



2026:DHC:8210-DB



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**% **Date of decision: 23.09.2026**# **CNR No. DLHC010409832019**+ **FAO(OS) (COMM) 279/2019****NATWEST MARKETS PLC**AppellantThrough: **Mr. Sanjeev Pathak, Adv.**

versus

M/S HERO EXPORTS & ANR.RespondentsThrough: **Mr. Shubham Seth, Mr. Nikilesh Ramachandran, Adv. for R-1.****Mr. M. A. Venkata Subramanian, Adv. for R-2.****CORAM:****HON'BLE MR. JUSTICE AVNEESH JHINGAN****HON'BLE MS. JUSTICE SHAIL JAIN****AVNEESH JHINGAN, J. (ORAL)**

1. This appeal is filed assailing the orders dated 22.05.2019 and 30.05.2019 passed by the learned Single Judge whereby the ABN Amro Bank N.V. later named as Royal Bank of Scotland and now known as Natwest Markets PLC (hereinafter referred to as 'the appellant') was directed to deposit with the Registrar General of this Court the amount reflected in the account of respondent no.2-M/S Tiffins Barrytes, Asbestos and Paints Limited (hereinafter 'Tiffins Barrytes'), along with interest accrued thereon.

2. The brief facts are that a dispute arose between Hero Exports



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and Tiffins Barrytes. Prior to the commencement of arbitration proceedings, Hero Exports filed a petition bearing O.M.P. 369/2008 under Section 9 of the Arbitration and Conciliation Act, 1996 (for short 'the Act'). This Court *vide* order dated 18.07.2008 directed that a sum of Rs.8.5 crores lying in the bank accounts of Tiffins Barrytes be secured. In bank account with appellant, Tiffins Barrytes was having credit balance of Rs.5.89 crores. The appellant was directed to retain the amount till further orders and by order dated 26.11.2008 the amount was directed to be kept in a fixed deposit yielding maximum rate of interest (hereinafter 'ROI').

2.1 In view of the appointment of the arbitrator and commencement of the arbitration proceedings, the petition under Section 9 of the Act was disposed of with liberty to the petitioner to approach the arbitrator for further relief on 04.03.2009. The orders dated 18.07.2008 and 26.11.2008 were to continue, subject to further orders of the arbitrator and the parties were at liberty to approach the arbitrator for modification of the order.

2.2 The appellant in view of the fact that it was in the process of winding down filed an application dated 19.09.2017 before the arbitrator seeking modification of the order of this Court to enable transfer of the deposited amount to another bank. The application is pending wherein the following prayer was made:

“1) Modify the order of Hon’ble Delhi High Court dated March 04,2009 (wrongly typed as March 03,2009) to enable the respondent to move the account to another Bank as per the extant RBI guidelines and directions that may be issued by the



Hon'ble Tribunal.

2) Authorise the applicant to move funds lying in the Fixed Deposit with the Royal Bank of Scotland plc to another Bank Account/ Fixed Deposit in the same name as with the applicant by means of RTGS/ Electronic Fund Transfer.”

2.3 The Resolution Professional for Tiffins Barrytes filed an application in this Court in the disposed of O.M.P. 369/2008, seeking release of the amount lying with the appellant. In this application the appellant filed an affidavit stating that a sum of Rs.11,22,06,703/- was in the frozen account of Tiffins Barrytes.

2.4 The Court noted that the interest by appellant on the FDR was given at the rates of 7.75%, 8.25% and 7.75% until 30.01.2018 but thereafter interest was paid at the rate of 3.5%. The reliance placed by learned counsel for the appellant on the Reserve Bank of India (RBI) circular dated 01.07.2015 (hereinafter ‘the RBI circular’) that the appellant was free to fix the rate of interest was not accepted and the following directions were issued by order dated 22.05.2019 (hereinafter ‘directions’):

“2. In view of the order dated 18th July, 2008, the bank account stood attached. However, since ABN Amro Bank has thereafter changed to RBS Bank which is now in the process of winding down its operations, an application was moved by the Bank before the Arbitral Tribunal that the amounts be shifted to some other account. However, there was no reference in the said application to the fact that the interest rate would only be 3.5%. It is accordingly directed that ABN Amro Bank/RBS Bank shall deposit the entire sum which is shown in the account statement at page 39. The interest



that shall be payable for the period from 30th January 2018 till date, shall be the average of the last three years' interest rates i.e., 7.75%, 8.25% and 7.75%. The amount be remitted to the Registrar General's account within a week with the entire interest accrued on the said deposit of Rs.5.89 crores, as per the present order.”

2.5 Aggrieved of the directions, the appellant is in the present appeal.

3. Learned counsel for the appellant contends that in terms of Clause 3.3 of the RBI circular the bank was at liberty to determine the ROI. Clause 3.4 of the RBI circular is relied upon to argue that in the event of non-renewal upon maturity of the fixed deposit receipt (for short 'FDR') the deposit would bear interest at the savings bank rate.

3.1 The submission is that the appellant was in the process of winding down and had filed an application before the arbitrator seeking modification of the order of this Court however, it is pending till date. The grievance is that the impugned order was passed without considering the pleadings and material placed on record. The affidavit filed before the learned Single Judge annexing the RBI regulations and the statement depicting the interest accrued on the deposit in question were not factored for.

4. *Per contra*, pursuant to the order of this Court dated 26.11.2008 the amount was kept in an FDR and the appellant was directed to keep the amount in a deposit bearing maximum ROI. It is contended that the appellant neither issued notice to the affected parties regarding the reduction in the ROI nor informed the Court thereof. It is submitted that no notice that term of the FDR expired and



has to be renewed was served.

4.1 The contention is that in the application filed before the arbitrator seeking modification of the order and permission to transfer the amount to another bank there was no reference to the reduction in the ROI on the deposit. Moreover, no evidence was adduced to establish that the ROI on the FDR for all similarly placed customers was reduced to 3.5%.

5. The amount belonging to Tiffins Barrytes was frozen pursuant to the orders of this Court to secure the amount during the pendency of the arbitral proceedings. The appellant was directed to retain the amount of Rs.5.89 crores in a fixed deposit carrying maximum ROI. It is an admitted fact that the interest till 30.01.2018 was paid at the rates of 7.75%, 8.25% and 7.75%. The learned Single Judge noted that after 30.01.2018, the ROI was reduced to 3.5% without any reasons or basis.

6. Relevant portion of clauses 3.3 and 3.4 of the RBI circular is reproduced below:

“3.3 Interest Rates on Term Deposits

With effect from October 22, 1997, RBI has given the freedom to commercial banks to fix their own interest rates on domestic term deposits of various maturities with the prior approval of their respective Board of Directors/ Asset Liability Management Committee (ALCO). Banks are, however, not allowed to discriminate in the matter of interest paid on deposits, between one deposit and another, accepted on the same date and for the same maturity, whether such deposits are accepted at the same office or at different offices of the bank. Interest rates paid by the bank should be as



per the schedule and should not be subject to negotiation between the depositor and the bank...”

“3.4 Calculation of Interest on Term Deposits

Bank are free to adopt any methodology for calculation of interest on deposits. However, they should provide information to their depositors about the manner of calculation of interest appropriately while accepting the deposits and display the same at their branches. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest.”

7. Clause 3.3 of the RBI circular permits banks to determine their own ROI in respect of domestic term deposits for various periods. The discretion is subject to the condition that there is no discrimination between deposits accepted on the same date whether at the same or different offices of the bank. The appellant neither before the learned Single Judge nor in the present appeal has substantiated the fact that the ROI for all the similar FDR was reduced to 3.5%.

8. Reliance on clause 3.4 of the RBI circular does not enhance the case of the appellant for payment of interest at the rate of 3.5% on the amount kept in the FDR. It is pertinent to note that no period was specified for which the FDR was to be maintained. There is nothing on record to establish that the appellant informed the affected parties i.e. Hero Exports and Tiffins Barrytes about the maturity of the FDR and that it was required to be renewed. No application was filed either before the arbitrator or this Court seeking directions for renewal of the FDR or informing that owing to the winding down of the bank the ROI on the deposit was reduced to savings bank rate.



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9. Albeit, an application seeking modification of the order dated 04.03.2009 of this Court was filed before the arbitrator on 19.09.2017 however, the prayer was confined to permission to transfer of the deposited amount to another bank. The application was not pursued and is still pending. The affidavit filed before the learned Single Judge does not state that ROI on similar FDRs has been reduced to 3.5% across all branches of the appellant in India. It merely states that thirty branches of the bank were closed in a phased manner and that the Gurgaon and Mumbai branches were operational but the rates of interest offered to customers on deposits at these branches were not disclosed.

10. The directions issued by the learned Single Judge suffer from no factual or legal error calling for interference in the appeal.

11. The appeal is dismissed.

12. All pending applications, if any, stand disposed of.

AVNEESH JHINGAN, J

SHAIL JAIN, J

SEPTEMBER 23, 2026

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Reportable: Yes