-IN THE DEBTS RECOVERY TRIBUNAL VISAKHAPATNAM

Present :- SHRI KRISHNA GOPAL DWIVEDI, PRESIDING OFFICER

Dated 10th July, 2026

S.A. No. 484 of 2025

Between

1. Mr. Kadiyala Venkatesawara Rao. S/o Kadiyala Satyanarayana, H No. 63-2-21 Pumping House Center, Venkateshwarapuram, Patamatalanka, Vijayawada, Krishna District, Andhrapradesh-520010

2. Mr. Kadiyala Satyanarayana Chowdary, S/o Kadiyala Venkatesawara Ran, H No. 63-2-21. Pumping House Center, Venkateshwarapuram, Patamatalanka, Vijayawada, Krishna District, Andhrapradesh-520010.

3. Mr. Sriram Chowdary Kadiyala, s/o Kadiyala Venkatesawara Rao, H No. 63-2-21. Pumping House Center, Venkateshwarapuram, Patamatalanka, Vijayawada, Krishna District, Andhrapradesh 520010.

.... Applicants

And

1. The Federal Bank Ltd., The Authorized Officer LCRD/Hyderabad Division, H. No. 8-3-903/10, Plot No. 20, 4th Floor, GVR Legend, Nagarjuna Nagar Colony, Yellareddygoda, Hyderabad-500073

2. The Federal Bank Ltd. The Branch Manger Br. Vijayawada/Patamata, Ground Floor, Below Shankara Netralayam, Myneni Centre, Vijayawada,

3. Mr.Naresh babu Badisa S/o Velkateswara rao Badisa, D.No 8-179, Sri Bagalamukhi colony, Tadigadapa Donka Road, Yanamalakuduru, Vijayawada - 520 007

.... Respondent

Ld Counsel for Applicants	- Shri Gorthi Sai Kiran
Ld. Counsel of Respondent 1 & 2	- Shri K. S. Shankar
Ld. Counsel for Respondent No.3	- Shri Dwarapudi Leelavathi

ORDER

1. The applicants have filed the present appeal under Section 17(1) of SARFAESI Act 2002 on 21.08.2025.

2. As per neat copy of SA dt. 30.01.2026 the Applicants are borrower/ guarantor in the above matter for the facilities sanctioned by the Respondent Bank to the Borrower. It is further submitted that the Borrower has approached the Respondent Bank, for availing, certain credit facilities of Rs. 20,00,000/-and another loan For Rs. 20,00,000/- the respondent bank sanctioned said amount on the request of the Borrower and the Respondent Bank sanctioned the same. Further, while availing the said facilities the officials of the Respondent Bank have obtained signatures of the Applicants as well as the other guarantors and directors of the Borrower Unit on a bunch of the blank printed documents for the reasons best known to them. The applicant was quite regular in making payments to the Respondent Bank and deposited huge amount towards principal and interest. Due to family disturbances and Covid-19 pandemic situation and major health issues the Borrower ran into temporary liquidity crunch since few months. As per SA the Respondent bank had not issued a Demand Notice. Possession Notice, Sale Notice under Section 13 (2), 13(4) and Rule 8(6) and 9(1) of the SARFAESI Act. 2002 had clubbed together against the schedule properties without following the due process of law. The Respondent bank issued sale notice by clubbing 5(6) and 9/1) and fixed the sale on 18-08-2025. Respondent bank had never issued 8(6) and 9(1) notice separately and the Respondent also did not maintain 30 days gap. On this sole ground the sale notice can be set aside. The Respondent bank without considering the previous payments and payment proposals by way of private treaty classified the account as NPA. The Respondent Bank issued the sale notice under by clubbing (6) and 9(1) fixing the sale on 18-08-2025. As per applicant the sale notice is defective. The Reserve price fixed by the Respondent bank is very low. The Respondent bank never took fresh valuation report while fixing the Reserve

price. The sale notice is not published in the Newspapers as per Rule. Sale notice was not served on all the parties. The Respondent bank had valued the property more at the time sanction of the loan. Applicants are ready to sell the property under private treaty for better price and clear the loan in few months.

3. The applicants have prayed for the following relief:

(i) Declare that the Respondent Bank issued the sale notice under by clubbing 8(6) and 9(1) ingredients dated 09-07-2025 kept the sale on 18-08-2025, hence the said sale as arbitrary, illegal and not maintainable under the Act and Rules, 2002,

(ii) Declare that the Respondent Bank has not provided the time to redeem the properties to the Applicants in compliance of Section 13 (8) of SARFAESI Act r/w. Rule (o) of the Rules, 2002 whale issuing the 'Auction Sale Notice dated 22.05.2025 and consequently set aside the same,

(iii) Declare the Demand notice Possession Notice if issued by the Respondent against the schedule properties without complying Rule 8 (1) and (2) of the Rules, 2002 is legal and arbitrary and consequently set aside the same,

(iv) Set aside all the measures initiated by the Respondent Bank under Section 13 (2) and (4) of the SARFAESI Act and Rules, 2002 against the secured assets,

(v) Declare that the reserve price fixed by the Respondent under Auction Sale Notice dated 09.07.2025 is shabby and without proper valuation, boundaries and any justification with costs.

4. The applicants have filed the following document along with SA:

(a) Copy of Sale Notice dt. 09.07.2025

5. The applicants filed the following documents along with memo dt. 11.06.2026.

(a) Valuation Report Dt. 22.05.2025

6. The Respondent Bank has filed reply on 24.04.2026. The Respondent bank has prayed to dismiss the SA with costs.

7. The Respondent bank has denied all the allegations alleged by the applicants. As per reply this Sa is not maintainable under law or facts. As per reply the Applicants availed a loan of Rs. 20,00,000/- from the Respondent Bank, securing the credit facility by executing the necessary loan documents and creating an equitable mortgage via the deposit of title deeds. Following a consistent failure by the Applicants to service the debt despite multiple demands, the bank classified the account as a Non-Performing Asset (NPA) on 31.08.2023. Consequently, a Demand Notice u/s 13(2) of SARFAESI Act, 2002 was issued on 12.09.2023, calling for the repayment of Rs. 25,86,726.50 ps plus subsequent interest and costs. The Applicants have acknowledged the same. The Respondent Bank issued a Possession Notice on 17.05.2024 under Section 13(4) of the Act, ensuring its publication in two local newspapers as prescribed by law. Despite these measures, the Applicants remained non-responsive. On 11.06.2024, the Bank issued Sale Intimation. Subsequently, the bank has issued the Sale notice on 09-07-2025 and same was published in two local newspapers. As per reply the Respondent bank has also filed CMM petition u/s 14 of the act and obtained warrant vide Crl.M.P.1657/2025 from the the Chief Judicial Magistrate, Vijayawada order dt. 10-06-2025 and Sri. G.Balaiah was appointed as the Advocate Commissioner for taking physical possession of the secured asset and accordingly, the respondent bank took the actual possession of the secured asset by following the due procedure. The Advocate Commissioner reported the same to the Honorable Chief Judicial Magistrate, Vijayawada. The Respondent Bank also appointed watch and ward and security to safeguard the secured assets. As per reply auction was conducted on 18-08-2025, where Mr. Naresh Babu Badisa emerged as the successful highest bidder. Upon receipt of the full

bid amount, the Sale Certificate was duly issued in favour of the auction purchaser on 20-08-2025. From the total sale proceeds, the Bank adjusted the outstanding liability of Rs. 42,41,809.50 ps across Loan Account Nos. 14605500001334 and 14605500001359. The remaining surplus was credited to the Applicant's SB Account No. 14600100041194 at the Patamata Branch, Vijayawada.

8. The Respondent bank has filed the following documents with reply

(a) Demand Notice issued by the Respondent bank under Sec. 13(2) of SARFAESI Act and postal tracking and acknowledgment dt. 12.09.2023

(b) Possession Notice issued by Respondent bank under Sec. 13(4) of SARFAESI Act along with postal receipts and acknowledgments dt. 17.05.2024

© Paper publication of the Possession Notice published in English Newspapr dt. 18.05.2024

(d) Paper publication of the Possession Notice published in Telugu news paper dt 18.05.2024

(e) Photographs showing taking symbolic Possession of the schedule property dt 18.05.2024

(f) Crl.m.p.no.1657/2025 issued by the Chief Judicial Magistrate, Vijayawada for appointing Advocate Commissioner dt. 10.06.2025

(g) Valuation Report dt 26.06.2025

(h) Sale Intimation Letter by the Respondent Bank to the applicant along with the photograph dt 22.08.2025

(i) Sale Notice issued by the Applicant Bank for sale of Immovable Properties along with postal tracking dt 09.07.2025

(j) Postal tracking Paper Publication of Sale Notice in Telugu dt. 09.07.2025

(k) Paper Publication of Sale Notice in English along with photograph dt. 09.07.2025

(l) Sale Certificate dt. 20.08.2025

(m) Memo Filed on behalf of the Applicant Bank dt. 07.11.2025

9. The Respondent bank has also . filed the following documents with memo dt. 07.11.2025

(a) Intimation of Sale of Security Asset dt. 22.08.2025

(b) Copy of photograph dt. 22.08.2025

© Statement of Account for the period 01.01.2025 to 04.11.2025.

10. The Respondent bank has also filed the following document with memo dt. 21.06.2026

(a) Statement of transaction

11. The Respondent No.3 has filed reply on 24.03.2026. This Respondent has prayed to dismiss the SA against the applicant. This Respondent has denied all the allegations alleged by the applicant. This Respondent has supported the reply of Respondent bank. As per reply the Respondent bank has declared this respondent as the highest bidder in the auction and sale was confirmed in his favour. The Respondent bank after the payment of total amount issued sale certificate and the sale certificate is registered as per law. The Respondent bank has handed over the possession of the schedule property to this Respondent.

12. The 3rd Respondent has filed the following documents with reply

(a) Proclamation of Highest Bidder dt. 18.08.2025

(b) Statement of Account dt. 19.08.2025 20.08.2025

© Sale Certificate dt. 20.08.2025

(d) Property mutation fee receipt in favour of Auction purchaser dt. 26.08.2025

13. The 3rd Respondent has filed the following documents with memo dt. 22.06.2026

(a) Account statement transaction

14. I have heard the Ld. Counsel of the both the parties and perused the record. The applicant has filed the present SA on 22.08.2025. Hence on the point of demand notice, possession notice this SA is time is barred. As per documents filed by the Respondent, the Respondent bank has issued sale notice dt. 09.07.2025. The Respondent bank has also filed postal receipts dt. 10.07.2025. The Respondent bank has also filed track consignment. As per track consignment addressee left the house without instruction hence Item returned on 14.07.2025 and in the same way other notices were also returned because addressee left without instruction. This notice is published in the Newspapers on 10.07.2025. The Respondent bank has also filed photographs regarding affixture of sale notice. As per Respondent bank sale was held on 18.08.2025.

As per valuation report dt. 26.06.2025 the value of the land is Rs. 2,54,10,000/-. As per approved valuer the value of ground floor 1270 sq. ft, 1st floor 1270 sq.ft, 2nd Floor 1270 sq.ft is the total floor area 3810 sq. ft. estimated rental value of building is Rs. 40,000/- per month. The approved valuer has adopted the rate Rs. 1200/- per sq.ft and valued the building Rs. 45,72,000/- and out of this value the valuer has submitted that after depreciated value of the building Rs. 32,00,400/- and as per valuer realizable value of the building is Rs. 28,80,360/-, forced value of building is Rs. 27,20,340/-. As per column 4 of the report the total value of the building is Rs. 32,00,400/- The valuer has calculated the value of the land and building (Rs. 2,54,10,000/- + 32,00,400)= 2,81,80,800/- As per valuer the realizable value is Rs. 2,53,62,720/- while force/distress sale value- Rs. 2,39,53,680/-. As per valuation the valuer has inspected the property on 19.06.2025. After scanning the record I find that it is 1st auction. The Respondent has fixed the Reserve price Rs. 2,55,00,000/- and at last the Respondent has sold the property to the Auction purchaser for sale price of Rs. 2,57,00,000/-.

Now the question whether the valuation report is as per law or not? As per qualification Approved valuer is an approved valuer of Income tax and also valuer of different banks. At last he has signed on the report as panel valuer.

After analyzing the valuation report I find that as per valuer the valuer of valued only for land Rs. 2,54,10,000/-. The Respondent bank has sold the property in auction for Rs. 2,57,00,000/- meaning thereby the Respondent bank has sold the building ground floor, 1st floor and 2nd floor i.e total area of 3810 Sq.ft. for only Rs. 2,90,000/- while the rent of the building per month is Rs. 40,000/-

After perusal of the valuation report I find that valuer has not taken any consent with the secured creditor. The valuer has directly fixed the price without the consultation from the secured creditor.

In every state, the state Government has already fixed the guide lines valuer/circle rate for stamps and Registration fee. But inspite of this fact under Security Interest (Enforcement) Act 2002 Rule 8(5) is adopted and as per Rule 8(5) it is duty of the authorized officer to obtain valuation from the approved valuer.

In this case after scanning the valuation report I find that this building is in developed area. On 19.06.2025 this building was in possession of the owner. Near to this building all basis amenities. Located in developed residential area surrounded by residential houses & plots with CC Roads, electricity etc. Market trends and prospects of marketability – moderate. As per approved valuer the building was 20 years old. This building was constructed as per plan approved by Government of Andhra Pradesh, Commissioner, Vijayawada, Municipal Corporation.

After scanning this report I find that approved valuer has not given the details of the building and it is also not clear whether the approved valuers has inspected the building by entering in to the building or not. The approved valuer has directly fixed the rate on the basis of guide line value of the building which is not just and proper. It is the duty of the approved valuer to measure the building and take the details of all the amenities inside the building i.e electricity, flooring, drainage, fittings, false ceiling etc. It reveals that approved valuer has reported the value of the building only on the guide line. The approved valuer has not taken pain to report about the whole building including ceiling and drainage etc. It is approved building hence it was necessary to give details of the building. The site of the building is 363 sq. yds, while the building is only in 1270 sq. ft. Hence in this situation it was the duty of the approved valuer to give the details of boundaries if any but the approved valuer has not given any report whether any boundaries is/was available on the site or not?

It reveals that the approved valuer has filed up this report as per Arbitrary manner without following Rules and regulations for fixing the value of the building.

After scanning all the facts I find that report of the Approved valuer is not just and proper. It is not as per rule. From this report the purpose of Rule 8(5) it is not fulfilled. He has valued the building on the basis of guide line value only. He has not tried to inspect and report about every items situated in the building.

This report is doubtful. On the basis of this report authorized officer has fixed the price and sold the building and after deducting the value of land i.e

3810 sq. ft building only for Rs. 2,90,000/- which is a throw away price. The applicant has also filed valuation report dt. 22.05.2025. As per this report Government value is Rs. 43000/- per sq. yds and building is Rs.36,300/- sq. yds meaning thereby the value of the building is Rs. 1,56,09,000/-.

After perusal of the market value of the property. D.No. 63-3-21, Patamata Lanka, Vijayawada on online and as per online the value of this property ranges from ₹5,000 to ₹6,500 per sq. ft. To get the exact valuation, there is need to use the IGRS AP portal. As per report the value of the building depends upon the age of the building and materials used in the building. In the present case approved valuer has not given details of the materials and items used in the building. Hence report of the Approve valuer is not legal.

After perusal of the valuation report given by the applicant I find that Government Card value of the building is Rs. 43000/- per. Sq. and value of building is Rs. 1,56,09,000/- but as per approved valuer of the Respondent bank the value of the building is only Rs. 32,00,400/-.

On the basis of above discussion I find that the valuation report is not legal report. The secured creditor has not given any view on this report. It also reveals that approved valuer has not consulted with secured creditor as per Sec. 8(5) of Security Interest (Enforcement) Rules 2002. Approved valuer has not properly examined the building. The authorized officer has sold land & building on throw away price which is not just and proper. Hence this sale is illegal sale. After perusal of the approved valuer report I find that on the date of inspection i.e 19.06.2025 the building was in possession of the owners but as per sale deed the Respondent bank has handover the property to the auction purchaser. Hence if the property is in possession of the Auction purchaser I direct the Respondent bank to handover the property to the owners.

Accordingly SA 484/2025 is hereby allowed on contest with costs. I cancel auction, sale confirmation letter, sale letter and sale deed. Considering the nature of the case I direct the Respondent bank to return the amount of the Auction purchasers with 7% PA interest within 30 days from the date of this order. Borrower and Respondent bank may compromise the case under OTS or any other scheme. The borrower may pay the total amount with interest and cost to the Respondent bank. The Respondent bank may also recover the loan as per provision of law. The Respondent bank may also sell the property as per private treaty and recover its dues along with interest and costs.

All connected IAs are also closed.

[Dictated to the Steno, transcribed by her, corrected and pronounced by me in the open court on this 10th July, 2026]

10.07.2026

PRESIDING OFFICER
DEBTS RECOVERY TRIBUNAL
VISAKHAPATNAM