IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.2418 OF 2026

Mrs. Shruti Sameer Chotai Nee
Shruti Pravin Lunked ….Petitioner

Versus

Canara Bank & Ors. ….Respondents

Ms. Shruti Tulpule, Advocate for the Petitioner.
Ms. Vaishali Bhilare, Advocate for Respondent Nos.1 and 2-Bank.

CORAM : RAVINDRA V. GHUGE &
ABHAY J. MANTRI, JJ.
DATE : 25th FEBRUARY, 2026

P.C. :-

1. This matter was heard on 23rd February, 2026, when we passed the following order :-

> *"1. This Petition was lodged on 15th March, 2021. Registered in 2026. Today, it is at Serial No.123 on the Daily Main Causelist. This matter is mentioned out of turn at 3:00 pm.*
>
> *2. At the request of the learned Advocate for the Bank, stand over to **25th February, 2026**, for disposal, in the urgent Supplementary Board."*

2. The learned Advocate for the Petitioner submits that Writ Petition No.4482 of 2021 was filed by her biological mother (***Aruna Pravin Lunkad V/s Canara Bank & Ors.***). This Court has

taken a view in the order passed on 21st January, 2026, more particularly, Paragraph Nos.7 to 10 of the said order. She submits that the Petitioner is identically placed, and this Petition can be disposed off with the directions set out in Sub-Paragraph below Paragraph No.8 and Paragraph No.9.

3. For clarity, we are reproducing Paragraph Nos.7 to 10 set out in the order dated 21st January, 2026 in ***Aruna Pravin Lunkad (supra)***, hereunder :-

> *"7. In this Writ Petition filed by the Petitioner, who executed a distinct Deed of Guarantee in favour of Pranav Agro Industries Ltd. which availed financial assistance from the consortium lenders laid by Canara Bank Consortium and it was declared as a Non performing asset in 2015-16, the Respondent Bank initiated process of declaring the borrower as a Wilful Defaulter, but admittedly the borrower did not respond.*
>
> *It is the case of the Petitioner that it was not served with the show cause notice but having gained knowledge as the Petitioner had received show cause notice in respect of the other proceedings, a representation was filed before the Review Committee of Canara Bank, Asset Recovery Management, raising the two-fold grounds, mainly that the Master Circular issued by the RBI, is applicable as regards the guarantees furnished after 19/09/2014 and not applicable to those guarantees which are prior to the said date. The second ground raised is that the notice declaring the person as 'Wilful Defaulter', was not served upon it, though it filed the representation before the Review Committee alleging breach of principles of natural justice.*
>
> *8. After hearing the respective counsel, when we perused the impugned order, we find the same default committed by the Bank as it had failed to issue a demand notice upon the Petitioner, upon failure of the borrower to clear the liability and then to arrive at a conclusion that despite having sufficient resources, the guarantor is evading the liability and it is only on this satisfaction being recorded in the impugned order, the Petitioner could have been declared as 'Wilful Defaulter'.*

> *The procedure having not been followed , we deem it appropriate to allow even this Writ Petition by quashing and setting aside the inclusion of the name of the Petitioner in the list of Wilful Defaulters and we also set aside the orders of the Committee for identification and classification of the Wilful Defaulters as on 04/11/2020.*
>
> *9. We direct that the show cause notice dated 04/12/2020 be served upon the Petitioner pursuant to which the Petitioner is entitled to respond and on consideration of the representation and after considering whether the default is wilful , the bank is at liberty to pass a fresh order.*
>
> *10. Writ Petition is disposed of in the abovesaid terms."*

4. The learned Advocate representing the Bank submits, on instructions, that since a direction has been issued by this Court in ***Aruna Pravin Lunkad (supra)***, by virtue of which the said Petitioner was to be heard before passing a fresh order after a reply/representation is tendered, the present Respondent-Bank would adopt the same procedure.

5. In view of the above, the impugned order dated 4th November, 2020 including the name of the present Petitioner in the list of Wilful Defaulters, and the order of the Committee for Identification and Classification of Wilful Defaulters, stands set aside. The Show Cause Notice dated 8th September, 2020 shall be served upon the present Petitioner, if not already served, and the Petitioner would respond to the same by tendering an

explanation/representation, within 15 days. Needless to state, after considering these documents, the Bank would arrive at a reasoned conclusion as to whether the default on the part of the Petitioner is willful.

6. With the above directions, this **Petition is disposed off**.

(ABHAY J. MANTRI, J.) **(RAVINDRA V. GHUGE, J.)**