



W.P.No.28382 of 2022

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 13.07.2026

CORAM :

THE HONOURABLE MR.SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.No.28382 of 2022

AND

W.M.P.No.27688 of 2022

1.M.A.Amul
W/o.Srinivasan Palani
Door No.32, Flat S2, SS Flats
Om Sakthi Street, Ayyappa Nagar
Ayapakkam, Ambattur
Chennai- 600 077

2.Srinivasan Palani
Door No.32, Flat S2, SS Flats
Om Sakthi Street, Ayyappa Nagar
Ayapakkam, Ambattur
Chennai- 600 077

Petitioner(s)

Vs

1.State Bank of India
Rep by Authorized Officer
ARMB, Chennai No.44 Eldams Road
1st Floor, Teynampet, Chennai- 600 018

2.The Member Secretary
Chennai Metropolitan Development
Authority (CMDA)
Thalamuthu Natarajan Maaligai
No.1, Gandhi Irwin Road, Egmore
Chennai - 600008



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3.The Commissioner
Villivakkam Panchayat Union Office
Ambattur, Chennai - 600053

4.The Commissioner
Greater Chennai Corporation
Ripon Building Campus
Chennai – 600003

(RR2 to 4 impleaded *vide* order dt.16.08.2023
made in WP.28382/2022 by CJ & PDAJ)

5.Mrs.D.Antonet Vimala
W/o.Mr.T.Karthikeyan
Plot No.12/33, Sankarapuram 3rd St.
Choolaimedu, Chennai 94.

(R5 impleaded *vide* order dt. 19.01.2024 made in
WMP.35535/2023 in WP.28382/2022 by CJ & DBCJ)

Respondent(s)

PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of mandamus directing the respondent Bank to cancel the sale that took place pursuant to e-auction on 26.04.2019 and all further actions taken by the respondent bank and to return the monies paid by the petitioners to the respondent bank for the purchase of the property along with interest and compensation.

For Petitioner(s): Mr. B.Raghupathy

For Respondent(s): Mr. N.Kishore Kumar for R1
Mr. R.Thamarai Selvan
Standing Counsel for R2
No Appearance for R3
Mr. A.Arun Babu
Standing Counsel for R4
R5 (Left)



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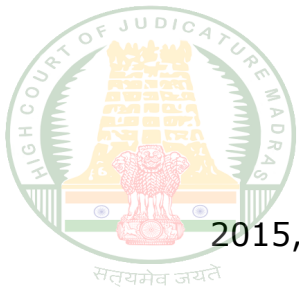
ORDER

(Made by G.ARUL MURUGAN, J.)

The present writ petition has been filed seeking a direction to the respondent Bank to cancel the sale conducted pursuant to the e-auction on 26.04.2019 and to return the money paid by the petitioners along with interest and compensation.

2. It is the case of the petitioners that the first petitioner was the successful bidder in the e-auction conducted by the respondent bank on 26.04.2019, pursuant to which the petitioners purchased a flat bearing No.S2, Second Floor, measuring 725 sq.ft. along with car parking in the apartment named 'SS Flats'. An initial amount of Rs.6,50,000/- was paid towards the said purchase. Subsequently, the petitioners were jointly sanctioned loan by the respondent bank to the tune of Rs.17,00,000/- which was utilised towards the payment of the balance consideration. Thereafter, possession of the flat was handed over to the petitioners in June 2019 and the Sale Certificate was duly registered in favour of the first petitioner on 17.10.2019.

3. Later, the petitioners came to know that there were certain deviations in the property and the local authority had, even in the year



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2015, issued a notice to rectify the deviations. The Town Panchayat had also issued a demolition notice for the setback violations and since the same was not disclosed in the sale notice, the petitioners have come up with the present writ petition seeking cancellation of the sale and return of the money paid.

4. Learned counsel for the petitioners submitted that when the respondent bank had not disclosed the proceedings initiated by the local authority for setback violations, the sale is vitiated in view of Rule 8(7) of the Security Interest (Enforcement) Rules, 2002, (in short "SARFAESI Rules") and the respondent bank was bound to return the money paid by the petitioners. The petitioners had paid their hard-earned money and the respondent bank, knowing about the action initiated by the local authority regarding the setback violations, ought not to have sold the property.

5. Per contra, learned counsel appearing for the respondent bank submitted that since the borrower defaulted in the repayment of the loan, proceedings were initiated under the SARFAESI Act and the property was subsequently sold on an 'as is where is' and 'as is what is' basis. There is no dispute regarding title of the property. Upon

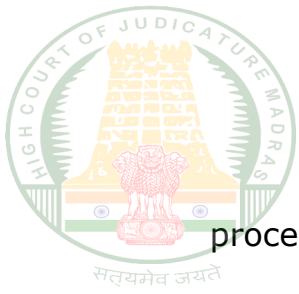


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purchase, the sale deed was registered in favour of the petitioners, who were put in possession and they are in enjoyment of the property for the past seven years. However, the present writ petition was filed after three years. He further submitted that despite after initiating proceedings as owners against the local authority challenging the notices issued, the petitioners have now approached this Court seeking refund.

6. Heard the submissions and considered the materials available on record.

7. The respondent bank initiated SARFAESI proceedings in respect of the property due to the default in the repayment of loan dues by the borrower. Pursuant to the sale notice, the petitioners became the successful bidders in the e-auction held on 26.04.2019. The petitioners purchased the property for Rs.22,25,000/- and have paid the entire sale consideration. Consequently, the sale deed was registered in favour of the petitioners on 17.10.2019, and they were put in physical possession of the property. Even as per the averments, they were sanctioned loan amount of Rs.17,00,000/- towards part sale consideration. On the ground that the local authority had initiated

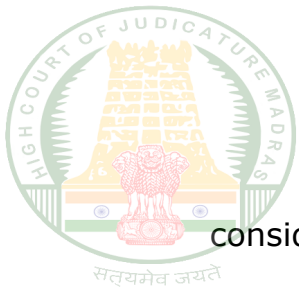


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proceedings in respect of some setback violations in the building, the petitioners have approached this Court by way of the present writ petition.

8. It is to be noted that in respect of the proceedings initiated by the local authority dated 19.01.2021, regarding setback violations, the petitioners, as owners of the property, had already taken remedial measures. When the property was sold as early as in the year 2019 and the petitioners were put in possession of the property, and in fact, as owners they have also initiated proceedings against the local authority regarding setback violations, the subsequent claim now made by the petitioners seeking to cancel the sale and refund the purchase money cannot be sustained.

9. The decision relied upon by the learned counsel for the petitioners in the case of ***D.Karthikeyan v. The Chairman, Indian Bank and Another (W.P.No.35513 of 2019 decided on 07.06.2023)*** does not enure to the benefit of the petitioners, as in the said case, even after the sale, the bank was unable to hand over the possession of the property for nearly 11 years. In such circumstances, this Court had directed to refund the sale



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consideration.

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10. However, in the instant case, after the entire sale consideration was paid, sale deed was registered even in the year 2019 and the petitioners were duly put in possession and they are in enjoyment of the property. If at all, the petitioners are aggrieved as against the respondent bank, due to the proceedings initiated regarding setback violation in respect of a portion of the building, it is open to them to approach the appropriate civil Court seeking damages towards loss.

11. Accordingly, the writ petition stands dismissed, leaving it open to the petitioners to approach the competent civil Court regarding any loss, if so advised. There shall be no order as to costs. Connected interim application stands closed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ) (G.ARUL MURUGAN, J)
13.07.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

gya

To

1.The Authorized Officer
State Bank of India
ARMB, Chennai No.44 Eldams Road
1st Floor, Teynampet, Chennai- 600 018

2.The Member Secretary
Chennai Metropolitan Development Authority (CMDA)
Thalamuthu Natarajan Maaligai
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