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

\+ W.P.(C) 328/2026 & CM APPL. 1584/2026

PRABHAT KUMAR SHRIVASTAVA

.....Petitioner

Through: Mr. Sajan Poovayya, Sr. Adv. with Ms. Shruti Kanodia, Ms. Ishita Jain, Mr. kshitij Ujala, Mr. Palash Maheshwari, Advs.

versus

RESERVE BANK OF INDIA AND ANR

.....Respondent

Through: Ms. Nisha Sharma, Ms Manisha, Singh, Advs. for R-1
Mr. Santosh Kumar Rout Standing counsel with Mr. Siddhant Sharma(law officer) for R-2

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

O R D E R

% **21.01.2026**

1. This is a petition filed under Article 226 of the Constitution of India seeking quashing/ setting aside of the order dated 17.12.2025.

2. The facts are that the petitioner was a director of Isolux Corsan India Engineering and Construction Private Limited. The issue whether the petitioner was key managerial personnel (KMP) or only a managing director is contentious and is not being adjudicated in the present petition.

3. The petitioner has been declared fraud, based on the impugned order

dated 17.12.2025.

4. Learned senior counsel for the petitioner, challenges the same on the ground that the impugned order is cryptic and merely illusory, and that none of the defences raised by the petitioner have been considered by the Fraud Examination Committee.

5. The findings against the petitioner in the impugned order are as under:

> *“**Gist of Reply of Prabhat Kumar Shrivastava Dt 29.11.2024:***
>
> - *SCN has been issued without providing with relevant documents/ evidence.*
> - *He is not a director in lsolux Corsan India*
> - *He was only appointed as a professional director neither did he possess any signing authority on any loan transactions nor was authorized through a power of attorney to act on behalf of the company with respect to any financial matter or financial transactions whatsoever.*
> - *Bank failed to provide a copy of forensic audit report.*
> - *Further, having resigned from the company almost 7 years ago, he is having no records of the company to enable him to verify the statement by PNB.*
> - *The averments made in the show cause notice are also vague and not supported by any evidence, nor does it reveal any specific wrongdoing on his part.*
> - *There were other directors of the company at the time of account becoming NPA. SCN has been issued to some of them.*

- *During personal hearing of willful defaulter, identification committee has accepted his submission having limited role in the company.*
- *Sought forensic audit report and some other documents.*
- *He will need 4 weeks' time.*

Views of the committee

Sh. Prabhat Kumar Shrivastava has not provided pointwise reply on the factors of fraud. Fraud has been perceived on the basis of Forensic Audit Report and the same has already been provided to him. Sh. Prabhat Kumar Shrivastava stated that he is not a director in M/s lsolux Corsan India Engineering & Construction Private Limited. As per DIR-11, his appointment in the company was as a professional director.

It has been observed that as per Annual Return filed on 30.09.2016 in the Form No. MGT- 7, Sh. Prabhat Kumar Shrivastava DIN No 07242081 have been mentioned non-independent director and key managerial personnel of the borrower company. Hence, statement of Sh. Prabhat Kumar Shrivastava in the representation is incorrect."

6. Based on the two findings, the petitioner has been declared fraud.
7. Mr. Rout, learned standing counsel for respondent No. 2, states that the petitioner was duly given personal hearing and the representations were considered and thereafter, a speaking and well-reasoned order has been passed.
8. In the present case, 2 replies have been given by the petitioner.

9. One, dated 29.11.2024 (prior to the receiving of Forensic Audit Report) and second dated 06.10.2025, (after receiving the Forensic Audit Report).

10. The representation of the petitioner on 06.10.2025 is relevant and the entire representation is reproduced hereunder:

> *"1. I write to you, Punjab National Bank ("You" / "PNB") in reference to the letter referred at Sr. No. (i) issued by You to me, Mr. Prabhat Kumar Shrivastava, where in You are seeking to declare my account as 'Fraud' based on the factors such as diversion of the funds and related party transactions and in furtherance to the letter referred at Sr. No. (iii) wherein the bank has provided copy of Forensic Audit Report dated 08.12.2020 ("FAR") prepared by Grant Thornton ("GT" / "Auditor") and certain loan documents to me.*
>
> *2. At the very outset, I submit that from the contents of the Show Cause Notice dated 04.09.2024 ("SCN"), it appears that the proceedings pertain to alleged diversion and/or siphoning of funds, related party transactions, vendor payments, improper accounting practices, and non-compliance with the provisions of the Companies Act, 2013 ("Companies Act"). It is also evident from the SCN that the proposed categorization and reporting of the account as "Fraud" have been initiated against Isolux Corsan India Engineering & Construction Private Limited ("ICI" / "Company") and its purported directors. However, I wish to*

clarify that I am not a director of ICI.

3. Further, I submit that the SCN issued to me by You is mechanical, arbitrary, and in clear derogation of the mandatory requirements prescribed under Clause 2.1.1.1 of the Reserve Bank of India (Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions) Directions, 2024 ("2024 Master Directions").

4. That the said Clause of the 2024 Master Direction explicitly mandates that a detailed SCN must be issued to the concerned person(s), containing complete particulars of the transactions, actions, or events on the basis of which classification and reporting of an account as fraud is contemplated. In the instant case, the SCN suffers from a fundamental infirmity inasmuch as it has been issued without providing the complete particulars of the transactions, actions and without annexing or enclosing any documentary material or evidentiary support and merely provides extracts of the transactions. Such omission not only vitiates the SCN but also renders it non-compliant with the mandatory requirements of the 2024 Master Directions and the Principles of Natural Justice. In addition, the SCN neither contained the requisite particulars nor connect or establish any direct relationship with me or my roles and responsibilities as a Professional Director in the Company. This fact alone is sufficient to appreciate that I am not a *relevant person for these proceedings.*

5. Without prejudice to the foregoing, I had, in good faith, replied to the SCN vide my letter dated 29.11.2024 ("Response"). The contents of said Response are reiterated herein. In the said Response, I had specifically requested for copy of the requisite supporting documentation. Vide your letter dated 14.08.2025 i.e., after 258 days since my response, you provided copy of FAR and certain loan documents to me. However, kindly note that the copy of FAR was incomplete as Annexure 4 of the FAR was missing and the Annexure 2 containing the Details of Qualified Comments in the unsigned Statutory Audit Report for FY 2017-18 is wholly illegible. You are requested to provide complete and legible copy of the FAR.

6. Furthermore, such an extraordinary lapse of time is not only unjustified but is also in direct contravention of Clause 4.1.5 of the 2024 Master Directions. The said Clause unequivocally mandates that, once an account has been red-flagged, the entire process of either classifying the account as fraud or removing the red-flagged status shall ordinarily be completed within 180 days from the date of its first reporting on the CRILC platform. Further, cases exceeding the 180-day threshold are required to be escalated to the SCBMF with adequate justification and remain subject to supervisory review by the Reserve Bank of India. Your failure to adhere to this statutory timeline vitiates the entire *proceedings, rendering any further action arbitrary, procedurally unsustainable, and liable to be set aside. I have neither been provided with any information nor any evidence indicating that the aforementioned process have been followed. To the best of my knowledge and understanding, I am not a relevant party to these proceedings, as I have no authority, control, or supervision over the day-to-day operations of the said foreign international company. Furthermore, I am neither a shareholder nor a stakeholder in the company and had only been briefly appointed in a limited capacity for a short duration.*

7. That a perusal of the SCN and Your Letter dated 14.08.2025 reveals that the premise and basis for issuance of the SCN against me is the FAR. However, as detailed below (each justification/response being without prejudice to the other), the FAR does not disclose or reveal any fraudulent actions attributable to me or related to me in the report infact the FAR does not even utter my name in the entire report. The FAR merely records transactions undertaken at the Company level and does not attribute any role, responsibility, or complicity to me personally infact I was not even a signatory to any financial transaction during my tenure with the Company. Without prejudice a response table is given below:

S. No.	Alleged fraud angle as per SCN	Response
1.	As per the money trail, Company had made payment of Rs. 18.65 Crores to one vendor and Rs. 15.76 Crore was made to one-time vendors. One transaction amount to Rs. 2.69 Crore from HDFC Bank (outside consortium) was routed through onetime vendor which was suspicious in nature and narration of this transaction in the books of accounts was mentioned as "Payment against Rly Row' for which no supporting documents were provided by the management to the Auditor.	a. I categorically deny any involvement. I became a Director (Professional) in the Company only on 23.07.2015 and resigned on 15.06.2017. b. From the contents of the FAR, it seems that the transactions were undertaken prior to my appointment as the Director (Professional) in the Company, thus these transactions and observations in the FAR have no relation whatsoever to me. (*Refer Page 35 of the FAR*) c. Further, even during my tenure as a Director, I was merely an Indian professional director who worked under the instructions of the Management of the Company, i.e., Managing Directors. I had no role or authority in respect of financial matters of the Company or day to day affairs of the company. Hence, I cannot be held liable or any adverse inference can be drawn against me for this alleged act of fraud. d. Also, any alleged diversion of funds, moreover those funds which were not received from You, cannot be the basis for issuance of SCN by You under 2024 Master Directions. e. Further, report is inconclusive regarding money trail of the financial facilities availed from three consortium banks. It is recorded, *"We were not provided with any supporting documentation pertaining to the payments /receipts of the transactions. Hence, we are unable to comment on the genuineness of such transactions."* f. Hence, I cannot be held liable nor any adverse inference can be drawn against me for this alleged act of fraud.
2.	Company was awarded an EPC project contract from National Highway Authority of India ("NHAI"), for which NHAI had released an	a. Report is inconclusive. It is recorded, *"We were not provided with any supporting documentation pertaining to the payments /receipts transactions. Hence, we are unable*

	advance of Rs. 31.74 Crore. The mobilization advance was utilized majorly towards payment to related parties, employees benefit expenses and other business vendors.	*to comment on the genuineness of such transactions."* b. You may appreciate that as per FAR, Auditor wrote an email to the promoters/ erstwhile Directors of the Company seeking book of accounts and other documents (Para III @ pg. 13) but no such email was ever written to me (Exhibit 1 of FAR). Thus, the observations of the Auditor even with respect to not providing the documents is not related to me. c. Such inconclusive findings cannot be the sole basis for issuance of SCN by You under 2024 Master Directions. d. Further, as per the FAR, the money was received in April 2017 and May 2017 i.e., just one month prior to my resignation (Para 4.5.2 @ pg. 36). e. Further, no details are provided as to when the payments to Related Parties, employee benefit expenses and other business vendors were made. Infact at no place it has been stated in the report that any such action was taken because of my any personal involvement or I was a beneficiary of any such action. f. Also, any alleged diversion of funds, which funds were not received from the allegeing Bank in the instant case "PNB", cannot be the basis for issuance of SCN by PNB under 2024 Master Directions. g. It is nowhere stated in the FAR or TAR that NHAI has claimed any such alleged diversion of funds as per the contract or agreement executed by NHAI or were contrary to such terms or even alleges my role into the same. h. Also, without prejudice, without having a copy of the underlying contracts, it is not possible for me to comment, whether there was even any restriction on use of advance money given by NHAI.

		i. Further, it is reiterated that I was merely a Director (Professional), who worked under the instructions of the Management of the Company, i.e., Managing Directors and other EPC Directors all mostly expats who were running and controlling the affairs of the company. I had no role or authority in respect of financial matters of the Company. j. In any event, transactions with Related Parties are permitted under law and hence mere existence of such transactions especially considering the fact that the majority business of the Company was with the Related Parties only (a fact which I expect and understand that all the bank would have been aware at the time of giving the facility also, again I do not have any such information as not being privy to any such documents or discussions happened between Bank and the Company), cannot amount to fraud under 2024 Master Directions.
3.	Annual Balance Sheets for FY 2013-14 and FY 2015-16 and financial statement for FY 2016-17 and FY 2017-2018 indicated that revenue of the Company was Rs. 2476.25 Crore (approx. 93% of the total revenue) were from the related parties for which Company has not provided any supporting documents to the Auditor.	a. Such observation does not show any diversion of fund or fraud in any manner. Infact, in the FAR, it has clearly been stated that majority of the projects were awarded to the Company by the alleged related parties. Hence, the Company is bound to receive revenue from related parties. b. Transactions with Related Parties are permitted under law and hence mere existence of such transactions especially considering the fact that the majority business of the Company was with Related Parties only (a fact which the bank would have been aware at the time of giving the facility also), cannot amount to fraud under the 2024 Master Directions. c. Regarding non submission of supporting documents to Auditors, You may appreciate that as per FAR, Auditor wrote email to the relevant promoters/ erstwhile Directors of the Company seeking book of accounts and other documents (Para III @ pg. 13) but no such email was written to Petitioner (Exhibit 1 of FAR). Thus, the observations of the

		Auditor even with respect to not providing the documents is not related to me. d. Further, it is reiterated that I was merely a Director (Professional), who worked under the instructions of the Management of the Company, i.e., Managing Directors. I had no role or authority in respect of financial matters of the Company. e. Also, the FAR is inconclusive and absurd as it is recorded in the FAR: *"Based on our work procedures and limited information provided to us, we are unable to comment on the genuineness of these transactions. Further, due to non-availability of supporting documentation for the-transactions with the Related Party, we cannot rule out the possibility of diversion of funds in these transactions".* Such inconclusive findings cannot be the sole basis for issuance of SCN by You under 2024 Master Directions.
4.	As on 31st March 2018, Company's total outstanding debtors were Rs. 336.67 Crore, out of which Rs, 294.13 Crore were from related parties which company did not recover.	a. I had resigned on 15.06.2017. Further, it is reiterated that I was merely a Director (Professional), who worked under the instructions of the Management of the Company, i.e., Managing Directors. I had no role or authority in respect of financial matters of the Company. b. Report is inconclusive and absurd on this. It is recorded, *"Based on our work procedures, supporting documentation and information provided to us, we are unable to comment on the genuineness of these transactions due to non-availability of supporting documentation for these transactions with the Related Parties. It is also pertinent to note that common directorships were noted between the Company and its' four Related Parties. Further, the Company did not request for balance confirmations from its' customers/ Related Parties".* Such inconclusive findings cannot be the sole basis for issuance of SCN by You under 2024 Master Directions.

		c. In any event, transactions with Related Parties are permitted under law and hence mere existence of such transactions especially considering the fact that the majority business of the Company was with Related Parties only (a fact which the bank would have been aware at the time of giving the facility also), cannot amount to fraud under the 2024 Master Directions. d. Also, any alleged diversion of funds, which funds were not received from You, cannot be the basis for issuance of SCN by You under 2024 Master Directions .
5.	Out of 31 Bank Guarantees ("BGs") invoked aggregating to INR 194.73 Crore, 14 BGs aggregating to INR 72.85 Crore (37 % of total BGs invoked) were invoked by three related parties of the Company. No arbitration/litigation proceedings were initiated by the Company towards its losses of BG invocation, which is unusual and ultimately favoured to the related parties. Also, no action was taken for providing undue benefits to the related parties and is inappropriate & fraudulent in nature. Company has issues BGs aggregating to INR 55.05 Crore to third party customer on behalf of two related parties of the Company. Further, these BGs were subsequently invoked by third party customers. These BGs aggregating to INR 55.05 Crore did not pertain to the projects awarded / subcontracted to the Company and Company did	a. Such observation does not show any diversion of fund or fraud in any manner. Infact, in the FAR, it has clearly been stated that majority of the projects were awarded to the Company by the alleged related parties. Hence, the Company is bound to receive revenue from related parties. b. The details of these 31 BGs are not provided in the FAR or SCN. However, Annexure 3 of the FAR mentions a total of 50 (fifty) BGs which was invoked. Out of these 50 (fifty) BGs, 47 (forty-seven) BGs have been invoked after I had resigned as a Director from the Company and 1 (one) BG was invoked before I was appointed as a Director (Professional). c. With respect to the remaining 2 (two) BGs, upon perusal of Annexure 3 of the FAR, the BG No. 1601271BGA00019 has been shown as invoked twice, i.e., once on 03.06.2016 and thereafter on 03.05.2017. Thereby showing that there is an ambiguity in the FAR, which makes it un-reliable. Assuming the BG was invoked on 03.05.2017 and I exit from the Company on 15.06.2017. Since it was invoked just before my exit and subsequently Company went into CIRP, any claim with respect to BG could have only been filed by the Resolution Professional or the Liquidator.

	not recover the money from the related parties pertaining to the BGs invoked.	d. Further, without having the complete set of documents i.e., contract, BG and correspondence between the parties, I cannot comment on whether such invocation of BG can be challenged. Also, observation of Auditor is generic in nature and it is not evident from the FAR whether such observation applies to the BG in question. e. Further, it is reiterated that I was merely a Director (Professional) who worked under the instructions of the Management of the Company, i.e., Managing Directors. I had no role or authority in respect of financial matters of the Company. f. Without prejudice, it is further submitted that the only observation of the Auditors is, that while the Company had filed for claims against the SPVs as the non-performance was on account of delays in obtaining approvals and licenses for the purpose of timely execution of the projects. However, the Company did not file for any arbitration / litigation towards the invocation of the BGs by the SPV. Such observations do not amount to "fraud"/ "diversion of fund" or "siphoning of funds". Thus, no action can be initiated under the 2024 Master Directions based on such observations.
6.	Company maintained a separate banking facility from HDFC Bank (non-consortium) and majority of the collections from the customers were being realized in this bank account and not in the bank accounts maintained with the consortium banks. Further, there is the falsification in the value of the debtors and unbilled value declared to banks in the stock statement for the period ended 31.03.2015. That the receivables from the parent company (i.e. Group Isolux Corsan S.A.) aggregating to Rs.129.46 Cr. is outstanding	a. These observations are from Stock Audit Report conducted by Pradeep Garg & Associates in its report dated 22.10.2015 for the period ending 30.06.2015. b. As stated above, I became a Director (Professional) in the Company only on 23.07.2015 and resigned on 15.06.2017. Thus, the observations from Stock Audit Report conducted by Pradeep Garg & Associates in its report dated 22.10.2015 for the period ending 30.06.2015 has no relation to me as it is for the period prior to me being appointed as the Director (Professional) in the Company. c. Further, even during my tenure as a Director, I was merely a Director (Professional), who worked under the instructions of the Management of the Company, i.e., Managing

	since more than a year without any justification.	Directors. I had no role or authority in respect of financial matters of the Company. d. Hence, I cannot be held liable nor any adverse inference can be drawn against me for this alleged act of fraud.
7.	Further, multiple anomalies related to improper accounting, non-compliance with the provisions of Companies Act, the inadequacy of critical supporting documentation related to the transactions entered by the Company and the qualifications mentioned by the Statutory Auditor.	a. The sweeping allegation of "multiple anomalies" in accounting, compliance with the Companies Act, and inadequacy of documentation is wholly generic and does not disclose any act attributable to me. b. I was neither part of the finance function nor responsible for maintaining the books of accounts or statutory compliances of the Company. I was merely a Director (professional), with no signing authority or executive role in day-to-day operations. I worked under the instructions of the Management of the Company, i.e., Managing Directors. I had no role or authority in respect of financial matters of the Company. c. The FAR, which is relied upon in the SCN, records the absence of documentation but does not identify me as being involved in or responsible for, any such alleged lapses. You may appreciate that as per FAR, Auditor wrote email to the promoters/ erstwhile Directors of the Company seeking book of accounts and other documents *(Para III @ pg. 13)* but no such email was written to Petitioner *(Exhibit 1 of FAR)*. Thus, the observations of the Auditor even with respect to not providing the documents is not related to me. d. In the present case, no document, signature, or approval has been produced linking me to any alleged non-compliance. To proceed against me on such vague assertions would be contrary to Clause 2.1.1.1 of the 2024 Master Directions, which requires detailed particulars and supporting documents, and would amount to a patent violation of the Principles of Natural Justice. Accordingly, the allegation is arbitrary, devoid of evidentiary support, and liable to be rejected outright.

8. A perusal of the FAR shows that it is inconclusive and *nothing adverse could be determined against me. Moreover, most of the observations of the Auditor in FAR were subject to caveats and assumptions. It is a settled law that for initiation of proceedings under the 2024 Master Directions, a bank is required to have a separate and independent (from FAR) view. Further, the 2024 Master Directions in Clause 6.1 lists the events or acts that amounts to fraud, however, as mentioned above, the allegations stated in the SCN do not fall within any such act or event and do not amount to fraud under the 2024 Master Directions. Further, You have not identified what type of fraud, or the offence appears to have been committed by me.*

9. It is reminded that the burden of proof to show that there is any basis or valid reason to initiate proceedings against me or declare my account as fraud, under the 2024 Master Directions lies with You. Further, in terms of Footnote 7 of Clause 2.1.1.1. of the 2024 Master Directions, even the degree of proof is higher in case of Non-Whole Time Director (like me) in the Company.

10. You may appreciate that while being promoted as Director on 23.07.2015, I was appointed as Director (Professional) (one of the many directors) and the same was just hierarchical promotion and I continued to serve as a Director (Professional-Legal) of the Company till my resignation on 15.06.2017. Moreso, during any Audit, I was never even interviewed or interacted with, (as recorded by *the Auditor @ Para 1.1 @ Pg. 10 of the FAR) which clearly establishes that I was not a relevant or key personnel or employee related to any financial or other transactions.*

11. I was only 1 among over 1200+ employees of the Company. I was never responsible for the finances/loans of the Company. I never signed any loan agreement of the Company and was never authorised through a power of attorney to act on behalf of the Company with respect to any financial matters or transactions. I was never a signatory for any financial transactions or documents. Furthermore, I was never a shareholder or promoter of the Company. I always worked under the supervision of the Managing Director of the Company who was a Spanish/Expat person(s) and the Company was always controlled by its Spanish management within India or outside India.

12. As evident from my response above, the documents provided by You, till date, does not disclose any act(s) of fraud by me. On the perusal of the documents provided to me till now, it is clear that I am not involved in any transactional activity on behalf of the Company, neither was I instrumental or a signatory to the transactions which have been audited as per these documents. These documents do not even have a whisper of an allegation against me and are devoid of any finding which may affix my liability in the alleged fraudulent transactions. Even if after considering my present submissions, You still decide to continue the present *proceedings against me or declare my account as fraud under the 2024 Master Directions, I again request You to provide the relevant documents (other than the documents already provided as the same do not reveal anything against me) basis which such proceedings are being initiated/ continued against me and/or my account is being declared as "Fraud". Additionally, You are also requested to clearly communicate/ inform as to how You have drawn adverse inferences against me from such documents.*

13. The conduct of the Bank is in complete abuse of process and the power provided by the Reserve Bank of India to You. It is a clear attempt to harass and cause a civil death to an innocent employee director. The Bank has been proceeding in complete violation of the 2024 Master Directions and the Principles of Natural Justice, (a) The SCN was issued to be after having resigned from the company for more than 7 years, (b) The SCN that was issued to me did not contain any relevant documents enclosed along with it neither did it set out any specific allegation against me; (c) According to Clause 4.1.5 of the 2024 Master Directions, the entire process of classification of the account as fraud shall be completed within 180 days. However, the said period had lapsed and the FAR and certain loan documents have been provided by you after almost a year since the issuance of SCN, (d) The documents provided by You till date, are inadequate to ascertain my liability in the alleged acts of *fraud as stated in the SCN, and (e) Inclusion of the observations from the report which does not and cannot amount to fraud shows that the You are conducting mechanical exercise without application of mind despite the severe consequences that I may face as a result of this negligence of bank.*

14. The proceedings being initiated by Bank against me clearly show discrimination/ lack of application of mind, as the ultimate promoters of the Group Isolux as well as the last 2 Directors appointed by the shareholders of the Company and many other Whole Time Directors, Managing Directors and EPC Directors who worked in the Company during the period from 2013-2018 have not been issued the SCN clearly discriminating me from the powerful shareholders, promoters and Managing Director vis-à-vis a pure employee director having no interest in the Company or have any direct or indirect benefit in any manner.

15. The conduct of the Bank is in complete abuse of process and the power provided by the Reserve Bank of India to You. It is a clear attempt to harass and cause a civil death to an innocent employee director. It is needless to emphasis that in the event you continue to proceed against me without sufficient proof / evidences, I will be left with no option but proceed against the Bank and all the associated officials involved in this process. Further, Your failure to set out specific allegations against me is in violation of the

Principles of Natural Justice in as much as severe prejudice is caused to me by such broad and vague allegations of instances of fraud. Inclusion of the observations from the report which does not and cannot tantamount to fraud, shows that the Bank is conducting mechanical exercise without application of mind despite the severe consequences that I may face as a result of this negligence of Bank.

16. Further, if You are dissatisfied with the present response and require any further clarifications, please let me know. The present representation is being issued without prejudice to my rights under extant statutory and regulatory framework."

11. A perusal of the impugned order reproduced above clearly shows that even though the respondent recognised that a representation dated 06.10.2025 has been received; the same has not been considered or adverted to.

12. None of the grounds mentioned in the representation dated 06.10.2025, namely that the petitioner was only a non-executive/professional director with no control over finances, no signing authority, and no role in the transactions under scrutiny have been considered, in the impugned order.

13. Additionally, the order declaring the petitioner as a wilful defaulter has been stayed by this Court in W.P. (C) 5850/2025 on 05.05.2025, the order which is still continuing.

14. Despite the same, the declaration of wilful defaulter of the petitioner has also been made one of the grounds for classifying the petitioner as a

"fraud". The same has serious consequences and cannot be a trigger-happy exercise.

15. The principles of natural justice requires that each and every representation of the petitioner made prior to the date of passing the impugned order should have been considered, due application of mind should have been accorded and thereafter, reasoned and detailed order should have been passed.

16. For the said reasons, the order cannot be sustained and is set aside as being violative of principles of natural justice.

17. However, the above observations do not prevent the respondents from taking any actions which is in accordance with law.

JASMEET SINGH, J

JANUARY 21, 2026/sp