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

+ **W.P.(C) 4760/2020**

KRISHNA CAPFIN LTD

.....Petitioner

Through: Mr. Vaibhav Sethi, Mr. Sikhyat Oberoi, Mr. Ravi Sharma, Mr. Shivam Prakash, Mr. Nishita Gupta & Mr. Arihant Jain, Advs. (8932998839)

versus

UNION OF INDIA & ANR.

.....Respondents

Through: Mr. Ramesh Babu, Ms. Manisha Singh, Ms. Tanya Chowdhary, Ms. Nisha Sharma, Mr. Rohan Srivastava, Advs. for RBI (9971671294)
Mr. Bhagvan Swarup Shukla, CGSC with Mr. Sarvan Kumar, Mr. Praveen Gupta & Mr. Mukesh Kumar Pandey, Advs. (+91 8920-144863)

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE MADHU JAIN

ORDER

% **15.01.2026**

1. This hearing has been done through hybrid mode.
2. The challenge in the present writ petition is for setting aside the impugned order dated 30th April, 2020 passed by the Appellate Authority under Section 45-IA of the Reserve Bank of India Act, 1934 (hereinafter “*RBI Act*”). *Vide* the impugned order, the RBI’s order dated 18th October, 2018 cancelling the Petitioner’s Certificate of Registration as a Non-Banking Financial Company (hereinafter “*NBFC*”) was upheld.
3. The case of the Petitioner is that it had filed an application on 8th July,



1997 under Section 45-IA of the RBI Act seeking Certificate of Registration. The RBI had issued a notification dated 20th April, 1999 by which the “*Net Owned Fund*” (hereinafter “*NoF*”) of an NBFC which wanted to commence its business on or after 20th April, 1999, was increased from Rs. 25 lakh to Rs.2 crores. However, NBFCs which were already registered with RBI or whose applications seeking the Certificate of Registration were filed prior to 20th April, 1999, were exempted from application of the said notification.

4. The Petitioner was issued the Certificate of Registration by the RBI on 18th September, 2001. Thereafter, a revised regulatory framework came into existence on 10th November, 2014 as per which the RBI had directed that the requirement of minimum NoF of Rs. 2 crore was made applicable to all NBFCs. Further, in view of the new regulatory framework, *vide* notification dated 27th March, 2015, RBI mandated all the NBFCs, including the existing NBFCs, to have the NoF of Rs. 2 crores. As per the said notification, existing NBFCs would be permitted to continue functioning subject to achieving NoF of Rs. 1 crore before 1st April, 2016 and Rs. 2 crores before 1st April, 2017.

5. The case of the Petitioner is that it managed to increase its NoF, and by 31st March, 2017, it had achieved approximately Rs. 97 lakh. In view of the regulatory changes, the RBI sent a communication on 17th May, 2017 to the Petitioner, directing the Petitioner to achieve NoF of Rs. 2 crores as soon as possible. It is stated that the Petitioner’s NoF had increased to approximately Rs. 1.22 crore. Further communications dated 23rd June, 2017, 9th November, 2017, and 20th February, 2018 were received by the Petitioner from the RBI directing to achieve Rs. 2 crore NoF, as mandated, as soon as possible. The NoF of the Petitioner further continued to increase and by 31st March, 2018 it is stated to have achieved approximately Rs. 1.55 crores.



6. Finally, on 7th May, 2018, a Show Cause Notice (hereinafter “SCN”) was issued by the RBI as to why the Petitioner’s registration ought not be cancelled for not achieving the NoF of Rs. 2 crores, in terms of the revised regulatory framework and notification dated 27th March, 2017.

7. A response was filed to the SCN on 21st May, 2018. On 29th May, 2018, prior to adjudication of the SCN, the Petitioner informed the RBI that it had achieved the NoF of Rs. 2 crore. However, a few months later, on 18th October, 2018, the Petitioner’s Certificate of Registration was cancelled by the RBI. The Appellate Authority was then approached by the Petitioner challenging the said order of RBI, which dismissed the said appeal *vide* the impugned order dated 30th April 2020.

8. Ld. Counsel for the Petitioner relies upon orders passed in similar matters by coordinate Benches as also ld. Single Judges of this Court which hold that since the NoF was achieved prior to the issuance of SCN or prior to passing of the order of cancellation by the RBI, the matters deserve to be remanded back for fresh consideration by the RBI.

9. Mr. Ramesh Babu, ld. Counsel for the RBI, submits that considering the fact that Petitioner had achieved the NoF requirement of Rs. 2 crores prior to passing of the cancellation order, the matter may be remanded for fresh adjudication. However, the said consideration should be on the basis of the extant regulations and not on the basis of any other regulations.

10. The Court has heard ld. Counsel for the Parties and has perused the order dated 29th May, 2015 passed by the ld. Division Bench in ***W.P.(C) 12742/2019*** titled ***M/s. Shabros Finvest Pvt. Ltd. vs. Reserve Bank Of India And Anr.*** In the said order, the Court had under similar circumstances, where the NoF had been achieved prior to the issuance of the SCN, remanded the



matter in the following terms:

“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.”

11. The order relied upon by the ld. Counsel for the RBI dated 11th September, 2025 passed by a ld. Single Judge of this Court in ***W.P.(C) 10471/2020*** titled ***Social Leasing India Limited vs. Union Of India And Anr.***, wherein the following order has been passed:

“12. Having gone through the aforesaid decisions and the judgments of RBG Leasing and Credit Limited (supra) and M/S Alpine Finlease LTD. (supra) and submissions of the learned counsel for the parties, the present writ petition is disposed of with the following directions:

(i) The order passed by respondent no.2/RBI on 26.10.2018 and also the subsequent order passed by the Appellate Authority are set aside.

(ii) The matter stands remitted back to respondent



no.2/RBI for consideration afresh.

(iii) Respondent no.2/RBI shall take a decision on the basis of material produced by petitioner before this Court within eight weeks after the additional documents are filed by petitioner within two weeks. The petitioner shall also be at liberty to place on record any further additional material before respondent no.2/RBI within two weeks.

*(iv) If petitioner files a detailed representation before respondent no.2/RBI explaining all circumstances and places on record the relevant material to justify the same, **let the same be considered by respondent no.2/RBI afresh, in accordance with law, including the extant regulations** without being prejudiced by the stand taken in the instant writ petition”*

12. In the opinion of the Court, the Petitioner’s case is similar to the cases referred above, and thus, considering that the Petitioner had achieved the NoF requirement prior to order of cancellation by the RBI, the matter is a fit one to be remanded for fresh adjudication by the RBI.

13. However, the fact that the Petitioner had achieved the NoF of Rs. 2 crores would have to be verified by the concerned Authorities on production of proper documentation etc.

14. Accordingly, in the facts and circumstances of this case, the following directions are issued:

- (i) The matter is remanded to the RBI for fresh consideration including the aspect as to whether the NoF was achieved prior to 18th October, 2018 or not. For the said purpose, if any documentation is to be filed by the Petitioner, it is permitted to do so within six weeks.
- (ii) If any written submission or representation is to be filed by the



Petitioners giving further facts or details, the same may also be placed before the RBI by the Petitioners within six weeks.

- (iii) The decision shall be taken by the RBI within six weeks after submission of the said representation/documents by the Petitioner.
- (iv) The entire matter shall be considered afresh on the basis of the applicable extant regulations. Consideration shall be also afforded to the materials produced by the Petitioners and any additional documents/submissions which may be filed.

15. The earlier order of cancellation dated 18th October, 2018 as also the Appellate Authority's impugned order dated 30th April, 2020 are set aside and shall have no bearing as the matter would have to be considered afresh by the RBI.

16. The petition is disposed of in the aforesaid terms. Pending applications, if any, are also disposed of.

PRATHIBA M. SINGH, J

MADHU JAIN, J

JANUARY 15, 2026

kk/msh