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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ W.P.(C) 11328/2025

NISHA GUPTA & ANR. .....Petitioners

Through: Mr. Karan Suneja, Adv.

versus

LIC HOUSING FINANCE LTD .....Respondent

Through: Mr Sanjay Kumar Adv.

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

O R D E R

% **26.02.2026**

CM APPL. 46493/2025

Exemption is granted subject to all just exceptions.

The application is disposed of.

W.P.(C) 11328/2025

1. This is a writ petition filed under Article 226 of the Constitution of India seeking the following prayers:-

> *"i. Allow the present writ petition under article 226, Constitution of India, 1950 thereby issuing a Writ of mandamus or any other Writ, Order of direction of like nature directing respondent to disclose in detail regarding the special recovery scheme July 2025 and permit the petitioners to apply under the said scheme…"*

2. The brief facts of the case are that the respondent sanctioned two loan facilities in favour of the petitioners for amounts of ₹20 crores and ₹25 crores, respectively. The said loan accounts were classified as Non-

Performing Assets (NPA) on 07.06.2018.In March 2024, the petitioners approached the respondent seeking a One Time Settlement (OTS). However, the said request came to be rejected in April 2024.

3. Aggrieved thereby, the petitioners preferred W.P.(C) No. 1202/2025 seeking a direction to the respondent to consider and extend the benefit of its OTS Scheme dated 01.01.2025.

4. The said writ petition was disposed of vide order dated 30.01.2025, whereby the respondent was directed to consider the petitioners' representation dated 16.01.2025 and to pass a reasoned and speaking order thereon.Pursuant to the aforesaid order, the petitioners once again approached the respondent seeking the benefit under the Special Recovery Scheme.

5. On 09.07.2025, the proposal of the petitioners was rejected by recording as under:

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Gmail

karan suneja <mail.ksadvocates@gmail.com>

Re: OTS proposal for Loan No. 3109000005419 and 3109000005420

Rajnish Gupta <rajnishgupta1975@yahoo.com> Thu, Jul 10, 2025 at 12:26 PM
Reply-To: Rajnish Gupta <rajnishgupta1975@yahoo.com>
To: Karan Suneja <mail.ksadvocates@gmail.com>

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----- Forwarded message -----
From: "Ajay Aggarwal" <Ajay.Aggarwal@lichousing.com>
To: "Rajnish Gupta" <rajnishgupta1975@yahoo.com>
Cc: "BO_Delhi_Legal" <bodelhi_legal@lichousing.com>, "VISHWAS SINGH" <VISHWAS.SINGH@lichousing.com>, "DIVYA" <DIVYA@lichousing.com>, "NARESH BANSAL" <nareshkumar.bansal@LICHOUSING.com>
Sent: Wed, 9 Jul 2025 at 16:05
Subject: FW: OTS proposal for Loan No. 3109000005419 and 3109000005420

Dear Sir,

With due regards and with reference to above, we have to inform you that your proposal of closure under Compromise Settlement has not been approved by the Competent authority. This is for your information .

[Quoted text hidden]

6. Thereafter, the petitioner made another OTS proposal on 26.07.2025

which was rejected on 29.07.2025. The rejection email reads as under:

Subject Special settlement scheme
To: [Ajay Aggarwal <ajay.aggarwal@lichousing.com>]
From Rajnish Gupta <rajnishgupta1975@yahoo.com>
Date: Tue, 29 Jul 2025 at 20:04

Respected Sir

We are writing this email to you as we wish to apply for settlement of our loan account no. 310900005419 and 310900005420.

We had applied in the Special recovery scheme as devised by your institution in January 2025, however, due to improper response, we had to approach the Hon'ble High Court of Delhi. Thereafter, your institution had rejected our offer totally in violation of high court order.

But in furtherance of the discussions between us and your institution, we had again applied under the special recovery scheme (Jan 2025) in the form of OTS as per your directives, however, the said offer, which was accompanied with Rs. 10 crores original pay order, was improperly rejected by your institution which was again in violation of the high court order.

Today, we have been told by your senior officer that a new special recovery scheme has been devised by your institution for settlement of loan accounts. We are very astonished that despite fresh offer to settle the accounts made by us, your institution chose not to inform us regarding the new scheme, which possibly leads to only one inference that we are being discriminated by your institution without any cause or concern.

In view if the fact that this scheme has been told to us today, we are urgently requesting your institution to kindly share the detailed special recovery scheme so that we apply under the said scheme and settle our accounts.

Regards
Rajnish Gupta
Nisha Gupta

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7. Mr. Suneja, learned counsel for the petitioners, states that there is another scheme of OTS for the month of July 2025 and the petitioners fall within the said scheme and hence the respondent must consider the petitioners' one time proposal under the July 2025 scheme.

8. Mr. Kumar, learned counsel for the respondent, states that the petitioners do not meet the parameters of July 2025 scheme and no benefit can be extended under the same.

9. I am of the view that the respondent is an NBFC and its objective is to secure its loan exposure to its creditors.

10. The Hon'ble Supreme Court in ***Bijnor Urban Coop. Bank Ltd. v. Meenal Agarwal, (2023) 2 SCC 805,***has observed in paragraphs 11 and 12 as under:

> *"11. While passing the impugned judgment and order, the High Court, in response to the submissions on behalf of the Bank that, there are all possibilities of recovery of the loan amount and the efforts are being made to recover the amount by initiating proceedings under the SARFAESI Act and that the properties mortgaged can be auctioned, has observed that the proceedings under the SARFAESI Act have remained pending for seven years and the Bank has been unable to recover its dues and therefore the hope of recovery is illusory. This conclusion is not supported by any material on record. Merely because the proceedings under the SARFAESI Act have remained pending for seven years, the Bank cannot be held responsible for the same. No fault of the Bank can be found. What is required to be considered is a conscious decision by the*

Bank that the Bank will be able to recover the entire loan amount by auctioning the mortgaged property and a due application of mind by the Bank that there are all possibilities to recover the entire loan amount, instead of granting the benefit under the OTS Scheme and to recover a lesser amount. It is ultimately for the Bank to take a conscious decision in its own interest and to secure/recover the outstanding debt. No bank can be compelled to accept a lesser amount under the OTS Scheme despite the fact that the Bank is able to recover the entire loan amount by auctioning the secured property/mortgaged property. When the loan is disbursed by the bank and the outstanding amount is due and payable to the bank, it will always take a conscious decision in the interest of the bank and in its commercial wisdom.

12.<u>Even otherwise, as observed hereinabove, no borrower can, as a matter of right, pray for grant of benefit of one-time settlement scheme.</u> In a given case, it may happen that a person would borrow a huge amount, for example, Rs 100 crores. After availing the loan, he may deliberately not pay any amount towards instalments, though able to make the payment. He would wait for the OTS scheme and then pray for grant of benefit under the OTS scheme under which, always a lesser amount than the amount due and payable under the loan account will have to be paid. This, despite there being all possibility for recovery of the entire loan amount which can be realised by selling the mortgaged/secured properties<u>. If it is</u>

held that the borrower can still, as a matter of right, pray for benefit under the OTS scheme, in that case, it would be giving a premium to a dishonest borrower, who, despite the fact that he is able to make the payment and the fact that the bank is able to recover the entire loan amount even by selling the mortgaged/secured properties, either from the borrower and/or guarantor. This is because under the OTS scheme a debtor has to pay a lesser amount than the actual amount due and payable under the loan account. Such cannot be the intention of the bank while offering OTS scheme and that cannot be the purpose of the scheme which may encourage such a dishonesty."

(emphasis added)

11. A perusal of the above cited judgment shows that it is the discretion of the financial institutionwhether to accept an OTS or to resort to SARFAESI proceedings to recover the loan amount through the security furnished. The Court does not sit in the arm chair of NBFC to decide which is a better option i.e. OTS or resort to SARFAESI proceedings.The financial institution is the best judge of its requirement and the Court under Articles 226 and 227 of the Constitution of India cannot force the NBFC to accept an OTS and/or consequently a lesser amount.

12. With these observations, the present petition is dismissed.

13. The respondent however shall communicate the reasons within 10 days from today as to why the petitioner does not fall under the Scheme of July 2025.

JASMEET SINGH, J

FEBRUARY 26, 2026/DM