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

\+ W.P.(C) 12742/2019

M/S SHABROS FINVEST PVT. LTD. .....Petitioner

Through: Mr Swarnendu Chatterjee with Ms Deepakshi Garg and Ms Harshita Rawat, Advocates.

versus

RESERVE BANK OF INDIA AND ANR. .....Respondents

Through: Mr Ramesh Babu with Ms Nisha Sharma, Advocates for R1.

CORAM:
HON'BLE MR. JUSTICE VIBHU BAKHRU
HON'BLE MR. JUSTICE TEJAS KARIA

<u>O R D E R</u>

% 29.05.2025

<u>CM APPL. 34529/2025</u>

1. Exemption allowed, subject to all just exceptions.

2. The application is disposed of.

<u>W.P.(C) 12742/2019 and CM APPL. 34528/2025</u>

3. The petitioner has filed the present petition, *inter alia*, praying that the impugned order dated 26.11.2018 issued by the Reserve Bank of India [**RBI**] and the order dated 08.11.2019 passed by the Appellate Authority [**AA**] be disposed of on the similar terms as the judgment passed by this court in ***Vishesh Credits Pvt. Ltd. v. Reserve Bank of India & Anr.: W.P.(C) 4321/2021, decided on 12.12.2024***.

4. The petitioner had filed the above-captioned petition, *inter alia*, praying as under:

> "1. Issue a Writ/Order/Direction in the nature of Certiorari calling for the records of Appeal No. F. No. 25/173/2019/BOA-II and set aside the Order of the Appellate Authority dated

08.11.2019.

2. Issue a Writ/Order/ Direction in the nature of Mandamus quashing the Cancellation of Registration Order passed by the RBI dated 26.11.2018.

3. Issue a Writ/Order/Direction in the nature of Mandamus striking down/reading down the Notification No. DNBR. 007/CGM (CDS)-2015 dated March 27, 2015 dated 27.03.2015 gazetted on 11.03.2016 as violative and ultra vires to Article 14 and 19 (1) (g) of the Constitution of India and also to the provisions of Companies Act, 2013."

5. The learned counsel appearing for the petitioner confines the present petition to first two prayers. The petitioner seeks setting aside the order dated 26.11.2018, whereby its registration was cancelled; and, an order dated 08.11.2019 passed by the AA rejecting its appeal.

6. The petitioner is a Non-Banking Financial Company [**NBFC**] and was registered with the RBI since 04.09.2001. The petitioner was not able to achieve the threshold of Net Owned Fund [**NOF**] within the framework of the RBI's Notification dated 27.03.2015.

7. On 13.07.2018, the RBI issued a show cause notice calling upon the petitioner to show cause why its registration not be cancelled for failure to achieve the NOF. The petitioner claims that it did not receive the said notice as its address was not updated in the records of the RBI. The petitioner by a letter dated 10.09.2018 claimed that thereafter, it infused the requisite funds to the extent of ₹200 lakhs, and therefore, complied with the condition of achieving the threshold NOF.

8. The RBI sent an e-mail dated 24.09.2018 to the petitioner reminding that it is awaiting the response to the show cause notice 13.07.2018. Additionally, the RBI also called for a certificate of the statutory audit for the Financial Years [**FY**s] 2015-16, 2016-17 and 2017-18. The petitioner

responded to the said notice on 05.10.2018. However, the petitioner's response was not accepted and its registration was cancelled with effect from 26.11.2018 on the ground that petitioner had not achieved the minimum NOF. The petitioner appealed the said decision before the AA under Section 45-IA(7) of the Reserve Bank of India Act, 1934. However, the said appeal was dismissed by the AA on 08.11.2019.

9. Concededly, in similar facts, this court had in number of petitions set aside the impugned order and remanded the matter to the concerned authority to pass a fresh order on the basis of the averments made in the petition.

10. The learned counsel for respondent no.1 submits that he has no objection if similar directions are issued in the present case as well.

11. Accordingly, we allow the present petition and set aside the impugned order dated 26.11.2018 passed by the RBI as well as the order dated 08.11.2019 passed by the AA. We remand the matter to the RBI to consider the present petition as a representation and pass a fresh order within a period of six weeks from date. The petitioner is also at liberty to file a further representation within a period of two weeks from date.

12. The petition is disposed of in the aforesaid terms. Pending application is also disposed of.

13. The hearing scheduled on 14.10.2025 is cancelled.

VIBHU BAKHRU, J

TEJAS KARIA, J

MAY 29, 2025/tr *Click here to check corrigendum, if any*