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CANARA BANK

v.

M. AMARENDER REDDY & ANR.

(Civil Appeal No. 3411 of 2017)

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MARCH 02, 2017

[DIPAK MISRA, A. M. KHANWILKAR AND
MOHAN M. SHANTANAGOUDAR, JJ.]

Security Interest (Enforcement) Rules, 2002:

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rr. 8(6) r/w. r. 9 – Notice under – Of intention of sale – Issuance of – Held: The secured creditor, is required to give a 30 days individual notice of intention of sale in addition to public notice for sale u/r. 8(6) – But both the notices i.e. individual notice as well as public notice can be issued simultaneously – r.8(6) does not require that the public notice u/r. 8(6) can be issued only after the expiry of

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30 days from issuance of individual notice – The only restriction is to give thirty days time-gap between such notice and the date of sale of the immovable secured asset.

Allowing the appeal, the Court

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HELD: 1. Possession notice is distinct from the notice for sale of the secured asset. In that, possession notice is required to be given in terms of Rule 8(1) read with 8(2) of Security Interest (Enforcement) Rules, 2002. Whereas, a notice of intention of sale is required to be given to the borrower in terms of Rule 9(1) read with Rule 8(6) of the said Rules. This is to give intimation to the borrower about the proposed date of sale to be held after the statutory period of thirty days. Further, in case of sale of the secured assets, either by inviting tenders from the public or by holding public auction being the mode permitted by sub-rule (5) of Rule 8, the secured creditor is required to give a public notice in two leading newspapers in terms of the proviso in sub-rule (6) of Rule 8. Such public notice, however, may not be necessary in case of sale of a secured asset, if it is by way of the other modes specified in Sub-clause (a) or (d) of sub-rule (5) of Rule 8, to wit, by obtaining quotations from the persons dealing with similar secured assets or otherwise interested in buying such asset; or by private treaty. [Para 11][761-B-E]

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2. The secured creditor, after it decides to proceed with the sale of secured asset consequent to taking over possession (symbolic or physical as the case may be), is no doubt required to give a notice of 30 days for sale of the immovable asset as per sub-rule 6 of Rule 8. However, there is nothing in the Rules, either express or implied, to take the view that a public notice under sub-rule (6) of Rule 8 must be issued only after the expiry of 30 days from issuance of individual notice by the authorized officer to the borrower about the intention to sell the immovable secured asset. In other words, it is permissible to simultaneously issue notice to the borrower about the intention to sell the secured assets and also to issue a public notice for sale of such secured asset by inviting tenders from the public or by holding public auction. The only restriction is to give thirty days' time-gap between such notice and the date of sale of the immovable secured asset. [Para 12][761-F-II]

3. Thus, the High Court has committed a manifest error in assuming that the notice of intention of sale to be given to the borrower and a public notice for sale, cannot be simultaneously issued. The High Court was also not right in observing that after a notice regarding intention to sell the secured asset under sub-rule (6) of Rule 8 is given by the authorized officer to the borrower, only on expiry of 30 days therefrom, can the secured creditor take a decision about the mode of sale referred to in sub-rule (5) of Rule 8 after giving notice to the borrower and then issue a public notice after expiry of further thirty days. By this interpretation, the High Court has virtually re-written the provisions and inevitably extended the time-frame of 30 days specified in sub-rule (6) of Rule 8 (atleast in relation to the sale of secured asset by inviting tenders from the public or by holding public auction). [Para 13] [762-A-C]

Mathew Varghese vs. Amritha Kumar and Ors. (2014)

5 SCC 610 : [2014] 2 SCR 736 – referred to

Case Law Reference

[2014] 2 SCR 736

referred to

Para 5

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 3411 of 2017.

A From the Judgment and Order dated 11.04.2016 of the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh in WP No. 39735 of 2015.

Dhruv Mehta, Sr. Adv., Rajesh Kumar, Rakesh Chaurasiya, Anant Gautam (for M/s. Mitter & Mitter Co.), Advs. for Appellant.

B The Judgment of the Court was delivered by

A. M. KHANWILKAR, J. 1. This appeal by the appellant bank questions the view expressed by the Division Bench of the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh in Writ Petition No.39735 of 2015 dated 11.04.2016 to the extent it has held that Rule 8 (6) read with Rule 9 of the Security Interest (Enforcement) Rules, 2002 (for short 'the said Rules') mandates that the secured creditor must put the borrower on a separate individual notice prior to deciding on the mode of sale of the secured asset. Further, such notice should be in addition to the notice of 30 days duration to be given by the secured creditor conveying its intention to put the secured asset on sale, which is mandatory. The relevant portion of the High Court decision, which is impugned in this appeal reads thus:

“.....

E *The Supreme Court has clearly enunciated that a reading of sub-rule (6) of Rule 8 and sub-rule (1) of Rule 9 of the Rules together, the service of individual notice to the borrower specifying a clear 30 days time gap for effecting sale of immovable secured asset is a Statutory mandate. Hence, use of the expression 'or' found in Rule 9(1) of the Rules is only appropriate to be read as 'and', as that alone would be in consonance with sub-section (8) of Section 13 of the Act.*

F *We may also add that a notice of intended sale by providing a clear 30 days time to the borrower preceding any decision to sell away the secured asset would, in fact, be in consonance with the mandate of the provision contained in sub-section (8) of Section 13 of the Act, as it is too well known that the Rules made under a Statute are only essentially intended to secure effective implementation of the provisions contained in the Statute. In our opinion, therefore, putting the borrower on notice of 30 days duration by the secured creditor conveying the intention to put the secured*

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asset to sale is mandatory. Such notice would be applicable even if the secured creditor later on decides to adopt any one of those four methods provided in clauses (a) to (d) of sub-rule (5) of Rule 8 of the Rules. As was already noticed supra, in cases of obtaining quotations from persons dealing with similar secured assets and also by entering into a private treaty, may not require publication of the intended sale in newspapers. Hence, without, first of all, putting the borrower on notice, threatening that the prospects of liquidation of the secured asset by any of the methods specified under sub-rule (5) of rule 8 of the Rules would not only sub-serve the object behind sub-section (8) of Section 13 of the Act, but would, in fact, enhance the efficacy of realizing/securing the secured asset. As was already held by us, the secured asset is liable to be sold only in the event of default persisting in liquidating the liability. In other words, only when the borrower commits a default in payment of the outstanding liability, in spite of the notice threatening with intended sale of the secured asset, the actual sale notification can follow, but not otherwise.

In the instant case, the secured creditor has put the borrower on one single notice of sale, which was also published in two newspapers, but, he has not put the borrower on a separate individual notice prior to deciding on the mode of sale of the secured asset. For this reason, we are of the opinion that the sale undertaken pursuant to the sale notification is vitiated for want of not providing the opportunity of 30 days clear time before undertaking the actual sale". (emphasis supplied)

2. On that reasoning, the High Court concluded that the subject sale notification issued by the appellant did not conform to the stated mandatory requirement and was thus vitiated on that count. The High Court, however, preserved the remedy of the appellant bank to proceed further, including to resort to sale of the secured asset, if the borrower has failed to clear the outstanding liability, by publishing a fresh sale notification in accordance with sub-rule 6 of Rule 8 read with Rule 9 of the Rules.

3. Briefly stated, the appellant had provided financial assistance

A of Rs. one crore to M/s Eversure Aqua Solutions Pvt. Ltd. The
respondent no.1 was one of the two guarantors for the said loan
transaction. The respondent no.1 had offered his immovable property as
security, bearing Plot No. 70, admeasuring 278 square yards situated in
Survey No.66/6, Ward No. 3, Block No.7 in Mansoorabad village,
B Saroornagar Mandal, L.B. Nagar Municipality, which has now become
part of Greater Hyderabad Municipal Corporation.

4. As the principal borrower committed default, the appellant bank
issued a demand notice dated 25.01.2014 to it under Section 13(2) of
the Securitisation and Reconstruction of Financial Assets and
C Enforcement of Security Interest Act, 2002 (for short "2002 Act"). The
appellant bank then issued possession notice under Section 13 (4) of
2002 Act on 24.06.2014. The possession notice was published in two
leading newspapers. After taking symbolic possession of the secured
asset, the upset price at Rs.69,75,000/- thereof was determined, as per
the valuation report of the approved valuer. That upset price was accepted
D by the appellant bank. Whereafter, a notice of sale (e-auction notice)
was issued on 15.10.2015. Notice in terms of Rule 8(6) was also given
to the principal borrower and both the guarantors, including the respondent
no.1, to give them one last and final opportunity to discharge the debt
within 30 days from the date of the said notice. A copy of e-auction
E notice was also enclosed along with the said communication served on
the borrower and the guarantors, indicating that the sale date was fixed
as 21.11.2015. The respondent no.1 (guarantor), on 04.11.2015, requested
the appellant bank to permit him to avail of one time settlement of dues
by offering Rs.50 lacs in two installments. That offer was rejected by
the appellant bank, as it was not in consonance with the RBI guidelines.
F As per the e-auction notice, the auction was held on 21.11.2015. The
property was sold to one Sri Jonnalagadda Rajashekher Reddy s/o Sri
Venkatram Reddy who was the highest bidder, for an amount of
Rs.73,25,000/-. The respondent no.1 vide letter dated 01.12.2015
requested the Bank to furnish information about the e-auction. The said
letter was replied to by the appellant bank.

G 5. The respondent no.1 then filed Writ Petition No.39735 of 2015
before the High Court of Judicature at Hyderabad on 07.12.2015, for a
declaration that the e-auction notice dated 15.10.2015 was illegal and in
contravention of the provisions of the 2002 Act and Rules framed
thereunder. The said writ petition was opposed by the appellant on the
H assertion that necessary formalities were duly complied with before the

sale of the subject secured asset was undertaken by the appellant bank. The High Court, as aforesaid, took the view that a separate notice of 30 days duration ought to have been given by the appellant to the writ petitioner before the public notice fixing the date of auction/sale was issued. Further, a thirty days notice to the borrower about intention to sell the secured asset ought to precede the actual publication of sale notification in the newspaper. Both these notices cannot be issued simultaneously. For taking that view, the High Court construed Rule 8 (6) of the Rules to mean that a notice of intended sale of the secured asset must be delinked from the actual sale notification to be published in two newspapers. Even though the appellant had relied on the dictum of this Court in the case of *Mathew Varghese Vs. M. Anritha Kumar & others*¹, the High Court took the view that it was imperative for the secured creditor to put the borrower on a notice of 30 days' duration about the intention to sell the secured asset and the mode of sale. This should precede the issuance of a public notice for sale.

6. In spite of notice, the respondent no.1 has not chosen to appear.

7. Mr. Dhruv Mehta, Learned Senior Counsel appearing for the appellant, in all fairness submitted that the auction sale conducted in the present case on 21.11.2015 has not materialized as the auction purchaser has backed out. In that sense, the appellant in any case may have to issue a fresh auction notice, in view of the liberty given by the High Court in the operative part of the impugned judgment. He submits that, however, as the observations made in the impugned judgment, as highlighted hereinbefore, may come in the way of the appellant and other banks or secured creditors, it is appropriate to examine the correctness of the view taken by the High Court. Considering the above, we thought it appropriate to examine the issue on hand.

8. The purport and interplay of the provisions of the said Rules had come up for consideration before this Court in *Mathew Varghese (Supra)*. On analyzing the gamut of the provisions, this Court opined that the important feature of the provisions is that a free hand is given to the secured creditor for the purpose of enforcing any security interest created in favour of the secured creditor without the intervention of the Court or Tribunal. The only other relevant aspect was that such enforcement should be in accordance with the provisions of the 2002 Act.

¹ (2014) 5 SCC 610

A 9. Before we embark upon the dictum in the said decision, we deem it apposite to reproduce Rule 8 and 9 of the Rules of 2002. The same read thus:

B *"8. Sale of immovable secured assets. – (1) Where the secured asset is an immovable property, the authorized officer shall take or cause to be taken possession, by delivering a possession notice prepared as nearly as possible in Appendix IV to these rules, to the borrower and by affixing the possession notice on the outer door or at such conspicuous place of the property.*

C *(2) [The possession notice as referred to in sub-rule (1) shall also be published, as soon as possible but in any case not later than seven days from the date of taking possession, in two leading, newspapers], one in vernacular language having sufficient circulation in that locality, by the authorized officer.*

D *(3) In the event of possession of immovable property is actually taken by the authorized officer, such property shall be kept in his own custody or in the custody of any person authorized or appointed by him, who shall take as much care of the property in his custody as a owner of ordinary prudence would, under the similar circumstances, take of such property.*

E *(4) The authorized officer shall take steps for preservation and protection of secured assets and insure them, if necessary, till they are sold or otherwise disposed of.*

F *(5) Before effecting sale of the immovable property referred to in sub-rule (1) of rule 9, the authorized officer shall obtain valuation of the property from an approved valuer and in consultation with the secured creditor, fix the reserve price of the property and may sell the whole or any part of such immovable secured asset by any of the following methods:-*

G *(a) by obtaining quotations from the persons dealing with similar secured assets or otherwise interested in buying the such assets; or*

H *(b) by inviting tenders from the public;*

(c) by holding public auction; or

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(d) by private treaty.

(6) The authorized officer shall serve to the borrower a notice of thirty days for sale of the immovable secured assets, under sub-rule (5):

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Provided that if the sale of such secured asset is being effected by either inviting tenders from the public or by holding public auction, the secured creditor shall cause a public notice in two leading newspapers one in vernacular language having sufficient circulation in the locality by setting out the terms of sale, which shall include,-

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(a) The description of the immovable property to be sold, including the details of the encumbrances known to the secured creditor;

(b) The secured debt for recovery of which the property is to be sold;

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(c) Reserve price, below which the property may not be sold;

(d) Time and place of public auction or the time after which sale by any other mode shall be completed;

(e) Depositing earnest money as may be stipulated by the secured creditor;

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(f) Any other thing which the authorized officer considers it material for a purchaser to know in order to judge the nature and value of the property.

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(7) Every notice of sale shall be affixed on a conspicuous part of the immovable property and may, if the authorized officer deems it fit, put on the web-site of the secured creditor on the Internet.

(8) Sale by any method other than public auction or public tender, shall be on such terms as may be settled between the parties in writing.

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9. Time of sale, issues or sale certificate and delivery of possession etc. -

(1) No sale of immovable property under these rules shall

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- A *be take place before the expiry of thirty days from the date on which the public notice of sale is published in newspapers as referred to in the proviso to sub-rule (6) or notice of sale has been served to the borrower.*
- B (2) *The sale shall be confirmed in favour of the purchaser who has offered the highest sale price in his bid or tender or quotation or offer to the authorized officer and shall be subject to confirmation by the secured creditor:*
- C *Provided that no sale under this rule shall be confirmed, if the amount offered by sale price is less than the reserve price, specified under sub-rule (5) of rule 9:*
- Provided further that if the authorized officer fails to obtain a price higher than the reserve price, he may, with the consent of the borrower and the secured creditor effect the sale at such price.*
- D (3) *On every sale of immovable property, the purchaser shall immediately pay a deposit of twenty-five per cent of the amount of the sale price, to the authorized officer conducting the sale and in default of such deposit, the property shall forthwith be sold again.*
- E (4) *The balance amount of purchase price payable shall be paid by the purchaser to the authorized officer on or before the fifteenth day of confirmation of sale of the immovable property or such extended period as may be agreed upon in writing between the parties.*
- F (5) *In default of payment within the period mentioned in sub-rule (4), the deposit shall be forfeited and the property shall be resold and the defaulting purchaser shall forfeit all claim to the property or to any part of the sum for which it may be subsequently sold.*
- G (6) *On confirmation of sale by the secured creditor and if the terms of payment have been complied with, the authorized officer exercising the power of sale shall issue a certificate of sale of the immovable property in favour of the purchaser in the form given in Appendix V to these rules.*
- H (7) *Where the immovable property sold is subject to any*

encumbrances, the authorized officer may, if he thinks fit, allow the purchaser to deposit with him the money required to discharge the encumbrances and any interest due thereon together with such additional amount that may be sufficient to meet the contingencies or further cost, expenses and interest as may be determined by him:

[Provided that if after meeting the cost of removing encumbrances and contingencies there is any surplus available out of the money deposited by the purchaser such surplus shall be paid to the purchaser within fifteen days from the date of finalization of the sale.]

(8) On such deposit of money for discharge of the encumbrances, the authorized officer [shall] issue or cause the purchaser to issue notices to the persons interested in or entitled to the money deposited with him and take steps to make the payment accordingly.

(9) The authorized officer shall deliver the property to the purchaser free from encumbrances known to the secured creditor on deposit of money as specified in sub-rule (7) above.

(10) The certificate of sale issued under sub-rule (6) shall specifically mention that whether the purchaser has purchased the immovable secured asset free from any encumbrances known to the secured creditor or not."

10. Reverting to the decision in *Mathew Varghese (supra)*, in paragraphs 30, 31 and 33 of the said decision, the court observed thus:

"30. Therefore, by virtue of the stipulations contained under the provisions of the SARFAESI Act, in particular, Section 13(8), any sale or transfer of a secured asset, cannot take place without duly informing the borrower of the time and date of such sale or transfer in order to enable the borrower to tender the dues of the secured creditor with all costs, charges and expenses and any such sale or transfer effected without complying with the said statutory requirement would be a constitutional violation and nullify the ultimate sale.

31. Once the said legal position is ascertained, the statutory

A *prescription contained in Rules 8 and 9 have also got to be*
examined as the said Rules prescribe as to the procedure to
be followed by a secured creditor while resorting to a sale
after the issuance of the proceedings under Sections 13(1)
to (4) of the SARFAESI Act. Under Rule 9 (1), it is prescribed
B *that no sale of an immovable property under the Rules should*
take place before the expiry of 30 days from the date on
which the public notice of sale is published in the newspapers
as referred to in the proviso to sub-rule (6) of Rule 8 or
notice of sale has been served to the borrower. Sub-rule (6)
C *of Rule 8 again states that the authorized officer should*
serve to the borrower a notice of 30 days for the sale of the
immovable secured assets. Reading sub-rule (6) of Rule 8
and sub-rule (1) of Rule 9 together, the service of individual
notice to the borrower, specifying clear 30 days' time-gap
D *for effecting any sale of immovable secured asset is a*
statutory mandate. It is also stipulated that no sale should
be affected before the expiry of 30 days from the date on
which the public notice of sale is published in the
newspapers. Therefore, the requirement under Rule 8 (6) and
E *Rule 9 (1) contemplates a clear 30 days' individual notice to*
the borrower and also a public notice by way of publication
in the newspapers. In other words, while the publication in
newspaper should provide for 30 days' clear notice, since
Rule 9 (1) also states that such notice of sale is to be in
accordance with the proviso to sub-rule (6) of Rule 8, 30
days' clear notice to the borrower should also be ensured as
F *stipulated under Rule 8(6) as well. Therefore, the use of the*
expression "or" in rule 9(1) should be read as "and" as
that alone would be in consonance with Section 13(8) of the
SARFAESI Act.

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G 33. *Such a detailed procedure while resorting to a sale of*
an immovable secured asset is prescribed under Rules 8 and
9(1). In our considered opinion, it has got a twin objective
to be achieved:

H 33.1. *In the first place, as already stated by us, by virtue of*
the stipulation contained in Section 13(8) read along with

Rules 8(6) and 9(1), the owner/borrower should have clear notice of 30 days before the date and time when the sale or transfer of the secured asset would be made, as that alone would enable the owner/borrower to take all efforts to retain his or her ownership by tendering the dues of the secured creditor before that date and time.

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33.2. Secondly, when such a secured asset of an immovable property is brought for sale, the intending purchasers should know the nature of the property, the extent of liability pertaining to the said property, any other encumbrances pertaining to the said property, the minimum price below which one cannot make a bid and the total liability of the borrower to the secured creditor. Since, the proviso to sub-rule (6) also mentions that any other material aspect should also be made known when effecting the publication, it would only mean that the intending purchaser should have entire details about the property brought for sale in order to rule out any possibility of the bidders later on to express ignorance about the factors connected with the asset in question.

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33.3. Be that as it may, the paramount objective is to provide sufficient time and opportunity to the borrower to take all efforts to safeguard his right of ownership either by tendering the dues to the creditor before the date and time of the sale or transfer, or ensure that the secured asset derives the maximum price and no one is allowed to exploit the vulnerable situation in which the borrower is placed.” (emphasis supplied)

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Again in paragraph no. 35:

“35. Under sub-rule (4) of Rule 8, it is further stipulated that the authorized officer should take steps for preservation and protection of secured assets and insure them if necessary till they are sold or otherwise disposed of. Sub-rule (4), governs all secured assets, movable or immovable and a further responsibility is created on the authorized officer to take steps for the preservation and protection of secured assets and for that purpose can even insure such assets, until they are sold or otherwise disposed of. Therefore, a

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A reading of Rules 8 and 9, in particular, sub-rules (1) to (4)
and (6) of Rule 8 and sub-rule (1) of Rule 9 makes it clear
that simply because a secured interest in a secured asset is
created by the borrower in favour of the secured creditor,
B the said asset in the event of the same having become a non-
performing asset cannot be dealt with in a light-hearted
manner by way of sale or transfer or disposed of in a casual
manner or by not adhering to the prescriptions contained
under the SARFAESI Act and the above said Rules mentioned
by us.” (emphasis supplied)

C And again in paragraph no. 53:

“53. We, therefore, hold that unless and until a clear 30
days’ notice is given to the borrower, no sale or transfer can
be resorted to by a secured creditor. In the event of any such
D sale property notified after giving 30 days’ clear notice to
the borrower did not take place as scheduled for reasons
which cannot be solely attributable to the borrower, the
secured creditor cannot effect the sale or transfer of the
secured asset on any subsequent date by relying upon the
notification issued earlier. In other words, once the sale does
not take place pursuant to a notice issued under Rules 8
E and 9, read along with Section 13 (8) for which the entire
blame cannot be thrown on the borrower, it is imperative
that for effective the sale, the procedure prescribed above
will have to be followed afresh, as the notice issued earlier
would lapse. In that respect, the only other provision to be
F noted is sub-rule (8) of Rule 8 as per which sale by any
method other than public auction or public tender can be
on such terms as may be settled between the parties in writing.
As far as sub-rule (8) is concerned, the parties referred to
can only relate to the secured creditor and the borrower. It
is, therefore, imperative that for the sale to be effected under
G Section 13(8), the procedure prescribed under Rule 8 read
along with Rule 9(1) has to be necessarily followed,
inasmuch as that is the prescription of the law for effecting
the sale as has been explained in detail by us in the earlier
paragraphs by referring to Sections 13(1), 13(8) and 37,
H read along with Section 29 and Rule 15. In our considered

view any other construction will be doing violence to the provisions of the SARFAESI Act, in particular Sections 13(1) and (8) of the said Act.” (emphasis supplied)

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11. In the impugned judgment, we find that the High Court has quoted or relied upon sub-rule 6 of Rule 8 as dealing with “movable” secured assets. This is incorrect. For, the correct version of Rule 8(6) refers to “immovable” secured assets and not movable, as noted by the High Court. Be that as it may, there is no difficulty in accepting the observation of the High Court that possession notice is distinct from the notice for sale of the secured asset. In that, possession notice is required to be given in terms of Rule 8(1) read with 8(2). Whereas, a notice of intention of sale is required to be given to the borrower in terms of Rule 9(1) read with Rule 8(6) of the said Rules. This is to give intimation to the borrower about the proposed date of sale to be held after the statutory period of thirty days. Further, in case of sale of the secured assets either by inviting tenders from the public or by holding public auction being the mode permitted by sub-rule 5 of Rule 8, the secured creditor is required to give a public notice in two leading newspapers in terms of the proviso in sub-rule 6 of Rule 8. Such public notice, however, may not be necessary in case of sale of a secured asset if it is by way of the other modes specified in Sub-clause (a) or (d) of sub-rule 5 of Rule 8, to wit, by obtaining quotations from the persons dealing with similar secured assets or otherwise interested in buying the such asset; or by private treaty.

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12. The secured creditor, after it decides to proceed with the sale of secured asset consequent to taking over possession (symbolic or physical as the case may be), is no doubt required to give a notice of 30 days for sale of the immovable asset as per sub-rule 6 of Rule 8. However, there is nothing in the Rules, either express or implied, to take the view that a public notice under sub-rule 6 of Rule 8 must be issued only after the expiry of 30 days from issuance of individual notice by the authorized officer to the borrower about the intention to sell the immovable secured asset. In other words, it is permissible to simultaneously issue notice to the borrower about the intention to sell the secured assets and also to issue a public notice for sale of such secured asset by inviting tenders from the public or by holding public auction. The only restriction is to give thirty days’ time gap between such notice and the date of sale of the immovable secured asset.

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A 13. We hold that the High Court has committed a manifest error
in assuming that the notice of intention of sale to be given to the borrower
and a public notice for sale cannot be simultaneously issued. The High
Court was also not right in observing that after a notice regarding intention
to sell the secured asset under sub-rule 6 of Rule 8 is given by the
B authorized officer to the borrower, only on expiry of 30 days therefrom
can the secured creditor take a decision about the mode of sale referred
to in sub-rule 5 of Rule 8 after giving notice to the borrower and then
issue a public notice after expiry of further thirty days. By this
interpretation, the High Court has virtually re-written the provisions and
inevitably extended the time frame of 30 days specified in sub-rule 6 of
C Rule 8 (atleast in relation to the sale of secured asset by inviting tenders
from the public or by holding public auction).

14. To put it differently, the only restriction placed on the secured
creditor is to serve a notice of 30 days on the borrower intimating him
about its intention to sell the immovable secured asset and the mode and
D date fixed for sale; and also to issue a public notice in two leading
newspapers, if the sale of such secured asset is effected either by inviting
tenders or by holding public auction, notifying the date of sale after 30
clear days from such notice. There is no need to wait for the expiry of
30 days from issuance of notice of intention to sell the secured asset
E given to the borrower, for publication of a public notice for sale of such
asset. Nor is there any requirement to give a separate individual notice
prior to deciding on the mode of sale of the secured asset. To the above
extent, the opinion of the High Court in the impugned judgment will have
to be overturned.

F 15. In the present case, as the public auction sale held on 21.11.2015
has not materialized, the appellant may have to resort to a fresh public
notice for sale of the secured asset of the respondent no.1, if the
outstanding liability is still unpaid and the sale is to be effected either by
inviting tenders from the public or by holding public auction.

G 16. The appeal succeeds in the above terms with no order as to
costs.