$~39

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\# **CNR No. DLHC011062212025**

+ O.M.P.(I) (COMM.) 535/2025 & I.A. 4871/2026

STATE BANK OF INDIA .....Petitioner

Through: Ms. Madhavi Swaroop along with Ms. Shagun Bhargava, Advs.

versus

BANK OF MAHARASHTRA AND ORS .....Respondents

Through: Mr. R. Raghunath, Adv for R1.
Mr. Nipun Bharadwaj, Adv for R2.
Mr. Navdeep, Adv. for R3.
R4 in person.
(Advocate for R4) appearance not given.

CORAM:
HON'BLE MR. JUSTICE OM PRAKASH SHUKLA

JUDGMENT(ORAL)

% 12.08.2026

1. The present petition arises out of a Cash Credit Facility of Rs.4.5 Crore sanctioned by the Petitioner, in favour of the Respondent No. 2 on 19.09.2023 in connection with which the Respondent No. 2 to 4 executed the relevant loan and guarantee documents and property bearing No. 63, Block A, situated at Sector-8, Dwarka, New Delhi was stated to have been mortgaged in favour of the Petitioner.

2. Upon default in repayments, the loan account was classified as NPA on 29.05.2025, following which the Petitioner initiated proceedings under the SARFAESI Act and also filed an original

Signature Not Verified
Signed By:GUNN
Signing Date:12.08.2026
20:25:33

application before DRT-1, New Delhi.

3. The Petitioner subsequently learned that Respondent No. 1 was also asserting a security interest towards the same property and had issued an auction notice opposing its sale on 15.01.2026.

4. In view of the competing claims of the two banks over the property, the Petitioner invoke Section 11 of the SARFAESI Act and approach this Court under Section 9 of the Arbitration and Conciliation Act, 1996, seeking interim protection against possession, alienation and auction of the property pending adjudication of the parties' respective rights.

5. This Court vide order dated 23.12.2025 observed the following:-

> ***23.12.2025***
>
> "1. This is a petition filed under Section 9 of the Arbitration and Conciliation Act, 1996 seeking the following reliefs:
>
> > "a) To pass an order of mandatory injunction against Respondent no 1 restraining the Respondent no 1 from taking possession of property bearing no 63 Block A, Sector 8 Dwarka, Delhi 110077 on 5.1.2026 or any other date
> > b) To pass an order of mandatory injunction against Respondent no 1 restraining the Respondent no 1 from auctioning the property bearing no 63 Block A, Sector 8 Dwarka, Delhi 110077 on 15.1.2026 or any other date
> > c) To pass an order restraining Respondent No 1 and Respondent no 3 from selling, alienating disposing off, encumbering or creating any charge or dealing with immovable property namely House no 63 Block A, Sector -8 Dwarka, New Delhi which is mortgaged with the Petitioner Bank
> > d) Pass an Order granting an ad interim ex-parte injunction in terms of Prayers (a) (b) and (c) "

2. The brief facts of the case are that the respondent Nos. 2, 3 and 4 have created a mortgage of the above said property vide memorandum for recording creation of mortgage by deposit and title deeds. The Petitioner advanced a loan of Rs. 4.5 crores to respondent Nos. 2, 3 and 4.

3. Ms. Bhargava, learned counsel for the petitioner states that since the respondent Nos. 2, 3 and 4 failed to repay the loan amount, the Petitioner issued notice under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and has already filed an original application before the DRT-1, Delhi.

4. However, respondent No. 1 is another bank which may have advanced loan to respondent Nos. 2, 3 and 4 and the same property has been mortgaged to the respondent No. 1.

5. The petitioner has now come to know that respondent No. 1 has
issued an auction notice in the newspaper, despite the property being mortgaged with the petitioner bank and the original title deeds of the property being in the possession of the petitioner.

6. Ms. Bhargava, learned counsel, relies on Section 11 of SARFAESI Act to invoke the jurisdiction of this Court under Section 9 of the Arbitration and Conciliation Act, 1996.

7. For the said reasons, issue notice to the respondents through all modes, including electronic, on the petitioner taking steps within 2 weeks from today, returnable on 20.02.2026.

8. Prima facie, the petitioner has advanced a loan of about Rs. 4.5 crores which is outstanding and a sum of about Rs. 5 crores is due and payable as of today by respondent Nos. 2, 3 and 4.

9 In case the auction is permitted to be carried on, the petitioner will be left remediless as the property which is mortgaged with the petitioner would be auctioned.

10. Balance of convenience lies in favour of the petitioner and if interim orders are not passed, the petitioner would suffer irreparable damage and loss which cannot be compensated in terms of money.

11. For the said reasons, the respondent No. 1 is restrained from taking possession of property bearing No. 63, Block A, Sector 8, Dwarka and auctioning the property.

Signature Not Verified
Signed By:GUNN
Signing Date:12.08.2026
20:25:33

12. Dasti."

6. Respondent No. 3 stands served through substituted service.

7. Mr. Navdeep, learned Counsel has entered appearance on behalf of Respondent No. 3 and submitted that Respondent no. 3 has expired in 2011. This submission, however, is disputed by Respondent No. 4.

8. Keeping the objective of expeditious disposal in commercial matter, the interim order restraining Respondent No. 1 from taking possession of or auctioning the subject property is made absolute.

9. The Petitioner shall take steps for commencement of arbitration in terms of Section 11 of the SARFAESI Act within three weeks from today.

10. Interim order dated 23.12.2025, is made absolute, subject to the Petitioner invoking or commencing arbitral proceedings within the period of three weeks from today.

11. Upon constitution of the Arbitral Tribunal, the Petitioner and the Respondents shall be at liberty to move an application under Section 17 of the Act.

12. The interim protection granted by this Court shall continue until the learned Arbitral Tribunal considers the prayer for interim relief.

Signature Not Verified
Signed By:GUNN
Signing Date:12.08.2026
20:25:33

13. The petition along with pending application(s), if any, is disposed of in the aforesaid terms.

OM PRAKASH SHUKLA, J

AUGUST 12, 2026/at

Signature Not Verified
Signed By:GUNN
Signing Date:12.08.2026
20:25:33