Case Citation: (2026) ibclaw.in 6474 HC

Order QR

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 08.10.2026

PRONOUNCED ON : 27.10.2026

THE HONOURABLE Ms. JUSTICE P.T. ASHA

W.P.No.48158 of 2025

Elakayem Auto Ancillaries (P) Ltd.,
Represented By Executive Director,
Arvind Adhi, No.159-b, Sipcot Industrial Complex,
Hosur-635 126 … Petitioner

Vs.

1. The Union Bank of India,
   Managing Director and DEO,
   Union Bank Bhawan,
   239, Vidhan Bhavan Marg,
   Nariman Point,
   Mumbai - 400 021

2. The Union Bank of India
Stressed Assets Management Branch,
Represented By its Authorised Officer,
No.38 & 39 Whites Road,
Royapettah,
Chennai-600 014 ... Respondents

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Prayer: Writ Petition is filed under Article 226 of the Constitution of India to issue writ of mandamus, directing the respondents herein to compensate the petitioner herein by way of payment of interest @ 15 percentage per annum i.e. Rs.4,14,00,169.19/- (Rupees Four Crores Fourteen Lakhs One Hundred and Sixty Nine Only) on the respective payments made by the petitioner herein towards remittance of entire Bid Amount, Stamp Duty, Registration Fee from the date of such payments till 30.05.2025.

For Petitioner : Mr. V.P.Sengottuvel
Senior Counsel

For Mr. K.R.Nishanth

For Respondents : Mr. L.Sriram
For M/s. Chennai Law Firm

ORDER

This writ petition is filed seeking a mandamus directing the respondents to compensate the petitioner by paying interest at 15% p.a. on the respective payments made by the petitioner towards remittance

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of the entire bid amount, stamp duty, registration fees etc,. from the date of the payment till 30.05.2025, within a time frame. The amount was quantified at Rs.4,14,00,169.19/-.

2. It is the case of the petitioner that the subject property belonged to one D.P.Sadhu, Director of Devas Engineering Systems Private Limited. The company had availed credit facility from the respondent by mortgaging its movable and immovable properties. Thereafter, as soon as the company had committed default in the payments, the bank had invoked the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, herein after called the Act. The bank had issued notice under Section 13 (2) of the Act to the borrower company as well as the guarantors and after following procedure had brought the property to sale after issuing necessary notice as contemplated under Rule 8 & 9 (1) of the Rules therein.

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3. The sale of the secured assets was done through MSTC limited by holding a public e-auction on 23.02.2023 and the petitioner was declared the successful bidder (H1 bidder). The total bid amount was a sum of Rs.10,21,89,000/- and 10% EMD of Rs.1,02,08,900/- was deposited on 21.02.2023.

4. The property for which the petitioner had bid was shown as Item No.3 in the Auction Notice. On 23.02.2023, the petitioner was directed to deposit a sum of Rs.2,55,47,250/- which constituted 25% of the bid amount on or before 24.02.2023 and the balance amount within 15 days i.e., by 10.03.2023. The petitioner had deposited a sum of Rs.1,53,13,350/- towards 25% of the bid amount after adjusting the 10% EMD of Rs.1,02,08,900/-. On receipt of the aforesaid sum, the 2nd respondent bank had issued confirmation of sale dated 24.02.2023.

5. On 04.03.2023 and 06.03.2023 the petitioner had remitted the entire balance amount of Rs.7,66,41,750/- which includes TDS thereby complying with the conditions of the auction and confirmation of sale.

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On 13.03.2023, the sale certificate was issued in favour of the petitioner. Thereafter, the petitioner had got the sale certificate registered after remitting a sum of Rs.1,12,41,860/- towards stamp duty and registration fees, on 24.03.2023.

6. It is the case of the petitioner that after making the entire payment and having the sale certificate registered when they had approached the respondents to handover vacant physical possession of the property they were informed that the 2nd respondent had taken steps to take possession and hand over the same to the petitioner. The petitioner would submit that despite receiving the entire bid amount the respondent bank had not taken any steps to deliver vacant physical possession to the petitioner. On 27.05.2023 and 12.06.2023, the petitioner had made representations to the 2nd respondent and on 12.04.2023 and 12.06.2023 representations were also made to the 1st respondent demanding that vacant physical possession of the property be granted to them.

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7. It is the further case of the petitioner that since no steps were taken by the 2nd respondent bank to obtain vacant possession, the petitioner had filed WP.No.7235 of 2024, seeking mandamus directing the respondents to make an application under Section 14 of the Act before the Chief Judicial Magistrate, for obtaining physical possession. On 12.04.2024, when the matter had come up, the learned counsel for the 2nd respondent bank had submitted that the application under Section 14 of the Act had been filed as early as in May 2023 and the same has been returned on account of certain defects and that after correcting defects the same had been re-presented on 03.04.2024. Therefore, this Court had issued a direction that the Chief Judicial Magistrate, Krishnagiri to expeditiously decide the application on merits not later than 4 months.

8. Thereafter, on 11.06.2024, the petitioner had once again issued a legal notice to the respondents to handover vacant possession and compensate the petitioner by paying the interest at 15% per annum for the entire amount paid by them including the stamp duty and

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registration charges. The 2nd respondent bank had sent a reply stating that the application under Section 14 had been numbered as Crl.MP.No.4805 of 2024 on the file of the Chief Judicial Magistrate, Krishnagiri and that they would take physical possession of the property and handover the same to the petitioner.

9. The petitioner would submit that even after the Chief Judicial Magistrate, Krishnagiri had passed final orders on 16.08.2024, the respondent had not taken steps to take possession of the property from the borrower. On enquiry, the petitioner learned that one M/s. Belvik Infratech Systems, claiming to be a tenant of the subject property under an unregistered lease deed dated 10.08.2024 had challenged the order of the Chief Judicial Magistrate, Krishnagiri before the DRT II, Chennai in SA.No.421 of 2024. The said petition was dismissed as not maintainable on 06.09.2024.

10. Thereafter, one more entity claiming to be an unregistered tenant had challenged the order dated 16.08.2024 made by the Chief

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Judicial Magistrate, Krishnagiri before the DRT II Chennai in NDN(SA)/2735/2024. This application was also dismissed on 28.10.2024.

11. Ultimately, the petitioner was put in possession of the property only on 31.05.2025 nearly 26 months from the date of remittance of the entire sale price of the plot and registration charges. The contention of the petitioner is that despite investing such a huge amounts toward the purchase of the property, the petitioner was unable to expand its business owing to the delay. The petitioner had participated in the bid only with the intent of expanding their industry. Further, the respondent bank retains the entire amount and failed to handover the vacant physical possession of the property. After issuance of legal notices dated 18.07.2025 and 22.07.2025 calling upon the respondents to pay a sum of Rs.4,14,00,169.19/- towards interest at 15%, the petitioner has come forward with the present writ petition.

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12. The respondents have filed a counter affidavit *inter alia* contending that the bank had taken effective steps to get vacant possession of the property as soon as the petitioner had been declared as H1 bidder. The respondents would further submit that the auction sale had been conducted on "As is where is basis" and further several factors / proceedings had cropped up as a result of which possession could not be taken under Section 14 of the Act immediately. These were beyond the control of the respondents and therefore they cannot be called upon to pay interest on the amount which has been paid particularly when the petitioner had participated in the bid after knowing fully well that the auction sale was on "as is where is" basis. They therefore sought dismissal of the writ petition.

13. Mr. V.P. Sengottuvel, learned Senior Counsel appearing on behalf of the petitioner submits that the bank had not taken any steps whatsoever to ensure that the vacant possession was taken immediately. He would submit that though the sale certificate had been issued on 13.03.2023, the respondents have not moved a little finger to have the

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vacant physical possession handed over to the petitioner. The petitioner had to make several representations and they had to move the Court to set in motion the proceedings under Section 14 of the Act. Even thereafter, the respondent bank has not immediately obtain orders of possession.

14. The learned Senior Counsel would rely upon the judgement of the Patna High Court in ***Vishal Kumar Vs. The State of Bihar and others – Letters Patent Appeal No.615 of 2025***, in support of his case, where, according to him, the first Bench of the Patna High Court has in a similar set of facts directed the bank to compensate the petitioner therein. The Bench observed that the conduct of the bank in withholding possession for over 8 months after receiving full payment was a case of financial prejudice to the petitioner therein. Therefore, they awarded 6 % interest p.a on the amount for the period from 19.09.2024. With reference to the rate of interest he would rely upon the judgements of the Hon'ble Supreme Court reported in ***2007 (3) SCC 545*** – Alok Shanker Pandey Vs. Union of India and others and

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2025 (SCC) Online SC 419 – Dr.Poornima Advani and another Vs. Government of NCT and another.

15. Per contra, Mr.L.Sriram appearing on behalf of M/s.Chennai Law Firm for the respondent bank would submit that the bank had diligently taken steps as soon as the bid was finalised. They had moved an application under Section 14 in May 2023 which was however returned on certain defects.

16. He would submit that after the Chief Judicial Magistrate, Krishnagiri had allowed the petition on 16.08.2024 and appointed an Advocate Commissioner to take physical possession of the property immediately, the two applications came to be filed as if the petitioners therein had entered into an unregistered lease deed with the borrower, thereby, claiming protection. These application came to be dismissed on the ground of maintainability itself.

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17. Thereafter, one of the guarantors of the applicant company had filed a Securitisation Application in SA.No.604/2024 before the DRT II, Chennai against the order of the Chief Judicial Magistrate, Krishnagiri along with IA.No.268 of 2024. This application came to be dismissed on 20.02.2025. Ultimately, on 31.05.2025 the possession of the property was handed over to the petitioner. Therefore, he would submit that the respondent bank cannot be called upon to pay the compensation as demanded.

18. Heard the learned counsels on the either side and perused the records.

19. The following dates would have bearing on the discussion:

S.No	Dates	Events
1	**23.02.2023**	Sale confirmation letter.
2	**13.03.2023**	Sale certificate registered.
3	**12.04.2023**	The petitioner requests possession to be handed over.

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4	**May 2023**	The respondent bank makes an application under Section 14 of the Act before the Chief Judicial Magistrate, Krishnagiri for handing over the possession which was returned for complying with certain defects.
5	**June 2023 till September 2023**	Representations were being made by the petitioner for handing over possession.
6	**11.03.2024**	The petitioner filed WP.No.7235 of 2024 for a direction to the respondents to make an application under Section 14 of the Act and to effect delivery.
7	**03.04.2024**	The respondents re-present the application and the same was

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		numbered as Crl.MP.No.4805 of 2024
8	**16.08.2024**	The criminal MP was allowed and the petitioner was permitted to take physical possession of the property. However, two Securitisation applications came to be filed by persons claiming to be an unregistered lessee under the borrower and the same were dismissed on 06.09.2024 and 20.02.2025.
9	**31.05.2025**	The petitioner was put in possession.

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20. The dates and events stated supra would clearly show that the bank has taken steps to take possession of the property and it was owing to certain intervening circumstances beyond the control of the respondent bank that they were unable to handover possession of the property, immediately.

21. A reading of the terms and conditions would throw light on the agreement between the parties. Clause No.10 clearly states that the intending bidders, after taking prior appointment from the authorised officer, could inspect the immovable / movable secured assets to be sold before the date of E - auction. This clause makes it clear that it is the sole responsibility of the bidders to inspect and satisfy themselves about secured assets and specifications.

22. Clause No.19 would read as follows:

The Authorized Officer will deliver the property on the basis of ***Symbolic possession taken on as is where is***

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basis, *(after deducting legal charges for conveyance, stamp duty, registration charges, other incidental charges and taxes as applicable) to the purchaser free from encumbrances, known to the Secured Creditor on deposit of money by the purchaser towards the discharge of such encumbrances.*

23. Likewise, Clause No.26 would read as follows:

"The above movable / immovable secured assets will be sold in "As is where is", As is what is" and "whatever there is" condition.

24. Therefore, from the very terms and conditions of the auction it is clear that the bank had apprised the purchasers that they were purchasing the property in "As is where is", As is what is" and "whatever there is" condition. The bank has only taken symbolic possession of the property. Therefore, while submitting their bid the petitioner was very much aware of the fact that possession of the property was not with the bank and that the bank would not

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immediately hand over possession to the petitioner.

25. It is also seen that in May 2023, within two months of the petitioner being issued with sale certificate, application under Section 14 of the Act had been filed by the bank before the Chief Judicial Magistrate, Krishnagiri. Further, in the sale certificate dated 13.03.2023, it has been stated that constructive possession had been taken by the bank. The said clause reads as follows:

> *"AND WHEREAS the possession notice issued an 13.07.2016 and 06.10.2016 and* ***constructive possession*** *of the below mentioned property has been taken by the Authorised Officer of the Corporation Bank and the Authorised Officer had issued auction notice dated 01.02.2023. As such the Union Bank of India (Erstwhile Corporation Bank) the secured mortgagee has become entitled to sell the aforesaid property to any purchaser."*

26. Further, in their letter dated 26.09.2023, the bank had brought to the notice of the petitioner that the borrower was referred to NCLT

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on 19.09.2022 by orders in CP (IB) 52 (CHE) 2022. As no resolution plan had been received the corporate debtor had been referred to liquidation and liquidation proceedings were filed by the Resolution Professional on 24.07.2023. The letter would further state that the bank had given necessary instructions to the Revolution Professional to proceed for the sale of plant and machinery. Therefore, the petitioner had been put on notice about all these third party proceedings. Since these proceedings were pending, the respondent bank was not in a position to hand over possession of the property to the petitioner. All of these were beyond the control of the respondent bank.

27. The Judgement of the Patna High Court may not apply to the facts of this case as in the case before the Patna High Court, the delay was purely attributable to the bank. However, in the instant case the bank has taken sincere efforts to take possession of the property and it is only on account of intervening circumstances that they were not in a position to hand over possession to the petitioner.

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28. Therefore, the claim of the petitioner cannot be sustained and accordingly this writ petition is dismissed. No costs.

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To

1. The Union Bank of India,
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   239, Vidhan Bhavan Marg,
   Nariman Point,
   Mumbai - 400 021

2. The Union Bank of India
Stressed Assets Management Branch,
Represented By its Authorised Officer,
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