



CNR: KAHC010532302022

NC: 2026:KHC:41186
WP No. 23065 of 2022
C/W WP No. 9665 of 2021

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 5TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MR. JUSTICE M.G.S. KAMAL

WRIT PETITION NO. 23065 OF 2022 (GM-RES)

C/W

WRIT PETITION NO. 9665 OF 2021 (GM-RES)

IN WP No. 23065/2022

BETWEEN:

1. MOHAN N
S/O NAGARAJU
AGED ABOUT 37 YEARS
RESIDING AT NO.10A, 1ST FLOOR
LAKSHMI NILAYA, 3RD CROSS
SAI LAYOUT, AREHALLI
BENGALURU - 560 061.
2. LAKSHMI N
W/O NAGARAJU
AGED ABOUT 62 YEARS
RESIDING AT NO.10A, 1ST FLOOR
LAKSHMI NILAYA, 3RD CROSS
SAI LAYOUT, AREHALLI
BENGALURU - 560 061.

...PETITIONERS

(BY SRI. RAKESH B. BHATT, ADVOCATE)

AND:

1. UCO BANK
A COMMERCIAL BANK HEAD OFFICE
8TH FLOOR 10, B.T.M SARANI





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KOLKATA - 700 001,
REPRESENTED BY ITS
MANAGING DIRECTOR AND CEO.

2. DEPUTY GENERAL MANAGER AND
THE CONVENOR OF COMMITTEE FOR
IDENTIFICATION OF WILFUL DEFAULTER
UCO BANK, HEAD OFFICE
8TH FLOOR, B.T.M SARANI
KOLKATA - 700 001.
3. BRANCH MANAGER
UCO BANK
JAYANAGAR BRANCH
NO.238/35, 9TH MAIN
3RD BLOCK, JAYANAGAR
BENGALURU - 560 011.

...RESPONDENTS

(BY SRI. PARASHURAM K.R, ADVOCATE)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF
THE CONSTITUTION OF INDIA PRAYING TO QUASH THE ORDER
DTD. 23.06.2021 PASSED BY THE REVIEW COMMITTEE
HEADED BY THE R-1- ANNEX-N AND ETC.,

IN WP NO. 9665/2021

BETWEEN:

SRI. N. MOHAN
AGED ABOUT 36 YEARS,
S/O NAGARAJU
R/AT NO.10/A, 1ST FLOOR
3RD CROSS, SAI LAYOUT
AREHALLI, SUBRAMANIPURA,
BENGALURU - 560 061.

...PETITIONER



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(BY SRI. SIRI RAJASHEKAR, ADVOCATE)

AND:

1. RESERVE BANK OF INDIA
REPT. BY ITS GENERAL MANAGER
NRUPATHUNGA ROAD
BENGALURU - 560 001.
2. THE UCO BANK
JAYANAGAR BRANCH
NO.238/35, 9TH MAIN
3RD BLOCK, JAYANAGAR,
BENGALURU - 560 011
REPT. BY AUTHORIZED OFFICER.

...RESPONDENTS

(BY SRI. PARASHURAM K.R, ADVOCATE FOR R2;
R1 IS SERVED AND UNREPRESENTED)

THIS WP IS FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE LETTER DATED 02.05.2021 PASSED BY R2 VIDE ANNEXURE H DIRECTING R2-BANK TO CONSIDER THE REPRESENTATION DATED 27.04.2021 VIDE ANNEXURE G STRICTLY IN ACCORDANCE WITH THE MASTER CIRCULAR DATED 01.07.2015 VIDE ANNEXURE J ISSUED BY R1-RBI AND CONSEQUENTLY REGULARIZE THE LOAN ACCOUNT BY TAKING INTO ACCOUNT ALL THE AMOUNTS PAID TOWARDS THE OUTSTANDING EMIS AND PENAL INTEREST IF ANY AND ETC.,

THESE PETITIONS, COMING ON FOR ORDERS, THIS DAY,
ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE M.G.S. KAMAL



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ORAL ORDER

1. Common petitioners in these two writ petitions are before this Court, being aggrieved by the actions initiated by the respondent-UCO bank.
2. In W.P.No.9665/2021, the petitioner has sought quashing of the letter dated 02.05.2021 issued by the respondent-UCO bank, declining to accept the one time settlement offer made by the petitioner at Annexure-H to the writ petition and for further direction to consider, his representation dated 27.04.2021 in accordance with the Master Circular dated 01.07.2015 vide Annexures-G and J.
3. In W.P.No.23065/2022, the petitioners are challenging the order dated 23.06.2021 passed by the Review Committee headed by respondent No.1 as per Annexure-N in terms of which the petitioners have been declared as 'Willful defaulters'.
4. As regard to the claim of the petitioner in W.P.No.9665/2021, the counsel for the respondent-UCO



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bank submits that the bank had initiated the proceedings for recovery before the Debt Recovery Tribunal in OA.No.149/19, which has been allowed on 15.12.2025 and that since the petitioners have not filed any appeal, the said order has attained finality. As such, there is no question of consideration of any OTS settlement. The said fact is not disputed by the petitioner. As such, nothing survives for consideration in this petition and same could be dismissed.

5. As to the second writ petition in W.P.No.23065/2022 challenging the order passed by the respondent-UCO bank, by declaring the petitioners to be 'willful defaulters', the learned counsel for the petitioners relies upon the judgment of the Hon'ble Apex Court in the case of **STATE BANK OF INDIA V. JAH DEVELOPERS PVT. LTD. AND OTHERS¹**, wherein the Hon'ble Apex Court, referring to the Master Circular dated 01.07.2013, which was revised on 01.07.2015, at paragraph No.24 has held as under:

¹ AIR 2019 SC 2854



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"24. Given the above conspectus of case law, we are of the view that there is no right to be represented by a lawyer in the in-house proceedings contained in Para 3 of the Revised Circular dated 1-7-2015, as it is clear that the events of wilful default as mentioned in Para 2.1.3 would only relate to the individual facts of each case. What has typically to be discovered is whether a unit has defaulted in making its payment obligations even when it has the capacity to honour the said obligations; or that it has borrowed funds which are diverted for other purposes, or siphoned off funds so that the funds have not been utilised for the specific purpose for which the finance was made available. Whether a default is intentional, deliberate, and calculated is again a question of fact which the lender may put to the borrower in a show-cause notice to elicit the borrower's submissions on the same. However, we are of the view that Article 19(1)(g) is attracted in the facts of the present case as the moment a person is declared to be a wilful defaulter, the impact on its fundamental right to carry on business is direct and immediate. This is for the reason that no additional facilities can be granted by any bank/financial institutions, and entrepreneurs/promoters would be barred from institutional finance for five years. Banks/financial institutions can even change the management of the wilful defaulter, and a promoter/director of a wilful defaulter cannot be made promoter or director of any other borrower company. Equally, under Section 29-A of the Insolvency and Bankruptcy Code, 2016, a wilful defaulter cannot even apply to be a resolution applicant. Given these drastic consequences, it is clear that the Revised Circular, being in public interest, must be construed reasonably. This being so, and given the fact that Para 3 of the Master Circular dated 1-7-2013 permitted the borrower to make a representation within 15 days of the preliminary decision of the First Committee, we are of the view that first and foremost, the Committee comprising of the Executive Director and two other senior officials, being the First Committee, after following Para 3(b) of the Revised Circular dated 1-7-2015, must give its order to the borrower as soon as it is made. The borrower can then represent against such order within a period of 15 days to the Review Committee. Such written representation can be a full representation on facts and law (if any). The Review Committee must then pass a reasoned order on such representation which must then be served on the



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borrower. Given the fact that the earlier Master Circular dated 1-7-2013 itself considered such steps to be reasonable, we incorporate all these steps into the Revised Circular dated 1-7-2015. The impugned judgment is, therefore, set aside, and the appeals are allowed in terms of our judgment. We thank the learned Amicus Curiae, Shri Parag Tripathi, for his valuable assistance to this Court."

6. Relying upon the aforesaid paragraph of the judgment of the Apex Court, learned counsel for the petitioners submits that the committee headed by the Executive Director, which has declared the petitioners, 'willful defaulters', has not served the copy of the said order enabling them to file a representation before the Review Committee. Thus, he submits that this amounts to infraction of their right, which is required to be addressed in terms of the law laid down by the Hon'ble Apex Court. He further submits that declaration of the petitioners as willful defaulters will have consequences on their financial credibility which requires to be reviewed.
7. Learned counsel for the respondent-UCO bank, fairly submits that if the petitioners makes a representation, the same will be considered in accordance with law.



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8. Submission is placed on record.
9. Since the limited relief being sought by the petitioners in the nature of review of the order declaring them as willful defaulters and no relief is being pressed with regard to conclusion of proceedings by Debt Recovery Tribunal in OA No.149/2019 by final order dated 15.12.2025, this Court deems it appropriate to provide an opportunity to the petitioners to seek review of the order declaring them as willful defaulters. For this limited purpose, following:

ORDER

- i. W.P.No.23065/2022 is **partly allowed**.
- ii. W.P.No.9665/2021 is **dismissed**.
- iii. The petitioners are at liberty to make representation to the Review Committee within 30 days from the date of receipt of certified copy of this order.
- iv. Upon such representation, the Review Committee shall consider the same and pass appropriate orders in accordance with the Master Circular and the



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Revised Circular taking into consideration the judgment of the Hon'ble Apex Court extracted herein above, within an outer limit of 60 days thereafter.

- v. It is made clear that the liberty reserved herein is only for the purpose of review of the order declaring petitioners as willful defaulters and same shall not have any bearing on the order dated 15.12.2025 already passed in O.A.No.149/2019.
- vi. The respondent-UCO Bank is at liberty to proceed against the petitioners in terms of the order dated 15.12.2025 passed in the said O.A.No.149/2019.

Sd/-
(M.G.S. KAMAL)
JUDGE

HDK
List No.: 1 Sl No.: 15