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

\+ W.P.(C) 540/2026 & CM APPL. 2710/2026, CM APPL. 2711/2026, CM APPL. 2712/2026

RAJEEV RANJAN VEDERAH

.....Petitioner

Through: Mr. Rajat Katyal, Ms. Shruti Kanodia, Mr. Rishabh Dua, Mr. Kshitij Ujala Advs.

versus

RESERVE BANK OF INDIA AND ANR

.....Respondents

Through: Mr. Abhishek Baid, Mr. Mohit Kumar Bafna, Mr. Praneet Das, Mr. Ravinder Kumar, Advs. for R-1/RBI
Ms. Nishi Chaudhary, Mr. Yashartha Gupta, Advs. for Punjab National Bank

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

O R D E R

% **15.01.2026**

1. This is a writ petition filed under Article 226 of the Constitution of India seeking direction to set aside the impugned order dated 04.12.2025 and Show Cause Notice dated 30.04.2025, issued by the respondent No. 2 declaring the petitioner as a fraud.

2. The brief facts of the case are that the petitioner purportedly was a non-executive Director in M/s Ballarpur Industries Pvt. Ltd. 01.07.2014 to 12.06.2023. The respondent No. 2, namely Punjab National bank proceeded to classify the petitioner as a fraud under Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions, 2024 dated 15.07.2024 issued by the Reserve Bank of India (RBI) i.e.

respondent No. 1.

3. The impugned order dated 04.12.2025 was received on 18.12.2025 and the operative findings of the same read as under:-

*"**Overall View**:*

After considering the material facts held on record, borrower's submission in response to the factors of fraud outlined in the Show Cause Notice is such as:

1. Party's submission regarding point no 1, 2 & 5 of the factor of fraud is justifiable in view of FAR so we may drop this point. As such, the factors of fraud mentioned at point no. 1,2 & 5 are dropped in view of the justification tendered by the parties.

2. Party's submission regarding point no. 3 & 4 of the factor of fraud is not justifiable as party has not provided any clear justification regarding the factor of Fraud.

3. Further submission given by Sh. Gautam Thapar & Sh. RR Vederah regarding, that they are the non-executive directors of the company it is concluded that as per the documents held on record obtained from the save risk portal & information available in public domain Sh. Gautam Thapar was having the designation of director from 01.04.2010 to 16.10.2019 and Sh. RR Vederah was the director from 01.07.2014 to 28.03.2019. As such justification given by the parties that they were non-executive director is not tenable & not acceptable. Further, party has not submitted any document to corroborate their *claim of acting as non-executive director.*

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In view of the above findings, the committee is of the opinion that the erstwhile director (s) i.e. 1. Sh Gautam Thapar 2. Sh Rajeev Ranjan Vederah 3. Sh. Bhuthalingam Hariharan 4. Sh. Amarjit Singh Daulat & 5. Sh. Sudhir Mathur of M/s Ballarpur Industries Limited has/have failed to justify against all the factors of fraud. Consequently, the committee has decided to declare all of the above erstwhile directors as fraud.

Further, we are not declaring the company M/s Ballarpur Industries Limited as fraud because the company has been resolved by NCLT vide order dated 31.03.2023 and the resolution plan has been successfully implemented. The management of the company has changed now. Moreover, as per RBI directions dated 15.07.2024 the penal measures shall not be applicable to entities/business enterprises after implementation of the Resolution Plan under IBC or aforesaid prudential framework."

4. Mr. Katyal, learned counsel for the petitioner, states that the submission of the petitioner on issue Nos. 3 and 4 has neither been considered nor a speaking order has been passed on the same issues.

5. He draws my attention to the operative part of the order as regards factor of fraud Nos. 3 and 4 is concerned, which reads as under:-

"*<u>Factor of fraud no.3</u>:- Payments aggregating to Rs.9.93* *crore was made by the company to various group companies, or their third-party vendors and payments made to Related Parties aggregating to Rs.6.60 crore were found to be in preference to the repayment of dues of the secured lenders.*

Factor of fraud no.4:- Stock of finished goods and Work-in-Progress (WIP) was transferred to Finquest Financial/ BSFC Distributors Pvt Ltd (BSFC) at a potentially lower rate which resulted in a loss of Rs. 6.60 crore to BILT. Transfer of shares of Premier Tissues India Limited (subsidiary of BILT) at a potentially lower rate which resulted in a loss of 0.001 crore to BILT."

6. Ms. Chaudhary, learned counsel for the respondent No. 2 states that all the directions under the master circular have been followed and the petitioner has correctly been declared as a fraud.

7. I have heard the learned counsels for the parties.

8. Admittedly, in response to the charges on fraud Nos. 3 and 4, the petitioner categorically made averments, which read as under:-

Factor of fraud no. 3:

"Moreso, the Auditor has noted that they have not found any major deviation/ suspect fraud with major suppliers or vendors. Further, operational payments required to be made for continuing the business of the Company as a going concern cannot be categorized as preferential in nature merely because they were made to related parties. It is pertinent to note that Indian law recognizes related party

transactions as valid and enforceable. The FAR does not note that these payments were not for valid transactions and hence any allegation of misappropriation of funds or criminal breach of trust is baseless.

In addition to this, the Bank is seeking to declare the Company and my account as fraud for claims that were fully and finally settled in terms of the Order dated 31.03.2023 passed by the Hon'ble National Company Law Tribunal ("NCLT") in the matter of Finquest Financial Solutions Private Limited vs Ballarpur Industries Limited, wherein the NCLT allowed the resolution plan of Finquest Financial Solutions Limited which was approved by 88% voting share of the members of Committee of Creditors (CoC). The CoC also included PNB hence PNB even as a secured lender has received whatsoever amount which has been given as Loan/ advance to BILT"

Factor of fraud No. 4:

"The TAR was conducted for an entirely different purpose and for review of different transactions. The TAR also states that certain information basis which the TAR is made is also hearsay and may not be accurate (Page No. 57 of the TAR) hence the reliance placed on the TAR is misplaced. Furthermore, these transactions have not be set out in the FAR and even the TAR refers to 'potential lower rate' which is entirely inconclusive and a mere presumption."

9. Once the petitioner has categorically challenged the charges on fraud

Nos. 3 and 4 and has made categorical statements, it was incumbent on the respondent No. 2 to deal with the same in its impugned order.

10. The finding of the committee that the Party's submission regarding point no. 3 & 4 of the factor of fraud is not justifiable, is cryptic and does not deal with the contention of the petitioner in a reasoned manner.

11. The declaration of fraud has serious consequences on a party and each and every contention raised by the petitioner must be considered by the respondent No. 2 before declaring the petitioner as a fraud. The same is the essential requirement of the Principles of Natural Justice as otherwise the whole purpose of giving a Show Cause Notice becomes illusionary or an empty formality.

12. Consequently, the finding on fraud Nos. 3 and 4 is set aside, with a direction to the petitioner to appear before the Review Committee at its office located at Plot No.4, Sector-10, Dwarka, Delhi on 30.01.2026 at 11 a.m.

13. The respondent, after hearing the petitioner/ his counsel/ authorised representative, will pass a speaking order.

14. The petition is disposed of in the aforesaid terms.

JASMEET SINGH, J

JANUARY 15, 2026/sp