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IN THE HIGH COURT OF DELHI AT NEW DELHI

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CNR No. DLHC010192422026

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W.P.(C) 6048/2026

SANONEST PRIVATE LIMITED

.....Petitioner

Through: Mr. Vikas Gupta, Adv.

versus

UNION OF INDIA AND ORS

.....Respondents

Through: Mr. Anil Panwar (SPC), Mr. Rajat Mohan Dwivedi (GP), Mr. Tanishq Panwar, Mr. Nikhil Goel, Mr. Sahej Sawhney, Ms. Twisha, Advs. for R1

Adv Mr Dhaval Mehrotra and Adv Ms Aditi Desai for R2

Mr Asav Rajan, Mr Kashish Chadha, Mr. Aditya Shah (Advocates) for R3

Mr. Siddharth Samaiya, Adv. for R5

CORAM:

HON'BLE MR. JUSTICE JASMEET SINGH

ORDER

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18.08.2026

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

“(i) Pass an ad-interim order forthwith staying and vacating the Interim Order dated 07.01.2026 passed by Respondent No. 4 in Arbitration Case No. 10 of 2025, in so far as it directs the freezing/attachment of bank accounts and appointment of Receiver;

(ii) Direct Respondents Nos. 5 and 6 (ICICI Bank and YES



Bank) to forthwith defreeze and restore operational access to account nos. 006505006490 and 001464700000212 respectively, pending disposal of this petition;

(iii) Stay all further proceedings in Arbitration No. 10 of 2025 before Respondent No. 4, pending disposal of this petition;

(iv) Direct that no further coercive action including attachment of any property of the Petitioner or its Director be taken pursuant to the Interim Order dated 07.01.2026 or any subsequent order of Respondent No. 4;

(v) Issue a Writ of Mandamus or any other appropriate writ, order, or direction declaring the appointment of Respondent No. 4 as Arbitrator in Arbitration No. 10 of 2025 to be void ab initio, being in violation of Section 12(5) read with the Seventh Schedule to the Arbitration and Conciliation Act, 1996;

(vi) Issue a Writ of Mandamus or any other appropriate writ, order, or direction quashing and setting aside the Interim Order dated 07.01.2026 passed by Respondent No. 4 in its entirety;

(vii) Issue a Writ of Mandamus directing Respondent No. 2 (Reserve Bank of India) to conduct a comprehensive inquiry into the lending and recovery practices of Respondent No. 3 (AEFPL) and to take all appropriate regulatory action under the RBI Act, 1934, including action under Section 45-IA(6) if warranted;



(viii) Issue a Writ of Mandamus directing Respondent No. 2 to enforce the Fair Practices Code for NBFCs so as to mandate adequate advance written notice before any material reduction or withdrawal of credit facilities to MSME borrowers;

(ix) Issue a Writ of Mandamus directing Respondents Nos. 1 and 2 to examine and remedy the structural exclusion of NBFCs of Respondent No. 3's category from the RBI Integrated Ombudsman Scheme, 2021, to ensure effective grievance redressal for MSME borrowers;

(x) Issue a Writ of Mandamus directing Respondents Nos. 1 and 2 to: (a) formulate and issue comprehensive guidelines specifically protecting the rights and interests of persons with permanent disabilities in all matters of NBFC lending, loan recovery, and litigation - which guidelines shall include, without limitation: (i) a mandatory requirement that NBFCs ascertain and document the disability status of borrowers, directors, and guarantors at the time of onboarding and at every stage of recovery; (ii) enhanced advance notice periods - not less than 60 days - before any material reduction or withdrawal of a credit facility where the borrower, director, or guarantor is a person with permanent disability; (iii) a prohibition on the simultaneous initiation or continuation of proceedings before multiple forums located in different cities against a borrower, director, or guarantor who is a person with permanent



disability, without prior leave of the appropriate court; (iv) a prohibition on continuous or repeated ECS/NACH invocations against accounts of disabled borrowers already in documented default where such invocations serve no genuine recovery purpose and only accumulate bank charges; and (v) accessible grievance redressal mechanisms - including video conferencing, online submissions, and home visits - for borrowers with disability; and (b) direct, on an urgent basis, a comprehensive accessibility audit of the processes and functions of all institutions under RBI's purview - including NBFCs, scheduled commercial banks, and payment system operators - to identify structural barriers faced by persons with permanent disability in accessing financial services, grievance redressal, and justice, and to publish the findings and corrective action plan within six months; consistent with the Rights of Persons with Disabilities Act, 2016 and India's obligations under Articles 12 and 13 of the United Nations Convention on the Rights of Persons with Disabilities;

(xi) Award compensation of Rs. 1,00,00,000/- (Rupees One Crore only) from Respondent No. 3 to the Petitioner, comprising: (a) loss caused by the abrupt and unnotified withdrawal of the credit facility in January 2025, which jeopardised the Petitioner's entire business operations and deprived it of working capital it had been regularly utilising for over two years, forcing it into default and causing loss of



business opportunity far exceeding the principal amount; (b) repeated dishonour charges and bank penalties caused by Respondent No. 3's continuous and intentional invocation of the ECS/NACH mandate on the Petitioner's accounts from January 2025 to the present date - a period of over fifteen months - generating dishonour charges running into tens of thousands of rupees on multiple bank accounts over and above the claimed dues, being deliberate conduct designed to maximise the Petitioner's debt burden; (c) loss caused by the forced use of the Director's personal bank account for all business transactions following the freeze of the company's bank accounts, resulting in commingling of funds, exposure of personal assets to business liabilities, and reputational and financial prejudice to both the company and its Director; (d) complete paralysis of the Petitioner's banking operations from 20.01.2026 to the present day pursuant to the illegal exparte freeze order, preventing all receipts, payments, and discharge of statutory obligations including GST and salary payments, causing irreversible damage to business relationships and goodwill built over years; and (e) costs, mental anguish, and harassment incurred in simultaneously defending criminal proceedings in Calcutta, arbitration proceedings in Mumbai, and the present writ petition, imposed on an MSME company whose Director is a person with permanent locomotor disability residing in Ghaziabad;



(xii) Award exemplary and punitive compensation of Rs. 50,00,000/- (Rupees Fifty Lakhs only) from Respondent No. 3 to the Petitioner, over and above the compensatory relief claimed under prayer (xi) above, on account of Respondent No. 3's deliberate, calculated and systematic abuse of arbitral process - being: (a) the unilateral appointment as Arbitrator of Respondent No.4, who by his own mandatory disclosure had been appointed by the same Claimant in 110 matters in the preceding three years, rendering him ineligible under Section 12(5) read with the Seventh Schedule to the Arbitration and Conciliation Act, 1996, a statutory prohibition that Respondent No. 3 cannot have been unaware of; (b) the obtaining of an ex-parte Interim Order under Section 17 freezing all bank accounts of the Petitioner without notice or hearing, through a tribunal constituted in deliberate violation of a statutory mandate; (c) the appointment of Respondent No. 3's own representative as Receiver over the Petitioner's assets under the said order- a device designed to give Respondent No. 3 de facto possession of the Petitioner's property pending proceedings before an arbitrator it had itself unlawfully installed; and (d) the simultaneous prosecution of criminal proceedings in Calcutta and arbitration in Mumbai against a Petitioner based in Delhi/Ghaziabad, by Respondent No. 3 whose registered office is in Gurugram, Haryana - deliberately selecting the most geographically distant and



burdensome forums available, as part of a calculated strategy of multi-forum harassment and coercion that, by reason of its deliberate design to compel payment through procedural oppression, amounts to extortion by abuse of process. This Hon'ble Court is respectfully invited to exercise its power to award exemplary compensation under the constitutional tort jurisdiction established in Nilabati Behera v. State of Orissa (1993) 2 SCC 746 and D.K. Basu v. State of West Bengal (1997) 1 SCC 416, to deter Respondent No. 3 from continuing this pattern of conduct against MSME bonowers who lack the resources to challenge it;.....”

2. The brief facts of the case are that the petitioner is an MSME company registered in Delhi. The petitioner was aggrieved by respondent No. 3's action of withdrawing its credit facility in January, 2025 without giving any prior written notice. Further the respondent No. 3 unilaterally appointed the respondent No. 4 as the Arbitrator and an *ex parte interim* order dated 07.01.2026 was passed by the respondent No, 4 directing to freeze the bank accounts of the petitioner
3. In the disclosure under Section 12(1)(b) of the Arbitration and Conciliation Act, 1996, (**“1996 Act”**) respondent No. 4 disclosed that he has 1095 ongoing arbitrations and has been appointed by the respondent No. 3 in 110 matters as an arbitrator in the last three years.
4. The petitioner's grievance is that the respondent no. 4 was ineligible as per the 1996 Act and rendered the interim order in violation of the provisions of the 1996 Act.



5. When the matter came up for hearing before this Court on 04.05.2026, the Court, while issuing notice, stayed the operation of the order dated 07.01.2026 passed by the respondent No. 4.
6. Mr. Rajan, learned counsel for the respondent No. 3 states that the respondent No. 3 has no objection if an Arbitrator is appointed by the Court for adjudication of disputes between the parties.
7. The same is acceptable to Mr. Gupta, petitioner-in-person, who appears through video conferencing mode.
8. Since the parties are in agreement, the arbitral proceedings may be conducted under the aegis of the Delhi International Arbitration Centre (“**DIAC**”) though the seat is in Chennai.
9. For the said reasons, the petition is allowed and the following directions are issued:-
 - i) Ms. Kritika Gupta (Advocate) (Mob. No. 8826331177) is appointed as a Sole Arbitrator to adjudicate the disputes between the parties.
 - ii) The arbitration will be held under the aegis and rules of the Delhi International Arbitration Centre, Delhi High Court, Sher Shah Road, New Delhi.
 - iii) The remuneration of the learned Arbitrator shall be in terms of DIAC (Administrative Cost and Arbitrators’ Fees) Rules, 2018.
 - iv) The learned Arbitrator is requested to furnish a declaration in terms of Section 12 of the Act prior to entering into the reference.
 - v) It is made clear that all the rights and contentions of the parties, including as to the arbitrability of any of the claim, any other preliminary objection, as well as claims/counter-claims and merits



- of the dispute of either of the parties, are left open for adjudication by the learned arbitrator.
- vi) The parties shall approach the learned Arbitrator within two weeks from today.
10. In case the parties are agreeable, the arbitrator shall also try to mediate the issues between the parties before proceeding with the Arbitration.
11. The petition is disposed of in the aforesaid terms.
12. In the order dated 04.05.2026 the appearance of Mr. Siddharth Samaiya, Advocate shall be read for the respondent No. 5 in place of respondent No. 6.

AUGUST 18, 2026 / (MS)

JASMEET SINGH, J