



2026:KER:77180

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR. JUSTICE SATHISH NINAN

&

THE HONOURABLE MR.JUSTICE P. KRISHNA KUMAR

FRIDAY, THE 9TH DAY OF OCTOBER 2026 / 17TH ASWINA, 1948RFA NO. 338 OF 2022 (D)

AGAINST THE JUDGMENT AND DECREE DATED 15.06.2022 IN OS NO.172
OF 2016 OF ADDITIONAL SUB COURT II, THRISSUR

APPELLANT/PLAINTIFF:

R.NITYA
AGED 42 YEARS
D/O LATE DR P.A. RAMASWAMY, 43/2647 (OLD NO.37/639 A),
RAMANIKETAN, ROYAL LANE, ELAMKULAM VILLAGE, KANAYANNUR
TALUK, ERNAKULAM- 682020.

BY ADVS.
SRI.PHILIP T.VARGHESE
SRI.THOMAS T.VARGHESE
SMT.ACHU SUBHA ABRAHAM
SMT.V.T.LITHA
SMT.K.R.MONISHA

RESPONDENTS/DEFENDANTS:

- 1 DHANLAXMI BANK LTD.
REPRESENTED BY ITS CHAIRMAN, BOARD OF DIRECTORS,
DHANLAXMI BUILDINGS, NAICKANAL, THRISSUR - 680001.
- 2 MR. P.G. JAYAKUMAR,
AGED 70 YEARS, S/O LATE M.S. GOPALAKRISHNAN NAIR,
FORMER MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER,
DHANLAXMI BUILDING, NAICKANAL, THRISSUR -680 001,
RESIDING AT SREEVALSOM, 50/298 B, PRASHANTHI NAGAR,
EDAPALLY, COCHIN- 682024.



2026:KER:77180

- 3 MR. P. MANIKANDAN,
AGED 62 YEARS, S/O LATE SIVASANKARA MENON, RETIRED
CHIEF GENERAL MANAGER-HUMAN RESOURCES, DHANLAXMI
BUILDING, NAICKANAL, THRISSUR- 680 001, RESIDING AT
SAVIDHAM, GRA 662 - A (OLD NO. 661/2), TEMPLE ROAD
GOWRISHAPATTOM, TRIVANDRUM - 695004
- 4 MR MURALEEDHARAN. M,
AGED 62 YEARS, RETIRED DEPUTY GENERAL MANAGER,
DHANLAXMI BUILDING, NAICKANAL, THRISSUR- 680 001,
RESIDING AT MADATHIL HOUSE, SANAKARANKULANGARA ROAD,
PUNKUNNAM P.O., THRISSUR- 680002.
- 5 MR G. SREERAM,
AGED 64 YEARS, S/O LATE GOPINATHAN NAIR MADHAVAKURUP,
FORMER MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER,
DHANLAXMI BUILDING, NAICKANAL, THRISSUR- 680 001,
RESIDING AT 12C, NOEL ECOTAT, SEAPORT AIRPORT ROAD,
VALLATHOL JUNCTION, THRIKAKKARA COCHIN -682021.

R1 TO R3 & R5 BY ADVS.
SHRI.M.GOPIKRISHNAN NAMBIAR
SHRI.K.JOHN MATHAI
SRI.JOSON MANAVALAN
SRI.KURRYAN THOMAS
SHRI.PAULOSE C. ABRAHAM
SHRI.RAJA KANNAN

THIS REGULAR FIRST APPEAL HAVING COME UP FOR HEARING ON
30.09.2026, THE COURT ON 09.10.2026 DELIVERED THE FOLLOWING:



2026:KER:77180

CR

SATHISH NINAN & P. KRISHNA KUMAR, JJ.

= = = = =

R.F.A.No.338 OF 2022

= = = = =

Dated this the 9th day of October, 2026**JUDGMENT****P.Krishna Kumar, J.**

The suit seeking a declaration that the disciplinary proceedings initiated against the plaintiff, an employee of the 1st defendant Bank, are null and void, along with other consequential reliefs, was dismissed by the Sub Court, Thrissur. The plaintiff is in appeal.

2. The parties will hereinafter be referred to as they were arrayed in the suit. The plaintiff, who holds an MBA and a B.A. (Economics) degree, was promoted to the post of Scale IV Officer in the defendant Bank within less than ten years of the commencement of her service, in recognition of her exceptional merit and performance. She was thereafter placed under suspension and subjected to disciplinary proceedings by the Bank on the allegation that, on 7.5.2013, she had sent a pseudonymous e-mail to certain



officers of the Reserve Bank of India (RBI) and the Company Secretary of the Bank, making false and unfounded allegations against the then Managing Director of the Bank, the 2nd defendant. The charge memo alleged that her conduct was prejudicial and detrimental to the interests of the Bank, inasmuch as she had intended to tarnish the image and reputation of the Managing Director by making frivolous and unfounded allegations, thereby violating Clauses 1 and 2 of Regulation 3 of the Dhanalaxmi Bank Officers (Conduct and Discipline) Regulations ('Disciplinary Regulations', for short). Upon accepting the enquiry report submitted by the 4th defendant, the disciplinary authority (the 3rd defendant), imposed the penalty of dismissal from service on the plaintiff. The foundation for the finding of guilt was a letter submitted by her to the 3rd defendant on 07.02.2014, wherein she confessed that it was she who had sent the said e-mail, attributing the act to a sudden emotional outburst, and further stated that the allegations contained therein had been made merely on the basis of hearsay information.

3. According to the plaintiff, she confessed so under coercion and intimidation exerted by the 3rd defendant. In her reply to the



2026:KER:77180

charge memo, she explains that, on 20.01.2014, two police officers approached her at her residence pursuant to a complaint lodged by the 3rd defendant alleging that the e-mail in question had been sent from her residence. Upon contacting the 3rd defendant in this regard, he informed her that, unless she issued a letter confessing that the e-mail had been sent by her, the police would arrest her sister, who was an employee of another Bank, as the police suspected that it was the sister who had sent the e-mail. He further represented that, if the plaintiff owned up responsibility for having sent the e-mail, the matter could be resolved by the defendant Bank, as it was essentially an internal matter of the Bank. Believing his words, the plaintiff issued the letter confessing that the e-mail had been sent by her. Subsequently, the 3rd defendant compelled her to make a further false statement to the effect that she had written the e-mail at the instigation of the office-bearers of the Bank Employees' Union, which she declined to concede. According to the plaintiff, the 3rd defendant thereafter continued to exert pressure on her on various counts, including by transferring her to an insignificant post and, ultimately, by placing her under suspension without disclosing any reasons thereof. The plaintiff contends that the enquiry proceedings were



2026:KER:77180

vitiated for serious irregularities and illegalities. Since she was dismissed from service and her appeal against the findings in the disciplinary enquiry having been dismissed by the appellate authority, she instituted the suit seeking the following reliefs:

"A. Declare that the disciplinary proceedings by the defendants against the plaintiff on the basis of the suspension order dated 13.05.2014 and charge sheet dated 09.06.2014 are null and void and that her suspension from service of the 1st defendant and her dismissal from service of the 1st defendant are illegal;

B. Pass a decree directing the 1st defendant to settle the accounts with the plaintiff treating her as an employee continuing in service of the 1st defendant on the scale of pay of Scale IV officer with all monetary benefits till her retirement on superannuation and allowing the plaintiff to realise from the defendants, jointly or severally, the amount so found due;

C. If for any reason, relief B cannot be granted, pass a decree allowing the plaintiff to realise from the defendants, jointly and severally, a sum of Rs.1,00,00,000/- towards unpaid salary and benefits and as compensation for the loss of future prospects and future income from service, with future interest at the rate of 15% per annum from this date till realisation;

D. Pass a decree of permanent prohibitory injunction restraining the 1st defendant from charging any interest in excess of the stipulated staff rate on the credit facilities availed by the plaintiff."

4. The defendants resisted the suit contending that the statement admitting authorship of the e-mail was made by the plaintiff voluntarily and that the 3rd defendant had neither



2026:KER:77180

demanded nor compelled her to make any such confession. As the contents of the e-mail appeared, *prima facie*, to be false, the defendant Bank investigated its source with the assistance of the Cyber Cell of the Kerala Police, and it was found that the e-mail had been sent by the plaintiff using the IP address of her deceased father. It was contended that the act of disseminating false information to other organisations could not be countenanced by any institution, as such conduct would strike at the very root of the discipline prevailing in the institution. It was further contended that the plaintiff had made every possible endeavour to protract the proceedings and had even instituted a suit seeking to stall the enquiry proceedings, demanding that the Enquiry Officer, the Disciplinary Authority and the Appellate Authority be changed. The interlocutory application filed in the said suit having been dismissed, the plaintiff carried the matter to the District Court and thereafter to this Court, but without success. According to the defendants, there was no irregularity or illegality whatsoever in the disciplinary proceedings and, therefore, the suit was liable to be dismissed.

5. After an elaborate consideration of the oral and



2026:KER:77180

documentary evidence on record and the rival contentions advanced by the parties, the trial court held that the punishment imposed by the Bank did not call for any interference, as the plaintiff had failed to establish either any violation of the principles of natural justice in the course of the disciplinary proceedings or that the finding of guilt had been rendered without any evidence.

6. We have heard Sri. Philip T. Varghese, the learned counsel appearing for the plaintiff/appellant, and Sri. Joson Manavalan, the learned counsel appearing for the defendants/respondents.

7. The following points arise for consideration in this appeal:

- 1) Whether the disciplinary proceedings initiated against the plaintiff are vitiated for non-observance of the principles of natural justice or for failure to follow a fair procedure?
- 2) Whether the punishment imposed on the plaintiff is shockingly excessive?
- 3) Whether the plaintiff is entitled to compensation and, if so, what should be the quantum thereof?



4) Whether the plaintiff is entitled to restrain the defendant Bank from charging interest in excess of the stipulated staff rate on the credit facilities availed by her?

8. Taking us extensively through the materials brought out in the course of the enquiry and the facts emerging therefrom, the learned counsel appearing for the plaintiff sought to demonstrate that the enquiry proceedings are vitiated by manifest arbitrariness, bias and unfair practices, and that the procedure adopted by the disciplinary authority as well as the appellate authority is contrary to the principles of natural justice and fairness. Apart from the alleged confession, there is, according to the learned counsel, no material whatsoever to establish that the e-mail was sent by the plaintiff. Though the defendants pleaded that with the assistance of the Cyber Cell, they found that the e-mail had been sent by the plaintiff from the IP address of a computer maintained at her residence, no material whatsoever was brought on record either in the course of the disciplinary enquiry or at the trial before the civil court in support of the said contention. The complaint lodged by the 3rd defendant with the



Police was also not produced, allegedly to suppress his active role in the matter.

9. It is further contended that, although Ext.B5 confession letter was submitted by the plaintiff to the 3rd defendant on 7.2.2014, the charge memo was issued only on 9.6.2014. According to the learned counsel, this unexplained interval demonstrates that the 3rd defendant was exerting pressure on the plaintiff to accede to his demand that she should make false allegations against the office-bearers of the Bank Employees' Union, which she declined to do. It is contended that, as a consequence, the 3rd defendant resorted to various pressure tactics, commencing with, posting her to a less important position in the Regional Processing Centre on 6.3.2014, followed by the disconnection of her official e-mail ID on 1.4.2014, the cancellation of her official mobile phone connection on 3.4.2014 and, ultimately, the issuance of Ext.A6 suspension order dated 13.05.2014, that too, without any reference therein to the said e-mail, followed by Ext.A7 charge memo dated 9.6.2014. It is further contended that even the appeal preferred against the suspension order was not considered on its merits by the appellate authority, who was none other than the 2nd defendant,



against whom the e-mail had allegedly been sent. The plaintiff had initially preferred the appeal before the Board of Directors. The same was returned with a statement that, pursuant to a circular dated 27.10.2009, the appellate authority in respect of Scale IV officers had been changed from the Board of Directors to the Managing Director. It is further pointed out by the learned counsel that, during the enquiry, it emerged in evidence that the said circular had not been published on the website of the Bank. Even when the plaintiff thereafter submitted the appeal to the 2nd defendant on the basis of the modified circular, the appeal was rejected without assigning any reasons, though, in the written statement filed in the suit, an attempt was made to explain that the actual reason for rejection was the delay in preferring the appeal. The learned counsel further contended that, by adopting the aforesaid arbitrary procedure, the Bank caused the 2nd defendant to consider the appeal and thereby permitted him to adjudicate upon a matter in which he himself was directly interested, thus allowing him to decide a cause of his own.

10. It is further argued that the nexus between defendants 2 and 3 is evident from the very admission contained in paragraph 3



of the written statement, wherein it is stated that the 3rd defendant had “lodged a criminal complaint regarding a malicious email sent by the plaintiff from her residence”. There is, according to the learned counsel, no evidence on record to indicate the material on the basis of which the 3rd defendant arrived at such a conclusion, even before the alleged verification by the Cyber Police. It is also contended that the authority of the 3rd defendant to lodge such a police complaint is not evident, particularly when, at the relevant point of time, he was only the Head-Business Development and Planning.

11. It is further contended by the learned counsel for the plaintiff that the e-mail sent to the officers of the RBI and the Secretary of the Bank did not result in any adverse consequence to the Bank. The contents of the e-mail were never made available to the public or to any other section of the community, nor was any action initiated by the RBI on the basis thereof. Ext.A40, the Whistleblower Policy of the Bank, contemplates the furnishing of information of the aforesaid nature to the designated banking officials, who are required to place the same before the Board of Governors for appropriate action. It is pointed out that no such



2026:KER:77180

course was adopted in the present case.

12. It is emphatically contended by the learned counsel for the plaintiff that the confession was made by the plaintiff under coercion and undue influence, and that this is borne out by various circumstances brought to light in the course of the enquiry. The learned counsel highlighted, *inter alia*, the following circumstances: In Ext.A7 charge memo, the 3rd defendant did not disclose that the confession letter had been furnished to him. Instead, it was stated that the confession had been given to “them”, namely, certain banking officials. According to the learned counsel, this circumstance lends support to the plaintiff's contention that she had been asked by the 3rd defendant to confess before the HRD Committee, allegedly with a view to saving her sister from criminal prosecution. However, it was established in the enquiry that no such Committee existed. It also emerged during the enquiry that the alleged confession had been made orally before four persons arranged by the 3rd defendant at a meeting convened in the Board Room. Once it was established that there was no such HRD Committee, according to the learned counsel, it became evident that the entire episode was a stage-managed exercise orchestrated by the



3rd defendant. It is further evident from the enquiry file that no person other than the 3rd defendant was aware of the alleged written confession. It was also established during the enquiry that, on 07.02.2014, the date on which the confession was allegedly made, the plaintiff had gone to the Corporate Office of the Bank at Thrissur along with her sister; that she had gone there in connection with official duty without availing leave; and that she had gone there at the direction of the 3rd defendant.

13. Sri. Philip Varghese, the learned counsel for the plaintiff, argued that, although the plaintiff had submitted a list of witnesses and documents in support of her defence, the Enquiry Officer did not permit her to examine those witnesses and also refused to mark 11 out of the 13 documents produced by her. It is contended that, by such refusal, the plaintiff was effectively deprived of an opportunity to establish that the contents of the e-mail were, in fact, true and correct.

14. It is further argued that, when the Bank deputed the 3rd defendant to act on the enquiry report in his capacity as the Disciplinary Authority, it thereby permitted him to decide the very



question whether the confession allegedly made by the plaintiff was free from the coercion and undue influence attributed to him. According to the learned counsel, such a procedure seriously offends the principles of natural justice and fairness. The learned counsel further invited our attention to the following reported decisions in support of his contention that, where disciplinary proceedings are not conducted in accordance with the principles of natural justice and fairness, the proceedings stand vitiated: **Anant R. Kulkarni v. Y.P. Education Society and others** [(2013) 6 SCC 515]; **Narinder Mohan Arya v. United India Insurance Co. Ltd. and others** [(2006) 4 SCC 713]; **Roop Singh Negi v. Punjab National Bank and others** [(2009) 2 SCC 570]; **A.K. Kraipak and others v. Union of India and others** [(1969) 2 SCC 262]; **Arjun Chaubey v. Union of India and others** [(1984) 2 SCC 578]; **A.U. Kureshi v. High Court of Gujarat and another** [(2009) 11 SCC 84]; **Remadevi v. Calicut University** [2000 (1) KLT 255]; **Mohd. Yunus Khan v. State of Uttar Pradesh and others** [(2010) 10 SCC 539]; **Union of India v. Prakash Kumar Tandon** [(2009) 2 SCC 541]; **ALLahabad Bank and others v. Krishna Narayan Tewari** [(2017) 2 SCC 308]; **Life Insurance Corporation of India and another v. Ram Pal Singh Bisen** [(2010) 4 SCC 491]; **Institute of Chartered Accountants of India v. L.K. Ratna**



[AIR 1987 SC 71]; *S.S. Shetty v. Bharath Nidhi Ltd.* [AIR 1958 SC 12]; *O.P. Bhandari v. Indian Tourism Development Corporation Ltd. and others* [(1986) 4 SCC 337]; and *Smitha K. v. Kerala Co-operative Tribunal, represented by the Secretary to Government of Kerala and others* [2020 (3) KHC 356].

15. Sri. Joson Manavalan, the learned counsel appearing for the defendants, refuted the aforesaid contentions and invited our attention to the settled legal position that the role of a civil court in a proceeding challenging disciplinary action is not that of an appellate court and that, in the ordinary course, it ought not to re-appreciate the evidence. According to the learned counsel, interference is warranted only where there has been a violation of the principles of natural justice or fairness, where the finding has been rendered on no evidence, or where the punishment imposed is shockingly disproportionate. In support of the said proposition, reliance was placed on *Chairman and Managing Director, United Commercial Bank and others v. P.C. Kakkar* [(2003) 4 SCC 364]; *Bank of India and another v. Degala Suryanarayana* [(1999) 5 SCC 762]; *Disciplinary Authority -cum- Regional Manager and others v. Nikunja Bihari Patnaik* [(1996) 9 SCC 69]; *Kuldip*



Singh v. State of Punjab and others [AIR 1997 SC 79]; *State Bank of Bikaner and Jaipur v. Nemi Chand Nalwaya* [(2011) 4 SCC 584]; *Union of India and others v. Subrata Nath* [2022 LiveLaw (SC) 998]; *B.C. Chaturvedi v. Union of India and others* [(1995) 6 SCC 749]; and *Managing Director, ECIL, Hyderabad v. B. Karunakar and others* [(1993) 4 SCC 727].

16. The learned counsel further contended that the plaintiff herself had admitted that in the course of the enquiry proceedings she had been afforded full opportunity to cross-examine the witnesses. Admittedly, she had the assistance of a defence representative to present her case. She was also afforded sufficient opportunity to submit a written representation against the enquiry report before it was accepted by the disciplinary authority, though she chose not to avail herself of the same. The contention of the plaintiff that she was not permitted to adduce evidence to establish the truth of the contents of the e-mail is, according to the learned counsel, wholly untenable, as she had not admitted, in her reply to the charge memo, that the e-mail had been sent by her. It was further contended that there was no substance in placing reliance upon the Whistleblower Policy of the Bank,



2026:KER:77180

since the e-mail had not been sent to the designated officer under the said Policy, but to an outside agency. From the contents of Ext.B5 letter, it is self-evident that the plaintiff had sent the e-mail without any factual basis and solely on the strength of hearsay information. The defence that the confession had been made under threat and coercion was also contended to be unacceptable, since the plaintiff had not retracted the confession until disciplinary action was initiated against her. It was further contended that the trial court, upon a comprehensive appreciation of the entire evidence on record, had categorically found that there was no violation of the principles of natural justice and that no unfairness could be attributed to the disciplinary proceedings. The court also found that this was not a case where the finding of guilt had been arrived at on no evidence, it is urged.

17. Before adverting to the questions arising for consideration in this case, it needs to be stated that the jurisdiction of a civil court while examining the validity of a domestic enquiry is circumscribed and limited. Ordinarily, it is not open to the civil court to re-appreciate the evidence with a



view to determining whether the Enquiry Officer was correct in arriving at the factual findings. The scope for interference by a civil court is primarily in cases involving non-compliance with the principles of natural justice, failure to conduct the disciplinary enquiry in accordance with a fair procedure, or where the punishment imposed is shockingly disproportionate. The Hon'ble Supreme Court, in *Associated Cement Co. Ltd. v. The Workmen* [(1964) 3 SCR 652], held that:

“It is true that domestic enquiries need not be conducted in accordance with the technical requirements of criminal trials, but they must be fairly conducted and in holding them, considerations of fair-play and natural justice must govern the conduct of the enquiry officer.”

18. Viewed in the aforesaid backdrop, we are constrained to take note of certain aspects that are apparent from the records of the enquiry. The basic substratum upon which the adverse finding was arrived at against the plaintiff is Ext.B5 confession letter issued by her on 07.02.2014 to the 3rd defendant, coupled with the oral evidence adduced by the management witnesses regarding the oral confession allegedly made by her. However, it is her specific defence that she was made to confess so at the instance of the 3rd defendant, believing his representation that, unless she owned up



responsibility for sending the said e-mail, her sister, who was also an employee of a Bank, would be prosecuted for the same.

19. The plaintiff has a substantial contention that there are umpteen circumstances which make it implicit that the letter was issued in the intimidating and coercive circumstances alleged by her. An analysis of such factual niceties may not be necessary in this proceeding. Suffice it to say that the plaintiff had an arguable case that the confession letter was furnished at the behest of the 3rd defendant and was not voluntarily given. What is particularly striking is that the question whether her confession was free from any vitiating circumstance was examined and decided by the 3rd defendant himself, a procedure which cannot withstand judicial scrutiny. Significantly, the plaintiff raised such a contention at the earliest opportunity, namely, in her reply to Ext.A7 charge memo. The argument that she did not retract from the confession until then does not commend acceptance, since the very case of the plaintiff is that she was made to believe by the 3rd defendant that taking responsibility for the e-mail was the only means by which her sister could be saved from the ongoing police investigation. It is nobody's case that the Bank thereafter



proceeded with the police investigation in that direction.

20. It may be true that the 3rd defendant had been designated as the disciplinary authority for Level IV officers of the Bank beforehand. However, in the circumstances referred to above, it was open to the Board of Directors, which had assigned his duties, to entrust the matter to an officer of equivalent or higher rank when the question to be adjudicated involved the aforesaid issue. In fact, the plaintiff attempted to have the 3rd defendant removed from the position of disciplinary authority by instituting a civil suit and filing an interlocutory application. The interlocutory application was opposed by the Bank to the hilt and was, indeed, dismissed, and the appeal preferred against the same met with the same fate. The attempt made by the plaintiff to salvage the situation by approaching this Court under Article 227 of the Constitution also proved to be futile, this Court having held that a delinquent does not have a choice in such matters. Noticeably, this Court, in Ext.A38 judgment dated 01.07.2015, had observed that the Bank, in its wisdom, could change the disciplinary authority, since the plaintiff had raised such a contention. However, seemingly, the 3rd defendant was in a tearing hurry to accept the



report. Though the copy of the judgment was admittedly not received at that time, the report was accepted even before the competent authority had an opportunity to peruse the copy of the judgment and to apply its mind on the above observation. Consequently, the 3rd defendant himself accepted the enquiry report and imposed the punishment of dismissal on 06.07.2015.

21. No doubt, a delinquent cannot dictate to the management who should or should not be appointed as the disciplinary authority or the enquiry officer. The suit instituted by the plaintiff seeking such a relief, therefore, might not be maintainable. The aspect that crops up here, however, is entirely different. As a matter of fair procedure, the Bank ought to have appointed an officer who has no connection with the subject matter in question, as the disciplinary authority, but it failed to do so, even though the plaintiff repeatedly raised the said issue. The confession is, indeed, the sole evidence relied upon to establish the charge. When the 3rd defendant accepted the enquiry report and imposed the punishment upon the plaintiff, he virtually decided the question whether the confession, either in its oral form as spoken to by the management witnesses or in its written form as evidenced by Ext.B5,



had been made free from his own compulsion. Such a procedure, in our considered view, strikes at the very root of the requirement of fairness in disciplinary proceedings.

22. Apart from the aforesaid aspect, we are also unable to uphold the enquiry proceedings for certain other compelling reasons. The delinquent officer, namely, the plaintiff, sought to establish her defence by examining certain witnesses. As per Ext.A21, the Enquiry Officer intimated the plaintiff that she could not examine certain witnesses cited by her as defence witnesses. The relevant part of the letter reads as follows:

“Referring to your request to examine five witnesses, defense representative is entitled to examine you as a defense witness. As regards Mr.Ravikumar P.S. and Mr.Ravindran K Warriar, I shall intimate to them to present themselves as your witness and the date of their examination can be mutually agreed and decided on the Date of Enquiry i.e. 07.08.2014. In this regard you may note that as Enquiry Officer, I can send the intimation to them to present in the Enquiry as requested by you, however their presence in the Enquiry shall be ensured by you. Regarding Mr.Manikandan P and Mr.Jayakumar P.G., you are aware of the fact the Mr.Manikandan P is the Disciplinary Authority and Mr.Jayakumar P.G. is the Appellate Authority. Hence they cannot be made Witnesses in this Enquiry.”

23. Mr. Ravikumar P.S. is one of the persons addressed in Ext.B5. Mr. Ravindran K. Warriar is one of the recipients of the e-mail in question. Though the Enquiry Officer stated in Ext.A21



that Mr. Ravikumar P.S. and Mr. Ravindran K. Warriar could be examined as witnesses on behalf of the delinquent and fixed 07.08.2014 as the date for examining them, the plaintiff was unable to examine them, as they did not appear for the enquiry, stating that they were not interested in being examined as defence witnesses.

24. It is, no doubt, the normal rule that the delinquent should arrange for the attendance of his or her witnesses and the enquiry officer cannot enforce the attendance of the witnesses. Nevertheless, an Enquiry Officer conducting disciplinary proceedings is required to conduct the enquiry in a quasi-judicial manner, notwithstanding the fact that it is a domestic enquiry. When witnesses sought to be examined by the delinquent do not turn up, and such witnesses are employees working under the same management, the Enquiry Officer is expected to act proactively so as to ensure that the delinquent is afforded a meaningful opportunity to defend his or her case. In *R. Shamanna v. The State Bank of Mysore* (ILR 2003 KAR 4467), the Karnataka High Court considered a similar situation in detail, after referring to the law laid down by various other High Courts. It was held that the



failure of the Enquiry Officer and the management to assist the delinquent in securing the attendance of official witnesses of the Bank vitiated the entire enquiry proceedings. If the Enquiry Officer had requested the Bank, it could have ensured their presence on the designated day.

25. In the present case, the situation is even more compelling. The Enquiry Officer had initially decided to examine those witnesses on behalf of the plaintiff and had even fixed a date for their examination after discussing the matter with them. In such circumstances, he ought not to have refrained from proceeding further merely because the witnesses were reluctant to attend the proceedings. He could have requested the Bank to ensure their presence, particularly since they were employees working under the Bank. At the very least, he could have directed the plaintiff to make a request to the Bank for securing their presence. Nothing of the sort was done.

26. Clause 29(9) of the Disciplinary Regulations (Ext.A24) empowers the Enquiry Officer even to call for new evidence or recall or re-examine any witness on his own satisfaction. Though



the said power is required to be exercised '*in support of the charge*', a fair procedure demands that the Enquiry Officer should act with equal solicitude in favour of the delinquent, wherever the circumstances so warrant. It is settled law that the principles of natural justice must be read into the unoccupied interstices of such rules unless there is a clear mandate to the contrary [See *Institute of Chartered Accountants of India v. L.K. Ratna* (supra)]. There is nothing in the said Regulations which militates against such a requirement.

27. As noticed above, the Enquiry Officer did not permit the plaintiff to examine Mr. Jayakumar P.G. (defendant No.2) and Mr. Manikandan P. (defendant No.3), on the ground that they were the disciplinary authority and the appellate authority and, therefore, could not be examined as witnesses in the enquiry. At the first blush, the attempt of a delinquent to cite such persons as defence witnesses may appear to be an act of defiance. However, it cannot be lost sight of that the very allegation on the basis of which the plaintiff was subjected to disciplinary enquiry was that she had made unfounded and baseless aspersions against Mr. Jayakumar P.G., and that the very material on which the



2026:KER:77180

disciplinary action was founded was the confession allegedly made at the behest of Mr. Manikandan P. The attempt of the plaintiff to examine them, therefore, could not have been brushed aside lightly, even if such examination might have caused embarrassment to the disciplinary authority and the appellate authority. In the factual circumstances of the present case, it cannot be said that the examination of those persons was wholly irrelevant or purposeless.

28. It cannot be lost sight of that the confession letter was not marked in the course of the enquiry proceedings through the person to whom it had been given. Had it been so marked, the charge-sheeted officer would have had an opportunity to cross-examine the said person and thereby establish her defence that the confession had not been voluntarily given. In such circumstances, the plaintiff's request to summon the said officer in support of her defence ought not to have been rejected. In short, the denial of an opportunity to examine all the four witnesses cited by the plaintiff had a direct and adverse bearing on the outcome of the enquiry.

29. A domestic enquiry which may culminate in the dismissal of



an employee cannot be treated as a mere formality or dealt with lightly. The Enquiry Officer is, therefore, required to discharge his functions in a quasi-judicial manner, consistent with the principles of natural justice and procedural fairness. In *Roop Singh Negi v. Punjab National Bank and others* (supra), the Supreme Court has declared the law in this regard in clear terms. An Enquiry Officer occupies the position of an independent adjudicator and thus he is not expected to function as a representative of the management (See *State of U.P. and Others v. Saroj Kumar Sinha*, AIR 2010 SC 3131).

30. In addition to the above, the Enquiry Officer further declined to admit several documents produced by the plaintiff. He intimated to the plaintiff that document Nos. 3 to 9 mentioned in her letter could not be made available to her, on the ground that they had no direct bearing on the charges levelled against her. It is further evident from Ext.A23 proceedings of the domestic enquiry (pages 88 and 89) that 11 out of the 13 documents cited by the plaintiff were not admitted in evidence. As evident from page 88, the plaintiff sought to mark the audited financial results for the years 2012 to 2014. The officer assisting the Enquiry Officer



objected to the marking of the said documents on the ground that they had no relevance to the charge-sheet issued against the plaintiff. Though the defence representative submitted that those documents were necessary to establish the innocence of the plaintiff, the objection was sustained by the Enquiry Officer, holding that *“the main charge is against an email dated 7.5.2013 purportedly sent by the CSO (charge-sheeted officer). Hence the produced documents are not permitted.”* Similarly, the shareholding patterns as on 31.03.2013, 30.06.2013 and 31.03.2014 of Dhanalaxmi Bank, as extracted from the website of the Bombay Stock Exchange, were sought to be marked, but they were also not admitted for the same reason. The Enquiry Officer further declined to mark the Master Circular on Loans and Advances – Statutory and Other Restrictions issued by the RBI and the IBA Code for Banking Practice – Prohibition against Opening of Savings Bank Accounts in the Name of Certain Bodies/Organisations. Those documents were likewise rejected on the ground already referred to.

31. According to the plaintiff, the aforesaid documents were essential to establish that the allegations contained in the e-mail in question were factually true and that, therefore, even if it



were ultimately found that the e-mail had been sent by the plaintiff, such conduct would not amount to violation of the disciplinary provisions referred to in the charge memo.

32. Sri. Joson Manavalan, the learned counsel appearing for the Bank, vehemently submitted that a delinquent cannot be permitted to blow hot and cold by simultaneously raising defences of the aforesaid nature. Having taken a specific stand in answer to the charge memo that the e-mail had not been sent by her, the plaintiff cannot subsequently be permitted to seek an opportunity to establish that the contents of the very same e-mail were true, it is argued.

33. We are unable to accept the aforesaid submission for more than one reason. The Disciplinary Regulations of the Bank do not prohibit a delinquent from taking alternative or inconsistent defences. In the absence of any such prohibition under the said Regulations, what would govern the disciplinary proceedings are the general principles applicable to such proceedings and the requirements of a fair procedure. Recently, in *Jai Prakash Saini v. Managing Director, U.P. Cooperative Federation Ltd. & Ors.* (2026



INSC 305), the Supreme Court considered the significance of the reply submitted by a delinquent to a charge-sheet and emphasised that a response to a charge-sheet cannot be treated as though it were a pleading in a civil suit, with technical consequences being attached to the manner in which the allegations are answered.

34. The matter can be looked at from another angle as well. In a domestic enquiry, when a delinquent denies the charge, the burden lies on the management to establish the charge. In the present case, the stand taken by the delinquent in her written statement was that the e-mail had not been sent by her and that the allegations contained in the e-mail were factually correct. In such circumstances, it was, in fact, incumbent upon the management to establish the converse. Pertinently, the charge memo specifically states that the act of the plaintiff was “*prejudicial and detrimental to the interest of the bank and subversive of its discipline.*” If the allegations are factually true, it is arguable that it would not be *prejudicial and detrimental to the interest of the bank*. To say the least, the Enquiry Officer ought not to have shut out the evidence sought to be adduced by the plaintiff when the charge-sheeted officer specifically asserted that the records



sought to be produced by her would establish the truthfulness of the allegations contained in the e-mail.

35. The e-mail allegedly sent by the plaintiff is marked as M1, along with Ext.B4 enquiry file. From the e-mail, it can be seen that it was addressed to four persons in the Reserve Bank of India and Mr. Ravindran K. Warriar, the Company Secretary of Dhanalaxmi Bank. It is specifically alleged therein that defendant No.2 was acting with political interests and had sanctioned loans to 'CIBIL defaulters' who had neither income nor any address, owing to his political allegiance. It was further alleged that defendant No.2 promoted only persons belonging to his caste, and certain instances of such alleged partisan conduct were referred to in the e-mail. It was also alleged that defendant No.2 was unfit to hold the office of Managing Director of the Bank as the NPA of the Bank was increasing under his poor leadership. There were certain other allegations to the effect that he was acting against the interests of the employees. Significantly, it is the specific contention of the plaintiff that, had the documents in question been brought on record, she could have established the truthfulness of the aforesaid allegations. When the plaintiff was facing a charge



founded on allegations of such nature, her attempt to establish the truthfulness of those allegations could not have been negated in the manner in which it was done. The Enquiry Officer assigned no reason for declining the request, other than making the bald observation that the records were not relevant.

36. A disciplinary enquiry is conducted not merely to establish the charges, but primarily to ascertain the truth of the matter. In *Anant R. Kulkarni v. Y.P. Education Society and others* (AIR 2013 SC 2098), the Apex Court held that:

“The purpose of holding an enquiry against any person is not only with a view to establish the charges levelled against him or to impose a penalty, but is also conducted with the object of such an enquiry recording the truth of the matter, and in that sense, the outcome of an enquiry may either result in establishing or vindicating his stand, and hence result in his exoneration. Therefore, fair action on the part of the authority concerned is a paramount necessity.”

37. An attempt was also made to justify the stand taken by the Enquiry Officer in refusing the plaintiff an opportunity to establish the truth of the contents of the e-mail on the ground that Ext.B5 confession letter disclosed that the allegations contained in the e-mail had been made by the plaintiff on the basis of hearsay information. We are not impressed by the aforesaid



2026:KER:77180

contention, for the simple reason that, when the delinquent was not afforded an opportunity to establish that the confession letter had not been voluntarily given, the contents of that very letter cannot be relied upon as a justification for denying her the opportunity to establish her defence.

38. Above all, there is another disturbing factor in the disciplinary proceedings. Ext.A39 dismissal order was passed by the 3rd defendant without affording the plaintiff an adequate opportunity to submit her objections to Ext.A33(a) enquiry report. It is true that, initially, she was given notice to submit her response to the enquiry report dated 8.10.2014 within 15 days, as per the letter dated 10.10.2014 issued by the 3rd defendant. It is not in dispute that the plaintiff received the said communication only on 15.10.2014. Thereafter, the plaintiff preferred C.M.A. No.158/2014 before the District Court, Thrissur, challenging the order of dismissal of the interlocutory application by the Munsiff's Court. In the said proceedings, she sought to restrain defendants 2, 3 and 4 from acting respectively as the appellate authority, disciplinary authority and Enquiry Officer. As the interim protection granted by the court continued during the



pendency of the appeal from 27.10.2014, the plaintiff submitted a letter dated 30.10.2014 to the 3rd defendant, in response to his letter dated 10.10.2014, stating that she reserved her right to make a written submission and seek a personal hearing until the civil proceedings came to an end. When the appeal was dismissed on 2.2.2015, the 3rd defendant issued a letter dated 3.2.2015 calling upon her to furnish her submissions against the enquiry report within three days. The plaintiff replied by letter dated 4.2.2015, stating that she could not submit her response within three days, as she had not obtained a copy of the order passed by the District Court, and sought ten days' time. She further requested that no further proceedings be initiated against her without affording her adequate time to furnish her submission. Thereafter, on 6.2.2015, she approached this Court challenging the said order and obtained an interim order in her favour. The original petition filed before this Court was dismissed on 1.7.2015. Immediately thereafter, i.e., on 6.7.2015, the 3rd defendant issued an order accepting the findings of the Enquiry Officer and imposed the punishment of dismissal, without any further notice to the plaintiff.

39. It is argued by the learned counsel appearing for the



defendants that the plaintiff could very well have submitted her representation against the enquiry report during the intervening period, but failed to do so. However, it cannot be lost sight of that it was the 3rd defendant himself who, immediately upon the dismissal of the appeal, issued a letter calling upon the plaintiff to submit her representation within three days. The plaintiff did not abstain from responding to the said letter. On the contrary, she categorically sought ten days' time and further requested that the enquiry report not be accepted without affording her an opportunity of being heard. There is nothing on record to show that her request for ten days' time or an opportunity of hearing was rejected. The 3rd defendant did not issue a further communication calling upon the plaintiff to furnish her representation after the interim protection granted by this Court came to an end. It was argued that the plaintiff was bound to submit her representation even without such a communication, since she had already been issued two letters to that effect. However, as mentioned earlier, the 3rd defendant accepted the enquiry report and passed the dismissal order on the fifth day after the dismissal of the original petition filed by the plaintiff, admittedly even before a copy of the judgment of this Court was obtained. The course adopted



by him cannot, particularly in the light of the facts narrated above, justify a finding that the plaintiff was afforded a reasonable opportunity to make a representation against the enquiry report.

40. The Constitutional Bench of the Apex Court held in *Managing Director, ECIL, Hyderabad v. B. Karunakar* (supra) that, where the Enquiry Officer is not the disciplinary authority, the employer is bound to afford a reasonable opportunity to the delinquent to submit her representation against the enquiry report before the same is accepted by the disciplinary authority. It was further held that the right to make a representation to the disciplinary authority against the findings recorded in the enquiry report is an integral part of the opportunity of defence available to the delinquent against the charges, and that denial of such an opportunity constitutes a breach of the principles of natural justice. The said principle, it was held, applies to employees in all establishments, whether Government or non-Government, and whether public or private and irrespective of the provisions contained in the applicable rules.



2026:KER:77180

41. The factual circumstances in the present case compel us to conclude that the opportunity initially afforded to the plaintiff was not sufficient, particularly since, in the meanwhile, she had pursued legal remedies against the defendants and the prohibitory orders passed by the courts continued to operate until the matter reached its final stage, save for the last few days. The mere fact that her attempt to obtain relief in those proceedings ultimately failed cannot be projected as a justification for denying her the right to submit a representation against the enquiry report. Such an opportunity is not an empty formality; it constitutes an integral component of a fair disciplinary process.

42. Above all, the punishment imposed on the plaintiff is, in our considered view, also shockingly disproportionate and not commensurate with the gravity of the alleged misconduct. Clause 27 of the Disciplinary Regulations of the Bank provides for seven types of punishment for gross misconduct. The plaintiff was awarded the gravest punishment. It is relevant to note that, apart from the Company Secretary of the Bank, the e-mail was addressed to the RBI, an authority vested with statutory powers to regulate the functioning of the Bank. Admittedly the RBI did not initiate any



2026:KER:77180

action on the basis of the e-mail. The allegations in the e-mail were against the 2nd defendant, and not the Bank. There is also absolutely no evidence as to whether the e-mail had caused any adverse impact whatsoever on the reputation of the Bank. In such circumstances, imposition of the severest penalty of dismissal from service cannot, in our view, be sustained as a proportionate and just response to the alleged misconduct.

43. In view of the foregoing discussion, we conclude that the enquiry proceedings cannot withstand judicial scrutiny and are liable to be declared null and void. Where the enquiry report and the consequential decision of the disciplinary authority are set aside or nullified by a court on a technical ground, the management could be afforded an opportunity to recommence the enquiry from the stage at which the proceedings were found to have been vitiated. In the present case, however, having considered all the disputed issues in detail, we find no justification for adopting such a course. The plaintiff was dismissed from service more than a decade ago. As it was a contract of personal service, the question of reinstatement of the plaintiff does not arise. Further, with the passage of time, the plaintiff may not be in a position to



effectively establish her defence even if an opportunity is afforded to her, particularly since she could not secure the presence of some of her witnesses even with the assistance of the management, as those witnesses are no longer in the service of the Bank. Above all, the alleged misconduct for which the disciplinary action was initiated consisted of the making of a pseudonymous complaint concerning the conduct of a superior officer, who has admittedly retired from service.

44. Since the dismissal of the plaintiff from the service of the Bank is found to be illegal, she is entitled to compensation from the defendant Bank. However, the damages cannot be assessed by taking into account the entire period of the remaining service of the plaintiff, since she was under an obligation to mitigate her loss by making reasonable efforts to secure alternative employment. It is, however, in evidence that she remained without employment until 2019, when she enrolled as a lawyer, and that she could not secure employment in the intervening period, as the circumstances surrounding the termination of her previous employment were not free from blemish.



45. In *O.P. Bhandari v. Indian Tourism Development Corporation Ltd.* (supra), the Apex Court held that 3½ years' salary, together with full allowances, could be considered reasonable compensation for an employee who had been wrongfully terminated. The Court arrived at the said figure principally on the reasoning that, if the corpus were invested at the then prevailing rate of interest, namely 15%, it would yield approximately 50% of the annual salary and allowances. Having regard to the lower rate of interest prevailing during the relevant period and all other relevant circumstances in this case as above narrated, we are of the view that five years' salary would constitute reasonable and adequate compensation to the plaintiff. The monthly salary of the plaintiff at the time of her termination was taken by the trial court as Rs.75,469/-. Taking the said figure into account, the compensation is accordingly quantified at Rs.45,28,140/-, being equivalent to 60 months' salary.

46. The plaintiff apprehends that the concessional credit facilities availed by her as a member of the staff would be subjected to an enhanced rate of interest by treating her as a non-staff member. In the light of the above discussion, she is entitled



to a prohibitory injunction against the bank in that regard.

In the result, the appeal is allowed. The disciplinary proceedings and the consequential order of dismissal against the plaintiff are declared as null and void. The plaintiff is entitled to recover Rs. 45,28,140/- from the 1st defendant Bank with interest at the rate of 6% per annum from the date of suit, till realisation. The defendants are further directed not to charge interest in excess of the stipulated staff rate on the credit facilities availed by the plaintiff. The plaintiff is entitled to proportionate cost throughout.

Sd/-

SATHISH NINAN

JUDGE

Sd/-

P. KRISHNA KUMAR

JUDGE

SV

APPENDIX OF RFA NO. 338 OF 2022

PETITIONER ANNEXURES

ANNEXURE A1	TRUE COPY OF THE MASTER DIRECTION -RESERVE BANK OF INDIA (INTEREST RATE ON ADVANCES) DIRECTIONS, 2016 DBR DIR NO./85/2015-16 ISSUED BY THE RESERVE BANK OF INDIA DATED 03.03.2016
ANNEXURE A3	TRUE COPY OF THE LETTER SENT BY 1ST RESPONDENT TO THE APPLICANT DATED 20.04.2017
ANNEXURE A4	TRUE COPY OF THE CIRCULAR 24/2016-17 UPLOADED IN THE WEBSITE OF THE 1ST RESPONDENT DATED 06.03.2017
ANNEXURE A5	TRUE COPY OF THE CIRCULAR IN RESPECT OF INTEREST RATE OF LOANS AND ADVANCES EFFECTIVE FROM 01.06.2022 UPLOADED IN THE WEBSITE OF THE 1ST RESPONDENT
ANNEXURE A9	TRUE COPY OF THE CIRCULAR UPLOADED IN THE WEBSITE OF THE 1ST RESPONDENT
ANNEXURE A10	TRUE COPY OF THE LETTER ISSUED BY THE APPLICANT TO 1ST RESPONDENT DATED 24.08.2022
ANNEXURE A11	TRUE COPY OF LETTER ISSUED BY THE APPLICANT TO THE 1ST RESPONDENT DATED 11.01.2023
ANNEXURE A2	TRUE COPY OF THE LETTER ISSUED BY THE 1ST RESPONDENT WITH ATTACHMENTS DATED 20.06.2016
ANNEXURE A6	TRUE COPY OF THE CIRCULAR IN RESPECT OF INTEREST RATE OF LOANS AND ADVANCES EFFECTIVE FROM 01.10.2022 UPLOADED IN THE WEBSITE OF THE 1ST RESPONDENT
ANNEXURE A7	TRUE COPY OF THE CIRCULAR IN RESPECT OF INTEREST RATE OF LOANS AND ADVANCES EFFECTIVE FROM 01.05.2023 UPLOADED IN THE WEBSITE OF THE 1ST RESPONDENT
ANNEXURE A8	TRUE COPY OF THE CIRCULAR IN RESPECT OF INTEREST RATE OF LOANS AND ADVANCES EFFECTIVE FROM 10.01.2024 UPLOADED IN THE WEBSITE OF THE 1ST RESPONDENT

RESPONDENT ANNEXURES

ANNEXURE R1 (B)	TRUE COPY OF THE ACKNOWLEDGMENT CARD EVIDENCING RECEIPT OF ANNEXURE R1(A) LETTER
ANNEXURE R1 (C)	TRUE COPY OF THE LETTER DATED 11.04.2023



2026:KER:77180

ANNEXRUE R1 (D)	TRUE COPY OF THE LETTER DATED 26.04.2023 ALONG WITH THE TRUE COPY OF THE POSTAL RECEIPT DATED 27.04.2023
ANNEXURE R1 (E)	TRUE COPY OF THE LOAN SANCTIONED NOTE DATED 24.05.2010 WHICH STIPULATES THAT APPELLANT WILL BE ELIGIBLE FOR THE CONCESSIONAL RATE OF INTEREST AS LONG AS SHE IS IN THE SERVICE OF THE BANK.
ANNEXURE R1 (F)	TRUE COPY OF THE COMPUTERISED STATEMENT OF ACCOUNTS OF THE CAR LOAN OF THE PETITIONER/APPELLANT DATED 20.02.2024
ANNEXURE R1 (A)	THE TRUE COPY OF THE LETTER DATED 15.09.2022. (ALONG WITH ITS TYPED COPY)