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* IN THE HIGH COURT OF DELHI AT NEW DELHI

% *Date of Decision: 12th December, 2024*

+ W.P.(C) 484/2024 & CM APPL. 2144/2024 & CM APPL. 2146/2024

M/S UNITED COLD CHAIN AND FOOD PROCESSING LTD &

ORS.Petitioner

Through: Mr. K.K. Sharma, Senior Advocate
with Mr. Shrey Shrivastava and Mr.
Amit Dhall, Advocates

versus

CANARA BANK & ORS.Respondent

Through: Mr. Manish Kumar Singh, Advocate
for R-1 (Through VC)
Mr. Rajiv Kapur, Standing Counsel
for SBI with Mr. Akshit Kapur, AoR
and Mr. Riya Sood, Advocate for
R-2/SBI
Mr. O.P. Gaggar and Mr. Sachindra
Karn, Advocates for R-3

CORAM:

HON'BLE MR. JUSTICE MANOJ JAIN

J U D G M E N T (oral)

1. The present petition has been filed against three different banks i.e. Canara Bank (erstwhile Syndicate Bank), State Bank of India (erstwhile State Bank of Mysore) and Union Bank of India (erstwhile Corporation Bank).
2. During course of the consideration, learned counsel for respondent no. 1 and respondent no. 3 submit that keeping in mind the specific directions appearing in *State Bank of India Vs. Rajesh Agarwal [2023 SCC Online SC 342]*, they have instructions that their banks would issue fresh show cause notices.



3. As far as respondent no. 2/State Bank of India is concerned, learned counsel for respondent no. 2 submits that he has not received any instruction from his bank.

4. Fact remains that admittedly, with respect to the action taken by respondent no. 2/State Bank of India also, the declaration of fraud is in teeth of the specific directions given by Hon'ble Supreme Court in *State Bank of India Vs. Rajesh Agarwal* (Supra) wherein the Hon'ble Supreme Court has given categorical directions that the principle of *audi alteram partem* cannot be excluded under the Master Directions (*Master Directions on Frauds – Classification and Reporting by commercial banks and select Fls issued by RBI on 01.07.2016*). Reference in this be also made to order dated 05.02.2024 of Co-ordinate Bench of this Court in *W.P.(C) 1480/2024: Sanjay Jain Vs. Punjab National Bank & Ors.*

5. In view of the aforesaid, present writ petition is disposed of and the order i.e. order dated 11.03.2019 of respondent no. 1, order dated 18.12.2019 of respondent no. 2 and order dated 22.03.2021 of respondent no. 3, declaring the account of petitioner as fraud, are set aside.

6. Liberty is granted to all the three respondents-Banks to take action afresh after following due procedure and to pass appropriate order while adhering to the specific directions contained in *State Bank of India Vs. Rajesh Agarwal* (Supra).

(MANOJ JAIN)
JUDGE

DECEMBER 12, 2024/dr