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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ W.P.(C) 12339/2026 & CM APPL. 57246/2026, CM APPL.
57248/2026
NIRMAL SINGH

.....Petitioner

Through: Mr. Dayan Krishnan, Sr. Adv. with
Mr. Raj Kamal, Mr. Aseem Atwal, Mr. Arush
Khanna, Manish Kumar Sharma, Mr. Somil Jain,
Advs.

versus

INDUSIND BANK LTD. & ORS.

.....Respondent

Through: Ms Usha Singh and Mr. Shahrukh
Inam, Advs. for R1

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

ORDER

% **24.08.2026**

CM APPL. 57247/2026

Allowed subject to all just exceptions.

The applications stand disposed of.

W.P.(C) 12339/2026

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

“a. Issue an appropriate writ(s), order(s) or direction(s) in the nature of Certiorari or any other writ(s), order(s) or direction(s), thereby quashing/setting aside the Show Cause Notice dated 21.05.2026 bearing Ref. No. IBL/FRRG/DEL/2026-27/037 proposing to classify the Petitioner as a "Wilful Defaulter" ("Impugned Show



Cause Notice") annexed as Annexure P-1;

b. Issue an appropriate writ(s), order(s) or direction(s) in the nature of Certiorari or any other writ(s), order(s) or direction(s), thereby quashing/setting aside the Reasoned Order dated 05.03.2026 bearing Ref. No. IBL/FRRG/DEL/2025-26/210 classifying the Petitioner/his account being the guarantor of Borrower/Respondent No. 3. as "Fraud" ("Impugned Reasoned Order") annexed as Annexure P-2;

c. Issue an appropriate writ(s), order(s) or direction(s) in the nature of Certiorari or any other writ(s), order(s) or direction(s), thereby quashing/setting aside all incidental and consequential DRT, NCLT. SARFAESI, criminal complaints to EOW/Police or any other investigating agency and any other civil, criminal, regulatory and administrative actions etc. against the Petitioner (all collectively referred to as "Impugned Proceedings") initiated in pursuance of the Impugned Show Cause Notice dated 21.05.2026 and Impugned Reasoned Order dated 05.03.2026;

d. Issue an appropriate writ(s), order(s) or direction(s) in the nature of mandamus or any other writ(s), order(s) or direction(s) directing Respondent No. 1 to refrain from taking, continuing, giving effect to impugned Show Cause Notice dated 21.05.2026 annexed as Annexure P-1, the impugned Reasoned Order dated 05.03.2026 annexed as



Annexure P-2, for any coercive, penal or consequent against the Petitioner, including his declaration as a "Wilful Defaulter", continuation of his classification as "Fraud", reporting or continuing to report his name to Respondent No. 2, the Fraud Monitoring Return (FMR), the List of Wilful Defaulters (LWD), Credit Information Companies or any other statutory, regulatory or investigative authority, and refraining Respondent No. 2 from taking any actions on such reporting, classification, declaration, communication in this regards and directing withdrawal of any such report already made with respect to the Petitioner,

e. Issue an appropriate writ(s), order(s) or direction(s) in the nature of mandamus or any other writ(s), order(s) or direction(s) restraining the Respondents No. 1 from acting upon or giving any effect to the impugned Show Cause Notice dated 21.05.2026 annexed as Annexure P-1, the impugned Reasoned Order dated 05.03.2026 annexed as Annexure P-2, or any other incidental and consequential DRT, NCLT, SARFAESI, criminal complaints to EOW/Police or any other investigating agency, and any other civil, criminal, regulatory and administrative actions etc. against the Petitioner founded thereon and further direct Respondent No. 2 to ensure to ensure that Settlement accepted by Respondent No. 1 is duly recognised, given effect to and reflected in all



applicable regulatory records, returns, reporting and databases;...”

2. For the reasons stated in the petition, issue notice.
3. Ms. Singh, learned counsel accepts notice on behalf of the respondent No. 1.
4. There is nobody appearing on behalf of the other respondents, however, the matter is taken up for hearing.
5. The brief facts of the case are that the petitioner was appointed a Director of respondent No. 3 Company namely Cloud 9 Projects Pvt. Ltd. in September, 2009 and resigned from the said position on 12.11.2014.
6. The respondent No. 1 Bank sanctioned credit facilities in favour of the respondent No. 3 Company and consequentially initiated proceedings against the respondent No. 3 resulting in classification of its account as a Non-performing asset.
7. It is also stated that there are proceedings pending against the respondent No. 3 before the National Company Law Tribunal.
8. It is the case of the petitioner that he was a personal guarantor for the credit facilities availed by the respondent No. 3.
9. Additionally, the respondent No. 1 Bank initiated personal insolvency proceedings against the petitioner and the National Company Law Appellate Tribunal on 07.08.2026 closed the said proceedings against the petitioner on the basis of the settlement dated 01.08.2026.
10. Thereafter on 13.08.2026, the respondent No.1 Bank duly acknowledged the receipt of the entire payment in terms of the settlement with the petitioner and discharged the petitioner his



obligations of a personal guarantor for the respondent No. 3.

11. Despite the effective implementation of the settlement, the 'fraud' classification and 'wilful defaulter' proceedings against the petitioner continue to subsist.
12. Ms. Singh, learned counsel for the respondent No.1 Bank states that the matter has been settled and the respondent No. 1 Bank has already written a letter to Economic Offences Wing (EOW) informing them about the same.
13. Hence, the proceedings impugned in the present petition no longer are required to subsist against the petitioner.
14. Taking her statement on record and binding the respondent No. 1 Bank to the same, it is directed that the 'fraud' classification of the petitioner imposed *vide* Order dated 05.03.2026 hereby stands quashed and the proceedings for declaration of the petitioner as a 'wilful defaulter' also stands closed.
15. The petition is disposed of in the aforesaid terms along with pending applications, if any.

JASMEET SINGH, J

AUGUST 24, 2026 / (MS)