IN THE DEBTS RECOVERY TRIBUNAL – II AT HYDERABAD

DATED THIS THE 23RD DAY OF JULY, 2026

PRESENT: SH. RAMESHWAR KOTHE, B.Com, L.LB. (Hons.), M.A.
PRESIDING OFFICER

Securitization Application No. 139 OF 2025

1. Mr. Surendar Adapa,
   Gender: Male,
   Aged about 57 years,
   Plot no. 117, Chanakyapuri,
   Sainagar, Nagole,
   Hyderabad-68

2. Mrs. Madhavi Adapa,
   Gender: Female,
   Aged about 50 years,
   Plot no. 117, Chanakyapuri,
   Sainagar, Nagole,
   Hyderabad-68 ....Applicants

Versus

1. Authum Investment and Infrastructure Limited,
   Rep. by its Authorized officer,
   Oftog Business solutions Pvt Ltd., 3rd floor,
   Bearing No. 6-3-248, Naveen Nagar, Road No 1,
   Banjara Hills, Hyderabad-34

2. Suraksha Asset Reconstruction Limited
   ITI House 36, Dr. R.K. Shirodkar Marg,
   Parel, Mumbai-12

3. Reliance Capital Limited
   Oftog Business solutions Pvt Ltd., 3rd floor,
   Bearing No.6-3-248, Naveen Nagar, Road No 1,
   Banjara Hills, Hyderabad-34 ...Respondents

Applicants : Party in Person-Mr.Surendar Adapa
Counsel for Respondents 1 & 3 : Mr. P. Ramachandran
Counsel for Respondent No.2 : Ex-parte

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-: **ORDER** :-

1. The present Securitisation Application is filed by the Applicants under Section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("Act" for short) to set aside all the measures initiated by the respondent including the issuance of demand notice dated 30.11.2024 and possession notice dated 10.02.2025 & 14.02.2025 in respect of the SA Schedule Property.

2. The facts of the case as averred by the applicants in the SA, in brief, are that they had availed two loan facilities from the 3rd respondent in the year 2008, namely a loan against mortgage of immoveable property of ₹6,00,000/- and a Top-Up Loan of ₹14,00,000/-, secured by the schedule property. The applicants dispute the creation of any valid mortgage over the property and contend that no legally enforceable security interest was created. It is further alleged that the loan documents contain various deficiencies and discrepancies, including incorrect description of the secured asset and inconsistencies in the records maintained with CERSAI. According to the applicants, the loan accounts were classified as NPA in the year 2011 and various recovery proceedings initiated by the original lender, including arbitration, execution proceedings and cheque bounce cases, were either dismissed or otherwise concluded. Despite the alleged default having occurred in 2011, the respondents initiated proceedings under the SARFAESI Act only in the year 2024 after an inordinate and unexplained delay. The applicants also contend that the loan account was assigned in favour of the assignee company without prior notice to them and that information regarding such assignment was communicated belatedly. The applicants challenge the demand notice issued under Section 13(2) of the SARFAESI Act on the ground that it was defective and did not disclose all material particulars. Though objections were submitted under Section 13(3A) of the Act, the same

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were allegedly rejected without assigning proper reasons. The applicants further point out certain inconsistencies in the stand taken by the respondents regarding ownership of the debt and authority to enforce the security interest. On the aforesaid grounds, the applicants contend that the SARFAESI measures are illegal, arbitrary and liable to be set aside.

3. Summons served on 2nd defendant and was set exparte on 25.04.2025 as called absent and no representation.

4. The sum and substance of the reply statement of the 1st & 3rd Respondent, in brief, is the 1st respondent traced the history of the loan transaction and submitted that the loan account originally belonged to Reliance Capital Limited, whose commercial finance business was transferred to Reliance Commercial Finance Limited pursuant to a scheme approved by the Bombay High Court. Subsequently, pursuant to the Resolution Plan approved by the NCLT, the loan assets stood vested in the 1st respondent, who thereby became entitled to enforce the security interest and recover the outstanding dues. The respondent admitted sanction of the loan facilities and contended that the applicants had duly executed the loan and security documents, including creation of an equitable mortgage by deposit of title deeds over the schedule property. It was further contended that the applicants are chronic defaulters and had acknowledged their liability by issuing cheques in the year 2014, which led to proceedings under Section 138 of the Negotiable Instruments Act. According to the respondent, such acknowledgment extended the period of limitation and therefore the SARFAESI proceedings cannot be said to be time-barred. It was contended that the assignments of debt in favour of the respondent were valid and that the respondent stepped into the shoes of the original lender with full authority to invoke remedies under the

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SARFAESI Act. The respondent asserted that all mandatory requirements under Sections 13(2) and 13(4) of the Act and the relevant Rules were duly complied with, including issuance of demand notice, taking of symbolic possession and publication of possession notice in newspapers. On these grounds, the respondent prayed for dismissal of the Securitisation Application.

5. Heard the Applicants in-person and the learned counsel appearing for Respondent Nos. 1 and 3. Perused the written arguments filed by the applicants and also perused the material brought on record.

6. During the course of arguments, the applicant party-in-person would submit that the accounts were classified NPA in 2011 but proceedings were initiated only in November 2024, so the claim is time-barred under Section 36 and cannot be revived by later assignments or by reliance on an alleged 2014 cheque. They also deny the existence of any valid mortgage or security interest, alleging that the respondents produced no registered mortgage deed or valid MoDT, relied on blank or unexecuted proforma documents, and even questioned the authenticity of key signatures and witnesses on the loan papers. They further dispute the respondents' locus standi and chain of assignment, saying the transfer documents are incomplete and defective, including an assignment deed registered in Mumbai despite the secured property being outside Maharashtra, which they say offends Section 28 of the Registration Act and the principles discussed in *Veena Textiles Ltd. v. Authorised Officer, IFCI Ltd*. and *Praxair India Pvt. Ltd. v. State of Tamil Nadu*. The Applicants also point to inconsistencies in the CERSAI records, allege non-compliance with Section 13(3A) despite their detailed objections, and rely on *Mardia Chemicals Ltd. v. Union of India* to say their objections were not meaningfully considered. Finally, they contend that the respondents suppressed material facts while pursuing

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Section 14 proceedings, acted through unclear or improperly authorised officers, and attempted coercive recovery despite pending disputes. Taken together, the Applicants say these defects—limitation, lack of mortgage, defective assignments, inconsistent CERSAI entries, breach of Section 13(3A), suppression in Section 14 proceedings, and authorisation issues—make the measures under Sections 13(2), 13(4), and 14 illegal, void, and liable to be set aside.

7. Per contra, learned counsel for the Respondents 1 and 3 denied the averments of the Applicants and placed reliance upon the material papers filed along with list of documents on 08.04.2026 as proof of sanction of loan facilities to the Applicants, creation of mortgage, service of demand notice, possession notice and vacate notice. He further submitted that Hon'ble NCLT, Mumbai Bench approved the Scheme of Arrangement for demerger of lending business of the Reliance Commercial Finance Limited (R-3) to Authum Investment & Infrastructure Limited (R-1) vide order dated 10.05.2024 and accordingly R-1 stepped into the shoes of R-3 and legally entitled to enforce the security interest created by the Applicants. It is submitted that due to default, the Applicants' account was classified as NPA in accordance with RBI guidelines and that the Respondent had strictly followed the due procedure prescribed under the SARFAESI Act, 2002 and the Rules framed thereunder. Accordingly, he sought for dismissal of the S.A.

8. The points for consideration are as follows : –

i) Whether the Applicants made out any valid ground to quash any of the measures initiated by the respondent against the SA schedule property as prayed for?

ii) To what relief?

Point No.(i):

9. The principal contention of the applicants is that no valid mortgage was created in favour of the original lender, that the security interest was not properly registered, that the assignment of debt was illegal, and that the SARFAESI proceedings are barred by limitation.

10. Upon careful consideration of the pleadings and material placed on record, it is evident that the applicants admittedly availed two loan facilities from the original lender in the year 2008. Upon perusal of material documents it has been observed that loan agreement executed by the applicants is itself named as mortgage loan agreement and on perusal of the agreement it recorded that SA Schedule Property has been described as a security against the loan. Merely because a separate Memorandum of Deposit of Title Deeds has not been produced, it cannot be presumed that no equitable mortgage came into existence. The deposit of original title deeds coupled with the contractual documents sufficiently establishes creation of security interest over the schedule property.

11. The contention regarding delay and discrepancies in CERSAI registration is also devoid of merit. Registration with CERSAI is only evidentiary in nature and any delay in registration does not invalidate an otherwise valid mortgage. The applicants have failed to demonstrate as to how such discrepancies have caused prejudice to them or rendered the security interest unenforceable.

12. The challenge to the assignment of debt is equally unsustainable. The respondents have placed on record the NCLT order and explained the succession of rights from Reliance Capital Limited to Reliance Commercial Finance Limited and thereafter to the 1st respondent.

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Under Section 5 of the SARFAESI Act, assignment of financial assets is legally permissible and the consent of the borrower is not a prerequisite. The applicants have not produced any material to establish that the assignment is illegal or void.

13. The applicants have vehemently contended that the measures initiated by the respondent under the SARFAESI Act are barred by limitation, as the loan account was classified as NPA in the year 2011 whereas the impugned SARFAESI proceedings were initiated only in the year 2024, leaving a considerable gap of about thirteen years. However, this contention does not merit acceptance. It is pertinent to note that during the intervening period, the applicants have not placed any material before this Tribunal to demonstrate that they made sincere efforts either to regularize the loan account or to liquidate the outstanding dues. On the contrary, the conduct of the applicants reflects a lack of intention to discharge their contractual obligations towards repayment of public money advanced by the respondent. Further, the record discloses that proceedings under Section 138 of the Negotiable Instruments Act, 1881 were instituted against the applicants before the learned CMM, Bangalore, and the same came to be disposed of in the year 2014. The very institution and continuation of such proceedings arising out of dishonoured cheques issued towards the loan liability constitute a clear acknowledgment of debt by the applicants. Such acknowledgment has the effect of extending the period of limitation and gives rise to a fresh cause of action from the date of acknowledgment. Consequently, the demand notice and subsequent possession notice issued by the respondent cannot be said to be barred by limitation. It is also significant to observe that the applicants have failed to produce any material evidence, statutory provision, or judicial precedent to establish that the debt had become time-barred or legally unenforceable as on the date of issuance of the demand notice. On the

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other hand, the statements of account and other documentary evidence placed on record by the respondent clearly establish the continued subsistence of the debt and liability of the applicants. In the absence of any material substantiating the plea of limitation, the said contention deserves to be rejected.

14. The other contention being raised by the applicants is non service of demand notice under section 13(2) and possession notice under section 13(4) of the Act. The respondent bank has field material documents separately to prove the compliance of the SARFESI Act and Rules, thereunder. Pages 112 to 122 are the Photostat copies of postal receipts, proving service of demand notice. Similarly, Pages 123 to 133, are the Photostat copies of possession notice being served via registered post, photographs as proof of affixture on secured assets and publication of the same in English and Telugu (vernacular language) newspapers on 12.02.2025. The documents placed on record by the Respondent Bank remain undisputed. In view of sufficient proof place on record, I find no infraction of section 13(2) & 13(4) of the Act and Rules 3, 8(1) & 8(2) of the Rules, 2002. None of these documents are contested by the applicants. As a secured creditor the Respondent Company initiated the SARFESI proceedings, which cannot be categorized as illegal or arbitrary.

15. In the view of above observations, I hold that the applicants failed to make out valid ground to set aside the measure initiated by the Respondent Bank under the SARFESI Act against the application Schedule Properties.

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Point No.(ii):

16. In the result, the securitisation application fails and is hereby dismissed.

17. Consequently, Interlocutory Applications pending, if any, shall stand closed. No order as to costs.

18. Communicate a copy of this order to the parties concerned and upload in the official website.

(Typed to my dictation by the PS, corrected, signed and pronounced by me in the open court on this the 23rd day of July, 2026).

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(RAMESHWAR KOTHE)
PRESIDING OFFICER