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

% **Date of decision: 4th September, 2024**

+ **W.P.(C) 8603/2020**

RBG LEASING AND CREDIT LIMITEDPetitioner

Through: **Mr. K.C. Mittal, Mr. Yugansh Mittal and Mr. Keshav Poonia, Advs.**

versus

RESERVE BANK OF INDIA & ANR.Respondents

Through: **Mr. Ramesh Babu, Ms. Manisha Singh and Ms. Tanya Chowdhary, Advs. for R-1/RBI Mr. Anurag Ahluwalia, CGSC for R-2/UOI**

**CORAM:
HON'BLE MR. JUSTICE DHARMESH SHARMA**

DHARMESH SHARMA, J. (ORAL)

1. This hearing is being conducted through hybrid mode.

W.P.(C) 8603/2020 & CM APPL. 51354/2024 (For early hearing)

2. This application has been moved on behalf of the applicant/petitioner for an early hearing and disposal of the present matter.

3. Learned counsels for the respondents are present on advance notice through video conferencing.

4. Mr. K.C. Mittal learned counsel for the petitioner has urged that the present matter is squarely covered by several decisions passed by this Court and the impugned order assailed in the present writ petition



is only required to be set aside and the matter is required to be remanded back to the respondent No.1 i.e. Reserve Bank of India [“RBI”] for fresh consideration.

5. Mr. Ramesh Babu learned counsel for the respondent No.1 submits that he has no objection if the relief prayed by the learned counsel for the petitioner is granted.

6. Having heard the learned counsels for the parties and on perusal of the record, in a nutshell, the petitioner, which is a NBFC¹ since 16.05.2001 has invoked writ jurisdiction of this Court under Article 226 of the Constitution of India seeking quashing of impugned order dated 09.04.2020 passed by the Appellate Authority (Department of Financial Service) Ministry of Finance under Section 45IA (7) of the Reserve Bank of India Act, 1934.

7. Evidently, the respondent No.1 has been passing certain directions to provide regulatory framework for the functioning of the NBFCs, particularly in regard to attaining NOF² and it came out that notification dated 27.03.2015, which was Gazetted on 11.03.2016, provided that all types of NBFCs are required to maintain NOF of Rs. 100 Lacs by the end of March 2016 and Rs. 200 Lacs by the end of March 2017. Evidently, the petitioner achieved NOF of Rs. 200 Lacs by 12.03.2018. However, it was issued a Show Cause Notice [“SCN”] by respondent No.1 for non-maintenance of NOF as per revised regulatory guidelines notified on 11.03.2016.

¹ Non Banking Financial Company

² Net Owned Fund



8. Although, a reply dated 11.06.2018 was filed, the same was held to be not satisfactory. An appeal was preferred against the cancellation of Certificate of Registration [“COR”] *vide* order dated 25.09.2018 before the Appellate Authority, which, as per the petitioner despite finding that NOF of Rs. 204.98 Lacs had been achieved as on 31.03.2019, passed the impugned order dated 09.04.2020, and thereby, affirming the cancellation of COR of the petitioner by RBI.

9. In the said backdrop, attention of this Court is invited to the decision of the Co-ordinate Bench of this Court in case titled as **Premier Capital & Securities Private Limited v. Union of India**³ wherein the facts were somewhat similar. The issue appears to be covered by the decisions of this Court in **M/S BHC Finance and Leasing Pvt Ltd. v. Union of India & Ors**⁴, in W.P.(C) 3637/2020 dated 16.08.2022 titled as **Nirma Credit and Capital Pvt Ltd. v. Union of India & Anr.**, in W.P.(C) 4236/2020 dated 02.11.2022 titled as **Apple Portfolio Limited v. Union of India** and W.P.(C) 258/2020 dated 22.11.2022 titled as **Eynthia Tie-up Pvt. Ltd. v Union of India & Ors.**

10. In view of the above, the instant writ petition also requires to be dealt with on similar terms. At the cost of repetition, learned counsel for the respondent No.1 submits that they would abide by whatever decision that will be taken by this Court.

³ W.P. (C) 11062/2022 dated 08.11.2023

⁴ W.P. (C) 5991/2020 dated 08.08.2022



11. Accordingly, the instant writ petition is disposed of with the following directions:

- i.** The order passed by the RBI dated 25.09.2018 and the impugned order dated 09.04.2020 passed by the Appellate Authority order are hereby set aside.
- ii.** The matter is remitted back to the RBI for fresh consideration, which shall take a decision on the basis of material produced by the petitioner before this court and the subsequent material to be produced before RBI, within 15 days from the date of receipt of the copy of the order passed today.
- iii.** If the petitioner files a detailed representation before the RBI explaining all circumstances and places on record the relevant material to justify the same, let the same be considered by the RBI afresh, in accordance with law, including the extant regulations without being prejudiced by the stand taken in the instant writ petition.
- iv.** All the rights and contentions of the parties are left open.”

12. The present writ petition along with the pending application stands disposed of on the above terms.

DHARMESH SHARMA, J.

SEPTEMBER 04, 2024

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