

**THE HON'BLE SRI JUSTICE RAMESH RANGANATHAN
AND
THE HON'BLE SRI JUSTICE M.SATYANARAYANA MURTHY**

CONTEMPT CASE No.2039 of 2014

ORDER: (per Hon'ble Sri Justice Ramesh Ranganathan)

This Contempt Case is filed to punish the respondents for wilful and deliberate violation of the order passed in W.P.No.7311 of 2014 dated 19.06.2014.

The petitioner herein is the borrower. On the ground that he had defaulted in payment of the amounts due, the second respondent – Bank issued an e-auction notice dated 14.02.2013 after initiating proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (for short, 'Sarfaesi Act, 2002'). By its order, in S.A.No.259 of 2013 dated 28.01.2014, the Debt Recovery Tribunal (DRT) set aside the e-auction notice dated 14.02.2013 holding that the second respondent – Bank had not acted properly in conducting an e-auction of schedule property, and had not followed the procedure prescribed under Rule 8(6) of the Security Interest (Enforcement) Rules, 2002 (for short, 'the Rules'). Aggrieved thereby, the auction purchaser invoked the jurisdiction of this Court by way of W.P.No.7311 of 2014 contending that he was not afforded a reasonable opportunity of being heard by the DRT before it passed the order in S.A.No.259 of 2013 dated 28.01.2014. A Division Bench of this Court, by its order in W.P.No.7311 of 2014 dated 19.06.2014, set aside the order passed by the DRT, in S.A.No.259 of 2013 dated 28.01.2014, and remanded the matter back to the DRT to implead the writ petitioner as a party in the S.A, and decide it after affording a reasonable opportunity of hearing to all the parties as expeditiously as possible preferably within a period of three months from the date of receipt of a copy of the order.

While matters stood thus, the second respondent – Bank is

said to have executed a sale deed in favour of the auction purchaser on 22.08.2014. Sri P.Vishnuvardhan Reddy, Learned Counsel for the petitioner, would contend that as the order of the DRT, in S.A.No.259 of 2013 dated 28.01.2014, was set aside only on the ground of violation of principles of natural justice, the second respondent – Bank could not have proceeded pursuant to the e-auction notice dated 14.02.2013 which was earlier held illegal by the DRT in its order in S.A.No.259 of 2013 dated 28.01.2014.

As a consequence of the order passed by this Court, in W.P.No.7311 of 2014 dated 19.06.2014, the order passed by the DRT, in S.A.No.259 of 2013 dated 28.01.2014, ceases to remain in existence, and thereby e-auction notice dated 14.02.2013 continues to remain in force. The action of the second respondent – Bank, in executing the registered sale deed on 22.08.2014 in favour of the auction purchaser, cannot be said to have been taken in violation of the order passed by this Court in W.P.No.7311 of 2014 dated 19.06.2014, much less willfully and deliberately. We see no reason, therefore, to proceed against the respondents under the Contempt of Courts Act. We, however, make it clear that we have not expressed any opinion on the merits of the dispute in S.A.No.259 of 2013.

The Contempt Case is, accordingly, closed. Miscellaneous petitions pending, if any, shall also stand dismissed.

RAMESH RANGANATHAN, J

M.SATYANARAYANA MURTHY, J

Date:28.01.2015
Usd

