

**IN THE HIGH COURT OF JAMMU & KASHMIR AND LADAKH
AT JAMMU**

**CRR 39/2018
IA(1/2018)**

**Date of Pronouncement: 20.02.2026
Date of uploading: 24.02.2026**

ASGAR ALI SHAH

...Petitioner/Appellant(s)

Through: Mr. Rauf Khan, Advocate

Vs.

GHULAM MUSTAFFA AND ORS

...Respondent(s)

Through: None

CORAM: HON'BLE MR. JUSTICE SANJAY PARIHAR, JUDGE

ORDER
20.02.2026

1. The petitioner has invoked the jurisdiction of this Court under Section 520 of the Jammu and Kashmir Criminal Procedure Code, 1989 (as applicable prior to 31.10.2019), seeking modification/alteration of order dated 24.07.2018 passed by the Court of learned Special Mobile Magistrate, Rajouri (hereinafter referred to as “the *Trial Court*”), whereby the vehicle bearing Registration No. JK14B-1769 (Tata Sumo) was directed to be released in favour of respondent No. 3, the financier, instead of the petitioner.
2. The case set up by the petitioner is that he is a bona fide purchaser of the aforesaid vehicle, having purchased the same from respondent No. 1 on 10.10.2016 upon payment of the entire sale consideration

amounting to ₹3.50 lakhs. It is contended that the petitioner was not informed that the vehicle was under a Hire Purchase Agreement with respondent No. 3 and that the said fact was deliberately concealed. According to the petitioner, when the respondents attempted to forcibly take possession of the vehicle, he instituted a civil suit for permanent prohibitory injunction. It is further alleged that at the instance of respondent No. 1, the SHO Police Station, Rajouri seized the vehicle, and thereafter respondent No. 3 succeeded in obtaining its release from the Trial Court.

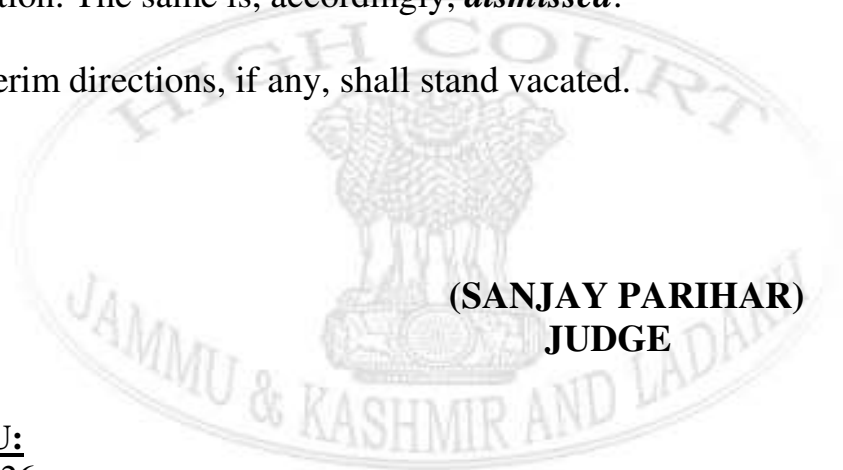
3. Notice of the petition was issued to the respondents. For a considerable period, none appeared. Subsequently, respondent No. 3 entered appearance through counsel. On 13.02.2026, learned counsel for respondent No. 3 sought time to obtain instructions. However, when the matter was taken up for consideration, there was no representation on behalf of the respondents. Learned counsel for the petitioner submitted that even the petitioner is not in contact and left the matter to the discretion of the Court. In this backdrop, the petition is taken up for final disposal.
4. The record reveals that upon seizure of the vehicle by the police on a complaint lodged by respondent No. 1, two separate applications for interim custody were filed before the Trial Court, one by the petitioner claiming to be a bona fide purchaser in possession, and the other by respondent No. 3 claiming rights as financier under a Hire Purchase Agreement. The Trial Court, upon considering the covenants of the Hire Purchase Agreement, concluded that respondent No. 3 possessed a superior claim over the vehicle and that retaining the vehicle in

police custody would only result in its depreciation. Accordingly, the vehicle was ordered to be released on supradnama in favour of respondent No. 3.

5. It is admitted by the petitioner himself that the vehicle had originally been purchased under a Hire Purchase Agreement by the registered owner. Under settled principles governing hire purchase transactions, the financier retains a superior right and lien over the vehicle until full discharge of the loan liability. Ownership, in such arrangements, does not pass absolutely to the hirer until the contractual obligations are fulfilled. Therefore, unless the outstanding liability stood liquidated, no valid and complete title could pass to any subsequent purchaser. Even assuming that the petitioner was unaware of the subsisting Hire Purchase Agreement, such ignorance would not defeat the prior contractual and proprietary rights of the financier.
6. The power under Section 520 Cr.P.C. is supervisory in nature and is ordinarily exercised where the order of disposal of property suffers from patent illegality, perversity, or jurisdictional error. The Trial Court was required to release the seized property in favour of the person prima facie entitled to possession, subject to appropriate bond and undertaking to produce the same as and when required. Once released on supradnama, the custody remains subject to the orders of the competent Court and is in the nature of custodia legis. The rights of the parties concerning ownership and lawful possession remain open to adjudication before the competent civil Court.
7. In the present case, the Trial Court has assigned cogent reasons while preferring the claim of the financier, whose lien under the Hire

Purchase Agreement was subsisting. The order neither suffers from perversity nor from any manifest illegality warranting interference in exercise of powers under Section 520 Cr.P.C.

8. The petitioner has also stated that he has instituted a civil suit asserting his claim as bona fide purchaser; however, no material is placed on record regarding the outcome of the said proceedings. The appropriate remedy of the petitioner, if so advised, lies before the competent civil forum for adjudication of title and consequential relief.
9. For the foregoing reasons, this Court finds no merit in the present petition. The same is, accordingly, *dismissed*.
10. Interim directions, if any, shall stand vacated.



(SANJAY PARIHAR)
JUDGE

JAMMU:
20.02.2026
Akshil Dev

Whether the order is speaking?	Yes
Whether the order is reportable?	No