IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

Writ Petition No. 966 of 2024

Deepen Arun Parekh … Petitioner

V/s.

Central Bank of India and others … Respondents.

Mr. Simil Purohit, Sr. Advocate, Mr. Vishal Pattabiraman, Mr. Punit Damodar, Ms. Nikita Vardhan and Ms. Nidhi Pathak, Mr. Rutwij Bapat i/b.Kanga & Co. for the Petitioner.

Ms. Rathina Maravarman a/w. Asma Batatawala and Savita D'Lima for Respondent Nos.1,2 and 3.
Mr. Benny Joseph, Ms. Sona Mariya, Ms. Soni Jadhav i/b. BJ Law Office LLP for Respondent No.4.
Mr. Vishwanath Mannadiar a/w. Ms. Sanika S. Wabale i/b. Mannadiar & co. for Respondent No.5.

CORAM : M.S. KARNIK &
S.M. MODAK, JJ.

DATE : 10th February 2026.

P.C. :

. Heard Mr. Simil Purohit, learned Senior Counsel appearing of the Petitioner. Also heard Ms. Rathina Maravarman, learned counsel appearing for Respondent Nos.1 to 3, Mr. Benny Joseph appearing for Respondent No.4 and Mr. Vishwanath Mannadiar, learned counsel appearing for Respondent No.5.

2. The Petitioner is seeking to quash the show-cause notice dated 25th September 2020 issued by the Respondent No.1 – Bank and order dated 10th May 2022 issued by Respondent No.2 - Wilful Defaulter Committee of the Bank.

3. The facts of the case in brief are that the Petitioner was an independent non-executive Director of the Company viz. Parekh Aluminex Llimited (for short "PAL') for a limited period from 11th September 2013 to 28th April 2016. The Petitioner was issued a show-cause notice and the impugned order in his capacity as the Guarantor of the company. It is alleged that the Petitioner executed the Deed of Guarantee dated 10th April 2014.

4. The Petitioner's main grievance is that he was deprived of a substantial opportunity of being heard inasmuch as the document on the basis of which the decision was taken to declare him as wilful defaulter was not provided to him by Respondent No.1 – Bank. The letters dated 4th November 2016, 30th December 2016, 17th July 2020, 2nd September 2020, 15th September 2020, 28th October 2020, 21st January 2021, 7th May 2022 and 10th June 2022 which form the part of this petition were addressed by the Petitioner's Advocate to the Respondent No.1 Bank.

5. From the record it is apparent that Respondent No.1 did not furnish the copies of all the documents/materials relied by

Respondent No.1 – Bank to declare the Petitioner as wilful defaulter and Respondent No.1 proceeded to issue the show-cause notice and pass the impugned order.

6. Learned Senior Advocate submitted that the impugned order is passed in complete disregard to the principles of natural justice. It is further submitted that impugned order is passed in contravention of RBI's Master Circular on Wilful Defaulter. Learned Senior Advocate relied upon the decisions in the following cases in support of his submissions:

(a) *Milind Patel Vs. Union of India and others*[1]

(b) *State Bank of India vs. Jah Developers Pvt. Ltd, and others*[2]

7. We find that Hon'ble Supreme Court in the case of *Jah Developers (supra)*, had an occasion to examine the consequences of a person being declared as a wilful defaulter under the Master Circular. The Supreme Court held that a person declared as wilful defaulter affects the fundamental right of a person under Article 19(1)(g) of the Constitution as it directly affects the right to do business and thus the master circular must be construed reasonably.

8. In the case of *Milind Patel (*supra), this Court held that not only information that is referred to and relied upon in the show-cause notice be supplied but also information that may undermine

1 (2024) SCC Online Bom 745
2 (2019) 6 SCC 787

the allegations contained in the show-cause notice must be supplied only to ensure that everything relevant to arrive at the truth is available to both the parties.

9. In our view the statutory procedure mechanism laid down by RBI Master Circular and interpreted in the aforesaid decisions has to be followed by Respondent Nos.1 to 3.

10. Learned counsel for Respondent Nos. 1 to 3 in support of the impugned order submitted that the materials and reasons contained therein would demonstrate that the order is a well reasoned order which does not call for any interference in the exercise of writ jurisdiction under Article 226 of the Constitution. However, learned counsel for Respondent Nos.1 to 3 on being asked whether all the documents necessary for the Petitioner to put forth his explanation has been supplied found some difficulty in justifying this contention.

11. At this stage, we find it relevant to notice the decision of the learned single Judge of this Court in Interim Application (L) No.3405/24 in Commercial Suit (L) No.3224/2024 in *Deepen Arun Parekh v/s. Indian Overseas Bank and others* (the Petitioner herein), Vide order dated 14th December 2024, this Court observed that Deed of Guarantee has not become operative. We find that Petitioner has been issued a show-cause notice only on the basis that Petitioner has executed the Deed of Guarantee.

12. In the light of the order dated 14th December 2024 passed by

this Court and further as the impugned order was passed in breach of principles of natural justice by not giving fair opportunity to the Petitioner, we are inclined to quash and set aside the impugned order. In ordinary course we would have asked the Petitioner to respond to the show-cause notice. However, as we find that the show-cause notice was issued on the basis 'the Petitioner is an executant to the Deed of Guarantee' which by the order of this Court dated 14th December 2024 declared that the Deed of Guarantee dated 10th April 2014 has not become operative, we are inclined to quash and set aside the show-cause notice dated 25th September 2020 as well.

13. The Petition is accordingly allowed. It is obviously open for the Respondent – Bank to take appropriate action in accordance with law.

14. The Writ Petition is disposed of.

(S.M.MODAK,J.) **(M.S.KARNIK, J.)**