



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

% *Reserved on: 01st July, 2025*
Pronounced on: 27th October, 2025

+ **CRL.M.C. 1197/2017 & CRL.M.A. 4891/2017**

1. **P S JAYAKUMAR**

MD and CEO, Bank of Baroda
Baroda Corporate Centre, G Block,
C-26, Bandra Kurla Complex, Bandra (East)
Mumbai-400051

2. **MR. ARVIND KUMAR SHARMA**

Former Deputy General Manager,
Bank of Baroda
R/o D-73, Samrat Palace, Gadh Road,
Meerut, UP

.....Petitioners

Through: Mr. Kunal Tandon, Sr. Advocate with
Mr. Kapil Arora, Ms. Palak Nagar
and Ms. Natasha, Advocates

versus

1. **STATE (NCT of Delhi)**

2. **RANGOLI INTERNATIONAL PVT. LTD. (LTIPL)**

Having its Registered Office at:
7, F-14/50 Model Town, Part-I
New Delhi-110009

Through its Director
Mr. Luv Bhardwaj

.....Respondents

Through: Mr. Shoaib Haider, APP for the State
Mr. Manohar Malik and Ms. Astha
Gumber, Advocates for R-2

+ **CRL.M.C. 1542/2017, CRL.M.A. 6276/2017, 7548/2017 &**
CRL.M.A. 8034/2017.



ANIMESH CHAUHAN
Managing Director and CEO
Oriental Bank of Commerce
Plot No. 5, Institutional Area
Sector-32, Gurugram, Haryana

.....Petitioner

Through: Mr. R.S. Dakha, Mr. M.S. Dakha,
Ms. Shivani and Ms. Meena,
Advocates

versus

1. **RANGOLI INTERNATIONAL P LTD**

F-14/50 Model Town, Part-I
New Delhi-110009
Through its Director
Mr. Luv Bhardwaj

2. **THE STATE**

(Govt. of NCT of Delhi)

.....Respondents

Through: Mr. Manohar Malik and Ms. Astha
Gumber, Advocates for R-1
Mr. Shoaib Haider, APP for the State

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CRL.M.C. 3199/2017 & CRL.M.A. 13177/2017

AJIT KUMAR DAS
General Manager
Canara Bank
Mumbai Circle Office:
Canara Bank Building
2nd Floor, B Wing, C-14, G Block,
Bandra Kurla Complex-Bandra East,
Mumbai

.....Petitioner

Through: Mr. Som Raj Choudhary and
Ms. Shrutee Aradhaa, Advocates

versus



1. **STATE THROUGH**
Govt of NCT, New Delhi
2. **RANGOLI INTERNATIONAL PVT. LTD.**
Through its Director
Regd. Office At: 7, F-14/50 Model Town,
Part-I New Delhi-110009

.....Respondents
Through: Mr. Shoaib Haider, APP for the State
Mr. Manohar Malik and Ms. Astha Gumber, Advocates for R-2

+ **CRL.M.C. 3200/2017 & CRL.M.A. 13179/2017**

RAKESH SHARMA
MD & CEO
Canara Bank
Head Office: 112, J.C. Road
Bangalore-560002

.....Petitioner
Through: Mr. Som Raj Choudhary and
Ms. Shrutee Aradhaa, Advocates
versus

1. **STATE THROUGH**
Govt of NCT, New Delhi
2. **RANGOLI INTERNATIONAL PVT. LTD.**
Through its Director
Sh. Luv Bhardwaj
Regd. Office At: 7, F-14/50
Model Town, Part-I
New Delhi-110009

.....Respondents
Through: Mr. Shoaib Haider, APP for the State
with SI Satish Kumar, P.S. Model
Town



Mr. Manohar Malik and Ms. Astha Gumber, Advocates for R-2

+

CRL.M.C. 4220/2017 & CRL.M.A. 16918/2017

JAI KUMAR GARG

MD & CEO

Corporation Bank

Zonal Office: 1 Faiz Road

Corporation Bank Building

Jhandewalan, New Delhi

.....Petitioner

Through:

versus

1. STATE THROUGH

(Govt of NCT Delhi)

2. RANGOLI INTERNATIONAL PVT. LTD

Through its Director

Sh. Luv Bhardwaj

Regd. Office At: 7, F-14/50

Model Town, Part-I.

New Delhi-110009

.....Respondents

Through: Mr. Shoaib Haider, APP for the State
Mr. Manohar Malik and Ms. Astha Gumber, Advocates for R-2

CORAM:

HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. The aforesaid five Petitions have been filed under Section 482 Code of Criminal Procedure, 1973 (*hereinafter referred to as “Cr.P.C”*), on behalf of the Petitioners, the officers of *Bank of Baroda, Oriental Bank of*



Commerce, Corporation Bank, and Canara Bank, for quashing of Complaint Case No. 216/2017 titled “*M/s Rangoli International v. Rakesh Sharma & Ors.*” pending before the Ld. MM, Rohini Courts under Section 500 read with Section 34 of the Indian Penal Code, 1860 (*hereinafter referred to as “IPC”*), along with the Summoning Order dated 21.01.2017 and all consequential proceedings arising therefrom.

2. ***The case of the Complainant***, Rangoli International Pvt. Ltd., is that it is a Company incorporated and registered on 16.03.2009 under the provisions of the Companies Act, 1956, having its registered office at 7, F-14/50, Model Town, Part-1, New Delhi-110009. The Complainant Company claims that it enjoys a strong reputation and has earned reverence and respect in the business community.

3. On 21.10.2014, the Complainant Company entered into a Consortium Arrangement and executed an Inter-se Agreement with seven banks. A credit facility was extended to the Complainant Company, wherein Punjab National Bank acted as the lead bank of the Consortium. The total credit facility amounted to Rs. 250 Crores, of which Rs. 56 Crores was extended by the lead bank.

4. On 20.09.2013, a Consortium Meeting of the accused banks was held in which the Complainant Company apprised the banks of its performance and future plans. It was also informed that the Complainant Company had confirmed Orders worth Rs. 225 Crores and was confident of achieving the estimated sales of Rs. 875 Crores in the financial year 2013–2014.

5. In September 2014, the Central Bureau of India (CBI) conducted a raid on the factory premises and offices of the Complainant Company in relation to an ongoing investigation into the allegations of fraud committed



by Texcomash International Limited with the State Bank of Mysore. It is submitted that the signatures of the Directors of the Complainant Company had been forged and a fictitious Bank Account was opened, which was later acknowledged by the CBI. After this development, a Consortium Meeting was convened on 21.10.2014, seeking an explanation from the Complainant Company. The Company explained that the raid pertained to forged signatures and the fictitious Account opened with Axis Bank.

6. On 21.11.2014, another Meeting was held wherein it was informed to the members of the Consortium that on the instructions of the Investigating Agency, a Forensic/Financial Audit of the Complainant Company is required to be conducted by an expert Agency, with the objective of tracing transactions exceeding Rs. 10,00,000/- for the purpose of ascertaining diversion of funds. The Complainant Company requested the Consortium Banks not to take any steps curtailing financial services. Subsequently, the name of M/s T.R. Chadha & Co. was finalized as the Auditors, to conduct the financial audit.

7. It is submitted that despite the request of the Complainant Company not to withdraw or suspend the credit facilities, some of the Consortium Banks stopped extending financial assistance. As a result, the Complainant Company failed to meet its business obligations. Thereafter, the Complainant Company issued a letter to the AGM of the lead Bank highlighting the sudden change in the attitude of the Consortium Members and stating that it had become extremely difficult for the Company to function. From January 2015 till July 2015, the Complainant Company issued several letters to the Consortium banks seeking their cooperation and permission to utilize the sanctioned credit.



8. On 14.08.2015, another Joint Lenders Forum (JLF) Meeting was conducted, wherein the Consortium Banks discussed the Audit Report submitted by M/s T.R. Chadha & Co. The Consortium Banks unanimously agreed that the Auditors had not arrived at any conclusive opinion.

9. On 17.10.2015, another JLF Meeting was held wherein the Consortium Banks unanimously agreed that that there were no significant adverse findings against the Company and there was no material to suspect any fraudulent conduct on the part of the Complainant Company.

10. The Complainant again requested all the Consortium Banks to release the sanctioned credit facilities. However, Accused No. 1, **Canara Bank**, informed the Consortium that it had decided to classify the account of the Complainant Company as *fraud* with its higher Authorities and report the same to the Reserve Bank of India (RBI) and the Fraud Monitoring Group (FMG) as well as on the CRILC website, as a *Red Flagged Account (RFA)*.

11. It was asserted that the chain of events began with the CBI raid which led some of the Consortium Banks to act wrongfully, thereby causing damage to the Complainant. The accused Banks, namely, Bank of Baroda, Oriental Bank of Commerce, Canara Bank and Corporation Bank with the intent to cause injury and harm to the Complainant's reputation and to compel him to clear their outstanding dues, *illegally and arbitrarily decided to declare the Complainant as fraud*, despite there being no fraudulent activity on the part of the Complainant. Significantly, after thorough deliberations of the Consortium Banks, no *fraud* element was found in the Account of the Complainant's Company.

12. The intent of the accused Banks in criminalizing the Complainant Company by classifying its account as *fraud*, was completely illegal and



frivolous. The same was done with dishonest intentions, knowing full well that the findings were untrue and that no fraud element or suspicion was ever established during the internal investigation or the deliberations of the Consortium banks, while discussing the Early Warning Signals (EWS) and in view of the non-conclusive Forensic Audit. They were unanimous in their view that no significant suspicion existed and no fraud element could be established against the Complainant Company.

13. The Complainant Company filed a *Civil Writ Petition* before this Court challenging the decision of certain Consortium Banks to declare and report the Complainant Company, as *fraud*. On 02.02.2016, this Court passed an Order directing the Consortium Banks not to take any precipitative steps against the Complainant Company and its Directors, until the next date of hearing.

14. On 01.02.2016, i.e. a day prior, in haste and without any basis or truth, Accused No. 2, General Manager, Canara Bank filed a frivolous and false Complaint with the CBI, despite knowing that the Complainant had already filed a Writ Petition before this Court challenging their decision. In his Complaint, Accused No. 2, Mr. Ajit Kumar Das, General Manager, Canara Bank, submitted that an investigation had been conducted into the account of the Complainant Company by Shri P. Ramasubramaniam, Assistant General Manager, Vigilance Wing, Head Office, Bangalore, who submitted his Investigation Report dated 24.12.2014 and a supplementary Investigation Report dated 30.05.2015, wherein it was found that 34 bills amounting to Rs. 21.75 Crores, were outstanding against the Complainant. Out of these, 28 Airway Bills issued by various operators, were enclosed along with the Invoices. Of these, 21 Airway Bills were shown to have been



issued by *M/s Hercules Aviation Private Limited*. However, upon tracking these bills on the website of Hercules Aviation, the message displayed was “*No shipment detail exists for the airway bills.*” On this basis, the Investigating Officer concluded that these 21 Airway Bills were not genuine.

15. It is further submitted that all other allegations raised by Canara Bank, do not disclose the commission of any criminal offence. They were made falsely and in such a manner that the Complainant Company and its Directors could be wrongly implicated in a criminal case, despite knowing that the contents of these allegations were untrue. The filing of such a Complaint with the CBI has caused irreparable harm and injury to the Complainant Company and has seriously damaged its reputation in the business community, which will ultimately result in the collapse of its business interests. It is submitted that in order to harm the reputation of the Complainant Company and to recover their outstanding dues, the Accused Banks acted illegally and arbitrarily by declaring the Complainant Company as fraud.

16. Accordingly, a ***Criminal Complaint was filed under Section 200 Cr.P.C.*** against the accused persons, i.e. the officials of 4 Banks for the commission of offences under Sections 177, 182, 405, 409, 415, 418, 425, 477, 120B, 499, 500, and 34 of the IPC. It is submitted that the **accused persons, (Petitioners herein)** acting in connivance with each other and with a common dishonest intention to cheat, *committed criminal breach of trust, and caused irreparable harm to the reputation of the Complainant Company as well as heavy financial losses by seizing all extended financial facilities to the Complainant Company, despite there being no default.* Further, false Complaints were made to the RBI, declaring and reporting the Account of



the Complainant Company, as *fraud*. A similar Complaint was also filed with the CBI against the Complainant Company and its Directors.

17. The accused persons jointly acted with mala fide and dishonest intention to harm and injure the Complainant Company, *thereby intentionally causing wrongful loss and damage to its reputation*. The Accused persons, with criminal intent, made false imputations with the purpose of damaging the image and reputation of the Complainant Company and its Directors. **Therefore, they are liable to be tried and punished for the offence of *Criminal Defamation* in terms of Sections 499 and 500 of the IPC.**

18. The Complainant Company, in support of its Complaint, examined *CW-1, Sh. Luv Bhardwaj, Director*, who deposed about the contents of the Complaint. He deposed that Accused No.1, Sh. Rakesh Sharma, MD & CEO, Canara Bank, and Accused No.2, Sh. Ajit Kumar Das, General Manager, *Canara Bank*, with the sole motive to harass and pressurize the Complainant Company to clear its dues, made a false and frivolous complaint and declared the account of the Company as *fraud*.

19. It was further deposed that Accused Nos. 3 to 6, Mr. Jai Kumar Garg, Mr. PS Jayakumar and Mr. Arvind Kumar Sharma & Mr. Animesh Chauhan officials of Corporation Bank, Bank of Baroda, and Oriental Bank of Commerce, respectively, also in a similar manner, falsely declared the account of the Complainant Company as fraud and reported to the RBI. Accused Nos.4 and 5, officials of Bank of Baroda, had also filed a frivolous complaint with the CBI. It was further deposed that the Accused Banks do not possess any document or evidence to show that the Complainant Company had committed any fraud or criminal activity.



20. The Complainant has also examined CW-2, *Sh. Ashutosh Sharma*, who deposed that he came to know through mutual friends and business associates that *the reputation of the Complainant Company has been ruined by the Banks, and that nobody now wishes to have any business relations with him or his Company*. It is further deposed that the business activities of the Complainant Company are completely legitimate.

21. ***The Ld. MM*** on consideration of the evidence of the Witnesses, observed that there is enough material on record to proceed under Sections 500/34 IPC and issued summons against the accused persons, *vide* Order dated 21.01.2017.

22. *Petitioners who are the officers of the banks have thus, filed the present Petitions under Section 482 Cr.P.C. for quashing of the Criminal Complaint and the Summoning Order dated 21.01.2017.*

23. The averments made in the five Petitions are as under:

CRL. M.C. 1197/2017: Sh. P. S. Jayakumar & Sh. Arvind Kumar Sharma, Officers of Bank of Baroda:

24. The Petitioners, Sh. P. S. Jayakumar, Managing Director & Chief Executive Officer and Sh. Arvind Kumar Sharma, former Deputy General Manager of the ***Bank of Baroda***, have explained the circumstances leading to this Complaint by the Respondent/Complainant. It is stated that Bank of Baroda had instituted Recovery proceedings before the Debt Recovery Tribunal-I as well as *Writ Petition (Civil) No. 590 of 2016* before this Court.

25. It is further submitted that over the years, Respondent No. 2/Complainant was guilty of several defaults and irregularities in the maintenance of its Account, having defaulted to the tune of Rs. 4,64,06,910.46/-, as on 15.03.2015. Consequently, the Account of



Respondent No. 2 was classified as a *Non-Performing Asset* on 15.03.2015.

26. On 15.04.2015, Petitioner Bank of Baroda served a Notice under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (*hereinafter referred to as SARFAESI Act*) upon Respondent No. 2, directing it to clear the outstanding balance of Rs. 4,64,06,910.46/- within a period of 60 days.

27. On 25.06.2015, a Letter was issued to Petitioner Banks by the CBI, seeking an *Internal Inquiry* into the Account activities of Respondent No. 2.

28. On 14.07.2015, the RBI issued a similar Letter to Bank of Baroda, requesting an examination of the Accounts of Respondent No. 2 for any fraudulent activity.

29. On 13.08.2015, the Bank of Baroda filed an Original Application against Respondent No. 2, Mr. Luv Bhardwaj, and Mr. Ravi Bhola (Directors and guarantors of Respondent No. 2), and other personnel and Corporate Guarantors, in respect of the credit facilities extended by Bank of Baroda to Respondent No. 2, seeking repayment of the total outstanding amount of Rs. 5,14,30,270.46/-, (being the outstanding balance of Rs. 4,64,06,910.46/- as on 15.03.2015, together with accrued interest).

30. Based on the *Internal Inquiry* conducted by Mr. A.K. Jain, Deputy General Manager, Internal Audit of Bank of Baroda, the CIAD of Bank of Baroda was requested to further investigate and examine the Accounts of Respondent No. 2. A Report dated 28.09.2015 was thereafter furnished, which concluded that there had indeed been instances of fraud in the Account of Respondent No. 2.

31. It is submitted that in November 2015, Respondent No. 2, Rangoli International Pvt. Ltd. filed a Reference before the *Board of Industrial and*



Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985, with the intent to delay the payments.

32. On 29.03.2016, a *Show Cause Notice* was issued to Respondent No. 2 by Bank of Baroda, directing it to explain why it should not be declared a wilful defaulter. In response, Respondent No. 2 filed a Contempt Petition, being *CONT. CAS (C) 953 of 2016*, against Bank of Baroda, Canara Bank, and Oriental Bank of Commerce, for notifying the CBI and RBI of the apparent fraud perpetrated by Respondent No. 2.

33. It is submitted that the present Criminal Complaint is an abuse of process and a counterblast to the Original Application and SARFAESI Notice issued by Bank of Baroda, to enforce its right and claim to repayment of monies due under the *credit facility* provided to Respondent No. 2.

34. It is submitted in the written submissions of Petitioner that even Oriental Bank of Commerce, a member of the banking Consortium, wrote to the lead bank, Punjab National Bank, on 11.01.2016, directing it to initiate steps for lodging a Complaint with the CBI.

35. On 06.05.2024, the CBI issued a Notice to Bank of Baroda in connection with the above FIR under Section 91 Cr.P.C., seeking various documents relating to the account of Respondent No. 2.

CRL M.C. 1542/2025: Sh. Animesh Chauhan, Officer of Oriental Bank of Commerce:

36. The Petitioner, Sh. Animesh Chauhan, Managing Director of the ***Oriental Bank of Commerce***, has submitted that on 31.03.2015, the account of Respondent No. 2/Complainant with the Oriental Bank of Commerce was declared a *Non-Performing Asset (NPA)*. On 25.06.2015, the Oriental Bank of Commerce received a letter from the CBI directing it to send a formal



complaint against Respondent No. 2/Complainant in relation to certain alleged irregularities in their account. Subsequently, on 29.07.2015, the said account was declared *Fraud*.

CRL. M.C. 3199/2017 & CRL.M.C. 3200/2017: Ajit Kumar Das & Sh. Rakesh Sharma, Officer of the Canara Bank:

37. Petitioner, Sh. Ajit Kumar Das, is the General Manager of Canara Bank, and Sh. Rakesh Sharma, is the Managing Director & Chief Executive Officer of the **Canara Bank**. It is submitted that on 02.12.2014, the account of Respondent No. 2/Complainant was classified as a *Non-Performing Asset (NPA)* as per the norms of the Reserve Bank of India (RBI), and the liability in the said account stood at ₹14.78 Crores along with interest. The total liability of Respondent No. 2/Complainant towards Canara Bank as on 22.05.2017 was ₹129,09,81,472/-.

38. It is further submitted that a Letter dated 25.06.2015 was received by Canara Bank from the Central Bureau of Investigation (CBI), directing it to lodge a formal Complaint against Respondent No. 2/Complainant. Subsequently, on 09.10.2015, the account of Respondent No. 2/Complainant was declared *fraud*.

39. The Criminal Complaint filed by Canara Bank was registered as FIR No. RCBD1/2016/E/0004 dated 24.05.2016.

CRL. M.C. 4220/2017: Sh. Jai Kumar Garg, Officer of Corporation Bank:

40. The Petitioner, Sh. Jai Kumar Garg, is the Managing Director & Chief Executive Officer of **Corporation Bank**. It is submitted that on 31.03.2013, Corporation Bank classified the Account of Respondent No. 2/Complainant as a *Non-Performing Asset (NPA)*. It is further submitted that as on 30.06.2017, the total liability of Respondent No. 2/Complainant towards



Corporation Bank was ₹23.64 Crores. On 13.04.2015, the said Account was declared *fraud*.

41. It is further submitted that on 25.06.2015, Corporation Bank received a Letter from the Central Bureau of Investigation (CBI) directing it to lodge a formal Complaint against Respondent No. 2/Complainant.

Grounds For Quashing:

42. The *Petitioners who are the Senior Managerial officers of their respective Banks* have sought the quashing of the impugned Summoning Order dated 21.10.2017, on the *ground* that Respondent No. 2/Complainant has not made a single allegation or averment that the Petitioners *made, published, or caused to be made or published, any imputations likely to harm his reputation*. At no stage have the Petitioners been *personally involved in the dispute nor have they at any stage, personally published or conveyed to any person any imputation or statement likely to harm the reputation of Respondent No. 2*. It is further submitted that it is trite law that the Petitioners, being officers of the Banks, *cannot be held vicariously liable for offences alleged against the Bank*.

43. It is submitted that the Ld. MM, while dealing with the Criminal Complaint under Section 200 Cr.P.C. filed by Respondent No. 2, failed to note that in order for an offence to be punishable under Section 500 IPC, the offence of *criminal defamation* must first be established under Section 499 IPC. The Criminal Complaint does not disclose the necessary ingredients of defamation under Section 499 IPC, namely, *harm to reputation in the opinion of persons to whom the allegedly defamatory statements were made*. As the CBI had already found that Respondent No. 2 was responsible for fraud, as evident from the first CBI Letter, the opinion of Respondent No. 2



in the eyes of the CBI, has not been lowered. Moreover, Respondent No. 2 has failed to produce any evidence to establish any such common intention on the part of the Petitioners.

44. In the present case, the officers of Banks acted on the basis of the RBI Letter and the CBI Letter. The Complaints were preferred in good faith, on the basis of internal investigations conducted by the Banks alleging fraud against Respondent No. 2.

45. It is submitted that the Petitioners, being officers of a Public Sector Bank, are *public servants* and their prosecution for criminal defamation under Section 499 IPC, cannot take place without prior *Sanction* from the Central Government.

46. It is further submitted that the Complaint focuses on the Meetings of the JLF and asserts that based on these documents alone, there can be no possible finding of fraud, as no such finding was recorded in the Minutes of those Meetings. The Criminal Complaint does not disclose the factum of the internal investigations by the Banks and the CBI, which unearthed several irregularities in the conduct of Respondent No. 2/Complainant with respect to Accounts maintained with Bank of Baroda, Oriental Bank of Commerce and Canara Bank, etc.

47. The Criminal Complaint has filed by Respondent No. 2 to pressurize the Petitioners, all of whom are officers of reputed Public Sector Banks, by attempting to defame them along with the Petitioners' Chairman/Managing Director and Deputy General Manager/Regional Head, with a view to avoid and delay repayment of lawful and admitted liabilities by Respondent No. 2.

48. It is submitted that this criminal prosecution cannot be used as an instrument of harassment, private vendetta, or as a means to pressurize the



accused. On this ground alone, this Court ought to exercise its inherent power under Section 482 Cr.P.C. to quash the Impugned Complaint and the proceedings arising therefrom.

49. It is further submitted that the Impugned Order dated 21.01.2017 lacks reasoning, is unsustainable in law, and is liable to be quashed.

50. It is further submitted that the Ld. MM failed to carry out an inquiry under Section 202 Cr.P.C., as is mandatory *when the accused are residing outside the jurisdiction of the Court.*

51. *Therefore, a prayer is made that the present Petitions be allowed and the Impugned Complaint and Summoning Order dated 21.01.2017 be set aside.*

52. ***Reply has been filed on behalf of Respondent No. 2/Complainant,*** wherein the contents of the Complaint have been reiterated. It is submitted that the accused persons acted in connivance and with common dishonest intention to defame, cheat, and commit criminal breach of trust, thereby causing irreparable harm to the reputation of the Complainant. By raising such vague, unfounded, and false pleas, an attempt has been made to falsely allege that Respondent No. 2 has filed the Criminal Complaint to avoid and delay repayment of loan. It is asserted that the present Petitions have been filed only to circumvent and obstruct the hearing of *Complaint Case No. 216 of 2017*, which is pending adjudication. It is further asserted that the Petitioners have raised vague, unfounded, and false grounds with an intention to mislead this Court and obtain a favourable Order.

53. The allegations against the Petitioners in the said Criminal Complaint, *prima facie* make out the commission of the offences alleged therein, which are subject matter of trial, and it is neither expedient nor in the interest of



justice to stay or quash the criminal proceedings at such an early stage, especially when the Ld. MM has considered the *prima facie* evidence and rightly issued summons to the accused persons.

54. *Accordingly, a prayer is made that the present Petitions be dismissed. Submissions heard and record perused along with the Written submissions filed on behalf of the Petitioners and Respondent No. 2.*

55. The Petitioners, herein, are Chief Executive Officers/Managing Directors of reputed Banks which were part of a Consortium that had extended a *Credit Facility* of Rs. 250 crores to Respondent No.2/Complainant. As per the averments of the Banks, the Complainant began defaulting in repayment, which led one of the Banks namely Bank of Baroda, to initiate SARFAESI proceedings against the Complainant.

56. After receiving the Internal Inquiry Reports, the account of Respondent No.2/Complainant Company was designated as a Non-Performing Asset (NPA) and subsequently classified as *fraud* by the four Banks forming part of the Consortium.

57. Respondent No.2/Complainant has filed a Complaint under Section 200 Cr.P.C. before the Ld. MM, alleging that the act of classifying the Complainant Company as *fraud*, amounted to defamation of the Complainant Company which was perpetrated in furtherance of common intention by the Petitioners, and thus, committed an offence punishable under Sections 500 and 34 IPC.

I. The first question is whether the act of the Banks in classifying Respondent No.2's account as fraud, amounts to defamation under Section 499 IPC.

58. *What thus, needs to be ascertained is whether the offence of*



defamation has been made out from the facts as stated in the Complaint.

59. **Section 499 of IPC** defines *defamation* as *making or publishing any imputation concerning a person, either by words spoken or written, or by signs or visible representations, with the intent to harm, or with knowledge or reason to believe that such imputation will harm, the reputation of that person.* The provision also provides ten exceptions, which lay down specific circumstances under which such imputations shall not amount to defamation.

60. In the light of the aforesaid definition, the averments made in the Complaint may be considered to ascertain whether it discloses a *prima facie* case of defamation. The allegation essentially made by the Complainant Company is that it was defamed by the Petitioner Banks who declared the Complainant *fraud*, which was adversely affected its business.

61. The Accused banks of which the Petitioners are the Officers, explained that the Complainant Company was declared *fraud* on the basis of two Letters from CBI and RBI respectively and the Internal Inquiry/Audit Reports.

62. The contents of the Letters received by the Petitioner Banks from the CBI vide letter dated 25.06.2015, and from the RBI vide letter dated 14.07.2015, are reproduced hereinunder.

63. ***The letter dated 25.06.2015 by Central Bureau of Investigation is reproduced herein:***

PE/BD1/2014/E/0004/1377

Date: 25.06.2015

To

Chief Vigilance Officer



2025:DHC:9364



*Bank of Baroda
C-26, G Block
Bandra Kurla Complex
Mumbai-400051*

Sub:-Complaint against Mis Rangoli International Pvt. Ltd. Its Director Shri Luv Bhardwaj and others-reg.

Sir.

Please find enclosed herewith a Self Contained Note incorporating the result of enquiry conducted by CBI against M/s Rangoli International Pvt. Ltd. (M/s RIPL, OH 15 Hansalaya Building Barakhamba Road, New Dehl and Its Director Shri Luv Bhardwaj.

- 2. It is requested that a formal complaint against M/s RIPL, its director Shri Luv Bhardwaj and other unknown private and public persons may be sent to CBI for registration of a Regular Case. It is also requested to conduct staff accountability analysis and Include the names of those public servants in the complaint whose roles and conduct come up in an adverse light.*
- 3. A Self Contained Note has been sent to all consortium members banks.*
- 4. This issues with the approval of Director, CBI.*

*Yours faithfully,
(MADHUP TEWARI)
Encl: As above
DIG & Head of Branch
CBI:BS&FC NEW DELHI*

64. The letter dated 14.07.2015 written by Reserve Bank of India is reproduced herein:

DBS.CO.CFMC/ 105 /23.04.012/2015-10

July 14, 2015



*The Chief Vigilance Officer
Bank of Baroda
Baroda Corporate Centre
C-26, G-Block Bandra Kuria Complex
Mumbai-400051.*

Sir

Fraud of 579.5 mn at Noida Mid Corporate branch of Corporation Bank In Advances Biliis Account FMRI CORP1502-0012

Corporation Bank has reported a fraud in the account of its customer M/s Rangoli International Liu & M/s Rainbow Worldwide Lid wherein the captions companies had perpetrated the fraud and availed finance from multiple banks.

In this connection, you are advised to examine the above mentioned account for any fraudulent activity and report the same to RBI as per guidelines issued in this regard.

*Yours faithfully,
(Radha Prabhakar)
Manager*

65. A bare perusal of the above Letter received from CBI makes it evident that it was the CBI that stated that in the light of the enquiry conducted by CBI, their requested the Petitioner Banks to file a formal Complaint against Respondent No. 2/Complainant Company so that a regular case could be registered.

66. Likewise, the RBI's Letter reflects that Corporation Bank reported a fraud in the account of Respondent No. 2/Complainant Company and the alleged fraudulent activity in its Accounts and advised Bank of Baroda to examine the above-mentioned account (of the Complainant) for any



fraudulent activity and report the same to RBI as per guidelines issued in this regard.

67. Consequently, the Petitioner Banks conducted the enquiry and on finding fraudulent activity, respectively declared the Account of Respondent No. 2/Complainant Company as a Non-Performing Asset (NPA) and subsequently as *fraud*.

68. The Deputy General Manager, Regional Office, DMR-II, Bank of Baroda, *vide* letter dated 17.10.2015 addressed to declared the account of Respondent No. 2 as fraud on account of various irregularities. The letter dated 17.10.2015 reads as under:

NPA Account M/s. Rangoli International Pvt. Ltd. at Vikaspuri Branch, New Delhi, DMR II: To consider the account as fraud

Dear Sir,

M/s Rangoli International Pvt. Ltd. has exposure of Rs. 256.40 crores under consortium with Punjab National Bank as leader bank.

Our exposure is Rs. 7.00 crores and outstanding balance as on 30.04.2015 is 4.64 crores. Our Bank received Preliminary enquiry Registration report from SP, CBI BS & FC, New Delhi dated 30.09.2014, in reference to the gross financial irregularities and gross misconduct on the part of Shri Luv Bhardwaj, Director of M/s Rangoli International Pvt. Ltd.

The CBI also advised to file a formal complaint against M/s Rangoli International Pvt. Ltd. and its Director Sh. Luv Bhardwaj and to conduct staff accountability analysis and include names of staff in the complaint whose roles and conduct come in adverse light.

On 10.07.2015, we received a letter dated 07.07.2015 from General Manager, NPA recovery & Legal with enclosure of a Note placed before MD & CEO and his observations put thereon “Call for views of GM(NZ)”

On 17.07.2015, General Manager, CIAD was requested to get the account examined covering aspect of Fraud and staff accountability by a Senior Official. The CIAD assigned this job to Mr. A.K. Jain, DGM, ZIAD, Jaipur.



The Examination Report is received from CIAD on 28.09.2015. After going through the Report, the following lapses/irregularities are observed.

- *The current account of M/s Rangoli International Pvt. Ltd was opened on 22.11.12 with the introduction of (on associate concern of Rangoli Industries) Current Account of M/s Richfield Industries Pvt. Ltd., opened on 23.07.12. The KYC, documents in respect of Directors were neither verified from the original nor self-attested by Directors.*
- *The Directors are common in both the current accounts.*
- *In the appraisal note it is mentioned the Store Bank of Patiala is dropped on the ground that the branch is not an authorised dealer, however our Vikaspuri branch was also not authorised for FEX business.*
- *The ABS of Corporate guarantor M/s Sahara Exim Pvt. Ltd. were not obtained for the FY 2011-12, The Turnover of the Co. Reduced from 10011.83 loc as on 31.03.10 to 4.75 lac as on 31.03.11.*
- *During 11.02.13 to 25.11.14 there are large numbers of Debit entries of Rs.1000/- in the C/A, aggregate amount Rs.35.99 lac. It appears to be debit towards Barada Pioneer, without any authority letter.*
- *All LCs were issued in favour of M/s Rising Overseas except first-2-LCs. The LCs were issued without obtaining. Credit report of Beneficiaries as stipulated in terms of sanction.*
- *Copy of TPA not obtained though the consignee and buyers are different parties.*
- *Names of buyers not mentioned in the buyer wise policy of ECGC in case of FBD no.0713; 5014: 5114.*
- *Buyer wise EGGC cover is approved for total amount of Rs.45.00 crores subject to not more than 10% per buyer, however no record is maintained.*
- *All shipping Bills detailed are pertaining to Indian Overseas Bank. No objection Certificate is not obtained.*
- *Name of PNB Is appearing in SDF forms in respect of Bill No. 513,613, 1013, 1113, 1513 & 1613, while in shipping bill bank details are 108.*
- *Shipping bill attached with Bill No.1013 and 1113 is not signed*



by Custom Officials.

- *Shipping bills not sent to Custom Dept. for verification except in-2-cases discounted on 10.07.14, which were later on returned unpaid.*
- *Proceeds of Bills Discounted as well as Bille sent on collection basis credited to Current account instead of Packing Credit of the co,*
- *FBP/FBD ore generally realized against the proceeds received from the Banks other than foreign banks to whom the documents are forwarded for collection and also from Third parties who are neither buyers nor consignee.*

In view of the facts as stated above, we declare the account as fraud.

-sd/-

(Yesh Pal Chhabra)
Deputy Zonal Head

-sd/-

(L.R. Choudhary)
AGM (CRM, RISK & IAD)

-sd/-

(Lalit Kumar)
CM (Vigilance)

Date: 17.10.2015

69. A perusal of the above reproduced letter dated 17.10.2015 shows that it was addressed internally to the Deputy General Manager, Regional Office, DMR-II, Bank of Baroda, and was signed by the Deputy Zonal Head, AGM (CRM, Risk & IAD), and CM (Vigilance). It is evident from this Letter that the conclusion of declaring the account as *fraud* was arrived at only after a *prima facie* investigation and after receipt of letters from the CBI and RBI.

70. It is also pertinent to observe that the Criminal Complaint filed by one of the Banks namely Canara Bank about alleged irregularities in the account of Respondent No. 2, resulted in registration of FIR No. RCBD1/2016/E/0004 dated 24.05.2016. The CBI also issued Notices under Section 91 Cr.P.C. seeking various documents in respect of Respondent



No.2.

71. The **Banks**, acting in *good faith* and upon analysing the Reports and the Letters received from the CBI and RBI, concluded that certain irregularities had been found in the accounts of Respondent No. 2. The declaration of the Complainant Company as *fraud*, was made for cogent reasons.

72. Multiple proceedings were instituted by the Banks against the Complainant Company for recovery of outstanding dues, to protect their interests and recover monies borrowed by their customers. Thereafter, Civil Writ Petitions were filed before this Court by Respondent No.2, alleging that the Banks' decision to stop the *Credit Facility*, was arbitrary. This Court, in the interim, directed that no precipitative steps be taken against Respondent No.2, while placing no bar on the Banks' right to seek recovery in accordance with law.

73. The intrinsic facet of "**Defamation**" is harm to "*reputation*" which is slowly built by integrity, honourable conduct, and right living, by lowering the estimation of a person in public domain. *In essence, any statement which has a tendency to injure the reputation of the person or lower him in the estimation of members of the Society results in loss of reputation and is consequently defamatory.*

74. The entire case of the Complainant rests on the averment that the act of Banks in declaring the Complainant Company as *fraud*, has defamed it. **that** Pertinently, certain alleged frauds were noticed in the Accounts of the Complainant's Company, which prompted CBI and RBI, to conduct further enquiry in the Accounts of the Company. The Letters were also written to the Banks for scrutiny of the Accounts of the Complainant's Company, with



their respective Banks. The internal audit and enquiries were conducted by the Banks and found that there were material irregularities and thus, declared the Account fraud, in accordance with the Rules and provisions of law. Such act of the Banks, was in good faith. There is nothing on record to show it was done by the Banks intentionally, in order to cause loss of reputation and thereby defame the Complainant's Company.

75. Furthermore, it cannot be overlooked and ignored that such act of declaring the Complainant's Company as fraud, was in discharge of their banking activities and in *good faith* while conducting the banking activities of their respective bank. There is not a whisper of any fact, which can be termed to have been intended to bring disrepute to the Complainant's Company. Even as per the averments made in the Complaint, the only assertion is that because the Complainant's Company was declared as a fraud, it has resulted to major financial losses. Therefore, even if all the averments made in the Complaint, are admitted to be correct and true, they do not constitute any act which can be termed as defamatory.

76. The aforesaid circumstances as discussed, clearly establish the act of declaring the Complainant's Company as *fraud*, was not a personal vendetta of the Banks or intended to bring disrepute or to defame the Complainant in any manner; rather, it was an informed decision taken in by the Banks, in their interest and in accordance with law. *Such proceedings cannot be termed as defamation or as lowering the reputation of the Complainant in the eyes of the general public.*

II. Can Officers acting in their professional capacity, be made vicariously liable for the offence of Defamation allegedly committed by the Company (Banks):



77. The ***second ancillary question*** which arises is whether an entity like **Banks** can commit defamation and whether their Officers acting in their professional capacity, be made vicariously liable for the offence of Defamation.

78. The averments of the Complainant as alleged in the Complaint, essentially are that the act of declaring the Complainant Company as fraud, is defamatory.

79. The first aspect is ***whether the Corporate Entity (Banks) can be held liable for the offence of defamation?***

80. This aspect was considered by the Calcutta High Court in *Zee Telefilms Limited v. Sahara India Commercial Corporation Limited* (2001) 1 CALLT 262 HC wherein it was observed as under;

8. Offence of defamation is defined in section 499 I.P.C. It is apparent from the very definition that intention of the accused who make such imputation must be to harm the reputation or he must make it with knowledge or reasonable belief with such imputation will harm the reputation of the person concerned. Therefore, unless one makes the offending imputation with such state of mind, he cannot be said to have committed such offences. Undoubtedly a company is a juristic entity. The offence of defamation consists of three essential ingredients, namely, (i) making or publishing any imputation concerning any person, (ii) such imputation must have been made by words either spoken or intended to be read or by signs or by visible representation, and (iii) the said imputation must have been made with intention to harm or with knowledge or having reason to believe that it will harm the reputation of the person concerned. Therefore, it is apparent from the very definition of the offence as given in section 499 I.P.C. that intention to cause harm is the most essential sine qua non of an offence under section 499 I.P.C. Question is whether a juristic or artificial entity is capable of having such a state of mind? According to a



decision of this court in *Sunilakhy Chowdhury v. H.M.J.H. Jadwet*, AIR 1968 CAL 266, a juristic person and artificial person or a juristic entity is incapable of having any mind and hence question of having such a state of mind cannot arise. It was, therefore, concluded such a person cannot commit an offence of defamation of which mens rea is one of the essential ingredients though the directors and other officers of such company may be liable for committing such offences in certain circumstances.....

9. In the penal code also there is no provision which makes a company or an association of persons liable for prosecution for the offences of which mens rea is one of the essential ingredients. In this situation and in view of the aforesaid decision of the Apex Court, it is apparent that if a statute defining the offence makes the mens rea or particular state of mind to be essential ingredients of such offence, a company or an association of person cannot be prosecuted for such offences though its officers or directors responsible for the management of the affairs of such company may be liable for prosecution. Similar view was expressed by this court in an earlier decision in AIR 1949 CAL 689 where it has been held that bank is a juridical person and not an actual person. The bank is such that it cannot be said to have the mens rea required for the offence of cheating. The bank as such cannot be punished for cheating because it has no physical body. Similar view was reiterated in a recent decision of this court in a comparatively recent decision of this court in *A.K. Khosla v. T.S. Venkatesan*, 1991 (II) CHN 321.

81. The Coordinate Bench of this Court in *Raymond Ltd. v. Rameshwar Das Dwarkadas P. Ltd.*, 2013 SCC OnLine Del 1328, while dealing with a Complaint under Section 499 IPC filed against a Company for the alleged act of defamation has relied upon the decision of the Calcutta High Court in *Zee Telefilms Limited* (supra) and quashed the complaint on ground that the Company cannot possesses any *mens rea* and cannot be held of the offence



u/s 499 r/w 500 IPC.

82. It can be thus, concluded that for an offence under Section 499 IPC, the intention or *mens rea* to cause harm to reputation is an essential ingredient. A Company, being an artificial or juristic person, does not possess such intention or *mens rea*.

83. The Complainant, in various parts of the Complaint, has alleged that the act of the Bank in declaring the Company as fraud, is defamatory. From the above discussion, it is clear that a Bank or a Company cannot be made an accused for an offence under Section 499 IPC, as they lack a state of mind or *mens rea* necessary to constitute the offence.

84. **It therefore, is concluded that the Bank cannot be summoned as an accused for the offence of Defamation.**

85. The **second aspect** is whether the *Bank officers can be held liable for the offence of defamation*. The cardinal principle of law is that no person can be vicariously summoned for the act of a Company unless there is some provision of law, which so mandates. This principle has been stated and reiterated consistently by the Apex Court.

86. The liability of the Directors for the criminal offences was also considered by the Apex Court in *Maksud Sayed v. State of Gujarat*, (2008) 5 SCC 668 wherein it was succinctly observed as under:

13. Where a jurisdiction is exercised on a complaint petition filed in terms of Section 156(3) or Section 200 of the Code of Criminal Procedure, the Magistrate is required to apply his mind. The Penal Code does not contain any provision for attaching vicarious liability on the part of the Managing Director or the Directors of the Company when the accused is the Company. The learned Magistrate failed to pose unto himself the correct question viz. as to whether the complaint



petition, even if given face value and taken to be correct in its entirety, would lead to the conclusion that the respondents herein were personally liable for any offence. The Bank is a body corporate. Vicarious liability of the Managing Director and Director would arise provided any provision exists in that behalf in the statute. Statutes indisputably must contain provision fixing such vicarious liabilities. Even for the said purpose, it is obligatory on the part of the complainant to make requisite allegations which would attract the provisions constituting vicarious liability.”

87. In Sunil Bharti Mittal Vs. Central Bureau of Investigation (2015) 4 SCC 609 the Apex Court has held that a Corporate entity is an artificial person which acts through its Officers, Directors, Managing Directors, Chairman, etc. and if such Company commits an offence involving *mens rea*, it normally would be the intent and action of that individual who would act on behalf of the Company. *It is the cardinal principle of criminal jurisprudence that there can be no vicarious liability unless the statute specifically provides so. Furthermore, an individual who has allegedly perpetrated the commission of an offence on behalf of a Company, can be made accused along with the Company if there is sufficient evidence of his active role coupled with criminal intent.*

88. The Apex Court further has observed as under;

“44. When the company is the offender, vicarious liability of the Directors cannot be imputed automatically, in the absence of any statutory provision to this effect. One such example is Section 141 of the Negotiable Instruments Act, 1881. In *Aneeta Hada* [*Aneeta Hada v. Godfather Travels & Tours (P) Ltd.*, (2012) 5 SCC 661], the Court noted that if a group of persons that guide the business of the company have the criminal intent, that would be imputed to the body corporate and it is in this backdrop, Section 141 of the Negotiable Instruments Act has to be understood. Such a position is, therefore, because of statutory



intendment making it a deeming fiction. Here also, the principle of “alter ego”, was applied only in one direction, namely, where a group of persons that guide the business had criminal intent, that is to be imputed to the body corporate and not the vice versa. Otherwise, there has to be a specific act attributed to the Director or any other person allegedly in control and management of the company, to the effect that such a person was responsible for the acts committed by or on behalf of the company.”

89. Similar observation was made in the case of Shiv Kumar Jatia Vs. State (NCT of Delhi), AIR 2019 SC 4463.

90. In this regard, it would also be appropriate to refer to the decision of the Apex Court in Maharashtra State Electricity Distribution Company Limited v. Datar Switchgear Limited, (2010) 10 SCC 479, wherein the Chairman of the Maharashtra State Electricity Board was made an accused for the offence under Sections 192 and 199 respectively read with Section 34 of the IPC. It was held as under:

“30. It is trite law that wherever by a legal fiction the principle of vicarious liability is attracted and a person who is otherwise not personally involved in the commission of an offence is made liable for the same, it has to be specifically provided in the statute concerned. In our opinion, neither Section 192 IPC nor Section 199 IPC incorporate the principle of vicarious liability, and therefore, it was incumbent on the complainant to specifically aver the role of each of the accused in the complaint.

(emphasis supplied)

91. In *Datar Switchgear Limited* (supra), reference was made to the following observations made in S.K. Alagh v. State of U.P., (2008) 5 SCC 89

“19. As, admittedly, drafts were drawn in the name of the company, even if the appellant was its Managing Director, he cannot be said to have committed an offence under



Section 406 of the Penal Code. If and when a statute contemplates creation of such a legal fiction, it provides specifically therefor. In absence of any provision laid down under the statute, a Director of a company or an employee cannot be held to be vicariously liable for any offence committed by the company itself.”

92. This judgment of *Datar Switchgear Limited (supra)* was quoted with approval in the recent judgment of the Apex Court in *Sanjay Dutt v. The State of Haryana*, 2025 INSC 34, wherein it was observed that “*there must exist something to show that such actions of the director stemmed from their personal involvement and arose from actions or conduct falling outside the scope of its routine corporate duties. Thus, where the company is the offender, vicarious liability of the Directors cannot be imputed automatically, in the absence of any statutory provision to this effect.*” It was further observed that *when a complainant intends to rope in a Managing Director or any officer of a Company, it is essential to make requisite allegations to constitute the vicarious liability.*

93. From the aforesaid judgments, it is well established that there exists no provision under Criminal Code which recognizes vicarious liability of the Directors of a Company for criminal offences allegedly committed by the Company. For the summoning of individual Directors, there has to be personal imputations to make them liable for their individual acts and *criminal liability cannot be vicariously fastened onto Directors/officials merely because of their designation, in the absence of any specific allegations.*

94. It is significant to observe that the Petitioners, who are the Senior Bank Officers, have not been attributed even a single act done by them, with



the requisite *mens rea* of bringing disrepute to the Complainant's Bank. All the averments in the Complaint are directed towards the Banks, who had acted in discharge of their business activities. In the absence of any allegation against any of the Bank Officers, they cannot be held liable for any act of defamation and could not have been summoned for the offence under Section 500 of IPC.

95. Before concluding, it may also be noted that all the Officers have been summoned, in conjunction with common intention under Section 34 IPC. Pertinently, each Bank and its Officer, had acted independently. Moreover, there cannot be any common intention imputable to two or more persons of having conjointly in furtherance of common intention committed the act of defamation. By its very definition, defamation is an offence, which may be committed by an individual, and in the present case, it cannot be said that there was any common intention between the Petitioners, who are the Officers of the different Banks and no common intention can be imputed to them.

96. The Complainant Company has not made any allegation or provided any details to show that the Petitioners herein who are the Senior Bank officers, are personally responsible for the alleged act of defamation. Since no personal involvement or criminal intent has been shown on the part of the said officers, the continuation of proceedings against them would not be justified.

97. It is therefore, concluded that there is no defamatory act attributed to the Petitioners in the entire Complaint which refers only to the act of the Banks declaring the Complainant Company *fraud*. The Petitioners cannot be held to have committed the offence of defamation.



Conclusion:

98. In the light of aforesaid discussion, it is held that the Complaint does not contain any specific allegations to establish defamation by any of the Banks. Furthermore, the Petitioners, who are the officers of the Banks, cannot be held vicariously liable for the affairs of the Company/Bank in the absence of any act of alleged defamation, attributable to them.

99. The continuation of the criminal proceedings against the Petitioners, would be an abuse of the process of the Court, as held in the case of *State of Haryana v Bhajan Lal*, 1992 AIR 604. Accordingly, Complaint Case No. 216 of 2017 pending before the Ld. Metropolitan Magistrate, New Delhi, along with the Summoning Order dated 21.01.2017 and all the proceedings arising therefrom, are hereby quashed.

100. The Petitions are allowed in the above terms. Pending application(s), if any, are disposed of accordingly.

**NEENA BANSAL KRISHNA
(JUDGE)**

OCTOBER 27, 2025/R