IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 18.12.2025

CORAM :

THE HONOURABLE MR. MANINDRA MOHAN SHRIVASTAVA,
CHIEF JUSTICE
AND
THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.No.1321 of 2025
&
W.M.P.No.27893 of 2025

Gowra
W/o.Arunkumar
No.A22, ELM Block Citilights Meadows VTC
Nolambur
Chennai 600 095 Petitioner(s)

Vs

1. The Authorised Officer
   M/s.Idbi Bank Limited
   No.115,Anna Salai
   Saidapet, Chennai 600 015.

2. P.Usha
   No.39, Habibullah Salai
   T.Nagar, Chennai 600 018.

3. R.Parthiban
   No.39, Habibullah Salai
   T.Nagar, Chennai 600 018.

4. R.P.Rajarajan
   No.39, Habibullah Salai
   T.Nagar, Chennai 600 018. Respondent(s)

Prayer : Petition filed under Article 226 of the Constitution of India seeking a writ of Mandamus directing the 1st respondents to disburse/refund the security deposit of Rs.2,00,00,000/-(Rupees Two Crores) paid by the petitioner to the 1st respondent .

For Petitioner(s): Mr.D.Senthur Kugan

For Respondent(s): Mr.P.L.Narayanan
Senior Counsel
(through Video Conferencing)
For Mr.E.Hariharan for R1

No Appearance - for R2 to R4

ORDER

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

With the consent of parties, matter was heard finally.

2. Petitioner has filed this petition, aggrieved by forfeiture of her security deposit of Rs.2.00 crore.

3. Learned counsel for petitioner would submit that even though vide order dated 18.06.2024, Debts Recovery Tribunal had granted 30 days' time to deposit the entire balance amount,

exceptional circumstances exist in the present case inasmuch as the bank has now arranged for realisation of the entire amount of debt liability from the borrower and secondly, petitioner's inability to pay the balance amount was because of acute illness, as, petitioner was diagnosed with pancreatic cancer. Relying upon the decision of the Supreme Court in ***Authorised Officer, Central Bank of India v. Shanmugavelu***[1], he would submit that in exceptional circumstances, forfeiture can be refunded.

4. On the other hand, learned counsel for bank would submit that petitioner, knowing fully well the terms and conditions, failed to pay the balance amount of Rs.53.00 crore. The ground raised by petitioner that she was suffering from terminal illness/cancer could not constitute an exceptional circumstances at all. He would next submit that irrespective of whether or not bank has recovered the entire amount through sale and OTS proposal received by respondent bank, forfeited amount could not be refunded, as, petitioner had failed to fulfill the terms and conditions.

[1] *(2024) 6 SCC 641*

5. It is not in dispute that when the auction in the first instant failed, petitioner came out as a willing purchaser before the Debts Recovery Tribunal by submitting an application, on which, the Debts Recovery Tribunal passed an order of 18.06.2024, directing petitioner to deposit Rs.2.00 crore as security amount and pay the balance amount within 30 days.

6. It is also not in dispute that petitioner deposited Rs.2.00 crore and sought 30 days' time for depositing the balance amount.

7. Unfortunately, petitioner was diagnosed with pancreatic cancer. Document in this regard has been placed on record. The CT report is dated 26.06.2024. It is before the expiry of 30 days' period, diagnosis came as a brute shock to petitioner.

8. Any person of an ordinary prudence would understand that if a person is diagnosed with cancer, which is considered to be a terminal disease, he would be disturbed. Fulfillment of terms and

conditions were not easy, but quite onerous on petitioner to arrange for balance of Rs.53.00 crore and odd within 30 days.

9. Therefore, submission of learned counsel for bank that this could not, under any circumstance, constitute exceptional circumstance, is liable to be rejected at the threshold.

10. The other exceptional circumstance why we should order refund of the security deposit is that the bank has, in any case, recovered major parts of loan liability from the borrower by sale of the property as stated by learned counsel for bank himself. It is also submitted that one time settlement has been submitted by the borrower to clear balance unpaid amount. That means the entire loan liability would now be satisfied. Even if the security deposit of Rs.2.00 crore is directed to be refunded, it would not result in any loss to the bank as such.

11. In the case of ***Authorised Officer, Central Bank of India v. Shanmugavelu***, the Supreme Court has laid down the

principle as to under what circumstances the security amount can be directed to be refunded, even if the conditions have been violated. It reads as under:

> *"118. Thus, this Court held that where extraneous conditions exist that might have led to the inability of the successful auction-purchaser despite best efforts from depositing the balance amount to no fault of its own, in such cases the earnest money deposited by such innocent successful auction-purchaser could certainly be asked to be refunded."*

12. In the case supra, Supreme Court found that the circumstances stated before the Court were not found to be exceptional for the reason that demonetisation has taken long back before the auction purchaser was required to comply with the terms and conditions of deposit of the balance amount. On facts, it is distinguishable. Therefore, the reliance placed by learned counsel for respondent bank is misplaced. However, on principle, the aforesaid decision favours the case of petitioner.

13. In the light of the above and since the properties had already been sold out in subsequent auction, no further direction

may be issued, even if we find that petitioner had a good cause to condone delay by extending time for payment of balance amount, in the interest of justice and by exercising extraordinary jurisdiction under Article 226 of the Constitution of India, we are inclined to direct refund of security deposit of Rs.2.00 crore to petitioner.

14. The amount of Rs.2.00 crore deposited by respondent bank with the Registry, as directed earlier vide order dated 02.04.2025, which was, in turn, kept in fixed deposit, shall be transferred to petitioner in her account, as may be submitted before the Registry, along with interest accrued thereon.

15. Petition is, accordingly, allowed. There shall be no order as to costs. Consequently, the interim application is ordered.

(MANINDRA MOHAN SHRIVASTAVA, CJ) (G.ARUL MURUGAN,J)
18.12.2025

Index : Yes
Neutral Citation : Yes
kpl

To

The Authorised Officer
M/s.Idbi Bank Limited
No.115,Anna Salai
Saidapet
Chennai 600 015.

THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(kpl)

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