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W.P.No.19666 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 04.06.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,  
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.No.19666 of 2026  
and W.M.P.No.20970 of 2026

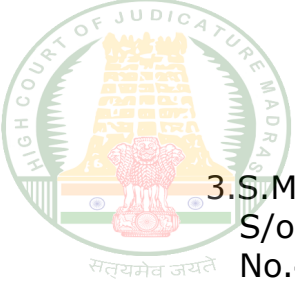
Kamal  
S/o.Mani,  
Plot No.84, Old Door No.4,  
New No.7, 3rd Street,  
Kodambakkam, Pudur,  
Ashok Nagar,  
Chennai – 600 083.

Petitioner

Vs

1.The Authorised officer  
Central Bank of India,  
Asset Recovery Branch,  
48/49, 1st Floor,  
Monteith Road,  
Egmore,  
Chennai – 600 008.

2.Krishna Constructions,  
Prop. S.Mani,  
No.5A, Vargesh Avenue,  
Ashok Nagar,  
Chennai - 600083.



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3.S.Mani  
S/o.Subburayan,  
No.4, Ashok Nagar, 3rd Street,  
Chennai - 600 083.

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4.Krishnaveni  
W/o.S.Mani,  
No.4, Ashok Nagar, 3rd Street,  
Chennai - 600 083.

Respondents

PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorari calling for the records pertaining to the order dated 16.09.2025 in RA (SA) 122/2019 passed by Debt Recovery Appellate Tribunal at Chennai and quash the same illegal and arbitrary.

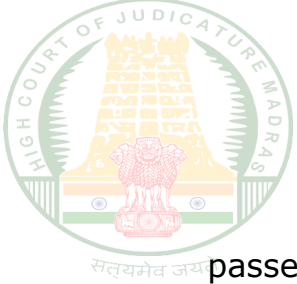
For Petitioner: Mr. G.Senthilkumar

ORDER

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

Heard on admission.

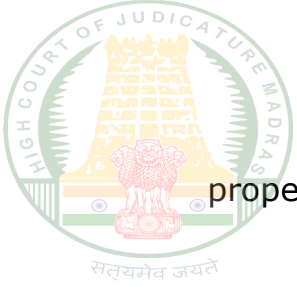
2. This writ petition under Article 226 of the Constitution of India has been filed by the petitioner seeking to quash the order dated 16.9.2025 passed by the Debt Recovery Appellate Tribunal (DRAT), Chennai in RA (SA) No.122 of 2019.



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3. RA (SA) No.122 of 2019 assails the order dated 9.7.2018 passed by the Debts Recovery Tribunal-I, Chennai, in SA No.59 of 2018. SA No.59 of 2018 has been filed against the sale held on 29.5.2018 qua the petition mentioned property.

4. The case of the petitioner is that the second respondent is a partnership firm, in which respondents 3 and 4 are the partners. They mortgaged the petition mentioned property for the loan availed by the second respondent. When the loan was defaulted, proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act [SARFAESI Act] were initiated. In the auction sale held on 12.9.2017, the petitioner, who is son of respondents 3 and 4, had participated and was declared as the highest bidder and paid a sum of Rs.30.00 lakhs towards sale consideration. As the petitioner could not pay the balance sale consideration, the property was again sold on 20.1.2018. In the second auction, the petitioner had participated and was declared as the highest bidder and he had paid a sum of Rs.12,72,500/- towards 25% of the sale consideration. In the second sale also, the petitioner could not pay the balance sale consideration, which resulted in bring the property for sale for the third time. In the third sale held on 29.5.2018, the



property was sold to a third party.

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5. It is the grievance of the petitioner that, when the petitioner paid substantial amount, the sale of the property in favour of the third party is illegal and, therefore, he had filed SA No.59 of 2018 and the DRT, without appreciating the facts, dismissed the SA. Aggrieved by the order of DRT, petitioner had filed appeal before the DRAT and the DRAT dismissed the appeal vide order dated 16.9.2025. Challenging the order of the DRAT, the present writ petition is filed.

6. Assailing the impugned order of the DRAT, learned counsel for the petitioner submitted that the DRAT ought to have considered that the petitioner had made out a *prima facie* case and ought not to have dismissed the appeal. In fact, the DRAT failed to consider that the petitioner has paid nearly 75% of the value of the property by participating in two auction sale conducted by the Bank.

7. Learned counsel for the petitioner further submitted that the DRAT failed to observe that refund of the amount was sought when the Bank refused to entertain the request of sale of the property by taking into consideration of the amounts already deposited in the previous



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auction dated 12.9.2017 and 20.1.2018 and it is not an appeal against the order of forfeiture. The impugned order has been passed by the DRAT without taking into consideration the merits of the case and no valid reason has been mentioned for dismissal of the appeal filed by the petitioner. Thus, learned counsel prayed for setting aside the order of the DRAT impugned in this writ petition.

8. We have considered the submissions raised by learned counsel for the petitioner and also perused the materials available on record.

9. The following is the relief sought for by the petitioner in SA No.59 of 2018:

*"In view of the above it is prayed that this Hon'ble Tribunal may be pleased to set aside the auction dated 25.05.2018 (sic) pertaining to the property bearing Plot No.84 in Old Door No.4, New No.7, 3<sup>rd</sup> Street, Ashok Nagar, Chennai-600 083 and thus render justice."*

10. By the order dated 9.7.2018, the DRT dismissed the SA holding that the sale as held on 29.5.2018 is in conformity with the mandatory requirements of SARFAESI Act and Rules framed



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thereunder and, therefore, does not call for any interference by the  
DRT.

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11. Challenging the order of the DRT dated 9.7.2018, the petitioner had filed an appeal before the DRAT. Pending appeal, the petitioner had filed an application for amending the prayer and the amended prayer reads thus:

*"In view of the above it is prayed that this Hon'ble Tribunal may be pleased to set aside the order dated 09.07.2018 passed by DRT-I, Chennai in S.A.No.59 of 2018 and thus render justice or in the alternative to direct the bank to refund the amount of Rs.54,00,000/- paid by me towards the sale price with interest and thus render justice."*

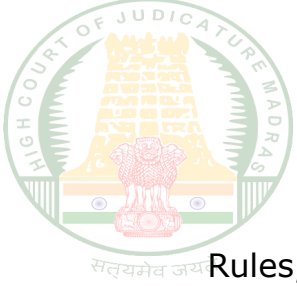
12. The admitted case of the petitioner himself is that he had participated in the first two auctions and was declared as successful bidder and he remitted 25% of the sale consideration. Since he could not pay the balance sale consideration, sale could not be concluded in favour of the petitioner and the property was sold to a third party in the third auction sale.

13. It appears that after the first sale in favour of the petitioner,



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the petitioner was asked to remit balance sale amount of Rs.72,37,500/- by the Bank, vide communication dated 12.9.2017, within 15 days. That was not complied with by the petitioner. However, the petitioner sent a letter to the Bank seeking extension of time. Though two months' time was extended, the petitioner could not pay the balance sale consideration, which resulted the Bank informing the petitioner, vide letter dated 30.11.2017, about the forfeiture of Rs.30.00 lakhs. Similarly, in the second auction sale held in favour of the petitioner, the Bank had requested the petitioner to pay the balance sale consideration of Rs.65,17,500/- within 15 days through a communication dated 20.1.2018. As the petitioner could not pay the amount, the Bank had sent a letter dated 5.2.2018 asking the petitioner to show cause why 25% of the sale amount remitted by him should not be forfeited and the property sold again. Thereafter also the petitioner has failed to pay the amount and, therefore, 25% of the sale amount paid by the petitioner was forfeited and the same was duly informed to the petitioner vide letter dated 14.2.2018. The petitioner's request for extension of time was also rejected by the Bank and the decision was communicated to him on 27.4.2018. Thereafter, the property was sold on 29.5.2018.



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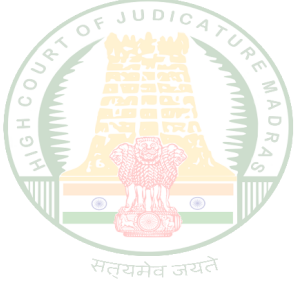
14. Sub-rule (3) of Rule 9 of Security Interest (Enforcement) Rules, 2002 clearly worded that on every sale of immovable property, the purchaser shall immediately, i.e., on the same day or not later than next working day, as the case may be, pay a deposit of twenty-five percent of the amount of the sale price, which is inclusive of earnest money deposited, if any, to the authorised officer conducting the sale and in default of such deposit, the property shall be sold again. Sub-rule (4) speaks about payment of balance amount within the stipulated time and sub-rule (5) empowers the Authorised Officer to forfeit the deposit made under Rule 9(3), if the balance sale consideration is not paid within the time stipulated in Rule 9(4).

15. In *Authorised Officer, Central Bank of India v. Shanmugavelu*<sup>1</sup>, the Apex Court 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*

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<sup>1</sup>2024 INSC 80



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*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.”*

16. Thus, it is clear that when relevant rule permits forfeiture of 25% of the sale consideration in case of non-payment of balance sale 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. Since no material has been produced by the petitioner before the DRT pointing out the illegality in the sale held in favour of the third party, the DRT is right in dismissing the SA holding that the SA challenging the sale notice dated 29.5.2018 is devoid of any merit or substance and the sale is in conformity with the mandatory requirements of the SARFAESI Act and the Rules made thereunder. No valid ground has been made out by the petitioner to set aside the auction sale held in favour of the third party.

17. That apart, when the petitioner seeks setting aside the auction sale held in favour of the third party, it is the bounden duty of the petitioner to implead the auction-purchaser as party respondent to the SA. However, the petitioner has failed to do so in the SA.



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18. The DRAT, upon consideration of the facts and upon analyzing the law qua forfeiture, which point alone was canvassed before it, has rightly dismissed the appeal filed by the petitioner. We find no ground to interfere with the order passed by the DRAT and there is no error and illegality in the impugned order.

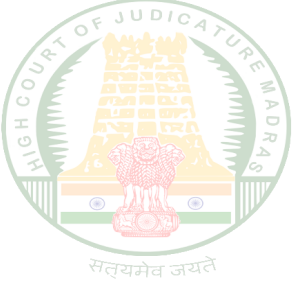
In the result, the writ petition is dismissed. There shall be no order as to costs. Consequently, connected miscellaneous petition is closed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ) (G.ARUL MURUGAN,J)  
04.06.2026

Index : Yes  
Neutral Citation : Yes  
bbr/sasi

To:

The Authorised officer  
Central Bank of India,  
Asset Recovery Branch,  
48/49, 1st Floor,  
Monteith Road,  
Egmore,  
Chennai – 600 008.



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

(bbr/sasi)

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