2025 LiveLaw (SC) 939

IN THE SUPREME COURT OF INDIA
J.B. PARDIWALA; J., SANDEEP MEHTA; J.
PETITION FOR SPECIAL LEAVE TO APPEAL (C) NO. 7273/2025; 10-09-2025
MOHAMMAD ZUBAIR AHMAD *versus* **PUNJAB NATIONAL BANK & ANR.**

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 - Writ Jurisdiction in SARFAESI matters – Held, High Courts should refrain from exercising writ jurisdiction in SARFEASI matters, which is vested with the DRT alone - Highlighted the impropriety of financial institutions and banks approaching Constitutional Courts instead of forums designated under SARFAESI law - The original borrower was recognized to have the right to challenge the auction and sale certificate validity by appropriate legal steps before competent forums - Supreme Court expressed disturbance at the manner in which the settlement in Lok Adalat was arrived at and questioned the Bank's intentions regarding departmental proceedings against erring officials responsible for the litigation - Matter to be treated as part-heard. *[Paras 1,2, 6-9]*

[Arising out of impugned final judgment and order dated 09-01-2025 in WC No. 435/2025 passed by the High Court of Judicature at Allahabad]

For Petitioner(s): Mr. Suryansh Kumar Arora, Adv. Mr. Vivek Kumar, Adv. Mr. Avinash Kumar Bharti, Adv. Ms. Nazish Fatima, Adv. Mr. Ashraf Yusuf Khan, Adv. Mr. Mateen Ahmad, Adv. Mr. Rander Mohd Asif, Adv. Mr. Mohammad Aslam, AOR

For Respondent(s): Mr. R. Venkataramani, AG Mr. Vikramjit Banerjee, A.S.G. Mr. Rajesh Kumar Gautam, AOR Mr. Anant Gautam, Adv. Mr. Deepanjal Choudhary, Adv. Ms. Likivi K. Jakhalu, Adv. Mr. Rishi Chauhan, Adv. Mr. Azal Ackram, Adv. Mr. Hanu Prashar, Adv. Mr. Shadan Farasat, Sr. Adv. Mr. Md. Shahid Anwar, Adv. Ms. Varisha, Adv. Mr. Mohd Bilal, Adv. Mr. Vinamra Singhal, Adv.

O R D E R

1. Our order dated 09.09.2025 reads thus:

"We heard Mr. Suryansh Kumar Arora, the learned counsel appearing for the petitioner (auction purchaser), Mr. Rajesh Kumar Gautam, the learned counsel appearing for the Punjab National Bank (respondent No.1 herein) and Mr. Shadan Farasat, the learned Senior Counsel appearing for the original borrower (respondent No.2 herein).

1. The facts of this case are very gross. We take serious notice of the developments which have taken place over a period of time. Why the High Court should have entertained a Writ Petition at the instance of the bank in a matter arising from the SARFAESI proceedings. It appears that the matter is still at large before the High Court. The High Court has issued notice and has also directed the Chief General Manager to appear through his counsel before the DRT.

2. In the peculiar facts and circumstances of this case, we direct the Chairman-cum-Managing Director of the Punjab National Bank and also the Chief General Manger of the area concerned to remain personally present before this Court tomorrow, i.e., 10.09.2025 at 10.30 A.M. sharp with the records of this particular litigation.

3. The Registry to inform both the officers accordingly.

4. The learned counsel appearing for the Punjab National Bank shall also inform his clients accordingly.

5. Put up tomorrow, i.e., 10.09.2025 on the top of the Board.

6. Having regard to the urgency in the matter, we direct that this matter be notified for tomorrow, i.e., 10.09.2025 although it is a final hearing day."

2. In due deference to our order referred to above, the Chairman-cum-Managing Director of the Bank along with the Chief General Manager is present in the Court today.

3. Learned Attorney General for India has appeared for the Bank. According to the learned Attorney General, he had a talk with the Chairman-cum-Managing Director of the Bank. He fairly submitted that it was a mistake on the part of the Bank in entering into a settlement with the original borrower in the Lok Adalat. He further submitted that the Bank shall at the earliest withdraw the Writ Petition from the High Court.

4. The facts of this case are plain and simple, but at the same time very gross. We would like to keep this matter pending. We record the statement of the learned Attorney General that the Writ Petition filed by the Bank in the High Court of Judicature at Allahabad shall be withdrawn at the earliest. Once the Writ Petition is withdrawn, the next step in the process shall be to issue a final sale certificate to the auction purchaser.

5. At this stage, Mr. Shadan Farasat, the learned Senior Counsel appearing for the original borrower would submit that he has many things to say as regards the legality and validity of the entire auction proceedings undertaken by the Bank.

6. Be that as it may, if the borrower is aggrieved by the auction proceedings undertaken by the Bank and also by the issuance of the sale certificate, it shall always be open for him to take appropriate legal steps in accordance with law before the appropriate Forum. For the present, we direct the Bank to first withdraw the Writ Petition unconditionally and within 48 hours thereof, shall issue the necessary final sale certificate to the auction purchaser. If any deed of conveyance is to be executed, the same shall also be done in accordance with law.

7. On the next date of hearing, the presence of the Chairman-cum-Managing Director and the Chief General Manager is dispensed with.

8. We impressed upon the Chairman-cum-Managing Director of the Bank and the Chief General Manager of the area concerned to remain very careful in these type of litigations. In a catena of decisions of this Court, it has been conveyed in so many words that in SARFAESI matters, the High Courts should not exercise their writ jurisdiction. This applies even to the financial institutions and banks. Once a law is laid down that the High Courts should be loath in exercising its writ jurisdiction in SARFAESI matters, why the banks also should approach the constitutional Courts, more particularly, when the jurisdiction is with the DRT. The learned Attorney General would submit that the Bank shall take a policy decision at the earliest in this regard.

9. We are disturbed by the manner in which the settlement was arrived at between the Bank and the borrower in the Lok Adalat. In such circumstances, we wonder if the Bank has decided to proceed departmentally against all those erring officials responsible for this particular litigation. Insofar as the proceedings against erring officials is concerned, we leave it to the better discretion of the Bank.

10. Post this matter on 17.09.2025 as a first item.

11. We treat this matter as part heard to be notified before this very Bench, in the peculiar facts and circumstances of this case.