



**HIGH COURT OF JAMMU & KASHMIR AND LADAKH AT
SRINAGAR**

Reserved on: 14.05.2026

Pronounced on: 30.06.2026

Uploaded on: 01.07.2026

*Whether the operative part or full
judgment is pronounced: **Full***

CRM(M) No.235/2023

c/w

**CRM(M) Nos.504/2022, 234/2023,
236/2023, 555/2024, 556/2024,
557/2024 & 558/2024**

**MADHU BAKSHI
RAJ SINGH GEHLOT
SHEELA GEHLOT
MOHAN SINGH
M/S AMAN HOSPITALITY PVT. LTD.
M/S RAJ COMMERCIAL AND AGENCIES LTD.
NGR CONSULTANT PVT. LTD.
AMBIANCE PVT. LTD. ...PETITIONER(S)**

*Through: - Mr. Tanveer Ahmad Mir, Sr. Adv. With
Mr. Vaibhav Suri, Advocate,
Mr. Arfat Rashid, Advocate,
Mr. Taha Khalil, Advocate.*

Vs.

ANTI-CORRUPTION BUREAU & ANR. ...RESPONDENT(S)

*Through: - Mr. Vikas Malik, CGC, with
Mr. Mushtaq Ahmad Dar, Advocate,
Mr. Syed Gowhar, Advocate.*

CORAM: HON'BLE MR. JUSTICE SANJAY DHAR, JUDGE

JUDGMENT

1) By this common judgment, the afore-titled eight petitions bearing **CRM(M) Nos.235/2023, 504/2022, 234/2023, 236/2023, 555/2024, 556/2024, 557/2024 &**



558/2024 filed under Section 482 Cr.P.C., challenging charge sheets arising out of FIR No.15/2019 of Police Station Anti-Corruption Bureau (Central), Srinagar, and Crime No.RCBD12021E0004 dated 02.09.2021 registered by Central Bureau of Investigation, BSFB, New Delhi, are proposed to be decided. CRM(M) No.235/2023 has been filed by Madhu Bakshi, CRM(M) No.504/2022 has been filed by Raj Singh Gehlot, CRM(M) No.234/2023 has been filed by Sheela Gehlot, CRM(M) No.236/2023 has been filed by Mohan Singh, CRM(M) No.555/2024 has been filed by M/S Aman Hospitality Private Limited, CRM(M) 556/2024 has been filed by M/S Raj Commercial and Agencies Ltd, CRM(M) No.557/2024 has been filed by M/S NGR Consultant Private Limited whereas CRM(M) No.558/2024 has been filed by M/S Ambience Private Limited.

2) Briefly stated, the facts giving rise to filing of the present petitions are that on the basis of a source report, verification was conducted by Anti-Corruption Bureau (Central), Srinagar, to look into the allegations that the officers/officials of the J&K Bank, Ansal Plaza Branch, New Delhi, had advanced a loan worth crores of rupees to petitioner M/S Aman Hospitality Pvt. Ltd. (for short "AHPL") and that in connivance with the said company, the loan amount has been declared 'NPA' to facilitate One Time Settlement (OTS) with



the purpose of extending undue advantage to the borrower company.

3) During the course of verification, it surfaced that AHPL had submitted feasibility study and development strategy reports for setting up a 'Twin Five Star Hotel' project at Shahdara, Delhi. The cost of project was estimated at Rs.866.89 crores, with a further revised cost of the project amounting to Rs.1275.71 crores. AHPL obtained a term loan amounting to Rs.227 crores besides Rs.15 crores as bank guarantee limit from J&K Bank Ltd. Branch Unit Ansal Plaza, New Delhi, whereas rest of the loan was availed by the company from other banks against the mortgage of project land measuring 20,000 square meters, including building of five-star Deluxe Hotel Complex constructed thereupon situated at Shahdara, Delhi. Besides this, rentals accruing on commercial area proposed to be leased out were also offered as security and it was also provided that all other current assets would be hypothecated and petitioner Raj Singh Gehlot, Managing Director of the company, offered his personal guarantee worth Rs.41.01 crores, favouring a consortium of banks including J&K Bank as lead bank. It is further alleged in the FIR that the term loan amounting to Rs.227.01 crores was disbursed in favour of AHPL (Rs.70 crore was disbursed during the financial year 2009-10, Rs.30



crores in 2010-11, Rs. 111.98 crores in 2011-12, and Rs.15.03 crores in 2012-13 respectively).

4) It is alleged in the FIR that the borrower company turned willful defaulter as it failed to repay the loan amount at regular intervals and the Bank took a decision on 16.12.2014 for restructuring the loan account and an amount of Rs.165.82 crores was sanctioned as funded interest term loan by all the member banks in favour of the company out of which J&K Bank sanctioned Rs.47.21 crores against interest amount due from 01.04.2014 to 31.03.2016. Since the company failed to repay the loan amount, the J&K Bank authorities declared the loan account as 'NPA' on 30.06.2018 and at this stage, outstanding amount against the company was Rs.261.47 crores as principal amount and the interest component of Rs.27.8 crores till 30.04.2019. Thus, the total outstanding amount against the borrower company in respect of the Jammu and Kashmir Bank was Rs.289.28 crores. It is alleged that J&K Bank officials illegally and with malafide intention settled the loan account for an amount of Rs.128.94 crores only against total outstanding amount of Rs.289.28 crores, which was less than one half of the principal amount of Rs.261.47 crores. It is further alleged in the FIR that the J&K Bank, being the lead bank, through its management as



well as its officers/officials, by abuse of their authority for pecuniary considerations, in connivance with Raj Singh Gehlot, Dayanand Singh and Aman Gehlot, Promoter Directors of AHPL, illegally and through a dubious deal, conferred huge pecuniary benefits of Rs.160.34 crores upon the promoters without taking recourse to proceedings under SARFAESI Act and straight away going for one-time settlement. Thus, as per the allegations made in the FIR, the Jammu and Kashmir Bank suffered huge monetary loss to the tune of Rs.289.28 crores.

5) On the basis of aforesaid allegations, it has been noted in the FIR that commission of criminal misconduct by the management/officers/officials of the J&K Bank and the Promoter/Directors of the beneficiary company and others, is disclosed which constitute offences under Section 5(1)(d) read with Section 5(2) of the J&K Prevention of Corruption Act and Section 120-B of RPC.

6) After investigation of the case by ACB, it was revealed that a term loan of Rs.100 crores along with bank guarantee of Rs.5 crores was advanced by the J&K Bank to AHPL, which was approved by the Board of Directors of the J&K Bank vide Board Resolution No.24 dated 24.08.2009. After availing the said term loan, the borrower company availed the second



term loan of Rs.50 crores on 27.10.2011, third term loan of Rs.77 crores on 30.01.2012, and funded interest term loan of Rs.47.21 crores on 17.12.2014.

7) During the investigation conducted by ACB, the allegations of criminal conspiracy, criminal breach of trust, cheating and criminal misconduct by public servants were established in respect of first disbursement of Rs.35 crores out of first term loan of Rs.100 crores. It was revealed that though funds were disbursed to AHPL through its designated account bearing Current Account No.637 maintained at J&K Bank, Ansal Plaza, New Delhi, yet from there the same were transferred to the account of M/S APL. The amount from the account of M/S APL was further transferred in favour of various entities/accounts on different dates. The details in this regard as mentioned in the charge sheet are given as under:

“An amount of Rs. 4 crores was transferred in the CD account no.03691010000881 of Raj. Commercial & Agencies maintained in OBC, Safdarjung Enclave Branch New Delhi.

From the CD account of Raj Commercial & Agencies with OBC Safdarjung Enclave Branch New Delhi ₹4 crore was further transferred in the following accounts maintained in the same Bank of OBC Safdarjung Enclave Branch, New Delhi:

29.09.2009	2.81 crore	03691010004680	NGR Consultant Pvt. Ltd.
29.09.2009	89 lakh	0369101007030	Sheela Gehlot
29.09.2009	12.55 lakh	03692010010780	Madhu Bakshi
29.09.2009	7 lakh	03691010004670	Ambience (P) Ltd.
29.09.2009	1 lakh	03691010004680	NGR Consultant (P) Ltd.
29.09.2009	10 lakh	03691010004680	NGR Consultant (P) Ltd.



NGR Consultant (P) Ltd. is also a group concern of Ambience Group. The Director of NGR Consultant (P) Ltd. is (A-1) Raj Singh Gehlot and has same address i.e. L-4 Green Park Extension New Delhi. ₹ 2.92 crore (2.81 cr+1 lac+10 lakh) transferred in the account of NGR Consultant (9) Ltd. from M/s Raj Commercial and Agencies was utilized for making online payments of self-assessment taxes by (A-7) NGR Consultant Pvt. Ltd. This amount was used contrary to the purpose of sanction

M/s Raj Commercial and Agencies transferred 89 lakh in the account no. 0369101007030 of Smt. Sheela Gehlot with the same Bank i.e OBC Safdarjung Enclave New Delhi. Investigation further revealed that Smt. Sheela Gehlot had utilized 85.04 lakhs for online payment of self assessment taxes and returned 2 lakhs back to Raj Commercials and Agencies.

M/S Raj Commercial and Agencies transferred ₹12.55 lakh in the account no. 03692010010780 of Smt. Madhu Bakshi which was used by Smt. Madhu Bakshi in making online payment of self assessment taxes.

On 29.09.2009, Ansal Plaza branch New Delhi transferred ₹4 crore from the first disbursement of ₹35 crore in the account of Ambience Limited in OBC Safdarjung Enclave Branch New Delhi. On the same day, Ambience Ltd. transferred the same amount in the account of Raj Commercial & Agencies. On the same day Raj Commercial and Agencies transferred ₹7 lacs back in the account of Ambience Ltd. maintained at the same bank i.e. OBC Safdarjung Enclave Branch New Delhi. This amount was used as Bank Guarantee Commission charged by OBC Bank for BG of ₹6.27 crore in favour of Director Town & Country Planning Chandigarh Haryana.

₹26.35 crore was transferred from Designated a/c no. 0408010100000637 in the name of Aman Hospitality Pvt. Ltd. in Ansal Plaza Branch New Delhi of J&K Bank through RTGS on 29.09.2009 in the CC a/c no. 19450510000076 of Ambience Ltd. maintained at UCO Bank, Parliament Street Branch, New Delhi. After the credit of 26.35 crore from M/s AHPL in the account of M/s Ambience Ltd. with UCO Bank, Parliament Street, New Delhi, Mohan Singh Director Ambience Ltd. made 04 FDs of ₹2.60 crore, ₹2.60 crore, ₹1.30 crore and ₹19.40 crore (Total ₹ 25.90 cr).

The above four FDs were closed prematurely and the amount was credited back in the Current/CC of Ambience Pvt. Ltd. which is established from the statement of accounts of all the four FDs as well as statement of CA and CC account of Ambience Pvt. Ltd. collected during the course of investigation conducted.”

8) Thus, according to the charge sheet, the amount of loan disbursed was diverted/misappropriated by petitioner Raj



Singh Gehlot, Director AHPL, in connivance with other accused persons for purposes other than those mentioned in the sanction order.

9) After conducting part investigation in respect of first disbursement of Rs.35 crores out of first term loan of Rs.100 crores, the J&K ACB filed charge sheet for offences under Section 120-B read with 409, 420 RPC and Section 5(1)(c) and 5(1)(d) read with Section 5(2) of J&K PC Act against Raj Singh Gehlot, Mohan Singh, Ms. Sheela Gehlot, Ms. Madhu Bakshi, M/S Aman Hospitality Pvt. Ltd., M/S Ambiance Pvt. Ltd., M/S NGR Consultants Pvt. Ltd., M/S Raj Commercial Land Agencies, Rakesh Kumar Kharyal, the then Branch Head, J&K Bank Limited, Ansal Plaza Branch, New Delhi, and Kuldeep Kumar Gupta, the then Loan Manager, J&K Bank Limited, Ansal Plaza Branch, New Delhi, before the Court of Special Judge Anti-Corruption, Srinagar. Investigation of the case was kept open in respect of other transactions pertaining to the loan which was subject matter of the FIR as also with regard to the role of other senior bank officers.

10) Pursuant to the request of the Government of J&K, vide communication dated 23.06.2021, investigation of FIR No.15/2019 of Police Station, ACB (Central), Srinagar, was transferred to CBI. Accordingly, case No.RCBD12021E0004



dated 02.09.2021 was registered at the Central Bureau of Investigation, Bank Securities Fraud Branch, New Delhi, and investigation of the case was conducted by the CBI.

11) While the initial charge sheet filed by ACB before the Court of learned Special Judge Anti-Corruption, Srinagar, was pending, the petitioners challenged the said charge sheet by way of the present petitions. However, during the pendency of these petitions, CBI completed further investigation of the case and presented a supplementary charge sheet before the special court.

12) Vide CrIM No.1423/2025 filed in CRM(M) No.504/2022, petitioner Raj Singh Gehlot sought permission of this Court to place on record supplementary charge sheet dated 31.12.2024 filed by the CBI on completion of investigation and to amend the grounds in view of filing of the supplementary charge sheet. The said application was allowed by this Court in terms of order dated 12.02.2026.

13) ACB J&K had conducted investigation with regard to diversion of funds to tune of Rs.35 crores out of first term loan of Rs.100 crores. Thereafter, the investigation was taken up by the CBI. As per the supplementary charge sheet filed by the CBI, Raj Singh Gehlot, Director M/S AHPL approached the J&K Bank for disbursement of further tranches of loan



which were released by the Bank in the designated account of M/S AHPL bearing current account No.637 maintained with J&K Bank Ltd. Ansal Plaza Branch, New Delhi, and thereafter, these funds were transferred to the account of M/S Ambience Pvt. Ltd. (M/S APL). It was further found that the said amounts were again transferred to different entities which were owned and controlled by Raj Singh Gehlot, thereby siphoning off the loan amount. The particulars of these instances of diversion of funds have been mentioned in the charge sheet. The relevant extracts of the charge sheet are reproduced as under:

“The amount of Rs.10 crores was credited in the Current A/C No.0408010100000637 of M/S AHPL maintained at J&K Bank Ltd. Ansal Plaza Branch, New Delhi on 29.06.2010. The said amount was further transferred to the following on 29.06.2010 itself:

Sl. No.	Name of the Party	A/c No. and bank	Amount (in Rs.)	Name of authorized signatory
(i)	M/s A-One Trading Co	03691131001119 e-OBC Bank	3,26,95,450.00	Shamsher Singh
(ii)	Sidharth Sohu	601501011000642 e-Vijaya Bank	2,99,95,030.00	Siddharth Shahu
(iii)	M/s Buildwell Mart	50007092062 e- Allahabad Bank	3,68,95,800.00	Mohan Singh

The above loan funds were further transferred by S/Shri Shamsher Singh, Prop. of M/s A-One Trading Co. Sidharth Shahu and Mohan Singh, Prop. of M/s Buildwell Mart to the bank A/c No.03691011000881 of M/s Raj Commercials and Agencies owned and controlled by Shri Raj Singh Gehlot, Director of M/s AHPL on 29.06.2010. Shri Raj Singh Gehlot is the Proprietor and Authorized Signatory in the Accounts of M/s Raj Commercial & Agencies.

23. The amount of Rs.5 crores was credited in the Current A/c No.0408010100000637 of M/s AHPL maintained at J&K Bank Ltd., Ansal Plaza Branch, New Delhi on 30.07.2010. The said amount was further transferred to the following entities on 31.07.2010:



Sl. No.	Name of the Party	A/c No. and bank	Amount (in Rs.)	Name of authorized signatory
(i)	M/s A. G. Commercials	03691131001096 e-OBC	1,98,95,239.00	Amit Gehlot
(ii)	M/s New Haryana Traders	03691131001133 e-OBC	3,01,04,761.00 (Transaction amount 3,01,57,653.00)	Pawan Singh

The above mentioned loan funds were further transferred by S/Shri Amit Gehlot, authorized signatory of M/s A.G. Commercials and Pawan Singh, authorized signatory of M/S New Haryana Traders to the bank A/c No.03691011000881 of M/S Raj Commercials and Agencies owned and controlled by Shri Raj Singh Gehlot, Director of M/s AHPL on 31.07.2010.

The amount of Rs.5 crores was credited in the Current A/c No.0408010100000637 of M/s AHPL maintained at J&K Bank Ltd., Ansal Plaza Branch, New Delhi on 27.08.2010. The said amount was further transferred to the following entities on 28.08.2010:

Sl. No.	Name of the Party	A/c No. and bank	Amount (in Rs.)	Name of authorized signatory
(i)	Bharat Building Material Supplier	03691131001072 e-OBC	3,08,95,426.00	Shekhar Singh
(ii)	Buildwell Mart	50007092062 e-Allahabad Bank	1,91,04,574.00 (Transaction amount 3,86,00,274.00)	Mohan Singh

The above mentioned loan funds were further transferred by S/Shri Shekhar Singh, authorized signatory of M/s Bharat Building Material Supplier and Mohan Singh, authorized signatory of M/s Buildwell Mart to the bank A/c No.03691011000881 of M/s Raj Commercials and Agencies owned and controlled by Shri Raj Singh Gehlot, Director of M/s AHPL on 28.08.

The amount of Rs.5 crores was credited in the Current A/c No.0408010100000637 of M/s AHPL maintained at J&K Bank Ltd., Ansal Plaza Branch, New Delhi on 14.09.2010. The said amount was further transferred to the following entities on 14.09.2010:

Sl. No.	Name of the Party	A/c No. and bank	Amount (in Rs.)	Name of authorized signatory
(i)	M/s A-One Trading Co	03691131001119 e-OBC	3,06,12,893	Shamsher Singh
(ii)	M/s S.M. Enterprises	03691131001089 e-OBC	1,90,32,686	Surender Singh

The above mentioned loan funds were further transferred by S/Shri Shamsher Singh, authorized signatory of M/s A-One Trading Co and Surender Singh, authorized signatory of M/s S. M. Enterprises to the bank A/c No.0369101 1000881 of M/s Raj Commercials and Agencies owned



and controlled by Shri Raj Singh Gehlot, Director of M/s AHPL on 15.09.2010.

The amount of Rs.5 crores was credited in the Current A/c No.0408010100000637 of M/s AHPL maintained at J&K Bank Ltd., Ansal Plaza Branch, New Delhi on 29.11.2010. The said amount was further transferred to the following entities on 29.11.2010 and 30.11.2010 respectively:

Sl. No.	Name of the Party	A/c No. and bank	Amount (in Rs.)
(i)	M/s Foster Infrastructure Pvt. Ltd.	03691131001393 e-OBC	2,89,59,250.00
(ii)	M/s Shlok Infrastructure Pvt. Ltd.	03691131002192 e-OBC	2.09.68.700.00

The above mentioned loan funds were further transferred by M/s Foster Infrastructure Pvt. Ltd. and M/s Shlok Infrastructure Pvt. Ltd. [Shri Raj Singh Gehlot was the authorized signatory in both the companies] on 29.11.2010 and 30.11.2010 respectively to the bank A/c No.03691131002611 of M/s M & N Commercials, whose affairs were managed by Shri Raj Singh Gehlot, Director of M/s AHPL.”

14) The investigation further revealed that Shri Raj Singh Gehlot, Director of M/S AHPL, submitted another loan proposal/request dated 15.11.2010 at J&K Bank Ltd. Ansal Plaza Branch, New Delhi, for additional term loan of Rs.50 crores to part finance additional term loan requirement of Rs.270 crore for implementation of the project. The cost of the project was revised to Rs.1275.72 crores. It is alleged that Shri Rakesh Kumar Kharyal, the Branch Head, and Vinoji Thathe, Manager Advances, J&K Bank, Ansal Plaza branch, New Delhi, acted in furtherance of criminal conspiracy hatched by Shri Raj Singh Gehlot and they recommended the said additional term loan request of M/S AHPL in the absence of any Project Appraisal Report or TEV Study for enhancement of project cost by any expert company/agency.



It was also revealed that the said proposal for sanction of additional term loan of Rs.50 crores was sanctioned by the Board in its meeting dated 28-02-2011 and the resolution was signed by Shri Parvez Ahmad, the then President, in his capacity as Secretary of the Board.

15) During investigation, it was also revealed that modifications in the terms and conditions of term loan of Rs.100 crore and additional term loan of Rs.50 crores were approved by Shri Mushtaq Ahmad, the then Chairman of the Bank on 25.10.2011 and a condition was specifically incorporated in relation to additional term loan of Rs.50 crores that Rs.30 crores out of the said additional term loan would be utilized for repayment of short term loan of Rs.60 crore sanctioned and disbursed to M/S APL.

16) It was revealed that Shri Raj Singh Gehlot tried his best to get disbursement of funds out of additional term loan of Rs.50 crores already sanctioned for the project pending financial closure but he failed to get the same released. However, he got another short term loan of Rs.60 crore sanctioned from J&K Bank, Ansal Plaza branch and Shri Rakesh Kumar Kharyal, the Branch Head, disbursed the short term loan of Rs.60 crores to M/S APL pending approval of Board of Directors of the Bank. The said amount of Rs.60 crores was



transferred through RTGS on 02.05.2011 to the Escrow Account of M/S APL, whereafter the said amount was diverted to the bank accounts of shell/dummy companies/ firms incorporated in the names of relatives/employees of Shri Raj Singh Gehlot. The details of these diversions have been mentioned in the charge sheet and the same are reproduced as under:

Sl. No.	Name of the company/firm	Amount (in Rs.)	Bank A/C No.
1.	Bharat Building Material Supplier	4,83,65,200	03691131001072 e-OBC
2.	SM Enterprises	5,05,16,500	03691131001089 e-OBC
3.	A-One Trading Co.	4,89,14,450	03691131001119 e-OBC
4.	New Haryana Traders	5,23,13,150	03691131001133 e-OBC
5.	A G Commercials	5,25,10,219	50007059625 e-Allahabad Bank
6.	Buildwell Mart	5,34,10,656	50007092062 e-Allahabad Bank
7.	JP Corporation	4,41,09,425	50007438398 e-Allahabad Bank
8.	Glaze Infradevelopers Pvt. Ltd.	4,87.58,350	601500301000388 e-Vijaya Bank
9.	Inscence Developers Pvt. Ltd.	4,52,47,500	601500301000381 e-Vijaya Bank
10.	Magnificent Infradevelopers Pvt. Ltd.	5,17,01,520	601500301000380 e-Vijaya Bank
11.	Infrastructure Pvt. Ltd.	5,15,20,217	601500301000383 e-Vijaya Bank
12.	Palmtree Infracon Pvt. Ltd.	5,26,32,813	601500301000387 e-Vijaya Bank
	Total	60,00,00,000	

17) It has been further revealed that Rs.30 crores out of additional term loan of Rs.50 crores of M/S AHPL was utilized to repay the short-term loan of M/S APL, which amounts to
CRM(M) No.235/2023 c/w
CRM(M) No.504/2022 & other connected petition



diversion and misutilization of the bank funds for the purpose other than for which term loan of Rs.50 crores was sanctioned to M/S AHPL.

18) Investigation further revealed that Shri Raj Singh Gehlot, Director of M/S AHPL, submitted another loan proposal dated 18.01.2012 for term loan of Rs.77 crores at J&K Bank Ltd., Ansal Plaza, New Delhi. The proposal for sanction of the said term loan of Rs.77 crores was passed and sanctioned by Board in its meeting dated 28.01.2012 and the Board Resolution was signed by Shri Abdul Majid Bhat, the then Company Secretary. As per the investigation conducted by the CBI, a request for disbursement of Rs.30 crores out of the aforesaid loan amount was made by Shri Raj Singh Gehlot and the said amount was transferred to as many as 12 entities, the details whereof are mentioned in the charge sheet, which are reproduced as under:

S.No.	Name of the Party	A/C and bank	Amount (in Rs.)	Amount of loan funds (in Rs.)	Date of transaction
I.	Foster Infrastructure Pvt. Ltd.	601500301000383 e-Vijaya Bank	1,75,21,010	1,63,87,192	06.02.2012
II.	Intime Realtech Pvt. Ltd.	601500301000503 e-Vijaya Bank	1,76,95,020	1,76,95,020	06.02.2012
III.	Littlevalley Hospitality Services Pvt. Ltd.	03691131002369 e-OBC	1,68,95,050	1,68,95,050	06.02.2012
IV.	Inscence Developers Pvt. Ltd.	601500301000381 e-Vijaya Bank	1,87,56,020	1,87,56,020	06.02.2012



V.	Magnificent Infra developers Pvt. Ltd.	601500301000380 e-Vijaya Bank	1,76,98,500	1,76,98,500	06.02.2012
VI.	Veteran Infra developers Pvt. Ltd.	03691131001416 e-OBC	1,87,63,050	1,87,63,050	06.02.2012
VII.	Glaze Pvt. Ltd. Infra developers	601500301000388 e-Vijaya Bank	1,90,62,750	1,90,62,750	06.02.2012
VIII.	Palmtree Infracon Pvt	03691131001430 e-OBC	1,91,61,005	1,91,61,005	06.02.2012
IX.	Magnificent Infra developers Pvt. Ltd.	03691131001386 e-OBC	1,85,00,690	1,85,00,690	11.02.2012
X.	Palmtree Infracon Pvt. Ltd.	03691131001430 e-OBC	1,78,65,205	1,78,65,205	11.02.2012
XI.	Moonstar Hospitality Services Pvt. Ltd.	03691131002383 e-OBC	1,42,62,012	1,42,62,012	11.02.2012
XII.	Shlok Infrastru- cture Pvt. Ltd.	03691131002192 e-OBC	1,79,85,030	1,69,94,903	11.02.2012
TOTAL			21,41,65,342	21,20,41,397	

It was revealed that Shri Raj Singh Gehlot was the authorized signatory of 11 out of aforesaid 12 entities in favour of whom the funds were transferred.

19) Another amount of Rs.7 crores out of the term loan of Rs.77 crores was transferred to the designated account of M/S AHPL on 28.02.2012, which was later on further transferred to different entities, the details whereof as given in the charge sheet are extracted hereunder:

“After credit of Rs.7 crores in the Current A/c No.0408010100000637 of M/s AHPL, an amount of Rs.1,50,26,980/- was transferred to bank A/c No.601500301000499 of M/s Fairland Hospitality Services Pvt. Ltd. maintained with e-Vijaya Bank now Bank of Baroda, Hauz Khas Branch, New Delhi and the said amount included the loan funds of Rs.1,26,71,208/-. The introduction in the account was given by Shri Raj Singh Gehlot, Director of M/s Ambience Ltd. and he himself is the Authorized Signatory in the said bank account of M/s



Fairland Hospitality Services Pvt. Ltd. After receipt of Rs. 1,50,26,980/- in the bank A/c No.601500301000499 of M/s Fairland Hospitality Services Pvt. Ltd., an amount of Rs.1,50,27,000/- was further transferred to bank A/c No.6015800301000517 of M/s M&N Commercials maintained with e-Vijaya Bank now Bank of Baroda, Hauz Khas New Delhi. Shri Raj Singh Gehlot is the Authorized Signatory in the said bank account of the said firm and he himself was the introducer to the said bank account and had signed as introducer in the capacity of Authorized Signatory of M/s Ambience Ltd.”

20) It was revealed that Shri Raj Singh Gehlot was the authorized signatory in respect of these entities as well. It was further revealed that out of the Rs.7 crores, an amount of Rs.5,73,28,792/ was transferred to loan accounts of M/S AHPL maintained with other lender banks for payment of interest towards the respective loans sanctioned by the said banks, whereas certain portion of the amount was utilized through various cheques of petty amounts towards miscellaneous charges and commission of the bank. The relevant details of the same are mentioned in the charge sheet. The same are reproduced as under:

S.No.	Date of transaction	Amount (in Rs.)	Loan A/c No.	Bank & Branch
1.	28.02.2012	6613669	862973570	Indian Bank, New Delhi Mani Branch, Cannought Circus, New Delhi
2.	28.02.2012	1563681	6004066339	Indian Bank, New Delhi Mani Branch, Cannought Circus, New Delhi
3.	28.02.2012	12842600	605965410000048	Indian Bank, New Delhi Mani Branch, Cannought Circus, New Delhi
4.	28.02.2012	1439127	605965410000090	Bank of India, New Delhi Large Corporate Branch, New Delhi.



5.	28.02.2012	5043894	497806390000786	Union Bank of India, IFB, Cannught Circus, New Delhi.
6.	28.02.2012	2598328	497806390000847	Union Bank of India, IFB, Cannught Circus, New Delhi.
7.	28.02.2012	9450186	0804300071734	United Bank, Ansal Tower, Nehru Place, New Delhi.
8.	28.02.2012	5970975	00131200913954	Punjab & Sindh Bank, Cannught Place, New Delhi.
9.	28.02.2012	9389420	03697021000347	Oriental Bank of Commerce, Safdarjung Enclave, New Delhi.
TOTAL		54911880		

21) It was further revealed that Shri Raj Singh Gehlot, Director of M/S AHPL, submitted another request for disbursement of Rs.30 crores on 21.03.2012 for making urgent payments to suppliers and contractors. Accordingly, an amount of Rs.29 crores was disbursed in favour of M/S AHPL out of the sanctioned additional term loan of Rs.77 crores on 22.03.2012 and credited into the designated account of M/S AHPL. The said amount of Rs.29 crores was further transferred to as many as 16 entities on 23.03.2012 mentioned in the charge sheet, the details whereof are reproduced as under:

S. No.	Name of the Party	A/C and bank	Amount (in Rs.)	Amount of loan funds (in Rs.)	Date of transaction
1.	Aman Hospitality Pvt. Ltd.	605965410000048 Bank of India	72,46,148	72,46,148	22.03.2012
2.	Glaze Infradevelopers Pvt. Ltd.	03691131001423 e-Vijaya Bank	2,20,52,690	2,20,52,690	22.03.2012
3.	Goodview Infratech Pvt. Ltd.	03691131002390 e-OBC	1.79,05,665	1.79,05,665	22.03.2012
4.	Foster Infrastructure Pvt. Ltd.	03691131001393 e-OBC	2,10.59,680	2.10.59,680	22.03.2012



5.	Hillgrow Infoservices Pvt. Ltd.	03691131001263 e-OBC	1.96.00.500	1.96.00.500	22.03.2012
6.	Fairland Hospitality Services Pvt. Ltd.	03691131002376 e-OBC	1,85,90,260	1,85,90,260	22.03.2012
7.	Moonstar Hospitality Services Pvt. Ltd.	601500301000501 e-Vijaya Bank	2,10,59,800	2,10,59,800	22.03.2012
8.	Magnificent Infradevelopers Pvt. Ltd.	601500301000380 e-Vijaya Bank	1,80,02,560	1,80,02,560	22.03.2012
9.	Inventure Properties Pvt. Ltd.	601500301000382 e-Vijaya Bank	2,21,00,590	2,21,00,590	22.03.2012
10.	Littlevalley Hospitality Services Pvt. Ltd.	601500301000500 e-Vijaya Bank	1,76,98,100	1,76,98,100	22.03.2012
11.	Intime Realtech Pvt. Ltd.	601500301000503 e-Vijaya Bank	1,98,00,025	1,98,00,025	22.03.2012
12.	Veteran Infradevelopers Pvt. Ltd.	50011339266 e-Allahabad Bank	1,75,00,654	1,75,00,654	22.03.2012
13.	Palmtree Infracon Pvt. Ltd.	50011511716 e-Allahabad Bank	2,13,36,950	2,13,36,950	22.03.2012
14.	Intime Realtech Pvt. Ltd.	50063826634 e-Allahabad Bank	2,02,05,980	2,02,05,980	22.03.2012
15.	Inscence Developers Pvt. Ltd.	50010987740 e-Allahabad Bank	1,80,69,875	1,80,69,875	22.03.2012
16.	Inventure Properties Pvt. Ltd.	03691131001355 e-OBC	1,51,02,780	73,80,697	23.03.2012
TOTAL			29,73,32,257	28,96,10,174	

22) It was further revealed that an amount of Rs.72,46,148/ was transferred to loan account of M/S AHPL maintained with Bank of India for payment of interest toward the loan sanctioned by the said Bank. The investigation also revealed that an amount of Rs.28,23,55,697/ was transferred to M/S M&N Commercials, whose affairs were being managed and controlled by Raj Singh Gehlot. The investigation further revealed that an amount of Rs.10,99,75,000/ was utilized for payment towards FLCs/ILCs/Export Bills out of term loan of Rs.77 crores.

23) The investigation revealed that Shri Raj Singh Gehlot, Director M/S AHPL vide his letter dated 18.04.2014 request CRM(M) No.235/2023 c/w CRM(M) No.504/2022 & other connected petition



for rescheduling of instalments and permitting interest moratorium for two years. Restructuring of the loan account of M/S AHPL was approved by Chairman of the J&K Bank Ltd. and funded interest term loan of Rs.47.21 crores was sanctioned to service the interest of the bank loan for a period of two years.

24) The investigation revealed that Shri Raj Singh Gehlot, Director M/S AHPL submitted another request letter dated 21.04.2017 seeking Corrective Action Plan under 2nd restructuring which involved conversion of Rs.565 crores into equity/debentures and to issue formal approval for sale of commercial space. The matter relating to Strategic Debt Restructuring was considered and after deliberations it was decided by the lender banks that SDR was the best feasible option for resolution of the account.

25) During investigation, it was revealed that RBI vide its circular dated 12.02.2018, revised framework for stressed assets and withdrew all schemes in the accounts where SDR was invoked but not implemented.

26) The Joint Lenders Forum vide its meeting dated 09.10.2018, decided to get the forensic audit of M/S AHPL Loan Account done from any of the IBA approved firms from the date of disbursement of loan till 31.03.2018. Accordingly,



forensic audit was got conducted from M/S Anil Khandelwal and Associates. It is the case of the investigating agency that forensic audit was not conducted by the said company within the stipulated time period.

27) During the investigation, it was found that M/S AHPL was classified as 'NPA' on 30.06.2018, whereafter, Shri Raj Singh Gehlot, Director of M/S AHPL, vide his letter dated 03.08.2018, proposed One Time Settlement and offered to pay Rs.437 crores towards full and final settlement with all the lending banks. The OTS offer was later on enhanced to Rs.470 crores and the timeline was fixed as 31.03.2019. The proposal was approved by the Board vide resolution dated 16.10.2018 for an amount of Rs.128.94 crores in respect of Jammu and Kashmir Bank. It has been alleged that Shri Raj Singh Gehlot had very clandestinely managed the valuation of the hotel property in order to settle the loan accounts of M/S AHPL to OTS for a meager amount without taking recourse to recovery process under NCLT and SARFAESI Act. According to the investigating agency, Shri Haseeb Drabu, Shri Mushtaq Ahmed, Shri Abdul Majid Mir and Shri Parvez Ahmed Nengroo were in collusion with Shri Raj Singh Gehlot, as they had kept on extending undue favours in his favor from time to time. The investigating agency has, accordingly, found that offences punishable under Section under 120-B, 420 and 409 of RPC



read with Section 5(1)(d) read with 5(2) of J&K PC Act are established against as many as 17 accused persons, including the petitioners herein.

28) The petitioners have challenged the impugned charge sheets on the grounds that there is neither any oral nor any documentary evidence to show that any conspiracy was hatched between petitioner Raj Singh Gehlot and senior management of the J&K Bank. It has been contended that there is nothing on record to show that the loans sanctioned in favour of the company M/S AHPL were appraised and approved by sidelining the rules and regulations of the Bank. It has been further contended that the allegations regarding diversion of funds from term loans I, II and III are false. According to the petitioners, the Turnkey contractor M/S APL had already made construction upto three levels of the basement and superstructure up to fourth level, which was certified by the chartered accountant before the first tranche was released in favour of M/S AHPL, therefore, it was only a case of reimbursement of amount that had already been spent by the Turnkey contractor APL in connection with construction of the project. It has been contended that once the disbursed loan was credited into the account of Turnkey contractor, it was free to deal with the said amount in the



manner it desired, as such, there is no question of diversion or siphoning of funds.

29) It has been submitted that, as per the material collected by the investigating agency during further investigation of the case, the Directors and Proprietors of the entities in whose favour the funds were allegedly diverted, had refunded the said amount to M/S AHPL, thus, there was no occasion for diversion or misutilization of the funds. It has also been contended that during forensic audit conducted by two companies, namely, M/S Anil Khandelwal & Company and Associates and R. Kabra & Associates, it has been found that there has been no fraud and diversion of funds, thus there is no evidence of diversion or siphoning of the loan amount, as has been alleged in the charge sheet.

30) Regarding the allegation that after diversion and misutilization of the funds, the loan accounts were projected to be distressed to gain further financial assistance from the banks and to settle the loan accounts through OTS for a meager amount, it has been contended that the loan account got distressed on account of the reasons which were not attributable to the borrower. It has been contended that there was delay in development of the Barapullah Elevated Road and widening of NH-24 to provide smooth connectivity to East



Delhi from the Airport and Central/South Delhi, as a result of which the hotel could not achieve the projected revenue to pay for interest and installments in the loan account of the participating banks. It has been contended that most of the lender banks have accepted the OTS proposal and, in fact, M/S AHPL has already cleared the dues of those banks who have accepted the OTS and have got no demand certificate from the said banks. It has been contended even the Jammu and Kashmir Bank had accepted the OTS offer, but due to the registration of the FIR, the acceptance was withdrawn by the Bank.

31) It has further been contended that M/S AHPL had made an investment of Rs.280.01 crore for the hotel project and only thereafter the loan amount was disbursed by J&K Bank in its favor, therefore, it cannot be a case of cheating as no cheater would invest such a huge amount of money for inducing a bank to advance the loan. It has been further contended that the project has been completed, inasmuch as the hotel for construction of which the loan was advanced, is functioning and the project has been completed. Thus, it cannot be a case of cheating or misappropriation of funds. It has also been contended that most of the prosecution witnesses cited in the challan have, during the course of investigation, made statements which are favourable to the



case of the petitioners, therefore, no offences are made out against the petitioners.

32) I have heard the counsel for the parties and perused record of the case including record of trial court.

33) Before dealing with the contentions raised by the petitioners in these petitions, it would be necessary to notice the legal position as regards the scope of power of the High Court under Section 482 of the Cr. P. C to quash the criminal proceedings.

34) In its celebrated judgment delivered in the case of **State of Haryana v. Bhajan Lal**, 1992 Supp (1) SCC 335, the Supreme Court has illustrated the circumstances in which the High Court would be justified in quashing the criminal proceedings. The same are reproduced as under:

i) Where the allegations made in the first information report or the complaint, even if they are taken at their face value and accepted in their entirety do not prima facie constitute any offence or make out a case against the accused;

ii) Where the allegations in the first information report and other materials, if any, accompanying the FIR do not disclose a cognizable offence, justifying an investigation by police officers under Section 156(1) of the Code except under an order of a Magistrate within the purview of Section 155(2) of the Code;

iii) Where the uncontroverted allegations made in the FIR or complaint and the evidence collected in support of the same do not disclose the commission of any offence and make out a case against the accused.



iv) Where the allegations in the FIR do not constitute a cognizable offence but constitute only a non-cognizable offence, no investigation is permitted by a police officer without an order of a Magistrate as contemplated under Section 155(2) of the Code;

v) Where the allegations made in the FIR or complaint are so absurd and inherently improbable on the basis of which no prudent person can ever reach a just conclusion that there is sufficient ground for proceeding against the accused;

vi) Where there is an express legal bar engrafted in any of the provisions of the Code or the concerned Act (under which a criminal proceeding is instituted) to the institution and continuance of the proceedings and/or where there is a specific provision in the Code or the concerned Act, providing efficacious redress for the grievance of the aggrieved party; and,

vii) Where a criminal proceeding is manifestly attended with mala fide and/or where the proceeding is maliciously instituted with an ulterior motive for wreaking vengeance on the accused and with a view to spite him due to private and personal grudge.

35) Again, in the case of **Rajiv Thapar and others vs. Madan Lal Kapoor**, (2013) 3 SCC 330, the Supreme Court has, after noticing the provisions contained in Section 482 of Cr. P. C, held as under:

28. *The High Court, in exercise of its jurisdiction under Section 482 CrPC, must make a just and rightful choice. This is not a stage of evaluating the truthfulness or otherwise of the allegations levelled by the prosecution /complainant against the accused. Likewise, it is not a stage for determining how weighty the defences raised on behalf of the accused are. Even if the accused is successful in showing some suspicion or doubt, in the allegations levelled by the prosecution/ complainant, it would be impermissible to discharge the accused before trial. This is so because it would result in giving finality to the accusations levelled by the*



prosecution/ complainant, without allowing the prosecution or the complainant to adduce evidence to substantiate the same. The converse is, however, not true, because even if trial is proceeded with, the accused is not subjected to any irreparable consequences. The accused would still be in a position to succeed by establishing his defences by producing evidence in accordance with law. There is an endless list of judgments rendered by this Court declaring the legal position that in a case where the prosecution/complainant has levelled allegations bringing out all ingredients of the charge(s) levelled, and have placed material before the Court, prima facie evidencing the truthfulness of the allegations levelled, trial must be held.

29. *The issue being examined in the instant case is the jurisdiction of the High Court under Section 482 CrPC, if it chooses to quash the initiation of the prosecution against an accused at the stage of issuing process, or at the stage of committal, or even at the stage of framing of charges. These are all stages before the commencement of the actual trial. The same parameters would naturally be available for later stages as well. The power vested in the High Court under Section 482 CrPC, at the stages referred to hereinabove, would have far-reaching consequences inasmuch as it would negate the prosecution's/ complainant's case without allowing the prosecution/ complainant to lead evidence. Such a determination must always be rendered with caution, care and circumspection. To invoke its inherent jurisdiction under Section 482 CrPC the High Court has to be fully satisfied that the material produced by the accused is such that would lead to the conclusion that his/their defence is based on sound, reasonable, and indubitable facts; the material produced is such as would rule out and displace the assertions contained in the charges levelled against the accused; and the material produced is such as would clearly reject and overrule the veracity of the allegations*



contained in the accusations levelled by the prosecution/complainant. It should be sufficient to rule out, reject and discard the accusations levelled by the prosecution/complainant, without the necessity of recording any evidence. For this the material relied upon by the defence should not have been refuted, or alternatively, cannot be justifiably refuted, being material of sterling and impeccable quality. The material relied upon by the accused should be such as would persuade a reasonable person to dismiss and condemn the actual basis of the accusations as false. In such a situation, the judicial conscience of the High Court would persuade it to exercise its power under Section 482 CrPC to quash such criminal proceedings, for that would prevent abuse of process of the court, and secure the ends of justice.

30. *Based on the factors canvassed in the foregoing paragraphs, we would delineate the following steps to determine the veracity of a prayer for quashment raised by an accused by invoking the power vested in the High Court under Section 482 CrPC:*

30.1. *Step one: whether the material relied upon by the accused is sound, reasonable, and indubitable i.e. the material is of sterling and impeccable quality?*

30.2. *Step two: whether the material relied upon by the accused would rule out the assertions contained in the charges levelled against the accused i.e. the material is sufficient to reject and overrule the factual assertions contained in the complaint i.e. the material is such as would persuade a reasonable person to dismiss and condemn the factual basis of the accusations as false?*

30.3. *Step three: whether the material relied upon by the accused has not been refuted by the prosecution/ complainant; and/or the material is such that it cannot be justifiably refuted by the prosecution/complainant?*



30.4. *Step four: whether proceeding with the trial would result in an abuse of process of the court, and would not serve the ends of justice?*

30.5. *If the answer to all the steps is in the affirmative, the judicial conscience of the High Court should persuade it to quash such criminal proceedings in exercise of power vested in it under Section 482 CrPC. Such exercise of power, besides doing justice to the accused, would save precious court time, which would otherwise be wasted in holding such a trial (as well as proceedings arising therefrom) specially when it is clear that the same would not conclude in the conviction of the accused.*

36) Recently, the Supreme Court has, in the case of **Pradeep Kumar Kesarwani v. State of Uttar Pradesh**, 2025 SCC OnLine SC 1947, after noticing the legal position on the issue, reiterated that the aforesaid steps ordinarily determine the veracity of the prayer for quashing, raised by an accused by invoking the power vested in the High Court under Section 482 of the Cr. P. C.

37) From the foregoing analysis of the legal position, it is clear that if from the material placed on record by the investigating agency along with the charge sheet, it is found that the allegations made in the FIR are not substantiated and even if the material is taken to be true at its face value, no offence is made out against an accused, the High Court would be within its jurisdiction to exercise its power under Section 482 of the Cr. P. C to quash the criminal proceedings against the accused. However, at this stage, truthfulness or



otherwise of the allegations levelled by the prosecution is not to be evaluated nor veracity of the defences raised on behalf of the accused is to be ascertained. It is also to be noted that the reliability of the material collected by the investigating agency during investigation of the case is not to be gone into nor a meticulous examination of the said material is permissible at this stage.

38) With the aforesaid legal position in mind, let us now proceed to analyze the facts of the present case. For the present, this Court is consciously not going into the issue as to whether or not there was any connivance or criminal negligence on the part of the officers/officials of the J&K Bank in dealing with the loan case of M/S AHPL. This is so because none of these officers/officials of the Bank is before this Court. So, any observation with regard to their role in the entire affair may have a bearing upon their case and without hearing them, it may not be appropriate for this Court to render a finding on their role. This Court would, therefore, confine itself to the allegations of diversion/siphoning off of the tranches of loan released in favor of M/S AHPL from time to time. If it is found that there has been no diversion or siphoning off the funds, only then the other aspects of the matter would fall for consideration.



39) As is clear from the material collected by the Investigating Agency during course of investigation, the following three term loans were sanctioned by J&K Bank, Ansal Plaza Branch, New Delhi, in favour of M/S AHPL:

- | | | | |
|----|---|---|---|
| a) | Term Loan-I
(Original Amount) | : | Date: 29.09.2009.
Amount ₹100 crore.
BG Limit 15 crore. |
| b) | Term Loan-II
(Subsequent Enhancement) | : | Date: 27.10.2011
Amount ₹50 crore. |
| c) | Term Loan-III
(Subsequent Enhancement) | : | Date: 30.01.2012:
Amount ₹77 crore. |
| d) | FITL | : | Date: 17.12.2014.
Amount ₹47.21 crore. |

40) The material on record shows that M/S APL was appointed as a Turnkey Contractor by M/S AHPL, the borrower. Though there is allegation in the charge sheet that the borrower did not disclose to the Bank that M/S APL is the Turnkey Contractor, nonetheless, the petitioners have placed on record the documents which show that the lender Bank was in the knowledge of the fact that M/S APL was engaged as a Turnkey Contractor by the borrower. It is also an admitted fact that the borrower had opened a designated account with J&K Bank Ltd., Ansal Plaza branch, New Delhi, which was bearing Current Account No.637. The record further reveals that J&K Bank Ltd. was one of the several financial institutions that had sanctioned financial facilities in favour of M/S AHPL for the project of construction of hotel,



which is subject matter of the present case. These included Syndicate Bank, Punjab National Bank, Bank of India, United Bank of India, Union Bank of India and Tourism Finance Corporation of India. The initial term loan of Rs.100 crore was sanctioned in favour of the borrower company on the following terms and conditions:

12.13.1 Primary Security:

(i) First pari passu charge on the project assets both immovable including equitable mortgage of project land, admeasuring 20,000 Sq. Mtrs. and building of Hotel Complex thereupon situated at Plot No.1, Central Business District (CBD), Surajmal Vihar, Near Yamuna Sports Complex, Delhi

(ii) Assignment of future lease rentals of the property proposed to be leased out,

(iii) Hypothecation of all other current assets including credit balance in the Escrow Account maintained with our bank during construction of the Hotel

12.13.2 Collateral Security: Personal Guarantee of Sh. Raj Singh Gehlot, Promoter Director of the company

12.13.3

Disbursement:

The Term Loan of J&K Bank shall be released after the complete tie up of term Loan requirement of 580 crore, necessary documents are executed and release shall be in proportion to the term loan sanctioned and released by other participating banks/Fis after insuring that the agreed debt equity ratio of 2:1 is being maintained.

12.13.4 The company M/S AHPL (A-5) shall maintain a Designated Account with one of the term lending banks and all the disbursement from J&K bank as well as other term lenders and also the induction of funds by the promoters on pro rata basis shall be deposited in the said account. The company shall then make all project payments and pay for other project expenses through this designated account.

12.13.5

Tenure: Door-to-Door: 11 years and 9 months

12.13.6 Re-Payment Schedule: The entire Term Loan of 580 crore Including 100 crore of J&K Bank shall be repaid in 32 quarterly installments after a moratorium period of two years from the date of commercial operation i.e First installment of 13.59 crore (out of which J&K Bank share



is 2.34 crore) would fall on 30-06-2013 and last (32") installment of 22.66 crore (out of which J&K Bank share is 3.91 crore) would fall on 31.03.2021.

12.13.7 Moratorium: Two years from the date of full commercial operations of the Hotel projects, scheduled to take place by May 2011. Interest during construction period and up to partial opening of the project by Sept 2010 has been taken as part of the project cost.

12.13.8 Tenure of Bank Guarantee: Maximuri 10 years from the date of issue of BG

12.13.9 Pre disbursement Conditions: Only three pre disbursement conditions have been mentioned in the sanction.

12.13.10 Other terms and conditions:

(i) Bank's charge on the assets of the company should be got registered with ROC within the stipulated period of 30 days

(ii) The promoters to undertake that cost escalation, if any, shall be borne by them from their own sources.

(iii) Branch to closely monitor the implementation of the project and ensure that building construction is carried out in accordance with the approved plans and for the area envisaged in the project report

(iv) The company to undertake that funds, will not be utilised for any purpose other than for implementation of the project.

(v) The company to undertake that during the currency of credit facilities it should not without the bank's prior permission in writing:

- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies)
- Undertake any guarantee obligation on behalf of any other company (including group companies).
- Create any charge, lien or encumbrances over the undertaking or any part thereof if any financial institution, bank, company, firm or person
- Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank

(vi) The company to maintain adequate books of accounts, which should correctly reflect its financial position and scale of operations

(vii) All other terms and conditions governing such type of advances shall also apply.



41) So far as the disbursement made out of term loan of Rs.100 crores is concerned, the details thereof as given in the charge sheet are as under:

	Date of disbursement	Amount (₹ in crore)
1.	29.09.2009	35
2.	08.10.2009	05
3.	15.10.2009	05
4.	28.10.2009	10
5.	06.11.2009	05
6.	22.02.2010	03
7.	23.02.2010	07
8.	29.06.2010	10
9.	30.07.2010	05
10.	27.08.2010	05
11.	14.09.2010	05
12.	29.11.2010	05
Total		100 crore

42) The material on record shows that disbursements of the loan trenches were being credited to the designated account of M/S AHPL bearing Current Account No.637, wherefrom the said amounts were being transferred to the account of M/S APL maintained in Vijaya Bank, which company was shown as the Turnkey Contractor for the project. However, the matter does not rest here. The record shows that these amounts were being transferred from the account of M/S APL to other entities like M/S A-One Trading Company, Sidharth Sohu, M/S Buildwell Mart, M/S A.G. Commercial, M/S New Haryana Traders, M/S Bharat Building Material Supplier, M/S S.M. Enterprises, M/S Foster Infrastructure Pvt. Ltd. and M/S Shlok Infrastructure Pvt. Ltd., immediately after



credit of these amounts in the account of M/S APL. It was also revealed that the affairs of all these entities were being managed by Shri Raj Singh Gelhot, Director of M/S AHPL.

43) Similarly, the amounts disbursed in respect of additional term loans of Rs.50 crore and Rs.77 crores were also diverted to other entities which were under the direct control of Shri Raj Singh Gehlot. The particulars of these diversions are mentioned in the charge sheets. This has not even been disputed by the accused/petitioners.

44) The defense put up by the accused/petitioners is that M/S AHPL had already incurred expenses of more than Rs.280 crore towards completion of the project and, therefore, the loan disbursement was in the nature of reimbursement and once the amount was released in favour of the Turnkey Contractor, it could deal with the said amount in the manner it desired.

45) I am afraid the defence put up by the petitioners in this regard, *prima facie*, is not acceptable, for the reason that under the terms and conditions of the loan, it is nowhere mentioned that the loan would be released as reimbursement for the amount already spent by the promoter/borrower. In the conditions of sanction, it is clearly mentioned that the loan should be utilized for construction and development of



the hotel and that company shall make all project payments and pay other project expenses through its designated account. It was also a condition of the sanction that company will not utilize the funds for any purpose other than for implementation of the project. Thus, there was no condition attached to the sanction that would authorize the borrower to utilize the loan amount for reimbursement of expenses already incurred by it on the project.

46) It has been contended by the petitioners that the entities like M/S Raj Commercial and Agencies and M&N Commercial are the in-house facilitators to provide funds for the projects undertaken by the Ambience Group of Companies and these concerns act as in-house bankers to Ambience Group and it is for this reason, that the amount was transferred from the account of M/S APL to these entities. In this regard, it is to be noted that there is no material on record to support this contention of the petitioners. According to the petitioners, the documents in support of these facts were provided to the investigating agency by the petitioners, but the same have not been relied upon by the respondents and have not been placed on record of the charge sheet. At this stage and in these proceedings, it would not be permissible for this Court to ascertain the veracity of the aforesaid contention of the petitioners, as the documents or material in this regard does



not form part of the charge sheets nor any material of sterling quality has been placed on record by the petitioners to support this contention.

47) As already stated, while narrating the facts alleged in the charge sheet, the borrower company has spent the amount out of the tranche of loan for the purpose of repayment of loan of other lending banks, on fixed deposit receipts, miscellaneous expenses and making pay orders etc. These are all purposes which were alien to the project and conditions of sanction. There is evidence on record to show that the loan amount has been diverted to purposes other than the purpose for which the said amount was sanctioned.

48) So far as the contention of the petitioners that forensic audit did not reveal any fraud, as such, it is not a case of cheating or misappropriation of amount, is concerned, the said contention cannot be taken into account by this Court at this stage of the proceedings, particularly when in the report of forensic audit, it has been clearly mentioned that the Auditor has relied upon limited explanations and information provided by the accused company, which has been treated by the Auditors as accurate and complete in all respects. The forensic Auditors have, while rendering their reports, not taken into account the aspects of the matter which have been



gone into by the investigating agency during investigation of the case. Thus, on the basis of the reports of the forensic Auditors only, it cannot be stated that no criminal offence has been committed in the present case.

49) It is true that the project has ultimately been completed and the hotel is in existence and it is also a fact that the petitioner company had invested a huge amount before obtaining loan from the lending banks, including J&K Bank Limited, but that by itself would not mean that it is not a case of cheating. Had it been a case of simple acceptance of One Time Settlement of dues and there being no dishonest intention on the part of the borrower company at the time of advancement of loans, it would have been a pure and simple dispute of civil nature. But in the instant case, there is material on record to show that the borrower company has diverted the funds disbursed to it from the loan account for the purposes for which the loan was not sanctioned. *Prima facie*, this misutilization of funds has led to stress of the loan account, which has induced the J&K Bank Ltd to advance further loan and to restructure the loan account from time to time and finally to enter into a One Time Settlement with the borrower. Misutilization of funds coupled with diversion and siphoning of funds by the borrower company, *prima facie*,



establishes the allegation relating to fraudulent procurement and utilization of the loan amount.

50) There is material on record to show that petitioner Raj Singh Gehlot made requests to the J&K Bank for release of tranches of sanctioned loan from time to time making representations that the loan amount upon its disbursement is to be utilized for the purposes as mentioned in the conditions of the sanction but actually the amount disbursed has been utilized for the purposes which fall outside the purview of the conditions of the sanction. Thus, there is material on record to *prima facie* show that the Bank has been dishonestly induced to release the tranches of loan in favour of the borrower company and upon release, the loan amount has been utilized for a purpose for which it was not sanctioned. Thus, *prima facie*, offence of cheating is made out against the petitioners.

51) Merely because the Bank has agreed to enter into a One-Time Settlement with the borrower company, the criminal liability of the borrower company and its Directors cannot be wiped away once it is shown from the material annexed with the charge sheet that there has been fraudulent conduct on the part of the borrower company, inasmuch as it has used the loan amount for a purpose other than the purpose for



which it was sanctioned, which has led to the loan account turning 'NPA'.

52) Another aspect of the matter which is required to be noticed is that in the instant case, J&K Bank Ltd. has entered into One Time Settlement with the borrower company at a figure which is less than the principal amount advanced to the borrower company. This, *prima facie*, shows that the J&K Bank Ltd. has suffered pecuniary loss on account of One Time Settlement which it had entered into with the borrower company. It is not a case where One Time Settlement was entered into by the J&K Bank with the borrower company at a figure higher than the principal amount. In that eventuality, the situation may have been different. When the fact that the borrower company has managed to settle the loan with the lender bank at a figure which is less than the principal amount, is taken together with the fact that there has been diversion of funds, *prima facie*, it appears that the offence of cheating is made out against the petitioners. Thus, it is not a fit case for exercise of powers under Section 482 of Cr. P. C to quash the impugned proceedings.

53) The issue as to whether the offences of criminal misconduct and criminal breach of trust are made out in the present case against the public servants who have been



implicated as accused is not being gone into by this Court at this stage, lest it may prejudice the case of co-accused who are not before this Court. The said issue shall be dealt with by the trial court at the appropriate stage of framing of charges.

54) For what has been discussed hereinbefore, I do not find any merit in these petitions. The same are dismissed accordingly. Interim direction(s), if any, shall cease to be in operation.

55) It is, however, made clear that the observations made herein are only for the purpose of deciding the present petitions and shall not be construed as an expression of opinion on the merits of the case. The learned trial court shall proceed to consider the matter independently and uninfluenced by any observation made in this judgment.

(Sanjay Dhar)
Judge

SRINAGAR

30.06.2026

"Bhat Altaf-Sherzad"

Whether the **judgment** is reportable: **YES/NO**