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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision: 09.07.2026

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LPA 273/2026 & CM APPLs. 24945-47/2026**DELHI DEVELOPMENT AUTHORITY**

.....Appellant

Through: Mr. Tushar Sannu, Mr. Priyankar
Tiwary and Ms. Pulak Gupta Joshi,
Advocates.

Versus

M/S 2ND COMPUTERS

.....Respondent

Through: Mr. Ravi Data, Mr. Rajesh Sharma
and Mr. Karan Mehta, Advocates.**CORAM:****HON'BLE THE CHIEF JUSTICE****HON'BLE MR. JUSTICE TEJAS KARIA****TEJAS KARIA, J. (ORAL)**

1. The present Letters Patent Appeal assails the order dated 14.01.2026 (“**Impugned Order**”) passed by the learned Single Judge in W.P.(C) 2754/2021 (“**Writ Petition**”).

2. The brief factual matrix leading to the filing of the present Appeal is as under:

2.1. The Appellant issued an online tender/e-auction (“**Auction**”) for the allotment, on a freehold basis, of built-up property bearing Unit No. 23, Ground Floor, District Centre, Laxmi Nagar, Delhi (“**Subject Property**”), at a reserve price of ₹61,21,460/- (“**Reserve Price**”).



- 2.2. The Respondent participated in the Auction and was declared the highest bidder for an amount of ₹1,01,50,460/-. Thereafter, the Appellant issued the Letter of Intent dated 03.09.2019 (“**LOI**”) in favour of the Respondent. Pursuant to the LOI, the Respondent deposited 25% of the bid amount, amounting to ₹25,37,615/-.
- 2.3. Pursuant to the Demand Letter dated 22.10.2019 (“**Demand Letter**”) issued by the Appellant, the Respondent deposited the balance consideration along with processing fees and GST, aggregating to ₹1,02,64,469/-.
- 2.4. Subsequently, on 24.12.2019, the Appellant received a complaint stating that the Laxmi Nagar District Centre ought to have been classified under Circle Rate Category ‘D’, instead of Category ‘F’, which had been adopted by the Appellant while determining the Reserve Price of the Subject Property. In view of the alleged discrepancy in the fixation of the Reserve Price, the Appellant cancelled the allotment of the Subject Property in favour of the Respondent on 25.12.2020.
- 2.5. *Vide* Cancellation Letter dated 18.01.2021 (“**Cancellation Letter**”), the Appellant communicated the cancellation of the allotment to the Respondent and requested the Respondent to apply for refund of the amount deposited (“**Deposited Amount**”) by furnishing the requisite bank details and supporting documents to enable the Appellant to process the



refund. The relevant extract of the Cancellation Letter is reproduced hereinbelow:

“This is in reference with the unit allotted to you through E-auction held on 29.07.2019. In this regard , it is to state that due to some administrative reasons the Competent Authorities have cancelled the above allotment & approved the refund of the amount deposited by you.

Therefore, it is highly regretted to inform you that the unit allotted to you / has been cancelled. You are hereby, requested to apply for the refund alongwith all the payment details, bank details such as Bank Account No., IFSC code etc. and a cancelled cheque so that the amount deposited by you may be refunded at the earliest.”

2.6. Being aggrieved by the Cancellation Letter, the Respondent instituted the Writ Petition, seeking quashing of the Cancellation Letter and issuance of directions to the Appellant to hand over possession of the Subject Property and execute the conveyance deed in favour of the Respondent.

2.7. The learned Single Judge disposed of the Writ Petition, *inter alia*, observing as under:

“22. For the said reasons, the amount paid by the petitioner shall be returned by the respondent along with the interest at the rate of 18% p.a. for 90 days from the date of deposit and thereafter at the rate of 25% p.a. till the date of payment, within 4 weeks from today.

23. In case, the respondent fails to comply with the directions passed in this order, the petitioner will be at liberty to revive the petition.

24. The writ petition is disposed of in the above terms.”



3. It is the case of the Appellant that, by way of the Cancellation Letter, the Respondent was called upon to furnish its bank account details, IFSC particulars and a cancelled cheque to facilitate refund of the Deposited Amount. However, the Respondent failed to furnish the requisite bank details and, instead, assailed the Cancellation Letter by filing the Writ Petition seeking possession of the Subject Property. It is contended on behalf of the Appellant that, in the absence of the requisite bank details and supporting documents from the Respondent, the Appellant was unable to process the refund of the Deposited Amount.

4. Learned Counsel for the Appellant further submitted that the Appellant could, at the highest, be held liable to pay interest at the rate of 18% per annum on the refund of the Deposited Amount, being the rate contemplated under the terms and conditions of the Auction (**“Auction Terms”**), and that too only for a maximum period of 180 days. It was further contended that the award of interest beyond the period of 180 days, as directed by the learned Single Judge, is punitive in nature, imposes an undue burden on the public exchequer and that, in the facts of the present case, the interest of the public exchequer ought to prevail over the private interest of the Respondent.

5. *Per contra*, learned Counsel for the Respondent submitted that the Appellant retained the Deposited Amount for several years despite having cancelled the allotment of the Subject Property on account of its own administrative error. It was further submitted that the Respondent was deprived of the use and benefit of the Deposited Amount without any fault



on its part and, therefore, is entitled to be compensated by way of interest at the rate of 18% per annum for the period during which the Appellant continued to retain the Deposited Amount.

6. We have heard learned Counsel for the Parties and perused the material placed on record.

7. The controversy arising in the present Appeal is confined to the rate of interest payable on the Deposited Amount after the Appellant cancelled the allotment of the Subject Property in favour of the Respondent. It is not in dispute that the Respondent deposited the entire consideration amount within the time stipulated in the Demand Letter. It is also not in dispute that the cancellation of the allotment was occasioned by the Appellant's own administrative error in fixation of the Reserve Price and was not attributable to any default on the part of the Respondent. Upon cancellation of the allotment, *vide* the Cancellation Letter, the Deposited Amount continued to remain with the Appellant.

8. Clause 8 of the Auction Terms stipulates that where a successful bidder seeks extension of time for payment of the balance consideration, the Competent Authority may grant such extension subject to payment of interest at the rate of 18% per annum where the delay does not exceed ninety days and 25% per annum where the delay exceeds ninety days, subject to the conditions specified therein.

9. In the present case, once the Appellant decided to cancel the allotment of the Subject Property on account of its own administrative error, it was incumbent upon the Appellant to ensure that the Deposited Amount was



refunded to the Respondent within a reasonable period. Even if the Appellant was unable to process the refund in absence of bank account details not provided by the Respondent, upon institution of the Writ Petition by the Respondent, the Appellant ought to have taken appropriate steps, which could have included depositing the Deposited Amount before this Court in an interest-bearing account, instead of continuing to retain the Deposited Amount without taking any action. Admittedly, the Deposited Amount could not have been legally retained once allotment was cancelled by the Appellant.

10. In the aforesaid circumstances, the Appellant is liable to compensate the Respondent by refunding the Deposited Amount along with interest. With respect to the applicable rate of interest, Clause 8 of the Auction Terms provides an appropriate benchmark for determining the rate of interest payable for the period during which the Appellant retained the Deposited Amount after cancellation of the allotment of the Subject Property.

11. The submission advanced on behalf of the Appellant that interest ought to be computed only for a maximum period of 180 days in terms of Clause 8 of the Auction Terms is devoid of merit. The said period of 180 days is prescribed in the context of the maximum extension permissible for payment by a successful bidder and has no application to the facts of the present case. In the present matter, the Deposited Amount was required to be refunded by the Appellant to the Respondent immediately upon cancellation of the allotment of the Subject Property.



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12. Accordingly, we find no ground warranting interference with the Impugned Order. In view of the aforesaid, the present Appeal is dismissed. The pending Applications, if any, also stand disposed of. There shall be no order as to costs.

TEJAS KARIA, J

DEVENDRA KUMAR UPADHYAYA, CJ

JULY 9, 2026

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