



COMMERCIAL/CORPORATE

Bombay High Court Imposes Exemplary Costs on Auto Credit Corporation for Abusing Process of Law

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Introduction

In a landmark ruling that highlights the judiciary's intolerance toward frivolous litigation and abuse of process, the Bombay High Court, in *Auto Credit Corporation & Anr. v. Mukesh Bansilal Shah & Ors.* (Chamber Summons No. 159 of 2018 in Testamentary Suit No. 94 of 2011) imposed exemplary costs of ₹25,00,000 on the applicants for misusing judicial proceedings and obstructing the administration of justice. The judgment, rendered by Justice Kamal Khata, not only reiterates the boundaries of locus standi in testamentary matters but also reflects the judiciary's commitment to deterring procedural manipulation and misuse of probate proceedings.

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Background

The case arose from an attempt by Auto Credit Corporation and Rekha Prakash Jain, who claimed to be tenants of the deceased landlady Madhavi Dhirajlal Sagar, to intervene in a testamentary suit pending before the High Court. The applicants sought directions to the court-appointed Administrator, Mr. Ketan Trivedi, to remove the seal affixed to a garage/shop situated on the ground floor of Roshni Building, Charni Road, Mumbai, part of the Roshni Varsha property estate.

Their claim was based on alleged tenancy rights that they asserted had been recognized since 1991. They contended that they had regularly paid rent and remained in continuous possession until the Administrator wrongfully sealed the premises. The applicants further argued that the Administrator's authority extended only to rent collection and did not empower him to seal or dispossess tenants.

Procedural History

This was not the first time the applicants had approached the court on similar grounds. By an earlier order dated 11 September 2018, the Court had already rejected the applicants' attempt to intervene, holding that they had no caveatable interest and hence no locus standi before a probate court. Later, by an order dated 15 January 2020, they were directed to take procedural steps to tag a pending Civil Revision Application before the High Court. Despite several opportunities, they failed to comply.

The Court noted that such non-compliance and procedural delays had become a hindrance to the final hearing of the main testamentary suit, which otherwise was ready for adjudication.

Applicants' Contentions

The applicants contended that they were lawful tenants under the deceased landlady and later under Mahesh Mithalal Trivedi, who claimed ownership of the building. They relied on two earlier eviction suits, (i) RAE Suit Nos. 418/1069 and (ii) 419/1070 of 1991, which had been dismissed, with the corresponding appeals also dismissed in November 2011. Following the dismissal of these appeals, they had filed Civil Revision Applications Nos. 456/2013 and 882/2012, which remained pending before the High Court.

They claimed that pending those revisions, their tenancy rights continued to subsist. Furthermore, they alleged that they had deposited rent up to April 2008 and later tendered ₹2,94,127.70 via banker's cheque to the Administrator's office in 2017, which the Administrator refused to accept. According to them, the subsequent sealing of the premises in July 2018, when Rekha Jain was out of Mumbai was unauthorised and illegal, as the Administrator was only permitted to collect rent and not take possession or seal occupied premises.

Administrator's Response

The Administrator, Mr. Ketan Trivedi, strongly opposed the application and defended his actions. He submitted that the premises had been locked and unoccupied since his appointment and that the applicants had failed to produce any valid documents proving their tenancy. Rent had not been deposited after April 2008, and no order of the Small Causes Court had directed rent deposit.

He further clarified that Auto Credit Corporation's alleged tenancy was through Mr. Shashi Dinesh Jain, one of its partners, and there was no landlord consent or legal recognition of Rekha Jain as a tenant. The Administrator contended that he sealed the premises to protect the estate from unauthorized use, especially since the applicants had failed to prove any legal right of occupation.

The Administrator also discovered that the applicants had tampered with the seal and placed new materials inside the premises. During inspections in January 2019, he observed that the rear door had been forcibly opened and items like furniture, glassware, and signage boards changed from "Speed Labs" to "Home Studio", indicating illegal re-entry and misuse of sealed premises.

Findings of the Court

Justice Kamal Khata, after examining the materials and hearing both sides, found the Chamber Summons to be wholly misconceived. The Court observed that in testamentary proceedings, tenants have no right to be impleaded, as the question of tenancy or possession lies exclusively within the jurisdiction of the Small Causes Court, not the Probate Court.

The Court held that the applicants were mere occupants without any legal tenancy, and their acts of tampering with sealed premises constituted serious interference with the judicial process. It was further observed that the applicants had deliberately caused procedural delays and subjected the Administrator to unnecessary hardship, thereby abusing the process of law.

Precedent and Judicial Reasoning

The Court drew heavily from the Supreme Court precedent in *Dnyandeo Sabaji Naik v. Pradnya Prakash Khadekar*, (2017) 5 SCC 496, which emphasizes that courts must prevent the legal system from being misused by litigants who seek to exploit procedural formalities to delay or derail justice. The apex court in that case underscored that the imposition of exemplary costs is a crucial mechanism to deter frivolous, vexatious, and obstructive litigation.

Following this principle, the Bombay High Court reiterated that the sanctity of judicial orders and seals cannot be compromised. When litigants attempt to misuse interim proceedings or probate mechanisms to prolong possession or interfere with estate administration, they erode public confidence in the judiciary's integrity and efficiency.

Decision and Directions

The Court dismissed the Chamber Summons filed by Auto Credit Corporation and Rekha Jain, terming it as a gross abuse of process. It imposed exemplary costs of ₹25,00,000, directing that the amount be paid to the Armed Forces Battle Casualties Welfare Fund within four weeks of the judgment's publication. The Court provided the necessary Canara Bank account details for compliance.

Further, the Court directed the Registry to issue a show-cause notice to Rekha Prakash Jain, asking her to explain why contempt proceedings should not be initiated for tampering with sealed premises. Should the applicants fail to pay within the stipulated time, the Collector of Mumbai was ordered to attach their properties to recover the amount and transfer it to the Welfare Fund.

Conclusion and Author's Opinion

This judgment by the Bombay High Court is a decisive affirmation of judicial intolerance toward procedural abuse and unauthorized interference in testamentary administration. By imposing exemplary costs and initiating contempt proceedings, the Court sent a strong message that probate jurisdiction cannot be exploited to protect unlawful possession or delay justice.

The Court's reliance on *Dnyandeo Sabaji Naik* rightly reinforces the principle that the integrity of legal processes must outweigh private convenience or manipulation. This judgment stands as a deterrent to litigants attempting to misuse judicial mechanisms under the guise of tenancy disputes or administrative grievances.

In the author's view, the decision reflects a commendable balance between judicial restraint and accountability enforcement. It highlights the importance of ensuring that court-appointed administrators are shielded from undue interference, and that litigants respect the boundaries of jurisdiction. The ruling further promotes judicial discipline by linking misuse of process directly to

financial accountability. The imposition of costs payable to a national welfare fund exemplifies a constructive approach, transforming punishment into public good. This judgment thus contributes to the larger jurisprudence of judicial efficiency, ethical litigation, and institutional respect.

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