HC-KAR

CNR: KAHC010332332022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 5TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

WRIT PETITION NO. 14839 OF 2022 (GM-DRT)

BETWEEN:

1. REGALIAA BUILDTECH AND
SERVICES PRIVATE LIMITED
A COMPANY INCORPORATED UNDER
THE COMPANIES ACT 1956 AND
EXISTING COMPANY GOVERNED BY
THE COMPANIES ACT 2012
AND HAVING ITS REGISTERED OFFICE
AT 301, SHALAKA, 3RD FLOOR,
PLOT NO.32 JUHU ROAD,
NEAR SANTACRUZ POLICE STATION
SANTA CRUZ WEST, MUMBAI-400054.

ALSO HAVING ITS BENGALURU OFFICE
AT MSR REGALIAA ELEMENTS MALL
SITUATED AT NAGAVARA, THANNISANDRA
MAIN ROAD, BANGALORE-560045
KARNATAKA

REPRESENTED BY ONE OF ITS DIRECTOR
MR ANUP SHYAM KARNANI
AND ALSO BY AUTHORISED SIGNATORIES
M R UDAY NARESH AND MR AMAR NARAYANA

...PETITIONER

(BY SRI. ROHAN KOTHARI, ADVOCATE)

AND:

1. LIC HOUSING FINANCE LIMITED
A COMPANY INCORPORATED UNDER

HC-KAR

CNR: KAHC010332332022

THE COMPANIES ACT 1956 AND
HAVING ITS REGISTERED OFFICE AT
BOMBAY LIFE BLDG, 2ND FLOOR,
45/47,VEER NARIMAN ROAD
MUMBAI-400001

ALSO HAVING ITS BENGALURU OFFICE AT
NO.15/1, 2ND FLOOR, HAYES CENTRE,
HAYES ROAD, BENGALURU-560025

…RESPONDENT

(BY SRI. SHIVABASAVA GHANTE, ADVOCATE)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO DIRECT THE RESPONDENT TO ACCEPT AND CONSIDER THE IMPROVISED ONE-TIME RESTRUCTURING PLAN OF THE PETITIONER ANNEXED HEREWITH AS ANNEXURE-O WITHOUT ANY FURTHER DELAY; AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

ORAL ORDER

The captioned writ petition is filed seeking for the following relief;

> *"A. That this Hon'ble Court be pleased to issue a Writ of Mandamus and/or Writ in the nature of Mandamus, and/or any other appropriate writ, order or direction, directing the Respondent to accept and consider the improvised One-Time Restructuring Plan of the Petitioner Annexed herewith as Annexure-O without any further delay;*

B. That this Hon'ble Court be pleased to issue a Writ of Mandamus and/or Writ in the nature of Mandamus, and/or Writ of Certiorari and/or any other appropriate writ, order or direction, directing the Respondent refrain from taking any action or measures in accordance with the demand notice purportedly issued under section 13(2) of the SARFAESI Act as Annexed as Annexure-M dated 17.05.2022.

C. To issue a Writ or Order of the appropriate nature to set aside Respondent's notice dated 17/05/2022 issued under Section 13(2) of the SARFAESI Act as Annexed as Annexure-M dated 17.05.2022.

D. Issue a Writ of Mandamus/and or any other Writ directing the Respondent not to take any coercive/adverse steps on the basis of the SARFAESI notice dated 17/05/2022 issued under section 13(2) of the SARFAESI Act as Annexed as Annexure-M dated 17.05.2022.

E. To direct the Respondents to provide the Petitioner the detailed account statement as there is ambiguity in the notices issued purportedly under SARFAESI.

F. Pass such other direction or order as this Hon'ble Court deems fit in the facts and circumstances of the case, in the interest of justice and equity."

2. The petitioner, a defaulting borrower, has invoked the writ jurisdiction of this Court seeking a writ in the nature of mandamus directing the respondent-Bank/Secured Creditor to consider and accept the improvised One-Time Restructuring Plan submitted by the petitioner, produced at Annexure-O. The petitioner has also sought a consequential direction restraining the respondent-Bank from initiating or continuing coercive measures under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (for short, 'the SARFAESI Act').

3. Heard the learned counsel appearing for the petitioner and perused the material on record.

4. This Court, vide order dated 24.08.2022, had directed the respondent-Bank not to freeze the petitioner's account pending consideration of the present petition. The matter has thereafter remained pending for nearly four years. There can be no impediment for a borrower

approaching the Secured Creditor and seeking consideration of a proposal for restructuring of its outstanding dues. However, merely because a borrower submits a restructuring proposal, the same cannot confer a right upon the borrower to seek an indefinite restraint against the Secured Creditor from taking lawful measures for recovery of its dues, particularly when the loan account has admittedly been classified as a Non-Performing Asset (NPA).

5. The further prayer sought by the petitioner for restraining the respondent-Bank from taking measures under Section 13(2) of the SARFAESI Act also cannot be granted merely on the premise that the petitioner had submitted a proposal for restructuring. As is evident from Annexure-O, the restructuring proposal was submitted in the backdrop of the COVID-19 pandemic, wherein the petitioner sought to explain the financial difficulties faced by the Company on account of the severe disruption

caused to the mall industry, including prolonged closure of malls, cessation of rental income and renegotiation of agreements. However, the said proposal was admittedly made several years ago.

6. The petitioner-Company has admittedly resumed its operations. The restructuring proposal, which was submitted way back in 2019, has not been followed by any subsequent material placed before this Court indicating the present status of the proposal, the steps taken by the petitioner pursuant thereto, or any subsequent negotiations or arrangement arrived at with the respondent-Bank. The petitioner has also not placed before this Court any material indicating that the respondent-Bank has accepted the restructuring proposal or that any concluded arrangement presently subsists between the parties.

7. A mere request for restructuring of the loan cannot, by itself, operate as an embargo against the

Secured Creditor from exercising the statutory remedies available under the SARFAESI Act. The borrower cannot, under the guise of seeking consideration of a restructuring proposal, seek to keep the statutory measures available to the Secured Creditor for recovery of its dues in a state of suspension indefinitely. The relief sought in the present petition, in substance, seeks continuation of such restraint without there being any corresponding material demonstrating a subsisting restructuring arrangement or any enforceable right in favour of the petitioner.

8. It is also relevant to note that the interim protection granted by this Court on 24.08.2022, whereby the respondent-Bank was directed not to freeze the petitioner's account, has continued to operate for nearly four years. Thus, the petitioner has enjoyed protection at the hands of this Court for a considerable length of time. During this period, the petitioner ought to have meaningfully negotiated with the respondent-Bank and

pursued the restructuring proposal, if so advised. No satisfactory explanation is forthcoming as to the steps taken by the petitioner during this period or the reasons for seeking continuation of the interim protection.

9. More importantly, the petitioner has not placed before this Court any updated material regarding the present status of the loan account or as to whether the respondent-Bank has, subsequent to the filing of the petition, initiated or completed any measures for recovery of its dues. In the absence of such material, this Court cannot continue the interim protection merely on the basis of a restructuring proposal which was submitted several years ago.

10. The extraordinary jurisdiction of this Court cannot be invoked to indefinitely interdict the statutory remedies available to a Secured Creditor, particularly when the borrower has committed default and the loan account has been classified as an NPA. The petitioner

cannot claim a vested or enforceable right to restructuring merely by submitting a proposal to the respondent-Bank. The decision whether to accept such a proposal, subject to applicable statutory and regulatory framework, essentially lies within the domain of the Secured Creditor.

11. In that view of the matter, no further indulgence is warranted. The petitioner has already enjoyed the benefit of the interim protection for nearly four years and has failed to demonstrate any subsisting right warranting continuation of such protection or issuance of a mandamus against the respondent-Bank.

Accordingly, the writ petition is ***dismissed***.

The interim order dated 24.08.2022 shall stand vacated. It is, however, made clear that dismissal of this petition will not preclude the petitioner from independently approaching the respondent-Bank with any fresh proposal for restructuring or settlement of its outstanding dues,

if permissible in law, and it shall be for the respondent-Bank to consider the same in accordance with the applicable statutory and regulatory framework.

(SACHIN SHANKAR MAGADUM)
JUDGE

NBM
List No.: 1 Sl No.: 6