Judgment reserved on: 18.06.2026
Judgment delivered on: 15.07.2026

IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT KOLKATA

Appeal No. 111 of 2025
(Arising out of S.A. 170 of 2024 in DRT-II, Hyderabad)

**HON'BLE MR. JUSTICE ANIL KUMAR SRIVASTAVA
CHAIRPERSON**

1. Irish Joseph, Wife of Late Joseph Jacob at Flat No. G2, Pramila Residency, Defence Colony, Sainikpuri, Secunderabad, 500094
2. Ida Benjamin, Wife of Sandeep Benjamin at Flat No. G2, PramilaResidency, Defence Colony, Sainikpuri, Secunderabad, 500094
3. Ayesh Habeeb, Wife of K. Habeebuddin, at Flat No. G2, Pramila Residency, Defence Colony, Sainikpuri, Secunderabad, 500094
4. Annie Praveen, Wife of Praveen Sadasivan D/o. Late Joseph Jacob at Flat No. G2, Pramila Residency, Defence Colony, Sainikpuri, Secunderabad, 500094
5. Esther Peddi, Wife of Santosh Peddi at Flat No. G2, Pramila Residency, Defence Colony, Sainikpuri, Secunderabad, 500094
6. Angela Benjamin, Wife of Benjamin F. Vinod Kumar D/o. Late Joseph Jacob at Flat No. G2, Pramila Residency, Defence Colony , Sainikpuri, Secunderabad, 500094

… Appellant

-Versus-

1. M/s. Shriram City Union Finance Limited at Ameerpet Branch, Hyderabad Branch, Hyderabad District, Telangana State

2. M/s. Shriram Finance Limited at H. No. 2-22-274, 3.d Floor, Plot No. 307, Alluri Center, Opp: KPHB Colony, Kukatpally, Hyderabad-500072

3. Smt. Vijayalakshmi, Wife of Late. M. Ranganayakulu, at R/o. 4-14-715/2, Surya Nagar Colony, Hayathnagar, Ranga Reddy District.

4. Mr. M.V. Gopichand, Son of Late. M. Ranganayakulu at R/o. 4-14-715/2, Surya Nagar Colony, Hayathnagar, Ranga Reddy District.

5. Mr. M. Eswar, Son of Late. M. Ranganayakulu at R/o. 4-14-715/2, Surya Nagar Colony, Hayathnagar, Ranga Reddy District.

6. The Sub-Registrar, Vanasthalipuram, at Vanasthalipuram, R.R. District.

… Respondents

Counsel for Appellant … Mr. Khaja Aijazuddin
Ms. Neelam Shaw

Counsel for Respondents … Mr. P.K. Mukherjee

Mr. Sayak Ranjan Ganguly

JUDGMENT : 15th July, 2026

THE APPELLATE TRIBUNAL:

1. Instant Appeal is preferred against the judgment and order dated 22.09.2025 passed by the Learned Debts Recovery Tribunal, Hyderabad-II in S.A. No. 170 of 2024 (Iris Joseph & Ors. Versus M/s. Shriram city Union Finance Limited & Ors.) whereby Learned DRT dismissed the Securitization Application filed by the appellant.

2. Facts, in brief, are that the applicants filed the Securitization Application under Section 17 of the SARFAESI Act, 2002 on the ground that the appellants are the absolute owners of the property bearing Plot No. 206, admeasuring 300 square yards forming part of lands bearing Survey Nos. 69, 70, 79 situated at Munaganoor Village, Hayatnagar Mandal, Munuganoor Gram Panchayat, Ranga Reddy District. The scheduled property was originally purchased by Mr. Joseph Jacob, who expired on 03.07.1992. During his lifetime, Mr. Joseph Jacob acquired the schedule property by virtue of Registered Sale Deed bearing Doc. No. 2146/1988 dated 25.02.1988. Upon the demise of Late Mr. Joseph Jacob, the appellants of the said Securitization Application, being his widow and daughters, succeeded to the schedule property as his legal heirs and the rightful owners.

3. That on January 02, 2018, one Mr. Ranganayakulu as the principal borrower, along with his wife, Mrs. M.

Vijayalakshmi, and one Mr. Thakur Shailesh Singh as the guarantor has approached Shriram Finance Company and applied for a Business Expansion/Development Loan of Rs. 25,00,000/-.

4. That the applicants have received summons from Civil Court, Ranga Reddy District on 07.12.2016 they came to know that one Mr. Ranganayakulu grabbed the property and made construction thereon vide Registered Sale Deed dated 12.03.2014, Document No. 4387 of 2014 executed by Y. Narasimha Reddy. The applicants has filed OS No. 2004 of 2016 on the file of Learned Principal Senior Civil Judge, R.R. District at L.B. Nagar for recovery of possession and declaration of title in their favour. Said Y. Narasimha Reddy being one of the eight owners had executed Sale Deed Doc. No. 2146 of 1988 dated 25.02.1988 in favour of Late Joseph Jacob, hence had no right to again sell the property to Mr. Ranganayakulu. During the pendency of the suit, Mr. Ranganayakulu and Y. Narasimha Reddy both has expired.

5. The respondent nos. 3 to 5 being the legal heirs of Mr. Ranganayakulu, entered into a settlement vide Memorandum of Compromise dated 09.01.2023, in OS No. 2004 of 2016; and a compromise decree in terms thereof was passed on 09.01.2023. As a result, respondent nos. 3 to 5 has delivered the physical possession.

6. However, the respondent no. 1 and 2 on 01.03.2024 was affixed a notice under Section 13(4) of the SARFAESI Act, 2002 on the boundary wall of the schedule property seeking to take symbolic possession thereof.

7. Opposition is filed by the secured creditor before the Learned DRT stating that one M. Ranganayakulu was the borrower of the secured creditor who executed the loan documents and also deposited the title deed by creating equitable mortgage of the document dated 19.01.2018. Default was committed by the borrower and the account was classified as NPA on 08.08.2019. Notice under Section 13(2) was issued on 24.11.2023 demanding an amount of Rs. 67,70,210/-, which after service was not complied by the borrower. Thereafter, possession notice was issued on 19.02.2024 by registered post and also was published in two newspapers.

8. It is further submitted that secured assets were also purchased by Late Joseph Jacob on 25.02.1988 and the same property was sold by Mr. Y. Narasimha Reddy to M. Ranganayakulu on 12.03.2014. O.S. No. 2004 of 2016 was filed by Mrs. Irish Joseph and other legal representatives of Late. Joseph Jacob against M. Ranganayakulu and Y. Narasimha Reddy. It ended into the compromise which was a collusive suit wherein the secured creditor was not a party. S.A. is liable to be dismissed.

9. Learned DRT dismissed the S.A. by holding that the title over the property could not be established by the securitization applicants and no civil litigation is pending before the Civil Court. Hence, they could not be able to establish their title over the schedule property.

10. I have heard the Learned Counsel for the Parties and perused the records.

11. Learned Counsel for the Appellant at the very outset would submit that he is not pressing the reliefs b, c and d as claimed in the memo of appeal. It is further submitted that the Appellants are the owner of the secured assets by virtue of the Registered sale deed dated 25.02.1988 Document No. 2146 of 1988 which was executed in favour of Mr. Joseph Jacob by Mr. Y. Narasimha Reddy on his own behalf as well as being the GPA holder of other owners. Sale deed of the secured assets in favour of Appellants is prior in time in comparison of the registered sale deed dated 12.03.2014 bearing Document No. 4387 of 2014, executed by Mr. Y. Narasimha Reddy in favour of Mr. M. Ranganayakulu. He has no right to sale the property in his favour. A civil suit No. OS 2004 of 2016 was filed which was compromised between Appellant and the Respondent 3 to 5 who are legal heirs of late M. Ranganayakulu. Since the property is in the name of the Appellants, Securitization action initiated by the Secured creditor is bad in law. It is further submitted that before sanctioning the loan, secured creditor has not obtained any non-encumbrance certificate from the borrowers. Had it been taken they would have come to know about the prior sale deed in favour of the Appellants. Learned Counsel for the Appellant would further submit that the issue of title deed cannot be adjudicated by the Learned DRT.

Reliance is placed upon ***Central Bank of India and another. -vs- Prabha Jain and Others (2025) 4 SCC 38.***

12. Learned Counsel for the Respondents submitted that equitable mortgage was validity created by the borrower. Respondent No. 3 to 5 are the legal heirs of the borrower. The Secured creditor was not a party in the suit filed before the Civil court, hence, terms of the compromise ,if any, are not binding upon the secured creditor.

13. Learned DRT recorded a finding that the securitization applicants are the third parties and the legal heirs of Late Joseph Jacob. Learned DRT, however, recorded the finding that in the absence of GPA in the strength of which sale deed was executed in favor of Late Joseph Jacob makes the sale deed defective and void. The tribunal can adjudicate the matter, but examining the priority of title does not give right to all the applicants to get the clear title through the civil litigation, although no benefit of compromise entered in OS No. 2004 of 2016 can be extended in favor of the securitization applicant. Accordingly, the title over the subject priority could not be established by the securitization applicant. It is further held that no title dispute is sub-judice before the civil court. The measures taken by the financial institution could not be interfered with.

14. Securitization applicants are owner of the secured asset on the basis of a registered sale deed dated 25-2-1988 executed by Y. Narsimha Reddy in his personal capacity and as power of attorney holder of Y. Malla Reddy, Y. Bal Reddy, y. Anji Reddy, Y. Janga Reddy, Y. Shankar Reddy, Y. Sathi Reddy, Y. Narasamma, Cherukupalli Sami Reddy in favour of Late Joseph Jacob. Admittedly, securitization applicants are the legal heirs of Joseph Jacob, who have put in their claim on the basis of the registered sale deed dated 25-2-1988. The respondent No. 3 to 5 i.e. Smt. Vijayalakhsmi, Mr. M.V. Gopichand, Mr. M. Eswar availed loan from respondent No. 1 and 2 i.e. the financial institution. An equitable mortgage was created by them by depositing the title deed of the secured assets dated 12-3-2014 executed by Y.Narsimha Reddy in favor of M. Ranganayakulu. The schedule of property in the sale deed

SCHEDULE OF THE PROPERTY

All that Piece and Parcel of the Land bearing Plot No. 206, admeasuring 300 Sq. Yards or 250.83 Sq. Mtrs., in Survey Nos. 69, 70 and 79, situated at MUNUGANOOR Village, Hayathnagar Revenue Mandal, under Munuganoor Grampanchayat, Ranga Reddy District, within the Juridiction of S.R.O. Vanasthalipuram, Registration District – Registrar L.B. Nagar, Ranga Reddy (East) District and bounded by :-

NORTH : Plot No. 205,

SOUTH : Plot No. 207,

EAST : 30' Wide Road,

WEST : Plot No. 199,

As clearly shown in Red colour in the plan annexed hereto.

15. This schedule is similar to the schedule of sale deed which was executed in favor of Late Joseph Jacob on 25-2-1988. An equitable mortgage was created by M. Ranganayakulu in favor of the financial institution on 19-1-2018 by depositing the title deeds and the loan was sanctioned in favor of M. Ranganayakulu. The respondent No. 4 is the wife of late M. Ranganayakulu and 4 and 5 are the sons of late M. Ranganayakulu. It so appears that a O.S. No. 2004 of 2016 was filed by the legal heirs of Late Joseph Jacob against M. Ranganayakulu and others for declaration of title, seeking a relief of declaration that they are the owners of the secured assets which was compromised between the parties. It was settled that the subsequent sale deed, that is Document No. 4387 of 2014 dated 12.03.2014 executed in favour of M. Ranganayakulu is null and void. And further it is recorded in the compromise that the document was not in possession of M. Ranganakulu or their legal heirs. When the loan account became irregular and was classified as NPA, secured creditor initiated action under the SARFEASI Act and possession notice was affixed on the secured assets on 01.03.2024 then the securitization applicants came to know about the mortgage.

16. Sale deed executed in favor of Late Joseph Jacob is a registered document which was, then, within the possession of Late Joseph Jacob and thereafter, his legal heirs, subsequent thereto equitable mortgage was created by M. Ranganayakulu in 2018. When the mortgage was created in favor of financial institution, it was incumbent upon the financial institution to verify as to whether the secured assets are free from any encumbrances or not. A statement of encumbrance of property filed by the financial institution along with the supplementary affidavit dated 05-01-2026. It is stated that, with due diligence a title search was made by the financial institution, but the fact of registration of sale deed in the year 1988 could not be brought to their notice. As far as issue of compromise between the parties are concerned this compromise is not binding upon the financial institution as the financial institution was not a party to the suit. Hence, no terms and conditions of the compromise can be held binding upon the financial institution.

17. As far as the issue of encumbrance over the secured assets is concerned, when the registered sale deed in favor of Late Joseph Jacob was executed in the year 1988 by Y. Narasimha Reddy and in the capacity of general power of attorney holder of eight other person, which was not challenged till date by the persons who executed the power of attorney in favor of Y. Narasimha Reddy, why that document should not be read in evidence?

Section 90 of the Indian Evidence Act, 1872 provides that where any document proves to be thirty years old, is produced from any proper custody, the court may presume that the signature and every other part of such document which purports to be in the handwriting of a particular person is in that person's handwriting and in the case of a document executed or attested, that it was duly executed and attested by the person by whom it purports to have been executed and attested.

Since the document is of Year 1988, it is admissible in evidence that all the secured assets have already been transferred by a registered document in favor of securitization applicants predecessor in interest i.e. Joseph Jacob. As the document has not been set aside by any court of law, it has to be read as it is. Consequently, any subsequent alienation of the property in violation of the sale deed dated 25-02-1988 would be a void. Although in the compromise of O.S. No. 2004 of 2016, the parties agreed that the document of 2014 is null and void, but it will not make any difference as far as rights of the securitization applicants are concerned.

18. The entire case of the financial institution is based on creation of an equitable mortgage on the basis of a document of 2014. No effort was made by the financial institution to ascertain whether there was any encumbrance over the secured asset? Despite the fact that the registered sale deed had already been executed in favor of the J. Jacob in the year 1988. Hence, the securitization action initiated by secured creditor against the securitization applicant is not in accordance with law.

19. Learned DRT erred in recording its finding that the securitization applicants have failed to establish their title to the subject property. We are of the considered view that the findings recorded by the learned DRT are vitiated and is liable to be set aside, appeal deserves to be allowed.

O R D E R

Appeal is allowed. Judgment and order dated passed by learned DRT is set aside. Possession notice dated 02.03.2014 issued by secured creditor is set aside. However, secured creditor would be at liberty to proceed against the borrower to secure their loan in accordance with law.

File be consigned to Record room.

Copy of the Judgment/Final Order be uploaded in the Tribunal's Website.

Order signed, dated and pronounced in open Court.

(Anil Kumar Srivastava,J)
Chairperson

Dated: 15th July, 2026
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