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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ W.P.(C) 2669/2026 & CM APPL. 12997/2026, CM APPL. 12999/2026

RAJEEV GUPTA .....Petitioner

Through: Mr. Abhishek Garg, Adv. Mr Yash Gaiha, Adv

versus

RESERVE BANK OF INDIA & ORS. .....Respondents

Through: Adv. Mr. Dhaval Mehrotra & Adv. Ms. Aditi Desai for R1
Mr Santosh Kumar Rout, SC for R2&6
Mr. Ankit Raj (SC) with Mr. Ali Mohammed Khan (Adv.) Mr. Digvijay Singh (Adv.) for PNB
Mr. Rajiv Kapur, SC for SBI along with Mr. Akshit Kapur, AoR/ for R3
Mr. Rajesh Kumar Gautam, Mr. Deepanjal Choudhary, Ms. Likivi K Jhakalu and Ms. Azal Aekram, Advocates for R7

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

<u>O R D E R</u>

% **25.02.2026**

<u>CM APPL. 12998/2026</u>

Allowed subject to all just exceptions.

The application stands disposed of.

<u>W.P.(C) 2669/2026</u>

1. This is a writ petition filed under Article 226 of the Constitution of India seeking the following prayers:-

> *"A. Issue appropriate writ in the nature of certiorari or directions/order quashing and setting aside the following Impugned Show Cause Notices issued by Respondent No.'s 2 to 7:*

i. Impugned Show Cause Notice dated 18.12.2023 issued by Respondent No. 2;

ii. Impugned Show Cause Notice dated 21.12.2023 issued by Respondent No. 3;

iii. Impugned Show Cause Notice dated 27.12.2023 issued by Respondent No. 4;

iv. Impugned Show Cause Notice dated 29.01.2024 issued by Respondent No. 5;

v. Impugned Show Cause Notice dated 30.04.2024 issued by Respondent No. 6

vi. Impugned Show Cause Notice dated 23.01.2026 issued by Respondent No. 7

B. Issue appropriate writ in the nature of prohibition or directions/order to stay the operation of Impugned Show Cause Notices and all the consequent proceedings arising out of the Impugned Show Cause Notices thereto;"

2. The petitioner for the purpose of expansion of their business, RCI Industries & Technologies Ltd.("***RCIIT***"), had approached the consortium of banks, i.e. the respondent Nos. 2 to 7 for enhancement of working capital. Due to grave financial stress the account of the RCIIT was declared a Non Performing Asset and as a consequence was red flagged in the year 2019 as per the Master Directions on Fraud.

3. As a necessary step in furtherance of red-flagging an audit was conducted by the respondent Nos. 2 to 7. On the basis of audit report the red flag was removed. Thereafter, an application under Section 9 of the Insolvency and Bankruptcy Code, 2016 was filed by one of the

operational creditors of RCIIT. After the appointment of resolution professional, a transaction auditor was appointed who prepared the Transaction Audit Reports("***TARs***"). The respondent Nos. 2 to 7, relying on the said TARs issued the impugned Show Cause Notices ("***SCNs***").

4. Mr. Garg, learned counsel for the petitioner, states that the impugned SCNs are bad in law and the same have been issued based on third party TARs prepared only for the resolution professional.

5. He further states that the Master Directions, 2024, in paragraph No. 4.1 mandates that in order to classify a loan account as fraud, it is for the banks to engage an auditor themselves through a contractual agreement and based on the report of that auditor, the SCNs to classify a loan account as fraud has to issued. As per the petitioner, no auditor was engaged by the respondent Nos. 2 to 7 and there also exists no TARs.

6. He also states that the previous audit report of the Auditor appointed by the bank categorically holds that no fraud has been found against the RCIIT and consequently against the petitioner. Hence, the entire exercise is a nullity and cannot be sustained.

7. Additionally, RCIIT, whose account has been declared a fraud, has already undergone insolvency proceedings and a new management has taken over the company after successful resolution plan implementation. Hence, the petitioner cannot file a reply on behalf of the company.

8. Learned counsels for the respondents, state that the present writ petition does not survive as it has been filed against SCNs and the same does not give rise to any cause of action and does not affect the rights of the

petitioners.

9. The law with regard to SCNs is clear and has been laid down in ***Union of India vs. Kunisetty Satyanarayana, AIR 2007 SC 906***, wherein the Hon'ble Supreme Court has held as under:-

> *"14. The reason why ordinarily a writ petition should not be entertained against a mere show-cause notice or charge-sheet is that at that stage the writ petition may be held to be premature. A mere charge-sheet or show-cause notice does not give rise to any cause of action, because it does not amount to an adverse order which affects the rights of any party unless the same has been issued by a person having no jurisdiction to do so. It is quite possible that after considering the reply to the show-cause notice or after holding an enquiry the authority concerned may drop the proceedings and/or hold that the charges are not established. It is well settled that a writ lies when some right of any party is infringed. A mere show-cause notice or charge-sheet does not infringe the right of any one. It is only when a final order imposing some punishment or otherwise adversely affecting a party is passed, that the said party can be said to have any grievance."*

10. I have heard learned counsel for the parties.

11. In the present case, the challenge in the writ petition is to SCNs. The law in this regard is clear that ordinarily writ petition challenging the show cause notices must not be entertained because all the grounds raised in the SCNs are available to the petitioner to raise in their

response to the SCNs and thus, they are yet to be adjudicated upon.

12. The petitioner has been granted liberty to appear before the respondent banks, give detailed representation and the respondent banks are required to pass a detailed speaking order. Additionally, in other connected writ petitions, the banks have already been directed to supply documents to the petitioner and it is only thereafter a detailed personal hearing has been permitted. The petitioner has also already participated in the 2 personal hearing of SBI and PNB.

13. For the said reasons, I am not inclined to entertain the petition or interdict the SCNs. Hence, the present petition is dismissed.

JASMEET SINGH, J

FEBRUARY 25, 2026 / (MS)