2026:HHC:45043

IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA.

LPA No.404 of 2024
Decided on: 9th October, 2026

State of H.P. and others .....appellants

versus

Darshan Singh and another ...Respondents

Coram

The Hon'ble Mr. Justice G.S.Sandhawalia, Chief Justice.

The Hon'ble Mr.Justice Jiya Lal Bhardwaj, Judge.

Whether approved for reporting?[1]

For the appellants:	**Mr. Rakesh Dhaulta, Additional Advocate General.**
For the respondents:	**Mr. Shriyek Sharda, Advocate for respondent No.1.**
	Mr. Arvind Sharma, Senior Advocate with Ms. Kiran Sharma, Advocate for respondent No.2.

G.S. Sandhawalia, Chief Justice (Oral)

In the present Letters Patent Appeal, the State seeks consideration of the judgment passed by the learned Single Judge in CWP No.2188 of 2022, titled as Darshan Singh vs. State of Himachal Pradesh and others, dated 11.10.2023. The learned Single Judge allowed the writ petition, keeping in view the earlier view taken by him in CWP No.1638 of 2017, titled as ***Punjab National Bank and***

[1] *Whether the reporters of Local Papers may be allowed to see the judgment? Yes.*

another vs. ***State of Himachal Pradesh and others***, on 19.05.2021, which has been upheld by the Division Bench of this Court in LPA No.156 of 2021 and connected matters.

2. It is pertinent to mention that in the writ petition, the challenge was to the communication dated 14.08.2019 (Annexure P-11), wherein the Tehsildar had objected as such that until the payment is not made to the Excise and Taxation Department to the tune of Rs.1,80,50,073/-, which was to be paid by Dev Bhoomi Steel (original owner of the property) to the Department and the Electricity Board, no application would be considered by it. Similarly, an order had been passed on 16.08.2019 (Annexure P-12) that apart from the amount of the Excise Department, a sum of Rs.5,48,55,341/- was due against the account of the Electricity Board, which was entered in the revenue record and could not be deleted without the consent of the Excise Department. Thus, following the earlier view taken in the judgment in ***Punjab National Bank*** (supra), the learned Single Judge had quashed the said notices by holding that the Department cannot claim first charge over the secured assets and the Bank would have first charge over the secured assets under the Securitisation and Reconstruction of Financial Assets and

Enforcement of Security Interest Act, 2002 (for short 'SARFAESI Act') amended from time to time, which view has apparently been upheld in the matter taken up to the Apex Court unsuccessfully.

3. However, in the present case, we had noticed on 30.06.2025 that before the sale certificate was issued on 14.05.2018 in favour of the writ petitioner, who had purchased the property apparently, through private negotiations with the Bank, there was already an entry made for the Electricity Department on 16.01.2014 and the Excise Department on 16.05.2014 in the revenue record. It is also to be noticed that on 14.08.2019 (Annexure P-11), the Tehsildar had written to the petitioner that the petitioner (auction purchaser) was having sufficient and proper knowledge and the proceedings were being conducted and the fact that the entry has already been incorporated for the outstanding dues in the year, 2014. The subsequent exercise was being done on account of earlier petition i.e., CWP No.1252 of 2019, whereby the directions had been issued on 20.05.2019 to decide the representation of the writ-petitioner.

4. From the documents placed on record by the Bank also, it transpired that apparently, the writ-petitioner had

purchased the property through private treaty as per the offer given by the Bank on 10.05.2018, which has now been placed on record as Annexure R-2/A, which was on the basis of paltry amount of Rs.50,000/- over and above the reserve price of Rs.1,04,00,000/- on “as is where is basis” The writ-petitioner acknowledged the said offer of the Bank vide document Annexure R-2/B on “as is where is basis” and immediately thereafter the Sale Certificate was issued on 14.05.2018 (Annexure P-1) for the land measuring 13 Kanals 3 Marlas situated in Village and Post Office Kirpalpur, Nalagarh. These aspects have been highlighted by the State in its reply before the learned Single Judge pertaining to the charge of the year 2014 in favour of the Electricity and Excise Departments in the revenue records. The relevant acceptance reads as under:-

STATE BANK OF INDIA
SAMB, Chandigarh BRANCH

The Authorised Officer
State Bank of India
Stressed Assets Management Branch

Sir,

ACCEPTANCE OF OFFER FOR PURCHASE OF PROPERTY THROUGH PRIVATE TREATY UNDER RULE 8 (8) OF SECURITY INTEREST (ENFORCEMENT) RULES.

We refer to your letter No. SAMB/T-1/269 dated 10.05.2018 about the sale of Schedule Property through private treaty as per the terms and conditions mentioned therein. In this regard, I hereby convey our consent for acceptance of the offer for

purchase of the Schedule Property for an amount of Rs.1,04,50,000.00 (Rupees one crore four lac fifty thousand only) as per the terms and conditions mentioned in the said letter.

2. As an acknowledgement of agreeing to the terms and conditions of the sale, I have submitted the duly signed copy of the duplicate of the said letter. I understand that the Schedule Property is being sold by the Bank in 'AS IS WHERE IS' AND 'AS IS WHAT IS' basis, and therefore it is the purchaser's duty to verify and make own inquiries regarding encumbrance and title of the property. I further undertake that this acceptance of offer is made after my own assessment about the nature of the property after inspection and due diligence to my satisfaction. I also undertake to bear the charges towards the applicable stamp duty/ additional stamp duty/ transfer charges, registration fee and other charges and levies, etc. and also all the statutory/ non-statutory dues, taxes, rates, assessment charges, fees etc.

Sr.No.	Description of property	
1.	Factory Land situated at VPO Kirpalpur, Nalagarh, Himachal Pradesh measuring 13 Kanal 3 Marlas Comprising in Khewat /Khatoni No.169/202 Khasra No.408/207(5-15), 410/207(7-8) in the name of M/s Dev Bhumi Steels situated in vill. Kirpalpur,Teh Nalagarh Distt Solan vide Sale Deed No.17 dated 08.01.2010.	Reserve Price Rs.1,04,00,000.00
		Offered Price Rs.1,04,50,000.00

Yours faithfully,

(Darshan Singh)
Signature of Proposed Purchaser)
Place:
Date.

5. It is also to be noticed that in the Sale Certificate, (Annexure P-1), it had been mentioned that the sale of the scheduled property is free from all encumbrances known to the secured creditor, which is sharp in contrast to the entries in the revenue record. It is a settled principle that if parties conceal certain facts, it is the duty of the writ court,

exercising extraordinary jurisdiction, to ensure that the process is not abused by the parties.

6. In such circumstances, we are of the considered opinion that these aspects had escaped the notice of the learned Single Judge and the matter was disposed of being covered without going into the issue as to whether the writ petitioner-auction purchaser had option to purchase the property on “as is where is basis”.

7. We are thus of the considered opinion that keeping in view the fact that the property was auctioned for a paltry amount of Rs.50,000/- over the reserve price, the matter had to be viewed in a different manner as to whether the writ petitioner had any right as such on the same, considering there were huge outstanding liability of the State, for which the revenue entries had been made, which aspect has not been considered.

8. Resultantly, we are of the considered opinion that the matter is liable to be remanded to the learned Single Judge for decision afresh, keeping in view the said background.

9. Accordingly, the appeal is allowed and the order dated 11.10.2023 passed by the learned Single Judge is set

aside and the matter is remanded for deciding the same afresh. Pending applications, if any, also stand disposed of.

(**G.S. Sandhawalia**)
Chief Justice

(**Jiya Lal Bhardwaj**)
Judge

October 09, 2026
(naveen)