Reportable/Non-Reportable

Judgment reserved on: 29th July, 2026
Judgment delivered on: 4th August, 2026

IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT KOLKATA

Misc. Appeal No. 78 of 2025
(Arising out of I.A. 2735 of 2023 in S.A. 115 of 2019 in DRT-II, Hyderabad)

HON'BLE MR. JUSTICE ANIL KUMAR SRIVASTAVA
CHAIRPERSON

1. Authorised Officer, Authum Investment And Infrastructure Limited, 3rd Floor, Malik Estates # 6-3-44, Opp. J.V. Rao Park, Road No. 1, Banjara Hills, Hyderabad;

2. Authum Investment And Infrastructure Limited, 3rd Floor, Malik Estates # 6-3-44, Opp. J.V. Rao Park, Road No. 1, Banjara Hills, Hyderabad.

… Appellants

-Versus-

1. Vemula Ravi Kumar, son of Sri V. Anantha Krishna, residing at 1B, 21, Lodha Belleza KPHB, Kukatpally, Hyderabad;

2. Vemula Raghavendra, son of Sri V. Anantha Krishna, residing at 1B, 21, Lodha Belleza KPHB, Kukatpally, Hyderabad.

… Respondents

Counsel for Appellants	…	Mr. Avishek Guha Mr. Srijit Bose Mr. Vishnurath Verma
Counsel for Respondents	…	Mr. Debashis Karmakar Mr. Rabindra Kumar Mitra Mr. Satyam Ojha

JUDGMENT : 4th August, 2026

THE APPELLATE TRIBUNAL:

1. Instant appeal is preferred by the Secured Creditor against order dated 6.10.2023 passed by Learned DRT-II, Hyderabad in I.A. 2735 of 2023 arising out of S.A. 115 of 2019 (Vemula Ravi Kumar -vs- Reliance Home Finance Limited) wherein Learned DRT directed the Secured Creditor to charge simple interest at the rate of 9% per annum on reduced balances with consequences.

2. As per pleadings of the parties, Securitisation Application was filed by the Respondents herein challenging the Securitisation action initiated by the Financial Institution. Pending Securitisation Application, I.A. 2735 of 2023 is filed by the Securitisation Applicant for a direction to the Secured Creditor to receive the Demand Notice amount of Rs.9,07,14,625.00 with interest at the rate of 6% simple after deducting the payments made by the SARFAESI Applicant.

3. SARFAESI Applicant submitted that the Secured Creditor, without considering the substantial amount proceeded to issue Possession Notice followed by Auction Notice and Vacation Notice. A Writ Petition No. 18671 of 2022 is filed wherein directions were complied with and when the Securitisation Applicant approached the Secured Creditor to settle the account, they insisted for exorbitant rate of interest. Accordingly, the prayer was made for a direction for awarding 6% simple interest on the demanded dues wherein the amount deposited be also deducted.

4. Secured Creditor opposed the prayer on the ground that the provisions of C.P.C. have no application in the application filed under the SARFAESI Act, 2002. Accordingly, application is devoid of merits and is liable to be dismissed.

5. Learned DRT placed reliance upon the judgment of Division Bench of the ***Hon'ble Madhya Pradesh High Court State Bank of India -vs- Patwa Foundation Trust (2013 SCC OnLine MP 9980)*** **in** ***W.P. 12483 of 2013***

decided on 04.12.2013 wherein reliance was placed upon ***C.K. Sasankan -vs- Dhanalakshmi Bank Limited (AIR 2009 SC 3171).*** It was held that the DRT has jurisdiction to grant pendente lite interest as per the provisions of Section 34 C.P.C. Accordingly, Learned DRT passed the impugned order directing the Secured Creditor to charge interest simple at the rate of 9% per annum on reduced balances.

6. Feeling aggrieved by the impugned order, Appellant preferred the appeal.

I have heard the Learned Counsel for the parties and perused the record.

7. Learned Counsel for Appellant would submit that the impugned order is passed against the provisions of law. Provisions of Section 34 C.P.C. are not at all applicable to the proceedings under SARFAESI Act, 2002 (hereinafter referred to as the 'Act'). DRT has no jurisdiction to pass any order quantifying the rate of intertest in a Securitisation Appeal preferred under Section 17 of the Act.

8. Learned Counsel for Appellant would further submit that the provisions of Section 34 C.P.C. can at best be applied in an application filed under Section 19 of the Recovery of Debts And Bankruptcy Act, 1993 which is alike a civil suit. No doubt, in an application under Section 19 of the Recovery of Debts And Bankruptcy Act, 1993, Learned DRT has jurisdiction to pass appropriate orders considering the provisions of Section 34 C.P.C. but the petition under Section 17 (1) of the Act, only relates to the measures initiated by the Secured Creditor under Section 13 (4) of the Act. Provisions of Section 34 C.P.C. in no manner apply in such cases.

9. Learned Counsel for Appellant further submits that the judgment of *Patwa Foundation Trust* (supra) wherein reliance is placed upon *C.K. Sasankan* (supra) has no manner of applicability to the facts of the present case.

10. Learned Counsel further placed reliance upon the judgment of ***Bijnor Urban Cooperative Bank Limited -vs- Meenal Agarwal & Others [(2023) 2 SCC 805]*** wherein it was held that DRT has no jurisdiction to settle the terms of O.T.S. which can only be settled between the Secured Creditor and the Borrower. Learned Counsel would further submit that the judgment of Hon'ble High Court for the State of Telangana at Hyderabad ***in W.P. 22458 of 2024 in V. Ravi Kumar -vs- A.P. Mahesh Co-Operative Urban Bank Limited*** decided on 30th April, 2025 is also not applicable to the present case as no conclusive finding is recorded by the Hon'ble High Court that the provisions of Section 34 C.P.C. would apply in a Securitisation Appeal filed under Section 17 of the Act. It is further submitted that judgment of the Hon'ble High Telangana Court is not applicable.

11. Learned Counsel has further placed reliance upon paragraphs 20 and 21 of a Full Bench judgment of the Hon'ble Madras High Court in ***M/s. Lakshmi Shankar Mills Private Limited -vs- Authorised Officer, Indian Bank (2008-2-L.W. 381 = (2008 SCC OnLine Mad 279)*** in

W.P. No. 37148 of 2007 decided on 15.4.2008. Learned Counsel would submit that the scope of Section 17 of the Act is very limited. The purpose of an application under Section 17 of the Act is not the determination of the quantum of claim per se as a Tribunal is concerned with the issue of validity of the measures taken by the Financial Institution under Section 13 (4) of the Act.

12. Per contra, Learned Counsel for Respondent would submit that Learned DRT has jurisdiction to pass orders under Section 34 C.P.C., as has been held by the Hon'ble Division Bench of the Madhya Pradesh High Court in *Patwa Foundation Trust* (supra), wherein reliance was placed on *C.K. Sasankan* (supra). Learned Counsel would further submit that the judgment of *Patwa Foundation Trust* (supra) was affirmed by the Hon'ble Apex Court by dismissing the SLP No. 8026 of 2014 on 10.11.2017. Hence the order passed by the Learned DRT does not want any interference. Learned Counsel has placed reliance upon judgment of the Hon'ble Telangana High Court in *V. Ravi Kumar* (supra).

13. Issue is very short in this appeal. The only question is to be determined as to whether the Debts Recovery Tribunal has jurisdiction to pass appropriate orders under Section 34 C.P.C. in a Securitisation Appeal filed under Section 17 of the SARFAESI Act, 2002? If so, its effect.

14. Learned DRT has placed reliance upon the judgment of the Hon'ble Madhya Pradesh High Court in *Patwa Foundation Trust* (supra) wherein reliance is placed upon *C.K. Sasankan* (supra). Judgment of the Hon'ble Madhya

Pradesh High Court *Patwa Foundation Trust* (supra) was affirmed by the Hon'ble Apex Court by dismissing the SLP No. 8026 of 2014 against the judgment on 10.11.2017. It means that the findings, recorded by the Hon'ble Madhya Pradesh High Court, are confirmed by the Hon'ble Supreme Court.

15. Learned Counsel for Appellant has placed reliance upon the judgment of the Full Bench of Madras High Court in *M/s. Lakshmi Shankar Mills* (supra) wherein reliance was placed upon the judgment of ***Misons Leather Limited -vs- Canara Bank (AIR 2007 Mad 268)*** wherein the Full Bench held that:

> *"Therefore, in an application under Section 17, the Tribunal is concerned only with the validity of the acts of the secured creditor in taking possession of the securities and dealing with the same under Section 13. In our opinion, the Division Bench has rightly held that all such grounds, which would render the action of the bank/financial institution illegal, can be raised before the Tribunal in the proceedings under Section 17. It is for the Tribunal to decide in each case whether the action of the bank was in accordance with the provisions of the Act and legally sustainable. However, we hasten to add that while considering the question of validity of the action of the bank, it is not necessary for the Tribunal to adjudicate the exact amount due to the secured creditors. In other words, the purpose of an application under Section 17 is not the determination of the quantum of claim per se as the Tribunal is concerned with the issue of the validity of the measures taken by the banks/financial institutions under Section 13(4). In our opinion, the judgment of the Division Bench in Mison Leathers Ltd., lays down the law correctly and does not require any reconsideration."*

16. On the strength of the judgment of the Full Bench, Learned Counsel would submit that it is beyond the jurisdiction of the DRT to quantify the rate of interest in a proceedings under Section 17 (1) of the Act. Although, DRT has jurisdiction to look into the issue as to whether the measures taken by the Secured Creditor under Section

13(4) of the Act are in accordance with law, but cannot go beyond it.

17. Learned Counsel would further submit that the case of *C.K. Sasankan* (supra) is not applicable in the proceedings under Section 17 (1) of the Act. No doubt, provisions of Section 34 C.P.C. can be applied in an application under Section 19 of the Recovery of Debts And Bankruptcy Act, 1993 but that could not be extended to the proceedings preferred under Section 17 (1) of the Act.

18. We are afraid that we could not be in agreement with the submission made by the Learned Counsel for Appellant for the reason that the Hon'ble Division Bench of the Hon'ble Madhya Pradesh High Court in *Patwa Foundation Trust* (supra) has categorically placed reliance upon *C.K. Sasankan* (supra) wherein it was held that:

> *"12. According to the provisions of Section 34 of the Code interest is to be awarded at a reasonable rate and on the principal amount. It is needless to point out that although the amount of interest from the date of filing of the suit till the date of the decree and thereafter till realisation is in the discretion of the court as is confirmed by the use of the word "may" but, such a discretion has to be exercised by the court properly, reasonably and on sound legal principles and not arbitrarily and while doing so the court is also to consider the parameters, scope and ambit of Section 34 of the Code."*

19. Further in *Patwa Foundation Trust* (supra) the Hon'ble Division Bench of the High Court after applying the law laid down in *C.K. Sasankan* (supra) held that:

> *"8. The quantum and rate of interest which the appellant in the present case is entitled to would be in accordance with the provisions of section 34 of the Code. According to the provisions of section 34 of the Code interest is to be awarded at a reasonable rate and on the principal amount. It is needless to point out that although the amount of interest from the date of filing of the suit till realization is in the discretion of the court as is confirmed by the use of the word 'may' but such discretion has to*

be exercised by the court property, reasonably and on sound legal principles and not arbitrarily and while doing so the court is also to consider the parameter, scope and ambit of section 34 of the Code.

9. Considering the facts and circumstances of the present case, we find that the rate of interest as awarded for pendent elite and future interest is exorbitant and thus we direct that pendent elite and future interest at the rate of 9% shall be paid which is found to be just, proper and reasonable ".

20. Recently in a judgment of the Division Bench Hon'ble Telengana High Court in W.P. 22458 of 2024 in *V. Ravi Kumar* (supra), issue before the Hon'ble High Court was:

"The point for adjudication is whether the DRT was authorized to reduce the future/pendente lite interest under the provisions of the SARFAESI Act and whether the DRAT should have interfered with the discretion exercised by the DRT."

21. Hon'ble Telengana High Court held that:

"11. Section 17 of the SARFAESI Act provides for an application by a person, including a borrower, against measures taken by a Secured Creditor for recovery of a Secured Debt. Section 17(1) authorises a person aggrieved or any other person under section 13(4) initiated by the Secured Creditor to make an application to the jurisdictional DRT within the statutory limit provided under section 17(1) of the SARFAESI Act. Section 17(7) confers the power on the DRT to dispose of the application in accordance with the provisions of The Recovery of Debts Due To Banks and Financial Institutions Act, 1993 (RDDB Act) and the Rules thereunder.

12. Section 19(25) of the 1993 Act empowers a Tribunal, as defined under sections 2(o) read with 3(1) of the said Act, to pass such orders and to give such directions as may be necessary or expedient to give effect to its orders, to prevent abuse of its process or to secure the ends of justice (reproduced verbatim from section 19(25)). Section 19(1) provides for the procedure of Tribunals where a Bank or a Financial Institution has filed an application to recover a debt from any person.

13. The omnibus power conferred on the Tribunal under the 1993 Act and the mandate of the DRT under the SARFAESI Act to follow the provisions of the 1993 Act would include the power to pass any orders which may be necessary for the ends of justice.

14. The language of section 19(25) of the 1993 Act reflects exercise of discretion by the DRT for passing orders including for reduction of the rate of future/pendente lite interest. The power to reduce the interest would also be in line with section 34 of The Code of Civil Procedure, 1908 which confers a similar power on the decretal Court to order interest at a rate which the Court *deems reasonable to be paid on the principal sum adjudged from the date of the Suit till the date of the decree, in addition to any interest adjudged on such principal sum for any period prior to the institution of the Suit. The power of the DRT to order reduction of pendente lite interest has also been confirmed by the Courts.*

15. In Punjab and Sind Bank Vs. Allied Beverage Company Private Limited [(2010) 10 SCC640], the Supreme Court held that the award of interest pendente lite and post-decree is discretionary and is essentially governed by section 34 of the CPC dehors the contract between the parties. However, this discretion must be exercised judiciously and not in an arbitrary or fanciful manner: Central Bank of India Vs. Ravindra [(2002) 1 SCC 367]. In State Bank of India Vs. Patwa Foundation Trust (AIR 2014 MP 17), a Division Bench of the Madhya Pradesh High Court relied on C.K. Sasankan Vs. Dhanalakshmi Bank Limited [(2009) 11 SCC 60] and confirmed that the Tribunal has the discretion to reduce the rate of interest analogous to the power under section 34 of the CPC even before the 'Tribunal under the SARFAESI Act."

22. Accordingly, in view of the law laid down in *Patwa Foundation Trust* (supra), *C.K. Sasankan* (supra) and *V. Ravi Kumar* (supra) the law is well settled by the Hon'ble High Court and the Hon'ble Supreme Court that the DRT has jurisdiction to look into the issue of rate of interest claimed by the Secured Creditor even in the proceedings under Section 17 (1) of the Act. The Appellants cannot take advantage of *M/s. Lakshmi Shankar Mills* (supra) in view of the law laid down in the aforesaid judgment of *Patwa Foundation Trust* (supra) which is affirmed by the Hon'ble Supreme Court by dismissing the S.L.P. as well as law laid down in *C.K. Sasankan* (supra).

23. Law laid down in the *Bijnor Urban Cooperative Bank* (supra) would not be applicable to the facts of the present case as Learned DRT has not passed any order for settlement of the account rather reduced the rate of interest in the proceedings under Section 17 of the Act.

24. Having considered the submission made by the Learned Counsel for the parties, we do not find any impropriety or illegality in the impugned order. Appeal lacks merits and liable to be dismissed.

O R D E R

Appeal is dismissed. Order dated 6.10.2023, passed by Learned DRT-II, Hyderabad in I.A. 2735 of 2023 arising out of S.A. 115 of 2019 (Vemula Ravi Kumar -vs- Reliance Home Finance Limited), is hereby affirmed.

No order as to costs.

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: 4th August, 2026
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