



CrI.O.P.Nos.30938 and 30939 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

ORDERS RESERVED ON : 17.06.2025

ORDERS PRONOUNCED ON : 07.07.2025

CORAM:

THE HONOURABLE MR. JUSTICE **D.BHARATHA CHAKRAVARTHY**

CrI.O.P.Nos.30938 and 30939 of 2024
& CrI.M.P.Nos.17630 and 17653 of 2024

CrI.O.P.No.30938 of 2024:

1.N.Ravichandran

2.M/s True Value Homes India Pvt.Ltd.,
Represented by its Director, Mr.N.Ravichandran
TVH Novella - 1st and 2nd Floor
3rd Cross Street, R.A.Puram
Chennai – 600 028.

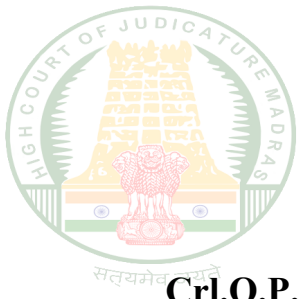
3.M/s TVH Energy Resource Pvt.Ltd.,
Represented by its Director, Mr.T.Selvamani
TVH Novella, 3rd Cross Street
R.A.Puram, Chennai – 600 028.

...Petitioners 1 to 3 /
Accused 6 to 8

-Vs-

1.State, Represented by
The Inspector of Police
CBI, ACB,
Chennai.
2.Devender Kumar
Chief Regional Manager
Indian Overseas Bank
Regional Office
Chennai – 600 001.

... Respondents



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Crl.O.P.No.30939 of 2024:

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1.M/s Truedome EPC India Pvt. Ltd.,
Represented by its Directors
T.Elayaraja & T.Arivunithi
TVH Novella, 3rd Floor
No.16/17, 3rd Cross Street
R.A.Puram, Chennai – 600 028.

2.T.Elayaraja

3.T.Arivunithi

4.T.Selvamani

... Petitioners /
Accused 1 to 4

Vs.

1.State by
Inspector of Police
CBI/SPE/ACB/Chennai
(RC 032 2021 A 0022)

2.Devender Kumar
Chief Regional Manager
Indian Overseas Bank
Regional Office
Chennai – 600 001.

3.The Deputy Director
Directorate of Enforcement, Chennai Zonal
Officer – 1, No.2, 5th and 6th Floor,
BSNL Administrative Building, Kushkumar Road,
Nungambakkam, Chennai – 600 034.
(R3 impleaded vide order of this Court
dated 07.07.2025 in Crl.M.P.No.11872 of 2025)

... Respondents

Common Prayer: Criminal Original petitions filed under Section 528 of BNSS, to call for the records in C.C.No.2358 of 2024 on the file of the learned



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Additional Chief Metropolitan Magistrate Court, Egmore, Chennai and quash the proceedings as against the petitioners and pass such further or other orders.

In Crl.O.P.No.30938 of 2024:

For the petitioners	: Mr.Om Prakash Senior Counsel for M/s.Aparajitha Vishwanath
For the respondents	: Mr.K.Srinivasan Special Public Prosecutor for R1 Ms.V.Rajeswari for R2

In Crl.O.P.No.30939 of 2024:

For the petitioners	: Mr.Vijayanarayan Senior Counsel for M/s.Aparajitha Vishwanath
For the respondents	: Mr.K.Srinivasan Special Public Prosecutor for R1 Ms.V.Rajeswari for R2
	Mr.N.Ramesh Special Public Prosecutor for Enforcement Directorate for R3

COMMON ORDER

A. The Petitions:

These two matters arise under of the same case and as such, they are taken up, heard, and disposed of by this common order.

1.1. In Crl.O.P.No.30939 of 2024, the petitioners are (i) M/s. Truedom



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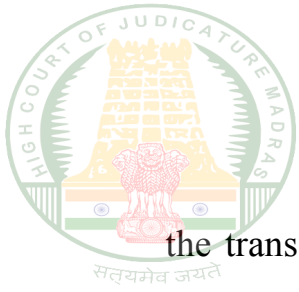
EPC India Pvt. Ltd., (ii) T.Elayaraja, (iii) T.Arivunithi, and (iv) T.Selvamani, who are named as accused 1 to 4 in C.C.No.2358 of 2024.

1.2. (i) *Ravichandran*, (ii) M/s. True Value Homes India Pvt. Ltd., and (iii) M/s. TVH Energy Resource Pvt. Ltd. are the petitioners 1 to 3 in Crl.O.P.No.30938 of 2024, and they are arrayed as accused 6 to 8 in C.C.No.2358 of 2024.

B. The Brief Facts:

2. The case of the prosecution is that between 2013 and 2016, all the accused conspired to cheat the Indian Overseas Bank. They applied for and received a Rs.30 Crores term loan by making false representations to the Bank, leading it to believe that the 1st accused, M/s Truedome EPC India Pvt. Ltd., was engaged in genuine wind energy projects. As a result, the loan was approved on 28.03.2013, and the amount was disbursed on 30.03.2013 into the loan account No. 0060 0327 1300 007 of the 1st accused company.

2.1. On the same day, the 4th accused, representing the 1st accused, submitted a letter to the Chief Manager of Indian Overseas Bank, requesting



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the transfer of funds to three different firms: M/s Ecodome Power Pvt. Ltd., M/s Mark Green Developers Pvt. Ltd., and M/s Sri Balaji Traders, amounting to Rs.13.5 Crores, Rs.12.5 Crores, and Rs.4 Crores respectively. Accordingly, the funds were transferred to these entities. The Director of M/s Ecodome Power Pvt. Ltd. is the 4th accused, and another Director, Mr. Arun Nehru, is the elder brother's son of the 6th accused, N. Ravichandran, who is the Managing Director of M/s True Value Homes Pvt. Ltd. The company M/s Ecodome Power Pvt. Ltd. did not conduct any business or utilize the funds in relation to the wind turbine generator project with M/s Trishe Renewable Energy Solutions Pvt. Ltd. However, the entire amount was transferred to the account of the 7th accused, M/s True Value Homes Pvt. Ltd.

2.2. Similarly, M/s Mark Green Developers Pvt. Ltd., in whose favour Rs.12.5 Crores was transferred, did not have any proper business and transferred this amount to the account of the 7th accused - M/s True Value Homes Pvt. Ltd. M/s Sri Balaji Traders also transferred Rs.2 Crores into the accounts of M/s True Value Homes Pvt. Ltd. and another Rs.2 Crores to M/s TVH Energy Resources Pvt. Ltd. The majority of the funds pooled into the account of M/s True Value Homes Pvt. Ltd. was used on the same day, i.e.,

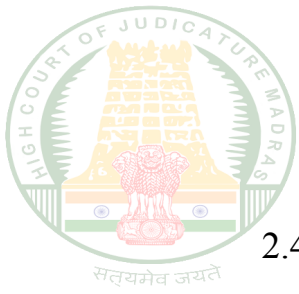


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30.03.2013, to settle its term loan with M/s Punjab National Bank.

Additionally, Rs.28.08 Crores, out of the loan amount sanctioned by Indian Overseas Bank, was used for this purpose.

2.3. Thereafter, even though the original sanction terms were amended and the initial holiday period of one year was extended to two years, in 2016, the loan account became a Non-Performing Asset. Subsequently, by a communication dated 18.11.2019, the 1st accused – Company was required to pay Rs. 31.5 Crores as a one-time settlement. The settlement amount was to be paid in two installments: Rs. 21.50 Crores on or before 15.12.2019 and Rs. 10 Crores on or before 15.01.2020. The One Time Settlement sanction letter was issued on 29.11.2019. The 1st accused did not adhere to this, and consequently, after receiving another request letter from the 2nd accused – T. Elayaraja, the bank issued a revised OTS proposal for a full and final settlement of Rs. 33.42 Crores, including the delayed period interest of Rs. 1.91 Crores, to be paid on or before 30.09.2021. After obtaining an extension, a sum of Rs. 8.34 Crores of the OTS amount was paid on time, but the remaining amounts were not paid within the stipulated period.



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2.4. At this juncture, a complaint was forwarded by the Bank on 24.12.2021, based on which a case was registered in R.C.No.032/2021 A 0022 for alleged offences under Section 420, and 120B read with Section 420 of IPC. During the investigation of the complaint, the Indian Overseas Bank agreed to accept a further delayed period interest of Rs.2,67,68,876.75/- over and above the amount already due, and the 1st accused paid the sum of Rs.25.08 Crores on 11.05.2022. Thereafter, the Indian Overseas Bank calculated an additional Rs.37 Lakhs as belated payment interest, which was paid and accepted as full and final settlement on 23.02.2023, and a no-objection certificate was issued by the Bank stating that the loan account was entirely cleared. It is at this stage, on 22.08.2024, that the present final report was laid and taken on file as C.C.N.2358 of 2024 before the Additional Chief Metropolitan Magistrate, Chennai, and summons were issued to the accused. All the accused except the accused No. 5 are before this Court.

C.The Submissions:

3. Heard *Mr.Vijaya Narayan, Mr.Sankaranarayanan, and Mr.Mm Prakash*, the learned Senior Counsel, who argued the matter in detail. Since their arguments overlap, they are summarized point wise.



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3.1. First, they would submit that on a perusal of the transactions and even as per the final report, except Section 120-B IPC for which no specific material was placed on record, the only other offence being under Section 420 of IPC, is compoundable in nature. The alleged transactions does not make out an offence under Section 420 of IPC, in as much as for a term loan of Rs.30 Crores, a property ad-measuring 53,540 sq.ft in Old No.15 & 16, New Door No.55 at Dr.Muthulakshmi Salai, also known as Lattice Bridge Road, Adyar, Chennai – 600 020 was given as security by the guarantor, viz., M/s Vicoans Infrastructure and Environment Engineering Pvt. Ltd., which is the owner of the property and the accepted valuation report of the valuers approved by the bankers, estimated the fair market value of the property as Rs.128.30 Crores, even as on 23.03.2013. A mortgage deed was duly executed. Therefore, in this case, it can never be argued by the prosecution that there was an intention to cheat the bank, at the inception. Like every other default loan account, after the loan was serviced for some time, thereupon, it became a Non Performing Asset and the proceedings were pending before the Debt Recovery Tribunal.



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3.2. In the year 2019, an OTS proposal has been granted and had the Company paid the OTS within the first deadline itself, even the compliant would not have emanated from the Bank. Even after extension of time, the 1st accused – Company was able to make only a part payment, the complaint emanated from the Bank. But once the Bank extended the time and the entire OTS amount was settled amicably, which included the belated payment of interest, absolutely no offence under Section 420 of IPC ever made out and therefore, the transactions firstly are completely civil in nature. Criminal colour was sought to be given by mentioning the purpose for which the loan was sought and the purpose of which the loan was used. Even then, it is the contention of the learned Senior Counsel that the loan itself was granted under the insta fund scheme, which is based more on the security rather than the purpose of business.

3.3. The learned Senior Counsel would submit that the further investigation does not reveal that the Company had never entered into any agreement with the concerned entities, nor does it suggest that the Company was not engaged in the business of wind energy. The only allegation, which

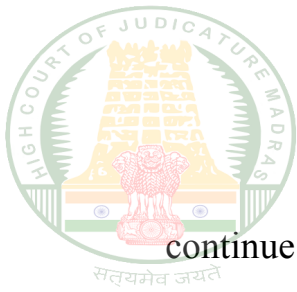


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has been raised belatedly, appears to be that the part payment under the One-

Time Settlement (OTS) was not made, and that the funds were allegedly diverted to the group concern, namely, the 7th accused. Thus, the action, though potentially questionable as 'fraud' within the meaning of the circular issued by the Reserve Bank of India for the purpose of classifying the account as fraudulent, does not, by itself, constitute a criminal offence, as fraud under such circulars is not synonymous with cheating as defined under criminal law. Thus, either at the inception of the transaction or when the transactions concluded by a memorandum of understanding by way of OTS finally, by paying the interest on belated payment, no offence under Section 420 of IPC was made out and therefore, the complaint is liable to be quashed.

3.4. The learned Senior Counsel would further submit that when the bank has received the amount towards full and final settlement and the matter amicably settled between the parties and the bank is not claiming any further amount due, by the dicta of the Judgments of the Hon'ble Supreme Court of India in this regard, this Court should exercise the power under Section 482 of the Code of Criminal Procedure and quash the case, as the proceedings are predominantly civil in nature, and considering the commercial wisdom, the bank has settled the transactions and it would be oppressive on the accused to



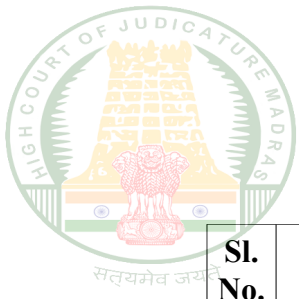
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continue the prosecution. In any event, when the cause of action itself has arisen on account of the part non-payment of the OTS amount, the same subsequently being paid and the bank accepting the same as full quit by adding another Rs.37 Lakhs as belated payment interest, the possibility of further prosecution is very bleak, and therefore, on that score also, the case is liable to be quashed.

3.5. In support of their submissions for the proposition that the classification of the fraudulent account is violative of principles of natural justice, and the consequential FIR should be quashed, the Judgment of the Hon'ble Supreme Court of India in ***State Bank of India and Others Vs. Rajesh Agarwal and Others¹***, is relied upon. To contend that the ingredients of Section 420 of IPC are not made out in the instant case, the following four Judgments are relied upon:

Sl. No.	Citation	Case Name
1.	(2021) 18 SCC 70	N.Radhavender Vs. State of Andhra Pradesh, CBI
2.	(2024) SCCOnLine SC 339	A.M.Mohan Vs. State represented by SHO & Anr.
3.	(2024) SCCOnLine SC 726	Sharif Ahmed & Anr. Vs. State of Uttar Pradesh & Anr.
4.	(2025) SCCOnLine Bom	Ganesh Tukaram Vs. Nilesh Ramdas Tal & Anr.

¹ (2023) 6 SCC 1



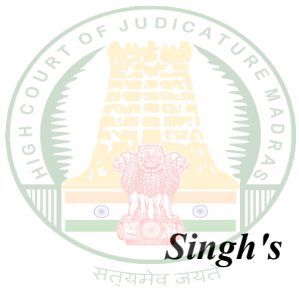
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Sl. No.	Citation	Case Name
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3.6. For the proposition that in view of the amicable settlement of the loan amount, this Court should exercise the power under Section 482 of the Code of Criminal Procedure and quash the proceedings, the following Judgments were relied upon:

Sl. No.	Citation	Case Name
1.	(2014) 5 SCC 364	CBI Vs. Narendra Lal Jain & Ors.
2.	(2024) SCCOnLine SC 2696	Tarina Sen Vs. Union of India & Anr.
3.	(2024) SCCOnLine Del 5792	Lalit Kishore & Ors. Vs. CBI & Anr.
4.	(2025) SCCOnLine SC 788	Suresh V. Singal & Ors Vs. State of Gujarat & Ors.
5.	(2025) SCCOnLine SC 1257	N.S.Gnaneshwaran Vs. Inspector of Police & Anr.

3.7. *Per contra*, the learned Special Public Prosecutor appearing on behalf of the 1st respondent - CBI would submit that the proposition that once the loan amount is subsequently settled, this Court should quash the case is incorrect in law. Even though in some individual cases the proceedings are quashed, the law laid down by the Hon'ble Supreme Court of India in **Gian**



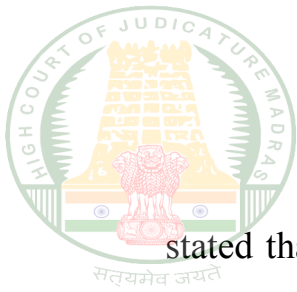
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Singh's case (cited supra) and in other Judgments have been followed till

date. Therefore, if the transactions are such amounting to grave fraud, especially in financial matters, when the loan amount is as large as Rs.30 Crores in the instant case, the Court should not interfere with the matter.

3.8. In the instant case, the facts are alarming. After representing to the bank that they are going to conduct a business relating to wind energy, on the same day, within hours, the entire loan amount has been siphoned off to other shell entities and ultimately transferred to the 7th accused, for the purpose of repayment of loan to another bank. The said conduct has to be taken into account by this Court. Further, the loan was not repaid, thus the account became NPA. When a false representation is made, inducing the bank to part away with a loan amount of Rs.30 Crores and subsequently when the accused did not repay the same and cheated, the offence under Section 420 of IPC was made out, and merely because subsequently the amount has been repaid will not undo the offence and considering the nature of transactions, this is not a fit case for interference by this Court.

3.9. In this case, on a perusal of the memorandum of understanding entered into at the time of OTS, it can be seen that the bank has specifically



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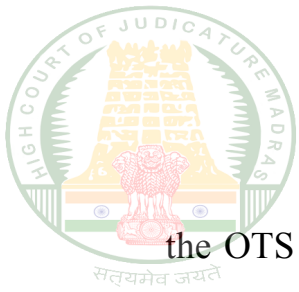
stated that the existing criminal cases will continue and therefore, there is no question of quashing this case on compromise. In support of his submissions, the learned Special Public Prosecutor would rely upon the following Judgments:

Sl. No.	Citation	Case Name
1.	(2013) 10 SCC 686	Central Bureau of Investigation Vs. Jagjit Singh
2.	(2014) 15 SCC 29	State of Maharashtra through CBI Vs. Vikram Anantrai Doshi & Ors.
3.	(2016) 1 SCC 389	Central Bureau of Investigation Vs. Maninder Singh
4.	(2016) 1 SCC 376	State of Tamil Nadu Vs. R.Vasanthi Stanley & Anr.
5.	(2023) SCC OnLine Mad 2712	Eventus Integrated Management Pvt. Ltd. Vs. State, Inspector of Police and Another
6.	Crl.O.P.No.16754 of 2024	M/s Springfield Shelters Pvt. Ltd. And Ors. Vs. Deputy Superintendent of Police and Ors.

3.10. The learned Special Public Prosecutor would also rely upon the Judgment in ***Kothari Polymers Limited and Others Vs. CBI²*** to contend that even if the case is to be quashed, the Hon'ble Supreme Court of India had imposed appropriate costs, so as to cover the possible expenses.

3.11. *Ms.V.Rajeswari*, the learned counsel appearing on behalf of the 2nd respondent – Bank, at the outset would submit that it is true that pursuant to

² (2022) SCC Online SC 2078



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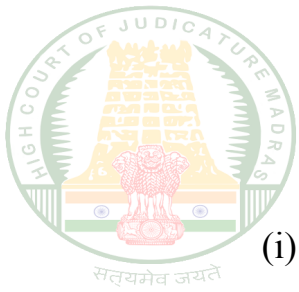
the OTS the entire amount was settled and that no further amount is claimed by the Bank. However, while entering into the OTS amount, since the bank had to forego a portion of the notional amount due, even though the Bank had realised the book amount due and the belated payment interest, the Bank had not expressly undertaken to withdraw the criminal complaint, and therefore, though there is a settlement of the account with reference to the loan transaction, there is no express clause for compromise regarding the criminal case. The Bank thus takes a position to that extent.

3.12. *Mr.N.Ramesh*, the learned Special Public Prosecutor appearing on behalf of the Enforcement Directorate would submit that the Enforcement Directorate has also registered an ECIR under the Money Laundering Act, 2002, based on the present predicate offences and would take the same stand as the CBI.

4. I have considered the rival submissions made on either side and perused the material records of the case.

D.The Questions:

5. The following questions arise for consideration in the instant case:-



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(i) Whether the final report filed in C.C.No.2358 of 2024 is liable to be quashed as no offence under Section 420 of IPC is ever made out ?

(ii) Whether the final report in C.C.No.2358 of 2024 is liable to be quashed on account of the fact that subsequently the entire loan amount was settled through OTS scheme with the Bank ?

E.Question No.(i):

6. On a plain reading of Section 420 of IPC and the Judgments that are relied upon, which are cited supra on the propositions it would be clear that,

(a) the primary ingredient is that there must be a deception of a person.

(b) The person should have been fraudulently or dishonestly induced to deliver any property belonging to him.

(c) The same should have been done with an intention to cheat that a person, at the time of inducement itself.

6.1. In this case, the letter dated 11.03.2013 of the 1st accused is stated to be the application for sanction of the loan of Rs.30 Crores. It is a three-page communication. It first details about the 1st accused – Company and its Directors. Thereafter, it details about the business that it is engaged in,

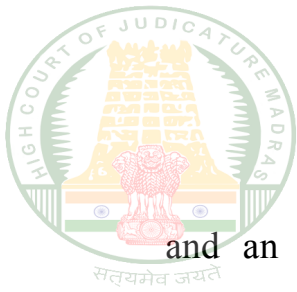


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windmill, turbines and towers. Further, it details about the project executed by

the company with an organization, viz., M/s. Liatenat Sriram. It further states that they have availed credit facilities from Indian Bank for the 49.50 MW project being a overdraft facility of Rs.26.80 Crores, by offering collateral security with a market value of Rs.44.73 Crores. Though, the project is completed by making investments and the other approvals were also in place, there was a problem with reference to the grid connectivity by the Tamil Nadu Electricity Board, as otherwise, they would have earned a profit of more than Rs.30 Crores. But the profit is restricted to only Rs.1.15 Crores in the said project. They have also completed another 30 MW project.

6.2. It is further stated that they have now bagged two more contracts worth about Rs.60.48 Crores from M/s Trishe Renewable Energy Solutions Pvt. Ltd. for setting up 100.80 MW project at Moolanur in Tiruppur District. They have already infused a sum of Rs.13.67 Crores to execute the said works and for servicing the overall facility with Indian Overseas Bank. Thus, their business prospects look very bright and therefore they need funds to augment their working capital position. Stating so, they sought the present limit for execution of the two fresh contracts, promising that all transactions will be routed through the current account maintained with the Indian Overseas Bank



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and an immovable property security at Nallambakkam village was also

initially offered. It is essential to extract the relevant portion of the said

application which reads thus:-

“The Company had already completed 30 MW of setting up of windmills for Shriram Lietner and Regen Power tech and has hands on experience on the field. The profits earned on these contracts were retained in the business and are used to service the existing loan and a part of the profit was utilized for executing the 49.50 MW of Shriram Lietner contract. The promoters have bagged a further two contracts worth Rs.60.48 Crores from M/s Trishe Renewable Energy Solutions Private Limited for setting up 100.80 MW comprising of 48 nos. at Moolanoor, Tirupur District.

The promoters have already infused Rs.13.67 Crores to execute the works and for servicing the facility with Indian Bank. As explained they have bagged the referred two contracts, which shall infuse some cashflow to the system. Further the present limit is sought for execution of the two fresh contracts. In the past for executing the 30 MW contracts (2 nos), all the transactions were routed through the current account maintained with Indian Overseas Bank, which goes to speak about our efficiency of executing the contract.

As our growth in business and prospects look very bright, we need to go in for bank support to augment our working capital position.

We enclose our Balance sheet as also financial projections. We request you to sanction us a MCC limit of Rs.30 Crores to meet the mismatch in our cash flows. We shall offer adequate security of land situated at Nallambakkam village standing in the name of the partnership firm, where Shri T.Elayaraja is a partner.”

6.3. Though it can be seen from the above that there was no categorical statement as if they were going to use the funds only to the transactions with M/s Trishe Renewable Energy Solutions Pvt. Ltd., still it points out that it is



for their working capital purposes. But the entire amount was transferred to their three group Concerns, within hours, who in-turn again, transferred almost the entire amount, to 7th accused, for the purpose of repaying the loan. From the materials, it is clear that a false representation was made to the Bank, with reference to the purpose for which the funds will be used. Therefore, there is a deception.

6.4. It can be contended on behalf of the Bank that only on the representation that the 1st accused will utilise the funds for its own purposes, the loan amount was parted. It is true that a security of almost four times of the loan amount was given and a mortgage deed was also executed. But at the same time, it has to be seen that after making a representation and taking away the money, the loan amount was not repaid in time. The Bank took action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act") to auction the secured asset, but it is stated before this Court that in spite of five attempts, the property could not be sold, as there were no bidders. It is stated that on account of the same, an OTS settlement was entered into considering the commercial prudence. Even though originally time was granted, the OTS



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amount was not paid in time. Even after the second extension of time, only the part-payment of Rs.8.34 Crores was made and the major amount remained unpaid and once the deception was made and the amounts were parted and the same was not paid and the security not being sold; the OTS amount has not been realized; on the day of forwarding the complaint, the Bank was at a loss. Therefore, the offence under Section 420 of IPC was prima facie made out.

6.5. The contention on behalf of the accused that there was no other impediment to the sale of the secured asset, and regarding the circumstances under which the mortgaged property was not sold, and whether the Bank had actually reduced the upset price of the property in accordance with the rules if there were no bidders, are to be further examined. It is also submitted that there was a dispute regarding the portion of the property. On the face of it, the offence under Section 420 of IPC is made out, and to contend that no offence is made out would require an exercise of appreciating and further evaluating the evidence that would come on record, including the defence version; therefore, this question is answered in favour of the prosecution and against the petitioners. It cannot be said that there are not materials at all to proceed for the offences under Section 120-B read with 420 of IPC and Section 420

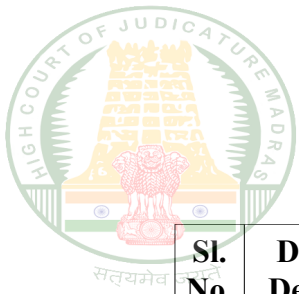


F.Question No.(ii)

7. In view of the subsequent clearing of the entire loan account, whether this Court should exercise its extraordinary powers under Section 482 of Cr.P.C., and quash the proceedings against the petitioners ?.

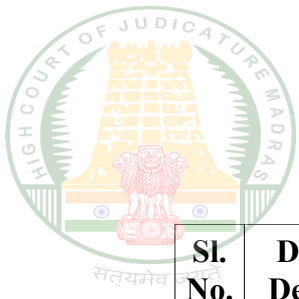
7.1. In this regard, both sides presented detailed arguments, and it is essential to consider the legal position before moving to the facts of the present case. The following are the relevant Judgments of the Hon'ble Supreme Court of India :

Sl. No.	Date of Decision	Cause Title and Citations	Proposition
1.	29.04.1987	<i>Y.Suresh Babu Vs. State of A.P. and Ors.</i> [1987 (2)JT SC 361]	This is a case of offence under section 326 of IPC, when the compromise the issue, the Hon'ble Supreme Court of India set aside the conviction and sentence, upon compromise and permitted the case to be closed. It was specifically mentioned that the decision shall not be treated as a precedent. Thus at best was an exercise of extraordinary power under Article 142 of the Constitution of India
2.	14.03.1988	<i>Mahesh Chand and ors. Vs. State of Rajasthan</i>	This is the case of an offence under section 307 the accused was a practicing lawyer, the parties settled the issue again after conviction, the same was set aside and the



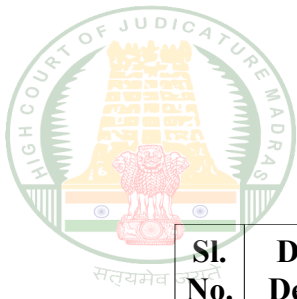
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		[1990 Supp (1)SCC 681]	trial was permitted and allowed to record the compromise and compound the offence. The decision in Y.Suresh Babu cited (supra) was also referred. Thus it can be seen that this can also be treated as exercise of power under Article 142 of Constituion of India.
3.	09.07.1996	<i>Central Bureau of Investigation, SPE, SIU (X), New Delhi Vs. Duncan Agro Industries Ltd., Calcutta</i> [(1996) 5 SCC 591]	The Hon'ble supreme court was considering the quashing of First Information report for the offences under section 409, 420, 467, 468, 471 of the IPC. The allegations inter alia where that when there has been transferor company and transferee company, it was represented to the bank as if the earlier charge has been completely satisfied while no repayment was made, by making other false representation the credit limit was sanctioned. A stock worth about Rs. 12 Crores were also fraudulently disposed of without payment to the bank and also same hypothecated to the bank after considering the various ingredient to be proved under section 420 of Indian Penal Court, the Hon'ble supreme court of India held that basically it was a matter of civil dispute since the bank has already filed suits and the issue was compromised upon receiving payments and considering the time lack that the First Information report lodged in the year 1987 and no action has been taken as against the erring official of the bank the High Court was right in quashing the FIR.
4.	04.05.1999	<i>Surendra Nath Mohanty and Anr. Vs. State of Orissa</i> [(1999) 5 SCC 238]	The Three Judges bench of the Supreme court of India, held the earlier judgment in Suresh Babu itself states that it shall not be treated as a precedent. Further held that the Judgments in Ram Pujan and Ors. Vs. State of Uttar Pradesh (1973) 2 SCC 456 and Mahesh Chand and ors. Vs. State of Rajasthan 1990 Supp (1)SCC 681 cited (Supra) were not in accordance with law and



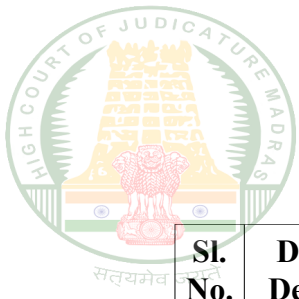
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			held that the offences can be compounded if only they are covered under table I or table II under Section 320 of the Code of Criminal Procedure.
5.	13.03.2003	<i>B.S. Joshi and Others Vs. State of Haryana and Another</i> [(2003) 4 SCC 675]	For the first the Hon'ble supreme court of India considered the issue in detail. It considered the parameters laid down by the constitution bench in State of Haryana and Ors. Vs. Ch. Bhajan lal and Ors. 1992 Supp (1)SCC 335 and took note of the fact that the extraordinary powers under section 482 of the code of Criminal Procedure can be exercised to secure the ends of Justice. The court considered the earlier judgement in State of Karnataka Vs. L,Muniswamy and Ors. 1977 2 SCC 699 where the exercise of power can be made,if the materials are inadequate. Thereafter more specifically considering the issue involved is that of family affair and that not compounding the offences such as 498A would be counter productive and act against the interest of women expressly laid down the law that the High Court in exercise of its inherent powers can quash the criminal proceedings or First Information Report or Complaint and Section 320 of the code does not limit or affect the powers under section 482 of the Code.
6.	20.08.2008	<i>Nikhil Merchant Vs. Central Bureau of Investigation and Ors.</i> [(2008) 9 SCC 677]	The Hon'ble Supreme Court of India was considering the quashing of a charge sheet laid for offences under section 120B r/w section 420,467,468,471 and Sections 5(2), 5(1)d of Prevention of Corruption Act,1947 and under section 13 (2) and 13 (1) (d) of Prevention of Corruption Act,1988 and after considering the judgments in Duncan's Agro



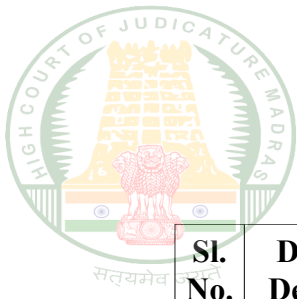
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			and B.S. Joshi (cited supra) the Supreme Court considered that a compromise has been arrived between bank and the company. The dues are settled and the bank does not have any further claim in that background if certain documents are forged to have been created by the company in order to avail credit facilities beyond the limit to which the company was actually entitled to, the dispute has overtone of a civil dispute with certain criminal facets. The court held that in view of the compromise and the terms the criminal proceeding can be quashed.
7.	16.10.2008	<i>Manoj Sharma Vs. State and Others</i> [(2008) 16 SCC 1]	The Hon'ble Supreme Court of India was considering quashing of a FIR under Section 420, 468, 471 r/w 34 and Section 120B of Indian Penal Code, 1860. After considering that the De facto complainant compromised the issue, the Supreme court held that the dispute is of private nature in such cases pragmatic view can be taken and proceedings be quashed.
8.	08.04.2009	<i>Rumi Dhar Vs. State of West Bengal and Ors.</i> [2009 (6) SCC 364]	The Hon'ble Supreme Court of India was again considering the dismissal of the discharge application on the ground that parties have settled the issue. It is a case where it is alleged that the overdrawal benefit granted and availed without furnishing the security and the individuals and the officials of the bank were prosecuted Under Section 120B, 420, 467, 468 and 471 of Indian Penal Code . The parties were repaid the entire amount and further no due to the bank even though the Duncan's Agro and Nikhil Merchant cited (Supra) were brought the notice of the Supreme Court of India. The Supreme Court of India held that it would not direct quashing of a case



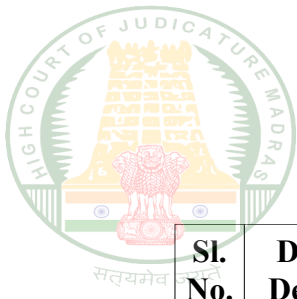
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			involving crime against society and thus directed the proceedings be continued.
9.	24.09.2012	<i>Gian Singh Vs. State of Punjab</i> [(2012) 10 SCC 303]	This is the case in Three Judges bench of Supreme Court of India concerned with the case where the petitioner is convicted under Section 420 and 120B of Indian Penal Code and considered the issue in detail. Firstly, it held that the line of Judgments holding the view that when section 320 of Code of Criminal Procedure, 1973 holds only certain offences can be compoundable then if non compoundable offences are quashed under section 482 the same would run counter to section 320 and therefore the inherent powers should not be exercised in violation of section 320 is not a correct legal position. It held that the exercise of power namely Compounding and quashing under section 482 are different exercises and section 320 will not bar the exercise of power. It expressly held that the view taken in <i>Simrikhia V. Dolley Mukerjee and chhabi mukerjee and Ors.</i> 1990 (2) SCC 437; <i>Dharam paul and Ors. V. Ram Shri and Ors.</i> (1993) 1 SCC 435; <i>Arun Shankar Shukla Vs. State of Uttar Pradesh and Ors.</i> 1999 6 SCC 146 ; <i>Ishwar Singh V. State of Madhya Pradesh</i> (2008)15 SCC 667 does not lay down the correct position of law. Secondly, it held that the Judgment in <i>B.S. Joshi and Others V. State of Haryana and Another</i> [(2003) 4 SCC 675; <i>Nikhil Merchant v. Central Bureau of Investigation and Ors.</i> [(2008) 9 SCC 677]; <i>Manoj Sharma Vs. State and Others</i> (2008) 16 SCC 1 , <i>Shiji alias PAPPU and Others V. Radhika and Ors.</i> (2011)10 SCC 705, <i>Kulwinder Singh and Ors. Vs. State of Punjab and Anr.</i> (2007) 4 CTC 769, <i>Abasaheb Yadav Honmane Vs.</i>



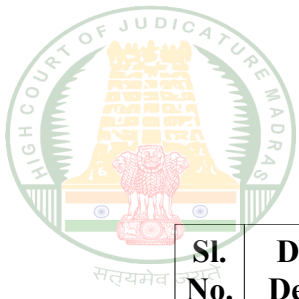
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			State of Maharashtra 2008 2 Mah LJ 856 and Madan Mohan Abbot Vs. State of Punjab (2008)4 SCC 582 holding that the powers under section 482 can be exercised for quashing the even the non-compoundable offences under certain circumstances and the correct view. If then consider the dictum in Nikhil Merchant, Manoj Sharma Etc., and the contra opinion expressed in Rumi Dhar V. State of West Bengal and Ors. 2009(6) SCC 364; Ashok Sadurangani Vs. Union of India 2012 (11) SCC 321 and laid down the law in paragraph 58 and 61 of the Judgment. Thus essentially it held that while no category can be prescribed heinous and serious offences of mental depravity, murder, rape, dacoity cannot be quashed. Even the victim or the victim's family settled the issues. Similarly compromise between victim and the offender under Special law of Prevention of corruption Act or the offences committed by the public servant cannot be quashed. The criminal cases having overwhelmingly and predominantly civil flavor particularly of they arise from commercial financial mercantile civil partnership are like transactions and the offences arising out of matrimony relating to dowry are family disputes which are all basically private an personal in nature and if the parties have resolved the dispute considering that because of the possibility firstly the conviction is remote and bleak and the continuation of the case would put the accused in great oppression and prejudice to the accused



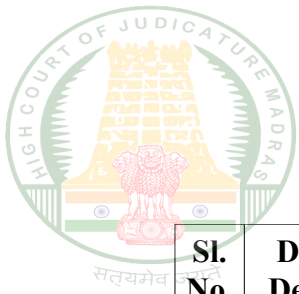
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			despite full and complete settlement and compromise with the victim. Thus, essentially to prevent abuse of process despite settlement and to secure the ends of justice if it is appropriate the High Court within its jurisdiction to quash the criminal proceedings.
10.	01.10.2013	<i>Central Bureau of Investigation Vs. Jagjit Singh</i> [(2013) 10 SCC 686]	The Hon'ble Supreme Court of India was considering the prayer to quash the final report for alleged offences under Section 420 and 471 of the Indian Penal Code with allegations of obtaining loan with forged documents and further investigation revealing involvement of officials under Section 13(2) r/w 13(1)(d) of Prevention of Corruption Act, 1988. The Hon'ble SC held that the offences when committed in relation with banking activities including under Section 420 and 471 have harmful effect on the public and threaten the wellbeing of the society. Thus would be offences involving moral turpitude committed by the public servants therefore cannot be quashed.
11.	28.02.2014	<i>CBI, ACB, Mumbai Vs. Narendra Lal Jain and Ors.</i> [2014 (5) SCC 364]	The Three Judges bench of the Hon'ble Supreme Court of India was concerned with the case where 2 charge sheet were filed under Section 120B, 420 of Indian Penal Code and Section 5(2) and 5 (1) d of Prevention of Corruption Act, 1947 whereby it is alleged that inflated figures of the credit worthiness of the companies were represented and higher amounts of loans were obtained from the bank. After noting down the principles laid down in Gian Singh and considering that the civil liability of the accused to pay the amount to the bank to settle amicably and bank having no subsisting grievance held that the



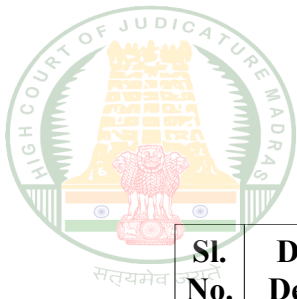
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			proceedings would likely to become oppressive and partake the character of same prosecution and therefore it would be appropriate to invoke the jurisdiction under Section 482 of Code of Criminal Procedure.
12.	19.09.2014	<i>State of Maharashtra Vs. Vikram Anantrai Doshi,</i> [(2014) 15 SCC 29]	Considering the case of obtaining of credit facilities where the accused persons concealed the facts relating to their dues outstanding and mislead the bank by furnishing wrong statements, the Hon'ble Supreme Court of India concluded that such financial frauds cannot be termed as a personal wrong. The society is the ultimate victim as the offences are grave creating a dent in the economic spine of the nation and held that such offences cannot be quashed. The view taken in <i>Gopakumar B. Nair V. CBI and Ors. (2014) 5 SCC 880</i> was followed. <i>The judgment in Narinder singh and Ors. V. state of Punjab and Ors. (2014) 6 SCC 466</i> where the Hon'ble Supreme court of India delineated the procedure/factors to be considered and followed by the High Court pursuant to Gian Singh's case was also reiterated.
13.	28.08.2015	<i>Central Bureau of Investigation Vs. Manider singh</i> [(2016) 1 SCC 389]	In a case of offences under Section 420,467,468,471 r/w Section 120B of Indian Penal Code the Supreme Court considering the fact that the forged documents of FBP Etc., were submitted to availed credit facilities held that financial forgery being well planned with an eye on personal profit regardless of not considering the society cannot be quashed on compromise. The view taken in Vikram Anantrai's case was reiterated.



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14.	15.09.2015	<i>State of Tamil Nadu Vs. Vasanthi Stanley and Ors.</i> [(2016) 1 SCC 376]	In this case the Hon'ble Supreme Court of India was concerned with the fact situation of quashing the pending criminal proceedings. Where the allegations of borrowing by submitting forged documents and were prosecuted under Section 120B, 406, 420, 467, 468 and 471 of Indian Penal Code, 1860 and the husband of the accused having died and the entire issues of the bank having settled the court reiterated the law laid down on Vikram Anantrai Doshi and set aside the order of the High Court quashing the proceedings.
15.	16.02.2022	<i>Kothari Polymers Ltd. And Ors. Vs. SIU(X)/SPE/CBI [2022 SCC online SC 2078]</i>	In this case the Hon'ble Supreme Court of India was concerned with quashing of a First Information Report for alleged offence under Section 120B, 420 of IPC and 13(2) r/w 13(1)(d) of Prevention of Corruption Act, 1988. The allegation is that by making two sets of title documents in respect of same property without disclosing to the other bank, two banks were approached and loans were obtained by playing fraud. The High Court dismissed the quash application on the ground that the offence has a serious impact on the society. The Supreme Court considered the fact that no permission was granted to prosecute the bank officers. Considering the fact that the only family members alone were not prosecuted and that 18 years have elapsed, the Supreme court of India quash the prosecution on terms to make would the wastage of time of the prosecution agency by imposing a cost of Rs.25 Lakhs on the appellant. The Hon'ble Supreme Court of India also held that the case is having predominantly civil character the courts may be liberal in accepting the settlement and quashing the criminal proceedings.



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16.	03.10.2024	<i>Tarina Sen Vs. Union of India and Anr.</i> <i>[2024 SCC Online SC 2696]</i>	The Hon'ble Supreme Court of India was concerned about the quashing of the pending criminal proceeding before the special Judge Bhubaneswar for the offences under Section 120B, 420, 468, 471 of Indian Penal Code and Section 13(2) r/w 13(1)(d) of Prevention of Corruption Act, 1988. The allegations were two car loans were advanced by the Manager of the bank for a sum of Rs.8,00,000/- and Rs.11,83,600/- without any security whatsoever only by getting post-dated cheques which bounced. Subsequently, the Court considered that the matter has been compromised between the borrowers and the bank. The amount settled under the One Time Settlement and the Loan account has been closed. Relying upon a similar judgment Special Leave Petition Criminal No. 4353 of 2018 the Supreme Court held that the criminal proceedings would not be justifiable those further held that possibility of a conviction is remote and bleak and continuation of the proceeding would be oppressive.
17.	03.10.2024	<i>K.Bharthi Devi V. State of Telangana</i> <i>[2024 INSC 750]</i>	In this matter the Hon'ble Supreme Court of India was considering a prayer to quash the final report for the offences under section 120B, 420, 409, 467, 468 and 471 of Indian Penal Code and Section 13(2) r/w 13(1)(d) of Prevention of Corruption Act, 1988. The facts are that various credit facilities were sanctioned by the bank. Subsequently the account was classified as Non-Performing Assets and an application to recover the amount was filed before the Debt Recovery Tribunal (DRT), Hyderabad. Pending the same it was found that the original documents which was deposited for creation of Equitable Mortgage were fake, forged and



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			fabricated and hence the criminal case pending the DRT proceedings the borrower settled the amount by One Time Settlement. The petition to quash was dismissed by the High Court. The Hon'ble Supreme Court of India noting the earlier dicta and considering the law laid down in Gian Singh the Hon'ble Supreme Court consider both the line of judgments where the allegations either constitute predominantly civil nature with criminal aspects and other cases where serious criminal offences are committed. The court found that the possibility of conviction is remote and bleak and the continuation of Criminal case would put the Accused in great oppression and prejudice by not quashing the criminal case. The court also consider the earlier ruling in CBI Vs. Saadhuram Singhla 2007 (5) SCC 350 and came to the conclusion that possibility of conviction is remote and bleak and quash the proceedings by setting aside the judgment of the High Court.
18.	16.04.2025	<i>Suresh C.Singhal and others Vs. State of Gujarat and Ors.</i> <i>[2025 SCC Online SC 788]</i>	The Hon'ble Supreme Court of India was concerned with quashing of the proceedings for Sections 420, 467, 468 and 471 read with 120B of the Indian Penal Code, 1860 and it considered that the offences under section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988, subsequently findings on the said offences were dropped. When the case was pending the appellant settled with bank and the bank issued No Due Certificate (NOC). The Supreme Court of India considered the fact that some of the offences being compoundable the same footing of the case <i>Bharathi Devi</i> held that the disputed involved is primarily civil nature. The



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			aggrieved party if any would be the bank which has got no grievance. And the settlement is made in the early stages the High Court can exercise power under Section 482 of Code of Criminal Procedure,1973 by showing benovolence and the assessment of the circumstances and materials as mentioned and accordingly held that the High Court should have exercised the powers and quashed the proceedings.
19.	28.05.2025	<i>N.S.Gnaneshwaran Etc. Vs. Inspector of Police and Anr.</i> <i>[2025 SCC Online SC 1257]</i>	In this case the Hon'ble Supreme Court of India was concerned with quashing of proceedings for alleged offences under Section 120B r/w 420, 467, 468, 471 of IPC and Section 13 (2) r/w13 (1) d of Prevention of Corruption Act,1988. The allegations in this case is that the accused after obtaining funds in respect of concern, through multiple transactions involving the network of fictitious identities diverted the funds pendency of the trial by way of One Time Settlement the issue was settled between the bank and petitioner. The application for quash was rejected on the ground that the trial has already begin. The Supreme Court considered that proceedings culminated into a comprehensive One Time Settlement by which the bank has received the outstanding amount and no residual claim surviving and the bank not raising any objections to the closure of the matter held that no meaningful purpose would be served particularly when the dispute between the parties have been resolved and quashed the proceedings.

7.2. Thus, from the detailed analysis of numerous decisions, it is evident



that the law regarding the quashing of criminal cases involving non-

compoundable offences, where parties allege settlement, has been clearly laid

down by the Hon'ble Supreme Court of India in ***Gian Singh's case*** (cited

supra). It is essential to refer to paragraph Nos. 58 and 61 of that judgment:

“58. Where the High Court quashes a criminal proceeding having regard to the fact that the dispute between the offender and the victim has been settled although the offences are not compoundable, it does so as in its opinion, continuation of criminal proceedings will be an exercise in futility and justice in the case demands that the dispute between the parties is put to an end and peace is restored; securing the ends of justice being the ultimate guiding factor. No doubt, crimes are acts which have harmful effect on the public and consist in wrongdoing that seriously endangers and threatens the well-being of the society and it is not safe to leave the crime-doer only because he and the victim have settled the dispute amicably or that the victim has been paid compensation, yet certain crimes have been made compoundable in law, with or without the permission of the court. In respect of serious offences like murder, rape, dacoity, etc., or other offences of mental depravity under IPC or offences of moral turpitude under special statutes, like the Prevention of Corruption Act or the offences committed by public servants while working in that capacity, the settlement between the offender and the victim can have no legal sanction at all. However, certain offences which overwhelmingly and predominantly bear civil flavour having arisen out of civil, mercantile, commercial, financial, partnership or such like transactions or the offences arising out of matrimony, particularly relating to dowry, etc. or the family dispute, where the wrong is basically to the victim and the offender and the victim have settled all disputes between them amicably, irrespective of the fact that such offences have not been made compoundable, the High Court may within the framework of its inherent power, quash the criminal proceeding or criminal complaint or FIR if it is satisfied that on the face of such settlement, there is hardly any likelihood of the offender being convicted and by not quashing the criminal proceedings, justice shall be casualty and ends of justice shall be defeated. The above list is illustrative and not exhaustive. Each case will depend on its own facts and no hard-



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and-fast category can be prescribed.

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61. The position that emerges from the above discussion can be summarised thus : the power of the High Court in quashing a criminal proceeding or FIR or complaint in exercise of its inherent jurisdiction is distinct and different from the power given to a criminal court for compounding the offences under Section 320 of the Code. Inherent power is of wide plenitude with no statutory limitation but it has to be exercised in accord with the guideline engrafted in such power viz. : (i) to secure the ends of justice, or (ii) to prevent abuse of the process of any court. In what cases power to quash the criminal proceeding or complaint or FIR may be exercised where the offender and the victim have settled their dispute would depend on the facts and circumstances of each case and no category can be prescribed. However, before exercise of such power, the High Court must have due regard to the nature and gravity of the crime. Heinous and serious offences of mental depravity or offences like murder, rape, dacoity, etc. cannot be fittingly quashed even though the victim or victim's family and the offender have settled the dispute. Such offences are not private in nature and have a serious impact on society. Similarly, any compromise between the victim and the offender in relation to the offences under special statutes like the Prevention of Corruption Act or the offences committed by public servants while working in that capacity, etc.; cannot provide for any basis for quashing criminal proceedings involving such offences. But the criminal cases having overwhelmingly and predominatingly civil flavour stand on a different footing for the purposes of quashing, particularly the offences arising from commercial, financial, mercantile, civil, partnership or such like transactions or the offences arising out of matrimony relating to dowry, etc. or the family disputes where the wrong is basically private or personal in nature and the parties have resolved their entire dispute. In this category of cases, the High Court may quash the criminal proceedings if in its view, because of the compromise between the offender and the victim, the possibility of conviction is remote and bleak and continuation of the criminal case would put the accused to great oppression and prejudice and extreme injustice would be caused to him by not quashing the criminal case despite full and complete settlement and compromise with the victim. In other words, the High Court must consider whether it would be unfair or contrary to the interest of justice to continue with the criminal proceeding



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or continuation of the criminal proceeding would tantamount to abuse of process of law despite settlement and compromise between the victim and the wrongdoer and whether to secure the ends of justice, it is appropriate that the criminal case is put to an end and if the answer to the above question(s) is in the affirmative, the High Court shall be well within its jurisdiction to quash the criminal proceeding.”

7.3. There is no quarrel over the proposition that the High Court will be well within its jurisdiction to quash the proceedings on compromise, if the offence is predominantly civil in nature, private in nature, completely settled between the parties with no claim subsisting and the continuance of the proceedings is a bleak prospect for the prosecution and would be oppressive on the accused to be continued, even after settlement. The power is to be exercised with a great amount of prudence and responsibility, to secure the ends of justice.

7.4. However, the question regarding the instances of various frauds committed by parties concerning banking transactions, obtaining loans, and defaulting on and subsequently settling them through methods like OTS, with the bank, has been addressed by the Hon'ble Supreme Court of India in the cases mentioned above. In some cases, cases were quashed, while in others, they were not. But a proper and combined reading of all the judgments cited above related to this subject shows that the common thread for the conclusion



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reached. It is not the classification or categorisation of the particular offence, such as 468, 471 of IPC, or offences under Section 120 B read with 420 of IPC which is paramount. Instead, it is the nature of the allegations that the Court must examine. By considering the facts and circumstances of each case, one has to determine whether the case involves a purely commercial or private transaction between the bank and the borrower, or if it has broader implications affecting society or the financial system as a whole.

7.5. In these cases, the nature of facts and circumstances must be examined. First, the Court must be satisfied that the case is primarily commercial or civil in nature and that the criminal aspects are not of utmost depravity and seriousness, which could have a likely impact on society as a whole or the country's financial system. The second step involves assessing whether the case has been fully settled and whether the Bank has any remaining claims. If the case has reached a complete and final settlement and the bank has no pending claims, then the Court moves to the third step to evaluate whether continuing the prosecution is prudent and likely to succeed in prosecuting the accused. Additionally, the Court must consider whether continuing the proceedings would be unfair, oppressive, or constitute an abuse



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of the legal process, considering the nature of the settlement or compromise, the circumstances of the alleged default, efforts made by the accused, the time elapsed, and the stage at which quashing is requested. In the interest of justice, the Court may, in fit cases, decide to quash the proceedings. In appropriate cases, costs can also be imposed.

G.The consideration and findings:

8. Now, addressing the facts of this case, the following are relevant for consideration:

(i) The loan amount was Rs. 30 Crores, which was quite a high amount in 2013 when the borrowing took place.

(ii) Before the default in payment, the primary wrongful act of the accused was that when they needed funds to immediately repay a loan taken by the seventh accused company from Punjab National Bank, they dishonestly obtained a loan in the name of the first accused company, falsely claiming it was for working capital. They used the money to repay the loan on the same day, routing it through three entities controlled by them, which had no actual business.

(iii) The loan was granted without adhering to certain norms. After disbursal, no inspection was carried out to verify the purpose for which the



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funds were used, even though the bank officials transferred the funds in three tranches within hours of disbursement, leading to the loan being repaid to another bank. Following a default, an original application was filed for recovery of the amount due, and SARFAESI action was initiated. Although the secured asset is a property in a prime location in Chennai, it is stated that there were no bidders five times due to a dispute over a minor part of the property. It is unclear if the upset price was lowered for subsequent auctions. When a one-time settlement was offered despite the default, the bank did not treat the offer as withdrawn, unlike in other cases, but granted two extensions after payment of revised amounts. Despite the valuable security, a One-Time Settlement (OTS) was approved due to an expected delay of about a year in recovering the amount through auction. From the collected materials, it appears that Regional Office officials (LW-2 & 3) blame the Branch Managers for norm violations during the loan approval, while the Branch Official (LW-21) claims that the Regional Office handled the entire process because of the high value of the application.

(iv) There is no evidence that the petitioners conspired with or paid any *quid pro quo* to any of the bank's officials, and the bank did not file any complaint against its officers. Nor did the CBI uncover any evidence against



public servants; only the companies and their directors are prosecuted for offences under Section 120(B) read with 420 and 420 of IPC, with the only non-compoundable offence being 120(B) of IPC.

(v) The matter was amicably resolved between the parties through the memorandum of settlement, and the relevant portions read as follows:

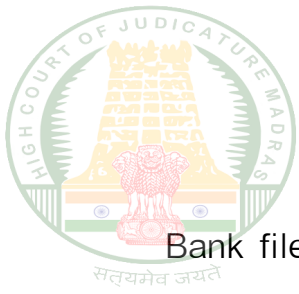
“9. Any Suit/Claim/Complaint filed by the Borrowers/Guarantors against the Bank should be withdrawn before release of the securities.

10. This compromise settlement will not have any bearing whatsoever on the ongoing criminal cases/proceedings, if any pending the courts against the Borrower/Guarantors.

11. Branch should ensure that all the securities are insured for full value till the full realisation of the OTS amount.

12. This settlement will not affect our Bank's right and obligation to share any information in the course of any criminal proceedings (if any), or to provide consent for criminal proceedings in case so directed by any statutory authority.”

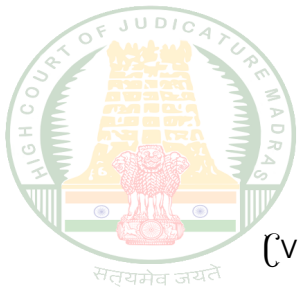
Thus, it can be observed that a cumulative reading of the above, along with other clauses in the memorandum of settlement, indicates there will be no further complaints; however, if any ongoing prosecution exists, it will not be withdrawn. Clearly, it can be seen that the bankers, although able to settle the matter amicably, cannot withdraw the complaint or promise to do so, since the offences are non-compoundable; hence, such clauses are included. But at that time, no prosecution was pending. Time was extended, and the amount was revised on the same terms. However, before the final amount was paid, the



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Bank filed the complaint in view of the default in payment within the time extended.

(vi) Before this Court, the bank is not outrightly admitting that the issue has been compromised with reference to the criminal case. It states that it had to forgo a portion of its notional outstanding when it settled the issue with the petitioners. It is observed that the original borrowal as on 28/03/2013 was 30 crores. When the account became NPA on 30/06/2016, the outstanding, including interest and penal interest, was Rs. 27,12,79,620/-. On 27/12/2018, the DRT-II passed a decree for Rs. 37,96,49,463/-. The original OTS was sanctioned for Rs. 31.50 crores. Since it was not paid in time, the OTS was accepted again with delayed period interest. It is stated that the Book outstanding as on 31/12/2020 is Rs. 24,98,39,153/-. Against the Notional Dues up to Rs. 31/03/2021, amounting to Rs. 38,88,89,946/-, the OTS was accepted at Rs. 33,41,58,904/-. After this offer, Rs. 8.34 crores was paid in time, but the remaining balance was not paid, leading to the lodging of this First Information report. The balance was paid on 11/05/2022, including further delayed interest of Rs. 37 Lakhs, which the bank accepted, and a NOC was issued on 23/02/2023. Subsequently, on 22/08/2024, the instant final report was filed.



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(vii) The bank agrees that no additional amount is due and payable on behalf of the petitioners/accused and NOC has already been issued.

(viii) In the absence of any other material, the complaint itself was triggered only due to partial payment and non-payment of the balance amount accepted during one-time settlement, and as such, it would be a challenge for the prosecution to prove the intention to cause loss to the bank, especially at the inception of the transaction.

3.1. Thus, after weighing all the facts, the balance would tilt in favour of accepting the petitioners' prayer by quashing the case based on an amicable settlement of the dues to the bank. The enforcement directorate also did not record any other allegations, and the learned counsel adopted only the objections raised by the prosecution. Since the entire loan amount was used to repay the loan of the group company to another bank on the same day, and it is clear that bank officials were aware of this from the start, with another bank realising the amount due, this tilts the case more towards a commercial consideration and does not demonstrate a serious offence against society.

3.2. At the same time, considering the amount involved and the time



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taken for the petitioners to settle the amount, as held by the Hon'ble Supreme

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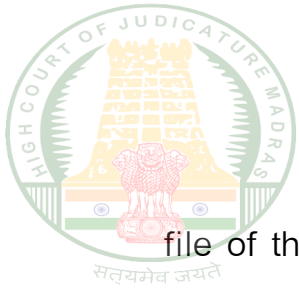
Court of India in ***Kothari Polymers' case*** (cited *supra*), I am of the view that a sum of Rs.30 Lakhs be imposed as costs on the petitioners, of which Rs.15 Lakhs be paid to the Central Bureau of Investigation towards investigation and prosecution costs, and Rs.15 Lakhs be paid towards the costs of the Court. These costs shall be paid to the Tamil Nadu Mediation and Conciliation Centre, Chennai, which shall utilise the funds for purchasing chairs, tables, computers, and other infrastructural materials for the District Centres and Taluk Sub-Centres.

H.The Result:

9. In view, therefore, these Criminal Original Petitions are ordered on the following terms:

(a) The petitioners shall jointly pay the costs of Rs. 30 Lakhs, of which a sum of Rs.15 Lakhs shall be paid to the 1st respondent and another sum of Rs.15 Lakhs shall be paid to the Tamilnadu Mediation and Conciliation Centre, High Court of Madras, Chennai - 104, within eight weeks of receiving the web copy of the order;

(b) Upon payment of the above sum and production of the receipts before the Trial Court, the final report filed in C.C. No. 2352 of 2024, on the



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file of the Additional Chief Metropolitan Magistrate, Egmore, Chennai, shall stand quashed;

(c) Failure to pay the above sum, these Crl.O.P. Nos. 30938 and 30939 of 2024 shall stand dismissed.

(d) Connected miscellaneous petitions are closed.

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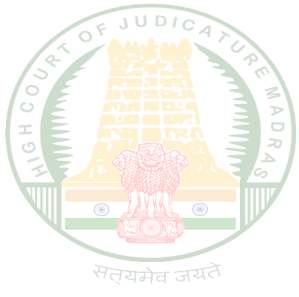
Neutral Citation : Yes/No

To

1. The Additional Chief Metropolitan Magistrate, Egmore, Chennai.
2. The Inspector of Police, CBI, ACB, Chennai.
3. The Deputy Director, Directorate of Enforcement, Chennai Zonal Officer – 1, No.2, 5th and 6th Floor, BSNL Administrative Building, Kushkumar Road, Nungambakkam, Chennai – 600 034.
4. The Public Prosecutor
High Court of Madras.

D.BHARATHA CHAKRAVARTHY. J.

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