IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO. 2182 OF 2026

Canara Bank ... Petitioner
Versus
The State of Maharashtra & Ors. ... Respondents

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Mr. Das Oyesteen Arogia for the Petitioner.
Ms. Tanu N. Bhatia, AGP for Respondent No.1-State.
Mr. Siddharth Chandrashekhar a/w Mr. S. R. Ketkar for Respondent No.2.

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CORAM : MANISH PITALE AND SHREERAM V. SHIRSAT, JJ.

DATE : 16th MARCH 2026

P.C. :

. In this petition, on 18th February 2026, this Court had issued notice for final disposal, as the petitioner-bank (secured creditor) relied upon full Bench judgment of this Court in the case of *Jalgaon Janta Sahakari Bank Ltd. & Ors. vs. Joint Commissioner of Sales Tax & Ors.*, **2022 SCC OnLine Bom 1767**.

2. The issue being raised by the petitioner-bank demonstrates that only the respondent No.2 would be the contesting respondent.

3. The petitioner-bank was aggrieved by communication dated 12th December 2025 issued by the respondent No.2 to the office bearer of the society, wherein the secured asset i.e. a flat is located.

In the said communication, the respondent No.2 relied upon its original order dated 29th December 2022 with regard to tax dues and requested the office bearer of the society not to issue any No Objection Certificate (NOC) pertaining to sale, transfer or purchase of the said flat, which is the secured asset in the present case.

4. The contesting respondent No.2 is represented by counsel. He submits that in the present case, the said respondent relies upon its original order dated 29th November 2022, with regard to tax dues. It is further submitted that notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Securitisation Act) in the present case has been issued by the petitioner-bank on 2nd March 2023, which is after the order dated 29th December 2022 issued by the respondent No.2 and therefore, the petitioner-bank would not be entitled to claim priority. Reliance is also placed on judgment of the Supreme Court in the case of *Punjab & Sind Bank vs. The State of Punjab & Ors. (judgment and order dated 7th December 2023 passed in Civil Appeal No. 6751 of 2023)*. It is submitted that the Supreme Court in the said judgment has also referred to the aforementioned full Bench judgment of this Court.

5. The learned counsel for the petitioner submitted that the facts in the present case are distinguishable and therefore, this Court may consider allowing this writ petition.

6. A perusal of the prayer clause shows that the petitioner-bank

seeks quashing of the impugned letter dated 12th December 2025 issued by the respondent No.2 to the concerned society and also for a direction to the society (respondent No.8) to issue NOC for action to be undertaken by the petitioner-bank in pursuance of the provisions of the Securitisation Act.

7. We find that in the aforementioned full Bench judgment of this Court in the case of *Jalgaon Janta Sahakari Bank Ltd. & Ors. vs. Joint Commissioner of Sales Tax & Ors.* (**supra**), it was held as follows :

> *"85. Priority means precedence or going before (Black's Law Dictionary). In the present context, it would mean the right to enforce a claim in preference to others. In view of the splurge of "first charge" used in multiple legislation, Parliament advisedly used the word "priority over all other dues" in the SARFAESI Act to obviate any confusion as to inter se distribution of proceeds received from sale of properties of the borrower/dealer. If a secured asset has been disposed of by sale by taking recourse to the Security Interest (Enforcement) Rules, 2002 it would appear to be reasonable to hold, particularly having regard to the non obstante clauses in sections 31B and section 26E, that the dues of the secured creditor shall have "priority" over all other including all revenues, taxes, cesses and other rates payable to the Central Government or State Government or local authority."*

8. The full Bench judgment of this Court also took into consideration the fact that amendment and addition of Section 26E of the Securitisation Act came into effect from 20th January 2020. The full Bench of this Court took into consideration even those cases where orders were issued by tax authorities prior to the amendment coming into force. As regards the post amendment

scenario, there does not appear to be any difficulty at all in following the dictum of the full Bench of this Court that the dues of the secured creditor have priority over all other dues, including revenue, taxes, cesses and other rates payable to the Central Government or State Government or local authority.

9. In the present case, it is undisputed that the security interest of the petitioner-bank was registered with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) on 25th January 2007. This is evident from exhibit 'A' to the petition. Even according to respondent No.2, it relies upon its original order dated 29th December 2022 with regard to tax dues in order to request the respondent No.8-society not to issue NOC for sale or transfer of the secured asset. The order of the respondent No.2 dated 29th December 2022 is not only much after the CERSAI registration of the petitioner-bank dated 25th January 2007, but the said order is also after the amendment was brought into effect in the Securitisation Act i.e. w.e.f. from 20th January 2020. In such a situation, we find that the case of the petitioner is covered in its favour as per the aforementioned full Bench judgment of this Court.

10. As regards reliance placed on the judgment of the Supreme Court in the case of *Punjab & Sind Bank vs. The State of Punjab & Ors.* (**supra**), we find that it is factually distinguishable, for the reason that in the said case the action undertaken by the State Tax Department was in the year 2014, prior to the amendment in the

Securitisation Act brought into effect from 20th January 2020. Therefore, the respondent No.2 cannot rely upon the said judgment to resist the prayer made in the present writ petition.

11. We find that the dues of the secured creditor i.e. the petitioner-bank clearly have priority over the claims made by the respondent No.2, in the facts and circumstances of the present case.

12. In view of the above, the writ petition is allowed in terms of prayer clauses (a) and (b).

13. The respondent No.8-society is directed to issue NOC within two weeks from today.

14. In the light of the writ petition being allowed, the auction purchaser is granted extension of time by two weeks to deposit the balance 75% of the bid amount.

15. Pending applications, if any, also stand disposed of.

(SHREERAM V. SHIRSAT, J.) **(MANISH PITALE, J.)**