HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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LPA No.219 of 2016 (O&M)
Date of Decision: 21.04.2016

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M/s SP Singla Construction P.Ltd. ... Appellant

VS.

Reserve Bank of India & Ors. ... Respondents

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CORAM: HON'BLE MR.JUSTICE SURYA KANT
HON'BLE MR.JUSTICE A.B. CHAUDHARI

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Present: Mr. Akshay Bhan, Senior Advocate with
Mr. AS Talwar, Advocate for the appellant

Mr. Deepak Suri, Advocate for RBI

Mr. AK Ahuja, Advocate for respondents No.3&4

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SURYA KANT, J. (Oral)

(1) This Letters Patent Appeal is directed against the order dated 15.12.2015 whereby learned Single Judge has dismissed the appellant's writ petition though with liberty to avail other remedies in accordance with law.

(2) The controversy pertains to Caution Advice – a confidential communication issued by the Reserve Bank of India to the Chief Executives of all the commercial Banks against M/s Sarvodaya Highways Limited and its Directors who are alleged to have defrauded various Banks to the tune of ₹90 crores or so. In the Caution Advice, Table No.I contains particulars of "Associate Concerns" and Sr.No.3 thereof gives a mentioned of SP Singla Constructions Pvt.Ltd. – the appellant. The Caution Advice clearly recites that "*this information should be kept in your*

personal custody and any advice to your controlling offices/branches may be given suo motu <u>without reference to this communication or to Reserve Bank of India in any manner</u>".

(3) The appellant's grievance in the writ petition was that due to inclusion of its name in the list of Associate Concerns appended with the Caution Advice, the Banks have refused facilities like Cash Credit/Loan facilities even though the appellant fulfills all the possible parameters laid down for advancing such facilities.

(4) Learned Single Judge has declined to interfere with the Caution Advice after noticing certain facts which suggest that the principal Director of M/s Sarvodaya Highways Ltd. (Gurinder Kumar Garg) has been having some links with the petitioner's company.

(5) On a specific query by us, learned counsel for the appellant has referred to the communication dated 26.05.2015 (P19) of the Bank of Maharashtra, Panchkula Branch informing the appellant that as per the Caution Advice from the RBI "…the higher authorized have advised not to evince interest in the proposal" for credit facilities.

(6) We have heard learned counsel for the parties and gone through the record.

(7) Keeping in view the limited purpose of Caution Advice issued by RBI to the Chief Executives of Nationalised Bank, it is

not necessary to interfere with the order of learned Single Judge as appellant's interest can be adequately safeguarded granting liberty to it to challenge the action of any individual Bank in declining to advance cash credit/loan facilities only on the basis of Caution Advice, even if the appellant fulfills the eligibility conditions and there is no loss of confidence in it as a past customer. This order, however, shall not be construed as a direction to the Banks to advance such loan facilities to the appellant regardless of a valid reason to decline such facilities to the appellant.

(8) Disposed of.

(Surya Kant)
Judge

21.04.2016
vishal shonkar

(A.B. Chaudhari)
Judge