$~118

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

\+ W.P.(C) 15859/2025, CM APPL. 64924/2025 stay, CM APPL. 64925/2025 Ex

ANAND BROTHERS AND ORS. .....Petitioners

Through: Mr.Sanjeev Bhandari and Mr.Amit Dhall, Advts.

versus

STATE BANK OF INDIA .....Respondent

Through:

CORAM:
HON'BLE MR. JUSTICE VIKAS MAHAJAN

O R D E R

% **15.10.2025**

1. The present petition has been filed seeking the following relief:

a) Issue a writ of certiorari or any other appropriate writ, order or direction quashing and setting aside the impugned order dated 28.07.2025 passed by Respondent No. 1 (SBI) declaring the Petitioner's account as "Fraud";
b) Declare that the impugned action of the Respondent Bank is ultra vires the RBI Master Directions on Frauds Classification and Reporting by Commercial Banks and Select Financial Institutions, 2016 dated 15.07.2024, (as amended) and violative of the binding judgment of the Hon'ble Supreme Court in State Bank of India v. Rajesh Agarwal, (2022) 5 SCC 55;
c) Issue a writ of mandamus directing the Respondent Bank not to report the Petitioner's account as "Fraud" to RBI, CIBIL, or any other statutory authority/credit Information company, and to forthwith delete/correct any such entries already made;

d) Issue a writ of mandamus directing the Respondent Bank to provide the Petitioner with all relevant material including the forensic audit report and relied-upon documents, and to grant an opportunity of hearing before passing any fresh order in accordance with law and RBI guidelines;

e) Direct the Respondent Bank to grant an opportunity of hearing to the Petitioners to put present their case effectively pursuant to the receipt of the copies of all the aforementioned documents which may have been relied upon by the Respondent bank before declaring the account of the Company as Fraud";

f) Pass such other or further order(s) as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case, in the interest of justice.

2. The grievance articulated in the present is against the impugned decision taken by the review committee in its meeting held on 28.07.2025 whereby the account of borrower i.e. Anand Brothers & Ors., a partnership firm, of which petitioner no.2 and 3 are partners, was classified as 'fraud'. The said decision was communicated to the petitioner under the cover of respondent bank's letter dated 29.07.2025.

3. Mr. Sanjeev Bhandari, learned counsel appearing on behalf of the petitioners invites attention of the court to the show cause notice dated 04.04.2025 to contend that the said show cause notice is predicated on the allegation that there is a forgery committed with an intention to commit fraud by making false documents/electronic records.

4. Elaborating further, he submits that in the show cause notice it is alleged that the borrower had submitted a forged gift deed dated 30.12.2020 for availing the loan, which fact has been confirmed by the

legal opinion report dated 26.03.2025. He contends that the said allegation is clearly predicated on the legal opinion report dated 26.03.2025, a copy of which was never supplied by the respondent/Bank to the petitioners.

5. He submits that in the show cause notice it has not been elaborated that on what basis the gift deed 30.12.2020 has been found to be forged. He submits that the petitioners *vide* their response to the show cause notice dated 25.04.2025 had stated that the gift deed in question is registered gift deed and the same was accepted by the bank as a co-lateral security only after conducting due diligence.

6. He further contends that the petitioner had also asked for the relevant documents from the bank. He contends that the petitioner was asked to visit the branch to inspect the documents related to the bank on 16.06.2025 but since petitioner's father was diagnosed to be suffering from cancer, the petitioner could not visit the bank. He submits that thereafter, the petitioner's father was even admitted in the hospital on 28.06.2025 and was discharged on 07.07.2025. To buttress his contention, he has referred to the discharge summary pertaining to petitioner's father issued by Max Healthcare.

7. He further contents that even personal hearing was not afforded to the petitioner before classifying the account of the petitioner as fraud. He places reliance on the decision of the Hon'ble Supreme Court in ***State Bank of India vs. Rajesh Aggarawal, (2023) 6 SCC 1*** and the decision of Division Bench of this court in ***IDBI Bank Limited vs. Gaurav Goel & Ors., 2025 SCC OnLine Del 935***.

8. In view of the above, issue notice to respondent bank by all

permissible modes returnable on 24.02.2026.

9. Counter affidavit be filed within a period of three weeks.

10. Rejoinder thereto if any be filed before the next date of hearing.

11. In the meanwhile, regard being had to the submission made by Mr. Bhandari, which *prima facie* appears to have substance, the operation of the impugned decision dated 28.07.2025 communicated to the petitioner *vide* letter dated 29.07.2025, is stayed till the next date of hearing.

VIKAS MAHAJAN, J

OCTOBER 15, 2025/*rb*