



2026:DHC:7181



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
CNR No. DLHC010572352006
+ **CRL.REV.P. 78/2006**

Date of Decision: **21.08.2026****IN THE MATTER OF:**

C.B.I.

.....Petitioner

Through: Mr. Atul Guleria, SPP CBI with Mr.
Aryan Rakesh, Advs.

Versus

R.N. RATTAN & ORS.

.....Respondents

Through: Mr. Vikas Yadav and Ms. Upma
Yadav, Advs. for R-1
Mr. K.K. Manan and Mr. Karmanya
Singh Choudhary, Advs. for R-2**CORAM:****HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV****JUDGEMENT****PURUSHAINDRA KUMAR KAURAV, J. (ORAL)**

1. This criminal revision petition under Sections 397, 401 and 482 of the Code of Criminal Procedure, 1973 ("Cr.P.C.") has been preferred by the Central Bureau of Investigation (hereinafter, "the petitioner"/"the CBI") impugning the order dated 04.10.2005 passed by the Special Judge, Tis Hazari Courts, Delhi ("the trial Court") in CBI Case No. RC.1(E)/99/SIU(X)/New Delhi (CC No. 52/2001), whereby the Trial Court

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discharged respondent nos. 1 to 6, namely, Sh. R.N. Rattan (A-1), Sh. Harmeet Singh Paintal (A-2), Sh. Rajender Mittal (A-3), Sh. Mahender Kumar Verma (A-4), Sh. Nem Chand Jain (A-5) and Sh. Ravi Dhingra (A-6), of the offences with which they stood chargesheeted.

2. The case arises out of RC No. 1(E)/99/SIU(X), registered on 22.01.1999 on the basis of source information alleging that respondent no. 1, while posted as Branch Manager, Oriental Bank of Commerce (“OBC”), Mahipalpur Branch, New Delhi, during the period 1993 to 1996, entered into a criminal conspiracy with respondent no. 2, the Managing Director of M/s Jay Vinyls Ltd. (“JVL”), to cheat OBC to the extent of Rs. 2256.71 lacs.

3. It was alleged that in furtherance of the said conspiracy, respondent no. 1 abused his official position as a public servant to grant unauthorised accommodation to JVL in respect of various credit facilities, namely, Cash Credit (Hypothecation), Inland Letters of Credit, Overdraft and Bill/Cheque purchase, and thereby caused wrongful loss to the bank and corresponding wrongful gain to himself and others.

4. Upon completion of investigation, a chargesheet came to be filed before the Special Judge, Delhi under Section 120-B read with Section 420 of the Indian Penal Code, 1860 (“IPC”) and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988 (“PC Act”) against respondent no. 1; under Section 120-B read with Section 420 IPC against respondent no. 2; and under Section 120-B IPC against respondent nos. 3 to 6.

5. It requires to be noted, at the outset, that while the revision petition, in its opening recital, and the reply affidavit filed on behalf of respondent no. 6



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both describe the offences as being under Section 120-B read with Sections 420 and 409 IPC, and as recorded in the impugned order confine the offence to Section 120-B read with Section 420 IPC, together with the aforementioned provisions of the PC Act *qua* respondent no. 1. This Court proceeds on the basis of the offences as actually reflected in the chargesheet and the impugned order, these being the documents that were before the trial Court and that are under challenge herein.

6. Broadly, four sets of allegations were levelled by the prosecution against respondent no. 1: **first**, that he misrepresented to the Head Office of OBC that JVL had commenced commercial production, thereby securing release of the remaining 50% of the sanctioned Cash Credit limit in advance of the stipulated condition; **second**, that he permitted diversion of the funds released to JVL for purposes other than those for which the credit facilities were sanctioned; **third**, that he authorised the opening of fourteen Inland Letters of Credit ('LCs') in favour of JVL amounting to Rs. 627.5 lacs, as against a sanctioned limit of Rs. 270 lacs, resulting in devolvement upon the bank; and **fourth**, that in conspiracy with respondent no. 2, he allowed the purchase of six cheques issued by respondent nos. 3 to 6 (and one Sh. Gurbachan Singh, since deceased) despite the absence of any genuine business dealing between them and JVL and despite the drawers not having sufficient funds in their accounts, the cheques having ultimately been dishonoured leaving a sum of Rs. 2,20,62,002/- outstanding.

7. The Trial Court, upon hearing arguments on the point of charge, discharged all six accused *vide* the impugned order. Before advertng to the rival contentions, it is apposite to set out the trial Court's reasoning on each



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limb of the prosecution case, since it is precisely this reasoning that the petitioner assails as illegal and perverse.

8. On the question of the alleged misrepresentation regarding commencement of commercial production, the trial Court, after examining the sanction note and the correspondence exchanged between the branch and the Head Office, held thus:-

“The perusal of the process of permitting the withdrawal of balance of 50% of the limits shows that the commencement of commercial production was not a criteria for allowing withdrawal of the balance of the limits. Perusal of the sanction order also shows that there was no such condition mentioned in the sanction order. The mere fact that accused RN Rattan has stated in his recommendation that commercial production has commenced does not amount to misrepresentation. ... The allegation in this regard against the accused, therefore, does not constitute any offence.”

9. On the question of diversion of funds, the Trial Court recorded:

“After thoroughly going through the documents filed by the prosecution, I find that this may be a case where M/s. JVL has not been able to fulfill its financial commitments to the bank due to commercial reasons, but there is certainly nothing on the record to show any mala fide intentions on behalf of company or any misuse of power by accused RN Rattan.”

10. As regards the fourteen Letters of Credit, the Trial Court examined the statements of the representatives of the beneficiary companies, namely, Reliance Industries Ltd. and Finolex Industries Ltd., and found that the LCs corresponded to genuine trade transactions for supply of raw material to JVL, and that the mere fact that the amounts under the LCs could not be paid by JVL on the dates of devolvment did not, by itself, disclose any dishonest intention. The trial Court observed that this *“does not show that there was any intention to cheat”*, notwithstanding that JVL may have





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“defaulted in making payments towards the outstanding amount on account of the LC”.

11. Finally, on the question of the six cheques said to have been purchased in conspiracy with respondent no. 2, the Trial Court returned the following finding:

“There is nothing on the record to show that M/s. JVL or HS Paintal had any knowledge that the persons who had given these cheques did not have sufficient funds in their accounts at the time the cheques were given. ... [T]here is nothing on the record to show that accused RN Rattan had any idea that the cheques which were being purchased by him would be returned unpaid by the drawee banks.”

12. On this composite reasoning, the Trial Court recorded its operative conclusion in the following terms:-

“I, therefore, find that no case is made out for framing of charges against any of the accused. All the accused namely A.1 RN Rattan, A.2 Harmeet Singh Paintal, A.3 Rajender Mittal, A.4 Mahender Kumar Verma, A.5 Nem Chand Jain and A.6 Ravi Dhingra are accordingly discharged.”

13. Learned Standing Counsel appearing for the CBI submits that the Trial Court, in discharging the respondents, exceeded the limited jurisdiction contemplated under Section 227 Cr.P.C. and undertook a meticulous appraisal of the evidence more appropriate to a trial, contrary to the law declared in ***State of M.P. v. S.B. Johari***¹ and ***State (through CBI) v. S. Bangarappa***. It is submitted that the Trial Court ought to have confined itself to the question of whether a *prima facie* case existed on the record, and was not required, at that stage, to record findings on the reliability or otherwise of the sanction correspondence and witness statements.

14. It is further submitted that the Trial Court misread the terms of the

¹(2000) 2 SCC 57.



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Head Office letter dated 23.12.1994 and erroneously concluded that there was no condition requiring commencement of commercial production before release of the balance 50% of the sanctioned limit, and that in doing so it failed to appreciate the statements of PW-18 (Sh. O.P. Sharma) and PW-20 (Sh. Naresh Kumar Chauhan), both officers of the Head Office who had deposed to the circumstances in which the enhanced limits came to be released.

15. Learned Standing Counsel additionally submits that, in the absence of direct evidence of an agreement, criminal conspiracy is ordinarily established through circumstantial evidence and reasonable inference, relying upon the observations of the Supreme Court in ***State of Maharashtra v. Som Nath Thapa***², to the effect that it suffices, at the stage of charge, that the accused “*might have committed the offence*”. It is submitted that the Trial Court discharged the respondents mechanically, without assigning cogent reasons and without adverting to the case law cited by the prosecution during arguments on charge, including with reference to the involvement of respondent nos. 3 to 6 in issuing cheques, on the strength of the statement of PW-30, to accommodate respondent no. 2.

16. Learned counsel appearing for respondent nos. 1 to 5 support the impugned order and adopt the reasoning recorded therein, submitting that the Trial Court’s findings on each limb of the prosecution case, the absence of any condition in the sanction order tying release of funds to commencement of production, the Head Office’s continuing awareness of and concessions regarding the state of the account, and the genuineness of

²(1996) 4 SCC 659.



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the underlying LC transactions, are all founded upon the prosecution's own record and do not travel outside it.

17. Learned counsel for respondent no. 6 raises a preliminary submission on the correct legal standard governing discharge, placing reliance on **Niranjan Singh Karam Singh Punjabi v. Jitendra Bhimraj Bijaya**³, for the proposition that:-

“Under this section [Section 227 Cr.P.C.] a duty is cast on the Judge to apply his mind to the material on record and if on examination of the record he does not find sufficient ground for proceeding against the accused, he must discharge him. ... It must be remembered that this section was introduced in the Code to avoid waste of public time over cases which did not disclose a prima facie case and to save the accused from avoidable harassment and expenditure.”

18. It is further submitted, specifically *qua* respondent no. 6, that the cheque of Rs. 70,22,000/- attributed to him was not an accommodation entry issued without any business dealing with JVL, as alleged in the chargesheet, but was issued in the course of a documented finance-brokerage transaction. Respondent no. 6, through his company M/s Innovest Capital Services Ltd., had arranged financing from SREI International Finance Limited for JVL's purchase of machinery from Samj Incorporation, and the impugned cheque was furnished as interim assurance to the supplier pending disbursement, which disbursement was in fact made by SREI on 11.12.1995 and 14.12.1995, following which respondent no. 6 raised and received a brokerage commission with tax deducted at source.

19. It is submitted that the statement of PW-25, the only witness who refers to respondent no. 6 at all, does not attribute to him any element of

³(1990) 4 SCC 76.

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conspiracy, and that the statement of PW-30 relied upon by the petitioner concerns respondent no. 3 alone and cannot be read omnibus against respondent no. 6.

20. The jurisdiction that this Court is called upon to exercise is circumscribed. In **Amit Kapoor v. Ramesh Chander**⁴, the Supreme Court held:-

“The Court has to keep in mind that the exercise of revisional jurisdiction itself should not lead to injustice ex facie. Where the Court is dealing with the question as to whether the charge has been framed properly and in accordance with law in a given case, it may be reluctant to interfere in exercise of its revisional jurisdiction unless the case substantially falls within the categories aforesaid.”

“If the jurisdiction under Section 482 of the Code in relation to quashing of an FIR is circumscribed by the factum and caution aforesaid, in that event, the revisional jurisdiction, particularly while dealing with framing of a charge, has to be even more limited.”

21. This circumspection applies with equal force where the revision is directed against an order of discharge, since interference at the instance of the prosecution, if lightly granted, exposes an accused who has already been relieved of the charge to a fresh round of prosecution on a re-appreciation of the very material the Trial Court has examined. The Supreme Court has recently reiterated, in **K. Ravi v. State of Tamil Nadu**⁵, that a Court exercising revisional jurisdiction under Section 397 Cr.P.C. ought to be “*extremely circumspect*” in interfering with orders touching upon the framing, or refusal to frame, a charge, and has deprecated repeated and dilatory litigation once a plea for discharge has been considered and rejected on merits. The corollary, is that this Court’s task is not to substitute its own

⁴(2012) 9 SCC 460.

⁵2024 INSC 642.

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appreciation of the sanction correspondence and witness statements for that of the Trial Court, but to examine whether the Trial Court applied the correct legal standard and whether its conclusion is one reasonably open on the record.

22. The standard that the Trial Court was required to apply is well settled and was, in fact, itself evolved in a matter concerning an alleged conspiracy under Section 120-B IPC read with the Prevention of Corruption Act. In ***Union of India v. Prafulla Kumar Samal***⁶, the Supreme Court held:-

“(1) That the Judge while considering the question of framing the charges under Section 227 of the Code has the undoubted power to sift and weigh the evidence for the limited purpose of finding out whether or not a prima facie case against the accused has been made out. (2) Where the materials placed before the Court disclose grave suspicion against the accused which has not been properly explained the Court will be fully justified in framing a charge and proceeding with the trial. (3) The test to determine a prima facie case would naturally depend upon the facts of each case ... By and large however if two views are equally possible and the Judge is satisfied that the evidence produced before him while giving rise to some suspicion but not grave suspicion against the accused, he will be fully within his right to discharge the accused. (4) That in exercising his jurisdiction under Section 227 of the Code the Judge ... cannot act merely as a Post Office or a mouthpiece of the prosecution, but has to consider the broad probabilities of the case, the total effect of the evidence and the documents produced before the Court, any basic infirmities appearing in the case and so on. This however does not mean that the Judge should make a roving enquiry into the pros and cons of the matter and weigh the evidence as if he was conducting a trial.”

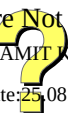
23. This formulation was applied in terms in ***Sajjan Kumar v. CBI***⁷, where the Supreme Court reiterated that if the evidence, even on its own showing, gives rise to “*some suspicion but not grave suspicion*”, the trial Judge “*will be fully within his right to discharge the accused*”, and that at

⁶(1979) 3 SCC 4.

⁷(2010) 9 SCC 368.

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that stage the Judge “*is not to see whether the trial will end in conviction or acquittal.*”

24. What Section 227 forecloses is a mini-trial; it does not require the Trial Court to accept the prosecution’s characterisation of a document at face value where the document itself, produced by the investigating agency and not disputed on facts, does not bear out that characterisation. It bears noting, in this connection, that the corollary limitation identified in ***State of Orissa v. Debendra Nath Padhi***⁸ operates against the accused, not the prosecution: the accused “*cannot at that stage invoke Section 91 [Cr.P.C.] to seek production of any document to show his innocence*”, and the Court, ordinarily, has “*no requirement in law*” to consider material the defence may seek to produce at that stage.

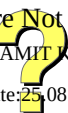
25. Even taking the petitioner’s own submission on circumstantial inference at its highest, ***State of Maharashtra v. Som Nath Thapa***⁹ does not assist the petitioner’s case for interference. The test laid down therein is that:

“The aforesaid shows that if on the basis of materials on record, a Court could come to the conclusion that commission of the offence is a probable consequence, a case for framing of charge exists. To put it differently, if the Court were to think that the accused might have committed the offence it can frame the charge, though for conviction the conclusion is required to be that the accused has committed the offence.”

26. This is, in substance, the same threshold identified in ***Prafulla Kumar Samal*** (supra) and ***Sajjan Kumar*** (supra) as “*grave suspicion*”. It does not dispense with the requirement that the material on record, taken at its highest, must reasonably connect the accused with the offence. The

⁸(2005) 1 SCC 568.

⁹(1996) 4 SCC 659.





question, therefore, is not whether conspiracy may be proved by circumstantial evidence, but whether any such circumstance exists on this record at all. It is on this question that the petitioner's grounds, on a close reading, are conspicuously silent. The revision petition repeats the chargesheet's narrative but does not point to any specific circumstance, beyond what the Trial Court has already considered, from which the meeting of minds essential to Section 120-B IPC could be inferred.

27. Tellingly, the very authority relied upon by the petitioner to justify interference, ***State of M.P. v. S.B. Johari***¹⁰, when read as a whole, cuts against the petitioner rather than in its favour. The Supreme Court there held:

“The charge can be quashed if the evidence which the prosecutor proposes to adduce to prove the guilt of the accused, even if fully accepted before it is challenged by cross examination or rebutted by defence evidence, if any, cannot show that accused committed the particular offence. In such case, there would be no sufficient ground for proceeding with the trial.”

28. Applying this very test, the question is whether the prosecution's own material, taken at its highest and without any rebuttal, discloses the offences alleged. For the reasons that follow, this Court finds that the Trial Court correctly answered that question in the negative.

29. On the question of misrepresentation regarding commencement of commercial production, the petitioner's ground does not dispute the trial Court's finding that the sanction order itself contained no condition linking release of the balance 50% limit to commencement of production. It merely reasserts that such a condition existed. Since this is a matter of construing a

¹⁰(2000) 2 SCC 57.





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written sanction document already on the chargesheet record, and not a matter requiring appreciation of oral testimony or credibility. The Trial Court's construction of that document at the charge stage was well within the sifting exercise contemplated by **Prafulla Kumar Samal** (supra), and does not amount to the meticulous evaluation of evidence deprecated in **S.B. Johari** (supra).

30. On the question of diversion of funds, the Trial Court's finding that the Head Office was throughout aware of, and extended concessions in respect of, the overdrawn state of JVL's account is not disputed by the petitioner on facts. The ground of revision is confined to asserting that the diversion occurred, which the Trial Court did not dispute, while contesting only whether it was accompanied by the dishonest intention necessary to constitute an offence under Section 420 IPC.

31. On this count, it is relevant what the Supreme Court has held, in **Hridaya Ranjan Prasad Verma v. State of Bihar**¹¹, that the offence of cheating requires that the "*fraudulent or dishonest intention*" exist at the inception of the transaction, and that a subsequent failure to fulfil a financial commitment does not permit such intention to be presumed. Where the prosecution's own record shows continuous supervisory awareness and concessions by the sanctioning authority, the absence of any material pointing to intention at inception is not a gap the Trial Court was obliged to overlook.

32. On the Letters of Credit, it is significant that the revision petition does

¹¹(2000) 4 SCC 168.



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not, in terms, controvert the Trial Court's finding, based on the statements of the beneficiaries' own representatives, examined as prosecution witnesses, that the LCs corresponded to genuine trade transactions. No ground of revision specifically assails this limb of the impugned order. Absent a challenge to the factual premise, this Court sees no basis to disturb the Trial Court's conclusion that mere devolvement of LCs upon the bank, does not disclose dishonest intention.

33. As regards the conspiracy alleged qua respondent nos. 3 to 6 in connection with the six cheques, the Trial Court's finding that neither JVL nor respondent no. 2 is shown to have known that the drawers lacked sufficient funds, nor is respondent no. 1 shown to have anticipated dishonour, is a finding drawn directly from the absence of any such averment in the statements of the concerned prosecution witnesses.

34. The petitioner's reliance on the statement of PW-30 does not alter this position. That statement, on its own terms, speaks to the position of respondent no. 3 and does not purport to attribute knowledge or agreement to respondent nos. 4 to 6. To read it as the petitioner urges would itself require precisely the kind of extended inference that **Sajjan Kumar** (supra) cautions is not for a revisional Court to draw in place of the Trial Court, where the Trial Court's own reading of the same material is a reasonably possible one.

35. Respondent no. 6 stands on no weaker footing. The prosecution's own witness, PW-25, attributes to respondent no. 6 no more than the issuance of a cheque at the request of JVL's own G.M. (Finance), in circumstances that PW-25 himself does not describe as furtive or irregular. That gives rise at



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best to the “*suspicion*”, not the “*grave suspicion*”, that **Prafulla Kumar Samal** (supra) and **Sajjan Kumar** (supra) hold is insufficient to sustain a charge.

36. This Court is conscious that respondent no. 6 has, in his reply before this Court, gone further and placed on record a documentary narrative concerning his company’s brokerage of SREI financing for JVL’s machinery purchase, said to explain the issuance of the cheque as an incident of a genuine business relationship. Consistently with **Debendra Nath Padhi** (supra), this Court does not rest its conclusion on that material, since it was not before the Trial Court and does not form part of the Section 173 record. It is the insufficiency of the prosecution’s own material, and not any exculpatory material tendered by the defence, that sustains the discharge of respondent no. 6.

37. Learned Standing Counsel’s principal grievance is that the Trial Court, in examining the sanction correspondence and the LC and cheque-purchase records in the detail that it did, transgressed the limited jurisdiction under Section 227 Cr.P.C. This submission does not withstand scrutiny. The fourth principle in **Prafulla Kumar Samal** (supra) expressly requires the trial Court to “*consider the broad probabilities of the case, the total effect of the evidence and the documents produced before the Court, any basic infirmities appearing in the case and so on*”.

38. What is proscribed is a “*roving enquiry into the pros and cons of the matter*” conducted as though the trial Court were “*conducting a trial*”. The impugned order does not do that. It turns on the construction of documents already forming part of the chargesheet, the sanction letter, the Head Office





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correspondence, and the statements of the beneficiaries' representatives, the contents of which are not disputed by the petitioner.

39. Testing the prosecution's characterisation of undisputed documents against their actual contents is not an exercise in appreciation of disputed evidence. It is precisely the sifting exercise that Section 227 Cr.P.C. contemplates and that **Amit Kapoor** (supra) permits even a revisional Court to verify, without itself embarking on a re-appreciation of that material.

40. For the foregoing reasons, this Court finds no illegality, impropriety, or perversity in the impugned order dated 04.10.2005 warranting interference in the exercise of revisional jurisdiction under Sections 397 and 401 Cr.P.C. The discharge of respondent nos. 1 to 6 is accordingly upheld.

41. The revision petition, being devoid of merit, is accordingly dismissed.

42. Pending applications, if any, stand disposed of.

PURUSHAINdra KUMAR KAURAV, J

AUGUST 21, 2026

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