

APHC010136222026



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

THURSDAY, THE 23rd DAY OF JULY 2026

PRESENT

THE HONOURABLE SRI JUSTICE RAVI CHEEMALAPATI

WRIT PETITION NO: 7621 OF 2026

Between:

1. M/S SURYA AGRO INDUSTRIES, Rep. by its Managing Partner, With its registered address at R.S.No.33/1, Daravaram Village, Nidadavole, East Godavari District, Andhra Pradesh.
2. Maddukuri Suresh Babu,, S/o. Venkata Rao, aged about 47 years, R/o. D.No.1-114, Main Road, New Anjaneya Swamy Statue, Daravaram, Chagallu Mandal, East Godavari District.
3. Maddukuri Venugopal,, S/o. Ramachandra Rao, aged about 41 years, R/o. D.No.1-116/2, Galamma Temple Street, Daravaram, Chagallu Mandal, East Godavari District.
4. Maddukuri Naresh,, S/o. Narasimha Murthy, aged about 41 years, R/o. D.No. 1-116/2, Galamma Temple Street, Daravaram, Chagallu Mandal, East Godavari District.
5. Maddukuri Ramesh Babu,, S/o. Veer Raju, aged about 47 years, R/o. D.No.3-284, Main Road, Near New Anjaneya Swamy Statue, Daravaram, Chagallu Mandal, East Godavari District
6. Maddukuri Udaya,, W/o. Suresh Babu, aged about 42 years, R/o. D.No.2-150, Main Road, Daravaram, Chagallu Mandal, East Godavari District.

7. Maddukuri Mohan Ganesh,, S/o. Ramachandra Rao, aged about 39 years R/o. D.No. 1-116, Daravaram Village, Chagallu Mandal, East Godavari District.

8. Maddukuri Triveni,, W/o. Srinivasa Rao, aged about 47 years, R/o. D.No.16-31-433 434 435/305, Phase, KPHB Colony, Kukatpally, Hyderabad.

9. Peddu Rambabu,, S/o. Late Narasimha Rao, aged about 72 years, R/o. Flat No.304, Venkatram Mansion, RTC Colony, Penumaka, Poranki Rural, Krishna District.

10. Boddu Veera Venkata Srinivas,, S/o. Kameswara Rao, aged about 58 years, R/o. D.No.4-317, Near Andhra Bank, Chagallu, Chagallu Mandal, .East Godavari District.

...Petitioners

AND

1. THE INDIAN BANK, Nidadavole Branch, Represented by its Branch Manager, Ganesh Chowk, Patimeeda, Nidadavole, East Godavari District, Andhra Pradesh.

2. The Willful Defaulter Review Committee WDRC, The Indian Bank, Rep. by its Chairperson-cum-Executive Director, Chennai, Tamil Nadu.

3. The Willful Defaulter Identification Committee WDIC, The Indian Bank, Rep. by its Chairperson-cum-Chief General Manager (Recovery), Rajamahendravaram, East Godavari District, Andhra Pradesh.

...Respondents

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue any order or direction more particularly one in the nature of a Writ of Mandamus declaring the action of the Respondent No.2 in issuing Letter, dated 22-01-2025, classifying the Petitioners as Wilful Defaulters, as

illegal, arbitrary, without power and authority, violative of Articles 14, 19, and 21 of the Constitution of India, and contrary to the clauses 4 (1) (a) (ii), 3 (1) (j) (i) and 3 (1) (r) (i) of the Reserve Bank of India (Treatment of Wilful Defaulter and Large Defaulters) Directions, 2024 and to consequently quash the entire proceedings initiated by the Respondents for declaring the Petitioners as Wilful Defaulters, and pass

IA NO: 1 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the proceedings vide Letter, dated 22-01-2026, issued by Respondent No.2 classifying the Petitioners as Wilful Defaulters, pending disposal of the above writ petition, and pass

Counsel for the Petitioners: SURYA TEJA ANUMOLU

Counsel for the Respondents: SREEDHAR VALIVETI

The Court made the following order:

The grievance of the petitioners is that respondent No.2, without power and authority, issued proceedings *vide* Letter dated 22.01.2026 classifying them as 'Willful Defaulters'.

2. Heard Sri K.S.V.Sujith, learned counsel, representing Sri Surya Teja Anumolu, learned counsel for the petitioners and Sri Sreedhar Valiveti, learned counsel for the respondents.

3. Learned counsel for the petitioners, in elaboration to what has been stated in the affidavit filed in support of the Writ Petition, contended that the petitioner No.1 is a partnership firm engaged in the rice milling business since the year 2013 after establishing the unit with financial assistance from respondent No.1. Due to the satisfactory performance of the unit, the Bank had enhanced the working capital limits from Rs.3 crores to Rs.13.50 crores, and the petitioners had also repaid three term loans within the time period. He further submitted that the subsequent default in repayment was occurred by external factors beyond the petitioners' control, including the change in the Central Government's procurement policy, demonetization and the Covid-19 pandemic, which severely affected the rice milling industry. Despite being aware of these circumstances, the Bank initiated SARFAESI proceedings and simultaneously referred the petitioners' case for classification as 'Willful Defaulters'. He further contended that though a show cause notice dated 05.12.2024 was issued alleging willful default, the respondents failed to furnish the material relied upon by the Willful Defaulters Identification

Committee (WDIC) as mandated under Clause 4(1)(a)(ii) of the Reserve Bank of India directions. He further submitted that the petitioners submitted a detailed explanation on 26.12.2024, denying the allegations and explaining the reasons for the repayment difficulties. However, without considering the said explanation, the Identification Committee approved the proposal to classify the petitioners as Willful Defaulters on the allegation of siphoning of funds, while dropping the allegation of deliberate non-payment despite capacity. Even at that stage, neither the material relied upon nor the draft order of the Identification Committee was supplied to the petitioners. He further submitted that the petitioners thereafter filed objections before the Willful Defaulters Review Committee (WDRC) and also participated in the personal hearing. Despite the same, the respondent No.2 issued the impugned proceedings dated 22.01.2026 confirming the classification of the petitioners as Willful Defaulters. He further contended that both the Willful Defaulters Identification Committee and the Willful Defaulters Review Committee were constituted in violation of Clauses 3(1)(j)(i) and 3(1)(r)(i) of the RBI Directions, 2024. He further submitted that the petitioners had earlier challenged the constitution of the WDIC and WDRC in W.P. No.2186 of 2026 and, while the said writ petition was pending, the respondents proceeded to issue the impugned order. Hence, prayed to quash the entire proceedings initiated by the respondents for declaring the petitioners as willful defaulters.

4. On the other hand, learned counsel for the respondents, while reiterating the averments made in the counter affidavit filed by the

respondents, contended that petitioner No.1 committed default in repayment of the loan amount, pursuant to which the loan accounts were classified as Non-Performing Assets (NPAs) in accordance with the RBI guidelines on 31.03.2024 due to diversion and mismanagement of funds. He submitted that the total outstanding amount as on 08.08.2025 was Rs.16.78 Crores. He further submitted that the acts of omission and commission on the part of the petitioners, which resulted in the default, were examined by the Willful Defaulter Identification Committee (WDIC) on 08.11.2024 in terms of the RBI Directions on Treatment of Willful Defaulters and Large Defaulters, 2024. The Committee, upon *prima facie* examination, observed that the irregularities and defaults committed by the petitioners satisfied the criteria for classification as Willful Defaulters and accordingly approved issuance of a Show Cause Notice dated 05.12.2024. He further submitted that, after due deliberation and consideration of the detailed reply dated 26.12.2024 submitted by the petitioner firm along with all its partners, the WDIC unanimously approved the proposal for placing the matter before the Willful Defaulter Review Committee (WDRC) on 06.09.2025 for declaring the petitioner firm and its partners as Willful Defaulters in terms of the RBI Directions, 2024. The decision of the WDIC was thereafter placed before the WDRC for review and confirmation on 25.11.2025. He further submitted that the petitioners submitted their objections on 25.09.2025 and pursuant to their request, a personal hearing was conducted virtually before respondent No.2 Committee on 25.11.2025. However, the petitioners failed to substantiate their contentions and gave only

evasive explanations. Consequently, the petitioners were classified as Willful Defaulters vide proceedings dated 22.01.2026. He further submitted that the contention of the petitioners that W.P.No.2186 of 2026 was pending adjudication before this Court is incorrect, as the said writ petition was already dismissed on 19.02.2026. He further submitted that the respondent Bank has already initiated recovery proceedings under the provisions of the SARFAESI Act and that the petitioners, having an effective alternative remedy of filing an application under Section 17(1) of the SARFAESI Act, cannot bypass the statutory remedy and invoke the extraordinary jurisdiction of this Court under Article 226 of the Constitution of India. Hence, he prayed for dismissal of the Writ Petition.

5. Perused the material available on record and considered the submission made by learned counsel for the parties.

6. The main grievance of the petitioners is that the proceedings dated 22.01.2026 issued by respondent No.2, classifying the petitioners as Wilful Defaulters, are without jurisdiction and contrary to the provisions of the Reserve Bank of India (Treatment of Wilful Defaulters and Large Defaulters) Directions, 2024. On the other hand, the respondents contended that the petitioners' loan accounts were classified as Non-Performing Assets in accordance with the RBI guidelines due to diversion and mismanagement of funds. It is their specific case that the Willful Defaulter Identification Committee examined the account, issued a show cause notice dated 05.12.2024, considered the detailed explanation submitted by the petitioners, and

thereafter recommended the matter to the Willful Defaulter Review Committee. The petitioners were given an opportunity of hearing before the Review Committee, and only thereafter, the impugned proceedings were issued.

7. At the outset, it is to be noticed that the petitioners have not questioned the appointment or constitution of respondent Nos.2 and 3 in the present writ petition. The entire challenge is directed against the proceedings dated 22.01.2026 issued by respondent No.2. When the petitioners have not challenged the appointment or authority of respondent Nos.2 and 3, the contention that the proceedings are liable to be set aside on the ground of want of jurisdiction cannot be accepted.

8. As could be seen from the material available on record, it is evident that the petitioners were issued a show cause notice dated 05.12.2024 calling upon them to submit their explanation. The petitioners submitted their reply dated 26.12.2024. The said explanation was considered by the Willful Defaulter Identification Committee, which, after deliberation, recommended placing the matter before the Willful Defaulter Review Committee. The petitioners were thereafter granted an opportunity of personal hearing before the Review Committee. The impugned proceedings dated 22.01.2026 were issued only after following the procedure contemplated under the RBI Directions.

9. The contention of the petitioners that the material relied upon by the WDIC and WDRC were not furnished and thereby principles of natural justice

were violated cannot be considered at this stage, particularly when the petitioners have participated in the proceedings, submitted their objections and availed the opportunity of personal hearing before the Review Committee. Having participated in the proceedings, without raising any effective objection in that regard, the Writ Petition has been filed without any substantial and valid grounds while attacking the orders impugned, basing on the grounds raised in the Writ Petition, this Court is not inclined to declare the proceedings impugned as illegal.

10. The further contention of the petitioners regarding the pendency of W.P. No. 2186 of 2026 also cannot be accepted, since they themselves filed dismissal order of the said Writ Petition along with Writ Petition. The respondents have brought to the notice of this Court that the said writ petition was dismissed on 19.02.2026.

11. In view of the foregoing discussion, this Court is of the considered view that the petitioners have failed to make out any ground warranting interference with the proceedings dated 22.01.2026 issued by respondent No.2 classifying the petitioners as Willful Defaulters.

12. Accordingly, the Writ Petition is dismissed. There shall be no order as to costs.

Consequently, miscellaneous petitions, pending if any, shall stand closed.

JUSTICE RAVI CHEEMALAPATI

23.07.2026

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THE HON'BLE SRI JUSTICE RAVI CHEEMALAPATI

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