

AFR

HIGH COURT OF JUDICATURE AT ALLAHABAD

Court No.3
Neutral Citation No. - 2025:AHC:143513-DB

WRIT-C NO.1969 OF 2025

M/S JAHARVEER MAHARAJ AGRO PVT. LTD. AND ANOTHER

V.

UNION OF INDIA AND OTHERS

For the Petitioners : Mr. Vijay Kumar Sharma, Advocate

For the Respondents : Mr. Sanjai Singh, Advocate for respondent
Nos.4 to 6/Bank

Hon'ble Shekhar B. Saraf, J.
Hon'ble Praveen Kumar Giri, J.

(Dictated in open Court by Shekhar B. Saraf, J.)

1. This is a writ petition under Article 226 of the Constitution of India wherein the writ petitioners are aggrieved by the cancellation of the One Time Settlement that was offered by the Bank. The prayers in the writ petition are as follows:-

- “a. A writ order or direction in the nature of certiorari call for the record and to quash the first One Time Settlement Cancellation Order dated 25/04/2024, second One Time Settlement Cancellation Order dated 10/05/2024, third One Time Settlement Cancellation Order dated 22/05/2024 and also Sale/Auction notice dated 16/12/2024 all are issued by the respondent no.4 (Annexure no. 1, 2, 3 and 4 to this writ petition).*
- b. A writ, order or direction in the nature of mandamus commanding and directed the respondent Bank not to proceeded further and also stay the entire proceeding initiated in pursuance of One Time Settlement Cancellation Orders dated 25/04/2024, 10/05/2024 and 22/05/2024 and Sale Notice for Sale of Immovable Properties dated 16/12/2024 till the disposal of the present writ petition.*
- c. A writ, order or direction in the nature of mandamus commanding and directing the respondent no. 6, to accept the entire balance amount/remaining amount dues as per the terms and condition prescribed in the paragraph no. 2 and 6 of the One Time Settlement dated 10/05/2023 (Annexure no. 7 to this writ petition), after deducting the deposited amount deposited by the petitioners within the period as fixed by this Hon'ble Court.*

- d. *A writ order or direction in the nature of mandamus directing and commanding the respondent no. 4 to 6 not to interfere in peaceful possession of both the petitioners' properties except in accordance with law.*
 - e. *A writ, order or direction in the nature of mandamus commanding and directing the respondent no. 4 to 6 do not take any coercive action against the property mortgaged by the petitioners.*
 - f. *A writ, order or direction in the nature of mandamus commanding and directed the respondent no. 4, to consider and passed appropriate order on the representation dated 04/11/2024 and 03/01/2025 submitted by the petitioner Company for compliance the terms and condition prescribed in the paragraph no. 2 and 6 of the One Time Settlement dated 10/05/2023 expeditiously within a suitable period as fixed by this Hon'ble Court (Annexure no. 15 and 17 to this writ petition).*
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2. The facts of the present case, as emerge from the pleadings of the parties, are as under:-

- (a) The petitioners, a registered company, took a Cash Credit Limit of Rs.1,00,00,000/- and also Over Draft Facility of Rs.10,00,000/- as well as a Term Loan of Rs.2,80,000,00/- in the year 2017. On May 10, 2021, as the petitioners could not maintain payment of the loan accounts, due to financial constraint, the loan accounts were declared as non performing asset.
- (b) On March 31, 2023, the petitioners deposited a sum of Rs.34,50,000/- and applied for the One Time Settlement, and thereafter, on May 10, 2023, the bank and the petitioners have entered into an agreement for One Time Settlement.
- (c) On April 25, 2024, as the petitioners failed to comply with the OTS Scheme, the Bank rejected the OTS and further declared the account of the petitioners as a non performing asset. Thereafter, on October 8, 2024 auction notice was published. As per the petitioners, they have made several representations to the Bank but the Bank without considering the same, again issued auction notice dated October 22, 2024 under Section

13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

- (d) The petitioners filed a writ petition bearing Writ-C No.36133 of 2024 before this Court which was disposed of on November 5, 2024 directing the petitioners to deposit 20% of the amount indicated in the notice under Section 13(2) of the Act and thereafter remaining amount was to be paid in three equal bimonthly installments.
- (e) Thereafter, the guarantor namely Kali Charan Sharma approached this Court by means of Writ-C No.42166 of 2024 that was disposed of granting liberty to the guarantor to approach the Bank.
- (f) On December 16, 2024 sale notice was issued for sale of the immovable properties of the petitioners and the guarantor. Thereafter, the Bank has sold one mortgage property on January 27, 2025 and the sale certificate has also been issued in favour of the auction purchaser on February 2, 2025.

3. It is clear from the above facts that the petitioners agreed on a One Time Settlement (hereinafter referred to as the 'OTS') with the Bank and the Bank issued a letter dated May 10, 2023 to the petitioners wherein the terms and conditions were laid down. The letter specifically refers to the SOTS Scheme 2022-23. Upon perusal of the SOTS Scheme, it is clear from Clause 7.3 to 7.5 that OTS Scheme would be applicable for a maximum repayment period of 180 days. The above clauses are delineated below:-

"7.3 Party to be impressed upon to deposit OTS amount within 90 days of approval of OTS.

7.4 *In case the entire OTS amount, as per the terms finalized in the sanction, is paid within 90 days of conveying approval to the borrower, no interest will be charged. However, simple interest @ MCLR for one-year (applicable on the date of sanction) plus 1% on reducing balance basis will be charged where OTS amount is paid beyond 90 days, effective from the date of Sanction.*

7.5 *The maximum repayment period for the said scheme will be 180 days. In case any borrower fails to pay OTS amount, respective sanctioning authority may consider extension of time period upto aggregate of 180 days from the date of conveying approval.”*

4. From the facts, it is further clear that the Bank wrote to the petitioners on several occasions to complete payment of OTS amount but on one pretext or the other, the payment was not made.

5. Counsel on behalf of the petitioners submits that as per the OTS, approximately a sum of Rs.33,00,000/- is payable while the counsel appearing on behalf of the Bank submits that as the OTS has failed, the remaining balance is approximately Rs.1,33,00,000/-. In light of the above, we are of the view that we cannot, in any manner, come to the assistance of the petitioners as the petitioners have failed to comply with the OTS Scheme. The petitioners have raised grounds stating that the OTS Scheme is still alive as the SOTS Scheme was not known to them. This argument cannot be countenanced by us and is outrightly rejected for the simple reason that the letter granting OTS to the petitioners specifically refers to the SOTS Scheme. Secondly, any OTS is time bound and the petitioners cannot raise the argument that no time frame was fixed for making the repayment of the same just because time frame has not been provided in the letter granting OTS. The letter dated May 10, 2023 granting OTS to the petitioners specifically refers to the SOTS Scheme 2022-23 and the said Scheme clearly provides that the maximum repayment period would be 180 days.

6. Counsel appearing on behalf of the petitioners has relied on the judgment of the Karnataka High Court in the case of **M/s Rima Transformers and Conductors Pvt. Ltd. Vs. Canara Bank** reported in **2022 Law Suit (Kar) 3002**, judgment of the Punjab and Haryana High Court in the case of **M/s R.S. Mills; Harjinder Singh vs. Debts Recovery Tribunal-I; State Bank of India** reported in **Law Suit (P&H) 983**, judgment of the Telangana High Court in the case of **Md. Afroz Baig vs. State Bank of India, Mumbai and another** reported in **2022 SCC Online TS 1804**, the judgment of the Punjab and Haryana High Court in the case of

M/s Samarth Woolen Mills and another vs. Indian Bank (erstwhile Allahabad Bank) reported in **Law Suit (P&H) 669** and another judgment of Punjab and Haryana High Court in the case of **Hardayal Singh Cheema vs. State Bank of India and another** reported in **2022 SCC Online P&H 4400** to buttress his argument that the Bank is mandatorily required to extend the period under the OTS and the writ Court has power to allow such extension and grant relief to the petitioners.

7. In the case of **M/s Rima Transformers and Conductors** (supra), the petitioner had deposited the entire amount before the deadline fixed by the Bank but the Bank later unilaterally withdrew the OTS offer. In those circumstances, the Court interfered in the matter. This case is clearly distinguishable from the present case in hand.

8. In **M/s R.S. Mills** (supra), the Court had held that since the sale certificate had not been issued, the borrower's right to redeem the mortgage had not been lost. This case is also clearly distinguishable from the present case in hand as it is not similar to the facts involved in the present case.

9. In **Md. Afroz Baig** (supra), the petitioner had delayed the payment by only one day and the Court taking into consideration the fact that the petitioner had made efforts to pay the amount by selling his agricultural land, in the peculiar facts and circumstances, directed the Bank to accept the OTS payment. As is evident from the facts of the case, this case does not come to the rescue of the petitioners.

10. One need not join issue with the judgment in the case of **M.s Samarth Woollen Mills** (supra) which has simpliciter laid down guidelines in cases of OTS Scheme. Furthermore, the judgment in **Hardayal Singh Cheema** (supra) that has been referred to by the petitioners, is a case of COVID-19 pandemic being involved, and accordingly, some relief was granted to the petitioner in that case keeping the COVID-19 pandemic in mind. This case has no application in the facts and circumstances of the present case.

11. In light of above, we are of the view that none of the cases cited by the petitioners come to their rescue as they do not lay down any ratio that the petitioners have a vested right to demand an extension of time limit that has been provided under the OTS Scheme. The petitioners have not been able to provide any plausible reason as to why the payment was not made within 180 days as prescribed under Clauses 7.3 to 7.5 of the SOTS Scheme 2022-23. Owing to the same, we cannot fault the Bank for proceeding to cancel the OTS provided to the petitioners and selling the securities in accordance with law to third parties. It is to be further noted that third party rights have already been created and the sale certificate has also been issued. In these circumstances, we do not see any reason to interfere with the action taken by the Bank which has proceeded in a bonafide manner.

12. In view of the aforesaid, the writ petition is dismissed.

Order Date :- 20.8.2025

Rakesh

(Praveen Kumar Giri J.) (Shekhar B. Saraf, J.)