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

\+ CRL.REV.P. 362/2025 & CRL.M.As. 27497/2025, 27498/2025, 27499/2025

PAVAN ARYA .....Petitioner

Through: Ms. Samridhi Dobhal and Mr. Akhand Pratap Singh, Advocates.

versus

CENTRAL BUREAU OF INVESTIGATION .....Respondent

Through: Mrs. Anubha Bhardwaj, SPP with Ms. Doyel Chowdhury, Advocates.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

<u>O R D E R</u>

% **15.09.2025**

1. The present revision petition assails the order on charge dated 16th May, 2025 passed by the Special Judge, (PC Act) CBI, Rouse Avenue Court, New Delhi whereby the Petitioner has been charged for offences under Section 419/420/468/471/120-B of the Indian Penal Code, 1860,[1] and Section 13(2) read with 13(1)(d) of the Prevention of Corruption Act, 1988.[2]

2. The present proceedings arise from FIR No. RC/DST/2017/A/0006 registered on 21st June 2017 at P.S. STB, New Delhi, on the basis of a written complaint submitted by Mr. S.K. Mehta, Deputy General Manager, Corporation Bank, Zonal Office, Delhi (South). In his complaint, it was alleged that in 2012, one Sachin Kumar Dhingra, stated to be the proprietor

[1] "IPC"
[2] "PC Act"

of M/s Shree Krishna Enterprises, approached Corporation Bank, Aali Branch, seeking working capital finance of INR 3.90 crores. The loan proposal was recommended by the Branch Manager to the Zonal Office and was sanctioned by the Zonal Level Credit Committee[3] on the condition that the facility would be secured against stock-in-trade and a collateral property located at BJ-65, East Shalimar Bagh, New Delhi. On 25th October 2012, the sanctioned amount was disbursed under the scheme "Corp Vyapar OD Loan." It is alleged that the loan, which exceeded the permissible lending limit, had been procured on the basis of forged documents in collusion with officials of the Branch and Zonal Office.

3. Investigation revealed that accused "Sachin Kumar Dhingra" was in fact a fictitious identity created by accused Yogesh Chawla, who, under this guise, secured the loan by submitting fabricated and inflated documents and manipulating multiple bank accounts. The inquiry further disclosed that the Branch Manager and senior officers of the Zonal Office, including the Petitioner, failed to perform mandatory verifications and due diligence, overlooked discrepancies in the loan proposal, and pressured subordinates to approve the loan despite these irregularities. The collateral property valuation was also found to be inflated and prepared without proper authorization. These acts facilitated wrongful disbursal of the loan, resulting in pecuniary loss of INR 3.90 crores to the Bank and corresponding unlawful gain to the accused persons.

4. Consequently, upon conclusion of investigation, a chargesheet was filed against the Petitioner and other co-accused persons for offences punishable under Sections 120B/419/420/468/471 of IPC and Section 13(2)

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[3] "ZLCC"

read with Section 13(1)(d) of PC Act.

5. The Petitioner challenges the order on charge as unsustainable insofar as it implicates him. He submits that he has been falsely implicated despite absence of material connecting him to the alleged offences. His role, as Chief Manager of CCPC and the junior-most member of the ZLCC, was confined to being part of the sanctioning committee alongside senior officers, without any independent discretion.

6. It is urged that the Trial Court erred in holding that no confidential opinion from the borrower's existing banker was obtained. In fact, due diligence was carried out by Solomon Consulting Pvt. Ltd., an empanelled agency, which reviewed the borrower's bank statements, thereby fulfilling the policy requirement.

7. The finding on non-verification of property documents is also misplaced. The branch collected original title deeds, created charge on the mortgaged property, and obtained a legal audit from the bank's advocate confirming enforceability. The Petitioner thus had no basis to doubt their authenticity.

8. The Petitioner further submits that sanction for prosecution was declined against the Branch Manager, the Competent Authority having observed that he was unaware of the forged documents and that procedural lapses were not major aberrations. He emphasises that the role of the ZLCC, as per the bank circular, was limited to scanning the processed office note and according sanction. The Petitioner, therefore, had no occasion, either as CCPC head or ZLCC member, to suspect irregularities in the loan proposal.

9. The Court has considered the aforenoted facts and contentions. The discussion on the arguments raised by the Petitioner and for the Trial Court

to have proceeded to charge the Petitioner are as follows:

"81. As per Investigation, the proposal dated 10.12.2012 was forwarded by accused Sudhir Kumar, the then Branch Manager, Aali Branch for sanction of CVPOD limit of Rs 3.90 crore and same was received in the office DGM/ZO Delhi (South) on 17.12.2012 vide entry no. 382 with the recommendation that the borrower unit was dealing with South Indian Bank and having a current account with it and as per the statement of accounts, the transactions in the account were satisfactory. Further that CVPOD limit has been secured by residential house valued at Rs. 5.99 crore situated at Property No. 65, Block BJ, (poorvi), Shalimar Bagh Delhi. It was also confirmed that the property was visited by the Branch Manager on 08.12.2012 and the due diligence from outside agency was under process. The Branch Head, Sh. Sudhir Kumar/A-6 also confirmed that all the KYC guidelines were followed and he recommended for sanction of the CVPOD limit along with deviation in loan amount of Rs.3.90 crore as against the maximum permissible loan amount of Rs. 2.00 crore.

82. As per the chargesheet, accused Pavan Arya, was working as CCPC Head and Member of ZLCC. It is alleged that he did not perform his duties diligently as he signed the memorandum as conveyor of the grid and signatory to the ZLCC. The lapses alleged against him are that he overlooked the absence of confidential opinion regarding the financial status of the borrower firm, the existing bankers, failed to discuss the discrepancies in the legal opinion, valuation report and also permitted deviation regarding quantum of loan, category of the branch, age of the property without furnishing any justification. It is further alleged that accused Pavan Arya had built up pressure on Sh. Ajay Pathak, the Credit Manager for processing the branch loan proposal in line with the recommendation of accused Branch Manager. Sh. Ajay Pathak succumbed to the pressure and accordingly, he prepared "Memorandum to ZLCC for sanction of Corp Vyapar Loan of Rs. 3.90 crore" and placed before accused Sh. Pavan Arya, then Chief Manager, CCPC for vetting, who further put it up before ZLCC on 20.12.2012. The Corp Vyapar Over Draft (CVPOD) Limit of Rs. 3.90 crore was finally approved by ZLCC on the same date 20.12.2012 with the following three deviations:-

1. Loan amount of Rs 3.90 crore in place of permissible amount of Rs 2 crore.

2. Maximum loan for urban branch is Rs 50 lacs, ZLCC sanctioned Loan amount of Rs 3.90 crore.

3. Age of the property 22 years against maximum permissible 20 years.

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91. Having considered the above submissions, it is noted that a *common contention has been raised on behalf of A-7 and A-9 that in the absence of grant of sanction for prosecution of the Branch Manager Sudhir Kumar, there is no evidence on record before this court to infer that the remaining accused persons had conspired with each other. It has been pointed out that as per the case of the prosecution itself, it was the Branch Manager Sudhir Kumar who was the common link between the accused borrower and the remaining accused persons and if the said Branch Manager is not being tried by this court, then there is absolutely no other evidence to reflect that the other accused persons had ever met each other so as suggest any meeting of mind, and therefore, the charge of conspiracy is liable to fail. However, this court does not find any merit in said contention especially in the light of the judgment in 'State Vs Nalini (1999) 5 SCC 253', wherein, while enumerating the broad principles governing the law of conspiracy, Hon'ble Apex Court clearly held that the persons may be members of a single conspiracy even though each is ignorant of the identity of many others who may have diverse roles to play, provided they all are working for a common object.*

92. Since a conspiracy is hatched in private or in secrecy, it is rarely possible to establish a conspiracy by direct evidence and usually both the existence of the conspiracy and its objects have to be inferred from the circumstances and the conduct of the accused. In view of the said preposition of law, the prosecution in the present case, is not under any obligation to prove that each of the accused persons had met each other, to charge them for being a part of the conspiracy to cheat the Corporation Bank. Further, this court is in complete agreement with the contention of the Ld. Sr.PP that even in material collected during investigation against the said Branch Manager can still be read in evidence.

93. In the considered opinion of this court, the mere fact that the Corporation Bank did not find the material collected by the investigating agency sufficient to grant sanction for prosecution of the Branch Manager, is hardly sufficient to infer innocence of the ZLCC members A-7 and A-9, as contended by the Ld. Defence Counsels. Any such opinion of the competent authority of the Corporation Bank qua the Bank Manager shall not bind the court to arrive at the same conclusion qua the other bank officials, who have been charge-sheeted before this court especially, when the competent authority has already granted sanction of Section 19 PC Act against said public servants (A-7 and A-9).

94. Here, it is also pertinent to note that CBI has examined the Credit Manager Sh Ajay Pathak, who issued Credit Sanction Intimation dated 20.12.2012 to the Aali branch, alongwith stipulated terms & conditions which were to be fulfilled before release of amount to the borrower, as LW-4. The Credit Sanction Intimation dated 20.12.2012 was received by Aali branch in two copies alongwith covering letter dated 20.12.2012 wherein, the Branch Manager was instructed to furnish the certificate of compliance of terms & condition of sanction within 07 days from the date *of disbursement of limits in the prescribed format as per HO Circular no 53/09 dated 27.01.2009 which also binds the sanctioning authority to keep a track of compliance of sanction through periodical follow-up with the branch for timely submission of certificate of compliance. Thus, it is clear that besides the accused Branch Manager, the said circular was also binding upon accused ZLCC officials being the sanctioning authority and in the instant case, they failed to adhere to the terms and conditions of said circular by not seeking the periodic compliance from the branch.*

95. During investigation, no such compliance is found to have been placed in any files maintained in Branch office or Zonal Office. However, a blank and unsigned certificate on compliance of terms & condition of sanction of credit facilities was found lying in the Loan application file. There is no such correspondence available in the bank files which suggests that accused ZLCC members had sought any explanation from the accused Branch Manager for non-compliance of instructions issued by Zonal Office vide Credit Sanction Intimation dated 20.12.2012 and as such, the said accused also failed in implementing said instructions in true spirit.

96. In this regard, it is pertinent to refer to the statement of witness/LW-4. Sh. Ajay Pathak under Section 161 Cr.P.C, where he inter alia stated that while working in CCPC, he used to process all type of credit proposals. He was looking after all credit matters and on 20.12.2012, he prepared the credit memorandum to ZLCC for sanction of Corp Vyapar loan of Rs. 3.90 crore with 03 deviation having no justification, in the name of Shree Krishan Enterprises. CVPOD limit of 3.90 crore was finally approved by ZLCC, which was comprised of Pavan Arya, Chief Manager, CCPC, Balasubhrmaniyam G, then AGM/ZO, Delhi (South) and Sh. ARK Prasad, the then DGM/Zonal Head. I may refer to the relevant part of the statement of said witness/LW-4. Sh. Ajay Pathak, which reads as under :-

> *"There was immense pressure for processing the loan file on me of my seniors Pavan Arya & ARK Prasad. Subsequent upon receipt of sald proposal 1 was instructed by my senior Mr. Pavan Arva to immediately process the proposal. After perusal of the branch proposal, I noticed some observations which I personally discussed with Sh Pavan Arya, as under:*
>
> *1. The legal opinion was not submitted alongwith the proposal by Branch Head Aali Branch.*
>
> *2. No supporting proof of net worth statement was forwarded by branch head as well as the reason for not obtaining the same were recorded in the branch proposal.*
>
> *3. The Branch Head has not send the confidential opinion confirming the genuineness of the current account statement of firm M/s Shree Krishna Enterprises with*

South Indian Bank, Tilak Nagar, New Delhi.
4. The Branch Head has not mention the source of proposal as well as justification for approval of deviation in branch recommendation letter.
5. The Branch Head has not mention about distance of the business unit from the Aali Branch.
6. The applicant has achieved turnover of 18.74 crore without any financial assistance, and for achieving Rs 22 crore, the borrower furnished proposal for CVPOD Limit of Rs 4 crore. No justification was recorded by the branch to achieve additional turnover of Rs 3.26 crore.
Sh Pavan Arya become annoyed and instructed me to process the proposal immediately without raising any queries & also threaten to get ready for his transfer to remote area of South India in due course. He also took me to the DGM Sh.ARK Prasad and told him that I am not working with a positive mind-frame & raising unnecessary queries in the proposal. Mr. ARK Prasad also instructed me to process the proposal immediately as per branch proposal and to put all the requirements as pre-release condition since Sudhir Kumar. Branch Head is well versed in credit & he will take care of all the pre-release conditions.
Meanwhile, Sh Pavan Arya also handed copy of legal report dated 29.11.2012 issued by Advocate Sandeep Sharma received through email dated 19.12.2012 from Branch Head Aali Branch, placed in Zonal File (MNo-1289/17) at page- 48 to 52 and zerox copy of due diligence report dated
14.12.2013 Issued on the letter head of M/s Solomon Consulting Private Limited through its director Vikas Garg (placed in the said Zonal File at page 53 to 61) with the instruction to tag these documents in the zonal file which I did accordingly...."
"Accordingly, under the acute pressure, as per the direction of Sh Pavan Arya, prepared Credit Memorandum to ZLCC for sanction of Corp Vyapar Loan of Rs 3.90 crore placed in Zonal File (MNo-1289/17) at page-1 to 11 alongwith three deviations having no justification and placed before Sh Pavan Arya, then Chief Manager, CCPC for vetting who further put up before ZLCC on 20.12.2012 without any observation, Sh Pavan Arya also acted as one of the ZLCC member. The Corp Vyapar Over Draft (CVPOD) Limit of Rs 3.90 crore was finally approved and signed by ZLCC on the same date

20.12.2012. The ZLCC was comprises of Sh Pavan Arya then Chief Manager, CCPC, Sh Bala Subramanian G, then AGM/ZO Delhi (South) & Sh ARK Prasad, then DGM/Zonal Head. I identify the signature of all members of ZLCC, being aware while working with them in Zonal Office. The ZLCC accord the approval of following three deviations, as under:
1. Loan amount of Rs 3.90 crore in place of permissible amount Rs 2 crore.
2. Maximum loan for urban branch is Rs 50 lacs, ZLCC sanction Loan amount of Rs 3.90 crore.
3. Age of the property is 22 year as against maximum permissible under the scheme i.e 20 year."

97. In this regard, it is also important to refer to the statement of another witness LW-49 Sh. Arjun Sethi, who at the relevant time was looking after the management of Personnel Administration Division at Zonal Office. Being the AGM at Zonal office, LW-49 was the member of Grid. As per his statement, on 20.12.2012, he was asked by ARK Prashad, the then DGM Zonal Office, Delhi South Corporation Bank to sign the ZLCC agenda meeting register. ARK Prasad also conveyed that ZLCC members had already approved the CVPOD limit of Rs. 3.90 Crore in respect of M/s Shree Krishna Enterprises and that his signatures was required on ZLCC agenda Register to complete the agenda meeting proceeding. I may specially refer to the relevant portion of the statement as under :-

> *<u>"I denied to have signed the said register. I objected to the extent that how I can signed ZLCC agenda Item wherein ZLCC had already accord the approval. He put me under sustain pressure and also threaten to spoil my Annual Confidential Opinion. Therefore. on the insisting of ARK Prasad. I have signed the agenda register on 20.12.2012 in good faith. I identified my signature on ZLCC Agenda meeting register which I did in token Agenda meeting dated 20.12.2012 under the acute pressure of ARK Prasad. then. DGM Zonal Office. Delhi-South Corporation Bank.</u>*
> *As per ZLCC register, in the meeting no 49 dated 20.12.2012, fifteen agenda Items from item no: 01/395 to 15/409 was addressed. At agenda no 10/404 which contains the mentioning of "M/s Shree Krishana Enterprises constituent of Aali Gaon Branch" - "Proposal for sanction of Crop Vypar Limit of Rs 390 lacs". He stated that neither memorandum to the ZLCC for approval of CVPOD Limit dated 20.12.2012 was ever placed before him by processing*

officers Ajay Pathak or CCPC Head Pavan Arya nor he signed the said memorandum as ZLCC members which is also evident from the memorandum to the ZLCC dated 20.12.2012 for approval of CVPOD."

98. The aforementioned statements of witnesses LW-4 Ajay Pathak and LW-49 Arjun Sethi, clearly reflect that they were pressurized by ZLCC members to prepare the credit memorandum recommending the sanction to the accused borrower and their statements themselves are sufficient to frame charges against both the aforementioned public servants for having conspired with the other co-accused to get the loan sanctioned by cheating the Corporation bank and by abusing their official position.

99. Being the Sanctioning Authority, A-7 and A-9 were the custodian of bank's money which is a public money and thus, they were responsible for wrongful sanction of the loan in question. Their conduct in approving a loan proposal without examining the same and without ascertaining as to whether the same adheres to the banking norms and guidelines as well as the circulars issued from time to time, indicates that they did not discharge their functions as honest and responsible public servants and instead, they played their role as conspirators in this case in order to ensure that the object of the conspiracy is achieved. Hence, all the above three accused are responsible for causing unlawful financial gain to the borrower and corresponding financial loss to the bank. In view of above, there is sufficient material on record to frame charges for the offences under Section 120B IPC r/w Section 420/468/471 IPC and Section 13 (2) r/w Section 13 (1) (d) of PC Act, 1988 as well as the substantive offence under Section 13 (2) r/w Section 13 (1) (d) clause (1) and (ii) of PC Act, 1988 and under Section 420 IPC against A-7 and A-9."

10. The reasoning employed by the Trial Court rests on cogent material. The impugned order records that the loan proposal forwarded by the Branch Manager was riddled with deficiencies: absence of confidential opinion, discrepancies in legal and valuation reports, and deviations in eligibility conditions relating to loan quantum, branch category, and property age. Notwithstanding these infirmities, the proposal was pushed through the ZLCC of which the Petitioner was a member. More importantly, the statements of Ajay Pathak (LW-4) and Arjun Sethi (LW-49) specifically

implicate the Petitioner in pressuring subordinates and facilitating approval of the loan in disregard of mandatory norms. These circumstances, viewed cumulatively, disclose more than mere oversight.

11. At this juncture, it must be noted that this Court is not expected to undertake a detailed or critical evaluation of evidence. Rather, the scope of judicial scrutiny at this stage is limited to forming a *prima facie* view based on the material placed on record. In ***State of Tamil Nadu v. R. Soundirarasu and Others,***[4] the Supreme Court held that at the stage of framing of charge, even strong suspicion founded on material which leads the court to form a presumptive opinion as to the existence of the factual ingredients constituting the offences alleged, would justify the framing of charge against the accused in respect of that offence. Discharge is warranted only when the charge appears to be wholly groundless.

12. Having regard to these principles, this Court finds no infirmity in the view of the Trial Court. The material placed on record, particularly the statements of LW-4 and LW-49, points to the Petitioner's conscious involvement in the sanction of the impugned loan. The allegations that he pressured subordinates, ignored mandatory requirements, and facilitated approval of deviations without justification, constitute a *prima facie* case of conspiracy and abuse of official position.

13. The Petitioner's contentions, that his role was peripheral, that the lapses were attributable to the Branch Manager, that due diligence was conducted by Solomon Consulting Pvt. Ltd., and that the property documents were legally verified, are essentially matters of defence that can be raised and tested during trial. At this stage, such contentions cannot

justify interference with the Trial Court's *prima facie* findings.

14. In view of the foregoing, this Court finds no merit in the present revision petition. The same, along with all pending applications, is accordingly dismissed.

SANJEEV NARULA, J

SEPTEMBER 15, 2025
as

[4] (2023) 6 SCC 768.