IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05.06.2026

CORAM

THE HON'BLE MR.SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HON'BLE MR.JUSTICE G.ARUL MURUGAN

WP No.14355 of 2026

S.Boopala Krishnan
No.15/32, SBOA Colony,
1st Street, 2nd Cross,
Near Prasanna Kumaran Hospital,
Ponmeni, Madurai-625 016 : Petitioner

Versus

M/s.Union Bank of India
Rep. by The Chief Manager (Law) / The Authorised officer,
Asset Recovery Branch,
previously Ground Floor, Union Bank Bhavan, 139,
Broadway, Chennai-600 108
Now Situated at No.9, Elcanso Complex,
Casa Major Road, Egmore,
Chennai-600 008 : Respondent

Prayer: Petition filed under Article 226 of the Constitution of India for issuance of a Writ of Mandamus directing the respondent bank to repay the entire amount of Rs.31,05,400/- paid by the petitioner herein with regard to proceedings of the Bank of ARB 564/2020 dated 21.01.2020 and the sale notification dated 24.01.2020 confined to item 2 therein, with interest on delayed payment @ 18% p.a.

For Petitioner : Mr.K.Moorthy,
for Mr.M.Ravi

ORDER

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

This writ petition has been filed by the petitioner under Article 226 of the Constitution of India, seeking direction to the respondent to repay an amount of Rs.31,05,400/-, paid by the petitioner in e-auction conducted by the respondent bank, in respect of sale of a property.

2. The facts of the case, in short, are as follows:

(a) The petitioner participated in an e-auction conducted by the respondent bank on 10.01.2020 in respect of sale of an immovable property situate at Surveyor Colony, Parasuraman Patti, Madurai. The petitioner emerged as successful bidder for a sum of Rs.1,24,04,000/-. As per clause 24 of the terms and conditions of sale, the successful bidder was required to deposit 25% of the bid amount, including earnest money deposit. According to the petitioner, he had paid a sum of Rs.31,05,400/-, between 07.01.2020 and 14.01.2020, more than the required deposit of 25% of the bid amount. The respondent had also accepted the said payment.

However, on 18.01.2020, alleging non-compliance of the timeline, the respondent issued a show-cause notice, calling upon the petitioner to show cause as to why the amount should not be forfeited as per Clause 25 of the terms of sale.

(b) Vide notice dated 21.01.2020, the respondent cancelled the sale made in respect of the petitioner and forfeited the amount deposited by the petitioner, to a tune of Rs.23,60,400/-.

(c) Within three days thereafter, on 24.01.2020, the respondent issued a fresh sale notification in respect of the same property, fixing the reserve price much lower than the price quoted by the petitioner. Though the petitioner was always ready and willing to pay the balance sale consideration, the bank did not wait for the petitioner and confirmed the sale to another person.

(d) The petitioner filed WP No.3821 of 2020, challenging the fresh sale in respect of the property and sought a direction to the respondent bank to confirm the sale in the name of the petitioner. The said writ petition was dismissed for want of prosecution on 06.06.2025.

(e) Seeking direction upon the respondent to return the amount deposited by the petitioner, the present writ petition has been filed.

3. We have heard the learned counsel for the petitioner and perused the materials available on record.

4. The Hon'ble Supreme Court, in *Authorised Officer, Central Bank of India v. Shanmugavelu*[1], held that forfeited amount cannot be refunded. In paragraph 111, the Apex Court held thus:

> *"111. The consequence of forfeiture of 25% of the deposit under Rule 9(5) of the SARFAESI Rules is a legal consequence that has been statutorily provided in the event of default in payment of the balance amount. The consequence envisaged under Rule 9(5) follows irrespective of whether a subsequent sale takes place at a higher price or not, and this forfeiture is not subject to any recovery already made or to the extent of the debt owed. In such cases, no extent of equity can either substitute or dilute the statutory consequence of forfeiture of 25% of deposit under Rule 9(5) of the SARFAESI Rules."*

5. Thus, it is clear that when relevant rule permits forfeiture of 25% of the sale consideration in case of non-payment of balance sale

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consideration within the time stipulated, that too, after grant of sufficient time, the petitioner has no right to seek refund of 25% of the sale consideration deposited by him.

6. In view of the categorical pronouncement of the Hon'ble Supreme Court on this issue, no direction could be issued to the respondent. The writ petition fails and the same is dismissed. There will be no order as to costs.

(SUSHRUT ARVIND DHARMADHIKARI, CJ.)   (G.ARUL MURUGAN, J.)
05.06.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE

AND

G.ARUL MURUGAN, J.

(tar)

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