

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
WRIT PETITION NO. 4286 OF 2025**

Umesh Chunilal Jumanani)
Aged 57 years, Occupation business)
residing at Flat No.403, Ishaan)
Apartments , Anand Sai Marg,)
Clarke Town, Nagpur-440014) ...Petitioner

Versus

1. Bank Of India)
through its branch office at Andheri)
Large Corporate Branch, MDI Building)
1st floor, 28, S. V. Road, Andheri West,)
Mumbai 400 058)
Email:- AndheriLCB.mumbainorth@)
bankofindia.co.in)

2. Reserve Bank of India)
A statutory body constituted under the)
Reserve Bank of India Act, 1934,)
through the Governor of the RBI, having)
his office at Central Office Building,)
Shahid Bhagat Singh Road,)
Fort, Mumbai 400001) ...Respondents

Mr. Ankit Lohia, Mr. Jaideep Singh Khattar, Mr. Bhagyesh Witkar i/b The
Fort Circle for Petitioner.

Mr. Anant B. Shinde for Respondent No.1.

Mr. Pradeep Mane a/w Mr. Huzan Bhumgara, Shubhi Dotiya i/b Desai &
Diwanji for Respondent No.2.

CORAM : SARANG V. KOTWAL &
RANJITSINHA RAJA BHONSALE, JJ.

DATE : 7th OCTOBER 2026.

JUDGMENT:- (PER SARANG V. KOTWAL, J.)

1. Heard, Mr. Ankit Lohia, learned counsel for the Petitioner, Mr. Anant Shinde, learned counsel for the Respondent No.1 and Mr. Huzan Bhumgara, learned counsel for the Respondent No.2.

2. Rule. Rule made returnable forthwith with the consent of the parties.

3. The Petitioner has challenged the order dated 11th August 2025 passed by the Respondent No.1- Bank of India, declaring the Petitioner as fraud.

4. The case of the Petitioner is as follows:

The matter pertains to the company by the name Paramshakti Steels Ltd. (hereinafter referred to as “PSL”). It was incorporated on 31st May 1995 and was in the business of trading in steel and steel products. Over the time, PSL availed credit facilities from Union Bank of India and State Bank of India apart from the Respondent No.1 Bank of India. The Petitioner was appointed as a non-executive director of PSL on 11th March 2005. The documents to that effect are annexed to the additional affidavit at Exhibits B and C. There is no dispute about those documents that the Petitioner was specifically described as a non-executive director. The Petitioner resigned on 31st July 2015. A copy of that document is

annexed at Exhibit A to this Petition. There is no dispute about this document as well. It is the case of the Petitioner that he was not involved in the day to day management of the affairs of PSL. He had not availed any loans in his personal capacity from PSL, nor he had been a signatory or guarantor to the borrowings availed by PSL from the Respondent No.1. He was never a promoter of PSL and had no authority to operate any banking account on behalf of PSL. He was not even a shareholder of PSL. Subsequent to the resignation of the Petitioner from PSL, Respondent No.1 had again sanctioned both fund and non-fund-based credit facilities. The last credit facilities were sanctioned to PSL on 31st October 2015, i.e., after the Petitioner had resigned. The Petitioner had no role to play in so far as the sanctioning of the credit facilities during that time was concerned. There was no default or delay in payment of the credit facilities availed from the Respondent No.1.

5. Suddenly, the Petitioner received a show cause notice dated 24th September 2021 calling upon to show cause as to why his name should not be included in the list of willful defaulters. The Petitioner responded to that notice. Thereafter, the proceedings pursuant to that show cause notice were not taken forward. However, at that time, the Petitioner had made enquiries about the affairs of PSL. He came to

know that at the instance of Union Bank of India as a financial creditor, PSL was admitted to insolvency. The committee of creditors including the Respondent No.1-Bank of India was formed. The Respondent No.1 held 42.99% of the voting share as part of creditors. After the approval of the committee of creditors, the resolution plan was presented to NCLT, which was approved by the order dated 14th February 2019. Vide the orders dated 14th February 2019 and 21st February 2019, the corporate insolvency resolution process was completed. The Respondent No.1 challenged the resolution plan before the NCLAT and then before the Hon'ble Supreme Court; but their challenge was unsuccessful. In this background, the Respondent No.1 conducted a forensic audit through M/s. Baltiboi and Purohit and forensic audit report dated 20th June 2020 was submitted.

6. The Respondent No.1 again issued a show cause notice dated 4th May 2024 to the Petitioner. The Petitioner again responded to the show cause notice by giving his reply on 25th May 2024. The Petitioner's name did not feature in the forensic audit report nor in the FIRs filed by Union Bank of India and State Bank of India against third parties. No role was attributed to the Petitioner in the forensic audit report. In spite of that, the Respondent No.1 ignored the Petitioner's reply and passed the impugned order, which was completely unreasoned. In this

background, the Petitioner has approached this Court.

7. Learned Counsel for the Petitioner submitted that the Petitioner was a non-executive director between 11th March 2005 to 31st July 2015. There is absolutely no role attributed to the Petitioner in the forensic audit report, Show Cause Notice or even in the impugned order. PSL was declared as NPA after the resignation of the Petitioner. Till he was the non-executive director, there were no allegations of default of making payment in the credit facility. The impugned order does not even advert to the fact that the Petitioner was a Non-Executive Director. It is an unreasoned order. The Learned Counsel relied on two orders passed by another Division Bench of this Court in cases of two other Directors of PSL. He relied on the order dated ***21st July 2026 passed in Writ Petition No.4218 of 2025 in the case of Vinod Garg Vs. Bank of India & Anr.*** He also relied on the order dated ***3rd July 2026 passed in Writ Petition No.3863 of 2025 in the case of Ankit Rajendra Kumar Choudhary Vs. Bank of India & Anr.*** In both these orders, the Division Bench had taken a view that the impugned orders in respect of the Petitioners therein were unsustainable for the similar reasons. He therefore, submitted that the Petitioner also be granted similar reliefs by setting aside the impugned order.

8. Learned Counsel for the Respondent on the other hand relied

on the observations made in the impugned order. He submitted that the Master Directions on Frauds does not make any distinction between the Director and the non-executive Director for the purpose of declaring a particular person as fraud. He submitted that sufficient reasons are mentioned in the impugned order. The forensic audit report shows that the fraud is committed by PSL and the Petitioner was also responsible.

9 We have considered these submissions. Clause 2.1.1.4 of Master Directions on Fraud dated 15th July 2024 issued by Respondent No.2-RBI reads thus:

“2.1.1.4 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.”

10 In the present case, we find that there are absolutely no reasons given in the impugned order. Upto paragraph 5, the entire averments in the show cause notice are reproduced. Paragraph 6 mentions that show cause notice has been served on the Petitioner, and in response, the Petitioner had made written submissions by the letters dated May 2024 and April 2025. Paragraphs 7 and 8 of the impugned order read thus:

“7. Pursuant to the receipt of written submission of the Noticee, the Fraud Monitoring Group (FMG) of

the Bank has carefully examined the Forensic Audit Report/Internal Investigation Report, the written submission of the Noticee and facts on record. The FMG have come to the following conclusion based on the above:

<i>S. No.</i>	<i>Name</i>	<i>Classification</i>
<i>1.</i>	<i>Mr. Umesh Juman</i>	<i>Fraud</i>

8. The above indicates clear diversion/siphoning of funds and utilizing the funds for purposes other than for which it was granted thereby causing wrongful loss to the Bank and wrongful gain to the Noticee with the intention to defraud the Bank causing loss of public money. The committee also finds that Noticee were the promoters, directors of the Company at the time when the transactions had taken place and cannot be without their consent and connivance. Further, the Noticee have not been able to prove that the transactions have taken place without their knowledge or consent.”

11. From these paragraphs, it is quite clear that there are no reasons given by the Respondent No.1. There is no reference to his resignation on 31st July 2015. There is a vague statement that the noticee were the promoters, directors of the company at the time when the transactions had taken place and cannot be without their consent and connivance. It is undisputed from the record that the Petitioner was never a promoter of the said company. This also shows non application of mind while passing the order.

12. It is also undisputed that in the entire forensic audit report

there is no reference to the present Petitioner in particular and no specific role is attributed to him. The Petitioner was never a guarantor of the credit facility availed by PSL.

13. The observations made in both the orders of the Division Bench in the case of *Vinod Garg Vs. Bank of India & Anr.* and *Ankit Rajendra Kumar Choudhary Vs. Bank of India & Anr.*, are squarely applicable to the facts of the present case. In this view of the matter, we are inclined to allow this Petition.

14. Learned Counsel for the Respondent No.1 submitted that in case the impugned order is to be set aside, then liberty be granted to the Respondent No.1 to initiate fresh proceedings. We have considered this request, however, we do not find that in the present facts of the case any purpose will be served by starting the proceedings afresh against the present Petitioner because no material is pointed out anywhere to show as to how the Petitioner was involved in the allegations made against PSL. Hence the following order:

ORDER

I) Rule is made absolute in terms of prayer clause (a), which reads thus:

“a) This Hon'ble Court be pleased to issue writ of certiorari or writ in the nature of certiorari or any other writ, order or direction and call for the records

and the proceedings, pursuant to which the Petitioner has been declared as a fraudulent borrower vide order dated 11 August 2025 passed by Respondent no. 1, and after examining the legality and validity of the same, quash and set aside the same.”

II) With the aforesaid observations, the Petition is disposed of.

(RANJITSINHA RAJA BHONSALE, J.)

(SARANG V. KOTWAL, J.)