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

WEDNESDAY, THE FOURTEENTH DAY OF OCTOBER
TWO THOUSAND AND TWENTY SIX

**PRESENT**

**THE HONOURABLE JUSTICE MOUSHUMI BHATTACHARYA**
**AND**
**THE HONOURABLE SMT JUSTICE RENUKA YARA**

**WRIT PETITION NO: 8701 OF 2026**

**Between:**

**YERUVA PRABHAKAR REDDY**, S/o. Late Yeruva Bal Reddy, Aged about 62 years, Occ. Business, R/o. H.No.93, Flat No.303, Aditya Hill Paraside 2, Nandagiri Hills, Jubilee Hills, Hyderabad-500033

**...PETITIONER**

**AND**

1. **Union of India**, Represented by its Secretary, Ministry of Finance, New Delhi.
2. **CANARA BANK**, Chennamma Circle Branch, TJ Shopping Complex, 3rd Floor, Near SBI Circle, Regional Office, Kurnool.

**...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 one in the nature of Writ of Mandamus declaring the action of the Respondent No. 2 in issuing unilateral cancellation letter bearing Ref No. 8366/Prithvi/Eauction/2026-01 dated 09.02.2026 in respect of the Flat No. 904, 9th Floor, Tower 6LH, admeasuring 2489 Sq. Ft. together with parking space each admeasuring 134.55 Sft for 3 cars in the basement along with undivided share of land of 38.79 Sq. Yds., situated in Sy. No. 201 of Mainkonda Jaigir Village, Rajendra Nagar Mandal, Ranga Reddy District as illegal, arbitrary, high-handed, violative of Article 14 and 300A of the Constitution of India, against the principle of natural justice and consequently set aside the letter bearing

Ref No. 8366/Prithvi/Eauction/2026-01 dated 09.02.2026 and direct the Respondent to issue sale certificate in favour of the Petitioner.

**I.A. NO: 1 OF 2026**

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 Respondents to maintain the status quo with respect to Flat No. 904, 9th Floor, Tower 6LH, admeasuring 2489 Sq. Ft. together with parking space each admeasuring 134.55 Sft for 3 cars in the basement along with undivided share of land of 38.79 Sq. Yds., situated in Sy. No. 201 of MainkondaJaigir Village, Rajendra Nagar Mandal, Ranga Reddy District and take any steps in furtherance of their letter bearing Ref No. 8366/Prithvi/Eauction/2026-01 dated 09.02.2026, pending disposal of the writ petition.

**I.A. NO: 2 OF 2026**

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 grant stay of the e-auction scheduled for 24.03.2026 in respect of Flat No. 904, 9th Floor, Tower 6LH, admeasuring 2489 Sq. Ft. together with parking space each admeasuring 134.55 Sft for 3 cars in the basement along with undivided share of land of 38.79 Sq. Yds., situated in Sy. No. 201 of MainkondaJaigir Village, Rajendra Nagar Mandal, Ranga Reddy District, pending disposal of the writ petition.

**Counsel for the Petitioner: SRI DUVVA PAVAN KUMAR**

**Counsel for the Respondent No.1: SRI MANIKONDA PRAVEEN,**
**SC FOR CENTRAL GOVT.**

**Counsel for the Respondent No.2: SRI DEEPAK BHATTACHARJEE,**
**Sr. COUNSEL, REP.**
**SRI K.V.NAGESWARA RAO**

**The Court made the following: ORDER**

**HIGH COURT FOR THE STATE OF TELANGANA**
**AT HYDERABAD**

**THE HON'BLE JUSTICE MOUSHUMI BHATTACHARYA**
**AND**
**THE HONOURABLE SMT JUSTICE RENUKA YARA**

**WRIT PETITION NO.8701 OF 2026**
**(CNR NO.HBHC010179972026)**

**DATE: 14.10.2026**

**BETWEEN**:

Yeruva Prabhakar Reddy.

...Petitioner

**And**

Union of India and Another.

...Respondents

Mr. Duvva Pavan Kumar, learned counsel appearing for the petitioner (Online).

Mr. Deepak Bhattacharjee, learned Senior Counsel appearing for the respondent No.2/ Canara Bank.

**ORDER:** (Per Hon'ble Justice Moushumi Bhattacharya)

1. The present Writ Petition has been filed by the Auction Purchaser against a cancellation letter issued by the respondent No.2/Canara Bank on 09.02.2026.

2. Learned counsel appearing for the petitioner clarifies at the very outset that the only relief which the petitioner now

seeks is for refund of an amount of Rs.15,77,500/- paid by the petitioner to Canara Bank by way of EMD along with interest.

3. We have heard learned counsel appearing for the petitioner and learned Senior Counsel appearing for the respondent No.2/Canara Bank.

4. The petitioner's main contention is that the petitioner remained unaware of an order of *status quo* passed by a learned Single Judge of this Court on 10.12.2021 in W.P.No.33127 of 2021, i.e., the very date on which Canara Bank auctioned the property and in which the writ petitioner emerged as the highest bidder.

5. Learned counsel for the petitioner submits that the first and only communication received by the petitioner from Canara Bank was the letter dated 09.02.2026, whereby the Bank informed the petitioner of its decision to cancel the auction with immediate effect on account of legal impediments and undertook to refund the Earnest

Money Deposit (EMD), without interest, within 15 days from the date of the said letter.

6. According to learned Senior Counsel appearing for Canara Bank, the Bank was constrained to cancel the auction in view of the interim order of *status quo* passed by the High Court on 10.12.2021. It is further submitted that the Bank is liable only to refund the amount deposited by the petitioner, without interest, as the said amount was kept in a "no-lien" account. It is also submitted that the petitioner had failed to deposit 25% of the sale consideration as mandated under Rule 9(3) of The Security Interest (enforcement) Rules, 2002 ('the 2002 Rules').

7. There are several undisputed facts which have been brought to the notice of the Court. The writ petitioner, having emerged as the successful bidder in the auction conducted on 10.12.2021, deposited the EMD amount of Rs.15,77,500/- in favour of the respondent No.2/Canara Bank. On the very same day, i.e., 10.12.2021, a learned

Single Judge of this Court passed an order of *status quo* on the auction.

8. Two significant facts arise in relation to the *status quo* order. First, the Borrower filed the Writ Petition on 08.12.2021, and the Bank was represented before the learned Single Judge on 10.12.2021. Thus, the Bank had notice of the Borrower's challenge to the auction by way of the Writ Petition two days before the auction. Second, there is nothing on record to indicate that the Bank communicated to the present writ petitioner either the filing of the Writ Petition or the subsequent passing of the *status quo* order by the Court on 10.12.2021.

9. This would mean that the Bank chose not to give Notice to the writ petitioner of the pending Writ Petition as well as the *status quo order.* The petitioner was hence precluded from taking a decision on whether to participate in the auction. The writ petitioner hence participated in the auction, was declared the highest bidder, and deposited the

EMD without being aware either of the filing of the Writ Petition or of the status quo order passed by the High Court.

10. It is further significant that there is no document disclosed by the Bank in its counter which could show that the Bank even attempted to make any sort of communication with the writ petitioner between 10.12.2021 and 09.02.2026. Hence, the admitted position is that the Bank retained the EMD amount of Rs.15,77,500/- for the last 5 years without any justification.

11. The argument made on behalf of the Bank that the writ petitioner did not comply with Rule 9(3) of the 2002 Rules in respect of 25% of the sale consideration is untenable, since the writ petitioner could not have complied with the requirement of Rule 9(3) during pendency of the order of *status quo* passed by the High Court on 10.12.2021.

12. The above facts persuade us to hold in favour of the writ petitioner. The Bank has not shown any good reason to explain why it sat over the EMD for the last 5 years and thereafter offered to refund the same without interest. The

retention of the said amount by the Bank for the substantial period of time also amounts to unjust enrichment.

13. The Court is informed that the Writ Petition filed by the borrower was dismissed on 09.01.2026. Thereafter, Canara Bank wrote the letter to the writ petitioner on 09.02.2026. However, this fact does not absolve the Bank from its non-disclosure of the *status quo* order to the writ petitioner as of 10.12.2021.

14. W.P.No.8701 of 2026, along with all connected applications, is accordingly allowed and disposed of by directing the respondent No.2/Canara Bank to refund the amount of Rs.15,77,500/- to the petitioner within two weeks from 16.10.2026 along with interest at 6% per annum from 10.12.2021 till the date of refund.

**Sd/-NAGAMANI**
**ASSISTANT REGISTRAR**

**//TRUE COPY//**

**SECTION OFFICER**

To,

1. The Secretary, Ministry of Finance, New Delhi, Union of India.
2. The Canara Bank, Chennamma Circle Branch TJ Shopping Complex, 3rd Floor, Near SBI Circle, Regional Office, Kurnool.
3. One CC to SRI DUVVA PAVAN KUMAR, Advocate [OPUC]
4. One CC to SRI K.V.NAGESWARA RAO, Advocate [OPUC]
5. One CC to SRI MANIKONDA PRAVEEN, SC FOR CENTRAL GOVT. [OPUC]
6. Two CD Copies

BSR

CC TODAY

HIGH COURT

DATED: 14/10/2026

ORDER

WP.No.8701 of 2026




ALLOWING THE WRIT PETITION,

WITHOUT COSTS

16/10/26