$~77

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

\+ W.P.(C) 3047/2026

SUPREME ALLOYS LIMITED .....Petitioner

Through: Mr. Sameer Rohatgi, Mr Anish Singh, Mr Manohar Malik, Advs.

versus

CANARA BANK

.....Respondent

Through: Mr. Abhishek Nair, Ms. Gulafsha Kureshi, Mr. Bothra, Advs.

CORAM:

HON'BLE MR. JUSTICE JASMEET SINGH

ORDER

% 24.03.2026

1. This is a writ petition filed under Article 226 of the Constitution of India seeking the following prayers:-

> *"a) issue a writ, order or direction in the nature of Certiorari quashing and setting aside the impugned notice/ communication dated 09.02.2026 alongwith the earlier show-cause notice dated 13.10.2023 issued by the Respondent Bank, proposing to declare the account of Petitioner as fraud, as the same are non-est, illegal, invalid and arbitrary, once Bank issues No Dues Certificate to the Petitioner pursuant to arriving at satisfactory completion of payment in terms of sanctioned One Time Settlement with the Petitioner..."*

2. The facts are that the respondent bank issued a show cause notice dated 13.10.2023 seeking to declare the petitioner as a fraud. The petitioner

duly replied to the said show cause notice on 27.10.2023.

3. However, in pursuance of the One Time Settlement ("***OTS***") dated 13.05.2022 the petitioner settled all its dues with the respondent bank on 30.07.2024 and a No Due Certificate dated 07.08.2024 was issued by the respondent. Additionally, the respondent withdrew their OA No. 387/2016 filed against the petitioner before the Debt Recovery Tribunal, Lucknow ("***DRT***") on 07.10.2024 in view of the OTS and No Due Certificate.

4. The winding up order dated 23.02.2016 passed by this Court was also recalled on 30.05.2025 and the official liquidator qua the petitioner was discharged. Despite the same, another show cause notice was issued on 09.02.2026 seeking to declare the petitioner as a fraud or giving an opportunity to the petitioner to respond to the loans.

5. Mr. Nair, learned counsel for the respondent, states that the same is in the nature of only a notice and the petitioner is at liberty to raise all the raised before the adjudicating authority.

6. However, *prima facie* I am of the view that even though it is a notice calling upon the petitioner to give its reply, the Show Cause Notice has already adjudicated the matter. The same reads as under:-

> *"2. Regarding averment made in paragraph no. 3, it is stated that your submissions that as per Clause 9 of the OTS, Bank needs to withdraw legal proceedings initiated against the Company upon receipt of full & final payment. In this regard, reference is made to Clause 15 of the OTS sanction wherein, it is specifically mentioned that OTS does not have any bearing whatsoever on criminal proceedings by the Bank. Accordingly, your submissions in this regard*

are not acceptable.

3. Regarding averment made in paragraph no. 4, it is stated that your submissions citing Pune Buildtech Pvt Ltd Vs Bank of India, Writ Petition no. 3524/2024, order dated 08.10.2024, is not applicable in the instant case. It is pertinent to note here in that case, Bank of India has not issued Show Cause Notice and not adhered to guidelines of SBI vs Rajesh Agarwal & Ors 2023 6 SSC1. Bank in the instant case has issued detailed Show Cause Notice dated 13.10.2023 & as per Clause 8, 9, 11& 15 of OTS terms there will be no bearing of OTS on criminal proceedings against the company.

4. Regarding the averments made in paragraph no. 5, it is stated that we have already shared the relevant documents with you earlier as per your request we are providing the same again for your perusal and you are at liberty to visit the Bank Office

वसूली व विधि	Recovery & Legal Section	दूरभाषस/.Tel No. 011-26281532
अंचलकार्यालय, 7वी मंजिल, अंसलटावर्	Circle Office, 7th Floor, Ansal Tower	ई-मेल/E-Mail: reccodel@canarabank.com ई-मेल/E-Mail: legalcodel@canarabank.com
38नेहरू प्लेस, नई दिल्ली-110019	38 Nehru Place, New Delhi-110019	वेब/Web: www.canarabank.com

mentioned below on 18.02.2026 with list of specific

documents primarily related to Show Cause Notice
"Canara Bank,
Stressed Asset Management Branch,
C- 34, 3rd Floor, DDA Shopping Complex
Opp. Moolchand Hospital
Defence Colony, New Delhi- 110024"

5. Regarding the averments made in paragraph no. 6, it is stated that submissions made
in paragraph 6 are not related to content of Show Cause dated 13.10.2023, therefore needs no comments.
6. Regarding the averments made in paragraph no. 7, it is stated that separate intimation will be sent to you for personal hearing in the matter. Further, documents required to submit reply we request you to refer to our reply in point no. 4.

Before arriving on a conclusion to classify your above-mentioned account/s as fraud, we are hereby giving you an opportunity to make any representation to the Committee within 15 days from the date of receipt of this letter. If no representation is received from you within the stipulated time period as mentioned above, it shall be presumed that you do not have anything to say in this matter and the Bank shall decide the matter based on the facts placed before the Committee.
Further, if you wish to have a personal hearing, we request you to inform us the same within Fifteen days of receipt of this notice

failing which bank will proceed as deemed fit.

This is without prejudice to any other rights available to us under any other law in force.

Yours faithfully."

7. A perusal of the said averments clearly the OTS, No Due Certificate, withdrawing of the DRT petition and recall of the winding up order has already been considered and rejected by the respondent.

8. For the said reasons, let the respondent file a detailed response within six weeks from today.

9. List on 12.08.2026.

CM APPL. 14702/2026

10. This is an application filed under Section 151 of CPC, 1908 seeking directions restraining the respondent form taking any precipitative actions pursuant to the impugned notice dated 09.02.2026.

11. Mr. Nair, learned counsel has drawn my attention to the OTS proposal, where clause No. 8 reads as under:-

> *"8. Compromise decree to be filed with DRT after sanction of OTS in order to bind parties to honour the OTS. Consent orders shall be obtained from DRT by recording the terms and conditions of the settlement with a specific clause stating that proposed settlement of loan will not have any effect on the action initiated by enforcement agencies/ongoing criminal cases/ proceedings pending in any court against the borrower Company, directors & guarantors."*

12. In view of the aforesaid, it is clear that the petitioner has already settled its dues with the respondent bank and the respondent bank has

accepted the OTS proposal and issued No Due Certificate. Consequently OA before the DRT has been withdrawn and winding up order has been recalled by this Court. To my mind, the petitioner has shown that there is no amount due and payable by the petitioner to the respondent. Further, there is no criminal proceedings pending against the petitioner.

13. For the said reasons, the petitioner has a *prima facie* case and the balance of convenience lies in favour of the petitioner. If interim orders are not passed, the petitioner shall suffer irreparable loss. In case the Court comes to a finding that the show cause notice dated 09.02.2026 issued by the respondent seeking to declare the petitioner as fraud is correct the respondents can always be permitted to take further steps in furtherance of the said notice.

14. For the said reasons, till the next date of hearing, the show cause notice dated 09.02.2026 and 13.10.2023 shall be stayed.

15. List on 12.08.2026.

JASMEET SINGH, J

MARCH 24, 2026/NG