

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
WRIT PETITION NO. 62 OF 2024**

Anand Shyam Agarwal & Ors.	...Petitioners
Vs.	
State Bank of India & Anr.	...Respondents

Adv. Shadab Jan a/w Sujit Lahoti, Tejasvi Kudtarkar i/by Sujit Lahoti & Associates for the Petitioner.

Adv. Rathina Marvarman for the Respondent No.1.

Adv. Prasad Shenoy a/w Aditi Phatak, Parichehr Zaiwalla, Vijay Salokhe, Ankit Upadhyay and Ishita Desai i/by BLACK Co. for Respondent No.2.

**CORAM : M.S. Sonak &
Advait M. Sethna, JJ.**

DATED : 26 September 2025

P.C.:-

1. Heard learned counsel for the parties.
2. Rule. Rule is made returnable immediately at the request and with the consent of the learned counsel for the parties.
3. The Petitioners challenge orders dated 22 October 2020 made by the willful defaulters' identification committee and 12 January 2021 made by the review committee in the context of the Petitioners being declared as willful defaulters in terms of the master circular dated 1 July 2015.

4. The Petitioners have also challenged the constitutional validity of the master circular dated 1 July 2015.

5. In this Petition, we are not required to examine the constitutional validity of the master circular because we are satisfied that the impugned orders must be set aside for breach of natural justice. It is well settled that if a matter can be disposed of without examining the issues of constitutional validity, then that is the course which is to be preferred.

6. The record shows that the impugned orders dated 22 October 2020 and 12 January 2021 rely upon the forensic audit report dated 12 June 2019 for declaring and confirming the Petitioners as willful defaulters. However, despite the Petitioners' request for a copy of such a report, an entire copy of the same does not appear to have been furnished to the Petitioners.

7. The Petitioners have made clear and categorical averments to this effect and placed on record documents seeking copies of the forensic audit report. At the request of Ms Marvarman, we had adjourned this matter to enable her to obtain instructions regarding the furnishing of such documents before the impugned orders were made. She has reported no instructions despite the efforts she made to obtain such instructions from the Respondents to whom she represents.

8. From the material on record, we are satisfied that these vital documents, i.e. the forensic audit report, were not supplied to the Petitioners in their entirety. Only two pages appear to have been

furnished. The furnish of such a truncated copy and that too without any justification why the remaining pages were not furnished would not meet with the standards of natural justice in a matter of this nature.

9. Therefore, on the above limited ground, we quash and set aside the impugned orders dated 22 October 2020 and 12 January 2021. However, we grant the Respondents the liberty to furnish the entire forensic audit report to the Petitioners, so that the Petitioners can respond to it. Upon considering the Petitioners' response and after hearing the Petitioners, the concerned Respondents are at liberty to dispose of the show cause notice dated 14 January 2020 afresh, which we have not quashed.

10. The issue of challenge to the master circular is left open, though it was submitted by the learned counsel for the Respondents that the constitutional validity of the previous master circular which was not substantially different from this master circular, as already been upheld by the Hon'ble Supreme Court in the case of ***State Bank of India Vs. Jah Developers Developers Pvt. Ltd. & Ors.***¹.

11. The Rule is made absolute to the above extent without any order for costs. All concerned must act upon an authenticated copy of this order.

(Advait M. Sethna, J)

(M. S. Sonak, J.)

¹ (2019) 6 SCC 787