



CWP-30590-2019 (O & M)

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

104+207

CWP-30590-2019 (O & M)
Date of Decision:20.04.2026

CANARA BANK & ANR.

...PETITIONERS

VERSUS

**DEBT RECOVERY APPELLATE TRIBUNAL AND OTHERS
...RESPONDENTS**

**CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL
HON'BLE MR. JUSTICE VIKAS SURI**

Present: Mr. Rakesh Gupta, Advocate
for the petitioners.

Mr. C.S. Pasricha, Advocate,
Mr. Saurabh Sudhir, Advocate and
Ms. Kirti Kanwar, Advocate
for respondent No.3 and 4.

Mr. Aalok Jagga, Advocate
for respondents No.5 and 6.

SUVIR SEHGAL, J. (ORAL)

1. This writ petition has been filed, *inter alia*, for issuance of a writ of certiorari for quashing impugned order dated 08.12.2016, Annexure P-11, passed by Debt Recovery Appellate Tribunal (for short "DRAT"), whereby two separate appeals preferred by petitioners-banks, have been partly accepted.

2. Shorn of details, it is sufficient to notice that as a consortium, petitioners extended financial facilities to respondent No.3 to the tune of Rs.24.70 crore in the year 2008. A plot in Industrial Area, Phase-I, Chandigarh owned by respondent No.4 was kept as mortgage. On default in



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repayment, loan account was declared as NPA and proceedings were initiated under the SARFAESI Act.

3. During the pendency of the petition, some vital developments have taken place, which have a direct impact on the adjudication of this writ petition. An OTS was accepted by petitioner No.1-Canara Bank on 14.02.2023 and it has been implemented. The entire agreed amount of Rs.9.97 crores has been deposited within the time frame laid down in the scheme. The surviving dispute pertains to disbursement of rent deposited by tenant of mortgaged property before Debt Recovery Tribunal (DRT) during the pendency of Securitization Application. While disposing of appeal filed by banks, Debt Recovery Appellate Tribunal (DRAT), *inter alia*, directed as under:-

“These two appeals are, therefore, allowed and the impugned order of DRT-I, Chandigarh is set aside. The rent lying deposited with DRT will continue to remain there till both the banks get the exact liability of the borrower/guarantors adjudicated in appropriate proceedings and when the stage comes for deciding as to in what proportion they have to share the amount which they are able to get recovered and their shares are determined they can then move the DRT for disbursement of the amount to them in accordance with their respective entitlement.”

4. OTS arrived at between petitioner No.1 and private respondents No.3 to 6, *inter alia*, contains some conditions. Condition No.2, which is relevant, is reproduced hereunder:-

*“2. Rent amount lying in DRT Court (Rs.1.13 Cr deposited by M/s Padam Motors Pvt. Ltd., who was a tenant in the mortgaged property) to be released as per **DRT order** and to be credited to loan as per share in consortium.”*

5. A conjoint reading of order passed by DRAT as well as condition reproduced above shows that orders regarding disbursal of rent are



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to be passed by DRT. At this stage, it has also been pointed out that impugned order, Annexure P-11, was tested by some respondents before this Court by filing CWP-17826-2017, which was rejected on 16.01.2019.

6. Mr. Gupta, asserts that petitioners are entitled to the rent amount. On the other hand, Mr. Jagga, who is representing respondents No.5 and 6, has, however, opposed the petition by stating that disbursement of rent is to be made to borrower and dismissal of writ petition prior to arriving at an OTS does not have any bearing on the terms of OTS.

7. Be that as it may, in view of the observations made by DRAT as well as conditions of OTS scheme, this Court has come to a conclusion that entitlement of either party to the aforesaid amount is to be determined by DRT.

8. Accordingly, writ petition is disposed of with a liberty to petitioners or private respondents to move an appropriate application before DRT for disbursement of rent. Liberty is granted to the opposing side to raise any objection they deem appropriate before DRT. In case, such an application is moved by either party within one month from today, DRT is requested to decide it as expeditiously as possible preferably within a period of four months on or before 31.08.2026.

9. Pending applications, if any, are disposed of.

(SUVIR SEHGAL)
JUDGE

20.04.2026
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(VIKAS SURJ)
JUDGE

Whether Speaking/Reasoned	Yes/No
Whether Reportable	Yes/No