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WP-17181-2026

IN THE HIGH COURT OF MADHYA PRADESH  
AT INDORE

BEFORE

HON'BLE SHRI JUSTICE VIJAY KUMAR SHUKLA

&amp;

HON'BLE SHRI JUSTICE ALOK AWASTHI

ON THE 19<sup>th</sup> OF JUNE, 2026WRIT PETITION No. 17181 of 2026

*INDIA SHELTER FINANCE CORPORATION LTD THROUGH ITS  
AUTHORIZED SIGNATORY MR. NEERAJ SHARMA*

*Versus*

*THE STATE OF MADHYA PRADESH AND OTHERS*

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Appearance:

*Shri Upendra Singh - Advocate for the petitioner.*

*Shri Nilesh Yadav - Addl. AG with Shri Sudeep Bhargava - Dy. AG  
for the respondent No.1/State.*

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ORDER

*Per. Justice Vijay Kumar Shukla*

1. In the instant petition, a challenge has been made to the order dated 2.3.2026 passed by the Additional District Magistrate, Indore, dismissing the petition filed by the bank u/S.14 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (for short "Act 2002") on the ground that the bank has not filed a copy of the registered mortgage deed.

2. Counsel for the petitioner argued that the same is not a requirement under the provisions of Sections 13 and 14 of the Act 2002. He further argued that since the petition was dismissed without notice to the borrower,



therefore, no notice is required to be issued to them for hearing in the present petition.

3. Counsel for the State supported the impugned order.

4. After hearing learned counsel for parties, the question which arises for consideration before this Court is whether a registered copy of the mortgage deed is required for the petition u/S.14 of the Act 2002. To appreciate the aforesaid question, it is apposite to reproduce the provisions of Sections 13 and 14 of Act 2002:-

*"13. Enforcement of security interest.—(1) Notwithstanding anything contained in section 69 or section 69A of the Transfer of Property Act, 1882 (4 of 1882), any security interest created in favour of any secured creditor may be enforced, without the intervention of court or tribunal, by such creditor in accordance with the provisions of this Act.*

*(2) Where any borrower, who is under a liability to a secured creditor under a security agreement, makes any default in repayment of secured debt or any instalment thereof, and his account in respect of such debt is classified by the secured creditor as non-performing asset, then, the secured creditor may require the borrower by notice in writing to discharge in full his liabilities to the secured creditor within sixty days from the date of notice failing which the secured creditor shall be entitled to exercise all or any of the rights under sub-section (4).*

*(3) The notice referred to in sub-section (2) shall give details of the amount payable by the borrower and the secured assets intended to be enforced by the secured creditor in the event of non-payment of secured debts by the borrower.*

*[(3A) If, on receipt of the notice under sub-section (2), the borrower makes any representation or raises any objection, the secured creditor shall consider such representation or objection and if the secured creditor comes to the conclusion that such representation or objection is not acceptable or tenable, he shall communicate [within fifteen days] of receipt of such representation or objection the reasons for non-acceptance of the representation or objection to the borrower:*



*Provided that the reasons so communicated or the likely action of the secured creditor at the stage of communication of reasons shall not confer any right upon the borrower to prefer an application to the Debts Recovery Tribunal under section 17 or the Court of District Judge under section 17A.]*

*(4) In case the borrower fails to discharge his liability in full within the period specified in sub-section (2), the secured creditor may take recourse to one or more of the following measures to recover his secured debt, namely:—*

*(a) take possession of the secured assets of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset;*

*(b) take over the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset:*

*Provided that the right to transfer by way of lease, assignment or sale shall be exercised only where the substantial part of the business of the borrower is held as security for the debt:*

*Provided further that where the management of whole of the business or part of the business is severable, the secured creditor shall take over the management of such business of the borrower which is relatable to the security for the debt;*

*(c) appoint any person (hereafter referred to as the manager), to manage the secured assets the possession of which has been taken over by the secured creditor;*

*(d) require at any time by notice in writing, any person who has acquired any of the secured assets from the borrower and from whom any money is due or may become due to the borrower, to pay the secured creditor, so much of the money as is sufficient to pay the secured debt.*

*(5) Any payment made by any person referred to in clause (d) of sub-section (4) to the secured creditor shall give such person a valid discharge as if he has made payment to the borrower.*

*(6) Any transfer of secured asset after taking possession thereof or take over of management under sub-section (4), by the secured creditor or by the manager on behalf of the secured creditor shall vest in the transferee all rights in, or in relation to, the secured*



*asset transferred as if the transfer had been made by the owner of such secured asset.*

*(7) Where any action has been taken against a borrower under the provisions of sub-section (4), all costs, charges and expenses which, in the opinion of the secured creditor, have been properly incurred by him or any expenses incidental thereto, shall be recoverable from the borrower and the money which is received by the secured creditor shall, in the absence of any contract to the contrary, be held by him in trust, to be applied, firstly, in payment of such costs, charges and expenses and secondly, in discharge of the dues of the secured creditor and the residue of the money so received shall be paid to the person entitled thereto in accordance with his rights and interests.*

*(8) If the dues of the secured creditor together with all costs, charges and expenses incurred by him are tendered to the secured creditor at any time before the date fixed for sale or transfer, the secured asset shall not be sold or transferred by the secured creditor, and no further step shall be taken by him for transfer or sale of that secured asset.*

*(9) In the case of financing of a financial asset by more than one secured creditors or joint financing of a financial asset by secured creditors, no secured creditor shall be entitled to exercise any or all of the rights conferred on him under or pursuant to sub-section (4) unless exercise of such right is agreed upon by the secured creditors representing not less than 2 [sixty per cent.] in value of the amount outstanding as on a record date and such action shall be binding on all the secured creditors:*

*Provided that in the case of a company in liquidation, the amount realised from the sale of secured assets shall be distributed in accordance with the provisions of section 529A of the Companies Act, 1956 (1 of 1956):*

*Provided further that in the case of a company being wound up on or after the commencement of this Act, the secured creditor of such company, who opts to realise his security instead of relinquishing his security and proving his debt under proviso to sub-section (1) of section 529 of the Companies Act, 1956 (1 of 1956), may retain the sale proceeds of his secured assets after depositing the workmen's dues with the liquidator in accordance with the provisions of section 529A of that Act:*



*Provided also that liquidator referred to in the second proviso shall intimate the secured creditor the workmen's dues in accordance with the provisions of section 529A of the Companies Act, 1956 (1 of 1956) and in case such workmen's dues cannot be ascertained, the liquidator shall intimate the estimated amount of workmen's dues under that section to the secured creditor and in such case the secured creditor may retain the sale proceeds of the secured assets after depositing the amount of such estimate dues with the liquidator:*

*Provided also that in case the secured creditor deposits the estimated amount of workmen's dues, such creditor shall be liable to pay the balance of the workmen's dues or entitled to receive the excess amount, if any, deposited by the secured creditor with the liquidator:*

*Provided also that the secured creditor shall furnish an undertaking to the liquidator to pay the balance of the workmen's dues, if any.*

*Explanation.—For the purposes of this sub-section,—*

*(a) “record date” means the date agreed upon by the secured creditors representing not less than [sixty per cent.] in value of the amount outstanding on such date;*

*(b) “amount outstanding” shall include principal, interest and any other dues payable by the borrower to the secured creditor in respect of secured asset as per the books of account of the secured creditor.*

*(10) Where dues of the secured creditor are not fully satisfied with the sale proceeds of the secured assets, the secured creditor may file an application in the form and manner as may be prescribed to the Debts Recovery Tribunal having jurisdiction or a competent court, as the case may be, for recovery of the balance amount from the borrower.*

*(11) Without prejudice to the rights conferred on the secured creditor under or by this section, the secured creditor shall be entitled to proceed against the guarantors or sell the pledged assets without first taking any of the measured specifics in clauses (a) to (d) of sub-section (4) in relation to the secured assets under this Act.*

*(12) The rights of a secured creditor under this Act may be*



*exercised by one or more of his officers authorised in this behalf in such manner as may be prescribed.*

*(13) No borrower shall, after receipt of notice referred to in sub-section (2), transfer by way of sale, lease or otherwise (other than in the ordinary course of his business) any of his secured assets referred to in the notice, without prior written consent of the secured creditor.*

*14. Chief Metropolitan Magistrate or District Magistrate to assist secured creditor in taking possession of secured asset.—(1) Where the possession of any secured assets is required to be taken by the secured creditor or if any of the secured assets is required to be sold or transferred by the secured creditor under the provisions of this Act, the secured creditor may, for the purpose of taking possession or control of any such secured assets, request, in writing, the Chief Metropolitan Magistrate or the District Magistrate within whose jurisdiction any such secured asset or other documents relating thereto may be situated or found, to take possession thereof, and the Chief Metropolitan Magistrate or, as the case may be, the District Magistrate shall, on such request being made to him—*

*(a) take possession of such asset and documents relating thereto; and*

*(b) forward such asset and documents to the secured creditor:*

*(2) For the purpose of securing compliance with the provisions of sub-section (1), the Chief Metropolitan Magistrate or the District Magistrate may take or cause to be taken such steps and use, or cause to be used, such force, as may, in his opinion, be necessary.*

*(3) No act of the Chief Metropolitan Magistrate or the District Magistrate [any officer authorised by the Chief Metropolitan Magistrate or District Magistrate] done in pursuance of this section shall be called in question in any court or before any authority."*

5. Upon perusal of the aforesaid provisions, it is pellucid that for filing a petition u/S.14 of the Act 2002 there is no requirement to file the registered copy of the mortgage deed. Even otherwise, the said requirement would be contrary to the provisions of the requirement of mortgage deed



u/S.58 of the Transfer of Property Act. Under the said Act, for creating a valid mortgage, there is no requirement of registration of the mortgage deed.

6. In view of the aforesaid, the petition is allowed. The impugned order dated 2.3.2026 is quashed. The respondent authority is directed to redecide the application in accordance with law after affording an opportunity of hearing to the parties within a period of 30 days from the date of filing of copy of the order passed today.

7. With the aforesaid, the petition is **allowed and disposed of**.

(VIJAY KUMAR SHUKLA)  
JUDGE

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(ALOK AWASTHI)  
JUDGE