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

% Judgment delivered on: *17.01.2026*

\+ **W.P.(C) 11524/2019**

SUNIL GUPTA & ANR. .....Petitioners

versus

PUNJAB NATIONAL BANK & ORS. .....Respondents

Advocates who appeared in this case

For the Petitioners : Mr. Sanjoy Ghosh, Senior Advocate with Mr. Avinash Kumar Lokhanpal, Mr. Piyush Lakhanpal and Mr. Ripunj Tiwari, Advocates.

For the Respondents : None.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MR. JUSTICE TEJAS KARIA

JUDGMENT

TEJAS KARIA, J

CM APPL. 69366/2025 (Exemption)

1. Exemption allowed, subject to just exceptions.

2. The Application stands disposed of.

CM APPL. 69367/2025 (172 days delay in filing Review Petition)

3. This is an Application filed on behalf of the Petitioners under Section 5 of the Limitation Act, 1963 read with Section 151 of the Code of Civil

Procedure, 1908 (“**CPC**”) seeking condonation of delay of 172 days in filing the Review Petition.

4. For the reasons stated in the Application, the same is allowed.

5. The Application stands disposed of.

<u>REVIEW PET. 556/2025</u>

6. The present Review Petition has been filed under Order XLVII Rule 1 read with Section 114 of the CPC seeking review of the Judgment dated 21.04.2025 passed by this Court in Writ Petition (Civil) No. 11524/2019 (“**Judgment**”) on the following grounds:

6.1 There are errors apparent on the face of record in the Impugned Judgment. The findings recorded in Paragraph No. 50 of the Judgment to the effect that the Property being Flat No. A-701, Kasarwani Cooperative Group Housing Society Limited, of Respondent No. 8, Mr. Rakesh Patwa, released by Respondent No. 1 Bank, was not of the principal borrower, is clearly erroneous as Respondent No. 8 was one of the partners of Respondent No. 4, *M/s Patwa Madan Lal Ashok Kumar*. Therefore, Respondent No. 8, whose property was released by Respondent No. 1, was a principal borrower *qua* the partnership firm, i.e., Respondent No. 4.

6.2 The principles discussed in Paragraph No. 49 of the Judgment analyzing the provisions of Sections 139 and 141 of the Indian Contract Act, 1872, are squarely applicable to the facts and circumstances of the present case. However, in the Impugned Judgment, the said principles were not applied as there was a perverse recording to the effect that Respondent No. 1 has not

released the property of principal borrower, whereas, Respondent No. 8, being the partner of Respondent No. 4 partnership firm, was the principal borrower.

6.3 Further, Respondent No. 1 released the said property of Respondent No. 8 without either knowledge or consent of the Petitioners and intentionally concealed the same from the Petitioners.

6.4 The Judgment inadvertently omitted important factual matrix regarding the conduct of auction proceedings *qua* the Petitioners' property. Respondent No. 1 agreed upon the Petitioners' proposal of ₹3.56 Crores for the release of the Khari Baoli Property and thereafter, a sum of ₹35 Lakhs was paid by the Petitioners to Respondent No. 1. Accordingly, on the same day, Respondent No. 1 issued a notice whereby the auction of the Petitioners' property was withdrawn.

6.5 It is admitted by Respondent No. 1 that a letter was sent by Respondent No. 11 to Respondent No. 1, which was received at Recovery Division, HO on 31.10.2025, wherein, Respondent No. 11 offered to purchase the Petitioners' property for ₹5 Crores and enclosed a cheque of ₹50 lakhs as earnest money.

6.6 On 31.10.2025, there was no auction proceedings pending *qua* the Petitioners' property. However, on 02.11.2025, Respondent No. 1 rejected the Petitioners' proposal without giving any reason or justification for the same and thereafter, on 10.11.2025, refunded the amount of ₹35 Lakhs deposited by the Petitioners. Further, on 02.11.2025, without informing the Petitioners about

Respondent No. 11's proposal, Respondent No. 1 issued fresh e-auction notice, which was to be held on 09.12.2025. On 09.12.2025, Respondent No. 1 intimated Respondent No. 11 regarding the acceptance of the bid for the Khari Baoli Property for a sum of ₹5,00,20,000/-. Thereafter, on 11.12.2025, the agreement to sell the said property was executed between Respondent Nos. 1 and 11.

6.7 The afore-stated conduct of Respondent No. 1 is clearly impartial, unfair, arbitrary and the same was done in connivance with Respondent No. 11. However, the same has been inadvertently omitted in the Impugned Judgment.

6.8 Mr. Sapan Kumar and Respondent No. 2 have jointly purchased the property No. 415, Katra Maidgran, Khari Baoli, Delhi, and Mr. Sapan Kumar, along with Ms. Radhika Jain and Mr. Kapil Jain are shareholders in R.P. Spices (India) Private Limited. It is important to note that at the time of auction, R.P. Spices (India) Private Limited funded Respondent No. 11 to purchase the Khari Baoli Property and that Respondent No. 11 purchased the said property through Mr. Kapil Jain, who is a shareholder in R.P. Spices (India) Private Limited.

6.9 Since 2013, Respondent No. 1 Bank was fully aware of the irregularities in the account of Respondent Nos. 3 and 4, however, Respondent No. 1 has not taken any action against them. Respondent No. 1 also did not take any action to recover the due amount from the books and stocks of Respondent Nos. 3 and 4, which was the primary security. Respondent No. 1

released the property of Respondent No. 8, who was the principal borrower as he was a partner of Respondent No. 4 partnership firm. Further, Respondent No. 1 gave the opportunity to Respondent Nos. 5, 8 and Smt. Premwati to sell their properties on their own and arrange money for release of property for sale and released their property for about 56% lesser value in comparison to their own valuation report dated 07.05.2012, whereas, in the case of Petitioners, Respondent No. 1 acted illegally in a discriminating manner by auctioning their property. Therefore, it is clear from the conduct of Respondent No. 1 that it has acted in connivance with other Respondents to defraud the Petitioners.

6.10 In view of the foregoing submissions, the present Petition be allowed.

7. We have heard the learned Senior Counsel for the Petitioner and perused the material placed on record along with the present Review Petition.

8. At the outset, it is a settled position that the scope and ambit of this Court's power to review the Judgement is very limited. Only if there is a discovery of new and important matters or evidence, which after the exercise of the due diligence was not within the knowledge of the Petitioners or there is some mistake or error apparent on the face of the record, power to review can be exercised.

9. It is also settled law that an error apparent on the face of the record must be such an error which may strike one on a mere looking at the record and would not require any long-drawn process of reasoning. Where an

alleged error is far from self-evident and must be detected by a process of reasoning after lengthy and complicated arguments, it can hardly be said to be an error apparent on the face of the record justifying the Court to exercise its power of review.

10. It is not permissible for an erroneous decision to be 'reheard and corrected'. It is well established that the power of review can be exercised for correction of a mistake, but not to substitute a view. Once a judgment is signed and pronounced, it should not be altered, and the exercise of inherent jurisdiction cannot be invoked for reviewing any order beyond the limited scope and ambit prescribed under law for review.

11. The Petitioner's case is that there are errors apparent on the face of the record broadly on two counts in the Judgment:

11.1 The property of Respondent No. 8, Mr. Rakesh Patwa, which was released by Respondent No. 1, was not of the principal debtor as Respondent No. 8 was a partner of Respondent No. 4 partnership firm; and

11.2 The factual matrix, which establish the *mala fide* conduct of Respondent No. 1, which acted in connivance with other Respondents to defraud the Petitioners.

12. The relevant extract of the Judgment sought to be reviewed in the present Review Petition is as below:

> *"49. For this principle to be applicable, there should be: (i) security to be provided by the principal-debtor in addition to the guarantee of surety at the time of providing the guarantee; (ii) creditor should take or omit to take such action that impairs the rights of the surety against the principal-debtor; and (iii) creditor should lose or part with such security provided by principal-debtor without consent of the surety irrespective of the knowledge of the surety.*

50. In the instant case, PNB did not lose or part with such properties of Respondent Nos. 5 and 8 and their mother, Smt. Premwati as they were released against the payment. Hence, the consent of Petitioners was not required before any such release. In any case, such release did not affect the rights of the Petitioners as the said properties were not of the principal debtor in the hands of PNB. Therefore, it is not open for the Petitioners to argue that their consent was required before such a release. Despite the absence of such consent, the Petitioners cannot be discharged."

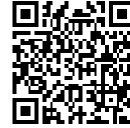
13. The Petitioner contends that the property owned by Respondent No. 8, Mr. Rakesh Patwa, who was a partner in Respondent No. 4 Partnership Firm be considered as an asset of the said Partnership Firm, which was the principal debtor.

14. Section 14 of the Partnership Act, 1932 provides as under:

> *"Subject to contract between the partners, the property of the firm includes all property and rights and interests in property originally brought into the stock of the firm, or acquired, by purchase or otherwise, by or for the firm, or for the purposes and in the course of the business of the firm; and includes also the goodwill of the business. Unless the contrary intention appears, property and rights and interests in property acquired with money belonging to the firm are deemed to have been acquired for the firm Application of the property of the firm".*

15. In view of the above, the property of the individual partner can be converted into the property of the partnership firm, only by bringing the said property into the firm or by evidence of the partner's intention to make it the property of the firm. In ***Sachin Jaiswal v. Hotel Alka Raje*** 2025 SCC OnLine SC 446, the Supreme Court has held as under:

"*13. The law on this point is settled which is that separate property of an individual partner, can be converted into partnership property. In this context, reliance can also be placed upon a judgment of this Court in Addanki Narayanappa v. Bhaskara Krishnappa, 1966 SCC OnLine SC 6 in which this Court has held that irrespective of the character of the*



property, when it is brought in by the partner when the partnership is formed, it becomes a property of the partnership firm, by virtue of Section 14 of Partnership Act. This Court held as follows:

> *"**7.** It seems to us that looking to the scheme of the Indian Act no other view can reasonably be taken. The whole concept of partnership is to embark upon a joint venture and for that purpose to bring in as capital money or even property including immovable property. Once that is done whatever is brought in would cease to be the trading asset of the person who brought it in. It would be the trading asset of the partnership in which all the partners would have interest in proportion to their share in the joint venture of the business of partnership. The person who brought it in would, therefore, not be able to claim or exercise any exclusive right over any property which he has brought in, much less over any other partnership property. He would not be able to exercise his right even to the extent of his share in the business of the partnership. As already stated, his right during the subsistence of the partnership is to get his share of profits from time to time as may be agreed upon among the partners and after the dissolution of the partnership or with his retirement from partnership of the value of his share in the net partnership assets as on the date of dissolution or retirement after a deduction of liabilities and prior charges."*
>
> *(emphasis supplied)*

14. A similar view has been taken by the Full Bench of the Madras High Court in The Chief Controlling Revenue Authority v. Chidambaram, Partner, Thachanallur Sugar Mills and Distilleries AIR 1970 Mad 5 (FB), wherein it was held that Section 14 of the Partnership Act enables a partner to bring a property which belongs to him, by the 'evidence of his intention' to make it a property of the firm and in order to do so, no formal document or agreement would be necessary. The Full Bench has thus held as follows:

"First of all, as we earlier observed, under S. 14 of the Partnership Act, it is always possible for a partner to bring into the partnership, property belonging to him by the evidence of his intention to make it part of the assets of the partnership. There is a very early decision of the English

Court, namely, Robinson v. Ashton which embodies this principle, where a man became a member of a partnership, and the agreement was that the business should be conducted at the mill belonging to him, and he was credited in the books of the partnership with the value of the Mills, Jessel M.R. said that it made no difference that his contribution was in the form of mill and machinery, and not in the form of money. The property, therefore, became the property of the partnership. <u>On the same principle of S 14, we have the decision of the Full Bench of the Calcutta High Court in Premraj Brahmin v. Bhaniram Brahmin and the learned Judges pointed out that, by virtue of S. 14, property could be thrown into the partnership stock without any formal document, and would, therefore, become the property of the firm</u>."

16. Accordingly, there is nothing on record to suggest that the property of Respondent No. 8 was brought into Respondent No. 4 Partnership Firm or that there was any intention of Respondent No. 8 to make it a property of Respondent No. 4 Firm. Although Respondent No. 8 was a partner of Respondent No. 4 firm, Respondent No. 8 cannot be said to be the principal debtor instead of Respondent No. 4 Firm merely by virtue of being its Partner. The release of the said property did not affect the rights of the Petitioners as the said properties were not of the principal debtor, but of Respondent No. 8.

17. In any event, Respondent No. 1 did not lose or part with the properties of Respondent Nos. 5, 8 and their mother Smt. Premwati as the same were released against payment made for the same. Therefore, no rights of the Petitioners against the principal debtor were impaired by the said act of Respondent No. 1 and, therefore, the Petitioners' consent was not required for the same.

18. The second ground taken by the Petitioner is that the Court omitted important factual matrix that establish the *mala fide* conduct of Respondent

No. 1, who has acted in connivance with other Respondents to defraud the Petitioners. In ***Sanjay Kumar Agarwal v. State Tax Officer***, (2024) 2 SCC 362, wherein it was observed as under:

> "*14. In Arun Dev Upadhyaya v. Integrated Sales Service Ltd. [Arun Dev Upadhyaya v. Integrated Sales Service Ltd., (2023) 8 SCC 11 : (2023) 4 SCC (Civ) 123] , this Court reiterated the law and held that : (SCC p. 21, para 35)*
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> > *"35. From the above, it is evident that a power to review cannot be exercised as an appellate power and has to be strictly confined to the scope and ambit of Order 47 Rule 1 CPC. An error on the face of record must be such an error which, mere looking at the record should strike and it should not require any long-drawn process of reasoning on the points where there may conceivably be two opinions."*
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> *15. It is very pertinent to note that recently the Constitution Bench in Beghar Foundation v. K.S. Puttaswamy (Aadhaar Review-5 J.) [Beghar Foundation v. K.S. Puttaswamy (Aadhaar Review-5 J.), (2021) 3 SCC 1] , held that even the change in law or subsequent decision/judgment of coordinate Bench or larger Bench by itself cannot be regarded as a ground for review.*
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> *16. The gist of the aforestated decisions is that:*
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> *16.1. A judgment is open to review inter alia if there is a mistake or an error apparent on the face of the record.*
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> *16.2. A judgment pronounced by the court is final, and departure from that principle is justified only when circumstances of a substantial and compelling character make it necessary to do so.*
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> *16.3. An error which is not self-evident and has to be detected by a process of reasoning, can hardly be said to be an error apparent on the face of record justifying the court to exercise its power of review.*
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> *16.4. In exercise of the jurisdiction under Order 47 Rule 1CPC, it is not permissible for an erroneous decision to be "reheard and corrected".*
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> *16.5. A review petition has a limited purpose and cannot be allowed to be "an appeal in disguise".*

16.6. Under the guise of review, the petitioner cannot be permitted to reagitate and reargue the questions which have already been addressed and decided.
16.7. An error on the face of record must be such an error which, mere looking at the record should strike and it should not require any long-drawn process of reasoning on the points where there may conceivably be two opinions.
16.8. Even the change in law or subsequent decision/judgment of a coordinate or larger Bench by itself cannot be regarded as a ground for review."

19. The Judgment extensively dealt with the allegations of fraud levelled by the Petitioners and concluded that there is no evidence to conclusively prove an element of fraud or collusion by the officials of Respondent No. 1 at the time of creation of mortgage and, accordingly, the Petitioner had failed to prove the alleged fraudulent conduct by Respondent No. 1.

20. It is settled law that the review jurisdiction has a limited purpose of reviewing if there is any error apparent on the face of the record. Under the guise of review, the Petitioner cannot be allowed to reagitate or reargue the questions that have already been decided by the Court.

21. By way of this Review Petition, the Petitioners have sought to reargue the Petition by raising substantial arguments in guise of reviewing the Judgment. At the time of hearing of the Petition, all arguments made by the Petitioners were considered while passing the Judgment. The grounds taken by Petitioners regarding omission of important factual matrix are an attempt to reagitate and reargue the already decided issues in the Judgment. The scope of review is extremely narrow as has been held in ***Sanjay Kumar Agarwal*** (supra) and cannot be allowed to be converted into an appeal in disguise. Accordingly, the Petitioners' contention that important factual

matrix was omitted regarding the allegation of fraud against Respondent No. 1, stands rejected.

22. In view of the above, the Review Petition filed by the Petitioners does not make out any grounds that are within the limited scope available for review of the Judgment. All the grounds mentioned in the Petition and hereinabove are beyond the permissible scope for reviewing the Judgment.

23. Accordingly, no ground has been made out for reviewing the Judgment. In view of the discussion above, the present Review Petition filed against the Impugned Judgment dated 21.04.2025 passed by this Court in Writ Petition (Civil) No. 11524/2019, stands dismissed.

TEJAS KARIA, J

ANIL KSHETARPAL, J

JANUARY 17, 2026
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