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IN THE HIGH COURT OF BOMBAY AT GOA

WRIT PETITION NO. 2997 OF 2025 (F)

EVENCIO QUADROS, Age 57 years, Self
Employed, s/o Joaquim Quadros, R/o 793
Mugrumpoi, Near Lume Chapel, Verna, South
Goa, Goa 403 722.

... **PETITIONER**

~ **VERSUS** ~

1. **CANARA BANK**, Through its Chairman,
Head Office at 112, J. C. Road, Bengaluru,
Karnataka 560 002.
2. **THE BRANCH MANAGER**, Canara
Bank, Caranzalem Branch, Tiswadi, Goa.

... **RESPONDENTS**

APPEARANCES:

for the Petitioner

*Mr. Nigel da Costa Frias with Mr. Vineet
Surlakar and Ms. Maria Fernandes*

for the Respondents

*Mr. Purushottam Karpe with Ms. Gauri
Karpe and Ms. Samiksha Narvekar*

**CORAM : SUMAN SHYAM &
AMIT S. JAMSANDEKAR, JJ.**

RESERVED ON : 4th FEBRUARY 2026

PRONOUNCED ON : 17th FEBRUARY 2026

JUDGMENT: (per AMIT S. JAMSANDEKAR, J.)



1. Heard Mr. Costa Frias, the Learned Counsel appearing for the Petitioner.
2. Rule. Mr. Karpe, the Learned Counsel appearing for the Respondents, waives service. The pleadings are complete. The Rule made returnable forthwith, and by consent of the parties, the Petition is heard finally.
3. By the present Petition under Article 226 of the Constitution of India, the Petitioner is seeking a *Writ of Mandamus* directing the Respondents to recalculate the outstanding dues in respect of the gold loans availed by the Petitioner by freezing the interest rate as on 8th September 2021 and waiving all panel interest thereafter. The Petitioner is further seeking directions against the Respondents to accept the payment of the gold loan from the Petitioner and forthwith release/return the pledged gold ornaments to the Petitioner.
4. The relief is sought by the Petitioner, *inter alia*, on the grounds that the acts of the Respondents are violative of Article 14 of the Constitution of India. It is the case of the Petitioner that the Petitioner is ready and willing to pay the entire loan amount along with interest thereon as on 8th September 2021. Therefore, the Respondents cannot retain the gold ornaments pledged by the Petitioner to secure the loan by exercising a general lien.
5. Mr. Costa Frias, the Learned Counsel for the Petitioner, has submitted that when the Petitioner received a message regarding the default in payment of the loan amount, the Petitioner immediately visited the



Respondents and offered to pay the full loan amount so as to redeem the pledged gold ornaments. However, the Respondents refused to return the gold ornaments solely on the ground that there is a Garnishee Order issued against the Petitioner. The alleged Garnishee Order was not given to the Petitioner by the Respondents. Therefore, it is the submission of the Petitioner that such a Garnishee Order does not exist. Thereafter, the Petitioner by his letter dated 17th September 2021 recorded the events as on 8th September 2021 and requested the Respondents to accept the payment of the loan offered by the Petitioner and release the gold ornaments. The Respondents replied to the Petitioner's letter on 20th October 2021, stating that they shall not release the gold ornaments due to indirect liabilities (corporate loans). Thereafter, the record of correspondence exchanged between the parties reflects that the Respondents did not accept the Petitioner's requests and raised a highly inflated demand on the Petitioner. It is submitted on behalf of the Petitioner that the gold ornaments pledged by the Petitioner for availing the gold loans are of his wife and therefore, there is emotional and sentimental value to the gold ornaments.

6. It is further submitted by Mr. Costa Frias that the Respondents cannot invoke the provisions of Section 171 of the Indian Contract Act, 1872 (*the Contract Act*) when the Petitioner has always been ready and willing to pay the entire loan amount along with interest upto 8th September 2021. He submitted that the Petitioner is admittedly the Guarantor in respect of other loans. Mr. Costa Frias has cited *Sunil Ratnakar Gutte Vs. Union of India*, (2022 SCC OnLine Bom 1224) and *M. Shanti Vs. Bank of Baroda* (2017 SCC Online Mad 37703),



in support of his submission that the right of general lien under Section 171 of the Contract Act cannot be exercised by the Respondents when the Petitioner has offered to pay the entire loan amount. On the basis of these judgments, he submitted that the pledged security cannot be enforced by the Respondents in respect of other liabilities of the Petitioner in his capacity as Guarantor for loans availed by other entities/persons. Therefore, he submitted that the acts of the Respondents are contrary to the settled principles of law and are arbitrary and high-handed. Therefore, he submits that the Respondents cannot auction the gold ornaments of the Petitioner.

7. However, Mr. Costa Frias has fairly submitted that the Petitioner is bound by the contractual arrangements between the parties i.e. the Application cum letter of pledge for OD/loan against gold jewellery dated 25th August 2020.
8. Mr. Karpe, the Learned Counsel appearing for the Respondents opposed the reliefs sought by the Petitioner. He submitted that the Respondents have a right under Section 171 of the Contract Act not to release the pledged security because there is no agreement to the contrary. He submits that, admittedly, the Petitioner is the Guarantor in respect of other loans availed from the Respondents and is bound by the terms and conditions of the Application cum letter of pledge for OD/loan against gold jewellery dated 25th August 2020. He further submits that by virtue of the provisions of Section 171 of the Contract Act and by virtue of the contractual arrangements, the Respondents' acts of auctioning the pledged jewellery is justified and legally sound. Mr. Karpe submitted that there is no Garnishee Order against the



Petitioner. The Respondents clarified to the Petitioner that the gold loan accounts will be closed after the payment of the gold loan. However, the pledged ornaments shall not be released because of the loans availed in other branches of the Respondents by Companies where the Petitioner is one of the Directors and/or Guarantor.

9. We have heard the Learned Counsel for the parties at length and have perused the record. We have also considered the written submissions filed on behalf of the Petitioner and the Respondents.
10. There are two gold loans availed by the Petitioner in the year 2020. The first is No. 72099510002727 for an amount of Rs.2,56,000/- and the second No. 72099510002719 for an amount of Rs.2,93,000/-. Apart from these two loans, there are loans availed by Companies/ Proprietorships, in which, the Petitioner is a Director or the Petitioner is the Guarantor. This is an admitted fact. The details of these loans are provided by the Respondents in the Sur-Rejoinder filed on their behalf.
11. There are two Mortgage Loans, which are in the name of the Petitioner. There is one Vehicle Loan, wherein the Petitioner is a Guarantor. There are nine MSME loans. Out of these nine MSME loans, four are in the name QUADROS AUTOMARK PVT. LTD. and four in the name of QUADROS MOTORS PVT. LTD. The Petitioner is one of the Directors of these Companies. There is one loan in the name of IANOS HOSPITALITY SERVICES, Proprietary, wherein the Petitioner is the Guarantor.



12. The loans availed by the Petitioner/Companies (in which the Petitioner is a Director) became NPA on different dates and the Respondents have sold the mortgaged/pledged securities under the SARFAESI Act, 2020.

13. It is also an admitted position that the Petitioner has availed the gold loan facility from the Respondents by executing an Application cum letter of pledge for OD/loan against gold jewellery on 25th August 2020.

14. By executing the Application for availing the gold loan on 25th August 2020, the Petitioner has agreed, *inter alia*, to the following terms and conditions:

“I am /We are aware that in case of Gold Loan for crop production, if not paid within 1 year, I am/we are liable to pay prevailing card rate of interest from the due date, subject to changes from time to time (including penal interest as applicable)”.

“ I /We specifically do **empower you to sell jewels pledged for appropriation towards any accounts/s due and payable by me /us or any other person/s for whom I /we stand as guarantor /surety /co-obligant/s and waive our rights to notice of such sale of the pledged jewels in public /private auction**, as you may deem fit to realize, without prejudice to your rights to proceed to recover the aforesaid dues, including the shortfall after appropriation of the sale proceeds.” (*emphasis supplied*)

“ I/We agree to declare that these **presents shall in no way affect your right of general lien / set off as available to you as Bankers under the provisions of law.**” (*emphasis supplied*)



15. In view thereof, the Petitioner is clearly bound by the contractual terms between the Petitioner and the Respondents. The Petitioner has admitted the execution of Application cum letter of pledge for OD/loan against gold jewellery dated 25th August 2020. The Petitioner has accepted, acknowledged and acted upon the contractual arrangements between the parties. The Petitioner has agreed in no uncertain terms that the Respondents have the right to retain the pledged security. Further, the clause in the agreement clearly empowers the Respondents to auction the pledged security and the Petitioner has even agreed and has waived the right to receive a notice prior to the auction.

16. The judgments cited on behalf of the Petitioner in ***Sunil Ratnakar Gutte*** (supra) and ***M. Shanti*** (supra) are not applicable to the facts and circumstances of the present case. In the said judgments, the Hon'ble Court has interpreted the provisions of Section 171 of the Contract Act and held that the Bank cannot retain/enforce the pledged security after the satisfaction of the loan amount. However, in the facts and circumstances as recorded in those judgments, there was no agreement between the parties containing a clause similar to the one in the present case. In the present case, there is an agreement, and the Petitioner has agreed and authorised the Respondents to sell the ornaments at a private auction. Therefore, considering the facts of this case, these judgments are of no assistance to the Petitioner. Further, by a separate clause in the agreement, the Petitioner has agreed and declared that the agreement shall in no way affect the Respondents' right of general lien/set off as available to the Respondents as Bankers under the provisions of law.



17. It is a settled principle of law that the Writ Court would not exercise jurisdiction under Article 226 of the Constitution of India in respect of disputes arising out of a concluded contract and grant relief which is contrary to the terms of the contract. In the present case, there is a clause in the contract, referred to above, which permits the recourse to the Respondents. Therefore, the Petitioner cannot seek relief by invoking the jurisdiction of a Writ Court under Article 226 of the Constitution of India. In any case, even on merits, we do not find any violation of the fundamental rights of the Petitioner. It is a contractual matter between the parties and they are bound by the terms and conditions of the contract.

18. In view thereof, the Writ Petition is liable to be dismissed. Accordingly, the Writ Petition is dismissed. Interim protection granted earlier stands vacated.

19. The Rule stands discharged.

20. However, there shall not be any order as to cost.

[AMIT S. JAMSANDEKAR, J.]

[SUMAN SHYAM, J.]