



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

WEB COPY IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated: 04.10.2023

CORAM

THE HONOURABLE DR. JUSTICE ANITA SUMANTH

W.P.Nos.15964 of 2023 & 10454, 11669 & 11671 of 2022
and WMP.Nos.15407, 15409 & 15413 of 2023
and WMP.Nos.10156, 10157, 11134, 11135, 11137 & 11138 of 2022
and WMP.Nos.28491, 28492, 28493 & 28495 of 2023

WP.No.15964 of 2023

K.Indira Priyadarshini

... Petitioner

VS.

1. Reserve Bank of India
Mumbai Regional Office,
Shahid Bhagat Singh Marg,
Kala Ghoda, Fort, Mumbai,
Maharashtra 400001.
2. Central Bureau of Investigation
Banking Securities Fraud Branch,
Represented by Inspector of Police,
Having office at:
Plot No.5-B, CGO Complex,
Lodhi Road, New Delhi-110003
3. State Bank of India
Represented by S.Ravichandran
Deputy General Manager,



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

Stressed Assets Management Branch

No.32, Red Cross Building,
Indian Red Cross Society,
Egmore, Chennai-600 008

Also at:

12th Floor, State Bank Bhavan,
Madame Cama Road, Nariman Point,
Mumbai-400021.

4.Axis Bank,

Corporate Banking Branch,
Karumuthu Nilayam,
Ground Floor, No.192, Anna Salai,
Chennai-600 002.

5.IL & FS Financial Services Ltd.,

The IL&FS Financial Centre,
Plot C – 22, G Block, Bandra Kurla Complex Bandra East,
Mumbai 400 051.

6.UCO Bank,

Flagship Corporate Branch,
6-3-1108, Ground Floor,
Navabarath Chambers, Raj Bhavan Road,
Somajiguda, Hyderabad-500 082.

Also at

Head Office at No.10, BTM
Sarani Kolkatta-700 001.

7.Syndicate Bank,

(Currently merged with Canara Bank)

SAMG Branch,
16/38, SIC Building, 1st Floor, Anna Salai,
Chennai-600 002

8.Bank of India,

Khairtabad Branch, PTI Building, Ground Floor,



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

10-01-1199/2, AC Guards, Hyderabad-500 004.

Head Office at:

Star House C-5, G-Block, 3rd floor,
Bandra Kurla Complex, Bandra (E),
Mumbai-400 051.

9. Punjab National Bank,
Large Corporate Branch, Centenary Building,
28, MG Road, Bangalore-560 001.
Head Office at:
Plot No.4, Sector 10, Dwarka, New Delhi-110 066.

10. Indian Overseas Bank,
RP Road Branch, Kasuva Complex,
RP Road, Secunderabad-500 003
Head Office at:
No.762, Anna Salai, Chennai-600 002.

... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying to (i) issue a Writ of Declaration to declare that the Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) Directions, 2016 dated 01.07.2016 inter alia on the ground that they are ultra vires Section 35A of the Banking Regulation Act, 1949, arbitrary, unconstitutional and untenable in law and (ii) issue a Writ of Certiorarified Mandamus to call for and quash the resolution passed by the Fraud Identification Committee, Stressed Assets Resolution Group of the Respondent herein in its meeting held on 14.09.2020 as arbitrary and untenable in law.

AND



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

WP.Nos.10454, 11669 & 11671 of 2022

Kanumuru Rama Devi

... Petitioner in WP.10454 of 2022

Narayan Prasad Bhagavathula

... Petitioner in WP.11669 of 2022

Kanumuru Raghu Rama Krishna Raju
2022

... Petitioner in WP.11671 of

vs.

State Bank of India

Represented by S.Ravichandran

Deputy General Manager,

Stressed Assets Management Branch

No.32, Red Cross Building,

Indian Red Cross Society, Egmore, Chennai-600 008

Also at:

12th Floor, State Bank Bhavan,

Madame Cama Road, Nariman Point

Mumbai-400 021

... Respondent in WP.Nos.10454,
11669 & 11671 of 2022

Prayer in WP.Nos.10454, 11669 & 11671 of 2022: Writ Petitions filed under

Article 226 of the Constitution of India, praying to issue a Writ of Declaration to declare that the Resolution passed by the Fraud Identification Committee, Stressed Assets Resolution Group of the Respondent herein in its meeting held on 14.09.2020, of which the copy was not served to the Petitioner is arbitrary, illegal, non-est and untenable in law.

(The date of the impugned resolution amended vide order dated 26.06.2023 made in WMP.Nos.17298, 17300 & 17299 of 2023 in WP.Nos.10454, 11669 & 11671 of 2022 by this Court)



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

WEB COPY

<i>Case Nos.</i>	<i>For Petitioners</i>	<i>For Respondents</i>
WP.15964 of 2023	Mr.Sathish Parasaran for Mr.Anirudh Krishnan	Mr.C.Mohan (for R1) for King & Patridge Mr.K.Srinivasan (for R2) Special Public Prosecutor (CBI) Mr.M.L.Ganesh (for R3) Mr.Abdul Wahab (for R7) No Appearance (for R4, R5, R6, R9 & R10)
WP.Nos.10454 & 11669 of 2022	Mr.M.S.Krishnan, Senior Counsel for Mr.Anirudh Krishnan	Mr.M.L.Ganesh
WP.11671 of 2022	Mr.Challa Kodanda Ram Senior Counsel for Mr.Anirudh Krishnan	Mr.M.L.Ganesh

COMMON ORDER

Only the miscellaneous petitions seeking injunction and fixation of early date are listed today. However, bearing in mind Memo dated 04.10.2023 filed by Mr.M.L.Ganesh, learned counsel appearing for the State Bank of India, the detailed submissions made by all learned Senior Counsel for the petitioners and



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

respondents, this Court finds that the writ petitions may themselves be disposed. Hence, Registry has been directed to list the main writ petitions as well, and they are so listed under a special list.

2.A common order is passed in these cases since all writ petitioners have sought writs declaring a resolution passed by the Fraud Identification Committee, Stressed Assets Resolution Group of the Respondent in its meeting held on 14.09.2020, (a copy of which has not been served upon the petitioners) as 'fraud'. Based on the aforesaid Resolution, proceedings have been initiated as against the petitioners.

3.That a copy of the resolution has not been made available to the petitioners is admitted seeing that the respondent/State Bank of India have themselves stated in counter dated 15.06.2022 that the declaration of the borrower as 'fraud' is as per the extant guidelines of the Reserve Bank of India and the said guidelines do not provide for sharing of a copy of the said resolution to the borrower.

4.Be that as it may, Mr.Ganesh, learned counsel appearing for the State Bank of India, has filed a memo dated 04.10.2023 common to all writ petitions, which reads as follows:



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

WEB COPY

'It is respectfully submitted that fraud cases declared prior to Hon'ble Supreme Court Judgement dated 27.03.2023, SBI has reported to RBI and accordingly SBI has decided to "reverse" classify the fraud decision and further decided to issue show cause notice to the Borrower's/ Guarantor's.

It is further submitted that if no response from Borrower's/ Guarantor's, pursuant to the issuance of show cause notice, the Lender institution will declare fraud in accordance with law. The reclassified fraud will be intimated to the RBI as per prevailing guidelines.

It is therefore respectfully prayed that in the light of Hon'ble Apex Court Judgment and RBI guidelines, SBI has decided to follow reverse classification process and intends to conduct fresh fraud proceedings in accordance with law.

It is therefore prayed that the aforesaid statement may be recorded with regard to fraud declaration alone and thus render justice.'

5.He would confirm the position that the impugned resolution is being reversed and with it, the decision to classify the petitioners as 'fraud'. The State Bank of India will issue show cause notice if at all they intend to proceed with fresh proceedings proposing to classify the petitioners as 'fraud'. In light of memo dated 04.10.2023 filed now, the challenge to the Resolution no longer survives as the Resolution itself does not survive any further. Recording the same, these writ petitions are closed.



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

6. Parties also bring to the Court's notice that proceedings have been initiated by the Central Bureau of Investigation that are proceeding parallelly.

7. All parties confirm that they do not pursue any prayer as against the Central Bureau of Investigation in these writ petitions, and at this stage. No costs. Consequently, connected miscellaneous petitions are also closed.

04.10.2023

vs

Index : Yes/No

Speaking order

Neutral Citation : Yes

To

1. Reserve Bank of India

Mumbai Regional Office,
Shahid Bhagat Singh Marg,
Kala Ghoda, Fort, Mumbai,
Maharashtra 400001.

2. Central Bureau of Investigation

Banking Securities Fraud Branch,
Represented by Inspector of Police,
Having office at:
Plot No.5-B, CGO Complex,
Lodhi Road, New Delhi-110003

3. State Bank of India

Represented by S. Ravichandran
Deputy General Manager,
Stressed Assets Management Branch



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

No.32, Red Cross Building, Indian Red Cross Society,
Egmore, Chennai-600 008

Also at:

12th Floor, State Bank Bhavan,
Madame Cama Road, Nariman Point,
Mumbai-400021.

4.UCO Bank,
Flagship Corporate Branch,
6-3-1108, Ground Floor,
Navabarath Chambers, Raj Bhavan Road,
Somajiguda, Hyderabad-500 082.

Also at

Head Office at No.10, BTM
Sarani Kolkatta-700 001.

5.Syndicate Bank,
(Currently merged with Canara Bank)
SAMG Branch,
16/38, SIC Building, 1st Floor, Anna Salai,
Chennai-600 002

6.Bank of India,
Khairtabad Branch, PTI Building, Ground Floor,
10-01-1199/2, AC Guards, Hyderabad-500 004.
Head Office at:
Star House C-5, G-Block, 3rd floor,
Bandra Kurla Complex, Bandra (E),
Mumbai-400 051.

7.Punjab National Bank,
Large Corporate Branch, Centenary Building,
28, MG Road, Bangalore-560 001.
Head Office at:
Plot No.4, Sector 10, Dwarka, New Delhi-110 066.



WEB COPY



W.P.Nos.15964 of 2023, 10454, 11669 & 11671 of 2022

Dr.ANITA SUMANTH, J.

VS

8.Indian Overseas Bank,
RP Road Branch, Kasuva Complex,
RP Road, Secunderabad-500 003
Head Office at:
No.762, Anna Salai, Chennai-600 002.

W.P.Nos.15964 of 2023 & 10454, 11669 & 11671 of 2022
and WMP.Nos.15407, 15409 & 15413 of 2023
and WMP.Nos.10156, 10157, 11134, 11135, 11137 & 11138 of 2022
and WMP.Nos.28491, 28492, 28493 & 28495 of 2023

04.10.2023