

2026-PHHC-011450-DB



CWP-20160 of 2020 (O&amp;M)

**IN THE HIGH COURT OF PUNJAB & HARYANA  
AT CHANDIGARH**

CWP-20160 of 2020(O&amp;M)

Date of decision: 27.01.2026

**VEE KAY OILS PVT. LTD. AND ANOTHER.****....PETITIONER****Versus****DEBTS RECOVERY TRIBUNAL-III, CHANDIGARH AND OTHERS.****... RESPONDENTS**

**CORAM: HON'BLE MR. JUSTICE SHEEL NAGU, CHIEF JUSTICE  
HON'BLE MR. JUSTICE SANJIV BERRY, JUDGE**

Present: Mr. Abhilaksh Grover, Advocate for the petitioner.

Ms. Madhu Dayal, Advocate for the respondent/Bank.

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**SHEEL NAGU, CHIEF JUSTICE (Oral)**

1. The petitioner stood as a guarantor to secure the loan taken by the borrower from the respondent/State Bank of India. The borrower defaulted in repayment of the loan instalments and, consequently, the loan account was declared as Non-Performing Asset (NPA).

2. Thereafter, the respondent-Bank approached the Debts Recovery Tribunal-III by filing O.A. No. 4791 of 2017, wherein a Recovery Certificate was issued on 22.01.2019 (Annexure P-3).

3. Subsequently, the petitioner/guarantor approached this Court by filing the present petition, assailing the letter dated 19.11.2020 (Annexure P-13), whereby he was held to be not eligible under the One Time Settlement (OTS) Scheme, 2020. The relevant clause of OTS Scheme, 2020, prescribing cases not eligible to be covered under the Scheme, reads as under:-

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### **2.1 Cases no eligible to be cover under the Scheme.**

- i. *Cases reported as fraud to RBI will not be eligible.*
- ii. *Central Govt/State Govt. guaranteed accounts will not be considered under this scheme.*
- iii. *“Compromise cases” where repayment has already commenced as per the agreed terms, are not eligible. However, cases of failed compromise settlement where the amount is not received within the stipulated time can be considered afresh. Cancellation of failed compromise letter to be issued to the borrower before considering application under OTS.*
- iv. *Any case admitted in NCLT will not be eligible.*
- v. *Units under liquidation will not be eligible.*
- vi. *Units under rehabilitation/restructuring will not be eligible. However, units where rehabilitation/restructuring have failed are eligible.*

4. One of the grounds for holding the petitioner ineligible was that the concerned unit was under liquidation. Accordingly, Annexure P-13 was issued declaring the petitioner/guarantor not eligible under the OTS Scheme.

5. However, this Court, while taking cognizance of this matter on 24.11.2021, restrained the respondent-Bank from taking any coercive steps against the petitioner. As a result of the aforesaid interim order, which subsists till date, the respondent-Bank has been unable to recover the outstanding dues, which have since substantially ballooned.

6. After hearing learned counsel for petitioner, we find no material or circumstance which persuades us to believe that the petitioner was eligible under the OTS Scheme. The order of dissolution in the concerned company petition was passed by this Court as late as on 17.11.2021, clearly establishing that the unit was under liquidation during the relevant period.



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7. Reliance has been placed upon by learned counsel for the respondent/Bank on the cases of *‘The Bijnor Urban Cooperative Bank Limited, Bijnor & others Versus Meenal Agarwal & others’, 2023 (2) SCC 805; ‘State Bank of India Versus Arvindra Electronics Pvt. Ltd.’, 2023 (1) SCC 540; ‘Sumati Gupta Versus Canara Bank’ in CWP No. 17632 of 2023 dated 31.08.2023 decided by this Court*
8. In view of above, issuance of Annexure P-13 by the Bank appears to be justified.
9. Accordingly, the petition is devoid of merit and is dismissed, with liberty to the respondent/Bank to proceed in accordance with law for liquidation of assets and recovery of the outstanding loan amount from the borrower as well as the guarantor.
10. All pending civil miscellaneous application(s), if any, also stand disposed of.

**(SHEEL NAGU)**  
**CHIEF JUSTICE**

**(SANJIV BERRY)**  
**JUDGE**

**27.01.2026**

Kamal Gandhi

*Whether speaking/reasoned Yes/No*  
*Whether reportable Yes/No*