

**HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD  
(Special Original Jurisdiction)**

**TUESDAY, THE TWENTIETH DAY OF JANUARY  
TWO THOUSAND AND TWENTY SIX**

**PRESENT**

**THE HONOURABLE THE CHIEF JUSTICE APARESH KUMAR SINGH  
AND  
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN**

**WRIT PETITION NO: 5595 OF 2023**

**Between:**

Mr.K.P Sai Pavan, Aged about 31 years, S/o Sri K.P Srinivasulu, R/o Sai Pavan Nilaya, Ananthapur Road, Vishal Nagar, Bellary, Karnataka 583101

**...PETITIONER**

**AND**

1. The Union Bank of India, Stressed Asset Management Branch, 3rd Floor, Andhra Bank Building, Sultan Bazar, Koti, Hyderabad, Telangana - 500095 Represented by its Authorized Officer.
2. Union of India, Represented by Ministry of Finance 3rd Floor Jeevadeep Building Sansad Marg, New Delhi – 110001.

**Respondent No.2 is impleaded as per Court Order dated 11.01.2024 Vide IA No.2 of 2023 in WP No.5595 of 2023.**

**...RESPONDENTS**

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue an appropriate writ, order or direction, more particularly a writ in the nature of mandamus declaring Sub- Rule (4) and (5) of Rule 9 of the Security Interest (Enforcement) Rules, 2002 to the extent of automatic forfeiture of the 25 percent amount paid towards EMD by the Auction Purchaser as illegal, arbitrary, against the principle of nature justice and violative of the fundamental rights of the petitioner under Article 14, 19(1)(g) and 300 (A) of the Constitution of India and pass such other order or orders as this Hon ble court may deem fit and proper in the interest of Justice. OR On the alternative read down the forfeiture fault attributable to the Auction purchaser and consequentially set-aside notice/email correspondence dated 21.02.2023 forfeiting the 25 percent EMD paid by the

Petitioner for the schedule property i.e. Residential House Building Property with built up area of 3356.50 Sq.Ft in H.No. 8-1-SV, Plot No. 16, Sy No. 80 to 86 correlated to T.S No. 6-12, admeasuring 325.31 Sq Yards located at Aparna Senor Valley, Shaikpet Village and Mandal, Hyderabad District bounded by North. H.No. 8-1-SV/Plot No.15, South. H.No 8-1-SV/Plot No.17, East. 12M Wide Road, West. Neighbors land, not only on ground of its illegality, but also vitiated by fraud.

**IA NO: 1 OF 2024**

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to direct the respondent bank to furnish all the documents pertaining to the OTS settlement with Sri Parameswara Poultry Farms Pvt Ltd (Borrower) and the Guarantors.

**IA NO: 1 OF 2023**

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased To suspend the operation and effect of notice/email correspondence dated 21.02.2023 issued by the Respondent Bank forfeiting the 25 percent EMD paid by the Petitioner for the schedule property i.e. Residential House Building Property with built up area of 3356.50 Sq.Ft in H.No. 8-1-SV, Plot No. 16, Sy No. 80 to 86 correlated to T.S No. 6-12, admeasuring 325.31 Sq Yards located at Aparna Senor Valley, Shaikpet Village and Mandal, Hyderabad District bounded by North. H.No. 8-1-SV/Plot No.15, South. H.No 8-1-SV/Plot No.17, East. 12M Wide Road, West. Neighbors land till pending disposal of this writ petition.

**IA NO: 1 OF 2025**

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to direct the Respondent bank to furnish the following documents (1) Sale confirmation letter issued by Respondent bank to Lakkakula Ramesh Kumar and Ms Rohini Pothu (2) Extension letters/emails issued by Respondent Bank

granting extension of time to Lakkakula Ramesh Kumar and Ms Rohini Pothu for payment of balance 75% Sale consideration (3) All communication sent by the respondent bank, with respect to refund of 25% EMD to Lakkakula Ramesh Kumar and Ms Rohini Pothu (4) Statement of account of the Respondent bank evidencing the aforementioned payments made by Lakkakula Ramesh Kumar and Ms Rohini Pothu and refund initiated by the Respondent bank, in respect of all the Flat No.301, 3rd floor, H.No. 8-3-222/6/3/301(C-46), "Peddaprolu Nest" admeasuring 1425 sq.ft (including common area) together with proportionate undivided share of land admeasuring 46 sq yds out of the total land admeasuring 400 Sq.Yds in the premises bearing M.C.H.No. 8-3-222/6/3(C-46), situated at Madhuranagar, Yella Reddy Guda, Hyderabad belonging to Bandla Ganesh Babu.

**IA NO: 2 OF 2024**

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to receive this additional affidavit and documents on record and pass any other order or order as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case and in the interest of justice.

**Counsel for the Petitioner : SRI ANIL KUMAR, Senior Counsel  
for SRI MOHAMMED AAMERUDDIN**

**Counsel for the Respondent No.1 : SRI B.S.PRASAD, Senior Counsel  
for M/s.PEARL LAW ASSOCIATES**

**Counsel for the Respondent No.2 : --**

**The Court made the following: ORDER**

**IN THE HIGH COURT FOR THE STATE OF TELANGANA**  
**AT HYDERABAD**  
**THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH**  
**AND**  
**THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN**

**WRIT PETITION No.5595 of 2023**

**DATE: 20.01.2026**

Between:

Sri K.P.Sai Pavan

**....Petitioner**

AND

The Union Bank of India and another

**....Respondents**

**ORDER**

Heard Sri Anil Kumar, learned Senior Counsel appearing for Sri Mohammed Aameruddin, learned counsel for the petitioner and Sri B.S.Prasad, learned Senior Counsel appearing for M/s.Pearl Law Associates for the respondent-bank and perused the record.

2. This writ petition is filed under Article 226 of the Constitution of India, with the following prayer:-

*".....to issue an appropriate writ, order or direction, more particularly a writ in the nature of mandamus declaring Sub-Rule (4) and (5) of Rule 9 of the Security Interest (Enforcement) Rules, 2002 to the extent of automatic forfeiture of the 25% amount paid towards EMD by the Auction*

*Purchaser as illegal, arbitrary, against the principle of nature justice and violative of the fundamental rights of the petitioner under Article 14, 19(1)(g) and 300 (A) of the Constitution of India and pass such other order or orders as this Hon'ble court may deem fit and proper in the interest of Justice.*

*Or*

*On the alternative read down the forfeiture fault attributable to the Auction purchaser and consequentially set-aside notice/email correspondence dated 21.02.2023 forfeiting the 25% EMD paid by the Petitioner for the schedule property i.e. Residential House Building Property with built up area of 3356.50 Sq.Ft in H.No.8-1-SV, Plot No. 16, Sy No. 80 to 86 correlated to T.S.No.6-12, admeasuring 325.31 Sq Yards located at Aparna Senior Valley, Shaikpet Village and Mandal, Hyderabad District bounded by North: H.No. 8-1-SV/Plot No.15, South: H.No.8-1-SV/Plot No.17, East: 12M Wide Road, West: Neighbors land, not only on ground of its illegality, but also vitiated by fraud and pass such other order or orders as this Hon'ble Court may deem fit and proper in the interest of Justice.*

3. Be it noted here that the learned Senior Counsel for the petitioner has submitted that challenge to Rule 9 of Security Interest (Enforcement) Rules, 2002 (for short 'SARFAESI Rules') is not being pressed.

4. This Writ Petition is filed questioning the action of the respondent-bank in forfeiting a sum of Rs.2,06,19,270/-, being 25% of the sale consideration deposited by the petitioner pursuant to an e-auction conducted under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the SARFAESI Rules.

5. The petitioner was declared the highest bidder in respect of the auction of the subject immovable property and deposited

the initial amount under Rule 9(3) of the SARFAESI Rules. The forfeiture has been effected by the respondent-bank by invoking Rule 9(5) of the SARFAESI Rules on the ground that the petitioner failed to deposit the balance sale consideration within the stipulated time.

6. The grievance of the petitioner is that the said forfeiture is unsustainable in law inasmuch as, on the very date of confirmation of sale, the Debt Recovery Tribunal (for short 'DRT, Hyderabad') passed an interim order dated 21.11.2022 staying further proceedings in respect of the auctioned property, which order was binding on the respondent-bank. According to the petitioner, the subsisting judicial restraint rendered completion of the sale impermissible and disentitled the bank from insisting upon strict compliance with the payment schedule or invoking the consequence of forfeiture.

**Factual Matrix (in brief)**

7. The respondent-bank issued an e-auction sale notice dated 27.10.2022 proposing to sell certain immovable properties belonging to the personal guarantors of M/s. Sri Parameswara Poultry Farms Pvt. Ltd (Item No.1 in the sale notice), which is the subject matter of the present writ petition (hereinafter referred to as "the schedule property"), which was notified with a reserve price of Rs.5,54,77,080/-. The auction was scheduled to be conducted on 18.11.2022.

8. The petitioner participated in the auction and was declared the highest bidder on 18.11.2022 for a bid amount of Rs.8,24,77,080/-. In compliance with Rule 9(3) of the SARFAESI Rules, the petitioner on 19.11.2022 deposited a sum of Rs.2,06,19,270/-, being 25% of the bid amount.

9. The respondent-bank issued a sale confirmation letter on 21.11.2022 confirming the sale in favour of the petitioner and directing him to deposit the balance 75% of the sale consideration within fifteen days. However, on the same day, i.e., 21.11.2022, the DRT, Hyderabad, in S.A.No.300 of 2022 filed by the personal guarantors of the borrower company, passed an interim order staying further proceedings in respect of the schedule properties involved therein.

10. The petitioner, initially unaware of the stay order, sought extension of time on 23.11.2022, which the respondent-bank granted on 15.12.2022 extending the deadline to 17.02.2023. Upon becoming aware of the interim order of the Debt Recovery Tribunal, Hyderabad, the petitioner, by communications dated 02.12.2022, 12.12.2022 and 13.12.2022, informed the respondent-bank that the subsisting stay restrained further steps in the sale and sought appropriate clarification.

11. The respondent-bank, however, informed the petitioner by e-mail dated 05.12.2022 that there was no stay order in operation. Thereafter, by email dated 16.02.2023, the

respondent-bank called upon the petitioner to deposit the balance sale consideration on or before 17.02.2023, failing which action would be taken under Rule 9(5) of the SARFAESI Rules. The petitioner reiterated that payment could not be made in view of the subsisting order of the DRT, Hyderabad.

**12.** Accordingly, on 21.02.2023 the respondent-bank issued the impugned communication forfeiting the amount of Rs.2,06,19,270/- deposited by the petitioner.

**Contentions of the petitioner**

**13.** Learned Senior Counsel appearing for the petitioner contended as follows:

- i. That the entire auction process stood vitiated on account of a subsisting legal impediment. It is submitted that the DRT, Hyderabad, by an interim order dated 21.11.2022, stayed all further proceedings in respect of the petition schedule property, and the said stay continued to operate at least till 28.02.2023, covering the period within which the petitioner was required to remit the balance 75% of the bid amount.
- ii. That in view of the operative stay, the petitioner was legally disabled from proceeding with the transaction, and any payment made during the currency of the stay would have exposed him to the risk of violating the Tribunal's order. The non-payment was thus neither wilful nor



deliberate, but occasioned by a judicial restraint beyond the petitioner's control.

- iii. That despite being fully aware of the pendency of S.A. No.300 of 2022 and the interim stay granted on 21.11.2022, the respondent bank issued the sale confirmation letter on the very same date without disclosing either the litigation or the stay order. Such non-disclosure, it is urged, amounts to suppression of material facts, rendering the confirmation itself inequitable and unsustainable.
- iv. That when the petitioner specifically brought the stay order to the notice of the respondent-bank; the bank, by e-mail dated 05.12.2022, categorically stated that there was "no stay" from the DRT, Hyderabad. This assertion, being contrary to the record, is alleged to have misled the petitioner and deprived him of timely and effective legal recourse.
- v. That the forfeiture of Rs.2.06 crores towards 25% EMD, despite the respondent-bank's knowledge of the stay and its subsequent One-Time Settlement (OTS) with the principal borrower and/or guarantors, is contended to result in unjust enrichment. Retention of the forfeited amount while settling the underlying debt and releasing

the secured asset is asserted to be violative of the principles of equity and natural justice.

- vi. That the mechanical invocation of Rules 9(4) and 9(5) of the SARFAESI Rules, providing for automatic forfeiture without accounting for supervening legal impediments such as a judicial stay, is arbitrary and unreasonable, offending Articles 14, 19(1)(g), and 300A of the Constitution of India.
- vii. That the petitioner acted throughout in good faith, repeatedly sought extension on account of the subsisting stay, and demonstrated his readiness and willingness to complete the transaction upon removal of the legal impediment. The forfeiture, therefore, is punitive, illegal and wholly disproportionate.

**Contentions of the respondent-bank**

**14.** Learned Senior Counsel appearing for the respondent-bank contended as follows:

- i. That the auction was conducted strictly in accordance with the provisions of the SARFAESI Act and the SARFAESI Rules. It is contended that under Rule 9(4), the auction purchaser is mandatorily required to deposit the balance 75% of the sale consideration within fifteen days of confirmation, extendable up to three months by mutual agreement.

- ii. That the petitioner was granted an extension up to 17.02.2023, which he failed to comply with. In such circumstances, Rule 9(5) squarely applies, and forfeiture of the EMD is a statutory consequence of default, leaving no discretion with the respondent-bank.
- iii. That the DRT order dated 21.11.2022 merely stayed "further proceedings" and did not restrain the petitioner from remitting the balance sale consideration. According to the respondent-bank, the stay was operated against further coercive steps such as possession or alienation, and did not prohibit acceptance of payment from the auction purchaser.
- iv. That the petitioner was fully aware of the pendency of the securitisation proceedings, having himself participated therein and filed a memo before the Tribunal. Despite such awareness, the petitioner neither sought clarification from the DRT nor took steps to comply with the payment schedule.
- v. That the petitioner is related to one of the guarantors, and that the auction bid was a collusive attempt to stall and frustrate the recovery process. The subsequent default in payment, according to the bank, lends credence to this allegation.

- vi. That the OTS entered into with the borrower or guarantors is an independent transaction and does not invalidate a concluded auction or dilute the respondent-bank's statutory right to forfeit the EMD on account of the purchaser's default. The respondent-bank is entitled to pursue multiple avenues of recovery simultaneously.
- vii. That there was no fraud or misrepresentation on the part of the respondent-bank and that the extension granted to the petitioner was purely a goodwill measure. The petitioner's failure to comply even within the extended period constitutes a clear default justifying forfeiture under the statutory scheme.

15. We have taken note of the respective contentions urged and the material on record.

**Analysis and finding**

16. In the present case, the principal issue that arises for consideration is whether the respondent-bank was justified in forfeiting the amount deposited by the petitioner by mechanically invoking Rule 9(5), notwithstanding the existence of a stay order restraining further proceedings in respect of the secured asset.

**A. Statutory Framework and the Limits of Judicial Review**

It is pertinent to note that in the instant case the controversy is based upon the interpretation and application of Rule 9 of the

SARFAESI Rules, which governs the timeline for completion of sale and the consequence of default by an auction purchaser. In this regard, the Rule 9(4) & (5) of SARFAESI Rules is extracted hereunder for ready reference:

**9. Time of sale, Issue of sale certificate and delivery of possession, etc.-**

*(4) The balance amount of purchase price payable shall be paid by the purchaser to the authorised officer on or before the fifteenth day of confirmation of sale of the immovable property or such extended period [as may be agreed upon in writing between the purchaser and the secured creditor, in any case not exceeding three months].*

*(5) In default of payment within the period mentioned in sub-rule (4), the deposit shall be forfeited [to the secured creditor] and the property shall be resold and the defaulting purchaser shall forfeit all claim to the property or to any part of the sum for which it may be subsequently sold.*

It is to be noted that the legal position governing forfeiture under Rule 9(5) of the SARFAESI Rules is no longer *res integra*. The Hon'ble Supreme Court in **Authorised Officer, State Bank of India v. C. Natarajan and others**<sup>1</sup>, has upheld the validity of Rule 9(5) of the SARFAESI Rules as a piece of delegated legislation forming part of a special statutory regime, having overriding effect by virtue of Section 35 of the SARFAESI Act. The object underlying the provision is to ensure seriousness of participation in auction proceedings and to enable expeditious recovery of public money by discouraging speculative or frivolous bidding.

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<sup>1</sup> (2024) 2 SCC 637

Further the Hon'ble Apex Court in **C. Natarajan's** case (supra 1) has also unequivocally clarified that the power of forfeiture is not immune from judicial scrutiny. It has been held that Courts and Tribunals are not rendered powerless and may intervene in "very exceptional cases" where the action of forfeiture is shown to be patently arbitrary, unreasonable, vitiated by *mala fides*, or where the exercise of power shocks the conscience of the Court. The scrutiny, though narrow, becomes more searching where forfeiture follows rejection of a request for extension made within the statutorily permissible period of ninety days. The legality of forfeiture must be tested on the facts and circumstances prevailing as on the date when the forfeiture is effected.

Thus, while Rule 9(5) of the SARFAESI Rules embodies a mandatory consequence, it does not operate in a vacuum. Its application is conditioned by the requirement that the default must be attributable to the purchaser and not occasioned by circumstances that render performance legally or practically impossible.

**B. Existence of 'Exceptional Circumstances' in the present case**

It is pertinent to note that the present case discloses a rare confluence of circumstances, bringing it squarely within the category of 'very exceptional cases' contemplated in

**C.Natarajan's** case (supra 1), thereby warranting judicial interference, for the reasons set out hereinafter:

I. Supervening Judicial Interdiction and Legal Impossibility:

- i. The petitioner's case rests upon the interim order dated 21.11.2022 passed by the DRT, Hyderabad, whereby "*all further proceedings*" in respect of the Schedule Property were stayed. Significantly, the said order was passed on the very date on which the respondent-bank issued the sale confirmation letter.
- ii. The contention of the respondent-bank that the stay did not expressly prohibit the petitioner from depositing the balance sale consideration is hyper-technical and untenable. A stay of "*all further proceedings*" in a securitisation application challenging the auction necessarily operates to maintain *status quo* and halts the consequential steps following confirmation of sale, including receipt of the balance consideration, issuance of the sale certificate, and delivery of possession. The legal effect of such a stay cannot be dissected or selectively applied.
- iii. More importantly, the stay order was binding on the secured creditor itself, which was a party to the proceedings and was represented before the Tribunal. Once the respondent-bank stood restrained from

proceeding further with the sale, its obligation to complete the transaction and convey title stood suspended. The corresponding obligation of the auction purchaser to remit the balance consideration was, therefore, also rendered inoperative.

- iv. The resulting situation was one of supervening legal impossibility. To compel a *bona fide* auction purchaser to remit a substantial sum when the secured creditor itself was enjoined from proceeding further would expose the purchaser to legal peril and potential violation of a subsisting judicial order, which the law does not sanction.

## II. Knowledge of the Bank and Suppression of a Material Fact

- i. The respondent-bank's conduct compounds the inequity of its actions. It is admitted that the respondent-bank was aware of the DRT, Hyderabad stay order on the very date it confirmed the sale, yet the confirmation letter omitted any disclosure of the pending securitisation application or the interim restraint.
- ii. When the petitioner highlighted the stay, the respondent-bank falsely asserted that "there was no stay." This misrepresentation cannot be deemed as an



inadvertent lapse. It materially misled the petitioner, affecting his decision-making and obligations.

- iii. Despite repeated communications from the petitioner, the respondent-bank extended the payment timeline without disclosing the subsisting stay. A secured creditor conducting a statutory auction is obliged to act transparently and disclose material legal impediments. The respondent- bank, having failed to do so, cannot invoke its omission to penalize the purchaser through forfeiture.

### III. Potential for Unjust Enrichment

- i. It is to be noted that the respondent-bank has entered into OTS with the principal borrower and/or guarantors, encompassing the Schedule Property. Retaining the forfeited amount from the petitioner while simultaneously settling the debt and releasing the asset would result in a clear windfall to the respondent-bank.
- ii. The law disallows unjust enrichment, especially when arising from statutory powers. Even if settlement details are not fully established, the mere possibility of such an outcome underscores the need to correct the forfeiture.

### IV. Allegation of Collusion

The allegation in the present case that the petitioner is related to one of the guarantors is wholly unsubstantiated

and, in any event, legally inconsequential. The petitioner participated in a public auction, emerged as the highest bidder, and complied with the initial deposit requirement. Petitioner's eligibility was never questioned at the time of auction or confirmation of sale. The existence of a judicial stay operates objectively and is unaffected by the personal relationship, if any, between the parties. The allegation appears to be an afterthought and does not advance the respondent-bank's case.

**C. Distinction from C.Natarajan's case (supra 1) and the case of *Authorised Officer, Central Bank of India v. Shanmugavelu*<sup>2</sup> relied upon by the learned Senior Counsel for the respondent-bank**

The reliance placed by the respondent-bank on **C.Natarajan's** case (supra 1) is misplaced. In that case, there was no stay order operating against the secured creditor in the very proceedings concerning the auctioned property. The purchaser's request for extension was rejected in the absence of any legal impediment to payment and there was no finding of misrepresentation or suppression on the part of the bank. In the present case, the factual and legal position is materially different. The stay order was granted by the competent Tribunal in the same securitisation proceedings, directly

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<sup>2</sup> 2024(3) ALD 202

binding the respondent-bank and stalling the sale process. The respondent-bank's prior knowledge of the stay and its failure to disclose the same, coupled with the creation of a situation of legal impossibility for the purchaser, clearly distinguish this case from **C.Natarajan's** case (supra 1).

The reliance placed by the learned Senior Counsel appearing for the respondent-bank on the judgment of the Hon'ble Supreme Court in **Shanmugavelu's** case (supra 2) is equally misconceived and does not advance the case of the respondent. In the said decision, the auction purchaser sought to justify his failure to remit the balance sale consideration on ground of demonetisation and non-availability of requisite documents, which were specifically held not to constitute "exceptional circumstances" warranting interference with forfeiture under Rule 9(5) of the SARFAESI Rules. In contradistinction, the present case stands on an entirely different footing, as the default is not attributable to any inability or omission on the part of the petitioner, but is occasioned by a supervening judicial restraint, resulting in a situation of legal impossibility for the auction purchaser to complete the transaction.

Hence, the ratio of the said judgments are clearly distinguishable on facts and inapplicable to the case on hand.

17. It will not be out of context to note that a Co-ordinate Bench of this Court in the matter of **S.K.Cars Lounge v. Union of India and others**<sup>3</sup> while dealing with an application for extension of time for deposit of the balance sale consideration pursuant to an auction sale on account of a stay order passed by the Court, as authoritatively observed that the authority of the secured creditor (bank) to proceed with the action could be taken only after recall of the stay order. The relevant para is extracted hereunder:

*15. We have already noticed that there was a stay order passed by this Court in W.P. No. 1991 of 2022 which continued from 12.01.2022 till 06.04.2022 i.e., for 83 days. Admittedly, when the stay order passed by this Court was operating, further steps consequent upon the auction sale, which took place on 28.12.2021 could not have been taken either by the secured creditor or by the auction purchaser. The steps consequential to the auction purchase could be taken only after recall of the stay order on 06.04.2022. Therefore, the period of stay from 12.01.2022 to 06.04.2022 i.e., 83 days would have to be excluded while computing the extended period of three (03) months for deposit of 75% of the sale price by the auction purchaser.*

18. The legal parameters governing the financial institutions power to continue with the auction proceedings during the subsistence of a stay is clearly delineated in the judicial pronouncement above referred. The authority of the financial institution to continue with the auction proceedings is suspended during the subsistence of the Court stay.

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<sup>3</sup> MANU/TL/0726/2022

### Conclusion

**19.** For the foregoing reasons, this Court is of the considered view that the respondent bank's action in forfeiting the 25% EMD of Rs.2,06,19,270/- paid by the petitioner, *vide* its communication dated 21.02.2023, is legally unsustainable, arbitrary and violative of the principles of natural justice and thus, the impugned forfeiture of Rs.2,06,19,270/- by the respondent bank is declared illegal and set aside.

**20.** Accordingly, the Writ Petition is allowed. No order as to costs.

Consequently, miscellaneous petitions pending if any shall stand closed.

**That Rule Nisi has been made absolute as above.**  
**Witness THE HON'BLE THE CHIEF JUSTICE APARESH KUMAR SINGH, on this**  
**Tuesday, The Twentieth Day Of January Two Thousand And Twenty Six**

**Sd/- M. OSMAN ALI BAIG**  
**ASSISTANT REGISTRAR**

**//TRUE COPY//**

**SECTION OFFICER**

**To,**

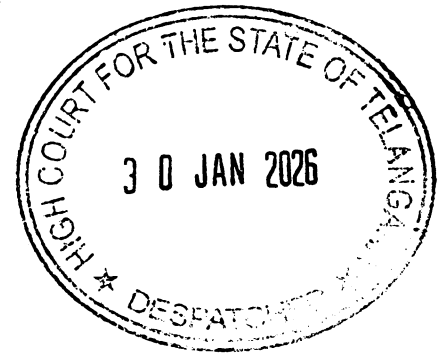
1. The Authorized Officer, Union Bank of India, Stressed Asset Management Branch, 3rd Floor, Andhra Bank Building, Sultan Bazar, Koti, Hyderabad, Telangana - 500095.
2. The Ministry of Finance Union of India, 3rd Floor Jeevadeep Building Sansad Marg, New Delhi - 110001
3. One CC to SRI MOHAMMED AAMERUDDIN, Advocate. [OPUC]
4. One CC to M/s.PEARL LAW ASSOCIATES, Advocate. [OPUC]
5. Two CD Copies.

BSK



**HIGH COURT**

**DATED:20/01/2026**



**ORDER**

**WP.No.5595 of 2023**

**ALLOWING THE WRIT PETITION  
WITHOUT COSTS**

(7)

*kp*  
20/1/26