THE HON'BLE SRI JUSTICE SANJAY KUMAR
AND
THE HON'BLE SRI JUSTICE T. AMARNATH GOUD

WRIT PETITION No. 17360 of 2017

ORDER: *(per Hon'ble Sri Justice Sanjay Kumar)*

The petitioner, a guarantor for the loan availed by Bala Murali Traders, Tirupati, the third respondent, from the State Bank of India, the first respondent, filed this writ petition assailing the action of the Bank in executing a sale certificate in relation to her residential site which was offered as security interest pursuant to the e-auction sale conducted by it under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

By order dated 25.05.2017, this Court took note of the fact that by the time the e-auction notice dated 08.03.2017 was issued by the Bank, Rs.2,11,85,000/- had been paid and only Rs.38,00,000/- remained unpaid towards the loan account and granted interim stay of all further proceedings pursuant to the e-auction sale notice subject to the condition that the petitioner deposited the balance outstanding amount within a time frame.

The aforestated interim order was duly complied with.

By order dated 23.11.2017, this Court upon hearing the learned counsel for the parties, took note of the submission of Sri P.D. Tenneti, learned counsel for the auction purchaser, the fourth respondent herein, that his client was willing to back out from the e-auction sale provided his interest was duly protected and accordingly directed the petitioner to compute the interest payable on the sum of Rs.2,20,16,000/- paid by the auction purchaser on 07.04.2017 at the rate of 18% per annum and either remit the said amount before the next date of hearing or produce a demand draft for the same. Sri A. Krishnam Raju, learned counsel appearing for the Bank, was also directed to produce the account statement in relation to the interest component which was shown at Rs.42,00,000/- in the loan account statement.

On 28.12.2017, Sri P. Veera Reddy, learned senior counsel appearing for Sri K. Narsi Reddy, learned counsel for the petitioner, informed this Court that the statement of account was furnished and that the petitioner would clear the entire outstanding dues of the Bank as on date.

On 20.06.2018, Sri A. Krishnam Raju, learned counsel for the Bank, stated before this Court that in the event the petitioner approached the Bank and paid the total outstanding dues as determined by it, the Bank would not refuse to receive the Demand Draft.

On 01.08.2018, Sri Gopala Krishna, learned counsel representing Sri A. Krishnam Raju, learned counsel for the Bank, informed this Court that the petitioner had paid the interest component and other dues but was yet to pay a sum of over Rs.42,00,000/-. Sri K. Narsi Reddy, learned counsel for the petitioner, informed this Court that a proposal was made by his client in this regard for settlement and that the proposal was under consideration. The letter dated 03.07.2018 addressed by the petitioner to the Bank and the endorsement thereon bear out this fact. As the sale consideration amount paid by the auction purchaser was still retained by the Bank, this Court directed the Bank to refund the sale consideration amount of Rs.2,20,00,000/- deposited by the fourth respondent auction purchaser forthwith.

We are now informed by Sri A. Krishnam Raju, learned counsel for the Bank, that the auction purchaser has been refunded the entire sale consideration amount.

Sri P.D. Tenneti, learned counsel, states that his client has no further grievance in that regard.

Sri A. Krishnam Raju, learned counsel, would further inform this Court that the loan over dues stand at over Rs.52,00,000/- and not over Rs.42,00,000/- as was informed to this Court on 01.08.2018. He would further state that a One Time Settlement proposal is under process in this regard and the Bank is yet to take a decision thereon.

As the auction sale which is the subject matter of this writ petition, has come to naught owing to the aforestated developments, the cause in this writ petition does not survive for consideration on merits.

The writ petition is accordingly closed leaving it open to the petitioner and the Bank to work out a settlement if possible and in the event of failure of such proposal, the Bank is at liberty to recover its dues in accordance with law.

Pending miscellaneous petitions, if any, shall also stand closed. No order as to costs.

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JUSTICE SANJAY KUMAR

Date: 07.08.2018

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JUSTICE T. AMARNATH GOUD

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