



WEB COPY

WP No. 15705 of 2



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25-03-2026

CORAM

THE HON'BLE DR JUSTICE G. JAYACHANDRAN

AND

THE HON'BLE MR.JUSTICE SHAMIM AHMED

WP No. 15705 of 2019

and

WMP No.15567 of 2019

Punjab National Bank,
Rep.by its Chief Manager,
Asset Recovery Management Branch(ARMB),
No.448A, Dr. Nanjappa Road,
Coimbatore - 641 018.

..Petitioner(s)

Vs

1. Joint Director General of Foreign Trade,
No.1544 , India Life Building (Annexe),
First floor, Trichy Road,
Coimbatore - 641 018.

2. M/s.V.R.Textiles Private Limited (In
Liquidation)
Rep by Official Liquidator,
attached to High Court, Madras,
Rajaji Salai,
Chennai – 600 001.

..Respondent(s)

Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying for an issuance of writ of certiorari, quashing the impugned letter vide F.No.32/21/010/01246/AM10 dated 22.04.2019 issued by the first respondent as null and void and against the rule of law.

For Petitioner(s): Mr.M.L.Ganesh

For Respondent(s): Mr.J.Madhanagopalrao
Senior Panel Counsel CGSC T/N for R1

**ORDER****(Order of the Court was made by Dr.G.Jayachandran J.)**

The Punjab National Bank is the writ petitioner seeking a writ of certiorari to quash the impugned letter of the Joint Director General of Foreign Trade issued on 22.04.2019, which was addressed to the Chief Manager, Asset Recovery Management Branch of Punjab National Bank informing that the custom duty is payable by M/s.V.R.Textiles Pvt.Ltd., Erode against the EPCG authorisation issued in its favour. It was further stated that, due to non-fulfilment of the export obligation, the Department has a lien over the land and, therefore, requested the Punjab National Bank to remit the amount recovered from the auction sale of the land owned by M/s. M/s.V.R.Textiles Pvt.Ltd., Erode.

2. The learned Counsel appearing for the writ petitioner submitted that the 2nd respondent company went into liquidation, and, for the loan amount due and payable, the properties were brought for sale as per the provisions of the SARFAESI Act, and the same were sold in an auction sale in favour of M/s.Mahil Enterprises. The sale covers both land as well as the machinery of the company in liquidation.

3. Per contra, the learned Counsel for the 1st respondent submitted that the machinery imported is subject to the lien created in favour of the Department and, therefore, the right of the 1st respondent co-exists with the right of the bank and is not subservient to the right of the bank.



4. In view of Section 142 A of the Customs Act as well as the Judgment rendered by the Hon'ble Supreme Court in ***Industrial Development Bank of India Vs. Superintendent of Central excise and Customs and Others*** reported in (2023) INSC 746 and ***Punjab National Bank vs. Union of India & Ors.***, reported in (2022) SCC Online SC 227, the 1st respondent cannot have any priority over the loan or claim over the sale proceeds unless the debt payable to the writ petitioner bank is fully discharged. On perusal of the above two judgments, it is clear that the revenue cannot have any priority over the debt in SARFAESI proceedings.

5. We find merit in the submissions made by the learned Counsel for the writ petitioner. Accordingly, the impugned letter dated 22.04.2019, issued by the 1st respondent is quashed and the Writ petition stands allowed. No costs. Consequently, connected miscellaneous petition is closed.

(G.J.,J.)

(S.S.A.,J.)

25-03-2026

(2/2)

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

VEDA



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**DR.G.JAYACHANDRAN, J.
AND
SHAMIM AHMED, J.**

VEDA

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