



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

WRIT PETITION (L) NO. 23089 OF 2024

Deepak Shenoy

... Petitioner

Versus

Reserve Bank of India & Ors

... Respondents

Mr. Darpan Bhatia, with Ms. Prapti Kedia & Mr. Rushikesh
Dusane, i/b, Agman Law Associates, for Petitioner.

Ms. Rathina Maravarman, with Tasneem

Mr. Abhishek Samant, with Ms. Pranti R Rawool for
Respondents 2, 4 & 6.

CORAM : M.S. Sonak &
Advait M. Sethna, JJ.

DATED : 12 December 2025

ORAL ORDER:- (*Per M. S. Sonak, J*)

1. Heard the learned counsel for the parties.
2. We issue Rule. The Rule is made returnable immediately, at the request of and with the consent of the learned counsel for the parties.
3. The Petitioner, objects to the inclusion of his name in the Central Fraud Registry maintained by the Reserve Bank of India. The learned counsel for the Petitioner submits that such inclusion visits the Petitioner with serious civil consequence, and therefore, the same should have been preceded by at least

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the minimal compliance with the principles of natural justice and fair play.

4. He states that there was no such compliance and on this ground itself, the inclusion warrants interference.

5. Mr. Bhatiya, the learned counsel for the Petitioner relies on **State Bank of India And Ors. Vs. Rajesh Agarwal And Ors.**¹ and submits that the Hon'ble Supreme Court has also held that principles of natural justice have to be followed before any person is included in the Central Fraud Registry maintained by the RBI.

6. The learned counsel for the Respondents submit that the Petitioner's name was included in the Central Fraud Registry way back in 2018 and this Petition has been filed only in 2024. Further, they point out that under the Master Circular, there was no requirement of issuing any show cause notice to any person before such inclusion. Accordingly, they submit that this Petition may not be entertained.

7. The learned counsel for the Respondents point out that after the decision of the Hon'ble Supreme Court in the case of *Rajesh Agarwal* (supra) the RBI has issued a new Master Circular dated July 15, 2024, superseding the earlier Master Circular and incorporating therein the requirement of a show cause notice.

8. The rival contentions now fall for our determination.

¹ 2023 (6) SCC 1

9. The inclusion of any person's name in the Central Fraud Registry maintained by the RBI, undoubtedly visits such person on entity with serious civil consequences, not to mention that it raises reputational issues.

10. Accordingly, at least a minimal compliance with principles of natural justice and fair play was imperative before such inclusion.

11. In *Rajesh Agarwal* (supra), the Hon'ble Supreme Court, after considering the law on the subject, including the Master Circulars, has held that a debarment under clause 8.12.1 on the Master Directions on frauds is akin to blacklisting the borrowers for being untrustworthy and unworthy of credit by banks. In such circumstance, the Courts have consistently held that an opportunity of hearing ought to be provided before a person is blacklisted.

12. The Hon'ble Supreme Court has also held that merely because there may be no provision under the Master Circular for issue of a show cause notice or compliance with principles of natural justice, such principles, cannot be implied in the excluded under the master direction of frauds. In **Institute of Chartered Accountants of India Vs. L. K. Ratna & Ors²**, the Hon'ble Supreme Court has held that the principles of natural justice must be read into the unoccupied interstices of the statute and there is no question of any implied exclusion.

² 1986 INSC 215

13. In Rajesh Agarwal (supra) the Hon'ble Supreme Court has held that the principles of natural justice demand that borrowers must be served with the notice, given an opportunity to explain the conclusions of the forensic audit report, if any, and be allowed to represent before their account classified as fraud under the Master Directions of Frauds. In addition, the decision classifying the borrowers' account as fraudulent must be made by a reasoned order. In paragraph 98.7, the Hon'ble Supreme Court has held that since the Master Directions on frauds do not expressly provide an opportunity of hearing to the borrowers before classifying their account as fraud, audi alteram partem has to be read into the provisions of the directions to save them from the vice of arbitrariness.

14. Considering, the above aspects, we are satisfied that the inclusion of the Petitioner's name in the Central Registry of Frauds deserves to be struck down because the same was effected without minimal compliance with principles of natural justice and fair play.

15. The argument that this Petition is belated does not hold water. Firstly, the Petitioner has pleaded that he was not even aware of such inclusion and became aware up to 2021, and that too, after the Petitioner visited the bank and applied for some additional financial facilities.

16. In any event, writ petitions are not dismissed merely on the grounds of delay but on the ground laches. There is

distinction between delay and laches. Laches, is not the mere physical running of time. To sustain a plea of laches, the Respondents have to establish that some parallel rights have been created in them on account of the delay of the Petitioner in approaching the Court. There are no such pleadings in this case.

17. The Master Circular of July 15, 2024 now provides for issue of show cause notice before inclusion of any persons named in the Central Fraud Register maintained by RBI. This is quite consistent with the law of the subject, including the decision of the Hon'ble Supreme Court in the case of *Rajesh Agarwal* (supra).

18. For all the above reasons, we quash and set aside the Petitioner's inclusion in the Central Fraud Registry maintained by RBI. However, such quashing, will not precluding the Respondents from issuing the Petitioner a show cause notice and complying with the other requirements of natural justice and, taking such and further steps as may be necessary, if they still wish to include the Petitioner's name in the Central Fraud Registry. In effect, the Respondents will have to now act consistent with the Master Directions on Fraud Risk Management in Commercial Banks issued on July 15, 2024. We clarify this because we have not examined the matter on merits but we have quashed the Petitioner's inclusion in the Central Fraud Registry only on the grounds of failure of natural justice and not on any other ground.

19. The Rule is made absolute in the above terms without any costs order.

20. All concerned to act on an authenticated copy of this order.

(Advait M. Sethna, J)

(M.S. Sonak, J)