

IN THE HIGH COURT OF JUDICATURE AT PATNA
Letters Patent Appeal No.615 of 2025
In
Civil Writ Jurisdiction Case No.16777 of 2024

Vishal Kumar son of Krishna Nandan Prasad, resident of 102, Om Complex, S.P. Verma Road, Patna G.P.O., Patna, Bihar-800001, P.O. G.P.O., P.S. Kotwali, Patna, Bihar.

... ... Appellant/s

Versus

1. The State of Bihar through the District Magistrate, Patna, Bihar.
2. The District Magistrate, Patna, Bihar.
3. The Bank of Baroda through its Chairman having its registered office at Baroda Bhawan, 7th Floor, R.C. Dutt Road, Vadodara.
4. The Chairman, Bank of Baroda having its registered office at Baroda Bhawan, 7th Floor, R.C. Dutt Road, Vadodara.
5. The Branch Manager, Bank of Baroda, Branch Office Exhibition Road, Patna, Bihar-800001.
6. The Branch Manager, Bank of Baroda ROSARB Branch, 1st Floor, Saryug Complex, Nehru Nagar, Patliputra, Bihar-800013.
7. White House Apartment Owners Association a Society registered under the Societies Registration Act, 1960 having its office at White House Apartment, Behind Bhumi Vikas Bank, Buddha Marg, Patna-800 001, through its Secretary, Sri Awadh Kishore Rajgarhia, son of Late Champa Lal, aged about 65 years, resident of Flat No. B-702, White House Apartment, Near Bhumi Vikas Bank, Buddha Marg, Patna-800 001.

... ... Respondent/s

Appearance :

For the Appellant/s	:	Mr. Sanjeev Kumar Mishra, Sr. Advocate
		Ms. Manini Jaiswal, Advocate
		Mr. Manas Rajdeep, Advocate
		Mr. Shubham Kumar Upadhyay, Advocate
		Ms. Adya Pandey, Advocate
		Mr. Kumar Ravish, Advocate
For the State	:	Mr. Sanjay Kumar Ghosarvey AC to AAG-3
For the BOB	:	Mr. Mrigank Mauli, Sr. Advocate
		Mr. Santosh Kumar Singh, Advocate
		Mr. Anubhav Verma, Advocate

CORAM: HONOURABLE THE CHIEF JUSTICE
and
HONOURABLE MR. JUSTICE ALOK KUMAR SINHA
CAV JUDGMENT
(Per: HONOURABLE MR. JUSTICE ALOK KUMAR SINHA)

Date: 15-10-2025

Heard the parties.



2. The appellant in the L.P.A. has prayed for following relief:

“(i) For directing the respondents, particularly the bank to pay interest on the principal amount of ₹1,87,75,000/- (Rupees One Crore Eighty-Seven Lakhs Seventy-Five Thousand only) deposited by the appellant till the date of handing over the possession i.e., 19.06.2024 to 11.02.2025.”

3. The brief facts leading to the filing of the present Letters Patent Appeal are that the appellant herein, who was the writ petitioner before the Learned Single Judge, had participated in an e-auction conducted by the respondent Bank for sale of a mortgaged property. The appellant emerged as the highest bidder and accordingly deposited the entire sale consideration amounting to ₹1,87,75,000/- (Rupees One Crore Eighty-Seven Lakhs Seventy-Five Thousand only) on 19.06.2024 in favour of the respondent Bank. The learned counsel for the appellant submits that despite payment of the entire sale consideration, the respondent Bank failed to hand over the physical possession of the property or execute the sale deed in favour of the appellant within a reasonable period of time, thereby depriving him of both possession and ownership rights for several months.

4. It is submitted by the learned counsel for the appellant that only pursuant to the interim order dated 05.02.2025



passed by this Hon'ble Court in CWJC No. 16777 of 2024, the Bank ultimately handed over the physical possession of the flat in question to the appellant on 11.02.2025. Thus, from 19.06.2024 till 11.02.2025, for a period of nearly eight months, the appellant was deprived of possession of the property despite having paid the entire sale amount. It is further contended that during this entire period, the respondent Bank continued to hold and utilize the substantial sum of ₹1,87,75,000/- belonging to the appellant, without paying any interest thereon, which is wholly unjustified and arbitrary.

5. The learned counsel for the appellant submits that the Hon'ble Single Judge, while disposing of the writ petition, was pleased to direct the respondent Bank to execute the sale deed in favour of the appellant, which direction has since been complied with. However, the Learned Single Judge erred in rejecting the appellant's legitimate claim for interest on the amount deposited, which had remained with the Bank for an unduly long period. The appellant's grievance is confined solely to this part of the impugned order dated 29.04.2025 passed in CWJC No. 16777 of 2024.

6. It is contended by the learned counsel for the appellant that the Hon'ble Single Judge failed to properly



appreciate that the Bank, after receiving the full bid amount, was under a legal and equitable obligation to hand over the possession and execute the sale deed without unnecessary delay. The failure to do so amounts to arbitrary and unreasonable conduct, causing financial loss and mental distress to the appellant. The counsel further submits that the appellant, having acted in good faith and deposited the full consideration under the bona fide belief that he would be handed over peaceful possession along with title transfer, has been wrongfully deprived of the use and enjoyment of both the property and his own funds for a considerable time.

7. It is further urged that the rejection of the claim for interest on the ground that the appellant had participated in the auction process is misconceived and contrary to settled principles of equity and justice. The learned counsel emphasizes that the Bank had enjoyed the benefit of the appellant's funds for several months without any corresponding benefit being extended to the appellant, and therefore, it is incumbent upon the Bank to pay reasonable interest for the said period.

8. The learned counsel for the appellant, therefore, prays that the impugned order dated 29.04.2025 passed by the Learned Single Judge be set aside to the extent it rejects the claim of interest, and this Hon'ble Court be pleased to hold that the



appellant is legally entitled to interest on the deposited amount of ₹1,87,75,000/- from 19.06.2024 till 11.02.2025, when the possession was finally delivered.

9. In response to the present Letters Patent Appeal, the learned counsel for the respondents no. 3 to 6 respectfully submits that the appeal filed by the appellant is wholly misconceived, devoid of merit, and amounts to a clear abuse of the process of law. It is urged that the part of the impugned order dated 29.04.2025 passed by the Learned Single Judge in CWJC No. 16777 of 2024, whereby the claim for payment of interest was rejected, is well-reasoned, legally justified, and based on sound appreciation of facts and law.

10. It is submitted that the appellant's participation in the e-auction held on 06.06.2024 was with full and conscious knowledge that the confirmation of sale was expressly made subject to further orders of the Hon'ble Debts Recovery Tribunal (DRT), Patna, in S.A. No. 66 of 2024 filed by the original borrower. The appellant was subsequently impleaded as a party to the said proceeding. The learned counsel for the respondents submits that having knowingly participated in a conditional auction and having accepted the risk of delay contingent upon the outcome of the DRT proceedings, the appellant is estopped, both



in law and in equity, from now turning around and seeking interest or compensation on account of that very delay. The appellant voluntarily entered into the transaction despite being aware of the litigation.

11. The learned counsel further submits that the allegations of arbitrariness or inaction on the part of the Bank are baseless and contrary to the record. The delay in handing over possession was neither deliberate nor unjustified. It was directly attributable to two uncontrollable factors: first, the pendency of S.A. No. 66 of 2024 before the DRT, which rendered the sale conditional; and second, the original borrower's continued illegal occupation and refusal to vacate or remove their household articles from the secured asset. The Bank could not have lawfully delivered vacant possession until these impediments were cleared. The respondents' actions were entirely in conformity with law, and any delay was an inevitable consequence of the pending litigation and physical encumbrance of the property.

12. It is further urged by the learned counsel for the respondents that the appellant's assertion that the Bank had "enjoyed" the auction money for several months is a gross mischaracterization of the legal and factual position. The learned counsel clarifies that the auction proceeds deposited by the



appellant were not placed in any profit-bearing account for the Bank's benefit but were adjusted against the outstanding dues of a non-performing asset (NPA). The primary objective of the SARFAESI Act, 2002 is recovery of public money and reduction of NPAs, not profit-making by banks. The funds were applied towards the recovery of defaulted loan amounts, and hence, the allegation of unjust enrichment is wholly unfounded.

13. The learned counsel for the respondents further submits that the SARFAESI auction is a statutory process governed by the principles of caveat emptor—"let the buyer beware"—and is conducted on "As is where is", "As is what is", and "Whatever there is" basis. The appellant, being a participant in such a sale, had a corresponding obligation to undertake due diligence regarding the property's status, title, and possession. The Bank, as a secured creditor, is not a real estate vendor guaranteeing a clear title or immediate possession; its role is confined to enforcing the security interest to recover its dues. Therefore, the appellant cannot claim to have been misled or to have suffered any legally compensable injury due to delay arising from circumstances explicitly mentioned in the auction terms and public notice.



14. The learned counsel for the respondents therefore submits that the appeal is devoid of any substance and is liable to be dismissed in limine. The appellant, having consciously participated in a conditional auction, cannot seek to rewrite the terms of sale or demand compensation for a foreseeable delay arising out of judicial proceedings. The impugned order dated 29.04.2025 does not suffer from any infirmity warranting interference. Accordingly, it is humbly prayed that this Hon'ble Court may be pleased to dismiss the present Letters Patent Appeal, upholding the reasoned findings of the Learned Single Judge and affirming the rejection of the appellant's claim for payment of interest.

15. Upon perusal of the pleadings, documents, and submissions advanced on behalf of the parties, the principal issue that arises for consideration before this Hon'ble Court is whether, in the facts and circumstances of the present case, the appellant, having deposited the entire sale consideration of ₹1,87,75,000/- pursuant to the e-auction conducted under the provisions of the SARFAESI Act, 2002, and having been subsequently delivered possession of the property after certain delay occasioned by pending litigation and judicial orders, is entitled in law or in equity



to claim any interest on the said deposited amount for the intervening period during which possession remained undelivered.

16. It is not in dispute that the appellant had deposited the entire sale consideration on 19.06.2024 and that the physical possession of the property was handed over to him only on 11.02.2025, pursuant to the interim order of the Learned Single Judge dated 05.02.2025. Thus, for a period of nearly eight months, the appellant's substantial amount remained with the respondent Bank without the corresponding benefit of possession or enjoyment of the property. The record reveals that the delay in handing over possession was not attributable to any default or omission on the part of the appellant, who had duly complied with all the obligations stipulated in the auction notice and terms of sale.

17. This Court finds merit in the submission of the learned counsel for the appellant that the Bank, having accepted the entire consideration amount, was under an obligation—both legal and equitable—to deliver possession within a reasonable time. The plea of the Bank that the delay was due to pendency of litigation or the conduct of the borrower cannot absolve it of the responsibility to safeguard the interests of the bona fide auction purchaser. Once the sale was confirmed and the amount was



accepted, the Bank became a trustee of the deposited funds to the extent that it could not unjustly retain or utilize the same without extending possession to the purchaser. The conduct of the Bank in withholding possession for nearly eight months, despite receiving full payment, has caused demonstrable financial prejudice to the appellant, who was deprived of the use of both his funds and the property.

18. The Learned Single Judge, while passing the impugned order dated 29.04.2025, failed to appreciate that the appellant's claim for interest was not based on any commercial bargain but on principles of equity, fairness, and accountability. Even if the SARFAESI Act, 2002 or the Security Interest (Enforcement) Rules, 2002 do not expressly provide for payment of interest in such circumstances, this Court is of the view that the inherent jurisdiction of this Court under Article 226 of the Constitution of India permits grant of just and equitable relief to ensure that a party is not made to suffer for reasons not attributable to them.

19. Accordingly, this Court holds that the appellant is legally entitled to interest on the amount of ₹1,87,75,000/-, as the retention of such a substantial sum by the Bank without corresponding delivery of possession was wholly unjustified.



Appellant however cannot be granted interest from 19.06.2024 to 18.09.2024 as handling process time for the Bank would be around ninety days from the date of deposit, which has to be taken into account. The rejection of this claim by the Learned Single Judge in the impugned order dated 29.04.2025, therefore, cannot be sustained in the eyes of law and stands set aside to that extent.

20. Accordingly, the appeal is allowed. The respondents are directed to pay to the appellant simple interest at the rate of 6% per annum on the amount of ₹1,87,75,000/- for the aforesaid period i.e, from 19.09.2024 (the date of deposit) till 11.02.2025 (the date of delivery of possession), within a period of four months from the date of receipt of this judgment. All pending interlocutory applications, if any, stand disposed of.

(P. B. Bajanthri, CJ)

(Alok Kumar Sinha, J)

Prakash Narayan

AFR/NAFR	AFR
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