



W.P.No.31704 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 27.11.2024

CORAM :

THE HON'BLE MR.K.R.SHRIRAM, CHIEF JUSTICE

AND

THE HON'BLE MR.JUSTICE SENTHILKUMAR RAMAMOORTHY

W.P.No.31704 of 2024

G.R.Tamilmani

.. Petitioner

Vs.

1. The General Manager
Indian Overseas Bank
P.B.763, Indian Overseas Bank
3rd Floor, Annex Building
Anna Salai, Chennai 600 002.
2. The Chief Regional Manager
Indian Overseas Bank
P.B.763, Indian Overseas Bank
3rd Floor, Annex Building
Anna Salai, Chennai 600 002.
3. The Senior Regional Manager
Indian Overseas Bank
1st Floor, No.3, 10th East Cross Road
Gandhi Nagar
Vellore 632 006.



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4. The Authorised Officer
Indian Overseas Bank
Gandhinagar Branch
No.3, 10th East Cross Road
Gandhi Nagar, Vellore 632 006.

.. Respondents

Prayer : Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of Certiorarified Mandamus to call for the records relating to the impugned letter dated 29.08.2024 passed by the 4th respondent, quash the same and consequently, direct the respondents to return the deposited bid amount of Rs.94,62,000/- (Rupees ninety four lakhs sixty two thousand only) along with interest @ 24% per annum from the date of payment till the date of realisation within the time to be stipulated by this Hon'ble Court.

For Petitioner : Mr.R.Ragavendran

For Respondents : Mr.F.B.Benjamin George

ORDER

(Order of the Court was made
by the Hon'ble Chief Justice)

Petitioner was one of the bidders in an auction conducted by the respondent bank. Petitioner had bid pursuant to an e-auction sale notice



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dated 18.05.2024 issued under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, auctioning certain properties mentioned therein. The reserve price fixed was Rs.3,66,20,000/-, including 1% TDS. The Earnest Money Deposit (EMD) was 10% thereof making Rs.36,62,000/-. Petitioner participated in the e-auction and deposited EMD on 24.06.2024. Petitioner was declared a successful bidder for a sale price of Rs.3,76,00,000/-. Under the terms and conditions of e-auction, petitioner also remitted a sum of Rs.58,00,000/- on 26.06.2024. As such, petitioner had paid a sum of Rs.94,62,000/-, towards 25% of the sale price to the SARFAESI Sale Parking Account, Gandhi Nagar Branch, as directed by respondents.

2. It is petitioner's case that despite petitioner paying 25% of the sale price, the sale was not confirmed. Instead, petitioner was later informed that the borrower had regularised the account and hence, the sale was being cancelled. Counsel for petitioner states that petitioner, therefore, sought refund of the amount of Rs.94,62,000/-, together with interest thereon at 24% per annum.



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3. Respondents have placed a typed set to substantiate counsel's submission that the amount of Rs.36,62,000/-, that was paid as EMD, was kept in no lien account with MSTC, which is the agency conducting e-auction.

4. Shri.George further states apart from raising various other grounds that the sale could be cancelled without notice etc. or without assigning any reasons, the question of paying any interest on this Rs.36,62,000/- does not arise.

5. As regards Rs.58,00,000/-, Mr.George submitted that the amount was offered to be returned to petitioner, but petitioner did not provide the bank details to which the amount could be remitted and hence, the question of paying any interest would not arise.

6. In our view, petitioner, as an auction purchaser, had performed his obligations under the e-auction notice. Petitioner had also paid a



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substantial amount of Rs.94,62,000/- on which, counsel for petitioner states that petitioner has been paying interest of approximately 18% per annum.

7. We also find that the bank had the benefit of Rs.58,00,000/- and certainly, in our view, the bank may have utilised that money for its business. Therefore, in the facts and circumstances of the case and without making this as a precedent, we direct the bank to pay the savings bank account rate of interest to petitioner for the period from 26.06.2024, until the date on which the amount is refunded.

8. At this stage, counsel for petitioner states that interest may be credited to the account which is mentioned in paragraph 3 of the order dated 23.10.2024.

9. The amount be credited on or before 02.12.2024 and by close of business that day, a statement shall be forwarded to petitioner as well as petitioner's advocate giving the working as to how the interest was



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calculated. If, under the provisions of Income Tax Act, any TDS is to be deducted, the bank may do so and also provide the TDS certificate within the time prescribed under the Income Tax Act.

10. The writ petition is disposed of. There shall be no order as to costs.

(K.R.SHRIRAM, CJ)

(SENTHILKUMAR RAMAMOORTHY,J.)

27.11.2024

Index : Yes/No
Neutral Citation : Yes/No

kpl

To

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