

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

Present:

The Hon'ble Justice Krishna Rao

W.P.A. No. 26106 of 2025

Monoranjan Roy

Vs.

HDFC Bank Limited & Ors.

Mr. Joydip Kar, Sr. Adv.

Mr. Rudraman Bhattacharyya, Sr. Adv.

Mr. Biswaroop Bhattacharyya

Mr. Niladri Bhattacharjee

Mr. Subhrojyoti Mukherjee

Ms. Deblina Chattaraj

Mr. Sayan Banerjee

Mr. Suman Majumdar

Mr. Shraman Mukherjee

....For the petitioner.

Mr. Jishnu Chowdhury, Sr. Adv.

Mr. Sayak Ranjan Ganguly

Ms. Srijani Ghosh

Ms. Kripa Kami

....For the HDFC Bank.

Mr. Aman Agarwal

Mr. Debabrata Das

Mr. Arunabha Sarkar

Mr. Pratick Acharjee

....For the RBI.

Hearing Concluded On : 16.06.2026

Judgment Delivered On : 02.07.2026

Judgment Uploaded On : 02.07.2026

Krishna Rao, J.:

1. The petitioner has filed the present writ petition challenging the Show Cause Notice dated 13th October, 2025, wherein the bank has directed the petitioner to show cause within 21 days as to why the account of the petitioner should not be categorized and reported as fraud as per the Reserve Bank of India (hereinafter referred to as “RBI”) Guidelines.
2. Mr. Joydip Kar, Learned Senior Advocate along with Mr. Rudraman Bhattacharyya, Learned Senior Advocate, representing the petitioner submits that the bank has issued the show cause notice on the basis of the Forensic Audit report but the Forensic Audit report is not conclusive and the Auditor has mentioned in the report that the report has been prepared solely for the purpose of providing selected information on a confidential basis to which it is issued and should not be used for any other purpose without their consent.
3. Mr. Kar submits that on 13th October, 2025, the respondent no. 2 has issued show cause notice to the petitioner with respect to the transactions in the State of West Bengal from the year 2013 to 2018, on the basis of the Forensic Audit report dated 26th May, 2025 conducted

by R. Dokania and Company. On receipt of the said notice, the petitioner has submitted a detailed reply on 24th October, 2025, stating that the M/s. Pincon Spirit Limited (hereinafter referred to as “PSL”) had been conducting its business activities with due diligence, integrity and best efforts. It was informed to the bank that the petitioner and other directors of PSL had been arrested on 2nd November, 2017 and all supporting documents with regard to the operation of PSL and the petitioner has been seized by the Directorate of Economic Offences (hereinafter referred to as “DEO”). It was also informed that the offices and production units of PSL along with business units of the subsidiary/associate companies were sealed by the DEO in the month of November/December, 2017, due to which it is not possible for the petitioner to provide documents with regard to transactions of the company.

4. Mr. Kar submits that it was also informed that the loan account of the company has a long satisfactory credit standing with the consortium member banks including the HDFC Bank and the account of the company turning into NPA is not due to intentional or willful and *malafide* motive or default on the part of the management of the company. He submits that due to stoppage of production at the manufacturing units of Kolkata, the company’s revenue generation has been adversely affected.
5. Mr. Kar submits that by a communication dated 12th January, 2018, issued by the authorized signatory of HDFC Bank addressed to the

Deputy Superintendent of Police of the Office of the DEO, Kolkata informed that the consortium banks have lent to the company after completion of due diligence on the company and its promoters as per the bank's/RBI guidelines. He further submits that due to the stoppage of production at the manufacturing units at Kolkata, the company's revenue generation has been adversely affected, which has resulted in non-servicing of the loans with the consortium of banks. If any delay in non-servicing of interest or non-rooting of sales/ revenue through the bank account will result in the account being categorized as Non Performing Assets (NPA). Revival of the company thereafter will be difficult effecting all the stakeholders. Vide the letter dated 12th January, 2018, the bank requested the DEO, West Bengal to revoke the orders issued to seal the registered office or the manufacturing units of PSL since no cases were registered against the Company and other directors.

6. Mr. Kar submits that during the consortium meeting held on 31st January, 2018, the DEO, West Bengal has seized the stocks at the plants of the company, despite such reports, no action was taken by the HDFC Bank or any other member bank of the consortium against the DEO, West Bengal for safeguarding the stocks which were hypothecated to the consortium as prime security. He submits that the company has been impleaded in a number of litigations with reference to its operation. The alleged corporate debtors have also initiated Corporation Insolvency Resolution Process (CIRP) against the company

before the National Company Law Tribunal, Kolkata. The said application was taken up for consideration on 30th September, 2019, along with other applications wherein it is mentioned that the DEO, West Bengal had attached the property of the corporate debtor (PSL) as if it is the proceed of crime under the provisions of West Bengal Protection of Interests of Depositors in Financial Establishment Act, 2013.

- 7.** Mr. Kar submits that the Tribunal by its order dated 19th February, 2020, observed that the contention that the assets attached by the respondent therein are assets obtained by the corporate debtor company out of the funds collected illegally by the group company under the contrail of Pincon Groups seems to be devoid of any merit in the absence of any supporting evidence and material. The Tribunal also observed that the property of the corporate debtor attached by the respondent is liable to be detached and as such the DEO was directed to detach the property vide notice dated 16th April, 2018 and to restore possession thereof to the liquidator.
- 8.** Mr. Kar submits that on perusal of the Forensic Audit report, it reveals that the said report has been prepared in the absence of all necessary documents and evidences. He submits that Forensic Audit report is an incomplete document and the same cannot be the basis of issuance of the show cause notice. He further submits that the show cause notice is issued in violation of principles of natural justice.

9. Mr. Kar in support of his submissions, has relied upon the judgment in the case of ***T. Takano Vs. Securities and Exchange Board of India and Another*** reported in **(2022) 8 SCC 162** and submits that a *quasi-judicial* authority has a duty to disclose the material that has been relied upon at the stage of adjudication. An *ipse dixit* of the authority that it has not relied on certain material would not exempt it of its liability to disclose such materials if it is relevant to and has a nexus to the action that is taken by the authority.
10. Mr. Kar further relied upon the judgment in the case of ***Milind Patel Vs. Union Bank of India and Others*** reported in **2024 SCC OnLine Bom 745** and submits that the purpose of disclosure of information is not merely individualistic, that is to prevent errors in the verdict but is also towards fulfilling the larger institutional purpose of fair trial and transparency.
11. Mr. Jishnu Chowdhury, Learned Senior Advocate representing the HDFC Bank submits that the show cause notice dated 13th October, 2025, was issued detailing the allegation against the petitioner. In the show cause notice, Forensic Audit report was enclosed, thus the petitioner cannot say that the Forensic Audit report is not served upon the petitioner.
12. Mr. Chowdhury submits that the petitioner has submitted a detailed reply to the show cause notice dated 13th October, 2025 and submits that all the issues raised by the petitioner in the present writ petition is

agitated in his reply. In the said reply, the petitioner has not prayed for supply of any documents.

13. Mr. Chowdhury submits that as per Master Directions on Fraud Risk Management in commercial bank, reasonable time of 21 days was provided to the petitioner for submission of his reply to the show cause notice and only after receipt of notice, the bank shall consider the request of the petitioner and after giving an opportunity to the petitioner, the bank will consider whether the entities will be declared as fraud or not. He submits that instead of waiting for the decision of the bank, the petitioner has filed the instant writ petition, thus the writ petition is not maintainable.
14. Mr. Chowdhury in support of his submissions, has relied upon the judgment in the case of ***Union of India and Another Vs. Kunisetty Satyanarayana*** reported in ***(2006) 12 SCC 28*** and submits that in some very rare and exceptional cases, the High Court can quash a show cause notice if it is found to be wholly without jurisdiction or for some other reason if it is wholly illegal.
15. Mr. Chowdhury has relied upon the judgment passed by this Court in the case of ***Hemant Kanoria & Anr. Karnataka Bank Limited*** in ***WPA 11390 of 2024*** dated ***10th February, 2026*** wherein this Court held that without submitting any reply and without requesting the respondent for supply of documents, has filed writ petition, and this Court dismissed the said writ petition. He submits that in the present

case, the petitioner has filed show cause reply without any allegation that no document has supplied or requested for any documents.

16. The respondent bank has issued the show cause notice to the petitioner on the basis of the Forensic Audit report of R. Dokania and Company dated 26th May, 2025. As per Forensic Audit report, the Bank has appointed R. Dokania and Co., Chartered Accountants to conduct a Forensic Audit of the books of accounts of the Borrower for the financial year 2013 to 2018.
17. The petitioner has submitted detailed reply to the show cause notice by dealing with each and every allegation. The petitioner has not informed that no documents are available with the petitioner or the petitioner required further documents. The petitioner has also not taken the plea that the Forensic Audit report is not conclusive or cannot be relied upon. On the other hand, the petitioner in his reply requested for details of the official of the HDFC bank for personal discussion and interaction with the bank official at Kolkata instead of Bangalore.
18. In the conclusion part of the Forensic Audit report, it is recorded that *“it is the professional opinion of R. Dokania & Co., that PSL has engaged in a ‘well-orchestrated scheme of financial misrepresentation, fraud and fund diversion, through a network of shell entities and through unauthorized individual payments, with the sole intention of defrauding institutional lenders.”*. This conclusion is based on available evidence and is subject to further findings if complete financial records and

cooperation are provided by the Borrower. In reply to the said conclusion of the Forensic Audit report, the petitioner has not stated that the said documents were not with the petitioner or the petitioner will submit the said documents or the said documents were with some other authorities. On the other hand, the petitioner has submitted detailed reply to the show cause notice.

- 19.** Directorate of Economic Offences, West Bengal, has initiated investigation with regard to the transactional operation of the PSL and seized the stocks and plants of the PSL. The DEO, filed an application before the Tribunal being CA (IB) No. 577/KB/2019 and prayed for dismissal of the CIRP proceeding initiated against the petitioner being C.P. (IB)No. 93/KB/2018. The Learned Tribunal by an order dated 30th September, 2019, passed the following order:

*“14. A very look at the name of the company reveals that Sl. No. (e) (5th company) name is **Pincon Infrastructure Ltd.** The Corporate Debtor is **Pincon Spirits Limited**. The Corporate Debtor company was Incorporated under the provisions of the Companies Act, 1956 for carrying on business of manufacturing, importing, exporting and manufacturing of every kind of spirit. It has come out in evidence that Corporate Debtor is not doing any financial service business activities as alleged. There is no material furnished before us to prove that Corporate Debtor company is a chit fund company or a financial service provider comes under the purview of the 'WBPIDFE Act'. No claimant also came forward claiming refund of deposit if any deposited in the CD company. In the absence of sufficient materials to prove that the Corporate Debtor in any manner whatsoever come within the scope of purview of 'WBPIDFE Act' we are unable to hold that the proceedings initiated by this Adjudicating Authority is illegal and improper.*

23. *The Resolution Professional though made his efforts to get back the assets of the Corporate Debtor from the 'DEO, WB', but he failed in having any access to the books of account, without which he could not verify the claim received from the creditors and could not complete their valuation because of the sole reason of non-cooperation of the 'DEO, WB' the inability of the Resolution Professional in not getting a successful resolution applicant cannot be faulted. Accordingly, we have no other alternative other than to pass an order of Liquidation.*

(j) CA (IB) Nos. 577/KB/2019 is dismissed with cost of Rs.5 lacs payable within two months from the date of receipt of the copy of the order to the account of the CD either by e-payment facility into bank account of the corporate debtor or by way of DD, failing which the Liquidator can realise the said amount from the applicant in accordance with applicable law.”

20. The Liquidator has filed an application before the Learned Tribunal being CA (IB) No. 1741/KB/2018 for de-attachment of the assets of the Corporate Debtor under Liquidation. Learned Tribunal by an order dated 19th February, 2020, disposed of the said application by passing the following order:

“9. *From a reading of section 3 of ‘WBPIDFE Act’, it appears to us that this provision is inconsistent with section 14 of the I & B Code and therefore, Section 14 as well as Sub Section (5) of Section 33 of the Code will prevail over Section 3 of ‘WBPIDFE Act’. Therefore, it appears to us that all the property of the Corporate Debtor attached by the Respondent is liable to be de attached. Accordingly, this application is allowed upon the following among:-*

ORDERS

i. *The Respondent Directorate of Economic Offences, Government of West Bengal, is*

hereby directed to de-attach all the properties attached vide notice dated 16/04/2018 and to restore possession thereof to the Liquidator within 15 days of the receipt of the copy of this order.

- ii. CP (IB) No. 93/KB/2018 connected with CA(IB) No.1741/KB/2018 is disposed of. However, no order as to cost.”*

21. In the case of **T. Takano (supra)**, it is held that:

“28.3. Transparency and accountability : *The investigative agencies and the judicial institution are held accountable through transparency and not opaqueness of proceedings. Opaqueness furthers a culture of prejudice, bias, and impunity—principles that are antithetical to transparency. It is of utmost importance that in a country grounded in the Rule of Law, the institutions adopt those procedures that further the democratic principles of transparency and accountability. The principles of fairness and transparency of adjudicatory proceedings are the cornerstones of the principle of open justice. This is the reason why an adjudicatory authority is required to record its reasons for every judgment or order it passes. However, the duty to be transparent in the adjudicatory process does not begin and end at providing a reasoned order. Keeping a party bereft of the information that influenced the decision of an authority undertaking an adjudicatory function also undermines the transparency of the judicial process. It denies the party concerned and the public at large the ability to effectively scrutinise the decisions of the authority since it creates an information asymmetry.*

30. *It would be fundamentally contrary to the principles of natural justice if the relevant part of the investigation report which pertains to the appellant is not disclosed. The appellant has to be given a reasonable opportunity of hearing. The requirement of a reasonable opportunity would postulate that such material which has been and has to be taken into account under Regulation 10 must be disclosed to the noticee. If the report of the investigating authority under Regulation 9 has to*

be considered by the Board before satisfaction is arrived at on a possible violation of the regulations, the principles of natural justice require due disclosure of the report.”

22. The petitioner has relied upon the order passed by the Learned Tribunal and the judgment of the Hon’ble Supreme Court but the case made out by the petitioner in the show cause reply is otherwise. The petitioner has not taken the plea of appointment of Liquidator or the documents available with the Liquidator or with the DEO. The petitioner has not requested for supply of any documents relied by the bank while issuance of show cause notice. In reply to show cause notice, the petitioner only requested the bank for providing details of the officials of the Kolkata Branch so as to enable the petitioner to discuss personally.

23. In the case of ***Hemant Kanoria vs. Bank of India*** passed in **WPA No. 28329 of 2023** dated **2nd February, 2024**, the Coordinate Bench of this Court framed the guidelines with respect to declaring the accounts “fraud” under the Master Directions keeping in view of the judgment passed in the case of ***State Bank of India and Others Vs. Rajesh Agarwal and Others***, reported in **(2023) 6 SCC 1** and held that:

“64. First, a show-cause notice is to be issued, enumerating the exact offences alleged against the borrower/Director. If any FAR or other document forms the basis of the show-cause, the same is to be served along with the show-cause notice. (Both the said criteria have, in fact, have been satisfied in the present case in respect of BOI, BOB and UBI.)

65. A fortnight thereafter would be ample time to give reply to the showcause notice. In its reply, the noticee shall, apart from addressing the allegations and controverting those specifically, specify the documents which are required to be provided to the noticee by the Banks/financial institutions. If necessary, in the reply, the borrower/Director or promoter can reserve its rights to give a further additional reply upon receiving such documents.”

24. In the present case, the petitioner has received show cause notice and had submitted detailed reply of each and every allegation of the show cause notice without questioning the Forensic Audit report or requesting for any further document.

25. Considering the above, this Court did not find any justification to interfere with the show cause notice issued by the bank to the petitioner dated 13th October, 2025.

26. WPA No. 26106 of 2025 is dismissed.

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.)