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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ W.P.(C) 11534/2024, CM APPL. 47825/2024 & CM APPL. 57530/2025

DSC LIMITED & ORS. .....Petitioners

Through: Mr. Deepak Khurana and Mr. Abhishek Bansal, Advs.

versus

PUNJAB NATIONAL BANK .....Respondent

Through: Mr. S.K. Sharma, Adv.

CORAM:
HON'BLE MR. JUSTICE VIKAS MAHAJAN

<u>O R D E R</u>

% 24.09.2025

1. The present petition has been filed seeking following relief:

> *"(a) issue a writ of certiorari or any other appropriate writ, order or direction in the nature of certiorari thereby quashing the notice/communication dated 26.05.2014 issued by the Respondent Bank and/or any other consequential action/decision taken by the Respondent for declaring the Petitioners as wilful defaulters including the consequential act of including/publishing/reporting the name of the Petitioners under the category of List of Wilful Defaulters;*
> *(b) issue a writ of mandamus or any other writ, order or direction in the nature of mandamus thereby directing the Respondent to remove the name of the Petitioners under the category of List of Wilful Defaulters from the website https://www.pnbindia.in/wilful-defaulters.html of the Respondent;*
> *(c) issue a writ of mandamus or any other writ, order or direction in the nature of mandamus directing the Respondent to take appropriate steps and ensure that the names of the Petitioners are removed from the category of List of Wilful Defaulters from the entities namely (i). Experian Credit Information Company of India Private Limited; (ii). Equifax Credit Information Services Private Limited; (iii). CRIF High Mark Credit Information Services Private Limited; and (iv). Credit Information Bureau (India) Limited (CIBIL), or any other*

agency, to whom the Respondent has reported the names of the Petitioners;"

2. The grievance articulated in the present petition is with regard to notice/communication dated 26.05.2014 issued by the respondent/Oriental Bank of Commerce (now Punjab National Bank) and other consequential decision taken by the respondent for declaring the petitioners as wilful defaulters.

3. The learned counsel appearing on behalf of the petitioners, invites attention of the Court to the aforesaid notice/communication dated 26.05.2014 to contend that the said notice has been issued by the Branch Manager and is not in terms of the Master Circular on wilful defaulter dated 01.07.2013 issued by the Reserve Bank of India (hereinafter 'Master Directions').

4. Referring to Clause 3 of the Master Directions, he submits that the said clause provides two Tier system, whereunder firstly, the Committee of higher functionaries headed by Executive Director and consisting of two GMs/DGMs as decided by the Board of concerned bank would identify the cases of wilful defaulter followed by giving an opportunity of making a representation, as well as, afforded a personal hearing to the borrower.

5. After the account has been classified as wilful defaulter, the final view as regards to wilful defaulter will be taken by the Committee after considering the representation of the borrower. For ready reference clause 3 of Master Directions is reproduced hereunder

> *"**3. Grievances Redressal Mechanism***
> *Banks/FIs should take the following measures in identifying and reporting instances of wilful default:*
> *(i) With a view to imparting more objectivity in identifying*

cases of wilful default, decisions to classify the borrower as wilful defaulter should be entrusted to a Committee of higher functionaries headed by the Executive Director and consisting of two GMs/DGMs as decided by the Board of the concerned bank/FI.

(ii) The decision taken on classification of wilful defaulters should be well documented and supported by requisite evidence. The decision should clearly spell out the reasons for which the borrower has been declared as wilful defaulter vis-à-vis RBI guidelines.

(iii) The borrower should thereafter be suitably advised about the proposal to classify him as wilful defaulter along with the reasons therefor. The concerned borrower should be provided reasonable time (say 15 days) for making representation against such decision, if he so desires, to a Grievance Redressal Committee headed by the Chairman and Managing Director and consisting of two other senior officials.

(iv) Further, the above Grievance Redressal Committee should also give a hearing to the borrower if he represents that he has been wrongly classified as wilful defaulter.

(v) A final declaration as 'wilful defaulter' should be made after a view is taken by the Committee on the representation and the borrower should be suitably advised."

6. He submits that this procedure was not followed by the respondent bank.

7. He further contends that the notice/communication dated 25.05.2014 itself is vague inasmuch as, it is pivoted only on a sole ground that there is some transfer of funds to group companies as revealed by account statement.

8. He submits that no specific details of such transfer have been divulged in the said notice.

9. He further contends that even the final order of declaration of borrower as wilful defaulter has not been passed by the respondent bank.

10. He further contends that even an agreement was entered into by the borrower with the Punjab National Bank, which had taken over the Oriental Bank of Commerce and the same is placed on record.

11. Inviting attention of the Court to the said agreement dated 28.12.2023 he submits that OTS proposal of the borrower was accepted by the respondent bank and in terms thereof the petitioner has already paid the entire dues.

12. Mr. S.K. Sharma, learned counsel appearing on behalf of the respondent/PNB on the other hand submits that insofar as reporting of wilful defaulter as per the RBI Guidelines are concerned, there is a specific clause in the agreement that after closure of loan account, the name of the petitioner company will not be further reported as wilful defaulter.

13. Accordingly, the name of the petitioner has already been removed from the list of wilful defaulters for the period post agreement dated 08.12.2023.

14. He submits that the website of PNB is still reflecting the name of the petitioner as defaulter for the period December 2023 till July 2024 which is an inadvertent mistake and the same shall be rectified by the bank. However, on a query posed by the Court as to whether the name of the petitioner is still being reflected as wilful defaulter prior to December 2023, Mr. Sharma's response is in affirmative.

15. He submits that the name of the petitioner is being so reflected for the period prior to December 2023 for the reason that the clause in the agreement provides that only after closure of loan account, the name of the petitioner will not be further reported as wilful defaulter and there is no undertaking or clause to the effect that for the period prior to December

2023, the name of the petitioner shall not be reflected as wilful defaulter.

16. Indubitably, the proposal of one time settlement made by the petitioner has already been accepted by the respondent/PNB and the petitioner has made payment in terms of the said OTS.

17. This Court also finds substance in the submission of Mr. Sethi that the procedure as provided in Master Directions have not been complied with. More particularly, the two Tier system which has been prescribed in clause 3 of the Master Direction has not been followed. Even the order declaring as wilful defaulter has not been placed on record.

18. In view of the above discussion, the present petition deserves to be allowed.

19. Accordingly, the petition is allowed and the impugned notice/communication dated 26.05.2014 is quashed and set aside.

20. Consequently, the respondent bank is directed to remove the name of the petitioner as wilful defaulter even for the period prior to December, 2023, besides for the period from December, 2023 till July, 2024, as undertaken by Mr. Sharma, on instructions from the respondent bank.

21. The respondent bank is further directed to take necessary steps to intimate the Credit Rating Agency with regard to the removal of the name of the petitioner from the list of wilful defaulter in terms of prayer (C) of the prayer clause.

22. The petition along with pending applications, is disposed of.

VIKAS MAHAJAN, J

SEPTEMBER 24, 2025/N.S. ASWAL