DEBTS RECOVERY APPELLATE TRIBUNAL, DELHI

Misc. Appeal No.230/20216
Arising out of TA No.309/2022 (DRT-III, Delhi)

Item No. 6

M/s SSA International Limited and others
V.
NARCL

17.08.2026 Hon'ble Dr. Justice Sudhir Kumar Jain

Present: Sh. Anup Kumar D. Sayare along with Sh. S.N. Gautam, Advocates for appellants

Sh. Amrendra Kumar Singh, Advocate for respondent no.1

This matter is taken up through Hybrid hearing.

1. The respondent no.1 being the assignee of respondents no.2 to 4 filed O.A. now bearing T.A. No. 309/2022 titled as **National Assets Reconstruction Company Limited v. M/s SSA International Limited and others** which is stated to be pending before DRT-III, Delhi.

2. The defendants in TA filed an application vide Diary No. 1454/2026 under Section 19(11) read with Section 19(25) of the Recovery of Debts and Bankruptcy Act, 1993 for seeking framing of issues before the parties are called upon to lead evidence. The appellants have contended that the various questions of facts have been involved for adjudication and, therefore appropriate issues are required to be framed. It was also contended that the effective adjudication in the absence of framing of the issues may not be possible besides evidence.

3. The application filed vide Diary No. 1454/2026 was opposed on behalf of respondent no.1 and it was contended on behalf of respondent no.1 that the said application was filed only to delay the adjudication of the Original Application and the proceedings before the DRT are not governed strictly by Code of Civil Procedure, 1908 but are governed by the provision of Recovery of Debts and Bankruptcy Act, 1993. It is prayed that application be dismissed.

4. The DRT-III, Delhi vide impugned order dated 03.06.2026 has dismissed the application by observing that the RDB Act, 1993 does not disclosed any mandatory requirement for framing the issues in any proceedings before the Tribunal. The DRT-III, Delhi also observed that the reliance on Section 19(11) of the RDB Act by the appellant was misplaced and said provision does not mandatory obligate the Tribunal to frame issues in the manner as contemplated under Order XIV of Code of Civil Procedure, 1908. The relevant portion of the order 03.06.2026 is reproduced as under:

> **5. At the outset, it is pertinent to note that the Debts Recovery Tribunal is a creature of statute and derives its powers and procedure from the provisions of the RDB Act. Section 22 of the RDB Act specifically provides that the Tribunal shall not be bound by the procedure laid down by the Code of Civil Procedure, 1908 and shall be guided by the principles of natural justice while regulating its own procedure. Though certain principles underlying the Code may be applied wherever necessary to advance the cause of justice, the procedural requirements contained in the Code do not automatically become mandatory in proceedings before the Tribunal.**
>
> **6. The Applicants have sought framing of issues by drawing analogy from Order XIV CPC. However, a perusal of the provisions of the RDB Act does not disclose any requirement mandating the framing of issues in every proceeding before the Tribunal. The statutory scheme envisages adjudication on the basis of pleadings, documents and evidence by way of affidavits filed by the parties. The Tribunal is empowered to identify and determine the disputes arising between the parties from the pleadings and evidence available on record and render findings thereon without necessarily undertaking the formal exercise of framing issues as contemplated under the Code of Civil Procedure.**
>
> **7. The reliance placed by the Applicants upon Section 19(11) of the RDB Act is also misplaced. The said provision merely empowers the Tribunal to decide a question arising in relation to a counter-claim and does not create a mandatory obligation upon the Tribunal to frame issues in the manner contemplated under Order XIV CPC. The provision cannot be interpreted so as to import the entire procedural mechanism of the Code into proceedings under the RDB Act when the statute itself expressly provides otherwise.**
>
> **8. It is further noticed that the Applicants have already filed their pleadings and have brought on record the facts and circumstances which, according to them, are relevant for adjudication of the dispute. Similarly, the Applicant Bank/ARC has filed its reply disputing the said averments. The rival contentions of the parties, therefore, stand crystallized from the pleadings themselves. The questions requiring adjudication can adequately be considered at the stage of appreciation of affidavits, documentary evidence and final arguments. No prejudice is shown to be caused to the Applicants merely because formal issues are not framed.**

9. The Tribunal is required to ensure expeditious adjudication of recovery proceedings in furtherance of the object of the RDB Act. Acceptance of the present prayer would introduce a procedure not contemplated by the statute and would unnecessarily delay the proceedings without advancing the cause of justice.

10. It is also noteworthy that the present proceedings have remained pending for a considerable period and are required to be adjudicated expeditiously in accordance with the object and scheme of the Recovery of Debts and Bankruptcy Act, 1993. The relief sought in the present application is not supported by any specific procedural provision under the Act or the Rules framed thereunder. As discussed hereinabove, the statutory framework governing proceedings before the Debts Recovery Tribunal does not contemplate mandatory framing of issues in the manner envisaged under Order XIV of the Code of Civil Procedure, 1908. The disputes raised by the parties are already discernible from their pleadings and can effectively be adjudicated on the basis of affidavits, documentary evidence and final submissions.

11. This Tribunal is further of the considered opinion that the present application lacks bona fides and has the effect of unnecessarily delaying and prolonging the adjudication of the main proceedings. Entertaining such applications, which are unsupported by any substantive provision of law and which do not advance the adjudicatory process, would defeat the legislative intent of expeditious disposal of matters before this Tribunal. Therefore, this Tribunal finds it appropriate to discourage such unwarranted procedural applications by imposing costs.

12. Accordingly, the present application IA Dy. 1454/2026 is hereby dismissed subject to payment of cost Rs. 20,000/-, out of the said amount, a sum of Rs. 10,000/- shall be deposited in the account of DRT Delhi Bar Association and the remaining Rs. 10,000/- shall be deposited in the account of DRAT Delhi Bar Association within a period of 15 days from the date of this order. The Applicants shall place on record the proof of such deposits on or before the next date of hearing. In the event of failure to deposit the aforesaid costs and file proof thereof within the stipulated period, the defence of the Defendants shall stand struck off automatically, without any further reference to or orders from this Tribunal.

5. Sh. Anup Kumar D. Sayare, Counsel for appellants referred Section 19 (11) of the RDB Act stated that the said Section is having the past history. It is further stated that as per Section 19 (11) of the RDB Act, DRT, if counter claim is made is required to frame "issues" which is also used in the language of Section 19 (11) of the RDB Act.

6. Sh. Sayare, Counsel also attack the impugned order dated 03.06.2026, whereby after imposing the cost of Rs.20,000/- it was ordered that if the cost is not

deposited on or before the next date of hearing, in that eventuality, the defence of the appellants shall be struck off automatically without any further order.

7. Sh. Amrendra Kumar Singh, Counsel for respondent no.1 argued that the Original Application is now listed for final arguments and DRT-III, Delhi in the impugned order dated 03.06.2026 has rightly observed that there is no mandatory requirement as per Section 19(11) of the RDB Act to frame issues. He also argued that the respondent no.1 has not pleaded before the DRT that the counter claim as raised by the appellants shall not be disposed of along with OA/TA rather as an independent action. It is prayed that the present appeal be dismissed as misconceived and misplaced.

8. It is reflecting from the impugned order dated 03.06.2026 that the DRT-III, Delhi observed that Section 19 (11) of RDB Act is not mandated the Tribunal to frame the issues in the manner as provided under Order XIV of Code of Civil Procedure, 1908. It is further observed that the Section 19 (11) of RDB Act only empowers the Tribunal to decide the question arising in addition to a counter claim.

9. The perusal of Section 19 (11) of the RDB Act clearly reflects that it does not mandatorily obligated the DRT to frame the issues in case counter claim is filed as the issues are being framed as per Order XIV of Code of Civil Procedure, 1908. The arguments as advanced by the Counsel for the appellants are misplaced and do not provide any help to the case of the appellants. The DRT-III, Delhi has considered all the factual and legal issues while passing the impugned order. There is no infirmity in the impugned order which warrants any interference by this Tribunal. Hence, appeal is dismissed.

10. Sh. Anup Kumar D. Sayare, Counsel for appellants stated that the appellants have already deposited the cost of Rs.20,000/- in terms of impugned order dated 03.06.2026 but raised the grievance regarding the observation of the DRT that in case the cost is not deposited before the next date of hearing, in that eventuality, the defence of the defendants i.e. appellants shall be struck off automatically without any further order.

11. Although, the appellants have already deposited the cost of Rs.20,000/- in terms of impugned order dated 03.06.2026 but the direction of the DRT-III, Delhi regarding struck off of the defence of the appellants, in case of not deposition of the cost was not required and accordingly, the said portion of the impugned order as mentioned in the para 12 is set aside.

12. With this observation the present appeal is disposed of.

Sd-

(Dr. Justice Sudhir Kumar Jain
Chairperson

-N