



W.P.No.17521 of 2020 & etc. Batch

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 23.02.2024
DELIVERED ON : 26.04.2024

CORAM :

THE HON'BLE MR.SANJAY V.GANGAPURWALA, CHIEF JUSTICE
AND

THE HON'BLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY

W.P.Nos.17521, 17958, 19162, 19177, 19360, 19367,
19438, 19460, 19463, 19761, 19764 and 19930 of 2020;
638, 776, 1310, 1314, 1332, 1379, 1387, 1391, 2573,
7388, 7391, 18999, 19003 and 19006 of 2021;
9501, 9801, 9940, 14557, 14558, 14566, 14576,
14581, 14589, 18154, 18156 and 24502 of 2022;
847, 5766, 16768, 18323 & 29896 of 2023; 4182 of 2024;
and W.P (MD) No.18857 of 2020

[W.P.No.17521 of 2020]

AUM Capital Market Pvt. Ltd.

Represented by its Authorised Signatory

Mr.D.Balasubramaniam, No.5, Lower Rawdon Street

"Akasdeep" Kolkatta – 700 020

West Bengal.

.. Petitioner

Vs.

1. Union of India

Represented by the Additional Secretary

Department of Financial Services, Banking Division

Ministry of Finance, Jeevan Deep Building

Sansad Marg, New Delhi – 110 001.

2. Reserve Bank of India

Represented by its Chairman

Central Office, 13th Floor, Central Office Building

Shahid Bhagat Singh Marg

Fort, Mumbai – 400 001.



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3. The Lakshmi Vilas Bank Limited
Represented by its authorised officer
Salem Road, Kathapara
Karur – 639 006, Tamil Nadu, India.
 4. DBS Bank India Limited
Represented by its Authorised Officer
Ground Floor, Nos.11 and 12
Capitol Point, Baba Kharak Singh Marg
Connaught Place, Delhi – 110 001.
 5. DBS Bank Limited
(Formerly The Development Bank of Singapore Ltd.)
Marina Bay Financial Centre
Tower 3, Marina Bay
Singapore – 018 982.
- .. Respondents

Prayer in W.P.No.17521 of 2020: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorarified mandamus, quashing the impugned amalgamation scheme, G.S.R.No.731(E) dated 25.11.2020 notified by the 1st respondent and the consequent press release of the 2nd respondent dated 25.11.2020 and the impugned moratorium order, S.O.4127 dated 17.11.2020 issued by the respondent 1 or any other revised Scheme without a consultative process or re-examination of the valuation or through a price discovery by an open, fair and transparent bidding process by way of a public announcement or in the alternative issue a mandamus directing that the shareholders of the 3rd respondent bank should be treated as the shareholders of the merged entity, DBIL.



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- For the Petitioner(s) in W.P.No.17521 of 2020 : Mr.Arvind P.Datar, Senior Counsel & Mr.P.S.Raman, Senior Counsel for M/s.Ramaswamy Meyyappan, Mr.Viyyash Kumar, Mr.Arjun Suresh, Mr.Rohit Rajerishi & Mr.Ankur Kashyap
- For the Petitioner(s) in W.P.No.17958 of 2020 : Mr.Kunal Katariya assisted by Ms.Rohini Ravikumar & Mr.Ayush Agarwala
- For the Petitioner(s) in W.P.Nos.18875 of 2021 and 29886 of 2023 : Dr.M.R.Venkatesh
- For the Petitioner(s) in W.P.Nos.19162, 19177, 19360 & 19367 of 2020 : Ms.Ramya Subramaniam
- For the Petitioner(s) in W.P.No.19438 of 2020 : Mr.T.D.Selvan Babu
- For the Petitioner(s) in W.P.Nos.19460, 19463, 19761 & 19764 of 2020 : Mr.T.K.Bhaskar, Mr.Pranav.G, Ms.Pranaya Dayalu & Mr.P.Arvind
- For the Petitioner(s) in W.P.No.19930 of 2020 : Mr.C.V.Shailandran
- For the Petitioner(s) in W.P.No.638 of 2021 : Mr.Jayesh B.Dolia Senior Counsel for M/s.Aiyar and Dolia
- For the Petitioner(s) in W.P.Nos.776, 1314 & 1332 of 2021 : Ms.Narmada Sampath
- For the Petitioner(s) in W.P.No.1310 of 2021 : Mr.B.Dhanaraj
- For the Petitioner(s) in W.P.Nos.1379, 1387 & 2573 of 2021 : Mr.K.Ramanraj



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For the Petitioner(s) in W.P.No.1391 of 2021	: Mr.J.R.K.Bhavanantham
For the Petitioner(s) in W.P.Nos.7388, 7391, 18999, 19003 & 19006 of 2021	: M/s.Swaminathan Law Associates
For the Petitioner(s) in W.P.Nos.9501 & 9940 of 2022	: Mr.Ilaya Perumal
Party-in-Person in W.P.No.9801 of 2022	: Mr.K.Prabhakaran
Party-in-Person in W.P.No.14557 of 2022	: Mr.Sudhir Kathpalia
For the Petitioner(s) in W.P.No.14558 of 2022	: Mr.Sharath Chandran assisted by Ms.Gobika Nambiar for M/s.Govind Chandrasekhar
For the Petitioner(s) in W.P.No.14566 of 2022	: Mr.Deepak Bhaskar & Associates
For the Petitioner(s) in W.P.No.14576 of 2022	: Mr.Shreyas Jayasimha
For the Petitioner(s) in W.P.No.14581 of 2022	: Ms.Lakshmi Menon
For the Petitioner(s) in W.P.No.14589 of 2022	: Mr.Udaya Holla, Mr.Naman Jhabakh, Ms.Abitha Banu & Mr.Vivek Holla
For the Petitioner(s) in W.P.No.18154 of 2022	: Mr.P.H.Arvind Pandian Senior Counsel assisted by Ms.Harshini Jothiraman & Mr.Arjun Suresh
For the Petitioner(s) in W.P.Nos.18323 & 847 of 2023	: Mr.V.P.Raman for Mr.M.S.Seshadri, Mr.K.Seshasayee, Mr.R.B.Rishab, Ms.Girija.G.P. & Ms.Shambhavi.G.P
For the Petitioner(s) in W.P.No.24502 of 2022	: Ms.Preeti Mohan, Ms.R.S.Pornima &



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Ms.Dhruti Lanker

For the Petitioner(s) in : Mr.N.V.Balaji, Mr.N.V.Lakshmi &
W.P.No.5766 of 2023 Mr.N.V.Narayanan

For the Petitioner(s) in : Mr.V.Adhivarahan
W.P.No.16768 of 2023

For the Petitioner(s) in : Mr.I.Murugan
W.P.(MD).No.335 of 2020 for Mr.Thirunavukkarasu

For the Petitioner(s) in : Mr.Arjun Suresh
W.P.No.18156 of 2022

For the Petitioner in : Ms.D.Harini Yadav
W.P.No.4182 of 2024

For the Petitioner(s) in : Mr.V.Adhivarahan
the impleading petitions

For the Respondent : Mr.AR.L.Sundaresan
Union of India Additional Solicitor General
assisted by
Mr.K.S.Jeya Ganesh
in W.P.Nos.17521 of 2020
& 18323 of 2023,

Mr.B.Sudhir Kumar
Central Govt. Standing Counsel
in W.P.No.19438 of 2020,

Mr.V.Chandrasekar
Senior Panel Counsel
in W.P.No.19930 of 2020,

Dr.D.Simon
Central Govt. Standing Counsel
in W.P.Nos.1391 of 2021
& 847 of 2023,

Mr.Rajesh Vivekandandan
Additional Solicitor General
in W.P.No.5766 of 2023



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For the Respondent
Reserve Bank of India

: Mr.Vijay Narayan
Senior Counsel
for Mr.P.Giridharan
assisted by Mr.Vivek Shetty,
Mr.Nishant Upadhyay,
Mr.C.Thiagarajan,
Mr.Dhavel Vora
& Mr.Dominic S.David

For Respondent 3 in
W.P.No.17521 of 2020

: Ms.R.Uma Suthan

For the Respondent
DBS Bank

: Mr.R.Parthasarathy
Senior Counsel,
Mr.Satish Parasaran
Senior Counsel,
Mr.R.V.Easwar
Senior Counsel
for Mr.Suhrith Parthasarathy,
Ms.Veena Sivaramakrishnan
Mr.Siddhant Kant, Ms.Apeksha,
Mr.Dhananjai Charan,
Ms.Disha Khandelwal Amritha.S. &
Mr.Rohit Garg

For the Respondent 6
in W.P.No.17958 of 2020

: Mr.R.Palaniandavan

For the Respondent 6
in W.P.No.1310 of 2021

For the Respondent 7
in W.P.No.18154 of 2022

For the Respondent 8 in
W.P.Nos.18156 of 2022,
18323 & 847 of 2023

For the Respondent 7 in
W.P.Nos.847 & 18323 of
2023

For the Respondent 6
in W.P.No.24502 of 2022

For the Respondent
SEBI

: Mr.V.Shivkumar
for M/s.Shivakumar & Suresh



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COMMON ORDER

THE CHIEF JUSTICE

The petitioners herein are mainly the shareholders and the bondholders of Lakshmi Vilas Bank [for brevity, "LVB"]. They assail the action of the Reserve Bank of India [in short, "RBI"] purportedly under Section 45 of the Banking Regulation Act, 1949 [hereinafter, "the Act of 1949"] amalgamating LVB with the DBS Bank India Limited [for brevity, "DBIL"]. They also assail the writing off the Tier II bonds and also the shares.

2. LVB is a scheduled commercial bank and a company registered under the Companies Act, 2003. The RBI, on or about 17.11.2020, published a draft scheme inviting objections for amalgamation of LVB with DBIL. On the said date, RBI declared moratorium for LVB, thereby restricting the withdrawal of the amount to Rs.25,000/- (Rupees Twenty Five Thousand Only). On or about 25.11.2020, the Central Government sanctioned the scheme and the final scheme was published. The shareholders and the persons/institutions, investing in Tier II bonds, have filed the present writ petitions.



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3. We have heard the learned Senior Advocates and learned Advocates for the respective petitioners and also the party-in-person. The common arguments of the shareholders and the bondholders are culled out hereunder:

(i) The entire process of amalgamation was completed within a period of eight days, despite excellent liquidity position of LVB. The RBI imposed the moratorium on 17.11.2020 and thereafter, within half an hour, published a draft scheme on the same day, giving less than three days' time for inviting objections from the public. Thousands of objections were summarily discharged by RBI and these comments were forwarded to the Union of India, who merely rubber stamped the scheme without application of mind to the objections received. Relying upon the judgment of the Apex Court in the case of *Bari Doab Bank Ltd. vs. Union of India*¹, it is further submitted that the RBI failed to produce its comments on the objections. Thus, this omission of RBI throws light on the fact that there has been a clear violation in the process adopted by the RBI and the Union of India.

¹ (1997) 6 SCC 417



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(ii) The stand taken by the RBI and the Union of India that LVB was in a financial difficulty and prompt action of RBI and the Union of India was necessary to protect the interest of the depositors and that the existing bank reserves would not have been enough to cover a scenario where all the depositors would come asking for their money are fallacious for two reasons, viz., (i) the Liquidity Coverage Ratio (LCR) of LVB, which was 294.81% as on June 2020, was almost three times the standard fixed by the RBI, i.e., 100% from April 1, 2021 onwards; and (ii) in any event, the unlikely scenario of every depositor wanting to withdraw the entire deposits cannot be the base or standard on which any decision can be taken.

(iii) There was no transparency in the manner in which DBIL was selected for amalgamation. It is unclear as to why Public Sector Indian Banks were not considered and why an Indian subsidiary of a foreign Bank, with almost negligible presence in India, was selected. The exercise of power conferred under a statute upon a public body such as RBI has to be exercised in a transparent



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manner and it is not up to the RBI to exercise its power in an opaque manner by making discreet enquiries.

(iv) No documents were shown either in a sealed cover or otherwise and the only documentary record was an internal noting, which also has not been produced. Moreover, as per the dictum in *Delhi Development Authority vs. Hello Home Education Society*², internal notings have been held to not confer any right on any party.

(v) The RBI's argument that they had discreetly made enquiries with a few private sector banks/wholly owned subsidiaries of foreign banks during December 2019, January 2020 and further between September – October 2020 is illegal and improper, as Section 45 of the Act of 1949, as it stood prior to the amendment on 26.06.2020 and even post amendment, does not empower RBI to formulate a scheme outside the moratorium period in a case where moratorium has been imposed. The amendment to Section 45 of the Act of 1949 only sought to create an alternate route,

²2024 INSC 33



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whereby, amalgamation can be effected without imposing moratorium. In cases where moratorium has been imposed, the progress of the banking company must be analyzed and a decision to restructure or amalgamate must be taken based on the performance during the moratorium period. From the actions of the RBI, it is clear that RBI had already pre-determined that it was going to forcibly amalgamate LVB even prior to the imposition of moratorium.

(vi) The reliance placed on the networth certificate to substantiate the negative networth of LVB by DBIL and the RBI is dubious for two reasons, *viz.*, (i) the Statutory Auditor is not the competent person to issue the networth certificate and it has to be issued by an independent registered valuer, duly registered with the Insolvency and Bankruptcy Board of India in view of Section 247 of the Companies Act, 2013; and (ii) the calculation in arriving at the networth is not in conformity with Section 2(57) of the Companies Act, 2013.



(vii) The Securities and Exchange Board of India [hereinafter, "SEBI"], being the market regulator and watchdog, did not act in any manner to protect the interests of the equity shareholders as mandated under Section 11 of the Securities and Exchange Board of India Act, 1992. LVB, being a listed entity, all developments affecting LVB's ability to continue to be listed on the stock exchange comes under the purview of SEBI, yet, subsequent to RBI inviting suggestions on the draft scheme of amalgamation, SEBI did not file a single objection against writing off the paid-up share capital of LVB.

(viii) Amalgamation was earlier proposed by M/s.India Bulls Housing Finance [in short, "M/s.India Bulls"], which has a AAA rating, *i.e.*, the highest rating of CRISIL, and the same was approved by the Competition Commission of India. The scheme of amalgamation, proposed by M/s.India Bulls, did not provide for any write off. RBI refused the proposal for amalgamation of LVB with M/s.India Bulls without assigning any reason. Any order, even be it administrative, has to have a reason, failing which, the order is liable for judicial chastisement.



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(ix) Sections 7, 8, 11 and 30 of the Act of 1949 clearly indicate that the Central Government always has supervisory role over RBI. Section 45(7) of the Act of 1949 clearly indicates that the Central Government is the final authority as far as the scheme is concerned and once the scheme is approved by the Central Government, it binds all stakeholders, including the RBI.

4. The substratum of the arguments of the learned Senior Advocates and learned Advocates for the shareholders is as under:

(i) Writing off the shareholdings is illegal. The same is in direct contravention to Article 300A of the Constitution of India, which stipulates that "*no person shall be deprived of his property save by authority of law*". Section 45(5)(f) and (h) of the Act of 1949 only permits reduction and does not permit any fully writing off the shareholdings. The said Section further requires that even in the event of a reduction, compensation or swap value has to be provided. The Apex Court, in the cases of *Jilubhai Nanbhai Khachar vs. State of Gujarat*³, *Hindustan Petroleum Corporation Ltd. Vs.*

³1995 Supp (1) SCC 596



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Darius Shapur Chennai⁴, State of West Bengal vs. Vishnunarayana & Associates (P) Ltd.⁵, S.R.Ejaz vs. T.N. Handloom Weaving Cooperative Societies Limited⁶ and K.T.Plantations Pvt. Ltd. vs. State of Karnataka⁷ reiterated and protected the interests and rights of the property owners, i.e., the shareholders in this case.

(ii) The reduction of interest, as enshrined under Section 45(5)(f) of the Act of 1949, cannot be equated to the extinguishment of interest. It is submitted that the concept of swap ratio is incorporated in Section 45(5)(h) of the Act of 1949. Therefore, the shareholders must be adequately compensated to the extent of reduced interest and for shares in the transferee bank, if they so desire.

(iii) As on 31.03.2020, LVB had fixed assets of Rs.463,42,13,000/- and in comparison, DBIL had Rs.90,83,56,000/- Post amalgamation, DBIL had shown fixed assets of

⁴(2005) 7 SCC 627

⁵(2002) 4 SCC 134

⁶(2002) 3 SCC 137

⁷(2011) 9 SCC 1



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Rs.429,96,84,000/-, which would clearly portray that the appreciation of fixed assets is an addition in value because of the amalgamation. From Clause 5 of the impugned scheme and the proposal letter of DBIL dated 16.11.2020, it is clear that valuation of assets was not undertaken either by RBI or the DBIL, hence, market value of assets was never considered by the RBI before writing down the share value to zero, instead, DBIL was asked to do the "*valuation of assets and determination of liabilities*" under Clause 5 of the impugned scheme post amalgamation.

(iv) The Apex Court, in the case of *Rustom Cavasjee Cooper vs. Union of India*⁸ struck down the Banking Companies (Acquisition and Transfer of Undertakings) Act, 22 of 1969 as unconstitutional, as violating the guarantee of compensation under Article 31(2) of the Constitution of India. The respondents have brazenly opted to repeat the exercise in bold defiance of the law laid down by the Apex Court that had ruled shareholders are entitled to compensation for the property so acquired or requisitioned and it is mandatory for providing compensation or specifying the principles

⁸1970 (1) SCC 248



on which the compensation is to be determined or given.

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(v) Section 2 of the Act of 1949 itself provides for the application of other laws and does not bar them. Section 2 of the Act of 1949 reads as under:

"2. Application of other laws not barred.—The provisions of this Act shall be in addition to, and not, save as hereinafter expressly provided, in derogation of the 7 [Companies Act, 1956 (1 of 1956)], any other law for the time being in force."

In light of Section 2 of the Act of 1949, there is a mandatory requirement for a procedure provided in other Act to be followed. Therefore, RBI cannot escape the ambit of Section 237(3) of the Companies Act, 2013, which deals with amalgamation of companies in the public interest. Where an amalgamation is carried out by the sanction of the Union of India, there is a requirement to place the members/shareholders of the earlier entity on the same footing in the amalgamated entity and the shareholders shall be compensated. Furthermore, Section 45(5)(h) of the Act of 1949 provides for compensation or allotment of shares.



(vi) In the event of acquisition of a bank by the Central Government, the shareholders ought to be paid compensation in accordance with the Fifth Schedule of the Act of 1949. In the said Schedule, it has been provided that the market value of any share or bond may be valued on the basis of its average market value over a reasonable period of time.

(vii) In the event that the shareholders were issued fresh shares in the amalgamated entity in lieu of their shares in LVB, there would only be a dilution of the share capital post amalgamation which would have no effect on the liquidity position of the amalgamated entity. The shareholders would have continued to enjoy equity ownership in the amalgamated entity, though the same would have been determined on swap ratio to be arrived as on the date of merger after valuing all tangible and intangible assets and deducting actualized liabilities. Consequently, RBI would have had to value LVB on 17.11.2020 to arrive at the precise swap ratio of DBIL in the amalgamated entity. RBI failed to appropriately value the shares of LVB and hence, the paid-up share capital was completely written down, which is arbitrary, *sans* any accounting



logic.

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5. The contour of the arguments of the learned Senior Advocates, the learned Advocates and the party-in-person on behalf of the bondholders can be culled out as under:

(i) The circular issued by the RBI, dated 27.03.2014, does not apply to Tier II Series VII bonds. LVB issued Tier II Series VIII bonds on 24.03.2014. The circular dated 27.03.2014 issued by the RBI regarding Basel III Capital Regulation in India (Amendment) was to be implemented from 31st March, 2015. Therefore, the said circular had no application to Tier II Series VIII bonds and consequently, these bonds ought not to have been written off.

(ii) Clause 5 of the Scheme of Amalgamation between LVB and DBIL specifically stipulates that the value of the bonds and debentures shall be credited into an "Asset Account" opened by DBIL, meaning thereby, the present value of the bonds and debentures are to be paid by DBIL, and as such, no question of writing off the bonds arises.



(iii) After the impugned scheme was sanctioned by the Union of India on 25.11.2020, RBI wrote a letter dated 26.11.2020 to the Administrator of LVB to write off the bonds. Pursuant thereto, the Administrator has written off the bonds and the value was made in zero. The writing off the bonds is not voluntarily nor is it based on the terms of the bonds or the Basel III specifications. Also, the letter of the RBI dated 26.11.2020 is contrary to Sections 45(7), (8) and (9) of the Act of 1949.

(iv) The letter of the RBI dated 26.11.2020 specifies that Tier II Series VIII, IX and X bonds shall be written off. However, Tier II Series VII bonds are not written off and the value thereof is payable by the DBIL. This tantamounts to hostile discrimination and violates Article 14 of the Constitution of India.

(v) The contention of the respondents, that because the bonds are contractual in nature and are unsecured bonds, there is no need for writing off the bonds to be mentioned in the scheme, is arbitrary. The scheme has a statutory flavour. It binds all the stakeholders including the RBI. When the scheme specifically



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mandates that the bondholders would be paid the value of the bonds by the transferee bank as per Section 45(9) of the Act of 1949, it is beyond the power of RBI to override the scheme and rely upon the term of the bond. RBI has virtually modified the sanctioned scheme, which power is not vested in it.

(vi) Some relevant facts have been eschewed from consideration and not procedurally followed, coupled with the fact that the administrative action has no nexus with the fact on record. Thus, the instant case has to undergo the process of judicial review. Reliance is placed on the judgment of the Apex Court in the case of *Ganesh Bank of Kurundwad Ltd. vs. Union of India*⁹ to buttress the said aspect. The Apex Court, in the case of *Union of India & Ors. vs Hindustan Development Corporation & Ors.*¹⁰ held that a decision of an authority shall be subject to judicial review, where such a decision affects the rights of a party which it had in the past, been permitted to enjoy by the decision-maker and which it legitimately expected to be permitted to continue without being communicated with any rational ground for withdrawing the same. Further, in the

⁹(2006) 10 SCC 645

¹⁰AIR 1994 SC 988



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case of *Punjab Communications Ltd. vs. Union of India & Ors.*¹¹, the Apex Court held that where a decision is proposed, which would defeat a party's legitimate expectation, an opportunity must be given to such party of making a representation before such a decision can be put into effect. In the instant case, by not stipulating the writing off the bonds in the draft scheme, or even in the final scheme, the petitioners were deprived of any opportunity to make a representation objecting to the same.

(vii) Clause 10 of the Private Placement Offer letter of LVB, regarding the bonds specifies that in the event of LVB reaching the point of non-viability, RBI can take a decision to write off the bonds. In the instant case, LVB had substantial assets. In fact, its shares, of face value of Rs.10/-, were trading at Rs.110/- showing the investors' confidence and trust in the bank. Therefore, the decision of RBI to write off the bonds is wholly illegal.

(viii) Clause 10 of the Private Placement Offer letter also

¹¹AIR 1999 SC 1801



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specifies that (i) RBI shall determine that a decision to write off is necessary without which the bank would become non-viable or (ii) need to make a public sector injection of capital/equivalent support without which the bank would become non-viable as determined by relevant authority. In the instant case, the letter of RBI dated 26.01.2020 does not specify that either of the two contingencies has arisen. Therefore, the decision of writing off is illegal.

(ix) Clause 17(d) of the Terms of Offer contained in the Information Memorandum ends with the words "*the bonds shall be permanently written off in full prior to any reconstitution or amalgamation*". The writing off is automatic upon the coming into force of the scheme and therefore, need not be separately provided for in the scheme is contrary to Section 45(5)(f) of the Act of 1949, as per which, a scheme may contain a provision for writing off the bonds, to such an extent as the RBI considers necessary. The language of the provision, thus makes it clear that any write off consequent to a scheme under Section 45 of the Act of 1949 is not merely automatic, but can only be done to the extent considered necessary by the RBI and such write off must be contained in the



provisions of the scheme itself.

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(x) The judgment of the Bombay High Court in the case of *Axis Trustee Services Limited vs Union of India & Ors.*¹², specifically held that the bonds shall not be automatically written off but, require a specific act of violation.

(xi) The bonds can be written off only upon the occurrence of a PONV Trigger event as defined under Clause 11 or Clause 17(d) of the Terms of Offer. The impugned letter only invokes Clause 17(d) of the Terms of Offer. The PONV Trigger event came into force when the RBI published the draft scheme on 17.11.2020. The said deemed PONV Trigger event ceased to be in force when the final scheme was notified on 25.11.2020. Section 45(7) of the Act of 1949 contemplates two separate events, viz., (i) the sanctioning of the scheme; and (ii) the said scheme coming into force. Therefore, with the sanctioning of the scheme on 25.11.2020, the requirements under Section 45(4) of the Act of 1949 were met and thus, the deemed PONV Trigger event under Clause 17(d) ceased to

¹² 2023 SCC OnLine Bom 180



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be in force. Any writing off the bonds, on account of the scheme, could have only been done in the window of time between 17.11.2020 and 25.11.2020. Therefore, RBI's power to write off the bonds under Clause 17(d) could not have been exercised after 25.11.2020.

6. The submissions put forth by the learned Senior Advocate for RBI, learned Advocate for SEBI and learned Additional Solicitor General for the Union of India are culled out as hereunder:

(i) The on-site inspection under the Risk Based Supervision carried out by RBI for the year ended March 31, 2019, and the report thereof revealed that LVB had high net Non-Performing Assets (NPA), insufficient Capital to Risk (Weighted) Assets Ratio (CRAR) and Common Equity Tier 1 Capital (CET1) [which stood at -2.85% and -4.85% respectively, against the regulatory requirement of 9% and 5.5% respectively], negative Return on Assets (RoA) for two consequent years and high leverage. On September 27, 2019, LVB was put under Prompt Corrective Action Framework (PCA).



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(ii) Between September 25, 2020 and October 31, 2020, the total withdrawal of deposits was Rs.1,101 crore with average per-day net withdrawals of Rs.30.60 crore. Given the withdrawal trend, available liquidity position and the requirement investments to be made in Rural Infrastructure and Development Funds in compliance with relevant regulatory instructions, it was estimated that the liquidity surplus could have lasted only for a maximum period of twenty to thirty days and thus, LVB could have faced serious liquidity crisis by the first fortnight of December, 2020.

(iii) LVB was facing an acute solvency issue. LCR must be seen along with other liquidity indicators. Liquidity was draining and this was seen as leading to a run on the bank, hence, turning the solvency problem into a liquidity event. This would have inconvenienced the depositors and led to jeopardizing the stability of the wider banking system.

(iv) At the Annual General Meeting held on September 25,



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2020, the resolution for reappointment of seven Directors, including the interim MD and CEO, as well as the appointment of the Statutory Central Auditor was not passed. There were serious irregularities committed by the Directors of erstwhile LVB who were responsible for the deterioration in the financial position. DBIL, on taking over of the bank, identified the irregularities and has filed criminal cases.

(v) RBI, by its letters dated June 25, 2018, October 03, 2018, December 07, 2019, March 7, 2019 and September 16, 2019 impressed upon LVB to augment its capital. As the bank failed to raise requisite capital and its financials continued to decline, LVB was placed under the PCA framework by RBI on September 27, 2019. As LVB failed to draw-up a credible revival plan and in view of the negative networth of Rs.(-)699 crores as on September 30, 2020 and continuous depletion of liquidity, RBI was constrained to take steps under Section 45 of the Act of 1949 to protect the interest of more than 20 lakh public depositors/account holders with around Rs.20,000 crores in deposits.

(vi) The proposal submitted by M/s.India Bulls for voluntary



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amalgamation with LVB was rejected by RBI on October 9, 2019.

Based on the adverse inputs received from regulatory/enforcement agencies against the conduct of M/s.India Bulls, impinging on the “fit and proper” status of the prospective investors, it was decided by RBI to reject the amalgamation proposal.

(vii) On June 15, 2020, LVB executed a Letter of Intent for amalgamation with M/s.Clix Group entities and it was stated that due diligence would be completed by both the parties within 45 days. M/s.Clix Capital had completed its due diligence exercise and submitted its letter of offer to the LVB on October 5, 2020. As per the letter dated October 14, 2020 by M/s.Clix Capital to LVB, it was stated that if no binding arrangement is executed by October 23, 2020, the Letter of Intent and the offer contained therein would no longer be valid. According to a communication received by RBI on October 23, 2020 from M/s.Clix Capital, certain terms were still under negotiation. Therefore, even after passage of double the time as originally sought by M/s.Clix Capital, infusion of funds could not be achieved at a time when the key financials continued to deteriorate rapidly.



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(viii) RBI is responsible for safeguarding the economy and financial stability of the Country. It has been held by the Apex Court in the case of *Joseph Kuruvilla Vellukunnel vs. Reserve Bank of India*¹³, that (i) the banking companies are regulated differently and the interests of depositors is paramount; (ii) RBI has been vested with the powers and duty to watch the affairs of every banking company with a view to ensure the safety of depositors' money; (iii) the whole intent and purpose of the Act of 1949 is to secure the interest of depositors and RBI is the instrumentality to achieve the same; (iv) RBI cannot wait to take action while there has been a run on the bank and with withdrawals taking place; and (v) there may be occasions and situations in which the Legislature may, with reason, think that the determination of an issue may be left to an expert executive like the RBI. Reliance is also placed on the judgments of the Apex Court in the cases of *Ganesh Bank (supra)*, *Shiv Kumar Tulsian vs. Union of India*¹⁴ and *Vivek Narayan Sharma vs. Union of India*¹⁵ to buttress the above fact.

¹³1962 SCC OnLine SC 3

¹⁴1986 SCC OnLine Bom 351

¹⁵(2023) 3 SCC 1



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(ix) Each case of potential bank failure is different and the time required for its resolution and the time available with the RBI and the Central Government for its resolution would vary from case-to-case. Therefore, no particular procedure or any pre-determined scheme can be laid down/prescribed for the purposes of revival of banks under Section 45 of the Act of 1949. Secrecy and confidentiality of procedure is of utmost importance to protect the enterprise value of the bank, protect depositors' interest and above all safeguard stability of banking and financial sector while exercising powers under Section 45 of the Act of 1949 by RBI and the Central Government.

(x) The judgment of the Apex Court in the case of *Davis Kuriape vs. Union of India*¹⁶ is relied upon, where it is held that the power of judicial review, in respect of a scheme under Section 45 of the Act of 1949, is very narrow. When the RBI, in its wisdom, has thought fit to include a provision in a scheme, the High Court in writ jurisdiction cannot sit in appeal over such decision and can interfere

¹⁶2001 SCC OnLine Ker 517



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only in cases of extreme arbitrariness or unreasonableness. The judgment of the Apex Court in the case of *Vishal Tiwari vs. Union of India*¹⁷ is also relied upon to strengthen the above aspect.

(xi) The urgency in placing LVB under moratorium and issuing the draft scheme on the same day i.e., November 17, 2020, was *inter alia* because during the period of moratorium the depositors were permitted to withdraw a maximum amount of Rs.25,000/- (Rupees Twenty Five Thousand Only). Thus, a longer period of moratorium would have resulted in further prejudice being caused to the depositors. Even the draft scheme was subject to approval of the Union of India, which despite the urgent issuance of draft scheme, took about 8 days. In other words, the intent was to ensure that the period of moratorium is kept as short as possible.

(xii) DBIL has been incorporated in India under the Companies Act, 2013 as a wholly owned subsidiary of a foreign bank and granted banking license with conditions in the RBI's letter dated October 4, 2018. DBIL has necessary rights under the law of

¹⁷(2024) SCC OnLine SC 15



the land to function in India, conduct its ordinary business or banking activities including acquisition of business as per laws of the land.

(xiii) Section 45(5)(f) of the Act of 1949 empowers RBI to reduce the rights of the members of the transferor bank to the extent it is necessary. Thus, in the instant case, RBI has the power to completely write off the share capital of the transferor bank. Further, Section 45(5) of the Act of 1949 provides that the scheme may contain "*all or any of the following matters...*", thus, RBI has the discretion to formulate the scheme and the provisions of Section 45(5)(g) and (h) are not mandatory in every scheme. '*Reduction*' in the context of capital also means extinguishment/writing off the capital. As per the Advanced Law Lexicon, P.Ramanatha Aiyar's Dictionary, 4th Edition, '*Reduction of Capital*' *inter alia* means extinguishment of share capital of a company.

(xiv) Reliance is placed on the judgment of the Apex Court in the case of *Tamil Nadu Industrial Development Corporation Ltd. vs.*



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*Board for Industrial and Financial Reconstruction*¹⁸. In the said case, it has been held that the equity shares under the Company Law is treated as “*risk capital*”. The equity shares usually carry the main financial risk if the company is unsuccessful, but they carry the greatest prospect of financial reward if the vendor of the company is successful. The shares of the company are usually valued at zero when the net worth of the company is in negative. The judgments of the Apex Court in the cases of *Sarin International (P) Ltd. vs. Appellate Authority for Indus. & Fin. Reconstruction*¹⁹ and *G.L.Sultania vs. Securities & Exchange Board of India*²⁰ are relied in this regard.

(xv) The net-worth certificate was prepared by the Statutory Central Auditor of LVB, appointed under the relevant laws. The same cannot be challenged on the basis of vague and unsubstantiated allegations in proceedings under Article 226 of the Constitution of India. Whether Deferred Tax Asset was required to be deducted for the calculation of net-worth has no relation with the

¹⁸2008 SCC OnLine Mad 139

¹⁹1996 SCC OnLine Del 574

²⁰(2007) 5 SCC 133



challenge to the constitutionality of the impugned scheme. The calculation is challenged only for the purpose of obtaining compensation, which is self-serving.

(xvi) The writing off the Tier II bonds is not under the impugned scheme. The same is as per the terms of the Information Memorandum, governed by Basel III Master Circular, which provides for writing off upon the trigger event i.e., the action under Section 45 of the Act of 1949.

(xvii) The terms of the Information Memorandum and the Basel III Circular do not confer upon the bondholders the right to receive notice before writing off of Tier II bonds in case of a Section 45 action. The terms of Information Memorandum and Basel III Circular categorically state that upon PONV trigger, the bonds can be written off without the consent of the bondholders.

(xviii) The impugned scheme was sanctioned by the Central Government on November 25, 2020, however, the same was brought into force from November 27, 2020. The Tier II bonds have



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been written off in the present cases on November 26, 2020.

Therefore, the Tier II bonds have been written off before the impugned scheme came into force.

7. Learned Senior Advocates appearing for DBIL argued the matter on the lines similar to the arguments advanced by learned Senior Counsel for the RBI and submitted additional contentions, which can be culled out as under:

(i) DBIL's proposal to takeover the erstwhile LVB did not contemplate the payment of any compensation to the shareholders or the bondholders of erstwhile LVB. DBIL's proposal was undergirded on the publicly available financial records of erstwhile LVB. To determine that compensation ought to be paid by DBIL would run counter to DBIL's proposal and would also have the effect of imposing a burden on DBIL that it neither contemplated nor reckoned for. It is also submitted that any such insertion of compensation into the scheme would have the effect of amending the scheme in a manner that might unravel its fundamental basis.



(ii) Contrary to the allegation that DBIL undertook the valuation for the Amalgamation Scheme, the valuation was in fact conducted subsequent to the amalgamation, in terms of Clause 5 of the Amalgamation Scheme to take stock of the actual position of the assets and liabilities of erstwhile LVB. Such valuation was a *post facto* act and did not form the basis for the Amalgamation Scheme.

(iii) The Private Placement Offer Documents for the Basel III Tier II bonds, in line with the Basel III Master Circular, explicitly mention that these bonds are to be written off in the event LVB is reconstituted or amalgamated in terms of Section 45 of the Act of 1949.

(iv) The petitioners' contention that the Clause regarding the '*Treatment of bonds in the scheme of reconstitution or amalgamation of a banking company*' in the Private Placement Offer Document being in contravention with the Basel III Master Circular and the Act of 1949 is erroneous. Section 45(5)(f) of the Act of 1949 allows RBI to prepare a scheme, when it feels such a scheme is necessary, for amalgamation of a banking company. Hence, the



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Private Placement Offer Document merely reiterates and informs the Basel III Tier II bondholders that RBI and the Central Government have the powers to write off their bonds in the event of amalgamation under Section 45 of the Act of 1949.

(v) Subsequent to the amalgamation, DBIL conducted audits and internal investigations of various accounts in line with RBI guidelines on investigations in loan frauds. As a result, DBIL has come across various irregularities *inter alia* such as (a) sanction of loans by erstwhile LVB to entities for re-routing and investment into the rights issue of erstwhile LVB to the tune of more than Rs.100 crores; and (b) subscription by erstwhile LVB to non-marketable non-convertible debentures of entities, despite the management committee of Board of erstwhile LVB having not approved taking over the exposure of such entities and the said subscription being in contravention of the policy of erstwhile LVB resulting in NPAs. DBIL has identified several potential deviations which clearly indicate diversion of funds, round-tripping, and involvement of employees and members of senior management of erstwhile LVB to the detriment of financial affairs of the erstwhile LVB. Accordingly, DBIL



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has been pursuing the above matters before various Authorities and Law Enforcement Agencies under the Code of Criminal Procedure, 1973.

(vi) If the present batch of writ petitions are allowed and the act of writing down is held to be illegitimate, the same would serve as a dangerous precedent in the banking sector. It will impact the Indian banking sector's ability to get regulatory recognition for Basel III compliant Tier II bonds within their capital ratios since its key characteristic of loss absorption would be rendered nugatory and negate the underlying purpose of the Basel III Master Circular.

8. The Central Depository Services (India) Limited [hereinafter, "CDSL"] has been arrayed as a respondent in W.P.Nos.17947 of 2020, 1310 of 2021, 18154, 18156 & 24502 of 2022 and 847 & 18323 of 2023. It is submitted by the learned advocate appearing for CDSL that CDSL is a securities depository, that merely holds securities and facilitates securities transactions and as such, is only a *pro-forma* party to these petitions. CDSL played no role in the decision making process leading to the



impugned scheme and no specific relief is sought against CDSL. As such, learned advocate appearing for CDSL states that it shall abide by any orders/directions that may be passed by this court in relation to the shares/bonds, which are the subject matters in these writ petitions.

9. We have considered the submissions put forth by learned Senior Advocates and learned Advocates appearing for the respective parties. The points that arise for consideration are:

- (i) whether the decision to amalgamate LVB with DBIL is in order?
- (ii) Whether the process adopted by the RBI & Union of India in amalgamating LVB with DBIL is fair and proper?
- (iii) whether the reduction of the value of the shares to '0' is legal and justifiable?
- (iv) whether the Writing-off of the Tier-II Bonds is as per law?

On the Decision to Amalgamate:

10. Before proceeding further, it is essential to bear in mind the role of the RBI. The Apex Court in the case of *Joseph Kuruvilla (supra)* has observed that the most important function of RBI is to



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regulate the banking system generally. The RBI has been described as a banker's bank. RBI has been created as a central bank, with powers of supervision, advice and inspection over banks.

10.1. The Act of 1949 empowers the RBI to regulate and supervise the banking sector. The banking companies are now operating in a more liberated environment. The banking companies in India now are enabled to raise capital with the best practices of international practices. The role of RBI, as a regulator of the banking sector, has increased and is required to be more vigilant. Catering to the changing times, economic scenario and to enable RBI to have more effective supervisory and regulatory role, amendments are carried out in the Act of 1949.

10.2. The scheme of Section 45 of the Act of 1949 is culled out thus:

(i) Section 45 of the Act of 1949 empowers the RBI, where it appears that there is a good reason to do so, to apply to the Central Government for an order of moratorium in respect of a banking company. Under Sub-section (4) of Section 45 of the Act of 1949,



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during the period of moratorium, or any other time, if RBI is satisfied that (a) in the public interest; or (b) in the interest of the depositors; or (c) in order to secure the proper management of the banking company; or (d) in the interest of the banking system of the Country as a whole, it may prepare a scheme for reconstruction or amalgamation. Clauses (a) to (l) of Sub-section (5) of Section 45 of the Act of 1949 delineate the purpose and object of the scheme as sought to be framed under Sub-section (4) of Section 45 may contain. Sub-section (4) of Section 45 of the Act of 1949, as amended in June, 2020, permits for reconstruction/amalgamation even during the period the banking company is under moratorium. In the present case, the declaration of moratorium and the publication of the draft scheme is on the same date, i.e., on 17.11.2020 and only half an hour apart.

10.3. RBI, in exercise of its powers conferred upon it, took a decision to amalgamate LVB on the following premise:

"And whereas the rapidly deteriorating financial position of the Lakshmi Vilas Bank Ltd. Relating to liquidity, capital and other critical parameters, and the absence of any credible plan for infusion of capital has necessitated Reserve Bank of India to



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take immediate action in public interest and particularly in the interest of the depositors and accordingly, The Lakshmi Vilas Bank Ltd. was placed under moratorium by an order of the Central Government vide notification number S.O.4127(E), dated the November 17, 2020 in exercise of the powers conferred by sub-section (2) of Section 45 of the Banking Regulation Act, 1949 (10 of 1949)."

10.4. In January, 2018, LVB raised Rs.781 crores through rights issue priced at Rs.122/- per share. In March, 2019, LVB raised Rs.460 crores via Qualified Institutional Placement, valuing the entire entity at Rs.2,300/- to 2,400/- crores. In July, 2019, M/s.India Bulls invested Rs.188 crores by purchasing the shares of LVB at Rs.112/- per share. M/s.Claremont Capital has offered to invest about 300 Million USD for 65% of the equity stake. It valued LVB at Rs.3,700/- to 3,800/- cores. According the LVB, the said offer was communicated to RBI and is pending. In October, 2020, the application was submitted for merger of M/s.Clix Capital with LVB.

10.5. RBI placed LVB under PCA from 27.09.2019. A policy decision was taken by the RBI to amalgamate LVB. It would appear



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that LVB was also in talks with M/s.Clix Capital for voluntary amalgamation, so also in talks with M/s.Claremont Capital for trading 65% of its equity stake. According to RBI, between 25.09.2020 to 31.10.2020, i.e., within a span of one month, the total amount of Rs.1,101/- crores was withdrawn by the depositors.

10.6. According to the petitioners, the LCR was at a healthy coverage ratio. The LCR, as mandated by the RBI, is 100%, whereas in the case of LVB, the LCR was at 294.81%. The same was above the threshold. Whereas, according to RBI, LVB had high Net Non-Performing Assets (NPA), the Capital to Risk (Weighted) Assets Ratio (CRAR) stood at -2.85% and Common Equity Tier 1 Capital (CET1) stood at -4.85% against the regulatory requirement of 9% and 5.5% respectively, negative Return on Assets (RoA) for two consequent years and as such, LVB was put under the PCA framework.

10.7. Further, the high withdrawals of the deposits by the depositors and the market conditions is the reason given by the RBI to take action under Section 45 of the Act of 1949.



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10.8. The decision to amalgamate or reconstruct a bank is a policy decision. The said policy decision is to be undertaken (a) in public interest; (b) in the interest of the depositors; (c) in order to secure the proper management of the banking companies; or (d) in the interest of the banking system in the Country as a whole. The scheme of amalgamation floated by RBI in the present case refers to the interest of the depositors. It would appear that even LVB was in search of investors or was in talks for voluntary amalgamation. The decision to amalgamate in view of the existing circumstances cannot be said to be totally unfounded.

10.9. The petitioners contend that the decision for amalgamation could not have been taken prior to the declaration of moratorium and the same would be illegal. If the decision is taken after moratorium, then RBI had only 30 minutes, therefore, the same would vitiate for undue haste. RBI had filed a counter affidavit and also additional affidavits. It can be seen that the decision to amalgamated in principle was not made after moratorium, but well before the same. After the amendment to Section 45(4), in the



year 2020, by Act 39 of 2020, the decision for amalgamation can be made "*During the period of moratorium or at any other time*,".

Therefore, the decision to amalgamate can be made even prior to the moratorium and same will not be illegal. Imposition of moratorium is not a condition precedent for arriving at the decision. Further, the phrase '*at any other time*' cannot be read as subsequent to the moratorium as contended by the petitioners. Therefore, the contention is rejected.

10.10. The further contention is that LVB had a strong customer base, reputation and huge number of branches, including immovable assets. There was scope for infusion of funds and resuscitating the financial condition and make the bank viable. The RBI has various powers under Chapter II and other provisions of the Act of 1949. Without exercising the same, straightaway amalgamation has been resorted to. When it comes to exercise of discretion, as to what type of remedy should be doled out to Banks which are in trouble, we think that the same is in the domain of RBI and we cannot substitute our opinion to that of the expert. No *malafide* is alleged. Further, the fact that all was not well with LVB



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is also admitted. Therefore, we reject this submission.

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10.11. It is further contended that the decision is perverse because, it is made on the basis of the audit report dated 07.11.2020. The same is reproduced hereunder:

(Rs. In Crore)

Share Capital	336.71	336.71
Add: Reserves and Surplus (Excluding Revaluation Reserve)		
1. Statutory Reserve	481.40	
2. Capital Reserve	285.86	
3. Share Premium	2066.99	
4. Revenue & Other Reserve	274.18	
5. ESOP Outstanding	3.49	
6. Special Reserve u/s 36(1)(viii) of IT Act, 1961	62.45	
7. Balance in P & L account	(2,969.87)	204.50
TOTAL CAPITAL		541.21
Less: Miscellaneous Expenditure to the extent not written off		
Deferred Tax (net)	1185.56	
Fixed Assets (software)	54.82	
		1240.38
NETWORTH		(699.17)
OTHER DETAILS		
Capital Adequacy Ratio (%)		
As per Basel III		-2.85%
Net NPA as a percentage of Net Advances (%)		7.01%
NET PROFIT FOR THE CURRENT PERIOD		(509.28)
NET PROFIT FORT THE PAST PERIODS		



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(AS APPLICABLE)		
Net Profit (Year Ended March 31 st , 2020)		(836.04)
Net Profit (Year Ended March 31 st , 2019)		(894.1)
Net Profit (Year Ended March 31 st , 2018)		(584.87)

10.12. It can be seen that if 'Deferred Tax' is taken as a liability, then only, LVB's networth becomes negative. It is contended that it is to be taken as an asset. It is further contended that after amalgamation, in the Balance Sheets of DBIL the very same amount of 'deferred tax' is shown as 'asset'. On that basis it is contended that the entire exercise was perverse in nature.

10.13. In this regard, both sides learned counsel placed strong reliance on Clause -22 of the Accounting Standards, as interpreted and approved by the Hon'ble Supreme Court of India in *J.K. Industries (Cited Supra)*. On a closer scrutiny of the same, it can be seen that the deferred tax, which is a timing difference between accounting income and the taxable income can be both an asset as well as liability. On behalf of the RBI it is categorically submitted before us that in the hands of a Banking Company which is in crisis or which is approaching non-viability it would only be a liability whereas in case of a going concern, the same would be an



'asset'. The petitioners argument on the other hand is the converse.

That is, only on the basis of Deferred Tax amount, LVB is perceived to be non-viable and therefore, the approach of RBI is flawed. We would hasten to add that we will deal with the question of deferred tax *vis-a-vis* the valuation with reference to the other questions in this judgment *infra*.

10.14. In the case of *Ganesh Bank (supra)*, the Apex Court observed and held that *"there should be judicial restraint while making judicial review in administrative matters. Where irrelevant aspects have been eschewed from consideration and no relevant aspect has been ignored and the administrative decisions have nexus with the facts on record, there is no scope for interference. The duty of the court is (a) to confine itself to the question of legality; (b) to decide whether the decision-making authority exceeded its powers; (c) committed an error of law; (d) committed breach of the rules of natural justice; and (e) reached a decision which no reasonable tribunal would have reached; or (f) abused its powers. Administrative action is subject to control by judicial review in the following manner: (i) Illegality: - This means the decision-*



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maker must understand correctly the law that regulates his decision-making power and must give effect to it. (ii) Irrationality, namely, Wednesbury unreasonableness. (iii) Procedural impropriety."

10.15. The court, in economic matters, would be slow to exercise its powers of judicial review. It would, in a normal course, not sit as an appellate authority over the decisions taken by the experts, more particularly in economic matters. RBI, being the regulator and the Central Bank of India, is bestowed with the power under the Act of 1949 to safeguard public interest, the interest of depositors and the owners, to secure proper management of the banking companies or in the interest of the banking system of the Country as a whole to prepare a scheme for amalgamation or reconstruction of the bank at the stage of its non-viability. Therefore, the decision taken by the RBI to amalgamate LVB may not be faulted with.

On the Process:

11. As observed *supra*, this court would not sit in appeal over the decision taken by an Expert Body like RBI. However, this court



would always be concerned in exercise of its powers under judicial review to give due adherence to the decision making process. When the scheme for amalgamation is being prepared keeping in mind the interest of the depositors and the public interest, it would also be to safeguard the amount of the shareholders, viz., the shares held by the bank also would be in public interest. While safeguarding the interest of the depositors is paramount, but at the same time, RBI has to consider as to how balance could be struck and the interest of all the stakeholders is best protected. The contention raised by the petitioners are two fold. Firstly, it is submitted that the entire exercise was done post haste without considering the objections both by the RBI and the Central Government. Secondly, it is submitted that the process of identifying DBIL, which had much lesser presence and only very few branches, is shrouded in mystery.

11.1. On 16.11.2020, a proposal was given by DBIL, that is the day prior to the declaration of moratorium and preparation of the draft scheme, setting out the terms and conditions for the amalgamation. In the said terms and conditions, DBIL clearly accepted that it has not been in a position to carry out financial and



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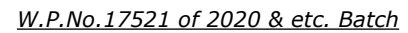
operational due diligence on LVB. The very next date, on 17.11.2020, in the evening at 07.30 pm, the draft scheme was published giving three days' time to the stakeholders to raise their objections. After the objections were raised, the same were to be decided by RBI and forwarded to the Union of India and the Union of India is required to consider the same and sanction the final scheme. All these took place within a period of eight days. The final scheme came into force within eight days. More than 3,500 objections were raised. The reasons given by RBI while rejecting the said objections are not placed on record. What were the reasons given for rejecting objections and what were placed before the Union of India are also not coming forth.

11.2. Though as an Expert Regulatory Body the decisions of RBI are to be respected, the process undertaken by RBI for amalgamation must be transparent. RBI has stated that about 12 proposals were considered, but the terms and conditions put forth by those banking companies are not placed on record only on the ground of maintaining confidentiality. The same is not acceptable.



11.3. We would expect RBI to be more transparent. Only because a letter is given by DBIL that the entire shares and Tier II bonds should be written off while taking up amalgamation, the same cannot be a reason to write off the shares. During the course of hearing, RBI stated that 12 proposals were considered for amalgamation. When we asked for the names, the same are not disclosed on the ground of confidentiality and a submission was made that the same would be given in sealed cover. The Apex Court, has time and again, deprecated the practice of giving information in sealed covers. We fail to understand as to how after the amalgamation has taken place, confidentiality is required to be maintained or that would affect the business interest of any banking company.

11.4. As observed above, during the court proceedings also, we asked RBI to be more transparent. We fail to understand the necessity to maintain confidentiality after the amalgamation has already taken place. Transparency would be necessary to eradicate any suspicion and to allay the contention of the petitioners about favouring DBIL and giving LVB to DBIL on a platter. After the court



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11.7. No further time was also given by the RBI with regard to the proposal of M/s.Clix Capital. Only on the ground that 45 days' time given by M/s.Clix Capital is over, RBI proceeded with the compulsory amalgamation under Section 45 of the Act of 1949. Even a proposal was submitted by M/s.Claremont Capital to infuse more than Rs.3,700 crores and purchase 65% of the equity shares, probably at Rs.112/- per share. The said proposal is not decided. Steps, viz., voluntary amalgamation or infusion of money by investors, would have safeguarded the interest of the shareholders and the bondholders. However, RBI did not promote the said steps, on the contrary, RBI, without assigning any reasons, did not consider the same and proceeded under Section 45 of the Act of 1949.

11.8. M/s.India Bulls has also given proposal for amalgamation with LVB, which was turned down by the RBI on the ground of negative feedback received from other regulators/agencies. The said alleged negative feedback is not placed on record. M/s.Clix Capital has also submitted application for amalgamation. Due diligence was carried out. M/s.Clix Capital's



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condition was that within a period of 45 days, i.e., by 23rd October, 2020, if the deal is not consummated, the offer shall no longer be valid.

11.9. RBI contended that the Directors were not renominated by the General Body. In the opinion of the RBI, where RBI is satisfied that in the public interest or for preventing the affairs of a banking company being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of any banking company, if it is necessary so to do, RBI may, for reasons to be recorded in writing, by order, remove from office, with effect from such date as may be specified in the order, any Chairman, Director, Chief Executive Officer or other officer or employee of the banking company, as contemplated under Section 36AA of the Act of 1949.

11.10. Under Section 36AB of the Act of 1949, RBI has powers to appoint Additional Directors and these powers under Section 36AA and 36AB of the Act of 1949 are overriding powers of the RBI and not subject to the provisions of the Companies Act, 1956 or any other law.



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11.11. RBI also has powers to supersede the Board of Directors as contemplated under Section 36ACA of the Act of 1949. Under Section 36AE of the Act of 1949, the Central Government can acquire the undertaking of a banking company in the interest of the depositors or in the interest of the banking policy or for the better provision of the credit generally and thereafter prepare a scheme.

11.12. Thus, while we find that when the decision to amalgamate LVB is not malafide and may be in order, the manner in which the draconian power was exercised by the RBI is not in order. Even if the decision has to be taken secretly in the interest of the Banking sector, the RBI has to maintain files. The decisions are to be recorded. Such decisions are liable to be placed before this court while it calls for Judicial Review. The interim directions given by us and the manner in which the RBI has filed affidavits in piecemeal would adumbrate the lack of processual transparency and accountability by RBI. Just because it is believed that RBI, being the central bank, would act in the best interests of Banking sector in India, the same does not allow the RBI to function in a



casual or informal basis, especially when the exercise of power is statutory. Even as on date, who took the decision, what were the discussions, whether the Board took a conscious decision to accept the condition of DBIL to write down the share value or to write off the Bonds etc., are not placed for the consideration of the court. To sum up, all along the argument of RBI is that this court in Judicial Review can only be concerned with the process and not the outcome (decision to amalgamate) and throughout in their counter affidavit, they tried to justify only the outcome on merits and never whispered anything regarding the process. After much pushing by this court, even in the additional affidavits, the RBI came up only with incomplete information.

11.13. The scheme of amalgamation has already taken effect. M/s.India Bulls on its affidavit has stated that it is no longer interested in going on with the proposal for amalgamation. The amalgamation has already taken effect four years back. The situation is irreversible. In view of that, there may not be much scope left for setting aside the amalgamation in *toto*. Therefore, though we find that the whole process of identifying DBIL and the



procedure of carrying out the amalgamation cannot stand the scrutiny of law, still we hold that the amalgamation of LVB with DBIL need not be set aside. However, we proceed to consider whether RBI is required to carryout some exercise and see how the interest of the shareholders and the bondholders could be protected.

On the Writing Down of Share Value to '0':

12. The bone of contention amongst the parties is that the interpretation of Section 45(5)(f), (g) and (h) of the Act of 1949 provides for writing off the shares. According to the petitioners, the scheme of Section 45 of the Act of 1949 does not contemplate nor permit RBI and or the Central Government to write off the shares completely. It only specifies reduction of interest or the rights, which the depositors and other creditors have in the banking company before its reconstruction or amalgamation.

12.1. According to the respondents, reduction would also mean reducing the value to zero.



12.2. Reduction of interest, which the members, depositors and other creditors have in the banking company before its amalgamation, to such extent as the RBI considers necessary, will have to be construed purposively. RBI is required, pursuant to the scheme of amalgamation, to conclude the extent of the interest or rights of the creditors including the shareholders and the bondholders reduced.

12.3. The valuation of the transferor and the transferee banking companies will have to be made. First of all, the rights and interests of these shareholders and the bondholders, prior to the date of amalgamation, will have to be arrived at and upon amalgamation, if there is reduction of their interest, the extent of the reduction will have to be construed.

12.4. When the statute used an expression, the same will have to be given the purposive interpretation. To say that the interpretation of the term "*reduction*" would be confined to "*zero*", would not be in line with the purport and intent of the phraseology used by the Legislature under Section 45(5)(f) of Act of 1949. In



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this regard, the following judgments were relied upon :

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Case Details	Nature of Reduction
<i>National Small Industries Corporation Ltd. vs. Singer India Ltd.</i> <i>2010 SCC OnLine Del 2950</i> (under the SIC Act, 1985)	The face value of the share of Rs.10/- was reduced to Rs.1/-
<i>Sarin International (P) Ltd. vs. Appellate Authority for Indus. & Fin. Reconstruction</i> <i>1996 SCC OnLine Del 574</i> (under the SIC Act, 1985)	The shareholding was written down by 90% at 10% of share face value.
<i>Tamil Nadu Industrial Development Corporation Ltd. vs. Board for Industrial and Financial Reconstruction (SB)</i> <i>2008 SCC OnLine Mad 139</i> (under the SIC Act, 1985)	The face value of the share was written down to Rs.0.10/- Paise per share from Rs.10/- per share.
<i>Tamil Nadu Industrial Development Corporation Ltd. vs. Board for Industrial and Financial Reconstruction (DB)</i> <i>2008 SCC OnLine Mad 549</i> (under the SIC Act, 1985)	The face value of the share was written down to Rs.0.10/- Paise per share from Rs.10/- per share.
<i>K.T.Plantation (P) Ltd. vs. State of Karnataka</i> <i>(2011) 9 SCC 1</i>	Rs.10 crores was provided as total compensation for the lands acquired.



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Case Details	Nature of Reduction
(under the <i>Karnataka Roerich and Devikarani Roerich Estate (Acquisition and Transfer) Act, 1996.</i>)	
<i>Modi Rubber Ltd. vs. Continental Carbon India Ltd.</i> <i>2023 SCC OnLine SC 296</i> (under the <i>SIC Act, 1985.</i>)	The scheme sanctioned Rs.54 paise for Rs.1/- for the creditors.

It could be seen that while under various statutes, the '*reduction of value*' is permitted, in no case, it has been written off completely.

12.5. Reading Section 45(5)(f), (g) and (h) of the Act of 1949 conjointly and harmoniously, the only conclusion that can be drawn is due exercise has to be carried out by the RBI, *i.e.*, valuation of the shares, the reduction of rights and interests of the creditors, which would also include the shareholders and the bondholders and thereafter, come to the conclusion whether compensation, in terms of money, can be paid to the creditors or shares can be allotted as per those reduced values. We observe that the RBI has miserably failed to consider this aspect.



12.6. It would appear that valuation of the shares was not done. The erosion of the networth has to be considered while considering the definition of '*networth*' as enshrined under Section 2 (57) of the Companies Act, 2013, which reads thus:

“(57) -net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation”

12.7. RBI could have determined the swap ratio. It could have reduced the value of the shares upon evaluation of the respective shares of DBIL and LVB. A decision could have been taken either to give a particular ratio of shares and/or to compensate the shareholders and/or bondholders of LVB. The only reason given by RBI and DBIL is that the balance sheet disclosed the negative networth. On the basis of the deduction of the DTA, the Deferred Tax Liability of Rs.1,185.56 crores, reflected in the balance sheet, has been taken into consideration to arrive at the negative networth of Rs.699.17 crores. It is because of this deduction, the



respondents have contended of a negative networth.

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12.8. Unfortunately, in the present matter, neither the RBI nor the petitioners herein have undertaken comparative valuation of the shares of LVB and the DBIL. If the comparative valuation of the shares of the LVB and DBIL would have been undertaken, then a decision could have been taken with certainty about the swap ratio or whether the value of the shares has become zero. It was expected that before the amalgamation, the valuation of shares of both the transferor bank and the transferee bank ought to have been undertaken.

12.9. The aforesaid aspects had to be considered by RBI, however, it does not appear that all these aspects were considered. The RBI, only on the very next day after the proposal was given by DBIL, declared the moratorium. The draft scheme for amalgamation with the terms and conditions was published within half an hour of the moratorium declaration. When an amalgamation takes place under Section 44 A of the Act of 1949, the same has to be sanctioned by the RBI. At that time, valuation of both the transferee



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and the transferor banking institutions has to be made. The said exercise could have been done by the RBI, even while proceeding under Section 45 of the Act of 1949.

12.10. The Apex Court, in the case of *J.K.Industries Ltd. and Anr. vs. Union of India and Ors.*²¹, has observed that Deferred Tax is the tax effect of timing differences. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Permanent differences are differences between taxable income and accounting income for a period that originate in one period and do not reverse subsequently.

12.11. The Apex Court, in the said case, further observed that *"while recognising the tax effect of timing differences, consideration of prudence cannot be ignored. Therefore, deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty of their realisation. This reasonable level of certainty would normally be achieved by*

²¹ (2007) 13 SCC 673



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examining the past record of the enterprise and by making realistic estimates of profits for the future". Deferred Tax Assets and Liabilities should be measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

12.12. The *Accounting Standard 22* requires companies to make a provision for Deferred Tax accounting with reference to the difference between accounting income and taxable income. The Apex Court observed that the matching principle is an important component of accrual accounting.

12.13. We do not find that any such exercise, as is contemplated in the judgment of the Apex Court in the case of *J.K.Industries (supra)* about measuring the Deferred Tax Asset and Liability, has been carried out by the RBI before finalizing the scheme of amalgamation.

12.14. It is because the comparative valuation of the



transferee bank and the transferor bank has to be made, Section 45(5)(f) of the Act of 1949 prescribes for the reduction of the interest or rights which the members, depositors and other creditors possess. Section 45(5)(h) of the Act of 1949 deals with the allotment to the members of the banking company for shares held by them therein before its reconstruction or amalgamation (whether their interest in such shares has been reduced under Clause (f) or not) of shares in the banking company on its reconstruction or, as the case may be, in the transferee bank and where any members claim payment in cash and not allotment of shares, or where it is not possible to allot shares to any members, the payment in cash to those members in full satisfaction of their claim. But, in respect of the interest of shares before its reconstruction or amalgamation, such interest has been reduced under Section 45(5)(f) of the Act of 1949. It is for this reason also, comparative valuation of the shares to determine the swap ratio is necessary.

12.15. The RBI and DBIL contend that the share value would be zero on account of the LVB's net worth being negative. The same



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is based on the provision of Deferred Tax. Deferred Tax Liability can be interpreted as an asset and also a liability. Reliance is placed by the RBI on the Statutory Auditor report to contend that the Deferred Tax is a liability and the same has become the financial reserves of LVB, which would not permit them to make a tax liability from the reserves or surplus.

12.16. The certificate issued by the Statutory Auditor is relied upon to conclude about the negative networth and that the provision of DTA was necessary and it was not possible for LVB and that the tax liability in future could not have been wiped out without making the provision of Rs.1,185.56 crores. The said amount would be now available with DBIL to set off against its tax liabilities, but for this DTA, the networth of LVB would be positive at Rs.486 crores. It is more so in view of the fact that M/s.Claremont was ready to infuse Rs.3,700/- crores for an equity share of 65%, however, RBI has not taken any decision on the said proposal. The said proposal was of March, 2020, at a cost of Rs.112/- per share.

12.17. The market value of the shares depend upon various



factors operating. Many factors would play their part. LVB had a strong good will and base throughout the State of Tamil Nadu. It is a bank operating for more than 95 years. LVB has about 500 branches and deposits worth of Rs.20,000/- crores. The LCR ratio is also beyond the threshold mandated by the RBI and the shareholders pattern is such that 6.80% shares are only held by the promoters, whereas 93.23% shares are held by the public including public investors such as LIC, mutual funds and public security banks.

12.18. Covenant 5(3)(ii) of the scheme states that *"in the event of any disagreement as regards the valuation of any asset and or the classification of any advance and or the determination of any liability, the matter shall be referred to the Reserve Bank, for its opinion, provided that until such an opinion is received, the valuation of the item or portion thereof by the transferee bank shall provisionally be adopted for the purposes of this scheme."*

12.19. Covenant 5(3)(iii) of the scheme states that, *"it shall be competent for the Reserve Bank, in the event of its becoming*



necessary to do so, to obtain such technical advice as it may consider to be appropriate in connection with the valuation of any such item of asset or determination of any such item of liability, and the cost of obtaining such advice shall be payable in full out of the assets of the transferor bank." Even after the scheme, RBI has the power regarding valuation of assets or classification or determination of any liabilities.

12.20. We are aware that the scheme of compulsory amalgamation is prepared by experts and the court, in ordinary course, shall not substitute its views with the views of the experts. The covenants of the scheme are certainly prepared by the experts in the economic field. The same is set out by the regulator, viz., the RBI. However, the facts and circumstances narrated above do not lead us to the irresistible conclusion that RBI has considered all the relevant aspects of the matter and all the proposals for amalgamation, infusion of the finance/moieties by the investors such as M/s.Claremont. The reasons and the negative feedback received for denying the proposal of M/s.India Bulls is not placed on record. Transparency, as is required, is



absent.

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12.21. Therefore, we hold that writing down the share value to '0' is not in order and the RBI is required to re-do the exercise by due valuation of the shares and assets in the light of our observations as above and revisit the decision.

On the Writing Down of Bonds:

13. In the present case, LVB offered Private Placement of unsecured non-convertible redeemable Basel III compliant Tier II bonds for inclusion in Tier II capital in the nature of debentures (Series VIII) of face value of Rs.10 lakh each at par and the issue opened on February 10, 2014. Similar Private Placement offer was opened on June 08, 2017 of Tier II capital of face value of Rs.5 lakh each ("bonds"). These bonds, as such, cannot be converted as debentures. The said Information Memorandums provide for the loss absorption features. The Information Memorandum provides for the "Point of Non-Viability Trigger". The same reads thus:

"These bonds, at the option of the Reserve Bank of India, can be temporarily written down or permanently written off upon occurrence of the trigger event, called the "Point of Non-Viability



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Trigger ("PONV Trigger")".

The PONV Trigger event shall be the earlier of.

a. a decision that a temporary/permanent write off is necessary without which the Bank would become non viable, as determined by the RBI, and

b. the decision to make a public sector injection of capital or equivalent support, without which the Bank would have become non viable, as determined by the relevant authority. The write-off consequent upon the trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.

For this purpose, a non viable bank will be

A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the bank should be considered as the most appropriate way to prevent the bank from turning non viable. Such measures would include temporary and/or permanent write-off in combination with or without other measures as considered appropriate by the RBI.



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A bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including temporary/permanent write-off/public sector injection of funds are likely to:

- a. Restore confidence of the depositors/investors;*
- b. Improve rating/creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and*
- c. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.”*

13.1 The Private Placement of bonds are made in pursuance to the Master Circular dated July 01, 2013 and July 01, 2015. These Tier II bonds are unsecured and subordinate. The claims of the bondholders in the bonds shall be (a) senior to the claims of investors in instruments eligible for inclusion in Tier 1 capital; (b) subordinate to the claims of all depositors and general creditors of the Bank; and (c) neither secured nor covered by guarantee of the Bank or its related entity or any other arrangement that legally or



economically enhances the seniority of the claims the bondholders *vis-a-vis* creditors of the bank. The bonds, at the option of the RBI, can be temporarily written down or permanently written off upon occurrence of the trigger event, called the Point of Non-Viability Trigger.

13.2. Clause 48 of the Private Placement Offer provides that, (a) if the bank is amalgamated with any other bank pursuant to Section 44A of the Banking Regulation Act, 1949, before the bonds have been written off, the bonds shall become part of the corresponding categories of regulatory capital of the new bank emerging after the merger; (b) if the bank is amalgamated with any other bank after the bonds have been written down temporarily, the amalgamated entity can write-up the bonds as per its discretion; (c) If the bank is amalgamated with any other bank after the bonds have been written off permanently pursuant to a PONV Trigger Event, the bonds cannot be reinstated by the amalgamated entity; (d) If the RBI or other relevant authority decides to reconstitute the bank or amalgamate the bank with any other bank pursuant to Section 45 of the Act of 1949, the bank shall be deemed as non-



viable or approaching non-viability and the PONV Trigger Event shall be activated. Accordingly, the bonds shall be permanently written off in full prior to any reconstitution or amalgamation.

13.3. Clause 2.10 to 2.15 of the Master Circular – Basel III Capital Regulations, dated 01.07.2015 provides for the manner of writing off the AT1 bonds. Clause 2.12 provides that *“if the bank is amalgamated with any other bank before the AT1 instruments have been written-down/converted, these instruments will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger”*.

13.4. Clause 2.13 of the Master Circular – Basel III Capital Regulations states that if a bank is amalgamated with any other bank after the AT1 instruments have been written-down temporarily, the amalgamated entity can write-up these instruments as per its discretion.

13.5. Clause 2.14 of the Master Circular – Basel III Capital Regulations states that *“if the bank is amalgamated with any other*



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bank after the non-equity regulatory capital instruments have been written-down permanently, these cannot be written-up by the amalgamated entity".

13.6. Clause 2.15 of the Master Circular – Basel III Capital Regulations provides that when a scheme for reconstruction or amalgamation of a banking company is taken up under Section 45 of the Act of 1949, then such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the Point of Non-Viability for conversion/write-down of AT1 instruments will be activated. Accordingly, the AT1 instruments will be fully converted/written down permanently before amalgamation/reconstitution in accordance with these rules.

13.7. Clause 2.20 of the Master Circular – Basel III Capital Regulations mandates the banks should clearly indicate in the offer document, the order of conversion/write-down of the instrument in question *vis-a-vis* other capital instruments which the bank has already issued or may issue in future.



13.8. It is further clarified under Clause 3.7 of the Master Circular – Basel III Capital Regulations that all the provisions and the Clauses applicable to AT1 bonds are applicable to Tier 2 bonds.

13.9. The question would be whether in view of Clause 2.15 of the Master Circular – Basel III Capital Regulations, the Bank has any discretion left for compensating the bondholders or would cease the powers to temporarily write off, as is provided in the Placement Offer.

13.10. Clause 5 of the scheme provides that the transferee bank shall value the assets and reckon the liabilities of the transferor bank and where the market value of any security, share, debenture, bond or other investments is not considered reasonable by reason of it having been affected by abnormal factors, the investment may be valued on the basis of its average market value over any reasonable period. Clause 5(1)(c) and (d) of the scheme are relied upon by the bondholders.



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13.11. It can be seen that several of the investors in these bonds are akin to the depositors, though they are aware of the Clauses contained in the offer document. It is their submissions that though such Clauses were there, they still invested with the knowledge that the Regulator/Watch Dog – that is – Reserve Bank of India is there to put the bank into corrective measures periodically, so that the Point of Non-Viability will not happen. But they have been given a raw deal by the Reserve Bank of India itself. The respondents, namely RBI and DBIL would take umbrage under the contractual realm by relying upon the offer document. But when the whole exercise of amalgamation and write off was an interplay between the framing of scheme by the Union of India (an exercise of legislative powers) and the powers exercised by the RBI (exercise of Statutory powers) on the one hand and the Administrator appointed by the RBI invoking the contractual obligation to write off the bonds on the other hand, there is still a touchstone of proportionality which is expected in the action.

The Result:

14. In view of the above;



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- (i) The decision to amalgamate LVB with DBIL is not interfered with;
- (ii) For the findings and observations made *supra* and taking recourse to Covenant 5(3)(ii) and Covenant 5(3)(iii) of the impugned scheme, we direct RBI to carry out the exercise of valuing the shares and assets of both DBIL and LVB as on the date before the amalgamation and on that basis, take a decision afresh on (a) reduction of the value of shares and (b) writing off the Tier – II Bonds;
- (iii) We trust that the same would be done keeping in mind the grievances of the shareholders and the bondholders and the hardship faced on account of the scheme of compulsory amalgamation and amelioration of the same to the extent possible;
- (iv) The above exercise shall be carried out preferably within a period of four months.



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15. These writ petitions, accordingly, stand disposed of with the aforesaid observations and directions. There shall be no orders as to costs. Consequently, W.M.P.Nos.21710, 21705, 21706, 21707, 21708, 21709, 22509, 21703, 22282, 22280, 22281, 22278, 23750, 23747, 23758, 23767, 23958, 23954, 23957, 24025, 24022, 24052, 24054, 24410, 24415, 24607 & 24611 of 2020, 17026, 16690, 9664, 9259, 17491, 17492, 23464, 23468, 23469, 23466, 23467, 23471 & 23465 of 2022, 703, 705, 2191, 10293, 832, 834, 835, 836, 1486, 1481, 1489, 1476, 1465, 1470, 1473, 1467, 1496, 1493, 1494, 1497, 2912, 7895, 7900, 20266, 20273 & 20275 of 2021, 8330, 8331, 8941, 5763 & 17530 of 2023, 4491, 4492 & 4493 of 2024 and W.M.P.(MD)Nos.15798, 15799, 15803, 15805, 15801, 15802 & 15807 of 2020 are closed.

(S.V.G., CJ.)

(D.B.C., J.)

26.4.2024

Index : Yes/No
Neutral Citation : Yes/No

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To:

1. The Additional Secretary
Union of India
Department of Financial Services, Banking Division
Ministry of Finance, Jeevan Deep Building
Sansad Marg, New Delhi – 110 001.
2. The Chairman
Reserve Bank of India
Central Office, 13th Floor, Central Office Building
Shahid Bhagat Singh Marg
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W.P.No.17521 of 2020 & etc. Batch

THE HON'BLE CHIEF JUSTICE
AND
D.BHARATHA CHAKRAVARTHY,J.

(drm)

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26.4.2024