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

+ **LPA 1226/2024 & CM APPL. 74599/2024**

PUNJAB NATIONAL BANK

.....Appellant

Through: Mr. Anant Gautam and Mr. Deepanjal
Chaudhary, Advocates.

versus

MS PARAS LUBRICANTS LTD AND ANOTHER

.....Respondent

Through: Mr. Amit Kr. Singh, Mr. Varun
Maheshwari and Mr. Manan Soni,
Advocates for R-1.

CORAM:

HON'BLE THE ACTING CHIEF JUSTICE

HON'BLE MR. JUSTICE TUSHAR RAO GEDELA

ORDER

% **20.12.2024**

1. The appellant (Punjab National Bank) has filed the present appeal impugning a judgment dated 15.10.2024 (hereafter *the impugned judgment*) passed by the learned single Judge of this Court in W.P.(C) 5899/2023 captioned *M/s. Paras Lubricants Ltd. v. Punjab National Bank and others*.
2. The respondent (Paras Lubricants Ltd.) had preferred the said writ petition essentially impugning the classification of its bank account as '*fraud*'. The learned single Judge had faulted the appellant for classifying the respondent's accounts as '*fraud*' without following the principles of natural justice.
3. In addition, the learned single Judge had also found the action to be



ill-founded, arbitrary and capricious. In terms of the impugned judgment, the respondent's petition was allowed with cost quantified at ₹5,00,000/-.

4. After some arguments, the learned counsel for the parties agreed that the adverse findings in the impugned judgment as well as the cost imposed on the appellant be set aside. However, the direction to set aside the classification of the petitioner's account as '*fraud*' be sustained. The parties are agreeable that, in the event the appellant seeks to classify the respondent's account as '*fraud*', it shall do so after affording the respondent an opportunity to be heard.

5. In view of the consensus between the parties we dispose of the present appeal by setting aside the adverse observations recorded in the impugned judgment as well as the direction to pay costs of ₹5,00,000/-.

6. In the event the appellant seeks to classify the respondent's account as '*fraud*', it shall do so only after affording the respondent full opportunity to be heard.

7. All rights and contentions of the parties in this regard are reserved.

8. The petition is disposed of in the aforesaid terms. Pending application also stands disposed of.

VIBHU BAKHRU, ACJ

TUSHAR RAO GEDELA, J

DECEMBER 20, 2024

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Click here to check corrigendum, if any