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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 27-10-2026

CORAM

THE HON'BLE MR JUSTICE S. M. SUBRAMANIAM

AND

THE HON'BLE MR.JUSTICE R.RAJESH VIVEKANANTHAN

WP No. 37721 of 2026

CNR: {HCMA012167642026}

Sundaram Finance Limited,
Rep. by its Authorised Signatory,
Mr. Rajiv Bharathwaj,
21, Patullos Road,
Chennai - 600 002.

..Petitioner(s)

Vs

1. The Commissioner
   Greater Chennai Corporation,
   Rippon Building, Park Town,
   Chennai 600 003.

2. The Zonal Officer,
   Greater Chennai Corporation,
   Zonal Office - V,
   61, Basin Bridge Road,
   Chennai 600 021.

..Respondent(s)

Writ Petition filed under Article 226 of the Constitution of India issuing writ of mandamus directing the respondents to de-seal and unlock the petition Schedule property.

For Petitioner(s): Mr.S.Vasudevan

For Respondent(s): Mr. S. Gopinathan
Standing Counsel

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ORDER

(Order of the Court was made by S.M.Subramaniam J.)

Writ of mandamus has been instituted to direct the respondents to de-seal and unlock the petition schedule property.

2. Petitioner purchased property measuring 3/5th of 11,195 sq. ft. including the common area identified as the Sixth Floor, Tower II, "Rayala Towers", together with the leasehold interest to an extent of 3/5th leasehold undivided interest out of 3,305 sq. ft. of undivided land share leasehold interest in the property bearing Old Nos. 781-785, Anna Salai, Chennai – 600002 through Court Auction conducted pursuant to the Orders passed by the Learned Master of High Court in E.P. No.10 of 2017.

3. The grievances of the petitioner is that Greater Chennai Corporation authorities locked and sealed the property without issuing any lock and seal notice to the petitioner. However, petitioner admits that notice of demand dated 06.01.2026 demanding arrears of property tax to the tune of Rs. 44,67,153/- was affixed on the premises by Greater Chennai Corporation authorities. It is further contended that property tax due was by the previous owner of the property and therefore, petitioner

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is not liable to pay property tax arrears. Further, petitioner pleads that the lock and seal is to be removed.

4. Learned Standing Counsel for Greater Chennai Corporation would oppose by stating that Corporation authorities have not locked and sealed the premises. Even at the time of public auction, property was under lock and seal. Corporation authorities have affixed the notice of demand dated 06.01.2026, since petitioner has not acknowleged the demand notice. That apart, property was sold through public auction and admittedly, petitioner is the purchaser of the property. Therefore, he cannot now plead that Corporation should recover the arrears of property tax from the previous owner.

5. Learned Counsel for the petitioner would further submit that no charge has been created on the property in respect of arrears of property tax. Therefore, Corporation cannot recover property tax arrears from the auction purchaser. In this regard, he relied on the judgment of the Hon'ble Supreme Court in the case of ***Ahmedabad Municipal Corporation Of The City Of Ahmedabad Vs. Haji Abdulgafur Haji Hussenbhai*** [1].

[1] 1971 1 SCC 757

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6. This Court has considered the rival submissions made by the parties to the lis on hand.

7. Facts in brief would show that the petitioner is an auction purchaser. Previous owner of the property is a defaulter and not paid the arrears of tax to Greater Chennai Corporation. Demand notice was affixed on the door of the premises on 06.01.2026. Petitioner has not challenged the demand notice, but filed the writ petition for removal of lock and seal on the ground that Corporation authorities have no power to lock and seal the premises and recover the arrears of property tax. Further, petitioner contends that he is not liable to pay the property tax, since it is the liability on the part of the previous owner.

8. Regarding the judgment relied on by the ***Ahmedabad Municipal Corporation*** case cited *supra*, the Apex Court considered the facts in the said case and held that **constructive knowledge of the existence of such municipal taxes and of the reasonable possibility of those taxes being in arrears are to be ascertained based on facts of each case. Therefore, Hon'ble Supreme Court had not prohibited recovery of arrears of property tax from the auction purchaser, but held that the constructive knowledge of the existence of such municipal taxes and of the reasonable possibility of those taxes**

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being in arrears are to be ascertained based on facts of particular case.

9. The details regarding the arrears of property tax are very much available in the official website of Chennai Corporation. Petitioner is a reputed finance company, namely Sundaram Finance Limited. They are dealing with financial transactions and in trading business. Therefore, they cannot plead ignorance regarding the arrears of property tax due to Chennai Corporation at the time of purchase of the subject property. Hon'ble Supreme Court in the ***Ahmedabad Municipal Corporation*** case cited *supra* in clear terms held that the constructive knowledge of the existence of such municipal taxes and of the reasonable possibility of those taxes being in arrears are to be considered by the Courts based on facts of each case.

10. In the present case, petitioner being a finance company, purchased the property through public auction, now cannot plead ignorance regarding the arrears of property tax due to Corporation at the time of auction purchase. Therefore, the said judgment is of no avail to the petitioner for scuttling the entire action initiated for recovery of arrears of property tax due to the Corporation.

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11. Notice of demand was affixed in the premises on 06.01.2026. Petitioner has enclosed the copy of the notice of demand in the typed set of papers filed along with the present writ petition. However, learned counsel for the petitioner states that Corporation has no power to lock and seal the property. Learned counsel for the petitioner would contend that notice of demand was addressed to the previous owner. Therefore, petitioner is not liable.

12. Pertinently, no enforcement action as contemplated under Section 116A of the Tamil Nadu Urban Local Bodies Act read with Rule 269 of the Tamil Nadu Urban Local Bodies Rules, 2023 has been initiated against the petitioner so far. Corporation affixed notice of demand in the premises, which was addressed to the previous owner. However, Corporation is empowered to initiate all further action to recover the arrears of property tax from the purchaser of the property by following the procedures as contemplated under Section 116A r/w Rule 269.

13. In the present case, at the time of auction purchase, petitioner would have verified the property tax arrears, electricity consumption charges and other Government dues pending in respect of the subject property. Petitioner cannot plead ignorance. They had knowledge and

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purchased the property through public auction, and now cannot turn around and plead that arrears of property tax is to be recovered from the previous owner. On sale of property, purchaser is liable to pay the arrears of property tax, arrears of electricity, consumption charges and other Government dues, if the previous owner has not paid. However, the purchaser may initiate appropriate legal action to recover the same from the previous owner based on the agreed terms if any. However, purchaser of property cannot deny payment of arrears of property tax to the Corporation.

14. The principle of Caveat Emptor would apply and the purchaser of property must be beware of the arrears of property tax and other dues to the Government. In the present case, except issuing a demand notice to the previous owner, Greater Chennai Corporation has not initiated any further action to recover the arrears of property tax due to the Corporation. Therefore, Corporation authorities are empowered to initiate recovery proceedings by following the procedures as contemplated under Section 116A of the Act read with Rule 269. A revised demand notice is to be issued to the writ petitioner for recovery of arrears of property tax. On receipt of any such demand notice from Corporation, petitioner is at liberty to defend their case in the manner known to law. Authority competent shall follow the procedures as

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contemplated under Section 116A of the Tamil Nadu Urban Local Bodies Act read with Rule 269 of the Tamil Nadu Urban Local Bodies Rules, 2023 and recover the property tax arrears and other dues, if any.

15. Granting liberty to the Corporation to initiate all appropriate recovery proceedings under the Act and Rules, and further granting liberty to the petitioner to defend his case in the manner known to law, writ petition stands dismissed. No costs. Consequently, the connected miscellaneous petitions, if any, are closed.

(S.M.S.,J.) (R.R.V.,J.)
27-10-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

GD

To

1. The Commissioner
   Greater Chennai Corporation,
   Rippon Building, Park Town,
   Chennai 600 003.
2. The Zonal Officer,
   Greater Chennai Corporation,
   Zonal Office - V,
   61, Basin Bridge Road,
   Chennai 600 021.

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