



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3529]

WEDNESDAY, THE TENTH DAY OF DECEMBER
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE SRI JUSTICE R RAGHUNANDAN RAO

THE HONOURABLE SRI JUSTICE T.C.D.SEKHAR

WRIT PETITION NO: 15275/2023

Between:

- 1.CENTRAL BANK OF INDIA, SAMV BRANCH REP BY ITS CHIEF MANAGER CENTRAL BANK OF INDIA BUILDING BANK STREET, KOTI, HYDERABAD
2. CENTRAL BANK OF INDIA NELLORE BRANCH NELLORE, SPSR NELLORE DISTRICT

...PETITIONER

AND

- 1.THE STATE OF ANDHRA PRADESH, REP BY ITS PRINCIPAL SECRETARY DEPARTMENT OF COMMERCIAL TAXES AP SECRETARIAT, VELAGAPUDI ARNARAVATI
- 2.DEPUTY COMMERCIAL TAX OFFICERII, 0/0 COMMERCIAL TAX OFFICER KAVALI, SPSR NELLORE DISTRICT, AP
- 3.M/S SRI LAKSHMI GOVERDHAN RICE INDUSTRY, REP. BY ITS MANAGING PARTNER SRI. VADLAMUDI VINODKUMAR NO. 234/A, WILLIAMSPET NAGAMAMBAPURAM VILLAGE BUCHIREDDIPALEM MANDAL SPSR NELLORE DISTRICT-524 305
- 4.MR VADLAMUDI VINOD KUMAR, (MG. PARTNERS) S/O. VADLAMUDI VENKAIAH, 27-7-587, SARASWATHI NAGAR, OPP. MODERN SCHOOL, NELLORE-524002, NELLORE DISTRICT, ANDHRA PRADESH.
- 5.MR SRI VEERAPALLI MADHAV RAO GUARANTOR, S/O. MR. VEERAPALLI VENKATESHWARLU, 27-7-587, SARASWATHI NAGAR,

OPP. MODERN SCHOOL, NELLORE-524002, NELLORE DISTRICT,
ANDHRA PRADESH.

...RESPONDENT(S):

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased topleased to issue a writ or order or direction more particularly one in the nature of Writ of Mandamus declaring Form No 7 A Notice of sale of land dated 24.05.2023 issued by the Respondent No 2 fixing the date of auction on 01.07.2023 in bringing the property of Respondent No 3 to 5 mentioned in the FORM 7A under Section 36 of the A P Revenue Recovery Act as arbitrary illegal, capricious and violative of principles of natural ,Justice and against the provisions of Section 26 E of the SARFAESI Act and Section 31 B of the RDB Act and Section 48 of Transfer of Property Act and pass

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Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to grant stay of all further proceedings in pursuance of Form No 7 A Notice of sale of land dated 24.05.2023 issued by the Respondent No 2 fixing the date of auction on 01.07.2023 in bringing the property of Respondent No 3 to 5 mentioned in the FORM 7A under Section 36 of the A P Revenue Recovery Act pending disposal of the above writ petition and pass

Counsel for the Petitioner:

1.CH SIVA REDDY

Counsel for the Respondent(S):

1.GP FOR COMMERCIAL TAX

The Court made the following Order: *(per Hon'ble Sri Justice R. Raghunandan Rao)*

The petitioner herein is a scheduled bank. It had advanced certain loans and additional facilities to the 3rd respondent and respondents 4 & 5 were guarantors for due repayment of the said loans. As further security, the property of the 3rd respondent was also mortgaged with the petitioner and the necessary entries were made in the Security Register, that is to be maintained under the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

2. The petitioner had also filed O.A.No.160 of 2020, for recovery of Rs.28,85,26,535/-, before the Debt Recovery Tribunal, Hyderabad and has proceeded under Section 13 of the SARFAESI Act, for recovery of its dues by sale of the mortgaged property. In continuation of the proceedings under the SARFAESI Act, the Authorized Officer had issued a sale notice, dated 22.10.2021. While the petitioner was seeking to sell the said property, the 2nd respondent herein, who is the Deputy Commercial Tax Officer – II, Kavali, had also initiated proceedings, under the provisions of the Andhra Pradesh Revenue Recovery Act, 1864 for sale of the properties and issued a notice of sale, proposing to conduct auction on 01.07.2023 for recovery of the arrears under the Andhra Pradesh Value Added Tax Act, 2005 and the Central Sales Tax Act, 1956. Aggrieved by the said notice of auction, the petitioner had approached this Court, by way of the present Writ Petition.

3. The primary question before this Court is the priority of debt between the petitioner and the State of Andhra Pradesh. The said issue of priority is now settled by way of a Judgment of a Division Bench of this Court, dated 21.05.2025 in W.P.No.12247 of 2024 and by way of another Judgment of a Division Bench of this Court, in W.P.No.5335 of 2019, dated 30.08.2024. Both the Division Benches had held that, by virtue of Section 26 (E) of the SARFAESI Act, the priority over the property under mortgage would be in favour of the secured creditors and it is only after the debt of the secured creditors is satisfied, the Government dues and other debts can be cleared, from the proceeds of sale of such immovable property.

4. In the circumstances, this Writ Petition is allowed, setting aside Form No.7A, issued by the 2nd respondent for sale of the property of the 3rd respondent. Needless to say, it would be open to the Commercial Tax Department to recover its dues from any balance that may be left over after the sale of the property by the petitioner under the provisions of the SARFAESI Act. There shall be no order as to costs.

As a sequel, pending miscellaneous applications, if any, shall stand closed.

R. RAGHUNANDAN RAO, J

T.C.D. SEKHAR, J

Date: 10.12.2025
MJA

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THE HON'BLE SRI JUSTICE R RAGHUNANDAN RAO

AND

THE HON'BLE SRI JUSTICE T.C.D. SEKHAR

WRIT PETITION No.: 15275/2023

(per Hon'ble Sri Justice R. Raghunandan Rao)

10.12.2025

MJA