

**CASE TITLE: CENTRAL BUREAU OF INVESTIGATION V/S. MANOJ KUMAR JAYASWAL & ORS.**

**CNR No.:** DLCT11-001306-2019

**CBI Case No.:** CBI/316/2019;

**RC NO.:** 219 2012 E 0009;

**JUDGMENT DT.:** 27.03.2026

**FACTS OF THE CASE:**

The present case arises out of the allegations of malpractice and corruption in allocation of captive coal to private companies by the Ministry of Coal (MoC) between the period of 2006-2009. In particular u/Sec120B r/w Sec 420, Indian Penal Code (IPC) and Sec. 13(1)d r/w Sec 13(2) of the Prevention of Corruption Act, 1988 (PCA). The allegations were imposed against the directors of M/s AMR Iron & Steel Pvt. Ltd. (hereinafter referred to as AMR), along with other unknown public servants of MoC in allocation of '*Bander Coal block*' in Maharashtra to M/s J.K. Cement and M/s Century Textiles & Industries Ltd. along with AMR. It is alleged that such allocation was obtained by AMR through misrepresentation and through using illegal means and influence.

The allocation was meant only for companies having their own 'End Use Plants' (EUPs) in steel, cement or power sectors and were based on recommendations of a 'Screening Committee'. The applications were evaluated against ten specified criteria, including net worth, project preparedness, production capacity, and recommendations of concerned State Governments and Administrative Ministries etc. In 2006, the MoC had advertised for allocation of 38 coal blocks including the Bander location. AMR applied for the same in 2007 it proposed having 1 MTPA (Million Tonnes Per Annum) Integrated Steel Plant (EUP) at *Tarsi, District Nagpur in Maharashtra*. It also claimed that no other allocation had been made to AMR (group or associate companies) prior to this. Although a deeper inspection of its MoA, AoA, balance sheets proved otherwise, 5 Coal blocks were allotted to the Jayswal grp. having connection to AMR.

The 36th Screening Committee had uploaded feedback format on its website and directed all applicants to submit updated forms and presentations reflecting the latest status of their EUPs. Accordingly, AMR submitted a feedback form and presentation in 2007, signed by

Sh. Devendra Darda (A-3), son of Sh. Vijay Darda (A-2), who represented himself as a 'Director' of AMR. These documents claimed, for the first time, that AMR was a proposed SPV (Special Purpose Vehicle) of the *Lokmat Group* (controlled by the Dardas) and *IL&FS IDC*, with a sharply inflated net worth of Rs. 1,821.64 Crores, as against Rs. 1.96 Crores stated in the original application. Additionally, the location of the EUP was changed from *Tarsi to Yavatmal*, Maharashtra, and its capacity was upgraded from *1 MTPA to 2 MTPA*. The feedback form also claimed that 370 acres of MIDC land had been allotted and that a water tie-up had been secured with the Irrigation Department from the Wardha River.

The Screening Committee further recommended allocation of the Bander Coal Block to AMR for its EUP at Tarsi, (having capacity of 0.3 MTPA) as per the EUP described in the original application, jointly along with two other companies, completely disregarding the feedback form which painted a contrary picture and for which no formal application had been filed. The Government of Maharashtra's letter dated 27.11.2007 had also recommended AMR, albeit for the Yavatmal EUP. Following the conditional approval from the Prime Minister's Office (which then held charge of the Ministry of Coal), the final allocation letter was issued on 29.05.2009. This allocation was subsequently revoked in 2014 owing to an internal family feud within the Jayaswals and consequent managerial deadlock in AMR. Finally, the accused persons were Sh. Manoj Kumar Jayaswal (A-1), Director of AMR; Sh. Vijay Darda (A-2), Ex-MP (Rajya Sabha) and Chairman, Lokmat Group; Sh. Devendra Darda (A-3), Managing Director of Lokmat Media; M/s AMR (A-4); and Sh. H.C. Gupta (A-6), Ex-Secretary, Ministry of Coal and Chairman of the 36th Screening Committee. Accused no. A-5 and A-7 were discharged at an earlier stage.

#### **ISSUE BEFORE THE COURT:**

- 1. Whether AMR and its directors made false representations and concealed material facts in their application and subsequent submissions?*
- 2. Whether such misrepresentations influenced the allocation of the Bander Coal Block?*
- 3. Whether there existed a criminal conspiracy between private parties and public servants under Section 120B IPC?*
- 4. Whether the conduct amounted to cheating (Section 420 IPC) and criminal misconduct under the Prevention of Corruption Act, 1988?*

## **ARGUMENTS**

### ***Plaintiff's Argument (CBI / Prosecution):***

It is the case of the prosecution that, Manoj Kumar Jayswal had dishonestly misrepresented in his application form that no coal blocks had been previously allocated to any of its group or associate companies, to gain an undue advantage in the allocation process over other applicants. The prosecution said that the defendant had been:

- (i) projecting AMR as an SPV of the Lokmat Group and IL&FS IDC without any actual arrangement in place,
- (ii) artificially inflating its net worth from Rs. 1.96 Crores to Rs. 1,821.64 Crores;
- (iii) falsely claiming the MIDC land allotment of 370 acres at Yavatmal;
- (iv) misrepresenting a water supply tie-up from the Wardha River; and
- (v) altering the EUP's capacity and location without a supporting application.

Further, they argued that *Devendra Darda* had falsely signed the feedback form as a Director of AMR, when in fact he was not. Similarly, *H.C. Gupta* was accused of knowingly overlooking the above misrepresentations and recommending the coal block allocation in favour of AMR, thereby abusing his public office. There was also allegation of *quid pro quo* against Vijay Darda, it was contended that he misused his position as an MP, and lobbied the PMO, the Ministry of Coal, and the State Government of Maharashtra for AMR's benefit, and in turn received Rs. 24.60 Crores routed through *Abhijeet Group companies* to ABPL (a Darda entity) via eleven Kolkata-based intermediary companies, as a reward for his role in securing the allocation. The prosecution also presented an internal family settlement document (IFS dated 31.07.2008) and AMR Company Law Board petition, which mentioned a pre-agreed arrangement to allot 26% *free equity of AMR* to the person instrumental in securing the coal block, to establish this conspiratorial arrangement.

### ***Defendant's Argument:***

In response to the allegations imposed, the defence argued that the 'misrepresentation' claimed in the application form, of the terms 'group companies' and 'associate companies' were wrongly interpreted. They said, that such terms, were in fact, legally undefined and inherently ambiguous in the application format. They further pointed out *Clause 7* of the Ministry of Coal's

own guidelines, mandated disclosure of 'group company' information only for 'JV and mining companies' and *not* EUP applicants like the AMR. Additionally, they claimed that all previous allocations to the Jayaswal Group of companies were easily ascertained from AMR's own accompanying documents like the MoA, AoA, and audited balance sheets. Also, no member of the Screening Committee ever testified that this information was material to its decision, or that there was any such bar under the applicable policy against allocating coal blocks to companies whose group entities had previously received allocations. Lastly, they claimed that the Ministry's own internal note dated 18.08.2008 confirmed that it was aware of these prior allocations, which proved that the alleged misrepresentation did not result in any inducement.

On the point of feedback form and presentation, the defence contended that these documents dealt with an entirely different proposed EUP (*of 2 MTPA at Yavatmal*) they also said that the Screening Committee deliberately decided not to take them into consideration because no formal application had been submitted to the Ministry of Coal in that regard.

Now, since the coal block was allocated for the original Tarsi EUP as mentioned under the original application, there is no question of the alleged misrepresentations. They also said that the feedback form explicitly used the phrase 'proposed SPV,' which by its plain reading refers to a 'future arrangement' and *not* an existing one and therefore with this reasoning, combining net worth for an SPV was expressly permissible under the applicable guidelines. On the allegations of *quid pro quo*, they said that the financial transactions mentioned herein had no connection whatsoever to any corrupt agreement, either orally or in writing, and that the letters to government authorities were standard parliamentary communications in the interest of his constituency's industrial development. They were never presented to the Screening Committee, so they had no bearing on the contested recommendation. Lastly, the argument put out by A-6's defence was that *Section 13(1)(d) of the PC Act* could not be applied because in the present matter because the final allocation letter was sent on May 29, 2009. But by that time, he had already retired from service on November 30, 2008.

### **JUDGMENT:**

The court acquitted all five accused on all charges as the prosecution failed to establish the essential ingredients of any alleged offence '*beyond reasonable doubt*' across seven 'Points of Determination'. It said the terms 'group companies' and 'associate companies' in the application form were undefined and susceptible to subjective interpretation, also it had no

identifiable objective behind this query by MoC. There was no bar under the applicable guidelines against allocating coal blocks to companies whose group entities had prior allocations. Critically, the Ministry of Coal's own internal documents, derived from AMR's accompanying MoA, AoA, and balance sheets clearly showed awareness of the prior allocations, yet, they never treated this as disqualifying factor. Therefore, the alleged misrepresentation thus lacked both dishonest intent and causative effect.

Since the feedback form and presentation concerned an unapplied EUP at Yavatmal rather than the assigned Tarsi, the 36th Screening Committee correctly refused to take them into consideration. Businesses that failed to show up for presentations were evaluated only on the basis of their initial applications, demonstrating that these documents were neither required nor decisive of allocation. The land allotment assertion was the only verified factual error, and even that was unimportant because the Committee never took the document into consideration. The fact that A-3 signed the feedback form in his capacity as Director was, at worst, a procedural error, gave him no benefit, and most definitely lacked the element of criminality.

Consequently, there was no proof of financial advantage, excessive favour, or abuse of any governmental position against A-6. The State Government endorsed the Screening Committee's recommendation, which was unanimous and compliant with relevant regulations. Furthermore, A-6 had already retired prior to the issuance of the final allocation letter, invalidating a crucial component of the PC Act offense under Section 13(1)(d). Regarding the illicit gratification issue, there was no direct connection between the allocation and the Rs. 24.60 Crore transactions, the letters were never presented to the Committee, and the actual allocation went against the request. Lastly, no direct or circumstantial evidence established a prior meeting of minds among any of the accused, nor any communication between AMR/A-1 and A-6 or A-2. All five accused were acquitted on all charges. A-6 was noted to have been honourably acquitted, having originally been summoned on a CBI closure report filed against him.

### **CONCLUSION/KEY TAKEAWAYS**

From the above judgement it can be understood that regulatory or procedural inaccuracies in complex licensing processes *do not* per se constitute criminal fraud or conspiracy unless the prosecution affirmatively proves, the false nature of the representation;

dishonest intent at the time of making it; its materiality to the impugned decision; and its causal role in inducing the authority to act.

The absence of any one ingredient is acts negatively to the charge. Moreover, if a false statement was never actually seen or considered by the decision-maker, it cannot be used as the basis for a fraud or conspiracy charge. To prove a bribe-for-favour deal (*quid pro quo*), one needs to prove solid evidence of a specific demand, an agreement, and a direct link between the two, mere suspicions and random money transfers alone don't prove it. The PCA also requires that the accused actually held a government post when the wrongdoing occurred, and decisions made unanimously under proper guidelines are hard to call an "abuse of power." Overall, the judgment makes clear that you *can't* treat a regulatory decision as a crime without proving the official both intended to do wrong and directly caused the harm.

RP LEGAL