2026:DHC:7469-DB

* IN THE HIGH COURT OF DELHI AT NEW DELHI

Judgment Reserved on: 12.08.2026
% *Judgment Delivered on: 03.09.2026*

\# **CNR No. DLHC010353412026**
\+ **LPA 604/2026 & CM APPL. 59747/2026, CM APPL. 53154/2026**

MS PATIL CONSTRUCTIONS AND INFRASTRUCTURE LIMITED .....Appellant

Versus

IFCI VENTURE CAPITAL FUNDS LTD. & ANR. .....Respondents

Advocates who appeared in this case

For the Appellant	:	Mr. Jayant Mehta, Sr. Adv. with Mr. Sidhika Nagrath, Mr. Jaivardhan Jeph, and Mr. Kishore Bhandari, Advs.
For the Respondents	:	Mr. Nitin Dahiya & Mr. Muzammil Ahmed, Advs. Mr. Samar Bansal, Sr. Adv with Mr. Pushkar K. Sinha, Mr. Rajat Mahi, Ms. Anshuka Saxsena and M. Vedant Kapur, Advs.

CORAM:
HON'BLE THE CHIEF JUSTICE
HON'BLE MR. JUSTICE TEJAS KARIA

JUDGMENT

TEJAS KARIA, J

CM APPL. 53153/2026

1. This is an Application filed under Order 1 Rule 10 read with Section 151 of the Code of Civil Procedure, 1908 ("**CPC**") by M/s United Traders, a

proprietorship concern ("**Auction Purchaser**") seeking impleadment in the present Appeal.

2. Having regard to the reliefs sought by the Appellant in the present Appeal, we are of the view that, in the interest of justice, the Auction Purchaser is a necessary party and ought to be heard in these proceedings. Accordingly, the Auction Purchaser is directed to be impleaded as Respondent No. 2.

3. The Application stands disposed of.

LPA 604/2026

4. The present *intra court* Appeal assails the Order dated 23.07.2026 ("**Impugned Order**") passed in W.P. 12086/2025 titled '*M/s Patil Constructions Infrastructure Ltd. vs. IFCI Venture Capital Funds Ltd.*' ("**Writ Petition**").

5. The Appellant is a company incorporated under the Companies Act, engaged in construction and infrastructure development. Respondent No. 1 is a company promoted and controlled by the Industrial Finance Corporation of India Limited, a Government of India undertaking.

6. The Appellant, *vide* agreements dated 29.09.2015 and 04.10.2017, availed loan facilities of ₹15 crores and ₹10 crores ("**Loans**"), from Respondent No. 1 against the mortgage of properties situated at Padegaon and Divanshi, Aurangabad, Maharashtra ("**Secured Assets**").

7. The accounts pertaining to the Loans, were classified as a Non-Performing Asset (NPA) on 31.07.2019 by Respondent No. 1. Thereafter, Respondent No. 1, under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI Act**"), issued a demand notice dated 25.11.2019 to

the Appellant, demanding payment of outstanding amount of the Loans amounting to ₹14,28,27,343/-.

8. Pursuant to the demand notice dated 25.11.2019, Respondent No. 1 further issued possession notices on 04.03.2021, under Section 13(4) of the SARFAESI Act for the Secured Assets, and sale notice on 29.06.2021 under Rule 8(6) of the Security Interest (Enforcement) Rules, 2002 ("**Rules**"), for an auction of the Secured Assets, scheduled for 02.08.2021.

9. In 2021, the Appellant challenged the measures taken by Respondent No. 1 for recovery of the Loans by filing S.A. No. 80/2021 ("**Securitisation Application**") under Section 17 of the SARFAESI Act, before the learned Debts Recovery Tribunal, Aurangabad ("**DRT**").

10. The learned DRT, *vide* order dated 29.07.2021, halted the auction of the Secured Assets scheduled for 02.08.2021 subject to deposit of ₹1.0 crore by the Appellant, which was deposited by the Appellant on 30.07.2021.

11. During 30.07.2021 to 30.03.2023, the Appellant submitted One-Time Settlement ("**OTS**") proposals of ₹8.00 crores and a subsequent OTS proposal of ₹11.03 crores.

12. The learned DRT *vide* order dated 22.02.2023 passed in the Securitisation Application, recorded the submission made on behalf of Respondent No. 1 that 10% of the amount of OTS proposal of ₹11.03 crores has to be deposited so that the Appellant's OTS proposal of ₹11.03 crores can be processed.

13. The learned DRT *vide* order dated 18.04.2023 passed in the Securitisation Application recorded that 10% of the amount of OTS Proposal of ₹11.03 crores is deposited.

14. In the meanwhile, Respondent No. 1, on 23.05.2025, filed a company petition bearing C.P.(IB) No. 860/2025 ("**Company Petition**") under

Section 7 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") before the learned National Company Law Tribunal, Mumbai ("**NCLT**") against the Appellant and further issued a sale notice dated 23.05.2025, by way of e-auction of the Secured Assets scheduled for 13.08.2025.

15. Aggrieved by the sale notice dated 23.05.2025, the Appellant instituted the Writ Petition, *inter alia*, praying for quashing of the sale notice dated 23.05.2025 and staying auction proceedings in respect of the Secured Assets.

16. Learned Single Judge *vide* order dated 12.08.2025 passed in the Writ Petition recorded Respondent No. 1's agreement to settle the account of the Appellant pertaining to the Loans for OTS of ₹15 crore, subject to approval of the competent authority of Respondent No. 1 and also recorded the handing over of the cheque dated 18.08.2025 for ₹9.92 crore ("**Cheque**") and further directed the Appellant to make the payment of the balance amount of ₹4.08 crore by 15.09.2025. The order dated 12.08.2025 passed in the Writ Petition directed Respondent No. 1 to verify the adjustability of ₹1 crore, while the Appellant was directed to submit a formal proposal setting out the amounts paid and the balance payable. *Vide* order dated 12.08.2025, passed in the Writ Petition, the auction proceedings in respect of the Secured Assets scheduled for 13.08.2025 were also kept in abeyance.

17. Thereafter, Respondent No. 1 issued a Letter of Approval dated 22.09.2025 ("**Letter of Approval**"), conveying its agreement to the OTS of ₹15 crore. The Letter of Approval stipulated that the Cheque would be encashed upon issuance of the Letter of Approval in terms of the order dated 12.08.2025 passed in the Writ Petition and that the balance amount would be paid within 30 days from the date of the Letter of Approval.

18. On 22.09.2025 / 23.09.2025, Respondent No. 1 presented the Cheque for encashment, however, the same was returned due to insufficient funds. Subsequently, Respondent No. 1 instituted the CONT. CAS(C) 1610/2025 titled '*IFCI Venture Capital Funds Ltd. vs M/s Patil Constructions Infrastructure Ltd.*' ("**Contempt Petition**") before the learned Single Judge of this Court.

19. The learned DRT, upon observing that the bid has been received, *vide* order dated 13.03.2026 passed in the Securitisation Application, directed Respondent No. 1 to proceed with the sale of the Secured Assets, but not to register the Sale Certificate without permission of the learned DRT. Pursuant to the said order, Respondent No. 1 accepted a bid in respect of one of the Secured Assets for a sale amount of ₹9.09 crores in favour of the successful bidder ("**Auction Purchaser**") and issued a Sale Certificate dated 06.04.2026 ("**Sale Certificate**") in respect of the Secured Asset at Padegaon, Aurangabad, Maharashtra ("**Auctioned Asset**").

20. Respondent No. 1 *vide* reply dated 21.04.2026 filed in the Company Petition, stated that the sum of ₹3.09 crores paid by the Appellant has been adjusted by Respondent No. 1 upon failure of the OTS proposal of ₹15 crores. On 15.06.2026, the Appellant made an OTS proposal of ₹15 crore to Respondent No. 1 proposing that Respondent No. 1 shall adjust the advance of ₹3.09 crore against the OTS amount and that payment of the balance ₹11.91 crores was to be made by the Appellant in two tranches namely, ₹2.00 crores was to be paid on or before 19.06.2026 and ₹9.91 crores was to be paid on or before 29.06.2026, subject to reversal of sale of the Auctioned Asset ("**Impugned Sale**").

21. The learned NCLT *vide* order dated 15.06.2026 passed in the Company Petition recorded the statement made on behalf of Respondent

No. 1 that there is no OTS which had been accepted by Respondent No. 1 and that the amount of ₹3.09 crores paid by the Appellant, has been appropriated by Respondent No. 1 towards the outstanding amount of the Loans and further permitted the Appellant to deposit ₹2.00 crores with Respondent No. 1 in a No Lien Account. Pursuant to which, the Appellant, between 16.06.2026 and 18.06.2026, made written requests to Respondent No. 1 seeking particulars of the No Lien Account.

22. On 30.06.2026, Respondent No. 1 communicated its decision to reject the OTS proposal dated 15.06.2026 to the Appellant. The learned NCLT *vide* order dated 02.07.2026 passed in the Company Petition, recorded that the Appellant had been unable to make the deposit for want of the particulars of the No Lien Account.

23. The learned Single Judge, *vide* the Impugned Order dismissed the Writ Petition observing that the Appellant misled the Writ Court and furnished the Cheque which was not good for encashment on the date it was tendered for payment. The Impugned Order further granted liberty to Respondent No. 1 to pursue a claim for damages and disposed of the Contempt Petition upon unconditional and unqualified apology tendered on behalf of the Appellant.

24. Aggrieved by the Impugned Order passed in the Writ Petition the Appellant has preferred the present Appeal.

SUBMISSIONS ON BEHALF OF THE APPELLANT

25. The following submissions were made by learned Senior Counsel on behalf of the Appellant:

25.1. The Writ Petition and the pending applications therein including the application under Section 151 CPC dated 22.05.2026 by which the Appellant tendered ₹11.91 crores and sought stay of confirmation and registration of the Sale Certificate, assailed the measures taken by Respondent No. 1 under the SARFAESI Act, *inter alia*, on grounds of non-compliance with Rules 8(5), 8(6), 9(1), 9(3) and 9(4) of the Rules, the Impugned Sale allegedly being at gross undervalue, non-adjustment of ₹3.09 crores and ₹1 crore admittedly received, and the subsistence of an OTS. However, the learned Single Judge dismissed the Writ Petition without adjudicating any substantive ground raised in the Writ Petition.

25.2. Under the express terms of the Letter of Approval, the operative date for the encashment of the Cheque was the issuance of the Letter of Approval, which took place only on 22.09.2025, more than five weeks after the Cheque had been handed over. The finding in the Impugned Order that the Cheque was not good for encashment on the date it was tendered for payment proceeds on a premise contrary to the record.

25.3. The dishonour of the Cheque was the direct consequence of the Respondent's own conduct wherein Respondent No. 1 failed to reply to the Appellant's emails dated 23.08.2025 and 20.09.2025, carry out the verification of ₹1 crore directed under order dated 12.08.2025 passed in the Writ Petition and issued the Letter of Approval after a five-week delay; and presented the Cheque within 24 hours of the Letter of Approval, without intimation, in which interregnum the Appellant had been compelled to pay approximately ₹3.37 crores under orders of the learned NCLT in the '*Omkara Assets Reconstruction*' proceedings. In these circumstances, the attribution of an intention to mislead the Court to the Appellant is unsustainable.

25.4. The learned Single Judge did not consider the order dated 12.08.2025 passed in the Writ Petition, which left the quantum payable by the Appellant expressly unascertained and cast upon Respondent No. 1 an obligation of verification, which Respondent No. 1 admittedly never discharged. The Appellant's obligation under the arrangement recorded in the order dated 12.08.2025 passed in the Writ Petition was to pay ₹9.92 crores through the Cheque and a further ₹4.08 crores, with the ₹1 crore already paid by the Appellant to be verified for adjustment against the OTS amount of ₹15 crores.

25.5. The Impugned Order itself records the admission made on behalf of Respondent No. 1 that Respondent No. 1 had obtained approval for the OTS in terms of the order dated 12.08.2025 passed in the Writ Petition. Upon such approval being granted, the sole condition to which the arrangement recorded in the order dated 12.08.2025 was subject stood satisfied, and a concluded OTS came into existence. In the alternative, if the Letter of Approval did not constitute approval of the competent authority, particularly since Respondent No. 1's own document does not annex any resolution of such competent authority, the condition precedent for presentation of the Cheque never validly arose, and the dishonour of the Cheque, which was itself presented prematurely, could not have been held against the Appellant. Accordingly, the dismissal of the Writ Petition solely on the ground of dishonour of the Cheque cannot be sustained.

25.6. The Impugned Order, while granting liberty to Respondent No. 1 to institute proceedings for damages arising from the dishonour of the Cheque, itself recognises that the appropriate remedy in respect of such dishonour lies in damages. The said dishonour could not, in addition, operate as an automatic forfeiture of the Appellant's right to be heard on the legality of the sale of the Secured Assets.

25.7. Respondent No. 1 pleaded in the Company Petition that the amount of ₹3.09 crores was retained as an advance and had not yet been adjusted. However, in its reply dated 21.04.2026 filed in the Company Petition, Respondent No. 1 disclosed that the said sum of ₹3.09 crores paid by the Appellant had been adjusted upon failure of the OTS. Respondent No. 1, therefore, treated the OTS as subsisting when retention of the amount suited it, and as having failed when appropriation of the amount suited it, notwithstanding that the alleged failure of the OTS was brought about by Respondent No. 1's own conduct.

25.8. The delay, if any, in completion of the OTS, is in no manner attributable to the Appellant, and, as held in ***E. Muthurathinasabathy v. Sri International***, (2026) 6 SCC 749, such delay "*inures to the benefit of the borrowers and operates against the finality of the sale*".

25.9. The Supreme Court in ***E. Muthurathinasabathy*** (*supra)* further approved the High Court proceeding therein to focus on the merits of the writ petition rather than resting its decision on a procedural error to nip the writ petition in the bud, holding that such an approach did align with the broader concept of justice. The learned Single Judge, however, dismissed the Writ Petition upon a solitary lapse, notwithstanding that the Appellant was prosecuting remedies before the learned DRT, the learned NCLT and this Court and had paid substantial amounts including ₹3.09 crores retained by Respondent No. 1.

25.10. The Appellant's case, therefore, stands on the same footing as that of the borrowers who were afforded protection in ***E. Muthurathinasabathy*** (*supra*). In that case, the Supreme Court observed that, "*far from attempting to derive an unfair advantage, they were, at every stage, prosecuting their remedies before DRT, DRAT and the High Court, and had already deposited substantial amounts*", and held that the singular lapse therein warranted condonation rather than the denial of adjudication on merits.

25.11. The Supreme Court in ***E. Muthurathinasabathy*** (*supra*), relying upon ***Mathew Varghese v. M. Amritha Kumar***, (2014) 5 SCC 610, reiterated that the mortgagor's right of redemption survives until the sale is completed by the mortgagee through a registered deed, and that ownership of a secured asset is a constitutional right protected under Article 300-A of the Constitution of India, 1950 ("**Constitution**").

25.12. In the present case, the Sale Certificate was issued on 06.04.2026 pursuant to the auction. However, the Sale Certificate has not yet been registered, and its registration continues to remain pending before the learned DRT.

25.13. In ***E. Muthurathinasabathy*** (*supra*), the Supreme Court observed that a transaction which proceeds in violation of the statutory timeline cannot be pressed into service to divest borrowers of their secured assets, and that a sale which remains inchoate in favour of the auction purchasers, by reason of non-compliance with the mandatory timelines prescribed under Rule 9(4) of the Rules, cannot be relied upon to defeat the borrowers' right of redemption. It is, therefore, submitted that the mortgagor's right of redemption subsists until completion of the sale by a registered instrument.

25.14. Respondent No. 1, thus, acted arbitrarily and in violation of Article 14 of the Constitution by bringing the Secured Asset to sale while the Letter of Approval for a settlement of ₹15 crores subsisted and while retaining the Appellant's sum of ₹3.09 crores without adjustment. As held in ***E. Muthurathinasabathy*** (*supra*), the *raison d'être* of proceedings under the SARFAESI Act is not the mechanical completion of a sale, but the lawful realisation of the secured asset in a fair and transparent manner, conducive to securing the best possible value while balancing the interests of all stakeholders. A refusal to receive payment, not on account of any shortfall or default attributable to the borrower but solely on the premise that third-party rights had by then been created, accentuates the disproportionate consequence sought to be visited upon the borrower.

25.15. The decisions in ***Celir LLP v. Bafna Motors (Mumbai) Pvt. Ltd.,*** (2024) 2 SCC 1, and the line of authorities following the same, are distinguishable. As explained in ***E. Muthurathinasabathy*** (*supra*), ***Celir LLP*** (*supra*) concerned a case where the entire consideration had been deposited within the prescribed timeframe, and the sale certificate had been issued and registered without any subsisting judicial interdiction operating upon the sale process. In the present case, however, the Sale Certificate remains unregistered, its completion is *sub judice* before the learned DRT, and the auction itself was conducted during the subsistence of an OTS recorded by this Court. It is also pertinent that the order dated 13.03.2026 passed in the Securitisation Application continues to operate and cannot be rendered otiose.

25.16. The combined effect of the Impugned Order is to permit Respondent No. 1 to retain ₹3.09 crores, retain the sale proceeds of the Impugned Sale, proceed against the unsold Secured Asset, and simultaneously refuse the tendered settlement of ₹15 crores with interest, thereby enabling an aggregate recovery far in excess of even its own disputed demand of ₹14,28,27,343/-. No principle of law countenances such enrichment of a State instrumentality at the expense of a borrower who has tendered the entire consideration.

25.17. The OTS proposal placed before Respondent No. 1 on 08.08.2026 contemplates adjustment of the sum of ₹9.09 crores against the OTS amount, with the balance amount being paid against the value of the unsold Secured Asset. The Appellant is also willing to pay interest at the rate of 12% per annum on the amount paid by the Auction Purchaser towards the Auctioned Asset.

25.18. In view of the above submissions, the present Appeal be allowed and Impugned Order be quashed and set aside.

SUBMISSIONS ON BEHALF OF RESPONDENT NO. 1:

26. The following submissions were made on behalf of Respondent No. 1:

26.1. In the present case, the Auctioned Asset was sold to the highest bidder, namely, the Auction Purchaser, pursuant to proceedings undertaken under the SARFAESI Act. The entire sale consideration was received within the period stipulated under Rule 9(4) of the Rules, whereupon the Impugned Sale stood confirmed and the Sale Certificate was issued in favour of the Auction Purchaser.

Respondent No. 1 cannot, after confirmation of the Impugned Sale and issuance of the Sale Certificate, be called upon to refund the amount received from the Auction Purchaser and recover the Auctioned Asset from the Auction Purchaser.

26.2. The Impugned Sale was conducted in accordance with the statutory procedure prescribed under the SARFAESI Act. In any event, a sale conducted under the SARFAESI Act is amenable to challenge before the learned DRT under Section 17 of the SARFAESI Act and, where any gross violation on the part of the secured creditor is established, such sale may be set aside in proceedings under Section 17. The question concerning the validity of the Impugned Sale is, therefore, required to be adjudicated by the learned DRT in the proceedings under the SARFAESI Act.

26.3. The Auction Purchaser deposited the entire sale consideration within the period prescribed under Rule 9 of the Rules, whereas the Appellant's OTS proposals have been rejected on six occasions. In such circumstances, no further indulgence can be granted to the Appellant in respect of the Auctioned Asset, which already stands sold pursuant to the auction. The Auction Purchaser, having duly complied with the requirements of Rule 9 of the Rules, has acquired vested rights in respect of the Auctioned Asset, which cannot be displaced merely to accommodate a subsequent OTS proposal made by the Appellant.

26.4. The Cheque issued by the Appellant towards the OTS proposal, as recorded in the order dated 12.08.2025 passed in the Writ Petition, was also dishonoured. Insofar as the unsold Secured Asset, valued at approximately ₹7 crores, is concerned, Respondent No. 1 is willing to consider an OTS proposal. However, as regards the amount of ₹9.09 crores, the entire sale consideration has already been received pursuant to the Impugned Sale. The sanctity of the Impugned Sale cannot be disturbed on the basis of a subsequent OTS proposal made by the Appellant.

26.5. It was, therefore, submitted that the present Appeal is devoid of merit and is liable to be dismissed.

SUBMISSIONS ON BEHALF OF THE AUCTION PURCHASER:

27. The following submissions were made by learned Senior Counsel on behalf of the Auction Purchaser:

27.1. The Writ Petition was confined to seeking a direction restraining Respondent No. 1 from proceeding with the auction scheduled on 13.08.2025 pursuant to the sale notice dated 23.05.2025. The Auction Purchaser was admittedly not a party to the Writ Petition. The relief now sought by the Appellant, insofar as it seeks to undo the Impugned Sale, would have the effect of reopening a sale which already stands completed upon receipt of the entire sale consideration and issuance of the Sale Certificate. The proceedings in the present Appeal cannot be permitted to travel beyond the scope of the reliefs sought in the Writ Petition. The prayer in the Writ Petition was directed against the auction proceedings, and insofar as the property sold for ₹9.09 crores is concerned, the Impugned Sale having already taken place, the issue sought to be raised in respect thereof does not survive for consideration in the present Appeal. Rule 9(2) of the Rules creates a vested right in favour of the auction purchaser.

27.2. Accordingly, the Appellant's repeated OTS proposals could not furnish any basis for disturbing the rights accrued in favour of the

Auction Purchaser. Respondent No. 1 had already proceeded with the sale, and the Auction Purchaser had paid the entire sale consideration. Any OTS which the Appellant may seek to arrive at with Respondent No. 1 would, therefore, remain a matter inter se between the Appellant and Respondent No. 1 and could not, by itself, affect the rights arising from the Impugned Sale.

27.3. The decision of the Supreme Court in ***E. Muthurathinasabathy*** (*supra*) is distinguishable on facts. In ***E. Muthurathinasabathy*** (*supra*), only 25% of the sale consideration had initially been deposited, and the balance 75% could not be deposited on account of an intervening restraining order. In the present case, the Auction Purchaser deposited the entire sale consideration within the period stipulated under Rule 9(4) of the Rules. Therefore, ***E. Muthurathinasabathy*** (*supra*) cannot be applied to the present case, where the only pending step is registration of the Sale Certificate, subject to permission of the learned DRT. The question of registration of the Sale Certificate is distinct from the completion and confirmation of the Impugned Sale and cannot be relied upon to contend that the Impugned Sale had not attained finality. The Appellant's reliance on the fact that the Sale Certificate has not yet been registered does not alter the position that the Impugned Sale stood completed.

27.4. The decision of the Supreme Court in ***Bafna*** (*supra*) arose in circumstances where the auction purchaser had acted in accordance with the statutory requirements and had deposited the entire sale consideration within the prescribed period. The said decision is, therefore, squarely applicable to the facts of the present case. The

Auction Purchaser, having complied with the statutory requirements, ought not to be deprived of the benefit of the Impugned Sale on account of disputes between the Appellant and Respondent No. 1.

ANALYSIS AND FINDINGS

28. We have heard learned Counsel appearing for the parties and have perused the material placed on record.

29. The principal issue that arises for consideration in the present Appeal is whether the Writ Petition could have been dismissed on the ground that the Cheques handed over by the Appellant, pursuant to which the Impugned Auction was kept in abeyance, were dishonoured on account of insufficiency of funds on the date on which they were presented for payment and, consequently, whether the Appellant, having misled the Court by tendering cheques which were not good for encashment, was disentitled to any relief.

30. The Appellant has sought to justify the dishonour of the cheques on the ground that the same was a direct consequence of the conduct of Respondent No. 1, who failed to respond to the Appellant’s emails dated 23.08.2025 and 20.09.2025, failed to undertake the verification of ₹1 crore as directed by the order dated 12.08.2025 passed in the Writ Petition, issued the Letter of Approval after a delay of five weeks, and presented the Cheque for encashment within 24 hours of issuance of the Letter of Approval without any prior intimation. It is further submitted that, during the intervening period, the Appellant had been compelled to pay approximately ₹3.37 crores pursuant to orders passed by the learned NCLT. In these circumstances, the Appellant contends that the attribution of any intention to mislead the Court was wholly unsustainable.

31. The Appellant has further contended that the Impugned Sale has not attained finality, as the registration of the Sale Certificate remains subject to

the permission of the learned DRT in view of the order dated 13.03.2026 passed by the learned DRT in the Securitisation Application and, therefore, the Appellant has the right of redemption upon payment of the OTS consideration.

32. *Per contra*, it is contended on behalf of Respondent No. 1 that the Impugned Sale stood completed upon the Auction Purchaser depositing the entire sale consideration within the period stipulated under the Rules. It is further submitted by Respondent No. 1 that registration of the Sale Certificate is merely a ministerial act and does not detract from the completion of the Impugned Sale or from the rights that have accrued in favour of the Auction Purchaser. Respondent No. 1 also contended that any challenge to the validity of the Impugned Sale is required to be adjudicated in proceedings under Section 17 of the SARFAESI Act and cannot be determined in the present Appeal.

33. The learned DRT *vide* order dated 13.03.2026 passed in Securitisation Application specifically permitted Respondent No. 1 to proceed with the sale of the Secured Assets, while directing that the Sale Certificate shall not be registered without the permission of the learned DRT. Accordingly, the Auction Purchaser's bid in respect of the Auctioned Asset was accepted for a sale consideration of ₹9.09 crores and the Sale Certificate dated 06.04.2026 was issued.

34. The Appellant has placed reliance upon the decision of the Supreme Court in ***E. Muthurathinasabathy*** (*supra*) in support of the borrower's right of redemption. However, we are of the considered view that the said decision does not advance the case of the Appellant, as the facts therein are materially distinguishable. In that case, the secured creditor had issued a demand notice under Section 13(2) of the SARFAESI Act, calling upon the

borrower to discharge the outstanding liability. Upon the borrower's failure to do so, the secured creditor took symbolic possession of the secured asset under Section 13(4) of the SARFAESI Act and thereafter issued a sale notice under Rule 8(6) of the Rules, fixing the date of e-auction. Pursuant to the e-auction, the auction purchaser deposited 25% of the bid amount on the date of the auction. In the interregnum, the High Court, by a restraining order, directed that no further steps be taken until disposal of the securitisation application, while permitting the respondent-bank to accept the balance sale consideration from the auction purchaser. Further, only 25% of the sale consideration had been deposited by the auction purchaser on the date of the auction, whereas the balance sale consideration was deposited nearly fifteen months thereafter.

35. In the aforesaid factual backdrop, the Supreme Court in ***E. Muthurathinasabathy*** (*supra*) examined the issue as to whether the borrower's right of redemption survives after the issuance and registration of a sale certificate under the SARFAESI Act. Learned Senior Counsel for the Appellant sought to draw an analogy between the restraining order passed by the High Court in ***E. Muthurathinasabathy*** (*supra*) and the order dated 13.03.2026 passed by the learned DRT in the present case to submit that, much like the restraining order considered in ***E. Muthurathinasabathy*** (*supra*), the order dated 13.03.2026 passed by the learned DRT in the Securitisation Application permitted Respondent No. 1 to proceed with the sale proceedings subject to the final adjudication of the Securitisation Application, while further directing that the Sale Certificate shall not be registered without the permission of the learned DRT.

36. Learned Senior Counsel appearing for the Auction Purchaser, submitted that the Auction Purchaser has made the entire payment within the

statutory period of fifteen days and submitted that the principle laid down in ***Bafna*** (*supra*) would apply where the entire consideration had been deposited within the prescribed time-frame and the sale had attained statutory finality.

37. Having considered the aforesaid submissions, we are of the view that the principle emerging from ***E. Muthurathinasabathy*** (*supra*) must be appreciated in the factual context of that case, where the sale had not been completed within the statutory framework prescribed under Rule 9(4) of the Rules. In the present case, however, the entire sale consideration was deposited by the Auction Purchaser within the period stipulated under Rule 9(4) of the Rules, and the Sale Certificate was issued thereafter. We are, therefore, of the view that the mere pendency of registration of the Sale Certificate does not, by itself, render the Impugned Sale incomplete, nor can it be treated as equivalent to non-completion of the sale.

38. The learned DRT, *vide* order dated 13.03.2026 passed in the Securitisation Application, expressly permitted Respondent No. 1 to proceed further with the sale proceedings and made only the registration of the Sale Certificate subject to the permission of the learned DRT. The expression "*subject to the final decision*", as employed in the said order, merely renders the Impugned Sale subject to the final outcome of the Securitisation Application and preserves the rights and contentions of the parties therein. It does not, by itself, affect either the validity or the completion of the Impugned Sale.

39. Thus, the order dated 13.03.2026 passed by the learned DRT in the Securitisation Application was confined to the registration of the Sale Certificate and did not operate as a restraint upon Respondent No. 1 from proceeding with the sale of the Secured Assets or from accepting the sale

consideration from the Auction Purchaser. In any event, the said issue does not arise for our consideration in the present Appeal as the Securitisation Application is still pending before the learned DRT, which is empowered to pass appropriate directions pursuant to order dated 13.03.2026.

40. We, therefore, find merit in the submissions advanced on behalf of Respondents that the decision in ***E. Muthurathinasabathy*** (*supra*) is materially distinguishable on facts from the present case and does not give right to the Appellant to assail the Impugned Order in the present Appeal.

41. The order dated 12.08.2025 passed by the learned Single Judge in the Writ Petition wherein Respondent No. 1's agreement to an OTS of ₹15 crores was recorded, subject to approval of the competent authority of Respondent No. 1, also does not assist the Appellant. The Letter of Approval conveyed Respondent No. 1's agreement to the OTS, but the cheque handed over pursuant thereto was subsequently dishonoured and the amount contemplated under the OTS for ₹15 crores was not paid by the Appellant. Thereafter, the Appellant itself made a fresh OTS proposal dated 15.06.2026, which was rejected by Respondent No. 1 on 30.06.2026. In these circumstances, the Appellant cannot proceed on the basis that any OTS continued to govern the parties when the Impugned Sale was undertaken.

42. As the Auction Purchaser has paid the entire sale consideration and has been issued a Sale Certificate, the Appellant now cannot seek to undo the already completed Impugned Sale to give effect to the Appellant's OTS proposal. The Appellant's stated willingness to pay the amount contemplated under the OTS proposals appears to be an afterthought. Despite having made oral submissions before this Court expressing readiness and willingness to abide by its own offer under the OTS proposal, the Appellant failed to demonstrate its *bona fides* by producing or tendering

a Demand Draft for the amount which, according to the Appellant itself, was payable under the said OTS proposal. Such conduct does not inspire confidence and cannot furnish a basis for unsettling the Impugned Sale in respect of which the Auction Purchaser has already deposited the entire sale consideration and a Sale Certificate has been issued.

43. In the aforesaid circumstances, we are of the considered view that the learned Single Judge rightly dismissed the Writ Petition on the ground that the Appellant had misled the Court by tendering a cheque which was dishonoured when presented. Such a conduct on the part of the Appellant was clearly contumacious in nature. However, having regard to the unconditional and unqualified apology tendered on behalf of the Appellant, the learned Single Judge adopted a lenient view by taking the apology on record and cautioning the Appellant against repeating such conduct in future. We find no infirmity in the said approach. We also concur with the observation of the learned Single Judge granting liberty to Respondent No. 1 to institute appropriate proceedings, including a suit for damages, for recovery of any loss that may have been occasioned on account of the misrepresentations by the Appellant.

44. In view of the foregoing analysis, we are of the considered opinion that the present Appeal constitutes a gross abuse of the process of law. The Appellant has failed to demonstrate any legal infirmity in the Impugned Order that would warrant interference by this Court in the present Appeal. Accordingly, the present Appeal is devoid of merit and deserves to be dismissed.

45. We, however, clarify that the observations made in the present Judgment are confined to the issues arising for consideration in the present Appeal and shall not prejudice or affect the adjudication of S.A. No.

80/2021 pending before the learned Debts Recovery Tribunal, Aurangabad, or any other proceedings between the parties. All such proceedings shall be considered and decided independently, in accordance with law and on their own merits, uninfluenced by any observations made hereinabove.

46. The Appeal is, accordingly, dismissed. All pending applications, if any, stand disposed of in the aforesaid terms. There shall be no order as to costs.

TEJAS KARIA, J

DEVENDRA KUMAR UPADHYAYA, CJ

SEPTEMBER 3, 2026
Hk