IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

THE HON'BLE SRI JUSTICE E.V.VENUGOPAL

WRIT PETITION No.32221 of 2026

(CNR.No.HBHC010660642026)

DATE OF ORDER: 28.09.2026

Between:

Ravipudi Uma Mahesh

...Petitioner

AND

The Union of India and others

...Respondents

ORDER :

This Writ Petition, under Article 226 of the Constitution of India, is filed seeking the following relief:

> *"...to issue a Writ, Order or Direction more particularly one in the nature of Writ of Mandamus to declaring the action of the 2nd and 3rd Respondent Bank calling for the records relating to the impugned forfeiture letter dated 17/09/2026 bearing Ref. No. ARB-HYD/56000/KM/2026considering the Petitioner mail representation Dt. 15/09/2026 is being illegal, arbitrary and consequently issue a direction, directing the Respondent Bank and further direct the Respondents to consider and dispose of the representation of the Petitioner Dt. 15/09/2026 to receive from the Petitioner the entire balance sale consideration relating to the accepted bid of Rs.37,59,820/-, after giving credit and permit the Petitioner to complete the auction sale in*

respect of Property ID UBINHYDARB0044 forthwith and to pass.…"

2. Heard Mr. PS. Devender, learned counsel for the petitioner, Mr. Chandra Shekar Yadav, learned Standing Counsel for Central Government appearing for respondent No.1 and Mr. Hemanth Kumar Vemuri, learned counsel appearing for respondent Nos.2 to 4. Perused the record.

3. Learned counsel appearing for the petitioner would submit that the petitioner is the successful bidder in the e-auction conducted on 10.09.2026 by respondent Nos.2 to 4 in respect of Property ID No. UBINHYDARB04 pertaining to the NPA account of M/s. SN Agro Trading. He would submit that the petitioner emerged as the highest bidder and was declared as the successful bidder for a total bid consideration of Rs.37,59,820/-. It is submitted that as per the sale notice dated 19.08.2026, the reserve price of the subject property was fixed at Rs.35,47,000/- and the Earnest Money Deposit (EMD) was fixed at Rs.3,54,700/-As per the terms and conditions of sale, the successful bidder declared by the Authorised Officer was required to deposit 25% of the sale price, inclusive of the EMD, immediately on the date of sale

or, in any event, not later than the next working day, in the designated bank account.

3.1. Learned counsel would further submit that the delay in payment of the requisite amount occurred due to circumstances intervening immediately after the auction, including the nationwide bank strike on 11.09.2026 and the subsequent holidays from 12.09.2026 to 14.09.2026. It is submitted that the petitioner had also remitted an amount of Rs.100/- on 12.09.2026 and thereafter approached and communicated with the respondent-Bank, seeking an opportunity to complete the payment. However, instead of considering the petitioner's request to tender the entire balance consideration, the respondent-Bank issued the impugned forfeiture letter dated 17.09.2026 bearing Ref. No. ARB-HYD/56000/KM/2026. Learned counsel would submit that the petitioner is ready and willing to deposit the balance amount payable towards the accepted bid, after giving due credit to the amount of Rs.6,00,000/- already transferred to the respondent-Bank through the petitioner's ICICI Bank account. In support of the said submission, learned counsel

would rely upon the bank statements furnished by the petitioner, which, according to him, reflect the transfer of the said amount to the respondent-Bank.

3.2. It is further submitted that the petitioner had addressed an e-mail to the respondent-Bank on 20.09.2026, stating that he had not received any response from the Bank pursuant to the transaction conducted on 10.09.2026 and informing the Bank that the requisite amount had been transferred to its account. However, no response was furnished by the respondent-Bank to the petitioner's request, except by issuing the impugned forfeiture notice dated 17.09.2026, whereby the Bank proceeded to exercise its power to forfeit the EMD amount deposited by the petitioner. Learned counsel would submit that the sale notice was issued under the provisions of the SARFAESI Act and that the respondent-Bank has relied upon the following terms and conditions of sale:

> *"The successful bidder so declared by the Authorised Officer shall deposit 25% of the Sale Price (inclusive of EMD), immediately on the sale day or not later than next working day with the Bank in the account bearing Number 560001980050000 of Union Bank of India,*

Asset Recovery Branch, Hyderabad, IFSC Code UBIN0556009 and the balance 75% of the Sale Price on or before 15th day of confirmation of Sale or within such extended period as agreed upon in writing between the secured creditor and the purchaser, in any case not exceeding 3 months. In the event of failure to tender 25% (15%+EMD) of the sale price as per the terms of Sale by the successful bidder, the EMD so deposited by the bidder shall be forfeited to secured creditor and the bid accepted shall stand cancelled automatically and the defaulting bidder shall neither have claim on the property nor on any part of the sum for which it may be subsequently sold."

3.3. Learned counsel would further submit that although the petitioner could not deposit the requisite amount within the stipulated period, the respondent-Bank issued the impugned notice dated 17.09.2026 without properly considering the circumstances explained by the petitioner and the subsequent payments sought to be made by him. It is submitted that the petitioner had made *bona fide* attempts to comply with the conditions of sale and had remitted an amount of Rs.100/- during the intervening period. Learned counsel would further refer to the bank statements to contend that the petitioner had thereafter transferred an amount of Rs.6,00,000/- to the respondent-Bank. The petitioner, therefore, submits that the delay was neither wilful nor deliberate and that he has throughout remained

ready and willing to discharge the balance liability arising out of the accepted bid. Learned counsel would contend that the respondent-Bank, instead of granting a reasonable opportunity to the petitioner to complete the payment, proceeded to forfeit the EMD and cancel the accepted bid. It is therefore submitted that the impugned action is liable to be interfered with, particularly when the petitioner is ready to tender the entire balance sale consideration. Learned counsel would further submit that if the subject property is permitted to be re-auctioned during the pendency of the proceedings, third-party rights may be created, thereby seriously prejudicing the interests of the petitioner and rendering the present proceedings infructuous. Thus, in the said circumstances, learned counsel seeks an appropriate order restraining the respondents from conducting any fresh auction of the subject property and from alienating, transferring, encumbering or otherwise creating any third-party rights in respect thereof, pending disposal of the present writ petition. Stating so, learned counsel would seek to allow the writ petition.

4. On the other hand, learned Standing Counsel appearing for respondent Nos.2 to 4, placing reliance upon the judgment of the Hon'ble Supreme Court in Civil Appeal No.19847 of 2017 (arising out of SLP (C) No.33514 of 2016), dated 27.11.2017, in ***Agarwal Tracom Pvt. Ltd. v. Punjab National Bank***, would submit that the petitioner ought to have approached the learned Debts Recovery Tribunal by invoking the remedy available under Section 17(1) of the SARFAESI Act. Drawing the attention of this Court to paragraphs 31, 34 and 35 of the said Judgment, learned Standing Counsel would submit that in view of the availability of an efficacious alternative statutory remedy under Section 17(1) of the SARFAESI Act, the petitioner could not have directly invoked the extraordinary jurisdiction of this Court under Article 226 of the Constitution of India. It is further submitted that the respondent-Bank, in exercise of the powers conferred upon it under the provisions of the SARFAESI Act and in accordance with the terms and conditions of the sale notice, has rightly issued the impugned forfeiture notice. Therefore, in the absence of any exceptional circumstances warranting interference by this Court in

exercise of its writ jurisdiction, the present writ petition is not maintainable. Learned Standing Counsel would further submit that the petitioner has an efficacious and adequate alternative remedy before the learned Debts Recovery Tribunal under Section 17(1) of the SARFAESI Act and that the petitioner cannot bypass the said statutory remedy and directly approach this Court. Stating so, he would also seek to pass appropriate orders.

5. Having heard the submissions of learned counsel for the petitioner and learned Standing Counsel appearing for the respondents, and upon perusal of the material available on record, this Court finds that it is an undisputed fact that the petitioner emerged as the highest bidder in the e-auction conducted by the respondent-Bank. The Earnest Money Deposit (EMD) was fixed at Rs.3,54,700/-. As per the terms and conditions of sale, the successful bidder declared by the Authorised Officer was required to deposit 25% of the sale price, inclusive of the EMD, immediately on the date of sale or, in any event, not later than the next working day, in the designated bank account. The petitioner, in terms of the

conditions of sale, was required to deposit the requisite 25% of the sale consideration, i.e., Rs.9,39,955/-. It is the case of the petitioner that owing to the intervening holidays up to 14.09.2026, the amount could not be credited to the respondent-Bank within the stipulated period. The record further reveals that the petitioner had initially remitted an amount of Rs.100/- in order to ascertain whether the bid struck down in favour of the petitioner is in active. The said amount was reflected in the petitioner's bank account on 16.09.2026. Thereafter, having confirmed that the respondents are accepting/receiving the amounts payable by him, in respect of the auction bid, the petitioner transferred an amount of Rs.6,00,000/- to the respondent-Bank. The question that therefore arises for consideration is whether the petitioner had tendered the requisite amount within the time stipulated under the terms and conditions of sale and if not, whether the circumstances surrounding such delay warranted forfeiture of the EMD and cancellation of the accepted bid.

6. On careful perusal of the material available on record, it is apparent that the petitioner had initiated the transaction by remitting an amount of Rs.100/- on 11.09.2026. However, the said amount was credited to the respondent-Bank only on 14.09.2026. Here, it should be noticed that the petitioner was required to pay the requisite amount of Rs.9,39,955/- on 10.09.2026 or on the next working day i.e., 11.09.2026. However, there was nation wide bank strike on 11.09.2026 and subsequent holidays from 12.09.2026 to 14.09.2026. Hence, the next working day falls on 15.09.2026 on which date the petitioner must pay the said amount. However, during the interregnum, the petitioner paid Rs.100/- on 11.09.2026 and Rs.6,00,000/- on 16.09.2026. It is not the case of the respondent-Bank that the petitioner had deliberately withheld the requisite funds or that he was not possessed of sufficient funds to honour the accepted bid. On the contrary, the material placed before this Court indicates that the petitioner had subsequently transferred an amount of Rs.6,00,000/- on 16.09.2026 and had communicated the same to the respondent-Bank. Virtually, there was a delay of one day in remitting the amount to the account of

respondent-Bank. The aforesaid aspect assumes significance, particularly when the petitioner had brought the said transaction to the notice of the respondent-Bank. However, the impugned forfeiture notice dated 17.09.2026 does not appear to have adverted to the payment of Rs.100/- initiated by the petitioner on 11.09.2026 or to the subsequent payment of Rs.6,00,000/- made on 16.09.2026. Though the petitioner had addressed E-mail dated 20.09.2026 to the respondent-Bank, no response was furnished by the Bank before issuance of the impugned notice.

7. However, in the facts and circumstances of the present case, particularly having regard to the admitted position that the petitioner emerged as the successful bidder, the subsequent payment of Rs.6,00,000/- on 16.09.2026 and the circumstances pleaded by the petitioner explaining the delay, this Court is of the considered view that the respondent-Bank ought to have considered the entire factual position before proceeding to issue the impugned forfeiture notice. The respondent-Bank ought to have considered the complete factual circumstances leading to the delayed credit of the

amount and the subsequent payment made by the petitioner before taking the step of forfeiture of the EMD and cancellation of the accepted bid. The impugned notice, however, does not disclose any consideration of the aforesaid circumstances.

8. In ***IDBI Bank Ltd. Vs. Ramswaroop Daliya and Others***[1], the Hon'ble Supreme Court, while dealing with the proposition of principles of natural Justice, at paragraph No.20, held as follows:

> *20. It is pertinent to mention here that the cancellation of the auction sale vide communication dated 24.12.2019 is purely unilateral in nature without any notice or opportunity of hearing to the respondents. The said cancellation as such is per se in violation of of natural the principles justice and is illegal.*

9. In that view of the matter and in the light of the principle enunciated by the Hon'ble Supreme Court in the case cited supra, without expressing any opinion on the merits or demerits of the respective claims of the parties, this Court deems it appropriate to allow the writ petition by setting aside the impugned forfeiture letter dated

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17.09.2026 bearing Ref. No. ARB-HYD/56000/KM/2026. The respondents shall, therefore, consider the petitioner's case afresh, keeping in view the payments made by the petitioner and the circumstances pleaded by him for the delay. In view of the above discussion, this Court is of the considered view that the contention of the learned Standing Counsel appearing for respondent-Bank that the petitioner has an effective/alternative remedy of Appeal under Section 17(1) of the SARFAESI Act need not be adverted to, at this stage.

10. However, as stated by the learned counsel for the petitioner that though there was a delay on the part of the petitioner in complying with the terms and conditions of sale, the petitioner is residing in the subject property, namely, Flat No.G-3 on the Ground Floor, bearing House No.3-147/302/SLSRG-3, having a plinth area of 1065 sq.ft., together with an undivided share of land admeasuring 32.92 sq. yards out of 4010 sq. yards, in the apartment known as "Sri Lakshmi Sai Residency", constructed on Plot Nos.302 and 303 in Sy.Nos.261 to 266 and 290, situated at Nizampet

Village, Quthbullapur Mandal, Medchal-Malkajgiri District, Telangana. It is further stated that the petitioner is not in possession of any other residential property. As seen from the record, the petitioner started making payments by way of remitting Rs.100/- on 11.09.2026. The petitioner waited for making the further payment in order to ascertain whether the respondent-Bank have received the said amount of Rs.100/- and to get it confirmed. In that view of the matter, the bonafides of the petitioner need not be suspected. The balance of convenience also lies in favour of the petitioner in the given circumstances of the case. Moreover, having regard to the submission that the petitioner is the successful bidder and that the dispute essentially arises out of the petitioner's inability to adhere to the stipulated timeline for making the requisite payment, due to the nation wide bank strike and the subsequent holidays, this Court is of the considered view that the respondent-Bank ought to have carefully examined the case of the petitioner and ought to have applied its mind on the aspect of payment made on 11.09.2026 of Rs.100/- as non-issuance of confirmation to the said payment caused delay in making balance payments on 16.09.2026.

Admittedly on the E-mail dated 20.09.2026, petitioner was holding the required balance in his account on the specified date i.e, on 15.09.2026 and was only for want of confirmation of the payment of Rs.100/- on 11.09.2026, subsequent action of payment on 16.09.2026 would establish the bonafide action of the petitioner.

11. It is in that view of the matter, this writ petition deserves to be allowed and accordingly stands allowed. In consequence threreof, the impugned rejection notice dated 17.09.2026 stands set aside. In result thereof, the respondents are directed to confirm the petitioner's bid and accept the payment of Rs.6,00,000/- on 16.09.2026 without reference of last date as 15.09.2026.

12. With the above observations and directions, this writ petition is allowed. There shall be no orders as to costs.

As a sequel, miscellaneous petitions, if any, pending, shall stand closed.

E.V.VENUGOPAL, J

Dated: 28.09.2026
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