

IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT KOLKATA

**HON'BLEMR. JUSTICE ANIL KUMAR SRIVASTAVA
CHAIRPERSON**

Misc. Appeal No. 02 of 2026
(Arising out of O.A. 3824 of 2017 in DRT-II, Hyderabad)

National Asset Reconstruction Company Limited, (Acting in its capacity as Trustee of NARCL Trust-0008) (NARCL), represented by the Authorised Signatory of its power of attorney holder, India Debt Resolution Company Limited, both having their offices at Birla Centurion, 8th Floor, Century Mills, Pandurang Budhkar Marg Worli, Century Mill, Mumbai - 400 030.

...Appellant

-Versus-

1. SEW LSY Highways Limited, a company incorporated under the Companies Act, 1956, having its registered office at 6-3-871, Snehlata, Greenlands Road, Begumpet, Hyderabad: 500016, Telengana;
2. SEW Infrastructure Limited, having its registered office at 6-3-871, Snehalata, Greenlands Road, Begumapat, Hyderabad: 500 016. Telengana;
3. Prasad And Company (Project Works) Limited, having its registered office at 6-3-871, Snehlata, Greenlands Road, Begumpet, Hyderabad: 500 016, Telengana;
4. SBI Cap Trustee Company Limited, having its registered office at 202, Maker Tower "E", Cuff Parade, Mumbai: 400 005 and an office at No. 8, 8th floor, Khetan Bhavan, 198, Jamshedji Tata Road, Churchgate, Mumbai: 400 020;
5. Cheedella Sreeman Narayan, Flat No. 501, Chalapathi Residency, D. No. 8-3-1011, Srinagar Colony, Hyderabad: 500 073;
6. Satya Murthy Pudipeddi, Flat No. 312, Vijaya Towers Nagarjuna Nagar, Ameerpet, Hyderabad: 500 073;
7. Venkateshwara Rao Yarlagadda, 202 Tulip, Vasanta Valley, Jayaberi Silcon Tavors, White Fields, Gachibowli, K.V. Rangareddy: 500 032;
8. Hima Bindu Myneni, 6-3-865/B, Greenlands, 507, Vamsirishi Residency, Begumpet, Hyderabad 500 016;
9. Anil Kumar Sunkara, resident of Plot No. 44. Flat No. 302 Padmaja Paradise, Srinanagr Colony, Hyderabad: 500 073;

10. Alluri Said Baba, resident of 7-1-4, Begumpet, Hyderabad – 500 016.

... Respondents

Counsel for the Appellant ... Mr. Mainak Bose, Sr. Advocate
Mr. Vikram Wadehra
Ms. Aasia Hasan
Mr. Shourya Samanta
Ms. Akanksha Yadav

Counsel for Respondents ... Mr. Avinash Desai, Senior Advocate
(Virtual)
Mr. T.P.S. Harsha (Virtual)
Mr. Jagan Cherukuri (Virtual)
Mr. Jishnujit Roy

With

Misc. Appeal No. 08 of 2026

(Arising out of O.A. 3824 of 2017 in DRT-II, Hyderabad)

SEW LSY Highways Limited having its registered office at 6-3-871, Snehlata, Greenlands Road, Begumpet, Hyderabad: 500 016, Telangana.

... Appellant

-Versus-

1. National Asset Reconstruction Company Limited (Acting in its capacity as Trustee of NARCL Trust-0008) (NARCL), represented by the Authorised Signatory of its power of attorney holder, India Debt Resolution Company Limited, both having their office at Birla Centurion, 8th Floor, Century Mills, Pandurang Budhkar Marg Worli, Century Mill, Mumbai – 400 030;
2. SEW Instructure Limited, having its Registered Office at 6-3-871, Snehalata, Greenlands Road, Begumpet, Hyderabad - 500 016, Telangana;
3. Prasad And Company (Project Works) Limited, having its Registered Office at 6-3-871, Snehalata, Greenlands Road, Begumpet, Hyderabad - 500 016, Telangana;
4. SBI CAP Trustee Company Limited, having its Registered Office at 202, Maker Tower "E", Cuffe Parade, Mumbai: 400 005, and an office at No. 8, 5th Floor, Khetan Bhavan, 198, Jamshedji Tata Road, Churchgate, Mumbai - 400 020;
5. Sri Cheedella Sreeman Narayan, Major, Director, SEW LSY Highways Limited, R/o. Flat No. 501, Chalapathi Residency D. No. 8-3-1011, Srinagar Colony, Hyderabad - 500 073;

6. Sri Venkateswara Rao Yarlagadda, Major, Director, SEW LSY Highways Limited, R/o. 202 Tulip, Vasanta Valley, Jayabheri Silicon Towers, White Fields, Gachibowli, K. V., Rangareddy 500 032;
7. Sri Alluri Sai Baba, Major, Director, Prasad & Company (Project Works) Limited, R/o. 7-1-4, Begumpet, Hyderabad - 500 016.
- ... Respondents

Counsel for the Appellant	...	Mr. Avinash Desai, Senior Advocate (Virtual) Mr. T.P.S. Harsha (Virtual) Mr. Jagan Cherukuri (Virtual) Mr. Jishnujit Roy
Counsel for Respondents	...	Mr. Mainak Bose, Sr. Advocate Mr. Vikram Wadehra Ms. Aasia Hasan Mr. Shourya Samanta Ms. Akanksha Yadav

JUDGMENT : **13th March, 2026**

THE APPELLATE TRIBUNAL:

1. Since both these appeals have arisen against a common order dated 10.3.2025 passed by Learned DRT-II, Hyderabad in I.A. 1900 of 2024 arising out of O.A. 3824 of 2017 (Punjab National Bank -vs- SEW LSY Highways Limited) hence both the appeals are being disposed of by a common judgment.

2. O.A. 3824 of 2017 was filed by Punjab National Bank and 11 others against SEW LSY Highways Limited. Pending O.A., I.A. 1900 of 2024 is filed for substitution by the National Asset Reconstruction Company Limited (NARCL) represented by its Power of Attorney Holder, India Debt Resolution Company Limited (IDRCL) through its Vice President, Mr. Pankaj Agnihotri.

3. It was contended by NARCL that it is a public limited company duly incorporated under the provisions of the Companies Act, 2013 and is registered under Section 3 of the SARFAESI Act, 2002 (hereinafter referred to as the 'Act') as Asset Reconstruction Company. It is further contended that by virtue of a Joint Assignment Agreement Document No. 9135 of 2024 dated 21.3.2024, the debt was assigned to the NARCL by Punjab National Bank and other Applicants in O.A. 3824 of 2017. It was for a valuable consideration. Subsequently, on 2.4.2024 NARCL appointed IDRCL as its power of attorney holder to exercise all rights, powers, privileges and other incidents of ownership or possession of financial assets pertaining to the Respondents, i.e., SEW LSY Highways Limited.

4. Notice of Assignment were also issued to the Respondents on 3.4.2024. No objections were received. Accordingly, the Appellant, viz., NARCL, applied for substitution in place of the original Applicants.

5. Objections were filed by the Respondents to the effect that the application is not filed with proper authorization as per the Assignment Agreement dated 21st March, 2024. Debt was assigned to NARCL Trust-0008 and not to NARCL. Accordingly, in absence of the Trust Deed, there is no ground for moving an application for substitution. It was further contended that NARCL has no authority. Accordingly, it cannot re-delegate its powers to IDRCL. A delegated authority cannot re-delegate its powers. It was further contended that only Authorised Representatives of the

Assignee can file the petition which was not done. The Power of Attorney in favour of IDRCL is irrevocable and it is an unregistered document. Accordingly, it cannot confer any right, title or interest over the immoveable property.

6. Learned DRT framed the following points for consideration:

- i. Whether the assignment agreement is properly stamped?
- ii. Whether producing the Trust Deed of NARCL Trust is mandatory?
- iii. Whether there is principal and agent relationship between the original applicants and the NARCL so that NARCL is prevented from further delegating the power to IDRCL as objected by the respondents-defendants 1 and 2?
- iv. Whether registration of PoA is mandatory in the present case?
- v. Whether the authorization in respect of Pankaj Agnihotri is proper and valid?
- vi. What relief?

7. Learned DRT held that there is no ground for holding the insufficiency of the stamps on the Assignment Agreement. Accordingly, recorded a finding in negative for Point No. 1.

8. Learned DRT further held that the assignment was made on the basis of the Assignment Agreement and not on the basis of the Trust Deed. Accordingly, there is no ground not to allow the substitution. It has further held that if the Trust Deed is not filed, it is a curable defect.

9. In Point No. 3 it is held that NARCL has stepped into the shoes of the Secured Creditor, hence there is no question of sub-delegation of power. Accordingly negated

the Points No. 3, 4 and 5. Consequently, Learned DRT allowed I.A. 1900 of 2024. However, Learned DRT also directed the Petitioner Company to file the Trust Deed during the course of O.A. proceedings.

10. Feeling aggrieved by the findings of the Learned DRT, NARCL as well as the Respondents in O.A., i.e., SEW LSY Highways Limited, preferred separate appeals.

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

12. Learned Senior Advocate for the NARCL, at the very outset, would submit that NARCL is only challenging the impugned order to the extent as far as it relates to the direction for filing the copy of the Trust Deed by the Appellant. Learned Counsel would submit that Learned DRT has already recorded the finding that Assignment was based on the Assignment Agreement and not on the Trust Deed. Hence, there is no question of issuing a direction for filing copy of the Trust Deed in the O.A. proceedings.

13. Learned Counsel for Appellant, NARCL, supporting the impugned order, would further submit that the impugned order does not suffer from any illegality or impropriety. The Assignment Agreement was executed in favour of NARCL by the Punjab National Bank and other Applicants on 21.3.2024 which was a Registered Joint Assignment Agreement. It was executed between Punjab National Bank and other banks with National Asset Reconstruction Company Limited acting in its capacity as Trustee of NARCL Trust-0008 for benefit of

the holders of the security receipts issued by the Registry thereunder.

14. Learned Counsel has further placed reliance upon the provisions of Section 7, Section 2 (b), 2B (a), 5 (1) and 2 (4) of the SARFAESI Act, 2002. Learned Counsel would further submit that the Assignment was made in favour of the NARCL and not in favour of NARCL Trust which was in accordance with the provisions of the Act.

15. Learned Counsel would further submit that there is no sub-delegation qua interest although it is undisputed that a Trustee cannot sub-delegate its Trusteeship to third party. But in the present case only the Power of Attorney was executed for conducting the litigation. The Scheme of Trust was framed in accordance with the law.

16. Learned Counsel would further submit that as far as appeal of the Respondents are concerned, it is barred by the principles of Estoppel and Acquiescence.

17. Further it is submitted that the Respondents herein moved an application for implementation of the impugned order but subsequently challenged the impugned order. Once they moved an application for implementation of the impugned order, they have waived their right to challenge the same.

18. Per contra Learned Senior Advocate of the Respondents would submit that the application for substitution was moved by the Appellant, National Asset Reconstruction Company Limited (in its capacity as Trustee of NARCL Trust-0008). Accordingly, Learned Counsel would submit that the

application was moved in the capacity of a Trustee. In such circumstances, Trust can only be represented through all the Trustees. Accordingly, the Trust Deed is the only document which can prove the names of all the Trustees.

19. Learned Senior Advocate would further submit that there is a sub-delegation by the NARCL in favour of IDRCL which is not permissible under the law. Learned Counsel would further submit that provisions of Section 7 of the Act also have been taken into consideration as the receipts can only be issued after the acquisition.

20. Learned Senior Advocate for the Respondents would further submit that when the impugned order was stayed in appeal filed by NARCL then the Respondents also preferred an appeal on 19.8.2025.

21. Undisputedly the factum of assignment in favour of the National Asset Reconstruction Company Limited is not challenged by the Respondents. The legal proposition can only be inferred by virtue of Section 7 of the Act which reads as under:

"7. Issue of security by raising of receipts or funds by [asset reconstruction company].-(1) Without prejudice to the provisions contained in the Companies Act, 1956 (1 of 1956), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the Securities and Exchange Board of India Act, 1992 (15 of 1992), any [asset reconstruction company], may, after acquisition of any financial asset under sub-section (1) of section 5, offer security receipts to '[qualified buyers] [or such other category of investors including non-institutional investors as may be specified by the Reserve Bank in consultation with the Board, from time to time,] for subscription in accordance with the provisions of those Acts.

(2) A [asset reconstruction company] may raise funds from the [qualified buyers] by formulating schemes for acquiring financial assets and shall keep and maintain separate and distinct accounts in respect of each such scheme for every financial asset acquired out of investments made by a [qualified buyer] and ensure that realisations

of such financial asset is held and applied towards redemption of investments and payment of returns assured on such investments under the relevant scheme.

[(2-A)(a) The scheme for the purpose of offering security receipts under sub-section (1) or raising funds under sub-section (2), may be in the nature of a trust to be managed by the [asset reconstruction company], and the [asset reconstruction company] shall hold the assets so acquired or the funds so raised for acquiring the assets, in trust for the benefit of the [qualified buyers] holding the security receipts or from whom the funds are raised.

(b) The provisions of the Indian Trusts Act, 1882 (2 of 1882) shall, except in so far as they are inconsistent with the provisions of this Act, apply with respect to the trust referred to in clause (a) above.]

(3) In the event of non-realisation under sub-section (2) of financial assets, the '[qualified buyers] of a [asset reconstruction company], holding security receipts of not less than seventy-five per cent. of the total value of the "[security receipts issued under a scheme by such company], shall be entitled to call a meeting of all the [qualified buyers] and every resolution passed in such meeting shall be binding on the company.

(4) The [qualified buyers] shall, at a meeting called under sub-section (3), follow the same procedure, as nearly as possible as is followed at meetings of the board of directors of the [asset reconstruction company], as the case may be."

22. Asset reconstruction is defined under Section 2 (1)(b) of the Act which reads as under:

"2. Definitions. -(1) In this Act, unless the context otherwise requires,

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(b) "asset reconstruction" means acquisition by any [asset reconstruction company] of any right or interest of any bank or financial institution in any financial assistance for the purpose of realisation of such financial assistance;"

while asset reconstruction company is also defined under Section 2 (ba) which reads as under:

"2. Definitions. -(1) In this Act, unless the context otherwise requires,

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(ba) "asset reconstruction company" means a company registered with Reserve Bank under section 3 for the purposes of carrying on the business of asset reconstruction or securitisation, or both;]"

23. Section 3 of the Act provides for registration of the asset reconstruction although it is not in dispute that NARCL

is duly registered by the Reserve Bank of India under Section 3 of the Act vide Registration number 030/2021.

24. Section 5 (i) of the Act provides for acquisition of financial assets of any Bank or Financial Institution by the Asset Reconstruction Company. The relevant provisions of Section 5 (i) of the Act reads as under:

"5. Acquisition of rights or interest in financial assets. -(1) Notwithstanding anything contained in any agreement or any other law for the time being in force, any '[asset reconstruction company]' may acquire financial assets of any bank or financial institution."

25. A qualified buyer is defined under Section 2 (u) of the Act which reads as under:

"(u) '[qualified buyer]' means a financial institution, insurance company, bank, state financial corporation, state industrial development corporation, [trustee or [asset reconstruction company] which has been granted a certificate of registration under sub-section (4) of section 3 or any asset management company making investment on behalf of mutual fund] or a foreign institutional investor registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulations made thereunder [any category of non-institutional investors as may be specified by the Reserve Bank under sub-section (1) of section 7], or any other body corporate as may be specified by the Board;"

26. Statutory requirement to become an Asset Reconstruction Company is met by NARCL by virtue of its registration under Section 3 of the Act by the Reserve Bank of India. Accordingly, under Section 7 of the Act, the Asset Reconstruction Company, as provided under Section 7(2)A of the Act, may, in the nature of a Trust, to be managed by the Asset Reconstruction Company and the Asset Reconstruction Company shall hold assets, so acquired from the funds so raised for acquiring the assets in Trust for the benefit of the qualified buyers holding the security receipt or

from whom the funds are raised. Accordingly, when the registration, under Section 3 of the Act, was done to become an Asset Reconstruction Company and the assignment was made on the basis of the Assignment Agreement, there is no requirement of any Trust Deed as it was not based on a Trust Deed.

27. Provisions of Section 7 would hold the field as far as the issue of funds is concerned as to how they are to be managed. Accordingly, I do not find any illegality in the impugned order by allowing the Substitution Application filed by the NARCL for substitution of its name in place of the Applicant in O.A. However, as far as the issue of direction by Learned DRT for filing the copy of the Trust Deed is concerned, it is a self-contradictory direction by the Learned DRT as at one point Learned DRT held that the assignment was done on the basis of the Assignment Agreement in favour of the Asset Reconstruction Company then there is no question of giving a direction for filing copy of the Trust Deed. Accordingly, the direction for filing copy of the Trust Deed is uncalled for and is liable to be set aside.

28. As far as appeal of the Respondents is concerned, as has been earlier held that there is no illegality in the impugned order.

29. There is another aspect of the matter. Undisputedly, after passing of the impugned order the Respondents Borrowers moved an application for implementation of the order before the Learned DRT. It means that they accepted the order on its own merits. Thereafter, they filed the

appeal. The principle of approbate and reprobate would apply in this case. Once an order is accepted by the litigant, he waives his right to challenge the same. Subsequent challenge to the order is against the settled principles of law. Accordingly, on this count also the appeal filed by the Respondents Borrowers is liable to be dismissed.

30. On the basis of the discussion made above, I am of the considered view that the impugned order, as far as it relates to the direction to the Asset Reconstruction Company for filing copy of the Trust Deed is concerned, is liable to be set aside. Further, the appeal filed by SEW LSY Highways Limited is devoid of merits and is liable to be dismissed. However, since O.A. is pending since 2017, it would be appropriate to direct the Learned DRT to decide the same expeditiously.

ORDER

Misc. Appeal No. 02 of 2026 (National Asset Reconstruction Company Limited -vs- SEW LSY Highways Limited) is allowed to an extent that the direction of the DRT for filing the copy of the Trust Deed is set aside.

Misc. Appeal No. 08 of 2026 (SEW LSY Highways Limited -vs- National Asset Reconstruction Company Limited) is dismissed.

Learned DRT is hereby directed to decide the O.A. as expeditiously as possible preferably within a period of eight weeks from the date the judgment is placed before the Learned DRT.

Parties are directed to appear before the Learned DRT on 7th April, 2026.

File be consigned to Record room.

Copy of the order be retained in the records of Misc. Appeal No. 08 of 2026 and Misc. Appeal Diary No. 02 of 2026.

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: 13th March, 2026
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