Presiding Officer

14.08.2026

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SA No.632 of 2022 is allowed vide separate order.

Presiding Officer

THE DEBTS RECOVERY TRIBUNAL - 1, KARNATAKA
AT BENGALURU

PRESENT: SRI IMTIAZ ALI
PRESIDING OFFICER

Dated the 14th day of August, 2026

SECURITISATION APPLICATION NO.632 OF 2022

Between

Manjula T A,
W/o Lokesh C,
NO.604, Belakavadi,
Malavalli, District Mandya.
Also at # 8, K H Nagar,
Hesaraghatta Main Road,
Chikkabanavara,
Bengaluru-560090. .....Applicant

And

M/s Vastu Housing Finance Corporation Ltd.,
Head Office: Unit No.203 and 204,
2nd Floor, A Wing, Navbharat Estate,
Zakaria Bunder Road, Sewri (West),
Mumbai-400015, Maharashtra,
And Branch office at:
No.39/2, Santoshima Enclave,
B Block, 4th Floor, T Dasarahalli,
8th Mile, Tumkur Road,
Bengaluru-560057,
Represented by its Authorised Signatory. .... Defendant

This Securitisation Application having been heard on 06.03.2026 in the presence of Advocates M/s P Chithra Nirmala, Chennamma M and Sangamithra for the applicant, and Advocates M/s K V Lokesh and Sreevidya C U for the defendant, and stood over to this day for consideration, the Tribunal delivered the following: -

FINAL ORDER

The applicant filed the above Securitisation Application (SA) on 22.09.2022 under S.17(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended from time to time – hereinafter referred to as 'the Act' – praying to set aside the order dated 08.09.2022 passed under S.14 of the Act by the 31st Addl. Chief Metropolitan Magistrate, Bangalore City in Crl. Misc. No.4702/2022 in respect of the schedule property.

2. The case set out by the applicant in the SA in brief is as follows: - The applicant is the absolute owner of the schedule property. The defendant sanctioned a loan of ₹15,50,000/- to the applicant. The applicant has mortgaged the schedule property in favour of the defendant. Further the applicant requested an additional loan of ₹9,50,000/- which was sanctioned by the defendant after executing the extension of memorandum of deposit of title deeds. Further the defendant has not communicated regarding the classification of the loan account as non-performing asset. The defendant has not issued either the demand notice or possession notice to the applicant. The defendant has alleged to have caused the publication of the demand notice and possession notice in two newspapers. However, the said newspapers are not in circulation in the vicinity of the applicant. The defendant has not registered the secured asset in the Central Registry. The defendant has wilfully suppressed the fact that the applicant is not residing in the schedule property and obtained the order. The measures taken by the defendant is illegal and liable to be set aside. Hence this petition.

3. The objection filed by the defendant submits that the applicant approached the defendant for credit facilities of ₹15,50,000/- and ₹9,50,000/-. The defendant considering the application and disbursed the mortgage loan of total sum of ₹25,00,000/- to the applicant. The applicant failed to repay the said credit facilities, the loan account of the applicant was classified as non-performing asset on 08.02.2022. Thereafter, the defendant bank issued a demand notice under S.13(2) of the Act on 21.02.2022 and called upon the borrower to pay a total due within 60 days from the date of notice. The said notice was not received by the applicant. Therefore, the same notice was published

in two leading newspapers. Despite the issuance of the demand notice, the dues were not cleared by the applicant and therefore the defendant bank issued the possession notice dated 15.06.2022 and the said notice was received by the applicant. Thereafter, the said possession notice was published in two leading newspapers. On the above contentions, the defendant prayed for dismissal of the SA with costs.

4. The applicant produced five documents along with the SA, which are for convenience referred to as Annexures A1 and A5. The defendant produced documents along with the statement of objection, which are for convenience referred to as Annexures R1.

5. The only issue arises for consideration is as to whether the applicant is entitled to the relief prayed for?

6. The applicant has challenged the order dated 08.09.2022 passed by the learned Magistrate primarily on the grounds that the defendant had failed to establish its legal status and has not complied with the mandatory requirements prescribed under the SARFAESI Act.

7. It is the contention of the applicant that the defendant has not produced any documentary evidence to establish that it is registered with the National Housing Board or that it is duly incorporated company by producing the Certificate of Incorporation issued by Registrar of Companies. The applicant has further contended that the defendant has failed to produce any documentary evidence to establish that the security interest was registered with the CERSAI.

8. The record reveals that the defendant has produced postal receipts and postal tracking reports evidencing dispatch of the demand notice issued under Section 13(2) of the SARFAESI Act. However, no documentary evidence has been produced to establish registration of the security interest with CERSAI. Likewise, though the defendant has

placed on record the possession notice, affixure thereof and publication in newspapers, it has not produced any documentary evidence to establish service of the possession notice upon the applicant, such as postal receipts, acknowledgment cards, tracking reports or any other proof of dispatch.

9. Production of postal receipts relating to the demand notice and evidence of affixure and publication of the possession notice may establish compliance with those procedural requirements, but they cannot be treated as proof of CERSAI registration or proof of service of possession notice. Despite the specific challenge raised by the applicant, the defendant has failed to place on record any CERSAI registration report or any other material evidencing compliance with Section 26 D of the SARFAESI Act. Similarly, in the absence of any proof of dispatch or delivery of possession notice, the defendant has failed to establish compliance with the requirement of service contemplated under the Security Interest (Enforcement) Rules, 2002.

10. The burden to establish that the statutory requirements have been duly complied with lies upon the secured creditor. In the present case, the defendant has failed to produce the necessary documentary evidence to demonstrate CERSAI registration and due service of possession notice. Such non-compliance goes to the root of the validity of the measures taken under the SARFAESI Act.

11. Accordingly, the measures initiated by the defendant cannot be sustained in law.

12. In the result, the Securitisation Application No.632 of 2022 is allowed. Consequently, the order passed by the learned Magistrate and the possession notice dated 15.06.2022 and all other consequential measures taken by the defendant under the SARFAESI Act are hereby set aside. Liberty is, however, reserved to the defendant to

initiate fresh proceedings in accordance with law after ensuring strict compliance with all mandatory statutory requirements.

13. The schedule to the SA shall be appended to this final order.

14. Communicate copy of this final order to both parties as provided in sub-section (7) of S.17 of the Act r/w R.16 of the Debs Recovery Tribunal (Procedure) Rules, 1993 (as amended from time to time).

[Dictated to my Typist directly on the computer, corrected and pronounced by me in the open Tribunal on this the 14th day of August, 2026]

[IMTIAZ ALI]
PRESIDING OFFICER

APPENDIX

Applicant's Exhibits

Annexure A1	02.02.2016	Photocopy of the Deed of mortgage
Annexure A2	06.03.2017	Photocopy of the extension of memorandum of deposit of title deeds
Annexure A3		Photocopy of the letter dated nil affixed by the defendant
Annexure A4		Photocopy of the order passed by 31st ACMM, Bengaluru City under S.14 of the Act in Crl.Misc.No.4702 of 2022.
Annexure A5		Certified photocopy of the order passed by 31st ACMM, Bengaluru City under S.14 of the Act in Crl.Misc.No.4702 of 2022.

Defendant's Exhibits

Annexure R1	Photocopy of the demand notice dated 21.02.2022, RPAD receipt and paper publication, possession notice along with postal receipts, acknowledgments, paper publication.

14.08.26

PRESIDING OFFICER

SCHEDULE

All that piece and parcel of immovable House property bearing No. 17, Assessment No. 88, Khatha No. 220, 22nd Cross, Ravindranagar, Mallasandra Village, Yeshwanthpur Hobli, Bangalore North Taluk, Bengaluru – 560 057 measuring East to West : 30 feet and North to South : 30 feet together with houses measuring 6 squares on ground and first floor and bounded on the:

East by: Road;

West by: Site No. 18;

North by: other property; and

South by: Site No. 16.

14.08.26

PRESIDING OFFICER

IN THE DEBTS RECOVERY TRIBUNAL - 1,
KARNATAKA AT BANGALORE

PRESENT: SRI IMTIAZ ALI
PRESIDING OFFICER

Dated the 14th day of August, 2026

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Bengaluru-560057,
Represented by its Authorised Signatory. .... Defendant

FINAL ORDER

14.08.26