

16.06.2026
SL No.1
Court No.12
(gc)

**MAT 962 of 2026
CAN 1 of 2026**

**UCO Bank & Anr.
Vs.
Mahendra Kumar Gupta & Ors.**

Mr. Prabir Chandra Ghose,
Ms. Mayuri Ghosh,
Mr. Aniruddha Saha Ray

...for the Appellants.

Mr. Shounak Mukhopadhyay,
Mr. Shivam Bhimsaria,
Ms. Akansha Singhania

...for the Respondents.

1. The affidavit of service is taken on record.
2. The appeal arises out of a judgment and order dated April 20, 2026 passed by a learned Single Judge in WPA 5962 of 2026. By the order impugned, the learned Judge set aside the order of the Identification Committee dated November 17, 2025 as also the order passed by the Review Committee dated January 28, 2026, by which the respondent nos.1 to 4 were declared as “wilful defaulters”.
3. Ms. Mayuri Ghosh, learned Advocate for the appellants/bank submits that the order suffers from the following irregularities:-
 - a) The writ court sat in appeal over the reasonings of the authority, which was

primarily based on the factual findings contained in the Forensic Audit Report.

- b) The findings of the Identification Committee and the Review Committee were supported by the conclusions arrived at against the respondent nos.1 to 4, in the Forensic Audit Report.
- c) The Forensic Audit Report was accepted by the writ petitioners/respondent nos.1 to 4 and, as such, those findings had become final.
- d) The learned Judge ought to have taken into consideration such factual aspects, before analyzing the reasoning given by the Identification Committee and the Review Committee. The detailed reasons assigned by the Review Committee were factual in nature and the writ court should have stayed its hands from delving deeper into those factual aspects, when both the Identification Committee and the Review Committee had concurrent findings on the default committed by the respondent nos.1 to 4.

- e) The pendency of a writ petition filed by the respondent nos.1 to 4, in which no interim protection was given, could not be a bar for the bank to proceed under the Master Circular on wilful default. His Lordship ought not to have put any weightage on such aspect, by observing that the decisions were taken by both the Committees during the pendency of a writ petition filed by the respondent nos.1 to 4.
- f) The Review Committee's report clearly indicated that the submissions of the respondent nos.1 to 4 were considered. The contents of their reply to the show cause notice had been duly recorded.
- g) The convener had only communicated the order of the Review Committee and the Identification Committee. He was not a part of the Review Committee. Thus, the finding of the learned Single Judge that the convener could not have acted on behalf of the Review Committee, was also incorrect.
- h) The writ court could not have weighed the sufficiency of the reasons. Principles of natural justice could not

be extended, thereby, permitting exercise of jurisdiction on the intricacies of the issues involved in the transaction and /or the relationship between the borrower and the lender. Reliance was placed on the decision of a learned Single Judge in the matter of:-

- i) ***Suresh Kumar Patni & Ors. Vs. State Bank of India, Industrial Finance Branch & Anr. reported at 2021 SCC OnLine Cal 2146: AIR 2021 Cal 249 : (2022) 1 BC 29.***

4. Mr. Shounak Mukhopadhyay, learned Advocate for the writ petitioners/respondent nos.1 to 4, submits that the show cause notice was issued by the convener, i.e., Deputy General Manager (Recovery and Law) who described himself as the convener of the Review Committee of Wilful Defaulters. According to the Master Circular, he had the authority to issue the show cause notices, but did not have any authority to communicate the purport and meaning of the order of the Identification Committee and the Review Committee by writing a letters. The Master Circular provided that the designated officer under Clause 4(b) could issue the show-cause notice and serve the order on behalf of

the Identification Committee and the Review Committee.

5. According to Mr. Mukhopadhyay, this was the first procedural defect in the entire proceeding. Secondly, although, the writ petitioners filed their reply to the show cause notice, but the letter of the convener purporting to communicate the findings of the Identification Committee, did not contain any discussion on the reply given by the writ petitioners and why such reply which dealt with each and every allegation in the show cause notice, was not found to be tenable in law by the Identification Committee. Secondly, it is submitted that the convener was not a part of the Review Committee, but by communicating the order of the Review Committee in his own words and language, he indirectly became a part of the Committee. The order of the Review Committee was communicated by the convener, as he understood the said order and not exactly how the order stood.
6. We appreciate the concern of Ms. Ghosh with regard to the quantum of the defaulted amount and we agree that the writ court cannot sit in appeal over the factual findings of the Committees. The writ court is not an expert. In

this regard, the observations in the Forensic Audit Report and the reliance placed thereon cannot be doubted, but the writ court must interfere when a proceeding is vitiated on account of arbitrariness, violation of the principles of natural justice and procedural irregularity. First of all, the convener issued the show cause notice and signed the same as the convener of the Review Committee.

7. The order of the Identification Committee, as we find, is a cut-copy-paste of the show cause notice. Every paragraph, every sentence and every punctuation matches. The convener communicated the contents of the order of the Identification Committee in his own language and he is also the author of the show-cause notice. Thus, we do not find any independent application of mind by the Identification Committee on the allegations made against the respondent nos.1 to 4 and their answer to each and every allegation made in the show cause notice. Secondly, the order of the Identification Committee was not produced before His Lordship and there is a doubt whether an independent order of the Identification Committee exists at all. However, even if the same is found in the bank's records, the said

order was never served upon the writ petitioners. Instead, the convener issued a letter, attempting to communicate the findings of the Identification Committee, but in his own language. This is not permissible under the Master Circular. Thirdly, after the findings of the Identification Committee, the convener ought to have forwarded the entire records to the Review Committee. Thereafter, the Review Committee was bound by the Circular to decide the matter independently. The answers given by the respondent nos.1 to 4, in reply to the show cause notice ought to have been considered independently. There should have been specific findings as to why the decision of the Identification Committee would prevail over the explanations given by the writ petitioners/respondent nos.1 to 4. Finally, there has been another procedural irregularity as the convener once again sought to communicate the findings of the Review Committee by his own letter, as he understood the order of the Review Committee. The Review Committee's order has not been produced before the learned Single Judge and had never been served upon the respondent nos.1 to 4.

8. Under such circumstances, we are of the view that the decision of the learned Single Judge in setting aside the communications of the convener, cannot be held to be patently illegal.
9. Article 14 of the Constitution of India guarantees equality of treatment in the eye of law and prevalence of rule of law. The said Article is based on the principle of reasonableness. Arbitrariness or irrationality in the action of an authority or a quasi-judicial authority can be struck down by the writ court. The action of the authority should be free from any suspicion of bias and the proceeding should indicate strict adherence to the principle of rule of law.
10. The consequence of the declaration as a wilful, defaulter, is serious, and as such, proper procedure should be followed with transparency.
11. Under such circumstances, the learned Single Judge rightly set aside those communications. The show cause notice has already been issued. The reply to the same has been filed. The bank is at liberty to proceed in accordance with law from the stage of denovo hearing, by observing the procedure which we have expressed hereinabove.

12. The order impugned is modified to the aforesaid extent.
13. The appeal and the connected application are disposed of.
14. The authorized representative of the respondent nos.1 to 4 or the said respondents shall be available for hearing, both before the Identification Committee and the Review Committee, if the said respondents are unavailable.
15. However, there shall be no order as to costs.
18. Parties are directed to act on the basis of the server copy of this order.

(Shampa Sarkar, J.)

(Ajay Kumar Gupta, J.)