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

\+ W.P.(C) 5693/2025 & CM APPL. 26003/2025, CM APPL. 26004/2025

AU SMALL FINANCE BANK LIMITED .....Petitioner

Through: Mr. Naresh Kaushik, Sr. Adv. with Mr. Abhisar Bhanu, Mr. Anand Singh, Advocates along with Mr. Suvrat Tomar, Authorised Representative of bank (M:8368293723)

versus

MUNICIPAL CORPORATION OF DELHI & ORS. .....Respondents

Through: Mr. Kapil Dutta, Advocate (M:9811135509)
Mr. Pawan Verma, Advocate for R-2 and R-3 (M:9818596306)

CORAM:
HON'BLE MS. JUSTICE MINI PUSHKARNA

<u>O R D E R</u>

% 05.05.2025

1. By way of the present writ petition, the petitioner has approached this Court seeking direction for de-sealing of the premises occupied by the petitioner, where its banking branch is located, and which had been sealed by the respondent Municipal Corporation of Delhi ("MCD"), without affording any opportunity of hearing to the petitioner. The said premises have since been de-sealed by the MCD for a limited period of one month.

2. Learned Senior Counsel for the petitioner submits that the petitioner is

A.U. Small Finance Bank Ltd., which is a company incorporated under the Companies Act, and a scheduled commercial bank operating under the regulatory framework of the Reserve Bank of India. The Bank is engaged in providing a wide range of banking and financial services, including, retail and corporate lending, deposit mobilization, and other financial products.

3. It is submitted that respondent nos. 2 and 3 were having premises situated at *1/13, West Patel Nagar, New Delhi.* Respondent nos. 2 and 3 offered to lease the said premises to the petitioner bank and assured that the said premises are free from all sorts of hindrance. Respondent Nos. 2 and 3 also procured a No Objection Certificate ("NOC") dated 16th June, 2021, from the MCD, Office of the Executive Engineer (Building), Karol Bagh Zone, specifically permitting the use of the premises for banking activities, including, the operation of a bank branch.

4. Learned Senior Counsel for the petitioner submits that upon completion of preliminary formalities, petitioner and respondent nos. 2 and 3, entered into a duly executed registered Lease Agreement dated 14th July, 2021, in respect of the aforesaid premises.

5. It is submitted that the petitioner bank made substantial investments in furnishing, securing, and equipping the premises in accordance with the regulatory requirements for operating a bank branch. Further, the branch is also equipped with safe deposit lockers for customers and an Automated Teller Machine ("ATM") installed on-site, to facilitate round-the-clock banking services.

6. It is submitted that in November, 2024, the petitioner became aware that the No Objection Certificate ("NOC") previously issued by the MCD for the opening of the banking branch, had been cancelled. Aggrieved by

this, petitioner, through its legal counsel, issued a legal notice dated 20th November, 2024, to respondent nos. 2 and 3, i.e., the lessors, raising its concerns regarding the cancellation of the NOC, and seeking clarification and resolution on the matter.

7. In response to the said legal notice issued by the petitioner, the lessors, respondent nos. 2 and 3, sent a reply to the notice dated 30th November, 2024, informing the petitioner that they had already challenged the order of cancellation of the NOC before this Court. They were further informed that this Court had directed the maintenance of the *status quo.* As a result, the lessors assured the petitioner that the operations of the appellant bank were protected under the *status quo* order.

8. Learned Senior Counsel for the petitioner submits that the petitioner under the *bona fide* impression that respondent nos. 2 and 3, being the lessors, would be safeguarding the interests and rights of the petitioner in relation to the subject premises, continued with their operations. However, to the utter shock and surprise of the petitioner, a notice dated 24th April, 2025, was pasted on the premises by officials of the MCD, directing the petitioner to vacate the premises within 48 hours. The said notice was pasted without serving any prior communication, Show Cause Notice, or affording any opportunity of hearing to the petitioner.

9. It is also submitted that the petitioner submitted a detailed representation dated 29th April, 2025, to the respondent/MCD. However, MCD failed to consider the said representation. Subsequently, respondent no. 1 proceeded to seal the premises on 29th April, 2025, thereby, abruptly halting the functioning of the petitioner's bank branch.

10. Learned Senior Counsel for the petitioner submits that the bank needs

time of atleast four months to vacate the premises in question, as the bank does not wish to continue with its operations from the premises anymore. Learned Senior Counsel for the petitioner, on instructions, submits that four months time may be granted to the petitioner-bank to vacate the premises, since the petitioner would need some time to shift its facilities, including, lockers and ATM facilities to the new premises, and the customers would have to be informed, accordingly.

11. Responding to the aforesaid, learned counsel for MCD submits that respondent nos. 2 and 3, who are owners of the premises in question, have already filed an appeal before the learned Appellate Tribunal, MCD ("ATMCD"). He submits that no stay has been granted in favour of the owner of the premises in question. Thus, he submits that no concession ought to be granted to the petitioner by this Court.

12. He further submits that the respondent/MCD, upon the representation of the petitioner, has already de-sealed the premises on 30th April, 2025, for a period of one month, till 30th May, 2025.

13. Having heard learned counsels for the parties, it is directed as follows:

13.1 The petitioner shall be allowed to operate its banking operations from the premises in question, for a period of four months from today.

13.2 Upon expiry of the four months period, the petitioner-bank shall close the said branch and shift its services to some other premises, in accordance with the Guidelines of the Reserve Bank of India ("RBI").

13.3 Upon vacation of the premises by the petitioner-bank, the respondent/MCD, shall be at liberty to seal the premises again, subject to any orders, that may be passed by the learned ATMCD.

14. With the aforesaid directions, the present writ petition, along with pending applications, stands disposed of.

MINI PUSHKARNA, J

MAY 5, 2025
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