



\$~69

* IN THE HIGH COURT OF DELHI AT NEW DELHI

Date of decision: 25th March, 2026

Uploaded on: 30th March, 2026

+ W.P.(C) 3590/2026 & CM APPL. 17438/2026

DEVANG PRAVIN MODY

.....Petitioner

Through: Mr. Pranjit Bhattacharya, Ms. Salonee Shukla, Ms. Shalini Singh & Ms. Souravi Das, Advs.

versus

RESERVE BANK OF INDIA & ANR.

.....Respondents

Through: Mr. Ramesh Babu MR and Ms. Nisha Sharma, Ms. Manisha Singh and Ms. Tanya Chowdhary, Advs. for R-1.
Ms. Seema Gupta, Adv. for Respondent No 2

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 of the Constitution of India challenging the Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions bearing No. **RBI/DOS/2024-25/118 DOS.CO.FMG.SEC.No.5/23.04.001/2024-25** dated 15th July, 2024 (*hereinafter, 'the impugned Directions'*), issued by the Reserve Bank of India (*hereinafter, 'RBI'*).
3. The Petitioner also challenges the Show Cause Notice dated 29th October, 2025 (*hereinafter, 'SCN'*) and the consequent impugned order dated



18th February, 2026 (*hereinafter*, '*the impugned order*'), classifying the Petitioner's accounts as 'Fraud'.

4. The brief background of this petition is that a substantial amount of wholesale loans were disbursed to M/s Reliance Commercial Finance Limited (*hereinafter* '*RCFL*') by a consortium of banks. According to the impugned order, the total amount disbursed was a sum of Rs.16,455.62 crores and the loans which were disbursed to the linked entities amounted to Rs.11,218.58 crores.

5. The Petitioner was one of the key managerial personnel of the said company- RCFL and had held various positions therein, such as Additional Director, Executive Director, CEO, Whole Time Director, etc.

6. The last tranche of loan facilities was extended in December, 2016. In April, 2017, the Petitioner was appointed as the CEO of RCFL and it is his case that he ceased to be the CEO and Whole Time Director from 31st December, 2018 and also resigned from the employment of RCFL.

7. The further case of the Petitioner is that from 5th July, 2019 onwards, he is serving as Managing Director of Bajaj Finserv Health Limited.

8. From 2020-2021, several banks classified the loan account of RCFL as Fraud under the Master Directions on Frauds– Classification and Reporting issued in 2016 by RBI. This was challenged by RCFL in various petitions before this Court.

9. In addition, the Supreme Court also decided the questions relating to the said Master Directions on Frauds– Classification and Reporting issued in 2016 by RBI in a batch of matters, titled ***State Bank of India v. Rajesh Agarwal, (2023) 6 SCC 1***. Various directions were issued to the RBI, by the Supreme Court, in the said judgment.



10. As per the RBI, it was pursuant to the said decision in ***SBI Vs. Rajesh Agarwal (supra)*** a fresh Master Direction document was issued by the RBI dated 15th July, 2024 which are the impugned directions in the present petition.

11. Parallely, some of the banks which are part of the consortium had declared the Petitioner as “fraud” and writ petitions were filed by the Petitioner before this Court being ***W.P.(C) 7034/2025*** titled ***Devang Pravin Mody v. Bank of India*** and ***W.P.(C) 7696/2025*** titled ***Devang Pravin Mody v. Punjab National Bank & Ors.*** These petitions were filed in respect of loans / credit facilities extended by Bank of India and Punjab National Bank.

12. In the present case, the Respondent No.2 is Punjab and Sind Bank. The said bank had issued a SCN to several individuals, including Mr. Dhananjay Tiwari Bhagwanprasad and the Petitioner - Mr. Devang Pravin Mody.

13. It is the case of the Petitioner that the SCN dated 29th October, 2025 which was issued to him, was not delivered to the Petitioner and hence, no reply could be filed. The SCN led to the passing of the impugned order dated 18th February, 2026 by which it has been decided as under:

“Bank Decision: Upon through examination of the facts concerning your loan accounts, and pursuing all facts which were revealed in the forensic audit report, documentary evidence available with us, it has come to the attention of the Punjab & Sind Bank that You (above Addresses) committed financial misconducts resulting into diversion of funds with the intent to cheat & defraud the Bank of its legitimate dues Keeping in view of all the facts, competent authority has come to a conclusion to declare Mr. Dhananjay Tiwari Bhagwanprasad and Devang Pravin Mody (erstwhile director of M/s Reliance Commercial Finance Limited) as fraudulent with Rs. 1654349 Lakh and reported to RBI.



Classification of you the above addressees as 'Fraud' for transactions pertaining to the above account is stipulated by the Reserve Bank of India (RBI) in exercise of the power conferred on them Section 35A of the Banking regulation act 1949, whereby the RBI has issued Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions dated 15.07.2024 I We hereby inform you that Bank has classified and reported you the above addresses as "Fraud for transactions pertaining to the above accounts, in accordance with and in pursuance of the order of the Hon'ble Supreme court of India dated 27.03.2023 in the matter of SBI Vs. Rajesh Aggarwal in the Civil appeal no 7300 of 2022. This letter is issued without prejudice to all or any legal rights and remedies available to the Bank."

14. The submission of Mr. Bhattacharya, Id. Counsel appearing for the Petitioner is that since the SCN was never served upon the Petitioner, and hence the reply could not be filed. It is his submission that repeatedly, Courts have emphasised that the parties deserve to be heard and opportunity of reply ought to be given.

15. Mr. Bhattacharya, Id. Counsel also refers to the SCN, as also to the impugned order, which mentions the Petitioner's address as "Flat No. 704/M3 Hills and Dales Society Phase 3, NIBM Road. Maharashtra 411060". In this regard, it is his submission that the correct address of the Petitioner is "C 1502, Verde Apartment, Kalyani Nagar, Pune-411006" and his email id and mobile number are as under:

- **Email:** modydevang@gmail.com
- **Mob. No.:** 9764036999

16. Hence, it is submitted on behalf of the Petitioner that since the SCN



was not served to him and the impugned order was subsequently passed, the Petitioner came to know of the impugned order only when the co-noticee *i.e.*, Mr. Dhananjay Tiwari brought it to his notice.

17. Mr. Ramesh Babu, Id. Counsel appearing for the RBI submits that after the initial judgment was passed in the case of ***Rajesh Agarwal (supra)*** by the Supreme Court, the new 2024 Master Directions, *i.e.* the impugned Directions in this case have been issued. As per the RBI, there has been complete compliance of all the directions issued in ***Rajesh Agarwal (supra)***.

18. However, he also brings to the notice of this Court that these very impugned Directions are also subject matter of ***SLP (C) 20618-20619/2025*** titled ***State Bank of India v. Amit Iron Private Limited & Anr.*** where the judgment has been reserved by the Supreme Court.

19. Thus, it is his submission that the 2024 Master Directions, *i.e.*, the impugned Directions being the subject matter of the case pending before the Supreme Court for judgment and the same may be awaited.

20. On behalf of Respondent No.2 – Punjab & Sind Bank (*hereinafter*, '*the Bank*'), the submission of Ms. Gupta, Id. Counsel is that SCN was duly served upon all the noticees at their last known address. This fresh address which has now been given in the memo of parties by the Petitioner is not in the knowledge of the Bank and is an after thought.

21. After having heard the Id. Counsel for the parties, there can be no doubt on the basis of the various decisions passed by the Supreme Court and this Court, including Id. Single Judges, that an opportunity to reply to a SCN ought to be given to parties like the Petitioner.

22. The Petitioner and similarly placed parties also have a duty to intimate banks of their fresh addresses, if they have moved residences in the meantime,



after the disbursement of the loans.

23. In the present case, it is not clear as to whether the Bank was informed of the change in the address of the Petitioner or not. The Petitioner's Counsel even refused to state as to which entity or individual the address – "Flat No. 704/M3 Hills and Dales Society Phase 3, NIBM Road. Maharashtra 411060" belongs.

24. Since the only issue in the present case is whether the SCN was served to the Petitioner or not, the Court notes that in the impugned order before this Court i.e., order dated 18th February, 2026, it is recorded as under:

*"In accordance with the above directions/guidelines, Show Cause notices dated 29.10.2025 were served upon you addresses to submit your reply on the irregularities of fraudulent & serious nature which have been noticed in the Forensic Audit report and Fund Tracing Report conducted in the account. **The show cause notice sent to Devang Pravin Mody has been returned back to the Bank with a remark that no such person reside and Show cause notice sent to Dhananjay Tiwari Bhagwanprasad has been delivered on 04.11.2025. Hence, opportunity of being heard has been provided to you but no response is received to the Bank from your end till date**"*

25. From the above paragraph of the impugned order itself, it is clear that as per the bank itself, copy of the SCN sent to the Petitioner was returned back with the noting that no such person resides at the address where the SCN was sent. Therefore, the admitted position is that SCN was never served to the Petitioner.

26. In the facts and circumstances of this case, where the Bank admits that the SCN was not served to the Petitioner, though the same was sent by the



Bank, this Court is of the opinion that the present petition can be disposed of with the following directions:

- i) The impugned order dated 18th February, 2026 is set aside;
- ii) A copy of the SCN along with relevant documents, shall be served on the email address and mobile number of the Petitioner, as extracted above. Upon service of the SCN to the Petitioner, two weeks' time is given for filing of the reply by the Petitioner.
- iii) After considering the reply filed by the Petitioner, a fresh order shall be passed by the Bank in terms of the 2024 Master Directions, i.e. the impugned Directions;

27. Ld. Counsel for the Petitioner has insisted upon a personal hearing being granted to the Petitioner. He relies upon the decision in **LPA 536/2024** titled **IDBI Bank Ltd. v. Gaurav Goel and Ors.** passed by a Co-ordinate Bench of this Court.

28. Mr. Bhattacharya, ld. Counsel submits that the Bombay High Court has taken a contrary decision with respect to principles of natural justice. The Calcutta High Court, however, has taken a similar view as in **IDBI Bank Ltd. (supra)** in its judgment dated 12th March, 2025. This very issue is now pending for judgment before the Supreme Court in **SLP (C) 20618-20619/2025** titled **State Bank of India v. Amit Iron Private Limited & Anr.**

29. At this stage, ld. Counsel for the Respondent No.2– Bank submits that the Bank is willing to give a personal hearing to the Petitioner.

30. Accordingly, after filing of the reply, let a personal hearing be granted to the Petitioner and the decision be taken in terms of the Master Directions 2024.

31. It is also directed that if the Petitioner shifts his address or changes his



contact details, he shall update the Bank from time to time.

32. Petition is disposed of in these terms. All pending applications, if any, are also disposed of.

**PRATHIBA M. SINGH
JUDGE**

**MADHU JAIN
JUDGE**

MARCH 25, 2026

Rahul/ss