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United Bank of India Vs.
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i. Whether a High Court can grant an injunction under Article 226 against a secured creditor when an effective alternative remedy under the SARFAESI Act, 2002 is available?

ii. Whether action against a guarantor must follow only after action against the principal borrower?

CONTEXT: The Central Government encouraged liberal loan policies for industrial development, but many borrowers defaulted and used frivolous litigation to obstruct recovery. To address this, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (DRT Act) established specialised forums. Despite this, non-performing assets remained high. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) was enacted to empower secured creditors to recover dues without court intervention. In this case, United Bank of India extended a loan, with Satyawati Tondon (Respondent No.1) as guarantor, mortgaging her property. Upon default, the bank initiated recovery under the SARFAESI Act. Respondent No.1 challenged this, arguing the bank should have proceeded against the principal borrower first. The High Court granted an injunction, restraining the bank from proceeding against the guarantor's property.

① The Supreme court allowed the appeal, and the impugned order of the High Court was set aside. The High Court erred by restraining the bank and by entertaining the writ petition.

② The Supreme Court affirmed that the liability of a guarantor is co-extensive with the principal debtor, allowing a secured creditor to proceed against either for recovery.

③ Crucially, the High Court should not have exercised its jurisdiction under Article 226 of the Constitution as an expeditious and effective alternative remedy was available to the aggrieved person, including a guarantor, under Section 17 of the SARFAESI Act. .

**UNITED BANK OF INDIA
VS. SATYAWATI TONDON
AND ORS.
[(2010) 8 SCC 110]**

**SECTIONS 13(2) & (4), 14,
17 OF THE
SECURITISATION AND
RECONSTRUCTION OF
FINANCIAL ASSETS AND
ENFORCEMENT OF
SECURITY INTEREST
ACT(SARFAESI ACT),
2002**

**ARTICLE 226 OF THE
CONSTITUTION OF INDIA**

Does a Court have territorial jurisdiction under Section 138 Negotiable Instruments Act, 1881 based on the payee's bank branch where the cheque is deposited?

PRAKASH CHIMANLAL
SHETH VS. JAGRUTI
KEYUR RAJPOPAT
[2025 INSC 897]

CONTEXT: The appellant, Prakash Chimanlal Sheth, filed four complaint cases under Section 138 of the N.I. Act after cheques issued by the respondent, Jagruti Keyur Rajpopat (guarantor for her husband's loan and herself), were dishonoured due to insufficient funds. The cheques were deposited at Kotak Mahindra Bank, Opera House Branch, Mumbai, but were meant to be credited to the appellant's account at the Bendurwell, Mangalore Branch. The Judicial Magistrate First Class, Fifth Court, Mangalore, returned the complaints, asserting a lack of territorial jurisdiction, a decision affirmed by the High Court of Karnataka. The lower courts erroneously assumed the appellant's bank account was at the Mumbai branch.

1 The Supreme Court allowed the appeals, setting aside the High Court's order dated 05.03.2024 and the Magistrate's order dated 12.12.2023.

2 The Court held that the understanding of the lower courts regarding territorial jurisdiction was erroneous and contrary to Section 142(2)(a) of the N.I. Act. As the appellant maintained his account with the Kotak Mahindra Bank at its Bendurwell, Mangalore Branch, he was justified in filing the complaints before the jurisdictional Court at Mangalore.

3 The Judicial Magistrate First Class, Fifth Court, Mangalore, is directed to entertain and expeditiously adjudicate the cases.

**SECTIONS 138 AND
142(2)(a) OF THE
NEGOTIABLE
INSTRUMENTS ACT,
1881**

Can High Court's liberty to file a fresh suit revive a barred claim and reopen issues already rejected by all courts?

SMT. ARIFA & ORS. VS.
ABHIMAN APARTMENT
CO OPERATIVE
HOUSING SOCIETY LTD.
& ORS.
[2025 INSC 875]

CONTEXT: The original plaintiff, predecessor-in-interest to the petitioners, entered into a sale agreement for property with the first defendant, a Cooperative Society, and executed a Power of Attorney (PoA) in favor of the second defendant (Society's Secretary). Alleging coercion and misrepresentation, the plaintiff claimed the PoA was cancelled before sale deeds were executed. An initial suit for permanent injunction against alienation was dismissed by the trial and first appellate courts and affirmed by the High Court on remand. The High Court, while dismissing the second appeal, granted liberty to file a comprehensive suit for additional reliefs, including declaration of title and recovery of possession. Relying on this, the plaintiff filed a fresh suit challenging the sale deeds as void and seeking possession and permanent injunction.

① The Supreme Court affirmed the judgement of the High Court and rejected the Special Leave Petition.

② The fresh suit filed by the plaintiff was barred by res judicatory, limitation, and non-Joinder of necessary parties.

③ The liberty granted by the High Court in the earlier round could not give a fresh lease of life to the cause of action or save limitation, as the grounds agitated were substantially in issue and decided against the plaintiff in the earlier proceedings.

**ORDER 23 RULE 1 AND
RULE 2, SECTION 11 OF
THE CIVIL PROCEDURE
CODE (CPC), 1908**

**SECTION 14 OF THE
LIMITATION ACT, 1963**

Whether the arbitral award ignoring clear contract terms on site conditions and delays was liable to be set aside for patent illegality and lack of jurisdiction?

DELHI JAL BOARD VS.
V.K. DEWAN & CO.
[O.M.P. 50/2002]

CONTEXT: The Delhi Jal Board (petitioner) challenged an arbitration award favoring V.K. Dewan & Co. (respondent contractor) concerning a construction contract for a sewage pumping station. The work was not completed, with the contractor claiming the Board's breach due to issues like flooding, cement shortage, and access problems, leading to abandonment. The arbitrator partially awarded the contractor's claims (e.g., for pumping water, security deposit refund, anticipated profits) and rejected the Board's counterclaims. The Board contended the award disregarded explicit contractual clauses placing responsibility for site conditions, dewatering, and certain delays squarely on the contractor.

① The High Court allowed the petition, setting aside the arbitral award for claim numbers 4(Cost of pumping water), 6(refund of security deposit), 7(anticipated profits), 8(other expenses), and all counterclaims.

② The Court ruled these parts were patently illegal, contrary to contract terms, and unreasoned, concluding the arbitrator acted without jurisdiction by manifestly disregarding the agreement. Citing legal precedents, the court emphasized an arbitrator cannot go beyond clear contract terms.

③ The award for claim number 5 was upheld due to the petitioner's admission, and interest on claim 8 was reduced from 18% to 12% p.a.

**SECTION 34 OF THE
ARBITRATION AND
CONCILIATION ACT,
1996**