



W.P.No.2742 of 2026 etc.

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 04.08.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.Nos.2742 and 3576 of 2026
and W.M.P.Nos.3001, 4007 and 3576 of 2026

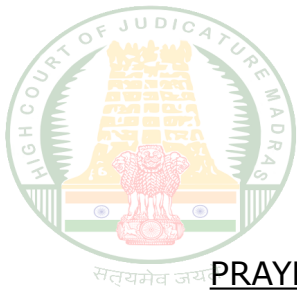
Punjab and Sind Bank
Rep. by Ajay N,
Chief Manager of Asset Recovery
and Management Branch, 1st Floor,
Dewa Towers, No.770A,
Anna Salai, Chennai – 600 002.

Petitioner(s)
in both WPs

Vs

1. T.N.Rajakumar
S/o.T.V.Natarajan,
Flat No.6, 1st Floor, Prashant Garden,
Plot No.C-459, No.30, 46th Street,
Kodambakkam Village, Ashok Nagar,
Chennai - 600 083.
2. The Catholic Syrian Bank Ltd,
G.T.Branch, Chennai.
3. S.Ramakrishnan
S/o.Shanmughasundaram,
Muthuraja Illam, No.9, Sheriff Colony
3rd Street Extension,Tirupur - 641 604.

Respondent(s)
in both WPs



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PRAYER in W.P.No.2742 of 2026: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorari calling for the records of the impugned order dated 23.10.2025 made in M.A.51/2016 on the file of DRAT, Chennai, and to set aside the award of 12 percent interest to the second respondent.

PRAYER in W.P.No.3576 of 2026: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorari calling for the records of the impugned order dated 23.10.2025 made in M.A.No.22/2016 on the file of DRAT, Chennai, and to quash the award of 12 percent interest to the first respondent.

For Petitioner(s) Mr.V.J.Arulraj
in both WPs:

For Respondent(s) Mr.R.Thiagarajan
in both WPs: for R1

Ms.V.Rajeswari
for R2

Ms.G.Kousalya
for R3

COMMON ORDER

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

These two writ petitions filed by Punjab and Sind Bank challenge a common order passed by the Debts Recovery Appellate Tribunal (DRAT), Chennai, dated 23.10.2025. The petitioner/bank is not contesting the main finding of the DRAT, but is only aggrieved by the direction to pay 12% interest from the date it received the



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money until it pays it back. The petitioner/bank claims this interest rate is unfairly high, places a heavy burden on public money and fails to take into account that the first respondent has lived in and enjoyed the property for years.

2.1. The facts in a nutshell are that, Supreme Chemiplast Piping Pvt. Ltd (borrower), along with its guarantor, Simlee Sajid (also referred to as Simlee Simon), secured loans from the second respondent/Catholic Syrian Bank in 1994. To secure this loan, Simlee Sajid created a valid mortgage by handing over her original title deeds (Sale Deed No.3269/1992) to the second respondent.

2.2. Thereafter, the same borrower sought financial support from the petitioner/Punjab and Sind Bank. Instead of handing over original title documents, the borrower submitted only a certified photocopy, claiming the originals were lost, alongside a false undertaking that the property was unencumbered. The petitioner/bank accepted these photocopies without proper verification and sanctioned a loan of Rs.5.50 Crores. Internal investigations later revealed that fraudulent documents were used,



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leading to a criminal investigation by the Central Bureau of Investigation (CBI) against the borrower and certain bank officials.

2.3. When the loan accounts went unpaid, both banks attempted to recover their funds by selling the exact same flat. Acting under default proceedings, the petitioner/bank auctioned the property on 14.12.2007. The first respondent emerged as the successful bidder by paying Rs.24,84,000/- as the purchase price plus stamp duty costs. The petitioner/bank issued a sale certificate, registered it and handed physical possession of the flat to him.

2.4. The second respondent/Catholic Syrian Bank, holding the actual original title deeds, pursued recovery through the Debts Recovery Tribunal (DRT-II, Chennai). In execution of its valid decree, the Recovery Officer of DRT attached the flat and auctioned it to S.Ramakrishnan on 21.12.2015.

2.5. Thereafter, the first respondent approached the DRT to protect his purchase. Both the Recovery Officer and the Presiding Officer of DRT-II dismissed his claims, holding that the

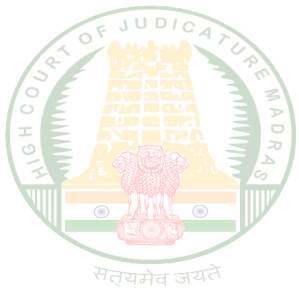


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petitioner/Punjab and Sind Bank had no valid legal mortgage over the property and that an equitable mortgage cannot be established merely on photocopies of title documents.

2.6. On appeal, the DRAT affirmed this conclusion. The DRAT recognized that while the first respondent/Rajakumar was a completely innocent, *bona fide* buyer who spent his life savings, the sale by petitioner/Punjab and Sind Bank was legally void. Consequently, the DRAT directed the petitioner to refund the full sale consideration and stamp duty expenses to the first respondent, along with simple interest at 12% per annum from the date the bank received the funds until full repayment.

3.1. Learned counsel for the petitioner submits that paying 12% simple interest is exorbitant, unilateral and inflicts severe damage on public funds. He also submitted that the first respondent remained in physical possession of the property since 2008 and, therefore, awarding him 12% interest amounts to an unjust double benefit.

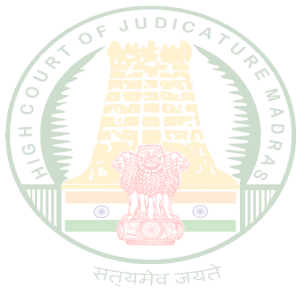


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3.2. It is further submitted that the current market value of the property has depreciated to roughly Rs.45 Lakhs, whereas the interest component alone exceeds Rs.57 Lakhs. He hastened to add that the petitioner/bank acted in good faith while advancing the loan and was itself a victim of fraud committed by the borrower.

4.1. Per contra, learned counsel appearing on behalf of the first respondent submitted that the first respondent parted with his hard-earned savings back in 2007–2008 relying on the public auction conducted by a nationalized bank. He added that the petitioner/bank concealed crucial facts regarding the missing original documents and investigation at the time of conducting the auction.

4.2. He further submitted that, after decades of uncertainty, the first respondent's title to the property stands completely invalidated. The 12% simple interest awarded by the DRAT is fair compensation for deprivation of his capital and the severe mental agony suffered due to the petitioner's gross negligence.



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5. We have given our anxious consideration to the submissions made on both sides.

6. An equitable mortgage by deposit of title deeds requires the actual delivery of genuine title documents. The petitioner/bank accepted certified photocopies without verifying why the originals were not produced. By proceeding to auction a property to which it had no valid legal mortgage, the petitioner/bank invited a public bidder into a flawed purchase. A nationalized bank owes a high degree of care to the public when holding public auctions, it cannot hide behind its own internal lapses to deny fair interest to a buyer whose funds it held and utilized for nearly two decades.

7. The petitioner/bank's submission that 12% simple interest is arbitrary or exorbitant is unpersuasive. The sale consideration of Rs.24,84,000/- was paid by the buyer in 2007–2008. Had this amount remained with the buyer or been invested in ordinary real estate or standard commercial avenues over eighteen years, its value would have appreciated significantly. The principle of restitution requires that a party deprived of his money due to an



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invalid transaction must be restored to the position he would have occupied had the wrong not occurred. The 12% simple interest awarded by the DRAT, in our considered view, is compensatory, aiming to neutralize the loss and mental agony suffered by the first respondent.

8. The petitioner/bank pleaded that the first respondent enjoyed possession of the flat. However, this possession was constantly undermined by legal uncertainty owing to notices from the Tribunals, threats of eviction and criminal investigations surrounding the title. Living under the perpetual threat of losing one's home due to a defective title created by the seller is not an unblemished benefit.

9. The DRAT considered the entire factual matrix, including the origin of the fraud, the prolonged litigation and commercial lending rates over the relevant period. Under Article 226 of the Constitution of India, this Court does not sit as a court of appeal over discretionary orders passed by specialized tribunals unless such orders are manifestly illegal, perverse, or unconscionable. The



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award of 12% simple interest in a case of complete title failure caused by negligence of the petitioner/bank is reasonable.

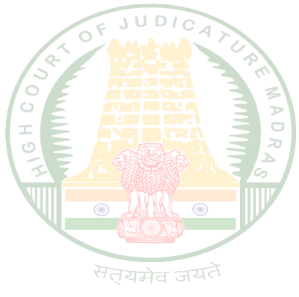
For the foregoing reasons, these writ petitions are dismissed. The petitioner/bank shall fully comply with the directions of the DRAT within a period of eight (8) weeks from the date of receipt of a copy of this order. There shall be no order as to costs. Consequently, connected interim applications are closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
04.08.2026

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

To:

1. The Catholic Syrian Bank Ltd,
G.T.Branch, Chennai.



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

(sasi)

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