

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

WRIT PETITION NO.2265 OF 2024

Jaipur Jewels Global Limited

...Petitioner

Versus

The Reserve Bank of India

...Respondent

Mr. Darius J. Khambata, Senior Advocate a/w. Mr. Ankit Lohia, Mr. Tushar Hathiramani, Ms. Ankita Yadav, Adv. Krishna Baruah, Mr. Kewal Buddhev, Mr. Devdatta Uchil i/b. Mr. Jash Dalia for the Petitioner.

Mr. Prasad Shenoy a/w. Mr. Vijay Salokhe and Ms. Megha More i/b. M/s. BLA & Co. for Respondent No.1.

CORAM : A. S. CHANDURKAR,
JITENDRA JAIN, J.J.

DATE : 29th APRIL 2024.

P.C. :-

1. The challenge raised in this Writ Petition is to the communication dated 05.01.2024 by which the Petitioner's account with Respondent No.2-Karnataka Bank Limited is sought to be reported as "fraud" to the Respondent No.1-Reserve Bank of India. Besides raising the challenge to the validity of the Master Circular dated 03.07.2017, the impugned communication is challenged principally on two grounds; firstly, that the material in the form of the Forensic Audit Report was not supplied to the Petitioner before adjudicating the show cause notice. It is submitted that after the impugned communication was issued, the Petitioner on 17.01.2024 responded to the same, so as

to indicate its objection to the said communication. The Bank on 16.02.2024 replied to the aforesaid communication and only at that stage supplied the copy of the extract of the meeting of the “Committee of Scrutiny and Frauds” dated 02.12.2023 and 21.12.2023. Reliance in this regard is placed on paragraphs 94 and 95 of the decision in the case of *State Bank of India & Ors. Vs. Rajesh Agarwal & Ors.*¹.

Second ground of challenge is that the impugned communication is unreasoned, inasmuch as, the basis for categorising the account as fraud has not been indicated. Even for this contention, the reliance is placed on the decision of *Rajesh Agarwal & Ors. (supra)*.

2. We find both the grounds of challenge as raised are substantial in nature. The copy of the Forensic Audit Report through relied by the Bank has not been supplied to the Petitioner prior to adjudicating the account as fraud. In addition, the impugned communication does not indicate any reason whatsoever for arriving at such conclusion.

3. Issue notice to the Respondents, returnable on **10.06.2024**.

4. The learned counsel waives notice for Respondent No.1. We note that the notice has been issued by the Petitioner’s counsel to the Respondent No.2 on 16.04.2024 and 22.04.2024.

¹ (2023) 6 SCC 1

5. There shall be ad-interim relief in terms of prayer clause (d) (ii), till the returnable date.

[JITENDRA JAIN, J.]

[A. S. CHANDURKAR, J.]