Reportable / Non-reportable
Heard on 11.05.2026
Judgement on 15.05.2025

IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT KOLKATA

Misc. Appl. No. 22 of 2026
(Arising out of S.A. 293 of 2021 – DRT- Visakhapatnam)

THE HON'BLE JUSTICE SHRI ANIL KUMAR SRIVASTAVA, CHAIRPERSON

14.05.2026

PEGASUS ASSETS RECONSTRUCTION PRIVATE LIMITED Having Registered Office at 55-56, 5th floor, Free Press House, Nariman Point, Mumbai – 400021 and regional office at Regus Business Centre, Level – 4, 1-10-39 to 44, Gumidelli Towers, Begumpet, Hyderabad – 500016.

... Appellant

--Vs--

1. Kalasimha Hospitals Private Limited, Having Office At D No 19-478/ 1 Pineapple Colony, Visakhapatnam – 530028.

2. Dr. Kasimahanty Venkatesh Srinivasa Srikrishna Geetanand Residing At D No. 19-478/1, Pineapple Colony, Visakhapatnam – 530028.

... Respondents

For Appellant : Mr. Nimish Mishra , ld. adv.
Mr. Ankit Chatterjee, ld. Adv.
Ms. Moumita Dhar, ld. Adv.

For Respondent :

THE APPELLATE TRIBUNAL :

Instant appeal is arising against the order dated 07.01.2025 passed by the learned DRT Visakhapatnam in I.A. 22 of 2025 arising out of S.A. 293 of 2021 whereby learned DRT allowed the I.A. 22 of 2025 with direction to the secured creditor to produce the documents described in the I.A. 22 of 2025.

2. Respondents are served but not represented. Heard learned counsel for appellant and perused the records.

3. S.A. was filed by the respondent herein challenging the securitization action initiated by the secured creditor along with order passed by the CMM, Visakhapatnam u/s 14 of the SARFAESI Act, 2002 (hereinafter referred to as Act). Pending S.A. securitization applicant filed I.A. 22 of 2025 for a direction to the secured creditor for producing following documents :

1. Trust deed of Pegasus Group Three Trust-III.
2. Allahabad Bank Tender notice auctioning of Debt of the Respondent.
3. Document for expression of interest for acquisition of NPAs and Bid submitted by the Pegasus ARC to the Allahabad Bank.
4. Bank account statement No. of Pegasus Group Three Trust-III
5. Successful auction letter from the Allahabad Bank to the Pegasus.
6. Any document or communication between the Pegasus ARC and Allahabad Bank, vis-a-vis showing the assignment is structured or cash assignment.
7. Minutes of negotiations between the Allahabad Bank and Pegasus ARC for finalization of purchaser consideration.
8. Valuation and due diligence of both the Allahabad Bank and Pegasus ARC for assignment of the debts of the respondent, to the Pegasus ARC.
9. List of documents or index of documents that the Pegasus ARC received from Allahabad Bank under the subject assignment.
10. Statement of account with Allahabad Bank till the date of alleged acquisition by Pegasus ARC.
11. Statement of account with Pegasus ARC from the date of acquisition to till date.
12. To produce all the postal receipts, acknowledgements, paper publication of auction notice, Demand Notice and Possession Notice of the borrowers and guarantors.
13. The details of the successful bidders if any properties, if already auctioned together with the copy of sale certificates.

Opposition to the I.A. 22 of 2025 was filed. Learned DRT by passing the impugned order allowed the I.A. 22 of 2025.

4. Learned counsel for appellant would submit that impugned order is bad in law. No reason has been assigned by the learned DRT for passing the impugned order. Why the documents are required? What is the relevancy of the documents? None of these ingredients have either been asserted by the securitization applicant or considered by the learned DRT. It is further submitted that the appellant herein is not required under the law to prove the case of the securitization applicant by producing the documents which are sought to be filed by the securitization applicant.

5. I have gone through the impugned order which at the very outset is cryptic and unreasoned order. It has been held by the Hon'ble Apex Court in ***Union of India and Another -vs- Baroda Pharmaceuticals Limited [(2003) 11 SCC 688]*** that if the High Court has not given any reason of its own in allowing an application, there is no option left but to set aside the order under challenge. It means that reasons have to be assigned for

arriving at a conclusion by the Court. An order without reason is nothing but an arbitrary exercise of powers.

6. In ***Brijmani Devi -vs- Pappu Kumar and another (2022) 4 SCC 497***, a three judges Bench of the Hon'ble Apex Court has placed reliance upon a judgment of the Hon'ble Apex Court in ***Kranti Associates Private Limited and another -vs- Masood Ahmed Khan and others (2010) 9 SCC 496*** wherein it was held that -

> *32.1. Insistence on recording of reasons is meant to serve the wider principle of justice that justice must not only be done it must also appear to be done as well.*
>
> *32.2. Recording of reasons also operates as a valid restraint on any possible arbitrary exercise of judicial and quasi-judicial or even administrative power.*
>
> *32.3. Reasons reassure that discretion has been exercised by the decision maker on relevant grounds and by disregarding extraneous considerations.*
>
> *32.4. Reasons have virtually become as indispensable a component of decision-making process as observing principles of natural justice by judicia quasi-judicial and even by administrative bodies.*
>
> *32.5. The ongoing judicial trend in all countries committed to rule law and constitutional governance is in favour of reasoned decisions base on relevant facts. This is virtually the lifeblood of Judicial decision-making justifying the principle that reason is the soul of justice.*
>
> *32.6. Judicial or even quasi-judicial opinions these days can be as different as the Judges and authorities who deliver them. All these decisions serve common purpose which is to demonstrate by reason that the relevant fact have been objectively considered. This is important for sustaining the litigants' faith in the justice delivery system.*
>
> *32.7 Insistence on reason is a requirement for both judicial accountability and transparency.*
>
> *32.8. If a Judge or a quasi-judicial authority is not candid enough about his/her decision-making process then it is to know whether the person deciding is faithful to the precedent or to principles of incrementalism. impossible doctrine of precedent or to principles of incrementalism.*
>
> *32.9. Reasons in support of decisions must be cogent, clear and succinct. A pretence of reasons or "rubber-stamp reasons" is not to be equated with a valid decision-making process.*

32.10. It cannot be doubted that transparency is the sine qua non of restraint on abuse of judicial powers. Transparency in decision- making not only makes the Judges and decision-makers less prone to errors but also makes them subject to broader (See David Shapiro in Defence of Judicial Candor19) scrutiny.

(See David Shapiro in Defence of Judicial Candor 19)

32.11. In all common law jurisdictions judgments play a vital role in setting up precedents for the future. Therefore, for development of law, requirement of giving reasons for the decision is of the essence and is virtually a part "due process".

"34. The Latin maxim "cessantic ratione legis cessat ipsa lex" meaning "reason is the soul of the law, and when the reason of any particular law ceases, so does the law itself", is also apposite."

7. Hon'ble Apex Court has specifically held that if a judge or a quasi-judicial authority is not candid enough about his/her decision-making process, then it is impossible to know whether a person deciding is faithful to the doctrine of precedent or to principles of incrementalism.

8. In a recent judgment by the Hon'ble Apex Court in Civil Appeal No. 3465 of 2023 ***State Project Director, UP Education for All Project Board & Others -vs- Saroj Maurya & Others*** (2024)12 SCC 609 decided on 21st August, 2024, has placed reliance upon its own judgment in ***CCT -vs- Shukla & Bros (2010) 4 SCC 785*** wherein it was held that -

24. Reason is the very life of law. When the reason of a law once ceases, the law itself generally ceases (Wharton's Law Lexicon). Such is the significance of reasoning in any rule of law. Giving reasons furthers the cause of justice as well as avoids uncertainty. As a matter of fact, it helps in the observance of law of precedent. Absence of reasons on the contrary essentially introduces an element of uncertainty, dissatisfaction and give entirely different dimensions to the questions of law raised before the higher/ appellate courts. In our view, the court should provide its own grounds and reasons for rejecting claim/ prayer of a party whether at the very threshold i.e. at admission stage or after regular hearing, howsoever concise they may be.

25. We would reiterate the principle that when reasons are announced and can be weighed, the public can have assurance that process of correction is in place and working. It is the requirement of law that correction process of judgments should not only appear to be implemented but also seem to have been properly

implemented. Reasons for an order would ensure and enhance public confidence and would provide due satisfaction to the consumer of justice under our justice dispensation system. It may not be very correct in law to say, that there is a qualified duty imposed upon the courts to record reasons."

9. In **Sailesh *Bhansali -vs- Alok Dhir*** (2025 SCC OnLine SC 512) Hon'ble Apex Court held that whether or not there was application of mind can only be disclosed by reason howsoever briefly alluded to. If any authority is required one may profitably refer to a decision of this Court in ***Rani Lakshmi Bai Kshtriya Gramin Bank -vs- Jagdish Sharan Varshney) [(2009) 4 SCC 240].***

10. In the present case learned DRT did not try to consider merits of the matter as to why the documents are required to be filed? What is the relevancy? Why they are necessary to be filed by the appellant herein for decision of the S.A.? Without considering the legal requirements impugned order is passed.

11. Any person including borrower aggrieved by any of the measures preferred u/s 13(4) of the Act may challenge the same by preferring an application u/s 17 of the Act. The Debt Recovery Tribunal shall consider, as to whether any of the measures preferred u/s 13(4) of the Act are in accordance with the provisions of the Act and Rules or not? The scope of adjudication of the DRT in an application u/s 17 of the Act is limited to this

extent only. Jurisdiction of DRT does not empower it to make a roving enquiry regarding other facts which are not connected with the measures undertaken by the secured creditor u/s 13(4) of the Act. But in the present case learned DRT, without applying its mind on the issue as to whether the documents sought for by the securitization applicant are required for adjudication in Section 17 application or not, passed an order without assigning any reason, which could not be sustained.

12. Accordingly, I am of the considered view that impugned order suffers from material illegality which could not be sustained. Appeal deserves to be allowed.

O R D E R

13. Appeal is allowed. Impugned order dated 07.01.2025 passed by learned DRT is set aside. Pending I.A., if any, is also disposed of. Costs easy.

File be consigned to record room.

Copy of the judgement/Final Order be uploaded in the Tribunal's website.

Order dictated, signed and pronounced by me in the open Court on this the 14th day of May, 2026.

[redacted]

(Anil Kumar Srivastava, J)
Chairperson
14.05.2026

Dated : 14.05.2026 /pkb