



\$~51

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

*Date of Decision: 06<sup>th</sup> April, 2026*

*Uploaded on: 09<sup>th</sup> April, 2026*

+ **W.P.(C) 10062/2020 & CM APPL. 32037/2020**

RVS FINANCIAL SERVICES LIMITED .....Petitioner  
Through: Mr. Abhishek Krishna, Advocate.  
versus

UNION OF INDIA MINISTRY OF FINANCE APPELLATE  
AUTHORITY & ANR. ....Respondents

Through: Ms. Arunima Dwivedi CGSC with  
Ms. Swati Jhunjhunwala, Ms.  
Himanshi Singh and Ms. Monalisha  
Pradhan, Advs. for UOI (M:  
9810916537).  
Mr. Ramesh Babu, Ms. Manisha  
Singh, Ms. Tanya Chowdhary and Mr.  
Rohan Shrivastava, Advs. for RBI.

**CORAM:**  
**JUSTICE PRATHIBA M. SINGH**  
**JUSTICE MADHU JAIN**

**Prathiba M. Singh, J. (Oral)**

1. This hearing has been done through hybrid mode.
2. The present petition has been filed under Article 226 and 227 of the Constitution of India by the Petitioner, which is a Non-Banking Financial Company (hereinafter, 'NBFC'), *inter alia*, challenging the order dated 22nd June, 2020 passed by the Respondent No. 1 *i.e.*, the Appellate Authority which confirmed the order dated 2nd August, 2018 passed by the Reserve Bank of India– cancelling the registration of the Petitioner as an NBFC. The order dated 2nd August, 2018 was communicated to the Petitioner *vide* letter



dated 2nd August, 2018. Further, the challenge in the present petition is also to the Net Owned Fund (hereinafter 'NOF') notification being **Notification No. 132/CGM(VSNM)-99** dated 20<sup>th</sup> April, 1999.

3. The brief background of the present case is that the Petitioner had filed an application for registering itself as an NBFC and it was granted registration with the Reserve Bank of India (hereinafter, 'RBI') on 4th January, 2003. The Petitioner was thereafter conducting its business as an NBFC.

4. A revised regulatory framework had come into existence *w.e.f.* 10<sup>th</sup> November, 2014 *vide* **Circular No. 002/03/10.001/2014-15**. As per the said circular, the requirement of minimum NOF of Rs.2 crore was made applicable to all NBFCs and the deadline for achieving the said NOF was 1<sup>st</sup> April, 2017.

5. In the present case, as per the RBI, the NOF was not achieved by the Petitioner and accordingly, a Show Cause Notice (hereinafter, 'SCN') was issued by the RBI on 2<sup>nd</sup> May, 2018 to the Petitioner. A reply dated 15th May, 2018 was thereafter filed by the Petitioner to the SCN. The impugned cancellation order was passed by the RBI on 2nd August, 2018, and the same appears to have been communicated to the Petitioner on 2nd August, 2018.

6. The case of the Petitioner is that it achieved Rs.2 crore NOF on 22<sup>nd</sup> December, 2019 and the same was within the prescribed time as published by the RBI. Hence, it deserves to be considered that the NOF was achieved and the impugned cancellation order passed by the RBI should be set aside and remanded back to the RBI for fresh consideration.

7. On behalf of the Respondent No. 2-RBI, it is submitted that by the time the NOF was achieved, the only remedy available with the Petitioner was to apply afresh as per the extant Rules and Guidelines. Ld. Counsel has also placed on record similar orders passed by the Id. Single Judge of this Court



where similarly placed NBFCs have been permitted to file fresh applications for licensing.

8. Mr. Babu, Id. Counsel for the RBI further submits that merely bank statements or bank balance are not sufficient to show the NOF as there ought to be an auditor certificate proving that the NOF has been achieved as the liabilities of the NBFC would also have to be considered apart from infusing of funds.

9. The Court has considered the matter. There are several petitions which have been filed by various NBFCs before this Court, wherein the different orders have been passed from time to time, depending upon the facts of each case. The broad principle that has been adopted by this Court is that prior to the passing of the cancellation order, if the NOF has been achieved, the Court has set aside the impugned order and remanded the matter for fresh consideration.

10. In the opinion of this Court, even on the date when the RBI had communicated the letter about the impugned cancellation order through speed post to the Petitioner, it had not achieved the requisite NOF.

11. Under these circumstances, this Court is of the view that the NOF having not been achieved despite sufficient time having been given to the Petitioner, the impugned cancellation order dated 2nd August, 2018 cannot be set aside or remanded back.

12. It is, accordingly, directed that if any fresh application is filed by the Petitioner, the same shall be considered by the Respondents in accordance with the prevalent/extant provisions – however the said application shall be considered without being influenced by the earlier cancellation order, which is impugned herein.



2026:DHC:2924-DB



13. Petition is disposed of in the above terms. All pending applications, if any, are disposed of.

**PRATHIBA M. SINGH  
JUDGE**

**MADHU JAIN  
JUDGE**

**APRIL 6, 2026/MR/ck**