



2026:DHC:8674



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* IN THE HIGH COURT OF DELHI AT NEW DELHI
CNR No. DLHC010739772024

Date of decision: 15.09.2026

+ W.P.(C) 15111/2024

M/S. CAMPARI EXPORTS PVT. LTD
AND ANR.

.....Petitioners

Through: Mr. Rhythm Katyal, Mr. Pratyush
Arora, Advs.

versus

STATE BANK OF INDIA AND ORS.

.....Respondents

Through: Mr. Rajiv Kapur, SC for SBI, Mr.
Akshit Kapur, Ms. Riya Sood & Ms. Srishti
Bansal, Advs. for SBI/R1
Mr. Amit Tiwari, CGSC, Ms. Ayushi Srivastava,
Adv, Mr. Kushagra Malik, Advs. for R2

CORAM:

HON'BLE MR. JUSTICE JASMEET SINGH

: **JASMEET SINGH, J (ORAL)**

1. This is a writ petition filed under Article 226 of the Constitution of India seeking the following prayer(s):-

“A. Issue a Writ in the nature of Mandamus directing the Respondent Bank to refund the entire amount of Rs. 98,43,126/- (Rupees Ninety-Eight Lakh Forty-Three Thousand One Hundred Twenty-Six Only) wrongfully deducted from the Petitioner's account, along with interest thereon at the applicable rate until the date of actual payment.....”



2026:DHC:8674



2. The brief facts of the case are that the petitioner No. 1 is a Medium Enterprise under the MSMED Act, 2006. The respondent No. 1 had extended a loan facility with a limit of Rs. 54.54 crores to the petitioners through an Arrangement Letter dated 18.02.2022 which, according to the petitioners, contained all the material terms and conditions of the loan facility.
3. The petitioner No. 1 was compelled to prematurely close its loan account due to respondent No. 1's decision to hike the loan interest from 8.75% to 17.25% per annum.
4. Accordingly, it was contended on behalf of the petitioners that a request for closure of the credit card facilities and the release of the property documents were submitted by petitioner No. 2, Director and Authorised Representative of the petitioner No. 1, and thereafter, he had also issued emails dated 31.08.2023, 02.09.2023, 04.09.2023 and 05.09.2023, informing respondent No. 1 about the same.
5. The petitioners are aggrieved by the foreclosure charges which, according to them, at the time of filing of the petition, were Rs. 98,43,126/- and after amendment of the petition, amounted to Rs. 83,41,632/- (excluding GST). Hence, the petitioner today is aggrieved by the deduction of Rs. 83,41,632/-.
6. Mr. Kapur, learned standing counsel for the respondent No. 1/SBI, has handed over a Circular by respondent No. 1/SBI dated 24.02.2023 in Court today. The circular that has been handed over is taken on record.
7. He states that this Circular dated 24.02.2023 clearly states that there would be pre-payment charges equivalent to 2.00% of the prepaid



amount. Relevant paragraphs in this regard read as under:-

6(a)	Pre-payment charges (on Term Loan Facility)	2.00 % of the pre-paid amount. Pre-payment penalty of 1% will be applicable on account of "Loan prepaid out of higher cash accruals from the project/ equity infusion by promoters" Exemptions: i. No charges will be levied on floating rate term loans sanctioned to Individual borrowers. ii. Micro Enterprises as defined under MSMED Act 2006 are exempted irrespective of the limits/ out standings. However, Small / Medium Enterprises will be subject to levy of Pre-payment charges. iii. Pre-payment charges will not be levied on the following cases: a. In case payment has been made out of cash sweep/ Insurance proceeds b. Payment at the instance of lenders. iv. In the instances where the Bank has strategically decided to exit from the exposure.
6(b)	Pre-Closure charges (on Fund Based Facilities except Term Loan)	2% of the "Outstanding Amount" being taken over.

8. He further states that the petitioners throughout were informed that the sanctioned loan is subject to all terms and conditions as stated in the loan documents as well as modifications carried out by the respondent No. 1 and further other charges as notified by the respondent No. 1 from time to time on its official website.

9. To support the same, Mr. Kapur, learned counsel, draws my attention to Clause 10 and Point 12 of Annexure-C of Arrangement Letter dated 24.03.2023 which read as under:-

The bank reserves the right to revoke or cancel the facilities sanctioned and/or vary, alter, modify or rescind, amend or change at any time any one or more of the terms and conditions of the facilities at our discretion with such notice as the bank may deem reasonable and without assigning any reasons. The provision of these facilities is at the sole discretion of the bank and may request for extension/ enhancement/ renewal of any of the facilities/ limit is at the discretion of the bank and on fulfillment of such terms and conditions as prescribed by the bank.

12	Penal Rate of Interest	As mentioned in 'Other Term & Conditions'
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2026:DHC:8674



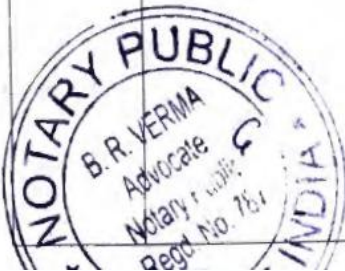
10. He then draws my attention to the second renewal of credit facilities vide Arrangement Letter dated 20.12.2022, wherein it has been clearly stated that *“further other charges as notified by the bank from time to time on its official website and other media”*.
11. He also draws my attention to the third renewal vide Arrangement Letter dated 24.03.2023, wherein the said condition is again mentioned
12. Thereafter, he draws my attention to the counter-affidavit filed by respondent No. 1 wherein the stand has been further crystallized in the following relevant paragraphs of the counter-affidavit which read as under:-
15. That as per the Arrangement Letter dated 20.12.2022, it is clearly mentioned that *“further other charges as notified by bank from time to time on its official website and official media”*.
16. That as per the guidelines i.e. Advances Related Services Charges (C&I, SME and AGL Segments) dated 24.02.2023 (Pg. 36), w.e.f. 01.04.2023, pre closure



charges are applicable on small and medium enterprises. The relevant clauses 6(a) and (b) of the same read as under:-

“

Sr. No.	Item	Details
6(a)	Pre-payment charges (on Term Loan Facility)	2.00% of the pre-paid amount. Pre-payment penalty of 1% will be applicable on account of "Loan prepaid out of higher cash accruals from the project/equity infusion by promoter. <u>Exemptions:</u> i. No charges will be levied on floating rate term loans sanctioned to Individual Borrowers. ii. Micro Enterprises as defined under MSMED Act 2006 are exempted irrespective of the limits/out standings. <u>However, Small/Medium Enterprises will be subject to levy of Pre-payment charges.</u> iii. Pre-payment charges will not be levied on the following cases: a. In case payment has been made out of cash sweep/insurance proceeds. b. Payment at the instance of lenders.





		iv. In the instances where the Bank has strategically decided to exit from the exposure.
6(b)	Pre-Closure charges (on Fund Based Facilities except Term Loan)	2% of the "Outstanding Amount" being taken over

99

17. The aforesaid guidelines of the bank, as effective from 01.04.2023, specifically stipulate that Micro Enterprises are exempted from Pre-Payment charges irrespective of the limits / out standings. However, small/medium enterprises will be subject to levy of Pre-payment charges. Therefore, petitioner no. 1 company being a Medium Enterprise is subject to levy of pre-payment charges.

13. He also relies upon the judgement in "*Union of India vs. Krupanidhi Education Trust and Another*" (2021) 18 SCC 318 which states as under:-

"7. We are of the considered opinion that once a loan agreement was signed between the parties, a concluded contract came into being incorporating pre-payment charges. The agreement would bind the parties. The respondent Bank was the beneficiary of the pre-closure charges and therefore if it opted to waive a part of the benefit by reducing the pre-closure charge from 2% to 1%, it was their discretion and jurisdiction which obviously inures to the benefit of the complainant. But in no case could the pre-payment charge be lowered beyond that waived by the respondent Bank under the agreement...."



14. As per the aforesaid judgment of the Hon'ble Supreme Court, a loan agreement signed between the parties is a concluded contract. However, in the present case, the concluded contract i.e. Arrangements Letters contain no specific provision for foreclosure charges, and the Circular dated 24.02.2023 relied upon above came into effect only after the date of the last renewal of the aforesaid loan facility.
15. Mr. Kapur, learned standing counsel, further relies upon the order of the Ombudsman dated 26.02.2024 to state that there is no deficiency in the action of the respondent No. 1. He further states that since the credit facilities were being taken over by another financial institution, the bank deducted pre-payment penalty charges of Rs. 0.98 rupees as per extant policy.
16. The Arrangement Letters, to avail the loan arrangement, signed between the parties on 18.02.2022, renewed on 20.12.2022 and further renewed on 24.03.2023 do not contain any provision for foreclosure charges.
17. The respondent No. 1 seeks to rely upon the following portion of the said Letters to impose 2.00% foreclosure charges:-

“....further other charges as notified by the bank from time to time on its official website and other media.”
18. The circular dated 24.02.2023, which is sought to be relied upon by the respondent No. 1, itself states that the same is effective from 01.04.2023 i.e. after the last renewal of the loan arrangement made by the petitioner with respondent No. 1.
19. Hence, on the day when the petitioner's loan facility was renewed i.e.



2026:DHC:8674



on 24.03.2023, the circular dated 24.02.2023, even though put up on the official website of respondent No. 1, was yet to take effect.

20. Even assuming that the respondent No. 1 could levy the aforesaid foreclosure charges without notifying the other contracting party about the same clearly in writing, the same does not apply to the petitioner as the said circular dated 24.02.2023 is effective from 01.04.2023 i.e. after the date of last renewal.
21. Additionally, I am also of the view that the imposition of foreclosure charges, subsequently, is in the nature of altering the terms and conditions of the initial contract.
22. The same cannot be made binding without the other contracting party specifically agreeing to the altered terms and conditions. Merely stating that further charges will be notified by the respondent No. 1/bank from time to time on its official website and other media without incorporating the same in the terms of the contract is in the nature of altering the initial contract, thereby putting one of the contracting parties at a disadvantage.
23. It is a basic requirement of a valid contract that its terms and conditions must be clear and unambiguous and, that both the parties fully understand them before signing. Without this, there can be no true meeting of the minds and therefore, no valid contract.
24. The judgment relied upon by the respondent No. 1 itself does not help the respondent No. 1 as in paragraph 3 of the said judgement, it is clearly stated that the pre-closure charges of 2.00% were contained in the agreement as well as the circular, which was notified before the date of the agreement signed between the parties. The facts of the



2026:DHC:8674



present case are distinguishable insofar as the fact that the last renewal of the loan facility by the petitioners herein was prior to the date on which the circular came into effect.

25. The decision of the Ombudsman also does not assist the respondent No. 1 as the same is regarding deficiency of service and not regarding alteration of the terms of the contract.
26. For the said reasons, the petition is allowed.
27. The respondent No. 1 shall return the amount of Rs. 83,41,632/- to the petitioner within 4 weeks from the date of uploading of the order, failing which, it shall carry interest at the rate of 9% per annum.
28. Additionally, the extant policy, which is sought to be relied upon for transferring the loan facility, is neither annexed nor brought to the notice of the Court during arguments and therefore, the argument of the respondent No. 1, relying on the same cannot be accepted.
29. The petition is disposed of in the aforesaid terms.

JASMEET SINGH, J

SEPTEMBER 15, 2026 / (MS)

(Corrected and released on 01.10.2026)