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W.P.No.41815 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 07.07.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,  
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

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W.M.P.Nos.46844 and 46845 of 2025

MSA Sea Foods  
Rep. by its Managing Partner,  
M.Joseph Jegan,  
61/30, Kasi Garden, 2nd Street,  
Royapuram, Chennai-600 013.

Petitioner

Vs

- 1.The Manager  
Indian Overseas Bank,  
Asset Recovery Management,  
Third Floor, Annexe Building,  
Central Office, 763, Anna Salai,  
Chennai- 602 002.
- 2.The Authorized Officer  
Indian Overseas Bank,  
Asset Recovery Management,  
Third Floor, Annexe Building,  
Central Office, 763, Anna Salai,  
Chennai- 602 002.

Respondents



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PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certioraririfed mandamus to call for the records in the Procs. No. Nil, published in the Dinamani Daily Newspaper dated 03.10.2025 on the file of the 2nd respondent, and consequentially, the reply letter dated 14.10.2025 issued by the 2nd respondent and quash the them as illegal, incompetent and without jurisdiction and issue further direction to the 2nd respondent to refund the entire amount paid by the petitioner in the auction along with interest and cost for consequential orders.

For Petitioner: Mr.Avinash Wadhvani

For Respondents: Ms.M.Vinodhini Mathelene

ORDER

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

Calling into question the e-auction sale notice dated 3.10.2025 published in Tamil Daily "Dinamani" and the reply dated 14.10.2025 issued by the second respondent, the petitioner has filed the present writ petition.

2. The facts in a nutshell are that pursuant to the information given by one Sundar, who claimed to be an agent representing the respondent bank, that a property bearing Old Door No.116, New No.2, Sheikh Maestri Street, Kasimedu, Royapuram, was coming up for

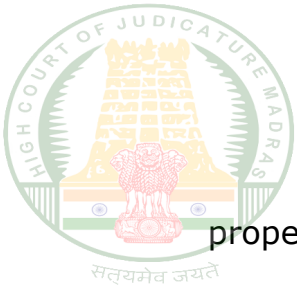


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auction on 27.6.2025, the petitioner had participated in the e-auction sale held on 27.6.2025 and was declared as highest bidder for a bid amount of Rs.1,65,33,000/-. The petitioner had also deposited 25% of the bid amount. On 18.8.2025, the respondent bank sent a letter calling upon the petitioner to deposit the balance amount of 75%. The said letter also indicated that the bank would cancel the sale and forfeit 25% of the bid amount and issue a fresh sale notice if the amount is not received within 24 hours of receiving the said letter.

3. It is averred that the petitioner came to know that demolition notice was issued in respect of the auctioned property by the Chennai Corporation on 22.5.2025 under Section 136 of the Tamil Nadu Urban Local Bodies Act, 1998. It is alleged that without revealing the said fact, the authorised officer of the respondent bank has proceeded with the auction on 27.6.2025.

4. Learned counsel for the petitioner submits that as per the statute, the auction notice should contain all material encumbrances, liabilities and/or obligations. However, the respondent bank failed to do so. On the other hand, the respondent bank issued another sale notice stating that the auction is sought to be held for the very same



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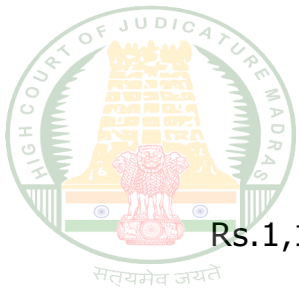
property on 18.10.2025. The said action of the respondent bank is illegal and the same is liable to be set aside.

5. However, during the course of the argument, learned counsel for the petitioner restricted his prayer only qua refund of the amount deposited by the petitioner.

6. Learned counsel for the respondent bank submitted that the auction purchaser is mandatorily required to pay the balance of the bid amount within the stipulated time. Despite repeated reminders, the petitioner failed to remit the balance amount and failure to comply with entitles the bank to cancel the sale and forfeit the deposit.

7. We have considered the rival submissions and also perused the materials available on record.

8. It is the admitted case of both parties that pursuant to the sale notice dated 19.5.2025 and upon declaring the petitioner as successful bidder, the petitioner has remitted 25% of the bid amount [Rs.41,33,250/-] and subsequent to the sale confirmation the petitioner has paid Rs.70,00,000/- on various dates, totalling



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Rs.1,11,33,250/-.

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9. It is also not in dispute that pursuant to the second sale notice, the secured asset has been sold and third party rights have been created.

10. It is also a matter of record that a demolition notice in respect of the said property has been issued on 22.5.2025 by the Corporation of Chennai. The said fact is not disclosed in either of the auction sale notices and the respondent/bank, in fact, states in the both the auction sale notices that "constructive possession" has been taken over by the bank. The non-disclosure of the said fact in both the notices raises an element of suspicion as to the bank's adherence to Rule 8 of the Security Interest (Enforcement) Rules, 2002, which mandates full disclosure.

11. The position of the auction-purchaser has been elaborately dealt with by the Supreme Court in the case of *Delhi Development Authority v. Corporation Bank and others*<sup>1</sup>. In paragraphs 30 and 31, it has been held thus:

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<sup>1</sup>2025 INSC 1161



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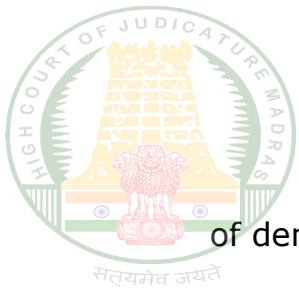
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"30. ... *The principle of restitution flows from the very heart of justice that no one shall unjustly enrich himself at the instance of another and that those who suffered without fault should, so far as money can achieve, be restored to the position they once occupied. The jurisdiction to make restitution is inherent in every court and will be exercised wherever the justice of the case demands.*

31. *In the facts of the present case, **the Auction Purchaser has been caught in the undertow of circumstances, not of its making. Among all the actors in this legal drama, it alone stands innocent.** The Auction Purchaser entered the auction in good faith, placed its bid and deposited its hard- earned money in the belief that the law clothed the auction with legitimacy. The Auction Purchaser neither breached the covenant nor failed in diligence and did not seek to profit from the illegality. The restitution therefore becomes not merely a legal device but a moral imperative. It is this principle which in the facts of the case must guide the relief to the Auction Purchaser. The Bank having advanced the money of an illegal mortgage and having chosen to auction what it never lawfully possessed, bears the responsibility for the consequences."*

*[emphasis supplied]*

12. In the case on hand, the petitioner's sole claim is that the secured asset is subject matter of demolition and hence it had not paid the balance amount. The fact that the secured asset is subject matter



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of demolition notice is borne out by records.

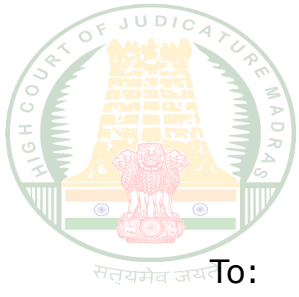
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13. For the foregoing reasons, the writ petition is disposed of considering the restricted prayer of refund made by learned counsel for the petitioner. The respondent/bank is directed to refund the entire amount paid by the petitioner within four weeks from the date of receipt of a copy of this order. However, we cannot completely agree with the petitioner on merits, as the petitioner is bound to verify the credentials of the secured asset being brought to auction. Therefore, we are not inclined to award any interest.

There shall be no order as to costs. Consequently, interim applications are closed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ) (G.ARUL MURUGAN,J)  
07.07.2026

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



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