

**IN THE HIGH COURT AT CALCUTTA
(Constitutional Writ Jurisdiction)
APPELLATE SIDE**

Present:

The Hon'ble Justice Krishna Rao

WPA No. 5962 of 2026

With

CAN No. 1 of 2026

Mahendra Kumar Gupta & Others

Versus

UCO Bank and Others

Mr. Krishnaraj Thaker, Sr. Adv.

Mr. Ishaan Saha

Mr. Shounak Mukhopadhyay

Mr. Shivam Bimsaria

Mr. Rohan Thakur

Ms. Akansha Singhania

.....For the petitioners.

Mr. Shiv Mangal Singh

.....For the UCO Bank.

Mr. Shubham Raj

Ms. Safura Ahmed

.....For the Respondent No. 6.

Hearing Concluded On : 09.04.2026

Judgment on : 20.04.2026

Krishna Rao, J.:

1. The petitioners have filed the present writ petition challenging the show cause notice dated 30th May, 2025, order passed by the Identification Committee dated 17th November, 2025 and the order passed by the Review Committee dated 28th January, 2026, declaring the petitioners as “Wilful Defaulters”.
2. The petitioner nos. 1, 2 and 3 are the suspended directors of M/s Gupta Power Infrastructure Limited and the petitioner no. 4 is the erstwhile director of the said company.
3. The respondent no.2 has issued the show cause notice dated 30th May, 2025 to the petitioners calling upon the petitioners to submit their respective submissions within 21 days from the date of issuance of the show cause notice as to why the petitioners will not be identified as Wilful Defaulters in terms of the Reserve Bank of India’s Master Directions, failing which the Identification Committee will take further steps towards classification as Wilful Defaulters.
4. The petitioners have submitted their detailed reply to the show cause notice on 15th July, 2025. On receipt of the reply filed by the petitioners, the Identification Committee by an order dated 17th November, 2025, proposed to declare the petitioners as Wilful Defaulters. After the proposal as Wilful Defaulters, on 23rd December,

2025, the Review Committee issued notice to the petitioners for personal hearing of the petitioners on 24th December, 2025. On 28th January, 2026, the Review Committee classified the petitioners as Wilful Defaulters.

- 5.** Mr. Krishnaraj Thaker, Learned Senior Advocate, representing the petitioners submits that despite of irregularities pointed out by the petitioners by their reply dated 15th July, 2025, to the show cause notice dated 30th May, 2025, the respondents without considering the reply of the petitioners, have passed an order declaring the petitioners as Wilful Defaulters. He further submits that before the impugned orders passed by the respondent authorities, the petitioner have filed a writ petition being WPA No. 2128 of 2025 and in the said case, this Court has passed directions for exchange of affidavits, however, pending the writ petition, the respondents have passed the impugned orders.
- 6.** Mr. Thaker submits that the contents of show cause notice, order of the Identification Committee and the order of the Review Committee are the replica of each other. He submits that neither the Identification Committee nor the Review Committee have considered the reply submitted by the petitioners to the show cause notice.
- 7.** Mr. Thaker pointed out that the respondent no.2 has only issued show cause notice, the order of the Identification Committee and the order of

the Review Committee though all the authorities are different but orders have been issued by the same person.

8. Mr. Thaker submits that Master Directions issued by the Reserve Bank of India dated 30th July, 2024 with respect to Wilful Defaulters and Large Defaulters, it is categorically provided that the Review Committee shall not be comprised of members who are the part of the Identification Committee.
9. Mr. Thaker further submits that the Master Directions provides for opportunity of personal hearing and the Review Committee shall after assessing the facts or materials on record, including written representation, if any, consider the proposal of the Identification Committee and take decision but in the case of the petitioners, the Review Committee has not considered the reply submitted by the petitioners and had reiterated the contents of show cause notice and the order of the Identification Committee. He submits that the orders passed by the Identification Committee and the Review Committee are without any reasons. In support of his submissions, he has relied upon the judgment in the case of ***Narendra Seomal Sabnani and Others Vs. State Bank of India, Stressed Asset Resolution Group (SARG) & Ors.*** reported in ***2021 SCC OnLine Bom 4604.***
10. Mr. Thaker further relied upon the judgment in the case of ***Amit Kumar Kejriwal Vs. Bank of India and Others*** reported in ***2025***

SCC OnLine Cal 9163 and submits that this Court has decided the similar issue in the said case.

- 11.** Mr. Shiv Mangal Singh, Learned Advocate representing the UCO Bank submits that the respondent no.6 is in liquidation but the petitioners have made the respondent no.6 in the instant writ petition as party, thus the writ petition is not maintainable. He submits that the petitioners have not made the Liquidator as party to the instant writ application.
- 12.** Mr. Singh submits that the petitioners have challenged the Forensic Report in another proceeding and thus the petitioners cannot choose two forums. He further submits that for the Identification Committee and for the Review Committee, two separate committees were constituted with different designation and in both the Committees, the Deputy General Manager (Recovery and Law), is appointed as convener. The duty of the respondent no. 2 for conveys the meetings of the said Committees and to forward the decisions of the Committees. The respondent no. 2 has not participated in the decision making process by both the committees.
- 13.** Mr. Singh submits that the company availed credit facilities aggregating to Rs. 3570.90 Crores from Consortium of 11 Banks (including UCO Bank) and the lead bank is Canara Bank but the petitioners have not made Canara Bank as party to the instance writ petition.

14. Mr. Singh submits that the Identification Committee and the Review Committee have duly considered the reply submitted by the petitioners and found not satisfactory, accordingly, the Identification Committee proposed for declaring the petitioners as Wilful Defaulters and the Review Committee satisfied with the proposal and passed an order for declaring the petitioners as Wilful Defaulters.

15. Clause 3(r)(v) under the Heading-Note of the Master Directions on Treatment of Wilful Defaulters and Large Defaulters dated 30th July, 2024, issued by the Reserve Bank of India, reads as follows:

“Note: *The Review Committee shall not be comprised of members who are the part of the Identification Committee.”*

16. The respondents have constituted the Committee for Identification of Wilful Defaulters consisting of the following officials:

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| 1. | Executive Director | | Chairman |
| 2. | General Manager (Credit Monitoring) | | Member |
| 3. | General Manager (Recovery and Law) | | Member |
| | Deputy General Manager (Recovery) | | Convener |

17. The Review Committee for Wilful Defaulters consisting of following officials:

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| 1. | MD & CEO | | Chairman |
| 2. | Independent Director/
Non-Executive Director | | Member |

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|----|---|--------------------|------------------|
| 3. | Independent Director/
Non-Executive Director | | Member |
| | Deputy
(Recovery) | General
Manager |
Convener |

18. The Identification Committee headed by an Executive Director and two senior officers. The role of the Convener is to ensure procedural compliance during the initial phase of classification. If the Committee determines a potential case of willful default, the convener shall issue show cause notice to the borrower, guarantor, promotor, or the director, detailing the evidence of the default and giving them 21 days, to submit representation. The convener ensures that all materials and evidence supporting the claim of willful default are disclosed with the show cause notice. The convener ensures all submissions from the borrower, guarantor, promotor, or the director are recorded and presented to the Committee for Review. After the Committee concludes that there is a case for willful default, the convener notifies the borrower, guarantor, promotor, or the director of the proposal to classify them as Wilful Defaulters, citing the reasons and inform them of their right to make a representation to the Review Committee.

19. The Review Committee headed by Chairman/ CEO and MD and includes at least two independent directors, ensuring an independent assessment. The Convener receives the borrower, guarantor, promotor, or the director's written representation/ objection against the proposal and ensures they are submitted to the Review Committee. The

Convener schedules and coordinates ensuring the principles of natural justice are followed. The Convener serves the final order passed by the Review Committee to the borrower, guarantor, promotor, or the director. The convener ensures that the order states that it has been approval of the competent authority (Review Committee) and identifies its members.

- 20.** One person should not be the convener of both the Identification Committee and the Review Committee. The Identification Committee performs the initial investigation and recommends a finding. The Review Committee is designed to review the initial proposal independently and pass a reasoned order, ensuring that the findings are based on facts and fair process.
- 21.** If One person convenes both, they are reviewing their own previous work, making the “review” process a mere formality and not independent. To ensure the validity of a reasoned and speaking order or final order, the convener of the Identification Committee must be different person from the convener of the Review Committee.
- 22.** In the present case, the Deputy General Manager (Recovery and Law) has issued show cause notice to the petitioners, proposal of the Identification Committee to declare the petitioners as Wilful Defaulters as convener of the Identification Committee and issued the order of the Review Committee declaring as Wilful Defaulters, thus by allowing the

respondent no. 2 as convener of both the Committees, is illegal and bad in law.

- 23.** The petitioners have submitted detailed reply to the show cause notice. In the show cause notice at page 4 paragraph (a) the allegation of total diversion of Rs. 976.97 crores is recorded. The same allegation is recorded at page 3 para (a) of the Identification Committee's report and at page 11 para (a) of the Review Committee's report.
- 24.** Allegation (b) is relating to party transactions and diversion of fund which is recorded at page 5 of the show cause notice, page 4 of Identification Committee report and page 12 of the Review Committee report. Allegations (c), (d) and (e) are mentioned at page 6 of the show cause notice, page 5 of the Identification Committee report and pages 13 and 14 of the Review Committee report. Allegations of (f) and (g) are mentioned at page 7 of the show cause notice, page 6 of the Identification Committee report and page 14 of the Review Committee report. Observation of the Identification Committee is mentioned at pages 7 and 8 of the show cause notice, pages 6 and 7 of the Identification Committee report and pages 15 and 16 of the Review Committee report. The decision is recorded at pages 9 and 10 of the show cause notice, pages 8 and 9 of the Identification Committee report and pages 16 and 17 of the Review Committee report.
- 25.** The contents of show cause notice, Identification Committee report and Review Committee report are identical and similar. The Review

Committee has taken note of the reply submitted by the petitioners dated 15th July, 2025 at pages 5 to 9 of the Review Committee order but there is no reason why the reply submitted by the petitioners is not accepted or not satisfactory. The Identification Committee and the Review Committee have not assigned any reasons and have also not considered the representation/ written objection of the petitioners.

26. Clause 4(a)(vii)&(ix) of the Master Circular dated 30th July, 2024, reads as follows:

“(vii) The Review Committee shall provide an opportunity for a personal hearing also to the borrower/guarantor/promoter/director/persons who are in charge and responsible for the management of the affairs of the entity. However, if the opportunity is not availed or if the personal hearing is not attended by the borrower/guarantor/promoter/director/persons who are in charge and responsible for the management of the affairs of the entity, the Review Committee shall, after assessing the facts or material on record, including written representation, if any, consider the proposal of the Identification Committee and take a decision.

“(ix) The Review Committee shall pass a reasoned order and the same shall be communicated to the wilful defaulter.”

27. In the present case, the Review Committee has violated the above provisions of Master Directions dated 30th July, 2024, issued by the Reserve Bank of India by not considering the written reply filed by the petitioners and without assigning any reasons declared the petitioners as Wilful Defaulters.

- 28.** Pending disposal of the present writ application, the respondent bank issued a notice dated 6th March, 2026, directing the petitioner no.1 to repay the entire dues of the bank within 15 days failing which the bank will proceed to publish the photographs of the petitioners in two newspapers. The petitioners have brought the same on record of this proceeding by way of CAN No.1 of 2026.
- 29.** At the time of hearing, Mr. Thaker prays for leave to delete the name of the respondent no.6 from the cause title, the same is allowed, the petitioners are given liberty to delete the name of the respondent no.6 in course of the day.
- 30.** Considering the above, the order passed by the Identification Committee dated 17th November, 2025 and the order passed by the Review Committee dated 28th January, 2026, are set aside and quashed. Consequently, the notice dated 6th March, 2026, is also set aside and quashed. The respondent bank is at liberty to take appropriate steps against the petitioners, if any, in accordance with law from the stage of constitution of Identification Committee.
- 31. WPA No. 5962 of 2026** along with **CAN No.1 of 2026** are **disposed of**.

Parties shall be entitled to act on the basis of a server copy of the Judgment placed on the official website of the Court.

Urgent Xerox certified photocopies of this judgment, if applied for, be given to the parties upon compliance of the requisite formalities.

(Krishna Rao, J.)