

**2026 LiveLaw (SC) 416**

IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION  
**DIPANKAR DATTA; J., SATISH CHANDRA SHARMA; J.**  
APRIL 22, 2026

I.A. No. 67814 of 2026 IN SPECIAL LEAVE PETITION (C) No. 19540 OF 2025  
**CHAITANYA BAHUUDDESHIYA SHIKSHAN PRASARAK MANDAL & ORS. versus AUXILO  
FINSERVE PVT. LTD. & ORS.**

**SARFAESI Act, 2002 — Section 13 — Recovery of Dues and Dispossession — Default by Educational Institution — Complete disregard for the rule of law and wilful disobedience of court orders — Eviction and Closure of School - Petitioners/borrowers, running an educational institution (Chaitanya Public School & Junior College), defaulted on a loan of approximately ₹5.06 crore from the secured creditor - Despite multiple undertakings, promises, and paying schedules submitted before the Debt Recovery Tribunal, the High Court, and the Supreme Court, the petitioners failed to clear their dues - they engaged in "strong-arm tactics" and trespassed onto the secured asset after possession was legally transferred to the secured creditor - They also failed to cooperate with the court-appointed Administrator - The Supreme Court observed that the petitioners showed an extreme lack of solicitude for the rule of law and aggravated the contempt already committed - Balancing the interest of the students who had completed their final examinations, Supreme Court ordered the permanent closure of the school - Granted liberty to the secured creditor to seek police assistance from the Superintendent of Police, Kolhapur, to obtain peaceful, vacant possession of the premises for an auction sale - The secured creditor was also directed to obtain a fresh valuation report from a Government valuer to fix the reserve price for the auction - Due to the ordered closure, the appointment of the Administrator was recalled - The Special Leave Petition was dismissed with a cost of ₹1 lakh imposed on the petitioners. [Paras 10 - 19]**

*For Petitioner(s): Mr. Samir Arunkumar Vaidya, Adv. Mr. Anand Dilip Landge, AOR Mrs. Sangeeta Nenwani, Adv. Ms. Revati Pravin Kharde, Adv. Mr. Shreenivas Patil, Adv. Mr. Rahul Prakash Pathak, Adv.*

*For Respondent(s): Mr. Arjun Garg, AOR Ms. Amruta Arjun Garg, Adv. Mr. Aakash Nandolia, Adv. Ms. Arushi Kulshrestha, Adv. Ms. Muskan Bensla, Adv. Ms. Mrinmoyee Das, Adv. Mr. Varad Kilor, Adv. Mr. Siddharth Dharmadhikari, Adv. Mr. Aaditya Aniruddha Pande, AOR Mr. Shrirang B. Varma, Adv.*

**ORDER**

**1.** I.A. No.67814 of 2026 dated 26<sup>th</sup> February, 2026 is an application for directions, filed by the respondents 1 and 2<sup>1</sup>. It is listed for consideration together with the special leave petition. Prayers made in the application for directions read as follows:

a) issue necessary directions to the Superintendent of Police, District Kolhapur to deploy sufficient police manpower in the School premises, i.e. (CHAITANYA PUBLIC SCHOOL & JUNIOR COLLEGE) enabling the Administrator to take over the administration of the School effectively forthwith;

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<sup>1</sup> secured creditor

b) to direct closure of the School (CHAITANYA PUBLIC SCHOOL & JUNIOR COLLEGE<sup>2</sup>) after the ensuing final examinations enabling the Respondents to take possession and auction the premises.

c) Call upon the Education Officer (Secondary) to provide an action taken report with regard to non-compliances by the Petitioners of the directions issued by this Hon'ble Court and the communications sent by the Administrator;

d) Pass any other order/orders as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case.

**2.** The special leave petition is directed against a judgment and order dated 27<sup>th</sup> June, 2025<sup>3</sup> of the High Court of Bombay passed on an application for intervention<sup>4</sup> (filed by the petitioners before us) in a writ petition under Article 226 of the Constitution<sup>5</sup> of the secured creditor.

**3.** It is not in dispute that the petitioners had obtained financial assistance from the secured creditor but had failed to clear their debt, resulting in initiation of action under Section 13 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act<sup>6</sup>.

**4.** A notice under Section 13(2) of the SARFAESI Act was issued on 13<sup>th</sup> September 2021, demanding repayment of approximately Rs. 5.06 crore. This was followed by a series of unsuccessful promises, submissions, and undertakings by the petitioners to repay the outstanding dues: a promise to repay vide letter dated 15<sup>th</sup> February 2023; an undertaking dated 29<sup>th</sup> March 2023 before the Debts Recovery Tribunal; a Memorandum of Understanding dated 8<sup>th</sup> October 2024 and a submission before the High Court to place on record a payment schedule (followed by a request for extension on 15<sup>th</sup> October 2024); and a further undertaking before the High Court on 18<sup>th</sup> December 2024. Additionally, by order dated 29<sup>th</sup> November 2024, the High Court directed the petitioners to inform the parents of students studying in the SCHOOL situated on the secured asset that academic activities would be discontinued from the academic year 2025–26. This too was not complied with.

**5.** After recording the aforesaid facts, the High Court proceeds to observe in paragraphs 9 to 13 of the impugned order as follows:

“9. On 2<sup>nd</sup> May 2025, respondent Nos.1 and 2 handed over the possession of the secured asset to the authorised officer of the petitioners. A group of around 40 individuals trespassed the secured asset on 3<sup>rd</sup> May, 2025. The possession of the secured asset was once again handed over to the authorised officer of the petitioners pursuant to the order dated 15<sup>th</sup> May, 2025 passed by this Court. Again a group of around 40 individuals trespassed the secured asset. By order dated 19<sup>th</sup> June, 2025, only by way of indulgence at the request of learned counsel for the applicants/intervenors this Court granted time till 24<sup>th</sup> June, 2025, to rectify the situation and restore the possession of the secured asset to the petitioners.

10. Today, Mr. Vaidya, learned counsel for the intervenors/applicants once again made a request that some time may be granted to them to deposit Rs.50 lakhs. We have already observed that the conduct of the applicants/borrowers has been far from satisfactory and by sheer use of strong arm tactics showing utter disregard to the rule of law. In such view of the matter, we direct

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<sup>2</sup> SCHOOL

<sup>3</sup> impugned order

<sup>4</sup> Interim Application No. 12978 of 2024

<sup>5</sup> Writ Petition No. 10889 of 2024

<sup>6</sup> SARFAESI Act

the Senior Inspector of Police, Kurndwad Police Station, Kolhapur to depute necessary police force to assist respondent Nos.1 and 2 to take possession of the school on or before 3<sup>rd</sup> July, 2025.

11. Considering the manner in which the property is trespassed, we direct the In-charge of police station to depute two police constables at the site of the secured assets for which the charges will be paid by respondent Nos.1 and 2 for a period of two weeks from the date when the repossession is taken and handed over to the petitioners. It is open for the petitioners to post their security guards at the secured asset once the possession is taken. If any further attempt is made by the applicant or agent claiming through them to trespass the secured asset will be viewed seriously by this Court.

12. We hereby restrain the applicants/intervenors, their agents, or any persons acting on their behalf from entering the secured asset after it has been repossessed pursuant to this order.

13. The petition is disposed of in the aforesaid terms. The Interim application is rejected. Liberty to the applicants/intervenors to file appropriate proceedings for restoration of the possession, if not already filed, is kept open.

14. List the petition on 28<sup>th</sup> July 2025 under the caption 'for compliance'."

**6.** During the partial court working days of 2025, a coordinate Bench by its order dated 4<sup>th</sup> July, 2025 while granting permission to the petitioners to file the special leave petition issued notice, returnable in two weeks, and stayed the operation of the impugned order in the meanwhile. The special leave petition was thereafter, *inter alia*, heard on 19<sup>th</sup> August, 2025 and 23<sup>rd</sup> September, 2025, when appropriate workable arrangements were ordered to be worked out entirely bearing in mind the interest of the students who were enrolled during the current academic session in the SCHOOL run by the petitioners. While the order dated 19<sup>th</sup> August, 2025 did record the failure of the petitioners to honour the commitments given before the High Court, the order dated 23<sup>rd</sup> September, 2025 required the District Education Officer, Kolhapur, Maharashtra to appoint an Administrator to assume charge of the SCHOOL and to remain in charge till such time the special writ petition is disposed of.

**7.** It is complained in the application for directions that despite this Court having recorded in its previous order dated 19<sup>th</sup> August, 2025 that the petitioners have taken the High Court as well as this Court for a ride, they have not mended their ways. Reference is made to non-cooperation on the part of the petitioners, which has prevented even the Administrator from assuming charge.

**8.** Mr. Kilor, learned counsel appearing for the State of Maharashtra, does not join issue with what the secured creditor complains about. According to him, the petitioners have not made over to the Administrator, so appointed, any of the relevant documents and records of the SCHOOL as directed earlier. He also echoes that the petitioners have time and again defaulted in honouring their assurances given to the Court and are, hence, in contempt.

**9.** Although, it has been alleged by the secured creditor and the State that the petitioners have admitted students in the SCHOOL despite an order of restraint passed by this Court earlier, we do not consider it necessary to examine such allegation in view of the order proposed to be passed hereunder.

**10.** We have read the previous orders dated 4<sup>th</sup> July, 2025, 19<sup>th</sup> August, 2025 and 23<sup>rd</sup> September, 2025. Petitioners having acted in breach of the order dated 19<sup>th</sup> August, 2025, the order dated 23<sup>rd</sup> September, 2025 recorded that they were in contempt. However, without drawing up proceedings for contempt, workable arrangements were ordered to ensure that the interest of the students studying in the SCHOOL is not hindered at least

during the current academic session. Direction was, however, issued to notify the parents of all such students that they may take steps for enrolment of their wards in the 5 (five) schools, which are in close proximity to the SCHOOL run by the first petitioner, since the management thereof were agreeable to admit such students.

**11.** We are informed that the final examination of all the students who were pursuing studies in the SCHOOL during the last academic session has been conducted; however, none of the students have been issued transfer certificates. Mr. Kilor also informs us that by affixation of notice on the notice board, the parents of the students were duly informed of the imminent closure of the SCHOOL and the options open to them that they could avail.

**12.** After 23<sup>rd</sup> September, 2025, there has been no effective hearing of the special leave petition, and, in the meanwhile, the petitioners, not having permitted the Administrator to assume charge, seem to have shown extreme lack of solicitude for the rule of law and aggravated the contempt already committed by acting in wilful and deliberate disobedience of the orders passed by this Court from time to time. This has necessitated firm steps to be taken against them, apart from the aspect of contempt.

**13.** Since the final examinations have been conducted and the parents duly informed, and enough indulgence has been shown to the petitioners, we now direct closure of the SCHOOL with effect from the forenoon of 1<sup>st</sup> May, 2026, once and for all times to come. In the meanwhile, the petitioners shall issue transfer certificates to all the students who wish to pursue further studies by enrolling themselves in the 5 (five) nearby schools or elsewhere.

**14.** Since the secured creditor has failed in its attempt to secure a purchaser owing to alleged resistance offered / disturbances created by the petitioners, we grant liberty to the secured creditor to approach the Superintendent of Police, Kolhapur and the Station House Officer of the jurisdictional Police Station for rendering adequate help, assistance, support and cooperation to obtain peaceful and vacant possession of the secured asset, i.e., building and its surroundings forming part of the SCHOOL. Upon obtaining such possession, it shall be open to the secured creditor to take further steps for disposal of the secured asset by auction sale. The Superintendent of Police and the Station House Officer shall take all such steps that are necessary for implementation of this order and ensure that the petitioners do not interfere in any manner in course of taking possession.

**15.** The secured creditor had obtained a valuation report of the secured asset, earlier. However, that was at a time when the petitioners were in possession thereof. In such view of the matter, we direct that after the secured creditor is delivered vacant possession of the secured asset in terms of this order, it shall be under an obligation to obtain a fresh valuation report from a Government valuer and the reserve price to be indicated for auction sale, when the secured asset is put up for sale once again, shall be based on such valuation.

**16.** Since the SCHOOL does not receive government grants, the order appointing the Administrator stands re-called. The administrative order of appointment of the Administrator, in such peculiar circumstances as noted above, may be withdrawn.

**17.** The special leave petition stands dismissed, with the aforesaid observations/directions. The application for directions stands disposed of.

**18.** In view of the direction for closure of the SCHOOL and liberty granted to the secured creditor, as above, we do not consider it necessary to draw up proceedings for contempt against those in the management of the SCHOOL at this stage. We express hope and

trust that there shall be no recurrence of any contumacious conduct on their part in future. However, we make it abundantly clear that if there be any hindrance created by them in course of compliance of this order, and it is brought to our notice either by the State or the secured creditor, the same will be at their own risk and peril. We do hereby warn them of strict action, the results whereof may not be too palatable for them.

**19.** Petitioners shall bear the costs of this proceeding, quantified at Rs. 1 lakh, to be paid to the secured creditor within a month from date.

**20.** Pending applications, if any, stand disposed of.

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