IN HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

(SPECIAL ORIGINAL JURISDICTION)

THURSDAY, THE FIFTH DAY OF MARCH

TWO THOUSAND AND TWENTY SIX

: PRESENT:

THE HONOURABLE SRI JUSTICE K SREENIVASA REDDY

WRIT PETITION NO: 4762 OF 2026

Between:

M/s. Kanchi Seetharamaiah and Sons, represented by its Managing Partner, Kanchi Ravi Kishore, S/o. Pedaraghavaiah, having office at 23-10, Main Road Tiruvuru, Krishna District.

Petitioner

AND

1. The Union of India,, Rep. by its Secretary, Ministry of Finance, Department of Financial Services, Government of India, New Delhi.110001
2. The Reserve Bank of India,, Rep. by its Regional Director, Reserve Bank of India, Having Regional Office at D.No. 54-17-27/3, Plot No. 3, Survey No. 44, Ring Road, Vijayawada - 520008.
3. The State Bank of India, Tiruvur Branch, rep. by its Chief Manager, Tiruvuru, Krishna District.521002
4. The Bharat Petroleum Corporation Limited (BPCL),, Rep. by its Authorized Officer, Registered Office Bharat Bhavan, 4 and 6, Currimbhoy Road, Baliard Estate, Mumbai - 400001, Maharastra State.
5. Kanchi Kalyani,, W/o. Late Rama Satya Prasad, Partner, M/s. Kanchi Seetharamaiah and Sons, having office at 23-10, Main Road, Tiruvuru, Krishna District. 521002 .

Respondents

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 appropriate Writ, Order or Direction, more particularly one in the nature of a Writ of Mandamus, declaring the action of the 3rd Respondent in restraining the Petitioner from operating the firm account, namely M/s. Kanchi Seetharamaiah and Sons Cash Credit Account bearing No. 11354580928, pursuant to its impugned letter dated 12/01/2026, whereby classifying the Cash Credit Account Non-Performing Asset (NPA) as illegal, arbitrary, unreasonable and contrary to the guidelines issued by the 2nd Respondent, and is violative of Articles 14 and 21 of the Constitution of India and consequentially set-side the impugned notice dated 12/01/2026 which classified the petitioners firm Cash Credit Account bearing No. 11354580928 as Non-Performing Asset (NPA).

IA NO: 1 OF 2026

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 may be pleased to suspend the operation of the impugned letter dated 12/01/2026 issued by the 3rd respondent and permit the petitioner to operate Cash Credit Account No. 11354580928 as a running account without permitting fresh credit withdrawals and pass such, Pending disposal of WP No.4762 of 2026, on the file of the High Court.

The petition/Appeal coming on for hearing, upon perusing the Petition and the affidavit filed in support thereof and upon hearing the arguments of KILARU NITHIN KRISHNA, Advocate for the Petitioner, Additional Solicitor General for Respondent No.1 and the Court made the following.

ORDER

On 19.02.2026, this Court permitted the learned counsel for petitioner to take out personal notice to respondent Nos.3 and 5 by speed post /RPAD and file proof of service before the Registry within a period of two weeks.

Learned counsel for petitioner submits that notice has been taken out to the respondent Nos.3 and 5 and proof of service is being filed.

Sri C.V.Mohan Reddy, learned senior counsel, appearing on behalf of Sri Kilaru Nithin Krishna, learned counsel for petitioner, submits that petitioner firm is maintaining a cash credit account bearing 11354580928 with 3rd respondent bank for the purpose of carrying on its day to day business operations and financial transactions relating to the petrol bunk; that 3rd respondent bank issued a notice dated 12.01.2026 calling upon the partners of the petitioner firm to come for renewal of cash credit limit within seven days from the date of the said letter, and that as all the partners did not come forward for renewal, the Bank declared the said account as "Non- Performing Asset".

It is his submission that in view of declaring the said account as "NPA", the petitioner is unable to discharge its day-to-day financial obligations including payment of salaries to employees, electricity charges, statutory dues etc. He submits that as per the R.B.I. Master Circular on Income Recognition and Asset Classification norms, an OD/CC account can be classified as NPA only if it remains "out of order" for the prescribed period, and the petitioner's account does not fall in such criteria. The learned senior counsel submits that the present case does not fall within any of the categories or conditions prescribed by the R.B.I.

Since *prima facie* this condition has not been stipulated in R.B.I guidelines, the matter requires examination.

In view of the aforesaid reasons, there shall be interim direction to permit the petitioner to operate cash credit account No. 11354580928 as a running account without permitting fresh credit withdrawals.

Post after three (3) weeks.

SD/- P.VINOD KUMAR
DEPUTY REGISTRAR

//TRUE COPY// **SECTION OFFICER**

To,

1. The Secretary, Ministry of Finance, Department of Financial Services, Union of India, Government of India, New Delhi.110001
2. The Regional Director, Reserve Bank of India, Having Regional Office at D.No. 54-17-27/3, Plot No. 3, Survey No. 44, Ring Road, Vijayawada - 520008.
3. The, Chief Manager, State Bank of India, Tiruvur Branch Tiruvuru, Krishna District.521002
4. The Authorized Officer, Bharat Petroleum Corporation Limited (BPCL), Registered Office Bharat Bhavan, 4 and 6, Currimbhoy Road, Ballard Estate, Mumbai - 400001, Maharastra State.
5. Kanchi Kalyani,, W/o. Late Rama Satya Prasad, Partner, M/s. Kanchi Seetharamaiah and Sons, having office at 23-10, Main Road, Tiruvuru, Krishna District. 521002 . (RR 1 TO 5 by SPEED POST)
6. One CC to Sri Kilaru Nithin Krishna, Advocate [OPUC]
7. One CC to Sri Additional Solicitor General of India, High Court of A.P. (OPUC)
8. **One spare copy**

HIGH COURT

SRK, J

DATED: 05/03/2026

POST AFTER THREE (03) WEEKS

ORDER

WP.NO.4762 OF 2026

HIGH COURT OF ANDHRA PRADESH
SPECIAL CELL
0 6 MAR 2026
★ DESPATCHED ★

DIRECTION