IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 11.09.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.No.19464 of 2026
and W.M.P.No.20743 of 2026

S.Karpagavalli
W/o.S.Sukumar,
Plot No.23, Subbiah Nagar,
Madhananthapuram,
Mugalivakkam, Chennai-600 125.

Petitioner(s)

Vs

The Authorized Officer
Indian Bank, Stressed Assets Management
Branch Chennai, No.55, Ethiraj Salail,
Egmore, Chennai-600 008.

Respondent(s)

PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorarified mandamus to call for the records relating to the impugned order vide No.SAM/CHE/30/2026-27, dated 28.04.2026 passed by the respondent, quash the same, and consequently direct the respondent bank to issue sale certificate in favour of the petitioner and hand physical possession of the property with the time frame fixed by this Court.

For Petitioner(s): Ms.Saraswathi Muthiah [Thru VC]

For Respondent(s): Ms.Bhargavi Sundar Rajan

ORDER

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

This writ petition has been filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorarified mandamus to quash the impugned order dated 28.04.2026 passed by the respondent/Bank, by which the respondent/Bank cancelled the e-auction sale of the secured asset. The petitioner further seeks a direction against the respondent/Bank to issue a sale certificate and deliver physical possession of the property.

2. The respondent/Bank initiated recovery proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI Act] against the principal borrower and its guarantors/mortgagors and issued an e-auction Sale Notice dated 04.09.2025 to sell the mortgaged immovable property measuring 7 Cents at Door No.3/132, Sathiya

Nagar, Manapakkam, Chennai. The Sale Notice explicitly mentioned the following core conditions: (i) the auction sale was strictly on an "*As is where is, as is what is, and whatever there is*" basis; (ii) the Bank held only symbolic possession of the property and physical possession had not yet been taken from the borrowers; and (iii) under Clause 3 of the Terms and Conditions, payment of sale consideration was subject to Tax Deducted at Source (TDS) under Section 194-IA of the Income-tax Act, 1961, which was to be borne by the successful bidder.

3. The petitioner participated in the e-auction held on 24.09.2025 and was declared the highest bidder with a bid of Rs.2,92,50,000/-. The respondent/Bank confirmed the sale via its Sale Confirmation letter dated 30.09.2025. The petitioner remitted the full sale consideration within the prescribed timelines.

4. It is stated that the PAN of one of the mortgagors was inactive due to non-linking with Aadhaar and, therefore, the statutory regulations mandated tax deduction at a higher rate of 20% instead of 1%. Despite the Bank's advice and offer to hold

funds in a No-Lien Account pending resolution, the petitioner deposited TDS at 1% on 22.12.2025. Consequently, the Income Tax Department issued a demand notice dated 29.12.2025 under Section 200A of the Income-tax Act for short deduction along with penalty and late fees totaling Rs.28,72,890/-. The petitioner demanded that the Bank bear this penalty and tax liability and also demanded immediate delivery of physical possession.

5. Though the respondent/Bank had filed Crl.M.P.No. 858 of 2026 under Section 14 of the SARFAESI Act before the Chief Judicial Magistrate, Chengalpattu, to take physical possession, it could not deliver immediate physical possession and, thereafter, on 28.04.2026, the respondent/Bank issued the impugned order cancelling the e-auction sale. Along with the cancellation order dated 28.04.2026, the respondent Bank/returned the entire sale consideration (minus 0.5% TDS remitted) via four demand drafts totaling Rs.2,91,03,750/-.

6. Admittedly, and as highlighted in the typed set of documents filed by the respondent/bank, the petitioner received

and encashed all four demand drafts. The funds were fully deposited into the petitioner's account.

7. Learned counsel for the petitioner submitted that once full sale consideration was paid under Rule 9(4) of the Security Interest (Enforcement) Rules, 2002, the respondent/Bank was duty-bound under Rule 9(6) of the Rules to issue a Sale Certificate and deliver possession. She submitted that unilateral cancellation after seven months was arbitrary, illegal, and caused severe financial loss.

8. Learned counsel for the respondent/bank submitted that the writ petition is totally non-maintainable. Having unconditionally accepted the cancellation, received the full refund through four demand drafts, and encashed them, the petitioner cannot challenge the cancellation or seek a Sale Certificate. Further, the auction terms explicitly stated the sale was on an "*As is where is*" basis with only symbolic possession. Subsequent legal challenges by the borrowers before the CJM, Chengalpattu, and the DRT-II, Chennai (S.A.No.512 of 2026) created legal hurdles in taking physical possession.

9. The records establish that the respondent/Bank cancelled the sale on 28.04.2026 and issued four demand drafts totaling Rs.2,91,03,750/-. The petitioner did not return these drafts under protest. Instead, as confirmed by the email of the Bank dated 01.09.2026, the petitioner deposited and encashed all four demand drafts.

10. The principle of doctrine of election and approbate and reprobate strictly applies here. A party cannot accept the benefit of an order (the full refund of the purchase price) and simultaneously challenge the validity of that same order in court. By encashing the four demand drafts, the auction contract stood fully dissolved. The petitioner cannot now seek a sale certificate for a sale that she accepted as cancelled.

11. The sale notice and confirmation letter explicitly stated that the property was sold on an "*As is where is and as is what is*" basis, with symbolic possession only. The petitioner participated with full knowledge of these terms. She had no legal right to compel

immediate physical possession or demand interest at 18% while statutory proceedings under Section 14 of the SARFAESI Act were underway.

12. The petitioner accepted the cancellation of the auction sale by receiving and encashing all four demand drafts. The said act completely extinguishes her claim over the property. The writ petition is entirely without merit and unsustainable in law.

As a sequel, the writ petition is dismissed. The impugned order dated 28.04.2026 passed by the respondent/Bank is sustained. No order as to costs. Consequently, connected miscellaneous petitions stands closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
11.09.2026

Index : Yes/No
Neutral Citation : Yes/No
sasi

To:
The Authorized Officer
Indian Bank, Stressed Assets Management Branch Chennai, No.55, Ethiraj Salail, Egmore, Chennai-600 008.

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

(sasi)

W.P.No.19464 of 2026

11.09.2026