

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

WRIT PETITIONN (L) NO.46 OF 2022

1 PHOENIX ARC PVT. LTD.)
 A Asset Reconstruction Company)
 incorporated under the Companies)
 Act, 1956 and registered under)
 Section 3 of the Securitisation and)
 Reconstruction of Financial Assets)
 and Enforcement of Security)
 Interest Act, 2002 having its)
 registered office at 5th Floor, Dani)
 Corporate Park, 158, CST Road,)
 Kalina, Santacruz (E), Mumbai)
 400 098.)

2 SURESH VARYAM)
 The Senior Vice President of)
 Phoenix ARC Pvt. Ltd., having)
 office at 5th Floor, Dani Corporate)
 Park, 158, CST Road, Kalina,)
 Santacruz (E), Mumbai - 400 098)

Vs.

1 THE REGISTRAR)
 Debts Recovery Appellate Tribunal,)
 1st Floor, MTNL Building, Near Strand)
 Cinema, Apollo Bunder, Colaba Market)
 Colaba, Mumbai 400 005)

2 THE RECOVERY OFFICER DRT-I)
 2nd Floor, MTNL Building, Near Strand)
 Cinema, Apollo Bunder, Colaba Market)
 Colaba, Mumbai 400 005)

3 MR.PRASHANT KISHOR MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)

4 CHARU KISHORE MEHTA)
 Flat No.37, 18th floor, Usha Kiran Bldg.)
 15, M.L.Dahunakar Marg, Mumbai-26)

5 THE OFFICIAL LIQUIDATOR)
HIGH COURT BOMBAY)
 Appointed as a liquidator for M/s.)
 Splendour Gems Limited, having its)
 address at 5th Floor, Bank of India)
 Building, M.G.Road, Fort, Mumbai)
)
6 KISHOR K MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)
)
7 RAJESH K MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)
)
8 RAJIV K MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)
)
9 BEAUTIFUL GROUP PVT. LTD.)
 147, Atlanta, Nariman Point,)
 Mumbai 400 021)
)
10 CRYSTAL GEMS)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)

WITH

WRIT PETITION NO.2537 OF 2021

1 PRASHANT KISHOR MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)
)
2 CHARU MEHTA)
 Flat No.37, 18th floor, Usha Kiran Bldg.)
 15, M.L.Dahunakar Marg, Mumbai)
 400 026)

Vs.

1 UNION OF INDIA)
 Aaykar Bhavan, New Marine Lines,)
 Mumbai - 400 020)

2 PHOENIX ARC PVT. LTD.)
 5th Floor, Dani Corporate Park, 158,)
 CST Road, Kalina, Santacruz (East),)
 Mumbai-400 098.)

3 SPLENDOUR GEMS LTD.)
 101,102,103, Mittal Court, 10th Floor)
 Nariman Point, Mumbai 400 021)

4 KISHOR K MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)

5 RAJESH K MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)

6 RAJIV K MEHTA)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)

7 BEAUTIFUL REALTORS PVT.LTD.)
 147, Atlanta, Nariman Point,)
 Mumbai 400 021)

8 CRYSTAL GEMS)
 Diamond House, 9, Vatcha Gandhi)
 Road, Gamdevi, Mumbai 400 007.)

9 THE RECOVERY OFFICER DRT-I)
 2nd Floor, MTNL Building, Near Strand)
 Cinema, Apollo Bunder, Colaba Market)
 Colaba, Mumbai 400 005)

10 DEBTS RECOVERY APPELLATE)
TRIBUNAL)
 MTNL Building, Near Strand Cinema)
 Apollo Bunder, Colaba Market, Colaba)
 Mumbai 400 005)

Mr. Rohit Gupta i/b. V. Deshpande & Co., Advocate
 for the Petitioner in Writ Petition (L) No.46 of 2022
 and for the Respondent No.2 in Writ Petition
 No.2537 of 2021.

Mr. Gautam Ankhad a/w. Mr. Aditya Mehta i/b. Abhishek Prabhu, Advocate for the Respondent Nos.3 and 4 in Writ Petition (L) No.46 of 2022 and for the Petitioners in Writ Petition No.2537 of 2021.

Mr. B.B.Sharma a/w. Mr. Mohammed Ali Chunawala i/b. Mr. Gul Asnani, Advocate for Respondent No.1 in Writ Petition No.2537 of 2021.

CORAM : DIPANKAR DATTA, CJ & V. G. BISHT, J.

**RESERVED ON : JANUARY 31st 2022
PRONOUNCED ON : FEBRUARY 11th 2022**

JUDGMENT : (PER V. G. BISHT, J.)

1 Rule. Rule made returnable forthwith. By consent, heard finally at the stage of admission.

2 The petitioners, by way of Writ Petition (L) No.46 of 2022 under Article 226 of the Constitution of India, seek to quash and set aside the impugned order dated 8th December 2021 passed by the respondent no.1 (Registrar, Debts Recovery Appellate Tribunal) and vacate the stay imposed on conducting public auction.

3 Writ Petition No.2537 of 2021 is at the instance of Prashant K. Mehta and others under Article 226 of the Constitution of India, seeking direction against respondent no.9 (Recovery Officer, Debts Recovery Tribunal-I) and respondent no.2 (Phoenix ARC Pvt. Ltd.) not to take any steps to alienate, encumber, transfer, value and/or auction the Flat No.37, 18th floor, Usha Kiran, Carmichael Road, Mumbai-400026, belonging to petitioner no.2, until the Debt Recovery

Appellate Tribunal, Mumbai is functional and decides the petitioner's appeal D No.369 of 2021.

4 The causes for inception of these petitions although have same echo, yet brief narratorial facts need to be outlined;

(A) Writ Petition (L) No.46 of 2022 :

The petitioner no.1 is a Securitisation and Asset Reconstruction Company and is an assignee of Oriental Bank of Commerce (hereafter the "OBC" for short) under a valid and subsisting Deed of Assignment dated 30th September 2013 and has stepped into the shoes of the said OBC and as such is judgment creditor of respondent nos.3 to 10 and is pursuing the Recovery proceedings pending in Debt Recovery Tribunal (hereafter the "DRT" for short), Mumbai. Originally, OBC advanced various credit facilities to various entities viz. Beautiful Diamonds Ltd. (subsequently known as Splendour Gems Ltd. (now in liquidation)), Beautiful Realtors Pvt. Ltd., Beautiful Jewellers Pvt. Ltd., and Crystal Gems (hereafter the "Beautiful Group" for short). Respondent no.1 is the Registrar, Debt Recovery Appellate Tribunal (hereafter the "DRAT" for short) while respondent no.2 is the Recovery Officer of DRT. Respondent no.5 is the borrower (in liquidation). Respondent nos.3, 4 and 6 to 10 are mortgagors / guarantors to the credit facilities granted, sanctioned and disbursed to respondent no.5.

5 In view of default committed by Beautiful Group, OBC filed different original applications before the DRT. Simultaneously, OBC took measures under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereafter the

“SARFAESI Act” for short) in respect of secured assets. By an order and judgment dated 24th July 2006, the original application filed against the respondent no.5 (in liquidation) and its guarantors being Original Application No.303 of 2002 was allowed and accordingly, recovery proceedings commenced. The said order and judgment was challenged by borrower before the DRAT. They also challenged the measures under the SARFAESI Act by filing applications under Section 17 of the SARFAESI Act before the DRT as well as by way of appeals under Section 18 before the DRAT.

6 According to petitioners in or around 2013, the promoters/ guarantors of Beautiful Group approached the petitioners and indicated their desire to restructure its debts and to take over the debts of Beautiful Group from OBC. Accordingly, Deed of Assignment dated 30th September 2013 was executed between OBC and the petitioners whereby debts of Beautiful Group along with its underlying securities were assigned in favour of the petitioners. Pursuant to the said assignment, the petitioners and respondent nos.3 to 10 arrived at a settlement and executed consent terms dated 1st October 2013 which was filed before the DRAT, Mumbai in the pending appeals. They agreed to undertake that they would pay the petitioners a sum of Rs.27,31,04,000/- on or before 30th September 2014 (settlement amount). However, respondent nos.3 to 10 failed and neglected to pay the settlement amount as agreed and recorded under the consent terms. The petitioners, accordingly, approached the learned Recovery Officer seeking directions to proceed with the recovery proceedings. Despite agreeing and undertaking to not object in any manner for execution of the Recovery

Certificates in case of defaults, the respondent nos.3 to 10 initiated series of vexatious litigation right up to the Supreme Court without any success.

7 According to the petitioners, despite undertaking, the respondent nos.3 and 4 did not hand over the possession of secured assets and instead challenged the order of this Court before the Supreme Court by way of Special Leave Petitions but the same stood dismissed. The respondent nos.3 and 4 were directed to hand over possession of the said flat and they accordingly handed over the same to the Tribunal Receiver.

8 The petitioners allege that the respondent nos.3 and 4 again filed two separate applications for discharge of liabilities being Exhibit Nos.618 and 631 on the ground that their liability is only to the extent of Rs.5 crores. However, respondent no.2 rejected those applications. They preferred appeal before the DRT-I. However, they failed to pre-deposit any amount as required under the provisions of Section 31 of Recovery of Debts and Bankruptcy Act, their appeal and application of waiver was also dismissed.

9 Being aggrieved by the dismissal of appeal, the respondent nos.3 and 4 again filed writ petition before this Court. Their writ petition was dismissed by imposing costs. They again went to Supreme Court but there also their Special Leave Petition was also dismissed.

10 In the meantime, sale program of the said Flat No.37 came to be fixed. According to the petitioners, the respondent nos.3 and 4 by taking shelter of order dated 2nd December 2021 in Writ Petition (L) No.24293 of 2021

deposited a sum of Rs.1.25 crores in DRAT in pending appeal (Appeal (Diary) No.369 of 2021) towards 25% of its alleged outstanding liability and also filed pursis before the respondent no.2 seeking stay of the sale scheduled on 27th December 2021. The respondent no.2 proceeded to stay the sale on the ground that respondent nos.3 and 4 have deposited 25% of their outstanding liability. According to the petitioners, respondent no.2 construed that respondent no.1 has determined the amount due and payable by the respondent nos.3 and 4 and has quantified the pre-deposit amount and accepted Rs.1.25 crores as pre-deposit, which was against the terms and conditions of public notice for sale settled by respondent no.2 indicating the outstanding amount as Rs.2,70,28,51,260/-. Although the petitioners pointed out this mistake by filing a praecipe, yet the respondent no.2 stayed the process of sale scheduled on 27th December 2021. Hence, the petition.

11 The affidavit-in-reply filed by the respondent nos.3 and 4 is on record. According to them the original order and decree of the DRT dated 24th July 2006 expressly holds that the original application filed by the petitioners' predecessor was disallowed against the respondent nos.3 and 4. Accordingly, Recovery Certificate dated 18th August 2006 only holds the respondent nos.5 to 10 jointly and severally liable to pay the petitioners a sum of Rs.36.58 crores. As far as the respondent nos.3 and 4 are concerned, the Recovery Certificate does not impose any personal liability on them and instead it only declares that outstanding to the extent of Rs.5 crores plus interest is secured by an equitable mortgage over a residential flat owned *inter alia* by the respondent nos.3 and

4. The respondent nos.3 and 4, however, do not dispute the consent terms dated 9th October 2013, but deny any default of the said consent terms.

12 According to them, the petitioners were paid an excess amount of Rs.16.51 crores and to substantiate that a copy of Chartered Accountant's Certificate (Exhibit N) dated 14th November 2020 is filed on record.

13 The respondents have also referred to the various proceedings taken out by them which is already noted by us from the petition itself, and therefore, needs no repetition.

14 Lastly, the respondents contended that in terms of general order dated 2nd December 2021 passed by this Court in Writ Petition (L) No.24293 of 2021, the respondent nos. 3 and 4 approached respondent no.1 on 8th December 2021 and deposited an amount of Rs.1.25 crores i.e. 25% of the amount of Rs.5 crores determined by the DRT in the original order and decree dated 24th July 2006 as the extent of the outstanding secured by an equitable mortgage in respect of the flat. Thereafter, they filed a pursis before the respondent no.2 seeking a stay of the recovery proceedings in respect of the subject flat in the light of pre-deposit made with respondent no.1 and accordingly by order dated 16th December 2021 the respondent no.2 stayed the recovery proceedings in respect of the flat.

(B) Writ Petition No.2537 of 2021 :

15 The petitioners have reiterated the contents of their affidavit-in-reply filed in response to Writ Petition (L) No.46 of 2022. In view thereof, there is no necessity to elaborate once again the pleadings.

SUBMISSIONS

16 Mr.Rohit Gupta, learned counsel for the petitioners (Writ Petition (L) No.46 of 2022) and for the respondent no.2 (Writ Petition No.2537 of 2021) assails the impugned order on the ground of failure of respondent no.1 to appreciate that the respondent nos.3 and 4 had completely and totally misinterpreted the order dated 2nd December 2021 passed by this Court in Writ Petition (L) No. 24293 of 2021. According to the learned counsel, the respondent no.1 ought not to have accepted the sum of Rs.1.25 crores as 25% of Rs.5 crores as deposited by the respondent nos.3 and 4 without reading the impugned order or without hearing the petitioners with respect to the amount due and payable by the respondents herein. Rather, the respondent no.1 ought to have checked as to what was the amount claimed by the petitioners and also the amount as determined by the DRT before accepting the same as pre-deposit against the appeal.

17 Assailing further the order of the respondent no.2, the learned counsel pointed out that the respondent no.2 did not keep in mind that he himself had issued the said proclamation for sale of the flat wherein the amount due as on the date of the sale is Rs.2,70,28,51,260/- and 25% of the said amount would come to more than Rs.67.57 crores. The impugned orders, needless to say, being perverse orders, appear to have been passed in great haste which have caused undue loss, harm and damage to the petitioners. The learned counsel then lastly invited our attention to the various proceedings unsuccessfully initiated by the respondents up to the Apex Court and would submit that the only intention of the respondents was to somehow delay the auction proceedings.

18 Mr.Gautam Ankhad, learned counsel for the petitioners (Writ Petition No.2537 of 2021) and for the respondent nos.3 and 4 (Writ Petition (L) No.46 of 2022) submits that there is only one Recovery Certificate, issued on the basis of order dated 24th July 2006 passed in Original Application No.303 of 2002, which is not issued against the respondents/petitioners. In absence of Recovery Certificate issued against them, Recovery Officer DRT-1 lacks jurisdiction and therefore the order dated 5th March 2021 giving directions for continuing with recovery proceedings against is therefore, entirely without jurisdiction. According to the learned counsel, the order dated 24th July 2006 passed in Original Application No.303 of 2002, pursuant to which Presiding Officer, DRT has initiated recovery proceedings against the respondents/petitioners expressly declare that the equitable mortgage in respect of the said flat is only to secure an amount of Rs.5 crores from the entire outstanding amount. The respondent no.2 / petitioner has already received an amount in excess of Rs.16.5 crores and also holding various properties against the outstanding amount under the Recovery Certificate in question. In the circumstances, Recovery Officer, DRT-I ought to have released the said flat from the equitable mortgage forthwith.

DECISION

19 We have niggling doubts about the merits of petition (Writ Petition No.2537 of 2021). The reason for this is not hard to seek.

20 Admittedly, vide order and judgment dated 24th July 2006, the Original Application No.303 of 2002 filed against

respondent no.5 (in liquidation) and its guarantors was allowed. Pursuant to the said order and judgment, the DRT was pleased to issue Recovery Certificate whereby the borrowers and guarantors were ordered and directed to pay the OBC a sum of Rs.36,58,91,000/- together with further interest thereon. This led to Recovery Proceeding No.238 of 2006. It is also not in dispute that the borrowers then filed an appeal being Appeal No.27 of 2007. They also challenged the measures under the SARFAESI Act by filing an application under Section 17 before the DRT as well as by way of an appeal under Section 18 before the DRAT.

21 Again, there is no dispute to the fact that the promoters and guarantors of Beautiful Group approached the petitioners as they wanted to restructure their debts and therefore urged the petitioners to take over the debts of Beautiful Group from OBC. The petitioners, on their part, approached the OBC and offered to take over the debts of Beautiful Group by way of assignment. Accordingly, Deed of Assignment dated 30th September 2013 was executed between the OBC and the petitioners whereby the debts of Beautiful Group along with its underlying securities were assigned in favour of the petitioners.

22 In the light of said assignment, the petitioners and respondent nos.3 to 10 arrived at a settlement and executed consent terms dated 1st October 2013 which was filed before the DRAT in pending appeals. The said consent terms are very much on record. It is pertinent to note that the respondents *inter alia* agreed and undertook that in the event of default, the petitioners shall be entitled to proceed with recovery of entire decretal amount and that the Recovery

Certificate can be executed against their assets. The said consent terms were very much taken on record by the DRAT and undertakings were accepted.

23 It does not make much discernment to see that the respondent nos.3 to 10 failed and neglected to pay the settlement amount as agreed and recorded under the consent terms despite giving undertaking that the respondents will not obstruct the execution of the Recovery Certificate in case of default. Paragraph "L" of the petition (Writ Petition (L) No.46 of 2022) demonstrates the various applications / appeals taken out right up to the Apex Court by the respondents. Because of this, the petitioners were required to approach the learned Recovery Officer seeking directions to proceed with the recovery proceedings by attaching the assets and appointing the Receiver on the assets of the respondent nos.3 to 10 and put up the same for sale as per the terms of the consent terms.

24 It appears from the compilation of the petitioners [Writ Petition (L) No.46 of 2022] that the respondent no.4, namely, Charu K. Mehta and Reshma R. Mehta filed two writ petitions being Writ Petition (L) No.1766 of 2017 and Writ Petition (L) No.1767 of 2017 challenging the order dated 15th June 2017 passed by the DRT and possession notice dated 21st June 2017 issued by the DRT for handing over of possession of their secured assets including Flat No.37, 18th Floor and Flat No.46, 23rd Floor of Usha Kiran, Carmichael Road, Mumbai – 400026. This Court (Coram : B. R. Gavai & R. I. Chagla, JJ.) vide order dated 5th July 2017 dismissed the petitions with costs. While dismissing the said petitions, this Court made an observation that the petitioners had committed a breach of the consent

terms forming part of the common order dated 9th October 2013. This Court further observed that they had failed to make any further payment towards the dues of the respondent no.1 which was to the tune of Rs.2731.04 lakhs and that the petitioners shall have to stand by their undertaking as recorded in Clause 16 (f) of the consent terms.

25 It then appears that on the very next day, they again moved the Court on 6th July 2017 and on medical ground of husband of Charu K. Mehta sought certain time for vacating the premises. At the request of the learned counsel for the respondent Phoenix ARC Pvt. Ltd., minutes of the order between the parties came to be recorded and this Court was pleased to grant eight weeks time for vacating the Flat No.37. However, it seems that the said petitioner was having something else in her mind. Instead of complying the minutes of the order executed before this Court on 6th July 2017, the petitioner Reshma R. Mehta filed Special Leave Petition against the order dated 5th July 2017 passed by this Court. The Hon'ble Apex Court, however, did not find any merit in the Special Leave petition and accordingly dismissed the same.

26 The record then shows that the petitioner Charu K. Mehta again moved a Notice of Motion (L) No.537 of 2017 in Writ Petition No.1800 of 2017 before this Court (Coram : Anoop V. Mohta & Bharti Dangre, JJ.) and sought modification of the order dated 5th July 2017 and 6th July 2017 passed by the Division Bench of this Court (Coram : B.R.Gavai & R.I.Chagla, JJ.). By order dated 23rd August 2017 the Court directed the Registry to place the matter before the appropriate Bench. Accordingly, the matter again came up before the Bench of Justice B.R.Gavai and Justice R.I.Chagla

and vide order dated 28th August 2017 the Court found that no case was made out for invoking review jurisdiction and accordingly was pleased to reject the Notice of Motion. This order of rejection of Notice of Motion was again taken before the Hon'ble Supreme Court by the said petitioner and the Hon'ble Apex Court vide order dated 30th August 2017 was pleased to dismiss the Special Leave Petition and rather granted time up to 31st October 2017 to vacate the premises subject to her submitting the usual undertaking before the Hon'ble Apex Court within seven days from 30th August 2017.

27 All these failed attempts will not stand the petitioner in good stead, if we may note so disturbingly. The petitioners' propensity to overlook the earlier attempted failures is quite lamentable. This is plainly evident from the record.

28 Ultimately and after various failed attempts as noted hereinabove, the petitioners handed over Flat No.37, 18th Floor to the Tribunal Receiver on 31st October 2017. The said flat was put for sale by way of auction by DRT after following due process. However, in the words of respondents, no bids were received because of the negativity and scare created in the minds of prospective purchasers under the garb of various litigation.

29 Meantime, it appears that the petitioners again filed Exhibit 618 and Exhibit 631 before the Recovery Officer, MRDT-I. By these applications, they claimed their outstanding dues to the extent of Rs.5 crores with interest and that the same are secured by equitable mortgage on Flat No.37. They also disputed the calculation furnished by the respondent Phoenix ARC Pvt. Ltd. The Recovery Officer after hearing both

the parties was of the opinion that the applications had no merit and had been moved only with a view to derail the recovery proceedings. Accordingly, the Recovery Officer rejected both the applications with costs of Rs.10,000/- on each defendant (petitioners). Being aggrieved by the said order, the petitioners filed a writ petition before this Court being Writ Petition (L) No.9785 of 2021. However, the said writ petition was dismissed as withdrawn in view of availability of alternate remedy by filing an appeal before the DRT.

30 It is also clear from the record that the petitioners then filed an appeal being Appeal No.6 of 2021 in Recovery Proceeding No.878 of 2016 in Original Application No.303 of 2002. We have gone through the order of the Presiding Officer, DRT-I dated 7th June 2021. The appeal and the prayer for waiver was dismissed. The petitioners, then, being aggrieved, filed another writ petition in this Court being Writ Petition (L) No.12753 of 2021. Simultaneously, they also filed an appeal impugning order of dismissal of Appeal No.6 of 2021 being Appeal (Diary) No.369 of 2021. However, this Court (Coram : A.A.Sayed & Madhav Jamdar, JJ.) vide order dated 29th June 2021 dismissed the writ petition with costs of Rs.50,000/- observing that the writ petition was another instance of abuse of process of Court by the petitioners. This order was again challenged by way of special leave petition before the Hon'ble Apex Court and vide order dated 16th July 2021 the Hon'ble Apex Court was pleased to dismiss the special leave petition.

31 From the above chronology of events it does not need much prescience to note that at every stage it has been confirmed that the liability of the petitioners is not restricted

to the extent of Rs.5 crores only and it is co-extensive with other respondents.

32 The record would reveal that at last the respondent no.2 proceeded to fix up a sale program in respect of Flat No.37. Surprisingly, the petitioners once again with an intention to obstruct the sale process and *jeopardise* the recovery of monies of the petitioners, filed a writ petition being Writ Petition (L) No.23840 of 2021 seeking an order and direction to restrain the Recovery Officer, DRT, Mumbai from proceeding and/or taking any steps towards sale of the said flat. The said writ petition came up for hearing on 2nd December 2021 when the Court was considering the issue of vacancy of seats of DRAT in another writ petition being Writ Petition (L) No.24293 of 2021. This Court, after noting the fact that all the five Debt Recovery Tribunals of the country were non-functional, to secure the interest of litigants, the Court held that if any party is desirous to challenge the order of the DRT, he shall be at liberty to present an appeal before the DRAT(M) with requisite fees and upon filing such appeal, the order under challenge shall remain stayed from the time the appellant makes a pre-deposit of atleast 25% of the debt due from him as claimed by the secured creditors or determined by DRT, whichever is less. It was further made clear that once such pre-deposit is made any secured creditor or a party in whose favour an order has been passed by the DRT for effecting recovery shall remain enjoined from taking any action adverse to the interest of such appellant.

33 Interestingly, by taking shelter of above order dated 2nd December 2021 passed in Writ Petition (L) No.24293 of 2021, the petitioners deposited sum of Rs.1.25 crores in DRAT in the

pending Appeal (Diary) No.369 of 2021 towards 25% of its alleged outstanding liability and thereafter filed the pursis before the Recovery Officer, DRT-I, seeking stay of the sale scheduled on 27th December 2021.

34 It appears from the record that Registrar, DRAT recorded roznama dated 8th December 2021 indicating deposit of a sum of Rs.1.25 crores by the petitioners towards purported pre-deposit of monies by them as per the order dated 2nd December 2021 passed by this Court in Writ Petition (L) No.24293 of 2021 with Writ Petition No.2463 of 2021. Surprisingly, the roznama is conspicuously silent as to the presence of secured creditor or for that matter the concerned Registrar, in any manner tried to verify pre-deposit amount which was required to be deposited by the petitioners in the light of the order dated 2nd December 2021. The matter did not stop there.

35 The record would reveal that by order dated 16th December 2021 the Recovery Officer, DRT -I after giving reference to the deposit so made by the petitioners before the Registrar of DRAT immediately went on to stay the proposed sale which was to be conducted on 27th December 2021. Even he did not bother to ascertain and verify the exact pre-deposit amount which was to be deposited in consonance with the order dated 2nd December 2021.

36 We are aghast to note that the Recovery Officer, DRT-I, Mumbai was oblivious of the sale notice whereby the claim as determined by him is a sum of Rs.270,28,51,260/- (Rs.270.29 crores). Incidentally, we may also note that the said sale proclamation, which is well within the knowledge of the

petitioners, is not challenged before any forum till date. Apparently, on one hand Recovery Officer issued a sale notice whereby the claim as determined by him is a sum of Rs.270.29 crores while on the other he blindly accepted the submissions of the petitioners that the claim is only Rs.5 crores. This is a classic case of approbation and reprobation. As a matter of fact, the amount due and determined by the DRT is in excess of Rs.2,70,28,51,260/- and 25% of such sum was required to be deposited by the petitioners.

37 We are not happy and satisfied with the way the Recovery Officer, DRT-I has discharged his duties. This being so, the petitioners also cannot draw any comfort from the illegal orders passed by the Registrar, DRAT and as also Recovery Officer, DRT, to say the least. We intuitively feel that the Registrar, DRT and the Recovery Officer, DRT were not right in their reading of the order dated 2nd December 2021 passed by this Court in Writ Petition (L) No.24293 of 2021. These orders of the Registrar and Recovery Officer, DRT are certainly not sustainable in law.

38 During the course of arguments, the learned counsel for the petitioners tried to persuade us that in the Audit Report prepared by the Auditor on behalf of the petitioners, it is found that an astronomical sum of Rs.20.53 crores has been paid in excess to the respondents.

39 It would appear that caution and prudence demand that we should refrain and restrain ourselves from assuming the role of DRAT, something which lies in its domain, and take unto ourselves not being experts, to go into nitty-gritty and nuances of pending / outstanding dues.

40 What this leads to, it should need no stressing is that there is reason to ensure, therefore, that petitioners have not been able to establish and maintain their worth (cause). The petitioners are knowingly and deliberately flying against all the material on record. It appears to be no more than a brazen exercise, once again to frustrate the auction process. We are, therefore, not with the petitioners. Their petition deserves to be dismissed with costs.

41 For the aforesaid reasons, we pass the following order :

ORDER

- i) Writ Petition No.2537 of 2021 is dismissed with costs quantified at Rs.1,00,000/- to be given to the Maharashtra State Legal Services Authority in favour of "State Legal Aid Fund".
- ii) Writ Petition (L) No.46 of 2022 is allowed. We quash and set aside the impugned order dated 8th December 2021 passed by the Registrar, DRAT, in Appeal (Diary) No.369 of 2021 and order dated 16th December 2021 passed by the Recovery Officer, DRT-I, Mumbai in Recovery Proceedings No.878 of 2016 and vacate the stay imposed on conducting public auction.
- iii) Accordingly, Rule is allowed in Writ Petition (L) No.46 of 2022 and discharged in Writ Petition No.2537 of 2021.

(V. G. BISHT, J.)

(CHIEF JUSTICE)

LATER

42. Prayer for stay of operation of the order made by Mr. Mehta, learned counsel for the petitioner in Writ Petition No. 2537 of 2021 is considered and refused.

(V. G. BISHT, J.)

(CHIEF JUSTICE)