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

\+ W.P.(C) 6331/2025

JITENDRA KUMAR SINGH & ANR. .....Petitioners

Through: Mr. Sandeep Sethi, Sr. Adv. with Mr. Rishi Agrawala, Mr. Tejasvi Chaudhry and Ms. Tarini Khurana, Advs.

versus

IDBI BANK .....Respondent

Through: Mr. Sidhartha Barua, Mr. Aakash Mohan and Mr. Kumar Arnav Singh Deo, Advs.

CORAM:
HON'BLE MR. JUSTICE VIKAS MAHAJAN

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

% **13.05.2025**

<u>CM APPL. 28829/2025 (exemption)</u>

1. Allowed, subject to all just exceptions.

2. Application stands disposed of.

<u>W.P.(C) 6331/2025 & CM APPL. 28828/2025</u>

3. The present writ petition has been filed assailing order dated 29.11.2024 issued by the respondent bank declaring the petitioners as ‘Fraud’ under the “RBI Master Directions”. A further prayer has been made to quash any steps taken pursuant to the impugned order dated 29.11.2024.

4. Mr. Sandeep Sethi, learned senior counsel appearing on behalf of the petitioners submits that the order itself is bad inasmuch as no show cause notice was ever served upon the petitioners. He submits that the petitioners

only became aware about the fraud classification from the collateral proceedings.

5. He submits that the show cause notice was even published in two Newspapers - in 'The Financial Express' on 01.08.2024 and in 'Free Press Journal' on 02.08.2024.

6. Mr. Sethi submits that the fact remains that the show cause notice was not physically served upon the present petitioners. That apart, submission of Mr. Sethi is that identically worded show cause notices of same date i.e. 19.06.2024 were issued to other Directors of the borrower Company i.e. EPC Constructions India Ltd. [formerly Essar Projects (India) Limited]

7. He submits that such Directors have filed separate writ petitions before this Court being W.P.(C) Nos.10893/2024, 10939/2024, 10950/2024, 9298/2024 and 10928/2024, assailing respective show cause notices issued to them.

8. He submits that common ground in the present petition as well as above noted petitions is that the show cause notices have been issued without complying with the principles of natural justice, inasmuch as said notices refers to certain transactions without any underlying basis.

9. He submits that no report including Forensic Audit Report or other documents, have been provided with the show cause notices. He invites attention of the Court to the impugned order dated 29.11.2024, to contend that reading of the impugned order makes it evident that show cause notice of even date 19.06.2024 was given to one and all. He submits that all the show cause notices have been worded identically.

10. Mr. Sethi further contends that in the writ petitions noted in paragraph no.7 above, Mr. Barua, on instructions, have stated that the said petitions can

be disposed of in terms of the order passed by the Coordinate Bench of this Court in ***Gautam Malhotra v. IDBI Bank Limited***[1], therefore, the present petition can also be disposed of on similar terms since it is not is dispute that the show cause notice issued to the present petition is identical to show cause notices issued to the petitioners in the said petitions.

11. In view of the above, issue notice. Mr. Siddharth Barua, accepts notice on behalf of the respondent bank.

12. On a query posed by the Court, Mr. Barua does not dispute that the show cause notices issued to the company and its directors are identically worded.

13. Since this Court has disposed of other connected petitions in which the challenge has been laid to identically worded show cause notices, on the basis of statement of Mr. Barua, who on instructions, stated that said petitions can be disposed of in terms of the order passed by this Court in ***Gautam Malhotra*** (supra), therefore, this Court is of the view that the present petition as well, can also be disposed of in terms of ***Gautam Malhotra*** (supra).

14. Accordingly, the impugned order dated 29.11.2024 whereby the petitioners have been classified as fraud is set aside and the parties are relegated to the stage of show cause notice, and following directions are passed:

> (i) The SCN dated 19.06.2024 shall stand, however, the respondent/IDBI Bank Limited shall maintain *status quo* and shall not declare or classify the account of the petitioners as 'fraud';
>
> (ii) In the meanwhile, the petitioners shall be afforded an opportunity to inspect the relevant record from 02:00 p.m.

[1] Order dated 21.08.2024 passed in W.P.(C) 11519/2024

to 05:00 p.m. at IDBI Bank Ltd., 9th Floor, Plate B, Block 2, NBCC Office Complex, East Kidwai Nagar, New Delhi110023 on meeting Ms. Kaveri Krishnamurthy, DGM, IDBI Bank Ltd. (Mobile No. 9820252268) on 16.06.2025 and 17.06.2025 and if need be on 20.06.2025;

(iii) The petitioners may be accompanied with their Chartered Accountant or any financial expert who shall be supplied with the copies of the forensic audit reports, soft as well as hard copies, if the latter desired, at the cost of the petitioners;

(iv) On conducting such inquiry, the petitioners shall file their reply to the SCN within a period of 14 days i.e. on or before 04.07.2025;

(v) The respondent/IDBI Bank Limited may thereupon afford an opportunity of hearing to the petitioners on any working day, and thereafter may take a decision in accordance with law, within 21 days of the filing of the reply to the SCN.

15. The petition, alongwith pending application, is disposed of in the above terms. Needless to say, that all contentions of the parties are left open.

VIKAS MAHAJAN, J

MAY 13, 2025

N.S. ASWAL