IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO. 12040 OF 2024

ICICI HOME FINANCE COMPANY LTD & ANR ..PETITIONERS
VS
THE STATE OF MAHARASHTRA & ORS ..RESPONDENTS

Adv. Nikhil Rajani i/b. V. Deshpande & Co for petitioners.
Mr. B. V. Samant, Addl. GP a/w. Mrs. M. S. Srivastava, AGP for the respondent – State.

CORAM : A.S. CHANDURKAR &
RAJESH S. PATIL, JJ

DATE : 3rd September 2024.

P.C. :

1. Rule. Rule made returnable forthwith and by consent of the parties heard finally.

2. By the present Writ Petition the petitioner – a financial institution is seeking directions to respondent nos. 2 to 5, to restore and hand over physical possession of the "secured assets" as described in "Exhibit -A" to the Writ Petition.

3. The facts of this case reveal that the petitioner – a financial institution had granted credit facilities to one Mr. Mujawar Akber Amin and Ms. Nazia Akber Mujawar. Since there was default in repayment of credit facilities, the accounts of the borrowers were classified as "Non Performing Assets" (NPA). Thereafter, the petitioner issued a notice under Section 13(2) calling upon the borrowers to pay a sum of Rs.1,52,36,314/- due and payable as on 1st May 2022, along with interest thereon. Soon thereafter, an application under Section 14 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (for short 'SARFAESI') was filed by the petitioner. The said application under Section 14 was allowed and the Tahsildar, Kolhapur was directed to take physical possession of the secured assets with help of the police and hand over the same to authorized officers of the petitioner. Pursuant thereto on 12th February 2024, the Tahsildar, Kolhapur, took physical possession of the secured assets and handed over the same to the authorized officer of the petitioner.

4. As per the petitioner's case, on 13th February 2024, the borrowers removed the seal fixed on the secured assets and unlawfully entered the secured assets. Hence, the petitioner immediately lodged a police complaint with the respondent no.5. The First Information Report (FIR) No.0123/2024 to that effect has been registered against the borrowers. The petitioner also filed an application with the office of respondent no.1, seeking necessary assistance for repossession of the secured assets. The respondent no.1 allowed the said application and directed the respondent no.2

(Tahsildar) to re-execute the order dated 31st March 2023, by repossessing and handing over the secured assets to the authorized officers of the petitioner. Accordingly, the possession of the secured assets was handed over to the authorized officers of the petitioner for the second time.

5. On 28th June 2024, the petitioners' officer had been to the site of the secured assets, when he realized that the seal of the secured assets had again been removed by the borrowers and they had entered illegally in the secured assets. The petitioner immediately again lodged a complaint with the police, and a FIR bearing No.0613/2024 was lodged.

6. However, according to the petitioner, no further action has been taken by the police despite two FIRs being lodged. The petitioner hence has filed the present Writ Petition seeking a necessary direction for taking back physical possession of the secured assets by respondent no.2 and handing over the same back to the petitioner.

7. Mr. Nikhil Rajani, learned counsel for the petitioner submitted that respondent nos.2 to 5 should forthwith remove the trespassers/borrowers from the secured assets and hand over the physical possession to the petitioner. So also, the respondent nos. 3 to 5 should initiate prosecution against the trespassers/ borrowers. Mr. Rajani relied upon the decision of Division Bench of this Court (Aurangabad Bench) in the case of *the Nashik Merchant Co-operative Bank vs. The District Collector, Jalna & Ors. (Writ Petition No.10069/2022 decided on 28th February 2023)* and the order passed by the Division Bench of this Court where one of us (Rajesh S. Patil, J.) was a party in the case of *Kotak Mahindra Bank Ltd. & Anr. vs. State of Maharashtra & Ors. (Writ Petition No.6805 of 2023)*, which followed the proposition of law as laid down in *Nashik Merchant Co-operative Bank* (supra).

8. He submitted that the Tahsildar, Ichalkaranji, Kolhapur, by its communication dated 29th August 2024 has informed the petitioner that the Tahsildar's office would act only if they received orders from the Collector's Office, Kolhapur. He submitted that there is no need for a fresh order to be passed by the Collector under the provisions of the SARFAESI Act since the two orders above referred passed by the Division Bench of this Court have categorically held that there is no need of re-exercise the powers of executing the order passed under Section 14. The Tahsildar should execute the order passed by the Collector and re-institute the possession of secured assets to secured creditors.

9. Mr. Samant, Additional Government Pleader appearing for the State submitted that the District Magistrate does not have a power to re-execute his own order as he has become *functus officio*. He submitted that there is no provision under the Act that provides for restoration of possession of secured assets to the secured creditors who has lost the possession.

10. We have heard the learned counsel for the parties at length and with the help of both the counsel we have gone through the papers and proceedings of the above Writ Petition.

11. The only question in the present Writ Petition would be whether this Court can grant directions to the District Magistrate and/or the Tahsildar, to re-execute the order passed under Section 14 and to hand over the possession of secured assets to the secured creditor.

12. According to us, this question is no more *res integra* and is covered by the decision of the Division Bench of this Court in the case of *Nashik Merchant Co-operative Bank* (supra). Paragraph 20 of the said order reads as under:-

> 20. The uncontroverted factual aspects in present matter depict that the respondent Nos.5 and 6 have devised novel, unimaginable and

unsustainable modus operandi to defeat ends of justice and fair play. It is not only the matter of physical altercation, but would tantamount to assault on the law and statute. They have the audacity to overrule the law. The growing tendency of overpowering the law cannot be tolerated. In peculiar facts and circumstances of this case, we are inclined to exercise powers under Article 226 of the Constitution of India to protect the rule of law and deprecate rising tendency of using criminal force against recovery proceeding undertaken by the financial institutions in terms of SARFAESI Act. We do not find any prohibition under the scheme of the SARFAESI Act that comes in the way of District Magistrate or his delegate to re-exercise the powers to execute the orders passed under section 14.

(Emphasis supplied)

13. Further, the Division Bench of this Court in *Kotak Mahindra Bank Ltd.* (supra) has followed the decision of *Nashik Merchant Co-operative Bank* (supra). The paragraph 13 of the said order reads as under:-

13. Considering the law laid down by the Division Bench of this Court and referred to by us above, we are unable to agree with the submission made by the learned AGP that the District Magistrate does not have the power to re-execute his own order or that he has become functus officio. If we were to take the view as propounded by the learned AGP it would lead to a complete chaos. We have no hesitation in stating that the borrowers have devised a novel, unimaginable and unsustainable modus operandi to defeat the ends of justice. It is not only the matter of physical altercation by assaulting the security guard appointed by the Petitioner Bank and breaking open the lock and seal affixed on the secured asset which is wholly illegal, but the same would also tantamount to an assault on the law and the statute itself. If, after orders are passed under section 14 for dispossession of the borrower, and the same are inter-meddled with by any person including the borrower, the same would result in a mockery of the rule of law. In such a situation the court cannot and should not remain a mute spectator and allow the illegality to continue. The tendency of trying to overreach the law as well as the orders passed by Judicial Authorities has to be nipped in the bud right away, lest the rule of law shall suffer."

(Emphasis supplied)

14. Therefore, considering the facts of the present proceedings and in view of the law as held in the case of *Nashik Merchant Co-*

operative Bank (supra) and *Kotak Mahindra Bank Ltd.* (supra), we are of the considered view that this is a fit case to exercise our jurisdiction under Article 226 of the Constitution of India and allow the Writ Petition.

15. In the circumstances, we pass the following order.

ORDER

(A) The Writ Petition is allowed in terms of prayer Clause (a), which reads as under:-

> (a) this Hon'ble Court be pleased to issue a writ of mandamus and/or other writ directions or orders directing the Respondent Nos. 2 to 5 to forthwith remove trespassers from the secured assets of the Petitioner which was in physical possession of the Petitioner and to take further steps in handing over the vacant and physical possession of the said secured assets as described in Exhibit "A" hereto to the Authorized Officer of the Petitioner in time bound manner;

(B) Rule is made absolute in the aforesaid terms and the Writ Petition is also disposed of in terms thereof.

[RAJESH S. PATIL, J.] **[A.S. CHANDURKAR, J.]**