be taken for arriving at the 25% of the pre-deposit imposed by the DRAT, as per Third Proviso to Section 18 of the SARFAESI Act.

12. In view of the above, the writ petition stands partly allowed and the order of the DRAT dated 27.05.2026 is modified to the effect that the petitioners shall make a pre-deposit of 25% of Rs.37,17,800/-



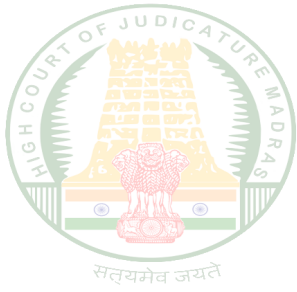
W.P. No.22983 of 2026

within a period of two weeks from today. If such a deposit is made, the DRAT shall take up the appeal and decide it on merits and in accordance with law. There shall be no order as to costs.

W.M.P.No.24899 of 2026 seeking to permit the petitioners to join together and file a single writ petition is allowed subject to the payment of the individual court fee. Connected miscellaneous petitions are closed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ) (G.ARUL MURUGAN, J)
14.08.2026

Index : Yes/No
Neutral Citation : Yes/No
gya/Jeni



WEB COPY

Case Citation: (2026) ibclaw.in 4807 HC



W.P. No.22983 of 2026

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

gya

W.P. No.22983 of 2026

14.08.2026

Page 8 of 8