

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 18TH DAY OF DECEMBER, 2025



PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MR. JUSTICE C.M. POONACHA

WRIT APPEAL NO. 310 OF 2025 (GM-RES)

BETWEEN:

1. M/S SRIDEVI HOSPITAL
HAVING ITS REGD.
OFFICE AT NO. 1620-A
16TH MAIN ROAD, ANNA NAGAR
CHENNAI - 600 040
REPRESENTED BY ITS SOLE PROPRIETOR
DR. K. SENTHILNATHAN
2. DR. K. SENTHILNATHAN
PROPRIETOR OF
M/S. SRIDEVI HOSPITAL
NO.1620-A, 16TH MAIN ROAD
ANNA NAGAR
CHENNAI - 600 040

...APPELLANTS

(BY SRI R. SAMEER AHMED, ADVOCATE FOR
SRI MAHADEVASETTY, ADVOCATE)

AND:

1. ASSET RECONSTRUCTION COMPANY
[INDIA] LIMITED, [ARCIL]
THE RUBY, 10TH FLOOR
NO.29, SENAPATI BAPAT MARG
DADAR WEST, MUMBAI CITY
MAHARASHTRA - 400 028
REP. BY ITS AUTHORIZED SIGNATORY
MR. KHEZAR KHA



2. THE SENIOR SUB-REGISTRAR
NO.488, 'P' BLOCK
14TH CROSS, 4TH STAGE
2ND PHASE, PEENYA
BENGALURU - 560 058

REPRESENTED BY
T. GOPALAKRISHNA
SR. SUB-REGISTRAR

3. THE DISTRICT REGISTRAR
RAJAJINAGAR DISTRICT
LEELA ARCADE
NAGARABHAVI
BENGALURU
REPRESENTED BY ITS
DISTRICT REGISTRAR

4. THE PRINCIPAL SECRETARY
DEPARTMENT OF REVENUE
BENGALURU - 560 001

5. INDIAN OVERSEAS BANK
CENTRAL OFFICE
NO.762, ANNASALAI
CHENNAI - 600 002

6. SMT. DEVI
AGED ABOUT 30 YEARS
W/O N. ARUN KARTHIK
R/AT V.R.S.R.M. HOUSE
ATHANGUID POST - 630 101
SHIVAGANGA DISTRICT

...RESPONDENTS

(BY SMT. NAMITHA MAHESH, AGA FOR R-2 TO 4)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE
KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE
COMMON IMPUGNED ORDER PASSED BY THE LEARNED

SINGLE JUDGE DATED 20.12.2024 IN W.P. No.28962/2015, W.P. No.9193/2017 AND W.P. No.9578/2017 AND CONSEQUENTLY DISMISSES THE W.P. No.28962/2015 AND W.P. No.9193/2017 FILE BY THE 1ST RESPONDENT & ETC.

THIS WRIT APPEAL HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, COMING ON FOR PRONOUNCEMENT THIS DAY, JUDGMENT WAS PRONOUNCED AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MR. JUSTICE C.M. POONACHA

CAV JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. The appellants have filed the present appeal impugning a common order dated 20.12.2024 passed by the learned Single Judge of this Court in W.P.No.28962/2015 (GM-RES), which was clubbed along with W.P.No.9193/2017 (GM-ST/RN) and W.P.No.9578/2017 (GM-RES).

2. The said petitions were filed by respondent No.1 [Asset Reconstruction Company (India) Limited – hereafter, referred to as '**ARCIL**']. In W.P.No.28962/2015, ARCIL had impugned a letter dated 28.02.2015 issued by respondent No.2 [**Senior Sub-Registrar**] purporting to impound the Resolution Plan and Broad

Terms and Conditions executed by appellant No.1 [hereafter, **M/s Sridevi or the appellant**] in favour of ARCIL on 27.09.2010. Apparently, the said letter was passed on the basis of the copy of the said document, which was presented before the Senior Sub-Registrar by the Anti-Corruption Council of India.

3. In W.P.No.9193/2017, ARCIL impugned a deed of cancellation dated 03.10.2016 and a deed of declaration dated 03.10.2016, which were unilaterally executed by appellant No.2, as the Proprietor of M/s.Sridevi.

4. In W.P.No.9578/2017, the ARCIL impugned a gift deed dated 30.09.2024 executed by appellant No.2 in favour of his daughter (respondent No.6).

5. The learned Single Judge allowed the said petitions. The operative part of the impugned order reads as under:

"In view of my above findings, I pass the following:

ORDER

i) W.P.No.28962/2015 is allowed, a certiorari is issued, Impugned Letter bearing No.SRO/Peenya/1203/ 2014-15 vide Annexure-J dated 28.2.2015 issued by the Senior Sub Registrar, Peenya Bangalore is quashed.

ii) W.P.No.9193/2017 is allowed, a certiorari is issued, Impugned Deed of Cancellation dated

03.10.2016 registered vide Document No.4707/2016-17 in Book-I in the office of the Sub-Registrar, Peenya, Bangalore and the Deed of Declaration dated 03.10.2016 registered vide Document No.4706/2016-17 Book-I in office of the Sub-Registrar, Peenya, produced as Annexures-O and P, respectively, are quashed. The Sub-Registrar, Peenya, is directed to make necessary entries as regards the cancellation of the aforesaid two documents in the register maintained by him.

iii) W.P.No.9578/2017 is allowed, a certiorari is issued, the registration by the Senior Sub-registrar, Peenya, Bangalore of the impugned Gift Deed executed by Respondent No.4 in favour of Respondent No.5 dated 30th September 2014 vide Document No.554/14-15 and all subsequent transactions thereafter vide Annexure-P is quashed. The Sub-Registrar, Peenya, is directed to make necessary entries as regards the cancellation in the register maintained by him.

iv) The Commissioner of Stamps and Inspector General of Registration is directed to cause an inquiry into the manner in which the Sub-Registrar, Peenya has impounded the document, registered the Deed of Cancellation dated 03.10.2016 vide Document No.4707/2016-17 in Book-I in the office of the Sub-Registrar, Peenya, Bangalore and the Deed of Declaration dated 03.10.2016 registered vide Document No.4706/2016-17 Book-I in office of the Sub-Registrar, Peenya, and has also acted on the complaint filed by Anti-Corruption Council of India and take necessary action against the Sub-Registrar and Anti-Corruption Council of India after due enquiry, which shall be preceded by issuing due notice and following all the applicable procedures relating thereto. He is also at liberty to file criminal complaints against Sridevi, Dr.Senthilnathan, Smt.Devi, Anti-Corruption Council of India, sub-registrar as also any other person or entity if found to be involved in any illegal acts.

v) A report relating to the above to be placed on the record of this Court within three months from today.

vi) Though the above petition is disposed of, relist on **08.04.2025** for reporting compliance."

6. The learned counsel for the appellants contended that the impugned order is liable to be set aside on two grounds. First, that it would prejudice the rights of appellant No.2 in Civil Suit O.S.No.8443/2023. Appellant No.2 had filed the said suit, *inter alia*, seeking a declaration that the documents titled as "Resolution Plan and Broad Terms and Conditions" entered into between appellant No.2 and the ARCIL are null, void and not binding. He further contended that the impugned order would also prejudice the claim of appellant No.2 in civil suit being O.S.No.8167/2024, which was instituted, *inter alia*, seeking to declare that the deed dated 03.10.2016 executed by appellant No.2 as binding on ARCIL. He contended that if ARCIL was aggrieved by the registration of the said documents (deeds of cancellation) ARCIL had an alternative remedy under the Karnataka Stamp Act, 1957 [**the Karnataka Stamp Act**].

7. The relevant facts necessary to address the controversy raised in the present appeal are briefly stated hereafter.

7.1 ARCIL is registered as a Securitization and Reconstruction Company under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [**the SARFAESI Act**]. It is also a financial institution within the meaning of Section 2(h)(ia) of the Recovery of Debts and Bankruptcy Act, 1993.

7.2 Indian Overseas Bank [**IOB**] had lent financial assistance to M/s.Sridevi, which is stated to be a sole proprietorship concern of appellant No.2. The said loan was secured by an equitable mortgage in respect of an immovable property described as Plot No. ML-8D, measuring 1.46 acres falling in Survey No.2, Peenya Plantation, Yeshwantpura Hobli, Bengaluru. The appellant had deposited the title deeds of the said secured asset with the IOB. Additionally, the appellant also executed various other documents such as Loan Agreement, Deed of Hypothecation, Guarantee etc. in favour of IOB. The appellant defaulted in his repayment obligations and the loan account was classified as a Non-Performing Asset [**NPA**] in terms of the guidelines issued by the Reserve Bank of India.

8. IOB assigned the said assets in terms of an Assignment Agreement dated 31.08.2010 to the ARCIL. The same also

included security interest, guarantees, rights, title and interest in respect to the said loan and the mortgaged property. ARCIL informed the appellants regarding the transfer and assignment of the said assets by a letter dated 01.09.2010.

9. Thereafter, the appellant approached ARCIL for settlement of his dues. ARCIL sent a letter dated 30.09.2010 communicating its willingness to settle the dues as per terms and conditions of the term sheet dated 27.09.2010, which was enclosed with the said letter. The said term sheet is titled as "Resolution Plan and Broad Terms and Conditions". The repayment schedule is annexed to the said document. The said document also identified the sources of funds for settlement under the said terms and conditions. Appellant No.2 signed the said document.

10. ARCIL claims that the appellant did not adhere to the repayment schedule and defaulted in making payments after September, 2011. Accordingly, it issued a notice dated 21.02.2012 under Section 13(2) of the SARFAESI Act setting out the amounts owed by the appellant to the ARCIL. Thereafter, the ARCIL issued a notice under Section 13(4) of the SARFAESI Act. Following the same it approached the Court of the VII Additional Chief Metropolitan Magistrate under Section 14 of the SARFAESI Act for

taking over physical possession of the mortgaged property. The possession of the same was taken over on 28.03.2013.

11. Thereafter, the appellant filed criminal complaints, to take steps to obstruct the ARCIL from enforcing its security interest. The appellant also instituted a suit being O.S.No.2731/2015, *inter alia*, praying that directions be issued to the ARCIL not to act contrary to law in respect of the subject property (secured asset) until adjudication of the settlement agreement – “Resolution Plan and Broad Terms and Conditions” under the provisions of the Karnataka Stamp Act. The said document was referred to as "the impounded document" on the basis of the letter dated 28.02.2015 issued by the Senior Sub-Registrar, which was disclosed in the said suit.

12. Additionally, the Senior Sub-Registrar also issued a certificate dated 09.10.2014 certifying that the subject property (secured asset) is free from encumbrances. ARCIL sought a clarification in this regard by pointing out that the appellant had created an equitable mortgage in respect to the subject property and the title deeds of the same were in its possession. During the course of seeking the aforesaid clarification, ARCIL discovered that appellant No.2, who is the sole proprietor of M/s Sridevi (arrayed as

appellant no.1) had unilaterally executed a deed of declaration and a deed of cancellation both dated 03.10.2016, purportedly cancelling Assignment Agreement dated 31.08.2010, registered on 21.10.2010, between IOB and ARCIL, whereby the IOB had assigned the assets represented by the loan account of the appellant to ARCIL. The said deeds were registered as Document No.4706/2016-2017 and Document No.4707/2016-2017 respectively, by the Senior Sub-Registrar.

13. In terms of the unilateral declaration, appellant No.2 declared that the Assignment Agreement dated 31.08.2010 was null and void and purportedly cancelled the assignment agreement executed between the IOB and the ARCIL.

14. On the basis of the said documents, the Senior Sub-Registrar proceeded to issue a certificate dated 09.10.2014, certifying that the subject property was free from encumbrances. Thereafter, appellant No.2 executed a gift deed of the subject property in favour of his daughter Smt.Devi (respondent No.6) on 30.09.2014. Respondent No.6 in turn gifted a portion of the said property to her brother Dr.Ashwin by a deed dated 04.02.2015, which was registered by the Senior Sub-Registrar as Document No.22572/2015-16. Thereafter, respondent No.6 entered into

Memorandum of Understanding with another person (Mr.O.S.Hussain) pertaining to the very same property.

15. On becoming aware of these documents, ARCIL submitted a representation dated 30.07.2016 to the Senior Sub-Registrar not to permit any transaction in respect of the subject property.

16. In the meanwhile, appellant No.2 filed an Insolvency Petition being I.P.No.55/2013 before the Madras High Court declaring him as an insolvent and it is stated that he was declared insolvent by the said Court on 07.10.2013.

17. The learned Single Judge noted that in ordinary circumstances, the court would not entertain a writ petition for cancellation of registered documents. However, in the given facts considering the apparent fraud perpetuated by appellant No.2 as well as his children Smt.Devi and Dr.Ashwin, the Court considered it necessary to entertain the said writ petitions. The learned Single Judge held that a deed unilaterally cancelling registered deeds cannot be executed and registered. The learned Single Judge also held that the Senior Sub-Registrar could not have impounded any document without giving notice to the concerned party. In view of

the findings as noted above, the learned Single Judge allowed the writ petitions.

18. The facts in the present case as set out are extraordinary. The conduct of the appellant No.2 is egregious. It is apparent that appellant no.2 has abused the process of law. The Senior Sub-Registrar also appears to have willingly lent his assistance for the same.

19. The Senior Sub-Registrar had issued a letter dated 28.02.2015 directing impounding of the assignment deed. The said letter was not communicated to the ARCIL but, somehow a copy of the same found its way in the possession of appellant no.2, who, relying on the said document, instituted a suit. We consider it apposite to refer to the said letter. The same is set out below:

**Government of Karnataka
Stamps and Registration Department**

No/SRO/Peenya/1203/2014-15 Peenya Sub Registrar
Office
No. 488, P Block,
14th Cross, 4th Stage,
2nd Phase, Peenya,
Bangalore 560058.

Date: 28/02/2015

To
The District Registrar
Rajajinagara District
Leela Arcade, Nagarabhavi
Bangalore

Sir.

Sub:- Impounding and examination of
instruments U/s 33 of the K.S.Act
1957 reg:-

With reference to the above, an instrument of Agreement of conveyance is presented before me by the Anti-Corruption council of India which is described as agreement of conveyance Sridevi Hospital (Resolution plan and Broad terms and conditions) Which is executed on 27.9.2010 by Sri Devi Hospitals, No. 1620-A, 16th main road, Anna Nagar, Chennai-600040 in favour of Assets reconstruction company (Arcil) India Ltd, No. 29, The Ruby 10th floor, senapati Bapat marg, Dadar west, Mumbai-400028.

Whereas, on my perusal the instrument in question involves an actual contract of conveyance and liability of stamp duty to be borne by Arcil Trusts (i.e, Arcil and its Trust) there by violating the provision of sec 59, 59-A and 59-B of the Karnataka stamp Act 1957 i.e, it attracts, "penalty for executing etc, instrument not duly stamped." And they have executed the instruments with an intention to defraud the state Govt revenue by also violating the essential basic provision's of Karnataka stamp Law i.e, sec 34 instruments not duly stamped inadmissible in evidence etc."

And whereas, the tenor and contents of the said instruments clearly shows that there is an huge investments, security and liability aspects and the financial institution's and the Arcil Trusts have not once bothered to obtain an adjudication or opinion of the Deputy commissioner under the Karnataka stamp Act 1957 or not even also bothered to register the document which is a subject matter of conveyance's and transfer's and without any registration's the immovable properties are encumbered by merely executing such documents, and by making such deviations the immovable properties are being subjected to release and relinquishment's of their respective share, right title and interest therein, This instrument involves evasion of proper stamp duty under the several articles of the schedule to the Karnataka stamp Act 1957 and failure to adhere to the provisions of sec 28, Facts affecting duty to be set forth in instrument"

by the concerned Bank's or financial instruction's Arcil and its Trust and IOB Chennai Br. The Govt of Karnataka department of registration and Stamp's has lossed huge amount of revenue due to non levy of proper stamp duty on this Instrument.

Hence, in exercise of the power conferred to me under section 33 of the Karnataka stamp Act 1957 I hereby impound this document for further action U/s 37 with a request to take suitable action for violating the provision's of stamp law and also committing criminal breach of trust on the part of Arcil and its Trust and concerned IOB, Chennai. Br.

Yours faithfully

Sd/-
T. Gopalakrishna
Senior Sub-Registrar
Peenya Bangalore

Enclosed: Original deed of Conveyance impounded herewith.

Copy to:
Anti Corruption Council to India, No.27/3,
Block 'B' P.H. 4, The Summit Apartment,
Sankey Road, Bengaluru-560052.
For Kind information and appropriate Action"

20. The said letter records that an instrument of "Agreement of Conveyance" was presented to the Senior Sub-Registrar by the Anti-Corruption Council of India. However, there is no such document of conveyance. In terms of the said letter, the Senior Sub-Registrar has proceeded to pass an order for impounding the "Resolution Plan and Broad Terms and Conditions", which is a settlement agreement arrived at between the appellant and the

ARCIL. The said document was executed between the appellant and ARCIL.

21. The parties to the said document have not produced the same before the Sub-registrar. There is no indication as to the identity of the Anti-Corruption Council of India and their locus to present the said document. However, a copy of the letter is sent to it "For kind information and appropriate action."

22. There is also no discussion whatsoever as to how the Anti-Corruption Council of India had obtained any such instrument. No notice was issued to the ARCIL regarding any such proceedings. *Prima facie*, the office of the Senior Sub-Registrar has been misused for generating the said letter. The learned Single Judge had rightly held that the said order passed under Section 33 of the Karnataka Stamp Act, 1957 is *ex facie* void as having been passed in violation of principles of natural justice.

23. As noted above, appellant No.2 had unilaterally executed deeds for cancelling agreements of assignment, to which it was not a party. We are loss to understand as to how a third party could cancel an agreement between two other parties. However, the Senior Sub-Registrar willingly lent assistance and registering such

unilateral documents (declaration and cancellation). Copies of these documents are placed on record. The deed of declaration dated 03.10.2016, is a document spanning 58 pages and most of it are extracts of reported decisions rendered by the Supreme Court and other courts. Appellant No.2 has unilaterally declared that the ARCIL had played a fraud on court and other authorities and the Assignment Agreement dated 31.08.2010, which was executed and registered with the Senior Sub-Registrar, is null and void.

24. It is disconcerting to note that the Senior Sub-Registrar not only registered the document, but also acted on the said basis and issued a certificate dated 09.10.2014 certifying that the subject property was free from encumbrances.

25. We do not find any infirmity with the order passed by the learned Single Judge. The contention that it would adversely affect the appellants in pending civil proceedings is a necessary consequence of founding an action on the basis of such documents. In the given facts, the contention that the ARCIL had an alternative remedy and therefore, the writ petition could not have been entertained is unpersuasive. It is well settled that existence of an alternate remedy does not denude this Court of jurisdiction under Article 226 of the Constitution of India. However,

existence of an alternate remedy in normal circumstances is a ground for the High Court to refrain from exercising its jurisdiction.

26. As noted above, the facts as obtaining in the present case are extraordinary and it would not be apposite for this Court to refrain from exercising the extraordinary jurisdiction in the given facts.

27. The learned Additional Government Advocate has handed over a memo stating that the registration of the deeds in question, which were executed by appellant No.2, have been cancelled. The entries regarding deed of cancellation dated 03.10.2016 registered by Document No.4707/2016-17 in Book No.1 in the office of Senior Sub-Registrar, Peenya, Bengaluru; the deed of declaration dated 03.10.2016 registered as Document No.4706/2016-2017 in Book No.1 in the office of the Senior Sub-Registrar, Peenya, Bengaluru; and the registration of the gift deed dated 30.09.2014 registered vide Document No.5545/2014 with the office of the Senior Sub-Registrar, Peenya, Bengaluru have been cancelled.

28. The learned Additional Government Advocate also submits that an enquiry has been instituted in respect of the conduct of the Senior Sub-Registrar and subject to the findings of the inquiry, the

State would also institute criminal proceedings against the concerned officer.

29. In view of the aforesaid statement, we consider it apposite to refrain from making any further observations regarding the conduct of the Senior Sub-Registrar.

30. We find no infirmity with the impugned order. The appeal is accordingly dismissed.

31. Pending applications stand disposed of.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(C.M. POONACHA)
JUDGE**

KPS