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

\+ W.P.(C) 1314/2026, CM APPL. 6430/2026 & CM APPL. 6431/2026

ANOOP SETH .....Petitioner

Through: Mr. Arvind Nigam, Sr. Adv. with Mr. Abhimanyu A. Walia, Mr. Aryan Malik, Mr. Kamakshraj Singh and Mr. Ajnish Aditya, Advs.

versus

PUNJAB NATIONAL BANK .....Respondent

Through: Mr. Santosh Kumar Rout, Adv.

**CORAM:**
**HON'BLE MR. JUSTICE JASMEET SINGH**

**ORDER**

% **09.02.2026**

1. This is a Writ Petition filed under Article 226 of the Constitution of India seeking following reliefs:

> *"a) Pass a Writ, Order or Direction in the nature of Certiorari or any other appropriate writ, order or direction thereby quashing and setting aside the Impugned Order dated 17.12.2025 issued by the Respondent bank; Intimation Letter dated 22.12.2025; classifying/ reporting the Petitioner as 'Fraud' and*
> *(b) Pass any other and further orders which this Hon'ble Court may deem fit and proper in the interest of justice and equity be passed."*

2. The brief facts of the case are that the IL&FS Tamil Nadu Power Company Ltd. ("***ITPCL***") was incorporated as a Special Purpose Vehicle (SPV) of IL&FS Energy Development Company Ltd, to execute and run a

Thermal Power Project at Cuddalore, Tamil Nadu. To fund the project, consortium of lenders was formed with Punjab National Bank as the lead bank which advanced loan to ITPCL.

3. The petitioner was appointed Managing Director of ITPCL on 24.07.2014 and the petitioner resigned from the same on 10.02.2016. Thereafter the petitioner was appointed as a Nominee Director of ITPCL without executive powers or responsibilities till August 2017. He resigned from the said role in August- September, 2017.

4. The Board of Infrastructure Leasing & Financial Services Limited was superseded by a newly constituted government nominated board.

5. The borrowing account of ITPCL was classified as a Non-performing Asset on 30.01.2019 as per the RBI guidelines. Due to defaults in repayment of loans advanced by the consortium Bank the respondent appointed M/s Grant Thornton Bharat LLP to conduct a forensic audit. Thereafter, a show cause notice dated 15.07.2025 was sent to ITPCL and amongst other directors and the petitioner as well.

6. The petitioner submitted a detailed reply to the said show cause notice on 26.08.2025 denying all the allegations and after considering the same the petitioner was declared as a fraud *vide* order dated 17.12.2025 which was communicated *vide* letter dated 22.12.2025. The said order dated 17.12.2025 and the letter dated 22.12.2025 are under challenge before this Court.

7. Mr. Nigam, learned Senior Counsel for the petitioner, states that no personal hearing was given to the petitioner. He further draws my attention to the show cause notice dated wherein the allegations of fraud have been alleged against the petitioner. The same reads as under:

3. That during periodic monitoring and review of the loan account(s), it has come to notice that the account(s) has/ve not been in compliance with the agreed terms and conditions of sanction. Certain irregularities were found, leading to suspicion of fraudulent activity in the account. Thereafter, Forensic Audit was got conducted by the Bank through Grant Thornton India LLP, wherein element of fraud was found. Based on relevant findings of the Forensic Audit Report dated 09.10.2021 (extract enclosed for reference), Bank has perceived the account as fraud, and the same was reported to RBI on 15.03.2022 in accordance with the then prevailing Master Directions on Fraud of Reserve Bank of India and corresponding guidelines of the bank, on following factors:

| Fraud angle | Factors of fraud angle |
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| **Misappropriation and Criminal Breach of Trust** | Major observation of the forensic auditor is given here under:<br><br>**1.Investments made in IL and FS Maritime Offshore Pte Limited (Singapore) to acquire coal mining rights in Indonesia**- ITPCL had acquired IMOPL (IL&FS Maritime Offshore Pte Limited a coal mining company) from IMICL (IL&FS Maritime Infrastructure Company Limited) and no due diligence procedures were conducted at the time of the acquisition of IMOPL by ITPCL. No coal was extracted from the coal mine located in Indonesia for which ITPCL had provided the equity as well as loans to IMOPL. ITPCL had provided loans to IMOPL even when the PT MCM (coal mining company) had potential going concern issues. It was also noted that loans provided by the lenders were utilized in IMOPL by investing in its equity and granting the loan to the said company |
| | **2.Investments made in Goodearth Shipbuilding Private Limited (GSPL) for the acquisition of land parcels near the Project site**- The promoters' contribution of Rs 277 Crore introduced by IL and FS Limited into ITPCL was potentially repaid back to IL and FS Limited through IMICL (IL&FS Maritime Infrastructure Company Limited) a sister concern of ITPCL. As the said funds were transferred by ITPCL to IMICL as a consideration to acquire the |

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| | equity shareholding in GSPL. Excess consideration of Rs 23.68 Crore (paid as interest on deferred consideration to IMICL -interest for one year from date of Share Purchase Agreement to the actual date of payment) which was over and above the valuation of land conducted by the independent valuer may have been paid by ITPCL to acquire the equity shareholding of GSPL. |
| | **3.Potential close nexus/connections between promoters of ITPCL and SEPCO III, Electric Power Construction Corporation, China-** Close nexus/linkages between SEPCO III (EPC contractor of ITPCL) and Jaimin Vyas (one of the promoters of ITPCL) in the form of :- Co-ownerships, Investments, and financial support by SEPCO III in the affiliate companies of Jaimin Vyas. Authorization to Jaimin Vyas to negotiate EPC contracts with SEPCO III on behalf of ITPCL. No selection process for awarding EPC contracts; Intent to provide financial support to IL and FS Group and ITPCL by SEPCO III. SEPCO had provided funds/financial assistance amounting to USD 144m to AS Coal in order to acquire an equity stake in ITPCL. Further, it was noted that SEPCO was potentially repaid by inflating/increasing the contract value resulting in potential cost overruns. |
| | 4.**Instances which indicate potential excess payments which may have been made by ITPCL.**<br>During FY 2016-17, the interim dividend, which was equivalent to the equity share capital of the shareholders, was declared and paid by the ITPCL out of the promoter's contribution.<br><br>It appears that majority of the profit before tax earned by ITPCL was transferred to its shareholders through an interim dividend. Majority of the equity amount invested by |

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| | the shareholders (majorly by IEDCL) was repaid in the form of interim dividend. Thus, by way of interim dividend, IEDCL recovered 93.50% of its paid-up equity share capital.<br><br>By paying the interim dividends, ITPCL violated the agreement entered into with the lenders which restricted the Company to pay a dividend without the consent of the Lead Bank. Terms set out in the indicative term sheet were potentially violated. |
| | **5. Potential instance indicating unusual high quantum of fees of Rs 56.00 Crore charged for advisory services by IEDCL** (IL&FS Energy Development Company Limited) -potential excess payment of Rs 56 Crore was charged to ITPCL by IEDCL for the advisory fees as compared to the rates charged to other third parties |
| | 6.**Transaction indicating potential excess handling fees paid by ITPCL to IMICL-** ITPCL may have incurred excess expenditure amounting to approximately Rs 27.01 Crore with regard to coal handling charges levied by IMICL. |
| | 7. **Potential instance indicating excess payments made to IMICL for the construction of Track Hopper and coal handling system at the Project site**<br>ITPCL had incurred excess expenditure of Rs. 20.4 Crore (Rs. 56.40 Crore – Rs. 36.00 Crore) by awarding a contract to IMICL. Further, it was noted that IMICL had subcontracted it to EEPL, who was the L1 vendor in the bidding process conducted by ITPCL and had submitted a quote for Rs 36 Crore |
| | 8. **Potential instance indicating excess payment to IL&FS Energy Development Company Limited (IEDCL) as trading margin for sale of power-** ITPCL had made potential excess payment of Rs 6.12 Crore (during the period March 2016 to February 2019) to IEDCL as a trading margin on the sale of power. |

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| | 9. **Potential payments made to companies which were not in existence as per the MCA records**<br>It appears unusual that payments of Rs 1.40 Crore (during FY 2012-13 to FY 2018-19) were made to entities that did not seem to be in existence as per MCA records. The payments are made to a company named 'Unicorn Hospitality Services Pvt. Ltd.' which it does not seem to be in existence as per MCA records. |
| | 10. **Potential anomalies in transactions with Ahuja / Flemingo Group**<br>A potential advantage may have been given to Ahuja / Flemingo Group as:-<br>• Potential close/nexus between KMPs of IL&FS Group and Ahuja / Flemingo Group.<br>• No selection process was performed to award land acquisition and consolidation contracts.<br>• Unusual high land development expenses per acre of land remitted as compared to the land development expenses charged by third party land aggregators.<br>• Unusual high consultancy fees equivalent to 23.55% of the total project cost was remitted.<br>• Interest-free advances were provided, and advances were converted into interest-free loans.<br>• Defects in the titles of land parcels purchased from Remark Properties Private Limited, which amounted to Rs 0.52 Crore.<br>• Potential irregularity where promoters' contribution was utilized to provide advances.<br>• Potential non-compliance of the escrow account.<br>The excess payments amounting to Rs 64.55 Crore (Rs 17.45 Crore of excess land development fees & Rs 47.10 Crore unusual high consultancy fees were paid to Ahuja/Flemingo group |
| | 11. **Potential instances where the loan facility availed from IL&FS Transportation Networks Limited (ITNL)** |

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| | **was potentially utilized to provide loans to IMOPL**<br>The firm had transferred funds to IMOPL through ITPCL, which indicates a potential circular transaction. |
| | **12. Instance of contribution received from promoters was funds transferred back to the promoter.**<br>It was noted that ITPCL repaid IEDCL loan amounting to INR 2 crs which was later refunded by IEDCL, which indicates that the transactions appear to be circulatory in nature. |

8. The response to the same is contained in the reply on 26.08.2025 and the operative paragraphs read as under:

7. Please find below my responses pertaining to the points referred to vis-à-vis the Forensic Auditor Report as mentioned in your abovementioned show cause notice dated 15.07.2025

| S. No. | Fraud Angle mentioned in your above letter. | In response |
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| 1. | Investment made in IL and FS Maritime Offshore Pte Limited (Singapore) to acquire coal mining rights in Indonesia | The said transaction of acquisition of IL& FS Maritime offshore Pte limited (IMOPL) took place prior to my joining IL & FS Tamil Nadu Power Company Ltd (ITPCL).<br><br>Payments made during my tenure cover only the expenses of maintaining offices for survey and liaison purposes to safeguard the concession, given the significant amount already invested in this asset. |
| 2. | Investment made in Goodearth Shipbuilding Private Limited (GSPL) for the acquisition of land parcels near the project site | The said transactions took place prior to my joining IL & FS Tamil Nadu Power Company Ltd (ITPCL). |
| 3. | Potential close nexus/ connections between promoters of ITPCL and SEPCI III, Electric Power Construction Corporation, China | I was not in the service of IL & FS Tamil Nadu Power Company Ltd (ITPCL) at the time that these contracts were awarded.<br><br>The email conversations mentioned in Forensic Auditor Report are prior in time to my appointment in the company |

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| 4. | Instances which indicate potential excess payment which may have been made by ITPCL | This payment was made when I was not in the services of IL & FS Tamil Nadu Power Company Ltd (ITPCL). I was only serving as a Nominee Director of IL &FS Energy Development Company Limited (IEDCL), with no executive responsibilities in IL & FS Tamil Nadu Power Company Ltd (ITPCL). |
| 5. | Potential Instances indicating unusual high quantum of fee of Rs. 56 crores charged for advisory services by IEDCL | This said Advisory Services Agreement was executed in October 2103, prior to my joining IL & FS Tamil Nadu Power Company Ltd (ITPCL). |
| 6. | Transaction indicating potential excess handling fees paid by IPCPL to IMICL | The said contract was entered into post my resigning from the services of IL & FS Tamil Nadu Power Company Ltd (ITPCL). |
| 7. | Potential instances indicating excess payment made to IMICL and coal handling systems at the project site | The Forensic Auditor Report (FAR) mentions that no bank funds were utilised for this contract |
| 8. | Potential instances indicating excess payment to IL & FS Energy Development company Limited (IEDCL) as trading margin for sale of power | The period mentioned in Forensic Auditor Report is after my resignation from the services/ board of IL & FS Tamil Nadu Power Company Ltd (ITPCL). |
| 9. | Potential payments made to companies which were not in existence as per the MCA records. | No comments are offered beyond the representation made by the management of IL & FS Tamil Nadu Power Company Ltd (ITPCL) to Grand Thornton Bharat LLP as mentioned in the Forensic Auditor Report |
| 10. | Potential anomalies in transaction with Ahuja/ Flemingo Group | The said transactions took place prior to my joining IL & FS Tamil Nadu Power Company Ltd (ITPCL). |
| 11. | Potential instances where the loan facility availed from IL & FS transportation Networks Limited (ITNL) was potentially utilized to provide loans to IMOPL | Could I please be provided details of this transaction and the potential irregularity noticed to enable me to respond accurately |

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| 12 | Instances of contribution received from promoters was funds transferred back to the promoter | This transaction pertains to the period prior to my employment with IL & FS Tamil Nadu Power Company Ltd (ITPCL). |

9. The response quoted by the respondent's Fraud Examination Committee, in the reasons for declaring the petitioner as fraud reads as under:

**Response received from Shri Anoop Seth, mentioned as under:**

I am in receipt of your communication dated 15.07.2025 which has been received at my address in Gurgaon. I regret this delay in responding to you which has occurred only because of my prolonged absence from my Gurgaon address. I have tried to advise you about this over phone (No 01128044511) but calls don't go through.

2. I respectfully submit my response and request consideration given the seriousness of the allegations.

3. At the outset, all the allegations are denied by me in toto. You have alleged that the account classified as Non- Performing Asset on 31.01.2019 as per the RBI Guidelines whereas, Punjab National Bank has upgraded its loan accounts from non-performing asset (NPA) to standard on 29.07.2025.

4. You have sent me this notice while relying upon the Forensic Audit conducted by Grant Thornton Bharat LLP dated 09.10.2021. I am unaware of the account of IL & FS Tamil Nadu Power Company Ltd (ITPCL) being declared as "Fraud" by PNB and this decision being subsequently revoked on 29 th July 2025. It is important that you supply

a copy of the communication to me wherein you have declared the IL & FS Tamil Nadu Power Company Ltd (ITPCL) as. "Fraud" dated 15.03.2022 (which was purportedly advised to me vide letter dated 11.04.2025) and the NPA and Fraud revocation notification dated 29.07.2025. The same has also not been received by me. I may please be furnished copies of both documents at the earliest.

5. My tenure as Managing Director of this Company, IL & FS Tamil Nadu Power Company Ltd (ITPCL) was from 24.07.2014 till 10.02.2016, I had no role in the company, IL & FS Tamil Nadu Power Company Ltd (ITPCL) in any activity either prior to this date nor after my tenure.

6. Upon relinquishing my above position, I was appointed as a Director on the Board of IL & FS Tamil Nadu Power Company Ltd (ITPCL) as a nominee of IL &FS Energy Development Company Limited (IEDCL), the promoting company of IL & FS Tamil Nadu Power Company Ltd (ITPCL). This position of being a director was from February 2016 till my resignation from the services of IEDCL in August 2017. It is emphasized that I had no executive role in the affairs of ITPCL during this period

10. Thereafter, the conclusion of the respondent's Fraud Examination Committee, with respect to the petitioner reads as under:

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| 8 | **Shri Anoop Seth (Director)** | Response Received on 02.09.2025 | **Managing Director 24/07/2014 to 09/02/2016 Whole time Director from 10/02/2016 to 31/03/2016 Director from 01/04/2016 to 28/08/2017** | He was the director of the company under the review period of Forensic Audit He failed to submit point wise reply with respect to factors of fraud as mentioned vide SCN. Also response submitted is devoid of facts as such, not found satisfactory. Hence, may be reported as **fraud**. |

11. *Per Contra* Mr. Rout, learned counsel for the respondent, states that the response of the petitioner was duly considered and appreciated and thereafter the impugned order was passed. He additionally states that the para 6 of the show cause notice categorically states that in case the petitioner requires a personal hearing he is to inform the bank. Since, there was no

communication received, no personal hearing was given or is required under law.

12. I have heard learned counsels for the parties and perused the material on record.

13. In the present case a perusal of the reply and more particularly quoted above clearly shows that the petitioner has refuted the grounds of fraud by detailed reasons and submissions. He has stated that he was not a Director at the relevant point in time and not concerned with the affairs of the Company ITPCL. The respondent quotes para 1 to 6 of the reply but fails to consider the table annexed giving response to each allegation of fraud.

14. Since, the same has not been quoted in the impugned order and there is further no discussion on the response of the petitioner on the particular instances of fraud, the conclusion is also devoid of any reason. Declaring a person on entity as fraud has serious consequences. The law as laid down by the Supreme Court in ***SBI v. Rajesh Agarwal, (2023) 6 SCC 1***, categorically states that the principles of natural justice are required to be complied with in complete sense before declaring a person or an entity as a fraud.

15. Principles of natural justice obviously requires considering of the reply to the show cause notice in detail and dealing with each and every averment/response made therein. A perusal of the aforesaid clearly shows that the reply to allegations of fraud therefore have not been considered in the impugned order.

16. For the said reasons the impugned order cannot sustain and is hereby set aside. However, this does not prevent the respondent from initiating action in accordance with law after due hearing and complying with the principles of natural justice.

17. Mr. Rout, learned counsel, states that let the petitioner appear before the Review Committee and give the details of the documents that are required to by the petitioner.

18. Let the petitioner appear before the review committee at Plot No.04, Sector 10, Dwarka on 09.03.2026 at 11:00 am and the relevant documents shall be supplied to the petitioner within 2 weeks thereafter and the petitioner shall give a response within 4 weeks from date of supply of relevant documents. Thereafter the respondent shall give a date for personal hearing of the petitioner/nominee and after hearing the petitioner, pass a speaking order.

19. The counter affidavit handed over in court is taken on record.

20. The petition is disposed of in aforesaid terms with pending application, if any.

**JASMEET SINGH, J**

**FEBRUARY 9, 2026/JYH**