

IN THE HIGH COURT OF ANDHRA PRADESH: AT AMARAVATI

Writ Petition Nos.27786 and 28572 of 2025

Between:

1. DUKKALA LAKSHMANA RAO @ DUKKOLA LAKSHMANA RAO, S/o, D. Mallayyaa, Aged about 46 Years, R/o. 18-27-14, RH Colony, Balacheruvu, Pedagantyada, Vishakhapatnam. Presently residing at, 9438 Abbey Rd, Irving Texas, ZIP Code 75063, United States of America.

...Petitioner

AND

1. SUDULANGUNTA RAMA RAO, F S/o. Kesavulu, Aged about 50 Years R/o.31-3-3/1, Ashok Nagar, Kurmannapalem, Vishakhapatnam and others

...Respondents

Date of Reserve : 13-02-2026
Date of pronouncement : 01-05-2026
Date of Upload : 19-05-2026

HONOURABLE SRI JUSTICE CHEEKATI MANAVENDRANATH ROY

**HONOURABLE SRI JUSTICE VENUTHURUMALLI GOPALA KRISHNA
RAO**

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|----------|---|---------------|
| 1 | Whether Reporters of Local newspapers may be allowed to see the Judgments? | Yes/No |
| 2 | Whether the copies of judgment may be marked to Law Reports/Journals | Yes/No |
| 3 | Whether Their Ladyship/Lordship wish to see the fair copy of the Judgment? | Yes/No |

CHEEKATI MANAVENDRANATH ROY, J.

*** HONOURABLE SRI JUSTICE CHEEKATI MANAVENDRANATH ROY
HONOURABLE SRI JUSTICE VENUTHURUMALLI GOPALA KRISHNA
RAO**

+ Writ Petition Nos.27786 and 28572 of 2025

% 01-05-2026

DUKKALA LAKSHMANA RAO @ DUKKOLA LAKSHMANA RAO, S/o,
D. Mallayyaa, Aged about 46 Years, R/o. 18-27-14, RH Colony,
Balacheruvu, Pedagantyada, Vishakhapatnam. Presently residing at,
9438 Abbey Rd, Irving Texas, ZIP Code 75063, United States of America
...PETITIONER

vs.

\$ SUDULANGUNTA RAMA RAO, F S/o. Kesavulu, Aged about 50 Years
R/o.31-3-3/1, Ashok Nagar, Kurmannapalem, Vishakhapatnam and
others

...RESPONDENTS

! Counsel for the Petitioners: M/s. CKR Associates and Smt.V.Dyumani

Counsel for Respondents: Sri S.Satyanarayana Moorthy

< Gist:

> Head Note:

? Cases referred:

1. 2024 SCC Online Cal 1065
2. 2010 SCC Online Ker 4745
3. MANU/DE/0265/2022
4. 2009 SCC Online Mad 1230

APHC010537192025



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

FRIDAY, THE FIRST DAY OF MAY
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE SRI JUSTICE CHEEKATI MANAVENDRANATH ROY

**THE HONOURABLE SRI JUSTICE VENUTHURUMALLI GOPALA
KRISHNA RAO**

Writ Petition Nos.27786 and 28572 of 2025

WRIT PETITION NO: 27786 OF 2025

Between:

1. DUKKALA LAKSHMANA RAO @ DUKKOLA LAKSHMANA RAO, S/o, D. Mallayyaa, Aged about 46 Years, R/o. 18-27-14, RH Colony, Balacheruvu, Pedagantyada, Vishakhapatnam. Presently residing at, 9438 Abbey Rd, Irving Texas, ZIP Code 75063, United States of America.

...Petitioner

AND

1. SUDULANGUNTA RAMA RAO, F S/o. Kesavulu, Aged about 50 Years R/o.31-3-3/1, Ashok Nagar, Kurmannapalem, Vishakhapatnam. 2.

2. Sudulangunta Kishore, S/o. S. Rama Rao, Aged about 48 Years R/o.31-3-3/1, Ashok Nagar, Kurmannapalem, Vishakhapatnam. 3.

3. Union Bank of India erstwhile Andhra Bank, Represented through its Authorized Officer, Gajuwaka, Visakhapatnam. 4.

4. The Debts Recovery Appellate Tribunal DRAT, Kolkata, West Bengal. Represented by its Chairperson

...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 topleased to issue a writ, order or direction more particularly one in the nature of the WRIT OF MANDAMUS to set aside the judgement dated 25.08.2025 in Appeal No. 149 of 2023 before Debt Recovery Appellate Tribunal, Kolkata by confirming the judgement dated 01.07.2023 in S.A. No.212 of 2023 before the Debt Recovery Tribunal Vishakhapatnam as arbitrary, illegal, unjust, contrary to the provisions of The SARFAESI Act, 2002 and The Security Interest (Enforcement) Rules, 2002 besides being unconstitutional and consequently set aside the judgement dated 25.08.2025 in Appeal No. 149 of 2023 by confirming the judgement dated 01.07.2023 in S.A. No.212 of 2023 before the Debt Recovery Tribunal Vishakhapatnam and quash the same and pass

IA NO: 1 OF 2025

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 topleased to STAY the operation of judgement dated 25.08.2025 in Appeal No. 149 of 2023 before Debt Recovery Appellate Tribunal, Kolkata and pass

Counsel for the Petitioner: CKR ASSOCIATES

Counsel for the Respondents: S SATYANARAYANA MOORTHY

Counsel for the Respondents:V DYUMANI

APHC010545602025



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

FRIDAY, THE FIRST DAY OF MAY
TWO THOUSAND AND TWENTY SIX

PRESENT

**THE HONOURABLE SRI JUSTICE CHEEKATI MANAVENDRANATH ROY
THE HONOURABLE SRI JUSTICE VENUTHURUMALLI GOPALA
KRISHNA RAO**

WRIT PETITION NO: 28572 OF 2025

Between:

1. Union Bank of India, (Erstwhile Andhra Bank), Gajawaka, Visakhapatnam,
Now the account transferred to Asset Recovery Branch, D. No. 26-15-150,
Andhra Bank Building, Chandalraopeta, Visakhapatnam of A.P. - 530001
Represented through the Authorized officer

...Petitioner

AND

1. Sri Sudulangunta Rama Rao, S/o Kesavulu R/o H. No. 31-3-3/1,
AshokNagar, Kurmannapalem, Visakhapatnam
2. Sri Sudulangunta Kishore, S/o Rama Rao R/o H. No. 31-3-3/1,
AshokNagar, Kurmannapalem, Visakhapatnam
3. Sri Dukkala Lakshmana Rao, S/o Mallaya, R/o H. No. 18-27-14, R.H.
Colony, Balacheruvu, Pedagantyada, Visakhapatnam

...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 to please to grant an order, direction or writ, more so in the nature of Writ Of Certiorari calling for the records pertaining to the orders dated 25.08.2025 passed in Appeal No. 122 of 2023 on the file of the Hon'ble Debts

Recovery Appellant Tribunal, Kolkata confirming the orders dt. 01.07.2023 of Debts Recovery Tribunal, Visakhapatnam in S.A. No. 212/2023 and quash the same and consequentially allow the Appeal No. 122 / 2023 on the file of Debts Recovery Appellate Tribunal, Kolkata by setting aside the orders dt 01.07.2023 passed in S.A. No. 212/2023 on the file of Debts Recovery Tribunal, Visakhapatnam

IA NO: 1 OF 2025

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 suspend all further proceedings pursuant to orders 01.07.2023 passed in S.A. No. 212 of 2023 on the file of Debts Recovery Tribunal, Visakhapatnam as confirmed by the Debts Recovery appellate Tribunal, Kolkata vide dated 25.08.2025 in Appeal No. 122 of 2023, pending disposal of the above Writ Petition

Counsel for the Petitioner: V DYUMANI

Counsel for the Respondents: S SATYANARAYANA MOORTHY

The Court made the following order:

Date of Reserve	: 13-02-2026
Date of pronouncement	: 01-05-2026
Date of Upload	: 19-05-2026

The Court made the following:

Common Order: (per Ch. Manavendranath Roy, J.)

Since these two writ petitions are filed challenging the legal validity of the orders of the Debts Recovery Appellate Tribunal at Kolkata, passed in Appeal No.149 of 2023 and Appeal No.122 of 2023 whereby the Appellate Tribunal has dismissed the appeals, preferred against the orders of the Debts Recovery Tribunal, Visakhapatnam, allowing S.A.No.212 of 2023 setting aside the sale of the secured asset by the bank, these two writ petitions are heard together and they are being disposed of by this common order.

2. W.P.No.28572 of 2025 is preferred by Union Bank of India, which is the secured creditor and W.P.No.27786 of 2025 is preferred by the auction purchaser against the orders of the Appellate Tribunal.

3. Heard Sri S.V.S.S. Siva Ram for M/s. CKR Associates, learned counsel for the petitioner in W.P.No.27786 of 2025, Sri S. Satyanarayana Moorthy, learned counsel for the respondents 1 and 2 and Smt. V. Dyumani, learned Standing Counsel for the 3rd respondent-Union Bank of India.

4. When the Authorised Officer failed to obtain a price for sale of the secured asset in the public auction higher than the reserve price, whether the sale of the secured asset in the public auction can be confirmed at the reserve price without the consent of the borrower and the secured creditor is the seminal question of law that is involved in this lis for our adjudication in these writ petitions.

5. Brief overview of the facts leading to the lis in these writ petitions may be stated as follows:

(a) A partnership firm in the name and style “M/s. Best Sai Enterprises” (hereinafter called as “principal borrower”) has availed credit facility from Union Bank of India and they have offered their immovable property as security to the bank for repayment of the loan availed by the firm and mortgaged their immovable property in favour of the bank. Thereafter, the

principal borrower committed default in repayment of the loan amount due to the bank. Therefore, the bank has initiated measures under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (for short, the SARFAESI Act) as per the procedure contemplated under law and brought the secured asset for sale in the public auction for recovery of the amount due from the principal borrower. A public notice was issued for sale of the secured asset in the public auction after obtaining valuation report as required under law and fixing the reserve price at Rs.3,48,00,000/-. Bid increment is Rs.3,00,000/-. The auction was held on 12-4-2023. Only one bidder has participated in the auction and the bid was held in his favour exactly for the reserve price fixed at Rs.3,48,00,000/-. Therefore, the sale was confirmed in his favour for the reserve price of Rs.3,48,00,000/- in respect of the secured asset. The secured asset is a school building. At the time of inspecting the said property by the valuer for the purpose of issuing valuation report, the property is classified as a residential property situate in a developed area.

(b) Thus, the Authorised Officer could not obtain a price more than the reserve price in the auction that was held. However, the sale was knocked down in favour of the sole bidder exactly at the reserve price.

(c) Therefore, the sale in the public auction was questioned on various grounds including on the main ground that when the Authorised Officer could not obtain a price more than the reserve price as per the second proviso to Rule 9(2) of the Security Interest (Enforcement) Rules, 2002, he has to confirm the sale only after obtaining the consent of the borrower and the secured creditor and as no such consent of the borrower as required under the second proviso to Rule 9(2) of the Rules to sell the secured asset in the public auction at the reserve price is obtained, the said confirmation of sale in favour of the auction purchaser in the public auction is not valid under law and thereby prayed to set aside the said sale.

(d) An application under Section 17 of the SARFAESI Act was filed before the Debts Recovery Tribunal, Visakhapatnam, in S.A.No.212 of 2023

challenging the validity of the said sale of the secured asset on various grounds including the above main ground of contravening the second proviso to Rule 9(2) of the Rules. The Debts Recovery Tribunal, Visakhapatnam, rejected all other contentions raised in the application questioning the legal validity of the said sale of the secured asset in the public auction. However, the contention of the applicants that as the Authorised Officer failed to obtain price higher than the reserve price that he confirmed the sale without obtaining the consent of the borrower as required under the second proviso to Rule 9(2) of the Rules and that the sale was confirmed in contravention of the second proviso to the said rule found favour with the Debts Recovery Tribunal, Visakhapatnam. After considering the effect of second proviso to Rule 9(2) of the Rules, the Debts Recovery Tribunal, Visakhapatnam, held that as the Authorised Officer did not obtain consent of the borrower to confirm the sale exactly at the reserve price that the sale is not in accordance with law and thereby has set aside the said sale, however permitted the bank to proceed with the sale by following the procedure contemplated under law.

(e) Aggrieved thereby, the bank has preferred an appeal to the Debts Recovery Appellate Tribunal at Kolkata assailing the order of the Debts Recovery Tribunal, Visakhapatnam. After considering the second proviso to Rule 9(2) of the Rules, the Appellate Tribunal also concurred with the finding of the Debts Recovery Tribunal, Visakhapatnam and held that obtaining consent of the borrower to confirm the sale exactly at the reserve price when the Authorised Officer failed to obtain a price higher than the reserve price is essential requirement of law and as the said consent was not obtained that the sale is not valid under law and thereby confirmed the order of the Debts Recovery Tribunal, Visakhapatnam.

(f) Aggrieved thereby, challenging the legal validity of the orders of both the Debts Recovery Tribunal, Visakhapatnam as well as the Debts Recovery Appellate Tribunal at Kolkata, these two writ petitions are separately preferred, one by the bank and the other by the auction purchaser.

6. According to the learned counsel for writ petitioners appearing for both the bank and the auction purchaser, both the Debts Recovery Tribunal and the Appellate Tribunal did not properly appreciate the law pertaining to the issue and they failed to properly and correctly interpret the second proviso to Rule 9(2) of the Rules and arrived at an erroneous conclusion and has erroneously set aside the sale confirmed at the reserve price. They would contend that the Authorised Officer cannot confirm the sale at the price lower than the reserve price and if the price obtained by him in the public auction is higher than the reserve price and exactly at the reserve price, it is well within his competence to confirm the said sale even at the reserve price and no consent of the borrower is required to confirm the said sale. They would contend that the law in this regard has been well settled and a Division Bench of the Kolkata High Court in the case of **Kaberi Chakraborty v. UCO Bank**¹ and a learned single Judge of the Kerala High Court in the case of **Varghese Ukken v. State Bank of India**² have after considering the second proviso to Rule 9(2) of the Rules and interpreting the same clearly held that consent of the borrower is not required to confirm the sale at the reserve price and it is not mandatory as the word “may” is used in the second proviso to Rule 9(2) of the Rules. A Division Bench of the Kolkata High Court in **Kaberi Chakraborty’s** case (1 *supra*) took a view that consent of the borrower is not necessary to confirm the sale at the reserve price. It is vehemently contended by them that the Delhi High Court particularly in the case of **Mahipal Singh Yadav v. Union of India**³ has undertaken an extensive exercise of interpreting the second proviso to Rule 9(2) of the Rules and held that the expression “at such price” used in the second proviso means a price lesser than the reserve price and not exactly the reserve price and they would contend that both the Debts Recovery Tribunal and the Appellate Tribunal failed to appreciate the law in this regard as held by both the Delhi High Court and the Kerala High Court. Therefore, it is vehemently contended by them

¹ 2024 SCC Online Cal 1065

² 2010 SCC Online Ker 4745

³ MANU/DE/0265/2022

that the impugned orders of both the Debts Recovery Tribunal and the Appellate Tribunal suffer from patent illegality and thereby prayed to set aside the said orders and to confirm the sale at the reserve price.

7. Per contra, the learned counsel for respondents would contend that two Division Benches of the Madras High Court in the case of ***K. Raamaselvam v. Indian Overseas Bank***⁴ and in ***Mahipal Singh Yadav's*** case (3 *supra*), the Division Bench of the Delhi High Court categorically held while considering the second proviso to Rule 9(2) of the Rules and interpreting the same, that the sale cannot be confirmed exactly at the reserve price without the consent of the borrower and the consent of the borrower as required under the second proviso to Rule 9(2) of the Rules is mandatory and as any such consent was not admittedly obtained by the Authorised Officer of the borrower that the sale is not valid under law and that both the Debts Recovery Tribunal and the Appellate Tribunal arrived at a right conclusion while correctly appreciating the law as held by the two Division Benches of the Madras High Court and the Delhi High Court cited *supra*. Therefore, they strongly supported the impugned judgments of the Debts Recovery Tribunal and the Appellate Tribunal and prayed to dismiss the writ petitions.

8. We have meticulously gone through the relevant provisions in the SARFAESI Act and the Rules made therein and we have given our anxious and thoughtful consideration to the submissions made on the question of law raised in these writ petitions.

9. Before advertng to the same and adjudicating the lis involved in the writ petitions, at the outset, it is relevant to note that divergent views were taken on the important question of law involved in these writ petitions, as discussed *supra* by various High Courts. The two Division Benches of the Madras High Court and the Delhi High Court in ***K. Raamaselvam's*** case (4 *supra*) and ***Mahipal Singh Yadav's*** case (3 *supra*) have taken one view

⁴ 2009 SCC Online Mad 1230

while considering and interpreting the second proviso to Rule 9(2) of the Rules, that the consent of the borrower is necessary and essential to confirm the sale exactly at the reserve price when the Authorised Officer could not obtain a price higher than the reserve price in the public auction. The Division Bench of Kolkata High Court in **Kaberi Chakraborty's** case (1 *supra*) and the learned single Judge of the Kerala High Court in **Varghese Ukken's** case (2 *supra*) have taken one view while considering the second proviso to Rule 9(2) of the Rules and interpreting the same that the consent of the borrower is not necessary to confirm the sale exactly at the reserve price and the consent is not mandatory to confirm the sale. Thus, there is cleavage of opinion on the question of law involved in this case between the Madras High Court and the Delhi High Court on the one hand and the Kolkata High Court and the Kerala High Court on the other hand. The two judgments of the Division Benches of the Madras High Court and the Delhi High Court are in favour of the borrower that the consent of the borrower is essential to confirm the sale at the reserve price and the judgments of the Division Bench of the Kolkata High Court and the judgment of the learned single Judge of the Kerala High Court are in favour of the bank that the consent of the borrower is not necessary to confirm the sale at the reserve price.

10. We have meticulously gone through all the aforesaid four judgments cited by both the parties.

11. After perusing the said judgments and Rule 9(2) of the Rules, we are of the considered view that the consent of the borrower is required to be obtained by the Authorised Officer to confirm the sale exactly at the reserve price when he failed to obtain a price higher than the reserve price. We agree with the law laid down by the Division Benches of the Madras High Court in **K. Raamaselvam's** case (4 *supra*) and the Division Bench of the Delhi High Court in **Mahipal Singh Yadav's** case (3 *supra*).

12. In order to appreciate the law relating to the important question of law raised in the writ petitions, it is apposite to go through Rule 9(2) of the Rules and the two provisos appended to Rule 9(2) of the Rules. For better appreciation, the rule is extracted hereunder for ready reference. It reads thus:

“9. Time of sale, issue of sale certificate and delivery of possession, etc.—(1)

(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:

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 8:

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.”

13. A careful perusal of Rule 9(2) of the Rules makes it manifest that as rightly held by the Division Bench of the Madras High Court in **K. Raamaselvam's** case (4 *supra*), three situations arise when the secured asset is sought to be sold in the public auction -- (1) Obtaining a sale price higher than the reserve price by the Authorised Officer, (2) obtaining a sale price less than the reserve price specified under sub-rule (5) of Rule 8 and (3) obtaining a sale price not higher than the reserve price, which means obtaining a sale price exactly at the reserve price. There is absolutely no difficulty in the first two situations. Clause (2) of Rule 9 of the Rules mandates that if the sale price is obtained higher than the reserve price, then the Authorised Officer shall confirm the sale in favour of the purchaser, who has offered the highest sale price above reserve price, subject to the confirmation by the secured creditor. In the instant case, admittedly the Authorised Officer could not obtain a sale price higher than the reserve price to confirm the sale in terms of Clause (2) of Rule 9 of the Rules. The first proviso to Clause (2) of Rule 9 of the Rules mandates that no sale under this rule shall be confirmed if

the amount offered by the sale price is less than the reserve price specified under sub-rule (5) of Rule 8 of the Rules. In the instant case, admittedly the sale price offered by the auction purchaser is not less than the reserve price to apply the embargo contained in the first proviso to Clause (2) of Rule 9 of the Rules to reject the sale and not to confirm the sale in favour of the auction purchaser. The second proviso to Clause (2) of Rule 9 of the Rules envisages that if the Authorised 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. The second proviso applies to the facts of the present case. A true construction and interpretation of the second proviso to Clause (2) of Rule 9 of the Rules makes it manifest and very clear that if the Authorised Officer fails to obtain a price higher than the reserve price, which means if he obtains the sale price exactly at the reserve price, then he can confirm the sale but all that is required as per the statutory requirement of the rule is that he has to confirm the said sale with the consent of the borrower and the secured creditor to effect the sale exactly at the reserve price. In the instant case, admittedly he did not obtain the consent of the principal borrower, leave about the consent of the secured creditor, which is the bank, to confirm the sale exactly at the reserve price. It is not in dispute that the sole bidder has offered the sale price exactly at the reserve price of Rs.3,48,00,000/-. Therefore, as per the requirement contemplated under the second proviso to Rule 9(2) of the Rules, the sale can be confirmed at the reserve price only with the consent of the borrower and not otherwise. In other words, the sale of the secured asset in the auction exactly at the reserve price cannot be confirmed by the Authorised Officer without the consent of the borrower. There is a purpose behind incorporating the second proviso to Rule 9(2) of the Rules by the Parliament. The secured asset is the property of the principal borrower or his guarantor. If the Authorised Officer could obtain a sale price more than the reserve price, it enures to the benefit of the owner of the property and after clearing the debt, he can enjoy the balance sale proceeds for his purpose. If the Authorised Officer could not obtain a sale

price higher than the reserve price, then the Parliament has given option to the borrower to give consent either to confirm the sale exactly at the reserve price or to reject the same. So, when it is the intention of the Parliament that to confirm the sale exactly at the reserve price with the consent of the borrower, the same has to be done as prescribed by the statutory rule and not in contravention of the same. It is settled law that when a provision in the statute or a rule in the statute mandates that a particular thing is to be done in a particular way, the same has to be done strictly in conformity with the requirement of the section or the rule in the statute and not in violation of the same. In the instant case, the second proviso of the rule clearly enjoins that if the Authorised Officer fails to obtain price higher than the reserve price, then he may, with the consent of the borrower, effect the sale for such price i.e., the reserve price. As the Authorised Officer failed to obtain a price higher than the reserve price, he cannot, without the consent of the borrower, confirm the sale at the reserve price. But, contrary to the mandate of the second proviso to the rule he has confirmed the sale at the reserve price without the consent of the borrower. Therefore, it renders that the confirmation of the sale at the reserve price without the consent of the borrower wholly invalid.

14. The Division Bench of the Madras High Court in ***K. Raamselvam's*** case (4 *supra*) and the Division Bench of the Delhi High Court in ***Mahipal Singh Yadav's*** case (3 *supra*) have correctly interpreted the second proviso to Rule 9(2) of the Rules and arrived at a right conclusion and held that the consent of the borrower is essential to confirm the sale exactly at the reserve price. We are in complete agreement with the view taken by the aforesaid two Division Benches and the law laid down in the said judgments and we concur with the law laid down by the Division Benches of the Madras High Court and the Delhi High Court.

15. With great respect, we are unable to agree with the view taken by the Division Bench of the Kolkata High Court in **Kaberi Chakraborty's** case (1 *supra*) and the learned single Judge of the Kerala High Court in **Varghese Ukken's** case (2 *supra*). We are unable to persuade ourselves to agree with the view taken by the said two Courts after going through the express language employed in the second proviso to Rule 9(2) of the Rules and the intention of the Parliament in incorporating the said second proviso to the said rule. The view taken by the Kolkata High Court that the expression "at such price" used in the second proviso to Rule 9(2) of the Rules means less than the reserve price, in our considered view, does not appear to be the correct interpretation given to the said term. The second proviso to the rule is to be read as a whole and a holistic view is to be taken. When the second proviso to Rule 9(2) of the Rules clearly mandates that if the Authorised Officer fails to obtain a price higher than the reserve price then he may with the consent of the borrower effect the sale at such price means at the reserve price only and not less than the reserve price as has been interpreted by the Kolkata High Court. Accepting such an interpretation that "at such price" means below the reserve price would amount to interpreting the provision contrary to the intention of the Parliament. In fact, we do not find any ambiguity in the second proviso to Rule 9(2) of the Rules and the rule is in fact properly drafted without any ambiguity. So, we are of the view that the expression "at such price" means at the reserve price.

16. The requirement of second proviso to Rule 9(2) of the Rules that the sale can be confirmed at the reserve price with the consent of the borrower cannot be ignored. It is a statutory rule framed by the Central Government in exercise of the powers conferred on it under Section 35 of the SARFAESI Act. Therefore, the rule has got statutory force and it has to be complied with strictly. It is settled law that when the main section in the statute or a rule in the statute contains a proviso, the said proviso is always an exception to the main section or the rule. Therefore, when the second proviso clearly and in

clear terms mandates that the sale can be confirmed at the reserve price with the consent of the borrower, it has to be followed in its true spirit. No sale can be confirmed contrary to the said mandate of law. If the interpretation given to the expression “at such price” used in the second proviso by the Delhi High Court that it means less than the reserve price is accepted, then it runs contrary to the first proviso to Rule 9(2) of the Rules that no sale can be confirmed below the reserve price. Rule 9(2) of the Rules and its two provisos are to be read together and has to be interpreted in a harmonious way keeping in mind the object of the rule and the intention of the Parliament in mind.

17. Therefore, we absolutely do not find any legal flaw or infirmity in the impugned orders of the learned Debts Recovery Tribunal and the Appellate Tribunal and they are perfectly sustainable under law. Therefore, the writ petitions are devoid of any merit and they are liable to be dismissed.

18. Resultantly, the writ petitions are dismissed, confirming the impugned orders of the Debts Recovery Tribunal and the Appellate Tribunal. Pending applications, if any, shall stand closed. There shall be no order as to costs.

CHEEKATI MANAVENDRANATH ROY, J.

V. GOPALA KRISHNA RAO, J.

01st May, 2026.

Note: LR copy to be marked

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HONOURABLE SRI JUSTICE CHEEKATI MANAVENDRANATH ROY
AND
HONOURABLE SRI JUSTICE V. GOPALA KRISHNA RAO

Writ Petition Nos.27786 and 28572 of 2025
(per CMR, J.)

01st May, 2026.
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