

Judgment reserved on: 13th July, 2026

Judgment delivered on: 23rd July, 2026

Appeal No. 124 of 2025-DRATKolkata

IN THE DEBTS RECOVERY APPELLATE TRIBUNAL AT KOLKATA

Appeal No. 124 of 2025

(Arising out of S.A. 121 of 2022 in DRT- Vishakhapatnam)

**HON'BLE MR. JUSTICE ANIL KUMAR SRIVASTAVA
CHAIRPERSON**

1. State Bank of India Rep. By its Authorized Officer, at Stressed Assets Recovery Branch, Vijayawada, at D No. 54-20-1B/3F/U6 3rd Floor, Upstairs of KFC, surya Prakash Square, Gurunanaknagar Road, Vijayawada, N.T.R District – Andhra Pradesh Pin- 520008.;
... Appellants

-Versus-

1. Yekollu Pavan Kumar Reddy S/o. Jayarami Reddy, at Flat No. 303, 3rd Floor Aditya Apartment, Nellore SPSR Nellore District Pin- 524001
2. Yekollu Madhavi W/o. C. Bhaskar Reddy at Flat No. 201, 1st Floor Hamadauram Sky Line Apartment, Nellore SPSR Nellore District, Pin- 524001;
3. M/s Chandu Cattle Feeds, Rep. by its Prop. Smt. Puli Niveditha at Industrial Park, Kakutur Village, Venkachalam Mandal SPSR Nellore District, Pin-524001;
4. Yekollu Jayarami Reddy S/o. Ramakrishna Reddy at Flat No. 303 3rd Floor Aditya Apartment, Nellore SPSR Nellore District, Pin-524001.

... Respondents

Counsel for Appellant

... Ms. Mekhala Kanji

Counsel for Respondent No.1 & 2

... Mr. Sudip Patra(virtual)

Mr. Prem Prakam

Mr. Saurav Singh

Ms. Shruti Jain

Mr. Peria Nooka Raju(virtual)

For Respondent No. 3

JUDGMENT

: 23rd July, 2026

THE APPELLATE TRIBUNAL:



Appeal No. 124 of 2025-DRATKolkata

1. Instant Appeal has been preferred against a judgement and order dated 17.09.2025 passed by Learned DRT Vishakhapatnam in S.A. No. 121 of 2022 [Yekollu Pavan Kumar Reddy And Another -vs- State Bank of India & Others].
2. As per pleadings of the parties the Respondent No. 3, namely Chandu Cattle Feeds availed financial facilities from the Appellant bank on 09.11.2018 wherein Respondent No. 4 namely, Sri Yekollu Jayarami Reddy was one of the guarantors and also created security interest on his properties and executed registered memorandum of deposit of title deeds as a security for financial facilities availed by Respondent No. 3. Other credit facilities were also sanctioned by the bank to the Respondent No. 3 wherein Respondent No. 3 and 4 along with other guarantors executed necessary documents. Respondent No. 4 also executed letter of confirmation for extension of mortgage by deposit of title deeds. The loan account of the Respondent No. 3 became irregular and was classified as NPA on 13.11.2021. Bank initiated proceedings under SARFAESI Act and demand notice under Section 13(2) of the Act was issued on 20.11.2021 for an outstanding amount of Rs. 9,01,43,357/-. When the demand notice was not complied then the possession notice was issued on 01.02.2022. S.A. 121 of 2022 was filed by the Respondent No. 1 namely Yekollu Pawan Kumar Reddy and Y. Madhvi wife of C. Bhaskar Reddy for declaration of 2/3rd undivided share and challenging the possession notice issue under Section 13(4)



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with consequential reliefs. E-Auction sale notice was issued on 09.12.2022 fixing the sale on 19.01.2023 which was challenged. I.A. No. 43 of 2023 was filed by the Respondent No. 1 and 2 stating that they are ready and willing to pay 20% of the notice amount before sale i.e. 19.01.2023 and the remaining amount will be paid within six months in installments, which was allowed by the DRT. The order was not complied by the Respondent No. 1 and 2, ultimately, I.A. 2771 of 2023 was dismissed by the DRT. I.A. 2456 of 2025 was filed by the Respondent No. 1 and 2 which was disposed of on 31.07.2025. Writ petitions were also filed by the Respondents which was disposed of by the Hon'ble High Court.

3. On 17.09.2025, Respondent No. 1 and 2 filed an affidavit not pressing the S.A. with a prayer to direct the bank to refund the amount along with accrued interest. Time was sought for to file the opposition which was not allowed.

4. O.A. 247 of 2022 for recovery of Rs. 9,22,06,242.20/-ps is filed against Respondent No. 3 Chandu Cattle Feeds and Others wherein the credit of the said amount of Rs. 3.86 lakhs were allowed by the DRT. Learned DRT passed the impugned order which could not be sustained.

5. I have heard the Learned Counsel for the parties and perused the records.

6. Learned Counsel for the Appellant would submit that the impugned order was based on an affidavit filed by the Respondent No. 1 and 2. No petition was filed along with the affidavit. It is



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further submitted that no opportunity for filing the opposition to the prayer was granted by the Learned DRT rather impugned order was passed. It is further submitted that in the S.A. proceedings challenge was made to the possession notice dated 01.02.2022 with consequential reliefs. When the sale notice dated 19.01.2023 was issued I.A. 43 of 2023 was filed for interim protection. An I.A. was also moved on 21.05.2023 by the Respondent No. 1 and 2 stating that they are agreed to pay 20% of the notice amount before E- Auction sale notice from today i.e. 06.01.2023 and the remaining balance in six monthly installments which was disposed of by the DRT on 06.01.2023 with a direction to deposit 20% of the notice amount before sale i.e. on 19.01.2023 and remaining balance amount in six monthly installments. An amount of Rs. 3.86/- Crores was deposited by the Respondent No. 2 and 3. In the meantime I.A. 2771 of 2023 was filed which was disposed of on 10.02.2023 declining to release the documents on the ground that the entire loan amount is not paid by the Appellants. It is also recorded in the order that the Applicant has claimed his right interest on the schedule property as a third part co-parcener of the property. Vide order dated 12.06.2025, Learned DRT dismissed the I.A. 2074 of 2025 filed by Respondent No. 1 and 2 herein on the ground that total amount is not paid, accordingly, order dated 14.02.2024 is vacated. However, bank was at liberty to proceed for recovery of the loan amount.



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7. Vide order dated 31-07-2025, learned DRT also held that the applicants have not paid total loan amount rather paid only Rs. 3,86,00,000/-. Hence, they are not entitled for stay of further proceedings. Accordingly, I.A. No. 2456 of 2025 for rectification of the order dated 12-6-2025 was dismissed.

8. In O.A. No. 247 of 2022, decided on 1-8-2025, filed by State Bank of India against No. 1, M/s Chandu Cattle Feeds, No. 2, Smt. Puli Niveditha, No. 3, Sri Yekollu Kullu Jaya Rami Reddy, No. 4, Sri Puli Sukumar. Learned DRT issued a recovery certificate for Rs. 9,22,06,242.20 paise with interest minus Rs. 3,86,00,000/-. This amount of Rs. 3,86,00,000/- which was deposited by the defendant, was appropriated in the respective loan account of defendants. The present S.A. is filed by Yekollu Pawan Kumar Reddy and Yekollu Madhavi, who are son and daughter of Yekollu Jaya Rama Reddy. Yekollu Jaya Rama Reddy is the Defendant No. 3 in the O.A. proceedings. Now, the S.A. applicants did not press the S.A. application and sought for refund of loan amount of Rs. 3.86/- crore, deposited by them. Learned Counsel for the Respondents would submit that no objection is filed against the application filed by the S.A. applicants. It is further submitted that the S.A. applicants did not agree to pay whole amount of notice, rather they only agreed to pay Rs.3.86/- crores. The amount deposited by them is not a secured assets and the SA applicants are not party to the O.A. proceedings.



9. Hence, it would be apparent from the impugned order that the Learned DRT passed the impugned order on the basis of an affidavit filed by the S.A. applicants, wherein different grounds were taken for not pressing the S.A. filed by them. In the stay application, relief for refund of entire amount deposited by them was also sought for. Impugned order was passed without granting any opportunity or liberty to the bank to file the opposition, further Learned DRT also did not consider as to whether the S.A. applicants are entitled for the refund of amount which was deposited by them.

10. Principles of natural justice requires that the parties to the litigation should be given a opportunity of hearing before passing any order by the tribunal. It is a cardinal principle of law that opportunity of hearing includes the opportunity to file objection against any petition. The other side may or may not file the opposition at its own wisdom, but it cannot be done that the opportunity itself is not given to file the opposition or objections.

11. It appears that the Learned DRT passed the order hastily without giving an opportunity to file the objection by the bank and without considering the contentions raised in the affidavit filed by the S.A. applicants. Accordingly, the impugned order cannot sustain and the matter is liable to be remanded back to the Learned DRT to decide it afresh in the light of observation made in the body of judgment.



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O R D E R

Appeal is allowed. Impugned order dated 17-9-2025 passed by Learned DRT Visakhapatnam is set aside. Matter is remanded back to the Learned DRT to decide the matter afresh after giving an opportunity to the parties and the appellant to file the objection against the affidavit filed by the S.A. applicants and after hearing the parties, to decide the same in accordance with law by passing a reasoned order.

File be consigned to Record room.

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

23.07.2026

Dated: 23rd July, 2026
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