



S.No.1

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
07-10-2026 After Court-II**

**IA(IBC)1493/2023 in
CP (IB)No.325/7/HDB/2020
u/s. 7 of IBC**

IN THE MATTER OF:

LIC Housing Finance Ltd

...Petitioner/s

Vs.

M/s. Butta Infrastructure Pvt Ltd

...Respondent/s

C O R A M:

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

O R D E R

IA (IBC) 1493/2023

Orders pronounced, recorded vide separate sheets.

In the result, this IA (IBC) 1493/2023 is allowed.

Sd/-

MEMBER (T)

Sd/-

MEMBER (J)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – I, HYDERABAD**

INTERLOCUTORY APPLICATION (IBC) No. 1493 of 2023

In

Company Petition (IB) No. 325/7/HDB/2020

(Under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 R/w Rule
11 of National Company Law Tribunal Rules, 2016)

**IN THE MATTER OF M/s BUTTA INFRASTRUCTURE PRIVATE LIMITED
(CORPORATE DEBTOR)**

BETWEEN:

Mr. Gonugunta Murali

Liquidator

Butta Infrastructure Private Limited

Having its registered office at: House No. 4/14,

Butta House, KPHB Road, Madhapur,

Hyderabad, Telangana- 500081

...Applicant/Liquidator

Versus

LIC Housing Finance Limited

No. 137, HMG Ambassador, 9th Floor, South Wing,

Residency Road, Bangalore- 560025

Email: s.padmavathy@lichousing.com

....Respondent

Date of Order: 07.10.2026



CORAM:-

SH. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)

SH. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

Counsels:-

For the Applicant: Mr. Sachin Sharma, Advocate

For the Respondent: Mr. M M Viswaraj, Advocate

ORDER

1. The present Application is filed by the Liquidator under Section 60(5) of IBC¹ R/w Rule 11 of the National Company Law Tribunal Rules, 2016, against the Resolution Professional of the Corporate Debtor, inter alia, praying:

a. To declare that in terms of Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016, all the non-relinquished properties by the Respondent No.1 shall be deemed to have been relinquished to the Liquidation estate of the Corporate Debtor.

Application:

1. The Corporate Debtor was admitted into Corporate Insolvency Resolution Process ("CIRP") by this Adjudicating Authority vide order dated 01.03.2021, pursuant to which Mr. Krishna Komaravolu was appointed as the Interim Resolution Professional and subsequently as the Resolution Professional. Thereafter, the Corporate Debtor was admitted into liquidation vide order dated 24.02.2022 passed in IA No. 112/2022, and the Applicant was appointed as the Liquidator.
2. The Corporate Debtor is the owner of the following properties, which were mortgaged in favour of the Respondent:

¹ Insolvency and Bankruptcy Code, 2016



- a. All that land and building premises bearing no. Plot No. 8-2-541, 8-2-540/1, 8-2-540/2, 8-2-438/4, Road No. 4 & 7, Banjara Hills, Hyderabad, admeasuring 5426.20 Sq. Yds. ("Banjara Hills Property")
 - b. All that land in Plot No. 4/20, 4/21, 4/36, 4/37, 4/22, 4/23, 4/34, 4/35, 4/26, 4/27, 4/30, 4/31, 5/1, 5/2, 5/3, 5/4, 5/11, 5/19, 5/10 in Sy 11/4 And 11/5 Khanammet Village, Madhapur, Serilingampalli Mandal, Ranga Reddy District, admeasuring 9559 sq. yards. ("Madhapur Property")
3. The Corporate Debtor had availed financial facilities from the Respondent by creating security interest over the aforesaid Properties.
4. In respect of the Banjara Hills Property, the Respondent, vide email dated 17.05.2022, relinquished its security interest which was mortgaged with it. However, the Respondent did not relinquish its security interest over the portion of the Madhapur Property and elected to realise the same.
5. Having elected to realise its security interest over the Madhapur Property, the Respondent was required to realise the same within 180 days from the liquidation commencement date under Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016. However, the Respondent failed to realise its security interest within the prescribed period. Despite being called upon by the Applicant on several occasions, the Respondent also failed to intimate the steps taken by it towards realisation of its security interest or demonstrate any realisation thereof.
6. During the 5th SCC meeting held on 21.07.2023, the Applicant informed the Respondent that the assets in respect of which the security interests had not been relinquished would form part of the liquidation estate. The Applicant also proposed the sale of the Corporate Debtor as a going concern with a view to maximising the value of its assets. The



Respondent however, stated that approval from its higher authorities was required and subsequently rejected the said proposal.

7. The Applicant submits that, as the Respondent had elected to realise its security interest over the Madhapur Property but failed to do the same within the prescribed period under Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016, the Respondent's security interest therein, shall form part of the liquidation estate.

Reply by Respondent:

8. The Respondent is a secured financial creditor which had advanced a loan facility to the Corporate Debtor to the extent of Rs. 310 Crs. under the rental discounting scheme. The said loan facility was secured by the Corporate Debtor by creating security interest and charge over the following immovable assets of the Corporate Debtor:
 - a. All that land and building premises bearing no. Plot No. 8-2-541, 8-2-540/1, 8-2-540/2, 8-2-438/4, Road No. 4 & 7, Banjara Hills, Hyderabad, admeasuring 5426.20 Sq. Yds. ("Banjara Hills Property")
 - b. All that land in Plot No. 4/20, 4/21, 4/36, 4/37, 4/22, 4/23, 4/34, 4/35, 4/26, 4/27, 4/30, 4/31, 5/1, 5/2, 5/3, 5/4, 5/11, 5/19, 5/10 in Sy 11/4 And 11/5 Khanammet Village, Madhapur, Serilingampalli Mandal, Ranga Reddy District, admeasuring 9559 sq. yards. ("Madhapur Property")
9. Upon commencement of the liquidation, the Respondent submitted its claim to the Applicant on 26.03.2022 and accordingly, SCC² was constituted on 23.04.2022. Thereafter, vide email dated 17.05.2022 the Respondent intimated the Applicant regarding relinquishment of its security interest in Banjara Hills Property. With respect to the Madapur

² Stakeholders Consultation Committee



Property, the Respondent did not relinquish the security interest, rather it chose to realise its security interest as per Section 52 (1) (b) of IBC.

10. Respondent further submits that, prior to the filing the application under Section 7 of the IBC against the Corporate Debtor, it had initiated proceedings under the SARFAESI Act, 2002. The Respondent initially issued a demand notice dated 18.11.2019 under Section 13(2) of the SARFAESI Act, 2002, and subsequently issued a possession notice dated 10.02.2020 under Section 13(4) of the SARFAESI Act, 2002, thereby taking symbolic possession of the secured assets.
11. Aggrieved by the actions taken by the Respondent under the SARFAESI Act, 2002; the Lessee (Meridian Educational Society) having possession of the Secured Assets filed W.P. no. 5052/2020 before the Hon'ble High Court of Telangana on 04.03.2020, challenging the possession notice issued by the Respondent under Section 13(4) of the SARFAESI Act, 2002. Vide Order dated 05.03.2020, the Hon'ble High Court granted interim relief to Meridian Educational Society by staying the operation of the possession notice and further proceedings pursuant thereto, until further orders.
12. The interim stay granted by the Hon'ble High Court remained in operation until 14.11.2022. Thereafter, upon disposal of the Writ Petition by the Hon'ble High Court vide its final order dated 14.11.2022, the interim stay stood vacated.
13. The Respondent, being a secured financial creditor, was entitled under Section 52 of the IBC to either relinquish its security interest or realise the same. Accordingly, the Respondent partially relinquished its security interest after considering the relevant circumstances. During the CIRP, the valuation of the Madhapur Property was assessed at NIL, as reflected



in the valuation report relied upon by the Resolution Professional. The said valuation was attributed to the pending litigation before the Hon'ble Supreme Court of India in C.A. Nos. 009037-009040/2018 concerning certain portions of the Madapur property.

14. Notwithstanding the relinquishment of its security interest in Banjara Hills Property in favour of the liquidation estate, the Liquidator could not realise the said property owing to an order of status quo passed by the Senior Civil Judge, City Civil Court, Hyderabad, in I.A. No. 275 of 2022 in O.S. No. 427 of 2022, dated 30.06.2022, concerning a portion of the said property admeasuring 652.3 Sq. Yards.
15. The Liquidator became aware of the actual and total extent of the relinquished property only in July 2023, nearly 17 months after the liquidation commencement date. The Liquidator failed to exercise due diligence in identifying and ascertaining the assets forming part of the liquidation estate and, instead, filed the present Application against the Respondent, seeking relinquishment of further assets purportedly in accordance with Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016.
16. The Respondent submits that it has been making diligent efforts to obtain a proper valuation of the Madhapur Property with a view to realising and enforcing its security interest in accordance with Rule 8 of the Security Interest (Enforcement) Rules, 2002. However, owing to the interim stay granted by the Hon'ble High Court of Telangana in W.P. No. 5052 of 2020, the Respondent was prevented from proceeding further under the SARFAESI Act, 2002.
17. The Respondent is fully aware of the statutory provisions pertaining to the Presumption of security interest under Regulation 21A of IBBI



(Liquidation Process) Regulation, 2016 and kept the Applicant informed about the challenges it faced in realising the security interest over the Madhapur Property and also updated the Applicant about the steps it has taken in order to realise the Security Interest.

18. In support of its contentions, the Respondent has placed reliance upon the following judgments. The judgement of **this Authority**, in *Nethi Mallikarjuna Setty v. Union Bank of India (Erstwhile Andhra Bank)*, [I.A. No. 495/2022 in C.P. (IB) No. 132/07/HDB/2019]; (ii) **the Hon'ble NCLAT, Delhi Bench**, in *JM Financial Asset Reconstruction Company Ltd. v. Finquest Financial Solutions Pvt. Ltd. & Ors.*, [C.A. (AT) (Ins.) No. 593 of 2019]; and (iii) **the Hon'ble NCLT, Chennai Bench**, in *AP State Financial Corporation v. S. Rajendran, Liquidator of M/s. Krishna Industrial Corporation Limited*, [I.A. No. 1205 of 2020 in C.P. (IB) No. 1053 of 2018].

Rejoinder:

19. The Applicant submits that, the valuation report obtained by the erstwhile RP is inconclusive, as the valuer was not provided with all the necessary documents required to arrive at a proper valuation of the Madhapur Property. One of the reasons for assessing the value of the property as "NIL" was that the survey number in which the property is situated falls within the prohibited list. Therefore, the said valuation report, being incomplete and inconclusive, cannot be relied upon by the Respondent to justify its decision not to relinquish the security interest. Further, if the Respondent itself considered the property to have no value, it is incumbent upon the Respondent to explain the basis on which it had advanced a loan of Rs. 310 Crores to the Corporate Debtor against the security of the said property.



20. The reasons advanced by the Respondent, namely, the pendency of litigation concerning certain portions of the Madhapur Property and the interim stay granted by the Hon'ble High Court, are misconceived. The interim stay granted by the Hon'ble High Court was vacated in November 2022, nearly a year prior to the filing of the present Application. However, the Respondent has, till date, neither taken any steps to realise its security interest nor relinquished the same in favour of the liquidation estate.
21. The Respondent has not placed on record any evidence demonstrating the steps allegedly taken by it after November 2022 towards realisation of its security interest. Further, the Respondent refused to agree to a reduction in the reserve price of the Banjara Hills Property and directed the Liquidator to issue an e-auction notice fixing the reserve price at Rs. 117 Crores. Consequently, the property remained unsold in the e-auction.
22. In terms of Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016, the Respondent was required to realise its security interest within the prescribed period of 180 days from the liquidation commencement date. More than 620 days have elapsed since the liquidation commencement date; however, the Respondent has neither relinquished its security interest nor taken any concrete steps towards realization of the Madhapur Property. Although the Respondent has stated in its emails to the Applicant that it has initiated proceedings under the SARFAESI Act, the fact remains that the property continues to remain unsold as on the date of filing of the present Application.



Findings and Analysis:

23. We have gone through the entire record and have heard the learned Counsel appearing on behalf of the Applicant as well as the Respondent at length.
24. It is not in dispute that the Respondent had advanced a loan of Rs. 310 Crores to the Corporate Debtor by creating a charge on the Banjara Hills Property and Madhapur Property in favour of Respondent.
25. Prior to initiation of proceedings under Section 7 of the IBC, the Respondent had initiated proceedings under the SARFAESI Act, 2002 and issued a Possession Notice dated 10.02.2020 under Section 13(4) of the SARFAESI Act.³ Aggrieved by the said Possession Notice, the Lessee, Meridian Educational Society, filed W.P. No. 5052 of 2020 before the Hon'ble High Court of Telangana. The Hon'ble High Court, vide order dated 05.03.2020, granted interim relief and stayed further proceedings pursuant to the Possession Notice.
26. During the subsistence of the aforesaid stay granted by the Hon'ble High Court, the Respondent approached this Adjudicating Authority on 03.09.2020 by filing an application under Section 7 of the IBC against the Corporate Debtor. The Corporate Debtor was admitted into CIRP vide order dated 01.03.2021. Upon failure of the CIRP, the Corporate Debtor was admitted into liquidation vide order dated 24.02.2022 in I.A. No. 112 of 2022 and the Applicant was appointed as the Liquidator.
27. Upon commencement of liquidation, the Respondent, vide email dated 17.05.2022⁴, informed the Liquidator that it would relinquish its security interest in the Banjara Hills Property. However, the Respondent did not

³ Annexure-E at page 25 of the Reply

⁴ Annexure-1 at page 11 of the Application



state in the said communication whether it intended to relinquish or realise its security interest in the Madhapur Property.

28. The Writ Petition, W.P. No. 5052 of 2020, was subsequently disposed of by the Hon'ble High Court on 14.11.2022 and the interim order granted on 05.03.2020 stood vacated. The Hon'ble High Court granted liberty to the Respondent to initiate fresh proceedings under Section 13 of the SARFAESI Act, 2002; if the amounts remained unrecovered.
29. After the disposal of the W.P. No. 5052 of 2020, the Applicant, vide email dated 30.01.2023⁵, sought the status of the Madhapur Property. Vide email dated 06.02.2023⁶, the Respondent replied that it had taken the matter to the next level of proceedings for recovery by sale. Thereafter, the Applicant repeatedly sought the status of realization and informed the Respondent of the consequences under Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016.
30. The Respondent, vide email dated 15.07.2023⁷, informed the Applicant that it had initiated the procedure for recovery by sale of the non-relinquished secured assets and had filed an application under Section 14 of the SARFAESI Act, 2002; before the Chief Metropolitan Magistrate, Ranga Reddy District. However, the Respondent has not placed on record any documentary evidence in support of the said statement. No copy of the alleged application under Section 14 of the SARFAESI Act, order passed thereon, sale notice, auction proceedings or any other document evidencing steps taken for realization has been produced.

⁵ Annexure-L at page 52 of the Reply

⁶ Annexure-L at page 51 of the Reply

⁷ Annexure-L at page 54 of the Reply



31. It is therefore evident that, although the Respondent stated in its correspondence that it had initiated proceedings for recovery and sale of the Madhapur Property, the said assertion has not been supported by any documentary evidence. Further, even during the present proceedings, the Respondent has not produced any material to establish that it had taken effective steps for realization of the Madhapur Property.
32. As per Regulation 21A(2)(b) of the IBBI (Liquidation Process) Regulations, 2016, a secured creditor who does not relinquish its security interest is required to realise the security interest within 180 days from the liquidation commencement date. In the present case, the Respondent had elected to realise its security interest in the Madhapur Property. Though the SARFAESI proceedings were stayed by the Hon'ble High Court, the said stay was vacated on 14.11.2022.
33. Even assuming that the period of 180 days commenced from 14.11.2022, when the Hon'ble High Court vacated the stay order, the said period of 180 days expired on 13.05.2023. However, even within the said period, the Respondent failed to realise its security interest over the Madhapur Property. The email dated 15.07.2023, being subsequent to the expiry of the said 180 days, merely states that proceedings had been initiated and does not establish that the secured asset was actually realised. In the absence of any supporting documentary evidence demonstrating such realisation, the Respondent has failed to establish that the security interest was realised within the prescribed period.
34. The IBC is a time-bound legislation and the statutory period prescribed under Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016 cannot be kept open-ended merely on the basis of an assertion that recovery proceedings have been initiated. In the present case, the Respondent has neither relinquished its security interest in the



Madhapur Property nor established that it realised the same within the prescribed period.

35. In view of the aforesaid discussion, we are of the considered view that the Respondent has failed to comply with Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016. Consequently, the non-relinquished secured assets which have not been realised by the Respondent within the prescribed period shall form part of the liquidation estate.

Accordingly, the present application is **allowed** and **disposed of**.

Sd/-

Sanjay Puri
Member (Technical)

Sd/-

Rajeev Bhardwaj
Member (Judicial)