

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
WRIT PETITION NO.791 OF 2024

Meena Raghvendra Joshi

.. Petitioner

Versus

IDBI Bank Limited & Ors.

.. Respondents

Mr.Nirman Sharma a/w Ansh Karnawat, Aniruth Purusothaman, Aditya Sharma, Joshua Borges, Advocates for the Petitioners.

Mr.Sanjay Kelkar a/w Omkar Kelkar, Advocates for Respondent Nos.1 to 5.

**CORAM: B. P. COLABAWALLA &
SOMASEKHAR SUNDARESAN, JJ.**

DATE : NOVEMBER 29, 2024

P. C.

1. The above Writ Petition is filed seeking the following reliefs:-

*“(A) The Hon’ble High Court may be pleased to issue appropriate writ, order or direction in the nature of writ and thereby quash and set aside the order of the Respondent No.2 dated 24.03.2021 communicated to the Petitioner by the Respondent No.4 (**EXHIBIT- “T”**) whereby the Petitioner has been declared and classified as Willful Defaulter in accordance with Master Circular on Willful Defaulters dated 01.07.2015 issued by the Reserve Bank of India.*

(AA) The Master Circular on Wilfull Defaulters dated 01.07.2015 issued by the Reserve Bank of India should be quashed and set

aside as it is arbitrary, unreasonable and in violation of Article 14 and 19 (1)(g) of the Constitution of India.

- (B) The Hon'ble High Court may be pleased to issue appropriate writ, order or direction in the nature of writ and thereby quash and set aside the communication dated 19.06.2020 issued by the Respondent No.5 (**EXHIBIT- "P"**) and the order of the Respondent No.3 classifying the Petitioner as Willful Defaulter in accordance with Master Circular on Willful Defaulters dated 01.07.2015 issued by the Reserve Bank of India which has been communicated to the Petitioner vide the aforesaid communication.*
- (C) The Hon'ble High Court may be pleased to issue appropriate writ, order or direction in the nature of writ and thereby quash and set aside the Show Cause Notice dated 15.05.2019 issued by the Respondent No.5 (**EXHIBIT- "E"**) under the Master Circular on Willful Defaulter dated 01.07.2015 issued by the Reserve Bank of India.*
- (D) That upon hearing the said Petition and after concluding that the impugned actions on behalf of the Respondents are ex-facie illegal and bad in law, the Respondent No.1 Bank be directed to publish in appropriate newspapers and other forums of print and social media that the Petitioner is not willful defaulter and be directed to remove the name of the Petitioner from the appropriate forum and records which reflect the name of the Petitioner as willful defaulter."*

2. Mr. Sharma, the learned advocate appearing for the Petitioner submitted that the Petitioner is the Non Executive Director of Khadkeshwar Hatcheries Ltd and has also been issued a show cause notice calling upon her to show cause why she should not be declared as wilful defaulter. After this, the Identification Committee of IDBI Bank Limited issued a communication dated 19th June, 2020 through which the Petitioner was informed that the Wilful Defaulter Committee of

IDBI Bank has declared Petitioner as wilful defaulter, on the grounds mentioned in the show cause notice. He submitted that admittedly the Identification Committee Report/Order has never been served upon the Petitioner. He submitted that this does not stop here. The same thing happened with reference to the order passed by the Review Committee as well. The learned advocate appearing on behalf of Petitioner submitted that this entire action of IDBI Bank Ltd is contrary to the decision rendered by the Hon'ble Supreme Court in the case of **State Bank of India V/S Jah Developers Pvt Ltd & Ors. [2019 6 SCC 787]** and a decision of this very Division Bench in the case of **Milind Patel V/S Union Bank of India & Ors. [2024 SCC Online Bom 745]**.

3. The learned advocate appearing on behalf of the Petitioner brought our attention that the entire action of IDBI Bank Ltd in declaring another Director of Khadkeshwar Hatcheries Ltd., namely, Harshwardhan Raghvendra Joshi, as a Wilful Defaulter has been set aside by this Court in Writ Petition (L) No.14651 of 2021 decided on 23rd September 2024. The learned advocate submitted that the facts in the present case are similar to the facts in the case of *Harshwardhan*

Raghvendra Joshi (supra) and therefore the same order ought to be passed.

4. Having heard the learned advocate appearing on behalf of the Petitioner as well as the learned advocate appearing on behalf of the IDBI Bank Ltd, we find that the entire proceedings in the present case emanate from the show cause notice that was issued to Mr. Harshwardhan Raghvendra Joshi who is also a Director of the Khadkeshwar Hatcheries Ltd. By judgment and order dated 23rd September 2024, the action taken by IDBI Bank against Mr. Harshwardhan Joshi have been quashed and set aside. This being the case, in the present case too, we pass the following order:-

(a) The show cause notice dated 15th May, 2019 issued by Respondent No.5; the communication dated 19th June, 2020 issued by Respondent No.5; the order of Respondent No.3 (the Identification Committee) classifying Petitioner as Wilful Defaulter; and the communication of Respondent No. 5 dated 24th March 2021 declaring Petitioner as Wilful Defaulter, are all hereby quashed and set aside.

- (b) Any agency that has published or disseminated the name of Petitioner identifying her as a Wilful Defaulter on the strength of these orders shall forthwith remove such identification from publicly accessible information resources.
- (c) We further clarify that IDBI Bank Ltd can issue a fresh show cause notice to Petitioner and thereafter take the proceedings to its logical conclusion, if so advised, but by strictly following the RBI Master Circular, namely, Master Directions on Treatment of Wilful Defaulters & Large Defaulters [Master Directions] dated 30th July 2024, read with the decision of the Hon'ble Supreme Court in ***Jah Developers (supra)*** as well as the decision of this Court in ***Milind Patel (supra)***.

5. Rule is made absolute in the aforesaid terms and the Writ Petition is also disposed of in terms thereof. However, there shall be no order as to costs.

6. This order will be digitally signed by the Private Secretary/ Personal Assistant of this Court. All concerned will act on production by fax or email of a digitally signed copy of this order.

[SOMASEKHAR SUNDARESAN, J.]

[B. P. COLABAWALLA, J.]

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Utkarsh