IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
WRIT PETITION NO. 1580 OF 2026

Narendra Rajani,
Mumbai & Ors .. Petitioners

Versus

Axis Bank Ltd & Ors .. Respondents

Mr. Rohaan Cama, *with Mr. Rajeev Ravi, Advocates for the Petitioners.*

Mr. Rashmin Khandekar, *with Mr. Lalit Munshi, Ms. Devanshi Sanghvi, Satyajit Khairnar i/b Samvad Partners, Advocates for Respondent No.1.*

Mr. Suraj Gupte, *AGP, for Respondent No.2 State.*

Mr. Prasad Shenoy *with Parag Sharma, Aditi Phatak, Juhi Bhayani i/b M/s BLAC & Co, Advocates for Respondent No.3-RBI.*

CORAM: B. P. COLABAWALLA &
SOMASEKHAR SUNDARESAN, JJ.

DATE: AUGUST 5, 2026
(in chambers)

P. C.

1. The above Writ Petition has been filed by three individuals who are the Directors of the 5th Respondent Company. What they seek to challenge by way of this Writ Petition is a declaration of "fraud" of the 5th Respondent Company. The 5th Respondent Company is currently undergoing a Corporate Insolvency Resolution Process ***("CIRP")*** under the provisions

of the Insolvency and Bankruptcy Code, 2016 ***("IBC, 2016").*** In fact, an Interim Resolution Professional ***("IRP")*** is appointed for the 5th Respondent Company and the Board of Directors of the said Company has been suspended.

2. The grievance of the Petitioners in the present Petition is that though the 5th Respondent Company is now under the control of the IRP, the declaration of the 5th Respondent Company as "fraud" would have penal consequences on the Petitioners under *the Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions* dated 15th July 2024 (for short ***"Fraud Master Circular of 2024"***), and more particularly Clause 4.4 of the said Circular.

3. In the above Petition, an order was passed by this Court on 18th November 2024 under which ad-interim relief was granted to the Petitioners by directing that the 1st Respondent Bank shall not act in furtherance of the impugned order dated 23rd October 2024 declaring the 5th Respondent Company as "fraud".

4. Today we are informed by Mr. Khandekar, the learned counsel appearing on behalf of the 1st Respondent Bank, that after the order was passed on 18th November 2024, the Bank has, though not required to, retracted the "Fraud Monitoring Return" ***("FMR")*** filed with the RBI, not only mentioning the name of the present Petitioners but also that of the 5th Respondent Company. In fact, we are told that as on date the names of the Petitioners or the 5th Respondent Company are not even reflecting in the Central Fraud Registry ***("CFR")***. Once these are the facts before us, we find that the apprehension of the Petitioners is wholly unfounded. The question of the Petitioners being foisted with any penal consequences would only arise if they are declared as "fraud" by the 1st Respondent Bank. Merely by declaring the 5th Respondent Company as "fraud" and the Petitioners not being declared as "fraudsters" by the 1st Respondent Bank would not visit upon them the penal consequences set out in Clause 4.4 of the Fraud Master Circular of 2024. In fact this is also the stand of the RBI. Hence, we find that the grievances raised in the present Petition are duly redressed.

5. We may hasten to add that only the penal consequences in the Fraud Master Circular of 2024 cannot be visited on the Petitioners because they have not been declared as "fraud" by following the procedure under the said Circular This would certainly not apply to any criminal proceedings that

have been initiated by the 1st Respondent Bank against the 5th Respondent Company and the Petitioners in their capacity as the Directors of the 5th Respondent Company. Naturally, those criminal proceedings will be decided on their own merits and in accordance with law uninfluenced by any observations made in this order.

6. It is also needless to clarify that the 1st Respondent Bank, if it so chooses, can initiate proceedings under the Fraud Master Circular of 2024 against the Petitioners for declaring them as "fraud", but by strictly following the procedure laid down in the said Circular.

7. We must, at this juncture state that we have not set aside the "fraud" declaration against the 5th Respondent Company and the 1st Respondent Bank is free to report the account of the 5th Respondent Company as "fraud" in the Central Fraud Registry by following the necessary procedure. Further, we clarify that under no circumstances, the names of the Petitioners will reflect in the Central Fraud Registry, and/or with any other agency, as "fraud", unless and until the proper procedure as set out in the Fraud Master Circular of 2024 is followed and they are ultimately declared as "fraud".

8. The Writ Petition is disposed of in the aforesaid terms. However, there shall be no order as to costs.

9. This order will be digitally signed by the Private Secretary/ Personal Assistant of this Court. All concerned will act on production by fax or email of a digitally signed copy of this order.

[SOMASEKHAR SUNDARESAN, J.] **[B. P. COLABAWALLA, J.]**

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