



**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

**CWP No. 21566 of 2025
Date of decision: 25.08.2025**

M/S NKB INFRASTRUCTURE PVT LTD AND OTHERS

....Petitioners

V/S

INDIAN BANK AND ANOTHER

... Respondents

**CORAM: HON'BLE MR. JUSTICE SHEEL NAGU, CHIEF JUSTICE
HON'BLE MR. JUSTICE SANJIV BERRY, JUDGE**

**Present:- Mr. Aalok Jagga, Advocate (Arguing Counsel),
Mr. Harkirat S. Jagdev, Advocate and
Mr. Sahil Lohan, Advocate for the petitioners.
Mr. Gaurav Goel, Advocate for the respondent-Bank.**

SHEEL NAGU, CHIEF JUSTICE (Oral)

1. The challenge in this case is to the order dated 20.05.2025 (Annexure P-29) passed by Branch Manager, Indian Bank (SAM, New Delhi), whereby the petitioners have been declared "fraud" for having violated the bank's sanctioned terms and conditions and for diversion of funds.

2. In short the argument of learned counsel for petitioners, while referring to the impugned order dated 20.05.2025 (Annexure P-29), is that pursuant to the Show Cause Notice (Annexure P-22), the petitioners furnished a detailed reply (Annexure P-23), where the petitioners relying upon the order dated 14.06.2022 passed by DRT, Jaipur in SA No. 57 of 2022, holding that since the property mortgaged was agricultural in nature, the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 shall not apply, in terms of Section 31(i) thereof. It is further submitted that an appeal No. 146 of 2022 preferred by respondent-bank



before the DRAT, Delhi, against the said order, is still pending consideration and no interim relief has been granted in favour of the respondent-Bank passed on 14.07.2025.

3. Learned counsel for the respondents-Bank does not dispute that in appeal No. 146 of 2022 before the DRAT, Delhi, no stay in favour of the respondent-bank was granted till date and the stay was only against the contempt proceedings.

4. Learned counsel for the respondent-bank has contended that the impugned order is a reasoned one, since each of the seven grounds raised by the petitioners have been answered by the respondent-bank, by giving specific reasons, and, therefore, merely because the impugned order says that point wise reply has not been given, does not make it unlawful.

5. A bare perusal of the impugned order reveals that though certain reasons have been assigned in response to the seven grounds raised by the petitioners and its reply to the show cause notice but the specific plea of validity of the mortgaged, has not been answered to by the Bank in the impugned order.

6. The impugned order, thus, does not appear to be reasoned, as it fails to meet out this main ground raised by the petitioners of the validity of the mortgage deed.

7. In view of the above, we are of the considered view that due and sufficient opportunity of being heard, has not been afforded to the petitioners.

8. Consequently, especially in view of clause 2.1.1.4 of the RBI guidelines dated 15.07.2024, which is to the following effect:-

“A reasoned order shall be served on the Persons/Entities conveying the decision of the bank regarding declaration/classification of the account as fraud or otherwise. Such Order(s) must contain relevant



facts/circumstances relied upon, the submission made against the SCN and the reasons for classification as fraud or otherwise”.

9. For ready reference and convenience, the RBI guidelines dated 15.07.2024 are taken on record as Annexure-X.

10. Consequently, the impugned dated 20.05.2025 (Annexure P-29) passed by Branch Manager, Indian Bank (SAM, New Delhi), is set-aside, with directions to the respondent-bank to pass a fresh order by meeting out every contentions raised by the petitioners in their reply to the show cause notice.

11. The quashing of order of declaration of fraud will not extend liberty to the petitioners to alienate any of the property mortgaged.

12. Learned counsel for the respondent-bank is directed to complete the exercise of passing a fresh order within a period of three weeks from today.

13. The complaint filed by the CBI against the petitioners on the basis of the impugned order, shall be kept in abeyance, till the passing of the fresh order by the respondent-bank.

14. With the aforesaid directions, the present petition stands disposed of.

15. All pending Civil Miscellaneous application(s), if any, also stand disposed of.

(SHEEL NAGU)
CHIEF JUSTICE

(SANJIV BERRY)
JUDGE

25.08.2025
Kamal Gandhi

Whether speaking/reasoned Yes/No
Whether reportable Yes/No